



Nordic Semiconductor 2nd Quarter 2015

- Record high revenue of MUSD 52.6 (27% increase from Q2 2014). EBIT of MUSD 10.6
- Bluetooth Smart sales of MUSD 30.1, more than doubling compared to Q2 2014
- Strong growth in active Bluetooth Smart customers coupled with a high share of new designs secures future growth
- Successful launch of the nRF52 on June 17th
- Nordic released the Homekit Solution for Bluetooth Smart



Q2 2015 Financial Summary

Amounts in USD million (unaudited)	<u>2nd quarter</u>		Change
	2015	2014	
Revenue	52,6	41,4	27,0 %
Order inflow	60,2	47,8	25,8 %
Gross Margin %	49,5 %	48,3 %	
Operating Profit (EBIT)	10,6	5,7	85,4 %
Operating Profit % (EBIT %)	20,2 %	13,8 %	
Net profit after tax	7,5	4,1	82,8 %
Free Cash Flow (Net cash flow excluding financing)	-9,4	-12,1	
Cash and cash equivalents	25,4	19,4	

Nordic Semiconductor reported record high revenue during the second quarter of 2015 as well as several large orders in new markets driving a continuous strong order inflow.

Total revenue in Q2 2015 was MUSD 52.6, compared with MUSD 41.4 in Q2 2014, representing a growth of 27.0%. Revenues from Wireless Components increased by 33.0% during the same period. Compared to Q1 2015, revenues increased by MUSD 12.6 or 31.5%. The increase from Q1 2015 is explained by underlying growth as well as seasonality.

Sales of *Bluetooth* Smart solutions ended at MUSD 30.1, or 57.1% of total revenue during Q2 2015, compared with MUSD 12.2, or 29.5% of revenue in Q2 2014. Increase of 68% from Q1 2015 is explained by strong revenues in gaming and toys, momentum gained in Wearables as well as a large number of customers within Consumer Electronics and Building and Retail.

Gross profit was MUSD 26.0, or 49.5% of revenue, compared with MUSD 20.0, or 48.3% of revenue during Q2 2014. Gross margins decreased from the previous quarter during 2015 mainly as a result of a change in the product mix within *Bluetooth* Smart, customer mix with a larger portion of substantial customers in Q2 than in Q1 and less sale of the mature Proprietary Products. Lower yields in connection with the introduction of the XLR3 (mid-life update of the nRF51) earlier in 2015 also resulted in higher manufacturing costs.

Total operating expenses including depreciation were MUSD 15.4 in Q2 2015, compared with MUSD 14.3 in Q2 2014. Total cash operating expenses (excluding depreciation) before options and net capitalized R&D expenses were MUSD 15.8 in Q2 2015, compared with MUSD 11.3 in Q2 2014. The comparable number in Q1 2015 was MUSD 15.7. Although the number of employees has increased, the underlying salary increase is offset by vacation pay in June charged against short term accruals.

Average number of employees in Finland has increased from 73 in Q1 2015 to 93 in Q2 2015. Total costs for the Finland operations were MUSD 3.4 in Q2 2015 compared to MUSD 2.2 in Q1 2015. Expenses will increase during the rest of 2015 with more employees and higher R&D spending, including software licenses.

The remaining expense increase relates to increased headcount in both the Norwegian R&D organization and within sales and marketing.

Nordic has during the second quarter capitalized MUS\$ 2.6 (compared to MUS\$ 2.0 in Q1 2015) related to internally developed products. The increase can be attributed to the next generation Bluetooth Smart platform nRF 52 that has moved to the final development stages prior to product launch in Q2. Capitalized expenses are expected to be reduced to approximately MUS\$ 1 per quarter for the rest of 2015.

Based on higher revenue, higher gross margins and capitalization of R&D expenses, partly offset by higher operating expenses, the company's Operating Profit (EBIT) grew to MUS\$ 10.6, compared with MUS\$ 5.7 in Q2 2014. Net financial items were a loss of approximately MUS\$ 0.5 in Q2 2015 and a gain of MUS\$ 0.1 in Q2 2014.

Profit before tax was MUS\$ 10.1, compared with MUS\$ 5.9 in Q2 2014. Income tax expense was MUS\$ 2.6, or 25.0% of pretax profit. The base tax rate for the group is 27%, but the actual rate will fluctuate based on the effect of net financial items, as these items are calculated differently in the parent company's financial reporting (calculated in USD) and its tax reporting (calculated in NOK).

Net profit after tax was MUS\$ 7.5 in Q2 2015, compared with MUS\$ 4.1 in Q2 2014. The company's basic earnings per share were USD 0.046 in Q2 2015, compared with USD 0.025 in Q2 2014.

First Half 2015 Financial Summary

Amounts in USD million (unaudited)	01.01-30.06		Change
	2015	2014	
Revenue	92,6	72,9	27,1 %
Order inflow	113,5	87,5	29,6 %
Gross Margin %	51,7 %	49,7 %	
Operating Profit (EBIT)	15,9	6,5	144,2 %
Operating Profit % (EBIT %)	17,2 %	9,0 %	
Net profit after tax	11,6	4,8	142,8 %
Free Cash Flow (Net cash flow excluding financing)	-24,2	-10,8	
Cash and cash equivalents	25,4	19,4	

Nordic Semiconductor reported strong revenue growth across all of its targeted market segments during the first half of 2015. Total revenue in the first half 2015 was MUS\$ 92.6, compared with MUS\$ 72.9 in the first half of 2014. Sales of *Bluetooth* Smart more than doubled in 2015 to MUS\$ 48.0 from MUS\$ 21.5 in 2014. For the first half of 2015, *Bluetooth* Smart sales represented 52% of total revenue compared to 29.5% in the first half of 2014.

Gross profit was MUS\$ 47.9 or 51.7% of revenue in the first half of 2015, compared with MUS\$ 36.2, or 49.7% of revenue during the first half year of 2014. Gross margin increased from previous year as a result of higher share of *Bluetooth* Smart and a mix in between *Bluetooth* Smart products and customers.



Total operating expenses including depreciation were MUS\$ 31.9 in the first half year of 2015, compared with MUS\$ 29.7 in the first half year of 2014. The higher spending is explained by higher number of R&D employees, offset by lower options expenses, higher capitalized R&D expenses and a weaker NOK/USD currency rate.

Based on higher revenue partly offset by higher operating expenses, the company's Operating Profit (EBIT) grew to MUS\$15.9 in the first half of 2015, compared with MUS\$ 6.5 in the first half of 2014.

Net profit after tax was MUS\$ 11.6 in the first half of 2015, compared with MUS\$ 4.8 in the first half of 2014.

Revenue by Market

Revenue Markets Amounts in USD thousand	2nd quarter				01.01.-30.06				Year 2014	
	2015		2014		2015		2014		Year 2014	
Consumer Electronics	28 954	55,0 %	24 852	60,0 %	49 216	53,1 %	40 952	56,2 %	84 911	50,8 %
Wearables	16 296	31,0 %	9 629	23,2 %	31 656	34,2 %	19 653	27,0 %	55 846	33,4 %
Building/Retail	3 784	7,2 %	3 755	9,1 %	6 531	7,0 %	6 844	9,4 %	14 143	8,5 %
Healthcare	1 623	3,1 %	149	0,4 %	2 239	2,4 %	380	0,5 %	1 491	0,9 %
Others	590	1,1 %	153	0,4 %	832	0,9 %	364	0,5 %	951	0,6 %
Wireless Components	51 247	97,4 %	38 538	93,0 %	90 474	97,7 %	68 193	93,5 %	157 312	94,2 %
ASIC components	1 384	2,6 %	2 888	7,0 %	2 172	2,3 %	4 703	6,4 %	9 126	5,5 %
Consulting services	-	0,0 %	17	0,0 %	2	0,0 %	19	0,0 %	591	0,4 %
Total	52 631	100,0 %	41 443	100,0 %	92 648	100,0 %	72 915	100,0 %	167 029	100,0 %

Technology Amounts in USD thousand	2nd quarter				01.01.-30.06				Year 2014	
	2015		2014		2015		2014		Year 2014	
Proprietary wireless	21 172	40,2 %	26 298	63,5 %	42 496	45,9 %	46 662	64,0 %	94 442	56,5 %
Bluetooth Smart	30 075	57,1 %	12 240	29,5 %	47 978	51,8 %	21 531	29,5 %	62 870	37,6 %
ASIC components	1 384	2,6 %	2 888	7,0 %	2 172	2,3 %	4 703	6,4 %	9 126	5,5 %
Consulting services	-	0,0 %	17	0,0 %	2	0,0 %	19	0,0 %	591	0,4 %
Total	52 631	100,0 %	41 443	100,0 %	92 648	100,0 %	72 915	100,0 %	167 029	100,0 %

As described during presentation of the Q1 2015 results, Nordic Semiconductor has made improvements to its revenue split. The rationale behind this change is to align Nordic's reporting to what is seen as a common reporting for the leading market analysts. In addition, allocating between the different old market segments was partly judgmental as products could fall in both categories.

Consumer Electronics

Consumer Electronics consists of PC Accessories, Mobile Phone Accessories and Home Entertainment. This market segment has been dominated by PC Accessories however; we are observing substantial growth for wireless solutions for appliances such as TV's / set-top box remotes, game controllers, toys and charging units. New product releases within Bluetooth Smart toys and home media devices have contributed to drive growth in this segment.

During Q2 2015 we saw stable sales of PC Accessories compared to the previous quarter with the BT Smart share is increasing.

During Q2 2015 Gaming contributed to MUS\$ 6 in revenues, more than 20% of total Consumer Electronics. In addition, Toys contributed MUS\$ 2, significantly up from previous periods.



Sales to the Consumer Electronics Market segment were MUS\$ 29.0, compared with MUS\$ 24.9 in Q2 2014.

Wearable devices

Revenue from the Wearable device segment (i.e., portable electronics such as sports monitoring devices and smartwatches) was MUS\$ 16.3, an increase of 69.0% from last year. The segment has benefited from growing demand for wearable electronics featuring Bluetooth Smart technology. We have seen these markets gain momentum again after a moderate start of 2015.

Healthcare

Healthcare is an emerging market for Nordic and therefore included as a separate market. Reported revenue relates to design wins, mainly within glucose monitoring and hearing aids. From being a small market in 2014, Healthcare now shows significant revenue at MUS\$ 1.6 in Q2 2015.

Building and Retail

The Building and Retail market consists of connectivity solutions for both Home and Industrial Applications, as well as retail solutions. Currently this market segment is dominated by retail solutions for one RFID customer that has been delivering steady volumes during the last 12-18 months. Beacons and smart homes (connected appliance and door locks) are expected to drive growth in the next 12 months.

Sales to the Building and Retail Market were MUS\$ 3.8, compared with MUS\$ 3.7 in Q2 2014.

ASIC components / consulting

ASIC components and consulting revenue was MUS\$ 1.4, compared with MUS\$ 2.9 in the prior year. Nordic Semiconductor has made a strategic decision not to invest further in acquiring new customers within this market, and is currently only fulfilling demand from existing customers.

Balance Sheet and Cash Flow

As of 30 June 2015, Nordic Semiconductor had total assets of MUS\$ 166.9, of which MUS\$ 130.5 were current assets. Non-Current assets increased from MUS\$ 32.0 in Q1 2015 to MUS\$ 36.4 in Q2 2015. Total liabilities were MUS\$ 60.7, of which MUS\$ 49.9 were current liabilities. Total Shareholders' equity was MUS\$ 106.2, which represents an equity ratio of 63.6%, down from 68.5% at the end of the previous quarter.

Cash flow from operations was an outflow of MUS\$ 3.1 in Q2 2015, compared with a cash outflow of MUS\$ 9.7 in Q2 2014. The negative cash flow is explained by a buildup of working capital mainly related to inventories of wafers to prepare for seasonal higher sales in the second half of 2015 in addition to working capital buildup in connection with growth.

Cash flow from investments was an outflow of MUS\$ 6.2, compared with an outflow of MUS\$ 2.3 in Q2 2014. Capital expenditures were MUS\$ 3.6, driven by purchase of IP for Finland operations of MUS\$ 1.4 and new manufacturing test equipment of MUS\$ 1.0. The remainder relates mainly to other R&D software and equipment. Capitalized development expenses were MUS\$ 2.6, compared with MUS\$ 0.6 last year, as the company shifted its R&D efforts to the final stages of the nRF 52.



During Q2 2015, the company paid net MUSD 0.7 in relation to the settlement of employee share options through cash. The company has a line of credit agreement with its primary bank where it may borrow up to MUSD 20 at any time with a rate of LIBOR + 1.15%. The credit facility has a 3 year term. MUSD 10 of this facility was utilized during Q2 2015.

As a result of a negative operational cash flow of MUSD 9.4 during Q2 2015 offset by utilization of MUSD 10 of the RCF, the cash balance was unchanged from Q1 2015 at MUSD 25.4.

Organization

As of 30 June 2015, Nordic Semiconductor had 389 employees, compared to 360 employees at 31 March 2015. Of these, 303 employees work within Research and Development representing an increase of 26 employees compared to 31 March 2015.

In the Finland operations a total of 93 employees had started as of June 30, 2015, an increase of 14 employees since 31 March, 2015. Nordic targets to have 100 employees in Finland by the end of 2015.

Market

The world is witnessing a wireless revolution on a scale never before experienced in global technology industry and on-trend to break all previous growth and adoption rate records.

It is being driven by the evolution of Bluetooth Smart® (formerly known as Bluetooth low energy) ultra-low power wireless technology leveraging the ubiquity, computing power and user interfacing simplicity of modern smartphones and apps, and the on-going growth of the Internet including rapidly-expanding high-speed cellular networks (3G and 4G) and cloud and connected services.

Ultra low power and Bluetooth Smart wireless technology is changing how entire industries work, and enabling brand new applications and products, such as wearables, that even a few years ago would have been technologically or commercially impossible. It's also being embedded into quite literally everything: a trend that has been dubbed 'The Internet of Things' (or 'IoT' for short).

And sitting right in the middle of it all, with the world's leading range of ultra-low power (ULP) proprietary and Bluetooth Smart wireless solutions is Nordic Semiconductor that has sold over 1.25 billion ULP wireless chips to date.

Based on its *Bluetooth* Smart and proprietary 2.4 GHz wireless solutions, the company expects the following growth opportunities to emerge across its key market segments:

- Consumer Electronics
PC/tablet accessories:
PC/tablet accessories have been the backbone for Nordic over the last 10 years together with sports. The market has been based around proprietary 2.4GHz in the PC space.

Nordic continues to view the market for PC accessories as an important business segment, although the overall market is stable. The company estimates that only approximately 20-



25% of PC buyers are purchasing a wireless mouse/keyboard with a new PC (including aftermarket purchases), leaving a large unaddressed market for wireless accessories among PC users.

In addition to PC accessories, *Bluetooth* Smart technology also creates new opportunities for Nordic to address the tablet accessory market. As tablets implement *Bluetooth* Smart Ready technology, these devices are now able to connect with ultra-low power *Bluetooth* Smart keyboards and other accessories. *Bluetooth* Smart offers much longer battery lifetime for tablet keyboards than traditional Bluetooth technology, and will enable tablets to be used more effectively for productivity applications in addition to casual use.

The tablet accessory market has just begun to convert from traditional Bluetooth technology to Bluetooth Smart technology and we have observed several successful product launches from our customers.

Home electronics devices

Includes wireless solutions for appliances such as TV's / set-top boxes, gaming, toys and wireless charging units. Wireless solutions are currently being implemented in a broad range of home electronic appliances to enable users to interact with these devices via a smartphone or other remote control unit. *Bluetooth* Smart is an ideal wireless solution for many of these embedded applications.

Even battery charging units are now implementing wireless technology. Recently, the Alliance for Wireless Power consortium (A4WP) has developed a standard for a small charging appliance which can wirelessly recharge batteries on a broad range of electronic devices. This standard (called Rezence™) relies on *Bluetooth* Smart technology to wirelessly transfer critical information such as battery type and charge status from the electronic device to the charger. This enables the charger to manage the charge session between the charger and the device. Nordic Semiconductor is an active member of the A4WP consortium, along with mobile phone industry giants such as Samsung, LG and HTC. Nordic announced on July 7, 2015 that Gill Electronics selected Nordic Semiconductor's nRF51822 Bluetooth Smart SoC for device communication in its TesLink 33+W Wireless Power Transmitter resonant charging system. TesLink overcomes limitations of induction charging allowing users to simultaneously wirelessly charge multiple devices using a wide-area charging field. This is the first regulatory approved product for A4WP.

- **Wearables**

Includes wearable electronics such as sports / fitness monitoring devices and, portable electronics.

Nordic considers the market for Wearable technology to be a major business opportunity during the next years based on the explosive growth of smartphones and related applications. The smartphone is an ideal device to connect with wireless accessories due to its huge market volumes, portability, compatibility with wireless standards, highly functional screen and touch interface, and ease of downloading new software ("apps") for interacting with a wireless device.



As smartphones adopt *Bluetooth* Smart Ready technology, many new *Bluetooth* Smart wireless accessories are being released to connect with this growing installed base of compatible devices.

- Healthcare

This is an exciting market due to the diverse applications and motivation in the population. In the case of diabetes anything that can ease an afflicted person is of great value. Nordic sees that there are applications for strip meters that are connected to the cloud through a smart phone. This enables the user to upload his readings as well as getting advice on how much insulin should be injected. Further developments are done on remote controls and micro pumps. An entire ecosystems for managing glucose is being developed. Nordic has started to see revenue from the first movers.

The demand from health conscious consumers is expected to focus more on monitoring serious illnesses and diseases. The above mentioned portable devices act as extensions of a smartphone; they gather data and transmit the information wirelessly, thus helping clinician's to work more efficiently and extend care outside the hospital environment.

- Building and Retail

Includes amongst others RFID / security systems, building sensors, industrial automation, and beacons. Building and Retail is a fast growing market, and represent the largest and most diverse market opportunity in the longer term.

Building and Retail includes wireless sensor networks and are sometimes referred to as "machine-to-machine" (or "M-to-M") technologies, as they often collect and distribute information from objects rather than people. While this market is still in its earliest stages of development, the potential applications are so numerous that they are impossible to quantify. *Bluetooth* Smart provides a very attractive standard for building these wireless sensor networks, based on its compatibility with a huge existing installed base of smartphones and other devices. Focusing on this opportunity is part of Nordic's overall IOT strategy to move from "My Things" to "Things around us".

One example of a *Bluetooth* Smart-based sensor network which has gained recent attention is the location beacon (frequently called "iBeacon"(Apple TM)). Using location beacons featuring *Bluetooth* Smart technology, systems can detect when a user's smartphone is in range and activate information both on the user's smartphone and at the location which has installed the beacons.

For example, location beacons positioned at a retail store can enable customers to upload targeted information on their smartphone such as product information, promotions, and an indoor positioning map when they approach the beacon. In return, the retailer can capture information regarding its customers and their shopping patterns.

As an important contributor to the home automation market Nordic announced on June 16th the availability of its HomeKit solution for the nRF51. The HomeKit provides developers with a unique solution for HomeKit products that meets all requirements on size, power consumption and performance. Released with iOS 8 last year, HomeKit is a framework for the creation of products and apps that will give a secure and consistent user experience when using an iPhone, iPad or iPod touch to interact with smart products in our homes.



Business Outlook

Based on its market leadership in ultra-low power wireless solutions, its best-in-class product line including the new nRF51 platform, and its highly experienced team of engineers and sales professionals, Nordic Semiconductor is very well-positioned for profitable growth as the wireless market expands into many new product categories. The launch of the next generation System-On-Chip on June 17, 2015 will further strengthen Nordic's position as technological market leader.

Sales of Bluetooth Smart tripled in 2014 compared to 2013 (i.e. close to MUSD 63 in revenue). This growth is enabled through continued growth in wearable fitness monitors in addition to many new designs in emerging product categories. We expect continued strong growth for Bluetooth Smart in 2015.

Gross margins are expected to stabilize at approximately 50%. However operating expenses are expected to increase during 2015 as a result of higher R&D spending in order to take advantage of upcoming complementary standards as well as high growth within Bluetooth Smart.

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Financial Calendar 2015

Oct 16th, 2015

3rd Quarter 2015 results

Feb 12th, 2016

4th Quarter/preliminary annual 2015 results



Condensed financial information for the three months ended 30 June 2015

Consolidated Income Statement

Amounts in USD thousand (unaudited)	2nd Quarter		01.01 - 30.06		Year 2014
	2015	2014	2015	2014	
Total Revenue	52 631	41 443	92 648	72 915	167 029
Cost of materials	(26 604)	(21 415)	(44 746)	(36 711)	(82 101)
Direct project costs	(0)	(0)	(16)	(0)	(188)
Gross profit	26 027	20 028	47 887	36 204	84 741
Payroll expenses	(8 901)	(8 683)	(19 392)	(18 419)	(38 653)
Other operating expenses	(4 498)	(3 919)	(8 683)	(7 980)	(16 566)
EBITDA	12 628	7 426	19 811	9 804	29 522
Depreciation	(2 003)	(1 696)	(3 871)	(3 276)	(6 873)
Operating Profit (EBIT)	10 624	5 730	15 941	6 528	22 648
Net interest	27	63	43	147	226
Net foreign exchange gains (losses)	(535)	57	585	32	1 663
Profit before tax	10 117	5 850	16 569	6 706	24 537
Income tax expense	(2 575)	(1 724)	(4 945)	(1 919)	(5 988)
Net profit after tax	7 541	4 125	11 624	4 787	18 549
Earnings per share					
Basic	0,046	0,025	0,071	0,029	0,114
Fully Diluted	0,046	0,025	0,071	0,029	0,114
Weighted average number of shares (in '000)					
Basic	163 441	162 949	163 122	162 441	162 379
Fully Diluted	164 019	163 141	163 485	164 060	163 146

Consolidated statement of comprehensive income

Amounts in USD thousand (unaudited)	2nd Quarter		01.01 - 30.06		Year 2014
	2015	2014	2015	2014	
Net profit after tax	7 541	4 125	11 624	4 787	18 549
Actuarial gain/loss recognized in equity	-	-	-	-	(2 191)
Difference with translation to USD	165	(0)	174	(0)	(15)
Comprehensive income for the period	7 706	4 125	11 798	4 787	16 343



Consolidated statement of financial position

Amounts in USD thousand (unaudited)	30.06.15	31.03.15	31.12.14	30.06.14
Capitalized development expenses	10 260	8 303	6 928	7 658
Software and other intangible assets	8 780	7 125	4 485	4 175
Deferred tax assets	5 363	5 363	5 363	3 077
Property assets	814	754	773	800
Equipment	11 163	10 475	8 172	8 251
Other long-term assets	6	6	281	373
Non-current assets	36 386	32 026	26 001	24 333
Inventory	45 584	41 956	27 910	24 539
Accounts receivable	54 424	40 258	39 288	39 010
Other short term receivables	5 116	5 199	3 257	3 871
Cash and cash equivalents	25 360	25 279	34 080	19 442
Current assets	130 484	112 692	104 536	86 862
TOTAL ASSETS	166 871	144 718	130 537	111 195
Shareholders' equity	106 164	99 181	88 522	75 497
-	-	-	-	-
Pension liability	10 851	10 181	11 455	9 761
Non-current liabilities	10 851	10 181	11 455	9 761
Accounts payable	15 388	13 406	12 929	8 499
Income taxes payable	7 727	6 758	6 690	259
Public duties	2 547	2 704	2 263	1 576
Short-term loan facility	10 000	-	-	8 000
Other short-term liabilities	14 192	12 488	8 678	7 603
Current liabilities	49 855	35 355	30 559	25 937
TOTAL EQUITY AND LIABILITIES	166 871	144 718	130 537	111 195

Consolidated statement of changes in equity

Amounts in USD thousand (unaudited)	2nd Quarter		01.01 - 30.06		Year 2014
	2015	2014	2015	2014	
Equity at beginning of period	99 181	80 050	88 522	72 244	72 244
Net profit for the period	7 541	4 125	11 624	4 787	18 549
Purchase of treasury shares	-	(4 221)	-	(4 221)	(5 170)
Sale of treasury shares on options exercise	-	-	6 015	6 154	6 154
Share-based compensation	(723)	1 353	(172)	2 344	4 761
Cash settlement of options contract	-	(5 810)	-	(5 810)	(5 810)
Actuarial gain/loss recognized in equity	-	-	-	-	(2 191)
Difference with translation to USD	165	(0)	174	(0)	(15)
Equity at end of period	106 164	75 497	106 164	75 497	88 522



Consolidated cash flow statement

Amounts in USD thousand (unaudited)	2nd Quarter		01.01-30.06		
	2015	2014	2015	2014	2014
Profit before tax	10 117	5 850	16 569	6 706	24 537
Profit before tax, discontinued operations	-	-	-	-	-
Taxes paid for the period	(1 740)	(3 320)	(3 631)	(6 578)	(5 037)
Depreciation	2 003	1 696	3 871	3 276	6 873
Change in inventories, trade receivables and payables	(15 812)	(12 346)	(30 351)	(9 096)	(8 316)
Share-based compensation expense	121	377	718	1 411	4 692
Movement in pensions	670	99	(604)	(329)	(3 112)
Other operations related adjustments	1 509	(2 102)	1 685	(992)	1 341
Net cash flows from operating activities	(3 132)	(9 746)	(11 743)	(5 600)	20 979
Capital expenditures (including software)	(3 582)	(1 760)	(7 773)	(3 880)	(6 339)
Proceeds from sales of equipment	-	-	-	-	-
Capitalized development expenses	(2 645)	(580)	(4 670)	(1 282)	(1 802)
Net cash flows from investing activities	(6 228)	(2 340)	(12 443)	(5 163)	(8 141)
Changes in Treasury stock	0	(4 221)	6 016	1 933	984
Cash settlement of options contract	(723)	(5 810)	(723)	(5 810)	(5 810)
Short-term loan facility	10 000	8 000	10 000	8 000	-
Other financing related adjustments	-	-	-	-	-
Net cash flows from financing activities	9 277	(2 031)	15 293	4 123	(4 825)
Effect of changes in currency rates	164	-	174	-	(15)
Net change in cash and cash equivalents	82	(14 118)	(8 720)	(6 640)	7 998
Net change in cash and cash equivalents from discontinued operations	-	-	-	-	-
Cash and cash equivalents at start of period	25 279	33 560	34 080	26 082	26 082
Cash and cash equivalents at end of period	25 360	19 442	25 360	19 442	34 080

Notes to the consolidated interim financial statements

Note 1: General

The condensed second quarter interim financial statements for the six months ended 30 June 2015 were approved for publication by the Board of Directors on July 12, 2015.

Nordic Semiconductor ASA develops and sells integrated circuits and related solutions for short-range wireless communication. The company specializes in ultra-low power (ULP) components, based on its proprietary 2.4 GHz RF and *Bluetooth* Smart technology.

Nordic Semiconductor ASA is listed on the Oslo Stock Exchange and is a joint stock company registered in Norway. The Company's head office is located at Otto Nielsens vei 12, 7052 Trondheim.

Note 2: Confirmation of the financial framework

The Group accounts for Nordic Semiconductor ASA and its wholly-owned subsidiaries, together called "the Group" have been prepared in accordance with IAS 34 Interim Financial Statements. The interim financial statements for 2015 do not include all the information required for the full year financial statements and shall be read in conjunction with the Group annual accounts for 2014.

The financial statements are presented in thousand USD, unless otherwise stated. As a result of rounding adjustments, the figures in one or more rows or columns included in the financial statements may not add up to the total of that row or column.

Note 3: Important accounting principles

Major accounting principles are described in the Group Financial Statement for 2014. The group accounts for 2014 were prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU, relevant interpretations of this, as well as additional Norwegian disclosure requirements described in the Norwegian GAAP and the Norwegian Securities Trading Act.

In May 2014, the IASB issued IFRS 15 Revenue from Contracts with Customers, which replaces IAS 11 Construction Contracts, IAS 18 Revenue and related Interpretations. IFRS 15 is effective for annual periods beginning on or after 1 January 2017, with early adoption permitted. The Company is currently evaluating the impact of the new standard.

Note 4: Use of estimates

In the interim financial statements for 2015, judgments, estimates and assumptions have been applied that may affect the use of accounting principles, book values of assets and liabilities, revenues and expenses. Actual values may differ from these estimates. The major assumptions applied in the interim financial statements for 2015 and the major sources of uncertainty in the statements are similar to those found in the Financial Statements for 2014.



Note 5: Segment information

In accordance with IFRS 8, the Group has only one business segment, which is the design and sale of integrated circuits and related solutions.

The Group classifies its revenues into the following revenue markets: Wireless components, ASIC components and consulting services. Within Wireless components, the Group reports its revenues based on the product category (“hub”) with which its components communicate. These include: Consumer Electronics, Wearables, Healthcare, Building and Retail and Other.

The Group also reports its Wireless component revenue by technology, including proprietary wireless and *Bluetooth* Smart protocols. Detailed reporting by revenue market can be found on page 4 in this document.

Note 6: Share options

On February 18, 2014, Nordic Semiconductor granted 5,843,712 share options to 176 employees. The options are exercisable after one year, and expire after three years. The options were granted at a strike price of NOK 38.43. If the company’s share price exceeds a “cap” of NOK 150.00, the company may settle the option grant by compensating the employee the difference between the “cap” and the strike price. Of the share options granted in 2014, 391,467 have expired, and 1,307,575 options were exercised on February 24, 2015 and 265,930 were exercised on April 24, 2015. The remaining 3,878,740 options have vested and can be exercised quarterly until expiration on February 18, 2017.

According to the Black- Scholes option pricing model, the fair value of options granted in 2014 was NOK 6.153 per option. The Black-Scholes valuation of the option program was conducted by an independent advisory company. The options are expensed over the vesting period, in accordance with IFRS.

Note 7: Risk management

A description of risk factors can be found in Note 20 of Nordic Semiconductor’s 2014 annual report.

Note 8: Events after the balance sheet date

No events have occurred since the end of the second quarter of 2015 that affects the evaluation of the submitted accounts.

Board and Management confirmation

We confirm that, to the best of our knowledge, the enclosed condensed set of financial statements for the first half year of 2015, which has been prepared in accordance with IAS 34 Interim Financial Statements, gives a true and fair view of the Company's consolidated assets, liabilities, financial position and results of operations, and that the interim management report includes a fair review of the information required under the Norwegian Securities Trading Act section 5-6 fourth paragraph.

The Board of Directors and Chief Executive Officer of Nordic Semiconductor ASA
Oslo, July 12, 2015




Terje Rogne
Chairman



Anne-Cecilie Fagerlie
Board member



Craig Ochikubo
Board member



Arnhild Schia
Board member



Tore Valderhaug
Board member



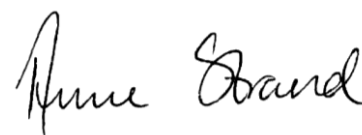
Svenn-Tore Larsen
Chief Executive Officer



Joakim Ferm
Board member



Lasse Hauges Olsen
Board member



Anne Strand
Board member