Independent auditor’s report

To: the general meeting of Gemalto N.V.

Report on the financial statements 2015

Our opinion

In our opinion:

• the accompanying consolidated financial statements give a true and fair view of the financial position of Gemalto N.V. as at 31 December 2015 and of its result and cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union (EU-IFRS) and with Part 9 of Book 2 of the Dutch Civil Code; and

• the accompanying Company financial statements give a true and fair view of the financial position of Gemalto N.V. as at 31 December 2015 and of its result for the year then ended in accordance with Part 9 of Book 2 of the Dutch Civil Code.

What we have audited

We have audited the accompanying financial statements 2015 of Gemalto N.V., Amsterdam (the Company). The financial statements include the consolidated financial statements of Gemalto N.V. and its subsidiaries (together: ‘the Group’) and the Company financial statements.

The consolidated financial statements comprise:

• the consolidated statement of financial position as at 31 December 2015;

• the following statements for 2015: the consolidated income statement, the consolidated statements of comprehensive income, consolidated statement of changes in equity and consolidated cash flow statement; and

• the notes, comprising a summary of significant accounting policies and other explanatory information.

The statutory financial statements comprise:

• the statement of financial position as at 31 December 2015;

• the income statement for the year then ended; and

• the notes, comprising a summary of the accounting policies and other explanatory information.

The financial reporting framework that has been applied in the preparation of the financial statements is EU-IFRS and the relevant provisions of Part 9 of Book 2 of the Dutch Civil Code for the consolidated financial statements and Part 9 of Book 2 of the Dutch Civil Code for the statutory financial statements.

The basis for our opinion

We conducted our audit in accordance with Dutch law, including the Dutch Standards on Auditing. Our responsibilities under those standards are further described in the ‘Our responsibilities for the audit of the financial statements’ section of our report.

We are independent of Gemalto N.V. in accordance with the ‘Verordening inzake de onafhankelijkheid van accountants bij assuranceopdrachten’ (VIO) and other relevant independence requirements in the Netherlands. Furthermore, we have complied with the ‘Verordening gedrags- en beroepsregels accountants’ (VGBA).

Materiality

• Overall materiality: €12 million which is calculated as 5% of normalized profit before tax. Normalized profit before tax is calculated as profit before tax excluding impact of one off fair value adjustments related to the SafeNet acquisition.

Audit scope

• We conducted audit work in 23 subsidiaries.

• Site visits were conducted to Germany, Switzerland, France, China and US.

• Audit coverage: 76% of consolidated revenue and 80% of consolidated total assets.

Key audit matters

• Business combination related to the SafeNet Group and recognition and subsequent valuation of goodwill.

• Capitalisation of development costs as intangible assets and subsequent valuation.

• The valuation of the amounts recorded for uncertain tax positions.

Our audit approach

Overview and context

We designed our audit by determining materiality and assessing the risks of material misstatement in the financial statements. In particular, we looked at where the Board of Directors made subjective judgments, for example in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits, we also addressed the risk of management override of internal controls, including evaluating whether there was evidence of bias by the Board of Directors that may represent a risk of material misstatement due to fraud. We also paid particular attention to accounting of business combinations, the recognition and subsequent valuation of goodwill, valuation of deferred tax assets, pension accounting, compensation expenses, revenue recognition and treasury accounting.

We ensured that the audit teams both at group and at component levels included the appropriate skills and competences which are needed for the audit of a digital security company. We included specialists or experts in the areas such as actuarial work, IT, valuation, financial instruments and tax in our team. Because business operations and financial processes of the group are highly automated, the IT General Controls (ITGC) were particularly important in our audit. Therefore we addressed in our audit the continued proper operation of policies and procedures that are used to manage the IT activities.

Materiality

The scope of our audit is influenced by the application of materiality which is further explained in the section ‘Our responsibility for the audit of the financial statements’.

We set certain quantitative thresholds for materiality. These, together with qualitative considerations, helped us to determine the nature, timing and extent of our audit procedures on the individual financial statement line items and disclosures and to evaluate the effect of identified misstatements on our opinion.

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Based on our professional judgement, we determined materiality for the financial statements as a whole as follows:

<table>
<thead>
<tr>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>How we determined it</td>
<td>5% of normalized profit before tax. Normalized profit before tax is calculated as profit before tax excluding impact of one off fair value adjustments related to the SafeNet acquisition.</td>
</tr>
</tbody>
</table>

Rationale for benchmark applied: We have applied this benchmark, a generally accepted auditing practice, based on our analysis of the common information needs of users of the financial statements. On this basis we believe that profit before tax is an important metric for the financial performance of the company. Furthermore, we excluded the impact of fair value adjustments (inventory step-up and deferred revenue) amounting to €70.7 million related to the SafeNet acquisition as these are significant one off items.

Component materiality: To each component in our audit scope, we, based on our judgement, have allocated materiality that is less than our overall group materiality. The range of materiality allocated across components was between €1.5 million and €7 million.

We also take misstatements and/or possible misstatements into account that, in our judgment, are material for qualitative reasons.

We agreed with the Board of Directors that we would report to them misstatements identified during our audit above €1 million (2014: €1 million) as well as misstatements below that amount that, in our view, warranted reporting for qualitative reasons.

The scope of our Group audit: Gemalto N.V. is the parent company of a group of entities. The financial information of this Group is included in the consolidated financial statements of Gemalto N.V. Given this structure we made use of component auditors. Considering our ultimate responsibility for the opinion on the Company’s consolidated financial statements we are responsible for the direction, supervision and performance of the Group audit. In this context, we have determined the nature and extent of the audit procedures for Group entities to ensure that we performed enough work to be able to give an opinion on the financial statements as a whole.

Factors to determine the type of work to perform and where to make use of component auditors were the geographic structure of the Group, the financial significance to the Group and/or risk profile of Group entities or activities based on the outcome of our Group risk assessment, review of the accounting processes and controls, and the industry in which the Group operates including specific local laws and regulations. On this basis, we selected Group entities for which we or the component auditor had to perform an audit or review of financial information, an audit of significant risks or an audit or review of specific balances.

The group audit scope was determined selecting subsidiaries based on significance and risk assessment and considering the audit procedures which can be performed at the head office level by the corporate team. We have selected 23 group entities where we performed procedures (full scope procedures for 12 group entities, review procedures for 4 group entities, specific procedures on significant balances for 7 group entities). These subsidiaries are located in the Netherlands, France, Switzerland, Brazil, the United Kingdom, Singapore, Germany, the United States of America, Mexico, China, Turkey, Colombia, Japan, Russia and the United Arab Emirates.

In total, in performing these procedures, we achieved the following coverage on the financial line items:

<table>
<thead>
<tr>
<th>Revenue</th>
<th>76%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total assets</td>
<td>80%</td>
</tr>
<tr>
<td>Operating profit</td>
<td>72%</td>
</tr>
</tbody>
</table>

None of the remaining components represented more than 4% of total Group revenue or total Group assets. For those remaining components we performed, amongst others, analytical procedures to corroborate our assessment that there were no significant risks of material misstatements within those components.

For work which was performed by component auditors, we determined the level of involvement we needed to have in their audit work to be able to conclude whether sufficient appropriate audit evidence had been obtained as a basis for our opinion on the group financial statements. We issued instructions to component teams which include predefined reporting requirements and outcome of our risk assessment procedures. The group engagement team reviewed the component auditor’s reports and discussed these with them in conference calls. Component auditors were visited based on the outcome of the aforementioned review and discussions and on a rotational basis. Current year site visits included France and Germany given the significance of these operations for the group and the United States and Switzerland due to the SafeNet and Trüb business combinations and China as part of rotation visits.

The Group consolidation, financial statement disclosures and a number of items are audited by the Group engagement team at the head office. These include goodwill recognition and its subsequent valuation, business combinations, derivative financial instruments, hedge accounting and share-based payments.

By performing the procedures above at components, combined with additional procedures at Group level such as summarized above, we have obtained sufficient and appropriate audit evidence regarding the financial information of the Group as a whole to provide a basis for our opinion on the consolidated financial statements.

Key audit matters: Key audit matters are those matters that, in our professional judgement, were of most significance in the audit of the financial statements. We have communicated the key audit matters to the Board of Directors, but they are not a comprehensive reflection of all matters that were identified by our audit and that we discussed. We described the key audit matters and included a summary of the audit procedures we performed on those matters.

The key audit matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon. We do not provide a separate opinion on these matters or on specific elements of the financial statements. Any comments we make on the results of our procedures should be read in this context.
Gemalto Annual Report 2015

**Independent auditor’s report continued**

**Key audit matter**

**Business combination related to the Safenet Group and the recognition and subsequent measurement of goodwill**

Refer to notes 2.7, 3.3, 3.5, 9 of the accompanying financial statements.

The company gained control over the SafeNet Group through the acquisition of 100% of the shares of the Group as of January 7, 2015, for a purchase consideration of €787 million. Following the purchase price allocation (in which identifiable assets and (contingent) liabilities assumed were recognised at fair value), €511 million resulted as goodwill recognised. The fair value of most of the identifiable assets acquired and liabilities assumed in a business combination is different from their carrying amounts in the acquired statement of financial position which gave rise to fair value adjustments as part of the purchase price allocation of this business combination. Accordingly, the acquisition is material and significant judgement is required in relation to the purchase price allocation including the resulting goodwill.

Management, assisted by its external valuation specialists, determined the fair value of the SafeNet’s identifiable assets and liabilities and contingent liabilities notably: technologies, brand names, customer relationships, deferred revenues and inventories. The valuation of these assets were based amongst others on future cash flow estimates, revenue derived from the future sale of the goods in inventory, cost of disposal, reasonable profit allowance for the selling effort and outstanding performance obligation assumed by the acquiree.

Under EU-IFRS management is required to test the goodwill for impairment as part of the non-current assets of (groups of) Cash Generating Unit (CGUs) to which it is allocated, both annually and if there is a trigger for testing. The impairment tests were a key audit matter due to the significant judgements and assumptions made by management which are affected by uncertainties around future market or economic conditions.

**How our audit addressed the matter**

We audited the accounting for the acquisition of the SafeNet Group. This included an analysis of the fair value of most of the identifiable assets acquired and liabilities assumed supporting the purchase price allocation and the resulting goodwill. We involved our internal valuation specialists to evaluate the valuation methodologies identifying fair value used by management (mainly excess earnings method and relief from royalty method) and tested the main assumptions (including expected future cash flows, royalty rates and useful lives, where relevant) against historical trends and external data.

A significant amount of the purchase consideration of the SafeNet Group resulted in the recognition of goodwill, which management allocated to the Identity and Access Security (IDSS) CGU. Given the significance of the amount of goodwill, we particularly considered the appropriateness of the amount recognised as goodwill through the audit of the impairment test.

We involved our internal valuation specialists to evaluate the methods (recoverable amount determined based on value in use calculations) and assumptions used by management and their advisors. We challenged and examined the business plans approved and assumptions used by management, including forecasted revenue base, profit from operations margin, working capital for terminal value calculations and cash flows necessary for the continuing use of the CGU’s assets and allocated goodwill. We tested the reasonableness of the discount rates used. We validated the main assumptions against external data such as risk free rates and beta. Furthermore, we tested the reasonableness of the outcome of the impairment analysis with the peer group trading multiples as well as historic trend analyses.

We have tested the mathematical accuracy of the models used by management. We also examined the related disclosures in the financial statements. We concur with management’s judgements and outcome of their procedures.

**Capitalization of development costs as intangible assets and subsequent valuation**

Refer to notes 2.7, 3.9 and 9 of the accompanying financial statements.

Capitalized development costs amount to a net book value of 130.1 million as at December 31, 2015 in the accompanying consolidated financial statements. Development costs mainly comprise software development. The Company capitalizes eligible software and products development costs upon meeting the criteria as described in IAS 38. Capitalization criteria assessment under IAS 38 requires significant judgment and measurement uncertainty at inception and throughout the life of the project. Judgments involved in determining the eligibility of the costs for capitalisation and the subsequent measurement requires detailed and sensitivity analysis.

**How our audit addressed the matter**

Our audit procedures included, amongst others, assessment of the eligibility of the development costs for capitalisation as intangible asset under IAS 38 and evaluating the assumptions and methodologies used by the Company to test the impairment of these intangible assets. We have also reviewed the design of the controls identified by the management surrounding the intangible assets capitalisation and subsequent measurement and which we considered key, tested such controls and performed substantive test of details on the capitalised development costs. These procedures included on a sample basis testing underlying evidence including hours registration, testing estimates of useful life, testing estimates surrounding future economic cash flows. We concur with managements judgements and outcome of their procedures.

**The valuation of the amounts recorded for uncertain tax positions**

Refer to notes 2.2, 3.8 and 17 of the accompanying financial statements.

Tax contingency accruals amount to €32.5 million as at December 31, 2015 in accompanying consolidated financial statements with respect to the tax exposures/different interpretations of tax rules. The Group operates in various tax jurisdictions resulting in different subjective and complex interpretation of local tax laws. Management exercises judgment in assessing the level of provision required for taxation when such taxes are based on the interpretation of complex tax laws. The future actual outcome of the decisions concerning these tax exposures may result in materially higher or lower amounts than accrual included in the accompanying financial statements.

**How our audit addressed the matter**

Our procedures included, amongst others, assessing the appropriateness of management’s assumptions and estimates in relation to uncertain tax positions, challenging those assumptions and considering advice received by management from external parties to support their position. We have involved our tax specialists to consider management’s assessment of the tax positions and related provision/liability accruals when necessary. We concur with management estimates and the outcome of their procedures to determine the relevant provision/liability.
Responsibilities of the Board of Directors
The Board of Directors is responsible for:

- the preparation and fair presentation of the financial statements in accordance with EU-IFRS and with Part 9 of Book 2 of the Dutch Civil Code, and for the preparation of the Directors’ report in accordance with Part 9 of Book 2 of the Dutch Civil Code, and for

- such internal control as the Board of Directors determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

As part of the preparation of the financial statements, the Board of Directors is responsible for assessing the Company’s ability to continue as a going concern. Based on the financial reporting frameworks mentioned, the Board of Directors should prepare the financial statements using the going concern basis of accounting unless the Board of Directors either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so. The Board of Directors should disclose events and circumstances that may cast significant doubt on the Company’s ability to continue as a going concern in the financial statements.

Our responsibilities for the audit of the financial statements
Our responsibility is to plan and perform an audit engagement to obtain sufficient and appropriate audit evidence to provide a basis for our opinion. Our audit opinion aims to provide reasonable assurance about whether the financial statements are free from material misstatement. Reasonable assurance is a high but not absolute level of assurance which makes it possible that we may not detect all misstatements. Misstatements may arise due to fraud or error. They are considered to be material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A more detailed description of our responsibilities is set out in the appendix to our report.

Report on other legal and regulatory requirements
Our report on the Directors’ report and the other information
Pursuant to the legal requirements of Part 9 of Book 2 of the Dutch Civil Code (concerning our obligation to report about the Directors’ report and other information):

- We have no deficiencies to report as a result of our examination whether the Directors’ report, to the extent we can assess, has been prepared in accordance with Part 9 of Book 2 of this Code, and whether the information as required by Part 9 of Book 2 of the Dutch Civil Code has been annexed.

- We report that the Directors’ report, to the extent we can assess, is consistent with the financial statements.

Our appointment
We were appointed as auditors of Gemalto N.V. on 20 January 2006 by the Board of Directors and later by the passing of a resolution by the shareholders at the annual meeting held on 19 May 2006 and has been renewed annually by shareholders representing a total period of uninterrupted engagement appointment of 10 years. Following mandatory firm rotation we will rotate off as auditors after the audit of 2015.

The Hague, 3 March 2016
PricewaterhouseCoopers Accountants N.V.

Willem Schouten RA
Appendix to our auditor’s report on the financial statements 2015 of Gemalto N.V.

In addition to what is included in our auditor’s report we have further set out in this appendix our responsibilities for the audit of the financial statements and explained what an audit involves.

The auditor’s responsibilities for the audit of the financial statements

We have exercised professional judgement and have maintained professional skepticism throughout the audit in accordance with Dutch Standards on Auditing, ethical requirements and independence requirements. Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error. Our audit consisted, among others of:

- Identifying and assessing the risks of material misstatement of the financial statements, whether due to fraud or error, designing and performing audit procedures responsive to those risks, and obtaining audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the intentional override of internal control.
- Obtaining an understanding of internal control relevant to the audit 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 Company’s internal control.
- Evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors.
- Concluding on the appropriateness of the Board of Directors’ use of the going concern basis of accounting, and based on the audit evidence obtained, concluding whether a material uncertainty exists related to events and/or conditions that may cast significant doubt on the Company’s ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor’s report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor’s report and are made in the context of our opinion on the financial statements as a whole. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluating the overall presentation, structure and content of the financial statements, including the disclosures, and evaluating whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Considering our ultimate responsibility for the opinion on the Company’s consolidated financial statements we are responsible for the direction, supervision and performance of the Group audit. In this context, we have determined the nature and extent of the audit procedures for components of the Group to ensure that we performed enough work to be able to give an opinion on the financial statements as a whole. Determining factors are the geographic structure of the Group, the significance and/or risk profile of Group entities or activities, the accounting processes and controls, and the industry in which the Group operates. On this basis, we selected Group entities for which an audit or review of financial information or specific balances was considered necessary.

We communicate with the Board of Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We provide the Board of Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Board of Directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor’s report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, not communicating the matter is in the public interest.
Profit appropriation according to the Articles of Association

Stipulations relating to the distribution of profits and dividends by the Holding Company to its shareholders are provided in articles 32 to 35 of the Articles of Association.

Distribution of profits shall be made following adoption of the annual accounts which show that the distribution is permitted. The Holding Company may only make distributions to shareholders and other persons entitled to distributable profits to the extent that its equity exceeds the total amount of its issued capital and the reserves which must be maintained by law.

The Board shall with due observance of the policy of the Holding Company on additions to reserves and on distributions of profits determine what portion of the profit shall be retained by way of reserve, having regard to the legal provisions relating to obligatory reserves. The portion of the profit that shall not be reserved shall be at the disposal of the General Meeting.

Upon the proposal of the Board, the General Meeting of Shareholders shall be entitled to resolve to make distributions charged to the share premium reserve or charged to the other reserves shown in the annual accounts not prescribed by the law.

The Board may determine the terms and conditions of distributions to shareholders and may grant to shareholders the option to choose between distribution in whole or in part in the form of shares in the share capital of the Holding Company (bonus shares, stock dividend), subject to having obtained the authorization of the General Meeting to issue shares. If, however, such designation is not in force, any distributions in the form of shares in the share capital of the Company require a resolution of the General Meeting upon the proposal of the Board.

Subject to section 105, subsection 4, Book 2, Civil Code and with due observance of the policy of the Company on additions to reserves and on distributions of profits, the Board may at its own discretion resolve to distribute one or more interim dividends before the annual accounts for any financial year have been adopted at a General Meeting.

Appropriation of result – dividend

The Board has determined with due observance of the Holding Company’s policy on additions to reserves and on distributions of profits to propose to the 2016 AGM to distribute a dividend in cash of €0.47 per share in respect of the 2015 financial year and to allocate the remaining result for the period to the retained earnings.

Post-closing events

Since the beginning of 2016, the stock price of Goldpac Group Limited, has decreased significantly. As at March 3, 2016, the market value of our shareholding in Goldpac Group Limited was €44 million. The potential impairment of €13 million being the difference between the fair value and the carrying value, has not been accounted for in 2015.
Reconciliation from IFRS to adjusted financial information

<table>
<thead>
<tr>
<th>Weighted average number of shares outstanding</th>
<th>12 months ended December 31, 2015</th>
</tr>
</thead>
<tbody>
<tr>
<td>(in thousands)</td>
<td>Excluding non-controlling interest</td>
</tr>
<tr>
<td>Weighted average number of shares outstanding</td>
<td>87,812</td>
</tr>
</tbody>
</table>

IFRS financial information

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<table>
<thead>
<tr>
<th></th>
<th></th>
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<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Operating profit</td>
<td>203,347</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Financial income</td>
<td>(37,963)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Share of profit of associates</td>
<td>2,058</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Income tax</td>
<td>(30,571)</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

IFRS Profit for the period | 136,871 | 136,769 | 1.56 | 1.54 |

Reconciliation to adjusted financial information

<table>
<thead>
<tr>
<th>Reconciliation to adjusted financial information</th>
<th>Profit for the period</th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Share-based compensation expense and associated costs</td>
<td>38,638</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Fair value adjustment upon business acquisition</td>
<td>70,722</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Restructuring and acquisition-related expenses</td>
<td>49,079</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Amortization and depreciation of intangibles resulting from acquisitions</td>
<td>60,843</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Income tax</td>
<td>(52,665)</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Adjusted Profit for the period | 303,488 | 303,386 | 3.45 | 3.41 |

Adjusted income statement by business segment

<table>
<thead>
<tr>
<th>In thousands of Euro</th>
<th>Payment &amp; Identity</th>
<th>Mobile</th>
<th>Patents</th>
<th>Full year 2015</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenue</td>
<td>1,818,410</td>
<td>1,278,520</td>
<td>24,630</td>
<td>3,121,560</td>
</tr>
<tr>
<td>Gross profit</td>
<td>698,289</td>
<td>494,540</td>
<td>23,054</td>
<td>1,215,883</td>
</tr>
<tr>
<td>Operating expenses</td>
<td>(459,568)</td>
<td>(322,168)</td>
<td>(11,518)</td>
<td>(793,254)</td>
</tr>
<tr>
<td>Profit from operations</td>
<td>238,721</td>
<td>172,372</td>
<td>11,536</td>
<td>422,629</td>
</tr>
</tbody>
</table>
### IFRS Financial Information

<table>
<thead>
<tr>
<th>Description</th>
<th>12 months ended December 31, 2014</th>
</tr>
</thead>
<tbody>
<tr>
<td>Operating profit</td>
<td>270,159</td>
</tr>
<tr>
<td>Financial income</td>
<td>(12,421)</td>
</tr>
<tr>
<td>Share of profit of associates</td>
<td>(628)</td>
</tr>
<tr>
<td>Income tax</td>
<td>(35,862)</td>
</tr>
<tr>
<td><strong>IFRS Profit for the period</strong></td>
<td><strong>221,248</strong></td>
</tr>
<tr>
<td><strong>Basic EPS</strong></td>
<td><strong>2.55</strong></td>
</tr>
<tr>
<td><strong>Diluted EPS</strong></td>
<td><strong>2.49</strong></td>
</tr>
</tbody>
</table>

#### Reconciliation to Adjusted Financial Information

- **Share-based compensation expense and associated costs**: 55,423
- **Fair value adjustment upon business acquisition**: –
- **Restructuring and acquisition-related expenses**: 29,830
- **Amortization and depreciation of intangibles resulting from acquisitions**: 27,267
- **Income tax**: (18,449)

**Adjusted Profit for the period**: 315,319
**Adjusted Basic EPS**: 3.64
**Adjusted Diluted EPS**: 3.55

### Adjusted income statement by business segment

<table>
<thead>
<tr>
<th>In thousands of Euro</th>
<th>Payment &amp; Identity</th>
<th>Mobile</th>
<th>Patents</th>
<th>Full year 2014</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenue</td>
<td>1,158,344</td>
<td>1,289,592</td>
<td>17,223</td>
<td>2,445,159</td>
</tr>
<tr>
<td>Gross profit</td>
<td>386,222</td>
<td>550,185</td>
<td>15,756</td>
<td>952,163</td>
</tr>
<tr>
<td>Operating expenses</td>
<td>(244,177)</td>
<td>(313,264)</td>
<td>(12,043)</td>
<td>(569,484)</td>
</tr>
<tr>
<td>Profit from operations</td>
<td>142,045</td>
<td>236,921</td>
<td>3,713</td>
<td>382,679</td>
</tr>
</tbody>
</table>
Investor information

Investor Relations policy
Maintaining positive relations with our investors is key to Gemalto’s growth. The confidence and loyalty of private and institutional shareholders are essential to our successful long-term development. Gemalto’s Investor Relations policy is designed to inform shareholders in a timely and detailed manner about developments that are relevant to Gemalto. In order to provide a faithful and clear picture of investment decisions involving Gemalto, price-sensitive information is disseminated without delay through press releases and website updates.

In addition to the General Meetings, Gemalto has implemented a wide variety of communication tools to keep investors informed on a regular basis. These include the annual reports, sustainability reports, legal announcements, press releases and financial statements.

At the publication of interim and annual financial statements, Gemalto holds conference calls or investor meetings. In addition, Gemalto regularly performs roadshows and participates in conferences for institutional investors. These activities further Gemalto’s understanding of investor and analyst opinions. Relevant information for potential and current shareholders may be found on the Gemalto website under the link “Investor Relations” www.gemalto.com/investors.

Gemalto also observes quiet periods during which investor meetings of any kind are discouraged and financial aspects of the business are not discussed externally. For interim and annual publications, this covers at least 15 days prior to the publication date.

Corporate seat
Gemalto N.V. is the Holding Company of the Group. The corporate seat of Gemalto N.V. is Amsterdam, the Netherlands, and its registered office address is Barbara Strozzielaan 382, 1083 HN Amsterdam, the Netherlands. Gemalto N.V. is registered with the trade register in Amsterdam, the Netherlands under No. 27.25.50.26.

Share capital structure
The Company’s authorized share capital amounts to €150,000,000 and is divided into 150,000,000 ordinary shares, with a nominal value of €1 per share. As at December 31, 2015 the Company’s issued and paid-up share capital amounted to €89,007,709, consisting of 89,007,709 ordinary shares with a nominal value of €1 per share, of which 903,717 shares were held in treasury. Hence, 88,103,992 shares were outstanding as at December 31, 2015.

Stock exchange listing – 2015 stock market data
Gemalto N.V. (Euronext NL 0000400653) is listed on Euronext Amsterdam and Euronext Paris in compartment A (Large Caps). As a result of the change of market of reference, Gemalto’s shares are no longer eligible for the French “Service à Règlements Différés” (SRD), a deferred settlement service for individual shareholders residing in France, as of April 25, 2013. SRD trades were possible until April 24, 2013.

ADR (American Depository Receipt)
Gemalto has established a sponsored Level I American Depository Receipt (ADR) Program in the US since November 2009. Each Gemalto ordinary share is represented by two ADRs. Gemalto’s ADRs trade in US dollars and give access to the voting rights and to the dividends attached to the underlying Gemalto shares. The dividends are paid to investors in US dollars, after being converted into US dollars by the depository bank at the prevailing rate.

Structure: Sponsored Level I ADR
Mnemonic: GTOMY
Exchange: OTC
Ratio (ORD:DR): 1:2
DR ISIN: US36863N2080
DR CUSIP: 36863N 208

• Average daily trading volume on Euronext exchanges in 2015: 435,241.
• Market capitalization as at December 31, 2015: €4,919,456,076.

Share price evolution

- Gemalto stock price in Euro
- 5YR return (rebased 100 on December 31, 2010)
- AEX 5 year return
- STOXX 600 5 year return

<table>
<thead>
<tr>
<th>Year</th>
<th>2011</th>
<th>2012</th>
<th>2013</th>
<th>2014</th>
<th>2015</th>
</tr>
</thead>
<tbody>
<tr>
<td>Price</td>
<td>20</td>
<td>40</td>
<td>60</td>
<td>80</td>
<td>100</td>
</tr>
<tr>
<td>Return</td>
<td>120</td>
<td>180</td>
<td>240</td>
<td>300</td>
<td>360</td>
</tr>
</tbody>
</table>

- Exchange: Euronext Amsterdam, Euronext Paris
- ISIN Code: NL0000400653
- Reuters: GTO.AM, GTO.PA
- Bloomberg: GTO:NA, GTO:FP
- Among other stock indices, Gemalto is part of the: AEX (NL0000000107), SBF 120 (FR0003999481), MSCI Standard Europe and STOXX 600 Index (EU0009658202).
Shareholders’ disclosures made to the AFM and published on the AFM website as at December 31, 2015
The following shareholding threshold disclosures were applicable as at December 31, 2015. For further information, please refer to Shareholders’ disclosures, page 58.

- **December 15, 2015:** Capital Group International Inc. 9.89% voting rights
- **December 15, 2015:** Capital Research and Management Company 9.89% voting rights
- **December 15, 2015:** EuroPacific Growth Fund 4.83% capital interest
- **December 2, 2015:** S.H.U. Klatten née Quandt 3.21% capital interest and voting rights
- **December 2, 2015:** S.N. Quandt 4.19% capital interest and voting rights
- **November 6, 2015:** BlackRock, Inc 3.00% capital interest and 3.74% voting rights
- **November 17, 2014:** Oppenheimer Funds 3.05% capital interest and voting rights
- **July 12, 2013:** BPI Groupe 8.51% capital interest and voting rights
- **August 13, 2012:** FMR LLC 4.77% capital interest and 4.48% voting rights
- **June 16, 2010:** Pioneer Asset Management S.A. 4.86% capital interest and voting rights

Note that the table may not reflect the actual shareholding as per December 31, 2015 due to the following:
- Once a shareholder has disclosed a substantial shareholding to the AFM, additional disclosures are only required in case of exceeding or falling below a threshold;
- Shareholders who disclosed a substantial shareholding to the AFM above 3% and below 5% prior to July 1, 2013 and (i) held less than 3% on July 1, 2013, or (ii) held between 3% and 5% after July 1, 2013, were not required to make an additional disclosure to the AFM.

Capital interests and/or voting rights may require several disclosures by companies belonging to the same group.

Geographic spread of shareholdings
Geographical spread of identified shareholding as of October 2015

<table>
<thead>
<tr>
<th>Region</th>
<th>% of outstanding capital</th>
</tr>
</thead>
<tbody>
<tr>
<td>North America</td>
<td>26%</td>
</tr>
<tr>
<td>UK and Ireland</td>
<td>9%</td>
</tr>
<tr>
<td>Continental Europe</td>
<td>61%</td>
</tr>
<tr>
<td>Other</td>
<td>4%</td>
</tr>
</tbody>
</table>

Financial calendar 2016
Important dates of financial calendar

- **March 4, 2016:** Publication of 2015 Fourth Quarter Revenue and Full Year Results
- **April 29, 2016:** Publication of 2016 First Quarter Revenue
- **May 19, 2016:** 2016 Annual General Meeting of shareholders
- **August 26, 2016:** Publication of 2016 Second Quarter Revenue and First Semester Results
- **October 28, 2016:** Publication of 2016 Third Quarter Revenue

2016 Annual General Meeting of shareholders
Gemalto N.V. will hold its 2016 AGM at the Hyatt Place Amsterdam Airport Hotel, Rijnlanderweg 800, 2132 NN Hoofddorp (Haarlemmermeer), the Netherlands on Thursday, May 19, 2016 at 2 p.m. CET.

The persons entitled to attend and cast votes at the AGM will be those who are recorded as having such rights after the close of trading on the relevant Euronext stock exchange on April 21, 2016 (the “Record Date”) in Gemalto’s shareholders register, or in a register of a financial institution affiliated to Euroclear France S.A., regardless of whether they are shareholders at the time of the AGM.

Dividend
In 2010 the Company paid the first cash dividend of its history, €0.25 per share, with respect to the 2009 financial year. In 2011, 2012, 2013, 2014 and 2015 it paid a cash dividend of €0.28, €0.31, €0.34, €0.38 and €0.42 for the financial years of 2010, 2011, 2012, 2013 and 2014 respectively. With due observance of the Company’s dividend policy, the Board will propose a cash dividend of €0.47 per share in respect of the 2015 financial year at the 2016 AGM. For more information on the dividend policy, please refer to Distribution of profits, page 57.

Share buy-back program
As authorized by the 2015 AGM, the Company has renewed its share buy-back program up to and including October 31, 2016. Gemalto’s share buy-back program had no impact on the cash position in 2015. As at December 31, 2015 the Company held 903,717 shares in treasury, which were repurchased on the market at an average acquisition price of €40.20. For further information on the share buy-back program, please refer to Authorizations granted to the Board, page 57.

Investor Relations contact:
Gemalto shareholders service
Tel: +33 1 5501 5509
Fax: +33 1 5501 5120
Email: investorrelations@gemalto.com
Investor Center: www.gemalto.com/investors
Contact us at: http://www.gemalto.com/php/contactus.php
Glossary of digital security terms

3FF (Third Form Factor): A very small SIM card, also known as a “micro-SIM”, for use in small mobile devices.

4FF (Fourth Form Factor): An even smaller SIM card, also known as a “nano-SIM”, for use in small mobile devices.

3G (Third Generation): The broadband telecommunications systems that combine high-speed voice, data and multimedia.

4G: The 4th generation of wireless standards offering a comprehensive, secure all-IP based mobile broadband solution to smartphones, laptop computer wireless modems and other mobile devices.

Back-end: Here, describing a remote platform or server that stores and processes data without direct access by the user; whereas “front-end” refers to an application or interface accessed directly by the user.

Big data: A collection of data sets so large and complex that they are difficult to process with traditional applications.

Bluetooth: A short-range wireless technology that simplifies communication and synchronization between the internet, devices and other computers.

BYOD (Bring Your Own Device): Using one’s personal device (e.g. smartphone, laptop, tablet, etc.) for professional purposes in the workplace.


Cell/cellular: Indicates the way any mobile network covers a geography, by cells, each cell being covered by a tower. A mobile phone keeps hopping on and off each contiguous cell, as it moves.

Client: A software application that runs on a personal device and relies on a server to perform some operations (see “thin client”).

Cloud computing: Computing by using servers, storage and applications that are accessed via the internet.

Contactless: A device that communicates by means of a radio frequency signal, eliminating the need for physical contact with a reader.

CRM: Customer Relationship Management.

DDA (Dynamic Data Authentication): An authentication technology that allows banks to approve transactions at the terminal in a highly secure way.

DI (Dual-Interface): A device that is both contact and contactless.

Digital signature: An electronic signature created with a public-key algorithm that can be used by the recipient to authenticate the identity of the sender.

Dongle: Any small piece of hardware that plugs into a computer.

EAC (Extended Access Control): A mechanism enhancing the security of ePassports whereby only authorized inspection systems can read biometric data.

eBanking: Accessing banking services via the internet.

eCommerce: Buying and selling goods and services via the internet.

eDocument: Any of a range of electronic documents, including electronic ID cards, Drivers’ Licenses, Health cards, etc.

eGovernment: The use of digital technologies (often via the internet) to provide government services. Second generation eGov 2.0 programs aim to increase efficiency, lower costs and reduce bureaucracy.

eID: Personal identification using a variety of devices secured by microprocessors, biometrics and other means.

EMV: The industry standard for international debit/credit cards established by Europay, MasterCard and Visa.

ePassport: An electronic passport with high security printing, an inlay including an antenna and a microprocessor, and other security features.

ePurse: A small portable device that contains electronic money and is generally used for low-value transactions.

eTicketing: Electronic systems for issuing, checking and paying for tickets, mainly for public transport.

FIPS 201 (Federal Information Processing Standard): A US federal government standard that specifies personal identity verification requirements for employees and contractors.

GSM (Global System for Mobile communications): A European standard for digital cellphones that has now been widely adopted throughout the world.

GSMA (GSM Association): The global association for mobile phone operators.

HSPD-12 (Homeland Security Presidential Directive-12): Orders all US federal agencies to issue secure and reliable forms of identification to employees and contractors, with a recommendation in favor of smart card technology.

IAM: Identity and Access Management.

ICAO (International Civil Aviation Organization): The UN agency which standardizes machine-readable and biometric passports worldwide.

IM (Instant messaging): Using text on a mobile handset to communicate in real time.

IoT: Internet of Things: The network of connected objects and devices that are embedded with software so they can collect and exchange data.

IP (Internet Protocol): A protocol for communicating data across a network; hence an IP address is a unique computer address using the IP standard.

Java: A network oriented programming language invented by Sun Microsystems and specifically designed so that programs can be safely downloaded to remote devices.

LTE (Long Term Evolution): The standard in advanced mobile network technology, often referred to as 4G (see above).
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OTHER INFORMATION

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B2M (Machine-to-Machine): Technology enabling communication between machines for applications such as smart meters, mobile health solutions, etc.

mBanking (mobile banking): Conducting various banking and financial transactions through a mobile device connected to the internet.
mCommerce (mobile commerce): Buying and selling goods and services using a mobile device connected to the internet.

MFS (Mobile Financial Services): Banking services such as transfer and payment available via a mobile device.

Microfinance: A means of offering a range of financial services to economically poor people who do not have bank accounts and so enabling financial inclusion.

MIM (Machine Identification Module): The equivalent of a SIM with specific features such that it can be used in machines to enable authentication.

MMS (Multimedia Messaging Service): A standard way of sending messages that include multimedia content (e.g. photography) to and from mobile phones.

MNO (Mobile Network Operator): A company that provides services for mobile phone subscribers.

mPayment (mobile payment): Using a mobile handset to pay for goods and services.

Multi-tenant SIM: A device capable of carrying multiple IDs and shared by multiple service providers.

NFC (Near-Field Communication): Enables communication over short distances (e.g. 4cm), typically on personal computers.

OS (Operating System): Software that runs on computers and other smart devices and that manages the way they function.

PKI (Public Key Infrastructure): The software and/or hardware components necessary to enable the effective use of public-key encryption technology. Public Key is a system that uses two different keys (public and private) for encrypting and signing data.

Platform: A system’s underlying software that enables a service.

Server: A networked computer.

SIM (Subscriber Identity Module): A smart card for GSM systems.

SMS (Short Message Service): A GSM service that sends and receives messages to and from a mobile phone.

Thin client: A software application designed to be especially small so that the bulk of the data processing occurs on a central server. By contrast, a fat client does as much local processing as possible.

TSM (Trusted Service Manager): A third-party enabling mobile operations, mass transit operators, banks and businesses to offer combined services seamlessly and securely.

UICC (Universal Integrated Circuit Card): A high-capacity smart card used in mobile terminals for GSM and UMTS/3G networks.

UMTS (Universal Mobile Telecommunications System): One of the 3G mobile telecommunications technologies which is also being developed into a 4G technology.

USB (Universal Serial Bus): A standard input/output bus that supports very high transmission rates.

USIM (Universal Subscriber Identity Module): A SIM with advanced software that ensures continuity when migrating to 3G services.

VPN (Virtual Private Network): A private network often used within a company or group of companies to communicate confidentially over a public network.

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OMA (Open Mobile Alliance): A body that develops open standards for the mobile phone industry.

OS (Operating System): Software that runs on computers and other smart devices and that manages the way they function.

OTA (Over-The-Air): A method of distributing new software updates to cellphones which are already in use.

OTP (One-Time Password): A password that is valid for only one login session or transaction.

PC: Personal computer.

PIN (Personal Identification Number): A secret code required to confirm a user’s identity.

PKI (Public Key Infrastructure): The software and/or hardware components necessary to enable the effective use of public-key encryption technology. Public Key is a system that uses two different keys (public and private) for encrypting and signing data.