

Transition To Tomorrow  
Half Year Financial Report  
as of 30 June 2019

# TRANSITION

wirecard

# Key figures

| Group  | 6M 2019        | 6M 2018   |                |
|--|----------------|-----------|----------------|
|  |                | adjusted* |                |
| Revenues                                       | <b>1,209.8</b> | 885.2     | in EUR million |
| EBITDA   | <b>342.1</b>   | 252.0     | in EUR million |
| EBIT   | <b>277.1</b>   | 200.1     | in EUR million |
| Earnings per share                             | <b>1.92</b>    | 1.27      | in EUR         |
| Cash flow from operating activities (adjusted) | <b>284.0</b>   | 196.2     | in EUR million |
| Employees (average)                            | <b>5,623</b>   | 4,989     |                |
| of which part-time                             | <b>327</b>     | 335       |                |

| Segments                             |          | 6M 2019        | 6M 2018   |                |
|--------------------------------------|----------|----------------|-----------|----------------|
|                                      |          |                | adjusted* |                |
| Payment Processing & Risk Management | Revenues | <b>915.2</b>   | 624.6     | in EUR million |
|                                      | EBITDA   | <b>290.4</b>   | 208.3     | in EUR million |
| Acquiring & Issuing                  | Revenues | <b>333.3</b>   | 295.7     | in EUR million |
|                                      | EBITDA   | <b>51.9</b>    | 43.8      | in EUR million |
| Call Center & Communication Services | Revenues | <b>4.6</b>     | 4.6       | in EUR million |
|                                      | EBITDA   | <b>-0.2</b>    | 0.0       | in EUR million |
| Consolidation                        | Revenues | <b>-43.3</b>   | -39.7     | in EUR million |
|                                      | EBITDA   | <b>0.0</b>     | -0.1      | in EUR million |
| Total                                | Revenues | <b>1,209.8</b> | 885.2     | in EUR million |
|                                      | EBITDA   | <b>342.1</b>   | 252.0     | in EUR million |

\* Some of the amounts disclosed differ from the figures in the Interim Report as of 30 June 2018 due to adjustments made in accordance with IAS 8.

"Our global financial commerce platform offers merchants and customers worldwide convenient, secure and innovative future solutions which go well beyond digital payments."

Dr. Markus Braun, CEO

# Preliminary remark

This Half Year Financial Report as of 30 June 2019 was prepared in accordance with the requirements of the International Financial Reporting Standards (IFRS) valid in the European Union for interim financial reporting and the regulations in the German Securities Trading Act (WpHG). The report includes an interim group management report, the condensed half year consolidated financial statements and the responsibility statement. It was approved for publication by the Management Board of Wirecard AG on 6 August 2019. This Half Year Financial Report has neither been audited nor reviewed by an auditor.

The explanations provided in the Annual Report 2018 also apply to this Half Year Financial report and should thus be taken into consideration. Please also refer, in particular, to the relevant section in the Group Management Report 2018. Any deviations from the above are explained below and the business performance and significant business transactions in the first half of 2019 are presented accordingly.

Alongside the half-year figures, this report also contains the figures for the second quarter which must be presented in the form of a quarterly statement in accordance with the regulations of the Frankfurt Stock Exchange.

Wirecard AG generally publishes its figures in EUR million; it is possible that rounding differences may occur.

This report is also available in German; the German version of this report takes precedence in the event of any deviations.

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# I. Interim Group Management Report

## 1. Group and employees

### 1.1 Group structure and group environment

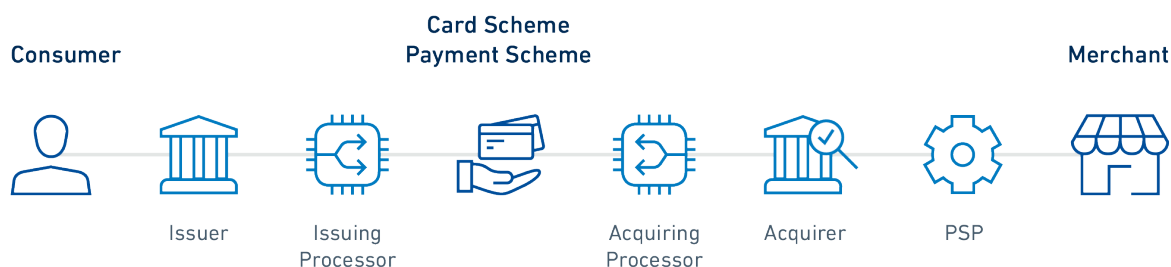
Wirecard (hereafter also referred to as the “Group”) is a global technology group that supports its customers and partners in accepting electronic payments from all sales channels and also in the issuing of payment instruments. As a leading international independent supplier, Wirecard offers outsourcing and white label solutions for electronic payments. International payment acceptances and methods with supplementary fraud prevention solutions, as well as card issuing, can be provided via a global platform.

The acquiring and issuing services are linked with one another via the integrated platform and are made accessible via Internet technology (APIs). With regard to issuing own payment instruments in the form of cards or mobile payment solutions, Wirecard provides companies with an end-to-end infrastructure, including the requisite licences for card and account products. The uniform platform approach and seamlessly integrated value added services

such as data analytics, customer loyalty programmes and digital banking services support customers and partners of Wirecard to successfully master the challenges of digitalisation.

### Group environment and competitive position

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



Credit card companies or suppliers of alternative types of payment provide secure networks or solutions for electronic transactions. Customers want to simply and securely conclude their transactions in real time and possess for this purpose a card product from a card issuing institution (issuer) or use an alternative payment method. It is important for merchants to offer their target groups their favoured type of payment and to keep the number of cancelled purchases and payment defaults as low as possible. In order to process transactions via card networks and distribute money to the merchant's account, the merchant requires an acquirer. Only licensed financial services companies are permitted to offer issuing or acquiring services and thus to carry out the associated transfers of funds. A payment service provider is responsible for the technical processing of electronic payments and supplements these services mostly with risk management and fraud prevention solutions.

Irrespective of the sales channel, Wirecard offers services across all areas of electronic payments to its customers and partners. While there are numerous local and regional competitors around the world who cover individual subsections of the value added chain, Wirecard stands out on the market due to its provision of a full portfolio of services and by combining all services on an integrated platform solution. International customers with complex business models can be supported in all areas of electronic payment transactions. Wirecard enables merchants to reduce the complexity of electronic payment to a minimum and to optimise sales processes by integrating all services from payment processing, risk management and fraud prevention, value added services and card acceptance via its own and third party financial institutions through to banking services such as treasury and currency management. Additional digital services in the area of data analytics, customer loyalty programmes and financial services provide merchants with an insight into consumer behaviour and enable them to develop personalised offers.

Wirecard provides companies and consumers with physical and virtual card products, as well as all services dealing with the issuing of payment instruments, all on the same platform. The range of services is rounded off with technical processing services for credit card networks and banks, as well as with software solutions for mobile banking applications and mobile and bricks and mortar card acceptance, especially in Asia. Products, services and value added services in the area of issuing and acceptance can be combined to reduce the complexity of the electronic payment process and all downstream processes to a minimum for merchants and to help them realise synergies with respect to processing, costs and data.

For a comprehensive overview of the business activities and products of Wirecard and its objectives, strategy and corporate management, as well as research and development within the Group, please refer to the corresponding chapter in section I. Foundations of the Group in the Group Management Report in the Annual Report 2018.

### **Global presence**

Wirecard provides its international and globally active customers and partners with local support via its regional sites for technology, services and sales which are located around the world. Wirecard's global presence covers Europe, the Asia-Pacific region, Latin America, North America, and the Middle East / Africa. The core European markets are Germany, France, Great Britain, Ireland, Austria and Romania. The global presence of Wirecard is structured around five key locations, to which smaller locations in other countries are assigned. These are the Group headquarters in Aschheim for Europe, Singapore for the Asia-Pacific region, São Paulo for Latin America, Conshohocken (Philadelphia) for North America and Dubai for the Middle East / Africa.

### **Organisational structure**

The organisational structure of the Group reflects the interconnection of technology and financial services. The Group parent company Wirecard AG, headquartered in Aschheim near Munich, assumes responsibility for strategic corporate planning and the central tasks of Human Resources, Legal, Group Compliance, Treasury, Controlling, Accounting, Group Audit, M&A, Strategic Alliances and Business Development, Corporate Risk Management, Corporate Communications and Investor Relations, as well as Facility Management. The holding company also manages the acquisition and management of participating interests.

The core task of the operation and modular development of the platform is the responsibility, in particular, of the technology-oriented subsidiaries in Munich (Germany), Kosice (Slovakia), São Paulo (Brazil), Chennai (India) and Dubai (United Arab Emirates). The area of Professional Services at these technology-oriented subsidiaries supports the set-up process for large customers and interface integration. The innovation department Wirecard Labs orientates the innovation strategy for the Group from the technology-oriented subsidiaries.

The subsidiaries that specialise in financial services hold the licenses for banking services, money transfers or e-money, as well as the memberships of global credit card companies, such as Visa, Mastercard and other credit card companies, and also providers of alternative payment processes. In addition, these subsidiaries are responsible for the areas of merchant compliance, risk management and underwriting.

Wirecard markets its products and solutions via its sales locations worldwide. They are closely linked with the technology-oriented subsidiaries and those specialising in financial services. The sales activities are structured globally around the target sectors of consumer goods, digital goods and travel and mobility. Experts in each sector are based in Aschheim and also at the international sales branches. The way in which the sales structure is aligned towards the customer sectors ensures expertise in each sector. This in turn guarantees a targeted sales

approach and a high level of problem-solving skills, which increases sales success.

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

A list of the subsidiaries within the Group can be found in the section "Scope of consolidation" in II. Condensed half year consolidated financial statements of this report.

### **Changes to the Group and organisational structure in and after the reporting period**

As part of a joint project between the Supervisory Board and Management Board to sustainably improve the Group-wide compliance structures, the Compliance Department was established as an independent unit within the Group after the reporting period. This ensures that there is a completely independent advisory and supervisory function within the Group structure and will accelerate the development of the internal compliance management system.

On 13 March 2017, Wirecard and the Citigroup subsidiaries CITIBANK, N.A. and CITIBANK OVERSEAS INVESTMENT CORPORATION agreed on the acquisition of the customer portfolios of Citi's credit card acceptance business in several Asian-Pacific markets by Wirecard AG. The portfolios to be acquired comprise a long-standing customer base of more than 20,000 merchants, particularly from the travel and mobility sector, the financial services sector, luxury goods, retail trade and technology and telecommunications. The acquisition of the transaction has been successfully completed with the closing of the portfolios in Singapore, Hong Kong, Malaysia, the Philippines, India, Australia and New Zealand. The expectations with regard to the originally assumed transaction volume from the takeover of the customer portfolios were clearly exceeded. The acquired customers will be migrated by 2020.



As part of the worldwide organic expansion of the Group's presence and its sales activities, the new companies Beijing Wirecard Technology Solutions Co. Ltd., based in Beijing (China), as well as Wirecard U.S. Holdings, Inc., based in Delaware (USA), were founded in the first half of 2019. In addition, the two Group companies based in Cape Town (South Africa) Wirecard South Africa Proprietary Ltd. and MyGate Communications Pty Ltd. were merged to form Wirecard Africa Holding Proprietary Ltd., based in Cape Town (South Africa) in the first half of 2019.

Please refer to Chapter 1 of the notes to the condensed half year consolidated financial statements for further details on the legal structure of Wirecard, changes to the Group structure and a full list of all consolidated subsidiaries in the Group.

#### Group management and supervision

The Management Board is responsible for the management of the Group. It had four members as of 30 June 2019:

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

The Supervisory Board of Wirecard AG had an unchanged number of six members as of 30 June 2019:

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

Alfons W. Henseler resigned from the Supervisory Board of Wirecard with effect from 18 June 2019. Stefan Klestil was appointed as Deputy Chairman of the Supervisory Board as a result. Thomas Eichelmann joined the Supervisory Board of Wirecard AG with effect from 18 June 2019.

At the beginning of the reporting period, the Supervisory Board implemented the structural professionalisation measures that had been prepared in the previous fiscal year and formed the following three permanent committees:

- Audit Committee
- Nomination, Remuneration and HR Committee
- Risk and Compliance Committee

The remuneration scheme for the Management Board consists of fixed and variable components, while the remuneration scheme for the Supervisory Board consists of fixed components. Further information can be found in the remuneration report in section I. Foundations of the Group published as part of the Annual Report 2018.

#### Reporting segments

The Group reports on its business performance in three segments, which are closely interconnected with one another operationally:

##### Payment Processing & Risk Management (PP&RM)

The largest Group segment Payment Processing & Risk Management (PP&RM) accounts for all products and services related to electronic payment processing, risk management and other value added services. The business activities of the companies in the Wirecard Group included in the Payment Processing & Risk Management reporting segment exclusively comprise products and services that are involved with acceptance or transactions and the processing of electronic payments and associated processes.

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

The Acquiring & Issuing (A&I) segment completes and extends the value chain of Wirecard. In the acquiring business, merchants are offered settlement services for credit card sales for online and terminal payments. In addition, merchants can process their payment transactions in numerous currencies via accounts kept with Wirecard Bank AG. In issuing, prepaid cards and debit cards are issued to private and business customers. Private customers are additionally offered current accounts combined with prepaid cards and Giro-card/Maestro cards.

### Call Center & Communication Services (CC&CS)

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

### 1.2 Employees

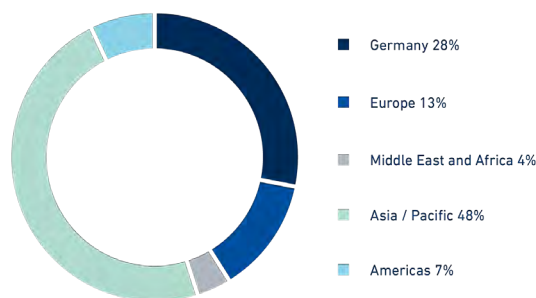
The highly qualified and international employees of Wirecard play a significant role in the success of the business across all areas of the Group. Their effort and commitment make it possible for Wirecard to be a driver of innovation and thus position itself as the leading specialist for services within the entire payment ecosystem.

Key points of the Human Resources (HR) strategy include bringing out the best in existing employees, unleashing talent, potential and expertise and fostering the loyalty of employees to the company, as well as ensuring the availability of personnel that are required both currently and in the future. Furthermore, the company has the goal of promoting diversity irrespective of origin and gender. Therefore, the strategy places its focus on HR marketing, the selection of personnel, human resources development, the retention of personnel and diversity.

The Group employed an average of 5,623 employees during the first half of 2019 (6M 2018: 4,989), excluding members of the Management Board of Wirecard AG and trainees, of which 81 (6M 2018: 99) were employed by a subsidiary as members of the Management Board or as managing directors on the reporting date of 30 June 2019. The increase in the average number of employees is primarily due to the organic growth of the Group. The 5,743 employees (6M 2018: 5,064 employees) of Wirecard were distributed across the following regions on the reporting date of 30 June 2019:

- Germany: 1,628 (6M 2018: 1,459)
- Europe excluding Germany: 747 (6M 2018: 624)
- Asia / Pacific: 2,727 (6M 2018: 2,366)
- Middle East and Africa: 219 (6M 2018: 208)
- Americas: 422 (6M 2018: 407)

### Employees according to region (values rounded)



## 2. Business performance

Through its diverse range of products and services and combination of software technology and banking products, Wirecard further expanded the core business in the area of payment acceptance and processing in the reporting period and also linked it more strongly with production innovations in the issuing area to bring new issuing solutions to the market. In this context, enhanced mobile payment functions and innovations to digitalise bricks and mortar trade are particularly noteworthy. Two innovative prototypes for biometric payments of tomorrow have been developed in the form of a palm scanner and the "Smart Mirror". The constant growth in value added services, such as the launch of the Next Generation Financial Platform in the reporting period, round off the range of services to create a global, integrated payment ecosystem with the Wirecard platform solution.

It was possible to further increase the customer portfolio of 43,000 large and medium-sized companies and almost 258,000 small companies in all industries and sectors in comparison to the previous year. There was also strong growth in existing customer business. At the same time, numerous important partnerships, such as the strategic partnership with the Softbank Group Corp., were concluded in order to expand our network in terms of both specialist expertise and the customer groups being addressed.

The major share of consolidated revenues is generated on the basis of business relations with providers of goods or services on the Internet who outsource their payment processes to Wirecard. This allows innovative services for the settlement and risk analysis of payment transactions – services performed by a payment service provider

– and credit card acceptance (acquiring) performed by Wirecard Bank AG, other Wirecard financial institutions and third-party banks to be closely integrated together. By linking innovative and digital issuing solutions and associated value added services such as data analytics, currency conversion services, other digital banking services in the retail sector and transaction banking and loyalty programmes, Wirecard is able to offer its customers a diverse range of products and services within this entire payment ecosystem and create additional potential for revenue. As a result, it was possible to gain important new customers in the reporting period and also significantly expand the range of products and services for existing customers. In addition, scaling effects were achieved through processing higher transaction volumes via the technical platform.

Fee income from the core business of the Group, namely the acceptance and issuing of means of payment along with associated value added services, is generally proportionate to the transaction volumes processed. The transaction volume in the first half of 2019 was EUR 77.3 billion (6M 2018: EUR 56.2 billion), which corresponds to growth of 37.5 percent.

The transaction volume generated within Europe, which accounts for 46.6 percent of the total transaction volume, grew by 29.3 percent to EUR 36.0 billion (6M 2018: EUR 27.9 billion). The transaction volume generated outside Europe grew by 45.6 percent to EUR 41.3 billion (6M 2018: EUR 28.4 billion) and thus accounts for 53.4 percent of the total transaction volume.

### **Innovative developments in the first half of 2019**

Wirecard develops innovations by picking up on trends towards internationalisation and the demand for digital unified commerce solutions, and continuously enhances the existing portfolio of products and services to include valuable functions and value added services within the payment ecosystem through an integrated platform solution. Global megatrends related to the theme of payment and ensuring the application of the latest technologies constantly guide our development activities.

A selection of our range of product innovations during the reporting period will be presented below:

The launch of the Next Generation Financial Platform provides merchants with payment and banking services as part of the digitalisation of their payment processes. A fully digital registration and compliance process can be completed within a few minutes and enables merchants to set up payment acceptance services on the Internet and in bricks and mortar trade via their Wirecard business account. Merchants have immediate access to their revenue – every electronic payment from a consumer, whether on the Internet or in bricks and mortar trade, is credited to the merchant's business account in real time. Merchants can immediately access their money at any time via bank transfer or using a debit card linked to their business account. New analytic functions on the Wirecard platform support the merchant with liquidity planning and help them to analyse expenditure and income on their Wirecard account.

If merchants require additional liquidity at short notice, the innovative "Digital Lending" solution from Wirecard that is linked to the merchant's electronic payment volume provides an innovative and uncomplicated financing option for companies. A line of credit is always available to the merchant based on the merchant's previous payment volume and a sales forecast that is continuously calculated in real time. The credit line can be accessed with just one click. The loan is repaid by taking a percentage of every payment transaction processed via Wirecard and thus places the lowest possible burden on the merchant's liquidity.

The pilot phase of boon Planet – which creates an entire ecosystem of mobile payment and banking services – was launched during the reporting period. As well as being able to open an account within a few minutes, make bank transfers in real time and complete contactless payments with their mobile end device, users of boon are also provided with an overview of their transactions in real time. There are plans to add other value added services such as innovative loyalty solutions and digital financial services such as mobile insurance. The pilot phase has already started and the solution is due to be fully launched before the end of this fiscal year.

The prototype of an innovative palm scanner supplements Wirecard's portfolio in the area of biometric payments. Using the payment terminal developed for this product, consumers will be able to pay by scanning their palm in future. Proprietary infrastructure and point-of-sale systems will become obsolete as a result. The new solution is not only suitable for use in the retail trade but also for access controls at major events or in the transport sector such as for local public transport or at airports.

The new "Smart Mirror" prototype, which was developed by the Wirecard Innovation Lab, will set new standards for the purchasing experience and enable merchants to integrate all sales channels. It is the first smart mirror in Germany that consumers can also use to make payments. The display in the mirror provides consumers with various information such as alternative sizes and colours directly, while QR codes can be scanned to enable fully digital payments via a smartphone without the need to wait in line or use physical cards. The possibility of having the goods delivered to the customer's home creates a convenient purchasing experience and offers the merchant a competitive advantage.

### Strategic partnerships

During the reporting period, the company signed a memorandum of understanding (MoU) with SoftBank Group Corp., Japan, whereby an affiliate of the SoftBank Group will invest around EUR 900 million in Wirecard via a convertible bond and a strategic partnership will be formed in the area of digital payment solutions with the aim of expanding the business fields in Japan and South Korea.

This partnership will open up numerous possibilities for cooperation in areas such as digital financing, data analysis and artificial intelligence, as well as via the variety of products and services offered by Wirecard in the payment ecosystem. In particular, there will be cooperation in the following business fields: telecommunications, transport, end customer business including e-commerce platforms (consumer) and FinTech.

By investing in innovative services in the area of digital loans and analytics, it will be possible to jointly develop pioneering financing and lending models and position them on the corresponding markets.

The authorisation to issue the convertible bond was given by the Annual General Meeting on 18 June 2019.

Crédit Agricole Payment Services (CAPS) and Wirecard have also announced the next steps in their strategic partnership in the area of digital payments and agreed joint commercial business processes for tier 1 merchants and already created specific business plans for hundreds of large strategic customers. Using the new e-commerce shop extension that CAPS will offer under its own brand, merchants will be able to continuously optimise the digital purchasing experience for consumers and offer a modern unified commerce solution instead of traditional solutions at the point-of-sale.

### Powerful partners and customers

It was possible to acquire the following new customers and partners across all sectors and sales channels or further expand business relationships with the following companies during or after the reporting period: Ctrip, Swatch, RINGANA, United Money, P.F.C, Google Pay, BASF (xarvio™), Stockmann, Oney Bank, Sony, Segmüller, Tirol Werbung, Twisto, Besiktas JK, Tallink, MBILLS, ANA, Elush, Al Ansari Exchange, O2, Telegram Open Network, RBL Bank, SoftBank, Käfer, Google Pay, Karen Milten, Orange Money, Apple Pay, Apollo, Printemps, BluTV, UTI Infrastructure Technology and Services Limited, XBN, Höflinger Müller, NK, Doka, IKEA, KaDeWe Group, Amway, Shopee, CreditPilot, getnow, YES BANK, India, AUTO1 Group, ALDI, Royal Air Maroc, eMAG, Gong Cha, Leroy Merlin, SisalPay and lastminute.com.

Some of the new, powerful partnerships that were concluded in the first half of 2019 and there after will be described below.

As already mentioned in the Annual Report 2018, Wirecard also began cooperating with Ctrip, the largest online travel agent in China, in the area of issuing in the reporting period to provide its customers with multi-currency Visa cards that eliminate the need to exchange money abroad for seven currencies.

Wirecard's fully digitalised bank independent mobile payment solution boon can also be used with so-called "wearables". Alongside Fitbit Pay, Garmin Pay and Wena by Sony, users in Switzerland have been able to add their digital boon cards to SwatchPAY! since February 2019 so that they can pay with their Swatch via a tokenisation process wherever contactless Mastercard payments are accepted.

A cooperation with the Indian state-owned company UTI Infrastructure Technology and Services will simplify the process for issuing physical and digital ID cards for taxpayers, also known as Permanent Account Number (PAN) cards. Our network of local agents will digitalise the documents for Indian citizens and transfer them to the authorities. This will provide numerous citizens with access to financial services and other services such as tick-

eting, mobile top ups, insurance or logistics as possession of a PAN card is a requirement for these services and serves as proof of identity.

Wirecard entered into a strategic partnership with XBN – a leading e-commerce platform offering comprehensive cross-border trade services in China – during the reporting period. In cooperation with Wirecard, XBN will use its global sales and trade network and its purchasing and logistics capacities to internationalise trade and financial services. Wirecard will provide XBN with global acceptance services for digital payments and also use its SmartShop network of agencies in India to further support XBN's expansion.

The aim of the cooperation with AUTO1, Europe's leading digital automotive platform, that was started after the reporting period is to jointly develop new digital financial services for end customers and offer services via boon, Wirecard's payment and banking platform for consumers. The agreement arose from the existing partnership with SoftBank.

After the reporting period, Wirecard also announced a strategic partnership with the Sisal Group in the area of digital payments for the SisalPay brand, one of the most successful payment services in Italy. The aim of the cooperation is to further promote and simplify digital and contactless payment solutions in Italy. Users of the SisalPay payment solution can already access more than 500 individual services, including the payment of electricity, gas and water invoices and tax bills, topping up mobile phone cards and subscribing to digital TV services. The first phase of the cooperation will involve the issuing of around one million cards.

Some examples of new customer acquisitions and expanded business relationships during the reporting period and there after are given below.

Al Ansari Exchange, the leading foreign currency exchange company in the United Arab Emirates (UAE),

has been secured as a new customer for an enhanced multi-currency card solution. Users of the Al Ansari Exchange Travel Card can withdraw local currency at over two million Visa ATMs worldwide, make purchases online and exchange foreign currencies between the different currency wallets on the card. Customers can fully manage the wallets via the mobile app.

Wirecard will be responsible in future for the entire payment process in the e-commerce shop operated by the company Apollo, one of the largest opticians in Germany.

After the reporting period, Wirecard signed a memorandum of understanding with the leading international retail group ALDI Nord and ALDI SÜD to work together in the area of cashless payments. As part of the partnership, Wirecard will now process all payments by credit card and international debit card at all ALDI stores in Germany.

Wirecard secured Morocco's national airline Royal Air Maroc as a new customer after the reporting period. Alongside online payments via Visa, Mastercard and Maestro, Wirecard will also process credit card payments for Royal Air Maroc made via ticket processing systems operated by travel agents and airlines in the future.

The already existing partnership with lastminute.com for the issuing of B2B and B2C travel cards was also successfully expanded after the reporting period. In future, Wirecard will also support lastminute.com as an acquiring partner in the acceptance of payments via the Wirecard Financial Commerce Platform.

## 3. Results of operations, financial position and net assets

Wirecard generally publishes its figures in millions of euros (EUR millions). 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. Some of the amounts shown differ from the figures in the Interim Report as of 30 June 2018 due to adjustments made in accordance with IAS 8.

### Results of operations

In the first half year 2019, Wirecard also achieved further significant growth in both revenues and operating profit.

Group gross profit (revenues including other own work capitalised less cost of materials) increased by 34.2 percent to EUR 579.7 million in the first half year 2019 (6M 2018: EUR 431.9 million).

### Revenue trends

Consolidated revenues increased in the first half year 2019 due to organic growth of Wirecard by 36.7 percent from EUR 885.2 million to EUR 1,209.8 million.

Revenues generated in the core segment of Payment Processing & Risk Management, arising from risk management services and from the processing of online payment transactions, increased in the first half year 2019 by 46.5 percent from EUR 624.6 million to EUR 915.2 million.

The share of the total consolidated revenues accounted for by the segment of Acquiring & Issuing grew in the first half year 2019 by 12.7 percent to EUR 333.3 million (6M 2018: EUR 295.7 million), of which the share accounted for by Issuing amounted to EUR 136.1 million in the first half year 2019 (6M 2018: EUR 130.9 million).

The interest income generated by the Acquiring & Issuing segment in the first half year 2019 totalled EUR 12.8 million (6M 2018: EUR 9.6 million) and is recognised as revenues in the consolidated statement of profit and loss in accordance with IFRS accounting principles. Accordingly, it is not contained in the financial result of the Group. In particular, it comprises interest income on the investments of own funds as well as customer deposits (deposits and acquiring money).

The segment of Call Center & Communication Services generated revenues of EUR 4.6 million in the first half year 2019, compared to EUR 4.6 million in the first half year 2018.

### Trends in key expense items

Cost of materials of the Group increased in the first half year 2019 to EUR 652.3 million in comparison with EUR 474.0 million in the first half year 2018. The cost of materials mainly comprises charges by the credit card issuing banks (interchange), fees to credit card companies (for example, Mastercard and Visa), transaction costs as well as transaction-related charges to third-party providers (for example, in the area of risk management and acquiring). Expenses for payment guarantees are also included in the area of risk management. The area of acquiring also includes commission costs for external sales.

Group personnel expenses rose to EUR 140.7 million in the first half year 2019, up by 25.7 percent compared to the first half year 2018 (6M 2018: EUR 112.0 million). The personnel expense ratio of the Group decreased by 1.1 percentage points from 12.7 percent to 11.6 percent.

Other operating expenses of the Group in total amounted to EUR 100.5 million in the first half year 2019 (6M 2018: EUR 68.1 million) and split as follows:

### Other operating expenses

| in EUR million                                      | 6M 2019      | 6M 2018     |
|---|--------------|-------------|
| Legal and financial statement costs                 | 20.9         | 6.3         |
| Consulting expenses and consulting-related expenses | 20.8         | 13.4        |
| Office expenses                                     | 3.6          | 9.2         |
| Equipment   | 13.2         | 11.4        |
| Travel, sales and marketing                         | 12.7         | 9.8         |
| Personnel-related expenses                          | 13.4         | 7.9         |
| Insurance payments, contributions and levies        | 2.8          | 2.2         |
| Other   | 13.0         | 7.8         |
| <b>Total</b>  | <b>100.5</b> | <b>68.1</b> |

As part of the investigations in Asia, especially in the first quarter 2019, there was an increase in legal and financial statement costs as well as in consulting expenses and consulting-related expenses compared to the first half year 2018. In this context, we also refer to our explanations in the management report under section 2. „Opportunities and risks“ in the Annual Report 2018.

Office expenses reduced due to the initial application of IFRS 16 (Leases) as of 1 January 2019. Accordingly, there was a corresponding increase in amortization/depreciation on property, plant and equipment held under leases compared to the first half year 2018. For further details regarding the initial application of IFRS 16 and any associated effects, please refer to the explanatory notes in section 1.2 „Principles and valuation methods“.

Amortisation/depreciation in total of EUR 65.0 million (6M 2018: EUR 51.9 million) is divided below the consolidated statement of profit or loss into two items for the purpose of better transparency. It is split up so that the amortisation/depreciation of assets which result from business combinations and acquired customer relationships (M&A-related) can be presented separately.

### EBITDA trends

The pleasing growth in earnings in the first half year 2019 was primarily due to the increase in the transaction volume processed by the Group, scaling effects from the transaction-oriented business model, M&A transactions completed in previous years as well as from the increased usage of the banking services offered by Wirecard.

Operating earnings before interest, tax, depreciation and amortisation (EBITDA) grew in the first half year 2019 in the Group by 35.8 percent from EUR 252.0 million in the first half year 2018 to EUR 342.1 million. The EBITDA margin thus amounted to 28.3 percent in the first half year 2019 (6M 2018: 28.5 percent).

The EBITDA of the Payment Processing & Risk Management segment amounted to EUR 290.4 million in the first half year 2019 and grew by 39.4 percent (6M 2018: EUR 208.3 million). The share of the EBITDA accounted for by the segment of Acquiring & Issuing reached EUR 51.9 million in the first half year 2019 (6M 2018: EUR 43.8 million), of which the share of the EBITDA accounted for by Issuing in the first half year 2019 amounted to EUR 24.6 million (6M 2018: EUR 22.9 million).



**Financial result**

The Group's financial result in the first half year 2019 was at EUR –9.4 million (6M 2018: EUR –11.4 million). Financial expenses amounted to EUR 19.8 million (6M 2018: EUR 16.5 million) and included in particular interest expenses from loans and leasing as well as the unwinding of discount on liabilities. The financial income in the first half year 2019 was EUR 10.5 million (6M 2018: EUR 5.0 million) and was mainly due to interest income and income from fair value measurements.

**Taxes**

Owing to the international orientation of the Group, the cash tax rate (excluding deferred taxes) amounted to 11.3 percent in the first half year 2019 (6M 2018: 17.4 percent). Including deferred taxes, the tax rate was 11.3 percent (6M 2018: 16.5 percent).

**Earnings after tax**

Earnings after tax in the first half year 2019 increased by 50.7 percent compared to the first half year 2018 from EUR 157.6 million to EUR 237.5 million.

**Earnings per share**

The average number of issued shares amounted to 123,565,586 shares in the first half year 2019 (6M 2018: 123,565,586 shares). Earnings per share were EUR 1.92 in the first half year 2019 (6M 2018: EUR 1.27).

**Financial position and net assets****Principles and objectives of financial management**

The primary objectives of Wirecard's financial management are to secure a comfortable liquidity situation at all times and maintain operational control of financial flows. The treasury department of the Group is responsible for monitoring currency and liquidity risks. Following individual examination, risks are hedged by the additional use of derivative financial instruments.

As in the previous year 2018, currency option transactions were used in the first half year 2019 as derivative financial instruments to hedge revenues in foreign currencies. It has been established throughout the Group that no speculative transactions are conducted with derivative financial instruments. Further details can also be found in the management report under section 2. „Opportunities and risks“ in the Annual Report 2018.

## Capital and financing analysis

### Changes of financial position

| in EUR million                            | 30 Jun 2019    | 31 Dec 2018    | Changes in percent |
|---|----------------|----------------|--------------------|
| <b>I. Equity</b>                          |                |                |                    |
| 1. Subscribed capital                     | 123.6          | 123.6          | 0%                 |
| 2. Capital reserve                        | 494.7          | 494.7          | 0%                 |
| 3. Retained earnings                      | 1,588.5        | 1,375.7        | 15%                |
| 4. Other components of equity             | -61.7          | -71.2          | -13%               |
| <b>Total equity</b>                       | <b>2,145.1</b> | <b>1,922.7</b> | <b>12%</b>         |
| <b>II. Liabilities</b>                    |                |                |                    |
| 1. Non-current liabilities                |                |                |                    |
| Non-current interest-bearing liabilities  | 1,594.6        | 1,348.7        | 18%                |
| Other non-current liabilities             | 156.3          | 163.8          | -5%                |
| Deferred tax liabilities                  | 79.0           | 80.1           | -1%                |
|   | <b>1,830.0</b> | <b>1,592.6</b> | <b>15%</b>         |
| 2. Current liabilities                    |                |                |                    |
| Liabilities of the acquiring business     | 708.9          | 651.9          | 9%                 |
| Trade payables                            | 65.9           | 63.4           | 4%                 |
| Interest-bearing liabilities              | 123.0          | 117.4          | 5%                 |
| Other provisions                          | 27.9           | 18.5           | 51%                |
| Other liabilities                         | 207.5          | 186.6          | 11%                |
| Customer deposits from banking operations | 1,559.1        | 1,263.0        | 23%                |
| Tax provisions                            | 30.1           | 38.9           | -23%               |
|   | <b>2,722.5</b> | <b>2,339.6</b> | <b>16%</b>         |
| <b>Total liabilities</b>                  | <b>4,552.5</b> | <b>3,932.2</b> | <b>16%</b>         |
| <b>Total equity and liabilities</b>       | <b>6,697.6</b> | <b>5,854.9</b> | <b>14%</b>         |

Wirecard reports an equity of EUR 2,145.1 million as of 30 June 2019 (31 December 2018: EUR 1,922.7 million). Due to the nature of our business, the highest liabilities lie with merchants 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 loans as of 30 June 2019 amounting to EUR 1,717.6 million at interest rates of between 0.85 and 3.10 percent did not take these items into account in their equity capital calculations for the credit agreements concluded due to the nature of the business

model. Wirecard considers this calculation to be a good method for enabling a comparison with other companies. These banks determine the Group's equity ratio by dividing the amount of liable equity capital by total assets. Liable equity capital is determined by subtracting deferred tax assets and 50 percent of goodwill from equity as reported in the statement of financial position. Any receivables due from shareholders or planned dividend payments must also be deducted. Total assets used for this purpose are determined by subtracting the customer deposits, the acquiring funds of Wirecard Bank

(30 June 2019: EUR 346.9 million; 31 December 2018: EUR 453.4 million) and the reduction in equity from the total assets according to the consolidated financial statements, to which leasing liabilities not yet recognised in the balance sheet are added back. This calculation results in an equity ratio of 40.2 percent for the Group (31 December 2018: 40.9 percent).

The increase in interest-bearing liabilities amounting to EUR 251.6 million is primarily related to the product offering for Digital Lending including real-time payouts of transactions already conducted, which is available in particular to small and medium-sized merchants as well as

investments in the expansion and granting of licenses in Asia and the USA.

In addition to Wirecard's organic growth, the increase in other liabilities, both long-term and short-term liabilities, is mainly attributable to the initial application of IFRS 16 (Leases) as of 1 January 2019.

#### Investment analysis

The cash outflows for investments in the first half year 2019 compared to the first half year 2018 mainly comprise the following subjects:

#### Substantial cash outflows for investments

| in EUR million                         | 6M 2019 | 6M 2018 |
|--|---------|---------|
| Strategic transactions/M&A             | 0.0     | 32.7    |
| Internally-generated intangible assets | 22.2    | 20.7    |
| Other intangible assets (software)     | 14.5    | 6.0     |
| Property, plant and equipment          | 7.7     | 8.1     |

#### Liquidity analysis

A smaller portion of cash and cash equivalents from customer deposits is mainly invested in securities (so-called collared floaters as well as short- and medium-term interest-bearing securities). The majority of the remaining funds were held as deposits with the central bank and demand deposits or short-term fixed-term deposits with credit institutions.

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

Against this background, certain portions of cash and cash equivalents from customer deposits – in addition to the investments made in securities as well as deposits with the central bank and demand deposits or short-term fixed-term deposits – are specifically invested in these financings.

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

Furthermore, it should be noted in the liquidity analysis that the liquidity of the business model is influenced by corresponding reporting date effects. The liquidity that Wirecard receives through the credit card sales of its merchants and only pays out to them in the future is available to the Group for the transitional period. It should be noted in particular that a sharp increase in the operating cash flow in the fourth quarter, which is largely characterised by delayed payouts on account due to public holidays,

will be offset by an opposite cash flow trend in the first half of the following year.

Receivables and liabilities from acquiring business are transitory in nature and subject to substantial fluctuations from one reporting date to another as, inherent to the business model, these two items are significantly influenced by the overall transaction volume and the security reserves. Receivables from acquiring business mainly comprise of receivables from the credit card organisations, banks and acquiring partners and liabilities from acquiring business primarily exist to merchants. The customer deposits from the banking business and corresponding securities or receivables from the banking business likewise constitute items that can be eliminated for the adjusted cash flow. To simplify the identification and the reporting of the relevant portion of the Group earnings, Wirecard has decided to disclose a further statement in addition to the usual statement of cash flow from operating activities in order to eliminate these items. This cash flow from operating activities (adjusted) in an amount of EUR 284.0 million (6M 2018: EUR 196.2 mil-

lion) clearly shows that Wirecard always had a comfortable volume of own liquidity to meet its payment obligations at all times.

Interest-bearing liabilities are mainly non-current and are utilised for realised M&A transactions and are currently still being used for Digital Lending including real-time payouts of transactions already made, which is available in particular to small and medium-sized merchants as well as investments in the expansion and granting of licenses in Asia and the USA. The Group's interest-bearing liabilities increased by EUR 251.6 million to EUR 1,717.6 million as of 30 June 2019 (31 December 2018: EUR 1,466.1 million). In total, the Group has EUR 1,898.3 million of lending commitments (31 December 2018: EUR 1,905.6 million). Along with the loans disclosed in the consolidated statement of financial position, additional credit lines from commercial banks amounting to EUR 181.1 million are available (31 December 2018: EUR 436.4 million). Further lines for guaranteed credit facilities are also available in an amount of EUR 85.0 million (31 December 2018: EUR 85.0 million), of which EUR 51.3 million have been utilised as of 30 June 2019.

## Net assets

## Changes in net assets

| in EUR million  | 30 Jun 2019    | 31 Dec 2018 | Changes in percent |
|---|----------------|-------------|--------------------|
| <b>I. Non-current assets</b>                                |                |             |                    |
| 1. Intangible assets  |                |             |                    |
| Goodwill  | 713.5          | 705.9       | 1%                 |
| Customer relationships                                      | 438.4          | 452.1       | -3%                |
| Internally-generated intangible assets                      | 146.7          | 138.2       | 6%                 |
| Other intangible assets                                     | 114.6          | 113.3       | 1%                 |
|   | <b>1,413.2</b> | 1,409.5     | 0%                 |
| 2. Property, plant and equipment                            |                |             |                    |
|   | <b>109.8</b>   | 81.5        | 35%                |
| 3. Investments accounted for using the equity method        |                |             |                    |
|   | <b>13.9</b>    | 14.0        | -1%                |
| 4. Financial and other assets / interest-bearing securities |                |             |                    |
|   | <b>372.7</b>   | 413.6       | -10%               |
| 5. Tax credits  |                |             |                    |
| Deferred tax assets   | <b>13.1</b>    | 10.8        | 22%                |
| <b>Total non-current assets</b>                             | <b>1,922.7</b> | 1,929.4     | 0%                 |
| <b>II. Current assets</b>                                   |                |             |                    |
| 1. Inventories and work in progress                         |                |             |                    |
|   | <b>7.6</b>     | 10.6        | -28%               |
| 2. Receivables of the acquiring business                    |                |             |                    |
|   | <b>786.5</b>   | 684.9       | 15%                |
| 3. Trade and other receivables                              |                |             |                    |
|   | <b>393.3</b>   | 357.4       | 10%                |
| 4. Tax credits  |                |             |                    |
| Tax refund entitlements                                     | <b>24.0</b>    | 13.1        | 83%                |
| 5. Interest-bearing securities and fixed-term deposits      |                |             |                    |
|   | <b>515.8</b>   | 139.6       | 269%               |
| 6. Cash and cash equivalents                                |                |             |                    |
|   | <b>3,047.7</b> | 2,719.8     | 12%                |
| <b>Total current assets</b>                                 | <b>4,774.9</b> | 3,925.5     | 22%                |
| <b>Total assets</b>   | <b>6,697.6</b> | 5,854.9     | 14%                |

Group assets reported in the consolidated statement of financial position increased in the first half year 2019 by EUR 842.6 million from EUR 5,854.9 million to EUR 6,697.6 million as of 30 June 2019. In addition to the investments made, this change is primarily driven by Wirecard's operative growth. Further, the increase in property, plant and equipment is also due to the initial application of IFRS 16 (Leases) as of 1 January 2019.

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

## **4. Report on events after the reporting date**

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

## 5. Report on opportunities and risks

For the 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 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, the Group takes out insurance policies – insofar as they are available and economically justifiable. Wirecard continuously monitors the level of cover that they provide.

Equally, it is a Group-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. Significant changes to the risks and opportunities presented in the Annual Report 2018 are presented below.

### Business strategy risks

As previously described, the company signed a memorandum of understanding (MoU) with

SoftBank Group Corp., Japan, during the reporting period whereby an affiliate of the SoftBank Group will invest in Wirecard via a convertible bond and a strategic partnership will be formed in the area of digital payment solutions with the aim of expanding the business fields in Japan and South Korea. There is a general risk with this type of strategic partnership that the benefits of the planned cooperation and the resulting business will develop less positively than anticipated.

Summarising, there are business strategy risks that may have a low impact on the net assets, financial position and results of operations. Due to the measures that have been adopted and the experience gained over the past few years, the Management Board assesses the probability of occurrence as very unlikely and generally assumes that the risk is very low.

### Litigation risks

Since inclusion in the DAX index and the increased level of public interest in the company as a result, there has been a general increase in the litigation risks. Overall, litigation risks with up to a considerable impact on the net assets, financial position and results of operations cannot be completely excluded. The Management Board of Wirecard assesses the occurrence of this risk as unlikely and generally assumes a medium risk.

For further details, we refer to the report on risks in the Annual Report 2018, to which there has otherwise been no significant changes.

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

## 6. Overall statement on the Group's expected development (outlook)

Due to our outstanding market position and comprehensive range of solutions, we and our powerful partners and customers will benefit sustainably from the accelerating trend towards the digitalisation of business processes across all sectors.

Wirecard enables its customers to accept globally and locally relevant payment methods and establishes the connections to banking networks in the local region. At the same time, our technology helps to minimise fraud and risk for merchants. Comprehensive data-driven value added services, such as real-time analyses and digital financial services, are distinguishing characteristics of our solutions and offer additional potential for generating revenue for merchants and for Wirecard. We will further expand our existing licences for the issuing of card instruments and payment acceptance in selected countries, while striving to acquire additional licences and pushing forward the expansion of our digital platform solution. As well as the continuous expansion of the core feature of the digital Wirecard platform – global acquiring

and issuing services – and linking these services to create completely new digital processes, Wirecard will also increase its value added over the next few years.

We increase our forecast for the 2019 fiscal year of an EBITDA between EUR 765 million and EUR 815 million (before: between EUR 760 million and EUR 810 million). This forecast is based on, amongst other things, the continued dynamic growth of the global e-commerce market, the trend towards digitalisation in the bricks and mortar trade, the acquisition of new customers, cross-selling effects with existing customers and the continuous expansion of the value chain to include valuable additional services such as data analytics, loyalty programmes and financial services including loans. As the result of the continuously rising number of customer relationships and growing transaction volumes, we expect further economies of scale from our transaction-oriented business model.

Aschheim near Munich, 6 August 2019

Wirecard AG, Management Board



Dr. Markus Braun



Alexander von Knoop



Jan Marsalek



Susanne Steidl



## 7. Wirecard stock

The leading German DAX index rose by 17.4 percent in the first half of 2019 (6M 2018: -4.7 percent). The TecDAX rose also by 17.4 percent (6M 2018: 6.4 percent).

Wirecard shares were able to recover again after the share price was affected by the publication of a number of media reports. The share price closed at EUR 148.05 on 28 June 2019. The Wirecard share rose by 11.5 percent in the reporting period.

After taking into account the dividends paid out in June 2019 for the 2018 fiscal year of EUR 0.20 per share (dividends paid out for 2018: EUR 0.18), there was a total shareholder return of 11.6 percent (6M 2018: 48.4 percent).

Around 199.8 million (6M 2018: 78.1 million) Wirecard shares were traded in total on the electronic XETRA trading platform. This corresponds to an average trading volume of 1.6 million (6M 2018: 0.6 million) shares per day.

### Development of the Wirecard stock



### Annual General Meeting/ dividend resolution

Wirecard AG's ordinary Annual General Meeting was held in Munich on 18 June 2019. 1528 shareholders, shareholder representatives and guests participated in the Annual General Meeting (2018: around 335). In total, 71,031,542 shares were represented, which corresponds to 57.48 percent of the share capital (2018: 62.23 percent).

All of the agenda items were passed with a large majority. Amongst other things, Thomas Eichelmann was elected to the Supervisory Board as a replacement for Alfons W. Henseler who resigned as planned from his position as a

member of the Supervisory Board. In addition, a motion was passed to distribute an amount of EUR 24.71 million as a dividend from the profit of EUR 167.83 million for the 2018 fiscal year included in retained earnings. This corresponds to an amount of EUR 0.20 per share on the basis of the 123,565,586 dividend-entitled shares.

Further information and details about the Annual General Meeting are available on the Internet at the following address: [ir.wirecard.com/hauptversammlung](http://ir.wirecard.com/hauptversammlung).

## Key figures for the Wirecard stock

|  |             | 6M 2019            | 6M 2018     |
|--|-------------|--------------------|-------------|
| Number of shares (30.06) – all dividend-entitled |             | <b>123,565,586</b> | 123,565,586 |
| Share capital                                    | EUR million | <b>123.57</b>      | 123.57      |
| Market capitalisation (30.06.)                   | EUR billion | <b>18.29</b>       | 17.05       |
| Share price (30.06.)                             | EUR         | <b>148.05</b>      | 137.95      |
| Year-high (as of 30.06.)                         | EUR         | <b>167.40</b>      | 158.10      |
| Year-low (as of 30.06.)                          | EUR         | <b>96.86</b>       | 85.38       |

Price data: XETRA closing prices

### Investor Relations

In the first half of 2019, the main topics of communication with the capital markets once again included Wirecard's innovation and growth strategies. The Management Board and Investor Relations of Wirecard AG took part in numerous conferences and roadshows at the headquarter and abroad in the reporting year and remain in constant contact with investors in one-to-one meetings.

At the end of the period under review, a total of 29 analysts from renowned banks and independent research institutions were closely observing the Wirecard share. The predominant majority (24 analysts) issued a recommendation to buy, four a recommendation to hold and only one a recommendation to sell.

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

### Shareholder structure

Most of the 92.95 percent hold by investors as of the reporting date of 30 June 2019 continues to comprise institutional investors from the Anglo-American region and Europe.

### Other information

The Management and Supervisory Boards of Wirecard AG undertake to comply with the principles of the German Corporate Governance Code and endorse the principles of transparent and sustainable corporate governance, as is also expressed in our Corporate Governance Statement in our Annual Report 2018. Other special measures in this regard are the listing on the Prime Standard and reporting according to IAS/IFRS.

## Basic information on Wirecard stock

|  |   |                 |
|--|---|-----------------|
| Year established:                          | 1999  |                 |
| Market segment:                            | Prime Standard  |                 |
| Index:                                     | DAX, TecDAX   |                 |
| Type of equity :                           | No-par-value common bearer shares                       |                 |
| Stock exchange ticker:                     | WDI; Reuters: WDIG.DE; Bloomberg: WDI@GR                |                 |
| WKN:                                       | 747206  |                 |
| ISIN:                                      | DE0007472060  |                 |
| Authorised capital, in number of shares:   | 123,565,586   |                 |
| Group accounting category:                 | befreiender Konzernabschluss gem. IAS/IFRS              |                 |
| End of fiscal year:                        | 31 December   |                 |
| Total share capital as of 30 Juni 2019:    | EUR 123,57 million                                      |                 |
| Beginning of stock market listing:         | 25. Oktober 2000  |                 |
| Management Board as of 30 June 2019:       | Dr. Markus Braun  | CEO, CTO        |
|  | Alexander von Knoop                                     | CFO             |
|  | Jan Marsalek  | COO             |
|  | Susanne Steidl  | CPO             |
| Supervisory Board as of 30 June 2019:      | Wulf Matthias   | Chairman        |
|  | Stefan Klestil  | Deputy Chairman |
|  | Thomas Eichelmann                                       | Member          |
|  | Dr. Anastassia Lauterbach                               | Member          |
|  | Vuyiswa V. M'Cwabeni                                    | Member          |
|  | Susana Quintana-Plaza                                   | Member          |
| Shareholder structure as of 30 June 2019:* | 7.05% MB Beteiligungsgesellschaft mbH                   |                 |
|  | 5.77% BlackRock Inc. (US)                               |                 |
|  | 5.24% Artisan Partners Asset Management Inc. (US)       |                 |
|  | 81,94% Freefloat (according to Dt. Börse's definition)* |                 |
|  | 5.00% Jupiter Asset Management Ltd. (UK)                |                 |
|  | 4.93% Citigroup Inc. (US)                               |                 |
|  | 3.53% Goldman Sachs Group, Inc. (US)                    |                 |

\*Shareholder structure in accordance with existing voting rights notifications in accordance with WpHG; freefloat defined as shares not held by major shareholders (share of more than 5 percent).

## II. Condensed half year financial statements

### Consolidated statement of financial position

#### Assets

| in EUR million   | 30 Jun 2019    | 31 Dec 2018    |
|--|----------------|----------------|
| <b>I. Non-current assets</b>                                       |                |                |
| <b>1. Intangible assets</b>  |                |                |
| Goodwill   | 713.5          | 705.9          |
| Customer relationships   | 438.4          | 452.1          |
| Internally-generated intangible assets                             | 146.7          | 138.2          |
| Other intangible assets  | 114.6          | 113.3          |
|  | <b>1,413.2</b> | <b>1,409.5</b> |
| <b>2. Property, plant and equipment</b>                            | <b>109.8</b>   | <b>81.5</b>    |
| <b>3. Investments accounted for using the equity method</b>        | <b>13.9</b>    | <b>14.0</b>    |
| <b>4. Financial and other assets / interest-bearing securities</b> | <b>372.7</b>   | <b>413.6</b>   |
| <b>5. Tax credits</b>  |                |                |
| Deferred tax assets  | 13.1           | 10.8           |
| <b>Total non-current assets</b>                                    | <b>1,922.7</b> | <b>1,929.4</b> |
| <b>II. Current assets</b>  |                |                |
| <b>1. Inventories and work in progress</b>                         | <b>7.6</b>     | <b>10.6</b>    |
| <b>2. Receivables of the acquiring business</b>                    | <b>786.5</b>   | <b>684.9</b>   |
| <b>3. Trade and other receivables</b>                              | <b>393.3</b>   | <b>357.4</b>   |
| <b>4. Tax credits</b>  |                |                |
| Tax refund entitlements  | 24.0           | 13.1           |
| <b>5. Interest-bearing securities and fixed-term deposits</b>      | <b>515.8</b>   | <b>139.6</b>   |
| <b>6. Cash and cash equivalents</b>                                | <b>3,047.7</b> | <b>2,719.8</b> |
| <b>Total current assets</b>  | <b>4,774.9</b> | <b>3,925.5</b> |
| <b>Total assets</b>  | <b>6,697.6</b> | <b>5,854.9</b> |

**Equity and liabilities**

| in EUR million                            | 30 Jun 2019    | 31 Dec 2018    |
|---|----------------|----------------|
| <b>I. Equity</b>                          |                |                |
| 1. Subscribed capital                     | 123.6          | 123.6          |
| 2. Capital reserve                        | 494.7          | 494.7          |
| 3. Retained earnings                      | 1,588.5        | 1,375.7        |
| 4. Other components of equity             | -61.7          | -71.2          |
| <b>Total equity</b>                       | <b>2,145.1</b> | <b>1,922.7</b> |
| <b>II. Liabilities</b>                    |                |                |
| <b>1. Non-current liabilities</b>         |                |                |
| Non-current interest-bearing liabilities  | 1,594.6        | 1,348.7        |
| Other non-current liabilities             | 156.3          | 163.8          |
| Deferred tax liabilities                  | 79.0           | 80.1           |
| <b>Total non-current liabilities</b>      | <b>1,830.0</b> | <b>1,592.6</b> |
| <b>2. Current liabilities</b>             |                |                |
| Liabilities of the acquiring business     | 708.9          | 651.9          |
| Trade payables                            | 65.9           | 63.4           |
| Interest-bearing liabilities              | 123.0          | 117.4          |
| Other provisions                          | 27.9           | 18.5           |
| Other liabilities                         | 207.5          | 186.6          |
| Customer deposits from banking operations | 1,559.1        | 1,263.0        |
| Tax provisions                            | 30.1           | 38.9           |
| <b>Total current liabilities</b>          | <b>2,722.5</b> | <b>2,339.6</b> |
| <b>Total liabilities</b>                  | <b>4,552.5</b> | <b>3,932.2</b> |
| <b>Total equity and liabilities</b>       | <b>6,697.6</b> | <b>5,854.9</b> |

# Consolidated statement of profit or loss

| in EUR million                                      | 1 Apr 2019 – 30 Jun 2019 | 1 Apr 2018 – 30 Jun 2018 |
|---|--------------------------|--------------------------|
|   |                          | adjusted*                |
| Revenues  | 643.0                    | 467.9                    |
| Own work capitalised                                | 12.4                     | 12.1                     |
| Cost of materials                                   | 351.2                    | 251.0                    |
| <b>Gross profit</b>                                 | <b>304.3</b>             | 229.0                    |
| Personnel expenses                                  | 63.9                     | 59.5                     |
| Other operating expenses                            | 56.9                     | 34.7                     |
| Impairment losses of financial assets               | 0.1                      | 1.9                      |
| Other operating income                              | 0.7                      | 2.8                      |
| Share of profit or loss from associates (at equity) | -0.1                     | 0.2                      |
| <b>EBITDA</b>                                       | <b>184.1</b>             | 135.8                    |
| Amortisation/depreciation                           | 33.4                     | 27.5                     |
| <b>EBIT **</b>                                      | <b>150.8</b>             | <b>108.3</b>             |
| Financial result                                    | -7.4                     | -6.1                     |
| Other financial income                              | 4.6                      | 1.3                      |
| Financial expenses                                  | 12.0                     | 7.3                      |
| <b>Earnings before tax **</b>                       | <b>143.4</b>             | 102.3                    |
| Income tax expense                                  | 12.0                     | 18.4                     |
| <b>Earnings after tax **</b>                        | <b>131.4</b>             | 83.9                     |
| Earnings per share (basic and diluted) in EUR       | 1.06                     | 0.70                     |
| Average shares outstanding (basic and diluted)      | 123,565,586              | 123,565,586              |
| <b>EBITDA</b>                                       | <b>184.0</b>             | 135.8                    |
| Amortisation and depreciation (M&A adjusted)***     | 24.0                     | 17.4                     |
| <b>EBIT adjusted **</b>                             | <b>160.0</b>             | 118.4                    |
| Amortisation and depreciation (M&A related)         | 9.4                      | 10.1                     |
| <b>EBIT **</b>                                      | <b>150.6</b>             | 108.3                    |

\* Some of the amounts disclosed differ from the figures in the Interim Report as of 30 June 2018 due to adjustments made in accordance with IAS 8 (see Note 1.3)

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

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

| in EUR million                                      | 1 Jan 2019 – 30 Jun 2019 | 1 Jan 2018 – 30 Jun 2018 |
|---|--------------------------|--------------------------|
|   |                          | adjusted*                |
| <b>Revenues</b>                                     | <b>1,209.8</b>           | 885.2                    |
| Own work capitalised                                | 22.2                     | 20.7                     |
| Cost of materials                                   | 652.3                    | 474.0                    |
| <b>Gross profit</b>                                 | <b>579.7</b>             | 431.9                    |
| Personnel expenses                                  | 140.7                    | 112.0                    |
| Other operating expenses                            | 100.5                    | 68.1                     |
| Impairment losses of financial assets               | 1.6                      | 4.3                      |
| Other operating income                              | 5.3                      | 4.8                      |
| Share of profit or loss from associates (at equity) | -0.2                     | -0.4                     |
| <b>EBITDA</b>                                       | <b>342.1</b>             | 252.0                    |
| Amortisation/depreciation                           | 65.0                     | 51.9                     |
| <b>EBIT **</b>                                      | <b>277.1</b>             | 200.1                    |
| <b>Financial result</b>                             | <b>-9.4</b>              | -11.4                    |
| Other financial income                              | 10.5                     | 5.0                      |
| Financial expenses                                  | 19.8                     | 16.5                     |
| <b>Earnings before tax **</b>                       | <b>267.7</b>             | 188.7                    |
| Income tax expense                                  | 30.2                     | 31.1                     |
| <b>Earnings after tax **</b>                        | <b>237.5</b>             | 157.6                    |
| Earnings per share (basic and diluted) in EUR       | 1.92                     | 1.27                     |
| Average shares outstanding (basic and diluted)      | 123,565,586              | 123,565,586              |
| <b>EBITDA</b>                                       | <b>342.1</b>             | 252.0                    |
| Amortisation and depreciation (M&A adjusted)***     | 47.2                     | 32.5                     |
| <b>EBIT adjusted **</b>                             | <b>294.8</b>             | 219.5                    |
| Amortisation and depreciation (M&A related)         | 17.7                     | 19.4                     |
| <b>EBIT **</b>                                      | <b>277.1</b>             | 200.1                    |

\* Some of the amounts disclosed differ from the figures in the Interim Report as of 30 June 2018 due to adjustments made in accordance with IAS 8 (see Note 1.3)

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

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

# Consolidated statement of comprehensive income

| in EUR million   | 1 Apr 2019 –<br>30 Jun 2019 | 1 Apr 2018 –<br>30 Jun 2018 | 1 Jan 2019 –<br>30 Jun 2019 | 1 Jan 2018 –<br>30 Jun 2018 |
|--|-----------------------------|-----------------------------|-----------------------------|-----------------------------|
|  |                             | adjusted*                   |                             | adjusted*                   |
| <b>Earnings after tax</b>                              | <b>131.4</b>                | 83.9                        | <b>237.5</b>                | 157.6                       |
| <b>Items to be reclassified to profit or loss</b>      |                             |                             |                             |                             |
| Change from currency translation differences           | <b>0.9</b>                  | 8.6                         | <b>9.5</b>                  | -17.8                       |
| <b>Other comprehensive income, net of income taxes</b> | <b>0.9</b>                  | 8.6                         | <b>9.5</b>                  | -17.8                       |
| <b>Total comprehensive income</b>                      | <b>132.3</b>                | 92.5                        | <b>247.0</b>                | 139.8                       |

\* Some of the amounts disclosed differ from the figures in the Interim Report as of 30 June 2018 due to adjustments made in accordance with IAS 8 (see Note 1.3)



## Consolidated statement of changes in equity

|  | Subscribed capital<br>Nominal value/number of<br>shares issued | Capital reserve | Retained<br>earnings | Revaluation<br>reserve | Translation<br>reserve | Total con-<br>solidated<br>equity |
|--|--|-----------------|----------------------|------------------------|------------------------|-----------------------------------|
|  | EUR million /<br>pieces million                                | EUR million     | EUR million          | EUR million            | EUR million            | EUR million                       |
|  |  |                 | adjusted*            |                        |                        |                                   |
| <b>Balance as of 31 December 2017</b>              | 123.6  | 494.7           | 1,074.1              | 5.3                    | -57.6                  | 1,640.0                           |
| Effect from initial adoption of IFRS 9 and IFRS 15 | 0.0  | 0.0             | -23.5                | -5.3                   | 0.0                    | -28.8                             |
| <b>Balance as of 1 January 2018</b>                | 123.6  | 494.7           | 1,050.6              | 0.0                    | -57.6                  | 1,611.2                           |
| Earnings after tax                                 | 0.0  | 0.0             | 157.6                | 0.0                    | 0.0                    | 157.6                             |
| Other comprehensive income, net of income taxes    | 0.0  | 0.0             | 0.0                  | 0.0                    | -17.8                  | -17.8                             |
| <b>Total comprehensive income</b>                  | 0.0  | 0.0             | 157.6                | 0.0                    | -17.8                  | 139.8                             |
| <b>Dividends paid</b>                              | 0.0  | 0.0             | -22.2                | 0.0                    | 0.0                    | -22.2                             |
| <b>Balance as of 30 June 2018</b>                  | <b>123.6</b>   | <b>494.7</b>    | <b>1,186.0</b>       | <b>0.0</b>             | <b>-75.4</b>           | <b>1,728.8</b>                    |
| Balance as of 31 December 2018                     | 123.6  | 494.7           | 1,375.7              | 0.0                    | -71.2                  | 1,922.8                           |
| Earnings after tax                                 | 0.0  | 0.0             | 237.5                | 0.0                    | 0.0                    | 237.5                             |
| Other comprehensive income, net of income taxes    | 0.0  | 0.0             | 0.0                  | 0.0                    | 9.5                    | 9.5                               |
| <b>Total comprehensive income</b>                  | 0.0  | 0.0             | 237.5                | 0.0                    | 9.5                    | 247.0                             |
| Dividends paid                                     | 0.0  | 0.0             | -24.7                | 0.0                    | 0.0                    | -24.7                             |
| <b>Balance as of 30 June 2019</b>                  | <b>123.6</b>   | <b>494.7</b>    | <b>1,588.5</b>       | <b>0.0</b>             | <b>-61.7</b>           | <b>2,145.1</b>                    |

\* Some of the amounts disclosed differ from the figures in the Interim Report as of 30 June 2018 due to adjustments made in accordance with IAS 8 (see Note 1.3)

# Consolidated statement of cash flows

in EUR million

1 Jan 2019 –  
30 Jun 2019

1 Jan 2018 –  
30 Jun 2018

adjusted\*

|   |                |         |
|---|----------------|---------|
| <b>Earnings after tax</b>   | <b>237.5</b>   | 157.6   |
| Financial result  | 9.4            | 11.4    |
| Income tax expense  | 30.2           | 31.1    |
| Gain/loss from disposal of non-current assets                                     | 0.6            | 0.0     |
| Amortisation/depreciation   | 65.0           | 51.9    |
| Change from currency translation differences                                      | 0.0            | -1.6    |
| Change in inventories   | 3.0            | 2.1     |
| Change in receivables   | -119.2         | -96.2   |
| Change in liabilities of the acquiring business and trade payables                | 59.6           | 61.8    |
| Change in other assets and liabilities  | -2.5           | 15.6    |
| Net cash outflow arising from income tax  | -42.5          | -34.5   |
| Interest paid excluding interest on loans and leases                              | -0.4           | -0.4    |
| Interest received   | 0.4            | 0.2     |
| <b>Cash flow from operating business before banking operations</b>                | <b>241.0</b>   | 198.9   |
| Change in non-current assets of banking operations                                | 37.5           | -21.3   |
| Change in current assets of banking operations                                    | -396.8         | -161.4  |
| Change in customer deposits of banking operations                                 | 295.7          | 207.5   |
| <b>Cash flow from operating business of banking operations</b>                    | <b>-63.5</b>   | 24.8    |
| <b>Cash flow from operating activities</b>  | <b>177.6</b>   | 223.7   |
| Cash outflows for investments in intangible assets                                | -36.7          | -57.6   |
| Cash outflows for investments in property, plant and equipment                    | -7.7           | -8.1    |
| Cash inflows from investments in financial assets and interest-bearing securities | 0.0            | 2.0     |
| Cash outflows for acquisition of consolidated companies less acquired cash        | 0.0            | -1.9    |
| <b>Cash flow from investing activities</b>  | <b>-44.5</b>   | -65.5   |
| Cash outflows for previous years' acquisitions of companies                       | -2.4           | -17.6   |
| Repayment of lease liabilities  | -15.0          | -7.2    |
| Cash inflows from drawing down of financial liabilities                           | 253.9          | 375.0   |
| Cash outflows for expenses from drawing down of financial liabilities             | -2.7           | -5.8    |
| Cash outflows for repayment of financial liabilities                              | -6.7           | -306.2  |
| Dividends paid  | -24.7          | -22.2   |
| Interest paid on loans and leases   | -5.0           | -6.7    |
| <b>Cash flow from financing activities</b>  | <b>197.4</b>   | 9.3     |
| <b>Net change in cash and cash equivalents</b>                                    | <b>330.5</b>   | 167.5   |
| Exchange-rate- and revaluation-related changes to cash and cash equivalents       | -6.9           | -9.0    |
| <b>Cash and cash equivalents at start of period</b>                               | <b>2,702.5</b> | 1,895.9 |
| <b>Cash and cash equivalents at end of period</b>                                 | <b>3,026.1</b> | 2,054.3 |

\* Some of the amounts disclosed differ from the figures in the Interim Report as of 30 June 2018 due to adjustments made in accordance with IAS 8 (see Note 1.3)

## Consolidated cash flow from operating activities (adjusted)

| in EUR million  | 1 Jan 2019 –<br>30 Jun 2019 | 1 Jan 2018 –<br>30 Jun 2018<br>adjusted* |
|---|-----------------------------|--|
| <b>Earnings after tax</b>                             | <b>237.5</b>                | 157.6                                    |
| Financial result                                      | 9.4                         | 11.4                                     |
| Income tax expense                                    | 30.2                        | 31.1                                     |
| Gain/loss from disposal of non-current assets         | 0.6                         | 0.0                                      |
| Amortisation/depreciation                             | 65.0                        | 51.9                                     |
| Change from currency translation differences          | 0.0                         | -1.6                                     |
| Change in inventories                                 | 3.0                         | 2.1                                      |
| Change in receivables                                 | -22.3                       | -20.3                                    |
| Change in trade payables                              | 5.7                         | -16.9                                    |
| Change in other assets and liabilities                | -2.5                        | 15.6                                     |
| Net cash outflow arising from income tax              | -42.5                       | -34.5                                    |
| Interest paid excluding interest on loans and leases  | -0.4                        | -0.4                                     |
| Interest received                                     | 0.4                         | 0.2                                      |
| <b>Cash flow from operating activities (adjusted)</b> | <b>284.0</b>                | 196.2                                    |

\* Some of the amounts disclosed differ from the figures in the Interim Report as of 30 June 2018 due to adjustments made in accordance with IAS 8 (see Note 1.3)

Receivables and liabilities of acquiring business are transitory in nature and subject to substantial fluctuations from one reporting date to another as, inherent to the business model, these statements of financial position items are significantly influenced by the overall transaction volume and the security reserves. Receivables of acquiring business mainly comprise receivables from credit card organisations, banks and acquiring partners and liabilities to merchants. The customer deposits from the

banking business and corresponding securities or receivables from the banking business likewise constitute items that can be eliminated for the cash flow (adjusted). To simplify the identification and reporting of the cash-relevant portion of the Company's own earnings, Wirecard has decided to present a further statement in addition to the usual statement of cash flow from operating activities with those items eliminated.

# Explanatory notes

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

### 1.1 Business activities and legal background

Wirecard AG, Einsteinring 35, 85609 Aschheim (hereafter also referred to as “Wirecard” or the “Group”) was founded on 6 May 1999.

### Changes to the Group structure

As part of the worldwide organic expansion of the Group’s presence and its sales activities, the Beijing

Wirecard Technology Solutions Co. Ltd., based in Beijing (China), and the Wirecard U.S. Holdings, Inc., based in Delaware (USA) were newly founded in the first half year 2019. In addition, the two Group companies based in Cape Town (South Africa), Wirecard South Africa Proprietary Ltd. and MyGate Communications Pty Ltd., were merged with Wirecard Africa Holding Proprietary Ltd. also based in Cape Town (South Africa) in the first half of 2019.

## Scope of consolidation

### Shareholdings of Wirecard AG

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

**Shareholdings of Wirecard AG - continued**

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

The company has complied with the IFRS requirements concerning the mandatory inclusion of all domestic and all foreign subsidiaries that are controlled directly or indirectly by Wirecard AG.

A total of 53 subsidiaries were fully consolidated as of 30 June 2019 (50 companies as of 30 June 2018). Uniform accounting and valuation policies apply to the scope of consolidated subsidiaries. The shareholdings and percentages of voting rights of the subsidiaries are identical.

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

## 1.2 Principles and valuation methods

### Principles

The accompanying condensed half year consolidated financial statements as of 30 June 2019 were prepared in accordance with IAS 34 (Interim Financial Reporting) with consideration of the International Financial Reporting Standards (IFRS) as adopted by the European Union (EU). The half year financial report as of 30 June 2019 were authorized for issue by the Management Board of Wirecard AG on 6 August 2019. The half year financial report as a whole was neither audited nor reviewed by an auditor. The notes of the consolidated financial statements as of 31 December 2018 also apply accordingly to the accompanying condensed half year consolidated financial statements and therefore should be taken into consideration in connection with the half year financial report. Any variations from this are explained below.

### Presentation

The presentation of the statement of financial position, statement of cash flows and segment reporting is the same as in the consolidated financial statements as of 31 December 2018. Wirecard generally publishes its figures in millions of euros (EUR million). The use of rounding means it is possible that some figures do not add up exactly to form the totals stated as well as that the figures and percentages do not exactly reflect the absolute values on which they are based. Some of the amounts shown differ from the figures in the Interim Report as of 30 June 2018 due to adjustments made in accordance with IAS 8. For further details, please refer to the comments on corrections in accordance with IAS 8 in section 1.3.

### Significant Accounting and valuation policies

The accounting and valuation policies used for the interim consolidated financial statements as of 30 June 2019 are basically, with the exception of the initial application of IFRS 16 (Leases), the same as those used for the consolidated financial statements as of 31 December 2018 and for the corresponding comparative period in the previous year from 1 January 2018 to 30 June 2018. For more details, please refer to the Annual Report 2018.

### Accounting standards initially applied in the current fiscal year

Since 1 January 2019, Wirecard applies the IFRS 16 (Leases) standard that was approved by the IASB and adopted into European law. The transition to the new standard was made using the modified retrospective method. According to this method the comparative figures for the previous year are not adjusted. Instead, the cumulative effect of the initial application of IFRS 16, if any, should be taken into account as an adjustment to the opening balance of retained earnings at the time of initial application. The effects of the initial application of this standard on the condensed half year consolidated financial statements of Wirecard are presented in detail below.

Leases previously classified as operating leases under IAS 17 are affected by the initial application of the standard. Short-term leases with a lease term of 12 months or less (and without a purchase option) were accounted for considering the accounting option. Leases where the underlying asset is of low value were generally accounted for on a case by case decision. In addition, there was no reassessment of leases that were not classified as leases according to the old leasing standard IAS 17 (Leases) in conjunction with IFRIC 4 (Determining whether an arrangement contains a lease).

For the initial application of IFRS 16 to contracts that were previously classified as operating leases, Wirecard recognised the right-of-use asset at an amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognised in the statement of financial position as of 31 December 2018. The lease liability was recognised at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate as of 1 January 2019. When measuring the right-of-use asset at the time of initial application, the initial direct costs were not taken into account.

There were no onerous lease contracts that would have required an impairment of the right-of-use assets at the date of initial application of IFRS 16. When discretionary decisions were made, the current state of knowledge at the date of initial application was taken into account.

In the case of leases previously classified as finance leases, the carrying amounts of the leased asset and the lease liability according to IAS 17 immediately before the date of initial application of the new standard were recognised as the initial carrying amounts for the right-of-use asset and the lease liability according to IFRS 16. The valuation principles according to IFRS 16 were then subsequently applied.

For further details relating to the initial application of IFRS 16 and any associated effects, please also refer to the explanatory notes in section 2.6 "Amendments to accounting and valuation policies that do not yet require mandatory application" in the Annual Report 2018.

### 1.3 Corrections in accordance with IAS 8

In connection with investigations in Asia, errors were identified in the revenue recognition for the fiscal year 2017 and 2018, which were corrected retrospectively for the first half year 2018. Revenues of EUR 2.5 million were originally recognized for a software transaction in fiscal year 2017, which should correctly have been recognized in the first quarter and in the first half year 2018 after the software services had been rendered. In addition, a missing pro rata depreciation of a software in the first and in the second quarter 2018 of EUR 0.5 million each was corrected retrospectively for the first half 2018. In this connection, we refer to our comments in the combined management report under the section "Opportunities and risks" in the Annual Report 2018.

In the course of an extended review of transactions, further errors were identified in the revenue recognition relating to fiscal year 2017 and 2018, which led to a retrospective increase in revenues of EUR 1.4 million for the first half year 2018. The cost of material also increased retrospectively by EUR 2.0 million for the first half year 2018.

Irrespective of this, it was determined in the course of fiscal year 2018 that transaction fees already received in the first half year 2018 were not recognized as revenue but recognized as trade payables. Accordingly, revenues increased retrospectively by EUR 2.8 million for the second quarter 2018 as well as by EUR 4.8 million for the first half year 2018. In addition, corresponding tax expenses increased by EUR 0.8 million for the second quarter 2018 as well as by EUR 1.3 million for the first half year 2018.

Furthermore, it was determined in the course of fiscal year 2018 that due to delays in the transfer of contracts with customers in the context of the acquisition of the customer portfolio of Citi's credit card acceptance business in the Asia-Pacific region, revenues and corresponding cost of materials for contracts not yet transferred were overstated in the first half year 2018, which, however, had no effect on Wirecard's EBITDA. Accordingly, revenues and the corresponding cost of materials decreased by EUR 12.0 million each for the second quarter 2018 as well as by EUR 21.0 million each for the first half year 2018 retrospectively.

The following overview shows the overall effects of the corrections in accordance with IAS 8:

### Consolidated statement of profit or loss

| in EUR million                                | 1 Apr 2018 –<br>30 Jun 2018 | 1 Jan 2018 –<br>30 Jun 2018 |
|---|-----------------------------|-----------------------------|
| Revenues                                      | -9.2                        | -12.4                       |
| Cost of materials                             | -12.0                       | -19.0                       |
| Net effect on EBITDA and on profit before tax | +2.8                        | +6.6                        |
| Amortisation                                  | +0.5                        | +1.0                        |
| Net effect on profit before taxes             | +2.3                        | +5.6                        |
| Tax expenses                                  | +0.8                        | +1.3                        |
| Net effect on profit after taxes              | +1.5                        | +4.3                        |

### Earnings per share

| in EUR                                 | 1 Apr 2018 –<br>30 Jun 2018 | 1 Jan 2018 –<br>30 Jun 2018 |
|--|-----------------------------|-----------------------------|
| Earnings per share (basic and diluted) | -0.01                       | -0.03                       |

These changes had no effect on other comprehensive income after taxes or cash flow from operating activities, investing activities or financing activities for the first half year 2018.

## 2. Notes to the consolidated statement of financial position – assets

### 2.1 Intangible assets

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

#### Goodwill and customer relationships

The statement of financial position items goodwill and customer relationships are exclusively attributable to acquired companies, parts of companies or customer relationships. New, organically acquired customer relationships at Wirecard are not capitalised. As part of corporate acquisitions, a purchase price allocation is carried out in accordance with IFRS 3, which identifies and measures the fair value of all assets and liabilities irrespective of

whether they are reported in the statement of financial position of the acquired entity or not. In general, the acquisitions made by Wirecard focus on acquiring regional customer relationships in order to expand the company's market position. Therefore, these customer relationships represent a significant part of the assets of the acquired entity. The assessment of whether these assets are classified as customer relationships in the sense of IAS 38 or reported in the statement of financial position as goodwill is based on which future economic benefits can be derived from these relationships by Wirecard. If customer relationships are identified, these are amortised over their expected useful life of usually 10 respectively 20 years.

Goodwill is not subject to any scheduled amortisation. Goodwill is assessed at least once a year by the Group (most recently on the reporting date of 31 December 2018) or during the course of the year if there is an indication of an impairment (triggering event) in accordance with the Group's accounting policies.



Customer relationships are also analysed in the case of a triggering event. Accordingly, a triggering event analysis is carried out and if a triggering event is detected, an assessment based on discounted cash flows is carried out in order to determine any potential need for impairment (impairment test).

In the first half year 2019, goodwill changed as a result of currency-related valuations by EUR 7.6 million as of the reporting date. As of 30 June 2019, goodwill amounted to EUR 713.5 million (31 December 2018: EUR 705.9 million) and is assigned to the following groups of cash-generating units:

## Goodwill

| in EUR million                       | 30 Jun 2019  | 31 Dec 2018  |
|--------------------------------------|--------------|--------------|
| Payment Processing & Risk Management | 559.7        | 552.6        |
| Acquiring & Issuing                  | 153.5        | 153.0        |
| Call Center & Communication Services | 0.3          | 0.3          |
| <b>Total</b>                         | <b>713.5</b> | <b>705.9</b> |
| Less: impairment losses              | 0.0          | 0.0          |
|                                      | <b>713.5</b> | <b>705.9</b> |

The change in the line item customer relationships of EUR 13.6 million in the first half year 2019 is relating to their amortisation and currency-related valuations as of the reporting date.

### Internally-generated and other intangible assets

In the first half year 2019, internally-generated software was developed and capitalised in the amount of EUR 22.2 million (6M 2018: EUR 20.7 million). This relates mainly to software for Wirecard's payment platform and its expansion as well as M&A-related enhancements to the IT infrastructure, in particular for processing the transaction volumes of new customers.

Besides software for individual IT solutions and applications, other intangible assets relate to software acquired for and used by the "Payment Processing & Risk Management" and "Acquiring & Issuing" segments. In the first

half year 2019, this item mainly changed due to operative investment from EUR 113.3 million as of 31 December 2018 to EUR 114.6 million as of 30 June 2019.

### 2.2 Property, plant and equipment

The carrying amount of properties, technical equipment, operating and office equipment as well as motor vehicles held as part of leases as of 30 June 2019 amounted to EUR 64.6 million (31 December 2018: EUR 36.5 million as part of finance lease according to IAS 17) and is reported accordingly under property, plant and equipment. The leased items partly serve here as collateral for the respective obligations from the lease agreements.

### 2.3 Financial and other assets / interest-bearing securities

Financial and other assets and interest bearing securities as of 30 June 2019 totalled EUR 372.7 million (31 December 2018: EUR 413.6 million). These detail as follows:

#### Financial and other assets / interest-bearing securities

| in EUR million  | 30 Jun 2019  | 31 Dec 2018  |
|---|--------------|--------------|
| Visa preferred stock  | 31.2         | 23.6         |
| Financing agreements (amongst others sales partner)           | 132.4        | 132.9        |
| Convertible bonds   | 13.2         | 13.2         |
| Securities  | 2.4          | 2.3          |
| Securities/collared floaters from bank business               | 5.0          | 24.7         |
| Receivables from bank business (mostly from FinTech business) | 107.0        | 123.4        |
| Other M&A related assets                                      | 74.0         | 89.5         |
| Other   | 7.5          | 3.9          |
|   | <b>372.7</b> | <b>413.6</b> |

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

As part of the purchase price allocations related to the acquisition of Citi's card acceptance business in the Asia-Pacific region in accordance with IFRS 3, various

other assets were identified that were recognised accordingly in a separate item. This was due to accounting-specific rules for the accounting of various contractual rights and assets in accordance with IFRS 3.

#### 2.4 Receivables of the acquiring business

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

From a financial reporting perspective, it is thus particularly important to differentiate whether the transaction volume is processed via licensed acquirers belonging to

Wirecard or whether Wirecard is using an external acquiring partner. If the transaction volumes are processed via Wirecard, they are reported under receivables until the incoming payment is received. Depending on the currency and means of payment, as well as on the respective card organisation, payment is generally received between one day and one week after the transaction.

However, if another bank is involved in the processing of transactions, Wirecard is not permitted to receive and report the transaction volumes in the statement of financial position. In this case, the acquiring partner accounts for these items on its statement of financial position. Wirecard then only reports any charges and commissions, as well as the rolling security reserves for the merchants general risk of default, as receivables of the acquiring business. Only Wirecard's charges that are included in the revenues have an impact on profit or loss and not the entire receivable amount. In this context, please also refer to section 7.2 "Risk reporting" of the Annual Report 2018.

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

## 2.5 Trade and other receivables

The statement of financial position item trade and other receivables splits as follows:

### Trade and other receivables

| in EUR million  | 30 Jun 2019  | 31 Dec 2018 |
|---|--------------|-------------|
| Receivables from bank business (mostly from FinTech business) | 112.8        | 98.0        |
| Receivables from prepaid card business                        | 36.9         | 40.3        |
| Other M&A related receivables                                 | 41.5         | 31.4        |
| Other trade receivables                                       | 121.6        | 115.6       |
| Other receivables   | 80.5         | 72.2        |
|   | <b>393.3</b> | 357.4       |

Trade and other receivables exist as a result of, amongst other things, activities related to Wirecard Bank AG co-operating with different companies in the FinTech sector. These are reported under the item Receivables from bank business. As a technology company with its own financial institution, Wirecard supports different companies through e.g. peer-to-peer loan platforms for private borrowers and SMEs, mobile banking solutions or solutions for payment by instalment in the online shopping sector.

Alongside services in the areas of technology and risk management, Wirecard also sometimes provides financing, particularly in the area of instalment purchase agreements and the provision of small loans in cooperation with FinTech companies. The reasons for this are, on the one hand, the transformation of the financing industry towards internet-based, technology-oriented solutions and, on the other hand, the response to the prevailing low-interest phase which has enabled Wirecard to utilise these business fields. The basis for these items are

the cash and cash equivalents from the banking business (customer deposits) of the Group. Furthermore, this item also contains short-term customer loans and current account overdraft loans, which are held to improve interest income and whose interest rates depend on market rates.

Other trade receivables comprise of all receivables from the other business fields of Wirecard.

Other receivables comprise of rent, insurances and other services that due to their contractual terms are accrued after the reporting date. Further, this subitem comprises of desoposits, receivables from employees and other assets.

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

Apart from investing in various interest-bearing securities, Wirecard has, as in previous years, also invested in fixed-term deposits in order to improve its interest income. All investments are only concluded with banks or counterparties that meet the creditworthiness requirements from the Group's own risk evaluation and – to the extent that external ratings are available – are assessed as having a minimally creditworthiness risk by renowned ratings agencies. Fixed-term deposits with a term of more than three months are disclosed under Interest-bearing securities and fixed-term deposits. In contrast, fixed-term deposits with a term of up to three months are reported under Cash and cash equivalents. As of the reporting date of 30 June 2019, fixed-term deposits of EUR 1.5 million (31 December 2018: EUR 1.2 million) had been placed as collateral for credit card business for the duration of the business relationship.

## **2.7 Cash and cash equivalents**

As of 30 June 2019, the item Cash and cash equivalents amounting to EUR 3,047.7 million (31 December 2018: EUR 2,719.8 million) included cash in hand and bank balances (demand deposits, fixed-term deposits with a term of up to three months and overnight deposits). This item also includes cash from current customer deposits which are not placed in interest-bearing securities

(30 June 2019: EUR 1,559.1 million; 31 December 2018: EUR 1,263.0 million) and funds from the acquiring business of Wirecard Bank (30 June 2019: EUR 346.9 million; 31 December 2018: EUR 453.4 million). To improve its interest income, Wirecard invests some of the customer deposits in various short, medium and long-term interest bearing securities (collared floaters and other interest-bearing securities). These are disclosed under non-current financial and other assets as well as current interest-bearing securities. Excluding the purchase of these securities and the fixed-term deposits with a term of more than three months, the item Cash and cash equivalents would have been EUR 523.2 million higher as of 30 June 2019 (31 December 2018: EUR 166.7 million).

## **3. Notes to the consolidated statement of financial position – equity and liabilities**

With regards to the development of Group equity in the first half year 2019, reference is made to the consolidated statement of changes in equity in addition to the following explanations.

### **3.1 Subscribed capital**

As of 30 June 2019, the subscribed capital was EUR 123.6 million (31 December 2018: EUR 123.6 million) and comprises 123,565,586 (31 December 2018: 123,565,586) no-par value shares with a notional interest in the common stock of EUR 1.00 per share.

### **Conditional capital**

According to the resolution made by the Annual General Meeting on 18 June 2019, the share capital of Wirecard AG is conditionally increased by a sum of up to EUR 8.0 million by issuing up to 8.0 million new no-par value bearer shares (Conditional Capital 2019/I). The conditional capital increase is exclusively for providing shares to the holders of the convertible bonds that are issued by Wirecard AG or by a direct or indirect subsidiary in Germany or abroad on the basis of the authorization that was granted by the Annual General Meeting on 18 June 2019. The new shares may only be issued at a conversion price which meets the specifications of the authorization that

was granted by the Annual General Meeting on 18 June 2019.

The conditional capital increase shall only be implemented to the extent that holders of the convertible bonds exercise their conversion rights, and only insofar as no existing shares, no shares from authorized capital and no other forms of fulfilment are used for servicing purposes. The new shares shall be entitled to participate in the profit from the beginning of the fiscal year for which, at the time of their creation by virtue of exercising of conversion rights, there has not yet been any resolution taken by the Annual General Meeting about the allocation of the profits.

The Management Board is authorized, subject to the Supervisory Board's consent, to specify the further details of the conditional capital increase and its implementation.

The Supervisory Board is authorized to amend the wording of Article 4 Para. (1) and Para. (5) of the Articles of Association of Wirecard AG to reflect the extent to which the Conditional Capital 2019/I is used up each time, and to make any other adjustments to the Articles of Association that are connected therewith which only concern the wording. In the event of the authorization to issue the convertible bonds not being exercised, the same shall apply after the authorization's period of validity has expired, and in the event of the Conditional Capital 2019/I not being used or not being fully used up, it shall also apply after all the conversion periods have expired.

In this connection, we refer to our comments in the interim group management report under the section 2 "Business performance."

### **3.2 Retained earnings**

At the Annual General Meeting 2019 on 18 June 2019, a resolution was passed to pay a dividend of EUR 0.20 per

dividend-entitled ordinary share to the shareholders, corresponding to a total amount of EUR 24.7 million. In the previous year 2018, the dividend payment amounted to EUR 0.18 per dividend-entitled ordinary share, which corresponded to an amount in total of EUR 22.2 million.

### **3.3 Other components of equity**

#### **Translation reserve**

The foreign currency translation reserve changed in the first half year 2019 due to foreign currency translations with no effect on profit or loss according to IAS 21 from EUR -71.2 million as of 31 December 2018 to EUR -61.7 million as of 30 June 2019. This development was primarily attributable to goodwill and customer relationships accounted for in foreign currencies due to the acquisitions concluded in previous years.

#### **3.4 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**

Non-current interest-bearing liabilities are related to the financing of the acquisitions completed in previous years in general. They increased in the first half year 2019 by EUR 245.9 million from EUR 1,348.7 million as of 31 December 2018 to EUR 1,594.6 million as of 30 June 2019. This increase primarily relates to the product offering for Digital Lending including real-time payouts of transactions already conducted, which is available in particular to small and medium-sized merchants as well as investments in the expansion and granting of licenses in Asia and the USA.

## Other non-current liabilities

This line item details as follows:

### Other non-current liabilities

| in EUR million                             | 30 Jun 2019  | 31 Dec 2018  |
|--|--------------|--------------|
| Earnout liabilities                        | 5.9          | 5.6          |
| Lease liabilities                          | 43.0         | 27.2         |
| Variable remuneration and pension benefits | 3.2          | 2.0          |
| Other M&A related liabilities              | 99.1         | 120.0        |
| Other non-current liabilities              | 5.1          | 9.1          |
|  | <b>156.3</b> | <b>163.8</b> |

The portion of earnout components and current purchase price liabilities that is due within the period of one year is EUR 23.8 million as of 30 June 2019 (31 December 2018: EUR 25.9 million) and is disclosed under current liabilities.

As part of the purchase price allocation related to the acquisition of Citi's card acceptance business in the Asia-Pacific region, further other non-current liabilities were identified that were recognised accordingly in a separate item. This was due to accounting-specific rules for the accounting of various contractual obligations and liabilities in accordance with IFRS 3.

#### Deferred tax liabilities

Deferred taxes of EUR 79.0 million (31 December 2018: EUR 80.1 million) refer to temporary differences between the carrying amounts of assets and liabilities in the tax statement of financial position and their carrying amounts in the consolidated statement of financial position according to IFRS. These are reported under non-current liabilities and are due, in particular, to the disclosure of intangible assets as part of the acquisitions concluded in previous years.

#### 3.5 Current liabilities

Current liabilities consist of liabilities of the acquiring business, trade payables, interest-bearing liabilities,

other provisions, other liabilities, customer deposits from banking operations as well as tax provisions.

#### Liabilities of acquiring business

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

Depending on the reporting date and the payment cycle, the statement of financial position items liabilities of the acquiring business and receivables of the acquiring business are subject to considerable fluctuations from one

reporting date to another. These fluctuations occur, in particular, due to delayed payouts on account of the public holidays between respective reporting periods. During the actual processing of the transactions, it is also sometimes possible that the credit card volume payments from Wirecard to the merchant already takes place before the funds are received from the credit card companies. This can result in, amongst other things, higher receivables in comparison to the corresponding liabilities.

#### Trade payables

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

#### Interest-bearing liabilities

Current interest-bearing liabilities of EUR 123.0 million (31 December 2018: EUR 117.4 million) mainly comprise of loans that are due within one year.

#### Other provisions

Provisions totalling EUR 27.9 million (31 December 2018: EUR 18.5 million) are recognized as current liabilities because they are expected to be used within one year. These provisions contain financial guarantees amounting to EUR 23.1 million (31 December 2018: EUR 12.3 million) as the largest item.

#### Other liabilities

This statement of financial position item splits as follows:

#### Other liabilities

| in EUR million                | 30 Jun 2019  | 31 Dec 2018  |
|-------------------------------|--------------|--------------|
| Accruals                      | 64.0         | 65.2         |
| Other M&A related liabilities | 56.3         | 45.4         |
| Lease liabilities             | 26.9         | 16.5         |
| Purchase price liabilities    | 23.8         | 25.9         |
| Other                         | 36.5         | 33.6         |
|                               | <b>207.5</b> | <b>186.6</b> |

#### Customer deposits from banking operations

As of 30 June 2019, this line item includes customer deposits of EUR 1,559.1 million (31 December 2018: EUR 1,263.0 million).

## 4. Notes to the consolidated statement of profit or loss

### 4.1 Revenues

The revenues of the Group are subdivided between the operating segments – which reflect the influence of economic factors on the type, amount, timing and uncertainty of the revenue and payment flows – as follows:

#### Revenues by operating segment

| in EUR million                               | 6M 2019        | 6M 2018      |
|--|----------------|--------------|
| Payment Processing & Risk Management (PP&RM) | 915.2          | 624.6        |
| Acquiring & Issuing (A&I)                    | 333.3          | 295.7        |
| Call Center & Communication Services (CC&CS) | 4.6            | 4.6          |
|  | 1,253.1        | 924.9        |
| Consolidation PP&RM                          | -29.3          | -24.7        |
| Consolidation A&I                            | -10.4          | -11.8        |
| Consolidation CC&CS                          | -3.5           | -3.2         |
| <b>Total</b>                                 | <b>1,209.8</b> | <b>885.2</b> |

The interest income generated in the segment of “Acquiring & Issuing” amounting to EUR 12.8 million (6M 2018: EUR 9.6 million) is reported as revenues in accordance with IFRS accounting principles.

### 4.2 Cost of materials

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

In Acquiring & Issuing, the cost of materials relating to the areas of acquiring, issuing and payment transactions primarily comprises, besides interchanges, the processing costs of external service providers, production, personalisation and transaction costs for prepaid cards and the

payment transactions realised with them, as well as account management and transaction charges for managing the corresponding customer accounts.

### 4.3 Personnel expenses

Personnel expenses in the first half year 2019 totalled EUR 140.7 million (6M 2018: EUR 112.0 million) comprising salaries of EUR 124.8 million (6M 2018: EUR 99.4 million) and social security contributions of EUR 15.9 million (6M 2018: EUR 12.6 million).

In the first half year 2019, the Group employed an average of 5,623 employees (6M 2018: 4,989) (excluding the Management Board and apprentices), of whom 327 (6M 2018: 335) worked on a part-time basis. Of the 5,623 employees, 81 (6M 2018: 99) were employed as management board members/general managers at subsidiaries of Wirecard AG.



The total number of employees was distributed amongst the following functions:

### Employees

|                             | 6M 2019      | 6M 2018      |
|-----------------------------|--------------|--------------|
| Sales                       | 1,018        | 898          |
| Administration              | 801          | 581          |
| Customer service            | 1,239        | 1,216        |
| Research/Development and IT | 2,565        | 2,294        |
| <b>Total</b>                | <b>5,623</b> | <b>4,989</b> |
| of which part-time          | 327          | 335          |

### 4.4 Other operating expenses

The breakdown of other operating expenses is as follows:

### Other operating expenses

| in EUR million                                      | 6M 2019      | 6M 2018     |
|---|--------------|-------------|
| Legal and financial statement costs                 | 20.9         | 6.3         |
| Consulting expenses and consulting-related expenses | 20.8         | 13.4        |
| Office expenses                                     | 3.6          | 9.2         |
| Equipment   | 13.2         | 11.4        |
| Travel, sales and marketing                         | 12.7         | 9.8         |
| Personnel-related expenses                          | 13.4         | 7.9         |
| Insurance payments, contributions and levies        | 2.8          | 2.2         |
| Other   | 13.0         | 7.8         |
| <b>Total</b>  | <b>100.5</b> | <b>68.1</b> |

### 4.5 Amortisation and depreciation

Amortisation and depreciation is broken down below the consolidated statement of profit or loss of Wirecard into two items so that the amortisation and depreciation of assets which result from business combinations and acquired or assumed customer relationships (M&A-related) can be presented separately. In the first half year 2019, amortisation and depreciation adjusted for M&A

amounted EUR 47.2 million (6M 2018: EUR 32.5 million). In contrast, the M&A-related amortisation and depreciation in the first half year 2019 was EUR 17.7 million (6M 2018: EUR 19.4 million).

Due to the significant M&A activity of Wirecard, this differentiation makes it easier to compare this item with the previous year or previous years.

## 4.6 Financial result

The financial result details as follows:

### Financial result

| in EUR million                           | 6M 2019     | 6M 2018     |
|--|-------------|-------------|
| Unwinding the discount on liabilities    | 2.3         | 1.4         |
| Interest expenses from loans and leasing | 17.1        | 12.6        |
| Losses from fair value measurement       | 0.3         | 2.2         |
| Currency-related expenses                | 0.2         | 0.2         |
| <b>Financial expenses</b>                | <b>19.8</b> | <b>16.5</b> |
| Interest income                          | 2.1         | 1.8         |
| Gains from fair value measurement        | 8.0         | 3.2         |
| Income from securities and loans         | 0.3         | 0.1         |
| <b>Financial income</b>                  | <b>10.5</b> | <b>5.0</b>  |

## 4.7 Income tax expense and deferred taxes

The consolidated statement of profit or loss includes income tax expenses of EUR 30.2 million in the first half year 2019 (6M 2018: EUR 31.1 million). Essentially, these related to the income tax charges of the Group companies on the basis of the respective tax calculations as of 30 June 2019.

The cash-relevant tax rate (excluding deferred taxes) amounted to 11.3 percent (6M 2018: 9.9 percent). Including deferred taxes, the tax rate was 11.3 percent (6M 2018: 16.5 percent).

## 5. Notes to the consolidated statement of cash flows

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

While the cash flow from operating activities before banking operations shows the cash flow from the operating

business of Wirecard, the cash flow from operating activities also takes into account the changes in cash flows from the deposit business (customer deposits) and the corresponding asset items from the banking and prepaid card business.

### Method used to measure cash and cash equivalents

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

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

As of 30 June 2019 and as of 30 June 2018, Wirecard held both cash and cash equivalents.

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

Cash and cash equivalents at end of period includes cash in hand and bank balances disclosed under cash and cash equivalents in the statement of financial position (30 June 2019: EUR 3,047.7 million; 30 June 2018:

EUR 2,060.4 million), less current (immediately due and payable) liabilities to banks (30 June 2019: EUR –21.6 million; 30 June 2018: EUR –6.1 million), disclosed under current interest-bearing liabilities.

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

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

### Cash and cash equivalents

| in EUR million                                    | 30 Jun 2019    | 30 Jun 2018    |
|---|----------------|----------------|
| Cash and cash equivalents                         | 3,047.7        | 2,060.4        |
| Current interest-bearing liabilities              | -123.0         | -6.6           |
| of which current bank borrowings                  | -21.6          | -6.1           |
| <b>Cash and cash equivalents at end of period</b> | <b>3,026.1</b> | <b>2,054.3</b> |

#### 5.1 Cash flow from operating activities

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

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

The cash inflows/outflows from operating activities is determined by including the interest and tax payments.

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

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

Interest received in the first half year 2019 amounted to EUR 0.4 million (6M 2018: EUR 0.2 million). Interest paid excluding interest on loans and leases in the first half year

2019 came to EUR –0.4 million (6M 2018: EUR –0.4 million). The related cash flows from such interest received and interest paid were each classified under operating activities.

Interest paid on loans and leases in the first half year 2019 came to EUR –5.0 million (6M 2018: EUR –6.7 million) and is disclosed under cash flow from financing activities.

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

The cash-effective balance of income taxes (cash flow from income taxes) in the first half year 2019 totalled EUR –42.5 million (6M 2018: EUR –34.5 million) and was always classified as operating activities.

#### **Cash flow from operating activities of banking operations**

In the first half year 2019, cash flow from the banking operations of EUR –63.5 million was generated (6M 2018: EUR 24.8 million). The main reason for this development was the increase in customer deposits from Wirecard's growing issuing business, which were increasingly invested in short-term assets from banking operations. Therefore, the (unadjusted) cash flow from operating activities in the first half year 2019 stood at EUR 177.6 million (6M 2018: EUR 223.7 million).

The customer deposits are held as deposits with the central bank and as demand and fixed-term deposits with banks. In addition, some of the customer deposits are invested in securities or are used to expand the business with FinTech companies.

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

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

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

The cash flow from investing activities is the result of the cash inflows from non-current assets (excluding deferred taxes) and the cash outflows for investments in non-current assets (excluding deferred taxes). The cash flow from investing activities totalled EUR –44.5 million in the first half year 2019 (6M 2018: EUR –65.5 million).

The cash outflows for investments mainly comprise of the following:

#### **Substantial cash outflows for investments**

| in EUR million                         | 6M 2019 | 6M 2018 |
|--|---------|---------|
| Strategic transactions/M&A             | 0.0     | 32.7    |
| Internally-generated intangible assets | 22.2    | 20.7    |
| Other intangible assets (software)     | 14.5    | 6.0     |
| Property, plant and equipment          | 7.7     | 8.1     |

Disclosures pursuant to IAS 7.40 are as follows:

### Investments to acquire companies

| in EUR million       | 6M 2019 | 6M 2018 |
|----------------------|---------|---------|
| Purchase prices paid | 0.0     | 1.9     |
| Net investment       | 0.0     | 1.9     |

### 5.3 Cash flow from financing activities

Cash flow from financing activities in the first half year 2019 mainly concerns cash inflows from drawing on financial liabilities amounted EUR 253.9 million (6M 2018: EUR 375.0 million), which are related to the product offering for Digital Lending including real-time payouts of transactions already conducted, which is available in particular to small and medium-sized merchants as well as investments in the expansion and granting of licenses in Asia and the USA. Opposite, there was a cash outflow for the repayment of financial liabilities of EUR -6.7 million (6M 2018: EUR -306.2 million). In addition, financing was carried out as part of leases, which resulted in a cash flow of EUR -15.0 million (6M 2018: EUR -7.2 million).

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

After taking into account the total cash inflows and cash outflows reported above of EUR 330.5 million (6M 2018: EUR 167.5 million), the exchange-rate- and revaluation related changes of EUR -6.9 million (6M 2018: EUR -9.0 million) as well as cash and cash equivalents at start of the reporting period amounting to EUR 2,702.5 million (30 June 2018: EUR 1,895.9 million), cash and cash equivalents at the end of reporting period totaled to EUR 3,026.1 million (30 June 2018: EUR 2,054.3 million). Alongside cash and cash equivalents, there are other current assets and liabilities that can have a significant effect on the availability of funds. Therefore, Wirecard has created an additional net cash calculation. The net cash calculation is based on the current availability of cash for the further development of the business and for investments.

### 5.5 Net cash items

#### Net Cash Position - Wirecard

| in EUR million  | 30 Jun 2019    |          | 31 Dec 2018    |          |
|---|----------------|----------|----------------|----------|
| Cash and cash equivalents   | 3,047.7        |          | 2,719.8        |          |
| Securities  | 2.4            |          | 2.3            |          |
| Receivables of the acquiring business and trade and other receivables | 1,179.8        |          | 1,042.4        |          |
| Interest-bearing liabilities / other liabilities                      | -330.6         |          | -303.9         |          |
| Customer deposits from banking operations                             | -1,559.1       | -1,038.3 | -1,263.0       | -1,098.7 |
| Non-current interest-bearing securities                               | 5.0            |          | 24.7           |          |
| Interest-bearing securities and fixed-term deposits                   | 515.8          |          | 139.6          |          |
| Liabilities of the acquiring business and trade payables              | -774.9         |          | -715.3         |          |
| <b>Net Cash Position - Wirecard</b>                                   | <b>2,086.1</b> |          | <b>1,646.6</b> |          |

The calculation shown in the table also contains liabilities from M&A projects and earn-out obligations reported as liabilities. To gain a non-current view of the net cash items, the items non-current interest-bearing liabilities and other non-current liabilities, as well as non-current

financial and other assets / interest bearing securities, are taken into account. This calculation also shows the solid financial situation of Wirecard as in previous years. The change in cash conversion is due in particular to the positive development of the financial result.

### Net Cash Position (long term view) - Wirecard

| in EUR million                              | 30 Jun 2019  |                 | 31 Dec 2018 |          |
|---|--------------|-----------------|-------------|----------|
| <b>Net Cash Position - Wirecard</b>         |              | <b>2,086.1</b>  |             | 1,646.6  |
| Long term interest-bearing financial assets | <b>372.7</b> | <b>365.3</b>    | 413.6       | 386.6    |
| (thereof customer deposit related)          | <b>7.4</b>   |                 | 27.0        |          |
| Non-current interest-bearing liabilities    |              | <b>-1,594.6</b> |             | -1,348.7 |
| Other non-current liabilities               |              | <b>-156.3</b>   |             | -163.8   |
| Non-current Net Cash position               |              | <b>700.5</b>    |             | 520.6    |

Alongside the loans recognised in the statement of financial position, additional credit lines from commercial banks amounting to EUR 291.6 million are available as of 30 June 2019 (31 December 2018: EUR 436.4 million).

#### 5.6 Free cash flow

In addition to the cash flow statement presented, Wirecard also uses the free cash flow to evaluate its operating performance and to provide an overview of the

cash generated by the operating business. Free cash flow is defined as cash flow from operating activities less investment in property, plant and equipment, internally-generated intangible assets and other intangible assets (software). In particular, the free cash flow is available for strategic transactions/M&A activities and for dividend payments.

### Free cash flow

| in EUR million                                 | 30 Jun 2019  | 30 Jun 2018 |
|--|--------------|-------------|
| Cash flow from operating activities (adjusted) | <b>284.0</b> | 196.2       |
| Operative CAPEX                                | <b>44.5</b>  | 34.8        |
| <b>Free cash flow</b>                          | <b>239.6</b> | 161.4       |

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 100.9 percent

(30 June 2018: 102.4 percent). The change in cash conversion is due in particular to the positive development of the financial result.

## Cash conversion

| in EUR million                    | 30 Jun 2019  | 30 Jun 2018 |
|-----------------------------------|--------------|-------------|
| Free cash flow                    | 239.6        | 161.4       |
| Earnings after tax                | 237.5        | 157.6       |
| <b>Cash conversion in percent</b> | <b>100.9</b> | 102.4       |

## 6. Other notes

### 6.1 Segment reporting

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

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

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

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

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

Call Center & Communication Services (CC&CS) is the segment in which the Group reports the complete value-added scope of its call center activities, which also include other products such as after-sales support for Wirecard customers or mailing activities.

In its segment reporting, Wirecard breaks down revenues by region as well as EBITDA by region according to the geographical regions of "Europe" including Germany, "Asia and Pacific" and "America and Africa" including North and South America. This information is given according to the production location, i.e. the headquarters of the subsidiaries.

## Revenues by operating segment

| in EUR million                               | 6M 2019        | 6M 2018 |
|--|----------------|---------|
| Payment Processing & Risk Management (PP&RM) | 915.2          | 624.6   |
| Acquiring & Issuing (A&I)                    | 333.3          | 295.7   |
| Call Center & Communication Services (CC&CS) | 4.6            | 4.6     |
|  | <b>1,253.1</b> | 924.9   |
| Consolidation PP&RM                          | -29.3          | -24.7   |
| Consolidation A&I                            | -10.4          | -11.8   |
| Consolidation CC&CS                          | -3.5           | -3.2    |
| <b>Total</b>                                 | <b>1,209.8</b> | 885.2   |

## EBITDA by operating segment

| in EUR million                               | 6M 2019      | 6M 2018 |
|--|--------------|---------|
| Payment Processing & Risk Management (PP&RM) | 290.4        | 208.3   |
| Acquiring & Issuing (A&I)                    | 51.9         | 43.8    |
| Call Center & Communication Services (CC&CS) | -0.2         | 0.0     |
|  | <b>342.1</b> | 252.0   |
| Consolidations                               | 0.0          | -0.1    |
| <b>Total</b>                                 | <b>342.1</b> | 252.0   |

## Revenues by region

| in EUR million                   | 6M 2019        | 6M 2018 |
|----------------------------------|----------------|---------|
| Europe (incl. Germany)           | 580.3          | 455.5   |
| Asia and Pacific                 | 609.4          | 387.0   |
| America and Africa               | 91.4           | 91.3    |
|                                  | <b>1,281.0</b> | 933.8   |
| Consolidation Europe             | -65.3          | -44.1   |
| Consolidation Asia and Pacific   | -4.5           | -4.1    |
| Consolidation America and Africa | -1.5           | -0.4    |
| <b>Total</b>                     | <b>1,209.8</b> | 885.2   |



**EBITDA by region**

| in EUR million         | 6M 2019      | 6M 2018 |
|------------------------|--------------|---------|
| Europe (incl. Germany) | 148.6        | 123.0   |
| Asia and Pacific       | 172.3        | 100.9   |
| America and Africa     | 21.2         | 28.1    |
|                        | <b>342.1</b> | 252.0   |
| Consolidations         | 0.0          | 0.0     |
| <b>Total</b>           | <b>342.1</b> | 252.0   |

**6.2 Financial instruments**

The following tables classify the financial instruments measured at fair value into the three hierarchy levels of fair values:

**Financial instruments measured at fair value**

| in EUR million       | 30 Jun 2019 | Level 1 | Level 2 | Level 3 |
|----------------------|-------------|---------|---------|---------|
| Convertible bonds    | 13.2        |         |         | 13.2    |
| Visa preferred stock | 31.2        |         |         | 31.2    |
| Earn-out liabilities | -29.7       |         |         | -29.7   |
| Financial guarantees | -23.1       |         |         | -23.1   |

**Financial instruments measured at fair value**

| in EUR million       | 31 Dec 2018 | Level 1 | Level 2 | Level 3 |
|----------------------|-------------|---------|---------|---------|
| Convertible bonds    | 35.4        |         |         | 35.4    |
| Visa preferred stock | 23.6        |         |         | 23.6    |
| Earn-out liabilities | -31.5       |         |         | -31.5   |
| Financial guarantees | -12.3       |         |         | -12.3   |

In the first half year 2019 convertible bonds in an amount of EUR 22.2 million were disposed.

The financial guarantees increased in particular due to higher probabilities of default and a higher maximum guarantee amount in connection with the increase in the transaction volume processed by Wirecard.

The carrying amount of financial instruments, which are measured at cost or at amortized cost, is approximately equal to their fair value as of 30 June 2019.

## 7. Additional mandatory disclosures

### 7.1 Management Board

The Management Board of Wirecard AG consists of the following members:

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

**Alexander von Knoop**, Business Graduate, member of the Management Board since 1 January 2018  
CFO

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

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

### 7.2 Supervisory Board

The Supervisory Board of Wirecard AG consists of the following members:

**Wulf Matthias**, Management Consultant, Chairman

Other supervisory board mandates or mandates on other boards:

- Wirecard Bank AG, Aschheim (Germany)
- Deufol SE, Hofheim (Germany)

**Alfons W. Henseler**, self-employed Management Consultant, Deputy Chairman (until 18 June 2019)

Other supervisory board mandates or mandates on other boards:

- Wirecard Bank AG, Aschheim (Germany)

**Stefan Klestil**, Management Consultant, Deputy Chairman (as of 18 June 2019)

Other supervisory board mandates or mandates on other boards:

- Wirecard Bank AG, Aschheim (Germany)
- Billie GmbH, Berlin (Germany)
- Curve Ltd., London (Great Britain)
- Iyzico, Istanbul (Turkey)
- N26 Bank GmbH, Berlin (Germany)
- N26 GmbH, Berlin (Germany)
- Payworks GmbH, Munich (Germany)
- wefox AG, Zurich (Switzerland)
- FinCompare GmbH, Berlin (Germany)

Effective 18 June 2019, Mr. Alfons W. Henseler resigned from the Supervisory Board of Wirecard AG. In this context Mr. Stefan Klestil was appointed as the new Deputy Chairman.

**Vuyiswa V. M'Cwabeni**, SVP Technology and Innovation Strategist at SAP SE

No other supervisory board mandates or mandates on other boards

**Dr. Anastassia Lauterbach**, self-employed Technology Consultant

Other supervisory board mandates or mandates on other boards:

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

**Susana Quintana-Plaza**, COO at the Galp Energia, SGPS, S.A.

Other supervisory board mandates or mandates on other boards:

- Hexagon Composites ASA, Ålesund (Norway)

The following person was elected to the Supervisory Board of Wirecard AG at the Annual General Meeting 2019 on 18 June 2019:

**Thomas Eichelmann**, businessman

No other supervisory board mandates or mandates on other boards.

### 7.3 Events after the reporting date

Events after the reporting date that provide additional information on the company's situation as of the reporting date (adjusting events) have been included in the consolidated financial statements. Non-adjusting events after

the reporting date are reported in the notes if material in nature.

Due to the strong organic business development, the Management Board of Wirecard AG has increased the EBITDA guidance for the current fiscal year 2019 to EUR 765 million to EUR 815 million (previous guidance: EUR 760 million to EUR 810 million).

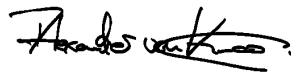
There were no other events after the reporting date.

Aschheim, 6 August 2019

**Wirecard AG**



Dr. Markus Braun



Alexander von Knoop



Jan Marsalek



Susanne Steidl

### III. Responsibility statement

To the best of our knowledge, and in accordance with the applicable reporting principles for interim financial reporting, the half year financial report as of 30 June 2019 gives a true and fair view of the assets, liabilities, financial position and results of operations of the Group, and the interim group management report includes a fair view of

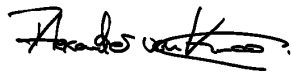
the development and performance of the business and the position of the Group, together with a description of the principal opportunities and risks associated with the expected development of the Group for the remaining months of the fiscal year.

Aschheim, 6 August 2019

Wirecard AG



Dr. Markus Braun



Alexander von Knoop



Jan Marsalek



Susanne Steidl

# Imprint

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Management report and consolidated financial statements produced with firesys GmbH.