Concerning item 10 of the agenda of the General Meeting to be held on 16 June 2016, the Management Board and the Supervisory Board propose to cancel the existing authorisation from the year 2012 to issue convertible bonds and/or warrant bonds as well as the corresponding Conditional Capital 2012 and to replace them with a new authorisation and a new conditional capital (Conditional Capital 2016). The new authorisation to issue convertible Bonds and/or warrant Bonds or participation rights and/or profit participating Bonds (or combinations of such instruments) once again also provides for the authorisation to exclude the subscription right. Pursuant to Section 221(4) sent. 2 in conjunction with Section 186(4) sent. 2 AktG, the Management Board submits to the General Meeting the following report concerning item 10 of the agenda with regard to the reasons of the authorisation to exclude the subscription right:

1. Initial situation

The General Meeting of 26 June 2012 authorised the Management Board under item of the agenda to issue warrant and/or convertible bonds in a total nominal amount of up to EUR 300,000,000.00 until 25 June 2017 and to grant the holders or creditors of such bonds option or conversion rights to shares in the Company up to a pro rata amount of EUR 25,000,000.00 in total. To service the warrant and conversion rights arising from these bonds, the same General Meeting resolved on a Conditional Capital 2012 in the amount of EUR 25,000,000.00 (equal to about 22.32 % of the then existing share capital) (Article 4(4) of the Articles of Association). The Authorisation 2012 provides, inter alia, for the possibility, in accordance with Section 221(4) sentence 2 in conjunction with Section 186(3) sent. 4 AktG, of excluding the shareholders’ subscription right when issuing bonds with conversion and/or option rights against cash payment if the issue price of the bonds does not fall substantially short of the hypothetical market value and the Debentures grant or impose conversion or option rights for shares not exceeding 10 % of the share capital existing at that time. This 10 % cap shall include both new shares issued after the beginning of 26 June 2012 with a facilitated exclusion of the subscription right according to Section 186(3) sent. 4 AktG and own shares sold after this date by excluding the subscription right according to § 186(3) sent. 4 AktG.

The Authorisation 2012 has not been used so far. However, in February 2014 the Company implemented a cash capital increase from the authorised capital resolved upon by the same General Meeting on 26 June 2012 amounting to EUR 11,198,345.00 (equal to about 10 % of the former share capital) with the shareholders’ subscription right being excluded according to Section 186(3) sent. 4 AktG. Therefore, due to the aforementioned inclusion rule, the authorisation for a facilitated exclusion of the subscription right has been exhausted also with regard to the issue of bonds with conversion and/or option rights or conversion and/or option obligations.

To provide the company with the flexibility required to issue bonds in the future, the existing Authorisation 2012 shall be cancelled and replaced with a new authorisation to issue convertible
and/or warrant bonds, which again provides for an authorisation for a facilitated exclusion of the subscription right according to Section 221 (4) sent. 2 in conjunction with Section 186 (3) sent. 4 AktG, and the Conditional Capital 2012 shall be replaced by a new Conditional Capital 2016. As part of this, the nominal amount of the bonds to be issued under the authorisation shall remain EUR 300,000,000.00, the volume of the new Conditional Capital 2016 to be created to service the bonds shall be adjusted to current conditions and total only EUR 12,356,558.00 (which equates to 10 % of the current share capital).

2. **Advantages of such financing instruments**

Adequate capital resources constitute an essential requirement for the Company’s business development. The proposed authorisation to issue Bonds shall make it possible for the Company to use attractive financing opportunities in a flexible and timely manner. This shall enable the Company to use, apart from the typical means of borrowed capital (bank loans) and equity capital, also the instrument of Bonds for the purpose of financing acquisitions and other expansions of its business thereby being in a position to address different groups of investors in order to select, in the interest of the shareholders, the most suitable financing instrument in the relevant market situation in relation to the possibilities of placement and achievable prices. Furthermore, the Company can provide for a conversion or warrant obligation or a put option of the issuer and service the Bonds by offering treasury shares, offering shares from authorised capital or making a cash payment thereby extending the leeway for such financing instruments.

For reasons of flexibility, the Company acting through affiliated companies (verbundene Unternehmen) within the meaning of Sections 15 et seqq. AktG shall also be able to use German or international capital markets, depending on the market situation, and to issue the Bonds also in the statutory currency of an OECD country, apart from euro.

3. **Conversion or warrant price**

The conversion or warrant price shall not fall short of a minimum issue amount, whose calculation basis is precisely specified. In each case, the calculation shall be based upon the stock exchange price of the Wirecard share at the time when the Bond is placed or in the case of a conversion or warrant obligation or a put option, if any, alternatively upon the stock exchange price of the Wirecard share at the time when the conversion/warrant price is determined as more closely specified in the bond conditions.

The conversion/warrant price may be adjusted in specific cases as more closely specified in the bond conditions in order to provide protection against dilution in accordance with the authorisation. A protection against dilution or adjustments can be stipulated in particular for cases of changes in the capital of the Company during the term of the Bonds, but also in relation to dividend payments, the issuing of further convertible/warrant bonds, transformation measures as well as in case of any other event with effects on the value of the conversion or warrant rights that may occur during the term of the Bonds (e.g. acquisition of control by a third party). A protection against dilution or adjustments can be provided or made especially by granting subscription rights, changing the conversion/warrant price and changing the grant of a cash component.

4. **Subscription right and exclusion of subscription right**
The shareholders shall, in principle, have a subscription right when Bonds of this type are issued (Section 221(4) in conjunction with Section 186(1) AktG). The Management Board may also use the possibility to issue the Bonds to a credit institution or the members of a consortium of credit institutions or companies deemed equivalent to them according to Section 186(5) sent. 1 AktG with the obligation to offer the Bonds to the shareholders in line with their subscription right (indirect subscription right within the meaning of Section 186(5) AktG). This is no restriction on the shareholders’ subscription right. The shareholders are finally granted the same subscription rights as in case of a direct subscription. For reasons of technical processing, only one or several credit institutions or companies deemed equivalent to them will be involved in the processing.

The Management Board can, however, with the consent of the Supervisory Board, exclude the shareholders’ subscription right in specific cases:

(i) Exclusion of the subscription right for fractional amounts resulting from the subscription ratio

The authorisation to exclude the subscription right for fractional amounts serves the purpose that, with regard to the amount of the respective issue, a practical subscription relationship can be presented. The value of the fractional amounts is, as a rule, low for each shareholder and thus the potential dilution effect is to be considered insignificant as well. However, the expenditure involved in an issue without such an exclusion is substantially larger. The exclusion serves the feasibility and facilitated execution of an issue. Therefore, the Management Board and the Supervisory Board deem the potential exclusion of the subscription right for fractional amounts to be objectively justified and appropriate by considering the shareholders’ interests. The Bonds excluded from the shareholders’ subscription right as free peaks are sold in the best possible way for the Company either by sale via the stock exchange or in any other manner.

(ii) Exclusion of the subscription right in favour of the holders or creditors of previously issued warrant rights or conversion rights or corresponding obligations

It shall also be possible to exclude the shareholders’ subscription right insofar as necessary in order to grant holders or creditors of warrant or conversion rights or warrant or conversion obligations under previously issued Bonds a subscription right to the same extent as they would be entitled to as shareholders after exercising these rights or satisfying these obligations. The customary exclusion of the subscription right in favour of the holders or creditors of previously issued Bonds has the advantage that the warrant or conversion price for the previously issued Bonds regularly provided with an anti-dilution mechanism, e.g. in capital measures, does not need to be reduced. It is thereby possible to place the Bonds in several tranches in a more attractive way allowing a higher cash inflow for the Company on the whole. Therefore, this case of the exclusion of the subscription right is also in the interest of the Company and its shareholders.

(iii) Facilitated exclusion of the subscription right by analogous application of Section 186(3) sent. 4 in conjunction with Section 202(4) sent. 2 AktG

The Management Board shall furthermore be authorised, by analogous application of Section 186(3) sent. 4 AktG, to exclude the subscription right with the consent of the Supervisory Board when issuing Bonds against cash payment, if the issue price of the
Bonds is not significantly below their market value. This may be appropriate to place a Bond quickly and flexibly on the market on attractive conditions. As stock markets may be volatile, the achievement of an as advantageous issue result as possible will increasingly depend on whether it is possible to respond to market trends in the short term. Favourable conditions which are, as far as possible, related to the market can, as a rule, be stipulated only if the Company is not bound by them for a too long offer period. When issuing subscription rights, a substantial markdown is, as a rule, required to ensure the chances of success of the issue over the entire offer period. Section 186(2) AktG does in fact permit a publication of the subscription price (and thus the conditions of these warrant and convertible bonds) by no later than three days before the end of the subscription period. In view of the volatility on the stock markets, there is, however, also a market risk over several days, which leads to markdowns when stipulating the conditions for the bonds. The alternative placement with third parties is also in danger or associated with additional expenses when granting a subscription right owing to the uncertainty concerning its exercise (subscription behaviour). Ultimately, granting a subscription right will inhibit the Company from promptly responding to a change in the market conditions due to the length of the subscription period, which may result in a less favourable capital procurement for the Company.

The interests of the shareholders are safeguarded by issuing the Bonds at a price that is not significantly below the market value. It is thereby ensured that a significant financial dilution of the value of the shares will be prevented. Whether such a dilution effect will occur when issuing corresponding Bonds with conversion or warrant rights or obligations as well as put options, free of subscription rights, can be determined by calculating the hypothetical market value of the Bonds according to recognised, in particular financial mathematical, methods and comparing it with the issue price. If, following a due and proper examination, this issue price is only insignificantly below the hypothetical stock exchange price (market value) at the time when the Bonds are issued, an exclusion of subscription rights is permitted according to the sense and purpose of the provision set out in Section 186(3) sent. 4 AktG owing to the only insignificant deduction. When fixing the price by taking into account the relevant situation on the capital market, the management will keep the discount on this market value as small as possible. Thus, the calculated market value of a subscription right will be low so that the shareholders cannot suffer any significant financial disadvantage from the exclusion of the subscription right.

A stipulation of conditions similar to those available on the market and thus an avoidance of a significant value dilution can also be effected by the Management Board using a so-called book-building process. In this process, investors are requested to submit purchase applications on the basis of provisional bond conditions by specifying, for example, the interest rate deemed fair and/or other economic components. At the end of the book-building period, conditions that have not been stipulated so far, e.g. the interest rate, are fixed on the basis of the purchase applications submitted by investors taking into account the market situation according to the principle of supply and demand. The aggregate value of the Bond is thereby determined in relation to the market situation. Such book-building process allows the Management Board to also ensure that the value of the share will not be significantly diluted by excluding the subscription right.
Furthermore, it is also possible for the shareholders to maintain their share in the Company’s share capital on approximately the same conditions by acquiring shares via the stock exchange. Their financial interests are thereby safeguarded. The authorisation to exclude the subscription right on facilitated terms pursuant to Section 221(4) sent. 2 in conjunction with Section 186(3) sent. 4 AktG shall apply only to Debentures with rights and obligations to acquire shares in a pro rata amount of the share capital which in total may not exceed 10 % at the time when this authorisation comes into effect and - insofar as this amount is lower - at the time when this authorisation is exercised.

This limit shall include shares issued or sold in direct or analogous application of Section 186(3) sent. 4 AktG during the term of this authorisation up to the time of it being exercised. Furthermore, this limit shall also include shares to be issued or granted on the basis of a convertible or warrant bond issued during the term of this authorisation with a facilitated exclusion of subscription rights in accordance with Section 186(3) sent. 4 in conjunction with Section 221(4) sent. 2 AktG. Counting said shares towards the limit is done in the shareholders’ interest in having their holdings diluted as little as possible.

(iv) Bonds against contributions in kind

Bonds may also be issued against contributions or payments in kind provided this is in the interest of the Company. In this case, the Management Board is also authorised - with the consent of the Supervisory Board - to exclude the subscription right. This shall allow the Company, inter alia, to use the Bonds as an acquisition currency for buying, in suitable specific cases, such contributions or benefits in kind against the transfer of such financial instruments within the scope of mergers of companies or for the acquisition (including an indirect acquisition) of companies, establishments, divisions, shareholdings or other assets or claims for the acquisition of assets, including receivables against the Company or its affiliated companies within the meaning of Sections 15 et seqq. AktG.

This authorisation makes it possible to quickly and flexibly use advantageous opportunities on the national and international market for an expansion of the Company by issuing Bonds in the interest of the Company and its shareholders. In contrast to a cash payment, the issue of Bonds will save the Company’s liquidity thus often being the more favourable form of financing. The Management Board is also entitled to grant holders of receivables against the Company or its affiliated companies within the meaning of Sections 15 et seqq. AktG Bonds of the Company, either wholly or partially, instead of a payment of money. This will provide the Company with additional flexibility for implementing measures intended to improve the capital structure.

The management will carefully review on a case-by-case basis whether it should make use of the authorisation once the acquisition opportunities materialise. It will exclude the shareholders’ subscription right only when such an exclusion is in the best interest of the Company.

The authorisations to exclude the subscription right as described under (i) to (iv) above are limited to the extent that they only apply to Bonds for shares with a calculated share in the share capital that may not exceed 20 % of the share capital at the time when this authorisation takes effect in total. This 20 % limit shall include shares which (i) are issued or sold during the term of this authorisation by excluding the subscription right against a contribution in cash and/or in kind,
or (ii) are to be issued due to a convertible or warrant bond issued during the term of this authorisation on the basis of another authorisation by excluding the subscription right.

When considering all these facts and circumstances, the authorisation to exclude subscription rights is, to the extent described, necessary, suitable and reasonable as well as required in the interest of the Company.

5. **Conditional Capital, other options**

The proposed Conditional Capital 2016 serves the purpose of servicing the conversion and/or warrant rights, conversion and/or warrant obligations or put options associated with the convertible Bonds and/or warrant Bonds.

The bond conditions can stipulate or permit that it is also possible to optionally use shares from authorised capital or, in the event of a relevant separate authorisation of the Management Board by the General Meeting, the Company’s treasury shares for the purpose of servicing conversion and warrant rights or conversion and warrant obligations or in relation to put options. This option allows the Company to also use previously existing shares or other capital measures to service the Bonds thereby increasing the Company’s flexibility. Furthermore, the bond conditions may require that the number of shares to be granted upon the exercise of the conversion or warrant rights or upon compliance with corresponding obligations or an exchange ratio in this respect be variable and rounded up or down to a whole number.

The bond conditions can also stipulate or permit that the Company shall not grant shares of the Company, but pay the equivalent amount in cash which, according to the more specific details of the bond conditions, corresponds to the average value of the shares in the final auction in XETRA trading (or a comparable successor system) during the last ten to twenty stock exchange days before the declaration or obligation of conversion or option exercise on the Frankfurt Stock Exchange. The Company can use such virtual Bonds to obtain finance on terms which are similar to those available on the capital market without a real capital measure subject to company law actually having to be carried out. This measure takes into account the fact that an increase in the share capital may potentially be unwelcome at a future time when the Bonds are exercised or corresponding obligations are satisfied. Apart from that, by using the possibility of cash payment, shareholders are protected against a reduction in their participation ratio as well as against a dilution of the value of their shares because no new shares are being issued. On the other hand, the bond conditions may also give the Company the right to grant the holders or creditors of the Bonds on the due date of the Bonds, either wholly or partially, shares in the Company instead of paying the amount due.

The Management Board will inform the General Meeting of any exercise of the authorisation.

Aschheim, May 2016

Wirecard AG
The Management Board