4th QUARTER 2017 AND PRELIMINARY FULL YEAR 2017 REPORT

- Revenue at MUSD 64.4 in Q4 and MUSD 236.0 in FY 2017, a 22.3% growth from Q4 2016 and a 19.4% growth from FY 2016
- Bluetooth revenue with continued strong momentum at MUSD 44.1 in Q4, a 43.9% growth from Q4 2016. Bluetooth revenue at MUSD 150.1 in FY 2017, a growth of 40.1% from FY 2016
- Gross Margin improved at 47.6% in Q4 2017 from 46.2% in Q4 2016. For FY 2017 the Gross Margin improved 0.1 percentage points to 47.2%
- EBITDA at MUSD 4.0 in Q4 2017 compared to MUSD 4.8 in Q4 2016.
- First samples of the nRF91 Low Power Long range product delivered to key customers

Q4 2017 Financial Summary

Amounts in USD million (unaudited)	4th quarter 2017	2016	Change
Revenue	64,4	52,6	22,2 %
Order Backlog	53,7	28,6	87,8 %
Gross Margin %	47,6 %	46,2 %	1,4 p.p.
EBITDA	4,0	4,8	-16,5 %
EBITDA %	6,2 %	9,0 %	-2,9 p.p.
Operating Profit (EBIT)	0,8	1,5	-44,3 %
Operating Profit % (EBIT %)	1,3 %	2,8 %	-1,5 p.p.
Net profit after tax	-0,4	0,8	-144,3 %
Free Cash Flow (Net cash flow excluding financing)	10,6	-15,2	na
Cash and cash equivalents	36,7	21,1	73,6 %

Revenue

Technology	Q4			01.01.-31.12		
Amounts in USD thousand	2017	2016	Change %	2017	2016	Change %
Proprietary wireless	18.257	19.521	-6,5 %	77.428	82.358	-6,0 %
Bluetooth	44.074	30.629	43,9 %	150.126	107.165	40,1 %
ASIC components	1.955	1.511	29,4 %	7.916	6.990	13,2 %
Consulting services	80	973	-91,8 %	533	1.185	-55,0 %
Total	**64.366**	**52.634**	22,3 %	**236.003**	**197.698**	19,4 %

Total revenue in Q4 2017 was MUSD 64.4, compared with MUSD 52.6 in Q4 2016. The growth is driven by a continued strong Bluetooth low energy (Bluetooth) momentum offset by a decline in proprietary wireless technologies. Compared to Q3 2017, Q4 2017 revenues are down seasonally 2.0%. The seasonal reduction in 2017 is lower than what has been seen historically due to a strong growth in non-consumer applications that show less seasonality.

Revenue from Bluetooth ended at MUSD 44.1 representing a growth of 43.9% from MUSD 30.6 in Q4 2016. In Q4 2017, Bluetooth represented 68.5% of revenue compared to 58.2% of revenue in Q4 2016. Compared to Q3 2017, Q4 2017 Bluetooth revenue decreased seasonally by 3.5% from MUSD 45.7.

Revenue from proprietary wireless ended at MUSD 18.3 compared with MUSD 19.5 in Q4 2016, representing a decrease of 6.5%. Sales of Proprietary is impacted by change in product mix and a slow transition to Bluetooth low energy. Overall proprietary is down 6.0% from 2016 to 2017.

In Q4 2017, gross profit was MUSD 30.6, or 47.6% of revenues, compared with MUSD 24.3, or 46.2% of revenues during Q4 2016. The gross margin improvement came as a result of continued improved yields on the nRF52 and less proprietary sales, offset by a shift in customer and product mix. Compared to Q3 2017, gross margin is down 0.2 p.p. due to a shift in product mix.

Total operating expenses including depreciation and amortization, was MUSD 29.8 in Q4 2017 compared with MUSD 22.8 in Q4 2016, representing an increase of 30.6%. This increase is explained by a higher number of employees, higher activity related to tape outs and negative effects of the strengthening of the Norwegian Krone and Euro against the US Dollar.

Total cash operating expenses (excluding depreciation and amortization) before options and net capitalized R&D expenses were MUSD 28.9 in Q4 2017, compared with MUSD 20.6 in Q4 2016. This represents an increase of 40.2%.

The main driver for the increased cash operating expenses is the headcount growth from 533 in Q4 2016 to 601 in Q4 2017. In addition, other operating expenses related to R&D, software, IP and test manufacturing have increased with the higher activity level due to the product launch phase the company currently is in. As a result of the strong 2017 revenue, included in cash operating expenses is also higher costs related to performance based bonuses to employees and management.

Total costs for the cellular investment in Finland were MUSD 6.0 in Q4 2017 compared to 4.7 MUSD in Q4 2016. As the project has entered into a market launch phase, we have had additional expenses related to headcount increases and tape-out of silicon wafers.

During Q4 2017, Nordic capitalized MUSD 2.5, compared with MUSD 1.2 in Q4 2016, related to internally developed products. The capitalization can be attributed to new versions of the Bluetooth platform nRF52 that has moved to the final development stages prior to commercialization during 2018. Included in the capitalization is MUSD 0.8 related to a chip design sourced externally. During Q4 2017 we have capitalized MUSD 0.4 related to the cellular investment which is currently entering a commercialization stage and project capitalization may increase going forward depending on when the project reaches certain pre-defined project phases.

Earnings before interest, tax, depreciation and amortization (EBITDA) were MUSD 4.0 in Q4 2017 compared to MUSD 4.8 in Q4 2016.

Profit before tax was MUSD 1.0 in Q4 2017 compared to MUSD 1.3 in Q4 2016. Income tax expense was MUSD 1.4 in Q4 2017 compared to MUSD 0.5 in Q4 2017. The base tax rate for the group is 24%. The tax expense in Q4 is impacted by reversal in 2017 of previously recognized tax benefit related to the 2014 option program. Net profit after tax was MUSD -0.4 in Q4 2017, compared with net profit of MUSD 0.8 in Q4 2016.

The Company's basic earnings per share was USD -0.002 in Q4 2017, compared with USD 0.005 in Q4 2016.

2017 Preliminary Annual Results Financial Summary

	01.01-31.12		
Amounts in USD million (unaudited)	2017	2016	Change
Revenue	236,0	197,7	19,4 %
Gross Margin %	47,2 %	47,1 %	0,2 p.p.
EBITDA	23,3	21,2	10,1 %
Operating Profit (EBIT)	10,4	9,7	7,6 %
Operating Profit % (EBIT %)	4,4 %	4,9 %	-0,5 p.p.
Net profit after tax	6,8	6,4	5,3 %
Free Cash Flow (Net cash flow excluding financing)	15,6	-14,8	na
Cash and cash equivalents	36,7	21,1	73,6 %

Total revenue in 2017 was MUSD 236.0, compared with MUSD 197.7 in 2016, representing a growth of 19.4%. Compared to 2016, Bluetooth revenue increased by 40.1% to MUSD 150.1 from MUSD 107.2 in 2016. The growth came as a result of a large number of design wins that was observed in the later part of 2016.

Gross profit was MUSD 111.5, or 47.2% of revenue, compared with MUSD 93.0, or 47.1% of revenue during 2016. Gross margins in 2H 2016 and 1H 2017 where negatively affected by yield issues in connection with the ramp-up of the nRF52 family product line. During 2017 we have seen significant improvements, however year over year gross margins are stable.

Total operating expenses including depreciation and amortization were MUSD 101.0 in 2017, compared with MUSD 83.3 in 2016. The higher spending is explained by higher R&D headcount and increased marketing/sales activities.

The Company's operating profit (EBIT) increased to MUSD 10.4 in 2017 from operating profit of MUSD 9.7 in 2016. The increase is explained by higher revenue offset by higher operating expenses. Net financial items were a loss of MUSD 0.7 in 2017 and a loss of MUSD 1.0 in 2016.

Profit before tax was MUSD 9.8 in 2017, compared with MUSD 8.8 in 2016. Income tax expense was MUSD 3.0, or 30.9% of pretax profit. The base tax rate for the group is 24%, but the actual rate fluctuates based on the effect of net financial items and options.

Net profit after tax was MUSD 6.8 in 2017, compared with net profit after tax of MUSD 6.4 in 2016. The company's basic earnings per share were USD 0.042 in 2017, compared with USD 0.040 in 2016.

Markets

Revenue Markets	Q4			01.01.-31.12		
Amounts in USD thousand	2017	2016	Change %	2017	2016	Change%
Consumer Electronics	26.136	25.374	3,0 %	98.691	96.976	1,8 %
Wearables	9.663	10.223	-5,5 %	37.355	40.738	-8,3 %
Building/Retail	15.888	8.366	89,9 %	56.912	26.921	111,4 %
Healthcare	4.963	2.757	80,0 %	14.231	11.620	22,5 %
Others	5.681	3.430	65,6 %	20.365	13.268	53,5 %
Wireless Components	**62.331**	**50.150**	24,3 %	**227.554**	**189.523**	20,1 %
ASIC components	1.955	1.511	29,4 %	7.916	6.990	13,2 %
Consulting services	80	973	-	533	1.185	-55,0 %
Total	**64.366**	**52.634**	22,3 %	**236.003**	**197.698**	19,4 %

Nordic Semiconductor continues to pursue a diversification strategy to be less dependent on both individual customers and industries. The effect of this strategy can be illustrated by a shift in wireless revenue from non-consumers of 29% in Q4 2016 to 43% in Q4 2017.

Although Nordic does not report on the number of design wins, the company continues to have close to 50% market share of new products certified with the Bluetooth Organization (source: FCC, Bluetooth Organization, DNB Markets).

Strong execution on the diversification strategy is enabled by an industry leading cost/feature product offering. The above is combined with a design friendly support ecosystem and sales & marketing activities that cater to both the long tail and to targeted customers and verticals.

Consumer Electronics

The Consumer Electronics market consists of PC Accessories, Mobile Phone Accessories and Home Entertainment devices. This market segment has historically been dominated by PC Accessories.

Revenue within the Consumer Electronics market increased by 3.0% from MUSD 25.4 to MUSD 26.1 in Q4 2017 compared with corresponding period last year. Revenue is unchanged compared to Q3 2017. Normally we would expect a seasonal reduction in Q4. However, the customer mix change described above has reduced the normal seasonal reduction in the fourth quarter.

Nordic continues to view PC Accessories as a key market. More importantly, Bluetooth technology has created additional opportunities for Nordic to address the tablet accessory market. As tablets implement Bluetooth Ready technology, these devices are now able to connect with ultra-low power Bluetooth keyboards and other accessories. Bluetooth low energy offers much longer battery lifetime for tablet keyboards compared to traditional Bluetooth technology, and will enable tablets to be used more effectively.

Gaming and toys will continue to be a strong driver of the Consumer Electronics market, with several new design wins received during the quarter. In addition, we are seeing strong traction within our reference design for smart remote controls. This also includes remotes for Virtual Reality systems.

Wearable Devices
Compared with Q4 2016, Wearable Devices market revenue (i.e., portable electronics such as sports monitoring devices and smart watches) decreased by 5.5% from MUSD 10.2 to MUSD 9.7. Compared to last quarter, revenues decreased seasonally by 9.2% from MUSD 10.6.

Nordic has proven its technology leadership with the introduction of the nRF52 family on top of its existing technology platform. The Wafer Level Chip Scale Package (WL-CSP) variant of its nRF52832 Bluetooth® System-on-Chip (SoC) occupies a quarter of the footprint area of the standard-packaged Nordic nRF52832 and targets next-generation, high-performance wearables and space-constrained IoT applications.

Building and Retail
The Building and Retail market is continuing to show strong revenue momentum and is Nordic's second largest market after Consumer Electronics.

Building and Retail market revenue were MUSD 15.9 in Q4 2017, an increase of 89.9% from MUSD 8.4 in Q4 2016. This increase is driven by sales to additional RFID solution customers, payment/tracking solutions for smart cities, industrial applications and various beacon related applications. Compared to last quarter, revenue is up 1.1% from MUSD 15.7.

Included in Building and Retail is Home Automation. Home Automation is seen as the next key growth driver for Bluetooth. Nordic has seen strong traction in design wins within for example lightning, alarm systems, smoke detectors, temperature controls and smart locks. Building and Retail is less seasonal and revenue in this market evens out the seasonal trends of other markets to which Nordic is exposed.

With the introduction of the nRF52840 multiprotocol SoC, Nordic now has a Thread certified solution that enables simultaneous Thread and Bluetooth 5 connectivity for the first time. This will significantly improve the deployment of connected items in your home.

Healthcare
Healthcare is an emerging market for Nordic. Reported revenue relates to design wins within glucose monitoring and hearing aids. Healthcare reported an 80.0% revenue increase during the quarter to MUSD 5.0 compared to MUSD 2.8 in Q4 2016. Compared to Q3 2017, revenues increased by 7.4% from MUSD 4.6. As reported in previous quarters, Nordic has several design wins within the Healthcare market.

In addition to an individual's own physical awareness, hospitals, doctors, employers and insurance companies are interested in the ability to monitor basic physiological functions. For example, continuous blood glucose monitors and hearing aids are increasing in volume orders for Nordic. These and other applications are currently still in their infancy, particularly as they relate to IoT, remote healthcare and big data analytics. When these products are being commercialized, Nordic expects significant growth within the Healthcare market.

Others

Other includes sales to module manufactures as well as distribution sales, where no final customer is reported. Revenues from this vertical were in Q4 2017 MUSD 5.7, up 65.6% from MUSD 3.4 in Q4 2016. Compared to Q3 2017 revenue increased 3.6% from MUSD 5.5.

Sale to module manufacturers is an important market for Nordic. Module manufactures develop compact ultra-low power Bluetooth modules for space-constrained applications employing coin cell batteries. The modules reduce development time by providing a complete wireless solution and are tailored for OEMs who wish to develop their own application software.

Research and Development

Bluetooth Low Energy

Nordic is continuously expanding its product offering to capture new opportunities, both customer specific and new markets. As a result, Nordic has the industry's strongest Bluetooth 5 line-up.

Earlier this year Nordic launched its most advanced chip, the nRF52840. The nRF52840 multiprotocol SoC is Thread certified and enables simultaneous Thread and Bluetooth 5 connectivity for the first time.

Nordic Semiconductor announced during Q4 that its 'nRF52810 Bluetooth® Low Energy (Bluetooth LE) System-on-Chip (SoC)',a memory-optimized addition to Nordic's nRF52 Series of class-leading, high-performance Bluetooth 5-certified SoCs, was available in high volume for customers across the world. The nRF52810 completes the Nordic Semiconductor nRF52 Series which includes the proven nRF52832 (with which the nRF52810 is pin-compatible) and high-end nRF52840 SoCs.

The full production volume launch of the nRF52810 SoC is accompanied by the introduction of Nordic's S112 SoftDevice (Nordic's latest RF Bluetooth 5 (Bluetooth LE) protocol software or 'stack'), and a new version of Nordic's nRF5 Software Development Kit (SDK), a production-ready development tool with full peripheral driver support for the nRF52810 SoC.

The nRF52810 SoC, based on Nordic's proven nRF52 Series architecture, has the lowest power consumption in the nRF52 Series and brings the 2Mbps higher throughput, improved coexistence, and increased broadcast capacity.

Low Power Cellular IOT (Internet of Things)

Nordic Semiconductor has demonstrated its ability to become the market leader within Bluetooth low energy technology. Bluetooth low energy is the preferred communication technology for short range, low power communication. The expanded product roadmap for long-range wireless is a part of the company's strategy to target new high growth markets with its wireless connectivity and embedded processing technology.

Nordic Semiconductor's roadmap for low power cellular IoT, includes integrated chipsets and advanced software for the upcoming 3GPP Release 13 LTE-M and NB-IoT technologies. Highly optimized for power and size, the upcoming nRF91 Series is designed specifically to address the needs of emerging low power cellular IoT applications.

Nordic announced in December that it had started lead customer sampling of its nRF91 Series LTE-M/NB-IoT low power cellular IoT solution. As part of the lead customer-sampling program, Nordic has achieved its first approval for operation in live networks of cellular operators.

Certification testing with infrastructure vendors and operators is also progressing well and according to plan. Nordic remains on track for general sampling of a fully-certified solution by mid-2018.

Balance Sheet and Cash Flow

As of 31 December 2017, Nordic Semiconductor had total assets of MUSD 185.1 of which MUSD 136.9 were current assets. Non-Current assets were MUSD 48.2. During Q4 2017, net working capital decreased by MUSD 10.7 as a result of improved cash conversion of inventory and accounts receivables, only partly offset by reduced accounts payables. Due to improved visibility, Inventories are reduced by MUSD 3.6 compared to last quarter and MUSD 8.3 compared to last year.

Total liabilities were MUSD 60.2, of which MUSD 39.9 were current liabilities. Total Shareholders' equity was MUSD 125.0, which represents an equity ratio of 67.5%, up from 66.9% in Q4 2016.

Cash flow from operating activities was MUSD 15.6 in Q4 2017. Strong focus on cash generating activities has resulted in a decrease in net working capital, as a percent of last 12 months revenue, from 39.0% in Q4 2016 to 26.9% in Q4 2017.

Cash flow from investments was an outflow of MUSD 5.0, compared to MUSD 2.9 in Q4 2016. Capital expenditures were MUSD 2.5, driven by purchases of Lab equipment for the operations in Finland and Software. Capitalized development expenses were MUSD 2.5 in Q4 2017, compared with MUSD 1.2 last year. Of this, MUSD 0.8 was purchase of externally developed designs.

Nordic's strategy is to keep a tight cash management and to optimize our cash generating ability. Short-term working capital requirements may be financed by utilizing the Revolving Credit Facility (RCF) and bank overdraft facility. In addition to the existing MUSD 40 RCF agreement that expires in 2019, the company entered into a 5 year MUSD 25 RCF in December 2017. In total, the Company may borrow up to MUSD 65 at any time with a rate of LIBOR + margin. As of December 31, 2017, the company had utilized MUSD 20 of the RCF. In addition to the RCF, the Company has a MEUR 10 bank overdraft facility with its main bank. This overdraft is not utilized at the end of December.

Cash during Q4 2017 increased with MUSD 10.6 to MUSD 36.7 by the end of December 2017 from MUSD 26.1 at the end of September 2017. Available cash at December 31, 2017 including credit facilities is close to MUSD 94 compared to MUSD 52 at the same period last year.

Organization

As of 31 December 2017, Nordic Semiconductor had 601 employees, compared to 533 employees at 31 December 2016. Of these, 457 employees work within Research and Development representing an increase of 48 employees compared to year-end 2016.

In order to take advantage of accelerating growth opportunities, Nordic has also increased staff within Sales and Marketing to 89 employees at 31 December 2017 from 71 at year-end 2016. The growth within sales and marketing comes by expanding the team into new regions, including establishing offices in three Chinese cities.

Business Outlook

Nordic reported a strong 19.4% overall revenue growth rate for 2017, driven by a 40.1% growth in Bluetooth. The Bluetooth growth came as a result of the investments made in 2016 that created a strong design win momentum which continued in 2017. Based on a solid backlog and pipeline of new designs going into production, we estimate a first half 2018 Bluetooth growth of 40% in the lower end and 50% in the higher end compared to first half 2017.

The strong order backlog reported in Q3 continues by the end of Q4 2017. The backlog is Bluetooth dominated with a healthy balance between Q1 2018 and Q2 2018. The strong order backlog and pipeline of new designs going into production offers a solid coverage for a total revenue guidance of MUSD 123 in the lower end and MUSD 133 in the higher end for 1H 2018. We expect the seasonality pattern to be similar to 1H 2017. Guidance for second half 2018 will be provided in the Q2 2018 report.

We expect gross margins to be in the range of 47% – 49% for 1H 2018, slightly above last quarters and close to our 50% target.

Oslo, February 14, 2018
Board of Directors

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Financial Calendar 2018

April 17th, 2018	1st Quarter 2018
July 13th, 2018	2nd Quarter 2018
October 17th, 2018	3rd Quarter 2018
February 13th, 2019	4th Quarter 2018

The Annual General Meeting will be held on April 17th, 2018.

Condensed Financial Information for the Three Months Ended 31 December 2017 and Preliminary 2017 Full Year Results

Consolidated income statement

	Q4		01.01 - 31.12	
Amounts in USD thousand (unaudited)	2017	2016	2017	2016
Total Revenue	**64.366**	**52.634**	**236.003**	**197.698**
Cost of materials	(33.703)	(27.887)	(123.645)	(104.046)
Direct project costs	(49)	(454)	(872)	(608)
Gross profit	**30.614**	**24.293**	**111.487**	**93.044**
Payroll expenses	(18.593)	(13.072)	(60.517)	(49.185)
Other operating expenses	(8.053)	(6.467)	(27.657)	(22.677)
EBITDA	**3.968**	**4.754**	**23.313**	**21.181**
Depreciation	(3.135)	(3.259)	(12.863)	(11.473)
Operating Profit (EBIT)	**833**	**1.496**	**10.450**	**9.708**
Net interest	(173)	(45)	(348)	(39)
Net foreign exchange gains (losses)	357	(146)	(322)	(911)
Profit before tax	**1.017**	**1.305**	**9.780**	**8.758**
Income tax expense	(1.371)	(508)	(3.017)	(2.334)
Net profit after tax	**(353)**	**797**	**6.763**	**6.424**
Earnings per share				
Basic	(0,002)	0,005	0,042	0,040
Fully Diluted	(0,002)	0,005	0,042	0,039
Weighted average number of shares (in '000)				
Basic	161.796	162.482	161.796	162.465
Fully Diluted	162.121	162.124	161.926	162.994

Consolidated statement of comprehensive income

	Q4		01.01 - 31.12	
Amounts in USD thousand (unaudited)	2017	2016	2017	2016
Net profit after tax	(353)	796	6.763	6.424
Actuarial gain/loss recognized in equity	(19)	(21)	(19)	(21)
Difference with translation to USD	4	(15)	134	56
Comprehensive income for the period	**(368)**	**760**	**6.878**	**6.459**

Consolidated statement of financial position

Amounts in USD thousand (unaudited)	31.12.17	30.09.2017	Audited 31.12.2016
Capitalized development expenses	18.925	17.406	14.395
Software and other intangible assets	15.509	14.728	12.054
Deferred tax assets	1.516	2.134	1.973
Property assets	1.129	1.194	1.317
Equipment	11.129	11.569	12.050
Other long-term assets	0	1	2
Non-current assets	48.209	47.033	41.792
Inventory	43.789	47.411	52.044
Accounts receivable	48.582	56.578	54.772
Other short term receivables	7.844	5.392	4.941
Cash and cash equivalents	36.695	26.073	21.135
Current assets	136.910	135.454	132.892
TOTAL ASSETS	185.119	182.486	174.684
Shareholders' equity	124.953	125.033	116.949
Pension liability	293	280	293
Long term Interest bearing liabilities	20.000	20.000	20.000
Non-current liabilities	20.293	20.280	20.293
Accounts payable	13.075	14.514	15.295
Income taxes payable	3.069	2.000	2.786
Public duties	2.774	1.805	2.260
Other short-term liabilities	20.955	18.854	17.100
Current liabilities	39.873	37.173	37.442
TOTAL EQUITY AND LIABILITIES	185.119	182.486	174.684

Consolidated statement of changes in equity

	Q4		01.01 - 31.12	
Amounts in USD thousand (unaudited)	2017	2016	2017	2016
Equity at beginning of period	**125.033**	**118.728**	**116.949**	**112.405**
Net profit for the period	(353)	796	6.763	6.424
Purchase of treasury shares	-	(2.673)	-	(2.661)
Sale of treasury shares on options exercise	-	(233)	-	(37)
Share-based compensation	288	172	1.126	599
Cash settlement of options contract	-	195	-	-
Issue of share capital				183
Actuarial gain/loss recognized in equity	(19)	(21)	(19)	(21)
Difference with translation to USD	4	(15)	134	56
Equity at end of period	**124.953**	**116.949**	**124.953**	**116.949**

Consolidated cash flow statement

	Q4		01.01 - 31.12	
Amounts in USD thousand (unaudited)	**2017**	**2016**	**2017**	**2016**
Profit before tax	1.017	1.491	9.780	8.758
Taxes paid for the period	616	(4.303)	(1.600)	(10.198)
Depreciation	3.135	3.396	12.863	11.473
Change in inventories, trade receivables			-	-
and payables	10.136	(15.183)	12.152	(7.871)
Share-based compensation expense	288	371	1.129	599
Movement in pensions	(6)	(492)	(19)	(414)
Other operations related adjustments	438	2.346	743	(2.039)
Net cash flows from operating activities	15.625	(12.375)	35.049	307
			-	-
Capital expenditures (including software)	(2.493)	(1.655)	(10.832)	(9.824)
Proceeds from sales of equipment	-	-	-	-
Capitalized development expenses	(2.535)	(1.203)	(8.572)	(5.304)
Net cash flows from investing activities	(5.028)	(2.858)	(19.404)	(15.128)
Changes in Treasury stock	-	(2.660)	-	(2.660)
Cash settlement of options contract	-	(233)	-	146
Interest bearing debt	-	10.000	-	10.000
Net cash flows from financing activities	-	7.107	-	7.486
Effect of changes in currency rates	24	(11)	(86)	(457)
Net change in cash and cash equivalents	10.621	(8.137)	15.560	(8.158)
Cash and cash equivalents at start of period	26.074	29.272	21.135	29.293
Cash and cash equivalents at end of period	36.695	21.135	36.695	21.135

Notes to the Consolidated Interim Financial Statements

Note 1: General

The Board of Directors approved the condensed fourth quarter interim financial statements for the three months ended 31 December 2017 for publication on February 14, 2018.

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

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

Note 2: Confirmation of the financial framework

The Group financial statements for Nordic Semiconductor ASA and its wholly owned subsidiaries, together called "The Group" have been prepared in accordance with IAS 34 Interim Financial Statements. The interim financial statements for Q4 2017 do not include all the information required for the full year financial statements and shall be read in conjunction with the Group Annual Accounts for 2016.

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

Note 3: Significant accounting principles

Significant accounting principles are described in the Group Financial Statement for 2016. The group accounts for 2016 were prepared in accordance with International Financial Reporting Standards (IFRS), relevant interpretations of this, as well as additional Norwegian disclosure requirements described in the Norwegian GAAP and the Norwegian Securities Trading Act.

New standards, amendments to standards, and interpretations have been published, but are not effective at December 31, 2017 and have not been applied in preparing these condensed financial statements. The Group intends to adopt these standards, if applicable, when they become effective.

IFRS 9 Financial instruments

In July 2014, the IASB issued the final version of IFRS 9 Financial Instruments that replaces IAS 39 Financial Instruments: Recognition and Measurement and all previous versions of IFRS 9. IFRS 9 brings together all three aspects of the accounting for financial instruments project: classification and measurement, impairment and hedge accounting. IFRS 9 is effective for annual periods beginning on or after 1 January 2018, with early application permitted.

The Group plans to adopt the new standard on the required effective date and will not restate comparative information. During 2017, the Group has performed a detailed impact assessment of all three aspects of IFRS 9. This assessment is based on currently available information and may be subject to changes arising from further reasonable and supportable information being made available to the Group in 2018 when the Group will adopt IFRS 9. Overall, the Group expects no significant impact on its statement of financial position and equity.

IFRS 15 Revenue from Contracts with Customers

IFRS 15 was issued in May 2014, and amended in April 2016, and establishes a five-step model to account for revenue arising from contracts with customers. Under IFRS 15, revenue is recognized at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer.

The new revenue standard will supersede all current revenue recognition requirements under IFRS. Either a full retrospective application or a modified retrospective application is required for annual periods beginning on or after 1 January 2018.

For contracts with customers in which the sale of chips is expected to be the only performance obligation, adoption of IFRS 15 is not expected to have any impact on the Group's revenue and profit or loss. The Group expects the revenue recognition to occur at a point in time when control of the asset is transferred to the customer, generally on delivery of the goods.

IFRS 16 Leases

IFRS 16, issued in January 2016, establishes a balance sheet lease accounting model that will increase transparency and comparability beginning in 2019.

The group is in the process of assessing the impact of the standard. Significant changes are expected to be made in the balance sheet as a result of removing the distinction between operating and finance leases.

The main leases that will be recognized in the balance sheet are the different office leases.

The group intends to apply the simplified transition approach and will not restate comparative amounts for the year prior to first adoption.

Note 4: Use of estimates

In the interim financial statements for 2017, judgments, estimates and assumptions have been applied that may affect the use of accounting principles, book values of assets and liabilities, revenues and expenses. Actual values may differ from these estimates. The major assumptions applied in the interim financial statements for 2017 and the major sources of uncertainty in the statements are similar to those found in the Financial Statements for 2016.

Note 5: Segment information

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

The Group classifies its revenues into the following revenue markets: Wireless components, ASIC components and consulting services. Within Wireless components, the Group reports its revenues based on the product category ("hub") to which its components communicate. These include: Consumer Electronics, Wearable Devices, Healthcare, Building and Retail, and Others.

The Group also reports its Wireless component revenue by technology, including proprietary wireless and Bluetooth protocols.

Note 6: Net interest-bearing debt

The Company has long-term revolving credit facilities, which enables it to borrow up to MUSD 40 and MUSD 25 at any time with an interest rate equal to LIBOR + margin. The line of credit agreement of MUSD 40 expires in September 2019, while the other MUSD 25 expires in November 2022. As of December 31, 2017, the company has drawn MUSD 20 on the MUSD 40 line of credit. The security is provided by inventory, receivables and operating equipment.

The following financial covenants are included

- Equity ratio shall not be lower than 40 %.

In addition to the two RCFs, the Company has a MEUR 10 bank overdraft facility with its main bank. This overdraft is not utilized at the end of December.

Note 7: Related Parties

For detailed on related parties, ref to Note 24 of Nordic Semiconductor's 2016 annual report.

Note 8: Risk management

A description of risk factors can be found in Note 22 of Nordic Semiconductor's 2016 annual report.

Note 9: Events after the balance sheet date

No events have occurred since December 31, 2017 with any significant effect that will impact the evaluation of the submitted accounts.

Board and Management confirmation

We confirm that, to the best of our knowledge, the enclosed condensed set of interim financial statements for the period 1 January 2017 to 31 December 2017, which has been prepared in accordance with IAS 34 Interim Financial Statements, gives a true and fair view of the Company's consolidated assets, liabilities, financial position and results of operations.

The Board of Directors and Chief Executive Officer of
Nordic Semiconductor ASA

Oslo, February 14, 2018

Terje Rogne Chairman	Anne Cecilie Fagerlie Board member	Craig Ochikubo Board member
Tore Valderhaug Board member	Svenn-Tore Larsen Chief Executive Officer	Beatriz Malo de Molina Board member
Birger Steen Board member		Inger Berg Ørstavik Board member
Joakim Ferm Employee Rep.	Asbjørn Sæbø Employee Rep.	Jon Helge Nistad Employee Rep.

Definitions

Alternative performance measures

Nordic's financial information is prepared in accordance with international financial reporting standards (IFRS). In addition, it is management's intent to provide alternative performance measures that are regularly reviewed by management to enhance the understanding of Nordic's performance, but not instead of, the financial statements prepared in accordance with IFRS. The alternative performance measures presented may be determined or calculated differently by other companies

Order Backlog
Total confirmed orders placed as of period end for deliveries in following periods. Adjusted for rebates and other revenue recognition estimates.

Gross Margin
Gross Profit divided by Total Revenue.

Free cash flow
Sum of net cash flow from operating expenses and net cash flow from investing activities.

EBIT
Earnings before interest and tax. Equivalent to Operating profit in IFRS 1.

EBITDA
Earnings before interest, tax, depreciation and amortization.

Total Operating Expenses
Sum of payroll expenses, other operating expenses, depreciation and amortization.

Cash operating expenses
Total payroll and other operating expenses adjusted for non-cash related items including option expenses, capitalization of development expenses and income related to de-recognition of pension liability.