

Quarterly Presentation

Q2 2024

August 8, 2024



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This presentation was prepared in connection with the Q2 results released on August 8, 2024. Information contained herein will not be updated. The following slides should also be read and considered in connection with the information given orally during the presentation.

Today's presenters



Vegard Wollan

CEO



Pål Elstad

CFO

Revenue recovery as guided

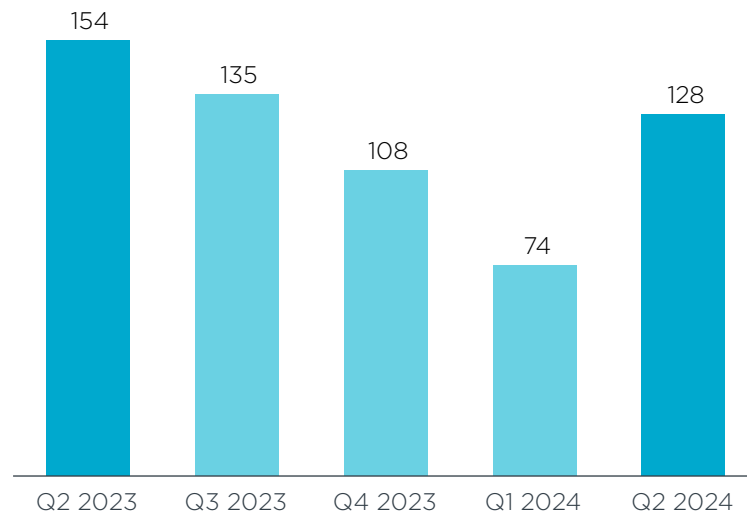
Q2 2024:

- Revenue of USD 128 million
- Sharp sequential improvement
 - Increased underlying demand + seasonality
 - Less adverse effect of distributor inventory changes
- USD 10m write-down of Long-range components
- Reported gross margin 42%, adjusted at 50%
- Reported EBITDA USD -7m, adjusted USD +3m

Q3 2024 guidance:

- Revenue of USD 150-170 million
 - Continued improved underlying demand
 - Q3 the seasonally strongest quarter of the year
- Gross margin expected at ~50%

Quarterly revenue development (USDm)



Progressing to plan in stabilizing market

- See return to year-on-year growth in Q3
- Managed downturn with key workforce and momentum intact
- Maintained and developed strong portfolio of key customer partnerships, and see more broad market customers returning
- Design activity picking up across the customer base for exciting future end-product launches

NOD 2.0 – addressing three main purposes



Sharpened strategic
focus and priorities



Enhanced engineering
execution

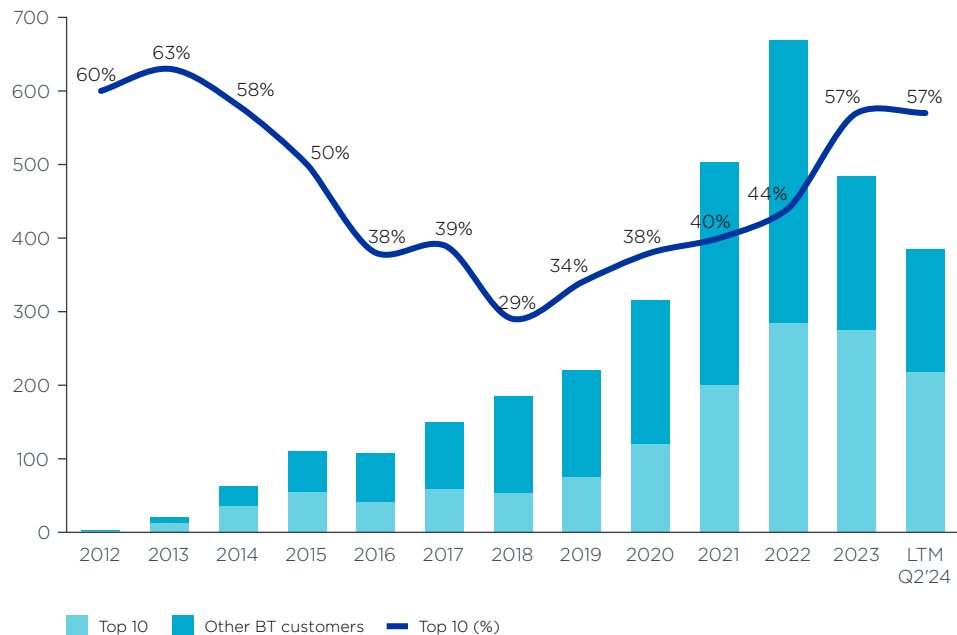


Strengthened
accountability

Initiated step-wise strategic process to improve return on R&D investment over time

Top-10 and broad market split stabilizing

Bluetooth revenue composition (USDm)

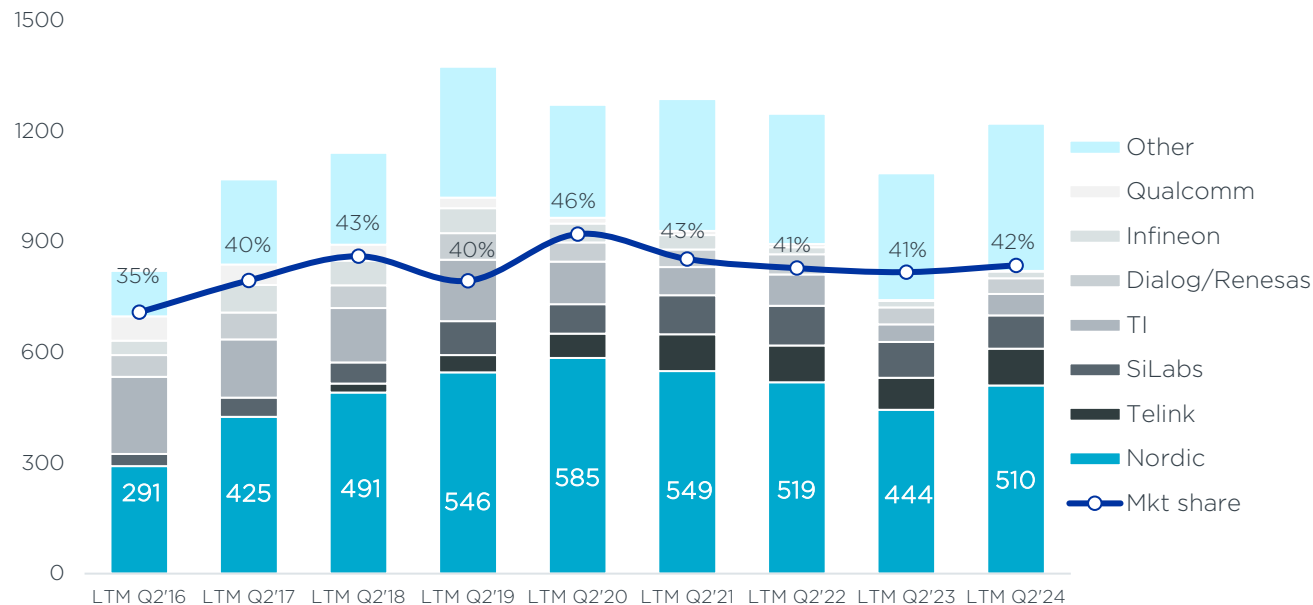


- High priority to regain traction in the broad market
- Maintaining strong relationships with the key customers

High and stable design win market share

Outpacing the total market LTM

Bluetooth Low Energy end-product certifications, last 12 months



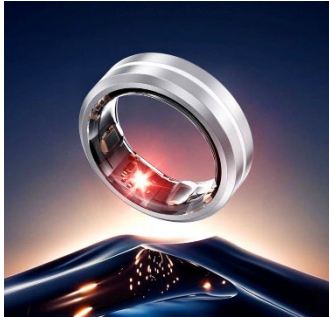
Nordic
end-product
certifications

Q2'24
130 designs
38% mkt share

LTM Q2'24
510 designs
42% mkt share

*Source: DNB Markets/FCC

New customer product launches in Q2 2024



Joint Chinese Ltd
Smart ring
nRF52840



TREEL Mobility Solutions
Tire Pressure Monitor
nRF52833/832/810



Sensry
Multi-sensor module
nRF52840 + nPM1100



Lifeguard Digital Health
Emergency alarm
nRF9160

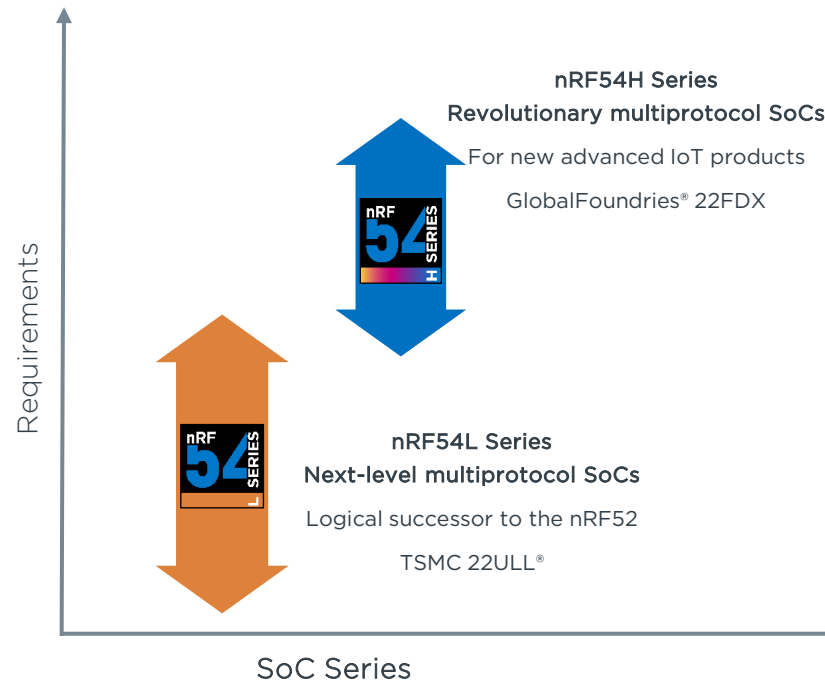


Skyhawk
Monitoring system
nRF9160

Status nRF54 Series

On-track for end-of-year launches

- The nRF54 Series remains on-track for end-of-year launches and start of revenues, as previously communicated
- More than 200 customers sampled on each of the L and H products so far
- Good mix between key customers and broad market customers



Recognized by Time magazine and Statista

Named one of the "World's Most Sustainable Companies"

- TIME and Statista recognizing companies that prioritize sustainability, promote corporate responsibility, and advance sustainable practices



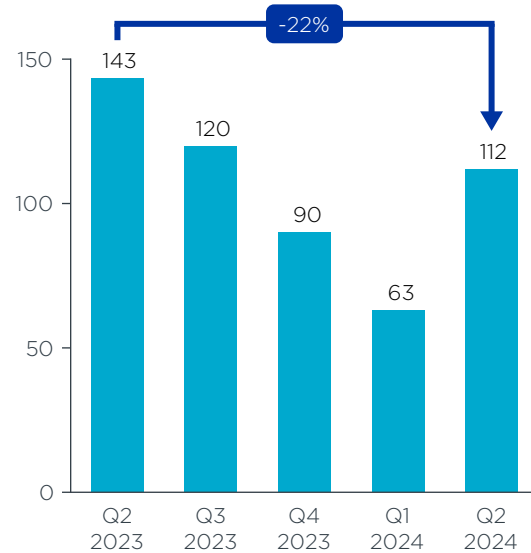


Financials

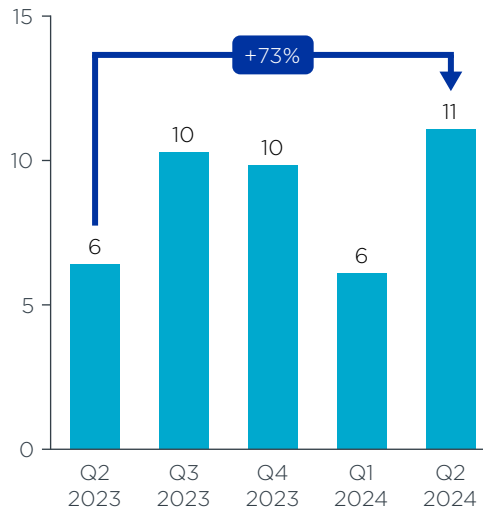
Pål Elstad, CFO

Revenue by technology

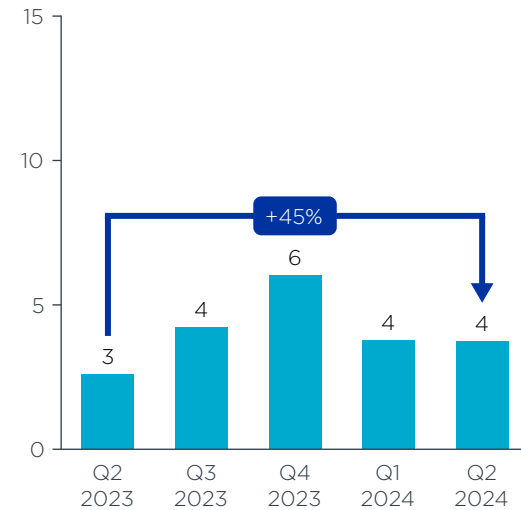
Bluetooth revenue (USDm)
Quarterly



Proprietary revenue (USDm)
Quarterly

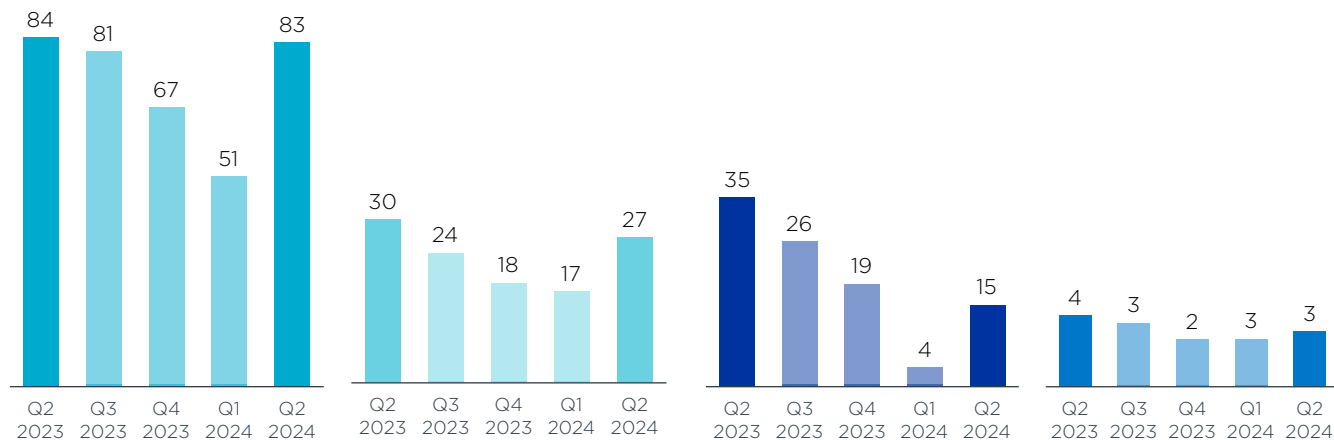
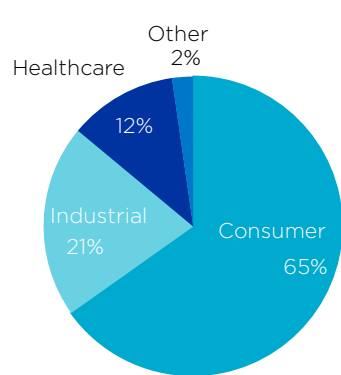


Long-range revenue (USDm)
Quarterly



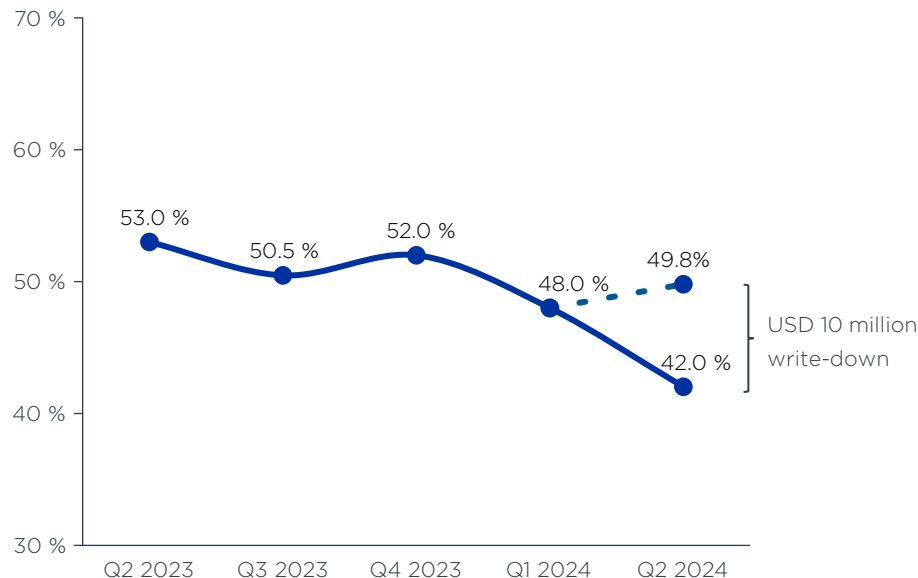
Stronger sequential performance

Group		Consumer		Industrial		Healthcare		Other	
127.9 USDm		83.0 USDm		26.6 USDm		14.9 USDm		2.9 USDm	
-16%	73%	-2%	63%	-11%	59%	-57%	318%	-23%	16%
y-o-y	q-o-q	y-o-y	q-o-q	y-o-y	q-o-q	y-o-y	q-o-q	y-o-y	q-o-q



Revenue for the individual markets excludes ASICs and consulting revenue

Gross margin



- Main drivers in Q2 vs. Q1
 - Write-down of Long-range components of USD 10 million
 - Underlying sequential improvement due to changes in customer and product mix, and higher revenue on which to allocate overhead costs
- Expecting gross margin around 50% for Q3 2024
- Reiterating long-term ambition to maintain gross margin >50%

Operating model performance Q2 2024

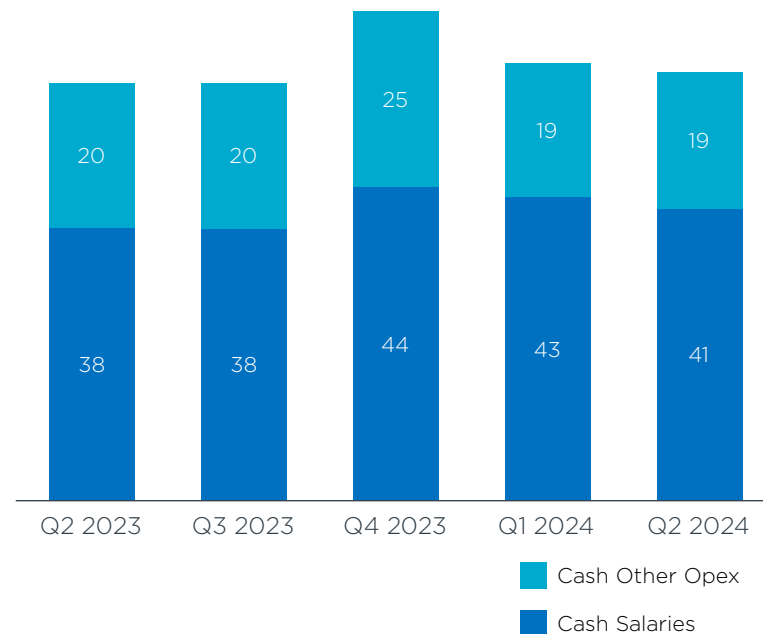
Adj. Gross Margin 49.8%		Q2 2024	Q2 2023	Δ	
R&D Short-range	18.5%	USD 127.9 m	USD 154.2 m	-17.0%	Bluetooth decline in Industrials and Healthcare
		Adj. gross margin*	49.8% 53.0%	-3.2pp	Customer and product mix, adverse effect of inventory changes, lower revenue
		USD 63.8 m	USD 81.7 m		
R&D Long-range	9.5%	18.5%	12.3%	+6.2pp	Lower capitalization rate
		USD 23.7 m	USD 18.9 m		
		9.5%	7.4%	+2.1pp	
R&D Wi-Fi	3.4%	USD 12.1 m	USD 11.5 m		
		3.4%	2.6%	+0.8pp	
		USD 4.4 m	USD 4.0 m		
SG&A	16.3%	16.3%	12.3%	+4.0pp	Wage increases and higher provisions for variable pay partly offset by lower workforce
		USD 20.8 m	USD 18.9 m		
		2.2%	18.5%	-16.3pp	Decline mainly reflecting lower revenue and gross margin
Adj. EBITDA	2.2%	USD 2.8m	USD 28.5m		
Q2 2024					

* Adjusted for USD 10m write-down of Long-range components in Q2

Cash cost increase of ~3% year-on-year

- Workforce reduced by 9% y-o-y, cost effect mostly neutralized by salary increases
- Other costs stable, reflecting savings initiatives in inflationary environment
- Continued focus on adjusting spending to improve margins

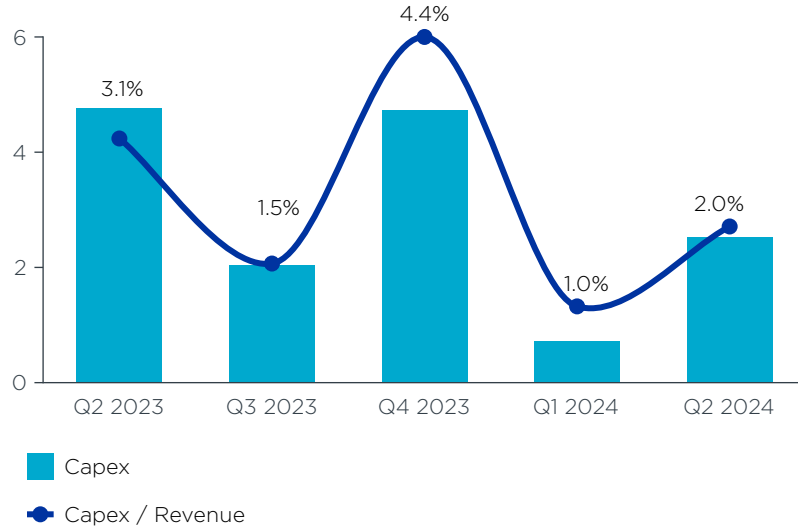
Cash OPEX* (USDm)



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

Underlying capex intensity remains low

Capex (USDm)

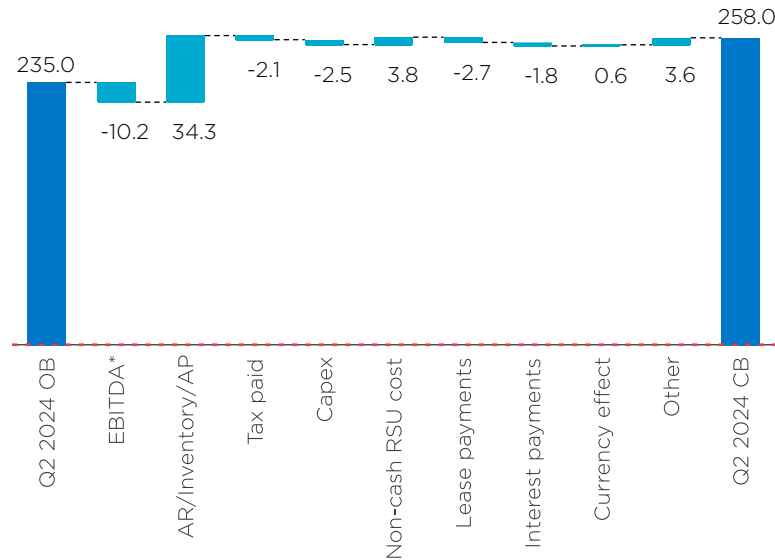


- Low capex of USD 0.7m in Q1 and USD 2.5m in Q2

* Q4 2023 excluding Atlazo IP acquisition

Focus on cash spending

Cash position and Cash Flow Q2 2024 (USDm)



- Return to positive operating cash flow in Q2, supported by changes in NWC
- NWC/Revenue LTM remains relatively high historically at 44%
- Low capex spending and continued focus on cash spending
- Other items mainly reflecting financial income and other working capital effects

* EBITDA Adjusted for Capitalized Development Costs



Summary and Outlook

Vegard Wollan, CEO

Q3 - expecting return to year-on-year growth

Q3 2024 guidance

Revenue		Gross margin
USDm 150-170m		~50%
+11% to +26% y-o-y	+17% to +33% q-o-q	Unchanged from the underlying Q2 gross margin level

Welcome to Capital Markets Day in Oslo, Norway on Sept. 26

- Q3 revenue increase supported by improved underlying demand and seasonal effects
- Gross margin expected at ~50%, on par with the underlying level in Q2

Q&A



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