

Quarterly Presentation

Q4 2022

February 7, 2023



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SEMICONDUCTOR

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This presentation was prepared in connection with the Q4 results released on February 7, 2023. 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.

Revenue reflects turbulent environment

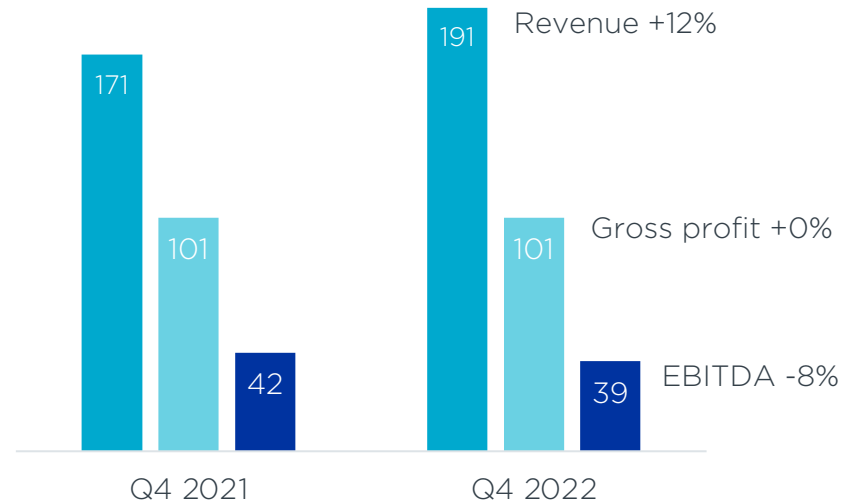
Q4 2022:

- Revenue of USD 191 million (+12%)
- Bluetooth growth of 26%
- Gross margin 52.7%, flat gross profit
- EBITDA margin above 20% despite higher R&D

Q1 2023:

- Guidance for revenue of USD 140-160 million and gross margin of >52%
- Low demand for legacy* products and softer contribution from China
- Continued impact of wafer supply
- Investment to secure future supplies

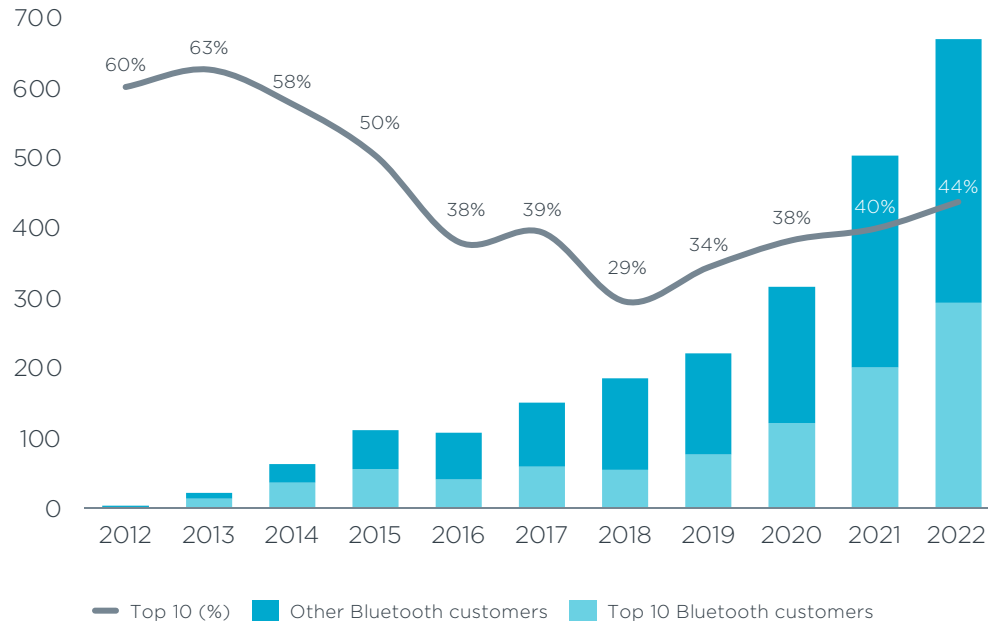
Revenue, gross profit and EBITDA (USDm)



*Legacy: Proprietary and first generation nRF51 Series Bluetooth Low Energy products.

Tier-1s are taking a larger share

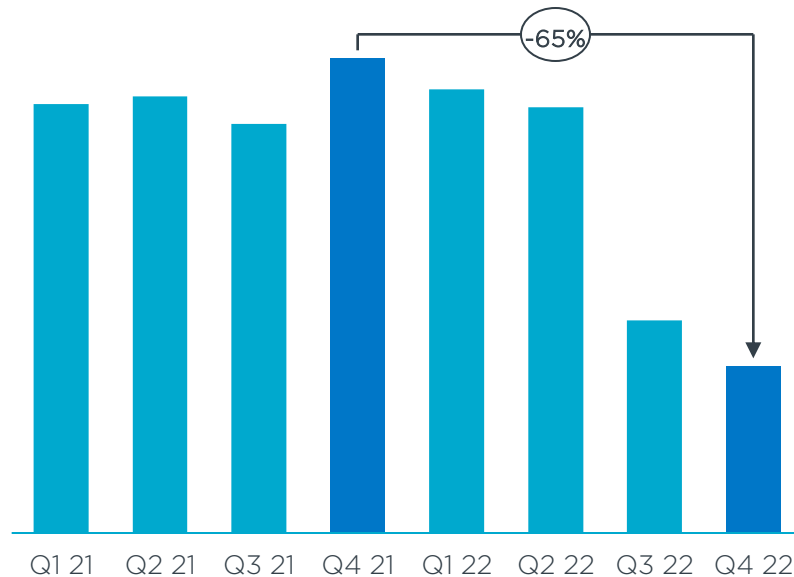
Bluetooth revenue composition (USDm)



- Shifting revenue composition
- Significantly increased sales to tier-1 customers in the US and Europe
- Top-10 accounted for >50% of Bluetooth revenue in Q4'22
- Lower sales to SMEs, particularly in China

Weak sales to domestic customers in China

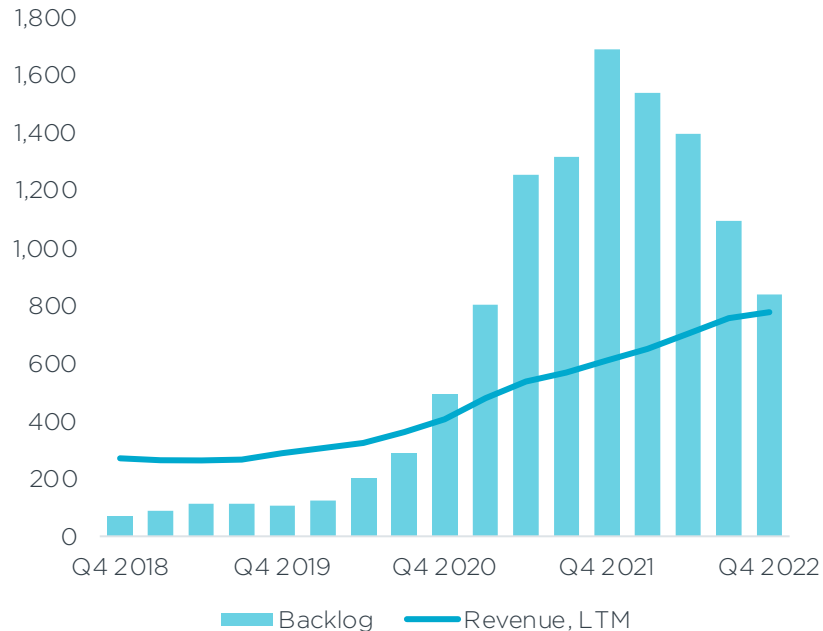
Quarterly revenue from domestic Chinese customers



- Domestic Chinese customers accounted for 20%-25% of revenue through 2021
- Share of revenue declined <10% in Q4' 22, with a weak outlook also for Q1'23
- The pace and potency of a rebound in China is one of the key elements determining the outlook for product demand going forward

Order backlog

Backlog and revenue development (USDm)

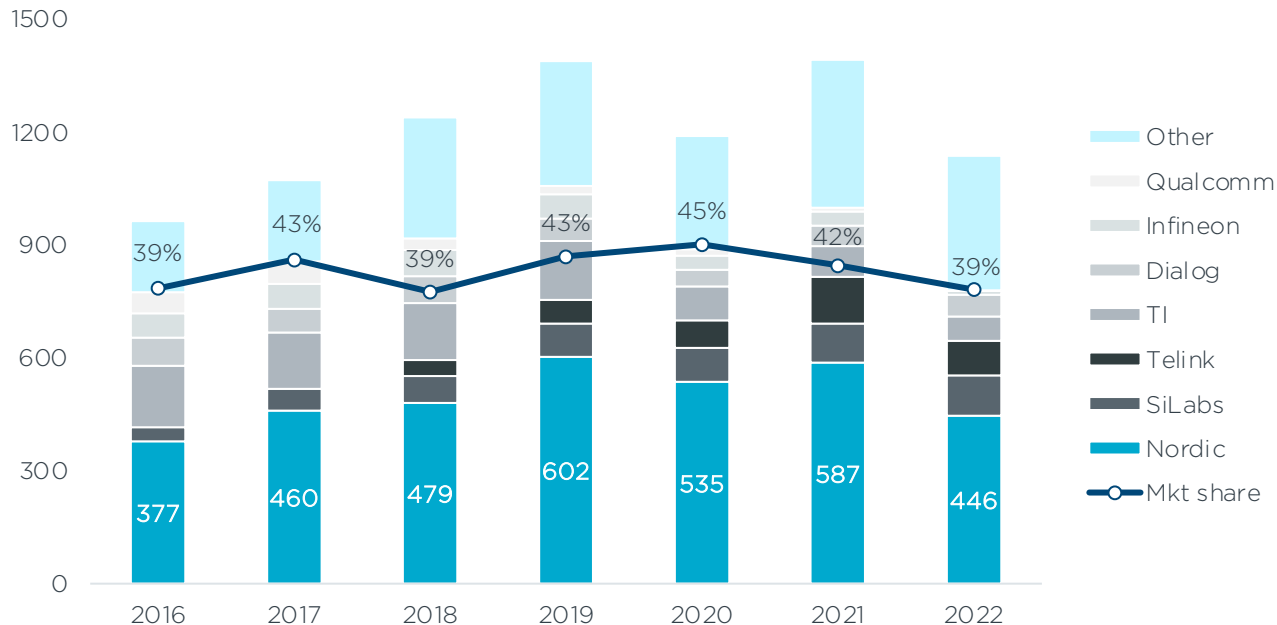


- Worked through 2022 to better align order backlog and delivery capability
- Q4 reduction reflecting reduced tier-1 lead times and order cancellations

Steady and high certification market share

Significantly increasing value per design

Bluetooth Low Energy end-product certifications, last 12 months



*Source: DNB Markets/FCC

Nordic
end-product
certifications

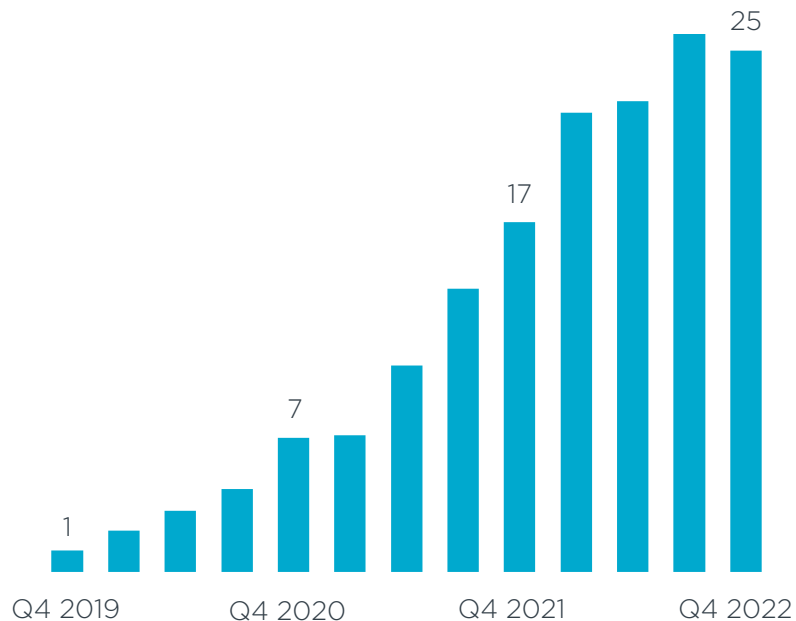
Q4'22
116 designs
38 % mkt share

2022
446 designs
39 % mkt share

Nordic trends
toward high volume
designs

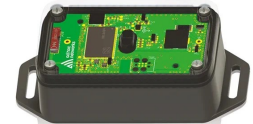
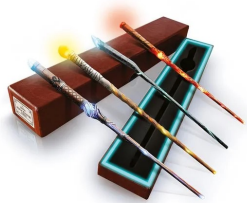
Cellular IoT

Cellular IoT revenue last 12 months (USDm)



- Large base of ~300 projects, with several beginning to gain commercial traction
- Near-term uncertainty regarding project timing, customers' financing and product demand in the current economic climate

New customer-product launches in Q4

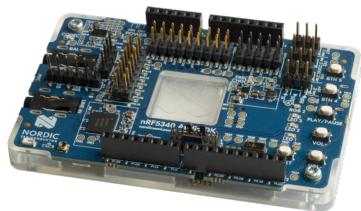


<p>Warner Bros. Interactive smart wand nRF52832 + nPM1100</p>	<p>Magene High-end bike computer nRF52840 (Bluetooth and ANT+)</p>	<p>Moko Smart Smart Plug nRF9160 + nRF52833</p>	<p>voestalpine Krems GmbH leova® SMART nRF9160</p>	<p>adhoc networks Smart waste solution nRF9160</p>
<p>The Harry Potter: Magic Caster Wand™ integrates touch sensors and a motion sensor to help the wand determine which spell the user wants to cast</p>	<p>support sensor devices such as heart rate monitors, power meters, speed and cadence sensors as well as electronic shifting systems</p>	<p>monitoring energy usage and save power consumption by remotely controlling load switches</p>	<p>measure the microclimate directly in each user's vineyard and enables sustainable and optimized time and resource management in viticulture</p>	<p>measuring fill levels in waste container. Allowing management businesses such as government bodies or private companies to allocate rubbish collection resources</p>

Traction in the audio vertical

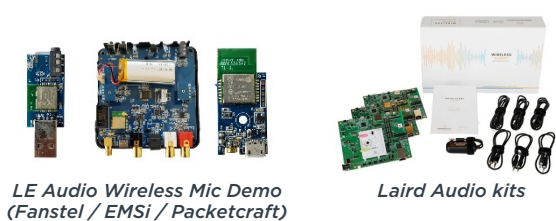
Several customer already in volume production

Engaging with
developers



Shipped +2k pcs nRF5340 Audio development kits to date.
Fully features SDK through our nRF Connect SDK

Engaging with
design partners



LE Audio Wireless Mic Demo (Fanstel / EMSi / Packetcraft)

Laird Audio kits

Working with module partners, OEM/ODMs to broaden the Nordic LE Audio opportunity

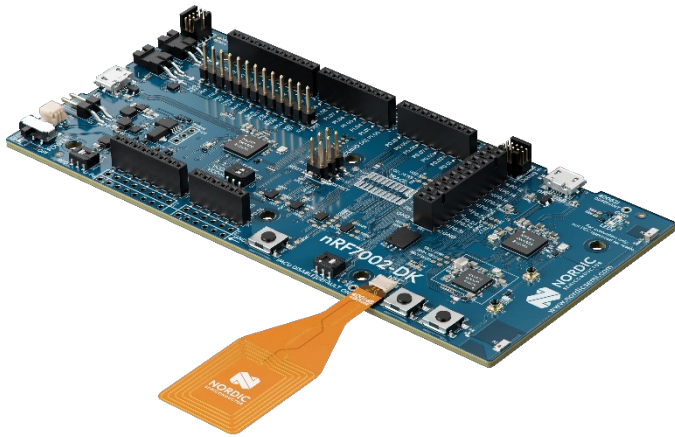
Products already
in the market



Healthy pipeline of projects in various segments like headphones, hearing aids, speakers, microphones, and more

Nordic makes developing Wi-Fi products easy

Empower new innovative low-power Wi-Fi 6-enabled products



- Roll-out of thousands of the new nRF7002 Development Kit through distribution channels
- Full set of software support on nRF Connect SDK - combined with Nordic's best in class technical support
- First 3rd party Wi-Fi 6 modules and end-product showcased at CES 2023

Expanding the PMIC portfolio

Multi-function PMIC with unique system management features

Launched '21
nPM1100



Launched '22
nPM6001



Just launched
nPM1300



Charging		No	
Power Rails (DCDC+Linear)	1	4+2	2+2
System Management Features			
Price			
Use Case	Bluetooth LE, cloT	Bluetooth LE, Wi-Fi, cloT	Bluetooth LE, cloT
Availability	In production	In production	In volume mid-23

"I have been an earlier adopter for many of your parts over the years and would really like to put this PMIC in a design where the customer reaction is simply WOW. Congratulation for you and your team, you are definitely going to shake up the industry."

Customer email when nPM1300 was launched

Nordic Tech Tour 2022

Where engineers meet engineers



- 45+ cities across US and EMEA
- More than 1,700 attendees
- First time attendees at 71%
- 56% currently planning a project using Nordic
- Focus on Matter, cloT and Wi-Fi
- Strong feedback from participants:
 - “Excellent presenters and relevant info. Good job, well done!”*
 - “Whole-day seminars can be hit-and-miss. This was a whole-day worth spending”*
 - “Very impressed by how knowledgeable/nice the Nordic staff were”*
 - “I got exactly what I wanted - a sneak peek at the new nRF7002”*

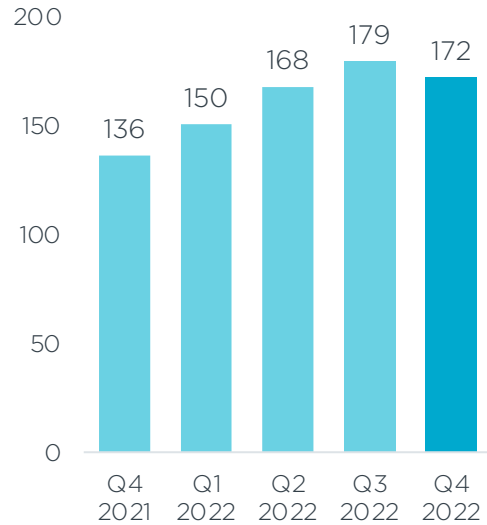


Financials

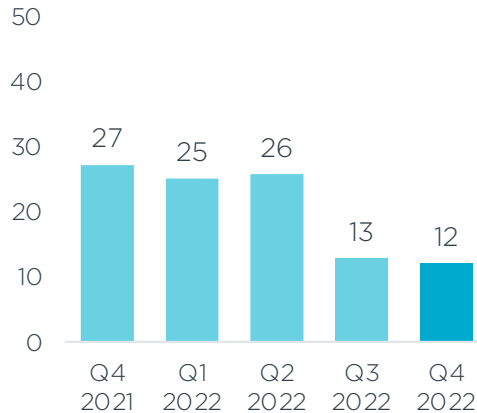
Pål Elstad, CFO

Bluetooth-driven revenue

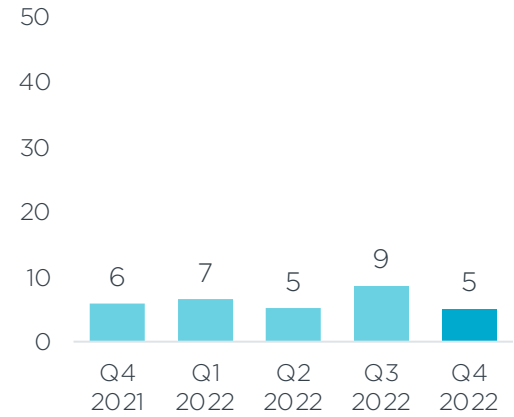
Bluetooth revenue (USDm)
Quarterly



Proprietary revenue (USDm)
Quarterly

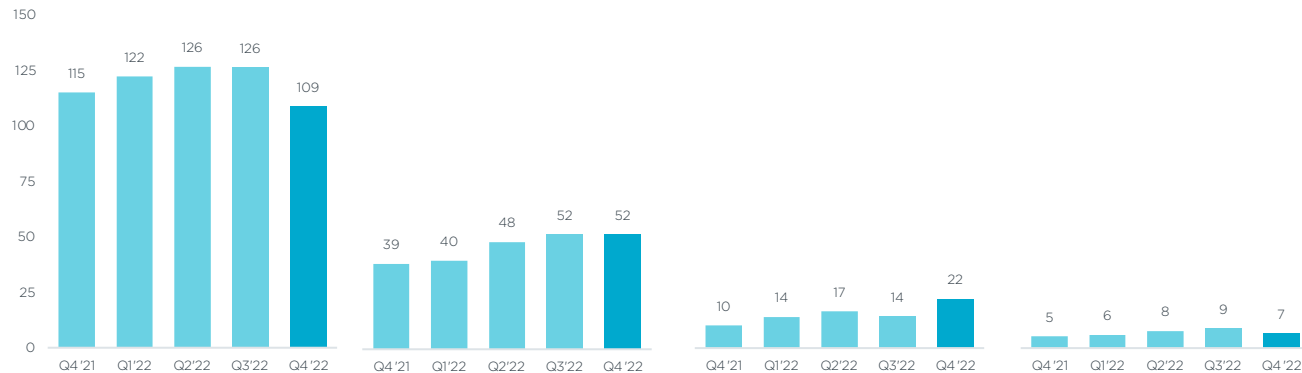


Cellular IoT revenue (USDm)
Quarterly



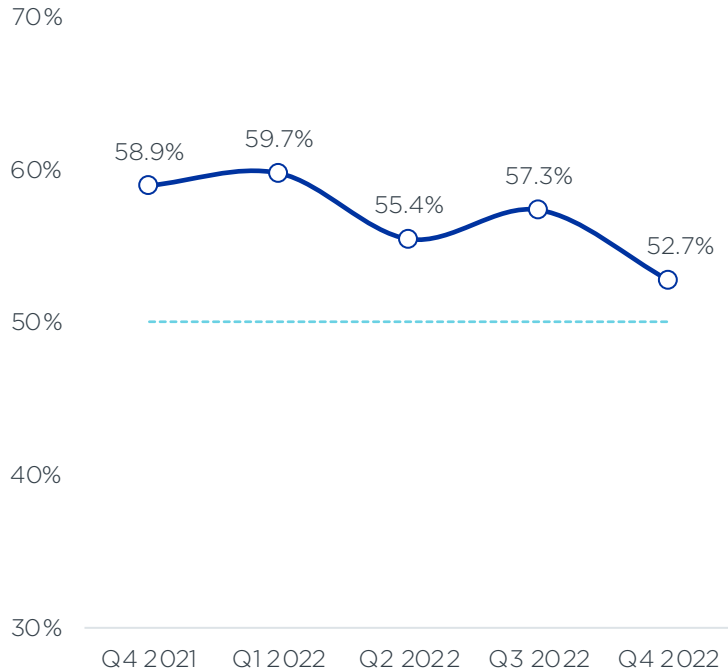
Strong healthcare and industrial

Group	Consumer		Industrial		Healthcare		Others		
USDm 191.4	USDm 108.9		USDm 51.7		USDm 22.3		USDm 6.6		
+12% y-o-y	-5% q-o-q	-5% y-o-y	-14% q-o-q	+34% y-o-y	+0% q-o-q	+118% y-o-y	+55% q-o-q	+23% y-o-y	-27% q-o-q



Revenue for the individual markets excludes ASICs and consulting revenue

Gross margin



- High margin levels through 2022
- Expect >52% for Q1 2023
- Reiterating long-term ambition to maintain gross margin >50%

Operating model performance Q4 2022

	Q4 2022	Q4 2021	Δ	
Gross margin 52.7%				
Revenue	USD 191.4m	USD 171.2m	+11.8%	Revenue ↑ due to price, volume, and product mix
Gross margin	52.7% USD 100.9m	58.9% USD 100.8m	-6.2pp	Margin ↓ due to price, product and customer mix Flat gross profit
R&D short-range 14.2%	R&D short-range	13.8% USD 23.7m	+0.4pp	Continuing to invest: <ul style="list-style-type: none"> Total R&D up from USD 39.9m to USD 45.2m, and from 23.3% to 23.6% of revenue Continued favorable fx in the quarter
R&D cellular IoT 7.0%	R&D cellular IoT	7.3% USD 12.5m	-0.3pp	
R&D Wi-Fi 2.3%	R&D Wi-Fi	2.2% USD 3.8m	+0.1pp	
SG&A 8.8%	SG&A	10.8% USD 18.5m	-2.0pp	
EBITDA 20.3%	EBITDA	24.7% USD 42.4m	-4.6pp	Costs ↓ due to operational leverage, favorable fx EBITDA above 20% despite high R&D

Investing for growth

Cash cost increase mainly due to increased number of employees, partly offset by favorable fx

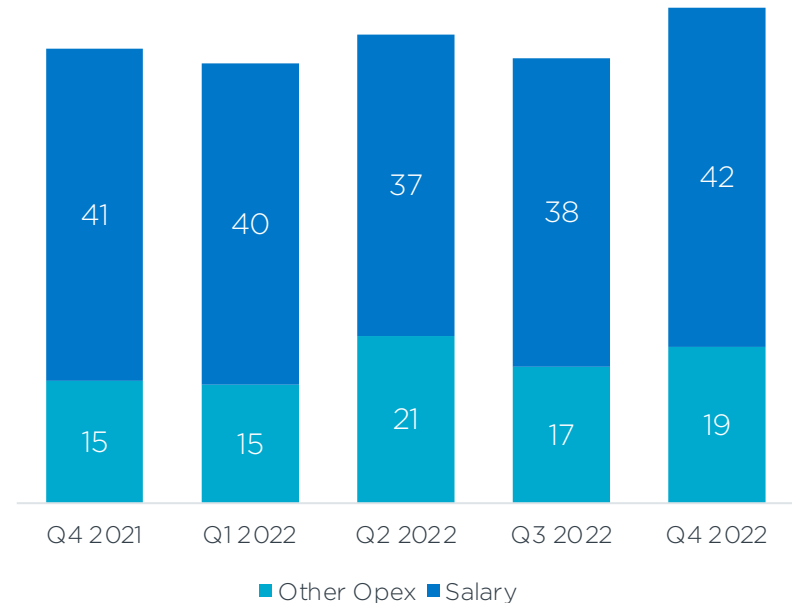
Salary:

- Number of employees increased by 21% to 1,452 over the past last 12 months
- Fx changes reduced payroll cost by USD 6m compared to Q4'21 rates

Other OPEX:

- Varying with pace of product introductions

Cash OPEX* (USDm)



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

Capex intensity remains low

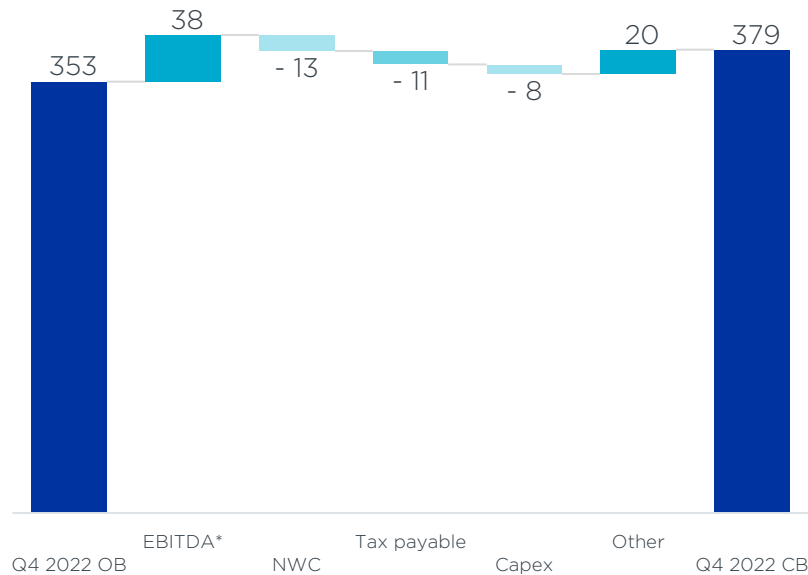
Capex (USDm)



- Capex of USD 8.4 million in Q4
- Overall capex intensity 3% for the full year 2022

Continued strong cash position

Cash position and Cash Flow Q4 2022 (USDm)



* EBITDA Adjusted for Capitalized Development Costs

- Strong EBITDA contribution for continued positive cash performance
- Increase NWC
 - Mainly due to inventory and accounts payables
 - NWC/Revenue LTM of 21.6%
- Other items mainly impacted by timing of compensation plan settlements
- USD 100m prepayment in Q1 to strengthen supply resilience from 2024



Summary and Outlook

Svenn-Tore Larsen, CEO

Mixed near-term outlook across segments

Long-term outlook remains positive

- **Customers:** Large tier-1s with continued strong Bluetooth demand, mixed picture among SMEs
- **Wafers:** Automotive continues to drive competition for 55nm wafers, and limits Bluetooth nRF52/53 shipments
- **Technologies:** Low demand for legacy* products, temporary slowdown for cloT
- **Verticals:** Consumer more exposed than Industrial, strong growth in Healthcare
- **Geographies:** Currently low demand in China, strong in Europe



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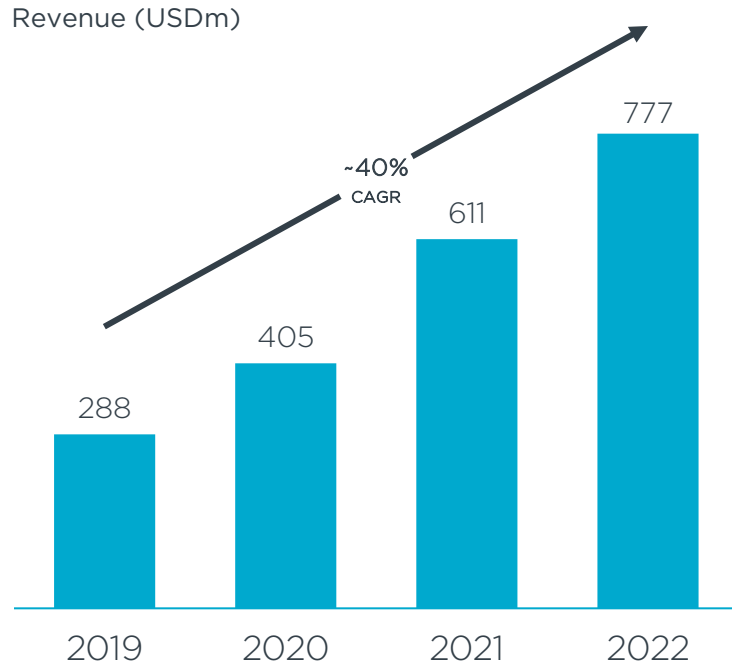
Revenue low-point in Q1

Q1 2023 guidance

Revenue	Gross margin
USDm 140-160m	>52%
-13% to -24% y-o-y	-16% to -27% q-o-q

- Higher share of revenue from tier-1 customers
- Wafer supply curbs Bluetooth production
- Slower demand in some areas

Strong growth → uncertain near-term outlook



- No longer expects to meet the USD 1 billion revenue ambition in 2023 but sees a run-rate of USD 1 billion in the second half of the year
- Continue to invest in long-term growth
- Flexible business model, adapting to changing economic conditions

Q&A



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