



# BEING AGILE - CREATING VALUE

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WIRECARD AG INTERIM REPORT AS AT SEPTEMBER 30, 2015

## KEY FIGURES

<b>WIRECARD GROUP</b>	<b>9M 2015</b>	<b>9M 2014</b>	
Revenues	<b>540,981</b>	424,240	kEUR
EBITDA	<b>158,351</b>	120,954	kEUR
EBIT	<b>119,111</b>	92,161	kEUR
Earnings per share (undiluted)	<b>0.80</b>	0.61	EUR
Shareholders' equity	<b>1,149,537</b>	1,038,449	kEUR
Total assets	<b>2,187,909</b>	1,831,698	kEUR
Cash flow on ordinary transactions (adjusted)	<b>133,280</b>	103,436	kEUR
Employees (average)	<b>2,035</b>	1,601	
of which part time	<b>227</b>	165	

<b>SEGMENTS</b>	<b>9M 2015</b>	<b>9M 2014</b>	
Payment Processing & Risk Management	Revenues	<b>394,372</b>	311,581 kEUR
	EBITDA	<b>130,850</b>	96,795 kEUR
Acquiring & Issuing	Revenues	<b>185,912</b>	147,432 kEUR
	EBITDA	<b>27,161</b>	23,888 kEUR
Call Center & Communication Services	Revenues	<b>4,898</b>	3,923 kEUR
	EBITDA	<b>300</b>	272 kEUR
Consolidation	Revenues	<b>- 44,201</b>	- 38,696 kEUR
	EBITDA	<b>39</b>	- 1 kEUR
<b>Total</b>	Revenues	<b>540,981</b>	424,240 kEUR
	EBITDA	<b>158,351</b>	120,954 kEUR

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# HIGHLIGHTS

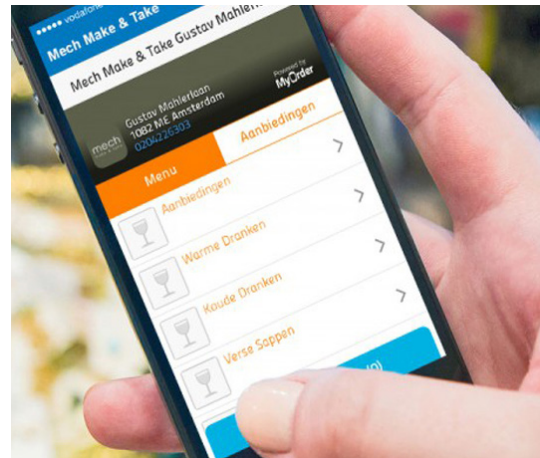
## 9 MONTH 2015

Wirecard is cooperating with MyOrder, part of the Dutch Rabobank Group, to issue contactless mobile cards based on host card emulation (HCE) technology. MyOrder is an mCommerce platform with value added services such as a mobile ordering and loyalty system.

Wirecard and Bank Mega are supporting Carrefour Indonesia with innovative point-of-sale terminals and integrated payment processing. Customers of the chain of department stores are now able to make contactless payments for their purchases across the whole of Indonesia with an NFC-based credit or debit card.

Wirecard has launched a payment wearable based on HCE technology, as well as a Payment Software Development Kit (SDK) for wearables. The associated developer portal will offer access to a diverse range of programming interfaces, tools and simulators, which simplify the integration of payment functions into wearable electronics such as wristbands, smartwatches or intelligent clothing.

Vietnam Eximbank is deploying the mobile Point-Of-Sale (mPOS) white label solution from Wirecard. The new service to accept card transactions via smartphones or tablets will be called "Eximbank's mPOS". The mobile card reading device enables small and medium-sized enterprises to accept flexible payments using MasterCard, Visa or JCB card anytime and anywhere.



Payment processing and banking services from one source: The new collaboration between CIMB Bank and Wirecard provides business customers in Singapore with a combined solution that includes end-to-end banking services and payment processing.

Payment services and acquiring for European online shops: Spectrum Brands Europe is placing its trust in Wirecard for the expansion of its e-commerce strategy. This globally diversified group in the consumer products industry with its headquarters in the USA owns amongst others the leading brands VARTA, Rayovac, Remington, Russell Hobbs, Stanley, Tetra, 8-in-1, FURminator, Iams and Eukanuba.

Cuscal, one of the leading providers of payment services in Australia, utilises solutions from Wirecard in the area of acquiring and issuing.

Companies that have supplier relations with Asia can use the innovative procurement card solution from Wirecard. This enables, especially in Asia's business-to-business market, the processing of real time electronic payments in Chinese Renminbi using single-use virtual cards.

Wirecard's new development platform for mobile payment solutions in the retail trade: Retailers can increase the appeal and functional scope of their own apps by integrating open and closed-loop contactless payment functionality, the peer-to-peer dispatch of vouchers, discount offers and their own customer loyalty programmes.

In Singapore, the new mPOS solution M1 mPOS from M1 Limited (M1) has been launched. In partnership with CIMB, MasterCard and Wirecard, retailers can accept credit and debit card payments via smartphones and tablets.

Technology provided by Wirecard is supporting the mobile prepaid wallet SpeedPay for the Indian market. The wallet was developed by the Pyro Group in India in cooperation with the local telecommunications company BSNL and Andhra Bank (India). Users of the mobile product can carry out domestic money transfers and make cash deposits and withdrawals at author-ised SpeedPay sales outlets, as well as settling invoices and topping up prepaid mobile phones.

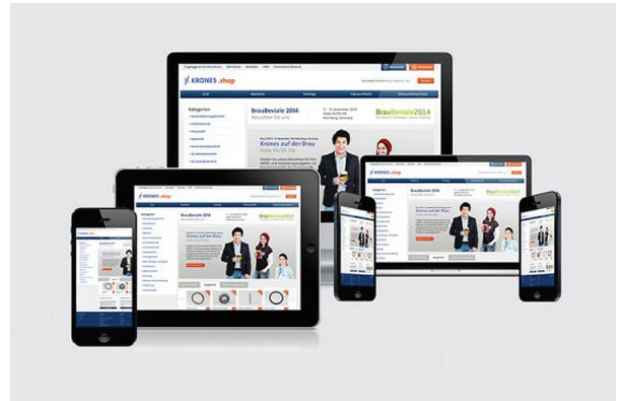
Sky Deutschland and Wirecard have once again expanded their cooperation. Wirecard is now also handling the processing of online credit card and PayPal payments for Sky subscriptions, which are currently held by around 4.3 million customers. Wirecard has already been responsible for processing payments for the flexible standalone service Sky Online and the online video library Snap by Sky since last year.

Following the end of the reporting period, Wirecard is expanding into Eastern Europe with its Checkout Portal. In cooperation with a partner, the solution can be offered in combination with Google Services. The Wirecard Checkout Portal is a fully automated solution that enables online payment processing for small and medium-sized enterprises (SMEs) and marketplaces who want to manage their individual payment processing and risk management via the Checkout Portal from Wirecard.



Orange has – with support from Wirecard – started the nationwide launch of Orange Cash, the mobile payment system offered by the French mobile telephone provider. More than 30,000 retailers – such as IKEA, Picard, Relay and many more – have already been involved in the launch of the product nationwide from October 2015. Using Orange Cash and an NFC-enabled smartphone, it is now easy to make mobile payments at all cash terminals that accept contactless Visa payments. This is already possible in more than 324,000 shops in France and at more than 2.8 million acceptance points throughout Europe. Wirecard previously supported the nationwide launch of Orange Cash in Spain.

Wirecard AG was presented with the Paybefore Award in two categories during the course of the year. The winning products were Orange Cash and Wirecard’s HCE solution “boon”. At other award ceremonies such as the Mobile Innovation Awards, the Emerging Payments Award and the Meffys Award, Wirecard also achieved top three placings for a variety of different products and solutions.



Wirecard is supporting Kronos AG, a leading B2B manufacturer in the filling and packaging technology sector, with the development of its e-commerce strategy with integrated payment solutions. The B2B online shop was launched after the end of the reporting period in Germany and eight other countries in November 2015. Kronos plans to gradually expand across Europe and into other global markets.

Wirecard’s digital HCE payment solution “boon” – which is expected to be initially launched on the German market for Android devices after the reporting period on 23 November – will in future combine innovative and secure payment functionalities, loyalty and couponing and numerous services in the area of personal finance.

# I. Abridged Group Management Report

## 1. GROUP STRUCTURE, ORGANISATION AND EMPLOYEES

### Group

Wirecard AG is a global technology group that supports companies in accepting electronic payments from all sales channels. As a leading independent supplier, the Wirecard Group offers outsourcing and white label solutions for electronic payments. A global platform bundles international payment acceptances and methods with supplementary fraud prevention solutions. 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.

As of 30 September 2015, the Wirecard Group comprised numerous domestic and foreign subsidiaries. The Group's parent company Wirecard AG, headquartered in Aschheim near Munich, assumes strategic corporate planning and the central tasks of Human Resources, Legal, Treasury, Controlling, Accounting, M&A and Financial Controlling, Strategic Alliances and Business Development, Risk Management, Corporate Communications and Investor Relations, and 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.

### Subsidiaries

The Wirecard Group comprises various subsidiaries which carry out the entire operating business. They are positioned as software and IT specialists for outsourcing and white label solutions in payment processing and for the distribution of issuing products.

## Locations of the most important subsidiaries



### Europe

The headquarters of Wirecard AG in Aschheim near Munich are also the headquarters of Wirecard Bank AG, Wirecard Technologies GmbH, Wirecard Acquiring & Issuing GmbH, Wirecard Sales International GmbH, Wirecard Retail Services GmbH and Click2Pay GmbH. Wirecard Communication Services GmbH is headquartered in Leipzig.

Wirecard Technologies GmbH develops and operates the software platform that forms the central element of our portfolio of products and services, as well as our internal business processes.

Wirecard Retail Services GmbH complements the range of services of the sister companies with the sale and operation of point of sale (POS) payment terminals. This provides our customers with the option of not only accepting payments for their Internet-based and mail-order services but also processing electronic payments made at their POS outlets through Wirecard.

Wirecard Communication Services GmbH bundles expertise in virtual and bricks and mortar call centre solutions into a hybrid structure. The resulting flexibility enables dynamic response to the changing requirements of Internet-based business models. The services provided by Wirecard



Communication Services GmbH are aimed mainly at business and private customers of the Wirecard Group, and especially those of Wirecard Bank AG.

The subsidiaries Wirecard Payment Solutions Holdings Ltd., Wirecard UK & Ireland Ltd. and Herview Ltd., all with headquarters in Dublin (Ireland), as well as Wirecard Central Eastern Europe GmbH based in Klagenfurt (Austria), provide sales and processing services for the Group's core business, namely Payment Processing & Risk Management. Click2Pay GmbH operates wallet products.

Wirecard Card Solutions Ltd., based in Newcastle (Great Britain), is a specialist in the issuing of prepaid credit cards and operates under an e-money license from the UK's Financial Conduct Authority (FCA).

Wirecard Acquiring & Issuing GmbH and Wirecard Sales International GmbH, act as intermediate holding companies for subsidiaries within the Group and have no operating activities.

Gibraltar-based Wirecard (Gibraltar) Ltd. is currently in liquidation.

The Turkish company Wirecard Ödeme Ve Elektronik Para Hizmetleri A.Ş. (formerly Mikro Ödeme Sistemleri İletişim San.ve Tic. A.Ş.), headquartered in Istanbul (Turkey), is considered to be one of the leading payment providers in Turkey through its brand 3pay. Its range of services stretches from mobile payment/direct carrier billing services through to its own prepaid card platform.

### **Asia Pacific (APAC)**

In order to optimise the organisational structure following acquisitions by Wirecard AG in Asia, Wirecard Asia Holding Pte. Ltd., headquartered in Singapore, was founded as a subsidiary of Wirecard Sales International GmbH. Payment Link Pte. Ltd. (Singapore) and Korvac Payment Services (S) Pte. Ltd. (Singapore) were incorporated into Systems@Work Pte. Ltd. (Singapore) with effect from 1 January 2015. Systems@Work Pte. Ltd. was renamed with effect from 22 January 2015 as Wirecard Singapore Pte. Ltd., still headquartered in Singapore. Wirecard Asia Pte. Ltd. (Singapore) was deconsolidated and, as part of the optimisation of business processes, the services it had provided thus far were transferred to Wirecard Asia Holding Pte. Ltd..

Wirecard Singapore Pte. Ltd. (formerly Systems@Work Pte. Ltd.), is ranked with its subsidiaries and the brand TeleMoney as one of the leading technical payment service providers for retailers and banks in the East Asia region. The Group includes the subsidiary Systems@Work (M) SDN BHD, Kuala Lumpur (Malaysia), and, as a result of the incorporation described above, also Wirecard Payment Solutions Malaysia Sdn Bhd, Kuala Lumpur (Malaysia). The group operates, amongst other things, one of the largest payment networks for local contactless payment cards in Singapore and is furthermore one of the leading regional acquiring processors and also distrib-

utes local prepaid cards. The Malaysian subsidiaries are well-established providers of payment, network operation and technology services, mainly for banks and financial service providers.

Trans Infotech Pte. Ltd., Singapore, ranks among the leading providers in the payment services sector for banks in Vietnam, Cambodia and Laos. Furthermore Trans Infotech acts as a technology partner in the area of payment, network operation and technology services for banks, transportation businesses and retail companies in Singapore and the Philippines.

PT Prima Vista Solusi, headquartered in Jakarta (Indonesia), is a leading provider of payment transaction, network operation and technology services for banks and retail companies in Indonesia.

PT Aprisma Indonesia, headquartered in Jakarta (Indonesia), ranks as one of the leading providers of payment services in the region. The core products that run on the transaction-based software platform comprise solutions from the areas of online and mobile banking, mobile handset-based tokenisation instruments to protect mobile and online transactions, and B2B and B2C-oriented online payment solutions.

Wirecard Myanmar Ltd., headquartered in Yangon (Myanmar) provides processing services to local financial institutions.

Wirecard India Private Limited (formerly Visa Processing Service (India) Pte. Ltd.), headquartered in Mumbai (India), strengthens Wirecard's global card processing business and has business relationships with 14 financial institutions in seven countries and more than three million customer accounts distributed across over 70 card programmes. The company was renamed on 14 August 2015.

After the end of the reporting period, Wirecard agreed contracts for the acquisition of the payment business of the Great Indian (GI) Retail Group on 27 October 2015. GI Retail Group is one of the leading companies in India and Southeast Asia in the area of electronic payment and e-commerce solutions for payments in local retail businesses. Detailed information can be found in Chapter 7, Report on events after the balance sheet date.

GFG Group Limited, headquartered in Auckland (New Zealand) and with a subsidiary in Melbourne (Australia), is a leading provider of innovative electronic payment solutions and services.

### **Middle East and Africa (MEA)**

Wirecard Processing FZ-LLC, headquartered in Dubai (United Arab Emirates), specialises in services for electronic payment processing, credit card acceptance and the issue of debit and credit cards and has a regional portfolio of customers.

cardSystems Middle East FZ-LLC, with its headquarters in Dubai (United Arab Emirates), focuses on the sale of affiliate products and offers acquiring and other payment services, as well as associated value added services, that are sourced from, amongst others, Wirecard Processing.

Wirecard Africa Holding (Pty) Ltd (formerly Amara Technology Africa Pty Ltd (South Africa), headquartered in Cape Town, and its subsidiary provide acquiring and issuing processing services, arrange card acceptance services and manage prepaid card programs for numerous financial institutions in Africa. In addition, the provision of POS and e-commerce payment processing and the issuing of payment cards for local retailers, airlines, resorts and governmental organisations represent an important part of its business.

An overview of the scope of consolidation is provided in the notes to the consolidated financial statements.

### **Management and Supervisory Boards**

The Management Board of Wirecard AG remained unchanged as of 30 September 2015, consisting of three members:

- Dr. Markus Braun, CEO, CTO
- Burkhard Ley, CFO
- Jan Marsalek, COO

There were no changes to Wirecard AG's Supervisory Board. The Supervisory Board comprised the following members as of 30 September 2015:

- Wulf Matthias, Chairman
- Alfons Henseler, Deputy Chairman
- Stefan Klestil, Member

The remuneration scheme for the Management and Supervisory Boards consists of fixed and variable components. Further information can be found in the corporate governance report.

## **Employees**

Personal responsibility, motivation, commitment and the will to achieve mutual success characterise the global Wirecard team.

The Wirecard Group employs a multinational team. The Wirecard Group employed an average of 2,035 employees (9M 2014: 1,601), excluding members of the Management Board of Wirecard AG and trainees, during the course of the quarter under review. Of which 227 (9M 2014: 165) worked on a part-time basis.

Wirecard has employees from around 60 different nations throughout the world. As a young, innovative and interculturally broad-minded Company, Wirecard integrates employees into decision-making processes and promotes a team approach with the objective of developing ideas and advancing innovations. Our Company is characterised by flat hierarchies and an open, respectful working environment based on mutual appreciation.

The mix of being a dynamically growing company albeit with the solid structure of an international TecDAX Group makes Wirecard a particularly popular employer as a German global player.

## 2. BUSINESS ACTIVITIES AND PRODUCTS

### Business activities

#### Financial technology for more than 21,000 customers

##### Overview

As one of the world's leading technology companies for multi-functional payment solutions, Wirecard relies on developing its own innovations. Alongside customer-specific solutions, the Wirecard Group also offers a diverse range of software, payment and banking products for omni-channel commerce.

Wirecard supports companies in the development of international payment strategies for all sales channels. A global multi-channel platform provides international payment acceptances and methods together with corresponding fraud-prevention solutions.

For the issuing of their own payment instruments in the form of cards or mobile payment solutions, Wirecard provides companies with an end-to-end infrastructure, including the requisite issuing licences for card and account products.

##### Business model

The Wirecard Group's business model is based mainly on transaction-based fees for the use of software or services. 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 services portfolio, as well as banking services, is what makes Wirecard unique for customers from all sectors.

##### USPs

Wirecard's unique selling points include its combination of software technology and banking products, the global orientation of the payment platform, and innovative solutions that allow online payments to be processed efficiently and securely for customers.

The major share of Group revenue is generated on the basis of business relations with providers of merchandise or services on the Internet, who outsource their payment processes to Wirecard AG. As a result, conventional services for the settlement and risk analysis of payment transactions, as performed by a payment services provider, and credit card acceptance performed by Wirecard Bank AG, are closely interlinked.

## 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, teleshopping and/or purely bricks and mortar retailers. The industry segments are highly varied: from traditional industries such as clothing, shoes, sports equipment, books/DVDs, 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, Internet telephony and lotteries such as sports betting or 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.

### Reporting segments

Wirecard AG reports on its business development in three segments.

#### **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 and risk management.

Branches and companies of the Wirecard Group at locations outside Germany serve primarily to promote regional sales and localisation of the products and services of the Group as a whole.

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

Wirecard offers its customers access to a large number of payment and risk management methods through a uniform technical platform that spans its various products and services.

#### **Acquiring & Issuing (A&I)**

The **Acquiring & Issuing (A&I)** segment completes and extends the value chain of the Wirecard Group. In the Acquiring area, 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 the Issuing area, prepaid 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 is reported in the **Call Centre & Communication Services (CC&CS)** segment, which also includes other products such as aftersales service to our customers and mailing activities as sub-categories.

## Products and solutions

### **Multi-Channel Payment Gateway – global payment processing**

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

Other solutions, for example country-specific 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. In addition, Wirecard offers call centre services (24/7) with trained native speakers in 16 languages.

Thanks to modular, service-oriented software 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 omni-channel approach will be rigorously implemented into the platform. Transactions will be processed via the same platform irrespective of the location of the payment (retail store, Internet shop, mobile application, telephone, e-mail, etc.) and made available to the retailer via a consolidated reporting and reconciliation system. It will thus be easier for retailers to automate their back-office processes for all of their sales channels and design them more efficiently. The Internet-based platform architecture means it is possible to carry out individual work processes centrally at a single location or, alternatively, to distribute them across the various subsidiaries and process them at different locations around the world.

### **Payment acceptance solutions – payment acceptance/credit card acquiring**

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 mPOS and in-app payment software solutions, the corresponding POS terminal infrastructure, as well as numerous other services.

In addition to Principal Membership with Visa and MasterCard, acquiring licence agreements are also in place with JCB, American Express, Discover/Diners, UnionPay and UATP. Banking services such as foreign exchange management supplement the outsourcing of financial processes.



### **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) draws on rule-based decision-making logic (rule engine) and offers extensive reports including, for example, what share of transactions has been rejected, and why. In addition, FPS analyses whether exclusively fraudulent transactions have been rejected. Age verification, KYC identification (know your customer), analysis via device fingerprinting, hotlists and much more are included in the risk management strategies. An international network of service providers specialised in creditworthiness checks can be additionally included, depending on the retailer's business model.

### **Issuing solutions**

#### **Issuing solutions – card-based solutions**

The range of products and services includes the management of card accounts and the processing of card transactions (issuing processing), as well as the issuing of various types of cards including PIN management, mostly Visa and MasterCard. The card can be provided in all kinds of forms:

- EMV chip cards for contact applications
- Dual interface cards for contact applications or contactless applications
- Stickers for contactless applications
- Virtual cards for applications in e-commerce
- Cloud-based payment/Host Card Emulation HCE, on the SIM card or in embedded secure elements for contactless payment at the POS

On the basis of the functionality available through the white-label platform, Wirecard offers numerous standard solutions for retailers, telecommunications companies and banks. These are available in the corresponding corporate design of the business customer or as Wirecard's own brand.

- Procurement cards
- Payment solutions for suppliers based on virtual single-use cards (SCP – Supplier and Commission Payments)
- Salary cards
- General-purpose reloadable cards
- Corporate expense cards
- Premium cards

# WIRECARD PLATFORM

## END-TO-END SERVICES FOR ALL INDUSTRY VERTICALS

- Online, PoS, Mobile, Mail order, Telephone order (Moto)
- White-Label, Co-Branded, Wirecard-Branded

## RISK MANAGEMENT

- 360° risk management
- Automated fraud recognition
- Address verification
- Credit rating agency gateway
- Device fingerprinting
- Real-time rule-engine
- Bespoke decision logic
- Score cards
- Hotlists (black/white/grey)
- Connection to sanction lists and other relevant databases to combat money laundering and funding of terrorism
- Online and offline customer legitimisation processes (know your customer; KYC) in accordance with national regulations

## MULTI-CHANNEL PAYMENT GATEWAY

- More than 200 international payment networks (banks, payment solutions and card networks)
- All globally relevant payment solutions
- Tokenisation of sensitive payment data
- Industry-specific software solutions
- Real-time reporting and business intelligence tools across all sales channels (POS, e-Com, m-Com, etc.)
- Subscription management
- Billing and settlement plan (BSP)
- Automated dispute management
- White-label user and system interfaces
- One platform/interface for payments at POS, unattended, e-Commerce, m-Commerce/ carrier billing
- Automated merchant self-sign-up solution

## PAYMENT ACCEPTANCE SOLUTIONS

- Card acquiring/processing
- Card acceptance for Visa, MasterCard, JCB, American Express, Discover/Diners, Union Pay
- Payment acceptance of alternative payment solutions/processing
- Processing in all globally relevant currencies
- Settlement in 25 currencies
- Terminal software for payment and value-added services
- Terminal management solutions
- Biometric and „mini ATM“ solutions for emerging markets
- International white-label programme for mobile point of sale (mPOS) solutions

## VALUE-ADDED SERVICES

Transaction-independent coupon management system | Connection to third party loyalty systems  
White-label merchant self-service platform for campaign management | Loyalty and couponing services

## SERVICES

Card personalisation | Multilingual service team with vast expertise in providing support for financial products, available 24/7  
Case management | Payment guarantee | Banking services for business and private customers | Currency management  
Banking services for business and private customers | Consolidated settlement and treasury services

## ISSUING SOLUTIONS

### Standard issuing solutions

- Processing of card transactions
- Tokenisation of credit card data
- Issuing licences for Visa and MasterCard
- e-money licence for SEPA countries
- Open and closed loop cards
- PIN management
- Multi-channel self-service user registration and data management
- Various types of account (prepaid, decoupled debit/credit)
- Comprehensive application program interfaces (APIs) for flexible integration in the customer system
- Credit facility management

### Card-based issuing solutions

- Multiple card types (credit, debit and prepaid cards) in various forms
- Plastic cards with magnetic strips
- EMV cards for chip and PIN payments
- Dual interface cards for chip and PIN and contactless payments
- Sticker for contactless payments
- Virtual cards for use in e-Commerce
- Mobile cards for contactless payments in high-street retail and for in-app payments
- 3D Secure Service
- One-time use cards
- Combo and partner cards
- e-Wallet payments online

### Issuing solutions for mobile payments

- SP-TSM gateway to all major SE-TSMs
- E2E HCE solution for mobile cards
- Wallet solutions
- Direct charging-on of card costs
- Standard white-label mobile apps and responsive online UI
- Storage of encrypted card data via cloud-based payment/HCE on SIM card or in an embedded secure element for contactless payments at the POS
- In-app payments on smart-phones (NFC, QR code)
- Payment at the POS
- Card creation and provision in real time
- Various top-up methods via alternative payment processes and automatic top-up
- Full integration in all Wirecard issuing standard products, such as corporate expense cards, premium cards, payout cards, gift cards, etc.

## MOBILE

### Mobile solutions

- P2P funds transfer function/international money remittance
- In-app payments
- Credit on demand
- Microcredits
- Personal finance
- Integration of HCE wearables software development kit (SDK)
- Payment SDK for iOS and Android
- Mobile payments (including wallets and payment apps)
- Platform-based (white-label) wallet solution
- Mobile banking

Omnichannel loyalty and couponing system with integrated processing of issuing and acquiring transactions in real time  
Connected POS platform with transaction data analysis at item level | Contextual and financial offers

Payment terminal infrastructure service | Credit risk and fraud management support | BIN sponsorship  
Card programme management | Merchant support | Consultancy on global payment strategies  
Merchant and customer promotions for payment and value added services through own outbound callcenter

### **Issuing solutions – mobile payment solutions**

The Wirecard white label platform – which complies with national and regional regulations for the issuing of Visa or MasterCard products – enables the management of accounts for open and closed loop payments on a deposit, direct booking and credit basis. Customer registration and legitimisation processes (KYC) are processed automatically via the platform. Peer-to-peer money transfers and numerous top-up methods are supported. The platform provides user interfaces for administrative functions (e.g. callcentres) and for consumers that feature the customer's corporate design. Consumers can access their wallet via the Internet as well as via their mobile phones in the form of smartphone applications. In addition, the platform supports eWallet payments on the Internet, in-app payments via smartphones and via Near Field Communication (NFC) as well as quick response code (QR code) transmission technologies/payments at the POS.

### **Value added services/Card linked offers/Coupons and loyalty**

The couponing and loyalty area comprises new value added services that Wirecard makes possible by automatically linking them to a transaction, without the need for an amendment to the retailer's system. Fully in line with the trend towards converging sales channels and payment systems, various services associated with payouts and vouchers are also offered in the mobile advertising area. This enables customers to participate, for example, in loyalty campaigns across sales channels with a payment method that only needs to be registered once. The Integrated Couponing & Loyalty System (ICLS) supports various different types of campaign and redemption mechanisms here, such as target 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.

## 3. GENERAL CONDITIONS AND BUSINESS PERFORMANCE

### Macroeconomic conditions

In October 2015, the International Monetary Fund (IMF) lowered its forecast for global economic growth this year by 0.4 percent to 3.1 percent. In its latest forecast published on 5 November 2015, the European Commission expects economic growth in the eurozone of 1.6 percent. The European Commission forecasts growth of 1.9 percent in the European Union in 2015.

In October, the IMF forecast economic growth of 2.2 percent for Singapore in 2015. According to the latest IMF forecast from October 2015, the Asia-5 states (Indonesia, Malaysia, the Philippines, Thailand and Vietnam) are predicted to experience growth of 4.6 percent in 2015.

As a result of the acquisitions made in previous years primarily in East Asia and the Company's entry into Australia and New Zealand, as well as Turkey and South Africa and the after announced acquisition in India, a part of the overall development of Wirecard must also be considered from a global perspective in the future. The long-term trend in the market environment is, however, less dependent on the macroeconomic (GDP) factors and more on the dynamic development of e-commerce and the use of Internet technologies in all areas of life. The American marketing research company eMarketer predicts that the growth in the global e-commerce market over the next two years (2015,2016) will be between 13 and 15 percent.

The growth of e-commerce in Europe is important for the future development of Wirecard AG in the 2015 fiscal year. Based on an aggregation of forecasts for Europe published by market research institutions such as eMarketer, Forrester Research, Phocuswright, IMRG, the German Retail Trade Association (HDE) and others, Wirecard AG anticipates that the European e-commerce market will grow by around 12 percent in 2015 – calculated across all sectors.

### Business performance in the period under review

In the third quarter and the nine month period of 2015, Wirecard AG was able to achieve its targets with over 21,000 existing customers. New customer trends were very positive in all target sectors for the Wirecard Group. In the Company's core business, it was possible to expand cooperation with numerous existing customers. Supplementing existing payment methods and risk management solutions provides a good example of how existing business relationships can be expanded and innovative Wirecard solutions integrated.

The trend toward internationalisation continued in the core e-commerce business. Technologies such as NFC or HCE are increasingly gaining importance and are already compatible with the omni-channel platform offered by Wirecard.

Wirecard offers a fully automated solution for the rapid configuration and acceptance of all common international payment methods with the Wirecard Checkout Portal, enabling small and medium-sized retailers to also participate in international e-commerce. The entire set-up process is completed online without any change in media. The portal offers a plug-in tool that enables online card payments and payment options to be tailored according to standardised customer requirements. Following the end of the reporting period, Wirecard made it possible for retailers in Eastern Europe to use payment solutions offered via the Checkout Portal in combination with Google Services. This service will be offered in cooperation with a Polish partner in future.

Companies that have supplier relations with Asia can use the innovative procurement card solution from Wirecard. This enables, especially in China's business-to-business market, the processing of real time electronic payments in Chinese Renminbi using single-use virtual cards.

An innovative solution for Payment Card Industry Data Security Standard (PCI DSS) compliant processing of card data was presented at the ITB Berlin 2015. Across the complete expansion of its tokenisation service, Wirecard is able to offer secure card payment processing in a PCI compliant environment. In the form of a token, the data can now also be used dynamically at every step of the booking process. The token can be passed across system boundaries at any time during the booking process or converted back into credit card data.

In the mobile services area, Wirecard offers an innovative development platform for mobile payment solutions in the retail trade. This platform enables retailers to increase the appeal and functional scope of their own apps by integrating open and closed-loop contactless payment functions, the peer-to-peer dispatch of vouchers, discount offers and their own customer loyalty programmes. Alongside QR code technology, the new development platform for retailers also supports NFC technology including HCE and secure elements in mobile telephones and on the SIM card. The payment transactions can either be processed on a closed-loop basis via the proprietary payment solutions of individual retailers or via open-looped networks such as Visa or Mastercard.

Wirecard's key unique selling points include its combination of software technology and banking products, the global orientation of the payment platform and innovative solutions that allow electronic payments to be processed efficiently and securely.

The major share of Group's revenues is generated on the basis of business relations with providers of merchandise or services on the Internet who outsource their payment processes to Wirecard AG. This means that conventional services for the settlement and risk analysis of payment transactions performed by a payment services provider and credit card acceptance (acquiring) performed by Wirecard Bank AG are closely linked.

Inherent to the technical platform are scaling effects due to the growing share of business customers who increase transaction volumes through acquiring related bank services, as well as new products.

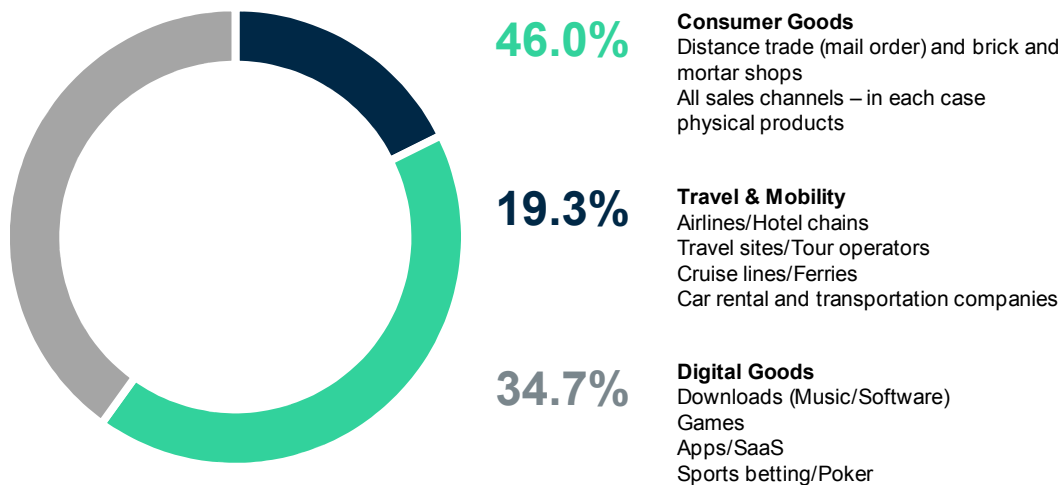
Fee income from the core business of Wirecard AG, namely the acceptance and issuing of means of payment along with associated value added services, is generally proportionate to the transaction volumes processed. In the first nine month of 2015, transaction volumes stood at EUR 32.0 billion (9M 2014: EUR 24.4 billion), which corresponds to a growth of 31.1 percent. The proportion of the overall transaction volumes outside Europe was 24.7 percent (9M 2014: 20.9 percent) at EUR 7.9 billion (9M 2014: EUR 5.1 billion).

**Transaction volumes 9M 2015/9M 2014 (in EUR billion)**



The distribution across target sectors was as follows at the end of the quarter under review:

### Transaction volumes 9M 2015



### Target sectors

With direct sales distributed across the Company's target sectors – and thanks to its technological expertise and broad spectrum of services – Wirecard AG continued its operational growth in the third quarter of 2015, while at the same time further broadening its customer base and extending its international network of cooperation and distribution partners.

The acquisition of numerous new customers and the expansion of existing customer relationships demonstrate Wirecard's business success in all sales channels. In the consumer goods sector, a clear trend can be seen in which, alongside purely online retailers, an increasing number of large, traditional POS or B2B oriented companies now require a partner in the area of payment processing and risk management for the implementation of their global e-commerce strategies.

Sparhandy.de – an online reseller of smartphones and accessories – has been working with integrated payment solutions from Wirecard since July 2015. Other examples include the designer outlets bestsecret.com and Iris von Arnim, as well as the furniture dealer casando.

Spectrum Brands, a US consumer goods group with leading brands such as VARTA, Remington or Russell Hobbs, is utilising integrated payment services from Wirecard AG for its European e-commerce strategy. Wirecard has been supporting the Heise publishing house – which specialises in the subject of IT – as a payment service provider for their online shop and for the processing of online subscriptions since this year.



The area of travel and mobility has also acquired numerous new customers during the course of the year such as LSG Sky Chefs, a subsidiary of Deutsche Lufthansa AG, which is a caterer for airlines, train companies, schools and other institutions across the world.

In the digital goods sector, the customer portfolio above and beyond the traditional areas of downloads and games was expanded to include areas such as financial services, language schools, fitness centre subscriptions or media companies. Alongside the acquisition of new customers, another driver of growth is the expansion of existing business and customer relationships. Since Sky Deutschland AG became a new customer at the beginning of 2014 with its online video library Snap by Sky, it has been possible to expand cooperation between the companies. Since 2015, Sky has placed its trust in Wirecard's end-to-end solutions for the billing of pay TV subscriptions and the processing of payments for Sky Online.

The centralisation of cash-free payment transactions from a variety of distribution and procurement channels on one single platform is a unique selling point of the Wirecard Group. In addition to new customer gains from carrying out payment processing, risk management and credit card acceptance in combination with ancillary and downstream banking services, significant cross-selling opportunities exist in business with existing customers that will contribute to consistent growth as business relationships expand.

#### **Business performance in PP&RM**

The PP&RM segment accounts for all products and services for electronic payment processing and risk management. The dynamic business growth in this segment is due to both an increase in European and also Non-European transaction volumes. In line with this growth in transaction volumes, the proportion of Wirecard's transaction volumes processed via acquiring partners, which are also allocated under the PP&RM segment, has also increased.

Business with existing and new customers developed very successfully in Asia in the third quarter of 2015. The spectrum of services in Asia now ranges from payment transactions, network operating and technology services through multi-channel payment solutions to contactless and mobile payment transaction solutions, as well as issuing processing (technical processing of card transactions).

The positive trend in business is also characterised by technology transfers that enable our new subsidiaries in Southeast Asia to operate with an expanded portfolio of solutions in Asian markets. The successful third quarter of 2015 in Asia was due to large POS and mPOS projects successfully introduced by Asian subsidiaries of Wirecard AG in cooperation with partner banks and/or large retail companies.

In cooperation with the bank CIMB, Wirecard has been able to win over another business partner in Singapore for its innovative payment solution, namely the company Premier Taxis. Wirecard is supporting the taxi company and its fleet of more than 2,000 vehicles with an innovative payment infrastructure. This includes the acceptance of numerous types of cards, as well as card terminals for real-time cashless payments.

In partnership with CIMB, MasterCard and Wirecard, the company M1 – a leading telecommunications company in Singapore – has started its mPOS solution called M1 mPOS. Small and medium-sized enterprises can utilise the M1 mPOS solution to easily and securely accept credit card, debit card and prepaid card payments via smartphones and tablets.

Via its subsidiary GFG Group Limited with headquarters in New Zealand, Wirecard AG had already agreed to cooperate with Cuscal Limited, a leading provider of payment services in Australia, in the first half of 2015. Cuscal utilises solutions from Wirecard in the area of acquiring and issuing.

### **Business performance in Acquiring**

Wirecard Bank generates most of its revenues within the Group through the sales structures of its sister companies. This comprises banking services for companies via card acceptance contracts, business accounts and foreign currency accounts.

Foreign exchange management services are also increasing for airlines and e-commerce providers who book incoming payments in various currencies as a result of their international business. This gives them a secure calculation basis, whether for settlement of merchandise and services in a foreign currency or when receiving a foreign currency from concluded transactions.

In the quarter under review, the acquiring volumes increased in line with the growing core business of payment processing. Wirecard Card Solutions Ltd. has now expanded its product portfolio to include card acceptance.

As a result of the cooperation between Visa Europe and Wirecard to launch the digital wallet V.me by Visa, Wirecard will be able to offer V.me by Visa as a payment option to online retailers from autumn 2015. This cooperation to establish the digital wallet in the German online trade market was announced in July 2015.

### Business performance in Issuing

Revenues in the Issuing business comprises B2B product lines such as the Supplier and Commission Payments solution, as well as B2C prepaid card products.

During the period under review, Wirecard Card Solutions Ltd. acquired numerous new customers for the issuing of prepaid debit cards, gift and voucher cards for retailers and various payment cards for MasterCard. In addition, the Vodafone Group, Orange and E-Plus utilise Wirecard Card Solutions as an issuer as part of their mobile payment initiatives.

Products and solutions in the mobile payment business area continue to attract growing interest from the public. In the past few months, Wirecard AG was able to further expand the development and launch of products and solutions in the mobile payment, mPOS and couponing & loyalty business areas. These new products can be used to make secure payments via mobile devices and offer users a constantly growing number of value added services.

NFC technology is now supported as the global transmission standard by all large device manufacturers. This has created the prerequisites for trend-setting investment decisions that will be made by the trade and the financial industry in the mobile payment area.

Alongside NFC and QR code, Wirecard has integrated Bluetooth low energy (BLE) under the name “Bluetooth BLE Smart Payment”, as well as HCE, as additional payment technologies to their existing mobile wallet platform. BLE facilitates data transmission over distances of up to ten metres. In combination with microsensors, so-called beacons, this innovative technology makes location-based services available. HCE makes it possible to carry out secure, NFC-based transactions for payments and services via mobile apps, regardless of whether a physical secure element is available on the mobile phone. All data generated during a transaction is thus no longer saved onto a hardware element, but rather stored on a secure centralised server.

Wirecard's digital HCE payment solution boon – which is expected to be initially launched on the German market for Android devices after the reporting period on 23 November – will in future combine innovative and secure payment functionalities, loyalty and couponing and numerous services in the area of personal finance. It will also be possible to use boon as a secure payment method for e-commerce transactions from 2016. Following its launch in Germany, boon will be rolled out successively across Europe. The payment app boon will be offered as a Wirecard or co-branding solution in collaboration with sales and cooperation partners. In this way, Wirecard will provide, for example, telecommunications providers, banks or retailers with direct access to markets through a mobile payment solution.

The Dutch company MyOrder, a subsidiary of the Dutch Rabobank Group, uses solutions from Wirecard to issue contactless mobile payment cards based on HCE technology. MyOrder is an mCommerce platform with value added services such as a mobile ordering and loyalty system.

Wirecard is also supporting the Indian Fin-Tech product SpeedPay with its virtual prepaid credit card solution. The mobile prepaid wallet is being developed for the Indian market together with local partners and enables Indian users to carry out domestic money transfers and make cash deposits and withdrawals at authorised SpeedPay sales outlets, as well as settling invoices and topping up prepaid mobile phones.

The mobile telephone provider Orange – a strategic partner of Wirecard in the area of mobile payment – started the nationwide launch of the payment service Orange Cash in France in October 2015. This service, which was previously only available in selected French cities, is now being offered nationwide by more than 30,000 retailers. The Wirecard Group had already supported the launch of the mobile payment service Orange Cash in Spain in the previous quarter. Wirecard will provide the e-Money and issuing licenses, as well as the technical platform for the mobile payment application. It is also responsible for the design, implementation and handling of all technical and financial processes for the payment application.

### **Business performance in Call Centre & Communication Services**

Wirecard Communication Services GmbH concentrates primarily on providing services for the Wirecard Group.

The hybrid call centre structure, in other words, the bundling of virtual and bricks and mortar call centres, also enables third-party customers to benefit from “premium expert services” in the following segments:

- Financial services
- First & second level user helpdesk (specifically in the field of console, PC and mobile games, as well as commercial software, security and navigation)
- Mail order/direct response TV (DRTV) and targeted customer service (outbound)
- Market research and opinion polling/webhosting
- Telecommunications (customer service & support, back-office services)

In the first six months of the year, Wirecard Communication Services GmbH further expanded its customer relationships. As part of agreements with telecommunications service providers, the call centre is currently rendering services for E-Plus, Deutsche Telekom, Telefónica Germany, the Vodafone Group and Orange.

## 4. RESULTS OF OPERATIONS, FINANCIAL POSITION AND NET ASSETS

Wirecard AG generally publishes its figures in thousands of euros (kEUR). 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.

### Financial performance

In the nine-month period 2015, Wirecard AG achieved further significant growth in both revenue and operating profit.

### Revenue trends

In the nine-month period 2015, consolidated revenues grew by 27.5 percent from kEUR 424,240 to kEUR 540,981.

Revenue generated in the nine-month period 2015 in the core segment of Payment Processing & Risk Management, arising from risk management services and the processing of online payment transactions, increased by 26.6 percent from kEUR 311,581 to kEUR 394,372.

The share of the total consolidated revenue accounted for by the Acquiring & Issuing segment grew by 26.1 percent in the nine-month period 2015 to reach kEUR 185,912 (9M 2014: kEUR 147,432), of which the share accounted for by Issuing amounted to kEUR 39,437 in the nine-month period 2015 (9M 2014: kEUR 32,639).

Revenue from Acquiring & Issuing in the nine-month period 2015 primarily comprised commissions, interest, financial investments and revenue from processing payments, as well as exchange rate gains from processing transactions in foreign currencies. This entails the investment of customer deposits by the Wirecard Bank and Wirecard Card Solutions (30 September 2015: kEUR 475,648; 30 September 2014: kEUR 349,411) exclusively in sight deposits, overnight deposits, fixed-term deposits as well as the base liquidity in variable-rate bearer bonds and borrower's note loans of selected issuers with a minimum (A-) investment-grade rating, partially with a minimum interest rate. In addition, the Group prepares its own risk valuation for counterparties.

The interest income generated by the Acquiring & Issuing segment in the nine-month period 2015 totalled kEUR 2,639 (9M 2014: kEUR 2,438) and is recognised as revenue. Accordingly, it is not included in the Group's financial result but is reported here also as revenue. It comprises interest income on the investments of own as well as customer deposits (deposits and acquiring money) with external banks.

The Call Center & Communication Services segment generated revenues of kEUR 4,898 in the period under review, compared with kEUR 3,923 in the nine-month period 2014.

### **Trends in key expense items**

The item other own work capitalised primarily comprises the continued development of the core system for payment processing activities as well as investments in mobile payment projects. In this regard, own work is only capitalised if it is subject to mandatory capitalisation in accordance with IFRS accounting principles. Capitalisations amounted to a total of kEUR 19,800 in the nine-month period 2015 (9M 2014: kEUR 18,355). It is corporate policy to value assets conservatively and to capitalise them only if this is required in terms of international accounting standards.

The Group's cost of materials increased in the nine-month period 2015 to kEUR 295,469, compared to kEUR 241,835 in the previous year. The cost of materials mainly comprises charges by the credit card issuing banks (interchange), charges by credit card companies (for example, MasterCard and Visa) and transaction costs, as well as transaction-related charges to third-party providers (for example, in the areas of Risk Management and Acquiring). Expenses for payment guarantees and purchases of receivables 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 in the business areas of Acquiring, Issuing and Payment primarily comprises, alongside the interchange fee, processing costs for external service providers, production, personalisation and transaction costs for prepaid cards and the payment transactions effected with them, and account management and transaction charges for keeping customer accounts.

Group gross profit (revenue including other own work capitalised less cost of materials) increased by 32.2 percent to kEUR 265,312 in the nine-month period 2015 (9M 2014: kEUR 200,760).

Group personnel expenses rose to kEUR 66,118 in the nine-month period 2015, up by 40.2 percent year on year (9M 2014: kEUR 47,156). The consolidated personnel expense ratio increased by 1.1 percentage points year on year to 12.2 percent. The growth in personnel expenses is due to corporate acquisitions and new appointments in connection with mobile payment projects, which also render this item difficult to compare with previous years.

Other operating expenses mainly comprise the cost of legal advice, expenses related to the preparation of financial statements, business equipment and leasing, office costs, sales and marketing expenses, and personnel-related expenses. These also include costs for external employees and consultants, especially those employed in mobile payment projects. These amounted to kEUR 45,067 within the Wirecard Group in the nine-month period 2015 (9M 2014: kEUR 36,123), which corresponds to 8.3 percent of revenue (9M 2014: 8.5 percent). This also

includes costs for the further development of the multi-channel platform and mobile payment projects.

Amortisation and depreciation was split into two positions. They were split so that the amortisation of assets, which result from the M&A purchase price allocation (PPA), could be presented separately. In the nine-month period 2015, amortisation and depreciation adjusted for M&A amounted to kEUR 23,304 (9M 2014: kEUR 16,668). The amortisation and depreciation of assets, which result from the purchase price allocation (PPA), stood at kEUR 15,936 in the nine-month period 2015 (9M 2014: kEUR 12,124). As a result of the high level of M&A activity by the Company, this differentiation makes it easier to compare this item. Amortisation and depreciation rose year on year in the nine-month period 2015, mainly due to investments realised in property, plant and equipment, mobile payment projects and as a result of the acquisitions of companies and assets.

Other operating revenue resulted from acquisitions to the amount of kEUR 1,840 and various smaller items, including income from the release of provisions, income from the revaluation of receivables and income from offset benefits in kind, and amounted to kEUR 4,224 at a Group level in the nine-month period 2015, compared with kEUR 3,472 in the previous year.

### **EBITDA trends**

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

Consolidated earnings before interest, tax, depreciation and amortisation (EBITDA) grew in the nine-month period 2015 by 30.9 percent, from kEUR 120,954 in the previous year to kEUR 158,351. The EBITDA margin improved to 29.3 percent in the nine-month period 2015 (9M 2014: 28.5 percent).

The EBITDA of the Payment Processing & Risk Management segment stood at kEUR 130,850 in the nine-month period 2015 and grew by 35.2 percent (9M 2014: kEUR 96,795). The share of the EBITDA accounted for by the Acquiring & Issuing segment in the nine-month period 2015 reached kEUR 27,161 (9M 2014: kEUR 23,888), of which the share of the EBITDA accounted for by Issuing in nine-month period 2015 amounted to kEUR 8,798 (9M 2014: kEUR 8,687).

The Management Board expects the good business performance to continue in the fourth quarter and has added granularity to its previous EBITDA forecast for the 2015 fiscal year of EUR 220 million to EUR 232 million, to a current forecast of EUR 223 million to EUR 232 million.

### **Financial result**

The financial result amounted to kEUR – 5,112 in the nine-month period 2015 (9M 2014: kEUR – 3,810). Group financial expenses stood at kEUR 6,350 in the nine-month period 2015 (9M 2014: kEUR 5,146) and resulted primarily from the accounting-related discounting or compounding of non-current liabilities and receivables particularly in relation to the earnouts for corporate acquisitions, the syndicated loans taken out for corporate acquisitions and valuation effects for financial assets. The Group's financial result does not include interest income generated by the Wirecard Bank and Wirecard Card Solutions Ltd., which must be reported as revenue in accordance with IFRS accounting principles.

### **Taxes**

Owing to the international orientation of the business, the cash tax rate (excluding deferred taxes) amounted to 12.4 percent in the nine-month period 2015 (9M 2014: 13.8 percent). Including deferred taxes, the tax rate was 13.8 percent (9M 2014: 16.1 percent).

### **Earnings after tax**

Earnings after tax in the nine-month period 2015 increased by 32.5 percent year on year, rising from kEUR 74,158 to kEUR 98,265.

### **Earnings per share**

The average number of issued shares on an undiluted basis amounted to 123,490,586 shares in the nine-month period 2015 (9M 2014: 121,152,470 shares). Basic (undiluted) earnings per share stood at EUR 0.80 in the nine-month period 2015 (9M 2014: EUR 0.61).



## 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 contained 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 (see management report, III. Forecast and report on opportunities and risks, Chapter 2.8 "Financial risks").

### Capital and financing analysis

Wirecard AG reports equity of kEUR 1,149,537 (31 December 2014: kEUR 1,072,886). 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 Wirecard AG loans as of the 30 September 2015 amounting to kEUR 165,738 at interest rates of between 1.16 and 3.95 percent did not take these items into account in their equity capital calculations due to the circumstances of the business model for the credit agreement concluded in 2013. According to Wirecard AG, this calculation reflects a true and fair view of the Company's actual position. These banks determine Wirecard AG'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 balance sheet. 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 and Wirecard Card Solutions Ltd., the acquiring funds of Wirecard Bank (30 September 2015: kEUR 222,687; 31 December 2014: kEUR 240,212) and the reduction in equity from the audited total assets, while leasing liabilities are added again to these total assets. This calculation gives an equity ratio of 75.2 percent for Wirecard AG (31 December 2014: 76.5 percent).

### Investment analysis

The criteria for investment decisions in the Wirecard Group generally comprise the capital employed, the securing of a comfortable level of cash and cash equivalents, the results of an in-depth analysis of both potential risks and the opportunity/risk profile and the type of financing (purchase or leasing).

Depending on the type and size of the investments, the temporal course of the return on investment is taken fully into account. In the period under review, investments were essentially utilised for strategic and M&A transactions to the amount of kEUR 13,142, customer relationships to the amount of kEUR 8,313 and interest-bearing securities to the amount of kEUR 12,999.

Investments in externally developed software amounted to kEUR 8,908 and investments in internally developed software totalled kEUR 19,800.

### **Liquidity analysis**

Current customer deposits are reported on the equity and liabilities side of the Wirecard consolidated financial statements as other liabilities (customer deposits). These customer funds are comparable in economic terms with short-term (bank) account loans or overdraft facilities. Separate accounts have been set up for customer deposits on the assets side of the balance sheet (as of 30 September 2015 in the amount of kEUR 475,648; 30 September 2014: kEUR 349,411). These may not be used for any other business purposes. Given the total amount of the customer deposits, securities (so-called collared floaters and current interest-bearing securities) with a nominal value of kEUR 192,307 (30 September 2014: kEUR 192,535) are held, and deposits with the central bank, and sight and short-term time deposits with banks are maintained in an amount of kEUR 289,664 (30 September 2014: kEUR 157,479). These are reported in the Wirecard Group under the balance sheet items of “cash and cash equivalents”, “non-current financial and other assets” and “current interest-bearing securities”. They are not included in the financial resource fund. This amounted to kEUR 503,440 as of 30 September 2015 (30 September 2014: kEUR 456,907).

As far as the liquidity analysis is concerned, it should also be noted that liquidity is influenced by balance sheet 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 noted in this context especially 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, is expected to be offset by a countervailing cash flow trend in the following year.

To enhance transparency and illustrate this influence on cash flow, Wirecard AG, in addition to its usual presentation of cash flows from operating activities, reports a further cash flow statement that eliminates items that are of a merely transitory nature. This supplementary information helps to identify and convey the cash-relevant portion of the Company’s earnings.

The cash flow from operating activities (adjusted) amounting to kEUR 133,280 clearly shows that Wirecard AG 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 borrowings from banks increased by kEUR 67,379 to kEUR 165,738 (31 December 2014: kEUR 98,359). Wirecard AG has EUR 654 million of lending commitments (31 December 2014: EUR 382 million). Along with the loans recognised in the balance sheet, additional credit lines from commercial banks amounting to EUR 488 million are conse-

quently available (31 December 2014: EUR 283 million). Lines for guarantee credit facilities are also available in an amount of EUR 22.5 million (31 December 2014: EUR 24.5 million), of which an unchanged amount of EUR 17 million has been utilised.

### **Net assets**

Assets reported in the balance sheet of Wirecard AG increased by kEUR 192,750 in the nine-month period 2015, rising from kEUR 1,995,159 to kEUR 2,187,909. In the period under review, both non-current and current assets grew, with the latter increasing from kEUR 1,183,013 to kEUR 1,336,016. In addition to the investments and growth in the operating business, these changes are primarily due to the consolidation of the assets and liabilities acquired as part of the acquisitions in the year under review. This has caused various balance sheet items to increase substantially. As a result, comparisons can only be made to a limited extent. This comprises particularly the asset items of “intangible assets”, “goodwill” and “customer relationships”, as well as the “receivables” and “cash and cash equivalents” items, and, on the equity and liabilities side of the balance sheet, the item “trade payables”.

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

## 5. RESEARCH AND DEVELOPMENT

The area of research and development (R&D) lies at the core of the Wirecard technology Group's activities. As a result of its software engineering achievements in this area, Wirecard is able to offer new and innovative solutions and services on both established and new markets – new both in terms of their geographical location and area of application.

Due to the global presence of the Wirecard Group and its coverage of a number of different retail segments, Wirecard possesses a deep understanding of the market environment and its dynamics. Local presence, above all in strategic growth markets, is a decisive factor in understanding the specific characteristics of regional markets. In particular, this not only enables trends to be identified at an early stage but also makes it possible to actively support and shape them on the market.

Due to its modular and scalable platform, Wirecard AG is able to offer its customers innovative solutions along the entire payment value chain that can be adapted flexibly to meet specific requirements. The use of suitable new technologies and agile development methods ensure that resources can be efficiently and effectively deployed in a highly dynamic market environment.

In the first nine month of 2015, the Wirecard platform was expanded to include new innovative solutions and payment processes. In the mobile payment area, one highlight was the application of the HCE solution in, amongst other things, the Wirecard wearable or also in Wirecard's own mobile payment brand Boon. The integration of new payment processes or additional functions into existing payment processes is a continuous process in the area of payment acceptance; current examples are MasterPass Connect and Express Checkout, American Express Safekey (3D-Secure for American Express cards), Carrier Billing and TrustPay Instant Wire Transfer.

The value added services offered primarily up to now as card-linked offers for issuing products will also be available to retailers in future on the acceptance side for couponing & loyalty services. These solutions work both in bricks and mortar retailing and also in e-commerce and are currently undergoing pilot testing in Asia.

Expenditure on research and development in the reporting period comprised personnel expenses for the respective departments (Payment & Risk Services, Issuing Services, etc.), consultancy expenses and intangible assets.

## 6. REPORT ON EVENTS AFTER THE BALANCE SHEET DATE

### Events of particular importance

#### Announcements pursuant to Section 15 of the German Securities Trading Act (WpHG)

Wirecard AG published its preliminary results for the third quarter (Q3/2015) with an ad hoc announcement on 29 October 2015. At the same time, the Management Board has affirmed the forecast for earnings before interest, tax depreciation and amortization (EBITDA) for the 2015 fiscal year from Euro 220 million to Euro 232 million.

On 27 October 2015, after the end of the reporting period, Wirecard AG entered into agreements to acquire the payments business of Great Indian (GI) Retail Group.

On 05 November 2015 Wirecard AG announced expected proceeds as a shareholder and member of Visa Europe in connection with the proposed acquisition by Visa Inc. amounting to approx. EUR 100 million in total.

#### Announcements pursuant to Section 25a (1) and Section 26 (1) of the German Securities Trading Act (WpHG)

(der Gesellschaft nach Ende des Berichtszeitraumes)

Date of Publication	Reporting of the company after the end of the period
27. October 2015	Threshold of 3 exceeded on 27 October 2015: Artisan Partners Limited Partnership, Milwaukee, Wisconsin, USA, 3.01 Prozent

Details can be found on the website: [ir.wirecard.com](http://ir.wirecard.com)

#### Impact on net assets, financial position and results of operations

On 27 October 2015 Wirecard AG entered into agreements to acquire the payments business of Great Indian (GI) Retail Group. Founded in 2006, GI Retail Group is one of India's and South East Asia's leading electronic payment and retail-assisted e-commerce groups. Wirecard will acquire 100 percent of the shares of companies operating payment services in India, the Philippines, Indonesia and Malaysia under the brands "iCASHCARD", "Smartshop", "StarGlobal", "Commerce Payment" as well as several segment brands. Furthermore, Wirecard will also acquire 60 percent of the shares in GI Technology Private Limited (GIT), a licensed Prepaid Payment Instrument (PPI) issuer in India. Wirecard will take over more than 900 staff in offices in Delhi, Chennai, Hyderabad, Bangalore, Mumbai, Kolkata, Lucknow, Manila, Batam and Kuala

Lumpur. The total cash consideration including a capital increase of GI Technology will amount to EUR 230 million, completely paid for in cash and financed by own capital and by committed bank loans. Further payments of up to a total of EUR 110 million are linked to the overall financial performance of the acquired businesses in calendar years 2015 to 2017. Elements of the agreement are subject to certain closing conditions. Consolidated revenues from the acquired businesses are well on track to exceed EUR 45 million in calendar year 2015, an increase of more than 50 percent compared to calendar year 2014, and EBITDA is expected to more than double in comparison to 2014 year-on-year to exceed EUR 7 million in 2015. Revenues for calendar year 2016 are expected to exceed EUR 75 million and EBITDA after integration costs is expected to be between EUR 15 million and EUR 18 million in 2016.

Visa Inc. has announced on 2 November 2015 its proposed acquisition of Visa Europe Limited, subject to regulatory approvals. If this transaction is completed Wirecard Bank AG will as a shareholder and member of Visa Europe Limited be entitled to a certain consideration. The consideration consist of an upfront consideration receivable on completion comprising cash and preferred stock convertible into Visa Inc. class A common stock as well as of a potentially additional deferred cash consideration payable following the fourth anniversary of closing subject to an earn-out mechanism. The preferred stock and earn-out elements of the consideration are contingent upon certain factors. On 5 November 2015 Wirecard Bank AG has received additional information from Visa Europe Limited based on which Wirecard AG currently estimates the total value of the consideration receivable by Wirecard Bank AG to amount to approx. EUR 100 million in total. The figures specified for the consideration are, however, approximate and based on current estimates, since Wirecard AG has not yet all relevant information to calculate the consideration. The actual amounts received by the Wirecard Bank AG may therefore differ.

## 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.

As no changes have occurred during the intervening period, please refer to the risk report contained in the 2014 annual report for more details. We note that no going concern risks currently relate to the Group.

## 8. OUTLOOK

Wirecard can look back on a positive business performance in both the third quarter and also the first nine months of the 2015 fiscal year. The Management Board looks forward optimistically to the upcoming 2016 fiscal year.

The continuing dynamic growth of the European and global e-commerce market and the constant increase in the number of real-time electronic transactions form the basis for the successful development of the core business of payment processing and credit card acceptance. The trend for the consistent internationalisation of online trade and its associated growing complexity has continued for Wirecard's existing and new customers. As an internationally active company, the Wirecard Group delivers global payment technology, risk management and bank services from one source and sustainably increases its value added services through cross-selling. The services offered by the Wirecard Group are targeted to address the complex development of the market – which is reflected not least in the constant expansion of existing business relationships and the strong growth in new customer business.

The areas of issuing and mobile payment, as well as the core business, have shown strong growth. Following an initial phase in which, above all, telecommunication companies were announced as business partners of Wirecard in the areas of mobile wallet and mobile payment, numerous international projects have since achieved widespread product launches. In the future, the aim is to also secure financial institutions and very large retail companies as customers.

The international presence of Wirecard will be expanded with the agreement made at the end of October 2015 to acquire the payment business of the GI Retail Group. Wirecard will thus become a leading regional supplier of payment services in the e-commerce and money remittance sector and has secured a strong position in one of the most important global markets for electronic payments. Wirecard AG is thus gradually implementing its global growth strategy and will also focus in future on strengthening its leading market position in Europe and Asia and expanding its global network of service and technical facilities through organic growth in combination with acquisitions.

The Management Board expects the good business performance to continue in the fourth quarter and has added granularity to its previous EBITDA forecast for the 2015 fiscal year of EUR 220 million to EUR 232 million, to a current forecast of EUR 223 million to EUR 232 million.

**Aschheim (Munich), 17 November 2015**

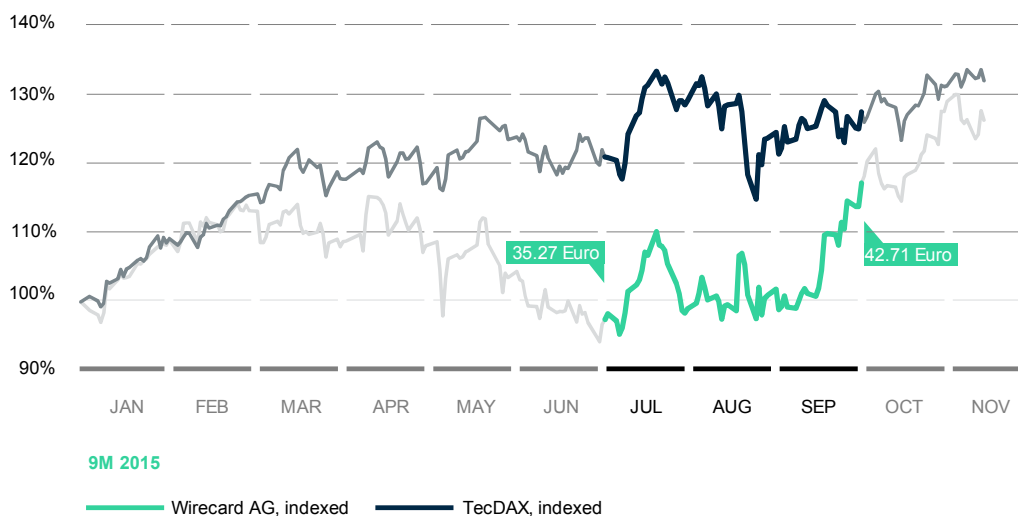
**Wirecard AG**

**Management Board**



## 9. WIRECARD STOCK

The German stock market was characterised by opposing trends in the third quarter of 2015. While the leading German index DAX fell by 11.7 percent in the third quarter and closed at 9,660 points, the TecDAX rose by 6.4 percent and closed at around 1,748 points. Against this market environment, the Wirecard share significantly outperformed the trend on the comparative indices. Following a quarterly low of EUR 34.74 on 7 July 2015, the share ended the third quarter with a year-high of EUR 42.71 and thus recorded a gain of 24.3 percent. A total of around 36 million shares were traded on the electronic trading platform XETRA during this period, which corresponds to an average trading volume of 546 thousand shares per day.



### Key figures 9M 2015

		9M 2015	9M 2014
Number of all shares – all dividend entiteled		123,490,586	123,490,586
Share capital	kEUR	123,491	123,491
Market capitalization 30 Sep	bn. EUR	5.27	3.61
Share price 30 Sep	EUR	42.71	29.26
High for the year as of 30 Sep	EUR	42.71	33.99
Low of the year as of 30 Sep	EUR	34.35	26.65

Price data: XETRA closing prices

## **Investor Relations**

The Management Board and the Investor Relations department of Wirecard AG are in constant contact with institutional investors in one-on-one meetings, roadshows and investor conferences. At the end of the period under review, a total of 21 analysts from renowned banks were closely observing the Wirecard share, whereby the majority of them issued a recommendation to buy.

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. Special measures in this regard are the listing on the Prime Standard and reporting according to IAS/IFRS.

Further information is available online at: [ir.wirecard.com](http://ir.wirecard.com)

### 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:	123,490,586							
Group accounting category:	exempting consolidated financial statements in accordance with IAS/IFRS							
End of fiscal year:	31 December							
Total capital stock as of 30 September 2015	kEUR 123,491							
Beginning of stock market listing:	25 October 2000							
Management Board:	<table border="0"> <tr> <td>Dr. Markus Braun</td> <td>CEO, CTO</td> </tr> <tr> <td>Burkhard Ley</td> <td>CFO</td> </tr> <tr> <td>Jan Marsalek</td> <td>COO</td> </tr> </table>	Dr. Markus Braun	CEO, CTO	Burkhard Ley	CFO	Jan Marsalek	COO	
Dr. Markus Braun	CEO, CTO							
Burkhard Ley	CFO							
Jan Marsalek	COO							
Supervisory Board:	<table border="0"> <tr> <td>Wulf Matthias</td> <td>Chairman</td> </tr> <tr> <td>Alfons W. Henseler</td> <td>Deputy Chairman</td> </tr> <tr> <td>Stefan Klestil</td> <td>Member</td> </tr> </table>	Wulf Matthias	Chairman	Alfons W. Henseler	Deputy Chairman	Stefan Klestil	Member	
Wulf Matthias	Chairman							
Alfons W. Henseler	Deputy Chairman							
Stefan Klestil	Member							
Shareholder structure* as of 30 September 2015								
Shareholders holding more than 3% of voting rights*	<table border="0"> <tr> <td>6.40% MB Beteiligungsgesellschaft mbH</td> </tr> <tr> <td>93.60% free float (according to Deutsche Börse's definition) of which</td> </tr> <tr> <td>6.27% Jupiter Asset Management Ltd. (UK)</td> </tr> <tr> <td>5.02% Alken Luxembourg S.A. (LU)</td> </tr> <tr> <td>3.15% T. Rowe Price Group, Inc. (US)</td> </tr> <tr> <td>3.05% Comgest Global Investors S.A.S. (FR)</td> </tr> <tr> <td>3.03% Standard Life Investment Limited (UK)</td> </tr> </table>	6.40% MB Beteiligungsgesellschaft mbH	93.60% free float (according to Deutsche Börse's definition) of which	6.27% Jupiter Asset Management Ltd. (UK)	5.02% Alken Luxembourg S.A. (LU)	3.15% T. Rowe Price Group, Inc. (US)	3.05% Comgest Global Investors S.A.S. (FR)	3.03% Standard Life Investment Limited (UK)
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\*Interests (rounded) according to last notification by investors (Section 26a WpHG)

## Consolidated balance sheet – assets

in kEUR	30.09.2015	31.12.2014
<b>ASSETS</b>		
<b>I. Non-current assets</b>		
1. Intangible assets		
Goodwill	223,476	218,202
Customer relationships	332,720	341,365
Internally-generated intangible assets	74,790	62,173
Other intangible assets	46,931	49,229
	<b>677,917</b>	<b>670,969</b>
2. Property, plant and equipment		
Other property, plant and equipment	25,656	16,292
3. Financial and other assets / interest-bearing securities	147,186	123,991
4. Tax credits		
Deferred tax assets	1,133	894
<b>Total non-current assets</b>	<b>851,892</b>	<b>812,145</b>
<b>II. Current assets</b>		
1. Inventories and work in progress	5,568	3,313
2. Trade and other receivables	380,310	354,602
3. Tax credits		
Tax refund entitlements	9,563	7,103
4. Interest-bearing securities and fixed deposits	147,277	122,919
5. Cash and cash equivalents	793,297	695,076
<b>Total current assets</b>	<b>1,336,016</b>	<b>1,183,013</b>
<b>Total assets</b>	<b>2,187,909</b>	<b>1,995,159</b>

## Consolidated balance sheet – equity and liabilities

in kEUR	30.09.2015	31.12.2014
<b>EQUITY AND LIABILITIES</b>		
<b>I. Equity attributable to Wirecard AG shareholders</b>		
1. Subscribed capital	123,491	123,491
2. Capital reserve	493,073	493,073
3. Retained earnings	535,456	453,244
4. Currency translation reserve	- 2,482	3,078
<b>Total equity</b>	<b>1,149,537</b>	<b>1,072,886</b>
<b>II. Liabilities</b>		
1. Non-current liabilities		
Non-current interest-bearing liabilities	161,456	89,329
Other non-current liabilities	17,576	29,257
Deferred tax liabilities	29,196	28,721
	<b>208,227</b>	<b>147,307</b>
2. Current liabilities		
Trade payables	287,559	298,367
Interest-bearing liabilities	4,282	9,030
Other provisions	986	1,284
Other current liabilities	52,532	60,053
Customer deposits from banking operations	475,648	396,733
Tax provisions	9,138	9,498
	<b>830,144</b>	<b>774,966</b>
<b>Total liabilities</b>	<b>1,038,371</b>	<b>922,273</b>
<b>Total equity and liabilities</b>	<b>2,187,909</b>	<b>1,995,159</b>

## Consolidated income statement

in kEUR	01.07.2015 – 30.09.2015	01.07.2014 – 30.09.2014
<b>Revenues</b>	<b>200,895</b>	<b>155,425</b>
Own work capitalised	6,503	6,568
Cost of materials	108,601	88,601
<b>Gross profit</b>	<b>98,797</b>	<b>73,391</b>
Personnel expenses	22,865	16,451
Other operating expenses	15,343	12,045
Other operating income	- 538	1,106
<b>EBITDA</b>	<b>60,051</b>	<b>46,001</b>
Amortisation and depreciation adjusted (M&A adjusted)	8,220	5,997
<b>EBIT adjusted*</b>	<b>51,832</b>	<b>40,004</b>
PPA incurred amortisation	5,271	4,165
<b>EBIT</b>	<b>46,561</b>	<b>35,839</b>
<b>Financial result</b>	<b>- 1,538</b>	<b>- 1,014</b>
Other financial income	142	313
Financial expenses	1,680	1,327
<b>Earnings before tax **</b>	<b>45,023</b>	<b>34,824</b>
<b>Income tax expense</b>	<b>7,707</b>	<b>5,528</b>
<b>Earnings after tax **</b>	<b>37,316</b>	<b>29,296</b>
Earnings per share (basic) in EUR	0.31	0.24
Earnings per share (diluted) in EUR	0.31	0.24
Average shares in issue (basic)	123,490,586	123,490,586
Average shares in issue (diluted)	123,526,236	123,588,183

\* Adjusted by PPA incurred amortisation

\*\* Attributable entirely to the shareholders of the parent company

## Consolidated statement of comprehensive income

in kEUR	01.07.2015 – 30.09.2015	01.07.2014 – 30.09.2014
<b>Earnings after tax</b>	<b>37,316</b>	<b>29,296</b>
Other items to be reclassified to profit or loss		
Change in offset item from currency translation of foreign subsidiaries	- 10,660	5,952
Recycled to income statement	0	0
Change in amount reported in equity (currency translation)	- 10,660	5,952
<b>Consolidated comprehensive income</b>	<b>26,656</b>	<b>35,248</b>

## Consolidated income statement

	01.01.2015 – 30.09.2015	01.01.2014 – 30.09.2014	in kEUR
	540,981	424,240	<b>Revenues</b>
	19,800	18,355	Own work capitalised
	295,469	241,835	Cost of materials
	265,312	200,760	<b>Gross profit</b>
	66,118	47,156	Personnel expenses
	45,067	36,123	Other operating expenses
	4,224	3,472	Other operating income
	158,351	120,954	<b>EBITDA</b>
	23,304	16,668	Amortisation and depreciation adjusted (M&A adjusted)
	135,047	104,285	<b>EBIT adjusted*</b>
	15,936	12,124	PPA incurred amortisation
	119,111	92,161	<b>EBIT</b>
	- 5,112	- 3,810	<b>Financial result</b>
1,239		1,336	Other financial income
6,350		5,146	Financial expenses
	113,999	88,351	<b>Earnings before tax **</b>
	15,734	14,193	<b>Income tax expense</b>
	98,265	74,158	<b>Earnings after tax **</b>
	0.80	0.61	Earnings per share (basic) in EUR
	0.80	0.61	Earnings per share (diluted) in EUR
	123,490,586	121,152,470	Average shares in issue (basic)
	123,526,236	121,250,067	Average shares in issue (diluted)

## Consolidated statement of comprehensive income

	01.01.2015 – 30.09.2015	01.01.2014 – 30.09.2014	in kEUR
	98,265	74,158	<b>Earnings after tax</b>
			Other items to be reclassified to profit or loss
	- 5,560	8,094	Change in offset item from currency translation of foreign subsidiaries
	0	0	Recycled to income statement
	- 5,560	8,094	Change in amount reported in equity (currency translation)
	92,705	82,252	<b>Consolidated comprehensive income</b>

## Consolidated cash flow statement

in kEUR	01.01.2015 – 30.09.2015	01.01.2014 – 30.09.2014
<b>Earnings after tax</b>	<b>98,265</b>	<b>74,158</b>
Financial result	5,112	3,810
Income tax expenses	15,734	14,193
Gain/loss from disposal of non-current assets	412	45
Amortisation/depreciation	39,240	28,793
Change from currency exchange-rate differences	- 939	- 3,709
Change in inventories	- 2,256	1,304
Change in trade and other receivables	- 23,523	- 67,871
Change in trade payables	- 9,782	- 576
Change in other assets and liabilities	- 22,162	- 5,037
Net cash outflow arising from income taxes	- 14,327	- 13,993
Interest paid excluding interest on loans	- 93	- 158
Interest received	535	529
<b>Cash flow from operating activities</b>	<b>86,217</b>	<b>31,488</b>
Cash outflows for investments in intangible assets and property, plant and equipment	- 41,742	- 50,220
Cash inflows from sale of intangible assets and property, plant and equipment	6	4
Cash outflows for investments in financial assets and interest-bearing securities	- 13,532	- 750
Cash inflows from sale of financial assets	10,000	0
Cash outflows for acquisition of consolidated companies less acquired cash	- 13,142	- 40,771
<b>Cash flow from investing activities</b>	<b>- 58,409</b>	<b>- 91,737</b>
Cash outflows for previous years' acquisitions of companies	- 23,479	- 3,758
Redemption of lease liabilities	- 4,430	- 3,187
Cash inflows from issuing of shares	0	366,746
Cash outflows for expenses from issuing of shares	0	- 5,688
Cash inflows from drawing down of financial liabilities	75,000	0
Cash outflows for expenses for drawing down of financial liabilities	- 1,041	- 949
Cash outflows for repayment of financial liabilities	- 6,780	- 131,427
Dividends paid	- 16,054	- 14,819
Interest paid on loans and finance leases	- 1,749	- 1,916
<b>Cash flow from financing activities</b>	<b>21,468</b>	<b>205,001</b>
<b>Net change in cash and cash equivalents</b>	<b>49,275</b>	<b>144,752</b>
Exchange-rate-related changes to cash and cash equivalents	- 1,963	1,082
<b>Cash and cash equivalents at start of period</b>	<b>456,127</b>	<b>311,073</b>
<b>Cash and cash equivalents at end of period</b>	<b>503,440</b>	<b>456,907</b>



**Consolidated cash flow from operating activities (adjusted)**

in kEUR	01.01.2015 – 30.09.2015	01.01.2014 – 30.09.2014
<b>Earnings after tax</b>	<b>98,265</b>	<b>74,158</b>
Financial result	5,112	3,810
Income tax expenses	15,734	14,193
Gain/loss from disposal of non-current assets	412	45
Amortisation/depreciation	39,240	28,793
Change from currency exchange-rate differences	1,149	- 364
Change in inventories	- 2,256	1,304
Change in trade and other receivables	8,299	- 3,332
Change in trade payables	3,374	- 1,834
Change in other assets and liabilities	- 22,164	- 5,033
Net cash outflow arising from income taxes	- 14,327	- 8,674
Interest paid excluding interest on loans	- 93	- 158
Interest received	535	529
<b>Cash flow from operating activities (adjusted)</b>	<b>133,280</b>	<b>103,436</b>

As a consequence of the business model, trade receivables and other receivables include transaction volumes from the Acquiring business as receivables due from credit card organisations, banks and Acquiring-partners. At the same time, these business transactions give rise to liabilities to retailers, amounting to the transaction volume (less our commissions and charges). Receivables and liabilities (less our commissions and charges) are transitory in nature and subject to substantial fluctuations from one balance sheet date to another.

In view of this situation, Wirecard AG has decided to present a further statement in addition to the usual statement of cash flows from business activities in order to eliminate those items that are merely transitory in nature. This also eliminates the capital gains taxes on dividends that are refunded in the following year. This is intended to facilitate the identification and reporting of the cash-relevant portion of the company's results.

## Consolidated statement of changes in equity

	Subscribed capital Nominal value/number of shares issued	Capital- reserves	Retained- earnings	Translation- reserve	Total consolidated equity
	kEUR / in '000 shares	kEUR	kEUR	kEUR	kEUR
<b>Balance as of 31 December 2013</b>	112,292	141,683	360,134	- 5,698	608,411
Earnings after tax			74,158		74,158
Currency translation differences				8,094	8,094
<b>Comprehensive income</b>	<b>0</b>	<b>0</b>	<b>74,158</b>	<b>8,094</b>	<b>82,252</b>
Dividends paid			- 14,819		- 14,819
Capital increase	11,198	351,407			362,605
Balance as of 30 September 2014	123,491	493,089	419,473	2,396	1,038,449
<b>Balance as of 31 December 2014</b>	<b>123,491</b>	<b>493,073</b>	<b>453,244</b>	<b>3,078</b>	<b>1,072,886</b>
Earnings after tax			98,265		98,265
Currency translation differences				- 5,560	- 5,560
<b>Comprehensive income</b>	<b>0</b>	<b>0</b>	<b>98,265</b>	<b>- 5,560</b>	<b>92,705</b>
Capital increase					0
Dividends paid			- 16,054		- 16,054
<b>Balance as of 30 September 2015</b>	<b>123,491</b>	<b>493,073</b>	<b>535,456</b>	<b>- 2,482</b>	<b>1,149,538</b>

Notes on equity under (3.)

## Explanatory notes

### 1. Disclosures relating to the Company and the valuation principles applied

#### 1.1 Business activities and legal background

Wirecard AG, Einsteinring 35, 85609 Aschheim (hereafter referred to as “Wirecard”, the “Group” or the “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.

In order to optimise the organisational structure, Payment Link Pte. Ltd. (Singapore) and Korvac Payment Services (S) Pte. Ltd. (Singapore) were incorporated into Systems@Work Pte. Ltd. (Singapore) with effect from 1 January 2015. Systems@Work Pte. Ltd. was renamed with effect from 22 January 2015 as Wirecard Singapore Pte. Ltd., still headquartered in Singapore. The Group includes the subsidiary Systems@Work (M) SDN BHD, Kuala Lumpur (Malaysia), and, as a result of the incorporation described above, also Wirecard Payment Solutions Malaysia Sdn Bhd, Kuala Lumpur (Malaysia). Furthermore, Wirecard Payment Solutions Malaysia SDN BHD, Kuala Lumpur (Malaysia) was transferred from Wirecard Singapore Pte. Ltd. (Singapore) to Wirecard Sales International GmbH with effect from 1 April 2015.

On 23 February 2015, the acquisition of selected assets from Visa Processing Services (VPS) (Singapore) and the acquisition of all shares in Wirecard India Private Ltd., Mumbai (India) (formerly Visa Processing Service (India) Pte. Ltd.), headquartered in Mumbai (India), were concluded. Therefore, Wirecard has expanded its global card processing business to now include business relationships with 14 financial institutions in seven countries and more than three million customer accounts distributed across over 70 card programmes.

#### **Scope of consolidation**

A total of 32 subsidiaries were fully consolidated as of 30 September 2015. As of 30 September 2014, this figure totalled 30 companies.

## Subsidiaries of Wirecard AG

	<b>Share- holdings</b>
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%
GFG Group Ltd, Auckland (New Zealand)	100%
GFG Group (Aust) Pty Ltd, Melbourne (Australia)	100%
Wirecard Africa Holding Proprietary Ltd., Cape Town (South Africa) (before: Amara Technology Africa Proprietary Ltd.)	100%
Wirecard South Africa Proprietary Ltd., Cape Town (South Africa) (before: Amara Tech Proprietary Ltd.)	100%
Click2Pay GmbH, Aschheim (Germany)	100%
Wirecard (Gibraltar) Ltd. (Gibraltar)	100%
Wirecard Sales International 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) (before: Systems@Work Pte. Ltd.)	100%
Systems@Work (M) SDN BHD, Kuala Lumpur (Malaysia)	100%
Wirecard Payment Solutions Malaysia SDN BHD, Kuala Lumpur (Malaysia) (before: Korvac (M) SDN BHD)	100%
PT Prima Vista Solusi, Jakarta (Indonesia)	100%
Trans Infotech Pte. Ltd. (Singapore)	100%
Trans Infotech (Laos) Ltd. (Laos)	100%
Trans Infotech (Vietnam) Ltd (Vietnam)	100%
Card Techno Pte. Ltd. (Singapore)	100%
PT Aprisma Indonesia (Indonesia)	100%
Wirecard Myanmar Ltd., Yangon (Myanmar)	100%
Wirecard India Private Ltd., Mumbai (India) (before: Visa Processing Service (India) Pte. Ltd)	100%
Wirecard Processing FZ LLC, Dubai (United Arab Emirates)	100%
Wirecard Acquiring & Issuing GmbH, Aschheim (Germany)	100%
Wirecard Bank AG, Aschheim (Germany)	100%
Wirecard Card Solutions Ltd., Newcastle (United Kingdom)	100%
Wirecard Ödeme ve Elektronik Para Hizmetleri A.Ş., Istanbul (Turkey) (before: Mikro Ödeme Sistemleri İletişim San.ve Tic. A.Ş.)	100%

Uniform accounting and valuation methods apply to the scope of consolidated subsidiaries. The shareholdings and quotas of voting rights of the subsidiaries are identical.

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.

### **Business combinations in the fiscal year**

#### **Wirecard India Private Ltd. (formerly: Visa Processing Services (India) Private Limited)**

Wirecard AG and Visa Inc. concluded a cooperation agreement on 17 November 2014 for the issue of prepaid cards and have thus reaffirmed their joint commitment to this global growth market, especially in Southeast Asia and Latin America. As part of their partnership, Wirecard and Visa Inc. have concluded a contract in which Wirecard has acquired certain assets in Visa Processing Services Pte. Ltd. (VPS), with headquarters in Singapore, as well as all shares in the former Visa Processing Services (India) Pte. Ltd. for USD 16 million. The closing was carried out on 23 February 2015.

Visa Processing Services has business relationships with 14 financial institutions in seven countries and more than three million customer accounts distributed across over 70 card programmes. VPS provides card issuing banks with a comprehensive range of solutions for gift cards, general purpose reloadable (GPR) cards, single or multi-currency travel cards and international money remittance. Wirecard will support the increasing global demand for prepaid cards with a wide-range of products, including innovative mobile and contactless payment solutions, card-based solutions for the distribution of government benefits and for consumers without access or with only limited access to financial institutions. As part of the relationship, Wirecard will provide outsourcing services to Visa for the provision of specific prepaid processing services in support of Visa's clients. In addition, Wirecard has joined the Visa Issuer Processing Program that has been designed to match financial institutions with leading issuers and processors of prepaid cards to help support and promote the growth of prepaid programmes globally. As a result of the short period before preparation of the consolidated financial statements, the amounts recognised are not final. Non-separable assets, such as the specialist knowledge and contacts held by the employees and management, as well as the synergy effects within the Wirecard Group, are recognised under goodwill.

The assets and liabilities are currently as follows:

**Acquisition of Wirecard India Private Ltd., Mumbai (India) (before:  
Visa Processing Service (India) Pte. Ltd.)**

in kEUR	Fair value
Cash and cash equivalents	1,020
Goodwill	8,149
Customer relationships	4,754
Property, plant and equipment	935
Trade and other receivables	206
Deferred tax liabilities	849
Current liabilities	53
Purchase price	14,162

## 1.2 Principles and assumptions used in preparing the financial statements

### Principles

The financial statements as of 30 September 2015 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 EU. This interim report was not audited nor has it been subjected to an audit review. The notes of the financial statements as of 31 December 2014 also apply accordingly to the present financial statements and should be taken into consideration in connection with the interim financial statements. Any variations from the above are explained below.

### **Presentation**

The presentation of the Group's balance sheet, income statement, cash flow statement and segment reporting was effected in accordance with the consolidated financial statements as of 31 December 2014. The income statement has been restructured. In the income statement, a subtotal is now given for EBITDA and amortisation and depreciation has been split so that the amortisation of assets, which result from the purchase price allocation (PPA), is presented separately.

Wirecard AG generally publishes its figures in thousands of euros (kEUR). The use of rounding means it is possible that some figures do not add up exactly to form the totals stated and that the figures and percentages do not exactly reflect the absolute values on which they are based.

### **Accounting and valuation methods**

In the course of preparing the financial statements as of 30 September 2015, the same accounting and valuation principles were used as for the last consolidated financial statements (31 December 2014) and for the previous year period (1 January 2014 through 30 September 2014) if no other information is provided in this report. For more details please refer to the Annual Report as of 31 December 2014.

## 2. Notes to the consolidated balance sheet – assets

### 2.1 Intangible assets

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

#### **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 evaluates 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 18.16 or reported on the balance sheet under the item goodwill is based on experience of which future economic benefits can be derived from these relationships by Wirecard. If they are classified as customer relationships, they are mostly amortised over 10-20 years. If they are classified as goodwill, the assets are not amortised.

Goodwill and customer relationships are assessed at least once a year by the Group (most recently on 31 December 2014) or in the event of possible impairments in accordance with the Group's accounting policies. The Company determines these values using valuation methods based on discounted cash flows.

In the nine-month period 2015, goodwill changed due to the first-time consolidation of Wirecard India Private Ltd., Mumbai (India) (formerly: Visa Processing Service Pte. Ltd.) by kEUR 8,149. After additional currency-related adjustments to valuations as of the balance sheet date, goodwill amounted to kEUR 223,476 (31 December 2014: kEUR 218,202) and is reported in the following cash-generating units:



## Goodwill

in kEUR	30.09.2015	31.12.2014
Payment Processing & Risk Management	184,403	170,051
Acquiring & Issuing	37,244	47,507
Call Center & Communication Services	877	288
<b>Total</b>	<b>222,524</b>	<b>217,846</b>
Less: impairment losses	0	0
A&I goodwill adjustment due to currency fluctuations	866	356
	<b>223,390</b>	<b>218,202</b>

The decrease in the item customer relationships of kEUR 8,645 in the period under review is related, on the one hand, to exchange rate fluctuations of kEUR 6,651 and, on the other hand, to scheduled amortisation, which was offset by an increase of kEUR 4,754 connected with first-time consolidations and kEUR 8,313 due to the acquisition of the acquiring customer portfolio of Lufthansa AirPlus Servicekarten GmbH in the fiscal year. As a rule, amortisation starts together with the flow of benefits and is performed over the expected useful life.

For information on changes to goodwill and customer relationships, please refer to section 1.1 “Business combinations in the fiscal year” and to the statement of changes in non-current assets in the 2014 Annual Report.

### Internally generated intangible assets

In the nine-month period 2015, this item increased as expected by kEUR 12,618 to kEUR 74,790 (31 December 2014: kEUR 62,173). This relates especially to software for the payment platform and mobile payment projects.

### Other intangible assets

Besides software for individual workstations, other intangible assets relate to software acquired for and used by the “Payment Processing & Risk Management” and “Acquiring & Issuing” segments. In the period under review, this item changed from kEUR 49,229 to kEUR 46,931.

## 2.2 Property, plant and equipment

### Other property, plant and equipment

The main increases in this item are due to investments in the expansion of the computer centres and also to the first-time consolidation of the companies acquired.

Any gains and losses from the disposal of fixed assets are reported as other operating income and expenses respectively. Maintenance and minor repairs are charged to profit or loss as incurred.

### Financing and leases

The carrying amount of technical equipment and operating and office equipment held as part of finance leases as of 30 September 2015 totalled kEUR 12,385 (31 December 2014: kEUR 5,257). 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 and interest bearing securities as of 30 September 2015 totalled kEUR 147,186 (31 December 2014: kEUR 123,991). The securities partially comprise a derivative component. These embedded derivatives are generally measured at fair value with changes in their fair value being recognised in profit or loss. As it is impossible to separately measure the embedded derivative, the entire financial instrument is to be measured at fair value through profit or loss, as long as fair value can be calculated reliably. The embedded derivative part of the hybrid financial instrument is sufficiently significant to render it impossible to reliably determine the fair value of the total financial instrument, which means the hybrid financial instrument is to be measured at cost less potential impairment.

This item also comprises medium-term financing agreements for, amongst others, sales partners (30 September 2015: kEUR 40,167; 31 December 2014: kEUR 40,116). Furthermore, this balance sheet item also contains various interest-bearing securities which are held to improve interest income and whose interest rates mainly depend on money market rates. In part, minimum and maximum interest rates are agreed (collared floaters). On the balance sheet date, the interest-bearing securities totalled kEUR 57,616 (31 December 2014: kEUR 49,078).

Other receivables exist as a result of activities related to Wirecard Bank AG cooperating with different companies in the so-called FinTech sector. As a technology company with its own financial institution, Wirecard supports different companies e.g. peer-to-peer loan platforms for private borrowers and SMEs, mobile banking solutions or solutions for payment by instalments in the online shopping sector. Alongside services in the areas of technology and risk management, Wirecard Bank also sometimes provides financing, particularly in the area of hire purchase agreements and the provision of small loans. In this context, receivables related primarily to individual transactions exist to the amount of kEUR 17,083. Alongside services in the areas of technology and risk management, Wirecard Bank also sometimes provides financing, particularly in the area of hire purchase agreements and the provision of small loans.

## 2.4 Tax credits

### Deferred tax assets

Tax credits/deferred tax assets refer to loss carryforwards and temporary differences between the tax balance sheet figures and Group earnings in accordance with IFRS. Deferred tax assets are recognised in accordance with IAS 12.15-45. The Company utilises the balance sheet oriented liability method of accounting for deferred tax assets in accordance with IAS 12. Under the liability method, deferred taxes are determined according to the temporary differences between the carrying amounts of asset and liability items in the consolidated balance sheet and the tax balance sheet, as well as taking account of the tax rates in effect at the time the aforesaid differences are reversed. Deferred tax assets are accounted for to the extent that taxable earnings are considered likely to be available (IAS 12.24).

Based on tax assessments up to 31 December 2014, tax notices issued up to the assessment year 2013 and the consolidated taxable earnings in the nine-month period 2015, the deferred tax assets as of 30 September 2015 amounted to kEUR 1,133 following a valuation adjustment (31 December 2014: kEUR 894).

## 2.5 Inventories and work in progress

As of 30 September 2015, the reported inventories and work in progress amounted to kEUR 5,568 (31 December 2014: kEUR 3,313) and relate to merchandise such as terminals and debit cards, which are kept for, amongst other things, payments using mobile phones. Their value was measured in accordance with IAS 2.

Inventories and work in progress are measured at whichever is the lower of either their cost (of acquisition or manufacture) and their net realisable value. No value deductions were made in the period under review or in the previous period. There were also no value reversals.

## 2.6 Trade and other receivables

The transaction volume of the Wirecard Group is also reported under the item trade receivables as a receivable from credit card organisations, banks and acquiring partners.

Wirecard's trade receivables and trade payables are mainly characterised by the transaction volumes 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 result in varying accounting methods being applied. In all cases, however, the transaction volumes significantly influence the item trade receivables.

From a financial reporting perspective, it is particularly important to differentiate whether a 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 remain under receivables until the incoming payment is received. Depending on the currency and means of payment, as well as on the relevant card organisation, this generally takes place between one day and one week after the transaction.

If another bank is involved in the process, Wirecard is not permitted to receive and report the transaction volumes on the balance sheet due to the EU Payments Services Directive (PSD). In this case, the acquiring partner accounts for these items on their balance sheet. Wirecard then reports any charges and commissions, as well as the rolling security reserves for the retailers' general risk of default, as trade receivables. In this context, we refer you to Chapter 7.2 on page 223 of the 2014 Annual Report.

Depending on the balance sheet date and the payment cycle, the item trade receivables and also the item trade payables (less commissions and charges) can be subject to considerable fluctuations from one balance sheet date to another. In particular, it is possible for there to be delayed payouts on account of the public holidays between the reporting periods.

Here, only our charges included in the sales revenues have an impact on profit or loss and not the entire receivable amount.

Other receivables exist as a result of activities related to Wirecard Bank AG cooperating with different companies in the so-called FinTech sector. As a technology company with its own financial institution, Wirecard supports different companies e.g. peer-to-peer loan platforms for private borrowers and SMEs, mobile banking solutions or solutions for payment by instalments in the online shopping sector. Alongside services in the areas of technology and risk management, Wirecard Bank also sometimes provides financing, particularly in the area of hire purchase agreements and the provision of small loans. In this context, receivables related primarily to individual transactions exist to the amount of kEUR 34,551. Alongside services in the areas of technology and risk management, Wirecard Bank also sometimes provides financing, particularly in the area of hire purchase agreements and the provision of small loans.

The increase as of 30 September 2015 thus corresponds to the increase in the transaction volumes processed via Wirecard. As a result of the consolidation of newly acquired companies in 2014 and 2015, it is only possible to compare this item to the previous year to a limited extent.

## **2.7 Tax credits**

As of 30 September 2015, tax credits comprised tax reimbursement claims of kEUR 6,264 (31 December 2014: kEUR 6,415) and VAT reimbursement claims of kEUR 3,299 (31 December 2014: kEUR 688).

## **2.8 Interest-bearing securities and fixed-term deposits**

Apart from investing in various interest-bearing securities, the Wirecard Group has also invested in fixed-term deposits in order to improve its interest income. All investments were 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", which reduces the cash and cash equivalents position. Fixed-term deposits of kEUR 6,143 (previous year: kEUR 6,124) have been placed as collateral for credit card business for the duration of the business relationship. Fixed-term deposits with a term of up to three months are reported under "Cash and cash equivalents".

## 2.9 Cash and cash equivalents

The cash and cash equivalents item (30 September 2015: kEUR 793,297; 31 December 2014: kEUR 695,076) 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 September 2015: kEUR 289,664; 31 December 2014: kEUR 237,766) and cash holdings corresponding to the acquiring liabilities (30 September 2015: kEUR 222,687; 31 December 2014: kEUR 240,212). To improve its interest income, Wirecard invests some of the customer deposits in various short, medium and long-term interest bearing securities (so-called collared floaters and interest-bearing securities). These are reported under non-current financial and other assets and other current interest-bearing securities. Excluding the purchase of these securities and the fixed-term deposits with a term of more than three months across the whole Group, cash and cash equivalents would have been kEUR 205,307 (31 December 2014: kEUR 172,155) higher.

It should also be noted that as a result of delayed payments due to public holidays at the end of the 2014 fiscal year, the level of cash and cash equivalents was very high at the balance sheet date.

### 3. Notes on consolidated balance sheet equity and liabilities

As regards the development of Group equity for the nine-month period 2015, further particulars in addition to the following explanations are provided in the table “Consolidated statement of changes in equity”.

#### 3.1 Subscribed capital

Subscribed capital increased by kEUR 11,198 following the capital increase performed on 26 February 2014. It amounted to kEUR 123,491 as of 30 September 2015 (31 December 2014: kEUR 123,491) and comprised 123,490,586 (31 December 2014: 123,490,586) no-par value shares with a notional interest in the common stock of EUR 1.00 per share.

#### Authorised capital

According to the resolution made by the Annual General Meeting on 17 June 2015, the Management Board was authorised, with the consent of the Supervisory Board, to increase the nominal capital on one or more occasions up until 17 June 2020 by up to a total of kEUR 30,000 in consideration for contributions in cash and/or kind (including so-called mixed contributions in kind) by issuing up to 30 million new no-par value bearer shares (Authorised Capital 2015) and in so doing to stipulate a commencement of the profit participation in derogation from the statutory provisions, also retrospectively to a financial year that has already expired, provided that no resolution on the profit of said expired financial year has yet been adopted. The shareholders must as a general rule be granted a subscription right. The new shares can also be assumed by one or more banks designated by the Management Board with the obligation of offering them to the shareholders (indirect subscription right).

As of the balance sheet date, there was authorised capital (Authorised Capital 2015) of kEUR 30,000 (31 December 2014: (Authorised Capital 2012/I) kEUR 18,802). The existing authorised capital was completely replaced by the new authorised capital.

#### Contingent capital

As no conversions were performed in the nine-month period 2015, conditional capital (Conditional Capital 2004/I) did not change in the period under review and continues to stand at kEUR 689 (31 December 2014: kEUR 689). As of the balance sheet date, 86,296 convertible bonds, which would have led to the issuing of 134,837 shares, expired because they were not converted before the stipulated deadline. There are still 48,000 convertible bonds that could be converted into 75,000 shares.

In addition, the Annual General Meeting on 26 June 2012 authorised the Management Board, with the consent of the Supervisory Board, to issue holders by 25 June 2017, once or on several occasions, bearer bonds with warrants and/or convertible bonds with a total nominal amount of up to kEUR 300,000, and to grant the holders or creditors of bonds with warrants option rights or the holders or creditors of convertible bonds conversion rights to new bearer shares of the Company with a proportionate amount in the share capital of up to kEUR 25,000, according to the details in the terms for the bonds with warrants or the convertible bonds.

### **Purchase of treasury shares**

Through a resolution passed at the Annual General Meeting on 17 June 2010, the Management Board was authorised to acquire up to 10 percent of the capital stock of Wirecard AG existing at the time of the resolution. This authorisation was valid until 16 June 2015.

The Management Board did not make use of its authority to acquire and utilise treasury shares in accordance with Section 71(1) No. 8 of the AktG.

## **3.2 Capital reserve**

The capital reserve as of 30 September 2015 remained unchanged in comparison to 31 December 2014 at kEUR 493,073.

## **3.3 Retained earnings**

A dividend to the amount of EUR 0.13 per dividend-entitled ordinary share was approved at the Annual General Meeting 2015 on 17 June 2015, which corresponds to a total amount of kEUR 16,054. In the previous year, the dividend payment was EUR 0.12 per dividend-entitled ordinary share, which corresponded to a total amount of kEUR 14,819.

## **3.4 Translation reserve**

The foreign currency translation reserve changed in the nine-month period 2015 due to exchange rate factors and with no impact on profit or loss from kEUR 3,078 on 31 December 2014 to kEUR – 2,482. This change is due to a greater amount of M&A transactions, resulting in a higher total level of net assets denominated in foreign currencies. The fluctuation in the exchange rates for some local currencies also bolstered this effect. With regard to the foreign currency translation reserve, reference is made to details in 2.1 “Principles and assumptions used in preparing the financial statements”, in the consolidated financial statements as of 31 December 2014.



### **3.5 Non-current 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**

Interest-bearing liabilities are related to acquisitions made by the Company. In line with the long-standing financing strategy and agreements with funding banks, part of the purchase prices originally paid for in cash were refinanced on the one hand, and borrowed capital was raised for further acquisitions planned in the future on the other hand, so that this item increased by kEUR 72,127. The long-term part of the interest-bearing debt increased accordingly from kEUR 89,329 as of 31 December 2014 to kEUR 161,456.

#### **Other non-current liabilities**

Other non-current liabilities as of 30 September 2015 mostly comprise the non-current portion of earnout components from corporate acquisitions to the amount of kEUR 7,523 (31 December 2014: kEUR 23,045). Furthermore, this item included leasing liabilities to the amount of kEUR 8,580 as of 30 September 2015 (31 December 2014: kEUR 2,771) and (convertible) bonds to the amount of kEUR 48 (31 December 2014: kEUR 134).

The earnout components and current purchase price liabilities to the amount of kEUR 22,690 (31 December 2014: kEUR 29,479) that are due within the period of one year are carried under current liabilities.

#### **Deferred tax liabilities**

Deferred tax liabilities, amounting to kEUR 29,196 (31 December 2014: kEUR 28,721), related to temporary differences between the tax accounts and the consolidated financial statements according to IFRS and are reported under non-current liabilities.

### 3.6 Current liabilities

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

#### Trade payables

Wirecard's trade payables and trade receivables are mainly characterised by the transaction volumes of retailers that utilise Wirecard's payment services. If the transaction volumes are processed via licensed acquirers that belong to the Wirecard Group, they remain under trade payables until the payment is made. Depending on the means of payment and the contractual provisions, this generally takes place daily, weekly or monthly, whereby a security reserve is generally held for a longer period 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 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 balance sheet date and the payment cycle, the item trade payables and also the item trade receivables (less commissions and charges) can be subject to considerable fluctuations from one balance sheet date to another. In particular, these substantial fluctuations between reporting periods can result from public holidays.

Liabilities denominated in foreign currencies were revalued at kEUR 4 (31 December 2014: kEUR – 11) at the exchange rate prevailing on the balance sheet date, with an impact on expenses. Trade payables reduced in comparison to 31 December 2014 from kEUR 298,367 to kEUR 287,559. Effects of the first-time consolidation of new companies and due to organic growth and higher transaction volumes were offset by typical seasonal effects as expected in the first half of the year. Delayed payments due to public holidays at the end of the 2014 fiscal year were offset by corresponding payments in the following quarter.

#### Interest-bearing liabilities

Interest-bearing liabilities of kEUR 4,282 (31 December 2014: kEUR 9,030) mainly comprise loans that are due in the next 12 month.

### **Other provisions**

Provisions are short-term in nature and will be utilised prospectively within the following year. Among the other current provisions totalling kEUR 986 (31 December 2014: kEUR 1,284), the costs of preparing and auditing the financial statements of kEUR 677 (31 December 2014: kEUR 735) comprise the largest item.

### **Other liabilities**

Other liabilities to the amount of kEUR 52,532 (31 December 2014: kEUR 60,053) comprised deferred liabilities to the amount of kEUR 12,621 (31 December 2014: kEUR 12,674), the current portion of lease liabilities to the amount of kEUR 5,123 (31 December 2014: kEUR 3,819) and current purchase price liabilities from variable remuneration for M&A transactions to the amount of kEUR 22,690 (31 December 2014: kEUR 29,479). In addition, this item includes liabilities from payment transactions, wages and salaries, social security and similar.

### **Customer deposits from banking operations**

This item includes customer deposits to the amount of kEUR 475,648 (31 December 2014: kEUR 396,733) with Wirecard Bank AG and Wirecard Card Solutions Ltd.

The increase in deposits is due to various factors including seasonal fluctuations relating to prepaid card usage and the payment of acquiring funds to customer accounts.

### **Tax provisions**

Tax provisions related mainly to provisions formed for corporation taxes on income for Wirecard (Gibraltar) Ltd. (kEUR 3,672; 31 December 2014: kEUR 3,672), PT Aprisma Indonesia (kEUR 14; 31 December 2014: kEUR 950) and Wirecard UK & Ireland Ltd. (kEUR 3,602; 31 December 2014: kEUR 1,452) existed as of 30 September 2015.

## **4. Notes to the consolidated income statement**

### **4.1 Revenues**

Consolidated revenue for the Group (kEUR 540,981) in the nine-month period 2015 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 period under review (kEUR 2,639) 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, 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 and purchases of receivables are also included in the area of Risk Management, while commission costs for external sales are included in Acquiring.

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.

### **4.3 Personnel expenses**

Personnel expenses in the nine-month period 2015 totalled kEUR 66,118 (9M 2014: kEUR 47,156), comprising salaries amounting to kEUR 58,546 (9M 2014: kEUR 41,755) and social security contributions to the amount of kEUR 7,572 (9M 2014: kEUR 5,401).

In the nine-month period 2015, the Wirecard Group employed an average of 2,035 employees (9M 2014: 1,601) (excluding the Management Board and apprentices), of whom 227 (9M 2014: 165) worked on a part-time basis.

The increase in personnel expenses is also due to the acquisitions made in this year and the last year, which also restrict the comparability of this item.

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### 4. Notes to the consolidated income statement

These employees were engaged in the following functions:

#### Employees

	9M 2015	9M 2014
Sales	263	187
Administration	247	216
Customer service	615	511
Research/Development and IT	910	688
<b>Total</b>	<b>2,035</b>	<b>1,601</b>
of which part-time	227	165

#### 4.4 Other operating income

Other operating income of kEUR 4,224 (9M 2014: kEUR 3,472) arises from acquisitions to the amount of kEUR 1,840 and various smaller items, including income from the release of provisions, income from the revaluation of receivables and income from offset benefits in kind.

#### 4.5 Other operating expenses

The breakdown of other operating expenses is as follows:

#### Other operating expenses

in kEUR	9M 2015	9M 2014
Legal and financial statement costs	3,524	2,407
Consulting expenses and consulting-related expenses	10,228	11,424
Office expenses	5,976	4,967
Equipment and leasing	5,244	3,060
Sales and marketing	7,512	5,507
Other	12,583	8,758
<b>Total</b>	<b>45,067</b>	<b>36,123</b>

## 4.6 Amortisation and depreciation

Amortisation and depreciation was split into two positions. They were split so that the amortisation of assets, which result from the M&A purchase price allocation (PPA), could be presented separately. In the nine-month period 2015, amortisation and depreciation adjusted for M&A amounted to kEUR 23,304 (9M 2014: kEUR 16,668). The amortisation and depreciation of assets, which result from the purchase price allocation (PPA), stood at kEUR 15,936 (9M 2014: kEUR 12,124) in the nine-month period 2015 and were reported separately. As a result of the high level of M&A activity by the Company, this differentiation makes it easier to compare this item.

## 4.7 Financial result

The financial result stood at kEUR – 5,112 in the period under review (9M 2014: kEUR – 3,810). Expenses to the amount of kEUR 6,350 (9M 2014: kEUR 5,146) included interest to the amount of kEUR 5,998 (9M 2014: kEUR 4,801), which was only cash-relevant to the amount of kEUR 2,883 (9M 2014: kEUR 3,023). The remaining interest expenses are based on imputed interest, which needs to be taken into account, in particular, for the non-current earnout liabilities. Furthermore, the financial expenses included amortisation of financial investments to the amount of kEUR 290 (9M 2014: kEUR 290) and currency-related expenses of kEUR 63 (9M 2014: kEUR 55), which were offset by currency-related income to the amount of kEUR 97. In addition, income of kEUR 1,011 (9M 2014: kEUR 1,054) from interest and kEUR 131 (9M 2014: kEUR 279) from securities and loans resulted in a reported financial income of kEUR 1,239 (9M 2014: kEUR 1,336). Interest income in the Acquiring & Issuing segment to the amount of kEUR 2,639 (9M 2014: kEUR 2,438) 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 nine-month period 2015 includes income tax expenses of kEUR 15,734. Essentially, these related to the income tax burdens determined for the Group member companies on the basis of the tax calculations for the nine-month period 2015. In addition, these related to the change in deferred tax liabilities and deferred tax assets in the amount of kEUR -1,617.

The cash-relevant tax rate (excluding deferred taxes) amounted to 12.4 percent (9M 2014: 13.8 percent). Including deferred taxes, the tax rate was 13.8 percent (9M 2014: 16.1 percent).

## 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.

### Method used to measure cash and cash equivalents

For 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 September 2015 and 30 September 2014, the Company held both cash and cash equivalents.

### Reconciliation to cash and cash equivalents according to IAS 7.45

The balance of financial resources at the end of the period includes cash in hand and bank balances disclosed under cash and cash equivalents (30 September 2015: kEUR 793,297; 30 September 2014: kEUR 614,696), less current (immediately due and payable) liabilities to banks (30 September 2015: kEUR – 193; 30 September 2014: kEUR – 310), disclosed under current, interest-bearing liabilities. In addition, financial resources corresponding to current customer deposits from banking operations (30 September 2015: kEUR – 289,664; 30 September 2014: kEUR – 157,479) were deducted or reported as a reduction on the balance of financial resources in the consolidated cash flow statement according to IAS 7.22.

Current customer deposits are reported on the equity and liabilities side of the Wirecard consolidated financial statements as other liabilities (customer deposits). These customer funds are comparable in economic terms with short-term (bank) account loans or overdraft facilities. On the assets side, separate accounts have been set up for these funds, which may not be used for any other business purposes. Given these circumstances, securities (so-called collared floaters and short-term and medium-term interest-bearing securities) to the total amount of the customer deposits with a nominal value of kEUR 192,307 (30 September 2014: kEUR 192,535), deposits with the central bank and demand and short-term fixed deposits with banks are held in an amount of kEUR 289,664 (30 September 2014: kEUR 157,479). These are reported in the Wirecard Group under the balance sheet items of "cash and cash equivalents", "non-current financial and other assets" and "current interest-bearing securities".

First-time consolidations resulted in an increase in cash and cash equivalents of kEUR 1,020 (9M 2014: kEUR 5,106).

Cash flows arising from business transactions denominated in foreign currencies are reported in the functional currency of the 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 kEUR	30.09.2015	30.09.2014
Cash and cash equivalents	793,297	614,696
Current interest-bearing liabilities	- 4,282	- 7,966
of which current bank borrowings	- 193	- 310
	793,104	614,386
of which current customer deposits from banking operations	- 289,664	- 157,479
<b>Cash and cash equivalents at end of period</b>	<b>503,440</b>	<b>456,907</b>

## 5.1 Cash flow from operating activities

Due to the special system used in Acquiring, which is heavily characterised by balance sheet date effects inherent in the business model, Wirecard decided to present a further statement on cash flows from operating activities in addition to the usual presentation of cash flows from operating activities to eliminate those items that are merely transitory in nature. 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 net current assets into account results in the inflow/outflow of funds from business operations. The inflow/outflow of funds from operating activities is determined by including the interest and tax payments.

The principal reasons for the changes in relation to the previous year are as follows: The unadjusted cash flow from operating activities in the nine-month period 2015 changed from kEUR 31,488 in the previous year to kEUR 86,217, mainly due to the special system used in Acquiring, which is impacted by cut-off date effects of a transitory nature inherent in the business model. It should be especially noted in this context – just like in previous years – 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, is expected to be offset by a countervailing trend in the following period. The cash flow from operating activities (adjusted) stood at kEUR 133,280 (9M 2014: kEUR 103,436). In line with the business model, the transaction volumes generated by business in Acquiring are reported under trade receivables as receivables from credit card organisations, acquiring partners and banks. At the same time, these business transactions give rise to liabilities to retailers, amounting to the transaction volume (less our commissions and charges). Receivables and liabilities (less our commissions and charges) are mostly transitory in nature and subject to substantial fluctuations from one balance sheet date to another.

#### **Interest received/paid in accordance with IAS 7.31**

Interest received in the nine-month period 2015 amounted to kEUR 535 (9M 2014: kEUR 529). Interest excluding loan interest paid in the nine-month period 2015 came to kEUR – 93 (9M 2014: kEUR – 158) and is reported under cash flow from operating activities.

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

Interest paid on loans in the nine-month period 2015 came to kEUR – 1,749 (9M 2014: kEUR – 1,916) and was included in the 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 nine-month period 2015 totalled kEUR – 14,327 (9M 2014: kEUR – 13,993) and was always classified as operating activities.

### **5.2 Cash flow from investing activities**

The cash flow from investing activities is the result of the inflow of funds from non-current assets (excluding deferred taxes) and the outflow of funds for investments in non-current assets (excluding deferred taxes). The cash flow from investing activities totalled kEUR – 58,409 (9M

2014: kEUR -91,737). Alongside investments relating to strategic transactions or M&A transactions to the amount of kEUR -13,142 (9M 2014: kEUR -55,771), this item mainly includes cash paid for investments in financial assets and interest-bearing securities to the amount of kEUR 12,999 (9M 2014: kEUR 0). Furthermore investing activities were made connected with the acquisition of the acquiring customer portfolio of Lufthansa AirPlus Servicekarten GmbH in the amount of kEUR 8,313.

This mainly affects:

### Substantial cash outflows for investments

in kEUR	9M 2015	9M 2014
Strategic transactions/M&A	13,142	55,771
Customer relationships	8,313	0
Medium-term financing-agreements i.a. with sales partners	533	750
Internally-generated intangible assets	19,800	18,355
Interest bearing securities and fixed deposit	12,999	0
Other intangible assets (software)	8,908	11,935
Property, plant and equipment	4,720	4,926

Disclosures pursuant to IAS 7.40 are as follows:

### Investments to acquire companies

in kEUR	9M 2015	9M 2014
Purchase prices paid	14,162	45,877
Acquired cash and cash equivalents	1,020	5,106
Net investment	13,142	40,771

## 5.3 Cash flow from financing activities

In the present report, interest paid and interest received is reported separately. In the process, interest directly related to financing is assigned to the cash flow from financing activities and all other to cash flow from operating activities.

Cash flow from financing activities in the nine-month period 2015 concerns the cash inflow from drawing on financial liabilities to the amount of kEUR 75,000 (9M 2014: kEUR 0) in relation to completed and planned corporate acquisitions and the cash outflow for the redemption of

financial liabilities to the amount of kEUR – 6,780 (9M 2014: kEUR – 131,427). In addition, financing was carried out as part of finance leases, which resulted in a net cash flow of kEUR – 4,430 (9M 2014: kEUR – 3,187). Cash flow from financing activities also reports outgoing cash flows for the acquisition of companies in previous years in an amount of kEUR – 23,479 (9M 2014: kEUR – 3,758).

### 5.4 Cash and cash equivalents at end of period

After taking into account these reported cash inflows and cash outflows (9M 2015: kEUR 49,275; 9M 2014: kEUR 144,752), exchange rate-related changes (9M 2015: kEUR – 1,963; 9M 2014: kEUR 1,082) and cash and cash equivalents at the start of the period (9M 2015: kEUR 456,127; 9M 2014: kEUR 311,073), cash and cash equivalents at the end of the period amounted to kEUR 503,440 (30 September 2014: kEUR 456,907).

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

#### Net Cash Position - Wirecard

in kEUR		30.09.2015		31.12.2014
Cash and cash equivalents		793,297		695,076
Trade and other receivables		380,310		354,602
Interest-bearing liabilities / other current liabilities		- 56,813		- 69,083
Customer deposits from banking operations	- 475,648	- 270,754	- 396,733	- 224,736
Non-current interest-bearing securities	57,616		49,078	
Interest-bearing securities and fixed-term deposits	147,277		122,919	
Trade payables		- 287,559		- 298,367
<b>Net Cash Position - Wirecard</b>		<b>558,481</b>		<b>457,492</b>

## 5.5 Free cash flow

In addition to the described cash flow statement, Wirecard also uses the free cash flow to evaluate its operating performance and to provide an overview of the cash and cash equivalents generated by the operating business. Free cash flow is defined as cash flow from operational 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 and for dividend payments.

### Free cash flow

in kEUR	30.09.2015	30.09.2014
Cash flow from operating activities (adjusted)	133,280	103,436
Operative CAPEX	33,428	35,216
<b>Free cash flow</b>	<b>99,852</b>	<b>68,220</b>

After investments in new and innovative products that will only lead to appreciable cash flows in subsequent years, the cash conversion rate thus stands at 101.6 percent.

### Cash conversion

in kEUR	30.09.2015	30.09.2014
Free cash flow	99,852	68,220
Earnings after tax	98,265	74,158
<b>Cash conversion in percent</b>	<b>101.6</b>	<b>92.0</b>

## 6. Other notes

### 6.1 Segment reporting

Reportable segments are determined in accordance with internal reporting. Apart from sales revenue, operating earnings before interest, tax, depreciation and amortisation (EBITDA) is also used as an internal measurement criterion, which is why EBITDA is also reported by segment. The settlement of services between the segments is made on the basis of third-party comparisons. 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 Centre & Communication Services". The "Acquiring & Issuing" segment comprises all of the business areas of Wirecard Bank AG, Wirecard Acquiring & Issuing GmbH Wirecard Ödeme ve Elektronik Para Hizmetleri A.Ş and Wirecard Card Solutions Ltd.

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

The **Acquiring & Issuing (A&I)** segment completes and extends the value chain of the Wirecard Group with the financial services provided via Wirecard Bank AG, Wirecard Card Solutions Ltd., Wirecard Ödeme ve Elektronik Para Hizmetleri A.Ş., Istanbul (Turkey) (formerly: Mikro Ödeme Sistemleri İletişim San.ve Tic. A.Ş.) and the financial services offered by Wirecard Acquiring & Issuing GmbH. 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.

In Issuing, prepaid 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)** 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.

In addition, information is provided on geographical regions according to production locations. These are split into three regions. The “Europe” segment contains Wirecard Payment Solutions Holdings Ltd., Dublin (Ireland) and its subsidiaries, Wirecard Card Solutions Ltd., Newcastle (United Kingdom), Wirecard (Gibraltar) Ltd., Wirecard Central Eastern Europe GmbH, Klagenfurt (Austria) and Wirecard Ödeme ve Elektronik Para Hizmetleri A.Ş., Istanbul (Turkey) (formerly: Mikro Ödeme Sistemleri İletişim San.ve Tic. A.Ş.). The segment “Other foreign countries” includes the companies cardSystems Middle East FZ-LLC, Dubai (United Arab Emirates), Wirecard Processing FZ LLC, Dubai (United Arab Emirates), Wirecard Asia Holding Pte. Ltd. (Singapore), Wirecard Payment Solutions Malaysia SDN BHD, Kuala Lumpur (Malaysia) (formerly: Korvac (M) SDN BHD) and Wirecard Singapore Pte. Ltd (Singapore) and its respective subsidiaries, PT Prima Vista Solusi (Indonesia), Trans Infotech Pte. Ltd. (Singapore) with its subsidiaries, PT Aprisma Indonesia (Indonesia), GFG Group Limited (New Zealand), Wirecard Africa Holding Proprietary Ltd., Cape Town (South Africa) (formerly: Amara Technology Africa Proprietary Limited) and Wirecard India Private Ltd., Mumbai (India) (formerly: Visa Processing Services (India) Pte. Ltd.). The segment “Germany” includes all other companies within the Wirecard Group.

As part of the homogenisation of the Wirecard Group’s various technical platforms, various retailers and retailer groups that were previously included in the Europe region now use Asian platforms, which has had a corresponding impact on the geographical distribution. Consolidating and centralising technical functions on platforms at locations in Europe and Asia serves to boost internal efficiency, harmonise the product landscape for all of the subsidiaries and optimise the processing time for regional payment transactions.

## Revenues by operating divisions

in kEUR	9M 2015	9M 2014	Q3 2015	Q3 2014
Payment Processing & Risk Management (PP&RM)	394,372	311,581	149,555	117,492
Acquiring & Issuing (A&I)	185,912	147,432	65,597	50,659
Call Center & Communication Services (CC&CS)	4,898	3,923	1,769	1,361
	585,182	462,936	216,922	169,512
Consolidation PP&RM	- 36,068	- 33,344	- 13,045	- 12,165
Consolidation A&I	- 4,869	- 2,771	- 1,750	- 984
Consolidation CC&CS	- 3,264	- 2,581	- 1,231	- 939
<b>Total</b>	<b>540,981</b>	<b>424,240</b>	<b>200,895</b>	<b>155,425</b>

### EBITDA by operating divisions

in kEUR	9M 2015	9M 2014	Q3 2015	Q3 2014
Payment Processing & Risk Management	130,850	96,795	50,565	37,967
Acquiring & Issuing	27,161	23,888	9,311	7,892
Call Center & Communication Services	300	272	169	142
	158,312	120,955	60,045	46,001
Consolidations	39	-1	7	0
<b>Total</b>	<b>158,351</b>	<b>120,954</b>	<b>60,051</b>	<b>46,001</b>

### Regional revenue breakdown

in kEUR	9M 2015	9M 2014	Q3 2015	Q3 2014
Germany	244,209	196,844	95,423	67,754
Europe	152,868	125,759	53,677	42,522
Other countries	161,114	117,247	57,946	50,457
	558,191	439,851	207,046	160,732
Consolidation Germany	- 3,941	- 3,872	- 1,216	- 1,268
Consolidation Europe	- 11,435	- 10,001	- 4,399	- 3,514
Consolidation Other countries	- 1,834	- 1,737	- 536	- 525
<b>Total</b>	<b>540,981</b>	<b>424,240</b>	<b>200,895</b>	<b>155,425</b>

### EBITDA by regions

in kEUR	9M 2015	9M 2014	Q3 2015	Q3 2014
Germany	52,482	38,279	26,280	16,576
Europe	53,858	48,129	18,427	16,150
Other countries	51,962	34,534	15,235	13,264
	158,303	120,942	59,942	45,989
Consolidations	48	11	7	11
<b>Total</b>	<b>158,351</b>	<b>120,954</b>	<b>59,949</b>	<b>46,001</b>

## 6.2 Obligations from leasing agreements

The companies in the Wirecard Group have entered into leasing agreements for, amongst other things, IT components, terminals and vehicles. The payment obligations for these financial leasing agreements to the amount of kEUR 13,703 are recognised under other current and non-current liabilities. The obligations from operating leases as of 30 September 2015 stood at kEUR 1,709.

## 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

**Burkhard Ley**, banker, member of the Management Board since 1 January 2006  
CFO  
Other Supervisory Board mandates: Backbone Technology AG, Hamburg (Germany)

**Jan Marsalek**, computer scientist, member of the Management Board since 1 February 2010  
COO

### 7.2 Supervisory Board

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

**Wulf Matthias (Chairman), Senior Advisor to M.M. Warburg & Co, Hamburg**

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, Managing Partner of 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)
- Holvi Payment Services Oy, Helsinki (Finland)

**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 (events that must be taken into account) have been included in the consolidated financial statements. Events not to be taken into account after the balance sheet date are reported in the Notes if material in nature. These are as follows:

After the end of the reporting period, Wirecard AG entered into agreements to acquire the payments business of Great Indian (GI) Retail Group on 27 October 2015. Founded in 2006, GI Retail Group is one of India's and South East Asia's leading electronic payment and retail-assisted e-commerce groups. Wirecard will acquire 100 percent of the shares of companies operating payment services in India, the Philippines, Indonesia and Malaysia under the brands "iCASHCARD", "Smartshop", "StarGlobal", "Commerce Payment" as well as several segment brands. Furthermore, Wirecard will also acquire 60 percent of the shares in GI Technology Private Limited (GIT), a licensed Prepaid Payment Instrument (PPI) issuer in India. Wirecard will take over more than 900 staff in offices in Delhi, Chennai, Hyderabad, Bangalore, Mumbai, Kolkata, Lucknow, Manila, Batam and Kuala Lumpur. The total cash consideration including a capital increase of GI Technology will amount to EUR 230 million, completely paid for in cash and financed by own capital and by committed bank loans. Further payments of up to a total of EUR 110 million are linked to the overall financial performance of the acquired businesses in calendar years 2015 to 2017. Elements of the agreement are subject to certain closing conditions. Consolidated revenues from the acquired businesses are well on track to exceed EUR 45 million in calendar year 2015, an increase of more than 50 percent compared to calendar year 2014, and EBITDA is expected to more than double in comparison to 2014 year-on-year to exceed EUR 7 million in 2015. Revenues for calendar year 2016 are expected to exceed EUR 75 million and EBITDA after integration costs is expected to be between EUR 15 million and EUR 18 million in 2016.

Visa Inc. announced on 2 November 2015 its proposed acquisition of Visa Europe Limited, subject to regulatory approvals. If this transaction is completed Wirecard Bank AG will as a shareholder and member of Visa Europe Limited be entitled to a certain consideration. The consideration consists of an upfront consideration receivable on completion comprising cash and preferred stock convertible into Visa Inc. class A common stock as well as of a potentially additional deferred cash consideration payable following the fourth anniversary of closing subject to an earn-out mechanism. The preferred stock and earn-out elements of the

consideration are contingent upon certain factors. Wirecard Bank AG received additional information from Visa Europe Limited on 5 November 2015 based on which Wirecard AG currently estimates the total value of the consideration receivable by Wirecard Bank AG to amount to approx. EUR 100 million in total. The figures specified for the consideration are, however, approximate and based on current estimates, since Wirecard AG has not yet all relevant information to calculate the consideration. The actual amounts received by the Wirecard Bank AG may therefore differ.

Aschheim, 17 November 2015

### **Wirecard AG**



Dr. Markus Braun



Burkhard Ley



Jan Marsalek

# Imprint

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Please visit our website to find news and events in the Investor Relations section:  
[ir.wirecard.com](http://ir.wirecard.com)

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