Q3

report 2023

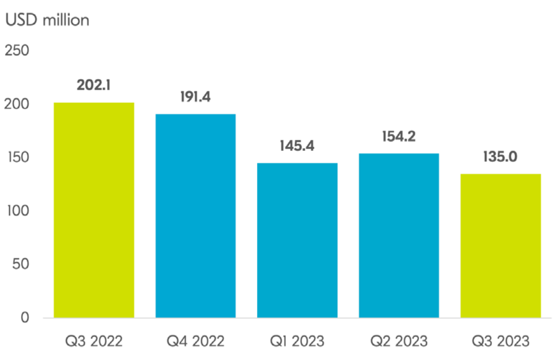
NORDIC®
SEMICONDUCTOR

Content

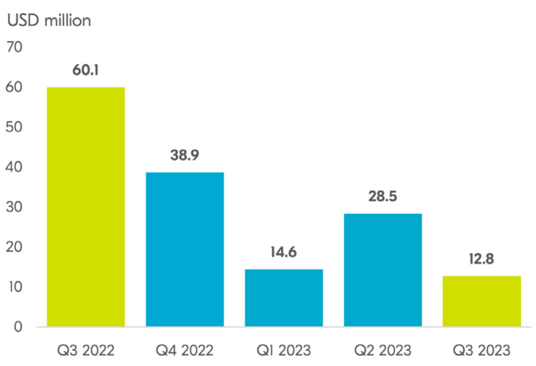
Q3 Highlights

- Revenue of USD 135.0 million (-33%)
- Gross margin of 50.5%
- EBITDA of USD 13 million (-79%)
- Acquired US based cutting-edge AI/ML technology and team
- New nRF54H Series - offering world-leading processing performance and processing efficiency

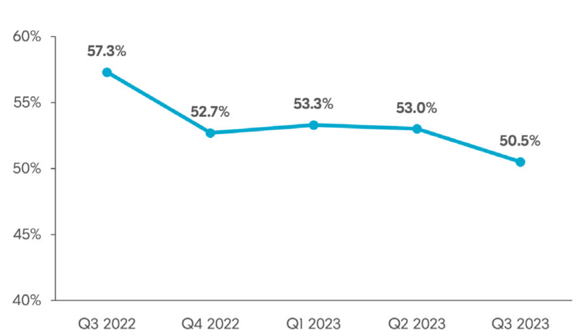
Revenue



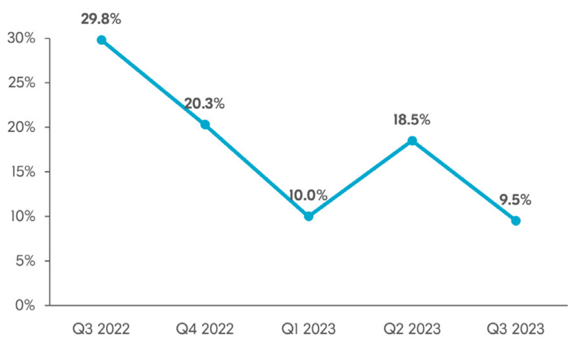
EBITDA



Gross margin



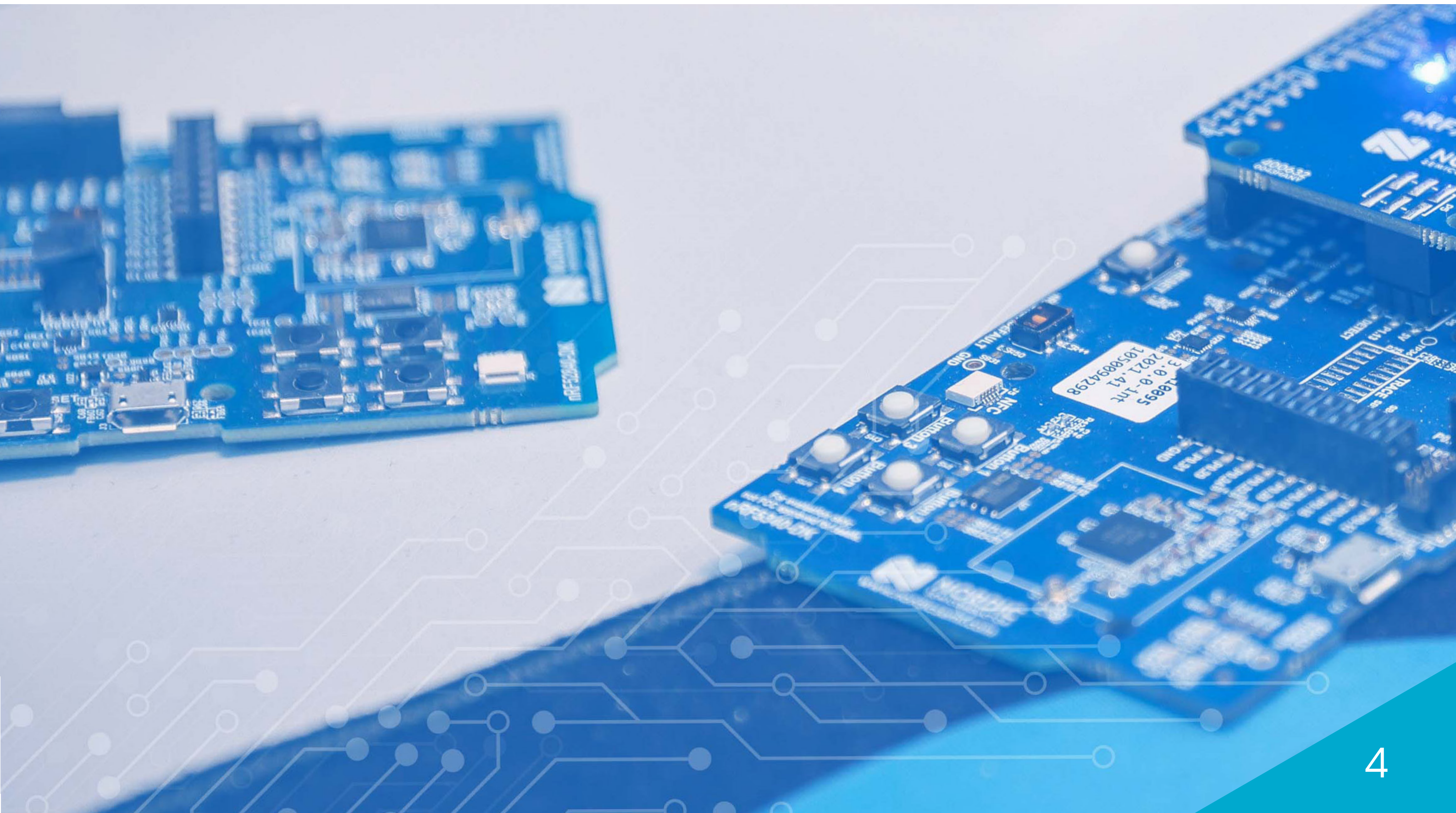
EBITDA margin



Key figures

Q3 2023 financial summary

	Q3			01.01-30.09		
Amount in USD million	**2023**	**2022**	**Change**	**2023**	**2022**	**Change**
Revenue	135.0	202.1	-33.2%	434.7	585.4	(25.7%)
Gross profit	68.2	115.7	-41.1%	227.5	335.9	(32.3%)
Gross margin %	50.5%	57.3%	-6.8 p.p.	52.3%	57.4%	-5.1 p.p.
EBITDA	12.8	60.1	-78.6%	55.9	166.8	(66.5%)
EBITDA %	9.5%	29.8%	-20.2 p.p.	12.9%	28.5%	-15.6 p.p.
Operating profit (EBIT)	2.1	48.5	-95.7%	22.7	134.6	(83.1%)
Operating profit % (EBIT)	1.6%	24.0%	-22.4 p.p.	5.2%	23.0%	-17.8 p.p.
Net profit after tax	1.2	24.2	-95.1%	20.1	90.9	(77.9%)
Cash and cash equivalents				228.7	352.8	(35.2%)
LTM Opex excluding depreciation / LTM revenue				37.3%	30.1%	7.2 p.p.
Net working capital / LTM revenue				36.5%	22.5%	14.1 p.p.
Equity ratio				77.4%	74.4%	3 p.p.
Number of employees				1530	1384	10.5%



Q3 2023 review

Revenue was USD 135.0 million in the third quarter 2023 and USD 434.7 million in the first nine months, corresponding to year-on-year decline of 33% and 26%, respectively. Bluetooth revenue declined by 33% year-on-year in the third quarter, reflecting generally weaker demand and continued inventory adjustments. Nordic maintains a high and stable design win market share.

Demand remained weaker than expected
Revenue in the third quarter 2023 declined 12% from the previous quarter and was down 33% from the same quarter last year. The cyclical demand downturn has been more pronounced and prolonged than Nordic anticipated earlier in the year. With the exception of some of the major tier-1 customers, the company currently sees lower demand across most customers, end-user verticals, and geographies.

Bluetooth Low Energy revenue declined by 16% sequentially and by 33% year-on-year, and accounted for 89% of total revenue in the quarter. Tier-1 demand is holding up better than the overall market, and the top-10 Bluetooth Low Energy customers accounted for 61% of total Bluetooth revenue in the third quarter and 56% of total Bluetooth revenue year-to-date. Broad market customers are on average taking lower volumes than forecasted due to lower end-user demand and depletion of inventories. Nordic retains a strong position also in the broad market, with a broad portfolio of products and solutions catering both to high-end, and cost-constrained applications.

Proprietary product revenue declined 20% year-on-year in the third quarter but recovered 60% from the very low level seen in the previous quarter. Proprietary products accounted for 8% of total revenue in the quarter.

Cellular IoT revenue remains lumpy and exposed to individual customers' production and purchasing patterns. Although revenue increased by 63% from the previous quarter, it declined by 51% year-on-year. Cellular IoT accounted for 3% of revenue.

In terms of customer verticals, revenues in the Consumer market declined by 36% year-on-year, reflecting continued low consumer spending on electronics and inventory adjustments throughout the value chain. Revenue declined by 4% compared to the previous quarter. The Consumer market accounted for 60% of total revenues in the quarter.

Revenue in the Industrial market declined by 54% year-on-year and 21% from the previous quarter, with continued low deliveries to the major industrial customers.

Nordic has long highlighted the Healthcare market as a future growth engine, and together with one of its Tier 1 customer in this ,market the company generated very high growth earlier in the year. As noted in the report for the last quarter, revenue in the second quarter reflected particularly high deliveries to the main customer, and although revenue this quarter declined by 23% from the previous quarter it still increased by 84% year-on-year.

Sufficient supply to meet demand
Nordic no longer sees any supply constraints given the current demand and supply outlook. Nordic has made a strategic decision to increase inventory to support future growth ambitions and take advantage of the current supply situation.

Nordic Semiconductor is moving forward with its supply resilience and diversification program, which includes new strategic manufacturing agreements that will enable capacity expansions in line with the company's longer-term growth ambitions. This agreement will come into place in 2024 and is designed to ensure that the company can keep providing customers with leading technology at competitive cost, high quality, and reliable supply.

Continued high design win market share
Nordic maintained a high market share of 42% of new design certifications in the Bluetooth Low Energy (Bluetooth LE) market in the third quarter 2023. This compares with a market share of 40% in the third 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 269 in the third quarter, of which 113 had Nordic inside.

Industry's most power-efficient Bluetooth LE portfolio
Nordic's recently announced nRF54H Series offers world-leading processing performance and processing efficiency, outclassing competing products in standardized benchmarking tests.

Most processors on the market are optimized for either efficiency or performance. Nordic Semiconductor is establishing a new industry norm with the nRF54H20 SoC, which will enable innovative IoT end-products that were previously unfeasible. This underlines the large potential for Nordic's new generation Bluetooth Low Energy SoCs.

In the fourth quarter, Nordic is also broadening its nRF54 Series with the addition of the nRF54L Series, based on 22nm ULL from TSMC. The first product in this series, the nRF54L15, is the natural step forward for customers using the very popular nRF52 Series today and complements the nRF54H Series to cover a wide range of applications. With the introduction of the 22nm from TSMC in addition to the 22nm from GlobalFoundries, Nordic takes necessary steps to enhance supply chain diversification.

Customer product launches
Nordic customers launched a wide variety of new and innovative products powered by the company's Bluetooth Low Energy products also in the third quarter of 2023, with notable new products in both the consumer, industrial, and healthcare markets. Consumer product launches included the Anker Work wireless microphone and the Matter-compatible Switchbot hub. Nordic is a board member and promoter of the Connectivity Standards Alliance and is pleased to see partners and customers embrace the Matter standard. By ensuring interoperability between smart home devices, Matter will accelerate the mainstream adoption of smart home technologies. To further promote the Matter standard, Nordic and Hackster.io is backing the newly launched "Make it Matter" design competition, where entrants will be using dedicated Nordic development tools.

Within the industrial market, Nordic saw launches of an electronic shelf label from Minew and the SwipBox Infinity smart parcel locker, and in the healthcare market the introduction of the Movesense Medical sensor will provide ECG, heart rate (HR), heart rate variability (HRV), and movement data using Bluetooth LE directly to the wearer's smartphone. Battery life optimization is crucial for such applications, making the ultra-low power characteristics of Nordic's SoCs a true competitive edge.

On the Cellular IoT products front, Velavu launched an asset management ecosystem designed for a range of applications, including GNSS vehicle tracking, precise position monitoring, and environment monitoring. Just after the end of the quarter, the management and consulting company Equastar Construction & Consulting launched a sensing and analytics platform designed for remote monitor environmental conditions in educational facilities, hospitals, fitness centers, and hotels. This was followed by AirSuite in New Zealand launching an indoor monitor designed to detect and record a range of environmental variables affecting people's health and productivity in commercial, industrial, and domestic settings.

Earlier in the quarter, Dutch company Wolk launched a smart wearable airbag designed for use by the elderly or those at risk of serious falls.

Atlazo acquisition opens new AI possibilities
During the third quarter, Nordic successfully negotiated the acquisition of the IP portfolio of Atlazo, a cutting-edge AI/ML technology company based in the US. This strategic acquisition aligns with Nordic's strategy to continuously reinforce its leadership in low-power IoT solutions. The deal encompasses the acquisition of key intellectual properties and Atlazo's core team, and completion of the agreement is pending regulatory approval in the US.

Atlazo has been recognized as a leader in AI/ML processors and sensor interface design for compact edge devices, and the team and IP complement Nordic's strengths and supports its strategic focus on IoT development.

The incorporation of Atlazo's technology into future SoCs will enable Nordic to provide enhanced solutions across many market verticals and meet a growing demand for more computing power and more sophisticated services at the network edge. Atlazo's AI/ML technology and advanced sensor front-end technology makes it particularly suited for healthcare applications such as optical heart monitoring and continuous glucose monitoring, as well as for other applications requiring on-device computational processes with minimal energy consumption.

Combining forces in RISC-V joint venture
In the past quarter, Nordic Semiconductor and other leading semiconductor industry players have invested in a new company aimed at accelerating the global adoption of the open-source RISC-V instruction set architecture and enable next-generation hardware development. The company will focus on commercializing products based on RISC-V, and will initially target the automotive sector with plans to expand into mobile and IoT. This initiative is expected to foster innovation and diversity in the electronics industry, reduce entry barriers for emerging companies, and enhance scalability for established ones. The formation of the company is currently pending regulatory approvals.

Cellular IoT
Nordic is working to open the broad market for cellular IoT solutions with a scalable and flexible model that combines 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, among others.

As described in previous interim reports, the tougher economic climate increased the risks related to project timing and customer financing of many cellular IoT projects, especially for smaller companies, and the company has not yet seen the continued high design activity be converted into higher volumes and revenue.

Nordic has maintained its high level of development activity in the cellular portfolio, and introduced a world-first end-to-end cellular IoT solution across hardware, software, tools, and nRF Cloud Services earlier in 2023. This comprised a new nRF91 Series SiPs with support for the DECT NR+ wireless connectivity standard. Security is a key feature for successful development of Cellular IoT products, and in the third quarter Nordic's nRF9160 SiP and nRF5340 SoC achieved PSA Certified Level 2. This certification validates robust protection against scalable, remote software attacks—an essential feature for IoT devices. Investing in verified silicon and software is critical in an environment where digital threats are increasing. Nordic's customers are increasingly recognizing the value of security across their products and solutions.

Expanding the Wi-Fi portfolio
In June, Nordic expanded its Wi-Fi portfolio with the nRF7001 Wi-Fi 6 IC. This quarter another chip in the series, namely nRF7002 IC, has been recognized as a finalist in the 'IoT Product of the Year' category at the upcoming 2023 Elektra Awards. This highlights Nordic's dedication to IoT innovation and showcases the seamless integration of low-power and secure Wi-Fi with technologies such as Bluetooth LE, Thread, and Zigbee.

INCOME STATEMENT

Revenue

	Q3			01.01-30.09		
Amounts in USD thousand	**2023**	**2022**	**Change**	**2023**	**2022**	**Change**
Bluetooth	119 766	179 179	-33.2%	393 801	497 178	-20.8%
Proprietary wireless	10 265	12 870	-20.2%	24 616	63 643	-61.3%
Short range wireless components	**130 031**	**192 050**	**-32.3%**	**418 417**	**560 821**	**-25.4%**
Cellular IoT	4 228	8 606	-50.9%	11 539	20 321	-43.2%
ASIC components	530	714	-25.8%	3 404	2 750	23.8%
Other	243	718	-66.2%	1 317	1 469	-10.3%
Total revenue	**135 031**	**202 087**	**-33.2%**	**434 676**	**585 360**	**-25.7%**

Nordic reported total revenue of USD 135.0 million in Q3 2023, which was a decrease of 33% from USD 202.1 million in Q3 2022. Total revenue was 12% lower than the previous quarter. The decline compared to last year mainly reflects a general demand slowdown and inventory adjustments. For the first nine months of 2023, total revenue decreased by 25.7% from USD 585 million in 2022 to USD 435 million.

Revenues by technologies
Nordic classifies its revenues into the following technologies: Short-range wireless components, long range (cellular IoT) wireless components, ASIC components 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 119.8 million in Q3 2023, a decrease of 33% year-on-year and down 16% from the previous quarter . Bluetooth share of total revenue was 89% in Q3 2023. For the first nine months of 2023 Bluetooth revenue amounted to USD 394 million compared to USD 497 million in 2022. The main reason for the decline is weaker demand, as well as inventory adjustments.

Proprietary revenue amounted to USD 10.3 million in Q3 2023, which was a decrease of 20% year-on-year but up 60% from the previous quarter due to seasonally stronger demand. For the first nine months of 2023, proprietary decreased by 61% from USD 63.6 million to USD 24.6 million. The decline mainly reflects continued weak demand for PC accessories and other home office equipment, inventory adjustments and technology migration to more modern standards like Bluetooth Low Energy.

Cellular IoT revenue amounted to USD 4.2 million in Q3 2023, which was a decrease of 51% year-on-year and up 63% from the previous quarter. The reduction compared to last year reflects a strong Q3 2022 due to delivery issues in the first half of 2022. Compared to last quarter, the increase reflects higher demand from some of the key customers within this technology. For the first nine months of 2023, Cellular IoT revenue decreased by 43%, from USD 20.3 million in 2022 to USD 11.5 million.

ASIC component revenues amounted to USD 0.5 million in Q3 2023, compared with USD 0.7 million in Q3 2022 and USD 1.7 million in the previous quarter. For the first nine months of 2023, ASIC revenue increased by 24%, from USD 2.8 million in 2022 to USD 3.4 million.

	Q3			01.01-30.09		
Revenues by end-product markets	**2023**	**2022**	**Change**	**2023**	**2022**	**Change**
Consumer	80 968	126 242	-35.9%	235 076	374 893	-37.3%
Industrial	23 709	51 815	-54.2%	98 944	139 804	-29.2%
Healthcare	26 491	14 374	84.3%	84 573	45 320	86.6%
Other	3 334	8 942	-62.7%	12 679	22 594	-43.9%
Total revenue excl. ASIC & Consulting	**134 501**	**201 373**	**-33.2%**	**431 272**	**582 611**	**-26.0%**

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

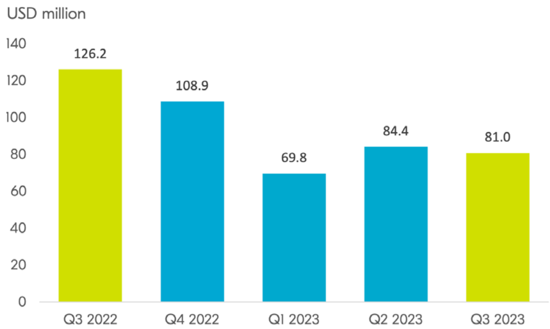
Consumer accounted for 60% of revenue, having decreased by 35.9% year-on-year to USD 81.0 million in Q3 2023. For the first nine months of 2023, Consumer revenues decreased by 37.3% to USD 235.1 million. The main reason for the decline is reduced revenue from PC accessories for home offices and gaming.

Industrial accounted for 18% of revenues, having decreased by 54.2% year-on-year to USD 23.7 million in Q3 2023. For the first nine months of 2023, Industrial revenue decreased by 29.2% to USD 98.9 million.

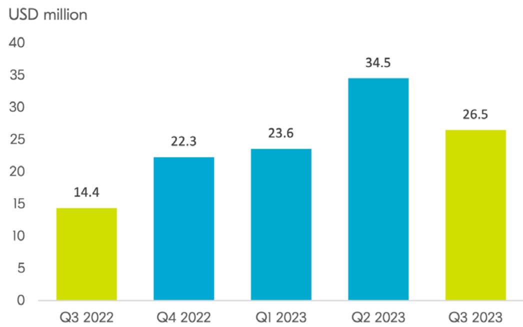
Healthcare accounted for 20% of revenues, having increased by 84.3% year-on-year to USD 26.5 million in Q3 2023. For the first nine months of 2023, Healthcare revenue increased by 86.6%% to USD 84.6 million.

Other revenue decreased 62.7% year-on-year to USD 3.3 million. For the first nine months of 2023, Other revenues decreased by 43.9% to USD 12.7 million.

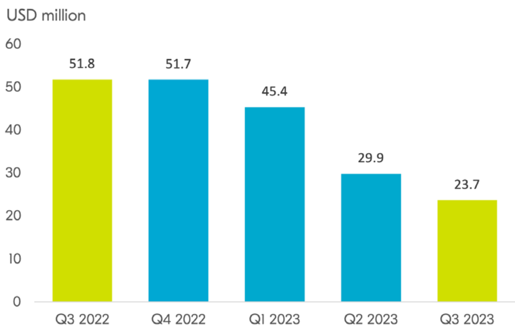
Revenue - Consumer



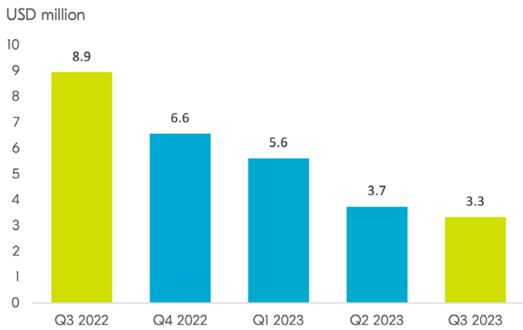
Revenue - Healthcare

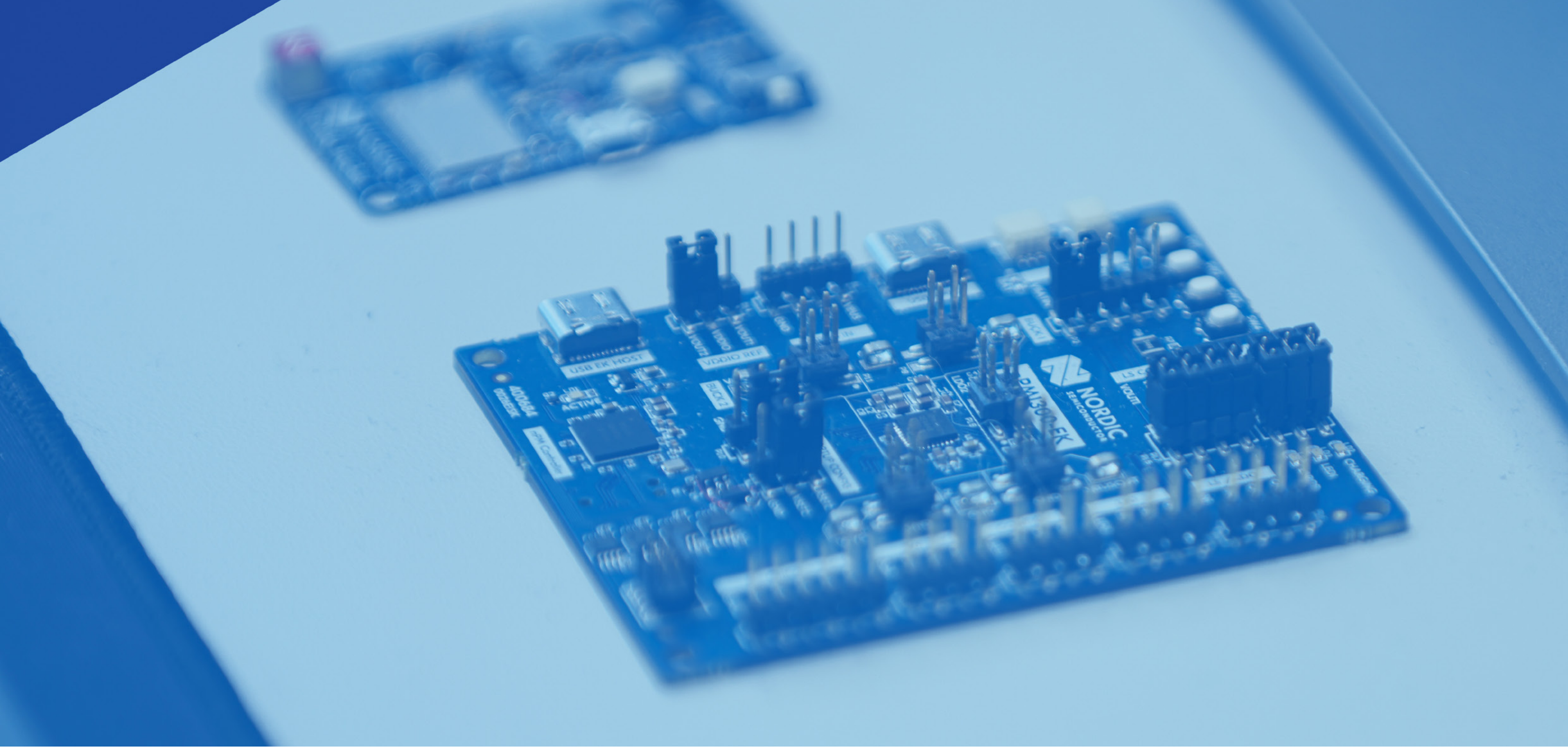


Revenue - Industrial



Revenue - Others





Financial results

	Q3			01.01-30.09		
Amounts in USD thousand	**2023**	**2022**	**Change**	**2023**	**2022**	**Change**
Gross profit	68 157	115 737	-41.1%	227 455	335 900	-32.3%
Gross margin	50.5%	57.3%	-6.8%	52.3%	57.4%	-5.1%
Operating expenses excl. depreciation and amortization	55 311	55 603	-0.5%	171 536	169 104	1.4%
EBITDA	12 846	60 135	-78.6%	55 919	166 796	-66.5%
EBITDA %	9.5%	29.8%	-20.2%	12.9%	28.5%	-15.6%
Depreciation and amortization	10 747	11 627	-7.6%	33 192	32 215	3.0%
EBIT	2 099	48 508	-95.7%	22 728	134 581	-83.1%

Gross profit

Gross profit was USD 68.2 million in Q3 2023, down from USD 115.7 million in Q3 2022, with the gross margin decreasing to 50.5% from 57.3% in the same quarter last year and 53.0% in the Q2 2023.

The decline in gross margin reflects increased concentration in the customer base, with some of the major tier-1 customers maintaining high volumes, while broad market customers are reducing orders. As earlier indicated, this affects gross margins negatively as higher volume customers on average carry lower gross margins.

In addition, the margin was negatively affected by changes in product mix in the quarter. In the same quarter last year, the margin was positively affected by depletion of materials purchased prior to a supplier price increase. The gross margin for the first nine months of 2023 was 52.3%.

Operating expenses

Operating expenses excluding depreciation and amortization amounted to USD 55.3 million in Q3 2023. This represents a 1% decrease in cost compared to USD 55.6 million in Q3 2022. The decrease primarily reflects higher capitalization and less variable pay accruals, partly offset by an increase in the number of employees and higher other operating expenses.

As a result of the weakening of the NOK and the strengthening of the EUR against the USD, Nordic experienced a net currency impact on total operating expenses of approximately USD 0.2 million loss compared to Q3 2022 currency rates.

R&D costs amounted to USD 36.8 million, compared to USD 38.2 million in Q3 2022. Of this, USD 21.1 million was related to the short-range business, USD 11.6 million to cellular R&D and USD 4.0 million to Wi-Fi.

In Q3 2023 Nordic capitalized a total of USD 5.7 million in development expenses, compared to USD 2.1 million in Q3 2022. This increase is primarily due to the commercialization of the recently announced nRF54 Series, as Nordic commences capitalization of R&D after customer sampling.The capitalized expenses include USD 0.2 million related to Wi-Fi investments, USD 0.2 million to long-range, and USD 5.3 million to the short-range business.

Total cash operating expenses in Q3 2023 amounted to USD 58.6 million, calculated by adding back capitalized development expenses and deducting depreciation and equity-based compensation from total operating expenses. This is an increase from USD 55.2 million in Q3 2022.

Of the cash operating expenses, USD 38.2 million were related to payroll expenses, compared to USD 39.2 million in Q3 2022. This is a result of lower variable pay accruals in 2023, which were partly offset by an increase in the number of employees.

Over the past year, the number of R&D employees has increased by 11% to 1,159 people. The Sales & Marketing staff ended third quarter with 143 people, while the Supply Chain organization increased by 8% to 94 employees. The increase is mainly from hiring in Q4 2022, with a modest increase of 17 people since first quarter of 2023 due to cost initiatives.

Other cash operating expenses amounted to USD 20.4 million in Q3 2023, compared to USD 17.0 million in Q3 2022. The change is primarily due to tape-out costs and use of external personnel.

In the first nine months of 2023 operating expenses excluding depreciation and amortization amounted to USD 171.5 million. This represent an increase from USD 169.1 million during the same period in 2022. Cash operating expenses increased to USD 181.5 million in 2023, up from USD 168.2 million in the first nine months of 2022.

Profit

EBITDA declined to USD 12.8 million in Q3 2023 from USD 60.1 million in Q3 2022. The reported EBITDA margin decreased to 9.5% in Q3 2023 from 29.8% in the same quarter last year. This change can be attributed to a lower gross profit, which is a result of a decrease in revenue and lower gross margins due to shifts in both customer and product mix.

In the first nine months of 2023, EBITDA amounted to USD 55.9 million, a decrease from USD 166.8 million in the same period last year.

Depreciation and amortization decreased to USD 10.7 million in Q3 2023, compared to USD 11.6 million in Q3 2022. The decrease mainly reflects the completion of depreciation or amortization period for existing assets, while awaiting the start of depreciation on current capitalized assets. Amortization of internally developed R&D amounted to USD 2.3 million in Q3 2023 and amortization of leased assets to USD 2.1 million.

Operating profit (EBIT) was USD 2.1 million in Q3 2023, down from USD 48.5 million in Q3 2022. In the first nine months of 2023, EBIT decreased to USD 22.7 million from USD 134.6 million in 2022.

Net financial items was a cost of USD 0.4 million in Q3 2023, compared to a net financial income of USD 2.8 million in Q3 2022, with the difference mainly explained by USD/NOK movements.

Profit before tax was USD 1.7 million in Q3 2023, compared to a profit before tax of USD 51.3 million in Q3 2022. The tax expense in Q3 2023 was USD 0.5 million, compared to USD 27.1 million Q3 2022.

Net profit was USD 1.2 million in Q3 2023, compared to a net profit of USD 24.2 million in Q3 2022.

For the first nine months of 2023, profit before tax was USD 29.7 million, compared to USD 142.4 million for the corresponding period last year. The tax expense for the first nine months of 2023 was USD 9.6 million, representing an effective tax rate of 32%. The company's statutory tax rate is 22%. The company presents its accounts in USD, with profits translated into NOK for taxation purposes. Nordic has had currency gains in the NOK accounts during 2023, especially during Q1, resulting in a high effective tax rate.

Net profit for the first nine months of 2023 was USD 20.1 million compared to USD 90.9 million for the first nine months of 2022.

Financial position

Amounts in USD thousand	30.09.2023	31.12.2022	30.09.2022
Capitalized development expenses	34 504	26 608	28 172
Total non-current assets	**225 102**	**102 120**	**98 419**
Inventory	158 229	102 091	88 681
Cash and cash equivalents	228 726	379 104	352 801
Total current assets	**565 506**	**674 121**	**638 840**
Total assets	**790 608**	**776 241**	**737 259**
Total equity	**611 947**	**583 544**	**548 379**
Equity percentage	77.4%	75.2%	74.4%
Total liabilities	**178 661**	**192 697**	**188 879**
Total equity and liability	**790 608**	**776 241**	**737 259**

Total shareholders' equity amounted to USD 611.9 million at the end of Q3 2023, up from USD 583.5 million at the end of 2022.

The Group equity ratio was 77.4% of a total asset base of USD 790.6 million.

Cash and cash equivalents amounted to USD 228.7 million, compared to USD 379.1 million at the end of Q3 2022. The main reason for the decline is the prepayment of USD 100.0 million made in Q1 2023 related to ongoing initiatives to strengthen supply resilience and diversification and increase in working capital.

Net working capital increased to USD 228.8 million at the end of Q3 2023, up from USD 170.1 million at the end Q3 2022. Measured as a percentage of last 12 months revenue, net working capital increased to 36.5% from 22.5% at the end of Q3 2022.

The changes in net working capital mainly reflect an increase in inventory to USD 158.2 million from USD 88.7 million. Total inventory during 2022 was severely impacted by the supply constraints, but with the current normalized supply situation Nordic can build inventory. Accounts receivable decreased to USD 160.5 million from USD 183.5 million at the end of Q3 2022. This comes as a result of revenue development.

Total current assets amounted to USD 565.5 million at the end of Q3 2023, down from USD 638.8 million at the end of the Q3 2022.

Non-current assets amounted to USD 225.1 million at the end of Q3 2023, compared to USD 98.4 million at the end of Q3 2022. The change is mainly explained by the prepayment made in Q1 2023.

Current liabilities amounted to USD 151.2 million, compared to USD 177.4 million at the end of Q3 2022. The decrease reflects drop in income tax payable due to a decrease in taxable position.

Non-current liabilities amounted to USD 27.5 million, compared to USD 11.5 million at the end of Q3 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 Q3 2023.

Cash flow

	Q3		01.01-30.09	
Amounts in USD thousand	**2023**	**2022**	**2023**	**2022**
Cash flows from operations	-12 805	44 784	-110 583	106 574
Cash flows from investing activities	-7 703	-9 242	-33 584	-21 181
Cash flows from financing activities	-2 174	-1 489	-5 942	-9 279
Change in cash and cash equivalents	-23 287	32 951	-150 377	73 471
Cash and cash equivalents at the end of the period	228 726	352 801	228 726	352 801

Cash flow from operating activities was an outflow of USD 12.8 million in Q3 2023, compared to an inflow of USD 44.8 million in Q3 2022. The operating cash flow in Q3 2023 was influenced by reduced profits and a strategic increase in inventory.

Cash flows from investing activities was an outflow of USD 7.7 million in Q3 2023, compared to an outflow of USD 9.2 million in Q3 2022. Capital expenditures -including software- amounted to USD 2.0 million, down from USD 7.2 million in the third quarter last year. The low capex reflects the sharpened focus on spending and postponement of some investments. Capitalized development expenses increased to USD 5.7 million from USD 2.1 million in the same period last year. The higher capitalization is a result of the nRF54 product that has entered final development stages.

Cash flows from financing activities was an outflow of USD 2.2 million relating to payment of lease liabilities. This compares to an outflow of USD 1.5 million in Q3 2022.

For the first nine months of 2023, cash flow from operating activities resulted in an outflow of USD 110.6 million, compared to an inflow of USD 106.6 million in 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 and lower profits.

For the first nine months of 2023, cash flow from investing activities resulted in an outflow of USD 33.6 million, compared to an outflow of USD 21.2 million in 2022. The main reason for the change is the increase in capitalized development expenses partly offset by decrease in capitalized expenditures.

Funding
The Group's cash position was USD 228.7 million at the end of Q3 2023, compared to USD 352.8 million at the end of Q3 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 379 million, including Nordic's right to borrow USD 150 million under sustainability linked RCF.

Outlook

Nordic Semiconductor reported average annual revenue growth of 39% in the three-year period from 2019 through 2022 but have seen revenues decline by 26% in the first nine months of 2023.

Revenue in the third quarter ended at USD 135 million, and the current demand outlook indicates revenue of USD 110-130 million for the fourth quarter of the year.

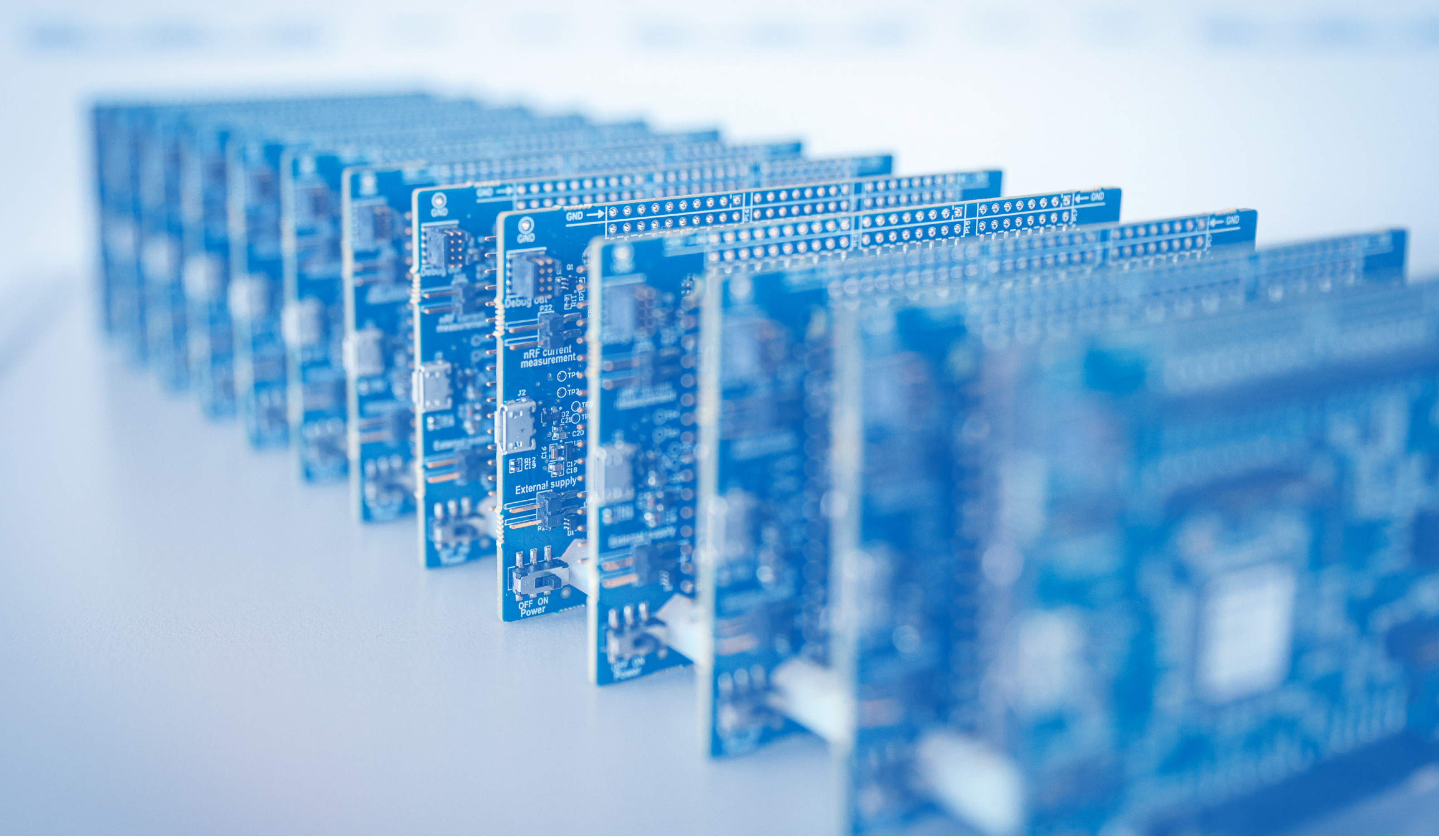
Nordic remains confident in the long-term growth potential of its products and markets, although the timing of a market recovery remains uncertain.

Gross margin was 52% for the first nine months, and the decline to 50% in the third quarter reflects the increased concentration in a customer base where the main tier-1 customers maintain volumes while many broad market customers are in decline. The company expects a gross margin of around 50% also in the fourth quarter, and reiterates its long-term ambition to maintain a gross margin level above 50%.

Nordic has continued to invest in building a leadership position in markets with significant long-term growth potential. However, given the backdrop with lower revenue, margin pressure, and low revenue visibility, the company needs to adapt by reallocating investments and reducing costs.

Nordic will maintain its unique technology platform comprising both Bluetooth, Wi-Fi and Cellular IoT. However, the company will seek to reallocate resources from the longer-term projects to projects and products that will generate revenue and profits in the near-to mid-term.

Cost optimization measures will include reduced use of consultants, streamlining of operational structure and an assessment of the total resources required to continue the company's main R&D programs. These measures will have effect from 2024 and will reduce quarterly operating expenses in the order of USD 5 million.



Oslo, October 16, 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

		Q3		01.01-30.09		Full year
Amounts USD thousand	**Note**	**2023**	**2022**	**2023**	**2022**	**2022**
Total revenue	4	135 031	202 087	434 676	585 360	776 734
Cost of materials		-66 875	-86 350	-207 221	-249 460	-339 941
Gross profit		68 157	115 737	227 455	335 900	436 793
Payroll expenses		-35 447	-39 479	-112 599	-118 634	-161 440
Other operating expenses		-19 863	-16 123	-58 936	-50 470	-69 685
EBITDA		12 846	60 135	55 919	166 796	205 668
Depreciation and amortization	6	-10 747	-11 627	-33 192	-32 215	-44 067
Operating Profit		2 099	48 508	22 728	134 581	161 602
Net interest income		521	782	3 593	884	4 934
Net foreign exchange gains (losses)		-915	1 985	3 359	6 906	619
Profit before tax		1 705	51 275	29 680	142 372	167 155
Income tax expense		-527	-27 113	-9 607	-51 469	-44 817
Net profit after tax		1 178	24 162	20 073	90 904	122 339
Earnings per share						
Ordinary earning per share (USD)		0.006	0.126	0.105	0.475	0.639
Fully diluted earning per share (USD)		0.006	0.125	0.104	0.472	0.635
Weighted average number of shares						
Basic		192 302	191 562	192 008	191 288	191 365
Fully diluted		193 791	192 720	193 157	192 738	192 739
Net profit after tax		1 178	24 162	20 073	90 904	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		-882	-1 202	-283	-2 760	-593
Total comprehensive income		296	22 960	19 790	88 144	121 807

Consolidated statement of financial position

Amounts USD thousand	Note	30.9.23	31.12.22	30.9.22
ASSETS				
Non-current assets				
Goodwill	11	10 338	2 284	2 265
Capitalized development expenses	5/6	34 504	26 608	28 172
Software and other intangible assets	5/6	10 955	11 655	13 261
Deferred tax assets		3 671	4 554	5 074
Fixed assets	6	30 751	35 603	32 504
Right-of-use assets	6	34 882	21 416	17 143
Other long term assets		100 000	—	—
Total non-current assets		**225 102**	**102 120**	**98 419**
Current assets				
Inventory		158 229	102 091	88 681
Accounts receivable		160 456	175 120	183 453
Current financial assets		—	267	567
Other current receivables		18 095	17 539	13 338
Cash and cash equivalents		228 726	379 104	352 801
Total current assets		**565 506**	**674 121**	**638 840**
Total assets		**790 608**	**776 241**	**737 259**
EQUITY				
Share capital		317	317	317
Treasury shares		-1	-2	-2
Share premium		235 448	235 448	235 448
Other equity		376 182	347 780	312 615
Total equity		**611 947**	**583 544**	**548 379**
LIABILITIES				
Non-current liabilities				
Pension liability		675	676	485
Non-current lease liabilities		26 802	14 861	10 975
Total non-current liabilities		**27 478**	**15 537**	**11 460**
Current liabilities				
Accounts payable		35 694	34 229	42 250
Income taxes payable		34 458	43 758	57 480
Public duties		4 443	6 455	4 160
Current lease liabilities		8 743	6 280	4 576
Current financial liabilities		—	—	—
Other current liabilities		67 843	86 439	68 953
Total current liabilities		**151 183**	**177 160**	**177 419**
Total liabilities		**178 661**	**192 697**	**188 879**
Total equity and liability		**790 608**	**776 241**	**737 259**

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						20 073	20 073
Other comprehensive income					-283		-283
Share based compensation				5 358			5 358
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 30.9.23	**317**	**-1**	**235 448**	**13 970**	**-1 682**	**363 894**	**611 947**
Equity as of 1.1.22	**317**	**-2**	**235 448**	**1 829**	**-806**	**221 421**	**458 209**
Net profit for the period						90 904	90 904
Other comprehensive income					-2 760		-2 760
Share based compensation				6 267			6 267
Option exercise				-4 278			-4 278
RSU and PSU exercise		1		-203			-202
Board compensation (shares)		0		241			241
Equity as of 30.9.22	**317**	**-2**	**235 448**	**3 855**	**-3 566**	**312 325**	**548 379**

Statement of cash flows

		Q3		01.01-30.09		Full year
Amount in USD thousand	**Note**	**2023**	**2022**	**2023**	**2022**	**2022**
Cash flows from operating activities						
Profit before tax		1 705	51 275	29 680	142 372	167 155
Taxes paid for the period		-740	-2 564	-16 703	-10 195	-16 760
Depreciation and amortization		10 747	11 627	33 192	32 215	44 067
Change in inventories, trade receivables and payables		-17 445	-17 250	-39 908	-61 441	-74 595
Share-based compensation		2 357	2 122	5 358	6 364	7 794
Movement in pensions		-20	-17	1	-83	104
Prepayments		—	—	-100 000		—
Other operations related adjustments		-9 409	-409	-22 202	-2 658	14 947
Net cash flows from operating activities		**-12 805**	**44 784**	**-110 583**	**106 574**	**142 711**
Cash flows used in investing activities						
Capital expenditures (including software)	6	-2 033	-7 191	-12 302	-15 704	-24 065
Capitalized development expenses	6	-5 670	-2 050	-15 282	-5 479	-6 489
Business Combination, net of cash acquired	11	—	—	-6 000		—
Net cash flows used in investing activities		**-7 703**	**-9 242**	**-33 584**	**-21 181**	**-30 554**
Cash flows from financing activities						
Changes in treasury shares		—	—	—		—
Cash settlement of options contract		—	—	—	-4 727	-4 727
Repayment of lease liabilities		-2 174	-1 489	-5 942	-4 552	-6 609
Net cash flows from financing activities		**-2 174**	**-1 489**	**-5 942**	**-9 279**	**-11 336**
Effects of exchange rate changes on cash and cash equivalents		-605	-1 102	-268	-2 642	-1 049
Net change in cash and cash equivalents		**-23 287**	**32 951**	**-150 377**	**73 471**	**99 772**
Cash and cash equivalents beginning of period		252 013	319 850	379 104	279 331	279 331
Cash and cash equivalents at end of period		**228 726**	**352 801**	**228 726**	**352 801**	**379 104**

Notes

Note 1: General

The Board of Directors approved the condensed third quarter interim financial statements for the three months ended September 30, 2023 for publication on October 16, 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 Q3 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	Q3		01.01-30.09		Full year
Specification of capital expenditures, balance sheet	**2023**	**2022**	**2023**	**2022**	**2022**
Capitalized development expenses (payroll expenses)	4 283	1 205	12 756	3 434	4 234
Capitalized acquired development expenses	1 387	845	2 525	2 045	2 255
Capital expenditures (including software)	2 033	7 191	12 302	15 704	24 065
Right-of-use assets (non-cash)	1 129	536	19 361	2 454	8 810
Acquisition (net)	—	—	10 172	—	—
Currency adjustments	-189	-253	-60	-589	-243
Total	**8 643**	**9 525**	**57 056**	**23 048**	**39 121**
Depreciation and amortization					
Capitalized development expenses	2 266	3 799	7 386	8 863	11 428
Software and other intangible assets	1 300	1 680	4 301	5 128	7 064
Fixed assets	5 073	4 723	15 610	13 978	19 247
Right-of-use assets	2 108	1 425	5 894	4 245	6 328
Total	**10 747**	**11 627**	**33 192**	**32 215**	**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 September 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.

	01.01-30.09		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.

With reference to the Annual general meeting held on April 20, 2023, Nordic Semiconductor, on July 12, 2023, granted 1 002 323 RSUs and performance shares to employees, including management. The shares vest over two and three years. The Annual General Meeting of Nordic Semiconductor ASA approved the issue of RSUs and Performance Shares of an aggregate nominal value of up to 1% of the company's outstanding share capital.

	01.01-30.09		Full year
	2023	**2022**	**2022**
Outstanding RSUs beginning of period	**1 002 504**	**1 058 947**	**1 058 947**
Granted	958 462	486 677	486 677
Forfeited	41 484	46 802	50 340
Released	409 801	492 780	492 780
Outstanding end of period	**1 509 681**	**1 006 042**	**1 002 504**

	01.01-30.09		Full year
	2023	**2022**	**2022**
Outstanding performance shares beginning of period	**109 632**	**142 990**	**142 990**
Granted	43 861	30 376	30 376
Forfeited	—	7 921	7 921
Performance adjusted	43 371	55 813	55 813
Released	97 578	111 626	111 626
Outstanding end of period	**99 286**	**109 632**	**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 September 30, 2023 with any significant effect that will impact the evaluation of the submitted accounts.

Financial Calendar 2023:

- February 6, 2024 - 4th Quarter 2023

For further information, please contact:

- Ståle Ytterdal, IR, +47 930 37 430
- Pål Elstad, CFO, +47 991 66 293

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.

	Q3		01.01-30.09		Full year
	2023	**2022**	**2023**	**2022**	**2022**
Gross profit	68.2	115.7	227.5	335.9	436.8
Total revenue	135.0	202.1	434.7	585.4	776.7
Gross margin	**50.5%**	**57.3%**	**52.3%**	**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.

	Q3		01.01-30.09		Full year
	2023	**2022**	**2023**	**2022**	**2022**
Operating Profit	2.1	48.5	22.7	134.6	161.6
Depreciation and amortization	10.7	11.6	33.2	32.2	44.1
EBITDA	**12.8**	**60.1**	**55.9**	**166.8**	**205.7**

- EBITDA margin. EBITDA divided by Total Revenue.

	Q3		01.01-30.09		Full year
	2023	**2022**	**2023**	**2022**	**2022**
EBITDA	12.8	60.1	55.9	166.8	205.7
Total revenue	135.0	202.1	434.7	585.4	776.7
EBITDA margin	**9.5%**	**29.8%**	**12.9%**	**28.5%**	**26.5%**

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

	Q3		01.01-30.09		Full year
	2023	2022	2023	2022	2022
Payroll expenses	35.4	39.5	112.6	118.6	161.4
Other operating expenses	19.9	16.1	58.9	50.5	69.7
Depreciation and amortization	10.7	11.6	33.2	32.2	44.1
Total operating expenses	**66.1**	**67.2**	**204.7**	**201.3**	**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.

	Q3		01.01-30.09		Full year
	2023	2022	2023	2022	2022
Total operating expenses	66.1	67.2	204.7	201.3	275.2
Depreciation and amortization	-10.7	-11.6	-33.2	-32.2	-44.1
Option expense	-2.4	-2.4	-5.4	-6.4	-7.8
Capitalized expenses	5.7	2.1	15.3	5.5	6.5
Cash operating expenses	**58.6**	**55.2**	**181.5**	**168.2**	**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.

	Q3		01.01-30.09		Full year
	2023	2022	2023	2022	2022
Reported EBITDA	12.8	60.1	55.9	166.8	205.7
Long range (cellular IoT) EBITDA loss	10.4	8.9	33.3	29.5	41.4
Wi-Fi expense	4.0	3.6	12.5	9.7	15.1
Adjusted EBITDA	**27.2**	**72.7**	**101.7**	**205.9**	**262.2**
Total revenue (excluding cellular IoT revenue)	130.8	193.5	423.1	565.0	751.4
Adjusted EBITDA margin	**20.8%**	**37.6%**	**24.0%**	**36.4%**	**34.9%**

- 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.

	Q3 2023	Q3 2022
Total operating expenses	278.6	269.9
Depreciation and amortization	-45.0	-42.3
Operating expenses excluding depreciation and amortization	**233.6**	**227.6**
Total revenue LTM	626.1	756.6
LTM opex / LTM revenue	**37.3%**	**30.1%**

- 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.

	Q3 2023	Q3 2022
Current assets	565.5	638.8
Cash and cash equivalents	-228.7	-352.8
Current financial assets	—	-0.6
Current liabilities	-151.2	-177.4
Current financial liabilities	—	—
Current lease liabilities	8.7	4.6
Income taxes payable	34.5	57.5
Net working capital	**228.8**	**170.1**
Total revenue LTM	626.1	756.6
NWC / LTM revenue	**36.5%**	**22.5%**

Cautionary note

Certain statements included in this report contain forward-looking information, including, without limitation, information relating to (a) forecasts, projections and estimates, (b) statements of Nordic management concerning plans, objectives and strategies, such as planned product development projects, investments, divestment, or other projects, (c) targeted volumes and costs and profit objectives, (d) various expectations about future developments in Nordic markets, particularly supply and demand and competition, (e) results of operations, (f) margins, (g) growth rates, (h) risk management, and (i) qualified statements such as “expected”, “scheduled”, “targeted”, “planned”, “proposed”, “intended” or similar. Although we believe that the expectations reflected in such forward-looking statements are reasonable, these forward-looking statements are based on a number of assumptions and forecasts that, by their nature, involve risk and uncertainty.

In conducting our business, Nordic faces risks that may interfere with our business objectives. Nordic outlines our main strategic, operational, financial, legal, climate & environmental, and social risks in the risk section of our Annual Report and the information of this section should be carefully considered. Various factors could cause our actual results to differ materially from those projected in a forward-looking statement or affect the extent to which a particular projection is realized. Factors that could cause these differences include, but are not limited to: changes in availability of raw materials and energy; our continued ability to manage the outsourcing of capital intensive production of silicon wafers, packaging and testing of our products; fluctuations of product supply and demand; constant and rapid technological standards; short product life cycles; world economic growth, including rates of inflation; changes in the relative value of currencies; trends in Nordic’s key markets and competition; geo-political risks and trade tensions; and legislative, regulatory and political factors.

No assurance can be given that such expectations will prove to have been correct. Nordic disclaims any obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.

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