Independent auditor’s report

To: the General Meeting of Shareholders and the Board of Gemalto N.V.

Report on the accompanying financial statements 2016

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 2016, and of its result and its cash flows for 2016 in accordance with International Financial Reporting Standards as adopted by the European Union (EU-IFRS) and with Part 9 of Book 2 of the Netherlands Civil Code;

• the accompanying company financial statements give a true and fair view of the financial position of Gemalto N.V. as at 31 December 2016, and of its result for 2016 in accordance with Part 9 of Book 2 of the Netherlands Civil Code.

What we have audited

We have audited the financial statements 2016 of Gemalto N.V., based in Amsterdam. The financial statements include the consolidated financial statements and the company financial statements.

The consolidated financial statements comprise:

• the consolidated statement of financial position as at 31 December 2016;

• the following consolidated statements for 2016: the income statement, the statement of other comprehensive income, changes in equity and cash flows; and

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

The company financial statements comprise:

• the company balance sheet as at 31 December 2016;

• the following company statements for 2016: the income statement, the statement of changes in shareholders’ equity; and

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

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 assurance-opdrachten (VO, Code of Ethics for Professional Accountants, a regulation with respect to independence) and other relevant independence regulations in the Netherlands. Furthermore, we have complied with the Verordening gedrags- en beroepsregels accountants (VGBA, Dutch Code of Ethics).

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Audit approach

Summary

Materiality

• Overall materiality of EUR 15.5 million
• 5.0% of profit before tax from continuing operations

Unqualified audit opinion

Key audit matters

• Valuation of goodwill
• Deferred tax assets and tax contingency accruals
• Revenue recognition on complex contracts
• Capitalized development costs

Audit scope

• Coverage of 82% of revenues and 78% of total assets with full scope audits and audits of account balances
• All entities have been in scope for procedures

Materiality

Based on our professional judgment we determined the materiality for the financial statements as a whole at EUR 15.5 million. The materiality is determined with reference to profit before tax from continuing operations, which it represents 5%. We consider profit before tax from continuing operations as the most appropriate benchmark as the main stakeholders are primarily focussed on profit before tax. We have also taken into account misstatements and/or possible misstatements that in our opinion are material for qualitative reasons for the users of the financial statements.

We agreed with the Audit Committee that misstatements in excess of EUR 1.0 million, which are identified during the audit, would be reported to them, as well as smaller misstatements that in our view must be reported on qualitative grounds.

Scope of the group audit

Gemalto N.V. is head of a group of entities. The financial information of this group is included in the financial statements of Gemalto N.V.

Our group audit mainly focussed on significant group entities that are (i) of individual financial significance to the group, or (ii) that, due to their specific nature or circumstances, are likely to include significant risks of material misstatement of the group financial statements. We have considered in this respect Gemalto’s business volatility and dispersed geographical presence, including many emerging countries. Our group audit covered all Gemalto’s business segments.

We have selected 28 group entities where we performed procedures (full scope procedures for 18 group entities and specific procedures on significant account balances for 10 group entities).
We have:

- performed audit procedures ourselves at group entities in respect of areas such as the annual goodwill impairment tests, other (in)stangible asset impairment tests, valuation of deferred tax assets, acquisitions and disposals and shared service centers;
- used the work of local KPMG auditors when auditing local entities. These entities are located in France, Germany, Netherlands, Russia, South Africa, Spain, Sweden, Switzerland, Turkey, the United Kingdom, Brazil, Canada, Colombia, Mexico, the United States of America, China, Japan, Singapore, and the United Arab Emirates.
- performed audit of account balances or central procedures at other group entities.

By performing the procedures mentioned above at group and local entities, together with additional procedures at group level, we have been able to obtain sufficient and appropriate audit evidence about the group’s financial information to provide an opinion about the financial statements.

Coverage

The depth of our audit procedures and our actual coverage varies per account balance depending on our risk assessment. This resulted in a coverage of 82% of revenues and 78% of total assets through full scope audits and audit of account balances.

<table>
<thead>
<tr>
<th>Revenues</th>
<th>Total assets</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Full scope audits</td>
<td>1. Full scope audits</td>
</tr>
<tr>
<td>2. Audit of account balance</td>
<td>2. Audit of account balance</td>
</tr>
<tr>
<td>3. Central procedures remaining components</td>
<td>3. Central procedures remaining components</td>
</tr>
<tr>
<td>69%</td>
<td>75%</td>
</tr>
<tr>
<td>13%</td>
<td>3%</td>
</tr>
<tr>
<td>18%</td>
<td>22%</td>
</tr>
</tbody>
</table>

Initial audit

Initial audit engagements involve considerations in addition to those applied in recurring audits. During initial audit engagements we need to gain sufficient knowledge about the Company, its business, control environment and application of accounting principles in order to perform our initial audit risk assessment and planning of audit activities.

A detailed transition plan, including independence clearance, was prepared prior to the start of the audit. We started our transitional procedures during 2015 to gain an understanding of Gemalto and its business including its control environment and accounting policies. We have been in close contact with the predecessor auditor and have performed reviews on their audit files at all levels throughout the group. During 2016 we had regular meetings with management, performed limited half-year procedures and assessed key matters at an early stage.

Our key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements. We have communicated the key audit matters to the Audit committee. The key audit matters are not a comprehensive reflection of all matters discussed.

These matters were addressed in the context of our audit of the financial statements as a whole and in forming our opinion thereon, and we do not provide a separate opinion on these matters.
Valuation of goodwill

**Description**
Goodwill amounts to a net book value of €1,562 million as at 31 December 2016 in the financial statements. Under EU-IFRS, the Company is required to test the amount of goodwill for impairment at least annually. The impairment tests were significant to our audit due to the complexity of the assessment process and judgments and assumptions involved which are affected by expected future market and economic developments.

**Our response**
We challenged the cash flow projections included in the annual goodwill impairment tests by considering the historical accuracy of forecasts. For our audit we furthermore critically assessed and tested management's key assumptions, methodologies, the weighted average cost of capital and other data used, for example by comparing them to external and historical data, such as external market growth expectations and by analysing sensitivities in the group’s valuation model. We included valuation specialists in our team to assist us with these procedures. We specifically focused on the sensitivity in the available headroom for the cash generating units, evaluating whether a reasonably possible change in assumptions could cause the carrying amount to exceed its recoverable amount, and assessed the historical accuracy of management’s estimates. We also assessed the adequacy of the Company’s disclosures included in note 9 in the financial statements.

**Our observation**
Based on our procedures performed we consider management’s key assumptions to be within a reasonable range and determined that the Company’s disclosures meet the requirements of EU-IFRS.

Deferred tax assets and tax contingencies accruals

**Description**
The group has a significant amount of deferred tax assets of €111 million, mainly resulting from net operating losses and tax contingency accruals in relation to tax exposures in various countries.

For the deferred tax assets the risk exists that future (fiscal) profits will not be sufficient to fully recover the amount recognized. Management supports the recoverability of the deferred tax assets mainly with fiscal profit projections which contain estimates of and tax strategies for future taxable income. For example, changes in the business and its markets and changes in regulations may affect these projections.

In the context of political pressure on national budgets and the Company’s dispersed geographical presence and transfer pricing policies are increasingly dispersed, local tax authorities, management exercises judgment in determining its tax position. The future actual outcome of decisions concerning the tax exposures may result in significantly higher or lower amounts than currently recognized in the financial statements.

**Our response**
We have assessed the appropriateness of management’s assumptions and estimates in relation to the deferred tax assets and the tax contingency accruals, by challenging those assumptions and considering management’s position that is supported by external tax advisors. In this area, our audit procedures included, among others, using our own tax specialists to assist us in assessing the appropriateness of the level of deferred tax asset balances and tax contingency accruals recognized in the balance sheet. We mainly focused on the long-term forecasts and critically assessed the assumptions and judgments included in these forecasts by considering the historical accuracy of forecasts and the sensitivities of the profit forecasts. Furthermore we critically assessed the assumptions and judgments included in the tax contingency. We also assessed the adequacy of the tax disclosures included in note 28 in the financial statements.

**Our observation**
Based on our procedures performed we consider management’s key assumptions and judgments to be within a reasonable range and determined that the tax disclosures meet the requirements of EU-IFRS.

Revenue recognition on complex contracts

**Description**
The group ambition is to further transform its operating model towards providing highly technological service solutions. Such services may imply complex development arrangements, including multi-components and specific clauses (such as contingency clauses), which could lead to exceptions to the group revenue and billing policies. An increasing portion of the group’s revenue is generated from large and complex contracts in which judgment is applied on clients’ acceptance criteria and whether the transfer of risk and rewards to the buyer has taken place to determine whether revenue and costs should be recognized in the current period. Also when a transaction contains multiple elements, the identification of each separately identifiable component and the related allocation of the relative fair value requires management judgment.

**Our response**
Our procedures included amongst other, assessment of the revenue recognition method for complex contracts. With involvement of our component auditors, we have tested the design and the effectiveness of the controls set up by management surrounding the analysis of the monthly review of revenue recognition and the identification of any unusual contractual terms.

We performed detailed procedures, including testing on a sample basis underlying evidence of delivery of products or services, including contracts and third party correspondence to determine accurate and complete revenue recognition. We have assessed the appropriateness of management’s estimates in relation to the unbilled balances.

**Our observation**
Based on our procedures performed we consider that management has appropriate procedures in place to ensure appropriate accounting of revenues in accordance with EU-IFRS.

Capitalized development costs

**Description**
Capitalized development costs of €155 million are deemed significant to our audit, given the rapid technological developments in the industry, as well as the specific criteria that need to be met for capitalization. This involves management judgment, such as technical feasibility, intention and ability to complete the intangible asset, ability to use or sell the asset, generation of future economic benefits and the ability to measure the costs reliable. In addition, determining whether there is any indication of impairment of the carrying value of assets, requires management judgment and assumptions which are affected by future market or economic developments.

**Our response**
We have performed audit procedures over the accuracy and valuation of amounts recognized. Our audit procedures included, among other things, assessing the recognition criteria for intangible assets, challenging the key assumptions used or estimates made in capitalizing development costs, including the authorization of the stage of the project in the development phase and the accuracy of costs included and assessing the useful economic life attributed to the asset. In addition, we considered whether any indicators of impairment were present by understanding the business rationale for projects. We also assessed the adequacy of the Company’s disclosure in note 9 of the financial statements.

**Our observation**
Based on our procedures performed we consider management’s judgments and outcome of their procedures to be appropriate and determined that the Company’s disclosures meet the requirements of EU-IFRS.
Report on the other information included in the annual report

In addition to the financial statements and our auditor’s report thereon, the annual report contains other information that consists of:

- board report;
- other information pursuant to Part 9 of Book 2 of the Netherlands Civil Code;

Based on the below procedures performed, we conclude that the other information:

- is consistent with the financial statements and does not contain material misstatements;
- contains the information as required by Part 9 of Book 2 of the Netherlands Civil Code.

We have read the other information. Based on our knowledge and understanding obtained through our audit of the financial statements or otherwise, we have considered whether the other information contains material misstatements.

By performing these procedures, we comply with the requirements of Part 9 of Book 2 of the Netherlands Civil Code and the Dutch Standard 720. The scope of the procedures performed is substantially less than the scope of those performed in our audit of the financial statements.

Report on other legal and regulatory requirements

Engagement

We were appointed as auditor of Gemalto N.V. by the Annual General Meeting of Shareholders on 22 May 2015. The audit of the 2016 financial statements was our first year’s audit.

Description of the responsibilities for the financial statements

Responsibilities of the Board for the financial statements

The Board 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 Netherlands Civil Code. Furthermore, the Board is responsible for such internal control as the Board determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to errors or fraud.

As part of the preparation of the financial statements, the Board is responsible for assessing the Company’s ability to continue as a going concern. Based on the financial reporting framework mentioned, the Board should prepare the financial statements using the going concern basis of accounting unless the Board either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so. The Board 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.

The Audit Committee is responsible for overseeing the Company’s financial reporting process.

Our responsibilities for the audit of financial statements

Our objective is to plan and perform the audit to obtain sufficient and appropriate audit evidence for our opinion. Our audit has been performed with a high, but not absolute, level of assurance, which means we may not have detected all material errors and fraud during the audit.

Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements. The materiality affects the nature, timing and extent of our audit procedures and the evaluation of the effect of identified misstatements on our opinion.

For a further description of our responsibilities in respect of an audit of financial statements we refer to the Appendix.

Amstelveen, 2 March 2017

KPMG Accountants N.V.

T. van der Heijden RA
Independent auditor’s report continued

Appendix
We have exercised professional judgment and have maintained professional skepticism throughout the audit, in accordance with Dutch Standards on Auditing, ethical requirements and independence requirements. Our audit included e.g.:

• 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 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.

• Concluding on the appropriateness of the Board’s use of the going concern basis of accounting, and based on the audit evidence obtained, whether a material uncertainty exists related to events 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. However, future events or conditions may cause a 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.

Because we are ultimately responsible for the opinion, we are also responsible for directing, supervising and performing the group audit. In this respect we have determined the nature and extent of the audit procedures to be carried out for group entities. Decisive were the size and/or the risk profile of the group entities or operations. On this basis, we selected group entities for which an audit or review had to be carried out on the complete set of financial information or specific items.

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

We provide the Audit Committee 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 Audit Committee, we determine key audit matters: those matters that were of most significance in the audit of the financial statements. 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

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 2017 AGM to distribute a dividend in cash of €0.50 per share in respect of the 2016 financial year and to allocate the remaining result for the period to the retained earnings.

Post-closing events
To management’s knowledge, there are no significant events that occurred since December 31, 2016 which would materially impact the statutory financial statements of the Holding Company.
### Reconciliation from IFRS to adjusted financial information

<table>
<thead>
<tr>
<th>Weighted average number of shares outstanding (in thousands)</th>
<th>Excluding non-controlling interest</th>
<th>Basic EPS</th>
<th>Diluted EPS</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>88,703</td>
<td>89,649</td>
<td></td>
</tr>
</tbody>
</table>

**IFRS financial information**

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Operating profit</td>
<td>346,946</td>
</tr>
<tr>
<td>Financial income</td>
<td>(34,268)</td>
</tr>
<tr>
<td>Share of profit of associates</td>
<td>2,059</td>
</tr>
<tr>
<td>Impairment of associates, net</td>
<td>(21,042)</td>
</tr>
<tr>
<td>Income tax</td>
<td>(107,497)</td>
</tr>
<tr>
<td><strong>Net profit</strong></td>
<td><strong>186,198</strong></td>
</tr>
<tr>
<td><strong>Diluted EPS</strong></td>
<td><strong>2.07</strong></td>
</tr>
</tbody>
</table>

**Reconciliation to adjusted financial information**

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Share-based compensation expense and associated costs</td>
<td>9,238</td>
</tr>
<tr>
<td>Fair value adjustment upon business acquisition</td>
<td>3,242</td>
</tr>
<tr>
<td>Restructuring and acquisition-related expenses</td>
<td>35,656</td>
</tr>
<tr>
<td>Amortization and depreciation of intangibles resulting from acquisitions</td>
<td>57,576</td>
</tr>
<tr>
<td>Income tax</td>
<td>(25,028)</td>
</tr>
<tr>
<td><strong>Adjusted net profit</strong></td>
<td><strong>266,882</strong></td>
</tr>
<tr>
<td><strong>Adjusted EPS</strong></td>
<td><strong>3.00</strong></td>
</tr>
</tbody>
</table>

**Adjusted income statement by business segment**

<table>
<thead>
<tr>
<th>Description</th>
<th>Payment &amp; Identity</th>
<th>Mobile</th>
<th>Patents</th>
<th>Full year 2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenue</td>
<td>1,948,277</td>
<td>1,174,439</td>
<td>3,815</td>
<td>3,126,531</td>
</tr>
<tr>
<td>Gross profit</td>
<td>793,491</td>
<td>471,165</td>
<td>1,549</td>
<td>1,266,205</td>
</tr>
<tr>
<td>Operating expenses</td>
<td>(503,272)</td>
<td>(299,700)</td>
<td>(10,575)</td>
<td>(813,547)</td>
</tr>
<tr>
<td>Profit from operations</td>
<td>290,219</td>
<td>171,465</td>
<td>(9,026)</td>
<td>452,658</td>
</tr>
<tr>
<td>Weighted average number of shares outstanding (in thousands)</td>
<td>Excluding non-controlling interest</td>
<td>Basic EPS</td>
<td>Diluted EPS</td>
<td></td>
</tr>
<tr>
<td>------------------------------------------------------------</td>
<td>-----------------------------------</td>
<td>-----------</td>
<td>------------</td>
<td></td>
</tr>
<tr>
<td></td>
<td>87,812</td>
<td>89,077</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**IFRS financial information**

- Operating profit: 203,347
- Financial income: (37,963)
- Share of profit of associates: 2,058
- Income tax: (30,571)

**IFRS Profit for the period**

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

**Reconciliation to adjusted financial information**

- Share-based compensation expense and associated costs: 38,638
- Fair value adjustment upon business acquisition: 70,722
- Restructuring and acquisition-related expenses: 49,079
- Amortization and depreciation of intangibles resulting from acquisitions: 60,843
- Income tax: (52,665)

**Adjusted Profit for the period**

| 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>(792,254)</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>
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 releases 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 Strozzipla 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. On December 31, 2016 the Company’s issued and paid-up share capital amounted to €89,928,639, consisting of 89,928,639 ordinary shares with a nominal value of €1 per share, of which 717,835 shares were held in treasury. Hence, 89,210,804 shares were outstanding as at December 31, 2016.

**Stock exchange listing – 2016 stock market data**
Gemalto N.V. (Euronext NL 0000400653) is listed on Euronext Amsterdam and Euronext Paris in Compartment A (Large Caps). Gemalto changed its market of reference to Euronext Amsterdam effective April 30, 2013. As a result of the change of market of reference, Gemalto’s shares are no longer eligible for the French “Service à Réglements 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.

Gemalto has established a sponsored Level I American Depositary 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: 36863N208

**ADR (American Depositary Receipt)**

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**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. On December 31, 2016 the Company’s issued and paid-up share capital amounted to €89,928,639, consisting of 89,928,639 ordinary shares with a nominal value of €1 per share, of which 717,835 shares were held in treasury. Hence, 89,210,804 shares were outstanding as at December 31, 2016.

**Stock exchange listing – 2016 stock market data**
Gemalto N.V. (Euronext NL 0000400653) is listed on Euronext Amsterdam and Euronext Paris in Compartment A (Large Caps). Gemalto changed its market of reference to Euronext Amsterdam effective April 30, 2013. As a result of the change of market of reference, Gemalto’s shares are no longer eligible for the French “Service à Réglements 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.
Financial calendar 2017

Important dates of financial calendar

March 3, 2017  Publication of 2016 Fourth Quarter Revenue and Full Year Results

April 28, 2017  Publication of 2017 First Quarter Revenue

May 18, 2017  2017 Annual General Meeting of shareholders

September 1, 2017  Publication of 2017 Second Quarter Revenue and First Semester Results

October 27, 2017  Publication of 2017 Third Quarter Revenue

2017 Annual General Meeting of shareholders

Gemalto N.V. will hold its 2017 AGM at the Sheraton Amsterdam Airport Hotel & Conference Center, Schiphol Boulevard 101, 1118 BG, Schiphol Airport, the Netherlands on Thursday, May 18, 2017 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 20, 2017 (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, 2015 and 2016 it paid a cash dividend of €0.28, €0.31, €0.34, €0.38, €0.42 and €0.47 for the financial years of 2010, 2011, 2012, 2013, 2014 and 2015 respectively. With due observance of the Company’s dividend policy, the Board will propose a cash dividend of €0.50 per share in respect of the 2016 financial year at the 2017 AGM. For more information on the dividend policy, please refer to Distribution of profits, page 56.

Share buy-back program

As authorized by the 2016 AGM, the Company has renewed its share buy-back program up to and including October 31, 2017. Gemalto’s share buy-back program had no impact on the cash position in 2016. As at December 31, 2016 the Company held 717,835 shares in treasury, which were repurchased on the market at an average acquisition price of €40.46. For further information on the share buy-back program, please refer to Authorizations granted to the Board, page 56.

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Glossary of digital security terms

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 moderns and other mobile devices.

Authentication: The process or action of verifying the identity of a user or process.

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.

Biometrics: The science of analyzing physical or behavioral characteristics specific to each individual (e.g. fingerprint, iris, voice, etc.) in order to be able to authenticate their identity.

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”).

The Cloud/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.

Cryptography: The creation of written or generated codes that allows information to be kept secret.

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

DevOps: This term is a compound of ‘software DEVELOpment’ and ‘information technology OPERationS’. It refers to a set of practices that emphasizes the collaboration and communication of both software developers and IT professionals while automating the process of software delivery and infrastructure changes.

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.

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.

Encryption: The process of encoding messages or information in such a way that only authorized parties can access it.

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

eSIM: The embedded SIM (also called eSIM or eUICC) is a new secure element designed to remotely manage multiple mobile network operator subscriptions and be compliant with GSMA specifications.

General Data Protection Regulation (GDPR): Is a regulation by which the European Parliament, the European Council and the European Commission intend to strengthen and unify data protection for individuals within the European Union (EU).

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.

HSM (hardware security module): A physical computing device that safeguards and manages digital keys for strong authentication and provides cryptoprocessing.

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.

Keys: In cryptography, a key is a variable value that is applied using an algorithm to a string or block of unencrypted text to produce encrypted text, or to decrypt encrypted text. The length of the key is a factor in considering how difficult it will be to decrypt the text in a given message.

LTE (Long Term Evolution): The standard in advanced mobile network technology, often referred to as 4G (see above).
**M2M (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.

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

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

**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.

**NFC (Near-Field Communication):** A wireless technology that enables communication over short distances (e.g. 4cm), typically between a mobile device and a reader.

**OEM (Original Equipment Manufacturer):** A company that builds products using components from other companies.

**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.

**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.

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

**Server:** A networked computer.

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

**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.

**Tokenization:** In mobile payment services tokenization consists of replacing card credentials with a token. It is only the token data which is then stored in the mobile device – protecting the real card number from misuse.

**TSM (Trusted Service Manager):** A third-party enabling mobile operators, 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.

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

**Wearables:** The terms ‘wearable technology’, ‘wearable devices’, and ‘wearables’ all refer to electronic technologies or computers that are incorporated into items of clothing and accessories which can comfortably be worn on the body.

**Wireless module:** An industrial-grade radio chip that enables communication on cellular networks as part of the IoT.

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