



Nordic Semiconductor 3rd Quarter 2013

- Total Revenue of MUSD 35.4
- Operating Profit of MUSD 5.5
- Net Profit after tax of MUSD 4.0
- Order Inflow of MUSD 31.0
- Cash Flow from Operations of MUSD 11.2

For further information, please contact:

Svenn-Tore Larsen, CEO, mobile +47 982 85 476

Robert Giori, CFO, mobile +47 934 09 188



Q3 2013 Financial Summary

Amounts in USD million (unaudited)	3rd quarter		Change
	2013	2012	
Revenue	35.4	33.5	5%
Order inflow	31.0	37.9	-18%
Gross Margin %	49%	49%	
Operating Profit (EBIT)	5.5	6.2	-12%
Operating Profit % (EBIT %)	16%	19%	
Net profit after tax	4.0	4.9	-20%
Cash flow from operations	11.2	5.8	93%
Cash and cash equivalents	28.5	28.5	

Nordic Semiconductor reported a return to revenue growth in the third quarter of 2013, based on a strong acceleration in sales of *Bluetooth* Smart solutions.

Total revenue in Q3 2013 was MUS\$ 35.4, an increase of 5% from the prior year. Growth was driven by higher sales of *Bluetooth* Smart (low energy) solutions, which increased to MUS\$ 5.9, or 17% of total revenue during Q3 2013, compared with MUS\$ 1.6, or 5% of revenue in the prior year.

Gross profit was MUS\$ 17.2, or 49% of revenue, compared with MUS\$ 16.6, or 49% of revenue during Q3 2012. Gross margin has improved from the first half of 2013, due to a change in the revenue mix toward smaller new customers.

Total payroll and other operating expenses were MUS\$ 10.3 in Q3 2013, compared with MUS\$ 9.7 in Q3 2012. Higher operating expenses were driven by an increase in the number of employees from 186 to 208 during the last year. Total depreciation expenses were MUS\$ 1.4 in Q3 2013, compared with MUS\$ 0.7 in Q3 2012. R&D costs of MUS\$ 0.9 were capitalized in accordance with IAS 38 criteria in Q3 2013, as the organization prepared for production and sales of new products.

Due to an increase in operating expenses and depreciation, the company's Operating Profit (EBIT) fell to MUS\$ 5.5, compared with MUS\$ 6.2 in Q3 2012. Net financial items were approximately MUS\$ 0.0, the same as in the prior year.

Profit before tax was MUS\$ 5.5, compared with MUS\$ 6.3 in Q3 2012. Income tax expense was MUS\$ 1.6, or 28% of pretax profit, during Q3 2013. The company's base tax rate is 28%, but the actual rate will fluctuate based on the effect of net financial items, as these items are calculated differently in the parent company's financial reporting (calculated in USD) and its tax reporting (calculated in NOK).

Net profit after tax was MUS\$ 4.0 in Q3 2013, compared with MUS\$ 4.9 during Q3 2012. The company's basic earnings per share were USD 0.025 in Q3 2013, compared with USD 0.030 in Q3 2012.



Market segments

Market Segment	3rd quarter				01.01.-30.09				Year 2012	
	2013		2012		2013		2012			
PC accessories	19,143	54.1 %	19,241	57.4 %	51,052	57.5 %	66,817	64.1 %	84,461	64.1 %
Home electronic devices	1,885	5.3 %	2,029	6.1 %	4,300	4.8 %	4,462	4.3 %	6,399	4.9 %
Mobile devices	7,479	21.2 %	5,967	17.8 %	15,674	17.7 %	13,975	13.4 %	17,822	13.5 %
Installed Sensor networks	3,607	10.2 %	2,064	6.2 %	8,668	9.8 %	4,348	4.2 %	6,607	5.0 %
Wireless Components	32,114	90.8 %	29,301	87.4 %	79,695	89.7 %	89,602	85.9 %	115,290	87.5 %
ASIC components	3,233	9.1 %	3,949	11.8 %	7,479	8.4 %	14,005	13.4 %	15,501	11.8 %
Consulting services	5	0.0 %	277	0.8 %	1,629	1.8 %	688	0.7 %	1,029	0.8 %
Total	35,352	100.0 %	33,527	100.0 %	88,803	100.0 %	104,295	100.0 %	131,819	100.0 %

Technology	3rd quarter				01.01.-30.09				Year 2012	
	2013		2012		2013		2012			
Proprietary wireless	26,174	74.0 %	27,709	82.6 %	68,323	76.9 %	87,333	83.7 %	112,380	85.3 %
Bluetooth Smart	5,939	16.8 %	1,592	4.7 %	11,372	12.8 %	2,269	2.2 %	2,910	2.2 %
ASIC components	3,233	9.1 %	3,949	11.8 %	7,479	8.4 %	14,005	13.4 %	15,501	11.8 %
Consulting services	5	0.0 %	277	0.8 %	1,629	1.8 %	688	0.7 %	1,029	0.8 %
Total	35,352	100.0 %	33,527	100.0 %	88,803	100.0 %	104,295	100.0 %	131,819	100.0 %

Nordic Semiconductor's total revenue increased by 5% to MUSD 35.4 in Q3 2013. Sales of *Bluetooth* Smart solutions grew dramatically from MUSD 1.6 to MUSD 5.9, offsetting lower sales of proprietary wireless and ASIC solutions. Sales by market segment were as follows:

PC accessories

Sales to the PC accessory segment (i.e., wireless mice / keyboards, presentation tools) were MUSD 19.1, compared with MUSD 19.2 in Q3 2012. The company's sales to this segment fell sharply during the first half of 2013, but this decline has stabilized in the third quarter.

Home electronic devices

Total revenue within Home electronic devices (i.e., remote controls and accessories for TV's / set-top boxes, gaming and toys) was MUSD 1.9, compared with MUSD 2.0 in the prior year. Sales in this segment were primarily driven by wireless toys.

Mobile devices

Sales to the mobile device segment (i.e., portable electronics such as sports / health monitoring devices, hearing aids, mobile phone accessories, proximity tags and smartwatches) were a record high MUSD 7.5, an increase of 25% from last year. The segment has benefited greatly by growth in sales of new *Bluetooth* Smart mobile accessories.

Installed sensor networks

Revenue from Other sensor networks (i.e., RFID / security systems, industrial automation, automotive sensors) were a record high MUSD 3.6, an increase of 75% from last year. Very strong growth in sales of RFID solutions (access control) drove revenue during the quarter.

ASIC components / consulting

ASIC components and consulting revenue was MUSD 3.2, compared with MUSD 4.2 in the prior year. Nordic Semiconductor has made a strategic decision not to invest further in acquiring new customers within this segment, and is currently fulfilling demand from existing customers only.



Balance Sheet and Cash Flow

As of 30 September 2013, Nordic Semiconductor had total assets of MUSD 96.6, of which MUSD 75.2 were current assets. Total liabilities were MUSD 27.2, of which MUSD 18.6 were current liabilities. Total Shareholders' equity was MUSD 69.4, which represents an equity ratio of 72%.

Cash flow from operations was an inflow of MUSD 11.2 in Q3 2013, compared with an inflow of MUSD 5.8 in Q3 2012. Cash flow from operations was impacted by a large reduction in working capital items during the quarter, as the company sharply reduced its accounts receivable and held inventory levels stable.

Cash flow from investments was an outflow of MUSD -1.5, compared with an outflow of MUSD -1.5 in Q3 2012. Capital expenditures were down sharply from the first half of 2013, when the company made large investments in new test equipment. In addition, capitalized development expenses fell from prior quarters, as the company shifted its R&D efforts from development of current product lines to research activities on future wireless solutions. There was no cash flow from financing activities during the quarter.

The company had a cash balance of MUSD 28.5 at the balance sheet date. The company has additional available liquidity through a line of credit agreement with its primary bank where it may borrow up to MUSD 20 at any time with a rate of LIBOR + 1.15%. The term of the loan facility is three years (from October 2011), with the right by either party to cancel the agreement after each year. The company had no outstanding borrowing on its line of credit as of the balance sheet date.

Business Outlook

Nordic Semiconductor is a pioneer and market leader within ultra-low power wireless technology, with approximately 200M IC units sold last year. Nordic's 2.4 GHz RF solutions enable wireless accessories (e.g., sensors and controls) to operate for years of battery life with an ordinary AA, AAA or coin cell battery pack as power source.

The company's wireless business is divided between proprietary wireless solutions, which represented 74% of revenue during the third quarter of 2013, and *Bluetooth* Smart solutions, which represented 17% of revenue. The remainder of the business is composed of customized ASIC solutions, a legacy business which Nordic is no longer actively developing.

Since 2011, sales of the company's proprietary wireless solutions have fallen based on weakness in the PC accessories segment, which forms the large majority of its proprietary wireless revenue. During the last year, this weakness has been offset by rapidly growing sales of *Bluetooth* Smart solutions, which has led to an acceleration in total revenue for each successive quarter of 2013.

During the fourth quarter 2013, the company expects its *Bluetooth* Smart business to continue to grow relative to Q3 and previous quarters. The company expects that its proprietary wireless business will be affected by slower seasonal demand in the fourth quarter, and by a stabilizing but still weak PC accessories market. In sum, the company expects to maintain strong year-over-year growth in the fourth quarter driven by *Bluetooth* Smart, with revenue at approximately the same level as Q3. The revenue outlook is supported by the company's order backlog, which was MUSD 31.1, or 26% higher than last year.



The company expects the market for its ultra-low power technology to grow dramatically during the coming years. The company believes that the growth of ultra-low power wireless solutions is on its way to become one of the most important new trends in consumer electronics, as wireless connectivity becomes a standard feature in a growing range of electronic devices. This expectation has been confirmed by recent feedback and design activity with major new customers.

The company believes that the adoption of Bluetooth 4.0 technology (aka *Bluetooth Smart* / low energy) will be a major driver of this growth. Bluetooth 4.0 is the latest version of the Bluetooth wireless standard, and contains a new protocol for ultra-low power wireless communication which Nordic has been closely involved in developing. The Bluetooth 4.0 standard can connect small, battery-powered accessories (e.g., sensors and controls labeled *Bluetooth Smart*) with traditional Bluetooth devices (mobile phones / PC's / home media centers labeled *Bluetooth Smart Ready*), while minimizing power consumption.

Bluetooth Smart Ready was first released in mobile phones in late-2011, and has since been sold in hundreds of millions of handsets. By 2015, over two billion mobile phones, PC's, and home media centers are expected to be sold with *Bluetooth Smart Ready* solutions (source: IMS research). As the ecosystem of these *Bluetooth Smart Ready* mobile phones, PC's and home media centers expands, this creates a major market opportunity for new wireless accessories to connect with these devices using Nordic's *Bluetooth Smart* technology.

Nordic Semiconductor has been actively involved in the development of the Bluetooth 4.0 wireless standard since its origin as a Nokia initiative in 2006, and has released a *Bluetooth Smart* solution with industry-leading specifications in power consumption and ease of application design.

In June 2011, Nordic's contribution to the Bluetooth organization was recognized with an appointment to its Board, where it now participates with Apple, Intel, Motorola, Lenovo, Nokia, Microsoft, Ericsson AB, Toshiba, LG and CSR on the Board of Directors. In December 2012, Nordic's Chief Technology Officer Svein-Egil Nielsen was elected Chairman of the Bluetooth SIG Board.

The Board and Chairman positions present an excellent opportunity for Nordic Semiconductor to help drive the development of the Bluetooth standard and to profile the company as it markets its *Bluetooth Smart* technology to new customers.

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

- PC (& tablet) accessories: Despite recent weakness in the PC market, Nordic continues to view the market for PC accessories as a business opportunity, as wireless accessories grow in popularity. The company estimates that only approximately 20% of PC buyers are purchasing a wireless mouse/keyboard with a new PC (including aftermarket purchases), leaving a large unaddressed market for wireless accessories among PC users.

In addition to PC accessories, *Bluetooth Smart* technology also creates new opportunities for Nordic to address the tablet accessory market. Currently, many tablets cannot connect with ultra-low power wireless accessories, as they do not contain ports for inserting a proprietary 2.4 GHz USB dongle. Therefore, they are limited to communicating with established wireless standards such as Basic Data Rate ("classic") Bluetooth or WiFi. Due to significantly higher



power consumption, these wireless standards are not optimal for connecting with small battery-powered sensor applications such as wireless keyboards.

As tablets implement *Bluetooth Smart Ready* technology, these devices will soon connect with ultra-low power *Bluetooth Smart* keyboards and other accessories. These keyboards will enable tablets to be used much more effectively for productivity applications (such as writing or work activities) in addition to more casual use.

- Mobile devices (includes portable electronics such as sports / health monitoring devices, hearing aids, mobile phone accessories, and electronic payment solutions including RF-SIM):

Nordic considers the market for mobile wireless accessories to be its largest long-term opportunity based on the explosive growth of smartphones and related applications. The smartphone is an ideal device to connect with diverse wireless accessories due to its huge market volumes, portability, compatibility with wireless standards, highly functional screen and touch interface, and ease of downloading new software (“apps”) for interacting with a wireless device.

As smartphones adopt *Bluetooth Smart Ready* technology, many new *Bluetooth Smart* wireless applications are being released to connect with this growing installed base of compatible devices. The potential applications for these *Bluetooth Smart* mobile accessories (“app-cessories”) are nearly endless, as they encompass any sensor which can transmit data to the smartphone, or any device which the smartphone can control.

For example, the healthcare industry is promoting medical devices with *Bluetooth Smart* technology to enable cost-effective monitoring of a growing elderly population as well as patients with chronic illness. With these devices, patients with conditions such as high blood pressure, diabetes or heart ailments can monitor their condition through a body-worn health sensor connected wirelessly to a mobile handset. The handset can also transfer medical data further (via web services) to a healthcare provider to follow up on the patient’s condition.

In addition to health sensors, many other new low-power wireless applications are currently being developed to connect mobile handsets to ID, security tags, fitness and gaming accessories, to name only a few applications.

- Home electronics devices (includes remote controls and wireless accessories for TV’s / set-top boxes, gaming, toys and other media players): New generations of home media centers (called Connected TV’s or Set-Top Boxes) are increasingly providing internet-based services and software apps in addition to the television offering. This web-based content cannot be effectively navigated with infrared remote controls, and will require remote controls with advanced navigation functionality to search for content.

Bluetooth Smart technology is ideally suited for search and navigation of a Connected TV, based on its high performance and ultra-low power consumption. In addition to enabling advanced remote controls, *Bluetooth Smart* allows other wireless devices throughout the home such as game controllers and home monitors to connect with the media device.

A broad range of TV manufacturers including Sony, Panasonic, LG, Samsung and Vizio have now implemented Bluetooth technology in their Connected TV’s to enable the use of



Bluetooth remote controls and other wireless accessories. While the current generation of these televisions is using Bluetooth 3.0 or earlier, they are soon expected to transition to *Bluetooth Smart Ready* wireless solutions, which will then be able to connect with ultra-low power *Bluetooth Smart* wireless accessories from Nordic.

Nordic Semiconductor has announced a partnership with MediaTek, a leading semiconductor company within digital multimedia and wireless solutions, to address the market opportunity within Connected TV's. In addition, Nordic has released a *Bluetooth Smart* remote control reference design for TV and set-top box manufacturers. The reference design features voice control, a miniaturized QWERTY keyboard, touchpad, and motion sensor and accelerometer, for advanced navigation and gaming applications with connected TV's.

- Installed sensor networks (i.e., RFID / security systems, building sensors, industrial automation, automotive sensors): Installed sensor networks has been Nordic's fastest growth area in the past year. Wireless sensor networks are increasingly being utilized for identifying people and products, and for managing the efficient use of resources and public goods. Examples of such applications include access control, indoor mapping and location services, logistics, and energy management systems for homes and offices.

In addition, sensor networks can provide information about a device's internal operations and its external environment to ensure that problems are quickly identified. Wireless sensors for autos and home appliances, and sensors to manage factory processes are all emerging examples of such applications.

The growth of wireless sensor networks and integration with the internet is often referred to as "the internet of things", as it collects and distributes information from objects rather than people. While this market is still in its earliest stages of development, the potential applications for capturing information from sensor devices through wireless networks are so numerous that the long-term market implications are impossible to quantify.

To date, wireless sensor networks have generally relied upon proprietary wireless solutions rather than industry standards to transport information from sensors. *Bluetooth Smart* provides a very attractive standard for building wireless sensor networks, based on its compatibility with a huge installed base of *Bluetooth Smart Ready* devices.

In sum, Nordic Semiconductor expects the market for its wireless solutions to grow dramatically in the coming years, as ultra-low power wireless connectivity becomes a standard feature in many new products. The company believes that the adoption of Bluetooth 4.0 technology will be a major driver of this trend, as it will enable a huge ecosystem of *Bluetooth Smart Ready* smartphones, PC's, tablets and TV's to connect with ultra-low power *Bluetooth Smart* wireless accessories.

Nordic Semiconductor has been a pioneer in the field of ultra-low power 2.4GHz wireless solutions since the release of its first generation ultra-low power wireless platform in 2002. Today, Nordic Semiconductor is by far the market leader within the ultra-low power wireless segment, with nearly 200M wireless components sold last year.

In 2012, Nordic released the latest generation of its ultra-low power wireless solutions, called the nRF51 series. The nRF51 series improves upon the industry-leading specifications of the previous generation of Nordic's products -- with lower power consumption and a unique system-on-chip



architecture which simplifies application development and improves processing power. The company has had great success with a broad range of new customers including world-leading consumer electronics companies following the launch of the nRF51 product, and is seeing many new product designs now coming to market with the nRF51.

Based on its market leadership in ultra-low power wireless solutions, its best-in-class product line including the new nRF51 platform, and its highly experienced team of engineers and sales professionals, Nordic Semiconductor is very well-positioned for growth as the market expands into many new product categories.



Condensed financial information for the nine months ended 30 September 2013

Consolidated Income Statement

Amounts in USD thousand (unaudited)	3rd quarter		01.01 - 30.09		Year 2012
	2013	2012	2013	2012	
Total Revenue	35,352	33,527	88,803	104,295	131,819
Cost of materials	(18,131)	(16,804)	(45,137)	(50,447)	(64,891)
Direct project costs	-	(142)	(1,113)	(216)	(332)
Gross profit	17,221	16,581	42,553	53,632	66,597
Payroll expenses	(7,095)	(6,030)	(20,511)	(19,573)	(26,410)
Other operating expenses	(3,246)	(3,631)	(9,694)	(9,654)	(13,188)
EBITDA	6,880	6,920	12,348	24,406	27,000
Depreciation	(1,380)	(674)	(3,354)	(2,096)	(2,839)
Operating Profit (EBIT)	5,501	6,246	8,994	22,309	24,161
Net interest	80	105	258	285	390
Net foreign exchange gains (losses)	(49)	(66)	176	(395)	(562)
Profit before tax	5,532	6,286	9,429	22,200	23,989
Income tax expense	(1,569)	(1,349)	(3,137)	(5,830)	(6,240)
Net profit after tax	3,963	4,937	6,292	16,370	17,749
Earnings per share					
Basic	0.025	0.030	0.039	0.100	0.109
Fully Diluted	0.024	0.030	0.039	0.100	0.109
Weighted average number of shares (in '000)					
Basic	161,050	163,441	161,341	163,441	163,402
Fully Diluted	161,759	163,441	161,610	163,441	163,402

Consolidated statement of comprehensive income

Amounts in USD thousand (unaudited)	3rd quarter		01.01 - 30.09		Year 2012
	2013	2012	2013	2012	
Net profit after tax	3,963	4,937	6,292	16,370	17,749
Actuarial gain/loss recognized in equity	-	894	-	2,682	3,576
Comprehensive income for the period	3,963	5,831	6,292	19,051	21,324



Consolidated statement of financial position

Amounts in USD thousand (unaudited)	30.09.13	31.12.12	30.09.12
Capitalized development expenses	6,942	3,471	1,977
Software and other intangible assets	2,525	1,846	1,923
Deferred tax assets	2,510	2,510	2,222
Property assets	588	405	366
Equipment	8,049	4,211	4,019
Other long-term assets	765	1,133	1,048
Non-current assets	21,380	13,576	11,556
Inventory	19,346	11,748	18,894
Accounts receivable	24,182	26,069	32,871
Other short term receivables	3,196	2,268	2,870
Cash and cash equivalents	28,479	40,350	28,461
Current assets	75,203	80,435	83,096
TOTAL ASSETS	96,583	94,011	94,652
Shareholders' equity	69,398	65,826	66,028
Pension liability	8,560	9,146	9,995
Deferred tax liability	-	-	-
Non-current liabilities	8,560	9,146	9,995
Accounts payable	6,225	2,481	5,737
Income taxes payable	3,399	7,105	5,950
Public duties	1,487	1,374	1,091
Short-term loan facility	-	-	-
Other short-term liabilities	7,515	8,080	5,851
Current liabilities	18,626	19,039	18,628
TOTAL EQUITY AND LIABILITIES	96,583	94,011	94,652

Consolidated statement of changes in equity

Amounts in USD thousand (unaudited)	3rd quarter		01.01 - 30.09	
	2013	2012	2013	2012
Equity at beginning of period	64,941	60,197	65,826	46,977
Net profit for the period	3,963	4,937	6,292	16,370
Purchase of treasury shares	-	-	(3,975)	-
Share-based compensation	494	-	1,254	-
Actuarial gain/loss recognized in equity	-	894	-	2,682
Equity at end of period	69,398	66,028	69,398	66,028



Consolidated cash flow statement

Amounts in USD thousand (unaudited)	3rd quarter		01.01 - 30.09		Year 2012
	2013	2012	2013	2012	
Profit before tax	5,532	6,286	9,429	22,200	23,989
Taxes paid for the period	(5)	(4)	(6,813)	(7,638)	(7,649)
Depreciation	1,380	674	3,354	2,096	2,839
Change in inventories, trade receivables and payables	2,144	(348)	(1,967)	(2,262)	8,430
Share-based compensation	908	-	1,807	-	-
Movement in pensions	216	296	(586)	(301)	(257)
Other operations related adjustments	985	(1,113)	(1,593)	(204)	3,291
Net cash flows from operating activities	11,160	5,791	3,630	13,891	30,644
Capital expenditures (including software)	(600)	(401)	(7,126)	(1,218)	(1,983)
Capitalized development expenses	(927)	(1,145)	(4,400)	(2,020)	(3,644)
Net cash flows from investing activities	(1,528)	(1,547)	(11,526)	(3,238)	(5,627)
Changes in Treasury stock	-	-	(3,975)	-	(2,475)
Short-term loan facility	-	-	-	(6,000)	(6,000)
Net cash flows from financing activities	-	-	(3,975)	(6,000)	(8,475)
Net change in cash and cash equivalents	9,632	4,244	(11,871)	4,653	16,543
Cash and cash equivalents at start of period	18,847	24,217	40,350	23,808	23,808
Cash and cash equivalents at end of period	28,479	28,461	28,479	28,461	40,350



Notes to the consolidated interim financial statements

Note 1: General

The condensed third quarter interim financial statements for the nine months ended 30 September 2013 were approved for publication by the Board of Directors on October 16, 2013.

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

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

Note 2: Confirmation of the financial framework

The Group accounts for Nordic Semiconductor ASA and its wholly-owned subsidiary, together called "the Group" have been prepared in accordance with IAS 34 Interim Financial Statements. The interim financial statements for 2013 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 2012.

Note 3: Important accounting principles

Major accounting principles are described in the Group annual accounts for 2012. The group accounts for 2012 were prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU, relevant interpretations of this, as well as additional Norwegian disclosure requirements described in the Norwegian GAAP and the Norwegian Securities Trading Act.

Nordic Semiconductor has implemented the latest amendments to IAS 19 Employee Benefits in its financial reporting from January 1, 2013. As a result, the comparable accounts for 2012 have also been revised to reflect the amendments to IAS 19.

Note 4: Use of estimates

In the interim financial statements for 2013, judgements, 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 2013 and the major sources of uncertainty in the statements are similar to those found in the annual accounts for 2012.

Note 5: Seasonality of operations

Nordic Semiconductor's revenues are affected by the seasonality of consumer demand for electronics products which integrate Nordic components. In previous years, this factor has driven higher shipments to distribution during Q2 and Q3 in advance of the winter holiday season. However, in many years, other business or economic factors have been more important than seasonal factors in determining the spread of revenue across quarters.



Note 6: Segment information

Detailed segment reporting is included on page 3 of this document. Segments are reported in accordance with IFRS 8.

The Group has only one business, which is the design and sale of integrated circuits and related solutions. The Company classifies its revenues into Wireless components, ASIC components and consulting services. Within Wireless components, the company reports its revenues based on the product category (“hub”) with which its components communicate. These include: PC accessories, Home electronics devices, Mobile devices, and Installed Sensor networks.

Note 7: Risk management

A description of risk factors can be found in Note 19 of Nordic Semiconductor’s 2012 annual report. The company does not anticipate material changes to its risk profile during the remainder of 2013.

Note 8: Events after the balance sheet date

Nothing has happened since the end of the third quarter of 2013 that affects the evaluation of the submitted accounts.