

# Q4

& preliminary full year  
2023 report



**NORDIC**<sup>®</sup>  
SEMICONDUCTOR

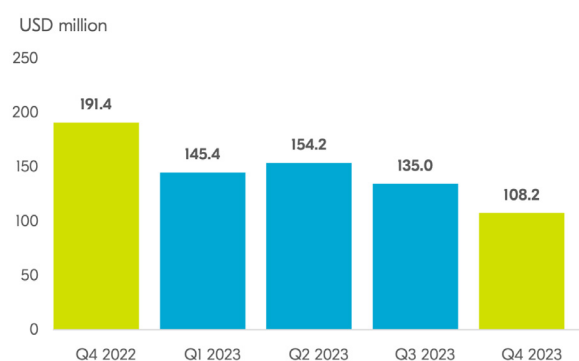
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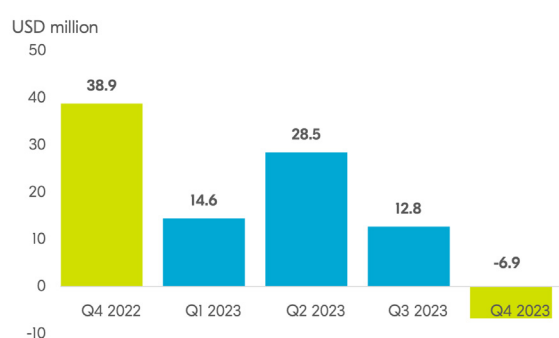
# Highlights Q4

- Revenue of USD 108.2 million (-43%)
- Gross margin of 52.0%
- EBITDA loss of USD 6.9 million, including restructuring charges of USD 4.9 million
- Successful bond issue of USD 93 million
- Implemented cost cuts that will take full effect from 2024
- Vegard Wollan appointed new CEO from January 1, 2024, succeeding Sverre-Tore Larsen

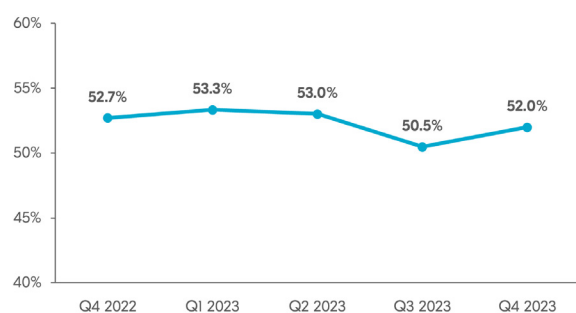
## Revenue



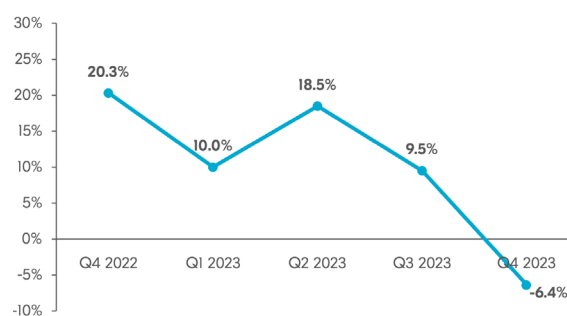
## EBITDA



## Gross margin



## EBITDA margin

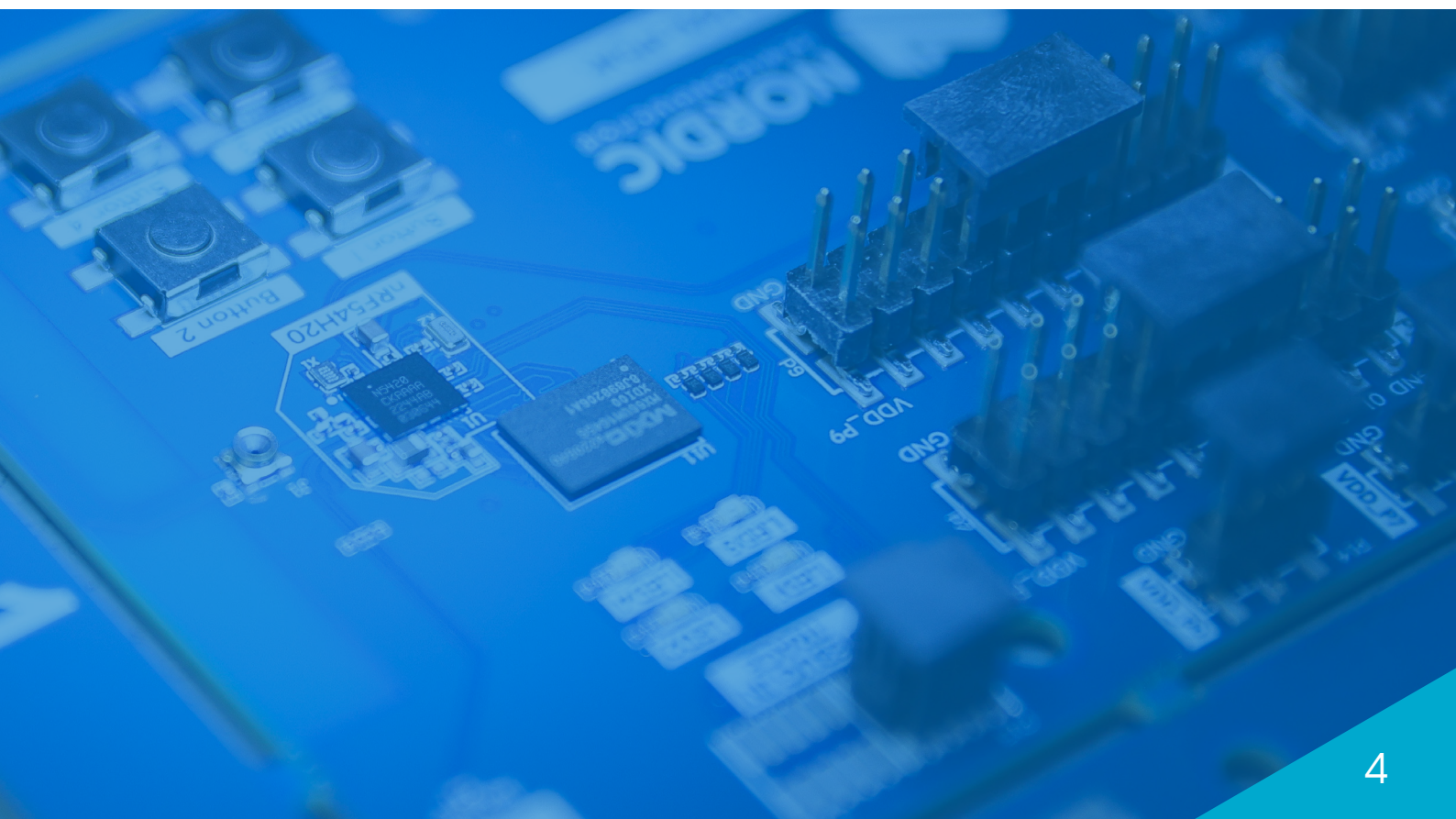




# Key figures

## Q4 & FY2023 financial summary

	Q4			Full year		
Amount in USD million	2023	2022	Change	2023	2022	Change
Revenue	108.2	191.4	-43.5%	542.9	776.7	-30.1%
Gross profit	56.3	100.9	-44.2%	283.7	436.8	-35.0%
Gross margin %	52.0%	52.7%	-0.7 p.p.	52.3%	56.2%	-4 p.p.
EBITDA	-6.9	38.9	-117.7%	49.0	205.7	-76.2%
EBITDA %	-6.4%	20.3%	-26.7 p.p.	9.0%	26.5%	-17.4 p.p.
Operating profit (EBIT)	-18.0	27.0	-166.7%	4.7	161.6	-97.1%
Operating profit % (EBIT)	-16.7%	14.1%	-30.8 p.p.	0.9%	20.8%	-19.9 p.p.
Net profit after tax	-12.4	31.4	-139.5%	7.6	122.3	-93.7%
Cash and cash equivalents				291.0	379.1	-23.3%
LTM Opex excluding depreciation / LTM revenue				43.2%	29.8%	13.5 p.p.
Net working capital / LTM revenue				40.6%	21.6%	19 p.p.
Equity ratio				69.8%	75.2%	-5.3 p.p.
Number of employees				1493	1452	2.8%



# Q4 & FY2023 review

Revenue was USD 108.2 million in the fourth quarter 2023 and USD 542.9 million for the full year 2023. This corresponds to year-on-year declines of 43% and 30%, respectively, reflecting a cyclical downturn in the electronics industry among both consumer and industrial customers. Bluetooth revenue declined by 48% year-on-year in the fourth quarter and by 28% for the full year. Nordic maintained a high and stable design win market share throughout the year.

## Persisting cyclical downturn

Nordic reported total revenue of USD 108.2 million in Q4 2023, which was a decrease of 43.5% from USD 191.4 million in Q4 2022. Full year 2023 declined by 30.1% to USD 542.9 million. Total revenue was 19.9% lower than the previous quarter, reflecting a continuation of the demand weakness seen throughout 2023. As described in the quarterly report for the third quarter, the cyclical demand downturn has been more pronounced and prolonged than Nordic earlier anticipated, and is impacting most end-user verticals, technologies, and geographies. The downturn has hit the broad market customers hardest, and the combined revenue from Nordic's top-10 Bluetooth customers was more or less unchanged from 2022 to 2023.

## 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 90.1 million in Q4 2023, a decrease of 47.6% year-on-year and down 24.8% from the previous quarter. Bluetooth share of total

revenue was 83% in Q4 2023. For the full year Bluetooth revenue decreased by 27.7% to USD 483.9 million in 2023 from USD 669.1 million in 2022. The decline reflects both weak end-user demand and continued inventory adjustments at both end-customer and distributors.

Tier-1 demand has held up significantly better than the broad market. Full year Bluetooth revenue from the top-10 customers amounted to USD 276 million in 2023, which was a marginal decline of 3% from USD 285 million in 2022. Bluetooth revenue from all other customers declined by 46% to USD 208 million, mainly as a result of less broad market demand. The Bluetooth revenue share of the top-10 hence increased to 57% in 2023 from 44% in 2022.

Proprietary product revenue amounted to USD 9.8 million in Q4 2023, a decrease of 18.4% year-on-year and down 4.2% from the previous quarter. Proprietary share of total revenue was 9.1% in Q4 2023. For the full year Proprietary revenue decreased by 54.5% to USD 34.4 million in 2023 from USD 75.7 million in 2022. The decline mainly reflects continued weak cyclical demand for PC accessories and home office equipment, and more structurally lower demand as customers are transitioning to other technologies such as Bluetooth Low Energy.

	Q4			Full year		
Amounts in USD thousand	2023	2022	Change	2023	2022	Change
Bluetooth	90 065	171 935	-47.6%	483 866	669 112	-27.7%
Proprietary wireless	9 833	12 057	-18.4%	34 449	75 700	-54.5%
<b>Short-range wireless components</b>	<b>99 898</b>	<b>183 992</b>	<b>-45.7%</b>	<b>518 315</b>	<b>744 813</b>	<b>-30.4%</b>
Cellular IoT	6 014	5 044	19.2%	17 553	25 365	-30.8%
ASIC components	1 297	1 857	-30.2%	4 701	4 607	2.0%
Other	984	482	104.1%	2 301	1 951	17.9%
<b>Total revenue</b>	<b>108 193</b>	<b>191 374</b>	<b>-43.5%</b>	<b>542 869</b>	<b>776 734</b>	<b>-30.1%</b>

Cellular revenue amounted to USD 6.0 million in Q4 2023, an increase of 19.2% year-on-year and up 42.2% from the previous quarter. Cellular share of total revenue was 5.6% in Q4 2023. For the full year Cellular revenue decreased by 30.8% to USD 17.6 million in 2023 from USD 25.4 million in 2022.

ASIC component revenues amounted to USD 1.3 million in Q4 2023, a decrease of 30.2% compared with USD 1.9 million in Q4 2022. For the full year 2023, ASIC revenue increased by 2.0%, to USD 4.7 million in 2023 from USD 4.6 million in 2022.

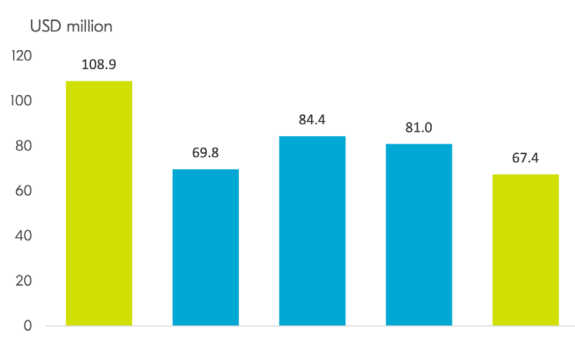
In terms of end-user markets, Nordic saw weaker demand across both Consumer, Industrial, Healthcare and Other.

Consumer remained the largest end-user market accounting for 63.1% of total market revenues. Revenue in the fourth quarter decreased by 38.1% year-on-year to USD 67.4 million. For the full year of 2023, Consumer revenues decreased by 37.5% to USD 302.5 million.

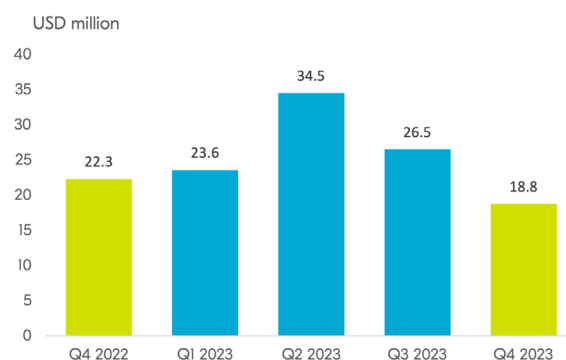
Industrial market accounted for 17.1% of revenue, having decreased by 64.7% year-on-year to USD 18.3 million in Q4 2023. For the full year of 2023, Industrial revenues decreased by 38.8% to USD 117.2 million.

Nordic has highlighted the Healthcare market as a future growth engine, although revenues are still dependent on a relatively small number of customers and hence prone to wide variations across quarters.

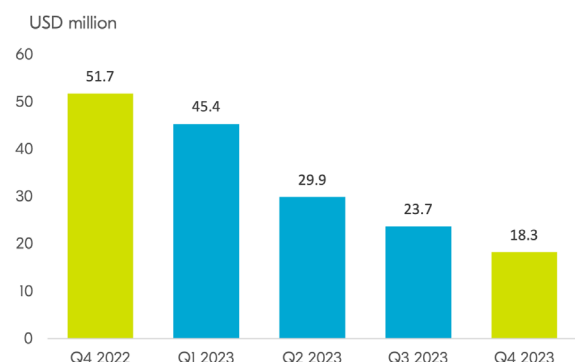
## CONSUMER



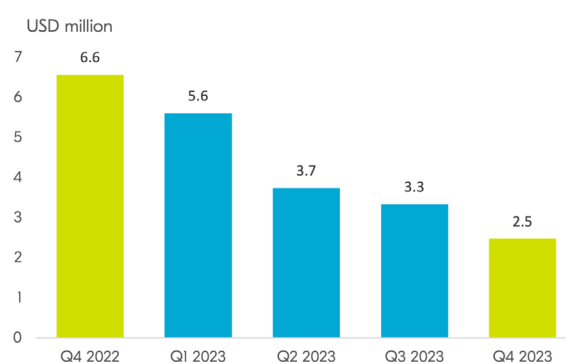
## HEALTHCARE



## INDUSTRIAL



## OTHER



	Q4			Full year		
Revenues by end-product markets Amounts in USD thousand	2023	2022	Change	2023	2022	Change
Consumer	67 411	108 906	-38.1%	302 486	483 799	-37.5%
Industrial	18 260	51 739	-64.7%	117 203	191 543	-38.8%
Healthcare	18 752	22 303	-15.9%	103 325	67 623	52.8%
Other	2 474	6 569	-62.3%	15 153	29 163	-48.0%
<b>Total revenue excl. ASIC &amp; Consulting</b>	<b>106 896</b>	<b>189 517</b>	<b>-43.6%</b>	<b>538 168</b>	<b>772 128</b>	<b>-30.3%</b>

Revenue declined 15.9% year-on-year to USD 18.8 million in Q4 2023 and hence accounted for 17.5% of revenue in the quarter. For the full year of 2023, Healthcare revenues increased by 52.8% to USD 103.3 million.

'Other' accounted for 2.3% of revenue, having decreased by 62.3% year-on-year to USD 2.5 million in Q4 2023. For the full year of 2023, 'Other' revenues decreased by 48.0% to USD 15.2 million.

#### **Implemented cost optimization program**

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 has seen a need to adapt by reallocating investments and reducing costs.

In the Q3 2023 report, a cost optimization initiative was announced. Cost optimization measures included 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. During Q4 2023, Nordic has reduced number of employees and full time consultants by around 100 (~7%) and 30, respectively.

This will isolated reduce quarterly operating costs by approximately USD 5 million with effect from the first quarter 2024.

#### **Strengthened supply chain**

As commented in previous quarters Nordic has strengthened its supply chain resilience through a strategic manufacturing agreement that will enable capacity expansions in line with the company's longer-term growth ambitions. The agreement means Nordic will have dual supply of 22nm wafers for its next generation nRF54 Series SoCs from both TSMC and Global Foundries.

Nordic also increased its inventories of 55nm wafers used for the nRF52 and nRF53 Series SoCs, as a strategic decision to support future growth ambitions and take advantage of the current supply situation.

#### **Continued high design win market share**

Nordic had a high market share of 45% of new design certifications in the Bluetooth Low Energy (Bluetooth LE) market in the fourth quarter 2023 and 43% for the full year 2023. This compares with a market share of 38% in the fourth 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 1,112 in 2023, of which 483 had Nordic inside.

#### **Vegard Wollan appointed new CEO**

In December, it was announced that Vegard Wollan has been appointed as the new CEO, succeeding Sverre Tore Larsen, who is stepping down after leading the company for more than two decades.

Wollan has extensive experience within the semiconductor and electronics industry, as one of the inventors of the AVR microcontroller technology and a key contributor to the growth of Atmel where he built a highly profitable USD 1 billion revenue business as VP and General Manager of the Touch and MCU business unit. Wollan joined from the position as CEO of Touchnetix, an innovation leader in touch technologies based on Mywo, which Wollan founded in 2016.

#### **Completed asset acquisition of Atlazo IP**

Nordic successfully acquired Atlazo's IP portfolio in the fourth quarter after receiving regulatory approval. 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.

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 applications requiring on-device computational processes with minimal energy consumption.

#### **World's first silicon-to-cloud solution**

The final piece to Nordic's comprehensive Service Set Identifier based Wi-Fi locationing solution was introduced in November — the new nRF7000 Wi-Fi companion IC. This makes the company the world's first sole supplier of a complete silicon-to-cloud location solution with Wi-Fi, cellular IoT, and GNSS, streamlining the development process, and saving customers time and money. The solution enables the acquisition of accurate location fixes in an extremely power-efficient manner indoors and outdoors, and in urban and suburban areas. Nordic's dedication to low power wireless technology enables the company to provide highly efficient solutions for numerous IoT applications. Customers now need to come to just one place for a comprehensive low power locationing solution and world class technical support, without having to deal with multiple vendors.



### New Nordic Power Management

The nPMI300 is ideal for battery-operated applications. It reduces an end-product's Bill-of-Materials (BoM) by combining circuitry that typically requires five or more discrete components into one single chip. The circuitry includes system management features and accurate fuel gauging for low power wireless applications. The nPMI300 has been well received by the market, and active design projects can now safely enter commercial production with their end products. The nPMI300 is complemented by the nPMI100, an ultra small form factor PMIC for charging batteries and power delivery, and the nPM6001, a multi-rail PMIC for advanced applications, in Nordic's power management portfolio.

### New nRF91 series order ready

The previously announced nRF9161 SiP with its associated nRF9161 DK has become available for ordering through Nordic's online distribution network. Based on the nRF9160 SiP, it brings new features that further improve the power consumption and robustness of cellular IoT applications. The nRF9161 SiP is the first device in the nRF91 Series to also support DECT NR+, a revolutionary non-cellular 5G technology.

### Customer product launches

Nordic customers unveiled a diverse range of new and innovative products powered by the company's complete product portfolio in the fourth quarter of 2023, featuring notable additions in the industrial, healthcare, and consumer markets.

In the industrial sector, a smart lock was introduced to enhance the freight security of shipping containers and trailers. Utilizing the nRF52840 SoC, it enables onsite unlocking via a smartphone app or remotely through a gateway. Additionally, a smart building material monitoring solution, employing the nRF9160, was launched. This solution analyzes the physical attributes of concrete as it dries, ensuring safe progression to the next construction stage. It provides valuable data throughout the life cycle of cementitious building materials, offering insights for planners, engineers, contractors, and owner-operators at each phase. A preventive solution has also been introduced for property managers and landlords, utilizing the nRF9160 to detect the presence of methamphetamine inside buildings.

In the healthcare market, a global hearing technology solutions provider introduced a Bluetooth LE Audio and Auracast™ broadcast audio TV streamer. This innovation allows individuals with hearing loss to stream hi-fidelity audio between their TV and hearing aids. Additionally, a bilateral stimulation device was launched in the quarter, aiming to reduce stress and anxiety symptoms in both clinical and non-clinical environments.

In the consumer market, an audio transmission module using the nRF52 series was launched, enabling high-fidelity wireless audio in microphones, musical instruments, or audio headsets. A global smart lighting provider applied the nRF52 series to launch three new products, offering robust, long-range wireless connectivity for large areas, outdoor applications, and complex lighting installations. These solutions boast excellent energy consumption, increased memory capacity, and support for the latest standards, providing long-range and high-throughput capabilities.

### Global recognition

Nordic and its world-leading wireless connectivity solutions keep getting recognition globally. This quarter, the nRF7002 Wi-Fi 6 companion IC — the first in the company's Wi-Fi product portfolio - was shortlisted as a finalist for the highly rated UK Elektra Awards. The companion IC was nominated in the Internet of Things Product of the Year category. Secondly, Nordic was nominated for the prestigious "Most Respected Public Semiconductor Company (Achieving \$500 Million to \$1 Billion in Annual Sales)" award at the 2023 GSA Awards. The nomination reaffirms the company's dedication to pushing the boundaries of innovation in the semiconductor industry. Finally, Nordic was named "India's IoT Semiconductor Company of the Year" in the Electronics Maker Best Awards 2023. The award is India's most prestigious electronics industry award, and Nordic was recognized as the winner for product innovation, excellence, and sustainability.

### Demonstrating synergies

Nordic offers a complete set of wireless connectivity solutions within cellular IoT, Wi-Fi, Bluetooth, Matter, Power Management, nRF Cloud Services, and how to easily get started. A dedicated team of engineers from Nordic has continued the success of arranging full-day seminars for developers to learn about the benefits of this complete offering at various sites. The latest highlight was at CES — the world's leading consumer electronics exhibition - in Las Vegas, US, in January 2024. At this site, Nordic boasted the seamless integration and combined benefits of the complete product portfolio. Some of the demo highlights from Nordic during the show were the brand-new Bluetooth LE Audio demo, showing next-level power efficiency and broadcasting features in combination with Windows and Android devices. Matter demo, showcasing Apple and Google ecosystem coexistence running on the upcoming nRF54H and nRF54L Series development hardware; asset tracker demo with the complete cellular IoT solution. Machine Learning demo showing how to train an ML model in 15 minutes using Thingy:52 and a smartphone; and a Power Management demo showing how the nPMI300 simplifies designs, improves functionality, and saves board space by replacing up to 8 discrete components.





## Financial results

	Q4			Full year		
Amounts in USD thousand	2023	2022	Change	2023	2022	Change
Gross profit	56 257	100 893	-44.2%	283 712	436 793	-35.0%
Gross margin	52.0%	52.7%	-0.7 p.p.	52.3%	56.2%	-4 p.p.
Operating expenses excl. depreciation and amortization	63 145	62 021	1.8%	234 681	231 125	1.5%
EBITDA	-6 889	38 872	-117.7%	49 031	205 668	-76.2%
EBITDA %	-6.4%	20.3%	-26.7 p.p.	9.0%	26.5%	-17.4 p.p.
Depreciation and amortization	11 137	11 852	-6.0%	44 329	44 067	0.6%
EBIT	-18 026	27 020	-166.7%	4 702	161 602	-97.1%

### Gross profit

Gross profit was USD 56.3 million in Q4 2023, down from USD 100.9 million in Q4 2022. The gross margin decreased to 52.0% in Q4 2023 from 52.7% in Q4 2022. For the full year gross margin decreased to 52.3% in 2023 from 56.2% in 2022.

The decline in gross margin for the quarter reflects increased concentration in the customer base, with some of the major tier-1 customers maintaining high volumes and slow demand in the broad market. This affected gross margin negatively as higher volume customers on average carry lower gross margin.

In addition, the margin in 2022 was positively influenced by the depletion of materials that were bought prior to supplier price increase.

Compared to last quarter gross margins improved from 50.5% mainly as a result of a change in product mix.

### Operating expenses

Operating expenses excluding depreciation, amortization amounted to USD 63.1 million in Q4 2023. This represents a 2% increase in cost compared to USD 62.0 million in Q4 2022. The increase includes USD 4.9 million restructuring costs. When excluding the restructuring costs total operating expenses amounted to USD 58.3 million in Q4 2023. Costs related to the Atlazo asset acquisition were included with USD 1.3 million in Q4 2023. The year-on-year decline in underlying operating expenses is mainly explained by higher capitalization and less variable pay compared with 2022.

Nordic is exposed to currency fluctuations, mainly in NOK, EUR and USD. Compared to the previous year these had only a marginal effect in Q4 2023, whereas changes in these exchange rates reduced annual operating costs by nearly USD 6 million compared to 2022.

R&D costs excluding restructuring costs amounted to USD 41.1 million, compared to USD 45.2 million in Q4 2022. Of this, USD 25.0 million was related to the short-range business, USD 12.2 million to cellular and USD 3.9 million to Wi-Fi.

In Q4 2023 Nordic capitalized a total of USD 6.7 million in development expenses, compared to USD 1.0 million in Q4 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 0.3 million related to Wi-Fi investments, USD 0.2 million to long-range, and USD 6.2 million to the short-range business.

Total cash operating expenses in Q4 2023 amounted to USD 68.6 million, calculated by adding back capitalized development expenses and deducting depreciation and equity-based compensation from total operating expenses. This was an increase from USD 61.6 million in Q4 2022.

Of the cash operating expenses, USD 44.0 million were related to payroll expenses, compared to USD 42.2 million in Q4 2022. This increase includes USD 4.9 million in restructuring costs. Other variations when comparing with Q4 2022 include acquisition related costs taken in Q4 2023 and lower variable pay in 2023.

The total number of Nordic employees was 1493 at the end of 2023, an increase of 3% during the year but a decrease of 2% from the end of the third quarter. Over the past year, the number of R&D employees has increased by 5% to 1,137 people. The Sales & Marketing has increased by 1 % to 135 people, while the Supply Chain organization has remained unchanged at 88 employees. During Q4, Nordic implemented restructuring measures reducing the number of employees by around 100. The full impact of this will be reflected from Q1 2024 due to varying termination periods in different countries.

Other cash operating expenses amounted to USD 24.7 million in Q4 2023, compared to USD 19.4 million in Q4 2022. The change is primarily due to tape-out costs, acquisition related spending and product testing.

## Profit

EBITDA declined to USD 6.9 million in Q4 2023 from USD 38.9 million in Q4 2022. The reported EBITDA margin decreased to -6.4% in Q4 2023 from 20.3% in the same quarter last year. The weaker results can primarily be attributed to the decline in revenue, lower gross margin, and a somewhat higher cost level due to restructuring.

EBITDA for 2023 amounted to USD 49.0 million, a decline from USD 205.7 million in 2022. This change can be attributed to lower gross profit as a result of decrease in revenue and lower gross margin.

Depreciation and amortization decreased to USD 11.1 million in Q4 2023, compared to USD 11.9 million in Q4 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 Q4 2023 and amortization of leased assets to USD 2.2 million.

Operating profit (EBIT) was USD -18.0 million in Q4 2023, down from USD 27.0 million in Q4 2022. EBIT decreased to USD 4.7 million in 2023 from USD 161.6 million in 2022.

Net financial items resulted in income of USD 0.4 million in Q4 2023, compared to net financial loss of USD 2.2 million in Q4 2022. The difference is mainly explained by USD/NOK movements.

Loss before tax was USD 17.6 million in Q4 2023, compared to a profit before tax of USD 24.8 million in Q4 2022. The tax income in Q4 2023 was USD 5.2 million, compared to a tax income of USD 6.7 million in Q4 2022.

Net loss was USD 12.4 million in Q4 2023, compared to a net profit of USD 31.4 million in Q4 2022.

Profit before tax for 2023 was USD 12.1 million, compared to USD 167.2 million for 2022. Tax expense for 2023 was USD 4.4 million, representing an effective tax rate of 36%. 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, resulting in a high effective tax rate.

Net profit for 2023 was USD 7.6 million compared to USD 122.3 million in 2022.

## Financial position

Amounts in USD thousand	31.12.2023	31.12.2022
Capitalized development expenses	38 938	26 608
<b>Total non-current assets</b>	<b>253 008</b>	<b>102 120</b>
Inventory	163 090	102 091
Cash and cash equivalents	290 957	379 104
<b>Total current assets</b>	<b>609 237</b>	<b>674 121</b>
<b>Total assets</b>	<b>862 245</b>	<b>776 241</b>
<b>Total equity</b>	<b>602 077</b>	<b>583 544</b>
Equity percentage	69.8%	75.2%
<b>Total liabilities</b>	<b>260 168</b>	<b>192 697</b>
<b>Total equity and liability</b>	<b>862 245</b>	<b>776 241</b>

Total shareholders' equity amounted to USD 602.1 million at the end of Q4 2023, up from USD 583.5 million at the end of 2022.

The Group equity ratio was 69.8% of a total asset base of USD 862.2 million.

Cash and cash equivalents amounted to USD 291.0 million, compared to USD 379.1 million at the end of Q4 2022. The main reason for the decline is the prepayment of USD 100.0 million made in Q1 2023 related to initiatives to strengthen supply resilience and diversification and an increase in working capital. This is partly offset by issued bond of USD 93 million in Q4 2023.

Net working capital increased to USD 220.4 million at the end of Q4 2023, up from USD 167.6 million at the end Q4 2022. Measured as a percentage of last 12 months revenue, net working capital increased to 40.6% from 21.6% at the end of Q4 2022.

The changes in net working capital mainly reflect an increase in inventory to USD 163.1 million from USD 102.1 million. Total inventory during 2022 was impacted by supply constraints and Nordic have been able to strategically build inventory in 2023. Accounts receivable decreased to USD 133.3 million from USD 175.1 million at the end of Q4 2022. This comes as a result of lower revenue.

Total current assets amounted to USD 609.2 million at the end of Q4 2023, down from USD 674.1 million at the end of the Q4 2022.

Non-current assets amounted to USD 253.0 million at the end of Q4 2023, compared to USD 102.1 million at the end of Q4 2022. The change is mainly explained by the prepayment made in Q1 2023 along with capitalized leasing contracts.

Current liabilities amounted to USD 114.2 million, compared to USD 177.2 million at the end of Q4 2022. The decrease reflects drop in income tax payable due to a decrease in taxable position and accounts payable.

Non-current liabilities amounted to USD 146.0 million, compared to USD 15.5 million at the end of Q4 2022. Non-current liabilities mainly consist of a successful NOK 1.0 billion bond issue with an outstanding balance of USD 97.5 million. Additionally, non-current lease liability has increased with contract extensions including but not limited to the Group's head office in Trondheim where the lease has been extended to better utilize the high infrastructure investments made in the building.

## Cash flow

	Q4		Full year	
Amounts in USD thousand	2023	2022	2023	2022
Cash flows from operations	-9 202	36 137	-119 784	142 711
Cash flows from investing activities	-19 918	-9 372	-53 502	-30 554
Cash flows from financing activities	90 451	-2 057	84 509	-11 336
Change in cash and cash equivalents	62 231	26 303	-88 147	99 772
Cash and cash equivalents at the end of the period	290 957	379 104	290 957	379 104

Cash flow from operating activities resulted in an outflow of USD 9.2 million in Q4 2023, compared to an inflow of USD 36.1 million in Q4 2022. The operating cash flow in Q4 2023 compared to 2022 was influenced by reduced profits and increased taxes paid, offset by lower impact from inventory, accounts payable and accounts receivable.

Cash flows from investing activities resulted in an outflow of USD 19.9 million in Q4 2023, compared to an outflow of USD 9.4 million in Q4 2022. Capital expenditures (including software) amounted to USD 13.2 million, up from USD 8.4 million in the fourth quarter last year. The increase in capital expenditures (including software) include USD 8.5 million purchase of IP from Atlazo. Capitalized development expenses increased to USD 6.7 million from USD 1.0 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 resulted in an inflow of USD 90.5 million mainly relating to issue of bond. This compares to an outflow of USD 2.1 million in Q4 2022.

In 2023, cash flow from operating activities resulted in an outflow of USD 119.8 million, compared to an inflow of USD 142.7 million in 2022. The main reason for the change is lower profits, increased inventory and taxes paid along with prepayment of USD 100.0 million made in Q1 2023 related to ongoing initiatives to strengthen supply resilience and diversification.

In 2023, cash flow from investing activities resulted in an outflow of USD 53.5 million, compared to an outflow of USD 30.6 million in 2022. The main reason for the change is the increase in capitalized development expenses, consideration for acquired entity and IP acquisition in Q4 2023.

### Funding

The Group's cash position was USD 291.0 million at the end of Q4 2023, compared to 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 overdraft facilities and Nordic's sustainability linked RCF, amounted to USD 491 million. The RCF was increased in the quarter from USD 150 million to USD 200 million.



# Outlook

Nordic Semiconductor reported average annual revenue growth of close to 40% in the three years from 2019 through 2022 but saw revenue decline by 30% in 2023.

Revenue in the fourth quarter ended at USD 108 million, with Bluetooth customers remaining cautious and continuing to draw on inventories. Proprietary revenue is beginning to stabilize, although at a relatively low level, and cellular IoT revenue showed a sequential improvement from the previous quarters of the year.

Due to the weaker than expected market development through 2023, the company in the fourth quarter took steps to lower costs through a restructuring process affecting around 100 employees or approximately 7% of the workforce.

Although Nordic remains confident in the long-term market potential for its products and technologies, the market is in a cyclical downturn with macro headwinds. Nordic hence sees low revenue in the first quarter of 2024 due to continued inventory adjustments as well as more normal seasonality. Total revenue is expected to fall within the range of USD 70-80 million in the first quarter.

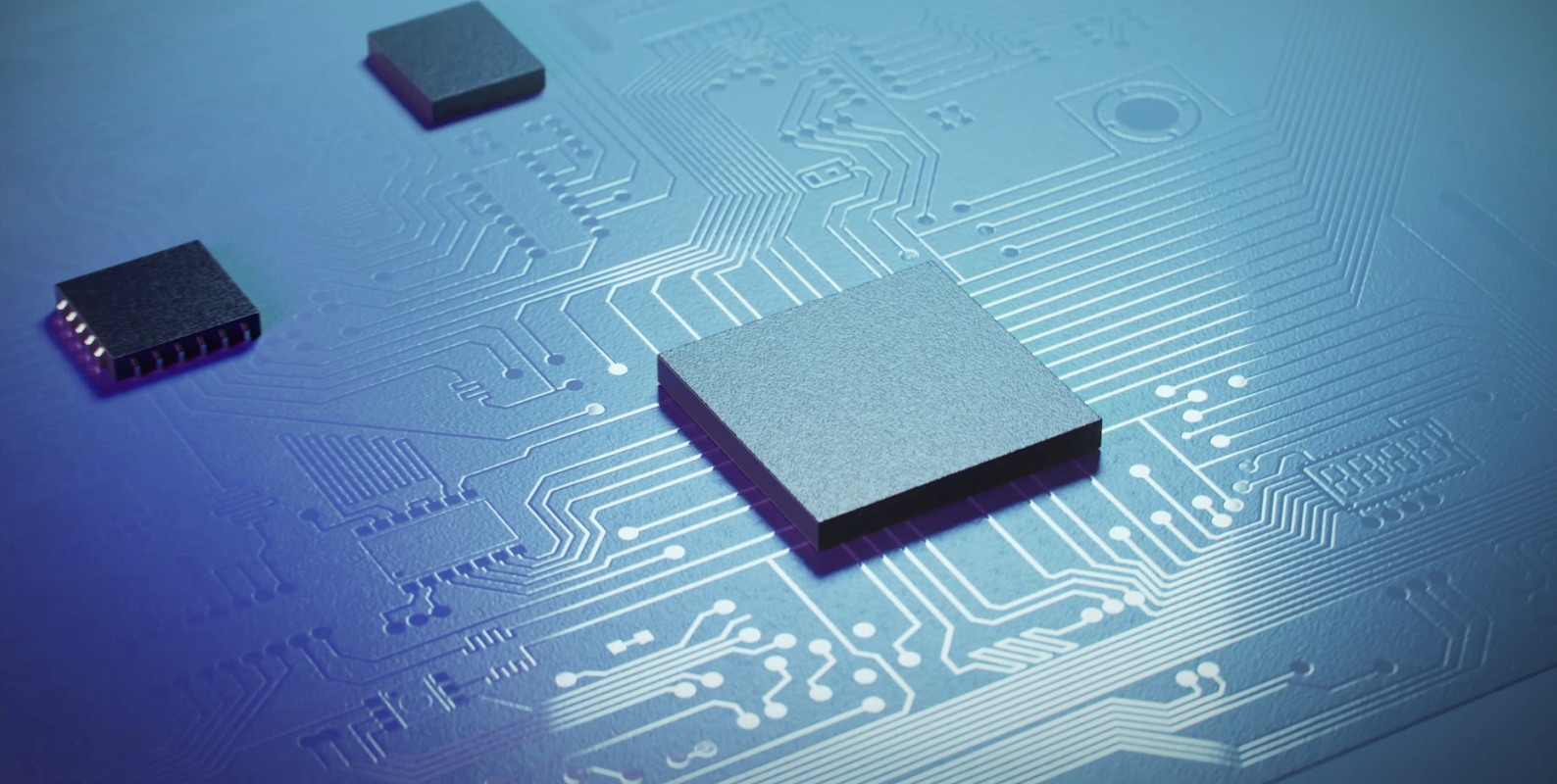
Gross margin came in at 52% for the fourth quarter, and is expected at around 50% for the first quarter 2024. The company reiterates its long-term ambition to maintain a gross margin level above 50%.

Going forward, Nordic is not going to offer revenue guidance beyond the current quarter. The company will also limit comments relating to specific customer relationships, and may also limit certain other information due to the competitive landscape.

The overarching goal of the new top management is to return to revenue growth and restore profitability. The new CEO Vegard Wollan assumed his position on 1 January 2024, with an initial focus on product strategies and on maximizing the efficiency and throughput from Nordic's excellent engineering teams.

Nordic has continued to invest in its leadership position in the Bluetooth low energy market and in building a position in the emerging Cellular IoT, Wi-Fi and PMIC product markets. The company is on track to realize initial revenue from its nRF54 Series SoCs towards the end of 2024. Nordic's industry-leading 22 nm wireless and embedded technology platforms at the two key partnering foundries are regarded a clear advantage going forward.





Oslo, February 5, 2024

**Anita Huun**

Board member

**Birger Steen**

Chair

**Inger Berg Ørstavik**

Board member

**Snorre Kjesbu**

Board member

**Vegard Wollan**

Chief Executive Officer

**Annastiina Hintsa**

Board member

**Jon Helge Nistad**

Board member, employee

**Anja Dekens**

Board member, employee

**Morten Dammen**

Board member, employee

# Condensed financial information

## Income statement

		Q4		Full year	
Amounts USD thousand	Note	2023	2022	2023	2022
<b>Total revenue</b>	4	108 193	191 374	542 869	776 734
Cost of materials		-51 936	-90 480	-259 157	-339 941
<b>Gross profit</b>		56 257	100 893	283 712	436 793
Payroll expenses		-40 391	-42 806	-152 990	-161 440
Other operating expenses		-22 754	-19 215	-81 691	-69 685
<b>EBITDA</b>		-6 889	38 872	49 031	205 668
Depreciation and amortization	6	-11 137	-11 852	-44 329	-44 067
<b>Operating Profit</b>		-18 026	27 020	4 702	161 602
Net interest income		2 443	4 050	6 036	4 934
Net foreign exchange gains (losses)		-2 001	-6 287	1 358	619
<b>Profit before tax</b>		-17 583	24 783	12 096	167 155
Income tax expense		5 160	6 652	-4 447	-44 817
<b>Net profit after tax</b>		-12 423	31 435	7 650	122 339
<b>Earnings per share</b>					
Ordinary earning per share (USD)		-0.065	0.164	0.040	0.639
Fully diluted earning per share (USD)		-0.064	0.163	0.040	0.635
<b>Weighted average number of shares</b>					
Basic		192 306	191 575	192 085	191 365
Fully diluted		193 913	192 733	193 350	192 739
<b>Net profit after tax</b>		-12 423	31 435	7 650	122 339
<b>Other comprehensive income not to be reclassified to profit or loss in subsequent periods:</b>					
Actuarial gains (losses) on defined benefit plans (before tax)		-37	74	-37	74
Income tax effect		8	-13	8	-13
<b>Other comprehensive income that may be reclassified to profit or loss in subsequent periods:</b>					
Currency translation differences		1 392	2 167	1 109	-593
<b>Total comprehensive income</b>		-11 060	33 663	8 730	121 807

## Consolidated statement of financial position

Amounts USD thousand	Note	31.12.23	31.12.22
<b>ASSETS</b>			
<b>Non-current assets</b>			
Goodwill	11	10 891	2 284
Capitalized development expenses	5/6	38 938	26 608
Software and other intangible assets	5/6	19 063	11 655
Deferred tax assets		5 872	4 554
Fixed assets	6	29 095	35 603
Right-of-use assets	6	54 670	21 416
Investments in joint ventures		6	—
Other long term assets		94 473	—
<b>Total non-current assets</b>		<b>253 008</b>	<b>102 120</b>
<b>Current assets</b>			
Inventory		163 090	102 091
Accounts receivable		133 316	175 120
Current financial assets		—	267
Other current receivables		21 874	17 539
Cash and cash equivalents		290 957	379 104
<b>Total current assets</b>		<b>609 237</b>	<b>674 121</b>
<b>Total assets</b>		<b>862 245</b>	<b>776 241</b>
<b>EQUITY</b>			
Share capital		317	317
Treasury shares		-1	-2
Share premium		235 448	235 448
Other equity		366 313	347 780
<b>Total equity</b>		<b>602 077</b>	<b>583 544</b>
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Pension liability		661	676
Borrowings		97 491	—
Non-current lease liabilities		47 864	14 861
<b>Total non-current liabilities</b>		<b>146 016</b>	<b>15 537</b>
<b>Current liabilities</b>			
Accounts payable		12 201	34 229
Income taxes payable		5 640	43 758
Public duties		6 334	6 455
Current lease liabilities		9 897	6 280
Other current liabilities		80 079	86 439
<b>Total current liabilities</b>		<b>114 151</b>	<b>177 160</b>
<b>Total liabilities</b>		<b>260 168</b>	<b>192 697</b>
<b>Total equity and liability</b>		<b>862 245</b>	<b>776 241</b>



## 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
<b>Equity as of 1.1.23</b>	<b>317</b>	<b>-2</b>	<b>235 448</b>	<b>5 358</b>	<b>-1 399</b>	<b>343 821</b>	<b>583 544</b>
Net profit for the period						7 650	7 650
Other comprehensive income					1 109	-29	1 080
Share based compensation				6 548			6 548
Treasury share acquisition payment		0		3 141			3 141
RSU and PSU exercise		0		56			56
Board compensation (shares)		0		56			56
<b>Equity as of 31.12.23</b>	<b>317</b>	<b>-1</b>	<b>235 448</b>	<b>15 160</b>	<b>-290</b>	<b>351 442</b>	<b>602 077</b>
<b>Equity as of 1.1.22</b>	<b>317</b>	<b>-2</b>	<b>235 448</b>	<b>1 830</b>	<b>-806</b>	<b>221 421</b>	<b>458 209</b>
Net profit for the period						122 339	122 339
Other comprehensive income					-593	61	-532
Share based compensation				7 769			7 769
Option exercise				-4 278			-4 278
RSU and PSU exercise		1		-203			-202
Board compensation (shares)		0		241			241
<b>Equity as of 31.12.22</b>	<b>317</b>	<b>-2</b>	<b>235 448</b>	<b>5 359</b>	<b>-1 399</b>	<b>343 820</b>	<b>583 544</b>

## Statement of cash flows

		Q4		Full year	
Amount in USD thousand	Note	2023	2022	2023	2022
<b>Cash flows from operating activities</b>					
Profit before tax		-17 583	24 783	12 096	167 155
Taxes paid for the period		-25 245	-6 566	-41 948	-16 760
Depreciation and amortization		11 137	11 852	44 329	44 067
Change in inventories, trade receivables and payables		-1 245	-13 153	-41 153	-74 595
Share-based compensation		1 190	1 430	6 548	7 794
Movement in pensions		-18	186	-17	104
Prepayments		—	—	-100 000	
Other operations related adjustments		22 562	17 605	360	14 947
<b>Net cash flows from operating activities</b>		<b>-9 202</b>	<b>36 137</b>	<b>-119 784</b>	<b>142 711</b>
<b>Cash flows used in investing activities</b>					
Capital expenditures (including software)	6	-13 227	-8 361	-25 529	-24 065
Capitalized development expenses	6	-6 692	-1 010	-21 973	-6 489
Business Combination, net of cash acquired	11	—	—	-6 000	
<b>Net cash flows used in investing activities</b>		<b>-19 918</b>	<b>-9 372</b>	<b>-53 502</b>	<b>-30 554</b>
<b>Cash flows from financing activities</b>					
Changes in treasury shares		—	—	—	
Cash settlement of options contract		—	—	—	-4 727
Bond		92 935	—	92 935	—
Repayment of lease liabilities		-2 484	-2 057	-8 426	-6 609
<b>Net cash flows from financing activities</b>		<b>90 451</b>	<b>-2 057</b>	<b>84 509</b>	<b>-11 336</b>
Effects of exchange rate changes on cash and cash equivalents		899	1 594	630	-1 049
<b>Net change in cash and cash equivalents</b>		<b>62 231</b>	<b>26 303</b>	<b>-88 147</b>	<b>99 772</b>
Cash and cash equivalents beginning of period		228 726	352 801	379 104	279 331
<b>Cash and cash equivalents at end of period</b>		<b>290 957</b>	<b>379 104</b>	<b>290 957</b>	<b>379 104</b>

# Notes

## Note 1: General

The Board of Directors approved the condensed fourth quarter interim financial statements for the three months ended December 31, 2023 for publication on February 5, 2024.

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 close to 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 Q4 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	Q4		Full year	
Specification of capital expenditures, balance sheet	2023	2022	2023	2022
Capitalized development expenses (payroll expenses)	3 399	799	16 155	4 234
Capitalized acquired development expenses	3 293	211	5 818	2 255
Capital expenditures (including software)	13 227	8 361	25 529	24 065
Right-of-use assets (non-cash)	21 987	6 356	41 348	8 810
Acquisition (net)	—	—	10 172	—
Currency adjustments	458	346	398	-243
<b>Total</b>	<b>42 364</b>	<b>16 073</b>	<b>99 420</b>	<b>39 121</b>
<b>Depreciation and amortization</b>				
Capitalized development expenses	2 258	2 564	9 644	11 428
Software and other intangible assets	1 900	1 936	6 202	7 064
Fixed assets	4 779	5 269	20 389	19 247
Right-of-use assets	2 200	2 082	8 094	6 328
<b>Total</b>	<b>11 137</b>	<b>11 852</b>	<b>44 329</b>	<b>44 067</b>

\*In Q4 2023 capital expenditures include USD 8.5 million IP acquisition related to Atlazo.

#### Note 7: Net interest-bearing debt

The Group has a bond of USD 97 million with an interest of NIBOR + 3%. The maturity date of the bond is November 28, 2028. In the event that Nordic loses its Investment Grade Rating, the margin will rise by one percent until the Group regains the Investment Grade Rating. The Group must uphold an equity ratio of 40% in case Nordic loses the Investment Grade Rating.

The Group has a sustainability linked revolving credit facility, which enables it to borrow up to USD 200 million with an interest rate equal to SOFR + margin. The line of credit expires in June 2025, with option to extend. As of December 31, 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 apply for the revolving credit facility:**

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.

	Full year	
	2023	2022
<b>Outstanding options beginning of period</b>	—	545 203
Granted	—	—
Forfeited	—	705
Exercised (treasury shares used in settlement)	—	—
Exercised (cash settlement due to cap being reached)	—	544 498
Expired	—	—
<b>Outstanding end of period</b>	—	—

**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.

	Full year	
	2023	2022
<b>Outstanding RSUs beginning of period</b>	1 002 504	1 058 947
Granted	958 462	486 677
Forfeited	146 600	50 340
Released	409 801	492 780
<b>Outstanding end of period</b>	1 404 565	1 002 504

	Full year	
	2023	2022
<b>Outstanding performance shares beginning of period</b>	109 632	142 990
Granted	43 861	30 376
Forfeited	21 929	7 921
Performance adjusted	43 371	55 813
Released	97 578	111 626
<b>Outstanding end of period</b>	77 357	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
<b>Details of the business combination</b>	
Amount settled in cash	6 000
Fair value of immediate equity shares consideration	3 141
Fair value of contingent share consideration	1 360
<b>Total</b>	<b>10 500</b>

Amount in USD thousand	Value
<b>Recognized amounts of identifiable net assets</b>	
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
<b>Net identifiable assets</b>	<b>1 943</b>
Goodwill	8 557
<b>Total</b>	<b>10 500</b>

**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
<b>Balance, beginning of the year</b>	<b>2 284</b>	<b>2 386</b>
Acquired through business combination	8 557	—
Net exchange difference	(50)	-102
<b>Balance, end of period</b>	<b>10 891</b>	<b>2 284</b>



#### 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 December 31, 2023 with any significant effect that will impact the evaluation of the submitted accounts.

#### Financial Calendar 2024:

- March 20, 2024 - Annual Report 2023
- April 24, 2024 - 1st Quarter 2024
- August 8, 2024 - 2nd Quarter & half year 2024
- October 24, 2024 - 3rd Quarter 2024
- February 5, 2025 - 4th Quarter 2024

#### For further information, please contact:

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- 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.

	Q4		Full year	
	2023	2022	2023	2022
Gross profit	56.3	100.9	283.7	436.8
Total revenue	108.2	191.4	542.9	776.7
<b>Gross margin</b>	<b>52.0%</b>	<b>52.7%</b>	<b>52.3%</b>	<b>56.2%</b>

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

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

	Q4		Full year	
	2023	2022	2023	2022
Operating Profit	-18.0	27.0	4.7	161.6
Depreciation and amortization	11.1	11.9	44.3	44.1
<b>EBITDA</b>	<b>-6.9</b>	<b>38.9</b>	<b>49.0</b>	<b>205.7</b>

- EBITDA margin. EBITDA divided by Total Revenue.

	Q4		Full year	
	2023	2022	2023	2022
EBITDA	-6.9	38.9	49.0	205.7
Total revenue	108.2	191.4	542.9	776.7
<b>EBITDA margin</b>	<b>-6.4%</b>	<b>20.3%</b>	<b>9.0%</b>	<b>26.5%</b>



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

	Q4		Full year	
	2023	2022	2023	2022
Payroll expenses	40.4	42.8	153.0	161.4
Other operating expenses	22.8	19.2	81.7	69.7
Depreciation and amortization	11.1	11.9	44.3	44.1
<b>Total operating expenses</b>	<b>74.3</b>	<b>73.9</b>	<b>279.0</b>	<b>275.2</b>

- 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.

	Q4		Full year	
	2023	2022	2023	2022
Total operating expenses	74.3	73.9	279.0	275.2
Depreciation and amortization	-11.1	-11.9	-44.3	-44.1
Option expense	-1.2	-1.4	-6.5	-7.8
Capitalized expenses	6.7	1.0	22.0	6.5
<b>Cash operating expenses</b>	<b>68.6</b>	<b>61.6</b>	<b>250.1</b>	<b>229.8</b>

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

	Q4		Full year	
	2023	2022	2023	2022
Reported EBITDA	-6.9	38.9	49.0	205.7
Long-range (cellular IoT) EBITDA loss	12.2	12.0	45.5	41.4
Wi-Fi expense	3.9	4.4	16.5	15.1
Restructuring expenses excl. Wi-Fi and LR	4.3		4.3	
<b>Adjusted EBITDA</b>	<b>13.6</b>	<b>55.3</b>	<b>115.4</b>	<b>262.2</b>
Total revenue (excluding cellular IoT revenue)	102.2	186.3	525.3	751.4
<b>Adjusted EBITDA margin</b>	<b>13.3%</b>	<b>29.7%</b>	<b>22.0%</b>	<b>34.9%</b>
Total restructuring expenses	4.9		4.9	

- 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.

	Q4 2023	Q4 2022
Total operating expenses	279.0	275.2
Depreciation and amortization	-44.3	-44.1
<b>Operating expenses excluding depreciation and amortization</b>	<b>234.7</b>	<b>231.1</b>
Total revenue LTM	542.9	776.7
<b>LTM opex / LTM revenue</b>	<b>43.2%</b>	<b>29.8%</b>

- 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.

	Q4 2023	Q4 2022
Current assets	609.2	674.1
Cash and cash equivalents	-291.0	-379.1
Current financial assets	—	-0.3
Current liabilities	-114.2	-177.2
Current lease liabilities	9.9	6.3
Income taxes payable	5.6	43.8
<b>Net working capital</b>	<b>220.4</b>	<b>167.6</b>
Total revenue LTM	542.9	776.7
<b>NWC / LTM revenue</b>	<b>40.6%</b>	<b>21.6%</b>

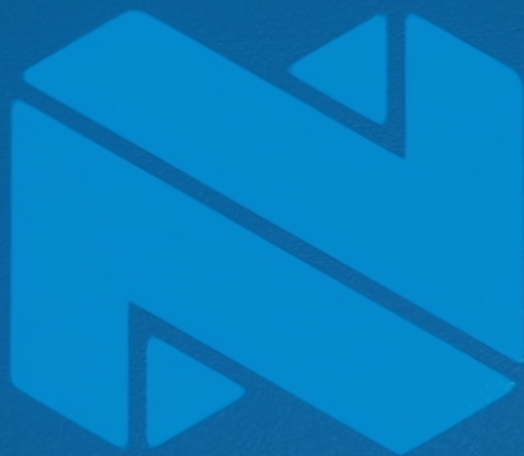
# Cautionary note

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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