

ANNUAL REPORT 2023

NORDIC® SEMICONDUCTOR

Content

01 Message from the CEO

02 Nordic at a glance

Financial highlights 7
ESG highlights 8
Products 9

03 Report from the Board of Directors

Our Group 11
Group overview 12
Strategy and ambitions 12
Operational overview 13
Board of Directors 17
Executive Management 20
Financial 24
Risk management 27
Risk factors 28
Sustainability statement 36
General information 37
Governance 38
Strategy 42
About the double materiality assesment 44
Environment 47
Climate Change 48
Pollution 57
Water and Marine Resources 59
Biodicersity and Ecosystems 61
Circular Economy 62
Social 64
Own Workforce 65
Workers in the Value Chain 79
Consumer and End products 85
Governance 88
Business Conduct 89
Outlook 92
EU Taxonomy 93
Concluding remarks 100

04 Financial statements

Income statements 102
Statement of financial position 103
Cash flow 106
Disclosures 107
Alternative Performance Meassures 138

05 Responsibility statement

06 Audit opinion letter

07 Appendices

Board of Directors' report in relation to the Norwegian Code of Practice for Corporate governanceStatement of financial position 147
TCDF index 157
GRI and CSRD Index 160

01 Message from the CEO
02 Nordic at a glance
03 Report from the Board of Directors
04 Financial statements
05 Responsibility statement
06 Audit opinion letter
07 Appendices

01

Message from the CEO

01 Message from the CEO
02 Nordic at a glance
03 Report from the Board of Directors
04 Financial statements
05 Responsibility statement
06 Audit opinion letter
07 Appendices

Message from the CEO

Taking over the reigns as CEO on 1 January 2024, I have made it clear from the start that my top priority is to regain growth and restore profitability. Nordic Semiconductor's main markets have been in a cyclical downturn with macro headwinds over the past year, and after three years with average growth of close to 40% the revenue declined by 30% from 2022 to 2023. The revenue decline is a challenge for an operating model that has been geared towards growth and innovation, and we need to drive revenue and strengthen profitability to be able to continue investing into the exciting long-term market opportunities. We have an excellent starting point with our leading technologies, products, and solutions, world-class R&D engineers and great people in sales and other functions.

The market will eventually recover, that's the cyclical nature of our business. But rather than bet on the timing of the upturn, we are focused on the things we can do something about. We need to make sure that we have the best products and solutions on the market, and we need to make sure that we are working closely with the customers that are going to create growth going forward.

We are industry innovators and our leading products and solutions have earned us market leadership and an impressive customer base. It is the responsibility of my management team and me that we get the most out of this valuable resource base.

Technology developments and innovation have always been driving our industry forward, and I believe it is crucial for any semiconductor company to deliver consistently on the development roadmaps to stay on top of market developments and customer demands. Development cycles are relatively long in semiconductors, and it is very important that we make the right investments at the right time. Together with the operational teams I have therefore been focusing sharply on our products, development roadmaps, and engineering execution in my first months.

> It is crucial to deliver consistently on the development roadmaps to stay on top



On that note, we are obviously excited about the next generation nRF54 Series SoCs, which offers our customers higher performance, lower energy consumption and many new and innovative features. Our expectation is for the nRF54 Series to start shipping towards the end of 2024, and to contribute significantly to the company in the years to come. We have also recently launched new products for cellular IoT and for power management, as well as launching our first Wi-Fi 6 chip last year.

Over the years, Nordic has developed strong customer relationships with some of the world's leading technology consumer brands as well as with prominent names in the industrial and healthcare markets. Demand from these tier-1 customers held up well through 2023, and we continue to put a lot of effort and investment into maintaining and further developing relationship that will bring great consumer technology products to the market and build the Internet of Things.

At the same time, Nordic's initial success in the Bluetooth market was built on combining leading products and great developer support for the many small and medium companies in the broad market. Many customers in this space have been struggling over the past years, with a challenging supply situation during 2021-22 and a tough market in 2023. We remain the clear market leader in terms of the number of

01 Message from the CEO
02 Nordic at a glance
03 Report from the Board of Directors
04 Financial statements
05 Responsibility statement
06 Audit opinion letter
07 Appendices

design wins in the Bluetooth® Low Energy market (43% according to FCC and Bluetooth SIG data analyzed by DNB Markets) and we need to build from this position to regain commercial traction in this important part of the market. I got to meet many of our customers at the Consumer Electronics Show (CES) in Las Vegas in January and throughout my first weeks, and look forward to work more with our strong sales teams to drive growth going forward.

The developments over the past years have outlined our exciting opportunity space but also shown the complexity of a value chain where we are dependent on our strong partners both upstream and downstream. While we greatly appreciate the partnerships we have developed over many years, we have also taken steps to improve the resilience of the value chain. As an example, we have included Global Foundries to our supplier base and are now sourcing 22 nanometer wafers across foundries and geographies for the various nRF54 Series SoCs.

Digitalization, connectivity and IoT can play an important role in solving many environmental and social challenges and help build a more sustainable economy. Representing Nordic as a UN Global Compact signatory, the Board and management work for the progression of the UN Sustainable Development Goals (SDGs) through Nordic's business operations, and remains committed to the principles of human rights, workers' rights, the environment, and anti-corruption as outlined by the UN Global Compact. Sustainability is integrated in our strategy and supervised by the Board Sustainability Committee, and our ESG responsibilities are integrated in our governance structures. We continue to gain recognition for our sustainability reporting, with an A- rating from the Carbon Disclosure Project and a B+ rating in Position Green's ESG100 report for 2023 along with being listed on Financial Times 500 Europe's Climate Leaders. We are also part of the Sustainalytics 2024 ESG Top-Rated Companies List.

Finally, I want to thank all our fantastic employees for their efforts through a challenging year in 2023. Having been in the job for only a few months, I have yet to meet all our more than 1,400 capable and competent employees, and I look forward to getting to know more of you in the time to come. Together we can make sure that we continue to make the best products and solutions on the market and remain the best possible partners for our customers and suppliers going forward.

01 Message from the CEO
02 Nordic at a glance
Financial highlights
ESG highlights
Products
03 Report from the Board of Directors
04 Financial statements
05 Responsibility statement
06 Audit opinion letter
07 Appendices

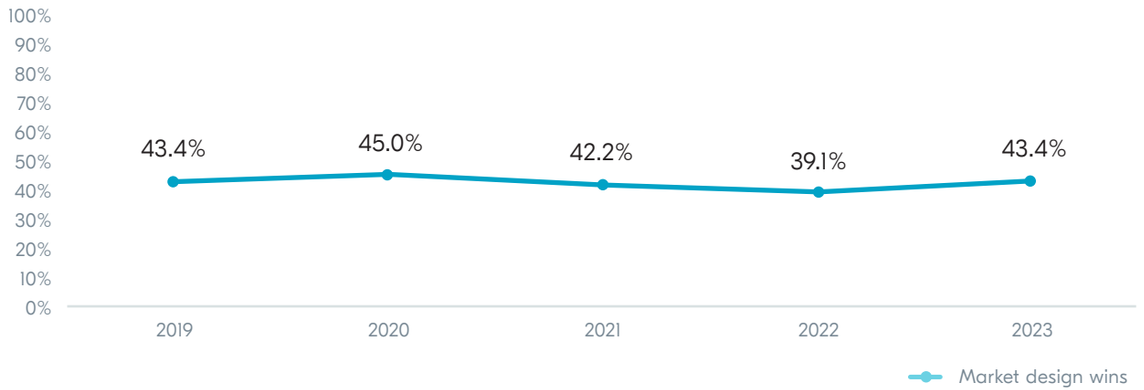
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Nordic at a glance

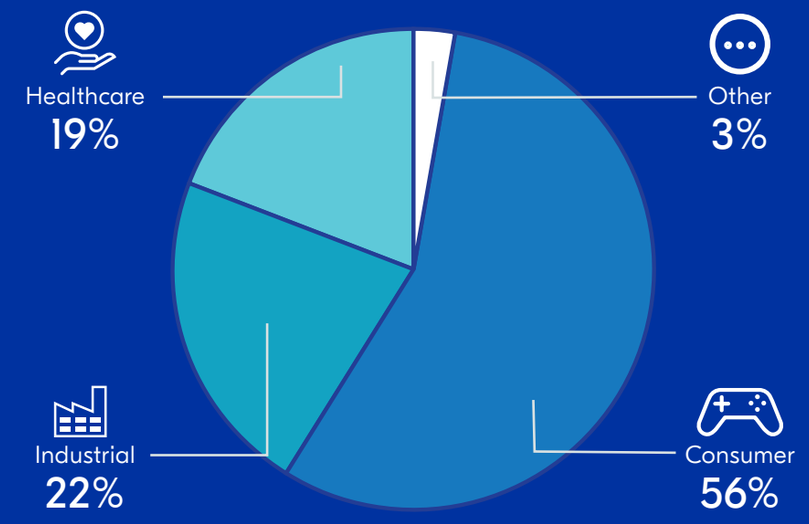
01 Message from the CEO
02 Nordic at a glance
Financial highlights
ESG highlights
Products
03 Report from the Board of Directors
04 Financial statements
05 Responsibility statement
06 Audit opinion letter
07 Appendices

Design win leader

Design win marketshare

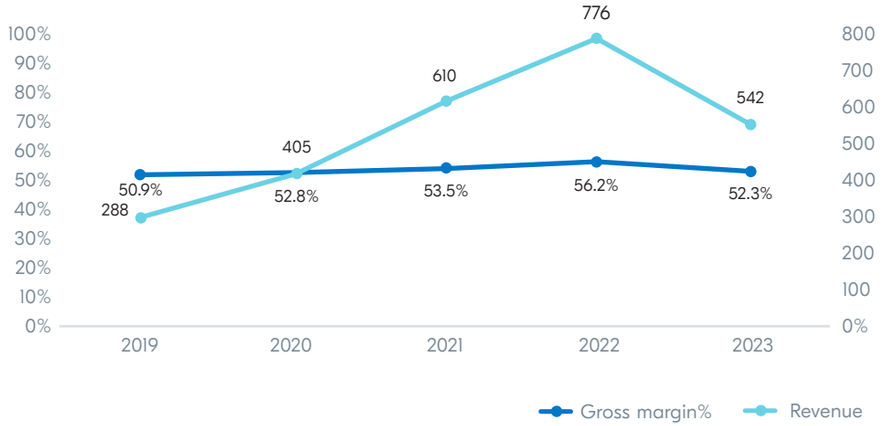


Markets



Investing in a complete connectivity portfolio

Margins development



01 Message from the CEO

02 Nordic at a glance

Financial highlights

ESG highlights

Products

03 Report from the Board of Directors

04 Financial statements

05 Responsibility statement

06 Audit opinion letter

07 Appendices

40%
of device containers made of recycled plastic

89%
of the energy used by our offices generated from renewable energy sources

62
nationalities *in*

21
countries

7.9
score on employees' perception of integrity culture out of 10



23.4%
share of new hires are female

0.2
Above benchmark on collaborative culture

19%
decrease of scope 3 emissions

54%
decrease of scope 2 emissions

Awarded **A-**

CDP

Awarded **B+**

ESG100 POSITION GREEN | 2023

Received **ESG Top-Rated Companies list**

FT FINANCIAL TIMES

01 Message from the CEO

02 Nordic at a glance

- Financial highlights
- ESG highlights
- Products

03 Report from the Board of Directors

04 Financial statements

05 Responsibility statement

06 Audit opinion letter

07 Appendices



NORDIC SEMICONDUCTOR

Empowering wireless innovation

Bluetooth · THREAD · LTE-M · NB-IoT · matter · Wi Fi · nRF



01 Message from the CEO
02 Nordic at a glance
03 Report from the Board of Directors
Our group
Financial
Risk management
Sustainability statement
Environment
Social
Governance
Outlook
EU Taxonomy
Concluding remarks
04 Financial statements
05 Responsibility statement
06 Audit opinion letter
07 Appendices

03

Report from the Board of Directors

01 Message from the CEO
02 Nordic at a glance
03 Report from the Board of Directors
Our group
Financial
Risk management
Sustainability statement
Environment
Social
Governance
Outlook
EU Taxonomy
Concluding remarks
04 Financial statements
05 Responsibility statement
06 Audit opinion letter
07 Appendices



Report from the Board of Directors

In 2023, despite a persistent cyclical downturn that led to a decline in revenue, Nordic successfully maintained its gross margins above the long-term target. The tier-1 customer base continued to demonstrate strong demand, underscoring the resilience and value of existing partnerships. Amidst these challenging conditions, Nordic launched exciting new products and completed strategic acquisitions, laying a robust foundation for future growth. These initiatives signaled Nordic's commitment to innovation and strategic positioning to capitalize on market recovery.

The board of directors bear the ultimate governance, social and environmental responsibility for the group. In doing so the Board of Directors disclose the statement of governance in accordance with rskl. § 3-3b in appendice Board of Directors' report in relation to the Norwegian Code of Practice for Corporate governance. Furthermore, the statement of social responsibility in accordance with rskl. § 3-3c is found in Sustainability statement, Environment, Social, and Governance.

01 Message from the CEO
02 Nordic at a glance
03 Report from the Board of Directors
Our group
Financial
Risk management
Sustainability statement
Environment
Social
Governance
Outlook
EU Taxonomy
Concluding remarks
04 Financial statements
05 Responsibility statement
06 Audit opinion letter
07 Appendices

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 within 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.

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 2023, 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); Yokohama (Japan); Eindhoven (the Netherlands); Manila (the Philippines); Krakow and Wroclaw (Poland); Singapore (Singapore); Seoul (South Korea); Stockholm and Lund (Sweden); Taipei (Taiwan); Bristol, Hatfield and Swindon (UK); and Portland, Seattle and San Diego (USA).

Strategy and ambitions

Nordic Semiconductor's vision is to become the world-leading provider of end-to-end wireless IoT connectivity solutions, with a sustainable footprint. Despite a persisting cyclical downturn in the demand for wireless solutions in 2023, the Group continues to innovate and expand, confident in the resilience and future growth of the market. The Group offers proprietary technology and low power Bluetooth LE and multiprotocol wireless technologies in the short-range market. Additionally, it provides cellular IoT over LTE-M and NB-IoT networks in the long-range market. Furthermore, in 2023, Nordic expanded its offering with the launch of its first Wi-Fi solution.

The Group is fully dedicated to offering the three key IoT wireless technologies: Bluetooth LE, Wi-Fi, and cellular IoT. In 2023, the Group introduced the nRF54 Series, a groundbreaking addition to its globally market-leading Bluetooth chip lineup. The nRF9161 SiP has also been unveiled, enhancing the Group's cellular IoT offerings and marking its entry into non-cellular 5G technology with DECT NR+ support. Additionally, the Group started mass production of its first Wi-Fi product and expanded the series with further launches. Concurrently, the Group also launched accompanying products like the nPM1300 PMIC, which streamlines power management in IoT applications.

Nordic Semiconductor's mission is to make low power wireless IoT connectivity accessible to all. This means reducing unnecessary layers of technical complexity and offering the hardware and software required to build robust and market-ready turnkey solutions. The DevZone developer community remains a cornerstone of the Group's mission, fostering innovation and engagement among developers. With more than one thousand unique development projects, the Group tracks each project and supports them at varying degrees, showcasing Nordic's dedication to the developer ecosystem.

While unit shipments in 2023 have not matched the previous year's volume, the Group's market position remains strong, supported by a diversified customer base that includes individual developers and leading global enterprises. The Group's sustained market leadership since the introduction of Bluetooth LE products in 2012 demonstrates its enduring relationships with tier-1 customers and its adaptability to changing market dynamics. This foundation is expected to strengthen further with the introduction of the nRF54 Series.

The Group's employees are its greatest asset. The multitude of nationalities combined with an average tenure of 5.5 years serves as proof of the Group's commitment to maintaining a diverse and inclusive workforce, attracting and retaining individuals from all backgrounds. In 2023, the Group's global workforce has remained just shy of 1500. This highly skilled workforce has made notable product launches while further developing exciting launches to come.

Strategic acquisitions in 2023, including Mobile Semiconductor and the intellectual property portfolio of Atlazo, have bolstered the Group's technological capabilities. These acquisitions are particularly impactful in embedded memory technology and AI/ML for low-power IoT solutions. They are integral to the Group's strategy, enhancing its product offerings and positioning it at the forefront of innovation in the IoT space.

The Group continues to invest in sustainable solutions and has enhanced its ESG framework with a dedicated Sustainability Committee at the Board level to navigate the evolving landscape of ESG regulations.

In summary, the Group is navigating the current market with a positive outlook, driven by strategic investments, product innovation, and acquisitions. It is poised to capitalize on market recovery. The Group remains dedicated to its long-term vision of leading the world in end-to-end wireless IoT connectivity solutions.

01 Message from the CEO
02 Nordic at a glance
03 Report from the Board of Directors
Our group
Financial
Risk management
Sustainability statement
Environment
Social
Governance
Outlook
EU Taxonomy
Concluding remarks
04 Financial statements
05 Responsibility statement
06 Audit opinion letter
07 Appendices



Operational review

Demand and market share

Throughout 2023, Nordic Semiconductor faced a challenging market environment with generally low visibility in demand and with inventory corrections through the value chain reducing visibility even further. Nordic reported revenue of USD 542.9 million for 2023, a decrease of 30% from USD 776.7 million in the previous year. Revenue was supported by inventory build-ups through 2022 and the first half of 2023, as wafers supplies were no longer constrained. However, with slower demand both distributors and end-customers scaled back inventories in the latter part of the year, which accelerated the year-on-year revenue declines in the second half of 2023 and into 2024.

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. In contrast, demand from the broad market customers declined sharply last year, particularly in China. Chinese customers accounted for more than 20% in the beginning of 2022 however declining through the year. This dropped below 10% in 2023 and remains at low levels.

In 2023, Nordic Semiconductor maintained a strong presence in the Bluetooth LE market, achieving a market share of 45% in new design certifications for the fourth quarter and 43% for the full year. This performance marks an increase from the previous year, where Nordic held a 38% market share in the fourth quarter of 2022 and 39% for that entire year, as reported by FCC and Bluetooth SIG data analyzed by DNB Markets.

The total number of new Bluetooth LE design certifications in 2023 was 1,112, with Nordic technology being incorporated into 483 of these designs. In comparison, the total certifications in 2022 amounted to 1,136 for the full year, with 446 featuring Nordic chips. Nordic is expanding its strong market presence and continues to perform particularly well in large-volume design applications.

01 Message from the CEO
02 Nordic at a glance
03 Report from the Board of Directors
Our group
Financial
Risk management
Sustainability statement
Environment
Social
Governance
Outlook
EU Taxonomy
Concluding remarks
04 Financial statements
05 Responsibility statement
06 Audit opinion letter
07 Appendices

Restructuring for the future

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

In the second half of 2023, a cost optimization program was completed. Cost optimization measures included reduced use of consultants, streamlining of operational structure, and an assessment of the total resources required to continue the company's main R&D programs. The program led to a reduction in the number of employees and full-time consultants by around 100 employees (~7%) and 30 consultants, respectively.

These measures will reduce quarterly operating expenses by approximately USD 5 million. The program has impacted the fourth quarter financials in 2023 and is anticipated to have a full effect from early 2024.

New CEO announced

In December, Nordic Semiconductor announced that Vegard Wollan was appointed as the new CEO, taking over from Svenn-Tore Larsen, who decided to step down after more than two decades of leadership. Wollan comes with a strong background in the semiconductor and electronics industry. He is one of the original creators of AVR microcontroller technology and has significantly contributed to the success of Atmel, where he led the Touch and MCU business unit to achieve a highly profitable USD 1 billion in revenue. Before his appointment at Nordic, Wollan was the CEO of Touchnetix, a company he founded in 2016, known for its innovative work in touch technology.



01 Message from the CEO
02 Nordic at a glance
03 Report from the Board of Directors
Our group
Financial
Risk management
Sustainability statement
Environment
Social
Governance
Outlook
EU Taxonomy
Concluding remarks
04 Financial statements
05 Responsibility statement
06 Audit opinion letter
07 Appendices

Product launches

In 2023, Nordic Semiconductor has further advanced the field of wireless connectivity and power management, delivering a comprehensive suite of products. The introduction of the nRF54 Series, Nordic's latest iteration of Bluetooth LE chips, represents a significant development in the Group's product line. This series, building upon its award-winning predecessors, offering double the processing power of its predecessor and integrates an MCU, external memory, and a wireless SoC into a single device. With its advanced security features, certified at the highest level by the PSA Certified IoT security standard, the nRF54 Series is set to meet the needs of Nordic's most demanding customers and is projected to generate revenue in the near future.

Building on its 2022 entry into the Wi-Fi wireless IoT market, Nordic began shipping its first chip in this category, the nRF7002 Wi-Fi 6 companion IC, in the first half of 2023. Later in the year, the company expanded its Wi-Fi offerings by introducing the nRF7000 Wi-Fi companion IC. This launch positioned Nordic as the first company to offer globally a complete silicon-to-cloud location solution that integrates Wi-Fi, cellular IoT, and GNSS technologies.

Nordic's innovation also extended to power management with the nPM1300 PMIC, which simplifies the Bill-of-Materials by integrating multiple discrete components into a single chip. This addition to power management products, such as the nPM1100 and the nPM6001, is optimized for the efficiency and compact size requirements of advanced IoT applications.

On the cellular IoT front, the availability of the nRF9161 SiP, based on the nRF9160, introduced new features that enhance the power efficiency and robustness of cellular IoT applications. As the first device in the nRF91 Series to support DECT NR+, a non-cellular 5G technology, Nordic remains committed to advancing cellular connectivity with ongoing efforts to enhance and refine its technologies.



Throughout the year, Nordic Semiconductor has set a new standard in Bluetooth capabilities, started production in new markets with its first Wi-Fi solution, and expanded its offerings in existing markets with PMIC and cellular products. By offering a diverse and high-quality product portfolio, Nordic is well-positioned to be a leading provider for the next generation of smart applications.

01 Message from the CEO
02 Nordic at a glance
03 Report from the Board of Directors
Our group
Financial
Risk management
Sustainability statement
Environment
Social
Governance
Outlook
EU Taxonomy
Concluding remarks
04 Financial statements
05 Responsibility statement
06 Audit opinion letter
07 Appendices

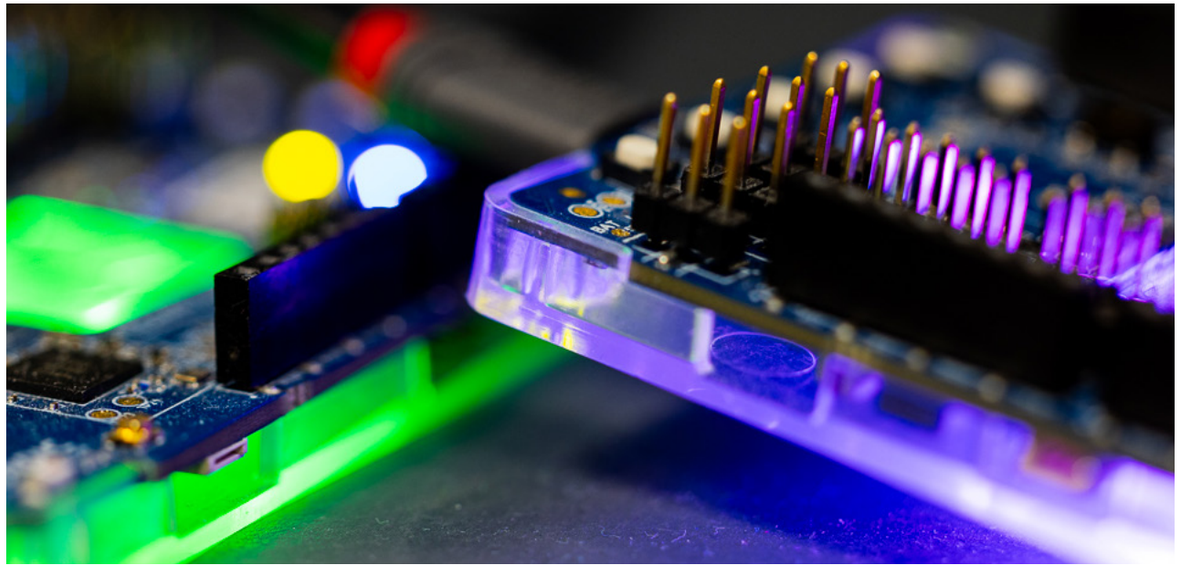
Acquisitions

Adding to the product launches, Nordic Semiconductor has in 2023 also made notable investments in technologies that enhance product capabilities. The Group's investment in connectivity technologies and capabilities underscores its belief in the synergy of combining wireless standards and ultra-low power with high performance at the right price.

Early in the year, Nordic completed the acquisition of Mobile Semiconductor, a US-based specialist in highly optimized embedded memory technology for microcontrollers (MCUs) and Systems-on-Chip (SoCs). Mobile Semiconductor where instrumental in enhancing the memory performance of Nordic's renowned nRF52 and nRF53 Series Bluetooth SoCs, as well as nRF9160 cellular IoT SiPs. This ensured that customers benefited from the most efficient and reliable solutions. By bringing this technology in-house, we can further expand on this differentiation for the nRF54 and future devices.

Furthering its strategic vision, Nordic acquired the intellectual property portfolio of Atlazo in the fourth quarter, a move that opens new frontiers in AI/ML technology for low-power IoT solutions. This acquisition brings AI/ML capabilities to future Nordic's SoCs, enabling enhanced computing power and sophisticated services at the network edge. This technology is particularly suited for a growing demand for on-device, always-on computational processes with minimal energy consumption.

Alongside Nordic's continued engineering work, these acquisitions reflect Nordic's approach to product development. By integrating these capabilities into the existing and future product portfolio, Nordic is set to offer an even more robust and versatile suite of ultra-low power products with greater on-chip capabilities, addressing the needs of a rapidly evolving digital world.



Setting the standards

Nordic Semiconductor actively engages with key standard-setting organizations to standardize communication protocols, aiming to increase competition and innovation in the industry. In its recent efforts, Nordic has joined the DECT forum as a full member to contribute to the development of the DECT New Radio (NR)+ standard. This new standard is designed to support IoT networks with high device densities and is intended for use in asset tracking, smart city, and smart energy projects.

Empowering wireless innovation

Nordic also entered into a joint venture with four other semiconductor industry players (Robert Bosch GmbH, Infineon Technologies AG, NXP Semiconductors, and Qualcomm Technologies Inc.) to advance the adoption of RISC-V open-source chip architecture. This venture focuses on commercializing RISC-V-based products for the automotive sector, further expanding into mobile and IoT markets. Nordic Semiconductor is proud to be a driving force of wireless connectivity. By providing this open-source chip architecture, Nordic is encouraging to greater innovation in the wireless IoT market by lowering the barriers-to-entry and level the playing field when it comes to developing IoT applications. It gives developers the freedom and flexibility, in certain applications, to ensure extreme levels of low power consumption. The new company, called Quintauris, received regulatory approval in all relevant jurisdictions globally by the end of 2023.

In addition to these initiatives, Nordic holds a position on the Board of the Connectivity Standards Alliance (CSA) as a Promoter Member. This role involves contributing to the development of standards such as Matter, which facilitates interoperability between smart home devices. Nordic's involvement with the CSA is part of its wider commitment to advancing wireless communication standards.

01 Message from the CEO
02 Nordic at a glance
03 Report from the Board of Directors
Our group
Financial
Risk management
Sustainability statement
Environment
Social
Governance
Outlook
EU Taxonomy
Concluding remarks
04 Financial statements
05 Responsibility statement
06 Audit opinion letter
07 Appendices

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 the CEO of FREYR Battery, a NYSE-listed technology company focused on large-scale-eco-friendly battery solutions to combat global emissions. His 30 years of leadership and board experience in the tech sector includes roles such as CEO of Parallels, Inc. (2010-2016), WW Vice President of Distribution & SMB at Microsoft Corp. (2002-2010), Thematic Partner at Summa Equity AB (2019 -2023), CEO of Scandinavia Online AB (2000-2002), VP at Schibsted ASA (1997-2000) and consultant at McKinsey & Company (1993-1997). He holds an MSc from the Norwegian Institute of Technology, an MBA from INSEAD and is a graduate of the Defence School of Intelligence and Security in Oslo. He has previously held director positions at Pagero AB, Nordea Bank Abp, Schibsted ASA, Cognite AS, and PragmatIC Semiconductor Ltd.

Board meeting attendance: 12, PCC attendance: 5,
AC attendance: 4
Holdings in the company: 208,745 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 LI.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: 12, SC attendance: 5,
AC attendance: 7
Holdings in the company: 5,919 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 in Nordic Semiconductor since 2001, with a seven-year break between 2007 and 2014. Morten is currently working as a Group Manager in IC development. 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: 12, PCC attendance: 5
Holdings in the company: 1,953 shares and 1,108 RSUs

01 Message from the CEO
02 Nordic at a glance
03 Report from the Board of Directors
Our group
Financial
Risk management
Sustainability statement
Environment
Social
Governance
Outlook
EU Taxonomy
Concluding remarks
04 Financial statements
05 Responsibility statement
06 Audit opinion letter
07 Appendices



Anja Dekens | Employee elected director

Board member since 2022. Member of the Sustainability Committee.

Anja Dekens joined Nordic in 2014 and has been working with HW design in IC development since then. Besides her position as an engineer, she is also leading the Digital Design Discipline team, which is responsible for the methodology used by all digital designers at Nordic. Anja studied Electrical Engineering in Karlsruhe University, Germany and at NTNU, Trondheim and has a PhD degree from the University of Twente, the Netherlands.

Board meeting attendance: 11, SC attendance: 5

Holdings in the company: 433 shares and 275 RSUs



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.

Holdings in the company: 4,000 shares



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. 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.

Holdings in the company: 0 shares



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: 9
Holdings in the company: 6 661 shares.

01 Message from the CEO
02 Nordic at a glance
03 Report from the Board of Directors
Our group
Financial
Risk management
Sustainability statement
Environment
Social
Governance
Outlook
EU Taxonomy
Concluding remarks
04 Financial statements
05 Responsibility statement
06 Audit opinion letter
07 Appendices



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: 12, SC attendance: 5, PCC attendance: 3
Holdings in the company: 4,919 shares



Anita Huun | Shareholder elected independent director

Board member since 2019. Chair of the Audit Committee.

Anita Huun is an experienced business executive and the current Commercial Director for Techstep, former CFO for Techstep. Huun has more than 20 years of experience in finance, capital markets and management. Prior to joining Techstep, Huun 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, Huun has board experience from Link Mobility until it was acquired by Abry partners. She has a MSc from the Norwegian School of Economics (NHH), with specialization in Finance.

Board meeting attendance: 12, AC attendance: 7
Holdings in the company: 13,919 shares



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 Principal R&D engineer in Nordic Semiconductor.

Board meeting attendance: 12
Holdings in the company: 749 shares and 418 RSUs

01 Message from the CEO
02 Nordic at a glance
03 Report from the Board of Directors
Our group
Financial
Risk management
Sustainability statement
Environment
Social
Governance
Outlook
EU Taxonomy
Concluding remarks
04 Financial statements
05 Responsibility statement
06 Audit opinion letter
07 Appendices

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: 50,000 shares, 11,240 RSUs and 11,240 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: 4,737 shares and 5,827 RSUs and 2,946 performance shares



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: 49,417 shares, 10,769 RSUs and 10,769 performance shares

01 Message from the CEO
02 Nordic at a glance
03 Report from the Board of Directors
Our group
Financial
Risk management
Sustainability statement
Environment
Social
Governance
Outlook
EU Taxonomy
Concluding remarks
04 Financial statements
05 Responsibility statement
06 Audit opinion letter
07 Appendices



Katarina Finneng | EVP People & Communication

Member of the Executive Management Team since 2019.

Mrs. Finneng has international experience within management, Human Resources and Communication/ PR from several different sectors. Her most recent position before joining Nordic in 2019 was with Norwegian Air Shuttle ASA, and previous experience includes different roles in Hafslund ASA and the Volvo Group. Mrs. Finneng holds a Master of Political Science degree from the University of Gothenburg, Sweden, as well as an Executive Master degree in Management from BI Norwegian Business School. Mrs. Finneng is Secretary of the Board's People and Compensation Committee. Katarina Finneng is based in Oslo, Norway.

Holdings in the company: 4,337 shares, 8,955 RSUs and 8,955 performance shares



Kjetil Holstad | EVP Strategy and Product Management

Member of the Executive Management Team since 2019.

Mr. Holstad has 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 in Atmel Corporation and Texas Instruments, he joined Nordic in 2015 as a Product Manager for the short range wireless business. Kjetil Holstad is based in Oslo, Norway.

Holdings in the company: 16,401 shares, 8,868 RSUs and 8,868 performance shares



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: 219,653 shares, 14,301 RSUs and 11,351 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 Taipei, Taiwan.

Holdings in the company: 205,345 shares, 8,193 RSUs and 8,193 performance shares

01 Message from the CEO
02 Nordic at a glance
03 Report from the Board of Directors
Our group
Financial
Risk management
Sustainability statement
Environment
Social
Governance
Outlook
EU Taxonomy
Concluding remarks
04 Financial statements
05 Responsibility statement
06 Audit opinion letter
07 Appendices



Joakim Ferm | Interim SVP R&D

Member of the Executive Management Team since 2024.

Mr Ferm holds a M.Sc. degree in Electrical Engineering from Chalmers Institute of Technology. He joined Nordic in 2008 and has held several positions within R&D, such as digital designer, project manager and program manager for several products in the Nordic portfolio. Mr Ferm most recent position in Nordic was group manager for the Wi-Fi group. Prior to working for Nordic, he worked for Nokia in Copenhagen, Denmark. Joakim Ferm is based in Oslo, Norway.

Joakim Ferm replaced Svein-Egil Nielsen which held the position as CTO/EVP R&D from 2013 until resigning on March 15, 2024

Holdings in the company: 1,312 shares, 4,025 RSUs



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: 141,632 shares, 7,108 RSUs and 7,108 performance shares

01 Message from the CEO
02 Nordic at a glance
03 Report from the Board of Directors
Our group
Financial
Risk management
Sustainability statement
Environment
Social
Governance
Outlook
EU Taxonomy
Concluding remarks
04 Financial statements
05 Responsibility statement
06 Audit opinion letter
07 Appendices



Financial

Nordic reported revenue of USD 542.9 million for 2023. This corresponds to a decline of 30.3% compared to 2022 reflecting a cyclical downturn in the electronics industry among both consumer and industrial customers. Bluetooth revenue declined by 27.7% to USD 483.9 million and proprietary declined by 54.5% to USD 34.4 million. 2023 gross margin of 52.3% and EBITDA margin of 9.0%.

01 Message from the CEO
02 Nordic at a glance
03 Report from the Board of Directors
Our group
Financial
Risk management
Sustainability statement
Environment
Social
Governance
Outlook
EU Taxonomy
Concluding remarks
04 Financial statements
05 Responsibility statement
06 Audit opinion letter
07 Appendices

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, EBITDA, 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	2023	2022	Change
Bluetooth	483.9	669.1	-27.7%
Proprietary wireless	34.4	75.7	-54.5%
Short-range wireless components	**518.3**	**744.8**	**-30.4%**
Cellular IoT	17.6	25.4	-30.8%
ASIC Components	4.7	4.6	2.0%
Other	2.3	2.0	17.9%
Total	**542.9**	**776.6**	**-30.1%**

Total revenue decreased by 30.1% to USD 542.9 million in 2023, down from USD 776.6 million in 2022. This decrease reflects weak end-user demand and continued inventory adjustments at both end-customer and distributor levels.

Revenue from Bluetooth decreased by 27.7% to USD 483.9 million in 2023. Bluetooth accounted for 89% of total revenue in 2023. The revenue decrease primarily reflects weak end-user demand, especially in Consumer and Industrial markets, combined with continued inventory adjustments at both end-customer and distributor levels.

Revenue from Nordic's proprietary products decreased by 54% to USD 34.4 million in 2023. The 2022 figures were boosted by increased demand for PC accessories and home office equipment due to Covid. The decline continued into 2023, despite a partial rebound in the second half of the year. The overall decrease is due to weak cyclical demand and a structural shift as customers move towards technologies like Bluetooth Low Energy.

Revenue from cellular IoT decreased by 30.8% in 2023 to USD 17.6 million. Revenue from cellular IoT is distributed over a multitude of customers with new and innovative products and Cellular IoT revenue remains lumpy and exposed to individual customers' production and purchasing patterns.

Sales of ASIC products increased by 2.0% in 2023 to USD 4.7 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	2023	2022	Change
Consumer	302.5	483.8	-37.5%
Industrial	117.2	191.5	-38.8%
Healthcare	103.3	67.6	52.8%
Other	15.2	29.2	-48.0%
Total	**538.2**	**772.1**	**-30.3%**

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

Consumer revenue decreased by 37% in 2023. The main reason for the decline is reduced revenue from PC accessories for home offices and gaming.

Industrial revenue declined by 39% in 2023 to USD 117.2 million. This is driven by a general downturn in the market.

Healthcare revenue increased by 52.8% in 2023. Nordic has identified the Healthcare market as a potential growth area. The Group continues to view the 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. Although revenues are still dependent on a relatively small number of customers and hence prone to wide variations across quarters.

Revenue in the "Other" markets decreased by 48.0%. This mainly reflects sales to module manufacturers servicing many end products in all markets and regions.

Gross profit

USDm	2023	2022	Change
Gross Profit	283.7	436.8	-35.0%
Gross Margin	52.3%	56.2%	-4.0%

Gross profit amounted to USD 283.7 million, a decrease of 35.0% from the previous year. Hence, gross margin decreased to 52.3% in 2023 from 56.2% in 2022.

The continued strong underlying gross margin reflects a market leading product portfolio. Nordic tier-1 customer demand has remained strong in this challenging market situation, impacting the overall achieved Gross Margin. In addition, the margin in 2022 was positively influenced by the depletion of materials that were bought prior to supplier price increase.

The Group's long-term target is to continue generating gross margins above 50%, allowing for changes in the customer and technology mix, with lower margin expected in cellular IoT business.

01 Message from the CEO
02 Nordic at a glance
03 Report from the Board of Directors
Our group
Financial
Risk management
Sustainability statement
Environment
Social
Governance
Outlook
EU Taxonomy
Concluding remarks
04 Financial statements
05 Responsibility statement
06 Audit opinion letter
07 Appendices

Operating expenses

USDm	2023	2022	Change
Payroll expenses	153.0	161.4	-5.2%
Other OPEX	81.7	69.7	17.2%
OPEX excl. D&A	**234.7**	**231.1**	**1.5%**
Depr. & Amort.	44.3	44.1	0.6%
Total	**279.0**	**275.2**	**1.4%**

Operating expenses excluding depreciation and amortization amounted to USD 234.7 million in 2023. This was an increase of 1.5% from USD 231.1 million in 2022.

The modest increase in expenses is due to a combination of factors: a decrease in variable compensation, higher levels of capitalization and positive currency impacts. These are somewhat counterbalanced by expenditures associated with restructuring, costs related to acquisitions, and product cycle costs, along with a general inflation in the prices of goods and services. The number of employees has been maintained at a consistent level, partially as a result of the restructuring efforts.

Measured by function, R&D accounted for USD 155.5 million of operating expenses in 2023 excluding restructuring costs, compared to USD 160.5 million in 2022. R&D intensity, measured as a percentage of revenue, increased from 21% in 2022 to 29% in 2023. This is primarily due to revenue fluctuations as investments decreased USD 5.1 million in absolute terms. Nordic has a strong commitment to innovation in existing and new markets, and will continue to target long term R&D investment level of 15%-20% of revenue.

SG&A excluding restructuring cost increased to USD 74.4 million from USD 70.6 million in 2022. As a percentage of revenue, SG&A increased from 9% in 2022 to 14% in 2023 is primarily due to revenue fluctuations.

Total cash operating expenses amounted to USD 250.1 million, when adjusting for non-cash items, capitalized development expenses, equity-based compensation, and depreciation and amortization. This was an increase from USD 229.8 million in 2022.

Nordic capitalized USD 22.0 million development expenses in 2023, up from USD 6.5 million in 2022. Capitalization has increased as more of Nordics next generation are in the commercialization phase. Equity-based compensation was USD 6.5 million, compared to USD 7.8 million in 2022. See the section on Alternative Performance Measures for more details.

EBITDA and operating profit

USDm	2023	2022	Change
EBITDA	49.0	205.7	-76.2%
EBITDA margin	9.0%	26.5%	-17.5%
Short-range EBITDA	115.4	262.2	-56.0%
Short-range EBITDA margin	22.0%	34.9%	-12.9%
Operating profit (EBIT)	4.7	161.6	-97.1%
EBIT margin	0.9%	20.8%	-19.9%

Earnings before interest, tax, depreciation, and amortization (EBITDA) amounted to USD 49.0 million, a decrease from USD 205.7 million in 2022. The corresponding EBITDA margin decreased 17.5 percentage points to 9.0%.

Short-range EBITDA totaled USD 115.4 million equivalent to a margin of 22.0% in 2023. This is compared to a Short-range EBITDA of USD 262.2 million and a margin of 34.9% in 2022.

Depreciation and amortization amounted to USD 44.3 million in 2023, compared to USD 44.1 million in 2022.

Operating profit (EBIT) amounted to USD 4.7 million, compared to USD 161.6 million in 2022. EBIT margin decreased to 0.9% in 2023 from 20.8% in 2022.

Net financial items

USDm	2023	2022
Net interest	6.0	4.9
Net financial items	1.4	0.6
Total	**7.4**	**5.6**

Nordic had net interest gain of USD 6.0 million in 2023, compared to net interest gain of USD 4.9 million in 2022.

Profits and taxes

USDm	2023	2022
Profit before tax	12.1	167.2
Income tax expense	-4.4	-44.8
Net profit after tax	**7.6**	**122.3**

The Group recognized tax expense of USD 4.4 million, corresponding to an average tax rate of 36.8%. This compares to USD 44.8 million and an average tax rate of 26.8% in 2022.

The parent company's statutory tax rate is 22%. Historically, the average tax rate has been lower due to settlement of equity compensation to employees, not recognized in the profit and loss. In 2022 however, this was offset by foreign exchange gains in statutory tax return. Nordic has, similarly, had currency gains in the NOK statutory tax return during 2023, resulting in a high effective tax rate.

Tax payable amounted to USD 6.3 million, compared to USD 43.7 million in 2022, with the balance reflecting changes in deferred tax and tax benefit.

01 Message from the CEO
02 Nordic at a glance
03 Report from the Board of Directors
Our group
Financial
Risk management
Sustainability statement
Environment
Social
Governance
Outlook
EU Taxonomy
Concluding remarks
04 Financial statements
05 Responsibility statement
06 Audit opinion letter
07 Appendices

Financial position

Balance sheet

Nordic has total assets of USD 862.2 million at the end of 2023, of which USD 609.2 million are in current assets and USD 253.0 million are in non-current assets.

These assets were financed by total equity of USD 602.1 million at the end of 2023, non-current liabilities of USD 146.0 million and current liabilities of USD 114.2 million.

Current assets were USD 609.2 million at the end of 2023, compared to USD 674.1 million at the end of 2022. This included cash and cash equivalents of USD 291.0 million at the end of the year, down from USD 379.1 million at the end of 2022.

Inventory increased to USD 163.1 million from USD 102.1 million at the end of 2022. Total inventory during 2022 was impacted by supply constraints and Nordic has been able to strategically build inventory in 2023.

Accounts receivables decreased to USD 133.3 million from USD 175.1 million at the end of 2022, due to lower revenues.

Overall, net working capital amounted to USD 220.4 million, compared to USD 167.6 million at the end of 2022. Measured as a percentage of full year revenue, net working capital increased to 40.6% from 21.6% at the end of 2022. This is mainly a result of higher inventory, lower accounts payable and tax payable offset by lower accounts receivable.

Non-current assets increased to USD 253.0 million at the end of 2023 compared to USD 102.1 million end of 2022. One major driver for this change is a prepayment of USD 100.0 million made in Q1 2023 related to ongoing initiatives to strengthen supply resilience and diversification.

Fixed assets totaled USD 29.1 million at year end, down from USD 35.6 million in 2022. Software and other intangible assets increased to USD 19.1 million from 11.7 million. Capitalized development expenses increased to USD 38.9 million from USD 26.6 million at the end of 2022.

Total shareholders' equity amounted to USD 602.1 million at the end of 2023, up from USD 583.5 million at the end of 2022. The Group equity ratio was hence 69.8% at he end of 2023, compared to 75.2% at the end of 2022.

Total liabilities amounted to USD 260.2 million, compared to USD 192.7 million at the end of 2022. Non-current liabilities increased to USD 146.0 million from USD 15.5 million mainly from the issuance of a NOK 1 000 million bond in Q4 2023 but also impacted by new and extended office leasing agreements. Lease liabilities of USD 47.9 million are included in the non-current liabilities.

Current liabilities decreased to USD 114.2 million from USD 177.2 million. The decrease is mainly explained by lowered accounts payable, other current liabilities and tax payable.

Cash flow and funding

USDm	2023	2022
Net cash flow from:		
Operating activities	-119.8	142.7
Investing activities	-53.5	-30.6
Financing activities	84.5	-11.3
Currency adj.	0.6	-1.0
Net change in cash and cash equivalents	-88.1	99.8
Cash and cash equivalents 1.1	379.1	279.3
Cash and cash equivalents 31.12	291.0	379.1

Cash flow from operating activities was an outflow of USD 119.8 million in 2023, compared with an inflow of USD 142.7 million in 2022. The reduced operating cash flow is a result of lower earnings, higher taxes paid and net working capital affects combined with prepayment.

Cash flow used for investing activities had an outflow of USD 53.5 million in 2023, compared to an outflow of USD 30.6 million in 2022. Capital expenditure increased to USD 25.5 million from USD 24.1 million, including software, whereas capitalized development expenses increased to USD 22.0 million from USD 6.5 million. The higher capitalization is a result of the nRF54 product has entered final development stages. Capitalization level is reflecting the anticipated scope of new technologies, functionalities, or products soon to be ready for mass market. Cash flow from investing activities in 2023 is also impacted by acquisition of Mobile Semiconductor Inc. and asset purchase from Atlazo Inc.

Cash inflow from financing activities was USD 84.5 million in 2023, mainly reflecting the bond issue of USD 93 million made in forth quarter of 2023. Prior to the bond issue Nordic did not have any debt as part of the regular financing. Nordic decided to do a first time issue in the bond market, mainly to strengthen the balance sheet to secure future growth. In comparison, there was a cash outflow of USD 11.3 million in 2022, mainly reflecting cash settlements of employee options contracts.

Including the effect of exchange rates, net change in cash and cash equivalents was a cash outflow of USD 88.1 million in 2023, compared to a cash inflow of USD 99.8 million in 2022.

Cash and cash equivalents decreased to USD 291.0 million at the end of 2023, from USD 379.1 million at the end of 2022. The cash is mainly held in the Group's functional currency USD to minimize the impact of currency fluctuations.

In addition to cash at hand, Nordic has undrawn sustainability linked RCF of USD 200 million. All included, available cash amounted to approximately USD 491 million at the end of 2023.

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.

01 Message from the CEO
02 Nordic at a glance
03 Report from the Board of Directors
Our group
Financial
Risk management
Sustainability statement
Environment
Social
Governance
Outlook
EU Taxonomy
Concluding remarks
04 Financial statements
05 Responsibility statement
06 Audit opinion letter
07 Appendices



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.

28 Nordic Semiconductor's risk framework
29 Risk factors

01 Message from the CEO
02 Nordic at a glance
03 Report from the Board of Directors
Our group
Financial
Risk management
Sustainability statement
Environment
Social
Governance
Outlook
EU Taxonomy
Concluding remarks
04 Financial statements
05 Responsibility statement
06 Audit opinion letter
07 Appendices

Risk	Influence	Impact
Strategic risks		
Cyclical nature of semiconductor industry	50%	Medium
Constraints in the supply of wafers	50%	Medium
Customer concentration	75%	High
Attraction and retention of key talent	75%	Medium
Competitiveness of Nordic products	75%	Medium
Trade tensions	50%	High
Adverse global economic conditions and Geopolitical risks	50%	Medium
Operational, Financial & Legal risks		
Product ramp	75%	Medium
Product liability warrant claims	75%	Medium
Product security	75%	Medium
Credit risk	75%	Low
Intellectual property rights	50%	Low
Information security and cyber risks	50%	High
Acute physical events and natural disaseters - Climate	25%	High
Failure to comply with regulatory requirements	75%	Medium
Exchange rate and interest rate risk	75%	Medium
Environmental	25%	Medium

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

01 Message from the CEO
02 Nordic at a glance
03 Report from the Board of Directors
Our group
Financial
Risk management
Sustainability statement
Environment
Social
Governance
Outlook
EU Taxonomy
Concluding remarks
04 Financial statements
05 Responsibility statement
06 Audit opinion letter
07 Appendices

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 are included below. Despite best efforts, risk mitigating initiatives may fail or prove to be inadequate to mitigate all risks. As Nordic's risks increase, decrease, and as new risks emerge over time, the information of this section should be carefully considered by investors. For further details around 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 other in Europe can reduce the effects of geopolitical tension.

01 Message from the CEO
02 Nordic at a glance
03 Report from the Board of Directors
Our group
Financial
Risk management
Sustainability statement
Environment
Social
Governance
Outlook
EU Taxonomy
Concluding remarks
04 Financial statements
05 Responsibility statement
06 Audit opinion letter
07 Appendices

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.
Customer concentration	In 2023, Nordic derived around 57% 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.	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 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.

01 Message from the CEO
02 Nordic at a glance
03 Report from the Board of Directors
Our group
Financial
Risk management
Sustainability statement
Environment
Social
Governance
Outlook
EU Taxonomy
Concluding remarks
04 Financial statements
05 Responsibility statement
06 Audit opinion letter
07 Appendices

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 favorable prices 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 particular semiconductor products. Such competitors may have greater financial, technological, personnel and other resources than Nordic has in a particular market or overall, which again may influence Nordic's business, scope of assignments and customer relationships in the future. Nordic 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 win 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 chipset. There are other wireless standards, such as Ultra-Wide Band, that may be a risk factor in the long term in some of the 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 any of the 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 announced two new Bluetooth LE platforms in 2023, both on 22nm process technologies. The nRF54 products available for delivery in second half 2024 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.

01 Message from the CEO
02 Nordic at a glance
03 Report from the Board of Directors
Our group
Financial
Risk management
Sustainability statement
Environment
Social
Governance
Outlook
EU Taxonomy
Concluding remarks
04 Financial statements
05 Responsibility statement
06 Audit opinion letter
07 Appendices

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	Since 2018, there have been political and trade tensions among a number of the world's major economies. These tensions have resulted in the implementation of tariffs and non-tariff trade barriers and sanctions, including the use of export control restrictions and sanctions against certain countries and individual companies. In particular, trade tensions between the United States and China have resulted in significant tariff increases, sanctions against specified entities, and the broadening of restrictions and license requirements for specified uses of products. The ongoing geopolitical and economic uncertainty between the United States and China, and the unknown impact of current and future United States and Chinese trade regulations, may cause disruptions in the semiconductor industry and its supply chain or other disruptions. 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 2023, the percentage of Nordic's revenue associated with end customers in China was less than 10%.	Nordic seeks preparedness and robustness through close customer dialogues, dual sourcing planning, business contingency planning and strong balance sheet. Nordic maintains an active, and seek to continuously enhance, sanctions & trade compliance framework to ensure compliance with increasingly complex regulations.
Acute physical events and natural disasters - climate	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 in the short term would get 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 shortage. For medium-term risk mitigation, Nordic utilizes a second-sourcing strategy to secure against widespread supply disruptions. In addition, Nordic is seeking to maintain partial insurance coverage. For long-term risk mitigation, our key manufacturing partners have contingency plans to reduce such chronic risks.

01 Message from the CEO
02 Nordic at a glance
03 Report from the Board of Directors
Our group
Financial
Risk management
Sustainability statement
Environment
Social
Governance
Outlook
EU Taxonomy
Concluding remarks
04 Financial statements
05 Responsibility statement
06 Audit opinion letter
07 Appendices

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 various 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 the addition, the Group may face attempts by others to gain unauthorized access through the internet, or to introduce malicious software, to its information systems and, if successful, could expose the Group and any other affected parties to risk of loss or misuse of proprietary or confidential information or disruptions of the Group's business operations. The failure of the Group's information technology systems to operate effectively, problems with transitioning to upgraded or replacement systems, a material network breach in the security of these systems as a result of a cyber-attack 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 in the Group's relationships with customers, reduce efficiency in its operations, require significant capital investments to remediate the problem or result 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 cyber-attacks and seeks to maintain appropriate insurance coverage to support the management of potential threats and attacks.
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, corporate governance, labor, customs and environmental regulations. Although the Group has in place internal controls and compliance systems for the purpose of complying 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 and 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 affect pollution. Potential pollution of air, soil and water in upstream operations due to raw material 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 framework related to substances of concern may negatively affect the market access and customer's interest towards the Group's products.	Nordic seek to continuously enhance its compliance system and programs, internal controls and risk mitigating measures, including efforts to strengthen its culture of integrity.

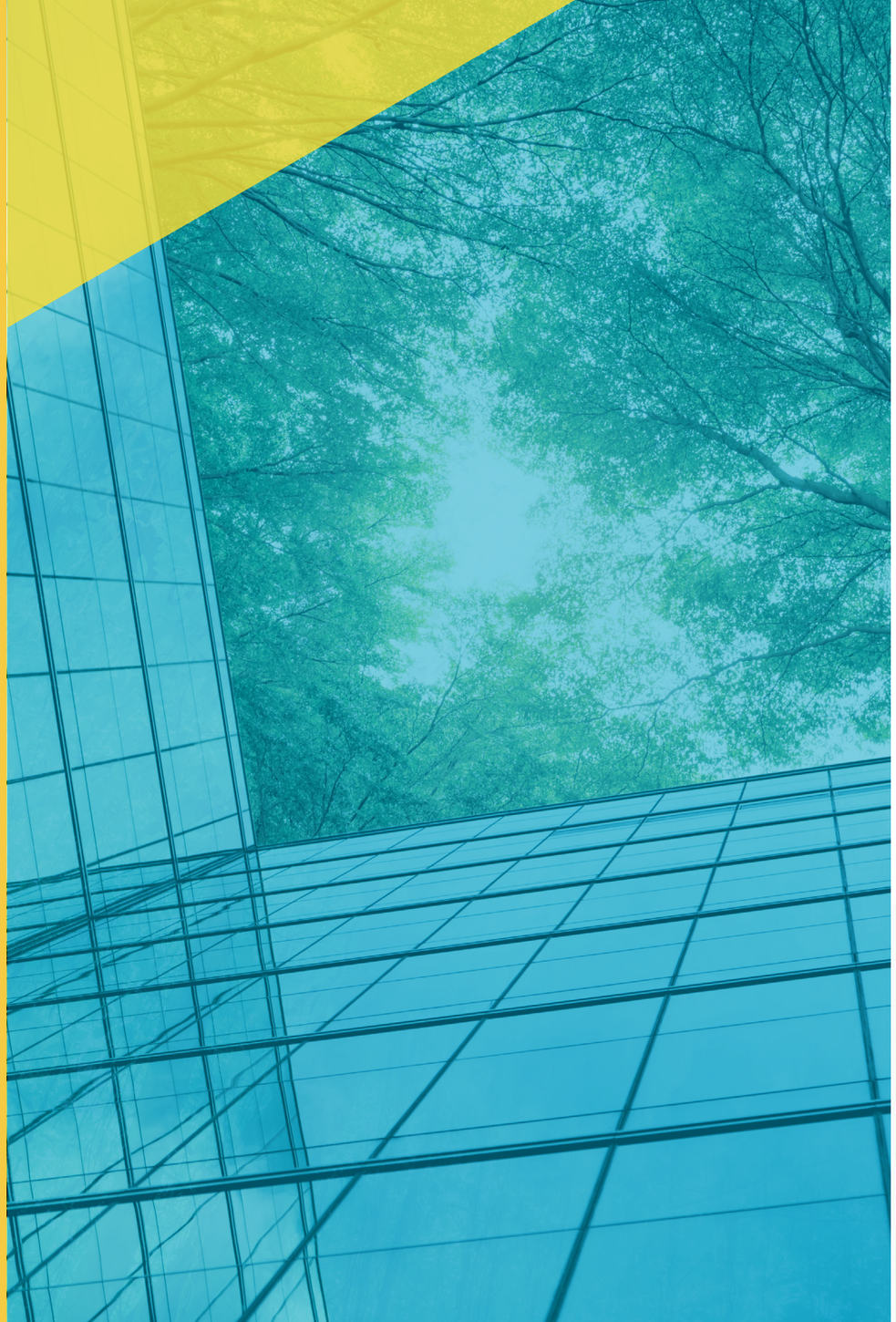
01 Message from the CEO
02 Nordic at a glance
03 Report from the Board of Directors
Our group
Financial
Risk management
Sustainability statement
Environment
Social
Governance
Outlook
EU Taxonomy
Concluding remarks
04 Financial statements
05 Responsibility statement
06 Audit opinion letter
07 Appendices

Theme	Risk	Response
Intellectual property rights	The Group's ability to compete in the semiconductor industry depends heavily on its technologies and know-how. The Group commits significant resources to secure protection for such technologies and know-how through patents and other forms of intellectual property rights, and to prevent dissemination of unpatented trade secrets and other proprietary information, including by entering into confidentiality agreements with its employees and controlling access to its offices and facilities. However, there can be no assurance that the measures the Group are taking will effectively deter competitors from improper use of its intellectual property, particularly in countries and areas where intellectual property may not be adequately protected. The Group's competitors may misappropriate its intellectual property, or its intellectual property may become known or independently developed by its competitors. In addition, disputes may arise concerning the ownership of the Group's intellectual property or the applicability or enforceability of its confidentiality agreements, and there can be no assurance that any such disputes would be resolved in the Group's favor. Even if the Group is successful in any such disputes, it cannot be certain that it will have adequate remedies for any such breach. If the Group is unable to adequately protect its intellectual property where relevant, it could negatively impact the Group's competitiveness and adversely affect its business and future prospects. The Group's hardware products include and rely on a number of technologies licensed from third party suppliers. Failure to maintain such licensing arrangements can prevent the Group from developing, manufacturing or selling its products and services. Most of these technologies are offered openly on the market on a non-exclusive basis, and Nordic's position is to arrange licenses for all technologies it relies on. One of these technologies, the Bluetooth standard, is arranged so that all patents relevant for the standard is licensed to all members of the Bluetooth Special Interest Group (SIG), of which the Group is a member. For the Cellular and Wi-Fi standards, the patent owners have directed their licensing efforts towards end-product makers instead of component makers such as Nordic Semiconductor. It is therefore up to the Group's customers to obtain licenses to these standards. Access to the necessary patents must be granted on "Fair, Reasonable and Non-Discriminatory terms" (or FRAND). Consequently, the risk of the Group being the target of legal proceedings for failure to obtain license to the Cellular and Wi-Fi standards should be small. In the event of legal proceedings related to the Cellular and Wi-Fi standard, the claim would like be for a reasonable license fee rather than a "cease and desist" of selling a product line. Outside of these established technology standards (Wi-Fi and Cellular) and industry organizations (Bluetooth SIG), there may be patent holders who will assert their rights towards the Group. Such claims can also arise from "non-practicing entities" who broadly assert patent portfolios accrued from third parties. Claims of patent infringement involve the risk of litigation and can prevent or affect the Group's ability to sell its established line of products. However, patent holders will likely accept a license fee in exchange for a right to use their patent. Historically, all disputes have seen amicable solutions, where a claim has either been dismissed by a court or the Group has paid a reasonable license fee. Nevertheless, if the Group is unable to renew its existing technology licensing arrangements on acceptable terms, or if such arrangements are terminated for any reason, the Group may lose the legal right to sell certain of its products. The Group is therefore continuously evaluating second sourcing and new interest groups to decrease dependency on such providers. In the future, the Group may need to obtain additional licenses for new or existing technologies. The Group has made progress and signed license agreements on a component level and on behalf of customers over the last year, but cannot provide assurance that certain license agreements can be obtained on acceptable terms or at all. The Group's business and operating results can be affected by such refusal, for example by patent owners to license component manufacturers directly. The Group's customers might choose other suppliers with better indemnification protection for such risk. This is a wider industry problem, and not only a risk for the Group specifically.	Nordic is a willing licensee and invites the owners of standard essential patents to NB-IoT and LTE-M to license Nordic's products on FRAND terms on component level, or to enable access to such license to its customers. Nordic Semiconductor plays an active part in raising awareness around the implications which the lack of licenses has on the industry. Furthermore, Nordic is and has always been active in, and contributing to, standard setting organizations, promoting openness and availability for all to standard essential patents.

01 Message from the CEO
02 Nordic at a glance
03 Report from the Board of Directors
Our group
Financial
Risk management
Sustainability statement
Environment
Social
Governance
Outlook
EU Taxonomy
Concluding remarks
04 Financial statements
05 Responsibility statement
06 Audit opinion letter
07 Appendices

Theme	Risk	Response
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 that 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 cyber-attacks 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 into 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 35% and 20% of its operating expenses were denominated in NOK and EUR, respectively, in 2023. Fluctuations in the exchange rates between the USD, NOK or EUR currencies may have an adverse effect on the Group.	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.
Environmental	The Group's operations, including those of our manufacturing partner, can have a negative impact on the environment. Nordic recognizes that its customers, employees and other stakeholders place importance on integrating renewable energy solutions throughout the supply chain. Shifts in perspectives may influence production expenses, including the costs associated with adopting new production technologies and acquiring renewable energy certificates. There is a risk that failure to meet diverse regulations could reduce Nordic's profit margins.	Nordic has set clear sustainability goals that align with industry standards and stakeholder expectations, aiming to reduce carbon footprint and enhance energy efficiency Nordic is working closely with its manufacturing suppliers to encourage and support them in adopting sustainable practices, thereby reducing the environmental impact across the entire value chain.

01 Message from the CEO
02 Nordic at a glance
03 Report from the Board of Directors
Our group
Financial
Risk management
Sustainability statement
Environment
Social
Governance
Outlook
EU Taxonomy
Concluding remarks
04 Financial statements
05 Responsibility statement
06 Audit opinion letter
07 Appendices



Sustainability statement

Nordic operations extend across a broad spectrum, influencing and being influenced by environmental, social, and governance topics. As Nordic endeavors to contribute positively on material topics, a proactive approach is employed, establishing attainable targets and making beneficial impacts wherever feasible.

37 General information
38 Governance
42 Strategy
44 About the double matriality Asessment

01 Message from the CEO
02 Nordic at a glance
03 Report from the Board of Directors
Our group
Financial
Risk management
Sustainability statement
Environment
Social
Governance
Outlook
EU Taxonomy
Concluding remarks
04 Financial statements
05 Responsibility statement
06 Audit opinion letter
07 Appendices

General information about the sustainability statement

The sustainability statement presents the governance and performance related to the material sustainability topics for Nordic Semiconductor.

This general information section presents identified material sustainability related impacts, risks and opportunities, and principles for sustainability reporting.

Principles for sustainability reporting

To provide a comprehensive view of the Group's performance, Nordic has integrated the sustainability and financial reports. The sustainability statement is prepared on the same consolidated basis as the financial statements. The sustainability statement includes the ultimate parent company Nordic Semiconductor ASA and its wholly owned subsidiaries, as specified in Note 15: Investments in subsidiaries and joint ventures. The basis for preparation of sustainability information that relates to business relationships in non-consolidated entities, including the upstream or downstream value chain, is clearly identified as such.

The sustainability statement is approved by the Board of Directors.

Statutory reporting and reporting standards

The sustainability statement is prepared in compliance with the Norwegian Accounting Act, GRI and guided by CSRD. Disclosures required by the UK Modern Slavery Act 2015 and the Norwegian Transparency Act 2021 are provided on Nordic website and in the chapters Own workforce and Workers in the value chain, respectively.

Nordic Semiconductor is continuously working to align with new and emerging regulations, standards and frameworks. In 2023, Nordic has worked on aligning the sustainability disclosures with the upcoming EU Corporate Sustainability Reporting Directive (CSRD) and the applicable European Sustainability Reporting Standards (ESRS). Nordic Semiconductor will report in compliance with the implementation schedule of the CSRD and applicable ESRS in the 2024 report.

Nordic Semiconductor reports in accordance with the GRI standards, please see the GRI index.

Nordic Semiconductor considers this report to be the Communication of Progress (COP) to the United Nations Global Compact (UNGC).

Reporting scope and disclosures in relation to specific circumstances

The sustainability statement covers the period January 1 to December 31, 2023. Operational data and metrics, are included for the ultimate parent company and wholly owned subsidiaries for the period it has been part of the group, unless otherwise stated.

Reporting systems

Metrics for climate change, energy, pollution, water, resource use and waste are collected using production system data, supplier reporting, employee registration system and ERP system. Metrics for health and safety of Nordic's own workforce are collected using the reporting systems for incident reporting, OHS non-conformity reporting. Diversity and other metrics relating to own workforce are collected from the employee registration system, time registration system and ERP system, Nordic Semiconductor's global employee engagement survey and whistleblower system. Data for workers in the value chain is based on the due diligence processes and data collected through Nordic's supply chain function, supporting staff functions and third-party data. Data for consumers and end users are based on customer surveys, including product quality.

Basis for preparation and limitations

The basis for calculations and presentation of sustainability metrics is described in the respective chapters. Controls are performed to ensure that the information is complete and accurate. However, the scope of the sustainability statement and the absence of generally accepted reporting standards and practices for certain data may result in uncertainties in the reported information. It is Nordic's ambition and a focus area for us to enhance the data capture and verification processes going forward.

Reporting changes

The sustainability disclosures in the annual report 2023 have been restructured based on the CSRD and the ESRS. The changes include:

- Restructuring of the sustainability disclosures: sustainability disclosures are included in a dedicated sustainability statement in the annual report. The sustainability statement strives to follow the structure required by the ESRS.
- Introducing this section on general information, corresponding to the structure and disclosure requirements in the ESRS 2 standard.
- Updated materiality assessment: the assessment of the material sustainability topics of Nordic Semiconductor was updated in 2023 based on the ESRS. See the material topics section and About the double materiality assessment section for more details.
- Reporting on ESRS topical standards: a summary of the double materiality assessment of material impacts, risks and opportunities (IRO) in relation to each relevant ESRS topical standard is included in this general information section. Details on identified IROs for each material sustainability section, including related to due diligence and stakeholder engagement activities, are presented under "Why it matters" in the chapter corresponding to each material sustainability topic. Each such chapter includes relevant commitment, policies, targets and metrics in relation to the specific sustainability topic.
- Renaming of chapters: most topics scored the highest in the assessments have been identified as material in the previous material assessments. Nordic will continue to report on these topics, but has chosen to adjust the naming closer to the methodology used in the ESRS. For example, "Compliance & Integrity" will now read "Business Conduct".
- Including a ESRS content index: Nordic has included a ESRS index alongside the GRI index.

No material errors in prior periods have been identified.

01 Message from the CEO
02 Nordic at a glance
03 Report from the Board of Directors
Our group
Financial
Risk management
Sustainability statement
Environment
Social
Governance
Outlook
EU Taxonomy
Concluding remarks
04 Financial statements
05 Responsibility statement
06 Audit opinion letter
07 Appendices

Incorporation of ESRS requirements by reference to other sections of the annual report and the remuneration report

The description of Nordic's strategy, business model and value chain, inputs, outputs, outcomes and the integration of sustainability matters and sustainability-related goals (SBM-1), is presented above in the Group overview, Strategy and ambitions, and Operational review sections, as well as here in the Governance, and Sustainability strategy sections.

Identified material sustainability topics are presented below in About the double materiality assessment.

Information about how the Group integrate the management of material sustainability impacts, risks and opportunities into the business model (SBM-3) is presented below as well as alongside the disclosures provided in relation to each material sustainability topic.

Number of employees by geography is reported in the Own Workforce chapter. Revenue by IFRS 8 segments is presented in Note 5: Revenues of the financial statement.

The description of the Group's governance bodies (GOV-1) and their work to address sustainability matters (GOV-2) are included here below in the Governance-chapter, as well as the Board of Directors-, Executive Management, Events & Developments, and the Board of Directors Report in relation to the Norwegian Code of Corporate Governance (NUES). The integration of sustainability in performance incentive schemes (GOV-3) is described below as well as the Remuneration report. Payment and warranty terms to customers are specified in Note 5.6 Performance obligations of the financial statement. Payment terms for suppliers are the same as for customers and Nordic adheres to agreements in payment practices (G1-6).

Governance

The role of Nordic's administrative, management and supervisory bodies

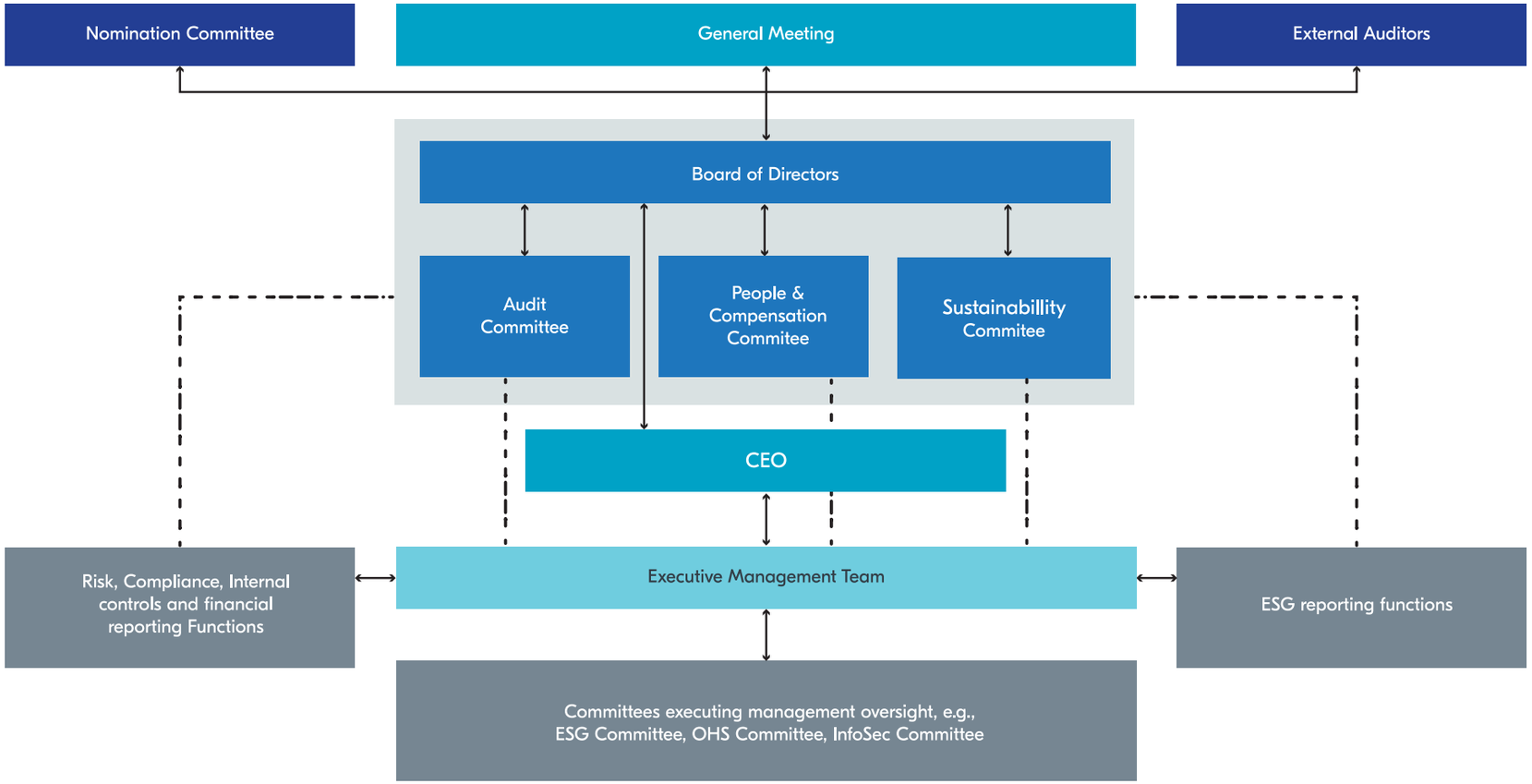
The Board of Directors, through its dedicated committees, bears the ultimate responsibility and maintains oversight of the Group's integration of sustainability in the value creation and performance. Sustainability is integrated into all business activities.

Sustainability is an integral part of Nordic's strategy, and this wider objective is further defined by tangible Environmental, Social and/or Governance (ESG) criteria to allow for transparent follow-up and measurement of performance.

The Management ESG Committee, consisting of EMT members from relevant functional areas, is a supportive body for the CEO in executing his responsibilities to sustainable value creation. The Committee's main responsibilities are to develop and maintain the Group sustainability framework with defined ESG criteria, prepare proposals for strategy and/or Group KPIs for formal decision by the Board of Directors, ensure a holistic and aligned approach to sustainability across the Group, and serve as a sounding board for the Group annual integrated report.

Further details of the composition, diversity and independence of the administrative, management and supervisory bodies are disclosed in the Board of Directors, Executive Management, and Own Workforce chapters of the sustainability statement.

01 Message from the CEO
02 Nordic at a glance
03 Report from the Board of Directors
Our group
Financial
Risk management
Sustainability statement
Environment
Social
Governance
Outlook
EU Taxonomy
Concluding remarks
04 Financial statements
05 Responsibility statement
06 Audit opinion letter
07 Appendices



Sustainability management processes

The Group strives to ensure embedment of sustainability principles through various measures through the organization. Nordic's work is guided and inspired by relevant international frameworks and standards, such as the Universal Declaration of Human Rights, ILO International Labor standards, the OECD Guidelines for Multinational Enterprises, and ISO standards.

Nordic's commitments are outlined and communicated in the organization through the company's policies and relevant training. Raising awareness of environmental issues relevant to the Group is part of the mandatory introduction program for new employees. Employees who work with environmental issues undergo designated training for relevant topics.

Nordic Semiconductor's environmental policy highlights key issues relevant to the company and operations. The policy is regularly reviewed and approved by the Executive Management Team.

01 Message from the CEO
02 Nordic at a glance
03 Report from the Board of Directors
Our group
Financial
Risk management
Sustainability statement
Environment
Social
Governance
Outlook
EU Taxonomy
Concluding remarks
04 Financial statements
05 Responsibility statement
06 Audit opinion letter
07 Appendices

Nordic's Environmental Management System is ISO 14001 certified. Nordic requires all manufacturing partners certified to this standard, as well as compliant with the Responsible Business Alliance Code of Conduct setting out standards to ensure safe, respectful, ethical and environmentally responsible business conduct.

Internal and external environmental aspects are systematically analyzed by a cross-functional team in the organization under the ESG committee responsibility. Identified environmental aspects are evaluated in terms of risks and opportunities, including potential related legal requirements.

As a fabless company, engaging with suppliers is relevant to decision making and risk analysis. Nordic regularly analyses data from manufacturing partners and uses supplier audits to follow up on compliance with standards, specifications, and legislative requirements. Results and measurements from the environmental programs are reviewed annually in the Management Review by the Executive Management Team.

Non-compliance matters are systematically registered and followed up on with external and internal requirements, including case handling, and identification and sharing of potential improvements. Potential environmental incidents are handled through Nordic's non-conformity procedures with root-cause analysis and corrective and preventive actions.

The status of Nordic's work in relation to various topics under the sustainability umbrella, including survey and/or audit findings, is discussed and reviewed by the Executive Management through the ESG Management Committee and/or through management reviews on an annual basis, or more frequently if required.

The Board receives regular updates on the company strategy as well as the outcome of the company-wide enterprise risk assessments. These include sustainability topics such as environmental and climate risks, social risks and governance-related risks.

In 2023, management provided the Board of Directors, through its Sustainability Committee and Audit Committee, with deep dives on coming sustainability reporting requirements, projects related to such reporting, key metrics for the Group's performance, and compliance updates.

Integration of sustainability performance in incentive schemes

The Group defines annual targets and/or KPIs within ESG themes to measure and monitor sustainability performance. Furthermore, to ensure integration in Nordic's value creation, measurable ESG KPIs are linked to Short-Term Incentive program for all employees and, for the Executive Management Team, also linked to the Long-Term Incentive programs. These programs are approved on an annual basis by the Board of Directors.

Sustainability due diligence

In order to create value for all stakeholders, it is crucial to understand and mitigate potential or actual negative impact on the environment and people connected with Nordic's business. The Group's due diligence practices are guided and inspired by relevant frameworks such as the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights. Such due diligence is gathered through a combination of desktop exercises, direct and indirect dialogues with Nordic's stakeholders.

Core elements of due diligence	Sections in the Sustainability report
a) Embedding due diligence in governance, strategy and business	1) Workers in Value Chain 2) Business Conduct
b) Engaging with affected stakeholders in all key steps of the due diligence	1) Workers in Value Chain 2) Business Conduct
c) Identify and assessing adverse impacts	1) Workers in Value Chain 2) Business Conduct
d) Taking actions to address those adverse impacts	1) Workers in Value Chain 2) Business Conduct
e) Tracking the effectiveness of these efforts and communicating	1) Workers in Value Chain 2) Business Conduct

Environmental Management Policy

Being a preferred partner to environmentally conscious stakeholders, Nordic Semiconductor shall incur no loss or business or profitability due to incidents or issues related to disturbance to health or environment.

We are committed to:

- Comply with applicable legal requirements and regulations, and protect the environment through sound management practices and decisions.
- Protect the natural environment by minimizing waste generation, pollution and greenhouse gas (GHG) emissions, resource and water consumption, and the use of hazardous materials in our products, as well as developing and using environmentally friendly technologies.
- Promote environmental responsibility and ensure that our suppliers live up to Nordic's environmental standard
- Establish and evaluate achievable environmental performance goals to ensure continuous improvement of our environmental management system.
- Regularly monitor and report on environmental performance, and to consult with relevant stakeholders on environmental issues.

01 Message from the CEO
02 Nordic at a glance
03 Report from the Board of Directors
Our group
Financial
Risk management
Sustainability statement
Environment
Social
Governance
Outlook
EU Taxonomy
Concluding remarks
04 Financial statements
05 Responsibility statement
06 Audit opinion letter
07 Appendices



Risk management and controls of sustainability reporting

Sustainability-related risks have been part of the overall enterprise risk management framework and assessments of the Group for some years. The main purpose of the framework is to ensure a coordinated process for the proactive and systematic management of impacts, risks and opportunities that may impact the strategic objectives of the Group. The main features of the process, content and reporting is described in the previous Risk Management section.

In 2023, the enterprise risk management procedure and templates were revised to encompass coming requirements related to double materiality assessments of impacts, risks and opportunities. Read more about the double materiality assessment in the section, "About the double materiality assessment".

Nordic Semiconductor is exposed to risks associated with incomplete or inconsistent reporting on sustainability topics, including risks associated with greenwashing. There are also risks related to the accuracy of data inputs and manual errors in the reporting process. An important focus area for improvement of the sustainability management framework in 2024 will be to enhance the Group's internal controls based on an assessment of risks in the sustainability statements to ensure transparent and verifiable quantitative and qualitative data input.

01 Message from the CEO
02 Nordic at a glance
03 Report from the Board of Directors
Our group
Financial
Risk management
Sustainability statement
Environment
Social
Governance
Outlook
EU Taxonomy
Concluding remarks
04 Financial statements
05 Responsibility statement
06 Audit opinion letter
07 Appendices

Sustainability strategy

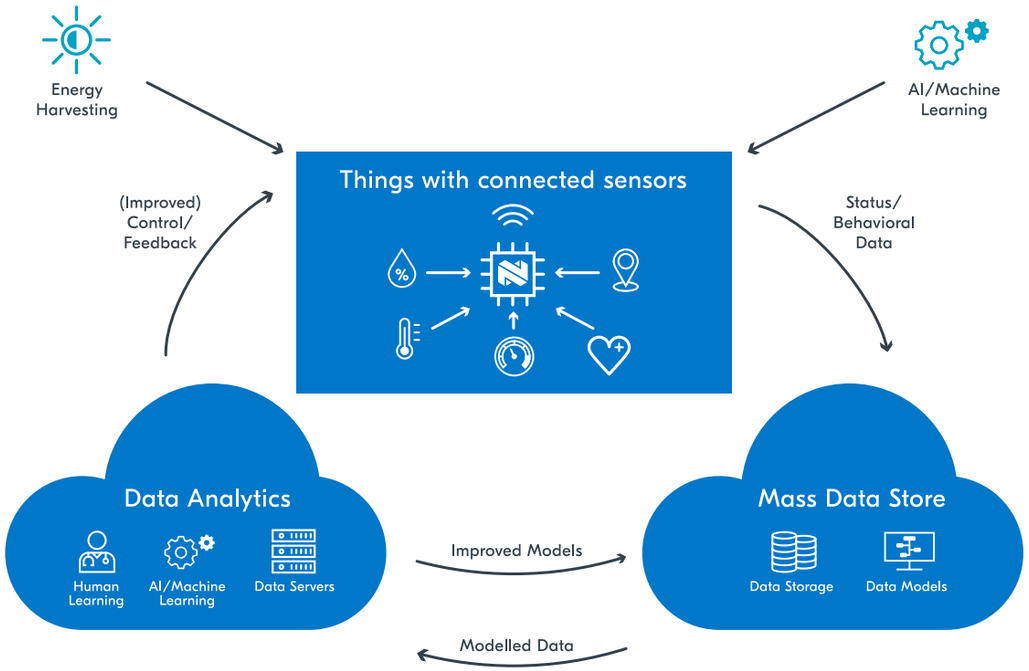
Nordic's mission is to be a world-leading supplier of connectivity solutions. Read more about Nordic's strategy in the Strategy and ambitions section. The Group's vision for sustainability defines business success as integrating responsible practices into business activities, enabling us to drive innovation, foster long-term growth, and create value for all stakeholders.

Nordic Semiconductor designs, develops and sells ultra-low-power hardware and supporting software for product builders developing and manufacturing Internet of Things (IoT) products. As a fabless company without own manufacturing capabilities, Nordic relies on business partners for the upstream part of the value chain including manufacturing and assembly. Downstream, Nordic collaborates with trusted distributors to ensure an efficient service to customers in various markets. With this, Nordic rely on the suppliers to uphold common commitment for sustainable business practices, including safeguarding the human rights and well-being of the workers involved in the outsourced production as well as relevant logistic activities. Nordic's customers consist of the wider ecosystem of business-to-business (B2B) and business-to-consumer (B2C) product builders, as well as Internet of Things (IoT) solutions.

Connectivity and low-power Internet of Things (IoT) solutions will play an important role in achieving a more sustainable economy. Nordic remains committed to contributing to sustainable solutions through products and services in such applications, as well as ESG performance. IoT solutions are widely used to optimize resource usage and improve data analytics in various sectors such as energy, travel, healthcare, transportation, maintenance, manufacturing, agriculture, waste management, and smart cities. Nordic strives to make its products smarter and more efficient while consuming less energy. Nordic's solutions allow devices to harvest energy locally, perform efficient data analytics, reduce data transfer, and decrease load on energy-intensive data centers.

IoT is a crucial part of meeting sustainability development goals

Nordic supports sustainable development goals by contributing to IoT solutions for energy efficiency and energy management. As shown in the following figure, the examples illustrate how Nordic's products and services provide practical solutions to address a variety of SDGs in both developed and developing countries and in public and private sectors. This highlights Nordic's commitment to delivering attractive and efficient solutions that drive positive impact and contribute to sustainable development. For instance, IoT solutions for smart lighting can significantly reduce the energy needed to power homes, businesses, and cities. This saves energy and resources and also reduces greenhouse gas emissions, essential for addressing climate change.



Conceptual illustration of the Internet of Things. Nordic continuously adds more intelligence and capability to its products while using less energy. This enables the "things" to harvest energy locally, do efficient and enhanced data analytics, minimize data transfer and reduce load on energy-intensive data centers.

01 Message from the CEO
02 Nordic at a glance
03 Report from the Board of Directors
Our group
Financial
Risk management
Sustainability statement
Environment
Social
Governance
Outlook
EU Taxonomy
Concluding remarks
04 Financial statements
05 Responsibility statement
06 Audit opinion letter
07 Appendices

Remote patient monitoring



This OxiWear device, powered by the nRF52840 SoC, is an ear-worn pulse oximeter for continuous oxygen monitoring and low oxygen alert. This enhances healthcare efficiency by enabling remote patient monitoring, helping to avoid hospitalizations and unnecessary medical testing. Nordic's low-power technology extends battery life, resulting in reduced resource consumption. OxiWear's energy-efficient design supports eco-friendly healthcare practices, facilitating timely intervention and care delivery while minimizing environmental impact.

Waste management



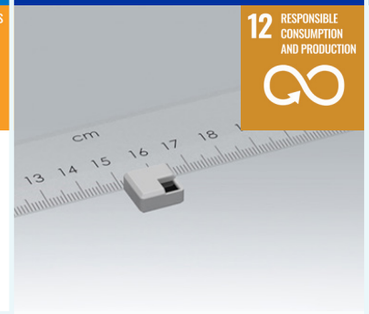
The Sensorita Sensor1, leveraging Nordic's nRF9160 SiP, embodies sustainability by enabling efficient data collection for environmental monitoring and smart waste management. Nordic's nRF9160 SiP ensures a complete solution of LTE-M module, low power consumption, and quality sleep modes, all enhancing sensor longevity and reducing energy requirements. This promotes sustainable practices by assisting the management and collection of waste containers, with minimal ecological footprint. The Sensor1 exemplifies Nordic's commitment to advancing sustainability through innovative IoT solutions for environmental monitoring and conservation.

Professional lighting



The obiWAN smart luminaire controllers, utilizing Nordic's nRF9160 SiP, enable intelligent street lighting management for efficient energy usage. Nordic's solution ensures reliable connectivity and low-power operation, optimizing energy efficiency. The smart streetlight controllers can adapt to several scenarios to provide better lighting and save more energy, which contributes to environmental conservation by minimizing resource usage. All aligning with Nordic's commitment to sustainable IoT solutions.

Batteryless asset tracking



Lightricity's 4EverTrack micro, powered by the RF52805 SoC, exemplifies sustainability by operating perpetually on harvested indoor light energy. According to the company, Nordic's low-power technology minimizes the energy consumption of this batteryless indoor asset tracker tag, providing a sustainable IoT solution with a carbon footprint reduction of over 50% compared to battery-powered alternatives. This supports sustainable practices aligning with Nordic's commitment to advancing sustainable solutions in IoT and technology.

Livestock tracking



Cellular Tracking Technologies' FlickerGPS and FlickerCL utilize Nordic's nRF9160 SiP, driving sustainability through efficient wildlife monitoring. Nordic's technology enables low-power operation, while the small size and weight of the nRF9160 makes it possible to monitor the activity level of species weighing as little as 75 grams without impacting their natural behaviour. FlickerGPS and FlickerCL are contributing to wildlife preservation while demonstrating Nordic's commitment to sustainability in IoT solutions for life on land.

01 Message from the CEO
02 Nordic at a glance
03 Report from the Board of Directors
Our group
Financial
Risk management
Sustainability statement
Environment
Social
Governance
Outlook
EU Taxonomy
Concluding remarks
04 Financial statements
05 Responsibility statement
06 Audit opinion letter
07 Appendices

Stakeholder dialogue
Stakeholder analysis is part of Nordic's sustainability reporting process, ensuring focus on the most relevant topics. These topics matter to the Group, stakeholders, and society at large, all of whom may be impacted by Nordic's operations and/or affect Nordic.

In order to be a world-leading supplier of connectivity solutions, regular engagement with Nordic's many stakeholders is essential. Nordic engages directly with internal stakeholders, such as employees, employee representatives, and the Board of Directors through established forums and surveys to ensure critical alignment in the execution of business.

Nordic engage with customers, distributors, and suppliers through engagement programs, including direct dialogue, surveys, and audits to share information and better understand their needs and find solutions to common challenges. This gives us valuable input with the potential to enhance Nordic's business practices and relationships.

Nordic report regularly to shareholders and ensure direct engagement through relevant forums.

Outreach to educational institutions, memberships and collaboration within industry associations and non-governmental organizations are other critical elements of Nordic's stakeholder engagement both for technology and standard development.

Overview of stakeholder analysis:

	Stakeholder	Affected by/affected operations	Users of info.	Example of stakeholder engagement
Market	Suppliers	x	x	Supplier engagement, requirements & audits
	Distributors	x	x	Distributor engagement
	Customers	x	x	Direct dialogue and surveys
	End users	x		Market intelligence/desktop analysis
	Competitors	x	x	Market intelligence/desktop analysis
	Stock exchange	x	x	Direct dialogue
	Insurers & banks			Direct dialogue, contractual requirements
Society	Local communities	x	x	Outreach to educational institutions
	Industry associates	x	x	Technology development collaboration
	NGOs	x		Monitoring standards, direct engagement
	Authorities			Monitoring development, direct interact.
	Media			Monitoring, direct interaction
Internal	Board of Directors	x		Direct engagement
	Employee representatives	x		Engagement through established forums
	Employees	x		Direct engagement and surveys
Owners	Shareholders	x	x	Regular reporting, direct engagement
	Analysts		x	Regular reporting, direct engagement
	Rating agencies			Annual reports, direct engagement

About the double materiality assessment

In 2023, Nordic Semiconductor have conducted the materiality analysis according to the ESRS concept and requirements of double materiality. Nordic assessed the sustainability related impacts, risks and opportunities to identify those most material the business has on people or the environment, as well as those that may trigger material financial effects on the Group.

The support included facilitating several workshops for all relevant functions and business areas involved in sustainability reporting in Nordic, including the members of the Management ESG Committee. These upskilling efforts have also enhanced Nordic's tools and processes for subsequent double materiality assessments.

The analysis consisted of desktop research and input from stakeholders by the respective participants from respective business units and corporate functions in the assessments, in and between brainstorming sessions and validation workshops. The workshops challenged us to consider potential issues through Nordic's entire value chain, upstream and downstream, generating a long list of impacts, risks and opportunities.

The criteria Nordic used for assessing the impacts, risks and opportunities related to society and the environment are based on the CSRD and the respective ESRS. The criteria for assessing impact on Nordic's business come from the existing Enterprise Risk Management framework. The latter was subsequently updated to account also for impacts, risks and opportunities related to the society and the environment. In other words, the materiality of actual impacts was determined by actual severity of the impact based on a combination of scale, scope and irremediability. The materiality of potential impacts was determined by the severity and likelihood of impact. The materiality of risks and opportunities was assessed based on a combination of the likelihood of occurrence and the potential magnitude of financial effects. The potential magnitude was assessed by choosing one of the following criteria: financial consequence, reputation, or access to resources. The likelihood of potential impact refers to the probability of the impact occurring.

01 Message from the CEO
02 Nordic at a glance
03 Report from the Board of Directors
Our group
Financial
Risk management
Sustainability statement
Environment
Social
Governance
Outlook
EU Taxonomy
Concluding remarks
04 Financial statements
05 Responsibility statement
06 Audit opinion letter
07 Appendices

New regulations require us to identify actual and potential impacts, risks and opportunities throughout Nordic's entire value chain, beyond direct contractual relationships. This includes, but is not limited to, the Group's own operations, upstream, downstream and logistics. For companies with a business model like Nordic's, that is, fabless where manufacturing is outsourced and with with sales mainly through distributors, getting access to information and direct influence is challenging. However, Nordic acknowledges that regardless of where in the value chain a certain impact, risk or opportunity plays out, if it is material for Nordic and/or its stakeholders, it needs to be included in the sustainability reporting. Nordic's ambition is to work towards increasing data capture as it will be required and relevant going forward.

The conclusions from the workshops, together with the results and proposed material topics, were presented to the Audit Committee and the Sustainability Committee of the Board.

All identified sustainability related impacts, risks and opportunities that are considered material for affected stakeholders are presented in the graphical representation of material sustainability topics on the next page and described in the sustainability statement. It should be noted that not all sustainability related risks are specifically highlighted in the aggregated risk profile of Nordic Semiconductor, described in the Risk management section due to not all regulatory risks are assessed operationally material.

The sustainability statement of Nordic Semiconductor includes separate chapters on all material sustainability topics covered by ESRS. The chapter for each material sustainability topic includes a description of sustainability context and dependencies ("Why it matters"), summary of material impacts, risks and opportunities in relation to the topic, and corresponding disclosures on strategic commitments, policies and targets.



01 Message from the CEO
02 Nordic at a glance
03 Report from the Board of Directors
Our group
Financial
Risk management
Sustainability statement
Environment
Social
Governance
Outlook
EU Taxonomy
Concluding remarks
04 Financial statements
05 Responsibility statement
06 Audit opinion letter
07 Appendices

Nordic's sustainability topics across the value chain	Own operations	Upstream					Downstream		
	Nordic Semiconductor Design & development of hardware, software and services	**Sub-tier suppliers** Raw material production	**Sub-tier suppliers** Logistics	**Tier-I suppliers** Wafer production	**Tier-I suppliers** Testing & Assembly of hardware	**Suppliers** Logistics	**Distributors** Sales & Logistics	**Customers** Development of IoT products	**End-Users** Use of IoT products
E1 Climate change	A., III., a	A., III.	A., III.	A., III., a, b, c, d	A., III., a, b	A., III.	A., III.	1., A., III.	1., A., e
E2 Pollution		B.	B.	B., II.	B., II.	B.	B.	B.	B.
E3 Water & marine				C.					
E4 Biodiversity & ecosystems		D.		D.					
E5 Circular economy	I.			E., I.	I., IV.				
S1 Own workforce	2.,3., V.								
S2 Workers in the value chain		3., f	3., f	3., f	3., f	3., f	3., f	3., f	
S4 Consumers and end users								4.	4.
G1 Business Conduct	4.	4.	4.	4.	4.	4.	4.		

Drivers of positive sustainability related impact

1. IoT technology has potential to reduce GHG emissions downstream
2. Our workforce innovates and sells future connectivity products with positive financial impact
3. Contribution to peaceful and inclusive societies by support of human rights
4. Products provides solutions that are secure and reliable for customers and end-users
5. Contribution peaceful and inclusive societies by zero tolerance of corruption

Drivers of negative sustainability related impact

A. Production of semiconductors is energy intensive and GHG emissions contribute to global climate change
B. Potential pollution in upstream production due to raw material mining, smelting and manufacturing
C. Semiconductor manufacturing is water intensive and may cause depletion of resources
D. Potential negative impact on upstream operation due to mining
E. Recycled material in semiconductors is rarely an option due to high purity requirements

Potential & actual sustainability related opportunities

I. Resource efficiency and increased use of renewable energy
II. Possibilities to introduce pollution reducing technologies in manufacturing processes
III. Increasing resource efficiency through yield optimization
IV. Using recycled materials for packaging
V. Engaged employees are loyal and perform better

Potential & actual sustainability related risks

a. Acute physical risks related to extreme weather conditions
b. Carbon pricing and limited availability of renewable energy in certain regions
c. Temporary production limitations due to wastewater treatment
d. Reduced access to clean water can lead to production capacity constraints
e. Potential poor end-of-life waste handling of customer end-products
f. Potential risk of violations of human- and labor rights

01 Message from the CEO
02 Nordic at a glance
03 Report from the Board of Directors
Our group
Financial
Risk management
Sustainability statement
Environment
Social
Governance
Outlook
EU Taxonomy
Concluding remarks
04 Financial statements
05 Responsibility statement
06 Audit opinion letter
07 Appendices



Environment

Nordic Semiconductor recognizes the impact of the business and products on the environment, the planet, and society. Being environmentally responsible and sustainable is crucial for achieving long-term success as Nordic produce world-class products contributing to low-carbon, climate-resilient economy.

48 Climate Change
57 Pollution
59 Water and Marine Resources
61 Biodiversity and Ecosystems
62 Circular Economy

01 Message from the CEO
02 Nordic at a glance
03 Report from the Board of Directors
Our group
Financial
Risk management
Sustainability statement
Environment
Social
Governance
Outlook
EU Taxonomy
Concluding remarks
04 Financial statements
05 Responsibility statement
06 Audit opinion letter
07 Appendices

Climate Change

Commitment
Nordic Semiconductor is committed to reducing greenhouse gas (GHG) emissions, aligned with the Science Based Targets initiative (SBTi) to meet the Paris Agreement's goal of limiting global warming to 1.5°C.

Targets/KPIs
- Reduce absolute Scope 1+2 GHG emissions 60% by 2030 from a 2019 base year
- Reduce Scope 3 GHG emissions 60% per USD valued added by 2030 from a 2019 base year (value added = sales revenue - the cost of goods and services purchased from external suppliers)
- Reduce Scopes 1, 2 and 3 emissions 90% by 2050 from a 2019 base year
- Reach net-zero GHG emissions across the value chain by 2050 from a 2019 base year

Status
In 2023, Nordic continued to invest in renewable energy for the offices. The Group set new, ambitious science-based GHG emission targets, which are currently in SBTi validation. Nordic also expanded the GHG inventory to better align with GHG Protocol, covering all relevant scope categories.

Achievement of targets set for 2023:

Reduce Scope 2 GHG emissions by 50% compared to 2022	Achieved	54% Reduction
Reduce GHG emissions generated from air travel by 50% compared to 2019, compensated by carbon offsets	Achieved	51% Company internal target. 51% reduction, reported outside of Scope 1-3
Validate and commit to new climate targets with the science-based target initiative (SBTi) within 2023	Submitted	**Targets are currently for SBTi validation**

Impacts
Production of semiconductors is energy intensive, and associated GHG emissions contribute to global climate change. Climate change and reduction of GHG emissions is the most significant environmental aspect for the company and stakeholders. On the other hand, IoT technology also has the potential to avoid unnecessary GHG emissions downstream as Nordic Semiconductor's products and IoT solutions can help on the global climate challenges (see section "Strategy").

Risks
- Reputational and contractual risk with stakeholders if GHG emissions are not reduced
- Acute physical risks related to extreme weather conditions
- Carbon pricing and limited availability of renewable energy between geographical regions

Opportunities
Resource efficiency and increased use of renewable energy.

Strategy
Focus on GHG reduction and maintaining close relationship with manufacturing suppliers relationship with manufacturing suppliers.

01 Message from the CEO
02 Nordic at a glance
03 Report from the Board of Directors
Our group
Financial
Risk management
Sustainability statement
Environment
Social
Governance
Outlook
EU Taxonomy
Concluding remarks
04 Financial statements
05 Responsibility statement
06 Audit opinion letter
07 Appendices

Why it matters

Climate change is one of the greatest challenges the world is currently facing, requiring society and businesses to act on a global scale. Climate change risks and compliance with environmental regulations require sustainable solutions, including reducing energy consumption and GHG emissions.

Semiconductor manufacturing is energy intensive, and in the global operations Nordic recognize the impact and risks of energy dependency and related GHG emissions on 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 impacts, risks and opportunities are identified and assessed through Nordic's enterprise risk management process. The TCFD disclosure in this report details more about Nordic's climate-related risks and opportunities for climate change mitigation and adaptation.

Nordic's approach

Taking responsibility for the contribution to climate change and global warming, Nordic is committed to conducting business in a way that supports the goals of the Paris Agreement to limit global warming to 1.5°C. In 2023, Nordic defined and committed to targets set in line with Science Based Target Initiative (SBTi). These near- and long-term

targets are both ambitious and realistic for Nordic's industry. These targets replace Nordic's previous annual short-term Scope 3 target, which was abandoned to focus more on long-term strategic actions. With these SBTi targets, Nordic is committed to reducing Scope 1, 2 and 3 GHG emissions already by 2030 and meeting the net-zero target by 2050. Due to expected organic growth of the company and its production activities with suppliers, Nordic assumes an increase in absolute Scope 3 emissions near-term, while still reducing Scope 3 emission intensity within the SBTi target.

Since the SBTi's validation queue and related waiting time have increased, validation of submitted targets was not finalized within 2023. The validation process with SBTi started formally in January 2024.

In 2023, Nordic continued to invest in renewable energy for its offices, which will continue and increase in coming years to align with SBTi targets.

In Nordic's value chain, over 60% of GHG emissions are generated by outsourced manufacturing. In 2023, Nordic engaged directly with main manufacturing suppliers to ascertain GHG emission reduction opportunities in manufacturing operations. In parallel, Nordic started to collaborate with one of the key customers to identify actions to further develop manufacturing supplier engagement and collectively achieve GHG reduction targets. In 2024, Nordic will continue to tackle production related GHG emissions in a collaborative and open manner.

Nordic is currently working on a transition plan to reach net-zero target by 2050, which will be reviewed and approved by executive management. Qualitatively, the most important actions in this transition plan are engaging with Nordic's suppliers to ensure their transition to renewable energy and other emission reduction initiative, for example, by reducing F-GHG. In addition, Nordic's transition to renewable energy for all offices and increased product efficiency will contribute to the transition.

Target identifier	Scope	Baseline			Target					Target status
		Year	Value	Unit	Year	Reduction	Value	Unit	Absolute value (tons CO2e)	
ST ABS1	Scope 2	2022	407	tons CO2e	2023	50%	204	tons CO2e	204	Completed, achieved
ST INT1	Scope 3 (all categories)	2020	193	tons CO2e per USD revenue	2023	40%	116	tons CO2e per USD revenue	62 845	Abandoned
NT ABS1	Scope 1+2 (market based)	2019	717	tons CO2e	2030	60%	287	tons CO2e	287	New, underway
NT INT1	Scope 3 (all categories)	2019	638	tons CO2e per USD value added*	2030	60%	255	tons CO2e per USD value added*	112 034	New, underway
LT ABS1	Scope 1+2+3	2019	73.372	tons CO2e	2050	90%	7 337	tons CO2e	7 337	New, underway
NZ	Scope 1+2+3	2019	73.372	tons CO2e	2050	100%		tons CO2e		New, underway

Nordic's GHG emission targets.

*Value added calculated as: Value added = sales revenue - the cost of goods and services purchased from external suppliers

**Intensity target values shown as estimated absolute value in target year

01 Message from the CEO
02 Nordic at a glance
03 Report from the Board of Directors
Our group
Financial
Risk management
Sustainability statement
Environment
Social
Governance
Outlook
EU Taxonomy
Concluding remarks
04 Financial statements
05 Responsibility statement
06 Audit opinion letter
07 Appendices

GHG emissions performance
Nordic has monitored GHG emissions since 2011 and reports annually to the Carbon Disclosure Project's (CDP) Climate Change questionnaire (www.cdp.net). The CDP report details climate performance information, including how climate change risks and opportunities are managed, as well as GHG accounting results.

Nordic's approach for measuring GHG emissions follows the Greenhouse Gas Protocol (ghgprotocol.org). The Group report GHG emissions on all three scopes of the GHG Protocol, as explained in the following subchapters. For consolidation of the emissions in the GHG inventory, Nordic have used the operational control approach as outlined in the GHG Protocol. The company accounts for 100% of the GHG emissions from the Group and all its subsidiaries.

GHG emissions for period 2023-01-01 to 2023-12-31	Retrospective				Milestones and target years		
	2019	2022	2023	% change from 2022	2030	2050	Annual % target / Base year
Scope 1 GHG emission							
Gross scope 1 GHG emissions (tCO2e)	0.7	—	—	—%	0	0	0
Percentage of Scope 1 GHG emissions from regulated emission trading schemes (%)	—%	—%	—%	—%			
Scope 2 GHG emission							
Gross location-based Scope 2 GHG emissions (tCO2eq)	324	1 258	1 388	10%			
Gross market-based Scope 2 GHG emissions (tCO2eq)	717	407	185	-54%	287	72	-5%
Significant scope 3 GHG emissions							
Total Gross indirect (Scope 3) GHG emissions (tCO2eq)	72 654	90 329	73 330	-19%	112 034	7 265	-5%
01. Purchased Goods and Services	54 917	71 889	59 045	-18%			
02. Capital goods	13 593	12 996	9 688	-25%			
03. Fuel- and energy-related activities (not included in scope 1 or scope 2)	38	85	70	-17%			
04. Upstream transportation and distribution	42	56	27	-51%			
05. Waste generated in operations	0.7	1.1	1.8	66%			
06. Business travel	1 430	908	948	4%			
07. Employee commuting	210	392	389	-1%			
08. Upstream Leased Assets	198	289	276	-5%			
09. Downstream transporation and distribution	46	55	64	16%			
10. Processing of sold products	—	—	—	—%			
11. Use of sold products	2 180	3 657	2 821	-23%			
12. End-of-life treatment of sold products	0.6	1.1	0.7	-34%			
13. Downstream leased assets	—	—	—	—%			
14. Franchises	—	—	—	—%			
15. Investments	—	—	—	—%			
Total GHG emissions							
Total GHG emissions (location- based) (tCO2eq)	72 980	91 587	74 719	-18%			
Total GHG emissions (market- based) (tCO2eq)	73 372	90 736	73 516	-19%	112 320	7 337	-5%

GHG inventory - each scope and category are explained in the following paragraphs

01 Message from the CEO
02 Nordic at a glance
03 Report from the Board of Directors
Our group
Financial
Risk management
Sustainability statement
Environment
Social
Governance
Outlook
EU Taxonomy
Concluding remarks
04 Financial statements
05 Responsibility statement
06 Audit opinion letter
07 Appendices

From 2022 to 2023, the Group's total GHG emissions decreased 19%, while revenue decreased 30%. This has lead to 16% increase in GHG intensity based on revenue in 2023 compared to 2022.

Scope 1 emissions

Nordic's Scope 1 emissions include all direct emissions from the Group and its operations. As a fabless semiconductor company, GHG sources owned and controlled by Nordic are very few. Scope 1 emissions are minor and generated only in abnormal situations. In 2023, Nordic's Scope 1 emissions were zero.

Scope 2 emissions

Nordic's Scope 2 GHG emissions include indirect emissions from purchased electricity and heating. Emissions are calculated based on the electricity and heating purchased for Nordic's facilities.. Emission factors are derived from established sources such as the Association of Issuing Bodies (AIB) or countries' governmental pages, and where applicable, directly from energy providers. Scope 2 emissions are calculated using location-based and market-based methods.

Compared to the 2022 baseline, in 2023, Nordic's market-based Scope 2 GHG emissions decreased by 54%. This reduction was achieved by purchasing renewable energy for the Group's offices, verified by Guarantees of Origin (GOO), International Renewable Energy Certificates (I-RECs), Taiwan Renewable Energy Certificate (T-RECs) and Renewable Gas Guarantees of Origin certificates (RGGO).

In 2023, 89% of total purchased energy for Nordic's own operations originated from renewable energy sources. Energy usage across the Group's offices increased 16% in 2023 compared to 2022. This was mainly due to company growth, but also because Nordic expanded the GHG inventory to include offices with fewer than 10 employees (previously excluded). In addition to the energy purchased from electricity providers, Nordic's head office in Trondheim has solar panels onsite, which generate 43 MWh renewable electricity in 2023.

	2019 (base year)	2020	2021	2022	2023
Total GHG emissions (market based)	**73 372**	**78 513**	**83 066**	**90 736**	**73 516**
GHG emissions intensity based on revenue	254	194	136	116	135
Year-on-year change in GHG emission intensity (%)	—	(24)%	(30)%	(15)%	16%

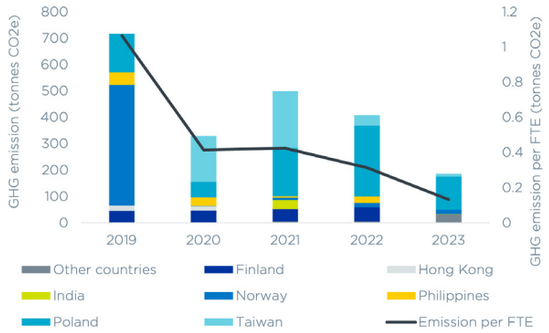
Nordic's GHG emission intensity by revenue

Total energy consumption from non-renewable sources (MWh)	**727**
Total heating from non-renewable fuel sources (MWh)	**566**
Total District heating from non-renewable sources (MWh)	396
Total non-renewable energy for gas heating in office building (MWh)	170
Total electricity consumption from local grid mix (MWh)	**161**
Total electricity consumption from fossil sources (MWh)	Unknown
Total electricity consumption from nuclear sources (MWh)	Unknown
Consumption of self-generated non-renewable energy (MWh)	**0**
Total energy consumption from renewable sources (MWh)	**5737**
Consumption of purchased or acquired electricity, heat, steam, and cooling from renewable sources (MWh)	**5694**
Sum of GOO purchase (MWh)	4205
Sum of RGGO certificate purchase (MWh)	230
Sum of I-REC compensation (MWh)	1259
Consumption of self-generated non-fuel renewable energy (MWh)	**43**
Total energy consumption related to own operations (MWh)	**6464**
Percentage of energy consumption from nuclear sources in total energy consumption (%)	Unknown
Percentage of fossil sources in total energy consumption (%)	Unknown
Percentage of renewable sources in total energy consumption (%)	0.89
Energy consumption per revenue (MWh/MUSD)	11.91

Energy consumption overview for 2023

01 Message from the CEO
02 Nordic at a glance
03 Report from the Board of Directors
Our group
Financial
Risk management
Sustainability statement
Environment
Social
Governance
Outlook
EU Taxonomy
Concluding remarks
04 Financial statements
05 Responsibility statement
06 Audit opinion letter
07 Appendices

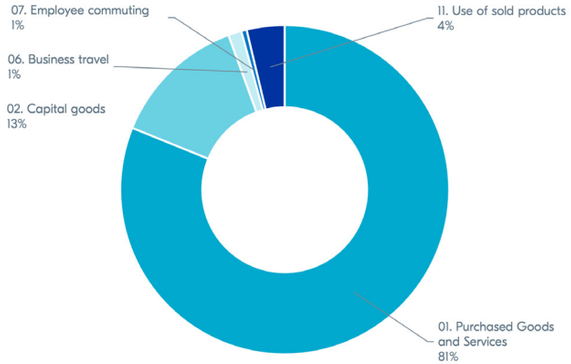
Today, more than 50% of Nordic's employees work in office buildings which have green building certification, like BREEAM and LEED. These certificates focus on sustainable design and operation of the building, considering various aspects like reduction of energy, water and waste.



Scope 2 market-based GHG emissions by country and FTE

Scope 3 emissions

Scope 3 GHG emissions cover any other indirect emissions from the activities of the Group. In 2023, Nordic expanded the Scope 3 GHG inventory to cover all relevant Scope 3 categories and better align with GHG Protocol.



Nordic's main scope 3 categories, by % of total Scope 3 emissions in 2023.

The following section outlines all Scope 3 categories. The calculation method and information sources for each are described. For non-relevant Scope 3 categories, an explanation is provided.

Category 1: Purchased goods and services
This category includes emissions both from the production of Nordic Semiconductor products by outsourced manufacturing suppliers and non-production-related procurement related to company operations in the reporting year.

Emissions from the Group's outsourced production is calculated according to a "hybrid method" (as defined by GHG Protocol), using supplier-specific emission factors allocated for Nordic products by manufacturing suppliers, and own production records.

For other purchased goods and services, Nordic utilizes a "spend-based" calculation method (as defined by GHG Protocol) with emission factors from publicly available databases (Defra, BEIS, EPA, Climatiq).

Purchased goods and services are the largest portion of Nordic's GHG emissions. In 2023, this category represented 80% of the total GHG emissions of the company, while manufacturing processes alone were approximately 65% of all of the company's GHG emissions.

Category 2: Capital goods
Emissions from capital goods are related to investments in office and lab equipment, machinery and also certain software procurement in the reporting year. The investments are specified as additions in Note 12: Goodwill and intangible assets and Note 13: Fixed assets. For calculating the emissions related to Capital Goods, Nordic uses an "average-spend-based' method (as defined by GHG Protocol) by collecting data on the economic value of goods purchased and multiplying it by relevant secondary emission factors. Emission factors are retrieved from public databases, including Defra, BEIS, EPA and Climatiq.

Emissions related to capital goods represent a substantial part of Nordic's total GHG inventory (13% of total GHG inventory in 2023).

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. Emissions from fuel- and energy-related activities are determined using an 'average data' method (as defined by GHG Protocol). Nordic use Well-To-Tank (WTT) emission factors for purchased fuel, electricity and heat, and T&D factors for the purchased electricity and heat provided by Defra.

The purchased energy from renewable sources, including GOO, I-REC and RGGO, is compensated in the calculations. This category represents a very small part of Nordic's GHG inventory (less than 1% for 2023).

Category 4: Upstream transportation and distribution
Upstream transportation and distribution includes emissions related to transport of semi-finished goods from wafer foundries to assembly sites by third-party transportation companies. Activity data is provided on an annual basis by transportation companies, who report the weight, distance and transportation mode for shipments. Emissions are calculated according to a "distance-based method" (as defined by GHG Protocol), utilizing emission factors provided by Defra.

This category represents a very small part of Nordic's GHG inventory (less than 0.1% for 2023).

Category 5: Waste generated in operations
Emissions from third-party disposal and treatment of waste generated in Nordic's operations are calculated using waste information from the major offices. These offices provide trusted and quantified data. This data is extrapolated to cover the remaining sites. Emissions are calculated using an 'average-data' method (as defined by GHG Protocol) and suitable emission factors from the Qlimatic database, based on different waste treatment methods.

01 Message from the CEO
02 Nordic at a glance
03 Report from the Board of Directors
Our group
Financial
Risk management
Sustainability statement
Environment
Social
Governance
Outlook
EU Taxonomy
Concluding remarks
04 Financial statements
05 Responsibility statement
06 Audit opinion letter
07 Appendices

The resulting estimate for emissions from this category represents a very small part of Nordic's GHG inventory (less than 0.1% for 2023), and is not considered relevant due to its small volume.

Category 6. Business travel
Emissions are reported for business air travel, which has the biggest impact out of all business travel modes. Nordic is aware that there are additional contributions to this category that are not currently included. The Group will focus in the coming year to complete calculation of emissions from all types of business travel.

The calculation method for this category is distance-based, utilizing air travel distance and travel class-based data provided by travel companies for the reporting year. These are calculated with Defra emission factors for business travel.

Even covering the most substantial emissions related to air travel, this category represents a relatively small fraction of Nordic's total GHG inventory (1.3% in 2023). However, Nordic expect to see an increase in this category going forward as a result of company growth.

Category 7. Employee commuting
For employee commuting, Nordic have included travel between home and work and partial work from home. There is no detailed data available on transportation modes used for daily commuting, how often employees commute to work, and distance traveled daily. Therefore, emissions from employee commuting are based on estimates. The GHG Protocol's "average-data" method is used for estimating the emissions, and emission factors are obtained from Defra.

This category represents a very small part of Nordic's GHG inventory (less than 1% for 2023).

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 that are already assessed and included in Scope 2 inventory.

Emissions are calculated using an "average-data" calculation method (as defined by GHG Protocol) and emission factors from Qlimatic's database. This category represents a very small part of Nordic's GHG inventory (less than 1% for 2023).

Category 9. Downstream transportation and distribution
Emissions in this category are related to transportation and distribution of Nordic products to and from customers, handled by third-party transportation companies.

Emissions are calculated by a "supplier-specific" method (as defined by GHG Protocol), based on annual carbon footprint reports from freight companies. This category represents a very small part of Nordic's GHG inventory (less than 0.1% for 2023).

Category 10. Processing of sold products
Emissions from this category are not presently included in the Group's GHG inventory. Nordic products are electronic components that are assembled into end products by the customers, each with major differences in end products. These differences could be design, additional components and materials, programming, and testing, as well as production processes (like production line size and efficiency, production location, or energy usage).

Since Nordic does not have insight into these parameters in customers' production processes, in addition to a lack of available industry data or models for estimating emissions from such processes, Nordic have no reasonable means of estimating these emissions.

Category 11. Use of sold products
This category includes total expected lifetime emissions from use of Nordic products incorporated in customers' end products. Emissions are accounted based on the number of Nordic products produced per year and power consumption during the product's lifetime, assuming the customer end product will be 100% powered on during an expected lifetime of 5 years.

The calculations are based on the "direct use-phase emissions" method (as defined by GHG Protocol) and global emission factors obtained from IEA. This Scope 3 category represents a significant part of Nordic's GHG inventory (almost 4% in 2023). It is part of the company target to reduce power consumption in new products, leading to lower emissions from customers' end products.

Category 12. End-of-life treatment of sold products
Data in this category include total expected end-of-life emissions from the Nordic products sold annually, based on the assumption that all Nordic products sold are eventually delivered for recycling. Nordic does not have visibility on consumers' waste disposal behavior. Nordic has estimated the emission based on the assumption that equal parts of the units produced will be recycled, incinerated or end up in landfill. Emissions are calculated according to a "waste-type-specific" method (as defined by GHG Protocol), applying WEEE emission factors from the Climatiq database.

The resulting estimate for emissions from this category represents a very small part of Nordic's GHG Inventory (less than 0.1% for 2023), and is not considered relevant due to its small volume.

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, office spaces) leased to other entities. Hence there is 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.

01 Message from the CEO
02 Nordic at a glance
03 Report from the Board of Directors
Our group
Financial
Risk management
Sustainability statement
Environment
Social
Governance
Outlook
EU Taxonomy
Concluding remarks
04 Financial statements
05 Responsibility statement
06 Audit opinion letter
07 Appendices



Carbon offset

For 2023, the Group set a short-term internal target to reduce air travel GHG emissions by 50% compared to 2019, by limiting air travelling and/or carbon offsetting. To meet the internal target, Nordic purchased 250 tons of carbon credits from the Rimba Raya project. This is a biodiversity reserve project that achieves GHG emissions reduction through preventing deforestation and conversion of forests to palm oil plantations on the island of Borneo in Indonesia. The Rimba Raya project is validated against verified carbon standard (VCS). As carbon credits cannot be used as a reduction mechanism for Scope 3 GHG emissions or progress towards science-based GHG emissions reduction targets, the Group report carbon credits outside of Scopes 1-3. Nordic do not expect significant carbon credit purchases in the coming years, as these cannot be used to report emission reductions according to the SBTi.

Climate change acknowledgement highlights

In 2023, Nordic continued to receive acknowledgment for the work and progress on climate change mitigation. The company was awarded an A- for its response to the annual Carbon Disclosure Project's climate change module.

Nordic was also listed among 500 companies in Europe's Climate Leaders 2023, compiled by Financial Times, where companies are scored based on indicators of commitment to reduce GHG emissions and collaboration with CDP and the SBTi.

Priorities going forward

Nordic will continue to invest in renewable energy for the offices on the path towards SBTi targets set for 2030 and net-zero SBTi target by 2050. Simultaneously, engagement and collaboration with Nordic's manufacturing suppliers will be continued, to contribute to production related GHG emission reductions.

01 Message from the CEO
02 Nordic at a glance
03 Report from the Board of Directors
Our group
Financial
Risk management
Sustainability statement
Environment
Social
Governance
Outlook
EU Taxonomy
Concluding remarks
04 Financial statements
05 Responsibility statement
06 Audit opinion letter
07 Appendices

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. For more information, see TCFD Index.

Low risk	High opportunity
Medium risk	Medium opportunity
High risk	Low opportunity

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

Risks	Opportunities
Policy and legal	**Resource/Product energy efficiency**
The regulatory risks relevant to Nordic's value chain fall under the categories of ESG reporting regulations, standards, and frameworks such as Corporate Sustainability Directive (CSRD) and EU Taxonomy, and carbon taxes/carbon fee in manufacturing locations. These risks are identified and assessed and risk mitigating activities defined through Nordic's enterprise risk management process. The Group's strategy is to partner with leading manufacturing suppliers and ensure that they comply with current and future development trends such as carbon pricing. The risk management also evaluates risks from climate-related contractual requirements from customers.	Through low-power Internet of Things (IoT) designs, Nordic has a competitive advantage in contributing to solutions for energy efficiency and energy management. These present a unique 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, such as smart lighting and energy harvesting. By contributing to sustainable solutions and improving the resource efficiency of our customers' end devices, Nordic upholds its commitment to addressing climate challenges.
Technology	**Energy source**
As a fabless company with outsourced production, the ability to adapt, invest, and support new energy saving/carbon 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 bearing 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. Over 50% of our employees work in energy-efficient buildings that have 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	**Market**
Semiconductor manufacturing consumes a significant amount of energy. The markets indicate increased cost of energy alongside growing demand for products with a low carbon footprint. Nordic has taken action to lower its carbon footprint by using renewable energy verified by Guarantees of Origin (GOO), International Renewable Energy Certificates (I-RECs), Taiwan Renewable Energy Certificate (T-RECs) and Renewable Gas Guarantees of Origin certificates (RGGO). In 2023, Nordic set new, ambitious science-based GHG emission targets, which are currently in Science Based Targets initiative (SBTi) validation. As part 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.	The swift global transition to a low-carbon economy provides Nordic with an opportunity to grow its market segments by offering products and technologies that help mitigate climate change globally. The combination of low energy consumption in our products and the capabilities of IoT for resource efficiency (such as smart sensors, cellular IoT and energy harvesting) make Nordic's products and services attractive solutions for both the public and private sectors in developed and developing countries.
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 in preferences 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.	

01 Message from the CEO
02 Nordic at a glance
03 Report from the Board of Directors
Our group
Financial
Risk management
Sustainability statement
Environment
Social
Governance
Outlook
EU Taxonomy
Concluding remarks
04 Financial statements
05 Responsibility statement
06 Audit opinion letter
07 Appendices

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 our 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 second-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 Semiconductor'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.	

01 Message from the CEO
02 Nordic at a glance
03 Report from the Board of Directors
Our group
Financial
Risk management
Sustainability statement
Environment
Social
Governance
Outlook
EU Taxonomy
Concluding remarks
04 Financial statements
05 Responsibility statement
06 Audit opinion letter
07 Appendices

Pollution

Commitment
Nordic Semiconductor is committed to promoting environmental responsibility, minimizing pollution and restricting use of pollutants in products

Targets
Initiate re-qualification of products to ensure PFAS-free material in Nordic's product portfolio.

Impact
Semiconductor production is known to affect pollution. Potential pollution of air, soil and water can occur in upstream operations due to raw material mining, smelting and semiconductor manufacturing. Use of fossil fuel in the value chain causes air pollution.

Risks
Temporary production capacity limitations due to failures in supplier wastewater treatment. Failure to meet regulatory/customer requirement framework related to substances of (very high) concern may negatively affect the market access and customers' interest in the products.

Opportunities
Possibilities to introduce new pollution reduction technologies in manufacturing processes.

Strategy
Focus on pollution prevention in line with Nordic's environmental management policy.

In accordance with Nordic's environmental policy, the Group is committed to conduct business in a way that supports environmental protection and pollution minimization.

Why it matters

Nordic Semiconductor uses small amounts of chemicals in the laboratories, but does not generate any significant pollutants that could affect pollution of air, water or soil. To ensure minimum exposure to chemicals and prevent accidental chemical releases, Nordic has implemented control measures at the laboratories, such as training personnel, fume ventilation, providing personal protective equipment (gloves, goggles) and using clearly marked chemical storage and waste containers.

Pollution of soil is prevented by proper waste handling. See more on Waste Management in the section on Circular Economy.

Nordic's approach

While pollution represents a low risk for Nordic's operations, there can be pollution-related risks in the supply chain from raw material mining/smelting, product manufacturing, and transportation. Nordic's main suppliers have ongoing programs to prevent and control pollution both to air and water.

Nordic Semiconductor products are subject to several global environmental legislation and regulations, industry standards, and customer requirements restricting substances considered hazardous to environment. To meet Nordic standards for hazardous substance use and pollution prevention, manufacturing suppliers must provide and adhere to a signed declaration of compliance for the requirements stated in the Hazardous Substances Specification for Suppliers. This specification includes requirements for pollutants, such as ozone-depleting substances and substances of very high concern. To ensure Nordic products are compliant with the requirements stated in the specification, product content is verified by third-party testing.

Nordic has controls for design and production processes to ensure compliance to environmental requirements, including RoHS, REACH, EU Persistent Organic Pollutants (POP) regulation, California Proposition 65 and Halogen-Free according to IEC 61249-2-21. Certificates for Hazardous Substances testing and Material Composition reports for all products are available on the company website (https://docs.nordicsemi.com/).

A number of Per- and polyfluoroalkyl substances (PFAS) are on the REACH Candidate List of substances of very high concern (SVHC). PFAS are currently used in Nordic products delivered as CSP packages, where the PFAS concentration is less than 1% of the product weight which is in compliance with REACH. Nordic has an ongoing program for re-qualifying existing CSP products to provide PFAS-free material for the current and future product portfolio.

Substances	Main hazard classes of substances of concern	Total weight included in products 2023 (g)
Substances of Concern		**20 755.44**
PFAS*		20 755.44
Substances of Very High Concern		**266.50**
Boron oxide	Repr. 1B	261.79
Lead oxide**	Repr. 1A Acute Tox. 4 STOT RE 2 Aquatic Acute 1 Aquatic Chronic 1	0.66
N-methyl-2-pyrrolidone (NMP)	Repr. 1B STOT SE 3 Skin Irrit. 2 Eye Irrit. 2	4.05
Total weigth		**21 021.94**

Summary of substances of concern and SVHCs in Nordics IC products 2023.

*The total weight of PFAS is a maximum amount, conservatively estimated due to third party trade secrets.

**Hazard classification for lead compounds not classified elsewhere in CLP regulation

01 Message from the CEO
02 Nordic at a glance
03 Report from the Board of Directors
Our group
Financial
Risk management
Sustainability statement
Environment
Social
Governance
Outlook
EU Taxonomy
Concluding remarks
04 Financial statements
05 Responsibility statement
06 Audit opinion letter
07 Appendices

Due to various substances used in semiconductor manufacturing processes, certain Nordic products contain small amounts of substances of very high concern (SVHC). In 2023, the total amount of SVHC used in Nordic products was 266.50 g, including N-methyl-2-pyrrolidone (NMP) (4.05 g), Boron oxide (261.79 g) and Lead oxide (0.66 g). In addition, Nordic products may contain traces of other substances of concern/ substances of very high concern (SVHC). However, the content of such traces is not currently measured by Nordic, as the content in products is below minimum detection levels. In the total value chain, there might be use of and emission of Substances of concern or Very High Concern that Nordic does not have insight to.

Nordic Semiconductor and its manufacturing suppliers are not dependent on microplastics.

Priorities going forward

In 2024 Nordic Semiconductor will continue to replace PFAS-content in the products, and re-qualify the changed products to ensure PFAS-free material in Nordic's product portfolio.



01 Message from the CEO
02 Nordic at a glance
03 Report from the Board of Directors
Our group
Financial
Risk management
Sustainability statement
Environment
Social
Governance
Outlook
EU Taxonomy
Concluding remarks
04 Financial statements
05 Responsibility statement
06 Audit opinion letter
07 Appendices

Water and Marine Resources

Commitment
Nordic Semiconductor is committed to protecting the natural environment and using water sustainably.

Targets
Nordic have not set any specific targets for water topics.

Impact
The semiconductor manufacturing process is water intensive, which may cause depletion of water resources.

Risks
Reduced access to clean water can lead to production capacity constraints, which may negatively impact Nordic financially.

Strategy
Promote sustainable water use. Secure business continuity by maintaining buffer stock to secure temporary production disruptions, with second-sourcing to address prolonged production disruptions.

Why it matters

Water is becoming an increasingly scarce and valuable resource globally. Most of Nordic's main offices are located in low-water-risk areas, and the direct operations with design and development are not highly dependent on water as a resource. Nordic's direct impact on water sources and marine environments is also insignificant. All water used in Nordic's operations is supplied by municipalities. Water consumption is only associated with normal household water for washing, drinking and sanitary use.

Nordic's approach

Since the Group's operations do not generate water pollutants associated with activities that could have adverse impact on water ecosystems or human health, the company's risks related to water are limited. All discharged water is directed to municipal waste water treatment plants. In 2023, Nordic's total water consumption in own operations was 13,802 m^3. Of this, approximately 4-5% is consumed in water high-risk areas.

Direct operations	Volume (m3)
Total water consumption	13802
Total water consumption in areas at water risk, including areas of high-water stress	573
Total water recycled and reused	0
Total water stored	0
Changes in water storage	0

Total water consumption represents the consumed water in all Nordic offices in 2023. The consumption volume is an estimate based on the water consumption data collected from Nordic offices, covering 50% of all Nordic office sites and 90% of Nordic office area. These data are then extrapolated to represent water consumption in all Nordic offices.

In semiconductor manufacturing, access to clean water has a critical role. There is a risk that climate change and related weather events could impact accessibility for Nordic's manufacturing suppliers, especially in areas where droughts, floods and water rationing can impact suppliers' production capacity. Such events could negatively impact Nordic's financial performance through reduced production and delay of revenue. Access to sufficient clean water is addressed in the enterprise risk assessment and business continuity plans. Nordic is in close communication with suppliers to ensure water-related risks and counter-measures are sufficiently addressed in their respective business continuity plans.

In 2023, the water consumption in outsourced manufacturing was 207,379 m^3. Of this, approximately 26% is consumed in water high-risk areas, specifically in China and Philippines.

Indirect operations	Volume (m3)
Total water consumption	207379
Total water consumption in areas at water risk, including areas of high-water stress	54642
Total water recycled and reused	0
Total water stored	0
Changes in water storage	0

Total water consumption represents the consumed water related to Nordic Semiconductor products in 2023 reported by the outsourced manufacturing partners. Water risk areas have been evaluated using the Aqueduct Water Risk Atlas from the World Resources Institute (https://www.wri.org/aqueduct).

Total water consumption, combining both direct and indirect operations, average to 0.36 liter per unit of production in 2023. Water consumption per revenue in the same year averages to 0.41 liter per USD revenue.

Nordic Semiconductor has not yet set quantitative targets for water consumption reduction. Nordic's main focus has been on suppliers' continuity plans, reporting capabilities, and ensuring wastewater treatment in the production operations.

01 Message from the CEO
02 Nordic at a glance
03 Report from the Board of Directors
Our group
Financial
Risk management
Sustainability statement
Environment
Social
Governance
Outlook
EU Taxonomy
Concluding remarks
04 Financial statements
05 Responsibility statement
06 Audit opinion letter
07 Appendices

Priorities going forward

Nordic Semiconductor will continue to monitor water consumption in own operations and supply chain. The Group aims is to ensure that suppliers have adequate water treatment, recycling and contingency measures.



01 Message from the CEO
02 Nordic at a glance
03 Report from the Board of Directors
Our group
Financial
Risk management
Sustainability statement
Environment
Social
Governance
Outlook
EU Taxonomy
Concluding remarks
04 Financial statements
05 Responsibility statement
06 Audit opinion letter
07 Appendices

Biodiversity and Ecosystems

Commitment
Nordic Semiconductor is committed to conserving and sustainably using natural resources to support biodiversity.

Targets
Nordic is in an initial phase of reporting biodiversity and do not yet have any specific targets set for this topic.

Impact
Potential negative impact on upstream operations due to mining and product manufacturing operations. Potential positive impacts downstream by use of Nordic Semiconductor's products and IoT solutions.

Risks
Currently, Nordic do not have a clear understanding of the biodiversity threats in the upstream supply chain.

Strategy
Continuously improve understanding of Nordic impact on biodiversity.

Why it matters

Biodiversity plays a vital role in sustaining the planet and is considered material for each individual and company. Nordic recognizes that preserving and maintaining healthy ecosystems and the natural environment is a prerequisite for a sustainable future.

Exploitation of natural resources is a significant driver of biodiversity loss that also contributes to climate change.

Nordic's approach

As a fabless company, Nordic's operations does not have direct impact, dependencies or risks related to biodiversity and ecosystems. The company does not directly contribute to land-use change, freshwater/sea-use change, or spread of invasive alien species. The number of sites owned, leased or managed in or near protected areas or key biodiversity areas that are negatively affected by Nordic operations is 0. Similarly, the area of sites owned, leased or managed in or near protected areas or key biodiversity areas that undertaking is negatively affecting is 0 m2. All Nordic offices are located in ready-built areas where the impact on biodiversity is considered low. In the Group's direct operations, renewable energy is preferred, and water consumption is limited to overhead water usage from municipal sources.

However, it is clear that the electronics industry can have an impact on biodiversity. The production of semiconductors requires various metals, minerals, chemicals, water, and energy. For Nordic products, potential negative impact on biodiversity lies within the upstream operations, where GHG emissions and water usage are the biggest contributors. With increased demand for semiconductor devices globally during the last few years, several companies are planning construction of semiconductor factories around the world, some of which Nordic might purchase from in the future. Building new factories and related infrastructure can have a negative impact on local ecosystems. Currently, Nordic's manufacturing partners consist only of existing/legacy factories, but with developments in technology and future opportunities, biodiversity perspectives are increasingly important for Nordic.

To better understand the impact on biodiversity, Nordic has begun to assess this further in the multi-tier upstream supply chain, including wafer production, and assembly of final products. With increased knowledge and understanding of these concepts within the value chain, Nordic should, where relevant, formulate policies, targets, and programs to address significant risks and opportunities for biodiversity.

As mentioned in the section "Climate Change", in 2023 Nordic invested in a biodiversity reserve project called Rimba Raya by procuring 250 tons of carbon credits (an investment of approximately 2,875 USD) from this project to reach a company internal target for air travel GHG emission reduction. Rimba Raya project focuses in protecting tropical peat swamp forests in the Central Kalimantan province on the island of Borneo in Indonesia, avoiding planned deforestation for palm oil production. Through its conservation and reforestation activities to sustain the area's unique ecosystem, the project preserves the habitat of endangered species as well as reduces GHG emissions. Investing in this project will enable Nordic to contribute to the preservation of one of the most endangered ecosystems in the world.

Priorities going forward

Nordic Semiconductor will continue to improve understanding of the impact on biodiversity in the upstream supply chain. This will be an important step in developing the Group's work in this area and further address biodiversity-related risks and opportunities.

01 Message from the CEO
02 Nordic at a glance
03 Report from the Board of Directors
Our group
Financial
Risk management
Sustainability statement
Environment
Social
Governance
Outlook
EU Taxonomy
Concluding remarks
04 Financial statements
05 Responsibility statement
06 Audit opinion letter
07 Appendices

Circular economy

Commitment
Promote and enable circular economy in Nordic's operations, product design, and manufacturing.

Targets
90% of device containers use recycled plastic.

Status
Achievement of targets set for 2023:

40% of device containers use recycled plastic. — Achieved — 40%

Impact
Production of microchips requires metals and materials of high purity, hence recycled material in microchips is rarely an option. Nordic's firmware upgrades are expected to extend the lifetime of Nordic products.

Risks
Poor end-of-life waste handling of customer end products with Nordic chips inside.

Opportunities
Increasing resource efficiency through yield optimization. Using recycled materials for packaging.

Strategy
Circular economy integrated into daily business operations.

Why it matters

Circular economy is an important means to achieving resource and waste reduction. Nordic recognizes the increased importance of circularity for the company's business and seeks to promote circular practices that minimize resource use and waste by avoiding hazardous substances, conserving natural resources and raw materials, and preferring recycled and recyclable materials in the products and products packaging.

Nordic's approach

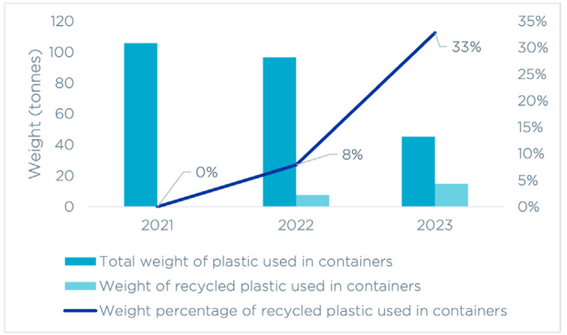
Circular economy in product design
Critical raw materials for integrated circuits, include crystalline silicon and metals. The majority of the metals used are common materials, tin, copper and aluminum, while there's also some precious metals, for example silver and palladium. There are no rare-earth minerals used or contained in Nordic's products. Nordic considers opportunities to reduce the resource usage during its product design processes. By replacing gold with copper in almost all products, Nordic has reduced products' environmental impact and costs, while preserving product quality and performance.

The materials in Nordic products need to be of a high purity to allow for technology nodes at nanometer scales, and hence recycled material are not suitable for use in the products. However, the metals used in the components are recyclable and can be re-used if properly treated. Nordic's suppliers have their own processes for waste handling and recycling from in-line or warehouse scrap.

Nordic's products are designed with durability in mind, expecting a long lifetime in its end application. This is verified by rigorous qualification and reliability testing based on well acknowledged standards used in the electronics industry (such as JEDEC). Nordic products also have the ability to perform firmware upgrades over the air, which is expected to increase the lifetime of the product in the field — without the need for remanufacturing.

Product casing and kits packaging
Nordic's circular product design covers more than integrated circuits. In 2022, Nordic launched the Thingy:53, the first development platform with casing made from recyclable plastic instead of rubber. Moreover, all kit packaging has been made of Forest Stewardship Council (FSC) certified recyclable cardboard since 2020.

Product packing
Since 2021, Nordic has been working with product assembly suppliers within plastic reduction program to gradually shift to device containers (reels and trays) made of recycled plastic. In 2022, the first reels made of recycled plastic were qualified and introduced for QFN devices by one of the Group's assembly suppliers. Nordic continued this work in 2023 by expanding the program to another assembly supplier and incorporating CSP devices. From 2022 to 2023, the share of device containers made of recycled plastic increased from 10% to 40%. In 2023, the total weight of plastic used for containers was 45,377 kg, of which 14,902 kg (33%) was recycled plastic.



Plastics weight in device containers

01 Message from the CEO
02 Nordic at a glance
03 Report from the Board of Directors
Our group
Financial
Risk management
Sustainability statement
Environment
Social
Governance
Outlook
EU Taxonomy
Concluding remarks
04 Financial statements
05 Responsibility statement
06 Audit opinion letter
07 Appendices

Nordic's plastic reduction program target for 2024 (90% of device containers use recycled plastic) was defined in 2022. This target has proved to be not realistic, and Nordic does not expect to meet this by 2024. Devices packed by reels are already transitioned to recycled plastic material for almost all products. Remaining are the use of trays for packing and distribution, and the industry's transition away from this container type is slower than Nordic expected. Nordic will continue to investigate the options for trays made of recycled plastic, which at the same time can meet qualification requirements from industry standards like JEDEC.

Hazardous substances

Nordic Semiconductor products are subject to several global environmental legislation and regulations, industry standards and customer requirements restricting substances considered hazardous to environment. For environmental compliance, the managerial responsibility lies with the Group's Quality SVP. The supply chain manages hazardous substance compliance and is responsible for assuring that Nordic products follow defined environmental requirements and specifications in close collaboration with manufacturing suppliers.

From the beginning of product design, Nordic ensures restricted hazardous substances are not selected. Nordic has close communication and cooperation with manufacturing suppliers and regularly address environmental product compliance and hazardous substance use with them. Nordic communicate standards for restricted substances through the Hazardous Substances Specification for Suppliers. Nordic requires manufacturing suppliers to provide a signed confirmation of compliance for each revision of the specification.

Certificates for Hazardous Substances testing and Material Composition reports for all products are available on the company website (https://docs.nordicsemi.com/).

Waste management

Reducing and managing waste are important factors in increasing circularity. In the operations, Nordic strive to avoid and minimize waste and its impact on the environment. The Group prefer recycled and recyclable materials where feasible. Nordic have implemented waste management guidelines across the operations and have routines in place for sorting and disposing of different types of waste, including but not limited to, EE waste, hazardous waste, plastic, and packing material. All waste generated in Nordic operations is delivered to certified waste processing companies who sort and recycle waste in accordance with local regulations.

For calculating the waste data, Nordic uses the waste information from major offices, where there is trustable and quantified data received from landlords. These data are extrapolated to cover the remaining sites. In 2023, the total amount of waste generated in own operations was 83.4 tonnes.

Total waste generated in Nordic operations (tonnes)	83.4
Hazardous waste (tonnes)	**1.42**
Batteries (tonnes)	0.04
Chemicals (tonnes)	0.04
EE waste (tonnes)	1.34
Non-hazardous waste (tonnes)	**81.9**
Sorted (plastic, glass, metal, paper) (tonnes)	42.04
Unsorted (tonnes)	39.89

Since Nordic's products are manufactured by outsourced suppliers, good waste management practices at suppliers' sites are crucial to minimize waste and mitigate potential waste-related risks. Nordic qualify all manufacturing suppliers and require them to be ISO 14001 certified. Nordic continuously work with manufacturing suppliers to improve yield and minimize scrap, and ensure the waste generated at suppliers' sites is sorted and recycled in accordance with local regulations.

Priorities going forward

Nordic Semiconductor will continue to implement and use recycled plastic material for devices packed by reels. Nordic will also ensure recycled and/or recyclable packaging material for new product offerings.

01 Message from the CEO
02 Nordic at a glance
03 Report from the Board of Directors
Our group
Financial
Risk management
Sustainability statement
Environment
Social
Governance
Outlook
EU Taxonomy
Concluding remarks
04 Financial statements
05 Responsibility statement
06 Audit opinion letter
07 Appendices



Social

Nordic Semiconductor is an evolving business with employees, offices, customers, and suppliers in several different parts of the world. Nordic is focused on diversity, equity, and inclusion throughout the entire employee journey, which is imperative to attract and retain highly skilled personnel in the competitive landscape. Equally important is the Group's ambition to foster a healthy, safe, and motivating work environment, to amplify engagement and contribution, and to avoid human and labor rights violations.

65 Own Workforce
79 Workers in the Value Chain
85 Consumer and End Users

01 Message from the CEO
02 Nordic at a glance
03 Report from the Board of Directors
Our group
Financial
Risk management
Sustainability statement
Environment
Social
Governance
Outlook
EU Taxonomy
Concluding remarks
04 Financial statements
05 Responsibility statement
06 Audit opinion letter
07 Appendices

Own Workforce

Commitment
Nordic is committed to being a place where employees to join, thrive and stay.

Targets
Maintain a healthy work environment, with above tech benchmark score on Employee Engagement, and Diversity, Equity & Inclusion and Health & Well-being.

KPI
Work related incidents = 0, Short time sick leave < 2,5%, Employee satisfaction objectives: Health and well-being, Mental well-being, Organizational support, Social well-being.

Status
DE&I framework has been developed and anchored with executive management for implementation in 2024.

Impacts
Nordic's workforce innovates and develops the future of connectivity products and impacts product development, time to market, sales and ultimately financial results.

Risks
Nordic need to retain and attract specialized capabilities and competences in a highly competitive and global market.

Opportunity
Engaged employees are more likely to be loyal to Nordic, perform better and also help attract and retain other colleagues.

Strategy
Fostering an engaged, diverse workforce to be competitive, by continuously developing Nordic's employee value proposition and company culture across borders.



Why it matters

Nordic value creation is primarily in chip design. This phase is highly dependent on a skilled workforce making smart solutions that can be utilized by a variety of customers in a variety of applications. Hence, the skilled workforce is Nordic's most valuable asset. Developing, utilizing and retaining this workforce is therefore important as this is how Nordic builds solutions to continue the growth journey.

Nordic's approach

Fostering a company culture that encourages employees to join, thrive and remain with us, all while supporting a healthy and sustainable lifestyle, is challenging. Furthermore, Nordic also strives to create a culture characterized by diversity and inclusiveness, ensuring that everyone has equal opportunities. Nordic's commitment to shaping this culture encompasses numerous focus areas, each with its own set of initiatives. Consequently, Nordic methodically categorizes these efforts into two broad themes: workforce composition and employment terms, and diversity, equity, and inclusion. Under these two themes there is a variety of initiatives aimed at enhancing specific aspects Nordic aims to improve. The main initiatives are detailed in the subsequent section.

01 Message from the CEO
02 Nordic at a glance
03 Report from the Board of Directors
Our group
Financial
Risk management
Sustainability statement
Environment
Social
Governance
Outlook
EU Taxonomy
Concluding remarks
04 Financial statements
05 Responsibility statement
06 Audit opinion letter
07 Appendices

Workforce composition and employment terms

Workforce composition

By year-end 2023, Nordic had 1,493 employees, of which 1,460 were permanent full-time employees (FTE is defined according to local legislation on working hours). The female share of employees was 17.1%, a slight improvement from 16.3% in 2022. Nordic has 264 leaders, with a gender split of 16% female and 84% male leaders, which is an improvement from 2022, when the split was 14% vs 86%.

Workforce composition*	2023		2022	
Employees by department & gender distribution	Number of employees	% of total employees	Number of employees	% of total employees
Executive Management Team	**10**	**0.7%**	**10**	**0.7%**
Female	2	0.1%	2	0.1%
Male	8	0.5%	8	0.6%
Business support**	**121**	**8.1%**	**148**	**10.3%**
Female	50	3.3%	69	4.8%
Male	71	4.8%	79	5.5%
Research and development	**1 139**	**76.3%**	**1 083**	**75.5%**
Female	137	9.2%	117	8.2%
Male	1 002	67.1%	966	67.3%
Sales	**135**	**9.0%**	**107**	**7.5%**
Female	29	1.9%	9	0.6%
Male	106	7.1%	98	6.8%
Supply chain	**88**	**5.9%**	**87**	**6.1%**
Female	40	2.7%	37	2.6%
Male	48	3.2%	50	3.5%
Total	1 493		1 435	

*Due to privacy concerns and the low number of individuals in additional gender categories, this information is not disclosed.

**The term business support includes: IT, Marketing, Finance, Legal and Compliance, People and Communication, Product Management and Quality.



01 Message from the CEO
02 Nordic at a glance
03 Report from the Board of Directors
Our group
Financial
Risk management
Sustainability statement
Environment
Social
Governance
Outlook
EU Taxonomy
Concluding remarks
04 Financial statements
05 Responsibility statement
06 Audit opinion letter
07 Appendices

Workforce composition*	2023		2022	
Employees by region & gender distribution	Number of employees	% of total employees	Number of employees	% of total employees
Norway	**623**	**41.7%**	**612**	**42.6%**
Female	127	8.5%	116	8.1%
Male	496	33.2%	496	34.6%
Finland	**318**	**21.3%**	**322**	**22.4%**
Female	21	1.4%	24	1.7%
Male	297	19.9%	298	20.8%
Poland	**113**	**7.6%**	**115**	**8.0%**
Female	7	0.5%	8	0.6%
Male	106	7.1%	107	7.5%
UK	**77**	**5.2%**	**77**	**5.4%**
Female	14	0.9%	12	0.8%
Male	63	4.2%	65	4.5%
Taiwan	**56**	**3.8%**	**58**	**4.0%**
Female	14	0.9%	13	0.9%
Male	42	2.8%	45	3.1%
USA	**72**	**4.8%**	**57**	**3.8%**
Female	9	0.6%	9	0.6%
Male	63	4.2%	48	3.2%
Philippines	**55**	**3.7%**	**41**	**2.7%**
Female	36	2.4%	25	1.7%
Male	19	1.3%	16	1.1%
Rest of world	**179**	**12.0%**	**153**	**10.2%**
Female	27	1.8%	25	1.7%
Male	152	10.2%	128	8.6%
Total	1 493		1 435	

*Due to privacy concerns and the low number of individuals in additional gender categories, this information is not disclosed.

Leaders

During 2023, the Executive Management Team consisted of two women and eight men (20% vs. 80%). By year end 2023, the Board of Directors consisted of three female and two male shareholder-elected members, in addition to one female and two male employee-elected members. From February 2024, the shareholder-elected composition changed to three female and four male members.

Nordic promoted or hired 62 people into leadership positions in 2023, out of 12 external with a gender split of 5 female vs. 7 male, and 50 internal with a gender split of 13 female vs. 37 male. The overall total gender balance on leader promotions was 29% women versus 71% male. The amount of female hires for promotions grew by 125% from 8 in 2022 to 18 in 2023. In the R&D department, Nordic has 183 leaders (68.8% of all leaders), with a gender split of 9.3% female versus 90.7% male. The percentage of female managers is to be understood in conjunction with the overall gender split in R&D which is 12% female and 88% male. In the rest of the organization, the gender distribution in managerial positions is 29.6% females and 70.4% males.

Managers* by department	Number of managers	% of total
Research and development	**183**	**68.8%**
Male	166	90.7%
Female	17	9.3%
Rest of organization	**81**	**30.5%**
Male	57	70.4%
Female	24	29.6%

*Leaders/managers include business function managers, team managers, group managers, division managers, and executive management.

01 Message from the CEO
02 Nordic at a glance
03 Report from the Board of Directors
Our group
Financial
Risk management
Sustainability statement
Environment
Social
Governance
Outlook
EU Taxonomy
Concluding remarks
04 Financial statements
05 Responsibility statement
06 Audit opinion letter
07 Appendices

Working time

Nordic complies with local employment legislation and the RBA Code of Conduct. All employment contracts include a paragraph describing the local working hours, including overtime, where relevant, to clarify expectations and adherence to local employment law and regulations. Furthermore, working hours, including local practice related to overtime and equivalent employment-related conditions, are available for all employees in country-specific employee handbooks.

Nordic operates with a flexible core working hour policy adapted to local market practices, which allows employees to vary their start and finish time in agreement with their manager. This allows employees to adjust their working hours according to personal needs, encouraging them to find a healthy balance where work life can adapt to everyday life.

Workload

2023 has been a particularly challenging year with a hiring freeze and downsizing, both impacting the workforce. Internal survey* data reveals a score 0.1 below industry benchmark on workload, which is a decline from 0.2 above industry benchmark for 2022. This score indicates that the general feeling amongst employees is that workload is high. Nordic is carefully assessing potential measures to address the situation.

*Nordic measures Employee Engagement through an annual survey conducted in January 2024, for 2023, from here on referred to as "The Survey" or "internal data analysis". Results are measured against the benchmark available for the technology industry through a subscribed third-party provider with global reach within relevant survey results, thus own results in 2022. The survey is based on metrics using an average scale from 0-10, where the higher end of the scale indicates higher satisfaction, while the middle and lower parts indicate lower satisfaction or even dissatisfaction.

Work-life balance

In recent years, several different surveys have revealed that flexibility and work-life balance are rated amongst the most essential factors for employees when choosing their employer.

Focusing on work-life balance requires a variety of measures with such a diverse workforce. Nordic is committed to improving employee well-being and work-life balance in line with industry practices, society and employee expectations. The Survey data confirms that employees want more flexibility in their work schedules to balance work and personal commitments with a drop from 8.6 in 2022 to 8.4. When compared to the technology industry benchmark, Nordic score places it in the bottom 25%, suggesting that there is potential for improvement in performance.

Remote work

Post-Covid, Nordic has experienced that the expectation of being able to work remotely has spiked, with many companies developing their employment offerings to include remote work. As an employer, Nordic is forced to regulate the possibility to work remotely in some countries, such as Poland, where it has been established an agreement with employees during 2023 to be locally compliant. Otherwise, to ensure employees are treated fairly, people managers in Nordic have the possibility to grant individual requests to work from home up to two days per week, where responsibilities can be safely executed from outside the office. However, as there is limited knowledge on how remote work impacts innovation and productivity long-term, even more importantly, how it impacts employee well-being, Nordic has yet to establish a permanent remote working policy. Consequently, The Survey data for 2023 reveals a score of 0.7 under the industry benchmark in satisfaction with current opportunities to work from home, which indicates no significant change since Nordic measured the equivalent in 2022. Nevertheless, the same analysis confirmed that employees feel they have a physically healthy balance in their lives, with an average score of 8.1, down from 8.2 in 2022. This is 0.2 above the industry benchmark, leaving us in the middle range of the technology sector.

Striking the right balance of flexibility while maintaining a healthy workload for all employees, is a priority in the year to come.

*Nordic measures Employee Engagement through an annual survey conducted in January 2024, for 2023, from here on referred to as "The Survey" or "internal data analysis". Results are measured against the benchmark available for the technology industry through a subscribed third-party provider with global reach within relevant survey results, thus own results in 2022. The survey is based on metrics using an average scale from 0-10, where the higher end of the scale indicates higher satisfaction, while the middle and lower parts indicate lower satisfaction or even dissatisfaction.

Competitive wages

Offering a competitive employee value proposition, including competitive wages, is imperative to attract and retain required competences in a highly competitive industry.

Nordic's employee value proposition is adjusted to local markets, and subsequently defined based on average cost of living at place of employment, in addition to local industry/market conditions. All employees are entitled to a competitive wage in accordance with local legislation and market practices. Individual salary levels are determined based on objective measures, such as performance, responsibility, seniority, education, and experience, in addition to local market expectations.

The company's Board of Directors has appointed a designated People and Compensation Committee (PCC) to evaluate and oversee the organization's overall compensation strategies. The committee is composed of shareholder- and employee-elected Board members, as well as contributions from members of the company's Executive Management Team.

Nordic is focused on developing a Total Rewards package with both monetary and non-monetary benefits. The Group's compensation package, including base salary and incentives, is reviewed annually to ensure market alignment. Base salary serves as the foundation of Nordic's rewards package. The Group conducts a salary review process annually, however, this was not effectuated in 2023 due to cost

01 Message from the CEO
02 Nordic at a glance
03 Report from the Board of Directors
Our group
Financial
Risk management
Sustainability statement
Environment
Social
Governance
Outlook
EU Taxonomy
Concluding remarks
04 Financial statements
05 Responsibility statement
06 Audit opinion letter
07 Appendices

containment. Salary review budgets are based on both internal and external elements to ensure fairness and competitiveness while safeguarding the company's short- and long-term sustainability. Salary adjustments are based on several factors, including, but not limited to, individual performance, competitiveness of salary level, position in the ladder/leveling structure, potential promotions, and so on.

Type of employment

Nordic hires and develops competent workers as part of a permanently employed workforce. Nevertheless, the Company has needed to accommodate other employment opportunities to attract required resources, due to talent shortage in the market and time-constrained projects. All workers engaged by Nordic, regardless of employment affiliation, are entitled to secure working conditions and predictable income, in addition to a healthy work-life balance.

Temporary workers

Nordic has engaged a significant number of students in internships, placements, and more during recent years to ensure students graduate with relevant industry knowledge. Despite the current financial constraints, Nordic continued with student engagements during 2023, albeit at a lower level than in previous years. Nordic, in addition, employs temporary workers either directly or through agencies to cover in cases of temporary absence, such as parental leave. By year-end 2023, Nordic had 67 temporary workers (4.4% of the workforce), including students and interns, with a gender split of 85% male and 15% female. Excluding students and interns, Nordic had 10 temporary workers by year-end 2023, with a gender split of 50% male and 50% female.

Workforce composition**	2023		2022	
Employees by type of employment, gender and location	Number of employees	% of total employees	Number of employees	% of total employees
Permanent employees*	**1 493**	**96.5%**	**1 435**	**95.0%**
Female	256	17.1%	232	16.2%
Male	1 237	82.9%	1 203	83.8%
Temporary employees excl. students	**10**	**0.6%**	**11**	**0.7%**
Female	5	50.0%	5	45.5%
Male	5	50.0%	6	54.5%
Consultants	**44**	**2.8%**	**65**	**4.3%**
Norway	**19**	**43.2%**	**29**	**44.6%**
Female	4	21.1%	5	17.2%
Male	15	78.9%	24	82.8%
Finland	**20**	**45.5%**	**12**	**18.5%**
Female	2	10.0%	2	16.7%
Male	18	90.0%	10	83.3%
UK	**1**	**2.3%**	**3**	**4.6%**
Female	0	—%	1	33.3%
Male	1	100.0%	2	66.7%
Sweden	**4**	**9.1%**	**4**	**6.2%**
Female	3	75.0%	3	75.0%
Male	1	25.0%	1	25.0%
Rest of the world	**0**	**—%**	**17**	**26.2%**
Female		—%	1	5.9%
Male		—%	16	94.1%
Total	**1 547**		**1 511**	

*Breakdown of location for permanent employees is provided in table for Employees by region & gender distribution.

**Due to privacy concerns and the low number of individuals in additional gender categories, this information is not disclosed.

01 Message from the CEO
02 Nordic at a glance
03 Report from the Board of Directors
Our group
Financial
Risk management
Sustainability statement
Environment
Social
Governance
Outlook
EU Taxonomy
Concluding remarks
04 Financial statements
05 Responsibility statement
06 Audit opinion letter
07 Appendices

Part-time employment

Nordic strives to offer full-time employment in all positions, but offers part-time individual accommodation to the extent possible. In 2023, 2% (30 employees) of Nordic's permanent employees were employed in part-time positions, either on employee request or in accordance with medical advice. This number has been stable during recent years, with no change from 2022 till 2023. The gender split was 23 men and 7 women (77% versus 23%), largely reflecting the overall gender split. Part-time permanent employees are offered and often accept an opportunity to reevaluate their working percentage during the annual performance conversation with their manager.

Early-in-career

Collaborating with universities and educational institutions and independently offering student opportunities is important to Nordic. Nordic wants to ensure that student workers graduate with relevant competence, in turn ensuring a steady talent pipeline. Consequently, training and career development for entry level employees is part of the leadership responsibility.

Nordic recruited 57 students in 2023 despite the financial situation in the company and a global hiring freeze. The Group saw a gender split of 91% male and 9% female, which is a decline in the female percentage compared to 2022, and the overall gender split in the company. Moreover, Nordic recruited 25 graduates in 2023 (76% male and 24% female). This comprised 14.2% of all hires, compared to 15% (47 graduates) in 2022, still relatively consistent in relation to the overall decrease in hires.

Training and skills development

In 2023, Nordic defined a leadership development framework, including core leadership principles. This was an important part of establishing a leadership framework, also in progress. During the year, Nordic focused on developing internal leadership trainings, covering basics such as "Introduction to Nordic Leadership" (37% participation rate) and "Leading Difficult Conversations" (11% participation rate). In addition, 93 global leaders spent more than 179 training days combined attending external leadership development courses. Subsequently, external contributions were included in internal management courses and individual coaching. The initiatives included high-impact communication, psychological safety, and unleashing talent in others. The long-term ambition is to leverage relevant group transformation through leaders embracing disruption and change, to reduce risk and increase productivity and employee satisfaction.

To enhance the relationship between employee and manager and ensure employee involvement in setting performance objectives, Nordic encourage and facilitate regular appraisal conversations between managers and employees. In 2023, 60% of leaders globally attended leader training on how to conduct valuable performance appraisal conversations. The purpose of the dialogue is to foster employee engagement, drive performance, and ensure talent development. In 2023, 80.2% of employees formally completed annual appraisal conversations (81% of male employees and 76.4% of female employees). One contributing factor to a relatively low percentage is that the Human Capital Management system is not always used for this purpose, thus, the actual numbers might be higher.

The implementation of the new engagement survey platform in 2022 also provided leaders and employees with a platform for sharing and following up on confidential feedback, contributing to a more direct dialogue and new development opportunities. In the survey, more than 9050 comments were provided by employees, which is an important source to understand where Nordic are doing well, and where there is a need for improvement. According to The Survey data, the majority of the employees know what they are expected to deliver, with scores just below the industry benchmark for *goal setting* (8.4 which is 0.1 below 2022 score). This score suggests employees to a certain extent are able to link individual contribution towards group objectives. However, Nordic see a decline from 2022 related to *meaningful work,* suggesting that not all employees



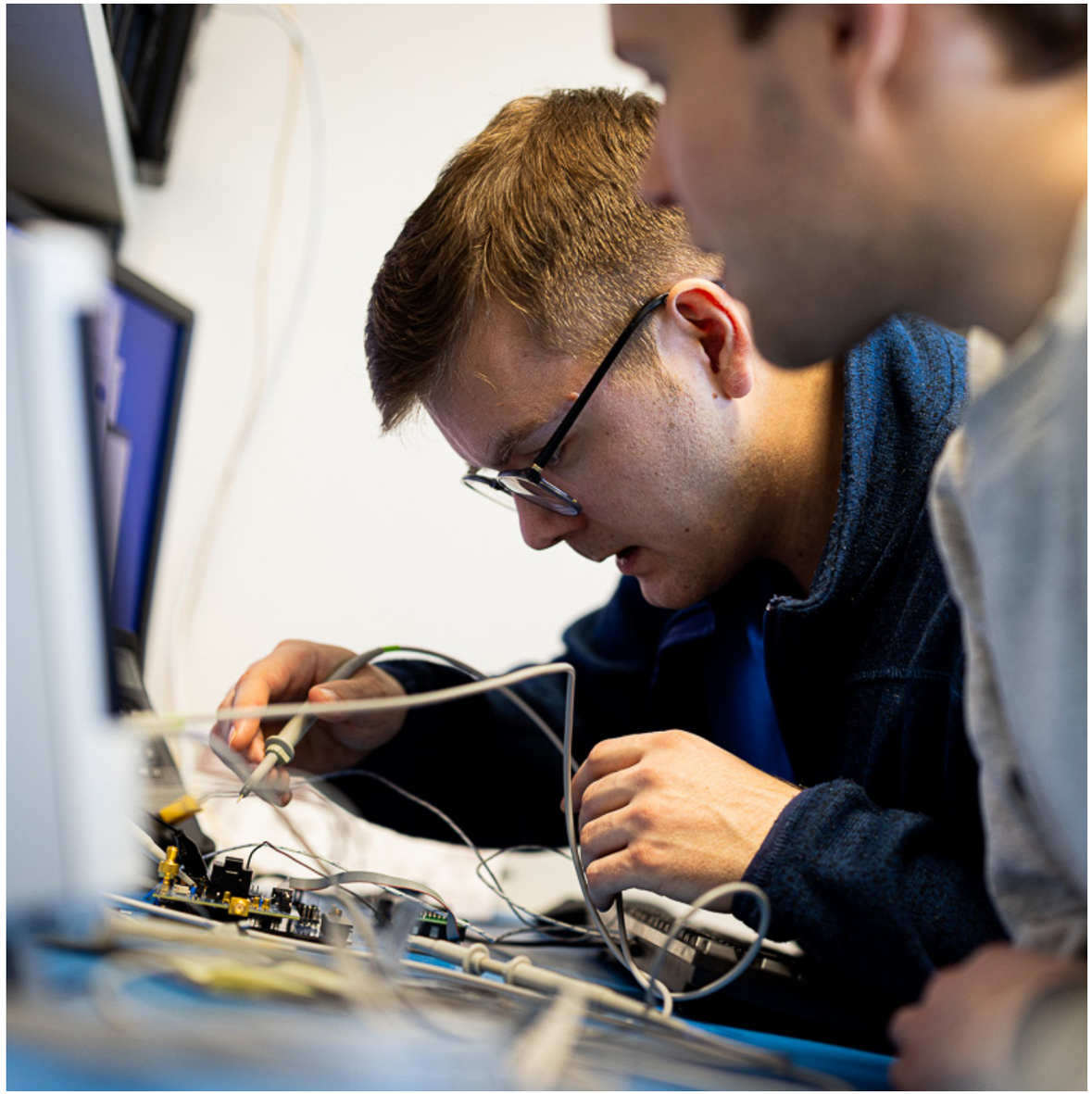
01 Message from the CEO
02 Nordic at a glance
03 Report from the Board of Directors
Our group
Financial
Risk management
Sustainability statement
Environment
Social
Governance
Outlook
EU Taxonomy
Concluding remarks
04 Financial statements
05 Responsibility statement
06 Audit opinion letter
07 Appendices

see their own value contribution. Nevertheless, the data analysis confirms that employees appreciate being offered challenging tasks with scores 0.4 above industry benchmark (amongst top 25% of technology companies), however down 0.3 from 2022.

Nordic encourages and facilitates internal recruitment and promotions in leadership responsibilities when possible. The Group has intensified both internal and external training and resources to train and build leadership capabilities among new as well as experienced managers. The Group structure also requires global alignment on leadership principles, as well as local compliance with national legislation and market practices. Nordic's management handbooks outline country-specific legal and regulatory requirements which leaders are expected to adhere to, in addition to both global and local procedures, policies and practices.

The average tenure in the Group is 5.5 years, with 9.6% (149 employees) percent of the total workforce having worked for Nordic for more than ten years. Considering the Group's substantial growth over recent years, these numbers suggest that employees are able to build a career and take on new responsibilities within the Group.

Becoming a global company requires formalization of frameworks for learning and development for both for leaders and employees. In 2023, Nordic had a strong focus on developing trainings for leaders to build leadership capabilities within the newly defined framework. The expectation is that 2024 will continue down the same path, also with an overall increased focus on learning for the entire organization. One of the projects that will be initiated in 2024 is a full competency mapping of the entire organization, according to one of the ISO 45000 requirements.



01 Message from the CEO
02 Nordic at a glance
03 Report from the Board of Directors
Our group
Financial
Risk management
Sustainability statement
Environment
Social
Governance
Outlook
EU Taxonomy
Concluding remarks
04 Financial statements
05 Responsibility statement
06 Audit opinion letter
07 Appendices

Reduction in force

Given the backdrop with lower revenue, margin pressure and low revenue visibility, the company needed to adapt by reallocating investments and reducing costs. Cost optimization measures included reduced use of consultants, streamlining of operational structure and an assessment of the total resources required to continue the company's main R&D programs. These measures will have effect from 2024 and will reduce quarterly operating expenses in the order of USD 5 million.

The RIF process was conducted in a locally compliant manner and in close collaboration with employee representatives where applicable. Affected employees were offered severance packages and other relevant support as part of the process. In total, 84 permanent employees were impacted by the downsizing process, leaving the company with a total headcount of 1,493 at the end of the year, an increase of 4.0% from 2022.

Collective bargaining and rights of workers

Nordic supports and recognizes freedom of association and the right to organize. In 2023, collaboration with local employee representation was essential to balance employee needs versus company needs throughout the RIF process. This collaboration is regulated by local legislation in some countries, requiring employee consultation. Local employee representatives also played an important role in supporting employees through a difficult situation. In this process Nordic applied the minimum notice period relevant for each location and went beyond this depending on agreed parameters.

The Group encourages and facilitates global employee representation and involvement. 22.4% of the employees are covered by formal collective bargaining agreements, which are based on statutory requirements at the national level of the sector in which Nordic operates. Employees in Poland, Finland and Norway are represented by local employee representatives. In Norway there are house representatives in addition to labor union representatives. In Poland there is house representation, while there is labor union representation in Finland. Other employees are represented through other elected representatives on various matters. Working conditions, including salaries, are in compliance with local legislation and defined based on market data and benchmarks as explained in the section for competitive wages, in combination with data from employee representatives. It applies to all employees independent of affiliation. Regular meetings are facilitated between local management and employee representatives at the larger office locations, as is quarterly meetings between global employee representatives and leaders from both People & Communication and the Executive Management Team. The dialogue between management and the employee representatives is characterized by a two-way direct feedback and continuous development approach, with the ambition to enhance collaboration and processes.

Nordic value and consider information provided from employees, either directly or through employee representation, related to employment terms and local working environment. Nordic positions terms of employment and working conditions at par or above regional statutory requirements, or in accordance with collective bargaining agreements from other comparable organizations.

Health & safety

Employees' health and safety is imperative for Nordic Semiconductor. Nordic strives to always uphold legal and ethical responsibilities and are committed to continuous improvement. Consequently, Nordic review and update policies and procedures regularly to maintain high standards of transparency and accountability. More so, Nordic also continue to develop global health benefits to encourage employees to be more active and take care of their own health, deemed highly relevant, considering the nature of the work in Nordic mainly being sedentary.

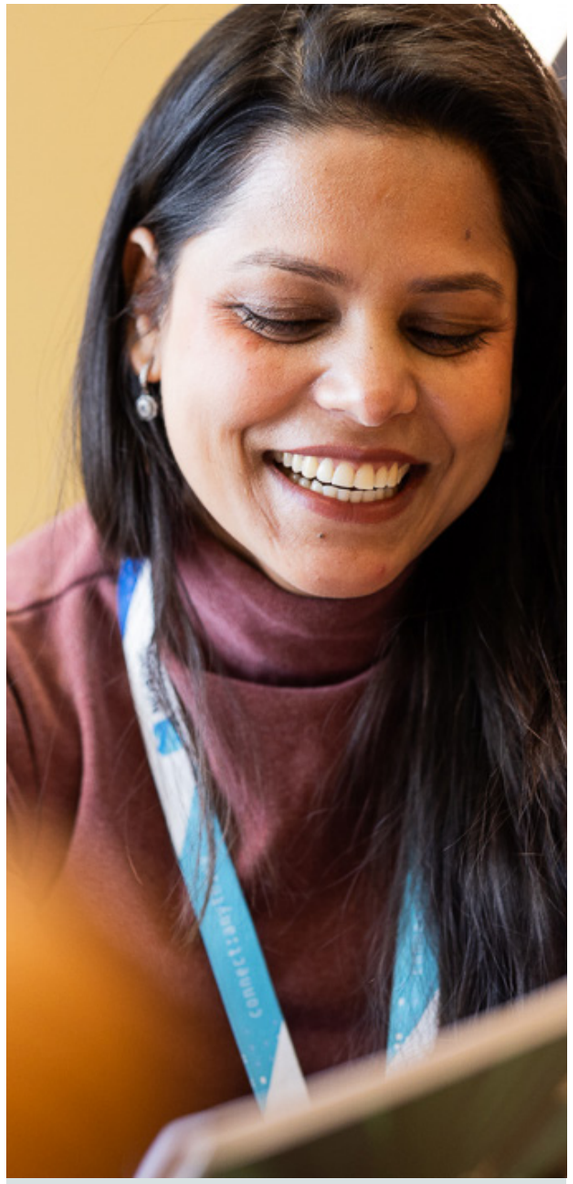
To ensure a safe working environment and promote good health for the entire workforce, Nordic has an occupational Health and Safety (OHS) Management System. The CEO has the overall responsibility for the company's working environment and the OHS management system. Nordic's OHS management system is based on and certified according to the ISO 45001 Occupational Health and Safety Management System standard. ISO standard certification requires an annual review by Det Norske Veritas (DNV), which provides feedback and ensures that Nordic uphold and continuously improve internal practices, procedures and policies. This year's audit uncovered one minor nonconformity and a few defined opportunities for improvement. The nonconformity was related to documentation of chemical handling, which is currently being addressed and resolved by end of Q1 2024.

Nordic has not had any complaints or registered any severe human rights incidents or violations within its own workforce during 2023. The Group's global Total Recordable Rate (TRR) for 2023 was 0, which is equal to having zero incidents. The key factor in this value is Nordic's fabless set-up without heavy machinery and equipment. This reduces the risk of accidents and injuries. Employees handling hazardous chemicals are trained and required to follow regularly rehearsed emergency protocol and procedures.

The Group has established local Occupational Health and Safety Committees for operations in Norway, Finland, the Philippines, and Taiwan. Other office locations are safeguarded by the corporate Occupational Health and Safety Committee (AMU) body in Norway. In compliance with local H&S legislation Nordic also train employees, with 100% of the workforce in Denmark and Sweden completing First Aid and Fire Safety Training during 2023. In Poland, Nordic do periodic H&S training, with 92% of the workforce undertaking such during 2023. All Nordic Semiconductor manufacturing partners must be certified according to ISO 45001 or a similar standard and adhere to the RBA Code of Conduct.

Nordic Semiconductor conducts an annual Occupational Health and Safety risk assessment to reveal potential areas of concern in the workplace. In 2023 the analysis concluded that ergonomics, workspace, and role-related stress are key improvement areas.

01 Message from the CEO
02 Nordic at a glance
03 Report from the Board of Directors
Our group
Financial
Risk management
Sustainability statement
Environment
Social
Governance
Outlook
EU Taxonomy
Concluding remarks
04 Financial statements
05 Responsibility statement
06 Audit opinion letter
07 Appendices



Engaging in regular physical activity has a positive impact not only on one's own health, but also on productivity and engagement. To promote physical activity, the Group has continued the initiative where employees are encouraged to be active for up to 60 minutes per week during working hours. This initiative has been well received and widely used, with over 20,000 hours spent in 2023 (approx. 30% growth compared to 2022). In addition, to promote physical activity outside the workplace and working hours, Nordic Semiconductor introduced the benefit of subsidizing gym memberships in 2022, with more than 400 employees using this throughout the year. In addition, outside-of-work activities were promoted by Strava challenges, encouraging employees to be active, with more than 4,000 active hours registered.

Sick leave

Nordic's ambition is maintaining a healthy workforce with a low level of sick leave. Consequently, both short- and long-term rates are monitored continuously, enabling us to take preventive measures. The global average sick leave was 1.9%, a reduction of 0.5 percentage points from 2022. The rate for short-term sick leave* was 0.88%, which is a decrease from 1.6% in 2022 and well below the threshold of 2.5%. Overall, all major sites had quite stable rates with no significant changes from previous year. Total sick leave in Norway was 2.6% (decrease of 0.2 percentage points from 2022), while short-term sick leave remained below the Group threshold at 1.5% in 2023 (decrease of 0.1 percentage from 2022).

Employees are required to follow local reporting requirements for registration of sick-leave outlined in the country specific employee handbooks. All local practices are in accordance with local legislation, including pay during sick leave. Accident in the workplace is reported under section for Health and Safety, further data is collected in accordance with local legislation, in addition to GDPR, and is hence limited.

*Short-term sick leave is defined as ill-health absenteeism below 16 consecutive days.

Parental leave

All employees in Nordic are entitled to parental leave. The terms for taking leave are outlined in the local employee handbooks and based on country-specific legislation and common market practices. During 2023, 54 employees (4% of total workforce) in Nordic took parental leave, 46 men (4% of male employees) and 8 women (3% of female employees). In Norway, 16 employees were on paternity leave (3% of male employees), while 4 employees were on maternity leave (4% of female employees) . Nordic pays parental benefits beyond the National Insurance Scheme in Norway. While the National Insurance Scheme refunds an annual salary up to 6 G (G refers to the basic amount used in the calculation of various social security benefits, pensions, and other financial regulations). Nordic offers the full salary if the employee has been working for at least 6 of the past 10 months before the birth or adoption of the child. The average number of weeks on leave for men in Norway was 10.3 weeks, while the average for women was 30.6, resulting in an overall average parental leave in Norway of 14 weeks in 2023.

Attrition

In 2023, the employee attrition rate was 8.8%. The turnover rate was 6.8%, up from 6.6% in 2022. "Attrition" is used to describe reduction of workforce by employees leaving voluntary or involuntary for any reason. "Turnover" is used for employees leaving voluntarily (resignations only). In total, 128 employees left the Group in 2023, whereof 100 voluntarily and 28 as a consequence of the RIF process (21.9%). The RIF process leaves attrition numbers for Q1 2024 by an additional 56 making the total RIF number 84.

Nordic's People & Communication function encourages and carries out exit interviews with leavers to obtain objective information for improvement purposes and ensure a professional experience throughout the entire employee journey.

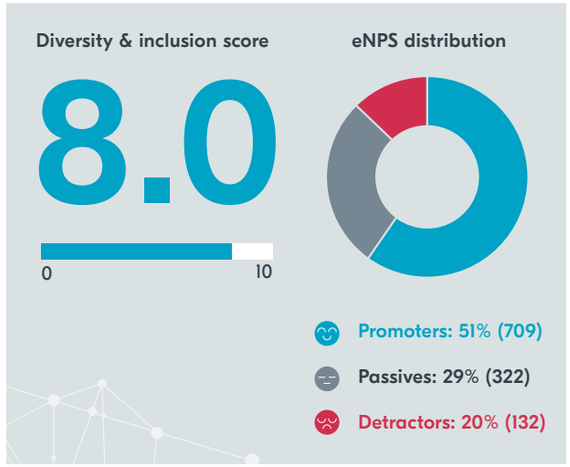
01 Message from the CEO
02 Nordic at a glance
03 Report from the Board of Directors
Our group
Financial
Risk management
Sustainability statement
Environment
Social
Governance
Outlook
EU Taxonomy
Concluding remarks
04 Financial statements
05 Responsibility statement
06 Audit opinion letter
07 Appendices

Historically, Nordic has had a high average length of service. In 2023, the average tenure before job change amongst Nordic's competitors was reported by LinkedIn to be just over 3 years. In comparison, Nordic had an average of 5.5 years for 2023, which is high, especially, considering recent years' growth rates. At the same time, as the Group's workforce ages, four employees across the globe entered into retirement in 2023.

Employee engagement

Employee engagement measures dedication, motivation and enthusiasm amongst employees. Highly engaged employees have higher well-being, better retention, lower absenteeism and higher productivity"(source Gallup Q12 meta-analysis). Nordic conducted a global employee engagement survey for 2023 at the beginning of 2024 (90% participation rate). The Survey reflected a challenging year, including a reduction in workforce in Q4 2023. The employee engagement score was 6.9 (1.5 decrease from 2022) with a distribution of 51% promoters, 29% passives and 20% detractors.

The company has already taken several measures to increase employee engagement, however acknowledging that the company has seen a challenging year, which clearly has impacted employees.



Indicator	Target 2024	2023	2022	2021
Human capital, diversity, and employee engagement				
Number of employees		1493	1435	1197
Percentage female employees		17.1%	16.3%	14.0%
Employee turnover rate (%)	< 5.0%	8.8%	6.6%	5.6%
Number of students/interns from universities		57	110	57
Number of contractors		44	70	54
Percentage of temporary workers		4.4%	5.5%	4.3%
Total compensation ratio*		2.72	10.23	9.18
Total compensation ratio change (year-over-year)			11.0%	
Diversity, equity & inclusion average score	Above benchmark	8.0	8.5	
Employee engagement average score	Above benchmark	6.9	8.4	
Health and safety				
Work related incidents	0	0	2	0
Lost Time Incident Rate (LTIR)	0.0	0.0	0.1	0.0
Fatality rate	0	0	0	0
Contractor fatality rate	0	0		0
Total sick leave (Norway)		2.59%	2.79%	2.28%
Short time sick leave (Norway)	< 2.5%	1.45%	1.59%	1.22%
Health and well-being average score	Above benchmark	7.8	8.3	
Social well-being average score		7.9	7.8	
Mental well-being average score		7.7	8.0	
Management support average score		8.7	8.7	
Organizational support average score		7.4	8.3	
Workload average score		7.6	7.9	

*2023 CEO compensation includes a reversal of RSU and PSU expenses in connection with CEO resignation. Total compensation for CEO excludes continued salary for one year after last working day and severance pay of total NOK 13 569 and, pro rated RSU payment of NOK 1 830. Comparing only CEO fixed salary and average employee total compensation, the 2023 ratio is 5.33.

01 Message from the CEO
02 Nordic at a glance
03 Report from the Board of Directors
Our group
Financial
Risk management
Sustainability statement
Environment
Social
Governance
Outlook
EU Taxonomy
Concluding remarks
04 Financial statements
05 Responsibility statement
06 Audit opinion letter
07 Appendices

Diversity, equity and inclusion

Nordic Semiconductor has worked consciously with diversity, equity, and inclusion (DE&I) initiatives for many years to build an inclusive group culture where employees of all backgrounds are valued for who they are. The Survey score indicates a decrease in employees' perception of the company's efforts to maintain a diverse workforce with a drop from 8.5 to 8.0 from 2022 to 2023. Nordic also see an equivalent drop on inclusiveness, with a score of 0.1 under industry benchmark, putting us on in the middle range of the technology sector, compared to last year with a score in the top 25%.

In 2022, Nordic committed to developing and implementing a strategic framework to guide efforts related to DE&I in the years to come, which was finalized and anchored late 2023. The framework outlines a governance structure, targets, and measures, including an implementation plan for how the entire organization will be involved, educated and ultimately held accountable for own behavior. The framework will be implemented throughout the global organization, primarily focusing on building awareness and redefining Nordic company culture with a point of departure focusing primarily on inclusion for 2024.

Gender diversity

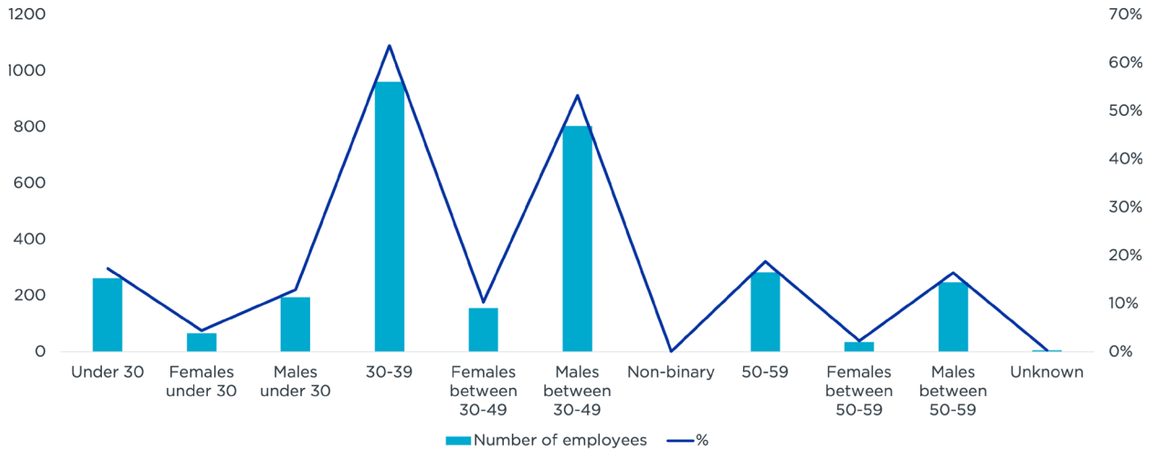
Nordic has an ambition to minimize the internal gender gap, a recognized challenge within the industry for both competitors and partners. Nordic works actively with promoting both the industry, company and engineering disciplines towards female students through various engagements. Nordic also engage through other measures, such as ensuring inclusive language in job advertisements and internal and external communication, to ensure non-biased messaging. Consequently, Nordic has seen an increase in female hires, an overall improvement to 23.4% of new hires being female in 2023 compared to 21.8% in 2022. Of total global hires R&D calculated for more than 60%, here Nordic saw a gender split of 13.2% female vs. 86.8% male in 2023.

Analysis of R&D career development from developer to principal levels from 2018-2023 shows no significant difference in career progression due to gender, location or ethnicity.

In Norway, female hires increased from 27.4% in 2022 to 37.5.% in 2023. The following table Employee growth shows gender diversity with a further breakdown for the full Group with comparable data from previous years.

Category	2023	2022	2021
Number of total hires	175	326	270
Number of female hires	41	71	50
Female hires in percentage	23.4%	21.8%	18.5%
Total headcount increase percentage	4.0%	19.7%	22.4%
Number of female employees in the Group	255	234	168
Percentage of female employees in the Group	17.1%	16.3%	14.0%
Increase in female employees in percentage	9.0%	39.3%	22.6%

Employee growth with regards to gender diversity



Cultural diversity

In 2023, Nordic reduced its recruitment activity significantly compared to recent years. 175 employees were hired in 2023 (151 less compared to 2022), while the total increase in headcount at year end was 58 (4.0%). Nordic hired 48 (27%) new employees in Norway during 2023 (58.4% of total workforce was employed outside of Norway by year end 2023), thus increasing its global employee share. Nordic branches in the UK and Sweden relocated, respectively, 10% and 15% of staff from abroad. Nordic interpret the ability to attract and relocate employees as an indication of a strong global employer brand. Nordic are proud to recruit from an international talent pool, however, the need to do so, also indicates a fierce competition for local talent.

Nordic monitor performance on specific diversity & inclusion measures to ensure employee experience is in line with overall company targets. The Survey revealed that employees feel Nordic Semiconductor has an inclusive company culture, with an overall 8.2 score, down 0.3 since 2022.

01 Message from the CEO
02 Nordic at a glance
03 Report from the Board of Directors
Our group
Financial
Risk management
Sustainability statement
Environment
Social
Governance
Outlook
EU Taxonomy
Concluding remarks
04 Financial statements
05 Responsibility statement
06 Audit opinion letter
07 Appendices



Age diversity

Nordic Semiconductor aspires to be a healthy and attractive workplace for employees across all age groups and phases of life. The average employee age has been stable over the last three years, with a 2023 average of 40 years. The Group's youngest employee was 22 and the oldest 69 in 2023. The Phase of Life Policy aims to facilitate employee development and knowledge growth throughout the employee journey. Each phase is based on the principle that employees have different needs and priorities throughout various stages of their lives.

Equality

Nordic aim to foster a culture where all employees have the same rights and opportunities. Employees are encouraged and allowed to develop and expand their knowledge base and careers across teams and departments, and sometimes cultures. To further strengthen the Group's efforts, it has been implemented a new Application Tracking System in 2023, which enabled a separate career site for internal job announcements solely. This is key to ensure equal opportunities to apply for internal promotions and positions. More so, the new system also provides data sets that allow Nordic to analyze and potentially reveal any bias in the recruitment system. This helps to ensure the Group target efforts where they matter. In 2024, Nordic will continue measuring to ensure a recruitment process without bias and which includes both educating leaders, thus assessing and reinforcing internal processes globally.

The Survey data reveals that female employees scored Nordic's efforts to maintain a diverse workforce and create an environment where every individual feels included at 8.0, while male employees gave the score 8.1. This is an equivalent gap compared to 2022, and a decrease for both groups. The most significant difference is seen when analyzing scores on equal opportunities, where female ratings are 0.3 below male ratings. This is the same as 2022.

01 Message from the CEO
02 Nordic at a glance
03 Report from the Board of Directors
Our group
Financial
Risk management
Sustainability statement
Environment
Social
Governance
Outlook
EU Taxonomy
Concluding remarks
04 Financial statements
05 Responsibility statement
06 Audit opinion letter
07 Appendices

Equal pay for work of equal value

Nordic strives to ensure that work of equal value receives equal pay. Nordic aspiration is that the Employee Value Proposition (EVP) offers competitive benefits, including salary, short- and long-term incentives, insurances, pension schemes, and more. The Group links remuneration to specific Key Performance Indicators (KPIs) and objectives in the belief that this makes the mission and strategy more attainable. As an example, Environment, Social and Governance (ESG) factors are important focus areas for the Group and the employees. Including measurable ESG objectives as KPIs is intended to increase employee engagement and contribute to a better business outcome.

The Group has a global standardized framework to determine and adjust salary levels. Salary development is initiated through an annual salary review process. Employees within research and development are expected to advance through a career ladder with fixed salary levels based on level/position and responsibilities. In addition, there is a reward strategy for permanent employees, who are eligible for the Group's short- and long-term incentive programs. Salary levels are determined based on objective measures such as performance, responsibility, seniority, education, and experience, in addition to local employment market expectations. Internal data analysis on salary development for employees within R&D in 2018-2023 shows no significant difference in salary progression between genders or ethnicity in the different labor markets. This indicates that equal work has equal pay, from graduate level to principal level. This also includes leadership positions.

The annual salary review for 2023 was not conducted due to salary freeze as a result of the Groups financial constraints, consequently, the overall satisfaction with the total rewards process and salary levels has decreased in general during 2023.

Gender pay ratio

Gender pay ratio is calculated as average across positions. Within the R&D department in Norway, the average salary in 2023 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 having a larger proportion of men also in customer-facing roles with higher salaries. Nordic also see 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, for Supply Chain with main locations in Asia. Nordic are committed to monitoring and analyzing the gender pay ratio across the world, focusing both on diversity, but also on roles and adhering to, thus challenging, local market practices.

Category	Male	Female	Gender Pay Ratio*
Overall (excl EMT)	**1239**	**255**	**75%**
Executive Management Team (EMT)	8	2	74%
Business support**	97	69	84%
Research and development**	1011	137	82%
Sales**	85	8	82%
Supply Chain**	46	41	51%

Gender pay ratio statistics for 2023, by category
*Average female salary / average male salary
**Executive management team has been excluded to avoid double counting

Measures against harassment and violence in the workplace

Nordic Semiconductor has a zero tolerance for harsh, unfair or inhumane treatment of employees, including any sexual harassment, sexual abuse, corporal punishment, mental or physical coercion, or verbal abuse. More so, in accordance with the RBA, Nordic does not tolerate trafficking of human beings, forced labor or child labor. Nordic has a non-discrimination policy enshrining an employee's right not to be harassed or discriminated.

In 2023, Nordic implemented a global disciplinary procedure, sanctioning that disciplinary measures can be initiated towards employees who have been involved in matters of non-compliance, including breach of non-discrimination policy. Nordic also initiated harassment prevention training in both the US and Asia, with 93% of employees participating in such awareness trainings. All employees are encouraged to report any signs of potential discrimination or ethical misconduct through the Group's whistleblower channel, further explained in the governance chapter. The Survey results indicate a company culture where employees somewhat feel they can be themselves without fear of discrimination, offering fair opportunities. However, there was a 0.8 decrease from 2022 (there is a gap between genders, where female scored 0.3 below males), which requires attention and action.

Nordic will continue to uphold the non-discrimination policy going forward. This policy, together with other fundamental principles for a healthy company culture, will be reinforced by the implementation of an enhanced Nordic Code of Conduct in 2024. Nordic's Code of Conduct, approved by the Board of Directors, set out clear expectations, as well as guidance for the management of challenging issues for the entire workforce globally.

01 Message from the CEO
02 Nordic at a glance
03 Report from the Board of Directors
Our group
Financial
Risk management
Sustainability statement
Environment
Social
Governance
Outlook
EU Taxonomy
Concluding remarks
04 Financial statements
05 Responsibility statement
06 Audit opinion letter
07 Appendices



Priorities going forward

Moving forward, striving to keep a healthy work environment, including monitoring workload and ensuring a healthy work-life-balance, in addition to implementing Nordic's DE&I framework will be the main priorities. These will be important to maintain and increase employee engagement and attract and retain talent. Being competitive in the fight for talent is key for Nordic. In order to stay competitive, a healthy and inclusive work environment where employees can thrive is important. Implementing Nordic's DE&I framework, with a point of departure focusing primarily on inclusion, will be an important step in structuring the work in this area to maximize the output of the efforts for business outcome. The aim is to continuously improve Nordic's culture of innovation and ensure an inclusive and healthy working environment. Nordic is dedicating significant effort to fostering such a culture and, through this, also maintaining and increasing a healthy employee engagement.

Nordic Semiconductor's Non-Discrimination Policy

Nordic Semiconductor's organizational culture shall be characterized by openness and good internal communication so that any misconduct or problems can be addressed, discussed, and resolved in a timely manner.

All Nordic Semiconductor employees shall be treated equally and with dignity, courtesy, and respect

Nordic Semiconductor prohibits any form of discrimination against and/or harassment of employees or applicants for employment due to race, color, nationality or ethnic origin, age, religion, disability, political opinions, gender, or sexual orientation, as described by ILO conventions.

Nordic Semiconductor's employees are encouraged to report any incident of discrimination to their nearest leader or through the applicable whistle-blower channels. Retaliation against any employee who has reported misconduct, is prohibited. There shall be no unfavorable treatment to any whistleblowers.

01 Message from the CEO
02 Nordic at a glance
03 Report from the Board of Directors
Our group
Financial
Risk management
Sustainability statement
Environment
Social
Governance
Outlook
EU Taxonomy
Concluding remarks
04 Financial statements
05 Responsibility statement
06 Audit opinion letter
07 Appendices

Workers in the Value Chain

Commitment
Nordic Semiconductor is committed to conduct business in a way that respects and supports internationally proclaimed human and labor rights.

Targets
Further develop human rights framework, further develop partner in-depth risk assessment, further develop reporting on sourcing of minerals.

KPI
Conduct in-depth risk assessment of selected companies, full coverage of conflict minerals reporting for standard products.

Status
Portfolio risk assessed and high-risk categories mapped forprioritization; in depth risk assessment of companies based onprioritization ongoing. All standard products have full coverage for conflict minerals reporting.

Impacts
Promote peaceful and inclusive societies by commitment to respect and support for human rights and decent working conditions.

Risks
Procurement of goods and services from industries and geographies with inherent risks related to human rights and labor rights. Loss of reputation and business opportunities.

Strategy
Combine own focus and industry-level sustainability efforts to positively impact the value chain.



Why it matters

As a fabless semiconductor company, Nordic develops and sells electronic circuits for which manufacturing is outsourced to specialized partners throughout Asia and Europe. In other words, Nordic's products are the result of concerted efforts by workers in a complex semiconductor supply chain - from material extraction to component assembly and test. Downstream, Nordic collaborates with trusted distributors to ensure an efficient service to the customers' value chain in various markets, where products are incorporated into further developed products that the end customers can use.

The semiconductor value chain includes the procurement of raw materials, products, and services from industries and geographies with inherent risks to workers' rights. This could lead to potentially negative impacts for workers in the value chain where their rights are not respected.

01 Message from the CEO
02 Nordic at a glance
03 Report from the Board of Directors
Our group
Financial
Risk management
Sustainability statement
Environment
Social
Governance
Outlook
EU Taxonomy
Concluding remarks
04 Financial statements
05 Responsibility statement
06 Audit opinion letter
07 Appendices

Nordic's approach

Nordic's value chain and its sustainable value chain management are illustrated on the succeeding page. Commitments are described in the Corporate Social Responsibility policy. The Group conducts risk-based due diligence in compliance with internationally accepted frameworks as described in this chapter.

Sustainability management

Sustainability governance, due diligence and audits

Nordic is committed to ensure integration of sustainability throughout our value chain. Nordic's work is guided by international frameworks and standards, such as the Universal Declaration of Human Rights, ILO International Labor standards, the OECD Guidelines for Multinational Enterprises and ISO.

Nordic is committed to the Responsible Minerals Initiative (RMI) and supports transparency related to sourcing, refining and smelting of raw materials.

Nordic conducts risk based due diligence of business partners to enable us to identify potential risks related to human rights and decent working conditions, health & safety, environmental performance and business conduct. Such due diligence is gathered through various means through a combination of desktop exercises, direct and indirect dialogues with our stakeholders and managed through various processes.

Nordic requires all Tier-1 suppliers to adhere to the RBA Code of Conduct which contain a set of social, environmental and ethical industry standards. The standards refers to international norms and standards such as the UN Declaration of Human Rights, ILO and the OECD Guidelines for Multinational Enterprises.

Nordic requires all manufacturing suppliers to meet the International Organization for Standardization (ISO) requirements regarding environmental and quality management.

For our Tier-1 suppliers Nordic utilizes the RBA Self-Assessment Questionnaires and audits.

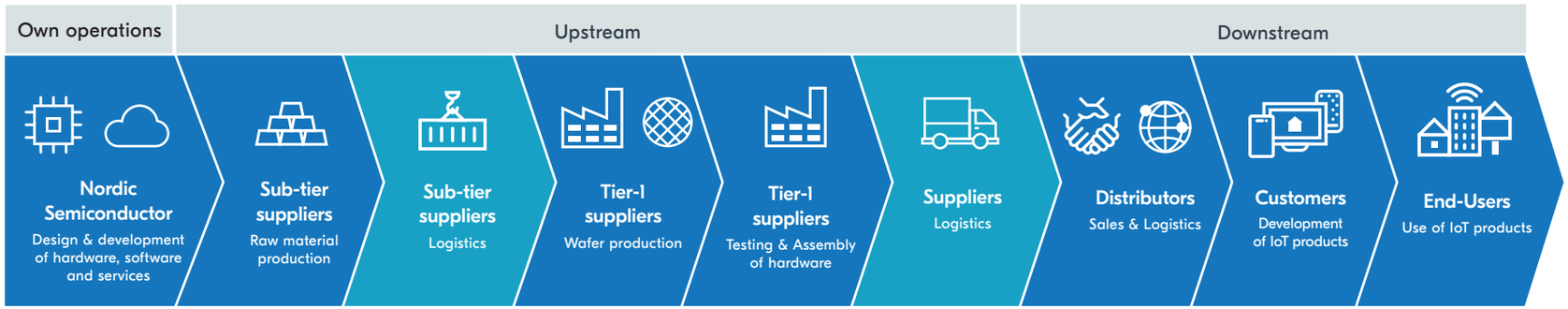
Contribution to the SDGs

Nordic products are incorporated into the products of our customers, consisting of a wider ecosystem of business-to-business (B2B) and business-to-consumer (B2C), as well as Internet of Things (IoT) solutions,

Many of these were used for various applications that contributes to multiple Sustainability Development Goals (SDGs).

See our Sustainability Strategy chapter for specific examples.

Nordic's business value generation



Nordic Semiconductor's value chain and illustrative examples to the approach to sustainable value chain management

01 Message from the CEO
02 Nordic at a glance
03 Report from the Board of Directors
Our group
Financial
Risk management
Sustainability statement
Environment
Social
Governance
Outlook
EU Taxonomy
Concluding remarks
04 Financial statements
05 Responsibility statement
06 Audit opinion letter
07 Appendices

Safeguarding human rights and decent working conditions in the value chain

As a global fabless semiconductor company bringing together best-in-class experts from across the globe, Nordic firmly believes that people are the greatest asset of its value chain and that they shall be treated with dignity and respect. From initial design and prototype production to manufacturing and distribution, human and labor rights shall be at the core of how Nordic treats employees, the workers in the value chain, and the local communities that the Group is a part of.

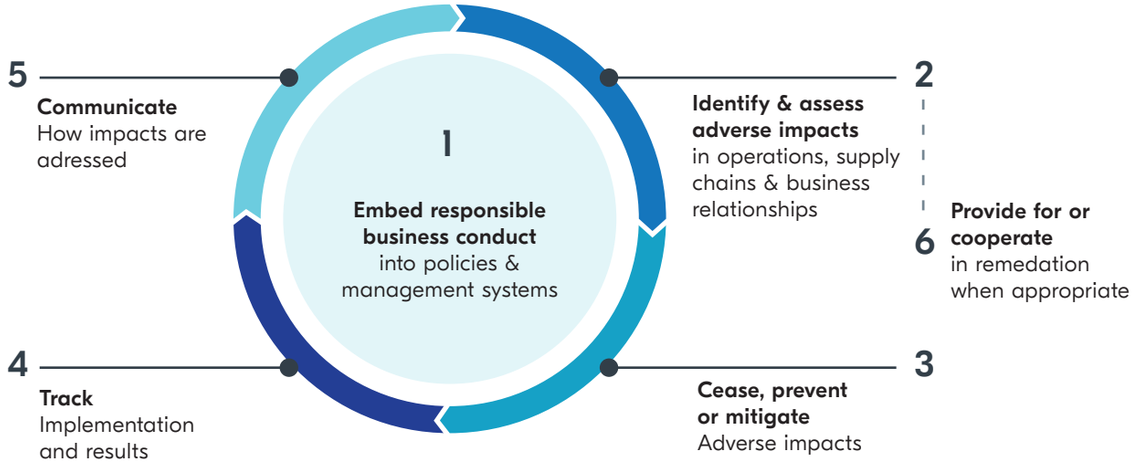
Nordic endorses the principles outlined in the United Nations Guiding Principles on Business and Human Rights and the OECD Guidelines for Multinational Enterprises. The Group strives to integrate these principles into its human rights due diligence framework.

The human rights due diligence framework is an integrated part of Nordic's compliance program, managed by the Head of Compliance. The Head of Compliance supports the organization in implementing Nordic's commitment to human and labor rights within the respective business- and functional areas by incorporating relevant measures into relevant procedures, actions, and mitigation plans.

This section has been developed to comply with the legal requirements of the Norwegian Transparency Act of 2021 and is prepared based on information collected from all consolidated entities in Nordic.

1. Anchoring of commitments

Nordic is committed to sustainable business practices supporting internationally recognized standards such as the Universal Declaration of Human Rights, the International Labor Organization (ILO) core conventions, and the United Global Compact.



Nordic is a signatory of the UN Global Compact Principles and a member of the Responsible Business Alliance (RBA) and the Responsible Minerals Initiative (RMI). The Group has outlined its human- and labor rights commitments in the following:

Corporate Social Responsibility Policy

The Corporate Social Responsibility Policy outlines the commitment to responsible and ethical business practices, emphasizing accountability for societal and environmental impact, stakeholder interests, and adherence to human rights. The policy prohibits forced- and child labor and prohibits retaliation against those reporting concerns of misconduct. The policy also commits Nordic to comply with the Responsible Business Alliance (RBA) Code of Conduct and that the manufacturing suppliers shall sign adherence to the RBA Code of Conduct with a commitment to communicate its expectations and requirements to the following next tier of suppliers. The policy is available on the Group's website.

Conflict Minerals Policy

The Conflict Minerals Policy articulates the commitment to engage only in trade that upholds the respect for human rights and does not contribute to violent conflicts. Nordic's products and supply chain shall be "conflict free", i.e. free of materials that directly or indirectly finance or benefit armed entities. Furthermore, the Policy affirms Nordic's commitment to the OECD Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas, and to conduct due diligence of relevant suppliers, encouraging them to do the same with their own suppliers. The policy is available on the Group's website.

2. Conducting regular risk assessments

Nordic conducts regular risk assessments of its value chain to identify significant risks and adverse impacts on human rights and decent working conditions. Reporting on human and labor rights risks is an integrated part of the Enterprise Risk Management process, subject to a biannual review.

01 Message from the CEO
02 Nordic at a glance
03 Report from the Board of Directors
Our group
Financial
Risk management
Sustainability statement
Environment
Social
Governance
Outlook
EU Taxonomy
Concluding remarks
04 Financial statements
05 Responsibility statement
06 Audit opinion letter
07 Appendices

Business partner assessment utilizes consolidated accounting data for the reporting period to identify procurement categories. These categories are scrutinized against sector and industry risk information provided by the Norwegian Government Agency for Financial Management ("DFØ"), the International Labour Organization ("ILO"), and The United Nations Environment Programme Finance Initiative ("UNEP"). Additionally, Nordic factors in country risk data using indexes such as Transparency International Corruption Perception Index, the International Trade Union Confederation Global Rights Index, the U.S. Department of Labor List of Goods Produced by Child Labor or Forced Labor, and the Global Gender Gap Report Index. The outcome of the assessment is an overview of inherent business partner risk exposure, enabling Nordic to identify companies and categories of such that will be prioritized for further in-depth risk assessment.

Through the risk assessment, Nordic has identified and grouped three inherently high-risk, eight inherently medium-risk, and six inherently low-risk categories of companies. Due to to the number of companies and geographical spread, Nordic selected the following high-risk category as priority for further in-depth assessments due its strategic significance:

- Manufacturing: Encompassing foundries, OSATs, and other component suppliers involved in the production, testing, and assembly of semiconductors.

While Nordic's focus in 2023 has been on conducting in-depth risk assessments of selected companies, this endeavor demands substantial effort and will need to extend into a longer timeframe and a continuous approach throughout the portfolio.

3. Preventing and mitigating identified risks and actual negative impacts

Nordic is committed to conducting business ethically and lawfully and expects the same from business partners. Potential and existing business partners are subject to due diligence to ensure their reputations and abilities meet Nordic standards. Upon identification of a risk, Nordic may necessitate further measures such as further documentation, interviewing key personnel, or determining other appropriate actions.

Supply chains for manufacturing semiconductors, especially sourcing of raw materials, tends to be complex and fragmented. This leads to limited traceability and transparency, and in turn, increases the inherent risk for human and labor rights violations. Ensuring compliance with the RBA Code of Conduct is embedded into Nordic's supplier management framework. Nordic conducts a site audit that includes Corporate Social Responsibility management of new manufacturing suppliers. Any identified risk or finding during this audit is followed through before approving any supplier. As part of continuously monitoring approved suppliers, Nordic utilizes RBA questionnaires and audits. The result of an RBA audit is accessible to all RBA members who nominated the supplier and are approved by the supplier/auditee. Failure to actively remediate or comply with Nordic's requirements or the RBA Code of Conduct could result in the termination of the business relationship.

As of today, all Nordic's tier-1 manufacturing suppliers have their own documented corporate social responsibility policies and have signed adherence to the RBA Code of Conduct with a commitment to communicate this to the following next-tier suppliers. Several of our manufacturing suppliers have their memberships in RBA.

To further address potential risks and impacts, Nordic analyzes whistleblowing reports submitted through reporting channels. Regular discussions among different levels of management and employees facilitate identification and mitigation of concerns, ensuring the prevention of adverse impacts on people.

4. Tracking and evaluating the efficiency of implemented measures.

Nordic conducts monitoring of its suppliers, as detailed in step 3. Risks and adverse impacts are addressed through appropriate actions, including targeted remediation or preventive measures. In some cases, Nordic might conduct follow-up audits to ensure measures have been effectively implemented. The implementation and effectiveness of measures, as well as any remedial actions, are closely monitored by the responsible business function manager.

5. Communication with stakeholders.

Stakeholder engagement is a key part of the Nordic's human rights due diligence work. Nordic collaborates closely with suppliers to ensure that they uphold human- and labor rights in the way they conduct their business. The Group seeks to actively communicate with employee representative bodies as an extension of the efforts to improve respect for human rights and working conditions. Nordic will continue to engage with global stakeholders to foster a culture of respect for human and labor rights, not only in the business but also in the industry. Nordic participates in multilateral initiatives such as the Responsible Business Alliance and UN Global Compact.

Nordic Semiconductor provides information on how to work and respect and support labor and human rights in the Annual Report, which is made publicly available on the Group's website.

Nordic has established a way for the public to contact and a process for handling information requests on how human rights due diligence is conducted along with findings/results.

01 Message from the CEO
02 Nordic at a glance
03 Report from the Board of Directors
Our group
Financial
Risk management
Sustainability statement
Environment
Social
Governance
Outlook
EU Taxonomy
Concluding remarks
04 Financial statements
05 Responsibility statement
06 Audit opinion letter
07 Appendices

6. Remediating identified or reported grievances.
Nordic is committed to effective remediation where adverse human rights impacts are caused or contributed to. Nordic demands prompt remedial action where violations have been identified. Where Nordic find impacts directly linked to the business relationships, influence will be applied to encourage suppliers or business partners to cease, prevent, or mitigate adverse impacts on human rights.

In 2024, Nordic will implement a whistleblowing channel that is open for reporting from external stakeholders, including workers in the value chain. Nordic does not tolerate retaliation against anyone who speaks up in good faith, and all reported grievances and violations are managed confidentially. For more information about Nordic's process for handling reports of concern and whistleblowing channel, see the chapter on Business Conduct.

Responsible sourcing of minerals

Nordic's products contain 3TG (Tin, Tungsten, Tantalum, and Gold) and Cobalt. Nordic Semiconductor acknowledges that sourcing of minerals are exposed to inherent human- and labor rights risks. As a fabless semiconductor company, Nordic does not purchase minerals directly from mining companies or smelters, but this is part of the indirect procurement from manufacturing partners.

Nordic is a member of the Responsible Mining Initiative (RMI), an initiative by the RBA, and the Global e-Sustainability Initiative (GeSI). As a member, Nordic is committed to ensuring business practices support responsible mineral sourcing, including but not limited to conflict-affected and high-risk areas.

Conflict Minerals Policy
Nordic's conflict minerals policy is publicly available on the Group website. The policy covers Nordic's commitment to exercise due diligence according to OECD guidelines and to engage with suppliers to exercise such due diligence.

Conflict Minerals due diligence and reporting
Nordic is committed to meet internationally accepted due diligence standards, and monitor tier-1 suppliers to identify those that supply materials at risk of containing conflict

minerals. For Conflict Minerals Management, Nordic cooperates with its manufacturing partners, of which 80% are currently RMI members.

Smelters and their locations are identified based on the reporting template from RMI, which has become the industry standard. All the smelter information received from the suppliers is validated against RMI's conformant smelter list. Nordic only accepts smelters verified as conformant.

Nordic provides reports at the smelter/refinery level to customers and other stakeholders upon request. The reports contain information on smelters' compliance status, mine locations, and Nordic's management of Conflict Minerals issues.

In the event of changes to the smelter list or smelters' compliance status, these changes are investigated and handled by company routines for managing non-conformities and corrective actions. Corrective actions can include requiring suppliers to stop using a non-conformant smelter or changing suppliers as necessary.

To date, Nordic has no incidents of using smelters supporting armed conflict. For 2024, Nordic expects Conflict Minerals to remain a highly relevant issue and will continue to engage suppliers to precisely identify the origin of all material used in Nordic's products.

01 Message from the CEO
02 Nordic at a glance
03 Report from the Board of Directors
Our group
Financial
Risk management
Sustainability statement
Environment
Social
Governance
Outlook
EU Taxonomy
Concluding remarks
04 Financial statements
05 Responsibility statement
06 Audit opinion letter
07 Appendices

Priorities going forward

The Group will continue strengthening the human rights due diligence framework. Primary focus has thus far been tier-1 manufacturing partners, moving forward, Nordic will continue these efforts in the upstream value chain; furthermore, Nordic will intensify its focus on its downstream value chain.

Ongoing activities, such as mitigation of identified risks/ impacts up until satisfaction, integrity due diligence, RBA audits, and maintenance of reporting channels, will continue as planned.



01 Message from the CEO
02 Nordic at a glance
03 Report from the Board of Directors
Our group
Financial
Risk management
Sustainability statement
Environment
Social
Governance
Outlook
EU Taxonomy
Concluding remarks
04 Financial statements
05 Responsibility statement
06 Audit opinion letter
07 Appendices

Consumer and End Users

Commitment
Nordic is committed to provide efficient, reliable and secure products and services.

Targets
Provide the market with high quality products and services that are highly secure while also ensuring cyber resilience and awareness.

KPI
Provide certified and secure products, customer satisfaction, provide robust technical and organizational resilience against cyber attacks.

Status
PSA Level 2 certification passed for nRF 5340 and nRF 9160, established dedicated information security and cyber resilience organization and initiated cybersecurity awareness training.

Impact
Provide the market with secure and reliable.

Risks
Loss of reputation, litigation, loss of future potential.

Opportunities
Strengthen Nordic Semiconductor's reputation as trusted provider of connectivity solutions.

Strategy
Continued enhancement and progress of ongoing initiatives, as well as risk detection and mitigation

Why it matters

Nordic Semiconductor seeks to be a leading provider of connectivity solutions for the IoT, with integrated circuits (ICs), development kits and prototyping tools, as well as the complementing software and cloud solutions, empowering customers to create highly efficient, reliable and secure products with optimized features for their end-users. Nordic's unwavering commitment to ensuring unparalleled quality, security, and reliability forms the foundation of the reputation as a trusted provider.

For Nordic Semiconductor, failure to deliver on expectations from customers can lead to loss of revenue, future business opportunities, litigation and negative reputation. Conversely, delivering secure, reliable products and solutions of high quality can give Nordic Semiconductor commercial and financial upside, in addition to strengthening reputation.

Nordic's approach

Nordic's commitment is outlined in the Information Security Policy and ISMS Secure Development Policy, both of which are published in internal channels. Customer feedback is actively tracked with Nordic's customer feedback loop, allowing us to obtain invaluable feedback which informs the continuous improvement and investment into security and quality measures.

Product security
In the ever-evolving landscape of security challenges, Nordic Semiconductor remains steadfast in its commitment to delivering products and services that are not only innovative but also inherently secure for customers and end-users.

To address the importance of managing material actual and potential impacts on customers and end-users, Nordic Semiconductor has established a dedicated product security team lead by a Product Security Officer ("PSO"). The PSO is responsible for aligning and coordinating security engineering efforts and reports directly to the Chief Technology Officer ("CTO").

Nordic's systematic security development process considers best practices, regulatory requirements, and customers' input to define products and services. Each product development project establishes security targets, ensuring alignment on assets, security controls and threats to be addressed. Each product development project follows a secure development lifecycle which mandate establishing security targets and performing threat modelling. This effort ensures alignment on assets, security controls and threats to be addressed by the product development project.

Nordic' Semiconductor's product security strategy is aligned with the Platform Security Architecture (PSA) initiative by Arm, which offers a framework for securing connected devices. Security targets and product deliverables are evaluated using the SESIP methodology within Arm's PSA Certified program. In 2023, Nordic successfully passed PSA Level 2 certification with the nRF5340 short-range and nRF9160 long-range products.

Cryptographic key management is another area of focus, ensuring that confidentiality of key values is preserved. Infrastructure and process complies with the Common Criteria - Security Assurance Requirements.

Nordic Semiconductors Product Security Incident Response Team (PSIRT) responds to reported security vulnerabilities in Nordic Semiconductors products (hardware and software), documentation, and services. The PSIRT ensures that security vulnerabilities are analyzed, documented, and communicated in a responsible manner. Vulnerabilities are assessed using the Common Vulnerability Scoring System (CVSS). To help secure hardware and software portfolio, Nordic also sponsor a bug bounty program on a top hacker-powered security platform, HackerOne.

01 Message from the CEO
02 Nordic at a glance
03 Report from the Board of Directors
Our group
Financial
Risk management
Sustainability statement
Environment
Social
Governance
Outlook
EU Taxonomy
Concluding remarks
04 Financial statements
05 Responsibility statement
06 Audit opinion letter
07 Appendices

Quality assurance and management
Nordic is convinced that high quality products are the minimum and required baseline for any semiconductor player – this is what gives us the right to play. Quality assurance concerns managing the company's deliverables and the expectations to the deliverables. This includes planning, documenting, controlling and improving how Nordic organize the work in processes and projects across the organization to prevent design mistakes. Product quality is controlled by verification, characterization, and qualification testing in the development processes, while each produced unit is subject to outgoing acceptance testing. In case of failures, documented procedures and routines are in place to ensure effective and efficient handling of customer complaints, or non-conforming production outputs. Since Nordic knows that time is critical for any Customer experiencing a problem, it has been chosen to invest heavily in a state-of-the-art failure analysis lab to rapidly support with root cause analysis in case needed.

Nordic has been certified to ISO 9001 since 1996, and has since then added additional certifications integrated with the management system. This includes ISO 45001, ISO 14001 and ISO 27001. Certificates are available on Nordic's website.

Nordic's Quality policy outlines the commitment to customer satisfaction and profitability, and how this will be achieved by meeting relevant quality objectives:

- Deliver the right product on time and without defects
- Communicate clearly and timely to put expectations right
- Comply with applicable standards and regulations
- Work continuously to reduce waste in the processes

Throughout 2023, Nordic has made characterization and qualification programs stricter than industry standards and the result of this is expect to be an even further improved quality level of up-coming and new products.

Ensuring customer satisfaction
Nordic believes that the best way to ensure long-term customer engagement is through deliveries above or according to customer expectations. This commitment is documented in the Quality Policy as stated above.

Nordic runs an extensive customer satisfaction survey annually, targeting existing customers and distributors. Survey results show consistent high satisfaction results, but have also helped us identify areas of improvement within product and service portfolio. In addition, direct communication with, and scorecards from, Key Account customers are used to get a holistic view of different customers perception of the deliverables.

There are multiple and parallel channels to get support from Nordic Semiconductor. Any support request can be filed on the Dev.Zone support site where a first feedback is provided within 24h (working days) and the Field Quality group can also be contacted directly in cases related to Mass Production.

Based on feedback from customers, and the evolving technologies and product portfolio, Nordic has developed a User Experience program to improve the customers journey and experience with Nordic's product offerings.

Information security and cyber resilience
Information security concerns the protection of information confidentiality, integrity, and availability. Nordic Semiconductor is committed to the protection of business information and information systems, such as proprietary design data, external stakeholders' intellectual properties entrusted to Nordic, and personal data.

Nordic Semiconductor is certified according to the standard ISO 27001 Information Security Management System. Technical and organizational measures and controls are aligned with industry standards (ISO27001, CIS, NIST) and implemented to protect information, including (but not limited to) information classification, access management, encryption, secure IT operations, backups, incident response and physical security.

Risk assessments are regularly conducted on Group systems, and internal and external audits are carried out to identify improvement potential annually at minimum. The threat landscape is monitored for emerging risks and vulnerabilities.

Cybersecurity is an important aspect of information security, and Nordic has measures in place to identify, protect, detect, and respond to data breaches or cyberattacks.

In 2023 the Group has established a dedicated information security organization to organize and facilitate work on Information Security and Cyber resilience. Nordic had throughout 2023 focus on cyber resilience and will as a continuous process, continue to build resilience on systems, processes and people.

The mandatory awareness program for all users started in 2023, will continue into 2024 and include educating modules for cyber security risks and data protection among other topics. The Executive Management Team conducted cyber security awareness and training sessions with third parties in 2023.

In 2023, the Group has not identified any information security incidents which have caused disruption or data leaks.

01 Message from the CEO
02 Nordic at a glance
03 Report from the Board of Directors
Our group
Financial
Risk management
Sustainability statement
Environment
Social
Governance
Outlook
EU Taxonomy
Concluding remarks
04 Financial statements
05 Responsibility statement
06 Audit opinion letter
07 Appendices

Data privacy
Nordic Semiconductor is committed to individuals' privacy and the protection of registered personal data. The EU General Data Protection Regulative (EU GDPR), as well as an increasing number of global data privacy laws, sets strict requirements for protection of personal data by the Group. Nordic Semiconductor has implemented internal policies and procedures to support its compliance with applicable privacy law, as well as published privacy policies for describing the personal data processed, the purpose of the processing, and the legal basis for doing so. Furthermore, personal data is protected by relevant measures as identified through the ISO 27001 certified Information Security Management System. Data privacy is a part of regular information security awareness programs for employees. Employees responsible for processing personal data are further trained in how to ensure legal, justified, accurate, and rightful processing of that data. Incidents or non-compliance are managed according to routines for registration, investigation, corrective, and preventive actions (including notifying affected parties and authorities). Consumers and end-user are provided with communications channels to execute their statutory rights.

Priorities going forward

In 2024 Nordic Semiconductor will continue the efforts in an increasingly complex global environment to remain a trusted provider of quality, security and reliability in delivering products and services. Nordic will execute on the following main activities:

- Continued development of product security initiatives, contributing to highly secure products and services.
- Continued strengthening of characterization and qualification programs to ensure high quality of new products and services.
- Continued focus on cyber resilience and awareness



01 Message from the CEO
02 Nordic at a glance
03 Report from the Board of Directors
Our group
Financial
Risk management
Sustainability statement
Environment
Social
Governance
Outlook
EU Taxonomy
Concluding remarks
04 Financial statements
05 Responsibility statement
06 Audit opinion letter
07 Appendices



Governance

Nordic Semiconductor is committed to complying with applicable laws and regulations and conduct business through highly ethical business practices. To this purpose, Nordic has a corporate governance framework for how the Group is directed and controlled to ensure achievement of strategic objectives the right way. Good, transparent corporate governance aligns the interests of shareholders, employees, customers, business partners, and other stakeholders to maximize value creation and reduce business-related risk. At the same time, the Group's resources must be used in an optimal and sustainable manner.

89 Business conduct

01 Message from the CEO
02 Nordic at a glance
03 Report from the Board of Directors
Our group
Financial
Risk management
Sustainability statement
Environment
Social
Governance
Outlook
EU Taxonomy
Concluding remarks
04 Financial statements
05 Responsibility statement
06 Audit opinion letter
07 Appendices

Business conduct

Commitment
Nordic Semiconductor is committed to complying with applicable laws and regulations and conduct business with highly ethical business practices and zero tolerance to any form of bribery or corruption.

Targets
Building and maintaining a culture of integrity and trust by continuously implementing and improving Nordic's compliance program, while maintaining zero compliance violations

KPI
Code of Conduct development; Enhancement of process and system for reporting & handling of concerns; Enhancement of sanctions & trade compliance framework, Enhancement of competition compliance framework

Status
New Code of Conduct and reporting system to be presented to BoD in Q1 2024; other enhancement work ongoing.

Risks
Nordic have offices and business partners located in high-risk countries, based on the Transparency Corruption Perception Index.

Strategy
Good, transparent corporate governance aligns the interests of shareholders, customers, employees, business partners and other stakeholders to maximum value creation and reduce business-related risks.

Why it matters

Nordic is dedicated to upholding the highest standards of integrity and ethical conduct in every aspect of the business. The Group's commitment to responsible business conduct plays a pivotal role in safeguarding reputation, preventing financial losses and civil and criminal penalties, maintaining stakeholder trust, and ensuring long-term sustainability and success.

With Nordic's business activities spanning across countries, labor conditions, cultures, and traditions, ensuring ethical and responsible business conduct is not only critical for the organization but also the entire value chain. In response to increasing regulatory demands and heightened stakeholder expectations for robust compliance programs, Nordic Semiconductor is committed to continuously strengthening its initiatives.

Nordic's approach

Governance and compliance oversight
The Board Audit Committee supports the Board of Directors in fulfilling its responsibilities in ensuring that the company has adequate company policies, procedures, systems and measures to prevent violations of relevant rules and regulations, including: anti-corruption, data privacy, competition compliance, insider trading, sanctions and trade compliance, and human rights.

Recognizing the importance and complexity of managing business integrity and compliance risks in a global, dynamic business environment, Nordic Semiconductor has established a dedicated compliance function led by the Head of Compliance. The Head of Compliance plays a pivotal role in supporting the Board of Directors, the CEO in ensuring effective and consistent management of business conduct and compliance risks throughout the organization. Reporting to the Board of Directors through the Audit Committee, the Head of Compliance provides regular updates on compliance risks, risk mitigation initiatives, and non-compliance matters.

The compliance framework is managed by Head of Compliance and is inspired by standard management system practices and relevant regulations such as the United States Foreign Corrupt Practices Act and the United Kingdom Bribery Act. It is structured into preventive (Plan), managing (Do), detecting (Check) and responding (Act) measures covering the areas of anti-corruption, competition compliance, data privacy, human rights, insider trading, and sanctions and trade compliance.

Common to all material compliance programs is Nordic's systematic and integrated approach wherein impacts, risks, and opportunities are identified and assessed through the enterprise risk management process. This assessment forms the basis for the planning and execution of risk mitigation activities such as updates of procedures and/or controls, and training.

Ensuring a good corporate culture
As a member of the Responsible Business Alliance (RBA), the world's largest industry coalition dedicated to responsible business conduct in global supply chains, and as a signatory of the United Nations Global Compact, Nordic supports and adhere to both the RBA Code of Conduct and the Business Principles outlined by the UN Global Compact. Nordic's external commitments are anchored in the leadership team and stipulating the expectations in the governance documents, Code of Conduct, and other relevant policies and procedures. Managers at all levels are expected to lead by example, including ensuring a culture of trust to allow the identification and management of concerns and compliance risks within their areas of responsibility.

Nordic's anti-corruption policy sets forth the commitment to zero tolerance of any form of bribery or corruption. The Group's commitment applies to all employees and directors of the Group, as well as anyone acting on the Group's behalf. Nordic's anti-corruption policy is supported by relevant procedures, guidelines, and training to mitigate bribery and corruption risks.

01 Message from the CEO
02 Nordic at a glance
03 Report from the Board of Directors
Our group
Financial
Risk management
Sustainability statement
Environment
Social
Governance
Outlook
EU Taxonomy
Concluding remarks
04 Financial statements
05 Responsibility statement
06 Audit opinion letter
07 Appendices

Nordic Semiconductor provides risk-based training to its employees to build awareness and understanding of the commitments. In 2023, Nordic provided simulated information security trainings to all employees to enhance defenses against cyber-attacks. Furthermore, in response to rapid regulatory changes and an uptick in global trade secret litigation, Nordic introduced a targeted e-learning course. This initiative is a crucial step to ensuring the continuous protection of Nordic's competitive advantages.

Nordic Semiconductor has developed an integrity culture index, which is incorporated into the annual employee engagement survey. The survey measures the perception of integrity throughout the organization, in relation to dimensions such as tone from the top, speak-up culture, and sense of organizational order and justice. The survey allows Nordic to monitor trends as well as to focus on potential improvement areas. The 2023 survey, with a 90% participation rate, provided a positive score of 7.9 out of 10 and valuable data to explore further and incorporate where relevant into the various compliance initiatives in 2024 and onwards.

Reporting and handling of concerns
Nordic Semiconductor is committed to building and maintaining a culture of trust where employees are comfortable to ask questions, seek guidance, and raise concerns. Typically, concerns are directed to line management. Employees also have the option to raise issues with their local Human Resources Business Partner, Safety or Employee representative, or a member of the Legal & Compliance department. Alternatively, employees can submit a report through the confidential reporting channel, available on the Group's website and intranet. As of 2024, Nordic will expand the possibility to report potential concerns to external stakeholders through the reporting channel.

Reported concerns are managed in accordance with Nordic's whistleblower procedure, which establishes a process for prompt, independent, and objective handling of concerns. The procedure emphasizes that all reported concerns shall be treated with the utmost confidentiality, respecting the rights and protections of all parties involved (such as their right to contradiction within a reasonable timeframe). Continuous feedback to the reporter ensures transparency throughout the process. The Head of Compliance is responsible for providing regular reporting to CEO and the Audit Committee of the Board.

Nordic Semiconductor 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. Individuals who raise concerns in good faith or help resolve reported concerns are protected against retaliation in accordance with regulations.

Working with business partners
As a global fabless semiconductor company, supplier management is crucial to Nordic's success. It ensures a sustained focus on practices that are both environmentally sustainable and socially responsible, leading to the production of high-quality deliverables.

Nordic Semiconductor is committed to only entering into business relationships that ensure the company's core values, integrity, and compliance will remain uncompromised. Potential and existing business partners are subject to a risk based due diligence conducted with the support of professional service providers. Due diligence encompasses assessment of the prospective business partner's ownership structure, including beneficial owners, connections to politically exposed persons, and reputational risks associated with the entity and its key personnel. The assessment aims to determine whether identified risks can be adequately mitigated through targeted measures.

Nordic requires all manufacturing partners to be certified to relevant ISO and environmental standards. All tier-1 suppliers are required to adhere to the RBA Code of Conduct and to promote adherence of the same to tier-2 suppliers to mitigate the risk of unacceptable business behavior.

For more information about management of supplier relationships, including assessment and management of environmental and social factors see the chapter Workers in the Value Chain.

Political influence and lobbying activities
Nordic does not engage in a large number of lobbying activities. The company is listed in the EU-lobby register and frequently conducts low-threshold lobbying.

Nordic Semiconductor refrains from sponsoring political or religious groups to uphold a neutral and inclusive stance, acknowledging the diverse perspectives of the stakeholders, and avoids any situations of perceived conflict of interest or bribery.

Commitment to tax transparency
Tax transparency is a fundamental component of Nordic's corporate governance. Pursuing clarity and accountability, Nordic has made the tax policy publicly available on the Group's website. This policy articulates the approach to tax matters, ensuring compliance with all relevant laws and regulations across the jurisdictions in which Nordic operate. It reflects Nordic's dedication to ethical tax practices and understanding that responsible tax management is integral to sustainable business growth and shareholder value.

The Board of Directors of Nordic Semiconductor oversees the implementation of the tax policy, guaranteeing that it is in harmony with the strategic objectives and corporate ethos. Nordic encourage stakeholders to review the published policy, which demonstrates the Group's commitment to transparency and reinforces the trust placed in Nordic by customers, partners, and the wider community.

01 Message from the CEO
02 Nordic at a glance
03 Report from the Board of Directors
Our group
Financial
Risk management
Sustainability statement
Environment
Social
Governance
Outlook
EU Taxonomy
Concluding remarks
04 Financial statements
05 Responsibility statement
06 Audit opinion letter
07 Appendices

Priorities going forward

In 2023, Nordic Semiconductor focused on maintaining core elements, in addition to initiate the development of new components of the global compliance framework. In 2024, the main focus will be on implementing these new components. As part of a Group-wide employee engagement project, one of the main activities will be to implement a new and enhanced Code of Conduct to support employees and strengthen the company culture. As part of the implementation, Nordic will launch a e-learning Code of Conduct course. The Code of Conduct e-learning course will become a mandatory requirement for all employees, and should be completed annually and as part of the onboarding process of new employees. Following the launch of Code of Conduct e-learning, Nordic will introduce further specialized, in-depth courses aimed at addressing specific relevant risk areas.

Ensuring the possibility of reporting and adequate follow-up is an important task. In 2024, Nordic will implement a revised Reporting and Handling of Concerns procedure (whistleblower procedure) and a new reporting channel Integrity Line. This channel, equipped with a robust case management system, will accommodate reporting both from employees as well as third-parties. Another main initiative is implementing an improved business partner screening process and screening tool. Lastly, Nordic will focus on further strengthening competition compliance efforts, in particular development of guidance materials.



Indicator	Target	2023	2022	2021	2020
Confirmed incidents of corruption and actions taken	0	0	0	0	0
Numbers of reports made through whistleblowing channels		2	1	1	1
Substantiated complaints concerning breaches of customer privacy and losses of customer data	0	0	0	0	0
Number of substantiated complaints or incidents concerning data breaches	0	0	1	0	0
Annual Information Security awareness training conducted	Yes	Yes	Yes	Yes	Yes

01 Message from the CEO
02 Nordic at a glance
03 Report from the Board of Directors
Our group
Financial
Risk management
Sustainability statement
Environment
Social
Governance
Outlook
EU Taxonomy
Concluding remarks
04 Financial statements
05 Responsibility statement
06 Audit opinion letter
07 Appendices

Outlook

Nordic remains confident in the long-term growth potential for its products and services, and the overarching goal of the Board of Directors and top management is to return to growth and restore profitability. The current primary focus is on product strategies, development roadmaps and engineering efficiency and throughput, to ensure that Nordic continues to have the best products and solutions on the market to support it strong customer base. Nordic is on track to realize initial revenue from its new nRF54 Series SoCs towards the end of 2024.

Nordic remains confident in the long-term potential for its products and services. Technological advancements and the Internet of Things hold great potential for both consumers and enterprises. The continuing digitalization of everyday life for both consumers and enterprises will drive demand for connectivity solutions that meet the demands for higher performance, more features, better interoperability, and increased energy efficiency. Nordic is well positioned to take advantage of its market leadership in Bluetooth and the emerging cellular IoT market, and its investments in next-generation Wi-Fi solutions and adjacent technologies and markets.

Nordic's markets have however been in a cyclical downturn through 2023, with revenue declining by 30% after average annual revenue growth of close to 40% over the preceding three years. As outlined in the interim report for the fourth quarter 2023, Nordic sees a low revenue level of USD 70-80 million in the first quarter 2024, due to continued inventory adjustments and more normal seasonality. Gross profit is expected at around 50% in the first quarter, and the company reiterates its long-term ambition to maintain a gross margin level above 50%.

These lower revenue levels challenge an operating model that has been geared towards growth. Towards the end of 2023, Nordic took steps to lower costs through a restructuring process that affected around 100 employees and has further sharpened cost consciousness across the organization.

To achieve revenue growth and return to profitability Nordic will continue to deploy significant resources to make sure Nordic continues to have the best products and solutions on the market, and further develops the many strong customer relationships it has built over the years.

The current primary focus is hence on product strategies and development roadmaps, maximizing efficiency and throughput from Nordic's excellent engineering teams. Nordic is on track to realize initial revenue from its nRF54 Series SoCs towards the end of 2024 and regards its industry-leading 22 nm wireless and embedded technology platforms at two key partnering foundries as a clear advantage going forward.

01 Message from the CEO
02 Nordic at a glance
03 Report from the Board of Directors
Our group
Financial
Risk management
Sustainability statement
Environment
Social
Governance
Outlook
EU Taxonomy
Concluding remarks
04 Financial statements
05 Responsibility statement
06 Audit opinion letter
07 Appendices



EU taxonomy

In the initial stages of EU Taxonomy implementation, Nordic's sole eligible activity pertains to ownership of buildings, constituting a small fraction of the organization's primary value creation. Nordic predominantly serves as a facilitator of smarter solutions to tackle environmental challenges through informed decisions through designing chips that allow this. The ongoing evolution of this standard is eagerly embraced to encompass a more substantial representation of Nordic's diverse activities.

01 Message from the CEO
02 Nordic at a glance
03 Report from the Board of Directors
Our group
Financial
Risk management
Sustainability statement
Environment
Social
Governance
Outlook
EU Taxonomy
Concluding remarks
04 Financial statements
05 Responsibility statement
06 Audit opinion letter
07 Appendices

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. No activities impacting other operating expenses or revenues have been identified through the later elaborated screening process. One activity related to capital expenditures has been identified. The total balance value at 31st December 2023 related to this asset is USD 54.7 million, which is 6% of the total asset value of USD 862.2 million. The identified activity is number 7.7 - Acquisition and ownership of buildings, under climate change mitigation (section 7.7 of Annex I to Commission Delegated Regulation (EU) 2021/2139. No further activities specified in the regulation was found relevant for Nordic activities during the screening. Nordic will in 2024 perform a screening of the activities relevant for the non-climate environmental objectives, as implemented into Norwegian legislation 5th of February 2024. 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 Note on exposure to nuclear and fossil gas related activities table in the following.

Basis of preparation

Nordic is required to adhere to the EU Taxonomy reporting requirements in accordance with Regnskapsloven § 3-3c.. 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. This is the first time that Nordic has adopted EU Taxonomy reporting, therefore, comparable numbers are not presented.

Reporting on capex

Nordic is reporting in accordance with Annex II of the Commissioned Delegated Regulation (EU) 2021/2178 EU set forth in the table following for capex of environmentally sustainable activities.

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 numerator

Nordic has assessed that only certain Right-of-use assets qualify as taxonomy-aligned. Lease contracts are assessed on a location-by-location basis. 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.

How numbers are determined and allocated to denominator

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.

Assessment of regulatory compliance

Nordic recognizes the impact operations can have on the environment and global emission targets. The activity related to ownership of buildings can impact such targets, and Nordic has attempted to engage in this activity in as environmentally friendly way as possible. Nordic do not possess locations in direct danger from environmental risks such as floods, forest fires, or other environmental dangers. As there are not identified any climate related risks with the locations relevant for this activity climate adaptation is not further assessed and climate mitigation is the only assessed category.

First, the Group assessed whether its activities are eligible under the EU taxonomy. This was done in workshops where a thorough and extensive search of activities defined in the Taxonomy were reviewed with departmental representatives. After filtering out non-relevant activities, the partially relevant activities were assessed in detail. Through this process, one activity was identified. The identified activity is 7.7 "Acquisition and ownership of buildings." In connection with this activity, capitalization of new and adjusted lease contracts were assessed in the capex reporting. Secondly, it was assessed if the respective contracts are aligned with the Taxonomy requirements. In doing so, all capitalized contracts were assessed in relation to substantial contribution, doing no significant harm, and minimum safeguard criteria. This assessment is presented in the following section.

01 Message from the CEO
02 Nordic at a glance
03 Report from the Board of Directors
Our group
Financial
Risk management
Sustainability statement
Environment
Social
Governance
Outlook
EU Taxonomy
Concluding remarks
04 Financial statements
05 Responsibility statement
06 Audit opinion letter
07 Appendices

Information on assessment

A total of 11 lease contracts have been adjusted, extended, or entered into in 2023 resulting in capitalization. All material contracts are assessed in detail in the presented figures in the tables following.

Nature of taxonomy-eligible and taxonomy-aligned activities
The identified activity is "7.7 Acquisition and ownership of buildings." Control over buildings means that Nordic enters agreement with landlords in order to operate office space, wherein Nordic can engage in the value-added activities performed in the Group. When leasing office locations one get access to buildings which Nordic interpret as what is defined by this activity.

Substantial contribution
Since sustainability is an integral part of Nordic's strategy, it also applies to leasing of office building in support of the core activities. In both Oslo and Trondheim, Nordic has leased newly constructed buildings with, respectively, a BREEAM NOR level of very good (Oslo) and excellent (Trondheim). This ensures a lower Primary Energy Demand (PED) for 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 a Nearly Zero Energy Building (NZEB). 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. In Oslo, the PED is still above this threshold but lower than the site previously housing Nordic's Oslo operations. Furthermore, since the leased area is less than 5000 m^2, two out of three substantial contribution criteria for this activity do not apply to Nordic's leased buildings.

Do no significant harm
For activity 7.7 only climate adaptation is relevant for the do no significant harm criteria. All new buildings in Norway must comply with the Norwegian building regulation Tek-17, which dictates a high level of physical and nonphysical 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 buildings in Oslo and Trondheim over their lifetimes. 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 that are in already developed areas of the city, so as not to disrupt any natural areas. This makes it easier for employees to choose more climate- and environmentally friendly means of transportation, such as public transport, walking, or bike riding as part of their daily commute. Following this, Nordic assess that the activity in question is in compliance with its Appendix A.

Minimum safeguards
To be deemed in alignment with the taxonomy, economic activities must adhere to certain foundational safeguards. At present, there is no legally enforceable framework that specifies the evaluation or oversight of compliance with these safeguards. Nordic bases its self-assessment of conformity with these essential safeguards on the recommendations detailed in the "Final Report on Minimum Safeguards" issued by the Platform on Sustainable Finance. Although this report does not carry legal weight, it currently stands as the most detailed guide for adhering to these safeguards.

The aforementioned report categorizes the compliance criteria for these safeguards into four distinct areas: Human Rights, Anti-Corruption, Tax Compliance, and Competitive Fairness. Within each area, two specific criteria are outlined. A company is deemed to be in violation if it fails to meet either criterion.

After reviewing the specified criteria, it is clear that Nordic comply with the minimum safeguard criteria for the year 2023.

Nordic, as an international enterprise, is dedicated to upholding and safeguarding the rights of all stakeholders potentially affected by its commercial activities. Nordic's commitment extends to supporting the United Nations Global Compact, adhering to the United Nations Guiding Principles on Business and Human Rights, following the OECD Guidelines for Multinational Enterprises, respecting the International Bill of Human Rights, and abiding by the fundamental conventions set forth by the International Labour Organization. The Group's approach to human rights due diligence is in strict accordance with the UNGPs, OECD guidelines, and the principles of transparency as practiced in Norway. Further details on the commitment to human rights and ethical business conduct can be found in the relevant sections of the Sustainability Report.

Contextual information about KPIs

The eligible activities account for 46% of the total capitalization at Nordic. The total eligible activities is split into, 9% aligned and 37% 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 on other environmental factors and economic considerations in its sustainability efforts.

01 Message from the CEO
02 Nordic at a glance
03 Report from the Board of Directors
Our group
Financial
Risk management
Sustainability statement
Environment
Social
Governance
Outlook
EU Taxonomy
Concluding remarks
04 Financial statements
05 Responsibility statement
06 Audit opinion letter
07 Appendices

				Substantial Contribution Criteria						DNSH criteria ('Does Not Significantly Harm')									
Economic Activities (1) CCM7.7.	**Code (2)**	**Absolute OpEx (3)**	**Proportion of OpEx (4)**	**Climate Change Mitigation (5)***	**Climate Change Adaptation (6)**	**Water (7)**	**Pollution (8)**	**Circular Economy (9)**	**Biodiversity and ecosystems (10)**	**Climate Change Mitigation (11)**	**Climate Change Adaptation (12)**	**Water (13)**	**Pollution (14)**	**Circular Economy (15)**	**Biodiversity (16)**	**Minimum Safeguards (17)**	**Taxonomy aligned proportion of total OpEx, year N (18)****	**Taxonomy aligned proportion of turnover, year N-1 (19)**	**Category (enabling activity) (20)**	**Category (transitional activity) (21)**
A. TAXONOMY-ELIGIBLE ACTIVITIES																				
A.1. Environmentally sustainable activities (Taxonomy-aligned)																				
OpEx of environmentally sustainable activities (Taxonomy-aligned) (A.1)	CC7.7.	0								Y	Y	Y	Y	Y	Y	Y				
A.2 Taxonomy-Eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)																				
OpEx of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)	CC7.7.	0																		
Total (A.1+A.2)		**0**																		
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES																				
OpEx of Taxonomy-non-eligible activities		234 681	100%																	
Total (A+B)		**234 681**	**100%**																	

01 Message from the CEO
02 Nordic at a glance
03 Report from the Board of Directors
Our group
Financial
Risk management
Sustainability statement
Environment
Social
Governance
Outlook
EU Taxonomy
Concluding remarks
04 Financial statements
05 Responsibility statement
06 Audit opinion letter
07 Appendices

				Substantial Contribution Criteria						DNSH criteria ('Does Not Significantly Harm')									
Economic Activities (1) CCM7.7.	Code (2)	Absolute CapEx (3)	Proportion of CapEx (4)	Climate Change Mitigation (5)*	Climate Change Adaptation (6)	Water (7)	Pollution (8)	Circular Economy (9)	Biodiversity and ecosystems (10)	Climate Change Mitigation (11)	Climate Change Adaptation (12)	Water (13)	Pollution (14)	Circular Economy (15)	Biodiversity (16)	Minimum Safeguards (17)	Taxonomy aligned proportion of total CapEx, year N (18)**	Taxonomy aligned proportion of turnover, year N-1 (19)	Category (enabling activity) (20)	Category (transitional activity) (21)
A. TAXONOMY-ELIGIBLE ACTIVITIES																				
A.1. CapEx of environmentally sustainable activities (Taxonomy-aligned)																				
Acquisition and ownership of buildings (CapEx A)	CC7.7.	7 965	8.9%	19%							Y	Y	Y	Y	Y	Y	9%			
CapEx of environmentally sustainable activities (Taxonomy-aligned) (A.1)	CC7.7.	7 965	8.9%	2%						Y	Y	Y	Y	Y	Y	Y	9%			
A.2 Taxonomy-Eligible but not environmentally sustainable activities (not Taxonomy-aligned)																				
CapEx of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)	CC7.7.	33 329	37.3%																	
Total (A.1+A.2)		**41 294**	**46.2%**																	
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES																				
Capex of Taxonomy-non-eligible activities		48 179	53.8%																	
Total (A+B)		**8W9 473**	**100%**																	

01 Message from the CEO
02 Nordic at a glance
03 Report from the Board of Directors
Our group
Financial
Risk management
Sustainability statement
Environment
Social
Governance
Outlook
EU Taxonomy
Concluding remarks
04 Financial statements
05 Responsibility statement
06 Audit opinion letter
07 Appendices

				Substantial Contribution Criteria						DNSH criteria ('Does Not Significantly Harm')										
Economic Activities (1) CCM7.7.	Code (2)	Absolute turnover (3)	Proportion of Turnover (4)	Climate Change Mitigation (5)*	Climate Change Adaptation (6)	Water (7)	Pollution (8)	Circular Economy (9)	Biodiversity and ecosystems (10)	Climate Change Mitigation (11)	Climate Change Adaptation (12)	Water (13)	Pollution (14)	Circular Economy (15)	Biodiversity (16)	Minimum Safeguards (17)	Taxonomy aligned proportion of total turnover, year N (18)**	Taxonomy aligned proportion of turnover, year N-1 (19)	Category (enabling activity) (20)	Category (transitional activity) (21)
A. TAXONOMY-ELIGIBLE ACTIVITIES																				
A.1. Environmentally sustainable activities (Taxonomy-aligned)																				
Turnover of environmentally sustainable activities (Taxonomy-aligned) (A.1)	CC7.7.	0																		
A.2 Taxonomy-Eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)																				
Acquisition and ownership of buildings	CC7.7.	0																		
Turnover of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)	CC7.7.	0																		
Total (A.1+A.2)		**0**																		
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES																				
Turnover of Taxonomy-non-eligible activities		542 869	100%																	
Total (A+B)		**542 869**	**100%**																	

01 Message from the CEO
02 Nordic at a glance
03 Report from the Board of Directors
Our group
Financial
Risk management
Sustainability statement
Environment
Social
Governance
Outlook
EU Taxonomy
Concluding remarks
04 Financial statements
05 Responsibility statement
06 Audit opinion letter
07 Appendices

Note on exposure to nuclear and fossil gas related activities:

Row	Nuclear energy related activities	
1	The undertaking carries out, funds or has exposures to research, development, demonstration and deployment of innovative electricity generation facilities that produce energy from nuclear processes with minimal waste from the fuel cycle.	No
2	The undertaking carries out, funds or has exposures to 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 best available technologies.	No
3	The undertaking carries out, funds or has exposures to 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 exposures to construction or operation of electricity generation facilities that produce electricity using fossil gaseous fuels.	No
5	The undertaking carries out, funds or has exposures to 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 exposures to construction, refurbishment and operation of heat generation facilities that produce heat/cool using fossil gaseous fuels.	No

01 Message from the CEO
02 Nordic at a glance
03 Report from the Board of Directors
Our group
Financial
Risk management
Sustainability statement
Environment
Social
Governance
Outlook
EU Taxonomy
Concluding remarks
04 Financial statements
05 Responsibility statement
06 Audit opinion letter
07 Appendices

Concluding remarks

The parent company Nordic Semiconductor ASA has a net deficit after tax of USD 16.0 million in 2023, compared to a profit of USD 116.9 million in 2022.

The entire deficit is attributable to the equity holders of the parent. Net deficit after tax corresponds with ordinary earnings of USD -0.08 and fully diluted earnings per share of USD -0.08 for 2023. This compares to ordinary and fully diluted earnings per share in 2022 of USD 0.61 and 0.61, 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 2023.

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, 2024

Anita Huun
Board member

Birger Steen
Chair

Inger Berg Ørstavik
Board member

Snorre Kjesbu
Board member

Vegard Wollan
Chief Executive Officer

Annastiina Hintsa
Board member

Jon Helge Nistad
Board member, employee

Anja Dekens
Board member, employee

Morten Dammen
Board member, employee

Dieter May
Board member

Helmut Gassel
Board member

01 Message from the CEO
02 Nordic at a glance
03 Report from the Board of Directors
04 Financial statements
Income statements
Statement of financial position
Cash Flow
Disclosures
Alternative Performance Measures
05 Responsibility statement
06 Audit opinion letter
07 Appendices

04

Financial statements

01 Message from the CEO
02 Nordic at a glance
03 Report from the Board of Directors
04 Financial statements
Income statements
Statement of financial position
Cash Flow
Disclosures
Alternative Performance Measures
05 Responsibility statement
06 Audit opinion letter
07 Appendices

Income statement

for the year ended December 31

GROUP				PARENT	
2023	**2022**	**Amount in USD 1000**	**Note**	**2023**	**2022**
542 869	776 734	Total Revenue	**5**	508 026	777 763
-259 157	-339 941	Cost of materials	6	-259 158	-339 941
283 712	436 793	Gross profit		248 868	437 822
-152 990	-161 440	Payroll expenses	7/8/12/22	-61 443	-80 872
-81 691	-69 685	Other operating expenses	9/13	-174 914	-166 328
-44 329	-44 067	Depreciation	13/12/14	-33 710	-36 966
4 702	161 602	Operating profit		-21 199	153 656
9 726	6 205	Financial income	10/25/26	9 361	6 171
-3 690	-1 270	Financial expenses	10/14/25/26	-3 364	-1 094
1 358	619	Net foreign exchange gains (losses)	10/25	1 362	673
12 096	167 155	Profit before tax		-13 841	159 405
-4 447	-44 817	Income tax expense	11	-2 116	-42 463
7 650	122 339	Net profit after tax		-15 957	116 942
		Attributable to:			
7 650	122 339	Equity holders of the parent		-15 957	116 942
0.04	0.64	Ordinary earnings per share (USD)	21		
0.04	0.63	Fully diluted earnings per share (USD)	21		
2023	**2022**	**Statement of comprehensive income**		**2023**	**2022**
7 650	122 339	Net profit after tax		-15 957	116 942
-37	74	Actuarial gains (losses) on defined benefit plans (before tax)		-37	74
8	-13	Income tax effect	11	8	-13
-29	**61**	**Items that may not be reclassified to the income statement**		**-29**	**61**
1 109	-593	Currency translation differences			
1 109	**-593**	**Items that may be reclassified to the income statement**			
1 080	**-532**	**Other comprehensive income**		**-29**	**61**
8 730	121 807	Total Comprehensive Income		-15 986	117 003
		Attributable to:			
8 730	121 807	Equity holders of the parent		-15 986	117 003

01 Message from the CEO
02 Nordic at a glance
03 Report from the Board of Directors
04 Financial statements
Income statements
Statement of financial position
Cash Flow
Disclosures
Alternative Performance Measures
05 Responsibility statement
06 Audit opinion letter
07 Appendices

Statement of financial position

as of December 31

GROUP				PARENT	
2023	**2022**	**Amount in USD 1000**	**Note**	**2023**	**2022**
		ASSETS			
		Non-current assets			
10 891	2 284	Goodwill	12	249	249
38 938	26 608	Capitalized development expenses	12	38 938	26 608
19 063	11 655	Software and other intangible assets	12	17 010	10 726
5 872	4 554	Deferred tax assets	11	4 948	3 808
54 670	21 416	Right of use assets	14	45 527	12 076
29 095	35 603	Fixed assets	13/25/26	18 498	25 271
6	0	Investments in subsidiaries and joint ventures	1/15	13 629	10 055
94 473	0	Other long term assets	16	94 473	
253 008	**102 120**	**Total non-current assets**		**233 271**	**88 793**
		Current assets			
163 090	102 091	Inventory	6	163 090	102 091
133 316	175 120	Accounts receivable	17/25/26	983	175 120
0	267	Current financial assets	25/26	0	267
21 874	17 539	Other current receivables	16/18/25/26	128 785	21 884
290 957	379 104	Cash and cash equivalents	19/25/26	267 553	369 709
609 237	**674 121**	**Total current assets**		**560 411**	**669 070**
862 245	**776 241**	**TOTAL ASSETS**		**793 682**	**757 864**

01 Message from the CEO
02 Nordic at a glance
03 Report from the Board of Directors
04 Financial statements
Income statements
Statement of financial position
Cash Flow
Disclosures
Alternative Performance Measures
05 Responsibility statement
06 Audit opinion letter
07 Appendices

GROUP				PARENT	
		EQUITY			
317	317	Share Capital	20	317	317
235 448	235 448	Share premium	20	235 448	235 448
366 312	347 779	Other components of equity		319 117	325 308
602 077	**583 544**	**Total equity**		**554 883**	**561 074**
		LIABILITIES			
		Non-current liabilities			
661	676	Pension liabilities	22	403	430
97 491	0	Borrowings	25/26	97 491	0
47 864	14 861	Non-current lease liabilities	14/25/26	42 127	8 711
146 016	**15 537**	**Total non-current liabilities**		**140 021**	**9 141**
		Current liabilities			
12 201	34 229	Accounts payable	24/25/26	15 403	32 335
5 640	43 758	Income taxes payable	11/26	3 939	42 837
6 334	6 455	Public duties	24/26	4 579	4 745
9 897	6 280	Current lease liabilities	14/25/26	5 963	2 813
80 079	86 439	Other current liabilities	18/24/25/26	68 894	104 918
114 151	**177 160**	**Total current liabilities**		**98 778**	**187 648**
260 168	**192 697**	**Total liabilities**		**238 799**	**196 790**
862 245	**776 241**	**TOTAL EQUITY AND LIABILITIES**		**793 682**	**757 864**

Oslo, March 19, 2024

Anita Huun
Board member

Birger Steen
Chair

Inger Berg Ørstavik
Board member

Snorre Kjesbu
Board member

Vegard Wollan
Chief Executive Officer

Annastiina Hintsa
Board member

Jon Helge Nistad
Board member, employee

Anja Dekens
Board member, employee

Morten Dammen
Board member, employee

Dieter May
Board member

Helmut Gassel
Board member

01 Message from the CEO
02 Nordic at a glance
03 Report from the Board of Directors
04 Financial statements
Income statements
Statement of financial position
Cash Flow
Disclosures
Alternative Performance Measures
05 Responsibility statement
06 Audit opinion letter
07 Appendices

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 01.01.2022	**317**	**-2**	**235 448**	**1 830**	**-806**	**221 421**	**458 209**
Net profit for the period						122 339	122 339
Other comprehensive income					-593	61	-532
Share based compensation				7 769			7 769
Option exercise				-4 240			-4 240
Equity as of 31.12.2022	**317**	**-2**	**235 448**	**5 359**	**-1 399**	**343 820**	**583 544**
Net profit for the period						7 650	7 650
Other comprehensive income					1 109	-29	1 080
Share based compensation				6 660			6 660
Consideration shares in business combination (Note 27)		0		3 141			3 141
Equity as of 31.12.2023	**317**	**-1**	**235 448**	**15 160**	**-290**	**351 442**	**602 077**

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 01.01.2022	**317**	**-3**	**235 448**	**74**	**204 853**	**440 690**
Net profit for the period					116 942	116 942
Other comprehensive income					61	61
Share based compensation				7 621		7 621
Option exercise				-4 240		-4 239
Equity as of 31.12.2022	**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				6 652		6 652
Consideration shares in business combination (Note 27)				3 141		3 141
Equity as of 31.12.2023	**317**	**-1**	**235 448**	**13 250**	**305 870**	**554 883**

01 Message from the CEO
02 Nordic at a glance
03 Report from the Board of Directors
04 Financial statements
Income statements
Statement of financial position
Cash Flow
Disclosures
Alternative Performance Measures
05 Responsibility statement
06 Audit opinion letter
07 Appendices

Statement of cash flows

for the year ended December 31

GROUP				PARENT	
2023	**2022**	**Amount in USD 1000**	**Note**	**2023**	**2022**
		Cash flows from operating activities			
12 096	167 155	Profit before tax		-13 841	159 405
-41 948	-16 760	Taxes paid for the period	11	-40 300	-15 967
44 329	44 067	Depreciation and amortization	13/12/14	33 710	36 966
-41 153	-74 594	Change in inventories, trade receivables and payables	6/17/24/25	119 359	-75 743
6 548	7 794	Share-based compensation		6 582	4 554
-17	104	Pension fund payments		-27	-46
-1 379	-616	Interests paid		-1 379	-616
9 726	5 398	Interests received		8 564	5 317
-100 000	0	Prepayments		-100 000	
-7 987	10 165	Other operations related adjustments		-157 573	14 435
-119 784	**142 711**	**Net cash flows from operating activities**		**-144 906**	**128 305**
		Cash flows used in investing activities			
-25 529	-24 065	Capital expenditures (including software)	13/12	-19 440	-17 038
-21 973	-6 489	Capitalized development expenses	12	-21 973	-6 489
0	0	Investment in subsidiaries		-4 362	0
-6 000	0	Business Combination, net of cash acquired	27	0	0
-53 502	**-30 554**	**Net cash flows used in investing activities**		**-45 775**	**-23 527**
		Cash flows from financing activities			
92 935	0	Proceeds from bond issue		92 935	0
0	-4 727	Cash settlement of options contract		0	-4 727
-8 426	-6 609	Repayment of lease liabilities		-4 411	-3 773
84 509	**-11 336**	**Net cash flows from financing activities**		**88 524**	**-8 500**
630	-1 049	Effects of exchange rate changes on cash and cash equivalents		0	0
-88 147	**99 772**	**Net change in cash and cash equivalents**		**-102 157**	**96 279**
379 104	279 331	Cash and cash equivalents as of 1.1.		369 709	273 430
290 957	**379 104**	**Cash and cash equivalents as of 31.12.**	**19/25**	**267 552**	**369 709**

01 Message from the CEO
02 Nordic at a glance
03 Report from the Board of Directors
04 Financial statements
Income statements
Statement of financial position
Cash Flow
Disclosures
Alternative Performance Measures
05 Responsibility statement
06 Audit opinion letter
07 Appendices

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 1400 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, 2024, and will be presented for approval at the Annual General Meeting on April 24th, 2024.

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, 2023.

2.2 Accounting standards adopted in 2023

In 2023, there are few revisions by the International Accounting Standards Board to the financial reporting requirements in accounting policies. The Group has adopted the following amendments:

Amendments to IAS 1 and IFRS Practice Statement 2 Disclosure of Accounting Policies

The amendments clarifies how to apply the concept of materiality in deciding which accounting policies to disclose in the financial statement. The amendments are effective for annual periods beginning on or after 1 January 2023.

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.

01 Message from the CEO
02 Nordic at a glance
03 Report from the Board of Directors
04 Financial statements
Income statements
Statement of financial position
Cash Flow
Disclosures
Alternative Performance Measures
05 Responsibility statement
06 Audit opinion letter
07 Appendices

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)
- Fair value assessment used in testing for impairment of goodwill (see Note 12: Goodwill and intangible assets)
- 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, 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 productions stops hindering stable revenue generation.

Nordic has secured it's 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.

01 Message from the CEO
02 Nordic at a glance
03 Report from the Board of Directors
04 Financial statements
Income statements
Statement of financial position
Cash Flow
Disclosures
Alternative Performance Measures
05 Responsibility statement
06 Audit opinion letter
07 Appendices

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 consists of consulting services. The Group and the customer do not receive financing from the sales, and 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.

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 Semiconductor predominantly sells to electronic distributors under a distribution agreement. The distributors will hold a given level of Nordic Semiconductor's inventory that is subsequently shipped to an end customer. Nordic Semiconductor uses a "sell in" model in connection with revenue recognition to distribution customers. Under a "sell in" model, management needs to make judgements and estimates 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 a 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.

01 Message from the CEO
02 Nordic at a glance
03 Report from the Board of Directors
04 Financial statements
Income statements
Statement of financial position
Cash Flow
Disclosures
Alternative Performance Measures
05 Responsibility statement
06 Audit opinion letter
07 Appendices

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 broken into the following end product areas: Consumer, Industrial, Healthcare and Others. In 2023, wireless components accounted for 99.1% of sales versus 99.4% in 2022. In addition to standard components, the Group sells customer-specific ASIC components (Application Specific Integrated Circuits) and related Consulting Services.

Most of Nordic's WiFi and PMIC customers are still in the development phase or in early commercial phase. When WiFi and PMIC revenue materialize, Nordic will report the revenue in the relevant end product areas.

GROUP			PARENT	
2023	**2022**	**Revenue**	**2023**	**2022**
302 486	483 799	Consumer	283 076	483 799
117 203	191 543	Industrial	109 682	191 543
103 325	67 623	Healthcare	96 695	67 623
15 153	29 163	Others	14 181	29 163
538 168	**772 128**	**Wireless components**	**503 634**	**772 128**
4 701	4 607	ASIC components	4 399	4 607
—	—	Management fee	-9	1 029
542 869	**776 734**	**Total revenue from contracts with customers**	**508 026**	**777 763**

Revenue classified by customers' location:
The Group also classifies its revenues on a geographical basis according to its customers' location.

GROUP			PARENT	
2023	**2022**		**2023**	**2022**
59 933	97 868	Europe	56 086	98 679
120 571	107 966	Americas	112 833	108 123
362 365	570 899	Asia/Pacific	339 107	570 961
542 869	**776 734**	**Total revenue from contracts with customers**	**508 026**	**777 763**

The Group sells its components to distributors, which then sell components onward to electronics manufacturers which build end products and sell them to customers across the world. 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. In comparison, two distributors were above 10% of revenue in 2022, with 34% and 12% of total revenue respectively, both distributors are in Asia.

Revenue from contracts with customers classified by timing of revenue recognition:

GROUP			PARENT	
2023	**2022**		**2023**	**2022**
542 869	776 734	Goods transferred at a point in time	508 035	776 734
0	0	Services transferred over time	-9	1 029
542 869	**776 734**	**Total revenue from contracts with customers**	**508 026**	**777 763**

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	
2023	**2022**		**2023**	**2022**
133 316	175 120	Trade receivables	983	175 120

5.5 Refund liabilities

GROUP			PARENT	
2023	**2022**		**2023**	**2022**
30 010	30 694	Refund liability – from ship & debit	—	30 694
25 294	23 382	Refund liability – from end-customer rebates	—	23 382

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 the 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 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.

01 Message from the CEO
02 Nordic at a glance
03 Report from the Board of Directors
04 Financial statements
Income statements
Statement of financial position
Cash Flow
Disclosures
Alternative Performance Measures
05 Responsibility statement
06 Audit opinion letter
07 Appendices

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 is impacting the cost of goods sold, and the 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.

Nordic assess 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 grouped in four main product categories with distinct technology: Proprietary, Bluetooth, Wi-Fi, and cellular. Each of these four technologies are then divided into subcategories where the different standardized chips with respective packaging is 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.

6.2 Cost of materials / inventory

GROUP			PARENT	
2023	**2022**		**2023**	**2022**
316 788	378 534	Purchased materials	316 788	378 534
-60 999	-40 136	Changes in inventory	-60 999	-40 136
3 368	1 544	Scrapping inventory	3 368	1 544
259 157	**339 941**	**Cost of materials**	**259 157**	**339 941**
95 043	34 356	Raw materials	95 043	34 356
9 907	25 380	Work in Progress	9 907	25 380
58 139	42 355	Finished goods	58 139	42 355
163 090	**102 091**	**Total inventory**	**163 090**	**102 091**

As Nordic Semiconductor is a fabless manufacturer, all inventories, including raw materials and finished goods, are located at sub-contractors.

01 Message from the CEO
02 Nordic at a glance
03 Report from the Board of Directors
04 Financial statements
Income statements
Statement of financial position
Cash Flow
Disclosures
Alternative Performance Measures
05 Responsibility statement
06 Audit opinion letter
07 Appendices

Note 7: Payroll expenses

All figures in USD 1 000

GROUP			PARENT	
2023	**2022**	**Combined expenses for salary and other compensation are distributed as follows:**	**2023**	**2022**
126 961	115 380	Salary and vacation pay	53 728	57 004
18 845	28 335	Other compensation	12 937	15 448
14 759	11 704	Payroll tax	9 217	8 692
-397	-424	Tax grant	-397	-424
11 502	10 898	Defined contribution pension	4 639	4 606
-18 680	-4 453	Capitalized development expenses (hourly costs)	-18 680	-4 453
152 990	**161 440**	**Total**	**61 443**	**80 872**
1 481	1 311	Weighted average number of full time employees	620	647

GROUP			PARENT	
2023	**2022**	**Employees as of December 31, are distributed as follows:**	**2023**	**2022**
631	612	Norway	631	612
318	322	Finland	—	—
113	115	Poland	—	—
47	49	India	—	—
72	57	USA	—	—
55	58	Taiwan	—	—
77	77	UK	—	—
55	41	Philippines	1	41
45	40	Sweden	—	—
28	28	China	—	—
12	15	Hong Kong	1	—
3	4	South Korea	3	4
5	4	Germany	—	—
5	4	Japan	—	—
2	3	The Netherlands	2	3
16	0	Denmark	—	—
2	2	Australia	2	2
7	4	Singapore	—	—
1 493	**1 435**	**Total**	**640**	**662**

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 24 April 2024, containing detailed information on remuneration to Executive Management Team (EMT) for the reporting year 2023. The remuneration report includes detailed information on EMTs remuneration complementing the numbers presented below. This includes an overview of the operational, financial, environmental, social and governance targets that form 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 of the EMT members in 2023 and 2022.

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.

01 Message from the CEO
02 Nordic at a glance
03 Report from the Board of Directors
04 Financial statements
Income statements
Statement of financial position
Cash Flow
Disclosures
Alternative Performance Measures
05 Responsibility statement
06 Audit opinion letter
07 Appendices

Total compensation* expensed during the year for the CEO and other executives:							
2023	**Salary**	**Bonus**	**Options & PSU****	**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**
2022	**Salary**	**Bonus**	**Options & PSU****	**RSUs & PSUs**	**Other Comp.**	**Pension expenses**	**Total**
Svenn-Tore Larsen, CEO	461	185	71	267	2	87	1 072
Pål Elstad, CFO/EVP Finance	273	98	34	124	4	42	575
Svein Egil Nielsen, CTO/EVP R&D and Strategy	308	112	41	140	4	52	657
Geir Langeland, EVP Sales & Marketing	290	118	36	150	4	50	648
Ebbe Rømcke, SVP Quality & Sustainability****	189	65	23	83	2	26	387
Ole Fredrik Morken, EVP Supply Chain***	303	74	29	98	3	31	538
Marianne Frydenlund, SVP Legal****	121	—	19	—	1	9	150
Ståle Ytterdal, SVP IR & Strategic Sales	203	65	25	84	4	25	406
Kjetil Holstad, EVP Product Management	203	73	20	87	3	30	417
Katarina Finneng, EVP People & Communication	227	83	1	103	3	35	453
Linda Pettersson, SVP Legal & Compliance****	136	40	—	4	2	17	198
Ola Boström, SVP Quality & Sustainability****	160	44	—	28	3	20	257
Total	**2 873**	**958**	**299**	**1 168**	**35**	**425**	**5 758**

*Management compensation is paid in NOK. Exchange rate for 2023: 10.56 and 2022: 9.62

**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

01 Message from the CEO
02 Nordic at a glance
03 Report from the Board of Directors
04 Financial statements
Income statements
Statement of financial position
Cash Flow
Disclosures
Alternative Performance Measures
05 Responsibility statement
06 Audit opinion letter
07 Appendices

The Group has granted EMT members the following RSUs and performance shares (PSUs):*				
EMT member	**2023**		**2022**	
Svenn-Tore Larsen, CEO	9 184 RSUs	9 184 PSUs	6 532 RSUs	6 532 PSUs
Pål Elstad, CFO/EVP Finance	4 520 RSUs	4 520 PSUs	3 193 RSUs	3 193 PSUs
Katarina Finneng, EVP People & Communication	3 769 RSUs	3 769 PSUs	2 662 RSUs	2 662 PSUs
Svein Egil Nielsen, CTO/EVP R&D and Strategy	5 110 RSUs	5 110 PSUs	3 609 RSUs	3 609 PSUs
Geir Langeland, EVP Sales & Marketing	4 783 RSUs	4 783 PSUs	3 379 RSUs	3 379 PSUs
Ebbe Rømcke, SVP Quality & Sustainability	—	—	2 111 RSUs	2 111 PSUs
Ole Fredrik Morken, EVP Supply Chain**	3 439 RSUs	3 439 PSUs	2 429 RSUs	2 429 PSUs
Ståle Ytterdal, SVP IR & Strategic Sales	2 955 RSUs	2 955 PSUs	2 087 RSUs	2 087 PSUs
Kjetil Holstad, EVP Product Management	4 332 RSUs	4 332 PSUs	2 380 RSUs	2 380 PSUs
Ola Bostøm	2 946 RSUs	2 946 PSUs		
Linda Petterson	2 823 RSUs	2 823 PSUs		

*Overview of outstanding RSU and PSU for the respective EMT members are presented in the remuneration report

During 2023 the executives exercised the following RSU ans PSU:

Executives	Grant year	Number of options exercised	Share price at time of release in NOK	Cash payout in USD 1000
Svenn-Tore Larsen, CEO	2020 RSU	10 621	113.17	114
	2020 PSU	19 119	113.17	205
Pål Elstad, CFO/EVP Finance	2020 RSU	6 345	113.17	68
	2020 PSU	11 422	113.17	122
Svein Egil Nielsen, CTO/EVP R&D and Strategy	2020 RSU	7 172	113.17	77
	2020 PSU	12 911	113.17	138
Geir Langeland, EVP Sales & Marketing	2020 RSU	6 621	113.17	71
	2020 PSU	11 918	113.17	128
Katarina Finneng, EVP People & Communication	2020 RSU	5 241	113.17	56
	2020 PSU	9 434	113.17	101
Ole Fredrik Morken, EVP Supply Chain**	2020 RSU	5 241	113.17	56
	2020 PSU	9 434	113.17	101
Ola Bostrøm, SVP Quality & Sustainability	2020 RSU	1 704	113.17	18
	2020 PSU	—	—	—
Ståle Ytterdal, SVP IR & Strategic Sales	2020 RSU	4 414	113.17	47
	2020 PSU	7 946	113.17	85
Kjetil Holstad, EVP Product Management	2020 RSU	4 276	113.17	46
	2020 PSU	7 697	113.17	14

*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*	2023	2022
Birger Steen, Chair	126	165
Inger Berg Ørstavik, Board Member	57	68
Endre Holen, Board Member	18	90
Snorre Kjesbu, Board member	38	—
Jan Magnus Frykhammar, Board Member	41	80
Øyvind Birkenes, Board Member	12	62
Annastiina Hintsa, Board Member	56	63
Anita Huun, Board Member	60	68
Jon Helge Nistad, Board Employee Representative (Board remuneration only)	15	16
Susheel Nuguru, Board Employee Representative (Board remuneration only)	—	5
Morten Dammen, Board Employee Representative (Board remuneration only)	15	16
Joel Stapleton, Board Employee Representative (Board remuneration only)	—	5
Gro Fykse, Board Employee Representative (Board remuneration only)	15	10
Anja Dekens, Board Employee Representative (Board remuneration only)	15	10
Total	**466**	**659**

*Numbers noted in USD and converted from NOK using USD/NOK rate of 10.56 for 2022 and 9.62 for 2022

01 Message from the CEO
02 Nordic at a glance
03 Report from the Board of Directors
04 Financial statements
Income statements
Statement of financial position
Cash Flow
Disclosures
Alternative Performance Measures
05 Responsibility statement
06 Audit opinion letter
07 Appendices

Note 9: Other operating expenses

All figures in USD 1 000

GROUP			PARENT	
2023	2022		2023	2022
31 374	24 837	Service and maintenance	29 094	23 222
22 360	17 422	Other consultancy fees	15 470	12 318
3 140	2 301	Office expenses	1 349	1 088
1 748	1 956	Office equipment	1 201	1 246
11 746	11 401	Material and components	8 747	9 720
-70	-57	Tax grant	-70	-57
-3 293	-2 034	Capitalized development expenses	-3 293	-2 036
2 712	3 585	Travel and meeting expenses	1 262	1 799
11 974	10 274	Other operating expenses	10 751	8 448
—	—	Other operating expenses intercompany	110 402	110 581
81 691	**69 685**	**Total other operating expenses**	**174 914**	**166 328**

Auditor remuneration, excl. of VAT

Fees to the auditor are included in consultancy fees above.

GROUP			PARENT	
2023	2022		2023	2022
159	109	Audit services	119	93
—	14	Other attestation Services	—	14
35	4	Tax advisory Services	26	—
36	—	Other Non Audit service	36	—
230	**128**	**Total revenues**	**181**	**107**

Note 10: Net financial items

All figures in USD 1 000

GROUP			PARENT	
2023	2022		2023	2022
9 670	5 230	Interest income	9 313	5 203
57	972	Other financial income	48	968
9 726	**6 202**	**Financial income**	**9 361**	**6 171**
1 550	621	Interest expenses on lease liabilities	1 229	478
756	—	Bond interest expense	756	—
1 384	646	Other financial expense	1 380	616
3 690	**1 267**	**Financial expense**	**3 365**	**1 094**
1 358	619	Foreign exchange gain(loss)	1 362	672
7 394	**5 554**	**Net financial**	**7 358**	**5 749**

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 that 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.

01 Message from the CEO
02 Nordic at a glance
03 Report from the Board of Directors
04 Financial statements
Income statements
Statement of financial position
Cash Flow
Disclosures
Alternative Performance Measures
05 Responsibility statement
06 Audit opinion letter
07 Appendices

11.2 Tax

GROUP			PARENT	
2023	**2022**	**Tax consists of**	**2023**	**2022**
6 339	43 723	Current tax expense	3 366	41 151
-1 892	1 094	Change in deferred tax	-1 251	1 312
4 447	**44 817**	**Tax expense (income)**	**2 116**	**42 463**

GROUP			PARENT	
2023	**2022**	**Reconciliation of nominal and actual tax expense**	**2023**	**2022**
-12 096	-167 155	Profit before tax	13 841	-159 405
2 661	**36 774**	**Computed tax at parent's nominal tax rate of 22%**	**-3 045**	**35 069**
-702	-42	Differences due to different tax rates	—	-42
1 256	-518	Non taxable income/non deductible expenses	360	-1 527
—	-726	Credit for tax paid	—	-98
-2 646	—	Tax incentives	—	—
-1 082	265	Adjustment previous years	-392	—
4 960	9 064	Currency translation differences	5 193	9 061
—	—	Other items	—	—
4 447	**44 817**	**Total tax expense (income)**	**2 114**	**42 463**

GROUP						
Deferred taxes:	**Balance sheet**		**Income statement**		**Other. Comp. income**	
	31.12.2023	**31.12.2022**	**2023**	**2022**	**2023**	**2022**
Inventory	751	757	-17	600	—	—
Fixed Assets	4 188	3 267	-1 167	-1 178	—	—
Right-of-use assets	-10 394	-2 438	8 031	-458	—	—
Lease liabilities	10 606	2 616	-8 071	313	—	—
Social security tax (RSUs)	130	0	145	1 547	—	—
Pension obligation	89	95	3	-3	-8	13
Financial instruments	—	—	-57	—	—	—
Accruals	202	341	120	212	—	—
Deferred tax benefit - gross	**5 890**	**4 637**	**-1 985**	**1 033**	**-8**	**13**
Gain and loss account	18	24	5	6	—	—
Net other tax-obligations	—	—	—	73	—	—
Financial instrument	0	59	—	-161	—	—
Deferred tax obligation - gross	**18**	**83**	**5**	**-82**	**0**	**0**
Currency effect of translation to USD			98	-21		
Net deferred tax benefit (obligation)	5 872	4 554				
Deferred tax expense (income)			-1 892	1 094	-8	13

The Group has not recognized net deferred tax benefit of USD 2.799m related to the subsidiary in Poland and USD 135 related to the subsidiary in India.

01 Message from the CEO
02 Nordic at a glance
03 Report from the Board of Directors
04 Financial statements
Income statements
Statement of financial position
Cash Flow
Disclosures
Alternative Performance Measures
05 Responsibility statement
06 Audit opinion letter
07 Appendices

PARENT						
Deferred taxes:	**Balance sheet**		**Income statement**		**Other. Comp. income**	
	31.12.2023	**31.12.2022**	**2023**	**2022**	**2023**	**2022**
Inventory	751	757	-17	600	—	—
Fixed Assets	3 774	2 836	-1 026	-1 008	—	—
Leasing	209	173	-42	-140	—	—
Social security tax (RSUs)	130	0	145	1 547	—	—
Pension obligation	89	95	3	-3	-8	13
Financial instrument	—	0	-57	0	—	—
Accruals	13	30	16	240	—	—
Deferred tax benefit - gross	**4 967**	**3 891**	**-978**	**1 236**	**-8**	**13**
Gain and loss account	18	24	5	6	—	—
Net other tax-obligations	—	0	276	70	—	—
Financial instrument	0	59	0	-161	—	—
Deferred tax obligation - gross	**18**	**83**	**281**	**-85**	**0**	**0**
Currency effect of translation to USD			8	-9		
Net deferred tax benefit (obligation)	4 948	3 808				
Deferred tax expense (income)			-1 251	1 312	-8	13

GROUP			PARENT	
2023	**2022**	**Reconciliation of net deferred tax obligation**	**2023**	**2022**
4 554	6 331	Opening balance as of 1.1	3 808	5 748
1 892	-1 083	Tax expense recognized in the P&L	1 251	-1 312
8	-13	Tax expense recognized in OCI	8	-13
-582	-681	Currency effect from translation to USD	-119	-615
5 872	**4 554**	**Net deferred tax benefit (obligation) as of 31.12**	**4 948**	**3 808**

GROUP			PARENT	
2023	**2022**	**Net deferred tax recognized in OCI as of 31.12**	**2023**	**2022**
-8	13	Net gain on actuarial gains and losses	-8	13
-8	**13**	**Total tax expense (income) in OCI**	**-8**	**13**

01 Message from the CEO
02 Nordic at a glance
03 Report from the Board of Directors
04 Financial statements
Income statements
Statement of financial position
Cash Flow
Disclosures
Alternative Performance Measures
05 Responsibility statement
06 Audit opinion letter
07 Appendices

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.

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

Goodwill
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	2 387 881
Book value	602 077

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

Key factors in management judgment is whether a product design meet specific functional and economic requirements. Factors to consider are development/technical risk, existence of a market for the product and its market share. The company evaluate theses 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 do extensive testing on the products to evaluate their quality and functionality and send prototype samples to customers. The expected period of benefits is also dependent on the future technological development in the market.

01 Message from the CEO
02 Nordic at a glance
03 Report from the Board of Directors
04 Financial statements
Income statements
Statement of financial position
Cash Flow
Disclosures
Alternative Performance Measures
05 Responsibility statement
06 Audit opinion letter
07 Appendices

12.3 Goodwill and intangible assets

GROUP				
2023	**Software and other intangible assets**	**Capitalized development expenses**	**Goodwill**	**Total**
Acquisition cost				
Opening balance	31 121	57 015	2 284	90 421
Additions	11 520	21 973	50	33 544
Additions from business combinations	2 090	—	8 557	10 647
Disposals	—	—	—	—
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	—	15 846
Disposals	—	—	—	—
Accumulated amortization as of 31.12	**25 668**	**40 051**	**0**	**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	86 103
Additions	11 378	21 973	—	33 351
Disposals			—	—
Acquisition cost as of 31.12	**40 218**	**78 988**	**249**	**119 454**
Accumulated depreciation				
Opening balance	18 114	30 408	—	48 522
Amortization expenses	5 094	9 644	—	14 738
Disposals	—	—	—	—
Accumulated amortization as of 31.12	**23 208**	**40 051**	**—**	**63 259**
Net carrying value as of 31.12	**17 011**	**38 938**	**249**	**56 197**
Estimated useful life	**3 - 10 years**	**1 - 5 years**	**No depreciation**	
Depreciation 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

01 Message from the CEO
02 Nordic at a glance
03 Report from the Board of Directors
04 Financial statements
Income statements
Statement of financial position
Cash Flow
Disclosures
Alternative Performance Measures
05 Responsibility statement
06 Audit opinion letter
07 Appendices

GROUP				
2022	Software and other intangible assets	Capitalized development expenses	Goodwill	Total
Acquisition cost				
Opening balance	50 896	80 019	2 386	133 302
Additions	2 909	6 489	-102	9 296
Acquisition cost as of 31.12	**31 121**	**57 015**	**2 284**	**90 424**
Accumulated depreciation				
Opening balance	35 132	48 477	—	83 609
Amortization expenses	7 068	11 423	—	18 492
Accumulated amortization as of 31.12	**19 466**	**30 408**	**—**	**49 874**
Net carrying value as of 31.12	**11 655**	**26 608**	**2 284**	**40 547**

PARENT				
2022	Software and other intangible assets	Capitalized development expenses	Goodwill	Total
Acquisition cost				
Opening balance	49 387	80 017	249	129 654
Additions	2 135	6 489	—	8 624
Acquisition cost as of 31.12	**28 839**	**57 015**	**249**	**86 103**
Accumulated depreciation				
Opening balance	34 155	48 476	—	82 631
Amortization expenses	6 642	11 423	—	18 065
Accumulated amortization as of 31.12	**18 114**	**30 408**	**—**	**48 522**
Net carrying value as of 31.12	**10 726**	**26 608**	**249**	**37 583**

Estimated useful life	**3 - 10 years**	**1 - 5 years**	**No depreciation**	
Amortization method	Straight-line	Straight-line	NA	

GROUP	R&D expenses:	PARENT
98 672	Personnel expenses	40 232
38 488	Other operating expenses	29 209
137 160	**Total cost recognized in income statement**	**69 441**
143 649	Total cost for R&D (incl. capitalized development cost)	75 930

Impairment of intangible assets
There have been no indications of possible impairment related to intangible assets during the current reporting period.

Change in estimate with respect to useful life
The useful life of the intangible assets have been reviewed during the year. Management has evaluated the current useful life estimates as appropriate.

01 Message from the CEO
02 Nordic at a glance
03 Report from the Board of Directors
04 Financial statements
Income statements
Statement of financial position
Cash Flow
Disclosures
Alternative Performance Measures
05 Responsibility statement
06 Audit opinion letter
07 Appendices

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 its 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 value and useful life are reviewed annually.

At the end of each reporting period, the Group assess whether there is any indication that an fixed assets may be impaired. The recoverable amount of the fixed assets are normally estimated on a stand-alone basis.

13.2 Fixed assets

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	—	660
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**	**—**	**51 672**
Net carrying value as of 31.12	**5 453**	**11 208**	**1 504**	**333**	**18 498**

01 Message from the CEO
02 Nordic at a glance
03 Report from the Board of Directors
04 Financial statements
Income statements
Statement of financial position
Cash Flow
Disclosures
Alternative Performance Measures
05 Responsibility statement
06 Audit opinion letter
07 Appendices

GROUP					
2022	**Office and lab equipment**	**Computer equipment and machinery**	**Fixture and fittings**	**Property**	**Total**
Opening balance	37 980	66 006	6 716	333	111 035
Additions	8 027	11 492	1 374	—	20 892
Disposals	-6 163	-32 826	-1 950	—	-40 939
Acquisition cost as of 31.12	**39 843**	**44 673**	**6 138**	**333**	**90 989**
Opening balance	25 192	47 999	3 958	—	77 149
Depreciation expenses	7 485	10 781	990	—	19 256
Disposals	-6 163	-32 825	-2 032	—	-41 020
Accumulated depreciation as of 31.12	**26 514**	**25 955**	**2 916**	**—**	**55 384**
Net carrying value as of 31.12	**13 329**	**18 716**	**3 222**	**333**	**35 603**

PARENT					
2022	**Office and lab equipment**	**Computer equipment and machinery**	**Fixture and fittings**	**Property**	**Total**
Opening balance	25 482	61 891	5 469	333	93 174
Additions	2 818	11 315	771	—	14 903
Disposals	-10 038	-32 650	-3 262	—	-45 950
Acquisition cost as of 31.12	**18 262**	**40 555**	**2 977**	**333**	**62 126**
Opening balance	15 563	45 382	3 404	—	64 349
Depreciation expenses	4 402	10 334	577	—	15 313
Disposals	-7 753	-32 589	-2 465	—	-42 807
Accumulated depreciation as of 31.12	**12 212**	**23 127**	**1 517**	**0**	**36 855**
Net carrying value as of 31.12	**6 050**	**17 429**	**1 460**	**333**	**25 271**
GROUP AND PARENT					
Estimated useful life	**3 - 5 years**	**3 - 4 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 have been reviewed during the year. Management has evaluated the current useful life estimates as appropriate.

01 Message from the CEO
02 Nordic at a glance
03 Report from the Board of Directors
04 Financial statements
Income statements
Statement of financial position
Cash Flow
Disclosures
Alternative Performance Measures
05 Responsibility statement
06 Audit opinion letter
07 Appendices

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 assess whether there is any indication that an RoU asset may be impaired.

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 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 it 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, machinery and vehicles

The Group's office leases range between 1 to 14 years. Equipment and machinery leases range between 1 to 5 years. Vehicles are leased for less than 3 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 have 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.

In 2023, Nordic Semiconductor ASA signed an office rental agreement in Oslo with an commencement date of 1 June 2023 and an office rental agreement in Trondheim with a commencement date of 1 November 2023. Nordic Semiconductor ASA also agreed to extend lease terms for 10 years on existing lease agreement in Trondheim.

In 2023, Nordic Semiconductor UK Limited signed an office rental agreement in Bristol with an expected commencement date of 12 February 2024. There has been a delay in the office move due to circumstances beyond the company's control.

01 Message from the CEO
02 Nordic at a glance
03 Report from the Board of Directors
04 Financial statements
Income statements
Statement of financial position
Cash Flow
Disclosures
Alternative Performance Measures
05 Responsibility statement
06 Audit opinion letter
07 Appendices

Below is the contractual cash flow of leases with 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	—	4 995	782	3 618	596
Office equipment	—	431	86	344	—
Short-term leases	—	2	2	—	—
Total	**—**	**5 428**	**870**	**3 962**	**596**

PARENT	Carrying amount	Contractual cash flow	Less than one year	One to five years	More than five years
Office space	—	—	—	—	—
Office equipment	—	431	86	344	—
Short-term leases	—	—	—	—	—
Total	**—**	**431**	**86**	**344**	**—**

Minimum lease payments payable on leases are presented in note 26.

Amounts recognized in the balance sheet:
The balance sheet shows the following amounts relating to leases:

GROUP			PARENT	
31.12.2023	**31.12.2022**	**Right of use assets**	**31.12.2023**	**31.12.2022**
54 670	21 416	Office space	45 527	12 076
54 670	**21 416**	**Total**	**45 527**	**12 076**

GROUP			PARENT	
31.12.2023	**31.12.2022**	**Lease liabilities**	**31.12.2023**	**31.12.2022**
9 897	6 280	Current	5 963	2 813
47 864	14 861	Non-Current	42 127	8 711
57 762	**21 141**	**Total**	**48 090**	**11 524**

GROUP			PARENT	
2023	**2022**		**2023**	**2022**
28 826	8 843	Additions to right-of-use assets	25 761	1 011
12 468	109	Adjustments to right-of-use assets	11 827	266
—	—	Disposals to the right-of-use assets	—	-534

The statement of profit or loss shows the following amounts relating to leases:

GROUP			PARENT	
2023	**2022**	**Depreciation of right-of-use assets**	**2023**	**2022**
8 094	5 974	Office space	4 138	3 427
—	162	Office equipment and machinery	—	162
8 094	**6 135**	**Total depreciation**	**4 138**	**3 588**
1 597	621	Interest expense	1 229	478
405	513	Expenses relating to short-term leases	138	235
735	644	Expenses relating to leases of low-value assets	293	303
10 831	**7 914**	**Total amount recognized in profit and loss**	**5 798**	**4 603**
9 567	**7 766**	**The total cash outflow for leases**	**4 842**	**4 311**

Below are the carrying amounts of lease liabilities and movements during the period:

GROUP	Cash flow information for lease liabilities	PARENT
21 141	**Net liabilities as at 1 January 2023**	**11 524**
-8 426	Lease payments	-4 410
41 294	Acquisitions and adjustments	37 588
—	Disposals	—
1 597	Interest	1 229
2 156	Foreign exchange adjustments	2 159
57 762	**Net liabilities as at 31 December 2023**	**48 090**

01 Message from the CEO
02 Nordic at a glance
03 Report from the Board of Directors
04 Financial statements
Income statements
Statement of financial position
Cash Flow
Disclosures
Alternative Performance Measures
05 Responsibility statement
06 Audit opinion letter
07 Appendices

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 2023	Ownership	Share of votes	Net profit 2023	Equity 31. Dec 2023
Nordic Semiconductor Inc, USA	100%	100%	1 630	5 181
Nordic Semiconductor Poland S.P z o.o	100%	100%	5 047	8 623
Nordic Semiconductor Finland OY	100%	100%	4 439	22 584
Nordic Semiconductor KK	100%	100%	30	134
Nordic Semiconductor Germany GmbH	100%	100%	30	150
Nordic Semiconductor Norway AS	100%	100%	207	7 666
Nordic Semiconductor UK Limited	100%	100%	1 503	3 792
Nordic Semiconductor India Pvt. Ltd	100%	100%	432	1 965
Nordic Semiconductor Sweden AB	100%	100%	504	1 287
Nordic Semiconductor Hong Kong Limited	100%	100%	86	250
Nordic Semiconductor (Shenzhen) Limited	100%	100%	282	531
Nordic Semiconductor Singapore Pte Ltd	100%	100%	11 611	11 847
Nordic Semiconductor Denmark ApS	100%	100%	248	251
Nordic Semiconductor Philippines, Inc.	100%	100%	62	81

- 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 with mainly 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 across technologies. The R&D team in the Denmark works closely alongside the rest of the R&D teams in the Group.
- 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.

01 Message from the CEO
02 Nordic at a glance
03 Report from the Board of Directors
04 Financial statements
Income statements
Statement of financial position
Cash Flow
Disclosures
Alternative Performance Measures
05 Responsibility statement
06 Audit opinion letter
07 Appendices

Note 15.2: Joint ventures

Nordic Semiconductor ASA has a 20 % ownership in Quintauris GmbH. The investment is accounted for in accordance with the equity method. The carrying value of joint ventures are USD 6m at December 31, 2023

Note 16: Other long term receivables

All figures in USD 1 000

Nordic Semiconductor ASA has entered an capacity reservation agreement with a wafer manufacturer. The company is committed to purchase wafers according to a purchase reservation plan for the period Q4-2023 to Q2-2027.

Nordic has paid USD 100m to secure the quarterly reservation. The prepayment is every quarter settled against committed wafer orders.

The balance of the prepayment as of December 31, 2023 is USD 100m, where USD 94.5m is classified as Other long term assets and USD 5.5m is classified as Other current receivables. A partial value of committed wafers not ordered can be expensed depending on agreement terms.

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	
2023	**2022**		**2023**	**2022**
133 316	175 120	Gross receivables	983	175 120
—	—	Provision for doubtful accounts	—	—
133 316	**175 120**	**Accounts receivable, net**	**983**	**175 120**

Note 18: Intercompany

All figures in USD 1 000

PARENT	2023	2022
Loans to group companies	6 145	—
Receivables group companies	105 406	10 486
Total receivable	**111 551**	**10 486**
Accounts payable, group companies	55 148	31 994
Total payables	**55 148**	**31 994**

PARENT	2023	2022
Sale of goods	521 464	—
Service fee for management services	—	1 029
Total revenue	**521 464**	**1 029**
Cost of goods sold	268 237	—
Total cost of goods sold	**268 237**	**—**
Service fee for R&D and product promotion	110 402	110 581
Total other operating expenses	**110 402**	**110 581**
Interest income from loans to group companies	371	—
Total financial income	**371**	**—**

01 Message from the CEO
02 Nordic at a glance
03 Report from the Board of Directors
04 Financial statements
Income statements
Statement of financial position
Cash Flow
Disclosures
Alternative Performance Measures
05 Responsibility statement
06 Audit opinion letter
07 Appendices

Note 19: Cash and cash equivalents

All figures in USD 1 000

19.1 Accounting policies

Cash and cash equivalents include cash at bank, short- term deposits with an original maturity of three months or less and money market fund. Money market funds and short-term time deposits are defined as cash equivalents because they are highly liquid and not subject to material fluctuations in value. In 2023, the Group derecognized the short-term bank deposits.

19.2 Cash and cash equivalents

GROUP			PARENT	
2023	**2022**	**Cash and cash equivalents as of the balance sheet date were as follows:**	**2023**	**2022**
189 853	277 700	Cash at bank	166 449	277 690
2 372	2 479	Restricted cash (withholding tax account)	2 372	2 479
—	50 467	Short-term bank deposits	—	50 467
98 731	48 458	Money market funds	98 731	48 458
290 957	**379 104**	**Cash and cash equivalents in statement of financial position**	**267 553**	**379 096**

- Cash at banks earns interest at floating rates based on daily bank deposit rates.
- 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.

01 Message from the CEO
02 Nordic at a glance
03 Report from the Board of Directors
04 Financial statements
Income statements
Statement of financial position
Cash Flow
Disclosures
Alternative Performance Measures
05 Responsibility statement
06 Audit opinion letter
07 Appendices

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 as of December 31, 2023 consists of one share class with a total of 192,781,600 shares with a face 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)	
	2023	2022	2023	2022	2023	2022	2023	2022
Holdings as of 1.1	192 781 600	192 781 600	317	317	-2	-3	235 448	235 448
Change during the year	—	—	—	—	1	1	—	—
Holdings as of 31.12	**192 781 600**	**192 781 600**	**317**	**317**	**-1**	**-2**	**235 448**	**235 448**

Dividend

No dividend was paid during 2023.

Treasury shares

The company owned 382,102 treasury shares on December 31, 2023. On January 1, 2023, the company owned 1,206,513 treasury shares. Based on a resolution of the annual general meeting of April 20, 2023, the Board has authority to purchase the company's own shares with a limit of a face 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 face value and not higher than NOK 350. This authority applies until the company's annual general meeting in 2024, and by June 30, 2024 the latest. On February 5, 2024, 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.

Long-term incentive plan

With reference to the annual general meeting, on April 20, 2023, Nordic Semiconductor approved a Restricted Stock Unit (RSU) program for all employees, and a combination of RSUs and Performance Shares for Executive Management. See note 19 for further information.

Shareholder overview

The largest shareholders in Nordic Semiconductor ASA were as follows as of December 31, 2023 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
DNB Asset Management AS	19 780 570	10.3%
Accelerator Limited	17 472 950	9.1%
Capital Research and Management Company	16 965 562	8.8%
Folketrygdfondet	15 286 953	7.9%
Hardman Johnston Global Advisors LLC	7 275 215	3.8%
The Vanguard Group, Inc.	6 926 324	3.6%
Danske Bank Investment Management	5 144 263	2.7%
Invesco Advisers, Inc.	5 090 355	2.6%
BlackRock Fund Advisors	4 621 010	2.4%
RBC Global Asset Management (UK) Limited	3 982 945	2.1%
Eika Kapitalforvaltning AS	3 626 198	1.9%
Alfred Berg Kapitalforvaltning AS	3 442 656	1.8%
Skandia Fonder AB	3 134 377	1.6%
Swedbank Robur Fonder AB	2 980 000	1.5%
Robeco Institutional Asset Management B.V.	2 903 864	1.5%
KLP Kapitalforvaltning AS	2 369 838	1.2%
E. Öhman J :or Fonder AB	2 001 406	1.0%
Svenn Tore Larsen	1 947 142	1.0%
Alden AS	1 850 000	1.0%
TTC Invest AS	1 772 000	0.9%
Total for the 20 largest shareholders	128 573 628	66.7%
Other shareholders	64 207 972	33.3%
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.

01 Message from the CEO
02 Nordic at a glance
03 Report from the Board of Directors
04 Financial statements
Income statements
Statement of financial position
Cash Flow
Disclosures
Alternative Performance Measures
05 Responsibility statement
06 Audit opinion letter
07 Appendices

Shares held by the Board of Directors and Executive Management were as follows as of December 31, 2023:

Board of Directors	Shares	Executive Management	Shares
Birger Steen	208 745	Svenn-Tore Larsen	1 947 142
Anita Huun	13 919	Geir Langeland	219 653
Inger Berg Ørstavik	5 919	Ole Fredrik Morken	205 345
Annastiina Hintsa	4 919	Ståle Ytterdal	141 632
Snorre Kjesbu	661	Ola Bostrøm	3 511
Jon Helge Nistad	749	Pål Elstad	49 417
Anja Dekens	433	Svein-Egil Nielsen	42 285
Morten Dammen	1 953	Kjetil Holstad	16 401
		Linda Pettersson	0
		Katarina Finneng	4 337
Total	237 298	Total	2 629 723

Note 21: Shares outstanding

Basis for calculation of basic earnings per share	2023	2022
Earnings for the year (USD '000)	7 650	122 339
Weighted average number of outstanding shares ('000)	192 085	191 365
Earnings per share (USD)	**0.04**	**0.64**
Basis for calculation of fully diluted earnings per share		
Earnings for the year (USD '000)	7 650	122 339
Weighted average number of outstanding shares ('000)	193 350	192 739
Earnings per share (USD)	**0.04**	**0.63**

The number of shares was as follows:

Date		Shares issued	Shares outstanding
01.01.2023	Opening balance	192 781 600	191 575 087
31.12.2023	Closing balance	192 781 600	192 399 498

Options and Restricted Stock Units ("RSUs" granted to employees are considered to be potential ordinary shares. They have been included in the determination of diluted earnings per share. The options and RSUs have not been included in the determination of basic earning per share. Details relating to the options are set out in note 23.

Note 22: Pensions

Defined benefit plan

The total pension liability from defined benefit plans was USD 660,895 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 set up a pension plan for the the Philippines office as of January 2014. The retirement plan is unfunded and of the defined benefit type which provides a retirement benefit calculated based on number of years of credited service. At the end of 2023 the pension liability was USD 210,944.

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 employees last drawn basic salary per month computed proportionately for 15 days salary multiplied for the number of years of service.

Defined contribution pension plan

All employees in Norway have a defined contribution pension plan from 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 2023, the cost of the defined contribution pension was USD 380,865, and the plan had 708 members.

The Indian company has a defined contribution plan namely provident fund. Contributions are made to provident fund at the rate of 12% of eligible salary as per regulations. The contributions are made to registered provident fund administered by the Government. The obligation of the Company is limited to the amount contributed and it has no further contractual nor any constructive obligation.

In Poland, each employees who get retired are entitled to retirement and pension severance pay from employer. This is regulated by the Polish Labor Code.

01 Message from the CEO
02 Nordic at a glance
03 Report from the Board of Directors
04 Financial statements
Income statements
Statement of financial position
Cash Flow
Disclosures
Alternative Performance Measures
05 Responsibility statement
06 Audit opinion letter
07 Appendices

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 29, 2020, Nordic Semiconductor granted 754,224 Restricted Stock Units (RSUs) and Performance shares to 775 employees. A share price of NOK 58.4 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, 2021, Nordic Semiconductor granted 452,353 Restricted Stock Units (RSUs) and Performance shares to 1,087 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 granted 486,677 Restricted Stock Units (RSUs) and Performance shares to 1,288 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.

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

A summary of share options transactions during 2023 and 2022 below:	2023	2022
Outstanding options 1.1	**—**	**545 203**
Granted	—	—
Forfeited	—	705
Exercised	—	544 498
Expired	—	—
Outstanding options 31.12	**—**	**—**
Of which exercisable	—	—

A summary of RSUs transactions during 2023 and 2022 below:	2023	2022
Outstanding RSUs 1.1	**1 002 504**	**1 058 947**
Granted	958 462	486 677
Forfeited	146 600	50 340
Released	409 801	492 780
Outstanding RSUs 31.12	**1 404 565**	**1 002 504**

A summary of performance shares during 2023 and 2022 below:	2023	2022
Outstanding performance shares 1.1	**109 632**	**142 990**
Granted	43 861	30 376
Forfeited	21 929	7 921
Performance adjusted	43 371	55 813
Released	97 578	111 626
Outstanding performance shares 31.12	**77 357**	**109 632**

The fair value of the options, RSUs and performance shares are set on the grant date and expensed over the vesting period. USD 6,548 thousand was expensed during 2023 and USD 7,797 thousand in 2022. 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 2023 was NOK 140.25. The fair value of the performance shares with Relative Total Shareholder Return performance condition granted in 2023 was NOK 223.3539. The valuation is based on a Monte Carlo simulation model with the following assumptions:

01 Message from the CEO
02 Nordic at a glance
03 Report from the Board of Directors
04 Financial statements
Income statements
Statement of financial position
Cash Flow
Disclosures
Alternative Performance Measures
05 Responsibility statement
06 Audit opinion letter
07 Appendices

Share price on the grant date
The closing share price of the company and peer group companies (SOX Index) were NOK 140.25 and USD 3,721.47, 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 2023 i.e. 4.05 % 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 50.72% on the date of grant in 2023 for the company and 34.95% for the SOX Index.

Expected lifetime
Performance shares vest on the July 12, 2026. Performance end date is December 31, 2025, 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	
2023	**2022**		**2023**	**2022**
12 201	34 229	Accounts payable	15 403	32 335
—	—	Accounts payable from subsidiaries	55 148	31 994
5 640	43 758	Taxes payable	3 939	42 837
1 390	14 542	Employee benefit obligations	319	7 333
6 334	6 455	Social security tax and payroll tax	4 579	4 745
11 113	10 129	Holiday pay	6 405	5 991
30 010	30 694	Ship and debit	—	30 694
25 294	23 382	End-customer rebate	—	23 382
4 398	—	Restructuring costs	2 811	—
9 897	6 280	Current lease liabilities	5 963	2 813
741	—	Accrued interest bond	741	—
5 514	7 547	Accrued expenses	3 325	5 450
1 620	145	Other current liabilities	147	74
114 151	**177 160**	**Total current liabilities**	**98 778**	**187 648**

Restructuring cost, including termination benefit cost
In October 2023, 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 2023.

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).

01 Message from the CEO
02 Nordic at a glance
03 Report from the Board of Directors
04 Financial statements
Income statements
Statement of financial position
Cash Flow
Disclosures
Alternative Performance Measures
05 Responsibility statement
06 Audit opinion letter
07 Appendices

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 and currency swap 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 Semiconductor'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 Semiconductor 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 Semiconductor targets to have an equity ratio above 50% at all times, measured as total equity divided by total assets.

GROUP			PARENT	
2023	**2022**		**2023**	**2022**
602 077	583 544	Total equity	554 883	561 074
862 245	776 241	Total assets	793 682	757 864
70%	**75%**	**Equity share**	**70%**	**74%**

Financial assets

The Group holds the following financial assets at amortized cost:

GROUP			PARENT	
2023	**2022**	**Amortized cost**	**2023**	**2022**
133 316	175 120	Accounts receivable	984	175 120
4 389	5 562	Other current receivables	113 795	12 989
192 225	280 178	Cash at bank	168 822	270 783
—	50 467	Short-term bank deposits	—	50 467
329 930	**511 328**	**Total financial assets at amortized cost**	**283 601**	**509 359**

GROUP			PARENT	
2023	**2022**	**Fair value through profit or loss**	**2023**	**2022**
98 731	48 458	Money market fund	98 731	48 458
—	267	Currency swap	—	267
98 731	**48 725**	**Total financial assets at fair value through profit or loss**	**98 731**	**48 725**

In Q1 2023, the Group terminated the currency swap and sold its position in money market fund that was acquired in 2022. In Q4 2023, The Group allocated the proceeds from the bond issuance into a money market fund.

Changes in financial assets at fair value through profit or loss:

GROUP			PARENT	
2023	**2022**		**2023**	**2022**
48 725	**53 259**	**As at 1 January**	**48 725**	**53 259**
-44 205	—	Disposal of financial instruments	-44 205	—
93 064	—	Acquisition of financial instruments	93 064	—
426	1 073	Changes in fair value	426	1 073
721	-5 607	Currency translation differences	721	-5 607
98 731	**48 725**	**As at 31 December**	**98 731**	**48 725**

01 Message from the CEO
02 Nordic at a glance
03 Report from the Board of Directors
04 Financial statements
Income statements
Statement of financial position
Cash Flow
Disclosures
Alternative Performance Measures
05 Responsibility statement
06 Audit opinion letter
07 Appendices

Financial liabilities

The Group holds the following financial liabilities:

GROUP			PARENT	
2023	**2022**	**Amortized cost**	**2023**	**2022**
97 491	—	Bond	97 491	—
12 201	34 229	Accounts payable	15 403	32 335
741	—	Current financial liabilities	741	—
79 345	86 439	Other current liabilities	68 153	104 918
47 864	14 861	Non-current lease liabilities	42 127	8 711
9 897	6 280	Current lease liabilities	5 963	2 813
247 539	**141 809**	**Total financial liabilities at amortized cost**	**229 878**	**148 777**

Interest-bearing loans and borrowings:

The Group has long-term revolving credit facilities ("RCF"), which enables it to borrow up to USD 200m any time with an interest rate equal to SOFR + margin. The line of credit expires in June 2025. As of December 31, 2023, 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 163m, accounts receivable USD 133m and operating equipment USD 29m.

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 41.4m for the office 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 has terminated the investments in term deposit, money market fund and currency swap acquired in 2022. In 2023, The Group has invested USD 93m into a money market fund using the following method and assumptions:

- Money market fund is classified as cash equivalents due to its high liquidity and insignificant risk of change in value. 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 100m. 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.

01 Message from the CEO
02 Nordic at a glance
03 Report from the Board of Directors
04 Financial statements
Income statements
Statement of financial position
Cash Flow
Disclosures
Alternative Performance Measures
05 Responsibility statement
06 Audit opinion letter
07 Appendices

Age distribution of customer receivables was:

GROUP			PARENT	
2023	**2022**	**Gross total**	**2023**	**2022**
93 606	143 750	Not due	630	143 750
37 107	30 241	Past due 0-30 days	10	30 241
2 332	846	Past due 31-120 days	73	846
271	283	Over 120 days	271	283
133 316	**175 120**	**Total**	**983**	**175 120**

The Group make 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 has not been any significant credit losses. 71 percent 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 31 December 2023 was 0m.

The maximum exposure to credit risk on the balance sheet date was:

GROUP			PARENT	
2023	**2022**		**2023**	**2022**
133 316	175 120	Accounts receivable	983	175 120
21 874	17 539	Other current receivables	128 785	21 884
290 957	379 104	Cash and cash equivalents	267 553	369 709
—	50 467	Short-term bank deposits	—	50 467
446 147	**622 230**	**Total**	**397 321**	**617 180**

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 and. Investments can only be made in securities which have been approved by the Board.

As of 31 December 2023, cash and cash equivalents amounted to USD 291.0m (USD 379.1m), see note 19 for details. The total balance includes money market fund at fair value USD 98.7m.

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, 2023:

GROUP	Carrying amount	Contractual cash flow	Less than one year	One to five years	More than five years
Bond	97 491	98 305	—	98 305	—
Current financial liabilities*	741	34 435	7 480	26 955	—
Accounts payable	12 201	12 201	12 201	—	—
Other current liabilities	92 053	92 053	92 053	—	—
Lease liabilities**	57 762	77 422	10 318	30 059	37 045
Total	**260 247**	**314 416**	**122 052**	**155 319**	**37 045**

PARENT	Carrying amount	Contractual cash flow	Less than one year	One to five years	More than five years
Bond	97 491	98 305	—	98 305	—
Current financial liabilities*	741	34 435	7 480	26 955	—
Accounts payable	15 403	15 403	15 403	—	—
Accounts payable subsidiaries	55 148	55 148	55 148	—	—
Other current liabilities	22 258	22 258	22 258	—	—
Lease liabilities**	48 090	66 530	6 029	23 764	36 736
Total	**239 130**	**292 078**	**106 317**	**149 025**	**36 736**

*Current financial liabilities is interest on bond. The contractual cash flow is calculated using forward yield curve. Estimated interest payments are based on the contractual cash flow of the bond at 31 December 2023.

**Lease liabilities is mainly office facility rent in Trondheim, lease ending 31 December 2037 and in Oslo, leasing ending 31 December 2032

01 Message from the CEO
02 Nordic at a glance
03 Report from the Board of Directors
04 Financial statements
Income statements
Statement of financial position
Cash Flow
Disclosures
Alternative Performance Measures
05 Responsibility statement
06 Audit opinion letter
07 Appendices

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 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 2025, 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 is showing 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, 2023 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:

	2023	2022
Interest rate (3 months NIBOR)	**Effect on profit before tax**	**Effect on profit before tax**
+50 basis points	-48	—
-50 basis points	48	—

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%	+/- 4 537

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 is about 0.

The tables below show the exposure in sales to foreign currency risk in the most significant currencies:

GROUP	2023			2022		
	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	542 830	542 830	100.0%	776 712	776 712	100.0%
EUR	11	11	—%	6	6	—%
Other	282	28	—%	130	16	—%
Total		**542 869**	**100.0%**		**776 734**	**100.0%**

01 Message from the CEO
02 Nordic at a glance
03 Report from the Board of Directors
04 Financial statements
Income statements
Statement of financial position
Cash Flow
Disclosures
Alternative Performance Measures
05 Responsibility statement
06 Audit opinion letter
07 Appendices

PARENT	2023			2022		
	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	507 986	507 986	100.0%	777 106	777 106	99.9%
EUR	11	11	—%	356	369	—%
Other	282	28	—%	4 532	287	—%
Total		**508 026**	**100.0%**		**777 764**	**100.0%**

The tables below show the exposure at the end of reporting period in the most significant currencies:
All amounts stated in USD 1000.

GROUP	2023		2022	
	Accounts receivable	Accounts payables	Accounts receivable	Accounts payables
USD	133 313	12 102	175 120	30 640
EUR	—	599	—	1 955
NOK	3	2 842	—	1 106
Other	—	-14 802	—	528
Total	**133 316**	**741**	**175 120**	**34 229**

PARENT	2023		2022	
	Accounts receivable	Accounts payables	Accounts receivable	Accounts payables
USD	981	12 092	175 120	30 640
EUR	—	297	—	499
NOK	3	2 842	—	1 106
Other	—	-14 490	—	90
Total	**983**	**741**	**175 120**	**32 335**

Determination of fair value

As of December 31, 2023 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	2023		2022	
	Book value	Fair market value	Book value	Fair market value
Financial liabilities				
Bond	97 491	99 178	—	—

PARENT	2023		2022	
	Book value	Fair market value	Book value	Fair market value
Financial liabilities				
Bond	97 491	99 178	—	—

Book value is a reasonable estimate of fair value in cases where these numbers are identical.

01 Message from the CEO
02 Nordic at a glance
03 Report from the Board of Directors
04 Financial statements
Income statements
Statement of financial position
Cash Flow
Disclosures
Alternative Performance Measures
05 Responsibility statement
06 Audit opinion letter
07 Appendices

Note 27: Business combination

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

Our provisional allocation of the purchase price to the identifiable assets and liabilities and goodwill is set out below:

Amount in USD thousand	2023
Details of the business combination	
Amount settled in cash	6 000
Fair value of immediate equity shares consideration	3 141
Fair value of contingent share consideration	1 360
Total	**10 500**

Amount in USD thousand	2023
Recognized amounts of identifiable net assets	
Property plant and equipment	51
Intellectual property rights	2 090
Other current receivables	448
Cash and cash equivalents	310
Deferred tax liabilities	-564
Other current liabilities	-390
Net identifiable assets	**1 943**
Goodwill	8 557
Total	**10 500**

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

Amount in USD thousand	2023	2022
Balance, beginning of the year	**2 284**	**2 386**
Acquired through business combination	8 557	—
Net exchange difference	50	-102
Balance, end of period	**10 891**	**2 284**

Goodwill is tested for impairment annually at the level of the cash generating segment to which it is allocated. See note Note 12: Goodwill and intangible assets

Goodwill is deductive for tax purposes, with 20 % annual rate.

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

Note 28: Events after the balance sheet date

No events have occurred since December 31, 2023 with any significant effect that will impact the evaluation of the submitted accounts.

Note 29: 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.

01 Message from the CEO
02 Nordic at a glance
03 Report from the Board of Directors
04 Financial statements
Income statements
Statement of financial position
Cash Flow
Disclosures
Alternative Performance Measures
05 Responsibility statement
06 Audit opinion letter
07 Appendices

Alternative Performance Measures

The financial information is prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by EU. Additionally, it is management's intent to provide alternative performance measures (APM) that are regularly reviewed by management to enhance the understanding of the Group's performance. An Alternative Performance Measure 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	2023	2022
Gross profit	283.7	436.8
Total revenue	542.9	776.7
Gross margin	**52.3%**	**56.2%**

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

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

GROUP	2023	2022
Operating profit	4.7	161.6
Depreciation	44.3	44.1
EBITDA	**49.0**	**205.7**

- EBITDA margin. EBITDA divided by Total Revenue.

GROUP	2023	2022
EBITDA	49.0	205.7
Total revenue	542.9	776.7
EBITDA Margin	**9.0%**	**26.5%**

Total Operating Expenses and Cash Operating Expenses. Nordic 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 option expenses, receivable write-off and capitalization of development expenses.

GROUP	2023	2022
Payroll expenses	153.0	161.4
Other operating expenses	81.7	69.7
Depreciation	44.3	44.1
Total operating expenses	**279.0**	**275.2**
Depreciation	-44.3	-44.1
Option expense	-6.5	-7.8
Capitalized expenses	22.0	6.5
Cash operating expenses	**250.1**	**229.8**

01 Message from the CEO
02 Nordic at a glance
03 Report from the Board of Directors
04 Financial statements
Income statements
Statement of financial position
Cash Flow
Disclosures
Alternative Performance Measures
05 Responsibility statement
06 Audit opinion letter
07 Appendices

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	2023	2022
Reported EBITDA	49.0	205.7
Long range (cellular IoT) EBITDA loss	45.5	41.4
Wi-Fi expense	16.5	15.1
Restructuring expenses excl. Wi-Fi and LR	4.3	0.0
Adjusted EBITDA	**115.4**	**262.2**
Total revenue (excluding cellular IoT revenue)	525.3	751.4
Adjusted EBITDA margin	**22.0%**	**34.9%**
Total restructuring expenses	4.9	

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

- Last twelve months operating expenses excluding depreciation divided by last twelve months revenue.

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

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

- Net working capital divided by last twelve months revenue.

GROUP	2023	2022
Current assets	609.2	674.1
Cash and cash equivalents	-291.0	-379.1
Current financial assets	0.0	-0.3
Current liabilities	-114.2	-177.2
Current financial liabilities	0.7	0.0
Current lease liabilities	9.9	6.3
Income taxes payable	5.6	43.8
Net working capital	**220.4**	**167.6**
Total revenue	542.9	776.7
NWC / LTM revenue	**40.6%**	**21.6%**

01 Message from the CEO
02 Nordic at a glance
03 Report from the Board of Directors
04 Financial statements
05 Responsibility statement
06 Audit opinion letter
07 Appendices

05

Responsibility statement

01 Message from the CEO
02 Nordic at a glance
03 Report from the Board of Directors
04 Financial statements
05 Responsibility statement
06 Audit opinion letter
07 Appendices

Responsibility Statement

The Chief Executive Officer and the Board of Directors confirm, to the best of our knowledge, that the financial statements for 2023 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, 2024



Anita Huun
Board member



Birger Steen
Chair



Inger Berg Ørstavik
Board member



Snorre Kjesbu
Board member



Vegard Wollan
Chief Executive Officer



Annastiina Hintsa
Board member



Jon Helge Nistad
Board member, employee



Anja Dekens
Board member, employee



Morten Dammen
Board member, employee



Dieter May
Board member



Helmut Gassel
Board member

01 Message from the CEO
02 Nordic at a glance
03 Report from the Board of Directors
04 Financial statements
05 Responsibility statement
06 Audit opinion letter
07 Appendices

06

Audit opinion letter

01 Message from the CEO
02 Nordic at a glance
03 Report from the Board of Directors
04 Financial statements
05 Responsibility statement
06 Audit opinion letter
07 Appendices

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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 2023, 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 2023, the income statement, consolidated 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 2023, 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 2023, 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 the Company for 5 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.

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Statsautoriserte revisorer, medlemmer av Den norske Revisorforening og autorisert regnskapsførerselskap

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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 2023 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 30 010 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 2023 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 per distributor. We also tested the mathematical accuracy of the calculation of the provision. Further, we obtained the actual ship and debit claims in January and February 2024 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 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.

01 Message from the CEO
02 Nordic at a glance
03 Report from the Board of Directors
04 Financial statements
05 Responsibility statement
06 Audit opinion letter
07 Appendices

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 Director's report applies correspondingly to the statements on Corporate Governance and Corporate Social Responsibility.

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-2023-12-31-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.

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 2024
PricewaterhouseCoopers AS

Eivind Nilsen
State Authorised Public Accountant
(This document is signed electronically)

01 Message from the CEO
02 Nordic at a glance
03 Report from the Board of Directors
04 Financial statements
05 Responsibility statement
06 Audit opinion letter
07 Appendices

Securely signed with Brevio

Revisjonsberetning

Signers:

Name	*Method*	*Date*
Nilsen, Eivind	BANKID	2024-03-19 12:06

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01 Message from the CEO
02 Nordic at a glance
03 Report from the Board of Directors
04 Financial statements
05 Responsibility statement
06 Audit opinion letter
07 Appendices

Board of Directors' report in relation to the Norwegian Code of Practice for Corporate governance
TCDF index
GRI and CSRD Index

07

Appendices

01 Message from the CEO
02 Nordic at a glance
03 Report from the Board of Directors
04 Financial statements
05 Responsibility statement
06 Audit opinion letter
07 Appendices
Board of Directors' report in relation to the Norwegian Code of Practice for Corporate governance
TCDF index
GRI and CSRD Index

Appendices

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 Semiconductor is subject to corporate governance requirements according to the Norwegian Public Limited Companies Act, the Norwegian Accounting Act, section 3-3b, 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 Semiconductor 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 Semiconductor'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, 2024 through the signing of the annual report.

Business

Nordic designs, sells and delivers integrated circuits and related products and services for use in short- and long- range wireless applications. The Group specializes in ultra-low power components, based on its proprietary 2.4 GHz RF, various Bluetooth related standards and emerging standards for cellular IoT communications like NB-IoT and LTE-M. All manufacturing and direct distribution of components are outsourced to specialist subcontractors. The Group is headquartered in Trondheim, Norway. As of the end of 2023, 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); Yokohama (Japan); Eindhoven (the Netherlands); Manila (the Philippines); Krakow and Wroclaw (Poland); Singapore (Singapore); Seoul (South Korea); Stockholm and Lund (Sweden); Taipei (Taiwan); Bristol, Hatfield and Swindon (UK); Seattle and Portland (USA).

The scope of Nordic's business is defined in section 2 of its Articles of Association:

"The objective for which the company is established is the development and sale of electronic components, integrated circuits, design 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 an off-site, 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.

01 Message from the CEO
02 Nordic at a glance
03 Report from the Board of Directors
04 Financial statements
05 Responsibility statement
06 Audit opinion letter
07 Appendices
Board of Directors' report in relation to the Norwegian Code of Practice for Corporate governance
TCDF index
GRI and CSRD Index

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 20, 2023, has been authorized to buy back up to 19,200,000 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 2024. 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 20, 2023, 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, to execute share capital increases with one or more strategic partners, or to complete a merger or acquisition using shares or cash. This power of attorney will remain in effect until the Company's Annual General Meeting in 2024, 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 2024.

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 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. Nordic Semiconductor 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 right 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's 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.

01 Message from the CEO
02 Nordic at a glance
03 Report from the Board of Directors
04 Financial statements
05 Responsibility statement
06 Audit opinion letter
07 Appendices
Board of Directors' report in relation to the Norwegian Code of Practice for Corporate governance
TCDF index
GRI and CSRD Index

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 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.

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 stipulate guidelines for the duties of the Nomination Committee, elect 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, and to propose qualified candidates for the Annual General Meeting's election of the Board of Directors as well as to 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 17 meetings in 2023.

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 activities in general. 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.

01 Message from the CEO
02 Nordic at a glance
03 Report from the Board of Directors
04 Financial statements
05 Responsibility statement
06 Audit opinion letter
07 Appendices
Board of Directors' report in relation to the Norwegian Code of Practice for Corporate governance
TCDF index
GRI and CSRD Index

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.

Subsequent to the 2023 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 2023, the Board of Directors consisted of 60% women (three out of five) of the shareholder-elected members. The employee-elected members had a composition of 33,3% women (one out of three).

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 Director's agenda in 2023 was prioritization of the Groups strategic initiatives, RIF initiative as well as the acquisition of the IP portfolio of Atlazo, Inc. During 2023, the Board held 12 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' 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 5 meetings in 2023.

The People and Compensation committee consists of the following Board Members:

- Annastiina Hintsa (Chair)
- Birger K. Steen
- Morten Dammen

01 Message from the CEO
02 Nordic at a glance
03 Report from the Board of Directors
04 Financial statements
05 Responsibility statement
06 Audit opinion letter
07 Appendices
Board of Directors' report in relation to the Norwegian Code of Practice for Corporate governance
TCDF index
GRI and CSRD Index

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 two shareholder-elected Board Members with global experience in the technology space, and one employee-elected Board Member with extensive company experience.

All members participated in all meetings during 2023.

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, 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 2023 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 2023. All members participated in all meetings.

Risk management and internal control

The Board and Management are committed to ensure 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.

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.

01 Message from the CEO
02 Nordic at a glance
03 Report from the Board of Directors
04 Financial statements
05 Responsibility statement
06 Audit opinion letter
07 Appendices
Board of Directors' report in relation to the Norwegian Code of Practice for Corporate governance
TCDF index
GRI and CSRD Index

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 10 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 2023.

The approved guidelines and policy is available on Nordic's website. A new management remuneration report for 2023 will be published on Nordic's website and presented to the Annual General Meeting in 2024 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 2024 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 10 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

01 Message from the CEO
02 Nordic at a glance
03 Report from the Board of Directors
04 Financial statements
05 Responsibility statement
06 Audit opinion letter
07 Appendices
Board of Directors' report in relation to the Norwegian Code of Practice for Corporate governance
TCDF index
GRI and CSRD Index

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 at which 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 which are referred to in the notice of the General Meeting.	The General Meeting was held April 20, 2023.	The protocols from the General Meeting can be found at 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 2023. Members: a. Viggo Leisner (Chair) b. Eivind Lotsberg c. Fredrik Thorsen	Articles of Association, §8 can be found at the company's website: Corporate Governance - nordicsemi.com

01 Message from the CEO
02 Nordic at a glance
03 Report from the Board of Directors
04 Financial statements
05 Responsibility statement
06 Audit opinion letter
07 Appendices
Board of Directors' report in relation to the Norwegian Code of Practice for Corporate governance
TCDF index
GRI and CSRD Index

Description	Developments and events during the reporting year	References
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 12 meetings in 2023. 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 Director's agenda in 2023 was prioritization of the Groups strategic initiatives, the restructuring initiative, CEO succession, as well as the acquisition of the IP portfolio of Atlazo, Inc. Snorre Kjesbu and Niels Anderskouv were appointed as shareholder-elected board members at the General Meeting on April 20, 2023, replacing Endre Holen and Øyvind Birkenes. Niels Anderskouv resigned on May 11, 2023 due to his appointment as Chief Business Officer at Global Foundries. Snorre Kjesbu attended his first board meeting on June 6, 2023. Jan Frykhamar resigned from the Board of Directors on July 4, 2023 for personal reasons. Employee-elected board member Gro Fykse resigned from the Board of Directors on December 12, 2023 due to personal connection with recently appointed CEO Vegard Wollan. All shareholder-elected members were deemed in 2023 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 at 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 at the company's website: Board of directors - nordicsemi.com

01 Message from the CEO
02 Nordic at a glance
03 Report from the Board of Directors
04 Financial statements
05 Responsibility statement
06 Audit opinion letter
07 Appendices
Board of Directors' report in relation to the Norwegian Code of Practice for Corporate governance
TCDF index
GRI and CSRD Index

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 2023. In 2023, 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. 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 at 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 5 meetings in 2023. Important focus areas for the People & Compensation Committee during 2023 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. 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 two shareholder-elected directors with extensive experience from the global technology space.	The People & Compensation Committee charter can be found at the company's website: Corporate Governance - nordicsemi.com

01 Message from the CEO
02 Nordic at a glance
03 Report from the Board of Directors
04 Financial statements
05 Responsibility statement
06 Audit opinion letter
07 Appendices
Board of Directors' report in relation to the Norwegian Code of Practice for Corporate governance
TCDF index
GRI and CSRD Index

Description	Developments and events during the reporting year	References
Sustainability Committee		
The Sustainability Committee consists of four 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 2023. In 2023 the 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 at 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 are defined in greater detail in the Rules of Procedure for the Board of Directors of the company.	The Executive Management Team held 29 meetings in 2023. In December 2023, Nordic Semiconductor completed its CEO succession project, with Vegard Wollan appointed to replace Svenn-Tore Larsen as CEO with effect from January 1, 2024.	Biographical information on the CEO and Executive Management Team can be found in the Executive Management section of this report and at the Company's website at: Management - nordicsemi.com

01 Message from the CEO
02 Nordic at a glance
03 Report from the Board of Directors
04 Financial statements
05 Responsibility statement
06 Audit opinion letter
07 Appendices
Board of Directors' report in relation to the Norwegian Code of Practice for Corporate governance
TCDF index
GRI and CSRD Index

TCFD index

TCFD Index			
Governance	a) Describe the board's oversight of climate-related risks and opportunities	The Board of Directors is responsible for oversight of climate-related risks and opportunities impacting the Group. The board oversees risk management through biannual reviews and on an ongoing basis in relation to specific projects and ongoing business. In September 2022, the Board of Directors established a dedicated Sustainability Committee comprised of Board members, assisting the Board in fulfilling the Board's responsibilities with respect to sustainability within the activities and value creation of the company. The Committee supervises the integration of sustainability into Nordic's strategy and business activities, reflected in adequate follow-up of ESG metrics to measure and monitor its sustainability performance.	Risk management section Governance section Nordic 2023 CDP Climate Change report C1.1b, C2.2
	b) Describe management's role in assessing and managing climate-related risks and opportunities	At the management level, the ESG Committee, consisting of the Executive Management Team (EMT) members from relevant functional areas, supports the CEO in developing and maintaining the Group's sustainability framework within defined ESG criteria and ensuring a holistic and aligned approach to sustainability across the Group.	Governance section Nordic 2023 CDP Climate Change report C1.2

01 Message from the CEO
02 Nordic at a glance
03 Report from the Board of Directors
04 Financial statements
05 Responsibility statement
06 Audit opinion letter
07 Appendices
Board of Directors' report in relation to the Norwegian Code of Practice for Corporate governance
TCDF index
GRI and CSRD Index

Strategy	a) Describe the climate-related risks and opportunities the organization has identified over the short, medium, and long term	Short-term: 0 — 3 years Medium-term: 3 — 6 years Long-term: 6 — 10 years Timespan categorization is made according to our business sensitivity to climate change, the need for a shift in strategy, and the pace of arising climate change scenarios.	Nordic 2023 CDP Climate Change report C2.1, C2.1a, C2.2, C2.3, C2.3a, C2.4, C2.4a
	b) Describe the impact of climate-related risks and opportunities on the organization's businesses, strategy, and financial planning	**Climate-related risks and opportunities have influenced Nordic Semiconductor's strategy in four areas:** • **Influence on products & services:** Contributing to IoT solutions for energy efficiency and energy management. This responds to market demand for sustainable solutions and lower energy consumption in end-user devices. Furthermore, our climate strategy includes commitment to science-based GHG emission targets in collaboration with and supported by the Science Based Target Initiative (SBTi). • **Influence on Supply chain and/or value chain:** Climate change factors present an important risk identified by the sustainability/environment discipline. Climate-related risks with considerable probability-impact weight have been included in the enterprise risk assessment. Such risks (such as acute/chronic physical events, market behavior, and transitional risks) have driven our strategy and approaches to these risks/opportunities. As a fabless company with subcontractors in Asia, our key measure is to second-source vital components to mitigate acute physical risks and protect against supply disruptions. • **Influence on R&D investments:** As an IoT technology enabler and supporter, Nordic is committed to promoting better environmental and climate-friendly performance in our markets. We have developed innovative products that support this mission, such as cloud services that enable remote industrial control, reducing the need for travel to conduct on-site tests. Additionally, we offer evaluation kits that support IoT products with a positive climate impact. • **Influence on Operations**: Nordic has conducted a risk assessment of different business aspects, identifying potential actions related to climate change in our operations. Our operations are limited to R&D, sales, and administration within our offices. In recent years, Nordic has invested in renewable energy for its offices, which will continue in coming years as we move on towards our SBTi targets.	TCFD disclosure in Climate Change section Nordic 2023 CDP Climate Change report C2.3a, C2.4a, C3.1, C3.3
	c) Describe the resilience of the organization's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario.	Nordic Semiconductor established a GHG emission program in 2020 for scopes 1, 2, and 3. In 2023, Nordic set new, ambitious near- and long-term GHG emission targets aligned with the Science Based Target initiative (SBTi). With these targets, Nordic is committed to ensure a resilient transition plan that supports the goals of the Paris Agreement to limit global warming to 1.5°C.	Climate Change section

01 Message from the CEO
02 Nordic at a glance
03 Report from the Board of Directors
04 Financial statements
05 Responsibility statement
06 Audit opinion letter
07 Appendices
Board of Directors' report in relation to the Norwegian Code of Practice for Corporate governance
TCDF index
GRI and CSRD Index

Risk Management	a) Describe the organization's processes for identifying and assessing climate-related risks	Risks related to climate change are managed through an enterprise risk management framework, which aims to proactively identify and manage risks that may impact our ability to deliver on our strategic objectives. As part of this process, risks related to current and emerging regulation, technology, legal, market, reputation, and acute and chronic physical events are considered. For identifying, assessing, and prioritizing climate-related risks, we use a 5×5 risk matrix considering likelihood on a rating scale of 1 ('Improbable') to 5 ('Almost certain'), and impact on a scale of 1 ('Insignificant') to 5 ('Catastrophic'). The impact scale defines criteria and definitions for assessing each risk within different impact categories: Financial, Reputational, Climate and Environment, and People or Property.	Risk management section Nordic 2023 CDP Climate Change report C2.2, C2.2a
	b) Describe the organization's processes for managing climate-related risks	Climate-change-related risks comprise an integral part of our overall enterprise risk management framework. Based on the combination of likelihood of occurrence and impact (5×5 risk matrix, as described in the disclosure for Risk Management a), risks are prioritized and mitigation measures with reach responsible, deliverables/verification, time horizon and status are defined for each risk. Climate-related risks have been identified in the TCFD disclosure.	Risk management section TCFD disclosure in Climate Change section Nordic 2023 CDP Climate Change report C2.2, C2.2a
	c) Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organization's overall risk management	The identification, assessment and management of climate-related risks are integrated into the company's enterprise risk management framework, with the aim to proactively identify and manage risks that may impact our ability to deliver on our strategic objectives. The outcome of our climate-related risk assessment, including likelihood and impact, forms an integral part of the Group's corporate risk report. The Board of Directors oversees risk management through biannual reviews and on an ongoing basis in relation to specific projects or other matters of ongoing business. The Executive Management Team (EMT) and the defined risk functions are accountable for implementing the necessary risk-mitigating measures in the relevant parts of the organization.	Risk management section Nordic 2023 CDP Climate Change report C2.2
Metrics and Targets	a) Disclose the metrics used by the organization to assess climate related risks and opportunities in line with its strategy and risk management process	Nordic reports climate-related metrics in our annual reporting. See the Climate Change section for GHG emission scope 1, 2, and 3 data.	Climate Change section
	b) Disclose Scope 1, Scope 2, and, if appropriate, Scope 3 greenhouse gas (GHG) emissions, and the related risks	Refer to the Climate Change section for disclosure on emissions.	Climate Change section
	c) Describe the targets used by the organization to manage climate-related risks and opportunities and performance against targets	ESG-related KPIs, with the potential for incentives, are set for Executive Management Team (EMT) members and specific positions reporting to EMT members of Nordic Semiconductor ASA. Specific near- and long-term GHG emission targets, and the related KPIs are as follows: • Reduce absolute Scope 1+2 GHG emissions 60% by 2030 from a 2019 base year • Reduce Scope 3 GHG emissions 60% per USD valued added by 2030 from a 2019 base year (value added = sales revenue - the cost of goods and services purchased from external suppliers) • Reduce Scope 1, 2 and 3 emissions 90% by 2050 from a 2019 base year • Reach net-zero GHG emissions across the value chain by 2050 from a 2019 base year	Climate Change section

01 Message from the CEO
02 Nordic at a glance
03 Report from the Board of Directors
04 Financial statements
05 Responsibility statement
06 Audit opinion letter
07 Appendices
Board of Directors' report in relation to the Norwegian Code of Practice for Corporate governance
TCDF index
GRI and CSRD Index

GRI and CSRD Index

GRI Standards	GRI Disclosure requirements	ESRS Disclosure requirements	Nordic response
GRI 2: General Disclosures 2021	2-1 Organizational details	See requirements of Directive 2013/34/EU	2-1 A-C: See Disclosures: Note 1 General information for legal name, nature of ownership and legal form, and headquarter address. 2-1 B: See Report from the Board of Directors Group overview for a list of countries of operation.
	2-2 Entities included in the organization's sustainability reporting	ESRS 1 5.1; ESRS 2 BP-1 §5 (a) and (b) i	2-2 A: See Disclosures: Note 15 Subsidiaries. 2-2 B: All subsidiaries shall be included in the sustainability reporting where the same data collection and assimilation methodologies are applied unless specified otherwise. 2-2 C: All subsidiaries are included in the sustainability reporting, as stated above, except for offices with fewer than 10 employees, which are excluded from Scope 2 GHG emission reporting by default.
	2-3 Reporting period, frequency and contact point (2-3-a and 2-3-b)	ESRS 1 §73	2-3 A-B: See reporting period end date in Income Statement 2-3 C: To be published on the 20th of March, 2024. 2-3 D: IR contact details found on company website
	2-4 Restatements of information	ESRS 2 BP-2 §13, §14 (a) to (b)	2-4 A: No restatements have been made in the reporting period.
	2-5 External assurance	See external assurance requirements of Directive (EU) 2022/2464	2-5 A: Nordic Semiconductors external auditors are verifying the report from the board of directors and the financial statement. However, The CSRD transition report including ESRS 2, ESRS E chapters, ESRS S chapters and ESRS G chapter is not specifically assured for in this confirmation. 2-5 B: At the time of reporting, Nordic Semiconductor's CSRD sustainability reporting has not been externally assured as this is not required.
	2-6 Activities, value chain and other business relationships	ESRS 2 SBM-1 §40 (a) i to (a) ii, (b) to (c), §42 (c)	2-6 A: See Strategy and ambitions and Strategy 2-6 B-C: See Workers in the value chain 2-6 D: No significant changes compared to previous reporting period
	2-7 Employees	ESRS 2 SBM-1 §40 (a) iii; ESRS S1 S1-6 §50 (a) to (b) and (d) to (e), §51 to §52	2-7 A: See 2-7 A: Own workforce, Disclosures: Note 7: Payroll expenses 2-7 B-E: See Own Workforce: Nordic does not currently have complete data available for for all required indicators.
	2-8 Workers who are not employees	ESRS S1 S1-7 §55 to §56	2-8 A: i. Workers who are not classified as employees are mainly contractors and consultants. Contractors and consultants: By year-end 2023, Nordic had 44 contractors and consultants, around half of which joined during 2023. The gender split was 80% male and 20% female, which is consistent with the overall gender split within the Group. ii. Workers who are not classified as employees are typically engaged by Nordic to provide required expertise and capacity in certain technologies and/or defined projects. 2-8 B-C: See Own Workforce for details

01 Message from the CEO
02 Nordic at a glance
03 Report from the Board of Directors
04 Financial statements
05 Responsibility statement
06 Audit opinion letter
07 Appendices
Board of Directors' report in relation to the Norwegian Code of Practice for Corporate governance
TCDF index
GRI and CSRD Index

GRI Standards	GRI Disclosure requirements	ESRS Disclosure requirements	Nordic response
	2-9 Governance structure and composition (2-9-a , 2-9- b, 2-9-c-i, c-ii, c-v to c-viii)	ESRS 2 GOV-1 §21, §22 (a), §23; ESRS G1 §5 (b) See also corporate governance statement requirements of Directive 2013/34/EU for public-interest entities	2-9 A: See the Sustainability statement Governance chapter. 2-9 B: See the Sustainability statement Governance chapter 2-9 C: See the Our Group Board of Directors chapter, 2-9 C: viii. Stakeholder representation: the Board of Directors consist of 3 employee elected representatives while shareholders elect 7 representatives.
	2-10 Nomination and selection of the highest governance body	This topic is not covered by the list of sustainability matters in ESRS 1 AR §16.	2-10 A-B: See the appendix Board of Directors' report in relation to the Norwegian Code of Practice for Corporate governance
	2-11 Chair of the highest governance body	This topic is not covered by the list of sustainability matters in ESRS 1 AR §16.	2-11 A-B: The Chairman of Nordic is found in Board of Directors. See the appendix Board of Directors' report in relation to the Norwegian Code of Practice for Corporate governance
	2-12 Role of the highest governance body in overseeing the management of impacts	ESRS 2 GOV-1 §22 (c); GOV-2 §26 (a) to (b); SBM-2 §45 (d); ESRS G1 §5 (a)	2-12 A-B: See the Sustainability statement Governance chapter. See Note 8.1: Management remuneration for incentive schemes linked to sustainability matters
	2-13 Delegation of responsibility for managing impacts	ESRS 2 GOV-1 §22 (c) i; GOV-2 §26 (a); ESRS G1 G1-3 §18 (c)	2-13 A-B: See the Sustainability statement Governance chapter.
	2-14 Role of the highest governance body in sustainability reporting	ESRS 2 GOV-5 §36; IRO-1 §53 (d)	2-14 A-B: The annual report 2023, including the sustainability reporting, has been reviewed and approved by the Board of Directors.
	2-15 Conflicts of interest	This topic is not covered by the list of sustainability matters in ESRS 1 AR §16.	2-15 A: See Board of Directors' report in relation to the Norwegian Code of Practice for Corporate governance. The Rules of Procedure of the Board of Directors stipulates requirements related to disclosing and managing potential conflict of interests, as well as for primary insiders.
	2-16 Communication of critical concerns	ESRS 2 GOV-2 §26 (a); ESRS G1 G1-1 AR 1 (a); G1-3 §18 (c)	2-16 A: The CEO reports about critical concerns to the Board of Directors on a running basis when relevant. The Head of Compliance reports on status on compliance matters, including reported matters and critical concerns on a regular basis to the Audit Committee. 2-16 B: See the Business Conduct chapter for information about the process for handling reported concerns. See the Governance performance overview for numbers of reports made through the whistleblower channel.

01 Message from the CEO
02 Nordic at a glance
03 Report from the Board of Directors
04 Financial statements
05 Responsibility statement
06 Audit opinion letter
07 Appendices
Board of Directors' report in relation to the Norwegian Code of Practice for Corporate governance
TCDF index
GRI and CSRD Index

GRI Standards	GRI Disclosure requirements	ESRS Disclosure requirements	Nordic response
	2-17 Collective knowledge of the highest governance body	ESRS 2 GOV-1 §23	2-17 A: See the Sustainability statement Governance chapter. The various committees of Nordic have regular knowledge exchanges on various sustainability topics and are thus kept abreast of the latest matters regarding Nordic's sustainability initiatives and relevant projects. Further, the committees are regularly updated on the latest changes concerning sustainability reporting, regulations, and requirements.
	2-18 Evaluation of the performance of the highest governance body	This topic is not covered by the list of sustainability matters in ESRS 1 AR §16.	2-18: See the Report from the Board of Directors and section on the Board of Directors for their competencies in the annual report. The Rules of Procedure of the Board of Directors stipulates that the Board, and each of its committees conduct an annual self-performance evaluation to determine whether the Board and each of its committees are functioning effectively in overseeing the management of the organization's impact.
	2-19 Remuneration policies (2-19-a and 2- 19-b)	ESRS 2 GOV-3 §29 (a) to (c); ESRS E1 §13 See also remuneration report requirements of Directive (EU) 2017/828 for listed undertakings	2-19: See Board of Directors' report in relation to the Norwegian Code of Practice for Corporate governance, Disclosure: Note 8.1: Management remuneration and annual Remuneration report for remuneration guidelines and policy.
	2-20 Process to determine remuneration	ESRS 2 GOV-3 §29 (e) See also remuneration report requirements of Directive (EU) 2017/828 for listed undertakings	See annual Remuneration Report. Key renumeration decisions are made by the Board of Directors. The Board People & Compensation Committee (PCC) operates as a preparatory committee for the Board in matters concerning remuneration. The PCC reviews, analyzes, discusses, evaluates and recommends remuneration principles and decisions to the Board. The Board of Directors provides a Renumeration Report as well as a Renumeration Policy and Guideline for the Board of Directors and Senior Executive Management to the Annual General Meeting for advisory votes. The votes of the annual general meeting are made available as part of the minutes from the annual general meeting on the Company's website.
	2-21 Annual total compensation ratio (2-21-a and 2-21-c)	ESRS S1 S1-16 §97 (b) to (c)	2-21 A-B: See Social performance overview in the Own Workforce chapter and annual Remuneration report. 2-21 C: The data has been compiled using total compensation figures for all employees based in Norway, and total compensation for the highest-paid individual (the CEO) which represents a total annual compensation ratio of 2.72.
	2-22 Statement on sustainable development strategy	ESRS 2 SBM-1 §40 (g)	See the Message from the CEO and Sustainability statement.
	2-23 Policy commitments (2-23-a-i and a-iv; 2-23-b, 2-23-d, 2-23-e, 2-23-f)	ESRS 2 GOV-4; MDR-P §65 (b) to (c) and (f); ESRS S1 S1-1 §19 to §21, and §AR 14; ESRS S2 S2-1 §16 to §17, §19, and §AR 16; ESRS S3 S3-1 §14, §16 to §17 and §AR 11; ESRS S4 S4-1 §15 to §17, and §AR 13; ESRS G1 G1-1 §7 and §AR 1 (b)	2-23 A: Nordic Semiconductor has committed to conducting business in a way that respects and supports internationally proclaimed human and labor rights, as defined by the International Bill of Rights and the International Labor Organization (ILO) Fundamental Principles and Rights at Work, by preventing and mitigating negative impacts and by driving continuous improvement. Nordic has established a human rights due diligence framework based on OECD's Guidelines for Multinational Enterprises to operationalize our commitment to safeguarding human and labor rights. Further, Nordic is committed to the ten principles of the UN Global Compact. For further information, see Workers in the Value Chain chapter. 2-23 B: See Workers in the Value Chain chapter 2-23 C-F: See Policies and Statements on Nordic's website and the description in each respective policy.

01 Message from the CEO
02 Nordic at a glance
03 Report from the Board of Directors
04 Financial statements
05 Responsibility statement
06 Audit opinion letter
07 Appendices
Board of Directors' report in relation to the Norwegian Code of Practice for Corporate governance
TCDF index
GRI and CSRD Index

GRI Standards	GRI Disclosure requirements	ESRS Disclosure requirements	Nordic response
	2-24 Embedding policy commitments	ESRS 2 GOV-2 §26 (b); MDR-P §65 (c); ESRS S1 S1-4 §AR 35; ESRS S2 S2-4 §AR 30; ESRS S3 S3-4 §AR 27; ESRS S4 S4-4 §AR 27; ESRS G1 G1-1 §9 and §10 (g)	See Nordic's public policies and statements on the Nordic website and the Business Conduct chapter for general information.
	2-25 Processes to remediate negative impacts	ESRS S1 S1-1 §20 (c); S1-3 §32 (a), (b) and (e), §AR 31; ESRS S2 S2-1 §17 (c); S2-3 §27 (a), (b) and (e), §AR 26; S2-4 §33 (c); ESRS S3 S3-1 §16 (c); S3-3 §27 (a), (b) and (e), §AR 23; S3-4 §33 (c); ESRS S4 S4-1 §16 (c); S4-3 §25 (a), (b) and (e), §AR 23; S4-4 §32 (c)	2-25 A-E: Nordic engages in stakeholder dialogue to identify negative impacts from its activities and business relationships and to identify necessary remediating actions. Nordic has established a human rights due diligence framework with the purpose of identifying and remediating risks of and actual negative impacts reconcerning human and labor rights. See response to 2-23 A for further information. In addition, Nordic has established a whistleblowing channel where any suspected incidents of misconduct can be reported. For details, see the Workers in our Value Chain and the Business Conduct chapter.
	2-26 Mechanisms for seeking advice and raising concerns	ESRS S1 S1-3 §AR 32 (d); ESRS S2 S2-3 §AR 27 (d); ESRS S3 S3- 3 §AR 24 (d); ESRS S4 S4-3 §AR 24 (d); ESRS G1 G1-1 §10 (a); G1-3 §18 (a)	2-26 A: Nordic has established a whistleblowing channel where any suspected incidents of misconduct can be reported. For details, see the Workers in our Value Chain and the Business Conduct chapter.

01 Message from the CEO
02 Nordic at a glance
03 Report from the Board of Directors
04 Financial statements
05 Responsibility statement
06 Audit opinion letter
07 Appendices
Board of Directors' report in relation to the Norwegian Code of Practice for Corporate governance
TCDF index
GRI and CSRD Index

GRI Standards	GRI Disclosure requirements	ESRS Disclosure requirements	Nordic response
	2-27 Compliance with laws and regulations	ESRS 2 SMB-3 §48 (d); ESRS E2 E2-4 §AR 25 (b); ESRS S1 S1-17 §103 (c) to (d) and §104 (b); ESRS G1 G1-4 §24 (a)	2-27 A: The company is not aware of any significant instances of non-compliance with laws and regulations during the reporting period. Hence, no fines nor non-monetary sanctions incurred during the reporting period. 2-27 B: Not applicable.
	2-28 Membership associations	Political engagement' is a sustainability matter for G1 covered by ESRS 1 §AR 16. Hence this GRI disclosure is covered by MDR-P, MDR-A, MDR-T, and/or as an entity- specific metric to be disclosed according to ESRS 1 §11 and pursuant to MDR-M.	Member of Bluetooth SIG, Connectivity Standard Alliance, and Global Semiconductor Alliance (GSA)
	2-29 Approach to stakeholder engagement	ESRS 2 SMB-2 §45 (a) i to (a) iv; ESRS S1 S1-1 §20 (b); S1-2 §25, §27 (e) and §28; ESRS S2 S2-1 §17 (b); S2-2 §20, §22 (e) and §23; ESRS S3 S3-1 §16 (b); S3-2 §19, §21 (d) and §22; ESRS S4 S4-1 §16 (b); S4-2 §18, §20 (d) and §21	See overview table in the stakeholder dialogue in Strategy. In addition, see the Environment, Social, and Governance chapters.
	2-30 Collective bargaining agreements	ESRS S1 S1-8 §60 (a) and §61	2-30 a and b is found in Own workforce in heading Collective bargaining and rights of workers.
GRI 3: Material Topics 2021	3-1 Process to determine material topics	ESRS 2 BP-1 §AR 1 (a); IRO-1 §53 (b) ii to (b) iv	3-1 A: See the Sustainability statement sub-chapter About our double materiality assessment. 3-1 B: Identifying and selecting material topics is a cross-organizational effort in which various subject matter experts (SME) participate. This includes SMEs from the quality, human resources, legal and compliance, and various other units and functions that have been part of the process. In addition, external stakeholders influence the process, and a list of such stakeholders can be referenced above in 2-29 Approach to stakeholder engagement.
	3-2 List of material topics	ESRS 2 SBM-3 §48 (a) and (g)	3-2 A: See the list of material topics in the Sustainability statement sub-chapter About our double materiality assessment. 3-2 B: For the 2023 review of material topics, they were selcted based on double materiality assessment of the 2023 ESRS topics.

01 Message from the CEO
02 Nordic at a glance
03 Report from the Board of Directors
04 Financial statements
05 Responsibility statement
06 Audit opinion letter
07 Appendices
Board of Directors' report in relation to the Norwegian Code of Practice for Corporate governance
TCDF index
GRI and CSRD Index

GRI Standards	GRI Disclosure requirements	ESRS Disclosure requirements	Nordic response
	3-3 Management of material topics	ESRS 2 SBM-1§ 40 (e); SBM-3 §48 (c) i and (c) iv; MDR-P, MDR- A, MDR-M, and MDR-T; ESRS S1 S1-2 §27; S1-4 §39 and AR 40 (a); S1-5 §47 (b) to (c); ESRS S2 S2-2 §22; S2-4 §33, §AR 33 and §AR 36 (a); S2-5 §42 (b) to (c); ESRS S3 S3-2 §21; S3-4 §33, §AR 31, §AR 34 (a); S3-5 §42 (b) to (c); ESRS S4 S4-2 §20, S4-4 §31, §AR 30, and §AR 33 (a); S4-5 §41 (b) to (c). See below for additional linkages to specific topics.	Each respective sub-chapter of the Environment, Social, and Governance chapters corresponds to each identified material topic, which includes, where relevant, a description of the topic, its impacts, relevant policies, actions taken, and associated metrics and targets. Omission: Incomplete. Nordic does not currently report fully on these indicators S1-5 §47, S2-5, §42, S4-2 §20
	201-2 Financial implications and other risks and opportunities due to climate change	ESRS 2 SBM-3 §48 (a), and (d) to (e); ESRS E1 §18; E1-3 §26; E1-9 §64	See Note 4: Climate related risk for information
GRI 204: Procurement Practices 2016	3-3 Management of material topics	ESRS G1 G1-2 §12	Management and relationships with suppliers are presented in Sustainability statement under the heading General information.
GRI 205: Anti-corruption 2016	3-3 Management of material topics	ESRS G1 G1-1 §7; G1-3 §16 and §18 (a) and §24 (b)	Each respective sub-chapter of the Environment, Social, and Governance chapters corresponds to each identified material topic, which includes, where relevant, a description of the topic, its impacts, relevant policies, actions taken, and associated metrics and targets. See in particular the Business Conduct for details

01 Message from the CEO
02 Nordic at a glance
03 Report from the Board of Directors
04 Financial statements
05 Responsibility statement
06 Audit opinion letter
07 Appendices
Board of Directors' report in relation to the Norwegian Code of Practice for Corporate governance
TCDF index
GRI and CSRD Index

GRI Standards	GRI Disclosure requirements	ESRS Disclosure requirements	Nordic response
	205-1 Operations assessed for risks related to corruption	ESRS G1 G1-3 §AR 5	The assessment of the potential of risks and relevant mitigation activities related to corruption or bribery is part of the Company's Corporate Risk Management framework, and is as such performed on a semi-annual basis.
	205-2 Communication and training about anti-corruption policies and procedures	ESRS G1 G1-3 §20, §21 (b) and (c) and §AR 7 and 8	For general information regarding anti-corruption and integrity, see the Business Conduct chapter and the publicly available information regarding Nordic's Anti-Corruption Program. Our anti-corruption policy is communicated to new employees as part of onboarding, and relevant guidance is part of our Employee Handbook. We aim to provide relevant and targeted training to enable our employees to make sound ethical decisions. An introduction course to Compliance & Integrity is provided to all new employees. Nordic require all Tier 1 suppliers to commit to the Code of Conduct of the Responsible Business Alliance.
	205-3 Confirmed incidents of corruption and actions taken	ESRS G1 G1-4 §25	The company is not aware of any confirmed incidents of corruption involving the company, including its employees during the reporting period. No public legal causes regarding corruption has been brought against the organization during the reporting period.
GRI 207: Tax 2019	207-1 Approach to tax	This topic is not covered by the list of sustainability matters in ESRS 1 AR §16.	Nordic approach to tax is reflected in Business Conduct and in the tax policy on the website.
	207-2 Tax governance, control, and risk management	This topic is not covered by the list of sustainability matters in ESRS 1 AR §16.	Nordic approach to tax controls and risk is reflected in Business Conduct and in the tax policy on the website.
	207-3 Stakeholder engagement and management of concerns related to tax	This topic is not covered by the list of sustainability matters in ESRS 1 AR §16.	Stakholder engagement is reflected in General information and in the tax policy on the website.
GRI 301: Materials 2016	3-3 Management of material topics	ESRS E5 E5-1 §12; E5-2 §17; E5-3 §21	Each respective sub-section of the Environment, Social, and Governance sections corresponds to each identified material topic, which includes, where relevant, a description of the topic, its impacts, relevant policies, actions taken, and associated metrics and targets.
	301-1 Materials used by weight or volume	ESRS E5 E5-4 §31 (a)	Omission: As a fabless semiconductor company that works with various manufacturing partners and suppliers, Nordic does not have available all the required data for all materials used by weight or volume. Nordic aims to advance its data collection to enable reporting on such indicators going forward.
	301-2 Recycled input materials used	ESRS E5 E5-4 §31 (c)	See the section on Circular Economy.

01 Message from the CEO
02 Nordic at a glance
03 Report from the Board of Directors
04 Financial statements
05 Responsibility statement
06 Audit opinion letter
07 Appendices
Board of Directors' report in relation to the Norwegian Code of Practice for Corporate governance
TCDF index
GRI and CSRD Index

GRI Standards	GRI Disclosure requirements	ESRS Disclosure requirements	Nordic response
	301-3 Reclaimed products and their packaging materials	Resource outflows related to products and services' and 'Waste' are sustainability matters for E5 covered by ESRS 1 §AR 16. Hence this GRI disclosure is covered by MDR-P, MDR-A, MDR-T, and/or as an entity- specific metric to be disclosed according to ESRS 1 §11 and pursuant to MDR-M.	Omission: Nordic does not have system for collecting, reusing or recycling products and their packaging materials at the end-of-life. Nordic's products are utilized and incorporated as components in various end-products and applications.The responsibility for collection and treatment of the finished products lies with the producer of the finished product.
GRI 302: Energy 2016	3-3 Management of material topics	ESRS E1 E1-2 §25 (c) to (d); E1-3 §26; E1-4 §33	Each respective sub-section of the Environment, Social, and Governance sections corresponds to each identified material topic, which includes, where relevant, a description of the topic, its impacts, relevant policies, actions taken, and associated metrics and targets.
	302-1 Energy consumption within the organization (302-1-a, b, c, e and g)	ESRS E1 E1-5 §37; §38; §AR 32 (a), (c), (e) and (f)	See the section on Climate Change.
	302-3 Energy intensity	ESRS E1 E1-5 §40 to §42	See the section on Climate Change.
	302-4 Reduction of energy consumption	Energy' is a sustainability matter for E1 covered by ESRS 1 §AR 16. Hence this GRI disclosure is covered by MDR-P, MDR-A, MDR-T, and/or as an entity- specific metric to be disclosed	See the section on Climate Change.
GRI 303: Water and Effluents 2018	3-3 Management of material topics	ESRS E2 §AR 9 (b); E2-1 §12; E2-2 §16 and §19; E2-3 §20; ESRS E3 E3-1 §9; E3-2 §15, §17 to §18; E3-3 §20	Each respective sub-section of the Environment, Social, and Governance sections corresponds to each identified material topic, which includes, where relevant, a description of the topic, its impacts, relevant policies, actions taken, and associated metrics and targets.
	303-1 Interactions with water as a shared resource	ESRS 2 SBM-3 §48 (a); MDR-T §80 (f); ESRS E3 §8 (a); §AR 15 (a); E3-2 §15, §AR 20	See the section on Water and Marine Resources.

01 Message from the CEO
02 Nordic at a glance
03 Report from the Board of Directors
04 Financial statements
05 Responsibility statement
06 Audit opinion letter
07 Appendices
Board of Directors' report in relation to the Norwegian Code of Practice for Corporate governance
TCDF index
GRI and CSRD Index

GRI Standards	GRI Disclosure requirements	ESRS Disclosure requirements	Nordic response
	303-3 Water withdrawal	Water withdrawals' is a sustainability matter for E3 covered by ESRS 1 §AR 16. Hence this GRI disclosure is covered by MDR-P, MDR-A, MDR-T, and/or as an entity- specific metric to be disclosed according to ESRS 1 §11 and pursuant to MDR-M.	See the section on Water and Marine Resources. All withdrawn water used in Nordic operations is provided by municipal water suppliers.
	303-4 Water discharge	Water discharges' is a sustainability matter for E3 covered by ESRS 1 §AR 16. Hence this GRI disclosure is covered by MDR-P, MDR-A, MDR-T, and/or as an entity- specific metric to be disclosed according to ESRS 1 §11 and pursuant to MDR-M.	See the section on Water and Marine Resources. Omission: Nordic does not have system to measure water discharge. All discharged water is directed to municipal waste water treatment plants.
	303-5 Water consumption	ESRS E3 E3-4 §28 (a), (b), (d) and (e)	See the section on Water and Marine Resources.
GRI 304: Biodiversity 2016	3-3 Management of material topics	ESRS E4 E4-1 §AR 1 (b) and (d); E4-2 §20 and §22; E4-3 §25 and §28 (a); E4-4 §29	Each respective sub-section of the Environment, Social, and Governance sections corresponds to each identified material topic, which includes, where relevant, a description of the topic, its impacts, relevant policies, actions taken, and associated metrics and targets.
	304-2 Significant impacts of activities, products and services on biodiversity (304-2-a-i, ii, iii, iv, v and vi; 304-2-b)	ESRS E4 E4-5 §35, §38, §39, §40 (a) and (c)	See the section on Biodiversity and ecosystems for information. Omission: Incomplete. Nordic does not currently report fully on these indicators.
GRI 305: Emissions 2016	3-3 Management of material topics and GRI 305 1.2	ESRS E1 E1-2 §22; E1-3 §26; E1-4 §33 and §34 (b); E1-7 §56 (b) and §61 (c); ESRS E2 §AR 9 (b); E2-1 §12; E2-2 §16 and §19; E2-3 §20	Each respective sub-section of the Environment, Social, and Governance sections corresponds to each identified material topic, which includes, where relevant, a description of the topic, its impacts, relevant policies, actions taken, and associated metrics and targets.

01 Message from the CEO
02 Nordic at a glance
03 Report from the Board of Directors
04 Financial statements
05 Responsibility statement
06 Audit opinion letter
07 Appendices
Board of Directors' report in relation to the Norwegian Code of Practice for Corporate governance
TCDF index
GRI and CSRD Index

GRI Standards	GRI Disclosure requirements	ESRS Disclosure requirements	Nordic response
	305-1 Direct (Scope 1) GHG emissions	ESRS E1 E1-4 §34 (c); E1-6 §44 (a); §46; §50; §AR 25 (b) and (c); §AR 39 (a) to (d); §AR 40; AR §43 (c) to (d)	See the Climate Change section.
	305-2 Energy indirect (Scope 2) GHG emissions	ESRS E1 E1-4 §34 (c); E1-6 §44 (b); §46; §49; §50; §AR 25 (b) and (c); §AR 39 (a) to (d); §AR 40; §AR 45 (a), (c), (d), and (f)	See the Climate Change section.
	305-3 Other indirect (Scope 3) GHG emissions	ESRS E1 E1-4 §34 (c); E1-6 §44 (c); §51; §AR 25 (b) and (c); §AR 39 (a) to (d); §AR 46 (a) (i) to (k)	See the Climate Change section.
	305-4 GHG emissions intensity	ESRS E1 E1-6 §53; §54; §AR 39 (c); §AR 53 (a)	See the Climate Change section.
	305-5 Reduction of GHG emissions (305-5-a, c and 2.9.5)	ESRS E1 E1-3 §29 (b); E1-4 §34 (c); §AR 25 (b) and (c); E1-7 §56	See the Climate Change section.
	305-6 Emissions of ozone-depleting substances (ODS)	Pollution of air' is a sustainability matter for E2 covered by ESRS 1 §AR 16. Hence this GRI disclosure is covered by MDR-P, MDR-A, MDR-T, and/or as an entity-specific metric to be disclosed according to ESRS 1 §11 and pursuant to MDR-M.	See the Climate Change section. Omission: During the reporting period, Nordic did not directly contribute to any emissions of ODS. Further Nordic does not currently have complete data available for ODS emissions stemming from its manufacturing suppliers, where CFC and HCFC emissions, etc, are relevant. Detailed requirements for ODS usage in manufacturing processes are defined in the Hazardous Substances Specification for Suppliers.
	305-7 Nitrogen oxides (NOx), sulfur oxides (SOx), and other significant air emissions	ESRS E2 E2-4 §28 (a); §30 (b) and (c); §31; §AR 21; §AR 26	See the section on Pollution for a general description of air pollution and its relevancy and impact on Nordic's own operations and supply chain. Omission: During the reporting period, Nordic did not directly contribute to any significant air emissions. Furthermore, Nordic does not currently have complete data available for air emissions stemming from its manufacturing suppliers, where NOx and SOx emissions, etc, are relevant.
GRI 306: Waste 2020	3-3 Management of material topics	ESRS E5 §AR 7 (a); E5-1 §12; E5-2 §17; E5-3 §21	Each respective sub-section of the Environment, Social, and Governance sections corresponds to each identified material topic, which includes, where relevant, a description of the topic, its impacts, relevant policies, actions taken, and associated metrics and targets.

01 Message from the CEO
02 Nordic at a glance
03 Report from the Board of Directors
04 Financial statements
05 Responsibility statement
06 Audit opinion letter
07 Appendices
Board of Directors' report in relation to the Norwegian Code of Practice for Corporate governance
TCDF index
GRI and CSRD Index

GRI Standards	GRI Disclosure requirements	ESRS Disclosure requirements	Nordic response
	306-1 Waste generation and significant waste-related impacts	ESRS 2 SBM-3 §48 (a), (c) ii and iv; ESRS E5 E5-4 §30	See the Circular Economy section.
	306-2 Management of significant waste-related impacts (306-2-a and c)	ESRS E5 E5-2 §17 and §20 (e) and (f); E5-5 §40 and §AR 33 (c)	See the Circular Economy section.
	306-3 Waste generated	ESRS E5 E5-5 §37 (a), §38 to §40	See the Circular Economy section.
	306-4 Waste diverted from disposal (306-4-a, b, c, e)	ESRS E5 E5-5 §37 (b), §38 and §40	See the Circular Economy section. Omission: Incomplete. Nordic does not currently report fully on these indicators (E5-5 §37 (b) i-iii). All waste generated in Nordic operations is delivered to certified waste processing companies for sorting and recycling.
	306-5 Waste directed to disposal (306-5-a, b, c, e)	ESRS E5 E5-5 §37 (c), §38 and §40	See the Circular Economy section. Omission: Incomplete. Nordic does not currently report fully on these indicators (E5-5 §37 (c) i-iii). All waste generated in Nordic operations is delivered to certified waste processing companies for sorting and recycling.
GRI 306: Effluents and Waste 2016	306-3 Significant spills	Pollution of air', 'Pollution of water', and 'Pollution of soil' are sustainability matters for E2 covered by ESRS 1 §AR 16. Hence this GRI disclosure is covered by MDR-P, MDR-A, MDR-T, and/or as an entity- specific metric to be disclosed according to ESRS 1 §11 and pursuant to MDR-M.	See the Circular Economy section.
GRI 308: Supplier Environmental Assessment 2016	3-3 Management of material topics	ESRS G1 G1-2 §12 and §15 (a)	Each respective sub-section of the Environment, Social, and Governance sections corresponds to each identified material topic, which includes, where relevant, a description of the topic, its impacts, relevant policies, actions taken, and associated metrics and targets.
	308-1 New suppliers that were screened using environmental criteria	ESRS G1 G1-2 §15 (b)	308-1 A: 100% of new manufacturing suppliers were screened using environmental criteria for the reporting period. Omission: Nordic does not currently report fully on this indicator.

01 Message from the CEO
02 Nordic at a glance
03 Report from the Board of Directors
04 Financial statements
05 Responsibility statement
06 Audit opinion letter
07 Appendices
Board of Directors' report in relation to the Norwegian Code of Practice for Corporate governance
TCDF index
GRI and CSRD Index

GRI Standards	GRI Disclosure requirements	ESRS Disclosure requirements	Nordic response
GRI 401: Employment 2016	3-3 Management of material topics	ESRS S1 S1-1 §17; §20 (c); S1-2 §27; S1-4 §38; §39; §AR 40 (a); S1-5 §44; §47 (b) and (c); ESRS S2 §11 (c); S2-1 §14; §17 (c); S2-2 §22; S2-4 §32; §33 (a) and (b); §36; §AR 33; §AR 36 (a); S2-5 §39, §42 (b) and (c)	Each respective sub-chapter of the Environment, Social, and Governance chapters corresponds to each identified material topic, which includes, where relevant, a description of the topic, its impacts, relevant policies, actions taken, and associated metrics and targets. Omission: Incomplete. Nordic does not currently report fully on these indicators S1-5 §47, S2-5, §42, S4-2 §20
	401-1 New employee hires and employee turnover (401-1-b)	ESRS S1 S1-6 §50 (c)	See the chapter Own Workforce
	401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees (401-2-a-ii, a-iii, a-iv, a-v and b)	ESRS S1 S1-11 §74; §75; §AR 75	All employees employed by Nordic, regardless of employment affiliation, are treated equally. Some benefits, however, are related to type of employment. We follow legal requirements in addition to local market expectations to have a fair and transparent practice. In Own Workforce under workforce composition and employment terms are the most prominant terms elaborated namely parental leave and sick leave. Omission: Incomplete. Nordic does not currently report fully on these indicators S1-11
	401-3 Parental leave (401-3-a and b)	ESRS S1 S1-15 §93	See the Own workforce chapter heading Parental leave
GRI 402: Labor/ Management Relations 2016	3-3 Management of material topics	ESRS S1 S1-1 §17; §20 (c); S1-2 §27; S1-4 §38; §39; §AR 40 (a); S1-5 §44; §47 (b) and (c); ESRS S2 §11 (c); S2-1 §14; §17 (c); S2-2 §22; S2-4 §32; §33 (a) and (b); §36; §AR 33; §AR 36 (a); S2-5 §39, §42 (b) and (c)	Each respective sub-chapter of the Environment, Social, and Governance chapters corresponds to each identified material topic, which includes, where relevant, a description of the topic, its impacts, relevant policies, actions taken, and associated metrics and targets. Omission: Incomplete. Nordic does not currently report fully on these indicators S1-5 §47, S2-5, §42, S4-2 §20
	402-1 Minimum notice periods regarding operational changes	Social dialogue' and 'Collective bargaining' are sustainability matters for S1 covered by ESRS 1 §AR 16. Hence this GRI disclosure is covered by MDR-P, MDR-A, MDR-T, and/or as an	See the Own workforce chapter heading Collective bargaining and rights of workers

01 Message from the CEO
02 Nordic at a glance
03 Report from the Board of Directors
04 Financial statements
05 Responsibility statement
06 Audit opinion letter
07 Appendices

Board of Directors' report in relation to the Norwegian Code of Practice for Corporate governance
TCDF index
GRI and CSRD Index

GRI Standards	GRI Disclosure requirements	ESRS Disclosure requirements	Nordic response
GRI 403: Occupational Health and Safety 2018	3-3 Management of material topics	ESRS S1 S1-1 §17; §20 (c); S1-2 §27; S1-4 §38; §39; §AR 40 (a); S1-5 §44; §47 (b) and (c); ESRS S2 §11 (c); S2-1 §14; §17 (c); S2-2 §22; S2-4 §32; §33 (a) and (b); §36; §AR 33; §AR 36 (a); S2-5 §39, §42 (b) and (c)	Each respective sub-chapter of the Environment, Social, and Governance chapters corresponds to each identified material topic, which includes, where relevant, a description of the topic, its impacts, relevant policies, actions taken, and associated metrics and targets. Omission: Incomplete. Nordic does not currently report fully on these indicators S1-5 §47, S2-5, §42, S4-2 §20
	403-1 Occupational health and safety management system (403-1-a)	ESRS S1 S1-1 §23	403-1 A: Nordic's occupational health & management system is based on the ISO Standard ISO 45001 Occupational Health and Safety Management Systems and the Norwegian Working Environment Act (the scope of the certification itself is limited to activities in Norway). The ISO 45001 certification scope covers also Finland activities. 403-1 B: Nordic has implemented a management system to improve employees' working conditions continuously. These activities include risk assessments, employee satisfaction surveys, improvement programs, training, and occupational health services. For our highest risk elements, adequate emergency plans are defined and rehearsed. For further general information, see the Health & Safety heading in Own Workforce.

01 Message from the CEO
02 Nordic at a glance
03 Report from the Board of Directors
04 Financial statements
05 Responsibility statement
06 Audit opinion letter
07 Appendices

Board of Directors' report in relation to the Norwegian Code of Practice for Corporate governance
TCDF index
GRI and CSRD Index

GRI Standards	GRI Disclosure requirements	ESRS Disclosure requirements	Nordic response
	403-2 Hazard identification, risk assessment, and incident investigation (403-2-b)	ESRS S1 S1-3 §32 (b) and §33	403-2 A: The working environment committee (AMU) is responsible for providing guidelines on OHS and has implemented an OHS policy and principles. Further, local OHS committees have been established for specific offices where legally required. The AMU consist of employees trained in health and safety. The AMU covers other offices that do not have such local OHS committees. One of the key responsibilities of the OHS committees is to Identify potential work-related risks concerning changes in the organization or the workplace and initiate measures to reduce risks when relevant. Further, it shall communicate and cooperate with local employees/employee representatives to ensure that workers' views and perspectives are given due consideration in managing changes, decisions, and risks related to the health and safety of the company's employees. 403-2 B: Nordic employees are encouraged to report such incidents by utilizing the OHS non-conformity reporting channel. The non-conformity reporting system shall ensure that any issue, whether a non-conformity, incident, or near-incident, is analyzed and dealt with, including those related to OHS work. Proposals for changes and improvements pertaining to occupational health and safety for people working under company control are registered in the non-conformity system under the category OHS. Safety representatives are responsible for registering and following up on OHS-related nonconformities and proposed improvements. Where applicable, local OHS Committees assess and follow up the initiatives. The OHS non-conformity reporting system enables employees to i. Address reported incidents or near-incidents, and ii. Anticipate potential health and safety hazards through inspections and continuous improvement. A report can be registered using one of the following approaches: 1. Reporting directly to your nearest leader (who will address this with the OHS organization). 2. Reporting to your safety representatives (site specific). 3. Reporting to the HR department. 4. Reporting directly in the Non-conformity register. Incidents are recorded and handled according to Nordic's internal procedure "7.3 Continuous improvement and Non-conformity handling guideline". Incidents shall also be reported to local authorities according to applicable regulations. Other stakeholders, such as building owners and company management, shall be involved as relevant or explicitly described in OHS non-conformity reporting. Further, The AMU shall at annual basis perform hazard identification and risk assessment to determine the need for controls and improvement actions. Every third year, a more thorough hazard evaluation shall be performed. The risk assessment shall consider all parts of organization's activities. Risk assessments are archived and available for all employees. 403-2 C: All employees are protected from any reprisal when reporting or raising issues related to OHS. Stop work authority can be used in case of danger to the employee or people in the immediate vicinity. 403-2 D: See 403-2 B. Further, issues raised or reported will be investigated by the appropriate OHS committee, or if applicable, the AMU. For further information on these matters See the Health & Safety heading in Own workforce chapter, Workers in the value chain, Circular economy, and Pollution. In addition, see the publicly available information on Nordic's environmental and related hazardous substance management practices on Nordic's website: Environmental Management
	403-3 Occupational health services	Health and safety' and 'Training and skills development' are sustainability matters for S1 covered by ESRS 1 §AR 16. Hence this GRI disclosure is covered by MDR-P, MDR-A, MDR-T, and/or as an entity- specific metric to be disclosed according to ESRS 1 §11 and pursuant to MDR-M.	The Management Team is responsible for the organization's working environment and shall ensure a systematic improvement to provide safe employment and meaningful work for the individual employee. The Management team is responsible for the organization's OHS policy and operational targets. The policy shall enable: That employees have a protective working environment Safe employment and meaningful work for the individual employee Consultation and participation of workers and worker's representatives That our suppliers live up to Nordic Semiconductor's OHS standards Compliance with legal requirements, as well as internal policies and guidelines Continuous improvements concerning occupational health and safety for all Nordic employees In the event that employees wish to remain anonymous, they can use H&S services through a third party whose contact details are posted on the Nordic's intranet. In the event of an internal investigation, employee details are confidential, and only the designated team has access to such information. Retaliation against any employee who has reported misconduct is prohibited, and there shall be no unfavorable treatment to any whistleblower.

01 Message from the CEO
02 Nordic at a glance
03 Report from the Board of Directors
04 Financial statements
05 Responsibility statement
06 Audit opinion letter
07 Appendices
Board of Directors' report in relation to the Norwegian Code of Practice for Corporate governance
TCDF index
GRI and CSRD Index

GRI Standards	GRI Disclosure requirements	ESRS Disclosure requirements	Nordic response
	403-4 Worker participation, consultation, and communication on occupational health and safety	0	403-4 A: The OHS policy commits to consultations with Nordic employees and representatives with regard to ensuring an inclusive and effective OHS approach across the organization and its business areas. These consultations take place at employee level (Safety inspections and non-compliance reports), For instance, worker's representatives at inspections, risk assessments and changes in the organization, management at inspections and policies development, and OHS Committees on all topics discussed. All assessments, reports, and committee meeting minutes are archived and available to all employees. 403-4 B: See response to 403-2 A.
	403-5 Worker training on occupational health and safety	0	403-5 A: Each new employee undergoes initial training, during which the primary health and safety risks present in the various work areas are discussed. Furthermore, depending on the role, employees are given additional training on hazards in their area of work. In addition, employee representatives (PSR) and AMU members are sent to additional advanced health and safety courses in order to raise their awareness. Training is conducted in local languages and in English.
	403-6 Promotion of worker health	Social protection' is a sustainability matter for S1 covered by ESRS 1 §AR 16. Hence this GRI disclosure is covered by MDR-P, MDR-A, MDR-T, and/or as an entity- specific metric to be disclosed according to ESRS 1 §11 and pursuant to MDR-M.	403-6 A: The health insurance plan comprises several non-occupational medical and healthcare services. For instance, treatment guarantees to ensure quicker access to medical services in private hospitals or clinics with health specialists. The insurance also includes free access to online GPs (experienced practitioners) for all employees and their children. Additionally, employees have access to online mental healthcare consultations with psychologists, offering 5 video calls for 25 minutes free of charge per year and digital self-help programs such as articles, exercises, and techniques to help cope with challenges. 403-6 B: Nordic has implemented a new global sponsorship program that allows employees to dedicate 60 minutes weekly to physical activity during work hours. This initiative is regularly promoted by managers and EMT members, who provide guidance on how to actively spend time during work hours. Furthermore, many locations now offer free passes for sports activities, such as gym memberships, allowing employees to remain active outside work hours. As an example to further encourage and promote employee health and well-being, Nordic Semiconductor organized a challenge/competition using the Strava platform. For further information and examples, see heading Health & Safety in Own workforce.
	403-7 Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	ESRS S2 S2-4 §32 (a)	The AMU shall perform hazard identification and risk assessment annually to determine the need for controls and improvement actions. Every third year, a more thorough hazard evaluation shall be performed. The risk assessment shall consider all parts of the organization's activities. Such assessments are meant to mitigate and safeguard employees. Risk assessments are archived and available for all employees.
	403-8 Workers covered by an occupational health and safety management system (403-8-a and b)	ESRS S1 S1-14 §88 (a); §90	403-8 A: See response to 403-1. In addition, all contractors, consultants, and other non-full-time employees that work for Nordic are covered by the OHS standards of the company. However, as a fabless semiconductor company that works with various manufacturing partners and suppliers, Nordic does not conduct direct audits for contractors, consultants, or other personnel that are not full time employees and work outside of Nordic's offices. Nordic is, however a member of RBA, which conducts on-site audits for Nordic's suppliers as described in the responsible supply chain chapter. i. the number of all employees and workers who are not employees but whose work and/or workplace is controlled by the organization who are covered by such a system is 44. Not counting non consultants that will for limited times pass by the workplace. ii-iii: Omission: As a fabless company, we are not conducting any external audits. Such audits are conducted by the RBA. In addition, we are performing safety inspections and audits that focus not on workers in particular, but rather on the various work processes, in order to enable an inclusive approach. 403-8 B-C: Not applicable, as stated above.

01 Message from the CEO
02 Nordic at a glance
03 Report from the Board of Directors
04 Financial statements
05 Responsibility statement
06 Audit opinion letter
07 Appendices
Board of Directors' report in relation to the Norwegian Code of Practice for Corporate governance
TCDF index
GRI and CSRD Index

GRI Standards	GRI Disclosure requirements	ESRS Disclosure requirements	Nordic response
	403-9 Work-related injuries (403-9-a-i, a-iii, b-i, b-iii, c-iii, d, e)	ESRS S1 S1-4, §38 (a); S1-14 §88 (b) and (c); §AR 82	See Own workforce table under heading employee engagement. Omission: Incomplete. Nordic does not currently report fully on these indicators. S1-4 §38(a)
GRI 404: Training and Education 2016	3-3 Management of material topics	ESRS S1 S1-1 §17; §20 (c); S1-2 §27; S1-4 §38; §39; §AR 40 (a); S1-5 §44; §47 (b) and (c); ESRS S2 §11 (c); S2-1 §14; §17 (c); S2-2 §22; S2-4 §32; §33 (a) and (b); §36; §AR 33; §AR 36 (a); S2-5 §39, §42 (b) and (c)	Each respective sub-chapter of the Environment, Social, and Governance chapters corresponds to each identified material topic, which includes, where relevant, a description of the topic, its impacts, relevant policies, actions taken, and associated metrics and targets. Omission: Incomplete. Nordic does not currently report fully on these indicators S1-5 §47, S2-5, §42, S4-2 §20
	404-1 Average hours of training per year per employee	ESRS S1 S1-13 §83 (b) and §84	Training is primarily tracked on manager level. However, it is currently a plan to map the full organization before continued focus on implement both a leadership framework and career frameworks, to ensure we develop and encourage employees to take on new responsibilities, as well as educating new leaders. For further information see Own Workforce heading Training and skills development. Omission: Incomplete. Nordic does not currently report fully on these indicators.
	404-3 Percentage of employees receiving regular performance and career development reviews	ESRS S1 S1-13 §83 (a) and §84	See Own workforce table under heading Training and skills development. Omission: Incomplete. Nordic does not currently report fully on these indicators.
GRI 405: Diversity and Equal Opportunity 2016	3-3 Management of material topics	ESRS S1 S1-1 §17; §20 (c); S1-2 §27; S1-4 §38; §39; §AR 40 (a); S1-5 §44; §47 (b) and (c); ESRS S2 §11 (c); S2-1 §14; §17 (c); S2-2 §22; S2-4 §32; §33 (a) and (b); §36; §AR 33; §AR 36 (a); S2-5 §39, §42 (b) and (c)	Each respective sub-chapter of the Environment, Social, and Governance chapters corresponds to each identified material topic, which includes, where relevant, a description of the topic, its impacts, relevant policies, actions taken, and associated metrics and targets. Omission: Incomplete. Nordic does not currently report fully on these indicators S1-5 §47, S2-5, §42, S4-2 §20
	3-3 Management of material topics	ESRS S1 §24 (a)	Each respective sub-chapter of the Environment, Social, and Governance chapters corresponds to each identified material topic, which includes, where relevant, a description of the topic, its impacts, relevant policies, actions taken, and associated metrics and targets. Omission: Incomplete. Nordic does not currently report fully on these indicators S1-5 §47, S2-5, §42, S4-2 §20
	405-1 Diversity of governance bodies and employees (405-1-a-i and iii, 405-1-b)	ESRS 2 GOV-1 §21 (d); ESRS S1 S1-6 §50 (a); S1-9 §66 (a) to (b); S1-12 §79	Board of directors composition is seen in Board of Directors. Management composition is seen in Executive Management. Other governing committees are variety of compositions of these people included but not limited to People and Compensation committee, Audit Committee, and Sustainability Committee. Omission: Incomplete. Nordic does not currently report fully on these indicators. S1-12 §79

01 Message from the CEO
02 Nordic at a glance
03 Report from the Board of Directors
04 Financial statements
05 Responsibility statement
06 Audit opinion letter
07 Appendices
Board of Directors' report in relation to the Norwegian Code of Practice for Corporate governance
TCDF index
GRI and CSRD Index

GRI Standards	GRI Disclosure requirements	ESRS Disclosure requirements	Nordic response
	405-2 Ratio of basic salary and remuneration of women to men	ESRS S1 S1-16 §97 and §98	See Own workforce table under heading Gender pay ratio. Omission: Incomplete. Nordic does not currently report fully on these indicators S1-16 §97 (b)
GRI 406: Non-discrimination 2016	3-3 Management of material topics	ESRS S1 S1-1 §17; §20 (c); §24 (a) and (d); S1-2 §27; S1-4 §38; §39; §AR 40 (a); S1-5 §44; §47 (b) and (c); ESRS S2 §11 (c); S2- 1 §14; §17 (c); S2-2 §22; S2-4 §32; §33 (a) and (b); §36; §AR 33; §AR 36 (a); S2-5 §39, §42 (b) and (c); ESRS S4 §10 (b); S4-1 §13; §16 (c); S4-2 §20; S4-4 §31; §32 (a) and (b); §35; §AR 30; §AR 33 (a); S4-5 §38; §41 (b) and (c)	Each respective sub-chapter of the Environment, Social, and Governance chapters corresponds to each identified material topic, which includes, where relevant, a description of the topic, its impacts, relevant policies, actions taken, and associated metrics and targets. Omission: Incomplete. Nordic does not currently report fully on these indicators S1-5 §47, S2-5, §42, S4-2 §20
	406-1 Incidents of discrimination and corrective actions taken	ESRS S1 S1-17 §97, §103 (a), §AR 103	The company is not aware of any confirmed reported incidents submitted through the whistleblowing channel or received by the Whistleblower Group of discrimination involving the company, including its employees during the reporting period. No public legal causes regarding discrimination has been brought against the organization during the reporting period.
GRI 407: Freedom of Association and Collective Bargaining 2016	3-3 Management of material topics	ESRS S1 S1-1 §17; §20 (c); S1-2 §27; S1-4 §38; §39; §AR 40 (a); S1-5 §44; §47 (b) and (c); ESRS S2 §11 (c); S2-1 §14; §17 (c); S2-2 §22; S2-4 §32; §33 (a) and (b); §36; §AR 33; §AR 36 (a); S2-5 §39, §42 (b) and (c)	Each respective sub-chapter of the Environment, Social, and Governance chapters corresponds to each identified material topic, which includes, where relevant, a description of the topic, its impacts, relevant policies, actions taken, and associated metrics and targets. Omission: Incomplete. Nordic does not currently report fully on these indicators S1-5 §47, S2-5, §42, S4-2 §20

01 Message from the CEO
02 Nordic at a glance
03 Report from the Board of Directors
04 Financial statements
05 Responsibility statement
06 Audit opinion letter
07 Appendices
Board of Directors' report in relation to the Norwegian Code of Practice for Corporate governance
TCDF index
GRI and CSRD Index

GRI Standards	GRI Disclosure requirements	ESRS Disclosure requirements	Nordic response
	407-1 Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	Freedom of association' and 'Collective bargaining' are sustainability matters for S1 and S2 covered by ESRS 1 §AR 16. Hence this GRI disclosure is covered by MDR-P, MDR-A, MDR-T, and/or as an entity- specific metric to be disclosed according to ESRS 1 §11 and pursuant to MDR-M.	See the Own workforce chapter for more general information. For other relevant information pertaining to manufacturing suppliers please refer to the Workers in the Value Chain chapter. Omissions: Incomplete. Nordic does not currently report fully on these indicators.
GRI 414: Supplier Social Assessment 2016	3-3 Management of material topics	ESRS G1 G1-2 §12 and §15 (a)	Each respective sub-chapter of the Environment, Social, and Governance chapters corresponds to each identified material topic, which includes, where relevant, a description of the topic, its impacts, relevant policies, actions taken, and associated metrics and targets. See in particular the Workers in our value chain chapter for details.
	414-1 New suppliers that were screened using social criteria	ESRS G1 G1-2 §15 (b)	414-1 A: 100% of new manufacturing suppliers were screened using social criteria for the reporting period. Omission: Nordic does not currently report fully on this indicator.
	414-2 Negative social impacts in the supply chain and actions taken (414-2-c)	ESRS 2 SBM-3 §48 (c) i and iv	414-2 A-E: Nordic is employing a risk based approach to supplier assessments. See Workers in the value chain for more details on this.
GRI 415: Public Policy 2016	3-3 Management of material topics	ESRS G1 G1-5 §27	Each respective sub-chapter of the Environment, Social, and Governance chapters corresponds to each identified material topic, which includes, where relevant, a description of the topic, its impacts, relevant policies, actions taken, and associated metrics and targets.
	415-1 Political contributions	ESRS G1 G1-5 §29 (b)	Nordic Semiconductor refrains from sponsoring political or religious groups to uphold a neutral and inclusive stance, acknowledging the diverse perspectives of our stakeholders, and avoids any situations of perceived conflict of interest or bribery. See Business conduct for more informatiopn. Omission: Incomplete. Nordic does not currently report fully on these indicators.
GRI 418: Customer Privacy 2016	3-3 Management of material topics	ESRS S4 §10 (b); S4-1 §13 and §16 (c); S4-2 §20; S4-4 §31, §32 (a) and (b), §35, §AR 30, §AR 33 (a); S4-5 §38, §41 (b) and (c)	Each respective sub-chapter of the Environment, Social, and Governance chapters corresponds to each identified material topic, which includes, where relevant, a description of the topic, its impacts, relevant policies, actions taken, and associated metrics and targets.
	418-1 Substantiated complaints concerning breaches of customer privacy and losses of customer data	ESRS S4 S4-3 §AR 23; S4-4 §35	For general information regarding data privacy and personal data protection, see the Consumer and end user and the publicly available information regarding Nordic's Product security vulnerabilities and management process for product vulnerabilities which may be relevant to data privacy matters. 418-1 A: See the Governance performance overview. 418-1 B-C: No such incidents occurred during the reporting period or prior reporting period..



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