

Goldman Sachs European Technology Conference

February 2024



Disclaimer

The following presentation is being made only to, and is only directed at, persons to whom such presentation may lawfully be communicated (“relevant persons”). Any person who is not a relevant person should not act or rely on this presentation or any of its contents.

This presentation does not constitute an offering of securities or otherwise constitute an invitation or inducement to any person to underwrite, subscribe for or otherwise acquire securities in Nordic Semiconductor ASA (The Company). The release, publication or distribution of this presentation in certain jurisdictions may be restricted by law, and therefore persons in such jurisdictions into which this presentation is released, published or distributed should inform themselves about, and observe, such restrictions.

This presentation includes and is based, inter alia, on forward-looking information and contains statements regarding the future in connection with The Company’s growth initiatives, profit figures, outlook, strategies and objectives. All forward-looking information and statements in this presentation are based on current expectations, estimates and projections about global economic conditions, the economic conditions of the regions and industries that are major markets for The Company. These expectations, estimates and projections are generally identifiable by statements containing words such as “expects”, “believes”, “estimates” or similar expressions.

Important factors may lead to actual profits, results and developments deviating substantially from what has been expressed or implied in such statements. Although The Company believes that its expectations and the presentation are based upon reasonable assumptions, it can give no assurance that those expectations will be achieved or that the actual results will be as set out in the presentation.

The Company is making no representation or warranty, expressed or implied, as to the accuracy, reliability or completeness of the presentation, and neither The Company nor any of its directors, officers or employees will have any liability to you or any other persons resulting from your use.

This presentation was prepared in connection with the Q4 results released on February 6, 2024. Information contained herein will not be updated. The following slides should also be read and considered in connection with the information given orally during the presentation.

A globally leading IoT enabler

Simplifying lives through all things connected













Founded
1983

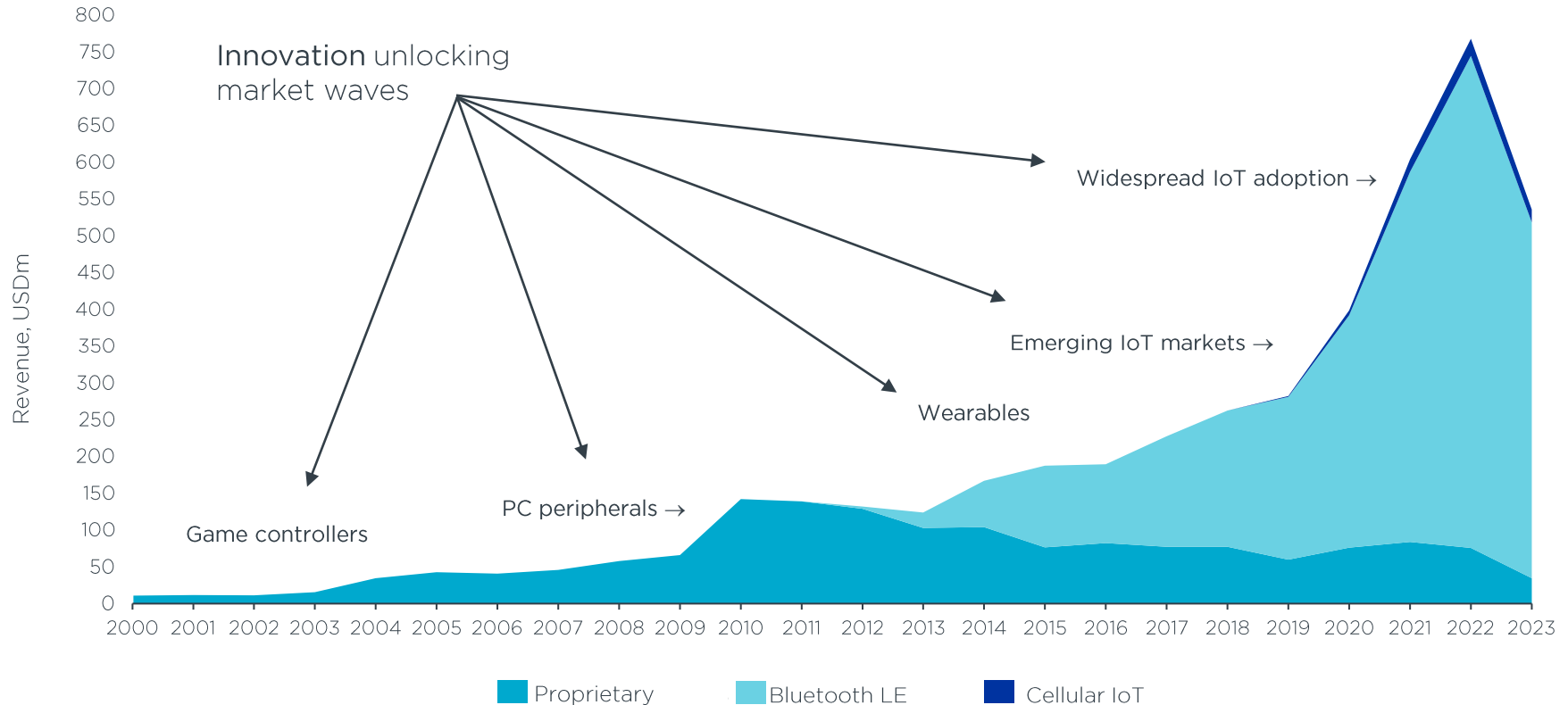
Employees
1,493 (~75% R&D)

Oslo listing
OSEBX:NOD

Market Cap
~\$2.0bn

- Leading ultra-low-power wireless connectivity solutions
 - Short-range:   
 - Medium-range: 
 - Long-range:  
- Broad products/solutions portfolio:
 -  Integrated circuits (ICs)
 -  Embedded software
 -  Development tools
 -  Cloud based services
- Common software platform and development tools
- Excellent tech support and the world most active Bluetooth forum through Nordic's "DevZone"

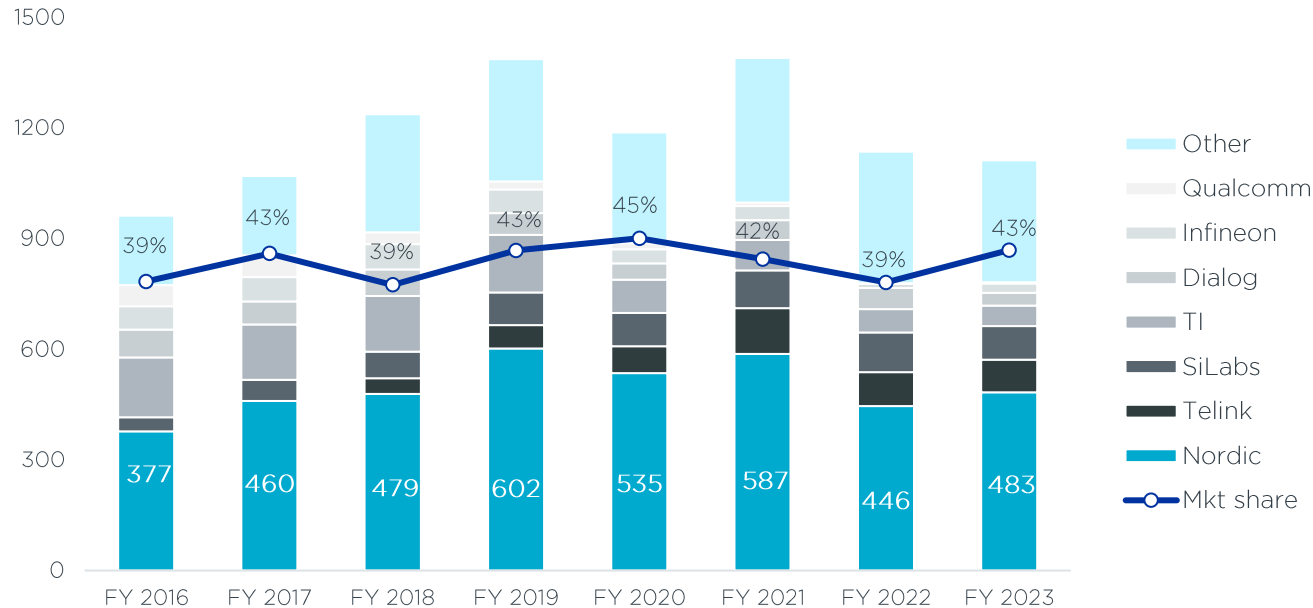
Nordic is on a long-lasting growth journey



Nordic gaining design win market share

Nordic no. of designs +8% in 2023, vs -10% for all others combined

Bluetooth Low Energy end-product certifications, last 12 months



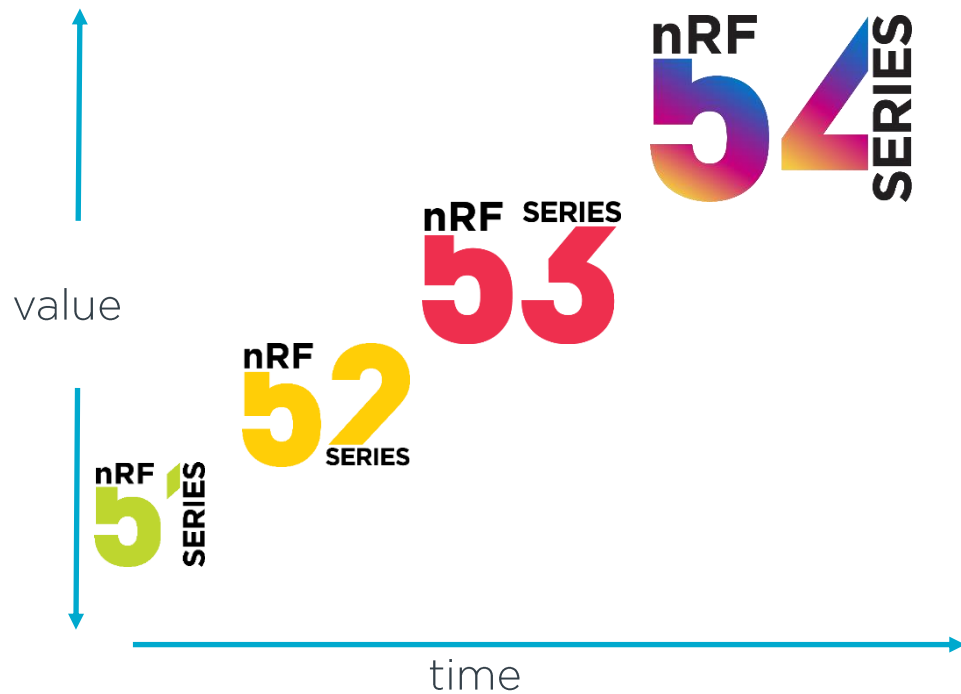
Nordic end-product certifications

Q4'23
153 designs
45% mkt share

FY2023
483 designs
43% mkt share

*Source: DNB Markets/FCC

Driving value through continuous innovation



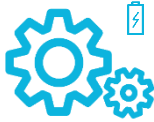
- New product families **increases overall value** for customers
- **More features** enables faster time to market and better end-products from our customers

Nordic raising the bar once again

nRF54 - sampled both L and H to >100 customers by YE 2023



Cornerstones of the nRF54 Series



Higher processing power
lower power consumption

22nm

Smallest and most modern
process node for connectivity in IoT

nRF54 SERIES



More security integrated
ensuring its readiness for the next
generation of IoT



4th generation Nordic radio
equipped to support future Bluetooth
specification updates



5.4 LE Audio Mesh



2.4 GHz
4 Mbps throughput

nRF54L and nRF54H – at a glance

	nRF54L15	nRF54H20
Processing	1x Arm Cortex-M33 1x RISC-V	2x Arm Cortex-M33 2x RISC-V
NVM	1.5 MB	2 MB
RAM	256 KB	1 MB
Maximum GPIO	32 GPIO	64 GPIO
General purpose peripherals SPI, TWI, UART, ADC, WDT...	✓	✓
Advanced peripherals HS-USB, I3C, CAN-FD...		✓
Security Designed for PSA Certified Level 3	✓	✓

Targeted applications



PC accessories

Gaming, VR, AR, and media controllers

Smart home and Matter

Medical devices

Industrial IoT



Advanced wearables

Smart home and Matter

Medical and healthcare

LE Audio

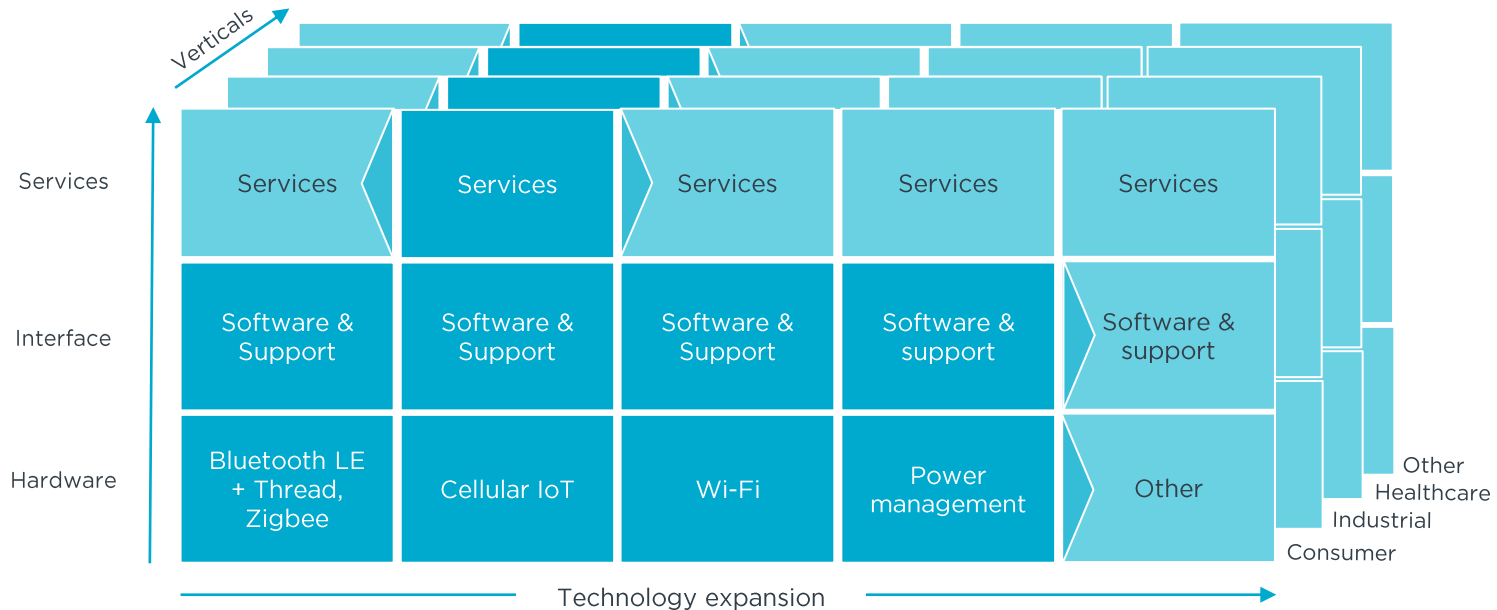
Industrial

VR, AR, and advanced gaming
controllers

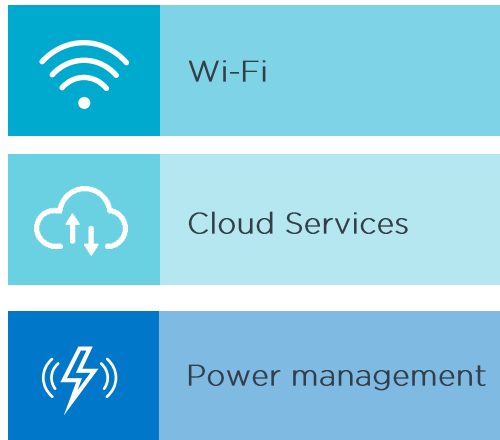
E-mobility

Expanding the opportunity pipeline

New technologies + value chain migration + more applications



Investing from technology leadership position



Sound investment criteria across technologies, products, services and verticals

- Sizeable markets
- Growth above industry average
- Opportunity for healthy gross-margins
- Opportunity to grow market share
- Feasibility from technical and financial viewpoint and time to market

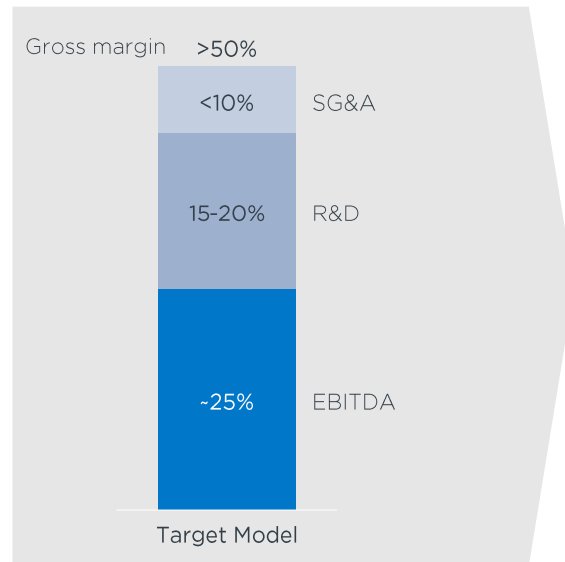
Breakdown by end-user markets

Aligned with customers end-products and our sales structure

Markets	Verticals		
Consumer	<ul style="list-style-type: none"> Mobile/PC HID Wearables Smart Home Gaming 	<ul style="list-style-type: none"> VR/AR Consumer Asset Tracking Consumer Health Audio 	<ul style="list-style-type: none"> Toys CE Remotes Wireless Charging Other
Healthcare	<ul style="list-style-type: none"> Drug Delivery Disease Monitoring 	<ul style="list-style-type: none"> Hearing Aids Other 	
Industrial	<ul style="list-style-type: none"> Asset Tracking Professional Lighting Metering Building Automation Modules 	<ul style="list-style-type: none"> Retail Transportation Payment / ID Tools and Machinery Agriculture 	<ul style="list-style-type: none"> Beacons Maker and Education Automotive Other
Other	<ul style="list-style-type: none"> Catalog sales Undefined 		

Expansion within target operating model

Target operating model



Gross margin

- Gross margin depending on technology and customer mix
- Lower gross margins expected in cellular IoT Module business
- Higher gross margin opportunities in other new technologies and service offering
- Overall goal to maintain above 50%

SG&A

- Increasing operational leverage

R&D

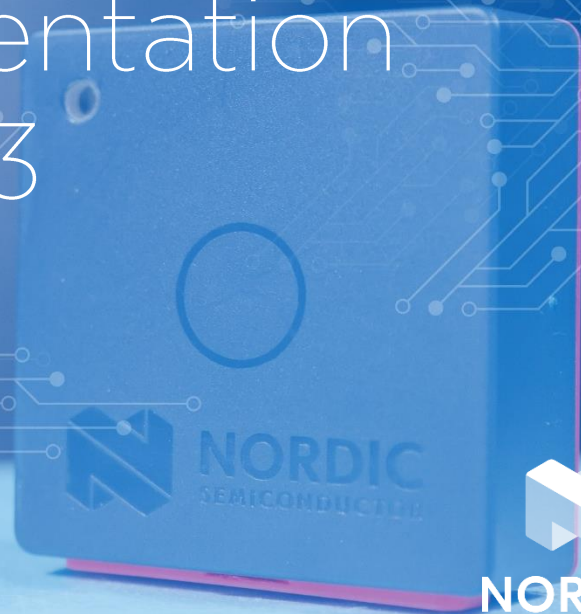
- Continued strong commitment to innovation

EBITDA

- High operational leverage - margins depending on volume growth

Quarterly Presentation Q4 2023

February 6, 2024



NORDIC[®]
SEMICONDUCTOR

Today's presenters



Vegard Wollan

CEO

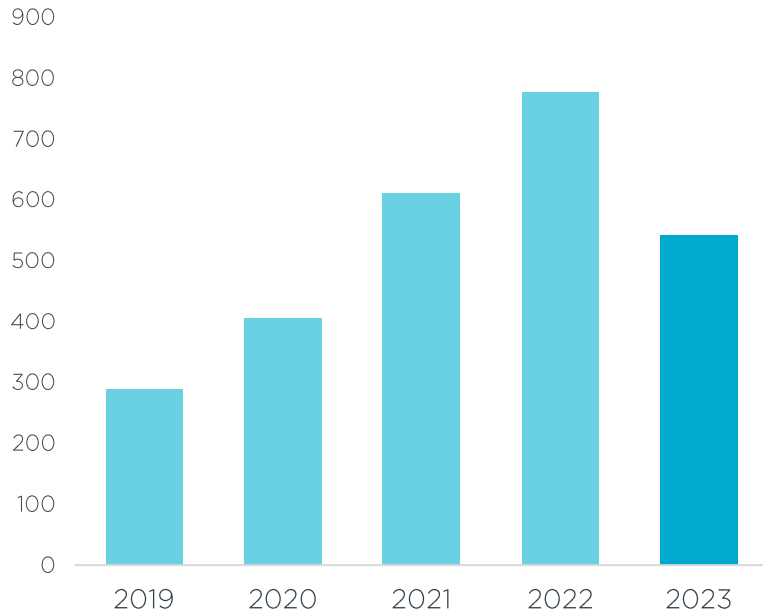


Pål Elstad

CFO

2023: Weaker results on 30% revenue drop

Revenue development, last 12 months (USDm)



A sharper and more prolonged downturn than anticipated

- 39% revenue CAGR in 2019-22
- 30% revenue decline in 2023

2023 key figures:

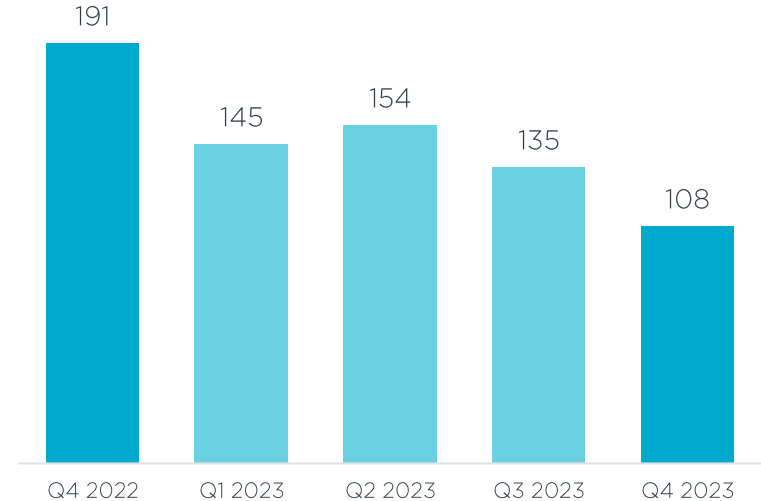
- Revenue: USD 543m (USD 777m in 2022)
- Gross margin: 52% (56% in 2022)
- EBITDA: USD 49m, 9% (USD 206m, 26% in 2022)

Q4: Persisting cyclical downturn

Q4 2023:

- Revenue of USD 108m (-43% y/y, -20% q/q)
- Gross margin of 52% vs 53% in Q4'22
- EBITDA of USD -7m vs. USD +39m in Q4'22
- EBITDA of USD -2m adjusted for restructuring

Quarterly revenue development (USDm)

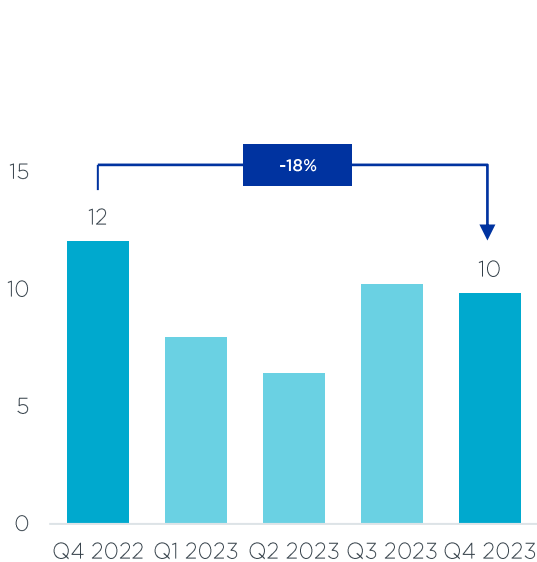


Lower Bluetooth revenue

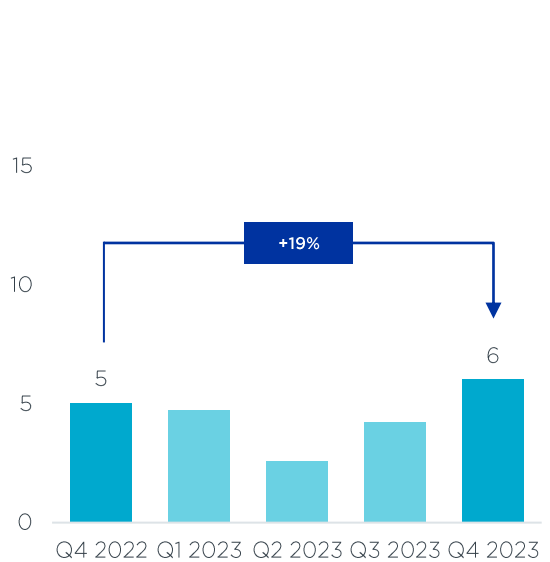
Bluetooth revenue (USDm)
Quarterly



Proprietary revenue (USDm)
Quarterly

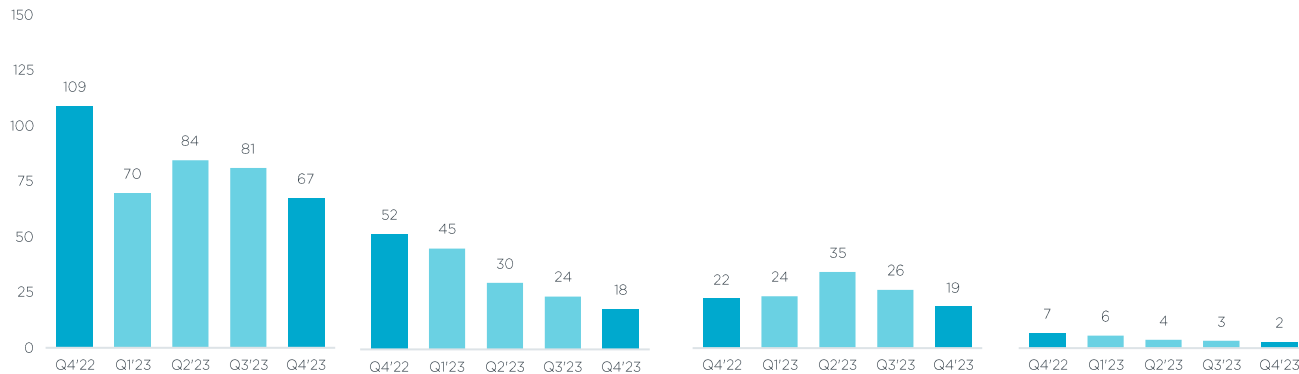
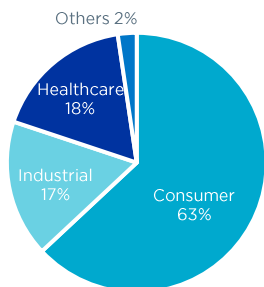


Cellular IoT revenue (USDm)
Quarterly



Revenue by markets

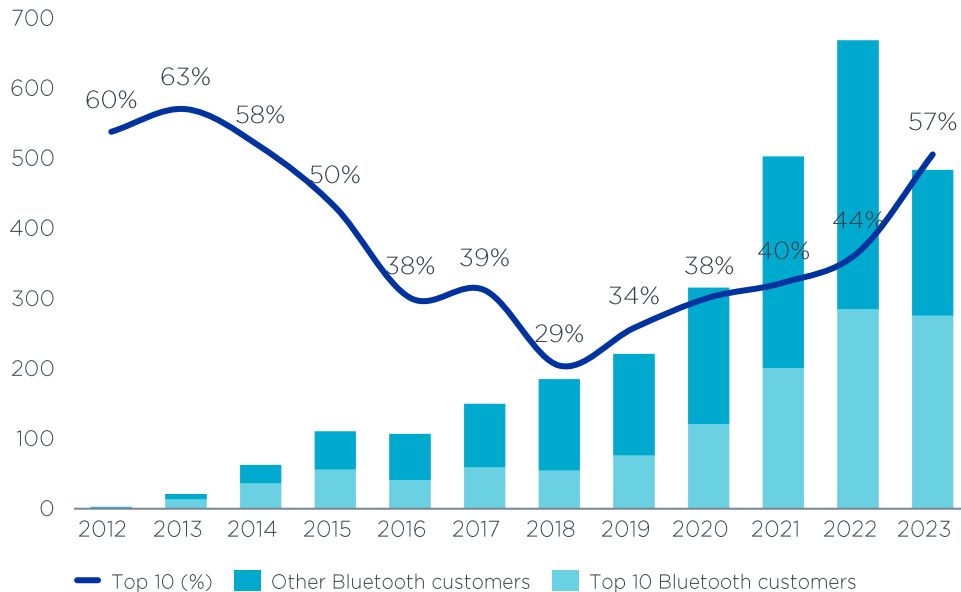
Group	Consumer		Industrial		Healthcare		Others		
USDm 108.2	USDm 67.4		USDm 18.3		USDm 18.8		USDm 2.5		
-43% y-o-y	-20% q-o-q	-38% y-o-y	-17% q-o-q	-65% y-o-y	-23% q-o-q	-16% y-o-y	-29% q-o-q	-62% y-o-y	-26% q-o-q



Revenue for the individual markets excludes ASICs and consulting revenue

Top-10 have been resilient in the downturn

Bluetooth revenue composition (USDm)

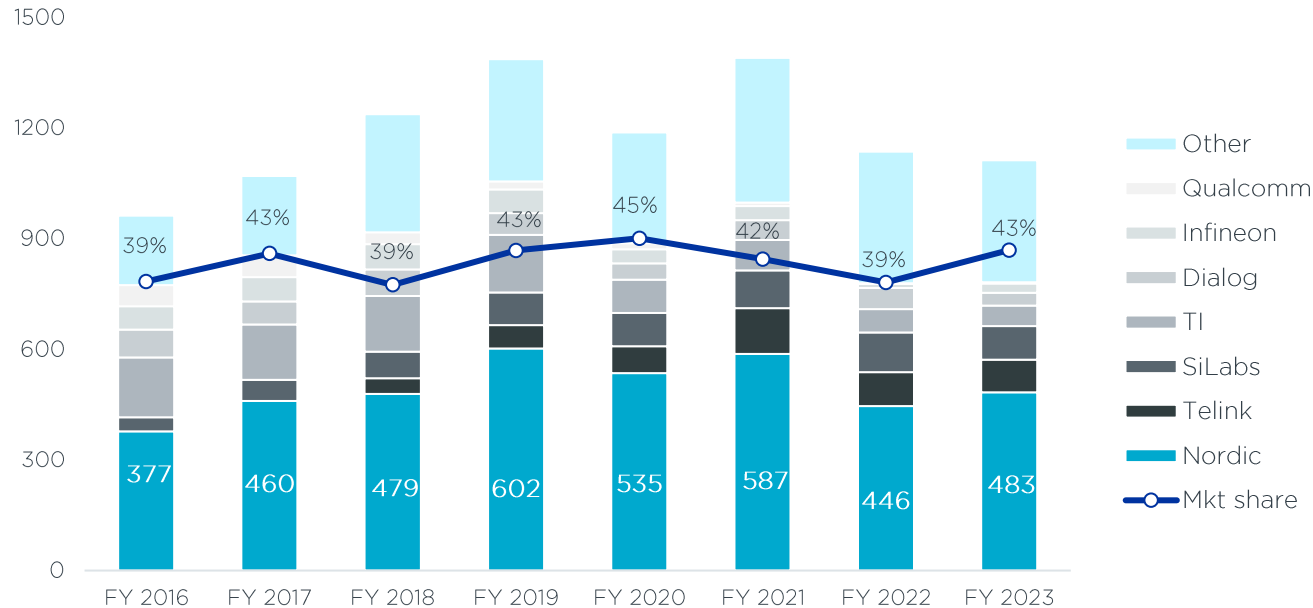


- Increasing customer concentration, with top-10 accounting for 57% of Bluetooth revenue in 2023
- Stable revenue from Top-10 but 46% drop for other Bluetooth customers

Nordic gaining design win market share

Nordic no. of designs +8% in 2023, vs -10% for all others combined

Bluetooth Low Energy end-product certifications, last 12 months



Nordic
end-product
certifications

Q4'23
153 designs
45% mkt share

FY2023
483 designs
43% mkt share

*Source: DNB Markets/FCC

New customer product launches



Minew

electronic shelf label
nRF52833

GN Group

Bluetooth LE Audio
and Auracast
broadcast audio TV
streamer
nRF5340

NNOXX Inc.

Wearable biomarker
tracker
nRF5340 + nRF21540

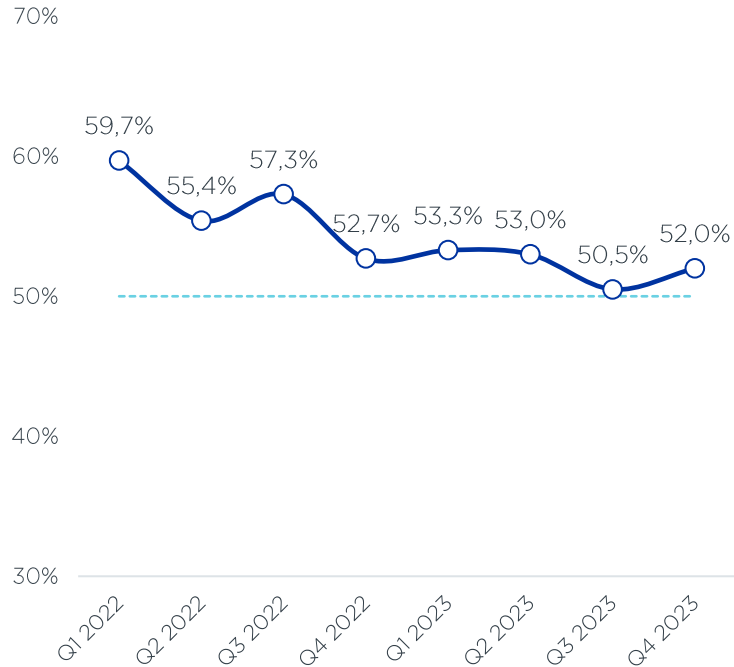
Genesys Electronics Design

Wearable Sensor platform
nRF52840 + nPM1300

Tavago Tech

Asset tracker
nRF52833 + nRF9160
+ nRF7000 + nPM1100

Gross margin



- Customer and product mix leading to increased margin q-o-q
- Expecting gross margin around 50% for Q1 2024
- Reiterating long-term ambition to maintain gross margin >50%

Operating model performance Q4 2023

Gross margin
52.0%

	Q4 2023	Q4 2022	Δ	
Revenue	USD 108.2m	USD 191.4m	-43.5%	Demand contracting in a cyclical downturn throughout 2023
Gross margin	52.0% USD 56.3m	52.7% USD 100.9m	-0.7pp	Change in customer and product mix
R&D short-range	23.1% USD 25.0m	14.2% USD 27.3m	+8.8pp	<ul style="list-style-type: none"> Total R&D down from USD 45.2m to USD 41.1m Partly reflects increase in capitalization of USD 5.7m primarily related to nRF54
R&D cellular IoT	11.3% USD 12.2m	7.0% USD 13.5m	+4.2pp	
R&D Wi-Fi	3.6% USD 3.9m	2.3% USD 4.4m	+1.3pp	
SG&A	15.9% USD 17.2m	8.8% USD 16.8m	+7.1pp	Higher activity in 2023, mainly related to acquisition
EBITDA*	-1.9% USD -2.0m	20.3% USD 38.9m	-22.2pp	Decline mainly reflecting lower revenue

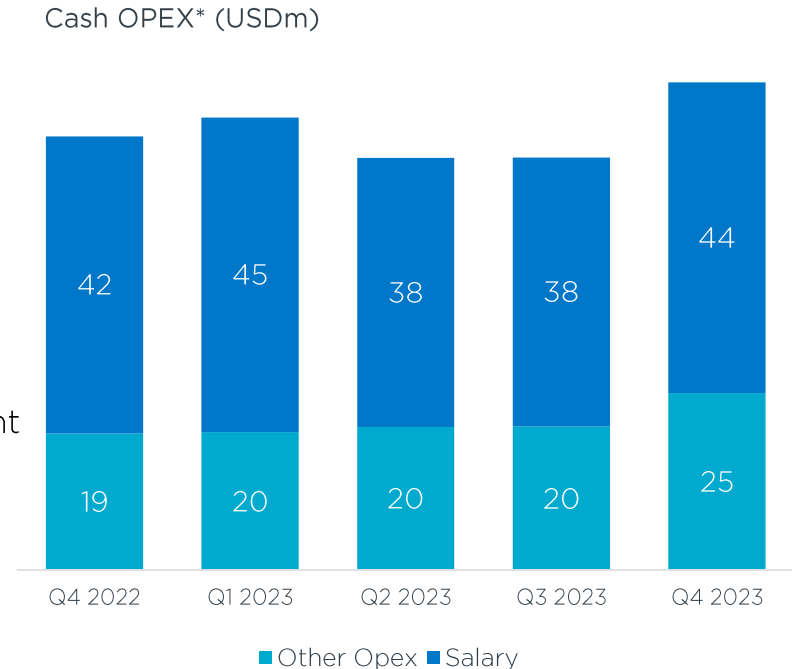
*Excluding restructuring costs of USD 4.9 million

Balancing investments and cost awareness

Significant gross one-offs in Q4 2023

- 5 % increase in payroll from Q4 2022
- Reversal of variable remuneration and other effects more than offset the restructuring cost
- Employees increased by 3% y-o-y to 1,493
- High Q4 increase in other opex due to late product stage activities but also increased price environment

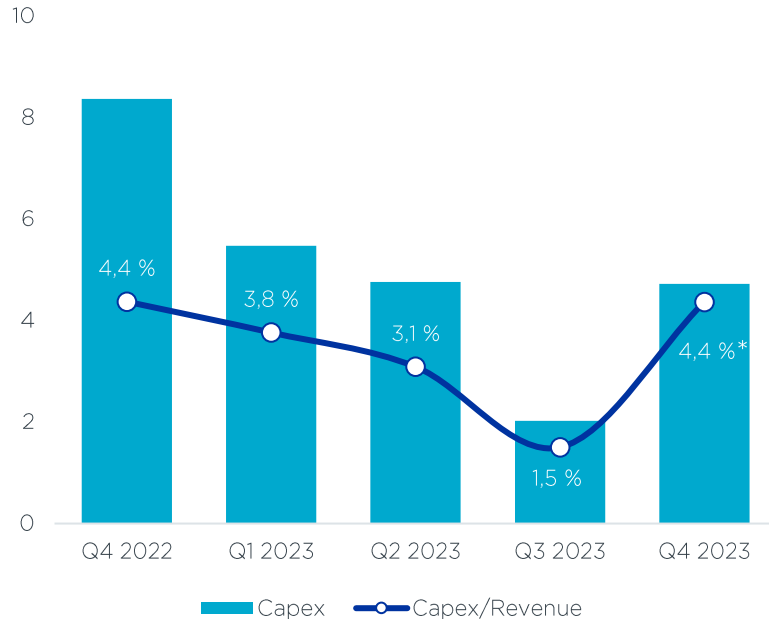
Continuing work to adjust cost base to protect margins



*Cash OPEX: Operating expenses, excl. capitalized R&D, depreciation and amortization, and option expenses

Underlying capex intensity remains low

Capex (USDm)



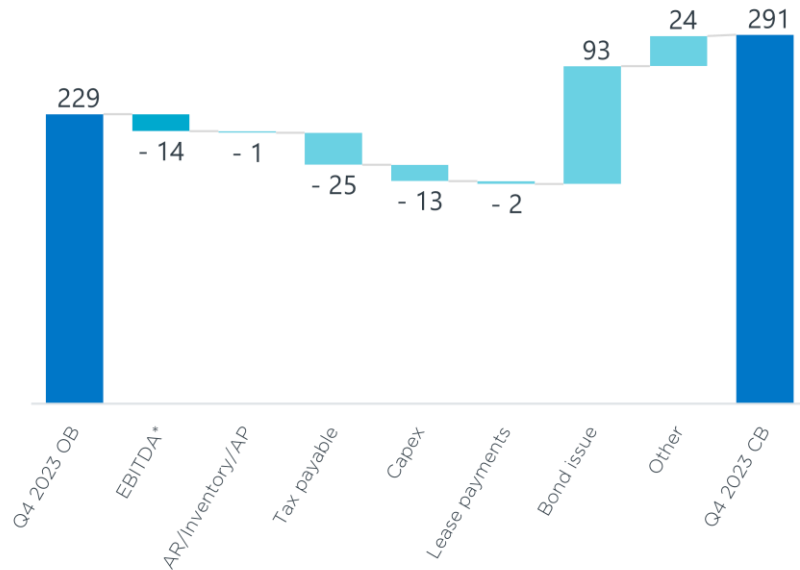
Capex of USD 13.2m in Q4, of which USD 8.5m reflects the Atlazo IP acquisition

- Overall capex intensity 3.1 % LTM, excl. the Atlazo IP acquisition

* Excluding Atlazo IP acquisition

Strong Cash Position

Cash position and Cash Flow Q4 2023 (USDm)



- Bond issue of USD 93m
- Taxes paid on 2022 profits
- Capex include Atlazo IP acquisition of USD 8.5m
- NWC/Revenue LTM of 41%
- Other items mainly impacted by increased other short-term liabilities

* EBITDA Adjusted for Capitalized Development Costs

Introducing our new CEO, Vegard Wollan

Wollan has vast experience from the semiconductor industry

- 2016-2023: CEO of Touchnetix
- 1996-2016: VP Atmel Touch & MCU
- 1991-1995: Engineer Nordic VLSI

The Nordic team extends its gratitude to Svern-Tore Larsen, who stepped down after 22 years with Nordic at YE'23





Summary and Outlook

Vegard Wollan, CEO

Kicking off the year at CES 2024

Nordic showing innovative demonstrations

- Bluetooth LE Audio and Auracast
- End-to-end solutions for cellular IoT and DECT NR+
- Wi-Fi locationing
- Apple and Google ecosystem coexistence within Matter
- Machine Learning using the Thingy:53

Important meeting place for Nordic:

- Team had >100 customer and Partner meetings



My first impressions

- We have world class engineers, great employees and a great culture
- We have innovative and leading products and total solutions - although with potential for improved execution
- We have an impressive customer base and strong partner relationships with tier-ones
 - but now we also need to regain traction in the broad market
- Our focus is on returning to growth and restore profitability



Create and execute on right product roadmaps

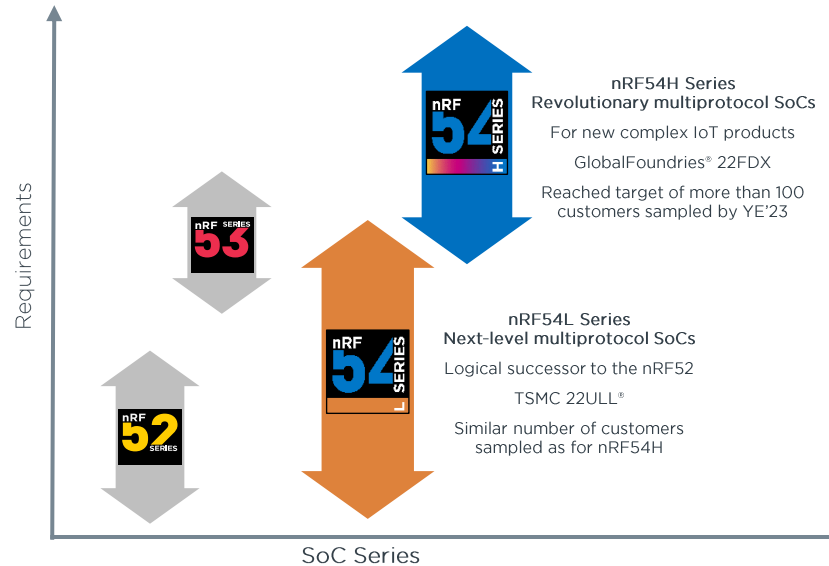
Sustainable growth and profitability requires us to:

- Have the winning products
- Deliver on new product development and engineering execution

My key initial focus areas are hence:

- Product introductions and product strategies across our different technologies
- Executing on our development pipeline
- Secure efficient use of our excellent engineering development resources

Driving the next level of IoT
with world leading efficiency and performance



Low revenue in Q1 and limited visibility

Q1 2024 guidance

Revenue		Gross margin
USDm 70-80m		~50%
-52% to -45% y-o-y	-35% to -26% q-o-q	

Financial calendar 2024

- Q1: 24 April 2024
- Q2: 8 August 2024
- CMD planned for September 2024, date TBD
- Q3: 24 October 2024
- Q4: 5 February 2025

- Low revenue in Q1 with continued inventory adjustments - in addition to normal seasonality
- Reporting philosophy:
 - Only guiding for the current quarter
 - Limiting specific customer comments
 - May limit certain information due to the competitive landscape

Q&A



NORDIC[®]
SEMICONDUCTOR

Q&A



NORDIC[®]
SEMICONDUCTOR