



## ÅRSREGNSKAPET FOR REGNSKAPSÅRET 2021 - GENERELL INFORMASJON

### Enheten

Organisasjonsnummer: 926 114 417  
Organisasjonsform: Aksjeselskap  
Foretaksnavn: NORDIC SEMICONDUCTOR NORWAY AS  
Forretningsadresse: Karenslyst allé 5  
0278 OSLO

### Regnskapsår

Årsregnskapets periode: 01.01.2021 - 31.12.2021

### Konsern

Morselskap i konsern: Ja  
Konsernregnskap lagt ved: Nei

### Regnskapsregler

Regler for små foretak benyttet: Nei  
Benyttet ved utarbeidelsen av årsregnskapet til selskapet: Forenklet IFRS

### Årsregnskapet fastsatt av kompetent organ

Bekreftet av representant for selskapet: Kine-Elena Reigstad  
Dato for fastsettelse av årsregnskapet: 30.06.2022

### Grunnlag for avgivelse

År 2021: Årsregnskapet er elektronisk innlevert  
År 2020: Tall er hentet fra elektronisk innlevert årsregnskap fra 2021

*Det er ikke krav til at årsregnskapet m.v. som sendes til Regnskapsregisteret er undertegnet. Kontrollen på at dette er utført ligger hos revisor/enhetens øverste organ. Sikkerheten ivaretas ved at innsender har rolle/rettighet for innsending av årsregnskapet via Altinn, og ved at det bekreftes at årsregnskapet er fastsatt av kompetent organ.*

Brønnøysundregistrene, 21.07.2023



### Resultatregnskap

Beløp i: USD	Note	2021	2020
<b>RESULTATREGNSKAP</b>			
<b>Kostnader</b>			
Sum kostnader	2,3		
<b>Driftsresultat</b>			
<b>Finansinntekter og finanskostnader</b>			
Annen finansinntekt		90 487	4 621
<b>Sum finansinntekter</b>		<b>90 487</b>	<b>4 621</b>
Annen finanskostnad		20 452	30
<b>Sum finanskostnader</b>		<b>20 452</b>	<b>30</b>
<b>Netto finans</b>		<b>70 035</b>	<b>4 591</b>
<b>Ordinært resultat før skattekostnad</b>		<b>70 035</b>	<b>4 591</b>
Skattekostnad	8	-3 363	-146
<b>Ordinært resultat etter skattekostnad</b>		<b>73 398</b>	<b>4 737</b>
<b>Årsresultat</b>		<b>73 398</b>	<b>4 737</b>
Andre resultatkomponenter for IFRS-foretak		0	0
<b>Totalresultat</b>		<b>73 398</b>	<b>4 737</b>
<b>Overføringer og disponeringer</b>			
Avsatt til annen egenkapital	5	73 398	4 737
<b>Sum overføringer og disponeringer</b>		<b>73 398</b>	<b>4 737</b>



### Balanse

Beløp i: USD	Note	2021	2020
<b>BALANSE - EIENDELER</b>			
<b>Anleggsmidler</b>			
<b>Immaterielle eiendeler</b>			
Utsatt skattefordel	5	3 509	146
<b>Sum immaterielle eiendeler</b>		<b>3 509</b>	<b>146</b>
<b>Finansielle anleggsmidler</b>			
Investering i datterselskap	6	3 150 990	1 705 000
<b>Sum finansielle anleggsmidler</b>		<b>3 150 990</b>	<b>1 705 000</b>
<b>Sum anleggsmidler</b>		<b>3 154 499</b>	<b>1 705 146</b>
<b>Omløpsmidler</b>			
<b>Varer</b>			
<b>Bankinnskudd, kontanter og lignende</b>			
Bankinnskudd, kontanter og lignende		12 210	117 186
<b>Sum bankinnskudd, kontanter og lignende</b>		<b>12 210</b>	<b>117 186</b>
<b>Sum omløpsmidler</b>		<b>12 210</b>	<b>117 186</b>
<b>SUM EIENDELER</b>		<b>3 166 709</b>	<b>1 822 332</b>
<b>BALANSE - EGENKAPITAL OG GJELD</b>			
<b>Egenkapital</b>			
<b>Innskutt egenkapital</b>			
Aksjekapital		1 135 415	11 258
Overkurs		1 872 083	100 684
<b>Sum innskutt egenkapital</b>		<b>3 007 498</b>	<b>111 942</b>
<b>Opptjent egenkapital</b>			
Annen egenkapital		78 134	4 737
<b>Sum opptjent egenkapital</b>		<b>78 134</b>	<b>4 737</b>



## Balanse

<b>Beløp i: USD</b>	<b>Note</b>	<b>2021</b>	<b>2020</b>
<b>Sum egenkapital</b>		<b>3 085 632</b>	<b>116 679</b>
<b>Sum langsiktig gjeld</b>		<b>0</b>	<b>0</b>
<b>Kortsiktig gjeld</b>			
Kortsiktig konserngjeld	7	81 077	1 705 653
<b>Sum kortsiktig gjeld</b>		<b>81 077</b>	<b>1 705 653</b>
<b>Sum gjeld</b>		<b>81 077</b>	<b>1 705 653</b>
<b>SUM EGENKAPITAL OG GJELD</b>		<b>3 166 709</b>	<b>1 822 332</b>



Til generalforsamlingen i Nordic Semiconductor Norway AS

## Uavhengig revisors beretning

### Konklusjon

Vi har revidert Nordic Semiconductor Norway AS' årsregnskap som består av balanse per 31. desember 2021, resultatregnskap, oppstilling av totalresultatet og kontantstrømoppstilling for regnskapsåret avsluttet per denne datoen og noter til årsregnskapet, herunder et sammendrag av viktige regnskapsprinsipper.

Etter vår mening

- oppfyller årsregnskapet gjeldende lovkrav, og
- gir årsregnskapet et rettviseende bilde av selskapets finansielle stilling per 31. desember 2021, og av dets resultater og kontantstrømmer for regnskapsåret avsluttet per denne datoen i samsvar med forenklet anvendelse av internasjonale regnskapsstandarder etter regnskapsloven § 3–9.

### Grunnlag for konklusjonen

Vi har gjennomført revisjonen i samsvar med de internasjonale revisjonsstandardene International Standards on Auditing (ISA-ene). Våre oppgaver og plikter i henhold til disse standardene er beskrevet nedenfor under *Revisors oppgaver og plikter ved revisjonen av årsregnskapet*. Vi er uavhengige av selskapet slik det kreves i lov, forskrift og International Code of Ethics for Professional Accountants (inkludert internasjonale uavhengighetsstandarder) utstedt av the International Ethics Standards Board for Accountants (IESBA-reglene), og vi har overholdt våre øvrige etiske forpliktelser i samsvar med disse kravene. Innhentet revisjonsbevis er etter vår vurdering tilstrekkelig og hensiktsmessig som grunnlag for vår konklusjon.

### Øvrig informasjon

Styret (ledelsen) er ansvarlig for øvrig informasjon som er publisert sammen med årsregnskapet. Øvrig informasjon omfatter informasjon i årsrapporten bortsett fra årsregnskapet og den tilhørende revisjonsberetningen. Vår konklusjon om årsregnskapet ovenfor dekker ikke øvrig informasjon.

I forbindelse med revisjonen av årsregnskapet er det vår oppgave å lese øvrig informasjon. Formålet er å vurdere hvorvidt det foreligger vesentlig inkonsistens mellom den øvrige informasjonen og årsregnskapet og den kunnskap vi har opparbeidet oss under revisjonen av årsregnskapet, eller hvorvidt øvrig informasjon ellers fremstår som vesentlig feil. Vi har plikt til å rapportere dersom øvrig informasjon fremstår som vesentlig feil. Vi har ingenting å rapportere i så henseende.

### Ledelsens ansvar for årsregnskapet

Ledelsen er ansvarlig for å utarbeide årsregnskapet og for at det gir et rettviseende bilde i samsvar med forenklet anvendelse av internasjonale regnskapsstandarder etter regnskapsloven § 3–9. Ledelsen er

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PricewaterhouseCoopers AS, Dronning Eufemias gate 71, Postboks 748 Sentrum, NO-0106 Oslo  
T: 02316, org. no.: 987 009 713 MVA, www.pwc.no  
Statsautoriserte revisorer, medlemmer av Den norske Revisorforening og autorisert regnskapsførerselskap



Uavhengig revisors beretning - Nordic Semiconductor Norway AS



også ansvarlig for slik internkontroll som den finner nødvendig for å kunne utarbeide et regnskap som ikke inneholder vesentlig feilinformasjon, verken som følge av misligheter eller utilsiktede feil.

Ved utarbeidelsen av årsregnskapet må ledelsen ta standpunkt til selskapets evne til fortsatt drift og opplyse om forhold av betydning for fortsatt drift. Forutsetningen om fortsatt drift skal legges til grunn for årsregnskapet med mindre ledelsen enten har til hensikt å avvikle selskapet eller legge ned virksomheten, eller ikke har noe realistisk alternativ til dette.

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### *Revisors oppgaver og plikter ved revisjonen av årsregnskapet*

Vårt mål er å oppnå betryggende sikkerhet for at årsregnskapet som helhet ikke inneholder vesentlig feilinformasjon, verken som følge av misligheter eller utilsiktede feil, og å avgi en revisjonsberetning som inneholder vår konklusjon. Betryggende sikkerhet er en høy grad av sikkerhet, men ingen garanti for at en revisjon utført i samsvar med ISA-ene, alltid vil avdekke vesentlig feilinformasjon som eksisterer. Feilinformasjon kan oppstå som følge av misligheter eller utilsiktede feil. Feilinformasjon blir vurdert som vesentlig dersom den enkeltvis eller samlet med rimelighet kan forventes å påvirke økonomiske beslutninger som brukerne foretar basert på årsregnskapet.

For videre beskrivelse av revisors oppgaver og plikter vises det til:  
<https://revisorforeningen.no/revisjonsberetninger>

Oslo, 27. juni 2022  
**PricewaterhouseCoopers AS**

Eivind Nilsen  
Statsautorisert revisor  
(elektronisk signert)

(2)



 Securely signed with Brevio

Revisjonsberetning

**Signers:**

<b>Name</b>	<b>Method</b>	<b>Date</b>
Nilsen, Eivind	BANKID_MOBILE	2022-06-27 19:35

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## Årsberetning 2021 - Nordic Semiconductor Norway AS

### Virksomhetens art og tilholdssted

Nordic Semiconductor Norway AS er et heleid datterselskap av Nordic Semiconductor ASA. Nordic Semiconductor Norway AS eier datterselskapene Nordic Semiconductor Sweden AB, Nordic Semiconductor India Pvt. Ltd og Nordic Semiconductor UK Limited som driver med utvikling og markedsføring av komponenter til elektronisk utstyr, integrerte kretser, utviklingsverktøy og relaterte løsninger og Nordic Semiconductor Hong Kong Limited som driver med markedsføring av Nordic Semiconductor ASAs produkter. Selskapets forretningskontor er i Oslo.

### Redegjørelse for årsregnskapet

Selskapet ble stiftet i 2020. I 2021 ble årsresultatet USD 73 398 ift USD 4 737 i 2020. Totalkapitalen var ved utgangen av året USD 3 166 709 ift USD 1 822 332 i 2020. Total egenkapital pr 31.12.2021 var på USD 3 085 632 ift USD 116 679 pr 31.12.2020, og som utgjør en egenkapitalandel på henholdsvis 97 % og 6,4 %.

Selskapet gjennomførte et kontantinnskudd på USD 1 177 743 i datterselskapet Nordic Semiconductor UK Ltd i løpet av året. Øvrige investeringer ble finansiert av morselskapet, herunder økning i anskaffelse i etablerte datterselskaper med USD 255 225 og nyanskaffelse i Nordic Semiconductor Hong Kong Limited med USD 12 883.

Selskapet gjennomførte en kapitalforhøyelse i form av et kontantinnskudd på USD 2 895 556 i løpet av året. Kapitalinnskuddet ble delvis benyttet til nedkvikting av gjeld til morselskapet på USD 1 881 013.

### Fremtidig utvikling

Nordics visjon er å være en verdensledende leverandør av tilkoblingsløsninger, med hovedfokus på ultra-low power proprietær, Bluetooth, WiFi og cellular IoT-teknologi.

Slik størrelsen og vekstmulighetene i Nordics markeder er, og selskapets sterke konkurranseposisjon, mener styret at en forsvarlig gjennomføring av dets strategiske plan vil muliggjøre sterk langsiktig lønnsom vekst og verdiskaping, i tråd med selskapets høye økonomiske ambisjoner.

### Arbeidsmiljø

Selskapet har ingen ansatte.

### Forsikring for styrets medlemmer

Styret i Nordic Semiconductor Norway AS er forsikret gjennom Nordic Semiconductor ASAs styreforsikring.

### Finansiell risiko

#### Overordnet om målsetting og strategi

Nordics strategi og vekstambisjoner krever en tilstrekkelig kontant beholdning for å finansiere FoU-aktivitetene som trengs å drive teknologien og produktkartene fremover. Nordic-konsernet hadde tilgjengelige kontanter på ca. USD 344 millioner på slutten av 2021, inkludert kredittfasiliteter. Styret vurderer dagens likviditetsrisiko som lav.

Nordic Semiconductor Norway AS har kun eierposter i datterselskap og ingen drift utover dette.

**Kreditrisiko**

Nordic-konsernet er eksponert for kreditrisiko knyttet til både sine distributører og visse slutt kunder. Flertallet av motpartene er ledende internasjonale distributører av elektroniske komponenter basert i Asia, og selskapet har historisk ikke hatt noen betydelige kredittap. Nordic Semiconductor Norway AS har ingen fordringer, og all gjeld er konserninternt. Kreditrisiko anses derfor å være lav.

**Fortsatt drift**

I samsvar med regnskapsloven § 3-3a bekreftes det at forutsetningene om fortsatt drift er til stede.

**Resultatdisponering**

Styret foreslår følgende disponering av årsresultatet i Nordic Semiconductor Norway AS:

Annen egenkapital 73 398

**Totalt disponert** 73 398

**Ytre miljø**

Konsernet har etablert rutiner for å overvåke disse forholdene under styringssystemer som er sertifisert i henhold til ISO 9001, ISO 14001 og OHSAS 18001. Nordic overholder alle gjeldende lover og forskrifter, og alle produktene er i samsvar med direktivet om farlig stoff REACH og RoHS. Dette gjør at konsernet kan markedsføre seg selv som en "grønn leverandør", noe som er en fordel overfor store kunder som er underlagt strenge miljøstandarder for drift.

I tråd med innstillingen fra Oslo Børs har morselskapets styre utarbeidet en egen rapport om samfunnsansvar inkludert medarbeider- og miljøhensyn. Rapporten kan lastes ned fra [www.nordicsemi.com](http://www.nordicsemi.com).

Oslo, 20 juni 2022

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Sven Tore Larsen  
Styreleder

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Pål Erik Elstad  
Styremedlem



## RESULTATREGNSKAP ETTER ART

Nordic Semiconductor Norway AS

Beløp i USD		01.01-31.12.2021	25.11-31.12.2020
<b>Driftsinntekter</b>			
<i>Sum driftsinntekter</i>		-	-
<b>Driftskostnader</b>			
<i>Sum driftskostnader</i>	2,3	-	-
<b>Driftsresultat</b>		-	-
<b>Finansinntekter og finanskostnader</b>			
Annen finansinntekt		90,487	4,620
Annen finanskostnad		-20,452	-30
<i>Netto finansposter</i>		70,035	4,591
<b>Resultat før skattekostnad</b>		70,035	4,591
Skattekostnad	8	3,363	146
<b>Årsresultat</b>		73,398	4,737
<b>Opplysninger om avsetninger til:</b>			
Avsatt til/fra annen egenkapital	5	73,398	4,737
<b>Sum disponert</b>		73,398	4,737

Oslo, 20.06.2022

OPPSTILLING AV TOTALRESULTATET

Nordic Semiconductor Norway

Beløp i USD	Note	01.01-31.12.2021	25.11-31.12.2020
<i>Årsresultat</i>		73,398	4,737
<b>Totalresultat</b>		73,398	4,737



## EIENDELER per 31.12

Nordic Semiconductor Norway AS

Beløp i USD		2021	2020
<b>ANLEGGSMIDLER</b>			
<b>Immaterielle eiendeler</b>			
Utsatt skattefordel	5	3,509	146
<b>Sum immaterielle eiendeler</b>		<b>3,509</b>	<b>146</b>
<b>Finansielle anleggsmidler</b>			
Investeringer i datterselskap	6	3,150,990	1,705,000
<b>Sum finansielle anleggsmidler</b>		<b>3,150,990</b>	<b>1,705,000</b>
<b>Sum anleggsmidler</b>		<b>3,154,499</b>	<b>1,705,146</b>
<b>OMLØPSMIDLER</b>			
Bankinnskudd, kontanter og lignende		12,210	117,186
<b>Sum omløpsmidler</b>		<b>12,210</b>	<b>117,186</b>
<b>SUM EIENDELER</b>		<b>3,166,709</b>	<b>1,822,332</b>



**EGENKAPITAL OG GJELD**  
per 31.12

Nordic Semiconductor Norway AS

Beløp i USD	2021	2020	
<b>EGENKAPITAL</b>			
<b>Innskutt egenkapital</b>			
Aksjekapital	1,135,415	11,258	
Overkurs	1,872,083	100,685	
<b>Sum innskutt egenkapital</b>	<b>3,007,498</b>	<b>111,942</b>	
<b>Opptjent egenkapital</b>			
Annen egenkapital	78,135	4,737	
<b>Sum opptjent egenkapital</b>	<b>78,135</b>	<b>4,737</b>	
<b>Sum egenkapital</b>	<b>5</b>	<b>3,085,632</b>	<b>116,679</b>
<b>GJELD</b>			
<b>Kortsiktig gjeld</b>			
Annen kortsiktig gjeld konsern	7	81,077	1,705,653
<b>Sum kortsiktig gjeld</b>		<b>81,077</b>	<b>1,705,653</b>
<b>Sum gjeld</b>		<b>81,077</b>	<b>1,705,653</b>
<b>SUM EGENKAPITAL OG GJELD</b>		<b>3,166,709</b>	<b>1,822,332</b>

Oslo, 20.06.2022

  
Sven Tore Larsen  
Styrets leder

  
Pål Erik Elstad  
Styremedlem



## KONTANTSTRØMOPPSTILLING

Nordic Semiconductor Norway AS

Beløp i USD	01.01-31.12.2021	25.11-31.12.2020
<b>Kontantstrømmer fra operasjonelle aktiviteter</b>		
Resultat før skatt	70,035	4,591
Resultatandel i datterselskap/tilknyttet selskap	-	-
Betalbar skatt	-	-
Ordinære avskrivninger	-	-
Forskjellen mellom kostnadsført pensjon og inn-/utbetalinger	-	-
Endring i varer, kundefordringer og leverandørgjeld	-	-
Endring i andre tidsavgrensingsposter	-	-635
<b>Netto kontantstrøm fra operasjonelle aktiviteter</b>	<b>70,035</b>	<b>3,956</b>
<b>Kontantstrømmer fra investeringsaktiviteter</b>		
Investeringer i varige driftsmidler	-	-
Salg av varige driftsmidler (salgssum)	-	-
Innbetaling ved salg av aksjer og andeler i andre foretak	-	-
Utbetalinger ved kjøp av virksomhet	-1,177,882	-1,705,000
Endring i andre investeringer	-	-
<b>Netto kontantstrøm fra investeringsaktiviteter</b>	<b>-1,177,882</b>	<b>-1,705,000</b>
<b>Kontantstrømmer fra finansieringsaktiviteter</b>		
Innbetalinger ved opptak av ny kortsiktig konserngjeld	-	1,705,653
Utbetalinger ved oppgjør av kortsiktig konserngjeld	-1,881,013	-
Betaling av hovedstol leieforpliktelser	-	-
Netto endring i kassakreditt	-	-
Innbetaling av egenkapital	2,895,556	112,577
Tilbakebetaling av egenkapital	-	-
Utbetaling av utbytte	-	-
Innbetaling av konsernbidrag	-	-
Utbetaling av konsernbidrag	-	-
<b>Netto kontantstrøm fra finansieringsaktiviteter</b>	<b>1,014,543</b>	<b>1,818,230</b>
<b>Effekt av valutakursendringer på kontanter og kontatekvi</b>	<b>-11,671</b>	
Netto endring i likvider i året	-104,975	117,186
Kontanter og bankinnskudd per 01.01	117,186	-
<b>Kontanter og bankinnskudd per 31.12</b>	<b>12,210</b>	<b>117,186</b>

## Note 1 Regnskapsprinsipper

Nordic Semiconductor Norway AS er et aksjeselskap registrert i Norge. Selskapet ble stiftet 25.11.2020, og dets forretningskontor er i Oslo. Selskapet er et heleid datterselskap av Nordic Semiconductor ASA, og inngår i morselskapets konsernregnskap. Konsernregnskapet kan lastes ned fra [www.nordicsemi.com](http://www.nordicsemi.com).

### Grunnlag for utarbeidelse av årsregnskapet

Årsregnskapet er avlagt i henhold til regnskapsloven § 3-9 og forskrift om forenklet IFRS (2014) fastsatt av Finansdepartementet 3. november 2014. Dette innebærer i hovedsak at måling og innregning følger internasjonale regnskapsstandarder (IFRS) og presentasjon og noteopplysninger er i henhold til norsk regnskapslov og god regnskapsskikk.

Regnskapet legger til grunn prinsippene i et historisk kost regnskap, med unntak av følgende regnskapsposter:

- Finansielle instrumenter til virkelig verdi over resultatet og finansielle instrumenter til virkelig verdi over andre inntekter og kostnader.

### Datterselskap

Datterselskap vurderes etter kostmetoden i selskapsregnskapet. Slike investeringer er målt til anskaffelseskost for aksjene med mindre nedskrivning har vært nødvendig. Det er foretatt nedskrivning til virkelig verdi når verdifall skyldes årsaker som ikke kan antas å være forbigående. Nedskrivninger er reversert når grunnlaget for nedskrivning ikke lenger er til stede.

### Estimater og forutsetninger

Ledelsen har brukt estimater og forutsetninger ved vurderinger i tilknytning til oppkjøp av virksomheter. Fremtidige hendelser kan medføre at estimatene endrer seg. Estimater og de underliggende forutsetningene vurderes løpende, og er basert på beste skjønn og historisk erfaring. Endringer i regnskapsmessige estimater innregnes i den perioden endringene oppstår. Hvis endringene også gjelder fremtidige perioder fordeles effekten over inneværende og fremtidige perioder.

### Valuta

Selskapets funksjonelle valuta er USD, da selskapet hovedsakelig er et holdingselskap uten annen aktivitet, og må sees sammen med morselskapet Nordic Semiconductor ASA hvor funksjonelle valuta er USD. Pengeposter og gjeld i annen valuta omregnes til valutakursen på balansedagen.

### Skatt

Skattekostnad består av betalbar skatt og endring i utsatt skatt.

En eiendel ved utsatt skatt er regnskapsført når det er sannsynlig at selskapet vil ha tilstrekkelige skattemessige overskudd i senere perioder til å nyttiggjøre skattefordelen. Selskapene regnskapsfører tidligere ikke regnskapsført eiendel ved utsatt skatt i den grad det har blitt sannsynlig at selskapet kan benytte seg av den utsatte skattefordelen. Likeledes vil selskapet redusere eiendel ved utsatt skatt i den grad selskapet ikke lenger anser det som sannsynlig at det kan nyttiggjøre seg av den utsatte skattefordelen.

### Klassifisering av balanseposter

Eiendeler klassifiseres som omløpsmiddel når selskapet forventer å realisere eiendelen, eller har til hensikt å selge eller forbruke den i selskapet ordinære driftssyklus. Videre er eiendeler som primært holdes for omsetning eller som forventes realisert innen tolv måneder etter rapporteringsperioden også å anse som omløpsmidler. Tilsvarende gjelder også eiendeler i form av kontanter eller kontantekvivalenter, med mindre disse er underlagt begrensninger som gjør at den ikke kan veksles eller benyttes til å gjøre opp en forpliktelse i minst tolv måneder etter rapporteringsperioden. Alle andre eiendeler klassifiseres som anleggsmidler.

Forpliktelser klassifiseres som kortsiktig når de forventes å bli gjort opp i selskapet ordinære driftssyklus, når de primært holdes for omsetning, eller dersom forpliktelsen forfaller til oppgjør innen tolv måneder etter



rapporteringsperioden, eller foretaket ikke har en ubetinget rett til å utsette oppgjøret av forpliktelsen i minst tolv måneder etter rapporteringsperioden. Eventuelle vilkår for forpliktelsen, som etter motpartens valg kan føre til at den gjøres opp ved utstedelse av egenkapitalinstrumenter, påvirker ikke forpliktelsens klassifisering. Alle andre forpliktelser klassifiseres som langsiktige.

### **Kontanter og kontantstrømoppstilling**

Kontanter og kontantekvivalenter omfatter kontanter, bankinnskudd og andre kortsiktige, likvide plasseringer. Kontantstrømoppstillingen er utarbeidet etter den indirekte metode. I kontantstrømoppstillingen er kassakreditt fratrukket beholdningen av kontanter og kontantekvivalenter.

### **Hendelser etter balansedagen**

Ny informasjon etter balansedagen om selskapets finansielle stilling på balansedagen er hensyntatt i årsregnskapet. Hendelser etter balansedagen som ikke påvirker selskapets finansielle stilling på balansedagen, men som vil påvirke selskapets finansielle stilling i fremtiden er opplyst om dersom dette er vesentlig.



## 2 Lønnskostnader, antall ansatte, godtgjørelse til revisor

Selskapet har ingen ansatte. Det er ikke utbetalt ytelser, gitt lån eller stilt sikkerhet for ledende personer m.v. Selskapet har ikke hatt kostnader relatert til revisjonshonorar i 2021.

## 3 Pensjoner

Selskapet er ikke pliktig til å ha tjenestepensjonsordning etter lov om obligatorisk tjenestepensjon.

## 4 Antall aksjer, aksjeeiere m.v.

(Beløp i USD)

Aksjekapitalen består av:	Antall	Pålydende	Balanseført
Ordinære aksjer	100,000	11,354	1,135,415
Sum	100,000		1,135,415

Alle aksjene gir samme rettigheter i selskapet.

### Aksjonærer pr 31.12.2021:

	Antall aksjer	Eierandel	Stemmeandel
Nordic Semiconductor ASA	100,000	100%	100%
<b>Totalt antall aksjer</b>	<b>100,000</b>	<b>100%</b>	<b>100%</b>

## 5 Egenkapital

(Beløp i USD)

	Aksjekapital	Overkurs	Annen innskutt EK	Annen EK	Sum
Egenkapital per 01.01.2021	11,258	100,685	-	4,737	116,679
Årets resultat	-	-	-	73,398	73,398
Kapitalforhøyelse	1,124,157	1,771,399	-	-	2,895,556
<b>Egenkapital per 31.12.2021</b>	<b>1,135,415</b>	<b>1,872,083</b>	<b>-</b>	<b>78,135</b>	<b>3,085,632</b>

## 6 Datterselskap

Oversikt over datterselskaper pr 31.12.2021

Selskapets navn	Kontor	Anskaffelses -		
		dato	Eierandel	Stemmeandel
Nordic Semiconductor India Pvt Ltd	India	12/31/2020	100%	100%
Nordic Semiconductor Sweden AB	Sverige	12/31/2020	100%	100%
Nordic Semiconductor UK Ltd	UK	12/31/2020	100%	100%
Nordic Semiconductor Hong Kong Limited	Hong Kong	5/25/2021	100%	100%

Investeringene i datterselskapene vurderes etter kostmetoden i selskapsregnskapet.

(Beløp i USD)

Selskapets navn	Bokført verdi pr 31.12	Egenkapital	Resultat
Nordic Semiconductor India Pvt Ltd	1,184,481	1,404,765	580,156
Nordic Semiconductor Sweden AB	775,744	307,871	243,286
Nordic Semiconductor UK Ltd	1,177,882	1,634,775	397,240
Nordic Semiconductor Hong Kong Limited	12,882	51,807	39,046



## 7 Mellomværende med foretak i samme konsern m.v.

(Beløp i USD)

Gjeld	2021	2020
Annen kortsiktig gjeld - Nordic Semiconductor ASA	81,077	1,705,653
<b>Sum</b>	<b>81,077</b>	<b>1,705,653</b>

Det eksisterer ingen pantstillelse, garantier eller annen sikkerhetsstillelse til fordel for foretak i samme konsern.

## 8 Skattekostnad

(Beløp i USD)

Årets skattekostnad fordeler seg på	2,021	2020
Betalbar skatt	-	-
Endring i utsatt skatt	-3,363	-146
<b>Sum skattekostnad</b>	<b>-3,363</b>	<b>-146</b>

Beregning betalbar skatt	2021	2020
Ordinært resultat før skattekostnad	73,398	4,591
Emisjonsutgifter	-	-635
Valutaeffekt omregning til USD	-88,686	-4,621
Endring i midlertidige forskjeller	-	-
Årets skattegrunnlag	-15,288	-665
Betalbar skatt (22%)	-	-

Oversikt over midlertidige forskjeller	2,021	2020
Sum midlertidige forskjeller	-	-
Fremførbart underskudd	-15,953	-665
Grunnlag beregning utsatt skatt	-15,953	-665
Utsatt skatt / skattefordel (22 %)	-3,510	-146

### Forklaring til hvorfor årets skattekostnad ikke utgjør 22 % av resultat før skatt

	2,021	2020
Ordinært resultat før skatt	73,398	4,591
22 % skatt av resultat før skatt	16,147	1,010
22 % skatt av permanente forskjeller	-	-140
22% skatt av valutaeffekt omregning til USD	-19,511	-1,016
Beregnet skattekostnad	-3,363	-146

Effektiv skattesats	-4.6 %	-3.2 %
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## Protokoll fra ordinær generalforsamling i Nordic Semiconductor Norway AS

Det ble avholdt ordinær generalforsamling i selskapet den 30.06.2022 kl. 13:00-14:00.

Generalforsamlingen ble avholdt i Karenslyst allé 5, 0278 Oslo.

### Til stede var:

NORDIC SEMICONDUCTOR ASA som representerer 100 000 aksjer.

Således var alle aksjene representert.

### Til behandling forelå:

#### 1. Valg av møteleder

Kine-Elena Reigstad ble valgt til å lede møtet.

#### 2. Godkjenning av innkallingen og dagsordenen

Det fremkom ikke bemerkninger til innkallingen. Innkallingen og dagsordenen ble godkjent.

#### 3. Godkjenning av styrets forslag til årsregnskap og eventuell årsberetning, herunder disponering av årets resultat

Styrets forslag til selskapets årsregnskap og årsberetning med revisors beretning ble gjennomgått. Årsregnskapet og årsberetningen ble enstemmig godkjent.

Det ble enstemmig vedtatt å anvende årets resultat i overensstemmelse med styrets forslag.

Generalforsamlingen vedtok således enstemmig at overskuddet på USD 73.398 beholdes i selskapet gjennom overføring til annen egenkapital.

Oslo, 30.06.2022

Kine-Elena Reigstad

Møteleder

Pål Elstad

Valgt til å undertegne protokollen



# ANNUAL REPORT 2021

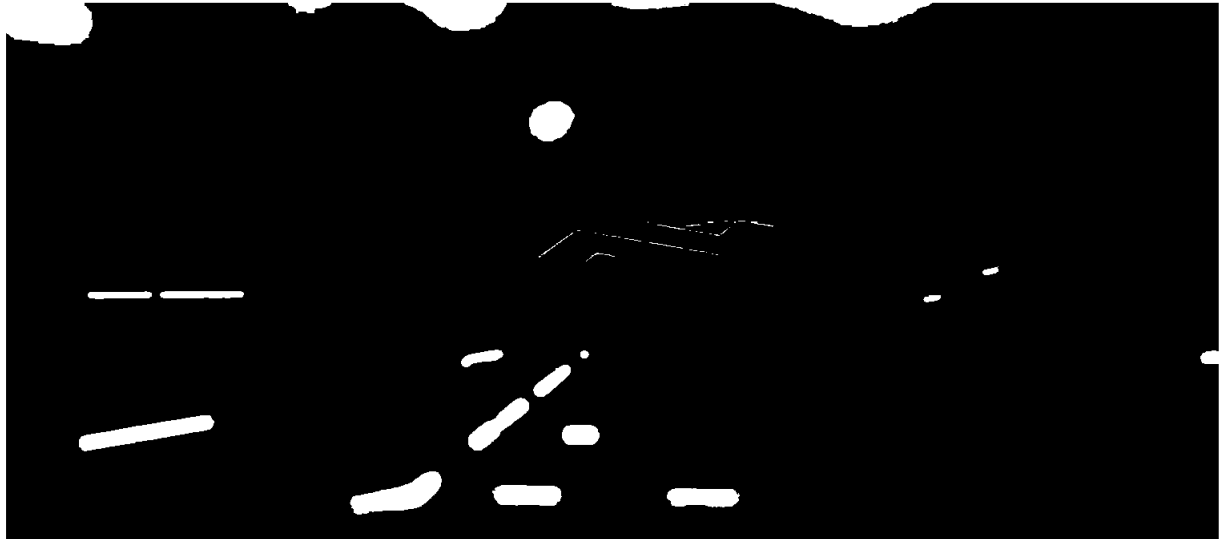


**NORDIC**<sup>®</sup>  
SEMICONDUCTOR



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## This is Nordic

Nordic Semiconductor (“Nordic” or “the Group”) is a Norwegian fabless semiconductor company specializing in wireless communication technology that powers the Internet of Things (IoT).

The company was established in 1983 in Trondheim, Norway, and has offices across the globe.

Nordic’s award-winning *Bluetooth®* Low Energy (*Bluetooth LE*) solutions pioneered ultra-low power wireless technology, making Nordic the market leader in short range IoT. The technology range is supplemented by proprietary, ANT+, Thread, Zigbee, and in 2018 the low power, compact LTE-M/NB-IoT cellular IoT solution was launched, extending Nordic’s presence in the IoT market. The product portfolio was further complemented by the expansion into Wi-Fi technology in 2020.

Nordic built its reputation on supplying cutting-edge wireless technologies supported by development tools that minimize RF complexity, allowing anyone with a bright idea to build solutions based on the IoT platform. Today, these award-winning, high-performing, easy to design with Bluetooth LE solutions are used by the world’s leading brands in a variety of products, including wireless PC peripherals, gaming, sports and fitness, mobile phone accessories, consumer electronics, toys, healthcare, and automation. Nordic is a member of the ANT+ Alliance, Bluetooth SIG, Thread Group, Zigbee Alliance, Wi-Fi Alliance, and GSMA.

Multiprotocol solutions ensure that companies benefit from compatibility advancement across different standards. As a host of technology players focus on open connectivity platforms, rather than the legacy one-to-one product to accessory model,

multiprotocol solutions become the standard. This new way of looking at connectivity is creating a wave of product innovation driven by a wide range of companies, from early stage start-ups, to established market leading companies. And right at the heart of it, lies a Nordic System on Chip.

IoT relies on short-range connectivity and long-range cellular IoT. The nRF91® Series, which was launched towards the end of 2018, is Nordic’s first family of low power devices for cellular IoT. Nordic’s solution has integrated LTE-M, NB-IoT, GPS functionality, RF Front End, and power management into a very small System in Package (SiP), under the highest security standards and with significantly higher energy-efficiency than any comparable products on the market. The cellular IoT market is still in the early stages of the commercialization phase, with Nordic measuring its success in the number of telecom operator certifications, development kit shipments, and customer pilot projects.

Nordic completed the acquisition of Imagination Technologies at the end of 2020 which included Wi-Fi assets, IP, and a Wi-Fi development team. The synergies between this team’s unique expertise and Nordic’s low power DNA philosophy will strengthen the future product portfolio with the goal of becoming the undisputed global leader of IoT connectivity.



NORDIC SEMICONDUCTOR | ANNUAL REPORT 2021 | MESSAGE FROM THE CEO

## Message from the CEO

2021 was a year of contrast for Nordic Semiconductor. On one hand, we saw continued strong demand in most of our markets, with increasing demand for both consumer and industrial applications, and from both tier-1 customers and the broad market. On the other hand, our growth opportunity was capped by the global wafer shortage. Revenue increased by 51% to USD 611 million, although product demand indicates this could have been significantly higher without the supply constraints. As a result, our order backlog more than tripled in 2021 to almost USD 1.7 billion.

2021 continued to put strains on the organization, with Covid-19 travel restrictions, mandatory home office for parts of the year, and logistics challenges in many industries and geographical regions. Nevertheless, we stayed fully operational in the second year of the pandemic and handled the higher business volumes and continued logistics challenges. We also continued growing our competence base and capabilities. We onboarded around 300 new employees during the year – including a fully-fledged Wi-Fi team – and expanded our workforce to almost 1,200 people globally. This was quite an achievement, and I want to take the opportunity to thank all our employees for their patience, stamina, and drive to make this happen. Working out of offices in 14 different countries, we have the kind of enthusiastic, inclusive, diverse, and ingenious culture required to attract and retain the top talents we need to succeed in our market. I would also like to thank our customers and partners for the continuing support, commitment and confidence during 2021.

In regards to our financial development, we saw growth and improvement across the board in 2021. Revenue growth of 51% to USD 611 million in addition to the 41% revenue growth in 2020, means we have more than doubled our revenue in just two years. I highlighted four main growth drivers in my CEO comment last year, and all of these remained firmly in place also through 2021.

Firstly, we see growing high-volume demand from major tier-1 customers such as the global platform companies. Secondly, we see the rapid growth in industrial IoT continuing, with logistics and assets tracking leading the way. Thirdly, fast technology adoption is disrupting the healthcare market. And finally, we see continued solid demand growth in the consumer electronic market, driven by home office solutions and gaming.



Bluetooth Low Energy revenue increased 59% to USD 503 million and now accounts for more than 80% of our total revenue, whereas proprietary revenue increased by 10% to USD 84 million. We also begin to see meaningful revenue in Cellular IoT, and although the technology is still in early commercial phase, the revenue almost tripled to USD 17 million last year.

These already strong growth figures could have been significantly higher without the wafer supply shortages and logistics bottlenecks in the semiconductor value chain. This is supported by our order backlog, which increased from less than USD 500 million at the end of 2020 to almost USD 1.7 billion at the end of 2021.



The strong demand trends give a positive indication for continued revenue growth. Back in 2019, we presented an ambitious goal to become a USD 1 billion revenue company in five years. Despite the current supply chain constraints, we used our Capital Markets Day in October 2021 to pull that target one year closer, to 2023.

We are a fabless semiconductor company, and our growth plans require increasing wafer deliveries from our foundry partners in Asia. However, committed wafer deliveries will enable solid revenue growth in 2022 and support our new 2023 revenue target.

In the current tight supply situation, we are laser-focused on helping our customers as best we can. Our own product allocation is a tough balancing act between the demands of large high-volume customers with long production schedules, and the demands of the many smaller broad market clients who might have one single product on the market. I believe we have handled the situation in a fair and balanced manner. Our top 10 Bluetooth low energy customers accounted for just under 40% of sales in both 2020 and 2021. We look forward to seeing the tight wafer supply ease up over time.

Looking ahead, we expect growth in large platform ecosystems and industrial IoT to continue, and also see IoT playing an increasingly important role in supporting sustainable economic development. We expect annual revenue growth of around 25% from 2023 through 2026, with an increasing share of the volume and revenue coming from new connectivity technologies and from new products, services, and applications.

Investing early in high growth opportunities is one of our strategic strong points. We have done just that with our investments into cellular IoT and next-generation Wi-Fi, and into power management and cloud services. These investments have significantly expanded our opportunity pipeline and broadened our market potential. Around 40% of our investments are in areas that account for around a combined 3% of our revenue. These areas will grow into a significantly higher share of revenue over the next five to ten years.

We will continue to grow, and we will do it profitably. Our gross margin has consistently stayed above 50% over the past couple of years, and our ambition is to maintain the gross margin above 50% going forward. With high revenue growth and increasing operational leverage, we have raised our long-term EBITDA-margin ambition from 20% to 25%.

As we grow, so does our responsibility for sustainability within the operational value chain, production, our business model, and our end-user markets. Sustainability has become an integral part of our strategy, our governance and reporting structures. For the first time, we are integrating our ESG report into the Annual Report.

I am proud to see that our work on the ESG aspect of our business is rated among the industry leading companies, as an ESG Industry Top-Rated company. This year our stock was also included among 400 constituents in the STOXX Global ESG Leaders Index.

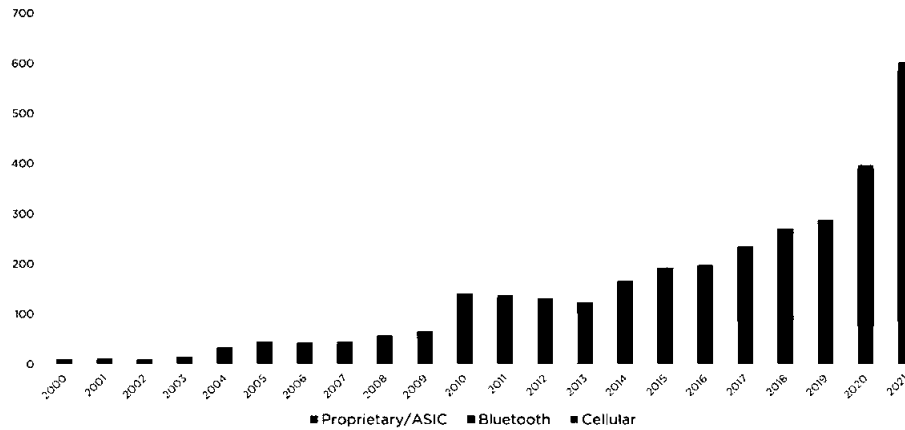


NORDIC SEMICONDUCTOR | ANNUAL REPORT 2021 | MESSAGE FROM THE CEO

Following the annual targets of our renewable energy program, this year we have had a significant increase in renewable energy usage in both our operations and outsourced manufacturing processes. We continuously strive for achieving our targeted GHG emission reduction until reaching our ultimate goal which is for Nordic to be carbon neutral by 2030.

As the CEO of the company, I speak for all of us when I say we remain fully committed to the UN Sustainable Development Goals (SDGs), and we strongly believe that IoT has the potential to solve many of the environmental and societal challenges we face. We want to be a part of these solutions and believe sustainable business is good business.

Revenue (USD million)





## NORDIC FACTS

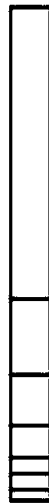


64  
WORKING STUDENTS  
EVERY YEAR



≈ 1200  
EMPLOYEES

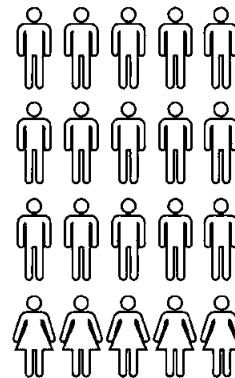
R&D	77%
SALES	9%
SUPPLY	6%
ADMIN	3%
PMT	2%
HR	2%
QUALITY	1%



56  
nationalities  
in



14  
countries  
world wide

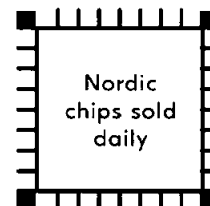


Male 86%  
Female 14%

Established in **1983**  
by four researchers from Trondheim



>2.000.000



DATA VALID AS OF DESEMBER 2021



NORDIC SEMICONDUCTOR | ANNUAL REPORT 2021 | REPORT FROM THE BOARD OF DIRECTORS

## Report from the Board of Directors

Nordic reported solid revenue growth, improving gross margin, and significantly improved results in 2021. Strong product demand has created opportunities for increased growth, although delivery capabilities have been capped by the global wafer shortage. The strong demand gives confidence in Nordic's growth ambitions. The company has pulled its USD 1 billion revenue target one year closer to 2023 and outlined a revenue growth ambition of at least 25% annually in 2023-2026.

### Group Overview

Nordic Semiconductor is a fabless semiconductor company designing, marketing, selling, and supporting hardware products and embedded software that enable wireless connectivity solutions.

Nordic's product offering includes integrated circuits (ICs), System on chips (SoCs), System in packages (SiPs), and software development kits (SDKs). The components for these products are manufactured, assembled, and packaged at world-class subcontractors in Asia, and distributed to branded electronics manufacturers through an extensive network of global and regional distribution partners.

Nordic Semiconductor is headquartered in Norway and now has offices in the US, China, Finland, Poland, UK, Germany, India, Singapore, Taiwan, the Philippines, Japan, South Korea, and Sweden.

### Strategy and mission

Nordic's mission is to be a world-leading supplier of connectivity solutions. The company has ultra-low power proprietary, Bluetooth, and multiprotocol technologies for short-range connectivity, next-generation Wi-Fi technologies for medium-range connectivity, and cellular IoT technology for long-range connectivity. Nordic is one of a few companies aiming to offer all three of the world's most popular IoT technologies: Bluetooth, Wi-Fi, and cellular.

During 2021, the company also announced that it is a key contributor in the development of the new 5G wireless standard DECT-2020 NR.

Nordic's strategy for building globally leading and sustainable business is founded on a set of distinctive advantages:

- **Lead on connectivity** – ultra-low power and high performance at the right price
- **Excite developers** – ease of use, value added solutions, and strong tech support
- **Scalability** – proven scalability across technologies, markets, and customers
- **Customer engagement** – combining broad market and tier-I engagement models
- **Employee engagement** – attracting and retaining world-class talent
- **Investing early** – willingness to invest in high-growth opportunities
- **High ambitions** – clear strategic roadmap to generate long-term profitable growth and value generation

Nordic has developed a market-leading position in the short-range connectivity space, with a broad portfolio of integrated circuits, systems, and solutions for a wide variety of applications. The company is in early commercial development of its cellular IoT products for long-range application, and in the pre-commercial development stage for Wi-Fi and DECT-2020 NR. Overall, the company shipped more than 700 million units in 2021, to a broad customer base ranging from single developers to global industry leading high-volume customers. To handle demand, it has been key to develop scalable solutions across technologies, markets, and customers.

To build and maintain a strong market position in this fast-paced and innovative market, it is crucial to engage developers. Nordic believes its world-leading developer support is a strong competitive advantage and keeps growing its 'DevZone' developer community. 'DevZone' now has around more than 100,000 users, and the company shipped more than 100,000 units of its reusable development kits during 2021.



NORDIC SEMICONDUCTOR | ANNUAL REPORT 2021 | REPORT FROM THE BOARD OF DIRECTORS

It is equally important to be able to engage both broad market customers and large tier-1 clients. Nordic has built a market leading position for broad market customers ever since the introduction of Bluetooth Low Energy products in 2012. At the same time, the company has also worked diligently to establish strong customer relationships with tier-1 customers like major global platform companies. We are seeing the return on this in the form of strong demand growth over the past couple of years.

The end-user markets for Nordic's products include both consumer products and an increasing variety of industrial applications. The bulk of the company's products have historically found their way into consumer electronics, which remains the single largest end-user market today. All end-user markets contributed to the revenue growth in 2021, although the highest growth was found in the Building/Retail segment, led by innovative products in logistics and asset tracking. The company also sees high growth in the Healthcare segment, where fast technology adoption holds the potential to disrupt traditional methods for drug monitoring and drug delivery.

Revenue increased by 51% in 2021, and 41% in 2020, meaning revenue has more than doubled in just two years. The order backlog increased to USD 1.7 billion from around USD 500 million at the end of 2020. This reflects both strong product demand but also illustrates that the current global wafer shortage is capping the company's product delivery capabilities.

Strong growth requires continuous organizational development and expansion of Nordic's competence and capabilities across all business competencies. Nordic had 1,197 employees at the end of the year, of which 926 were in R&D, 137 in sales and marketing, and 72 in supply chain management. This was an increase of 22%, or 33% including the onboarding of the Wi-Fi team acquired at the very end of 2020, of 80 people. Overall, the company has increased a global workforce by more than 50% during a global pandemic. Growing at such a pace in this environment has been demanding for the organization.

## Operational review

### Supply chain constraints

Nordic's main commercial products are Bluetooth and multiprotocol System on chips (SoCs), providing short-range connectivity, and System in packages (SiPs), providing connectivity on long-range LTE-M and NB-IoT cellular networks. As a fabless semiconductor company, Nordic has these products manufactured and assembled at subcontractors in Asia and delivered to customers by global and regional distributor partners. As described in the interim reports during the year, the shortage of capacity forced Nordic's main wafer supplier to cap the allocation of wafers in 2021, which in turn has affected Nordic delivery capabilities.

Nordic has worked relentlessly to help its customers manage the challenges this has created, both by trying to secure additional wafers and by pulling in wafers from subsequent quarters to allow for early delivery. Overall, Nordic shipped around 700 million products in 2021, which was an increase of 40 percent from 2020.

Nordic's own backend production capacity and in-house testing capabilities have been sufficient to meet the higher volumes, following investments in additional testing equipment and component inventory buffers in both 2020 and 2021.

The strained situation in the semiconductor value chain will continue in 2022. However, Nordic expects that wafer allocations will enable Nordic to generate 2022 revenues that put the company on track for its 2023 target of USD 1 billion in revenue.

### New technology platform

The company is progressing well with a development program for a new cross technology platform, which will make sure the company maintains the lead on connectivity and delivers the type of features and performance that future IoT solutions will require. This is a multi-year endeavor involving large teams on multiple sites, and carried out in cooperation with leading customers.

In the transition to new platforms, Nordic will use leading process technologies optimized for IoT to secure stable supply and disruptive performance. The first products to be ramped in volumes will be new short range products, starting in the second half of 2023.



NORDIC SEMICONDUCTOR | ANNUAL REPORT 2021 | REPORT FROM THE BOARD OF DIRECTORS

### Bluetooth and multiprotocol developments

Nordic had a market share of 42% of new design certifications in the Bluetooth Low Energy market in 2021, according to FCC and Bluetooth SIG data compiled by DNB Markets. A total of 1,390 new designs were certified in 2021, of which 587 had Nordic inside.

The market share has been consistent over time, and the company has had a market share of 42% of the more than 6,200 designs that have been certified over the past five years. This also fits well with data from industry researchers Omdia, who in 2021 estimated that Nordic's share of units sold in the Bluetooth Low Energy market was 42% in 2020. These figures make Nordic the clear market leader, both in number of designs and number of units sold.

One of the main reasons for strong market share is the broad portfolio of Bluetooth and multiprotocol products and solutions. While many competitors offer only one or a few alternatives, Nordic offers a wide range of SoC versions ranging from entry-level SoCs for cost-constrained applications, to highly advanced SoCs for complex high-performance applications. This enables the company to meet different customer requirements at the right price point.

Over the years, the company has built a range of seven different SoCs in the highly successful nRF52 Series, from the entry-level nRF52805 to the high-end nRF52840. Nordic saw a steady flow of new customer product launches across the entire nRF52 Series in 2021.

Nordic saw many designs using its award-winning nRF5340 SoC, which went into volume production towards the end of 2020. The dual core nRF5340 supports Bluetooth 5.2/Bluetooth Low Energy, Bluetooth mesh, Thread, and Zigbee, with established support for AI and machine learning.

The nRF5340 SoC is being used in the Matter project. The partners in Matter are working to secure seamless connectivity and interoperability of devices, hubs, apps, and services from different device manufacturers and software vendors. The project is backed by Apple, Amazon, Google, and hundreds of larger and smaller companies. Several Nordic customers were among the first to launch Matter-compatible smart home products towards the end of 2021.

Nordic is continuously improving the capabilities of its nRF Connect Software Development Kits (SDK), which now include support for Apple HomeKit and third-party device connection to Apple Find My network.

### Cellular IoT

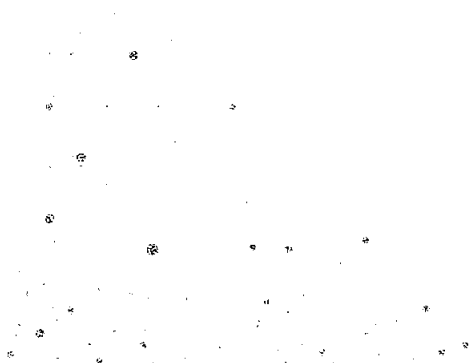
Nordic is applying a scalable and flexible 'go-to-market' strategy in the cellular IoT (cIoT) market, seeking to make accessible the broad market for innovative customers and cIoT solutions. Traditional business models in this area have typically been focused on cell phones or 2G/3G industrial application with one-to-one support, which limits uptake and the commercial opportunity.

Nordic's solutions comprise a globally certified ultra-low power product that offers connectivity, application microcontroller unit (MCU) and memory, open-source software, and readily available technical support through Nordic 'DevZone' or distributors.

The product in this offering is the award-winning nRF9160 cellular IoT System in Package (SiP), which is recognized as market leading on power consumption, size, and form factor. The product has been upgraded during the year, including improved GPS functionality and location APIs for multicell location services.

Nordic has established a broad carrier certification program for its cellular IoT products, with global operators as well as leading national and regional operators in the US, Canada, Brazil, China, Japan, and South Korea. In Norway, the company has partnered with Telenor to use Nordic's prototyping tool Thingy:91 in combination with the operator's 'Managed IoT Cloud' (MIC) offering.

Nordic's end-customers are currently working on hundreds of different cIoT projects across a wide variety of verticals, including industrial and consumer asset tracking, industrial sensors and metering, smart home consumer products, healthcare applications, and modules. Several projects entered the commercial phase during 2021 and began generating meaningful revenue for Nordic.





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During 2021, Nordic launched its first commercial service offering. The nRF Cloud Location Services offer Nordic's cellular IoT customers a simple and convenient way to manage location for fleets of IoT devices in the field. 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. The company expects to launch more services based on the nRF Cloud platform going forward.

#### Wi-Fi

Nordic entered the medium-range connectivity market through the acquisition of a Wi-Fi development team and IP technology assets and patents for Wi-Fi 4, 5, and 6 in late 2020. Wi-Fi has been a 'missing link' capability requested by customers to complete Nordic's strong positions in the short-range and long-range markets. At the time of acquisition, Nordic said it expected to see meaningful revenue contribution from Wi-Fi products within three years. Development in the Wi-Fi area is progressing as planned, with the company on track for its first market introduction in the second half 2022.

#### DECT

Towards the end of 2021, Nordic announced that it is a key contributor to a new 5G wireless standard called DECT-2020 New Radio (NR), which will add yet another connectivity standard to the portfolio. The DECT-2020 standard will allow enterprises to easily set up, manage, and build decentralized, low-cost private 5G wireless IoT networks. With an outdoor range of up to 2 kilometers, Nordic categorizes DECT-2020 NR as a WMAN, or Wireless Neighborhood Area Network.

#### Power management

In May, Nordic launched the nPM1100 PMIC, the company's first catalog power management product. The nPM1100 offers clear value-add for existing Bluetooth Low Energy customers, due to the tight integration with Nordic's SoC portfolio. The PMIC combines a USB compatible battery charger with a highly efficient DC/DC converter, in an ultra-compact wafer level chip scale package (WLCSP). The extremely compact form factor makes it ideal for space constrained applications like connected medical devices, smart home sensors, remote controls, or advanced wearables.

The power management integrated circuit 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 standalone basis. While it is still too early to assess the commercial development, the launch of the nPM1100 marked a commitment to establish a line of PMIC products going forward.

#### Design partner & Solutions partner program

In 2021, Nordic launched a 'Nordic Partner Program' with both design partners and solution partners to help customers accelerate time to market. This creates an ecosystem that can assist Nordic customers by providing products, services and solutions that complement Nordic's portfolio of hardware, firmware, development tools, and reference designs. Initial partners in the program include CA Engineering, Indesign, Sigma Connectivity, Shenzhen Minew Technologies, Meshtech, grandcentrix, NORBIT, and Telenor.

#### Review of the annual accounts

In accordance with the provisions of the Norwegian Accounting Act, the Board of Directors confirms that the accounts have been prepared on a going concern basis and that the going concern assumption applies. Nordic prepares consolidated annual accounts in accordance with IFRS (International Financial Reporting Standards) as approved by the EU, relevant interpretations, and the Norwegian Accounting Act. A summary of internal controls related to the accounting process can be found in the Corporate Governance section of this Annual Report.

Note that the Group has identified gross margin, EBITDA, EBITDA margin, short-range EBITDA margin, total operating expenses, cash operating expenses, and order backlog as Alternative Performance Measures in addition to the financial information as prepared in accordance with IFRS as adopted by the EU. Please see separate chapter on Alternative Performance Measures for further details.

#### Income Statement

The Group classifies its revenues into the following technologies: short-range wireless components, including Bluetooth LE based and proprietary products, long range (cellular IoT), ASIC components, and Consulting services.



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## Revenue by technology:

USDm	2021	2020	Change
Bluetooth	503.1	316.0	59.2%
Proprietary wireless	83.9	76.1	10.1%
<b>Short-range wireless components</b>	<b>587.0</b>	<b>392.2</b>	<b>49.7%</b>
Cellular IoT	17.0	6.5	161.0%
ASIC Components	6.1	6.3	(3.4)%
Consulting services	0.4	0.2	73.9%
<b>Total</b>	<b>610.5</b>	<b>405.2</b>	<b>50.7%</b>

Total revenue increased by 50.7% to USD 610.5 million in 2021, up from USD 405.2 million in 2020. The growth comes as a result of higher volumes, higher prices, and a favorable product mix.

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.

Revenue from Bluetooth increased by 59.2% to USD 503.1 million in 2021. Bluetooth accounted for 82% of Group revenue in 2021. The revenue increase reflects strong demand across all end-product markets both from tier-1 customers and the broad market.

Revenue from Nordic's proprietary products increased by 10% to USD 83.9 million in 2021. Proprietary revenues have more or less returned to the revenue levels seen in 2015-2018 and accounted for 14% of Group revenue in 2021.

Revenue from cellular IoT increased by 161.0% 2021 to USD 17.0 million as more projects are gaining commercial traction. However, revenue from Cellular IoT is also impacted by supply constraints.

Sales of ASIC products decreased by 3.4% in 2021 to USD 6.1 million. Nordic is not designing new ASICs, hence future revenue depends on demand from existing customers and applications.

Split by end-product markets, revenue from the short-range wireless components are divided into consumer electronics, wearables, building & retail, healthcare, and others. Effective 2022, Nordic will change the reporting structure for the end-product markets to better reflect the underlying verticals, with four end-user markets in Consumer, Industrial, Healthcare, and Others.

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.

## Wireless components revenue by end-product markets, excluding cellular IoT:

USDm	2021	2020	Change
Consumer electronics	221.6	163.1	35.9%
Wearables	68.8	63.0	9.2%
Building/retail	163.8	81.9	100.0%
Healthcare	61.5	37.8	62.4%
Other	71.4	46.4	54.0%
<b>Total</b>	<b>587.0</b>	<b>392.2</b>	<b>49.7%</b>

Consumer electronics revenues increased by 36% in 2021. PC accessories remain the largest sub-segment, although gaming accessories and home entertainment have become increasingly important revenue drivers over the past years.

Wearables revenues grew 9% in 2021. Growth in this market has been adversely impacted by product allocations and prioritization of higher-margin application areas.

Building/retail revenues increased by 100% in 2021. Industrial and home automation applications within lighting systems, sensors and control, and smart home are among the main drivers for growth in this market.

Healthcare revenues increased by 62.4% in 2021. The pandemic has generated strong momentum for connected medical devices. The company continues to view 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.

The 'Other' segment revenues increased by 54%. This mainly reflects sales to module manufacturers servicing many end-products in all markets and regions.

## Gross profit

USDm	2021	2020	Change
Gross Profit	326.6	213.9	52.7%
Gross Margin	53.5%	52.8%	0.7%

Gross profit amounted to USD 326.6 million, an increase of 52.7% from the previous year. Hence, gross margin increased to 53.5% in 2021 from 52.8% in 2020.



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The continued strong underlying gross margin reflects a favorable product mix. Nordic has focused allocations to high margin products in the supply constrained situation. In addition, the Group increased prices to absorb the communicated price increase for wafers, which will increase cost of goods sold in 2022.

In October 2021, Nordic presented its mid-term ambition of 50% gross margin. Gross margin will depend on technology and customer mix, with lower margin expected in cellular IoT module business.

#### Operating expenses

USDm	2021	2020	Change
Payroll expenses	149.8	101.2	48.0%
Other OPEX	52.1	36.0	44.9%
<b>OPEX excl. D&amp;A</b>	<b>201.9</b>	<b>137.2</b>	<b>47.2%</b>
Depr. & Amort.	37.8	31.1	21.7%
<b>Total</b>	<b>239.7</b>	<b>168.2</b>	<b>42.5%</b>

Operating expenses amounted to USD 201.9 million in 2021, excluding depreciation and amortization. This was an increase of 47.2% from USD 137.2 million in 2020.

The higher expenses mainly reflect a 22.4% increase in the number of employees from 978 to 1,197 during the year, as well as higher activity level. The comparable headcount number in 2020 includes 81 employees from the acquisition of Imagination Technologies per December 31, 2020. If these are excluded in 2020, headcount growth in 2021 was 33%. The increased workforce reflects increased R&D activity and strengthened sales efforts for both Bluetooth and cellular IoT.

Measured by function, expensed R&D accounted for USD 139.4 million of operating expenses in 2021, compared to USD 89.0 million in 2020. R&D is expected to continue to increase in absolute terms for both the short-range and long-range businesses. R&D intensity, measured as a percentage of revenue, increased slightly from 22% in 2020 to 23% in 2021. Nordic has a strong commitment to innovation and will continue to invest 15%-20% of revenue in R&D.

Sales, general and administration (SG&A) expenses increased to USD 62.5 million from USD 48.1 million in 2020. SG&A is also expected to continue to increase in absolute terms, as the Group builds up its long-range organization. However, Nordic has showed operational leverage in 2021. As a percentage of revenue, SG&A decreased from 12% in 2020 to 10% in 2021.

Total cash operating expenses amounted to USD 199.9 million, when adjusting for non-cash items, capitalized development expenses, equity-based compensation, and depreciation and amortization. This was an increase from USD 141.3 million in 2020.

Nordic capitalized USD 5.6 million development expenses in 2021, down from USD 8.4 million in 2020. Equity based compensation was USD 7.6 million, compared to USD 4.3 million in 2020. Please see the section on Alternative Performance Measures for more details.

#### EBITDA and Operating profit

USDm	2021	2020	Change
EBITDA	124.7	76.8	62.4%
EBITDA margin	20.4%	18.9%	1.5%
Short-range EBITDA	175.6	106.9	64.2%
Short-range EBITDA margin	29.6%	26.8%	2.8%
Operating profit (EBIT)	86.9	45.7	90.1%
EBIT margin	14.2%	11.3%	3.0%

Earnings before interest, tax, depreciation, and amortization (EBITDA) amounted to USD 124.7 million, an increase from USD 76.8 million in 2020. The corresponding EBITDA margin increased 1.5 percentage points to 20.4%.

Short-range EBITDA totaled USD 175.6 million equivalent to a margin of 29.6% in 2021. This compared to a Short-range EBITDA of USD 106.9 million and a margin of 26.8% in 2020.

Depreciation and amortization amounted to USD 37.8 million in 2021, compared to USD 31.1 million in 2020.

Operating profit (EBIT) amounted to USD 86.9 million, compared to USD 45.7 million in 2020. EBIT margin increased to 14.2% in 2021 from 11.3% in 2020.

#### Net financial items

USDm	2021	2020
Net interest	-0.4	-0.8
Net financial items	0.7	-2.0
<b>Total</b>	<b>0.3</b>	<b>-2.8</b>

Nordic had net interest expense of USD 0.4 million in 2021, compared to net interest expense of USD 0.8m in 2020. During 2020, Nordic made a USD 40 million drawdown on Revolving Credit Facility as a precautionary move to secure the liquidity when the pandemic first hit. The loan was repaid during Q3 2020.



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## Profits and taxes

USDm	2021	2020
Profit before tax	87.3	42.9
Income tax expense	-16.1	-4.5
<b>Net profit after tax</b>	<b>71.2</b>	<b>38.4</b>

The Group recognized tax charges of USD 16.1 million, corresponding to an average tax rate of 18.4%. This compares to USD 4.5 million and an average tax rate of 10.5% in 2020.

The company's statutory tax rate is 22%. The low tax rate in both years are related to settlement of equity compensation to employees, not recognized in the profit and loss. In 2020, the tax rate was also reduced as a result of foreign exchange losses in statutory NOK accounts.

Tax payable amounted to USD 17.4 million, compared to USD 5.0 million in 2020, with the balance reflecting changes in deferred tax and tax benefit.

## Financial position

### Balance sheet

Nordic has total assets of USD 596.8 million at the end of 2021, of which USD 488.0 million in current assets and USD 108.8 million non-current assets.

These assets were financed by total equity of USD 458.2 million at the end of 2021, non-current liabilities of USD 14.9 million and current liabilities of USD 123.7 million.

Current assets were USD 488.0 million at the end of 2021, compared to USD 401.9 million at the end of 2020. This included cash and cash equivalents of USD 279.3 million at the end of the year, up from USD 242.5 million at the end of 2020.

Inventory decreased to USD 54.9 million from USD 62.0 million at the end of 2020 and accounts receivables increased to USD 141.7 million from USD 88.0 million at the end of 2020, due to higher revenues.

Overall, net working capital amounted to USD 108.4 million, compared to USD 78.3 million at the end of 2020. Measured as a percentage of full year revenue, net working capital decreased to 17.8% from 19.3% at the end of 2020. This is mainly a result of a lower inventory in percentage of revenue.

Non-current assets decreased to USD 108.8 million at the end of 2021 compared to USD 113.9 million end of 2020.

Fixed assets totaled USD 33.9 million at year end, up from USD 28.3 million in 2020. Software and other intangible assets decreased to USD 15.8 million from 19.9 million. Capitalized development expenses decreased to USD 31.5 million from USD 34.6 million at the end of 2020.

Total shareholders' equity amounted to USD 458.2 million at the end of 2021 up from USD 402.5 million at the end of 2020. The Group equity ratio was hence 77%, compared to 78% at the end of 2020.

Total liabilities amounted to USD 138.6 million, compared to USD 113.3 million at the end of 2020. Non-current liabilities decreased to USD 14.9 million from USD 21.5 million. Lease liabilities of USD 14.3 million are included in the non-current liabilities.

Current liabilities increased to USD 123.7 million from USD 91.9 million. The increase is mainly explained by higher accounts payable, volume rebates and short-term employee benefit obligations and related taxes.

## Cash flow and funding

USDm	2021	2020
<b>Net cash flow from:</b>		
Operating activities	95.8	65.3
Investing activities	-30.7	-38.0
Financing activities	-27.3	123.6
Currency adj.	-1.1	1.0
Net change in cash and cash equivalents	36.8	151.9
Cash and cash equivalents 1.1	242.5	90.6
Cash and cash equivalents 31.12	279.3	242.5

Cash flow from operating activities was USD 95.8 million in 2021, compared with USD 65.3 million in 2020. The improved operating cash flow is a result of higher earnings and lower percentage of net working capital.

Cash flow used for investing activities was an outflow of USD 30.7 million in 2021, compared to an outflow of USD 38.0 million in 2020. Capital expenditure increased to USD 25.0 million from USD 16.5 million, including software, whereas capitalized development expenses declined to USD 5.6 million from USD 8.4 million. In 2020 the outflow included USD 13.2 million related to the acquisition of Wi-Fi technology and IP-assets from Imagination Technologies Group.



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Cash outflow from financing activities was USD 27.3 million in 2021, mainly reflecting cash settlement of employee options. In comparison, there was a cash inflow of USD 123.6 million in 2020, mainly reflecting the private placement made in September 2020 of USD 121.3 million.

Including the effect of exchange rates, net change in cash and cash equivalents was a cash inflow of USD 36.8 million in 2021, compared to USD 151.9 million in 2020.

Cash and cash equivalents increased to USD 279.3 million at the end of 2021, from USD 242.5 million at the end of 2020. The cash is mainly held in the Group's functional currency USD, in order to minimize the impact of currency fluctuations.

In addition to cash at hand, Nordic has undrawn revolving credit facilities (RCFs) of USD 65 million with the company's main bank. Including these credit lines, available cash amounted to approximately USD 344 million at the end of 2021, compared to approximately USD 320 million at the end of 2020.

Available credits at year end 2021 included a USD 40 million RCF and a USD 25 million RCF expiring in November 2022. The RCFs were refinanced in December 2019. The only financial covenant on the RCFs is for the company to maintain an equity ratio above 40%, which compares to the actual equity ratio of 77% at the end of 2021.

Tight cash management is a key priority for the Group, as a strong financial position is required to realize the Company's strategic priorities and growth opportunities. The Board of Directors' assesses the liquidity position as adequate given the company current activity level, investment plans, and business outlook.

### Allocation of net profit for parent company

The parent company Nordic Semiconductor ASA has a net profit after tax of USD 65.7 million in 2021, compared to USD 35.8 million in 2020.

The entire net profit is attributable to the equity holders of the parent. Net profit after tax corresponds with ordinary earnings of USD 0.34 and fully diluted earnings per share of USD 0.34 for 2021. This compares to ordinary and fully diluted earnings per share in 2020 of USD 0.20 and 0.18, respectively.

Nordic pursues an ambitious long-term growth strategy which requires significant investments in R&D and sales and marketing. The Board of Directors recommends that Nordic maintains a solid balance sheet with a high equity ratio and a cash reserve that enables the company to continue driving its technology and product roadmap.

The Board of Directors will hence propose to the Annual General Meeting that the net profit of the parent company is transferred to 'Other equity', and that no dividend is distributed for 2021.

### Risk Management

Nordic has a well-established corporate level risk framework to manage risks and opportunities that may impact the strategic objectives in a proactive and systematic manner. All members of the Executive Management Team are responsible for risk management within their respective functions, while Legal & Compliance owns the framework. The outcome of ongoing risk evaluations are put into actions and priorities proportionate to identified risks and opportunities to reach or maintain target risk levels. The Board of Directors oversee risk management through biannual reviews of the Group's most important areas of exposure and internal controls, and on an ongoing basis in relation to the assessment of specific projects or other matters of regular business.

### Risk Factors

Based on the information currently known to us, we believe that the following information identifies the most significant risks affecting our business. Any of the factors described below, or any other risk factor discussed elsewhere in this report, could have a negative impact on our results or on our outlook.

Six major groups of risks are identified within the Nordic Group: Strategic, Operational, Financial, Legal & Compliance, Environmental, and Social. Some of the risks are outside of Nordic's control, including industry and specific cyclical risks.

#### Strategic risk and external factors

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, our operations are exposed to a variety of factors with real or perceived impact on the economy.

#### Geopolitical risk and trade tensions

Geopolitical risks, challenging global economic conditions, trade frictions, political unrest, war and uncertainty can result in reduced demand for our products or negatively affect our supply chain.



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The reliance on Taiwan for supply to the semiconductor industry could create a critical situation for the global economy. Nordic experienced a tightening of supply at the beginning of 2021, and it continued throughout the year, with growth limitations also confirmed for 2022. The supply constraint has a direct ripple effect on other identified risks, such as Nordic's dependency on key customers, as the gap between their demand and what Nordic can deliver is increasing.

**Response:**

Nordic actively monitors the geopolitical situation and is taking actions to reduce the impact on the business, for example supporting our customers in optimizing their value chain, placing early orders to secure supply, as well as exploring additional sourcing options.

**Coronavirus**

The pandemic has continued to affect Nordic's products, distributor inventories, and other parts of the industry supply chain in 2021 with temporary constraints and increased lead times. At the same time, the pandemic has also triggered major interest in wearables and other connected devices that initially supported social distancing and contact tracing to slow down the progress of Covid-19. Nordic's technology has been used in dozens of such innovative designs, resulting in an overall increase in demand of products.

**Response:**

First and foremost, Nordic's focus has been to safeguard our employees by ensuring operations are in full compliance with relevant regulations, followed by ensuring business continuity for customers, suppliers, and partners. A reduction in travel and physical meetings has been compensated with more extensive online presence, such as online developer and customer support. Nordic is continuously monitoring the situation and we will make necessary adjustments in alignment with any new recommendations from governments, manufacturers, customers, and distributors.

**Climate change and natural disasters**

The nature of our business as a fabless manufacturer, means that Nordic is heavily reliant on semiconductor manufacturing in Taiwan. Nordic's manufacturing partners are exposed to adverse effects of climate change and natural disasters.

**Response:**

Nordic is in dialogue with our manufacturing partners to assess and implement multiple initiatives to understand and manage the effects of climate change and natural disasters on their own operations. In addition, Nordic is exploring additional sourcing options.

**Changes in competitive landscape**

Nordic Semiconductor's strategic goal is to maintain or preferably grow its market share and remain a leading vendor of wireless connectivity and embedded processing solutions for internet connected things.

The markets in which we operate are highly competitive in terms of price, functionality, and software solutions. In a growing market, we face tough competition from existing players as well as new entrants, mainly from China. With Bluetooth LE being adopted across more than 25 identified market verticals, it is likely that more focused and specialized competitors gain market share, especially in verticals where Nordic's position is weaker.

**Response:**

In order to stay competitive, Nordic continues to invest in products, software, and strategic partnerships. The company has further developed its products to include support for additional low power, short-range connectivity standards, such as Zigbee and Thread, across its nRF52 Series and its new generation nRF53 Series. Nordic's multiprotocol portfolio ensures that the company is well positioned to benefit from projects seeking to improve compatibility across different standards.

We depend on the development of new products and enhancing our existing products, but the success of our substantial research and development activities can be uncertain. However, Nordic has guided to invest 15-20% of revenue in R&D. This is required in order to stay competitive in this market.

**Risk of Bluetooth being replaced**

There is a risk that Bluetooth becomes unattractive compared to other technologies, or is bundled with non-Nordic technologies. The biggest immediate threat comes from various Wi-Fi standards tightly integrated with Bluetooth in combo-chipset. There are other wireless standards, like UWB, that may be a risk factor in the long term in some of the verticals where Bluetooth plays a dominant role today.

**Response:**

Nordic is a part of the Bluetooth Special Interest Group (Bluetooth SIG), which is continuously developing the Bluetooth standards. In addition, Nordic has developed Zigbee and Thread solutions and acquired a Wi-Fi team with Wi-Fi assets. Nordic will continue to monitor the trends in the market, keeping the product portfolio relevant.



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## Cellular IoT

There is a risk that we may not be successful in executing our strategy to capture the cellular IoT market opportunity in terms of scale, time, and volume. Nordic launched the nRF91 Series at the end of 2018, which is Nordic's first family of low power devices for cellular IoT. There is still a risk that cellular IoT will not be as successful as Nordic had hoped for, or that the market is skewed toward NB- IoT where simpler, lower cost devices dominate. Customers may also choose competing low power wide area network (LPWAN) technologies or cancel roll-out of products due to lack of any of the LPWAN technologies.

### Response:

Nordic's solution has integrated LTE-M, NB- IoT, GPS functionality, RF Front-End, and power management into a very small System in Package (SiP), under the highest security standards and with significantly better energy efficiency than any comparable products currently on the market. Software development tools and highly qualified technical support through DevZone puts Nordic in a good position to take a large share of the cellular market.

As carriers continue to roll out LTE-M and NB-IoT capabilities and certification programs, there are more and more customers looking at adopting these two technologies. In order to mitigate the risk of cellular not being as successful as Nordic had hoped for, Nordic focuses on delivering user-friendly products and working closely with regulators and carriers to remove barriers to entry.

### Key personnel

Our business is our employees. Losing key employees and not attracting key competencies will affect sales, quality of products, delay time to market, and more. In order to deliver on our strategy and roadmap, we depend on attracting the best talent. During the pandemic, turnover has been lower due to employees need for security superseding needs to seek new challenges. After the main restrictions have been lifted, Nordic expects staff turnover to be slightly above target of 5%.

### Response:

Nordic focuses on talent attraction, recruitment, and retention, as well as succession planning and continues to develop organizational culture and branding. We are continuously improving and adapting our employer value propositions to attract and keep key talent.

## Operational risk

### Product availability, quality, safety and integrity

Nordic is a fabless semiconductor company, outsourcing component manufacturing and relying on distribution partners for sales to the broad market of original electronics manufacturers and to end-users.

As a fabless company, Nordic Semiconductor outsources the capital-intensive production of silicon wafers, packaging and testing of its products to third-party suppliers, mainly in South-East Asia. The manufacturing pipeline involves multiple stages with multiple suppliers. The failure of any of these third-party vendors to deliver products or otherwise perform as required could damage revenue in the short-term, and customer relationships in the long-term.

The manufacturing processes involved often depend on specific tooling's developed and provided by Nordic Semiconductor, specifically the chip design itself, as well as certain test programs and hardware used for quality screening. Failure on Nordic Semiconductor's end to provide good quality or enough quantity of such tooling may have the same consequences as outlined above.

### Response:

Under normal circumstances, Nordic mitigates the risk of lack of products by keeping a buffer stock of wafers or finished goods to cover short-term demand. For medium-term requirements, Nordic seeks to have second sourcing and insurance for supply disruptions related to disasters. Nordic's partners are selected through extensive qualification programs. Lastly, Nordic has its own testers, improving availability of the products and ensuring the right quality.

### Product ramp

There is a risk that Nordic is not able to ramp up production of new products according to customer requirements, either resulting in not meeting customer volume demands, or resulting in high yield loss.

### Response:

Given the timetables for some key product introductions, tight control over the New Product Introduction process is imperative, including quality assurance during high volume product ramps. In addition, Nordic has invested heavily in its own failure analysis lab, to solve any issues as quickly as possible.



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### *Information Security and cyber risk*

Our operations are complex with several centralized critical operations, and any disruption to these operations impact our ability to deliver products to customers. Furthermore, Nordic's operations are highly dependent on a fully reliable IT-infrastructure with all systems operating at close to 100%.

Downtime can impact development of new products (delay launch, day-to-day support to customers, manufacturing, and delivery of end products to customers). Activities related to cyber-attacks are a risk for our day-to-day operations.

#### *Response:*

Employing world class data protection is a top priority, in addition to reducing the risk related to human behavior by providing regular awareness training to all employees. Nordic has implemented disaster recovery plans and backup routines in order to mitigate any effects of potential cyber-attacks, and seeks to maintain appropriate insurance coverage to support the management of potential threats and attacks.

### *Product Security*

There is a risk that released products have security vulnerabilities, and that Nordic does not meet all customers' expectations with regards to their preferred mitigating measures that may vary from application to application. Although Nordic certifies products in accordance with security industry standards, there is a risk of loss of reputation and recognition due to cyber-attacks in end-products.

#### *Response:*

Nordic continues to invest in security architecture and we continuously enhance our well-established processes for incident management. Our dedicated Product Security Officer is working with industry standards on security and certifying Nordic products to relevant standards. Our Product Security Incident Response Team Manager manages vulnerability reporting and follows up on our engagement with our external bug bounty program with HackerOne. Nordic's liability is limited to substantial conformance with own specifications for our generic line of products.

### *Financial risk*

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.

Maintaining a solid R&D cash coverage, measured as cash holding divided by R&D spending, is also necessary to pass the procurement due diligence of tier-one customers, who are expected to make up an increasing part of the revenue base going forward.

At the end of 2021, the R&D cash coverage stood at 24 months' expenditure. Nordic had available cash of approximately USD 344 million at the end of 2021, including credit facilities described above under 'Cash Flow and Funding'. The Board of Directors assesses the current liquidity risk as low.

### *Interest-rate risk*

Nordic holds minimal interest-bearing debt, whereas cash and cash equivalents are held as cash, mainly in USD. We consider the direct risk associated with interest rate fluctuations as low.

### *Foreign currency risk*

Nordic is exposed to foreign exchange risk, as our sales revenue and direct production costs are almost entirely nominated in USD, whereas our operating expenses primarily are in NOK and EUR. Hence, fluctuations in the exchange rates between these currencies may impact profit margin.

Nordic does not use any financial instruments to hedge the currency risk. A 1% increase in USD/NOK would translate into USD 0.5 million in added profit before tax, all other things equal. The company presents its accounts in USD, with profits translated into NOK for taxation purposes.

### *Credit risk*

Nordic is exposed to credit risk related to both its distributors and certain end-customers. The main counterparties are leading international distributors of electronic components based in Asia, and the company has historically not suffered any significant credit losses.

Nordic's 10 largest customers (distributors) accounted for 85% of total revenue in 2021, with no significant losses on receivables.

Credit monitoring routines are integrated into any new credit lines, requiring security in the form of payment guarantees or advance payment requirements if needed. The company's receivables are not credit insured. The credit risk is considered low.

### *Legal and compliance*

#### *Compliance*

Nordic has a zero tolerance for bribery and corruption, and is committed to the highest standards of ethics and integrity wherever we operate. With an increasing global presence, the focus on governance and ensuring compliance to foreign and local requirements is important.

Nordic is strengthening its focus on governance and compliance by the employment of a Group Compliance Officer and further improvements of its governance and compliance frameworks to ensure relevant policies, training, and monitoring of main risk areas as well as management of reports of concern through whistleblower channels.



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In the normal course of business, we might be involved in legal proceedings related to commercial disagreements, claims related to product quality, intellectual property as well as governmental inquiries. An unfavorable ruling in any of these cases can have a material impact on our results.

#### *Product liability*

Our products are complex and vulnerabilities in our products may not have been detected during product development and manufacturing. This may result in decreased revenue for our customers and a damaged reputation if no work-around is possible. Customer contracts and Product Warranty is clear in its apportioning of product liability, however there is a risk that legal action can be brought forward representing a material risk on our results.

#### *Response:*

Nordic follows very high standards in terms of quality assurance. Investing in lab equipment and testers reduces time used on fault-finding, enables workarounds to be implemented faster, and effectively screens production defects. Nordic tries to limit the contractual liability to an acceptable level in the industry.

#### *Intellectual property rights*

Enabling licensing of intellectual property rights in and to patents that are essential for the radio communication standards on which Nordic base its products is one of our key priorities. Many owners of standard essential patents have decided to only license the end-device, leaving it up to Nordic's customers to get third party IP necessary for their products, as opposed to licensing Nordic's products.

Nordic Semiconductor has never been prevented from selling its established line of products due to intellectual property rights, and is continuously investigating any allegations by patent holders that Nordic's products infringe on the intellectual property of others. Nordic is taking steps to ensure that any such allegations do not prevent the selling, purchasing and use of our products.

The Bluetooth specifications are intended to be written so that all patent claims which are necessary to implement them are held by members of the Bluetooth SIG. Any necessary claims held by members of the Bluetooth SIG, are automatically licensed to members like Nordic as a condition of membership. However, there are other participants in the industry, that own patents and are not members of the Bluetooth SIG, who assert their patents towards companies like Nordic.

Patent infringement and licensing practices in both Cellular IoT and Bluetooth are considered when Nordic assesses potential loss in connection with litigation. While we believe the risk of loss is minimal due to the company's vast experience and prior art in working with Bluetooth, we will defend any claims asserted against Nordic vigorously, in light of the inherent uncertainties of access to licensing on component level.

#### *Response:*

Nordic is a willing licensee and invites the owners of standard essential patents to NB-IoT and LTE-M to license Nordic's products on FRAND terms on component level, or to enable access to such license to its customers. Nordic Semiconductor ASA plays an active part in raising awareness around the implications which the lack of licenses has on the industry. Furthermore, Nordic is and has always been active in, and contributing to, standard setting organizations, promoting openness and availability for all to standard essential patents.

## Personnel and organization

The Group had 1 197 employees at the end of 2021. The number of employees increased 22% from 978 at the end of 2020.

The growth reflects increased R&D investments in both the short-range business and cellular IoT.

The number of R&D personnel increased by 24% to 926 during 2021. R&D employees represent 77% of total headcount. Sales & Marketing staff increased by 10% to 137 people at year end, while Supply Chain increased by 26% to 72 employees. The remaining 62 employees work in staff functions.

At the end of 2021, 679/56.5% of employees were employed outside of Norway, compared to 529/54% of employees at the end of 2020.

An engagement survey late 2021 reported that 87% of employees are satisfied or very satisfied with working at Nordic, and 92% stated they are proud to work at Nordic, both well above global benchmarks,

#### **Sick leave (Norway specific)**

Sick leave remained below industry average in 2021, with absence due to illness of 1.8%, up from 1.4% in 2020. No occupational illnesses or injuries were reported in 2021.



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## Diversity and inclusion

The Board of Directors' People and Compensation Committee at Nordic Semiconductor works actively together with the Executive Management Team to ensure non-discrimination and equality, while fostering diversity and inclusion.

Diversity and inclusion are focal areas for leadership development and training initiatives, as well as the annual people, performance and compensation review. In 2021 we conducted a diversity and inclusion awareness training for more than 90% of our global leaders.

With 44 different nationalities represented at the company's headquarter and 56 nationalities globally, Nordic has a unique position for fostering an inclusive and diverse company culture, where having a highly specialized skill-set combined with a desire for innovation are the common denominators.

### Gender balance

At the end of 2021 the percentage of female employees was 14.0%, compared to 13.8% in 2020.

The Norwegian operation's workforce is 17.5% female, up from 16.0% in 2020. The skewed gender balance must be viewed in relation to an industry context. In Norway, women working in the private sector represent around 37%\*\* of the work force, but only around 14%\*\* of electrical engineers and computer science professionals are women.

The Executive Management Team consists of eight men and two women, whereas the Board of Directors consists of four male and three female shareholder elected members, in addition to four male employee-elected members.

Employee gender distribution	2021	2020
Total percentage female employees	14.0%	13.8%
Percentage of new female hires globally	18.5%	13.0%
Percentage of new female hires in Norway	26.0%	21.0%
Percentage of new female junior hires in Norway	24.0%	24.0%
Promoted or hired females to management positions	23.8%	25.0%

Gender equality is a fundamental principle for Nordic. Continuous internal and external recruiting efforts are made to grow our percentage of female employees in all areas.

Nordic has strengthened the company's employer branding with emphasis on promoting gender equality and employee diversity. During 2021 the People function was further strengthened, enabling a more active involvement in the recruitment process to ensure inclusive hiring practices.

As a consequence, we have seen an increase in the number of applications from female students and graduates, and a corresponding increase in the percentage of new female hires above market averages and prior years outcomes .

### Age diversity

Nordic Semiconductor aspires to be a healthy and attractive workplace for employees of all ages and stages of life. The company has implemented a Phase of Life Policy, aiming to facilitate employee development and knowledge growth throughout the employee journey. The phase of life policy consists of three stages: Junior, Middle and Senior stage. Each phase is based on the perception that employees have different needs and selected priorities relevant to the various stages of their lives. This gives Nordic an opportunity to accommodate the personal needs and requirements of our employees.

The average age of permanent employees in Nordic was 39.3 years in 2021, which is slightly lower than in 2020 (40.2). We have employees between 21 and 70 years old.

### Equal pay

Total Rewards was established as a separate area of expertise in 2021, as we aspire to increase our competitive power to attract and retain global talent. An employee preference survey was conducted in 2021, to help focus and calibrate the company's reward strategy.

Nordic's reward strategy is based on the principle that work of equal value shall receive equal pay. Salary levels are determined based on objective measures such as seniority, education and experience, in addition to local market practice and cost of living.

\*\* Based on data from Statistics Norway from 2019



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### *Career ladder*

In Nordic 77% of employees are employed within Research and Development (R&D). To ensure equal pay for this core group, Nordic has developed a standardized framework to determine and adjust salary levels referred to as the Nordic Career Ladder. All R&D team base salaries are determined by Career Ladder placement and advancement. Salary increases are managed through a globally aligned salary review process.

Within the R&D department in Norway, the average salary in 2021 for females was 88% of the average salary for males. The global average salary for female employees was 78% of the average salary for males. This excludes the Executive Management Team, where the average salary for female employees was 76% compared to their male peers.

The average salary gap between women and men is largely caused by a higher proportion of men in senior positions and with longer tenure. Gender differences in salary are also influenced by function and location.

### **Employment opportunities and part-time employment**

Nordic strives to offer full-time employment in all positions, however accommodates part-time employment when requested to the extent possible.

1.9% of Nordic's permanent employees are in part-time positions (excluding student-interns), all by choice or following medical advice. In 2021 the share of male part-time employees was 78% whilst 22% were women, largely reflecting the overall gender split.

Part time employees are offered and often accept an opportunity to reevaluate their working percentage during the annual performance conversation with their manager.

### **Parental leave (Norway specific)**

Since 1993, a part of the parental leave is legally devoted to the father as a way to promote gender equality in the labor market in Norway. Nordic pays parental benefits beyond the National Insurance Scheme. While the national Insurance Scheme refunds an annual salary up to 6 G, Nordic offers up to 9 G, if the employee has been working for at least 6 of the past 10 months before the birth of the child.

During 2021, 31 employees at Nordic were on parental leave, 24 men and 7 women. The average number of weeks on leave for men was 12.75 weeks, while the average for women was 21.8.

### **Diversity and inclusion initiatives in 2022**

During 2022, Nordic Semiconductor will develop and implement a longer-term, global diversity and inclusion strategy with defined organizational targets. Our plan for 2022 includes the following initiatives:

- Conduct diversity and inclusion awareness training for all people managers
- Establish a global job leveling structure as a foundation for a compelling, consistent, fair and market-oriented approach to size and align all roles.
- Assess all global visual and written employer branding, job advertisements and marketing material to ensure inclusive messaging
- Track and analyze gender distribution on all job advertisement applications
- Implement an efficient employee engagement tool to continuously measure the internal perception on diversity and inclusion and more
- Continue our focus of attracting and promoting female candidates
- Leverage best-of-breed assessment tools in internal recruitment and promotions

### **Environmental, Social and Governance (ESG)**

Nordic has committed to the following ESG frameworks:

- UN Global Compact's (UNGC) ten principles on human rights, labor, environment, and anti-corruption
- Responsible Business Alliance's (RBA) Code of Conduct for social, environmental and ethical issues in the electronics industry supply chain
- UN Sustainable Development Goals (SDGs)
- Nordic's Corporate Social Responsibility policy

The Nordic ESG framework is established according to the company's management systems for Quality (ISO 9001), Environmental (ISO 14001), Occupational Health and Safety (ISO 45001), and Information Security (ISO 27001). These standards enable a systematic approach to improving the company's business processes and performance on material ESG topics. Material topics include but are not limited to Environmental product compliance, GHG emission, responsible sourcing of minerals, diversity and inclusion, Health & safety, Anti-corruption, Information Security and data privacy.



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The ESG section of this report below presents Nordic Semiconductor's ESG status, programs, and performance during 2021. The ESG section is prepared in accordance with GRI reporting standards (Core option) and follows the requirements of Norwegian Accounting Act, Section 3-3c. The ESG section also represents the company's official Communication on Progress as a signatory to the UN Global Compact.

## Environmental statement

Nordic seeks to minimize its environmental impact on areas of hazardous substances, resource consumption, GHG emission, and manage waste in an environmentally friendly and resource efficient manner.

The company has established routines to monitor these conditions under management systems certified under ISO 9001 and ISO 14001. Nordic complies with all current applicable laws and regulations, such as REACH and RoHS directives.

Manufacturing is outsourced to leading third-party providers who are required to operate in compliance with the ISO 14001 environmental standards, in addition to other certifications, requirements, and qualifications.

Aware of the effects of climate change and the contribution of the semiconductor industry to GHG emission, Nordic started its renewable energy program in 2020 to reduce GHG emission from both its operations and its outsourced manufacturing activities. Procurement of renewable energy happens on annual basis, with the long-term goal of complete carbon neutrality for scope 2 by 2025 and scope 3 by 2030.

Nordic Semiconductor environmental key targets for 2022 are stated as below.

- Renewable energy purchase to achieve:
  - GHG emission reduction for Scope 2 by 50%
  - GHG emission reduction for Scope 3 by 20%
- 80% of prototyping platforms with recyclable plastic enclosure
- 5% of device containers with recycled plastic

## EU Taxonomy

On 12 July 2020, the EU Taxonomy Regulation, which provides for the establishment of a framework to facilitate sustainable investment, was enacted. The EU Taxonomy Regulation introduces a classification system of environmentally sustainable activities by defining technical screening criteria for each environmental objective through delegated acts. The EU Taxonomy Regulation also mandates larger European companies to report on and disclose the extent to which their business activities are eligible and aligned with the regulations' definition of environmental sustainability. The first delegated acts apply as of January 1, 2022 and classifies the economic activities of a defined set of industries with a large focus on manufacturing processes, which are decided to be the most important for the first two of the six environmental objectives (climate change mitigation and climate change adoption).

Nordic Semiconductor ASA, as a publicly listed European company with more than 500 employees, is under the EU Taxonomy Regulation to the extent that we are mandated to disclose if and, to which extent our business activities are recognized within the definitions of the current EU Taxonomy Regulation and its delegated acts.

An assessment of the EU Taxonomy Regulation and its delegated acts for the financial year of 2021, has concluded that the business activities of Nordic Semiconductor are not included in its current scope, and therefore disclosed as non-eligible economic activities. Nordic Semiconductor continues to monitor changes in the EU Taxonomy Regulation to ensure necessary preparations and compliance with the regulation.

For more information on sustainability development and performance, we refer to the ESG section of this report, where we provide more details on our objectives and activities related to environmental and social impact, as well as our governance framework and how these themes are integrated in the way we work.



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## Corporate Governance

Nordic is subject to corporate governance requirements according to the Norwegian Public Limited Companies Act, the Norwegian Accounting Act, section 3-3b, the Oslo Stock Exchange's Oslo Rulebook II -Issuers Rules, Chapter 4.5 section 5-8a of the Norwegian Securities Act, and the Norwegian Code of Practice for Corporate Governance ("the Code of Practice") as adopted by the Norwegian Corporate Governance Board (NUES).

A thorough review of compliance with the Code of Practice is included in the Standards of Corporate Governance chapter of this Annual Report.

Nordic has a Directors and Officers Liability Insurance on behalf of the members of the Board of Directors and CEO. The insurance additionally covers any employee acting in a managerial capacity and includes subsidiaries owned with more than 50%. The insurance policy is issued by a reputable, specialized insurer with appropriate rating.

## Shareholder Matters

The Nordic Semiconductor shares are listed on the Oslo Stock Exchange (OSE) under the ticker NOD. Total return for the Nordic share was 116% in 2021, compared the Oslo Stock Exchange (OSEBX) which increased 23% during 2021, and the PHLX Semiconductor Sector Index (SOX) which increased 41% during 2021.

The Nordic share closed at NOK 297.6 at year-end 2021, corresponding to a market capitalization of NOK 57.4 billion.

Nordic had 191.0 million shares outstanding at the end of 2021, of which 1.8 million treasury shares. Purchase of treasury shares is viewed as an effective way to cover the obligations related to equity-based compensation.

On the Annual General Meeting in April 2021 the Board was given the authorization to purchase own shares, and to hold treasury shares within the limits of the Norwegian Public Limited Liability Companies Act. The company will seek the same approval on the 2022 Annual General Meeting.

Nordic had approximately 14 600 shareholders at the end of 2021, compared to 8 800 at the end of 2020. The top 20 shareholders held 57.3% of the registered shares.

51.4% of the shares were held by institutions and individuals based in Norway, down from 58.7% in 2020. The following table outlines the geographical split of our shareholder base. The geographical split is based on results from our shareholder analysis vendor showing data as of December 31, 2021.

Region	December 31, 2021
Norway	51.4%
USA	29.8%
Other Europe	7.9%
UK	5.3%
Sweden	3.4%
Rest of World	2.2%

Nordic aims to have an open dialog with shareholders and investors. The company conducted virtual investor roadshows both in Norway and internationally in connection with the interim results and participated on several industry and investment virtual seminars during the year.

Through active communication with the capital market and shareholders in 2021, Nordic ensured that all relevant information required for external evaluation of the company was published in accordance with applicable rules and guidelines issued by the Oslo Stock Exchange.



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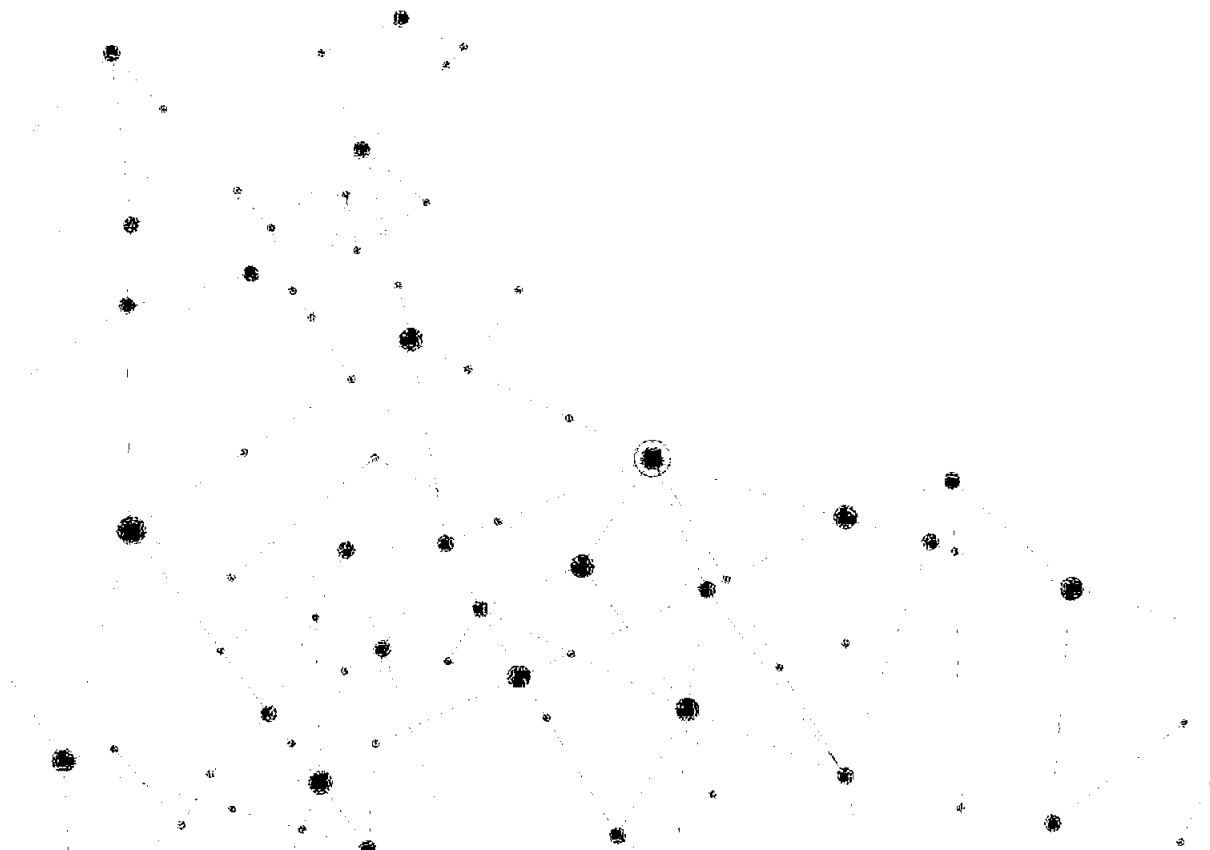
## Outlook

Nordic Semiconductor is experiencing 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 revenues that have more than doubled over the past two years, and in an order backlog that more than tripled to almost USD 1.7 billion during 2021.

The currently limited availability of wafers is preventing the company from taking full advantage of the strong demand, although revenue increased by 51% to USD 611 million. The company expects to be allocated wafer volumes and to generate revenue in 2022 that keeps the company on track

for its 2023 revenue target of USD 1 billion. Nordic sees continued strong growth opportunities well beyond 2023, and overall looks for annual revenue growth of at least 25% in 2023-2026.

Nordic reported a gross margin of 53.5% for 2021, partly due to one-off effects of price changes towards the end of the year. The company targets an overall gross margin of 50% going forward. Combined with higher scale and improving operational leverage, Nordic expects this to enable a long-term EBITDA-margin level above 25%.





Oslo, March 17, 2022

**Jan Frykhammar**  
Board member

**Birger Steen**  
Chair

**Anita Huun**  
Board member

**Inger Berg Ørstavik**  
Board member

**Svann-Tore Larsen**  
Chief Executive Officer

**Endre Holen**  
Board member

**Øyvind Birkenes**  
Board member

**Jon Helge Nistad**  
Board member, employee

**Annastiina Hintsa**  
Board member

**Joel Stapleton**  
Board member, employee

**Susheel Raj Nuguru**  
Board member, employee

**Morten Dammen**  
Board member, employee



Financial  
statements



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## Income statement (for the year ended December 31)

GROUP		Amount in USD 1000	Note	PARENT	
2021	2020			2021	2020
610 528	405 217	Total Revenue	3	611 577	406 242
-283 415	-190 690	Cost of materials	4	-283 415	-190 690
-472	-584	Direct project costs		-472	-584
326 640	213 943	Gross profit		327 690	214 968
-149 824	-101 211	Payroll expenses	9/10/12/18	-84 483	-61 444
-52 098	-35 954	Other operating expenses	5/11	-130 450	-84 325
-37 798	-31 063	Depreciation	11/12/21	-32 893	-27 128
86 920	45 714	Operating profit		79 864	42 071
730	642	Financial income	6/22/23	737	642
-1 129	-1 416	Financial expenses	6/21/22/23	-1 001	-1 336
739	-2 016	Net foreign exchange gains (losses)	6/22	704	-2 014
87 260	42 925	Profit before tax		80 305	39 363
-16 089	-4 534	Income tax expense	7	-14 618	-3 564
71 171	38 391	Net profit after tax		65 687	35 799
		<b>Attributable to:</b>			
71 171	38 391	Equity holders of the parent		65 687	35 799
0.37	0.21	Ordinary earnings per share (USD)	8	0.34	0.20
0.37	0.20	Fully diluted earnings per share (USD)	8	0.34	0.18
<b>2021</b>	<b>2020</b>	<b>Statement of comprehensive income</b>		<b>2021</b>	<b>2020</b>
71 171	38 391	Net profit after tax		65 687	35 799
-150	-84	Actuarial gains (losses) on defined benefit plans (before tax)		-150	-84
33	19	Income tax effect	7	33	19
-1 186	688	Currency translation differences			
69 868	39 014	Total Comprehensive Income		65 570	35 734
		<b>Attributable to:</b>			
69 868	39 014	Equity holders of the parent		65 570	35 734

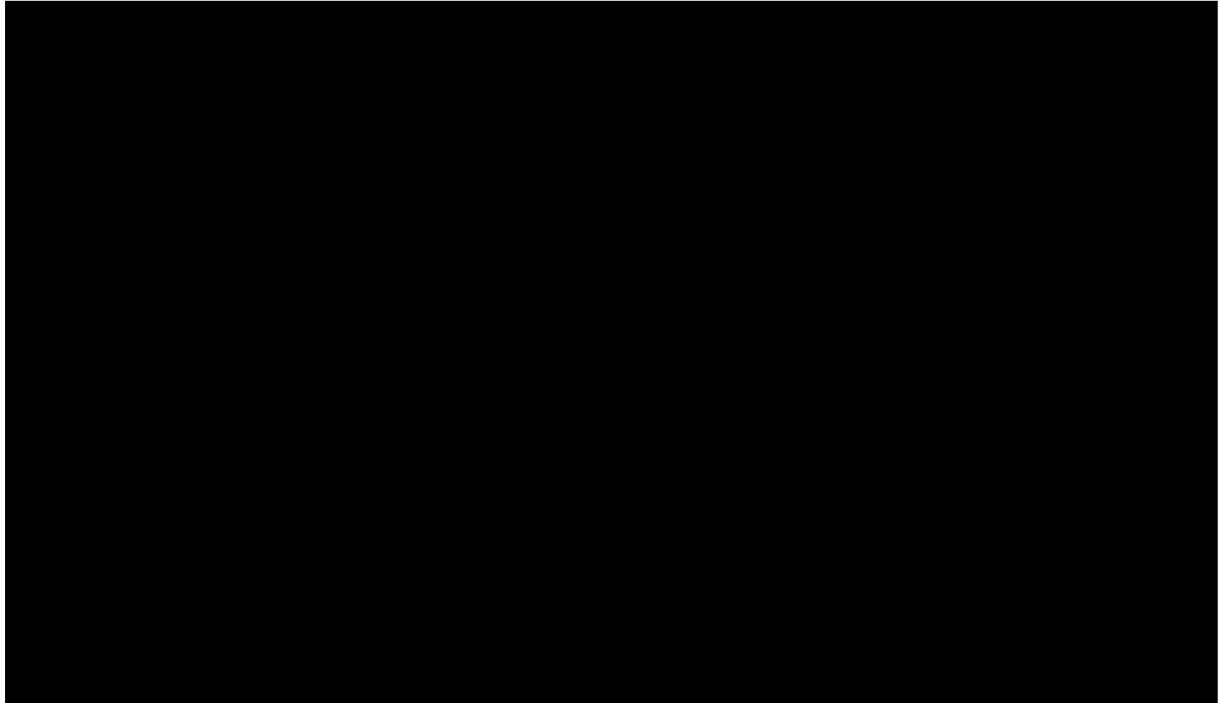


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## Statement of financial position (as of December 31)

GROUP				PARENT	
2021	2020	Amount in USD 1000	Note	2021	2020
		<b>ASSETS</b>			
		<b>Non-current assets</b>			
2 386	2 393	Goodwill	24	249	249
31 542	34 563	Capitalized development expenses	12	31 542	34 563
15 764	19 905	Software and other intangible assets	12	15 232	19 286
6 331	3 668	Deferred tax assets	7	5 748	3 029
18 935	25 092	Right of use assets	21	14 923	20 616
33 885	28 284	Fixed assets	11/22/23	28 824	24 960
0	0	Shares in subsidiaries	1/13	6 696	1 590
108 844	113 906	<b>Total non-current assets</b>		103 215	104 294
		<b>Current assets</b>			
54 943	61 955	Inventory	4	54 943	61 955
141 748	88 034	Accounts Receivable	14/22/23	141 748	88 034
11 951	9 372	Other current receivables	15/22/23	11 283	10 062
279 331	242 547	Cash and cash equivalents	16/22/23	273 430	238 615
487 973	401 909	<b>Total current assets</b>		481 405	398 666
596 817	515 814	<b>TOTAL ASSETS</b>		584 620	502 960

		<b>EQUITY</b>			
317	317	Share Capital	17	317	317
235 448	235 448	Share premium	17	235 448	235 448
222 443	166 727	Other components of equity		204 924	153 501
458 209	402 492	<b>Total equity</b>		440 690	389 266
		<b>LIABILITIES</b>			
		<b>Non-current liabilities</b>			
580	448	Pension liabilities	18	554	448
14 281	21 004	Non-current lease liabilities	21/22/23	11 673	18 338
14 861	21 452	<b>Total non-current liabilities</b>		12 226	18 785
		<b>Current liabilities</b>			
28 392	22 812	Accounts payable	20/22/23	27 558	21 059
17 427	4 976	Income taxes payable	7	17 181	4 889
7 599	8 789	Public duties	20	6 266	7 777
5 594	5 520	Current lease liabilities	21/22/23	3 921	3 616
520	302	Current financial liabilities	22/23	520	302
64 215	49 472	Other current liabilities	15/20/23	76 258	57 265
123 747	91 872	<b>Total current liabilities</b>		131 703	94 908
138 608	113 323	<b>Total liabilities</b>		143 930	113 694
596 817	515 814	<b>TOTAL EQUITY AND LIABILITIES</b>		584 620	502 960



Oslo, March 17, 2022

**Jan Frykhammar**  
Board member

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Board member, employee

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Board member, employee



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## Nordic Semiconductor Group

### Consolidated statement of changes in equity

Amount in USD 1000	Share capital	Treasury shares	Share premium	Other paid in capital	Currency translation reserve	Retained earnings	Total equity
<b>Equity as of 01.01.2020</b>	<b>303</b>	<b>-5</b>	<b>113 355</b>	<b>6 819</b>	<b>-309</b>	<b>112 042</b>	<b>232 205</b>
Net profit for the period						38 391	38 391
Other comprehensive income					688	-65	623
Share based compensation				3 265			3 265
Sale of treasury shares (option exercise)		2		5 897			5 899
Capital increase*	14		122 093				122 108
<b>Equity as of 31.12.2020</b>	<b>317</b>	<b>-2</b>	<b>235 448</b>	<b>15 980</b>	<b>379</b>	<b>150 368</b>	<b>402 492</b>
Net profit for the period						71 171	71 171
Other comprehensive income					-1 185	-117	-1 302
Share based compensation				6 670			6 670
Option exercise				-20 821			-20 821
<b>Equity as of 31.12.2021</b>	<b>317</b>	<b>-2</b>	<b>235 448</b>	<b>1 829</b>	<b>-806</b>	<b>221 421</b>	<b>458 209</b>

## Nordic Semiconductor Parent

### Consolidated statement of changes in equity

Amount in USD 1000	Share capital	Treasury shares	Share premium	Other paid in capital	Retained earnings	Total equity
<b>Equity as of 01.01.2020</b>	<b>303</b>	<b>-5</b>	<b>113 355</b>	<b>4 530</b>	<b>103 570</b>	<b>221 754</b>
Prior year adjustment					-21	-21
Net profit for the period					35 799	35 799
Other comprehensive income					-65	-65
Sale of treasury shares (option exercise)		2		5 897		5 899
Share based compensation				3 792		3 792
Capital increase*	14		122 093			122 108
<b>Equity as of 31.12.2020</b>	<b>317</b>	<b>-3</b>	<b>235 448</b>	<b>14 219</b>	<b>139 283</b>	<b>389 266</b>
Net profit for the period					65 687	65 687
Other comprehensive income					-117	-117
Option exercise				6 670		6 670
Share based compensation				-20 816		-20 816
<b>Equity as of 31.12.2021</b>	<b>317</b>	<b>-3</b>	<b>235 448</b>	<b>74</b>	<b>204 853</b>	<b>440 690</b>

\* The group increased the share capital with NOK 1 144 million, approximately USD 125 million. The amount net of transaction cost was USD 122.1 million after tax.



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## Statement of cash flows

for the year ended December 31.

GROUP				PARENT	
2021	2020	Amount in USD 1000	Note	2021	2020
		<b>Cash flows from operating activities</b>			
87 260	42 925	Profit before tax		80 305	39 363
-6 332	-2 955	Taxes paid for the period	7	-5 045	-1 922
37 798	31 063	Depreciation and amortization	11/12/21	32 893	27 128
-41 043	-29 561	Change in inventories, trade receivables and payables	4/14/20/22	-40 204	-29 333
6 670	3 151	Share-based compensation		4 359	2 357
134	138	Movement in pensions		106	138
11 332	20 530	Other operations related adjustments		16 460	21 845
<b>95 818</b>	<b>65 292</b>	<b>Net cash flows from operating activities</b>		<b>88 873</b>	<b>59 576</b>
		<b>Cash flows used in investing activities</b>			
-25 050	-16 480	Capital expenditures (including software)	11/12	-20 301	-14 752
-5 644	-8 398	Capitalized development expenses	12	-5 644	-8 398
0	0	Investment in subsidiaries		-2 878	0
0	-13 158	Business Combination, net of cash acquired		0	-11 694
<b>-30 694</b>	<b>-38 035</b>	<b>Net cash flows used in investing activities</b>		<b>-28 824</b>	<b>-34 844</b>
		<b>Cash flows from financing activities</b>			
0	10 455	Changes in treasury shares	17	0	10 455
0	121 277	Capital increase		0	121 277
-20 758	-4 557	Cash settlement of options contract		-20 758	-4 557
-6 493	-3 552	Repayment of lease liabilities		-4 476	-2 496
0	40 000	RCF drawdown		0	40 000
0	-40 000	RCF repayment		0	-40 000
<b>-27 250</b>	<b>123 622</b>	<b>Net cash flows from financing activities</b>		<b>-25 234</b>	<b>124 677</b>
-1 090	1 024	Effects of exchange rate changes on cash and cash equivalents		0	0
<b>36 784</b>	<b>151 902</b>	<b>Net change in cash and cash equivalents</b>		<b>34 815</b>	<b>149 409</b>
242 547	90 645	Cash and cash equivalents as of 1.1.		238 615	89 205
<b>279 331</b>	<b>242 547</b>	<b>Cash and cash equivalents as of 31.12.</b>	<b>16/22</b>	<b>273 430</b>	<b>238 615</b>
2 285	4 202	Restricted cash incl. in the cash and cash equivalents as of 31.12.	16	2 285	4 202



## Note 1: Background

### 1.1 Corporate information

Nordic Semiconductor ASA is a public limited company whose ordinary shares are listed on the Oslo Stock Exchange with ticker code NOD. The Company is domiciled in Norway, and the registered head office is at Otto Nielsens veg 12, 7052 Trondheim.

The Group includes the ultimate parent company Nordic Semiconductor ASA and the wholly owned subsidiaries, Nordic Semiconductor Norway AS, Nordic Semiconductor UK Ltd, Nordic Semiconductor Inc., Nordic Semiconductor Poland Sp. z.o.o, Nordic Semiconductor Finland OY, Nordic Semiconductor Japan KK, Nordic Semiconductor Germany GmbH, Nordic Semiconductor India Pvt. Ltd, Nordic Semiconductor Sweden AB, Nordic Semiconductor Hong Kong Limited, and Nordic Semiconductor (Shenzhen) Limited.

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 around 1200 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.

### 1.2 Basis for preparation

The financial accounts for the Group have been prepared in accordance with International Financial Reporting Standards ("IFRS") as endorsed by the European Union and Norwegian authorities, and are effective as of December 31, 2021. The consolidated financial statements also comply with IFRS as issued by the International Accounting Standards Board ("IASB") and the disclosure requirements as specified under the Norwegian Accounting Law (Regnskapsloven).

The consolidated financial statements are presented in US dollars (USD), which is the functional currency of the parent company. All USD amounts are rounded to the nearest thousand, if nothing else is noted. As a result of rounding differences, it is possible that amounts and percentages do not add up to the total.

Gross profit is revenue less cost of materials and direct project costs. Cost of materials include direct and indirect cost of production. Nordic Semiconductor uses gross profit for internal reporting and has therefore chosen to include it in the external financial reporting.

The Group has only one operating segment. The Group does not report or monitor profitability on a lower level, but breaks down its revenue into the following end product markets: Consumer Electronics, Wearables, Healthcare, Building and Retail, Others, Cellular IoT, ASIC components, and Consulting Services. The Group also breaks down its revenue in the geographical areas in which its distributors are located.

The financial accounts were audited and approved for publication by the Board of Directors on March 17, 2022, and will be presented for approval at the Annual General Meeting on April 28, 2022.

### 1.3 Accounting standards adopted in 2021

In 2021, there are few revisions by the International Accounting Standards Board to the financial reporting requirements in accounting policies. The Group has adopted the following amendment:

#### Amendments to IFRS 16 - Covid-19-Related Rent Concessions

The amendment exempts lessees from having to consider individual lease contracts to determine whether rent concessions occurring as a direct consequence of the covid-19 pandemic are lease modifications and allows lessees to account for such rent concessions as if they were not lease modifications. It applies to covid-19-related rent concessions that reduce lease payments due on or before June 30, 2022.

In 2021, there has been one lease agreement with rent concessions as a direct consequence of the covid-19 pandemic. The direct impact on profit and loss was not material for the Group.



## Note 2: Significant Accounting Principles

### 2.1 Basis for consolidation

The consolidated financial statements incorporate the results, cash flows, and assets and liabilities of the parent company and its subsidiaries.

A subsidiary is an entity that is controlled, either directly or indirectly, by the parent company. Control exists when the parent company is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power to direct the relevant activities of the investee. Generally, such power exists where the parent company holds a majority of the voting rights of an investee.

Subsidiaries are consolidated from the date control is obtained until the date that control ceases. All subsidiaries are wholly owned by the parent company and there are no non-controlling interests. Intercompany transactions, balances, and unrealized gains on transactions between group companies are eliminated.

### 2.2 Significant accounting judgements, estimates and assumptions

The preparation of financial statements requires that management uses judgement, estimates, and assumptions that effect the amounts reported in the financial statements and its disclosures. Management bases its estimates and judgement on previous experience and on various other factors deemed to be reasonable and sensible given the specific circumstances. The main areas of uncertainty for assessments and estimates are the balance sheet date, which represent a risk of creating significant changes to the value of assets and liabilities, are discussed below.

Estimates are continuously reassessed based on changes in the underlying assumptions. Changes in accounting estimates are recognized in the period in which such changes occur. If such changes also apply to future periods, the effect is distributed between current and future periods.

#### Revenue recognition

Revenue recognition principles are described in 2.4 Revenue recognition.

Nordic Semiconductor predominantly sells to electronic distributors under a distribution agreement. The distributors will hold a given level of Nordic Semiconductor's inventory that is subsequently shipped to an end customer. Nordic Semiconductor uses a "sell in" model in connection with revenue recognition to distribution

customers. Under a "sell in" model, management needs to make judgements and estimates the amount that can affect the reported amounts of revenues and expenses. The main judgments are described as follows.

#### Variable consideration for "Ship and Debit"

When a distributor sells components to specified customer accounts, the distributor will receive an additional rebate after the sale is made, commonly known as a "Ship and Debit" rebate. In estimating the variable consideration, the Group is required to use the expected value method. The Group estimates the rebate based on historical discounts to each distributor, the distributors' inventory level as of 31 December 2021, and expected sales mix. An estimate for this rebate is provided in the accounts, reducing the revenue and increasing refund liabilities. See note 3.3.

#### Development costs

Development costs are capitalized in accordance with the principles in 2.5 Intangible assets.

In order to determine the amount to be capitalized, it is necessary for management to make assumptions regarding expected future cash flow, and the expected period of benefits. Capitalized development costs are subject to amortization on a straight-line basis over the period of expected future benefits, normally 3-5 years. Uncertainty exists with respect to the estimated period of expected future benefit, as this depends on the future technological development in the market. During 2021 USD 5.6 million was capitalized. The carrying amount of capitalized development costs as of December 31, 2021 and 2020 was USD 32 million and USD 35 million respectively.

#### Leases - Estimating the incremental borrowing rate

The interest rate implicit in the lease cannot readily be determined, therefore the incremental borrowing rate (IBR) is used to measure lease liabilities.

The lessee's IBR is defined in IFRS 16 as "the rate of interest that a lessee would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment".

The Group has a centralized treasury department, and all financing is from the parent company in order to minimize the costs of finance. The subsidiaries are self-financed with low credit risk due to cost-plus inter-company invoicing for services, and do not enter into financing transactions into third parties. The Group entities have stand-alone arrangements for lease payments either with deposits or bank guarantee.



The IBR reflects what the companies of the Group 'would have to pay', which requires estimation when no observable rates are available (such as for subsidiaries that do not enter into financing transactions) or when they need to be adjusted to reflect the terms and conditions of the lease (for example, when leases are not in the subsidiary's functional currency). The Group estimates the IBR using observable inputs (such as market interest rates) when available and is required to make certain entity-specific estimates (such as the subsidiary's standalone credit rating).

### 2.3 Foreign currency translation

Each entity within the Group has a functional currency, which is normally the currency in which the entity primarily generates and expends cash. The parent company is the most significant entity in the Group, and its functional currency is USD.

At entity level, a foreign currency is a currency other than the entity's functional currency. Transactions in the profit and loss statement denominated in foreign currencies are recorded in the entity's functional currency at the exchange rate prevailing at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated at the exchange rate prevailing at the balance sheet date. Currency translation differences arising at entity level are recognized in profit or loss.

The Group's presentation currency is USD, and foreign operations are those of the parent company's subsidiaries and branches whose functional currency is not USD. On consolidation, assets and liabilities of foreign operations are translated into USD according to the exchange rates prevailing on the balance sheet date. Profit or loss items are translated according to monthly average exchange rates. Changes in net assets resulting from exchange rate movements are recognized in other comprehensive income and taken to the currency translation reserve.

### 2.4 Revenue recognition

The Group is in the business of developing and selling integrated circuits. Revenue from customers is mainly generated from sale of products. Services delivered consists of consulting services. The Group and the customer do not receive financing from the sales, and therefore there are no significant financing components to be accounted for separately from the revenue transaction. The normal credit term is 30-60 days upon delivery. In other words, the contract does not require the customer to pay in advance or require the customer to pay a significant amount after delivery.

#### **Sale of products**

Sales of products are mostly made to distributors (customers). Revenue from product sales is recognized when control of the goods is transferred to the customer. The time of delivery is considered to be when the goods are transferred to the transport carrier. Upon delivery, the Group has the right of payment for the asset, the customer has legal title to the asset, physical possession has been transferred to the customer, and the customer has full ownership of the asset.

Revenue recognized on the sale of products is measured at the fair value of the consideration received or receivable, excluding sales taxes and after making allowance for variable considerations such as rebates and product returns.

#### *Ship and debit rebate*

The Group sells products to certain distributors on "ship and debit" terms. It means that the distributor may be entitled to a rebate if the distributor sells the product to end customers at a price lower than the price at which the distributor purchased the products from the Group. The difference in price is then claimed (debited) by the distributor.

The Ship and Debit rebates are recognized as reduction in revenue and an increase in liabilities before the sale has taken place.

#### *Stock rotation rights*

Some distributors are entitled to limited rights of return, referred to as stock rotation rights. The Group tracks the distributor's inventory and can initiate a stock rotation earlier if a certain product is selling better with another distributor. As the products have similar margin, there are no significant losses for the Group when stock rotations are initiated. The Group does not make provisions or adjustments for stock rotation unless we expect the goods returned to be obsolete. Stock rotation provisions are made if necessary, based on most likely amount method.

#### *End-customer volume rebates*

Some end customers have entered into agreements with Nordic to receive a rebate based on their purchase quantity and price from the distributor. The rebates are recognized as reduction in revenue and increase in liabilities before payout by the end customer.

#### **Sale of services**

Revenue from services is recognized as the services are rendered/delivered.



## Contract balances

### Contract assets

A contract asset is the right to consideration in exchange for goods or services transferred to the customer. If the Group performs by transferring goods or services to a customer before the customer pays consideration or before payment is due, a contract asset is recognized for the earned consideration that is conditional.

Contract assets are subject to impairment assessment. Refer to accounting policies on impairment of financial assets in note 2.8

### Trade receivables

A receivable represents the Group's right to an amount of consideration that is unconditional (i.e., only the passage of time is required before payment of the consideration is due). Refer to accounting policies of financial assets in note 2.9

### Contract liabilities

A contract liability is the obligation to transfer goods or services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer. If a customer pays consideration before the Group transfers goods or services to the customer, a contract liability is recognized when the payment is made or the payment is due (whichever is earlier). Contract liabilities are recognized as revenue when the Group performs under the contract.

## Assets and liabilities arising from rights of return

### Right of return asset

Right of return asset represents the Group's right to recover the goods expected to be returned by customers. The asset is measured at the former carrying amount of the inventory, less any expected costs to recover the goods, including any potential decreases in the value of the returned goods.

The Group updates the measurement of the asset recorded for any revisions to its expected level of returns, as well as any additional decreases in the value of the returned products. As the customers are only able to exchange the goods, the Group does not have a right of return asset.

### Refund liabilities

A refund liability is the obligation to refund some or all of the consideration received (or receivable) from the customer and is measured at the amount the Group ultimately expects it will have to return to the customer. The Group updates its estimates of refund liabilities (and the corresponding change in the transaction price) at the end of each reporting period.

## Cost to obtain a contract

The Group does not pay commission to employees and all costs related to getting a customer order is immediately expensed. The amortization period for a contract asset would be one year or less, hence the Group is able to use the practical expedient and expense costs directly.

## 2.5 Intangible assets

### Research and development expenditure

Research costs are expensed as incurred.

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

Costs expensed in prior accounting periods will not be capitalized. Depreciation begins when the product is transferred from development to production. Depreciation is calculated on a straight-line basis over 5 years. Uncertainty exists with respect to the expected period of benefits, as this depends on the future technological development in the market.

### Goodwill

Goodwill acquired in a business combination is carried at cost as established at the acquisition date, less impairment losses, if any.

### Other intangible assets

Other intangible assets comprise identifiable intangibles acquired in business combination (IP, developed technology), licenses and computer software. The assets held by the Group have finite useful lives determined by the expected usage of the asset by the entity. The assets are amortized on a straight-line basis over its estimated useful lives, normally 3-5 years.

The other intangible assets are carried at cost less accumulated amortization and impairment losses, if any. Cost comprises the purchase price of the asset (including non-refundable purchase taxes) and any costs directly attributable to preparing the asset for its intended use. In the case of an asset acquired in a business combination, the cost is its fair value at the acquisition date.



The amortization period and the amortization method for intangible assets 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.

## 2.6 Government grants

Grants received are tax refunds and are classified as operating grants. Operating grants are accounted for at the same time as the costs they are intended to cover. Tax refunds are accounted for as a cost reduction. See note 5 and 9.

## 2.7 Property, plant and equipment

Property, plant and equipment is valued at the lower of cost net of accumulated depreciation and net realizable value. When an asset is sold or discontinued, the gain or loss from the transaction is recognized in the income statement. Cost comprises the purchase price of the asset including fees/ taxes and any direct costs associated with commissioning the asset for use.

Repair and maintenance costs are expensed when incurred. If repair and maintenance increase the value of the asset, the cost will be added to the asset on the balance sheet. Depreciation is calculated on a straight-line basis over the following periods of time:

Office and lab equipment	1-5 years
Computer equipment	3-5 years
Leasehold improvements	5 years

The assets' residual value, useful lives and methods of depreciation are reviewed on an ongoing basis and adjusted prospectively, if necessary.

## 2.8 Impairment of non-financial assets

The Group's non-financial assets includes:

- Goodwill
- Capitalized development expenses
- Other intangible assets (software and IP)
- Property, plant and equipment
- Right-of-use assets

Non-financial assets are tested for impairment whenever there is an indication that their carrying amounts may not be recoverable. Goodwill and intangible assets still under development are subject to an annual impairment test.

A CGU of one non-financial asset is the smallest group of assets that includes the asset and generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets. Goodwill does not generate cash flows independently of other assets and is, therefore, tested for impairment at the level of the CGU or group of CGUs that are expected to benefit from the synergies of the related business combination.

If any indication exists, the Group estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash generating unit's (CGU) fair value less costs of disposal and its value in use.

The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples or other available fair value indicators.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

## 2.9 Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

The Group is recognizing a financial asset or liability when it becomes a party to the instrument's contractual terms.

The Group's financial assets and liabilities includes money market fund, accounts receivable and other current receivables, accounts payable, currency swap and other depreciation are reviewed on an ongoing basis and adjusted prospectively, if necessary.



## Financial assets

### *Initial recognition and measurement*

At initial recognition, the Group measures a financial asset at its fair value plus or minus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the asset. There is an exemption for accounts receivables, that do not contain a significant financing component or for which the Group has applied the practical expedient, are measured at the transaction price determined under IFRS 15. Refer to the accounting policies in section 2.4 Revenue recognition.

Depending of the financial asset's contractual cash flow characteristics and the Group's business model for managing them, the assets are at initial recognition and subsequently measured at amortized cost, fair value through other comprehensive income (OCI) or fair value through profit or loss.

Financial assets are classified and measured at amortized cost or fair value through OCI, if it gives rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level.

The Group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

### *Subsequent measurement*

For purposes of subsequent measurement, financial assets are classified in four categories:

- Financial assets at amortized cost (debt instruments)
- Financial assets at fair value through OCI with recycling of cumulative gains and losses (debt instruments)
- Financial assets designated at fair value through OCI with no recycling of cumulative gains and losses upon derecognition (equity instruments)
- Financial assets at fair value through profit and loss (held for trading)

The categories relevant for the Group is amortized cost, including accounts receivables and other current receivables, and fair value through profit or loss (held for trading), including money market fund.

The Group measures financial assets at amortized cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows, and

- The contractual terms the financial assets give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding

Financial assets at amortized cost are subsequently measured using the effective interest rate (EIR) method and are subject to impairment. Gains and losses are recognized in profit or loss when the asset is derecognized, modified or impaired.

Financial assets at amortized cost are subsequently at fair value with resulting gains and losses recognized in profit or loss.

### *Derecognition*

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognized (i.e., removed from the Group's consolidated statement of financial position) when:

- The rights to receive cash flows from the asset have expired, or
- The Group has transferred the asset according to IFRS 9 paragraph 3.2.4 and 3.2.5

### *Impairment of financial assets*

For trade receivables and contract assets, the Group applies a simplified approach in calculating expected credit losses (ECLs). The Group does not track changes in credit risk, but instead recognizes a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

## Financial liabilities

### *Initial recognition and measurement*

All financial liabilities are recognized initially at fair value and, in the case of loans and borrowings and accounts payables, net of directly attributable transaction costs.

### *Subsequent measurement*

All financial liabilities are measured at amortized cost, except for financial liabilities at fair value through profit or loss.

After initial recognition, borrowings are subsequently measured at amortized cost using the EIR method. Gains and losses are recognized in profit or loss when the liabilities are derecognized as well as through the EIR amortization process.

Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortization is included as finance costs in the statement of profit or loss.



Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category includes derivative financial instruments (currency swap) entered into by the Group that are not designated as hedging instruments in hedge relationships as defined by IFRS 9.

Gains or losses on liabilities held for trading are recognized in the statement of profit or loss.

#### *Derecognition*

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognized in the statement of profit or loss.

#### **Offsetting of financial instruments**

Financial assets and financial liabilities are offset and the net amount is reported in the consolidated statement of financial position if there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, to realize the assets and settle the liabilities simultaneously.

## 2.10 Cash and cash equivalents

Cash and cash equivalents include cash at bank, short-term deposits with an original maturity of three months or less and money market fund. Money market funds are defined as cash equivalents because they are highly liquid and not subject to material fluctuations in value.

## 2.11 Inventory

Inventory is valued at the lower of cost and net realizable value after deduction for obsolescence. Net realizable value is estimated as the selling price less cost of completion and the cost necessary to make the sale. Costs are determined by using the FIFO method. Work in progress includes variable cost and non-variable cost which can be allocated to items based on normal capacity. Obsolete inventory is written down completely.

## 2.12 Leases

The Group assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group recognizes lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

#### **Right-of-use assets**

The Group recognizes right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses. The cost of right-of-use assets includes the amount of lease liabilities recognized, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the lease term. If ownership of the leased asset transfers to the Group at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

The Group has used the optional exemption in IFRS 16 and not accounted lease concessions, such as reduction in lease payments, due to Covid-19 as a lease modification. The following conditions are met:

- The reversed consideration is substantially the same or less than the original consideration
- The reduction in lease payments relates to payments due on or before 30 June 2022
- No other substantive changes have been made to the terms of the lease

That means reductions in lease payments are accounted for as negative variable lease payments and be recognized in profit and loss.

The right-of-use assets are also subject to impairment, see note 2.8



## Lease liabilities

At the commencement date of the lease, the Group recognizes lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating the lease, if the lease term reflects the Group exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognized as expenses in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

## Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to its short-term leases (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option) and low-value assets. The low value election is made on a lease-by-lease basis, and it refers to underlying assets with a value in order of USD 5 000 or less. Lease payments on short-term leases and leases of low value assets are recognized as expense on a straight-line basis over the lease term.

## 2.13 Income taxes

Income tax expenses consist of taxes due and changes to the net deferred tax assets or liabilities.

Deferred tax assets and liabilities are calculated based on the differences between the carrying value of assets and liabilities in the financial accounts and their tax basis when such differences are considered as temporary in nature.

Deferred tax assets are recognized to the extent that it is probable that the individual company will have sufficient taxable income in later periods to utilize the tax assets.

Deferred tax liabilities are accounted for at the nominal value and classified as long-term obligations in the balance sheet.

Deferred income tax relating to items recognized in Other Comprehensive Income ("OCI") or directly in equity is recognized outside profit or loss.

The parent company pays its tax obligation in NOK and the fluctuations between the NOK and the USD impact the financial items. The Group's legal entities that do not have their tax base in USD are exposed to changes in the USD/ tax base currency rates. Effects within the current year are classified as tax expense.

## 2.14 Provisions

Provisions (such as legal claims and contractual severance) are recognized when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that economic benefits will be required to settle the obligation and a reliable estimate can be made. Provisions are reviewed each balance sheet date and the level reflects the best estimate of the obligation. When the time value is insignificant, the amount of the provision will be equal to the estimated expenditure required to settle the obligation. When the time effect is significant, the amount of the provision will be equal to the present value of future estimated expenditures to settle the obligation.

## 2.15 Employee benefits

### Defined benefit pension plans

The Group had a defined benefit pension plan for its employees who were hired before December 31, 2007. The group has also established a similar plan for employees in the Philippines. This plan is still open. Pension plan assets are valued at fair value. The defined benefit scheme in Norway was converted to a defined contribution scheme. In connection with the transfer, the employees received a "Paid up benefit" for all earned benefits in the defined benefit plan. As there exist certain obligations related to retirees and employees on sick leave, an actuarial calculation is performed and a liability for these employees is included as of December 31, 2021.

### Defined contribution pension plans

Employees hired after January 1, 2008 have a defined contribution pension plan described in note 18.



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## Share based compensation

The Group grants restricted stock units and other awards over its ordinary shares to all employees. The cost of equity-settled transactions is determined by the fair value at the date when the grant is made using an appropriate valuation model, further details of which are given in note 19.

That cost is recognized in employee benefits expense, together with a corresponding increase in equity (other paid in capital), over the period in which the service and, where applicable, the performance conditions are fulfilled (the vesting period). See note 19.

Accounting treatment of social security tax is not treated in IFRS 2. Social security tax is accrued over the vesting period based on the actual value of the stock unit.

## 2.16 Treasury shares

When treasury shares are purchased, the purchase price, including directly attributable costs are recognized as changes in equity. Treasury shares are presented as a reduction of equity. Gains or losses on transactions in treasury shares are not recognized in the income statement.

## 2.17 Cash flow statement

The cash flow statement is prepared in accordance with the indirect method. Cash and cash equivalents include cash, bank deposits and other short-term liquid investments.

## 2.18 Events after the balance sheet date

Information available after the balance sheet date and applicable to conditions existing at the balance sheet date is included in the preparation of the financial statements. Events after the balance sheet date that do not affect the Group's financial position as of the balance sheet date, but that will affect the Group's financial position in the future, are disclosed if they are significant. See note 24.



## Note 3: Revenues

All figures in USD 1000

### 3.1 Disaggregated revenue information

#### Revenue classified by end product applications:

The Group focuses on the sale of standard components for wireless communication. These wireless components are broken into the following end product areas: Consumer Electronics, Wearables, Building and Retail, Healthcare and Others. In 2021, wireless components accounted for 96.1% of sales versus 96.8% in 2020. In addition to standard components, the Group sells customer-specific ASIC components (Application Specific Integrated Circuits) and related Consulting Services.

The Group recognized the first long-range (cellular IoT) revenue in the second half of 2018. Most of Nordic's cellular IoT customers are still in the development phase or in early commercial phase. When cellular IoT revenue materialize, Nordic will report the revenue in the relevant end product areas.

GROUP			PARENT	
2021	2020	Revenue	2021	2020
221 623	163 131	Consumer Electronics	221 623	163 131
68 761	62 967	Wearables	68 761	62 967
163 765	81 871	Building/Retail	163 765	81 871
61 452	37 830	Healthcare	61 452	37 830
71 408	46 364	Others	71 408	46 364
<b>587 009</b>	<b>392 163</b>	<b>Wireless Components</b>	<b>587 009</b>	<b>392 163</b>
17 035	6 527	Long-range (cellular IoT)	17 035	6 527
6 083	6 297	ASIC components	6 083	6 297
400	230	Consulting services	400	230
0	0	Management fee	1 049	1 025
<b>610 528</b>	<b>405 217</b>	<b>Total revenue from contracts with customers</b>	<b>611 577</b>	<b>406 242</b>

#### Revenue classified by customers' location:

The Group also classifies its revenues on a geographical basis according to its customers' location.

GROUP			PARENT	
2021	2020		2021	2020
53 116	37 726	Europe	53 886	38 519
61 663	34 038	Americas	61 910	34 234
495 749	333 453	Asia/Pacific	495 781	333 488
<b>610 528</b>	<b>405 217</b>	<b>Total revenue from contracts with customers</b>	<b>611 577</b>	<b>406 242</b>

The Group sells its components to distributors, which then sell components onward to electronics manufacturers which build end products and sell them to customers across the world. One distributor represented more than 10% of the Group's total revenues in 2021 with 28% of total revenues. This distributor is based in Asia. In comparison, two distributors represented more than 10% of the Group's total revenues in 2020 with 30% and 11% respectively.



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#### Revenue from contracts with customers classified by timing of revenue recognition:

GROUP			PARENT	
2021	2020		2021	2020
610 128	404 987	Goods transferred at a point in time	610 128	404 987
400	230	Services transferred over time	1 449	1 255
<b>610 528</b>	<b>405 217</b>	<b>Total revenue from contracts with customers</b>	<b>611 577</b>	<b>406 242</b>

### 3.2 Contract balances

Trade receivables are non-interest bearing and are generally on terms of 30 to 60 days. See note 22 for further details.

GROUP			PARENT	
2021	2020		2021	2020
141 748	88 034	Trade receivables	141 748	88 034

### 3.3 Right of return assets and refund liabilities

GROUP			PARENT	
2021	2020		2021	2020
20 530	16 184	Refund liability – arising from ship & debit	20 530	16 184
10 258	8 515	Refund liability – arising from end-customer volume rebates	10 258	8 515

### 3.4 Performance obligations

The performance obligations for the sale of components is normally satisfied upon the time of delivery. Payment is generally due 30 to 60 days within delivery.

For the consulting services the performance obligation is satisfied over-time and the customer is generally invoiced at month-end for the work performed.

The Group has decided to use the practical expedient and not disclose unsatisfied or partially unsatisfied performance obligations. All remaining performance obligations are expected to be recognized within one year.



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## Note 4: Cost of materials / inventory

All figures in USD 1000

GROUP			PARENT	
2021	2020		2021	2020
276 403	199 578	Purchased materials	276 403	199 578
7 012	-8 888	Changes in inventory	7 012	-8 888
<b>283 415</b>	<b>190 690</b>	<b>Cost of materials</b>	<b>283 415</b>	<b>190 690</b>
9 704	18 751	Raw materials	9 704	18 751
18 440	17 566	Work in Progress	18 440	17 566
26 799	25 638	Finished goods	26 799	25 638
<b>54 943</b>	<b>61 955</b>	<b>Total inventory</b>	<b>54 943</b>	<b>61 955</b>
5 712	3 242	Amount Written down	5 712	3 242

As Nordic Semiconductor is a fabless manufacturer, all inventories, including raw materials and finished goods, are located at sub-contractors.

## Note 5: Other operating expenses

All figures in USD 1000

GROUP			PARENT	
2021	2020		2021	2020
19 580	12 733	Service and maintenance	18 288	11 877
15 527	11 470	Other consultancy fees	11 658	8 059
1 582	953	Office rental expenses	1 030	615
1 558	1 005	Office equipment	1 201	797
6 198	6 180	Material and components	5 142	5 581
-108	-22	Tax grant	-108	-22
-1 515	-2 647	Capitalized development expenses	-1 515	-2 647
1 068	1 246	Travel and meeting expenses	742	891
8 207	5 036	Other operating expenses	7 297	4 780
—	—	Other operating expenses intercompany	86 715	54 394
<b>52 097</b>	<b>35 954</b>	<b>Total other operating expenses</b>	<b>130 450</b>	<b>84 325</b>

## Auditor remuneration, excl. of VAT

Fees to the auditor are included in consultancy fees above.

GROUP			PARENT	
2021	2020		2021	2020
90	69	Statutory audit services	72	61
4	—	Tax advisory services	—	—
3	8	Other audit related services	3	8
<b>96</b>	<b>78</b>	<b>Total revenues</b>	<b>74</b>	<b>69</b>



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## Note 6: Net financial items

All figures in USD 1000

GROUP			PARENT	
2021	2020		2021	2020
340	515	Interest income	350	515
389	127	Other financial income	387	127
<b>730</b>	<b>642</b>	<b>Financial income</b>	<b>737</b>	<b>642</b>
822	768	Interest expenses on lease liabilities	733	768
307	648	Other financial expense	268	568
-739	2 016	Foreign exchange loss (net)	-704	2 014
<b>390</b>	<b>3 432</b>	<b>Financial expense</b>	<b>297</b>	<b>3 350</b>
<b>340</b>	<b>-2 790</b>	<b>Net financial expense</b>	<b>441</b>	<b>-2 708</b>

## Note 7: Tax

All figures in USD 1000

GROUP			PARENT	
2021	2020	Tax consists of	2021	2020
-17 427	-4 976	Tax payable	-17 181	-4 889
2 663	855	Change in deferred tax / benefit	2 719	600
-1 325	-413	Prepaid taxes during the year	-156	725
<b>-16 089</b>	<b>-4 534</b>	<b>Tax expense</b>	<b>-14 618</b>	<b>-3 564</b>

GROUP			PARENT	
2021	2020	Reconciliation of nominal and actual tax expense	2021	2020
87 260	42 925	Profit before tax	80 305	39 363
<b>-19 197</b>	<b>-9 444</b>	<b>Tax at nominal rate 22 %</b>	<b>-17 667</b>	<b>-8 660</b>
47	-62	Tax effect of different tax rates in other countries	-89	-99
4 605	2 551	Tax effect permanent differences	4 679	2 694
—	-104	Tax effect of tax benefit not being recognized in the balance sheet	—	—
25	620	Excess tax provision previous year	25	620
-1 568	1 904	Currency effect from translation to USD	-1 566	1 881
<b>-16 089</b>	<b>-4 534</b>	<b>Tax expense</b>	<b>-14 618</b>	<b>-3 564</b>

The group has not recognized net deferred tax benefit of USD 129 000 related to the subsidiary in India.



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<b>GROUP</b>						
<b>Deferred taxes:</b>	<b>Balance sheet</b>		<b>Income statement</b>		<b>Other. Comp. income</b>	
	<b>2021</b>	<b>2020</b>	<b>2021</b>	<b>2020</b>	<b>2021</b>	<b>2020</b>
Inventory	1 517	494	1 023	-151		
Fixed Assets	2 439	1 825	613	417		
Leasing	36	157	-121	143		
Options (share based payments)	1 729	982	747	275		
Pension obligation	122	99	-10	12	33	19
Financial instrument	114	66	48	66		
Accruals	489	145	344	123		
<b>Deferred tax benefit - gross</b>	<b>6 446</b>	<b>3 769</b>	<b>2 644</b>	<b>886</b>	<b>33</b>	<b>19</b>
Gain and loss account	33	43	-10	-9		
Net other tax-obligations	82	58	24	58		
<b>Deferred tax obligation - gross</b>	<b>115</b>	<b>101</b>	<b>14</b>	<b>49</b>	<b>0</b>	<b>0</b>
Currency effect of translation to USD			165	-107		
Net deferred tax benefit (obligation)	6 331	3 668				
Deferred tax expense			2 795	730	33	19

<b>PARENT</b>						
<b>Deferred taxes:</b>	<b>Balance sheet</b>		<b>Income statement</b>		<b>Other. Comp. income</b>	
	<b>2021</b>	<b>2020</b>	<b>2021</b>	<b>2020</b>	<b>2021</b>	<b>2020</b>
Inventory	1 517	494	1 023	-151		
Fixed Assets	2 044	1 187	857	162		
Leasing	36	157	-121	143		
Options (share based payments)	1 729	982	747	275		
Pension obligation	122	99	-10	12	33	19
Financial instrument	114	66	48	66		
Accruals	302	145	157	123		
<b>Deferred tax benefit - gross</b>	<b>5 864</b>	<b>3 130</b>	<b>2 700</b>	<b>631</b>	<b>33</b>	<b>19</b>
Gain and loss account	33	43	-10	-9		
Net other tax-obligations	82	58	24	58		
<b>Deferred tax obligation - gross</b>	<b>115</b>	<b>101</b>	<b>14</b>	<b>49</b>	<b>0</b>	<b>0</b>
Currency effect of translation to USD			127	-69		
Net deferred tax benefit (obligation)	5 749	3 029				
Deferred tax expense			2 813	513	33	19



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Group			Parent	
2021	2020	Reconciliation of net deferred tax obligation	2021	2020
3 668	2 813	Opening balance as of 1.1	3 029	2 429
2 795	730	Tax expense recognized in the P&L	2 813	513
33	19	Tax expense recognized in OCI	33	19
-165	107	Currency effect from translation to USD	-127	69
<b>6 331</b>	<b>3 668</b>	<b>Net deferred tax obligation / benefit 31.12</b>	<b>5 748</b>	<b>3 029</b>

Group			Parent	
2021	2020	Net deferred tax recognized in OCI as of 31.12	2021	2020
33	19	Net gain on actuarial gains and losses	33	19
<b>33</b>	<b>19</b>	<b>Total tax other comprehensive income</b>	<b>33</b>	<b>19</b>

#### Note 8: Shares outstanding

<b>Basis for calculation of basic earnings per share</b>	<b>2021</b>	<b>2020</b>
Earnings for the year (USD '000)	71 171	38 391
Weighted average number of outstanding shares ('000)	190 961	181 021
<b>Earnings per share (USD)</b>	<b>0.37</b>	<b>0.21</b>
<b>Basis for calculation of fully diluted earnings per share</b>		
Earnings for the year (USD '000)	71 171	38 391
Weighted average number of outstanding shares ('000)	193 042	194 704
<b>Earnings per share (USD)</b>	<b>0.37</b>	<b>0.20</b>

The number of shares was as follows:

Date		Number of shares issued	Shares outstanding
01.01.2021	Balance at beginning of period	192 781 600	190 958 613
31.12.2021	Balance at end of period	192 781 600	190 962 563

Options granted to employees are considered to be potential ordinary shares. They have been included in the determination of diluted earnings per share if they have been vested at the reporting date, and to the extent to which they are dilutive. The options have not been included in the determination of basic earnings per share. Details relating to the options are set out in note 19.



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## Note 9: Payroll expenses

All figures in USD 1000

GROUP			PARENT	
2021	2020	Combined expenses for salary and other compensation are distributed as follows:	2021	2020
104 476	72 522	Salary and vacation pay	56 579	42 462
25 239	18 553	Other compensation	16 747	12 804
14 011	9 520	Payroll tax	11 869	9 007
-431	-535	Tax grant	-431	-535
10 650	6 898	Defined contribution pension	3 840	3 453
-4 121	-5 747	Capitalized development expenses (hourly costs)	-4 121	-5 747
<b>149 824</b>	<b>101 211</b>	<b>Total</b>	<b>84 483</b>	<b>61 444</b>
1 090	831	Weighted average number of full time employees	599	520

GROUP			PARENT	
2021	2020	Employees as of December 31, are distributed as follows:	2021	2020
518	449	Norway	518	449
273	211	Finland	—	—
93	74	Poland	—	—
52	39	India	—	—
49	46	USA	—	—
49	37	Taiwan	49	37
48	23	UK	—	1
34	31	Philippines	34	31
28	18	Sweden	—	4
19	17	China	19	17
13	15	Hong Kong	—	15
5	4	South Korea	5	4
4	3	Germany	—	—
3	4	Japan	—	—
3	1	The Netherlands	3	1
2	2	Spain	2	2
2	2	Australia	2	2
1	1	Switzerland	1	1
1	—	Singapore	1	—
<b>1 197</b>	<b>977</b>	<b>Total</b>	<b>634</b>	<b>564</b>



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## Note 10: Executive compensation

All figures in USD 1000

### Note 10.1: Management remuneration

Pursuant to the changes in the Public Limited Liability Companies Act, i.e. addition of a new section 6-16 (b), and associated new regulations, Nordic will publish a separate management remuneration report for presentation at the Annual General Meeting on 28 April 2022, containing detailed information on remuneration to Executive Management Team (EMT) for the reporting year 2021. The remuneration report includes detailed information on EMTs remuneration complementing the numbers presented below. This includes an overview of the operational, financial, environmental, social and governance targets that form basis for the short-term incentives.

EMT members' salaries and other benefits, including long term incentive plans are presented in the table below. Unless otherwise stated, Nordic did not have any loans to or guarantees made on behalf of any of the EMT members in 2021 and 2020.

The remuneration paid or awarded to the CEO and other members of the EMT was aligned with Nordics' remuneration policy. The policy is available in its full at [nordicsemi.com](http://nordicsemi.com).

Total compensation* expensed during the year for the CEO and other executives:							
2021	Salary	Bonus **	Options ***	RSUs & PSUs	Other Comp.	Pension expenses	Total
Svenn-Tore Larsen, CEO	488	270	11	237	4	18	1 027
Pål Elstad, CFO/EVP Finance	289	143	7	112	2	18	571
Svein Egil Nielsen, CTO/EVP R&D and Strategy	327	162	8	128	2	18	645
Geir Langeland, EVP Sales & Marketing	306	168	7	132	2	18	633
Ebbe Rømcke, SVP Quality & Sustainability	203	96	5	75	2	18	399
Ole Fredrik Morken, EVP Supply Chain****	328	109	6	90	2	18	552
Marianne Frydenlund, SVP Legal	182	90	2	68	2	18	361
Ståle Ytterdal, SVP IR & Strategic Sales	224	97	5	78	2	18	424
Kjetil Holstad, EVP Product Management	208	101	4	74	2	18	407
Katarina Finneng, EVP People & Communications	239	118	6	69	2	18	451
<b>Total</b>	<b>2 794</b>	<b>1 355</b>	<b>60</b>	<b>1 063</b>	<b>19</b>	<b>179</b>	<b>5 470</b>
2020	Salary	Bonus **	Options ***	RSUs & PSUs	Other Comp.	Pension expenses	Total
Svenn-Tore Larsen, CEO	412	185	33	57	1	15	704
Pål Elstad, CFO/EVP Finance	245	111	21	31	2	15	426
Svein Egil Nielsen, CTO/EVP R&D and Strategy	278	125	23	36	2	15	480
Geir Langeland, EVP Sales & Marketing	262	116	22	33	2	15	449
Ebbe Rømcke, SVP Quality & Sustainability	173	74	12	21	2	15	297
Ole Fredrik Morken, EVP Supply Chain****	299	84	21	26	2	15	446
Marianne Frydenlund, SVP Legal	152	70	5	19	1	15	262
Ståle Ytterdal, SVP IR & Strategic Sales	200	77	10	20	2	15	324
Kjetil Holstad, EVP Product Management	173	75	7	20	2	15	291
Katarina Finneng, EVP People & Communications	190	91	5	17	3	15	322
<b>Total</b>	<b>2 384</b>	<b>1 008</b>	<b>159</b>	<b>280</b>	<b>19</b>	<b>150</b>	<b>4 001</b>

\*Management compensation is paid in NOK. Exchange rate for 2021: 8.56 and 2020:9.41

\*\*Bonus 2020 is edited to earned during the year from paid during the year

\*\*\*Option cost is the expense of fair value of options based on Black Scholes calculation

\*\*\*\*Includes expat allowances (housing, school, etc.)



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The Group has granted EMT members the following RSUs and performance shares (PSUs):				
EMT member	2021		2020	
Svenn-Tore Larsen, CEO	10 933 RSUs	6 213 PSUs	10 621 RSUs	10 621 PSUs
Pål Elstad, CFO/EVP Finance	3 056 RSUs	3 056 PSUs	6 345 RSUs	6 345 PSUs
Svein Egil Nielsen, CTO/EVP R&D and Strategy	3 455 RSUs	3 455 PSUs	7 172 RSUs	7 172 PSUs
Geir Langeland, EVP Sales & Marketing	6 139 RSUs	3 189 PSUs	6 621 RSUs	6 621 PSUs
Ebbe Rømcke, SVP Quality & Sustainability	2 059 RSUs	2 059 PSUs	4 276 RSUs	4 276 PSUs
Ole Fredrik Morken, EVP Supply Chain***	2 325 RSUs	2 325 PSUs	5 241 RSUs	5 241 PSUs
Marianne Frydenlund, SVP Legal	1 927 RSUs	1 927 PSUs	4 000 RSUs	4 000 PSUs
Ståle Ytterdal, SVP IR & Strategic Sales	2 066 RSUs	2 066 PSUs	4 414 RSUs	4 414 PSUs
Kjetil Holstad, EVP Product Management	2 156 RSUs	2 156 PSUs	4 276 RSUs	4 276 PSUs
Katarina Finneng, EVP People & Communications	2 524 RSUs	2 524 PSUs	5 241 RSUs	5 241 PSUs

During 2021 the executives exercised the following options:

Executives	Grant year	Number of options exercised	Strike price in NOK	Cash payout in USD 1000
Svenn-Tore Larsen, CEO	2016	65 575	47.72	729
	2018	62 000	47.27	682
	2019	25 442	45.10	267
Pål Elstad, CFO/EVP Finance	2016	43 804	47.72	487
	2018	42 000	47.27	462
	2019	15 761	45.10	165
Svein Egil Nielsen, CTO/EVP R&D and Strategy	2018	42 000	47.27	462
	2019	18 763	45.10	197
Geir Langeland, EVP Sales & Marketing	2016	43 804	47.72	487
	2018	42 000	47.27	462
	2019	16 511	45.10	173
Ebbe Rømcke, SVP Quality & Sustainability	2018	21 000	47.27	231
	2019	10 507	45.10	110
Ole Fredrik Morken, EVP Supply Chain***	2016	23 804	47.72	264
	2018	42 000	47.27	462
	2019	13 134	45.10	138
Marianne Frydenlund, SVP Legal	2018	5 000	47.27	55
	2019	8 631	45.10	91
Ståle Ytterdal, SVP IR & Strategic Sales	2016	15 000	47.72	167
	2018	15 000	47.27	165
	2019	11 633	45.10	122
Kjetil Holstad, EVP Product Management	2018	10 000	47.27	110
	2019	9 381	45.10	99
Katarina Finneng, EVP People & Communications	2019	13 333	45.10	140

\*The RSU for management vest after three years for management two years for employees

\*\* Not Board Employee Representative for this period

\*\*\* Purchased shares, no cash payout from the company



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## Note 10.2: Board remuneration

Total compensation expensed for Board Members	2021	2020
Birger Steen, Chair	132	120
Inger Berg Ørstavik, Board Member	57	53
Endre Halen, Board Member	72	50
Jan Magnus Frykhammar, Board Member	65	62
Øyvind Birkenes, Board Member	50	45
Annastiina Hintsu, Board Member	50	45
Anita Huun, Board Member	57	53
Jon Helge Nistad, Board Employee Representative (Board remuneration only)	18	11
Asbjørn Sæbø, Board Employee Representative (Board remuneration only)	0	3
Susheel Nuguru, Board Employee Representative (Board remuneration only)	18	11
Morten Dammen, Board Employee Representative (Board remuneration only)	18	11
Joel Stapleton, Board Employee Representative (Board remuneration only)	18	8
<b>Total</b>	<b>554</b>	<b>472</b>



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## Note II: Fixed assets

All figures in USD 1000

GROUP					
2021	Office and lab equipment	Computer equipment and machinery	Fixture and fittings	Property	Total
Opening balance	30 055	53 470	5 556	333	89 414
Additions	7 925	12 536	1 159	—	21 619
<b>Acquisition cost as of 31.12</b>	<b>37 980</b>	<b>66 006</b>	<b>6 716</b>	<b>333</b>	<b>111 034</b>
Opening balance	18 725	39 302	3 104	—	61 131
Depreciation expenses	6 468	8 697	854	—	16 019
<b>Accumulated depreciation as of 31.12</b>	<b>25 192</b>	<b>47 999</b>	<b>3 958</b>	<b>0</b>	<b>77 149</b>
<b>Net carrying value as of 31.12</b>	<b>12 788</b>	<b>18 007</b>	<b>2 757</b>	<b>333</b>	<b>33 885</b>

PARENT					
2021	Office and lab equipment	Computer equipment and machinery	Fixture and fittings	Property	Total
Opening balance	20 565	50 051	4 795	333	75 743
Additions	4 917	11 840	674	—	17 430
<b>Acquisition cost as of 31.12</b>	<b>25 482</b>	<b>61 891</b>	<b>5 468</b>	<b>333</b>	<b>93 174</b>
Opening balance	11 031	37 014	2 737	—	50 782
Depreciation expenses	4 532	8 368	667	—	13 567
<b>Accumulated depreciation as of 31.12</b>	<b>15 563</b>	<b>45 382</b>	<b>3 405</b>	<b>0</b>	<b>64 349</b>
<b>Net carrying value as of 31.12</b>	<b>9 919</b>	<b>16 509</b>	<b>2 064</b>	<b>333</b>	<b>28 824</b>

GROUP					
2020	Office and lab equipment	Computer equipment and machinery	Fixture and fittings	Property	Total
Opening balance	25 113	45 386	4 735	333	75 568
Additions	4 881	8 025	814	—	13 721
Additions from business combinations	60	58	6	—	124
<b>Acquisition cost as of 31.12</b>	<b>30 055</b>	<b>53 470</b>	<b>5 556</b>	<b>333</b>	<b>89 414</b>
Opening balance	12 957	33 670	2 317	—	48 943
Depreciation expenses	5 768	5 632	787	—	12 188
<b>Accumulated depreciation as of 31.12</b>	<b>18 725</b>	<b>39 302</b>	<b>3 104</b>	<b>0</b>	<b>61 131</b>
<b>Net carrying value as of 31.12</b>	<b>11 330</b>	<b>14 168</b>	<b>2 453</b>	<b>333</b>	<b>28 284</b>



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PARENT					
2020	Office and lab equipment	Computer equipment and machinery	Fixture and fittings	Property	Total
Opening balance	16 789	42 311	4 095	333	63 529
Additions	3 775	7 739	699	—	12 213
<b>Acquisition cost as of 31.12</b>	<b>20 565</b>	<b>50 051</b>	<b>4 795</b>	<b>333</b>	<b>75 743</b>
Opening balance	7 477	31 615	2 084	—	41 176
Depreciation expenses	3 554	5 400	653	—	9 607
<b>Accumulated depreciation as of 31.12</b>	<b>11 031</b>	<b>37 014</b>	<b>2 737</b>	<b>0</b>	<b>50 782</b>
<b>Net carrying value as of 31.12</b>	<b>9 533</b>	<b>13 037</b>	<b>2 057</b>	<b>333</b>	<b>24 960</b>
GROUP AND PARENT					
<b>Estimated useful life</b>	<b>3 - 5 years</b>	<b>3 - 4 years</b>	<b>5 years</b>		
Depreciation method	Straight-line	Straight-line	Straight-line	No depreciation	

Total depreciation expenses consist of depreciation of fixed assets and depreciation of intangible assets (note 12).

#### Non-depreciable property assets:

The Parent company has an apartment in Trondheim for use by employees in the Oslo office while in Trondheim. The apartment is assessed at acquisition cost. The residual value is expected to be at least equal to the book value.

#### Scrapped capital assets

All capital assets that are ready to be scrapped have been fully depreciated and have no residual book value.

#### Capital assets temporarily out of operation

The Group has no capital assets that are temporary out of operation.

#### Impairment

There has been no indications of impairment losses during the year.

#### Change in estimate with respect to useful lives and depreciation methods

There has been no basis for changing useful lives and depreciation methods during the year.



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## Note 12: Intangible assets

All figures in USD 1000.

GROUP				
2021	Software and other intangible assets	Capitalized development expenses	Goodwill	Total
<b>Acquisition cost</b>				
Opening balance	47 799	74 373	2 393	124 566
Additions	3 096	5 646	-7	8 735
<b>Acquisition cost as of 31.12</b>	<b>50 896</b>	<b>80 019</b>	<b>2 386</b>	<b>133 302</b>
<b>Accumulated depreciation</b>				
Opening balance	27 894	39 811	—	67 705
Depreciation expenses	7 238	8 665	—	15 904
<b>Accumulated depreciation as of 31.12</b>	<b>35 132</b>	<b>48 477</b>	<b>0</b>	<b>83 610</b>
<b>Net carrying value as of 31.12</b>	<b>15 764</b>	<b>31 542</b>	<b>2 386</b>	<b>49 693</b>

PARENT				
2021	Software and other intangible assets	Capitalized development expenses	Goodwill	Total
<b>Acquisition cost</b>				
Opening balance	46 517	74 373	249	121 140
Additions	2 870	5 644	—	8 514
<b>Acquisition cost as of 31.12</b>	<b>49 387</b>	<b>80 017</b>	<b>249</b>	<b>129 653</b>
<b>Accumulated depreciation</b>				
Opening balance	27 231	39 811	—	67 042
Depreciation expenses	6 924	8 665	—	15 589
<b>Accumulated depreciation as of 31.12</b>	<b>34 155</b>	<b>48 476</b>	<b>0</b>	<b>82 631</b>
<b>Net carrying value as of 31.12</b>	<b>15 232</b>	<b>31 541</b>	<b>249</b>	<b>47 022</b>

Estimated useful life	3 - 10 years	1 - 5 years	No depreciation
Depreciation method	Straight-line	Straight-line	NA

GROUP	R&D expenses:	PARENT
102 189	Personnel expenses	49 886
37 211	Other operating expenses	25 335
<b>139 400</b>	<b>Total cost recognized in income statement</b>	<b>75 221</b>
145 046	Total cost for R&D (incl. capitalized development cost)	80 866

Expensed research and development activities relate to new technologies and new services and products.



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## Impairment

There has been no indications of impairment losses during the year.

## Change in estimate with respect to useful lives and depreciation methods

There has been no basis for changing useful lives and depreciation methods during the year.

GROUP				
2020	Software and other intangible assets	Capitalized development expenses	Goodwill	Total
<b>Acquisition cost</b>				
Opening balance	33 231	65 976	—	99 207
Additions	3 121	8 398	—	11 518
Additions from business combinations	11 447	—	2 393	13 840
<b>Acquisition cost as of 31.12</b>	<b>47 799</b>	<b>74 373</b>	<b>2 393</b>	<b>124 566</b>
<b>Accumulated depreciation</b>				
Opening balance	21 824	31 986	—	53 810
Depreciation expenses	6 070	7 825	—	13 895
<b>Accumulated depreciation as of 31.12</b>	<b>27 894</b>	<b>39 811</b>	<b>0</b>	<b>67 705</b>
<b>Net carrying value as of 31.12</b>	<b>19 905</b>	<b>34 563</b>	<b>2 393</b>	<b>56 861</b>



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PARENT				
2020	Software and other intangible assets	Capitalized development expenses	Goodwill	Total
<b>Acquisition cost</b>				
Opening balance	32 533	65 976	—	98 509
Additions	2 539	8 398	—	10 937
Additions from business combinations	11 445	—	249	11 694
<b>Acquisition cost as of 31.12</b>	<b>46 517</b>	<b>74 373</b>	<b>249</b>	<b>121 140</b>
<b>Accumulated depreciation</b>				
Opening balance	21 413	31 985	—	53 399
Depreciation expenses	5 818	7 825	—	13 643
<b>Accumulated depreciation as of 31.12</b>	<b>27 231</b>	<b>39 811</b>	<b>0</b>	<b>67 042</b>
<b>Net carrying value as of 31.12</b>	<b>19 286</b>	<b>34 563</b>	<b>249</b>	<b>54 098</b>

Estimated useful life	3 - 10 years	1 - 5 years	No depreciation
Depreciation method	Straight-line	Straight-line	NA

GROUP	R&D expenses:	PARENT
65 242	Personnel expenses	34 968
23 796	Other operating expenses	16 607
<b>89 038</b>	<b>Total cost recognized in income statement</b>	<b>51 575</b>
97 436	Total cost for R&D (incl. capitalized development cost)	59 973



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## Note 13: Subsidiaries

All figures in USD 1000

The following subsidiaries have been included in the financial statements:

Subsidiaries consolidated in	Established Year	Location	Share Ownership	Voting Rights
Nordic Semiconductor Inc	2006	USA	100%	100%
Nordic Semiconductor Poland S.P z o.o	2013	Poland	100%	100%
Nordic Semiconductor Finland OY	2014	Finland	100%	100%
Nordic Semiconductor Japan KK	2017	Japan	100%	100%
Nordic Semiconductor Germany GmbH	2018	Germany	100%	100%
Nordic Semiconductor Norway AS	2020	Norway	100%	100%
Nordic Semiconductor UK Limited	2020	UK	100%	100%
Nordic Semiconductor India Pvt. Ltd	2020*	India	100%	100%
Nordic Semiconductor Sweden AB	2020**	Sweden	100%	100%
Nordic Semiconductor Hong Kong Limited	2021	Hong Kong	100%	100%
Nordic Semiconductor (Shenzhen) Limited	2021	China	100%	100%

Subsidiaries as of 31 December 2021	Ownership	Share of votes	Net profit 2021	Equity 31. Dec 2021
Nordic Semiconductor Inc, USA	100%	100%	347	2 689
Nordic Semiconductor Poland S.P z o.o	100%	100%	555	1 713
Nordic Semiconductor Finland OY	100%	100%	3 375	15 234
Nordic Semiconductor Japan KK	100%	100%	-20	92
Nordic Semiconductor Germany GmbH	100%	100%	4	84
Nordic Semiconductor Norway AS	100%	100%	1 505	3 377
Nordic Semiconductor UK Limited	100%	100%	397	1 635
Nordic Semiconductor India Pvt. Ltd	100%	100%	580	1 405
Nordic Semiconductor Sweden AB	100%	100%	243	308
Nordic Semiconductor Hong Kong Limited	100%	100%	39	52
Nordic Semiconductor (Shenzhen) Limited	100%	100%	0	0

\*Company was previously called Imagination Technologies Hyderabad Pvt Ltd, it was acquired by Nordic Semiconductor Norway AS 31.12.2020.

\*\*Company was previously called Imagination Technologies AB, it was acquired by Nordic Semiconductor Norway AS 31.12.2020.



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- All intellectual property (IP) is owned by Nordic Semiconductor ASA. Nordic Semiconductor ASA is the ultimate parent company of the Group. All subsidiaries invoice Nordic Semiconductor ASA according to the Group's transfer pricing policy.
- Nordic Semiconductor Inc is a market development and product promotion and support company, but has since 2016 run a small R&D department as well.
- Nordic Semiconductor Poland Sp. z.o.o. is an extension of the software development team in the parent company.
- Nordic Semiconductor Finland OY is a development company, working with mainly long range technology. The R&D team in Finland works closely alongside the rest of the R&D teams in the Group.
- Nordic Semiconductor Japan KK is a market development and product promotion and support company,
- Nordic Semiconductor Germany GmbH is a market development and product promotion and support company,
- Nordic Semiconductor Norway AS is the parent company of Nordic Semiconductor UK Limited, Nordic Semiconductor India Pvt. Ltd, Nordic Semiconductor Sweden AB, Nordic Semiconductor Hong Kong Limited and Nordic Semiconductor (Shenzhen) Limited.
- Nordic Semiconductor UK limited is a development company, working with Wi-Fi and PMIC technology. The R&D team in the UK works closely alongside the rest of the R&D teams in the Group.
- Nordic Semiconductor India Pvt. Ltd is a development company, working with Wi-Fi technology. The R&D team in India works closely alongside the rest of the R&D teams in the Group.
- Nordic Semiconductor Sweden AB is a development company, working mainly with Wi-Fi technology. The R&D team in Sweden works closely alongside the rest of the R&D teams in the Group.
- Nordic Semiconductor Hong Kong Limited is a market development and product promotion and support company.
- Nordic Semiconductor (Shenzhen) Limited had no activities in 2021. From 2022 it will be a market development and product promotion and support company,



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## Note 14: Accounts Receivable

All figures in USD 1000

GROUP			PARENT	
2021	2020		2021	2020
141 748	88 034	Gross receivables	141 748	88 034
236	—	Provision for doubtful accounts	236	—
<b>141 984</b>	<b>88 034</b>	<b>Accounts Receivable, net</b>	<b>141 984</b>	<b>88 034</b>

## Note 15: Intercompany

All figures in USD 1000

PARENT	2021	2020
Loan to group companies	—	2 551
Receivables group companies	1 692	1 070
<b>Total</b>	<b>1 692</b>	<b>3 621</b>
<b>Payables</b>	<b>—</b>	<b>—</b>
Accounts payable, group companies	25 596	17 268
<b>Total</b>	<b>25 596</b>	<b>17 268</b>

PARENT	2021	2020
Service fee for management services	1 049	1 025
<b>Total revenue intercompany</b>	<b>1 049</b>	<b>1 025</b>
Service fee for R&D and product promotion	86 715	54 394
<b>Total intercompany expenses</b>	<b>86 715</b>	<b>54 394</b>

## Note 16: Cash and cash equivalents

All figures in USD 1000

GROUP			PARENT	
2021	2020	Cash and cash equivalents as of the balance sheet date were as follows:	2021	2020
223 786	183 644	Cash at bank	217 886	179 712
2 285	4 202	Restricted cash (withholding tax account)	2 285	4 202
53 259	54 701	Money market funds	53 259	54 701
<b>279 330</b>	<b>242 547</b>	<b>Cash and cash equivalents in statement of financial position</b>	<b>273 430</b>	<b>238 615</b>

- Cash at banks earns interest at floating rates based on daily bank deposit rates.
- The parent company presents total bank deposits in the international cash pool, while Nordic Semiconductor OY presents its share of the international cash pool as a receivable from group company. Nordic Semiconductor ASA and Nordic Semiconductor OY participate in the cash-pool, which is operated by Danske Bank.
- Restricted deposits is held by Nordic Semiconductor ASA, and are subject to regulatory restrictions and are therefore not available for general use by the entities within the group.
- Interest on bank deposit is set to floating rates based on daily bank deposit rates.

For information on liquidity risk, see Note 23: Financial risk management.



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## Note 17: Share capital and shareholder information

### Share capital

The share capital in Nordic Semiconductor as of December 31, 2021 consists of one share class with a total of 192 781 600 shares with a face value of NOK 0.01, with a total share capital of NOK 1 927 816. Each share grants the same rights in the company, and in the event of any increase in capital, existing shareholders have pre-emptive rights for any new shares.

During the year the following changes have been made in the number of shares, share capital and share premium:

GROUP	Number of shares		Share capital (USD 1000)		Treasury shares (USD 1000)		Share premium (USD 1000)	
	2021	2020	2021	2020	2021	2020	2021	2020
Holdings as of 1.1	192 781 600	179 781 600	317	303	-3	-5	235 448	113 355
Issue of share capital		13 000 000		14				122 093
Change in treasury shares						2		
<b>Holdings as of 31.12</b>	<b>192 781 600</b>	<b>192 781 600</b>	<b>317</b>	<b>317</b>	<b>-3</b>	<b>-3</b>	<b>235 448</b>	<b>235 448</b>

### Dividend

No dividend was paid during 2021.

### Treasury shares

The Company owned 1,819,037 treasury shares on December 31, 2021. At January 1, 2021, the Company owned 1,822,987 treasury shares. Based on a resolution of the annual general meeting of April 20, 2021, the Board has authority to purchase the company's own shares with a limit of a face value of NOK 192 000 through one or more transactions. This authority is limited to 9.96% of the company's share capital, and the price per share that the company may pay for shares shall not be lower than the face value and not higher than NOK 300. This authority applies until the company's regular general meeting in 2022, and by June 30, 2022 the latest.

### Long-Term Incentive plan

With reference to the annual general meeting, on April 20, 2021, Nordic Semiconductor approved a Restricted Stock Unit (RSU) program for all employees, and a combination of RSUs and Performance Shares for Executive Management.

See note 19 for further information.



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## Shareholder overview

The largest shareholders in Nordic Semiconductor ASA were as follows as of December 31, 2021 (based on shareholder register):

Shareholder	Shares	Percentage
Folketrygdfondet	21 622 147	11.2%
Accelerator Limited	17 572 950	9.1%
Capital Research and Management	10 201 206	5.3%
Invesco Advisers	5 891 306	3.1%
Hardman Johnston Global Advisors	5 346 502	2.8%
DNB Asset Management	5 315 761	2.8%
Danske Bank	5 227 787	2.7%
The Vanguard Group	5 125 845	2.7%
Oberweis Asset Management	4 712 544	2.4%
Alfred Berg Kapitalforvaltning	4 499 903	2.3%
KLP Kapitalforvaltning	3 754 378	1.9%
Contour Asset Management	3 356 897	1.7%
Summit Investment Partners	2 811 777	1.5%
Passesta	2 685 000	1.4%
BlackRock Fund Advisors	2 261 959	1.2%
Alden	2 150 000	1.1%
Handelsbanken Fonder	2 102 213	1.1%
BlackRock Advisors	2 055 074	1.1%
Robeco Institutional Asset Management	1 904 989	1.0%
Storebrand Asset Management	1 884 347	1.0%
Total for the 20 largest shareholders	110 482 585	57.3%
Other shareholders	82 299 015	42.7%
Total shares outstanding	192 781 600	100.0%

The largest shareholders in Nordic Semiconductor ASA were as follows as of December 31, 2021 based on data provided by an investor relations advisory service provider\*, and is obtained through an analysis of beneficial ownership and fund manager information provided in replies to disclosure of ownership notices issued to all custodians on the Nordic VPS share register.



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Shares held by the Board of Directors and Executive Management were as follows as of December 31, 2021:

Board of Directors	Shares	Executive Management	Shares
Birger Steen	192 643	Svenn-Tore Larsen	1 905 400
Endre Holen	153 484	Geir Langeland	187 700
Jan Frykhammar	22 854	Ole Fredrik Morken	180 000
Anita Huun	11 854	Ståle Ytterdal	126 000
Øyvind Birkenes	9 196	Ebbe Rømcke	69 900
Inger Berg Ørstavik	3 854	Pål Elstad	18 846
Annastiina Hintsa	2 854	Svein-Egil Nielsen	17 000
Jon Helge Nistad	0	Kjetil Holstad	6 604
Susheel Raj Nuguru	0	Marianne Frydenlund	2 500
Marten Dammen	0	Katarina Finneng	600
Joel Stapleton	0		
Total	396 739	Total	2 514 550

*\*Every reasonable effort has been made to verify the data; however neither Nordic nor the investor relations advisory service provider, can guarantee the accuracy of the analysis.*



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## Note 18: Pensions

### Defined benefit plan

The pension liability for the group consists of liabilities in Norway, Poland, India and The Philippines. Nordic has set up a pension plan for the Philippine office as of January 2014. The retirement plan is unfunded and of the defined benefit type which provides a retirement benefit calculated based on number of years of credited service. At the end of 2021 the pension liability was USD 290 367.

For the company in Finland pensions are financed by contributions from the insured employees and employers. The Norwegian company in the Group is required to have mandatory employment pension for employees in Norway, according to the Mandatory Employment Pension Act.

The defined benefit plan was closed for new members effective January 1, 2008 and from this point a new defined contribution plan was established. The two different types of pensions are described below:

Defined Pension Plan	2021	2020
Current service cost	—	—
Interest expense	17	19
Expected return on plan assets	-14	-15
Administration fee	2	2
<b>Total pension expense excl. Social security tax</b>	<b>5</b>	<b>5</b>
Social security tax	1	1
<b>Total pension expense incl. Social security tax</b>	<b>6</b>	<b>6</b>

Net pension obligation for the year was calculated as follows:	2021	2020
Pension obligations	1 195	1 174
Plan assets	964	961
<b>Estimated net obligation</b>	<b>231</b>	<b>213</b>
Social security tax	33	30
<b>Total actual net obligation incl. Social security tax</b>	<b>263</b>	<b>243</b>

Total pension liability for the Group	2021	2020
Employees in Norway	263	243
Employees in Philippines	290	205
Employees in the UK	4	—
Employees in Poland	22	—
<b>Total</b>	<b>580</b>	<b>448</b>

### Defined contribution pension plan

All employees in Norway have a defined contribution pension plan from 01.01.2016. The main benefit is a contribution of 7% of salary up to 7.1 basis points (G) and 18% of salary between 7.1 and 12 basis points. Along with this the company has a disability pension of approximately 66% of salary including estimated social security based on 40 years of full employment. In 2021, the cost of the defined contribution pension was USD 3 806 310, and the plan had 534 members.



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## Note 19: Long-term incentive plans

On March 15, 2019, Nordic Semiconductor granted 1,752,366 share options to 666 employees. The options were granted at a strike price of NOK 39.44 (10% above volume weighted average share price the five days prior to the grant date). If the company's share price exceeds a cap of NOK 118.32, the company may settle the option grant by compensating the employee the difference between the cap and the strike price.

On May 3, 2019, Nordic Semiconductor granted 196,644 share options and 55,814 performance shares to the management group. The options were granted at a strike price of NOK 45.1 (10% above volume weighted average share price the five days prior to the grant date). If the company's share price exceeds a cap of NOK 135.3, the company may settle the option grant by compensating the employee the difference between the cap and the strike price. The performance shares are issued conditional upon the achievement of a certain set of objectives. The performance shares vest and will be delivered at par value upon the completion of the performance period, which is three years.

On April 29, 2020, Nordic Semiconductor granted 754,224 Restricted Stock Units (RSUs) and Performance shares to 775 employees. A share price of NOK 58.4 was used as basis for the calculation of RSUs and Performance Shares, which was the weighted average share price the five trading days after the Annual General Meeting. The RSUs vest after two and three years. The performance shares are issued conditional upon the achievement of a certain set of objectives. The performance shares vest and will be delivered at par value upon the completion of the performance period, which is three years.

On April 28, 2021, Nordic Semiconductor granted 452,353 Restricted Stock Units (RSUs) and Performance shares to 1,087 employees. A share price of NOK 182.2 was used as basis for the calculation of RSUs and Performance Shares, which was the weighted average share price the five trading days after the Annual General Meeting. The RSUs vest after two and three years. The performance shares are issued conditional upon the achievement of a certain set of objectives. The performance shares vest and will be delivered at par value upon the completion of the performance period, which is three years.

A summary of share options transactions during 2021 and 2020 below:	2021	2020
<b>Outstanding options 1.1</b>	<b>2 548 589</b>	<b>5 470 374</b>
Granted	—	—
Forfeited	28 992	53 976
Exercised	1 974 394	2 850 587
Expired	—	17 222
<b>Outstanding options 31.12</b>	<b>545 203</b>	<b>2 548 589</b>
Of which exercisable	—	954 923

A summary of RSUs transactions during 2021 and 2020 below:	2021	2020
<b>Outstanding RSUs 1.1</b>	<b>690 617</b>	<b>—</b>
Granted	423 383	696 017
Forfeited	55 053	5 400
Exercised	—	—
<b>Outstanding RSUs 31.12</b>	<b>1 058 947</b>	<b>690 617</b>

A summary of performance shares during 2021 and 2020 below:	2021	2020
<b>Outstanding performance shares 1.1</b>	<b>114 020</b>	<b>55 813</b>
Granted	28 970	58 207
Forfeited	—	—
Exercised	—	—
<b>Outstanding performance shares 31.12</b>	<b>142 990</b>	<b>114 020</b>

The fair value of the options, RSUs and performance shares are set on the grant date and expensed over the vesting period. USD 4,287 thousand was expensed during 2021 and USD 3,123 thousand in 2020.



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The fair value per RSU and performance share without market condition granted in 2021 was NOK 199.30. The fair value of the performance shares with Relative Total Shareholder Return performance condition granted in 2021 was NOK 305,7207. The valuation is based on a Monte Carlo simulation model with the following assumptions:

#### Share price on the grant date

The closing share price of the company and peer group companies (SOX Index) of NOK 199.30 and USD 3 178.49, respectively.

#### Risk-free interest rate

The risk-free interest rate is set equal to the relevant interest rate on government bonds on the date of grant in 2021, i.e. 0.62 % in Norway and 0.29% in the US.

#### Volatility

It is assumed that historic volatility is an indication of future volatility. The expected volatility is therefore stipulated to be the same as the historic volatility, which equaled 47.88% on the date of grant in 2021 for the company and 37.73% for the SOX Index.

#### Expected lifetime

Performance shares vest on the April 28, 2024. Performance end date is December 31, 2023, so as of vesting date the quantity to vest is known. Performance shares expire 3 years from grant date, i.e. 28th of April 2024.

#### Correlation coefficients

Correlation coefficient quantifies the degree to which the companies' share prices jointly react to the news flow. The historic correlation coefficients has been calculated by using daily share price logarithmic returns of peer group companies in local currency.

## Note 20: Current liabilities

All figures in USD 1000

GROUP			PARENT	
2021	2020		2021	2020
28 392	22 812	Accounts payable	27 558	21 059
—	—	Accounts payable from subsidiaries	25 596	17 268
17 427	4 976	Taxes payable	17 181	4 889
17 452	11 398	Employee benefit obligations	10 312	6 417
—	277	Board members benefit obligations	—	277
7 599	8 789	Social security tax and payroll tax	6 266	7 791
8 620	7 633	Holiday pay	5 548	5 019
20 530	16 184	Ship and debit rebate	20 530	16 184
10 757	8 515	End-customer rebate	10 757	8 515
1 011	362	Contractual severance payment	—	—
567	596	Legal claims	567	596
5 594	5 520	Current lease liabilities	3 921	3 616
520	302	Currency swap	520	302
5 197	4 446	Accrued expenses	2 879	2 928
79	60	Other current liabilities	68	46
<b>123 747</b>	<b>91 872</b>	<b>Total Current liabilities</b>	<b>131 703</b>	<b>94 908</b>



## Note 21: Leases

All figures in USD 1000.

The Group is a lessee and has entered into agreements to lease office space, office equipment, machinery and vehicles.

The Group's office leases range between 1 to 6 years, equipment and machinery range between 1 to 5 years and vehicles are leased for less than 3 years.

There are no leases with variable lease payments, other than lease payments linked to a consumer price index. Extension and termination options are included in a number of property and equipment leases across the Group. These are used to maximize operational flexibility in terms of managing the assets used in the Group's operations. The majority of extension and

termination options held are exercisable only by the Group and not by the respective lessor. Extension options have not been included in the lease liability, because the Group could replace the assets without significant cost or business disruption.

The Group also has certain leases of office buildings and office equipment and machinery with lease terms of 12 months or less and leases of office equipment and machinery and vehicles with low value. The Group applies the 'short-term lease' and 'lease of low-value assets' recognition exemptions for these leases.

In 2021, there has not occurred any material rent concessions as a direct consequence of the Covid-19 pandemic.

Minimum lease payments payable on leases are presented in note 23.

### Amounts recognized in the balance sheet:

The balance sheet shows the following amounts relating to leases:

GROUP		Right of use assets	PARENT	
31.12.2021	31.12.2020		31.12.2021	31.12.2020
18 786	24 730	Property	14 774	20 255
149	362	Office equipment and machinery	149	362
<b>18 935</b>	<b>25 092</b>	<b>Total</b>	<b>14 923</b>	<b>20 617</b>

GROUP		Lease liabilities	PARENT	
31.12.2021	31.12.2020		31.12.2021	31.12.2020
5 594	5 520	Current	3 921	3 616
14 281	21 003	Non-Current	11 673	18 338
<b>19 876</b>	<b>26 523</b>	<b>Total</b>	<b>15 594</b>	<b>21 954</b>

GROUP			PARENT	
2021	2020		2021	2020
-80	6 042	Additions and adjustments to the right-of-use assets	-1 998	2 197
—	—	Disposals to the right-of-use assets	—	—

In 2021, Nordic Semiconductor ASA signed an office rental agreement in Oslo with commencement date of 1 January, 2023. The existing Oslo office agreement will therefore end four years earlier, 31 December 2022. The total adjustment to the right-of-use asset is a reduction of USD 3m.



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The statement of profit or loss shows the following amounts relating to leases:

GROUP			PARENT	
2021	2020	Depreciation of right-of-use assets	2021	2020
5 662	4 617	Properties	3 524	3 514
213	363	Office equipment and machinery	213	363
<b>5 875</b>	<b>4 980</b>	<b>Total depreciation</b>	<b>3 737</b>	<b>3 877</b>
822	844	Interest expense	733	768
214	339	Expenses relating to short-term leases	182	169
543	523	Expenses relating to leases of low-value assets	285	296
<b>7 454</b>	<b>6 686</b>	<b>Total amount recognized in profit and loss</b>	<b>4 937</b>	<b>5 110</b>
<b>7 265</b>	<b>5 563</b>	<b>The total cash outflow for leases</b>	<b>4 938</b>	<b>4 358</b>

Set out below are the carrying amounts of lease liabilities and the movements during the period:

GROUP	Cash flow information for lease liabilities	PARENT
<b>26 523</b>	<b>Net liabilities as at 1 January 2021</b>	<b>21 953</b>
-6 567	Cash flows from financing activities incl. foreign exchange adjustment	-4 361
-80	Acquisitions and adjustments	-1 998
—	Disposals	—
<b>19 876</b>	<b>Net liabilities as at 31 December 2021</b>	<b>15 594</b>



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## Note 22: Financial instruments

All figures in USD 1000.

### Capital structure

Nordic Semiconductor's strategy relating to its capital structure is to maintain sufficient cash and cash equivalents to meet the Group's requirements for ongoing operations and for new investments. Management believes that it is especially important to retain a strong credit rating and significant liquidity as the Group competes in a global market against larger companies.

Nordic Semiconductor manages its capital structure and makes revisions in light of changes in the overall economy and its operating assumptions. In order to maintain or amend the capital structure, Nordic may purchase its own shares on the market, pay dividends to shareholders, pay back capital to shareholders or issue new shares.

Nordic Semiconductor targets to have an equity ratio above 50% at all times, measured as total equity divided by total assets.

GROUP			PARENT	
2021	2020		2021	2020
458 209	402 492	Total equity	440 690	389 266
596 817	515 814	Total assets	584 620	502 960
77%	78%	Equity share	75%	77%

### Financial assets

The group holds the following financial assets at amortized cost:

GROUP			PARENT	
2021	2020		2021	2020
141 748	88 034	Amortized cost	141 748	88 034
3 601	4 170	Accounts receivable	3 606	2 322
226 071	187 846	Other current receivables	220 171	183 914
371 421	280 050	Cash at bank	365 526	274 271
		Total financial assets at amortized cost		

GROUP			PARENT	
2021	2020		2021	2020
53 259	54 701	Fair value through profit or loss	53 259	54 701
53 259	54 701	Money market fund	53 259	54 701
		Total financial assets at fair value through profit or loss		

Changes in financial assets at fair value through profit or loss:

GROUP			PARENT	
2021	2020		2021	2020
54 701	—	As at 1 January	54 701	—
—	51 809	Acquisition of financial instruments	—	51 809
337	87	Changes in fair value	337	87
-1 779	2 805	Currency translation differences	-1 779	2 805
53 259	54 701	As at 31 December	53 259	54 701



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## Financial liabilities

The group holds the following financial liabilities:

GROUP			PARENT	
2021	2020	Amortized cost	2021	2020
28 392	22 812	Accounts payable	27 558	21 059
64 215	49 472	Other current liabilities	76 258	57 266
14 281	21 004	Non-current lease liabilities	11 673	18 338
5 594	5 520	Current lease liabilities	3 921	3 616
<b>112 483</b>	<b>98 807</b>	<b>Total financial liabilities at amortized cost</b>	<b>119 410</b>	<b>100 279</b>

GROUP			PARENT	
2021	2020	Fair value through profit or loss	2021	2020
520	302	Acquisition of financial instruments	520	302
<b>520</b>	<b>302</b>	<b>Total financial liabilities through profit or loss</b>	<b>520</b>	<b>302</b>

Changes in financial liabilities at fair value through profit or loss:

GROUP			PARENT	
2021	2020		2021	2020
<b>302</b>	—	As at 1 January	<b>302</b>	—
218	302	Changes in fair value	218	302
<b>520</b>	<b>302</b>	<b>As at 31 December</b>	<b>520</b>	<b>302</b>

### Interest-bearing loans and borrowings:

The Group has long-term revolving credit facilities ("RCF"), which enables it to borrow up to USD 40m and USD 25m at any time with an interest rate equal to LIBOR + margin. The line of credit agreement of USD 40m and USD 25m expires in November 2022. As of December 31, 2021, Nordic has not drawn on any of the credit lines. The security is provided by inventory, receivables and operating equipment with book values as follows; inventories USD 55m, accounts receivable USD 142m and operating equipment USD 29m.

The following financial covenants are included for the revolving credit facilities:

- Equity ratio shall not be lower than 40 %.

The remainder of the Group's financing is made through short-term, non-interest bearing debt. This financing typically consists of debt to suppliers, the public sector, employees and others. Nordic has entered into a Tenancy Guarantee with Danske Bank as unconditional guarantor for NOK 41.4m for the office in Trondheim and SEK 0.4m for the office in Stockholm. The first warranty is given to secure payments of up to 24 months of rent for the office in Trondheim.

### Fair value measurement

The financial instruments that are carried at fair value are revalued on a recurring basis. The financial instruments are not designated at fair value through profit or loss on initial recognition.

In 2021, the Group has investments in these financial assets and liabilities using the following methods and assumptions:

- Money market fund is defined as cash equivalents because the asset is liquid and not subject to material fluctuations in value. The asset is measured at quoted market price in an active market at the balance sheet date.
- Currency swap represents the present value of the future contractual cash flows. The fixed side is specified in the swap agreement as the agreed currency rate and the floating side is the observable spot exchange rates.



## Note 23: Financial risk management

All figures in USD 1000.

The Group's finance department is responsible for carrying out the policies and guidelines for financial risk management approved by the Board.

The Group is mainly exposed to counterparty credit risk, liquidity risk, and market risk (including interest rate risk and foreign currency risk).

### Credit risk

Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Group is exposed to credit risk from its operating activities (primarily accounts receivables) and from its financing activities, including foreign exchange transactions, cash and cash equivalents with banks and other financial institutions and other financial instruments.

The Group's sale of components takes place through its distribution partners within defined geographic regions, where Asia is the dominant region. The Group depends on a relatively small number of customers. Customer credit risk is managed by each region subject to the Group's established policy, procedures and control relating to customer credit risk management. Credit quality of a customer is assessed based on an extensive credit evaluation and individual credit limits are defined in accordance with this assessment. Outstanding accounts receivables are regularly monitored and assurance from distributors that end customer sales is secured through letter of credits is obtained.

The Group make an allowances for expected credit losses on receivables based on a provision matrix that is initially based on the historical observed default rates. The Group has calibrated the matrix to adjust the historical credit loss experience with forward-looking information.

### Age distribution of customer receivables was:

GROUP			PARENT	
2021	2020	Gross total	2021	2020
112 399	74 901	Not due	112 399	74 901
29 327	12 632	Past due 0-30 days	29 327	12 632
68	125	Past due 31-120 days	68	125
190	376	Over 120 days	190	376
141 984	88 034	Total	141 984	88 034

Historically there has not been any significant credit losses. 79 percent of trade receivables were within terms at the balance sheet date. On that basis, expected credit loss for trade receivables are limited and allowances for doubtful accounts at 31 December 2021 was 0.2m equal customer receivable overdue more than 120 days.

The Group has a limited number of customers, regular contact and long-term relationships with most of its customer base. Some of the customers are dependent on Nordic Semiconductor to stay in business.

### Financial assets at fair value through profit or loss

The Group is also exposed to credit risk in relation to debt investments that are measured at fair value through profit and loss.

### The maximum exposure to credit risk on the balance sheet date was:

GROUP			PARENT	
2021	2020		2021	2020
141 984	88 034	Accounts receivable	141 984	88 034
11 951	9 372	Other current receivables	11 283	10 062
153 935	97 406	Total	153 267	98 096



## Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting financial obligations when due and to close out market positions.

Overall, we monitor cash flows at both Group and entity level. The Group seeks to minimize risk when investing its cash balances and. Investments can only be made in securities which have been approved by the Board.

As of 31 December 2021, cash and cash equivalents amounted to USD 279.3m (USD 242.5m), see note 16 for details. The total balance includes money market fund at fair value USD 53.3m.

The Group has no externally imposed capital requirements or agreements, and has no contracts or legal requirements which are not being upheld. The Group has the following due dates with regard to contracts for financial liabilities as of December 31, 2021:

GROUP	Carrying amount	Contractual cash flow	Less than one year	One to five years	More than five years
Accounts payable	28 392	28 392	28 392	—	—
Currency swap	520	520	520	—	—
Other current liabilities	89 241	89 241	89 241	—	—
Lease liabilities *)	19 876	22 366	5 910	13 868	2 588
<b>Total</b>	<b>138 028</b>	<b>140 518</b>	<b>124 063</b>	<b>13 868</b>	<b>2 588</b>

PARENT	Carrying amount	Contractual cash flow	Less than one year	One to five years	More than five years
Accounts payable	27 558	27 558	27 558	—	—
Accounts payable subsidiaries	25 596	25 596	25 596	—	—
Currency swap	520	520	520	—	—
Other current liabilities	74 109	74 109	74 109	—	—
Lease liabilities *)	15 594	17 949	4 209	11 153	2 588
<b>Total</b>	<b>143 376</b>	<b>145 732</b>	<b>131 991</b>	<b>11 153</b>	<b>2 588</b>

\*) Lease liabilities is mainly office facility rent in Oslo and Trondheim, lease ending respectively 31 December 2022 and 31 December 2027



## Interest rate risk

The Group's liquidity requirements and risk assessment determine its investment strategy and interest rate exposure.

The Group's policy is to maintain a short-term investment horizon for its surplus cash. The investment portfolio should not have an average duration longer than six (6) months.

The Group has long-term revolving credit facilities, which allows it to borrow up to a total of USD 65m at an interest rate of LIBOR + margin. The line of credit agreement of USD 40m and USD 25m expires end of November 2022.

If interest rates increase 1 basis point, the negative effect on profit before tax given current utilization of the RCF is USD 0 per year as the credit facility is not utilized.

## Foreign currency risk

The Group is subject to foreign currency risk as it operates internationally with development and commercial activities.

Foreign exchange risk arises from future commercial transactions and recognized assets and liabilities denominated in a currency that is not the functional currency of the relevant group entity.

The dominated functional currency for the Group is USD. Nearly all revenues and cost of goods are in USD, but approximately 45% and 25% of the Group's operating expenses (excluding depreciation and amortization) and tax cash flows are denominated in NOK and EUR. The Group does not use hedging instruments to minimize its exposure to foreign currency risk from operating activities affecting profit and loss.

Below is a sensitivity analysis of changes in the NOK exchange rate on Group balance sheet items, and their impact on profit and loss:

Profit before tax	
NOK exchange rate +/- 10%	+/- 4 657

The tables below show the exposure in sales to foreign currency risk in the most significant currencies:

GROUP	2021			2020		
	Local currency (1,000)	USD (1,000)	Share of total revenue in %	Local currency (1,000)	USD (1,000)	Share of total revenue in %
USD	610 283	610 283	100.0%	404 011	404 011	99.7%
EUR	175	208	—%	1 061	1 206	0.3%
Other	314	37	—%	—	—	—%
<b>Total</b>	<b>610 528</b>	<b>610 528</b>	<b>100.0%</b>	<b>405 217</b>	<b>405 217</b>	<b>100.0%</b>

PARENT	2021			2020		
	Local currency (1,000)	USD (1,000)	Share of total revenue in %	Local currency (1,000)	USD (1,000)	Share of total revenue in %
USD	610 528	610 528	99.8%	404 217	404 217	99.5%
EUR	538	636	0.1%	1 605	1 830	0.5%
Other	5 163	411	0.1%	—	194	—%
<b>Total</b>	<b>611 577</b>	<b>611 577</b>	<b>100.0%</b>	<b>406 241</b>	<b>406 241</b>	<b>100.0%</b>

The Group uses derivative financial instruments to reduce its exposure to currency exchange rate movements and hold currency swap in relation to fixed income fund investments. Derivatives are not held for speculative purposes.

All derivative financial instruments are recognized as assets and liabilities measured at fair value, and all fair value gains and losses are recognized in profit or loss. Where the fair value of a derivative on initial recognition differs from the transaction price, if any, the difference is recognized immediately in profit or loss only if the fair value is evidenced by a quoted price in an active market or is based on a valuation technique that uses only data from observable markets.



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The tables below show the exposure at the end of reporting period in the most significant currencies:  
All amounts stated in USD 1000.

GROUP	2021		2020	
	Accounts receivable	Accounts payables	Accounts receivable	Accounts payables
USD	141 971	25 140	87 731	19 898
EUR	—	1 024	300	2 007
NOK	—	1 854	—	480
Other	—	374	—	427
<b>Total</b>	<b>141 971</b>	<b>28 392</b>	<b>88 031</b>	<b>22 812</b>

PARENT	2021		2020	
	Accounts receivable	Accounts payables	Accounts receivable	Accounts payables
USD	141 971	25 140	87 731	19 898
EUR	—	461	300	351
NOK	—	1 854	—	480
Other	—	103	—	330
<b>Total</b>	<b>141 971</b>	<b>27 558</b>	<b>88 031</b>	<b>21 059</b>



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## Determination of fair value

As of December 31, 2021 the Group had no financial assets or financial liabilities where there is considered to be a difference between book value and fair value.

Below is an overview of Nordic's financial instruments:

GROUP	2021		2020	
	Book value	Fair market value	Book value	Fair market value
<b>Financial assets</b>				
Accounts receivable	141 748	141 748	88 034	88 034
Short-term receivables	11 951	11 951	9 372	9 372
Cash and cash equivalents	279 330	279 330	242 547	242 547
<i>incl. money market fund</i>	53 259	53 259	54 701	54 701
<b>Financial liabilities</b>				
Accounts payable	28 392	28 392	22 812	22 812
Current financial liabilities	520	302	302	302
Other current liabilities	64 215	64 215	49 472	49 472

PARENT	2021		2020	
	Book value	Fair market value	Book value	Fair market value
<b>Financial assets</b>				
Accounts receivable	141 748	141 748	88 034	88 034
Short-term receivables	11 283	11 283	10 062	10 062
Cash and cash equivalents	273 430	273 430	228 024	228 024
<i>incl. money market fund</i>	53 259	53 259	54 701	54 701
<b>Financial liabilities</b>				
Accounts payable	27 558	27 558	21 059	21 059
Current financial liabilities	520	302	302	302
Other current liabilities	76 258	76 258	57 265	57 265

Book value is a reasonable estimate of fair value in cases where these numbers are identical.

### Note 24: Events after the balance sheet date

There are no events after the balance sheet date with materially affect on the financial statements.

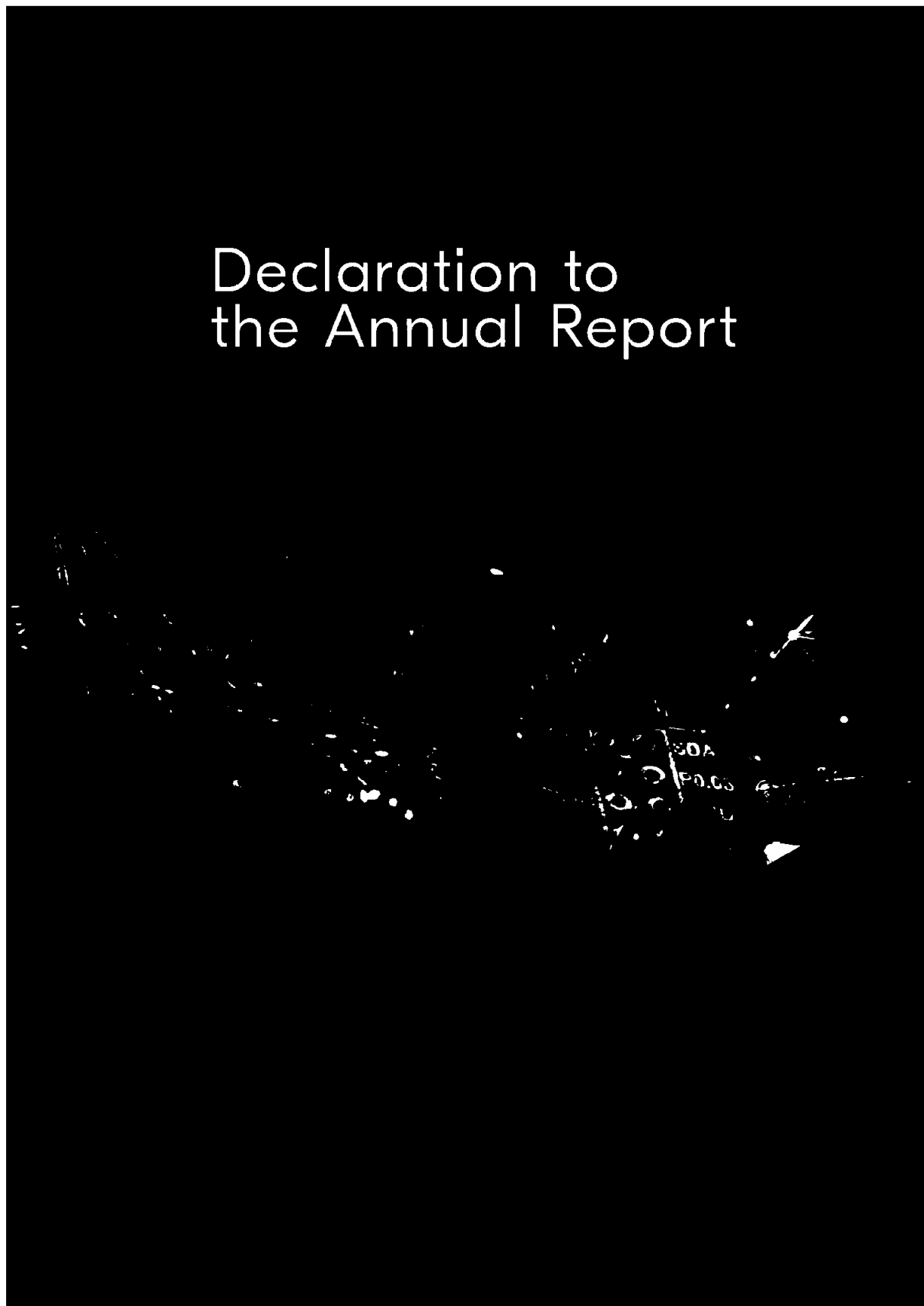
### Note 25: Related party transactions

Nordic Semiconductor ASA, the ultimate parent company of the Group, is listed on Oslo Stock Exchange. The Group has no material transactions with related parties.

The ultimate parent company has transactions with its wholly-owned subsidiaries, see Note 15: Intercompany for further information.



# Declaration to the Annual Report





NORDIC SEMICONDUCTOR | ANNUAL REPORT 2021 | DECLARATION OF ANNUAL REPORT

## Responsibility Statement

The Chief Executive Officer and the Board of Directors confirm, to the best of our knowledge, that the financial statements for 2021 have been prepared in accordance with current accounting standards and give a true and fair view of the Parent company and the Group's assets, liabilities, financial position and results of the operations.

Oslo, March 17, 2022

**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 Stapleton**  
Board member, employee

**Susheel Raj Nuguru**  
Board member, employee

**Morten Dammen**  
Board member, employee



NORDIC SEMICONDUCTOR | ANNUAL REPORT 2021 | STANDARDS OF CORPORATE GOVERNANCE

# Standards of corporate governance

The Board of Directors ("Board") and Management of Nordic Semiconductor ASA ("Nordic" or the "Company") aim to execute their respective tasks in accordance with the highest standards for corporate governance to drive long-term value creation and promote sustainable business conduct.

Nordic Semiconductor is subject to corporate governance requirements according to the Norwegian Public Limited Companies Act, the Norwegian Accounting Act, section 3-3b, the Oslo Stock Exchange's Oslo Rulebook II - Issuers Rules, Chapter 4.5, section 5-8a of the Norwegian Securities Act, and the Norwegian Code of Practice for Corporate Governance ("the Code of Practice") as adopted by the Norwegian Corporate Governance Board (NUES).

This statement follows the system used in the Code of Practice. The information requirements that follows from the Norwegian Public Limited Companies Act and Norwegian Accounting Act are integrated into the statement below where appropriate.

## Implementation of and reporting on corporate governance

Nordic Semiconductor's standards for corporate governance provide a critical foundation for the company's management. These standards must be viewed in conjunction with the company's efforts to constantly promote a sound corporate culture throughout the organization. The company's core values of engagement, contribution, knowledge, respect and responsibility are central to the Board's and management's efforts to build confidence in the company, both internally and externally. Nordic Semiconductor is a UN Global Compact signatory and is committed to the Ten Principles as set forth in the areas of Human Rights, Labor, Environment and Anti-corruption. Nordic Semiconductor has adopted the Responsible Business Alliance (RBA) Code of Conduct, which specifically focuses on topics relevant for the electronics industry, and promotes this to ensure sustainable business operations and supply chain.

Additional information on this work can be read in the dedicated sections on specific Environmental, Social, and Governance matters in this report, as well as published on Nordic Semiconductor's website.

*Deviations from the Code of Practice: None*

## Business

Nordic designs, sells and delivers integrated circuits and related products and services for use in short and long-range wireless applications. The company specializes in ultra-low power components, based on its proprietary 2.4 GHz RF, various Bluetooth related standards and emerging standards for cellular IoT communications like NB-IoT and LTE-M. All manufacturing and direct distribution of components are outsourced to specialist subcontractors. The company is headquartered in Trondheim, Norway, and has offices in USA, China, Korea, India, Sweden, UK, Japan, Taiwan, Poland, Finland, Germany and the Philippines.

The scope of Nordic's business is defined in section 2 of its Articles of Association: "The objective for which the company is established is the development and sale of electronic components, integrated circuits, design tools and related solutions."

The Board sets clear objectives for the business with a view to create long-term value for shareholders. The Board leads the company's strategic planning and make decisions that form a basis for the company's executive management to prepare and carry out investments to drive future growth in a sustainable manner. The objectives include matters that relate to environmental impact, social matters such as human and labor rights, equal treatment and prevention of discrimination, as well as the prevention of corruption. Strategic plans are evaluated on an ongoing basis, with a Board strategy review being conducted annually in an off-site multi-day meeting. New and updated long-term objectives, strategies and risk profiles are revised and agreed on towards the end of the year, or in connection with major events.

More details on Nordic's objectives, strategies and risk profiles are presented in the Report of the Board of Directors. More information about Nordic's objectives and efforts related to Environmental, Social and Governance matters are presented in the dedicated section of this report.

*Deviations from the Code of Practice: None*



NORDIC SEMICONDUCTOR | ANNUAL REPORT 2021 | STANDARDS OF CORPORATE GOVERNANCE

## Equity and dividends

The Board of Directors ensures that the company has a capital structure that is appropriate to the Company's objectives, strategy and risk profile. The Company's growth philosophy, as well as the cyclical nature of its business, means that the Company will aim to maintain a high equity ratio and considerable liquidity. The Company aims primarily to provide shareholders with returns in the form of appreciation of the shares and has a long-term goal to pay dividends based on surplus cash generated by the company, while taking longer term growth targets into consideration. Nordic assesses its cash position to be adequate given the expected level of R&D and capex investments and believes a strong balance sheet is 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. The company's dividend policy is reviewed each year by the Board of Directors. The Annual General Meeting can mandate the Board the authorization to pay dividends based on the latest approved Annual Report. The justification for this authorization needs to be explained and should reflect the Company's dividend policy.

The Board of Directors, in accordance with the resolution of the Annual General Meeting held April 20, 2021 has been authorized to buy back up to 19,200,000 own shares for a total par value of NOK 192,000.00 in one or more transactions. The authorization is limited to 10 percent of the Company's share capital, and the price per share which the Company may pay for shares acquired in this manner shall not be less than the par value nor greater than NOK 300. This power of attorney will remain in effect until the company's ordinary Annual General Meeting in 2022. The Board believes that it is expedient for the Board to be authorized to purchase own shares, partly to fulfil the remuneration schemes for employees, and partly so that shares can be used as a consideration in connection with the acquisition of businesses or for subsequent sale or cancellation. Such authorization must be decided by the General Meeting and will apply until 30 June the following year.

In accordance with the decision passed at the general meeting held April 20, 2021, the Board of Directors has the authority to increase the company's share capital by issuing up to 19,200,000 shares with a total par value of NOK 192,000. The authority is to be used for purposes defined in the Notice of the Annual General Meeting, including strengthening the Company's shareholder's equity, to execute share capital increases with one or more strategic partners, or to complete a merger or acquisition using shares or cash. This power of

attorney will remain in effect until the Company's Annual General Meeting in 2022, and can be implemented through a private placement, rights issue or public offering.

Nordic Semiconductor has one class of shares, where each share has one vote at the Company's shareholders' meeting. Nordic Semiconductor strictly adheres to the principle of equal treatment of all shareholders. The Company's transactions in its own shares are conducted in accordance with good stock exchange practice in Norway.

If the Board wishes to quickly raise capital, the Board has been authorized to direct a share capital increase to selected investors chosen by the Board, up to the limits quantified above. In this event, the Company will notify the stock exchange of its reasons for implementing a directed share placement. Existing shareholders' preemptive subscription rights under §10-4 in the Norwegian Companies Act can be waived under these circumstances.

Such capital increases shall be executed at or near the current stock price listed on the Oslo Stock Exchange. This authorization remains valid until the Company's ordinary annual general meeting in 2022.

*Deviations from the Code of Practice: None.*

## Equal treatment of shareholders and transactions with close associates

The Company is generally cautious in regard to transactions with shareholders, members of the Board of Directors, senior employees or related parties to the above. To ensure that the best code of conduct applies, the Board requires notification and review of any process or transaction in which both the company and a senior employee or member of the Board of Directors may have interests. Nordic Semiconductor will seek to comply with the principles of equal treatment of related parties and possible transactions with related parties that are laid down in the Code of Practice.

The Company considers Shareholders' preemption rights in connection with an increase in share capital to be an important and fundamental right in a healthy shareholder community, and the preemption right can only be waived in exceptional circumstances. Waiving of this right will be based on the Company's and shareholders' mutual interests. In such case, there will be full transparency about the matter, and the shareholders will receive identical information simultaneously through a stock exchange announcement and subsequently on the Company's website.



NORDIC SEMICONDUCTOR | ANNUAL REPORT 2021 | STANDARDS OF CORPORATE GOVERNANCE

This also applies if the Board utilizes the authorizations it has been granted.

The Company's transactions in own shares must always comply with the arm's length principle and be on ordinary market terms.

Contact between the Board of Directors and the investors is normally conducted via company management. Under special circumstances the board, represented by the chairperson may conduct dialogue directly with investors.

*Deviations from the Code of Practice: None.*

## Freely negotiable shares

Nordic Semiconductor's shares are freely tradable and there are no restrictions on the sale and purchase of the Company's shares beyond those pursuant to Norwegian law.

Each share carries one vote.

*Deviations from the Code of Practice: None.*

## General Meeting

The Annual General Meeting is the company's highest body and the shareholders exert their authority in the company through the Annual General Meeting. Nordic Semiconductor and the Board encourages all shareholders to participate and exercise their rights at the Annual General Meeting.

The Board of Directors should ensure that the Annual General Meeting is held in accordance with the Code of Practice ensuring all shareholders the ability to participate. The notice of the Annual General Meeting, including relevant information shall be announced and distributed at least 21 days in advance of the Annual General Meeting, and the final date for notification of attendance is one working day prior to the Annual General Meeting. The Board of Directors should further ensure that:

- The resolutions and supporting information distributed are sufficiently detailed, comprehensive and specific to allow shareholders to form a view on all matters to be considered at the meeting
- Any deadline for shareholders to give notice of their intention to attend the meeting is set as close to the date of the meeting as possible
- The Chair of the Board of Directors and the Chair of the Nomination Committee are present at the general meeting. In addition, the Chair of the Audit Committee and the Compensation Committee should attend the meeting

- The general meeting is able to elect an independent Chair for the general meeting. In 2020 and in 2021 the Annual General Meeting was held as a video conference and all shareholders were given the opportunity to both view, vote and participate in the meeting.

Shareholders should be able to vote on each individual matter, including on each individual candidate nominated for election. Shareholders who cannot attend the meeting in person should be given the opportunity to vote. The Company should design the form for the appointment of a proxy to make voting on each individual matter possible and should nominate a person who can act as a proxy for shareholders.

*Deviations from the Code of Practice: Nordic has one deviation related to participation in the General Meeting. The entire Board of Directors has normally not participated in the general meeting. Matters under consideration at the general meeting of shareholders have not previously required this. The chair of the Board of Directors is always on hand to present the report and answer any questions. Other board members participate as needed. The Board of Directors considers this to be adequate.*

## Nomination Committee

Nordic Semiconductor has a Nomination Committee, as provided for in its Articles of Association. The Annual General Meeting stipulate guidelines for the duties of the nomination committee, elect the chair and members, and stipulates the committee's remuneration.

The Nomination Committee's duties are to represent the interests of the shareholders in general, and to propose qualified candidates for the Annual General Meeting's election of the Board of Directors as well as to propose the remuneration to the Board of Directors.

The Nomination Committee should justify why it is proposing each candidate in the notice for the AGM separately, including information on the candidates' competence, capacity and independence.

The nomination committee holds regular meetings with major shareholders as well as management and individual shareholder elected Board members. In addition, all shareholders can submit suggestions to the nomination committee through a link on Nordic's webpage.

The Nomination Committee consists of three members who are shareholders or who represent the shareholders. The Company's executive personnel are not represented on the Nomination Committee. The deadline for submitting proposals to the Nomination Committee is one month before the Annual General Meeting.



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The nomination committee has during 2021 held 25 meetings.

The members of the Nomination Committee are:

- John Harald Henriksen (Chair)
- Viggo Leisner
- Eivind Lotsberg

*Deviations from the Code of Practice: None.*

## The Board of Directors: composition and independence

In accordance with the Norwegian Public Companies Act the Board of Directors has the overriding responsibility for the management of the company. The Board's role and responsibility is also to supervise the company's day-to-day management and the company's activities in general. The responsibility for the day-to-day management has been delegated to the CEO as set out in the Rules of Procedure for the Board of Directors of Nordic Semiconductor ASA.

Norwegian companies can be governed by either a one-tier or a two-tier board structure, consisting of a board of directors and, in a two-tier structure, a corporate assembly.

Any company with more than 200 employees is generally required to have a corporate assembly, with two-thirds of the members elected by shareholders and one-third elected by the company's employees. If a company agrees with its employees not to have a corporate assembly, employees have the right to appoint additional representatives to the board of directors. The company has agreed with its employees to not have a corporate assembly and thereby increased the numbers of employees elected Board members.

The Board of Directors and the Chair of the Board of Directors are elected by the shareholders at the Annual General Meeting on the basis of proposals from the Nomination Committee.

The shareholder-elected Board members are elected, in accordance with the Articles of Association, for one year at a time. The employee representatives are elected for two years at a time.

The composition of the Board of Directors should ensure that the Board can attend to the common interests of all shareholders and meets the company's need for expertise, capacity and diversity. Attention should be paid to ensuring that the Board can function effectively as a collegiate body.

The composition of the Board of Directors should ensure that it can operate independently of any special interests. The majority of the shareholder-elected members of the Board should be independent of the Company's executive personnel and material business contacts.

The Code of Practice recommends that a majority of shareholder-elected directors are independent of the Company and its executive management and that no members of executive management serve as directors.

Furthermore, the Norwegian Public Companies Act prohibits the CEO from serving as chair and requires that public companies have boards of directors consisting of at least 40% women. This requirement is related to shareholder elected board members, and employee elected board members should not be included in this requirement.

In 2021, the Board, as elected in accordance with above mentioned principles by the General Assembly, consisted of 7 shareholder elected Board Members and 3 employee elected Board Members.

No executive personnel or representatives of business associates are members of the Board. At least 40% of the shareholder elected Board Members are female (in 2021 three out of seven or 43%).

Members of the Board are encouraged to hold shares in the company.

A more detailed description of the background, qualifications, and term of service of each member of the Board of Directors and the number of Nordic Semiconductor shares they own are provided in the Board of Directors section in this annual report and on the Company's webpage.

*Deviations from the Code of Practice: None.*

## The work of the Board of Directors

The Board has established Rules of Procedures to govern its work in relation to Nordic Semiconductor ASA. In accordance with the said procedures, the Board shall ensure that the company's activities are soundly organized, and shall adopt sufficient plans and budgets of the company. The Board shall be kept informed of all circumstances necessary for the Board to perform its duties. The Board shall keep itself informed of the company's financial position and has a duty to ensure that its activities, accounts and asset management are subject to adequate control.



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In accordance with its Rules of Procedure, neither a Board member nor the company CEO may participate in Board discussions or decisions of matters that are of such special importance to him or her, or to any connected person of said board member or CEO, that the member must be deemed to have a special or prominent personal or financial interest in the matter.

Each year, the Board of Directors adopts a specific meeting and activity plan for the following year. This plan covers strategic planning, monitoring of the material business development including, but not limited to, environmental, social and governance. The Board's activity plan for 2022 stipulates eight meetings, two of which are scheduled as all day or multi-day meetings to discuss and explore strategy and technology-specific issues.

During 2021, the Board held 8 ordinary Board Meetings and 4 extraordinary meetings. As a result of the pandemic, all meetings except one were conducted online. All Board Members attended all meetings.

The Board of Directors carries out an evaluation of its activities each year and on this basis discusses improvements in the organization and implementation of its work.

The Board has established two board committees comprising Board members – the People and Compensation Committee and the Audit Committee. The committees' mandates are based on a group perspective. The board committees do not have decision-making power but are charged with making proper preparations for board meetings in the matters with which they are concerned. In the Board's experience, the work of board committees makes the overall Board more effective and efficient and allows for deeper and stronger involvement in the business's challenges and initiatives.

### People and Compensation Committee

The Board has established a People and Compensation Committee to recommend and evaluate remuneration principles and execution for the CEO, to guide and evaluate principles and strategy for the compensation of executive management and to evaluate and oversee the overall compensation strategy for the company. The committee consists of three members and have had 5 meetings in 2021.

The People and Compensation committee consist of the following Board Members:

- Endre Holen (Chair)
- Birger K. Steen
- Morten Dammen

Morten Dammen joined the committee late 2021, when Jon Helge Nistad stepped down. Dammen participated in 1 meeting in 2021, Nistad participated in 4 meetings. The members of the People and Compensation Committee are selected to ensure that the compensation programs are fair and appropriate, but also reflect the challenges related to attracting and retaining key talent in a global technology market for engineers. Therefore, the committee both consists of an employee elected Board Member and two shareholder elected Board Members with extensive experience from the global technology space.

All members participated in all meetings.

### Audit Committee

The Audit Committee consists of three members of the Board. The Committee collectively has the competence required in the Public Limited Liability Companies Act § 6-42. All members of the Audit Committee are independent to the company according to § 6-42 Public Limited Liability Companies Act, and at least one member has the required qualifications within accounting or auditing. The Committee supports the Board with respect to the assessment and control of financial risk, financial reporting, internal control, and prepares discussions and resolutions for Board meetings. In addition, the committee oversees

qualifications, independence and performance of the external auditor. The head of group compliance meets regularly with the Audit Committee.

The Audit Committee held 8 meetings in 2021 and has been in regular contact with the Company's auditor regarding audits of the statutory accounts and it also assesses and monitors the auditor's independence, including non-audit services provided by the auditor.

The Audit Committee consists of the following Board Members:

- Jan Frykhammar (Chair)
- Inger Berg Ørstavik
- Anita Huun

The members of the of the Audit Committee have extensive experience to be able to properly oversee the Company's accounting, financial reporting, and internal and external audits; and general adherence to principles of good corporate governance.

One of the members has extensive experience from the CFO role in a global technology company, one member has experience from both investment banking and the CFO role and the final member has experience as a professor in law.



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According to the Norwegian Accounting Act the Audit Committee reviews and approves all non-audit fees paid to the companies elected auditor.

The elected auditors independence is evaluated annually. Auditor partner and company rotations is done when considered appropriate. In 2019 a full tender for audit services was conducted and elected auditor EY was replaced by PwC.

All members participated in all meetings.

*Deviations from the Code of Practice: None.*

## Risk Management and internal control

The Board and Management are committed to ensure long-term value for its shareholders by maintaining sound and effective internal controls and frameworks for risk management that are appropriate in relation to the extent and nature of the company's activities.

The Board of Directors oversee the risk management process and carries out biannual reviews of the most important areas of exposure and internal controls. Risks are also considered by the Board in relation to the assessment of specific projects and ongoing business. For more information with regard to the development of specific risks and how Nordic Semiconductor ASA responds to such risks, see section Risk Management under Report from the Board of Directors.

The Company's primary internal control routines related to financial reporting are as follows: The finance team prepares a monthly financial report which is distributed to and reviewed by CEO and the Board of Directors. In preparing the monthly financial report, the accounting team conducts reconciliations of all major balance sheet items, which are independently reviewed by a second member of the team. Balance sheet items subject to accounting estimates are regularly analyzed to ensure that all assumptions relating to the accounting estimate remain valid. As part of the monthly financial report, the financial results are compared with the company's budget and prior forecast to analyze variances and ensure that they are not the result of incorrect reporting.

The quarterly and annual financial reports are subject to review and approval by the Board. In addition, the Board of Directors performs annual review of the company's business strategy focusing on market development, technology updates, competitive positioning and risk factors. In addition, the Board reviews various aspects of the company's business throughout the year, including performing a half yearly detailed risk review.

The Board presents an in-depth description and analysis of the company's financial status in the report of the Board of Directors in the company's annual report. The report also describes the main drivers and risks related to the operation of the business.

*Deviations from the Code of Practice: None.*

## Remuneration to the Board of Directors

Remuneration to the Board of Directors is decided by the Annual General Meeting based in the Nomination Committees recommendation. All remuneration to the Board of Directors is disclosed in Note 10 of the Nordic Semiconductor Group annual accounts. The remuneration to Board members is not performance based or linked to the company's performance, and the company does not provide share options to Board members. Members of the Board of Directors receives remuneration for work related to Board committees.

*Deviations from the Code of Practice: None.*

## Remuneration to the Executive Management

Board of Directors discusses and approves the terms and conditions for the CEO once a year and reviews and monitors the general terms and conditions for other senior employees of the group.

The main principle in the Company's policy for remuneration and compensation is that the leading employees shall be offered competitive terms, so as to ensure the Company continues to attract and retain the desired and necessary talent. Compensation for executive management is established in accordance with the above-mentioned main principle.

The Company has established an annual performance bonus for the executive management team, for which the employee must remain within her position until the start of the following year to be eligible. The bonuses are awarded through a direct cash payment and, when appropriate, long-term incentives in the form of restricted shares and/or stock options. Performance-based compensation is subject to absolute payout limits and fulfillment of performance criteria, both decided by the Board at its discretion.

The remuneration policy was approved by the shareholders at the Annual General Meeting in 2021. A revised policy will be presented for a binding vote at the Annual General Meeting in 2022.

The approved policy will be available on Nordic's website. A new management remuneration report for 2021 will be published on Nordic's website and presented to the Annual General Meeting in 2022 for an advisory vote.

*Deviations from the Code of Practice: None.*



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## Information and Communications

The Board of Directors has established a communications strategy for the company's reporting of financial and other information based on openness and taking into account the requirement for equal treatment of all participants in the securities market. The strategy has been published on the Company's investor relations web pages ([www.nordicsemi.com/About-us/Investor-Relations](http://www.nordicsemi.com/About-us/Investor-Relations)).

Nordic Semiconductor aims to communicate actively, openly and in a timely fashion with the financial market. The Company's accounting procedures are highly transparent and its financial statements are prepared and presented in accordance with the International Financial Reporting Standards (IFRS). The Board of Directors monitors the company's reporting.

Nordic Semiconductor's financial reporting calendar for 2021 has been announced to the Oslo Stock Exchange and can be found on the company's website. The company's annual and quarterly reports contain extensive information about the various aspects of the company's activities. The Company's quarterly presentations are transmitted directly on the internet and may be found on Nordic Semiconductor's investor relations webpages together with the quarterly and annual reports and a comprehensive and detailed presentation of other information, reports and documents.

Nordic Semiconductor's Chief Financial Officer is responsible for contact with shareholders outside of the General Meeting. In addition the Investor Relations Director has extensive contact with shareholders. The Chief Financial Officer and Investor Relations Director reports regularly to the Board about the Company's investor relations activities.

*Deviations from the Code of Practice: None.*

## Take-overs

The Board of Directors have established guiding principles for how it will act in the event of a takeover bid.

The Board of Directors will not seek to hinder or obstruct any takeover bid for the Company's activities or shares. In the event of a takeover bid, as discussed in item 14 of the Norwegian Code of Practice for Corporate Governance, the Board of Directors will seek to comply with the recommendations therein as well as complying with relevant legislation and regulations.

If the Company is acquired, the CEO's resignation period extends to 12 months, and any remaining retention bonus to the CEO will be paid in its entirety following the closing of the acquisition, as described in Note 10 of the Group financial statements. Severance pay equivalent to one year's base salary is agreed to be paid to the CEO and executive management team members in case of involuntary termination within 12 months after a potential merger or acquisition. There are otherwise no material obligations expected by the Company as a result of an acquisition, aside from normal legal and advisory fees.

*Deviations from the Code of Practice: None.*

## Auditor

PWC was elected effective 2019 by the Annual General Meeting to act as auditor to confirm to the Annual General Meeting that Nordic Semiconductor's annual accounts have been prepared and presented in accordance with current laws and regulations. Fees paid to the auditor are approved at the Annual General Meeting.

In the fall, the external auditor presents to the Audit Committee an evaluation of risk, internal control and the quality of reporting at Nordic Semiconductor, and the audit plan for the current year. In addition, the auditor meets the Audit Committee on a regular basis. The external auditor also takes part in the Board's discussions on the annual financial statements. On both occasions, the Board of Directors ensures that the Board and the external auditor are able to discuss relevant matters at a meeting at which the executive management is not present.

The auditor shall be independent of the company. Therefore, Nordic Semiconductor does not engage the elected auditor for tasks other than the financial audit required by law. Nevertheless, the auditor is used for tasks that are naturally related to the audit, such as technical assistance with tax returns, annual accounts, understanding of accounting and tax rules and confirmation of financial information in various contexts. All other services than audit services performed by PWC are approved by the Audit Committee.

*Deviations from the Code of Practice: None.*



NORDIC SEMICONDUCTOR | ANNUAL REPORT 2021 | AUDIT OPINION LETTER

# Auditor Opinion Letter



To the General Meeting of Nordic Semiconductor ASA

## *Independent Auditor's Report*

### *Report on the Audit of the Financial Statements*

#### *Opinion*

We have audited the financial statements of Nordic Semiconductor ASA, which comprise:

- The financial statements of the parent company Nordic Semiconductor ASA (the Company), which comprise the statement of financial position as at 31 December 2021, the income statement, statement of comprehensive income, statement of changes in equity and cash flow statement for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and
- The consolidated financial statements of Nordic Semiconductor ASA and its subsidiaries (the Group), which comprise the statement of financial position as at 31 December 2021, the income statement, statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion:

- the financial statements comply with applicable statutory requirements,
- the financial statements give a true and fair view of the financial position of the Company as at 31 December 2021, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the EU, and
- the financial statements give a true and fair view of the financial position of the Group as at 31 December 2021, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the EU.

Our opinion is consistent with our additional report to the Audit Committee.

#### *Basis for Opinion*

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company and the Group as required by laws and regulations and the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code), and we have fulfilled our other ethical responsibilities in

PricewaterhouseCoopers AS, Dronning Eufemias gate 71, Postboks 748 Sentrum, NO-0106 Oslo  
T: 02316, org. no.: 987 009 713 MVA, www.pwc.no  
Statsautoriserte revisorer, medlemmer av Den norske Revisorforening og autorisert regnskapsførerselskap



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accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

To the best of our knowledge and belief, no prohibited non-audit services referred to in the Audit Regulation (537/2014) Article 5.1 have been provided.

We have been the auditor of the Company for 3 years from the election by the general meeting of the shareholders on 15 June 2019 for the accounting year 2019.

## Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. The business activities are largely unchanged compared to last year. We have not identified regulatory changes, transactions or other events that qualified as new key audit matters. *Revenue recognition* has the same characteristics and risks this year as the previous year and has consequently been an area of focus also for the 2021 audit.

Key Audit Matter	How our audit addressed the Key Audit Matter
<p><i>Revenue Recognition – ship and debit provision</i></p> <p>Revenue from contracts with customers is recognized when control of the goods is transferred to the customer (distributor). The time of delivery, and the time where control of goods is transferred, is usually the time when the goods are transferred to the transport carrier.</p> <p>When a distributor sells components to specified customer accounts, the distributor will receive an additional discount after the sale is made, commonly known as a “Ship and Debit” discount. The group uses the expected value method for calculating the discount. The method requires assessing historical discounts to each distributor, the distributors’ inventory level as of 31 December 2021 and expected sales mix. An estimate for this discount is provided for in the financial statements, reducing revenue and increasing liabilities with 20,5 million USD as of 31 December 2021. Due to the judgements involved, we determine the ship and debit provision to be a key audit matter.</p>	<p>We assessed the Group’s revenue recognition policy, including revenue recognition for ship and debit sales. Furthermore, we obtained an understanding of management’s process for estimating the ship and debit provision as of 31 December 2021 and reviewed a sample of distributor sales agreements.</p> <p>We performed a retrospective review of the monthly ship and debit provisions throughout 2021 and compared the monthly discount provision levels to actual ship and debit discount levels. We compared the estimated ship and debit provision as of 31 December 2021 to historical discount levels and discussed with management to challenge their estimated distributor discounts on an individual distributor basis. We performed an assessment of the outcome of management’s prior year estimates by comparing actual discounts in 2021 to the prior year ship and debit provision. We tested the mathematical accuracy of the calculation of the provision.</p> <p>We also obtained the actual ship and debit claims in January 2022 and compared the ship and debit level to the ship and debit provision as of 31 December 2021.</p> <p>Based on our audit procedures we found management’s assumptions to be reasonable.</p>

(2)



## Independent Auditor's Report - Nordic Semiconductor ASA



Refer to note 2.2, note 2.4 and note 3.3 where group management explain the Group's revenue recognition policy, including significant judgements, estimates and assumptions, and the recorded ship and debit provision as of 31 December 2021.

We also assessed the information in note 2.2, note 2.4 and note 3.3 and found it appropriate.

### *Other Information*

The Board of Directors and the Managing Director (management) are responsible for the information in the Board of Directors' report and the other information accompanying the financial statements. The other information comprises information in the annual report, but does not include the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the information in the Board of Directors' report nor the other information accompanying the financial statements.

In connection with our audit of the financial statements, our responsibility is to read the Board of Directors' report and the other information accompanying the financial statements. The purpose is to consider if there is material inconsistency between the Board of Directors' report and the other information accompanying the financial statements and the financial statements or our knowledge obtained in the audit, or whether the Board of Directors' report and the other information accompanying the financial statements otherwise appears to be materially misstated. We are required to report if there is a material misstatement in the Board of Directors' report or the other information accompanying the financial statements. We have nothing to report in this regard.

Based on our knowledge obtained in the audit, it is our opinion that the Board of Directors' report

- is consistent with the financial statements and
- contains the information required by applicable legal requirements.

Our opinion on the Board of Director's report applies correspondingly to the statements on Corporate Governance (Standards of corporate governance) and Corporate Social Responsibility (Environmental, social and governance report).

### *Responsibilities of Management for the Financial Statements*

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with International Financial Reporting Standards as adopted by the EU, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's and the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

(3)



## Independent Auditor's Report - Nordic Semiconductor ASA



### *Auditor's Responsibilities for the Audit of the Financial Statements*

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error. We design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's or the Group's internal control.
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- conclude on the appropriateness of management's use of the going concern basis of accounting, and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company and the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company and the Group to cease to continue as a going concern.
- evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves a true and fair view.
- obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Board of Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

(4)



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## Independent Auditor's Report - Nordic Semiconductor ASA



We also provide the Audit Committee with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Board of Directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

### *Report on Other Legal and Regulatory Requirements*

#### *Report on compliance with Regulation on European Single Electronic Format (ESEF)*

##### *Opinion*

We have performed an assurance engagement to obtain reasonable assurance that the financial statements with file name Nordic Semiconductor 2021 ESEF Annual Report have been prepared in accordance with Section 5-5 of the Norwegian Securities Trading Act (Verdipapirhandelloven) and the accompanying Regulation on European Single Electronic Format (ESEF).

In our opinion, the financial statements have been prepared, in all material respects, in accordance with the requirements of ESEF.

##### *Management's Responsibilities*

Management is responsible for preparing, tagging and publishing the financial statements in the single electronic reporting format required in ESEF. This responsibility comprises an adequate process and the internal control procedures which management determines is necessary for the preparation, tagging and publication of the financial statements.

##### *Auditor's Responsibilities*

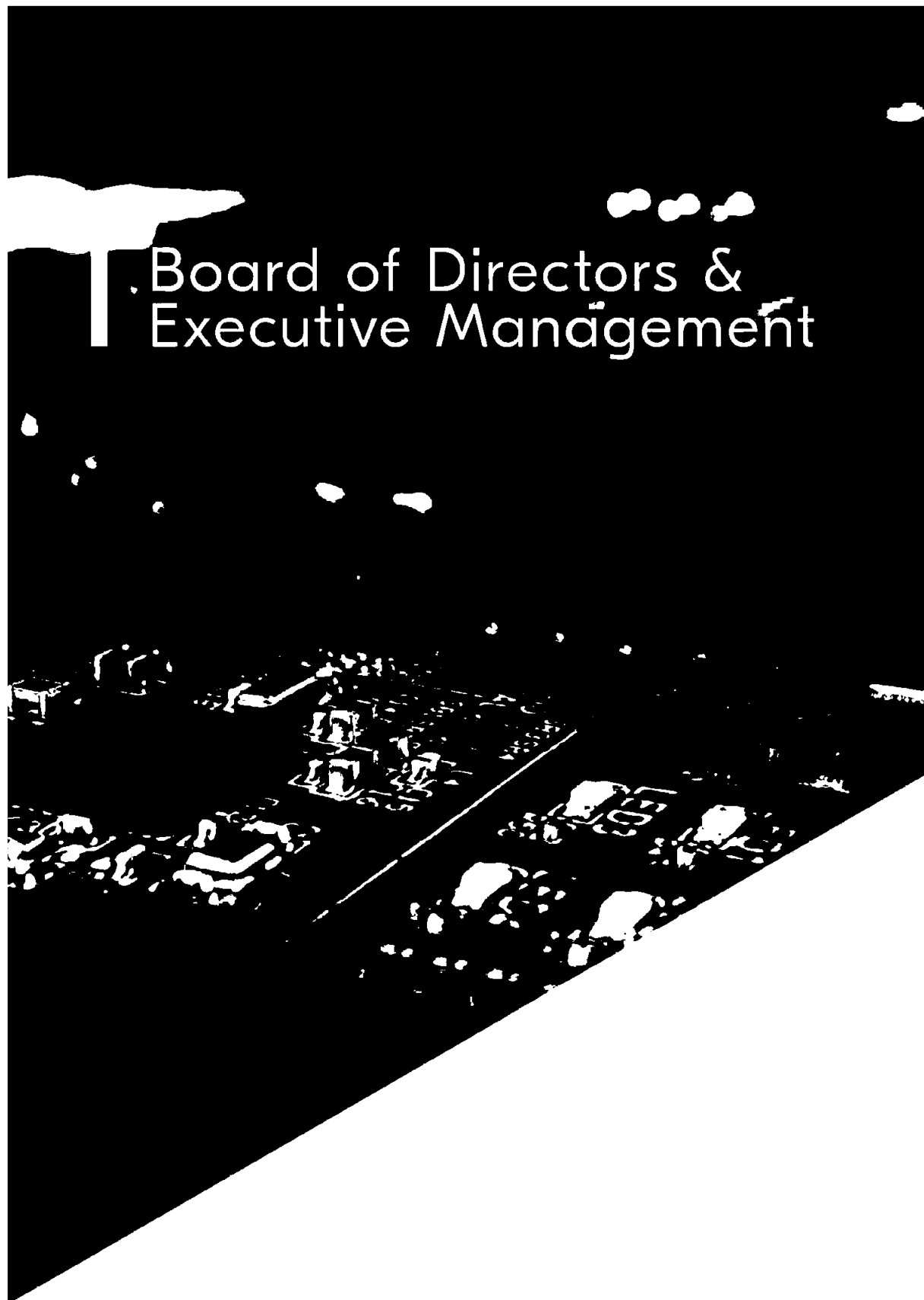
For a description of the auditor's responsibilities when performing an assurance engagement of the ESEF reporting, see: <https://revisorforeningen.no/revisjonsberetninger>

Oslo, 17 March 2022  
**PricewaterhouseCoopers AS**

Eivind Nilsen  
State Authorised Public Accountant

(5)

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## Board of Directors

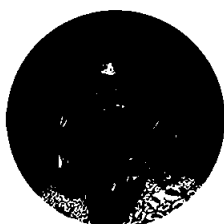


### Birger Steen | Chair

Chair of the Board since 2018 and board member since 2017

Birger Steen is a technology investor based in Munich, Germany and serves as Thematic Partner at Summa Equity AB. He served as CEO of Parallels, Inc. from 2010 to 2016. He was Vice President of Worldwide SMB and Distribution at Microsoft Corp. in Redmond and General Manager of Microsoft Russia and Microsoft Norway from 2002 to 2010. Prior to joining Microsoft, Mr. Steen was CEO of Scandinavia Online and Vice President of Business Development in Schibsted ASA, where he first served as a consultant while at McKinsey & Company from 1993 to 1996. Mr. Steen received his MSc in Computer Science and Industrial Engineering from the Norwegian Institute of Technology in Trondheim. He also holds a degree in Russian language from the Defense School of Intelligence and Security in Oslo and received his MBA from INSEAD in France. Mr. Steen serves as a Non-Executive Director of Nordea Bank Abp, where he chairs the Board Operations and Sustainability Committee, and PragmatlC Semiconductor Ltd. He is Board Chair of Pagero AB and myneva GmbH, and has previously served as a Non-Executive Director of Schibsted ASA and Cognite AS..

Current holdings in the company: 192 643 shares.



### Inger Berg Ørstavik | Shareholder elected

Board member since 2017

Inger Berg Ørstavik is an associate professor at the Department of Private Law, University of Oslo. She has previously been a partner with Advokatfirmaet Schjødt AS and a lawyer at the office of the Attorney General for Civil Affairs. Mrs. Ørstavik has a law degree from the University of Oslo, a LL.M. from Ruprecht-Karls-Universität in Heidelberg, Germany, and a Ph.D. from the University of Oslo in the areas of intellectual property law and competition law. She has taught international human rights law at Fudan University in Shanghai, China where she resided from 2005 to 2009. Mrs. Ørstavik chairs the Food and Drink Industry Professional Practices Committee (MFU).

Current holdings in the company : 3 854 shares



### Jan Frykhammar | Shareholder elected

Board member since 2019

Jan Frykhammar is former interim CEO, CFO, Head of Professional Services and CFO North America in Ericsson AB. He has extensive knowledge of the telecom market and a broad experience in the accounting area in his former role as CFO.

Current holdings in the company: 22 854 shares.



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## Anita Huun | Shareholder elected

Board member since 2019

Anita Huun, currently CFO in Cappelen Damm and a former CFO of Microsoft Norway with background as equity analyst with focus on IT companies. She has also been a Director at Link Mobility ASA.

Current holdings in the company: 11 854 shares.



## Endre Holen | Shareholder elected

Board member since 2019

Endre Holen has more than 25 years consultancy experience from McKinsey & Co. He has primarily worked with large international technology companies and has been Managing Partner for McKinsey's Global Tech Media and Telecom team. Mr. Holen also has a broad experience and a wide professional network from counseling Fortune 1000 CEOs on topics like strategy, corporate performance, succession planning, leadership and Board governance.

Current holdings in the company: 153 484 shares.



## Øyvind Birkenes | Shareholder elected

Board member since 2019

Øyvind Birkenes, currently the CEO at Airthings AS, and formerly General Manager for Low Power RF at Texas Instruments (TI) in the USA, where he headed the product lines that developed and sold ultra-low power wireless MCUs, radio transceivers and System on Chips.

Current holdings in the company: 9 196 shares.



## Annastiina Hintsa | Shareholder elected

Board member since 2019

Annastiina Hintsa is the CEO of Hintsa Performance in Finland, a company focusing on enhancing the performance and leadership of client companies, best known for working with Formula 1 teams. Ms. Hintsa also has experience from McKinsey & Co. and from the Bank of Finland.

Current holdings in the company: 2 854 shares.



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## Jon Helge Nistad | Employee elected

Board member since 2017

Jon Helge Nistad has a Master of Science degree in Electrical Engineering from NTNU in Trondheim. Jon Helge has been employed in Nordic Semiconductor since 2006, where he has gained experience in application development, embedded software design and project management. He is currently working as a Senior R&D engineer in Nordic Semiconductor.

Current holdings in the company: 0 shares, 927 share options and 898 RSUs.

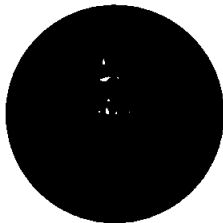


## Joel Stapleton | Employee elected

Board member since 2020

Joel Stapleton is an Engineer, graduating with honors from The Australian National University in 2002. He joined Nordic in 2008 after working with GPS systems and secure communication systems in Australia. At Nordic, Joel has had several roles as an embedded SW Engineer, SW Architect, and since 2012, as a Technical Product Manager specifying Wireless SoC and Bluetooth SW platform products working with Nordic Sales and R&D teams and key customers.

Current holdings in the company: 0 shares, 1 095 shares options and 3 124 RSUs.

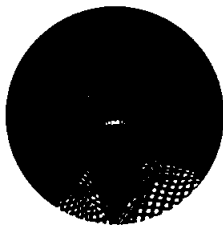


## Susheel Raj Nuguru | Employee elected

Board member since 2018

Susheel Raj Nuguru has a Master of Science in Electronics from Tampere University of Technology. He has been with Nordic since 2012 but has been working with embedded programming since 2004. His area of focus is the software side of real time systems. Susheel is currently employed as a Technical Support senior engineer at Nordic. During his employment with Nordic he has gained experience within sales, marketing and R&D while working for various departments.

Current holdings in the company: 0 shares, 855 share options and 886 RSUs.



## Morten Dammen | Employee elected

Board member since 2019

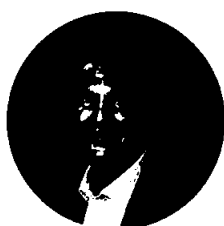
Morten Dammen has a Master of Science degree in Electrical Engineering from NTNU in Trondheim. Morten has been employed in Nordic Semiconductor since 2001, with a seven-year break between 2007 and 2014. Morten is currently working as a Senior Project Manager in IC development. Morten has also been working in Q-Free ASA for 10 years, in several positions from project management, team management to VP R&D.

Current holdings in the company: 0 shares, 1 186 share options and 2 635 RSUs.



NORDIC SEMICONDUCTOR | ANNUAL REPORT 2021 | EXECUTIVE MANAGEMENT

## Executive Management Team



**Svenn-Tore Larsen** | Chief Executive Officer / President  
Leader of the Executive Management Team since 2002

Mr. Larsen is an Electronic Engineer from the University of Strathclyde, UK. He was appointed Chief Executive Officer of Nordic Semiconductor in February 2002. Mr. Larsen has broad international experience in the semiconductor business, previously as Director for the Nordic region for Xilinx Inc. He has also been working at Philips Semiconductor. Larsen was member of the Board of Nordic Semiconductor from 2000-2002. Svenn-Tore Larsen is based in Oslo, Norway.

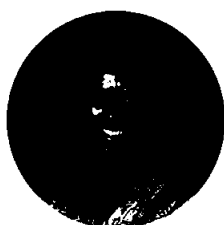
Holdings in the company: 1 905 400 shares, 12 721 share options, 21 554 RSUs and 30 270 performance shares.



**Pål Elstad** | Chief Financial Officer / EVP Finance  
Member of the Executive Management Team since 2014

Pål Elstad has held several senior financial positions, most recently as investor relations responsible for REC Silicon ASA and Head of Finance for REC Solar in Singapore. He joined Nordic as CFO in 2014. Mr. Elstad has extensive manufacturing and supply-chain experience from General Electric Healthcare. He holds a Bachelor of Economics degree from the Norwegian Business School (BI) and is a State Authorized Public Accountant (CPA). Pål Elstad is based in Oslo, Norway.

Holdings in the company: 18 846 shares, 29 761 share options, 6 345 RSUs and 12 747 performance shares.



**Katarina Finneng** | EVP People & Communication  
Member of the Executive Management Team since 2019

Mrs. Finneng has extensive international experience within management, Human Resources and Communication/PR from several different sectors. Her most recent position before joining Nordic in 2019 was with Norwegian Air Shuttle ASA, and previous experience includes different roles in Hafslund ASA and the Volvo Group. Mrs. Finneng holds a Master of Political Science degree from the University of Gothenburg, Sweden, as well as an Executive Master degree in Management from BI Norwegian Business School. Mrs. Finneng is Secretary of the Board's People and Compensation Committee and holds a Directorship of the Board in the real estate development company Solon Eiendom ASA. Katarina Finneng is based in Oslo, Norway.

Holdings in the company: 600 shares, 6 667 share options, 7 765 RSUs and 7 765 performance shares.



NORDIC SEMICONDUCTOR | ANNUAL REPORT 2021 | EXECUTIVE MANAGEMENT

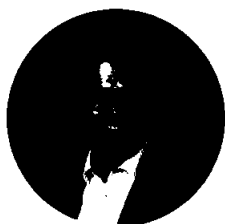


## Marianne Frydenlund | SVP Legal and Compliance

Member of the Executive Management Team since 2018

Mrs. Frydenlund holds a law degree from the University of Oslo and North Dakota. She started her career in 2007 as a Warranty Responsible in StatoilHydro (Equinor), before taking on various Legal Counsel and Contract Manager positions. Her experience includes working for Huawei Technologies, Aker Engineering & Technologies (Aker Solutions) and Nexans Norway. Mrs. Frydenlund chairs the Board of the Norwegian Company Lawyers Association and is an appointed expert of TechForum by the same association. Mrs. Frydenlund joined Nordic in 2018, and also acts as Secretary to the Board of Directors. Marianne Frydenlund is based in Oslo, Norway.

Holdings in the company: 2 500 shares, 4 315 share options, 5 927 RSUs, and 9 433 performance shares.



## Kjetil Holstad | EVP Product Management

Member of the Executive Management Team since 2019

Mr. Holstad has a B.Sc degree in Electronics from Sør-Trøndelag University College (HIST). After working 15 years in various technical and marketing positions related to MCUs and wireless technologies in Atmel Corporation and Texas Instruments, he joined Nordic in 2015 as a Product Manager for the short range wireless business. Kjetil Holstad is based in Oslo, Norway.

Holdings in the company: 6 604 shares, 4 691 share options, 6 432 RSUs and 10 243 performance shares.



## Geir Langeland | EVP Sales and Marketing

Member of the Executive Management Team since 2005

Mr. Langeland has a Bachelor of Engineering (Honours) degree in Electronics from University of Manchester Institute of Science and Technology (UMIST). He started as a Product Manager Standard Components in Nordic Semiconductor in 1999, before being appointed as a member of the Executive Management Team in 2005. Before joining Nordic, Mr. Langeland worked as Field Sales/Applications Engineer in Memec Norway, a leading global electronic components distribution company. Geir Langeland is based in Oslo, Norway.

Holdings in the company: 187 700 shares, 8 256 share options, 12 770 RSUs and 16 517 performance shares.



## Ole-Fredrik Morken | EVP Supply Chain

Member of the Executive Management Team since 2010

Mr. Morken joined the company as an Analog IC designer in 1994 and has since held numerous positions related to Project- and Supply Chain Management, including a brief employment for SensoNor ASA in 1999. Mr. Morken holds a Master's degree in Electronics Engineering from Norwegian University of Science and Technology (NTNU). Ole Fredrik Morken is based in Taipei, Taiwan.

Holdings in the company: 180 000 shares, 6 567 share options, 7 566 RSUs and 12 901 performance shares.



NORDIC SEMICONDUCTOR | ANNUAL REPORT 2021 | EXECUTIVE MANAGEMENT

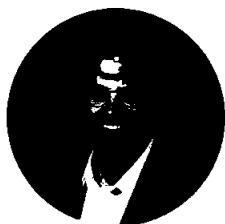


## Svein-Egil Nielsen | Chief Technology Officer / EVP R&D and Strategy

Member of the Executive Management Team since 2013

Mr. Nielsen holds MBA from the Haas School of Business at the University of California, Berkeley and Bachelor of Engineering honors degree in Computer and Electronics Systems from University of Strathclyde. He joined Nordic in 2001 as Director of Sales and Marketing. Mr. Nielsen also held a position as R&D director from 2005 to 2006 and Director of Emerging Technologies and Strategic Partnerships from 2010 to 2012. Additionally, he served Innovation Norway as their Director of San Francisco and Houston offices where he was in charge of promoting Norwegian technology from 2007 to 2010. Prior to Nordic, he worked for Boston Consulting Group as a consultant. Svein-Egil Nielsen is based in Oslo, Norway.

Holdings in the company: 17 000 shares, 9 381 share options, 10 627 RSUs and 18 249 performance shares.

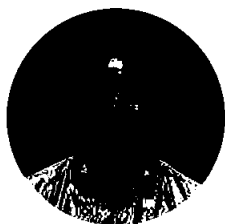


## Ebbe Rømcke | SVP Quality and Sustainability

Member of the Executive Management Team since 2002

Mr. Rømcke has a M.Sc. degree in Electronics Engineering from Norwegian University of Science and Technology (NTNU). Mr. Rømcke has held different positions in Nordic such as Digital Designer, Project Manager and Group Manager. He has also experience from Digital Design and Project Management in Normarc AS (now Indra), a leading manufacturer of aviation systems. Ebbe Rømcke is based in Oslo, Norway.

Holdings in the company: 69 900 shares, 5 254 share options, 6 335 RSUs and 10 603 performance shares.



## Ståle "Steel" Ytterdal | SVP IR

Member of the Executive Management Team since 2019

Mr. Ytterdal holds a Bachelor of Electronics Engineering and Business Administration from NKI College of Engineering in Oslo, Norway. He worked several years in Ericsson Standard Component before starting in Nordic as Regional Sales Manager for Asia and the Pacific in 2001. Between 2004 and 2019, Mr. Ytterdal was stationed in Hong Kong as Director of Sales&Marketing in APAC, establishing Nordic's presence in the region. He also held a position as Director of the Board of the Norwegian Chamber of Commerce in Hong Kong from 2005-2008. Mr. Ytterdal moved back to Oslo/Norway in 2019, where he now has his base.

Holdings in the company: 126 000 shares, 5 816 share options, 6 480 RSUs and 11 206 performance shares.

## 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. An Alternative Performance Measure is a measure of historical or future financial performance, financial position, or cash flows other than a financial measure defined or specified in the applicable financial reporting framework.

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 operations performance.
- **EBITDA.** Earnings before interest, taxes (operating profit), depreciation and amortization.

GROUP	2021	2020
Gross profit	326.6	213.9
Total revenue	610.5	405.2
<b>Gross margin</b>	<b>53.5%</b>	<b>52.8%</b>

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

- **EBITDA Margin.** EBITDA divided by Total Revenue.

GROUP	2021	2020
Operating profit	86.9	45.7
Depreciation	37.8	31.1
<b>EBITDA</b>	<b>124.7</b>	<b>76.8</b>

GROUP	2021	2020
EBITDA	124.7	76.8
Total revenue	610.5	405.2
<b>EBITDA Margin</b>	<b>20.4%</b>	<b>18.9%</b>

- **Short-range 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.

GROUP	2021	2020
Reported EBITDA	124.7	76.8
Long range (cellular IoT) EBITDA loss	38.5	30.2
Wi-Fi expense	12.3	0.0
<b>Short-range EBITDA</b>	<b>175.6</b>	<b>106.9</b>
Total revenue (excluding cellular IoT revenue)	593.5	398.7
<b>Short-range EBITDA margin</b>	<b>29.6%</b>	<b>26.8%</b>



## NORDIC SEMICONDUCTOR | ANNUAL REPORT 2021 | ALTERNATIVE PERFORMANCE MEASURES

- **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.

GROUP	2021	2020
Payroll expenses	149.8	101.2
Other operating expenses	52.1	36.0
Depreciation	37.8	31.1
<b>Total operating expenses</b>	<b>239.7</b>	<b>168.2</b>
Depreciation	-37.8	-31.1
Option expense	-7.6	-4.3
Capitalized expenses	5.6	8.4
<b>Cash operating expenses</b>	<b>199.9</b>	<b>141.3</b>

- **Last twelve months operating expenses excluding depreciation 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.

GROUP	2021	2020
Total operating expenses	239.7	168.2
Depreciation	-37.8	-31.1
<b>Operating expenses excluding depreciation and amortization</b>	<b>201.9</b>	<b>137.2</b>
Total revenue	610.5	405.2
<b>LTM opex / LTM revenue</b>	<b>33.1%</b>	<b>33.8%</b>

- **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.

GROUP	2021	2020
Current assets	488.0	401.9
Cash and cash equivalents	-279.3	-242.5
Current liabilities	-123.7	-91.9
Current financial liabilities	0.5	0.3
Current lease liabilities	5.6	5.5
Income taxes payable	17.4	5.0
<b>Net working capital</b>	<b>108.4</b>	<b>78.3</b>
Total revenue	610.5	405.2
<b>NWC / LTM revenue</b>	<b>17.8%</b>	<b>19.3%</b>

- **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.