

Digitise Now

Interim Report as at
June 30, 2018



wirecard

KEY FIGURES

WIRECARD GROUP	6M 2018	6M 2017
Revenues	897.6	615.5 mEUR
EBITDA	245.4	176.5 mEUR
EBIT	194.5	131.9 mEUR
Earnings per share (undiluted)	1.24	0.85 EUR
Shareholders' equity	1,734.4	1,512.2 mEUR
Total assets	4,952.9	4,092.6 mEUR
Cashflow on ordinary transactions (adjusted)	196.2	149.8 mEUR
Employees (average)	4,989	4,280
of which part time	335	302

SEGMENTS	6M 2018	6M 2017
Payment Processing & Risk Management	Revenues 641.7	431.1 mEUR
	EBITDA 206.5	136.4 mEUR
Acquiring & Issuing	Revenues 291.0	215.6 mEUR
	EBITDA 39.0	39.5 mEUR
Call Center & Communication Services	Revenues 4.6	5.0 mEUR
	EBITDA 0.0	0.6 mEUR
Consolidation	Revenues - 39.7	- 36.2 mEUR
	EBITDA - 0.1	0.0 mEUR
Total	Revenues 897.6	615.5 mEUR
	EBITDA 245.4	176.5 mEUR

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HIGHLIGHTS

H1 2018



Wirecard partners with SES-imagotag to revolutionize the in-store customer experience by enabling mobile payments at the shelf

In-store mobile shopping solution, which will bring the customer journey on a completely new technology level offering consumers a seamless payment experience.

Wirecard further strengthens its position in the acquiring business

In the first half of 2018, the international innovation leader in digital finance technology has gained Air Namibia, Mammut, EMP, Australian federation of Travel Agents, ENIO, Gameforge, Olympus as new customers for payment acceptance of traditional and alternative payment methods. In addition, Wirecard increases its influence in the fast-growing online game industry and handles payment services for over 50 million users of Playa Games. Wirecard has also expanded its long-standing collaboration with Villeroy & Boch.



Wirecard and T-Systems offer an innovative concept for connected shopping

The new prototype of the networked shopping cart uses IoT technology with AI algorithms. In stationary retail, customers can now easily shop and pay via an app solution. The concept is designed to let consumers draw up their shopping list using an app, for example, at home. In-store, shoppers link their smartphones to a shopping cart that will take them interactively through the store to the items on their shopping list. Customers and retailers benefit to an equal degree: Consumers can quickly link their app, including their digital shopping list, with the shopping cart and – most importantly – save time when paying. Retailers can identify actual customer paths and preferences from the data captured.



Thanks to Wirecard, Genting Cruise Lines creates a seamless payment experience for passengers

the fully digital system offers users an easy checkout process. Quick Pay Self-Checkout System allows guests to conveniently control their budget with an app during their travel, including the setting of spending limits or managing the accounts for third parties.



Wirecard's mobile payment app boon now available for all Android users in Germany via Google Pay

Boon from Wirecard launches new Android app including digital Mastercard for Google Pay in Germany – customers can profit regardless of which bank they are with.

Fitbit Pay

boon mobile payment solution: Fitbit Pay customers from Ireland, Italy, Spain, Switzerland and the UK can now benefit from boon to make easy and secure digital payments with Fitbit Pay, available on their Fitbit Ionic and Fitbit Versa smartwatches.

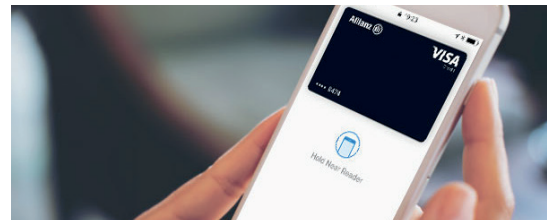


Garmin Pay

Garmin Pay™ users from France, Ireland, Italy, Spain, Switzerland and the UK benefit from boon mobile payments, available on their Garmin vivoactive® 3 and Garmin Forerunner® 645 smartwatches

Allianz, Visa and Wirecard collaborate to launch the new mobile payment and loyalty app Allianz Prime

Allianz Prime offers a seamless payment experience combined with an attractive loyalty program.



Wirecard expands its business in Asia and gains Mizuho Bank as a new partner for acquiring and issuing services

Wirecard will be providing acquiring and issuing services to Mizuho corporate clients within the Asia region.

Wirecard and Crédit Agricole Payment Services sign a next generation digital payment partnership agreement

Wirecard and Crédit Agricole Payment Services together launch innovative digital payment services in France and other European countries.



Wirecard launches Internet of Things (IoT) retail showcase with biometric facial recognition

The innovative solution is based on IoT technology in combination with biometric facial recognition and will reveal how shopping will change in future

Letter from the CEO

Dear Shareholders,

we have once again been able to further strengthen our competitive position as one of the fastest growing, global, digital platforms in the area of financial commerce in the current fiscal year.

The transaction volume processed in the first half of 2018 increased significantly compared to the same period of the previous year by 48.5 percent to EUR 56.2 billion. Consolidated revenues for the Group grew by 45.8 percent to EUR 897.6 million. Earnings before interest, tax, depreciation and amortisation (EBITDA) increased by 39.0 percent to EUR 245.4 million.

Alongside general market growth, this positive development is due to the acquisition of numerous new customers and the expansion of existing business relationships with our international customers and partners via our full range of products and services.

We are already actively shaping the payment processes of the future today with our digital B2B2C solutions – which benefit both business customers and consumers to an equal extent. International, digital payment acceptance solutions for retailers (acquiring) and the issuing of innovative payment instruments to consumers (issuing) are linked via our global platform and continuously enhanced with associated real-time value added services across all sales channels (online, mobile ePoS). The focus is being placed here on the areas of Payment & Risk, Retail & Transaction Banking, Loyalty & Couponing and Data Analytics & Conversion Rate Enhancement.

The use of innovative, software-based technology in this era of digitalisation is indispensable for retailers not only online but now also in bricks-and-mortar retail in order to seamlessly and securely meet the demands of connected customers internationally and via all sales channels in real time and also to allow interaction with respect to pricing and product offers.

As an experienced technology partner, Wirecard offers retailers innovative payment processing such as the integration of digital payment solutions from Asia. The increasing importance of cross-border online marketplaces demands user-friendly, scalable and secure solutions. Our new integration platform with digital finance functions delivers improved conversion rates and greater retailer satisfaction. Our Analytics Suite offers retailers efficient risk management based on self-learning algorithms, as well as data-driven methods for the improvement of conversion rates that are based on machine learning.

In the issuing business area, we are continuously developing innovative mobile payment solutions, payout cards, multi-currency travel cards and digital reward and cash back programmes. The user group for Wirecard's mobile, contactless payment solution boon, which is also available as a white label product, is growing continuously thanks to powerful partnerships and constantly enhanced, innovative functions such as peer-2-peer transfers or the provision of micro loans. It is now also available for wearables.

Value added services such as the digital issuing of loans in real time via the Wirecard platform demonstrate the continuous expansion of our payment ecosystem to include digital finance technology services.

Our product innovations such as biometric payment concepts are redefining the purchasing experience. A new prototype comprising a networked shopping cart accessed via an app solution minimises waiting times, offers retailers insights into digital shopping lists prepared by their customers and allows retailers to dispense with proprietary cash till systems. The concept of the digital supermarket is demonstrated using a supermarket shelf based on Internet-of-Things technology. This technology can automatically recognise when a product is removed and also carry out digital payment processing in real time. Another mobile payment solution enables product recognition using NFC and QR codes and provides access to product information that is available online in real time. Traditional cash till systems are becoming obsolete and this efficient and convenient payment process fits in seamlessly with the purchasing experience at the point of sale.

An increasing number of powerful partners are benefiting from the innovative solutions we offer as a technological leader. For example, we were able to very successfully expand our international network of strategic partnerships in the technology and finance sector during the reporting period.

With respect to future market and business growth, the Board of Management is convinced that we will continue our successful growth trend in the future and has increased its forecast for the 2018 fiscal year of operating earnings before interest, tax, depreciation and amortisation (EBITDA) of between EUR 530 million and EUR 560 million.

Yours sincerely



Dr. Markus Braun, CEO

15 August 2018

Abridged Group Management Report

1. GROUP STRUCTURE, ORGANISATION, EMPLOYEES AND STRATEGY

1.1 Group structure and Organisation

Wirecard AG is a global technology group (hereafter also referred to as the Wirecard Group) that supports companies in accepting electronic payments from all sales channels. As an internationally leading independent provider, the Wirecard Group offers outsourcing and white label solutions for electronic payments. International payment acceptances and methods with supplementary fraud prevention solutions can be provided via a global platform.

Acquiring and issuing services are linked to one another via the integrated platform which is based on Internet technology. With regard to issuing own payment instruments in the form of cards or mobile payment solutions, the Wirecard Group provides companies with an end-to-end infrastructure, including the requisite licences for card and account products. The uniform platform approach and additional value added services such as data analytics, customer loyalty programmes or retail and transaction banking services support the customers and partners of the Wirecard Group to meet the challenges posed by digitalisation.

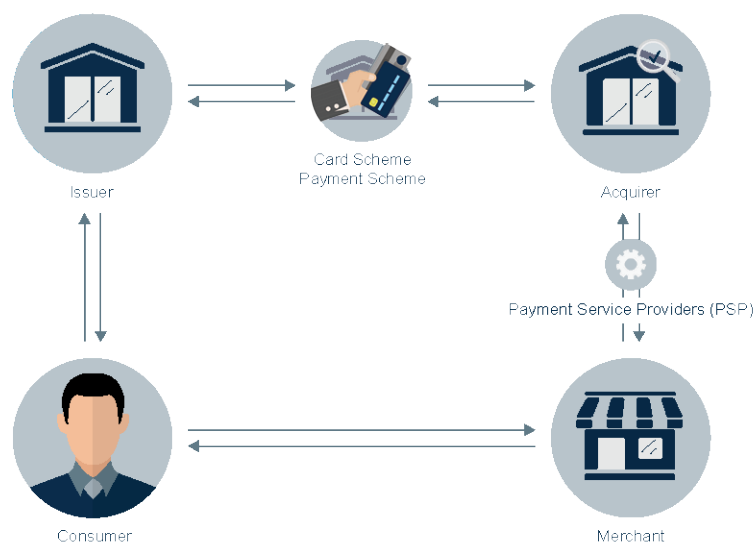
Payment industry

Wirecard plays a part in the payment industry as a service provider in the area of electronic payment processing. The business model of the industry is to enable transactions to be completed between customers and retailers by means of secure payment processes. Transactions between consumers and retailers can be processed via all sales channels in real time with the aid of credit card networks or alternative payment processes such as direct debit, invoice and hire purchase or e-wallets. Alongside consumers, retailers and card networks or suppliers of alternative payment systems, this process involves above all payment service providers (PSP), financial services institutions for the acceptance of card payments and card issuing institutions.

The competition and the interrelationships in the industry can be illustrated in simplified form using the four-party model. Credit card companies or suppliers of alternative types of payment provide secure networks or solutions for electronic transactions. Customers want to simply and securely conclude their transactions in real time and possess for this purpose a card product from a card issuing institution (issuer) or use an alternative payment method. It is important for retailers

to offer their target groups their favoured type of payment and to keep the number of cancelled purchases and payment defaults as low as possible. In order to process transactions via card networks and distribute money to the retailer's account, the retailer requires an acquirer. Only licensed financial services companies are permitted to offer issuing or acquiring services and thus to carry out the associated transfers of funds. A payment service provider is responsible for the technical processing of electronic payments and supplements these services mostly with risk management and fraud prevention solutions.

Four-party model

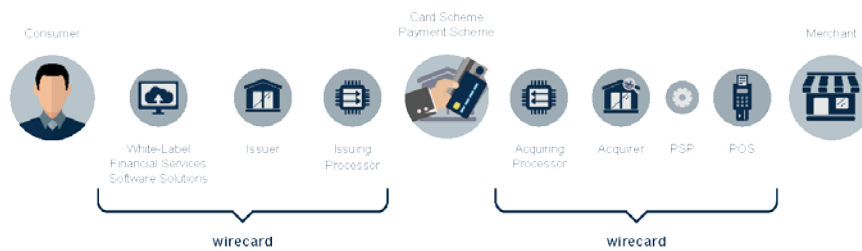


Competitive position

Irrespective of the sales channel, Wirecard offers services across all areas of electronic payments to its customers and partners. While there are numerous local and regional competitors around the world who cover individual subsections of the value added chain, Wirecard stands out on the market due to its provision of a full portfolio of services and by combining all services on an integrated platform solution. International customers with complex business models can be supported in all areas of electronic payment transactions. Wirecard enables retailers to reduce the complexity of electronic payment to a minimum and to optimise sales processes by integrating all services from payment processing through to risk management and fraud prevention, value added services and card acceptance via its own and third party financial institu-

tions through to banking services such as treasury and currency management. Valuable additional digital services in the area of data analytics, loyalty programmes and financial services provide retailers with an insight into consumer behaviour and allow them to develop personalised offers.

Furthermore, Wirecard offers physical and virtual issuing products to, amongst others, companies and consumers. The range of services is rounded off with technical processing services for credit card networks and banks, as well as with software solutions for mobile banking applications and mobile and bricks and mortar card acceptance, especially in Asia. Products, services and value added services in the area of payment issuing and payment acceptance can be combined to reduce the complexity of the electronic payment process and all downstream processes to a minimum for retailers.



Software platform

Wirecard’s products and services in the area of electronic payment processing, risk management and additional value added services are made available and managed via a global software platform. Wirecard’s unique selling point is the combination of innovative payment technology and licensed financial services.

The modular and flexible software platform covers the complete value added chain in the areas of both issuing and acquiring and links the services to create a full payment ecosystem. In combination with modular and globally available technology services and the available licences, Wirecard can offer its customers a comprehensive or tailor-made range of products and services from one source and continuously enhance it to include additional digital and innovative services such as data analytics or financial services.

Reporting segments

Wirecard AG reports on its business performance in three segments. The three segments and their services are highly interconnected at an operational level.

Payment Processing & Risk Management (PP&RM)

The largest segment in the Wirecard Group is Payment Processing & Risk Management (PP&RM). It accounts for all products and services for electronic payment processing, risk management and other value added services.

The business activities of the companies in the Wirecard Group included in the Payment Processing & Risk Management reporting segment exclusively comprise products and services that are involved with acceptance or transactions and the processing of electronic payments and associated processes.

Acquiring & Issuing (A&I)

The Acquiring & Issuing (A&I) segment completes and extends the value chain of the Wirecard Group. In the acquiring business, retailers are offered settlement services for credit card sales for online and terminal payments.

In addition, retailers can process their payment transactions in numerous currencies via accounts kept with Wirecard Bank AG.

In issuing, prepaid cards and debit cards are issued to private and business customers. Private customers are additionally offered current accounts combined with prepaid cards and EC/Maestro cards.

Call Centre & Communication Services (CC&CS)

The complete scope of the value added services offered by our call centre activities in the area of language and text-based dialogue systems (Interactive Voice Response and Chatbots) is reported in the Call Center & Communication Services (CC&CS) segment. In addition, Call Center & Communication Services are also included in the range of cardholder services offered for Wirecard solutions such as boon, mycard2go, Orange Cash, etc. and also for after sales care of our customers or for mailing activities.

Organisational structure

The organisational structure of the Wirecard Group reflects the interconnection of technology and financial services.

The Group parent company Wirecard AG, Aschheim (Germany), assumes responsibility for strategic corporate planning and central tasks involved with corporate management, as well as the strategic guidance and control of the subsidiaries.

The operation and further development of the platform is a core task within the Group and is handled by the technology-oriented subsidiaries. The global availability of Internet technology makes it possible to operate and further develop the technology services to customer and market requirements in a decentralised and modular manner with no or minimal adjustments to the core platform.

In combination with the Group's own licences or in partnership with financial institutions and card networks, Wirecard processes credit card payments (acquiring processing) and handles the technical processing of issuing services (issuing processing). Processing services are a modular component of the software platform and are also handled by the technology-oriented subsidiaries.

These technology services are closely linked to the acceptance of card payments, the issuing of card products and additional financial services. As an innovative partner for global credit card companies, Wirecard possesses the required licences from Visa, MasterCard and others including Unionpay, Amex, DinersClub, JCB and Discover International. This enables it to issue physical and virtual card products (issuing) and accept card payments for retailers and companies (acquiring). In addition to numerous local licenses such as a licence for incoming and domestic money transfers in India (Authorized Dealer, Cat. II) or a Turkish e-money licence, Wirecard also possesses within the Group an e-money licence from the British Financial Conduct Authority (FCA) and a full German banking licence and can offer customers other banking services in addition to acquiring and issuing. Furthermore, credit cards and card-based payments are issued and accepted via third party banking licences and there are acceptance agreements for numerous alternative payment processes.

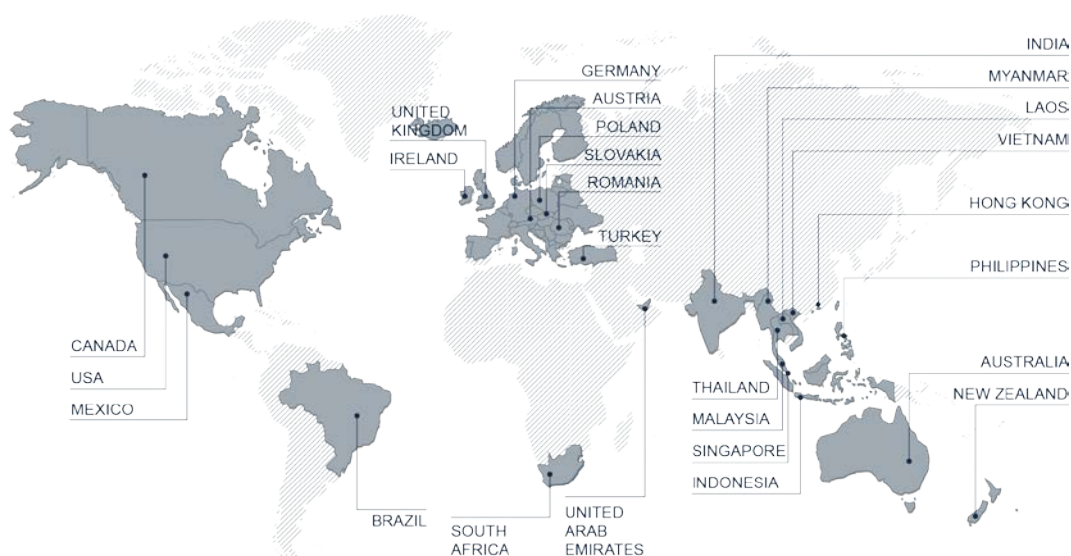
Wirecard markets its products and solutions via its locations worldwide, whereby the sales and technology-oriented subsidiaries are closely interconnected with the subsidiaries specialising in financial services. The sales activities are structured around the target sectors of consumer goods, digital goods and travel and mobility. Experts in each sector are based at the Group headquarters in Aschheim and provide support to their colleagues at the globally distributed branches during the sales process. Due to the combination of sector and market expertise, the sales structure makes it possible to directly address customers in a targeted manner and thus increases sales success. The local subsidiaries give access to important regions and markets around the world.

The value added chain served by the Wirecard Group is completed by Wirecard Communication Services GmbH based in Leipzig, Germany. This subsidiary offers call centre and communication services internally within the Group and sells these to the customers of Wirecard AG.

A list of the subsidiaries within the Group can be found in the section “Scope of consolidation” in the consolidated financial statements.

Global presence

As a result of its global presence, the Wirecard Group can not only provide its customers and partners who are active worldwide with globally available technology services via its integrated and modular platform solution but also with local support through its regional locations for technology, services and sales. The global presence of Wirecard covers, in particular, the regions of Europe, the Asia-Pacific region, Latin America, North America and the Middle East/Africa. The core European markets are Germany, United Kingdom, Ireland, Austria and Romania. In the Asia-Pacific region, the operational units in the region are managed from the Asian head office in Singapore. The North American market is served from our office in the United States of America. The remaining regions are addressed by subsidiaries in the United Arab Emirates, India, South Africa and Brazil.



Changes to the Group structure

On 13 March 2017, Wirecard AG and the Citigroup subsidiaries CITIBANK, N.A. and CITIBANK OVERSEAS INVESTMENT CORPORATION agreed the acquisition by Wirecard AG of the customer portfolios of Citi's credit card acceptance business in eleven Asian-Pacific markets (Singapore, Hong Kong, Macau, Malaysia, Taiwan, Indonesia, the Philippines, Thailand, India, Australia and New Zealand). The closing and the integration of the individual countries will take place by the end of the current fiscal year.

As part of organisational measures taken during the reporting period, Wirecard Slovakai s.r.o., Kosice (Slovakia) was founded – which had previously been run as an operating site.

Please refer to the notes to the consolidated financial statements for further details on the legal structure of the Wirecard Group, the changes in the Group structure and a full list of all consolidated subsidiaries in the Group.

Organisation, management and supervision

The Group parent company Wirecard AG, headquartered in Aschheim near Munich, assumes responsibility for Strategic Corporate Planning and the central tasks of Human Resources, Legal, Treasury, Controlling, Accounting, M&A, Strategic Alliances and Business Development, Risk Management, Corporate Communications and Investor Relations, as well as Facility Management. The holding company also manages the acquisition and management of participating interests. The Management Board of Wirecard AG is responsible for the management of the Group.

The Management Board of Wirecard AG had four members as of 30 June 2018:

- Dr. Markus Braun, CEO, CTO
- Alexander von Knoop, CFO
- Jan Marsalek, COO
- Susanne Steidl, CPO

Burkhard Ley stepped down from the Management Board of Wirecard AG with effect from 31 December 2017. On 1 January 2018, his successor Alexander von Knoop became the new Chief Financial Officer and Susanne Steidl became the Chief Product Officer on the Management Board of Wirecard AG.

The Supervisory Board of Wirecard AG had six members as of 30 June 2018:

- Wulf Matthias, Chairman
- Alfons Henseler, Deputy Chairman
- Stefan Klestil, Member
- Dr. Anastassia Lauterbach, Member
- Vuyiswa V. M'Cwabeni, Member
- Susana Quintana-Plaza, Member

Tina Kleingarn stepped down from the Supervisory Board of Wirecard AG with effect from 31 December 2017. Dr. Anastassia Lauterbach joined the Supervisory Board as her successor on 21 June 2018. In accordance with a resolution passed by the Annual General Meeting on 21 June 2018, the number of members on the Supervisory Board in the statutes was increased from five to six and Susana Quintana-Plaza joined the Supervisory Board of Wirecard AG with effect from 26 June 2018.

The remuneration scheme for the Management Board consists of fixed and variable components, while the remuneration scheme for the Supervisory Board consists of fixed components. Further information can be found in the Corporate Governance Report published as part of the 2017 Annual Report.

1.2 Employees

Personal responsibility, motivation, commitment and the will to achieve mutual success characterise the global Wirecard team. The highly qualified and international employees of Wirecard AG play a significant role in the success of the business across all areas of the Group. Their effort and commitment make it possible for Wirecard to be a driver of innovation and thus position itself as the leading specialist for services within the entire payment ecosystem.

The Wirecard Group employed an average of 4,989 employees (6M 2017: 4.280), excluding members of the Management Board of Wirecard and trainees, during the first half of 2018, of which 99 (6M 2017: 66) were employed by a subsidiary as members of the Management Board or as managing directors and of which 335 (6M 2017: 302) worked on a part-time basis.

Wirecard supports equal opportunities in all areas and places great importance on offering all people the same opportunities irrespective of their origin, their cultural or religious affiliations, their gender or their age. Wirecard is proud of this diverse personnel structure and considers diversity a core element of its corporate culture. Wirecard has employees from a variety of different nations throughout the world. As a young, innovative and interculturally broad-minded company, Wirecard integrates employees into decision-making processes. As an employer, Wirecard is characterised by flat hierarchies and an open, respectful working environment based on mutual appreciation.

1.3 Strategy

The Management Board of Wirecard plans, implements and monitors the strategy. Based on the financial and non-financial targets described in the previous chapter, the strategy focuses on the further sustainable and value-oriented growth of the Group.

The central operating financial performance indicator is earnings before interest, tax, depreciation and amortisation (EBITDA), which is expected to be between EUR 530 and EUR 560 million for the 2018 fiscal year. This forecast is based on, amongst other things, the continued dynamic growth of the global e-commerce market, the trend towards digitalisation in bricks and mortar retailing, the acquisition of new customers, cross-selling effects with existing customers and the continuous expansion of the value added chain to include valuable additional services such as data analytics, loyalty programmes or financial services. As the result of the continuously rising number of customer relationships and growing transaction volumes, we expect further economies of scale from our transaction-oriented business model.

In addition, an important part of our financing policy is maintaining a comfortable level of equity while keeping liabilities at a moderate level. Our goal is to finance the operating business and the associated organic growth from our own resources.

We strive to support the global expansion of our existing customers and to integrate all relevant payment methods and technologies into the global Wirecard platform. This involves pushing forward both the expansion of connections to existing international banking and licensing networks and also the convergence of all sales channels – whether online, mobile or at the POS – that is being driven by digitalisation. At the same time, our aim is to guarantee our customers products and services with an above-average level of quality, a goal which management controls through constant contact with its customers.

Furthermore, our employees form the foundations for our pronounced innovative strength and the resulting growth. The motivation of employees and developing the personal skills of individual employees are thus an integral component of our corporate strategy. Employee development is based on individually agreed targets that are not only measured against the success of the company but also from the perspective of the person's own personal development.

Sustainable corporate management, which alongside strategic development pays particular attention to the Group's social responsibility as well as the needs of its employees, customers, investors and suppliers, and also other groups associated with the company, plays an increasingly significant role in upholding stakeholder value, as well as the company's corporate social responsibility (CSR). We refer you here to our explanations in the non-financial declaration for the 2017 fiscal year, which can be found on our website at: ir.wirecard.com/financialreports.

The Wirecard Group continuously assesses its strategic decisions according to the aspects outlined above. The aim is to leverage Wirecard AG's fundamental strengths in order to continue to increase earnings in the coming years. At the same time, our aim is to help our customers combat an increasingly complex environment using innovative solutions so that they can increase and simultaneously secure their revenues. In doing so, we keep a close eye on market developments, so that we can react flexibly and responsibly with regard to costs, regulations and future events.

The orientation of the Group and the further development of the business model are based on the following strategic pillars: Provision of a flexible platform, integration and expansion of the payment value added chain to include innovative value added services and the globalisation of the business model.

Provision of a flexible platform

As a technology company whose products and services are based entirely on Internet technology, Wirecard benefits to a disproportionate extent from the development described above. As a result of the strategic course set in previous years and followed since then, Wirecard can today offer its customers integrated solutions from one technological platform. The integrated multi-channel platform acts as an interface for payment acceptance, issuing, value added services and financial services.

Wirecard provides its partners and retailers with a full range of services. Irrespective of the sales channel, payment processing and the acceptance of credit cards and alternative payment methods are handled through one source. This also opens up the additional potential in the growth market of e-commerce for Wirecard to manage some of the transaction volumes processed in bricks and mortar retailing via software-based mobile payment and mobile payment acceptance solutions. Which end device is used or whether the transaction is completed in a bricks and mortar store, online, mobile or even by self-checkout will play a subordinate role in the future.

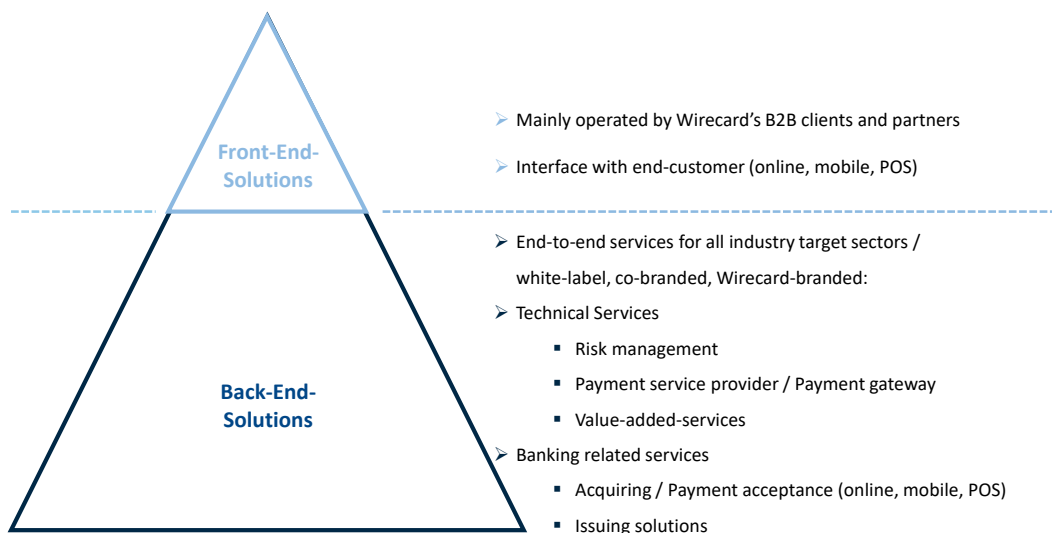
It will be possible to offer customers a diverse range of payment instruments such as (credit) cards or other mobile payment methods by linking these with innovative issuing solutions. Additional value added services such as voucher cards, bonus points or customer loyalty programmes that are handled in real time together with the transaction offer bricks and mortar or online retailers the opportunity of communicating directly with their customers. Combining these services with financial services for end consumers as well as retailers also promotes long-term customer loyalty.

Furthermore, the flexible technology platform acts as the basis for the Bank-as-a-Service solution in which Wirecard creates an interface between traditional banks and FinTech start-ups.

Integration and expansion of the payment value added chain to include innovative value added services

Wirecard offers its customers the full value added chain through its products and solutions based on Internet technologies, across all areas of electronic payment processing and acceptance, and through the issuing of card products. The resulting complete range of services based on Internet technologies for all industries makes it possible to significantly reduce the complexity of electronic payment for the customers of Wirecard. By integrating all back-end processes in the Group and via front-end solutions offered primarily on a white label basis, the conditions are created for utilising synergy effects and reducing costs. The extensive scope of the Group's value added activities will also make a major contribution to profitability in the coming years.

End-to-end services



Anticipating future developments and advancing innovations is anchored in the Wirecard strategy. The comprehensive range of products and solutions is based on a highly scalable software platform that is linked to banking services, risk management services and value added services such as data analytics and financial services. The area of research and development remains an important pillar for also achieving above-average growth in the future as a driver of innovation.

Globalisation of the business model

The internationalisation of e-commerce and the associated level of complexity and risk in the payment area are constantly rising across all target sectors. Globally active companies require a partner who can guarantee the acceptance of globally and locally relevant payment methods including connections to local banking networks, who at the same time can minimise fraud and risk for retailers and who can offer full payment solutions all from one source.

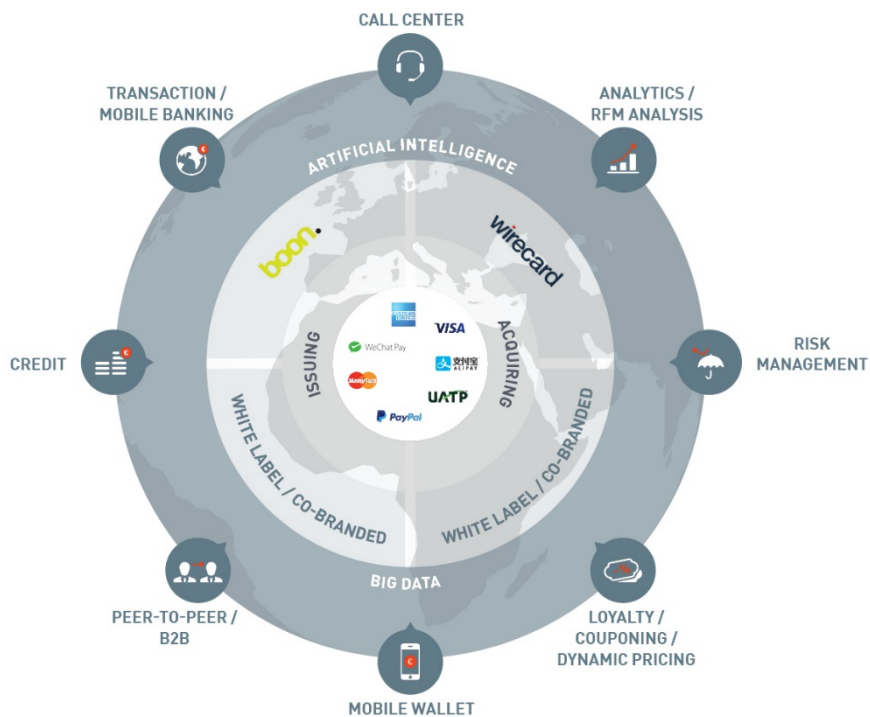
Wirecard enjoys an international presence with locally networked units and integrates all relevant payment methods into its global platform. The geographical growth strategy is closely linked with the objectives of supporting customers and partners globally in the best way possible through secure payment processing and acceptance and further increasing Wirecard's expertise in the area of risk management. The Wirecard Group will continue to pursue primarily organic growth in its core markets. In the past, acquisitions were used to develop a global network of service and technical locations. Following the company's entry onto the US market which was completed in early 2017, Wirecard now has a global presence. Alongside the continued organic development of Wirecard's global presence, selected acquisitions will form part of the growth strategy in future in order to also strengthen some international markets and complete the existing regional payment value chain. Acquisition opportunities will be reviewed according to a conservative M&A strategy. In particular, acquisitions could serve to achieve the goal of processing significant additional transaction volumes via the Wirecard platform. The strategy envisages providing customers of the Wirecard Group with excellent quality and access to technology and services that can be readily provided through the company's presence on all continents.

2. BUSINESS ACTIVITIES AND PRODUCTS

2.1 Business activities

Overview

As one of the world's leading technology companies for electronic payment processing and payment solutions, Wirecard relies on the constant development of its own innovations so as to successfully accompany its customers and partners in the realisation of their international digitalisation strategies. For this purpose, tailor-made and comprehensive digital solutions within the entire payment ecosystem are created for all sales channels:



Through its diverse range of products and services along the entire value added chain and the combination of software technology and banking products, Wirecard covers its core business in the area of electronic payment processing and acceptance and also links this with new, innovative products that are being continuously developed in the area of issuing. We provide our customers,

in particular, with innovations for the digitalisation of bricks and mortar trade and expanded mobile payment functions. Associated, digital value added services such as data analytics tools or transaction and retail banking services round off the range of services for creating a global, integrated payment ecosystem on the integrated platform which is based on Internet technology.

In the area of payment processing and acceptance, the global multi-channel platform provides local and international payment methods in all important currencies together with corresponding fraud-prevention solutions. We use our technological expertise and our integrated, digital platform to support our customers and partners to reproduce and set up their payment infrastructure in all sales channels and integrate further innovative value added services.

In the business area dealing with the issuing of own payment instruments in the form of physical or digital payment solutions, Wirecard provides companies with an end-to-end operational infrastructure, which optionally includes the requisite issuing licences from Visa and MasterCard for card and financing services as well as for account and bank products.

Furthermore, new functions and value added services are being continuously added to our own mobile payment solution boon, which is available in various European countries and is not tied to any bank. Newly developed functions include, for example, the integration of virtual cards as payment methods in e-commerce, the use of touch IDs and the provision of micro loans.

Business model

Central to the Wirecard Group's business model are transaction-based fees for the use of services in the area of electronic payment processing. End-to-end solutions along the entire value chain are offered both for payment and acquiring services and for issuing solutions. The flexible combination of our technology and banking services, as well as other services, is what makes Wirecard a unique partner for customers of all sizes and from all sectors.

USPs

Wirecard's unique selling points include the combination of technology with financial products, the global orientation of the payment platform and innovative and digitalised solutions that allow payments to be processed efficiently and securely for retailers. Wirecard can thus offer sector-specific complete solutions to customers from all industries that comprise card issuing, payment processing, risk management, card acceptance and additional banking and value added services.

The major share of consolidated revenues is generated on the basis of business relations with providers of both goods and services on the Internet who outsource their electronic payment processes to Wirecard AG. As a result, technical services for the processing and risk analysis of payment transactions, as performed by a payment services provider, and payment acceptance performed by licensed entities, are closely interlinked.

As well as the core business in the area of e-commerce, coverage of the entire payment value chain within the Group makes it possible to address additional business fields. Wirecard AG is in an ideal position to enter into strategic partnerships and business relationships with banks and FinTech companies due to the Group's two licensed financial services providers Wirecard Bank and Wirecard Card Solutions. Alongside the relevant licences and legal framework, Wirecard also offers, in particular, products and solutions from the areas of electronic payment processing, Internet-based banking services, risk management and technological expertise.

Alongside the core services from the transaction-oriented business model, Wirecard also finances loans in individual cases. The lenders are generally external third parties, i.e. private consumers or companies, but not FinTech companies themselves. The loans are issued according to strict rules and internal bank guidelines. The risk of default is minimised using loan collateral such as guarantees.

Core sectors

The Wirecard Group's operating activities in its core business are structured according to three key target industries and are addressed by means of cross-platform, industry-specific solutions and services, as well as various integration options:

- Consumer goods This includes retailers who sell physical products to their target group (B2C or B2B). This customer segment comprises companies of various dimensions, from e-commerce start-ups through to major international corporate groups. They include Internet pure players, multi-channel retailers, teleshopping retailers and purely bricks and mortar retailers. The industry segments are highly varied: from traditional industries such as clothing, shoes, sports equipment, books, entertainment systems, computer/IT peripherals, furniture/fittings, tickets, cosmetics and so on, through to multi-platform structures and marketplaces.

- Digital goods This sector comprises business models such as Internet portals, download sites, app software companies, career portals, dating portals, gaming providers, telecommunications providers, Internet telephony, sports betting and gambling such as poker.

- Travel and mobility The customer portfolio in this sector primarily comprises airlines, hotel chains, travel portals, tour operators, travel agents, car rental companies, ferries and cruise lines, as well as transport and logistics companies.

2.2 Products and solutions

Wirecard supports companies across all areas of electronic payment processing and acceptance, the issuing of payment instruments and through valuable, associated additional services such as data analytics or transaction and retail banking services. All of the services required for this purpose are offered worldwide within the Wirecard Group. Wirecard's global platform solution based on Internet technology enables acquiring and issuing services to be linked with digital value added services according to individual needs. As a result, it is possible to offer customers and partners a full range of products and services within the payment ecosystem that has been individually tailored to their requirements. Payment processing and the issuing of payment instruments can be offered across all sales channels, whether online, mobile or digitally in the bricks and mortar trade, and combined with risk management and additional services. Thanks to the flexible structure of the platform, Wirecard is the ideal partner for supporting customers when taking on the challenges posed by digitalisation.

Multi-Channel Payment Gateway – global payment processing

Wirecard's Payment Gateway, which is linked to more than 200 international payment networks (banks, payment solutions, card networks), provides technical payment processing and acquiring acceptance via the Wirecard Bank and global banking partners, including integrated risk and fraud management systems.

In addition, country-specific, alternative payment and debit systems as well as industry-specific access solutions such as BSP (Billing and Settlement Plan in the airline sector), or the encryption of payment data during payment transfers (tokenisation), can also be provided. Furthermore, Wirecard offers its customers call centre services around the clock with trained native speakers in relevant languages and thus assists retailers in taking orders and providing customer support.

Thanks to modular, service-oriented technology architecture, Wirecard can flexibly adapt its business processes to fit the market conditions at any time and hence respond quickly to new customer requirements. In particular, the omnichannel approach is being continuously implemented in the platform. Transactions will be processed via the software-based platform irrespective of the location of the payment (retail store, Internet shop, mobile application, telephone, e-mail, etc.). Retailers can thus flexibly design all of their business processes from the various sales channels

and monitor and optimise them with the help of real-time reporting and business intelligence tools. As the platform architecture is Internet-based, it is possible to carry out individual process steps centrally at a single location or, alternatively, to distribute them across the various subsidiaries and process them at different locations around the world.

Wirecard supports all sales channels with payment acceptance for credit cards and alternative payment solutions (multi-brand), technical transaction processing and settlement in several currencies, and offers mobile solutions at the point-of-sale, in-app payment software solutions and PoS terminal infrastructure based on IP technology, as well as numerous other services.

Payment acceptance solutions – payment acceptance/credit card acquiring

The technical services that retailers use for payment processing and risk management are mostly used in combination with the acquiring services offered by Wirecard Bank AG, other licensed entities within the Wirecard Group or third party financial services partners.

In addition to the Principal Membership held with the credit card companies Visa and MasterCard, acquiring licence agreements are also in place with JCB, American Express, Discover/Diners and UnionPay. Furthermore, our acquiring licensing agreements for alternative payment methods will be further expanded to offer customers the most personalised and convenient payment process possible. Banking services such as foreign exchange management supplement the outsourcing of financial processes.

Issuing solutions

Wirecard has issuing licences from Visa and MasterCard, an e-money licence and a full banking licence for the SEPA region, as well as an e-money licence for Turkey. In addition, the company possesses long-standing experience in the issuing of various card products such as credit, debit and prepaid cards. This comprehensive range of products and services also includes the management of card accounts and the processing of card transactions (issuing processing). Alongside its own card products, Wirecard also enables its customers and partners to issue credit cards in the form of physical card products (non-NFC-enabled and contactless cards, as well as NFC stickers) or virtual cards for use in e-commerce. Moreover, Wirecard offers mobile and digital solutions for payment in the bricks and mortar trade or for in-app payments.

Mobile solutions

Wirecard offers its customers and partners the opportunity to play a leading role in the acceptance and issuing of mobile payment solutions. Alongside the acceptance of payments via mobile devices in the area of mPOS, the company also offers solutions in the area of mobile banking and innovative issuing products for the use of mobile devices such as smartphones to make payments in the bricks and mortar trade.

The term mPOS describes the acceptance of card-based payments via mobile devices. This is made possible, for example, through the use of a mobile card reader that is combined with a smartphone, allowing the smartphone to be used as a mobile electronic card terminal.

Wirecard enables customers to seamlessly integrate payment processing into applications for mobile devices and ensures the secure processing of the corresponding transactions. The in-app payment services offered by Wirecard make it possible for retailers to deliver a consistent sales process for goods and services directly via a mobile application.

Mobile wallets or mobile payment apps enable contactless payment via smartphones using near field communication technology (NFC). The encrypted card data is usually stored in the issuer's secure server environment using the host card emulation process available on the device itself via an Apple, Google or Samsung wallet. In order to make a payment, the user holds their device against an NFC-enabled card terminal. An app on the user's device can be used, for example, to view transaction data in real time, manage the card and add additional services such as customer loyalty programmes or coupons. Wirecard supplements mobile payment applications by offering technical payment processing, management of customer accounts and other functionalities such as peer-to-peer money transfer functions or value added services such as data analytics tools.

Using software developer kits (SDK), Wirecard enables retailers, financial service providers and other companies to integrate mobile payment processes into their own mobile applications and devices.

New functions and value added services are being continuously added to "boon." – Wirecard's mobile payment app and Europe's fastest growing mobile payment solution. Following its launch in 2015, the boon app is now available via Android in Belgium, Germany, Ireland, the Netherlands, Austria and Spain and, thanks to the new cooperation with Google, has also been integrated into Google Pay. Boon is available to users of the Apple Pay Wallet via iOS as a fully digital credit card in Great Britain, France, Ireland, Italy, Switzerland and Spain. Newly developed functions include, for example, the integration of virtual cards as payment methods in e-commerce, the use of touch

IDs, the provision of micro loans in Spain in the Android version, the ability to make peer-2-peer transfers and the use of the mobile payment solutions via smartwatches.

Value added services/card linked offers/coupons and loyalty

Value added services provide retailers and partners with opportunities for personally addressing customers, target group-oriented advertising, messages about customised offers and vouchers and customer loyalty programmes. Fully in line with the trend towards digitalisation and converging sales channels and payment systems, solutions are offered that enable customers to participate in value added services across sales channels with a payment method that only needs to be registered once. The Integrated Couponing & Loyalty System in the software platform supports various different types of campaign and redemption mechanisms, such as goal-driven campaigns, stamp cards, coupons and cashback. In the couponing and loyalty area, other value added services are currently being developed that will enable specific groups of customers to be targeted on the basis of their purchasing behaviour. The central platform solution for integrated payment processing enables bricks and mortar retailers to digitalise numerous areas such as payments, data collection or couponing and loyalty and access them in real time.

Wirecard's Omnichannel ePOS Suite offers a fully integrated solution for self-learning analyses in the areas of customer conversion optimisation and risk management technology. The solution provides, for example, information on customer value and customer migration rates. Wirecard's Business Intelligence Tool enables operators of online shops to individually adapt their risk management settings to user-specific templates and follow all relevant key performance indicators (KPI) in real time.

The mobile digital platform Wirecard ePos app enables bricks and mortar retailers to access a broad range of international payment options and digital value added services. Retailers can integrate the payment methods into their existing infrastructure using smartphones and tablets and benefit from real time reporting and methods for customer analysis.

Risk/fraud management solutions – risk management

Wide-ranging tools are available to implement risk management technologies in order to minimise the scope for fraud and prevent fraud (risk/fraud management). The Fraud Prevention Suite (FPS) utilises rules and decision-making logic based on artificial intelligence. Decisions about the acceptance or rejection of transactions are taken in milliseconds based on historical data in combination with dynamic real-time checks. Wirecard provides comprehensive reports, e.g. on what proportion of transactions are rejected and why, as well as corresponding tools, to assist retailers in optimising the set of rules for the decision-making logic. Age verification, KYC (Know Your Customer) identification, analysis via device fingerprinting, hotlists and much more are included in the risk management strategies. An international network of service providers specialising in creditworthiness checks can be additionally integrated into the analysis, depending on the retailer's business model. Wirecard's risk and fraud prevention technologies are utilised both during payment processing and acceptance and also during the issuing and application of issuing products. Wirecard enables its customers to securely process payments irrespective of the sales channel and thus to minimise the number of cancelled purchases and increase the proportion of successful transactions.

3. BUSINESS PERFORMANCE

In the second quarter and first half of 2018, the business performance of Wirecard was extremely positive and it achieved its targets as a continuously growing digital platform in the area of financial commerce.

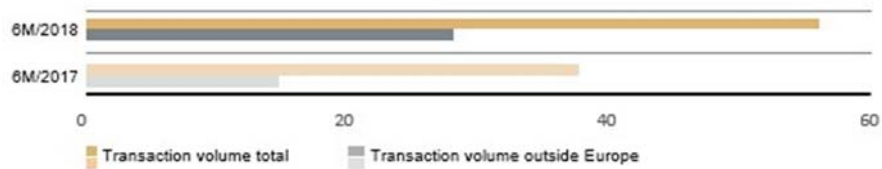
Due to a constantly growing range of products and services in the area of innovative, digital payment processing, Wirecard further expanded its core business of payment acceptance in the reporting period and also linked it more strongly with production innovations in the issuing area to bring new issuing solutions to the market. In this context, enhanced mobile payment functions and innovations to digitalise bricks and mortar trade are particularly noteworthy. Real-time value added services in all areas – such as data analytics, currency conversion services, other digital banking services in the retail sector and transaction banking as well as loyalty programmes – enable the development of a global payment ecosystem. Through the integrated B2B2C approach based on the global Wirecard platform, the range of products and services can be made available to both business customers and also consumers across all sales channels (online, mobile or electronic/mobile point of sale).

The customer portfolio, consisting of 38,000 large and medium-sized companies and 212,000 small companies, grew significantly across all core sectors during the reporting period. Business relationships with existing customers were also expanded by offering innovative, mobile solutions, risk management services and other digital added value services. Constantly building powerful partnerships delivers a broad, international network with respect to innovative research and development work, specialist expertise and also with regard to the customer groups being addressed.

The major share of consolidated revenues is generated on the basis of business relationships with providers of goods or services on the Internet who outsource their payment processes to Wirecard AG. We are able to closely integrate innovative services for the settlement and risk analysis of payment transactions – services performed by a payment service provider – with credit card acceptance (acquiring) performed by Wirecard Bank AG and third-party banks. Additional potential for revenue is created by linking innovative, digital issuing solutions and associated value added services. Scaling effects are also realised due to the constant growth in transaction volumes processed by business customers via the technical platform and the utilisation of other linked products and services.

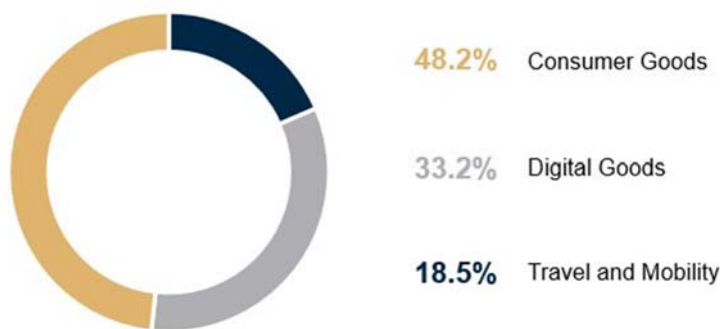
Fee income from the core business of Wirecard AG, namely the acceptance and issuing of means of payment along with associated value added services, is generally proportionate to the transaction volumes processed. The transaction volume in the first half of 2018 experienced significant growth of 48.5 percent to reach EUR 56.2 billion (6M 2017: EUR 37.9 billion). The transaction volume generated within Europe, which accounts for 49.5 percent of the total transaction volume, grew by 22.1 percent to EUR 27.9 billion (6M 2017: EUR 22.8 billion). The transaction volume generated outside Europe, also taking into account the acquisitions, grew by 88.6 percent to EUR 28.4 billion (6M 2017: EUR 15.1 billion) and thus accounts for 50.5 percent of the total transaction volume.

Transaction volumes 6M 2018 in comparison to 6M 2017 (in EUR billion)



In the first half of 2018, Wirecard continued to successfully grow its operating business in all target sectors. Alongside successful direct sales and the acquisition of numerous new customers in the consumer goods, digital goods and travel and mobility sectors, it was also possible to expand the range of products and services for existing customers and the international network of cooperation and sales partners. The transaction volume in the first half of 2018 can be broken down by target sector as follows:

Transaction volume by target sector 6M 2018



Acquisition of new customers and expansion of business relationships

It was possible to acquire many new customers and partners across all sectors and sales channels during the reporting period. Existing business relationships were also successfully expanded. The following are examples of business activities in the first half of 2018 and demonstrate the broad range of products and services offered by Wirecard throughout the entire payment ecosystem.

Numerous new customers were acquired in the area of payment processing via all sales channels. For example, Wirecard is now supporting Mammut, EMP, Gameforge, TeleClinic, Olympus, Air Namibia, Playa Games, Pflanzen-Kölle, Australian Federation of Travel Agents (AFTA) and reifen.com in the digitalisation and handling of payment processes. Long-standing business relationships, such as with Villeroy & Boch, have also been expanded.

The collaboration with Alipay, China's leading payment method, was expanded further in the first half of 2018. As a result, Chinese tourists can pay directly at the retailer's point of sale via barcode using their Alipay app and the retailer can benefit even more from the tourism boom from China. This is the case for well-known customers and partners such as Printemps, The Body Shop, WMF, Zwilling, Swarovski, Gucci, MCM, Estée Lauder, Ralph Lauren and Schustermann & Borenstein. In the first half of 2018, renowned customers and partners such as Breuninger, Giuseppe Zanotti, Qatar Duty Free, Travel Easy and MCM have also decided to cooperate with Wirecard for the implementation of Chinese payment methods.

In addition, Wirecard has expanded its cooperation with ENIO, a supplier of technical charging infrastructure for electric cars with more than 8,000 charging points in Europe, and, following the joint development of an app with digital payment functions in 2016, is equipping ENIO's e-charging station network with contactless payment methods via credit and debit card from Visa and Mastercard.

Fortress GB – a global market leader in the area of customer management solutions for stadiums and event locations – is now working together with Wirecard to launch the first integrated contactless stadium season ticket card with payment functions onto the UK sports market. The football clubs Reading and Aston Villa have already been secured as the first customers for the launch of an innovative card and loyalty programme.

Through the cooperation with Kyivstar, a subsidiary of VEON and the largest telecommunications operator in the Ukraine, customers can top up and update their mobile payment accounts while on the go within a few seconds. Wirecard is providing support for technical processing via the VEON platform.

In cooperation with Wirecard, Telenor – the largest telecommunications provider in Bulgaria – will now be able to offer its customers credit card payments via the MyTelenor app in addition to other mobile Telenor services.

The collaboration with Isuzu Commercial Truck of America, Inc. – the manufacturer of America's No. 1 selling low cab forward truck – was also expanded during the reporting period. Wirecard has launched a cash back programme for the distributors of the Japanese manufacturer's medium and heavy-duty trucks in the USA.

Innovative developments in the first half of 2018

By exploiting global megatrends and the latest technologies related to the payment ecosystem, there were, amongst other things, new product innovations in the areas of the Internet-of-Things (IoT), artificial intelligence and blockchain technology.

The new IoT Retail Showcase combines IoT technologies with biometric face recognition to provide insights into a seamless purchasing and payment experience based purely on biometric data and thus illustrates the digital future of retail trade and of the customer journey. In order to make purchases and place items in their shopping basket, shoppers simply need to stand in front of the shelf, identify themselves using the biometric facial recognition system and select the desired product – the shelf automatically registers which product has been removed. The payment process and any changes to the virtual shopping basket are shown in real time.

During the reporting period, the ecosystem was also expanded to include value added services dealing with digital card issuing for existing B2B customers via the Wirecard platform. An evaluation can be carried out in real time using a data analysis system based on artificial intelligence (AI) which uses data from business relationships in the area of payment processing collected over many years. Retailers that have an urgent need for financing can thus benefit from unbureaucratic decision-making processes and shorten the waiting times for loans to be paid out.

Wirecard has expanded its existing B2B portfolio with the launch of the Supply Chain Payment Platform based on blockchain technology. It exploits the potential offered by blockchain technology in the area of supplier payments and smart contracts by linking producers and processors of raw materials such as coffee, crude oil and steel in a prototype. All steps in the supply chain from the drafting of contracts and measures for quality assurance through to guaranteeing the origin of the goods are represented in a decentralised database and will enable payment agreements to be made in future without any intermediate steps. This will bring digitalisation to global merchandise management flows which today involve many different parties and many processes that are still based on analogue data media such as faxes or written documents.

Strong partners

A completely new purchasing experience in bricks and mortar retail is being created in cooperation with SES-imagotag. It will be possible to use a smartphone to scan a digital price tag via a QR code or using NFC technology to pay for a product anywhere in the shop, as well as to display interactive content that can be accessed online, e-coupons and relevant product data.

The strategic agreement signed between Wirecard and Visa in the reporting period will expand the partnership for the development of innovative digital payment solutions. The global opportunities offered by Visa and the digital platform from Wirecard will together lay the foundations for Wirecard to expand card issuing and the acceptance of innovative digital payment methods by retailers, while at the same time providing retailers with business analytics to help them further optimise the purchasing experience for consumers. In partnership with Visa, Wirecard will also be able to support FinTechs and start-ups to an even greater extent in the development of new commercial ideas using white label solutions and offer them banking via the platform.

In cooperation with Allianz Partners and Visa, Wirecard plans to launch the mobile payment app Allianz Prime in Europe. Alongside contactless mobile transactions at the point of sale, the app also offers a virtual Visa card that can be used for e-commerce transactions, a customer loyalty programme, an analysis tool and insurance from Allianz Partners to protect the digital identity of the customer as well as all online payments.

As part of the strategic alliance with FedEx Express, a subsidiary of FedEx Corp. and the world's largest express transportation company, FedEx will offer an increased number of local access points and expand its presence in the Indian retail sector. In the first phase, FedEx launched its services in 200 of Wirecard's retail agent outlets in five states in southern India and New Delhi – as an extension to the existing 680 FedEx retail access points across the whole of India. During the course of 2018, the number of shops within the SmartShop network offering FedEx services will quickly increase throughout its more than 150,000 locations. Wirecard's SmartShop network spans the entire Indian sub-continent and provides consumers with digital financial services and additional products relevant to their daily lives.

Boon – a fully digitalised mobile payment solution in Europe that is independent of banks and telecommunication providers – combines innovative and secure payment functionalities with services in the area of personal finance and numerous other value added services. The range of innovative services offered in this ecosystem is being continuously expanded through partnerships. Thanks to a cooperation with Google, Wirecard's mobile payment app boon will be available in future to all Android users of Google Pay in Germany independent of any bank. Users will benefit from mobile and secure payment methods for contactless payment at cash tills, for in-app payments and for online shopping via a digital Mastercard and will also be able to access other functions such as transferring money between boon users in real time. The app is currently running

via the Android operating system in Germany, Belgium, Ireland, the Netherlands, Austria and Spain, while boon is available via iOS in Great Britain, France, Italy, Ireland, Switzerland and Spain.

Thanks to a partnership between Wirecard and Fitbit, the leading international wearables company, Fitbit Pay customers can now add their digital boon cards to Fitbit Pay and make secure purchases with their Fitbit Ionic or Fitbit Versa smartwatches at all Mastercard contactless acceptance points in Ireland, Italy, Spain, Switzerland and Great Britain.

A cooperation has also been agreed with the leading GPS technology company Garmin to provide the owners of Garmin smartwatches with a completely digital, contactless payment solution at the point of sale via boon.

The strategic partnership with Mastercard has been expanded to make digital contactless payment via wearables accessible to even more consumers.

An innovative concept for networked shopping is being developed in cooperation with T-Systems. The prototype for a digital shopping cart demonstrates that purchasing and payment in bricks-and-mortar retail is possible without a proprietary cash till system. Consumers can, for example, draw up their shopping lists at home via an app. They then link their smartphone to a shopping cart in the shop which guides them interactively through the shop based on the shopping list. The shopping cart is equipped with its own screen showing which products on the list are already in the cart and customers also receive appropriate personalised information and offers. Sensors capture the route at certain points in the shop. Customers scan their desired products via the app and can pay quickly and easily with just one click once they have finished shopping.

Expanding the value added chain

More solutions for specific target groups and markets were developed during the reporting period that will help achieve a comprehensive payment ecosystem.

After many years of cooperation, Elo7, the largest online marketplace for handmade goods in Brazil, will also use Wirecard's new integration platform featuring scalable, technological value added services in future to offer 85,000 small companies a more effective sales and financial management concept.

The cooperation with Natura, one of the leading cosmetics companies in Brazil, was also expanded after the reporting period. Natura benefits from Wirecard's new digital finance features that offer scalable, technological insights for retailers on online marketplaces. The latest version includes a range of value added functions such as the possibility of payment by instalments, automatic refunds, bank transfers, financial reconciliation and much more. Experience with other retailers has shown that conversion rates and retailer satisfaction can be significantly increased by introducing these new features.

Wirecard has also enhanced its e-commerce portfolio to include a quick and customisable design tool for online retailers. Online retailers can use the new Payment Page Designer to individually adjust any of the parameters to customise the visual appearance of their payment page within minutes, which leads to shorter setup times and also increases conversion rates at the same time.

In Central and Eastern Europe, a closed-loop solution has been launched on the market for shopping centres, stadiums and other closed user groups that enables both payments via digital wearables and cards to be topped up in real time. It has already been used in practice for the first time at the Smart Business Center run by the City of Graz.

Genting Cruise Lines is cooperating with Wirecard to offer passengers a completely seamless payment experience on board several cruise ships. The Quick Pay Self-Checkout System, which is already available on board some cruise ships, is designed to optimise processes and offer guests on board more convenience by reducing waiting times and enabling them to settle their bill via smartphone from the comfort of their cabin or also anywhere else on the ship.

Business activities in the area of FinTech / financial services

As part of the partnership agreement signed between Crédit Agricole Payment Services and Wirecard during the reporting period, new e-commerce payment acceptance and processing services will be available from the start of 2019. The partnership also includes the development of mobile point of sale (mPOS) and other point of sale (POS) solutions that will offer fast and easy payments in line with the latest technologies. In addition to new customer acquisitions, CAPS will offer its existing customers the possibility of combining their existing POS solutions with online and mobile products so that the end consumer can benefit from an integrated, digitalised solution. This partnership will also support the international growth of large customers by providing them with a central platform for payment acceptance and processing across the whole of Europe.

In Asia, Wirecard will offer business customers of Mizuho Bank Ltd. – one of the largest financial institutions in the world – card acceptance and card issuing services (acquiring and issuing). Thanks to the partnership with Wirecard, Mizuho Bank will be able to offer its Japanese customers a comprehensive range of banking services from one source with minimal administrative effort and will also benefit from Wirecard's technological expertise and its network in Asia.

In India, the largest remittance market in the world, the expansion of the cooperation with Weizmann Forex – a partner for Western Union with one of the most extensive sales networks – means that even more consumers can receive international money remittance at thousands of locations, including travel agents and currency traders, as well as at our network of agents at the 150,000 SmartShops.

Wirecard is also supporting the bankomo app as a technology partner of ReiseBank, the market leader in the field of travel money in Germany. This app offers a completely digital banking ecosystem that enables users to transfer money (peer-to-peer) in seconds and also access traditional banking services.

Wirecard is supporting the FinTech Denizen from BBVA (Banco Bilbao Vizcaya Argentaria) as a technology partner in the implementation of its new digital banking solution by providing the technical interface as well as innovative issuing solutions. The innovative mobile banking app was specially developed for users who live or work abroad. Denizen eliminates unnecessary fees and services for users. Users can thus easily manage their money in real time with full transparency because Denizen is supported by the leading global financial institution BBVA. Alongside the app, users receive a physical debit card that they can also use to make payments without any fees. The new mobile banking ecosystem is already available in Spain and the USA and is due to be rolled out later in Europe.

4. RESULTS OF OPERATIONS, FINANCIAL POSITION AND NET ASSETS

Wirecard AG generally publishes its figures in millions of euros (EUR million). As a result of rounding, it is possible that the individual figures do not add up exactly to form the totals stated and that the figures and percentages do not give an exact representation of the absolute values to which they relate.

Results of operations

In the first half year 2018, Wirecard Group achieved further significant growth in both revenues and operating profit.

Revenue trends

In the first half year 2018, consolidated revenues of the Wirecard Group grew by 45.8 percent from EUR 615.5 million to EUR 897.6 million.

Revenues generated in the first half year 2018 in the core segment of Payment Processing & Risk Management, arising from risk management services and the processing of online payment transactions, increased by 48.9 percent from EUR 431.1 million to EUR 641.7 million.

The share of the total consolidated revenues accounted for by the Acquiring & Issuing segment grew by 35.0 percent in the first half year 2018 due to organic growth and the acquisitions in the previous year to EUR 291.0 million (6M 2017: EUR 215.6 million), of which the share accounted for by issuing in the first half year 2018 was EUR 126.1 million (6M 2017: EUR 83.9 million).

Revenues from Acquiring & Issuing in the first half year 2018 primarily comprised commissions, interest, financial investments and revenues from processing payments, as well as exchange rate gains from processing transactions in foreign currencies. The cooperation with FinTech companies e.g. peer-to-peer loan platforms for private borrowers and SMEs, mobile banking solutions or solutions for payment by instalment in the online shopping sector has assumed rapidly growing strategic importance for Wirecard in the last years. Wirecard does not only provide risk management, technology and banking services here but also sometimes provides the financing based on detailed individual assessments and suitable security measures – often in the form of cash securities. This enables Wirecard, on the one hand, to increase the added value from its cooperation with FinTech companies and, on the other, to also significantly increase interest income. Against this background, a significantly higher proportion of the customer deposits (30 June 2018: EUR 1,178.5 million; 30 June 2017: EUR 820.9 million) was also invested in the first half year 2018 in suitable financing activities as well as in continued deposits held with the central bank, demand and fixed-term deposits and collared floaters.

The interest income generated by the Acquiring & Issuing segment in the first half year 2018 totalled EUR 9.6 million (6M 2017: EUR 5.5 million) and is recognised as revenues in the consolidated income statement. Accordingly, it is not contained in the Group's financial result. It comprises interest income on the investments of own funds as well as customer deposits (deposits and acquiring money).

The Call Center & Communication Services segment generated revenues of EUR 4.6 million in the reporting period, compared with EUR 5.0 million in the related period of previous year.

Trends in key expense items

The Group's cost of materials increased in the first half year 2018 to EUR 493.0 million, compared to EUR 323.5 million in the related period of previous year. The cost of materials mainly comprises charges by the credit card issuing banks (interchange), fees to credit card companies (for example, MasterCard and Visa), transaction costs as well as transaction-related charges to third-party providers (for example, in the area of risk management and acquiring). Expenses for payment guarantees are also included in the area of risk management. The area of acquiring also includes commission costs for external sales.

In the Acquiring & Issuing segment, the cost of materials relating to the areas of acquiring, issuing and payment transactions primarily comprises, besides interchanges, the processing costs of external service providers, production, personalisation and transaction costs for prepaid cards and the payment transactions realised with them, as well as account management and transaction charges for managing customer accounts.

Group gross profit (revenues including other own work capitalised less cost of materials) increased by 36.7 percent to EUR 425.3 million in the first half year 2018 (6M 2017: EUR 311.0 million).

Group personnel expenses rose to EUR 112.0 million in the first half year 2018, respectively, up by 30.5 percent year on year (6M 2017: EUR 85.8 million). The increase in personnel expenses is due not only to organic growth within the Group and the associated increase in the number of employees, but also to the acquisitions in the previous year, which limit the comparability of this position with the first half year 2017. The personnel expense ratio in the Wirecard Group fell from 13.9 percent in the comparable period of the previous year to 12.5 percent in the first half year 2018.

Other operating expenses mainly comprise legal and financial statement costs as well as consulting and consulting-related expenses, costs for equipment and leasing, office expenses, costs for travel, sales and marketing, personnel-related expenses as well as impairment. These amounted to EUR 73.6 million within the Wirecard Group in the first half year 2018 (6M 2017: EUR 57.4 million). This increase was accompanied by the organic and inorganic growth of the Wirecard Group and thus amounted to 8.2 percent (6M 2017: 9.3 percent) of revenue.

Amortisation and depreciation is broken down in the consolidated income statement into two items for the purpose of better transparency. It is splitted so that the amortisation and depreciation of assets which result from business combinations and acquired customer relationships (M&A-related) can be presented separately. In the first half year 2018, amortisation and depreciation adjusted for M&A amounted to EUR 31.5 million (6M 2017: EUR 25.0 million). The M&A-related amortisation and depreciation in the first half year 2018 was EUR 19.4 million (6M 2017: EUR 19.5 million). As the company has a high level of M&A activity, this differentiation makes it easier to compare this item. In the first half year 2018 amortisation and depreciation in total rose year on year, mainly due to investments realised in property, plant and equipment, the further development of the multi-channel platform, mobile payment projects and as a result of the acquisitions of assets in the previous year.

EBITDA trends

The pleasing growth in earnings is due to the increase in transaction volumes processed by the Wirecard Group, scaling effects from the transaction-oriented business model, the completed M&A transactions and from the increased use of our banking services.

Operating earnings before interest, tax, depreciation and amortisation (EBITDA) grew in the first half year 2018 in the Wirecard Group by 39.0 percent from EUR 176.5 million in the related period of previous year to EUR 245.4 million. The EBITDA margin stood at 27.3 percent in the first half year 2018 (6M 2017: 28.7 percent).

The EBITDA of the Payment Processing & Risk Management segment stood at EUR 206.5 million in the first half year 2018 and grew by 51.3 percent (6M 2017: EUR 136.4 million). The share of the EBITDA accounted for by the Acquiring & Issuing segment grew in the first half year 2018 to EUR 39.0 million (6M 2017: EUR 39.5 million), of which the share of the EBITDA accounted for by issuing in the first half year 2018 amounted to EUR 18.1 million (6M 2017: EUR 18.0 million).

Financial result

The financial result stood at EUR – 11.4 million in the first half year 2018 (6M 2017: EUR – 9.6 million). Group financial expenses stood at EUR 16.5 million in the first half year 2018 (6M 2017: EUR 12.3 million) and is primarily caused by interest expenses from loans and leasing.

The Group's financial result does not include interest income generated by Wirecard Bank AG and Wirecard Card Solutions Ltd., which must be reported as revenues in accordance with IFRS accounting principles.

Taxes

The cash tax rate (excluding deferred taxes) amounted to 9.5 percent in the first half year 2018 (6M 2017: 16.2 percent) within the Wirecard Group. Including deferred taxes, the tax rate came to 16.3 percent (6M 2017: 14.5 percent) in the first half year 2018.

Earnings after tax

Earnings after tax in the first half year 2018 increased by 46.6 percent year on year, from EUR 104.5 million to EUR 153.3 million.

Earnings per share

The average number of issued shares on an undiluted basis amounted to 123,565,586 shares in the first half year 2018 (6M 2017: 123,565,586 shares). Basic (undiluted) earnings per share stood at EUR 1.24 in the first half year 2018 (6M 2017: EUR 0.85).

Financial position and net assets

Principles and objectives of financial management

The primary objectives of financial management are to secure a comfortable liquidity situation at all times and maintain operational control of financial flows. The Treasury department is responsible for monitoring currency risks. Following individual inspection, risks are hedged by the additional deployment of financial derivatives. As in the previous year, currency options were deployed as financial derivatives to hedge revenues in foreign currencies in the period under review. It has been stipulated throughout the Group that financial derivatives should not be deployed for speculative purposes (for further details refer to Management report, III. Forecast and report on opportunities and risks, Chapter 2.8 Financial risks of the 2017 Annual Report).

Capital and financing analysis

Changes of financial position

in EUR million	30 Jun 2018	31 Dec 2017	Changes in percent
EQUITY AND LIABILITIES			
I. Equity			
1. Subscribed capital	123.6	123.6	0%
2. Capital reserve	494.7	494.7	0%
3. Retained earnings	1,191.6	1,069.2	11%
4. Other components of equity	- 75.5	- 52.3	44%
Total equity	1,734.4	1,635.2	6%
II. Liabilities			
1. Non-current liabilities			
Non-current interest-bearing liabilities	1,125.7	754.8	49%
Other non-current liabilities	78.4	85.4	- 8%
Deferred tax liabilities	81.1	76.9	5%
	1,285.3	917.1	40%
2. Current liabilities			
Liabilities of the acquiring business	499.8	422.6	18%
Trade payables	60.2	71.4	- 16%
Interest-bearing liabilities	6.6	311.6	- 98%
Other provisions	4.1	2.4	70%
Other liabilities	158.7	149.4	6%
Customer deposits from banking operations	1,178.5	973.2	21%
Tax provisions	25.3	44.6	- 43%
	1,933.2	1,975.2	- 2%
Total liabilities	3,218.5	2,892.3	11%
Total equity and liabilities	4,952.9	4,527.5	9%

The Wirecard Group reports a total equity of EUR 1,734.4 million (31 December 2017: EUR 1,635.2 million). Due to the nature of our business, the highest liabilities lie with retailers in the area of credit card acquiring and customer deposits in the banking business. These have a substantial effect on the equity ratio. The commercial banks that granted the Wirecard Group loans as of the 30 June 2018 amounting to EUR 1,795.4 million at interest rates of between 0.85 and 3.50 percent did not take these items into account in their equity capital calculations for the credit agreements concluded due to the nature of the business model. According to the Wirecard Group, this calculation is a good method for making comparisons with other companies possible. These banks determine the Wirecard Group's equity ratio by dividing the amount of liable equity capital by total assets. Liable equity capital is determined by subtracting deferred tax assets and 50 percent of goodwill from equity as reported in the statement of financial position. Any receivables due from shareholders or planned dividend payments must also be deducted. Total assets are identified by subtracting the customer deposits of Wirecard Bank AG and Wirecard Card Solutions Ltd., the acquiring funds of Wirecard Bank AG (30 June 2018: EUR 303.8 million; 31 December 2017: EUR 240.9 million) and the reduction in equity from the audited total assets, while lease liabilities are added back to these total assets. This calculation gives an equity ratio of 44.2 percent for the Wirecard Group (31 December 2017: 42.0 percent).

The increase in interest-bearing liabilities of EUR 65.9 million in total is related to acquisitions made as well as planned in the Asia-Pacific region.

Investment analysis

The cash outflows for investments mainly comprises the following:

Substantial cash outflows for investments

in EUR million	6M 2018	6M 2017
Strategic transactions/M&A	32.7	236.6
Internally-generated intangible assets	20.7	19.1
Other intangible assets (software)	6.0	8.7
Property, plant and equipment	8.1	6.9

The investments in strategic transactions/M&A are particularly related to the acquisitions in the Asia-Pacific region.

Liquidity analysis

The subsidiaries Wirecard Bank AG and Wirecard Card Solutions Ltd. hold customer deposits from the banking and card business. In the past, smaller portions of the cash and cash equivalents from customer deposits were mainly only invested in securities (collared floaters and short-term and medium-term interest-bearing securities). The remaining funds were held as deposits with the central bank as well as demand and short-term time deposits with banks.

The cooperation with FinTech companies e.g. peer-to-peer loan platforms for private borrowers and SMEs, mobile banking solutions or solutions for payment by instalment in the online shopping sector has achieved rapidly growing strategic importance for Wirecard. Wirecard does not only provide risk management, technology and banking services here but also sometimes provides the financing based on detailed individual assessments and suitable security measures – often in the form of cash securities. This enables Wirecard, on the one hand, to increase the added value from its cooperation with FinTech companies and, on the other, to also significantly increase interest income.

Against this background, a significantly higher proportion of the cash and cash equivalents from customer deposits was invested in suitable financing activities – as well as in continued deposits held with the central bank, demand and fixed-term deposits and collared floaters as in the past.

While the cash flow from operating activities before the changes from the banking business shows the cash flow from the operating business of Wirecard, the cash flow from operating activities also takes into account the effect of the deposit business and the corresponding asset items.

As far as the liquidity analysis is concerned, it should also be noted that liquidity is influenced by reporting date effects because of the company's particular business model. The liquidity which Wirecard receives from its retailers' credit card revenues and which it will pay out to the same retailers in future is available to the Group for a transitional period. It should be especially noted in this context that a very sharp increase in the operational cash flow in the fourth quarter, which is mainly due to delayed payouts on account of the public holidays, will be offset by a counter-vailing cash flow trend in the first half of the following year.

Receivables and liabilities from acquiring are transitory in nature and subject to substantial fluctuations from one reporting date to another as, inherent to the business model, these statement of financial position items are significantly influenced by the overall transaction volume and the security reserves. Receivables from acquiring mainly comprise receivables from credit card organisations, banks and acquiring partners and liabilities exist to retailers. The customer deposits from the banking business and corresponding securities or receivables from the banking business likewise constitute items that can be eliminated for the adjusted cash flow. To simplify the identification and reporting of the cash-relevant portion of the company's own earnings, the Wirecard Group has decided to present a further statement in addition to the usual statement of cash flow

from operating activities in order to eliminate these items. The cash flow from operating activities (adjusted) amounting to EUR 196.2 million (6M 2017: EUR 149.8 million) clearly shows that Wirecard had a comfortable volume of own liquidity to meet its payment obligations at all times.

Interest-bearing liabilities are mainly non-current and were utilised for realised M&A transactions. The Group's interest-bearing liabilities to banks increased by EUR 65.9 million to EUR 1,132.4 million (31 December 2017: EUR 1,066.4 million). This increase was due to the acquisitions made as well as planned in the Asia-Pacific region. The Wirecard Group has approved credit lines of EUR 1,795.4 million (31 December 2017: EUR 1,342.7 million). Along with the loans recognised in the statement of financial position, additional credit lines from commercial banks totalling EUR 566.7 million are consequently available for Wirecard Group (31 December 2017: EUR 278.0 million). Lines for guarantee credit facilities are also available in an amount of EUR 55.0 million (31 December 2017: EUR 16.0 million), of which an unchanged amount of EUR 22.2 million (31 December 2017: EUR 15.7 million) has been utilised.

Net assets

Changes in net assets

in EUR million	30 Jun 2018	31 Dec 2017	Changes in percent
I. Non-current assets			
1. Intangible assets			
Goodwill	673.7	675.8	0%
Customer relationships	466.7	484.9	- 4%
Internally-generated intangible assets	129.4	120.0	8%
Other intangible assets	126.5	109.0	16%
	1,396.4	1,389.8	0%
2. Property, plant and equipment	63.5	57.5	11%
3. Investments accounted for using the equity method	14.2	14.6	- 3%
4. Financial and other assets / interest-bearing securities	320.8	310.2	3%
5. Tax credits			
Deferred tax assets	9.1	9.1	- 1%
Total non-current assets	1,803.9	1,781.1	1%
II. Current assets			
1. Inventories and work in progress	11.3	13.3	- 15%
2. Receivables of the acquiring business	499.6	442.0	13%
3. Trade and other receivables	302.6	269.7	12%
4. Tax credits			
Tax refund entitlements	12.3	11.0	13%
5. Interest-bearing securities and fixed-term deposits	262.7	109.1	141%
6. Cash and cash equivalents	2,060.4	1,901.3	8%
Total current assets	3,149.0	2,746.4	15%
Total assets	4,952.9	4,527.5	9%

Assets reported in the statement of financial position of the Wirecard Group increased by EUR 425.4 million in the first half year 2018, rising from EUR 4,527.5 million to EUR 4,952.9 million. In the period under review, both non-current and current assets grew. In addition to the investments and growth in the operating business, these changes are also attributable to the consolidation of the assets acquired and liabilities assumed in the reporting period as part of the acquisition of the customer portfolio in connection with Citi's credit card acceptance business in Malaysia. In particular, the short-term items "receivables of the acquiring business", "trade and other receivables" and "interest-bearing securities and fixed-term deposits" as well as "cash and cash equivalents" increased compared to the balance sheet date of 31 December 2017 due to operating growth, which includes the acquisitions made in 2017.

In addition to the assets reported in the statement of financial position, the Wirecard Group also has unreported intangible assets, such as software components, customer relationships, human and supplier capital, amongst others.

5. RESEARCH AND DEVELOPMENT

Wirecard's technology-driven services across the entire payment ecosystem enable our customers and partners to benefit from the digitalisation of the payment process. Our goal is to be at the forefront of dynamically progressing technological developments, supporting our business partners with innovative solutions. The customer-oriented and innovative research and development activities – a central operational component of the Wirecard Group – ensure Wirecard's success and lay the foundations for the future growth of the Group.

The customer portfolio of the Wirecard Group comprises a cross-section of all relevant industries. A deep understanding of the requirements of customers, as well as of the respective market environment, enables us to further develop products and services based on these requirements and use innovation to push forward the markets. A global presence guarantees a special understanding of the characteristics particular to local regions and their market-specific requirements.

Wirecard relies on a central planning strategy, whose rigorous and decentralised implementation at the development centres at most Wirecard locations is based on internal research and development networks. The modular approach enables the efficient implementation and further development of our technology services to incorporate regional customer and market requirements with no or minimal adjustments to the core platform.

Due to a modular and scalable platform, the Wirecard Group is able to offer its customers innovative solutions along the entire payment value chain that can be adapted flexibly to meet specific requirements. The efficient use of resources in a highly dynamic market environment is guaranteed through the use of the latest technologies and innovative software solutions, primarily developed internally within the company and astutely supplemented by services offered by third party providers, as well as by agile development methods.

Alongside the integration of innovative and digital solutions in the areas of payment acceptance and issuing, the intensive research and development activities carried out by our global team also focus on the development of valuable, associated additional services such as data analytics, currency conversion services, digital banking services in the retail sector and transaction banking and loyalty programmes within the payment ecosystem.

In the current and 2019 fiscal years, research and development activities will also focus on improving existing products and services and using innovative new products to implement the corporate strategy of expanding the value added chain and growing the company's global technological footprint.

6. REPORT ON EVENTS AFTER THE REPORTING DATE

After the end of the reporting period, no events occurred that would have required a significantly different presentation of the Group's net assets, financial position and results of operations.

7. REPORT ON OPPORTUNITIES AND RISKS

For the Wirecard Group, the deliberate assumption of calculable risks and the consistent exploitation of the opportunities associated with these risks form the basis for its business practices as part of the scope of value-based corporate management. With these strategies in mind, the Wirecard Group has implemented a risk management system that lays the foundations for risk-oriented and earnings-oriented corporate governance.

In the interests of securing the company's success on a long-term and sustainable basis, it is thus indispensable to identify, analyse, assess and document critical trends and emerging risks at an early stage. Where it makes economic sense, the aim is to adopt corrective countermeasures. In principle, it is possible to limit, reduce, transfer or accept risks in order to optimise the company's risk position relative to its earnings. The implementation and effectiveness of any approved countermeasures are continuously reviewed.

In order to minimise the financial impact of any potential loss, Wirecard takes out insurance policies – insofar as they are available and economically justifiable. The Wirecard Group continuously monitors the level of cover that they provide.

Equally, it is a company-wide policy to identify, evaluate and exploit opportunities in order to sustain growth trends and secure the Group's earnings growth. Moreover, this analysis also reveals those risks that would result from a failure to exploit any opportunities that arise.

For further details, we refer you to the report on risks in the 2017 Annual Report, to which there has been no changes.

We also point out that there are no risks which could endanger the Group as a going concern.

8. OVERALL STATEMENT ON THE GROUP'S EXPECTED DEVELOPMENT (OUTLOOK)

In a digital, networked world, an increasing number of new business models are being developed across all sectors that – due to the abundance of available information – will radically change both the traditional process structures in companies and also customer interaction.

As a result of our long-standing experience and innovative strength, we are able to continuously offer our customers and business partners new solutions via our global platform in the area of digital payment processing and associated value added services that enable them to exploit the full potential of collected product and customer data across all sales channels, retain their competitiveness and also transform the purchasing and payment process for end consumers into a new and convenient experience.

As well as in our core sectors consumer goods, digital goods, travel & mobility and financial services sector, we constantly apply our technological expertise and our solutions to new business models, as is the case with our prototype for the digitalisation of global merchandise management flows on the basis of blockchain technology.

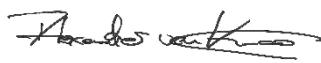
In view of our outstanding competitive position internationally and our full range of innovative products and services for strong growth markets, especially in the online and mobile sectors as well as in the digitalisation of bricks-and-mortar trade, we also expect a highly successful business performance in the future. The Management Board increases its forecast for the remainder of the 2018 fiscal year of operating earnings before interest, tax, depreciation and amortisation (EBITDA) of between EUR 530 million and EUR 560 million.

Aschheim near Munich, 15 August 2018

Wirecard AG, Management Board



Dr. Markus Braun



Alexander von Knoop



Jan Marsalek



Susanne Steidl

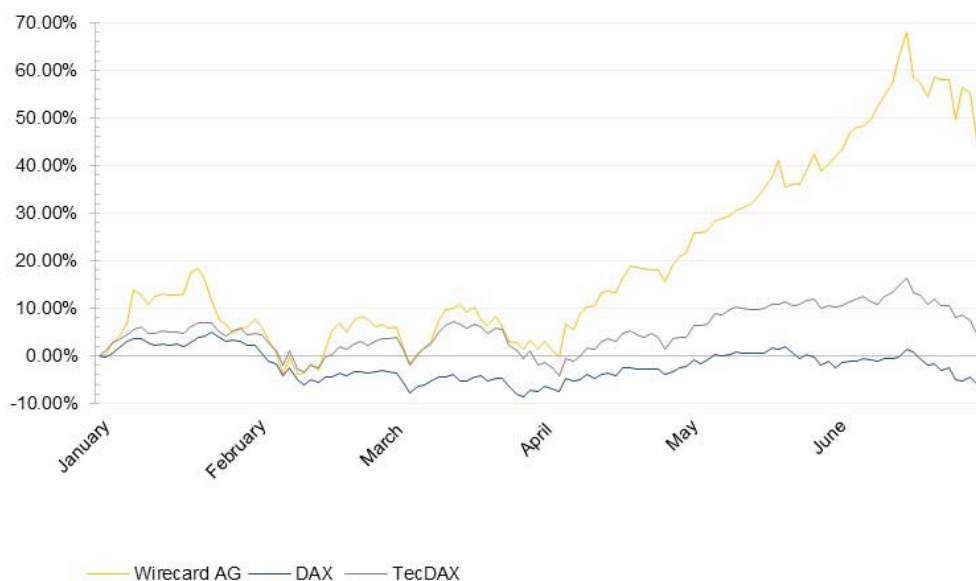
9. WIRECARD STOCK

While the leading German DAX index fell by 4.7 percent (6M 2017: +7.4 percent) by the end of the first half of 2018, the TecDAX was able to grow by 6.4 percent over the same period (6M 2017: 20.8 percent).

The Wirecard share significantly outperformed this trend and increased by 48.2 percent in the first half of 2018 (6M 2017: 36.3 percent). A new all-time high of EUR 158.10 was recorded on 15 June 2018. After taking into account the dividends paid out in June 2018 for the 2017 fiscal year of EUR 0.18 per share (2016 fiscal year: EUR 0.16), there was a total shareholder return of 48.4 percent (6M 2017: 36.6 percent).

Around 78.1 million (6M 2017: 58.8 million) Wirecard shares were traded in total on the electronic XETRA trading platform. This corresponds to an average trading volume of 0.6 million (6M 2017: 0.5 million) shares per day.

Development of the Wirecard stock



Annual General Meeting/dividend resolution

Wirecard AG's ordinary Annual General Meeting was held in Munich on 21 June 2018. The share capital represented of 67.6 percent was slightly above the figure in the previous year (2017: 65.5 percent).

All of the agenda items were passed with a large majority. The motions passed included the distribution of an amount of EUR 22.2 million as a dividend from the profit of EUR 142.5 million of Wirecard AG for the 2017 fiscal year included in retained earnings. This corresponds to an amount of EUR 0.18 per share on the basis of the 123,565,586 dividend-entitled shares.

Further information and details about the Annual General Meeting are available on the Internet at the following address: ir.wirecard.de/hauptversammlung

Key figures Wirecard Stock

		6M 2018	6M 2017
Number of shares (30 June) – all dividend entiteled		123,565,586	123,565,586
Share capital (30 June)	million EUR	123.6	123.6
Market capitalisation (30 June)	billion EUR	17.05	6.89
Share price (30 June)	EUR	137.95	55.72
Year-high as at 30 June	EUR	158.10	60.90
Year-low as at 30 June	EUR	85.38	40.80

Price data: XETRA closing prices

Investor Relations

In the first half of 2018, the main topics of communication with the capital markets once again included Wirecard's innovation and growth strategies. The Management Board and Investor Relations of Wirecard AG took part in numerous conferences and roadshows at home and abroad during the reporting period and remain in constant contact with investors in one-to-one meetings.

At the end of the period under review, a total of 27 analysts from renowned banks and independent research institutions were closely observing the Wirecard share. The overwhelming majority (17 analysts) issued a recommendation to buy, while the remaining 10 issued a recommendation to hold.

Further information is available online at: ir.wirecard.com

Shareholder structure

Most of the 92.96 percent free float as of the reporting date of 30 June 2018 continues to comprise institutional investors from the Anglo-American region and Europe.

Other information

The Management and Supervisory Boards of Wirecard AG undertake to comply with the principles of the German Corporate Governance Code and endorse the principles of transparent and sustainable corporate governance, as is also expressed in our Corporate Governance Statement. Other special measures in this regard are the listing on the Prime Standard and reporting according to IAS/IFRS.

Basic information on Wirecard stock

Year established:	1999	
Market segment:	Prime Standard	
Index:	TecDAX	
Type of equity:	No-par-value common bearer shares	
Stock exchange ticker:	WDI; Reuters: WDIG.DE; Bloomberg: WDI GY	
WKN:	747206	
ISIN:	DE0007472060	
Authorised capital, in number of shares:	123,565,586	
Group accounting category:	exempting consolidated financial statements in accordance with IAS/IFRS	
End of fiscal year:	31 December	
Total share capital as of 30 June 2018:	EUR 123.6 million	
Beginning of stock market listing:	25 October 2000	
Management Board as of 30 June 2018:	Dr. Markus Braun	CEO, CTO
	Alexander von Knoop	CFO
	Jan Marsalek	COO
	Susanne Steidl	CPO
Supervisory Board as of 30 June 2018:	Wulf Matthias	Chairman
	Alfons W. Henseler	Deputy Chairman
	Stefan Klestil	Member
	Dr. Anastassia Lauterbach	Member
	Vuyiswa V. M'Cwabeni	Member
	Susana Quintana-Plaza	Member
Shareholder structure* as of 30 June 2018:		
Shareholders holding more than 3% of voting rights*	7.04% MB Beteiligungsgesellschaft mbH	
	92.96% free float (according to Deutsche Börse's definition) of which	
	6.65% Artisan Partners Asset Management Inc. (US)	
	6.27% Jupiter Asset Management Ltd. (UK)	
	5.04% BlackRock Inc (US)	
	4.93% Citigroup Inc (US)	

*Interests (rounded) according to last notification by investors (Sections 33, 40 WpHG)



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Consolidated balance sheet – assets

in EUR million	30 Jun 2018	31 Dec 2017
ASSETS		
I. Non-current assets		
1. Intangible assets		
Goodwill	673.7	675.8
Customer relationships	466.7	484.9
Internally-generated intangible assets	129.4	120.0
Other intangible assets	126.5	109.0
	1,396.4	1,389.8
2. Property, plant and equipment	63.5	57.5
3. Investments accounted for using the equity method	14.2	14.6
4. Financial and other assets / interest-bearing securities	320.8	310.2
5. Tax credits		
Deferred tax assets	9.1	9.1
Total non-current assets	1,803.9	1,781.1
II. Current assets		
1. Inventories and work in progress	11.3	13.3
2. Receivables of the acquiring business	499.6	442.0
3. Trade and other receivables	302.6	269.7
4. Tax credits		
Tax refund entitlements	12.3	11.0
5. Interest-bearing securities and fixed-term deposits	262.7	109.1
6. Cash and cash equivalents	2,060.4	1,901.3
Total current assets	3,149.0	2,746.4
Total assets	4,952.9	4,527.5

Consolidated statement of financial position – equity and liabilities

in EUR million	30 Jun 2018	31 Dec 2017
EQUITY AND LIABILITIES		
I. Equity		
1. Subscribed capital	123.6	123.6
2. Capital reserve	494.7	494.7
3. Retained earnings	1,191.6	1,069.2
4. Other components of equity	-75.5	-52.3
Total equity	1,734.4	1,635.2
II. Liabilities		
1. Non-current liabilities		
Non-current interest-bearing liabilities	1,125.7	754.8
Other non-current liabilities	78.4	85.4
Deferred tax liabilities	81.1	76.9
	1,285.3	917.1
2. Current liabilities		
Liabilities of the acquiring business	499.8	422.6
Trade payables	60.2	71.4
Interest-bearing liabilities	6.6	311.6
Other provisions	4.1	2.4
Other liabilities	158.7	149.4
Customer deposits from banking operations	1,178.5	973.2
Tax provisions	25.3	44.6
	1,933.2	1,975.2
Total liabilities	3,218.5	2,892.3
Total equity and liabilities	4,952.9	4,527.5

Consolidated income statement

in EUR million	1 Apr 2018 – 30 Jun 2018		1 Apr 2017 – 30 Jun 2017	
Revenues		477.1		340.6
Own work capitalised		12.1		10.0
Cost of materials		263.0		180.6
Gross profit		226.2		170.0
Personnel expenses		59.5		47.8
Other operating expenses		36.7		31.5
Other operating income		2.9		4.5
Share of profit or loss from associates (at equity)		0.2		0.0
EBITDA		133.0		95.2
Amortisation/depreciation		27.0		23.4
EBIT		106.0		71.8
Financial result		-6.1		-6.5
Other financial income	1.3		1.8	
Financial expenses	7.3		8.3	
Earnings before tax *		100.0		65.2
Income tax expense		17.6		9.2
Earnings after tax *		82.4		56.0
Earnings per share (basic and diluted) in EUR		0.67		0.46
Average shares outstanding(basic)		123,565,586		123,565,586
Average shares outstanding(diluted)		123,565,586		123,565,586
EBITDA		133.0		95.2
Amortisation and depreciation (M&A adjusted) **		16.9		13.2
EBIT adjusted **		116.1		82.0
Amortisation and depreciation (M&A-related)		10.1		10.3
EBIT		106.0		71.8

* Attributable entirely to the shareholders of the parent company

** Adjusted by amortisation of assets which result from business combinations and acquired customer relationships (M&A-related)

Consolidated income statement

	1 Jan 2018 – 30 Jun 2018	1 Jan 2017 – 30 Jun 2017	in EUR million
	897.6	615.5	Revenues
	20.7	19.1	Own work capitalised
	493.0	323.5	Cost of materials
	425.3	311.0	Gross profit
	112.0	85.8	Personnel expenses
	73.6	57.4	Other operating expenses
	6.0	8.6	Other operating income
	-0.4	0.0	Share of profit or loss from associates (at equity)
	245.4	176.5	EBITDA
	50.9	44.5	Amortisation/depreciation
	194.5	131.9	EBIT
	-11.4	-9.6	Financial result
	5.0	2.7	Other financial income
	16.5	12.3	Financial expenses
	183.1	122.3	Earnings before tax *
	29.8	17.8	Income tax expense
	153.3	104.5	Earnings after tax *
	1.24	0.85	Earnings per share (basic and diluted) in EUR
	123,565,586	123,565,586	Average shares outstanding(basic)
	123,565,586	123,565,586	Average shares outstanding(diluted)
	245.4	176.5	EBITDA
	31.5	25.0	Amortisation and depreciation (M&A adjusted) **
	213.9	151.4	EBIT adjusted **
	19.4	19.5	Amortisation and depreciation (M&A-related)
	194.5	131.9	EBIT

Consolidated statement of comprehensive income

in EUR million	1 Apr 2018 – 30 Jun 2018	1 Apr 2017 – 30 Jun 2017	1 Jan 2018 – 30 Jun 2018	1 Jan 2017 – 30 Jun 2017
Earnings after tax	82.4	56.0	153.3	104.5
Items to be reclassified to profit or loss				
Change from currency translation differences	8.6	-52.2	-17.8	-44.3
Revaluation of available-for-sale financial assets with no effect on profit or loss	0.0	-0.2	0.0	1.7
therein: tax effects	0.0	0.0	0.0	0.0
Cash flow hedge	0.0	0.0	0.0	-4.8
therein: tax effects	0.0	0.0	0.0	1.8
Recycled to the income statement	0.0	0.0	0.0	0.0
Other comprehensive income, net of income taxes	8.6	-52.4	-17.8	-47.5
Total comprehensive income	91.0	3.7	135.4	57.0

Consolidated statement of changes in equity

	Subscribed capital Nominal value/number of shares issued EUR million / pieces million	Capital reserve EUR million	Retained earnings EUR million	Revaluation reserve EUR million	Translation reserve EUR million	Cash flow hedge reserve EUR million	Total con- solidated equity EUR million
Balance as of 1 December 2016	123.6	494.7	829.3	1.2	21.4	4.8	1,475.0
Earnings after tax			104.5				104.5
Other comprehensive income, net of income taxes				1.7	-44.3	-4.8	-47.5
Total comprehensive income	0.0	0.0	104.5	1.7	-44.3	-4.8	57.0
Dividends paid			-19.8				-19.8
Balance as of 30 June 2017	123.6	494.7	914.0	2.9	-23.0	0.0	1,512.2
Balance as of 31 December 2017	123.6	494.7	1,069.2	5.3	-57.6	0.0	1,635.2
Earnings after tax			153.3				153.3
Other comprehensive income, net of income taxes					-17.8		-17.8
Total comprehensive income	0.0	0.0	153.3	0.0	-17.8	0.0	135.4
Initial application IFRS 9 and IFRS 15			-8.6	-5.3			-14.0
Dividends paid			-22.2				-22.2
Balance as of 30 June 2018	123.6	494.7	1,191.6	0.0	-75.5	0.0	1,734.4

Notes on equity under (3.)

Consolidated cash flow statement

in EUR million	1 Jan 2018 – 30 Jun 2018	1 Jan 2017 – 30 Jun 2017
Earnings after tax	153.3	104.5
Financial result	11.4	9.6
Income tax expense	29.8	17.8
Gain/loss from disposal of non-current assets	0.0	0.1
Amortisation/depreciation	50.9	44.5
Change from currency translation differences	-1.6	1.9
Change in inventories	2.1	0.5
Change in receivables	-94.4	-27.4
Change in liabilities of the acquiring business and trade payables	66.5	-22.6
Change in other assets and liabilities	15.6	16.2
Net cash outflow arising from income tax	-34.5	-18.1
Interest paid excluding interest on loans and finance lease	-0.4	-1.1
Interest received	0.2	1.5
Cash flow from operating business before banking operations	198.9	127.5
Change in non-current assets of banking operations	-21.3	-35.1
Change in current assets of banking operations	-161.4	32.5
Change in customer deposits of banking operations	207.5	85.2
Cash flow from operating business of banking operations	24.8	82.7
Cash flow from operating activities	223.7	210.1
Cash outflows for investments in intangible assets	-57.6	-27.8
Cash outflows for investments in property, plant and equipment	-8.1	-6.9
Cash inflows from investments in financial assets and interest-bearing securities	2.0	0.0
Cash outflows for acquisition of consolidated companies less acquired cash	-1.9	-236.6
Cash flow from investing activities	-65.5	-271.2
Cash outflows for previous years' acquisitions of companies	-17.6	-15.2
Redemption of lease liabilities	-7.2	-6.0
Cash inflows from drawing down of financial liabilities	375.0	395.5
Cash outflows for expenses for drawing down of financial liabilities	-5.8	-3.5
Cash outflows for repayment of financial liabilities	-306.2	-14.5
Dividends paid	-22.2	-19.8
Interest paid on loans and finance leases	-6.7	-4.3
Cash flow from financing activities	9.3	332.3
Net change in cash and cash equivalents	167.5	271.2
Exchange-rate- and revaluation-related changes to cash and cash equivalents	-9.0	-9.7
Cash and cash equivalents at start of period	1,895.9	1,331.5
Cash and cash equivalents at end of period	2,054.3	1,593.0

Consolidated cash flow from operating activities (adjusted)

in EUR million	1 Jan 2018 – 30 Jun 2018	1 Jan 2017 – 30 Jun 2017
Earnings after tax	153.3	104.5
Financial result	11.4	9.6
Income tax expense	29.8	17.8
Gain/loss from disposal of non-current assets	0.0	0.1
Amortisation/depreciation	50.9	44.5
Change from currency translation differences	-1.6	1.9
Change in inventories	2.1	0.5
Change in receivables	-18.5	-22.1
Change in trade payables	-12.1	-5.6
Change in other assets and liabilities	15.6	16.2
Net cash outflow arising from income tax	-34.5	-18.1
Interest paid excluding interest on loans and finance lease	-0.4	-1.1
Interest received	0.2	1.5
Cash flow from operating activities (adjusted)	196.2	149.8

Receivables and liabilities of acquiring business are transitory in nature and subject to substantial fluctuations from one reporting date to another as, inherent to the business model, these statements of financial position items are significantly influenced by the overall transaction volume and the security reserves. Receivables of acquiring business mainly comprise receivables from credit card organisations, banks and acquiring partners and liabilities exist to retailers. The customer deposits from the banking business and corresponding securities or receivables from the banking business likewise constitute items that can be eliminated for the cash flow (adjusted). To simplify the identification and reporting of the cash-relevant portion of the Company's own earnings, Wirecard AG has decided to present a further statement in addition to the usual statement of cash flow from operating activities with those items eliminated.

Explanatory notes

1. Disclosures relating to the Company and valuation principles applied

1.1 Business activities and legal background

Wirecard AG, Einsteinring 35, 85609 Aschheim (hereafter also referred to as “Wirecard”, “Group” or “Company”) was founded on 6 May 1999. The name of the Company was changed from InfoGenie Europe AG to Wire Card AG when it was entered in the commercial register on 14 March 2005 and to Wirecard AG when it was entered in the commercial register on 19 June 2006.

Changes to the Group structure

On 13 March 2017, Wirecard AG and the Citigroup subsidiaries CITIBANK, N.A. and CITIBANK OVERSEAS INVESTMENT CORPORATION agreed the acquisition by Wirecard AG of the customer portfolio of Citi's credit card acceptance business in eleven Asian-Pacific markets as part of an asset deal. The transaction involved all customer portfolios in the area of credit card acceptance in Singapore, Hong Kong, Macau, Malaysia, Taiwan, Indonesia, the Philippines, Thailand, India, Australia and New Zealand. The portfolio that will be acquired comprises a long-standing customer base of more than 20,000 retailers, particularly from the travel and mobility sector, the financial services sector, luxury goods, retail trade and technology and telecommunications. The acquisition of the customer portfolios for Singapore and Hong Kong was concluded on 15 June 2017, while the acquisition of the customer portfolio for the Philippines was concluded on 30 November 2017. In a further step, the acquisition of the customer portfolio for Malaysia was concluded on 31 January 2018. The closing of the remaining customer portfolios is to be completed in several steps per country by the end of 2018.

Scope of consolidation

Shareholdings of Wirecard AG	
Wirecard Sales International Holding GmbH, Aschheim (Germany)	100%
Wirecard Payment Solutions Holdings Ltd., Dublin (Ireland)	100%
Wirecard UK and Ireland Ltd., Dublin (Ireland)	100%
Herview Ltd., Dublin (Ireland)	100%
Wirecard Central Eastern Europe GmbH, Klagenfurt (Austria)	100%
Wirecard Asia Holding Pte. Ltd., (Singapore)	100%
Wirecard Singapore Pte. Ltd., (Singapore)	100%
Wirecard (Vietnam) Ltd., Ha Noi City (Vietnam)	100%
Wirecard Payment Solutions Malaysia SDN BHD, Kuala Lumpur (Malaysia)	100%
PT Prima Vista Solusi, Jakarta (Indonesia)	100%
PT Aprisma Indonesia, Jakarta (Indonesia)	100%
Wirecard Myanmar Ltd., Yangon (Myanmar)	100%
Wirecard (Thailand) Co. Ltd., Bangkok (Thailand)	100%
Wirecard India Private Ltd., Chennai (India)	100%
American Payment Holding Inc., Toronto (Canada)	100%
Hermes I Tickets Pte Ltd, Chennai (India)	100%
GI Philippines Corp, Manila (Philippines)	100%
Wirecard Forex India Pte Ltd, Bangalore (India) (before: Star Global Currency Exchange Pte Ltd)	100%
Wirecard Romania S.A., Bucharest (Romania)	100%
Romcard S.A., Bucharest (Romania)	100%
Supercard Solutions & Services S.R.L., Bucharest (Romania)	100%
Wirecard Global Sales GmbH, Aschheim (Germany)	100%
Wirecard Poland Sp.Zo.o., Warsaw (Poland)	100%
Wirecard Mexico S.A. De C.V, Mexico City (Mexico)	100%

Shareholdings of Wirecard AG - continued

Wirecard Technologies GmbH, Aschheim (Germany)	100%
Wirecard Communication Services GmbH, Leipzig (Germany)	100%
Wirecard Retail Services GmbH, Aschheim (Germany)	100%
cardSystems Middle East FZ-LLC, Dubai (United Arab Emirates)	100%
MyGate Communications Pty Ltd., Cape Town (South Africa)	100%
Wirecard Acceptance Technologies GmbH, Aschheim (Germany)	100%
Wirecard Service Technologies GmbH, Aschheim (Germany)	100%
Wirecard Issuing Technologies GmbH, Aschheim (Germany)	100%
Wirecard NZ Ltd., Auckland (New Zealand)	100%
Wirecard Australia Pty Ltd, Melbourne (Australia)	100%
Wirecard Africa Holding Proprietary Ltd., Cape Town (South Africa)	100%
Wirecard South Africa Proprietary Ltd., Cape Town (South Africa)	100%
Wirecard Slovakia s.r.o., Kosice (Slovakia)	100%
Click2Pay GmbH, Aschheim (Germany)	100%
Wirecard (Gibraltar) Ltd. (Gibraltar)	100%
Wirecard Processing FZ LLC, Dubai (United Arab Emirates)	100%
Wirecard Acquiring & Issuing GmbH, Aschheim (Germany)	100%
Wirecard Bank AG, Aschheim (Germany)	100%
Wirecard Brasil S.A., Sao Paulo (Brazil)	100%
Wirecard Card Solutions Ltd., Newcastle (United Kingdom)	100%
Wirecard E-Money Philippines Inc., Manila (Philippines)	100%
Wirecard Ödeme ve Elektronik Para Hizmetleri A.Ş., Istanbul (Turkey)	100%
GI Technology Pte. Ltd., Chennai (India)	60%
Wirecard North America Inc., Conshohocken (United States)	100%
Wirecard Australia A&I Pte. Ltd., Melbourne (Australia)	100%
Wirecard Hong Kong Ltd. (Hong Kong)	100%
Wirecard Payment Solutions Hong Kong (Hong Kong).	100%

The company has complied with the IAS/IFRS requirements concerning the mandatory inclusion of all domestic and foreign subsidiaries that are controlled by the parent company.

A total of 50 subsidiaries were fully consolidated as of 30 June 2018. As of 30 June 2017, there were 49 companies. Uniform accounting and valuation policies apply to the scope of consolidated subsidiaries. The shareholdings and percentages of voting rights of the subsidiaries are identical.

GI Technology Pte. Ltd. based in India is not fully consolidated. Due to the conditions in the shareholders agreement, which are particularly associated with the Indian regulations for financial services companies, the company is accounted for using the equity method. This is because Wirecard exercises a significant influence on the company with this 60 percent shareholding but does not have full control.

Business combinations in the fiscal year

Acquisition of Citi's card acceptance business in the Asia-Pacific region

On 13 March 2017, Wirecard AG and the Citigroup subsidiaries CITIBANK, N.A. and CITIBANK OVERSEAS INVESTMENT CORPORATION agreed the acquisition by Wirecard AG of the customer portfolio of Citi's credit card acceptance business in eleven Asian-Pacific markets as part of an asset deal. The transaction involved all customer portfolios in the area of credit card acceptance in Singapore, Hong Kong, Macau, Malaysia, Taiwan, Indonesia, the Philippines, Thailand, India, Australia and New Zealand. The portfolio that will be acquired comprises a long-standing customer base of more than 20,000 retailers, particularly from the travel and mobility sector, the financial services sector, luxury goods, retail trade and technology and telecommunications. The closing of the acquisition is to be completed in several steps per country by the end of 2018. In the first year after closing all acquisitions in the Wirecard Group (fiscal year 2019), consolidated operating earnings before interest, tax, depreciation and amortisation (EBITDA) of more than EUR 20 million are expected through the acquisition. On 31 January 2018 the acquisition of the customer portfolio for Malaysia was concluded and consolidated within Wirecard's group financial statements for the first time at that date.

Alongside the cash payments already made, the agreed purchase price in total also includes other payments, which were reported as a liability as of the day of acquisition. The parties agreed not to disclose the precise purchase price. Non-separable assets, as well as the synergy effects within the Wirecard Group, are recognised under goodwill.

The current fair values of the assets and liabilities in connection with the acquisition of the customer portfolio for Malaysia are as follows:

Acquisition of Citi's card acceptance business in the Asia-Pacific region

in EUR million	Fair value
Goodwill	11.4
Property, plant and equipment	0.3
Financial and other assets (non-current)	0.1
Other receivables	0.5
Deferred tax assets	2.9
Current liabilities	3.3
Non-current liabilities	9.5

1.2 Principles and assumptions used in preparing the financial statements

Principles

The current financial statements as of 30 June 2018 were prepared in accordance with IAS 34 (Interim Financial Reporting) with consideration to the International Financial Reporting Standards (IFRS) and the International Accounting Standards (IAS) as adopted by the European Union (EU). This interim report was neither audited nor reviewed by an auditor. The notes of the consolidated financial statements as of 31 December 2017 also apply accordingly to the current financial statements and therefore should be taken into consideration in connection with this interim report. Any variations from this are explained below.

Presentation

The presentation of the statement of financial position, cash flow statement and segment reporting was effected in accordance with the consolidated financial statements as of 31 December 2017. Wirecard AG generally publishes its figures in millions of euros (EUR million). The use of rounding means it is possible that some figures do not add up exactly to form the totals stated as well as that the figures and percentages do not exactly reflect the absolute values on which they are based.

Accounting and valuation methods

On the course of preparing the financial statements as of 30 June 2018, the same accounting and valuation methods were applied as in the last consolidated financial statements as of 31 December 2017 and as in the corresponding period of previous year from 1 January 2017 to 30 June 2017, with the exception of the accounting standards or changed accounting methods applied for the first time in the current financial year. For further information please refer to the Annual Report as of 31 December 2017.

Accounting standards applied for the first time in the current fiscal year

As of 1 January 2018 IFRS 9 (Financial Instruments) and IFRS 15 (Revenue from Contracts with Customers) were applied for the first time. The resulting effects net led to a one-time adjustment amounting to EUR –14.0 million after taxes in total, which was recognized directly in equity without impacting earnings. The following two sections describe in detail the respective adjustment effects resulting from the initial application of the new IFRS standards.

IFRS 9 Financial Instruments

The Visa preferred stock disclosed under the item “Financial and other assets / interest-bearing securities”, which was classified under the category “available-for-sale financial assets” up until 31 December 2017 and measured at fair value with no effect on profit or loss following initial recognition, are measured at fair value through profit or loss since the initial application as of 1 January 2018. Unrealised gains or losses accounted for up to now in equity under other comprehensive income were reclassified from the revaluation reserve to retained earnings as of 1 January 2018, accordingly.

The convertible bonds also disclosed under the item “Financial and other assets / interest-bearing securities” do not fulfil the cash flow criterion and continue to be measured at fair value through profit or loss.

All other debt instruments such as loans, bank accounts and trade receivables are held to take into account the contractual cash flows that exclusively represent redemption payments and interest payments on an outstanding nominal amount. They meet the requirements of the “hold to collect” business model in the sense of IFRS 9 and continue to be measured at amortised cost. On the other hand, as of 31 December 2017, collared floaters and interest-bearing securities were still measured at fair value. There is no impact on financial liabilities due to the application of IFRS 9.

Impairments are determined based on the expected loss model since 1 January 2018, which anticipates expected losses through future defaults on receivables. In particular, this model is to be applied for financial assets measured at amortised cost, as well as for contract assets according to IFRS 15, leasing receivables, lending commitments and certain financial guarantees. In order to determine the expected credit losses, customers will be combined in groups with similar credit risks or an individual assessment of the credit risk will be carried out. At the time of initial application, the change from IAS 39 (incurred-loss model) to IFRS 9 (expected-loss model) was recognized directly in equity under retained earnings.

The risk of default from payment transactions mainly relates to potential chargebacks from an end customer after a retailer becomes insolvent. The risk is very low because the potential chargeback claims against the retailer are covered by liabilities from the ongoing transaction volume, individual security reserves or, alternatively, delayed payment to retailers. As the retailer business is closely monitored, these guarantees are continuously adapted to keep the risk of default low. If a retailer becomes insolvent, however, the guarantees may prove to be inadequate in individual cases; as a result, justified claims for payment by the Wirecard Group might not be enforceable against the retailer, due to the reversal of payment transactions. Therefore, Wirecard has classified the transaction volume from this business model as a financial guarantee. If no risk of default had to be recognised in the form of a provision due to the low expectation of default according to IAS 39, risk of default must now be accounted for under the expected loss model according to IFRS 9. The amount resulting from this difference in measurement were recognised by a reduction in equity at the time of initial application.

As of 1 January 2018, the transition from IAS 39 to IFRS 9 resulted in an adjustment amount that reduced shareholders' equity in the lower two-digit million range in total.

IFRS 15 Revenue from Contracts with Customers

Wirecard offers transaction-based services in many areas of issuing and acquiring, as well as in the area of banking services. In this regard, it is in principle not the processed transaction that is recognised as revenue but rather always only the fees received from the retailer or private customer. The fees for the credit card companies, payment service providers and external technical operators are included under the cost of materials. This is still the case even if external acquiring partners are used for processing transactions because Wirecard is subject to the significant opportunities and risks associated with the transactions and is thus considered to be the principal in these transactions in the sense of IAS 18. In the case of transaction-based business, IFRS 15 does not result in any change to the amount or date at which the revenue is recognised because there is also no requirement to treat transaction-based revenue differently according to the new standard. If external acquiring partners are used for the processing of the transactions, we have further analysed whether Wirecard is also to be considered as the principal in accordance with the rules of IFRS 15. Based on this analysis, these revenues continue to be reported using the gross presentation method at the time of first application on 1 January 2018 (disclosure of the fees from retailers under revenues and the expenses for the acquiring partner under cost of materials). In addition, IFRS 15 does not result in any change to the date at which the revenue is recognised.

In the case of non-transaction-based business, there was a change to the date at which the revenue is recognised for some business transactions. In particular, there is an effect on the recognition of revenues from the credit balances on expired prepaid cards so that revenue is recognised earlier than it has been up to now. The primary reason for this is the application of restrictions according to IAS 18, and no longer according to IFRS 15, for the recognition of revenues from the sale of goods or the provision of services for which the receipt of a consideration is dependent on the occurrence or non-occurrence of a future event. This has an impact on the date at which the credit balances on expired prepaid cards are recognised. This adjustment effect was in the lower two-digit million range for the Wirecard Group at the time of initial application and increased equity as of 1 January 2018 by this amount without impacting earnings.

In the case of contracts with customers with whom software licence agreements are the only contractual obligation, the new rules have no significant impact on the consolidated financial statements. Revenue continue to be recognised at a point in time when control of the asset is transferred to the customer. This is generally the case on delivery of the software or software licence. As a rule, Wirecard grants an unlimited right of use to the (licensed) software in its state at the time the licence is granted. Consequently, there are no further performance obligations after delivery of the software. Therefore, the new standard has not generally effected the amount nor has led to a deferment of the date at which the revenue is recognised.

2. Notes to the consolidated balance sheet – assets

2.1 Intangible assets

Intangible assets comprise goodwill, customer relationships, internally-generated intangible assets and other intangible assets.

Goodwill and customer relationships

The balance sheet items of goodwill and customer relationships are exclusively attributable to acquired companies, parts of companies or customer relationships. New, organically acquired customer relationships at Wirecard are not capitalised. As part of corporate acquisitions, a purchase price allocation is carried out in accordance with IFRS 3, which identifies and measures the fair value of all assets irrespective of whether they are reported on the balance sheet for the acquired entity or not. In general, the acquisitions made by Wirecard focus on acquiring regional customer relationships in order to expand the Company's market position. Therefore, these customer relationships represent a significant part of the assets of the acquired entity. The assessment of whether these assets are classified as customer relationships in the sense of IAS 38.16 or reported on the balance sheet under the item goodwill is based on which future economic benefits can be derived from these relationships by Wirecard. If customer relationships are identified, these are amortised over their expected useful life of usually 10 or 20 years. Goodwill is not subject to any amortisation.

Goodwill is assessed at least once a year by the Group (most recently on 31 December 2017) or in the event of a possible impairment in accordance with the accounting policies of the Group. Customer relationships are analysed at least once a year or additionally if a triggering event occurs. If a triggering event occurs, an assessment based on discounted cash flows is carried out in order to determine any potential need for impairment.

In the reporting period, goodwill changed primarily as a result of the acquisition of the customer portfolio in Malaysia in context of Citi's credit card acceptance business in the Asian-Pacific area and as a result of currency-related valuations as of the reporting date. As of 30 June 2018, goodwill totalled EUR 673.7 million (31 December 2017: EUR 675.8 million) and is assigned for the following cash-generating units:

Goodwill		
in EUR million	30 Jun 2018	31 Dec 2017
Payment Processing & Risk Management	527.7	528.1
Acquiring & Issuing	145.7	147.4
Call Center & Communication Services	0.3	0.3
Total	673.7	675.8
Less: impairment losses	0.0	0.0
	673.7	675.8

The change in the item customer relationships of EUR 18.3 million in the reporting period is primarily related to amortisation and currency-related valuations as of the reporting date. Amortisation commences together with the flow of benefits and is performed over the expected length of each customer relationship.

Further information on the acquisitions of customer portfolios in connection with Citi's credit card acceptance business in eleven Asian-Pacific markets can be found in section 1.1 Business activities and legal background, especially in the subsection "Business combinations" in the Annual Report 2017.

2.2 Property, plant and equipment

The carrying amount of technical equipment and operating and office equipment held as part of finance leases as of 30 June 2018 was EUR 19.5 million (31 December 2017: EUR 20.7 million) and is reported under property, plant and equipment. The leased items serve as security for the respective obligations from the finance leasing agreements.

2.3 Financial and other assets / interest bearing securities

Financial and other assets / interest bearing securities as of 30 June 2018 totalled EUR 320.8 million (31 December 2017: EUR 310.2 million). The breakdown is as follows on the related reporting date:

Breakdown of financial and other assets / interest-bearing securities			
in EUR million			
		30 Jun 2018	31 Dec 2017
Visa preferred stock		23.0	19.4
Financing agreements (amongst others sales partner)		17.6	20.8
Convertible bonds		42.0	41.9
Securities		1.9	1.8
Securities/collared floaters		43.1	44.6
Receivables from bank business (mostly from FinTech business)		154.8	141.4
Other M&A related assets		25.5	31.9
Other		12.8	8.3
		320.8	310.2

The various securities and collared floaters are held in particular to improve interest income and are mainly subject to money market interest rates. In part, minimum and maximum interest rates have been agreed (collared floaters).

The assets reported under the item “Receivables from bank business (mostly from FinTech business)” exist mainly as a result of activities related to Wirecard Bank AG cooperating with different companies in the FinTech sector. As a technology company with its own financial institution, Wirecard supports different companies through e.g. peer-to-peer loan platforms for private borrowers and SMEs, mobile banking solutions and solutions for payment by instalment in the online shopping sector. Alongside services in the areas of technology and risk management, Wirecard also sometimes provides financing, particularly in the area of hire purchase agreements and the provision of small loans. In this context, receivables arise primarily in relation to individual transactions that are reported here due to their terms to maturity. The reason for this was also the response to the prevailing low-interest phase which has enabled Wirecard to utilise these business fields. The basis for these items are the cash and cash equivalents from the banking business (customer deposits) of Wirecard.

2.4 Trade receivables of the acquiring business

The items receivables of acquiring business and liabilities of acquiring business of Wirecard are mainly characterised by the transaction volume of retailers that utilise Wirecard's payment services. Due in particular to the legal guidelines for the licensing agreements depending on the region and sector in which the retailer and acquiring partner operate, as well as to the business relationship between the retailer and Wirecard, different business models are utilised that can result in varying accounting methods being applied. The transaction volumes within and via the Wirecard Group are correspondingly reported separately under the item receivables of acquiring business in the consolidated statement of financial position as trade receivables from credit card organisations, banks and acquiring partners.

From a financial reporting perspective, it is thus particularly important to differentiate whether the transaction volume is processed via licensed acquirers belonging to the Wirecard Group or whether Wirecard is using an external acquiring partner. If the transaction volumes are processed via Wirecard, they are reported under receivables until the incoming payment is received. Depending on the currency and means of payment, as well as on the respective card organisation, payment is generally received between one day and one week after the transaction.

However, if another bank is involved in the processing of transactions, Wirecard is not permitted to receive and report the transaction volumes on the statement of financial position due to the EU Payments Services Directive (PSD). In this case, the acquiring partner accounts for these items on their statement of financial position. Wirecard then only reports any charges and commissions, as well as the rolling security reserves for the retailers' general risk of default, as receivables of acquiring business. In this context, please refer to section 7.2 of the Annual Report 2017.

Here, only Wirecard's charges that are included in the revenues have an impact on profit or loss and not the entire receivable amount. The increase as of the reporting date 30 June 2018 thus corresponds to the increase in the transaction volume processed via Wirecard.

Depending on the reporting date and the payment cycle, the statement of financial position items receivables of acquiring business and liabilities of acquiring business (less commissions and charges) are subject to considerable fluctuations from one reporting date to another. These fluctuations occur in particular due to delayed payouts on account of the public holidays between reporting periods. During the actual processing of the transactions, it is also sometimes possible that the payment of credit card volumes from Wirecard to the retailer already takes place before the funds are received from the credit card companies. This could result in, amongst other things, higher receivables in comparison to the corresponding liabilities.

2.5 Trade and other receivables

The item Trade receivables and other receivables can be split as follows:

Trade and other receivables		
in EUR million	30 Jun 2018	31 Dec 2017
Receivables from bank business (mostly from FinTech business)	104.5	102.5
Receivables from prepaid card business	40.4	19.0
Other trade receivables	89.5	94.8
Other receivables	68.2	53.3
	302.6	269.7

Trade and other receivables arose as a result of, amongst other things, activities related to Wirecard Bank AG cooperating with different companies in the FinTech sector. These are reported under “Receivables from bank business”. As a technology company with its own financial institution, Wirecard supports different companies through e.g. peer-to-peer loan platforms for private borrowers and SMEs, mobile banking solutions or solutions for payment by instalment in the online shopping sector. Alongside services in the areas of technology and risk management, Wirecard also sometimes provides financing, particularly in the area of hire purchase agreements and the provision of small loans in cooperation with FinTech companies. The reasons for this were, on the one hand, the transformation of the financing industry towards Internet-based, technology-oriented solutions and, on the other hand, the response to the prevailing low-interest phase which has enabled Wirecard to utilise these business fields. The basis for these items are the cash and cash equivalents from the banking business (customer deposits). In this context, receivables arise primarily in relation to individual transactions with private customers, for which collateral is regularly provided by the FinTech companies. Furthermore, this balance sheet item also contains business relating to short-term customer and current accounts loans, which are held to improve interest income and which interest rates depend on market rates.

In context of the initial application of IFRS 15 as of 1 January 2018, there was a change in the date at which the revenue is recognised for certain non-transaction-based businesses. This change results in a deferred item which has since been recognized under “Receivables from prepaid card business”.

"Other trade receivables" comprise all receivables from the other business fields of the Wirecard Group. "Other receivables", on the other hand, include rents, insurance and other services which are accrued accordingly over the respective reporting date due to their contractual terms. In addition, "Other receivables" also comprises deposits, receivables from employees and other assets as well. This sub-item also increased in particular due to the growing business volume of the Wirecard Group.

2.6 Interest-bearing securities and fixed-term deposits

Apart from investing in various interest-bearing securities, the Wirecard Group has also invested as in previous years in fixed-term deposits in order to improve its interest income. All investments are only concluded with banks or counterparties that meet the creditworthiness requirements from the Group's own risk evaluation and – to the extent that external ratings are available – are assessed as having a minimum creditworthiness risk by renowned ratings agencies. Fixed-term deposits with a term of more than three months are reported under "Interest-bearing securities and fixed-term deposits". In contrast, fixed-term deposits with a term of up to three months are reported under "Cash and cash equivalents". As of the reporting date of 30 June 2018, fixed-term deposits of EUR 1.3 million (31 December 2017: EUR 4.6 million) had been placed as collateral for credit card business for the duration of the business relationship.

2.7 Cash and cash equivalents

The cash and cash equivalents item (30 June 2018: EUR 2,060.4 million; 31 December 2017: EUR 1,901.3 million) includes cash in hand and bank balances (demand deposits, fixed-term deposits with a term of up to three months and overnight (call money) deposits). These also include resources from current customer deposits of Wirecard Bank AG and Wirecard Card Solutions Ltd. which are not placed in interest-bearing securities (30 June 2018: EUR 1,178.5 million; 31 December 2017: EUR 973.2 million) as well as funds derived from the acquiring business of Wirecard Bank AG (30 June 2018: EUR 303.8 million; 31 December 2017: EUR 240.9 million). To improve its interest income, Wirecard invested some of the customer deposits in various short, medium and long-term interest bearing securities (collared floaters and interest-bearing securities). These are reported under non-current financial and other assets as well as under current interest-bearing securities according to their term. Excluding the purchase of these securities and the fixed-term deposits with a term of more than three months, the item cash and cash equivalents would have been EUR 307.7 million as of 30 June 2018 (31 December 2017: EUR 155.6 million) higher in total.

3. Notes to the consolidated balance sheet – equity and liabilities

With regards to the development of Group equity in the first half year 2018, further particulars in addition to the following explanations are provided in the table “Consolidated statement of changes in equity”.

3.1 Subscribed capital

As of 30 June 2018, the subscribed capital was EUR 123.6 million (31 December 2017: EUR 123.6 million) and comprised 123,565,586 (31 December 2017: 123,565,586) no-par value shares with a notional interest in the common stock of EUR 1.00 per share.

3.2 Retained earnings

At the Annual General Meeting 2018 on 21 June 2018, a resolution was passed to pay a dividend of EUR 0.18 per dividend-entitled ordinary share to the shareholders, corresponding to a total amount of EUR 22.2 million. In the previous year 2017, the dividend payment amounted to EUR 0.16 per dividend-entitled ordinary share, which corresponded to an amount in total of EUR 19.8 million.

3.3 Other components of equity

Revaluation reserve

In fiscal year 2016, Wirecard sold all of its shares in Visa Europe Ltd. As a consideration for the sale of the shares Wirecard received preferred stock in Visa Inc. which was allocated as financial assets in the category “available-for-sale” at this time. Accordingly, the fair value (after taxes) of the asset was revaluated and disclosed in the revaluation reserve in accordance with IAS 39. In context of the initial application of IFRS 9 as of 1 January 2018 the amount previously recognized in the revaluation reserve of EUR 5.3 million was fully reclassified to retained earnings.

Translation reserve

The foreign currency translation reserve changed in the first half year 2018 due to foreign currency translations with no effect on profit or loss according to IAS 21 from EUR –57.6 million as of 31 December 2017 to EUR –75.5 million as of 30 June 2018. This development is primarily caused by goodwill and customer relationships capitalized in foreign currencies that result from acquisitions made in the reporting or in a previous period.

3.4 Liabilities

Non-current liabilities are split into non-current interest-bearing liabilities, other non-current liabilities and deferred tax liabilities.

Non-current interest-bearing liabilities

Non-current interest-bearing liabilities are related to the financing of the acquisitions made in the reporting period and in the previous years as well. They increased by EUR 371.0 million from EUR 754.8 million as of 31 December 2017 to EUR 1,125.7 million as of 30 June 2018. This increase is related to the scheduled transfer of bridge loans taken up for the acquisitions made in the previous year to the existing syndicated loan, which was increased accordingly.

Other non-current liabilities

This item is broken down as follows:

Other non-current liabilities		
in EUR million	30 Jun 2018	31 Dec 2017
Earnout liabilities	13.7	16.8
Lease liabilities	13.7	13.7
Variable remuneration and pension benefits	0.8	1.9
Other M&A related liabilities	49.3	52.4
Other non-current liabilities	1.0	0.7
	78.4	85.4

The portion of earnout components and current purchase price liabilities that is due within one year amount to EUR 30.8 million as of 30 June 2018 (31 December 2017: EUR 42.6 million) and is disclosed under current liabilities, accordingly.

Deferred tax liabilities

Deferred taxes of EUR 81.1 million as of 30 June 2018 (31 December 2017: EUR 76.9 million) refer to temporary differences between the carrying amounts of assets and liabilities in the tax statement of financial position and their carrying amounts in the consolidated statement of financial position according to IFRS. These are reported under non-current liabilities and result primarily from intangible assets identified in the course of acquisitions in previous years.

3.5 Current liabilities

Current liabilities are broken down into liabilities of the acquiring business, trade payables, interest-bearing liabilities, other provisions, other liabilities, customer deposits from banking operations of Wirecard Bank AG and Wirecard Card Solutions Ltd. and tax provisions.

Liabilities of the acquiring business

The items liabilities of acquiring business and receivables of acquiring business of Wirecard are mainly characterised by the transaction volume of retailers that utilise Wirecard's payment services. If the transactions are processed via licensed acquirers that belong to the Wirecard Group, the amount of the transaction volume remains under trade payables to retailers until the payment is made. Depending on the means of payment and the contractual provisions, this can take place daily, weekly or monthly, whereby a security reserve is generally held for longer periods of time. In individual cases, particularly when dealing with large customers who want to optimise their own cash management, Wirecard agrees to replace these security reserves with bank guarantees, government-backed guarantees or similar sureties, as well as to even completely dispose with a security reserve if dealing with state-owned retailers. This reduces the item trade payables and also slows the increase in this item.

Depending on the reporting date and the payment cycle, the statement of financial position items liabilities of acquiring business and receivables of acquiring business (less commissions and charges) are subject to considerable fluctuations from one reporting date to another. These fluctuations occur in particular due to delayed payouts on account of the public holidays between respective reporting periods. During the actual processing of the transactions, it is also sometimes possible that the payment credit card volumes from Wirecard to the retailer already takes place before the funds are received from the credit card companies. This could result in, amongst other things, higher receivables in comparison to the corresponding liabilities.

Trade payables

Trade payables comprise payables from the operating business that are not allocated to the area of acquiring (acquiring business) due to their nature.

Interest-bearing liabilities

The Interest-bearing liabilities of EUR 6.6 million (31 December 2017: EUR 311.6 million) primarily comprise loans that are due within one year. In this context, we also refer to our comments on the item non-current interest-bearing liabilities.

Other liabilities

This item is broken down as follows:

Other liabilities		
in EUR million	30 Jun 2018	31 Dec 2017
Accruals	64.6	58.7
Lease liabilities	12.2	12.4
Purchase price liabilities	30.8	42.6
Other	51.0	35.7
	158.7	149.4

The sub-item “Other” includes liabilities from payment transactions, wages and salaries, social security contributions, taxes and similar.

Customer deposits from banking operations

This item includes customer deposits in a total amount of EUR 1,178.5 million as of 30. Juni 2018 (31 December 2017: EUR 973.2 million) with Wirecard Bank AG and Wirecard Card Solutions Ltd.

Alongside the expansion of the prepaid card business within the Wirecard Group, the increase in deposits was also influenced by fluctuations relating to prepaid card usage and the payment of acquiring funds to customer accounts.

4. Notes to the consolidated income statement

4.1 Revenues

Consolidated revenues amounting to EUR 897.6 million in the first half year 2018 (6M 2017: EUR 615.5 million) were generated in the “Call Center & Communication Services” and “Payment Processing & Risk Management” segments, as well as from commission payments in the “Acquiring & Issuing” segment. In addition, interest generated by the “Acquiring & Issuing” segment in the reporting period in an amount of EUR 9.6 million (6M 2017: EUR 5.5 million) is reported under revenues in accordance with IAS 18.5(a). A detailed breakdown of revenues is shown under the segment reporting.

4.2 Cost of materials

The cost of materials mainly comprises charges by the credit card issuing banks (interchange), fees to credit card companies (for example, to MasterCard and to Visa), transaction costs as well as transaction-related charges to third-party providers (for example, in the area of risk management and acquiring). Expenses for payment guarantees are also included in the area of risk management, while commission costs for external sales are included in acquiring.

In Acquiring & Issuing, the cost of materials relating to the areas of acquiring, issuing and payment transactions primarily comprises, besides interchanges, the processing costs of external service providers, production, personalisation and transaction costs for prepaid cards and the payment transactions realised with them, as well as account management and transaction charges for managing the corresponding customer accounts.

4.3 Personnel expenses

Personnel expenses in the first half year 2018 totalled EUR 112.0 million (6M 2017: EUR 85.8 million), comprising salaries amounting to EUR 99.4 million (6M 2017: EUR 76.0 million) and social security contributions of EUR 12.6 million (6M 2017: EUR 9.8 million).

In the first half year 2018, the Wirecard Group employed an average of 4,989 employees (6M 2017: 4,280) (excluding the Management Board and apprentices), of whom 335 (6M 2017: 302) worked on a part-time basis. Of the 4,989 employees, 99 (6M 2017: 66) were employed as management board members/general managers at subsidiaries.

Alongside the organic growth of the Group and the associated growth in the number of employees, the increase in personnel expenses was also due to acquisitions made in previous fiscal year, which limit the comparability of this item with the first half year 2017. The personnel expense ratio in the Wirecard Group decreased from 13.9 percent in the same period of the previous year to 12.5 percent in the first half year 2018.

These employees were engaged in the following functions:

Employees		
	6M 2018	6M 2017
Sales	898	898
Administration	581	477
Customer service	1,216	808
Research/Development and IT	2,294	2,098
Total	4,989	4,280
of which part-time	335	302

4.4 Other operating expenses

The breakdown of other operating expenses is as follows:

Other operating expenses		
in EUR million	6M 2018	6M 2017
Legal and financial statement costs	6.3	5.1
Consulting expenses and consulting-related expenses	13.4	12.5
Office expenses	9.2	7.3
Equipment and leasing	11.4	6.6
Travel, sales and marketing	9.8	9.8
Personnel-related expenses	7.9	6.9
Insurance payments, contributions and levies	2.2	1.5
Other	13.4	7.7
Total	73.6	57.4

4.5 Other operating income

Other operating income is split as follows:

Other operating income		
in EUR million	6M 2018	6M 2017
Income from release of provisions/accruals	1.3	4.0
Income from currency translation differences	0.2	0.0
Income from reversal of bad debt allowances	1.2	1.4
Income from offset benefits in kind	0.4	0.3
Other income	2.9	2.9
Total	6.0	8.6

4.6 Amortisation and depreciation

Amortisation and depreciation is broken down below the consolidated income statement of Wirecard into two items so that the amortisation and depreciation of assets which result from business combinations and acquired or assumed customer relationships (M&A-related) can be presented separately. In the first half year 2018, amortisation and depreciation adjusted for M&A amounted to EUR 31.5 million (6M 2017: EUR 25.0 million). The M&A-related amortisation and depreciation stood at EUR 19.4 million (6M 2017: EUR 19.5 million) in the first half year 2018. Due to the significant M&A activities of the Company, this differentiation makes it easier to compare this item with the previous year or previous years.

4.7 Financial result

Financial result		
in EUR million	6M 2018	6M 2017
Unwinding the discount on liabilities	1.4	3.7
Interest expenses from loans and leasing	12.6	5.8
Losses from fair value measurement	2.2	2.7
Impairment of financial assets	0.0	0.1
Currency-related expenses	0.2	0.1
Financial expenses	16.5	12.3
Currency-related income	0.0	0.5
Interest income	1.8	1.8
Gains from fair value measurement	3.2	0.0
Income from securities and loans	0.1	0.3
Financial income	5.0	2.7

Interest income in the Acquiring & Issuing segment of EUR 9.6 million (6M 2017: EUR 5.5 million) in the first half year 2018 is not reported under the financial result but under revenues in accordance with IAS 18.5 (a).

4.8 Income tax expense and deferred taxes

The consolidated income statement in the first half year 2018 includes income tax expenses of EUR 29.8 million (6M 2017: EUR 17.8 million). Essentially, these related to the income tax burdens determined for the respective Group companies on the basis of the tax calculations for the first half year 2018. In addition, these related to the change in deferred tax assets and deferred tax liabilities in the amount of EUR 12.4 million (6M 2017: EUR –2.0 million), which is primarily attributable to the usage of deferred tax assets for corporation tax and trade tax loss carryforwards.

The cash-relevant tax rate (excluding deferred taxes) amounted to 9.5 percent (6M 2017: 16.2 percent). Including deferred taxes, the tax rate was 16.3 percent (6M 2017: 14.5 percent).

4.9 Earnings after tax

Earnings after tax in the first half year 2018 rose from EUR 104.5 million to EUR 153.3 million compared to the same period of the previous year, which corresponds to an increase of 46.6 percent.

4.10 Earnings per share

The average number of issued shares on an undiluted basis amounted to 123,565,586 shares in the first half year 2018 (6M 2017: 123,565,586 shares). Basic (undiluted) earnings per share stood at EUR 1.24 in the first half year 2018 (6M 2017: EUR 0.85).

5. Notes to the consolidated cash flow statement

The Group's cash flow statement is prepared in accordance with IAS 7 (Statement of Cash Flows). It discloses the cash flows in order to show the source and application of cash and cash equivalents. In doing so, it distinguishes between changes in cash flows from operating, investing and financing activities. It starts with earnings after tax.

While the cash flow from operating activities before banking operations shows the cash flow from the operating business of Wirecard, the cash flow from operating activities also takes into account the changes in cash flows from the deposit business (customer deposits) and the corresponding asset items from the banking and prepaid card business of the subsidiaries Wirecard Bank AG and Wirecard Card Solutions Ltd.

Method used to measure cash and cash equivalents

For the purposes of the cash flow statement, a cash position is used that consists of cash and cash equivalents. Cash includes cash in hand and demand deposits.

Cash equivalents comprise current, extremely liquid financial investments that can be converted at any time at short notice into certain amounts of cash and are only subject to negligible fluctuations in value.

As of 30 June 2018 and 30 June 2017 as well, the Company held both cash and cash equivalents.

Reconciliation to cash and cash equivalents according to IAS 7.45

Cash and cash equivalents at end of period includes cash in hand and bank balances disclosed under cash and cash equivalents in the statement of financial position (30 June 2018: EUR 2,060.4 million; 30 June 2017: EUR 1,596.7 million), less current (immediately due and payable) liabilities to banks (30 June 2018: EUR –6.1 million; 30 June 2017: EUR –3.7 million), disclosed under current interest-bearing liabilities.

Cash flows arising from business transactions denominated in foreign currencies are reported in the functional currency of the relevant company by translating the foreign currency amount into the functional currency at the exchange rate between the functional currency and the foreign currency prevailing on the payment dates.

Cash flows from foreign subsidiaries are translated into the functional currency with the exchange rate between the functional currency and the foreign currency prevailing on the payment date.

Cash and cash equivalents			
in EUR million		30 Jun 2018	30 Jun 2017
Cash and cash equivalents		2,060.4	1,596.7
Current interest-bearing liabilities		-6.6	-279.9
of which current bank borrowings		-6.1	-3.7
Cash and cash equivalents at end of period		2,054.3	1,593.0

5.1 Cash flow from operating activities

Due to the special system used in the acquiring business, which is heavily characterised by reporting date effects inherent in the business model, Wirecard has decided to present a further cash flow statement from operating activities (adjusted) in addition to the usual presentation of cash flow from operating business activities to eliminate those items that are merely of a transitory or rolling nature and thus do not influence the operating cash flow from a business perspective. These supplements help to identify and present the cash-relevant portion of the Company earnings.

The cash flow from operating activities is determined according to the indirect method by initially adjusting Group earnings to eliminate non-cash transactions, accruals or provisions relating to past or future cash receipts or payments as well as income and expense items to be allocated to the areas of investments or finance. Taking the changes to the working capital into account results in the cash inflows/outflows from operating business activities. The cash inflows/outflows from operating activities is determined by including the interest and tax payments.

The cooperation with FinTech companies e.g. peer-to-peer loan platforms for private borrowers and SMEs, mobile banking solutions or solutions for payment by instalment in the online shopping sector has assumed rapidly growing strategic importance for Wirecard in recent years. Wirecard does not only provide risk management, technology and banking services here but also sometimes provides the financing based on detailed individual assessments and suitable security measures – often in the form of cash securities. This enables Wirecard, on the one hand, to increase the added value from its cooperation with FinTech companies and, on the other, to also significantly increase interest income.

Interest received/paid in accordance with IAS 7.31

Interest received in the first half year 2018 amounted to EUR 0.2 million (6M 2017: EUR 1.5 million). Interest paid on loans and finance leases in the first half year 2018 came to EUR –0.4 million (6M 2017: EUR –1.1 million) and is reported under cash flow from operating activities.

The respective cash flows from such interest received and interest paid were each classified under operating activities.

Interest paid on loans and finance leases in the first half year 2018 came to EUR –6.7 million (6M 2017: EUR –4.3 million) and is reported under cash flow from financing activities.

Cash flows from income taxes in accordance with IAS 7.35 and 7.36

The cash-effective balance of income taxes (cash flow from income taxes) in the first half year 2018 totalled EUR –34.5 million (6M 2017: EUR –18.1 million) and was always classified as operating activities.

Cash flow from operating activities of banking operations

In the first half year 2018, cash flow from the banking operations of EUR 24.8 million was generated (6M 2017: EUR 82.7 million). The main reason for this development is the increase in investments in short-termed securities. The (unadjusted) cash flow from operating activities thus amounted to EUR 223.7 million in the first half of 2018, compared with EUR 210.1 million in the same period of the previous year.

The subsidiaries Wirecard Bank AG and Wirecard Card Solutions Ltd. hold customer deposits from the banking and prepaid card business. These customer deposits are held as deposits with the central bank and as demand and fixed-term deposits with banks. In addition, some of the customer deposits are invested in securities or are used to expand the business with FinTech companies.

The cash flows from banking operations are split into the following items:

- Change in non-current assets of banking operations (primarily securities and FinTech receivables with a term of more than one year)
- Change in current receivables of banking operations (primarily securities and FinTech receivables with a term of less than one year)
- Change in customer deposits of banking operations

5.2 Cash flow from investing activities

The cash flow from investing activities is the result of the cash inflows from non-current assets (excluding deferred taxes) and the cash outflows for investments in non-current assets (excluding deferred taxes). The cash flow from investing activities totalled EUR –65.5 million in the reporting period (6M 2017: EUR –271.2 million).

The cash outflows for investments mainly comprises the following:

Substantial cash outflows for investments		
in EUR million	6M 2018	6M 2017
Strategic transactions/M&A	32.7	236.6
Internally-generated intangible assets	20.7	19.1
Other intangible assets (software)	6.0	8.7
Property, plant and equipment	8.1	6.9

The investments in strategic transactions/M&A are particularly related to the acquisitions in the Asia-Pacific region.

Disclosures pursuant to IAS 7.40 are as follows:

Investments to acquire companies		
in EUR million	6M 2018	6M 2017
Purchase prices paid	1.9	237.2
Acquired cash and cash equivalents	0.0	0.6
Net investment	1.9	236.6

5.3 Cash flow from financing activities

Cash flow from financing activities in the first half year 2018 mainly concerns cash inflows from drawing on financial liabilities amounting to EUR 375.0 million (6M 2017: EUR 395.5 million) in connection with the scheduled transfer of bridge loans taken up for the acquisitions made in the previous year to the existing syndicated loan, which was increased accordingly. Respectively, a cash outflow for the redemption of financial liabilities of EUR –306.2 million (6M 2017: EUR –14.5 million) was made. In addition, financing was carried out as part of finance leases, which resulted in a net cash flow of EUR –7.2 million (6M 2017: EUR –6.0 million). Cash flow from financing activities also reports outgoing cash flows for the acquisition of companies in previous years in an amount of EUR –17.6 million (6M 2017: EUR –15.2 million).

The changes in liabilities from financing activities compared to the previous year or, respectively, with the opening balance sheet values are as follows:

Changes of liabilities from financing activities						
in EUR million						
	1 Jan 2018	cash-relevant	non cash-relevant			30 Jun 2018
			Additions	Changes in measurement	Other	
Purchase price liabilities	59.4	–17.6	0.5	2.2	0.0	44.5
Lease liabilities	26.1	–7.2	7.0	0.0	0.0	25.9
Interest-bearing liabilities	1,060.9	64.6	0.0	0.0	0.7	1,126.3
Total	1,146.4	39.9	7.5	2.2	0.7	1,196.7

5.4 Cash and cash equivalents at end of period

Taking into account the total cash inflows and outflows reported above (6M 2018: EUR 167.5 million; 6M 2017: EUR 271.2 million), exchange rate and valuation-related changes (6M 2018: EUR –9.0 million; 6M 2017: EUR –9.7 million) and cash and cash equivalents at the beginning of the period (6M 2018: EUR 1,895.9 million; 6M 2017: EUR 1,331.5 million), cash and cash equivalents at the end of the period amounted to EUR 2,054.3 million (30 June 2017: EUR 1,593.0 million).

Alongside cash and cash equivalents, there are other current assets and liabilities that can have a significant effect on the availability of funds. Therefore, Wirecard has created an additional net cash calculation. The net cash calculation is based on the current availability of cash for the further development of the business and for investments.

5.5 Net cash items

Net Cash Position - Wirecard			
in EUR million		30 Jun 2018	31 Dec 2017
Cash and cash equivalents		2,060.4	1,901.3
Interest-bearing securities and fixed-term deposits		1.9	1.8
Receivables of the acquiring business and trade and other receivables		802.2	711.7
Interest-bearing liabilities / other liabilities		-165.3	-461.0
Customer deposits from banking operations	-1,178.5	-872.7	-973.2
Non-current interest-bearing securities	43.1		44.6
Interest-bearing securities and fixed-term deposits	262.7		109.1
Liabilities of the acquiring business and trade payables		-560.0	-494.0
Net Cash Position - Wirecard		1,266.5	840.4

The calculation shown in the table also contains liabilities from M&A projects and earn-out obligations reported as liabilities. To gain a non-current view of the net cash items, the items non-current interest-bearing liabilities and other non-current liabilities, as well as non-current financial and other assets / interest-bearing securities, are taken into account. This calculation also shows the solid financial situation of Wirecard Group as in previous years.

Net Cash Position (long term view) - Wirecard			
in EUR million		30 Jun 2018	31 Dec 2017
Net Cash Position - Wirecard		1,266.5	840.4
Long term interest-bearing financial assets	320.8	275.8	310.2
(thereof customer deposit related)	45.0		46.5
Non-current interest-bearing liabilities		-1,125.7	-754.8
Other non-current liabilities		-78.4	-85.4
Non-current Net Cash position		338.1	263.9

Alongside the loans recognised in the statement of financial position, additional credit lines from commercial banks totaling EUR 566.7 million as of 30 June 2018 are available (31 December 2017: EUR 278.0 million).

5.6 Free cash flow

In addition to the cash flow statement presented, Wirecard also uses the free cash flow to evaluate its operating performance and to provide an overview of the cash generated by the operating business. Free cash flow is defined as cash flow from operating activities less investment in property, plant and equipment, internally-generated intangible assets and other intangible assets (software). In particular, the free cash flow is available for strategic transactions/M&A activities and for dividend payments.

Free cash flow		
in EUR million	30 Jun 2018	30 Jun 2017
Cash flow from operating activities (adjusted)	196.2	149.8
Operative CAPEX	34.8	34.7
Free cash flow	161.4	115.1

After investments in new and innovative products that will only lead to appreciable cash flows in subsequent years and periods, the cash conversion rate thus stands at 105.3 percent (previous year: 110.1 percent).

Cash conversion		
in EUR million	30 Jun 2018	30 Jun 2017
Free cash flow	161.4	115.1
Earnings after tax	153.3	104.5
Cash conversion in percent	105.3	110.1

6. Other notes

6.1 Segment reporting

Reportable segments are determined in accordance with internal reporting. Operating earnings before interest, tax, depreciation and amortisation (EBITDA) is used as an internal measurement criterion for the performance of the segments, which is why EBITDA is also reported by segment. Prices for the settlement of services between the segments are set on the basis of the arms's length principle. For internal reporting to the main decision-makers, balance-sheet items, interest and taxes are not reported at segment level.

Revenues fall into the following operating segments: "Payment Processing & Risk Management", "Acquiring & Issuing" and "Call Center & Communication Services".

The largest segment in the Wirecard Group is **Payment Processing & Risk Management** (PP&RM). It accounts for all products and services related to electronic payment processing, risk management and other value added services. Insofar as items cannot be allocated to another segment, Wirecard AG as the holding company for the Group is also assigned to the PP&RM segment because the main focus of its services and activities and thus also its costs are related to the PP&RM segment.

The **Acquiring & Issuing** (A&I) segment completes and extends the value chain of the Wirecard Group. The "Acquiring & Issuing" segment comprises, in particular, all of the business areas of Wirecard Bank AG, Wirecard Acquiring & Issuing GmbH, Wirecard Ödeme ve Elektronik Para Hizmetleri A.Ş, Wirecard Brasil S.A., Wirecard Card Solutions Ltd. and Wirecard North America Inc. as well.

In acquiring, retailers are offered settlement services for credit card sales for online and terminal payments. In addition, retailers can process their payment transactions in numerous currencies via accounts kept with Wirecard Bank AG. The issuing area mainly encompasses the issuing of prepaid cards to private and business customers. Private customers are additionally offered current accounts combined with prepaid cards and EC/Maestro cards.

Call Center & Communication Services (CC&CS) is the segment in which we report the complete value-added scope of our call centre activities, with other products such as after-sales service to our customers and mailing activities included as sub-categories.

Due to the constant, ongoing internationalisation of the Wirecard Group and its global presence, Wirecard is breaking down its revenues and EBITDA geographically in the segment reporting from the previous fiscal year 2017 according to the geographic regions of “Europe” including Germany, “Asia and Pacific” and “America and Africa” including North and South America. This information is given according to the production location, i.e. the registered office of the subsidiaries.

Revenues by operating segment		
in EUR million	6M 2018	6M 2017
Payment Processing & Risk Management (PP&RM)	641.7	431.1
Acquiring & Issuing (A&I)	291.0	215.6
Call Center & Communication Services (CC&CS)	4.6	5.0
	937.3	651.7
Consolidation PP&RM	-24.7	-24.2
Consolidation A&I	-11.8	-8.8
Consolidation CC&CS	-3.2	-3.3
Total	897.6	615.5

EBITDA by operating segment		
in EUR million	6M 2018	6M 2017
Payment Processing & Risk Management	206.5	136.4
Acquiring & Issuing	39.0	39.5
Call Center & Communication Services	0.0	0.6
	245.4	176.5
Consolidations	-0.1	0.0
Total	245.4	176.5

Regional revenue breakdown

in EUR million	6M 2018	6M 2017
Europe (incl. Germany)	449.4	355.0
Asia Pacific	405.5	215.1
America and Africa	91.3	61.9
	946.2	631.9
Consolidation Europe	-44.1	-14.0
Consolidation Asia Pacific	-4.1	-2.4
Consolidation America & Africa	-0.4	0.0
Total	897.6	615.5

EBITDA by region

in EUR million	6M 2018	6M 2017
Europe (incl. Germany)	116.9	90.5
Asia Pacific	100.4	69.9
America and Africa	28.1	16.1
	245.4	176.5
Consolidations	0.0	0.0
Total	245.4	176.5

6.2 Financial instruments

The following two tables classify financial instruments measured at fair value at the three hierarchy levels of fair values as defined by IFRS 13 as of the respective reporting date:

Financial instruments measured at fair value				
in EUR million	30 Jun 2018	Level 1	Level 2	Level 3
Convertible bonds	42.0			42.0
Shares of Visa Inc.	23.0			23.0
Earn-out liabilities	-44.5			-44.5

Financial instruments measured at fair value				
in EUR million	31.12.2017	Level 1	Level 2	Level 3
Collared floaters / bonds	197.5		197.5	
Convertible bonds	41.9			41.9
Shares of Visa Inc.	19.4			19.4
Earn-out liabilities	-59.4			-59.4

The carrying amounts and fair values of the related financial instruments reported in the tables above are presented in accordance with IFRS 9 as of 30 June 2018 as well as with IAS 39 as of 31 December 2017.

The carrying amount of financial instruments, which are measured at cost or at amortized cost, is approximately equal to their fair value as of 30 June 2018.

6.3 Obligations from leasing agreements

The Wirecard Group have entered into various leasing agreements for, amongst other things, IT components, terminals and vehicles. Payment obligations from finance leases amounting to EUR 25.9 million as of 30 June 2018 (30 June 2017: EUR 27.7 million) are recognised under other current or under non-current liabilities, respectively. The obligations from operating leases as of 30 June 2018 stood at EUR 18.6 million (30 June 2017: EUR 3.1 million).

7. Additional mandatory disclosures

7.1 Management Board

The Management Board of Wirecard AG was made up of the following members:

Dr. Markus Braun, Commercial Computer Scientist, Member of the Management Board since 1 October 2004
CEO, CTO

Alexander von Knoop, Diploma in Business Administration, Member of the Management Board since 1 January 2018
CFO

Jan Marsalek, Computer Scientist, Member of the Management Board since 1 February 2010
COO

Susanne Steidl, Business Economist, Member of the Management Board since 1 January 2018
CPO

7.2 Supervisory Board

The Supervisory Board of Wirecard AG was made up of the following members:

Wulf Matthias (Chairman), Senior Advisor in Wulf Matthias Wirtschaftsberatung

Other Supervisory Board mandates or mandates on other boards:

- Wirecard Bank AG, Aschheim (Germany)
- Deufol S.E., Hofheim (Germany)

Alfons W. Henseler (Deputy Chairman), Self-Employed Management Consultant

Other Supervisory Board mandates or mandates on other boards:

- Wirecard Bank AG, Aschheim (Germany)
- Diamos AG, Sulzbach (Germany)

Stefan Klestil, Management Consultant at Belview Partners GmbH

Other Supervisory Board mandates or mandates on other boards:

- Wirecard Bank AG, Aschheim (Germany)
- iyzi Teknoloji ve Ödeme Sistemleri A.S., Istanbul (Turkey)
- N26 Bank GmbH, Berlin (Germany)

Vuyiswa V. M’Cwabeni, Chief Product Strategist at SAP SE

- No other Supervisory Board mandates or mandates on other boards

The following person was elected to the Supervisory Board of Wirecard AG at the Annual General Meeting 2018 on 21 June 2018:

Dr. Anastassia Lauterbach, Freelance Technology Consultant (since 21 June 2018)

Other Supervisory Board mandates or mandates on other boards:

- Dun & Bradstreet Corp., Short Hills, New Jersey (USA)
- censhare AG, Munich (Germany)
- COGITANDA Dataprotect AG, Altenahr-Kreuzberg (Germany)
- Evolution Equity Partners, New York (USA) und Zurich (Switzerland)
- Analytics Ventures, San Diego (USA)

Furthermore, the Annual General Meeting 2018 accepted a resolution to enlarge the size of the Supervisory Board to six members by amending Article 9 (1) of the Articles of Association accordingly and electing the following person as a further member of the Supervisory Board:

Susana Quintana-Plaza, Partnerin bei Next47 (since 26 June 2018)

Other Supervisory Board mandates or mandates on other boards:

- Hexagon Composites ASA, Ålesund (Norway)

The amendment of the Articles of Association and therefore the enlargement of the Supervisory Board of Wirecard AG to six members was completed on 26 June 2018.

7.3 Events after the balance sheet date

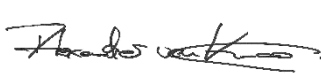
Events after the balance sheet date that provide additional information on the Company's situation as of the balance sheet date (adjusting events) have been included in the consolidated financial statements. Non-adjusting events after the balance sheet date are reported in the notes if material in nature. Due to the strong organic business development, Wirecard Management Board has increased the EBITDA guidance for current fiscal year 2018 to EUR 530 million to EUR 560 million (previous guidance: EUR 520 million to EUR 545 million).

Aschheim, 15 August 2018

Wirecard AG



Dr. Markus Braun



Alexander von Knoop



Jan Marsalek



Susanne Steidl

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