

Quarterly Presentation

Q4 2024

February 5, 2025



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This presentation was prepared in connection with the Q4 results released on February 5, 2025. 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

Continued revenue recovery in Q4

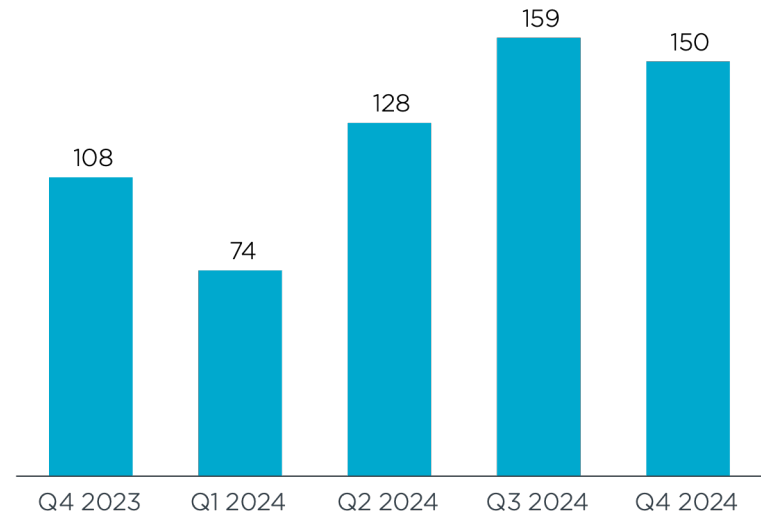
Q4 2024:

- Revenue of USD 150 million
 - +39% from a Q4'23 affected by inventory adjustments
 - Sequential decline reflecting underlying seasonal demand patterns
- Gross margin of 49%
- EBITDA USD 9m (USD -7m in Q4 2023)

Q1 2025 guidance:

- Revenue of USD 140-160 million
 - Healthy demand in Consumer and Healthcare in Q1, still slow in Industrial
 - High growth from a Q1'24 affected by significant inventory adjustments
- Gross margin expected at ~50%

Quarterly revenue development (USDm)



Laid solid foundation for profitable growth

- Putting the groundwork in place
 - Nordic 2.0 – set course with strategic clarity
 - Reorganized to enhance efficiency and cut costs
 - Launched the nRF54 Series in Short-range
 - Launched the nRF9151 SiP in Long-range
 - Maturing our next-generation Wi-Fi and power management technologies
- Change takes time but we end 2024 on a strong note!

Driving growth and restoring profitability
On our way towards realizing overarching goals

Clarified strategy	Sharpened priorities and improved engineering execution
Operational agility	Market adaptive, customer-centric, roadmap-focused
Capitalizing on innovation	New product launches supporting growth and margins
Profitable growth outlook	Retaining clear market leadership in a recovering market

Three keys to reach target level profitability

Operating target model	
Gross margin	>50%
SG&A	<10%
R&D	15-20%
EBITDA	>25%

Drive growth

- Capitalize on upcoming product launches
- Sharpen focus on select growth segments

Support gross margins

- Transition to lower-cost production platforms
- Regain traction in broad market

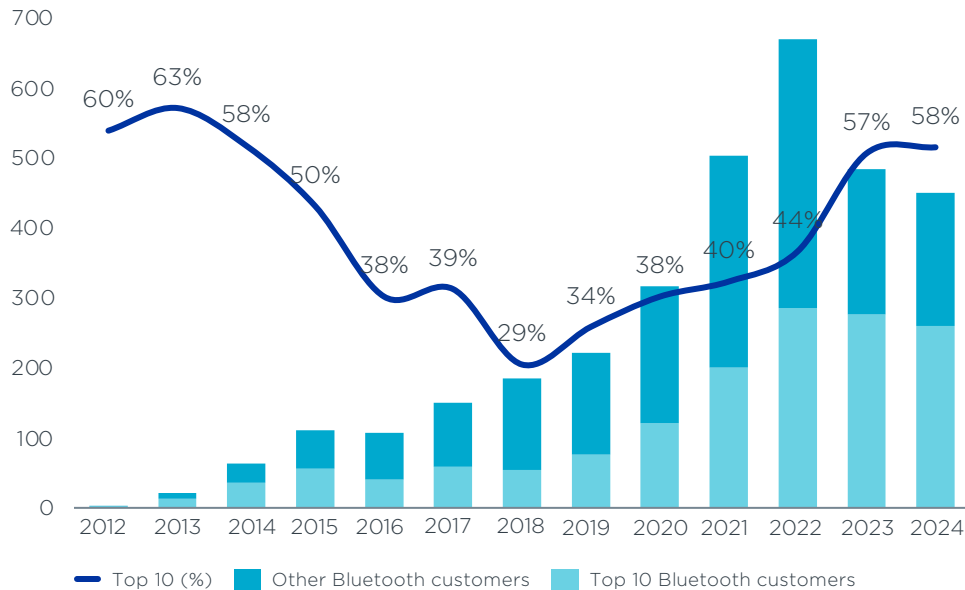
Contain costs

- Continuous cost control
- Organized to handle significantly higher volumes

Facsimiles from Nordic's CMD 2024

Top-10 and broad market split stabilizing

Bluetooth revenue composition (USDm)

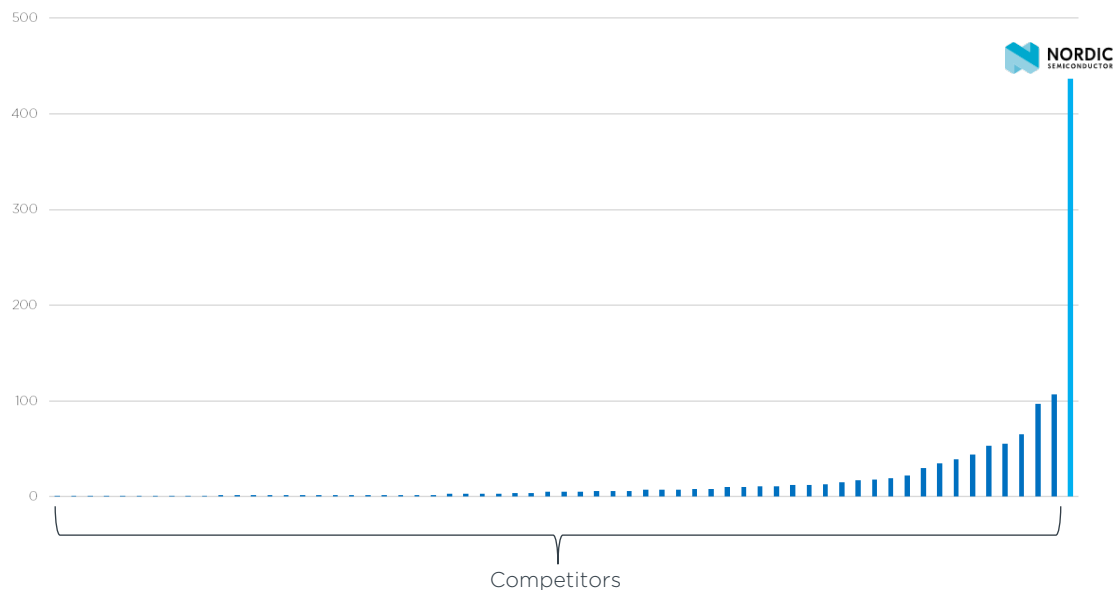


- Maintained strong relationships with key customers
- High priority to regain traction in the broad market

Remaining the clear design win leader

35% share of certifications, 4x the number of #2

Bluetooth Low Energy end-product certifications, Last 12 Months



Nordic
end-product
certifications

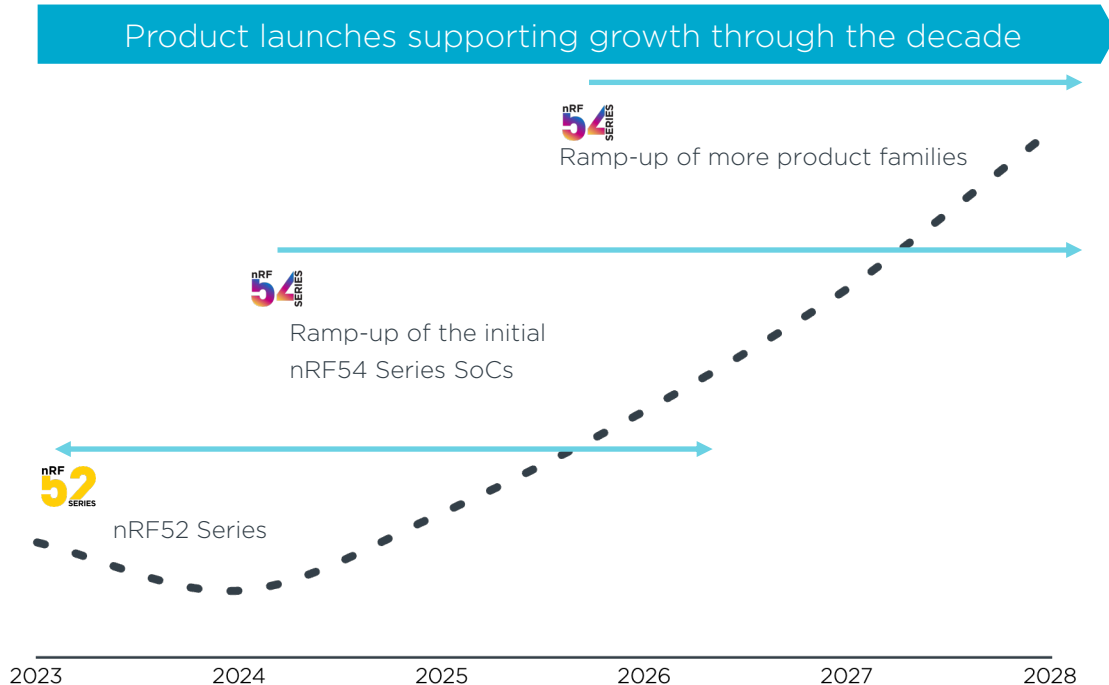
Q4'24
82 designs
26% share

2024
437 designs
35% share

*Source: Nordic Semiconductor / Bluetooth SIG

Unique growth opportunity

Driven by the launch of nRF54

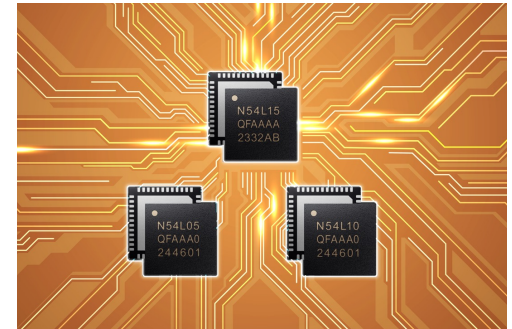


- Ramp-up of the nRF54 Series set to drive growth through the decade
- Gradual transition from current nRF52 Series
- Rolling out a competitive portfolio covering our full SAM

Launched three nRF54L variants at Electronica

4x more nRF54L development kits shipped vs. nRF52 launch

- nRF54 - fully integrated 22nm wireless SoC - built on Nordic proprietary ultra-low power technology and IP
- Strong customer feedback on low power performance, integrated memory, security features, and the new advanced radio technology
- Both key and broad market customers actively designing with nRF54L for product launches in 2025 and 2026



Nordic booth at Electronica

Kicking off the year at CES 2025

Nordic showcased groundbreaking products

- High activity at the booth – main focus on nRF54 Series for use in existing and new end-user applications
- Several customers demonstrated end-products using nRF54 Series SoCs
- 12 different module makers promoted modules already incorporated both nRF54L and nRF54H in modules



Bode Miller (6x Olympic medalist & co founder Peak Ski) and Andy Wirth (CEO Peak Ski) presenting at Nordic's booth at CES 2025.

nRF54H – Focus on key customers and early adopters

Accelerating time to mass production of end-products

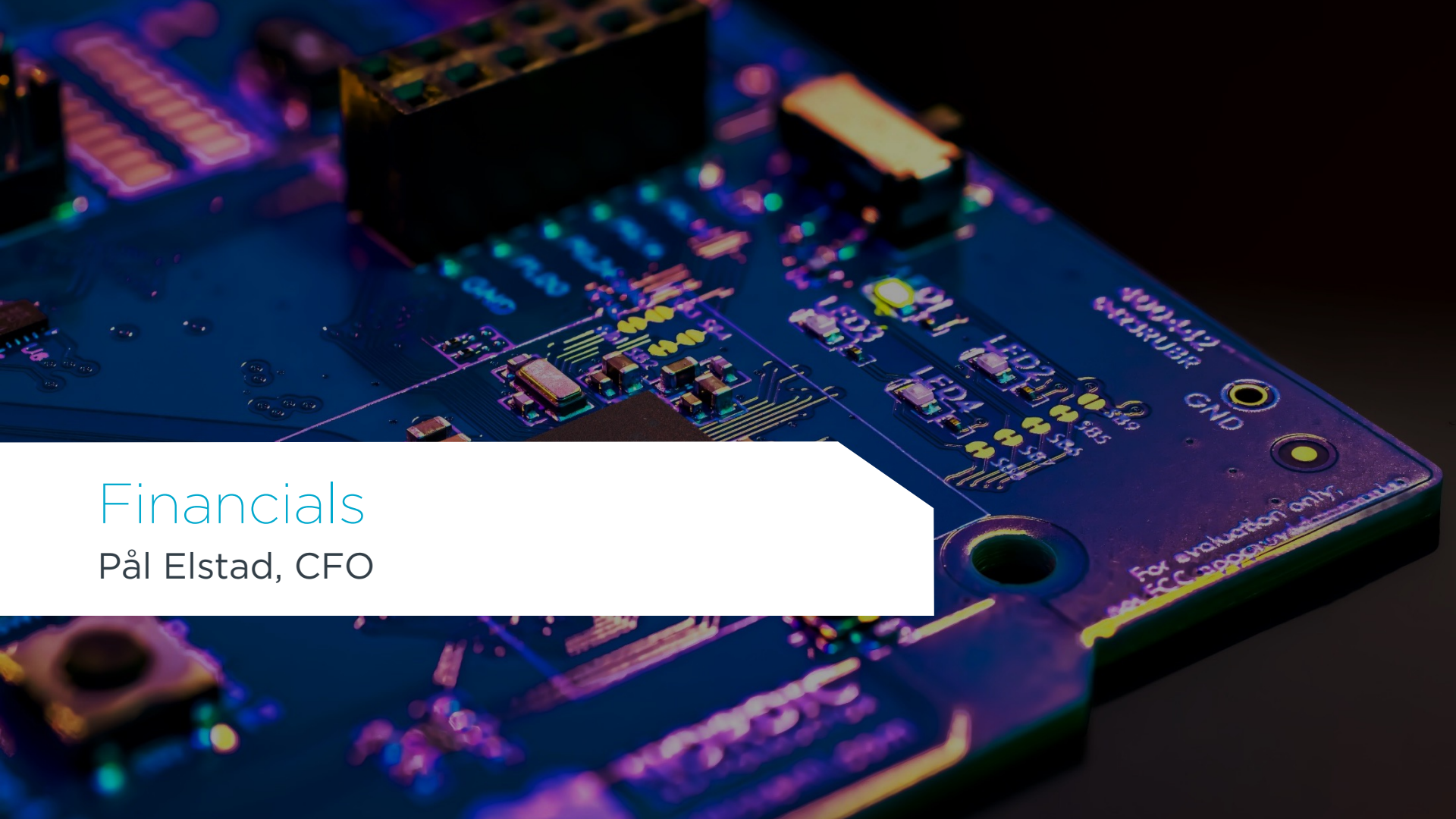


[Cherry demoing at CES 2025 world's first true dual 8K keyboard using nRF54H](#)

- High design activity with key customers – working to provide the software support required to enable design and mass production of end-products
- Key customers recognize that Nordic IP and low-power technology in the 22nm process node puts us ahead of the competition
 - High-speed USB, higher security, increased compute performance
 - Strong platform for AI/ML on the edge

Nordic powers next-gen AI/ML products



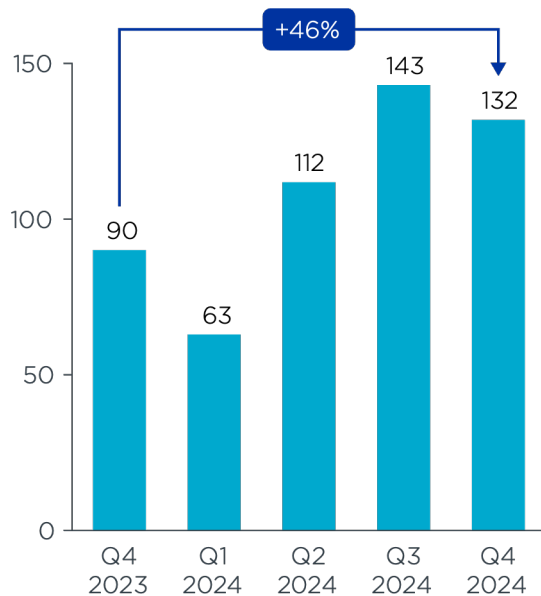


Financials

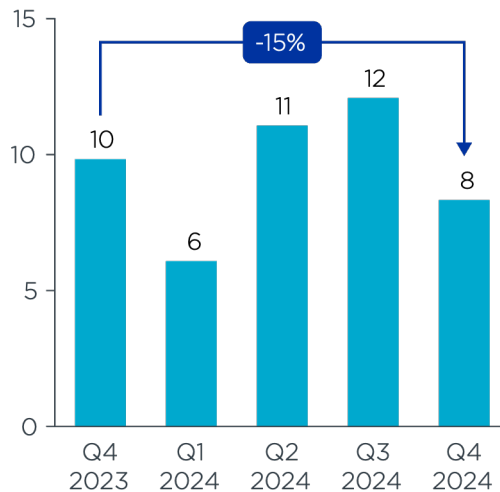
Pål Elstad, CFO

Revenue by technology

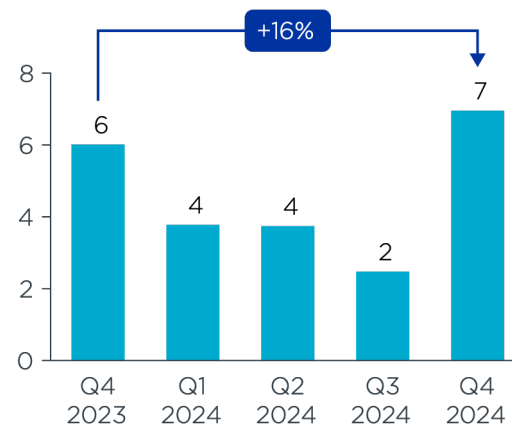
Bluetooth revenue (USDm)
Quarterly



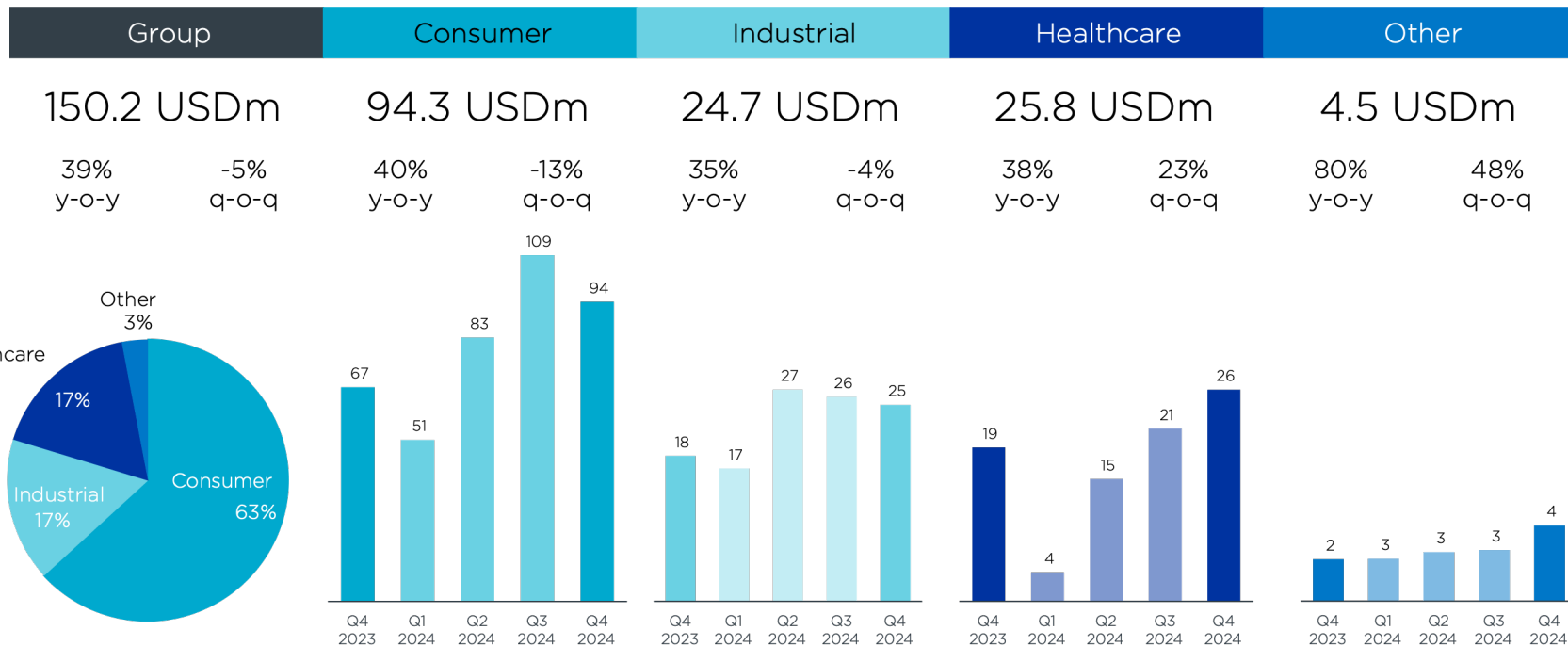
Proprietary revenue (USDm)
Quarterly



Long-range revenue (USDm)
Quarterly

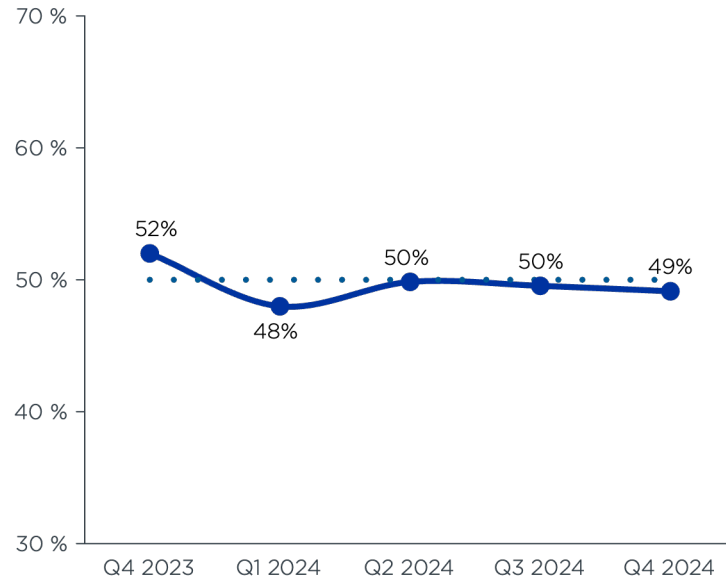


Consumer leading the revenue recovery



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 Q1 2025
- Reiterating long-term ambition to maintain gross margin >50%

Operating model performance Q4 2024

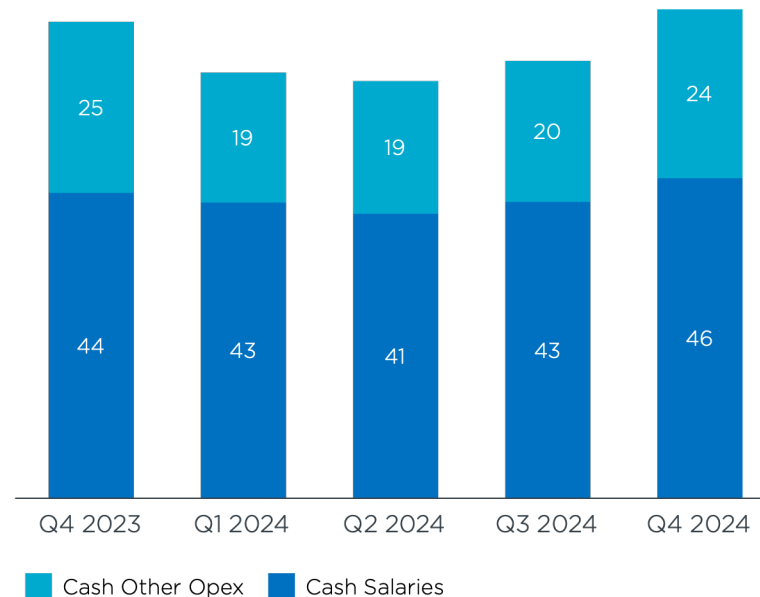
		Q4 2024	Q4 2023	Δ	
	Gross Margin	49.1%			
		USD	USD		
	Revenue	150.2 m	108.2 m	+38.8 %	Y/Y uptick in Bluetooth revenue across all the end-user markets
	Gross margin	49.1%	52.0%	-2.9pp	Changes in customer and product mix
		USD 73.8 m	USD 56.3 m		
R&D Short-range	R&D	15.2%	23.1%	-7.9pp	High investments in products launched during Q4
	Short-range	USD 22.9 m	USD 25.0 m		
R&D Long-range	R&D	8.8%	11.3%	-2.5pp	
	Long-range	USD 13.3 m	USD 12.2 m		
R&D Wi-Fi	R&D	2.7%	3.6%	-0.9pp	
	Wi-Fi	USD 4.0 m	USD 3.9 m		
SG&A	SG&A	14.5%	15.9%	-1.4pp	
		USD 21.7 m	USD 17.2 m		
EBITDA	Adjusted EBITDA	7.9%	-1.9%	+9.8pp	Improvement mainly reflecting the revenue recovery
		USD 11.9m	USD -2.0m		

Q4 2024

Cash cost development

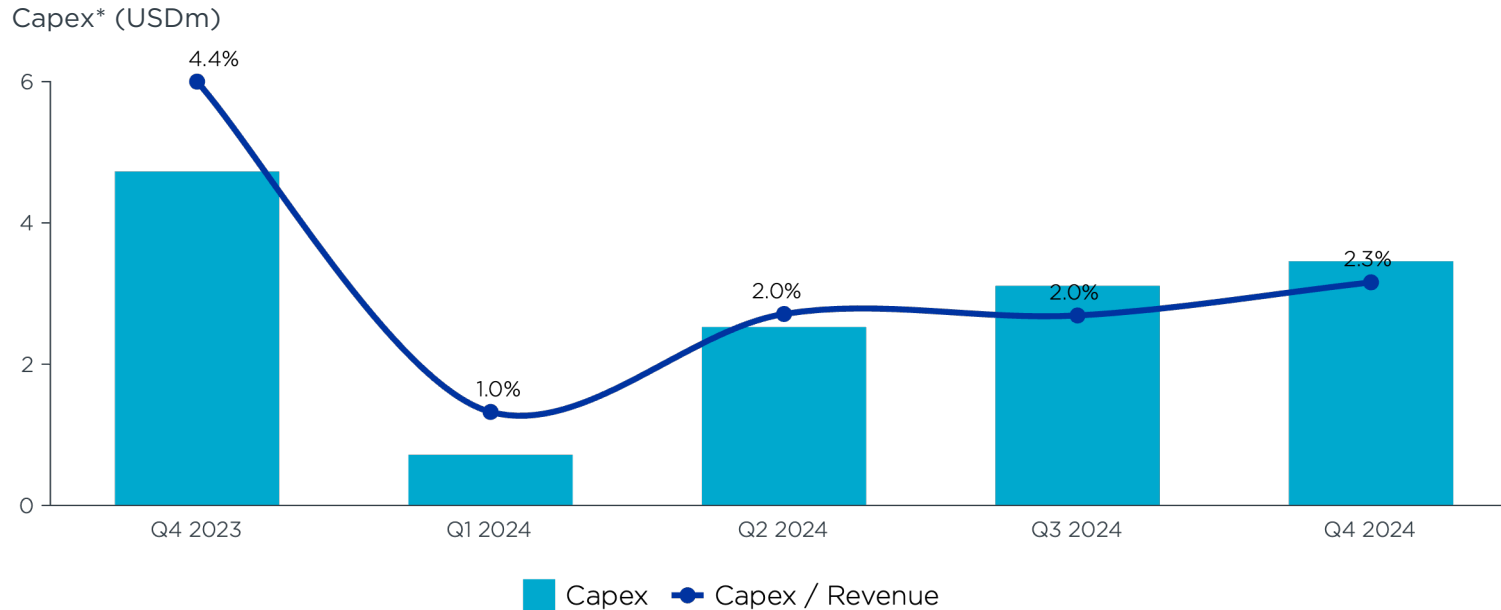
- Cost effect of workforce reductions neutralized by salary increases after salary freeze in 2023
- Number of employees reduced by 9% year over year
- Other costs stable
- Continuous focus on adjusting spending to improve margins

Cash OPEX* (USDm)



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

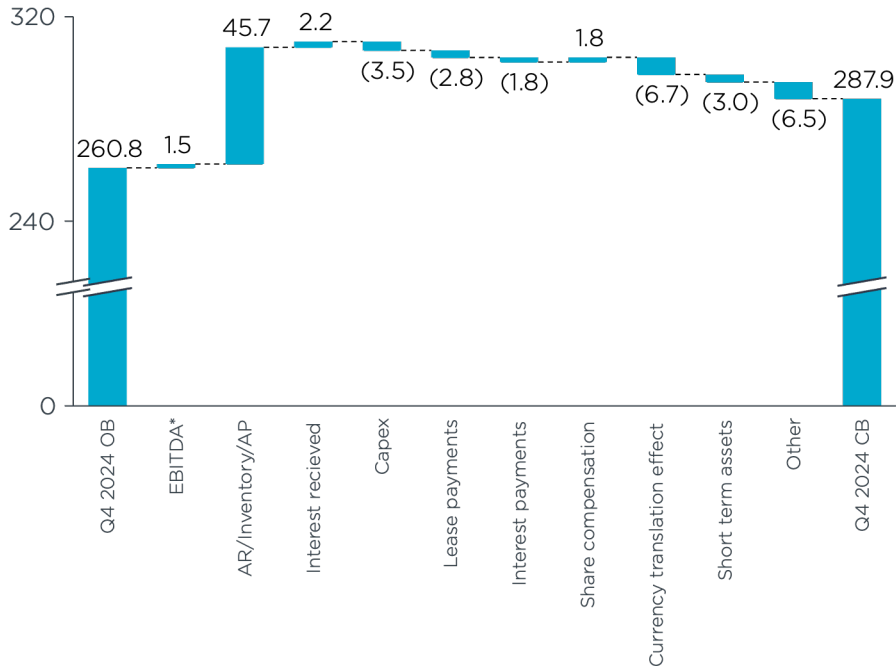
Underlying capex intensity remains low



* Q4 2023 excluding Atlazo IP acquisition

Focus on cash spending

Cash position and Cash Flow Q4 2024 (USDm)



* EBITDA Adjusted for Capitalized Development Costs

- Operating cash flow of USD 49.2m in Q4
- NWC/Revenue LTM remains high at 34%, mainly due to high inventory
- Low capex spending and continued focus on cash spending
- Currency translation relates to the natural cash hedge of the bond, resulting in a minimal overall impact
- Other items mainly reflecting other short-term placements



Summary and Outlook

Vegard Wollan, CEO

Revenue recovery continuing in Q1

Q1 2025 guidance

Revenue		Gross margin
USDm 140-160m		~50%
+88% to +115% y-o-y	-7% to +7% q-o-q	

- Strong year-on-year revenue growth outlook for Q1, reflecting both higher demand and significant inventory adjustments in Q1'24
- Orders from individual customers set to offset the typical seasonal demand downturn in Q1
- Gross margin expected at around ~50%

Q&A



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