

A detailed wireframe illustration of a human head in profile, facing right. The head is composed of numerous thin, grey lines that form a mesh-like structure, capturing the contours of the forehead, nose, cheek, and jawline. The background is a light, neutral color, making the wireframe stand out.

WIRECARD AG

INTERIM REPORT AS AT  
31 MARCH 2016

STAY IN THE FLOW OF YOUR SUCCESS - SYNCHRONISE YOUR BUSINESS WITH WIRECARD 001

## KEY FIGURES

<b>WIRECARD GROUP</b>	<b>Q1 2016</b>	<b>Q1 2015</b>	
Revenues	<b>210,470</b>	159,413	kEUR
EBITDA	<b>61,977</b>	46,034	kEUR
EBIT	<b>46,057</b>	33,410	kEUR
Earnings per share (undiluted)	<b>0.30</b>	0.23	EUR
Shareholders' equity	<b>1,305,376</b>	1,111,765	kEUR
Total assets	<b>3,023,519</b>	2,069,655	kEUR
Cash flow on ordinary transactions (adjusted)	<b>50,603</b>	46,228	kEUR
Employees (average)	<b>3,526</b>	1,978	
of which part time	<b>262</b>	220	

<b>SEGMENTS</b>	<b>Q1 2016</b>	<b>Q1 2015</b>	
Payment Processing & Risk Management	Revenues	<b>162,753</b>	113,718 kEUR
	EBITDA	<b>48,188</b>	37,459 kEUR
Acquiring & Issuing	Revenues	<b>64,340</b>	58,013 kEUR
	EBITDA	<b>13,727</b>	8,490 kEUR
Call Center & Communication Services	Revenues	<b>2,177</b>	1,541 kEUR
	EBITDA	<b>71</b>	64 kEUR
Consolidation	Revenues	<b>- 18,800</b>	- 13,858 kEUR
	EBITDA	<b>- 8</b>	21 kEUR
<b>Total</b>	Revenues	<b>210,470</b>	159,413 kEUR
	EBITDA	<b>61,977</b>	46,034 kEUR



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# I. Abridged Group Management Report

## 1. GROUP STRUCTURE, ORGANISATION, AND EMPLOYEES

### Group

Wirecard AG is a global technology group that supports companies in accepting electronic payments from all sales channels. As a leading independent supplier, the Wirecard Group offers outsourcing and white label solutions for electronic payments. A global platform bundles international payment acceptances and methods with supplementary fraud prevention solutions. With regard to issuing own payment instruments in the form of cards or mobile payment solutions, the Wirecard Group provides companies with an end-to-end infrastructure, including the requisite licences for card and account products.

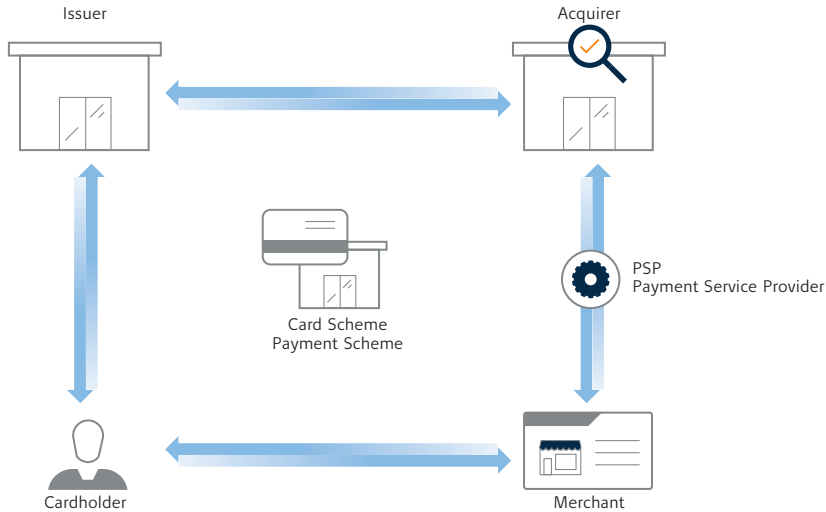
### Payment industry

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

The competition and the interrelationships in the industry can be illustrated in simplified form using the four-party model. Credit card companies or alternative types of payment provide secure networks or solutions for electronic transactions. Customers want to simply and securely conclude their transactions in real time and possess for this purpose a card product from a card issuing institution (issuer) or use an alternative payment method. It is important for retailers to offer their target groups their favoured type of payment and to keep the number of cancelled purchases and payment defaults as low as possible. In order to process transactions via card networks and distribute money to the retailer's account, the retailer requires an acquirer. 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.

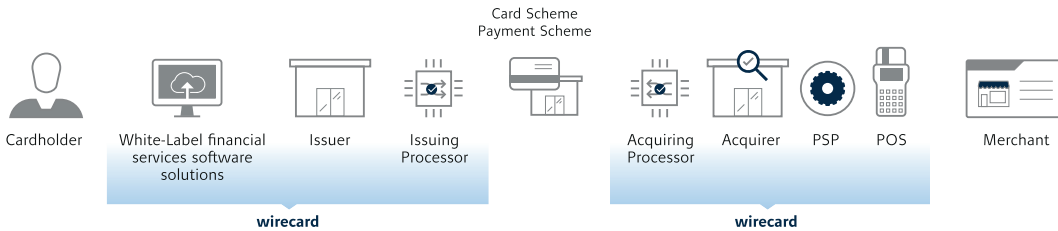
**1. Group structure, organisation, and employees**

**Four-party model**



**Competitive position**

Wirecard offers services across all areas of electronic payments to its customers and partners. While there are numerous local 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. International customers with complex business models can be supported in all areas of electronic payment. Wirecard enables retailers to reduce the complexity of electronic transactions to a minimum and to optimise sales processes by integrating all services from payment processing through to risk management and fraud prevention, value added services and card acceptance through to banking services such as treasury and currency management. Furthermore, Wirecard offers physical and virtual issuing products to, amongst others, financial service providers, retailers, mobile telephone providers or consumers. The range of services is rounded off with technical processing services for credit card networks and banks, as well as with software solutions for mobile banking applications and mobile and bricks and mortar card acceptance, especially in Asia.



## Group structure

The Group parent company Wirecard AG, headquartered in Aschheim near Munich, assumes responsibility for strategic corporate planning and central tasks, as well as the strategic guidance and control of the subsidiaries.

Wirecard's products and services in the area of electronic payment processing, risk management and additional value added services run on a global software platform. Its development and maintenance are mainly managed by Wirecard Technologies GmbH in Aschheim (Germany).

In cooperation with Wirecard Technologies GmbH, Wirecard Processing FZ-LLC in Dubai (United Arab Emirates) and other subsidiaries such as Wirecard NZ Ltd in Auckland (New Zealand) handle the technical processing of credit card payments on behalf of financial institutions (acquiring processing). The technical processing of issuing products for banks and companies in the FinTech sector is also handled by Wirecard Processing FZ LLC, Wirecard South Africa (Pty.) Ltd. and other subsidiaries such as Wirecard India Pte. Ltd. in Chennai (India).

These technology services are closely linked to the acceptance of card payments, the issuing of card products and additional financial services. As an innovative partner for global credit card companies, Wirecard possesses the required licences from Visa Europe (in future Visa Inc.), MasterCard and others including Unionpay, Amex, DinersClub, JCB, Discover International and UATP. This enables it to issue physical and virtual card products and accept card payments for retailers and companies. Wirecard Bank AG has a full German banking licence and can also offer banking services to customers in addition to acquiring and issuing services. Wirecard Card Solutions Ltd., based in Newcastle (United Kingdom), holds an e-money license from the UK's Financial Conduct Authority (FCA) and acquiring and issuing licences from Visa and MasterCard. Wirecard Ödeme Ve Elektronik Para Hizmetleri A.Ş., Istanbul (Turkey), is currently in the process of obtaining an e-money license from the Turkish regulatory authority BRSA (Banking Regulation and Supervision Agency). The subsidiary GI Technologies, Chennai (India), holds a licence for the issuing of prepaid payment instruments. On 31 March 2016, GI Technologie received a Money Transfer Service Scheme (MTSS) license from the Reserve Bank of India to offer money transfer functions (money remittance) from abroad into India. Wirecard Singapore Pte Ltd was named a Principal Member of Visa Inc.

Wirecard is expanding its portfolio of services in emerging and developing countries based on the different stages of development in the area of e-commerce in each country. Alongside online payment processing and acquiring services, the Company's Southeast Asian subsidiaries, in particular, offer products and solutions in the area of mobile and bricks and mortar payment such as innovative card acceptance solutions in the travel and mobility sector or stationary POS card terminals based on IP technology. The range of services also includes, amongst other things, solutions for banks and retailers for mobile cash machines, mobile card acceptance and software services in the area of Internet and mobile banking.

Wirecard markets its products and solutions globally via its locations in Europe, the Middle East, Africa, Asia, and Oceania. The sales activities are structured around the target sectors of consumer goods, digital goods and travel and mobility. Experts in each sector are based at the Group headquarters in Aschheim and provide support to their colleagues at the globally distributed subsidiaries during the sales process. Due to the combination of sector and market expertise, the sales structure makes it possible to directly address customers in a targeted manner and thus increases the sales success. These local subsidiaries give access to important regions and markets around the world. Germany, the United Kingdom and Austria serve as the base locations for the European and global market. In Southeast Asia, the operating units in the region are managed primarily from Singapore and Jakarta. Other relevant markets are addressed via subsidiaries in New Zealand, the United Arab Emirates, India, and South Africa.

The range of technological services offered by the Wirecard Group is completed by Wirecard Communication Services GmbH based in Leipzig, Germany. This subsidiary offers call center and communication services internally within the Group and sells these to the customers of Wirecard AG.

### **Changes to the Group structure**

Wirecard agreed to acquire the payment business of the Great Indian (GI) Retail Group on 27 October 2015. The GI Retail Group is active in, amongst other things, the area of electronic payment processing and offers e-commerce solutions with payment processing to local retail businesses (retail-assisted e-commerce). Following the closing of the entire transaction, Wirecard acquired 100 percent of the shares of its related companies that primarily offer payment services under the brands "iCASHCARD" and "Smartshop". Wirecard already obtained control over the companies Hermes I Tickets Pte Ltd, as well as its subsidiary GI Philippines Corp, and Star Global Currency Exchange Pte Ltd, Bangalore (India), on 30 December 2015. Furthermore, Wirecard acquired 60 percent of the shares in GI Technology Private Limited (GIT), a licensed prepaid payment instrument (PPI) and money remittance issuer in India, with effect from 1 March 2016. As a result of this overall transaction, Wirecard has taken over a team of more than 900 employees and strengthened its engagement in the growth market of India.

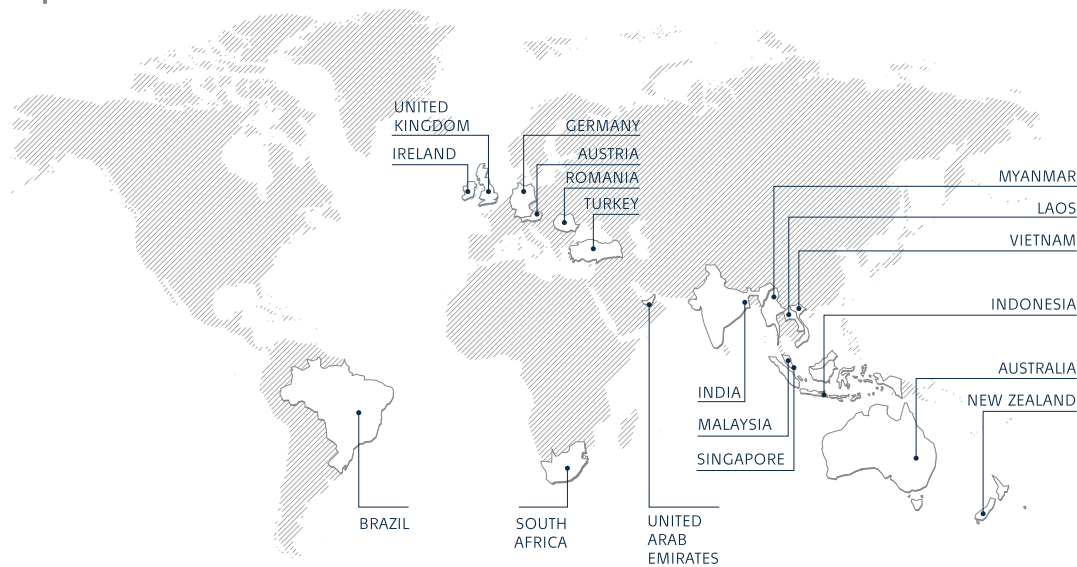
The acquisition of the Brazilian payment service provider Moip Pagamentos S.A. based in Sao Paulo was announced on 22 February 2016. Other markets in Latin America will be addressed in future via this market entry into Brazil. On 29 February 2016, the Romanian payment service provider Provus Group based in Bucharest was acquired. The Provus Group is a service provider in the areas of acquiring and issuing processing, as well as technical payment processing. This acquisition strengthens the Company's expansion into eastern Europe.

On 29 February 2016, GFG Group Limited was renamed as Wirecard NZ Limited and its subsidiary GFG Group (Aust) Pty. Ltd. was renamed as Wirecard Australia Pty Ltd.

In order to optimise the organisational structure, the two companies Trans Infotech Pte Ltd (Singapore) and Card Techno Pte Ltd (Singapore) were merged with Wirecard Singapore Pte Ltd (Singapore) after the reporting period.

Further information on changes to the Group structure after the reporting period can be found in the Management report, Chapter II. 3 Report on events after the balance sheet date and in the consolidated financial statements.

### Important subsidiaries:



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

### Organisation

The Group parent company Wirecard AG, headquartered in Aschheim near Munich, assumes responsibility for strategic corporate planning and the central tasks of human resources, legal, treasury, controlling, accounting, M&A and financial controlling, strategic alliances and business development, risk management, corporate communications and investor relations and facility management. The holding company also manages the acquisition and management of participating interests. The Management Board of Wirecard AG is responsible for the management of the Group.



## Q1 2016 I. ABRIDGED GROUP MANAGEMENT REPORT

### 1. Group structure, organisation, and employees

The Management Board of Wirecard AG remained unchanged as of 31 March 2016, consisting of three members:

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

There were no changes to Wirecard AG's Supervisory Board. The Supervisory Board comprised the following members as of 31 March 2016:

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

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

### **Employees**

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

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

The Wirecard Group employs a multinational team. The Wirecard Group employed an average of 3,526 employees (3M 2015: 1,978), excluding members of the Management Board of Wirecard and trainees, during the course of the quarter under review. Of which 262 (3M 2015: 220) worked on a part-time basis.

Wirecard is proud of this diverse personnel structure and considers diversity a core element of its corporate culture. Wirecard has employees from more than 80 different nations throughout the world. As a young, innovative and interculturally broad-minded Company, Wirecard integrates employees into decision-making processes. As an employer, Wirecard is characterised by flat hierarchies and an open, respectful working environment based on mutual appreciation.

## 2. BUSINESS ACTIVITIES AND PRODUCTS

### Business activities

#### Financial technology for 24 thousand customers.

##### Overview

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

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

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

##### Business model

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

##### USPs

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

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

### **Core sectors**

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

- Consumer goods            This includes retailers who sell physical products to their target group (B2C or B2B). This customer segment comprises companies of various dimensions, from e-commerce start-ups through to major international corporate groups. They include Internet pure players, multi-channel, teleshopping, and purely bricks and mortar retailers. The industry segments are highly varied: from traditional industries such as clothing, shoes, sports equipment, books/DVDs, entertainment systems, computer/IT peripherals, furniture/fittings, tickets, cosmetics and so on, through to multi-platform structures and marketplaces.
- Digital goods              This sector comprises business models such as Internet portals, download sites, app software companies, career portals, dating portals, gaming providers, telecommunications providers, Internet telephony, sports betting, and gambling such as poker.
- Travel and mobility        The customer portfolio in this sector primarily comprises airlines, hotel chains, travel portals, tour operators, travel agents, car rental companies, ferries and cruise lines, as well as transport and logistics companies.

# WIRECARD PLATFORM

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

- Online, POS, Mobile, MoTo

## MULTI-CHANNEL PAYMENT GATEWAY

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

## PAYMENT ACCEPTANCE SOLUTIONS

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

## ISSUING SOLUTIONS

- Issuing-licence for Visa, MasterCard
- E-money-licence, full banking licence
- Real time card generation and provisioning
- Tokenisation of credit card data
- Processing of card transactions
- B2B/ B2C standard solutions e.g. supplier and commission payments, procurement cards, corporate pay out/expense cards, gift cards, general purpose reloadable cards, One time use cards, and many more
- Form factors: virtual, plastic, sticker, mobile
- Prepaid, decoupled debit/credit, debit, charge, credit
- Closed- und openloop cards
- PIN-management
- 3D Secure/Verified by Visa
- Credit facility management, credit on demand, microcredits
- Multi-channel self-service user-registration and -data management
- Top up methods via alternative payment processes and automatic top-up
- Peer-to-peer fund transfer function/ International money remittance
- Multiprocessor-/White-label-platform
- Application program interfaces (APIs) for flexible integration in the customer system

## SERVICES

Multilingual service team with vast expertise in providing support for financial products, available 24/7 | Payment terminal infrastructure service | Credit risk and fraud management support | BIN sponsorship | Case management | Payment guarantee | Banking services for business and private customers | Currency management

## MOBILE SOLUTIONS

- Mobile payments incl. wallets and payment apps
- Contactless payments: Based on HCE/ SIM cards/ Embedded secure element
- White-label mobile apps and responsive web UI
- In-App Payments
- SP-TSM Gateway to all major SE-TSMs
- HCE Wearable incl. integration SDK
- HCE solution for mobile cards
- Payment SDK for iOS und Android
- Mobile payment acceptance mPOS
- Full integration in all Wirecard standard issuing products
- Mobile banking solutions

## VALUE-ADDED-SERVICES

- ConnectedPOS platform for integrated value-added-services
- POS integration-technology POS Connector
- Alternative payment schemes at the POS
- Integrated data processing tools
  - Own third-party supplier value-added-services
  - Omni channel loyalty- und couponing system with integrated real time processing of issuing and acquiring transactions
- White-label merchant self-service platform for campaign management
- Tier-based loyalty, couponing und cashbacks
- Contextual and financial offers
- Digital receipts
- Mobile customer loyalty
- Tax refund
- Real time analytics / big data
- POS conversion optimization

## RISK MANAGEMENT

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



## Reporting segments

Wirecard AG reports on its business development in three segments.

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

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

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

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

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

### Acquiring & Issuing (A&I)

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

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

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

Issuing and acquiring services are offered via Acquiring & Issuing GmbH and the subsidiaries Wirecard Bank AG, Wirecard Card Solutions Ltd., Wirecard Ödeme ve Elektronik Para Hizmetleri A.Ş., Istanbul (previously: Mikro Ödeme Sistemleri İletişim San.ve Tic. A.Ş.) and Moip Pagamentos S.A. Through partnerships with local and regional financial service providers, Wirecard AG is able to expand its network of financial services beyond Europe and thus operate in non-European markets as a full-service provider for locally active retailers and also for companies with international activities.

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

The complete scope of the value added services offered by our call centre activities is reported in the **Call Center & Communication Services (CC&CS)** segment. In addition, Call Center & Communication Services are also included in the range of cardholder services offered for Wirecard solutions such as myCard2Go, Orange Cash, etc. and also for after sales care of our customers or for mailing activities.

### **Products and solutions**

Wirecard supports companies across all areas of electronic payment processing. All of the services required for this purpose are offered within the Wirecard Group. Wirecard's IP-based platform enables all products and services to be linked according to relevant requirements. This makes it possible to offer customers and partners solutions that have been specifically tailored to their requirements. Payment processing and the issuing of payment instruments can be offered across all sales channels, whether online, mobile or bricks and mortar, and combined with risk management, supplementary solutions and services. Thanks to the flexible structure of the platform, Wirecard is the ideal partner for supporting customers when taking on the challenges posed by omni-channel sales.

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

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

In addition, country-specific, alternative payment and debit systems as well as industry-specific access solutions such as BSP (Billing and Settlement Plan in the airline sector), or the encryption of payment data during payment transfers (tokenisation), can also be provided. Furthermore, Wirecard offers retailers call centre services (24/7) with trained native speakers in 16 languages and thus assists retailers in taking orders and providing customer support.

Thanks to modular, service-oriented technology architecture, Wirecard can flexibly adapt its business processes to fit the market conditions at any time and hence respond quickly to new customer requirements. In particular, the omni-channel approach is being continuously implemented in the platform. Transactions will be processed via the software-based platform irrespective of the location of the payment (retail store, Internet shop, mobile application, telephone, e-mail, etc.). Retailers can thus flexibly design all of their business processes from the various sales channels and monitor and optimise them with the help of real-time reporting and business intelligence tools. The Internet-based platform architecture means it is possible to carry out individual process steps centrally at a single location or, alternatively, to distribute them across the various subsidiaries and process them at different locations around the world.

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

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

The technical services utilised by retailers for payment processing and for risk management are usually employed in combination with the acquiring services offered by Wirecard Bank AG and/or financial services partners of Wirecard AG.

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

#### **Issuing solutions**

Wirecard has issuing licences from Visa and MasterCard. Furthermore Wirecard possesses over subsidiaries an e-money license and a full banking licence for the SEPA region. In addition, the Company has long-standing experience in the issuing of various card products such as credit, debit and prepaid cards. This comprehensive range of products and services also includes the management of card accounts and the processing of card transactions (issuing processing). Alongside its own card products, Wirecard also enables its customers and partners to issue credit cards in the form of physical card products (non-NFC/contact cards, contactless cards as well as NFC stickers) or virtual cards for use in e-commerce. Moreover, Wirecard offers mobile solutions for payment in bricks and mortar retailing or for in-app payments. The product portfolio is supplemented by the issuing of card-based payment solutions for so-called wearables (Internet-enabled devices such as fitness wristbands or Internet-enabled watches) for contactless payment.

### **Mobile solutions**

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

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

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

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

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

### **Value added services/card linked offers/coupons and loyalty**

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

### **Risk/fraud management solutions – risk management**

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



## 3. GENERAL CONDITIONS AND BUSINESS PERFORMANCE

### Macroeconomic conditions

The International Monetary Fund (IMF) published its growth forecast of 3.2 percent for 2016 in its World Economic Outlook in April. In the Asia-5 states (Indonesia, Malaysia, the Philippines, Thailand and Vietnam), the IMF forecast growth of 4.8 percent. Economic growth of 7.5 percent is expected in India in 2016. The IMF forecasts growth of 0.6 percent for South Africa in 2016 and negative growth of 3.9 percent for Brazil.

According to calculations made by the European Commission in April 2016, gross domestic product in the European Union will grow by 1.8 percent and in the eurozone by 1.6 percent in the 2016 fiscal year.

On the basis of the forecasts of Statista, Euromonitor or Forrester and taking into account the geographical and sector-specific alignment of Wirecard AG, management anticipates growth in relevant e-commerce markets of around 12 percent in the year 2016.

### Business performance in the period under review

In the quarter under review, Wirecard AG achieved its targets and increased the number of existing customers to over 24,000. New customer trends were very positive in all target sectors for the Wirecard Group. In the Company's core business, it was possible to expand cooperation with numerous existing customers. New customers were acquired from all industries and sectors. Supplementing existing payment methods and risk management solutions provides a good example of how existing business relationships can be expanded and innovative Wirecard solutions integrated. Numerous strategic partnerships with global technology companies offer additional opportunities for growth in all strategic business areas of the Wirecard Group. Alongside existing partnerships, additional partnerships with the Microsoft Azure cloud platform, Siemens Mobility, Visa Europe Collab, AEVI from Wincore Nixdorf, and T-Systems were agreed in or after the reporting period.

The trend toward internationalisation continued in the core e-commerce business. Products based on NFC or HCE technologies have increased in importance and been positioned on the market.

Wirecard offers a fully automated solution for the rapid configuration and acceptance of all common international payment methods with the Wirecard Checkout Portal, enabling small and medium-sized retailers to also participate in international e-commerce. The entire set-up process is completed online without any change in media. The portal offers a plug-in tool that enables online card payments and payment options to be tailored according to standardised customer requirements.

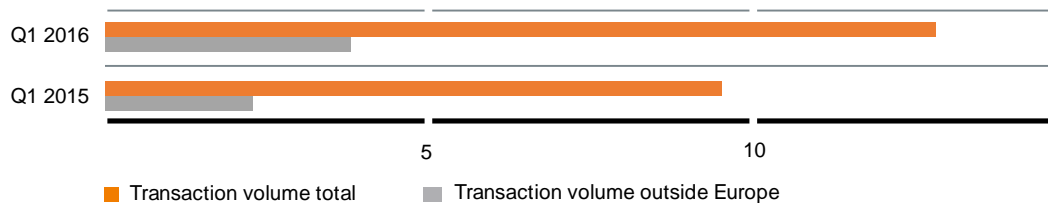
Wirecard's key unique selling points include its combination of software technology and banking products, the global orientation of the payment platform and innovative solutions that allow electronic payments to be processed efficiently and securely.

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

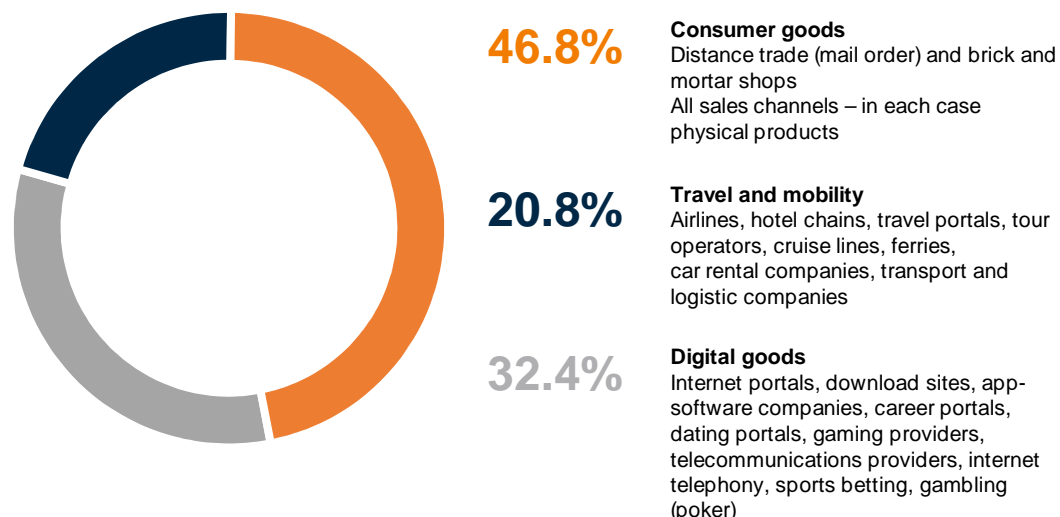
Inherent to the technical platform are scaling effects due to the growing share of business customers who increase transaction volumes through acquiring-related bank services, as well as new products.

Fee income from the core business of Wirecard AG, namely the acceptance and issuing of means of payment along with associated value added services, is generally proportionate to the transaction volumes processed. The transaction volume in the first quarter of 2016 amounted to EUR 12.8 billion (3M 2015: EUR 9.5 billion), which corresponds to growth of approximately 35 percent. The proportion of the overall transaction volume generated outside Europe was 29.7 percent (3M 2015: 24.2 percent) at EUR 3.8 billion (2014: EUR 2.3 billion), which corresponds to growth of approximately 65 percent.

### Transaction volumes 3M 2016/3M 2015 (in EUR billion)



### Transaction volumes 3M 2016



### Target sectors

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

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

The acquisition of numerous new customers and the expansion of existing customer relationships demonstrate Wirecard's business success in all sales channels. In the consumer goods sector, a clear trend can be seen in which, alongside purely online retailers, an increasing number of large, traditional B2C or B2B oriented companies now require a partner in the area of payment processing and risk management for the implementation of their global e-commerce strategies.

The acquisition of high volume customers was evidence of a successful quarter in the target sectors of travel and mobility, consumer goods and digital goods. For example, Wirecard recently made another deal in the growing market of online games. Goodgame Studios will be using Wirecard for the provision of secure payment acceptance including global credit card

acceptance. In cooperation with a partner, a paid content platform with an integrated payment model was developed for the publishing house Handelsblatt. Furthermore, Wirecard announced another high volume partner in cooperation with ÖBB (Austrian Federal Railways). ÖBB has found a strong partner in Wirecard for the development of new payment and service possibilities in order to adapt technological standards to service and mobility requirements of consumers.

In addition, Wirecard has been supporting Siemens Mobility to take a step towards the future of transportation since the beginning of 2016. Using a combination of innovative mobility and secure payment services, the aim is develop new solutions in the area of intermodal mobility. Customers benefit from an intuitive and seamless user experience due to the fact that different modes of transport are combined with direct payment into one solution.

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

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

In addition, business with existing and new customers developed very successfully in Asia in 2015. The spectrum of services in Asia now ranges from payment transactions, network operating and technology services through multi-channel payment solutions to contactless and mobile payment transaction solutions, as well as issuing processing (technical processing of card transactions). A good example is the cooperation with the taxi company ComfortDelPro from Singapore, for whom Wirecard is offering digital payments via MasterPass, a payment service by MasterCard.

The positive trend in business is also characterised by technology transfers that enable our new subsidiaries in Southeast Asia to operate with an expanded portfolio of solutions in the Asian markets. The successful first quarter of 2016 in Asia was due to large POS and mPOS projects successfully introduced by Asian subsidiaries of Wirecard AG in cooperation with partner banks and/or large retail companies.

### **Business performance in acquiring, financial services and issuing**

In the period under review, the acquiring volumes increased in line with the growing core business of payment processing. Wirecard Card Solutions Ltd. has now expanded its product portfolio to include card acceptance. The Wirecard Group is increasingly focusing on cooperation with third-party banks (BIN sponsorship) so that it can offer fully integrated acquiring solutions outside of its licence area of Europe.

Wirecard Bank generates most of its revenues within the Group through the sales structures of its sister companies. This comprises financial services for companies via card acceptance contracts, business accounts and foreign currency accounts. As a result of cooperations with FinTech companies, Wirecard Bank is currently opening up a new business area in which it is able to provide payment services in addition to its banking licence.

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

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

During the period under review, Wirecard Card Solutions Ltd. acquired numerous new customers for the issuing of prepaid debit cards, gift and voucher cards for retailers and various payment cards for MasterCard. In addition, the Vodafone Group, Orange and E-Plus utilise Wirecard Card Solutions as an issuer as part of their mobile payment initiatives. Wirecard is issuing gift cards that are accepted at more than 3,000 local department stores and retailers for the Irish programme management firm The Gift Card Company. Wirecard Card Solutions Ltd. is also the card issuer for the Mondo Card launched by the mobile banking company Mondo, which is part of a MasterCard prepaid debit card programme in England.

Since the beginning of the year, Wirecard and Visa Europe have been cooperating even more closely in the FinTech sector. As a strategic development partner, Wirecard is supporting their Innovation Labs in Berlin, London and TelAviv to offer its expertise in the area of software technology, banking services and market know-how.

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

Wirecard and T-Systems are supporting the retail sector with the digitisation of payment and purchasing processes. This joint solution consisting of a cash till infrastructure and POS services enables retailers to implement value added services in a customer-oriented and cost-effective manner. The ConnectedPOS platform from Wirecard makes it possible to create a personalised purchasing experience.



Wirecard is using Internet technology to create prerequisites for retailers to develop a successful omni-channel strategy. Wirecard is supporting the innovative payment tablet Albert developed by AEVI with payment and acquiring services and has thus launched a strategic partnership in the area of mPOS with this subsidiary of Wincor Nixdorf, the world's leading provider of IT solutions for commercial enterprises and retail banks. In Singapore, Wirecard has also entered into a new partnership with the cash till manufacturer Eleos in the area of mobile payment acceptance.

Another example of Wirecard's innovative strength in the area of mobile payment is the cooperation with Visa Europe to offer contactless payment wearables at the Eurovision Song Contest 2016 held on 14 May.

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

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

Wirecard's digital HCE payment solution boon combines innovative and secure payment functionalities, loyalty and couponing and numerous services in the area of personal finance. It will also be possible to use boon as a secure payment method for e-commerce transactions in the future. The payment app boon will be offered as a Wirecard or co-branding solution in collaboration with sales and cooperation partners. In this way, Wirecard will provide, for example, telecommunications providers, financial service providers or retailers with direct access to markets through a mobile payment solution. Boon is already available in numerous European countries. After the end of the reporting period, the market launch of boon in Great Britain was announced in cooperation with Apple Pay. Boon is the first fully digitalised mobile payment solution that can be used with Apple Pay. The digital prepaid Mastercard will be issued by Wirecard Card Solutions and can be topped up via debit or credit card. The boon app will be automatically integrated into the Apple Pay wallet, is easy to use and offers a maximum level of security. Boon users in Great Britain are provided with a state-of-the-art payment solution irrespective of their bank, mobile phone provider and their choice of Apple or Android operating system.

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

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

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

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

As part of agreements with telecommunications service providers, the call centre is currently rendering services for E-Plus, Deutsche Telekom, Telefónica Germany, the Vodafone Group and Orange.

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

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

### **Result of operations**

In the first quarter 2016, Wirecard AG achieved further significant growth in both revenue and operating profit.

### **Revenue trends**

In the first quarter 2016, consolidated revenues grew by 32.0 percent from kEUR 159,413 to kEUR 210,470.

At the end of 2015, an initiative from the European Commission to reduce interchange fees came into force. Interchange fees are paid by retailers for the acceptance of card transactions and are settled between the issuer and the acquirer for the services offered by the card issuer. The regulation affects European credit and debit card transactions by consumers that are processed within the four party model.

In the core business of acquiring, the interchange fees that arise for the Wirecard Group have the character of transitory items. The interchange fees are accounted for as cost of materials and have no significant influence on earnings before interest, tax, depreciation and amortisation.

Revenue in the issuing business of the Wirecard Group is primarily based on fees for additional services relating to the issuing of prepaid credit card products. The pricing of these additional fees is not affected by the EU regulation on interchange fees.

Revenue generated in the first quarter 2016 in the core segment of Payment Processing & Risk Management, arising from risk management services and the processing of online payment transactions, increased by 43.1 percent from kEUR 113,718 to kEUR 162,753.

The share of the total consolidated revenue accounted for by the Acquiring & Issuing segment grew by 10.9 percent in the first quarter 2016 to reach kEUR 64,340 (Q1 2015: kEUR 58,013), of which the share accounted for by Issuing amounted to kEUR 11,519 in the first quarter 2016 (Q1 2015: kEUR 11,217).

Revenue from Acquiring & Issuing in the first quarter 2016 primarily comprised commissions, interest, financial investments and revenue from processing payments, as well as exchange rate gains from processing transactions in foreign currencies. This entails the investment of customer deposits by Wirecard Bank and Wirecard Card Solutions (31 March 2016: kEUR 661,381; 31 March 2015: kEUR 423,605) short-termed in sight deposits, overnight deposits, fixed-term deposits as well as the base liquidity in the longer-term variable-rate bearer bonds and borrower's note loans of selected issuers with a minimum (A-) investment-grade rating, partially with a minimum interest rate. In addition, the Group prepares its own risk evaluation for counterparties.

The interest income generated by the Acquiring & Issuing segment in the first quarter 2016 totalled kEUR 911 (Q1 2015: kEUR 951) and is recognised as revenue. Accordingly, it is not included in the Group's financial result but is reported here also as revenue. It comprises interest income on the investments of own as well as customer deposits (deposits and acquiring money) with external banks.

The Call Center & Communication Services segment generated revenues of kEUR 2,177 in the period under review, compared with kEUR 1,541 in the first quarter 2015.

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

The item other own work capitalised primarily comprises the continued development of the core system for payment processing activities as well as investments in mobile payment projects. In this regard, own work is only capitalised if it is subject to mandatory capitalisation in accordance with IFRS accounting principles. Capitalisations amounted to a total of kEUR 5,670 in the first quarter 2016 (Q1 2015: kEUR 5,871). It is corporate policy to value assets conservatively and to capitalise them only if this is required in terms of international accounting standards.

The Group's cost of materials increased in the first quarter 2016 to kEUR 110,357, compared to kEUR 87,767 in the previous year. The cost of materials mainly comprises charges by the credit card issuing banks (interchange), charges by credit card companies (for example, MasterCard and Visa) and transaction costs, as well as transaction-related charges to third-party providers (for example, in the areas of risk management and acquiring). Expenses for payment guarantees and purchases of receivables are also included in the area of risk management. The area of acquiring also includes commission costs for external sales.

In the Acquiring & Issuing segment, the cost of materials in the business areas of acquiring, issuing and payment transactions primarily comprises, alongside the interchange fee, processing costs for external service providers, production, personalisation and transaction costs for prepaid cards and the payment transactions effected with them, and account management and transaction charges for keeping customer accounts.

Group gross profit (revenue including other own work capitalised less cost of materials) increased by 36.5 percent to kEUR 105,783 in the first quarter 2016 (Q1 2015: kEUR 77,517).

Group personnel expenses rose to kEUR 27,698 in the first quarter 2016, up by 33.7 percent year on year (Q1 2015: kEUR 20,711). The consolidated personnel expense ratio increased by 0.2 percentage points year on year to 13.2 percent. The growth in personnel expenses is due to corporate acquisitions and new appointments in connection with mobile payment projects, which also render this item difficult to compare with previous years.

Other operating expenses mainly comprise the cost of legal advice, expenses related to the preparation of financial statements, business equipment and leasing, office costs, sales and marketing expenses, and personnel-related expenses. These amounted to kEUR 16,431 within the Wirecard Group in the first quarter 2016 (Q1 2015: kEUR 13,874), which corresponds to 7.8 percent of revenue (Q1 2015: 8.7 percent). This also includes costs for the further development of the multi-channel platform and mobile payment projects.

Amortisation and depreciation is broken down into two positions and the previous year's figures have been correspondingly adjusted to the new structure. It was broken down so that the amortisation and depreciation of assets which result from business combinations and acquired customer relationships (M&A-related) could be presented separately. In the first quarter 2016, the M&A adjusted amortisation and depreciation amounted to kEUR 8,620 (Q1 2015: kEUR 5,860). The M&A-related amortisation and depreciation of assets stood at kEUR 7,299 (Q1 2015: kEUR 6,764) in the first quarter 2016 and was reported separately. As the Company has a high level of M&A activity, this differentiation makes it easier to compare this item. Amortisation and depreciation rose year on year in the first quarter 2016, mainly due to investments realised in property, plant and equipment, further development of the multi-channel-platform, mobile payment projects and as a result of the acquisitions of companies and assets.

Other operating income resulted from various smaller items, including income from currency translation differences, the income from release of provisions/accruals, income from reversal of valuation allowances applied to receivables and income from offset benefits in kind and amounted to kEUR 343 at Group level in the first quarter 2016, compared with kEUR 3,103 in the previous year.

**EBITDA trends**

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

Operating earnings before interest, tax, depreciation and amortisation (EBITDA) grew in the first quarter 2016 by 34.6 percent, from kEUR 46,034 in the previous year to kEUR 61,977. The EBITDA margin improved to 29.4 percent in the first quarter 2016 (Q1 2015: 28.9 percent).

The EBITDA of the Payment Processing & Risk Management segment stood at kEUR 48,188 in the first quarter 2016 and grew by 28.6 percent (Q1 2015: kEUR 37,459). The share of the EBITDA accounted for by the Acquiring & Issuing segment in the first quarter 2016 stood at kEUR 13,727 (Q1 2015: kEUR 8,490), of which the share of the EBITDA accounted for by issuing in the first quarter 2016 amounted to kEUR 3,800 (Q1 2015: kEUR 2,905).

**Financial result**

The financial result amounted to kEUR – 3,292 in the first quarter 2016 (Q1 2015: kEUR – 1,085). Group financial expenses stood at kEUR 3,663 in the first quarter 2016 (Q1 2015: kEUR 1,931) and resulted primarily from the accounting-related unwinding of a discount on liabilities particularly in relation to the earnouts for corporate acquisitions and the interest expenses from loans and leasing. The Group's financial result does not include interest income generated by Wirecard Bank and Wirecard Card Solutions Ltd., which must be reported as revenue in accordance with IFRS accounting principles.

**Taxes**

Owing to the international orientation of the business, the cash tax rate (excluding deferred taxes) amounted to 16.5 percent in the first quarter 2016 (Q1 2015: 10.5 percent). Including deferred taxes, the tax rate came to 14.4 percent (Q1 2015: 11.5 percent).

**Earnings after tax**

Earnings after tax in the first quarter 2016 increased by 28.0 percent year on year, rising from kEUR 28,596 to kEUR 36,610.

**Earnings per share**

The average number of issued shares on an undiluted basis amounted to 123,565,586 shares in the first quarter 2016 (Q1 2015: 123,490,586 shares). Basic (undiluted) earnings per share stood at EUR 0.30 in the first quarter 2016 (Q1 2015: EUR 0.23).

## Financial position and net assets

### **Principles and objectives of financial management**

The primary objectives of financial management are to secure a comfortable liquidity situation at all times and maintain operational control of financial flows. The Treasury department is responsible for monitoring currency risks. Following individual inspection, risks are hedged by the additional deployment of financial derivatives. As in the previous year, currency options were deployed as financial derivatives to hedge revenues in foreign currencies in the period under review. It has been stipulated throughout the Group that financial derivatives should not be deployed for speculative purposes (see Annual report 2015, management report, III. forecast and report on opportunities and risks, chapter 2.8 financial risks).

## Capital and financing analysis

### Change of financial position

in kEUR	31 Mar 2016	31 Dec 2015	Veränderung in Prozent
<b>EQUITY AND LIABILITIES</b>			
<b>I. Equity attributable to Wirecard AG shareholders</b>			
1. Subscribed capital	123,566	123,566	0%
2. Capital reserve	494,682	494,682	0%
3. Retained earnings	616,447	579,837	6%
4. Revaluation reserve	78,816	78,799	
5. Translation reserve	- 8,135	3,630	- 324%
<b>Total equity</b>	<b>1,305,376</b>	<b>1,280,513</b>	<b>2%</b>
<b>II. Liabilities</b>			
1. Non-current liabilities			
Non-current interest-bearing liabilities	273,720	358,146	- 24%
Other non-current liabilities	79,535	71,912	11%
Deferred tax liabilities	58,189	53,266	9%
	411,444	483,325	- 15%
2. Current liabilities			
Liabilities of the acquiring business	282,453	333,924	- 15%
Trade payables	18,102	25,988	- 30%
Interest-bearing liabilities	220,445	12,579	1653%
Other provisions	1,563	1,421	10%
Other liabilities	104,190	201,201	- 48%
Customer deposits from banking operations	661,381	582,464	14%
Tax provisions	18,565	14,087	32%
	1,306,699	1,171,663	12%
<b>Total liabilities</b>	<b>1,718,144</b>	<b>1,654,988</b>	<b>4%</b>
<b>Total equity and liabilities</b>	<b>3,023,519</b>	<b>2,935,501</b>	<b>3%</b>



Wirecard AG reports equity of kEUR 1,305,376 (31 December 2015: kEUR 1,280,513). Due to the nature of our business, the highest liabilities lie with retailers in the area of credit card acquiring and customer deposits in the banking business. These have a substantial effect on the equity ratio. The commercial banks that granted Wirecard AG loans as of the 31 March 2016 amounting to kEUR 494,165 at interest rates of between 0.85 and 3.95 percent did not take these items into account in their equity capital calculations for the credit agreements concluded due to the nature of the business model. According to Wirecard AG, this calculation reflects a true and fair view of the Company's actual position. These banks determine Wirecard AG's equity ratio by dividing the amount of liable equity capital by total assets. Liable equity capital is determined by subtracting deferred tax assets and 50 percent of goodwill from equity as reported in the balance sheet. Any receivables due from shareholders or planned dividend payments must also be deducted. Total assets are identified by subtracting the customer deposits of Wirecard Bank and Wirecard Card Solutions Ltd., the acquiring funds of Wirecard Bank (31 March 2016: kEUR 218,356; 31 December 2015: kEUR 281,837) and the reduction in equity from the audited total assets, while leasing liabilities are added back to these total assets. This calculation gives an equity ratio of 55.5 percent for Wirecard AG (31 December 2015: 56.2 percent).

The increase in interest-bearing liabilities of EUR 123,440 is related to acquisitions, whereby the largest proportion was attributable to the acquisition. An amount of Mio. EUR 216 million was recognized due to the credit period under current interest-bearing liabilities.

The increase in other non-current liabilities and other liabilities was accordingly a result from the acquisition of the Great Indian Retail Group because these items contain the purchase price liabilities. Despite the transfer of control of the Indian companies GI Retail and Star Global to Wirecard by a multi-level closing process at the end of 2015, a portion of the purchase price was paid at the beginning of 2016.

### **Investment analysis**

Alongside the payment of the purchase price for the payment business of the Great Indian Retail Group, the investments in strategic transactions/M&A also included the acquisitions of the Provus Group and Moip Pagamentos. The securities reported under investments relate to securities that are not held by Wirecard Bank but by other Group companies. Securities held by Wirecard Bank are related to customer deposits that should not be included in cash and cash equivalents reported in the cash flow statement in accordance with IAS 7.22.

This mainly affects:

### Substantial cash outflows for investments

in kEUR	Q1 2016	Q1 2015
Strategic transactions/M&A	66,800	13,142
Securities and medium-term financing agreements	0	10,000
Internally-generated intangible assets	5,670	5,871
Other intangible assets (software)	3,919	3,278
Property, plant and equipment	3,488	3,430

### Liquidity analysis

Current customer deposits are reported on the equity and liabilities side of the Wirecard consolidated financial statements as other liabilities (customer deposits). These customer funds are comparable in economic terms with short-term (bank) due on demand overdraft facilities. Separate accounts have been set up for customer deposits on the assets side of the balance sheet (as of 31 March 2016 in the amount of kEUR 661,381; 31 March 2015: kEUR 423,605). These may not be used for any other business purposes. Given the total amount of the customer deposits, securities (so-called collared floaters and current interest-bearing securities and fixed-term deposits) with a nominal value of kEUR 259,090 (31 March 2015: kEUR 166,596) are held, and deposits with the central bank, and sight and short-term fixed-term deposits with banks are maintained in an amount of kEUR 402,291 (31 March 2015: kEUR 266,197). These are reported in the Wirecard Group under the balance sheet items of “cash and cash equivalents”, “non-current financial and other assets” and “current interest-bearing securities”. They are not included in the cash and cash equivalents reported in the cash flow statement. This amounted to kEUR 579,285 as of 31 March 2016 (31 March 2015: kEUR 441,919).

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

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

The cash flow from operating activities (adjusted) amounting to kEUR 50,603 clearly shows that Wirecard AG had a comfortable volume of own liquidity to meet its payment obligations at all times.

Interest-bearing liabilities are mainly non-current and were utilised for realised M&A transactions. The Group's interest-bearing liabilities to banks increased by kEUR 123,440 to kEUR 494,165 (31 December 2015: kEUR 370,725). Wirecard AG has EUR 1,002 million of lending commitments (31 December 2015: EUR 661 million). Along with the loans recognised in the balance sheet, additional credit lines from commercial banks amounting to EUR 503 million are consequently available (31 December 2015: EUR 290 million). Lines for guarantee credit facilities are also available in an amount of EUR 27.5 million (31 December 2015: EUR 22.5 million), of which an unchanged amount of EUR 18 million has been utilised.

## Net assets

### Change of net assets

in kEUR	31 Mar 2016	31 Dec 2015	Veränderung in Prozent
<b>I. Non-current assets</b>			
1. Intangible assets			
Goodwill	513,940	489,301	5%
Customer relationships	406,490	385,451	5%
Internally-generated intangible assets	85,539	80,639	6%
Other intangible assets	70,049	65,869	6%
	<b>1,076,018</b>	<b>1,021,259</b>	<b>5%</b>
2. Property, plant and equipment	35,784	30,987	15%
3. Financial and other assets / interest-bearing securities	272,621	227,152	20%
4. Tax credits			
Deferred tax assets	1,632	862	89%
<b>Total non-current assets</b>	<b>1,386,054</b>	<b>1,280,261</b>	<b>8%</b>
<b>II. Current assets</b>			
1. Inventories and work in progress	4,904	3,599	36%
2. Receivables of acquiring business	290,353	334,055	- 13%
3. Trade and other receivables	136,581	113,204	21%
4. Tax credits			
Tax refund entitlements	9,827	8,286	19%
5. Interest-bearing securities and fixed-term deposits	211,368	133,128	59%
6. Cash and cash equivalents	984,433	1,062,968	- 7%
<b>Total current assets</b>	<b>1,637,465</b>	<b>1,655,240</b>	<b>- 1%</b>
<b>Total assets</b>	<b>3,023,519</b>	<b>2,935,501</b>	<b>3%</b>

Assets reported in the balance sheet of Wirecard AG increased by kEUR 88,018 in the first quarter 2016, rising from kEUR 2,935,501 to kEUR 3,023,519. In the period under review, both non-current and current assets grew, with the latter increasing from kEUR 1,655,240 to kEUR 1,637,465. In addition to the investments and growth in the operating business, these changes are primarily due to the consolidation of the assets acquired and liabilities assumed as part of the acquisitions in the year under review. This has caused various balance sheet items to increase substantially. As a result, comparisons can only be made to a limited extent. This comprises particularly the asset items of “intangible assets”, “goodwill” and “customer relationships”, as well as the “receivables” and “cash and cash equivalents” items, and, on the equity and liabilities side of the balance sheet, the item “trade payables”.

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

## 5. RESEARCH AND DEVELOPMENT

As a technology group, research and development (R&D) is the most important area of activity for the sustainable development of the Group. As a result of its software engineering achievements, Wirecard is able to offer innovative solutions and services on both established and new markets – new both in terms of their geographical location and area of application.

Due to the global presence of the Wirecard Group and its coverage of a number of different retail segments, Wirecard AG has a deep understanding of the market environment and its dynamics. Local presence, above all in strategic growth markets, is a decisive factor in understanding regional characteristics in different markets.

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

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

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

### Events of particular importance

#### Veröffentlichungen gemäß § 15 WpHG

On 5 April 2016 Wirecard AG announced that Wirecard Singapore Pte Ltd, a Wirecard Group company, entered into a license agreement with Visa to become a Principal Member of Visa in Singapore.

On 27 April 2016 Wirecard AG published its preliminary results for the first quarter (Q1/2016). At the same time, the Management Board has affirmed the forecast for earnings before interest, tax depreciation and amortization (EBITDA) for the 2016 fiscal year from Euro million 290 to Euro million 310.

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

(made by the company after the end of the period under review)

Date of Announcement	Announcements by the Company after the end of the period under review. Threshold disclosures: Sum of voting rights (Sections 21, 22 of the WpHG) and instruments (in accordance with Section 25 (1) Sentence 1 and Sentence 2 of the WpHG)
1 April 2016	Exceeded the 5 percent threshold on 21 March 2016: The Goldman Sachs Group, Inc. USA: 5.199 percent
13. April 2016	Fell below the 5 percent threshold on 13 April 2016: The Goldman Sachs Group, Inc., USA: 4.916 percent
29. April 2016	Exceeded the 5 percent threshold on 21 April 2016: The Goldman Sachs Group, Inc., USA: 5.08 percent
06. Mai 2016	Fell below the 5 percent threshold on 27 April 2016: The Goldman Sachs Group, Inc., USA: 4.99 percent

Details on the web site: [ir.wirecard.com](http://ir.wirecard.com)

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

No events with substantial impact on net assets, financial position and results of operations occurred after the end of the reporting period.

## 7. REPORT ON OPPORTUNITIES AND RISKS

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

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

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

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

As no changes have occurred during the intervening period, please refer to the risk report contained in the 2015 annual report for more details. We note that no going concern risks currently relate to the Group.



## 8. OUTLOOK

The operating business was already performing strongly at the beginning of the current fiscal year. Wirecard not only benefits from the robust growth of the European e-commerce market but also from the above-average growth in e-commerce volumes outside Europe.

The solutions offered by the Wirecard Group cover the entire value added chain for electronic payment, including the necessary regulatory requirements that are often associated with electronic payment solutions.

We differentiate ourselves from the competition through future-oriented Internet-based technology services combined with long-standing banking expertise. We continuously analyse the needs of our business customers and offer corresponding solutions for their respective sales strategies, irrespective of the channels used, with the goal of increasing their growth potential and optimising the underlying processes.

By expanding existing business relationships, acquiring additional ones – which increasingly include very large retailers and partners – and through global expansion, Wirecard manages to regularly achieve economic growth that outperforms the underlying market growth.

In order to accommodate and also benefit from the internationalisation of e-commerce, the strategy of primarily organic growth in existing locations in Europe and global growth markets will be supplemented with moderate acquisitions. In addition, the establishment of technology and service sites in all globally relevant markets is also part of the globalisation strategy followed by the Management Board.

In the coming quarters, the Management Board expects the good business performance to continue and reaffirms its forecast of operating earnings before interest, tax, depreciation and amortisation (EBITDA) of between EUR 290 million and EUR 310 million for the 2016 fiscal year.

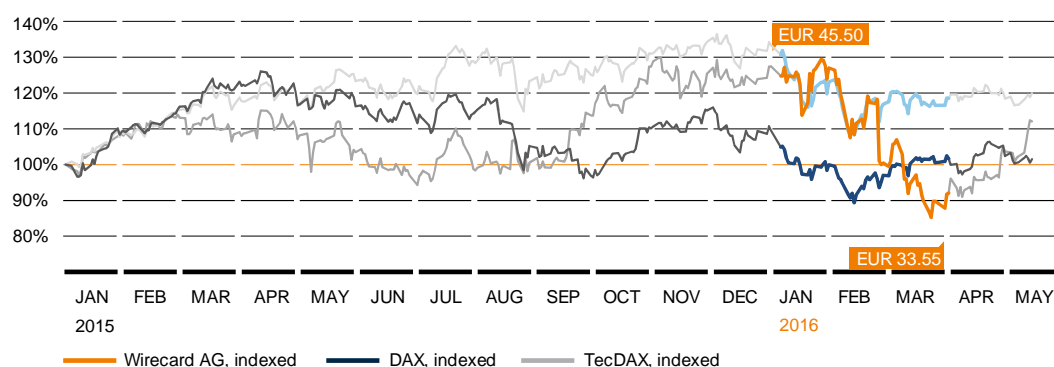
**Aschheim (Munich), 18 May 2016**

**Wirecard AG**

**Management Board**

## 9. WIRECARD STOCK

The German stock market declined in the first quarter of 2016. The leading German DAX index fell by 7.2 percent in the first quarter and closed at 9,966 points. The TecDAX fell by 11.2 percent and closed at 1,626 points. The Wirecard share also declined in value, experiencing a fall of 28.4%, and closed at EUR 33.10. The share recorded a quarterly low of EUR 29.40 on 22 March and a quarterly high of EUR 48.10 on 6 January. A total of around 72 million shares were traded on the electronic XETRA trading platform during this period, which corresponds to an average trading volume of 1.2 million shares per day.



### Key figures 3M 2016

		3M 2016	3M 2015
Number of all shares – all dividend entited		123,565,586	123,490,586
Share capital	TEUR	123,566	123,491
Market capitalisation 31 March	Mrd. EUR	4.09	4.80
Share price 31 March	EUR	33.10	38.86
High for the year as of 31 March	EUR	48.10	41.67
Low for the year as of 31 March.	EUR	29.40	35.52

Price data: XETRA closing prices

### Investor Relations

The Management Board and the Investor Relations department of Wirecard AG are in constant contact with institutional investors in one-on-one meetings, roadshows, and investor conferences. At the end of the period under review, a total of 25 analysts from renowned banks were

closely observing the Wirecard share, whereby the majority of them issued a recommendation to buy.

The Management and Supervisory Boards of Wirecard AG undertake to comply with the principles of the German Corporate Governance Code and endorse the principles of transparent and sustainable corporate governance. Special measures in this regard are the listing on the Prime Standard and reporting according to IAS/IFRS.

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

## Basic information on Wirecard stock

Year established:	1999																
Market segment:	Prime Standard																
Index:	TecDAX																
Type of equity:	No-par-value common bearer shares																
Stock exchange ticker:	WDI; Reuters: WDIG.DE; Bloomberg: WDI GY																
WKN:	747206																
ISIN:	DE0007472060																
Authorised capital, in number of shares:	123,565,586																
Group accounting category:	exempting consolidated financial statements in accordance with IAS/IFRS																
End of fiscal year:	31 December																
Total share capital as of 31 March 2016	kEUR 123,566																
Beginning of stock market listing:	25 October 2000																
Management Board:	<table border="0"> <tr> <td>Dr. Markus Braun</td> <td>CEO, CTO</td> </tr> <tr> <td>Burkhard Ley</td> <td>CFO</td> </tr> <tr> <td>Jan Marsalek</td> <td>COO</td> </tr> </table>	Dr. Markus Braun	CEO, CTO	Burkhard Ley	CFO	Jan Marsalek	COO										
Dr. Markus Braun	CEO, CTO																
Burkhard Ley	CFO																
Jan Marsalek	COO																
Supervisory Board:	<table border="0"> <tr> <td>Wulf Matthias</td> <td>Chairman</td> </tr> <tr> <td>Alfons W. Henseler</td> <td>Deputy Chairman</td> </tr> <tr> <td>Stefan Klestil</td> <td>Member</td> </tr> </table>	Wulf Matthias	Chairman	Alfons W. Henseler	Deputy Chairman	Stefan Klestil	Member										
Wulf Matthias	Chairman																
Alfons W. Henseler	Deputy Chairman																
Stefan Klestil	Member																
Shareholder structure* as of 31 March 2016																	
Shareholders holding more than 3% of voting rights*	<table border="0"> <tr> <td>7.0%</td> <td>MB Beteiligungsgesellschaft mbH</td> </tr> <tr> <td>93.0%</td> <td>free float (according to Deutsche Börse's definition) of which</td> </tr> <tr> <td>6.33%</td> <td>Deutsche Asset &amp; Wealth Management Investment GmbH (DE)</td> </tr> <tr> <td>6.27%</td> <td>Jupiter Asset Management Ltd. (UK)</td> </tr> <tr> <td>5.44%</td> <td>Alken Luxembourg S.A. (LU)</td> </tr> <tr> <td>5.01%</td> <td>Artisan Partners LP (US)</td> </tr> <tr> <td>3.15%</td> <td>T. Rowe Price Group, Inc. (US)</td> </tr> <tr> <td>3.05%</td> <td>Comgest Global Investors S.A.S. (FR)</td> </tr> </table>	7.0%	MB Beteiligungsgesellschaft mbH	93.0%	free float (according to Deutsche Börse's definition) of which	6.33%	Deutsche Asset & Wealth Management Investment GmbH (DE)	6.27%	Jupiter Asset Management Ltd. (UK)	5.44%	Alken Luxembourg S.A. (LU)	5.01%	Artisan Partners LP (US)	3.15%	T. Rowe Price Group, Inc. (US)	3.05%	Comgest Global Investors S.A.S. (FR)
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\*) (rounded) according to last notification by investors (Section 26a WpHG)

## Consolidated balance sheet – assets

in kEUR	31 Mar 2016	31 Dec 2015
<b>ASSETS</b>		
<b>I. Non-current assets</b>		
1. Intangible assets		
Goodwill	513,940	489,301
Customer relationships	406,490	385,451
Internally-generated intangible assets	85,539	80,639
Other intangible assets	70,049	65,869
	<b>1,076,018</b>	1,021,259
2. Property, plant and equipment	35,784	30,987
3. Financial and other assets / interest-bearing securities	272,621	227,152
4. Tax credits		
Deferred tax assets	1,632	862
<b>Total non-current assets</b>	<b>1,386,054</b>	<b>1,280,261</b>
<b>II. Current assets</b>		
1. Inventories and work in progress	4,904	3,599
2. Receivables of acquiring business	290,353	334,055
3. Trade and other receivables	136,581	113,204
4. Tax credits		
Tax refund entitlements	9,827	8,286
5. Interest-bearing securities and fixed-term deposits	211,368	133,128
6. Cash and cash equivalents	984,433	1,062,968
<b>Total current assets</b>	<b>1,637,465</b>	<b>1,655,240</b>
<b>Total assets</b>	<b>3,023,519</b>	<b>2,935,501</b>

## Consolidated balance sheet – equity and liabilities

in kEUR	31 Mar 2016	31 Dec 2015
<b>EQUITY AND LIABILITIES</b>		
<b>I. Equity attributable to Wirecard AG shareholders</b>		
1. Subscribed capital	123,566	123,566
2. Capital reserve	494,682	494,682
3. Retained earnings	616,447	579,837
4. Revaluation reserve	78,816	78,799
5. Translation reserve	-8,135	3,630
<b>Total equity</b>	<b>1,305,376</b>	<b>1,280,513</b>
<b>II. Liabilities</b>		
1. Non-current liabilities		
Non-current interest-bearing liabilities	273,720	358,146
Other non-current liabilities	79,535	71,912
Deferred tax liabilities	58,189	53,266
	<b>411,444</b>	<b>483,325</b>
2. Current liabilities		
Liabilities of the acquiring business	282,453	333,924
Trade payables	18,102	25,988
Interest-bearing liabilities	220,445	12,579
Other provisions	1,563	1,421
Other liabilities	104,190	201,201
Customer deposits from banking operations	661,381	582,464
Tax provisions	18,565	14,087
	<b>1,306,699</b>	<b>1,171,663</b>
<b>Total liabilities</b>	<b>1,718,144</b>	<b>1,654,988</b>
<b>Total equity and liabilities</b>	<b>3,023,519</b>	<b>2,935,501</b>

## Consolidated income statement

in kEUR	1 Jan 2016 – 31 Mar 2016	1 Jan 2015 – 31 Mar 2015
<b>Revenues</b>	<b>210,470</b>	<b>159,413</b>
Own work capitalised	5,670	5,871
Cost of materials	110,357	87,767
<b>Gross profit</b>	<b>105,783</b>	<b>77,517</b>
Personnel expenses	27,698	20,711
Other operating expenses	16,431	13,874
Other operating income	343	3,103
Share of profit or loss from associates (at equity)	-19	0
<b>EBITDA</b>	<b>61,977</b>	<b>46,034</b>
Amortisation and depreciation (M&A adjusted)*	8,620	5,860
<b>EBIT adjusted*</b>	<b>53,357</b>	<b>40,174</b>
Amortisation and depreciation (M&A-related)	7,299	6,764
<b>EBIT</b>	<b>46,057</b>	<b>33,410</b>
<b>Financial result</b>	<b>-3,292</b>	<b>-1,085</b>
Other financial income	372	846
Financial expenses	3,663	1,931
<b>Earnings before tax **</b>	<b>42,766</b>	<b>32,325</b>
<b>Income tax expense</b>	<b>6,156</b>	<b>3,729</b>
<b>Earnings after tax **</b>	<b>36,610</b>	<b>28,596</b>
Earnings per share (basic and diluted) in EUR	0.30	0.23
Average shares in issue (basic)	123,565,586	123,490,586
Average shares in issue (diluted)	123,565,586	123,590,243

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

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

## Consolidated statement of comprehensive income

in kEUR	1 Jan 2016 – 31 Mar 2016	1 Jan 2015 – 31 Mar 2015
<b>Earnings after tax</b>	<b>36,610</b>	<b>28,596</b>
<b>Items to be reclassified to profit or loss</b>		
Change in differences item from currency translation of foreign subsidiaries	-11,764	10,283
Revaluation of available-for-sale financial assets with no effect on profit or loss	17	0
Change in amount reported in equity	-11,748	10,283
<b>Total comprehensive income</b>	<b>24,863</b>	<b>38,879</b>

## Consolidated statement of changes in equity

	Subscribed capital Nominal value/number of shares issued kEUR / in '000 shares	Capital reserves kEUR	Retained earnings kEUR	Revaluation reserve kEUR	Translation reserve kEUR	Total consolidated equity kEUR
Balance as of 31 December 2014	123,491	493,073	453,244	0	3,078	1,072,886
Earnings after tax			28,596			28,596
Currency translation differences					10,283	10,283
<b>Total comprehensive income</b>	<b>0</b>	<b>0</b>	<b>28,596</b>	<b>0</b>	<b>10,283</b>	<b>38,879</b>
Balance as of 31 March 2015	123,491	493,073	481,840	0	13,361	1,111,765
Balance as of 31 December 2015	123,566	494,682	579,837	78,799	3,630	1,280,513
Earnings after tax			36,610			36,610
Differences from translation reserve					- 11,764	- 11,764
Differences from revaluation reserve				17		17
<b>Total comprehensive income</b>	<b>0</b>	<b>0</b>	<b>36,610</b>	<b>17</b>	<b>- 11,764</b>	<b>24,863</b>
Balance as of 31 March 2016	123,566	494,682	616,447	78,816	- 8,135	1,305,376

Notes on equity under (3.)



## Consolidated cash flow statement

in kEUR	1 Jan 2016 –31 Mar 2016	1 Jan 2015 –31 Mar 2015
<b>Earnings after tax</b>	<b>36,610</b>	<b>28,596</b>
Financial result	3,292	1,085
Income tax expense	6,156	3,729
Gain/loss from disposal of non-current assets	0	243
Amortisation/depreciation	15,920	12,624
Change from currency exchange-rate differences	-8	-3,470
Change in inventories	-872	-1,772
Change in receivables	43,759	-11,545
Change in liabilities of the acquiring business and trade payables	-84,554	-14,739
Change in other assets and liabilities	-25,747	-10,544
Net cash outflow arising from income tax	-2,606	-4,229
Interest paid excluding interest on loans	-87	-113
Interest received	52	506
<b>Cash flow from operating activities</b>	<b>-8,086</b>	<b>373</b>
Cash outflows for investments in intangible assets	-9,589	-9,150
Cash outflows for investments in property, plant and equipment	-3,488	-3,430
Cash inflows from sale of intangible assets and property, plant and equipment	0	3
Cash outflows for investments in financial assets and interest-bearing securities	-15,000	-10,000
Cash outflows for acquisition of consolidated companies less acquired cash	-51,800	-13,142
<b>Cash flow from investing activities</b>	<b>-79,877</b>	<b>-35,719</b>
Cash outflows for previous years' acquisitions of companies	-91,000	-11,394
Redemption of lease liabilities	-1,409	-1,255
Cash inflows from drawing down of financial liabilities	140,613	35,000
Cash outflows for expenses for drawing down of financial liabilities	-2,636	-361
Cash outflows for repayment of financial liabilities	-11,427	-1,427
Interest paid on loans and finance leases	-1,433	-348
<b>Cash flow from financing activities</b>	<b>32,708</b>	<b>20,215</b>
<b>Net change in cash and cash equivalents</b>	<b>-55,256</b>	<b>-15,130</b>
Exchange-rate-related changes to cash and cash equivalents	851	922
<b>Cash and cash equivalents at start of period</b>	<b>633,690</b>	<b>456,127</b>
<b>Cash and cash equivalents at end of period</b>	<b>579,285</b>	<b>441,919</b>

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

in kEUR	1 Jan 2016 –31 Mar 2016	1 Jan 2015 –31 Mar 2015
<b>Earnings after tax</b>	<b>36,610</b>	<b>28,596</b>
Financial result	3,292	1,085
Income tax expense	6,156	3,729
Gain/loss from disposal of non-current assets	0	243
Amortisation/depreciation	15,920	12,624
Change from currency exchange-rate differences	-8	2,284
Change in inventories	-872	-1,772
Change in receivables	14,314	10,423
Change in liabilities of the acquiring business and trade payables	-13,181	3,420
Change in other assets and liabilities	-8,987	-10,570
Net cash outflow arising from income tax	-2,606	-4,229
Interest paid excluding interest on loans	-87	-113
Interest received	52	506
Cash flow from operating activities (adjusted)	<b>50,603</b>	46,228

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

In view of this situation, Wirecard AG has decided to present a further statement in addition to the usual statement of cash flows from operating activities in order to eliminate those items that are merely transitory in nature. This also eliminates the FinTech related receivables. This is intended to facilitate the identification and reporting of the cash-relevant portion of the Company's earnings.

# Explanatory notes

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

### 1.1 Business activities and legal background

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

#### **Changes to the Group structure**

Wirecard agreed to acquire the payment business of the Great Indian (GI) Retail Group on 27 October 2015. The GI Retail Group is active in, amongst other things, the area of electronic payment processing and offers e-commerce solutions with payment processing to local retail businesses (retail-assisted e-commerce). Following the closing of the entire transaction, Wirecard acquired 100 percent of the shares of its related companies that primarily offer payment services under the brands "iCASHCARD" and "Smartshop". Wirecard already obtained control over the companies Hermes I Tickets Pte Ltd, as well as its subsidiary GI Philippines Corp, and Star Global Currency Exchange Pte Ltd, Bangalore (India), on 30 December 2015. Furthermore, Wirecard acquired 60 percent of the shares in GI Technology Private Limited (GIT), a licensed prepaid payment instrument (PPI) and money remittance issuer in India, with effect from 1 March 2016. As a result of this overall transaction, Wirecard has taken over a team of more than 900 employees and strengthened its engagement in the growth market of India.

The acquisition of the Brazilian payment service provider Moip Pagamentos S.A. based in Sao Paulo was announced on 22 February 2016. Other markets in Latin America will be addressed in future via this market entry into Brazil. On 29 February 2016, the Romanian payment service provider Provus Group based in Bucharest was acquired. The Provus Group is a service provider in the areas of acquiring and issuing processing, as well as technical payment processing. This acquisition strengthens the Company's expansion into eastern Europe.

On 29 February 2016, GFG Group Limited was renamed as Wirecard NZ Limited and its subsidiary GFG Group (Aust) Pty. Ltd. was renamed as Wirecard Australia Pty Ltd.

In order to optimise the organisational structure, the two companies Trans Infotech Pte Ltd (Singapore) and Card Techno Pte Ltd (Singapore) were merged with Wirecard Singapore Pte Ltd (Singapore) after the reporting period.

## CONSOLIDATED FINANCIAL STATEMENTS

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

### Scope of consolidation

#### Shareholdings of Wirecard AG

Wirecard Sales International GmbH, Aschheim (Germany)	100%
Wirecard Payment Solutions Holdings Ltd., Dublin (Ireland)	100%
Wirecard UK and Ireland Ltd., Dublin (Ireland)	100%
Herview Ltd., Dublin (Ireland)	100%
Wirecard Central Eastern Europe GmbH, Klagenfurt (Austria)	100%
Wirecard Asia Holding Pte. Ltd., (Singapore)	100%
Wirecard Singapore Pte. Ltd. (Singapore) (before: Systems@Work Pte. Ltd.)	100%
Systems@Work (M) SDN BHD, Kuala Lumpur (Malaysia)	100%
Wirecard Payment Solutions Malaysia SDN BHD, Kuala Lumpur (Malaysia)	100%
PT Prima Vista Solusi, Jakarta (Indonesia)	100%
Trans Infotech Pte. Ltd. (Singapore)	100%
Trans Infotech (Laos) Ltd. (Laos)	100%
Trans Infotech (Vietnam) Ltd (Vietnam)	100%
Card Techno Pte. Ltd. (Singapore)	100%
PT Aprisma Indonesia (Indonesia)	100%
Wirecard Myanmar Ltd., Yangon (Myanmar)	100%
Wirecard India Private Ltd., Chennai (India)	100%
American Payment Holding Inc., Toronto (Canada)	100%
Payment Technologies Ltd., Wilmington (United States)	100%
Hermes I Tickets Pte Ltd, Chennai (India)	100%
GI Philippines Corp, Manila (Philippines)	100%
Star Global Currency Exchange Pte Ltd, Bangalore (India)	100%
Provus Service Provider S.A., Bucharest (Romania)	100%
Romcard S.A., Bukarest (Romania)	100%
Supercard Solutions & Services S.R.L., Bukarest (Romania)	100%
Wirecard Sales Europe GmbH, Aschheim (Germany)	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 NZ Ltd., Auckland (New Zealand)	100%
Wirecard Australia Pty Ltd, Melbourne (Australia)	100%
Wirecard Africa Holding Proprietary Ltd., Cape Town (South Africa)	100%
Wirecard South Africa Proprietary Ltd., Cape Town (South Africa)	100%
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%
Moip Pagamentos S.A., Sao Paulo (Brazil)	100%
Wirecard Card Solutions Ltd., Newcastle (United Kingdom)	100%
Wirecard Ödeme ve Elektronik Para Hizmetleri A. ., Istanbul (Turkey)	100%

A total of 42 subsidiaries were fully consolidated as of 31 March 2016. As of 31 March 2015, this figure totalled 32 companies. Uniform accounting and valuation policies apply to the scope of consolidated subsidiaries. The shareholdings and percentages of voting rights of the subsidiaries are identical.

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

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

## CONSOLIDATED FINANCIAL STATEMENTS

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

### Business combinations in the fiscal year

#### Great Indian Retail Group

Wirecard AG entered into agreements to acquire the payments business of Great Indian (GI) Retail Group on 27 October 2015. Founded in 2006, GI Retail Group is one of India's and South East Asia's leading groups in the area of electronic payment and e-commerce solutions for payments in local retail businesses.

Wirecard has acquired 100 percent of the shares of the companies Hermes I Tickets Pte. Ltd., GI Philippines Corp. and Star Global Currency Exchange Pte. Ltd. that offer payment services in India, the Philippines, Indonesia and Malaysia under the brands "iCASHCARD", "Smartshop", "StarGlobal", "Commerce Payment" as well as others. Furthermore, Wirecard has also acquired 60 percent of the shares in GI Technology Private Limited (GIT), a licensed Prepaid Payment Instrument (PPI) issuer in India. As a result of this overall transaction, Wirecard has taken over more than 900 employees in sites in Delhi, Chennai, Hyderabad, Bangalore, Mumbai, Kolkata, Lucknow, Manila, Batam and Kuala Lumpur.

The total cash consideration for the overall transaction including a capital contribution to GI Technology will amount to EUR 230 million, payable in cash and approved lines of credit. Further payments of up to a total of EUR 110 million are linked to the achievement of certain financial results in the 2015 to 2017 calendar years.

According to the provisional financial statements for the fiscal year, revenues from the acquired payment business reached EUR 45 million in the 2015 calendar year, an increase of more than 50 percent compared to the 2014 calendar year. Operating earnings before interest, tax, depreciation and amortisation (EBITDA) doubled in the same period (2015 in comparison to 2014) to reach EUR 7 million. Revenue for the 2016 calendar year is expected to exceed EUR 75 million and EBITDA after integration costs is expected to be between EUR 15 million and EUR 18 million in 2016.

#### Acquisitions in 2015

The companies Hermes I Tickets Pte. Ltd., Chennai (India), GI Philippines Corp., Manila (Philippines), and Star Global Currency Exchange Pte. Ltd., Bangalore (India), were newly included in the consolidated financial statements with effect from 30 December 2015 because Wirecard had already gained control at this point in time over these companies through a trust agreement in the sense of IFRS 10.7 and held economic ownership of the shares. The transaction was closed at the beginning of 2016. The purchase price to be paid as part of this transaction amounted to around EUR 215 million. Furthermore, three earnout components must be paid that will depend on the operating earnings of the acquired company in the years 2015 to 2017 and could amount to up to EUR 110 million, of which EUR 99.3 million has been reported as a liability. Due to the consolidation on 30 December 2015, the companies did not make any revenue or earnings

contribution to the Group in 2015. In the 2015 fiscal year, the company achieved revenues of kEUR 45,653 with an annual net profit of kEUR 4,542.

As a result of the short period before preparation of the consolidated financial statements, the amounts recognised are not final. Non-separable assets, such as the specialist knowledge and contacts held by the employees and management, as well as the synergy effects within the Wirecard Group, are recognised under goodwill.

The assets and liabilities are currently as follows:

### Acquisition of Hermes und Star Global

in kEUR	Fair value
Cash	1,092
Goodwill	265,568
Customer relationships	49,783
Property, plant and equipment	443
Other non-current intangible assets	16,311
Trade and other receivables	22,150
Other assets	2,124
Deferred tax assets	4
Deferred tax liabilities	21,300
Current liabilities	20,719
Non-current liabilities	1,131
Purchase price	314,325

### Acquisitions in 2016

In contrast, a 60 percent shareholding in GI Technology Pte. Ltd. was acquired as of 1 March 2016 because this was the point in time at which the last stages of the transaction for the transfer of the shares was closed. In this context, a sum of kEUR 14,000 was paid in the form of a capital increase. 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 but does not have full control.

## CONSOLIDATED FINANCIAL STATEMENTS

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

### Provus Group

Wirecard AG acquired all shares in the Provus Group based in Bucharest on 29 February 2016.

Provus is Romania's leading payment processing and technology service provider with 114 employees. The payment provider supports companies in outsourcing acquiring and card processing, e-commerce payment transactions and point-of-sale (POS) operations. Its customers include major Romanian banks and large telecommunications and retail customers. In addition, the payment provider works with the Romanian government in the digitisation of health and payment cards.

Romania is an EU member state with a population of 20 million and has the highest growth rate for card payments in Europe. The shift from cash to electronic payment transactions is also a growth trend in Romania. Currently, 97 percent of all payments are made in cash.

Provus operates the largest processing centre in Romania. With a scalable platform offering cutting edge technology, the company is one of the leading providers of outsourcing solutions in Eastern Europe. Above all, the company's end-to-end solutions in the area of card management, including a card personalisation office, have won over local banks and government institutions. In the business area of acquiring processing, Provus offers numerous payment processing solutions across various channels: cash machines (ATM), point-of-sale (POS) and e-commerce.

The considerations in connection with this transaction include cash payments of EUR 32.0 million without further earnout components.

An EBITDA of EUR 4.0 million is expected in the 2016 calendar year. In addition, non-recurring integration costs of around EUR 0.5 million will be incurred in 2016.

The seller was the Polish private equity company Innova Capital via its affiliated company ICPCE, Luxembourg. The current management team will remain at the company. As a result of the short period before preparation of the consolidated financial statements, the amounts recognised are not final. Non-separable assets, such as the specialist knowledge and contacts held by the employees and management, as well as the synergy effects within the Wirecard Group, are recognised under goodwill. The assets and liabilities are currently as follows:



## Acquisition of Provus Service Provider S.A.

in kEUR	Fair value
Cash	2,697
Goodwill	10,990
Customer relationships	19,023
Property, plant and equipment	2,463
Other non-current intangible assets	2,063
Trade and other receivables	1,562
Other assets	432
Deferred tax assets	76
Deferred tax liabilities	3,374
Current liabilities	961
Non-current liabilities	767
Purchase price	34,205

## Moip Pagamentos S.A.

Wirecard AG acquired all shares in the Brazilian company Moip Pagamentos S.A. (MOIP) on 22 February 2016.

Moip Pagamentos S.A., with more than 150 employees at its site in Sao Paulo, is a fast growing Internet payment service provider on the Brazilian market that was founded eight years ago.

Moip has developed a leading payment platform for small and medium sized retailers over the last few years and focuses, in particular, on marketplaces and companies with direct sales for its innovative end-to-end solutions. The automated on-boarding process for all retailers, the bundling of money flows from national acquiring networks and a product portfolio featuring alternative payment processes for the Brazilian market have contributed to the dynamic growth of the company. Payment guarantees and buyer protection functionalities supplement the Moip solution. In addition, the Moip solution will expand the Wirecard payment platform to include further alternative payment processes.

In 2015, the company handled more than BRL 1.0 billion in transactions serving around 100,000 Brazilian retailers. Wirecard will use this acquisition to address other markets in Latin America in the next few years. Entry onto the Brazilian market means that Wirecard is continuing to pursue its global expansion. Wirecard can now roll out payment and issuing product lines in Latin America.

## CONSOLIDATED FINANCIAL STATEMENTS

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

The considerations in connection with this transaction include cash payments of EUR 23.5 million. Further earnout payments totalling up to EUR 13.5 million are connected to the achievement of certain financial results by Moip Pagamentos S.A. in the 2016, 2017 and 2018 fiscal years.

An EBITDA of EUR 2.2 million is expected in the 2016 calendar year. In addition, non-recurring integration costs of around EUR 0.5 million will be incurred in 2016.

The sellers were the majority shareholder Ideiasnet S.A., a Venture Capital fund, via their affiliated company Ideiasnet Fundo do Investimento em Participações I (FIP), which invests in Brazilian technology companies, as well as a number of founders and managers who will remain as part of the management team in the future.

As a result of the short period before preparation of the consolidated financial statements, the amounts recognised are not final. Non-separable assets, such as the specialist knowledge and contacts held by the employees and management, as well as the synergy effects within the Wirecard Group, are recognised under goodwill.

The assets and liabilities are currently as follows:

#### Acquisition of Moip Pagamentos S.A.

in kEUR	Fair value
Cash	882
Goodwill	22,495
Customer relationships	9,017
Property, plant and equipment	286
Other non-current intangible assets	4,181
Trade and other receivables	21,815
Other assets	0
Deferred tax liabilities	3,947
Current liabilities	24,237
Non-current liabilities	0
Purchase price	30,492

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

### Principles

The financial statements as of 31 March 2016 were prepared in accordance with IAS 34 (Interim Financial Reporting) with consideration to the International Financial Reporting Standards (IFRS) and the International Accounting Standards (IAS) as adopted by the EU. This interim report was not audited nor has it been subjected to an audit review. The notes to the financial statements as of 31 December 2015 also apply to the present financial statements and should be taken into consideration in connection with the interim financial statements. Any variations from the above are explained below.

### Presentation

The presentation of the Group's balance sheet, cash flow statement and segment reporting was effected in accordance with the consolidated financial statements as of 31 December 2015.

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

### Accounting and valuation methods

In the course of preparing the financial statements as of 31 March 2016, the same accounting and valuation principles were used as for the last consolidated financial statements (31 December 2015) and for the previous year period (1 January 2015 through 31 March 2015) if no other information is provided in this report. For more details please refer to the Annual Report as of 31 December 2015.

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

For a breakdown of non-current assets relating to intangible assets, property, plant and equipment and financial assets (historical acquisition costs, adjustments based on foreign currency translations, additions and disposals due to initial consolidation, additions, disposals, cumulative amortisation and depreciation, amortisation and depreciation in the year under review and carrying amounts), please refer to the attached schedule of developments in non-current assets from 1 January 2016 to 31 March 2016 (including the previous period).

### 2.1 Intangible assets

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

#### **Goodwill and customer relationships**

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

Goodwill is assessed at least once a year by the Group (most recently on 31 December 2015) or in the event of possible impairments in accordance with the Group's accounting policies. The Company determines these values using valuation methods based on discounted cash flows. Customer relationships are analysed at least once a year or additionally if a triggering event occurs. If a triggering event occurs, an assessment based on discounted cash flows is carried out in order to determine any potential need for impairment.

In the first quarter 2016, goodwill changed primarily as a result of the first-time consolidation of the new companies, Provus and Moip and as a result of currency-related adjustments by kEUR –10,289 due to valuation at closing rates and stood at kEUR 513,940 (31 December 2015: kEUR 489,301) and is reported in the following cash-generating units:

## Goodwill

in kEUR	31 Mar 2016	31 Dec 2015
Payment Processing & Risk Management	443,692	442,242
Acquiring & Issuing	69,959	46,771
Call Center & Communication Services	288	288
<b>Total</b>	<b>513,940</b>	<b>489,301</b>
Less: impairment losses	0	0
	<b>513,940</b>	<b>489,301</b>

The change in the item customer relationships of kEUR 21,039 in the period under review is related, on the one hand, to exchange rate fluctuations and, on the other hand, to amortisation, which was offset by an increase of kEUR 28,040 connected with the first-time consolidation of the new companies. Amortisation starts together with the flow of benefits and is performed over the expected length of useful life.

Further information on business combinations and the acquisition of customer relationships can be found in Section 1.1 Business activities and legal background – business combinations and significant acquisitions of customer relationships. For information on changes to goodwill and customer relationships, please also refer to the statement of changes in non-current assets in the 2015 Annual Report.

## Internally-generated intangible assets

In the first quarter 2016, this item increased as expected by kEUR 5,670 to kEUR 85,539 (31 December 2015: kEUR 80,639). Compared to the previous year, this item has increased in particular as a result of the increased development activities at Wirecard Processing FZ LLC and Wirecard Technologies GmbH. This relates to software for the payment platform and mobile payment projects.

## CONSOLIDATED FINANCIAL STATEMENTS

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

#### Other intangible assets

Besides software for individual workstations, other intangible assets relate to software acquired for and used by the “Payment Processing & Risk Management” and “Acquiring & Issuing” segments. In the period under review, this item changed mainly due to the first consolidation of the acquired companies from kEUR 65,869 to kEUR 70,049.

#### 2.2 Property, plant and equipment

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

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

The carrying amount of technical equipment and operating and office equipment held as part of finance leases as of 31 March 2016 totalled kEUR 10,764 (31 March 2015: kEUR 11,642) and is reported under property, plant and equipment. The leased items serve as security for the respective obligations from the finance leasing agreements.

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

Financial and other assets and interest bearing securities as of 31 March 2016 totalled kEUR 272,621 (31 December 2015: kEUR 227,152). These break down as follows:

##### Breakdown of financial and other assets / interest-bearing securities

in kEUR	31 Mar 2016	31 Dec 2015
Shares of not consolidated companies	80,221	80,405
Shares of associated companies	15,000	0
Financing agreements (amongst others sales partner)	41,153	40,293
Securities/collared floater	61,531	48,900
Other	74,716	57,554
	<b>272,621</b>	<b>227,152</b>

Significant are the shares held by Wirecard Bank AG and Wirecard Card Solutions Ltd. in Visa Europe Ltd., which were revaluated at the end of the year by kEUR 80,376 under the item "Revaluation reserve". This revaluation has not led to an improvement of the profit or loss in the income statement because this participating interest was classified as "Available-for-sale financial assets" and the increase in value was correspondingly accounted for in the revaluation reserve. The reason for this revaluation was the announcement by Visa Inc. on 2 November 2015 of its proposed acquisition of Visa Europe Limited, subject to regulatory approvals. When this transaction is completed, Wirecard Bank AG and Wirecard Card Solutions Ltd. will, as members of Visa Europe Limited, be entitled to consideration. The consideration consists of an upfront consideration receivable on closing of the transaction comprising cash and preferred stock convertible into Visa Inc. class A common stock as well as of a potentially additional deferred cash consideration payable following the fourth anniversary of closing subject to an earnout mechanism. The amounts of preferred stock and deferred cash consideration are contingent upon certain factors. Based on calculations by Visa Europe Limited, Wirecard estimates the value of the consideration at approx. EUR 80.4 million without the earnout components. On the basis of this information, Wirecard revaluated its participating interest in Visa Europe Ltd. as of 31 December 2015. The calculation of the fair value is based on the market quotations for Visa A shares, estimations by the management and the calculations of the appraisers of Visa Europe Ltd. The cash payment was valued at 100 percent as the rules are very clear in this context and no conditions are linked to this payment. The preferred stock, which serves as a guarantee for contractual arrangements between the contractual parties and is subject to a required holding period, was discounted due to uncertainties based on the value of the Visa Inc. A shares. In the case of the shares held by the English company Wirecard Card Solutions Ltd., the value of the shares was discounted by a slightly higher amount because other liability risks were agreed between Visa Europe Ltd. and Visa Inc. for the United Kingdom. The earnout components were valued at a discount rate of 100 percent because these are dependent on numerous input factors which are partially unknown to management or cannot be influenced by them so that the uncertainty surrounding these earnouts is too high. Following the closing of the transaction, which is expected in the second quarter of 2016, the effects of the revaluation will be reflected in the income statement.

The securities partially comprise a derivative component. These embedded derivatives are generally measured at fair value with changes in their fair value being recognised as profit or loss. If it is impossible to separately measure the embedded derivative, the entire financial instrument is to be measured at fair value through profit or loss, as long as fair value can be calculated reliably. The embedded derivative part of the hybrid financial instrument is sufficiently significant

## CONSOLIDATED FINANCIAL STATEMENTS

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

to render it impossible to reliably determine the fair value of the total financial instrument, which means the hybrid financial instrument is to be measured at cost less potential impairment.

Share from associates in the amount of kEUR 15,000 (31 December 2015: kEUR 0) are fully related to GI Technology Pte. Ltd.. 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 but does not have full control.

Furthermore, this balance sheet item also contains various securities/collared floaters which are held to improve interest income and whose interest rates mainly depend on money market rates. In part, minimum and maximum interest rates are agreed (collared floaters).

The assets reported under “Other” exist substantially as a result of activities related to Wirecard Bank AG cooperating with different companies in the so-called FinTech sector. As a technology company with its own financial institution, Wirecard supports different companies through e.g. peer-to-peer loan platforms for private borrowers and SMEs, mobile banking solutions or solutions for payment by instalment in the online shopping sector. Alongside services in the areas of technology and risk management, Wirecard also sometimes provides financing, particularly in the area of hire purchase agreements and the provision of small loans. In this context, receivables arise primarily in relation to individual transactions that are reported here due to their terms to maturity.

## 2.4 Tax credits

### Deferred tax assets

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



Based on tax assessments up to 31 December 2015, tax notices issued up to the assessment year 2013 and the consolidated taxable profit in the first quarter 2016, the deferred tax assets as of 31 March 2016 amounted to kEUR 1,632 after impairment (31 December 2015: kEUR 862).

## **2.5 Inventories and work in progress**

As of 31 March 2016, the reported inventories and work in progress amounted to kEUR 4,904 (31 December 2015: kEUR 3,599) and relate to merchandise such as terminals and debit cards, which are kept for, amongst other things, payments using mobile phones. Their value was measured in accordance with IAS 2.

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

## **2.6 Trade receivables from the area of acquiring**

The transaction volume of the Wirecard Group is reported under trade receivables from credit card organisations, banks and acquiring partners on the Wirecard balance sheet. Therefore, Wirecard has decided to report the receivables in this area separately.

The items receivables of acquiring business and liabilities of acquiring business of Wirecard are mainly characterised by the transaction volume of retailers that utilise Wirecard's payment services. Due in particular to the legal guidelines for the licensing agreements depending on the region and sector in which the retailer and acquiring partner operate, as well as to the business relationship between the retailer and Wirecard, different business models are utilised that result in varying accounting methods being applied. In all cases, however, the transaction volume significantly influences the item trade receivables.

From a financial reporting perspective, it is particularly important to differentiate whether the transaction volume is processed via licensed acquirers belonging to the Wirecard Group or whether Wirecard is using an external acquiring partner. If the transaction volumes are processed via Wirecard, they remain 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.

If another bank is involved in the process, Wirecard is not permitted to receive and report the transaction volumes on the balance sheet due to the EU Payments Services Directive (PSD). In this case, the acquiring partner accounts for these items on their balance sheet. Wirecard then reports any charges and commissions, as well as the rolling security reserves for the retailers'

## CONSOLIDATED FINANCIAL STATEMENTS

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

general risk of default, as receivables of acquiring business. In this context, please also refer to Chapter 7.2 of the annual report 2015.

Depending on the balance sheet date and the payment cycle, the item receivables of acquiring business and also the item liabilities of acquiring business (less commissions and charges) is subject to considerable fluctuations from one balance sheet date to another. These fluctuations occur in particular due to delayed payouts on account of the public holidays between the reporting periods.

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

### 2.7 Trade and other receivables

Trade and other receivables exist as a result of, amongst other things, activities related to Wirecard Bank AG cooperating with different companies in the so-called FinTech sector. As a technology company with its own financial institution, Wirecard supports different companies through e.g. peer-to-peer loan platforms for private borrowers and SMEs, mobile banking solutions or solutions for payment by instalment in the online shopping sector. Alongside services in the areas of technology and risk management, Wirecard also sometimes provides financing, particularly in the area of hire purchase agreements and the provision of small loans in cooperation with FinTech companies. In this context, these receivables primarily relate to individual transactions. As a result of the consolidation of newly acquired companies in 2015 and 2016, it is only possible to compare this item to the previous year to a limited extent.

#### Trade receivables

in kEUR	31 Mar 2016	31 Dec 2015
Receivables from bank business (mostly from FinTech business)	89,363	68,470
Other trade receivables	35,076	23,886
Other receivables	12,142	20,848
	136,581	113,204

## 2.8 Tax credits

As of 31 March 2016, tax credits comprised tax reimbursement claims of kEUR 6,151 (31 December 2015: kEUR 6,119) and VAT reimbursement claims of kEUR 3,676 (31 December 2015: kEUR 2,166).

## 2.9 Interest-bearing securities and fixed-term deposits

Apart from investing in various interest-bearing securities, the Wirecard Group has also invested in fixed-term deposits in order to improve its interest income. All investments are only concluded with banks or counterparties that meet the creditworthiness requirements from the Group's own risk evaluation and – to the extent that external ratings are available – are assessed as having a minimum creditworthiness risk by renowned ratings agencies. Fixed-term deposits with a term of more than three months are reported under "Interest-bearing securities and fixed-term deposits", which reduces the cash and cash equivalents position. Fixed-term deposits of kEUR 6,114 (previous year: kEUR 6,114) have been placed as collateral for credit card business for the duration of the business relationship. Fixed-term deposits with a term of up to three months are reported under "Cash and cash equivalents".

## 2.10 Cash and cash equivalents

The cash and cash equivalents item (31 March 2016: kEUR 984,433; 31 December 2015: kEUR 1,062,968) includes cash in hand and bank balances (demand deposits, fixed-term deposits with a term of up to three months and overnight (call money) deposits). These also include resources from current customer deposits of Wirecard Bank AG and Wirecard Card Solutions Ltd. which are not placed in interest-bearing securities (31 March 2016: kEUR 402,291; 31 December 2015: kEUR 419,539) and funds derived from the acquiring business of Wirecard Bank AG. To improve its interest income, Wirecard Bank AG invested some of the customer deposits in various short, medium and long-term interest-bearing securities (so-called collared floaters and interest-bearing securities). These are reported under non-current financial and other assets and current interest-bearing securities. Excluding the purchase of these securities and the fixed-term deposits with a term of more than three months across the whole Group, cash and cash equivalents would have been kEUR 273,008 (31 December 2015: kEUR 182,272) higher.

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

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

With regards to the development of Group equity for the first quarter of 2016, further particulars in addition to the following explanations are provided in the table “Consolidated statement of changes in equity”.

#### 3.1 Subscribed capital

As at 31 March 2016 the subscribed capital was kEUR 123,566 (31 December 2015: kEUR 123,566) and comprised 123,565,586 (31 December 2015: 123,565,586) no-par value shares with a notional interest in the common stock of EUR 1.00 per share.

#### Authorised capital

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

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

#### Conditional capital

Conditional capital (Conditional Capital 2004/I) did not change in the first quarter of 2016 and continues to stand at kEUR 614 (31 December 2015: kEUR 614). The program has been closed. Further issues are no longer possible.

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

### **3.2 Capital reserve**

The capital reserve amounts to kEUR 494,682 as of 31 March 2016 (31 December 2015: kEUR 494,682).

### **3.3 Retained earnings**

A proposal will be made at the 2016 Annual General Meeting to pay a dividend of EUR 0.14 per share to the shareholders, which corresponds to a total amount of kEUR 17,299.

### **3.4 Revaluation reserve**

The revaluation reserve was created due to the revaluation of the shares held by Wirecard Bank AG and Wirecard Card Solutions Ltd. in Visa Europe Ltd., which were revaluated at the end of the year. This revaluation has not led to an improvement of the profit or loss in the income statement because these shares were classified as “Available-for-sale financial assets” and the increase in value was correspondingly accounted for in the revaluation reserve. The reason for this revaluation was the announcement by Visa Inc. on 2 November 2015 of its proposed acquisition of Visa Europe Limited. For further information, please refer to 2.3 Financial and other assets / interest-bearing securities.

### **3.5 Translation reserve**

The foreign currency translation reserve changed in the first quarter 2016 due to exchange rate factors and with no impact on profit or loss from kEUR 3,630 in the previous year to kEUR –8,135. The deviation is primarily attributable to the net assets denominated in foreign currencies due to further company acquisitions in the fiscal year and the fluctuation in the exchange rates for some local currencies. With regard to the foreign currency translation reserve, reference is made to details in 2.1 Principles and assumptions used in preparing the financial statements in the 2015 Annual Report.

## CONSOLIDATED FINANCIAL STATEMENTS

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

## 3.6 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

The interest-bearing liabilities are related to the financing of acquisitions, whereby the largest proportion was attributable to the acquisition made in India. In addition, there was a financing of acquisitions in Brazil and Romania. An amount of Mio. EUR 216 million was recognized due to the credit period under current interest-bearing liabilities. This item thus increased by kEUR 84,426 from kEUR 358,146 as of 31 December 2015 to kEUR 273,720. Wirecard AG has EUR 1,002 million of lending commitments (31 December 2015: EUR 661 million). Along with the loans recognised in the balance sheet, additional credit lines from commercial banks amounting to EUR 503 million are consequently available (31 December 2015: EUR 290 million).

### Other non-current liabilities

This item is broken down as follows:

#### Other non-current liabilities

in kEUR	31 Mar 2016	31 Dec 2015
Earnout liabilities	67,580	58,138
Lease liabilities	6,957	7,938
Variable remuneration and pension benefits	3,464	3,117
Other non-current liabilities	1,534	2,719
	<b>79,535</b>	<b>71,912</b>

The earnout components and current purchase price liabilities of kEUR 72,481 (31 December 2015: kEUR 161,974) that are due within a period of one year are carried under current liabilities.

### Deferred tax liabilities

Deferred tax liabilities, amounting to kEUR 58,189 (31 December 2015: kEUR 53,266), related to temporary differences between the tax accounts and the consolidated financial statements according to IFRS and are reported under non-current liabilities. This item increased due to the first-time consolidation of the new corporate entities. With regard to further details on the tax reconciliation account and the trend relating to deferred taxes, please refer to the further details under 5.9. Income tax expense and deferred taxes in the annual report 2015.

### 3.7 Current liabilities

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

#### Liabilities of acquiring business

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

Depending on the balance sheet date and the payment cycle, the item liabilities of acquiring business and also the item receivables of acquiring business (less commissions and charges) can be subject to considerable fluctuations from one balance sheet date to another. In particular, these substantial fluctuations between reporting periods result from public holidays. Delayed payments due to public holidays at the end of the 2015 fiscal year were offset by corresponding payments in the following quarter, resulting as expected in a significant reduction of this position in the first quarter 2016.

#### Trade payables

Trade payables comprise payables from the operating business that are not allocated to the acquiring business.

#### Interest-bearing liabilities

Interest-bearing liabilities of kEUR 220,445 (31 December 2015: kEUR 12,579) mainly comprise loans that are due in 2016 and 2017. An amount of Mio. EUR 216 million was recognized due to the credit period under current interest-bearing liabilities.

#### Other provisions

Provisions are short-term in nature and will be utilised prospectively within the following year. Among the other current provisions totalling kEUR 1,563 (31 December 2015: kEUR 1,421), the costs of preparing and auditing the financial statements of kEUR 910 (31 December 2015: kEUR 845) comprise the largest item.

## CONSOLIDATED FINANCIAL STATEMENTS

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

#### Other liabilities

This item is broken down as follows:

#### Other liabilities

in kEUR	31 Mar 2016	31 Dec 2015
Accruals	13,906	19,258
Lease liabilities	4,401	4,730
Purchase price liabilities	72,481	161,974
Other	13,402	15,239
	104,190	201,201

The purchase price liabilities fell through the payment for the Great Indian Group.

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

#### Customer deposits from banking operations

This item includes customer deposits of kEUR 661,381 (31 December 2015: kEUR 582,464) with Wirecard Bank AG and Wirecard Card Solutions Ltd..

Alongside the expansion of the prepaid card business, the increase in deposits is due to various factors including fluctuations relating to prepaid card usage and the payment of acquiring funds to customer accounts.



## 4. Notes to the consolidated income statement

### 4.1 Revenues

Consolidated revenue for the Group (kEUR 210,470) in the first quarter 2016 were generated in the “Call Center & Communication Services” and “Payment Processing & Risk Management” segments, as well as from commission payments in the “Acquiring & Issuing” segment. In addition, interest generated by the “Acquiring & Issuing” segment in the period under review (kEUR 911) is reported under revenues in accordance with IAS 18.5(a). A detailed breakdown of revenues is shown under the segment reporting.

At the end of 2015 an initiative from the European Commission to reduce interchange fees came into force. Interchange fees are paid by retailers for the acceptance of card transactions and are settled between the issuer and the acquirer for the services offered by the card issuer. The regulation affects European credit and debit card transactions by consumers that are processed within the four party model. In the core business of acquiring, the interchange fees that arise for the Wirecard Group have the character of transitory items. The interchange fees are accounted for as cost of materials and have no significant influence on earnings before interest, tax, depreciation and amortisation. Revenue in the issuing business of the Wirecard Group is primarily based on fees for additional services relating to the issuing of prepaid credit card products. The pricing of these additional fees is not affected by the EU regulation on interchange fees.

### 4.2 Cost of materials

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

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

## CONSOLIDATED FINANCIAL STATEMENTS

### 4. Notes to the consolidated income statement

#### 4.3 Personnel expenses

Personnel expenses in the first quarter 2016 totalled kEUR 27,698 (Q1 2015: kEUR 20,711), comprising salaries amounting to kEUR 24,051 (Q1 2015: kEUR 18,093) and social security contributions of kEUR 3,647 (Q1 2015: kEUR 2,618).

In the first quarter 2016, the Wirecard Group employed an average of 3,526 employees (Q1 2015: 1,978) (excluding the Management Board and apprentices), of whom 262 (Q1 2015: 220) worked on a part-time basis. Of the 3,526 employees, 55 (Q1 2015: 38) were employed as management board members/general managers at subsidiaries.

Alongside the rise in pension entitlements, the increase in personnel expenses is also due to the acquisitions made in this year and the last year. This means the comparability of this item is restricted.

These employees were engaged in the following functions:

#### Employees

	Q1 2016	Q1 2015
Sales	866	247
Administration	446	238
Customer service	576	581
Research/Development and IT	1,638	912
<b>Total</b>	<b>3,526</b>	<b>1,978</b>
of which part-time	262	220

## 4.4 Other operating expenses

The breakdown of other operating expenses is as follows:

### Other operating expenses

in kEUR	Q1 2016	Q1 2015
Legal and financial statement costs	1,535	1,387
Consulting expenses and consulting-related expenses	2,414	2,198
Office expenses	2,352	1,897
Equipment and leasing	2,404	1,332
Sales and marketing	3,110	2,607
Personnel-related expenses	971	777
Insurance payments, contributions and levies	263	327
Other	3,382	3,349
<b>Total</b>	<b>16,431</b>	<b>13,874</b>

## 4.5 Other operating income

Other operating income of kEUR 343 (Q1 2015: kEUR 3,103) comprises various smaller items, including income from the release of provisions, income from the revaluation of receivables and income from offset benefits in kind.

## 4.6 Amortisation and depreciation

Amortisation and depreciation is broken down into two positions. It was broken down so that the amortisation and depreciation of assets which result from business combinations and acquired customer relationships (relating to M&A). In the first quarter 2016, the M&A adjusted amortisation and depreciation amounted to kEUR 8,620 (Q1 2015: kEUR 5,860). The M&A-related amortisation and depreciation of assets stood at kEUR 7,299 (Q1 2015: kEUR 6,764) in the first quarter 2016 and was reported separately. As the Company has a high level of M&A activity, this differentiation makes it easier to compare this item.

## CONSOLIDATED FINANCIAL STATEMENTS

### 4. Notes to the consolidated income statement

## 4.7 Financial result

### Financial result

in kEUR	Q1 2015	Q1 2016
Unwinding the discount on liabilities	1.811	908
Interest expenses from loans and leasing	1.724	816
Impairment of financial assets	123	168
Currency-related expenses	5	39
<b>Financial expenses</b>	<b>3.663</b>	<b>1.931</b>
Currency-related income	0	89
Interest income	291	654
Income from securities and loans	81	103
<b>Financial income</b>	<b>372</b>	<b>846</b>

Interest income in the Acquiring & Issuing segment of kEUR 911 (Q1 2015: kEUR 951) is not reported under the financial result but under revenues in accordance with IAS 18.5 (a). Please refer to Chapters 4.1 Revenues and 6.1 Segment reporting.

## 4.8 Income tax expense and deferred taxes

The consolidated income statement in the first quarter 2016 includes income tax expenses of kEUR 6,156. Essentially, these related to the income tax burdens determined for the Group member companies on the basis of the tax calculations for the first quarter 2016. In addition, these related to the change in deferred tax liabilities and deferred tax assets in the amount of kEUR 899.

The cash-relevant tax rate (excluding deferred taxes) amounted to 16.5 percent (Q1 2015: 10.5 percent). Including deferred taxes, the tax rate was 14.4 percent (Q1 2015: 11.5 percent).

## 5. Notes to the consolidated cash flow statement

The Group's cash flow statement is prepared in accordance with IAS 7 (Statement of Cash Flows). It discloses the cash flows in order to show the source and application of cash and cash equivalents. In doing so, it distinguishes between changes in cash flows from operating, investing and financing activities. It starts with earnings after interest and tax. A new structure has also been prepared within operating cash flow accordingly. The previous year's figures have been restated to make them comparable.

### Method used to measure cash and cash equivalents

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

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

As of 31 March 2016 and 31 March 2015, the Company held both cash and cash equivalents.

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

The balance of cash and cash equivalents reported in the cash flow statement at the end of the period includes cash in hand and bank balances disclosed under cash and cash equivalents in the balance sheet (31 March 2016: kEUR 984,433; 31 March 2015: kEUR 708,346), less current (immediately due and payable) liabilities to banks (31 March 2016: kEUR –2,856; 31 March 2015: kEUR –231), disclosed under current interest-bearing liabilities. In addition, financial resources corresponding to current customer deposits from banking operations (31 March 2016: kEUR –402,291; 31 March 2015: kEUR –266,197) were deducted or reported as a reduction on the balance of cash and cash equivalents in the consolidated cash flow statement according to IAS 7.22.

Current customer deposits are reported on the equity and liabilities side of the Wirecard consolidated financial statements as other liabilities (customer deposits). These customer funds are comparable in economic terms with short-term (bank) or overdraft facilities due on demand. On the assets side, separate accounts have been set up for these funds, which may not be used for any other business purposes. Given these circumstances, securities (so-called collared floaters and short-term and medium-term interest-bearing securities) are held to cover the total amount of the customer deposits with a nominal value of kEUR 259,090 (31 March 2015: kEUR 166,596), deposits with the central bank and demand and short-term fixed-term deposits with banks of kEUR 402,291 (31 March 2015: kEUR 266,197). These are reported in the

## CONSOLIDATED FINANCIAL STATEMENTS

### 5. Notes to the consolidated cash flow statement

Wirecard Group under the balance sheet items of “cash and cash equivalents”, “non-current financial and other assets” and “current interest-bearing securities”.

First-time consolidations resulted in a fall in cash and cash equivalents of kEUR 3,579 (Q1 2015: increase of kEUR 1,020).

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

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

#### Cash and cash equivalents

in kEUR	31 Mar 2016	31 Mar 2015
Cash and cash equivalents	984,433	708,346
Current interest-bearing liabilities	-220,445	-6,821
of which current bank borrowings	-2,856	-231
	981,576	708,116
of which current customer deposits from banking operations	-402,291	-266,197
<b>Cash and cash equivalents at end of period</b>	<b>579,285</b>	<b>441,919</b>

#### 5.1 Cash flow from operating activities

Due to the special system used in acquiring, which is heavily characterised by balance sheet date effects inherent in the business model, Wirecard decided to present a further statement of cash flows from operating activities in addition to the usual presentation of cash flows from operating activities to eliminate those items that are merely transitory in nature. These supplements help to identify and present the cash-relevant portion of the Company earnings.

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

in the inflow/outflow of funds from business operations. The inflow/outflow of funds from operating activities is determined by including the interest and tax payments.

The principal reasons for the changes in relation to the previous year are as follows:

The unadjusted cash flow from operating activities in the first quarter 2016 changed from kEUR 373 in the previous year to kEUR –8,086, mainly due to the special system used in acquiring, which is impacted by cut-off date effects of a transitory nature inherent in the business model. It should be especially noted in this context that a very sharp increase in the operational cash flow in the fourth quarter, which is mainly due to delayed payouts on account of the public holidays, is expected to be offset by a countervailing cash flow trend in the first half of 2016. The cash flow from operating activities (adjusted) stood at kEUR 50,603 (Q1 2015: kEUR 46,228). In line with the business model, the transaction volumes generated by business in acquiring were reported under trade receivables as receivables from credit card organisations and banks. At the same time, these business transactions give rise to liabilities to merchants, amounting to the transaction volume (less our commissions and charges). Receivables and liabilities (less our commissions and charges) are mostly transitory in nature and subject to substantial fluctuations from one balance sheet date to another.

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

Interest received in the first quarter 2016 amounted to kEUR 52 (Q1 2015: kEUR 506). Interest excluding loan interest paid in the first quarter 2016 came to kEUR –87 (Q1 2015: kEUR –113) and is reported under cash flow from operating activities.

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

Interest paid on loans and finance leases in the first quarter 2016 came to kEUR –1,433 (Q1 2015: kEUR –348) and was included in the cash flow from financing activities.

## CONSOLIDATED FINANCIAL STATEMENTS

### 5. Notes to the consolidated cash flow statement

#### 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 quarter 2016 totalled kEUR –2,606 (Q1 2015: kEUR –4,229) and was always classified as operating activities.

#### 5.2 Cash flow from investing activities

The cash flow from investing activities is the result of the inflow of funds from non-current assets (excluding deferred taxes) and the outflow of funds for investments in non-current assets (excluding deferred taxes). The cash flow from investing activities totalled kEUR –79,877 (Q1 2015: kEUR –35,719).

Alongside the payment of the purchase price for the payment business of the Great Indian Retail Group, the investments in strategic transactions/M&A also included the acquisitions of the Provus Group and Moip Pagamentos. The securities reported under investments relate to securities that are not held by Wirecard Bank but by other Group companies. Securities held by Wirecard Bank are related to customer deposits that should not be included in cash and cash equivalents reported in the cash flow statement in accordance with IAS 7.22.

This mainly affects:

#### Substantial cash outflows for investments

in kEUR	Q1 2016	Q1 2015
Strategic transactions/M&A	66,800	13,142
Securities and medium-term financing agreements	0	10,000
Internally-generated intangible assets	5,670	5,871
Other intangible assets (software)	3,919	3,278
Property, plant and equipment	3,488	3,430



Disclosures pursuant to IAS 7.40 are as follows:

### Investments to acquire companies

in kEUR	Q1 2016	Q1 2015
Purchase prices paid	55,379	14,162
Acquired cash and cash equivalents	3,579	1,020
Net investment	51,800	13,142

### 5.3 Cash flow from financing activities

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

Cash flow from financing activities in the first quarter 2016 mainly concerns the cash inflow from drawing on financial liabilities of kEUR 140,613 (Q1 2015: kEUR 35,000) and the cash outflow for the redemption of financial liabilities of kEUR –11,427 (Q1 2015: kEUR –1,427). In addition, financing was carried out as part of finance leases, which resulted in a net cash flow of kEUR –1,409 (Q1 2015: kEUR –1,255). Cash flow from financing activities also reports outgoing cash flows for the acquisition of companies in previous years in an amount of kEUR –91,000 (Q1 2015: kEUR –11,394).

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

After taking into account these reported cash inflows and cash outflows (Q1 2016: kEUR –55,256; Q1 2015: kEUR –15,130), exchange rate-related changes (Q1 2016: kEUR 851; Q1 2015: kEUR 922) and cash and cash equivalents at the start of the period (Q1 2016: kEUR 633,690; Q1 2015: kEUR 456,127), cash and cash equivalents at the end of the period amounted to kEUR 579,285 (31 March 2015: kEUR 441,919).

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 added a 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.

**CONSOLIDATED FINANCIAL STATEMENTS**

## 5. Notes to the consolidated cash flow statement

**Net Cash Position - Wirecard**

in kEUR		31 Mar 2016		31 Dec 2015
Cash and cash equivalents		984,433		1,062,968
Receivables of the acquiring business and trade and other receivables		426,934		447,259
Interest-bearing liabilities / other liabilities		-324,636		-213,779
Customer deposits from banking operations	-661,381	-388,483	-582,464	-400,436
Non-current interest-bearing securities	61,531		48,900	
Interest-bearing securities and fixed-term deposits	211,368		133,128	
Liabilities of the acquiring business and trade payables		-300,555		-359,912
<b>Net Cash Position - Wirecard</b>		<b>397,693</b>		<b>536,100</b>

The calculation shown in the table also contains liabilities from M&A projects and earnout obligations reported as liabilities. In order to modify the net cash flow calculation used by Wirecard into a calculation that also takes into account non-current items, the non-current interest-bearing liabilities and the other non-current liabilities could be deducted as long as the non-current financial and other assets / interest bearing securities that are not already included in the calculation are taken into account respectively. This calculation also shows the solid financial situation of Wirecard.

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

in kEUR		31 Mar 2016		31 Dec 2015
<b>Net Cash Position - Wirecard</b>		<b>397,693</b>		<b>536,100</b>
Long term interest bearing financial assets	272,621	211,090	227,152	178,252
(thereof customer deposit related)	61,531		48,900	
Long term financial liabilities		-273,720		-358,146
Other non-current liabilities		-79,535		-71,912
Non-current Net Cash position		<b>255,528</b>		284,293

Along with the loans recognised in the balance sheet, additional credit lines from commercial banks amounting to EUR 503 million are consequently available (31 December 2015: EUR 290 million).

## 5.5 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 and for dividend payments.

### Free cash flow

in kEUR	31 Mar 2016	31 Mar 2015
Cash flow from operating activities (adjusted)	50,603	46,228
Operative CAPEX	13,078	12,579
<b>Free cash flow</b>	<b>37,525</b>	<b>33,649</b>

After investments in new and innovative products that will only lead to appreciable cash flows in subsequent years, the cash conversion rate thus stands at 102.5 percent.

### Cash conversion

in kEUR	31 Mar 2016	31 Mar 2015
Free cash flow	37,525	33,649
Earnings after tax	36,610	28,596
<b>Cash conversion in percent</b>	<b>102.5</b>	<b>117.7</b>

## 6. Other notes

### 6.1 Segment reporting

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

Revenues fall into the following operating segments: "Payment Processing & Risk Management", "Acquiring & Issuing" and "Call Center & Communication Services". The "Acquiring & Issuing" segment comprises all of the business areas of Wirecard Bank AG, Wirecard Acquiring & Issuing GmbH, Wirecard Ödeme ve Elektronik Para Hizmetleri A.Ş and Wirecard Card Solutions Ltd.

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

The **Acquiring & Issuing (A&I)** segment completes and extends the value chain of the Wirecard Group with the financial services provided via Wirecard Acquiring & Issuing GmbH and its subsidiaries Wirecard Bank AG, Wirecard Card Solutions Ltd., Moip Pagamentos S.A., Sao Paulo (Brazil) and Wirecard Ödeme ve Elektronik Para Hizmetleri A.Ş., Istanbul (Turkey) (formerly: Mikro Ödeme Sistemleri İletişim San.ve Tic. A.Ş.). In the acquiring business, retailers are offered settlement services for credit card sales for online and terminal payments.

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

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

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

In addition, information is provided on geographical regions according to production locations. These are split into three regions. The “Europe” segment contains Wirecard Payment Solutions Holdings Ltd., Dublin (Ireland) along with its subsidiaries, Wirecard Card Solutions Ltd., Newcastle (United Kingdom), Wirecard (Gibraltar) Ltd., Wirecard Central Eastern Europe GmbH, Klagenfurt (Austria), Provus Service Provider S.A., Bucharest (Romania) and its subsidiaries and Wirecard Ödeme ve Elektronik Para Hizmetleri A.Ş., Istanbul (Turkey). The segment “Other countries” includes the companies cardSystems Middle East FZ-LLC, Dubai (United Arab Emirates), Wirecard Processing FZ LLC, Dubai (United Arab Emirates), Wirecard Asia Holding Pte. Ltd. (Singapore), Wirecard Payment Solutions Malaysia SDN BHD, Kuala Lumpur (Malaysia) and Wirecard Singapore Pte. Ltd (Singapore) and their respective subsidiaries, PT Prima Vista Solusi (Indonesia), Trans Infotech Pte. Ltd. (Singapore) with its subsidiaries, PT Aprisma Indonesia (Indonesia), GFG Group Limited (New Zealand), Wirecard Africa Holding Proprietary Ltd., Cape Town (South Africa), Moip Pagamentos S.A., Sao Paulo (Brazil), Wirecard India Private Ltd., Chennai (India), Hermes I Tickets Pte Ltd, Chennai (India), GI Philippines Corp, Manila (Philippines), GI Technology Pte Ltd, Chennai (India) and Star Global Currency Exchange Pte. Ltd., Bangalore (India). The segment “Germany” includes all other companies within the Wirecard Group.

### Revenues by operating segment

in kEUR	Q1 2016	Q1 2015
Payment Processing & Risk Management (PP&RM)	162,753	113,718
Acquiring & Issuing (A&I)	64,340	58,013
Call Center & Communication Services (CC&CS)	2,177	1,541
	<b>229,270</b>	<b>173,271</b>
Consolidation PP&RM	-12,252	-11,428
Consolidation A&I	-5,268	-1,436
Consolidation CC&CS	-1,279	-994
<b>Total</b>	<b>210,470</b>	<b>159,413</b>

**CONSOLIDATED FINANCIAL STATEMENTS**

## 6. Other notes

**EBITDA by operating segment**

in kEUR	Q1 2016	Q1 2015
Payment Processing & Risk Management	48,188	37,459
Acquiring & Issuing	13,727	8,490
Call Center & Communication Services	71	64
	61,985	46,013
Consolidations	-8	21
<b>Total</b>	<b>61,977</b>	<b>46,034</b>

**Regional revenue breakdown**

in kEUR	Q1 2016	Q1 2015
Germany	84,830	70,754
Europe	51,374	48,272
Other countries	86,377	48,250
	222,581	167,277
Consolidation Germany	-6,801	-3,601
Consolidation Europe	-4,427	-3,592
Consolidation Other countries	-883	-671
<b>Total</b>	<b>210,470</b>	<b>159,413</b>

**EBITDA by region**

in kEUR	Q1 2016	Q1 2015
Germany	16,060	12,161
Europe	19,650	16,626
Other countries	26,275	17,226
	61,985	46,013
Consolidations	-8	21
<b>Total</b>	<b>61,977</b>	<b>46,034</b>

## 6.2 Obligations from leasing agreements

The companies in the Wirecard Group have entered into leasing agreements for, amongst other things, IT components, terminals and vehicles. The payment obligations for these financial leasing agreements to the amount of kEUR 11,358 are recognised under other current and non-current liabilities. The obligations from operating leases as of 31 March 2016 stood at kEUR 1,709.

## 7. Additional mandatory disclosures

### 7.1 Management Board

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

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

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

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

### 7.2 Supervisory Board

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

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

Other Supervisory Board mandates or mandates on other boards:

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

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

Other Supervisory Board mandates or mandates on other boards:

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

## CONSOLIDATED FINANCIAL STATEMENTS

### 7. Additional mandatory disclosures

#### **Stefan Klestil, Management Consultant at Belview Partners GmbH**

Other Supervisory Board mandates or mandates on other boards:

- Wirecard Bank AG, Aschheim (Germany)
- iyzi Teknoloji ve Ödeme Sistemleri A.S., Istanbul (Turkey)
- Holvi Payment Services Oy, Helsinki (Finland)
- Curve 1 Ltd., London (United Kingdom)

### 7.3 Events after the balance sheet date

Events after the balance sheet date that provide additional information on the Company's situation as of the balance sheet date (adjusting events) have been included in the consolidated financial statements. Non-adjusting events after the balance sheet date are reported in the notes if material in nature. There were no such events after the balance sheet date.

Aschheim, 18 May 2016

#### **Wirecard AG**



Dr. Markus Braun



Burkhard Ley



Jan Marsalek



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