

Nordic Semiconductor ASA

Full Rating Report

LONG-TERM RATING

BBB-

OUTLOOK

Stable

SHORT-TERM RATING

N3

PRIMARY ANALYST

Gustav Nilsson
+46735420446
gustav.nilsson@nordiccreditrating.com

SECONDARY CONTACTS

Geir Kristiansen
+4790784593
geir.kristiansen@nordiccreditrating.comElisabeth Adebäck
+46700442775
elisabeth.adeback@nordiccreditrating.com

RATING RATIONALE

Our 'BBB-' long-term issuer rating on Norwegian semiconductor company Nordic Semiconductor ASA reflects the company's strong balance sheet and low financial leverage. The rating also takes account of the company's strong position in growing niche markets within wireless communication technology, and the Internet of Things (IoT) in particular, including products that help monitor various kinds of environmental impact. We expect the company will benefit from increased product connectivity. We believe that large-scale integration of Nordic Semiconductor's chips into customers' product lines reduces substitution risk and supports long-term customer relationships, given significant switching costs. We see the company's strong customer relationships with leading technology companies as a key strength.

The rating is constrained by the semiconductor sector's and Nordic Semiconductor's historical earnings volatility. The rating is also constrained by the need to invest heavily in research and development (R&D) to maintain market share and customer relationships even when facing low demand. The company's small size relative to major semiconductor firms, higher working capital volatility and lower profitability compared with peers constrain the rating. While the company has established relationships with strong customers, a significant portion of revenue comes from the broad distribution market, which has lower demand visibility and higher volatility than sales to its top customers.

STABLE OUTLOOK

The stable outlook reflects our expectations that Nordic Semiconductor will experience significant margin expansion due to increased sales and cost control. This should offset the impact of increased working capital and capital spending on the company's cash flows over the coming years. We expect the company to have limited organic deleveraging capacity over the next two years, but the recent equity issue to finance recent acquisition of Memfault reduces financial risk. Hence, we expect Nordic Semiconductor to operate within our rating drivers over a protracted period.

POTENTIAL POSITIVE RATING DRIVERS

- Significantly increased scale, a broader product portfolio, and increased customer and end-market diversity.
- Sustained improvement in working capital management and an NCR-adjusted EBITDA margin above 30%.

POTENTIAL NEGATIVE RATING DRIVERS

- NCR-adjusted net debt/EBITDA above 1.0x, or reduced debt servicing capabilities over a protracted period.
- Significant deviation in margins and free operating cash flows from our expectations, with negative implications for cash balance.
- Loss of technological leadership.

Figure 1. Key credit metrics, 2021–2027e

USDm	2021	2022	2023	2024	2025e	2026e	2027e
Revenues	611	777	543	511	649	740	900
EBITDA	119	199	32	-25	54	72	138
EBITDA margin (%)	19.5	25.6	5.9	-4.8	8.2	9.7	15.3
FFO	100	161	33	-29	42	58	109
Net debt	-225	-355	-133	-144	-77	-63	-99
Total assets	570	756	844	752	1,052	1,087	1,170
Net debt/EBITDA (x)	-1.9	-1.8	-4.2	5.8	-1.4	-0.9	-0.7
EBITDA/net interest (x)	247.1	-43.2	-4.3	67.1	6.3	15.7	26.9
FFO/net debt (%)	-44.4	-45.4	-24.9	19.8	-54.7	-91.6	-110.8
FOCF/net debt (%)	-15.0	-17.6	100.8	-21.9	-26.5	4.3	-46.9

Source: company and NCR. e-estimate. FFO-funds from operations. FOCF-free operating cash flow. All metrics adjusted in line with NCR methodology.

ISSUER PROFILE

Founded in 1983, Nordic Semiconductor specialises in wireless communication technology that powers IoT. It has been a pioneer in Bluetooth Low Energy (BLE) technology, a more durable technology than traditional Bluetooth. The company counts several major IT companies as customers, including Amazon, Google and Microsoft. It delivers technology for a wide range of products, including wireless PC peripherals, gaming, sport and fitness devices, mobile phone accessories, consumer electronics, toys, healthcare and automation.

Nordic Semiconductor is a 'fabless' semiconductor company, which means that production is outsourced, while the company mainly focuses on R&D and owns the design of products. Warehousing and distribution are also outsourced, although the company has its own global sales teams. Nordic Semiconductor has more than 1,400 employees, most of whom work in R&D. Production and distribution are mainly based in Asia, while research and development take place in several locations in Asia, Europe and the US.

The company's shares have been listed on Oslo Stock Exchange since 1996. It mainly has institutional shareholders, the largest of which is the Government Pension Fund of Norway.

BUSINESS RISK ASSESSMENT

Business risk

Nordic Semiconductor operates in a growing but cyclical market, with sales driven by the demand for consumer electronics. The company has notably weaker margins and greater volatility than its peers, and we consider it to be more vulnerable than peers due to its smaller size, limited customer and supply chain diversity. Competitive product offerings and strong customer relationships are expected to support future growth, but will require significant research and development investment.

Cyclical industry with strong long-term demand

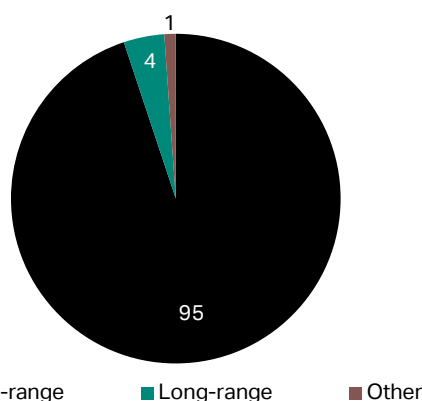
Operating environment

As a fabless semiconductor company, Nordic Semiconductor focuses on R&D, often in co-operation with end-customers. In this sense, customers might be said to be outsourcing their R&D to Nordic Semiconductor, resulting in new products, new features, faster time to market, improved usability and longer durability.

Most of the company's revenue is generated from the consumer market, with the remainder primarily from industrial and healthcare customers. Integration into consumer products leads to cyclical operations and dependence on discretionary purchasing power. Order intake for Nordic Semiconductor generally lags periods of strong or weak sales among its customers and is influenced by the current inventory levels of customers and distributors. Revenue visibility is generally high for established larger customers, while distributor-driven demand in the broader market remains more volatile. Although operational cyclicalities are expected to persist, we anticipate strong growth in the semiconductor market, supported by increased device connectivity and artificial intelligence.

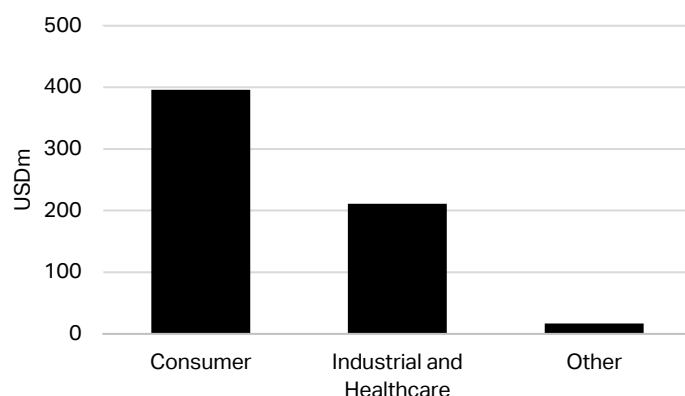
Most of Nordic Semiconductor's revenues stem from the BLE market. However, about 40% of R&D is used to develop positions in Cellular IoT, Wi-Fi and related technologies. In general, IoT offers a large and growing market. The global number of connected IoT devices is expected to grow from 18.8bn in 2024 to 40bn by 2030, with growth driven by strong megatrends such as smart homes, industrial IoT, platform ecosystems and artificial intelligence. This technology is at the heart of several systems monitoring such things as resource utilisation, power management and pollution. The longer durability of products using low-energy solutions also supports sustainability.

Figure 2. Distribution of revenue by technology (%), last 12 months ending 30 Jun. 2025



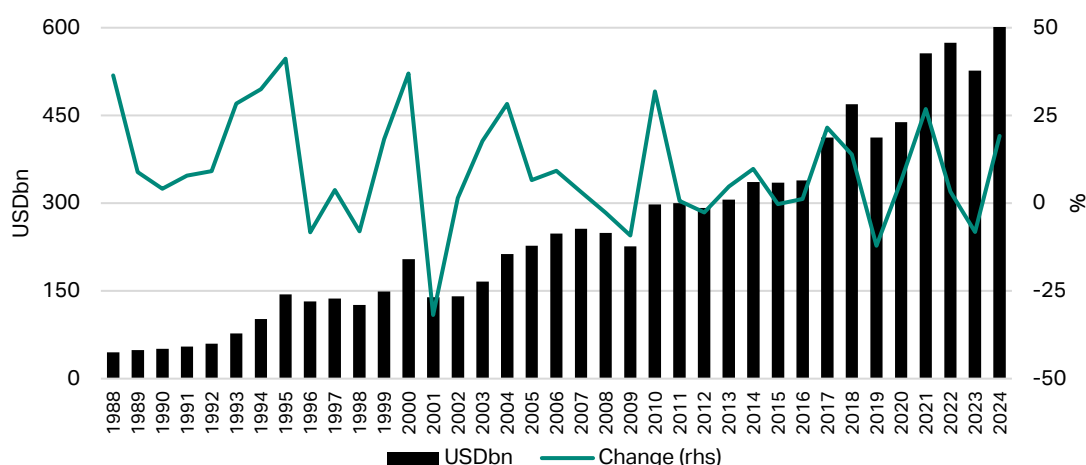
Source: company.

Figure 3. Distribution of revenue by end-product market, last 12 months ending 30 Jun. 2025



Source: company.

Figure 4. Size of global semiconductor market, 1988–2024



Source: Statista and Semiconductor Industry Association.

The broader semiconductor market grew by 6.4% annually between 2014 and 2024, and by 5.6% annually over the past 20 years. However, the industry is cyclical and experienced a significant boost during the COVID-19 pandemic, when supply constraints drove prices higher. Conditions have since normalised, with less supportive pricing conditions and increased seasonality of sales. There is a risk of disruptions in the company's niches, which is one reason why the company is putting R&D efforts into different technologies.

Strong customer relationships drive market leadership in connectivity

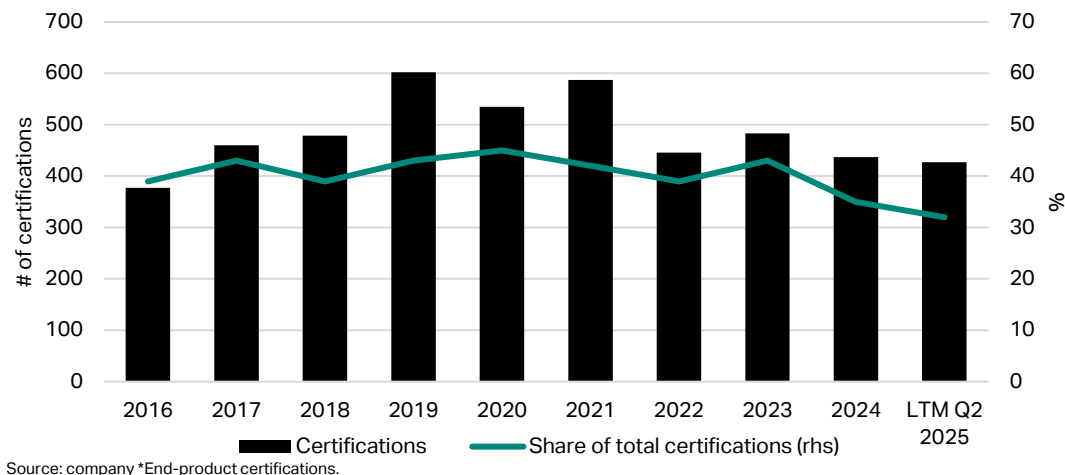
Nordic Semiconductor is focusing on low-energy connectivity solutions, which is a small but growing segment of the semiconductor market. In BLE technology, the company typically has around 40% of end-product certifications (see Figure 5). We expect a rebound in end-product certifications due to new product launches in H2 2025 and an accelerated roll-out of nRF54 chips through 2026. While traditional Bluetooth and BLE can, to a certain extent, be regarded as substitutes, the narrower bandwidth of BLE prohibits certain areas of application. While we expect the segment to grow, it is sensitive to overall market conditions, as illustrated by the BLE segment experiencing a 28% decline in revenue in 2023.

However, we view BLE as more technologically advanced and forward-looking than traditional Bluetooth for most IoT applications. We also regard the market-leading position and strong customer relationships in BLE as a platform for achieving strong positions in other technologies. Nordic Semiconductor is on track in terms of generating revenues from its fourth generation of Bluetooth Low Energy System-on-chip (nRF54 Series), which has processing capabilities that make it suitable for the growing market for products with some artificial intelligence capabilities. In June 2025, Nordic Semiconductor acquired the software-as-a-service provider Memfault, which we believe enhances the competitiveness of its offering for broad market customers and introduces an additional revenue stream from software monetisation. Memfault targets profitability within 2 years. However, we expect Memfault's contribution will remain limited in the coming years.

Market position

However, the company is relatively small, with less than 0.1% of global share of the semiconductor market. We expect it to continue to have a small market share, as we understand that the company focuses on profitable growth. The fabless model has lower barriers to entry and the market is crowded. Nevertheless, significant R&D investment requirements and customers' cost of switching supplier remain significant barriers to entry.

Figure 5. Number of BLE certifications and share of BLE market, 2016–LTM Q2 2025*

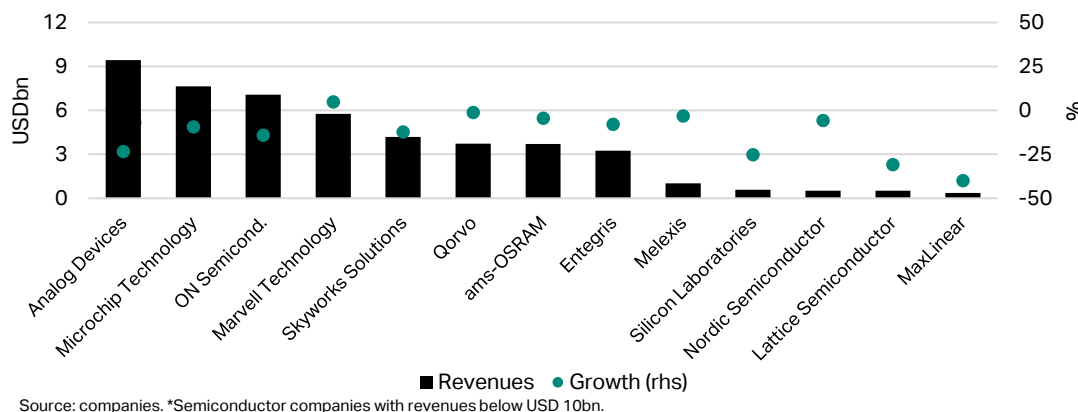


We believe that Nordic Semiconductor's greatest advantages are its pioneering position in BLE, its long-standing customer relationships and joint R&D projects. The joint development of products makes it difficult for large customers to switch to another supplier. We view the company's integration into products of leading technology companies and its demand-driven development as favourable in terms of following industry trends and avoiding speculative elements of future technologies.

A big fish in a small pond, a small fish in a big ocean

BLE is Nordic Semiconductor's main product line, and more than 50% of revenues come from the company's 10 largest BLE customers, up from around 40% previously. The increased concentration is a result of weaker sales in the broader market (distributor-driven sales) amid lower revenue transparency and normalisation of supply chain conditions. We understand that the company is working to regain traction in the broader market and that inventory balance is around normal levels. We expect increased sales in the broader market to reduce customer concentration. However, we remain cautious about potential volatility given the uncertain geopolitical environment and lower revenue transparency in this sales channel. We anticipate greater diversification across technologies, products and markets over time.

Figure 6. Mid-sized and small semiconductor companies' revenues and growth, 2024*



Nordic Semiconductor's sales are geographically diversified, and the company has increasing diversification across customer segments, including consumer electronics, wearables, building and

Size and diversification

retail products, and healthcare, with more than 6,000 customers in total. However, we regard its small size compared with the major players as a risk factor, given the need to invest heavily in R&D to keep up with customers' need for new products and features.

We consider the dependency on a major Taiwan-based wafer manufacturer a risk factor, particularly given current geopolitical conditions. Moreover, the manufacturer could prioritise larger accounts in the event of production constraints. We believe, however, that this factor is at least partly mitigated by Nordic Semiconductor's access to an alternative non-Taiwan based wafer manufacturer from 2024 onwards.

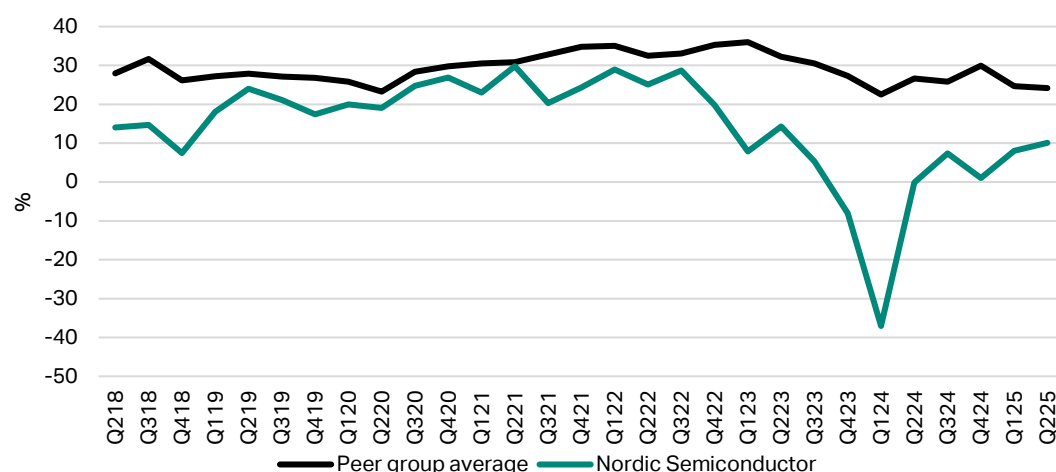
Limited scale and R&D intensity lead to lower margins than peers

Operating efficiency

Nordic Semiconductor's target market is cyclical, with revenues influenced by demand for consumer electronics. Since 2022, the demand among the company's largest customers has been relatively stable, however, distributor-driven demand in the broad market has declined considerably since its peak in 2022. Sales in the broader market are typically contracted for the following quarter, offering less visibility than sales to larger customers. The substantial decrease in demand from the broader market and adjustments in customer and distributor inventory levels led to lower sales through 2023 and 2024, resulting in negative operating margins. As traction returns in the broader market, we expect NCR-adjusted EBITDA margins to recover to about 15% over our forecast period through 2027. Nonetheless, we expect that the company will continue to experience lower EBITDA margins and greater volatility compared to its peer group (see Figure 7).

Economies of scale are particularly evident in R&D. Nordic Semiconductor's R&D spending corresponded to 29% of revenues in 2024 (33% including capitalised development costs). This is significantly higher than the peer group average, which had R&D expenditure of 22%, including capitalised development costs, in 2024. The company is committed to its long-term target of investing about 15–20% of revenues in R&D. The deviation from its long-term target is largely due to lower revenues, as R&D expenditure has only modestly increased over the last years. We believe that R&D is essential to sustaining strong customer relationships and remaining competitive. To maintain its leadership position in its niche, Nordic Semiconductor cannot significantly scale back R&D spending, even in weaker market conditions. Relative to its peers, R&D is a larger proportion of Nordic Semiconductor's overall cost structure.

Figure 7. EBITDA margins, Nordic Semiconductor and peer group average, Q2 2018–Q2 2025



Source: 22 semiconductor companies.

Nordic Semiconductor's working capital to sales ratio was 26% in the second quarter of 2025, primarily due to low inventories. This compares with 44% in the previous year, which was influenced by strategic inventory build-up during the supply chain constraints of 2022–2023. This coincided with weakening in demand, leading to higher working capital balance. The volatility in the company's working capital balances negatively impacts our view of its operating risk. We believe the company may encounter similar inventory build-ups during cyclical downturns. Despite the current macroeconomic uncertainty and tariffs' impact on demand and supply, we expect the working capital

to sales ratio to decrease. However, in absolute terms, we anticipate working capital will increase rise as the company grows in scale.

We believe that the company's smaller scale results in lower profitability and higher volatility in margins than larger peers, making Nordic Semiconductor more vulnerable to increased competition. We address our concerns about scale in an R&D-intensive sector in more detail in our peer calibration adjustment.

FINANCIAL RISK ASSESSMENT

Financial risk

Our financial risk assessment reflects Nordic Semiconductor's strong balance sheet, characterised by a net cash position and conservative financial risk management. However, the assessment is constrained by the company's need to maintain liquidity to support long-term relationships with major customers, as well as the volatility of cash flows. High R&D investment requirements, even during cyclical downturns, affect our view of its financial risk.

New equity issue improves financial metrics and reduces financial risk

We expect Nordic Semiconductor's leverage metrics to improve following its successful equity issue of USD 100m on 4 Sep. 2025, which refinanced the bridge loan used to acquire Memfault on 26 Jun. 2025. This is expected to drive a rebound in net interest coverage relative to our previous expectations when we had limited visibility into the company's long-term capital structure as it assumed a bridge loan for the acquisition.

We expect sales to increase and for the company's margins to rebound strongly as broad market demand recovers. We currently expect limited impact on Nordic Semiconductor and its customers from the ongoing geopolitical uncertainty and tariffs. We expect an increase in working capital in the coming quarters from record low levels in the second quarter of 2025, driven by the need to invest in inventories to meet growing demand and higher accounts receivable balances. Combined with increased capital expenditure related to supply chain expansion, infrastructure investments and R&D, we anticipate limited free operating cash flow over the next two years. While we see limited organic deleveraging capacity over this period, we see the company's balance sheet is strong, which lowers the risk associated with potential deviations from our base-case forecast.

Our assessment of Nordic Semiconductor's financial flexibility is influenced by its operational commitment to maintain available liquidity equivalent to one year's short-range research and development (R&D) spending (approximately USD 97m). We net the unused portion of the revolving credit facility (RCF) against short-term R&D expenses, treating any shortfall not covered by the unused RCF as restricted cash in our financial adjustments. In 2021, the R&D budget exceeded the RCF by USD 32m, which we classify as restricted cash. (see Figure 14).

Figure 8. Key base-case forecast assumptions and credit metrics, 2025–2027e

USDm	2025e	2026e	2027e
Revenue growth (%)	27.0	13.9	21.6
EBITDA margin (%)	8.2	9.7	15.3
Average interest rate (%)	8.0	6.3	6.1
Capital spending (USDm)	-36	-39	-45
Equity issue (USDm)	100	0	0
Net debt/EBITDA (x)	-1.4	-0.9	-0.7
EBITDA/net interest (x)	6.3	15.7	26.9
FFO/net debt (%)	-54.7	-91.6	-110.8
FOCF/net debt (%)	-26.5	4.3	-46.9

Source: NCR. e–estimate. All metrics adjusted in line with NCR methodology.

Figure 9. Net debt and EBITDA , 2021–2027e

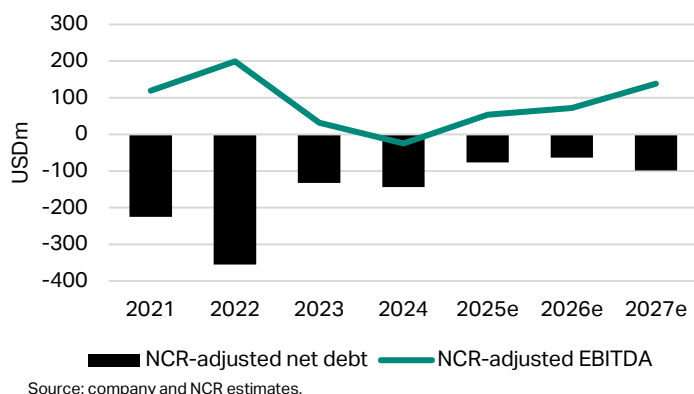
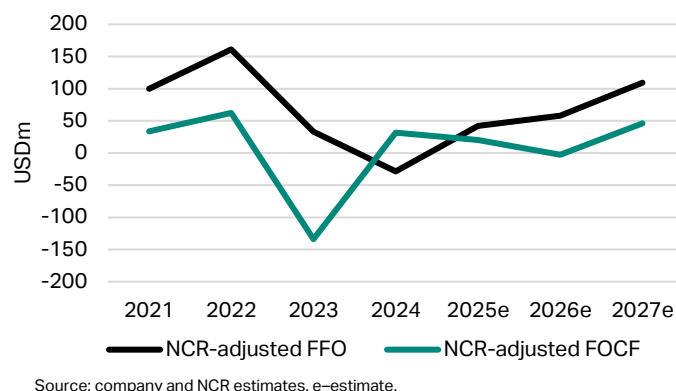


Figure 10. FFO and FOCF, 2021–2027e



Risk appetite

Financial risk management is satisfactory to meet R&D requirements without new debt uptake

Nordic Semiconductor is dependent on strong relationships and joint projects with major US-based corporations. These customers require the company to hold a strong liquidity position, typically one year of R&D spending, to finance projects. The company has historically complied with this requirement and is expected to maintain a strong cash balance and available credit facilities to continue meeting customer needs. Elevated R&D spending to support technological development and to satisfy customer requirements may lead to periods of negative free operating cash flow and increased debt needs. However, we currently view the likelihood of additional debt as remote, given improved cash flows in recent quarters and the recent equity issuance to finance the Memfault acquisition (USD 120m in enterprise value). The restriction imposed on the company's liquidity position, intended to maintain sustainable business relationships, constrains our financial risk assessment as it limits financial flexibility.

Nordic Semiconductor has USD 200m in secured sustainability-linked credit facility that expires in June 2026. The facility has a covenant requiring an equity ratio of at least 40%, while the company's target is to maintain this above 50%. The equity ratio was 69.4% as of 30 Jun. 2025. We expect the company to refinance the maturing facility in the near-term.

To maintain or amend the capital structure, Nordic Semiconductor may purchase up to 10% of its own shares on the market, pay dividends to shareholders, pay back capital to shareholders or issue new shares. The company has not paid dividends since 2011 and has mainly repurchased shares to fulfil employee incentive schemes.

Nordic Semiconductor is exposed to credit risk related to both its distributors and certain end-customers. Its main counterparties are leading international distributors of electronic components based in Asia. The company has historically not suffered any significant credit losses and collection has improved.

The company is also exposed to currency risk, as sales revenues and direct production costs are almost entirely in USD, while operating expenses are in NOK and EUR. The company publishes its accounts in USD, with profits translated into NOK for tax purposes. We note that Nordic Semiconductor does not use any financial instruments to hedge currency risk.

ADJUSTMENT FACTORS

Adjustment factors

We adjust our indicative credit assessment down by one notch to reflect the company's small size relative to the major semiconductor companies in an R&D-intensive sector. We consider the company's liquidity and ownership as neutral rating factors.

Liquidity

Liquidity

Our 12-month liquidity analysis is based on a stressed scenario under which the company cannot access the capital markets or extend bank loans, and therefore has to rely on internal or committed external funding sources to cover its liquidity needs. We typically expect a company with an investment grade rating ('BBB-' and above) to cover its liquidity needs, with limited need for external funding over the coming 12 months.

We assess Nordic Semiconductor's liquidity position as adequate, supported by net sources/uses of USD 364m (2.7x sources/uses) for the 12 months from 1 Jul. 2025. The company has an unutilised credit facility maturing in the second quarter of 2026, we expect that the company will refinance the facility ahead of maturity date. Excluding this facility, the company would still have sources to uses above 1.0x over the next twelve months.

Figure 11. Liquidity analysis (stressed scenario) 1 Jul. 2025–30 Jun. 2026

Liquidity, next 12 months	Amount (USDm)
Cash and cash equivalents (100%)	335
Unrestricted unutilised credit facility (net of R&D budget)	103
Proceeds from equity issue	100
Adjusted FFO (75%)	37
Total sources	575
Acquisitions	-145
Committed capital spending (net of capitalised R&D)	-21
Leasing instalments	-9
Working capital	-37
Total uses	-212
Sources/uses (x)	2.7
Sources-uses (USDm)	364

Source: company and NCR.

Environmental, social and governance factors

ESG factors

We believe Nordic Semiconductor's environmental, social and governance (ESG) efforts are supportive of the company's overall competitive position. The main ESG issues that could affect the rating are factors that could contribute to loss of revenue, increased operating costs, increased capital spending, a decline in the value of assets, decreased access to funding or loss of operating rights. In this context, we believe that the company's main ESG-related credit risks relate to greenhouse gases (GHG), resource utilisation, corruption, and employee safety and relations.

Nordic Semiconductor incorporated ESG targets into its incentive programmes in 2021. The company is a signatory to the UN Global Compact, and suppliers are evaluated annually for potential risks regarding ESG-related issues based on the Responsible Business Alliance (RBA) risk assessment model. Nordic Semiconductor requires all tier 1 manufacturing partners to sign an agreement to comply with the RBA Code of Conduct and for them to also require the same of their suppliers.

Figure 12. ESG considerations

Issue	Risk	Mitigating efforts	Result
CO ₂ and other GHG	New regulations and increased taxation could reduce operating efficiency. Regulatory requirements could increase capital spending.	Nordic Semiconductor aims to reduce Scope 1 and 2 emissions by 60% by 2030 vs. 2019. It is also targeting a 90% reduction in Scope 1,2 and 3 by 2050 and net-zero emissions across the value chain.	23% increase in Scope 1-3 emissions in 2024 relative to 2019, mainly as a result of larger quantity of purchased goods and services.
Resource utilisation	Increased demand for environmentally friendly design. Risk of loss of customers.	In 2021, a programme to reduce the use of plastic through recycling was established. Requires compliance with the Hazardous Substances Specification for suppliers.	Ambitious targets for use of recycled plastic and environmentally friendly materials.
Corruption and fraud	Reputational risk, risk of loss of business and bribery fines. Risk of black-market sales.	Review and revision of anti-corruption policy in 2021. 90% of employees participated in compliance and integrity webinars in 2021.	Zero confirmed incidents of corruption in last four years.
Employee safety and relations	Reduced operating efficiency due to loss of key personnel or sick leave. Headline risk.	Employee turnover target of <5%. A third-party whistleblower channel is available. RBA has a reporting channel for workers to provide feedback.	Employee turnover in 2024 (2023) was 7.2% (6.8%). Women account for 17% of the executive management team. Women make up 60% (60%) of shareholder-elected Board members.

Source: company. See [ESG factors in corporate ratings](#).

Peer calibration

Peer calibration

We have lowered the rating by one notch to reflect Nordic Semiconductor's small size relative to the major semiconductor companies. This is a particular risk factor in a R&D-intensive industry, where Nordic Semiconductor's R&D spending is dwarfed by players that may choose to compete head on in the same niches, possibly with new proprietary technology. The larger scale and diversity of global peers also means they have greater capital and flexibility to spend on new technologies in a rapidly developing sector.

OWNERSHIP ANALYSIS

Ownership

Nordic Semiconductor has a dispersed ownership structure. Excluding Accelerator Ltd., the major shareholders are primarily institutional investors. The company's shares are listed on Oslo Stock Exchange, and under normal circumstances it has good access to the equity market. The company's last share issue was a USD 100m private placement in September 2025 to refinance the bridge loan assumed upon the acquisition of Memfault.

Figure 13. Ownership structure, 11 Sep 2025

Owner	Share of capital and votes, %
Folketrygdfondet	13.4
Accelerator Ltd	9.1
Verdipapirfondet Dnb Teknologi	3.0
Verdipapirfond Odin Norge	2.9
State Street Bank And Trust Comp.	2.1
State Street Bank And Trust Comp.	2.1
JP Morgan Chase Bank, London	2.2
Morgan Stanley & Co. LLC	1.5
J.P. Morgan Se	1.4
Verdipapirfondet KLP AksjeNorge	1.3
Top 10 owners	61.0
Other	39.0

Source: company.

ISSUE RATINGS

We rate Nordic Semiconductor's senior unsecured debt in line with the 'BBB-' long-term issuer rating, reflecting our expectations that the company's debtor hierarchy will remain flat. The company currently has no outstanding secured debt.

SHORT-TERM RATING

The 'N3' short-term rating reflects the company's liquidity profile relative to the 'BBB-' long-term issuer rating. The company's committed sources to uses stood at 2.1x according to our liquidity analysis, which we see as indicative of an adequate liquidity profile for the long-term issuer rating.

METHODOLOGIES USED

- (i) [Corporate Rating Methodology](#), 8 May 2023.
- (ii) [Rating Principles](#), 14 Feb. 2024.
- (iii) [Group and Government Support Rating Methodology](#), 14 Feb. 2024.

RELEVANT RESEARCH

- (i) [Nordic Semiconductor ASA 'BBB-' long-term issuer rating affirmed; Off watch; Outlook stable](#), 8 Sep. 2025.
- (ii) [Nordic Semiconductor ASA 'BBB-' long-term issuer rating on watch negative](#), 26 Jun. 2025.
- (iii) [Nordic Semiconductor ASA 'BBB-' long-term issuer rating affirmed; Outlook stable](#), 17 Jun. 2024.

Figure 14. NCR's adjustments to financials, 2021–2027e

USDm	2021	2022	2023	2024	2025e	2026e	2027e
EBITDA	125	206	49	-5	69	90	158
Non-recurring items			5				
Capitalised development costs	-6	-6	-22	-19	-15	-18	-20
NCR-adj. EBITDA	119	199	32	-25	54	72	138
Net interest	0	5	9	4	-5	-1	-2
Financial costs from leasing	-1	-1	-2	-4	-4	-4	-4
NCR-adj. net interest	-0	5	7	0	-8	-5	-5
NCR-adj. EBITDA	119	199	32	-25	54	72	138
NCR-adj. net interest	-0	5	7	0	-8	-5	-5
Current tax	-19	-43	-6	-4	-3	-10	-24
NCR-adj. FFO	100	161	33	-29	42	58	109
Changes in working capital	-41	-75	-141	70	-1	-40	-38
Capital spending	-31	-31	-48	-29	-36	-39	-45
Capitalised development cost	6	6	22	19	15	18	20
NCR-adj. FOCF	34	62	-134	31	20	-3	46
Cash and cash equivalents	277	377	289	288	250	237	272
NCR-adj. cash and equivalents	245	377	289	288	250	237	272
Gross interest-bearing debt	0	0	97	87	112	112	112
Leasing liabilities	20	21	58	56	61	61	61
Retirement benefit obligations	1	1	1	1	1	1	1
NCR-adj. total debt	20	22	156	144	174	174	174
Cash and cash equivalents	277	377	289	288	250	237	272
Restricted cash (R&D budget exceeding RCF)	-32	0	0	0	0	0	0
NCR-adj. cash and equivalents	245	377	289	288	250	237	272
NCR-adj. total debt	20	22	156	144	174	174	174
NCR-adj. cash and equivalents	-245	-377	-289	-288	-250	-237	-272
NCR-adj. net debt	-225	-355	-133	-144	-77	-63	-99

Source: company and NCR. e–estimate.

Figure 15. Nordic Semiconductor key financial data, 2021–2024

USDm	FY	FY	FY	FY
Period-end	31 Dec. 2021	31 Dec. 2022	31 Dec. 2023	31 Dec. 2024
INCOME STATEMENT				
Revenue	611	777	543	511
EBITDA	125	206	49	-5
EBIT	87	162	5	-46
Net interest expense	0	5	9	4
Pre-tax profit	87	167	12	-43
Net profit	71	122	8	-39
BALANCE SHEET				
Property, plant and equipment	34	36	29	22
Intangible assets and goodwill	50	41	69	75
Other non-current assets	25	26	155	157
Total non-current assets	109	102	253	253
Cash and equivalents	277	377	289	288
Other current assets	211	297	321	265
Total assets	597	776	862	807
Total equity	458	584	602	570
Gross debt	-	-	97	87
Other liabilities	139	193	163	150
Total equity and other liabilities	597	776	862	807
CASH FLOW STATEMENT				
Pre-tax profit	87	167	12	-43
Cash flow before changes in working capital	137	217	21	-9
Changes in working capital	-41	-75	-141	70
Operating cash flow	96	143	-120	60
Capital expenditure	-31	-31	-48	-29
Other investing activities	-	-	-6	-0
Cash from investing activities	-31	-31	-54	-30
Dividends	-	-	-	-
Share repurchases	-	-	-	-4
Other financing activities	-27	-11	85	-19
Cash from financing activities	-27	-11	85	-23
Cash and equivalents beginning of year	238	277	377	289
Cash flow for year	37	100	-88	-3
Cash and equivalents at end of year	277	377	289	288

Source: company. FY–full year.

Figure 16. Nordic Semiconductor rating scorecard

Subfactors	Impact	Score
Operating environment	20.0%	bb
Market position	10.0%	bbb-
Size and diversification	10.0%	b+
Operating efficiency	10.0%	bb-
Business risk assessment	50.0%	bb
Ratio analysis		a
Risk appetite		a
Financial risk assessment	50.0%	a
Indicative credit assessment		bbb
Liquidity		Adequate
ESG		Adequate
Peer calibration		-1 notch
Stand-alone credit assessment		bbb-
Support analysis		Neutral
Issuer rating		BBB-
Outlook		Stable
Watch		
Short-term rating		N3

Figure 17. Capital structure ratings

Seniority	Rating
Senior unsecured	BBB-

DISCLAIMER

Disclaimer © 2025 Nordic Credit Rating AS (NCR, the agency). All rights reserved. All information and data used by NCR in its analytical activities come from sources the agency considers accurate and reliable. All material relating to NCR's analytical activities is provided on an "as is" basis. The agency does not conduct audits or similar warranty validations of any information used in its analytical activities and related material. NCR advises all users of its services to carry out individual assessments for their own specific use or purpose when using any information or material provided by the agency. Analytical material provided by NCR constitutes only an opinion on relative credit risk and does not address other forms of risk such as volatility or market risk and should not be considered to contain facts of any kind for the purpose of assessing an issuer's or an issue's historical, current or future performance. Analytical material provided by NCR may include certain forward-looking statements relating to the business, financial performance and results of an entity and/or the industry in which it operates. Forward-looking statements concern future circumstances and results and other statements that are not historical facts, sometimes identified by the words "believes", "expects", "predicts", "intends", "projects", "plans", "estimates", "aims", "foresees", "anticipates", "targets", and similar expressions. Forward-looking statements contained in any analytical material provided by NCR, including assumptions, opinions and views either of the agency or cited from third-party sources are solely opinions and forecasts which are subject to risk, uncertainty and other factors that could cause actual events to differ materially from anticipated events. NCR and its personnel and any related third parties provide no assurance that the assumptions underlying any statements in analytical material provided by the agency are free from error, nor are they liable to any party, either directly or indirectly, for any damages, losses or similar, arising from use of NCR's analytical material or the agency's analytical activities. No representation or warranty (express or implied) is made as to, and no reliance should be placed upon, any information, including projections, estimates, targets and opinions, contained in any analytical material provided by NCR, and no liability whatsoever is accepted as to any errors, omissions or misstatements contained in any analytical material provided by the agency. Users of analytical material provided by NCR are solely responsible for making their own assessment of the market and the market position of any relevant entity, conducting their own investigations and analysis, and forming their own view of the future performance of any relevant entity's business and current and future financial situation. NCR is independent of any third party, and any information and/or material resulting from the agency's analytical activities should not be considered as marketing or a recommendation to buy, sell, or hold any financial instruments or similar. Relating to NCR's analytical activities, historical development and past performance does not safeguard or guarantee any future results or outcome. All information herein is the sole property of NCR and is protected by copyright and applicable laws. The information herein, and any other information provided by NCR, may not be reproduced, copied, stored, sold, or distributed without NCR's written permission.

NORDIC CREDIT RATING AS

nordiccreditrating.com