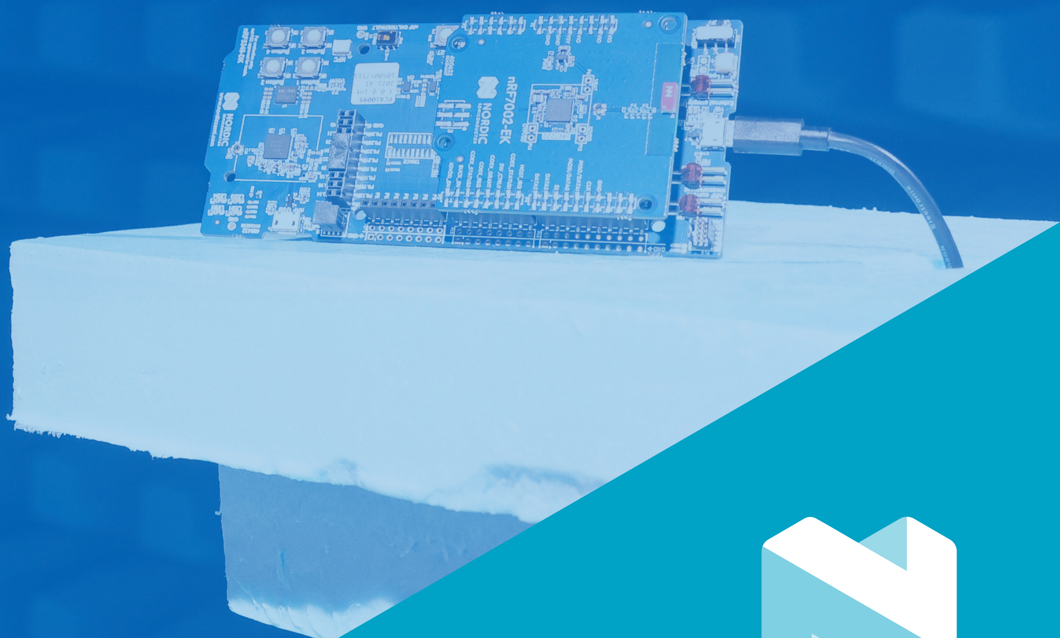
Q2

& first half report 2023



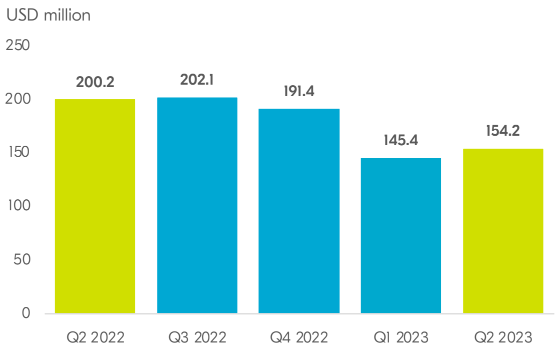
NORDIC SEMICONDUCTOR

Content

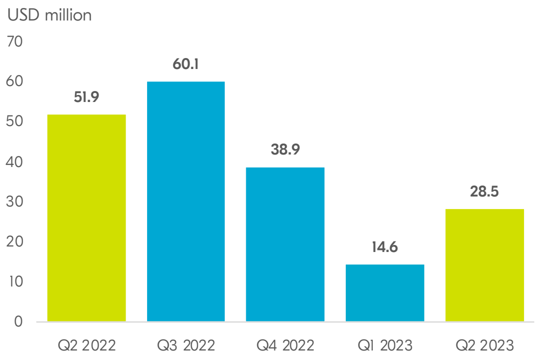
Q2 Highlights

- Revenue of USD 154 million (-23%)
- Gross margin of 53.0%
- EBITDA of USD 29 million (-45%)
- Nordic ranked among European Climate Leaders 2023 by Financial Times and Statista
- Nordic becoming the world's first cellular IoT solutions provider encompassing hardware, software, tools, and cloud services

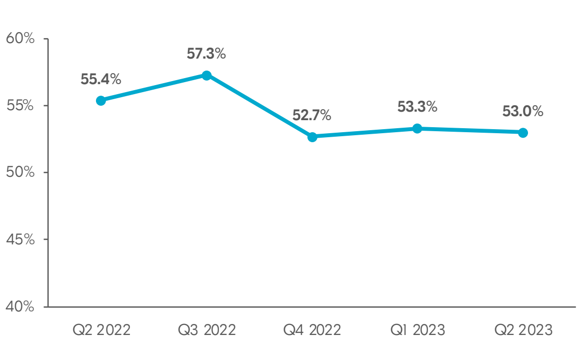
Revenue



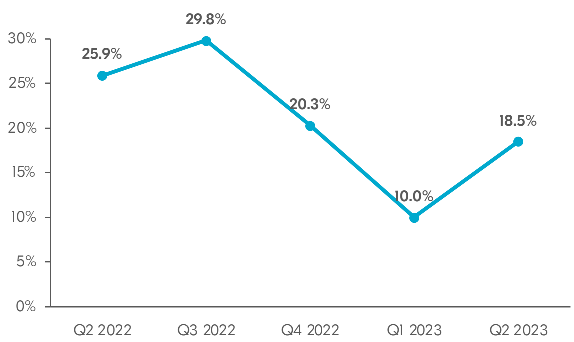
EBITDA



Gross margin



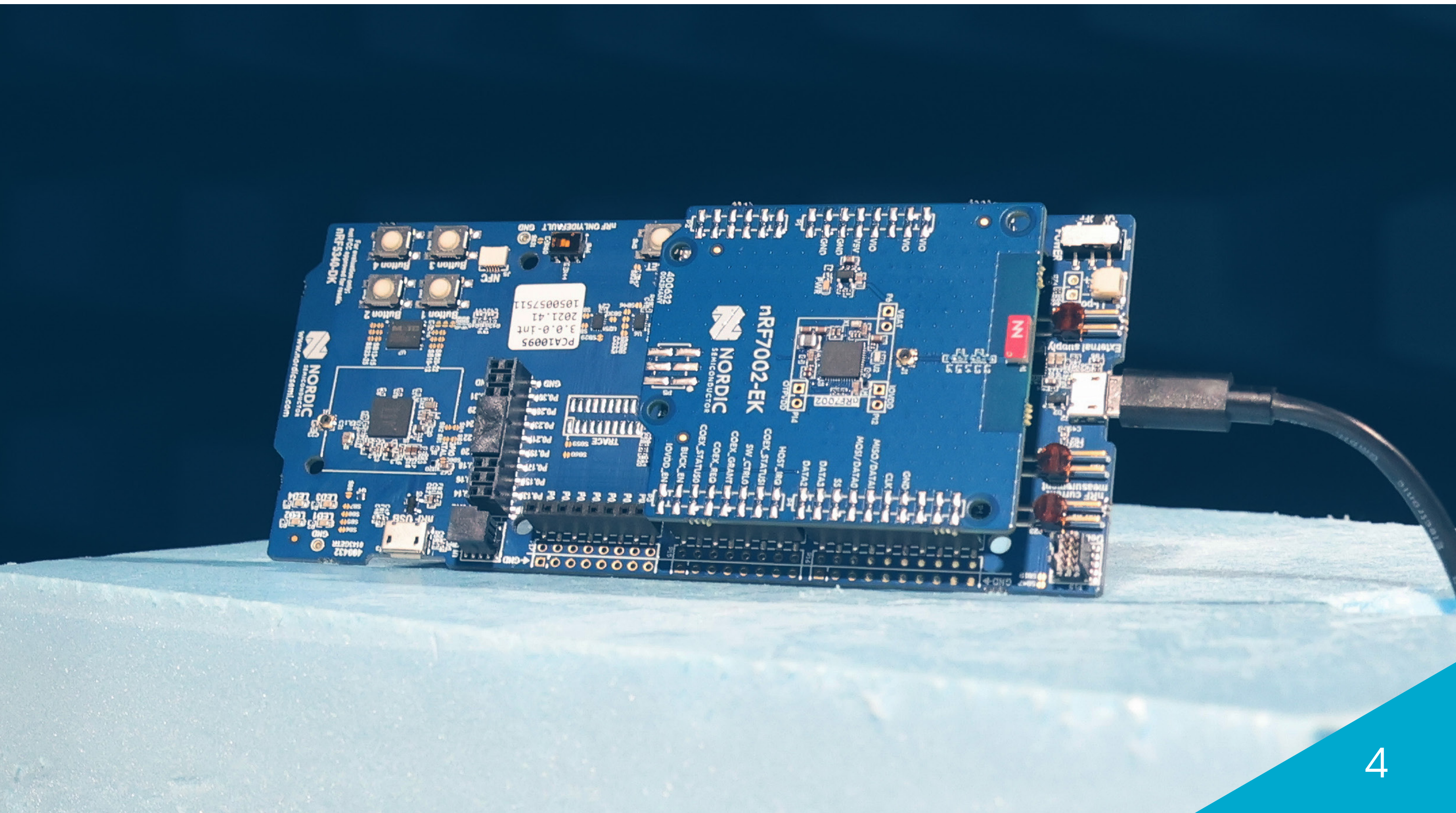
EBITDA margin



Key figures

Q2 and first half 2023 financial summary

	Q2			H1		
Amount in USD million	**2023**	**2022**	**Change**	**H1 2023**	**H1 2022**	**Change**
Revenue	154.2	200.2	-23.0%	299.6	383.3	(21.8%)
Gross profit	81.7	110.8	-26.3%	159.3	220.2	(27.6%)
Gross margin %	53.0%	55.4%	-2.4 p.p.	53.2%	57.4%	-4.3 p.p.
EBITDA	28.5	51.9	-45.1%	43.1	106.7	(59.6%)
EBITDA %	18.5%	25.9%	-7.4 p.p.	14.4%	27.8%	-13.5 p.p.
Operating profit (EBIT)	17.6	41.4	-57.5%	20.6	86.1	(76.0%)
Operating profit % (EBIT)	11.4%	20.7%	-9.3 p.p.	6.9%	22.5%	-15.6 p.p.
Net profit after tax	15.9	33.0	-52.0%	18.9	66.7	(71.7%)
Cash and cash equivalents				252.0	319.9	(21.2%)
LTM Opex excluding depreciation / LTM revenue				33.7%	31.6%	2.1 p.p.
Net working capital / LTM revenue				29.0%	21.9%	7.1 p.p.
Equity ratio				75.6%	76.3%	-0.7 p.p.
Number of employees				1520	1303	16.7%



Q2 & H1 2023 review

Revenue was USD 154.2 million in the second quarter 2023 and USD 299.6 million in the first half 2023. This corresponds to year-on-year decline of 23% and 22%, respectively, reflecting a general demand slowdown and inventory adjustments. Bluetooth revenue declined by 15% year-on-year in the second quarter. Nordic maintains a high and stable design win market share.

Weaker year-on-year demand — stable revenue from Q1 to Q2

Revenue in the second quarter 2023 was up 6% compared to the previous quarter and down 23% year-on-year. The company continues to see changes in the revenue composition with significantly diverging developments across different product technologies, customers, end-user verticals, and geographies.

Bluetooth Low Energy products remain the far biggest technology with 93% of revenue. Although revenue for this product technology was up 9% from the previous quarter, revenue declined by 15% year-on-year due to weaker demand and inventory adjustments.

The top-10 Bluetooth Low Energy customers has accounted for 50% of revenue over the past year, reflecting continuous sales growth to the tier-1 customers in line with the company's strategy.

Proprietary product revenue accounted for 4% of revenue, having declined by 75% year-on-year and 19% from the previous quarter. As described in the interim report for the first quarter, this mainly reflect significantly lower demand for PC accessories and other home office equipment, as well as technology migration to modern standards like Bluetooth Low Energy.

Cellular IoT revenue remains lumpy and exposed to individual customers' production and purchasing patterns, and revenue in the second quarter halved compared to both the same quarter last year and the previous quarter. Cellular IoT accounted for 2% of revenue, with the remaining 1% being being made up of sales of ASIC components and Other.

In terms of customer verticals, the Consumer market saw revenues decline by 33% year-on-year reflecting both lower consumer spending on electronics as well as inventory adjustments among equipment manufacturers. However, revenue increased by 21% from the previous quarter, with larger deliveries to some of the major customers. The Consumer market accounted for 55% of total revenues in the quarter.

Revenue in the Industrial market declined by 38% year-on-year and 34% from the previous quarter, reflecting temporarily lower deliveries to some of the major industrial customers and inventory adjustments. In contrast, revenue in the Healthcare market increased by 106% year-on-year and by 47% from the previous quarter. This reflects particularly high deliveries to the largest healthcare customer in this quarter, and the revenue within this market must be expected to vary between quarters going forward.

Improved supply situation

While limited supply of wafers for Bluetooth Low Energy products was a constraint in 2021-2022, the pressure on the supply chain has eased this year. As noted in the interim report for the first quarter, Nordic expects the wafer supply to be sufficient to meet requirements for the remainder of 2023 given current demand and supply forecasts. Nordic Semiconductor is also moving forward with a supply resilience and diversification program designed to ensure that the company can keep providing customers with leading technology at competitive cost, high quality, and reliable supply. New strategic manufacturing agreements enable capacity expansions in line with the company’s longer-term growth ambitions and will strengthen the company’s production capacity from 2024 onward.

Order backlog

As described in the interim report for the first quarter, the order backlog has reflected a significant supply and demand imbalance over the last few years. Nordic has over the past year worked with its customers to align the backlog with actual delivery capacity rendering order backlog not a good revenue or demand indicator. The company is therefore discontinuing order backlog as an Alternative Performance Measure (APM) with effect from this quarter.

Bluetooth design certifications

Nordic maintained a very high market share of 41% of new design certifications in the Bluetooth Low Energy (Bluetooth LE) market in the second quarter 2023. This compares with a market share of 39% in the second quarter 2022 and 39% for the full year 2022, according to FCC and Bluetooth SIG data compiled by DNB Markets. The total number of new Bluetooth LE design certifications was 265 in the second quarter, of which 108 had Nordic inside.

nRF54: Redefining wireless connectivity

As mentioned in the previous interim report, Nordic in April announced the fourth-generation low power wireless nRF54 Series chip, which represents a significant step forward in performance. The new nRF54 extends the multi award-winning nRF53, which has won prestigious awards and is applied with the largest and most demanding customers. Nordic is actively collaborating with customers to enable product launches that unleash the exciting capabilities of the newly launched nRF54H20 SoC.

The first round of sampling was successful with overall good response. We are now working to scale sampling to more customers and are on track to realize initial revenue in second half of 2024.

Customer product launches

Nordic customers launched a wide variety of new products powered by the company's Bluetooth Low Energy products also in the second quarter 2023. New product launches included products for both the consumer and healthcare markets, as well as industrial solutions. Among the consumer product we saw launches of an electric bike display with smartphone connection and Casio announced the new "G-SHOCK" family using Nordic chips. In healthcare products a remote monitoring solution supporting joint injury recovery, a smart breast pump, a wearable walk cuing for people with Parkinson's disease, and a sensing platform supporting a range of applications across both medical devices and fast-moving consumer goods were announced.

Within the industrial space, new launches included remote equipment monitoring devices for industrial manufacturing, mining, utility, and agriculture sectors, a temperature and humidity sensor product for monitoring of commercial food industry refrigeration and HVAC equipment, a gateway providing Bluetooth Direction Finding to locate items and personnel, and a water-resistant, dustproof and crushproof wearable beacon tag for personnel transport application.

Cellular IoT design launches in the second quarter included an asset tracker for heavy vehicles and cargo, an industrial connectivity solution enabling Cloud-based operations monitoring, irrigation sensors tracking agricultural sprinklers and detecting water leaks, a smart buoy providing location updates for fishing equipment, and a cellular IoT data logger supporting 'unlimited' sensor integrations for remote monitoring applications.

Within the Wi-Fi technology, Fanstel launched a new module series deploying both Nordic's multiprotocol nRF5340 Bluetooth SoC and the nRF7002 Wi-Fi companion chip for developers utilizing the Matter smart home product designs.

Supporting the KNX IoT protocol
Nordic in June announced that it supports the new KNX IoT protocol with membership of the KNX association, alongside its support to the Matter IoT protocol and Bluetooth mesh. This offers developers of commercial building and smart home automation products a ready-to-use solution for evaluating KNX IoT technology and building prototypes. The KNX IoT specifications have been developed specifically with smart, low-power embedded devices in mind, and is based on the Thread protocol available on Nordics multiprotocol products across the nRF52, nRF53 and nRF54 Series. By joining the KNX Association, Nordic Semiconductor continues to deliver on its commitment to support all foundation technologies of the IoT and help developers deliver products that are reliable, efficient, secure, and easy-to-use.

Cellular IoT
Nordic is working to open the broad market for cellular IoT solutions with a scalable and flexible model combining leading-edge ultra-low power hardware, open-source software, strong technical support through DevZone and distributors, an expanding Partner Program, and global carrier certifications.

Nordic's end-customers are working on cellular IoT projects across a wide variety of verticals, including smart cities, logistics and asset tracking, industrial and agricultural monitoring systems, metering, parking, and payment systems, etc.

As described in previous interim reports, the tougher economic climate has increased the risks related to project timing and customer financing of many cellular IoT projects, especially for smaller companies, which adversely affects current and forecasted demand and revenues. However, the company sees a healthy inflow of projects into the pipeline and no signs of slowdown in the design activity.

In June, Nordic introduced an end-to-end cellular IoT solution across hardware, software, tools, and nRF Cloud Services, with the announcement of a new nRF91 Series SiPs with support for the DECT NR+ wireless connectivity standard. The offering will comprise chipsets, modules, software and services controlled and supplied by Nordic, making it the first fully inclusive world-class cellular IoT solution offered through a single company.

The integration of cellular and DECT NR+ follows the unified platform strategy already implemented for Bluetooth Low Energy, Thread, and Wi-Fi products.

The new solution includes two new devices, the nRF9161 offering both cellular and NR+ connectivity, and the "half-sized" nRF9131 mini-SiP offering greater flexibility in design and sourcing for high-volume businesses. Both are currently sampling to key customers. The solution also includes two new sets of services, in the nRF Cloud Security Services and nRF Cloud Management.

The new DECT NR+ standard (Digital Enhanced Cordless Telecommunications New Radio) will be the world's first non-cellular 5G wireless standard, designed to support massive IoT at densities of a million devices per square kilometer. This will enable enterprise IoT and public customers to build their own scalable, low-cost massive IoT networks. Typical use cases include asset tracking, smart city, and smart energy projects.

Earlier in the quarter, Nordic announced that engineering and design specialist SODAQ had joined Nordic's expanding Partner Program as a design partner specializing in durable tracking and sensing solutions. This enables Nordic customers to access turnkey services for IoT hardware, software, RF, and antenna design that are compatible with Nordic's wireless solutions including the cellular IoT SiPs.

Also, Nordic and Danish Onomondo announced the world's first 100% software-based SIM to low-power cellular IoT, reducing both SIM costs and bill of materials for Nordic's cellular IoT customers. Onomondo's 'SoftSIM' is platform agnostic and downloadable from the Cloud and executed as software by the application process on Nordic's nRF9160 SiP. This gives customers an 'out-of-the-box' connectivity solution with reduced power consumption compared to alternatives.

Wi-Fi
Nordic in June expanded its nRF70 Series with the nRF7001 Wi-Fi 6 companion IC for cost-optimized designs requiring 2.4 GHz single band connectivity only. This adds a lower-cost complement to the 2.4 and 5 GHz capable nRF7002. Both the nRF70 Series Wi-Fi 6 companion ICs provide low power, robust, and secure Wi-Fi connectivity as well as Wi-Fi assisted location-services based on Service Set identifier (SSID) scanning.

The companion ICs can be used together with Nordic's nRF52 and nRF53 Series multiprotocol Systems-on-Chip (SoCs) and the nRF9160 cellular IoT System-in-Package (SiP), as well as with non-Nordic host devices. Nordic is one of few companies globally to offer all the three most popular wireless IoT technologies globally; Bluetooth, Wi-Fi, and cellular IoT.

Power management - PMICs
Nordic is also established in the power management space with a systems portfolio comprising three different PMICs. The launch of the nPM1300 adds to the nPM1100 launched in 2021 and the nPM6001 launched in 2022. The nPM1300 combines circuitry typically requiring five or more discrete components into a single chip, thereby reducing bill-of-materials as well as power consumption.

Together with the wide launch of the nPM1300, Nordic in June also launched the nPM1300 Evaluation Kit and the nPM PowerUP PC app, making it simple for developers to evaluate, configure, and implement the nPM1300 PMIC.

Nordic ranked among European Climate Leaders 2023
In May, Nordic was ranked number 26 on a prestigious list of 500 European climate leaders compiled by Financial Times and Statista, making it the highest ranked Norwegian company on the list. The performance was calculated based on based on the reduction of core greenhouse gas emissions intensity over a five-year period, as well as transparency on disclosing emissions arising elsewhere within the company's value chain.

As an example of the company's sustainability commitment, Nordic and Wevolver currently runs the 'Connect for Good: Low Power Wireless Sustainability Challenge', where the winning design will be an innovative product that is energy-efficient, helps fight climate change, protects ecosystems, or is beneficial to society. Nordic and Wevolver has partnered with Mouser Electronics, Soracom and Crowd Supply to launch the competition.

INCOME STATEMENT

Revenue

	Q2			H1		
Amounts in USD thousand	**2023**	**2022**	**Change**	**2023**	**2022**	**Change**
Bluetooth	143 207	167 543	-14.5%	274 035	317 999	-13.8%
Proprietary wireless	6 409	25 707	-75.1%	14 351	50 773	-71.7%
Short range wireless components	**149 616**	**193 249**	**-22.6%**	**288 386**	**368 771**	**-21.8%**
Cellular IoT	2 588	5 162	-49.9%	7 311	11 715	-37.6%
ASIC components	1 726	1 025	68.4%	2 874	2 036	41.2%
Consulting services	0	0	—%	0	0	—%
Other	287	751	-61.8%	1 074	751	42.9%
Total revenue	**154 217**	**200 187**	**-23.0%**	**299 645**	**383 273**	**-21.8%**

Nordic reported total revenue of USD 154.2 million in Q2 2023, which was a decrease of 23% from USD 200.2 million in Q2 2022. Total revenue was 6% higher than the previous quarter. The decline compared to last year mainly reflects a general demand slowdown and inventory adjustments. For the first half year of 2023, total revenue decreased by 21.8% from USD 383 million in 2022 to USD 300 million.

Revenues by technologies
Nordic classifies its revenues into the following technologies: Short-range wireless components, long range (cellular IoT) wireless components, ASIC components, Consulting services and other. Other revenues include PMIC, front end modules and Wi-Fi, as well as development tool sales. Short-range wireless components are in turn split between Bluetooth and Proprietary solutions.

Bluetooth revenue amounted to USD 143.2 million in Q2 2023, a decrease of 15% year-on-year and up 9% from the previous quarter . Bluetooth share of total revenue was 93% in Q2 2023, the highest number recorded. For the first half year of 2023, Bluetooth revenue decreased by 14%, from USD 318.0 million in 2022 to USD 274.0 million. The main reason for the decline is weaker demand, as well as inventory adjustments.

Proprietary revenue amounted to USD 6.4 million in Q2 2023, which was a decrease of 75% year-on-year and down 19% from the previous quarter. For the first half year of 2023, proprietary decreased by 72% from USD 50.8 million to USD 14.4 million. The decline mainly reflects continued weak demand for PC accessories and other home office equipment after a boost during Covid, and technology migration to more modern standards like Bluetooth Low Energy.

Cellular IoT revenue amounted to USD 2.6 million in Q2 2023, which was a decrease of 50% year-on-year and down 45% from the previous quarter. For the first half year of 2023, Cellular revenue decreased by 38%, from USD 11.7 million in 2022 to USD 7.3 million.

ASIC component revenues amounted to USD 1.7 million in Q2 2023, compared with USD 1.0 million in Q2 2022 and USD 1.1 million in the previous quarter. For the first half year of 2023, ASIC revenue increased by 41%, from USD 2.0 million in 2022 to USD 2.9 million.

	Q2			H1		
Revenues by end-product markets	**2023**	**2022**	**Change**	**2023**	**2022**	**Change**
Consumer	84 358	126 404	-33.3%	154 108	248 651	-38.0%
Industrial	29 873	48 205	-38.0%	75 235	87 988	-14.5%
Healthcare	34 522	16 755	106.0%	58 082	30 947	87.7%
Other	3 738	7 798	-52.1%	9 346	13 653	-31.5%
Total revenue excl. ASIC & Consulting	**152 491**	**199 162**	**-23.4%**	**296 771**	**381 238**	**-22.2%**

The company reports on four end-user markets: Consumer, Industrial, Healthcare, and Others.

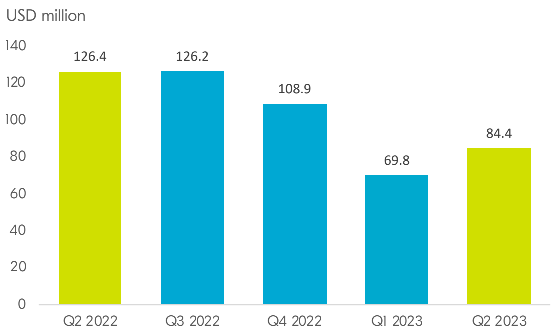
Consumer accounted for 55% of revenue, having decreased by 33% year-on-year to USD 84.4 million in Q2 2023. For the first half year of 2023, Consumer revenues decreased by 38% to USD 154.1 million. The main reason for the decline is reduced revenue from PC accessories for home offices and gaming. The wearable market also had a weak performance in the quarter, however this is dominated by many large customers from the Chinese domestic market which has been strategically de-prioritized.

Industrial accounted for 20% of revenues, having decreased by 38% year-on-year to USD 29.9 million in Q2 2023. For the first half year of 2023, Industrial revenue decreased by 14.5% to USD 75.2 million.

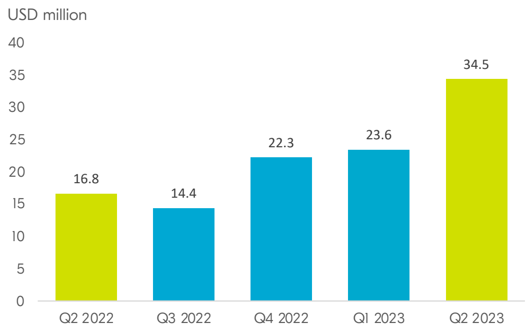
Healthcare accounted for 23% of revenues, having increased by 106% year-on-year to USD 34.5 million in Q2 2023. For the first half year of 2023, Healthcare revenue increased by 87.7%% to USD 58.1 million.

Other revenue decreased 52.1% year-on-year to USD 3.7 million. For the first half year of 2023, Other revenues decreased by 31.5% to USD 9.3 million.

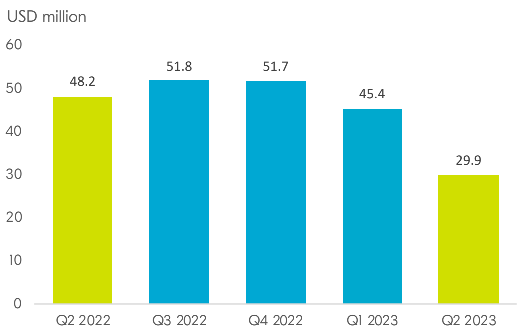
Revenue - Consumer



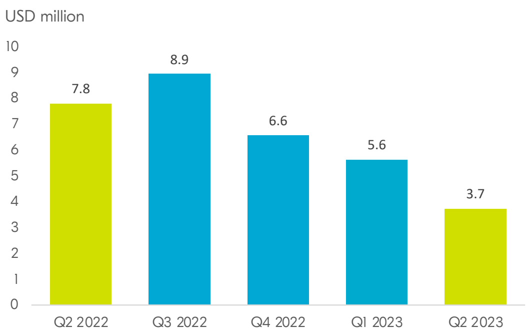
Revenue - Healthcare



Revenue - Industrial



Revenue - Others



Financial results

	Q2			H1		
Amounts in USD thousand	**2023**	**2022**	**Change**	**2023**	**2022**	**Change**
Gross profit	81 744	110 840	-26.3%	159 298	220 163	-27.6%
Gross margin	53.0%	55.4%	-2.4%	53.2%	57.4%	-4.3%
Operating expenses excl. depreciation and amortization	53 227	58 912	-9.6%	116 225	113 501	2.4%
EBITDA	28 517	51 928	-45.1%	43 073	106 662	-59.6%
EBITDA %	18.5%	25.9%	-7.4%	14.4%	27.8%	-13.5%
Depreciation and amortization	10 935	10 550	3.7%	22 445	20 588	9.0%
EBIT	17 581	41 378	-57.5%	20 629	86 074	-76.0%

Gross profit
Gross profit was USD 81.7 million in Q2 2023, down from USD 110.8 million in Q2 2022, with the gross margin decreasing to 53.0% from 55.4% in the same quarter last year and 53.3% in the Q1 2023.

We have been able to maintain stable gross margins during the last few quarters, despite increased material costs. Gross margins in first half of 2022 were positively influenced by depletion of materials purchased prior to the supplier price increases in late 2021.

For the first half year 2023, gross profit decreased by 28% to USD 159.3 million, with the gross margin decreasing to 53.2% from 57.4% in the same period last year.

Operating expenses
Operating expenses excluding depreciation and amortization amounted to USD 53.2 million in Q2 2023. Compared with USD 58.9 million in Q2 2022 this is a decrease in cost of 10%. The decrease primarily reflects a higher capitalization and currency effects, partly offset by increase in employees.

Due to the strengthening of USD compared to other relevant currencies such as NOK and EUR, Nordic had a positive currency impact on payroll of around USD 2 million compared to Q2 2022. Adjusted for the currency effect, total operating expenses decreased by 6%.

R&D costs amounted to USD 33.5 million, compared to USD 39.8 million in Q2 2022. USD 18.0 million related to the short-range business, USD 11.5 million to cellular R&D and USD 4.0 million to Wi-Fi.

Nordic capitalized a total of USD 6.5 million in development expenses in Q2 2023, compared to USD 1.8 million in Q2 2022. The increase relates mainly to the commercialization of the recently announced nRF54 Series, as Nordic does not commence capitalization of R&D until after customer sampling. USD 0.2 million is related to Wi-Fi investments, USD 0.2 million to long-range, and USD 6.1 million to the short-range business.

Total cash operating expenses amounted to USD 58.6 million in Q2 2023, when adding back capitalized development expenses and deducting depreciation and equity-based compensation from total operating expenses. This compares to USD 58.2 million in Q2 2022.

USD 38.2 million of the cash operating expenses were related to payroll expenses, compared to USD 37.4 million in Q2 2022.

The number of employees in R&D has increased 17% over the past year to 1,154 people. The Sales & Marketing staff increased 13% to 144, whereas the supply chain organization increased 16% to 94 employees. The increase is mainly from hiring in second half of 2022, with only net 7 people increase since Q1 2023 due to cost initiatives.

Other cash operating expenses were USD 20.3 million in Q2 2023, compared to USD 20.8 million in Q2 2022.

For the first half of 2023, operating expenses amounted to USD 116.2 million, excluding depreciation and amortization, up from USD 113.5 million in the first half of 2022. Cash operating expenses increased to USD 122.8 million from USD 112.9 million in the first half of last year.

The company will continue to invest in future growth opportunities. However, in view of the current market environment, the company has initiated targeted cost initiatives expected to impact financials in the second half of the year.

Profit

EBITDA declined to USD 28.5 million in Q2 2023 from USD 51.9 million in Q2 2022. The reported EBITDA margin decreased to 18.5% in Q2 2023 from 25.9% in the same quarter last year. For the first half 2023, EBITDA was USD 43.1 million, compared to USD 106.7 million in the same period last year. The change is due to the lower revenues and the fact that gross margins in 2022 reflected depletion of materials purchased prior to supplier price increases.

Short-Range EBITDA was USD 43.2 million in Q2 2023, and the EBITDA margin for the short-range business 28.5%. This compares to USD 65.8 million and 33.8% in Q2 2022. These figures exclude the cellular IoT business and the Wi-Fi business.

Depreciation and amortization increased to USD 10.9 million in Q2 2023, compared to USD 10.5 million in Q2 2022. The increase mainly reflects higher amortization of fixed assets. Amortization of internally developed R&D overall amounted to USD 2.3 million in Q2 2023 and amortization of leased assets to USD 2.0 million.

Operating profit (EBIT) was USD 17.6 million in Q2 2023, down from USD 41.4 million in Q2 2022. For the first half 2023, EBIT decreased to USD 20.6 million from USD 86.1 million.

Net financial income was USD 2.0 million in Q2 2023, compared to USD 5.3 million in Q2 2022, with the difference mainly explained by USD/NOK movements

Profit before tax was USD 19.6 million in Q2 2023, compared to a profit before tax of USD 46.6 million in Q2 2022. The tax expense in Q2 2023 was USD 3.7 million, representing an effective tax rate of 19%. The tax expense in Q2 2022 was USD 13.6 million. The company's statutory tax rate is 22%. The company presents its accounts in USD, with profits translated into NOK for taxation purposes.

Net profit was USD 15.9 million in Q2 2023, compared to a net profit of USD 33.0 million in Q2 2022.

For the first half 2023, profit before tax was USD 28.0 million and net profit was USD 18.9 million. This compares to USD 91.1 million and USD 66.7 million, respectively, in the first half of last year.

Financial position

Amounts in USD thousand	30.06.2023	31.12.2022	30.06.2022
Capitalized development expenses	31 100	26 608	29 912
Total non-current assets	**227 085**	**102 120**	**101 001**
Inventory	147 933	102 091	63 957
Cash and cash equivalents	252 013	379 104	319 850
Total current assets	**578 908**	**674 121**	**585 529**
Total assets	**805 994**	**776 241**	**686 530**
Total equity	**609 301**	**583 544**	**523 705**
Equity percentage	75.6%	75.2%	76.3%
Total liabilities	**196 693**	**192 697**	**162 824**
Total equity and liability	**805 994**	**776 241**	**686 530**

Total shareholders' equity amounted to USD 609.3 million at the end of Q2 2023, up from USD 583.5 million at the end of 2022.

The Group equity ratio was 75.6% of a total asset base of USD 806.0 million.

Cash and cash equivalents amounted to USD 252.0 million, compared to USD 379.1 million at the end of Q2 2022. The main reason for the decline is is a prepayment of USD 100.0 million made in Q1 2023 related to ongoing initiatives to strengthen supply resilience and diversification.

Net working capital increased to USD 200.7 million at the end of Q2 2023, up from USD 154.2 million at the end Q2 2022. Measured as a percentage of last 12 months revenue, net working capital increased to 29.0% from 21.9% at the end of Q2 2022.

The changes in net working capital mainly reflect an increase in inventory to USD 147.9 million from USD 64.0 million. Total inventory during 2022 was severely impacted by the supply constraints. The current inventory level for Bluetooth is normalized while proprietary and cellular are above normal levels. Accounts receivable decreased to USD 158.4 million from USD 186.6 million at the end of Q2 2022. This comes as a result of revenue development.

Total current assets amounted to USD 578.9 million at the end of Q2 2023, down from USD 674.1 million at the end of the Q2 2022.

Non-current assets amounted to USD 227.1 million at the end of Q2 2023, compared to USD 101.0 million at the end of Q2 2022. The change is mainly explained by the prepayment made in Q1 2023.

Current liabilities amounted to USD 168.5 million, compared to USD 150.1 million at the end of Q2 2022. The increase reflects timing of collection from suppliers and customers.

Non-current liabilities amounted to USD 28.2 million, compared to USD 12.7 million at the end of Q2 2022. Non-current liabilities mainly consist of lease liabilities. The increase in non-current lease liabilities is related to Nordic's new office in Oslo. Nordic had no interest-bearing debt at the end of Q2 2023.

Cash flow

	Q2		H1	
Amounts in USD thousand	**2023**	**2022**	**2023**	**2022**
Cash flows from operations	31 831	29 797	-97 778	61 790
Cash flows from investing activities	-11 227	-6 137	-25 881	-11 940
Cash flows from financing activities	-1 945	-6 263	-3 768	-7 790
Change in cash and cash equivalents	18 753	16 292	-127 091	40 520
Cash and cash equivalents at the end of the period	252 013	319 850	252 013	319 850

Cash flow from operating activities was USD 31.8 million in Q2 2023, compared to USD 29.8 million in Q2 2022. The cash flow is a result of profits in the quarter and limited growth in working capital.

Cash flows from investing activities was an outflow of USD 11.2 million in Q2 2023, compared to an outflow of USD 6.1 million in Q2 2022. Capital expenditures -including software- amounted to USD 4.8 million, up from USD 4.4 million in the second quarter last year, whereas capitalized development expenses increased to USD 6.5 million from USD 1.8 million in the same period last year. The higher capitalization is a result of the nRF54 product that has entered final development stages.

Capex over the past years has been investments in lab equipment and purchase of test equipment to secure higher capacity when the wafer shortage eases. Higher capex during Q2 was mainly related to investments in IT infrastructure, test equipment and facilities.

Cash flows from financing activities was an outflow of USD 1.9 million relating to payment of lease liabilities. This compares to an outflow of USD 6.3 million in Q2 2022. The high outflow in Q2 2022 is explained by settlement of option contracts.

For the first half year 2023, cash flow from operating activities amounted to an outflow of USD 97.8 million compared to an inflow of USD 61.8 million in the same period last year. The main reasons for the weaker cash flow from operations in 2023 are the prepayment of USD 100 million, increased net working capital as a result of increased inventory, and lower profits.

Cash outflow from investing activities was USD 25.9 million in the first half of 2023 compared to USD 11.9 million in the same period last year. This change is driven by completed acquisition of Mobile Semiconductor Inc. and increased capitalization from the nRF54 entering final development stages.

Net cash flow from financing activities was an outflow of USD 3.8 million, compared to USD 7.8 million in the same period last year.

Funding

The Group's cash position was USD 252.0 million at the end of Q2 2023, compared to USD 319.8 million at the end of Q2 2022 and USD 379.1 million at the end of 2022. The cash is mainly kept in the Group's functional currency USD to minimize the impact of currency fluctuations.

Available cash including credit and overdraft facilities amounted to USD 402 million, including Nordic's right to borrow USD 150 million under sustainability linked RCF.

Risk and uncertainty

The company has identified six major groups of risk: Strategic, Operational, Financial and Legal & Compliance, Social and risk related to the Climate & Environment. Some of these risks are outside of Nordic's control, including industry and specific cyclical risks. The supply of and demand for semiconductors and electronic products is sensitive to global economic conditions and international trade flows. While the underlying long-term market trends point towards increasing demand for Nordic's products, the operations are exposed to a variety of factors with impact on the financial position of the company. The current macroeconomic headwinds have accentuated these risk factors.

The main strategic risks are:

- Cyclical nature of the semiconductor industry
- Customer concentration
- Wafer supply constraints
- Competitiveness of Nordic products
- Geopolitical risk and trade tensions
- Attraction and retention of key talent

Nordic's growth is dependent on demand for its customers' end products, primarily within the IoT, consumer, healthcare, and industrial sectors. Industry downturns that adversely affect the Group's customers or their customers could adversely affect demand for the Group's products. Additionally, global or regional economic slowdowns affecting business and consumer confidence generally could cause demand for semiconductor products to decline.

Nordic derived around 45% of its total Bluetooth LE revenue from its 10 largest customers in 2022, and 50% in the last 12 months to 30 June 2023. As a result of our customer concentration and the size of its existing customer base, Nordic revenue could fluctuate materially and could be materially and disproportionately impacted by the decisions of its largest customers.

Nordic has a capital light business model, operating as a fabless semiconductor company with sales predominantly through third-party distributors, and with R&D and people as both its main resources and its main cost components. Nordic is exposed to third-party suppliers' ability to deliver the wafer volumes required to facilitate the company's sales volumes. As noted in previous financial reports, the supply of wafers for Nordic's Bluetooth Low Energy products has been constrained over the past years. Given current demand and supply forecasts Nordic expects wafer supply to be sufficient to meet requirements for the remainder of 2023. In order to support future growth opportunities Nordic has increased inventory levels which can increase risk of obsolescence.

Nordic is exposed to competition from existing companies and new entrants, mainly from China. Nordic's competitors range from large, international companies offering a full range of products to smaller companies specializing in particular semiconductor products. Such competitors may have greater financial, technological, personnel and other resources than Nordic has in a particular market or overall, which again may influence Nordic's business, scope of assignments and customer relationships in the future.

Nordic is continuing to monitor potential implications of geopolitical risks, such as the Russian invasion of Ukraine, the increased tension between China and Taiwan, as well the ongoing efforts by the United States to protect its national security by imposing controls related to China with potential implications for the global supply chain of semiconductors and effects of both legislative and commercial nature.

Our success depend largely on our ability to attract and retain key personnel. Loss of key employees or the inability to attract or retain qualified personnel, may result in inability to deliver on strategic goals.

The company has seen no major changes to the financial risk compared to the statements given in the Annual Report 2022. Nordic maintains a sharp focus on cost and cash flows and navigates from a strong position. Nordic's strategy and growth ambitions require an adequate cash position to fund the R&D activities needed to drive the technology and product roadmaps forward. The Group's cash position was USD 252.0 million at the end of the second quarter 2023. The Board of Directors continue to assess the liquidity risk as low.

Nordic holds no interest-bearing debt, and the direct risk associated with interest rate fluctuations is considered low. The company also assesses the credit risk as low.

Nordic is exposed to foreign exchange risk. Revenue and direct production costs are almost entirely nominated in USD. Payroll is predominantly nominated in other currencies than USD, where the largest currencies in Q2 are NOK (more than 50%) and EUR (more than 20%). Other operating expenses are nominated primarily in USD but also a range of other currencies. The company presents its accounts in USD, with profits translated into NOK for taxation purposes.

Please refer to the Annual Report for 2022 for a thorough review of the company's risks and mitigating initiatives.

Outlook

Nordic Semiconductor reported average annual revenue growth of 39% in the three-year period from 2019 through 2022 but saw revenues decline by 22% in the first half of 2023.

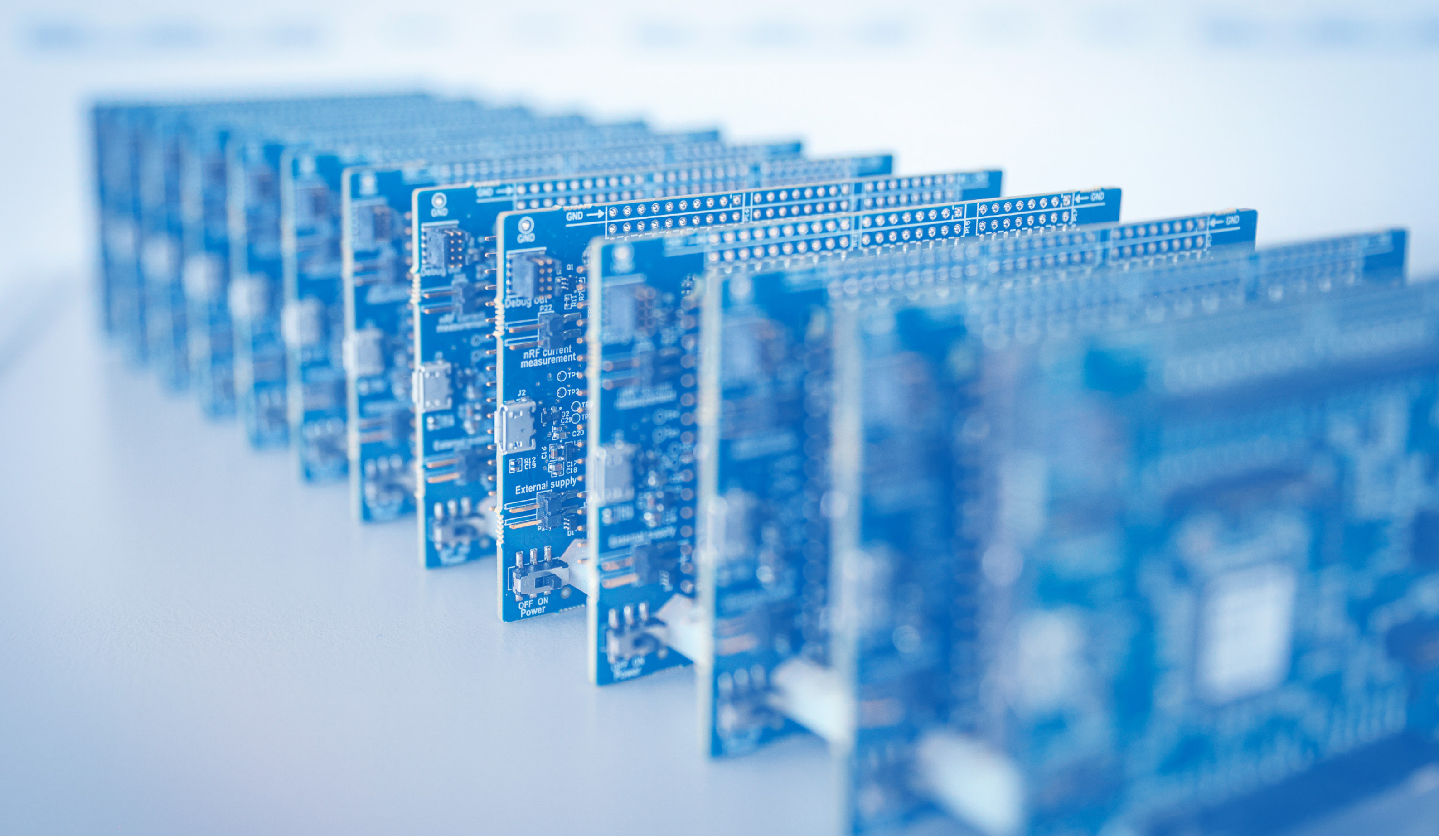
The strongest first half year-on-year declines were seen for proprietary products and cellular IoT, with Bluetooth Low Energy showing a more modest revenue decline of 14% in the first half.

The current demand outlook indicates a revenue level of USD 145-165 million in the third quarter, in line with the second quarter.

Nordic sees clear growth opportunities going forward but many customers remain cautious in the current economic climate, and the timing of the market recovery is uncertain. The revenue visibility is hence low beyond the current quarter, and the range of outcomes is wide. In reflection of the continued high uncertainty, the company is intentionally not providing any outlook on the fourth quarter 2023. This statement replaces any previous communication from the company on 2023 outlook.

Gross margin was 53% in both the second quarter and first half year, and the company expects the gross margin to remain above 52% in the third quarter 2023. The company reiterates its long-term ambition to maintain a gross margin level above 50%.

Nordic continues to invest in building a leadership position in markets with significant growth potential and maintains a positive long-term market outlook but have initiated targeted cost initiatives to mitigate a more challenging market. This is expected to impact financials positively during the second half of the year.



Oslo, July 10, 2023

Anita Huun
Board member

Birger Steen
Chair

Inger Berg Ørstavik
Board member

Snorre Kjesbu
Board member

Svenn-Tore Larsen
Chief Executive Officer

Annastiina Hintsa
Board member

Jon Helge Nistad
Board member, employee

Anja Dekens
Board member, employee

Gro Fykse
Board member, employee

Morten Dammen
Board member, employee

Condensed financial information

Income statement

		Q2		H1		Full year
Amounts USD thousand	**Note**	**2023**	**2022**	**2023**	**2022**	**2022**
Total revenue	**4**	**154 217**	**200 187**	**299 645**	**383 273**	**776 734**
Cost of materials		-72 473	-89 347	-140 347	-163 110	-339 941
Gross profit		**81 744**	**110 840**	**159 298**	**220 163**	**436 793**
Payroll expenses		-33 452	-39 071	-77 152	-79 155	-161 440
Other operating expenses		-19 775	-19 840	-39 073	-34 346	-69 685
EBITDA		**28 517**	**51 928**	**43 073**	**106 662**	**205 668**
Depreciation and amortization	6	-10 935	-10 550	-22 445	-20 588	-44 067
Operating Profit		**17 581**	**41 378**	**20 629**	**86 074**	**161 602**
Net interest income		1 578	158	3 073	102	4 934
Net foreign exchange gains (losses)		420	5 112	4 273	4 922	619
Profit before tax		**19 580**	**46 648**	**27 975**	**91 098**	**167 155**
Income tax expense		-3 726	-13 645	-9 080	-24 356	-44 817
Net profit after tax		**15 854**	**33 003**	**18 895**	**66 742**	**122 339**
Earnings per share						
Ordinary earning per share (USD)		0.083	0.172	0.098	0.349	0.639
Fully diluted earning per share (USD)		0.082	0.171	0.098	0.346	0.635
Weighted average number of shares						
Basic		192 090	191 341	191 861	191 153	191 365
Fully diluted		192 892	192 704	192 841	192 746	192 739
Net profit after tax		**15 854**	**33 003**	**18 895**	**66 742**	**122 339**
Other comprehensive income not to be reclassified to profit or loss in subsequent periods:						
Actuarial gains (losses) on defined benefit plans (before tax)		—	—			74
Income tax effect		—	—			-13
Other comprehensive income that may be reclassified to profit or loss in subsequent periods:						
Currency translation differences		205	-990	599	-1 558	-593
Total comprehensive income		**16 059**	**32 013**	**19 494**	**65 184**	**121 807**

Consolidated statement of financial position

Amounts USD thousand	**Note**	**30.6.23**	**31.12.22**	**30.6.22**
ASSETS				
Non-current assets				
Goodwill	11	10 363	2 284	2 318
Capitalized development expenses	5/6	31 100	26 608	29 912
Software and other intangible assets	5/6	12 204	11 655	13 735
Deferred tax assets		3 551	4 554	5 554
Fixed assets	6	34 006	35 603	31 451
Right-of-use assets	6	35 861	21 416	18 031
Other long term assets		100 000	—	—
Total non-current assets		**227 085**	**102 120**	**101 001**
Current assets				
Inventory		147 933	102 091	63 957
Accounts receivable		158 415	175 120	186 601
Current financial assets		—	267	—
Other current receivables		20 547	17 539	15 121
Cash and cash equivalents		252 013	379 104	319 850
Total current assets		**578 908**	**674 121**	**585 529**
Total assets		**805 994**	**776 241**	**686 530**
EQUITY				
Share capital		317	317	317
Treasury shares		-1	-2	-2
Share premium		235 448	235 448	235 448
Other equity		373 537	347 780	287 941
Total equity		**609 301**	**583 544**	**523 705**
LIABILITIES				
Non-current liabilities				
Pension liability		700	676	508
Non-current lease liabilities		27 483	14 861	12 232
Total non-current liabilities		**28 183**	**15 537**	**12 740**
Current liabilities				
Accounts payable		40 817	34 229	37 960
Income taxes payable		33 896	43 758	33 403
Public duties		7 408	6 455	9 690
Current lease liabilities		8 392	6 280	5 112
Current financial liabilities		—	—	71
Other current liabilities		77 997	86 439	63 848
Total current liabilities		**168 509**	**177 160**	**150 084**
Total liabilities		**196 693**	**192 697**	**162 824**

Total equity and liability		**805 994**	**776 241**	**686 530**

Consolidated statement of changes in equity

Amount in USD thousand	Share capital	Treasury shares	Share premium	Other paid in capital	Currency translation reserve	Retained earnings	Total equity
Equity as of 1.1.23	**317**	**-2**	**235 448**	**5 358**	**-1 399**	**343 821**	**583 544**
Net profit for the period						18 895	18 895
Other comprehensive income					599		599
Share based compensation				3 009			3 009
Treasury share acquisition payment		0		3 141			3 141
RSU and PSU exercise		0		56			56
Board compensation (shares)		0		56			56
Equity as of 30.6.23	**317**	**-1**	**235 448**	**11 621**	**-800**	**362 716**	**609 301**
Equity as of 1.1.22	**317**	**-2**	**235 448**	**1 829**	**-806**	**221 421**	**458 209**
Net profit for the period						66 742	66 742
Other comprehensive income					-1 558		-1 558
Share based compensation				4 350			4 350
Option exercise				-4 278			-4 278
RSU and PSU exercise		1		-54			-53
Board compensation (shares)		0		241			241
Equity as of 30.6.22	**317**	**-2**	**235 448**	**2 088**	**-2 364**	**288 163**	**523 651**

Statement of cash flows

		Q2		H1		Full year
Amount in USD thousand	**Note**	**2023**	**2022**	**2023**	**2022**	**2022**
Cash flows from operating activities						
Profit before tax		19 546	46 648	27 941	91 098	167 155
Taxes paid for the period		-8 155	-4 707	-15 963	-7 631	-16 760
Depreciation and amortization		10 935	10 550	22 445	20 588	44 067
Change in inventories, trade receivables and payables		1 304	-25 104	-22 463	-44 191	-74 595
Share-based compensation		1 123	2 438	3 001	4 242	7 794
Movement in pensions		-2	-200	20	-66	104
Prepayments		—	—	-100 000		—
Other operations related adjustments		7 079	171	-12 760	-2 249	14 947
Net cash flows from operating activities		**31 831**	**29 797**	**-97 778**	**61 790**	**142 711**
Cash flows used in investing activities						
Capital expenditures (including software)	6	-4 759	-4 368	-10 269	-8 513	-24 065
Capitalized development expenses	6	-6 468	-1 769	-9 612	-3 428	-6 489
Business Combination, net of cash acquired	11	—	—	-6 000		—
Net cash flows used in investing activities		**-11 227**	**-6 137**	**-25 881**	**-11 940**	**-30 554**
Cash flows from financing activities						
Changes in treasury shares		—	—	—		—
Cash settlement of options contract		—	-4 727	—	-4 727	-4 727
Repayment of lease liabilities		-1 945	-1 536	-3 768	-3 063	-6 609
Net cash flows from financing activities		**-1 945**	**-6 263**	**-3 768**	**-7 790**	**-11 336**
Effects of exchange rate changes on cash and cash equivalents		94	-1 105	336	-1 540	-1 049
Net change in cash and cash equivalents		**18 753**	**16 292**	**-127 091**	**40 520**	**99 772**
Cash and cash equivalents beginning of period		233 260	303 559	379 104	279 331	279 331
Cash and cash equivalents at end of period		**252 013**	**319 850**	**252 013**	**319 850**	**379 104**

Notes

Note 1: General

The Board of Directors approved the condensed second quarter interim financial statements for the three months ended June 30, 2023 and six first months of 2023, for publication on July 10, 2023.

Nordic Semiconductor is a Norwegian fabless semiconductor company specializing in wireless communication technology that powers the Internet of Things (IoT). Nordic was established in 1983 and has more than 1,500 employees across the globe. The company's award-winning Bluetooth Low Energy solutions pioneered ultra-low power wireless, making it the global market leader. Nordic's technology range was later supplemented by ANT+, Thread and Zigbee, and in 2018 Nordic launched its low power, compact LTE-M/NB-IoT cellular IoT solutions to extend the penetration of the IoT. The Nordic portfolio was further complemented by Wi-Fi technology in 2021.

Nordic Semiconductor ASA is listed on the Oslo Stock Exchange under the ticker NOD, and is a public limited liability company registered in Norway. The parent company's head office is located at Otto Nielsens veg 12, 7052 Trondheim.

Note 2: Confirmation of the financial framework

The Group financial statements for Nordic Semiconductor ASA and its wholly owned subsidiaries, together called "The Group" have been prepared in accordance with IAS 34 Interim Financial Statements. The interim financial statements for Q2 2023 do not include all the information required for the full year financial statements and shall be read in conjunction with the Group Annual Accounts for 2022.

The financial statements are presented in thousand USD, unless otherwise stated. As a result of rounding adjustments, the figures in one or more rows or columns included in the financial statements may not add up to the total of that row or column.

In the interim financial statements for 2023, judgments, estimates and assumptions have been applied that may affect the use of accounting principles, book values of assets and liabilities, revenues and expenses. Actual values may differ from these estimates. The major assumptions applied in the interim financial statements for 2023 and the major sources of uncertainty in the statements are similar to those found in the Financial Statements for 2022.

Note 3: Significant accounting principles

Significant accounting principles are described in the Group Financial Statement for 2022. The group accounts for 2022 were prepared in accordance with International Financial Reporting Standards (IFRS), relevant interpretations of this, as well as additional Norwegian disclosure requirements described in the Norwegian GAAP and the Norwegian Securities Trading Act.

The same accounting principles and methods of calculation have been applied as in the Financial Statements for 2022 for the Group.

Note 4: Segment information

In accordance with IFRS 8, the Group has only one business segment, which is the design and sale of integrated circuits and related solutions.

The Group classifies its revenues into the following technologies: Short range wireless components, long range (cellular IoT), ASIC components and consulting services. Within Wireless components, the Group reports its revenues based on the markets to which its components communicate. These include: Consumer, Industrial, Healthcare, and Others.

The Group also reports its short range Wireless component revenue by proprietary wireless and Bluetooth protocols.

Note 5: Intangible assets

The Group recognizes intangible assets in the balance sheet if it is likely that the expected future economic benefits attributable to the asset will accrue to the Group and the assets acquisition cost can be measured reliably.

Costs associated with development are capitalized if the following criteria are met in full:

- The product or the process is clearly defined and the cost elements can be identified and measured reliably;
- The technical feasibility is demonstrated;
- The product or the process will be sold or used in the business;
- The asset will generate future financial benefits;
- Sufficient technical, financial and other resources for project completion are in place.

Intangible assets with finite lives are amortized over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortization period and the amortization method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortization period or method, as appropriate, and are treated as changes in accounting estimates.

Note 6: Capitalization, depreciation and amortization

Amount in USD thousand	**Q2**		**H1**		**Full year**
Specification of capital expenditures, balance sheet	**2023**	**2022**	**2023**	**2022**	**2022**
Capitalized development expenses (payroll expenses)	5 620	806	8 473	2 229	4 234
Capitalized acquired development expenses	848	963	1 138	1 200	2 255
Capital expenditures (including software)	4 759	4 368	10 269	8 513	24 065
Right-of-use assets (non-cash)	17 106	614	18 232	1 918	8 810
Acquisition (net)	—	—	10 172	—	—
Currency adjustments	-7	-97	129	-336	-243
Total	**28 325**	**6 654**	**48 413**	**13 522**	**39 121**
Depreciation and amortization					
Capitalized development expenses	2 309	2 586	5 120	5 066	11 428
Software and other intangible assets	1 452	1 852	3 001	3 448	7 064
Fixed assets	5 207	4 697	10 537	9 255	19 247
Right-of-use assets	1 967	1 414	3 786	2 820	6 328
Total	**10 935**	**10 550**	**22 444**	**20 588**	**44 067**

Note 7: Net interest-bearing debt

The Group has a sustainability linked revolving credit facility, which enables it to borrow up to USD 150 million with an interest rate equal to SOFR + margin. The line of credit expires in June 2025, with option to extend. As of June 30, 2023, the Group had not drawn on the credit facility. The security for the credit line is provided by inventory, receivables and operating equipment.

The following financial covenants are included:
Equity ratio shall not be lower than 40%.

Note 8: Stock options

Nordic has had a stock option program for employees and management. Please see the annual report for 2022 for information about the program.

	H1		**Full year**
	2023	**2 022**	**2 022**
Outstanding options beginning of period	**—**	**545 203**	**545 203**
Granted	—	—	—
Forfeited	—	705	705
Exercised (treasury shares used in settlement)	—	—	
Exercised (cash settlement due to cap being reached)	—	544 498	544 498
Expired	—	—	—
Outstanding end of period	**—**	**—**	**—**

Note 9: RSU and performance shares

Nordic has an Long-term Incentive (LTI) plan for all employees, which include Restricted Stock Units (RSUs). The executive management team's LTI plan is split into two parts, where 50% is composed of RSUs and the remaining 50% is given as Performance Shares. Please see the annual report for 2022 for information about the plans.

	H1		Full year
	2023	2022	2022
Outstanding RSUs beginning of period	**1 002 504**	**1 058 947**	**1 058 947**
Granted	—	486 677	486 677
Forfeited	29 870	12 359	50 340
Released	409 801	492 780	492 780
Outstanding end of period	**562 833**	**1 040 485**	**1 002 504**

	H1		Full year
	2023	2022	2022
Outstanding performance shares beginning of period	**109 632**	**142 990**	**142 990**
Granted	—	30 376	30 376
Forfeited	—	—	7 921
Performance adjusted	43 371	55 813	55 813
Released	97 578	111 626	111 626
Outstanding end of period	**55 425**	**117 553**	**109 632**

Note 10: Financial risk

Nordic is exposed to several risks, including currency risk, interest rate risk, liquidity risk and credit risk. For a detailed description of these risks and how the Group manages these risks, please see the annual report for 2022.

Note 11: Business combinations

On March 9, 2023, the Group obtained control of Mobile Semiconductor Inc. hereby referred to as target, by acquiring all the shares in target. With this acquisition, the Group expects to increase its product quality within its product lines.

Amount in USD thousand	Value
Details of the business combination	
Amount settled in cash	6 000
Fair value of immediate equity shares consideration	3 141
Fair value of contingent share consideration	1 360
Total	**10 500**
Transaction costs	-525
Total consideration for shares	**9 975**

Amount in USD thousand	Value
Recognized amounts of identifiable net assets	
Property plant and equipment	51
Intellectual property rights	2 090
Other current receivables	448
Cash and cash equivalents	310
Deferred tax liabilities	-564
Other current liabilities	-390
Net identifiable assets	**1 943**
Goodwill	8 032
Total	**9 975**

Consideration transferred
The acquisition was settled in cash of 6 000 000 and by 312 843 shares of Nordic Semiconductor ASA. The fair value of the equity shares issued (USD 4 500 000) was based on an agreed value of Nordic's shares on the acquisition date. Of the total shares, 218 348 have been transferred at closing whilst the remaining shares will be held back for up to three years. The contingent consideration of value USD 1 360 000 will either be settled directly to the shareholders of Mobile Semiconductor Inc., or dependent on certain conditions settled in other matters. The contingent consideration will be settled at or prior to Q1 2026. The fair value of acquired IP amounts to USD 2 089 500. Goodwill recognized in the acquisition relates to the expected growth and the value of Mobile Semiconductor Inc. collective know-how, which cannot separately be recognized as an intangible asset.

The reconciliation of the carrying amount of goodwill is as follows:

Amount in USD thousand	2023	2022
Balance, beginning of the year	**2 284**	**2 386**
Acquired through business combination	8 032	—
Net exchange difference	29	-102
Balance, end of period	**10 345**	**2 284**

Mobile Semiconductor's contribution to the Group results
As Mobile Semiconductor has been merged with Nordic Semiconductor Inc., it is impractical to disclose the contribution Mobile Semi makes to the group as it is not separately recognized in the books. Had the acquisition date been January 1st, we would expect a contribution on EBITDA of approximately USD -0.8m. Assuming this EBITDA contribution for the full year we would expect a full year contribution to EBITDA with USD -3.2m.

Note 12: Events after the balance sheet

No events have occurred since June 30, 2023 with any significant effect that will impact the evaluation of the submitted accounts.

Financial Calendar 2023:

- October 17, 2023 - 3rd Quarter 2023
- February 6, 2024 - 4th Quarter 2023

For further information, please contact:

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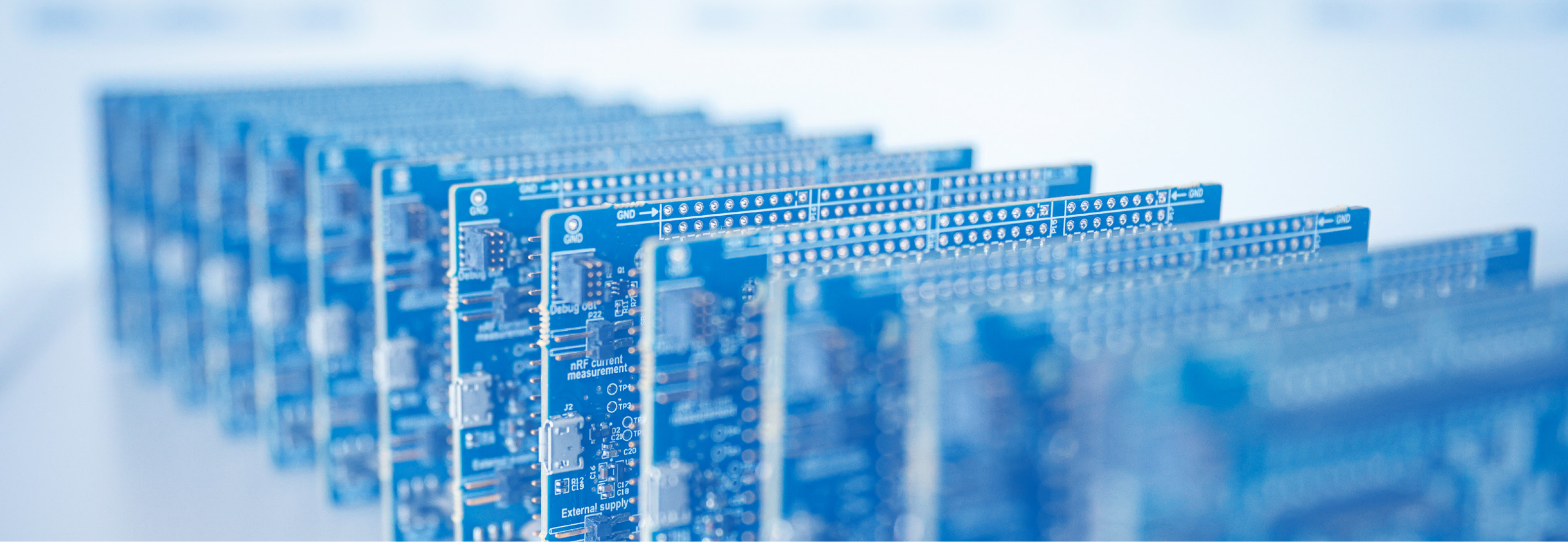
- Pål Elstad, CFO, +47 991 66 293



Board and Management confirmation

We confirm that, to the best of our knowledge, the enclosed condensed set of financial statements for the first half year of 2023, which has been prepared in accordance with IAS 34 Interim Financial Statements, gives a true and fair view of the Company's consolidated assets, liabilities, financial position and results of operations, and that the interim management report includes a fair review of the information required under the Norwegian Securities Trading Act section 5-6 fourth paragraph.

Oslo, July 10, 2023

Anita Huun
Board member

Birger Steen
Chair

Inger Berg Ørstavik
Board member

Snorre Kjesbu
Board member

Svenn-Tore Larsen
Chief Executive Officer

Annastiina Hintsa
Board member

Jon Helge Nistad
Board member, employee

Anja Dekens
Board member, employee

Gro Fykse
Board member, employee

Morten Dammen
Board member, employee

Alternative performance measures

The financial information is prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by EU. Additionally, it is management's intent to provide alternative performance measures (APM) that are regularly reviewed by management to enhance the understanding of the Group's performance.

The Group has identified the following APMs used in reporting (amount in USD million):

Gross margin. Gross profit divided by Total revenue. Gross margin is presented as it is the main financial KPI to measure the Group's operational performance.

	Q2		H1		Full year
	2023	**2022**	**2023**	**2022**	**2022**
Gross profit	81.7	110.8	159.3	220.2	436.8
Total revenue	154.2	200.2	299.6	383.3	776.7
Gross margin	**53.0%**	**55.4%**	**53.2%**	**57.4%**	**56.2%**

EBITDA terms are presented as they are commonly used by investors and financial analysts.

- EBITDA. Earnings before interest, taxes, depreciation and amortization.

	Q2		H1		Full year
	2023	**2022**	**2023**	**2022**	**2022**
Operating Profit	17.6	41.4	20.6	86.1	161.6
Depreciation and amortization	10.9	10.5	22.4	20.6	44.1
EBITDA	**28.5**	**51.9**	**43.1**	**106.7**	**205.7**

- EBITDA margin. EBITDA divided by Total Revenue.

	Q2		H1		Full year
	2023	**2022**	**2023**	**2022**	**2022**
EBITDA	28.5	51.9	43.1	106.7	205.7
Total revenue	154.2	200.2	299.6	383.3	776.7
EBITDA margin	**18.5%**	**25.9%**	**14.4%**	**27.8%**	**26.5%**

- Total Operating Expenses. Sum of payroll expenses, other operating expenses, depreciation and amortization.

	Q2		H1		Full year
	2023	**2022**	**2023**	**2022**	**2022**
Payroll expenses	33.5	39.1	77.2	79.2	161.4
Other operating expenses	19.8	19.8	39.1	34.3	69.7
Depreciation and amortization	10.9	10.5	22.4	20.6	44.1
Total operating expenses	**64.2**	**69.5**	**138.7**	**134.1**	**275.2**

- Cash operating Expenses. Total payroll and other operating expenses adjusted for non-cash related items including option expenses, receivable write-off and capitalization of development expenses. Nordic management believes that this measurement best captures the expenses impacting the cash flow of the Group.

	Q2		H1		Full year
	2023	**2022**	**2023**	**2022**	**2022**
Total operating expenses	64.2	69.5	138.7	134.1	275.2
Depreciation and amortization	-10.9	-10.5	-22.4	-20.6	-44.1
Option expense	-1.1	-2.4	-3.0	-4.0	-7.8
Capitalized expenses	6.5	1.8	9.6	3.4	6.5
Cash operating expenses	**58.6**	**58.2**	**122.8**	**112.9**	**229.8**

- Adjusted EBITDA margin. EBITDA excluding cellular IoT, divided by Total revenue excluding cellular IoT revenue. This APM shows Nordic's profitability excluding products in an investment phase with limited revenue.

	Q2		H1		Full year
	2023	**2022**	**2023**	**2022**	**2022**
Reported EBITDA	28.5	51.9	43.1	106.7	205.7
Long range (cellular IoT) EBITDA loss	10.7	10.7	23.0	20.5	41.4
Wi-Fi expense	4.0	3.2	8.5	6.1	14.1
Adjusted EBITDA	**43.2**	**65.8**	**74.6**	**133.3**	**261.2**
Total revenue (excluding cellular IoT revenue)	151.6	195.0	292.3	371.6	751.4
Adjusted EBITDA margin	**28.5%**	**33.8%**	**25.5%**	**35.9%**	**34.8%**

- Last twelve months operating expenses excluding depreciation and amortization divided by last twelve months revenue. Nordic's business is seasonal and by dividing last twelve months operating expenses excl. depreciation by last twelve months revenue, management is able to track cost level trends in relation to revenue. As a growth business it is key to keep cost level under control while still growing the business, and this ratio keeps track on that.

	Q2 2023	Q2 2022
Total operating expenses	279.8	262.6
Depreciation and amortization	-45.9	-40.1
Operating expenses excluding depreciation and amortization	**233.8**	**222.5**
Total revenue LTM	693.1	703.0
LTM opex / LTM revenue	**33.7%**	**31.6%**

- Net working capital divided by last twelve months revenue. Net working capital is a measure of both a company's efficiency and its short-term financial health, and by dividing the measure by last twelve months, seasonal effects are excluded. Nordic management uses this ratio to report on liquidity management to the financial market and internally to track performance.

	Q2 2023	Q2 2022
Current assets	578.9	585.5
Cash and cash equivalents	-252.0	-319.8
Current financial assets	—	—
Current liabilities	-168.5	-150.1
Current financial liabilities	—	0.1
Current lease liabilities	8.4	5.1
Income taxes payable	33.9	33.4
Net working capital	**200.7**	**154.2**
Total revenue LTM	693.1	703.0
NWC / LTM revenue	**29.0%**	**21.9%**

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