



CRYPTERA[®]
FURMER SÅGEM DENMARK

Cryptera A/S

Fabriksparken 20

2600 Glostrup

CVR-nr. 26 83 79 28

Annual Report for 2015

The annual Report has been presented and
adopted at the Annual General Meeting of the
Company on 11/3 2016


Chairman

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Managements Statement on the Annual Report

The Board of Directors and the Executive Board have today discussed and approved the annual report of Cryptera A/S for the financial year 1 January – 31 December 2015.

The annual report has been prepared in accordance with the Danish Financial Statements Act.

It is our opinion that the financial statements give a true and fair view of the Company's assets, liabilities and financial position at 31 December 2015 and of the results of the Company's operations and cash flows for the financial year 1 January – 31 December 2015.

In our opinion, the Management's review includes a fair review of the development in the Company's operations and financial matters, of the results for the year and of the Company's financial position.

We recommend that the annual report be approved at the annual general meeting.

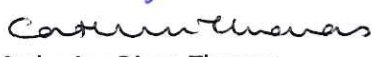
Glostrup, March 11th, 2016

Executive Board


Kaj Ingvar Christiansen

Supervisory Board


Bassem Bouzid
Chairman


Catherine Diana Thomas


Erling Aaes-Jørgensen


Jonathan Bradley Leiken


Kim Pedersen

Independent auditor's report

To the shareholders of Cryptera A/S

Independent auditor's report on the financial statements.

We have audited the financial statements of Cryptera A/S for the financial year 1 January – 31 December 2015. The financial statements comprise accounting policies, income statement, balance sheet, statement of changes in equity and notes. The financial statements are prepared in accordance with the Danish Financial Statements Act.

Management's responsibility for the financial statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the Danish Financial Statements Act and for such internal control that Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' responsibility

Our responsibility is to express an opinion on the financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing and additional requirements under Danish audit regulation. This requires that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance as to whether the financial statements are free from material misstatement

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the Company's preparation of financial statements that give a true and fair view 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. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by Management, as well as evaluating the overall presentation of financial statements.

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

Our audit has not resulted in any qualification.

Opinion

In our opinion, the financial statements give a true and fair view of the Company's financial position at 31 December 2015 and of the results of the Company's operations for the financial year 1 January – 31 December 2015 in accordance with the Danish Financial Statements Act.

Independent auditors' report

Statement on the Management's review

Pursuant to the Danish Financial Statements Act, we have read the Management's review. We have not performed any further procedures in addition to the audit of the financial statements. On this basis, it is our opinion that the information provided in the Management's review is consistent with the financial statements.

Copenhagen, March 11th, 2016

KPMG

Statsautoriseret Revisionspartnerselskab

CVR.nr. 25 57 81 98



Morten Høgh-Petersen

State Authorised

Public Accountant

Company information

The Company

Cryptera A/S
Fabriksparken 20
2600 Glostrup

Telephone: +45 43 43 43 95

Website: www.cryptera.com

CVR-no. 26 83 79 28

Financial Year: 1 January - 31 December 2015

Municipality of reg.office: Glostrup

Supervisory Board

Bassem Bouzid (Chairman)
Jonathan Bradley Leiken
Catherine Diana Thomas
Kim Pedersen
Erling Aaes-Jørgensen

Executive Board

Kaj Ingvar Christiansen

Auditors

KPMG
Statsautoriseret Revisionspartnerselskab
Dampfærgevej 28
2100 København Ø

Financial Highlights

Key figures	<u>2015</u> DKK '000	<u>2014</u> DKK '000	<u>2013</u> DKK '000	<u>2012</u> DKK '000	<u>2011</u> DKK '000
Profit/(loss)					
Gross Profit	91 438	63 569	55 711	47 305	51 277
Profit/(loss) before financial income and expenses	31 802	10 034	-5 593	-3 903	3 663
Net financials	3 053	2 834	-1 907	-845	736
Net profit/loss for the year	26 585	9 879	-5 881	-3 305	3 273
Balance sheet					
Balance sheet total	137 814	107 217	90 119	95 086	106 918
Investment in property, plant and equipment	2 626	4 747	3 763	1 147	3 886
Equity	102 888	76 303	66 434	72 305	75 610
Number of employees	82	77	85	86	89
Ratios in %					
Return on net assets	23,1%	9,4%	-6,2%	-4,1%	2,4%
Solvency ratio	74,7%	71,2%	73,7%	76,0%	70,7%
Return on equity	29,7%	13,8%	-8,5%	-4,5%	4,4%

The financial ratios are calculated in accordance with the Danish Society of Financial Analysts' guidelines on the calculation of financial ratios "Recommendations and Financial Ratios 2015".
For terms and definitions, please see the accounting policies.

Managements Review

Main activity

Cryptera A/S' core business is development and production of PIN-based solutions focusing on high-security PIN keyboards for cash dispensers at banks and PIN-based paymentsystems for retailing and self-service dispensers.

Development in the financial year

The result continued to improve in 2015 with growth in the new products. The favorable development in the USD rate lifted the results significantly. The new touch technology has caught a lot of interest in the market.

Result for the year amounts to DKK 26.585 thousand after tax. In 2016 the result is expected to be lower than 2015 - as a result of 2 things - phasing out of old products will reduce Last-Time-Buy and some Salesprices with Euro/USD clauses has reduced Sales prices for certain products.

At the balance sheet date, equity amounts to DKK 102.888 thousand corresponding to an equity ratio of 29,7%.

Uncertainty relating to recognition and measurement

No material uncertainties relating to recognition and measurement of the Company's assets as well as equity and liabilities have been identified.

Currency exposure

Sales to foreign countries, including especially the US and Asia are influenced by exchange rate changes as invoicing is in USD to the US, Asia and parts of Europe.

Interest rate exposure

Cryptera has no interest bearing debt, stated as bank debt less cash and cash equivalents. The Company expects a limited interest bearing net debt throughout 2016.

Credit risk

Credit risks related to financial assets correspond to the values recognized in the balance sheet.

It is company policy that financing activities and placement of excess liquidity are managed centrally by the Parent to the extent this is expedient.

Managements Review

Intellectual capital resources

The ambition of being a market leader and ahead of the technological development means that Cryptera A/S is affected by a rapidly changing dynamic knowledge environment. This places heavy demands especially on the Company when it comes to accumulation and dissemination of new knowledge. Moreover, the employees' personal knowledge plays a crucial role. To be able to continue to deliver and to develop competitive products and solutions it is decisive that the Company is capable of employing and maintaining employees with a high degree of education.

Environmental performance

The Company is conscious of the environment and is reducing environmental impacts from the Company's operating activities on an ongoing basis. The Company has in 2009 obtained the ISO14001 certification.

Special risks

Operating risks

The Company's most substantial operating risk is related to the ability to be strongly positioned in the markets in which the products are sold. The American, Brazilian and Asian markets are the Company's most significant markets. It is essential for the Company at all times to be ahead of technological development within its core business and to continue the strong focus on the development of new technologically leading Products within the area "secure PIN-based payments solutions".

Events occurring after the balance sheet date

No events have occurred after the balance sheet date to this date which would materially influence the evaluation of this annual report.

Outlook

Management expects revenues to be stable and profit to decrease a little in the coming year. This expectation is based on a stable market - and continued investments in new products and in key markets.

Accounting policies

Basis of preparation

The Annual Report of Cryptera A/S for 2015 has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to enterprises of reporting class C (medium).

In accordance with section 32 of the Danish Financial Statements Act, taking into consideration competitive conditions, the Company is not disclosing net sales.

Cash Flow Statement

In accordance with section 86 (4) the Danish Financial Statements Act, the company has decided not to prepare cash flow statement. The cash flow statement of Cryptera a/S is incorporated in the consolidated financial statement of Diebold Inc.

The most significant accounting policies are described below.

The annual report has been prepared in accordance with the same accounting policies as last year.

Recognition and measurement

Revenues are recognised in the income statement as earned, which includes recognition of value adjustments of financial assets and liabilities measured at fair value or amortised cost. Furthermore, all expenses incurred to achieve the earnings for the year are recognised in the income statement, including depreciation, amortisation, impairment losses and provisions as well as reversals due to changed accounting estimates of amounts that have previously been recognised in the income statement.

Assets and liabilities are initially measured at cost. Subsequently, assets and liabilities measured as described for each item below.

Revenue from few contracts are categorized as work in progress, and revenue is recognised based on the percentage of completion method.

Translation of foreign currencies

During the year transactions in foreign currencies are translated at the rate of exchange as at the transaction date. Debtors, liabilities and other items in foreign currencies which are unsettled on the balance sheet date are translated at the exchange rate as at the balance sheet date.

Realised and unrealised exchange rate adjustments are included in the profit and loss account under financial items.

Accounting policies

Income statement

Gross Profit

Net sales consist of goods and services sold and included in the profit and loss account according to the invoicing principle in the year of invoicing and delivery.

Cost of goods sold contains the cost price and direct expenses such as freight and duty etc. consumed to achieve revenue for the year.

Other external expenses comprise in direct production costs and expenses for premises, sales and distribution as well as office expenses, etc.

Certain projects are accounted for as constructions contracts when the company has entered into individual negotiated contracts at a fixed price. Revenue from fixed price construction contracts is recognized on the percentage of completion method, measured by reference to the percentage of labour hours incurred to date to estimated total labour hours for each contract.

Staff expenses

Staff expenses comprise wages and salaries as well as salary related costs.

Depreciation, amortisation and impairment loss

Amortisation, depreciation and impairment losses comprise amortisation, depreciation and impairment of property, plant and equipment as well as gains and losses from current replacement of fixed assets.

Financial income and expenses

Financial income and financial expenses comprise interest receivable and interest payable, and unrealised gains and losses from foreign exchange.

Tax on the profit for the year

The tax for the year consists of the current tax for the year and the deferred tax for the year. The tax relating to the result for the year is included in the profit and loss account, whereas the tax directly relating to equity entries is taken directly to shareholders' equity.

Accounting policies

Balance sheet Intangible assets

Development projects

Development projects includes external costs and wages and shared costs directly attributable to development activities.

Development of new projects and changes of the functionality in an existing product recognized as an asset. It is a condition that the development solutions are clearly defined and identifiable, and the technical utilization rate, sufficient resources and a potential future market or development opportunities in the company can be detected and it is intended to manufacture, market or use the solutions.

Furthermore, the cost could be calculated reliably, and future earnings, able to cover operation costs. Other development project are recognized in the income statement as cost are incurred.

Capitalized development cost are measured cost less accumulated depreciation cost. After completion of the development work the development projects are amortized linearly over the estimated useful life of 2-5 years.

Property, plant and equipment

Property, plant and equipment are measured at cost less accumulated depreciation and less any accumulated impairment losses.

Cost comprises the cost of acquisition and expenses directly related to the acquisition up until the time when the asset is ready for use.

Depreciation based on cost reduced by any residual value is calculated on a straightline basis over the expected useful lives of the assets, which are:

Leasehold improvements	5 years
Other equipment and fixtures	3-10 years

Accounting policies

Impairment of fixed assets

The carrying amount of property, plant and equipment and intangible assets is reviewed on an annual basis to determine whether there is any indication of impairment other than that expressed by the assets is written down to its lower amortisation and depreciation. If so, the recoverable amount of the assets is calculated as the higher of net selling price and value in use. Where an recoverable amount cannot be determined for the individual asset, the assets should be assessed in the smallest group of assets for which a reliable recoverable amount can be determined based on a total assessment.

Inventories

Inventories are measured at the lower of cost under the FIFO method and net realisable value. The net realisable value of inventories is calculated as the total future sales revenues expected, at the balance sheet date, to be generated by inventories in the process of normal operations and determined allowing for marketability, obsolescence and development in expected sales sum less the estimated expenses necessary to make the sale.

The cost of goods for resale equals landed cost. The cost of finished goods and work in progress comprises the cost of raw materials, consumables and direct labour with addition of indirect production costs. Indirect production costs comprise the cost of indirect materials and labour as well as maintenance and depreciation of the machinery, factory buildings and equipment used in the manufacturing process as well as costs of factory administration and management.

Corporation tax and deferred tax

Current tax liabilities and current tax receivables are recognised in receivables in the balance sheet in the event of overpayment of tax on account, and in debt in the event of underpayment of tax on account.

Interest adjustments to the tax relating to the on account taxation scheme are record items.

Deferred tax liabilities and assets are included in provisions and deferred tax assets in the balance sheet. The deferred tax liability is calculated as the tax on all temporary differences between the accounting and the tax values of the Company's assets and liabilities.

The deferred tax is calculated on the basis of the tax rules and tax rate, which will apply under the legislation of the balance sheet date when the deferred tax is expected to be released as current tax.

Changes in deferred tax due to changes in tax rates are stated in the profit and loss account. Deferred tax assets are measured at the value at which the asset is expected to be realised.

Accounting policies

Receivables

Receivables are recognised in the balance sheet at the lower of amortised cost and net realisable value, which corresponds to nominal value less provisions for bad debts.

Provisions for bad debts are determined on the basis of an individual assessment of each receivable, and in respect of trade receivables, a general provision is also made based on the Company's experience.

Contract work in progress

Contract work in progress is measured at the selling price of the work performed. The selling price measured on the basis of the stage of completion at the balance sheet date and the projected income from the individual work. The stage of completion is stated as the share of costs incurred in proportion to estimated total costs relating to the individual work.

When the selling price of work in progress cannot be estimated reliably, the selling price is measured at the lower of costs incurred and net realisable value.

The individual contract work is recognised in the balance sheet as receivables or payables, respectively. Net assets comprise total work in progress where the selling price of the work performed exceeds progress billings. Net liabilities comprise total work in progress where progress billings exceed the selling price.

Costs arising from sales work and contracting are recognised in the income statement as incurred.

Prepayments and deferred income

Prepayments include expenses incurred in respect of subsequent financial years. Such expenses are typically prepaid expenses concerning rent, insurance premiums, subscriptions and interest.

Deferred income includes payments received in respect of income in subsequent years.

Debts

Debts are measured at amortised cost, substantially corresponding to nominal value.

Accounting policies

Financial ratios

The financial ratios have been calculated as follows:

$$\text{Return on net assets} = \frac{\text{Profit before financial items} \times 100}{\text{Total assets}}$$

$$\text{Solvency ratio} = \frac{\text{Equity at year end} \times 100}{\text{Total assets}}$$

$$\text{Return on equity} = \frac{\text{Net profit for the year} \times 100}{\text{Average equity}}$$

Income statement 1 January to 31 December

	<u>Note</u>	<u>2015</u>	<u>2014</u>
Gross profit		91.431.208	63.568.529
Staff expenses	1	-54.747.964	-48.702.143
Depreciation, amortization and impairment loss	2	-4.880.850	-4.832.732
Profit/(loss) before financial items		<u>31.802.394</u>	<u>10.033.654</u>
Financial income	3	3.122.122	2.917.286
Financial expenses	4	-68.722	-83.767
Profit/loss before tax		34.855.794	12.867.173
Tax on the profit for the year	5	-8.270.549	-2.988.086
Net profit/loss for the year		<u>26.585.245</u>	<u>9.879.087</u>
Distribution of profit			
Proposed profit appropriation			
Retained earnings		26.585.245	9.879.087
		<u>26.585.245</u>	<u>9.879.087</u>

Balance sheet 31 December

Assets

Non-current assets	<u>Note</u>	<u>2015</u>	<u>2014</u>
Intangible assets			
Development projects		166.606	1.475.923
	6	<u>166.606</u>	<u>1.475.923</u>
Property, plant and equipment			
Leasehold improvements		1.105.202	711.369
Plant and machinery		3.020.562	4.232.135
Fixtures and fittings		2.706.751	2.846.764
	7	<u>6.832.515</u>	<u>7.790.268</u>
Investments			
Deposits	8	1.110.492	1.070.282
		<u>1.110.492</u>	<u>1.070.282</u>
Total non-current assets		<u>8.109.613</u>	<u>10.336.473</u>

Balance sheet 31 December

Assets (continued)

Current assets	<u>Note</u>	<u>2015</u>	<u>2014</u>
Inventories			
Raw materials and consumables		9.222.854	14.214.026
Work in progress		10.403.602	11.283.495
Finished goods and goods for resale		2.870.709	7.904.452
		<u>22.497.165</u>	<u>33.401.973</u>
Debtors			
Trade receivables		34.036.511	22.751.274
Work in Progress		3.370.370	3.391.048
Amounts owed by group enterprises		14.150.019	12.041.865
Other debtors		169.028	24.298
Deferred tax asset	9	2.767.032	1.976.194
Prepayments	10	1.696.757	1.796.825
		<u>56.189.717</u>	<u>41.981.504</u>
Cash at hand and bank		<u>51.017.095</u>	<u>21.497.537</u>
Total current assets		<u>129.703.977</u>	<u>96.881.015</u>
Total assets		<u>137.813.590</u>	<u>107.217.487</u>

Balance sheet 31 December

Liabilities and equity

Equity	Note	2015	2014
Share capital	11	1.135.950	1.135.950
Retained earnings		101.752.074	75.166.829
Total equity		102.888.024	76.302.779
Provisions			
Other provisions	12	2.761.976	2.228.226
Total provisions		2.761.976	2.228.226
Liabilities other than provisions			
Short-term liabilities other than provisions			
Trade payables		15.441.359	15.476.770
Corporation tax payable		4.602.398	3.041.011
Other debt		12.119.833	10.168.700
		32.163.590	28.686.482
Total liabilities other than provisions		32.163.590	28.686.482
Total liabilities and equity		137.813.590	107.217.487
Contingent liabilities	13		
Related parties and ownership	14		

Statement of Changes in Equity 2015

	Share capital	Retained earnings	Total
Equity at 1 January 2014	1.135.950	65.287.742	66.423.692
Dividends paid for the year	0	0	0
Loss for the year	0	9.879.087	9.879.087
Equity at 1 January 2015	1.135.950	75.166.829	76.302.779
Dividends paid for the year	0	0	0
Profit for the year	0	26.585.245	26.585.245
Equity at 31 December 2015	1.135.950	101.752.074	102.888.024

Specification of movement on the share capital

	2015	2014	2013	2012	2011
Share capital beginning of year	1.135.950	1.135.950	1.135.950	1.135.950	1.135.950
Share capital end of year	1.135.950	1.135.950	1.135.950	1.135.950	1.135.950

Notes to the Annual Report

1 Staff expenses	<u>2015</u>	<u>2014</u>
Wages and salaries	50.007.725	44.687.949
Pensions	3.794.639	3.427.476
Other social security costs	945.600	586.718
	<u>54.747.964</u>	<u>48.702.143</u>

Average number of employees	82	77
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In accordance with section 98b (3) of the Danish Financial Statements Act no disclosure is made of remuneration to Company Management.

2 Depreciation, amortization and impairment loss

Leasehold improvements	269.437	666.394
Other fixtures and fittings, tools and equipment	1.993.326	2.006.488
Fixtures and fittings	2.618.087	2.159.850
	<u>4.880.850</u>	<u>4.832.732</u>

3 Financial income

Other financial income	3.122.122	2.917.286
	<u>3.122.122</u>	<u>2.917.286</u>

4 Financial expenses

Other financial expenses	68.722	83.767
	<u>68.722</u>	<u>83.767</u>

Notes to the Annual Report

5 Tax on profit for the year	<u>2015</u>	<u>2014</u>
Current tax	9.061.387	2.941.735
Adjustment regarding previous years	0	61.999
Change in deferred tax	-790.838	-15.648
	<u>8.270.549</u>	<u>2.988.086</u>
The tax is recognized as follows:		
Tax on profit for the year	8.270.549	2.988.086
	<u>8.270.549</u>	<u>2.988.086</u>
6 Intangible assets	<u>Development projects</u>	
Cost at 1 January	2.618.633	
Additions during the year	0	
Disposals during the year	0	
Cost at 31 December	<u>2.618.633</u>	
Accumulated depreciation at 1 January	1.142.710	
Depreciation for the year	1.309.317	
Accumulated amortization at 31 December	<u>2.452.027</u>	
Net book value at 31 December	<u>166.606</u>	

Notes to the Annual Report

7 Property, plant & equipment

	Leasehold improve- ments	Plant and machinery	Fixtures and fittings	Total
Cost at 1 of January	6.369.202	23.740.471	13.367.271	43.476.944
Additions during the year	663.271	781.753	1.181.257	2.626.281
Disposals during the year	0	0	-250.000	-250.000
Cost at 31 of December	7.032.473	24.522.224	14.298.528	45.853.225
Accumulated depreciation at 1 of January	5.657.833	19.508.336	10.520.506	35.686.675
Depreciation and write off for the year	269.437	1.993.326	1.308.771	3.571.534
Depreciation regarding disposals	0	0	-237.500	-237.500
Accumulated depreciation at 31 of December	5.927.270	21.501.662	11.591.777	39.020.709
Net book value at 31 of December	1.105.203	3.020.562	2.706.751	6.832.516

8 Deposits

	Deposits
Cost at 1 of January	1.070.283
Disposal	40.209
Additions	0
Cost at 31. of December	1.110.492

9 Deferred tax

	2015	2014
Deferred tax at 1. of January	1.976.194	1.960.546
Adjustment for the year	790.838	15.648
Deferred tax at 31. of December	2.767.032	1.976.194

Notes to the Annual Report

10 Prepayments

The prepayments includes prepaid rent and insurances.

11 Share capital

The share capital consists of 22.719 shares at nominal DKK 50. The shares have not been divided into classes.

12 Other provisions

The Company grants a warranty on certain products. Provisions of DKK 2.762 thousand are recognized for expected warranty claims on the basis of previous experience concerning the level of repair and returned goods.

13 Contingent liabilities.

The Company has entered into rental and lease agreements of kr. 13.251 thousand.

14 Related parties and ownership

Controlling influence

Diebold Switzerland Holding
Company Sàrl
Hegnaustrasse 60
CH-8602
Wangen bei Dubendorf
Schweiz

Controlling shareholder

Diebold Switzerland Holding
Company Sàrl
Hegnaustrasse 60
CH-8602
Wangen bei Dubendorf
Schweiz

Ultimate parent company

Ownership

The following shareholders are recorded in the Company's register of shareholders as holding at least 5% of the votes or at least 5% of the share capital:

Diebold Switzerland Holding
Company Sàrl
Hegnaustrasse 60
CH-8602
Wangen bei Dubendorf
Schweiz

Ownership: 100%