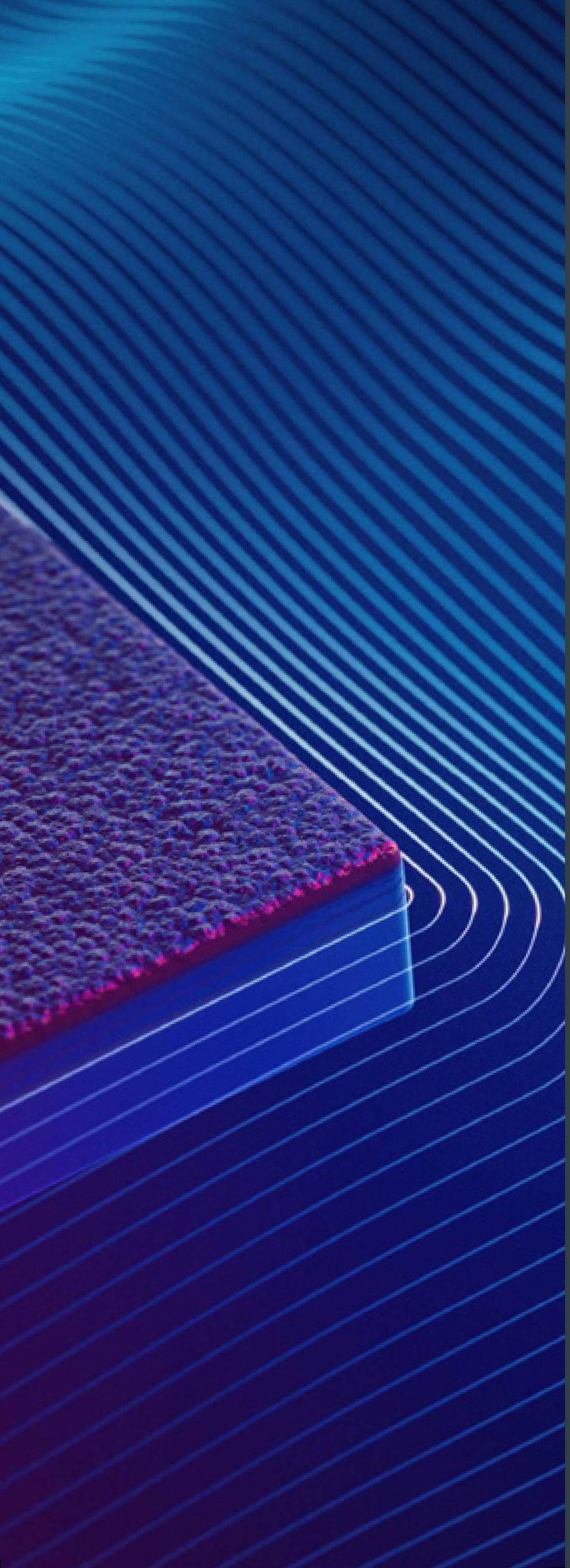
ANNUAL
REPORT
2024

NORDIC®
SEMICONDUCTOR



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Message from the CEO

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> Our nRF54 Series SoCs define a new era in terms of performance

Message from the CEO

2024 was an exciting first year for me as CEO of Nordic Semiconductor. Throughout the year, we made solid progress across all fronts—organizationally, operationally, and financially. We are at the beginning of a nearly complete renewal of our product offerings across all business units, including the impressive nRF54 Series and the world's smallest cellular module, the nRF9151. These innovations, combined with our sharpened strategic focus, strengthens our foundation for sustained, profitable growth in the years ahead.

Joining Nordic, I knew I came to a company with a long and proud history as pioneers in low-power connectivity, a company with world-class engineers, and with a portfolio of products and solutions that have earned Nordic a globally leading position in the Bluetooth Low Energy market.

Having met with many of our employees, suppliers, partners, and customers over the past year, my confidence in these strengths has been reaffirmed repeatedly. We have built a strong network of relationships over many years, and this forms an invaluable platform to continue a positive development for many years to come.

However, coming in I also recognized that we needed to organize ourselves differently to sharpen our strategic focus and priorities to succeed across all our technologies. To this end we established four business units under new and dedicated leadership last year – Long-Range, Short-Range, Wi-Fi, and Power Management.

These four business units operate at very different stages of maturity and development timeframes. The Short-Range business unit accounts for around 95% of revenue, and it is clear that this established business requires a different management approach and operating model than the scale-up business in Long-Range or the early-stage businesses in Wi-Fi and Power Management.

By organizing ourselves into four separate business units I believe we are sharpening the sense of urgency to capitalize on our innovations and market opportunities to extract the maximum value from our R&D investments. This new organizational setup strengthens accountability for our progress. With clear priorities and operational and financial targets for all business units, we will be able to keep closer track of the performance.

Despite the differences between our technologies, there are also several common themes in our new ways of working. We are sharpening the value proposition of our products and solutions, and we have reallocated resources to enhance our engineering execution and speed-up key product roadmaps for the most promising growth markets. This requires an organization and mindset that is market-adaptive, customer-centric, and deeply committed to the development and success of our product roadmaps.

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I am glad to see that the Nordic organization is embracing the changes. During the second half of the year, our teams delivered some very exciting product launches in both Long-Range and Short-Range technologies. A particular highlight was the launch of the long-awaited nRF54 Series at the Electronica fair in Munich.

Our nRF54 Series SoCs (Systems-on-Chip) define a new era in terms of performance, offering a giant leap forward in our offering and outclassing the competition. Compared to the nRF52 Series which currently dominates our revenue, the nRF54L Series offers more than twice the processing power with less than half the power consumption, while the even more advanced nRF54H Series is five times as powerful and around six times as energy efficient. These numbers outperform the best general-purpose MCUs or SoCs on the market today.

We are working together with many key customers and leading broad market customers who are developing new products powered by our nRF54 Series, and we are proud to see how our new products are being received by our customers. Going forward, we will launch 2-4 new product families every year under this product generation. This strategy will ensure we have the perfect product offering for both existing and new applications, further broadening our serviceable market.

While we need to allow for some time for customer design-ins and product ramps before we see the full effect in our numbers, it remains very clear that the nRF54 Series is going to be a very important growth driver for us in the years to come.

Last August, we launched the world's smallest and most energy-efficient cellular module — the nRF9151. This was an important step for our Long-Range product offering, and it is encouraging to see our customer's reception of this improved value proposition. We are at the beginning of an exciting and almost complete renewal of our product offering within all our business units.

Nordic has been through a tough couple of years with declining demand and revenue after the Covid-19 market boom. Our full year figures for 2024 showed a 6% revenue decline to USD 511 million, a slightly negative EBITDA, and a negative net result of USD 39 million. However, we saw a gradual recovery throughout the year and reported strong year-on-year growth and improving results in the second half of the year.

We are confident in a profitable growth outlook going forward and have set out to deliver annual revenue growth above 20% through the decade, while aiming towards an operating model profitability of around 25% EBITDA within five years. This will require us to capitalize on our product launches with a sharp focus on select growth segments, maintain gross margins through a transition to lower-cost production on the 22nm node platform, and contain operating costs through continuous cost controls.

While these goals are ambitious I am confident in the support of our shareholders, our Board of Directors, my executive management team and the entire Nordic organization as we work towards realizing our aspirations. Thank you for your continued support!

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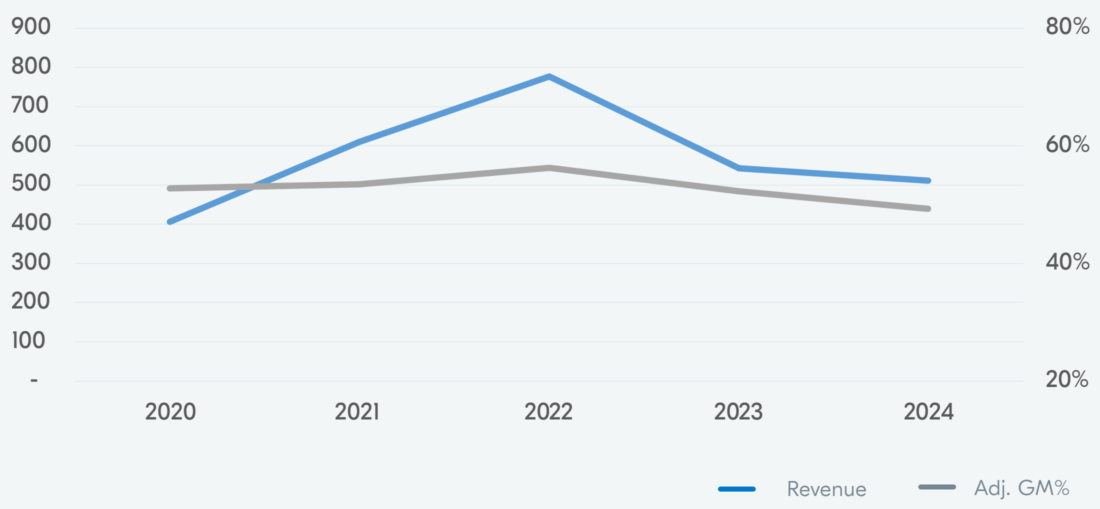
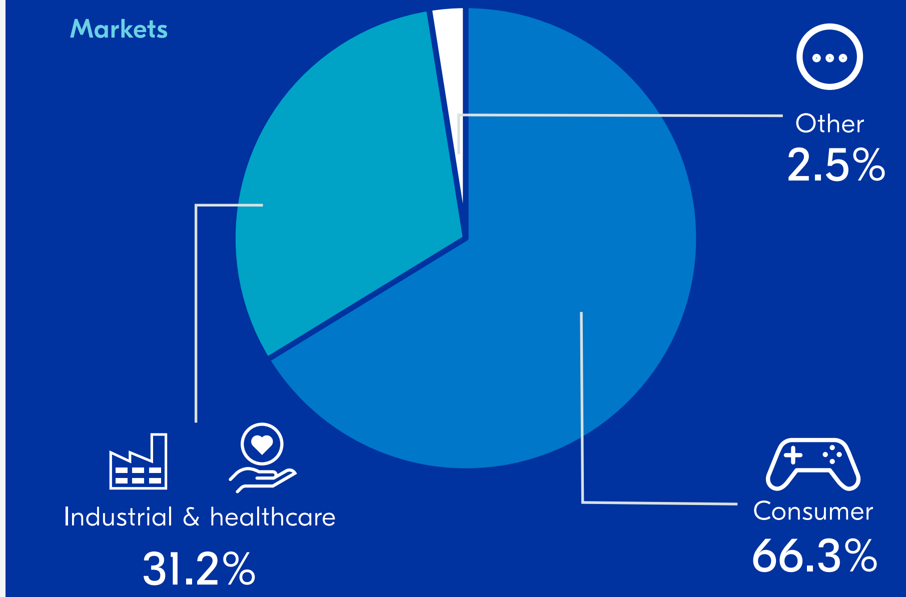
Driving growth

Margins development



Markets



restoring profitability

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46%
of device containers made of recycled plastic

95%
of the energy used by our offices generated from renewable energy sources

58
nationalities in

22
countries

8.2
score on employees' perception of integrity culture out of 10

8.9
score on employees' perception of peer relationships out of 10

21.1%
female share of talents promoted into leadership positions

94%
decrease of Scope 1 and 2 emissions from a 2019 base year

16%
decrease of Scope 3 emissions per USD value added from a 2019 base year

A-

CDP

Climate Change rating

TIME
WORLD'S MOST
SUSTAINABLE
COMPANIES
IN PARTNERSHIP WITH statista
2024

Nordic named as one of the World's most sustainable companies by TIME

Long-Range

Early mover in new and growing market leveraging foundation from recognized solutions

LTE-M NB-IoT NR+

Wi-Fi

Early mover in new and growing market leveraging foundation from recognized solutions

Wi-Fi matter

Short-Range

Market leader with proven performance from recognized solutions

Bluetooth THREAD zigbee matter

Power management

Providing solutions for optimal energy concumption and connectivity requirements

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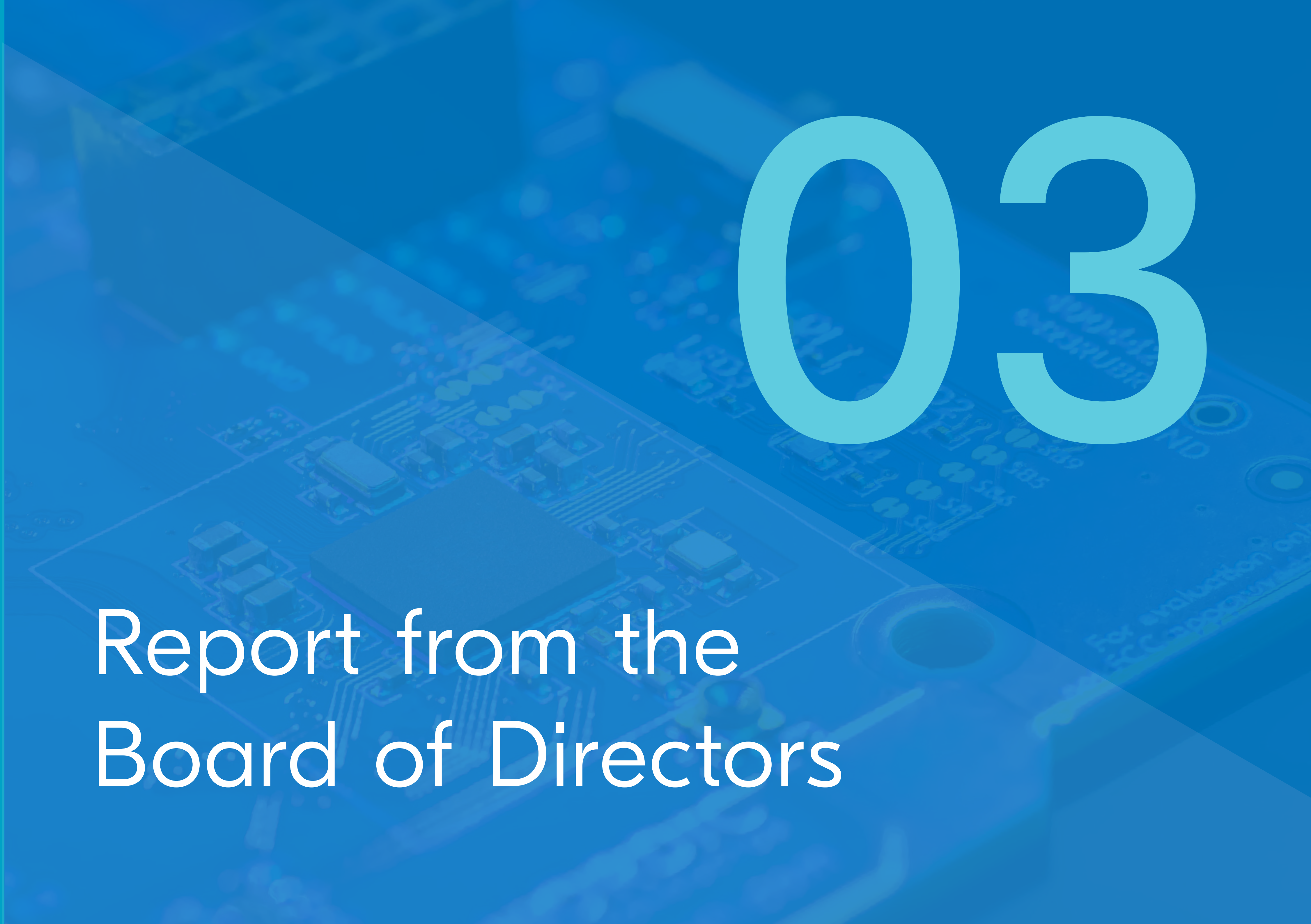

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Report from the Board of Directors

In 2024, Nordic reorganized its management and business operations to reduce cost and improve focus on the timely delivery of innovative and quality products to the market. During this reorganization Nordic successfully launch of the award-winning nRF54 series, long-range products, and other major releases. As we enter 2025, Nordic is a leaner organization with enhanced capabilities to deliver top-tier products, while returning to year-over-year profitable growth.

The Board of Directors bears the ultimate responsibility for the Group's governance, social, and environmental matters. Accordingly, the Board discloses information in accordance with Norwegian accounting act § 2-8 in the statement of social responsibility, which can be found in the Sustainability Statement, Environment, Social, and Governance chapters. Furthermore, the Board discloses the statement of governance in accordance with Norwegian accounting act § 2-9 in the appendices of the Board of Directors' report in relation to the Norwegian Code of Practice for Corporate governance. In addition, the table "Board members' attendance" in this appendix provides an overview of each member's participation in fulfilling these responsibilities.

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Group overview

Nordic Semiconductor (Nordic or "the Group") is a fabless semiconductor company designing, marketing, selling, and supporting hardware products, embedded software, and cloud-based services enabling wireless connectivity solutions.

Nordic has been a pioneer in low-power wireless connectivity since its beginning in 1983 as an integrated circuit consultancy. Starting with proprietary 2.4GHz technology for PC accessories in 2002, Nordic has developed into a leading global supplier of Bluetooth® LE and multiprotocol solutions for short-range connectivity. The Group has also established a leading position in the emerging market for cellular IoT, and in 2020 expanded into next-generation Wi-Fi technology to cover the embedded Wi-Fi market. In addition to expanding into next-generation Wi-Fi technology, the Nordic has further diversified its portfolio by entering the Power Management Integrated Circuit (PMIC) market. This strategic move involves the development of new integrated circuits (ICs) designed to enhance power efficiency and management in electronic devices, aligning with the latest industry demands and technological advancements.

Nordic's product offerings include integrated circuits (ICs), Systems-on-Chip (SoCs), Systems-in-Package (SiPs), and software development tools. The Group sources components, assembles and packages the products through world-class subcontractors in Asia, and distributes its products to branded electronics manufacturers through an extensive network of global and regional distribution partners.

Nordic Semiconductor ASA ("The Company") is the Group parent, headquartered in Trondheim, Norway. As of year-end 2024, the Group has offices in Trondheim and Oslo (Norway); Beijing, Shanghai, Shenzhen, and Hong Kong (China); Oulu, Espoo, Tampere, and Turku (Finland); Düsseldorf (Germany); Hyderabad (India); Tokyo (Japan); Manila (the Philippines); Krakow and Wroclaw (Poland); Singapore (Singapore); Seoul (South Korea); Stockholm and Lund (Sweden); Taipei, Taoyuan, and Hsinchu (Taiwan); Bristol and Hatfield (UK); and Seattle and San Diego (USA).

Strategy and ambitions

Strengthening Nordic Semiconductor for the future

2024 has been a transformative year for Nordic, navigating the challenging semiconductor market and positioning the company for future growth. Under the new leadership of CEO Vegard Wollan, key strategic initiatives have been implemented to enhance operational agility, drive innovation, and capitalize on emerging market opportunities. While maintaining its leadership position in low power wireless connectivity solutions, Nordic has refined its approach to return to profitability, optimize product execution, and meet the evolving needs of key customers.

Establishment of business units for focused execution

One of the major structural changes in Nordic over the year has been to reorganize its previous R&D department into four dedicated business units: Short-Range, Long-Range, Wi-Fi, and Power Management. This aims to sharpen the company's strategic focus and enhance engineering execution under a new and strengthened executive management team. The team has reallocated resources to focus on high-impact roadmaps for delivering high-quality products for target growth markets, and implemented cost initiatives that will enable Nordic to regain profitable growth. This strategy, to drive growth and return to profitability was presented at the company's Capital Markets Day in September, where our operational and financial ambitions were further concretized for both the Group and the new business units.

The restructuring of the business units is based on their maturity and growth potential, with different operational and financial ambitions for its various products and addressable markets. The Short-Range business unit is the most mature and established unit, representing more than 95% of the company's revenues, with market-leading solutions and long-standing relationships with a broad base of global customers. Leveraging these relationships, its world-leading customer support, and common software, the company expects the launch of the groundbreaking nRF54 Series to be a major growth driver over the years to come.

The Long-Range business unit has entered a scale-up phase, concentrating on expanding market penetration particularly in the asset tracking, metering, and industrial IoT markets. The successful launch of the nRF9151 SiP in August – the lowest-power cellular IoT solution with industry-leading battery lifetime performance – marked a significant step in this strategy. Further investments are directed towards product differentiation to support further improvements in performance, features, and cost. Success in the focus markets will enable the Long-Range business unit to establish the critical mass required to ensure profitability and further secure the Group as a world-leading provider of low power wireless connectivity solutions.

In contrast to the Short-Range and Long-Range business units, the Wi-Fi and PMIC business units are still in an early stage, requiring a strong emphasis on innovation and product development, early commercialization with best-in-class products, and strong customer support.

By structuring the company around these business units and appointing new and experienced leaders to lead them, Nordic has improved autonomy and accountability, and sharpened its product execution. This has also enabled each business unit to become more customer-centric for improved market responsiveness and shortened time-to-market. In summary, the Group is well poised to capitalize on a market recovery and win new business opportunities over the coming years, with exciting new product launches across all its technologies.

Overall, the financial ambition for the Group is to deliver annual revenue growth above 20% through the decade, and to move towards an operating model of around 25% EBITDA within five years.

Empowering a skilled and diverse workforce

The employees are the Group's greatest asset, and Nordic remains committed to maintaining a highly skilled, diverse, and inclusive workforce comprising a multitude of different nationalities. Developing and launching world-class products in the semiconductor industry requires both experience and cutting-edge competencies. With an average tenure of more than six years, the Group's global workforce of close to 1,400 people is well equipped for the task.

Company strategy

High ambitions
Clear strategic roadmap to generate long-term profitable growth and value generation and solutions contributing to positive planet impact

Lead on connectivity
Ultra-low power and high performance at the right price

Investing early
Willingness to invest in high-growth opportunities

Excite developers
Ease-of-use, value-add solutions and strong tech support

Customer engagement
Combining broad market and tier-1 engagement models

Scalability
Proven scalability across technologies, markets and customers

Employee engagement
Attracting and retaining world-class talent

Sustainability
Connecting the world to a sustainable future

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Operational review

Demand and market share

Nordic reported revenue of USD 511.4 million for 2024, a decrease of 6% from USD 542.9 million in the previous year. Revenue during the first half of 2024 was impacted by inventory adjustments and decreased 32% from the first half of 2023. Through the second half of 2024, Nordic saw improved demand from both larger key customers and smaller customers in the broad market, resulting in an increase of 27% from the second half of 2023.

The top ten customers have continued to show strong and consistent demand throughout the period, highlighting their critical role in the business and demonstrating the value of Nordic's strategic priorities and long-term relationships. Demand from broad market customers declined sharply in 2023; when looking at 2024, broad market customers showed a small decline.

In 2024, Nordic maintained a strong presence in the Bluetooth LE market, achieving a 35%[1] share of new design certifications for the full year. This marks a decrease from the previous year, where Nordic held a 43%[2] share for the full year 2023.

The total number of new Bluetooth LE design certifications in 2024 was 1,260, with Nordic technology being incorporated into 437 of these designs. In comparison, the total certifications in 2023 amounted to 1,112 for the full year, with 483 featuring Nordic chips. Nordic is expanding its strong market presence and continues to excel in large-volume design applications. The company attributes its relatively low design win share to an increase in low-end designs, a segment where Nordic currently does not participate.

Product launches and technology advancements

Through 2024, Nordic continued to accelerate innovation through an ambitious product roadmap. The nRF54 Series was launched with the well-known nRF54L15 SoC to the broad market in November, accompanied by two new additions, the nRF54L10 and nRF54L05, allowing the company to support a wider range of Bluetooth LE and IoT applications with greater flexibility. By the end of the year, the multi-award winning nRF54H Series also saw its first volume shipments to early adopters. These fourth-generation ultra-low power wireless SoCs represent a significant leap forward, bringing enhanced efficiency and exceptional processing power, while lowering power consumption, outstanding radio performance, and extending performance and flexibility across the widest range of IoT applications. As Nordic´s first product to be fabricated using a 22-nanometer wafer process node, the nRF54 Series represent a significant advancement bringing key advantages such as improved performance and even lower power consumption. This manufacturing process also allows Nordic to source wafers from two fabricators, TSMC and Global Foundries, positioning the company for additional supply chain resilience moving forward.

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[1] As reported by FCC and Bluetooth SIG data analyzed by DNB Markets

[2] As reported by FCC and Bluetooth SIG data analyzed by DNB Markets

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The award-winning nRF9151 SiP, the smallest and lowest-power System-in-Package (SiP)

Significant advancements were made in Nordic´s cellular IoT offerings with the launch of key products that enhance the company's portfolio and provide developers with more versatile and efficient solutions.

One of the most notable launches was the award-winning nRF9151 SiP, the smallest and lowest-power System-in-Package (SiP) for LTE-M/NB-IoT and DECT NR+. This fully integrated, pre-certified SiP is designed to simplify development across massive IoT markets, such as industrial automation, asset tracking, smart metering, and smart agriculture. It builds on the success of the nRF9160 SiP while offering a reduced footprint, lower peak power consumption, and a resilient supply chain. The nRF9151 also introduces future support for Non-Terrestrial Networks (NTN), further expanding its global connectivity capabilities by enabling backup coverage over satellites. With integrated cloud services, robust security, and extensive development support, the nRF9151 is positioned as a market-leading solution for scalable IoT deployments, as the smallest, lowest-power cellular IoT solution in the industry.

Complementing this launch, the Nordic Thingy:91 X was later launched as a streamlined cellular IoT prototyping platform designed to accelerate development and time-to-market. Leveraging the nRF9151 SiP, this globally certified, battery-operated device supports LTE-M, NB-IoT, Wi-Fi SSID locationing, DECT NR+, and GNSS. It comes equipped with a range of sensors for environmental monitoring and motion tracking, making it ideal for prototyping asset tracking and other IoT applications. Seamless integration with nRF Cloud ensures quick connectivity, while developer-centric tools and training resources provide an optimized experience for creating next-generation IoT products.

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As a leader in low-power dual-band Wi-Fi 6 IoT solutions, Nordic differentiates itself by supporting both 2.4GHz and 5GHz bands, unlike many competitors who offer single-band solutions. This enables optimized throughput and seamless Bluetooth coexistence while empowering efficient, battery-operated Wi-Fi applications. Proven for its robustness and efficiency, the solutions are designed for minimal memory usage while delivering Matter compatibility. Additionally, Nordic offers comprehensive device-to-cloud services, including location services, device management, and secure provisioning for Wi-Fi endpoints, providing a complete and reliable IoT ecosystem.

With a new Wi-Fi product series available in 2026, the priorities continues to be seamless coexistence alongside Nordic´s complete product portfolio, securing key design wins, and building the foundation for long-term success in smart home, industrial IoT, and other IoT devices that require fast, reliable, and high-capacity wireless connectivity.

Nordic's PMICs deliver ultra-low power consumption through highly integrated power management solutions that simplify wireless system design, minimize BOM, and reduce board space. As a leader in power efficiency, Nordic's PMIC solutions optimize performance from the battery all the way to the antenna, ensuring seamless energy management. With its advanced features and compact design, the latest, multi-award winning nPM1300 PMIC sets a new standard in the industry. Nordic also ensures seamless hardware and software development with the availability of development kits and PC application software, ready to deploy and fully optimized for use with Nordic's nRF52, nRF53, nRF54, and nRF91 Series, providing a comprehensive and efficient power management ecosystem.

These launches highlight Nordic's commitment to delivering cutting-edge, low-power wireless solutions that cater to the evolving needs of the IoT market. With a strong focus on complete solutions, ease of use, and broad market accessibility, Nordic continues to empower developers with best-in-class technology solutions for a smarter, more connected world.

Targeting growth in megatrends

To drive sustained growth, Nordic has identified four key areas with substantial potential.

Hybrid work and play
The demand for seamless transitions between professional and personal life continues to rise. Nordic's solutions power next-generation wireless peripherals, advanced audio devices, and smart wearables that enhance productivity while enabling high-quality exercise and entertainment experiences. With the rise of remote and hybrid work models, low-latency, high-efficiency connectivity solutions are critical for everything from wireless keyboards and headsets to VR/AR applications. Nordic´s position in enhancing wireless connectivity solutions to support remote productivity from home, work, and on-the-go is essential. This consumer market is our largest market area today, which Nordic still aims to prioritize.

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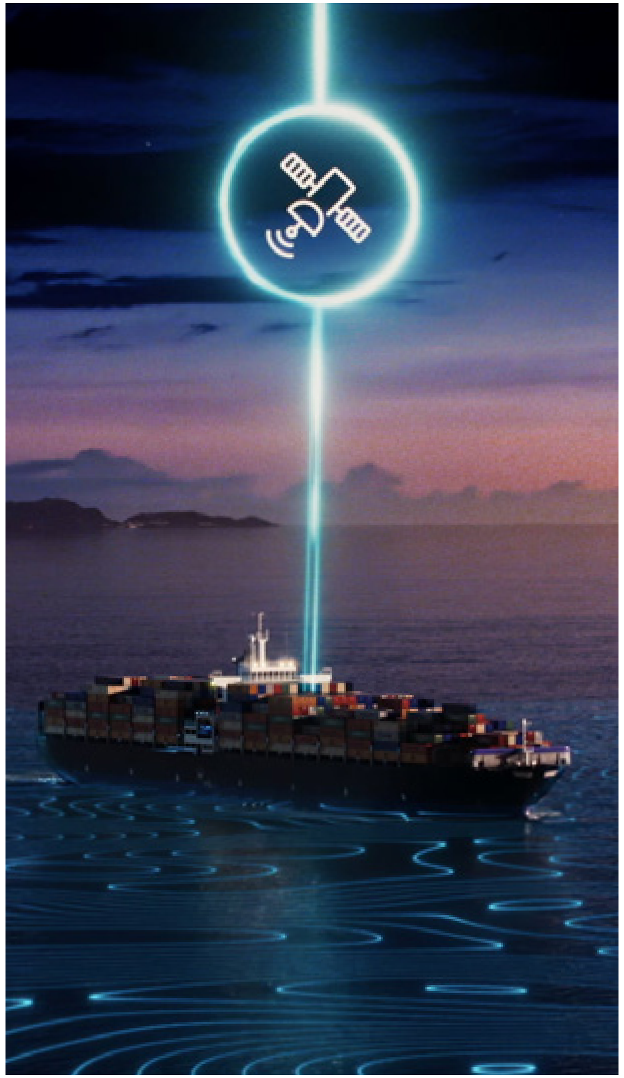
Connected health
Healthcare is undergoing a digital transformation with remote patient monitoring and wearable health devices. This disruptive market segment is mainly driven by the large and growing markets for continuous glucose monitoring and drug delivery systems such as insulin injections. Nordic´s ultra-low power wireless solutions ensure secure and energy-efficient connectivity, paving the way for enhanced patient outcomes and more accessible healthcare. This also includes Nordic´s investments in edge AI, ref "Edge AI and ML" below, as smart healthcare devices require local computing and decision making instead of cloud-based processing, to save days to months of battery life.

Industrial IoT
Nordic is very well positioned, enabling scalable and reliable connectivity for asset tracking, smart metering, and industrial IoT in general. The need for smart manufacturing, predictive maintenance, and connected logistics, Nordic's low power Bluetooth LE, cellular IoT, DECT NR+, and Wi-Fi solutions offer scalable and reliable connectivity. Our technologies help businesses increase operational efficiency, reduce downtime, and create more resilient supply chains, and Nordic believes this market will be major growth drivers going forward.

Edge AI and Machine Learning (ML)
Nordic´s ultra-low-power wireless connectivity solutions play a crucial role in enabling AI-driven and connected devices. While much of the AI focus is on high-performance computing or generative AI, there is an ongoing silent revolution when it comes to compute power in the edge node. Here, Nordic is a key player, enabling faster decision-making and lower power consumption at the same time. Sending data from an AI device to a host or the cloud would quickly consume batteries. By processing data locally or in the edge node, battery life is extended while also enhancing sensor performance and accuracy. Nordic believes that edge AI devices will continue to grow smarter, faster, and more powerful to address future challenges. The company is therefore actively investing in edge AI and ML, and these capabilities will be embedded across multiple products in Nordic's future product portfolio. With the previous acquisition of Atlazo, Nordic offers more energy-efficient AI solutions for applications such as wearable health monitoring and other smart devices within the consumer and industrial segments. This acquisition is positioning Nordic to meet the rising demand for powerful, intelligent edge solutions that operate at minimal energy levels. The new nRF54 Series is addressing exactly that. Starting from the previous generation nRF52 Series, Nordic increases computing performance by 2.5 times while being three times more energy efficient. Having four CPUs and an additional AI acceleration inside the nRF54 Series, Nordic is not just offering wireless connectivity, but also AI processing at the edge node.



Nordic believes there is a huge opportunity within all these focus markets, as some have not yet begun their digital journeys. By focusing on these segments, Nordic aims to unlock new opportunities, broaden its market reach, and sustain long-term revenue growth.

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Sustainability and supply chain resilience

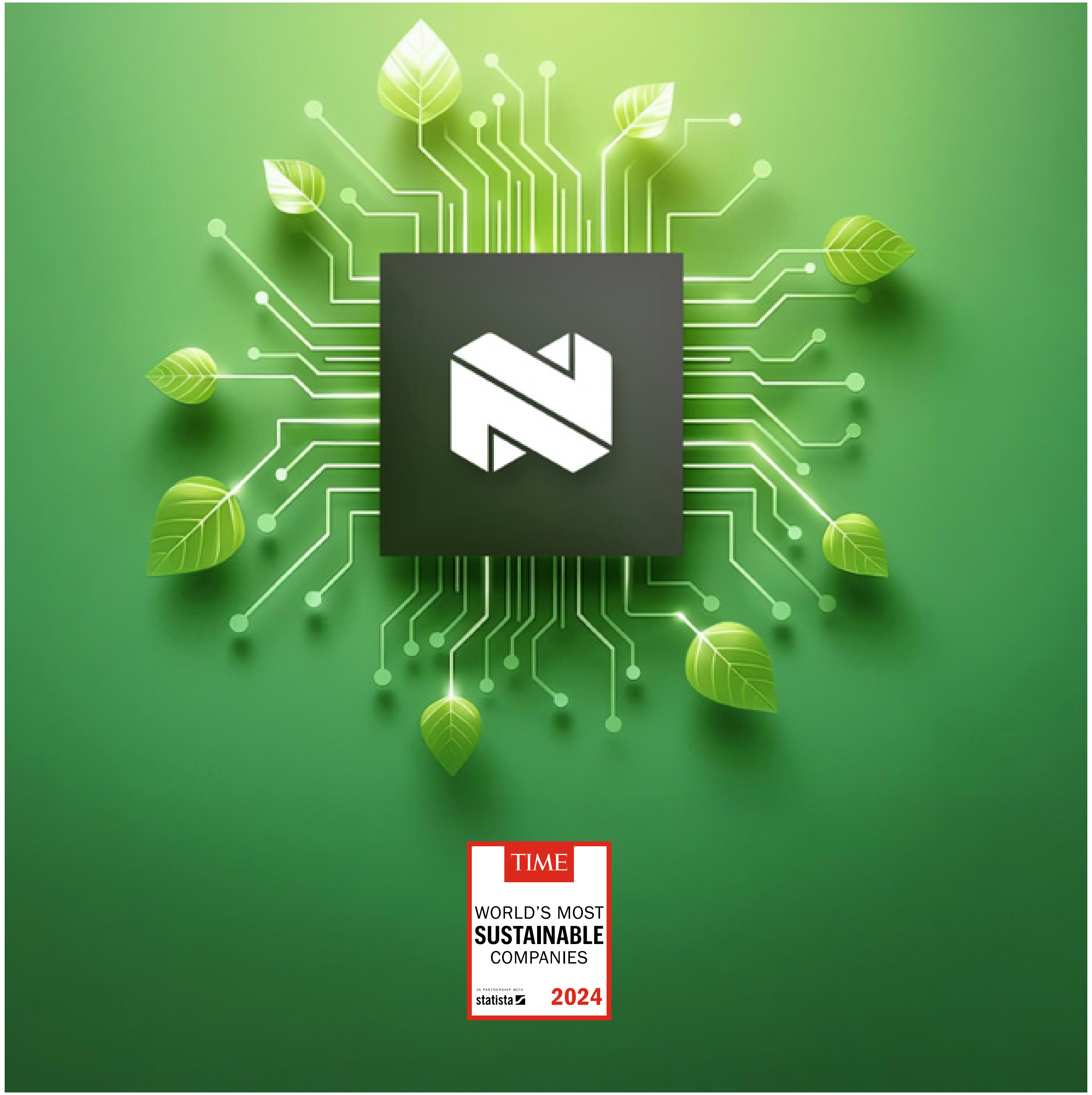
Sustainability remains a core focus for Nordic. The adoption of 22-nanometer wafer process technology for the nRF54 Series underscores our commitment to energy-efficient design, reducing power consumption and battery waste in IoT applications. Additionally, securing dual-source supply with TSMC and Global Foundries enhances our supply chain resilience, ensuring a stable and flexible manufacturing pipeline. The establishment of ESMC, a TSMC fab in Dresden, Germany, represents a key milestone in bolstering Europe's semiconductor ecosystem of which Nordic Semiconductor, as Europe's largest fabless semiconductor company, forms a vital part. This fab is slated to become a potential source for Nordic Semiconductor's products.

Nordic's further sustainability efforts in 2024, such as incorporating recycled plastic into component reels and setting validated targets for reducing greenhouse gas emissions, continue to strengthen the company's ESG profile. These initiatives contribute to Nordic's appeal to socially responsible stakeholders. Recognition on TIME magazine's list of the world's 500 most sustainable companies underscores this ongoing commitment to environmental responsibility.

A clear path forward

Nordic is on an ambitious growth journey, targeting 20% annual revenue growth through the decade. Our strategy is clear: we will continue to lead in wireless connectivity by advancing our product roadmap, strengthening customer engagement, and ensuring operational excellence, all while maintaining a sustainable footprint. Through focused innovation and execution, Nordic is well positioned to capitalize on future opportunities and reaffirm its leadership in the wireless IoT connectivity space.

Nordic actively engages with key standard-setting organizations to standardize communication protocols, aiming to increase competition and innovation in the industry. These include CSA, Bluetooth SIG, DECT Forum, Thread Group, Wi-Fi Alliance, and GSMA.



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Board of Directors

Birger Steen | Chair, shareholder elected independent director

Chair of the Board since 2018 and board member since 2017. Member of the People & Compensation Committee.

Birger Steen is General Manager of NORSAR, a Norway based not-for-profit applying seismology, IoT and data science to the monitoring of global compliance with the Comprehensive Test Ban Treaty, as well as other applications. Over the last 30 years, he has served in leadership roles in the technology sector, including as SVP at Schibsted ASA, CEO of Scandinavia Online AB (publ.), Vice President at Microsoft Corp., CEO of Parallels, Inc. Thematic Partner at Summa Equity and CEO of Freyr Battery, Inc. He holds an MSc from the Norwegian Institute of Technology, an MBA from INSEAD, and is a graduate of the Norwegian Defense School of Intelligence. Birger has also held non-exec positions at Pagero AB (Chair), Nordea Bank Abp (Chair of Operations Committee), Schibsted ASA, Cognite AS, and PragmatIC Semiconductor Ltd.

**Board meeting attendance: 11, PCC attendance: 4,
AC attendance: 7
Holdings in the company: 270,907 shares**

Morten Dammen | Employee elected director

Board member since 2019. Member of the People & Compensation Committee.

Morten Dammen has a Master of Science degree in Electrical Engineering from NTNU in Trondheim. Morten has been employed at Nordic Semiconductor since 2001, with a seven-year break between 2007 and 2014. Morten is currently working as a Procurement Director. Previously, Morten worked as a Group Manager in R&D. Morten has also been working in Q-Free ASA for 10 years, in several positions from project management and team management to VP R&D.

**Board meeting attendance: 11, PCC attendance: 4
Holdings in the company: 2,507 shares and 2,239 RSUs and 250 performance shares**

Anja Dekens | Employee elected director

Board member since 2022. Member of the Sustainability Committee.

Anja Dekens joined Nordic in 2014 and is currently working as a Project Manager. Prior to this role, she worked as a Hardware Designer in IC development and led the Digital Design Discipline team, which is responsible for the methodology used by all digital designers at Nordic. Anja studied Electrical Engineering at Karlsruhe University in Germany and NTNU in Trondheim, and holds a PhD from the University of Twente in the Netherlands.

**Board meeting attendance: 11, SC attendance: 5
Holdings in the company: 570 shares and 1,697 RSUs and 750 performance shares**

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Helmut Gassel | Shareholder elected independent director

Board member since 2024.

Helmut Gassel is a seasoned and experienced semiconductor executive with more than 30 years in the industry. He is currently Co-founder & Partner at Silian Partners SA and board member of Avnet. He held several leadership positions during his 27 year tenure at Infineon Technologies, including Board Member, Chief Marketing Officer - Member of the Management Board, Division President. Mr. Gassel received his degree as Dr.-Ing. Electrical Engineering at University of Duisburg-Essen and Diploma in physics from Ruhr University Bochum.

Board meeting attendance: 9 out of 9 possible

Holdings in the company: 764 shares

Annastiina Hintsa | Shareholder elected independent director

Board member since 2019. Chair of the People & Compensation Committee. Member of the Sustainability Committee.

Annastiina Hintsa is the CEO of Hintsa Performance in Finland, a company focusing on enhancing the performance and leadership of client companies, best known for working with Formula 1 teams. Ms. Hintsa also has experience at McKinsey & Co. and at the Bank of Finland.

Board meeting attendance: 11, SC attendance: 5,
PCC attendance: 4
Holdings in the company: 5,683 shares

Anita Huun | Shareholder elected independent director

Board member since 2019. Chair of the Audit Committee.

Anita Huun is an experienced business executive and currently serves as an Asset Manager at the Norwegian Ministry of Trade, Industry and Fisheries (Nærings- og fiskeridepartementet). Previously, she was the Commercial Director and CFO for Techstep. Huun has more than 20 years of experience in finance, capital markets, and management. Prior to joining Techstep, she served as the CFO of Cappelen Damm, a Norwegian publishing company, and CFO for Microsoft Norway. Huun's capital market experience comes from her years as an equity analyst, covering the Norwegian IT sector, for Handelsbanken Capital Markets. Furthermore, she had board experience from Link Mobility until it was acquired by Abry Partners. She holds an MSc from the Norwegian School of Economics (NHH), with a specialization in Finance.

Board meeting attendance: 11, AC attendance: 7
Holdings in the company: 14,683 shares

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Snorre Kjesbu | Shareholder elected independent director

Board member since 2023.

Snorre Kjesbu is currently Senior Vice President & General Manager of Cisco Collaboration Devices. He is a global citizen leading a worldwide organization responsible for the collaboration devices business ranging from IP phones to immersive video systems. Prior to his return to Cisco, Kjesbu was Executive VP of Design, Creation and Fulfillment at BANG & OLUFSEN in Copenhagen. His résumé also includes SVP at Tandberg and being responsible for R&D on wireless communication at ABB. Kjesbu holds a Master of Science from the University of Bristol and has been a guest lecturer at the Stanford Network Research Center in Stanford University.

Board meeting attendance: 10
Holdings in the company: 7,425 shares.

Monika Lie Larsen | Employee elected director

Board member since 2024.

Monika Lie Larsen has close to 30 years of experience from various parts of the software industry, and has been with Nordic Semiconductor since 2016. As a Principal Project Manager, she is currently leading Nordic's Bluetooth LE protocol software development. She has previously worked for Q-Free ASA and held a position as employee elected board member there. Monika has a Master's degree in Computer Science and also a Master of Management, both from NTNU, Trondheim.

Board meeting attendance: 0 (was elected after last meeting was held in 2024)
Holdings in the company: 1,051 shares and 1,821 RSUs and 250 performance shares

Dieter May | Shareholder elected independent director

Board member since 2024.

Dieter May is a German business executive with more than 30 years' experience in high-tech industries, spanning mobile products, large-scale cloud-based consumer services, semiconductor technology. He is currently a non-executive board member at Isorg and non-executive director at Nanoco Technologies, Ltd. His 30 years of leadership and board experience in the tech sector includes roles as Chairman of the Board and CEO at OSRAM Opto Semiconductors, SVP Digital Products and Services at BMW Group, SVP Mobile Phone Services at Nokia, and VP & GM Discrete Semiconductors at Infineon Technologies. He holds a Master of Electrical Engineering from FAU Erlangen-Nürnberg.

Board meeting attendance: 8 out of 9 possible. PCC attendance: 3 out of 3 possible.

Holdings in the company: 6,264 shares

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Jon Helge Nistad | Employee elected director

Board member since 2017.

Jon Helge Nistad has a Master of Science degree in Electrical Engineering from NTNU in Trondheim. Jon Helge has been employed in Nordic Semiconductor since 2006, where he has gained experience in application development, embedded software design and project management. He is currently working as a senior engineering manager in Long Range BU Customer Success in Nordic Semiconductor.

Board meeting attendance: 11
Holdings in the company: 958 shares and 1,623 RSUs and 250 performance shares

Inger Berg Ørstavik | Shareholder elected independent director

Board member since 2017. Chair of Sustainability Committee. Member of the Audit Committee.

Inger Berg Ørstavik is a professor at the Department of Private Law, University of Oslo. She has previously been a partner at the law firm Schjødt AS and a lawyer at the office of the Attorney General for Civil Affairs. Mrs. Ørstavik has a law degree from the University of Oslo, a Ll.M. from Ruprecht-Karls-Universität in Heidelberg, Germany, and a Ph.D. from the University of Oslo in the areas of intellectual property law and competition law. She has taught international human rights law at Fudan University in Shanghai, China where she resided from 2005 to 2009. Mrs. Ørstavik has previously served as a Non-Executive Director of REC Silicon ASA.

Board meeting attendance: 11, SC attendance: 5,
AC attendance: 7
Holdings in the company: 7,283 shares

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Executive Management

Vegard Wollan | Chief Executive Officer / President

CEO & President since 2024.

Mr. Wollan holds an M.S. degree from the Norwegian University of Science and Technology in Computer Science and Electrical Engineering, Trondheim. He was appointed Chief Executive Officer of Nordic Semiconductor from January 2024. Mr. Wollan started his career with Nordic VLSI, which later became Nordic Semiconductor. As one of the inventor team behind the AVR microcontroller technology, Wollan in 1996 joined Atmel as VP and General Manager of the Touch and MCU Business Unit. Atmel was acquired by Microchip Technology in 2016, and Wollan went on to establish MyWo. In 2021, MyWo was merged into TouchNetix, a global innovation leader in touch technologies, where Wollan was the CEO previous to joining Nordic Semiconductor. Vegard Wollan is based in Trondheim and Oslo, Norway.

Holdings in the company: 131,000 shares, 21,733 RSUs and 21,733 performance shares

Øyvind Birkenes | EVP BU Long-Range

Member of the Executive Management Team since 2024.

Mr. Birkenes has spent the last 10 years as CEO of Airthings. He has led the Low Power Wireless semiconductor business of Texas Instruments for many years and holds extensive management and technology experience. He graduated from the University of Minnesota with a Master of Science in Electrical Engineering. Mr. Birkenes served as member of the Board of Directors in Nordic Semiconductor between 2019 and 2023. Øyvind Birkenes is based in Oslo, Norway.

Holdings in the company: 9,540 shares and 5,000 RSUs and 5,000 performance shares

Ola Boström | SVP Quality

Member of the Executive Management Team since 2022.

Mr. Boström holds a M.Sc. degree from Uppsala University and a PhD from the University of Aix-Marseille III. Before joining the Quality department of Nordic in 2006, Mr. Boström worked with wafer manufacturing and TCAD in the R&D department of STMicroelectronics. Mr. Boström has held several positions inside Nordic, including Product Engineering and Product Qualifications, before being in charge of the installation and operation of a high-end Electrical/Physical Analysis lab in Trondheim. Ola Boström is based in Oslo, Norway.

Holdings in the company: 5,927 shares and 6,594 RSUs and 6,094 performance shares

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Pål Elstad | Chief Financial Officer / EVP Finance

Member of the Executive Management Team since 2014.

Mr. Elstad has held several senior financial positions, most recently as investor relations responsible for REC Silicon ASA and Head of Finance for REC Solar in Singapore. He joined Nordic as CFO in 2014. Mr. Elstad has extensive manufacturing and supply-chain experience from General Electric Healthcare. He holds a Bachelor of Economics degree from the Norwegian Business School (BI) and is a State Authorized Public Accountant (CPA). Pål Elstad is based in Oslo, Norway.

Holdings in the company: 50,945 shares, 12,543 RSUs and 12,543 performance shares

Kjetil Holstad | EVP Corporate Strategy and BU PMIC

Member of the Executive Management Team since 2019.

Member of the Executive Management Team since 2019, Mr. Holstad took on the corporate strategy role in July 2023. He holds a B.Sc degree in Electronics from Sør-Trøndelag University College (HiST). After working 15 years in various technical and marketing positions related to MCUs and wireless technologies at Atmel Corporation and Texas Instruments, he joined Nordic in 2015 as a Product Manager for the short-range wireless business, before taking over all Product Management in 2019. Kjetil Holstad is currently EVP Strategy and also heads BU PMIC. He is based in Oslo, Norway.

Holdings in the company: 17,479 shares and 11,341 RSUs and 11,341 performance shares

Joakim Ferm | SVP BU Wi-Fi

Member of the Executive Management Team since 2024.

Member of the Executive Management Team since 2024. Mr. Ferm holds an M.Sc. degree in Electrical Engineering from Chalmers Institute of Technology. He joined Nordic in 2008 and has held several positions within R&D, including digital designer, project manager, and program manager for various products in the Nordic portfolio. Mr. Ferm's current position at Nordic is SVP BU Wi-Fi, and he served as Interim SVP R&D before assuming his current role. Before joining Nordic, he worked for Nokia in Copenhagen, Denmark. Joakim Ferm is based in Oslo, Norway.

Holdings in the company: 1,801 shares and 6,195 RSUs and 3,148 performance shares

Sonja Kusmin | SVP People & Culture

Member of the Executive Management Team since 2024.

Ms. Kusmin holds a Master's degree in Business and Administration from the University of Jyväskylä. She has held leadership roles in human resources, financial planning, and administration at Nordic Semiconductor, Analog Devices, and National Semiconductor. Since joining Nordic in 2014, she has worked on HR strategy and organizational development and is currently holding position as SVP People and Culture. Ms. Kusmin is based in Oulu, Finland.

Holdings in the company: 600 shares and 4966 RSUs and 1000 performance shares

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Geir Langeland | EVP Sales and Marketing

Member of the Executive Management Team since 2005.

Mr. Langeland has a Bachelor of Engineering (Honours) degree in Electronics from University of Manchester Institute of Science and Technology (UMIST). He started as a Product Manager Standard Components in Nordic Semiconductor in 1999, before being appointed as a member of the Executive Management Team in 2005. Before joining Nordic, Mr. Langeland worked as Field Sales/Applications Engineer in Memec Norway, a leading global electronic components distribution company. Geir Langeland is based in Oslo, Norway.

Holdings in the company: 222,722 shares and 13,274 RSUs and 13,274 performance shares

Øyvind Strøm | EVP BU Short-Range

Member of the Executive Management Team since 2024.

Mr. Strøm holds a Master of Science degree from Delft University of Technology and a PhD in Computer Architecture from the Norwegian University of Science and Technology. He comes with more than 25 years of experience from the semiconductor industry where he has held various global product- and business leadership roles. In 2000 Mr. Strøm joined Atmel where he headed the global microcontroller business, and has held similar positions with Microchip Technology after their acquisition by Atmel in 2016. He joined Nordic from the position as CEO of the Schibsted owned company Sentinel Software. Øyvind Strøm is based in Trondheim and Oslo, Norway.

Holdings in the company: 6,000 shares and 5,000 RSUs and 5,000 performance shares

Ole-Fredrik Morken | EVP Supply Chain

Member of the Executive Management Team since 2010.

Mr. Morken joined the company as an Analog IC designer in 1994 and has since held numerous positions related to Project- and Supply Chain Management, including a brief employment for SensoNor ASA in 1999. Mr. Morken holds a Master's degree in Electronics Engineering from Norwegian University of Science and Technology (NTNU). Ole-Fredrik Morken is based in Oslo, Norway.

Holdings in the company: 206,507 shares and 10,497 RSUs and 10,497 performance shares

Ståle "Steel" Ytterdal | SVP IR

Member of the Executive Management Team since 2019.

Mr. Ytterdal holds a Bachelor of Electronics Engineering and Business Administration from NKI College of Engineering in Oslo, Norway. He worked several years in Ericsson Standard Component before starting in Nordic as Regional Sales Manager for Asia and the Pacific in 2001. Between 2004 and 2019, Mr. Ytterdal was stationed in Hong Kong as Director of Sales & Marketing in APAC, establishing Nordic's presence in the region. He also held a position as Director of the Board of the Norwegian Chamber of Commerce in Hong Kong from 2005-2008. Mr. Ytterdal moved back to Oslo, Norway in 2019, where he now has his base.

Holdings in the company: 142,665 shares and 8,200 RSUs and 8,200 performance shares

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Financial

Nordic reported revenue of USD 511.4 million for 2024. This corresponds to a decline of 5.8% compared to 2023, reflecting a cyclical downturn in the electronics industry among both consumer and industrial customers. Bluetooth® revenue declined by 7.0% to USD 449.8 million, while proprietary revenue increased by 9.1% to USD 37.6 million. The 2024 adjusted gross margin was 49.3% and adjusted EBITDA margin was 1.6%.

Review of the annual accounts

Nordic prepares consolidated annual accounts in accordance with IFRS (International Financial Reporting Standards) as approved by the EU, relevant interpretations, and the Norwegian Accounting Act. A summary of internal controls related to the accounting process can be found in the Corporate Governance section of this Annual Report.

The Group has identified gross margin, adjusted gross margin, EBITDA, adjusted EBITDA, EBITDA margin, adjusted EBITDA margin, short-range EBITDA margin, total operating expenses and cash operating expenses as Alternative Performance Measures in addition to the financial information, as prepared in accordance with IFRS as adopted by the EU. Please see the separate chapter on Alternative Performance Measures for further details.

Income statement

The Group classifies its revenues by technology. Short-range wireless components are split on end-user markets.

Revenue by technology

USDm	2024	2023	Change
Bluetooth	449.8	483.9	-7.0%
Proprietary wireless	37.6	34.4	9.1%
Short-range wireless components	**487.3**	**518.3**	**-6.0%**
Cellular IoT	17.0	17.6	-3.4%
ASIC Components	2.5	4.7	-45.8%
Other	4.6	2.3	99.1%
Total	**511.4**	**542.9**	**-5.8%**

Total revenue decreased by 5.8% to USD 511.4 million in 2024, down from USD 542.9 million in 2023. This decrease reflects weak end-user demand and inventory adjustments at both end-customer and distributor levels.

Revenue from Bluetooth decreased by 7.0% to USD 449.8 million in 2024. Bluetooth accounted for 88% of total revenue in 2024. The revenue decrease primarily reflects weak end-user demand and inventory adjustments at both end-customer and distributor levels.

Revenue from Nordic's proprietary products increased by 9.1% to USD 37.6 million in 2024. The increase comes as a result of a strong demand despite a structural shift as customers transition to Bluetooth Low Energy.

Revenue from cellular IoT decreased by 3.4% in 2024 to USD 17.0 million. Revenue from cellular IoT is distributed over a multitude of customers with new and innovative products. Cellular IoT revenue remains lumpy and exposed to individual customers' production and purchasing patterns. Cellular IoT revenues were also impacted by a reduction in inventories at distributors during the third quarter of 2024.

Sales of ASIC products decreased by 45.8% in 2024 to USD 2.5 million. Nordic is not designing new ASICs, hence future revenue depends on demand from existing customers and applications.

Short-range and cellular components by end-product markets

USDm	2024	2023	Change
Consumer	337.2	302.5	11.5%
Industrial	93.5	117.2	-20.2%
Healthcare	65.3	103.3	-36.8%
Other	12.9	15.2	-15.1%
Total	**508.9**	**538.2**	**-5.4%**

The Group reports on four end-user markets: Consumer, Industrial, Healthcare, and Other.

To avoid speculation about the performance of individual customers and protect the integrity of its customers and customer relationships, the company will change the reporting of its end-user markets with effect from the first quarter 2025. Industrial and Healthcare will be combined into one reporting unit.

Consumer revenue increased by 11.5% in 2024. The main reason for the increase is revenue from PC accessories for home offices and gaming.

Industrial revenue declined by 20.2% in 2024 to USD 93.5 million. This decline is driven by a general downturn in the market.

Healthcare revenue decreased by 36.8% in 2024. Nordic has identified the Healthcare market as a potential growth area. The Group continues to view healthcare as a market with potentially disruptive growth possibilities and one of the key growth drivers for combined short-range and long-range products and solutions. However, revenues are still dependent on a relatively small number of customers and are hence prone to wide variations across quarters.

Revenue in the Other markets decreased by 15.1%.

Gross profit

USDm	2024	2023	Change
Gross profit	242.0	283.7	-14.7%
Gross margin	47.3%	52.3%	-4.9 p.p.
Adjusted gross profit	252.0	283.7	-11.2%
Adjusted gross margin	49.3%	52.3%	-3 p.p.

Gross profit amounted to USD 242.0 million, a decrease of 14.7% from the previous year. Hence, gross margin increased to 47.3% in 2024 from 52.3% in 2023.

After accounting for a USD 10 million write-down of long-range components made in Q2 2024, the adjusted gross profit margin is 49.3%, in line with the Group's long-term target and demonstrating the strength of its market-leading product portfolio. Despite a challenging market environment, demand from Nordic's tier-1 customers has remained strong, impacting the overall achieved gross margin.

Operating expenses

USDm	2024	2023	Change
Payroll expenses	170.3	153.0	11.3%
Other OPEX	76.9	81.7	-5.9%
OPEX excl. D&A	**247.2**	**234.7**	**5.3%**
Depr. & Amort.	40.6	44.3	-8.5%
Total	**287.8**	**279.0**	**3.1%**

Operating expenses excluding depreciation and amortization amounted to USD 247.2 million in 2024. This was an increase of 5.3% from USD 234.7 million in 2023.

The increase in expenses is due to a combination of increase in variable compensation, salary adjustment following a year of flat development in 2023, and lower capitalization rate on development projects, offset by reduced number of employees from restructuring efforts and a dedicated cost focus on other operating expenses.

Measured by function, R&D accounted for USD 161.2 million of operating expenses in 2024 excluding restructuring costs, compared to USD 155.5 million in 2023. R&D intensity, measured as a percentage of revenue, increased from 29% in 2023 to 32% in 2024. This is primarily due to revenue fluctuations. Nordic has a strong commitment to innovation, and will continue to target a long term R&D investment level of 15%-20% of revenue in existing and new markets.

SG&A excluding restructuring cost increased to USD 82.8 million from USD 74.4 million in 2023. As a percentage of revenue, SG&A increased from 14% in 2023 to 16% in 2024 is due to both revenue fluctuations and cost development.

Total cash operating expenses amounted to USD 254.9 million in 2024, when adjusting for non-cash items, capitalized development expenses, equity-based compensation, and depreciation and amortization. This was an increase from USD 250.1 million in 2023.

Nordic capitalized USD 19.3 million development expenses in 2024, down from USD 22.0 million in 2023. Capitalization has decreased due to development stages of projects and resource allocations to projects. Equity-based compensation was USD 11.7 million in 2024, compared to USD 6.5 million in 2023. See the section on Alternative Performance Measures for more details.

EBITDA and operating profit

USDm	2024	2023	Change
EBITDA	(5.2)	49.0	NA
EBITDA margin	-1.0%	9.0%	-10.1 p.p.
Adjusted EBITDA	8.0	53.9	-85.2%
Adjusted EBITDA margin	1.6%	9.9%	-8.4 p.p.
Operating profit (EBIT)	(45.8)	4.7	NA
EBIT margin	-9.0%	0.9%	-9.8 p.p.

Earnings before interest, tax, depreciation, and amortization (EBITDA) amounted to USD (5.2) million, a decrease from USD 49.0 million in 2023. The corresponding EBITDA margin decreased 10.1 percentage points to -1.0%.

In 2024, Nordic wrote down USD 10.0 million Long Range related parts and recorded restructuring costs of USD 3.2 million. Correcting for these events, Adjusted EBITDA totaled USD 8.0 million equivalent to a margin of 1.6% in 2024. This compares to an Adjusted EBITDA of USD 53.9 million and a margin of 9.9% in 2023.

Depreciation and amortization amounted to USD 40.6 million in 2024, compared to USD 44.3 million in 2023.

Operating profit (EBIT) amounted to USD (45.8) million, compared to USD 4.7 million in 2023. The EBIT margin increased to -9.0% in 2024 from 0.9% in 2023.

Net financial items

USDm	2024	2023
Net interest	-0.9	6.0
Net financial items	3.8	1.4
Total	**2.9**	**7.4**

Nordic had a net interest expense of USD 0.9 million in 2024, compared to a net interest income of USD 6.0 million in 2023. In 2024, the net interest is influenced by the bond issued in the fourth quarter of 2023. In contrast, there is minimal impact on net interest recorded in 2023 from the issued bond.

Profits and taxes

USDm	2024	2023
Profit before tax	-43.2	12.1
Income tax expense	4.7	-4.4
Net profit after tax	**-38.5**	**7.6**

The Group recognized a tax gain of USD 4.7 million in 2024, compared to a tax expense of USD 4.4 million in 2023.

The parent company's statutory tax rate is 22%. In 2024, the Group experienced a deficit, which resulted in a tax income. The lower tax rate, compared to the parent company's, was mainly due to currency gains in the NOK tax return, which reduced the deficit and lowered taxable income.

Taxes payable amounted to USD 1.8 million, compared to USD 5.6 million in 2023.

Financial position

Balance sheet

Nordic has total assets of USD 806.7 million at the end of 2024, of which USD 553.3 million are in current assets and USD 253.4 million are in non-current assets.

These assets were financed by total equity of USD 569.8 million at the end of 2024, non-current liabilities of USD 133.9 million, and current liabilities of USD 103.1 million.

Current assets were USD 553.3 million at the end of 2024, compared to USD 609.2 million at the end of 2023. This included cash and cash equivalents of USD 287.9 million at the end of the year, down from USD 291.0 million at the end of 2023.

Inventory increased to USD 171.9 million from USD 163.1 million at the end of 2023. Following the supply constraints in 2022, Nordic has continued to strategically build inventory in 2024.

Accounts receivable decreased to USD 66.4 million from USD 133.3 million at the end of 2023, mainly as a result of differences in shipment patterns within the quarters.

Overall, net working capital amounted to USD 174.2 million, compared to USD 220.4 million at the end of 2023. Measured as a percentage of full year revenue, net working capital decreased to 34.1% from 40.6% at the end of 2023. This is mainly a result of lower accounts receivable in 2024.

Non-current assets increased to USD 253.4 million at the end of 2024 compared to USD 253.0 million at the end of 2023. During 2024, capitalized development expenses increased by USD 11 million, mainly due to the development of the nRF54 SoC Series. Additionally, the tax asset increased by USD 6 million, primarily due to tax losses carried forward. These increases were offset by a reduction in the book value of other assets, including software and fixed assets.

Fixed assets totaled USD 22.0 million at year end, down from USD 29.1 million in 2023. Software and other intangible assets decreased to USD 13.8 million from 19.1 million. Capitalized development expenses increased to USD 50.1 million from USD 38.9 million at the end of 2023.

Total shareholders' equity amounted to USD 569.8 million at the end of 2024, down from USD 602.1 million at the end of 2023. The Group equity ratio was 70.6% at the end of 2024, compared to 69.8% at the end of 2023.

Total liabilities amounted to USD 236.9 million in 2024, compared to USD 260.2 million at the end of 2023. Non-current liabilities decreased to USD 133.9 million from USD 146.0 million mainly due to currency effects on the issued NOK bond, which has a comparable loss in NOK on the Cash and cash equivalents line, resulting in a near zero net impact in the profit and loss statement. Lease liabilities of USD 45.8 million are included in the non-current liabilities.

Current liabilities decreased to USD 103.1 million from USD 114.2 million. The decrease is mainly explained by reduction in other current liabilities offset by an increase in accounts payable.

Cash flow and funding

USDm	2024	2023
Net cash flow from:		
Operating activities	60.4	-119.0
Investing activities	-29.6	-53.5
Financing activities	-23.2	83.7
Currency adj.	-10.7	0.6
Net change in cash and cash equivalents	-3.0	-88.1
Cash and cash equivalents 1.1	291.0	379.1
Cash and cash equivalents 31.12	287.9	291.0

Cash flow from operating activities was USD 60.4 million in 2024, compared with an outflow of USD 119.0 million in 2023. The significant outflow observed in 2023 was mainly due to the previously mentioned prepayment of USD 100 million. The positive cash flow in 2024 is primarily driven by positive cash result and changes in working capital.

Cash flow used for investing activities had an outflow of USD 29.6 million in 2024, compared to an outflow of USD 53.5 million in 2023. This change is largely driven by the two events described below. Capital expenditure decreased to USD 9.8 million from USD 25.5 million, including software. The primary change is the purchase of assets from Atlazo Inc. in 2023. Capitalized development expenses decreased to USD 19.3 million from USD 22.0 million due to regular variation between projects in capitalization phase. Compared to other historical years, the relatively high capitalization rate is a result of the nRF54 product entering its final development stages. Cash flow from investing activities in 2023 was also impacted by the acquisition of Mobile Semiconductor Inc., presented as cash flow from business combinations.

Cash flow from financing activities was an outflow of USD 23.2 million in 2024 compared to an inflow of USD 83.7 million in 2023. The cash inflow in 2023 reflects the issuance of a bond worth USD 93 million during the fourth quarter of the same year. Aside from this, the primary comparative difference is the payments on the specified bond in 2024, which were not present in 2023.

Including the effect of exchange rates, net change in cash and cash equivalents was a cash outflow of USD 3.0 million in 2024, compared to a cash outflow of USD 88.1 million in 2023. Several notable events led to the outflow in 2023. These events include the earlier discussed prepayment, the buildup of inventory, the acquisition of assets from Atlazo Inc., and the purchase of Mobile Semiconductor Inc., with the bond issuance serving as an offsetting factor.

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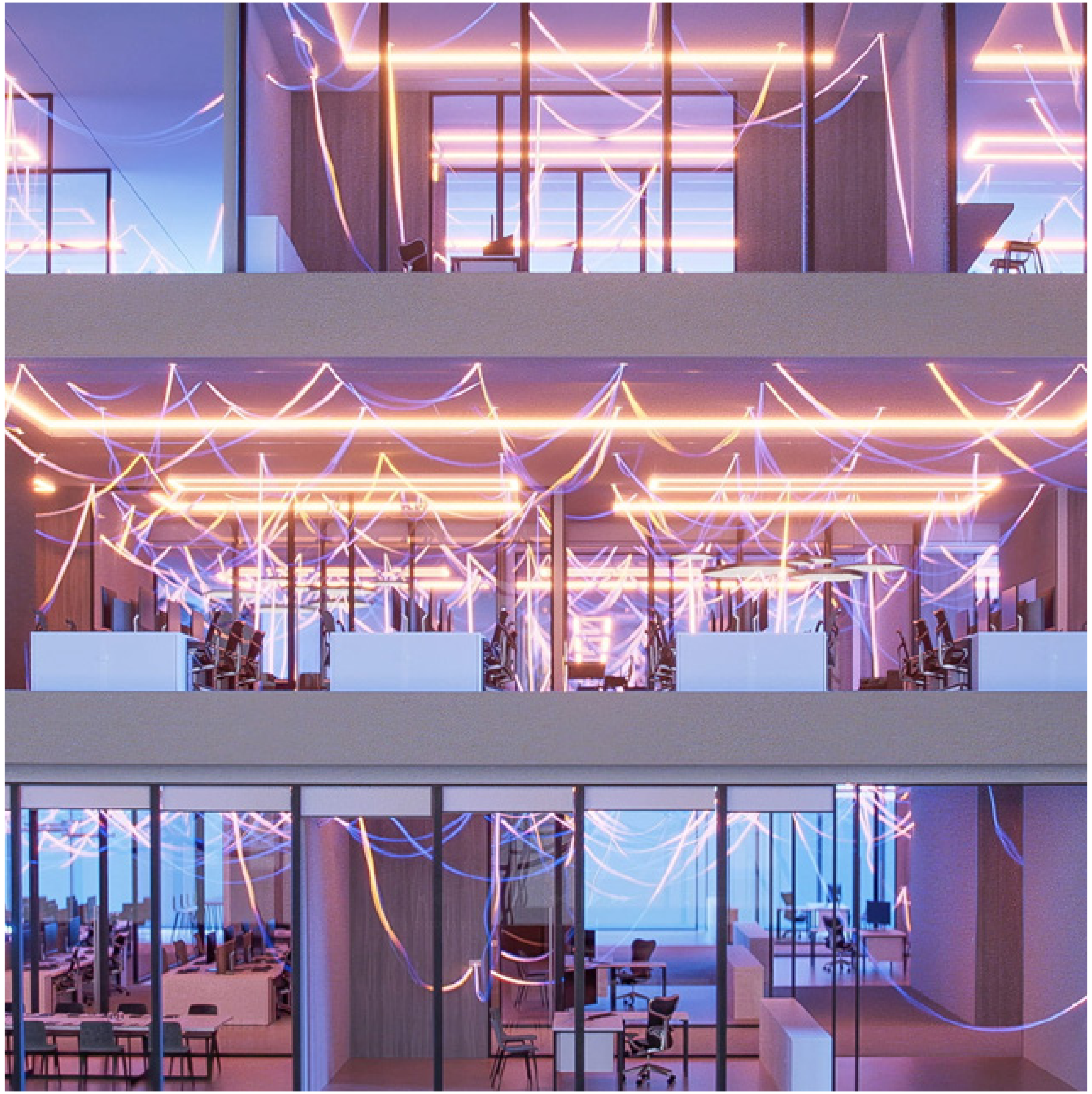
Cash and cash equivalents decreased to USD 287.9 million at the end of 2024, from USD 291.0 million at the end of 2023. To minimize the impact of currency fluctuations, the cash is primarily held in the Group's functional currency, USD, except for the cash and cash equivalents maintained in NOK to counterbalance the bond exposure in NOK.

In addition to cash at hand, Nordic has undrawn sustainability linked RCF of USD 200 million. In total, available cash amounted to approximately USD 488 million at the end of 2024.

Tight cash management is a key priority for the Group, as a strong financial position is required to realize the Group's strategic priorities and growth opportunities. The Board of Directors assesses the liquidity position as adequate given the Group's current activity level, investment plans, and business outlook.



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Risk management

The Group's corporate level risk management framework aims to proactively identify and manage the risks that may impact our ability to deliver on our strategic objectives. The Executive Management Team (EMT) is accountable for managing risks and opportunities at a consolidated corporate level. The Board of Directors oversee risk management through bi-annual reviews of important areas of exposure and controls, as well as on an on-going basis in relation to specific projects or other matters of regular business.

33 Risk factors

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Risk	Influence	Impact
Strategic risks		
Cyclical nature of semiconductor industry	◑	🟡
Constraints in the supply of wafers	◑	🟡
Customer concentration	◕	🟡
Attraction and retention of key talent	◕	🟡
Competitiveness of Nordic products	◕	🟡
Trade tensions	◑	🔴
Adverse global economic conditions and Geopolitical risks	◑	🔴
Operational, Financial & Legal risks		
Product ramp	◕	🟡
Product liability warrant claims	◕	🟡
Product security	◕	🟡
Credit risk	◕	🟢
Intellectual property rights	◑	🟢
Information security and cyber risks	◑	🔴
Acute physical events and natural disaseters	◔	🔴
Failure to comply with regulatory requirements	◕	🟡
Exchange rate and interest rate risk	◕	🟡

Nordic Semiconductor's risk framework

Framework
Nordic has a well-established corporate level risk framework to manage risks and opportunities that may impact the strategic objectives in a proactive and systematic manner. Risks are evaluated by the Executive Management Team and put into actions and priorities proportionate to identified risks and opportunities to reach or maintain target risk levels.

Process
The Board of Directors oversee risk management through biannual reviews of the Group's most important areas of exposure and internal controls, and on an ongoing basis in relation to the assessment of specific projects or other matters of regular business.

Categories
Nordic utilizes a methodology to assess risks within six categories: Strategic, Operational, Financial, Legal & Compliance, Climate & Environmental and Social, and rates likelihood and impact, as well as how Nordic may influence the risks as means of prioritizing appropriate risk mitigating measures.

100%	●		
75%	◕	High	🔴
50%	◑	Medium	🟡
25%	◔	Low	🟢

Risk factors

In conducting business, the Group faces risks that may interfere with business objectives. It is important to understand the nature of these risks. Based on the information currently known to us, an overview of key risks is included below. Despite best efforts, risk mitigating initiatives may fail or prove to be inadequate in mitigating all risks. As Nordic's risks increase, decrease, and new risks emerge over time, the information in this section should be carefully considered by investors. For further details about the Environmental and Climate related risk, please refer to sections Sustainability statement of the Annual Report.

Theme	Risk	Response
Cyclical nature of the semiconductor industry	The cyclical nature of the semiconductor industry represents an inherent risk factor, characterized by periodic fluctuations in demand and supply that can significantly impact the financial performance and stability of companies operating within this sector. The semiconductor industry faces rapid technological shifts, swift product obsolescence, volatile pricing, evolving standards, short life cycles, and erratic supply and demand, contributing to its inherent instability. The semiconductor industry has experienced significant downturns at times, often in connection with or in anticipation of maturing product cycles of semiconductor companies and their customer's products, as well as declines in general economic conditions. Downturns in the semiconductor industry are typically marked by a decline in product demand, sharp drops in average selling prices, decreased revenues, underutilized production capacity, and increasing inventory levels. Nordic has historically experienced adverse affects on its results of operations and cash flows during such down turns, specifically in the form of decreased revenue because of reduced demand from end-customers and may experience such adverse effects in future downturns, which could be severe and prolonged. The Group's ability to reduce costs in periods of downturn through reductions in capital expenditures and research and development expenses or other means may be limited because of the need to maintain its competitive position.	Nordic maintains a strong balance sheet with sufficient liquidity to weather periods of reduced demand. Additionally, Nordic is investing in research and development strategically to ensure that the Group stays at the forefront of technological innovation, which can provide a competitive edge and potentially stabilize revenue streams during industry downturns. As a fabless company, Nordic can respond to the cyclical nature of the industry by leveraging its ability to adjust inventory levels more swiftly and with lower overhead costs compared to traditional manufacturers.
Adverse global economic conditions and geopolitical risks	Nordic's growth is dependent, in part, on demand for its customers' end products, primarily within the IoT, consumer, healthcare, and industrial sectors. Industry downturns that adversely affect the Group's customers or their customers, could also adversely affect demand for the Group's products. Additionally, global or regional economic slowdowns affecting business and consumer confidence generally could cause demand for semiconductor products to decline. Rising tensions and deteriorating military, political and economic relations between China and Taiwan could disrupt the operations of third-party foundries, assembly, and test subcontractors, which could severely impact Nordic's ability to manufacture the majority of our products and as a result, could adversely affect its business, revenues and results of operations. Globally, more than 50% of all semiconductor wafers are sourced from Taiwan, hence, increased tension between China and Taiwan can significantly impact the Group's customers' ability to manufacture their products and thereby reduce demand for Nordic products. In addition, there are also uncertainties in the global economy due to geopolitical risks related to the recent instability in the Ukraine region, including supply chain disruptions and delays, increases in energy prices globally, increased inflation and continued trade frictions. The conflict in Ukraine, as well as financial sanctions being imposed on Russia by governments including in the United States, the European Union and the United Kingdom, have caused increased volatility in financial markets, and have added to upwards pressure on prevailing energy and some commodity prices, including the availability of certain commodities (for example gases) that are crucial in the manufacturing of semiconductor wafers. The effects of the conflict in Ukraine, and any further escalation of hostilities, on the global economy is difficult to predict, however any of the foregoing could cause or contribute to a broader global economic downturn, which could affect global or regional demand for semiconductor products, which in turn could adversely affect the Group's business, financial condition and results of operations.	Nordic monitors the situation and seek to mitigate current and potentially continuing economic slowdown by close dialogue with both customers and suppliers, credit risk management and operational cost control. Nordic is continuously monitoring potential implications of geopolitical risks, such as the Russian invasion of Ukraine, the increased tension between China and Taiwan and China and United States respectively to mitigate potential risks. Adding capacity amongst others in Europe can reduce the effects of geopolitical tension.

Theme	Risk	Response
Constraints in the supply of wafers	As a fabless semiconductor company, Nordic outsources the capital-intensive production of silicon wafers, packaging, and testing of its products to third-party suppliers, mainly in Asia. The manufacturing pipeline involves multiple stages with multiple suppliers. Disruption at any of these third-party suppliers could negatively affect revenue and customer relationships. Nordic does normally not have long term supply contracts with its suppliers, and delivery of materials and services is dependent on the supplier's ability to deliver on requested volume. Third-party wafer, assembly, and test subcontractors typically do not guarantee that adequate capacity will be available within the time required to meet demand for the Group's products. Qualification of a new vendor can take at least twelve months and will also require customer involvement, as the customer will need to qualify the vendor as well. Over the recent years, the semiconductor industry has faced significant global demand fluctuations, as well as supply issues of various origins. Increased electrification of cars, the Covid-19 pandemic, the ongoing war in Ukraine, and geopolitical and trade tensions are examples of this. For Nordic Semiconductor, the combined effect of these factors resulted in a prolonged shortage of wafer supply during 2021 and 2022, which in turn resulted in limited delivery capabilities for certain products, notably in the higher-end Bluetooth® Low Energy series. Given current demand and supply forecasts, Nordic Semiconductor expects wafer supply to be sufficient to meet current requirements.	Nordic maintains close dialogue with customers and suppliers to identify and address supply risks. The standard practice of keeping buffer stock of wafers and finished goods continues. Supply chain options are considered when selecting suppliers and technologies to minimize impact of future supply constraints, including sourcing of materials from different regions. Long term supply agreements have been used in connection with introduction of new technologies. Nordic seeks to have insurance to cover financial losses from supply disruptions related to disasters. However, insurance cannot completely mitigate the risk
Customer concentration	In 2024, Nordic derived around 58% of its total Bluetooth® LE revenue from its 10 largest customers. As a result of our customer concentration and the size of its existing customer base, Nordic's revenue could fluctuate materially and could be materially and disproportionately impacted by the decisions of our largest customers if they were to cancel or reduce their purchase commitments. Furthermore, in the event that Nordic's largest customers experience a dramatic decline in sales, fail to compete with their competitors due to oversupply or overcapacity in the market, or if they decide to alter the product mix, Nordic's business, financial condition, and results of operations could be materially and adversely affected. Additionally, customer concentration is a magnifier of other risks, including but not limited to Adverse global economic conditions and geopolitical risks and Trade tensions.	In order to have a healthy mix between large and broad market customers, Nordic strives to maintain allocation to all customers. Nordic seeks to expand its customer base with new platforms and technologies.
Attraction and retention of key talent	Nordic's operational excellence and innovative edge are significantly driven by the expertise and leadership of its senior executives, engineers, and other pivotal staff members. The company's ability to maintain its competitive stance in the high-tech semiconductor industry hinges on the retention of these key individuals and the continuous attraction of new talent, particularly in specialized technical roles essential for product development and technological advancement. As technology advances, the complexity of semiconductor manufacturing increases. Developing smaller, more powerful chips requires significant R&D investment and can strain existing manufacturing capabilities. Competition for qualified employees among companies that rely heavily on engineering and technology is intense, and the loss of qualified employees or an inability to attract, retain and motivate additional highly skilled employees required for the operation and expansion of the Group's business could hinder its ability to conduct research and development activities successfully and develop marketable products. The Group's success going forward depends in part on its ability to continue to recruit, train, develop and retain such personnel, and if it loses key personnel to competitors or at a rate greater than it anticipates, or if it has difficulty attracting new, highly talented employees, its reputation and its business, financial condition and results of operations could be affected.	Nordic focuses on talent attraction, recruitment, and retainment, as well as succession planning and continues to develop organizational culture and branding. The Group is continuously improving and adapting its Employer Value Proposition.

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Theme	Risk	Response
Competitiveness of Nordic products	The semiconductor industry is extremely competitive. Competition is based on product performance, structure, pricing, quality, product features, system-level design capability, engineering expertise, responsiveness, new product innovation, product availability, delivery timing and reliability, customer sales and technical support, product line-up, and customized design capability. Nordic is exposed to competition from existing companies and new entrants, mainly from China. Chinese competition increases as a result of China actively promoting its domestic semiconductor industry through policy changes and investment. In addition, the US Chips Act and EU Chips Act can result in competition from competitors with access to favorably priced products in the US and Europe. Nordic's competitors range from large, international companies offering a full range of products, to smaller companies specializing in semiconductor products. Such competitors may have greater financial, technological, personnel, and other resources than Nordic has in a particular market or overall, which may influence Nordic's business, scope of assignments and customer relationships in the future. Nordic expects competition in the markets in which it participates to continue to increase as existing competitors improve or expand their product offerings, or as new participants enter its markets, including those participants that had not historically engaged in such markets. For example, with Bluetooth LE being adopted across more than 25 identified market verticals, it is likely that more focused and specialized competitors gain market share, especially in verticals where Nordic's position is weaker. Furthermore, there is a risk that Bluetooth becomes unattractive compared to other technologies or is bundled with non-Nordic technologies. The largest immediate threat comes from various Wi-Fi standards tightly integrated with Bluetooth in combo chipsets. There are other wireless standards, such as Ultra-Wide Band, that may be a risk factor in the long term in some of verticals where Bluetooth plays a dominant role today. There is a risk that Nordic may not be successful in executing its strategy to capture the cellular IoT market opportunity in terms of scale, time, and volume. Nordic launched the nRF91 Series at the end of 2018, which is Nordic's first family of low power devices for cellular IoT. There is still a risk that cellular IoT will not be as successful as Nordic had hoped for, or that the market is skewed toward NB-IoT where simpler, lower cost devices dominate. Customers may also choose competing low power wide area network (LPWAN) technologies or cancel roll-out of products due to lack of LPWAN technologies. If the Group fails to keep pace with the rest of the semiconductor industry, it could lose market share in the markets in which it competes. Any such loss in market share could have a material negative impact on the Group's financial condition and results of operations.	Nordic continues to invest in developing competitive products, software, software development tools, complementary products and services including investments in cellular technologies. The Group has further developed its products to include support for additional low power, short-range connectivity standards, such as Zigbee and Thread, across its nRF52 Series and its new generation nRF53 Series. Nordic launched two new Bluetooth LE platforms in 2024, both on 22nm process technologies. The first revenue from nRF54 Series products was recognized in late 2024 and will significantly improve our product offering. Nordic's multiprotocol portfolio ensures that the Group is well positioned to benefit from projects seeking to improve compatibility across different standards. Nordic is a part of the Bluetooth Special Interest Group (Bluetooth SIG), which is continuously developing the Bluetooth standards. Nordic joined the Board of Connectivity Standards Alliance as a Promoter Member, the highest level of membership in 2022. This allows the Group to further shape the Alliance's continued development of standards such as Matter, which will ensure interoperability between smart home devices and accelerate the mainstream adoption of smart home technologies. In relation to the competition from Wi-Fi chips with Nordic acquisition of the Imagination Wi-Fi assets Nordic has a product roadmap to deliver low power combo chips on the 22nm platform. Nordic will continue to monitor the trends in the market, keeping the product portfolio relevant. Including establishing the new RISC-V initiative.

Theme	Risk	Response
Product ramp	There is a risk that Nordic is not able to ramp up production of new products according to customer demand, resulting in reduced or delayed market absorption of products, reduction in revenue growth, and/or high yield loss.	Given the timetables for some key product introductions, tight control over the New Product Introduction process is imperative, including quality assurance during high volume product ramps. In addition, Nordic has invested heavily in its own failure analysis lab to solve any issues as quickly as possible.
Trade tensions	Nordic has global upstream and downstream operations with customers worldwide. Political and trade tensions among a number of the world's major economies like the US, China and the EU are increasing, volatile and difficult to predict. This might lead to further implementation of tariffs and non-tariff trade barriers, including export control restrictions and license requirements, and sanctions against certain countries and companies. Trade restrictions might apply to Nordic's supply chain, our products, or affect Nordic's customers. Since 2022, the sanctions and export control limitations imposed on Russia and Russian entities by the EU, Norway, US and UK, and circumvention risks have increased significantly, and provide a complex framework for Nordic to operate in. The ongoing geopolitical and economic uncertainty, in particular but not limited to between the United States and China, and the unknown impact of current and future regulations of international trade and flow of products, may cause disruptions in the semiconductor industry and its supply chain. Such disruptions may increase production costs for the Group's end-customers and/or limit their ability to source certain components required for the production of their end-products, which may reduce demand for the Group's products and materially harm the Group's business, financial condition, and results of operations. In addition, trade tensions can increase protectionism in global trade that can limit the Groups ability to sell in certain regions. Some of the Group's products are partly assembled in China and increased tensions between the US and China can reduce the Group's ability to sell to US customers. During fiscal year 2024, the percentage of Nordic's revenue associated with end customers in China was around 10%.	Nordic seeks preparedness and robustness through close customer dialogues, dual sourcing planning, business contingency planning, and a strong balance sheet. Nordic monitors the developments and potential implications for our business operations actively. Nordic implements a sanctions & trade compliance program, and continuously enhances the program, incl. monitoring, to ensure compliance with, and avoid circumvention of, the increasingly complex regulations.
Acute physical events and natural disasters	The nature of our business as a fabless manufacturer means that Nordic is heavily reliant on semiconductor manufacturing in Taiwan, as well as testing and assembly in Asia. Acute physical events from climate change could affect our suppliers located in Southeast Asia where tropical cyclones and flooding, or natural disasters such as earthquakes, have the potential to damage production facilities and infrastructure. Such events could impact Nordic's delivery capability short-to-medium term. If a major incident occurs, it is unlikely that Nordic would have short-term access to sufficient capacity.	Nordic has established a short-to-medium term strategy for reducing the risk of supply disruptions cased by natural disasters or other severe weather events. In the short term, we maintain a reserve of wafers or finished products to address temporary shortages. For medium-term risk mitigation, Nordic utilizes a second-sourcing strategy to secure against widespread supply disruptions. In addition, Nordic has partial insurance coverage. For long-term risk mitigation, our key manufacturing partners have contingency plans to reduce such chronic risks.

Theme	Risk	Response
Information security and cyber risk	Nordic relies heavily on information technology systems across its operations, including for procurement, research and development, sales, delivery, and other processes and transactions. The Group's ability to effectively manage its business and coordinate the production, distribution, and sale of its products depends significantly on the reliability and capacity of these systems. In addition, the Group may face attempts by others to gain unauthorized access through the Internet or introduce malicious software to its information systems and, if successful, expose the Group and any other affected parties to risk of loss or misuse of proprietary or confidential information or disruptions to the Group's business operations. The failure of the Group's information technology systems to operate effectively, transition to upgraded or replacement systems, guard against a material network breach in the security of these systems as a result of a cyberattack or other incident, or any other failure to maintain a continuous and secure cyber network, could result in delays in customer service or a worsening of the Group's relationships with customers, reducing efficiency in its operations, requiring significant capital investments to remediate the problem, or resulting in negative publicity that could harm its reputation.	Employing world-class data protection is a top priority, in addition to reducing the risk related to human behavior by providing regular awareness training to all employees. Nordic has implemented disaster recovery plans and backup routines in order to mitigate any effects of potential cyberattacks and seeks to maintain appropriate insurance coverage to support the management of potential threats and attacks. Nordic has strong focus on building stronger resilience on internal and externally systems, by identifying and mitigating vulnerabilities. A cyber risk assessment was conducted by the Incidence Response Team in 2024 and will be used as input for the continuous work on mitigating identified risks. Nordic carries out several data governance projects to mitigate the risks related to data loss.
Credit risk	Nordic is exposed to credit risk pursuant to trade credit arrangements with its distributors and certain customers. The main counterparties are international distributors of electronic components. The Group has not historically suffered any significant credit losses pursuant to its trade credit arrangements with its distributors or customers, however if such distributors or customers were to experience financial difficulties or any deterioration in their ability to satisfy their obligations to the Group, the Group's cash flow could be materially and adversely affected.	Credit monitoring routines are integrated into any new credit lines, requiring security in the form of payment guarantees or advance payment requirements if needed.
Failure to comply with regulatory requirements	Nordic is subject to the regulatory regimes of each country in which it operates, including, among others, those relating to antitrust, anti-corruption, sanctions and export controls, corporate governance, labor, tax, customs and environmental regulations. Although the Group has internal controls and compliance systems to comply with such laws and regulations, there can be no assurance that such systems, and the Group's other efforts to promote compliance, will be effective. Any violation of the relevant regulations could result in criminal penalties, sanctions, significant fines, or mandatory suspension from certain business activities. It could also adversely affect the Group's reputation, business, and results of operations. The Group may also incur significant costs associated with enhancing its compliance functions as regulations and laws change in the countries in which it operates. For example, semiconductor production is known to cause pollution. Potential pollution of air, soil and water in upstream operations due to raw materials mining, smelting, and semiconductor manufacturing is strictly regulated by authorities and adherence to regulations is strictly monitored by the Group's customers. Failure to meet regulatory and/or customer requirement frameworks related to substances of concern may negatively affect market access and customer's interest towards the Group's products.	Nordic seeks to continuously enhance its compliance system and programs, internal controls, and risk mitigating measures, including efforts to strengthen its culture of integrity.

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Intellectual property rights	Potential litigation and its impact The semiconductor and software industries have a history of major litigation over patents and other intellectual property rights. If our Group becomes involved in such disputes, this will likely have a negative impact on our business. It is not uncommon for third parties (including non-practicing entities) to claim that our products, our customers' products, or communication technologies or standards used in our industry infringe on their intellectual property. It also happens that we receive requests from customers requesting us to indemnify them against such allegations brought against them by third parties. Some of these claims have in the past led to the involvement of the Group in litigation. We have certain contractual obligations to defend and indemnify customers against certain infringement claims, which has led to our involvement in the past, and could result in our involvement going forward. Due to the complexities of these technologies, in combination with the unpredictable nature of litigation, there are no guarantees that we would prevail in such disputes. Contrary it could subject the Group to liability, invalidate our intellectual property rights, and harm our competitive advantage. Even if litigation is initiated by us, to protect our intellectual property, such actions could result in counterclaims or countersuits. Any litigation is likely to distract management, take up a lot of R&D resources, and be costly. Such intellectual property litigation could also force the Group to abruptly have to stop the manufacturing and sale of certain products or services, push us into a licensing arrangement with costly royalties, force already scarce R&D resources to be allocated to design-around or develop alternative technologies, and cause conflict with suppliers and device makers to enforce or defend against indemnification rights. Challenges in protecting our intellectual property Our competitive edge depends on our proprietary technology and know-how, and the technical progresses that we make going forward will be in very important to cement Nordic as the technical leader in ultra-low power IoT. Protecting our intellectual property is and will continue to be a crucial element to our success. Our intellectual property is safeguarded by a combination of patents, copyrights, trademarks, trade secrets, confidentiality agreements, and information security processes. As the technology leader, it is still expected that competitors will try to make unauthorized use of the Groups proprietary technology. Despite implementing safeguards, it is far from certain that such third parties are deterred, and there is a significant risk that our technology is duplicated or used by such unauthorized parties. Monitoring and enforcing intellectual property rights is quite challenging, especially given the complexity of the technologies. There is also no certainty that the Groups own pending applications will lead to issued patents, or that any issued patents will properly protect or give sufficient protection from competing products. In addition, there is the risk of patents being circumvented, or challenged and invalidated. Reliance on third-party technology Our products also integrate third-party technologies, including software. While we typically try to include indemnification clauses into these license agreements, liabilities are often limited in scope or otherwise unenforceable. Consequently, the Group could face costly infringement claims, even with regards to technology that we were not involved in the development of. In addition, if such licensed third-party technology does not perform as expected, this would have a negative impact on our sales and our reputation.	Nordic has designated processes for protecting its information and intellectual property rights, including through contractual mitigation. Nordic participates in industry and standard setting groups to engage with the development and implementation of industry standards in the field.

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Product security	There is a risk that released products have security vulnerabilities, and that Nordic does not meet all customers' expectations with regards to their preferred mitigating measures (which may vary from application to application). Although Nordic certifies products in accordance with security industry standards, there is a risk of loss of reputation and recognition due to cyberattacks in end products.	Nordic continues to invest in security architecture, and we continuously enhance our well-established processes for incident management. Our dedicated Product Security Officer is working with industry standards on security and certifying Nordic products to relevant standards. Our Product Security Incident Response Team Manager manages vulnerability reporting and follows up on our engagement with our external bug bounty program with HackerOne.
Product liability and warrant claims	The Group makes highly complex electronic components and, accordingly, there is a risk that defects may occur in its products that are not detected during the development and manufacturing process. Such defects can give rise to significant costs for the Group, including expenses relating to recalling products; replacing defective items; writing down defective inventory; delays in, cancellations of, rescheduling or return of orders or shipments; and loss of potential sales. In addition, the occurrence of such defects may give rise to product liability and warranty claims, including liability for damages caused by such defects. Moreover, since the cost of replacing defective products is often much higher than the value of the products themselves, the Group may at times face damage claims from customers in excess of its warranty obligations or the relevant sales amounts, including consequential damages. The Group also faces exposure to potential liability resulting from how its customers typically integrate the semiconductors it sells into numerous products, which are then in turn sold on the marketplace. These end products are often highly complex and may occasionally involve the use of the Group's product in ways not originally envisioned by it. In these cases, the Group's products can only be fully tested when deployed in the end products, and its customers may discover defects or errors only after the end products have been deployed. In addition, the Group may be named in product liability claims relating to such end products even if there is no evidence that the Group's products caused a loss. Product liability claims could result in large expenses relating to defense costs or damages awards. Such events could have a material negative impact on the Group's reputation, business, financial condition, and results of operations.	Nordic follows very high standards in terms of quality assurance. Investing in lab equipment and testers reduces time used on fault-finding, enables workarounds to be implemented faster, and effectively screens production defects. Nordic aims to limit the contractual liability to an acceptable level in the industry and seek adequate insurance coverage.
Exchange rate and interest rate risk	Nordic operates globally and is exposed to foreign currency risk, as its sales revenue and direct production costs are almost entirely denominated in USD, whereas approximately 40% and 20% of its operating expenses were denominated in NOK and EUR, respectively, in 2024. Fluctuations in the exchange rates between the USD, NOK or EUR currencies may have an adverse effect on the Group. 10% change in USD/NOK exchange rates impact around USD 0.8 million in monthly cost.	Nordic keeps most funds in USD, but seeks to have available NOK and EUR to fulfill ongoing obligations. The bond proceeds are in NOK, which is a natural hedge of the bond nominated in NOK.

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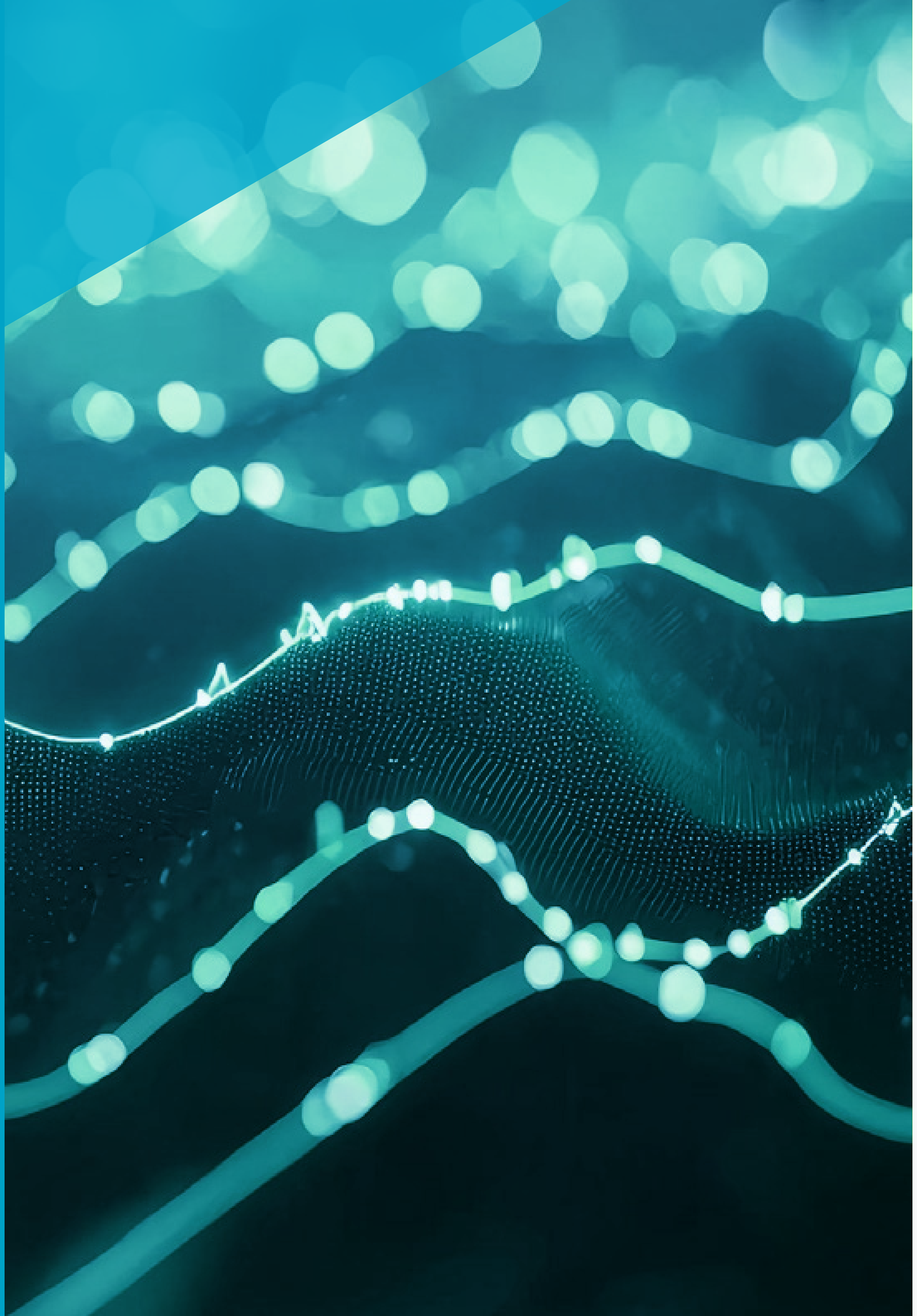

Sustainability statement

The Sustainability Statement provides comprehensive information on Nordic's governance, performance, and approach to sustainability matters. It details the Group's material impacts on people and the environment, as well as the material effects of sustainability matters on our business activities. The statement is structured into four main sections: 1. General information; 2. Environmental information, including environmental taxonomy; 3. Social information; 4. Governance information.

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Basis for preparation

ESRS 2 BP-1 General basis for the preparation of the sustainability statement

This sustainability statement covers the period from January 1, 2024, to December 31, 2024. It is Nordic's mandatory annual statutory sustainability reporting in accordance with sections 2-4 and 2-5 of the Norwegian Accounting Act following the Corporate Sustainability Reporting Directive (CSRD), the European Sustainability Reporting Standards (ESRS), and the EU Sustainable Finance Taxonomy.

The sustainability statement is prepared on the same consolidated basis as the financial statements for 2024. It includes the ultimate parent company, Nordic Semiconductor ASA, and its wholly owned subsidiaries, as specified in Note 15 Subsidiaries. The basis for preparing sustainability information related to business relationships in non-consolidated entities, including the upstream or downstream value chain, is clearly identified as such.

The scope of our sustainability statement mirrors that of our financial statements, ensuring consistency and comprehensive coverage of our operations and activities. Our sustainability statement covers our own operations, as well as both upstream and downstream aspects of our value chain, encompassing suppliers, production processes, distribution, product use, and end-of-life considerations.

All data points found in the topical standards have been subject to a double materiality assessment (DMA). For a detailed description of the scope, methodology, and assumptions of our DMA process, see ESRS 2 IRO-1 below. The sustainability statement follows the categorization of time horizons as defined in ESRS 1, section 6.4: short-term (reporting period), medium-term (up to 5 years from the end of the reporting period), and long-term (more than 5 years).

No information corresponding to intellectual property, know-how, or the results of innovation has been omitted from the sustainability statement. No information has been omitted under the exemption provisions for impending developments or matters in the course of negotiation as provided for in Articles 19a (3) and 29a (3) of Directive 2013/34/EU.

The basis for calculations and presentation of sustainability metrics are described in the respective chapters.

ESRS 2 BP-2 Disclosures in relation to specific circumstances

No material prior period errors were identified during the reporting period.

This sustainability statement includes information to fulfill requirements under the Norwegian Accounting Act, including disclosures on equality and diversity guidelines and the 2024 requirement regarding central intangible resources that the business model depends on for value creation.

This report does not use incorporation by reference as defined in ESRS 1 section 9.1.

Use of transitional provision for value chain information
Nordic applies the transitional provision specified in ESRS 1 10.2 no. 132 for reporting upstream and downstream value chain information. Our efforts to obtain value chain information include the distribution of environmental and human-rights questionnaires to suppliers; collection of greenhouse gas (GHG) emissions, water usage, and resource consumption data from key partners; ongoing supplier dialogue; and Responsible Business Alliance (RBA) audit implementation.

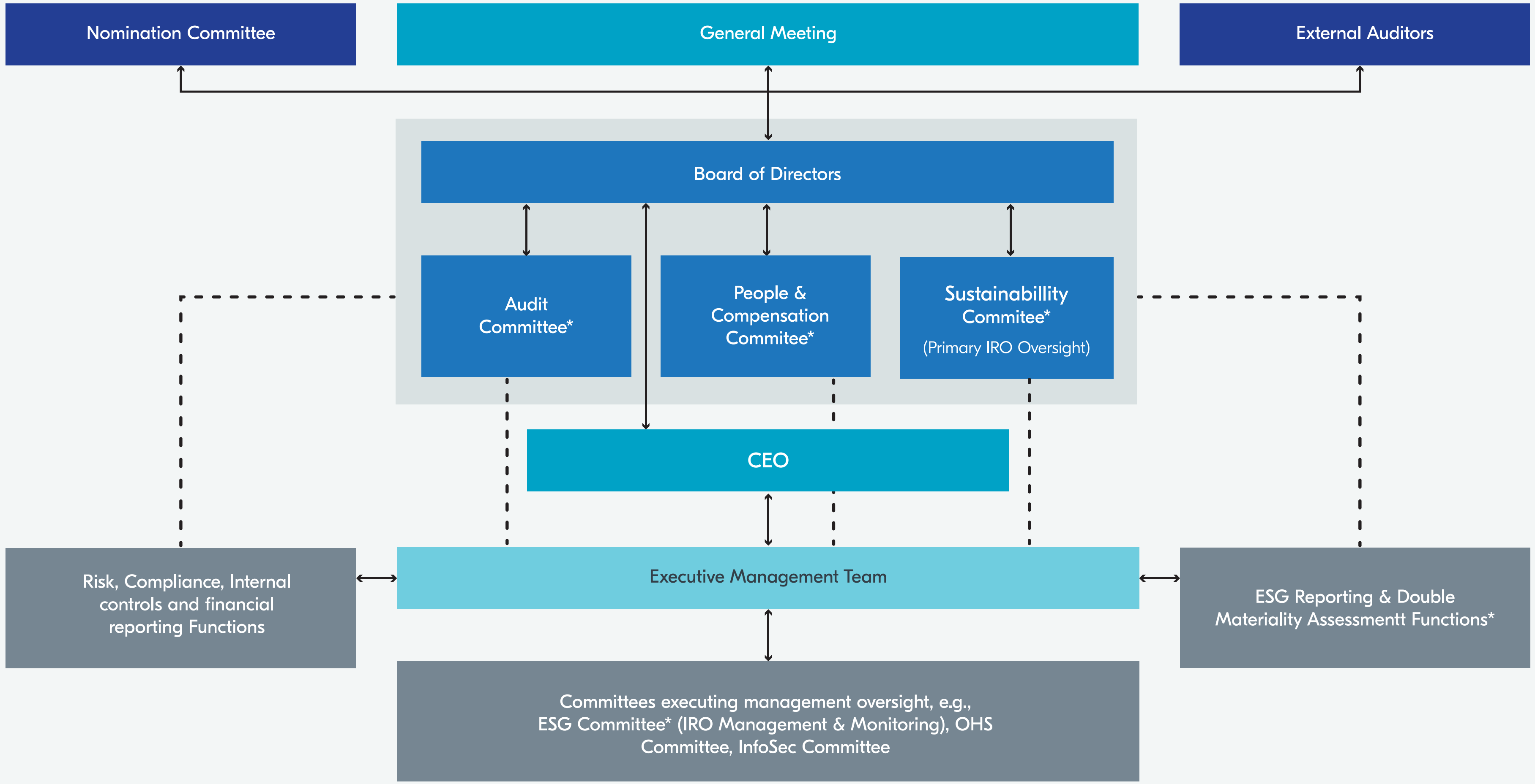
Obtaining complete value chain information is limited by multi-tier supply chain complexity, lack of standardized reporting systems, restricted downstream visibility, and varying supplier reporting capabilities.

To strengthen value chain information collection, Nordic will enhance supplier assessment processes through a new sustainability rating platform to be implemented in 2025, develop downstream data collection methods, support supplier sustainability reporting capabilities, and implement improved data management systems.

For metrics disclosure, Nordic currently focuses on in-house available information, except for datapoints derived from other EU legislation as listed in ESRS 2 Appendix B.

Governance

ESRS 2 GOV-1 The role of the administrative management and supervisory bodies



Nomination Committee

General Meeting

External Auditors

Board of Directors

Audit Committee*

People & Compensation Commitee*

Sustainabillity Commitee*
(Primary IRO Oversight)

CEO

Risk, Compliance, Internal controls and financial reporting Functions

Executive Management Team

ESG Reporting & Double Materiality Assessmentt Functions*

Committees executing management oversight, e.g., ESG Committee* (IRO Management & Monitoring), OHS Committee, InfoSec Committee

*Bodies with specific IRO oversight responsibilities

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Nordic's governance structure consists of two main bodies:

- The Executive Management Team (EMT) serves as the combined management and administrative body responsible for operational control and internal governance
- The Board of Directors serves as the supervisory body

Management and administrative body (EMT)
The EMT consists of eleven executive members, all employed by Nordic. Members bring semiconductor industry expertise across global operations, R&D, sales, and finance. The current composition is one female (9%) and ten male (91%) members, changed from two female (20%) and eight male (80%) members at the start of 2024.

The EMT is responsible for day-to-day management and operational control, with processes and controls for sustainability matters. The EMT delegates specific oversight responsibilities to:

- Quality department: Environmental risk monitoring and management
- Supply Chain department: External manufacturing oversight and control
- People & Communication department: Workforce development monitoring

The EMT oversees sustainability matters through the ESG Committee, which includes all EMT members and meets at least quarterly. This committee maintains control procedures integrated with Nordic's overall control framework. Clear reporting lines are established from business units through EMT to Board committees, with regular reporting to the SC on sustainability performance and to the Audit Committee on control matters. The EMT proposes sustainability targets based on material IROs, which are reviewed and approved by the Board. Progress against these targets is monitored quarterly through the ESG Committee and reported to the Sustainability Committee.

Supervisory body (Board)
The Board consists of eleven members:

- Seven non-executive members (all independent, representing 64% of the Board)
- Four employee-elected members representing Nordic's workforce

Gender composition shows a female-to-male ratio of 0.83, with the following distribution:

- Total: Five female (45.5%) and six male (54.5%) members
- Non-executive members: Three female (43%) and four male (57%) members
- Employee-elected members: Two female (50%) and two male (50%) members

Board members possess diverse expertise relevant to our sector, products, and value chains, representing key intangible resources at the governance level. This includes individuals with extensive local and global expertise in semiconductors, technology, sustainability, finance, cybersecurity, AI, people, and leadership. To strengthen sustainability oversight capabilities, nine out of 11 Board members completed the Certificate of ESG Competence program "ESG for Boards" run by FutureBoards AS and DNV AS. This competence directly supports oversight of Nordic's material impacts, risks, and opportunities, particularly in semiconductor value chain sustainability and technology transformation. The Board accesses external experts for sustainability matters as well as other areas requiring specialized expertise when needed, as part of its general oversight responsibilities.

The Board maintains ultimate oversight through three subcommittees:

- Audit Committee (AC): Oversees financial reporting, audit, internal controls, and business conduct matters, including sustainability-related risks and controls within these areas. Reviews sustainability reporting assurance and monitors the effectiveness of IRO controls. Meets six times annually minimum.
- Sustainability Committee (SC): Oversees sustainability framework, governance, impact, risk and opportunity assessment, and ESG metrics. The SC exercises its oversight role through bi-annual meetings where sustainability matters are reviewed and discussed. Meets bi-annually minimum.
- People & Compensation Committee (PCC): Ensures coherent remuneration policies and workforce-related topics. Meets quarterly.

ESRS 2 GOV-1-G1 The role of the administrative, management, and supervisory bodies
The Board of Directors, through the AC, maintains oversight of business conduct matters, including compliance, anti-corruption, and trade controls. The AC receives bi-annual updates from Nordic's Compliance unit on these topics and reports to the Board on its activities and recommendations. The Legal & Compliance department supports the business lines in maintaining appropriate business conduct standards through a robust governance framework aligned with external regulations and expectations.

Board members bring significant expertise in business conduct matters through their extensive experience in corporate governance, compliance, and risk management.

ESRS 2 GOV-2 Information provided to and sustainability matters addressed by the business's administrative, management, and supervisory bodies

Information flow
Material impacts, risks, and opportunities are reported through:

Management and administrative body (EMT):
- Quarterly ESG Committee meetings
- Regular business line reporting from Quality, Supply Chain, and People & Communication departments

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Supervisory body (Board):

- Bi-annual Board reviews
- Bi-annual AC compliance updates
- Committee-specific updates (AC, SC, PCC)

Consideration of IROs
The Board processes sustainability matters through strategy reviews, policy adoption, sustainability report reviews, and bi-annual impact assessments. When overseeing strategy and major transactions, the Board evaluates sustainability impacts, risks, and opportunities, including associated trade-offs in areas such as investment decisions, market expansion, and technology development.

The EMT, through the ESG Committee, focuses on Group sustainability framework development, environmental impact management, and compliance enhancement. Results and effectiveness are measured through:

- Implementation progress of policies
- Completion rate of planned actions
- Achievement of defined targets

Each Board committee handles specific aspects: The AC receives compliance updates, the SC monitors performance metrics, and the PCC oversees workforce matters. External expertise is utilized where considered necessary, including Position Green's support for ESRS implementation and GHG transition plans.

Material IROs addressed
In 2024, the management and supervisory bodies (EMT and Board) addressed the material IROs identified in our full materiality assessment under ESRS 2 SBM-3. Key IROs addressed during the reporting period include:

- Climate change through climate strategy advancement, focusing on emissions from office energy consumption and outsourced manufacturing
- Product innovation through low-power IoT technology development and climate-resilient products
- Worker safety and labor rights through human rights policy adoption and monitoring
- Cybersecurity and data protection through enhanced product security and value chain controls
- Diversity and inclusion through initiatives addressing gaps in representation and equality
- Corporate culture through organizational transformation and whistleblower protection measures

For the complete list of material IROs, please refer to our materiality assessment under ESRS 2 SBM-3.

The double materiality assessment was conducted with support from external consultants, including Position Green.

ESRS 2 GOV-3 Integration of sustainability-related performance in incentive schemes

Management and administrative body (EMT)
The Group defines annual ESRS targets and ESG KPIs for performance measurement. These metrics are integrated into:

- Short-term incentive (STI) program for all eligible employees including the EMT, where ESG metrics comprise 10% of performance evaluation
- Long-term incentive (LTI) program with ESG representing 20% for the Performance Share Units (PSUs), which make up 50% of the total LTI)

Performance is assessed against specific sustainability-related targets, with metrics considered as performance benchmarks in remuneration policies.

ESRS 2 GOV-3-E1 Climate-related considerations in remuneration
For the EMT, climate-related considerations are factored into remuneration through the Environmental component of the ESG KPIs in the LTI program. These climate targets, which represent approximately one-third of the total ESG component (20% of PSUs), include:

- 35% reduction of absolute scope 1+2 GHG emissions by the end of 2026 (vs 2019 base year)
- 35% reduction of scope 3 GHG intensity by the end of 2026 (vs 2019 base year)

These targets are aligned with our SBTi-validated goals and connect directly to the GHG emission reduction targets reported under E1-4. Performance against these climate targets is assessed annually.

Supervisory body (Board)
Board compensation does not currently include sustainability-related performance metrics. The Board annually reviews and approves the integration of ESG KPIs in EMT and employee incentive schemes.

The terms of all incentive schemes are approved and updated annually by the Board of Directors, with recommendations from the People & Compensation Committee. This information is consistent with Nordic's Remuneration Report 2024.

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ESRS 2 GOV-4 Statement on due diligence

The following table includes a mapping of the information provided in this Sustainability Statement regarding the due diligence process.

Core elements of due diligence	Pages in the Sustainability Statement	Does the disclosure relate to people and/or the environment?
a) Embedding due diligence in governance, strategy, and business model	ESRS 2 GOV-2, pages 43-44	People and environment
	ESRS 2 GOV-3, page 44	People and environment
	ESRS 2 SBM-3, pages 53-61	People and environment
	E1-ESRS 2 SBM-3, pages 76-78 E2-ESRS 2 SBM-3, page 89 E3-ESRS 2 SBM-3, page 93 E5-ESRS 2 SBM-3, pages 95-96	Environment
	S1-ESRS 2 SBM-3, pages 107-108 S2-ESRS 2 SBM-3, pages 117-118 S4-ESRS 2 SBM-3, pages 122-124	People
	G1-ESRS 2 SBM-3, pages 129-130	People and environment
b) Engaging with affected stakeholders in all key steps of the due diligence	ESRS 2 GOV-2, pages 43-44	People and environment
	ESRS 2 SBM-2, pages 51-52	People and environment
	ESRS 2 IRO-1, pages 62-66	People and environment
	ESRS 2 MDR-P: E1-2, page 78 E2-1, pages 89-90 E3-1, page 93 E5-1, page 96	Environment
	ESRS 2 MDR- P: S1-1, pages 109-110 S2-1, pages 118-119 S4-1, page 124	People
	Topical ESRS: G1-1, pages 130-131	People and environment
	Topical ESRS: S1-2, page 110 S2-2, pages 119-120 S4-2, pages 124-125	People

Core elements of due diligence	Pages in the Sustainability Statement	Does the disclosure relate to people and/or the environment?
c) Identifying and assessing adverse impacts	ESRS 2 IRO-1, pages 62-66	People and environment
	ESRS 2 SBM-3, pages 53-61	People and environment
	E1-ESRS 2 SBM-3, pages 76-78 E2-ESRS 2 SBM-3, page 89 E3-ESRS 2 SBM-3, page 93 E5-ESRS 2 SBM-3, pages 95-96	Environment
	S1-ESRS 2 SBM-3, pages 107-108 S2-ESRS 2 SBM-3, pages 117-118 S4-ESRS 2 SBM-3, pages 122-124	People
	G1-ESRS 2 SBM-3, pages 129-130	People and environment
d) Taking actions to address those adverse impacts	ESRS 2 MDR-A: E1-3, pages 78-79 E2-2, pages 90-91 E3-2, pages 93-94 E5-2, page 96	Environment
	ESRS 2 MDR-A: S1-4, pages 111-113 S2-4, pages 120-121 S4-4, pages 125-126	People
	Topical ESRS: E1-1, page 76	Environment
	Topical ESRS: G1-1, pages 130-131 G1-3, page 131	People and environment

Core elements of due diligence	Pages in the Sustainability Statement	Does the disclosure relate to people and/or the environment?
e) Tracking the effectiveness of these efforts and communicating	ESRS 2 MDR-M: E1-5, page 82 E1-6, pages 82-86 E2-5, pages 91-92 E5-4, page 97 E5-5, pages 97-98	Environment
	ESRS 2 MDR-M: S1-9, page 115 S1-13, page 115 S1-15, page 115 S1-16, pages 115-116 S1-17, page 116	People
	ESRS 2 MDR-M: G1-4, page 131	People and environment
	ESRS 2 MDR-T: E1-4, pages 80-81 E2-3, page 91 E3-3, page 94 E5-3, page 96	Environment
	ESRS 2 MDR-T: S1-5, page 113 S2-5, page 121 S4-5, page 127	People
	Topical ESRS: Entity-specific metrics: value chain workers, page 121 Entity-specific metrics: cybersecurity, page 131	People

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ESRS 2 GOV-5 Risk management and controls of sustainability reporting

Integration with ERM framework

Sustainability-related risks are integrated into Nordic's overall Enterprise Risk Management (ERM) framework, controls, and assessments. In 2024, Nordic updated its double materiality assessment with assistance from external consultants, aligning it with the ERM process. The framework ensures a coordinated approach to proactively and systematically manage impacts, risks, and opportunities that may affect the Group's strategic objectives. Identified risks are prioritized based on risk scores and strategic importance.

Control structure and oversight

The controls implemented in the ERM process, including the involvement of internal subject matter experts and oversight by the AC and the Board of Directors, are fully applied to sustainability-related risks. This process includes routine evaluations to address potential issues, ensure consistency, and enhance the reliability of sustainability reporting.

Risk identification and management

Nordic's sustainability reporting is exposed to risks such as material misstatement due to incomplete, inaccurate, or inconsistent data from internal and external sources, as well as human errors. Risks are prioritized using a methodology that evaluates both likelihood and potential impact, with scores assigned based on predefined criteria, including financial, operational, and reputational factors. These risk scores, combined with strategic importance to Nordic's objectives, determine prioritization for action and resource allocation.

Key measures to mitigate these risks include:

- Data validation controls: Implementing automated and manual checks to ensure data completeness and consistency across reporting systems.
- Competence development: Providing targeted training to relevant personnel on sustainability metrics, reporting protocols, and data verification.
- Collaboration in the value chain: Working closely with suppliers and other partners to improve data availability and accuracy for upstream and downstream reporting.

Implementation and review process

Findings from the sustainability risk assessment are integrated into internal processes through cross-departmental collaboration and regular feedback loops. This ensures that identified risks are addressed and mitigation strategies are implemented at both operational and governance levels. Periodic updates on risk management findings are provided to the EMT, the AC, and the Board for review and oversight.

Future enhancement

Looking ahead, Nordic aims to further enhance its data capture and verification processes by adopting advanced digital tools and methodologies. These efforts are part of an ongoing commitment to ensure transparent, verifiable, and high-quality sustainability reporting.

For more information on the double materiality assessment, refer to the section IRO-1: Description of the process to identify and assess material impacts, risks, and opportunities.

Strategy & business model

ESRS 2 SBM-1 Strategy, business model, and value chain

Key elements of strategy relating to sustainability matters
Nordic integrates sustainability into its overall business strategy to enable us to drive innovation, foster long-term growth, and create value for all stakeholders. Nordic has identified several focus areas for strategically addressing material IROs throughout our entire value chain:

- Contributing to sustainable IoT solutions through our products
- Fostering a culture of innovation
- Ensuring sustainable production

Nordic will explore and develop these concepts further as part of our business strategy.

Strategic sustainability goals and market approach
Nordic's sustainability goals focus on developing ultra-low-power connectivity solutions that enable IoT applications with environmental and social benefits. Our key inputs include semiconductor design expertise, technical talent, and established manufacturing partnerships. We secure these through focused recruitment, continuous employee development, and long-term supplier relationships.

Stakeholders and their expected outcomes include:

- Customers: Energy-efficient products enabling sustainable IoT applications
- Investors: Long-term growth in sustainable technology markets
- Employees: Development opportunities in advanced technology
- Suppliers: Stable partnerships with clear sustainability requirements

Our main sustainability challenges include limited renewable energy availability in key manufacturing locations, water consumption in semiconductor manufacturing, and increasing customer demands for sustainable production and usage. To address these challenges, we are:

- Working with suppliers on renewable energy transition
- Enhancing our supplier assessment framework
- Developing even more energy-efficient products

Nordic's products contributing to sustainable IoT solutions
Nordic designs, develops, and sells ultra-low-power and low-power hardware and supporting software for product builders who are developing and manufacturing Internet of Things (IoT) products. None of Nordic's products or services are banned in any markets. Nordic is not active in the fossil fuel sector, chemicals production, controversial weapons, or the cultivation and production of tobacco. Nordic has identified that our customers' products have positive impacts on the environment and society. IoT solutions are, for example, used to optimize resource usage and improve data analytics in sectors such as energy, travel, healthcare, transportation, maintenance, manufacturing, agriculture, waste management, and smart cities. Nordic's ultra-low-power and low-power products save battery capacity in use and are well-suited for a wide range of applications. Nordic strives to continuously enhance its products' energy efficiency and capabilities.

Nordic will further evaluate and develop opportunities for sustainable IoT solutions in the future.

Culture for innovation
Nordic’s employees and their expertise represent our primary intangible resource. Nurturing a culture that strives for performance and innovation and continuously develops competence is paramount, keeping our organization equipped to meet dynamic demands as a leading high-tech company. Our culture is a key enabler for attracting and retaining talent.

Value chain and production model
Nordic's success depends on securing and developing key inputs, including semiconductor design expertise, technical talent, and established manufacturing partnerships. We obtain these through focused recruitment, continuous employee development programs, and building long-term supplier relationships with strategic partners across our value chain.

As a fabless company, Nordic does not own manufacturing facilities. Instead, we rely on a network of manufacturing partners for the upstream part of the value chain, including chip fabrication and assembly. Our upstream manufacturing partners are primarily situated in Taiwan and the Philippines, with additional production facilities in China, Malaysia, and Singapore. Our tier 2 suppliers and deeper tier suppliers, providing essential components and materials, are mainly located in China, Taiwan, the Philippines, Japan, South Korea, and the USA.

In our downstream activities, we operate primarily through distributors who manage customer relationships operationally and handle product shipments from manufacturing sites. This business model enables us to maintain close relationships with key manufacturing partners while ensuring efficient global distribution. Our outputs deliver specific benefits to stakeholders: customers receive energy-efficient products enabling sustainable IoT applications, investors participate in long-term growth in sustainable technology markets, employees gain development opportunities in advanced technology, and suppliers benefit from stable partnerships with clear sustainability requirements.

Nordic supports this value chain through ongoing technical assistance and software updates while actively engaging with our supply chain partners to address impacts related to climate, the environment, and worker well-being, ensuring alignment with our sustainability goals.

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Nordic Semicondutor Business Model

Wireless Technology Portfolio

Bluetooth Low Energy

Bluetooth THREAD zigbee

Cellular IoT

LTE-M NB-IoT

Low power Wi-Fi

Wi Fi

Multiprotocol solutions

matter

Product Portfolio

Bluetooth Low Energy

52 53 54

Cellular IoT

91

Low power Wi-Fi

70

Power management ICs

nPM FAMILY

Software development tools

Global Presence

Value Chain

Design & development (own operations)
- Hardware design
- Software development
- Technical support
- Development Tools

Manufacturing
- IC production
- SoC assembly
- Quality Control
- Testing

- **Distribution**
- Global partners
- Logistics
- Regional Support
- Inventory Management

- **Customer support**
- Technical support
- Customer service
- Documentation
- Training

For the headcount of employees by geographical area, please refer to section S1-6: Characteristics of the company's employees.

Our stakeholders

ESRS 2 SBM-2 Interests and views of stakeholders

A fundamental aspect of Nordic's sustainability strategy is actively engaging with stakeholders and creating opportunities for open communication. Interaction with stakeholders provides internal and external perspectives that inform our decision-making and the development of sustainable solutions to address stakeholders' needs while maintaining our position as a world-leading supplier of connectivity solutions. As detailed in our stakeholder engagement table below, we engage with four main stakeholder categories: Market, Society, Internal, and Owners. The table outlines how engagement is organized, its purpose, and outcomes for each stakeholder group.

Category	Key stakeholders	How engagement is organized	Purpose of engagements	How outcomes inform our business
Market	Suppliers Distributors Customers End-users Competitors Stock exchange Insurers & banks Value chain workers	Supplier meetings & surveys (annual + ad hoc) RBA questionnaire & audit (annual) Distributor daily interaction & quarterly reviews Customer meetings (1-2×/year) Membership forums for competitors Annual insurance negotiations Sustainability-Linked RCF	Gather information for due diligence Support ESG framework Enable product distribution Address customer requirements Discuss environmental risks Monitor sustainability KPIs	GHG data informs supplier selection and development plans Compliance results guide supplier management strategies Distribution feedback shapes logistics planning Customer input drives product development priorities Risk assessments direct mitigation investments KPI results determine management targets
Society	Local communities Industry associates NGOs Authorities Media Nature	Student fairs & workshops (1-2×/month) Industry forum participation Regulatory presentations Press releases & interviews Environmental impact assessments Resource use monitoring	Share company information Develop industry standards Ensure compliance Generate awareness Build relationships Protect natural resources Minimize environmental impact	Recruitment data shapes talent strategies Standards input guides product development Compliance requirements inform policies Media feedback influences communication strategy Environmental data guides resource management
Internal	Board of Directors Employee representatives Employees	Board meetings (calendar-based) Committee work Employee representative forums (monthly) Annual engagement survey Exit interviews	Strategic oversight Address workplace matters Monitor employee satisfaction Gather feedback	Board input directs ESG strategy implementation Employee feedback shapes workplace policies Survey results guide talent retention programs Exit data informs HR policy updates
Owners	Shareholders Analysts Rating agencies	Annual meetings (5-10) ESG reporting Annual rating reviews Regular analyst meetings	Meet ESG requirements Share performance data Guide decision-making Maintain transparency	Rating feedback shapes ESG priorities Shareholder input guides governance updates Analyst insights inform strategic planning Performance data drives investment decisions

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Our current engagement includes the Double Materiality Assessment and Human Rights Due Diligence processes. From our comprehensive stakeholder engagement framework shown in the table above, we highlight the following key stakeholder perspectives that inform our strategy:

ESRS 2 SBM-2-S1 Workforce interests and views
Employees have expressed strong support for our zero-tolerance policy toward unethical behavior. They value positive peer relationships, as evidenced by the highest scores among all topics in our latest employee engagement survey. As a fabless semiconductor company, we recognize how our business model affects working conditions and development opportunities. These impacts are discussed through our monthly employee representative forums and regular performance reviews, ensuring we maintain an engaged and productive workforce. In 2025, we will introduce pulse surveys to enable more frequent and timely employee feedback.

ESRS 2 SBM-2-S2 Value chain workers' interests and views
Perspectives gathered through Responsible Business Alliance (RBA) audits and our structured human rights questionnaire emphasize the importance of fair labor practices and safe working conditions. Our fabless business model and sourcing strategies directly impact working conditions in our manufacturing partnerships. The questionnaire includes specific sections for different supplier categories, including logistics providers, with particular attention to vulnerable workers, such as migrants and workers requiring accommodation.

ESRS 2 SBM-2-S4 Consumers' and end-users interests and views
Feedback from surveys and dedicated meetings held 1–2 times per year helps us understand how our product development and market approach affect end-users, particularly regarding product sustainability and accessibility. Their input drives our environmental risk management and ensures the achievement of sustainability KPIs.

Our governance structure ensures stakeholder views inform our strategy and business model:

- The Board's Sustainability Committee reviews stakeholder feedback and ESG performance regularly, using these insights to guide strategic sustainability initiatives.
- The Board's Audit Committee ensures the integrity of ESG reporting and stakeholder communications, enabling transparent disclosure of how we address stakeholder concerns.
- The ESG Committee, comprising our full Executive Management Team, coordinates stakeholder engagement across the organization and integrates feedback into operational decisions.

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Material impacts, risks, and opportunities

ESRS 2 SBM-3 Material impacts, risks, and opportunities and their interaction with strategy and business model

In 2024, Nordic conducted a comprehensive Double Materiality Assessment to align with ESRS requirements. The assessment involved stakeholder engagement, including employees, suppliers, customers, investors, and financial institutions, through direct consultations and detailed research. Nordic also evaluated financial risks and opportunities linked to sustainability matters.

The assessment identified impact materialities focused on environmental aspects (energy, pollution in the value chain, substances of concern, water, resource inflows/outflows, and waste), social elements (working conditions for our own workforce and value chain, equal treatment and opportunities for value chain), and governance (protection of whistleblowers). Double material topics emerged around climate change mitigation, equal treatment and opportunities for our own workforce, information-related impacts for consumers, corporate culture, and cybersecurity, while financially material aspects concentrated on climate change adaptation and corruption and bribery.

These material IROs and their connections to our business model, strategy, and decision-making are addressed in detail under the respective topical standards in this sustainability statement.

Current and anticipated effects on business model and strategy

Nordic's material impacts, risks, and opportunities influence how we develop and adapt our business model and strategy. Our focus on ultra-low-power connectivity solutions shapes our product development priorities, particularly in addressing climate-related impacts through energy-efficient designs. This strategic focus requires continued investment in technical talent and R&D capabilities to maintain our innovation capacity.

In our upstream value chain, addressing environmental and social impacts drives enhanced supplier assessment and engagement, particularly around renewable energy adoption, water management, and labor rights. We are strengthening our supplier due diligence processes and collaboration frameworks to support these efforts.

To address governance-related risks, particularly around cybersecurity and compliance, we maintain significant investment in security infrastructure and compliance programs. These investments support both our product development activities and our relationships with manufacturing partners.

These strategic adaptations and responses continue to evolve as we pursue opportunities in sustainable IoT solutions while addressing emerging sustainability challenges throughout our value chain.

Resilience analysis of strategy and business model

Nordic's ability to address material impacts and risks while capturing opportunities is analyzed through our comprehensive materiality assessment process. This analysis evaluates our strategic and operational readiness across key dimensions:

Our fabless business model demonstrates resilience through its flexibility in adapting to sustainability challenges. By focusing on design expertise while partnering with manufacturers, we can influence sustainability performance across our value chain while maintaining operational efficiency. This model allows us to:

- Concentrate resources on low-power innovation
- Work with multiple manufacturing partners to reduce dependency risks
- Adapt quickly to changing market demands

The analysis of our strategy's resilience considers the following:

- Technical innovation capabilities through our R&D investments
- Supply chain flexibility through our manufacturing partnerships
- Market adaptation through our product portfolio diversity
- Operational resilience through our cybersecurity investments

This resilience analysis is conducted annually as part of our materiality assessment process, incorporating stakeholder input and market analysis to evaluate our capacity to manage material impacts and risks while pursuing opportunities.

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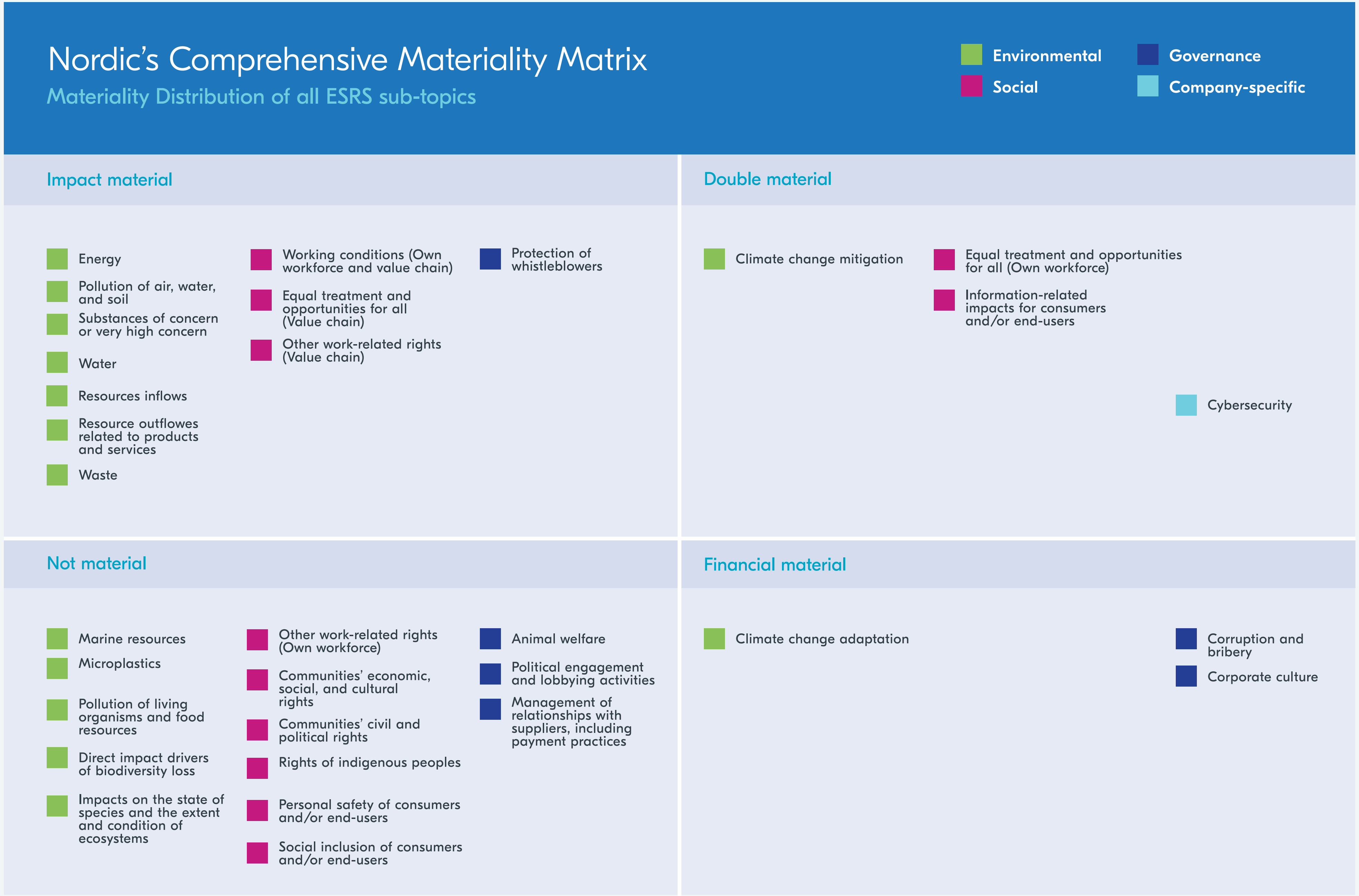

Nordic's Comprehensive Materiality Matrix

Materiality Distribution of all ESRS sub-topics

🟩 Environmental
🟦 Governance
🟪 Social
🔹 Company-specific

Impact material

- 🟩 Energy
- 🟩 Pollution of air, water, and soil
- 🟩 Substances of concern or very high concern
- 🟩 Water
- 🟩 Resources inflows
- 🟩 Resource outflowes related to products and services
- 🟩 Waste
- 🟪 Working conditions (Own workforce and value chain)
- 🟪 Equal treatment and opportunities for all (Value chain)
- 🟪 Other work-related rights (Value chain)
- 🟦 Protection of whistleblowers

Double material

- 🟩 Climate change mitigation
- 🟪 Equal treatment and opportunities for all (Own workforce)
- 🟪 Information-related impacts for consumers and/or end-users
- 🔹 Cybersecurity

Not material

- 🟩 Marine resources
- 🟩 Microplastics
- 🟩 Pollution of living organisms and food resources
- 🟩 Direct impact drivers of biodiversity loss
- 🟩 Impacts on the state of species and the extent and condition of ecosystems
- 🟪 Other work-related rights (Own workforce)
- 🟪 Communities' economic, social, and cultural rights
- 🟪 Communities' civil and political rights
- 🟪 Rights of indigenous peoples
- 🟪 Personal safety of consumers and/or end-users
- 🟪 Social inclusion of consumers and/or end-users
- 🟦 Animal welfare
- 🟦 Political engagement and lobbying activities
- 🟦 Management of relationships with suppliers, including payment practices

Financial material

- 🟩 Climate change adaptation
- 🟦 Corruption and bribery
- 🟦 Corporate culture

E1 Climate change

Material impacts, risks, and opportunities

		Location in Value chain			Time horizon		
		Upstream	Own operations	Downstream	Short-term	Medium-term	Long-term
Emissions from office energy consumption In Nordic's own operations, GHG emissions are generated from purchased electricity and heating. As a fabless company, energy usage in our own operations is only related to office work. Although more than 90% of our purchased energy is renewable, a fraction of it remains derived from fossil fuels, leading to the depletion of non-renewable resources.	Actual negative impact		●		●	●	
Emissions from outsourced manufacturing operations The semiconductor manufacturing process is energy-intensive, particularly through electricity consumption, contributing to significant emissions. To address and mitigate production-related climate impacts, engagement and collaboration with our manufacturing suppliers to achieve GHG reduction targets are key. Many of our suppliers are already transitioning to renewable energy, but emissions from manufacturing are still significant. This is a critical area for Nordic to address, as the scale of these emissions is high, and reversing the impact is difficult due to the complexity of manufacturing operations.	Actual negative impact	●			●	●	●
Reducing emissions with low-power IoT technology While our path to net zero is ambitious and challenging, it also presents opportunities for sustainable growth through product innovation, where low-power IoT technology has a remarkable role. Developing our IoT product portfolio with low-energy solutions lets us empower our customers to produce end devices with a reduced carbon footprint. For example, the use of smart lighting, powered by Nordic's technology, has enabled customers to reduce emissions and support their decarbonization efforts. Nordic's technology solutions, particularly those enabling better tracking and monitoring, could help customers design products that will reduce substantial CO2 emissions.	Potential positive impact			●	●	●	●
Opportunities in climate-resilient products Growing climate adaptation needs across sectors present Nordic with significant revenue potential through specialized product development. Nordic can expand its market share and command premium pricing for products that help end-users manage climate risks. Nordic's existing technical expertise and customer relationships position it well to capture this growing market, with the potential for both increased sales volumes and higher margins. This opportunity is particularly relevant as regulatory and market pressures drive increased customer spending on climate adaptation.	Opportunity			●		●	
Financial risks from customer GHG expectations Nordic faces financial risks related to customer expectations and regulatory requirements regarding GHG reductions. If Nordic's products and supply chain fail to meet customer demands for reduced emissions or renewable energy sourcing, the company may lose business or face strained relationships with key customers. Additionally, failure to comply with obligations relevant to renewable energy targets could result in increased costs related to carbon taxes, reduced access to capital, and reputational damage. Nordic's ability to manage these expectations is critical to maintaining market share and customer trust.	Risk			●		●	

E2 Pollution

Material impacts, risks, and opportunities

		Location in Value chain			Time horizon		
		Upstream	Own operations	Downstream	Short-term	Medium-term	Long-term
Air emissions in the production process Air pollution is generated during the semiconductor manufacturing process, particularly through the emission of volatile organic compounds (VOCs) during wafer processing. The scale of air emissions is moderate, and our suppliers are actively working to reduce and control emissions by adopting new technologies. However, due to the inherent nature of semiconductor manufacturing, eliminating these emissions remains challenging.	Actual negative impact	●			●	●	●
Hazardous substances in products Certain hazardous substances, such as NMP, PFAS, boron oxide, and lead oxide, are present in Nordic products. Toxic characteristics of these substances pose potential risks to health and the environment, including pollution and harm to living organisms. While the quantities of these substances in products are relatively small, their characteristics, such as bioaccumulation and persistence, can lead to significant long-term health and environmental consequences.	Actual negative impact			●	●	●	●
Air pollution from the transportation of products The use of fossil fuels in the downstream transportation of Nordic products generates harmful pollutants, including NOx, SO2, ozone, and particulate matter. While the company's products are lightweight and primarily transported by air, this still contributes to air pollution. The emissions are limited due to the lightweight nature of the products, but transportation remains a significant source of pollution in the value chain, both in the short and long term, due to the ongoing reliance on fossil fuels. The transportation of Nordic products downstream is done by the distributors and Nordic customers, and Nordic does not have the means to control that.	Actual negative impact			●	●	●	●

E3 Water & marine resources

Material impacts, risks, and opportunities

		Location in Value chain			Time horizon		
		Upstream	Own operations	Downstream	Short-term	Medium-term	Long-term
High water consumption in semiconductor production Nordic's suppliers use significant amounts of fresh water for cooling and cleaning during the semiconductor manufacturing process. This high level of water consumption contributes to the depletion of freshwater resources, particularly in regions with water stress. While suppliers have implemented water treatment and recycling mechanisms, the overall demand for water remains substantial. The semiconductor industry consumes approximately 1 liter of water per chip produced, leading to significant water usage, especially in areas that rely on groundwater sources.	Actual negative impact	●			●	●	●

E5 Resource use & circular economy

Material impacts, risks, and opportunities

		Location in Value chain			Time horizon		
		Upstream	Own operations	Downstream	Short-term	Medium-term	Long-term
Raw material extraction Integrated circuits are manufactured using raw materials such as metals, silicon, and rare minerals. These materials are often extracted through global mining operations, which contributes to resource depletion and environmental degradation. Moreover, incorporating recycled materials into production is difficult due to the strict purity standards required for semiconductor manufacturing, which further deepens the reliance on virgin resources and accelerates the depletion of finite materials, such as rare metals.	Actual negative impact	●			●	●	●
Packaging materials contribute to resource depletion In Nordic's own operations and value chain, plastic and cardboard are the primary materials used for packaging and shipping products. Although a large portion of the packaging material is made from recycled or recyclable resources, the overall demand still contributes to the depletion of natural resources. A considerable amount of these materials is sourced globally, including regions like Asia, where resource extraction and production are more resource-intensive.	Actual negative impact	●	●		●	●	●
Waste from packaging material Handling waste from packaging equipment by Nordic's direct customers and distributors can have environmental impacts. Improper waste management, such as related to incineration, landfilling, or recycling, may lead to the release of pollutants. While some recycling efforts are in place, effective waste management and continued use of plastic packaging materials remain challenges.	Actual negative impact			●	●	●	●
Waste from production Waste is generated during the semiconductor manufacturing process from the use of materials and components. This waste includes offcuts and defective products, which the manufacturing suppliers manage through established recycling processes. Nevertheless, the production waste still contributes to Nordic's overall environmental footprint.	Actual negative impact	●			●	●	●
E-waste from end-user disposal Downstream customers assemble Nordic's components into final products. When end-users or customers improperly dispose of electronic waste (e-waste), hazardous chemicals might be released into the air and contaminate soil and water sources, especially if hazardous substances are incinerated or disposed of in landfills. While Nordic provides information on responsible waste handling through product data sheets, the company has limited control over how its products are disposed of at the end of their lifecycle.	Potential negative impact			●	●	●	●

S1 Own workforce

Material impacts, risks, and opportunities

		Location in Value chain			Time horizon		
		Upstream	Own operations	Downstream	Short-term	Medium-term	Long-term
Organizational transformation processes Nordic is currently undergoing a major transformation and has implemented changes in its organizational structure. While some measures are concentrated on specific areas and/or locations, the transformation process has affected our entire workforce. Negative impacts include short-term uncertainty about the future and concerns about job security, as well as more medium-term impacts such as the stress of transitioning to new roles and adapting to new teams, temporarily increasing workload during the restructuring processes.	Actual negative impact		●		●	●	
Decentralized approach to skill development As an engineering company, technical skill development is baked into our daily work, making upskilling agile and flexible. However, we recognize that our strong growth has created an increasing demand for structured learning opportunities for all. Given our size, a decentralized, needs-based approach may limit broader skill development and prevent equal access to learning and advancement opportunities. This can have both a short- and long-term negative impact on employee growth, daily work performance, and overall satisfaction, particularly affecting support-function employees and our people leaders.	Actual negative impact		●		●	●	●
Gaps in representation and equality Headquartered in Norway, we have a diverse workforce located in different locations around the world. This diversity is instrumental in leveraging our innovation potential and long-term organizational success. However, we recognize that limited awareness and unconscious bias may affect the feeling of inclusion or create challenges in career advancement for underrepresented groups. These effects can have short-, medium-, and long-term impacts on employee well-being and commitment. These impacts are likely to particularly affect women, who are strongly underrepresented in our workforce.	Potential negative impact		●		●	●	●
Strategic talent development & career planning Our staff's continuous learning is critical to boosting innovation and optimizing execution. Systematically developing talents and providing career opportunities support personal development and professional growth, which can promote employee satisfaction and job performance. This helps to reduce employee turnover and recruitment costs. Having talented people in key positions is expected to enhance business revenues by boosting innovation and driving operational excellence. Hence, recognizing, supporting, and investing in talent contributes to business growth and can improve financial performance in the long term.	Opportunity		●			●	●

S2 Workers in the value chain

Material impacts, risks, and opportunities

		Location in Value chain			Time horizon		
		Upstream	Own operations	Downstream	Short-term	Medium-term	Long-term
Labor rights and safety risks in the upstream supply chain Workers in the furthest upstream segments of our supply chain, particularly in raw material extraction and early-stage processing, face risks to their rights and safety. In raw material production, several tiers removed from our direct suppliers, workers might be exposed to hazardous conditions, including heavy machinery, chemicals, toxic dust, and underground work. At these levels of the supply chain, workers face increased risks of insecure employment, long working hours, and inadequate wages, particularly in regions with developing regulatory frameworks. Child labor and forced labor are significant industry-wide concerns in raw material extraction and processing, especially affecting vulnerable groups like migrant workers in the mining and processing of materials like copper, tin, gold, plastics, and tungsten.	Potential negative impact	●			●	●	
Gender disparities in Tier 1 factories Based on industry assessments and supplier engagement data, semiconductor manufacturing facilities show gender distribution patterns where female workers predominantly hold operator positions, while engineering and management positions tend to be male-dominated. This gender disparity, combined with unequal training and development opportunities, increases the risk of discrimination and unequal treatment in these work environments, potentially affecting worker well-being and retention.	Potential negative impact	●			●	●	
Unsafe working conditions for transport workers Workers involved in the transportation of materials face occupational risks common to the logistics industry. These risks particularly affect third-party logistics providers and their subcontractors, with specific attention needed for temporary or contracted workers.	Potential negative impact	●		●	●	●	●
Worker safety and forced labor risks in Tier 1 suppliers Workers in Tier 1 supplier facilities engage with safety considerations inherent to semiconductor manufacturing environments. This includes working with specialized equipment, materials, and chemicals in manufacturing environments. The semiconductor industry's global nature means the workforce often includes migrant workers, particularly in key manufacturing locations across Asia, requiring attention to accommodation and recruitment practices. Migrant workers can face negative impacts related to substandard housing conditions, including overcrowding, poor sanitation, and inadequate facilities. Where worker housing is provided, industry standards require these facilities to meet appropriate health and safety requirements, though monitoring and enforcement remain ongoing challenges.	Potential negative impact	●			●	●	

S4 Consumers and end-users

Material impacts, risks, and opportunities

		Location in Value chain			Time horizon		
		Upstream	Own operations	Downstream	Short-term	Medium-term	Long-term
Product security and end-user data protection risks Nordic's products provide connectivity in a wide range of IoT and connected devices. If there are vulnerabilities related to product security in the product design or technical architecture (e.g., weak encryption or unpatched firmware), this could expose users to cyberattacks or unauthorized access. As customers increasingly rely on Nordic's products for data-intensive applications, resilient product security to protect end-user data becomes particularly critical. A security breach could compromise user data, disrupt services, or result in legal liabilities. Ensuring robust security features is crucial to avoiding reputational harm, loss of customer trust, and potential regulatory action. The protection of end-user data privacy is especially critical, given increasing regulatory scrutiny and compliance requirements. This risk is covered by ESRS Disclosure Requirements as part of information-related impacts for consumers.	Risk			●	●	●	
Enhancing sustainability for customers with low-energy products Nordic's products and applications for ultra-low and low-energy connectivity and computing enable sustainable applications in various sectors, including agriculture, health, and resource management. By offering better tracking and measuring systems, these solutions improve access to data, reduce costs, and enhance resource efficiency. This benefits end-users and customers in both environmental and operational ways. The global scalability of these applications not only helps drive customer satisfaction and sustainability efforts but also presents significant market opportunities as demand for energy-efficient IoT solutions continues to grow, aligning with our strategic focus on sustainable innovation.	Potential positive impact and Opportunity	●	●	●	●	●	●

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G1 Business conduct

Material impacts, risks, and opportunities

		Location in Value chain			Time horizon		
		Upstream	Own operations	Downstream	Short-term	Medium-term	Long-term
Cybersecurity risks across the value chain Cybersecurity incidents, including both external attacks and internal breaches, pose significant risks to Nordic's operations and data security. These incidents may lead to unauthorized access to sensitive information, data loss, intellectual property theft, and the potential publication of confidential data. For employees, such incidents can severely impact their ability to perform daily tasks due to system inaccessibility and create stress around data privacy. The consequences of breaches could include reputational damage, financial loss due to fines and litigation, regulatory penalties, and loss of customer trust. Additionally, there is a high risk of business disruption and the need for substantial resources to manage investigations and enhance cybersecurity measures. Both external cyberattacks and insider threats are significant risks. This risk and potential negative impact are covered through entity-specific disclosures.	Risk and Potential negative impact	●	●	●	●	●	
Building a strong and transparent corporate culture A strong and transparent corporate culture at Nordic fosters a sense of belonging and trust among employees. By establishing clear policies on business conduct and promoting corporate values, such as integrity and ethical behavior, the company enhances employee engagement, workplace efficiency, and retention. A cohesive corporate culture, particularly after organizational changes, contributes to robust governance and compliance, ensuring employees align with the company's mission and values while driving higher levels of engagement and productivity.	Opportunity		●		●	●	
Protecting whistleblowers from retaliation risks Retaliation against whistleblowers can have serious negative consequences for the individuals involved, including psychological stress, workplace isolation, career impediments, and potential economic hardship. Such retaliation can also create a culture of fear that deters others from reporting issues or concerns within the company, potentially leading to increased anxiety and stress among employees who witness misconduct.	Potential negative impact		●		●	●	
Corruption risks in global operations and partnerships Nordic operates globally, including in jurisdictions with perceived medium and high corruption risk. There are inherent risks related to public or private corruption and bribery linked to Nordic's operations, which need to be mitigated. Corruption incidents, or the suspicion of such, could result in reputational damage, financial penalties, and lost business opportunities. Both internal misconduct and corruption involving third-party partners could lead to substantial fines and project delays.	Risk	●	●	●	●	●	
Mitigating reputational damage through corporate culture development A lack of a safe, transparent corporate culture could result in reputational damage, high employee turnover, and difficulties in attracting and retaining talent. Additionally, a negative corporate culture may lead to reduced innovation, fewer new ideas, and longer project timelines, impacting overall business efficiency and growth.	Risk		●		●	●	

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Materiality assessment process

ESRS 2 IRO-1 Description of the processes to identify and assess material impacts, risks, and opportunities

Nordic conducted a double materiality assessment (DMA) from May to September 2024 using a hybrid approach that combined top-down and bottom-up assessments. The process followed four main phases, integrating stakeholder input throughout. The sustainability statement addresses the CSRD and ESRS requirements for topics identified as material through this assessment.

Our assessment is based on several key assumptions, including the stability of current regulatory requirements, predicted market conditions, and the reliability of Responsible Business Alliance (RBA) audit data for supplier insights. The scope encompasses the entire Nordic corporate group, including wholly and majority-owned affiliates. We conduct annual revisions of this assessment, supplemented by regular reviews to monitor implementation progress and identify emerging risks.

Phase 1 - Identification of sustainability matters
Our identification process begins with a comprehensive document analysis of internal and external sources, including RBA questionnaires, regulatory requirements, and market analyses. We consider impacts across our entire value chain, from our own operations (office locations, R&D facilities, and direct activities) to our business relationships (manufacturing partners, suppliers, and distributors).

In our assessment, we pay particular attention to areas of heightened risk. This includes our manufacturing operations in Asia and Europe, with a specific focus on Taiwan and the Philippines, where GHG emission- and water-intensive processes are concentrated. We also closely examine our relationships with Tier 1 suppliers and critical component manufacturers while maintaining thorough oversight of human rights considerations throughout our global supply chain.

Phase 2 - Stakeholder engagement and assessment
Our engagement process involves structured consultation with internal experts who are responsible for different stakeholder groups. For value chain workers, we incorporate insights from RBA audits to ensure a comprehensive understanding of working conditions and human rights considerations.

Phase 3 - Materiality analysis
Our materiality analysis employs a dual approach to assess both impact and financial materiality. For impact materiality, we evaluate issues based on their severity, considering scale, scope, and irremediability, along with the likelihood of occurrence. We apply a materiality threshold of 9 on a 25-point scale for non-financial impacts, giving special consideration to human rights impacts regardless of their likelihood.

In our assessment process, we explicitly consider how our identified impacts and dependencies may lead to risks and opportunities—for example, our dependency on supplier manufacturing processes influences both our environmental impacts and potential business risks from supply chain disruptions.

For financial materiality, we utilize our Enterprise Risk Management (ERM) framework scales with financial impact thresholds based on revenue percentages, combined with likelihood assessment on a 1-5 scale. The effects we assess include direct financial impacts (revenue, costs), operational impacts (supply chain disruption, production), and reputational impacts (market position, stakeholder relations). When prioritizing sustainability risks relative to other business risks, we consider not only the ERM thresholds but also strategic alignment, stakeholder concerns, and regulatory compliance requirements.

Phase 4 - Validation and integration
The final phase involves integrating our findings into our ERM process with systematic documentation. The Executive Management Team (EMT) addresses sustainability-related topics through day-to-day operations. Oversight is provided through a three-tier committee structure, with specific responsibilities assigned to each Board committee: the Sustainability Committee sets the overall agenda for sustainability work, the Audit Committee oversees ESG reporting and control systems, and the People and Compensation Committee manages workforce-related aspects. Each committee maintains regular meeting schedules and formal documentation processes.

Input parameters and process evolution
Our 2024 assessment builds upon our 2023 materiality assessment, which introduced double materiality principles, though it predated full CSRD alignment. Our 2024 assessment enhances this foundation to meet CSRD requirements with more systematic stakeholder engagement documentation and enhanced focus on resource dependencies.

The material IROs identified through this process are described in ESRS 2 SBM-3, with more details under the relevant topical ESRS in this report.

ESRS 2 IRO-1-E1 Description of the process to identify and assess material climate-related IROs
As described in ESRS 2 SBM-3, Nordic's process for identifying and assessing material climate-related IROs is based on the concept of the DMA. While we use the standard ESRS 1 time horizons as the general framework for our sustainability statement (as described in BP-1), for climate risk assessment we have adapted these timeframes to align with our business planning cycles to ensure effective integration with our strategic and operational processes: Short-term (0-3 years), which is aligned with our annual operational and financial planning cycle; medium-term (3-6 years), matching our strategic planning period; and long-term (6-10 years), taking into account long-term market trends and supply chain developments.

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Identification and assessment of GHG emissions

Nordic conducts systematic screening of GHG emissions sources across our operations and value chain to identify both direct and indirect emissions that contribute to our total GHG impact. This process includes evaluating Scope 1, 2, and 3 emissions:

1. Scope 1 and 2 emissions: We monitor emissions from our own operations, including office energy consumption and heating, which contribute to Scope 2 GHG emissions.

2. Scope 3 emissions: In the upstream supply chain, significant emissions arise from energy-intensive production processes at supplier facilities. Like other fabless semiconductor companies, most of our wafers are manufactured in locations where the availability of renewable energy is currently limited. Suppliers have their own plans and targets for renewable energy usage, energy saving, and carbon reduction. Through regular assessment, we identify emissions drivers, including electricity usage and reliance on non-renewable resources in the production of key components.

Physical climate-related risks

Using the TCFD framework, Nordic assesses physical climate-related risks in terms of how our assets and value chain activities might be exposed to climate hazards.

Our risk assessments focus on identifying vulnerabilities across our operations and supply chain:

1. Identification of climate hazards: Short-, medium- and long-term climate-related hazards, including extreme weather events, water scarcity, and supply chain disruptions, are evaluated based on regional data and exposure levels specific to key supplier locations, considering scenarios aligned with limiting global warming to 1.5°C. This can especially affect our manufacturing suppliers located in Southeast Asia. These locations are susceptible to events like droughts and floods.

2. Assessment of exposure and sensitivity: Our assets and supplier operations are evaluated for their sensitivity to identified hazards, considering factors such as geographic vulnerability and infrastructure resilience. The TCFD framework helps us determine the likelihood, magnitude, and duration of potential hazards, allowing us to prioritize resilience-building efforts where vulnerabilities are highest. Our key suppliers also have their own business continuity plans and contingency measures to minimize potential risks and emergencies.

Although we have not yet conducted a scenario analysis, our physical risk assessments provide valuable insights into areas of vulnerability, guiding our supplier standards to mitigate risks and support supply chain resilience.

Transition risks and opportunities

Nordic's assessment of transition risks and opportunities is also guided by the TCFD framework, focusing on regulatory and market changes that may impact our operations and value chain. While we have not yet conducted a formal scenario analysis, our risk assessment considers key drivers of transition risk:

1. Identification of transition events: Our assessment identifies regulatory changes, customer expectations, and technological advancements as primary transition drivers. The demands from customers for our products being produced with renewable energy are increasing. Engagement and close relationships with manufacturing suppliers are of high priority to meet customer expectations. Short-, medium- and long-term timelines are defined in alignment with Nordic's strategic planning.

2. Assessment of exposure and sensitivity: We assess how Nordic's business model, product lines, and supply chain activities may be sensitive to transition risks, including regulatory developments and market shifts. A significant part of Nordic's outsourced production is in Taiwan, where renewable energy is limited and involves significant costs. An increased focus and demand for Nordic's products to be produced with renewable energy causes a risk of not meeting customers' expectations for upstream operations and their use of renewable energy.

3. Climate-neutral economy alignment: Our assessment has identified that significant efforts are required to align our value chain with a climate-neutral economy:

- Current dependency on non-renewable energy sources in manufacturing locations, particularly in Taiwan
- Need for substantial investment in renewable energy infrastructure by our suppliers
- Technology transitions required for energy-efficient production processes

Strategic integration and next steps

Nordic uses the TCFD framework to assess climate-related physical and transition risks. The findings from our current risk assessments are reviewed by Nordic's EMT and the Board of Directors. This ensures that identified climate risks and opportunities are fully integrated into our ERM process. We plan to incorporate scenario analysis into our risk assessment processes in the future, considering a range of scenarios aligned with TCFD guidance. This will enhance our ability to identify and assess physical and transition risks in alignment with ESRS requirements.

Moving forward, we plan to enhance our supply chain standards to prioritize suppliers aligned with Nordic's sustainability targets and to explore product innovation opportunities that support customer decarbonization efforts. By embedding climate considerations across our value chain and incorporating scenario analysis in the future, Nordic aims to build resilience, capitalize on emerging opportunities, and reduce potential disruptions in a changing climate landscape.

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ESRS 2 IRO-1-E2 Description of the process to identify and assess material pollution-related IROs

As described in ESRS 2 SBM-3, Nordic is committed to managing pollution-related IROs across our operations and value chain. Our annual materiality assessment follows established environmental principles and includes all pollution-related sub-topics, i.e., air, water, and soil pollution, hazardous substances, and microplastics.

Screening methodologies and assumptions

To identify actual and potential pollution-related impacts, we conducted a comprehensive screening of our sites and business activities across our value chain. The methodology incorporates RBA audit data to evaluate the impact on both human health and the environment. Significant pollution interfaces occur primarily at our manufacturing suppliers' sites. Our screening evaluates:

- Air emissions and water and soil pollution from manufacturing processes, assessed using RBA audit data and regulatory thresholds
- Hazardous substances management in semiconductor fabrication, evaluated against industry standards and legal requirements
- Microplastics from packaging and components, measured against emerging regulations

Stakeholder engagement

Nordic values transparency and engages in consultations with our suppliers to understand their pollution-related concerns and potential impact on the environment better. This feedback informs our materiality assessment and helps shape our pollution management strategies.

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ESRS 2 IRO-1-E3 Description of the process to identify and assess material water and marine resource-related IROs

As described in ESRS 2 SBM-3, Nordic has established processes to identify and assess material impacts, risks, and opportunities related to water and marine resources in our operations and value chain.

Screening methodologies and focus areas

We conduct regular screening of our site locations and supply chain activities to identify potential impacts and dependencies on water and marine resources. This screening process utilizes the WWF Water Risk Filter, which uses river basins as a standard level for risk assessment. Through the integration of river basin-level and operational risk assessments, the WWF Water Risk Filter enables us to identify areas at the facility level for both our offices and key supplier sites, where we have identified material impacts and risks through our materiality assessment.

Key areas of focus include:

- Water use: Evaluating surface and groundwater consumption, including withdrawals, discharge practices, and water recycling rates in manufacturing processes. These primarily relate to freshwater availability for supplier manufacturing processes and water quality requirements for production and testing.
- Marine resources: Assessing the extraction and use of marine-based materials and our interface with marine ecosystems in coastal manufacturing locations.

Geographic and sector assessment

Our assessment has identified several geographically material areas for water management. These include manufacturing facilities in water-stressed areas of Taiwan, production sites with significant water withdrawal in the Philippines, and operations near marine ecosystems in Singapore. Within our value chain, semiconductor manufacturing presents material water consumption concerns, while electronics assembly and testing facilities require careful management of water quality and discharge.

Community engagement

Nordic has not yet conducted consultations with communities affected by our water-related activities. However, we recognize the importance of community input and plan to incorporate such input in future assessments where relevant.

ESRS 2 IRO-1-E4 Description of the process to identify and assess material biodiversity- and ecosystems-related IROs

Following our DMA process, Nordic has reviewed potential biodiversity and ecosystem-related impacts, risks, and opportunities across our operations and value chain. Based on this comprehensive assessment, no material IROs were identified under E4 (Biodiversity and ecosystems).

Assessment process

Through our DMA process, we examined direct impact drivers across Nordic's value chain, including:

- Climate change impacts from energy use
- Land use changes at operational sites
- Resource consumption in semiconductor manufacturing
- Potential pollution sources

Our assessment considered effects on both species populations and ecosystem conditions. We evaluated both transition risks, such as potential regulatory changes and market shifts related to biodiversity protection, and physical risks from ecosystem degradation that could affect our supply chain. We also evaluated systemic risks by considering how large-scale biodiversity loss and ecosystem collapse could affect the semiconductor industry's supply chain, particularly through disruption of essential ecosystem services and natural resource availability. Additionally, we considered opportunities, primarily potential competitive advantages from compliance with stricter local regulatory demands.

We evaluated our own operations, primarily office locations, and our value chain activities. For upstream impacts, we focused on supplier manufacturing processes and their interface with local ecosystems.

Our downstream assessment considered product lifecycle implications. This evaluation also included our dependencies on ecosystem services, particularly water supply for manufacturing and natural resources for production.

In our assessment, we assume to have limited direct biodiversity impact from office operations and potentially greater impact from supplier manufacturing processes.

Community engagement

Nordic has yet to conduct community engagement or consultations with stakeholders on biodiversity-related matters.

ESRS 2 IRO-1-E5 Description of the process to identify and assess material resource and circular economy-related IROs

At Nordic, we have implemented a systematic assessment process using supplier documentation review and internal data analysis to identify impacts, risks, and opportunities related to resource use and circular economy across our operations and value chain. While we do not currently utilize Environmental Footprint methods or Material Flow Analysis tools, we employ manual assessment of material declarations and supplier environmental reports to evaluate our activities.

Screening methodologies

Our Phase 1 assessment identifies interfaces with nature by reviewing material composition data and supplier environmental practices across our value chain operations. In Phase 2, we evaluate environmental impacts and dependencies by analyzing:

- Resource inflows (metals, silicon, rare minerals)
- Resource outflows and waste generation at supplier facilities
- Resource consumption patterns
- Material efficiency in our value chain

This process integrates with our assessments under ESRS E1-E4.

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Community engagement and stakeholder consultations
We conduct stakeholder engagement primarily through annual environmental surveys with manufacturing suppliers. As of today, Nordic has no direct consultation with communities on this subject.

Outcomes of the assessment
Our assessment has identified that Nordic's business model requires specific non-renewable resources for semiconductor manufacturing. Key challenges are concentrated in our upstream value chain, where complex materials present recycling difficulties and waste management challenges.

ESRS 2 IRO-1-G1 Description of the process to identify and assess material business conduct and corporate culture-related IROs
Nordic uses four key criteria to identify and assess business conduct impacts, risks, and opportunities:

- Location assessment: We evaluate each operating region for regulatory requirements, corruption risks, and cultural factors. This assessment occurs at least annually and during entry into new markets. High-risk locations trigger enhanced due diligence and monitoring requirements.
- Activity analysis: Core business activities undergo regular risk reviews focusing on data handling, supplier relationships, and anti-corruption. Activities are rated based on risk level and materiality thresholds, with high-risk activities requiring additional controls.
- Sector evaluation: We assess semiconductor industry-specific risks through bi-annual reviews of intellectual property protection, technology transfer requirements, and regulatory compliance. This includes monitoring emerging industry standards and regulatory changes.
- Transaction structure review: Contracts and partnerships undergo systematic, risk-based evaluation against established criteria for ethical and compliance risks. This includes an assessment of payment terms, partner due diligence, and contractual safeguards.

These criteria are integrated through our risk assessment matrix, where multiple risk factors trigger elevated review requirements. Material findings inform our control framework and policy updates.

ESRS 2 IRO-2 Disclosure requirements in ESRS covered by the business's sustainability statement

Process for determining material information
Our materiality determination uses specific thresholds to identify which impacts, risks, and opportunities (IROs) are material for reporting purposes. We apply a threshold of 9 on a 25-point scale, which requires at least moderate severity in one factor for a topic to be considered material and included in our sustainability statement. This threshold helps identify what ESRS defines as "material impacts" (referred to as "most significant impacts" in some other frameworks).

For impact materiality, the scoring combines severity factors (scale, scope, and irremediability) with likelihood, each rated 1-5. Human rights impacts receive special weighting, regardless of likelihood, to reflect their severity. For financial materiality, we utilize our ERM framework scales with financial impact thresholds based on percentages of annual revenue.

List of material DRs	Page number
ESRS 2 - General Disclosures	
BP-1 General basis for preparation of the sustainability statement	Page 41
BP-2 Disclosures in relation to specific circumstances	Page 41
GOV-1 The role of the administrative, management and supervisory bodies	Pages 42-43
GOV-2 Information provided to and sustainability matters addressed by the undertaking's administrative, management and supervisory bodies	Pages 43-44
GOV-3 Integration of sustainability-related performance in incentive schemes	Page 44
GOV-4 Statement on due diligence	Pages 45-47
GOV-5 Risk management and internal controls over sustainability reporting	Page 48
SBM-1 Strategy, business model and value chain	Pages 49-50
SBM-2 Interests and views of stakeholders	Pages 51-52
SBM-3 Material impacts, risks and opportunities and their interaction with strategy and business model	Pages 53-61
IRO-1 Description of the processes to identify and assess material impacts, risks and opportunities	Page 62
IRO-2 Disclosure Requirements in ESRS covered by the undertaking's sustainability statement	Pages 66-74
E1 - Climate change	
ESRS 2 GOV-3-E1 Integration of sustainability-related performance in incentive schemes	Page 44
E1-1 Transition plan for climate change mitigation	Page 76
E1-ESRS 2 SBM-3 Material impacts, risks, and opportunities and their interaction with strategy and business model	Pages 76-78
ESRS 2 IRO-1-E1 Description of the processes to identify and assess material climate-related impacts, risks, and opportunities	Pages 62-63
E1-2 Policies related to climate change mitigation and adaptation	Page 78
E1-3 Actions and resources in relation to climate change policies	Pages 78-79
E1-4 Targets related to climate change mitigation and adaptation	Pages 80-81
E1-5 Energy consumption and mix	Page 82
E1-6 Gross Scopes 1, 2, 3 and Total GHG emissions	Pages 82-86
E1-9 Anticipated financial effects from material physical and transition risks and potential climate-related opportunities	Page 86
E2 - Pollution	
E2-ESRS 2 SBM-3 Material impacts, risks, and opportunities and their interaction with strategy and business model	Page 89
ESRS 2 IRO-1-E2 Description of the processes to identify and assess material pollution-related impacts, risks, and opportunities	Page 64
E2-1 Policies related to pollution	Pages 89-90
E2-2 Actions and resources related to pollution	Pages 90-91
E2-3 Targets related to pollution	Page 91
E2-5 Substances of concern and substances of very high concern	Pages 91-92
E3 - Water and marine resources	
E3-ESRS 2 SBM-3 Material impacts, risks, and opportunities and their interaction with strategy and business model	Page 93
ESRS 2 IRO-1-E3 Description of the processes to identify and assess material water and marine resources-related impacts, risks, and opportunities	Page 65
E3-1 Policies related to water and marine resources	Page 93
E3-2 Actions and resources related to water and marine resources	Pages 93-94
E3-3 Targets related to water and marine resources	Page 94
E4 - Biodiversity and ecosystems	

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ESRS 2 IRO-1-E4 Description of the processes to identify and assess material biodiversity and ecosystem-related impacts, risks, and opportunities	Page 65
E5- Resource use and circular economy	
E5-ESRS 2 SBM-3 Material impacts, risks, and opportunities and their interaction with strategy and business model	Pages 95-96
ESRS 2 IRO-1-E5 Description of the processes to identify and assess material resource use and circular economy-related impacts, risks, and opportunities	Pages 65-66
E5-1 Policies related to resource use and circular economy	Page 96
E5-2 Actions and resources related to resource use and circular economy	Page 96
E5-3 Targets related to resource use and circular economy	Page 96
E5-4 Resource inflows	Page 97
E5-5 Resource outflows	Pages 97-98
S1- Own workforce	
ESRS 2 SBM-2-S1 Interests and views of stakeholders	Page 52
S1-ESRS 2 SBM-3 Material impacts, risks, and opportunities and their interaction with strategy and business model	Pages 107-108
S1-1 Policies related to own workforce	Pages 109-110
S1-2 Processes for engaging with own workforce and workers' representatives about impacts	Page 110
S1-3 Processes to remediate negative impacts and channels for own workforce to raise concerns	Pages 110-111
S1-4 Taking action on material impacts on own workforce, approaches to mitigating material risks and pursuing material opportunities related to own workforce, and effectiveness of those actions	Pages 111-113
S1-5 Targets related to managing material negative impacts, advancing positive impacts, and managing material risks and opportunities	Page 113
S1-6 Characteristics of the undertaking's employees	Page 114
S1-7 Characteristics of non-employees in the undertaking's own workforce	Page 115
S1-9 Diversity metrics	Page 115
S1-13 Training and skills development metrics	Page 115
S1-15 Work-life balance metrics	Page 115
S1-16 Remuneration metrics (pay gap and total remuneration)	Pages 115-116
S1-17 Incidents, complaints, and severe human rights impacts	Page 116
S2- Workers in the value chain	
ESRS 2 SBM-2-S2 Interests and views of stakeholders	Page 52
S2-ESRS 2 SBM-3 Material impacts, risks, and opportunities and their interaction with strategy and business model	Pages 117-118
S2-1 Policies related to value chain workers	Pages 118-119
S2-2 Processes for engaging with value chain workers about impacts	Pages 119-120
S2-3 Processes to remediate negative impacts and channels for value chain workers to raise concerns	Page 120
S2-4 Taking action on material impacts on value chain workers, approaches to managing material risks and pursuing material opportunities related to value chain workers, and effectiveness of those actions	Pages 120-121
S2-5 Targets related to managing material negative impacts, advancing positive impacts, and managing material risks and opportunities	Page 121
S4- Consumers and End-users	
ESRS 2 SBM-2-S4 Interests and views of stakeholders	Page 52
S4-ESRS 2 SBM-3 Material impacts, risks, and opportunities and their interaction with strategy and business model	Pages 122-124

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S4-1 Policies related to consumers and end-users	Page 124
S4-2 Processes for engaging with consumers and end-users about impacts	Pages 124-125
S4-3 Processes to remediate negative impacts and channels for consumers and end-users to raise concerns	Page 125
S4-4 Taking action on material impacts on consumers and end-users, approaches to managing material risks and pursuing material opportunities related to consumers and end-users, and effectiveness of those actions	Pages 125-126
S4-5 Targets related to managing material negative impacts, advancing positive impacts, and managing material risks and opportunities	Page 127
G1 - Business Conduct	
G1-ESRS 2 SBM-3 Material impacts, risks, and opportunities and their interaction with strategy and business model	Pages 129-130
ESRS 2 GOV-1-G1 The role of the administrative, management, and supervisory bodies	Page 43
ESRS 2 IRO-1-G1 Description of the processes to identify and assess material business conduct and corporate culture-related impacts, risks, and opportunities	Page 66
G1-1 Business conduct policies and corporate culture	Pages 130-131
G1-3 Prevention and detection of corruption and bribery	Page 131
G1-4 Incidents of corruption or bribery	Page 131

ESRS 2 Appendix B: List of datapoints in cross-cutting and topical standards that derive from other EU legislations

Disclosure requirement and related datapoints	SFDR reference	Pillar 3 reference	Benchmark regulation reference	EU climate law reference	Material / Not material	Page number
ESRS 2 GOV-1 Board's gender diversity paragraph 21 (d)	Indicator number 13 of Table #1 of Annex 1		Commission Delegated Regulation (EU) 2020/1816, Annex II		Material	Page 43
ESRS GOV-1 Percentage of board members who are independent paragraph 21 (e)			Delegated Regulation (EU) 2020/1816, Annex II		Material	Page 43
ESRS 2 GOV-4 Statement on due diligence paragraph 30	Indicator number 10 Table #3 of Annex 1				Material	Pages 45-47
ESRS 2 SBM-1 Involvement in activities related to fossil fuel activities paragraph 40 (d) i	Indicator number 4 Table #1 of Annex 1	Article 449a Regulation (EU) No 575/2013: Commission Implementing Regulation (EU) 2022/2453 Table 1: Qualitative information on Environmental risk and Table 2: Qualitative information on Social risk	Delegated Regulation (EU) 2020/1816, Annex II		Not material	
ESRS 2 SBM-1 Involvement in activities related to chemical production paragraph 40 (d) ii	Indicator number 9 Table #2 of Annex 1		Delegated Regulation (EU) 2020/1816, Annex II		Not material	
ESRS 2 SBM-1 Involvement in activities related to controversial weapons paragraph 40 (d) iii	Indicator number 14 Table #1 of Annex 1		Delegated Regulation (EU) 2020/1818, Article 12(1) Delegated Regulation (EU) 2020/1816, Annex II		Not material	
ESRS 2 SBM-1 Involvement in activities related to cultivation and production of tobacco paragraph 40 (d) iv			Delegated Regulation (EU) 2020/1818, Article 12(1) Delegated Regulation (EU) 2020/1816, Annex II		Not material	
ESRS E1-1 Transition plan to reach climate neutrality by 2050 paragraph 14				Regulation (EU) 2021/1119, Article 2(1)	Material	Page 76
ESRS E1-1 Undertakings excluded from Paris-aligned Benchmarks paragraph 16 (g)		Article 449a Regulation (EU) No 575/2013; Commission Implementing Regulation (EU) 2022/2453 Template 1: Banking book Climate Change transition risk: Credit quality of exposures by sector, emissions and residual maturity	Delegated Regulation (EU) 2020/1818, Article 12.1 (d) to (g), and Article 12.2		Material	Page 76
ESRS E1-4 GHG emission reduction targets paragraph 34	Indicator number 4 Table #2 of Annex 1	Article 449a Regulation (EU) No 575/2013; Commission Implementing Regulation (EU) 2022/2453 Template 3: Banking book – Climate change transition risk: alignment metrics	Delegated Regulation (EU) 2020/1818, Article 6		Material	Pages 80-81

Disclosure requirement and related datapoints	SFDR reference	Pillar 3 reference	Benchmark regulation reference	EU climate law reference	Material / Not material	Page number
ESRS E1-5 Energy consumption from fossil sources disaggregated by sources (only high climate impact sectors) paragraph 38	Indicator number 5 Table #1 and Indicator n. 5 Table #2 of Annex 1				Not material	
ESRS E1-5 Energy consumption and mix paragraph 37	Indicator number 5 Table #1 of Annex 1				Material	Page 82
ESRS E1-5 Energy intensity associated with activities in high climate impact sectors paragraphs 40 to 43	Indicator number 6 Table #1 of Annex 1				Not material	
ESRS E1-6 Gross Scope 1, 2, 3 and Total GHG emissions paragraph 44	Indicators number 1 and 2 Table #1 of Annex 1	Article 449a; Regulation (EU) No 575/2013; Commission Implementing Regulation (EU) 2022/2453 Template 1: Banking book — Climate change transition risk: Credit quality of exposures by sector, emissions and residual maturity	Delegated Regulation (EU) 2020/1818, Article 5(1), 6 and 8(1)		Material	Pages 82-83
ESRS E1-6 Gross GHG emissions intensity paragraphs 53 to 55	Indicator number 3 Table #1 of Annex 1	Article 449a Regulation (EU) No 575/2013; Commission Implementing Regulation (EU) 2022/2453 Template 3: Banking book — Climate change transition risk: alignment metrics	Delegated Regulation (EU) 2020/1818, Article 8(1)		Material	Page 84
ESRS E1-7 GHG removals and carbon credits paragraph 56				Regulation (EU) 2021/1119, Article 2(1)	Not material	
ESRS E1-9 Exposure of the benchmark portfolio to climate-related physical risks paragraph 66			Delegated Regulation (EU) 2020/1818, Annex II Delegated Regulation (EU) 2020/1816, Annex II		Not material	
ESRS E1-9 Disaggregation of monetary amounts by acute and chronic physical risk paragraph 66 (a) ESRS E1-9 Location of significant assets at material physical risk paragraph 66 (c).		Article 449a Regulation (EU) No 575/2013; Commission Implementing Regulation (EU) 2022/2453 paragraphs 46 and 47; Template 5: Banking book - Climate change physical risk: Exposures subject to physical risk.			Not material	
ESRS E1-9 Breakdown of the carrying value of its real estate assets by energy-efficiency classes paragraph 67 (c).		Article 449a Regulation (EU) No 575/2013; Commission Implementing Regulation (EU) 2022/2453 paragraph 34; Template 2: Banking book -Climate change transition risk: Loans collateralized by immovable property - Energy efficiency of the collateral			Not material	

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ESRS E1-9 Degree of exposure of the portfolio to climate-related opportunities paragraph 69			Delegated Regulation (EU) 2020/1818, Annex II		Not material	
ESRS E2-4 Amount of each pollutant listed in Annex II of the E-PRTR Regulation (European Pollutant Release and Transfer Register) emitted to air, water, and soil, paragraph 28	Indicator number 8 Table #1 of Annex 1 Indicator number 2 Table #2 of Annex 1 Indicator number 1 Table #2 of Annex 1 Indicator number 3 Table #2 of Annex 1				Not material	
ESRS E3-1 Water and marine resources paragraph 9	Indicator number 7 Table #2 of Annex 1				Material	Page 93
ESRS E3-1 Dedicated policy paragraph 13	Indicator number 8 Table 2 of Annex 1				Not material	
ESRS E3-1 Sustainable oceans and seas paragraph 14	Indicator number 12 Table #2 of Annex 1				Not material	
ESRS E3-4 Total water recycled and reused paragraph 28 (c)	Indicator number 6.2 Table #2 of Annex 1				Not material	
ESRS E3-4 Total water consumption in m^3 per net revenue on own operations paragraph 29	Indicator number 6.1 Table #2 of Annex 1				Not material	
E4-ESRS 2 SBM-3 paragraph 16 (a) i	Indicator number 7 Table #1 of Annex 1				Not material	
E4-ESRS 2 SBM-3 paragraph 16 (b)	Indicator number 10 Table #2 of Annex 1				Not material	
E4-ESRS 2 SBM-3 paragraph 16 (c)	Indicator number 14 Table #2 of Annex 1				Not material	
ESRS E4-2 Sustainable land/ agriculture practices or policies paragraph 24 (b)	Indicator number 11 Table #2 of Annex 1				Not material	
ESRS E4-2 Sustainable oceans/ seas practices or policies paragraph 24 (c)	Indicator number 12 Table #2 of Annex 1				Not material	
ESRS E4-2 Policies to address deforestation paragraph 24 (d)	Indicator number 15 Table #2 of Annex 1				Not material	
ESRS E5-5 Non-recycled waste paragraph 37 (d)	Indicator number 13 Table #2 of Annex 1				Not material	
ESRS E5-5 Hazardous waste and radioactive waste paragraph 39	Indicator number 9 Table #1 of Annex 1				Not material	
ESRS 2 SBM2-S1 Risk of incidents of forced labor paragraph 14 (f)	Indicator number 13 Table #3 of Annex I				Not material	
ESRS 2 SBM2-S1 Risk of incidents of child labor paragraph 14 (g)	Indicator number 12 Table #3 of Annex I				Not material	

Disclosure requirement and related datapoints	SFDR reference	Pillar 3 reference	Benchmark regulation reference	EU climate law reference	Material / Not material	Page number
ESRS S1-1 Human rights policy commitments paragraph 20	Indicator number 9 Table #3 and Indicator number 11 Table #1 of Annex I				Material	Pages 109-110
ESRS S1-1 Due diligence policies on issues addressed by the fundamental International Labour Organization Conventions 1 to 8, paragraph 21			Delegated Regulation (EU) 2020/1816, Annex II		Material	Pages 109-110
ESRS S1-1 Processes and measures for preventing trafficking in human beings paragraph 22	Indicator number 11 Table #3 of Annex I				Material	Page 109-110
ESRS S1-1 Workplace accident prevention policy or management system paragraph 23	Indicator number 1 Table #3 of Annex I				Material	Page 109
ESRS S1-3 Grievance/complaints handling mechanisms paragraph 32 (c)	Indicator number 5 Table #3 of Annex I				Material	Pages 110-111
ESRS S1-14 Number of fatalities and number and rate of work-related accidents paragraph 88 (b) and (c)	Indicator number 2 Table #3 of Annex I		Delegated Regulation (EU) 2020/1816, Annex II		Not material	
ESRS S1-14 Number of days lost to injuries, accidents, fatalities or illness paragraph 88 (e)	Indicator number 3 Table #3 of Annex I				Not material	
ESRS S1-16 Unadjusted gender pay gap paragraph 97 (a)	Indicator number 12 Table #1 of Annex I		Delegated Regulation (EU) 2020/1816, Annex II		Material	Page 115-116
ESRS S1-16 Excessive CEO pay ratio paragraph 97 (b)	Indicator number 8 Table #3 of Annex I				Material	Page 116
ESRS S1-17 Incidents of discrimination paragraph 103 (a)	Indicator number 7 Table #3 of Annex I				Material	Page 116
ESRS S1-17 Non-respect of UNGPs on Business and Human Rights and OECD Guidelines paragraph 104 (a)	Indicator number 10 Table #1 and Indicator n. 14 Table #3 of Annex I		Delegated Regulation (EU) 2020/1816, Annex II Delegated Regulation (EU) 2020/1818 Art 12 (1)		Material	Page 116
S2-ESRS 2 SBM-3 Significant risk of child labor or forced labor in the value chain paragraph 11 (b)	Indicators number 12 and n. 13 Table #3 of Annex I				Material	Pages 117-118
ESRS S2-1 Human rights policy commitments paragraph 17	Indicator number 9 Table #3 and Indicator n. 11 Table #1 of Annex 1				Material	Pages 118-119
ESRS S2-1 Policies related to value chain workers paragraph 18	Indicator number 11 and n. 4 Table #3 of Annex 1				Material	Page 118

Disclosure requirement and related datapoints	SFDR reference	Pillar 3 reference	Benchmark regulation reference	EU climate law reference	Material / Not material	Page number
ESRS S2-1 Non-respect of UNGPs on Business and Human Rights principles and OECD guidelines paragraph 19	Indicator number 10 Table #1 of Annex 1		Delegated Regulation (EU) 2020/1816, Annex II Delegated Regulation (EU) 2020/1818, Art 12 (1)		Material	Page 119
ESRS S2-1 Due diligence policies on issues addressed by the fundamental International Labour Organization Conventions 1 to 8, paragraph 19			Delegated Regulation (EU) 2020/1816, Annex II		Material	Pages 118-119
ESRS S2-4 Human rights issues and incidents connected to its upstream and downstream value chain paragraph 36	Indicator number 14 Table #3 of Annex 1				Material	Page 121
ESRS S3-1 Human rights policy commitments paragraph 16	Indicator number 9 Table #3 of Annex 1 and Indicator number 11 Table #1 of Annex 1				Not material	
ESRS S3-1 non-respect of UNGPs on Business and Human Rights, ILO principles or and OECD guidelines paragraph 17	Indicator number 10 Table #1 Annex 1		Delegated Regulation (EU) 2020/1816, Annex II Delegated Regulation (EU) 2020/1818, Art 12 (1)		Not material	
ESRS S3-4 Human rights issues and incidents paragraph 36	Indicator number 14 Table #3 of Annex 1				Not material	
ESRS S4-1 Policies related to consumers and end-users paragraph 16	Indicator number 9 Table #3 and Indicator number 11 Table #1 of Annex 1				Material	Page 124
ESRS S4-1 Non-respect of UNGPs on Business and Human Rights and OECD guidelines paragraph 17	Indicator number 10 Table #1 of Annex 1		Delegated Regulation (EU) 2020/1816, Annex II Delegated Regulation (EU) 2020/1818, Art 12 (1)		Material	Page 124
ESRS S4-4 Human rights issues and incidents paragraph 35	Indicator number 14 Table #3 of Annex 1				Not material, but disclosed	Page 126
ESRS G1-1 United Nations Convention against Corruption paragraph 10 (b)	Indicator number 15 Table #3 of Annex 1				Material	Page 130
ESRS G1-1 Protection of whistle-blowers paragraph 10 (d)	Indicator number 6 Table #3 of Annex 1				Material	Page 131
ESRS G1-4 Fines for violation of anti-corruption and anti-bribery laws paragraph 24 (a)	Indicator number 17 Table #3 of Annex 1		Delegated Regulation (EU) 2020/1816, Annex II)		Material	Page 131
ESRS G1-4 Standards of anti-corruption and anti-bribery paragraph 24 (b)	Indicator number 16 Table #3 of Annex 1				Material	Page 131

Environment

Nordic acknowledges the environmental impact of its business operations and products on the planet and society. Environmental responsibility and sustainability are integral to our long-term success. Through the production of world-class, energy-efficient solutions, we contribute to a low-carbon, climate-resilient economy.

76 E1 Climate Change
89 E2 Pollution
93 E3 Water and Marine Resources
95 E5 Resource and use of circular economy
99 EU taxonomy

E1
Climate change

E1-1 Transition plan for climate change mitigation
In 2024, Nordic began formulating a transition plan for climate change mitigation. Nordic will continue working on the transition plan in 2025, ensuring it is embedded in and aligned with our overall strategy and annual business and financial planning.

Nordic is not excluded from the EU Paris-aligned Benchmarks, as the company does not engage in activities that would lead to exclusion, including controversial weapons, tobacco production, violations of UN Global Compact principles or OECD Guidelines for Multinational Enterprises, or deriving significant revenue from fossil fuel activities.

Impacts, risks, and opportunities

ESRS 2 SBM-3 Material impacts, risks, and opportunities and their interaction with strategy and business model

		Location in value chain			Time horizon		
		Upstream	Own operations	Downstream	Short-term	Medium-term	Long-term
Emissions from office energy consumption	Actual negative impact		●		●	●	
Emissions from outsourced manufacturing operations	Actual negative impact	●			●	●	●
Reducing emissions with low-power IoT technology	Potential positive impact			●	●	●	●
Opportunities in climate-resilient products	Opportunity			●		●	
Financial risks from customer GHG expectations	Risk			●		●	

Strategy

In response to climate change and global warming, we are committed to reducing our impact on the environment and conducting business in a way that supports the transition toward a more sustainable future.

Our strategic ambition is to reduce environmental impact, take responsibility for the contribution to climate change across our organization and the whole value chain, and effectively and systematically manage our climate-related risks and opportunities. Through our targets that have been validated by the Science Based Targets initiative (SBTi), our strategic ambition is to reduce Scope 1, 2, and 3 GHG emissions already by 2030 and shift towards net-zero GHG emissions across our value chain by 2050. To drive towards these targets, we continue transitioning to renewable energy for our offices and engage with our outsourced manufacturing suppliers to encourage them to reduce their own GHG emissions and climate impact. We will also continue collaboration with customers and offer low-power solutions to the customers, helping to address climate change challenges.

Nordic's strategy for climate change mitigation is coherent with the principle of limiting global warming to 1.5C, in line with the Paris Agreement and the EU's climate goals. The emissions reduction targets are further explained in section E1-4: Targets related to climate change mitigation and adaptation.

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We have not yet conducted a formal scenario analysis to assess climate-related physical and transition risks. However, alongside the risk assessment carried out as part of our Double Materiality Assessment, the TCFD framework, based on scenario analysis, addresses the resilience aspect. To strengthen our climate-related vulnerability management capabilities and ensure that our business model remains resilient and adaptable to the evolving challenges posed by climate change, we aim to complete the scenario analysis and resilience analysis in the future.

Nordic's process for identifying and assessing material climate-related impacts, risks, and opportunities is based on the double materiality principle.

Climate change remains the most significant environmental aspect for Nordic and its stakeholders. Semiconductor manufacturing is energy-intensive. In our global operations, Nordic recognizes the impact and risks of energy dependency and the contribution of GHG emissions to climate change. As a fabless semiconductor company, climate change represents a low risk for Nordic's own operations, but manufacturing suppliers are faced with challenges and risks from climate change. These come both in the form of physical risks (such as extreme weather conditions) or transitional risks (such as legislative requirements), depending on manufacturing location.

Climate-change-related risks and opportunities are identified and assessed through Nordic's Enterprise Risk Management (ERM) process.

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Through our materiality assessment, we have identified the climate-related material impacts, as detailed in the table above. The TCFD disclosure on pages 87-88 provide details on Nordic's climate-related risks and opportunities for climate change mitigation and adaptation.

Emissions from office energy consumption
As a fabless company, energy usage in our own operations is mainly related to office work. In Nordic's own operations, GHG emissions are generated from purchased electricity and heating. Although more than 90% of our purchased energy is renewable, there is still a fraction that is derived from fossil fuels. This impact directly connects to our fabless business model, driving our strategic decision to transition to renewable energy for all offices in coming years and focus on lowering climate impact through energy efficiency in office buildings. Today, more than 50% of Nordic's employees work in offices that have green building certifications, like BREEAM and LEED, demonstrating our business model's adaptability to climate challenges.

Emissions from outsourced manufacturing operations
The semiconductor manufacturing process is energy-intensive, particularly through electricity consumption, and contributes to significant emissions. This impact is inherent to our fabless business model, which relies on external manufacturing partners. Our strategy to address and mitigate production-related climate impacts is to engage with our main manufacturing suppliers and, in collaboration with the suppliers, define GHG emission reduction targets. Many of our suppliers are already transitioning to renewable energy, but emissions from manufacturing are still significant. Due to the complexity of manufacturing operations, reversing the impact is difficult, requiring long-term strategic planning and value chain collaboration.

Reducing emissions with low-power IoT technology
While our path to net zero is ambitious and challenging, our product innovation also presents opportunities for sustainable growth. This potential positive impact is central to our business strategy and R&D decisions. Developing our IoT product portfolio with low-energy solutions enables our customers' end devices to have solutions that reduce their carbon footprint. For example, smart lighting, powered by Nordic's technology, has enabled customers to reduce emissions and support their decarbonization efforts. The scale of avoided emissions is considered to be substantial, contributing positively to global GHG reductions. Nordic's technology solutions, particularly those enabling better tracking and monitoring, could help end-users reduce tons of CO2 emissions, demonstrating the resilience of our business model in supporting climate transition.

Impact, risk, and opportunity management

E1-2 Policies related to climate change mitigation and adaptation

Nordic's Climate Change Policy sets requirements for responsible practices across the Group's own operations and value chain. The policy addresses all our identified climate-change-related material IROs as disclosed in the table of E1-ESRS 2 SBM-3 and outlines the Group's approach and commitment to implementing measures for climate change mitigation through our commitment to reducing GHG emissions in line with SBTi targets and climate change adaptation through assessing climate-related risks and building resilience against climate-related impacts. The policy also covers our commitment to improving energy efficiency and transition to renewable energy across our own operations, as well as our efforts to work with suppliers, promote sustainable sourcing practices, and continuously strive to improve our environmental performance with respect to our business operations.

The Chief Executive Officer is responsible for the policy's execution and its alignment with Nordic's strategic goals. The policy is reviewed on an annual basis by the Executive Management Team.

The policy is available for all employees on Nordic's intranet and publicly available on Nordic's website.

E1-3 Actions and resources in relation to climate change policies

On our journey toward climate neutrality, we are constantly driving to reduce GHG emissions in our value chain. Through our science-based targets validated by SBTi in April 2024, our ambition is to reduce absolute emissions and emission intensity to achieve near- and long-term targets outlined in section E1-4.

Our approach towards climate change mitigation encompasses a diverse array of strategies, as listed in the following paragraphs. These represent the key actions we've undertaken during the reporting year and our planned future actions to significantly reduce our carbon footprint. For instance, we've intensified our efforts to promote renewable energy adoption across our offices and have consistently engaged with our key suppliers to ensure emission reductions in manufacturing operations.

To evaluate the outcome of our climate change mitigation endeavors, we provide comprehensive insights into the achieved and expected reductions in GHG emissions resulting from these actions. By meticulously tracking and assessing our emission reductions, we ensure transparency in illustrating the tangible impact of our initiatives in combating climate change. Our focus remains on achieving measurable reductions aligned with our targets, allowing us to consistently assess the efficiency of our strategies and drive continuous improvement.

As of 2024, compared to 2019, Nordic's Scope 3 emissions intensity (emissions per USD value added) has decreased by 16%, while Scope 3 absolute emissions have increased by 22%. We expect an increase in Scope 3 absolute emissions in the near future while achieving further reductions in Scope 3 emissions intensity in line with our science-based targets.

The implementation of Nordic's climate change mitigation actions does not require significant CapEx or OpEx expenditure at this stage. Our ability to implement these actions depends on the continuous availability and strategic allocation of resources, including financial investments, technological innovation, and collaboration with our partners. We are committed to transparently managing these resources to maximize our impact on climate change mitigation and adaptation.

Renewable electrification of own operations

To meet our scope 1 & 2 targets, Nordic has and will continue to purchase renewable energy for our offices. By investing in renewables, 95% of the total purchased energy for Nordic's own operations originated from renewable energy sources in 2024. Compared to the 2019 baseline, Nordic has already achieved a 94% scope 2 marked-based emissions reduction as a result of this strategy.

Investing in renewable energy sourcing is integrated into our financial planning but depends on the availability of renewable energy instruments for countries where Nordic offices are located. By 2030, Nordic strives for the share of renewable electricity to reach 100% of our consumption.

Supplier engagement

Due to the advanced, capital-intensive technologies required for semiconductor fabrication that only a few suppliers, like TSMC and Global Foundries, can provide, Nordic is limited in its choice of wafer suppliers. Additionally, Nordic's strict performance and reliability standards for critical applications further narrow the pool of qualified suppliers. As such, the key action for reducing emissions from purchased goods and services (approximately 80% of total emissions) is to engage with our outsourced manufacturing suppliers, who have the largest impact on our GHG emissions.

The situation is similar when it comes to suppliers providing outsourced semiconductor assembly and testing (OSAT). Changing OSAT suppliers would be challenging because it involves re-qualifying specialized processes, ensuring consistent quality, and mitigating risks of supply chain disruptions. Additionally, long-term partnerships, trust, and tailored solutions developed with the existing supplier are difficult to replicate quickly with a new partner. Engaging with key suppliers is, therefore, a key action in this area as well.

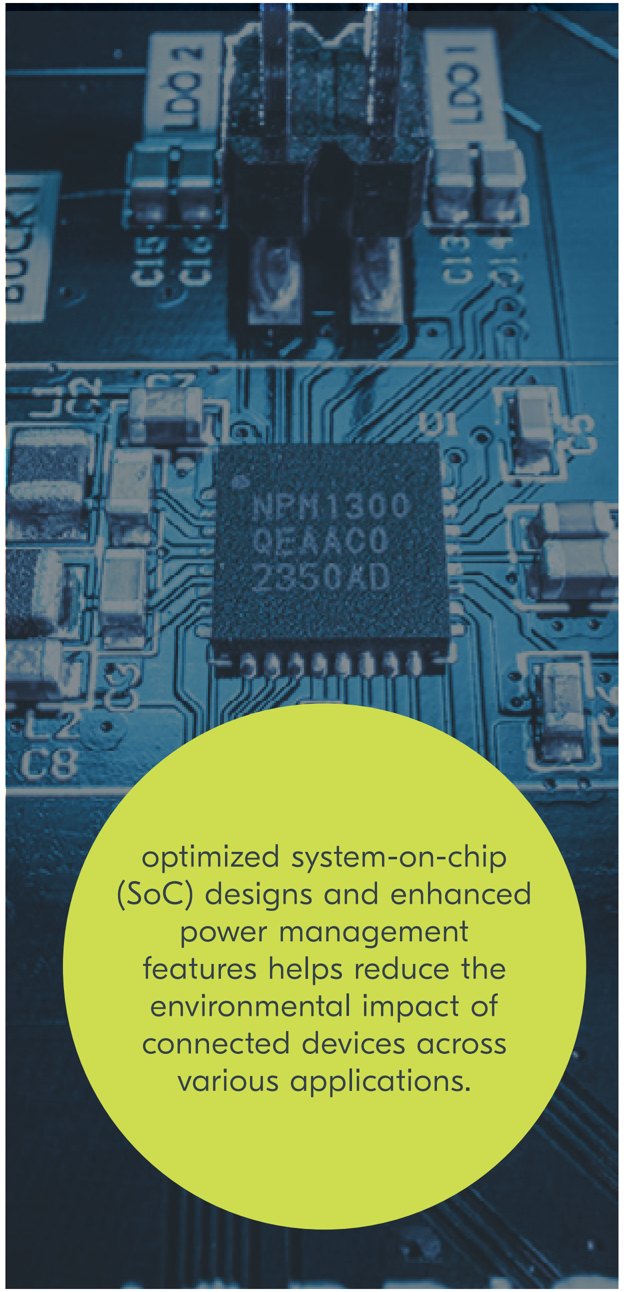
Engagement with our suppliers is an ongoing action and will continue long-term as we work towards our emission reduction targets.

Sustainable procurement practices

Beyond outsourced manufacturing, a significant portion of Nordic's emissions arises from purchasing services and capital goods. To address this, the Group is actively enhancing its procurement policies by embedding sustainability practices and improving data collection, enabling more precise identification of emission reduction opportunities within its supply chain. As part of these efforts, a new sustainability rating platform will be implemented in 2025 to strengthen supplier assessment processes and enhance value chain information collection. Further details on sustainable procurement and supplier assessment are provided in chapter ESRS 2 BP-1.

Energy-efficient product design

Nordic is developing new products with advanced low-power technologies, enabling devices to operate efficiently while minimizing energy consumption. Focusing on innovations such as optimized System-on-Chip (SoC) designs and enhanced power management features helps reduce the environmental impact of connected devices across various applications. Advancing low-power solutions will remain an ongoing priority as we continuously integrate these technologies into our IoT product portfolio.



optimized system-on-chip (SoC) designs and enhanced power management features helps reduce the environmental impact of connected devices across various applications.

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Metrics and targets

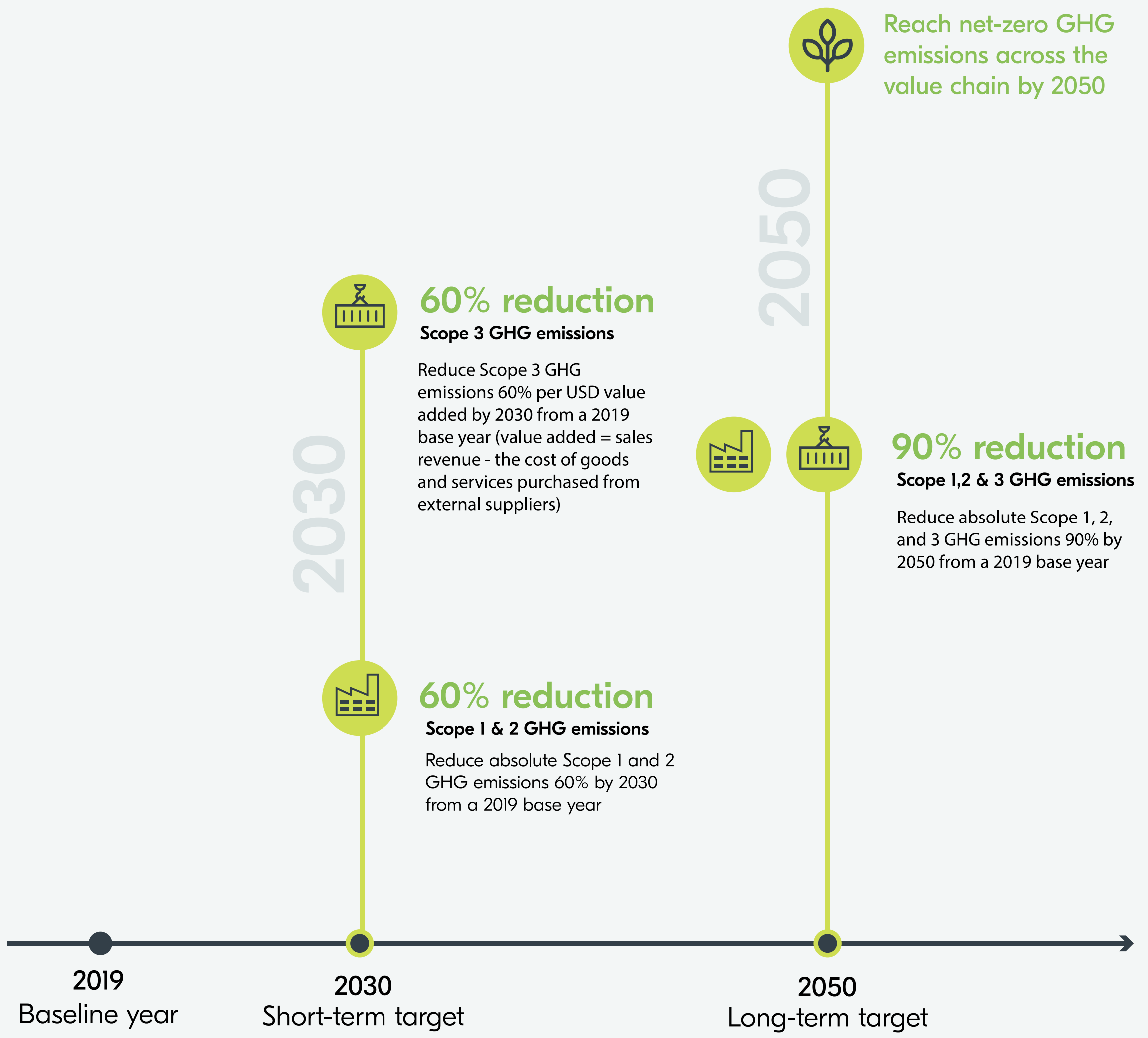
E1-4 Targets related to climate change mitigation and adaptation

Responding to the contribution to climate change and global warming, Nordic is committed to reducing GHG emissions in line with the science-based targets developed by the SBTi. These targets were developed in collaboration with our Quality and Supply Chain departments and approved by the Executive Management Team. The targets directly support the Group's climate change policy objectives by providing a specific, measurable goal that translates our GHG emission reduction commitments into actionable outcomes.

In April 2024, our science-based targets were validated by SBTi. Through these targets, and as part of our emissions roadmap, we pledge to cut absolute GHG emissions across Scopes 1 and 2 by 60 %, and Scope 3 emission intensity by 60%, by 2030 from a 2019 base year, with ongoing reductions every decade aiming for net-zero emissions by 2050. We will prioritize decarbonization through direct emissions reductions. All residual emissions are planned to be neutralized in line with SBTi criteria before reaching net-zero emissions by 2050. Nordic has selected 2019 as the year for its science-based targets in accordance with SBTi criteria. The baseline value reflects the full scope of relevant activities including all relevant emission sources across Scope 1, 2, and 3, as well as accounts for changes in production volumes and energy sourcing.

Purchasing renewable energy for our offices is a significant factor in achieving our Scope 1 and 2 GHG emission reduction targets by 2030. By transitioning to renewable energy sources, we can significantly reduce our dependence on fossil fuels. This leads to a direct reduction in emissions associated with our energy consumption, helping us meet our Scope 1 and 2 GHG emission reduction targets. In 2024, Nordic's Scope 1 and 2 emissions accounted for only 0.1% of our total emissions, yet they are within our immediate capability to reduce. Relative to the 2019 base year, our Scope 1 and 2 emissions have already decreased by 94% in 2024, thus far beyond the 60% target.

Targets/KPIs



Reach net-zero GHG emissions across the value chain by 2050

60% reduction
Scope 3 GHG emissions
Reduce Scope 3 GHG emissions 60% per USD value added by 2030 from a 2019 base year (value added = sales revenue - the cost of goods and services purchased from external suppliers)

90% reduction
Scope 1,2 & 3 GHG emissions
Reduce absolute Scope 1, 2, and 3 GHG emissions 90% by 2050 from a 2019 base year

60% reduction
Scope 1 & 2 GHG emissions
Reduce absolute Scope 1 and 2 GHG emissions 60% by 2030 from a 2019 base year

Nordic's GHG emissions reduction targets and decarbonization levers

We aim for a 60% reduction in our Scope 3 emissions intensity by 2030 from the 2019 baseline year. It is essential that targets based on a baseline accurately reflect the activities included and consider the potential impacts of external factors. This is why we commit to updating our targets five years from setting the initial target at the latest, in line with SBTi criteria.

By taking future developments into account, Nordic has set targets based on emission intensity. This approach ensures our targets are adaptive to the future trajectory of our business model, including new technologies and factors that may increase emissions as our business expands. Together with an annually updated climate risk assessment, we are poised to effectively evaluate the future developments that could impact Nordic, as well as understand the influence of Nordic's activities on future developments.

Scope 3 emissions from our outsourced manufacturing accounts for over 60% of our total emissions. Many of our manufacturing suppliers are already transitioning to renewable energy and adapting new technologies for emissions reduction, but emissions from manufacturing are still significant. Engaging with manufacturing suppliers allows us to collaboratively tackle production-related GHG emissions, supporting our efforts to achieve our emission reduction targets.

Due to increasing production activities with our manufacturing suppliers, we assume an increase in absolute Scope 3 emissions until renewable energy availability is improved in the countries where our suppliers are located, while still reducing Scope 3 emissions intensity.

Our GHG emission reduction targets are monitored systematically. We collect energy and emissions data from our own operations and supply chain and assess the progress against our 2019 GHG emission baseline levels and emission reduction targets. The performance and metrics related to our GHG emission reduction targets are regularly reviewed in management meetings.

		Baseline			Target				
Target identifier	**Scope**	**Year**	**Value**	**Unit**	**Year**	**Reduction**	**Target value**	**Unit**	**Absolute max value (tons CO2e)**
NT ABS1	Scope 1+2 (market-based)	2019	717	tons CO2e	2030	60%	287	tons CO2e	287
NT INT1	Scope 3 (all categories)	2019	692	tons CO2e per MUSD value added*	2030	60%	277	tons CO2e per MUSD value added*	0
LT ABS1	Scope 1+2+3	2019	79577	tons CO2e	2050	90%	7958	tons CO2e	7958
NZ	Scope 1+2+3	2019	79577	tons CO2e	2050	100%	0	tons CO2e	0

Nordic's science-based GHG emission targets *Value added calculated as: value added = sales revenue—the cost of goods and services purchased from external suppliers

E1-5 Energy consumption and mix

Energy consumption and mix	2024
Total electricity consumption from fossil sources (MWh)	**53**
Share of fossil sources in total energy consumption (%)	0.8
Total electricity consumption from nuclear sources (MWh)	**5**
Share of consumption from nuclear sources in total energy consumption (%)	0.1
Total heating from non-renewable sources (MWh)	**279**
Total non-renewable energy consumption (MWh)	**337**
Fuel consumption for renewable sources, including biomass (MWh)	0
Consumption of purchased or acquired electricity, heat, steam, and cooling from renewable sources (MWh)	6487
Consumption of self-generated non-fuel renewable energy (MWh)	43
Total renewable energy consumption (MWh)	**6530**
Share of renewable sources in total energy consumption (%)	95
Total energy consumption (MWh)	**6867**
Energy consumption per revenue (MWh/MUSD)	12.6

Energy consumption overview for 2024

E1-6 Gross Scopes 1, 2, 3 and Total GHG emissions

Nordic's approach to measuring GHG emissions follows the European Sustainability Reporting Standards (ESRS). We have according to ESRS used guidance from the Greenhouse Gas Protocol (ghgprotocol.org). The GHG Protocol is an internationally recognized standard for accounting and reporting GHG emissions, which categorizes the emissions into three scopes (Scope 1, 2, and 3). Applying principles of the GHG protocol helps Nordic ensure that all relevant GHG emissions are accounted for and that the GHG reporting provides a consistent, accurate, and transparent representation of Nordic's operations.

Nordic reports its GHG emissions across all three scopes. For consolidation of the emissions in the GHG inventory, Nordic has used the operational control approach as outlined in the GHG Protocol. The GHG inventory covers our own operations including the parent company Nordic Semiconductor ASA and its wholly owned subsidiaries, and upstream and downstream value chain. The base year for reporting is 2019.

In 2024, Nordic made significant updates to its Scope 3 reporting and emission calculation methodologies to enhance accuracy and alignment with best practices. We included emissions from Scope 3 Category 10 (Processing of sold products), as well as incorporated emissions from the manufacturing of development kits under Category 1 (Purchased Goods and Services). Additionally, we have adopted more accurate supplier-specific emission factors from one of our key manufacturing suppliers, which have been verified by an external assurance body. These factors follow a cradle-to-gate approach, ensuring consistency with the GHG Protocol. Compared to the prior 2023 disclosure, these enhancements have led to a 31% increase in reported Scope 3 emissions. To ensure consistency and comparability with prior reporting periods, we have retrospectively recalculated Scope 3 emissions until the 2019 base year.

Our GHG emissions data originates from Nordic's own data sources and data received from our manufacturing suppliers. For some Scope 3 emission categories (especially categories 10-12), Nordic used estimates to calculate emissions, as detailed in the Scope 3 categories below. A more detailed description of the value chain is included under SBM-1 Strategy, business model, and value chain.

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	Retrospective				Milestones and target years			
GHG emissions for the period 2024-01-01 to 2024-12-31	**Base year (2019)**	**Comparative (2023)**	**2024**	**% 2024/ 2023**	**2025**	**2030**	**2050**	**Annual % target / Base year**
Scope 1 GHG emissions								
Gross scope 1 GHG emissions (tCO2eq)	0,7	-	0	-	0.5	0	0	0%
Percentage of Scope 1 GHG emissions from regulated emission trading schemes (%)	0%	-	0%	-				
Scope 2 GHG emissions								
Gross location-based Scope 2 GHG emissions (tCO2eq)	324	-	1352	-				
Gross market-based Scope 2 GHG emissions (tCO2eq)	717	-	41	-	482	287	72	5%
Significant Scope 3 GHG emissions								
Total gross indirect (Scope 3) GHG emissions (tCO2eq)	78860	-	95870	-			7886	5%
1. Purchased Goods and Services	59371	-	84201	-				
2. Capital goods	13593	-	5183	-				
3. Fuel- and energy-related activities (not included in Scope 1 or Scope 2)	38	-	43	-				
4. Upstream transportation and distribution	101	-	87	-				
5. Waste generated in operations	2	-	3	-				
6. Business travel	1896	-	1128	-				
7. Employee commuting	205	-	413	-				
8. Upstream Leased Assets	198	-	341	-				
9. Downstream transportation and distribution	1005	-	1122	-				
10. Processing of sold products	149	-	155	-				
11. Use of sold products	2279	-	3172	-				
12. End-of-life treatment of sold products	21	-	22	-				
13. Downstream leased assets	-	-	-	-				
14. Franchises	-	-	-	-				
15. Investments	-	-	-	-				
Total GHG emissions								
Total GHG emissions (location-based) (tCO2eq)	**79185**	**-**	**97222**					
Total GHG emissions (market-based) (tCO2eq)	**79577**	**-**	**95911**				**7958**	

Nordic's GHG inventory. Each scope and category are explained in the following paragraphs. Nordic applies the transitional provision specified in ESRS 1 10.3 no. 136 for presenting comparative information.

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GHG intensity per net revenue	2024
Total GHG emissions (location-based) per net revenue (tCO2eq/USD 1000)	0.190
Total GHG emissions (market-based) per net revenue (tCO2eq/USD 1000)	0.188

Nordic's GHG emission intensity per revenue. The revenue used for calculating GHG emissions intensity in 2024: 511 415 USD 1000. This corresponds to the revenue reported in the financial statements for 2024.

Scope 1 emissions

Scope 1 emissions are reported in accordance with the GHG Protocol Corporate standard. Nordic's Scope 1 emissions include all direct emissions from the Group and its operations. As a fabless semiconductor company, Nordic controls and owns very few GHG sources. Scope 1 emissions are minor and generated only in abnormal situations. Data for Scope 1 emissions is collected annually in the form of service reports from the 3rd party service provider. Emissions are calculated using IPCC emission factors. In 2024, Nordic's Scope 1 emissions were zero.

Scope 2 emissions

Nordic reports Scope 2 emissions in accordance with the GHG Protocol Corporate Standard and Scope 2 Guidance. Nordic's Scope 2 emissions include indirect GHG emissions from consumed electricity and heating in offices. Data on energy consumption is collected from Nordic offices globally. Emissions are calculated using location-based and market-based methods. Emission factors are derived from established sources such as countries' governmental pages, the Association of Issuing Bodies (AIB), and, where applicable, directly from energy providers.

In 2024, we purchased renewable energy for our offices, verified by Guarantees of Origin (GOO), International Renewable Energy Certificates (I-RECs), Taiwan Renewable Energy Certificates (T-RECs), Renewable Energy Guarantees of Origin certificates (REGO), and Renewable Gas Guarantees of Origin certificates (RGGO).

In 2024, 95% of the energy used in our offices originated from renewable energy sources. This includes the electricity purchased from electricity providers, as well as solar energy generated onsite in Nordic's head office in Trondheim.

Sustainable design and operation of the building are considered in the selection of our office facilities. This includes various aspects like using less energy and water and creating less waste. Currently, more than 50% of Nordic's employees work in office buildings with green building certifications, like BREEAM and LEED.

Scope 3 emissions

Scope 3 emissions are reported based on the GHG Protocol. Scope 3 GHG emissions cover all upstream and downstream emissions from Nordic's activities. We report GHG emissions data on Scope 3 Categories 1-12. Categories 13-15 are not applicable to our business and are thus excluded from reporting. 95% of Scope 3 emissions is calculated using primary data obtained from suppliers or other value chain partners. The following section outlines all Scope 3 categories, the calculation method, and information sources.

Category 1: Purchased goods and services
This category includes emissions related to outsourced manufacturing of Nordic products, and non-production-related procurement.

For outsourced manufacturing, emissions are calculated according to a hybrid method by GHG Protocol, using supplier-specific emission factors provided by the suppliers annually and our own production records.

For other purchased goods and services, Nordic utilizes a "spend-based" calculation method (as defined by GHG Protocol). Emissions are calculated using the economic value of goods purchased and emission factors from publicly available databases (Defra, BEIS, EPA, Climatiq).

In Nordic's GHG inventory, purchased goods and services are the largest contributor. In 2024, this category represented 88% of the total GHG emissions, while manufacturing processes alone were approximately 74% of the total GHG emissions.

Category 2: Capital goods
This category includes emissions related to investments in office and lab equipment, machinery, and also certain software procurement. The investments are specified as additions in Note 12: Goodwill and intangible assets and Note 13: Fixed assets. The data for capital goods is based on Nordic's financial reports for the reporting year. GHG emissions calculations are based on the average-spend-based method by GHG Protocol, by using the economic value of goods purchased and emission factors from public sources, including Defra, BEIS, EPA, and Climatiq. In 2024, emissions from this category represented 5.4% of the total GHG inventory.

Category 3: Fuel- and energy-related activities
This category includes upstream emissions of fuel and energy generation, as well as energy transmission and distribution (T&D) losses. GHG emissions are calculated based on the average-data method by GHG Protocol, using Well-To-Wheel (WTW) emission factors for purchased fuel, electricity, and heat, and T&D factors for the purchased electricity and heat provided by Defra. This category represents a very small part of Nordic's GHG inventory (less than 0.1% in 2024).

Category 4: Upstream transportation and distribution
Upstream transportation and distribution includes emissions related to the transport of goods purchased by Nordic, including inbound logistics, outbound logistics, and transportation and distribution between the company's own facilities. For upstream transportation and distribution, we receive shipping data, including weight, distance, and transportation mode for shipments from the transport company on an annual basis. GHG emissions are calculated by using the distance-based method by GHG Protocol, shipping data from the transport company, and Well-To-Tank (WTT) and Tank-To-Wheel (TTW) emission factors for freight provided by Defra. This category represents a very small part of Nordic's GHG inventory (0.1% in 2024).

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Category 5: Waste generated in operations
This category includes emissions related to third-party disposal and treatment of waste generated in Nordic's operations. GHG emissions are calculated using quantified waste information from the major offices for the reporting year and extrapolated to cover all Nordic sites. Emissions are calculated using an average-data method by GHG Protocol and emission factors from the Climatiq database for different waste treatment methods. This category represents a very small part of Nordic's GHG inventory (less than 0.1% in 2024).

Category 6: Business travel
For business travel, GHG emissions are calculated and reported for our business air travel. Reported GHG emissions are based on the air travel distance and travel class-based data received from travel companies for the reporting year and calculated with Defra emission factors for business travel, using distance-based method by GHG Protocol. In 2024, emissions from business travel represent a relatively small part of Nordic's GHG inventory (1.2%). In the coming years, Nordic will focus on the complete calculation of emissions from all types of business travel.

Category 7: Employee commuting
For employee commuting, we have included emissions related to Nordic employees traveling between home and work. Reported data is based on employee survey results detailing transportation modes used for daily commuting, how often employees commute to work, and the distance traveled daily. GHG emissions are calculated using Defra emission factors for different transport modes, using GHG Protocol's average-data method. In 2024, emissions from this category represented 0.4% of the total GHG inventory.

Category 8: Upstream leased assets
This category includes emissions from the operation of the assets Nordic has leased in the reporting year, excluding office facilities, which are already included in Scope 2. The data reported under this category is based on Nordic financial reports. Emissions are calculated using an average-data method using the GHG Protocol and emission factors from the Climatiq database.

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Category 9: Downstream transportation and distribution
Emissions in this category are related to the transportation and distribution of Nordic products after point-of-sale paid by third parties in the reporting year. Emissions are calculated using supplier-specific methods by GHG Protocol, point-of-sale data, and Defra WTT and TTW emission factors for freight.

Category 10: Processing of sold products
Nordic products are electronic components that are assembled by our customers as part of their end products. Nordic has several hundred customers, and there are large differences in our customers' production processes (their production line size, efficiency, location, end product design, other components and materials in design, and potential end product programming and testing). Nordic does not have insight into these production processes, and there are currently no available industry data or models for calculating such emissions directly from our product categories. The estimated emissions provided for category 10 are rough and made according to the article "Comparing Embodied Greenhouse Gas Emissions of Modern Computing and Electronics Products" (from acs.org). By averaging out emissions per weight of electronics as listed in this article, we can extrapolate the total emissions of all Nordic's products sold within a specific timeframe.

Category 11: Use of sold products
Emissions in this category include total expected lifetime emissions from the use of Nordic products incorporated into customers' end products. To calculate GHG emissions of sold Nordic products, we have used data on the number of Nordic products produced per year and power consumption in normal operation, assuming the customer end product will be powered on 100% during its lifetime of 5 years and operating within a realistic duty cycle. Emissions are calculated using the direct use-phase emissions method by GHG Protocol and global emission factors obtained from IEA. This Scope 3 category represents a relevant part of Nordic's GHG inventory (3.3% in 2024).

Category 12: End-of-life treatment of sold products
This category includes total expected end-of-life emissions from Nordic products sold annually, based on the assumption that all Nordic products sold are eventually recycled. Nordic does not have visibility into consumers' waste disposal behavior. We have estimated that from the units sold and eventually scrapped annually, equal parts of the units produced will be recycled, incinerated, or sent to landfills. Emissions are calculated using a waste-type-specific method by GHG Protocol and WEEE emission factors from the Climatiq database. The estimated emissions from this category represent a very small part of Nordic's GHG inventory (less than 0.1% in 2024).

Category 13: Downstream leased assets
This category is not applicable. Nordic does not have any downstream leased assets or own any assets (e.g., factories, vehicles, or office spaces) leased to other entities. Hence, there are no relevant emissions for this category.

Category 14: Franchises
This category is not applicable. Nordic does not have franchise operations.

Category 15: Investments
This category is not applicable. Nordic is not an investor company.

E1-9 Anticipated financial effects from material physical and transition risks and potential climate-related opportunities
For this disclosure requirement, we have chosen a phase-in option for this year's reporting. We will begin reporting from next year.

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TCFD disclosure

Nordic has established a systematic approach to identifying climate risks, including potential future costs and new opportunities. The Group's climate risk and GHG emissions management follow the Task Force on Climate-Related Financial Disclosures (TCFD) framework.

Transition risks and opportunities related to the transition to a low-carbon economy	
Risks	**Opportunities**
Policy and legal	**Resource/Product energy efficiency**
Financial risks from customer GHG expectations: Nordic faces financial risks related to customer expectations and regulatory requirements concerning GHG reductions. If Nordic's products and supply chain fail to meet customer demands for reduced GHG emissions or renewable energy sourcing, the company may face loss of business or strained relationships with key customers. Additionally, failure to meet renewable energy-related contractual requirements with customers could result in increased costs from carbon taxes, reduced access to capital, and reputational damage. Nordic's ability to manage these expectations is critical to maintaining market share and customer trust. Climate-related customer and regulatory risks are identified and assessed, and risk-mitigating activities are defined through Nordic's ERM process.	Nordic strives to make its products more intelligent and efficient while continuously targeting to reduce the power consumption of products. Through low-power Internet of Things (IoT) solutions, Nordic has an opportunity to contribute to solutions for energy efficiency and energy management, attract new customers and increase demand for its products. These present an opportunity to capitalize on the market's demand for lower energy consumption in end-user devices and expand the energy-saving capabilities of our IoT solutions. Opportunities in climate-resilient products: Nordic has the opportunity to develop and market products and services that support customers' efforts to adapt to climate change impacts. This could include climate-resilient technologies, such as smart sensors, cellular IoT and energy harvesting, and infrastructure designed to withstand extreme weather or changing environmental conditions. Such innovation helps businesses prepare for climate risks, strengthen customer relationships, and open new revenue streams. As more sectors recognize the importance of resilience, demand for such solutions is expected to grow.

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Transition risks and opportunities related to the transition to a low-carbon economy

Risks	Opportunities
Technology	**Energy source**
As a fabless company with outsourced production, the ability to adapt, invest, and support new energy-saving/GHG emissions reduction technologies lies with our manufacturing suppliers. Nordic's business model is not impacted by technological shifts towards a low-carbon economy, which allows us to take advantage of these advancements without carrying the risks ourselves.	Nordic is working to increase the use of renewable energy and reduce GHG emissions in its offices. In our European offices, most of the energy comes from renewable sources. More than 50% of our employees work in energy-efficient buildings with green-building certifications like BREEAM and LEED. Outsourced manufacturing partners are focused on implementing new energy-saving measures to increase energy efficiency and use of renewable energy in the production process.
Market	
Semiconductor manufacturing consumes a significant amount of energy. The markets indicate the increased cost of energy alongside growing demand for products with a low carbon footprint. Nordic has taken actions to lower its carbon footprint by purchasing renewable energy verified by Guarantees of Origin (GOO), International Renewable Energy Certificates (I-REC), Taiwan Renewable Energy Certificates (T-REC), Renewable Energy Guarantees of Origin certificates (REGO), and Renewable Gas Guarantees of Origin certificates (RGGO). In 2024, Nordic's science-based GHG emission targets were approved by the Science Based Targets initiative (SBTi). As part of Nordic's long-term strategy and to minimize the risk of losing market share, the SBTi targets aim to achieve net-zero emissions by 2050.	
Reputation	
Taking environmental and climate change effects into account is crucial for our brand recognition. Poor performance or increased concern/negative feedback regarding climate change and GHG emissions could harm our brand value and lead to loss of customers due to changing preferences and expectations towards climate change. Nordic's strategy involves engaging and maintaining close relationships with suppliers, conducting annual carbon accounting, regularly reviewing operations, implementing GHG reduction initiatives, and being transparent in reporting.	

Physical risks related to climate change

Acute risks (event-driven)	Resilience
Acute physical events from climate change could affect our manufacturing suppliers, especially those located in Southeast Asia, where tropical cyclones and floods have the potential to damage production facilities and infrastructure. Such events are likely to impact suppliers' production capacity and our delivery capability in the short-to-medium term and potentially have a negative effect on Nordic's revenue.	Nordic has established a short to medium-term strategy for reducing the risk of supply disruptions caused by natural disasters. These are addressed in Nordic's enterprise risk assessment and business continuity plans. In the short term, we maintain a reserve of wafers and finished products to operate under extreme weather conditions and address any temporary shortage. For medium-term risk mitigation, Nordic uses a dual-sourcing strategy to protect against widespread supply disruptions. For long-term risk mitigation, our key manufacturing partners have their own business continuity plans to reduce such chronic risks.
Chronic risks (long-term shifts in climate patterns)	
Long-term changes and extreme variability in climate patterns, as well as events like droughts and floods, can potentially impact accessibility to clean water and affect Nordic's manufacturing suppliers and their production capacity. Such events potentially impact our ability to deliver products to our customers and lead to reduced/delayed revenue. We have already experienced incidents of water rationing within some of the countries in which our manufacturing suppliers operate.	

E2
Pollution

Impacts, risks, and opportunities

ESRS 2 SBM-3 Material impacts, risks, and opportunities and their interaction with strategy and business model

		Location in Value chain			Time horizon		
		Upstream	Own operations	Downstream	Short-term	Medium-term	Long-term
Air emissions in the production process	Actual negative impact	●			●	●	●
Hazardous substances in products	Actual negative impact			●	●	●	●
Air pollution from the transportation of products	Actual negative impact			●	●	●	●

In its own operations, Nordic uses small amounts of laboratory chemicals, the majority of which are recycled. The small remaining amount does not produce significant pollutants that could impact air, water, or soil quality. While pollution presents minimal risk to the company's direct operations, it is primarily associated with the activities at our manufacturing suppliers' sites and downstream transportation.

Through our double materiality assessment, we have identified the following material impacts, risks, and opportunities related to pollution:

Air emissions in the production process
In the semiconductor manufacturing process, air pollution is generated, particularly through the emission of volatile organic compounds (VOCs) during wafer processing. This impact is connected to our fabless business model and manufacturing value chain. While the scale of air emissions is moderate, suppliers are actively working to reduce and control emissions by adopting new technologies. Our strategic response involves supplier collaboration and technology adoption decisions. However, due to the inherent nature of semiconductor manufacturing, completely eliminating these emissions remains challenging.

Hazardous substances in products
Certain hazardous substances, such as NMP, PFAS, boron oxide, and lead oxide, are used in manufacturing processes and present in Nordic products. This impact is directly linked to our product design decisions and manufacturing processes. Toxic characteristics of the substances pose potential risks to health and the environment, including pollution and harm to living organisms. While the quantities of these substances in products are relatively small, their characteristics, such as bioaccumulation and persistence, can lead to significant long-term health and environmental consequences. Our business model's resilience depends on actively managing these substances through our product development strategy.

Air pollution from the transportation of products
The use of fossil fuels in the downstream transportation of Nordic products generates harmful pollutants, including NOx, SO2, ozone, and particulate matter. This impact connects to our distribution model and value chain structure. While the company's products are relatively lightweight, they are primarily transported by air, which contributes to air pollution. The emissions are somewhat limited due to the lightweight nature of the products, but transportation remains a significant source of pollution in the value chain, both in the short and long term, due to ongoing reliance on fossil fuels. The transportation of Nordic products downstream is managed by our distributors and customers, over which Nordic has no direct control. This aspect of our business model requires strategic consideration of distribution partnerships and logistics optimization.

Impact, risk, and opportunity management

E2-1 Policies related to pollution
Nordic's Environmental Impact Reduction policy addresses our identified material impacts. These include air emissions in the production process, hazardous substances in products, and air pollution from the transportation of products, as described under E2-ESRS 2 SBM-3 for each pollution-related material impact. The policy outlines the company's commitment to environmental protection and pollution prevention and control. The policy sets requirements for identifying, controlling, and monitoring pollution sources within Nordic's operations, as well as adopting measures to prevent air, water, and soil pollution. The policy encourages waste reduction and promotes reuse and recycling. It aims to minimize the use of substances of concern and replace substances of very high concern by promoting the adoption of safer alternatives or technologies where technically and economically feasible. The policy mandates Nordic to ensure compliance with applicable requirements and customer

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commitments. In accordance with the policy, Nordic shall ensure that suppliers meet its standards for pollution prevention, as well as report and handle protocols for pollution incidents and emergency situations.

The implementation of Nordic's Environmental Impact Reduction policy falls under the accountability of the Chief Executive Officer. The policy adheres to internationally recognized standards, such as ISO 14001 for environmental management. In formulating the policy, we have considered the interests of key stakeholders, including regulatory bodies, customers, and suppliers. Our policy development has been informed by direct engagement sessions with stakeholders and feedback mechanisms, including surveys. The policy is available to all employees and stakeholders through our company website, intranet platforms, and distributed internal communications. Training programs and regular updates ensure continuous awareness and understanding among employees, with a focus on the roles with interfaces to our suppliers.

E2-2 Actions and resources related to pollution
During 2024, Nordic has implemented several actions to address pollution-related impacts. We have strengthened our environmental questionnaire to better assess pollution of air, water, and soil, as well as the use of substances of concern and substances of very high concern in manufacturing operations. This updated questionnaire has been systematically distributed to all our manufacturing suppliers. It enables us to evaluate the environmental impact of supplier operations and ensure they are adhering to the latest environmental standards.

Global environmental regulations, industry standards, and customer requirements impose restrictions on substances deemed hazardous to the environment. To uphold our standards for the use of hazardous substances and pollution prevention, manufacturing suppliers are required to sign and adhere to a declaration confirming their compliance with the requirements outlined in the Hazardous Substances

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Specification for Suppliers. This specification outlines requirements for substances such as volatile organic compounds (VOC), ozone-depleting substances (ODC), and substances of very high concern (SVHC). The specification is regularly reviewed and updated to ensure alignment with applicable requirements.

We continuously test our products to ensure the absence of hazardous substances. Each of our products is tested for all restricted and banned substances. Material composition of Nordic products is confirmed through independent third-party testing. Material composition reports, and hazardous substance testing certificates for all products are available on the company website (https://docs.nordicsemi.com/).

In 2024, we also continued our program for qualifying PFAS-free material. In recent years, Per- and polyfluoroalkyl substances (PFAS) have been subject to increasing regulatory restrictions worldwide. Due to their strong carbon-fluorine bonds, PFAS are extremely persistent in the environment and often called “forever chemicals.” PFAS are currently used in Nordic products delivered as CSP packages. In response to increasing concerns and restrictions, Nordic is qualifying PFAS-free material for the existing and future CSP product portfolio.

Addressing air pollution from the transportation of products, we have undertaken a comprehensive mapping of our distributor partners.

The implementation of these actions is integrated into our operational framework and managed with resources allocated from our Quality and Supply Chain departments and Compliance unit. In 2025, we will continue implementing these actions and our efforts to strengthen our collaboration with suppliers and enhance our visibility into their plans and ongoing pollution prevention initiatives. These actions are not anticipated to require significant operational (OpEx) or capital (CapEx) expenditures.

Metrics and targets

E2-3 Targets related to pollution

PFAS-free material qualification

PFAS-free material refers to substances that do not contain per- and polyfluoroalkyl substances. PFAS are banned in all materials used in Nordic products in accordance with customer-specific requirements.

Our PFAS-free material qualification target covers all CSP products in Nordic's product portfolio. The target supports our efforts to ban PFAS use and minimize their potential release and accumulation in air, water, and soil. It aligns with our policy objectives for pollution prevention, as well as our overarching strategy to reduce and manage hazardous substances in our products and the manufacturing thereof.

The target aligns with anticipated future regulations to restrict the use of PFAS and reinforces our commitment to ensuring compliance with evolving regulatory standards and customer requirements, as well as advancing our efforts to minimize environmental and health risks. The methodology for achieving this target involves identifying all existing CSP products containing PFAS and qualifying PFAS-free alternatives for the products. Collaboration with our manufacturing suppliers is key to ensuring the effective transition away from PFAS materials. Nordic is working in close collaboration with its manufacturing suppliers to drive progress towards the PFAS reduction target.

A qualification program for PFAS-free material was started in 2023. Replacing PFAS with safer and more sustainable alternatives is progressively being incorporated into the production processes; by the end of 2025, we aim for 90% of our CSP products to be qualified as PFAS-free.

In setting our target, we have considered interests from regulatory and customer perspectives, involving key stakeholders from our Quality and Supply Chain departments to ensure the target is achievable and aligns with operational capabilities. The target has been approved by the Executive Management Team.

Air emissions in the production process

As a fabless semiconductor company, Nordic does not have direct control over air emissions generated in the manufacturing processes. While we have not set any targets for air emissions in the production process, we collaborate with the suppliers to ensure that they meet our pollution prevention standards and implement appropriate measures to control and reduce air emissions.

Air pollution from the transportation of products

Regarding air pollution generated in the transportation of Nordic's products, we have not established specific targets. These operations are managed by our distributors, and we do not have direct control over them. However, through the complete mapping of our distributor partners, we are able to track the effectiveness of our policy and actions related to air pollution.

E2-5 Substances of concern and very high concern

The semiconductor manufacturing process involves several substances of concern or very high concern. We acknowledge that the inherent toxicity of these substances presents potential risks to both human health and the environment, with the possibility of causing substantial and enduring adverse effects over time. To address these risks, Nordic has integrated controls into its design and manufacturing processes to ensure adherence to environmental regulations and standards, such as RoHS, REACH, and the EU Persistent Organic Pollutants (POP) Regulation.

Nordic is dedicated to conducting its operations in a way that prioritizes the protection of human health, safeguards ecosystems, and actively advances environmental sustainability. Through the reinforcement of its environmental policy and focus on pollution prevention, the Group is committed to systematically identifying, assessing, and addressing pollution sources, as well as ensuring that its operations align with wider sustainability and environmental goals and related regulations.

Nordic has identified substances of concern and very high concern based on the criteria outlined in Articles 57 and 59 (1) of the REACH Regulation, as well as the hazard classification specified in Part 3 of Annex VI of the CLP Regulation. The presence of these substances in Nordic products is identified through supplier disclosures. The metrics presented below for the substances have not been validated by external bodies other than our assurance provider.

Substance group	Hazard class	Total weight in Nordic products 2024 (g)
Substances of concern	Carcinogenicity, categories 1 and 2	1663.23
	Germ cell mutagenicity category 2	993.90
	Reproductive toxicity category 1	993.90
	Respiratory sensitization category 1	993.90
	Skin sensitization category 1	1645.47
	Chronic hazard to the aquatic environment categories 1 to 4	8236.12
	Specific target organ toxicity - repeated exposure categories 1 and 2	651.57
Substances of very high concern	Carcinogenicity categories 1 and 2	16190.85
	Reproductive toxicity category 1	16391.97
	Persistent, Bioaccumulative, and Toxic (PBT)	16190.85
	Endocrine disruption for human health	16190.85

Summary of Substances of Concern and Substances of Very High Concern in Nordic's IC products in 2024

E3
Water and Marine Resources

Impacts, risks, and opportunities

ESRS 2 SBM-3 Material impacts, risks, and opportunities and their interaction with strategy and business model

		Location in Value chain			Time horizon		
		Upstream	Own operations	Downstream	Short-term	Medium-term	Long-term
High water consumption in semiconductor production	Actual negative impact	●			●	●	●

Nordic's own water consumption is deemed not material due to the Group's fabless structure and low water consumption volumes.

As a fabless semiconductor producer, it is important to recognize the negative impact our outsourced manufacturing has on water resources. This impact is inherent to our fabless business model and value chain structure. In semiconductor manufacturing processes, water is a fundamental material necessary for surface cleaning, cooling, and mechanical operations such as dicing and sawing. With significant volumes of water used in these processes and the risk of water shortage and water pollution, it is important for Nordic to ensure suppliers have measures in place to manage their water consumption and wastewater treatment, as well as maintain contingency measures for potential shortage incidents. Our strategic response focuses on supplier engagement and risk management, demonstrating our business model's adaptability to water-related challenges in our manufacturing value chain.

No material IRO has been identified addressing marine life. Hence, the following sections of this chapter will only address water aspects.

Impact, risk, and opportunity management

E3-1 Policies related to water resources

Nordic's Environmental Impact Reduction policy includes provisions for water, including all geographies in which we operate. The Chief Executive Officer is accountable for the implementation of the policy. The Environmental Impact Reduction policy adheres to internationally recognized standards such as ISO 14001 for environmental management.

Our Environmental Impact Reduction policy covers water consumption, reuse and recycling, wastewater treatment, and pollution prevention in our suppliers' operations. The policy's general objectives are to work proactively to reduce any negative impact on the environment and incur no loss of business or profitability due to incidents or issues related to disturbance to health or the environment.

In formulating the policy, we have considered the interests of key stakeholders, including regulatory bodies, customers, and suppliers. Direct engagement sessions with stakeholders and feedback mechanisms, such as surveys, have informed our policy development.

Our Environmental Impact Reduction policy is readily accessible to all employees and stakeholders involved in implementation through our company website, intranet platforms, and distributed internal communications. Training programs and regular updates ensure continuous awareness and understanding among employees, with a focus on the roles with interfaces to our suppliers.

E3-2 Actions and resources related to water resources

In line with our Environmental Impact Reduction policy, Nordic has focused in 2024 on monitoring water consumption in the value chain. Water consumption data are regularly reported by our subcontractors for our monitoring, assessment of risks, and contingency planning. Risk assessments are carried out using external resources such as WWF Water Risk Filter. The implementation of the action plan related to water resources does not require significant operational expenditures (OpEx) and/or capital expenditures (CapEx)

Key actions and expected outcomes

The main action in 2024 has been to establish systematic monitoring of water withdrawal, consumption, treatment, and discharge for our outsourced manufacturing. Most of Nordic's outsourced production takes place in Southeast Asia, which is at medium physical water risk per WWF. This monitoring is expected to provide us with:

- Reliable and quantifiable data about our outsourced production processes' water usage
- Insight into suppliers' potential water pollutants
- Enhanced ability to identify and assess water-related risks, particularly in water-stressed regions
- Better understanding of required contingency measures for facilities in medium to high-water-risk areas

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Scope and stakeholder involvement

Water management and contingency plans have been addressed with key suppliers directly and with all tier-1 subcontractors through the distribution of an environmental survey. These stakeholders are located in countries such as the Philippines, Taiwan, Germany, China, Singapore, Poland, and Malaysia.

Progress disclosure

Our ambition is to have updated quantitative data from all our manufacturing subcontractors in line with the defined IRO and our policy on water to establish a baseline for future target setting. Of the 13 companies approached for water reporting in 2024, 11 have replied. Of these responses, 3 suppliers have not been able to provide quantitative data for water consumption tied to Nordic's production.

Time horizons

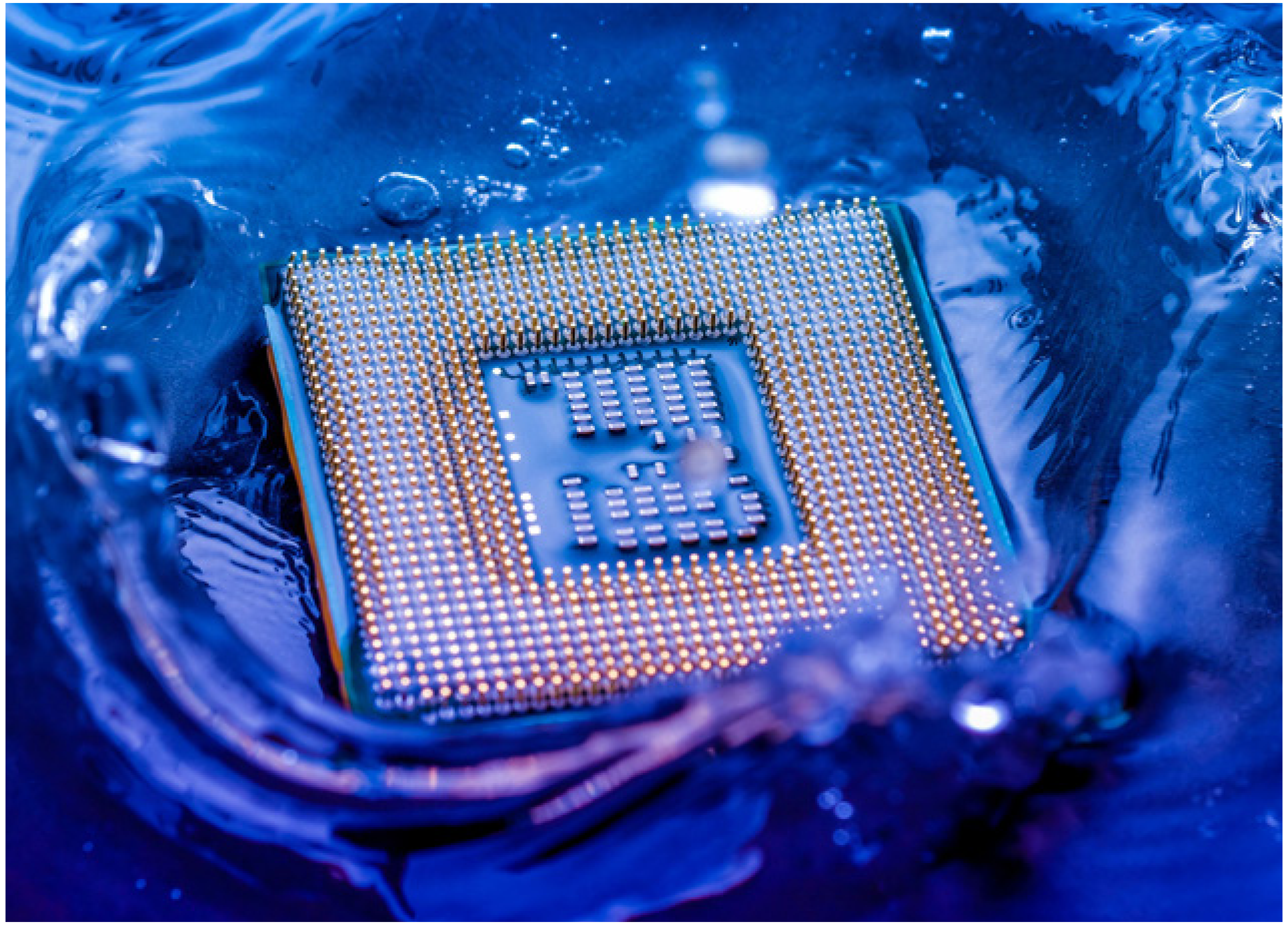
We anticipate the continuation of water consumption monitoring within our supply chain for the coming year, enabling us to set realistic and achievable goals and make informed decisions based on risks. Our engagement with our subcontractors for water conservation and contingency is ongoing and will continue in the long term, especially for areas of high water stress.

Metrics and targets

E3-3 Targets related to water resources

Nordic is applying the transitional provisions as allowed under ESRS E3 for metrics related to our value chain water consumption. We have not yet set specific targets, as we are establishing baseline measurements and engaging with suppliers to develop appropriate metrics. While we develop these targets, we are tracking effectiveness through our supplier engagement process—in 2024, out of 13 companies approached, 11 replied, with 8 providing quantitative water consumption data. This 2024 data will serve as our baseline period. We aim to implement comprehensive targets by 2026, focusing on supplier engagement and water-related risk management, including supplier emergency response plans. We will work with Position Green in 2025 to develop these metrics and targets.

Our company will continue monitoring and assessing water usage throughout our value chain as we work towards setting these targets.



E5

Resource use and circular economy

Impacts, risks, and opportunities

ESRS 2 SBM-3 Material impacts, risks, and opportunities and their interaction with strategy and business model

		Location in Value chain			Time horizon		
		Upstream	Own operations	Downstream	Short-term	Medium-term	Long-term
Raw material extraction	Actual negative impact	●			●	●	●
Packing materials contribute to resource depletion	Actual negative impact	●	●		●	●	●
Waste from packing material	Actual negative impact			●	●	●	●
Waste from production	Actual negative impact	●			●	●	●
E-waste from end-user disposal	Potential negative impact			●	●	●	●

Raw material extraction
The manufacturing of integrated circuits relies on raw materials, including metals, silicon, and rare earth minerals. This dependency is fundamental to our business model and product strategy. These materials are often extracted through global mining operations, contributing to resource depletion and environmental degradation. Moreover, incorporating recycled materials into production is difficult due to the strict purity standards required for semiconductor manufacturing, which further deepens the reliance on virgin resources and accelerates the depletion of finite materials, such as rare metals. This challenge requires long-term strategic planning in our value chain material sourcing.

Packing materials contribute to resource depletion
In Nordic's own operations and value chain, plastic and cardboard are the primary materials used for packing and shipping products. This impact connects directly to our distribution model and operational practices. Although a large portion of the packing material is made from recycled or recyclable resources, the overall demand for packing still contributes to the depletion of natural resources. A considerable amount of these materials is sourced globally, including regions like Asia, where resource extraction and production are more resource-intensive. Our business strategy includes ongoing evaluation of packaging alternatives and supplier locations.

Waste from packing material
The handling of waste from packing material by Nordic's direct customers and distributors has the potential to cause environmental impacts. This relates to our downstream value chain and distribution model. Improper waste management, such as incineration, landfilling, or recycling, may lead to the release of pollutants. While some recycling efforts are in place, the overall effectiveness of waste management remains inconsistent, and the continued use of plastic packaging materials is a challenge. Our strategy focuses on improving packaging design and waste management practices.

Waste from production
During the semiconductor manufacturing process, waste is generated from material and component usage. This impact is inherent to our fabless business model and manufacturing partnerships. This waste includes offcuts and defective products, which the manufacturing suppliers manage through established recycling processes. Nevertheless, the production waste still contributes to the overall environmental footprint of Nordic's operations. Our business resilience depends on continuous improvement in manufacturing efficiency and waste reduction.

E-waste from end-user disposal
Nordic's components are assembled into final products by downstream customers. This impact connects to our position in the electronics value chain and product lifecycle. The improper disposal of electronic waste (e-waste) by end-users or customers may lead to hazardous chemical release into the air and contamination of soil and water sources, especially if hazardous substances are incinerated or disposed of in landfills. Nordic provides information on responsible waste handling through product data sheets. However,

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the actual waste management lies with the customers and end-users. Our strategic response includes product design considerations and end-user education initiatives.

Impact, risk, and opportunity management

E5-1 Policies related to resource use and circular economy
Nordic has implemented an Environmental Impact Reduction policy that provides a framework for promoting sustainable resource use and fostering circular economy principles across the company's own operations and manufacturing suppliers. The policy addresses all the material IROs as listed in E5-ESRS 2 SBM-3.

The policy outlines requirements to explore and adopt innovative solutions for reducing dependence on virgin resources, prioritizing the procurement of sustainable and responsibly sourced materials, and integrating recycled and recyclable materials into product designs and packaging where relevant. The policy further reinforces the company's commitment to waste reduction by promoting practices that minimize waste in production processes and ensure responsible recycling of products.

For details on the implementation responsibility of the Environmental Impact Reduction policy, standards committed through the policy, interest of stakeholders in setting the policy, and availability of the policy, please refer to E2-1 Policies related to pollution.

E5-2 Actions and resources in relation to resource use and circular economy
Waste management in production
As a fabless semiconductor company, it is important for Nordic to ensure that manufacturing suppliers handle waste from production responsibly. Effective waste management practices at suppliers' sites are essential for minimizing waste and addressing potential waste-related risks in the upstream value chain.

Nordic is continuously working with its manufacturing suppliers to minimize waste from production and ensure waste is sorted and recycled in accordance with local waste legislation. In 2024, we have gathered production waste-related data to get a better understanding of waste generated in the outsourced production, as well as more insight into suppliers' waste handling process. This action was implemented in 2024 as part of our annual environmental survey with our manufacturing suppliers, using resources allocated through our Quality and Supply Chain departments. We will continue this action in 2025 to ensure good waste management practices at suppliers' sites. Implementing this action does not require significant operational (OpEx) and/or capital (CapEx) expenditures.

Recycled plastic material for Nordic products packaging
In collaboration with assembly suppliers in our upstream value chain, Nordic initiated a plastic reduction program in 2021, aiming to conserve natural resources and reduce the use of virgin plastic material in device packing, thereby preventing waste generation by decreasing the reliance on virgin plastic resources. Within this program, assembly suppliers have gradually shifted to using recycled plastic component reels for packing Nordic's devices. The first reels made of recycled plastic were qualified and introduced for our devices in 2022. Since 2022, the plastic reduction program has been an ongoing activity in our operations, with the resources allocated from our Quality and Supply Chain departments. In 2024, we continued the program with our assembly suppliers to further increase the use of recycled plastic in packaging. This action does not require significant operational (OpEx) and/or capital (CapEx) expenditures.

Some of our customers still require devices to be packed in trays for which no recycled plastic version is available. This impedes us from using recycled plastic for a bigger portion of our production volumes.

Material IROs related to resource use and circular economy for which Nordic has not adopted actions
Raw material extraction in the upstream value chain
As a fabless semiconductor company, Nordic does not purchase raw materials directly from mining companies and has no influence on mining operations. Being part of the indirect procurement of manufacturing suppliers, Nordic has not established any actions for this material impact.

Waste from packing material in the downstream value chain
Nordic has not set any actions for this material impact due to the fact that the Group does not have control nor influence over how its distributors and customers handle waste from packing materials.

E-waste from end-user disposal
As described under E5-ESRS 2 SBM-3 for this material impact, customers are encouraged through Nordic's product data sheets to handle waste properly. The responsibility for actual waste disposal lies with customers, and we have no means to verify this.

Metrics and targets

E5-3 Targets related to resource use and circular economy
Nordic has not set any measurable targets for resource use and circular economy. This needs further groundwork to ensure that any established goals are meaningful, measurable, and achievable within clear timeframes.

Waste management at our manufacturing suppliers' sites is material; however, due to it being out of our direct control, we have not set any targets for this material impact. By regularly monitoring and analyzing waste data collected from our suppliers, we can track the effectiveness of our policy and action in this area, using 2024 as a baseline year.

Aligned with our Environmental Impact Reduction policy and commitment to reducing reliance on virgin plastic resources, we focus on using recycled plastic for device packaging (see Recycled plastic material for Nordic products packing as described in E5-2 above). To evaluate progress in recycled plastic usage, we monitor the share of containers made from recycled plastic, as well as the total volume of recycled plastic used in their production, with 2021 as the baseline year.

E5-4 Resource inflows

In the semiconductor manufacturing process, the primary raw materials used include silicon and a range of essential metals, such as aluminum, copper, tin, and silver. These raw materials are integral to the creation and functionality of semiconductor devices. The manufacture of wafers for Nordic products involves trace amounts of rare earth elements, however, these are not contained in the final products.

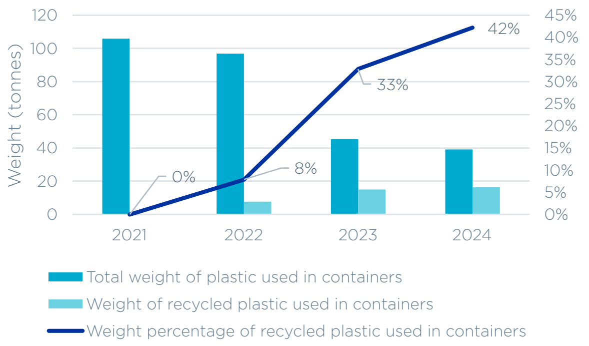
During 2024, the manufacturing of Nordic products encompassed approximately 32 tons of material, including all materials, substances, and components used in the products. This metric is based on product material composition reports, which provide accurate product weight data and Nordic's internal production records for 2024.

Semiconductor production requires materials of high purity to meet the high demands of nanometer-scale technology nodes. Therefore, recycled materials are not suitable for Nordic products. Biological materials are not used in the production of Nordic products or packaging.

By the end of 2024, the share of device containers made from recycled plastic was 46%. The total weight of plastic used for device containers in 2024 was 39,019 kg, of which 16,444 kg (42%) was recycled plastic. Recycled plastics usage data is tracked and verified through supplier documentation. The methodology involves cross-referencing supplier-provided data on recycled materials with Nordic's internal procurement records to ensure accuracy and consistency.

For Nordic's development kits, the packaging is made of Forest Stewardship Council (FSC) certified, recyclable cardboard. FSC certification for the packaging material ensures that the cardboard is sourced from responsibly managed forests.

In the semiconductor manufacturing process, significant volumes of water are used. For detailed information on water resources in outsourced manufacturing, please refer to Chapter E3: Water and Marine resources.



Plastic weight in device containers

The metrics related to our resource inflows have not been validated by external bodies other than the assurance provider.

E5-5 Resource outflows

Our commitment to advancing the circular economy is embodied in our resource outflow strategy, which emphasizes responsible waste management practices and the integration of circular principles into product design.

Circular product design

Supporting technology nodes at the nanometer scale requires materials to meet high purity standards, which makes recycled materials unsuitable for the manufacturing process. However, the metals contained in the components are recyclable and can be effectively recovered and repurposed through appropriate processing methods. For example, aluminum can be reused in automotive parts and copper in electrical components. The average recyclable content of Nordic's products is 52% for QFN components and 23% for CSP components, based on the metal's weight relative to the total material weight as specified in the product material composition reports.

Nordic's products are designed with an emphasis on reliability (durability and long-lasting performance), with a minimum expected operational lifespan of 9 years. The lifespan is based on 1000 hour HTOL (High-Temperature Operating Life) test, with an acceleration factor (Arrhenius equation) 78.6, using 0.7 eV activation energy and 55 °C use temperature. Nordic products are ultra-low power solutions, meaning operating voltages and currents are very low. Our processes for product development and reliability testing go beyond the industry baseline (JEDEC). However, industry averages for semiconductor durability are not publicly available for direct comparison. While Nordic products are not designed for repair, the ability to perform firmware updates over the air allows Nordic products to remain functional and up-to-date without requiring remanufacturing, further enhancing their lifetime and supporting sustainable practices by minimizing waste and resource consumption.

Our circular product design not only prioritizes the product itself but also extends to include sustainable practices in product packaging. By using reels made from recycled plastic, we can enhance circular principles and reduce reliance on virgin plastic packaging materials. Reels are also 100% recyclable, further promoting and enhancing material circularity and sustainable practices. In addition, packaging for development kits is made of 100% recyclable FSC-certified cardboard.

The metrics related to our resource outflows have not been validated by external bodies other than our assurance provider.

Waste reduction and management strategy

Nordic collaborates continuously with suppliers to enhance production yields, reduce material scrap, and ensure that waste generated at their production facilities is properly sorted and recycled in compliance with local regulations. To support effective waste management practices, Nordic qualifies all manufacturing suppliers and mandates that they obtain ISO 14001 certification as a standard for environmental management.

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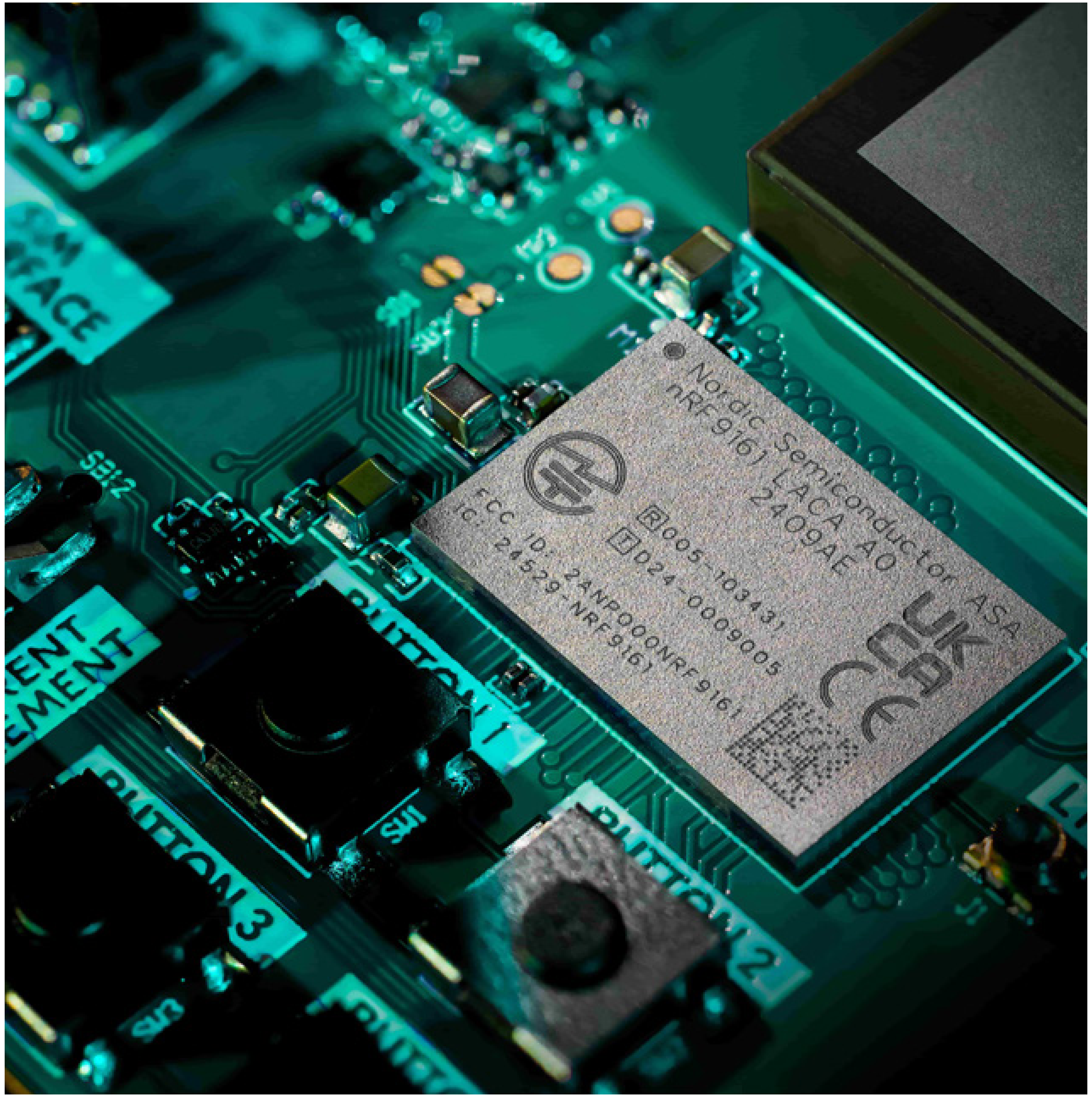
While Nordic products cannot be reused after assembly, they can still contribute to resource conservation and waste reduction through recycling efforts. Recycling enables the recovery of valuable metals and minerals, promoting the principles of a circular economy.

Nordic components are supplied to customers (electronics manufacturers) who integrate them into end products that are then sold to end-users globally. Nordic does not have visibility or control over the disposal of its products at the end of their lifecycle. To support responsible waste management, guidelines for proper disposal are included in product data sheets.



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EU taxonomy

Introduction

The EU taxonomy is a classification system designed to assist companies and investors in identifying environmentally sustainable economic activities, thereby facilitating sustainable investment decisions. These activities should make a substantial contribution to at least one of the EU's climate and environmental objectives while not significantly harming any of these objectives and adhering to minimum safeguards.

Nordic's primary role is in making things smarter. Smarter things pave the way for endless possibilities in addressing current environmental challenges. Nordic believes that an important part of the solution is connecting with the resources around us, thereby enabling smarter decision-making. Whether it's to prevent waste, monitor and mitigate floods or other hazards, track health parameters, or other critical data points, smarter decisions can lead to a better environment, enhanced security, and improved quality of life.

The EU taxonomy is a standard currently under development. Future iterations are expected. The current scope of the standard does not include any activities that encompass Nordic's profile as a facilitator of smarter solutions to tackle environmental challenges through informed decisions. Consequently, the activities identified for reporting represent just a fraction of Nordic's business. Two activities have been assessed as taxonomy eligible. The two identified activities are number 7.7 - Acquisition and ownership of buildings, and number 8.1 - Data processing, hosting and related activities (section 7.7 and 8.1 of the Commission Delegated Regulation (EU) 2021/2139, both considered under "Climate Change Mitigation". No further activities specified in the regulation were found relevant for Nordic activities during the screening. The majority of Nordic's business activities involve designing connectivity chips that enable smart solutions through a variety of applications. As a chip designer, Nordic has outsourced the production process, meaning that very few activities are maintained in-house related to actual production. Nordic does not have exposure to any nuclear- or fossil fuel-related activities, as shown in the Note on exposure to nuclear and fossil gas-related activities.

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Basis of preparation

Nordic is required to adhere to the EU Taxonomy reporting requirements in accordance with Regnskapsloven § 2-3. To this end, the Group has conducted a thorough analysis of its business activities within the taxonomy's environmental objectives. The financial information presented has been prepared in accordance with International Financial Reporting Standards (IFRS) and reflects the economic activities that fall within the scope of the EU taxonomy. Nordic adopted EU taxonomy reporting in 2023. The 2024 assessment was based on the previous assessment. Nordic also performed a screening of the activities relevant to the non-climate environmental objectives, as implemented into Norwegian legislation on the 5th of February 2024.

Reporting

Nordic reports on turnover, capital expenditure, and operating expenses associated with taxonomy-eligible and taxonomy-aligned activities in accordance with regulation (EU) 2020/852. The KPIs set forth in this chapter's tables are based on Annex I of the EU Commissioned Delegated Regulation 2021/2178 which specifies the methodology to comply with the disclosure obligation of 2020/852. Nordic has aligned its reporting framework to this methodology, which ensures transparency and comparability.

Accounting policy

Right-of-use assets recognized in accordance with IFRS 16 are considered to fall under the scope of the activity "Acquisition and ownership of buildings." Group-specific accounting principles are discussed in Note 14: Leases.

How numbers are determined and allocated to the numerator and the denominator

Nordic has assessed that only certain right-of-use assets qualify as taxonomy-aligned. For activity 7.7, lease contracts are assessed on a per-location basis.

None of our activities contribute to multiple environmental objectives; thus, no disaggregation of KPIs is required. In allocating Turnover, Capital Expenditures (CapEx), and Operational Expenditures (OpEx), we have identified the corresponding relevant income, purchases, and measures to the activity. We have also determined the main economic activities related to these expenditures as outlined in the Climate Delegated Act. This way, we avoid any double-counting of activities.

Capital expenditure

The CapEx numerator comprises the proportion of capital expenditure associated with taxonomy-aligned activities. Thus, it represents additions to property, plant, and equipment represented by the gross amount of purchase, development, or lease of such activity.

Contracts assessed and aligned with the standard are included in the numerator of the CapEx KPI. Double counting is avoided as the total CapEx is split into separate contracts, which are assessed on a contract-by-contract basis.

In the denominator, Nordic applies the capitalized value of all eligible and non-eligible activities. The total capitalized value can be found as additions in Note 12: Goodwill and intangible assets, Note 13: Fixed assets, and Note 14: Leases.

Operating expenditure

The OpEx pertains to direct costs that are not capitalized, as found in Note 9: Other operating expenses. For Nordic, the denominator includes software, hardware, rent, property tax, maintenance, equipment rental, and office supplies, as per Annex II of the Disclosure Delegated Act (EU 2021/2178).

The numerator is the share of OpEx related to taxonomy-aligned activities.

Turnover

The turnover numerator relates to the share of revenue associated with taxonomy-aligned activities. Nordic is subletting parts of the space in the Leangen, Trondheim (Norway) office. The revenue associated with this is covered under this KPI but is equal to 0 in 2024. For activity 8.1, the turnover relates to sales from Cloud services. The denominator constitutes total revenue, as found in Note 5.

Assessment of regulatory compliance

Information on assessment.

First, the Group assessed whether its activities were eligible under the EU taxonomy. This was done in workshops where a thorough and extensive search of activities defined in the Taxonomy was reviewed with departmental representatives. After filtering out non-relevant activities, partially relevant activities were assessed in detail. Through this process, two activities within the scope of the climate objectives were identified as taxonomy-eligible.

7.7 Acquisition and ownership of buildings

The identified activity "7.7 Acquisition and ownership of buildings" under the environmental objective Climate Change Mitigation is eligible for taxonomy reporting as it encompasses Nordic's agreements with landlords in order to operate office space, wherein Nordic can engage in the value-added activities performed in the Group. Nordic interprets leasing of an office location as defined by this activity.

In connection with activity 7.7, the capitalization of new and adjusted lease contracts was assessed in the CapEx reporting. Taxonomy alignment was assessed on a contract-by-contract basis. A total of 14 lease contracts have been adjusted, extended, or entered into in 2024, resulting in capitalization. Of those, the offices in Trondheim (Leangen), Bristol, Finland, and Poland were further investigated as alignment was considered plausible. These contracts are assessed in detail against the criteria for substantial contribution, do no significant harm, and minimum safeguards.

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Substantial contribution
Since sustainability is an integral part of Nordic's strategy, it is considered when leasing office buildings in support of Nordic's core activities. One office location is both taxonomy-eligible and environmentally sustainable. In Trondheim, Leangen, Nordic has leased a newly constructed building with a BREEAM NOR level of Excellent. This ensures a lower primary energy demand (PED) for the performance of core activities. The PED is the total primary energy required to power the building. For Trondheim, this PED is significantly lower than the threshold for Nearly Zero Energy Buildings (NZEBs). An NZEB has very high energy performance and is defined in the Energy Performance of Buildings Directive for the EU. This defines thresholds based on the PED to determine whether a building is in line with the directive. The Leangen (Trondheim) office has a net primary energy demand of 37 kWh/m2, which is well within the requirement of Norway's NZEB limits for office buildings (76 kWh/m2/year).

Do no significant harm (DNSH)
For activity 7.7, Leangen fulfilled the substantial contribution criteria and is assessed for DNSH, which requires a robust climate risk and vulnerability assessment. All new buildings in Norway must comply with the Norwegian building regulation Tek-17, which dictates a high level of physical and non-physical solutions to reduce the most important physical climate risks. It is also mandated as part of the zoning process to conduct a risk and vulnerability analysis. This analysis covers risks to the Trondheim building over its lifetime. Following this analysis, Nordic has put several measures in place to mitigate the risks facing the asset itself, as well as people in and around the building. Nordic has also chosen sites in already developed areas of the city so as not to disrupt any natural areas. Following this, Nordic assesses that the activity in question is in compliance with Appendix A.

8.1 Data processing, hosting, and related activities

The identified activity "8.1 Data processing, hosting, and related activities" is eligible for taxonomy reporting as it encompasses Nordic's cloud service, nRF Cloud, which provides data hosting and processing. This platform is integral to supporting IoT applications through efficient connection, management, and monitoring of devices across our products' entire lifecycle. Currently, our main supplier for data hosting and processing activities does not fall under the scope of companies required to report on the CSRD in this reporting period. The supplier is expected to issue its first annual CSRD reports in early 2026 on FY 2025 data. Thus, since complete data from our main supplier regarding adherence to the taxonomy criteria is currently unavailable, we do not have the information to evaluate this activity as taxonomy-aligned. As we anticipate the expansion of this economic activity in the coming years, we remain committed to closely monitoring and collaborating with our suppliers to ensure future alignment with the EU Taxonomy.

Substantial contribution
As to activity 8.1, Nordic has not been able to evaluate the substantial contribution to climate change mitigation due to the availability of data with the supplier of this service. Thus, the activity is considered to not be taxonomy-aligned.

Minimum safeguards
Nordic complies with the minimum safeguards through established due diligence processes based on the OECD Guidelines for Multinational Enterprises and UN Guiding Principles on Business and Human Rights, covering human rights, including labor rights. Due diligence processes for bribery prevention, taxation, and fair competition are integrated into our compliance system and governed by our Code of Conduct, with regular stakeholder engagement to ensure effectiveness. In 2024, there were no signs of non-compliance with minimum safeguards, no lack of response or collaboration with a National Contact Point, and no liability of Nordic companies in respect of breaches of these topics.

- Human rights due diligence: Our processes align with the OECD Guidelines, UN Guiding Principles, and the Norwegian Transparency Act, encompassing comprehensive risk assessment and management of human rights impacts. We conduct systematic evaluations of potential risks across our operations and value chain, with mechanisms to identify, prevent, and address any human rights concerns, including labor rights protections. We maintain accessible grievance mechanisms for stakeholders to raise concerns, with clear procedures for investigation and remediation.
- Anti-corruption prevention: The Code of Conduct governs our anti-corruption framework, which is integrated into our compliance system. This framework includes robust internal controls, mandatory ethics training, clear reporting mechanisms, and regular risk assessments to prevent bribery and ensure ethical business practices.
- Tax compliance: Our due diligence processes for taxation are governed by our Tax Policy, which ensures systematic management of tax risks and compliance with applicable tax laws and regulations across all jurisdictions. The Policy provides a comprehensive framework for transparent tax governance and ethical tax practices.
- Fair competition: Our approach to fair competition is guided by our Code of Conduct, which is embedded within our compliance system. We implement proactive measures to prevent anti-competitive practices, including internal monitoring, employee training, and strict adherence to competition laws.

Our minimum safeguards are reinforced through annual risk assessments, mandatory compliance training, and robust internal control mechanisms. These processes ensure ongoing monitoring and evaluation of our due diligence framework across all identified areas of potential risk. Our governance approach emphasizes proactive identification and mitigation of potential compliance challenges in alignment with international standards.

Contextual information about KPIs

The eligible activities account for 28.7% of the total capitalization at Nordic. The total eligible activities are split into 9.5% aligned and 19.2% not aligned activities. Nordic adheres to internal requirements for promoting environmentally sustainable activities, contrasting with public criteria that tend to be binary. Additionally, Nordic considers the impact of other environmental factors and economic considerations in its sustainability efforts.

Financial Year N	Year			Substantial Contribution Criteria						DNSH criteria (Does Not Significantly Harm) (h)									
Economic Activities (1)	Code (2) (a)	Opex (3)	Proportion of Opex, year N (4)	Climate Change Mitigation (5)	Climate Change Adaptation (6)	Water (7)	Pollution (8)	Circular Economy (9)	Biodiversity (10)	Climate Change Mitigation (11)	Climate Change Adaptation (12)	Water (13)	Pollution (14)	Circular Economy (15)	Biodiversity (16)	Minimum Safeguards (17)	Proportion of Taxonomy aligned (A.1.)or eligible (A.2.) Opex, year N-1 (18)	Category enabling activity (19)	Category transitional activity (20)
Text		Currency	%	Y; N; N/EL (b) (c)	Y; N; N/EL (b) (c)	Y; N; N/EL (b) (c)	Y; N; N/EL (b) (c)	Y; N; N/EL (b) (c)	Y; N; N/EL (b) (c)	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	%	E	T
A. TAXONOMY-ELIGIBLE ACTIVITIES																			
A.1 Environmentally sustainable activities (Taxonomy-aligned)																			
Opex of environmentally sustainable activities (Taxonomy-aligned) (A.1)		-	0.0%														0.0%		
Of which Enabling		-	0.0%														0.0%	E	
Of which Transitional		-	0.0%														0.0%		T
A.2 Taxonomy Eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (g)																			
				EL; N/EL (f)	EL; N/EL (f)	EL; N/EL (f)	EL; N/EL (f)	EL; N/EL (f)	EL; N/EL (f)										
Data processing, hosting and related activities	CCM 8.1	32	0.1%														0.0%		
Opex of Taxonomy eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		32	0.1%														0.0%		
A. Opex of Taxonomy eligible activities (A.1+A.2)		32	0.1%														0.0%		
B. TAXONOMY NON-ELIGIBLE ACTIVITIES																			
Opex of Taxonomy non-eligible activities		41,783	99.9%																
TOTAL		41,815	100%																

Financial Year N	Year			Substantial Contribution Criteria						DNSH criteria (Does Not Significantly Harm) (h)									
Economic Activities (1)	Code (2) (a)	CapEx (3)	Proportion of CapEx, year N (4)	Climate Change Mitigation (5)	Climate Change Adaptation (6)	Water (7)	Pollution (8)	Circular Economy (9)	Biodiversity (10)	Climate Change Mitigation (11)	Climate Change Adaptation (12)	Water (13)	Pollution (14)	Circular Economy (15)	Biodiversity (16)	Minimum Safeguards (17)	Proportion of Taxonomy aligned (A.1.) or eligible (A.2.) CapEx, year N-1 (18)	Category enabling activity (19)	Category transitional activity (20)
Text		Currency	%	Y; N; N/EL (b) (c)	Y; N; N/EL (b) (c)	Y; N; N/EL (b) (c)	Y; N; N/EL (b) (c)	Y; N; N/EL (b) (c)	Y; N; N/EL (b) (c)	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	%	E	T
A. TAXONOMY-ELIGIBLE ACTIVITIES																			
A.1 Environmentally sustainable activities (Taxonomy-aligned)																			
Acquisition and ownership of buildings	CCM 7.7	3,585	9.5%	Y	N	N/EL	N/EL	N/EL	N/EL	Y	Y	Y	Y	Y	Y	Y	8.9%		
CapEx of environmentally sustainable activities (Taxonomy-aligned) (A.1)		3,585	9.5%														8.9%		
Of which Enabling		-	0.0%														0.0%	E	
Of which Transitional		-	0.0%														0.0%		T
A.2 Taxonomy Eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (g)																			
				EL; N/EL (f)	EL; N/EL (f)	EL; N/EL (f)	EL; N/EL (f)	EL; N/EL (f)	EL; N/EL (f)										
Acquisition and ownership of buildings	CCM 7.7	7,277	19.2%														37.3%		
CapEx of Taxonomy eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		7,277	19.2%														37.3%		
A. CapEx of Taxonomy eligible activities (A.1+A.2)		10,863	28.7%														46.2%		
B. TAXONOMY NON-ELIGIBLE ACTIVITIES																			
CapEx of Taxonomy non-eligible activities		27,048	71.3%																
TOTAL		37,911	100.0%																

Financial Year N	Year			Substantial Contribution Criteria						DNSH criteria (Does Not Significantly Harm) (h)									
Economic Activities (1)	**Code (2) (a)**	**Turnover (3)**	**Proportion of Turnover, year N (4)**	**Climate Change Mitigation (5)**	**Climate Change Adaptation (6)**	**Water (7)**	**Pollution (8)**	**Circular Economy (9)**	**Biodiversity (10)**	**Climate Change Mitigation (11)**	**Climate Change Adaptation (12)**	**Water (13)**	**Pollution (14)**	**Circular Economy (15)**	**Biodiversity (16)**	**Minimum Safeguards (17)**	**Proportion of Taxonomy aligned (A.1.) or eligible (A.2.) Turnover, year N-1 (18)**	**Category enabling activity (19)**	**Category transitional activity (20)**
Text		Currency	%	Y; N; N/EL (b) (c)	Y; N; N/EL (b) (c)	Y; N; N/EL (b) (c)	Y; N; N/EL (b) (c)	Y; N; N/EL (b) (c)	Y; N; N/EL (b) (c)	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	%	E	T
A. TAXONOMY-ELIGIBLE ACTIVITIES																			
A.1 Environmentally sustainable activities (Taxonomy-aligned)																			
Turnover of environmentally sustainable activities (Taxonomy-aligned) (A.1)		-	0.0%														0.0%		
Of which Enabling		-	0.0%														0.0%	E	
Of which Transitional		-	0.0%														0.0%		T
A.2 Taxonomy Eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (g)																			
				EL; N/EL (f)	EL; N/EL (f)	EL; N/EL (f)	EL; N/EL (f)	EL; N/EL (f)	EL; N/EL (f)										
Data processing, hosting and related activities	CCM 8.1	284	0.1%														0.0%		
Turnover of Taxonomy eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		284	0.1%														0.0%		
A. Turnover of Taxonomy eligible activities (A.1+A.2)		284	0.1%														0.0%		
B. TAXONOMY NON-ELIGIBLE ACTIVITIES																			
Turnover of Taxonomy non-eligible activities		511,131	99.9%																
TOTAL		**511,415**	**100.0%**																

Note on exposure to nuclear and fossil gas-related activities:

Row	Nuclear energy related activities	
2	The undertaking carries out, funds, or has exposure to the construction and safe operation of new nuclear installations to produce electricity or process heat, including for the purposes of district heating or industrial processes such as hydrogen production, as well as their safety upgrades, using the best available technologies.	No
3	The undertaking carries out, funds, or has exposure to the safe operation of existing nuclear installations that produce electricity or process heat, including for the purposes of district heating or industrial processes such as hydrogen production from nuclear energy, as well as their safety upgrades.	No
	Fossil gas-related activities	
4	The undertaking carries out, funds, or has exposure to the construction or operation of electricity generation facilities that produce electricity using fossil gaseous fuels.	No
5	The undertaking carries out, funds, or has exposure to the construction, refurbishment, and operation of combined heat/cool and power generation facilities using fossil gaseous fuels.	No
6	The undertaking carries out, funds, or has exposure to the construction, refurbishment and operation of heat generation facilities that produce heat/cool using fossil gaseous fuels.	No

Social

Nordic is a dynamic and global business with employees, offices, customers, and suppliers spanning multiple regions. We prioritize diversity, equity, and inclusion across the entire employee journey, recognizing its critical role in attracting and retaining top talent in a competitive landscape. Equally important is our commitment to fostering a healthy, safe, and motivating work environment—one that enhances engagement, drives meaningful contributions, and safeguards human and labor rights.

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S1
Own Workforce

S1-ESRS 2 SBM-3 Material impacts, risks, and opportunities and their interaction with strategy and business model
Our employees, as our key intangible resource, are crucial to driving innovation, ensuring high-quality development, and maintaining our competitive edge in a rapidly evolving industry. Our strategic emphasis on employee well-being and engagement aligns with our commitment to producing cutting-edge technology and meeting global market demands.

Our double materiality assessment identified material impacts, risks, and opportunities in relation to the following topics.

Working conditions

		Location in the value chain			Time horizon		
		Upstream	Own operations	Downstream	Short-term	Medium-term	Long-term
Organizational transformation processes	Actual negative impact		●		●	●	

Equal treatment & opportunities for all

		Location in the value chain			Time horizon		
		Upstream	Own operations	Downstream	Short-term	Medium-term	Long-term
Gaps in representation and equity	Potential negative impact		●		●	●	●
Decentralized skill development	Potential negative impact		●		●	●	
Strategic talent development & career planning	Opportunity		●			●	●

Material impacts & opportunities
Our double materiality assessment identified several workforce-related impacts and opportunities that are material to our business success and stakeholder value. These impacts vary across employee groups, including permanent employees (both full-time and part-time) and contractors.

The actual and potential negative impacts identified below are systemic in nature, affecting our operations globally. This requires comprehensive, organization-wide responses as detailed in our action plans.

Organizational transformation processes
We are implementing targeted organizational adjustments to enhance our ability to serve customers and respond to market demands. These changes directly connect to our evolving business model and operational strategy, enabling us to adapt to industry developments and better deliver innovative solutions to our customers. While some measures are concentrated on specific areas and/or locations, the transformation process has affected our entire workforce across our 22 locations in one way or another. The impacts are particularly felt by employees in locations undergoing significant reorganization, our R&D teams (representing 70% of our workforce) who need to adapt to new organizational structures and processes, and our managers who drive the transformation.

Negative impacts include short-term uncertainty about the future and concerns about job security, as well as more medium-term impacts such as the stress of transitioning to new roles and adapting to new teams, adapting to new processes, and temporarily increasing workload during the restructuring processes. These are systemic, rather than incidental, impacts affecting our global operations. The success of our business model adaptation depends on effectively taking actions to mitigate the impact of organizational changes, with effects expected to materialize over the next 6-24 months.

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Decentralized skill development
As an engineering company, technical skill development is baked into our daily work, making upskilling agile and flexible. This approach is fundamental to our R&D-driven business model. However, we recognize that our past growth and ongoing transformation have created an increased demand for a broader range of structured learning opportunities for all. Not meeting this demand would particularly affect our R&D engineers requiring advanced technical training, support-function employees needing cross-functional skills, first-time managers transitioning to leadership roles, and employees in smaller locations with limited local training resources.

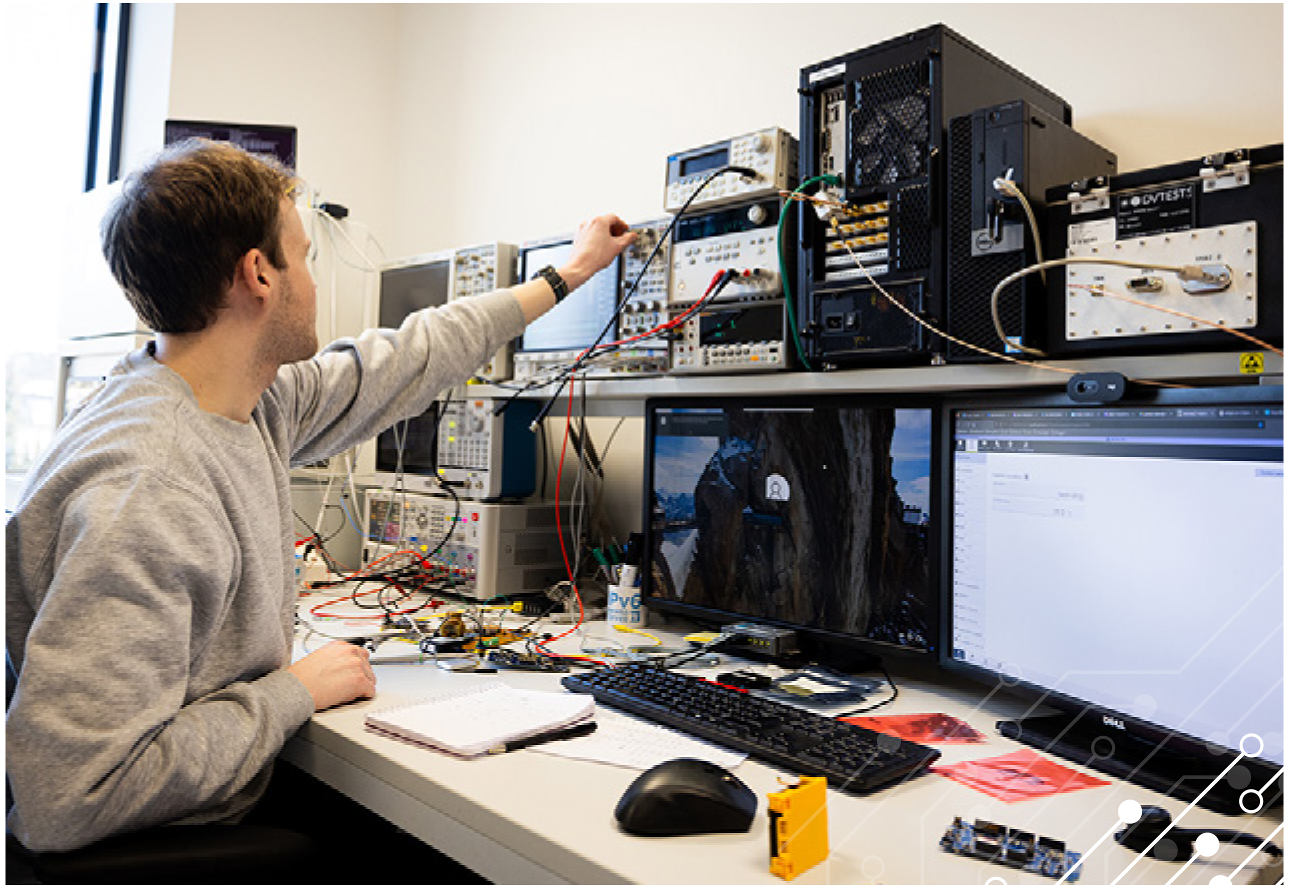
A purely decentralized, needs-based approach may limit broader skill development and prevent equal access to learning and advancement opportunities. This represents a systemic challenge across our global operations, with both a short-term effect on daily performance and long-term implications for career development. Our strategic response includes developing more structured learning programs to support business growth, with implementation planned over the next 6-36 months.

Gaps in representation and equal opportunity
Headquartered in Norway, we have a diverse workforce in different locations around the world. This global structure is integral to our business model and innovation strategy. While this diversity is instrumental in leveraging our innovation potential and long-term organizational success, we recognize some challenges in some areas and locations where we're working to increase representation of certain groups, including women, who currently represent a minority in our workforce, particularly in technical roles (R&D and engineering) and leadership positions with differences across regions. Other minority groups might also be affected, which we need to identify.

The potential impacts are systemic rather than incidental, creating challenges in career advancement and the feeling of exclusion for underrepresented groups. These effects can have short-, medium-, and long-term impacts on employee well-being and commitment. Our business model's resilience requires addressing these potential impacts through targeted initiatives, which we expect to have an effect over the next 24-48 months.

Strategic talent development and career planning
The continuous learning and expertise of our staff, which are our primary intangible resources, are critical to boosting innovation and optimizing execution. This directly connects to our R&D-focused business model and growth strategy. This opportunity particularly benefits high-potential employees identified for leadership roles and key talent in strategic growth markets.

Systematically developing talents and providing career opportunities support personal development and professional growth, which can promote employee satisfaction and job performance, helping to reduce employee turnover. Having talented people in key positions enhances business revenue by boosting innovation and driving operational excellence. Our business strategy prioritizes talent development to maintain competitive advantage, with positive impacts expected to materialize over the next 24-60 months.



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Impact, risk, and opportunity management

S1-1 Policies related to own workforce

In alignment with our commitment to socially responsible business conduct, Nordic has established a comprehensive set of policies to uphold ethical standards and promote a safe, inclusive, and supportive work environment. These policies are guided by international frameworks and conventions such as the UN Global Compact, the UN Guiding Principles for Business and Human Rights, the OECD Guidelines for Multinational Enterprises, the International Bill of Rights, and ILO core conventions, and reflect our dedication to best practices and global and local regulations.

Code of Conduct

Our Code of Conduct outlines our commitment to conducting business with integrity, upholding high ethical standards, and fostering a respectful, inclusive work environment. It establishes our commitments and expectations regarding human and labor rights, health and safety, security, diversity, equity and inclusion, and personal conduct.

The Code of Conduct is a foundational element in addressing the identified impacts and opportunities, particularly in mitigating the risks associated with gaps in representation and equal opportunity, as well as a decentralized approach to skill development.

It is binding for employees in Nordic, and we expect entities and individuals we do business with to comply as well. The Code of Conduct is published in our Intranet and we have implemented mandatory e-learning to ensure all employees are familiar with and understand the Code. In 2024, more than 95% of all employees and Executive Management Team (EMT) members completed this training. Our Code of Conduct has been approved by the Board of Directors, and the Chief Executive Officer is accountable for its implementation.

Equal Opportunities Policy

Our standalone Equal Opportunities Policy amends Chapter 2 of our Code of Conduct ("Protecting our workplace, people, and culture") and reinforces our commitment to creating equal opportunities for everyone, regardless of their personal characteristics such as gender, race, age, ethnicity, gender identity, sexual orientation, abilities, religion, socioeconomic status or cultural background. It outlines a specific commitment to fostering a workplace that embraces diversity through fair and inclusive recruitment practices, promoting equity in our daily practices through addressing systemic barriers, continuing to ensure equitable pay, and advancing inclusion by supporting initiatives for underrepresented groups.

The policy is implemented through a clear governance structure where the Board of Directors has overall oversight, with the People & Compensation Committee monitoring implementation. EMT and senior leaders are accountable for embedding equal opportunities principles into business operations, while people managers execute the strategies in their teams. The People & Communication department develops and maintains supporting processes, tracking key metrics and ensuring consistent application.

The policy applies to all members of our own workforce and covers recruitment, hiring, promotion, training, compensation, and all other aspects of employment. We ensure accountability and continuous development by conducting regular reviews of workplace practices, soliciting feedback from employees on our diversity, equity, and inclusion efforts, and reporting annually on progress to all stakeholders.

Health and safety

We are committed to providing a safe and healthy work environment through the proactive identification, assessment, and management of workplace risk. We operate a safety management system across all our operations, which covers all workers on site. This safety management system serves as our workplace accident prevention policy and management system, ensuring a structured approach to preventing workplace accidents and incidents. In Norway and Finland, the system is certified under ISO 45001 for Health & Safety, and we are working towards extending certification in other countries of operation.

Learning and development

At present, our organization does not maintain a formal Learning and Development Policy. Training needs have been managed on an as-needed basis at the team- or project level, allowing an agile approach to technical upskilling. However, given our rapid growth, we recognize the importance of a more structured approach to employee development. As part of our commitment to mitigate the negative impacts of a decentralized approach to skill development, as well as to promote the positive impact of strategic talent development and career planning, we are currently working on a comprehensive L&D policy to support long-term skill and career growth among our workforce, which we aim to implement in 2025.

Human rights

Our stand-alone Human Rights Policy amends our Code of Conduct and outlines our commitment to respecting and upholding human rights and decent working conditions in our operations and throughout the value chain. The policy explicitly addresses human trafficking, forced or compulsory labor, and child labor. Further details on this policy are provided in Chapter S2: Workers in the value chain.

The policy applies to all employees in Nordic, and we expect our suppliers and business partners to adhere to the spirit and intent of this policy by complying with all relevant laws and regulations. The Human Rights Policy is adopted by our Board of Directors and implemented by management. It is available on our public website and Intranet, and we raise awareness among our employees through our Code of Conduct training.

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Monitoring compliance with human and labor rights commitments

To monitor compliance with the UN Guiding Principles, ILO Declaration on Fundamental Principles and Rights at Work, and the OECD Guidelines, we have implemented the following processes:

- Policy framework: our human rights and labor rights commitments are enshrined in key policy documents described above. These are subject to regular review and robust policy governance.
- Awareness and training: Policies are shared through our Intranet and reinforced through targeted training. We aim to expand these efforts in the coming years.
- Human rights due diligence: we have adopted a Human rights due diligence process, which is further explained in Chapter S2.
- Reporting and transparency: We report annually on our commitments, actions taken, and targets in our ESRS Sustainability report.
- Grievance mechanisms: Employees and other stakeholders can report breaches of the Human Rights Policy and Code of Conduct, including human and labor rights breaches, through our confidential reporting mechanisms and grievance procedures. These are described in detail in section G1-1: Business conduct policies and corporate culture.
- Monitoring and evaluation: We monitor adherence to human and labor rights by tracking cases raised through internal grievance mechanisms and regular audits of suppliers.
- Stakeholder engagement and collaboration: We conduct regular engagement with key stakeholders who could be impacted by our operations. This is detailed in ESRS 2 SBM-2 and S1-2 sections.

There were no severe human rights incidents involving our own workforce reported during the period (see S1-17 below).

Engaging with our workforce

S1-2 Processes for engaging with own workforce and workers' representatives about impacts

Creating a workplace where employees can thrive daily requires engaging with our employees and acting on their feedback. At Nordic, we strive to incorporate employee perspectives in decisions, policies, and targets to meet their needs. Our Senior Vice President of People & Culture oversees these engagement processes and monitors the effectiveness of actions based on feedback.

Regular consultations with employee representatives

We have employee representatives in Norway, Finland, and Poland and are currently assessing introducing representatives globally. In Norway and Poland, we hold monthly forums to discuss business updates and strategic decisions, while in Finland, meetings are held as needed. These forums let representatives offer feedback and raise employee concerns about any negative impact, including those related to green transitions. In 2024, meetings were held to communicate timely updates and gather input on key decisions regarding the transformation process (see S1-4). We do not have a specific agreement on human rights with the employee representatives since this is covered in our Code of Conduct and regulated by local law.

Additionally, designated Health and Safety representatives in each office actively gather employee feedback, ensure compliance with regulatory standards, and escalate safety concerns to support timely resolution.

Direct employee feedback

We engage directly with employees through regular all-hands and town hall meetings, sharing updates on new developments, changes, and potential impacts. These sessions are scheduled according to need and include a Q&A segment for gathering and addressing employee feedback.

Additionally, we collect direct employee feedback through our annual Employee Engagement Survey. In 2024, the survey had an 87% response rate. Highlights from the survey included (on a scale from 1 to 10, where 1 is lowest and 10 is highest) Zero tolerance for unethical behavior (9.0), Peer relations (8.9), and Acceptance (8.9). Our biggest improvements were in Communicating strategy (+1.5), Reward (+1.3), and Communicating change (+1.2), which all had been identified as critical areas in the 2023 survey. These improvements concern the effectiveness of both the survey and our mechanisms for responding to its results. However, some scores remained below our aspirations. Feedback on operational changes and learning & development processes helped inform our Double Materiality Analysis and strategic priorities. Survey results are also distributed to managers at each level for follow-up with their teams. By analyzing the global results by gender, the engagement survey also provides insights into women's perspectives, who are particularly underrepresented. The gender perspective in the analysis and qualitative comments in the survey helped identify the underrepresentation of women as a potential negative impact. In 2025, we will shift from one large annual engagement survey to regular pulse surveys, allowing us to gauge employee sentiment more frequently and address emerging needs promptly.

Furthermore, we have a structured annual appraisal conversation in place with dedicated space for employees to discuss career development, workload, personal challenges, and work-life balance with their managers. In 2024, 80.7% of employees formally completed annual appraisal conversations.

S1-3 Processes to remediate negative impacts and channels for own workforce to raise concerns

Employees are encouraged to report concerns or complaints related to harassment, legal or financial impropriety, or other issues to their manager, local HR Business Partner, employee representatives or through our independent whistleblowing mechanism, detailed in G1-1 section.

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We take all reports seriously, ensuring sensitivity and, where possible, confidentiality. Upon receiving grievance, we conduct a thorough due diligence process to collect and verify the facts about a case and, when necessary, implement corrective actions to address any negative impacts. The nature of remedial action depends on the issue at hand. Concerns are tracked in a case system and reported to the Audit Committee for monitoring. Specific monitoring measures are decided on a case-by-case basis.

Nordic has a zero-tolerance policy for retaliation against anyone who speaks up in good faith by raising a concern, reporting a suspected violation, or participating in an internal investigation. The Head of Compliance is responsible for regular reporting to the Chief Executive Officer and the Audit Committee of the Board.

In our annual Engagement Survey, we gather feedback to monitor awareness and assess employees' trust in the structures and processes. This year's feedback indicates that people have a strong belief that unethical and illegal behavior is not tolerated and feel generally comfortable reaching out and trusting the process that follows. However, we also recognize that we need to strengthen awareness of our reporting channels.

Actions

S1-4 Taking action on material impacts on own workforce, and approaches to managing risks and pursuing opportunities related to own workforce, and effectiveness of those actions
In alignment with our commitment to addressing material impacts, we have taken and continue to take targeted actions to mitigate risks, enhance opportunities, and foster a positive and inclusive environment. Our established processes to engage with our workforce are crucial to assess whether our actions to mitigate negative impacts are effective. This applies particularly to our employee surveys, which we plan to enhance in 2025, as well as to the regular consultations with employee representatives.

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Managing the transformation

While the transformation process, especially downsizing, has presented temporary challenges for our workforce, it is essential to our long-term commitment to ensuring financial sustainability. Throughout this process, we have taken care to balance our objectives with measures that mitigate the impact on our employees. This transformation will strengthen our ability to respond to customer needs more efficiently, accelerate innovation cycles, and maintain our competitive edge in delivering cutting-edge connectivity solutions to the market.

Transparent communication and employee feedback
We have striven to communicate transparently and openly at every stage of the process. Through regular town halls and all-hands meetings, we provided real-time updates to reduce uncertainty and aimed to foster understanding and buy-in among our employees.
To help employees manage the changes, we offered e-learning sessions on Change Management, equipping them with tools to navigate the process.

We strove to involve employee voices in different ways and at different stages. We regularly engaged with employee representatives throughout the transformation process, especially during downsizing, ensuring their insights and perspectives were incorporated. At appropriate stages, we formed task forces to involve employees directly in shaping certain aspects of the process and outcomes. To monitor and understand the impact of the changes, we expanded our engagement survey to include specific questions on employees' experiences with the transformation process.

Support for affected employees
For employees impacted by the downsizing, we provided severance packages covering 100% of affected roles. These packages included outplacement services to aid the transition into new employment. Additionally, we offered access to counseling services to support.

Plans for the future
As we progress in our transformation journey, we are committed to minimizing negative impact while emphasizing the long-term benefits, such as new learning and career opportunities. We will support these by introducing more structured approaches to skill development and talent development, as discussed below. We will continue to support our employees with training for working effectively within the new structure, including ongoing leadership training and team development initiatives that help strengthen our corporate culture.

Employee feedback remains crucial to a successful transition. To stay responsive to employees' experiences, we are shifting from annual engagement surveys to regular pulse surveys, allowing us to gauge employee sentiment more frequently and address emerging needs promptly. This step is particularly important, as the latest engagement survey was conducted before the downsizing process began, and we recognize the need for updated insights to guide our future actions.

Establishing a structured approach to skill development

Our ambition is to drive a learning culture that provides opportunities for all. We have taken steps to introduce a more structured and comprehensive approach to training and skill development in 2025 to ensure our people are equipped with the competencies they need in their current roles and to prepare for new opportunities.

Defining and tracking competencies
We have launched a project to make our general competency registry more user-friendly, agile, and effective. The first step was conducting a needs assessment, gathering feedback from users across various levels to understand their specific requirements and challenges. To ensure that employees are developing and applying skills that directly contribute to the business's long-term success, we have started to formally define relevant competencies, beginning with a leadership competency framework. This framework will guide the creation of leadership training programs and support our goal to offer equal development opportunities.

Implementing an e-learning infrastructure
As a global organization with a geographically dispersed workforce, providing equal access to learning opportunities is critical, regardless of location. To support this, we have introduced several e-learning tools, expanding our capacity for centralized, company-wide training. This enables us to centralize learning content and make it available online, allowing employees to access training at their convenience and across different time zones, work schedules, and personal learning preferences. This flexibility is essential for empowering our global workforce and is a key part of our commitment to inclusive development.

Plans for the future
In 2025, we will continue strengthening our approach to competency management by advancing our efforts to map and register existing competencies within Nordic. We will gradually roll out our leadership training framework, starting with a comprehensive onboarding program for new leaders. Additionally, we aim to improve access to learning opportunities by extending our e-learning course offerings and centralizing the administration of learning events within our internal LMS, making these initiatives more widely available. This structured approach will also enhance our sustainability reporting, ensuring that we can consistently track and report on our development efforts in the coming years.

Promoting strategic talent development and career planning

For us, talent development means identifying, nurturing, and preparing top talent for future leadership and critical business roles. This approach complements our skill development initiatives, building on foundational work such as our leadership competency framework. Our ambition is to leverage our talent by establishing a strategic approach to talent development.

Developing a leadership pipeline framework
While this is a long-term initiative, we have already begun developing a framework for our leadership pipeline this year. This framework will outline the criteria and essential elements for identifying, developing, and nurturing our top talent.

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We will continue advancing this initiative with the aim of piloting the approach in 2025.

Harnessing diverse talents
As part of our commitment to equal opportunities, we aim to actively unlock potential that may be overlooked due to unconscious bias to ensure that all employees feel included and have equitable access to opportunities.

Leveraging female talent
In 2024, we started an initiative that focuses on attracting, connecting, and developing diverse talent pools, with particular attention to female candidates. We enhanced our approach by using inclusive language in job ads and incorporating bias awareness into recruitment training for managers. These efforts contributed to a modest increase in the proportion of women hired from 23.4% in 2023 to 25% in 2024, reflecting the gradual nature of demographic changes in our industry.

Plans for the future
In 2025, we will intensify our efforts to support and leverage female talent with a focus on connecting women. To extend our outreach and attract more talented female applicants, we strive to intensify our cooperation with external women's networks. Internally, we are preparing to launch an employee-led female community that connects women in Nordic across areas and locations and will serve as a platform to advance women's interests by promoting relevant topics and activities.

To enhance general awareness of unconscious bias and develop skills that promote an inclusive culture with equal opportunities for all, we plan to implement awareness training for both employees and people leaders. We also strive to undertake a comprehensive analysis to understand the state of equal opportunities across other demographic groups.

We are committed to implementing these actions and initiatives by leveraging our existing resources and infrastructure to ensure an efficient and sustainable implementation. While they may require some investment, these are not expected to have a significant impact on operational and/or capital expenditures in 2025.

Performance, metrics, and targets

To drive accountability and measure progress, we strive to establish clear targets and have done so where possible in S1-5. These targets were developed by a group of internal experts and anchored with the corresponding management team member. However, some areas require further analysis to establish clear baselines and ensure informed and meaningful goal setting. We have made it explicit where this has been the case.

For the metrics disclosures below, we have implemented all requirements fully except for S1-13 (Training and skills development metrics), where we have chosen the phase-in option for 2024 as we work to centralize our training reporting structure. None of the metrics presented in this section have been validated by external bodies other than our assurance provider.

S1-5 Targets related to managing material negative impacts, advancing positive impacts, and managing material risks and opportunities

Managing the transformation
Our aim is to manage the transition in a way that reduces the negative impact on our employees and opens new opportunities. To measure our progress, our employee engagement surveys are an important tool. Until the end of 2025, we aim to increase our overall Transformation & change score from 6.6 (2024 baseline) to 7.0 and our overall Engagement score from 7.3 (2024 baseline) to 7.7.

Establishing a structured approach to skill development
Our goal for establishing a structured approach to skill development is to facilitate broader skill development and provide equal access to learning and advancement opportunities. To monitor our progress, we aim to enhance our scores for Learning & Growth in the Employee Engagement Survey from 7.3 in 2024 to 7.6 by the end of 2025. As we refine our approach to competence management, we will develop specific targets to measure our advances.

Establishing a strategic approach to talent development
Our goal for establishing a strategic approach to talent development is to build a robust leadership pipeline that prioritizes internal growth, promotes, nurtures, and retains top talents, and offers clear career opportunities within the organization. This is a long-term project, and at this stage, we have not yet set specific targets. While we have identified this as an opportunity, we are still in the process of defining our aspirations, strategy, and baselines. We aim to have targets established by the end of 2025.

Harnessing diverse talents
As part of our commitment to offering equal opportunities, we strive to ensure equal representation and opportunities across the organization, reflecting the diversity of our workforce, especially in leadership roles. As we operate in a male-dominated industry, improving gender parity is a key area of focus for us. We understand gender parity as the proportional balance between genders, and we believe that gender representation should generally mirror the gender composition of our workforce. To this end, we aim to align promotion rates for women with their overall representation in the workforce and gradually improve gender representation in leadership roles over time. At this stage, we have not yet set specific targets. We aim to have defined clear baselines and targets to measure our advances based on the results of our Equal Opportunities Analysis in 2025.

S1-6 Characteristics of the company's employees

Headquartered in Trondheim, we have a total headcount of 1,371 employees located in 22 different countries (see Note 7 Payroll expenses in the Financial Statements for cross reference). Of these 1,333 were full-time employees (permanent employees working full-time on the 31st of December 2024). These numbers are retrieved from our Human Resource Management Systems (HRMS).

In 2024, 192 employees left the company. Of these, 101 employees left voluntarily, corresponding to a voluntary turnover rate of 7.24%. Employee numbers were adjusted in 2024 as part of our strategic realignment to better position the company for future market demands.

The tables below provide more detail about the makeup of our workforce. Due to privacy concerns and the low number of individuals in additional gender categories, this information is not disclosed.

	2024
Employee turnover rate	7%
Number of employees who left voluntarily	101

Gender	Number of employees (head count)
Male	1133
Female	238
Other	0
Not reported	0
Total employees	1371

Total employees = the total number of employees (both permanent and temporary) actively employed by Nordic at the end of the reporting period, including employees hired through Professional Employer Organizations (PEOs), and excluding employees whose last working day or the last day of their notice period lies before the end of the reporting period.

Country	Number of employees (head count)
Norway	564
Finland	305
Poland	112
UK	49
Taiwan	59
USA	62
India	48
Sweden	34
Germany	5
China	28
Hong Kong	12
Japan	5
South Korea	4
Singapore	8
Philippines	62
Denmark	3
Australia	2
Netherlands	2
France	2
Spain	3
Canada	1
Bulgaria	1

	Female	Male	Other	Not disclosed	Total
Number of employees (head count)	238	1133	0	0	1371
Number of permanent employees (head count)	235	1128	0	0	1363
Number of temporary employees (head count)	3	5	0	0	8
Number of non-guaranteed hours employees (head count)	0	0	0	0	0
Number of full-time employees (head count)	228	1105	0	0	1333
Number of part-time employees (head count)	7	23	0	0	30

Permanent employee = a person hired directly by Nordic on a not-time-limited contract

Temporary employee = a person hired directly by Nordic on a time-limited work contract

Non-guaranteed hours = a person hired directly by Nordic on a contract without a defined amount of work hours in the contract

Full-time employee = a person hired as a permanent employee directly by Nordic on a contract for what local law establishes as full-time (normally 40 hours per week)

Part-time employee = a person hired directly by Nordic as a permanent employee on contract with a defined number of hours but less than what local law establishes as full-time (normally 40 hours per week)

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S1-7 Characteristics of non-employees in our own workforce

In addition to our employees, our workforce also comprises 51 non-employees. These consist of contractors counted at the end of the year. The contractors are employed by third parties but engaged in employment activities with Nordic. The number is gathered from our HRIS as of December 31st, 2024. This provides a snapshot of the use of non-employees in the Group. The downside of this is that the number fluctuates throughout the year and will not capture these fluctuations. The upside is that, by consistently reporting this number from the same date, we will be able to see trend changes in the use of non-employees.

	2024
Total number of non-employees	51

Contractor = a person hired through a third party on a time-limited contract

S1-9 Diversity metrics

Nordic aspires to be an inclusive and attractive workplace for employees across all age groups and phases of life. The average employee age in 2024 was 41 years old. The youngest employee was 23, and the oldest was 70 in 2024.

	2024
Gender diversity	
Women in top management	1 (9%)
Distribution of employees by age group	
Under 30 years old	13%
Between 30-50 years old	65%
Over 50 years old	22%

S1-13 Training and skills development metrics

We have chosen the phase-in option for this year. As elaborated in S1-4, we plan to centralize our training reporting structure to be able to fully report on our efforts in skill development. We will report on this from next year onward.

S1-15 Work-life balance metrics

Our employees' social protection entitlement means 100% of employees are entitled to parental leave. In 2024, 4% of employees took parental leave, of which 71% were men and 29% were women.

	2024
Employees entitled to parental leave	100%
Entitled employees who took parental leave	4%
of which % were men	71%
of which % were women	29%

Parental leave = leave from work to take care of the newborn child in accordance with local law and legislation

S1-16 Remuneration metrics (pay gap and total remuneration)

The gender pay ratio is calculated as the average across positions. Within the R&D department in Norway, the average salary in 2024 for women was 82% of the average salary for men. The average global salary for female employees in all departments was 75% of that of men, excluding executive management. Within executive management, the average salary for female employees was 74% of that of men.

The general salary gap between women and men is explained by a larger share of men in senior positions, in addition to a higher proportion of men in customer-facing roles with higher salaries. Nordic also sees a predominance of women in junior and administrative positions, particularly in low-cost countries, where salary levels are below the Group average. This affects the ratio, for instance, in the Supply Chain department, where our main locations are in Asia.

Nordic is committed to monitoring and analyzing the gender pay ratio across the world, focusing both on diversity and roles while adhering to currently challenging local market practices.

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Category	Male	Female	Gender pay ratio
Overall (excl. EMT)	1117	234	75%
Executive Management Team	10	2	78%
Business Support	67	45	81%
R&D	891	116	81%
Sales	107	29	76%
Supply Chain	54	42	46%

Pay Ratio

In 2024, the ratio of our highest-paid individual's annual total remuneration to the median annual total remuneration for all employees (excluding the highest-paid individual) was 8.41:1. This calculation includes base salary, bonuses, stock options, and other benefits.

Nordic continues to review its remuneration structures to ensure they remain competitive and fair while aligning with market practices and business strategy.

S1-17 Incidents, complaints, and severe human rights impacts

In 2024, we recorded four employee complaints through our Integrity Line and other grievance channels. There were no incidents of discrimination or harassment, no severe human rights incidents (such as forced labor, human trafficking, or child labor) connected to our own workforce, including no cases of non-respect of the UN Guiding Principles, ILO Declaration, or OECD Guidelines. There were no related fines or penalties during the reporting period.

S2
Workers in the Value Chain

As a fabless semiconductor company, Nordic relies on a global network of specialized partners for manufacturing across Asia and Europe. We recognize that fair and respectful treatment of workers within this complex supply chain strengthens our business resilience and reputation while meeting customer and regulatory expectations.

Impacts, risks, and opportunities

S2-ESRS 2 SBM-3 Material impacts, risks, and opportunities and their interaction with strategy and business model
The materiality assessment identified the following material impacts, risks, and opportunities related to workers in Nordic's value chain, including working conditions, equal treatment and opportunities for all, and other work-related rights.

This disclosure covers all materially affected value chain workers. This includes workers in our upstream supply chain (raw material extraction and processing), downstream operations (logistics and distribution), workers provided by third parties, and workers in our joint venture with Quintauris GmbH, where we have 20% ownership.

		Location in Value chain			Time horizon		
		Upstream	Own operations	Downstream	Short-term	Medium-term	Long-term
Labor rights and safety risks in the upstream supply chain	Potential negative impact	●			●	●	
Gender disparities in Tier 1 factories	Potential negative impact	●			●	●	●
Unsafe working conditions for transport workers	Potential negative impact	●		●	●		
Worker safety and forced labor risks in Tier 1 suppliers	Potential negative impact	●			●	●	

Material impacts
These impacts are predominantly systemic challenges across the semiconductor industry's global supply chain rather than isolated incidents. As the industry transitions toward greener operations and increased automation, we anticipate potential impacts on workforce requirements and skills needed throughout our value chain.

Labor rights and safety risks in the upstream supply chain
Workers in the furthest upstream segments of the semiconductor industry's supply chain may face various challenges. These activities, several tiers removed from our direct suppliers, include mineral extraction (copper, tin, gold, tungsten) and initial processing. These activities carry heightened risks of child and forced labor, particularly in conflict-affected regions like the Democratic Republic of the Congo (DRC) and surrounding countries for tin, tantalum, tungsten, and gold (3TG) minerals, and in parts of Asia for processing operations. In these upstream operations, workers may be exposed to hazardous conditions, including heavy machinery operation, chemical handling, toxic dust exposure, and underground work. At these levels of the supply chain, there are increased risks of insecure employment, extended working hours, and inadequate wages. Vulnerable groups, especially migrant workers and children, face heightened risks of exploitation. These systemic issues are common across the semiconductor industry's raw material supply chains well before materials reach our direct suppliers.

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These risks may affect our business model through potential supply chain disruptions and increased sourcing costs. As semiconductor manufacturing shifts toward automation and green technology, we anticipate adjusting our supplier selection and pricing strategies to ensure a stable, responsible supply.

Gender disparities in Tier 1 factories
Industry assessments, including Responsible Business Alliance (RBA) data, indicate that semiconductor manufacturing facilities may show certain gender distribution patterns where operator positions are predominantly held by female workers, while engineering and management positions are mainly held by male workers. This pattern affects workers at contract manufacturers and testing facilities, particularly in Asia. The disparity, combined with limited advancement opportunities for female workers, creates a risk of discrimination and potentially impacts worker well-being and retention.

These workforce imbalances impact our business model through potential productivity losses and increased turnover costs. As the industry faces growing skill shortages, addressing gender disparity becomes increasingly critical for maintaining manufacturing capabilities and innovation capacity.

Unsafe working conditions for transport workers
Workers in the semiconductor industry logistics operations may encounter occupational considerations that are common to the transportation industry. These impacts primarily affect third-party logistics providers and their subcontractors, with particular attention needed for temporary or contracted workers.

These safety risks pose challenges to our business model through potential delivery delays and increased logistics costs. As global supply chains become more complex, we anticipate growing pressure on transportation networks and worker safety considerations.

Worker safety and forced labor risks in Tier 1 suppliers
Semiconductor manufacturing environments involve specific safety considerations that facilities address through established industry protocols. This includes working with specialized equipment, materials, and chemicals in manufacturing, testing, and assembly operations. The industry's global nature also means the workforce often includes migrant workers, particularly in key manufacturing locations across Asia, requiring attention to accommodation and recruitment practices.

These risks may influence business operations through production disruptions, quality issues, and reputational damage. As industry standards and regulatory requirements evolve, we anticipate increased scrutiny of labor practices and safety conditions in semiconductor manufacturing.

Impact, risk, and opportunity management

S2-1 Policies related to value chain workers

Nordic's approach to value chain workers is guided by its Corporate Social Responsibility Policy, which addresses our identified material impacts. These include labor rights and safety risks in the upstream supply chain, worker safety and forced labor risks in Tier 1 suppliers, gender disparities in manufacturing facilities, and working conditions for transport workers. The policy outlines the company's approach to responsible and ethical business practices, addressing risks related to labor practices, human rights, worker safety, and environmental responsibility across the value chain.

The Corporate Social Responsibility Policy addresses labor rights and safety risks, as well as forced labor risks, by prohibiting forced labor, child labor, and human trafficking. This also ensures protection against retaliation for those reporting concerns of misconduct. The policy aligns with the International Bill of Rights, core International Labour Organization conventions, and the UN Guiding Principles on Business and Human Rights.

The policy requires manufacturing suppliers to sign adherence to the RBA Code of Conduct, with an obligation to cascade these requirements to their next tier of suppliers. Nordic does not maintain a separate supplier code of conduct; the RBA Code of Conduct serves as our supplier code of conduct. Addressing worker safety risks and gender disparities, the Code covers worker safety, precarious work conditions, and the use of short-term contracts, third-party employment arrangements, and subcontracted labor. These provisions align with ILO standards and international frameworks, with provisions addressing informal work arrangements.

Nordic has further developed a Human Rights Policy that provides a framework for its human rights program, addressing all identified material impacts through systematic due diligence. This policy complements the Corporate Social Responsibility Policy and aligns with the requirements of the Norwegian Transparency Act. The Human Rights Policy includes guidance on human rights due diligence processes and approaches to identifying, preventing, and mitigating potential human rights impacts throughout the value chain. In accordance with the Norwegian Transparency Act, Nordic's Human Rights Statement for 2024 will be available on our website at www.nordicsemi.com/Corporate-Social-Responsibility/Policies-and-Statements.

The Conflict Minerals Policy specifically addresses labor rights and safety risks in the upstream supply chain by outlining requirements ensuring the supply chain remains free from materials that finance or benefit armed entities. This policy follows the OECD Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas. The policy scope covers our entire upstream supply chain involved in sourcing and processing of 3TG, with a particular focus on conflict-affected and high-risk areas, including the DRC and adjoining countries. The policy applies to all relevant suppliers who must adopt similar policies and due diligence measures throughout their own supply chains.

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The Chief Executive Officer is accountable for the implementation of the Human Rights Policy, while the Senior Vice President of Quality and Executive Vice President of Supply Chain are accountable for implementing the Corporate Social Responsibility Policy and Conflict Minerals Policy, respectively. We monitor policy implementation through RBA audits, worker feedback, and grievance procedures, with remediation processes for any identified issues. During the reporting period, no actual negative human and labor rights impacts were identified, and there were no reported cases of non-respect of the UN Guiding Principles, ILO Declaration on Fundamental Principles and Rights at Work, or OECD Guidelines for Multinational Enterprises in our upstream or downstream value chain. However, going forward, we plan to strengthen our ability to detect salient human rights issues.

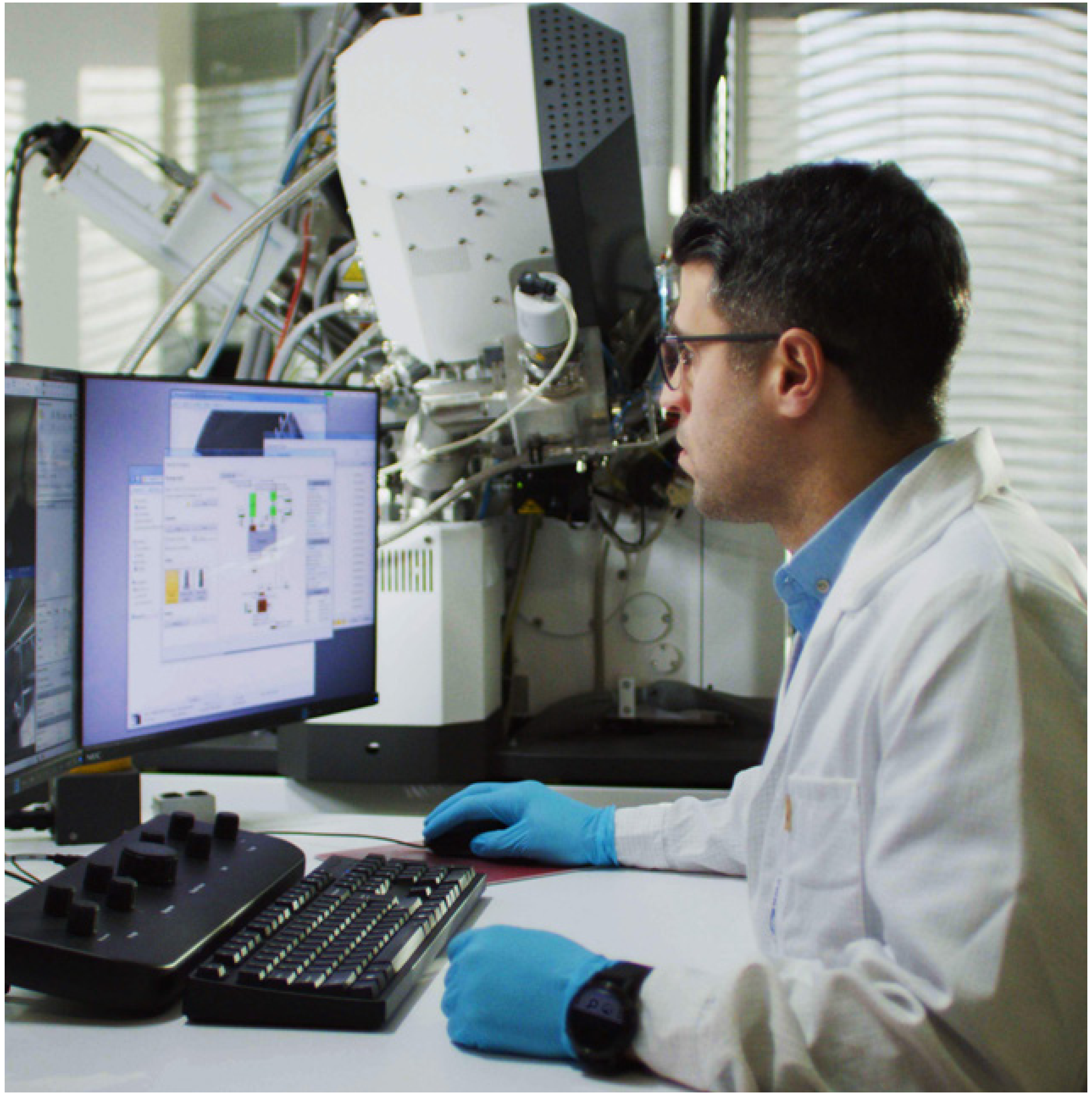
Training and awareness

Nordic's policies are available in English on the company's public website. In 2024, employees in Supplier Development and Procurement units received training on policy implementation and compliance.

S2-2 Processes for engaging with value chain workers about impacts

Nordic engages with value chain workers through a structured human rights due diligence process that aligns with the OECD Guidelines and the Norwegian Transparency Act. Engagement is facilitated through established industry frameworks, including the RBA framework and participation in the UN Global Compact initiative.

Our engagement strategy includes systematic supplier assessments using a comprehensive human rights questionnaire, which informs our supplier management decisions and improvement actions. The engagement occurs through questionnaires and worker interviews at key stages: initial supplier onboarding, annual assessments, regular RBA audit cycles, and when addressing specific identified issues. The engagement primarily takes the form of consultation through questionnaires and worker interviews during RBA



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audits. These assessments are conducted in planned batches, with a standard two-week response period for questionnaires covering labor rights, workforce management, and supplier management practices. The questionnaire includes sections tailored to different supplier categories, including electronics manufacturing services (EMS) and logistics providers.

Our human rights questionnaire includes specific sections to understand the situation of potentially vulnerable workers in our value chain, including migrant workers, young workers, and workers requiring accommodation. The questionnaire examines practices related to recruitment fees, document retention, non-discrimination policies, and living conditions where applicable. This approach shall help identify areas for consideration on different worker categories within the industry.

The Supply Chain department assesses suppliers on health and safety, labor practices, working hours, and employment conditions, using findings to prioritize engagement and stakeholder dialogue.

The Executive Vice President of Supply Chain oversees supplier-related engagement processes, while the Head of Compliance has day-to-day responsibility for overseeing the effectiveness of human rights due diligence activities. For public inquiries about our human rights program, Nordic has established a structured channel through our Integrity Line platform with a dedicated pathway separate from grievance reporting mechanisms. The ESG Reporting Specialist processes these requests within three weeks of receipt, with a possible extension to two months if the request requires extensive information gathering.

While Nordic has not established Global Framework Agreements with global union federations, the Company maintains engagement through multilateral initiatives such as the RBA and UN Global Compact. These platforms provide structured opportunities for dialogue about worker impacts and concerns.

To measure the effectiveness of our engagement, we maintain documentation of supplier assessments, track questionnaire responses, and monitor the resolution of identified issues. This systematic approach allows us to evaluate the impact of our engagement efforts and inform future assessment priorities.

Feedback gathered through these assessments during this reporting year will inform us of our improvement plan for 2025.

S2-3 Processes to remediate negative impacts and channels for value chain workers to raise concerns

Nordic maintains processes aligned with the UN Guiding Principles and OECD Guidelines to address potential impacts on value chain workers. Where adverse impacts are identified, the Company maintains response procedures, either directly in cases where we cause or contribute to or by applying influence on suppliers and business partners where impacts are directly linked to our business relationships.

Our primary channel for raising concerns is the Integrity Line platform, a third-party system that enables both internal and external stakeholders, including value chain workers, to report concerns securely and confidentially. The whistleblower program features a robust case management framework that documents case progress, including all steps taken and outcomes achieved. To protect those who speak up, the system allows for anonymous reporting, and Nordic maintains a strict no-retaliation policy for anyone raising concerns in good faith.

Through our supplier engagement processes, particularly the human rights due diligence questionnaire, we assess whether our business partners have appropriate grievance mechanisms in place for their workers. The assessment examines whether suppliers maintain channels for reporting concerns, including provisions for external and anonymous reporting, and whether they have established procedures for remediation.

Our grievance mechanism is monitored for accessibility, transparency, and fairness in line with UN Guiding Principles. While we provide confidential and anonymous reporting, we have not yet implemented a process to assess worker awareness of and trust in these structures. Developing such an assessment process is part of ongoing program development in our grievance mechanism framework.

All reported concerns follow our Reporting and Handling of Concerns procedure, which provides clear timeframes for responses and ensures confidential handling of all cases. The Head of Compliance oversees this process, including the review process for reported concerns.

S2-4 Taking action on material impacts on value chain workers, approaches to managing risks and pursuing opportunities related to value chain workers, and effectiveness of those actions

During 2024, Nordic has implemented several key actions to address our identified material impacts. To address labor rights and safety risks in the upstream supply chain and worker safety and forced labor risks in Tier 1 suppliers, we have implemented a supplier assessment framework with an enhanced human rights questionnaire. This questionnaire also addresses unsafe working conditions for transport workers through specific sections for logistics operations, and gender disparities through questions about equal opportunity practices. The assessment is being systematically implemented using a batch-wise approach, with questionnaires distributed to both our first batch of critical suppliers and selected companies in a second batch.

Our process for identifying necessary actions is integrated into our human rights due diligence framework, utilizing KPMG's HRDD tool for high-level risk assessments. When potential impacts are identified through supplier assessments or RBA audits, the Supply Chain department evaluates appropriate responses based on the nature and severity of the impact.

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These activities are integrated into our regular operations and supplier management processes, with resources allocated through our Supply Chain department and Compliance unit. Implementation of these activities in 2024 has been achieved within our regular operational budget without requiring significant additional OpEx or CapEx expenditure. Regular training and capacity building ensure our teams are equipped to manage these processes effectively.

To address risks in our upstream supply chain, we have strengthened our engagement with RBA member suppliers. Addressing unsafe working conditions for transport workers, we have completed a systematic mapping of our major IC transportation providers through our supplier management system. Our conflict minerals program, which addresses labor rights risks in the upstream supply chain, has been enhanced through updated workflow processes and expanded assessment of high-risk materials. During the reporting period, no severe human rights issues or incidents have been reported in our upstream or downstream value chain.

We mitigate risks through RBA Code adherence, corrective action tracking, and regular supplier dialogue. Effectiveness is evaluated through follow-up assessments and performance reviews.

To avoid the negative impacts of our own practices, we integrate human rights considerations into our supplier selection and engagement processes. This includes setting realistic delivery timelines and maintaining clear communication channels with suppliers to address potential concerns before they escalate.

Progress is monitored through:

- Supplier questionnaire responses and completion rates
- Verification of corrective actions
- Industry standard verification processes
- Enterprise Risk Management (ERM) framework
- Regular reporting to senior management

To date, addressing worker safety and forced labor risks, all our Tier-1 manufacturing suppliers have established their own corporate social responsibility policies and committed to cascading RBA Code requirements to next-tier suppliers. While no situations requiring specific remediation were identified during the reporting period, we maintain remedy processes with defined documentation requirements, response timeframes, and review procedures to ensure effective handling of any cases that may arise.

For 2025, we will strengthen our supplier monitoring and labor conditions assessment, maintaining a focus on identified material impacts within our existing operational framework.

Performance, metrics, and targets

S2-5 Targets related to managing material negative impacts, advancing positive impacts, and managing material risks and opportunities

While Nordic is developing specific targets for impacts on value chain workers, we track policy and action effectiveness using 2024 as our baseline year.

Our current objectives are aligned with the Norwegian Transparency Act requirements and RBA framework, focusing on three areas: human rights framework development, partner risk assessments, and conflict minerals reporting.

Progress is tracked through:

- Human rights questionnaire responses
- RBA membership, audit records, and questionnaire data
- Conflict minerals reporting through RMI templates

These metrics are regularly reviewed in management meetings.

While we recognize the need to establish more specific targets that include defined baseline values, clear timeframes, specific measurement methodologies, and quantitative performance metrics, these will be developed as part of our ongoing human rights due diligence framework enhancement.

Entity-specific metrics: value chain workers

In 2024, we tracked the following metrics:

Metric	2024 value	Methodology & Limitations	External validation
Supplier assessment coverage	Batch 1: 8 Batch 2: 10	Based on the supplier management system using KPMG's HRDD tool for risk assessment; self-reported data	None
RBA Code commitment	100%	Direct verification of signed commitments; measures commitment only	RBA membership verification
RMI membership	70%	RMI member directory verification	RMI verification
Conflict minerals reporting	100%	RMI reporting template completion; based on supplier declarations	RMI conformant smelter verification

Supplier assessment coverage = number of suppliers in human rights questionnaire assessment

RBA Code commitment = % of tier-1 manufacturing suppliers with signed RBA Code

RMI membership = % of manufacturing partners with active RMI membership

Conflict minerals reporting = % of standard products with complete reporting

S4
Consumer and End Users

As a leading provider of ultra-low-power IoT connectivity solutions, we enable sustainable applications across healthcare, agriculture, and resource management that benefit millions of end-users through improved data access and resource efficiency. While driving innovation in low-power connectivity and sustainable IoT solutions, we maintain stringent security standards in our product design to protect users' data integrity and build lasting trust with our B2B customers.

Impacts, risks, and opportunities

S4-ESRS 2 SBM-3 Material impacts, risks, and opportunities and their interaction with strategy and business model

Our business model of developing ultra-low-power connectivity solutions directly influences how we create both positive impacts and manage risks for consumers and end-users. By integrating sustainability into our strategy through our four focus areas, particularly ultra-low power connectivity and sustainable IoT solutions, we contribute to applications that enhance resource management, healthcare monitoring, and agricultural efficiency. Simultaneously, our strategy emphasizes security-by-design principles as our products become increasingly integrated into critical and data-sensitive applications throughout our downstream value chain.

Our materiality assessment, therefore, identified the following material impacts, risks, and opportunities related to consumers and end-users.

		Location in Value chain			Time horizon		
		Upstream	Own operations	Downstream	Short-term	Medium-term	Long-term
Enhancing sustainability for customers with low-energy products	Potential positive impact and opportunity	●	●	●	●	●	●
Product security vulnerabilities expose users to cyber risks	Risk			●	●	●	

All materially affected consumers are included in the scope of this disclosure.

Material impacts

Enhancing sustainability for customers with low-energy products

Our core business model of designing ultra-low-power IoT connectivity solutions creates downstream positive impacts concentrated in sectors including agriculture, healthcare, and resource management. Through our value chain, we partner with product builders (many of whom serve consumer markets) to integrate our solutions into end products that directly benefit users through improved data access and resource efficiency. The impacts originate from our strategic focus on ultra-low-power and sustainable IoT solutions, with effects expected to materialize in the short to medium term through our direct product development activities.

To enhance these positive impacts, we continuously invest in R&D to improve power efficiency and expand application possibilities. Our solutions particularly benefit users in remote areas who rely on battery-powered devices for essential services, as well as organizations seeking to reduce their environmental impact. These positive impacts are global in scope but have particular significance in regions with limited power infrastructure or acute resource management challenges.

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Material risks and opportunities
Enhancing sustainability for customers with low-energy products
The growing demand for energy-efficient IoT solutions presents a significant opportunity aligned with our strategic focus on ultra-low power connectivity. This opportunity directly connects to our business model of integrating sustainability into an overall strategy to drive innovation and foster long-term growth. Our established expertise in low-power design and our strategy of focusing on ultra-low power and sustainable IoT solutions positions us to capture an expanding market share across sectors prioritizing sustainability. This opportunity particularly benefits end-users who depend on accurate product specifications and performance data for their applications, including medical device manufacturers requiring precise power consumption data, smart agriculture operators needing reliable battery life information, and resource management systems operators dependent on detailed technical documentation. The opportunity spans our entire value chain, from product development to end-user applications, with the potential for sustained growth over the medium to long term through increasing adoption of IoT solutions for sustainable applications.

Product security and end-user data protection risks
This risk is concentrated in our downstream value chain, where our IoT solutions are integrated into devices processing sensitive user data. Our business model of providing connectivity solutions for applications like health monitoring, smart homes, and industrial control systems makes product security and data protection a systemic risk across our global markets.

The anticipated effects include potential large-scale disruption of services and compromised user privacy, particularly affecting vulnerable users such as people using medical monitoring devices (like continuous glucose monitors), children using connected devices, and operators of critical infrastructure. This risk has shaped our strategic focus on security-by-design principles and influences our R&D investment priorities and product development strategy. The increasing use of our products in data-intensive applications, combined

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with a growing regulatory focus on cyber resilience and data privacy, makes this a critical focus area for our risk management approach.

The current financial effects of this material risk include continued investments in security certifications and vulnerability management systems. In the short term (within 12 months), we anticipate additional expenditure for implementing a new vulnerability tracking system and security training modules. These investments are expected to generate cost efficiencies through reduced incident response time and improved security resilience.

Impact, risk, and opportunity management

S4-1 Policies related to consumers and end-users

Nordic's approach to protecting consumers and end-users is governed by our Information Security Policy, ISMS Secure Development Policy, and Quality Policy, with dedicated product security policies currently being formalized. These policies address our material risk of product security vulnerabilities, exposing users to cyber risks, covering both our own operations and downstream value chain where our solutions are integrated into end-user devices.

Based on our materiality assessment, Nordic has not identified material impacts on human rights of consumers and end-users beyond the product security considerations addressed in our policies.

The policies establish security requirements that are aligned with the Platform Security Architecture (PSA) initiative by Arm and Security Evaluation Standard for IoT Platforms (SESIP) methodology standards. They encompass our secure development lifecycle processes and vulnerability management through Nordic's Product Security Incident Response Team (PSIRT), applying to all product development activities and customer interactions globally. Policy implementation is monitored through customer feedback loops, security assessments, and our ISO 27001-certified information security management system.

Our Product Security Director and R&D Security Programs Manager hold senior-level accountability for implementation, supported by business line management. The policies align with the UN Guiding Principles on Business and Human Rights regarding data privacy and security, with no reported cases of non-compliance in our downstream value chain. All policies are published on internal channels and communicated to affected stakeholders. Policy effectiveness is regularly evaluated through our established monitoring processes.

Our human rights commitments related to consumers and end-users, including processes and mechanisms to monitor compliance with the UN Guiding Principles and OECD Guidelines for Multinational Enterprises, are described in detail in S2-1 Policies related to value chain workers.

Our Quality Policy commits to customer satisfaction and profitability through meeting quality objectives: delivering products on time and without defects, communicating clearly with stakeholders, complying with applicable standards and regulations, and continuously reducing waste in processes. This policy, along with our R&D policies, guides our development of ultra-low-power products, supporting our positive impact through sustainable IoT applications. Implementation is monitored through customer feedback and product performance metrics under the oversight of our Quality Systems & Environment Group Manager.

S4-2 Processes for engaging with consumers and end-users

Product security and quality engagement

Nordic engages with customers and end-users through an integrated approach that handles all product-related information through standardized channels. This engagement aligns with our broader human rights due diligence framework and complies with the UN Guiding Principles and OECD Guidelines.

We maintain multiple engagement channels, including:

- Annual customer satisfaction surveys: Targeting existing customers and distributors to gather structured feedback on product performance and satisfaction.
- Ongoing direct communication: Regular engagement with key account customers to monitor performance and address concerns.
- Continuous support through DevZone: Offering a 24-hour response time on working days for technical inquiries and feedback.
- Direct communication with the Field Quality Group: Engaging with customers on quality-related topics.

To further enhance our engagement, we are developing a product information notification system (PINS), which will consolidate all customer-facing information into a unified portal.

Stages and frequency of engagement

Our engagement activities span several key stages of the product lifecycle:

- Development stage: Customer and end-user input is solicited during product design and prototyping through direct communication with key accounts and targeted consultations. This stage involves feedback sessions using engineering samples—physical prototypes that function but have not undergone formal testing or calibration, intended solely for engineering purposes.
- Post-launch stage: Feedback is collected through annual customer satisfaction surveys and ongoing communication with key accounts to assess product performance and identify potential improvements.
- Ongoing use stage: Real-time support is provided through DevZone and direct contact with the Field Quality group to address immediate concerns and ensure product reliability.

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Effectiveness and continuous improvement

The effectiveness of these engagement processes is assessed through management review meetings, which have led to the development of our User Experience program, focusing on feedback from surveys and evolving technologies. Regular Executive Management Team (EMT) review meetings evaluate the alignment of product development outcomes with stakeholder expectations.

Additionally, the Head of Compliance oversees our whistleblower channels, ensuring stakeholders can raise concerns about product or service-related issues.

Nordic also participates in industry forums to understand how our low-power solutions enable sustainable applications in their end markets. These insights are gathered through established channels, including customer satisfaction surveys and Key Account discussions, which further inform us of our sustainability efforts and product strategies.

S4-3 Processes to remediate negative impacts and channels for consumers and end-users to raise concerns

Nordic has established processes to address and remediate negative impacts on customers and end-users through our PSIRT. Our incident handling process has received Security Assurance certification through Common Criteria evaluation, validating our systematic approach. The team assesses reported vulnerabilities using the Common Vulnerability Scoring System (CVSS), with a structured workflow from initial reporting to resolution. Security vulnerabilities can be reported through our public reporting form, which does not require a login, making it easily accessible to all users. Additionally, we maintain a bug bounty program to encourage and reward vulnerability reporting.

Trust in these vulnerability reporting channels is demonstrated through active reporters and partners reaching out through our public reporting form, participation in our bug bounty program, and the quality of the vulnerability reports received. All reports are handled with appropriate confidentiality and a collaborative disclosure approach through our PSIRT process.

When vulnerability is reported, PSIRT follows a systematic process: create a case, perform an initial assessment, evaluate severity and impact, develop mitigation measures, and communicate with affected parties. For hardware vulnerabilities requiring escalation, emergency PSIRT meetings are convened. We support our business customers by communicating vulnerabilities to Nordic Sales and customers, providing standardized security advisories when applicable, and notifying customers about available mitigation measures or patches.

Our whistleblower program, detailed in G1-1 section, provides an additional channel for broader concerns, ensuring confidentiality and anonymous reporting. All vulnerability cases are tracked through our system from initial report to resolution, with case status and references maintained on our public web platform.

S4-4 Taking action on material impacts on consumers and end-users, approaches to managing risks and pursuing opportunities related to consumers and end-users, and effectiveness of those actions

Policy objectives and strategic context

Our consumer and end-user protection policy is grounded in three key objectives:

1. Ensuring comprehensive product security and data protection
2. Minimizing risks through proactive design
3. Creating positive value through sustainable and responsible IoT solutions

Process and approach

Our security development process is directly aligned with these policy objectives, identifying necessary actions through systematic threat modeling and risk assessment at each product development stage. We take a proactive approach to preventing negative impacts through security-by-design principles and comprehensive vulnerability assessment before product release. To ensure effective remediation, we follow standardized PSIRT procedures for evaluating and addressing reported vulnerabilities, with a commitment to continuous improvement in product security and data protection.

2024 actions and effectiveness

In 2024, we continued strengthening our product security and data protection through a systematic approach, marked by achieving Security Assurance certification for several processes, including our incident handling. We maintain a bug bounty program to proactively identify potential vulnerabilities, demonstrating our commitment to transparency and continuous security improvement. To rigorously assess the effectiveness of these actions, we track:

- Security certification assessments
- Bug bounty program results
- Vulnerability response performance
- Customer feedback on security measures

Strategic context for opportunities

We are actively pursuing opportunities to expand our market presence by leveraging our expertise in ultra-low-power IoT connectivity solutions. Our actions include continuous investment in R&D to enhance power efficiency and support critical sectors' evolving needs. We are developing targeted strategies to support end-users in technology-intensive fields, focusing on applications that demand precise, reliable connectivity.

Our current approach centers on developing solutions for sectors with complex technological requirements, including medical device manufacturing, smart agriculture, and resource management systems. These targeted strategies aim to create value by addressing specific challenges in each domain, demonstrating the potential of our innovative connectivity technologies.

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Opportunity development and limitations

While we recognize the opportunity to enhance sustainability through low-energy products, we currently do not have specific actions beyond our ongoing R&D investments. Our continuous product development inherently supports this opportunity, but we have not yet formalized dedicated actions. We aim to develop more targeted actions in our next reporting period as we further quantify and strategize around our positive impact on sustainable IoT applications.

Time horizons and regulatory preparation

Our key actions related to product security and data protection have defined time horizons. We aim to implement a systematic vulnerability notification system by the end of 2025, with interim milestones for developing and testing the system throughout the year. In preparation for the EU Cyber Resilience Act implementation, we have set a medium-term horizon of 2 years to fully align our security management systems and infrastructure with upcoming regulatory requirements.

We are actively working to enhance our ability to provide security updates and ensure robust product security resilience, particularly as we prepare for the EU Cyber Resilience Act implementation. No severe human rights issues or incidents related to product security were reported in 2024.

These initiatives require ongoing operational investments in our bug bounty program and security certification processes, as well as capital investments in developing new security management systems and infrastructure. We confirm that the implementation of our action plan for product security and data protection does not require significant additional operational expenditures (Opex) and/or capital expenditures (Capex) beyond these standard ongoing investments.

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Performance, metrics, and targets

S4-5 Targets related to managing material negative impacts, advancing positive impacts, and managing material risks and opportunities
Nordic has established a time-bound target to help us measure progress on our product security and data protection policy objectives. This target, developed in consultation with our PSIRT, directly supports our commitment to protecting consumers and aligns with industry standards and upcoming regulatory requirements, such as the EU Cyber Resilience Act.

To strengthen our vulnerability management capabilities, we aim to implement a systematic tracking system by the end of 2025 that will monitor our performance against our established response time target: 90 days for software vulnerabilities and 180 days for hardware vulnerabilities (absolute target). This target was carefully designed to reflect our policy objectives of proactive security management and comprehensive data protection.

The target covers all reported vulnerabilities across our global product portfolio and downstream value chain while accounting for exceptions due to protocol embargoes or open-source dependencies. We will establish baseline measurements in 2025 when the tracking system is implemented, ensuring a robust and transparent approach to measuring our security performance.

While we have not yet established specific, measurable targets for our positive impacts through sustainable IoT applications, we are developing a comprehensive tracking approach. Our defined level of ambition is to quantify our contribution to sustainable applications across critical sectors. We are considering quantitative indicators that will help us assess our impact, such as:

- Number of low-power IoT solutions deployed in sustainability-critical applications
- Estimated energy savings enabled by our technologies
- Potential environmental impact reduction

We plan to establish 2025 as our baseline year for these measurements, with the aim of developing more precise, outcome-oriented targets in our next reporting period. This approach will allow us to systematically evaluate our progress in creating meaningful technological solutions that address critical societal and environmental challenges.

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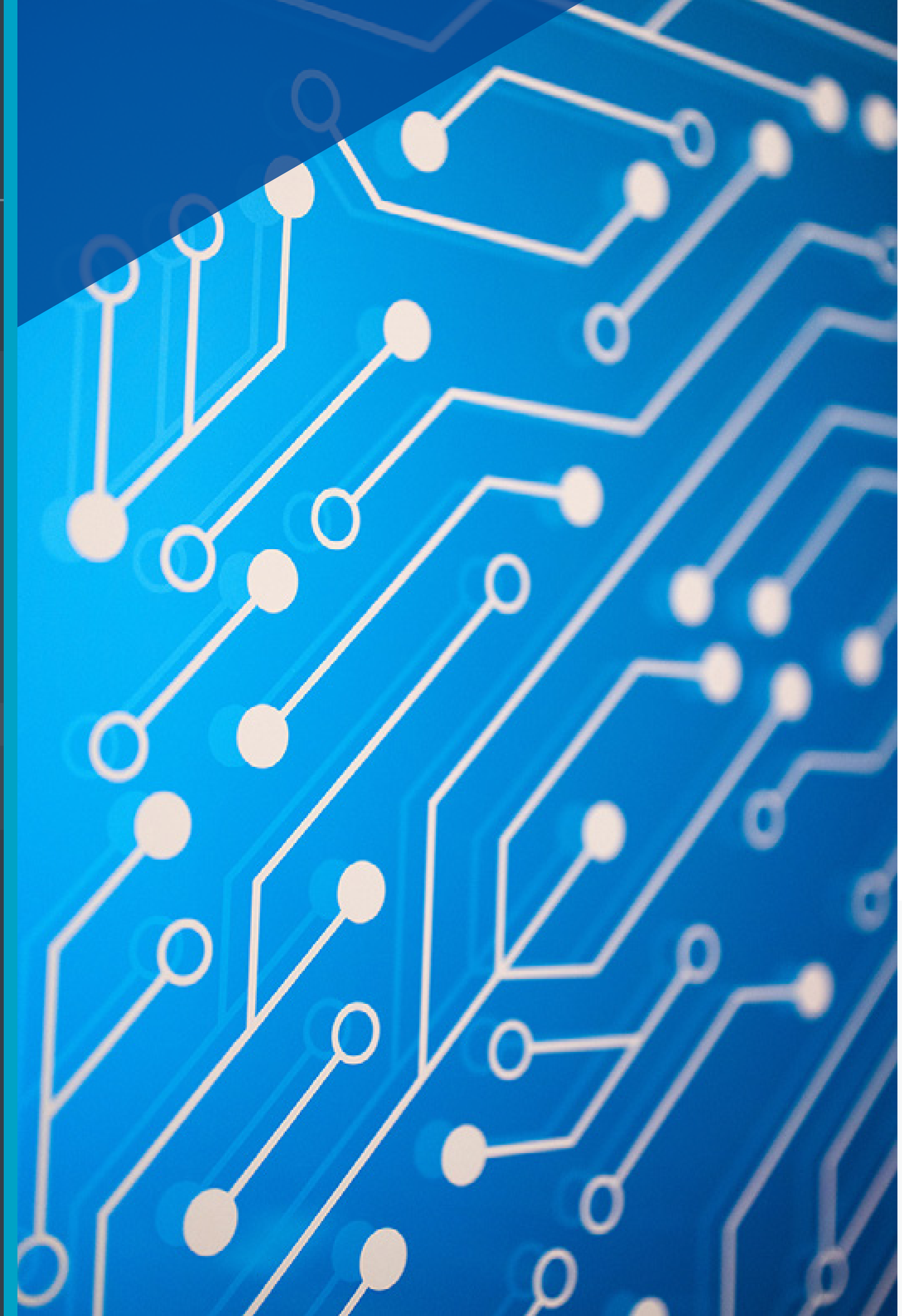

Governance

Nordic is committed to upholding applicable laws, regulations, and ethical business standards. Our corporate governance framework provides clear structures for decision-making, risk management, and accountability to ensure we achieve our strategic objectives responsibly. Transparent governance aligns the interests of shareholders, employees, customers, business partners, and other stakeholders, fostering long-term value creation while minimizing business risk. This framework also ensures effective oversight of resource allocation, balancing growth objectives with sustainable business practices.

129 G1 Business conduct

G1
Business conduct

Our commitment to ethical business conduct and responsible partnerships aligns with our mission of connecting the world to a sustainable future while enabling us to drive innovation and create lasting value across our value chain. As a fabless semiconductor company, we strive to uphold strong standards of integrity in collaboration with our suppliers, employees, and customers to foster sustainable IoT solutions that positively impact society and the environment while creating value for our shareholders.

Material impacts, risks, and opportunities

G1-ESRS 2 SBM-3 Material impacts, risks, and opportunities and their interaction with strategy and business model
The materiality assessment identified the following impacts, risks, and opportunities relating to business conduct to be material to Nordic.

		Location in Value chain			Time horizon		
		Upstream	Own operations	Downstream	Short-term	Medium-term	Long-term
Building a strong and transparent corporate culture	Opportunity		●		●	●	
Cybersecurity risks across the value chain	Risk and Potential negative impact	●	●	●	●	●	
Protecting whistleblowers from retaliation risks	Potential negative impact		●		●	●	
Corruption risks in global operations and partnerships	Risk	●	●	●	●	●	
Mitigating reputational damage through corporate culture development	Risk		●		●	●	

Material impacts and associated risks
Cybersecurity risks across the value chain
Nordic's position as a semiconductor design company handling sensitive intellectual property creates inherent cybersecurity vulnerabilities that directly affect our business model and stakeholders. For employees, cybersecurity incidents can severely impact their ability to perform daily tasks due to system inaccessibility and create stress around data privacy. For business partners and customers, breaches could compromise confidential information and intellectual property.

The current financial implications include our ongoing security infrastructure investment, representing approximately 20% of our IT budget. Our strategy's resilience is demonstrated through regular testing of our security posture through hypothesis-based threat hunting and external attack surface monitoring. Our security awareness campaign achieved a 96% completion rate in 2024, with security incidents tracked through both our internal system and SOC for comprehensive monitoring.

Protecting whistleblowers from retaliation risks
Nordic's business model, centered on developing proprietary technology solutions and maintaining complex supplier relationships, creates an inherent need for strong whistleblower protection. Retaliation against whistleblowers can create significant negative impacts for individuals, including psychological stress, workplace isolation, and potential economic hardship, while also potentially deterring others from reporting concerns.

We address this through comprehensive mechanisms in both direct operations and governance structures, with our Head of Compliance reporting directly to the Chief Executive Officer and Audit Committee. The financial implications include investment in secure reporting

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systems and investigation processes, balanced against the risk mitigation benefits of early issue detection.

Corruption risks in global operations
Operating in countries identified as high-risk on the Transparency International Corruption Perception Index exposes Nordic to potential corruption incidents through our business activities and partnerships. A corruption incident could result in significant fines and project delays, potentially compromising our ability to maintain crucial manufacturing relationships.

The current financial implications include compliance program costs and potential exposure to penalties. Our strategy's resilience is supported through systematic partner due diligence processes and regular risk assessments of our global operations, with over 95% completion rate for our Code of Conduct training across the organization.

Strategic opportunities and associated risks
Building a strong corporate culture
In the highly competitive semiconductor industry, where technical innovation is critical, our corporate culture presents a strategic opportunity to differentiate Nordic by nurturing our key intangible resource—our employees' specialized expertise. By fostering an environment that attracts and retains specialized talent, particularly in emerging IoT technologies, we can accelerate our cutting-edge IoT solutions while maintaining competitive advantage through reduced recruitment costs and increased innovation capacity.

The current financial benefits materialize through reduced recruitment costs and increased productivity, as evidenced by our strong engagement metrics. Our strategy's resilience is demonstrated through structured feedback mechanisms and measurable targets, including our Learning & Growth score target of 7.8 by 2025.

Mitigating reputational damage
The risk of reputational damage through cultural issues could impair Nordic's ability to attract and retain the talent needed for innovation. A degradation in corporate culture could lead to increased turnover costs and project delays, affecting our ability to maintain our position in the competitive semiconductor market.

The current financial exposure includes potential increases in recruitment costs and productivity losses. Our strategy's resilience is demonstrated through our annual engagement survey, which achieved an 87% response rate in 2024, and structured development programs that maintain strong scores in areas such as Zero tolerance of unethical behavior (9.0), Peer relations (8.9), and Acceptance (8.9).

Impact, risk, and opportunity management

Promoting a culture of integrity

G1-1 Business conduct policies and corporate culture
Approach to business conduct and corporate culture
Our business conduct is rooted in our membership in the Responsible Business Alliance (RBA) and our commitment to the UN Global Compact. Our Board's Audit Committee supervises compliance, while our Head of Compliance regularly reports to the Chief Executive Officer and Audit Committee. Our corporate culture is shaped and assessed through regular Board and Audit Committee reviews, frequent employee engagement surveys, town halls, and consultations with employee representatives. Annual appraisal discussions and integrity culture measurements emphasize the importance of leadership tone and a speak-up culture.

We are committed to continuously enhancing our corporate culture through targeted actions. These include developing leadership development programs, expanding our engagement survey insights, and implementing structured feedback mechanisms. Our actions aim to reinforce our speak-up culture, improve leadership effectiveness, and address potential cultural risks across our global operations. We have allocated specific resources to support these initiatives, with progress monitored through annual culture assessments and reporting to the Audit Committee.

Code of Conduct and anti-corruption
Nordic's Code of Conduct defines our standards for ethical business practices, covering information security, anti-corruption, human rights, and workplace conduct. Our Sales & Marketing department is identified as having a higher risk for corruption due to their external party interactions in high-risk jurisdictions. The Head of Compliance oversees implementation, reporting to the Board Audit Committee. We make our policies available through our website and intranet.

Information security and cybersecurity
Given our position as a semiconductor design company handling sensitive intellectual property, information security is critical to our business conduct. Our Information Security Policy, ISMS Secure Development Policy, and Quality Policy protect confidential information and technical data exchanged with manufacturing partners and customers. We invest approximately 20% of our IT budget in security measures, including external attack surface monitoring, data loss prevention initiatives, and threat detection services. We conduct regular hypothesis-based threat hunting and monitor security events through both our internal system and Security Operations Center (SOC), with our security awareness campaign achieving a 96% completion rate in 2024. Our broader approach to information security governance, including policies and implementation through our ISO 27001-certified management system, is detailed in section S4-1: Policies related to consumers and end-users.

We continuously enhance our cybersecurity capabilities through targeted actions, including expanding threat detection technologies, updating security awareness training, and improving our incident response protocols. These actions cover all global operations, with a focus on protecting our intellectual property and maintaining the integrity of our technological infrastructure. We have allocated our committed IT security budget to these cybersecurity initiatives, with ongoing monitoring and evaluation by our information security leadership.

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Investigation procedures

Beyond our whistleblower mechanism, we maintain distinct investigation procedures for business conduct incidents identified through management channels, audits, or compliance monitoring. These investigations follow a structured process, which is particularly important for addressing corruption risks and protecting whistleblowers. For medium- and high-risk cases, the Head of Compliance supervises investigation teams, which may include subject matter experts and external advisors when necessary.

Our investigation procedures are continuously refined to enhance their effectiveness and scope. We have implemented targeted actions to strengthen our investigative capabilities, including process improvements, additional training for investigation teams, and enhanced documentation protocols. These actions are designed to cover all global operations, with a focus on improving our ability to thoroughly and fairly investigate reported concerns while protecting whistleblowers. We have allocated specific compliance resources to support these improvements, with ongoing monitoring and evaluation by the Audit Committee.

Whistleblowing

Employees and external stakeholders can report concerns through various channels, including line management, HR Business Partners, and our Integrity Line system. Reports are managed according to our Reporting and Handling of Concerns Procedure, ensuring confidential investigation and protection against retaliation in accordance with EU Directive 2019/1937. Our process includes a seven-day acknowledgment, a three-month update timeline, and secure documentation with appropriate risk-based escalation.

We provide comprehensive whistleblower protection through our Code of Conduct's dedicated section on reporting concerns. Our approach includes multiple reporting channels, a commitment to zero tolerance for retaliation, and clear protections for those reporting in good faith. We offer training to employees on reporting procedures and provide guidance to staff receiving reports. Our Integrity Line allows for anonymous reporting, with strict confidentiality measures to protect individuals who speak up about potential misconduct.

Training and business conduct awareness

Our training framework focuses on building awareness of material business conduct risks, with mandatory Code of Conduct e-learning for all employees. In 2024, we achieved over 95% completion rate across the organization, including Executive Management Team (EMT) members, and delivered specialized compliance training to our Sales & Marketing department. We monitor training effectiveness through completion rates, engagement surveys, and case monitoring, with results reported to the Audit Committee.

Prevention of corruption and bribery

G1-3 Prevention and detection of corruption and bribery

Our prevention and detection procedures include corporate risk assessments, internal controls with clear delegation of authority, and business partner due diligence. Our anti-corruption program includes training tailored to different risk levels, with the Board and EMT receiving in-depth compliance updates and high-risk functions undergoing specialized training. Our Sales & Marketing department is identified as containing high-risk functions due to their frequent external interactions and transactional activities.

In 2024, Nordic rolled out a mandatory E-learning on our Code of Conduct, including anti-corruption, which more than 95% of all employees, including EMT members, completed. In addition, Nordic conducted targeted compliance training (trade compliance and anti-corruption) for the Sales & Marketing department, which contains the units with higher anti-corruption risks. This training was completed by 76% of the high-risk functions in addition to the Executive Vice President of Sales & Marketing.

Metrics and targets

G1-4 Incidents of corruption or bribery

Our metrics for corruption and bribery incidents are collected through comprehensive internal compliance monitoring, including a systematic review of internal reports, cross-verification with Legal & Compliance and People & Communication departments, and tracking of formal complaints and investigation outcomes.

Indicator	2024
Convictions for anti-corruption law violations	0
Fines for anti-corruption law violations (EUR)	0
Confirmed incidents of corruption or bribery	0
Employee dismissals/discipline for corruption	0
Business partner contracts terminated due to corruption	0
Public legal cases regarding corruption	0

As there were no breaches of anti-corruption procedures or standards, no remedial actions were required.

Entity-specific metrics: cybersecurity

We collect cybersecurity metrics through our comprehensive security monitoring system, combining internal incident tracking and Security Operations Center reporting. Our measurement approach focuses on tracking security awareness campaign completion and monitoring incident numbers. We acknowledge potential limitations in our current reporting, including variations in incident classification and the ongoing process of standardizing our tracking methods.

Metric	2024	Target
Security awareness campaign completion rate (%)	96	90
Security incidents by severity*:		
- High	0 + 10soc	NA
- Medium	1 + 24soc	NA
- Low	0 + 24soc	NA

* Incident data includes both manually tracked incidents and incidents reported through our Security Operations Center (SOC). We are working to fully integrate our incident tracking processes through SOC for more standardized classification in future reporting periods.

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Outlook

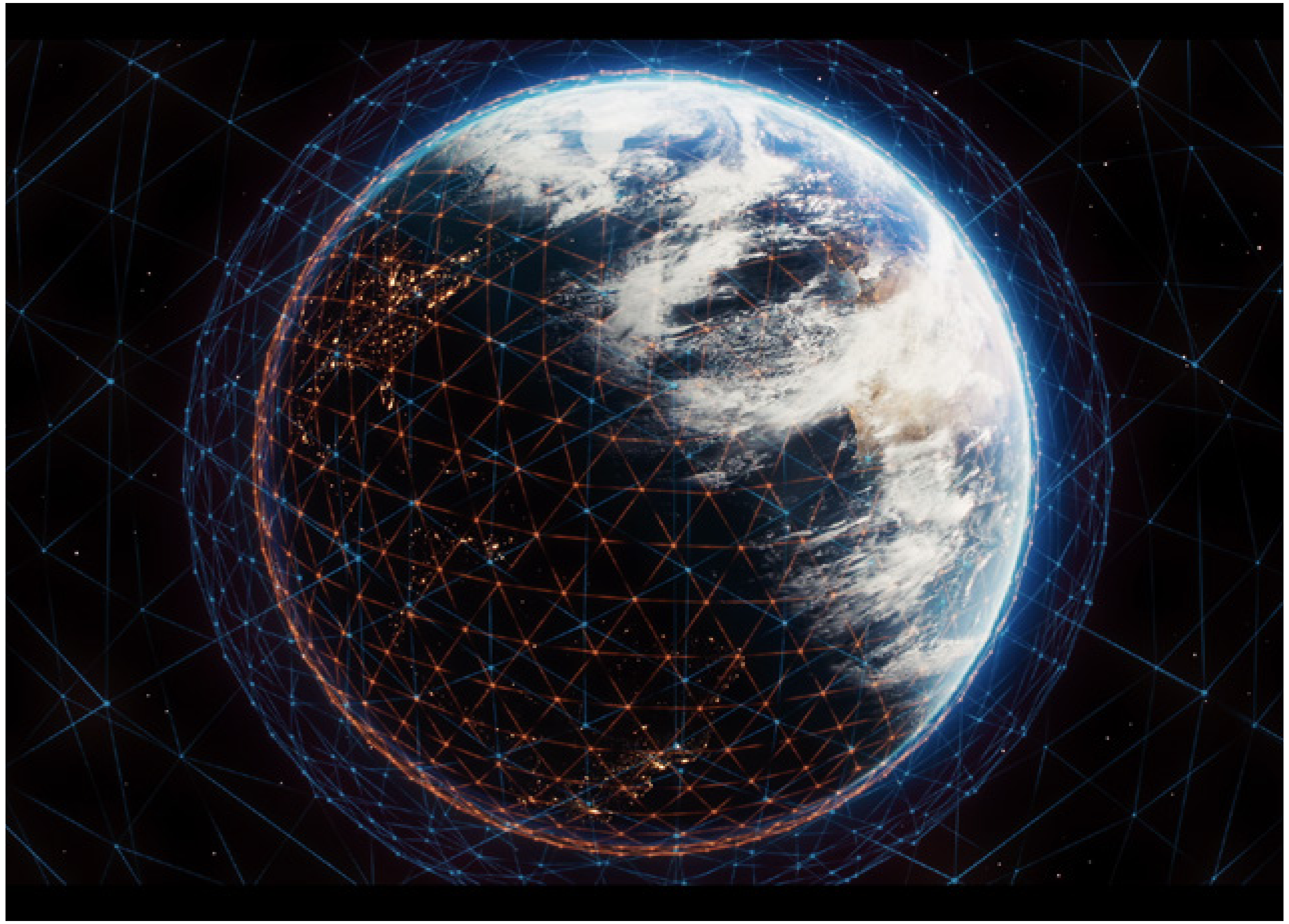
Over the past year, Nordic has undergone significant organizational reorganization, including the establishment of a new executive management team under CEO Vegard Wollan. With a clear focus on returning to growth and restoring profitability, the new management has implemented strategic measures to reduce costs, enhance efficiency, and allocate resources to target key growth areas across its four business units: Short-Range, Long-Range, Wi-Fi, and PMIC.

The Short-Range business unit remains the most mature and established, featuring market-leading solutions, long-standing relationships with global customers, and world-class customer support. With the launch of the groundbreaking nRF54 Series, Nordic is well positioned to drive significant growth in the years ahead.

The Long-Range business unit is scaling up, aiming to expand market penetration in asset tracking, metering, and industrial IoT. A key milestone in this strategy was the successful launch of the nRF9151 SiP in August, the lowest-power cellular IoT solution with industry-leading battery life. This launch aligns with Nordic's strategic plan to build critical mass and achieve profitability by 2028.

Meanwhile, the Wi-Fi and PMIC business areas remain in an early stage, making strong progress on key success factors such as product roadmap execution and design activity. By maintaining this momentum, Nordic is progressing on the plan to achieve profitability in these business units by 2028.

From a financial perspective, Nordic has set clear priorities and is committed to achieving its long-term ambitions, targeting an average annual revenue growth above 20% throughout the decade and progressing toward an operating model profitability of approximately 25% EBITDA within five years.



In the short term, the company expects revenue of USD 140-160 million for the first quarter of 2025, with a gross profit margin of approximately 50%, in line with its long-term financial targets.

Concluding remarks

The parent company Nordic Semiconductor ASA has a net deficit after tax of USD 47.8 million in 2024, compared to a loss of USD 16.0 million in 2023.

The entire deficit is attributable to the equity holders of the parent. Net deficit after tax corresponds with ordinary earnings of USD -0.25 and fully diluted earnings per share of USD -0.25 for 2024. This compares to ordinary and fully diluted earnings per share in 2023 of USD -0.08 and -0.08, respectively.

Nordic pursues an ambitious long-term growth strategy that requires significant investments in R&D, sales, and marketing. The Board of Directors recommends that Nordic maintains a solid balance sheet with a high equity ratio and a cash reserve that enables the company to continue driving its technology and product roadmap.

The Board of Directors will propose to the Annual General Meeting that the net deficit of the parent company is transferred to "Other equity", and that no dividend is distributed for 2024.

In accordance with the provisions of the Norwegian Accounting Act, the Board of Directors confirms that accounts have been prepared on a going-concern basis and that the going-concern assumption applies.

Oslo, March 19, 2025

Anita Huun
Anita Huun
Board member, Audit Com. Chair

Birger Steen
Chair

Inger Berg Ørstavik
Board member, Sustainability Com. Chair

Snorre Kjesbu
Board member

Vegard Wollan
Chief Executive Officer

Annastiina Hintsa
Board member, People and Compensation Com. Chair

Jon Helge Nistad
Board member, employee

Anja Dekens
Anja Dekens
Board member, employee

Morten Dammen
Morten Dammen
Board member, employee

Dieter May
Board member

Dr. Helmut Gassel
Board member

Monika Larsen
Monika Lie Larsen
Board member, employee

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Income statement

for the year ended December 31

GROUP				PARENT	
2024	**2023**	**Amount in USD 1000**	**Note**	**2024**	**2023**
511 415	542 869	Total Revenue	5	477 595	508 026
-269 446	-259 157	Cost of materials	6	-269 415	-259 158
241 969	283 712	Gross profit		208 179	248 868
-170 321	-152 990	Payroll expenses	7/8/12/22	-73 026	-61 443
-76 880	-81 691	Other operating expenses	9/13	-176 714	-174 914
-40 573	-44 329	Depreciation, amortization and impairments	6/13/12/14	-27 989	-33 710
-45 806	4 702	Operating profit		-69 550	-21 199
-260	0	Share of profit from associates	15	-260	0
11 177	9 726	Financial income	10/25/26	22 078	9 361
-12 118	-3 690	Financial expenses	10/14/25/26	-12 175	-3 364
3 819	1 358	Net foreign exchange gains (losses)	10/25	4 022	1 362
-43 189	12 096	Profit before tax		-55 885	-13 841
4 685	-4 447	Income tax expense	11	8 107	-2 116
-38 504	7 650	Net profit after tax		-47 779	-15 957
		Attributable to:			
-38 504	7 650	Equity holders of the parent		-47 779	-15 957
-0.20	0.04	Ordinary earnings per share (USD)	21	-0.25	-0.08
-0.20	0.04	Fully diluted earnings per share (USD)	21	-0.25	-0.08
2024	**2023**	**Statement of comprehensive income**		**2024**	**2023**
-38 504	7 650	Net profit after tax		-47 779	-15 957
-132	-37	Actuarial gains (losses) on defined benefit plans (before tax)		-132	-37
29	8	Income tax effect	11	29	8
-103	**-29**	**Items that may not be reclassified to the income statement**		**-103**	**-29**
-1 914	1 109	Currency translation differences			
-1 914	**1 109**	**Items that may be reclassified to the income statement**			
-2 017	**1 080**	**Other comprehensive income**		**-103**	**-29**
-40 521	8 730	Total Comprehensive Income		-47 882	-15 986
		Attributable to:			
-40 521	8 730	Equity holders of the parent		-47 882	-15 986

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Statement of financial position

as of December 31

GROUP				PARENT	
2024	**2023**	**Amount in USD 1000**	**Note**	**2024**	**2023**
		ASSETS			
		Non-current assets			
10 880	10 891	Goodwill	12	249	249
50 076	38 938	Capitalized development expenses	12	50 076	38 938
13 762	19 063	Software and other intangible assets	12	12 610	17 010
13 097	5 872	Deferred tax assets	11	12 181	4 948
52 358	54 670	Right of use assets	14	43 288	45 527
21 955	29 095	Fixed assets	13/25/26	15 329	18 498
177	6	Investments in subsidiaries and joint ventures	1/15	13 799	13 629
91 140	94 473	Other long term assets	14/16	91 140	94 473
253 444	**253 008**	**Total non-current assets**		**238 672**	**233 271**
		Current assets			
171 907	163 090	Inventory	6	171 907	163 090
66 412	133 316	Accounts receivable	17/25/26	1 037	983
27 029	21 874	Other current receivables	16/18/25/26	123 914	128 785
287 914	290 957	Cash and cash equivalents	19/25/26	185 633	267 553
553 262	**609 237**	**Total current assets**		**482 490**	**560 411**
806 706	**862 245**	**TOTAL ASSETS**		**721 162**	**793 682**

GROUP				PARENT	
		EQUITY			
317	317	Share Capital	20	317	317
235 448	235 448	Share premium	20	235 448	235 448
334 000	366 312	Other components of equity		279 286	319 117
569 766	**602 077**	**Total equity**		**515 052**	**554 883**
		LIABILITIES			
		Non-current liabilities			
765	661	Pension liabilities	22	578	403
87 336	97 491	Borrowings	25/26	87 336	97 491
45 752	47 864	Non-current lease liabilities	14/25/26	38 957	42 127
133 853	**146 016**	**Total non-current liabilities**		**126 870**	**140 021**
		Current liabilities			
23 918	12 201	Accounts payable	24/25/26	22 903	15 403
1 799	5 640	Income taxes payable	11/26	0	3 939
6 024	6 334	Public duties	24/26	4 577	4 579
10 360	9 897	Current lease liabilities	14/25/26	5 865	5 963
60 985	80 079	Other current liabilities	18/24/25/26	45 895	68 894
103 087	**114 151**	**Total current liabilities**		**79 240**	**98 778**
236 940	**260 168**	**Total liabilities**		**206 110**	**238 799**
806 706	**862 245**	**TOTAL EQUITY AND LIABILITIES**		**721 162**	**793 682**

Oslo, March 19, 2025

Anita Huun

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Board member, Audit Com. Chair

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Dieter May
Board member

Dr. Helmut Gassel
Board member

Monika Larsen

Monika Lie Larsen
Board member, employee

Nordic Semiconductor Group

Consolidated statement of changes in equity

Amount in USD 1000	Share capital	Treasury shares	Share premium	Other paid in capital	Currency translation reserve	Retained earnings	Total equity
Equity as of 01.01.2023	**317**	**-2**	**235 448**	**5 358**	**-1 399**	**343 821**	**583 544**
Net profit for the period						7 650	7 650
Other comprehensive income					1 109	-29	1 080
Share based compensation		0		6 660			6 660
Consideration shares in business combination		0		3 141			3 141
Equity as of 31.12.2023	**317**	**-1**	**235 448**	**15 160**	**-290**	**351 442**	**602 077**
Net profit for the period						-38 504	-38 504
Other comprehensive income					-1 914	-103	-2 017
Share based compensation		0		11 661			11 661
Consideration shares in business combination		0		359			359
Repurchase of own shares		0				-3 808	-3 808
Equity as of 31.12.2024	**317**	**-1**	**235 448**	**27 180**	**-2 204**	**309 027**	**569 766**

Nordic Semiconductor Parent

Statement of changes in equity

Amount in USD 1000	Share capital	Treasury shares	Share premium	Other paid in capital	Retained earnings	Total equity
Equity as of 01.01.2023	**317**	**-2**	**235 448**	**3 456**	**321 856**	**561 074**
Net profit for the period					-15 957	-15 957
Other comprehensive income					-29	-29
Share based compensation		0		6 652		6 652
Consideration shares in business combination		0		3 141		3 142
Equity as of 31.12.2023	**317**	**-1**	**235 448**	**13 250**	**305 870**	**554 883**
Net profit for the period					-47 779	-47 779
Other comprehensive income					-103	-103
Share based compensation		0		11 499		11 499
Repurchase of own shares		0			-3 808	-3 808
Consideration shares in business combination		0		359		359
Equity as of 31.12.2024	**317**	**-1**	**235 448**	**25 107**	**254 181**	**515 052**

Statement of cash flows

for the year ended December 31

GROUP				PARENT	
2024	**2023***	**Amount in USD 1000**	**Note**	**2024**	**2023**
		Cash flows from operating activities			
-43 189	12 096	Profit before tax		-55 885	-13 841
-7 827	-41 948	Taxes paid for the period	11	-3 717	-40 300
40 573	44 329	Depreciation and amortization	13/12/14	27 989	33 710
69 808	-41 153	Change in inventories, trade receivables and payables	6/17/24/25	-18 904	119 359
11 661	6 548	Share-based compensation		11 084	6 582
104	-17	Pension fund payments		175	-27
942	-6 036	Net interest		-9 904	-5 997
11 176	9 726	Interests received		10 895	8 564
0	-100 000	Prepayments		0	-100 000
-22 898	-2 519	Other operations related adjustments		1 352	-152 145
60 351	**-118 973**	**Net cash flows from operating activities**		**-36 915**	**-144 096**
		Cash flows used in investing activities			
-9 809	-25 529	Capital expenditures (including software)	13/12	-7 225	-19 440
-19 343	-21 973	Capitalized development expenses	12	-19 343	-21 973
-431	-6	Investment in associate company		-431	-4 362
0	-6 000	Business Combination, net of cash acquired	27	0	0
-29 584	**-53 502**	**Net cash flows used in investing activities**		**-26 998**	**-45 775**
		Cash flows from financing activities			
-3 808	0	Repurchase of treasury shares	20	-3 808	0
0	0	Dividend from subsidiary		10 830	0
0	92 935	Proceeds from bond issue		0	92 935
-7 353	0	Payment of interest		-7 353	0
-7 322	-6 829	Payment of principal portion of lease liabilities		-3 071	-3 181
-3 556	-1 597	Payment of interest portion of lease liabilities		-2 958	-1 229
-1 120	-811	Credit facility fee		-1 120	-811
-23 159	**83 698**	**Net cash flows from financing activities**		**-7 480**	**87 714**
-10 650	630	Effects of exchange rate changes on cash and cash equivalents		-10 527	0
-3 042	**-88 147**	**Net change in cash and cash equivalents**		**-81 919**	**-102 157**
290 957	379 104	Cash and cash equivalents as of 1.1.		267 553	369 709
287 914	**290 957**	**Cash and cash equivalents as of 31.12.**	**19/25**	**185 633**	**267 553**

*In the 2024 annual report, interest payments have been reclassified from operating activities to financing activities. Comparative figures for 2023 have been adjusted accordingly.

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Note 1: General information

Nordic Semiconductor ASA is a public limited company whose ordinary shares are listed on the Oslo Stock Exchange with ticker code NOD. The company is domiciled in Norway, and the registered head office is at Otto Nielsens veg 12, 7052 Trondheim.

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 1300 employees across the globe. The Group'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. In 2018, Nordic launched its low power, compact LTE-M/NB-IoT cellular IoT solutions to extend the penetration of IoT. The Nordic portfolio was further complemented by Wi-Fi technology in 2021.

Nordic Semiconductor has only one reportable operating segment, and this corresponds with the internal reporting structure and management activities to monitor profitability. The revenue is broken down into product markets and geographical areas in which its distributors are located, see Note 5: Revenues.

The financial accounts were audited and approved for publication by the Board of Directors on March 19, 2025, and will be presented for approval at the Annual General Meeting on April 24th, 2025.

Note 2: Basis for preparation

2.1 Compliance with IFRS

The financial accounts for the Group have been prepared in accordance with IFRS® Accounting Standards as adopted by EU and Norwegian authorities, and are effective as of December 31, 2024.

2.2 Accounting standards adopted in 2024

In 2024, there are few revisions by the International Accounting Standards Board to the financial reporting requirements in accounting policies:

Amendment to IAS 1 - Non current liabilities with covenants, Amendment to IFRS 16 - Leases on sale and leaseback and Amendment to IAS 7 and IFRS 7 - Supplier Finance are revisions not applicable for the Group.

2.3 Basis for consolidation

The consolidated financial statements incorporate the results, cash flows, and assets and liabilities of the parent company Nordic Semiconductor ASA and its wholly owned subsidiaries.

A subsidiary is an entity that is controlled, either directly or indirectly, by the parent company. Control exists when the parent company is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power to direct the relevant activities of the investee. Generally, such power exists where the parent company holds a majority of the voting rights of an investee.

Subsidiaries are consolidated from the date control is obtained until the date that control ceases. All subsidiaries are wholly owned by the parent company and there are no non-controlling interests. Intercompany transactions, balances, and unrealized gains on transactions between group companies are eliminated.

2.4 Foreign currency translation

Each entity within the Group has a functional currency, which is normally the currency in which the entity primarily generates and expends cash.

At entity level, a foreign currency is a currency other than the entity's functional currency. Transactions in the profit and loss statement denominated in foreign currencies are recorded in the entity's functional currency at the exchange rate prevailing at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated at the exchange rate prevailing at the balance sheet date. Currency translation differences arising at entity level are recognized in profit or loss.

The consolidated financial statements are presented in US dollars (USD), which is the functional currency of the parent company. On consolidation, assets and liabilities of foreign operations are translated into USD (the presentation currency) according to the exchange rates prevailing on the balance sheet date. Profit or loss items are translated according to monthly average exchange rates. Changes in net assets resulting from exchange rate movements are recognized in other comprehensive income and taken to the currency translation reserve.

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Note 3: Significant accounting judgments and critical estimates

The preparation of financial statements requires that management uses

- judgements, apart from those involving estimations, in the process of applying accounting policies that have the most significant effect on the amounts reported in the financial statements and its disclosures, and
- estimates, including information about the key assumptions concerning the future - and other key sources of estimation uncertainty at the balance sheet date - that have significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

The most important areas where judgements and estimates have an impact are listed below. Detailed information of these judgements and estimates are disclosed in the relevant notes.

- Calculation of "Ship and Debit" rebate (see Note 5: Revenues
- Net realizable value assessment used in testing for impairment of inventories (see Note 6: Cost of materials / inventory)
- Capitalization of development costs (see Note 12: Goodwill and intangible assets)

Management bases its judgments and estimates on historical experience and other factors, including expectations on future events, deemed to be reasonable and sensible given the specific circumstances. Estimates are reassessed whether needed based on changes in the underlying assumptions. Changes in accounting estimates are recognized in the period in which such changes occur. If such changes also apply to future periods, the effect is distributed between current and future periods.

Note 4: Climate related risk

Cost of goods sold for sustainable solutions

Nordic see that customers and other stakeholders care about the use of renewable energy solutions in the value chain. Changes in attitude could potentially impact the cost of production, such as cost of investments in new production technologies and renewable energy certificates. Nordic sees this as a possibility to obtain new customers or enhance cooperation with existing while also balancing pricing in order to maintain margins and managing the risk of not being able to comply with various requirements.

Impairment of inventories

One of Nordic's primary tangible assets in the balance sheet is inventory. This is dispersed across a few large warehousing locations. Some locations are exposed to weather phenomena such as typhoons, heatwaves and more, which can impact the value of Nordic's inventory. However, Nordic has proper safeguards in place to mitigate this risk, and considers the risk to be low.

Financing cost

Nordic has an undrawn sustainability linked RCF. The interest is calculated as the aggregate of SOFR + Margin + Credit adjustment spread. The applicable Margin shall be adjusted based on the aggregate number of KPI meeting their year-end KPI targets each year.

The ESG indicators are :

- Percentage of reduction of scope 2 emission
- Percentage of increase of recycled plastic used
- CDP rating

Going-concern assumption

Management consider the potential implications of climate-related risks for their going-concern assessment. Given the rapidly changing circumstances (i.e., environmental development, expectations from stakeholders, laws and regulations), the management has to consider and monitor going-concern on an ongoing basis.

Climate-related risks could give rise to events or conditions that may cast significant doubt on Nordic's ability to continue as a going concern.

These events may arise from physical risks such as destruction of production plants in a tropical cyclone (i.e., hurricanes, typhoons, and resulting floods) or large carbon footprint in manufacturing of components. This could trigger, for example, a halt in production, litigation that results in significant penalties for exceeding emission targets, shift in customer preferences that results in loss of major customers, halts in ability to obtain input material, or customer production stops hindering stable revenue generation.

Nordic has secured its liquidity reserves to meet short-term obligations. According to the Group liquidity policy, the total liquidity amount should equal at least one year of total R&D expenses.

To conclude, the expected impact of climate-related risks on the going-concern assessment is expected to be low.

Note 5: Revenues

All figures in USD 1 000

5.1 Accounting policies

The Group is in the business of developing and selling integrated circuits. Revenue from customers is mainly generated from sale of products. Services delivered consist of consulting services. The Group and the customer do not receive financing from the sales, therefore, there are no significant financing components to be accounted for separately from the revenue transaction. The normal credit term is 30-90 days upon delivery. In other words, the contract does not require the customer to pay in advance or require the customer to pay a significant amount after delivery.

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Sale of products
Sales of products are mostly made to distributors (customers). Revenue from product sales is recognized when control of the goods is transferred to the customer. The time of delivery is considered to be when the goods are transferred to the transport carrier. Upon delivery, the Group has the right of payment for the asset, the customer has legal title to the asset, physical possession has been transferred to the customer, and the customer has full ownership of the asset.

Revenue recognized on the sale of products is measured at the fair value of the consideration received or receivable, excluding sales taxes and after making allowance for variable considerations such as ship and debit, product returns and end-customer rebates.

The parent company sells a large share of its products to a related party for resale to the end customers (the distributors). The transaction price and terms between the related parties are established on an arm's length basis, ensuring that the pricing is consistent with what would be expected in transactions with unrelated parties. In accordance with IFRS 15, revenue is recognized when control of the goods is ultimately transferred to the end customers (the distributors), which occurs when the title to the goods passes to them.

"Ship and debit"
The Group sells products to certain distributors on “ship and debit” terms. Ship and debit is an arrangement between the Group and distributor where the distributor may be entitled to a refund if the distributor sells the products to end customer at lower prices than those quoted on the distributor price list. The distributor claims (debits) the Group for the price difference on sold products on a monthly basis.

Stock rotation rights
Some distributors are entitled to limited rights of return, referred to as stock rotation rights. The Group tracks the distributor's inventory and can initiate a stock rotation earlier if a certain product is selling better with another distributor.

Stock rotation provisions are made if necessary, based on most likely amount method. The most likely amount is the single most likely amount in a range of possible consideration amounts. As the products have similar margin, there are most likely no significant losses for the Group when stock rotations are initiated. The Group does not make provisions or adjustments to revenue for stock rotation unless we expect the goods returned to be obsolete.

End-customer rebates
Some end customers have entered into agreements with Nordic to receive a rebate based on their purchase quantity and price from the distributor. The rebates are recognized as reduction in revenue and increase in refund liabilities before payout by the end customer. See note 5.5.

Assets and liabilities arising from rights of return
Right of return asset
The Group has no right to return inventories back from customers.

Refund liabilities
A refund liability is the obligation to refund some or all of the consideration received (or receivable) from the customer and is measured at the amount the Group ultimately expects it will have to return to the customer. The Group updates its estimates of refund liabilities (and the corresponding change in the transaction price) at the end of each reporting period.

5.2 Significant accounting judgments and critical estimates

Nordic predominantly sells to electronic distributors under a distribution agreement. The distributors will hold a given level of Nordic's inventory that is subsequently shipped to an end customer. Nordic uses a “sell in” model in connection with revenue recognition to distribution customers. Under a “sell in” model, management needs to make judgements and estimate the amount that can affect the reported amounts of revenues and expenses. The main judgments are described as follows:

“Ship and debit”
At the balance sheet date, the Group has to estimate ship and debit on distributors' inventory levels using the expected value method. The Group estimate the refund based on an average of historical discount to each distributor and the expected sales mix to end-customers. The ship and debit is recognized as reduction in revenue and increase in refund liability. See note 5.5.

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5.3 Disaggregated revenue information

Revenue classified by end product applications:
The Group focuses on the sale of standard components for wireless communication. These wireless components are split into the following end product areas: Consumer, Industrial, Healthcare and Other. In 2024, wireless components accounted for 99.5% of sales versus 99.1% in 2023. In addition to standard components, the Group sells customer-specific ASIC components (Application Specific Integrated Circuits) and related Consulting Services.

Most of Nordic's Wi-Fi and PMIC customers are still in the development phase or in early commercial phase. When Wi-Fi and PMIC revenue materialize, Nordic will report the revenue in the relevant end product areas.

GROUP			PARENT	
2024	**2023**	**Revenue**	**2024**	**2023**
337 150	302 486	Consumer	314 854	283 076
93 535	117 203	Industrial	87 349	109 682
65 313	103 325	Healthcare	60 994	96 695
12 869	15 153	Other	12 018	14 181
508 868	**538 168**	**Wireless components**	**475 215**	**503 634**
2 547	4 701	ASIC components	2 379	4 399
—	—	Management fee	—	-9
511 415	**542 869**	**Total revenue from contracts with customers**	**477 595**	**508 026**

Revenue classified by customer location:
The Group also classifies its revenues on a geographical basis according to its customers' location.

GROUP			PARENT	
2024	**2023**		**2024**	**2023**
35 438	59 933	Europe	33 094	56 086
84 717	120 571	Americas	79 114	112 833
391 260	362 365	Asia/Pacific	365 386	339 107
511 415	**542 869**	**Total revenue from contracts with customers**	**477 595**	**508 026**

The Group sells its components to distributors, who then sell components onward to electronics manufacturers that build end products and sell them to customers across the world. Three distributors were above 10% of revenue in 2024, with 35%, 13% and 10% of total revenue respectively, two located in Asia and the other in the Americas. In comparison, two distributors were above 10% of revenue in 2023, with 37% and 18% of total revenue respectively, one located in Asia and the other in the Americas.

Revenue from contracts with customers classified by timing of revenue recognition:

GROUP			PARENT	
2024	**2023**		**2024**	**2023**
511 415	542 869	Goods transferred at a point in time	477 595	508 035
—	—	Services transferred over time	—	-9
511 415	**542 869**	**Total revenue from contracts with customers**	**477 595**	**508 026**

5.4 Contract balances

Trade receivables are non-interest bearing and are generally on terms of 30 to 90 days. See note 25 for further details.

GROUP			PARENT	
2024	**2023**		**2024**	**2023**
66 412	133 316	Trade receivables	1 037	983

5.5 Refund liabilities

GROUP			PARENT	
2024	**2023**		**2024**	**2023**
22 363	30 010	Refund liability – from ship & debit	—	—
3 679	25 294	Refund liability – from end-customer rebates	—	—

5.6 Performance obligations

A performance obligation refers to a commitment to deliver a distinct good or service to a customer. The performance obligations for the sale of components are normally satisfied upon the time of delivery. Payment is generally due 30 to 90 days within delivery. For consulting services, the performance obligation is satisfied over time and the customer is generally invoiced at month-end for the work performed.

The Group has decided to use the "right-to-invoice" practical expedient. This means that the Group can sidestep the need to determine the transaction price and allocate it to unsatisfied or partially unsatisfied performance obligations. All performance obligations are expected to be fully satisfied and recognized as revenue within one year.

Note 6: Cost of materials / inventory

All figures in USD 1 000

6.1 Accounting policies

The Group applies standard cost method to measure cost of inventories. Standard cost variance is the difference between standard cost and actual cost. This variance impacts the cost of goods sold, and variance is monitored on a regular basis. Obsolete inventory is written down completely.

Inventory is valued at the lower of cost, according to the FIFO principle, and net realizable value after deduction for obsolescence. Net realizable value is estimated as the selling price less cost of completion and the cost necessary to make the sale. Cost of inventories includes purchase price of raw materials, costs directly related to the conversion of materials into finished goods (sub-contracting, yield loss and production overhead), and other costs incurred in bringing the inventories to their present location and condition.

6.2 Significant accounting judgments and critical estimates

Nordic assesses net realizable value for each inventory category (raw materials, work in progress and finished goods) separately as they have different useful life. Finished goods is split into five main product categories with distinct technology: Proprietary and Bluetooth® (Short-range wireless components), Cellular (Long-range wireless components), Wi-Fi, and PMIC. Each of these five technologies are then divided into subcategories where the different standardized chips with respective packaging are shared among a variety of customers. On this category level, Nordic is applying the practical expedient in IAS 2.29, stating that grouping of similar or related items with a similar purpose or end use can be assessed together when assessing net realizable value. Nordic is basing the net realizable value on orders from third parties, historical inventory turnover ratio, and other factors. This calculation is based on the most updated facts at any given point in time but are prone to variation under changing circumstances. One exception from regular calculation of net realizable value is related to items that are made from older parts and cannot be easily sold to other customers. These items are written off completely item by item if aging is more than 2 years.

6.3 Cost of materials / inventory

GROUP			PARENT	
2024	**2023**		**2024**	**2023**
266 413	316 788	Purchased materials	266 382	316 788
-8 817	-60 999	Changes in inventory	-8 817	-60 999
11 850	3 368	Write-down in inventory	11 850	3 368
269 446	**259 157**	**Cost of materials**	**269 415**	**259 157**
89 615	95 043	Raw materials	89 615	95 043
35 435	9 907	Work in Progress	35 435	9 907
46 857	58 139	Finished goods	46 857	58 139
171 907	**163 090**	**Total inventory**	**171 907**	**163 090**

As Nordic is a fabless manufacturer, all inventories, including raw materials and finished goods, are located at sub-contractors.

Note 7: Payroll expenses

All figures in USD 1 000

GROUP			PARENT	
2024	**2023**	**Combined expenses for salary and other compensation are distributed as follows:**	**2024**	**2023**
137 679	126 961	Salary and vacation pay	55 930	53 728
20 737	18 845	Other compensation	16 366	12 937
14 429	14 759	Payroll tax	9 889	9 217
—	-397	Tax grant	—	-397
11 175	11 502	Defined contribution pension	4 541	4 639
-13 699	-18 680	Capitalized development expenses (hourly costs)	-13 699	-18 680
170 321	**152 990**	**Total**	**73 026**	**61 443**
1 405	1 481	Weighted average number of full time employees	579	620

GROUP			PARENT	
2024	**2023**	**Employees as of December 31, are distributed as follows:**	**2024**	**2023**
558	631	Norway	558	631
304	318	Finland	—	—
112	113	Poland	—	—
48	47	India	—	—
62	72	USA	—	—
58	55	Taiwan	—	—
49	77	UK	—	—
62	55	Philippines	1	1
34	45	Sweden	—	—
28	28	China	—	—
12	12	Hong Kong	1	1
4	3	South Korea	3	3
5	5	Germany	—	—
5	5	Japan	—	—
2	2	The Netherlands	2	2
3	16	Denmark	—	—
2	2	Australia	2	2
8	7	Singapore	—	—
1		Bulgaria	1	
1 363	**1 493**	**Total**	**574**	**640**

Note 8: Executive compensation

All figures in USD 1 000

Note 8.1: Management remuneration

Pursuant to the changes in the Public Limited Liability Companies Act, i.e., the addition of a new section 6-16 (b), and associated new regulations, Nordic will publish a separate management remuneration report for presentation at the Annual General Meeting on 29 April 2025, containing detailed information on remuneration to Executive Management Team (EMT) for the reporting year 2024. The remuneration report includes detailed information on the EMT's remuneration complementing the numbers presented below. This includes an overview of the operational, financial, environmental, social, and governance targets that form the basis for the short-term incentives.

EMT members' salaries and other benefits, including long term incentive plans are presented in the table below. Unless otherwise stated, Nordic did not have any loans to or guarantees made on behalf of any EMT members in 2024 and 2023.

The remuneration paid or awarded to the CEO and other members of the EMT was aligned with Nordics's remuneration policy. The policy is available in its full at nordicsemi.com.

Total compensation* expensed during the year for the CEO and other executives:

2024	**Salary**	**Bonus**	**RSUs & PSUs**	**Other Comp.**	**Pension expenses**	**Total**
Vegard Wollan, CEO**	358	158	157	3	70	747
Pål Elstad, CFO/EVP Finance	246	78	109	3	43	479
Svein Egil Nielsen, CTO/EVP R&D and Strategy*****	618	—	-204	1	33	448
Geir Langeland, EVP Sales & Marketing	262	93	121	4	42	521
Ole Fredrik Morken, EVP Supply Chain***	273	74	88	5	34	474
Ståle Ytterdal, SVP IR & Strategic Sales	165	51	71	4	23	314
Kjetil Holstad, EVP Product Management	233	74	97	4	44	452
Katarina Finneng, EVP People & Communication	257	43	-73	2	33	263
Sonja Kusmin, SVP People & Culture	150	31	33	0	28	243
Linda Pettersson, SVP Legal & Compliance	50	—	-20	0	4	35
Ola Boström, SVP Quality & Sustainability	164	51	57	2	24	298
Joakim Ferm, SVP BU WI-FI	145	43	38	4	20	250
Øyvind Strøm, EVP BU Short-Range	155	57	29	1	29	272
Øyvind Birkenes, EVP BU Long-Range	163	59	29	4	30	284
Total	**3 239**	**812**	**532**	**37**	**458**	**5 079**
2023	**Salary**	**Bonus**	**RSUs & PSUs**	**Other Comp.**	**Pension expenses**	**Total**
Svenn-Tore Larsen, CEO**	1 707	—	-66	1	73	1 716
Pål Elstad, CFO/EVP Finance	250	—	104	3	39	397
Svein Egil Nielsen, CTO/EVP R&D and Strategy	283	—	117	5	46	450
Geir Langeland, EVP Sales & Marketing	266	—	128	4	42	440
Ole Fredrik Morken, EVP Supply Chain***	241	—	79	3	27	351
Ståle Ytterdal, SVP IR & Strategic Sales	168	—	69	3	22	262
Kjetil Holstad, EVP Product Management	213	—	79	4	26	322
Katarina Finneng, EVP People & Communication	209	—	86	3	31	329
Linda Pettersson, SVP Legal & Compliance****	154	—	16	1	20	192
Ola Boström, SVP Quality & Sustainability****	165	—	34	3	20	222
Total	**3 656**	**—**	**646**	**31**	**349**	**4 681**

*Management compensation is paid in NOK, with one exception of EURO. Exchange rate for 2024: 10.74 and 2023: 10.56

**CEO, Svenn-Tore Larsen resigned after 2023, the salary cost also includes after pay. Upon resignation Svenn-Tore Larsen exited the here presented RSU/PSU agreements as part of the termination.

***Includes expat allowances

****Marianne Frydenlund and Ebbe Rømcke were no longer a part of the EMT by year end 2022. Linda Pettersson and Ola Boström joined the EMT during 2022, in July and August respectively

*****CTO, Svein Egil Nielsen resigned in 2024, the salary cost also includes after pay. Upon resignation Svein Egil Nielsen exited the here presented RSU/PSU agreements as part of the termination.

The Group has granted EMT members the following RSUs and performance shares (PSUs):*

EMT member	2024		2023	
Vegard Vollan, CEO	10 493 RSUs	10 493 PSUs	11 240 RSUs	11 240 PSUs
Svenn-Tore Larsen, CEO	—	—	9 184 RSUs	9 184 PSUs
Pål Elstad, CFO/EVP Finance	4 830 RSUs	4 830 PSUs	4 520 RSUs	4 520 PSUs
Katarina Finneng, EVP People & Communication	4 028 RSUs	4 028 PSUs	3 769 RSUs	3 769 PSUs
Svein Egil Nielsen, CTO/EVP R&D and Strategy			5 110 RSUs	5 110 PSUs
Geir Langeland, EVP Sales & Marketing	5 112 RSUs	5 112 PSUs	4 783 RSUs	4 783 PSUs
Ole Fredrik Morken, EVP Supply Chain**	4 629 RSUs	4 629 PSUs	3 439 RSUs	3 439 PSUs
Ståle Ytterdal, SVP IR & Strategic Sales	3 158 RSUs	3 158 PSUs	2 955 RSUs	2 955 PSUs
Kjetil Holstad, EVP Product Management	4 629 RSUs	4 629 PSUs	4 332 RSUs	4 332 PSUs
Ola Bostøm, SCP Quality & Sustainability	3 148 RSUs	3 148 PSUs	2 946 RSUs	2 946 PSUs
Linda Petterson, SVP Legal			2 823 RSUs	2 823 PSUs
Joakim Ferm, SVP BU WI-FI	3 148 RSUs	3 148 PSUs		
Øyvind Strøm, EVP BU Short-Range	5 000 RSUs	5 000 PSUs		
Øyvind Birkenes, EVP BU Long-Range	5 000 RSUs	5 000 PSUs		
Sonja Kusmin, SVP People & Culture	2 203 RSUs	1 000 PSUs		

*Overview of outstanding RSU and PSU for the respective EMT members are presented in the remuneration report

During 2024 the executives exercised the following RSU and PSU:

Executives	Grant year	Number of RSU Exercised	Share price at time of release in NOK	Cash payout in USD 1000
Pål Elstad, CFO/EVP Finance	2021 RSU	3 056	127.74	37
	2021 PSU	—		—
Geir Langeland, EVP Sales & Marketing	2021 RSU	6 621	127.74	74
	2021 PSU	—		—
Katarina Finneng, EVP People & Communication	2021 RSU	2 524	127.74	30
	2021 PSU	—		—
Ole Fredrik Morken, EVP Supply Chain**	2021 RSU	2 325	127.74	28
	2021 PSU	—		—
Ola Bostrøm, SVP Quality & Sustainability	2021 RSU	2 381	127.74	29
	2021 PSU	—		—
Ståle Ytterdal, SVP IR & Strategic Sales	2021 RSU	2 066	127.74	25
	2021 PSU	—		—
Kjetil Holstad, EVP Product Management	2021 RSU	2 156	127.74	26
	2021 PSU	—	—	—

*The RSU for management vest after three years for management two years for employees

**Purchased shares, no cash payout from the company

Note 8.2: Board remuneration

Total compensation expensed for Board Members*	2024	2023
Birger Steen, Chair	128	126
Inger Berg Ørstavik, Board Member	62	57
Endre Holen, Board Member	—	18
Snorre Kjesbu, Board member	62	38
Jan Magnus Frykhammar, Board Member	—	41
Øyvind Birkenes, Board Member	—	12
Annastiina Hintsa, Board Member	61	56
Anita Huun, Board Member	62	60
Helmut Gassel, Board Member	49	0
Dieter May, Board Member	49	0
Jon Helge Nistad, Board Employee Representative (Board remuneration only)	15	15
Morten Dammen, Board Employee Representative (Board remuneration only)	15	15
Anja Dekens, Board Employee Representative (Board remuneration only)	15	15
Gro Fykse, Board Employee Representative (Board remuneration only)	0	15
Krishna Shingala, Board Employee Representative (Board remuneration only)	5	0
Total	**524**	**466**

*Numbers noted in USD and converted from NOK using USD/NOK rate of 10.74. for 2024 and 10.56 for 2023

Note 9: Other operating expenses

All figures in USD 1 000

GROUP			PARENT	
2024	**2023**		**2024**	**2023**
30 284	31 374	Service and maintenance	26 132	29 094
18 031	22 360	Other consultancy fees	15 409	15 470
3 582	3 140	Office expenses	2 456	1 349
1 138	1 748	Office equipment	815	1 201
12 297	11 746	Material and components	11 790	8 747
—	-70	Tax grant	—	-70
-5 643	-3 293	Capitalized development expenses	-5 643	-3 293
3 115	2 712	Travel and meeting expenses	1 322	1 262
14 076	11 974	Other operating expenses	9 145	10 751
—	—	Other operating expenses intercompany	115 287	110 402
76 880	**81 691**	**Total other operating expenses**	**176 714**	**174 914**

Auditor remuneration, excl. of VAT

Fees to the auditor are included in consultancy fees above.

GROUP			PARENT	
2024	**2023**		**2024**	**2023**
309	159	Audit services	216	119
95	—	Other attestation Services/CSRD	95	—
22	35	Tax advisory Services	5	26
26	36	Other Non Audit service	26	36
451	**230**	**Total audit fee**	**341**	**181**

Note 10: Net financial items

All figures in USD 1 000

GROUP			PARENT	
2024	**2023**		**2024**	**2023**
11 079	9 670	Interest income	11 150	9 313
40	—	Interest income on lease receivables	40	—
—	—	Dividend received from group companies	10 830	—
58	57	Other financial income	58	48
11 177	**9 726**	**Financial income**	**22 078**	**9 361**
3 514	1 550	Interest expenses on lease liabilities	2 958	1 229
—	—	Interest expenses on intercompany loans	668	—
7 239	756	Bond interest expense	7 239	756
1 366	1 384	Other financial expense	1 310	1 380
12 119	**3 690**	**Financial expense**	**12 176**	**3 365**
3 819	1 358	Foreign exchange gain(loss)	4 022	1 362
-260	—	Share of gain (loss) from joint venture	-260	—
2 617	**7 394**	**Net financial**	**13 665**	**7 358**

Note 11: Tax

All figures in USD 1 000

11.1 Accounting policies

Income tax expenses consist of taxes due and changes to the net deferred tax assets or liabilities.

Deferred tax assets are recognized to the extent that it is probable that the individual company will have sufficient taxable income in later periods to utilize the tax assets.

Deferred income tax relating to items recognized in Other Comprehensive Income (OCI) or directly in equity is recognized outside profit or loss.

The parent company pays its tax obligation in NOK and the fluctuations between the NOK and the USD impact the financial items. The Group's legal entities who do not have their tax base in USD are exposed to changes in the USD/tax base currency rates. Effects within the current year are classified as tax expense.

Grants received, including those for R&D, are often in the form of tax refunds and are classified as operating grants. These operating grants are recognized in the financial statements concurrently with the expenses they are intended to offset. Tax refunds are typically accounted for as a reduction in payroll expenses, as detailed in Note 7.

However, in some jurisdictions, there are tax incentives that reduce taxable income or tax rate. These are treated as income tax, and is recognized as a reduction in tax expense rather than as government grants.

The accounting for such incentives is in accordance with the relevant tax laws and accounting standards applicable in the respective country.

11.2 Tax

GROUP			PARENT	
2024	**2023**	**Tax consists of**	**2024**	**2023**
4 294	6 339	Current tax expense	251	3 366
-8 979	-1 892	Change in deferred tax	-8 358	-1 251
-4 685	**4 447**	**Tax expense (income)**	**-8 107**	**2 115**

GROUP			PARENT	
2024	**2023**	**Reconciliation of nominal and actual tax expense**	**2024**	**2023**
-43 189	12 096	Profit before tax	-55 885	-13 841
-9 502	**2 661**	**Computed tax at parent's nominal tax rate of 22%**	**-12 295**	**-3 045**
-722	-702	Differences due to different tax rates	—	—
1 702	1 256	Non taxable income/non deductible expenses	-863	360
—	—	Credit for tax paid	—	—
-1 373	-2 646	Tax incentives	—	—
-170	-1 082	Adjustment previous years	291	-392
4 902	4 960	Currency translation differences	4 760	5 193
478	—	Other items	—	—
-4 685	**4 447**	**Total tax expense (income)**	**-8 107**	**2 116**

GROUP						
Deferred taxes:	**Balance sheet**		**Income statement**		**Other. Comp. income**	
	31.12.2024	**31.12.2023**	**2024**	**2023**	**2024**	**2023**
Inventory	2 593	751	-2 063	-17	—	—
Fixed Assets	4 302	4 188	-616	-1 167	—	—
Right-of-use assets	-9 511	-10 394	214	8 031	—	—
Lease liabilities	9 965	10 606	-496	-8 071	—	—
Social security tax (RSUs)	176	130	-63	145	—	—
Pension obligation	127	89	-51	3	-29	-8
Financial instruments	—	—	—	-57	—	—
Accruals	84	202	33	120	—	—
Deferred tax benefit - gross	**7 746**	**5 890**	**-3 152**	**-1 985**	**-29**	**-8**
Gain and loss account	-13	18	-4	5	—	—
Net other tax-obligations	—	—	—	0	—	—
Financial instrument	5 364	0	-5 765	0	—	—
Deferred tax obligation - gross	**5 351**	**18**	**-5 769**	**5**	**0**	**0**
Currency effect of translation to USD			-58	98		
Net deferred tax benefit (obligation)	13 097	5 872				
Deferred tax expense (income)			-8 979	-1 892	-29	-8

The Group has not recognized a net deferred tax benefit of USD 3.213 related to the subsidiary in Poland and USD 190 related to the subsidiary in India.

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PARENT						
Deferred taxes:	**Balance sheet**		**Income statement**		**Other. Comp. income**	
	31.12.2024	**31.12.2023**	**2024**	**2023**	**2024**	**2023**
Inventory	2 593	751	-2 064	-17	—	—
Fixed assets	3 453	3 774	-77	-1 026	—	—
Leasing	451	209	-283	-42	—	—
Social security tax (RSUs)	176	130	-64	145	—	—
Pension obligation	127	89	-51	3	-29	-8
Financial instrument	—	—	—	-57	—	—
Accruals	30	13	-19	16	—	—
Deferred tax benefit - gross	**6 830**	**4 967**	**-2 558**	**-978**	**-29**	**-8**
Gain and loss account	-13	-18	-3	-5	—	—
Net other tax-obligations	—	—	30	-276	—	—
Financial instrument	5 364	—	-5 765	—	—	—
Deferred tax obligation - gross	**5 351**	**-18**	**-5 738**	**-281**	**0**	**0**
Currency effect of translation to USD			-62	8		
Net deferred tax benefit (obligation)	12 181	4 948				
Deferred tax expense (income)			-8 358	-1 251	-29	-8

GROUP			PARENT	
2024	**2023**	**Reconciliation of net deferred tax obligation**	**2024**	**2023**
5 872	4 554	Opening balance as of 1.1	4 948	3 808
8 979	1 892	Tax expense recognized in the P&L	8 358	1 251
29	8	Tax expense recognized in OCI	29	8
-1 783	-582	Currency effect from translation to USD	-1 154	-119
13 097	**5 872**	**Net deferred tax benefit (obligation) as of 31.12**	**12 181**	**4 948**

GROUP			PARENT	
2024	**2023**	**Net deferred tax recognized in OCI as of 31.12**	**2024**	**2023**
-29	-8	Net gain on actuarial gains and losses	-29	-8
-29	**-8**	**Total tax expense (income) in OCI**	**-29**	**-8**

Note 12: Goodwill and intangible assets

All figures in USD 1 000

12.1 Accounting policies

Goodwill

Goodwill acquired in business combinations is carried at cost as established at the acquisition date. Goodwill, an asset with indefinite useful life, is not amortized and is tested annually for impairment. Goodwill is allocated to the cash generating unit.

A cash generating unit (CGU), is the smallest group of assets that generates cash inflows largely independent of the cash inflows from other assets or groups of assets. Goodwill does not generate cash flows independently of other assets and is, therefore, tested for impairment at the level of the CGU or group of CGUs that are expected to benefit from the synergies of the related business combination.

Testing for impairment is done by comparing recoverable amount and carrying amount of the same groups of cash-generating units as to which goodwill is allocated. If the carrying amount exceeds its recoverable amount, an impairment loss is recorded. The impairment loss first reduces goodwill and then allocated to other assets of the CGU. Impairment of goodwill may not be reversed.

Nordic allocates and monitors Goodwill on an operating segment level since the group comprises only one operating segment. As a result, the assessment for impairment of Goodwill is conducted for the group as a whole. Nordic's approach involves evaluating fair value rather than value in use. Upon examining the market value of equity as of December 31 and comparing it to the book value of equity, it becomes evident that Goodwill and net operating-related assets could be sold for an amount significantly higher than their book values.

Valuation	Value
Market value	1 705 649
Book value	569 766

Intangible assets

Intangible assets, including capitalized development expenses and other intangible assets, are measured initially at cost. Subsequently, the intangible assets are measured at cost less accumulated amortization. The assets, with finite useful life, are amortized on a straight-line basis over the asset's estimated useful lives. The amortization period and the amortization method for intangible assets 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.

The costs of an internally generated intangible asset is the sum of expenditures (labor and materials) and incurred from the time all requirements for capitalization are met and until the time the asset is transferred to production (TTP). Costs expensed in prior accounting periods will not be capitalized. Research costs incurred after TTP is typically related to maintenance of the asset. These costs are recognized as an expense as the requirement to demonstrate increased economic benefits are not met. Amortization begins when the product is transferred from development to production, and the amortization period is over its estimated useful life, normally 1-5 years. Each development project is reviewed annually to ensure that the recognition criteria are still met. If the criteria are no longer met, then the impairment loss is immediately recorded in the income statement.

Other intangible assets comprise identifiable intangibles acquired in business combination (IP, developed technology), licenses and computer software. The assets held by the Group have finite useful lives determined by the expected usage of the asset by the entity. The assets are amortized over its estimated useful life, normally 3-10 years. Other intangible assets with a finite useful life are tested for impairment whenever there is an indication that their carrying amounts may not be recoverable.

12.2 Significant accounting judgments and critical estimates

Capitalization of development costs
Determining whether development costs shall be capitalized involves the use of judgement by management. The company has to demonstrate all of the following:

- 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 economic benefits;
- Sufficient technical, financial and other resources for project completion are in place.

A key factor in management judgment is whether a product design meets specific functional and economic requirements. Factors to consider are development/technical risk, existence of a market for the product, and its market share. The Group evaluates these criteria in relation to each specific project. Projects related to new product developments are generally more difficult to substantiate than projects in which the company has more experience. Before mass production, the company does extensive testing on the products to evaluate their quality and functionality and sends prototype samples to customers. The expected period of benefits is also dependent on the future technological development in the market.

12.3 Goodwill and intangible assets

GROUP

2024	Software and other intangible assets	Capitalized development expenses	Goodwill	Total
Acquisition cost				
Opening balance	44 731	78 988	10 891	134 611
Additions	2 257	19 343	—	21 600
Currency translation differences	—	—	-11	-11
Acquisition cost as of 31.12	**46 988**	**98 331**	**10 880**	**156 200**
Accumulated amortization				
Opening balance	25 668	40 051	—	65 719
Amortization expenses	7 203	8 205	—	15 408
Impairment expenses	431	—	—	431
Currency translation differences	-77	—	—	-77
Accumulated amortization and impairment as of 31.12	**33 226**	**48 255**	**—**	**81 482**
Net carrying value as of 31.12	**13 762**	**50 076**	**10 880**	**74 718**

PARENT

2024	Software and other intangible assets	Capitalized development expenses	Goodwill	Total
Acquisition cost				
Opening balance	40 217	78 988	249	119 454
Additions	2 381	19 343	—	21 723
Acquisition cost as of 31.12	**42 599**	**98 331**	**249**	**141 177**
Accumulated depreciation				
Opening balance	23 208	40 051	—	63 259
Amortization expenses	6 349	8 205	—	14 554
Impairment expenses	431	—	—	431
Accumulated amortization and impairment as of 31.12	**29 989**	**48 255**	**—**	**78 244**
Net carrying value as of 31.12	**12 610**	**50 076**	**249**	**62 936**
Estimated useful life	**3 - 10 years**	**1 - 5 years**	**No depreciation**	
Depreciation method	Straight-line	Straight-line	NA	

GROUP	R&D expenses:	PARENT
107 661	Personnel expenses	45 641
39 722	Other operating expenses	33 075
147 384	**Total cost recognized in income statement**	**78 715**
166 727	Total cost for R&D (incl. capitalized development cost)	98 058

GROUP				
2023	**Software and other intangible assets**	**Capitalized development expenses**	**Goodwill**	**Total**
Acquisition cost				
Opening balance	31 121	57 015	2 284	90 420
Additions	11 520	21 973	50	33 544
Acquisition cost as of 31.12	**44 731**	**78 986**	**10 891**	**134 612**
Accumulated depreciation				
Opening balance	19 466	30 408	—	49 874
Amortization expenses	6 202	9 644	—	15 847
Accumulated amortization as of 31.12	**25 668**	**40 051**	**—**	**65 719**
Net carrying value as of 31.12	**19 063**	**38 938**	**10 891**	**68 892**

PARENT				
2023	**Software and other intangible assets**	**Capitalized development expenses**	**Goodwill**	**Total**
Acquisition cost				
Opening balance	28 839	57 015	249	86 104
Additions	11 378	21 973	—	33 351
Acquisition cost as of 31.12	**40 217**	**78 988**	**249**	**119 454**
Accumulated depreciation				
Opening balance	18 114	30 408	—	48 522
Amortization expenses	5 094	9 644	—	14 738
Accumulated amortization as of 31.12	**23 208**	**40 051**	**—**	**63 259**
Net carrying value as of 31.12	**17 010**	**38 938**	**249**	**56 196**

Estimated useful life	**3 - 10 years**	**1 - 5 years**	**No depreciation**	
Amortization method	Straight-line	Straight-line	NA	

GROUP	**R&D expenses:**	**PARENT**
91 689	Personnel expenses	34 641
45 476	Other operating expenses	36 386
137 165	**Total cost recognized in income statement**	**71 027**
159 138	Total cost for R&D (incl. capitalized development cost)	93 000

Impairment of intangible assets
The asset group Software is impaired during the current reporting period, resulting in an impairment loss of USD 0.4m. There have been no indications of possible impairment related to other intangible assets.

Change in estimate with respect to useful life
The useful life of the intangible assets has been reviewed during the year. Management has evaluated the current useful life estimates as appropriate.

Note 13: Fixed assets

All figures in USD 1 000

13.1 Accounting policies

Property, plant, and equipment are measured at cost less accumulated depreciation and impairment losses, if any. The assets are depreciated on a straight-line basis over their estimated useful lives.

Expenditures classified as repair and maintenance costs are expensed when incurred.

Expenditures that increase the value of the fixed asset are capitalized and depreciated over the remaining useful life of the fixed asset.

The assets' residual values and useful lives are reviewed annually.

At the end of each reporting period, the Group assesses whether there is any indication that a fixed asset may be impaired. The recoverable amount of the fixed asset are normally estimated on a stand-alone basis.

13.2 Fixed assets

GROUP

2024	**Office and lab equipment**	**Computer equipment and machinery**	**Fixture and fittings**	**Property**	**Total**
Opening balance	46 687	49 703	6 858	333	103 581
Additions	2 003	3 209	199	—	5 411
Disposals	-312	—	-80	—	-392
Acquisition cost as of 31.12	**48 378**	**52 913**	**6 977**	**333**	**108 600**
Opening balance	33 436	37 393	3 656	—	74 485
Depreciation expenses	7 409	5 911	1 062	—	14 382
Disposals	-202	—	-65	—	-267
Currency translation differences	-1 217	-668	-69	—	-1 954
Accumulated depreciation as of 31.12	**39 426**	**42 636**	**4 584**	**—**	**86 646**
Net carrying value as of 31.12	**8 952**	**10 278**	**2 393**	**333**	**21 955**

PARENT

2024	**Office and lab equipment**	**Computer equipment and machinery**	**Fixture and fittings**	**Property**	**Total**
Opening balance	21 177	45 080	3 578	333	70 168
Additions	1 832	3 929	86	—	5 847
Disposals	—	-487	-80	—	-566
Acquisition cost as of 31.12	**23 009**	**48 518**	**3 585**	**333**	**75 444**
Opening balance	15 724	33 873	2 074	—	51 671
Depreciation expenses	2 538	5 701	395	—	8 635
Disposals	—	-126	-65	—	-190
Accumulated depreciation as of 31.12	**18 262**	**39 448**	**2 405**	**—**	**60 116**
Net carrying value as of 31.12	**4 746**	**9 070**	**1 180**	**333**	**15 329**

GROUP

2023	Office and lab equipment	Computer equipment and machinery	Fixture and fittings	Property	Total
Opening balance	39 843	44 673	6 138	333	90 987
Additions	6 823	5 017	707	—	12 546
Additions from business combinations	21	14	15	—	51
Acquisition cost as of 31.12	**46 687**	**49 703**	**6 858**	**333**	**103 580**
Opening balance	24 845	26 138	2 448	—	53 431
Depreciation expenses	8 110	11 097	1 187	—	20 389
Currency translation differences	481	158	22	—	661
Accumulated depreciation as of 31.12	**33 436**	**37 393**	**3 656**	**—**	**74 480**
Net carrying value as of 31.12	**13 251**	**12 309**	**3 202**	**333**	**29 095**

PARENT

2023	Office and lab equipment	Computer equipment and machinery	Fixture and fittings	Property	Total
Opening balance	18 262	40 555	2 977	333	62 126
Additions	2 915	4 538	861	—	8 313
Disposals	—	-12	-259	—	-271
Acquisition cost as of 31.12	**21 177**	**45 080**	**3 578**	**333**	**70 167**
Opening balance	12 212	23 127	1 517	—	36 856
Depreciation expenses	3 512	10 751	571	—	14 835
Disposals	—	-5	-14	—	-19
Accumulated depreciation as of 31.12	**15 724**	**33 873**	**2 074**	**0**	**51 672**
Net carrying value as of 31.12	**5 453**	**11 208**	**1 504**	**333**	**18 498**
GROUP AND PARENT					
Estimated useful life	**3 - 5 years**	**3 - 5 years**	**5 years**		
Depreciation method	Straight-line	Straight-line	Straight-line	No depreciation	

Total depreciation expenses consist of depreciation of fixed assets and depreciation of intangible assets (Note 12: Goodwill and intangible assets).

Non-depreciable property assets:
The parent company has an apartment in Trondheim for use by employees in the Oslo office while in Trondheim. The apartment is assessed at acquisition cost. The residual value is expected to be at least equal to the carrying amount.

Scrapped capital assets
All capital assets that are ready to be scrapped have been fully depreciated and have no residual book value.

Impairment
There have been no indications of possible impairment related to fixed assets during the current reporting period.

Change in estimate with respect to useful life
The useful life of the fixed assets has been reviewed during the year. Management has evaluated the current useful life estimates as appropriate.

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Note 14: Leases

All figures in USD 1 000.

14.1 Accounting policies

The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group recognizes lease liabilities to make lease payments and right-of-use (RoU) assets representing the right to use the underlying assets.

Right-of-use assets
The Group recognizes RoU assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). RoU assets are measured at cost, less any accumulated depreciation and impairment losses. The cost of RoU assets includes the amount of lease liabilities recognized, initial direct costs incurred, and lease payments made at or before the commencement date, less any lease incentives received. RoU assets are depreciated on a straight-line basis over the lease term.

At the end of each reporting period, the Group assesses whether there is any indication that an RoU asset may be impaired.

Sub-leases
A sublease, where the Group is a lessor, could either be classified as an operational or finance lease.

Finance lease is applicable for the Group because:

- The lease term of the sublease is for the major pat of the head lease, and
- Risk and reward for the subleased space have been transferred to the sub lessee over the remaining time of the head lease.

The right-of-use asset of the head lease is derecognized equal to the present value of sub-lease and the Group presents the net investment in the lease as an "other long-term asset". The Group uses the discount rate used for the head lease to measure the net investment in the sublease.

Lease liabilities
At the commencement date of the lease, the Group recognizes lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in substance fixed payments), less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees.

In calculating the present value of lease payments, the Group uses its incremental borrowing rate (IBR) at the lease commencement date because the interest rate implicit in the lease is not readily determinable. The Group estimates the IBR using observable inputs (such as market interest rates) when available and is required to make certain entity specific estimates (such as the subsidiary's stand-alone credit rating).

After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments), or a change in the assessment of an option to purchase the underlying asset.

Short-term leases and leases of low-value assets
The Group applies the short-term lease recognition exemption to its short-term leases (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option) and low-value assets. The low value election is made on a lease-by-lease basis and refers to underlying assets with a value in order of USD 5 000 or less. Lease payments on short-term leases and leases of low value assets are recognized as expense on a straight- line basis over the **lease.**

14.2 Leases

The Group is a lessee and has entered into agreements to lease office space, office equipment and machinery

The Group's office leases range between 1 to 13 years. Equipment and machinery leases range between 1 to 5 years.

There are no leases with variable lease payments, other than lease payments linked to a consumer price index.

Extension and termination options are included in a number of property and equipment leases across the Group. These are used to maximize operational flexibility in terms of managing the assets used in the Group’s operations. The majority of extension and termination options held are exercisable only by the Group and not by the respective lessor. In calculating lease liability, the option to extend the lease term of the lease has not been included. The Group could replace the lease assets without significant cost or business disruption.

The Group also has certain leases with lease terms of 12 months or less and leases with low value. The Group applies the "short-term lease" and "lease of low-value assets" recognition exemptions for these leases.

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Leasing activities

In 2024, the following legal entities renegotiated their obligations to existing office locations:

- In 2024, Nordic Semiconductor ASA exercised the option to transfer addition office space in Trondheim, with a commencement date of October 1, 2024, November 1, 2024 and April 11, 2025. The office space is subleased from these dates on the same terms as the head lease.
- Nordic Semiconductor India Private Limited signed an office rental agreement with a commencement date of January 1, 2024.
- Nordic Semiconductor Hong Kong Limited signed an office rental agreement with a commencement date of November 1, 2024
- Nordic Semiconductor Poland Sp. Z.o.o. exercised the option to extend the office lease for another 2 years.

In 2024, the following legal entities signed office rental agreements for new locations:

- Nordic Semiconductor Finland Oy signed an office rental agreement with a commencement date of March 1, 2024.
- Nordic Semiconductor Inc signed an office rental agreement with a expected commencement date of March 25, 2025.
- Nordic Semiconductor (Philippines) Inc signed an office rental agreement with a expected commencement date of January 7, 2025.

Contractual cash flow of leases

Below is the expected contractual cash flow of leases not reflected in the measurement of lease liabilities as of December 31, 2024 (commencement date after balance sheet date).

GROUP	Carrying amount	Contractual cash flow	Less than one year	One to five years	More than five years
Office space	—	4 189	270	2 598	1 320
Office equipment	—	—	—	—	—
Total	**—**	**4 189**	**270**	**2 598**	**1 320**

PARENT	Carrying amount	Contractual cash flow	Less than one year	One to five years	More than five years
Office space	—	3 304	194	1 931	1 179
Office equipment	—	—	—	—	—
Total	**—**	**3 304**	**194**	**1 931**	**1 179**

Minimum lease payments payable on leases are presented in note 26.

Below is the expected contractual cash flow of subleasing.

GROUP	Carrying amount	Contractual cash flow	Less than one year	One to five years	More than five years
Lease payments receivables*	2 699	7 602	600	4 512	2 490
Total	**2 699**	**7 602**	**600**	**4 512**	**2 490**

PARENT	Carrying amount	Contractual cash flow	Less than one year	One to five years	More than five years
Lease payments receivables*	2 699	7 602	600	4 512	2 490
Total	**2 699**	**7 602**	**600**	**4 512**	**2 490**

*Lease payments receivables contractual cash flow is including lease payments from subleasing with commencement date after balance sheet date.

Amounts recognized in the balance sheet:

Right-of-use assets

GROUP			
2024	**Office space**	**Office equipment and machinery**	**Total**
Acquisition cost			
Opening balance	83 580	—	83 580
Additions	5 488	370	5 858
Adjustments	5 042	—	5 042
Net investment in the lease	-2 835	—	-2 835
Acquisition cost as of 31.12	**91 274**	**370**	**91 645**
Accumulated depreciation			
Opening balance	28 910	—	28 910
Depreciation expenses	8 960	74	9 034
Impairment expenses	1 318	—	1 318
Accumulated depreciation and impairment as of 31.12	**39 187**	**74**	**39 261**
Net carrying value as of 31.12	**52 062**	**296**	**52 358**

PARENT			
2024	**Office space**	**Office equipment and machinery**	**Total**
Acquisition cost			
Opening balance	63 250	—	63 250
Additions	36	370	407
Adjustments	4 538	—	4 538
Net investment in finance lease	-2 835	—	-2 835
Acquisition cost as of 31.12	**64 989**	**370**	**65 360**
Accumulated depreciation			
Opening balance	17 724	—	17 724
Depreciation expenses	4 274	74	4 348
Impairment expenses	—	—	—
Accumulated depreciation and impairment as of 31.12	**21 998**	**74**	**22 072**
Net carrying value as of 31.12	**42 991**	**296**	**43 288**

GROUP

2023	Office space	Office equipment and machinery	Total
Acquisition cost			
Opening balance	42 286	—	42 286
Additions	28 826	—	28 826
Adjustments	12 468	—	12 468
Acquisition cost as of 31.12	**83 580**	**—**	**83 580**
Accumulated depreciation			
Opening balance	20 816	—	20 816
Depreciation expenses	8 094	—	8 094
Accumulated depreciation and impairment as of 31.12	**28 910**	**—**	**28 910**
Net carrying value as of 31.12	**54 670**	**—**	**54 670**

PARENT

2023	Office space	Office equipment and machinery	Total
Acquisition cost			
Opening balance	25 662	—	25 662
Additions	25 761	—	25 761
Adjustments	11 827	—	11 827
Acquisition cost as of 31.12	**63 250**	**—**	**63 250**
Accumulated depreciation			
Opening balance	13 586	—	13 586
Depreciation expenses	4 138	—	4 138
Accumulated depreciation and impairment as of 31.12	**17 724**	**—**	**17 724**
Net carrying value as of 31.12	**45 527**	**—**	**45 527**

Impairment
In 2024, Nordic Semiconductor Inc and Nordic Semiconductor UK Limited closed an office due to downsizing. The impairment loss of right-of-use assets is USD 1,3m.

Lease payment receivables:
Below is the carrying amount of lease payment receivables (from subleasing) and the movements during the period.

GROUP		PARENT
—	**Lease payment receivables as of 1 January 2024**	—
-59	Lease payments	-59
2 825	Acquisitions and adjustments	2 825
—	Disposals	—
27	Interest	27
-94	Foreign exchange adjustments	-94
2 699	**Lease payment receivables as of 31 December 2024**	**2 699**

Lease liabilities

Below is the disclosure of financial position from lease liabilities.

GROUP			PARENT	
2024	**2023**	**Lease liabilities**	**2024**	**2023**
10 360	9 897	Current	5 865	5 963
45 752	47 864	Non-Current	38 957	42 127
56 112	**57 762**	**Total lease liabilities**	**44 822**	**48 090**

Below is the carrying amount of lease liabilities and the movements during the period.

GROUP		PARENT
57 762	**Net liabilities as of 1 January 2024**	**48 090**
-10 878	Lease payments	-6 029
11 069	Acquisitions and adjustments	4 955
—	Disposals	—
3 556	Interest	2 958
-5 397	Foreign exchange adjustments	-5 152
56 112	**Net liabilities as of 31 December 2024**	**44 821**

Other items

Below is the disclosure of other items from operational leases and subleasing:

GROUP			PARENT	
2024	**2023**	**Other items from operational leases and subleasing**	**2024**	**2023**
59	—	Income from subleasing right-of-use assets	59	—
27	—	Interest income from net investment in finance leases	27	—
86	**—**	**Total items from subleasing**	**86**	**—**
397	405	Expenses relating to short-term leases	75	138
932	735	Expenses relating to leases of low-value assets	269	293
3 555	1 597	Interest expense on lease liabilities	2 958	1 229
4 884	**2 737**	**Total items from operational leases**	**3 302**	**1 660**
12 148	**9 567**	**The total cash outflow for leases**	**6 314**	**4 842**

Note 15: Investments in subsidiaries and joint ventures

All figures in USD 1 000

Note 15.1: Subsidiaries

The following subsidiaries have been included in the financial statements.

Subsidiaries consolidated in	Established Year	Location	Share Ownership	Voting Rights
Nordic Semiconductor Inc	2006	USA	100%	100%
Nordic Semiconductor Poland S.P z o.o	2013	Poland	100%	100%
Nordic Semiconductor Finland OY	2014	Finland	100%	100%
Nordic Semiconductor KK	2017	Japan	100%	100%
Nordic Semiconductor Germany GmbH	2018	Germany	100%	100%
Nordic Semiconductor Norway AS	2020	Norway	100%	100%
Nordic Semiconductor UK Limited	2020	UK	100%	100%
Nordic Semiconductor India Pvt. Ltd	2020	India	100%	100%
Nordic Semiconductor Sweden AB	2020	Sweden	100%	100%
Nordic Semiconductor Hong Kong Limited	2021	Hong Kong	100%	100%
Nordic Semiconductor (Shenzhen) Limited	2021	China	100%	100%
Nordic Semiconductor Singapore Pte Ltd	2022	Singapore	100%	100%
Nordic Semiconductor Denmark ApS	2022	Denmark	100%	100%
Nordic Semiconductor Philippines, Inc.	2022	Philippines	100%	100%

Subsidiaries as of 31 December 2024	Ownership	Share of votes	Net profit 2024	Equity 31. Dec 2024
Nordic Semiconductor Inc, USA	100%	100%	1 821	7 002
Nordic Semiconductor Poland S.P z o.o	100%	100%	2 196	10 358
Nordic Semiconductor Finland OY	100%	100%	4 548	15 212
Nordic Semiconductor KK	100%	100%	44	163
Nordic Semiconductor Germany GmbH	100%	100%	39	178
Nordic Semiconductor Norway AS	100%	100%	363	8 029
Nordic Semiconductor UK Limited	100%	100%	841	4 557
Nordic Semiconductor India Pvt. Ltd	100%	100%	651	2 546
Nordic Semiconductor Sweden AB	100%	100%	482	1 635
Nordic Semiconductor Hong Kong Limited	100%	100%	103	353
Nordic Semiconductor (Shenzhen) Limited	100%	100%	322	853
Nordic Semiconductor Singapore Pte Ltd	100%	100%	10 601	22 603
Nordic Semiconductor Denmark ApS	100%	100%	46	282
Nordic Semiconductor Philippines, Inc.	100%	100%	245	357

- All intellectual property (IP) is owned by Nordic Semiconductor ASA, which is the ultimate parent company of the Group. All intercompany transactions are conducted in accordance with the Group's transfer pricing policy.
- Nordic Semiconductor Inc is a market development, product promotion, and support company, but since 2016 has run a small R&D department as well.
- Nordic Semiconductor Poland Sp. z.o.o. is an extension of the software development team in the parent company.
- Nordic Semiconductor Finland OY is a development company working mainly with long range technology. The R&D team in Finland works closely alongside the rest of the R&D teams in the Group.
- Nordic Semiconductor KK is a market development, product promotion, and support company,
- Nordic Semiconductor Germany GmbH is a market development, product promotion, and support company,
- Nordic Semiconductor Norway AS is the parent company of Nordic Semiconductor UK Limited, Nordic Semiconductor India Pvt. Ltd, Nordic Semiconductor Sweden AB, Nordic Semiconductor Hong Kong Limited and Nordic Semiconductor (Shenzhen) Limited.
- Nordic Semiconductor UK limited is a development company working with Wi-Fi and PMIC technology. The R&D team in the UK works closely alongside the rest of the R&D teams in the Group.
- Nordic Semiconductor India Pvt. Ltd is a development company working with Wi-Fi technology. The R&D team in India works closely alongside the rest of the R&D teams in the Group.
- Nordic Semiconductor Sweden AB is a development company working mainly with Wi-Fi technology. The R&D team in Sweden works closely alongside the rest of the R&D teams in the Group.
- Nordic Semiconductor Hong Kong Limited is a market development, product promotion, and support company.
- Nordic Semiconductor (Shenzhen) Limited is a market development, product promotion, and support company.
- Nordic Semiconductor Singapore Pte Ltd is Nordic's regional head office in the APAC region, distributing the Group's products.
- Nordic Semiconductor Denmark ApS is a development company working with mainly short range technology.
- Nordic Semiconductor Philippines, Inc. is a development, supply chain and support company. The R&D team in the Philippines is working across all technologies, and works closely alongside the rest of the R&D teams in the Group.

Note 15.2: Joint ventures

Nordic Semiconductor ASA has 20% ownership in Quintauris GmbH. The investment is accounted for in accordance with the equity method. The carrying value of joint ventures are USD 177m on December 31, 2024.

Note 16: Other long term receivables

All figures in USD 1 000

In 2023, Nordic Semiconductor ASA entered a capacity reservation agreement with a wafer manufacturer. The company is committed to purchasing wafers according to a purchase reservation plan for the period from Q4 2023 to Q4 2031.

Nordic has paid USD 100m to secure the quarterly reservation. The prepayment is settled against committed wafer orders every quarter.

The balance of the prepayment as of December 31, 2024 is USD 97.2m, where USD 88.4m is classified as Other long term assets and USD 8.8m is classified as Other current receivables.

See note 17.1 for information about the impairment assessment.

Note 17: Accounts receivable

All figures in USD 1 000

17.1 Accounting policies

Impairment of financial assets

For accounts receivables, the Group applies a simplified approach in calculating expected credit losses (ECLs). The Group does not track changes in credit risk, but instead recognizes a loss allowance based on lifetime ECLs at each reporting date.

See note 26 for further information.

17.2 Accounts receivable

GROUP			PARENT	
2024	**2023**		**2024**	**2023**
66 412	133 316	Gross receivables	1 037	983
—	—	Provision for doubtful accounts	—	—
66 412	**133 316**	**Accounts receivable, net**	**1 037**	**983**

Note 18: Intercompany

All figures in USD 1 000

PARENT	2024	2023
Loans to group companies	3 032	6 145
Receivables group companies	99 301	105 406
Total receivable	**102 333**	**111 551**
Accounts payable, group companies	28 395	55 148
Total payables	**28 395**	**55 148**

PARENT	2024	2023
Sale of goods	474 356	521 464
Total revenue	**474 356**	**521 464**
Cost of goods sold	261 125	268 237
Total cost of goods sold	**261 125**	**268 237**
Service fee for R&D and product promotion	115 288	110 402
Total other operating expenses	**115 288**	**110 402**
Interest income from loans to group companies	353	371
Total financial income	**353**	**371**

Note 19: Cash and cash equivalents

All figures in USD 1 000

19.1 Accounting policies

Cash and cash equivalents include cash at bank and money market fund. Money market funds are defined as cash equivalents because they are highly liquid and not subject to material fluctuations in value. The purpose of cash and cash equivalents is to meet short-term commitments.

19.2 Cash and cash equivalents

GROUP			PARENT	
2024	**2023**	**Cash and cash equivalents as of the balance sheet date were as follows:**	**2024**	**2023**
192 445	189 853	Cash at bank	90 164	166 449
2 256	2 372	Restricted cash (withholding tax account)	2 256	2 372
93 213	98 731	Money market funds	93 213	98 731
287 914	**290 957**	**Cash and cash equivalents in statement of financial position**	**185 633**	**267 553**

- Cash at banks earns interest at floating rates based on daily bank deposit rates.
- Money market fund invests in short-term securities in Norwegian fixed-income market. The instruments are issued or guaranteed by the state, municipalities, county authorities, industrial companies, and financial institutions. The fund may, for extended periods, allocate all its investments within just one or a few of these segments.■ Nordic Semiconductor ASA presents total bank deposits in the international cash pool, while Nordic Semiconductor OY presents its share of the international cash pool as a receivable from the company. Nordic Semiconductor ASA and Nordic Semiconductor OY participate in the cash pool, which is operated by Danske Bank.
- Restricted deposits are held by Nordic Semiconductor ASA. They are subject to regulatory restrictions and are therefore not available for general use by the entities within the Group.
- Interest on bank deposits is set to floating rates based on daily bank deposit rates.

For information on credit and liquidity risk, see Note 26: Financial risk management.

Note 20: Share capital and shareholder information

20.1 Accounting policies

When treasury shares are purchased, the purchase price, including directly attributable costs, are recognized as changes in equity. Treasury shares are presented as a reduction of equity. Gains or losses on transactions in treasury shares are not recognized in the income statement.

20.2 Share capital and shareholder information

Share capital

The share capital in Nordic Semiconductor ASA as of December 31, 2024 consists of one share class with a total of 192,781,600 shares with a par value of NOK 0.01, with a total share capital of NOK 1,927,816. Each share grants the same rights in the company, and in the event of any increase in capital, existing shareholders have preemptive rights for any new shares. During the year, the following changes have been made in the number of shares, share capital, and share premium.

GROUP	Number of shares		Share capital (USD 1000)		Treasury shares (USD 1000)		Share premium (USD 1000)	
	2024	**2023**	**2024**	**2023**	**2024**	**2023**	**2024**	**2023**
Holdings as of 1.1	192 781 600	192 781 600	317	317	-1	-2	235 448	235 448
Change during the year	—	—	—	—	0	1	—	—
Holdings as of 31.12	**192 781 600**	**192 781 600**	**317**	**317**	**-1**	**-1**	**235 448**	**235 448**

Dividend

No dividend was paid during 2024.

Treasury shares

The company owned 518,692 treasury shares on December 31, 2024. On January 1, 2024, the company owned 382,102 treasury shares. Based on a resolution of the annual general meeting of April 24, 2024, the Board has authority to purchase the company's own shares with a limit of a par value of NOK 192,000 through one or more transactions. This authority is limited to 9.96% of the company's share capital, and the price per share that the company may pay for shares shall not be lower than the par value and not higher than NOK 350. This authority applies until the company's annual general meeting in 2025, and by June 30, 2025 at the latest. On February 4, 2025, the board authorized the Company to commence a share repurchase program based on the aforementioned resolution of the annual general meeting. The purpose of the program is to have available shares to settle the company's obligations under the Employee long-term equity linked incentive programs and to cover the outstanding considerations for the acquisition of Mobile Semiconductor.

Long-term incentive plan

With reference to the board meeting on March 19, 2024, the Group approved a combination of Restricted Stock Units (RSUs) and Performance Shares (PSUs) for all employees, with the exception of the Executive Management team. Additionally, on April 24, 2024, the Annual General Meeting of Nordic Semiconductor ASA approved the grant of Restricted Stock Units (RSUs) in accordance with the 2024 Employee Long-Term Incentive Plan. See note 23 for further information.

Shareholder overview

The largest shareholders in Nordic Semiconductor ASA were as follows as of December 31, 2024, based on data provided by an investor relations advisory service provider*, and is obtained through an analysis of beneficial ownership and fund manager information provided in replies to disclosure of ownership notices issued to all custodians on the Nordic VPS share register.

Shareholder	Shares	Percentage
Folketrygdfondet	23 716 239	12.3%
DNB Asset Management AS	21 722 619	11.3%
Accelerator Limited	17 472 950	9.1%
The Vanguard Group, Inc.	7 244 165	3.8%
BlackRock Fund Advisors	5 719 504	3.0%
KLP Kapitalforvaltning AS	5 214 809	2.7%
Eika Kapitalforvaltning AS	4 481 082	2.3%
Danske Bank Investment Management	4 108 926	2.1%
Handelsbanken Fonder AB	3 546 461	1.8%
The Hongkong & Shanghai Banking Corp . Ltd	3 415 437	1.8%
Storebrand Asset Management AS	3 224 060	1.7%
Skandia Fonder AB	3 217 099	1.7%
Robeco Institutional Asset Management B.V.	2 829 065	1.5%
Alfred Berg Kapitalforvaltning AS	2 590 962	1.3%
E. Öhman J :or Fonder AB	2 496 899	1.3%
Bluepearl Map I LP	2 402 622	1.2%
Svenn Tore Larsen	1 947 142	1.0%
Odin Forvaltning AS	1 924 548	1.0%
TTC Invest AS	1 772 000	0.9%
Merrill Lynch International	1 757 869	0.9%
Total for the 20 largest shareholders	120 804 458	62.7%
Other shareholders	71 977 142	37.3%
Total shares outstanding	**192 781 600**	**100.0%**

*Every reasonable effort has been made to verify the data, however neither Nordic nor the investor relations advisory service provider can guarantee the accuracy of the analysis.

Shares held by the Board of Directors and Executive Management were as follows as of December 31, 2024:

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Board of Directors	Shares	Executive Management	Shares
Birger Steen	270 907	Vegard Wollan	131 000
Anita Huun	14 683	Geir Langeland	222 722
Inger Berg Ørstavik	7 283	Ole Fredrik Morken	206 507
Annastiina Hintsa	5 683	Ståle Ytterdal	142 665
Snorre Kjesbu	7 425	Ola Bostrøm	5 927
Jon Helge Nistad	958	Pål Elstad	50 945
Anja Dekens	570	Øyvind Birkenes	9 540
Morten Dammen	2 507	Kjetil Holstad	17 479
Dieter May	6 264	Joakim Ferm	1 801
Helmut Gassel	764	Sonja Kusmin	600
Monika Lie Larsen	1 051	Øyvind Strøm	6 000
Total	**318 095**	**Total**	**795 186**

Note 21: Shares outstanding

Basis for calculation of basic earnings per share	2024	2023
Earnings for the year (USD '000)	-38 504	7 650
Weighted average number of outstanding shares ('000)	192 196	192 085
Earnings per share (USD)	**-0.20**	**0.04**
Basis for calculation of fully diluted earnings per share		
Earnings for the year (USD '000)	-38 504	7 650
Weighted average number of outstanding shares ('000)	194 717	193 350
Earnings per share (USD)	**-0.20**	**0.04**

The number of shares was as follows:

Date		Shares issued	Shares outstanding
01.01.2024	Opening balance	192 781 600	192 399 498
31.12.2024	Closing balance	192 781 600	192 262 908

Restricted Stock Units (RSUs) and Performance Shares (PSUs) granted to employees are considered to be potential ordinary shares. They have been included in the determination of diluted earnings per share. RSUs and PSUs have not been included in the determination of basic earnings per share. Details relating to share based compensation are set out in note 23.

Note 22: Pensions

Defined benefit plan

The total pension liability from defined benefit plans was USD 765,294 for the Group. This amount consists of liabilities in Norway, the Philippines, Poland and India.

The Norwegian company in the Group is required to have mandatory employment pension for employees in Norway, according to the Mandatory Employment Pension Act. The defined benefit plan was closed for new members effective January 1, 2008, and from this point a new defined contribution plan was established.

Nordic has had a pension plan for the Philippines office as of January 2014. The retirement plan is unfunded and of the defined benefit type that provides a retirement benefit calculated based on number of years of credited service. At the end of 2024, the pension liability was USD 396,358.

In Finland, earnings-related pensions are financed with insurance contributions paid by employers and employee. In Poland, the employers and employee contribute to a social security plan including pensions and disability insurance. In addition, the company offers a employee capital plan (PPK) financed jointly by the employee, the employer, and the government.

In India, the company provides for gratuity, a defined benefit plan (the "Gratuity Plan") covering eligible employees in accordance with the Payment of Gratuity Act, 1972. The amount of gratuity payable on retirement/termination is the employee's last drawn basic salary per month, computed proportionately for 15 days' salary multiplied by the number of years of service.

Defined contribution pension plan

All employees in Norway have a defined contribution pension plan since January 1, 2016. The main benefit is a contribution of 7% of salary up to 7.1 basis points (G) and 18% of salary between 7.1 and 12 basis points. In addition to this, the company offers a disability pension of approximately 66% of salary including estimated social security based on 40 years of full employment. In 2024, the cost of the defined contribution pension was USD 378,618, and the plan had 581 members.

The Indian company has a defined contribution plan, specifically a provident fund. Contributions are made to provident fund at the rate of 12% of basic salary. The contributions are made to registered provident fund administered by the government. The obligation of the Company is limited to the amount contributed. It has no further contractual or any constructive obligation.

In Poland, each employee who retires is entitled to retirement and pension severance pay from the employer. This is regulated by the Polish Labor Code.

Note 23: Long-term incentive plans

23.1 Accounting policies

Share based compensation
The Group grants restricted stock units and other awards over its ordinary shares to all employees. The cost of equity-settled transactions is determined by the fair value at the date when the grant is made using an appropriate valuation model, further details of which are given in note 23.2.

That cost is recognized in employee benefits expense, together with a corresponding increase in equity (other paid in capital), over the period in which the service and, where applicable, the performance conditions are fulfilled (the vesting period).

Social security tax is accrued over the vesting period based on the actual value of the stock unit.

23.2 Long-term incentive plans

On April 28, 2021, Nordic Semiconductor ASA granted 452,353 Restricted Stock Units (RSUs) and Performance shares to employees. A share price of NOK 182.2 was used as basis for the calculation of RSUs and Performance Shares, which was the weighted average share price the five trading days after the Annual General Meeting. The RSUs vest after two and three years. The performance shares are issued conditional upon the achievement of a certain set of objectives. The performance shares vest and will be delivered at par value upon the completion of the performance period, which is three years.

On April 28, 2022, Nordic Semiconductor ASA granted 486,677 RSUs and Performance shares to employees. A share price of NOK 183.8 was used as basis for the calculation of RSUs and Performance Shares, which was the weighted average share price the five trading days after the Annual General Meeting. The RSUs vest after two and three years. The performance shares are issued conditional upon the achievement of a certain set of objectives. The performance shares vest and will be delivered at par value upon the completion of the performance period, which is three years.

On July 12, 2023, Nordic Semiconductor ASA granted 1,002,323 RSUs and Performance shares to employees. A share price of NOK 112.7 was used as the basis for the calculation of RSUs for employees, which was the weighted average share price over the five trading days after the Annual General Meeting. The RSUs vest after two and three years. For the EMT, the weighted average share price on July 11, 2023 of NOK 129.9 was used as the basis for the calculation of RSUs and Performance shares. The performance shares are issued conditional upon the achievement of a certain set of objectives. The performance shares vest and will be delivered at par value upon the completion of the performance period, which is three years.

On March 20, 2024, Nordic Semiconductor granted 903,000 RSUs and Performance Shares to employees. The grant was aimed at retaining and motivating employees following a challenging year of cost optimization initiatives. The grant covered all employees, with the exception of the executive management team. The RSUs vest in May 2025. The performance shares are issued conditional upon the achievement of a certain set of objectives. The performance shares vest and will be delivered at par value upon the completion of the performance period, which is until May 2025.

With reference to the Annual general meeting held on April 24, 2024, Nordic Semiconductor, on May 3, 2024, granted 946,922 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.

A summary of RSUs transactions during 2024 and 2023 below:	2024	2023
Outstanding RSUs 1.1	**1 404 565**	**1 002 504**
Granted	1 355 419	958 462
Forfeited	462 508	146 600
Released	375 650	409 801
Outstanding RSUs 31.12	**1 921 826**	**1 404 565**

A summary of performance shares during 2024 and 2023 below:	2024	2023
Outstanding performance shares 1.1	**77 357**	**109 632**
Granted	516 983	43 861
Forfeited	69 431	21 929
Performance adjusted	-169 120	43 371
Released	—	97 578
Outstanding performance shares 31.12	**355 789**	**77 357**

The fair value of the RSUs and performance shares are set on the grant date and expensed over the vesting period. USD 11,661 thousand was expensed during 2024 and USD 6,548 thousand in 2023. The strike price of the RSUs and PSUs are nil and the shares are delivered free of payment.

The fair value per RSU and performance share without market condition granted in March and May 2024 was NOK 83.28 and NOK 123, respectively. The fair value of the performance shares with Relative Total Shareholder Return performance condition granted in May 2024 was NOK 198.0039. The valuation is based on a Monte Carlo simulation model with the following assumptions:

Share price on the grant date
The closing share price of the company and peer group companies (SOX Index) were NOK 123.00 and USD 4,605.36, respectively.

Risk-free interest rate
The risk-free interest rate is set equal to the relevant interest rate on government bonds on the date of grant in 2024, i.e., 3.674 % in Norway.

Volatility
It is assumed that historic volatility is an indication of future volatility. The expected volatility is therefore stipulated to be the same as the historic volatility, which equaled 57.37% on the date of grant in 2024 for the Company and 33.95% for the SOX Index.

Expected lifetime
Performance shares vest on the May 3, 2027. Performance end date is December 31, 2026, so as of vesting date the quantity to vest is known.

Correlation coefficients
Correlation coefficient quantifies the degree to which the companies' share prices jointly react to the news flow. The historic correlation coefficients has been calculated by using daily share price logarithmic returns of peer group companies in local currency.

Note 24: Current liabilities

All figures in USD 1 000

GROUP			PARENT	
2024	**2023**		**2024**	**2023**
23 918	12 201	Accounts payable	22 903	15 403
—	—	Accounts payable from subsidiaries	28 280	55 148
1 799	5 640	Taxes payable	—	3 939
14 940	1 390	Employee benefit obligations	6 074	319
6 737	6 334	Social security tax and payroll tax	5 259	4 579
8 831	11 113	Holiday pay	4 845	6 405
22 363	30 010	Ship and debit	—	—
3 679	25 294	End-customer rebate	—	—
3 320	4 398	Restructuring costs	2 116	2 811
10 360	9 897	Current lease liabilities	5 865	5 963
627	741	Accrued interest bond	627	741
5 514	5 514	Accrued expenses	3 271	3 325
1 000	1 620	Other current liabilities	—	147
103 087	**114 151**	**Total current liabilities**	**79 240**	**98 778**

Restructuring cost, including termination benefit cost
In October 2024, Nordic communicated a detailed restructuring plan, including downsizing to secure long-term health of the company in a challenging economic environment. The process was finalized in December 2024.

The provision for restructuring cost at the balance sheet date include incremental costs that are directly associated with the restructuring, such as the cost of outplacement and termination benefits.

The cost of outplacement is recognized as the best estimate of the expenditure required to settle the present obligation at the balance sheet date. Nordic measure termination benefits on initial recognition (at undiscounted amount), and measure and recognize subsequent changes in accordance with the nature of the employee benefit.

The termination benefit is a result of employee's decision to accept an offer of benefits in exchange for the termination of employment. The termination benefits includes a lump sum payment, enhancement of post-employment benefits (such as pensions and insurance plans) and salary till end of the notice period.

The benefit is settled during the specified notice period (within 12 months after balance sheet date).

Note 25: Financial instruments

All figures in USD 1 000.

25.1 Accounting policies

All financial assets and liabilities are classified at amortized cost, except money market fund at fair value through profit or loss.

Financial assets are initially measured at fair value plus or minus transaction costs that are directly attributable to the acquisition of the asset. Financial assets classified at amortized cost is subsequently measured using the effective interest rate (EIR) method and are subject to impairment. Gains and losses are recognized in profit or loss when the asset is derecognized, modified or impaired.

Financial liabilities are recognized initially at fair value and, in the case of loans and borrowings and accounts payables, net of directly attributable transaction costs. After initial recognition, borrowings are subsequently measured at amortized cost using the EIR method. Gains and losses are recognized in profit or loss when the liabilities are derecognized as well as through the EIR amortization process

25.2 Financial instruments

Capital structure

Nordic's strategy relating to its capital structure is to maintain sufficient cash and cash equivalents to meet the Group's requirements for ongoing operations and for new investments. Management believes that it is especially important to retain a strong credit rating and significant liquidity as the Group competes in a global market against larger companies.

Nordic manages its capital structure and makes revisions in light of changes in the overall economy and its operating assumptions. In order to maintain or amend the capital structure, Nordic may purchase its own shares on the market, pay dividends to shareholders, pay back capital to shareholders or issue new shares.

Nordic aims for an equity ratio above 50% at all times, measured as total equity divided by total assets.

GROUP			PARENT	
2024	**2023**		**2024**	**2023**
569 766	602 077	Total equity	515 052	554 883
806 706	862 245	Total assets	721 162	793 682
71%	70%	**Equity share**	71%	70%

Financial assets

The Group holds the following financial assets at amortized cost.

GROUP			PARENT	
2024	**2023**	**Amortized cost**	**2024**	**2023**
2 699	—	Net investment in finance leases	2 699	—
66 412	133 316	Accounts receivable	1 037	984
3 179	4 389	Other current receivables	103 281	113 795
194 701	192 225	Cash at bank	92 420	168 822
266 991	**329 931**	**Total financial assets at amortized cost**	**199 437**	**283 601**

GROUP			PARENT	
2024	**2023**	**Fair value through profit or loss**	**2024**	**2023**
93 213	98 731	Money market fund	93 213	98 731
93 213	**98 731**	**Total financial assets at fair value through profit or loss**	**93 213**	**98 731**

Changes in financial assets at fair value through profit or loss.

GROUP			PARENT	
2024	**2023**		**2024**	**2023**
98 731	48 725	**As at 1 January**	98 731	48 725
—	-44 205	Disposal of financial instruments	—	-44 205
—	93 064	Acquisition of financial instruments	—	93 064
5 008	426	Changes in fair value	5 008	426
-10 526	721	Currency translation differences	-10 526	721
93 213	**98 731**	**As at 31 December**	**93 213**	**98 731**

Financial liabilities

The Group holds the following financial liabilities.

GROUP			PARENT	
2024	**2023**	**Amortized cost**	**2024**	**2023**
87 336	97 491	Bond	87 336	97 491
23 918	12 201	Accounts payable	22 902	15 403
626	741	Current financial liabilities	626	741
66 383	79 345	Other current liabilities	48 414	68 153
45 752	47 864	Non-current lease liabilities	5 865	42 127
10 360	9 897	Current lease liabilities	38 957	5 963
234 375	**247 539**	**Total financial liabilities at amortized cost**	**204 100**	**229 878**

Interest-bearing loans and borrowings:

The Group has long-term revolving credit facility (RCF), which enable it to borrow up to USD 200m at any time with an interest rate equal to SOFR + margin. The line of credit expires in June 2026. As of December 31, 2024, Nordic has not drawn on any of the credit lines. The security is provided by inventory, receivables, and operating equipment with book values as follows: inventories USD 172m, accounts receivable USD 66m, and operating equipment USD 22m.

The following financial covenants are included for the revolving credit facilities:

- Equity ratio shall not be lower than 40 %.

In Q4 2023, the Parent issued a 5-year senior unsecured bond issue with initial issue amount of NOK 1,000m (ISIN: NO0013072462). The interest rate is 3 months Nibor + 3 % with quarterly interest payments. In the event that Nordic loses its Investment Grade Rating, the margin will rise by one percent and the Group will need to maintain an equity ratio of 40% until the Group regains the Investment Grade Rating.

The remainder of the Group's financing is made through short-term, non-interest bearing debt. This financing typically consists of debt to suppliers, the public sector, employees and others. Nordic has entered into a Tenancy Guarantee with Danske Bank as unconditional guarantor for NOK 50.1m for the offices in Trondheim and SEK 0.4m for the office in Stockholm. The first warranty is given to secure payments of up to 24 months of rent for the office in Trondheim.

Fair value measurement

The financial instruments that are carried at fair value are revalued on a recurring basis. The financial instruments are not designated at fair value through profit or loss on initial recognition.

The Group holds an investment into a market money fund at fair value of USD 93m, using the following method and assumptions:

- Money market fund is classified as cash equivalent due to its high liquidity and insignificant risk of change in value. The cash equivalents is available to meet short-term commitments. The asset is measured at quoted market price in an active market at the balance sheet date. See note 19 for information on cash and cash equivalents.

Note 26: Financial risk management

All figures in USD 1 000.

The Group's Finance department is responsible for carrying out the policies and guidelines for financial risk management approved by the Board.

The Group is mainly exposed to counterparty credit risk, liquidity risk, and market risk (including interest rate risk and foreign currency risk).

Credit risk

Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Group is exposed to credit risk from its operating activities (primarily accounts receivables and prepayments) and from its financing activities, including foreign exchange transactions, cash and cash equivalents with banks and other financial institutions and other financial instruments.

The Group is exposed to credit risk related to a prepayment of USD 97.2m. There are no indications that the wafer manufacturer will not be able to fulfil their part of the agreement, and no expected credit loss is reflected in the financial statement.

The Group's sale of components takes place through its distribution partners within defined geographic regions, where Asia is the dominant region. The Group depends on a relatively small number of customers. Customer credit risk is managed by each region subject to the Group's established policy, procedures and control relating to customer credit risk management. Credit quality of a customer is assessed based on an extensive credit evaluation and individual credit limits are defined in accordance with this assessment. Outstanding accounts receivables are regularly monitored and assurance from distributors that end customer sales is secured through letter of credits is obtained.

Age distribution of customer receivables was:

GROUP			PARENT	
2024	**2023**	**Gross total**	**2024**	**2023**
56 604	93 606	Not due	782	630
8 151	37 107	Past due 0-30 days	161	10
1 607	2 332	Past due 31-120 days	44	73
50	271	Over 120 days	50	271
66 412	**133 316**	**Total**	**1 037**	**984**

The Group makes an allowance for expected credit losses on customer receivables based on internal, historical credit loss data and past due receivables, adjusted for forward-looking factors specific to the debtors and the economic environment.

The Group has a limited number of customers, regular contact and long-term relationships with most of its customer base. Some of the customers are dependent on Nordic Semiconductor to stay in business. Historically, there have not been any significant credit losses. 85% of trade receivables were within terms at the balance sheet date. On that basis, expected credit loss for trade receivables are limited and allowances for doubtful accounts at December 31, 2024 was 0m.

The maximum exposure to credit risk on the balance sheet date was:

GROUP			PARENT	
2024	**2023**		**2024**	**2023**
66 412	133 316	Accounts receivable	1 037	983
27 029	21 874	Other current receivables	123 914	128 785
287 914	290 957	Cash and cash equivalents	185 633	267 553
381 355	**446 147**	**Total**	**310 583**	**397 321**

The credit risk in table above is diversified over a range of distributors, vendors, and banks.

Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting financial obligations when due and to close out market positions.

Overall, cash flows are being monitored at both Group and entity level. The Group seeks to minimize risk when investing its cash balances. Investments can only be made in securities that have been approved by the Board.

As of December 31, 2024, cash and cash equivalents amounted to USD 287.9m (USD 291.0m), see note 19 for details. The total balance includes money market fund at fair value USD 93.2m.

The Group has no externally imposed capital requirements or agreements, and has no contracts or legal requirements which are not being upheld. The Group has the following due dates with regard to contracts for financial liabilities as of December 31, 2024.

GROUP	Carrying amount	Contractual cash flow	Less than one year	One to five years	More than five years
Bond - payment of principal	87 336	88 079	—	88 079	—
Bond - payment of interest*	626	24 327	6 572	17 755	—
Accounts payable	23 918	23 918	23 918	—	—
Other current liabilities	68 182	68 182	67 182	1 000	—
Lease liabilities**	56 112	71 323	10 394	30 782	30 147
Total	**236 174**	**275 829**	**108 066**	**137 616**	**30 147**

PARENT	Carrying amount	Contractual cash flow	Less than one year	One to five years	More than five years
Bond - payment of principal	87 336	88 079	—	88 079	—
Bond - payment of interest*	626	24 327	6 572	17 755	—
Accounts payable	22 903	22 903	22 903	—	—
Accounts payable subsidiaries	23 050	23 050	23 050	—	—
Other current liabilities	26 795	26 795	26 795	—	—
Lease liabilities**	44 822	58 999	5 774	23 077	30 147
Total	**205 533**	**244 154**	**85 095**	**128 911**	**30 147**

* The contractual cash flow is calculated using forward yield curve. Estimated interest payments are based on the contractual cash flow of the bond on December 31, 2023.

** Lease liabilities are mainly office facility rent in Trondheim, lease ending December 31, 2033 and December 31, 2037 and in Oslo, leasing ending December 31, 2032

Interest rate risk

The Group's liquidity requirements and risk assessment determine its investment strategy and interest rate exposure.

The Group's policy is to maintain a short-term investment horizon for its surplus cash. The investment portfolio should not have an average duration of longer than six (6) months.

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 2026, with option to extend. The security for the credit line is provided by inventory, receivables, and operating equipment.

The Group has issued a 5-year senior unsecured bond with initial issue amount of NOK 1,000m. The interest rate is 3 months Nibor + 3 %.

Interest rate sensitivity analysis
The interest rate sensitivity analysis shows the effects of changes in market interest rate on borrowing interest costs. The analysis is based on the following assumptions:

- Revolving credit facility - The profit before tax is not impacted by changes in market interest rate as the credit facility as of December 31, 2024 is not utilized.
- Bond - The profit before tax is impacted by changes in market interest rate. The table below demonstrates the sensitivity to a possible change in interest rates. With all other variables held constant, the Group's profit before tax is affected through the impact on floating rate borrowings, as follows.

	2024	2023
Interest rate (3 months NIBOR)	**Effect on profit before tax**	**Effect on profit before tax**
+50 basis points	-440	-492
-50 basis points	440	492

Foreign currency risk

The Group is subject to foreign currency risk, as it operates internationally with development and commercial activities.

Foreign exchange risk arises from future commercial transactions and recognized assets and liabilities denominated in a currency that is not the functional currency of the relevant group entity.

The primary functional currency for the Group is USD. The vast majority of the Group's revenues and cost of goods sold are denominated in USD. However, approximately 40% of the Group's operating expenses (excluding depreciation and amortization) are denominated in NOK and 20% are denominated in EUR. The Group does not use hedging instruments to minimize its exposure to foreign currency risk from operating activities affecting profit and loss.

Below is a sensitivity analysis of changes in the NOK exchange rate on Group balance sheet items, and their impact on profit and loss:

Profit before tax	
NOK exchange rate +/- 10%	'+/- 3 534

Issued bond and money market fund is nominated in NOK. The impact on profit and loss due to changes in the NOK exchange rate on these financial instruments offset each other.

The tables below show the exposure in sales to foreign currency risk in the most significant currencies:

GROUP	**2024**			**2023**		
	Local currency (1,000)	**USD (1,000)**	**Share of total revenue in %**	**Local currency (1,000)**	**USD (1,000)**	**Share of total revenue in %**
USD	511 189	511 189	100.0%	542 830	542 830	100.0%
EUR	162	169	—%	11	11	—%
Other	549	57	—%	282	28	—%
Total		**511 415**	**100.0%**		**542 869**	**100.0%**

PARENT	**2024**			**2023**		
	Local currency (1,000)	**USD (1,000)**	**Share of total revenue in %**	**Local currency (1,000)**	**USD (1,000)**	**Share of total revenue in %**
USD	477 374	477 374	100.0%	507 986	507 986	100.0%
EUR	162	169	—%	11	11	—%
Other	547	51	—%	282	28	—%
Total		**477 595**	**100.0%**		**508 026**	**100.0%**

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The tables below show the exposure at the end of reporting period in the most significant currencies:
All amounts stated in USD 1000.

GROUP	2024		2023	
	Accounts receivable	Accounts payables	Accounts receivable	Accounts payables
USD	66 250	20 606	133 313	8 009
EUR	156	1 523	—	596
NOK	6	1 620	3	3 219
Other	—	169	—	377
Total	**66 412**	**23 918**	**133 316**	**12 201**

PARENT	2024		2023	
	Accounts receivable	Accounts payables	Accounts receivable	Accounts payables
USD	981	20 606	981	11 900
EUR	156	590	—	284
NOK	6	1 620	2	3 219
Other	—	87	—	—
Total	**1 037**	**22 903**	**983**	**15 403**

Determination of fair value

As of December 31, 2024, the Group had no other financial assets or financial liabilities than the bond where there is considered to be a difference between book value and fair due to bond discounts/premiums. The bond is classified as Level 1 in the fair value hierarchy, as it is a listed financial liability with observable prices.

Below is an overview of Nordic's financial instruments with difference between book value and fair value:

GROUP	2024		2023	
	Book value	Fair market value	Book value	Fair market value
Financial liabilities				
Bond	87 336	90 900	97 491	99 178

PARENT	2024		2023	
	Book value	Fair market value	Book value	Fair market value
Financial liabilities				
Bond	87 336	90 900	97 491	99 178

Book value is a reasonable estimate of fair value in cases where these numbers are identical.

Note 27: Events after the balance sheet date

No events have occurred since December 31, 2024 with any significant effect that will impact the evaluation of the submitted accounts.

Note 28: Related party transactions

Nordic Semiconductor ASA, the ultimate parent company of the Group, is listed on Oslo Stock Exchange. The Group has no material transactions with related parties.

The ultimate parent company has transactions with its wholly-owned subsidiaries. See Note 18: Intercompany for further information.

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 (APMs) that are regularly reviewed by management to enhance the understanding of the Group's performance. An APM is a measure of historical or future financial performance, financial position, or cash flows other than those defined or specified in the applicable financial reporting framework. The Group has identified the following APMs used in reporting (amounts in USD million).

Gross margin is presented, as it is the main financial KPI to measure the Group's operations performance.

- Gross margin. Gross profit divided by total revenue.

GROUP	2024	2023
Gross profit	242.0	283.7
Total revenue	511.4	542.9
Gross margin	**47.3%**	**52.3%**

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

- EBITDA is earnings before interest, taxes, depreciation and amortization.

GROUP	2024	2023
Operating profit	-45.8	4.7
Depreciation, amortization and impairments	40.6	44.3
EBITDA	**-5.2**	**49.0**

- EBITDA margin. EBITDA divided by total revenue.

GROUP	2024	2023
EBITDA	-5.2	49.0
Total revenue	511.4	542.9
EBITDA margin	**(1.0%)**	**9.0%**

Total operating expenses and cash operating expenses. Nordic's management believes that this measurement best captures the difference in expenses impacting the cost compared to cash flow of the Group.

- Total operating expenses. Sum of payroll expenses, other operating expenses, depreciation, and amortization.
- Cash operating expenses. Total payroll and other operating expenses adjusted for non-cash related items, including depreciation and amortization, option expenses and capitalization of development expenses.

GROUP	2024	2023
Payroll expenses	170.3	153.0
Other operating expenses	76.9	81.7
Depreciation, amortization and impairments	40.6	44.3
Total operating expenses	**287.8**	**279.0**
Depreciation, amortization and impairments	-40.6	-44.3
Option expense	-11.7	-6.5
Capitalized expenses	19.3	22.0
Cash operating expenses	**254.9**	**250.1**

Adjusted EBITDA and adjusted EBITDA margin. This APM shows Nordic's profitability, excluding products in an investment phase with limited revenue.

- EBITDA excluding cellular IoT, divided by total revenue excluding cellular IoT revenue.

GROUP	2024	2023
Reported EBITDA	-5.2	49.0
Long range (cellular IoT) EBITDA loss	55.3	43.7
Wi-Fi expense	16.8	16.5
Restructuring costs	3.2	4.9
Adjusted EBITDA	**70.1**	**114.1**
Total revenue (excluding cellular IoT revenue)	494.5	525.3
Adjusted EBITDA margin	**14.2%**	**21.7%**

LTM opex to LTM revenue. Nordic's business is seasonal and by dividing last 12 months' operating expenses excluding depreciation by last 12 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.

- Last 12 months' operating expenses excluding depreciation divided by last twelve months revenue.

GROUP	2024	2023
Total operating expenses	287.8	279.0
Depreciation, amortization and impairments	-40.6	-44.3
Operating expenses excluding depreciation and amortization	**247.2**	**234.7**
Total revenue	511.4	542.9
LTM opex / LTM revenue	**48.3%**	**43.2%**

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 12 months, seasonal effects are excluded. Nordic management uses this ratio to report on liquidity management to the financial market and internally to track performance.

- Net working capital divided by last 12 months' revenue.

GROUP	2024	2023
Current assets	553.3	609.2
Cash and cash equivalents	-287.9	-291.0
Current financial assets	-0.8	0.0
Current liabilities	-103.1	-114.2
Current financial liabilities	0.6	0.7
Current lease liabilities	10.4	9.9
Income taxes payable	1.8	5.6
Net working capital	**174.2**	**220.4**
Total revenue	511.4	542.9
NWC / LTM revenue	**34.1%**	**40.6%**

GROUP	2024	2023
Gross profit	242.0	283.7
Write down	10.0	—
Adjusted gross profit	**252.0**	**283.7**
Total revenue	511.4	542.9
Adjusted gross margin	**49.3%**	**52.3%**

	2024	2023
Reported EBITDA	-5.2	49.0
Write down	10.0	—
Restructuring costs	3.2	4.9
Adjusted EBITDA	**8.0**	**53.9**

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Responsibility statement

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Responsibility Statement

The Chief Executive Officer and the Board of Directors confirm, to the best of our knowledge, that the financial statements for 2024 have been prepared in accordance with current accounting standards and give a true and fair view of the parent company and the Group's assets, liabilities, financial position, and results of the operations.

Oslo, March 19, 2025

Anita Huun
Anita Huun
Board member, Audit Com. Chair

Birger Steen
Chair

Inger Berg Ørstavik
Board member, Sustainability Com.

Snorre Kjesbu
Board member

Vegard Wollan
Chief Executive Officer

Annastiina Hintsa
Board member, People and Compensation Com. Chair

Jon Helge Nistad
Board member, employee

Anja Dekens
Anja Dekens
Board member, employee

Morten Dammen
Morten Dammen
Board member, employee

Dieter May
Board member

Dr. Helmut Gassel
Board member

Monika Lie Larsen
Board member, employee

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Audit opinion letter

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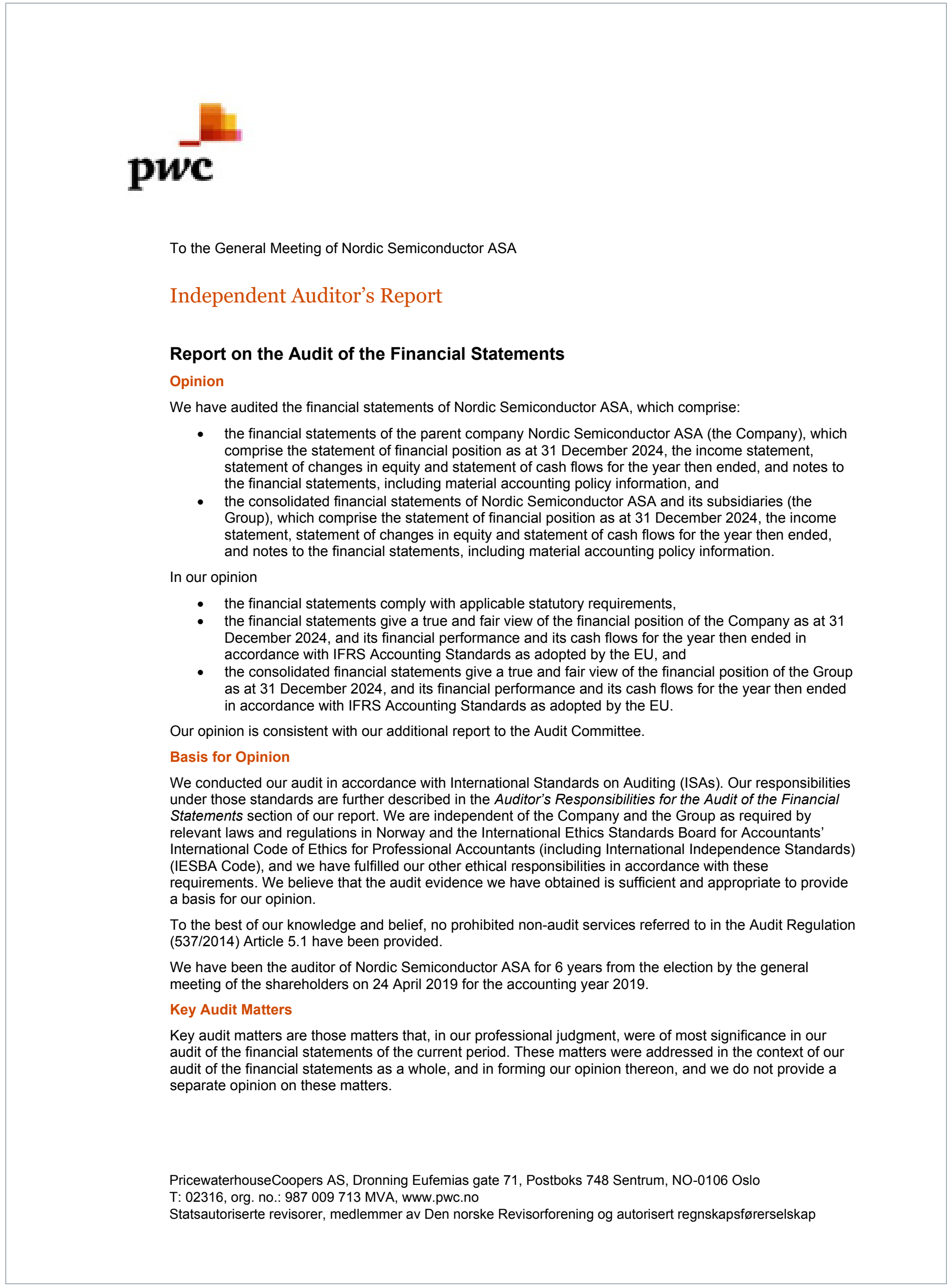


To the General Meeting of Nordic Semiconductor ASA

Independent Auditor's Report

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Nordic Semiconductor ASA, which comprise:

- the financial statements of the parent company Nordic Semiconductor ASA (the Company), which comprise the statement of financial position as at 31 December 2024, the income statement, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including material accounting policy information, and
- the consolidated financial statements of Nordic Semiconductor ASA and its subsidiaries (the Group), which comprise the statement of financial position as at 31 December 2024, the income statement, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including material accounting policy information.

In our opinion

- the financial statements comply with applicable statutory requirements,
- the financial statements give a true and fair view of the financial position of the Company as at 31 December 2024, and its financial performance and its cash flows for the year then ended in accordance with IFRS Accounting Standards as adopted by the EU, and
- the consolidated financial statements give a true and fair view of the financial position of the Group as at 31 December 2024, and its financial performance and its cash flows for the year then ended in accordance with IFRS Accounting Standards as adopted by the EU.

Our opinion is consistent with our additional report to the Audit Committee.

Basis for Opinion

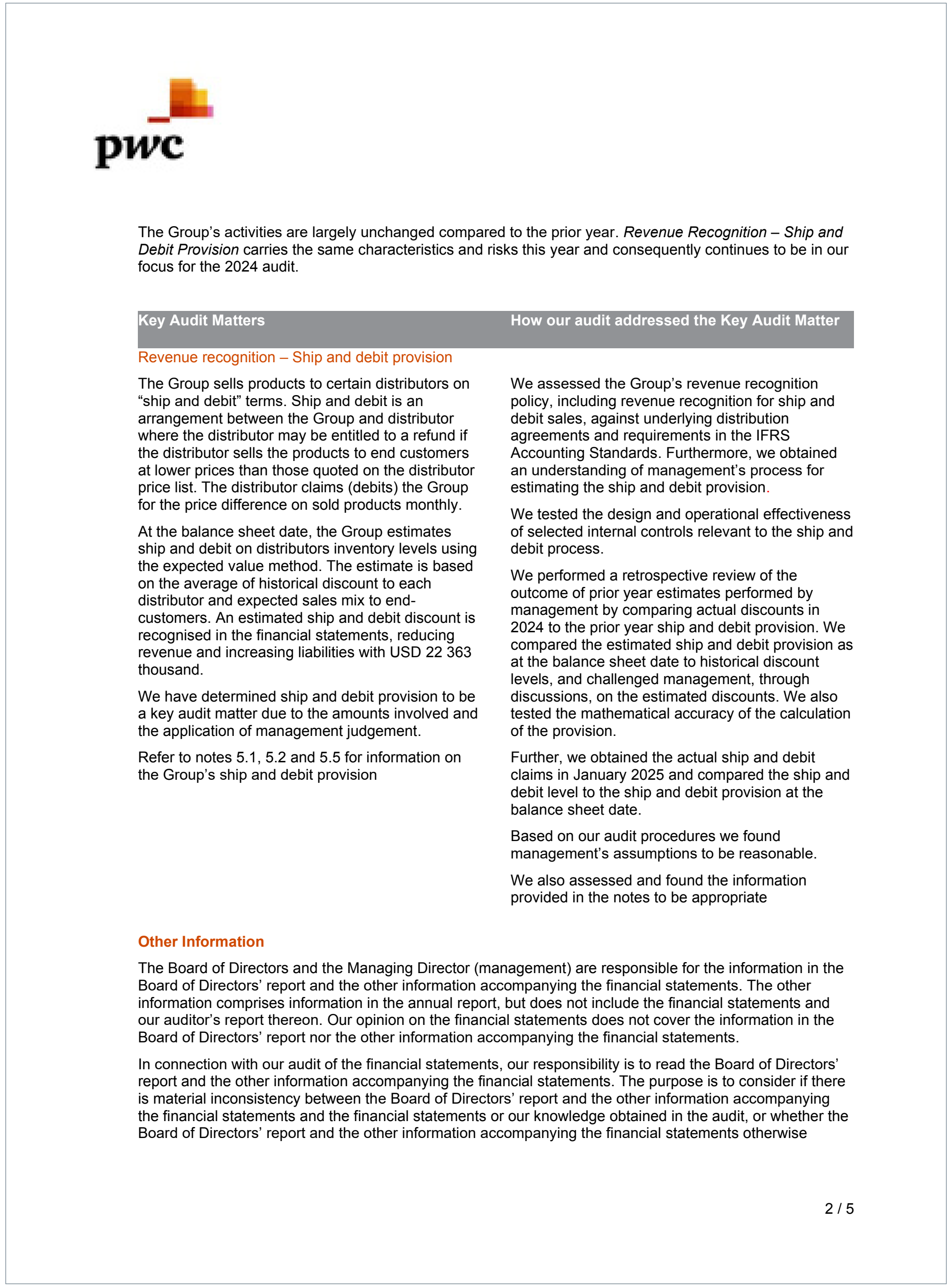
We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company and the Group as required by relevant laws and regulations in Norway and the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

To the best of our knowledge and belief, no prohibited non-audit services referred to in the Audit Regulation (537/2014) Article 5.1 have been provided.

We have been the auditor of Nordic Semiconductor ASA for 6 years from the election by the general meeting of the shareholders on 24 April 2019 for the accounting year 2019.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.



The Group's activities are largely unchanged compared to the prior year. *Revenue Recognition – Ship and Debit Provision* carries the same characteristics and risks this year and consequently continues to be in our focus for the 2024 audit.

Key Audit Matters	How our audit addressed the Key Audit Matter
Revenue recognition – Ship and debit provision The Group sells products to certain distributors on "ship and debit" terms. Ship and debit is an arrangement between the Group and distributor where the distributor may be entitled to a refund if the distributor sells the products to end customers at lower prices than those quoted on the distributor price list. The distributor claims (debits) the Group for the price difference on sold products monthly. At the balance sheet date, the Group estimates ship and debit on distributors inventory levels using the expected value method. The estimate is based on the average of historical discount to each distributor and expected sales mix to end-customers. An estimated ship and debit discount is recognised in the financial statements, reducing revenue and increasing liabilities with USD 22 363 thousand. We have determined ship and debit provision to be a key audit matter due to the amounts involved and the application of management judgement. Refer to notes 5.1, 5.2 and 5.5 for information on the Group's ship and debit provision	We assessed the Group's revenue recognition policy, including revenue recognition for ship and debit sales, against underlying distribution agreements and requirements in the IFRS Accounting Standards. Furthermore, we obtained an understanding of management's process for estimating the ship and debit provision. We tested the design and operational effectiveness of selected internal controls relevant to the ship and debit process. We performed a retrospective review of the outcome of prior year estimates performed by management by comparing actual discounts in 2024 to the prior year ship and debit provision. We compared the estimated ship and debit provision as at the balance sheet date to historical discount levels, and challenged management, through discussions, on the estimated discounts. We also tested the mathematical accuracy of the calculation of the provision. Further, we obtained the actual ship and debit claims in January 2025 and compared the ship and debit level to the ship and debit provision at the balance sheet date. Based on our audit procedures we found management's assumptions to be reasonable. We also assessed and found the information provided in the notes to be appropriate

Other Information

The Board of Directors and the Managing Director (management) are responsible for the information in the Board of Directors' report and the other information accompanying the financial statements. The other information comprises information in the annual report, but does not include the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the information in the Board of Directors' report nor the other information accompanying the financial statements.

In connection with our audit of the financial statements, our responsibility is to read the Board of Directors' report and the other information accompanying the financial statements. The purpose is to consider if there is material inconsistency between the Board of Directors' report and the other information accompanying the financial statements and the financial statements or our knowledge obtained in the audit, or whether the Board of Directors' report and the other information accompanying the financial statements otherwise

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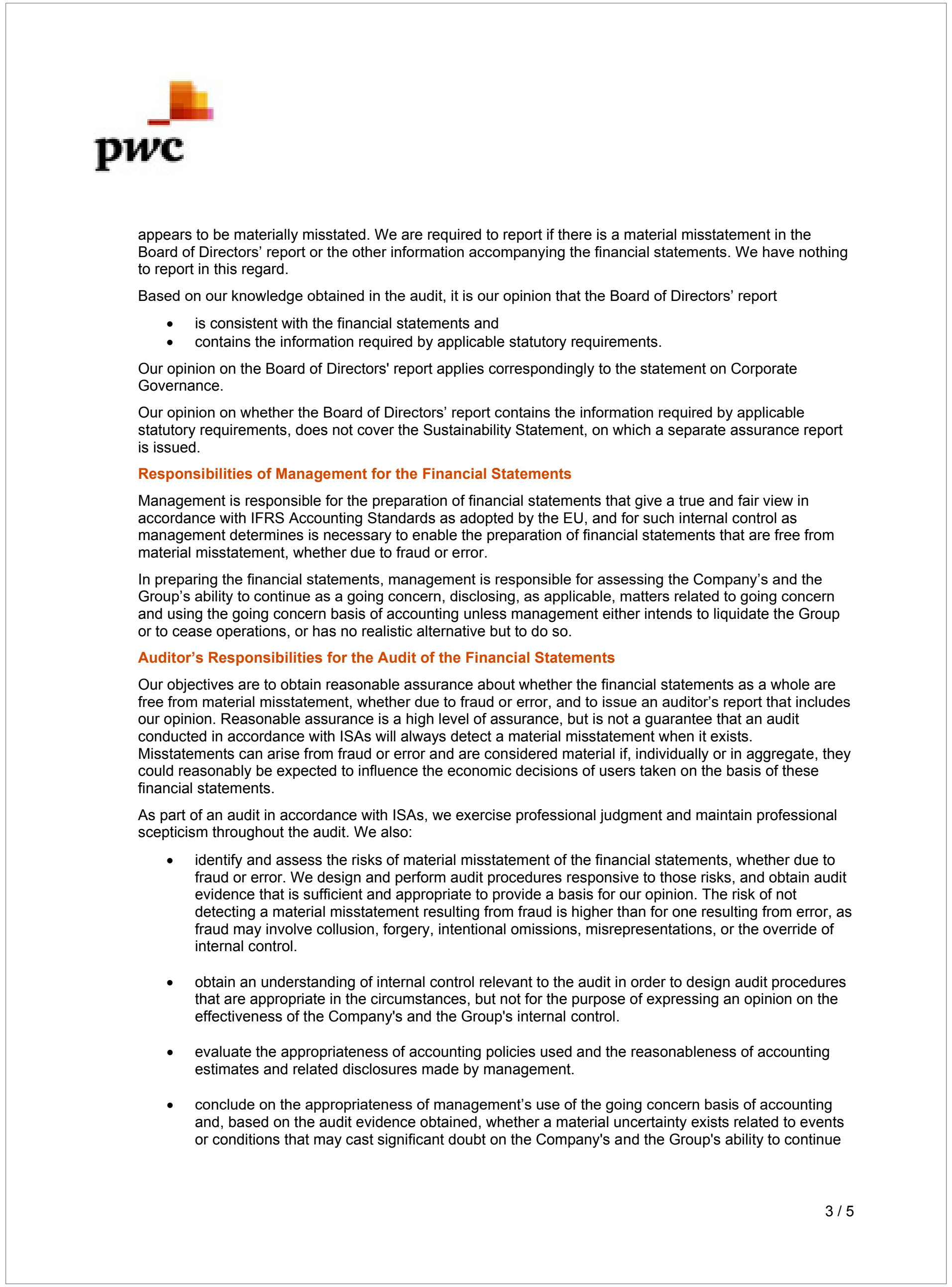


appears to be materially misstated. We are required to report if there is a material misstatement in the Board of Directors' report or the other information accompanying the financial statements. We have nothing to report in this regard.

Based on our knowledge obtained in the audit, it is our opinion that the Board of Directors' report

- is consistent with the financial statements and
- contains the information required by applicable statutory requirements.

Our opinion on the Board of Directors' report applies correspondingly to the statement on Corporate Governance.

Our opinion on whether the Board of Directors' report contains the information required by applicable statutory requirements, does not cover the Sustainability Statement, on which a separate assurance report is issued.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with IFRS Accounting Standards as adopted by the EU, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

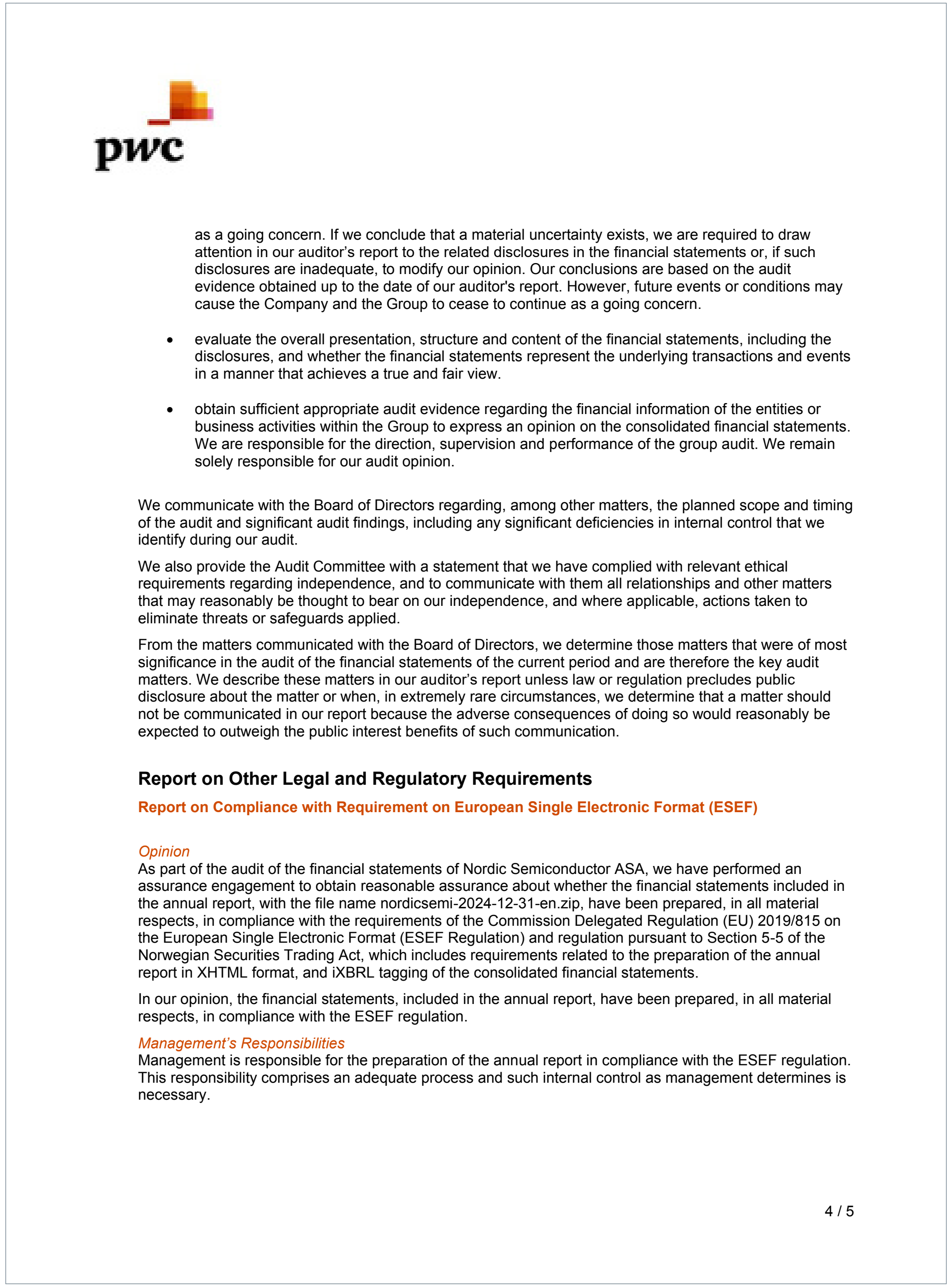
In preparing the financial statements, management is responsible for assessing the Company's and the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error. We design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's and the Group's internal control.
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's and the Group's ability to continue



as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company and the Group to cease to continue as a going concern.

- evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves a true and fair view.
- obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Board of Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Audit Committee with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the Board of Directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

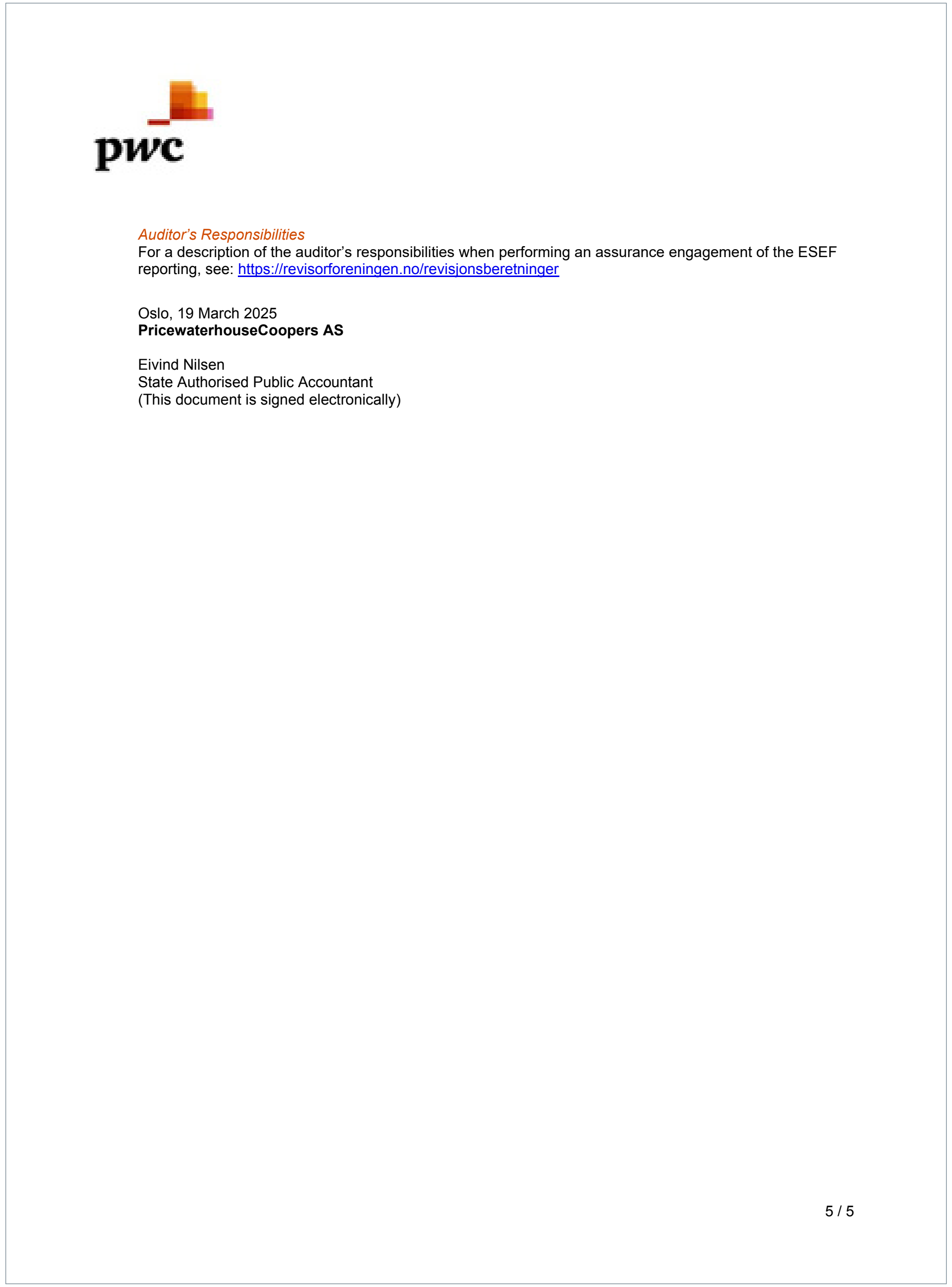
Report on Other Legal and Regulatory Requirements

Report on Compliance with Requirement on European Single Electronic Format (ESEF)

Opinion
As part of the audit of the financial statements of Nordic Semiconductor ASA, we have performed an assurance engagement to obtain reasonable assurance about whether the financial statements included in the annual report, with the file name nordicsemi-2024-12-31-en.zip, have been prepared, in all material respects, in compliance with the requirements of the Commission Delegated Regulation (EU) 2019/815 on the European Single Electronic Format (ESEF Regulation) and regulation pursuant to Section 5-5 of the Norwegian Securities Trading Act, which includes requirements related to the preparation of the annual report in XHTML format, and iXBRL tagging of the consolidated financial statements.

In our opinion, the financial statements, included in the annual report, have been prepared, in all material respects, in compliance with the ESEF regulation.

Management's Responsibilities
Management is responsible for the preparation of the annual report in compliance with the ESEF regulation. This responsibility comprises an adequate process and such internal control as management determines is necessary.



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Auditor's Responsibilities
For a description of the auditor's responsibilities when performing an assurance engagement of the ESEF reporting, see: https://revisorforeningen.no/revisjonsberetninger

Oslo, 19 March 2025
PricewaterhouseCoopers AS

Eivind Nilsen
State Authorised Public Accountant
(This document is signed electronically)

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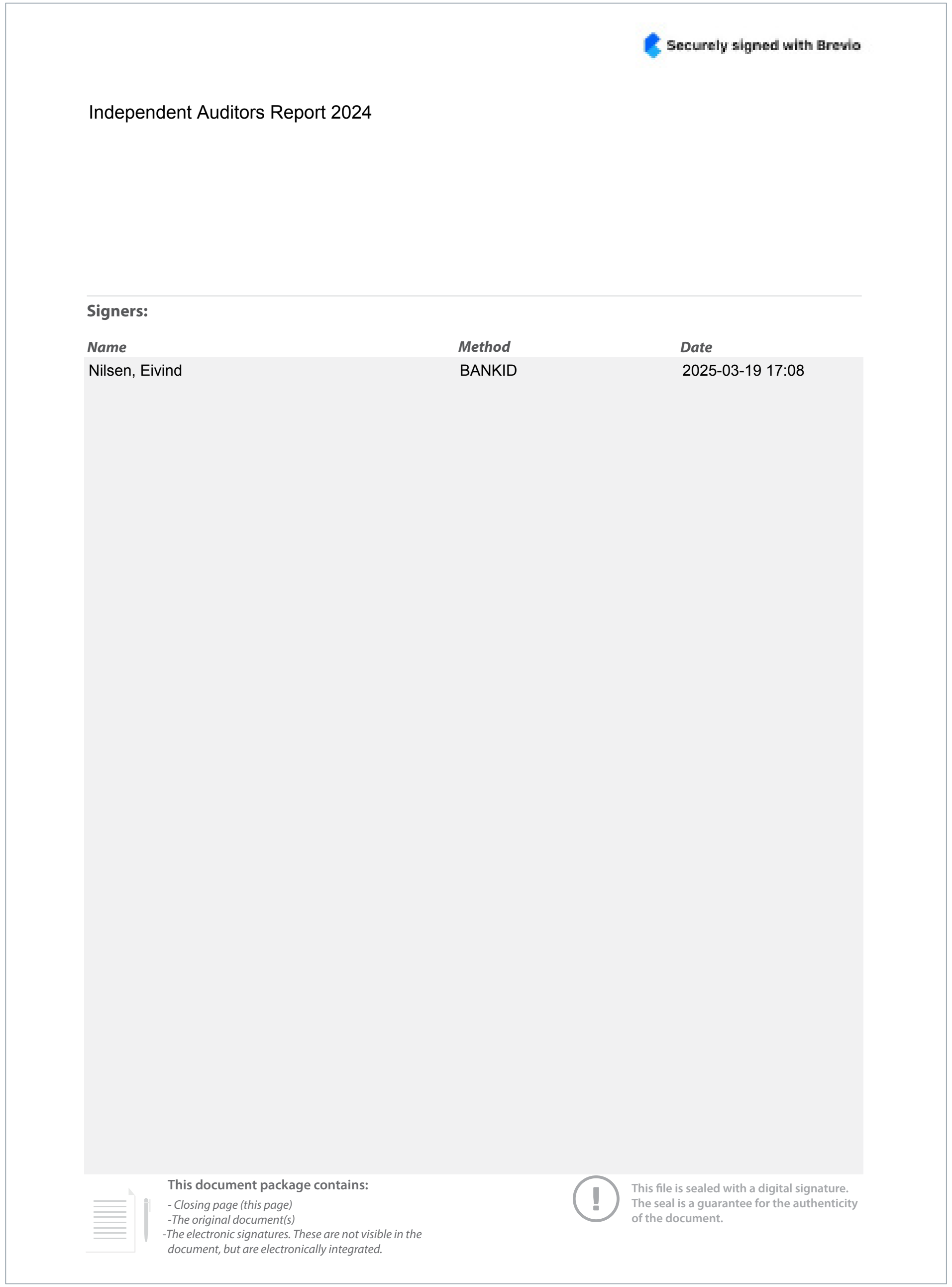

Securely signed with Brevio

Independent Auditors Report 2024

Signers:

Name	*Method*	*Date*
Nilsen, Eivind	BANKID	2025-03-19 17:08

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-The original document(s)
-The electronic signatures. These are not visible in the document, but are electronically integrated.

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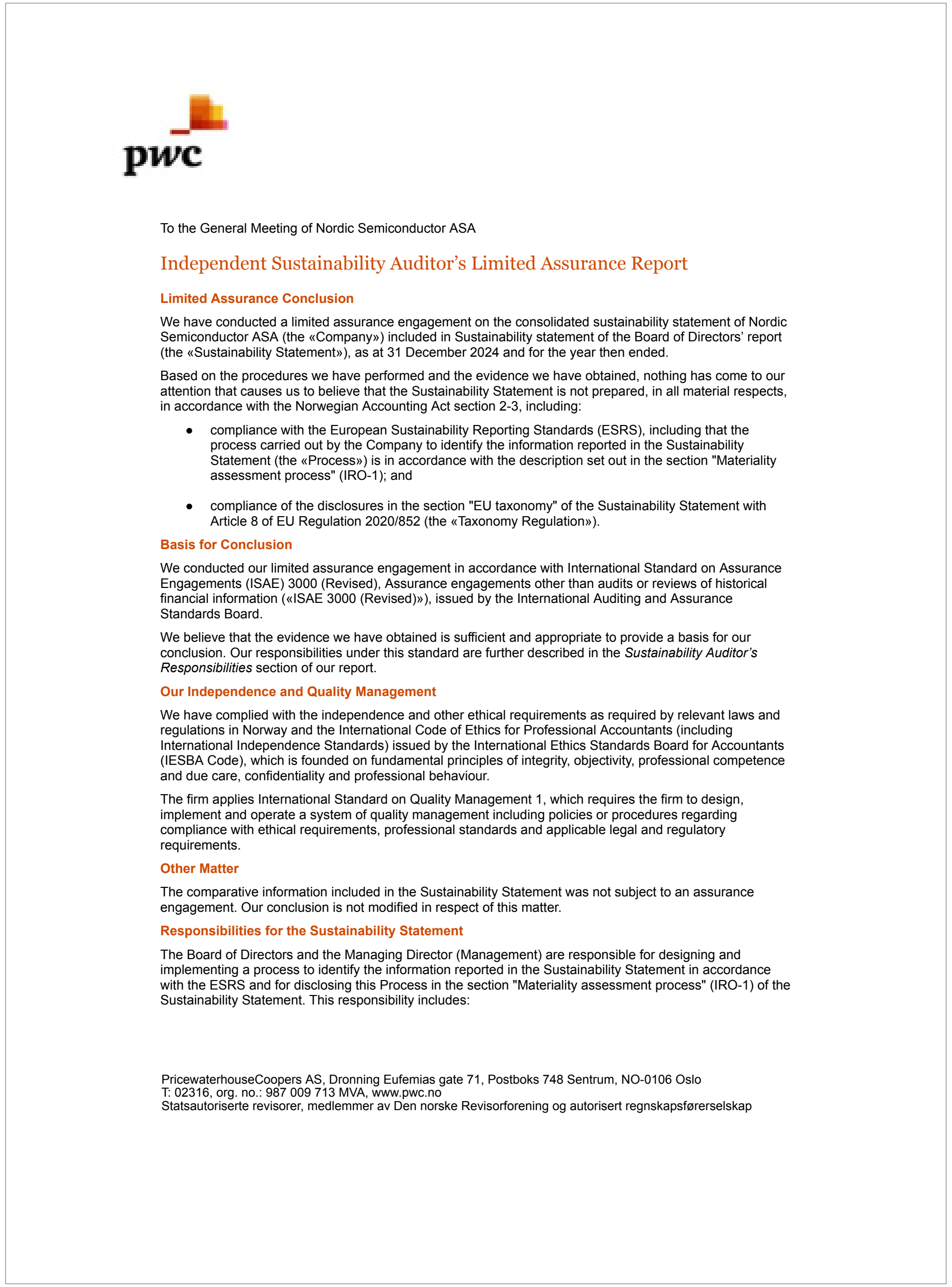


To the General Meeting of Nordic Semiconductor ASA

Independent Sustainability Auditor’s Limited Assurance Report

Limited Assurance Conclusion

We have conducted a limited assurance engagement on the consolidated sustainability statement of Nordic Semiconductor ASA (the «Company») included in Sustainability statement of the Board of Directors’ report (the «Sustainability Statement»), as at 31 December 2024 and for the year then ended.

Based on the procedures we have performed and the evidence we have obtained, nothing has come to our attention that causes us to believe that the Sustainability Statement is not prepared, in all material respects, in accordance with the Norwegian Accounting Act section 2-3, including:

- compliance with the European Sustainability Reporting Standards (ESRS), including that the process carried out by the Company to identify the information reported in the Sustainability Statement (the «Process») is in accordance with the description set out in the section "Materiality assessment process" (IRO-1); and
- compliance of the disclosures in the section "EU taxonomy" of the Sustainability Statement with Article 8 of EU Regulation 2020/852 (the «Taxonomy Regulation»).

Basis for Conclusion

We conducted our limited assurance engagement in accordance with International Standard on Assurance Engagements (ISAE) 3000 (Revised), Assurance engagements other than audits or reviews of historical financial information («ISAE 3000 (Revised)»), issued by the International Auditing and Assurance Standards Board.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our conclusion. Our responsibilities under this standard are further described in the *Sustainability Auditor’s Responsibilities* section of our report.

Our Independence and Quality Management

We have complied with the independence and other ethical requirements as required by relevant laws and regulations in Norway and the International Code of Ethics for Professional Accountants (including International Independence Standards) issued by the International Ethics Standards Board for Accountants (IESBA Code), which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour.

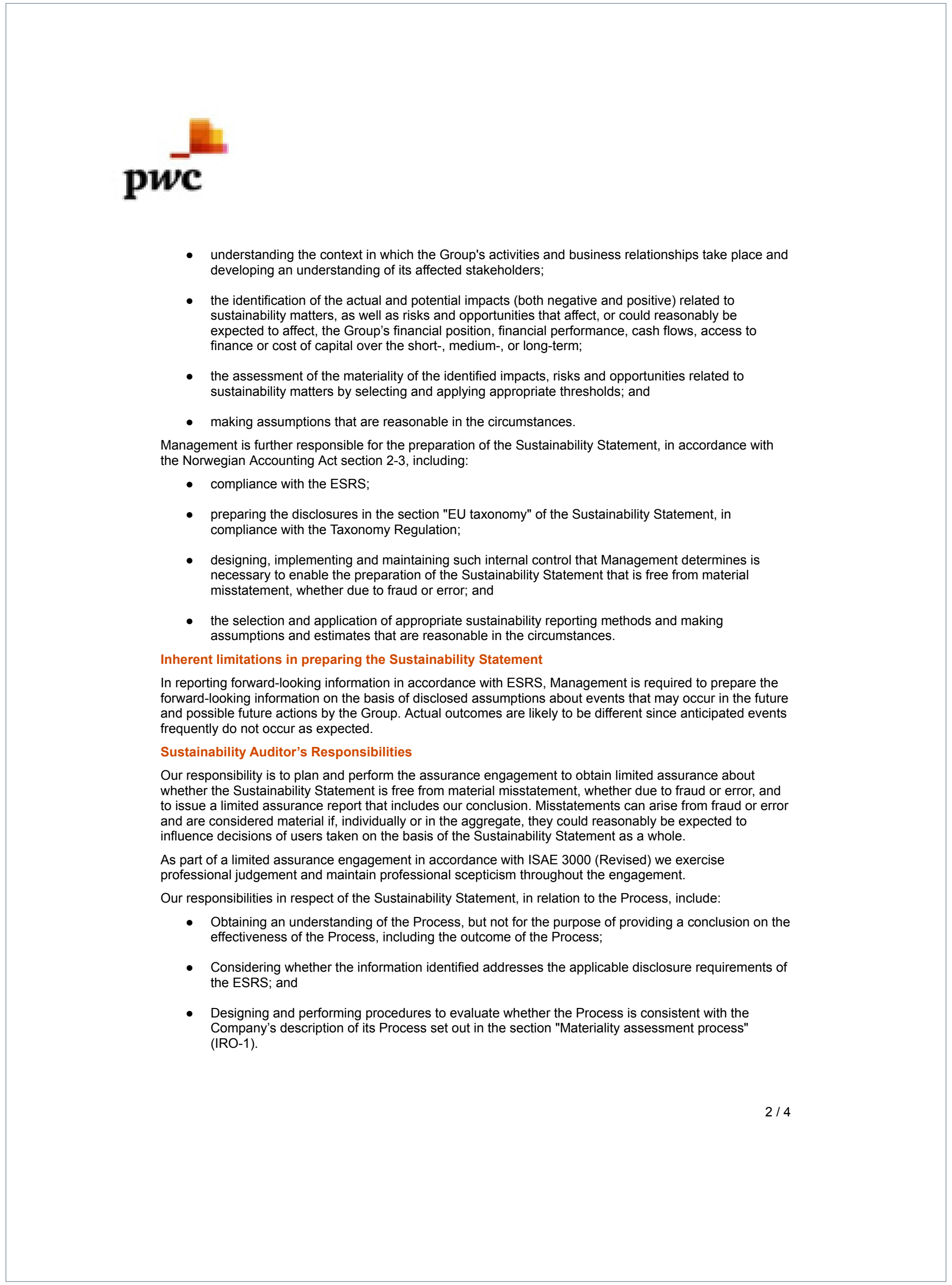
The firm applies International Standard on Quality Management 1, which requires the firm to design, implement and operate a system of quality management including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Other Matter

The comparative information included in the Sustainability Statement was not subject to an assurance engagement. Our conclusion is not modified in respect of this matter.

Responsibilities for the Sustainability Statement

The Board of Directors and the Managing Director (Management) are responsible for designing and implementing a process to identify the information reported in the Sustainability Statement in accordance with the ESRS and for disclosing this Process in the section "Materiality assessment process" (IRO-1) of the Sustainability Statement. This responsibility includes:



- understanding the context in which the Group's activities and business relationships take place and developing an understanding of its affected stakeholders;
- the identification of the actual and potential impacts (both negative and positive) related to sustainability matters, as well as risks and opportunities that affect, or could reasonably be expected to affect, the Group’s financial position, financial performance, cash flows, access to finance or cost of capital over the short-, medium-, or long-term;
- the assessment of the materiality of the identified impacts, risks and opportunities related to sustainability matters by selecting and applying appropriate thresholds; and
- making assumptions that are reasonable in the circumstances.

Management is further responsible for the preparation of the Sustainability Statement, in accordance with the Norwegian Accounting Act section 2-3, including:

- compliance with the ESRS;
- preparing the disclosures in the section "EU taxonomy" of the Sustainability Statement, in compliance with the Taxonomy Regulation;
- designing, implementing and maintaining such internal control that Management determines is necessary to enable the preparation of the Sustainability Statement that is free from material misstatement, whether due to fraud or error; and
- the selection and application of appropriate sustainability reporting methods and making assumptions and estimates that are reasonable in the circumstances.

Inherent limitations in preparing the Sustainability Statement

In reporting forward-looking information in accordance with ESRS, Management is required to prepare the forward-looking information on the basis of disclosed assumptions about events that may occur in the future and possible future actions by the Group. Actual outcomes are likely to be different since anticipated events frequently do not occur as expected.

Sustainability Auditor’s Responsibilities

Our responsibility is to plan and perform the assurance engagement to obtain limited assurance about whether the Sustainability Statement is free from material misstatement, whether due to fraud or error, and to issue a limited assurance report that includes our conclusion. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence decisions of users taken on the basis of the Sustainability Statement as a whole.

As part of a limited assurance engagement in accordance with ISAE 3000 (Revised) we exercise professional judgement and maintain professional scepticism throughout the engagement.

Our responsibilities in respect of the Sustainability Statement, in relation to the Process, include:

- Obtaining an understanding of the Process, but not for the purpose of providing a conclusion on the effectiveness of the Process, including the outcome of the Process;
- Considering whether the information identified addresses the applicable disclosure requirements of the ESRS; and
- Designing and performing procedures to evaluate whether the Process is consistent with the Company’s description of its Process set out in the section "Materiality assessment process" (IRO-1).

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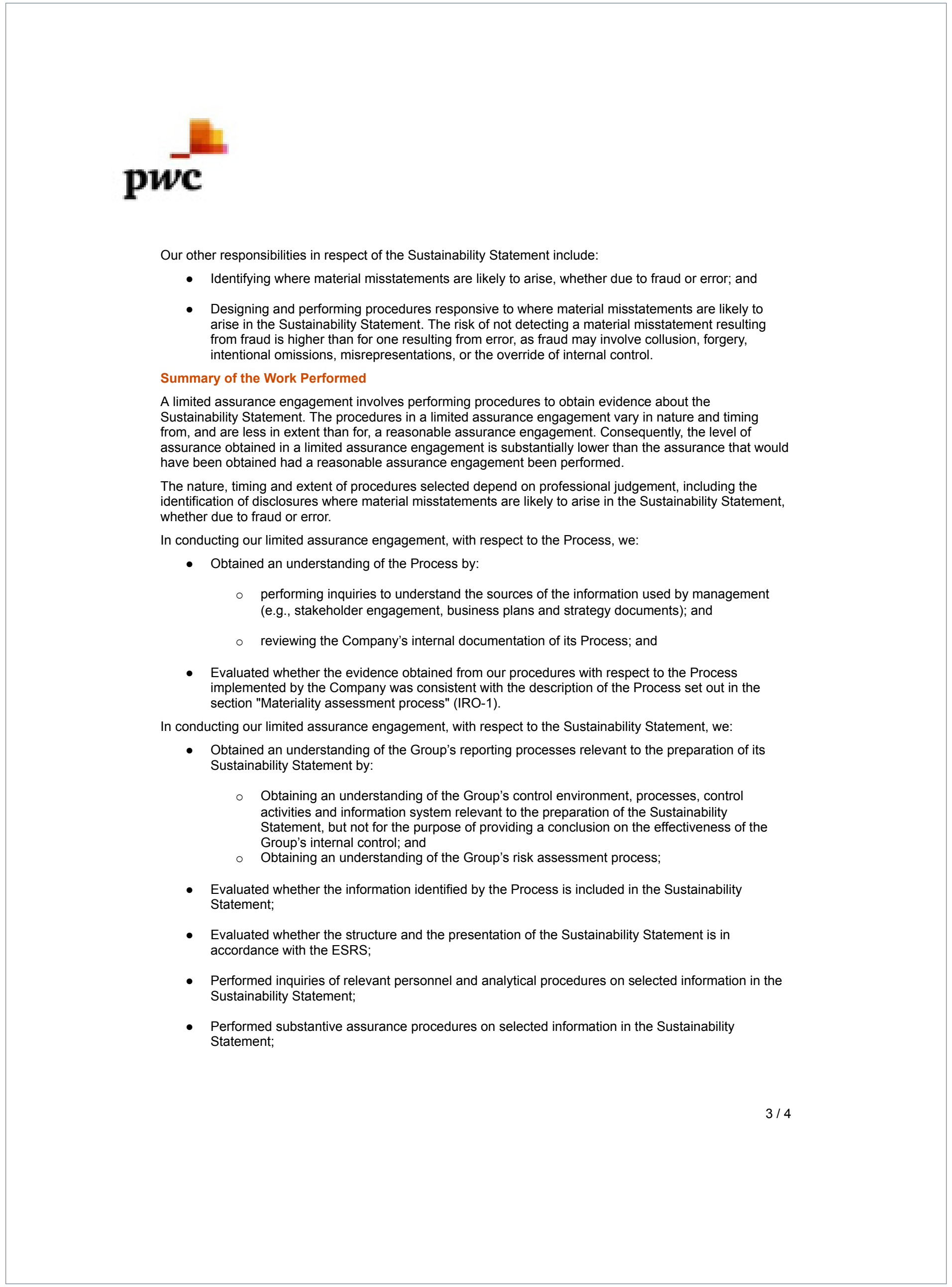


Our other responsibilities in respect of the Sustainability Statement include:

- Identifying where material misstatements are likely to arise, whether due to fraud or error; and
- Designing and performing procedures responsive to where material misstatements are likely to arise in the Sustainability Statement. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

Summary of the Work Performed

A limited assurance engagement involves performing procedures to obtain evidence about the Sustainability Statement. The procedures in a limited assurance engagement vary in nature and timing from, and are less in extent than for, a reasonable assurance engagement. Consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed.

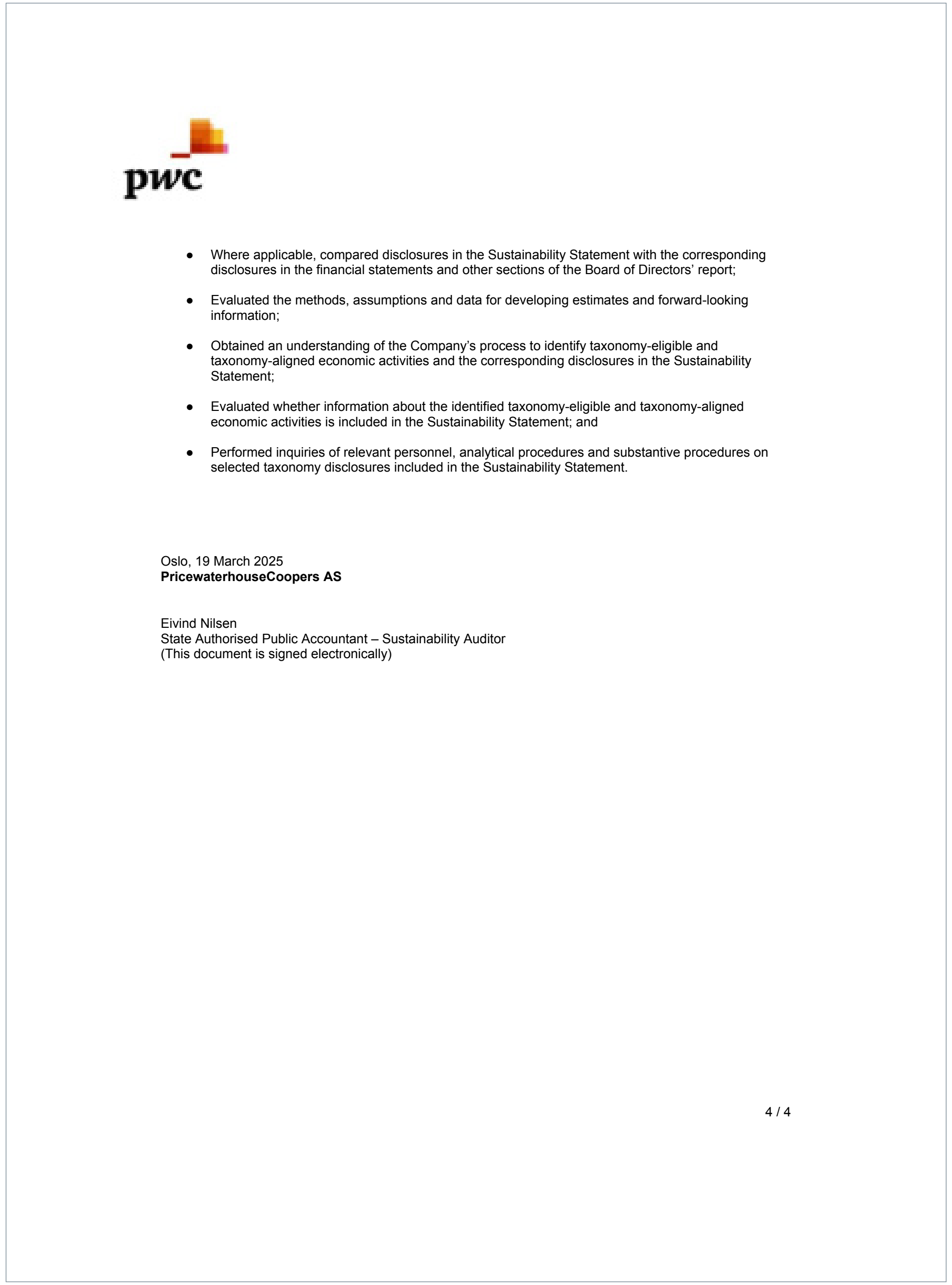
The nature, timing and extent of procedures selected depend on professional judgement, including the identification of disclosures where material misstatements are likely to arise in the Sustainability Statement, whether due to fraud or error.

In conducting our limited assurance engagement, with respect to the Process, we:

- Obtained an understanding of the Process by:
    - performing inquiries to understand the sources of the information used by management (e.g., stakeholder engagement, business plans and strategy documents); and
    - reviewing the Company's internal documentation of its Process; and
- Evaluated whether the evidence obtained from our procedures with respect to the Process implemented by the Company was consistent with the description of the Process set out in the section "Materiality assessment process" (IRO-1).

In conducting our limited assurance engagement, with respect to the Sustainability Statement, we:

- Obtained an understanding of the Group's reporting processes relevant to the preparation of its Sustainability Statement by:
    - Obtaining an understanding of the Group's control environment, processes, control activities and information system relevant to the preparation of the Sustainability Statement, but not for the purpose of providing a conclusion on the effectiveness of the Group's internal control; and
    - Obtaining an understanding of the Group's risk assessment process;
- Evaluated whether the information identified by the Process is included in the Sustainability Statement;
- Evaluated whether the structure and the presentation of the Sustainability Statement is in accordance with the ESRS;
- Performed inquiries of relevant personnel and analytical procedures on selected information in the Sustainability Statement;
- Performed substantive assurance procedures on selected information in the Sustainability Statement;



- Where applicable, compared disclosures in the Sustainability Statement with the corresponding disclosures in the financial statements and other sections of the Board of Directors' report;
- Evaluated the methods, assumptions and data for developing estimates and forward-looking information;
- Obtained an understanding of the Company's process to identify taxonomy-eligible and taxonomy-aligned economic activities and the corresponding disclosures in the Sustainability Statement;
- Evaluated whether information about the identified taxonomy-eligible and taxonomy-aligned economic activities is included in the Sustainability Statement; and
- Performed inquiries of relevant personnel, analytical procedures and substantive procedures on selected taxonomy disclosures included in the Sustainability Statement.

Oslo, 19 March 2025
PricewaterhouseCoopers AS

Eivind Nilsen
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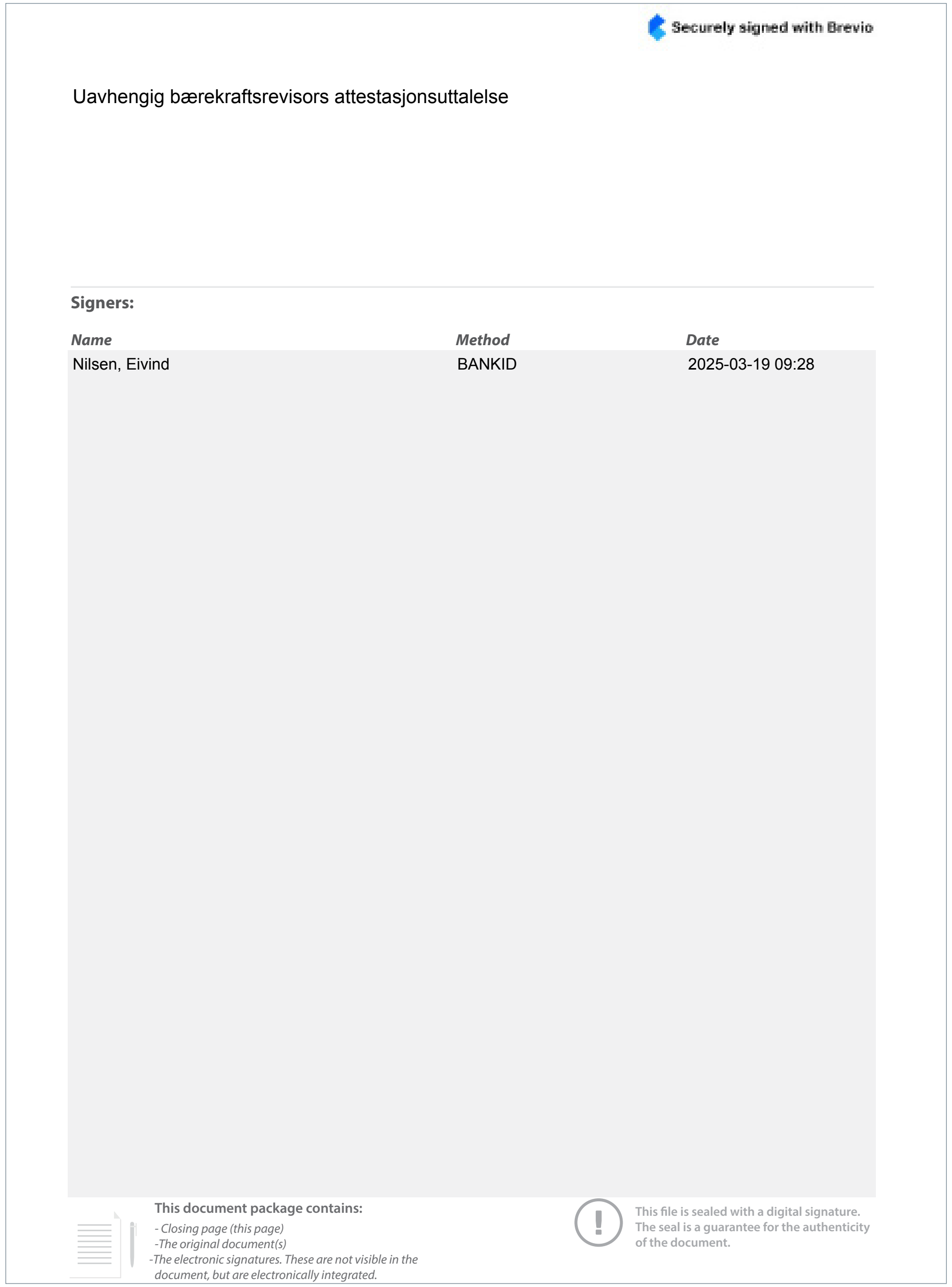
(This document is signed electronically)



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Board of Directors' report in relation to the Norwegian Code of Practice for Corporate governance

The Board of Directors ("Board") and Management of Nordic Semiconductor ASA ("the Company") aim to execute their respective tasks in accordance with the highest standards for corporate governance to drive long-term value creation and promote sustainable business conduct.

Nordic is subject to corporate governance requirements according to the Norwegian Public Limited Companies Act, the Norwegian Accounting Act, section 2-9, the Oslo Stock Exchange's Oslo Rulebook II - Issuers Rules, Chapter 4.5, section 5-8a of the Norwegian Securities Act, and the Norwegian Code of Practice for Corporate Governance ("the Code of Practice") as adopted by the Norwegian Corporate Governance Board (NUES).

This chapter provides a detailed overview of how Nordic follows the Code of Practice. The information requirements that follows from the Norwegian Public Limited Companies Act and Norwegian Accounting Act are integrated into the statement below where appropriate.

Implementation of and reporting on corporate governance

Nordic's standards for corporate governance provide a critical foundation for the company's management. These standards must be viewed in conjunction with the company's efforts to constantly promote a sound corporate culture throughout the organization. The company's core values of engagement, contribution, knowledge, respect and responsibility are central to the Board's and management's efforts to build confidence in the company, both internally and externally.

Nordic follows the most recent edition of the Code of Practice from 2021. The Board monitors the subject of corporate governance actively and continuously. The Board approved this statement on the meeting of March 19, 2025 through the signing of the annual report.

Business

The scope of Nordic's business is defined in section 2 of its Articles of Association:

"The object of the company is to develop and sell electronic equipment, integrated circuits, developing tools and related solutions."

The Articles of Association are published in full on the Group website.

The Board sets clear objectives for the business with a view to create long-term value for shareholders. The Board has an annual plan for its work, leads the company's strategic planning, and makes decisions that form a basis for the company's executive management. These decisions allow the company to prepare and carry out investments to drive future growth in a sustainable manner. The objectives include matters related to environmental impact, human and labor rights, equal treatment, the prevention of discrimination, and the prevention of corruption. Strategic plans are evaluated on an ongoing basis, with a Board strategy review conducted annually at a multi-day meeting. New and updated long-term objectives, strategies, and risk profiles are revised and agreed on toward the end of the year or in connection with major events.

Nordic has purchased and maintains Directors and Officers Liability Insurance on behalf of the members of the Board and the CEO. The insurance policy is issued by a reputable insurer with an appropriate rating.

More details on Nordic's objectives, strategies, and risk profiles, including Environmental, Social and Governance matters, are presented in the respective chapters of the Report of the Board of Directors. More information about Nordic's objectives and efforts related to Environmental, Social and Governance matters is also available on the Group website.

Equity and dividends

The Board of Directors ensures that the company has a capital structure that is appropriate to the company's objectives, strategy, and risk profile. The company's growth philosophy and the cyclical nature of its business mean that the company aims to maintain a high equity ratio and considerable liquidity. The company aims primarily to provide shareholders with returns in the form of appreciation of shares. The company has a long-term goal to pay dividends based on surplus cash generated by the company, while taking longer-term growth targets into consideration. Nordic assesses its cash position to be adequate given the expected level of R&D and capex investments. The company believes a strong balance sheet is required to ensure flexibility and resilience. Cash generation is, however, expected to increase over the coming years. This will allow for the evaluation of cash return to shareholders when available and expected cash exceed our liquidity risk policy. The company's dividend policy is reviewed each year by the Board of Directors. The Annual General Meeting can mandate the Board the authorization to pay dividends based on the latest approved Annual Report. The justification for this authorization needs to be explained and should reflect the Company's dividend policy.

The Board of Directors, in accordance with the resolution of the Annual General Meeting held April 24, 2024, has been authorized to buy back up to 19,200,000

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own shares for a total par value of NOK 192,000.00 in one or more transactions. The authorization is limited to 10 percent of the company's share capital. The price per share, which in this case the company may pay for, shall not be less than the par value nor greater than NOK 350. This power of attorney will remain in effect until the company's ordinary Annual General Meeting in 2025. The Board believes that it is expedient for the Board to be authorized to purchase its own shares, partly to fulfil the remuneration schemes for employees, and partly so that shares can be used as a consideration in connection with the acquisition of businesses or for subsequent sale or cancellation. Such authorization must be decided by the General Meeting and will apply until 30th June the following year.

In accordance with the decision passed at the general meeting held April 24, 2024, the Board of Directors has the authority to increase the company's share capital by issuing up to 19,200,000 shares with a total par value of NOK 192,000. The authority is to be used for purposes defined in the Notice of the Annual General Meeting, including strengthening the Company's shareholder's equity, executing share capital increases with one or more strategic partners, or completing a merger or acquisition using shares or cash. This power of attorney will remain in effect until the Company's Annual General Meeting in 2025, and can be implemented through a private placement, rights issue, or public offering.

If the Board wishes to quickly raise capital, the Board has been authorized to direct a share capital increase to selected investors chosen by the Board, up to the limits quantified above. In this event, the company will notify the stock exchange of its reasons for implementing a directed share placement. Existing shareholders' preemptive subscription rights under §10-4 in the Norwegian Companies Act can be waived under these circumstances.

Such capital increases shall be executed at or near the current stock price listed on the Oslo Stock Exchange. This authorization remains valid until the company's ordinary annual general meeting in 2025.

Equal treatment of shareholders and transactions with close associates

Nordic Semiconductor ASA has one class of shares, where each share has one vote at the company's shareholders' meeting. Nordic Semiconductor ASA strictly adheres to the principle of equal treatment of all shareholders. The company's transactions in its own shares are conducted in accordance with good stock exchange practice in Norway.

The company is generally cautious in regard to transactions with shareholders, members of the Board of Directors, senior employees or related parties to the above. To ensure that the best code of conduct applies, the Board requires notification and review of any process or transaction in which both the company and a senior employee or member of the Board of Directors may have interests. The Group will seek to comply with the principles of equal treatment of related parties and possible transactions with related parties that are laid down in the Code of Practice.

The company considers shareholders' preemption rights in connection with an increase in share capital to be an important and fundamental right in a healthy shareholder community. The preemption rights can only be waived in exceptional circumstances. Waiving of this right will be based on the Company's and shareholders' mutual interests. In such a case, there will be full transparency about the matter. Shareholders will receive identical information simultaneously through a stock exchange announcement and the company's website.

This also applies if the Board uses the authorizations it has been granted.

The company's transactions in own shares must always comply with the arm's length principle and be on ordinary market terms.

Contact between the Board of Directors and investors is normally conducted through company management. Under special circumstances, the Board, represented by the chairperson, may conduct dialogue directly with investors.

Freely negotiable shares

Nordic Semiconductor ASA shares are freely tradable. There are no restrictions on the sale and purchase of the company's shares beyond those pursuant to Norwegian law.

Each share carries one vote.

General Meeting

The Annual General Meeting is the company's highest body and the shareholders exert their authority in the company through the Annual General Meeting. Nordic Semiconductor ASA and the Board encourage all shareholders to participate and exercise their rights at the Annual General Meeting.

The Board of Directors should ensure that the Annual General Meeting is held in accordance with the Code of Practice, ensuring all shareholders the ability to participate. The notice of the Annual General Meeting, including relevant information, will be announced and distributed at least 21 days in advance of the Annual General Meeting. The final date for notification of attendance is one working day prior to the Annual General Meeting. The Board of Directors should further ensure that:

- The resolutions and supporting information distributed are sufficiently detailed, comprehensive and specific to allow shareholders to form a view on all matters to be considered at the meeting.
- Any deadline for shareholders to give notice of their intention to attend the meeting is set as close to the date of the meeting as possible.
- The Chair of the Board of Directors and the Chair of the Nomination Committee are present at the general meeting. In addition, the Chair of the Audit Committee and Chair of the People & Compensation Committee should attend the meeting.

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Shareholders should be able to vote on each individual matter, including on each individual candidate nominated for election. Shareholders who cannot attend the meeting in person should be given the opportunity to vote. The company should design the form for the appointment of a proxy to make voting on each individual matter possible and should nominate a person who can act as a proxy for shareholders.

Deviations from the Code of Practice: *Nordic has one deviation related to participation in the General Meeting. The entire Board of Directors has normally not participated in the General Meeting. Matters under consideration at the General Meeting of shareholders have not previously required this. The Chair of the Board of Directors is always at hand to present the report and answer any questions. Other board members participate as needed. The Board of Directors considers this to be adequate.*

Nomination Committee

Nordic Semiconductor has a Nomination Committee, as provided for in its Articles of Association. The Annual General Meeting stipulates guidelines for the duties of the Nomination Committee, elects the chair and members, and stipulates the committee's remuneration.

The Nomination Committee’s duties are to represent the interests of the shareholders in general, propose qualified candidates for the Annual General Meeting’s election of the Board of Directors, and propose the remuneration to the Board of Directors.

The Nomination Committee should justify why it is proposing each candidate in the notice for the AGM separately, including information on the candidates’ competence, capacity and independence.

The Nomination Committee holds regular meetings with major shareholders, as well as management- and individual shareholder-elected Board members. In addition, all shareholders can submit suggestions to the nomination committee through a link on Nordic’s webpage.

The Nomination Committee consists of three shareholder members or representatives. The company’s executive personnel are not represented on the Nomination Committee. The deadline for submitting proposals to the Nomination Committee is two months before the Annual General Meeting.

The Nomination Committee held 44 meetings in 2024.

The members of the Nomination Committee are:

- Viggo Leisner (Chair) - independent member of the Nomination Committee
- Fredrik Thoresen - representing Kvantia AS
- Eivind Lotsberg . representing The Government Pension Fund

The Board of Directors: composition and independence

In accordance with the Norwegian Public Companies Act, the Board of Directors has the overriding responsibility for the management of the company. The Board's role and responsibility are also to supervise the company's day-to-day management and the company's general activities. The responsibility for day-to-day management has been delegated to the CEO, as set out in the Rules of Procedure for the Board of Directors of Nordic Semiconductor ASA.

Norwegian companies can be governed by either a one-tier or a two-tier board structure, consisting of a board of directors and, in a two-tier structure, a corporate assembly.

Any company with more than 200 employees is generally required to have a corporate assembly, with two-thirds of the members elected by shareholders and one-third elected by the company's employees. If a company agrees with its employees not to have a corporate assembly, employees have the right to appoint additional representatives to the board of directors. Nordic has agreed with its employees not to have a corporate assembly and thereby increased the numbers of employee-elected Board members.

The Board of Directors and the Chair of the Board of Directors are elected by the shareholders at the Annual General Meeting on the basis of proposals from the Nomination Committee.

The shareholder-elected Board members are elected, in accordance with the Articles of Association, for one year at a time. Employee representatives serve for two years at a time.

The composition of the Board of Directors should ensure that the Board can attend to the common interests of all shareholders and meets the company’s need for expertise, capacity and diversity. Attention should be paid to ensuring that the Board can function effectively as a collegiate body.

The composition of the Board of Directors should ensure that it can operate independently of any special interests. The majority of the shareholder-elected members of the Board should be independent of the company’s executive personnel and material business contacts.

The Code of Practice recommends that a majority of shareholder-elected directors are independent of the company and its executive management, and that no members of executive management serve as directors.

The Norwegian Public Companies Act prohibits the CEO from serving as chair. Furthermore, the Act requires public companies with more than 9 board members to ensure that no more than 60% of the Board consists of members of the same gender. This requirement is related to shareholder-elected board members. However, similar requirements apply for employee-elected board members.

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Subsequent to the 2024 General Meeting, the Board consisted of seven shareholder-elected Board Members and four employee-elected Board Members. Changes to the Board during the year is accounted for under the section "Events and developments".

At the end of 2024, the Board of Directors consisted of five women (45%) and seven men (55%). The ratio of shareholder-elected members is three women (43%) and four men (57%) The ratio of employee-elected members is two women (50%) and two men (50%).

No executive personnel or representatives of business associates are members of the Board. Members of the Board are encouraged to hold shares in the company.

A more detailed description of the background, qualifications, and term of service for each member of the Board of Directors and the number of Nordic Semiconductor shares they own is provided in the Board of Directors section in this annual report and on the company's webpage.

The work of the Board of Directors

The Board has established Rules of Procedures to govern its work in relation to Nordic Semiconductor ASA. In accordance with said procedures, the Board shall ensure that the company's activities are soundly organized, and shall adopt sufficient plans and budgets of the company. The Board shall be kept informed of all circumstances necessary for the Board to perform its duties. The Board shall keep itself informed of the company's financial position and has a duty to ensure that its activities, accounts, and asset management are subject to adequate control.

In accordance with its Rules of Procedure, neither a Board member nor the company CEO may participate in Board discussions or decisions of matters that are of such special importance to him or her, or to any connected person of said board member or CEO, that the member must be deemed to have a special or prominent personal or financial interest in the matter.

The Board of Directors has an annual plan for its work. It includes recurring topics such as strategy, sustainability and business review, risk and compliance oversight, financial reporting, people agenda and succession planning.

High on the Board of Directors' agenda in 2024 was strategic realignment and cost containment measures, as well as risk management and organizational resilience, customer and market focus, sustainability strategy, and strategic acquisitions. During 2024, the Board held 11 meetings. The meetings were held as a mix of virtual and physical meetings.

The Board of Directors carries out an evaluation of its activities each year, and on this basis discusses improvements to the organization and implementation of its work.

The Board has established three board committees comprised of Board members: the People and Compensation Committee, the Audit Committee and the Sustainability Committee. Furthermore, ad hoc committees to address particular time bound issues and questions are appointed. The committees' mandates are based on a group perspective. The board committees do not have decision-making power but are charged with making proper preparations for board meetings in the matters with which they are concerned. In the Board's experience, the work of board committees makes the overall Board more effective and efficient, as well as allowing for deeper and stronger involvement in the business's challenges and initiatives.

People and Compensation Committee
The Board's People and Compensation Committee supports the Board and Executive Management in fulfilling their responsibilities with respect to People Agenda, Organizational Development, and Compensation Approach. This includes ensuring coherent remuneration policies and practices enabling the company to attract and retain key talent, generating sustained business performance, and supporting company objectives and values. It also includes reviewing other relevant people and business culture matters requested by the Board or the management. The committee recommends and evaluates remuneration principles and execution for the CEO, guides and evaluates principles and strategy for the compensation of executive management, and evaluates and oversees the overall compensation strategy for the Group. The committee held 4 meetings in 2024.

The People and Compensation committee consists of the following Board Members:

- Annastiina Hintsa (Chair)
- Birger K. Steen
- Dieter May
- Morten Dammen

The members of the People and Compensation Committee are selected to support continuous organizational development that reflects the challenges related to attraction and retention in a global technology market. Therefore, the committee consists of three shareholder-elected Board Members with global experience in the technology space, and one employee-elected Board Member with extensive company experience.

Annastiina Hintsa, Birger K. Steen and Morten Dammen participated in all meetings during 2024. Dieter May joined the People and Compensation Committee from the second meeting.

Audit Committee
The Audit Committee consists of three members of the Board. The Committee collectively has the competence required in the Public Limited Liability Companies Act § 6-42. All members of the Audit Committee are independent to the company according to § 6-42 Public Limited Liability Companies Act. At least one member has the required qualifications in accounting or auditing. The Committee supports the Board with respect to the assessment and control of financial risk, financial reporting, and internal control, and prepares discussions and resolutions for Board meetings. The committee

also supports the Board in evaluating IT and cyber security risk to the company. Additionally, the committee oversees qualifications, independence and performance of the external auditor. The head of group compliance meets regularly with the Audit Committee.

The Audit Committee held seven meetings in 2024 and has been in regular contact with the Group's auditor regarding audits of the statutory accounts. It also assesses and monitors the auditor's independence, including non-audit services provided by the auditor.

The Audit Committee consists of the following Board Members:

- Anita Huun (Chair)
- Inger Berg Ørstavik
- Birger K. Steen (Observer)

The members of the of the Audit Committee have the extensive experience required to properly oversee the Company's accounting, financial reporting, and internal and external audits. They adhere to principles of good corporate governance.

One member has extensive experience as a CFO in a global technology company and investment banking, and the final member has experience as a professor in law.

According to the Norwegian Accounting Act, the Audit Committee reviews and approves all non-audit fees paid to the company's elected auditor.

The elected auditor's independence is evaluated annually. Audit partner and company rotation is done when considered appropriate. In 2019, a full tender for audit services was conducted and the elected auditor EY was replaced by PwC.

All members participated in all meetings.

Sustainability Committee
The Board established a Sustainability Committee in September 2022.

The Sustainability Committee is a preparatory body for the Board in fulfilling the Board's responsibilities with respect to considering sustainability within the activities and value creation of the company. The Committee supervises the integration of sustainability into Nordic strategy and business activities, hereunder adequate follow-up of ESG metrics to measure and monitor its sustainability performance.

The Sustainability Committee consists of the following Board Members:

- Inger Berg Ørstavik (chair)
- Annastiina Hinsta
- Anja Dekens

The Sustainability Committee held five meetings in 2024. All members participated in all meetings.

Board members' attendance	Board of Directors	People & Compensation Committee	Audit Committee	Sustainability Committee
Number of meetings	11	4	7	5
Elected by shareholders at the Annual General Meeting				
Birger Steen (Chairman of the board)	11/11	4/4	7/7	-
Helmut Gassel (Elected on AGM in April 2024)	9/9	-	-	-
Annastiina Hintsa (People and Compensation Committee chair)	11/11	4/4	-	5/5
Anita Huun (Audit Committee chair)	11/11	-	7/7	-
Snorre Kjesbu	10/11	-	-	-
Dieter May (Elected on AGM in April 2024)	8/9	3/3	-	-
Inger Berg Ørstavik (Sustainability Committee chair)	11/11	-	7/7	5/5
Employee Elected Board members				
Morten Dammen	11/11	4/4	-	-
Anja Dekens	11/11	-	-	5/5
Monika Lie Larsen (Elected in 2025)	0/0	-	-	-
Jon Helge Nistad	11/11	-	-	-

Risk management and internal control

The Board and Management are committed to ensuring long-term value for its shareholders by maintaining sound and effective internal controls and frameworks for risk management that are appropriate in relation to the extent and nature of the company's activities.

The Board of Directors oversees the risk management process and carries out biannual reviews of the most important areas of exposure and internal controls. Risks are also considered by the Board in relation to the assessment of specific projects and ongoing business. For more information with regard to the development of specific risks and how Nordic Semiconductor ASA responds to them, see the Risk Management section under Report from the Board of Directors.

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The company's primary internal control routines related to financial reporting are as follows: The finance team prepares a monthly financial report which is distributed to and reviewed by CEO and the Board of Directors. In preparing the monthly financial report, the accounting team conducts reconciliations of all major balance sheet items, which are independently reviewed by a second member of the team. Balance sheet items subject to accounting estimates are regularly analyzed to ensure that all assumptions relating to the accounting estimate remain valid. As part of the monthly financial report, the financial results are compared with the company's budget and prior forecast to analyze variances and ensure that they are not the result of incorrect reporting.

The quarterly and annual financial reports are subject to review and approval by the Board. The Board of Directors also performs an annual review of the company's business strategy, focusing on market development, technology updates, competitive positioning and risk factors. The Board reviews various aspects of the company's business throughout the year, including a detailed risk review twice a year.

The Board presents an in-depth description and analysis of the company's financial status in the report of the Board of Directors in the company's annual report. The report also describes the main drivers and risks related to the operation of the business.

Remuneration to the Board of Directors

Remuneration to the Board of Directors is decided by the Annual General Meeting based in the Nomination Committees recommendation. All remuneration to the Board of Directors is disclosed in Note 8.2: Board remuneration of the Nordic Semiconductor Group's annual accounts. The remuneration to Board members is neither performance based nor linked to the company's performance, and the company does not provide share options to Board members. Members of the Board of Directors receive remuneration for work related to Board committees.

Remuneration to the Executive Management

The Board of Directors discusses and approves the terms and conditions for the CEO's remuneration annually, following evaluation and recommendation from the Board's People and Compensation Committee (PCC). It also reviews and monitors the general terms and conditions for other senior executives of the Group.

The main principle in the Group's policy for remuneration is that the leading employees shall be offered competitive terms to ensure the group continues to attract and retain the desired and necessary talent. Remuneration for executive management is established in accordance with the above-mentioned main principle.

The Group has both a Short- and Long-Term Incentive plan for the Executive Management Team (EMT), subject to their continued employment at the payment or vesting date. The Short-Term Incentive is an annual cash bonus subject to relevant KPIs. The Long-Term Incentive is given as both Restricted Share Units and Performance Share Units, subject to absolute payout limits and fulfillment of relevant KPIs. Both incentive programs are discretionary to the Board of Directors subject to overall company performance and earnings.

The remuneration policy includes a clawback agreement for all members of the EMT, stating that any remuneration paid or delivered under incentive schemes such as shares, options or cash, and any vested right to such remuneration, are subject to clawback by the company in case of breach with the guidelines. The remuneration guidelines and policy was approved by the shareholders at the Annual General Meeting in 2024.

The approved guidelines and policy is available on Nordic's website. A new management remuneration report for 2024 will be published on Nordic's website and presented to the Annual General Meeting in 2025 for an advisory vote.

Information and Communications

The Board of Directors has established a communications strategy for the company's reporting of financial and other information based on transparency and taking into account the requirement for equal treatment of all participants in the securities market. The strategy is available on the company's investor relations web pages: https://www.nordicsemi.com/Investor-Relations/Investor-relations-policy

Nordic Semiconductor aims to communicate actively, openly and in a timely fashion with the financial market. The Group's accounting procedures are highly transparent and its financial statements are prepared and presented in accordance with the International Financial Reporting Standards (IFRS). The Board of Directors monitors the Group's reporting.

Nordic Semiconductor's financial reporting calendar for 2025 has been announced to the Oslo Stock Exchange and can be found on the company's website. The Group's annual and quarterly reports contain extensive information about the various aspects of the Group's activities. The Group's quarterly presentations can be found on Nordic Semiconductor's investor relations webpages along with quarterly and annual reports, as well as a comprehensive and detailed presentation of other information, reports and documents.

Nordic Semiconductor's Chief Financial Officer is responsible for contact with shareholders outside of the General Meeting. SVP Investor Relations has extensive contact with shareholders. The Chief Financial Officer and SVP Investor Relations report regularly to the Board about the Group's investor relations activities.

Take-overs
The Board of Directors has established guiding principles for how it will act in the event of a takeover bid.

The Board of Directors will not seek to hinder or obstruct any takeover bid for the company's activities or shares. In the event of a takeover bid, as discussed in item 14 of the Norwegian Code of Practice for Corporate Governance, the Board of Directors will seek to comply with the recommendations therein, as well as complying with relevant legislation and regulations.

If the company is acquired, the CEO's resignation period extends to 12 months. Any remaining retention bonus to the CEO will be paid in its entirety following the closing of the acquisition, as described in Note 8: Executive compensation of the Group financial statements. Severance pay equivalent to one year's base salary is agreed to be paid to the CEO and executive management team members in case of involuntary termination within 12 months after a potential merger or acquisition. There are otherwise no material obligations expected by the company as a result of an acquisition, aside from normal legal and advisory fees.

Auditor
PWC was elected effective 2019 by the Annual General Meeting to act as auditor to confirm to the Annual General Meeting that Nordic Semiconductor's annual accounts have been prepared and presented in accordance with current laws and regulations. Fees paid to the auditor are approved at the Annual General Meeting.

In the fall, the external auditor presents to the Audit Committee an evaluation of risk, internal control and the quality of reporting at Nordic Semiconductor with the audit plan for the current year. The auditor meets the Audit Committee on a regular basis. The external auditor also takes part in the Board's discussions on annual financial statements. In both cases, the Board of Directors ensures that the Board and external auditor are able to discuss relevant matters at a meeting where the executive management is not present.

The auditor shall be independent of the company. Therefore, Nordic Semiconductor does not engage the elected auditor for tasks other than the financial audit required by law. Nevertheless, the auditor is used for tasks that are naturally related to the audit, such as technical assistance with tax returns, annual accounts, understanding accounting and tax rules, and confirmation of financial information in various contexts. All other services besides audit services performed by PwC are approved by the Audit Committee.

Events and developments
Nordic Semiconductor ASA is a public limited company organized with a governance structure based on Norwegian corporate law. Our corporate governance provides a foundation for value creation and good control mechanisms. A prerequisite for the implementation and execution of our strategic goals is a clear understanding of organization, responsibility, authority, and roles. An overview of the status and development of Nordic's governance bodies is provided in the following overview.

Description	Developments and events during the reporting year	References
General Meeting		
Company shareholders exercise ultimate authority through the Annual General Meeting. The General Meeting shall: 1. Adopt the annual accounts and report, including the application of the annual surplus or covering of loss pursuant to the adopted balance sheet, and the distribution of dividend. 2. Elect members of the Board of Directors and members of the Nomination Committee. 3. Adopt renumeration to the members of the Board of Directors and approve the remuneration to the auditor. 4. Address and decide any other matters referred to in the notice of the General Meeting.	The General Meeting was held on April 24, 2024.	The protocols from the General Meeting can be found on the company's website: Corporate Governance - nordicsemi.com
Nomination Committee		
The company has a Nomination Committee according to its Articles of Association. The General Meeting stipulates instructions for the Nomination Committee, elects the chair and members, and stipulates the committee's renumeration. The Nomination Committee shall make proposals to the General Meeting regarding candidates to the Board of Directors and the remuneration to the Board of Directors.	The Nomination Committee has held 17 meetings during 2024. Members: a. Viggo Leisner (Chair) b. Eivind Lotsberg c. Fredrik Thorsen	Articles of Association, §8 can be found on the company's website: Corporate Governance - nordicsemi.com

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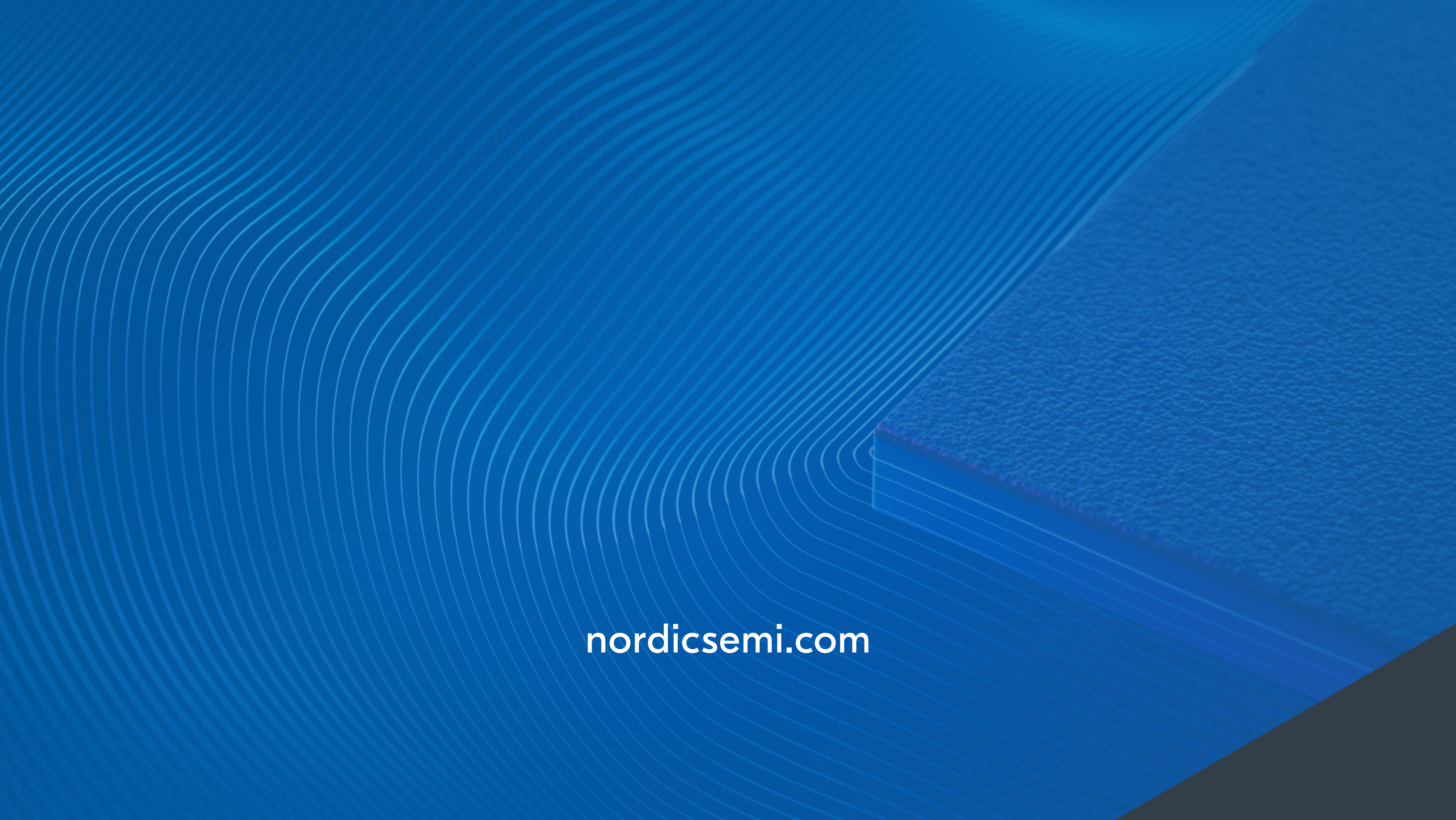
Board of Directors		
The Board of Directors consists of 11 members. Seven are elected by the General Meeting and four are employees elected by other employees for a term of up to two years. In accordance with the Norwegian Public Companies Act, the Board of Directors assumes the overall governance of the company, ensures that appropriate management and control systems are in place, and supervises the day-to-day management as carried out by the CEO. All shareholder-elected members are external. No employee-elected members are part of the company's executive management. Employee-elected members have no other service agreements with the company outside of their employment contracts, though they are subject to their duties as board members.	The Board of Directors held 11 meetings in 2024. The Board of Directors has an annual plan for its work that includes strategy, sustainability and business review, risk and compliance oversight, financial reporting, people agenda and succession planning. The Board of Directors shall conduct an annual self-assessment of its work and competence within a reasonable time prior to the Annual General Meeting in 2024. High on the Board of Directors' agenda in 2024 was strategic realignment and cost containment measures, as well as risk management and organizational resilience, customer and market focus, sustainability strategy, and strategic acquisitions. Dieter May and Helmut Gassel were appointed as shareholder-elected board members at an extraordinary General Meeting in February 2024. Anja Dekens and Krishna Shingala were appointed as employee-elected board members in September. Krishna Shingala resigned from Nordic Semiconductor in December with deputy Monika Larsen succeeding as employee-elected board member with immediate effect. All shareholder-elected members were deemed in 2024 to be independent, according to the Norwegian Code of Practice. None of the company's non-employee board members had any other service contractual agreements with the company.	The Rules of Procedure of the Board of Directors can be found on the company's website: Corporate Governance - nordicsemi.com Biographical information on the board members can be found in the Board of Directors section of this report and on the company's website: Board of directors - nordicsemi.com

Description	Developments and events during the reporting year	References
Audit Committee		
The Audit Committee consists of three members from the Board of Directors. The Audit Committee is a preparatory body that supports the Board of Directors in fulfilling its responsibilities with respect to financial reporting, auditing, and control. Its supervisory area includes adequate company policies, procedures, systems, and measures to prevent violations of relevant rules and regulations, including anti-corruption, data privacy, and human rights. The committee shall be informed and evaluate material risks and issues related to tax. The committee also supports the Board in the evaluation of IT and cyber security risk in the company. The committee supervises the company's external reporting, including the integrated annual report and its alignment with relevant regulations and international guidance to ensure transparent and reliable data. The Audit Committee reviews and approves all non-audit fees paid to the companies elected auditor. The Nordic Group Compliance Officer has a dotted reporting line to, and meets regularly with, the Audit Committee.	The Audit Committee has held 7 meetings during 2024. In 2024, the committee focused on reviewing the Group's internal controls in connection with higher digitalization of reporting functions, as well as reviewing processes to mitigate increased cyber threat. The audit committee plays a critical role in ensuring that the company adheres to the new CSRD regulations. By staying informed, evaluating current practices, integrating sustainability with financial reporting, and engaging with stakeholders, the committee Nordic's overall sustainability performance. Members: a. Anita Huun (Chair) b. Inger Berg Ørstavik c. Birger K. Steen (Observer) The members meet the Norwegian requirements for independence and competence.	The Audit Committee charter can be found on the company's website: Corporate Governance - nordicsemi.com
People & Compensation Committee		
The People & Compensation Committee consists of three members of the Board of Directors. The committee shall assist the Board of Directors in exercising its oversight responsibility, in particular regarding compensation matters pertaining to the CEO and other members of the Executive Management Team. The committee handles other compensation issues of principal importance, such as coherent renumeration policies and practices to enable the company to attract and retain executives and employees who will create value for shareholders. It supports the Board of Director and supervises management on human capital development, working conditions, and diversity, equity, and inclusion (DE&I).	The People & Compensation Committee held 4 meetings in 2024. Important focus areas for the People & Compensation Committee during 2024 were succession planning including leadership framework, performance and growth management including job architecture fundamentals, and continued development and review of the people and compensation agenda including reward structures. Members: a. Anastiina Hintsa (Chair) b. Birger K. Steen c. Dieter May d. Morten Dammen The members of the committee are selected to ensure that the compensation programs are fair and appropriate, but also reflect the challenges related to attracting and retaining key talent in a global technology market for engineers. Therefore, the committee includes both an employee-elected director and three shareholder-elected directors with extensive experience from the global technology space.	The People & Compensation Committee charter can be found on the company's website: Corporate Governance - nordicsemi.com

Description	**Developments and events during the reporting year**	**References**
Sustainability Committee		
The Sustainability Committee consists of three members of the Board of Directors. The Sustainability Committee is a preparatory body for the Board in fulfilling the Board's responsibilities with respect to considering sustainability within the activities and value creation of the company. The committee supervises the integration of sustainability into Nordic strategy and business activities, reflected in adequate follow-up of ESG metrics to measure and monitor its sustainability performance.	The Sustainability Committee held 5 meetings in 2024. In 2024 the Sustainability Committee continued the discussion around establishing specific sustainability strategy or continuing with integration of relevant sustainability elements into overall company strategy. Hereunder, to further develop Nordic's approach to sustainability risk management, to understand and develop plan for preparedness for the new reporting regulations, in particular the EU Corporate Social Reporting Directive (CSRD), to prepare proposals for ESG related KPIs for approval by the Board as well as Nordic's commitment to the Science Based Target Initiative. Members: a. Inger Berg Ørstavik (chair) b. Annastiina Hinsta c. Anja Dekens	The Sustainability Committee charter can be found on the company's website: Corporate Governance - nordicsemi.com
CEO & Executive Management Team		
According to Norwegian corporate law, the CEO constitutes the formal governing body responsible for the daily management of the company. The CEO leads the company with the assistance of the Executive Management Team. The division of functions and responsibilities between the CEO and the Board of Directors is defined in greater detail in the Rules of Procedure for the Board of Directors of the company.	The Executive Management Team held 41 meetings in 2024. In 2024, Nordic Semiconductor appointed Øyvind Strøm as EVP BU Short-Range, Øyvind Birkenes as EVP BU Long-Range, Joakim Ferm as SVP BU Wi-Fi. CTO Svein-Egil Nielsen, EVP People & Communication Katarina Finneng and SVP Legal & Compliance Linda Pettersson resigned from Nordic Semiconductor in 2024.	Biographical information on the CEO and Executive Management Team can be found in the Executive Management section of this report and on the Company's website at: Management - nordicsemi.com



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