



# Quarterly Presentation Q3 2024

October 24, 2024



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SEMICONDUCTOR

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This presentation was prepared in connection with the Q3 results released on October 24, 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.

# Today's presenters



Vegard Wollan

**CEO**



Pål Elstad

**CFO**

# Revenue recovery as guided

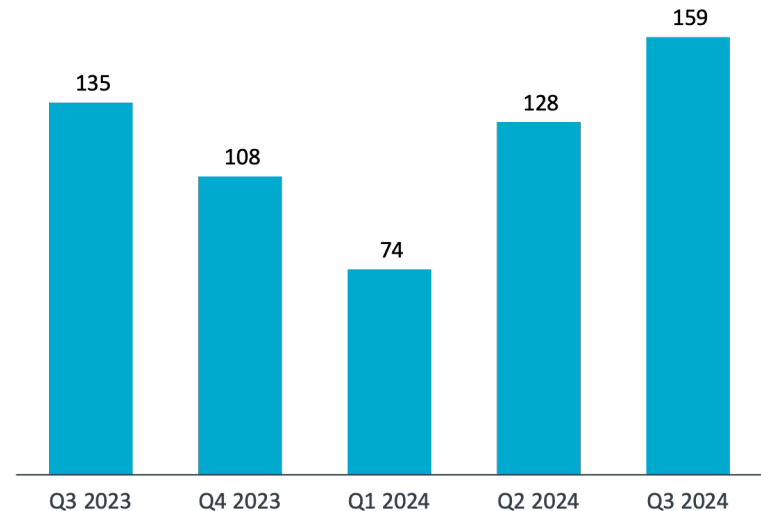
## Q3 2024:

- Revenue of USD 159 million, marking a return to year-on-year growth
- Sequential improvement from Q2 supported by seasonality
- Gross margin of 50%, EBITDA USD 16m

## Q4 2024 guidance:

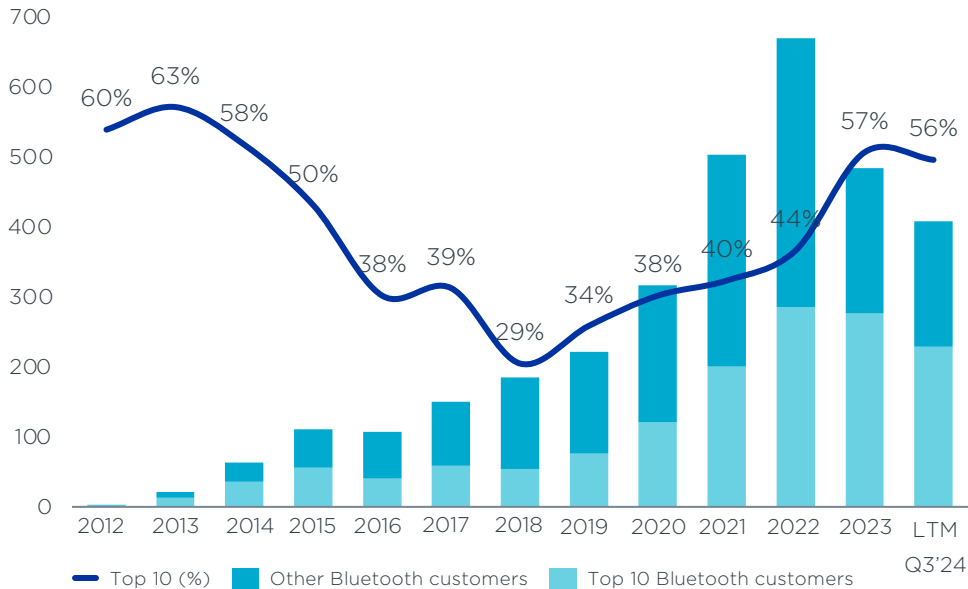
- Revenue of USD 130-150 million
  - Higher demand Y/Y
  - Sequential decline due to seasonality
- Gross margin expected at ~50%

Quarterly revenue development (USDm)



# Top-10 and broad market split stabilizing

Bluetooth revenue composition (USDm)

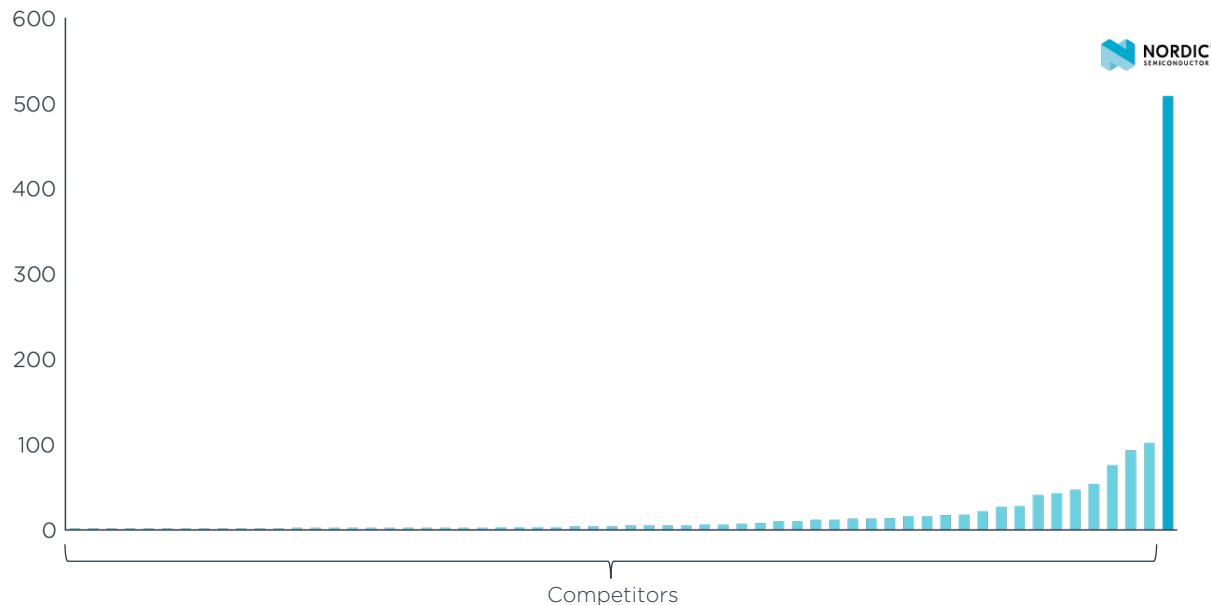


- High priority to regain traction in the broad market
- Maintaining strong relationships with the key customers

# Remaining the clear design winner

>40% market share, 5x the number of designs compared to #2

Bluetooth Low Energy end-product certifications, Last 12 Months




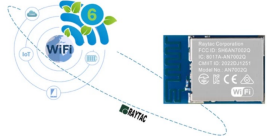

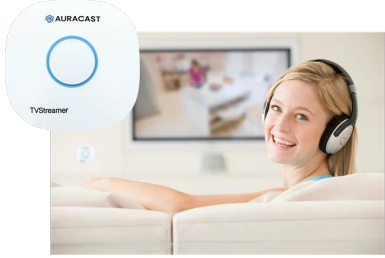

Nordic  
end-product  
certifications

Q3'24  
112 designs  
41% mkt share

LTM Q3'24  
509 designs  
42% mkt share

\*Source: Nordic Semiconductor / Bluetooth SIG

# New customer product launches in Q3 2024

				
<b>CoolIR</b> coolers, freezers, and shelves monitoring nRF52840	<b>Raytac</b> Wi-Fi module nRF7002	<b>Anona Security Tech.</b> Matter over Wi-Fi smart lock nRF5340 + nRF7002	<b>Arendi</b> Auracast™ Audio TV streamer nRF5340 + nRF21540	<b>Saluswear Corp</b> Location and fall tracking nRF9160 + nPM1300 + nRF Cloud

# nRF54 Series launching in Q4

## Qualification and preparing for volume production

- Launching the first products in our nRF54 Series at Electronica in Germany in mid-November
- Key customers and many broad market customers already designing with the nRF54 Series
- Beginning to ship both nRF54L and nRF54H in volumes in Q4



Bringing the market leading nRF52 Series to the next level

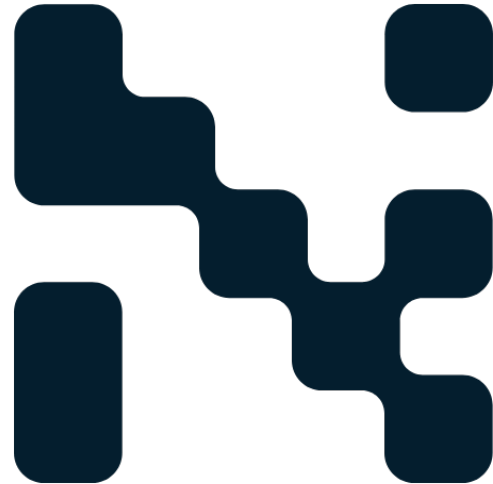


Revolutionary multiprotocol System-on-Chip (SoC)



# Signed LOI for possible acquisition of Novelda

- Strong tech position in ultra wideband, which is complementary to Nordic's wireless technologies
- Due diligence ongoing and expected to be concluded by the end of November



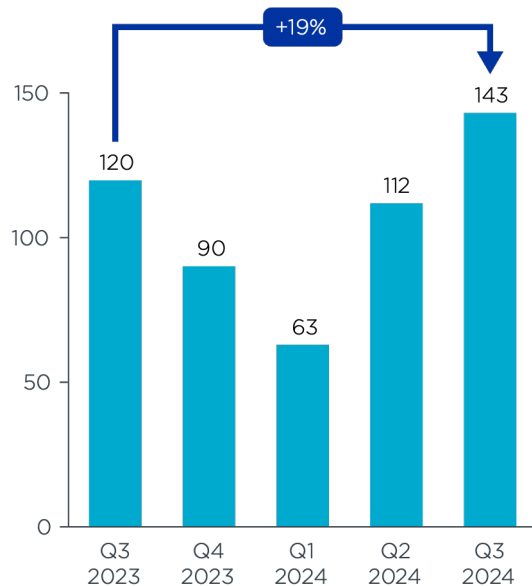


# Financials

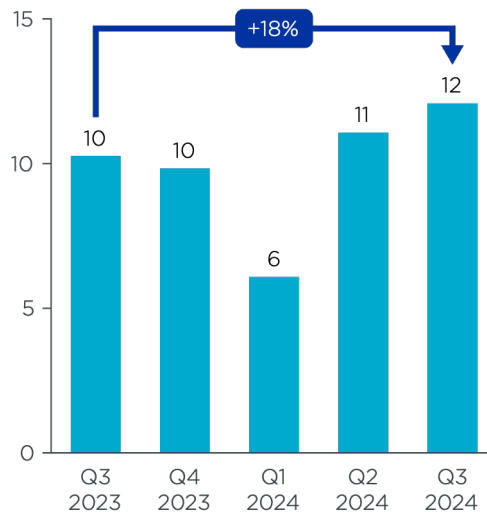
Pål Elstad, CFO

# Revenue by technology

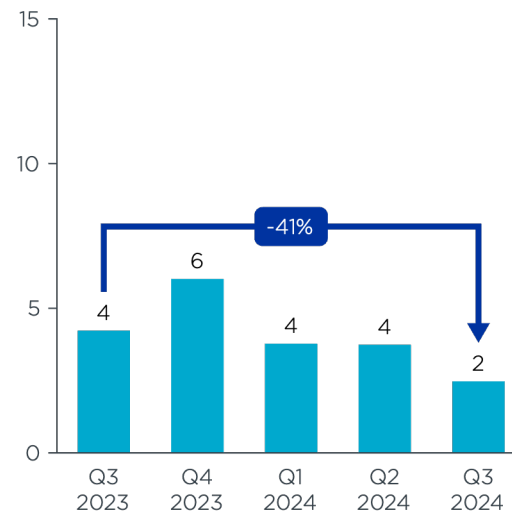
Bluetooth revenue (USDm)  
Quarterly



Proprietary revenue (USDm)  
Quarterly

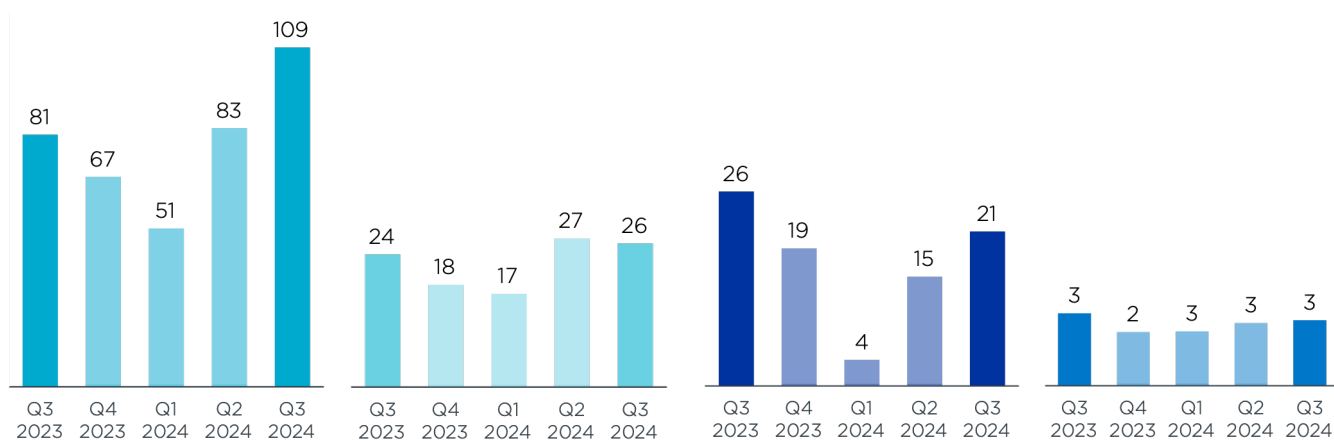
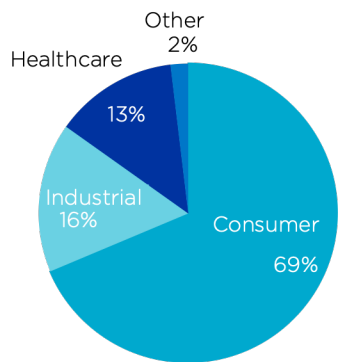


Long-range revenue (USDm)  
Quarterly



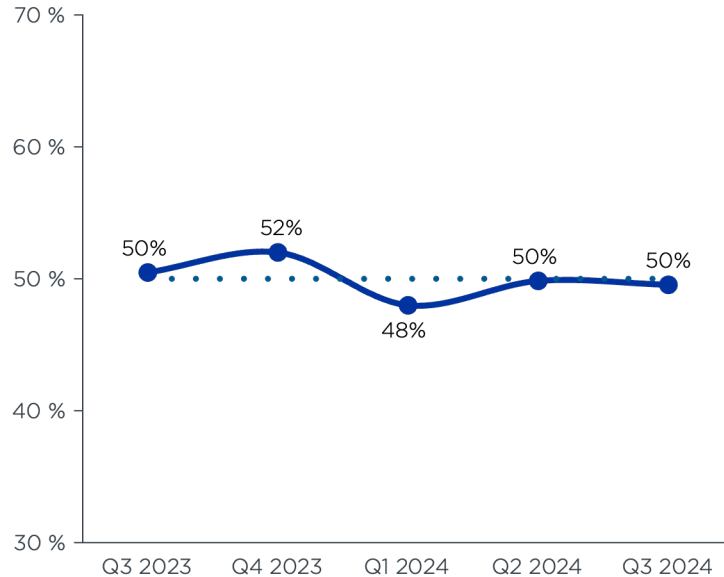
# Consumer leading the revenue recovery

Group	Consumer		Industrial		Healthcare		Other		
158.8 USDm	109.0 USDm		25.7 USDm		21.1 USDm		3.0 USDm		
18% y-o-y	25% q-o-q	35% y-o-y	31% q-o-q	8% y-o-y	-3% q-o-q	-21% y-o-y	41% q-o-q	-10% y-o-y	4% q-o-q



Revenue for the individual markets excludes ASICs and consulting revenue

# Gross margin



- Stable underlying development
  - Changes mainly reflecting customer and product mix
- Expecting gross margin around 50% for Q4 2024
- Reiterating long-term ambition to maintain gross margin >50%

# Operating model performance Q3 2024

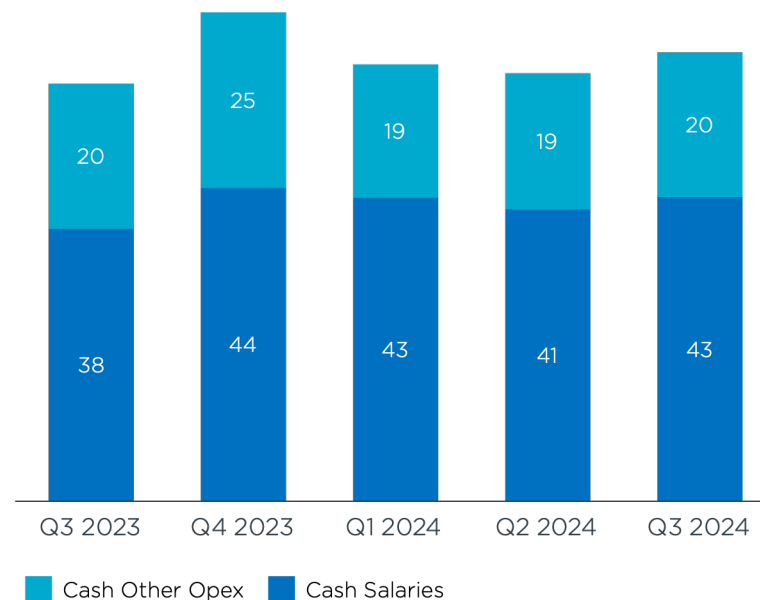
Gross Margin 49.5%		Q3 2024	Q3 2023	Δ	
		USD	USD		
		158.8 m	135.0 m	+17.6 %	Bluetooth uptick in Consumer and Healthcare, higher Proprietary sales
		49.5%	50.5%	-1.0pp	Customer and product mix
		USD 78.7 m	USD 68.2 m		
R&D Short-range	15.7%				
		15.7%	15.6%	+0.1pp	High investments in products launched during Q4
		USD 24.9 m	USD 21.1 m		
R&D Long-range	7.7%				
		7.7%	8.6%	-0.9pp	
		USD 12.2 m	USD 11.6 m		
R&D Wi-Fi	2.8%				
		2.8%	3.0%	-0.2pp	
		USD 4.4 m	USD 4.0 m		
SG&A	13.2%				
		13.2%	13.7%	-0.5pp	
		USD 21.0 m	USD 18.5 m		
EBITDA	10.2%				
		10.2%	9.5%	+0.7pp	Improvement reflecting revenue recovery
		USD 16.2m	USD 12.8m		

Q3 2024

# Cash cost development

- Cost effect of workforce reductions neutralized by salary increases
- Higher provisions for variable pay
- Other costs stable
- Continuous focus on adjusting spending to improve margins

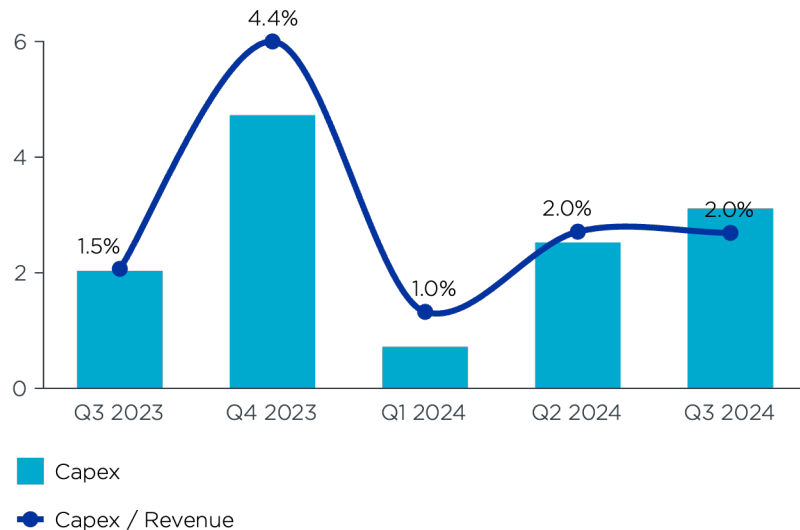
Cash OPEX\* (USDm)



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

# Underlying capex intensity remains low

Capex (USDm)

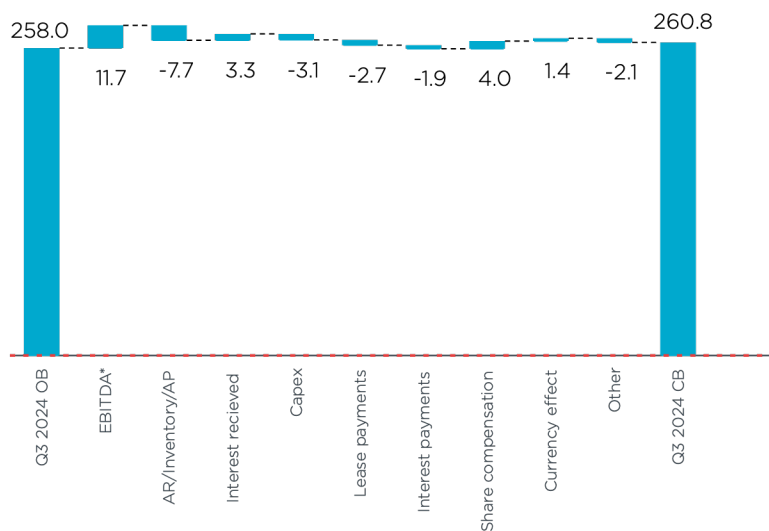


- Continued low Capex spending



# Focus on cash spending

Cash position and Cash Flow Q3 2024 (USDm)



- Operating cash flow of USD 13.8m in Q3
- NWC/Revenue LTM remains high at 45%, mainly due to increased inventory
- Low capex spending and continued focus on cash spending
- Other items mainly reflecting financial income and payment of lease liabilities

\* EBITDA Adjusted for Capitalized Development Costs



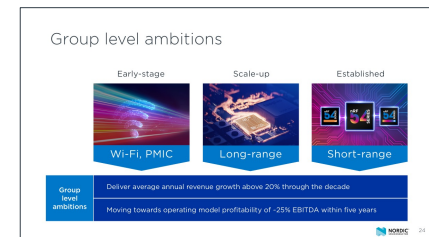
# Summary and Outlook

Vegard Wollan, CEO

# Profitable growth outlook

## Clear market leader in a recovering market

- Outlook for Short-range business
  - Ambition to grow faster than our markets over time, driven by new product launches
  - Modest growth with only limited effect of nRF54 in 2025
  - Growth set to accelerate from 2026 onwards
- Group level ambitions:
  - Deliver average annual revenue growth above 20% through the decade
  - Move towards ~25% EBITDA margin within five years



# Q4 expected to show continued y/y growth

## Q4 2024 guidance

Revenue		Gross margin
USDm 130-150m		~50%
+20% to +39% y-o-y	-18% to -6% q-o-q	

- Year-on-year revenue growth outlook reflecting higher underlying demand
- Sequential decline from Q3'24 reflecting seasonal effects
- Gross margin expected at ~50%, on par with the previous quarter

# Q&A



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