

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 with a net cash position providing solid financial flexibility. 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), including healthcare products and 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 and expected 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 allowing for the retention of a net cash position. 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, 2022–2028e

USDm	2022	2023	2024	2025	2026e	2027e	2028e
Revenues	777	543	511	668	855	1,025	1,231
EBITDA	199	32	-25	46	99	169	255
EBITDA margin (%)	25.6	5.9	-4.8	6.8	11.5	16.5	20.7
FFO	161	33	-29	39	79	138	204
Net debt	-355	-133	-144	-145	-75	-80	-165
Total assets	756	844	752	953	1,140	1,232	1,387
Net debt/EBITDA (x)	-1.8	-4.2	5.8	-3.2	-0.8	-0.5	-0.6
EBITDA/net interest (x)	-43.2	-4.3	67.1	28.6	10.5	43.5	68.9
FFO/net debt (%)	-45.4	-24.9	19.8	-26.6	-105.7	-171.4	-123.4
FOCF/net debt (%)	-17.6	100.8	-21.9	-3.4	17.6	-47.1	-70.8

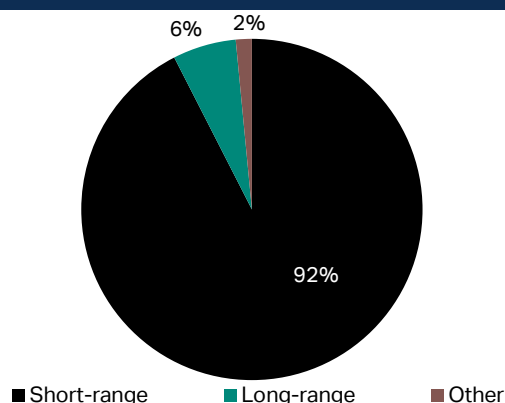
Source: company and NCR. e=estimate. FFO=funds from operations. FOCF=free operating cash flow. All metrics adjusted in line with NCR methodology.

ISSUER PROFILE

Founded in 1983, Nordic Semiconductor specialises in wireless communication technology for IoT and pioneered Bluetooth Low Energy, a more power-efficient alternative to traditional Bluetooth. Its customers include major IT companies such as Amazon, Google, and Microsoft, and its technology is used in wireless PC peripherals, gaming, sports and fitness devices, mobile phone accessories, consumer electronics, toys, healthcare, and automation.

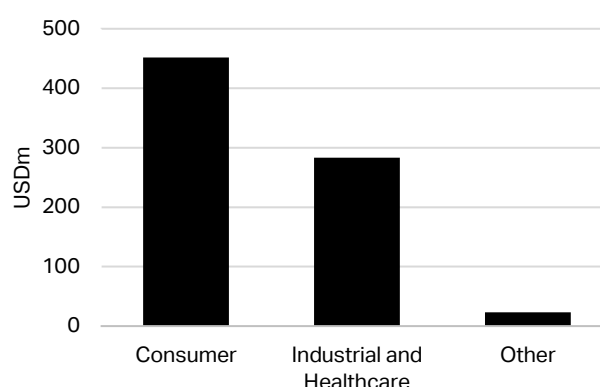
The company operates a fabless model, outsourcing production, warehousing and distribution. Nordic Semiconductor focuses on R&D and retains ownership of product design. It has global sales teams and employs more than 1,400 staff, primarily in R&D. Production and distribution are concentrated in Asia, while R&D activities are based in Asia, Europe and the US. Its shares have been listed on the Oslo Stock Exchange since 1996. Shareholders are mainly institutional, with the Government Pension Fund of Norway as the largest owner.

Figure 2. Revenue by technology, last 12 months ending 30 Jun. 2026



Source: company.

Figure 3. Revenue by end-product market, last twelve months ending 30 Jun. 2026.



Source: company.

BUSINESS RISK ASSESSMENT

Cyclical industry with strong long-term demand

We consider the semiconductor industry to be structurally growing but highly cyclical, with demand driven by consumer electronics, industrial investment, inventory cycles and technology transitions. Profitability can fluctuate significantly throughout the cycle, especially in segments with high fixed R&D requirements and concentrated customer or supplier bases.

Growth prospects are supported by rising device connectivity, industrial automation, smart homes, healthcare applications and broader IoT adoption. Low-energy wireless connectivity benefits from these trends, though exposure to consumer-related applications makes demand partly discretionary and cyclical.

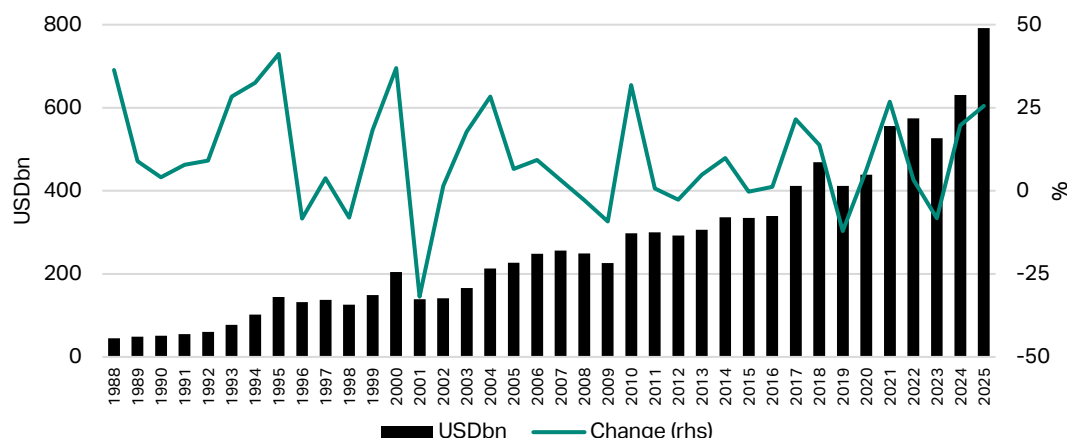
Subsector exposure matters because performance varies across semiconductor applications. Low-energy wireless connectivity benefits from growth in connected devices and embedded electronics, but remains vulnerable to product cycles, inventory adjustments and changes in end-user demand. We view the subsector as attractive for growth, though it is not insulated from broader semiconductor cyclical.

Competitive pressure is driven by rapid technological development, customer bargaining power and the risk of substitution from alternative connectivity solutions or broader semiconductor platforms. Barriers to entry include R&D intensity, customer-specific integration and product reliability requirements. However, these barriers require ongoing investment to remain effective.

The semiconductor industry depends significantly on Asian manufacturing and concentrated foundry capacity, resulting in exposure to supply chain disruptions, geopolitical tensions, and competition for production capacity. During periods of tight capacity, allocation decisions may extend lead times, increase procurement costs, and delay customer deliveries. External production models also heighten

sensitivity to logistics bottlenecks, natural disasters, trade restrictions, and regional political tensions, particularly when qualified alternative suppliers are limited.

Figure 4. Size of global semiconductor market, 1988–2025



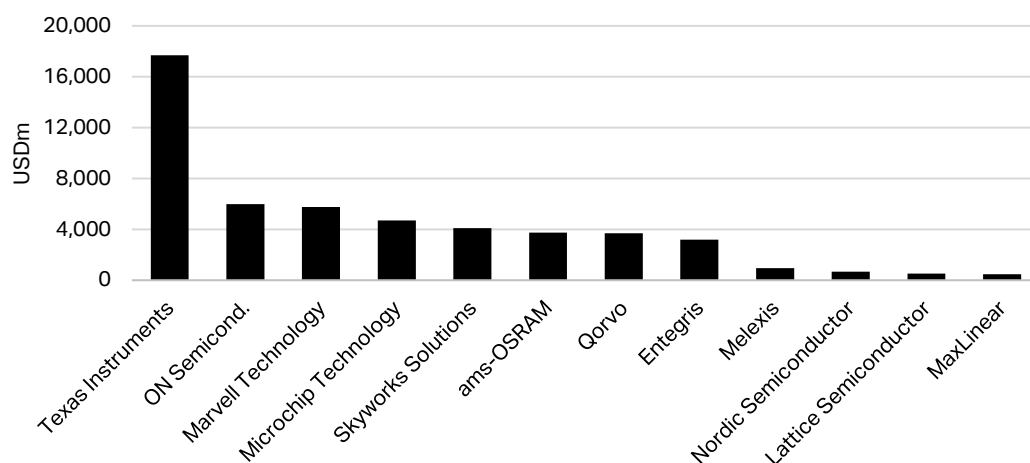
Source: Statista and Semiconductor Industry Association.

Strong BLE niche position, but weaker diversification than peers

Relative to the broader semiconductor industry, Nordic Semiconductor is smaller and more narrowly focused, but holds a strong position in low-energy wireless connectivity. Its niche is supported by an established technology base, integration into customer products and joint R&D projects, which strengthen customer relationships and increase switching costs.

The company's market position supports credit quality by fostering demand-led innovation and reducing substitution risk in its core product areas. However, competitive pressure remains. Customers may change design preferences, adopt alternative connectivity solutions, or use broader semiconductor platforms, requiring Nordic Semiconductor to maintain ongoing research and development investment to defend its position.

Figure 5. Selected peers breakdown by revenues, 2025*



Source: company. *For companies reporting in EUR, exchange rate EUR/USD 1.13 has been used for conversion.

Compared with larger semiconductor peers, Nordic Semiconductor has less product, customer and supplier diversification. Geographic sales diversity and exposure to multiple end markets offer some benefit, but the business remains concentrated in BLE and related wireless technologies, with revenue sensitive to key customers and product cycles.

Reliance on external manufacturing, including a Taiwan-based wafer supplier, increases supply chain and geopolitical risk. We consider the company's niche market position supportive; however, its

smaller scale and limited diversification contribute to a weaker business risk profile compared with broader semiconductor peers.

Profitability constrained by cyclicality, low broad market revenue visibility and R&D intensity

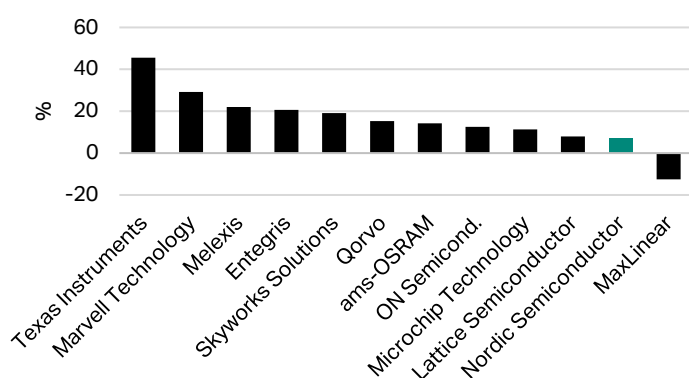
Nordic Semiconductor's profitability is limited by semiconductor cyclicality, product cycles and inventory adjustments. Revenue visibility is lower in distributor-driven broad-market sales than in larger customer programmes, increasing the likelihood of sales and margin fluctuations throughout the cycle.

We expect profitability to remain lower and more volatile than that of larger, more diversified semiconductor peers. The company's narrower product focus and smaller scale limit its ability to absorb demand fluctuations, while ongoing R&D spending is necessary to maintain its competitive position in weaker market conditions.

Cash flow generation is sensitive to working capital movements. Inventory may increase when supply-chain conditions tighten or demand expectations shift, while receivables and inventory typically absorb cash during periods of growth. These factors reduce income and cash flow stability compared with issuers that have broader product portfolios, more recurring demand, and more stable working capital requirements.

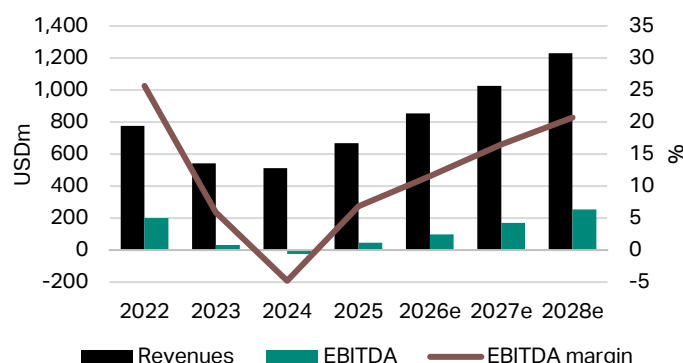
Nordic Semiconductor's strong niche position does not offset the impact of its smaller scale, limited diversification, more volatile broad-market demand and ongoing R&D requirements. We therefore view its operating efficiency as weaker than peers, with lower profitability and less stable margins throughout the cycle.

Figure 6. Selected Peers' NCR-adjusted EBITDA margin, 2025



Source: company.

Figure 7. NCR-adjusted revenues, EBITDA and EBITDA margin, 2022–2028e



Source: company.

FINANCIAL RISK ASSESSMENT

Net cash position supports financial flexibility

Our financial risk assessment reflects Nordic Semiconductor's strong balance sheet, supported by a net cash position, limited financial debt and disciplined financial risk management. This provides meaningful headroom against cyclical earnings volatility and reduces the risk that temporary deviations from our base-case forecast lead to sustained deterioration in credit metrics.

We expect leverage to remain low compared with peers, while interest coverage should remain solid during periods of normalised earnings. Cash flow generation is less stable than leverage, reflecting earnings cyclicality, working capital fluctuations, and ongoing investment requirements. Growth may absorb cash through inventories and receivables, and targeted product development and infrastructure investments remain important to the company's competitive position. Nevertheless, the company's net cash position and limited debt burden provide greater financial flexibility than its cyclical earnings and free operating cash flow profile would otherwise suggest.

Our base case assumes strong revenue growth, driven by recovering demand from major customers and increased sales of new product series. We expect gross margins to rise above 50%, supported by

higher volumes, pricing actions, and an improved product mix. EBITDA should increase as higher revenue enhances absorption of the company's largely fixed operating cost base. Inventory is expected to normalise following a front-loaded build-up in the first half of 2026 to ensure delivery capacity. Visibility into broad-market demand remains low and could affect earnings if geopolitical tensions escalate. The company is currently reliant on sales to the broader market to maintain profitability.

Figure 8. Key base-case forecast assumptions and credit metrics, 2026–2028e

	2026e	2027e	2028e
Revenue growth (%)	28.0	20.0	20.0
EBITDA margin (%)	11.5	16.5	20.7
Average interest rate (%)	7.4	7.4	7.4
Change in working capital (USDm)	-59	-69	-48
Capital expenditure (USDm)	-33	-31	-39
Net debt/EBITDA (x)	-0.8	-0.5	-0.6
EBITDA/net interest (x)	10.5	43.5	68.9
FFO/net debt (%)	-105.7	-171.4	-123.4
FOCF/net debt (%)	17.6	-47.1	-70.8

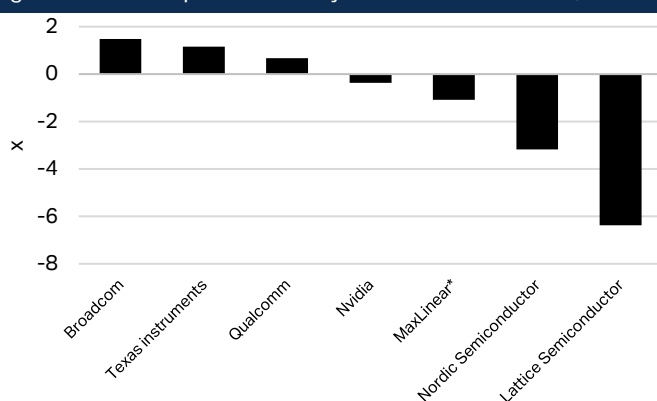
Source: NCR. e—estimate. All metrics adjusted in line with NCR methodology.

The company's risk appetite reflects its commitment to maintaining sufficient liquidity to support key customer relationships and ongoing product development. The revolving credit facility is important for funding one year of short-term R&D commitments. Any shortfall in committed credit facilities relative to this budget would be treated as restricted cash. The facility includes an equity ratio covenant of at least 40%, and we expect the company to maintain significant headroom, supported by its net cash position, strong equity base and low leverage profile.

We expect management to maintain a disciplined financial policy, including limited financial debt, disciplined investment activity and a cautious approach to shareholder distributions. The company has not relied on regular dividends and has primarily used share repurchases for employee incentive schemes, supporting our view that the risk of policy-driven deterioration in credit metrics is limited.

Overall, the company's net cash position and disciplined risk appetite support strong credit metrics relative to peers, while volatility in free operating cash flow and liquidity reserved for operational commitments limit financial flexibility through the cycle.

Figure 9. Selected peers' NCR-adjusted net debt/EBITDA, 2025



Source: company and NCR. *Negative EBITDA for 2025.

Figure 10. NCR-adjusted net debt, EBITDA and FOCF, 2022–2028e



Source: company and NCR. e—estimate.

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

Our 12-month liquidity analysis is based on a stressed scenario in 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-' or 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 411m (10.9x sources/uses) for the 12 months from 1 Jul. 2026.

Figure 11. Liquidity analysis (stressed scenario) 1 Jul. 2026–30 Jun. 2027

Liquidity, next 12 months	Amount (USDm)
Cash and cash equivalents (100%)	276
Working capital	6
Adjusted FFO (75%)	81
Unutilised credit facilities*	89
Total sources	452
Leasing instalment	-9
Committed capital spending (net of capitalised R&D)	-32
Total uses	-42
Sources/uses (x)	10.9
Sources-uses (USDm)	411

Source: company and NCR. *Unrestricted proportion of the unused facility, net of short-range R&D spending.

Peer calibration

We have lowered the rating by one notch to reflect Nordic Semiconductor's small size relative to major semiconductor companies. This presents a risk in a R&D-intensive industry, where Nordic Semiconductor's R&D spending is significantly lower than competitors that may choose to compete directly in the same niches, potentially with new proprietary technology. The larger scale and diversity of global peers also provide greater capital and flexibility to invest in new technologies in a rapidly developing sector.

OWNERSHIP ANALYSIS

Figure 12. Ownership structure, 22 Sep. 2026

Owner	Share of capital and votes, %
Folketrygdfondet	9.5
Accelerator Ltd	8.4
Verdipapirfondet DNB Teknologi	4.6
Verdipapirfond Odin Norge	3.4
Citibank, N.A.	2.0
Bank Pictet & Cie (Europe) Ag	1.7
Morgan Stanley & Co. Llc	1.6
J.P. Morgan Se	1.6
Awc As	1.6
J.P. Morgan Se	1.5
Top 10 owners	35.8
Other	64.2

Source: company.

Nordic Semiconductor has a dispersed ownership structure. The major shareholders are primarily institutional investors. The company's shares are listed on Oslo Stock Exchange, and 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.

ISSUE RATINGS

Figure 13. Instrument rating

Seniority	Issue rating and rationale
Senior unsecured issue rating	BBB-; gross secured debt/EBITDA expected below 2.0x over a protracted period.

Issue ratings are assigned in accordance with our Corporate Rating Methodology. In cases where two alternatives for issue ratings are possible, the rating is assigned based on our forward-looking view of an issuers' capital structure, typically over the next 12-18 months.

Figure 14. Calculation of gross secured debt/EBITDA

	Last twelve months ending 30 Jun. 2026
Gross secured debt (USDm)	0
NCR-adjusted EBITDA (USDm)	62.9
Gross secured debt/EBITDA (x)	0

Source: company and NCR.

SHORT-TERM RATING

Figure 15. Short-term issuer rating

Short-term issuer rating	Rationale
N3	Adequate for the long-term rating due to committed sources to uses of liquidity above 1.0x.

Short-term are mapped to the long-term issuer rating, in accordance with our Rating Principles. In cases where two alternatives for short-term ratings are possible, the short-term rating is assigned based on liquidity being strong, adequate, or weak, as applicable. See definitions in the methodology.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE FACTORS

We consider ESG factors throughout the analysis, when they are material to our credit assessment of Nordic Semiconductor.

Figure 16. Priority ESG factors

Issue/area	Risk/opportunity	Impacted subsections (impact on credit assessment*)
CO ₂ and other GHG	New regulations and increased taxation could reduce operating efficiency. Regulatory requirements could increase capital spending.	Market position (+) Operating efficiency (0)
Resource utilisation	Increased demand for environmentally friendly design and product innovation requiring investments. Risk of loss of customers.	Size and diversification (-) Operating efficiency (-)
Corruption and fraud	Reputational risk, risk of loss of business and bribery fines. Risk of black-market sales given limited visibility in the broad market.	Market position (-) Risk appetite (-)
Employee safety and relations	Reduced operating efficiency due to loss of key personnel or sick leave. Headline risk.	Size and diversification (0)

Source: company and NCR. See [ESG factors in corporate ratings](#). *Defined on a 5-step scale ranging from double minus (--) to double plus (++), with (--) representing the most negative impact and (++) the most positive.

APPENDIX

Figure 17. NCR's adjustments to financials, 2022–2028e

USDm	2022	2023	2024	2025	2026e	2027e	2028e
EBITDA	206	49	-5	66	111	184	271
Non-recurring items		5		-5			
Capitalised development costs	-6	-22	-19	-16	-12	-15	-16
NCR-adj. EBITDA	199	32	-25	46	99	169	255
Net interest	5	9	4	2	-6	-0	0
Financial costs from leasing	-1	-2	-4	-4	-4	-4	-4
NCR-adj. net interest	5	7	0	-2	-9	-4	-4
NCR-adj. EBITDA	199	32	-25	46	99	169	255
NCR-adj. net interest	5	7	0	-2	-9	-4	-4
Current tax	-43	-6	-4	-5	-10	-28	-47
NCR-adj. FFO	161	33	-29	39	79	138	204
Changes in working capital	-75	-141	70	7	-59	-69	-48
Capital spending	-31	-48	-29	-56	-45	-46	-55
Capitalised development cost	6	22	19	16	12	15	16
NCR-adj. FOCF	62	-134	31	5	-13	38	117
Cash and cash equivalents	377	289	288	307	259	265	350
NCR-adj. cash and equivalents	377	289	288	307	259	265	350
Gross interest-bearing debt	0	97	87	98	123	123	123
Leasing liabilities	21	58	56	63	60	60	60
Retirement benefit obligations	1	1	1	1	1	1	1
NCR-adj. total debt	22	156	144	163	184	184	184
Cash and cash equivalents	377	289	288	307	259	265	350
Restricted cash (R&D budget exceeding RCF)	0	0	0	0	0	0	0
NCR-adj. cash and equivalents	377	289	288	307	259	265	350
NCR-adj. total debt	22	156	144	163	184	184	184
NCR-adj. cash and equivalents	-377	-289	-288	-307	-259	-265	-350
NCR-adj. net debt	-355	-133	-144	-145	-75	-80	-165

Source: company and NCR. e–estimate.

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 18. Nordic Semiconductor key financial data, 2022–2025

USDm	FY	FY	FY	FY
Period-end	31 Dec. 2022	31 Dec. 2023	31 Dec. 2024	31 Dec. 2025
INCOME STATEMENT				
Revenue	777	543	511	668
EBITDA	206	49	-5	66
EBIT	162	5	-46	23
Net interest expense	5	9	4	2
Pre-tax profit	167	12	-43	13
Net profit	122	8	-39	16
BALANCE SHEET				
Property, plant and equipment	36	29	22	29
Intangible assets and goodwill	41	69	75	208
Other non-current assets	26	155	157	163
Total non-current assets	102	253	253	401
Cash and equivalents	377	289	288	307
Other current assets	297	321	265	275
Total assets	776	862	807	983
Total equity	584	602	570	680
Gross debt	–	97	87	98
Other liabilities	193	163	150	205
Total equity and other liabilities	776	862	807	983
CASH FLOW STATEMENT				
Pre-tax profit	167	12	-43	13
Cash flow before changes in working capital	217	21	-9	109
Changes in working capital	-75	-141	70	7
Operating cash flow	143	-120	60	116
Capital expenditure	-31	-48	-29	-56
Other investing activities	–	-6	-0	-106
Cash from investing activities	-31	-54	-30	-162
Dividends	–	–	–	–
Share repurchases	–	–	-4	-30
Other financing activities	-11	85	-19	81
Cash from financing activities	-11	85	-23	51
Cash and equivalents beginning of year	277	377	289	288
Cash flow for year	100	-88	-3	19
Cash and equivalents at end of year	377	289	288	307

Source: company. FY–full year.

Figure 19. 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	25.0%	a
Risk appetite	25.0%	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
Short-term rating		N3

Figure 20. Capital structure ratings

Seniority	Rating
Senior unsecured	BBB-

DISCLAIMER

Disclaimer © 2026 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