



Quarterly Presentation Q1 2023

April 20, 2023



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This presentation was prepared in connection with the Q1 results released on April 20, 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 decline in tougher market

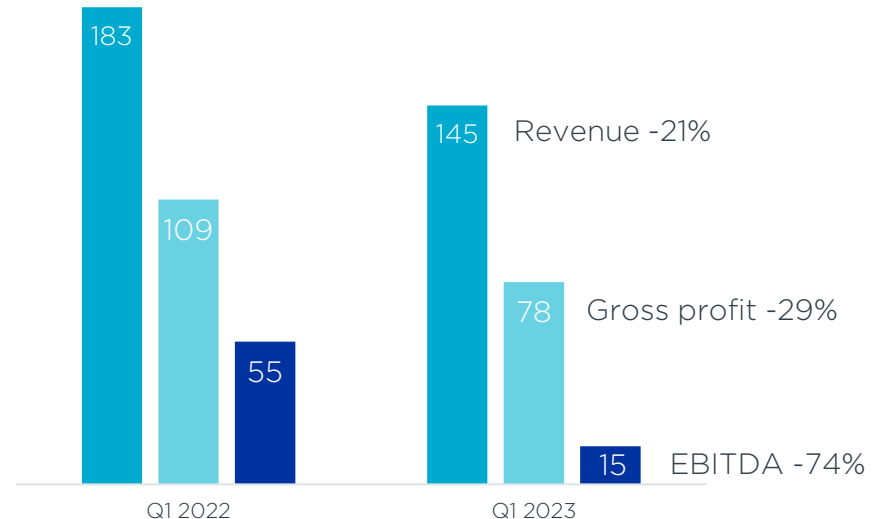
Q1 2023:

- Revenue of USD 145 million (-21%)
- Bluetooth decline of -13%
- Inventory reductions across the whole value chain
- Gross margin 53.3% and EBITDA margin at 10%

Outlook:

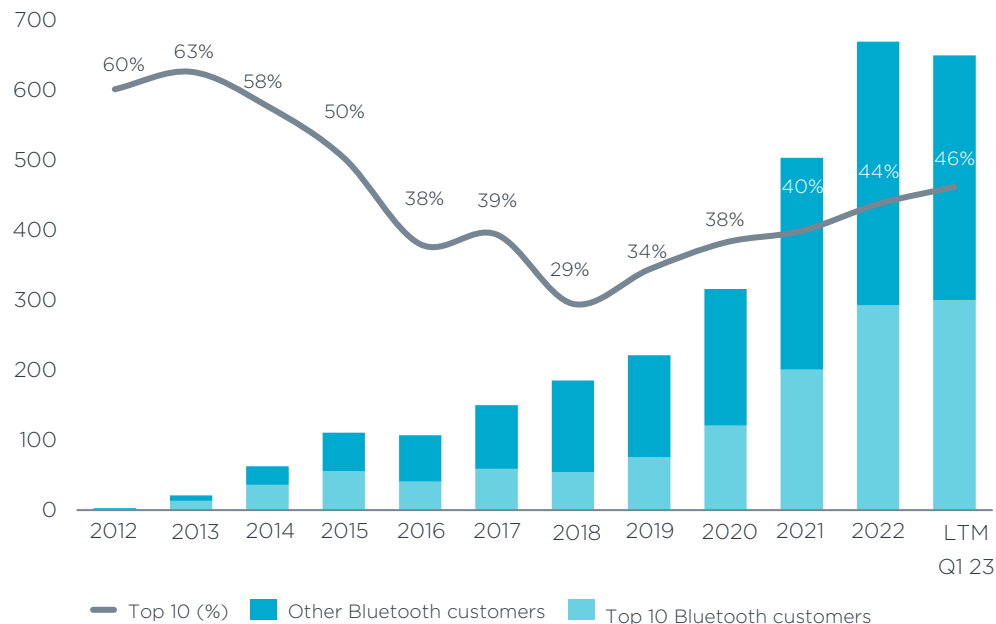
- Guiding for revenue of USD 140-160 million and gross margin of >52% in Q2
- Aiming for return to year-on-year revenue growth towards the end of the year
- Not expecting short-term supply constraints given the current demand forecasts
- Continuing to invest in long-term growth but adjusting cost base to restore margins

Revenue, gross profit and EBITDA (USDm)



Tier-1s continue to take a larger share

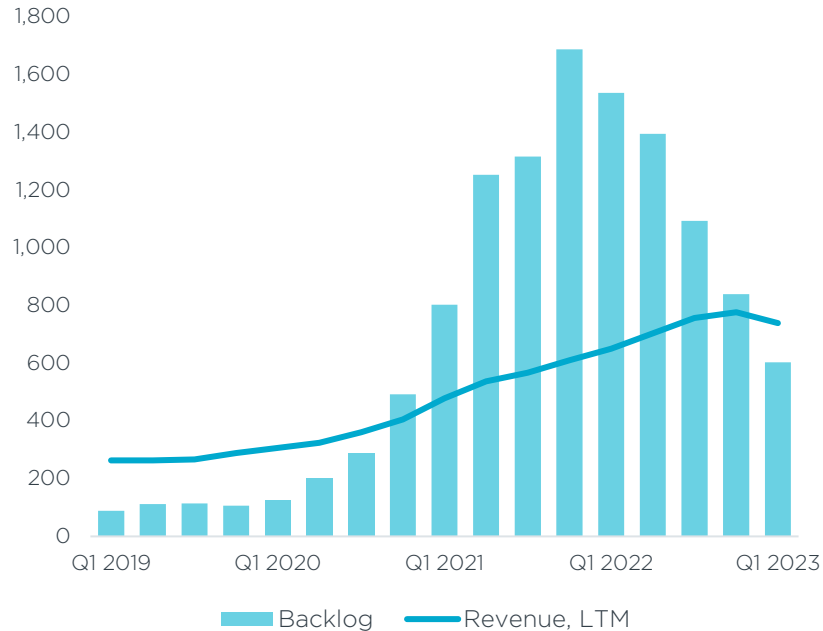
Bluetooth revenue composition (USDm)



- Increased share to tier-1 customers although lower sales than expected in Q1
- Top-10 accounted for ~50% of Bluetooth revenue in Q1'23

Order backlog

Backlog and revenue development (USDm)

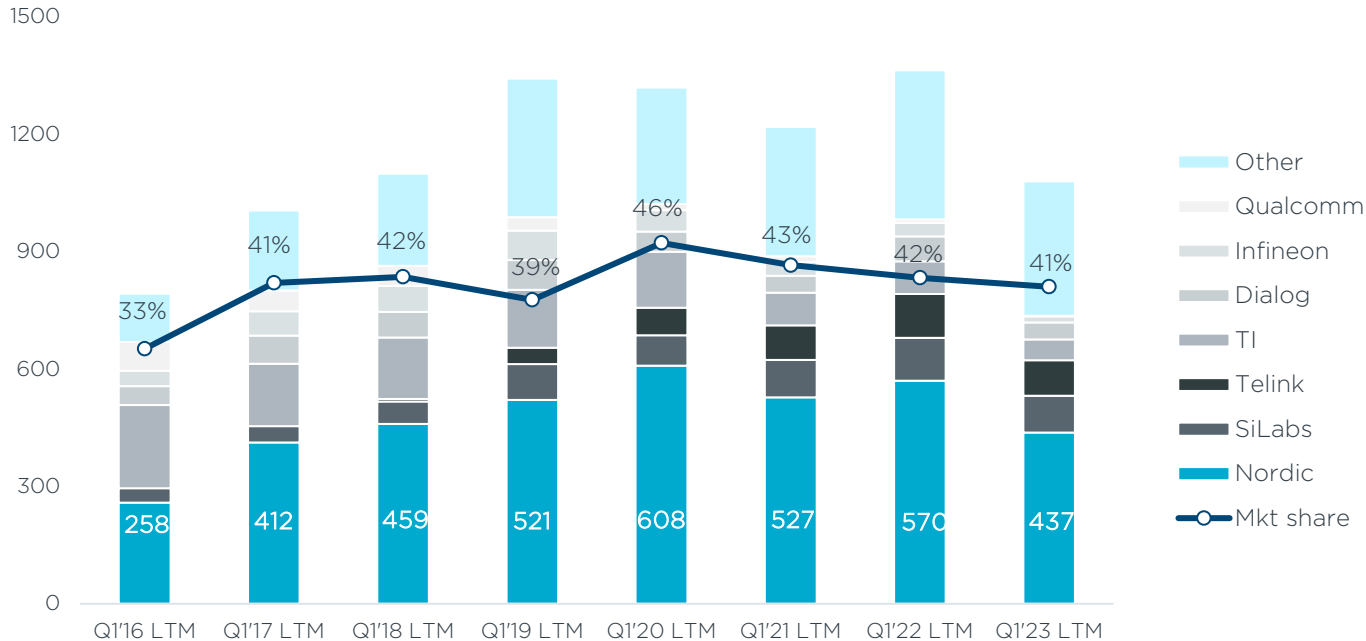


- Weaker demand and order cancellations
- Reduced lead times for all customers
- Discontinuing reporting of order backlog as APM with effect from Q2 2023, due to the limited information value

Steady and high certification market share

Significantly increasing value per design

Bluetooth Low Energy end-product certifications, last 12 months



Nordic
end-product
certifications

Q1'23
108 designs
46% mkt share

LTM
437 designs
41% mkt share

Nordic trends
toward high volume
designs

New customer-product launches in Q1



Samsung Electronics
SmartTag smart tracker
nRF52833

The 'Galaxy SmartTag' provides a simple and effective way to keep track of commonly misplaced items, such as keys or bags

Aptener Mechatronics
Helmet Comms
nRF52840 & nRF21540
(Bluetooth and FEM)

communications headset allowing groups of up to 20 riders to maintain continuous audio connection while on the road

Enea
EV charger
nRF9160 + nRF52840

a smart, portable EV charger that allows EV owners to charge their vehicles at multiple locations with a single charger

Cellular Tracking
Technologies
animal tracker
nRF9160

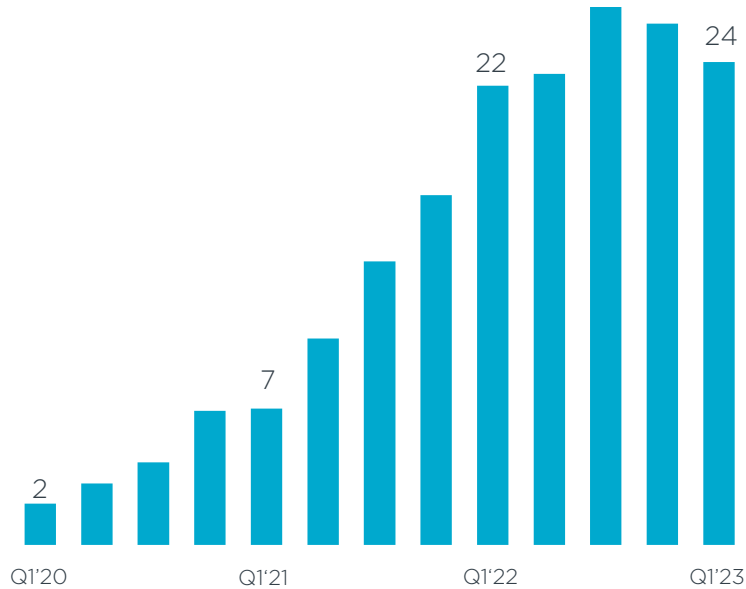
a lightweight battery- and solar-powered tracker for monitoring of bird migration

Connected Sensors
water sensor
nRF9160

a smart water flow device that can detect and measure the volume of water flowing through a water meter

Cellular IoT

Cellular IoT revenue last 12 months (USDm)



- Large base of ~350 projects, with several beginning to gain commercial traction
- Uncertainty regarding project timing in the current economic climate

Strong pipeline of Wi-Fi designs

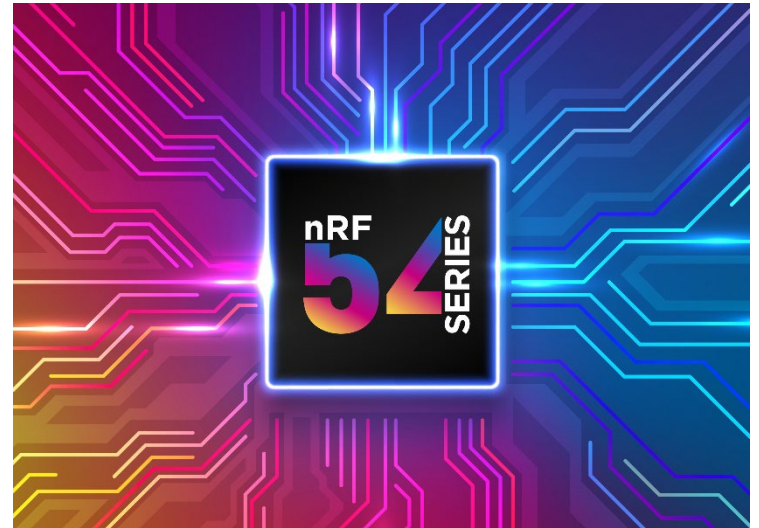
Building out the ecosystem and drive design pipeline



Nordic Wi-Fi solution being presented at the ongoing Nordic Tech Tour APAC

- Building out the Module partner ecosystem
 - Stand alone nRF7002 modules and combo-modules of nRF5340+nRF7002
 - Modules from providers like Fanstel and MinewSemi with more to come
- Pipeline of >300 projects within Smart Home/Matter, Building Automation and Asset Tracking and other verticals

Raising the bar once again



Nordic announces nRF54H20

Next level connectivity solutions - enabling IoT for the future

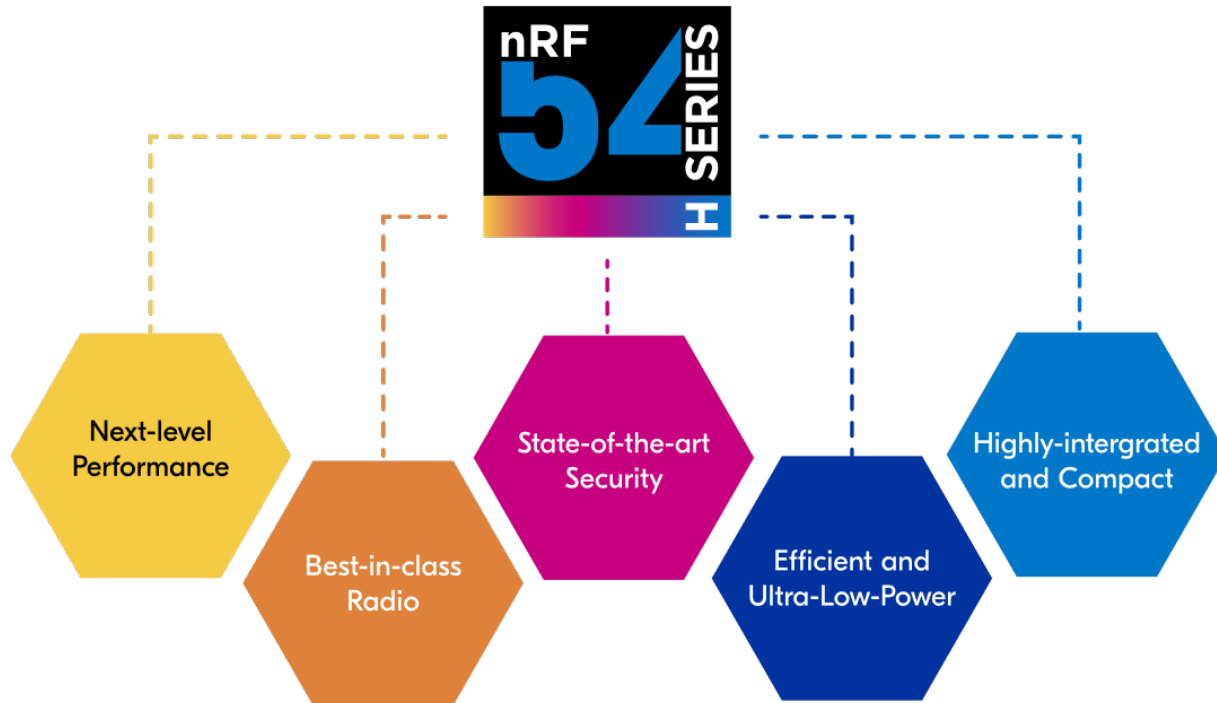


CTO Svein-Egil Nielsen- shipping first batch nRF54H20 preview-kits

- First product in the new nRF54 Series
 - nRF54H20 - 4th generation of multiprotocol Bluetooth LE System-on-Chip (SoC)
- GlobalFoundries 22FDX[®] leading process node
- Shipped nRF54H20 kits to a handful of initial "phase 1" customers in April

nRF54H Series - a disruptive product

A foundation for a new wave of revolutionary IoT end-products



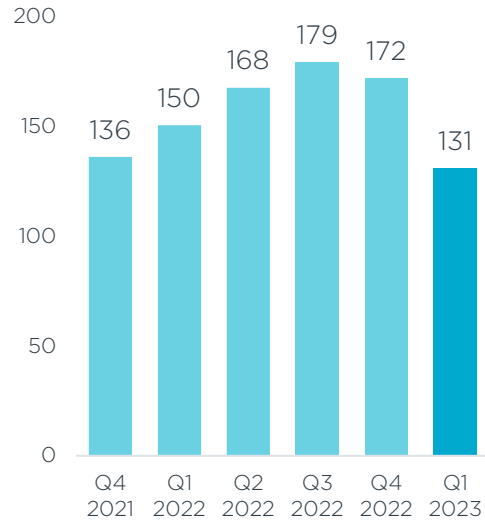
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Financials

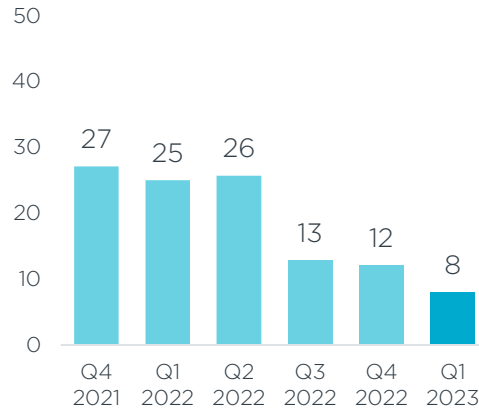
Pål Elstad, CFO

Bluetooth accounts for 90% of revenue

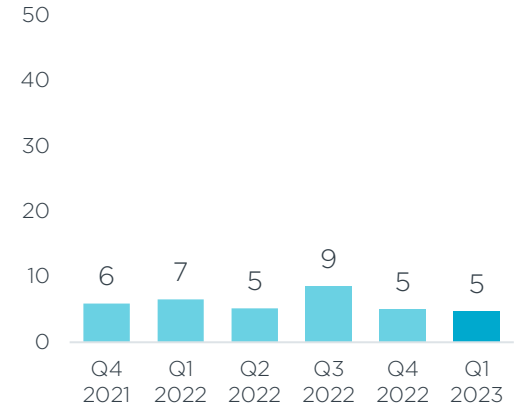
Bluetooth revenue (USDm)
Quarterly



Proprietary revenue (USDm)
Quarterly

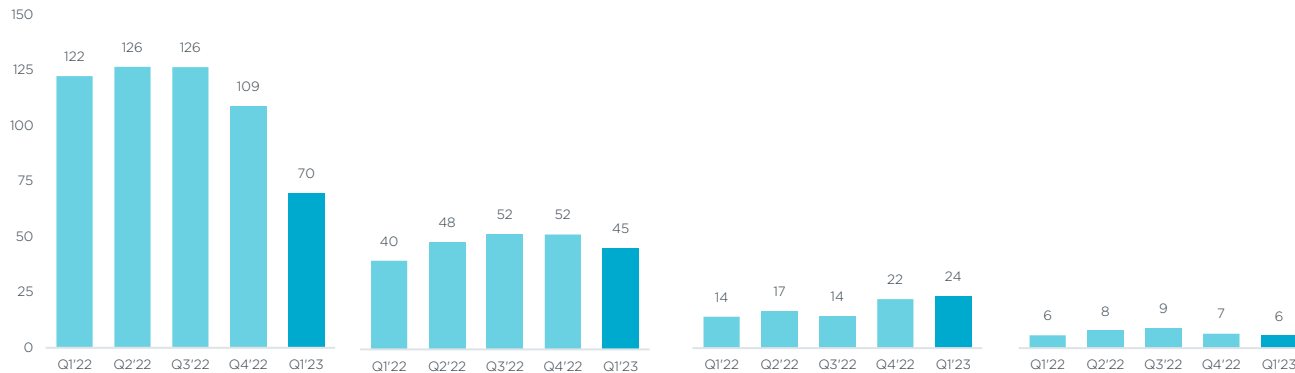
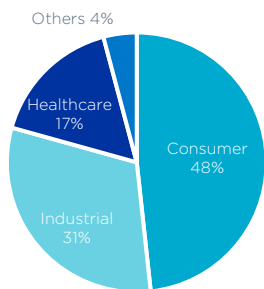


Cellular IoT revenue (USDm)
Quarterly



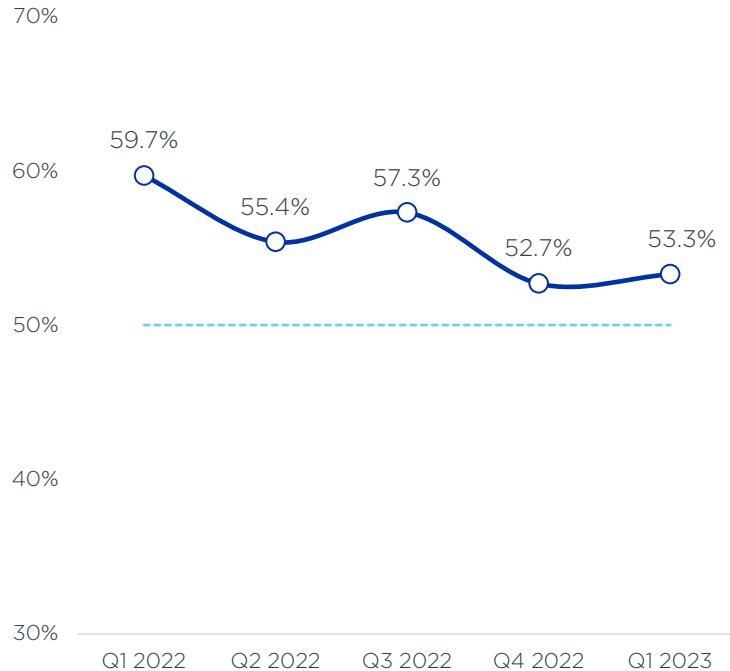
Robust revenue in non-consumer markets

Group	Consumer		Industrial		Healthcare		Others		
USDm 145.4	USDm 69.8		USDm 45.4		USDm 23.6		USDm 5.6		
-21% y-o-y	-24% q-o-q	-43% y-o-y	-36% q-o-q	+14% y-o-y	-12% q-o-q	+66% y-o-y	+6% q-o-q	-4% y-o-y	-15% q-o-q



Revenue for the individual markets excludes ASICs and consulting revenue

Gross margin



- y-o-y comparison distorted by positive effect of price increase in Q1 2022
- Expecting gross margin >52% for Q2 2023
- Reiterating long-term ambition to maintain gross margin >50%

Operating model performance Q1 2023

Gross margin 53.3%	Q1 2023	Q1 2022	Δ		
R&D short-range 17.2%	Revenue	USD 145.4m	USD 183.1m	-20.6%	Revenue impacted by market slowdown
	Gross margin	53.3% USD 77.6m	59.7% USD 109.3m	-6.4pp	Q1'22 margins had positive effect of price increase
R&D cellular IoT 9.4%	R&D short-range	17.2% USD 25.0m	12.4% USD 22.7m	+4.8pp	<ul style="list-style-type: none"> Total R&D up from USD 37.3m to USD 43.2m Up from 20.4% to 29.7% of revenue Continued favourable fx in the quarter
	R&D cellular IoT	9.4% USD 13.7m	6.4% USD 11.8m	+3.0pp	
R&D Wi-Fi 3.1%	R&D Wi-Fi	3.1% USD 4.5m	1.6% USD 2.9m	+1.5pp	
SG&A 13.6%	SG&A	13.6% USD 19.8m	9.4% USD 17.3m	+4.2pp	Increased sales and support activity
EBITDA 10.0%	EBITDA	10.0% USD 14.6m	29.9% USD 54.7m	-19.9pp	Reflects lower revenue and increased R&D

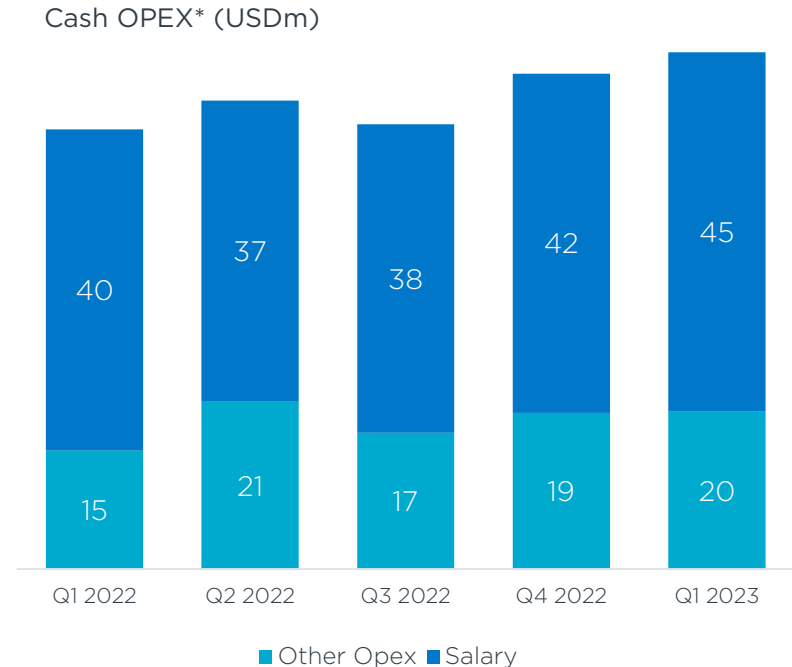
Balancing investments and cost awareness

Cash cost increase vs. Q4'22 due to continued increase in number of employees

Salary:

- Employees increased by 20% y-o-y to 1,513
- Currency reduced payroll cost in Q1'23 by USD >4m compared to Q1'22 rates

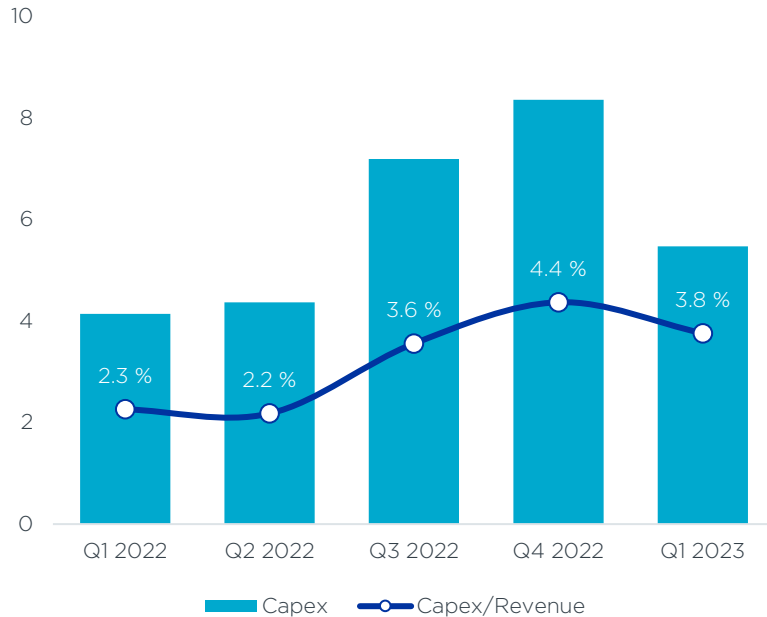
Adjusting the cost base to restore margins



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

Capex intensity remains low

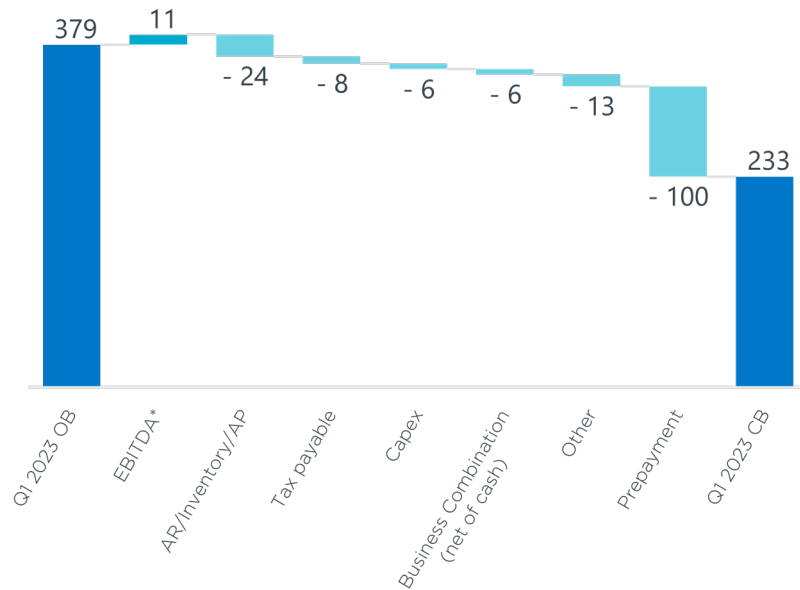
Capex (USDm)



- Capex of USD 5.5 million in Q1
- Overall capex intensity 3.4% for LTM

Cash position affected by prepayment and NWC

Cash position and Cash Flow Q1 2023 (USDm)



- Negative cash flow from operations excluding prepayment of USD 30 million
- Increased NWC
 - Mainly due to inventory and accounts payables
 - NWC/Revenue LTM of 28.2%
- Other items mainly impacted by timing of compensation plan settlements
- USD 100 million prepayment in Q1 to strengthen supply resilience from 2024

* EBITDA Adjusted for Capitalized Development Costs

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Summary and Outlook

Svenn-Tore Larsen, CEO

Flat q-o-q revenue expected in Q2

Q2 2023 guidance

Revenue		Gross margin
USDm 140-160m		>52%
-20% to -30% y-o-y	-4% to +10% q-o-q	

- Continued inventory adjustments across the value chain
- Expect return to year-on-year revenue growth towards the end of the year

Q&A



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