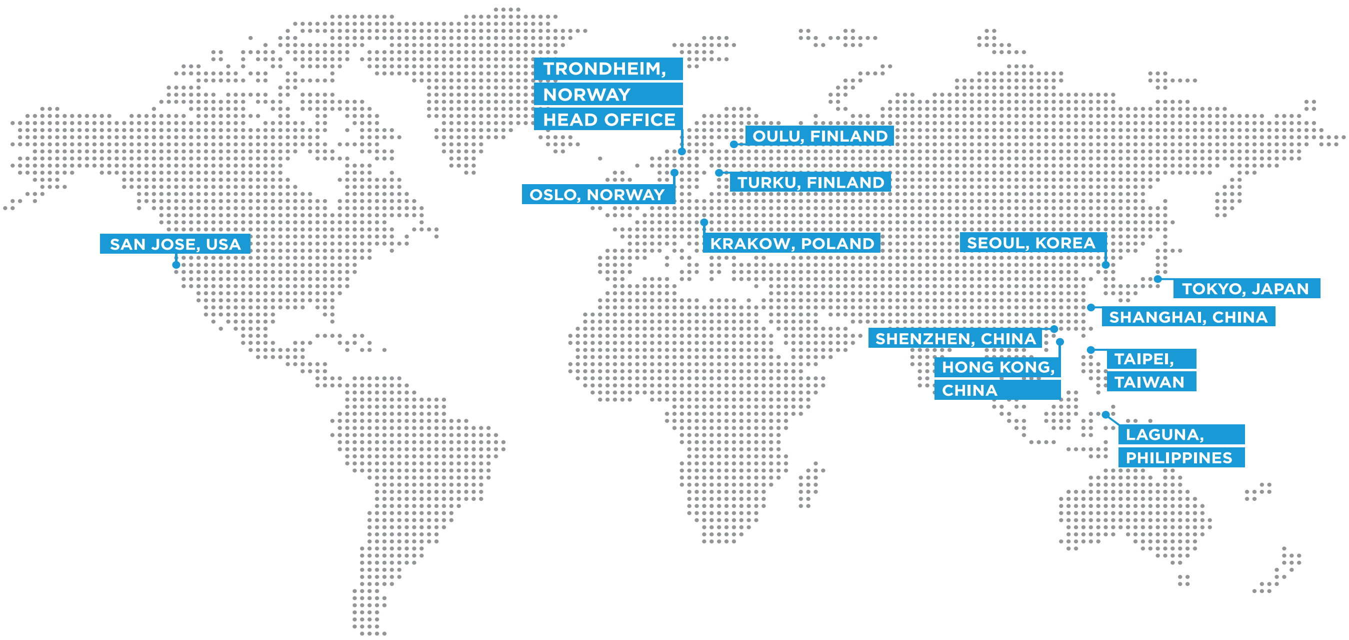
NORDIC
SEMICONDUCTOR

ANNUAL REPORT /2015



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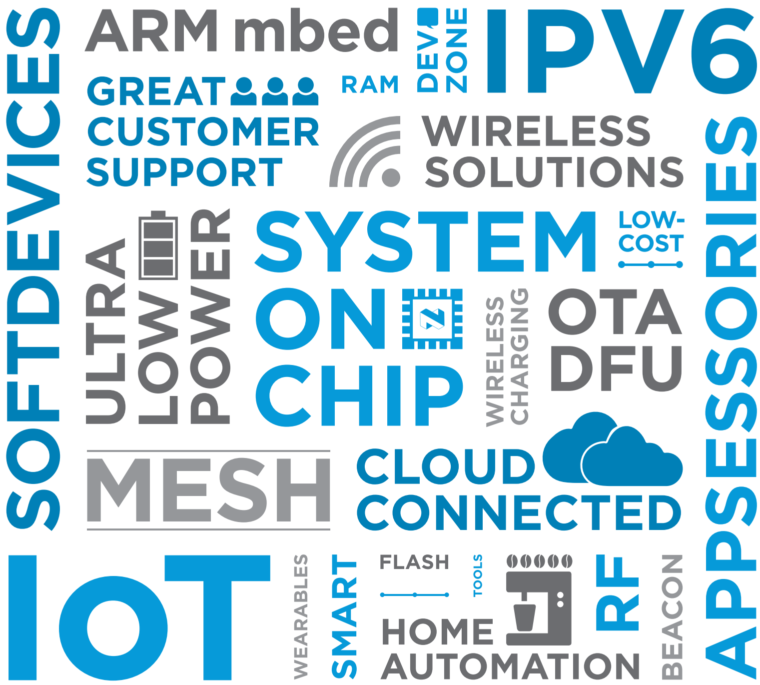


THIS IS NORDIC SEMICONDUCTOR

A global leader in Bluetooth Smart wireless solutions

The next big thing is a trillion small things wirelessly-connected to form the Internet of Things.

A key enabler technology of the Internet of Things (or 'IoT' for short) is *Bluetooth*® Smart (formerly known as Bluetooth low energy): the fastest growing wireless technology of all time and on-trend to break all previous growth and adoption rate records. Bluetooth Smart leverages the ubiquity, computing power, and user interfacing simplicity of modern smartphones and apps, the on-going growth of the Internet generally – including ever-expanding high-speed Wi-Fi and cellular networks (3G, 4G, 4G LTE, 5G), and cloud and connected services.

This is changing how entire industries work, and enabling brand new applications and products, such as wearables that represent the first mass-market product wave of the IoT and are still only in their infancy. The addition of an IPv6 layer to the Bluetooth Smart stack (dubbed "IPv6 over Bluetooth Smart") will now allow Bluetooth Smart devices to connect directly and securely to the Internet without need (as happens at present) of an intermediary Internet gateway device such as smartphone, tablet or computer. This is another major step forward in the evolution of the IoT.

Several wireless technologies such as 3/4/5G, Wi-Fi, ZigBee, and RFID will co-exist with Bluetooth Smart. But these are likely to complement rather than compete as more than one wireless technology will be required to make the IoT seamless, reliable, global, and above all else: everywhere. And sitting right in the middle of this IoT revolution, as the leader of the global Bluetooth Smart industry as measured by market share and ultra low power wireless technological leadership, is Nordic Semiconductor.

How did a Norwegian company come to occupy such a coveted position? Well the reality is it never really lost it. Almost single-handedly, Nordic Semiconductor pioneered the development of ultra low power wireless during the early 2000s, and has been key contributor in the creation and evolution of Bluetooth Smart as a wireless standard within every version of Bluetooth since Bluetooth v4.0. These efforts culminated in Nordic's latest nRF52 Series that redefine what's possible on a Bluetooth Smart single chip.

In addition, all of Nordic's core markets are encompassed by the growth of the IoT including sports and fitness, consumer health, connected toys, location beacons, smart watches, and of course, wearables.

Learn more at www.nordicsemi.com

LETTER FROM THE CEO

2015 was a record year for Nordic Semiconductor in which revenues increased by almost 16 % to MUSD 193.1, compared to 2014. Total number of employees increased from 273 to 454 people. This highlights the ongoing organic growth of the company in order to keep its competitive edge in the market, as well as establishing the Finland R&D center with focus on low power Wide Area Networks which will grow revenue in the years to come.

The growth in revenue was underpinned by a particularly strong Bluetooth Smart design win performance, including a 52% increase in Nordic development kit shipments from 22,080 in the whole of 2014 to 33,553 in 2015. This was accompanied by a 76% increase in Bluetooth Smart sales to MUSD 110.8 plus and a 90% increase in large Bluetooth Smart customers.

In addition to achieving high sales volumes and further expanding its number of staff, in June Nordic successfully launched the nRF52832: the first member of its next generation nRF52 Series. The nRF52 Series builds on the success of the nRF51 Series by redefining single-chip (radio plus computer processor) Bluetooth Smart by marrying barrier-breaking performance and power efficiency.

The nRF52832 further includes an industry-first 'Touch-to-Pair' NFC (Near Field Communication) feature that allows Bluetooth Smart wireless links to be established between a wide range of devices by simply touching them together instead of entering a 4 to 6-digit code that has proven to annoy and confuse many consumers.

The nRF52832 also features an extremely powerful, and again category-first, 64MHz ARM Cortex-M4F processor, best-in-class ultra high performance 2.4GHz multiprotocol radio, and unique developer-friendly fully automatic power optimization.

During 2015 Nordic also introduced its first IPv6 over Bluetooth Smart solution which allows Bluetooth Smart devices to securely connect direct to the Internet for the first time. By supporting end-to-end Internet communications this will help ease the development of the latest IoT applications.

Nordic is also successfully targeting a range of new markets that will be enabled by the IoT including the smart home, industrial automation, automotive, asset tracking and management, and retail/point-of-sale systems. During 2015 this included Nordic introducing the nRF5 SDK for HomeKit, approved by Apple – a key tool for developers targeting smart home applications.

At the end of 2015 Nordic Semiconductor also won a Global Semiconductor Alliance (GSA) Award for the very first time, being named the most 'Outstanding EMEA Semiconductor Company' of 2015'. A GSA Award is one of the semiconductor industry's most respected and prestigious, and often likened to winning an Oscar® from the Academy of Motion Picture Arts and Sciences in the film industry.

Svenn-Tore Larsen
Chief Executive Officer

> *Receiving the GSA award affirms Nordic's position in this innovative market*

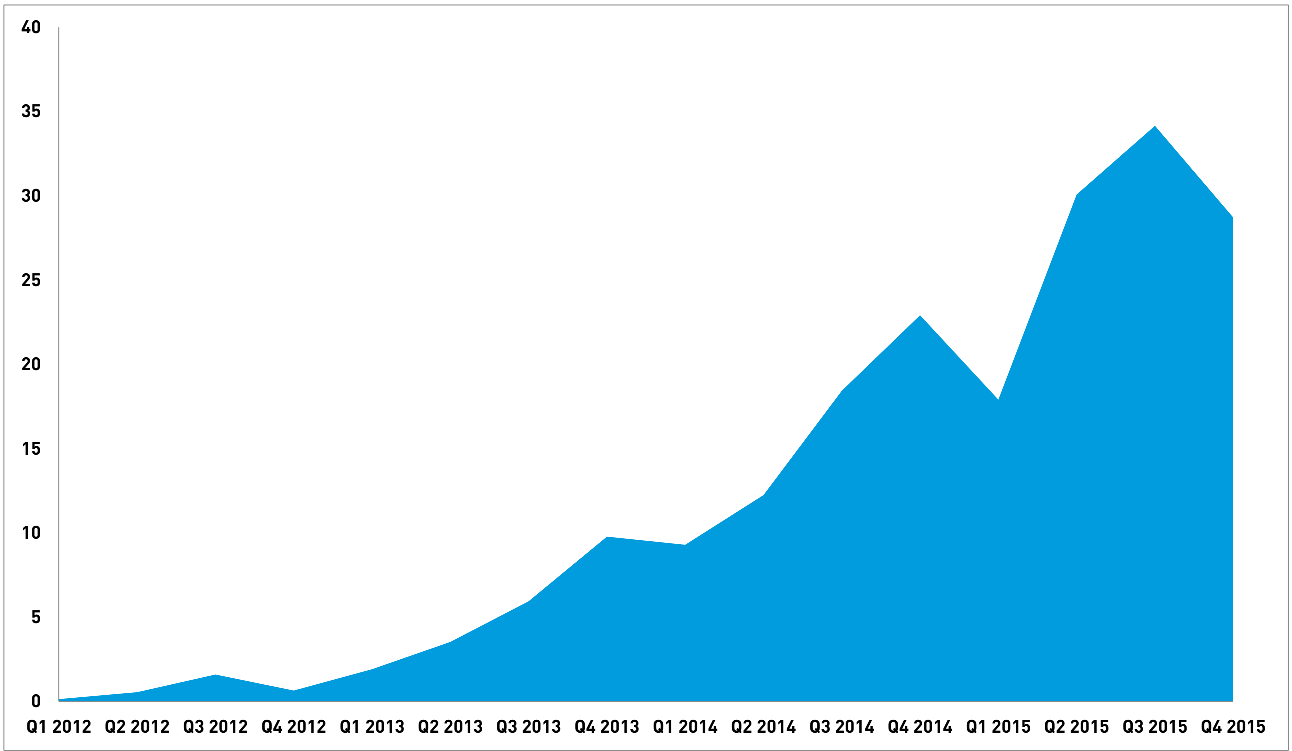
"Within the global semiconductor industry, companies originating from the EMEA pioneered many of today's largest markets and invented new business models to support them," comments Sandro Grigolli, Executive Director for EMEA at GSA. "This includes the development of IP licensing frameworks which, among other things, laid the foundations for the smartphone revolution; leading-edge analog, mixed signal and RF applications that are proving critical enablers for the upcoming Internet of Things; and advanced automotive manufacturing and design technology that has transformed the functionality and features of modern cars and continues unabated into the e-powered and self-drive vehicles."

Grigolli continues: "Nordic Semiconductor is a perfect example of what I describe above. A company that was able to become a world leader in a highly competitive space, that of ultra low-power wireless products, which is incredibly relevant in a world where everything is connected and everything is mobile, and where therefore power consumption is becoming the key battling ground."

In addition to all of the above commercial developments, Nordic is also aware of its social responsibility within the global electronics market. This includes supporting and sponsoring educational initiatives to give young people the opportunity to experience leading-edge wireless technology development and hopefully in many cases be potentially inspired to take up a career in the industry in the future.

As such during 2015 Nordic Semiconductor became a BBC micro:bit champion of the "Make it Digital" initiative which aims to inspire a new generation with digital technology and will give every 11-12 year old school child in the U.K. a programmable hardware coding device called a

Bluetooth Smart Revenue (MUSD)



BBC micro:bit. Each of over a million BBC micro:bit computers will be powered by a Nordic Bluetooth Smart wireless chip (an nRF51822) donated as part of Nordic's role as a BBC micro:bit champion.

This initiative was complemented by another one targeting older students in the form of an ARM IoT education kit, developed in collaboration with Nordic, that is designed to give university students hands-on engineering experience while studying. The kit has already been requested by 30 other universities in the U.S. and Europe, and is about to be launched in China.

And at the professional learning level, Nordic Semiconductor is also the main sponsor of a major new Bluetooth SIG training initiative targeting IoT developers.

Nordic's mission remains highly ambitious: to become the global leader of connectivity, and to maintain at least 40 percent market share of all Bluetooth Smart devices sold in the world.

The company recognizes that it operates in a cyclical business and aims to preserve a high proportion of equity and liquidity combined with low debt.

The company also recognizes that beyond technological and commercial leadership, one of the main reasons for its strong position to date has been successfully developing a thriving, highly motivated workforce. This is reflected in the fact that the company has an exceptionally low staff turnover due to its excellent working environment and many senior managers are long-time employees that have been promoted from within the company. The company's staff is also highly diverse being drawn from 41 countries.

As such Nordic Semiconductor confidently expects to continue its high growth rate and to continue to lead the world in ultra-low power wireless solutions, including Bluetooth Smart, with a strong focus on the exploding Internet of Things sector.

In fact Nordic is accelerating its efforts to develop breakthrough new technologies and complete solutions for its customers to make implementing wireless technology easier, quicker, and cheaper than was ever possible before.

We at Nordic Semiconductor are proud of our market leadership and never forget how hard we had to work to achieve it and how hard we will have to continue to work to maintain it.

Our team has demonstrated the vision and competence to design solutions on the leading edge of our industry. With the talent and drive of our organization supporting us and the market opportunity ahead, I am confident that this will still just be the beginning of a journey that in the longer term will grow to reach trillions of units.

REPORT FROM THE BOARD OF DIRECTORS

Nordic Semiconductor's Bluetooth Smart revenue increased with more than 76% from 2014 to 2015. The Company therefore set a new record reaching total revenues of MUSD 193.1 for 2015. Strong growth was observed in emerging product categories, driven by accelerating demand for Nordic's new Bluetooth Smart wireless products. The Company continued to invest in future product development by successfully launching its operations in Finland.

Company Overview

Nordic Semiconductor is a fabless semiconductor company which designs, sells and delivers integrated circuits and related intellectual property for use in short-range wireless applications. The Company specializes in ultra-low power wireless solutions, based on its proprietary 2.4GHz RF and Bluetooth Smart technology. Nordic Semiconductor is a pioneer and market leader in ultra-low power wireless technology, with close to 300 million units sold last year.

Nordic Semiconductor's components are manufactured by world-class subcontractors and sold through electronics distributors to manufacturers of branded electronics across a wide range of product categories. These categories include Consumer Electronics, Wearables, Building and Retails, Healthcare, and Other Applications.

The Company is headquartered in Trondheim and Oslo, Norway, and has offices in USA, China, Korea, Japan, Taiwan, Poland, Finland and the Philippines

Financial Summary

Income Statement

Nordic Semiconductor reported strong revenue growth across all of its target market segments during 2015. Total revenue in 2015 was MUSD 193.1, compared with MUSD 167.0 in 2014, representing a growth of almost 16%. Sales of Bluetooth Smart increased by 76.3% in 2015 to MUSD 110.8 from MUSD 62.9 in 2014.

Gross profit was MUSD 95.7, or 49.5% of revenue, compared with a restated gross profit of MUSD 82.3, or 49.3% of revenue during 2014. Due to a past period adjustment requirement, Nordic Semiconductor has restated its figures for previous periods as described in note 2.20. This restatement has resulted in an increased cost of goods sold in 2014 by MUSD 2.4. The gross margin improvement originated from the increased revenues of Bluetooth Smart combined with Nordic's growth towards a more diversified customer portfolio.

Total operating expenses including depreciation were MUSD 60.7 in 2015, compared with MUSD 62.1 in 2014. Nordic Semiconductor ASA has effective December 31, 2015 transferred all active employees currently included in a defined benefit pension plan to a defined contribution plan. This transfer has resulted in a de-recognition of the liabilities connected to this plan and a corresponding one-time "pension income" of MUSD 7.0 recognized during Q4 2015. Refer to note 17 for further description. Adjusted for de-recognition of pension liabilities and higher capitalized development expenses, operating expenses excluding depreciation increased from MUSD 52.3 in 2014 to MUSD 67.6 in 2015. The higher spending is explained by an increased number of R&D employees and marketing/sales activities offset partly by a weaker NOK/USD currency rate.

Development of new wireless components is essential to the Company's continued competitiveness in a rapidly evolving market. At the end of 2015, R&D personnel represented 78% of the Group's employees. During 2015, total R&D spending including capitalized items amounted to 20.1% of revenues compared with 18.2% in 2014. The investment in Finland is the main reason for this growth.

During 2015, R&D focused on developing enhancements to the Company's existing product platforms, as well as on conducting research and early stage development on its future product platforms. In accordance with IAS 38 R&D costs of MUSD 8 (MUSD 1.8) were capitalized, but such costs reduced sequentially during the course of the year as resources shifted from development to research activities.

The Company's Operating Profit (EBIT) increased to MUSD 35.0 in 2015, compared with MUSD 20.2 in 2014. Adjusted for the de-recognition of the pension liability, EBIT was MUSD 28.0 in 2015. The increase is explained by higher revenues and capitalized R&D expenses, only partly offset by higher operating expenses. Net financial items were a gain of approximately MUSD 2.0 in 2015 compared with MUSD 1.9 in 2014. The gain in both 2015 and 2014 can be explained by the weakening of the NOK and recalculation of assets and liabilities related to taxes and pensions where the underlying liability is denominated in NOK.

Profit before tax was MUSD 37.0 in 2015, compared with MUSD 22.1 in 2014. Adjusted for the de-recognition of the pension liability, Profit before tax was MUSD 30.0 in 2015. Income tax expense was MUSD 12.8, or 34.6% of pretax profit. The base tax rate for the group was 27% in 2015, but the actual rate will fluctuate based on the effect of net financial items, as these are calculated differently in the parent Company's financial reporting (calculated in USD) and its tax reporting (calculated in NOK). In addition, deferred tax assets are reduced as a result of the de-recognition of the pension liability.

Net profit after tax was MUSD 24.2 in 2015, compared with MUSD 16.1 in 2014. Adjusted for the de-recognition of the pension liability, Net profit after tax was MUSD 17.2 in 2015. The Company's basic earnings per share were USD 0.148 in 2015, compared with USD 0.099 in 2014.

Cash Flow and Balance Sheet

Cash inflow from operations totaled MUSD 4.4 in 2015 (MUSD 21.0). The decrease in operating cash flow was caused by build-up of working capital related to higher sales both in 2015 and in anticipation of future growth. Cash outflow from investments were MUSD 20.1 (MUSD 8.1), driven by higher capitalization of R&D expenses related to the nRF52 Series, investments in additional test capacity to address further growth and the establishment in Finland. Cash flows from financing activities were MUSD 10.7 (MUSD 4.8), mainly related to a MUSD 10 utilization of the revolving credit facility.

Nordic Semiconductor's cash balance decreased by MUSD 4.8 during the year to MUSD 29.3 by December 31 2015. The interest bearing debt at the end of the year was MUSD 10. The remainder of the Group's assets primarily consists of non-current assets such as equipment, software and capitalized R&D as well as working capital items, and increased as the Company prepared for stronger sales in 2016 and beyond.

Accounting Principles

The financial statements for 2015 have been prepared and presented in accordance with International Financial Reporting Standards and the Norwegian Accounting Act. A summary of internal controls related to the accounting process can be found in the Corporate Governance section of this annual report.

Financial Risk

The demand for Nordic Semiconductor's short-range wireless solutions is tied to the greater semiconductor and electronics markets and is sensitive to fluctuations in global economic conditions. Long term, the market is expected to grow significantly as wireless solutions are embedded into a growing range of new products. Shorter term, global market conditions may however have certain impacts on the industry and corresponding growth. As demand increases, new competitors are further likely to enter the market.

Nordic Semiconductor's success depends on its ability to anticipate customer needs and address these with competitive technical solutions and outstanding customer support. Furthermore, the Company's outsourcing of manufacturing and direct distribution highlights its reliance on a close collaboration with third-party subcontractors and distributors.

Nordic Semiconductor's liquidity risk is limited. By the end of the year the cash balance was MUSD 29.3. The Company has an open revolving credit facility of MUSD 20 with MUSD 10 available for short-term additional borrowing needs. As the Company holds limited interest-bearing debt, the exposure to risk associated with interest rate fluctuations is very limited.

The Company is exposed to foreign exchange risk in its ordinary business activities, which can impact profit margins. Nordic Semiconductor's operating expenses are primarily in Norwegian kroner and its sales and direct production costs are nearly entirely in US dollars. The Company does not use financial instruments to hedge this risk.

Finally, the Company is exposed to credit risk, although this has historically not resulted in significant losses. Nordic Semiconductor sells its components to leading international distributors of electronics components, primarily based in Asia. The Company's receivables are not credit insured, but credit monitoring routines are in place for setting up credit lines, providing security (payment guarantees) and demanding advance payments when required. Nordic Semiconductor reported no loss on accounts receivables during 2015.

Personnel and Organization

At the end of 2015, Nordic Semiconductor had 454 (273) employees of whom 185 (63) were employed outside of Norway. A well-functioning cooperation between management and the employee representatives contributes to addressing any challenges faced by the Company.

There were 49 (43) female employees at the end of 2015, corresponding to 11% (16%) of total employees. The Group had 262 full-time employees in Norway, including 29 female employees. There were 185 full-time employees in Finland, China, Hong Kong, South Korea, Japan, the Philippines, Taiwan, Switzerland, Poland and the USA, including 18 females. The average salary for female employees was 73% of the average salary for male employees excluding executive management. Gender differences in salary levels are driven by both the location and function of the employees, with a larger proportion of female employees in administrative functions and based in the Philippines, where the average salary level is below the average Company level. Gender equality is a fundamental principle of the Company, and efforts are being made to ensure that there is no gender imbalance when recruiting for positions within Nordic Semiconductor. Executive management consists of 6 men, however in the Board of Directors there are three female members, out of which one is an employee representative.

Absence due to illness was 2.1% in 2015, compared with 1.9% in 2014. No occupational illnesses or injuries were reported in 2015.

Environmental Statement

Nordic Semiconductor does not own or operate manufacturing facilities. Manufacturing is done through third parties that amongst others comply with the ISO 14001 environmental standard. Consequently, there is little pollution associated with the Company's operations. Nordic Semiconductor seeks to limit resource consumption, prevent unnecessary environmental pollution and manage waste in an environment-friendly and resource-efficient manner, and has established routines to monitor these conditions under its ISO9001:2008 certified quality system.

Nordic Semiconductor complies with all current laws and regulations, and all products comply fully with the REACH and RoHS hazardous substance directives. This enables the Company to market itself as a "green" supplier, which also gives an advantage with major customers who have their own stringent environmental standards.

Corporate Social Responsibility

Nordic Semiconductor has established standards for Corporate Social Responsibility (CSR), including policies for supporting human rights, the rights of workers, the environmental and anticorruption practices in its business strategy and daily operations. A description of the Company's CSR policies, results and execution plans is published on the Company's website, in accordance with the Norwegian Accounting Act §3-3.

Corporate Governance

Nordic Semiconductor's guidelines for Corporate Governance are in accordance with the Norwegian Code of Practice for Corporate Governance, dated 30 October 2014 as required for all listed companies on the Oslo Stock Exchange. Furthermore, the guidelines meet the disclosure requirements of the Norwegian Accounting Act and Securities Trading Act.

The guidelines are included separately in this annual report.

Going Concern

In accordance with Norwegian accounting regulations, the Board of Directors confirms that the prerequisites of a going concern have been met in the presentation of the annual financial statements.

Allocation of Net Profit

Nordic Semiconductor ASA, the parent Company of the Group, reported a net profit for the year of MUSD 24.2 during 2015. The net profit is proposed transferred to other equity.

The Board believes that the Company is well-positioned for future growth opportunities. In order to pursue its long-term growth strategy in a highly cyclical business environment, the Board wants to preserve a high proportion of equity and liquidity.

Nordic Semiconductor aims to provide an annual dividend, assuming that the requirements of its growth strategy are addressed. In accordance with the Company's dividend policy taking into consideration the cash position and funding requirements to pursue Nordic Semiconductor's growth strategy in the coming years, the Board will propose not to pay out any dividend for 2015 at its Annual General Meeting in April

Future Outlook

Bluetooth Smart has established itself as a core technology within the Internet of Things (IoT) market space, a market predicted to grow faster and further than any other development within technology. The Bluetooth Smart market, in terms of Integrated Circuit (IC) shipments, is expected to grow at 44% CAGR from 2015-2019, reaching more than 1.2 billion IC shipments in 2019. Nordic's aim is to secure a dominant share of this market.

A vast number of design wins over the last years have enabled Nordic to build a large client list. This has taken Nordic's business into an accelerating number of new customers in a variety of product categories. Recent design wins with tier 1 customers also confirms its ability to compete for the most prestigious design wins.

Nordic has proved its technology leadership with the introduction of the nRF52 Series on top of its existing technology platform. Nordic shipped the first products during Q4 2015, and expects to provide volume shipments in Q1 to support new designs that will be delivered to the market as early as in Q2-Q3 2016. During Q4 2015, Nordic embarked on a World Tour presenting the nRF52 Series to more than 4,000 engineers representing a potential significant expansion of the customer base.

Bluetooth Smart will continue to be the main revenue driver for the next years. At the same time the Company will start to see strong complementary growth prospects from Nordic operations in Finland where its industry leading technology architecture is being merged with a long range wireless technology by a team of engineers that has built some of the most successful cellular technologies in past professional careers.

The Board thanks all employees in Nordic Semiconductor for their dedicated work and solid effort in 2015 which lead to a very good result. The Board looks forward to continue supporting the organization in its ambition to generate strong results also in the years to come

Nordic Semiconductor Group

Consolidated income statement
for the year ended 31 December 2015

Amount in USD 1000	Note	2015	2014* Restated
Total Revenue	**3**	**193 068**	**167 029**
Cost of materials	4	-97 391	-84 501
Direct project costs		-22	-188
Gross profit		**95 655**	**82 341**
Payroll expenses	10/11/13/17	-32 840	-38 653
Other operating expenses	5/13/20	-19 404	-16 566
Depreciation	12/13	-8 437	-6 873
Operating profit		**34 975**	**20 248**
Financial income	6/21	130	259
Financial expenses	6/21	-145	-33
Net foreign exchange gains (losses)	6/21	2 028	1 663
Profit before tax		**36 988**	**22 137**
Income tax expense	7	-12 797	-5 988
Net profit after tax		**24 191**	**16 149**
Attributable to			
Equity holders of the parent		24 191	16 149
Earnings per share			
Ordinary earnings per share (USD)	8	0,15	0,10
Fully diluted earnings per share (USD)	8	0,15	0,10

Consolidated statement of comprehensive income		2015	2014* Restated
Net profit after tax		**24 191**	**16 149**
Other comprehensive income not to be reclassified to profit or loss in subsequent periods:			
Actuarial gains (losses) on defined benefit plans (before tax)	17	1 691	-3 001
Income tax effect	7	-457	810
Total Comprehensive Income		**25 425**	**13 958**

**Due to a past period adjustment requirement, Nordic Semiconductor has restated its figures for previous periods to reflect the correct financial statement. See note 2.20 for more details.*

Consolidated statement of financial position (as of 31 December 2015)

Amount in USD 1000	Note	2015	2014* Restated	01.01.2014* Restated
ASSETS				
Non-current assets				
Capitalized development expenses	13	12 542	6 928	7 498
Software and other intangible assets	13	9 082	4 485	3 451
Deferred tax assets	7	1 250	5 363	3 077
Property assets	12	1 306	773	583
Equipment	12/21	11 748	8 172	7 464
Other long term assets	12	12	281	759
Total non-current assets		**35 939**	**26 001**	**22 832**
Current assets				
Inventory	4/21	41 100	24 510	21 167
Accounts receivable	14/21	48 938	39 288	30 047
Other short-term receivables		3 177	3 257	2 703
Cash and cash equivalents	15/21	29 293	34 080	26 082
Total current assets		**122 508**	**101 136**	**80 000**
TOTAL ASSETS		**158 447**	**127 137**	**102 832**
EQUITY				
Share capital	16	283	283	283
Treasury shares	16	-1	-2	-4
Share Premium	16	14 253	14 253	14 253
Other paid in capital		406	709	1 757
Retained earnings		97 467	69 879	54 954
TOTAL EQUITY		**112 405**	**85 122**	**71 244**
LIABILITIES				
Non-current assets				
Pension liability	17	707	11 455	10 090
Total non-current liabilities		**707**	**11 455**	**10 090**
Current liabilities				
Accounts payable	19/21	6 389	12 929	6 261
Income taxes payable	7	9 931	6 690	4 822
Public duties	19	2 295	2 263	2 405
Short term loan facility	21	10 000		
Other short-term debt	19	16 720	8 678	8 011
Total current liabilities		**45 335**	**30 559**	**21 498**
TOTAL LIABILITIES		**46 042**	**42 014**	31 588
TOTAL EQUITY AND LIABILITY		**158 447**	**127 137**	**102 832**

**Due to a past period adjustment requirement, Nordic Semiconductor has restated its figures for previous periods to reflect the correct financial statement. See note 2.20 for more details.*

Oslo, 16 March 2016

Terje Rogne
Chairman

Anne-Cecilie Fagerlie
Board member

Craig Ochikubo
Board member

Arnhild Schia
Board member

Tore Valderhaug
Board member

Lasse Haugnes Olsen
Board member, employee

Joakim Ferm
Board member, employee

Anne Strand
Board member, employee

Svenn-Tore Larsen
Chief Executive Officer

Nordic Semiconductor Group

Consolidated statement of changes in equity
for the year ended 31 December 2015

Amount in USD 1000	Share capital	Treasury shares	Share premium	Other paid in capital	Retained earnings	Total equity
Equity as of 01.01.2014	283	-4	14 253	1 758	55 954	72 244
Pased period adjustment					-1 000	-1 000
Equity as of 01.01.2014*Restated	**283**	**-4**	**14 253**	**1 758**	**54 954**	**71 244**
Net profit for the period					16 149	16 149
Actuarial gain/loss recognised in equity					-2 191	-2 191
Purchase of treasury shares		-2			-5 168	-5 170
Sale of treasury shares, option exercise		4			6 150	6 154
Share based compensation				4 761		4 761
Cash settlement of options contract				-5 810		-5 810
Difference with translation to USD					-15	-15
Equity as of 31.12.2014*Restated	**283**	**-2**	**14 253**	**709**	**69 879**	**85 122**
Net profit for the period					24 191	24 191
Actuarial gain/loss recognised in equity					1 234	1 234
Purchase of treasury shares		-1			-2 157	-2 158
Sale of treasury shares, option exercise		2			6 062	6 064
Share based compensation				-303		-303
Difference with translation to USD					-1 744	-1 744
Equity as of 31.12.2015	**283**	**-1**	**14 253**	**-406**	**97 465**	**112 405**

**Due to a past period adjustment requirement, Nordic Semiconductor has restated its figures for previous periods to reflect the correct financial statement. See note 2.20 for more details.*

Nordic Semiconductor Group

Consolidated statement of cash flows

for the year ended 31 December 2015

Amount in USD 1000	Note	2015	2014* Restated
Cash flows from operating activities			
Profit before tax		36 988	22 137
Taxes paid for the period	7	-6 146	-5 037
Depreciation	12/13	8 437	6 873
Change in inventories, trade receivables and payables	4/14/19/21	-32 780	-5 916
Share-based compensation		-175	4 692
Movement in pensions		-4 944	-3 112
Other operations related adjustments		2 986	1 341
Net cash flows from operating activities		**4 366**	**20 979**
Cash flows from investing activities			
Capital expenditures (including software)	12/13	-11 817	-6 339
Capitalized development expenses	13	-8 328	-1 802
Net cash flows from investing activities		**-20 145**	**-8 141**
Cash flows from financing activities			
Sale of treasury stock	16	6 065	6 154
Purchase of treasury stock	16	-4 562	-5 170
Cash settlemet of options contract		-830	-5 810
Short-term loan facility		10 000	
Net cash flows from financing activities		**10 673**	**-4 825**
Effects of exchange rate changes on cash and cash equivalents		319	15
Net change in cash and cash equivalents		**-4 788**	**7 998**
Cash and cash equivalents as of 1.1.		34 080	26 082
Cash and cash equivalents as of 31.12.	15/21	**29 293**	**34 080**
Cash and cash equivalents as of 31.12. which is restricted cash		**1 088**	**852**

**Due to a past period adjustment requirement, Nordic Semiconductor has restated its figures for previous periods to reflect the correct financial statement. See note 2.20 for more details.*

Note 1: General

Nordic Semiconductor ASA is a public limited company whose shares are listed on the Oslo Stock Exchange. The Group's head office is located at Otto Nielsens vei 12, 7052 Trondheim, Norway. The Group includes the parent company Nordic Semiconductor ASA and three wholly-owned subsidiaries, Nordic Semiconductor Inc., Nordic Semiconductor Poland Sp. z o.o. and Nordic Semiconductor Finland OY.

Nordic Semiconductor 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.

The financial accounts were approved for publication by the Board of Directors on March 16, 2016, and will be presented for approval at the Annual General Meeting on April 19, 2016.

Note 2: Accounting Principles

2.1 Basis for preparation

The financial accounts for Nordic Semiconductor ASA ("the Parent Company") and its wholly-owned and controlled subsidiaries, together called "the Group", are prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU.

As the company has USD as its functional currency, the financial accounts are presented in USD, rounded off to the nearest thousand, if nothing else is noted. As a result of rounding off differences, it is possible that amounts and percent do not add up to the total.

The financial accounts are based on the principles of historic cost accounting, with the exception of the following asset:

Basis of consolidation:

A subsidiary is a company in which the Group has control over financial and operating activity. Control is normally achieved when the Group owns - directly or indirectly - more than 50% of the shares in the company. Such companies are included in the Group financial statements from the date at which the Group obtains control over the company and until the date that such control ceases.

All intra-group balances, income and expenses, and unrealized gains and losses are eliminated in full. The financial statements in the subsidiaries are prepared using consistent accounting policies as the parent company, for the same reporting period.

2.2 Significant accounting judgements, estimates and assumptions

The preparation of financial accounts in accordance with IFRS requires that management use assessments, estimates and assumptions that influence the amount reported in the financial statements and notes. Management bases its estimates and assessments on previous experience and on various other factors deemed to be reasonable and sensible given the specific circumstances. These assessments form the basis for evaluating the accounting value of assets and obligations.

The main areas of uncertainty for assessments and estimates on the balance sheet date, which represent a risk for creating significant changes to the value of assets and liabilities recorded in the accounts for the following financial year, are discussed below.

Revenue recognition

Revenue recognition principles are described in note 2.11.

Management has made an estimate of future credits to be given to distributors based on components sold in 2015, if the following scenarios are met:

When a distributor sells components to specified customer accounts, the distributor will receive an additional discount after the sale is made, a comonly known as a "Ship and Debit" discount. An estimate for this discount is provided in the accounts, reducing the revenue and increasing current liabilities. See note 2.11 for further details.

If the distributor's pricing to specific end customer accounts changes according to a previous agreement with Nordic Semiconductor, the distributor will receive a price protection credit based on the difference between the old and new price.

In certain cases, distributors have the right to exchange inventory with Nordic Semiconductor. Stock rotation provisions are made for this if necessary.

Estimates are continually reassessed based on changes in the underlying assumptions. Changes in accounting estimates are recognized in the period in which such changes occur. If such changes also apply to future periods, the effect is distributed between current and future periods.

Pensions

The costs of the defined benefit pension plan are determined upon actuarial calculations. Actuarial calculations are based on expectations regarding the discount rate, expected return on pension funds, future increases in wages/salaries, annual adjustment in the national insurance base rate, annual adjustment of pensions, average turnover and death rates. Based on the natural long-term nature of these obligations, such estimates entail a large degree of uncertainty. Net interest cost consists of interest on the liability and the return on the plan assets, whereas both have been calculated by using the discount rate. Changes in net pension liabilities as a result of payments of premiums and pension payments have been taken into consideration. The difference between the actual return and the calculated return is recognized continuously through other comprehensive income.

Share based payments

Nordic Semiconductor implemented a stock option program for employees on February 18, 2013. This Program was continued for 2014. However, for 2015 the option element of the program was forfeited so all employees returned to a performance-based compensation through an annual cash bonus tied to the achievement of targets for group revenue and operating profits for the year.

The group measures the cost of share based payments at the date which they are granted. The fair value of options granted in 2014 was USD 1.0 (NOK 6.15) per option, according to the Black & Scholes option-pricing model. The Black & Scholes valuation of the option program was conducted by an independent advisory company. See Note 18.

Development cost
Development costs are capitalized in accordance with the principles in Note 2.9. In order to determine the amount to be capitalized, it is necessary for management to make assumptions regarding expected future cash flow, discount rates and the expected period of benefits. Capitalized development costs are subject to amortization on a straight-line basis over the period of expected future benefit, normally 3-5 years. Uncertainty exists with respect to the estimated period of expected future benefit, as this depends on the future technological development in the market. During 2015, MUSD 8.3 was capitalized, mainly related to the finalization of the nRF52. The carrying amount of capitalized development costs as of December 31, 2015 and 2014 was USD 12,542,000 and USD 6,928,000 respectively.

2.3 Changes in accounting principles
Certain new standards, amendment to standards, and annual improvements to standards and interpretations are effective for annual periods beginning after January 1, 2015, and have been applied in preparing these consolidated financial statements. None of these have a significant effect on the consolidated financial statements of the Group.

2.4 Foreign currency
The Group presents its financial statements in USD which also is the functional currency of the parent company. Transactions in currency other than USD, are converted at the exchange rate at the date of the transaction. Any exchange gains or losses arising as a result of changes in the exchange rate between the time of the transaction and the time of payment are recognized in the income statement.

2.5 Cash and cash equivalents
Cash includes cash balances and bank deposits. Cash equivalents are short-term liquid investments which do not involve significant risk factors with original maturity of three months or less.

2.6 Accounts receivable
Accounts receivable are valued at amortized cost, less impairment. Losses arising from impairment are recognized in the income statement.

2.7 Inventory
Inventory, components and components under production are valued at the lower of cost and net realizable value after deduction for obsolescence. Net realizable value is estimated as the selling price less cost of completion and the cost necessary to make the sale. Costs are determined using the FIFO method. Work in progress includes variable cost and non-variable cost which can be allocated to items based on normal capacity. Obsolete inventory is written down completely.

2.8 Non-current assets
Non-current assets are stated at the lowest of cost net of accumulated depreciation and net realizable value. When an asset is sold or discontinued, the gain or loss from the transaction is recognized in the income statement.

The company's property assets are an apartment stated at cost. No depreciation is made since the residual value of the apartment exceeds the cost.

Cost of non-current assets includes fees/taxes and direct costs associated with commissioning the non-current asset for use. Repair and maintenance costs are expensed when incurred. If repair and maintenance increase the value of the non-current asset, the value will be added to the asset on the balance sheet.

Depreciation is calculated on a straight-line basis over the following periods of time:

Office and lab equipment	3-5 years
Computer equipment	3-4 years
Installations in buildings	5 years

The assets' residual value, useful lives and methods of depreciation are reviewed on an ongoing basis and adjusted prospectively, if necessary.

Financial leases
The Group does not have any significant financial leases.

Operational leases
Leases where the most significant risk rests with the lessor are classified as operational leases. Lease payments are classified as operating costs and are expensed over the contract period.

2.9 Research and development
Research costs are expensed as incurred. Costs associated with development are capitalized if the following criteria are met in full:

- the product or the process is clearly defined and the cost elements can be identified and measured reliably;
- the technical feasibility is demonstrated;
- the product or the process will be sold or used in the business;
- the asset will generate future financial benefits.
- sufficient technical, financial and other resources for project completion are in place.

Costs which were expensed in prior accounting periods will not be capitalized.

Capitalized development costs are subject to amortization on a straight-line basis over the expected period of benefits, normally 3-5 years. Depreciation begins when the product is transferred from development to production. Uncertainty exists with respect to the expected period of benefits, as this depends on the future technological development in the market.

Intangible assets with finite lives are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortisation period or method, as appropriate, and are treated as changes in accounting estimates.

2.10 Provision

Provisions are recognized when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that economic benefits will be required to settle the obligation and a reliable estimate can be made. Provisions are reviewed each balance sheet date and the level reflects the best estimate of the obligation. When the time value is insignificant, the amount of the provision will be equal to the expenditure required to settle the obligation. When the time effect is significant, the amount of the provision will be equal to the present value of future expenditures to settle the obligation. .

2.11 Revenue recognition

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured, regardless of when the payment is being made. Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duty.

Revenue from sales of components is recognized at the time of delivery to the distributor. The time of delivery is usually the time when the goods are transferred to the transport carrier. Certain provisions have been made for credits to distributors based on the estimates described in note 2.2 . In addition Nordic has accrued for volume related rebates.

Revenue from services is recognized as the services are rendered/delivered. The service consists of working hours, and invoicing of other costs, such as work done by subcontractors. Interest earned is recognized as it is generated.

2.12 Employee benefits

Defined benefit pension plans

The Group offered a defined benefit pension plan to its employees who were hired before December 31, 2007. The group has also established a similar plan for employees in the Philippines. Pension plan assets are valued at their fair value.

The Board of Nordic Semiconductor ASA decided in December 2015 to change the pension plan for all employees currently on a defined benefit plan effective January 1, 2016. Up until December 31, 2015 Nordic Semiconductor ASA (Norwegian employees) had both a defined benefit plan and a defined contribution plan. The defined benefit plan was closed for new members effective January 1, 2008 and from this point a new defined contribution plan was established.

In connection with the transfer of plans, the employees will receive a “Paid up benefit” for all earned benefits in the defined benefit plan. As there exist certain obligations related to retirees and employees on sick leave, an actuarial calculation is performed and a liability for these employees is included as of December 31, 2015. According to IAS 19 all assets and liabilities related to the defined benefit plan should be setteled when there exists an irreversible decision regarding termination of the defined benefit plan. The settlement should be presented in the profit & loss for the period. In 2015 MUSD 7 is included as reduced personnel expenses related to the de-recognition and MUSD 1.7 has been presented in other comprehensive income.

Defined contribution pension

Employees hired after January 1, 2008 have a defined contribution pension plan described in note 17.

Share based payments

The Group has a share option program for its employees. The options are measured at fair value at the date of the grant. The fair value of the options is expensed over the vesting period which in this case is one year. This transaction is recognized as personnel cost in the income statement and in other paid-in capital on the balance sheet.

Social security tax on options is recorded as a liability based on the difference between the share price on the balance sheet date and the exercise price. See note 17.

2.13 Government grants

Grants received are classified as operating grants. Operating grants are accounted for at the same time as the costs they are intended to cover. Tax refunds are accounted for as a cost reduction. See note 7.

2.14 Income taxes

Income tax expenses consist of taxes due and changes to the deferred tax. Deferred tax and tax credits are calculated based on all differences between the financial accounts and the value for tax purposes of assets and liabilities.

Deferred tax credits are recognized to the extent that it is probable that the individual company will have sufficient taxable income in later periods to utilize the tax credit. Similarly, the company will reduce recognition of the deferred tax benefit to the extent the company no longer deems it probable that it will be able to utilize such tax benefits.

Deferred tax liabilities are accounted for at the nominal value and classified as long-term obligations in the balance sheet.

Taxes payable and deferred taxes are recognized directly to equity to the extent that the tax loss carryforwards relate to equity transactions.

2.15 Segments

The Group has only one operating segment. The group does not report or monitor profitability on a lower level, but breaks down its revenue into the following end product areas: Consumer Electronics, Wearables, Healthcare, Building and Retail, Others, ASIC components and Consulting Services. The Group also breaks down its revenues in the geographical market areas in which its products are sold. See note 3.

2.16 Events after the balance sheet date

Information available after the balance sheet date and applicable to conditions existing at the balance sheet date is included in the preparation of the financial statements. Events after the balance sheet date that do not affect the Group's financial position as of the balance sheet date, but that will affect the Group's financial position in the future, are disclosed if they are significant. See note 22.

2.17 Cash flow statement

The cash flow statement is prepared in accordance with the indirect method. Cash and cash equivalents include cash, bank deposits and other short-term liquid investments.

2.18 Equity

Treasury shares

When treasury shares are purchased, the purchase price, including directly attributable costs are recognized as changes in equity. Treasury shares are presented as a reduction of equity. Gains or losses on transactions in treasury shares are not recognized in the income statement.

2.19 Approved standards and interpretations not yet in effect

IFRS 15 was issued May 2014 and establishes a new five step model that will apply to revenue arising from contract with customers. Under IFRS 15 revenue is recognized at amount that reflects the consideration to which an entity expects to be entitled to in exchange for goods or services to a customer. The principles in IFRS 15 provide a new method for allocating, measuring and recognizing revenue.

The new revenue standard is applicable to all entities and will supersede all current revenue recognition requirements under IFRS. Either a full or modified retrospective application is required for annual periods beginning on or after 1 January 2018 with early adoption permitted. The group has entered into customer contracts in which the terms of the contracts contain elements of variable consideration. Further analysis is needed to assess the impact of implementing IFRS 15 for the group. The group will adopt the new standard on the required effective date.

2.20 Past period adjustment to inventory

On January 1, 2010 Nordic Semiconductor ASA changed its functional currency from NOK to USD. In connection with this change, several system changes were made in order to correctly reflect the USD functional currency amounts. Unfortunately, one wrong translation rule was used when the conversion was set up. This error was not identified until the volatility in the NOK/USD and the underlying physical inventory volume increased during 2015. As a consequence, inventory values and the corresponding gross profit have during the individual past quarters been slightly overstated, but with an accumulating impact on the inventory value. In January 2016, a detailed review has been performed on the system setup correcting the conversion rule. The error has been corrected by restating each of the affected financial statement line items for the prior periods, as stated in the table below:

	2014						2015				
Amounts in USD Thousand	**Jan 1, 2014**	**Q1**	**Q2**	**Q3**	**Q4**	**Dec 31, 2014**	**Q1**	**Q2**	**Q3**	**Q4**	**Dec 31, 2015**
Inventories (-reduced)	-1000	-1300	-1800	-2600	-3400	-3400	-4300	-5100	-6000		-6000
Equity (-reduced)	-1000	-1300	-1800	-2600	-3400	-3400	-4300	-5100	-6000		-6000
Cost of goods sold (+increase)		**300**	**500**	**800**	**800**	**2400**	**900**	**800**	**900**		**2600**
Gross Profit (-reduce GP)		-300	-500	-800	-800	-2400	-900	-800	-900		-2600
Restated Gross Margin		50,4%	47,1%	49,2%	50,6%	49,3%	52,4%	47,9%	48,5%	50,1%	49,5%
Reported Gross Margin		51,4%	48,3%	50,8%	52,4%	50,7%	54,6%	49,5%	50,2%	50,1%	50,9%

The change in earnings per share for 2014 was USD 0,01

As the Group's tax is mainly calculated in the NOK legal entity, and the underlying NOK tax reporting financial statements are unchanged, the Group's taxes payable are unchanged. However, the Groups effective tax rate has been slightly affected due to the restatement

Note 3: Revenues

All figures in USD 1000.

The Group has only one segment which is the semiconductor business. The Group classifies its revenues based on the end product applications in which its products are used.

Revenue classified by end product applications:
The Group focuses on the sale of standard components for wireless communication. These wireless components are broken into the following end product areas: Consumer Electronics, Wearables, Building and Retail, Healthcare and Others. In 2015, wireless components accounted for 97.1% of sales versus 94.2% in 2014.

In addition to standard components, the Group sells customer-specific ASIC components (Application Specific Integrated Circuits) and related Consulting Services.

	2015	2014
Revenue		
Consumer Electronics	96 503	84 911
Wearables	63 279	55 846
Building/Retail	14 115	14 143
Healthcare	7 171	1 461
Others	6 319	951
Wireless components	**187 387**	**157 312**
ASIC components	5 567	9 126
Consulting services	114	591
Total revenues	**193 068**	**167 029**

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

	2015	2014
Europe	11 198	13 493
Americas	16 411	21 460
Asia/Pacific	165 459	132 076
Total revenues	**193 068**	**167 029**

The Group sells its components to distributors, which then sell components onward to electronics manufacturers which build end products and sell them to customers across the world. Three distributors represented more than 10% of the Group's total revenues in 2015 (in total 60%). These three distributors represented 24%, 23% and 13% of the Group's total revenues respectively. In comparison, 4 distributors represented more than 10% of the Group's total revenues in 2014 (in total 71%), with 30%, 15%, 15% and 11% of revenues respectively. These distributors are based in Asia.

Note 4: Cost of materials / inventory

All figures in USD 1000.

	2015	2014
Cost of goods, gross	113 982	87 842
Changes in inventory	16 591	3 242
Cost of goods, net	**97 391**	**84 500**

	2015	2014
Finished goods		
At cost price	12 277	8 492
Total Finished goods	**12 277**	**8 492**
Work in progress, at cost	28 824	16 018
Total inventory	**41 100**	**24 510**
Amount written down	992	466

** Certain amounts shown here do not correspond to the 2014 financial statements and reflect adjustments made, refer to note 2.20*

Note 5: Other operating expenses

All figures in USD 1000.

	2015	2014
Service and maintenance	5 807	3 674
Other consultancy fees	3 452	4 157
Office rental expenses	2 791	2 251
Office equipment	738	607
Material and components	2 082	1 289
Capitalized development expenses	-1 712	-244
Travel and meeting expenses	2 594	2 041
Other operating expenses	3 652	2 781
Total other operating expenses	**19 404**	**16 556**

Auditor remuneration

Fees to the auditor are included in consultancy fees above.

	2015	2014
Statutory audit servces	49	40
Tax advisory services	26	5
Other non-audit services	95	88
Total	**170**	**133**

Note 6: Net financial items

All figures in USD 1000.

	2015	2014
Interest income	82	106
Other financial income	27	17
Interest expenses	-145	-33
Changes in money market fund, reported in the income statement	21	136
Financial income	**-15**	**226**
Foreign exchange loss (net)	2 028	1 663
Financial expenses	**2 028**	**1 663**

Note 7: Tax

All figures in USD 1000.

Tax expense consists of	2015	2014
Tax payable	-10 992	-7 464
Change in deferred tax / tax benefit	-1 696	1 476
Changes in tax rate	-109	0
Tax expense	**-12 797**	**-5 988**

Reconciliation of taxes payable in balance sheet and income statement	2015	2014
Taxes payable for year, in the balance sheet	-9 931	-6 690
Currency effect from translation to USD	-1 061	-774
Taxes payable in income statement	**-10 992**	**-7 464**

Reconciliation of nominal and actual tax expense	2015	2014
Profit before tax	36 988	22 137
Tax at nominal rate 27 %	-9 987	-5 977
Tax effect permanent differences	-114	3 488
Effect of change in tax rate		
Actuarial gains	457	-810
Currency effect from translation to USD	-3 153	-2 041
Tax expense	-12 797	-5 988

	2015	2014
Earnings before tax	36 988	22 137
Government grants	-307	-227
Settlement options	-1 580	-9 323
Interest on tax	19	-11
Non-deductible other expenses	34	184
Actuarial gain/loss pension	1 691	-3 001
Change in temporary differences	-9 603	8 468
Currency effect of translation to USD	13 469	9 417
Basis for payable tax	40 711	27 644
Payable tax on earnings 27 %	-10 992	-7 464

Temporary differences:	Balance Sheet		Income Statement		Other Comp. income	
	2015	2014	2015	2014	2015	2014
Deferred tax benefit						
Inventory	992	463	529	-220		
Fixed assets	1 663	1 998	-335	235		
Accounts receivable				-2		
Options	3 041	4 761	-1 720	4 761		
Pension obligation	391	11 426	-12 726	-1 665	-1 691	3 001
Deferred tax benefit – gross	6 087	19 330	-14 252	3 127	-1 691	3 001
Deferred tax obligation						
Intangible assets						
Gain and loss account	-626	-994	-368	-348		
Accounts receivable						
Deferred tax obligation – gross	-626	-994	-368	-348		
Currency effect of translation to USD	-461	1 527	7 960	2 688		
Total temporary differences	5 000	19 863	-6 942	5 467	-1 691	3 001
Net deferred tax obligation/benefit	1 250	5 363				
Change in deferred tax obligation/benefit			-1 805	1 476	-423	810

Reconciliation of net deferred tax liability:	2015	2014
Opening balance as of 1.1	5 363	3 077
Tax expense/income recognised in profit and loss	-1 805	1 476
Tax expense/income recognised in other comprehensive income	-423	810
Currency effect from translation to USD	-1 885	
Net deferred tax obligation/benefit 31.12	1 250	5 363

Net deferred tax recogniced in OCI as of 31.12:	2015	2014
Net gain/(loss) on actuarial gains and losses	-457	810
Effect of changes in tax rates	34	
Total tax other comprehencive income	-423	810

Note 8: Shares outstanding

	2015	2014* Restated
Basis for calculation of basic earnings per share		
Earnings for the year (USD '000)	24 191	16 149
Weighted average number of outstanding shares ('000)	163 081	162 379
Earnings per share (USD)	**0.15**	**0.10**
Basis for calculation of fully diluted earnings per share		
Earnings for the year (USD '000)	24 191	16 149
Weighted average number of outstanding shares ('000)	164 986	163 146
Earnings per share (USD)	**0.147**	**0.099**
Reconciliation of average number of ordinary shares ('000)		
Weighted average number of outstanding shares	164 986	163 146
Weighted average number of treasury shares	1 905	767
Weighted average number of outstanding shares, corrected for treasury shares	**163 081**	**162 379**

The number of shares was as follows:

Date		Number of shares issued	Shares outstanding
2015-01-01	Balance at beginning of period	163 440 600	162 240 600
2015-12-31	Balance at end of period	163 440 600	162 440 600

Note 9: Subsidiaries and other long term investments

Subsidiaries consolidated in the group accounts company	Established Year	Location	Share Ownership	Voting Rights
Nordic Semiconductor Inc	2006	USA	100%	100%
Nordic Semiconductor Poland S.P z o.o.	2013	Poland	100%	100%
Nordic Semiconductor Finland OY	2014	Finland	100%	100%

Note 10: Payroll expenses

All figures in USD 1000.

Combined expenses for salary and other compensation are distributed as follows:	2015	2014
Salary and vacation pay	31 853	23 922
Other compensation	7 545	8 989
Payroll tax	3 680	4 992
Defined benefit pension	-5 700	1 495
Defined contribution pension	2 019	802
Capitalized development expenses (hourly costs)	-6 557	-1 548
Total	**32 840**	**38 653**
Weighted average number of full-time employees	397	245

Company's employees as of December 31, are distributed as follows:	2015	2014
Norway	268	210
China	14	11
South Korea	3	3
USA	13	9
Taiwan	7	3
Japan	3	1
Philippines	15	15
Switzerland	1	1
Poland	16	11
Finland	114	9
Total	**454**	**273**

Note 11: Compensation to Group management and Board

All figures in USD 1000

Total compensation expensed for Board members	2015	2014
Tore Engebretsen, Former Chairman of the Board		24
Terje Rogne, Chairman of the Board	56	66
Anne Cecilie Fagerlie, Board member	37	39
Arnhild Schia, Board member	34	39
Karsten Rönner, Board member	10	39
Tore Valderhaug, Board Member	38	26
Craig Ochikubo, Board Member	41	
Lasse Olsen, employee representative *(Board remuneration only)*	5	
Markus Bakka Hjertø, former employee representative *(Board remuneration only)*	2	9
Thomas Ulleberg, former employee representative *(Board remuneration only)*		3
Anne Strand, employee representative *(Board remuneration only)*	7	6
Joakim Ferm, employee representative *(Board remuneration only)*	7	6

Total compensation expensed during the year for the CEO and other executives:

2015	Salary	Bonus	Options	Other compensation	Pension expenses	Total
Svenn-Tore Larsen, CEO	364		53	2	30	**449**
Pål Elstad, CFO	204		0	1	9	**214**
Svein Egil Nielsen, CTO	199		32	1	9	**241**
Geir Langeland, Sales & Marketing Director	197		32	1	20	**251**
Ebbe Rømcke, Quality Director	138		19	1	32	**190**
Ole Fredrik Morken, Supply Chain Director	209		12	1	9	**230**
Total	1 311		148	7	109	1 575

2014	Salary	Bonus	Options	Other compensation	Pension expenses	Total
Svenn-Tore Larsen, CEO	436	512	497	2	37	**1 485**
Robert Giori, CFO (January-August)	168		14	1	8	**192**
Pål Elstad, CFO (September-December)	84			1	3	**88**
Svein Egil Nielsen, CTO	236		289	2	11	**539**
Geir Langeland, Sales & Marketing Director	236		304	2	25	**567**
Ebbe Rømcke, Quality Director	165		111	1	51	**328**
Ole Fredrik Morken, Supply Chain Director	249		105	1	11	**366**
Total	1 574	512	1 321	10	146	3 564

**Salary expenses are in NOK. Exchange rate for 2014 was 6,35 and for 2015 it was 8,06*

Compensation agreement - CEO

The Company has no other obligations to the CEO in the event of resignation over and above the normal resignation time of six (6) months, except that the resignation period increases to twelve (12) months in the event that the Company is acquired or merged with another company.

Policy for executive compensation

The Board has appointed a remuneration committee under management of a board member. The remuneration committee monitors decisions regarding remuneration and other terms for the executive management. The CEO's total compensation, and any adjustments thereto, is first reviewed by the remuneration committee and then approved by the Board. The Board considers CEO compensation each year. The compensation of the other members of the executive management, including adjustments of these, are agreed between the CEO and the respective manager.

The Board proposes the following Declaration of the Principles for Compensation of the CEO and other members of the Executive Management according to the Norwegian Public Limited Liability Companies Act § 6-16a:

The main principle in the Company's policy for remuneration and compensation is that the members of the executive management team shall be offered competitive terms, so as to achieve the desired competence and incentives in the Company's executive management team. The Company has established an annual performance bonus program for the executive management team, in which the manager must remain within his position (not resigned) until the start of the following year in order to be eligible. The bonuses may be awarded as a direct cash payment or as share options in the Company. Performance-based compensation will be subject to an absolute limit and fulfilment of performance criteria, both decided by the Board at its discretion.

The Board wishes to continue the scheme of awarding stock options to all full time employees in 2017 in accordance with the principles of the option program for 2016. These principles are described in the minutes of the extraordinary general meeting on 8 December 2015. The Board proposes allocating up to 1.7 million options in 2017, equivalent to approximately 1% of the total number of issued shares. The Company offers pensions plans to all employees, managers included. In addition, the Company provides managers with other limited benefits in kind such as a company telephone. The guidelines for determination of salary and other compensation for leading employees as outlined for the Annual General Meeting in 2015 have been complied with for in 2016 with the exception of performance bonus program in which the extraordinary general meeting on 8 December 2015 resolved to introduce a stock option program for 2016. 1,590,000 options were granted February 26, 2016 under this program.

Options program
For 2014, the Board decided to grant stock options to senior executives as a form of performance based compensation. In exchange, the executive team will not receive an annual performance bonus paid in cash for their work during 2014.

The options were granted on February 18, 2014. The options vest after one year if the executive has not resigned his position at the vesting date, and expire after three years. The options were granted at a strike price of NOK 38.43. On the exercise date, Nordic can determine whether they wish to settle the options contract in cash or through the issue of shares. 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.

The Company has granted executives and employee Board members the following options according to the terms stated above:

	Options granted 2014	Options not exercised 2015
Svenn-Tore Larsen, CEO	*575 000 stock options*	*575 000 stock options*
Geir Langeland, Sales Director	*350 000 stock options*	*350 000 stock options*
Svein Egil Nielsen, CTO	*350 000 stock options*	*250 000 stock options*
Ebbe Rømcke, Quality Director	*200 000 stock options*	*100 000 stock options*
Ole Fredrik Morken, Supply Chain Director	*125 000 stock options*	*65 000 stock options*
Lasse Haugnes Olsen, Board member	*20 000 stock options*	
Joakim Ferm, Board member	*20 000 stock options*	*20 000 stock options*
Anne Strand, Board member	*20 000 stock options*	*20 000 stock options*

Note 12: Fixed assets

All figures in USD 1000.

2015	Office and lab equipment	Computer equipment and machinery	Fixture and fittings	Property	Total
Acquisition cost					
Opening balance	3 973	20 566	1 013	333	25 885
Additions	1 075	6 274	718		8 067
Sale / disposal of assets					
Acquisition cost as of 31.12	**5 048**	**26 840**	**1 731**	**333**	**33 952**
Accumulated depreciation					
Opening balance	2 664	13 729	573		16 966
Depreciation expenses	610	3 137	184		3 932
Sale / disposal of assets					
Accumulated depreciation as of 31.12	**3 274**	**16 866**	**758**	**0**	**20 898**
Net carrying value as of 31.12	**1 774**	**9 974**	**973**	**333**	**13 054**

2014	Office and lab equipment	Computer equipment and machinery	Fixture and fittings	Property	Total
Acquisition cost					
Opening balance	2 974	17 290	709	333	21 307
Additions	999	3 275	304		4 578
Sale / disposal of assets					
Acquisition cost as of 31.12	**3 973**	**20 566**	**1 013**	**333**	**25 884**
Accumulated depreciation					
Opening balance	2 102	10 698	459		13 259
Depreciation expenses	527	3 039	114		3 679
Sale / disposal of assets					
Accumulated depreciation as of 31.12	**2 629**	**13 736**	**573**	**0**	**16 938**
Net carrying value as of 31.12	**1 344**	**6 829**	**440**	**333**	**8 946**

Estimated useful life	3 – 5 years	3 - 4 years	5 years	
Depreciation method	Straight-line	Straight-line	Straight-line	Not depreciated
Annual lease of non-recognized capital assets	0	32	0	0

Total depreciation expenses consist of depreciation of fixed assets and depreciation of intangible assets (note 12).

Non-depreciable real property assets:
The Parent company has an apartment in Trondheim for use by employees in the Oslo office while in Trondheim. The apartment is assessed at acquisition cost. The residual value is expected to be at least equal to the book value.

Scrapped capital assets
All capital assets that are ready to be scrapped have been fully depreciated and have no residual book value.

Capital assets temporarily out of operation
The Group has no capital assets that are temporary out of operation.

Leased equipment

The Group does not have any leased equipment.

Write-offs
There are no indicators that assets need to be written off.

Change in depreciation periods
There has been no basis for changing depreciation periods on fixed assets.

Note 13: Intangible assets

All figures in USD 1000.

2015	Purchased Software	Capitalized Development costs	Total
Acquisition cost			
Opening balance	10 713	19 507	30 220
Additions	5 722	8 328	14 050
Sale / disposal of assets			
Accumulated cost as of 31.12	**16 436**	**27 835**	**44 271**
Accumulated depreciation			
Opening balance	6 228	12 579	18 807
Depreciation expenses	1 126	2 715	3 841
Sale / disposal of assets			
Total accumulated depreciation as of 31.12	**7 354**	**15 294**	**22 647**
Net carrying amount	**9 082**	**12 542**	**21 623**

Non-capitalized R&D expenses:		
Personnel expenses	24 755	24 755
Other operating expenses	8 483	8 483
Total cost recognized in income statement	**33 239**	**33 239**
Total expenses for R&D	**41 567**	**41 567**

2014	Purchased Software	Capitalized Development costs	Total
Acquisition cost			
Opening balance	8 859	17 705	26 564
Additions	1 854	1 802	3 656
Sale / disposal of assets			
Accumulated cost as of 31.12	**10 713**	**19 507**	**30 220**
Accumulated depreciation			
Opening balance	5 407	10 206	15 614
Depreciation expenses	821	2 372	3 193
Sale / disposal of assets			
Total accumulated depreciation as of 31.12	**6 228**	**12 579**	**18 807**
Net carrying amount	**4 485**	**6 928**	**11 413**

Non-capitalized R&D expenses:		
Personnel expenses	23 284	23 284
Other operating expenses	7 709	7 709
Total cost recognized in income statement	**30 993**	**30 993**
Total expenses for R&D	**32 796**	**32 796**

Total depreciation expenses consist of depreciation of intangible assets and depreciation of fixed assets (note 11).

Economic lifetime	10 years	1 - 5 years
Depreciation plan	Straight-line	Straight-line

Expensed research and development activities relate to new technologies and new services and products.

Note 14: Accounts Receivable

All figures in USD 1000.

	2015	2014
Gross receivables	48 938	39 288
Provision for doubtful accounts	0	0
Accounts Receivable, net	**48 938**	**39 288**

Note 15: Cash and cash equivalents

All figures in USD 1000.

Cash and cash equivalents as of the balance sheet date were as follows:

	2015	2014
Cash holdings	28 205	29 960
Tax deduction account (restricted funds)	1 088	852
Short-term investments (money market fund)		3 268
Cash and cash equivalents in consolidated statement of financial position	**29 293**	**34 080**
Cash and cash equivalents in consolidated statement of cash flows	**29 293**	**34 080**

Note 16: Share capital and shareholder information

All figures in USD 1000.

Share capital
The share capital in Nordic Semiconductor as of December 31, 2015 consists of one share class with a total of 163,440,600 shares with a face value of NOK 0.01, with a total share capital of NOK 1,634,406. Each share grants the same rights in the company, and in the event of any increase in capital existing shareholders have pre-emptive rights for any new shares.

During the year the following changes have been made in the number of shares, share capital and share premium:

	Number of shares		Share capital		Treasury shares		Share premium	
	2015	2014	2015	2014	2015	2014	2015	2014
Ordinary shares, issued and paid								
Holdings as of 1.1	163 440 600	163 440 600	283	283	-2	-4	14 253	14 253
Purchase of treasury shares					-1	-2		
Sale of treasury shares					2	4		
Holdings as of 31.12	**163 440 600**	**163 440 600**	**283**	**283**	**-1**	**-2**	**14 253**	**14 253**

Dividend
No dividend was paid during 2015.

Authority to issue shares
The Board of the Parent company, based on a resolution from the annual general meeting on April 17, 2015, has the authority to increase the company's share capital by issuing up to 16,300,000 shares with a par value of NOK 163,000. The shareholders' pre-emptive right may be waived according to the Norwegian Private Limited Companies Act §10-4. This authority is valid until the company's annual general meeting in 2016, and by June 30, 2016 the latest. The resolution covers both cash and non-cash contributions and the issue of shares in connection with a merger.

Treasury shares
The Company owned 1,000,000 treasury shares on December 31, 2015. At January 1, 2015 the Company owned 1,200,000 treasury shares. In 2015 the company sold 1,200,000 shares as a part of the employee option program and the exercise in February 2015. Based on a resolution of the annual general meeting of April 17, 2015, the Board has authority to purchase the company's own shares with a limit of a face value of NOK 163,000 through one or more transactions. This authority is limited to 9.97% of the company's share capital, and the price per share that the company may pay for shares shall not be lower than the face value and not higher than NOK 200. This authority applies until the company's regular general meeting in 2016, and by June 30, 2016 the latest. Under this approval, the company purchased during Q3 and Q4 2015 a total of 1,000,000 shares.

Stock Option Grant
On February 18, 2014, the Board approved a grant of 5,843,712 share options to employees. The options vest after one year if the employee is in an unresigned position at the vesting date, and expire after three years. The options were granted at a strike price of NOK 38.43. On the exercise date, Nordic can determine whether they wish to settle the options contract in cash or through the issue of shares. 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. As of December 31, 2015 the remaining 3,843,970 options have vested and can be exercised quarterly until expiration on February 18, 2017. No new grant has been approved for 2015. On December 8, 2015 an Extraordinary General Meeting approved a 2016 option plan for all employees. The plan is limited to 1.7 million shares and will have a grant date of February 29th, 2016.

Shareholder overview
The largest shareholders in Nordic Semiconductor ASA were as follows as of December 31, 2015:

Shareholder	Shares	Percentage
Folketrygdfondet	19 257 007	11.78%
Accelerator Ltd	17 482 950	10.70%
Passesta AS	5 663 680	3.47%
Goldman Sachs Int.Equity	5 463 493	3.34%
Alden AS	4 594 599	2.81%
VPF KLP Aksje Norge	3 921 466	2.40%
Clearstream Banking S.A	3 609 189	2.21%
Statoil Pensjon	3 437 897	2.10%
VPF DNB NORGE (IV)	2 734 335	1.67%
Equity Tri-Party	2 688 503	1.64%
Canica AS	2 604 000	1.59%
MP Pensjon PK	2 517 434	1.54%
Torstein Tvenge	2 500 000	1.53%
Kommunal Landspensjonskasse	2 424 920	1.48%
Spencer Trading	2 100 000	1.28%
Songa AS	2 000 000	1.22%
TTC Invest AS	1 750 000	1.07%
Scan Chemicals AS	1 740 000	1.06%
INAK 3 AS	1 600 000	0.98%
Poseidon AS	1 500 000	0.92%
Total for the 20 largest shareholders	**89 589 473**	**54.81%**
Other shareholders	73 851 127	45.19%
Total shares outstanding	**163 440 600**	**100.00%**

Shares held by the Board of directors and Executive management were as follows as of December 31, 2015.

Name	Shares
Board of directors	
Terje Rogne	1 250 000
Anne Cecilie Fagerlie	0
Craig Ochikubo	0
Arnhild Schia	0
Tore Valderhaug	5 769
Joakim Ferm	0
Lasse Haugnes Olsen	0
Anne Strand	7 160
Management	
Svenn-Tore Larsen	1 890 400
Pål Elstad	3 846
Geir Langeland	177 700
Svein Egil Nielsen	15 000
Ebbe Rømcke	68 900
Ole Fredrik Morken	160 000
Total	**3 578 775**

Note 17: Pensions and other long-term employee benefits

The pension liability for the group consists of liability in Norway and The Philippines

The company has set up a pension plan for the Philippine office as of January 2014. The retirement plan is unfunded and of the defined benefit type which provides a retirement benefit calculated based on number of years of credited service. At the end of 2015 the pension liability was USD 60.

For the Company in Finland pensions are financed by contributions from the insured employees and employers.

The Norwegian company in the Group is required to have mandatory employment pension for employees in Norway, according to the Mandatory Employment Pension Act. The Board of Nordic Semiconductor ASA decided in December 2015 to change the pension plan for all employees currently on a defined benefit plan effective January 1, 2016. Up until December 31, 2015 Nordic Semiconductor ASA (Norwegian employees) had both a defined benefit plan and a defined contribution plan. The defined benefit plan was closed for new members effective January 1, 2008 and from this point a new defined contribution plan was established. The two different types of pensions are described below:

The portfolio was invested as follows:

	2015	2014
Equities	6.1%	7.1%
Alternative investments	4.0%	4.2%
Bonds	13.6%	14.4%
Money market	25.2%	22.4%
Bonds held to maturity	33.9%	34.8%
Property	14.7%	15.0%
Other	2.6%	2.10%
Total	**100%**	**100%**

Pension expense for the year was calculated as follows:

	2015	2014
Current service cost	1 067	934
Interest expense	390	575
Expected return on plan assets	-194	-305
Change liability	-14 801	
Change assets	8 128	
Administration fee	13	13
Total pension expense excl. social security tax	**-5 397**	**1 216**
Social security tax	-761	172
Total pension expense incl. social security tax	**-6 158**	**1 388**

Net pension obligation for the year was calculated as follows:

	2015	2014
Pension obligations	1 226	18 534
Plan assets	968	8 520
Estimated net pension obligations	**258**	**10 014**
Social security tax	36	1 338
Total actual net obligation incl. social security tax	**295**	**11 352**

Movement in pension obligations:

	2015	2014
Net pension obligation 1.1	18 534	17 444
Current service cost	1 165	892
Interest expense	425	613
Transition to Contribution pension plan	-16 161	
Actuarial gain / loss	-2 424	2 735
Pension payments	-72	-75
Currency effect of translation to USD	-241	-3 074
Pension obligation 31.12	**1 226**	**18 534**

Movement in pension assets:

	2015	2014
Pension assets 1.1	8 520	7 085
Expected return on plan assets	212	304
Actuarial gain / loss	-67	87
Transition to contribution pension plan	-8 875	
Administration fee	-14	-13
Employer contribution	1 455	1 132
Pension payment	-72	-76
Currency effect of translation to USD	-190	
Pension assets 31.12	**968**	**8 520**

Other Comprehensive Income from Actuarial gains / losses:

	2015	2014
Remeasurements loss (gain) - change in discount rate	(90)	5 355
Remeasurements loss (gain) - change in other financial assumptions	(29)	(2143)
Remeasurements loss (gain) - change in mortality table		
Remeasurements loss (gain) - change in other financial assumption assets	(36)	141
Remeasurements loss (gain) - experience DBO	(1 615)	(124)
Remeasurements loss (gain) - experience Assets	(3)	(318)
Investment management cost	81	91
OCI (losses) gains during period	**-1 691**	**3 001**

The following assumptions have been used as a basis for the calculation of pension expense and net pension obligation:

	2015	2014
Discount rate	2,70%	2.30%
Expected return on plan assets	2.70%	2.30%
Expected future salary increase	2.50%	2.75%
Expected future increase in base amount	2.25%	2.50%
Expected future increase in pensions	2.25%	2.50%
Average turnover	2.20%	2.20%

In the insurance company, risk of death and disability is distributed among all the insurance customers, and therefore this is the relevant indicator for future disability and life expectancy. Risk tables for death (mortality table K2013) and disability are based on general tables in Norway updated with historic data from the population of the insurance company. This data involves an adjustment of available tables in the form of increased life expectancy and increased probability of disability. The average life expectancy for all age groups in the tables is 86 years for men and 89 years for women. Extracts from the tables are shown below. The table shows life expectancy and probably for disability and death respectively within one year for various age groups.

Total pension liability	2015	2014
Employees in Norway	295	11 352
Employees in Philippines	63	74
Employees in Finland	349	29
Total	707	11 455

Defined contribution pension plan:
All employees in Norway have a defined contribution pension plan from 01.01.2016. The main benefit is a contribution of 7% of salary up to 7.1 basis points (G) and 18% of salary between 7.1 and 12 basis points. Along with this the company has a disability pension of approximately 66% of salary including estimated social security based on 40 years of full employment. In 2015, the cost of the defined contribution pension was USD 669, and the plan had 210 members.

Note 18: Stock options

All figures in USD 1000.

Nordic Semiconductor implemented a stock option program for employees on February 18, 2013, which was continued for 2014.

On February 18, 2014, Nordic Semiconductor granted 5,843,712 share options to 177 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.

All 2013 options are settled trough exercise in February 2014, and cash settlement of remaining options in April 2014 due to share price reaching the cap of NOK 37.00. The exercise in February where settled by sale of company shares.

A summary of share option transactions during 2015 is below.

	2015	2014
Outstanding options 1.1	**5 432 245**	**3 940 470**
Options granted	0	5 843 712
Options forfeited	0	-411 467
Options exercised	1 587 275	3 940 470
Options expired	0	0
Outstanding options 31.12	**3 844 970**	**5 432 245**
Of which exercisable	3 844 970	0

The fair value of the options is set on the grant date and expensed over the vesting period. USD 4,761,000 was expensed during 2014 and USD 551,129 in 2015. The recognized share option program liability is related to social security tax USD 279,180 as of 31.12.15 for the parent company only.

The fair value of options granted in 2014 was NOK 6.15 per option. The value has been estimated using the Black & Scholes model, subject to the following assumptions:

Share price on the grant date

The share price is set to the value weighted average price of shares traded on the grant date, which was USD NOK 34.94 on the date of grant in 2014.

Strike price

The strike price is the share price on the grant date * 110%.

Cap price

The cap price on the options granted is NOK 150. At this price, the company may settle the option grant by compensating the employee the difference between the cap and the strike price. When calculating the value of the stock option, the value of the cap is calculated through the Black Scholes model, and deducted from the uncapped value of the option to the employee.

Volatility

It is assumed that historic volatility is an indication of future volatility. The expected volatility is therefore stipulated to be the same as the historic volatility, which equaled 36.17% on the date of grant in 2014.

Average option term

The options are expected to have an average term of 2 years (between the minimum vesting period of one year and the maximum exercise period of three years).

Dividend

The company does not forecast a dividend payout in the Black-Scholes model.

Risk-free interest rate

The risk-free interest rate is set equal to the relevant interest rate on government bonds on the date of grant in 2014, i.e. 1.54 %.

Note 19: Current liabilities

All figures in USD 1000.

	2015	2014
Accounts payable	6 389	12 929
Taxes payable	9 931	6 690
Social security tax	2 295	2 263
Holiday pay	3 130	2 225
Short-term loan facility	10 000	
Estimated Ship and debit	6 508	2 936
Accrued expenses	7 081	3 516
Total Current liabilities	**45 335**	**30 559**

Note 20: Leases

All figures in USD 1000.

Operating leases:
The company has several operating leases for machinery and office space.

The lease expenses consist of the following:

	2015	2014
Office lease	2 066	1 639
Lease of machinery	25	32
Total lease expense	**2 091**	**1 671**

As of December 31, 2015, the Group leased offices in Trondheim, Oslo, Hong Kong, Shenzhen, Shanghai, Seoul, Tokyo, Manila, Taiwan, Krakow, Oulu, Turku and San Jose, California (USA). The lease amounts are fixed with index regulation based on Statistics Norway's consumer price index.

Future minimum payments for non-cancellable leases are as follows:

Within 1 year	1 681
1 to 5 years	13 108
After 5 years	10 938
Total non-cancellable leases	**25 727**

Note 21: Financial instruments

All figures in USD 1000.

Capital structure

Nordic Semiconductor's strategy relating to its capital structure is to maintain sufficient cash and cash equivalents to meet the Group's requirements for ongoing operations and for new investments. Management believes that it is especially important for a relatively small company to retain a strong credit rating and significant liquidity as the Group competes in a global market against larger companies.

Nordic Semiconductor manages its capital structure and makes revisions in light of changes in the overall economy and its operating assumptions. In order to maintain or amend the capital structure, the company may purchase its own shares on the market, pay dividends to shareholders, pay back capital to shareholders or issue new shares. No changes were made in procedures or processes in the course of 2015.

Nordic Semiconductor manages its capital structure based on an equity ratio. This relationship is calculated as total equity divided by total assets. In this phase of the company's development, the goal is to keep the equity ratio above 50%.

	2015	2014
Total equity	112 405	85 122
Total assets	158 447	127 137
Equity share	**71%**	**67%**

The Group has a credit agreement with a bank, which makes it possible to borrow up to MUSD 20 at any time with an interest rate equal to LIBOR + 1.15%. The line of credit agreement expires in October 2018. As of December 31, 2015, the company has drawn MUSD10 on the line of credit. The security is provided by inventory, receivables and operating equipment with book values as follows: inventories MUSD 41 , accounts receivable MUSD 49 and operating equipment MUSD 12. The remainder of the company's financing is made through short-term, non-interest-bearing debt. This financing typically consists of debt to suppliers, the public sector, employees or others.

Classification of financial assets and liabilities 2015:

	Fair value	Amortized cost		Total
	Money market fund	Receivables and loans	Other financial obligations	
Cash and cash equivalents		29 293		**29 293**
Receivables and other short-term receivables		48 938		**48 938**
Long-term receivables		12		**12**
Total financial assets		**78 243**		**78 243**
Accounts payable and other short-term debt		10 000	35 335	**45 335**
Total financial liabilities		**10 000**	**35 335**	**45 335**

Classification of financial assets and liabilities 2014:

	Fair value	Amortized cost		Total
	Money market fund	Receivables and loans	Other financial obligations	
Cash and cash equivalents	3 268	30 812		**34 080**
Receivables and other short-term receivables		39 288		**39 288**
Long-term receivables		281		**281**
Total financial assets	**3 268**	**70 381**		**73 649**
Accounts payable and other short-term debt			30 559	**30 559**
Total financial liabilities			**30 559**	**30 559**

Cash equivalents at fair value are assets held as short-term deposits in interest-bearing funds invested within high-quality issuers, with floating earnings and no set maturity date (Valuation category 1, prices in active markets for identical assets or liabilities).

Financial risk

As Nordic Semiconductor manages an international operation, the company is subject to financial risk, primarily credit risk and foreign currency risk. Procedures for control of financial risk have been adopted by the Board and are carried out by its finance department.

(i) Credit risk

The company's sale of components takes place through its distribution partners within defined geographic regions. The number of invoice recipients is thereby significantly lower than the end customer base, which increases the credit risk on customer receivables. In order to manage credit risk, the company has established guidelines to ensure that each customer's outstanding receivables do not exceed established credit limits and that sales are only made to customers who have not had significant problems with previous payments. Although the credit risk exists, in the event of the bankruptcy of a distribution partner, end customer demand will be unchanged and a new distribution channel will be established. In 2015, 24% of revenues went through the largest distribution partner, compared to 30% in 2014.

Age distribution of customer receivables was:

	2015		2014	
	Gross total	Provision for doubtful accounts	Gross total	Provision for doubtful accounts
Not due	38 490		38 169	
Past due 0-30 days	10 107		872	
Past due 31-120 days	302		246	
Over 120 days	39		1	
Total	**48 938**		**39 288**	

Based on its experience, it is not deemed necessary for the company to make a provision for accounts receivable that are not due (78% of receivables). Receivables to which interest applies are set aside in their entirety, as these receivables are generally difficult to collect.

Changes in estimated loss provision	2015	2014
January 1	0	2
Change in estimated loss provision	0	-2
December 31	**0**	**0**

The book value of financial assets represents the maximum credit exposure. The maximum exposure to credit risk on the balance sheet date was:

	2015	2014
Accounts receivable and other short-term receivables	52 115	42 545
Cash and cash equivalents	29 293	34 080
Total	**81 408**	**76 625**

(ii) Liquidity risk

Overall, the group seeks to minimize risk when investing its cash balance. Investments can only be made in securities which have been approved by the Board. As of December 31, 2015, the Group have no investments in money market funds. USD 29 293 thousand was deposited in the bank.

The Group has no externally imposed capital requirements or agreements, and has no contracts or legal requirements which are not being upheld. The Group has the following due dates with regard to contracts for financial obligations as of December 31, 2015:

	Entered amount	Contractual cash flow	0-3 months	3-6 months	6-12 months	1-2 years	2-5 years	5-10 years
Supplier and other short-term debt	35 335	35 335	6 292	12 226	16 817			
Other contractual obligations	0	25 728	420	420	840	2 627	8 469	12 951

**Other contractual obligations is mainly office facility rent in Oslo and Trondheim*

(iii) Interest rate risk

The Group's liquidity requirements and risk assessment determine its investment strategy and interest rate exposure. The Group's policy is to maintain a short-term investment horizon for its surplus cash. The investment portfolio should not have an average duration longer than six (6) months.

The Group has a line of credit agreement with its bank, which allows it to borrow up to MUSD 20 at an interest rate of LIBOR + 1.15%. The line of credit agreement expires in October 2018.

(iv) Foreign currency risk

The company is subject to foreign currency risk as it has its development and commercial activities in different countries. Nearly all revenues and cost of goods are in USD, while approximately 85% of the company's operating expenses excluding depreciation are in NOK. The company does not hedge its exposure to foreign currency risk.

The table below shows sales in the most significant currencies:

	2015			2014		
	Local currency	USD (1000)	Share of total revenues in %	Local currency	USD (1000)	Share of total revenues in %
USD	191 044	191 044	98,9%	164 794	164 794	98,7%
EUR	1 817	1 999	1.1%	1 673	2 235	1.3%
Total		**193 068**	**100.0%**		**167 029**	**100.0%**

Below is a sensitivity analysis of changes in the NOK exchange rate on balance sheet items, and their impact on Profit before tax:

	Profit before tax
NOK exchange rate +/- 10%	2 950

(v) Determination of fair value

As of December 31, 2015 the company had no financial assets where there is considered to be a difference between book value and fair value. The following financial instruments are not recognized at fair value: customer receivables and other short-term receivables.

The book value of Money market fund is approximately equal to fair market value, as it has ultra-short collection cycle with low inherent risk.

Below is an overview of the Group's financial instruments:

	2015		2014	
	Book value	Fair market value	Book value	Fair market value
Financial assets				
Cash and bank deposits	29 293	29 293	30 812	30 812
Money market fund	0	0	3 268	3 268
Accounts receivable	48 938	48 938	39 288	39 288
Financial liabilities				
Accounts payable	6 389	6 389	12 929	12 929

Note 22: Events after the balance sheet date

With reference to the Extraordinary General Meeting on December 8th 2015, Nordic Semiconductor has on the 26th February 2016 granted 1,590,000 share options to employees and primary insiders. On the EGM the Company was given the approval to issue up to 1% of the outstanding share capital in options to all employees.

According to the approval, the option scheme has a long term element as options are exercisable over a three-year period and expire after five years. The options were granted at a strike price of NOK 47,72 (10% above volume weighted average share price the week following Q4 2015 results). If the company's share price exceeds a cap of NOK 143.16, the company may settle the option grant by compensating the employee the difference between the cap and the strike price.

The company has entered into a Tenancy Guarantee with Danske Bank as unconditional guarantor for 40MNOK (MUSD 4.5). The guarantee is given to secure payment of upto 24 months of rent for the new office in Trondheim.

Otherwise, no events have occurred since the end of the fiscal year which are expected to materially affect the financial statements.

Note 23: Related party transactions

Nordic Semiconductor Group is listed on Oslo Stock exchange. The Groups parent company is Nordic Semiconductor ASA. The group has no material transactions with related parties.

Nordic Semiconductor ASA

Income statement
for the year ended 31 December 2015

Amount in USD 1000	Note	2015	2014* Restated
Total Revenue	**3**	**193 324**	**167 221**
Cost of materials	4	-97 391	-84 501
Direct project costs		-22	-188
Gross profit		95 911	82 532
Payroll expenses	8/9/11/17	-20 379	-36 214
Other operating expenses	5/11/20	-33 601	-19 308
Depreciation	10/11	-7 711	-6 854
Operating profit		**34 219**	**20 157**
Financial income	6/21	130	259
Financial expenses	6/21	-145	-33
Net foreign exchange gains (losses)	6/21	2 030	1 663
Profit before tax		**36 234**	**22 046**
Income tax expense	7	-12 625	-5 924
Net profit after tax		**23 609**	**16 122**

Earnings per share		
Ordinary earnings per share (USD)	0,15	0,10
Fully diluted earnings per share (USD)	0,15	0,10

Statement of comprehensive Income		2015	2014* Restated
Net profit after tax		**23 609**	**16 122**
Other comprehensive income not to be reclassified to profit or loss in subsequent periods:			
Actuarial gains (losses) on defined benefit plans (before tax)	7	1 691	-3 001
Income Tax effect	17	-457	810
Total Comprehensive Income		**24 843**	**13 931**

**Due to a past period adjustment requirement, Nordic Semiconductor has restated its figures for previous periods to reflect the correct financial statement. See note 2.20 for more details.*

Statement of financial position (as of 31 December 2015)

Amount in USD 1000	Note	2015	2014* Restated	01.01.2014* Restated
ASSETS				
Non-current assets				
Capitalized development expenses	11	12 542	6 928	7 498
Software and other intangible assets	11	9 088	4 484	3 451
Deferred tax assets	7	1 250	5 363	3 077
Property assets	10	1 306	773	583
Equipment	10/20	8 797	8 126	7 447
Shares in subsidiaries	1/12	**10**	**10**	**7**
Other long term assets	10	12	281	759
Total non-current assets		**33 004**	**25 964**	22 822
Current assets				
Inventory	4/21	41 100	24 510	22 167
Accounts receivable	13/21	48 938	39 288	30 047
Other short-term receivables	14	12 954	3 623	2 753
Cash and cash equivalents	15/21	27 749	33 527	25 836
Total current assets		**130 742**	**100 948**	81 000
TOTAL ASSETS		**163 746**	**126 912**	**103 625**
EQUITY				
Share capital	16	283	283	283
Treasury shares	16	-1	-2	-4
Share Premium	16	14 253	14 253	14 253
Other paid in capital		807	535	1703
Retained earnings		97 257	69 569	55 656
TOTAL EQUITY		**110 986**	**84 639**	**71 243**
LIABILITIES				
Non-current assets				
Pension liability	17	358	11 426	10 090
Total non-current liabilities		**358**	**11 426**	10 090
Current liabilities				
Accounts payable	14/19/20	6 297	12 907	6 261
Income taxes payable	7	9 905	6 677	4 806
Public duties	19	2 027	2 204	2 405
Short-term loan facility		10 000		
Other short-term debt	19	24 173	9 058	8 172
Total current liabilities		**52 402**	**30 847**	**21 498**
TOTAL LIABILITIES		52 760	42 273	31 588
TOTAL EQUITY AND LIABILITY		**163 746**	**126 912**	**102 832**

**Due to a past period adjustment requirement, Nordic Semiconductor has restated its figures for previous periods to reflect the correct financial statement. See note 2.20 for more details.*

Oslo, 16 March 2015

Terje Rogne
Chairman

Anne-Cecilie Fagerlie
Board member

Craig Ochikubo
Board member

Arnhild Schia
Board member

Tore Valderhaug
Board member

Lasse Olsen
Board member, employee

Joakim Ferm
Board member, employee

Anne Strand
Board member, employee

Svenn-Tore Larsen
Chief Executive Officer

Nordic Semiconductor ASA

Consolidated statement of changes in equity

for the year ended 31 December 2015

Amount in USD 1000	Share capital	Treasury shares	Share premium	Other paid in capital	Retained earnings	Total equity
Equity as of 01.01.2014	283	-4	14 253	1 703	55 656	71 891
Pased period adjustment					-1 000	-1 000
Equity as of 01.01.2014*Restated	**283**	**-4**	**14 253**	**1 703**	**54 656**	**70 891**
Net profit for the period					16 122	16 122
Actuarial gain/loss recognised in equity					-2 191	-2 191
Purchase of treasury shares		-2			-5 168	-5 170
Sale of treasury shares		4			6 150	6 154
Share based compensation				4 642		4 642
Cash settlement of options contract				-5 810		-5 810
Equity as of 31.12.2014	**283**	**-2**	**14 253**	**535**	**69 569**	**84 639**
Net profit for the period					23 609	23 609
Actuarial gain/loss recognised in equity					1 234	1 234
Purchase of treasury shares		-1			-2 157	-2 158
Sale of treasury shares		2			6 063	6 063
Share based compensation				-512		-512
Cash settlement of options contract				-830		-830
Difference with translation to USD					-1 060	-1 060
Equity as of 31.12.2015	**283**	**-1**	**14 253**	**807**	**97 257**	**110 986**

**Due to a past period adjustment requirement, Nordic Semiconductor has restated its figures for previous periods to reflect the correct financial statement. See note 2.20 for more details.*

Nordic Semiconductor ASA

Consolidated statement of cash flows

for the year ended 31 December 2015

Amount in USD 1000	Note	2015	2014* Restated
Cash flows from operating activities			
Profit before tax		36 234	24 446
Taxes paid for the period	7	-6 146	-5 037
Depreciation	10/11	7 711	6 854
Change in inventories, trade receivables and payables	4/13/19/20	-32 872	-4 938
Share-based compensation		384	4 574
Movement in pensions	17	-5 293	-3 141
Other operations related adjustments		1 181	-2 149
Net cash flows from operating activities		**432**	**20 609**
Cash flows from investing activities			
Capital expenditures (including software)	10/11	-8 798	-6 290
Capitalized development expenses	11	-8 328	-1 802
Net cash flows from investing activities		**-17 126**	**-8 093**
Cash flows from financing activities			
Purchase of treasury stock	16	1 088	-5 170
Sale of treasury stock	16	-830	6 154
Cash settlement of Options contract	21		-5 810
Short term loan facility		10 000	
Net cash flows from financing activities		**10 258**	**-4 825**
Effect of changes in currency rates		105	
Net change in cash and cash equivalents		**-6 331**	**7 691**
Cash and cash equivalents as of 1.1.		33 527	26 082
Cash and cash equivalents as of 31.12.	**15/21**	**27 749**	**33 527**
Cash and cash equivalents as of 31.12. which is restricted cash		1 088	852

**Due to a past period adjustment requirement, Nordic Semiconductor has restated its figures for previous periods to reflect the correct financial statement. See note 2.20 for more details.*

Note 1 General

Nordic Semiconductor ASA is a public limited company whose shares are listed on the Oslo Stock Exchange. The company's head office is located at Otto Nielsens vei 12, 7052 Trondheim, Norway. The company has three wholly-owned subsidiaries, Nordic Semiconductor Inc., Nordic Semiconductor Poland Sp. z o.o. and Nordic Semiconductor Finland OY.

Nordic Semiconductor 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.

The financial accounts were approved for publication by the Board of Directors on March 16, 2016, and will be presented for approval at the Annual General Meeting on April 19, 2016.

Note 2 Accounting Principles

2.1 Basis for preparation

The financial accounts for Nordic Semiconductor ASA are prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU.

As the company has USD as its functional currency, the financial accounts are presented in USD, rounded off to the nearest thousand, if nothing else is noted. As a result of rounding off differences, it is possible that amounts and percent does not add up to the total.

The financial accounts are based on the principles of historic cost accounting, with the exception of the following asset:

Basis of consolidation:

A subsidiary is a company in which the Group has control over financial and operating activity. Control is normally achieved when the Group owns - directly or indirectly - more than 50% of the shares in the company. Such companies are included in the Group financial statements from the date at which the Group obtains control over the company and until the date that such control ceases.

All intra-group balances, income and expenses, and unrealized gains and losses are eliminated in full. The financial statements in the subsidiaries are prepared using consistent accounting policies as the parent company, for the same reporting period.

2.2 Significant accounting judgements, estimates and assumptions

The preparation of financial accounts in accordance with IFRS requires that management use assessments, estimates and assumptions that influence the amount reported in the financial statements and notes. Management bases its estimates and assessments on previous experience and on various other factors deemed to be reasonable and sensible given the specific circumstances. These assessments form the basis for evaluating the accounting value of assets and oblogations. The main areas of uncertainty for assessments and estimates on the balance sheet date, which represent a risk for creating significant changes to the value of assets and liabilities recorded in the accounts for the following financial year, are discussed below.

Revenue recognition

Revenue recognition principles are described in 2.11

Management has made an estimate of future credits to be given to distributors based on components sold in 2015, if the following scenarios are met:

When a distributor sells components to specified customer accounts, the distributor will receive an additional discount after the sale is made, a commonly known as a "Ship and Debit" discount. An estimate for this discount is provided in the accounts, reducing the revenue and increasing current liabilities. See note 2.11 for further details.

If the distributor's pricing to specific end customer accounts changes according to a previous agreement with Nordic Semiconductor, the distributor will receive a price protection credit based on the difference between the old and new price.

In certain cases, distributors have the right to exchange inventory with Nordic Semiconductor. Stock rotation provisions are made for this if necessary.

Estimates are continually reassessed based on changes in the underlying assumptions. Changes in accounting estimates are recognized in the period in which such changes occur. If such changes also apply to future periods, the effect is distributed between current and future periods.

Pensions

The costs of the defined benefit pension plan are determined upon actuarial calculations. Actuarial calculations are based on expectations regarding the discount rate, expected return on pension funds, future increases in wages/salaries, annual adjustment in the national insurance base rate, annual adjustment of pensions, average turnover and death rates. Based on the natural long-term nature of these obligations, such estimates entail a large degree of uncertainty. Net interest cost consists of interest on the liability and the return on the plan assets, whereas both have been calculated by using the discount rate. Changes in net pension liabilities as a result of payments of premiums and pension payments have been taken into consideration. The difference between the actual return and the calculated return is recognized continuously through other comprehensive income.

Share based payments

Nordic Semiconductor implemented a stock option program for employees on February 18, 2013. This Program was continued for 2014. However, for 2015 the option element of the program was forfeited so all employees returned to a performance-based compensation through an annual cash bonus tied to the achievement of targets for group revenue and operating profits for the year.

The group measures the cost of share based payments at the date which they are granted. The fair value of options granted in 2014 was USD 1.0 (NOK 6.15) per option, according to the Black & Scholes option-pricing model. The Black & Scholes valuation of the option program was conducted by an independent advisory company. See Note 17.

Development costs:
Development costs are capitalized in accordance with the principles in Note 2.9. In order to determine the amount to be capitalized, it is necessary for management to make assumptions regarding expected future cash flow, discount rates and the expected period of benefits. Capitalized development costs are subject to amortization on a straight-line basis over the period of expected future benefit, normally 3-5 years. Uncertainty exists with respect to the estimated period of expected future benefit, as this depends on the future technological development in the market. During 2015, MUSD 8.3 was capitalized, mainly related to the finalization of the nRF52. The carrying amount of capitalized development costs as of December 31, 2015 and 2014 was USD 12,542,000 and USD 6,928,000 respectively.

2.3 Changes in accounting principles
No change in accounting principles that will have an impact on the company for 2015

2.4 Foreign currency
The Group presents its financial statements in USD which also is the functional currency of the parent company. Transactions in currency other than USD, are converted at the exchange rate at the date of the transaction. Any exchange gains or losses arising as a result of changes in the exchange rate between the time of the transaction and the time of payment are recognized in the income statement.

2.5 Cash and cash equivalents
Cash includes cash balances and bank deposits. Cash equivalents are short-term liquid investments which do not involve significant risk factors and are convertible into a known amount of cash within three months.

2.6 Accounts receivable
Accounts receivable are valued at amortized cost, less impairment. Losses arising from impairment are recognized in the income statement.

2.7 Inventory
IInventory, components and components under production are valued at the lower of cost and net realizable value after deduction for obsolescence. Net realizable value is estimated as the selling price less cost of completion and the cost necessary to make the sale. Costs are determined using the FIFO method. Work in progress includes variable cost and non-variable cost which can be allocated to items based on normal capacity. Obsolete inventory is written down completely.

2.8 Non-current assets
Non-current assets are stated at the lowest of cost net of accumulated depreciation and net realizable value. When an asset is sold or discontinued, the cost and accumulated depreciation are reversed and gain or loss from the transaction are recognized in the income statement.

The company's property assets are an apartment stated at cost. No depreciation is made since the residual value of the apartment exceeds the cost.

Cost of non-current assets includes fees/taxes and direct costs associated with commissioning the non-current asset for use. Repair and maintenance costs are expensed when incurred. If repair and maintenance increase the value of the non-current asset, the value will be added to the asset on the balance sheet.

Depreciation is calculated on a straight-line basis over the following periods of time:

Office and lab equipment	3-5 years
Computer equipment	3-4 years
Installations in buildings	5 years

The assets' residual value, useful lives and methods of depreciation are reviewed at each financial year end and adjusted prospectively, if necessary.

Financial leases
The Company does not have any significant financial leases.

Operational leases
Leases where the most significant risk rests with the lessor are classified as operational leases. Lease payments are classified as operating costs and are expensed over the contract period.

2.9 Research and development
Research costs are expensed as incurred. Costs associated with development are capitalized if the following criteria are met in full:

- the product or the process is clearly defined and the cost elements can be identified and measured reliably;
- the technical feasibility is demonstrated;
- the product or the process will be sold or used in the business;
- the asset will generate future financial benefits.
- Sufficient technical, financial and other resources for project completion are in place.

Costs which were expensed in prior accounting periods will not be capitalized.

Capitalized development costs are subject to amortization on a straight-line basis over the expected period of benefits, normally 3-5 years. Depreciation begins when the product is transferred from development to production. Uncertainty exists with respect to the expected period of benefits, as this depends on the future technological development in the market.

Intangible assets with finite lives are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortisation period or method, as appropriate, and are treated as changes in accounting estimates..

2.10 Provision

Provisions are recognized when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that economic benefits will be required to settle the obligation and a reliable estimate can be made. Provisions are reviewed each balance sheet date and the level reflects the best estimate of the obligation. When the time value is insignificant, the amount of the provision will be equal to the expenditure required to settle the obligation. When the time effect is significant, the amount of the provision will be equal to the present value of future expenditures to settle the obligation.

2.11 Revenue recognition

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured, regardless of when the payment is being made. Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duty.

Revenue from sales of components is recognized at the time of delivery to the distributor. The time of delivery is usually the time when the goods are transferred to the transport carrier. Certain provisions have been made for credits to distributors based on the estimates described in Note 2.2. In addition Nordic has accrued for volume related rebates.

Revenue from services is recognized as the services are rendered/delivered. The service consists of working hours, and invoicing of other costs, such as work done by subcontractors. Interest earned is recognized as it is generated.

2.12 Employee benefits

Defined benefit pension plans

The Group offers a defined benefit pension plan to its employees who were hired before December 31, 2007. The group has also established a similar plan for employees in the Philippines. Pension plan assets are valued at their fair value.

The Board of Nordic Semiconductor ASA decided in December 2015 to change the pension plan for all employees currently on a defined benefit plan effective January 1, 2016. Up until December 31, 2015 Nordic Semiconductor ASA (Norwegian employees) had both a defined benefit plan and a defined contribution plan. The defined benefit plan was closed for new members effective January 1, 2008 and from this point a new defined contribution plan was established.

In connection with the transfer of plans, the employees will receive a "Paid up benefit" for all earned benefits in the defined benefit plan. As there exist certain obligations related to retirees and employees on sick leave, an actuarial calculation is performed and a liability for these employees is included as of December 31, 2015. According to IAS 19 all assets and liabilities related to the defined contribution plan should be de-recognized when there exists an irreversible decision regarding termination of the defined contribution plan. The de-recognition should be presented in the profit & loss for the period. In 2015 MUSD 7 is included as reduced personnel expenses related to the de-recognition and MUSD 1.7 has been presented in other comprehensive income.

Defined contribution pension

Employees hired after January 1, 2008 have a defined contribution pension plan described in Note 17.

Share based payments

The Group has a share option program for its employees. The options are measured at fair value at the date of the grant. The fair value of the options is expensed over the vesting period which in this case is one year. This transaction is recognized as personnel cost in the income statement and in other paid-in capital on the balance sheet.

Social security tax on options is recorded as a liability based on the share price on the balance sheet date until the option is exercised. See note 17.

2.13 Government grants

Grants received are classified as operating grants. Operating grants are accounted for at the same time as the costs they are intended to cover. Tax refunds are accounted for as a cost reduction. See note 7.

2.14 Income taxes

Income tax expenses consist of taxes due and changes to the deferred tax. Deferred tax and tax credits are calculated based on all differences between the financial accounts and the value for tax purposes of assets and liabilities.

Deferred tax credits are recognized to the extent that it is probable that the individual company will have sufficient taxable income in later periods to utilize the tax credit. Similarly, the company will reduce recognition of the deferred tax benefit to the extent the company no longer deems it probable that it will be able to utilize such tax benefits.

Deferred tax liabilities are accounted for at the nominal value and classified as long-term obligations in the balance sheet.

Taxes payable and deferred taxes are recognized directly to equity to the extent that the tax loss carryforwards relate to equity transactions.

2.15 Segments

The Group has only one operating segment. The group does not report or monitor profitability on a lower level, but breaks down its revenue into the following end product areas: Consumer Electronics, Wearables, Healthcare, Building and retail, Other application's, ASIC components and Consulting services. The Group also breaks down its revenues in the geographical market areas in which its products are sold. See note 3.

2.16 Events after the balance sheet date

Information available after the balance sheet date and applicable to conditions existing at the balance sheet date is included in the preparation of the financial statements. Events after the balance sheet date that do not affect the Group's financial position as of the balance sheet date, but that will affect the Group's financial position in the future, are disclosed if they are significant. See note 22.

2.17 Cash flow statement

The cash flow statement is prepared in accordance with the indirect method. Cash and cash equivalents include cash, bank deposits and other short-term liquid investments.

2.18 Equity

Treasury shares

When treasury shares are purchased, the purchase price, including directly attributable costs are recognized as changes in equity. Treasury shares are presented as a reduction of equity. Gains or losses on transactions in treasury shares are not recognized.

2.19 Approved standards and interpretations not yet in effect

IIFRS 15 was issued May 2014 and establishes a new five step model that will apply to revenue arising from contract with customers. Under IFRS 15 revenue is recognized at amount that reflects the consideration to which an entity expects to be entitled to in exchange for goods or services to a customer. The principles in IFRS 15 provide a new method for allocating, measuring and recognizing revenue.

The new revenue standard is applicable to all entities and will supersede all current revenue recognition requirements under IFRS. Either a full or modified retrospective application is required for annual periods beginning on or after 1 January 2018 with early adoption permitted. The group has entered into customer contracts in which the terms of the contracts contain elements of variable consideration. Further analysis is needed to assess the impact of implementing IFRS 15 for the group. The group will adopt the new standard on the required effective date.

2.20 Past period adjustment to inventory

On January 1, 2010 Nordic Semiconductor ASA changed its group functional currency from NOK to USD. In connection with this change, several system changes were made in order to correctly reflect the USD functional currency amounts. Unfortunately, one wrong translation rule was used when the conversion was set up. This error was not identified until the volatility in the NOK/USD and the underlying physical inventory volume increased during 2015. As a consequence, inventory values and the corresponding gross profit have during the individual past quarters been slightly overstated, but with an accumulating impact on the inventory value. In January 2016, a detailed review has been performed on the system setup correcting the conversion rule. The error has been corrected by restating each of the affected financial statement line items for the prior periods

See table in group notes.

Note 3: Revenues

All figures in USD 1000.

Segment information, primary:
The Group has only one segment which is the semiconductor business. The company classifies its revenues based on the end product applications in which its products are used.

Revenue classified by end product applications:
The Company focuses on the sale of standard components for wireless communication. These wireless components are broken into the following end product areas: Consumer Electronics, Wearables, Building and Retail, Healthcare and Others. In 2015, wireless components accounted for 96.9% of sales versus 94.1% in 2014.

In addition to standard components, the Company sells customer-specific ASIC components (Application Specific Integrated Circuits) and related Consulting Services.

	2015	2014
Revenue		
Consumer Electronics	96 503	84 937
Wearables	63 279	55 856
Building/Retail	14 115	14 145
Healthcare	7 171	1 462
Others	6 319	952
Wireless components	**187 387**	**157 351**
ASIC components	5 567	9 126
Consulting services	391	743
Total revenues	**193 345**	**167 221**

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

	2015	2014
Europe	11 382	13 493
Americas	16 503	21 652
Asia/Pacific	165 459	132 076
Total revenues	**193 345**	**167 221**

The Group sells its components to distributors, which then sell components onward to electronics manufacturers which build end products and sell them to customers across the world. Three distributors represented more than 10% of the Group's total revenues in 2015 (in total 60%). These three distributors represented 24%, 23% and 13% of the Group's total revenues respectively. In comparison, 4 distributors represented more than 10% of the Group's total revenues in 2014 (in total 71%), with 30%, 15%, 15% and 11% of revenues respectively. These distributors are based in Asia.

Note 4: Cost of materials / inventory

All figures in USD 1000.

	2015	2014
Cost of goods, gross	113 982	87 842
Changes in inventory	16 591	3 242
Cost of goods, net	**97 391**	**84 500**

	2015	2014
Finished goods		
At cost price	12 277	8 492
Total Finished goods	**12 277**	**8 492**
Work in progress, at cost	28 824	16 018
Total inventory	**41 100**	**24 510**
Amount written down:	992	466

** Certain amounts shown here do not correspond to the 2014 financial statements and reflect adjustments made, refer to note 2.20.*

Note 5: Other operating expenses

All figures in USD 1000.

	2015	2014
Service and maintenance	5 243	3 672
Other consultancy fees	3 046	4 096
Office rental expenses	2 244	2 173
Office equipment	673	556
Material and components	2012	1 274
Capitalized development expenses	-1 712	-244
Travel and meeting expenses	1 915	1 756
Other operating expenses	20 180	6 025
Total other operating expenses	**33 601**	**19 308**

Auditor remuneration

Fees to the auditor are included in consultancy fees above.

	2015	2014
Statutory audit servces	49	40
Tax advisory services	26	5
Other non-audit services	95	88
Total	**170**	**133**

Note 6: Net financial items

All figures in USD 1000.

	2015	2014
Interest income	82	106
Other financial income	27	17
Interest expenses	-145	-33
Changes in money market fund, reported in the income statement	21	136
Financial income	**-15**	**226**
Foreign exchange loss (net)	2 030	1 663
Financial expenses	**2 030**	**1 663**

Note 7: Tax

All figures in USD 1000.

Tax expense consists of	2015	2014
Tax payable	-10 820	-7 400
Adjustment in prior year		
Change in deferred tax / tax benefit	-1 696	1 476
Changes in tax rate	-109	
Tax expense	**-12 625**	**-5 924**

Reconciliation of taxes payable in balance sheet and income statement	2015	2014
Taxes payable for year, in the balance sheet	-9 905	-6 677
Currency effect from translation to USD	-915	-723
Taxes payable in income statement	**-10 820**	**-7 400**

Reconciliation of nominal and actual tax expense	2015	2014
Profit before tax	36 234	22 046
Tax at nominal rate 27% 2014 (28% 2013)	**-9 783**	**-5 952**
Tax effect permanent differences	**-114**	**3 488**
Effect of change in tax rate*	-109	-108
Actuarial gains of OCI	457	-810
Currency effect from translation to USD	-3 076	-2 001
Tax expense	**-12 625**	**-5 924**

	2015	2014
Earnings before tax	**36 234**	**22 046**
Government grants	-307	-227
Settlement options	-1 726	-9 323
Interest on tax	19	-11
Non-deductible other expenses	34	184
Actuarial gain/loss pension	1691	-3 001
Change in temporary differences	-10491	8 464
Currency effect of translation to USD	13 586	9 275
Basis for payable tax	**40 074**	**27 407**
Payable tax on earnings 27% 2014 (28% 2013)	**-10 820**	**-7 400**

Temporary differences:	Balance Sheet		Income Statement		Other Comp. income	
	2015	2014	2015	2014	2015	2014
Deferred tax benefit						
Inventory	992	463	529	-220		
Fixed assets	1 663	1 998	-335	235		
Accounts receivable				-2		
Options	3 041	4 761	-1 720	4 761		
Pension obligation	391	11 426	-12 726	-1 665	-1 691	3 001
Deferred tax benefit – gross	**6 087**	**19 330**	**-14 252**	**3 127**	**-1 691**	**3 001**
Deferred tax obligation						
Intangible assets						
Gain and loss account	-626	-994	-368	-348		
Accounts receivable						
Deferred tax obligation – gross	**-626**	**-994**	**-368**	**-348**		
Currency effect of translation to USD	-461	1 527	7 960	2 688		
Total temporary differences	**5 000**	**19 863**	**-6 942**	**5 467**	**-1 691**	**3 001**
Net deferred tax obligation/benefit	1 250	5 363				
Change in deferred tax obligation/benefit			-1 805	1 476	-423	810

Reconciliation of net deferred tax liability:	2015	2014
Opening balance as of 1.1	5 363	3 077
Tax expense/income recognised in profit and loss	-1 805	1 476
Tax expense/income recognised in other comprehensive income	-423	810
Currency effect from translation to USD	-1 885	
Net deferred tax obligation/benefit	**1 250**	**5 363**

Net deferred tax recogniced in OCI as of 31.12:	2015	2014
Net gain/(loss) on actuarial gains and losses	-457	810
Effect of changes in tax rates	34	
Total tax Other comprehencive income	**-423**	**810**

Note 8: Payroll expenses

All figures in USD 1000.

Combined expenses for salary and other compensation are distributed as follows:	2015	2014
Salary and vacation pay	22 679	21 957
Other compensation	5 696	8 708
Payroll tax	3 592	4 931
Defined benefit pension	-5 700	1 495
Defined contribution pension	669	671
Capitalized development expenses (hourly costs)	-6 557	-1 548
Total	**20 379**	**36 214**
Weighted average number of full-time employees	280	224

Company's employees as of December 31, are distributed as follows:	2015	2014
Norway	268	210
China	14	11
South Korea	3	3
USA	1	1
Taiwan	7	3
Japan	3	1
Philippines	15	15
Switzerland	1	1
Total	**312**	**245**

Note 9: Compensation to Company management and Board

All figures in USD 1000.

Total compensation expensed for Board members	2015	2014
Tore Engebretsen, Former Chairman of the Board		24
Terje Rogne, Chairman of the Board	56	66
Anne Cecilie Fagerlie, Board member	37	39
Arnhild Schia, Board member	34	39
Karsten Rönner, Board member	10	39
Tore Valderhaug, Board Member	38	26
Craig Ochikubo, Board Member	41	
Lasse Olsen, employee representative *(Board remuneration only)*	5	
Markus Bakka Hjertø, former employee representative *(Board remuneration only)*	2	9
Thomas Ulleberg, former employee representative *(Board remuneration only)*		3
Anne Strand, employee representative *(Board remuneration only)*	7	6
Joakim Ferm, employee representative *(Board remuneration only)*	7	6

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Total compensation expensed in the year for the CEO and other executives:

2015	Salary	Bonus	Options	Other compensation	Pension expenses	Total
Svenn-Tore Larsen, CEO	364		53	2	30	**449**
Pål Elstad, CFO	204		0	1	9	**214**
Svein Egil Nielsen, CTO	199		32	1	9	**241**
Geir Langeland, Sales & Marketing Director	197		32	1	20	**251**
Ebbe Rømcke, Quality Director	138		19	1	32	**190**
Ole Fredrik Morken, Supply Chain Director	209		12	1	9	**230**
Total	1 311		148	7	109	1 575

2014	Salary	Bonus	Options	Other compensation	Pension expenses	Total
Svenn-Tore Larsen, CEO	436	512	497	2	37	**1 485**
Robert Giori, CFO (January-August)	168		15	1	8	**192**
Pål Elstad, CFO (September-December)	84			1	3	**88**
Svein Egil Nielsen, CTO	236		289	2	11	**539**
Geir Langeland, Sales & Marketing Director	236		304	2	25	**567**
Ebbe Rømcke, Quality Director	165		111	1	51	**328**
Ole Fredrik Morken, Supply Chain Director	249		105	1	11	**366**
Total	1 574	512	1 321	10	147	3 564

**Salary expenses are in NOK. Exchange rate for 2014 was 6,35 and for 2015 it was 8,06*

Compensation agreement - CEO

The Company has no other obligations to the CEO in the event of resignation over and above the normal resignation time of six (6) months, except that the resignation period increases to twelve (12) months in the event that the Company is acquired or merged with another company.

Policy for executive compensation

The Board has appointed a remuneration committee under management of a board member. The remuneration committee monitors decisions regarding remuneration and other terms for the executive management. The CEO's total compensation, and any adjustments thereto, is first reviewed by the remuneration committee and then approved by the Board. The Board considers CEO compensation each year. The compensation of the other members of the executive management, including adjustments of these, are agreed between the CEO and the respective manager.

The Board proposes the following Declaration of the Principles for Compensation of the CEO and other members of the Executive Management according to the Norwegian Public Limited Liability Companies Act § 6-16a:

The main principle in the Company's policy for remuneration and compensation is that the members of the executive management team shall be offered competitive terms, so as to achieve the desired competence and incentives in the Company's executive management team. The Company has established an annual performance bonus program for the executive management team, in which the manager must remain within his position (not resigned) until the start of the following year in order to be eligible. The bonuses may be awarded as a direct cash payment or as share options in the Company. Performance-based compensation will be subject to an absolute limit and fulfilment of performance criteria, both decided by the Board at its discretion.

The Board wishes to continue the scheme of awarding stock options to all full time employees in 2017 in accordance with the principles of the option program for 2016. These principles are described in the minutes of the extraordinary general meeting on 8 December 2015. The Board proposes allocating up to 1.7 million options in 2017, equivalent to approximately 1% of the total number of issued shares.The Company offers pensions plans to all employees, managers included. In addition, the Company provides managers with other limited benefits in kind such as a company telephone. The guidelines for determination of salary and other compensation for leading employees as outlined for the Annual General Meeting in 2015 have been complied with for in 2016 with the exception of performance bonus program in which the extraordinary general meeting on 8 December 2015 resolved to introduce a stock option program for 2016. 1,590,000 options were granted February 26, 2016 under this program.

Options program
For 2014, the Board decided to grant stock options to senior executives as a form of performance based compensation. In exchange, the executive team will not receive an annual performance bonus paid in cash for their work during 2014.

The options were granted on February 18, 2014. The options vest after one year if the executive has not resigned his position at the vesting date, and expire after three years. The options were granted at a strike price of NOK 38.43. On the exercise date, Nordic can determine whether they wish to settle the options contract in cash or through the issue of shares. 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.

The Company has granted executives and employee Board members the following options according to the terms stated above:

	Options granted 2014	Options not exercised 2015
Svenn-Tore Larsen, CEO	*575 000 stock options*	*575 000 stock options*
Geir Langeland, Sales Director	*350 000 stock options*	*350 000 stock options*
Svein Egil Nielsen, CTO	*350 000 stock options*	*250 000 stock options*
Ebbe Rømcke, Quality Director	*200 000 stock options*	*100 000 stock options*
Ole Fredrik Morken, Supply Chain Director	*125 000 stock options*	*65 000 stock options*
Lasse Haugnes Olsen, Board member	*20 000 stock options*	
Joakim Ferm, Board member	*20 000 stock options*	*20 000 stock options*
Anne Strand, Board member	*20 000 stock options*	*20 000 stock options*

Note 10: Fixed assets

All figures in USD 1000.

2015	Office and lab equipment	Computer equipment and machinery	Fixture and fittings	Property	Total
Acquisition cost					
Opening balance	3 858	20 593	1 013	333	25 797
Additions	871	3 486	718		5 075
Sale / disposal of assets					
Acquisition cost as of 31.12	4 729	24 079	1 731	333	30 872
Accumulated depreciation					
Opening balance	2 626	13 700	573		16 900
Depreciation expenses	577	3 109	184		3 871
Sale / disposal of assets					
Accumulated depreciation as of 31.12	3 203	16 810	758	0	20 770
Net carrying value as of 31.12	1 526	7 270	973	333	10 102

2014	Office and lab equipment	Computer equipment and machinery	Fixture and fittings	Property	Total
Acquisition cost					
Opening balance	2 958	17 268	708	333	21 269
Additions	900	3 326	304		4 529
Sale / disposal of assets					
Acquisition cost as of 31.12	3 858	20 594	1 013	333	25 798
Accumulated depreciation					
Opening balance	2 101	10 679	459		13 239
Depreciation expenses	525	3 021	114		3 661
Sale / disposal of assets					
Accumulated depreciation as of 31.12	2 626	13 700	573	0	16 900
Net carrying value as of 31.12	1 232	6 894	440	333	8 899

Estimated useful life	3 – 5 years	3 - 4 years	5 years	
Depreciation method	Straight-line	Straight-line	Straight-line	Not depreciated
Annual lease of non-recognized capital assets	0	32	0	0

Total depreciation expenses consist of depreciation of fixed assets and depreciation of intangible assets (note 11).

Non-depreciable real property assets:
The Parent company has an apartment in Trondheim for use by employees in the Oslo office while in Trondheim. The apartment is assessed at acquisition cost. The residual value is expected to be at least equal to the entered value.

Scrapped capital assets
All capital assets that are ready to be scrapped have been fully depreciated and have no residual book value.

Capital assets temporarily out of operation
The Group has no capital assets that are temporarily out of operation.

Leased equipment
The Group does not have any leased equipment.

Write-offs
There are no indicators that assets need to be written off.

Change in depreciation periods
There has been no basis for changing depreciation periods on fixed assets.

Note 11: Intangible assets

All figures in USD 1000.

2015	Purchased Software	Capitalized Development costs	Total
Acquisition cost			
Opening balance	10 713	19 507	30 220
Additions	5 729	8 328	14 057
Sale / disposal of assets			
Accumulated cost as of 31.12	**16 441**	**27 835**	**44 277**
Accumulated depreciation			
Opening balance	6 228	12 579	18 807
Depreciation expenses	1 126	2 715	3 841
Sale / disposal of assets			
Total accumulated depreciation as of 31.12	**7 354**	**15 294**	**22 647**
Net carrying amount	**9 088**	**12 542**	**21 629**
Non-capitalized R&D expenses:			
Personnel expenses		14 556	14 556
Other operating expenses		6 689	6 689
Total cost recognized in income statement		**21 246**	**21 246**
Total expenses for R&D		**29 574**	**29 574**

2014	Purchased Software	Capitalized Development costs	Total
Acquisition cost			
Opening balance	8 859	17 705	26 564
Additions	1 854	1 802	3 656
Sale / disposal of assets			
Accumulated cost as of 31.12	**10 713**	**19 507**	**30 220**
Accumulated depreciation			
Opening balance	5 407	10 206	15 614
Depreciation expenses	821	2 372	3 193
Sale / disposal of assets			
Total accumulated depreciation as of 31.12	**6 228**	**12 579**	**18 807**
Net carrying amount	**4 484**	**6 928**	**11 413**
Fully depreciated fixed assets, which are still in use	336	7 156	
Non-capitalized R&D expenses:			
Personnel expenses		18 433	18 433
Other operating expenses		4 851	4 851
Total cost recognized in income statement		**23 284**	**23 284**
Total expenses for R&D		**25 086**	**25 086**

Total depreciation expenses consist of depreciation of intangible assets and depreciation of fixed assets (note 10).

Economic lifetime	10 years	1 - 5 years
Depreciation plan	Straight-line	Straight-line

Expensed research and development activities relate to new technologies and new services and products.

Note 12: Subsidiaries

The folowing subsidiaries have been included in the financial statements

Subsidiaries as of 31 December 2015	Ownership	Share of votes	Net profit 2015	Equity 31. Dec 2015
Nordic Semiconductor Inc, USA	100%	100%	96	625
Nordic Semiconductor Poland S.p Z o.o.	100%	100%	24	84
Nordic Semiconductor Finland OY	100%	100%	715	873

Nordic Semiconductor Inc, is a sales company. All sales conducted is on behalf of the parent company.

Nordic Semiconductor Poland S.p Z o.o. Is an extention of the software development team in the parent company.

Nordic Semiconductor Finland OY, is a development company. This R&D team works closely alongside the rest of the R&D teams in the group.

Note 13: Accounts Receivable

All figures in USD 1000.

	2015	2014
Gross receivables	48 938	39 288
Provision for doubtful accounts	0	0
Accounts Receivable, net	**48 938**	**39 288**

Note 14 Intercompany balances

Receivables	2015	2014
Loan to group Companies	1 766	
Current receivables towards group	37	330
Total	**1 803**	**330**

Payables	2015	2014
Trade creditors towards group companies	-374	-253
Total	**-374**	**-253**

Note 15: Cash and cash equivalents

All figures in USD 1000.

Cash and cash equivalents as of the balance sheet date were as follows:	2015	2014
Cash holdings	26 661	29 406
Tax deduction account (restricted funds)	1 088	852
Short-term investments (money market fund)		3 268
Cash and cash equivalents in consolidated statement of financial position	**27 749**	**33 527**
Cash and cash equivalents in consolidated statement of cash flows	**27 749**	**33 527**

Note 16: Share capital and shareholder information

All figures in USD 1000.

Share capital

The share capital in Nordic Semiconductor as of December 31, 2015, consists of one share class with a total of 163,440,600 shares with a face value of NOK 0.01, with a total share capital of NOK 1,634,406. Each share grants the same rights in the company, and in the event of any increase in capital existing shareholders have pre-emptive rights for any new shares.

During the year the following changes have been made in the number of shares, share capital and share premium:

	Number of shares		Share capital		Treasury shares		Share premium	
	2015	2014	2015	2014	2015	2014	2015	2014
Ordinary shares, issued and paid								
Holdings as of 1.1	163 440 600	163 440 600	283	283	-2	-4	14 253	14 253
Purchase of treasury shares					-1	-2		
Cancellation of treasury shares					2	4		
Holdings as of 31.12	**163 440 600**	**163 440 600**	**283**	**283**	**-1**	**-2**	**14 253**	**14 253**

Dividend

No dividend was paid during 2015.

Authority to issue shares

The Board of the Parent company, based on a resolution from the annual general meeting on April 17, 2015, has the authority to increase the company's share capital by issuing up to 16,300,000 shares with a par value of NOK 163,000. The shareholders' pre-emptive right may be waived according to the Norwegian Private Limited Companies Act §10-4. This authority is valid until the company's annual general meeting in 2016, and by June 30, 2016 the latest. The resolution covers both cash and non-cash contributions and the issue of shares in connection with a merger.

Treasury shares

The Company owned 1,000,000 treasury shares on December 31, 2015. At January 1, 2015 the Company owned 1,200,000 treasury shares. In 2015 the company sold 1,200,000 shares as a part of the employee option program and the exercise in February 2015. Based on a resolution of the annual general meeting of April 17, 2015, the Board has authority to purchase the company's own shares with a limit of a face value of NOK 163,000 through one or more transactions. This authority is limited to 9.97% of the company's share capital, and the price per share that the company may pay for shares shall not be lower than the face value and not higher than NOK 200. This authority applies until the company's regular general meeting in 2016, and by June 30, 2016 the latest. Under this approval, the company purchased during Q3 and Q4 2015 a total of 1,000,000 shares.

Stock Option Grant

On February 18, 2014, the Board approved a grant of 5,843,712 share options to employees. The options vest after one year if the employee is in an unresigned position at the vesting date, and expire after three years. The options were granted at a strike price of NOK 38.43. On the exercise date, Nordic can determine whether they wish to settle the options contract in cash or through the issue of shares. 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. As of December 31, 2015 the remaining 3,843,970 options have vested and can be exercised quarterly until expiration on February 18, 2017. No new grant has been approved for 2015. On December 8, 2015 an Extraordinary General Meeting approved a 2016 option plan for all employees. The plan is limited to 1.7 million shares and it will have a grant date of February 29th, 2016.

No new grant has been approved for 2015, new evaluation will be made for 2016.

Shareholder overview

Refer to Note 16 in the Group Financial Statements.

Note 17: Pensions and other long-term employee benefits

The pension liability for the company consists of liability in Norway and in the Philippines.

The company has set up a pension plan for the Philippine office as of January 2014. The retirement plan is non-contributory and of the defined benefit type which provides a retirement benefit equal to 100% of plan salary for every year credited service. At the end of 2015 the pension liability was USD 60.

The company is required to have mandatory employment pension for Norwegian employees, according to the Mandatory Employment Pension Act. As of January 1, 2008, the Company has chosen to have both a defined benefit and a defined contribution pension plan. Both pension plans satisfy the requirements of the law. Individual employees hired before January 1, 2008, could choose between retaining the original defined benefit pension plan, or moving to a defined contribution pension plan. All new employees after January 1, 2008 automatically enter the defined contribution pension plan. The two different types of pensions are described below:

Some employees in Norway have a defined benefit pension plan. The employee will receive 66% of salary based on 30 years of employment at the company. The plan includes disability pension. As of December 31, 2014 the plan had 65 members. The pension fund is managed by DNB Life Insurance ASA. At the end of 2014 the value of the pension fund was MUSD 8.5. The below table is for the defined benefit pension plan for Norwegian employees.

The portfolio was invested as follows:

	2015	2014
Equities	6.1%	7.1%
Alternative investments	4.0%	4.2%
Bonds	13.6%	14.4%
Money market	25.2%	22.4%
Bonds held to maturity	33.9%	34.8%
Property	14.7%	15.0%
Other	2.6%	2.10%
Total	**100%**	**100%**

Pension expense for the year was calculated as follows:

	2015	2014
Current service cost	1 067	934
Interest expense	390	575
Expected return on plan assets	-194	-305
Change liability	-14 801	
Change assets	8 128	
Administration fee	13	13
Total pension expense excl. social security tax	**-5 397**	**1 216**
Social security tax	-761	172
Total pension expense incl. social security tax	**-6 158**	**1 388**

Net pension obligation for the year was calculated as follows:

	2015	2014
Pension obligations	1 226	18 534
Plan assets	968	8 520
Estimated net pension obligations	**258**	**10 014**
Social security tax	36	1 338
Total actual net obligation incl. social security tax	**295**	**11 352**

Movement in pension obligations:

	2015	2014
Net pension obligation 1.1	18 534	17 444
Current service cost	1 165	892
Interest expense	425	613
Gain on settlement	-16 161	
Actuarial gain / loss	-2 424	2 735
Pension payments	-72	-75
Currency effect of translation to USD	-241	-3 074
Pension obligation 31.12	**1 226**	**18 534**

Movement in pension assets:

	2015	2014
Pension assets 1.1	8 520	7 085
Expected return on plan assets	212	304
Actuarial gain / loss	-67	87
Gain on settlement	-8 875	
Administration fee	-14	-13
Employer contribution	1 455	1 132
Pension payment	-72	-76
Currency effect of translation to USD	-190	
Pension assets 31.12	**968**	**8 520**

Other Comprehensive Income from Actuarial gains / losses:

	2015	2014
Remeasurements loss (gain) - change in discount rate	(90)	5 355
Remeasurements loss (gain) - change in other financial assumptions	(29)	(2143)
Remeasurements loss (gain) - change in mortality table		
Remeasurements loss (gain) - change in other financial assumption assets	(36)	141
Remeasurements loss (gain) - experience DBO	(1 615)	(124)
Remeasurements loss (gain) - experience Assets	(3)	(318)
Investment management cost	81	91
OCI (losses) gains during period	**-1 691**	**3 001**

The following assumptions have been used as a basis for the calculation of pension expense and net pension obligation:

	2015	2014
Discount rate	2,70%	2.30%
Expected return on plan assets	2.70%	2.30%
Expected future salary increase	2.50%	2.75%
Expected future increase in base amount	2.25%	2.50%
Expected future increase in pensions	2.25%	2.50%
Average turnover	2.20%	2.20%

In the insurance company, risk of death and disability is distributed among all the insurance customers, and therefore this is the relevant indicator for future disability and life expectancy. Risk tables for death (mortality table K2013) and disability are based on general tables in Norway updated with historic data from the population of the insurance company. This data involves an adjustment of available tables in the form of increased life expectancy and increased probability of disability. The average life expectancy for all age groups in the tables is 86 years for men and 89 years for women. Extracts from the tables are shown below. The table shows life expectancy and probably for disability and death respectively within one year for various age groups.

Total pension liability	2015	2014
Employees in Norway	295	11 352
Employees in Philippines	63	74
Total	358	11 426

Defined contribution pension:

All employees in Norway have a defined contribution pension plan from 01.01.2016. The main benefit is a contribution of 7% of salary up to 7.1 basis points and 18% of salary between 7.1 and 12 basis points. Along with this the company has a disability pension of approximately 66% of salary including estimated social security based on 40 years of full employment. In 2015, the cost of the defined contribution pension was USD 669, and the plan had 210 members.

Note 18: Stock options

All figures in USD 1000.

Nordic Semiconductor implemented a stock option program for employees on February 18, 2013, which was continued for 2014.

For several years prior to 2013, Nordic Semiconductor ASA provided all employees with performance-based compensation through an annual cash bonus tied to the achievement of targets for group revenue and operating profits for the year.

On February 18, 2014, Nordic Semiconductor granted 5,843,712 share options to 177 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.

All 2013 options are settled trough exercise in February 2014, and cash settlement of remaining options in April 2014 due to share price reaching the cap of NOK 37.00. The exercise in February where settled by sale of company shares.

A summary of share option transactions during 2014 is below.

	2015	2014
Outstanding options 1.1	**5 432 245**	**3 940 470**
Options granted	0	5 843 712
Options forfeited	0	-411 467
Options exercised	1 587 275	3 940 470
Options expired		391 467
Outstanding options 31.12	**3 844 970**	**5 452 245**
Of which exercisable	3 844 970	0

The fair value of the options is set on the grant date and expensed over the vesting period. USD 4,761,000 was expensed during 2014 and USD 551,129 in 2015. The recognized share option program liability is related to social security tax USD 279,180 as of 31.12.15 for the parent company only.

The fair value of options granted in 2014 was NOK 6.15 per option, according to the Black & Scholes option-pricing model. The Black & Scholes valuation of the option program was conducted by an independent advisory company.

The calculations are based on the following assumptions:

Share price on the grant date
The share price is set to the value weighted average price of shares traded on the grant date, which was NOK 34.94 on the date of grant in 2014.

Strike price
The strike price is the share price on the grant date * 110%.

Cap price
The cap price on the options granted is NOK 150. At this price, the company may settle the option grant by compensating the employee the difference between the cap and the strike price. When calculating the value of the stock option, the value of the cap is calculated through the Black Scholes model, and deducted from the uncapped value of the option to the employee.

Volatility
It is assumed that historic volatility is an indication of future volatility. The expected volatility is therefore stipulated to be the same as the historic volatility, which equaled 36.17% on the date of grant in 2014.

Average option term
The options are expected to have an average term of 2 years (between the minimum vesting period of one year and the maximum exercise period of three years).

Dividend
The company does not forecast a dividend payout in the Black-Scholes model.

Risk-free interest rate
The risk-free interest rate is set equal to the relevant interest rate on government bonds on the date of grant in 2014, i.e. 1.54 %.

Note 19: Current liabilities

All figures in USD 1000.

	2015	2014
Accounts payable	6 297	12 907
Taxes payable	9 905	6 677
Social security tax	2 027	2 204
Holiday pay	2 413	2 225
Short-term loan facility	10 000	
Estimated ship and debit	6 508	2 936
Accrued expenses	14 963	3 898
Total Current liabilities	**52 402**	**30 847**

Note 20: Leases

All figures in USD 1000.

Operating leases:
The company has several operating leases for machinery and office space.

The lease expenses consist of the following:

	2015	2014
Office lease	1 621	1 639
Lease of machinery	13	32
Total lease expense	**1 634**	**1 671**

As of December 31, 2015, the Group leased offices in Trondheim, Oslo, Hong Kong, Shenzhen, Shanghai, Seoul, Tokyo, Manila and Taiwan. The lease amounts are fixed with index regulation based on Statistics Norway's consumer price index.

Future minimum payments for non-cancellable leases are as follows:

Within 1 year	979
1 to 5 years	11 786
After 5 years	10 926
Total non-cancellable leases	**23 691**

Note 21: Financial instruments

All figures in USD 1000.

Capital structure
Nordic Semiconductor's strategy relating to its capital structure is to maintain sufficient cash and cash equivalents to meet the Group's requirements for ongoing operations and for new investments. Management believes that it is especially important for a relatively small company to retain a strong credit rating and significant liquidity as the Group competes in a global market against larger companies.

Nordic Semiconductor manages its capital structure and makes revisions in light of changes in the overall economy and its operating assumptions. In order to maintain or amend the capital structure, the company may purchase its own shares on the market, pay dividends to shareholders, pay back capital to shareholders or issue new shares. No changes were made in procedures or processes in the course of 2015.

Nordic Semiconductor manages its capital structure based on an equity ratio. This relationship is calculated as total equity divided by total assets. In this phase of the company's development, the goal is to keep the equity ratio above 50%.

	2015	2014
Total equity	110 986	84 639
Total assets	163 746	126 912
Equity share	**68%**	**67%**

The Company has a credit agreement with a bank, which enables it to borrow up to MUSD 20 at any time with an interest rate equal to LIBOR + 1.15%. The line of credit agreement expires in October 2018. As of December 31, 2015, the company has drawn MUSD10 on the line of credit. The security is provided by inventory, receivables and operating equipment with book values as follows: inventories MUSD 41. accounts receivable USD 49. and operating equipment MUSD 9. The remainder of the company's financing is made through short-term, non-interest-bearing debt. This financing typically consists of debt to suppliers, the public sector, employees or others.

Classification of financial assets and liabilities 2015:

	Fair value	Amortized cost		Total
	Money market fund	Receivables and loans	Other financial obligations	
Cash and cash equivalents		27 749		27 749
Receivables and other short-term receivables		61 892		61 892
Long-term receivables		12		12
Total financial assets		**89 653**		**89 653**
Accounts payable and other short-term debt		10 000	42 402	52 402
Total financial liabilities		**10 000**	**42 402**	**52 402**

Classification of financial assets and liabilities 2014:

	Fair value	Amortized cost		Total
	Money market fund	Receivables and loans	Other financial obligations	
Cash and cash equivalents	3 269	30 258		33 527
Receivables and other short-term receivables		42 911		42 911
Long-term receivables		281		281
Total financial assets	**3 269**	**73 450**		**76 719**
Accounts payable and other short-term debt			30 847	30 847
Total financial liabilities			**30 847**	**30 847**

Cash equivalents at fair value are assets held as short-term deposits in interest-bearing funds invested within high-quality issuers, with floating earnings and no set maturity date (Valuation category 1, prices in active markets for identical assets or liabilities).

Financial risk

As Nordic Semiconductor manages an international operation, the company is subject to financial risk, primarily credit risk and foreign currency risk. Procedures for control of financial risk have been adopted by the Board and are carried out by its finance department.

(i) Credit risk

The company's sale of components takes place through its distribution partners within defined geographic regions. The number of invoice recipients is thereby significantly lower than the end customer base, which increases the credit risk on customer receivables. In order to manage credit risk, the company has established guidelines to ensure that each customer's outstanding receivables do not exceed established credit limits and that sales are only made to customers who have not had significant problems with previous payments.

Age distribution of customer receivables was:

	2015		2014	
	Gross total	Provision for doubtful accounts	Gross total	Provision for doubtful accounts
Not due	38 490		38 169	
Past due 0-30 days	10 107		872	
Past due 31-120 days	302		246	
Over 120 days	39		1	
Total	**48 938**		**39 288**	

Based on its experience, it is not deemed necessary for the company to make a provision for accounts receivable that are not due (78% of receivables). Receivables to which interest applies are set aside in their entirety, as these receivables are generally difficult to collect.

Canges in estimated loss provision	2015	2014
January 1	0	2
Change in estimated loss provision	0	-2
December 31	**0**	**0**

The book value of financial assets represents the maximum credit exposure. The maximum exposure to credit risk on the balance sheet date was:

	2015	2014
Accounts receivable and other short-term receivables	61 892	42 911
Cash and cash equivalents	27 749	33 527
Total	**89 641**	**76 438**

(ii) Liquidity risk
Overall, the Company seeks to minimize risk when investing its cash balance. Investments can only be made in securities which have been approved by the Board.

The Company has no externally imposed capital requirements or agreements, and has no contracts or legal requirements which are not being upheld. The Company has the following due dates with regard to contracts for financial obligations as of December 31, 2015:

	Entered amount	Contractual cash flow	0-3 months	3-6 months	6-12 months	1-2 years	2-5 years	5-10 years
Supplier and other short-term debt	42 402	42 402	6 292	11 937	24 173			
Other contractual obligations	0	24 669	245	245	489	1 932	9 218	8 940

**Other contractual obligations is mainly office facility rent in Oslo and Trondheim*

(iii) Interest rate risk
The Company's liquidity requirements and risk assessment determine its investment strategy and interest rate exposure. The Company's policy is to maintain a short-term investment horizon for its surplus cash. The investment portfolio should not have an average duration longer than six (6) months.

The Group has a line of credit agreement with its bank, which allows it to borrow up to MUSD 20 at an interest rate of LIBOR + 1.15%. The line of credit agreement expires in October 2018.

(iv) Foreign currency risk
The company is subject to foreign currency risk as it has its development and commercial activities in different countries. Nearly all revenues and cost of goods are in USD, while approximately 85% of the company's operating expenses excluding depreciation are in NOK. The company does not hedge its exposure to foreign currency risk.

The table below shows sales in the most significant currencies:

	2015			2014		
	Local currency	USD (1000)	Share of total revenues in %	Local currency	USD (1000)	Share of total revenues in %
USD	191 202	191 202	98,9%	165 271	165 271	98.7%
EUR	1 929	2 122	1.1%	1 435	1 915	1.3%
Total		**193 324**	**100.0%**		**167 196**	**100.0%**

Below is a sensitivity analysis of changes in the NOK exchange rate on balance sheet items, and their impact on Profit before tax:

	Profit before tax
NOK exchange rate +/- 10%	2 950

(v) Determination of fair value
As of December 31, 2014 the company had no financial assets where there is considered to be a difference between book value and fair value. The following financial instruments are not recognized at fair value: customer receivables and other short-term receivables.

The book value of Money market fund is approximately equal to fair market value, as it has ultra-short collection cycle with low inherent risk.

Below is an overview of the Company's financial instruments:

	2015		2014	
	Book value	Fair market value	Book value	Fair market value
Financial assets				
Cash and bank deposits	27 749	27 749	30 259	30 259
Money market fund	0	0	3 268	3 268
Accounts receivable	48 938	48 938	29 288	39 288
Financial liabilities				
Accounts payable	6 297	6 297	12 907	12 907

Note 22: Events after the balance sheet date

With reference to the Extraordinary General Meeting on December 8th 2015, Nordic Semiconductor has on the 26th February 2016 granted 1,590,000 share options to employees and primary insiders. On the EGM the Company was given the approval to issue up to 1% of the outstanding share capital in options to all employees.

According to the approval, the option scheme has a long term element as options are exercisable over a three-year period and expire after five years. The options were granted at a strike price of NOK 47,72 (10% above volume weighted average share price the week following Q4 2015 results). If the company's share price exceeds a cap of NOK 143.16, the company may settle the option grant by compensating the employee the difference between the cap and the strike price.

The company has enterd into a Tenancy Guarantee with Danske Bank as unconditional guarantor for 40MNOK (USD 4.5) The warranty is given to secure payment of upto 24 months of rent for the new office in Trondheim.

Otherwise, no events have occurred since the end of the fiscal year which are expected to materially affect the financial statements.

Note 23: Related party transactions

Nordic Semiconductor ASA is listed on Oslo Stock exchange. The parent company has no material transactions with related parties. The parent company has carried out the following transactions with related parties.

Key Management- and BOD compensation

See note 9 for details of compensation to Management and BOD

Description of transactions with subsidiaries

Nordic Semiconductor Inc.: Internal Group transactions between Nordic Semiconductor ASA and its Nordic Semiconductor Inc. subsidiary consist of marketing and sales promotion which the subsidiary conducts on behalf of the Parent Company, as well as management, administration and accounting which the Parent Company undertakes on behalf of the subsidiary. These transactions are made on normal business terms.

Nordic Semiconductor Poland Sp. z o.o. Established at the end of 2013. Internal Group transactions between Nordic Semiconductor ASA and Nordic Semiconductor Poland Sp. z o.o. consists of R&D development on behalf of the Parent Company. These transactions are made on normal business terms.

Nordic Semiconductor Finland OY. Established at the end of 2014. Internal Group transactions between Nordic Semiconductor ASA and Nordic Semiconductor Finland OY consists of R&D development on behalf of the Parent Company. These transactions are made on normal business terms.

Declaration to the Annual Report

Responsibility Statement

- The Chief Executive Officer and the Board of Directors confirm, to the best of our knowledge, the financial statements for 2015 have been prepared in accordance with current accounting standards and give a true and fair view of the company and the group's assets, liabilities, financial position and results of the operations, and that

- We also confirm the report by the Board of Directors provides a fair overview of the company and its development, financial results and position, and describes the company's key risks and uncertainties.

Oslo, 16 March 2016

Terje Rogne
Chairman

Anne-Cecilie Fagerlie
Board member

Craig Ochikubo
Board member

Arnhild Schia
Board member

Tore Valderhaug
Board member

Lasse Haugnes Olsen
Board member, employee

Joakim Ferm
Board member, employee

Anne Strand
Board member, employee

Svenn-Tore Larsen
Chief Executive Officer

STANDARDS OF CORPORATE GOVERNANCE

The Board of Directors and management of Nordic Semiconductor aim to execute their respective tasks in accordance with the highest standards for corporate governance.

Nordic Semiconductor's standards for corporate governance provide a critical foundation for the company's management. These principles must be viewed in conjunction with the company's efforts to constantly promote a sound corporate culture throughout the organization. The company's core values of respect, trust, accountability and equal treatment are central to the Board's and management's efforts to build confidence in the company, both internally and externally. Nordic Semiconductor is a UN Global Compact (UNGC) signatory and is committed to the Ten Principles as set forth by the UNGC in the areas of Human Rights, Labor, Environment and Anti-corruption. Nordic Semiconductor has adopted the Electronics Industry Citizenship Coalition (EICC) Code of Conduct, which specifically focuses on topics relevant for the electronics industry, and promotes this to ensure sustainable business operations and supply chain. Additional information on this work can be read in the annual Corporate Social Responsibility report, as published on Nordic Semiconductor's website.

Nordic Semiconductor's principles for corporate governance are based on Norwegian law, regulations by the Oslo Stock Exchange and the Norwegian Code of Practice for corporate governance published on October 30, 2014. The company's policy on corporate governance are published each year in the annual report, and described in detail below.

Activities

Nordic Semiconductor's Articles of Association states, "The object for which the company is established is the development and sale of electronic components, integrated circuits, design tools and related solutions."

Nordic Semiconductor designs, sells and delivers integrated circuits and related intellectual property for use in short-range wireless applications. The company specializes in ultra-low power components, based on its proprietary 2.4 GHz RF and Bluetooth Smart technology. All manufacturing and direct distribution of components are outsourced to specialist subcontractors. The company is headquartered in Trondheim and Oslo, Norway, and has offices in Finland, USA, Poland, Hong Kong, China, Korea, Japan, Taiwan and the Philippines.

Equity and dividends

The company's growth philosophy, as well as the cyclicality of its business, means that the company will undertake to maintain a high equity ratio and considerable liquidity.

The company aims primarily to provide shareholders with returns in the form of appreciation of the shares and has a long term goal to pay dividends based on surplus cash generated by the company. This assumes that the company's needs for financial strength relative to operational requirements and new investments are addressed. The company's dividend policy is reviewed each year by the Board of Directors. The Annual General Meeting can mandate the Board the authorization to pay dividends based on the latest approved Annual Report. The justification for this authorization needs to be explained and should reflect the company's dividend policy.

The Board of Directors, in accordance with the resolution of the Annual General Meeting held April 17. 2015, has been authorized to buy back up to 16,300,000 own shares for a total par value of NOK 163,000.00 in one or more transactions. The authorization is limited to 10 percent of the company's share capital, and the price per share which the company may pay for shares acquired in this manner shall not be less than the par value nor greater than NOK 200. This power of attorney will remain in effect until the company's ordinary annual general meeting in 2016.

In accordance with the decision passed at the general meeting held April 17. 2015, the Board of Directors has the authority to increase the company's share capital by issuing up to 16,300,000 shares with a total par value of NOK 163,000. The authority is to be used for purposes defined in the Notice of the Annual General Meeting, including strengthening the company's shareholder's equity, to execute share capital increases with one or more strategic partners, or to complete a merger or acquisition using shares or cash. This power of attorney will remain in effect until the company's annual general meeting in 2016, and can be implemented through a private placement, rights issue or public offering.

Nordic Semiconductor has one class of shares, where each share has one vote at the company's shareholders' meeting. Nordic Semiconductor strictly adheres to the principle of equal treatment of all shareholders. The company's transactions in its own shares are conducted in accordance with good stock exchange practice in Norway.

If the Board wishes to quickly raise capital, the Board has been authorized to direct a share capital increase to selected investors chosen by the Board, up to the limits quantified above. In this event, the company will notify the stock exchange of its reasons for implementing a directed share placement. Existing shareholders' pre-emptive subscription rights under §10-4 in the Norwegian Companies Act can be waived under these circumstances.

Such capital increases shall be executed at or near the current stock price listed on the Oslo Stock Exchange. This authorization remains valid until the company's ordinary annual general meeting in 2016.

The company is generally cautious with regards transactions with shareholders, members of the Board of Directors, senior employees or related parties to the above. To ensure that the best code of conduct applies, the company requires notification and review of any process or transaction in which both the company and a senior employee or member of the Board of Directors may have interests.

Nordic Semiconductor will seek to comply to the principles of equal treatment of related parties and possible transactions with related parties that are laid down in the Norwegian Code of Practice for Corporate Governance.

Freely negotiable shares
Nordic Semiconductor's shares are freely tradable and there are no restrictions on the sale and purchase of the company's shares beyond those pursuant to Norwegian law.

Annual General Meeting
The Annual General Meeting is the company's highest body and the shareholders exert their authority in the company through the Annual General Meeting. Nordic Semiconductor encourages all shareholders to participate and exercise their rights at the Annual General Meeting.

Nordic Semiconductor has an ambition to hold the Annual General Meeting in accordance with the Norwegian Code of Practice for Corporate Governance. The notice of the Annual General Meeting, including relevant information shall be announced and distributed at least 21 days in advance of the Annual General Meeting, and the final date for notification of attendance is three working days prior to the Annual General Meeting.

Shareholders who are unable to attend may vote by proxy. Members of the Board of Directors and the auditor attend the Annual General Meeting. The Annual General Meeting is chaired by a person independent of the company's Board of Directors and management.

Pursuant to the Articles of Association the following issues shall be discussed and decided at the Annual General Meeting

- Approval of the profit and loss account and balance sheet, including the allocation of annual profits and payment of dividends
- Appointment of members of the Board of Directors and nomination committee
- Determination of remuneration for Board members and the Auditor's fee
- Remuneration of executive management. The remuneration of executive management should be a separate appendix to the agenda for the annual general meeting and separate votes should be held on these aspects.
- Any other matters mentioned in the meeting notice

Nomination Committee
Nordic Semiconductor has a Nomination Committee which is elected with a defined mandate during the Annual General Meeting. The Nomination Committee's duties are to represent the interests of the shareholders in general, and to propose qualified candidates for the Annual General Meeting's election of the Board of Directors as well as to propose the remuneration to the Board of Directors. The Nomination Committee will provide reasons for its recommendation in the notice for the AGM, including information on the candidates' competence, capacity and independence. The nomination committee holds regular meetings with major shareholders as well as management. In addition, all shareholders can submit suggestions to the nomination committee through a link on Nordic's webpage.

The Nomination Committee consists of three members who are shareholders or who represent the shareholders. The company's executive personnel are not represented on the Nomination Committee. The deadline for submitting proposals to the Nomination Committee is one month before the Annual General Meeting

The members of the Nomination Committee are:

- John Harald Henriksen
- Bjørnar Olsen
- Thomas Raaschou

The composition and independence of the Board of Directors
The Board of Directors and the Chairman of the Board of Directors are elected by the shareholders at the Annual General Meeting on the basis of proposals from the Election Committee.

Both the Chairman and the shareholder-elected members of the Board of Directors are elected for a term of up to two years. A more detailed description of the background, qualifications, and term of service of each member of the Board of Directors and the number of Nordic Semiconductor shares they own are provided in the annual report. Members of the Board are encouraged to hold shares in the company.

The composition of the Board of Directors meets the requirements of the Norwegian Code of Practice for Corporate Governance with respect to members' independence of the executive management and with respect to important business relationships. The independence of the members of the Board of Directors is also evident in the fact that there are few instances of disqualification in connection with matters dealt with at Board meetings. Representatives of the executive personnel are not members of the Board of Directors.

The work of the Board of Directors
The conduct of the Board of Directors is in accordance with the Board instructions of Nordic Semiconductor ASA. In accordance with the said instructions, the Board is responsible, to the degree necessary, for approving business strategies and budgets for the company. The Board is also responsible for ensuring that the company has a competent management with clear internal distribution of responsibility and work.

Each year, the Board of Directors adopts a specific meeting and activity plan for the following year. This plan covers strategic planning, monitoring of the business, and other relevant business issues. The Board's activity plan for 2016 stipulates eight meetings, two of which were scheduled for all day meetings to discuss and explore strategy and technology-specific issues.

The Board of Directors carries out an evaluation of its activities each year and on this basis discusses improvements in the organization and implementation of its work.

The Board has established a Compensation Committee to discuss and decide the remuneration principles for the CEO and executive management.

In 2014, the Board established an Audit Committee. The Audit Committee consists of two members of the Board both of which are independent of Group Management. The Committee has collectively the competence required in the Public Limited Liability Companies Act § 6-42. Both members are independent according to § 6-42 Public Limited Liability Companies Act, and one member has the required qualifications within accounting and auditing.

The Committee supports the Board with respect to the assessment and control of financial risk, financial reporting, auditing, control, and prepares discussions and resolutions for Board meetings. It has no decision-making authority.

The Audit Committee held 5 meetings in 2015 and has been in regular contact with the Company's auditor regarding audits of the statutory accounts and it also assesses and monitors the auditor's independence, including non-audit services provided by the auditor.

Risk Management and internal control

The Board and management are committed to ensuring that the company maintains sound and effective internal controls to safeguard the value of the enterprise, as well as its principles of ethical conduct and corporate social responsibility. Nordic Semiconductor's risk management system is fundamental to the achievement of its financial goals.

The company's primary internal control routines related to financial reporting are as follows:

The finance team prepares a monthly financial report which is distributed to and reviewed by CEO and the Board of Directors. In preparing the monthly financial report, the accounting team conducts reconciliations of all major balance sheet items, which are independently reviewed by a second member of the team. Balance sheet items subject to accounting estimates are regularly analyzed to ensure that all assumptions relating to the accounting estimate remain valid. As part of the monthly financial report, the financial results are compared with the company's budget and prior forecast to analyze variances and ensure that they are not the result of incorrect reporting.

Each year, the external auditor performs tests of the company's internal control routines. The quarterly and annual financial reports are also subject to review and approval by the Board. In addition, the Board of Directors performs biannual reviews of the company's business strategy focusing on market development, technology updates, competitive positioning and risk factors.

The Board presents an in depth description and analysis of the company's financial status in the Report of the Board of Directors in the company's annual report. The report also describes the main drivers and risks related to the operation of the business.

Remuneration to the Board of Directors

All remuneration to the Board of Directors is disclosed in Note 11 of the Nordic Semiconductor Group annual accounts.

Members of the Board of Directors receives remuneration for work related to Board committees. The remuneration to Board members is not performance based, and the company does not provide share options to Board members.

Remuneration of the Executive Management

The Board of Directors discusses and approves the terms and conditions for the CEO once a year and monitors the general terms and conditions for other senior employees of the group.

The main principle in the Company's policy for remuneration and compensation is that the leading employees shall be offered competitive terms, so as to achieve the desired competence and incentives in the Company's executive management team. Salary and other benefits for executive management will in the current year be established in accordance with the above-mentioned main principle.

The Company has established an annual performance bonus for the executive management team, in which the manager must remain within his position until the start of the following year in order to be eligible. The bonuses are awarded through a direct cash payment. Performance-based compensation will be subject to an absolute limit and fulfillment of performance criteria, both decided by the Board at its discretion.

Information and Communications

Nordic Semiconductor strives to communicate actively and openly with the market. Nordic Semiconductor's accounting procedures are highly transparent and its financial statements are prepared and presented in accordance with the International Financial Reporting Standards (IFRS). The Board of Directors monitors the company's reporting.

Nordic Semiconductor's financial reporting calendar for 2016 has been announced to the Oslo Stock Exchange and can be found on the company's website. The company's annual and quarterly reports contain extensive information about the various aspects of the company's activities. The company's quarterly presentations are transmitted directly on the internet and may be found on Nordic Semiconductor's websites together with the quarterly and annual reports. A comprehensive and detailed presentation of other information, reports and documents may also be found on Nordic Semiconductor's websites. The company always ensures that all shareholders are treated equally as regards access to financial information.

Nordic Semiconductor's Chief Financial Officer is responsible for contact with shareholders apart from the General Meeting. The Chief Financial Officer reports regularly to the Board about the company's investor relations activities.

Takeovers

The Board of Directors will not seek to hinder or obstruct any takeover bid for the company's activities or shares. In the event of a takeover bid, as discussed in item 14 of the Norwegian Code of Practice for Corporate Governance, the Board of Directors will seek to comply with the recommendations therein as well as complying with relevant legislation and regulations.

If the Company is acquired, the CEO's resignation period extends to 12 months, and any remaining retention bonus to the CEO will be paid in its entirety following the closing of the acquisition, as described in Note 10 of the Group financial statements. There are otherwise no material obligations expected by the company as a result of an acquisition, aside from normal legal and advisory fees.

Auditor

EY has been elected by the Annual General Meeting to act as auditor to confirm to the Annual General Meeting that Nordic Semiconductor's annual accounts have been prepared and presented in accordance with current laws and regulations. Fees paid to the auditor are approved at the Annual General Meeting.

In the fall, the external auditor presents to the Board of Directors an evaluation of risk, internal control and the quality of reporting at Nordic Semiconductor, and the audit plan for the current year. The external auditor also takes part in the Board's discussions on the annual financial statements. On both occasions, the Board of Directors ensures that the Board and the external auditor are able to discuss relevant matters at a meeting at which the executive management is not present.

The auditor shall be independent of the company. As a consequence, Nordic Semiconductor does not engage the elected auditor for tasks other than the financial audit required by law. Nevertheless, the auditor is used for tasks that are naturally related to the audit, such as technical assistance with tax returns, annual accounts, understanding of accounting and tax rules and confirmation of financial information in various contexts.

AUDITOR OPINION LETTER

Building a better working world

Statsautoriserte revisorer
Ernst & Young AS

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Medlemmer av Den norske revisorforening

To the Annual Shareholders' Meeting of
Nordic Semiconductor ASA

AUDITOR'S REPORT

Report on the financial statements

We have audited the accompanying financial statements of Nordic Semiconductor ASA, comprising the financial statements for the Parent Company and the Group. The financial statements of the Parent Company and the Group comprise the statement of financial position as at 31 December 2015, the statements of income, comprehensive income, cash flows and changes in equity for the year then ended as well as a summary of significant accounting policies and other explanatory information.

The Board of Directors' and Chief Executive Officer's responsibility for the financial statements

The Board of Directors and Chief Executive Officer are responsible for the preparation and fair presentation of these financial statements in accordance with the International Financial Reporting Standards as adopted by the EU, and for such internal control as the Board of Directors and Chief Executive Officer determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with laws, regulations, and auditing standards and practices generally accepted in Norway, including International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the financial statements for the Parent Company and the Group.

Building a better
working world

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Opinion

In our opinion, the financial statements of Nordic Semiconductor ASA have been prepared in accordance with laws and regulations and present fairly, in all material respects, the financial position of the Parent Company and the Group as at 31 December 2015 and their financial performance and cash flows for the year then ended in accordance with the International Financial Reporting Standards as adopted by the EU.

Report on other legal and regulatory requirements

Opinion on the Board of Directors' report and on the statements on corporate governance and corporate social responsibility

Based on our audit of the financial statements as described above, it is our opinion that the information presented in the Directors' report and in the statements on corporate governance and corporate social responsibility concerning the financial statements, the going concern assumption and the proposal for the allocation of the result is consistent with the financial statements and complies with the law and regulations.

Opinion on registration and documentation

Based on our audit of the financial statements as described above, and control procedures we have considered necessary in accordance with the International Standard on Assurance Engagements (ISAE) 3000, «Assurance Engagements Other than Audits or Reviews of Historical Financial Information», it is our opinion that the Board of Directors and Chief Executive Officer have fulfilled their duty to ensure that the Company's accounting information is properly recorded and documented as required by law and generally accepted bookkeeping practice in Norway.

Trondheim, 17 March 2016
ERNST & YOUNG AS

John Christian Løvaas
State Authorised Public Accountant (Norway)

SALES & MARKETING

One of the defining features of Nordic's global sales organization is how well it successfully builds long-term relationships with Nordic's customers and distribution partners.

From start-ups to global blue chip giants, customers come to not only respect Nordic, but to also enjoy working with the company, trust the company, and feel they can rely on the company to support them when they run into technical difficulties. This ultimately develops a loyalty and closeness of relationship between Nordic and its customers that is extremely rare within the global semiconductor industry.

The company holds regular local and global sales seminars and meetings where the entire Nordic sales team is encouraged to come together, report on progress, and compare their latest customer learnings and insights. This ensures every member of the sales team stays in regular contact with each other and senior management. In this way Nordic feels it maintains its "finger on the pulse" of what its customers are doing.

Beyond that each member of the sales team is fully empowered to work in whatever way they find is most effective for them.

This culture produces both highly motivated, informed, and happy employees as well as customers, and is at the heart of Nordic's record sales results and growth rate over the years.

Structurally, Nordic's sales organization is headquartered in Oslo, Norway, with regional sales offices in the U.S, China, Japan, Taiwan, and Korea.

In operation, this organization is run by a single global sales & marketing director (Geir Langeland); two regional sales directors (Ståle "Steel" Ytterdal in Asia, and J. Darren O'Donnell in the Americas); with local technical regional sales managers (RSMs); local field applications engineers (FAEs); and distribution partners worldwide.

Nordic's largest high-volume customers are also assigned dedicated RSMs who will spend a significant proportion of their time focusing on that customer, latest developments within the customer's products and key markets, and keep that customer fully up-dated on the latest product developments within Nordic. Indeed all of Nordic's largest customers have some influence over which features and tools are included in next-generation Nordic product Series.

Nordic has also just successfully completed its second Global Tech Tour where it takes its top internal engineers on the road to meet customers new and old, introduce the latest developments in Nordic's ULP wireless technology, and train customers hands-on in how to use it. This has proved a powerfully effective promotional sales tool that the company intends to continue to employ in the future.

Nordic outsources responsibility for all direct component distribution to its distribution partners, including all warehousing, end-customer invoicing, and logistics within each global region.

Geir Langeland
Sales and Marketing Director

> *Nordic is much more than a vendor to start-ups, they are a partner. Nordic staff were always spot-on helpful to me in R&D.* Dan Danknick, Team Delta Engineering

Finally, Nordic has also significantly expanded its in-house marketing team to reflect the significant increase in its marketing communications over the past several years. This includes under a global marketing communications manager (Anne Strand).

During 2015 Nordic published on its website over 60 unique news stories and each quarter produced a 24-page customer technology magazine, ULP Wireless Q available in print, electronic PDF, iPad, Android, and iPhone versions.

The sales process generally runs through a number of well-defined phases before a component can begin to be shipped.

1. Evaluation:
Nordic's components are typically compared with those of up to three or four competing suppliers. This can run from a simple web-based search and comparison of technical specifications, through to the customer meeting a Nordic RSM or FAE, and up to the customer running its own in-depth, in-house trials. Nordic performs well in all these scenarios.

2. Prototyping:
The next stage in the sales process will be where a customer makes a first product prototype with components from Nordic Semiconductor, often based on a Nordic chip-based 'drop-in' module or an evaluation kit (where in both instances the majority of RF engineering and qualification has already been done to minimize development time).

3. Pre-production:
A small series product run is produced to test the end product from a marketing perspective and/or with key customers.

4. Regulatory Approval:
All end products must be approved in accordance with national and/or regional regulation for sales of electronics and radio frequency (RF) products.

5. Volume production:
This is achieved after the steps above have been completed and after the project has passed the internal product release criteria of a customer.

The above introductory sales and development phase usually takes 12-18 months, from the start of the evaluation phase until the shipping of the finished end product.

Once a product is released with a Nordic wireless solution, customers are generally interested in building a platform for future releases of related products. This approach is advantageous to the customer as it speeds up time-to-market and lowers the development cost of subsequent products.

Nordic expects demand for its wireless solutions to grow dramatically in the coming years, as the IoT market continues to expand and as wireless connectivity becomes a standard feature in many new products and product categories. The company believes that its Bluetooth Smart wireless technology will be a core building block behind an on-going wave of new wireless products that will all be capable of being controlled, monitored, and configured wirelessly. In particular, the company expects the following growth opportunities to emerge across its major business segments:

PC & tablet accessories:
PC accessories have traditionally been Nordic's largest business segment. The company estimates that only a minority of PC buyers purchase a wireless mouse/keyboard with a new PC (including aftermarket purchases), leaving a large unaddressed market for such wireless accessories among PC users.

In addition to PC accessories, Bluetooth Smart technology also creates new opportunities for Nordic to address the tablet wireless accessory market. Tablets are beginning to encroach on the traditional portable / laptop PC markets, and sales of tablet-targeted wireless keyboards (that typically double up as a tablet screen protector or cover) are rising rapidly. And by employing Bluetooth Smart ultra low power wireless technology, maximum product compatibility and battery life is assured, plus the ability to support very low profile and light-weight designs because Bluetooth Smart keyboards can run off small coin cell ('watch') batteries for many months or years.

Mobile & wearable devices
Mobile and wearables is a rapidly-growing ultra low power wireless market and includes sensors for sports & fitness, health & medical monitoring, smart clothes, smart jewelry and fashion, hearing aids, wearables for payments, smartphone accessories, and smart watches.

The Smartphone is an ideal device to connect with mobile and wearable wireless accessories due to its huge market volumes, portability, compatibility with wireless standards, large user-friendly touch-screen interface, and ease of downloading new apps for interacting with a wireless accessory of choice.

That said a new generation of mobile and wearables is under development that employ the latest version of Bluetooth Smart wireless technology and will be able to connect to the Internet and cloud services directly without need of a smartphone. This is a major new and exciting market for ultra low power wireless technology that Nordic already offers targeted product solutions for, including IPv6 over Bluetooth Smart.

The healthcare industry is a particularly good example. Here Bluetooth Smart technology will enable cost-effective monitoring of a growing elderly population (e.g. fall-detection) as well as patients with chronic illness. Patients with conditions such as high blood pressure, diabetes, or heart ailments can be continuously monitored through a body-worn wireless health sensor that when connected to a cloud server can also transfer medical data to healthcare providers.

Smart home & consumer electronics devices
This category includes wireless solutions for smart home and home automation appliances, wireless charging solutions, plus more familiar smart TVs and set-top boxes, gaming controllers, and wireless / smart toys.

Wireless solutions are currently being implemented in a broad range of smart home and consumer electronics appliances to enable appliances throughout the home to wirelessly connect with users via a smartphone or other wireless remote control unit, as well as each other. Bluetooth Smart is an ideal wireless solution for many of these embedded applications.

Wireless battery charging is also a growth industry and one that is employing Bluetooth Smart wireless technology to wirelessly transfer key information such as battery type and charge status from the electronic device to the charger. This enables the wireless charger to manage the charge session between the charger and the device.

Industrial & consumer IoT sensor networks
This category, which is the leading edge of the forthcoming IoT revolution and remained one of Nordic's fastest growing sales segments during 2015, includes: building sensors for energy management; industrial automation; automotive infotainment; asset tracking; maps and location services; access and security control; beacon-based promotional campaigns and enhanced multimedia experiences for theme parks and stadiums; and customer information, behavioral pattern analysis, and public services in transport.

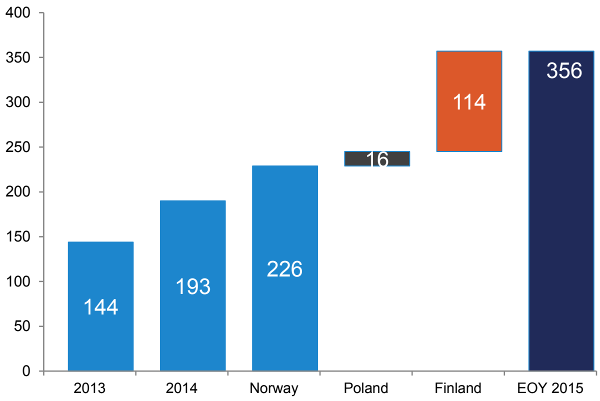
In addition, wireless sensor networks can provide information about a device or item of machinery's internal operating conditions and external environment to ensure that problems are quickly identified and maintenance routines optimized.

Bluetooth Smart provides a very attractive standard for building wireless IoT sensor networks, based on its compatibility with a huge existing installed base of smartphones and other devices that can be used to configure and monitor such networks with ease.

PRODUCT DEVELOPMENT

Nordic Semiconductor's Research and Development (R&D) department consists of highly-qualified teams of engineers, which develop world-leading technology for wireless connectivity applications. The company's focus is ultra-low power wireless solutions, based on proprietary 2.4 GHz RF and Bluetooth Smart technologies (also known as Bluetooth low energy). In addition, Low Power Wide Area Network Technology (LPWAN) is the focus in our Finland R&D offices.

The Nordic R&D organization grew significantly in 2015 with the addition of two new offices in Finland, Oulu and Turku, and with strong growth in our Norway and Poland offices. With the addition of our new employees in Finland the Nordic R&D organization grew from 190 in the end of 2014 to 357 by the end of 2015.



Growth at this level can be challenging, but we are confident that we have in place an effective cross office project structure that ensured new employees have a good way of being integrated in the Nordic process, tools and culture. We focus on cross pollination of good ideas and best practices across offices.

In the fall of 2014 we made our largest ever R&D business decision when we opted to establish a large R&D presence in Finland. To fulfill the company's growth ambitions, we needed to significantly expand our R&D capabilities and we realized that would be a challenge in Norway considering that our existing Bluetooth Smart development teams were growing by 20 to 30%. A great opportunity arose when Broadcom and Ericsson decided to end their mobile chip set business making available a significant group of highly-skilled engineers in Finland. We were able to rapidly hire world-class engineers and a strong management team. We benefited from a similar work ethic and culture between Norway and Finland. The offices in Oulu (main office) and Turku became operational in early January, 2015. Development is based on Nordic`s existing technology platform coupled with the unique experience and knowledge of cellular technology among the Finnish engineers.

With one year past with our new offices in Finland I am confident that we have been very successful in expanding the organization, getting our new team member to quickly become productive, leveraging processes and tools, effective IP and knowledge sharing, and having a common Nordic culture

Svein-Egil Nielsen
Chief Technology Officer

> *We recruit only the best engineers, ensuring a vibrant innovative environment.*

As with the earlier years 2015 was also record year for the R&D department delivered more new ICs, software solutions (protocol stacks, software development kits (SDKs) and tools), application examples and support than ever before.

The Nordic R&D department consider our products and services organized in four major categories.

- IC Development
- Software Development
- Application Development
- Support

IC Development
We have prepared the ground for a long life for our nRF51 Series devices by extending the devices operating temperature range enabling the devices to be used in industrial applications where extended temperature range is needed. We also introduced new package options attractive for low profile applications such as credit cards.

The major milestone for our IC development was the launch of the world most powerful Bluetooth Smart device the nRF5282. This is the first chip in a series and our first device designed in collaboration with TSMC on the leading edge 55nm Flash technology.

We previously announced our collaboration with TSMC on the selection of process technology for the nRF52 Series of ultra-low power RF SoCs. The TSMC 55nm ULP platform for this family of devices improves our product portfolio's power consumption, processing power and memory options. This process is a key enabler for us to push the envelope on power consumption, performance and integration of the nRF52 Series to meet the future requirements of Wearable and Internet of Things (IoT) applications.

The nRF52832 was launched in June which meant for the R&D department includes having samples, development kits, software solutions and training available at launch. The launch was an undisputed success and we have since supported many customers in their development activities. Early 2016 we moved the nRF52832 from R&D to our Supply Chain group for them to commence volume shipments to customers.

We have streamlined IC development teams and with added staff it has allowed us to concurrently develop three interleaved product families. While we extend the life of our nRF51 Series we launched the nRF52832. We also have additional nRF52 Series devices well underway. In addition, we are progressing rapidly with our next generation devices, the nRF53 Series.

While the Finland team is still some way from launching a product to the market we have reached a major achievement when the first test chip was sent to manufacturing in October for our LPWAN initiatives. This was ready within only 9 months of operations in Finland.

Software Development

Software development continues to be of growing importance for Nordic Semiconductor and, over the last years, we have built a strong software group. This group regularly delivers updated SoftDevices (protocol stacks for Bluetooth Smart and ANT) to our customers, enabling them to take advantage of the latest features and specifications. In addition to the SoftDevices, we provide our customers with robust SDKs, complete with example code (enabling our customers to reach the market quicker) and development tools to facilitate rapid development.

We released a number of SoftDevices last year both production versions and alpha and beta releases. A majority of releases are general releases to our entire customer base, but some releases are targeted at specific customers with very special needs. With our flexible software architecture and ability to do firmware updates, we offer the customers mechanisms to add update functionality as well as fixing problems. Flexible and upgradeable solutions also allow designers to reach the market more quickly with the confidence that any problems that arise later, such as interoperability, can be addressed when the product is in the field.

During the year we started developing support for new Bluetooth features expected to become standardized in 2016, such as mesh, longer range and higher data rates.

Approximately every quarter we have a major refresh of our nRF51 SDK. This involves adding support for new Profiles, addressing other updates and incorporating internal and customer feedback. In 2015 we also released our new nRF5 SDK for HomeKit, approved by Apple. This SDK based on Nordic Bluetooth Smart SoCs provides developers with a unique solution for HomeKit products that meets all requirements on size, power consumption and performance. A highly optimized solution, it enables single chip implementations, running HomeKit Accessory Protocol (HAP) and application firmware on the same chip. Designed for ultra-low power, it is the ideal solution for battery powered HomeKit products like door locks and thermostats.

Application Development

The application group creates development kits, reference designs, demo designs and apps for iOS, Android and Windows Mobile. In 2015 we refreshed our Smart Remote to version 3 supporting the nRF52832 as well as introducing the nRF52832 Development Kit. We enhanced our position for Beacon solutions with support of all beacon standard including the new Eddystone standards. Due to our ability to upgrade firmware over the air, customers can now upgrade existing beacons already installed to support Eddystone.

Support

Nordic Semiconductor prides itself of providing the industry's best technical support to all customers through the availability of a large group of highly skilled and trained support engineers. Every customer, whether startup, medium sized or blue chip is treated equally by Nordic Semiconductor. We guarantee rapid response and well prepared solutions.

The majority of support has traditionally been handled by our technical support ticket system, but in 2015 we saw the Nordic Developer Zone taking a large portion of support. We reached 10000 questions/post on our forum which is now a formidable searchable archive of knowledge.

We knew that customers prefer simple access to information and many like to contribute, but the response to the Developer Zone has far exceeded our expectations. Measuring the response to the Developer Zone also helps Nordic to scale the support team to address an ever-increasing customer base.

Standardization

Beyond the development work with which our staff is engaged, we also contribute to standardization work. Nordic has for many years been an active contributor to the Bluetooth specification through its engagement in the Bluetooth Special Interest Group's (SIG) working group and committees. We have been particularly active in the development of Bluetooth core technology providing our insight into ultra-low power wireless technology and customer needs. We are involved in many other standards bodies, developing and influencing specifications. For example, we are active in the Rezence wireless charging standard developed by A4WP, NFC Forum and 3GPP.

Our R&D organization thrives by being an environment where everyone's contribution matters, everyone has a voice and everyone is involved. We are a lean organization, collaborative but challenging. Decision are made at lower levels of the organization enabling rapid decisions making. We recruit only the best engineers, ensuring a vibrant innovative environment, and we will not compromise on our high standards. Nordic Semiconductor's R&D department employs a customer-focused approach and is committed to providing off-the-shelf solutions to thousands of customers. But at the same time the R&D department is able to develop targeted solutions for key application segments and support key customers with their special needs. With our flexible IC and software architecture, robust solutions, willingness to support customers and "whatever it takes" attitude, we will provide the ultimate peace of mind for any engineer and company working with our ultra-low power wireless connectivity products.

SUPPLY CHAIN

Fabless
Nordic Semiconductor outsources the capital intensive processing of silicon wafers as well as packaging and test, to highly specialized subcontractors, mainly located in South-East Asia.

Subcontractors are selected based on a combined assessment of a range of qualities, hereunder

- Costs
- Manufacturing Capacity
- Financial robustness and long term business perspective
- Technology leadership and roadmap alignment to Nordic Semiconductor's requirement.

Deep relations to key suppliers built over many years gives access to capacity and ability to adapt to seasonal variations.

The company's subcontractors are all qualified to relevant quality- and operations standards of the industry, including ISO 9001 and TS 16949.

Strategy
The development of leading edge semiconductor devices requires sophisticated and complex interaction between the design company and the manufacturing service provider. The cornerstones of the Nordic Semiconductor's supply chain strategy can be outlined as follows:

- Forge long term relationships with a compact, strategic set of suppliers
- Continuously pursue improvement in efficiency and cost as well as quality, through data-driven decision making
- Create value through pushing the opportunities and boundaries of technology
- Empower suppliers and employees for effective decision making
- Gain supplier confidence and access to technology and capacity through predictable forecasting and purchasing patterns

Operations
The Supply Chain operation at Nordic Semiconductor starts with demand projections made by the Sales organization, and ends with the delivery of finished products to the warehouse, where Sales and the distribution channel take charge again. Thus, in short, the task of the Supply Chain department is to produce products according to demand, at cost, at quality, and in time.

Management of operations takes place out of offices in Taiwan and the Philippines, respectively staffed with four and fifteen persons. In addition, two key liaison personnel for product development as well as planning are located in Oslo.

Ole Fredrik Morken
Supply Chain Director

> *We seek to develop relations and communications channels to vendors at multiple levels.*

The Supply Chain group seeks to develop relations and communications channels to its vendors at multiple levels. Audits are conducted at regular intervals, and quarterly business reviews are undertaken with critical suppliers, often with involvement at CEO level.

In addition to Supply Chain management, the group also maintains responsibility for development of the hardware and software related to automated test of the company's devices.

Consigned Testers
Nordic Semiconductor considers capacity to test its devices to be a critical success factor, and consequently has decided to own most of the automated test equipment employed in its operations. The actual operation of the testers takes place on a consigned basis at the company's subcontractor facilities. The company is fully committed to making necessary investments in automated semiconductor test equipment to ensure adequate capacity.

Sourcing Risk Management
For products representing a significant portion of the company's revenue, Nordic Semiconductor strives to run manufacturing through at least two sources that ideally are geographically and politically dispersed

Multiple sourcing is implemented both for wafer manufacturing and back-end operations and serves not only as a means to ensure uninterrupted supply but also allows direct gage of performance among suppliers.

No significant supply disruptions were noted in 2015.

INVESTOR RELATIONS

INVESTOR RELATIONS

The main objectives of the shareholder policy of Nordic Semiconductor are the following:

- The shareholders of the Company will over time achieve a competitive return relative to the underlying risk of the Company's operations. The return for shareholders will be a combination of appreciation and dividend.
- The company aims primarily to provide shareholders with returns in the form of appreciation of the shares and has a long term goal to pay dividends based on surplus cash
- In order to follow its growth philosophy and make substantial investments in research and development, the Company will endeavor to maintain a high proportion of equity and significant liquidity.
- The Company will create circumstances to increase the liquidity of Nordic Semiconductor's shares, not least through an open, transparent and reliable information policy.

Financial Reporting and Investor Relations
Nordic Semiconductor will publish financial reports for 2016 as follows:

Interim Report Q1 2016	April 19, 2016
Interim Report Q2 2016	July 13, 2016
Interim Report Q3 2016	October 18, 2016
Interim Report Q4 2016	February 10, 2017

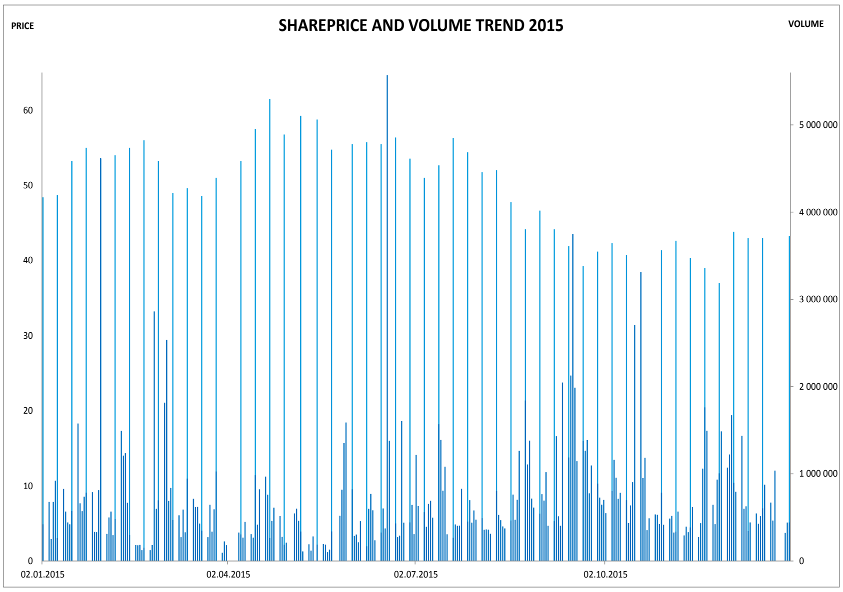
The Annual General Meeting of Shareholders of the Company is planned to be held following the Q1 financial presentation in Oslo, at 9:00 am, on Tuesday April 19, 2016.

Pål Elstad
Chief Financial Officer

> *As Nordic's reach escalates and the shareholder base expands - open communication across channels is recognised as being vital for maximising shareholder value.*

Presentations will be held for shareholders, brokers, analysts and the press in connection with the publication of the annual and interim reports. The Company prioritizes open communication with investors and financial markets.

The intention is to increase knowledge about Nordic Semiconductor ASA through openness and adequate information, thereby encouraging interest in the Company and ensuring that the price of the Company's shares will reflect the fair value of the Company.



The Company will provide up-to-date information about events of significance for the determination of the fair value of the Company through announcements on the Oslo Stock Exchange, press releases and information on Nordic Semiconductor's website www.nordicsemi.com. The annual and quarterly reports of the Company will be available on the Company's website www.nordicsemi.com, as well as through the Oslo Stock Exchange.

Share Capital
The registered share capital in Nordic Semiconductor as of December 31, 2015 consists of one share class with a total of 163,440,600 shares with a face value of NOK 0.01, so that the total share capital is NOK 1,634,406. Each share grants the same rights in the company. The Company's shares are registered in the Norwegian Central Securities Depository (VPS) under VPS No. ISIN NO 000 3055501. The evolution of the share capital is as shown in the table below.

Changes	Date	Change in number of shares	Par value (NOK)	Changes in share capital (NOK)	New share capital (NOK)	Share issued
Status	Jan 1996	-	1.00	-	1 000 000	1 000 000
New share issue	Mar 1996	175 000	1.00	175 000	1 175 000	1 175 000
New share issue	Feb 1997	117 000	1.00	117 000	1 292 000	1 292 000
Share split (1:4)	Apr 1997	3 876 000	0.25	-	1 292 000	5 168 000
Conversion	Sep 1997	141 119	0.25	35 280	1 327 280	5 309 119
Conversion	Sep 1998	127 461	0.25	31 865	1 359 145	5 436 580
Conversion	Jun 1999	30 791	0.25	7 698	1 366 843	5 467 371
Conversion	Apr 2000	32 957	0.25	8 239	1 375 082	5 500 328
Option exercise	Jun 2000	16 666	0.25	4 167	1 379 249	5 516 994
New share issue	Oct 2000	550 000	0.25	137 500	1 516 749	6 066 994
Conversion	Apr 2001	28 127	0.25	7 032	1 523 780	6 095 121
Option exercise	Jun 2001	6 834	0.25	1 709	1 525 489	6 101 955
Option exercise	Jun 2002	4 270	0.05	1 068	1 526 556	6 106 225
Share split (1:5)	Apr 2004	24 424 900	0.05	-	1 526 556	30 531 125
Option exercise	May 2004	601 938	0.05	30 097	1 556 653	31 133 063
Option exercise	Jul 2004	600 000	0.05	30 000	1 586 653	31 733 063
Option exercise	Apr 2005	200 000	0.05	10 000	1 596 653	31 933 063
Option exercise	Apr 2005	400 000	0.05	20 000	1 616 653	32 333 063
Option exercise	May 2005	756 837	0.05	37 842	1 654 495	33 089 900
Option exercise	Feb 2006	2 044 220	0.05	102 211	1 756 706	35 134 120
Cancellation of shares	Sep 2009	(1 386 800)	0.05	(69 340)	1 687 366	33 747 320
Share split (1:5)	Jun 2010	134 989 280	0.01	-	1 687 366	168 736 600
Cancellation of shares	Oct 2012	(5 296 000)	0.01	(52 960)	1 634 406	163 440 600

Shareholder Structure
As of December 31, 2015, Nordic Semiconductor had 2,786 shareholders. The company had 256 foreign shareholders, which owned a total of 30,8% of the Company's shares, in comparison to December 31, 2014 were foreign shareholders owned a total of 31,3% of the company`s shares. Nordic Semiconductor also owned 0.6% of its own shares remaining after repurchases during 2015. Based on the number of shares, the composition of shareholders is as follows:

Top 20 shareholders	31.12.2015 Shareholding	Percent	31.12.2014 Shareholding	Percent
Folketrygdfondet	19 257 007	11.78%	14 290 837	8.74%
Accelerator Ltd	17 482 950	10.70%	17 332 950	16.61%
Passesta AS	5 663 680	3.47%	6 587 500	4.03%
Goldman Sachs Int.Equity	5 463 493	3.34%	3 989 205	2.44%
Alden AS	4 594 599	2.81%	4 500 000	2.75%
VPF KLP Aksje Norge	3 921 466	2.40%	3 598 422	2.20%
Clearstream Banking S.A	3 609 189	2.21%	143 186	0.09%
Statoil Pensjon	3 437 897	2.10%	3 805 754	2.33%
VPF DNB NORGE (IV)	2 734 335	1.67%	4 403 208	2.69%
Equity Tri-Party	2 688 503	1.64%	0	0.00%
Canica AS	2 604 000	1.59%	0	0.00%
MP Pensjon PK	2 517 434	1.54%	3 049 460	1.87%
Torstein Tvenge	2 500 000	1.53%	2 000 000	1.22%
Kommunal Landspensjonskasse	2 424 920	1.48%	2 268 297	1.39%
Spencer Trading	2 100 000	1.28%	1 200 000	0.73%
Songa AS	2 000 000	1.22%	2 000 000	1.22%
TTC Invest AS	1 750 000	1.07%	1 750 000	1.07%
Scan Chemicals AS	1 740 000	1.06%	1 690 000	1.03%
INAK 3 AS	1 600 000	0.98%	2 500 000	1.53%
Poseidon AS	1 500 000	0.92%	1 500 000	0.92%
Total for the 20 largest shareholders*	**89 589 473**	**54.81%**	**76 608 819**	**46.87%**
Other shareholders	73 851 127	45.19%	86 831 781	53.13%
Total shares outstanding	**163 440 600**	**100.00%**	**163 440 600**	**100.0%**

** Reflects total shareholding of the 20 largest shareholders as of 31.12.15 and 31.12.14. Several of the largest shareholders as of 31.12.14 do not appear on the list of the 20 largest shareholders as of 31.12.15.*

BOARD OF DIRECTORS

Terje Rogne (1960) Chairman of the Board

Shareholder elected

Terje Rogne is currently Chairman of Nokas AS, and is also a Board member of Apptix ASA and Unified Messaging Systems AS. From 1994 until 2004, Rogne was Chief Financial Officer of Tandberg ASA. Afterward, he then served as the Head of Operations and Investor Relations for Tandberg until 2008. Before his career in Tandberg, Rogne was Finance Director in Kværner AS. He has an MBA from the University of San Diego and a Bachelor of Business degree from the Oslo School of Business Administration. Holdings in the company: 1 250 000 shares.

Anne-Cecilie Fagerlie (1958) Board member

Shareholder elected

Anne-Cecilie Fagerlie is Vice President Global Infrastructure Services at CGI. She has a Master degree in Computer Science from NTH (now NTNU). Afterward, she began working at Arthur Andersen/Andersen Consulting/Accenture where she became partner in 1993. In 2002, Fagerlie joined Aker Kværner as Senior Vice President of Group IT. From 2006 to 2012 she was General Manager of Nordics in Avanade, an international consultancy owned by Accenture and Microsoft. Recently she was Executive Vice President in Evry.

Craig Ochikubo (1963) Board member

Shareholder elected

Craig Ochikubo has a Master of Science degree in Electrical Engineering from the University of Southern California in Los Angeles and has more than 28 years experience in the wireless semiconductor and electronics industries at both start-up and Fortune 500 companies including, Broadcom Corporation, Innovent Systems, RF-Link Technology, Cadence, and TRW. He has led global engineering and business teams in Europe, Asia, and North America and successfully drove long-term business at top-tier consumer electronics companies. He spent 14 years at Broadcom where he held senior executive positions running their global wireless personal area networking business unit, and LTE cellular development teams.

Arnhild Schia (1963) Board member

Shareholder elected

Arnhild Schia has a Master in Computer Science degree from Strathclyde University and a Business degree from BI. She has 20 years experience from the IT, Software and Telecommunication industries and has since 2011 been the CCO of T-VIPS/Nevion. Schia has previously served as Senior Vice President for Comptel Corporation, as CEO for EDB Telecom, as CEO for Incatel AS, as Executive Vice President of Telesciences Inc. and as IT director for Telenor.

Tore Valderhaug (1960) Board member

Shareholder elected

Tore Valderhaug is a Norwegian State Authorized Public Accountant with ten years of audit experience mainly from Arthur Andersen & Co. He has held positions as finance director and CFO in several publicly listed companies, including Cermaq ASA, EDB Business Partner, ASK Proxima/InFocus, Ocean Rig and Unitor. Mr. Valderhaug has also worked within corporate finance and private equity firms. Tore Valderhaug is currently working as an advisor and is also a board member of the publicly listed company XXL ASA and Q-Free ASA. Holdings in the company: 5 769 shares.

Anne Strand (1976) Board member

Employee representative

Anne Strand gained her Master of Business and Economics from Norwegian Business School BI in 2000. Same year she joined Nordic Semiconductor as a Marketing Coordinator in the company's Sales and Marketing Department. Over the years she has driven all marketing related activities, supported the global sales network and gained to raise the company's profile in the electronics design press. In 2012, she was promoted to her current position as Marketing Communications Manager, located in Oslo. Holdings in the company: 7 160 shares and 20 000 share options.

Joakim Ferm (1981) Board member

Employee representative

Joakim Ferm has a Master of Science degree in Electrical engineering from Chalmers, Gothenburg. Joakim has been employed at Nordic Semiconductor in Trondheim since 2008, he is a Senior Project Manager with experience from application design and digital design. Holdings in the company: 20 000 share options.

Lasse Haugnes Olsen (1978) Board member

Employee representative

Lasse Haugnes Olsen has a Master of Science degree in Electrical engineering from NTNU in Trondheim. He has been employed in Nordic Semiconductor since 2006, where he has gained experience in application development, software design and project management.He is currently working as a Senior System Architect in Nordic Semiconductor

EXECUTIVE MANAGEMENT

Svenn-Tore Larsen (1959) Chief Executive Officer

Svenn-Tore Larsen is an Electronic Engineer from the University of Strathclyde, UK. He was appointed Chief Executive Officer of Nordic Semiconductor in February 2002. Mr. Larsen has broad international experience in the semiconductor business, previously as Director for the Nordic region for Xilinx Inc. He has also been working at Philips Semiconductor. Larsen was member of the Board of Nordic Semiconductor from 2000–2002. Holdings in the company: 1 890 400 shares and 575 000 share options

Pål Elstad (1971) Chief Financial Officer

Pål Elstad has held several senior financial positions, most recently as investor relations responsible for REC Silicon ASA and Head of Finance for REC Solar in Singapore. In addition, he has extensive manufacturing and supply-chain experience from General Electric Healthcare. Mr. Elstad holds a Bachelor of Economics degree from the Norwegian Business School (BI) and is a State Authorized Public Accountant (CPA). Holdings in the company: 3 846 shares and 0 share options

Geir Langeland (1970) Sales and Marketing Director

Geir Langeland has a B.eng Honours degree in Electronics from University of Manchester Institute of Science and Technology (UMIST). He was appointed Product Manager Standard Components at Nordic Semiconductor in October 1999, before being appointed to Director Sales and Marketing September 2005. Before joining Nordic, Mr. Langeland worked as Field Sales/ Applications Engineer in Memec Norway, a leading global electronic components distribution company. Holdings in the company: 177 700 shares and 350 000 share options

Svein-Egil Nielsen (1969) Chief Technology Officer

Svein-Egil Nielsen holds MBA from the Haas School of Business at the University of California, Berkeley and Bachelor of Engineering honors degree in Computer and Electronics Systems from University of Stathclyde. He joined nordic in 2001 as Director of Sales and Marketing. He also held a position as R&D director from 2005 to 2006 and Director of Emerging Technoligies and Strategic Partnerships from 2010 to 2012. Additionally, he served Innovation Norway as their Director of San Francisco and Houston offices where he was in charge of promoting Norwegian technology from 2007 to 2010. Prior to Nordic, he worked for Boston Consulting Group as a consultant. Holdings in the company: 15 000 shares and 250 000 share options

Ebbe Rømcke (1964) Quality Director

Ebbe Rømcke has a M.Sc. degree in Electronics Engineering from Norwegian University of Science and Technology (NTNU). He was appointed Quality Director of Nordic Semiconductor in 2002. Prior to this Mr. Rømcke worked eight years in the company as Digital Designer, Project Manager and Group Manager. He has also experience from Digital Design and Project Management in Normarc AS (now Indra Navia), a leading manufacturer of aviation systems. Holdings in the company: 68 900 shares and 100 000 share options

Ole Fredrik Morken (1970) Supply Chain Director

Mr. Morken joined the company as an Analog IC designer in 1994 and has since held numerous positions related to Project- and Supply Chain Management, including a brief employment for SensoNor ASA in 1999. He was appointed Supply Chain Director in 2010 and is currently based in Taipei. Mr. Morken holds a Master's degree in Electronics Engineering from Norwegian University of Science and Technology (NTNU). Holdings in the company: 160 000 shares and 65 000 share options

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