

# Wi/ Statement

3 June 2020

## Wirecard AG comments on the company's current situation

As one of the few companies, Wirecard has maintained and confirmed its forecast for fiscal year 2020. We are recognizing a strong additional surge in online transactions in Asia and Europe compensating negative effects from the coronavirus in Airline/Travel business. Additionally Wirecard assumes that the official easing of curfews and travel restrictions in Q3 and Q4 (2020) will also reactivate the airline and travel business.

Wirecard will provide detailed reports on growth plans and intended structural measures at the presentation of its annual financial statement 2019 on June 18, 2020.

With the reorganization of Management Board responsibilities concluded at the beginning of May as well as the successful appointment of an experienced compliance officer, the company will in future make itself less susceptible to any suspicion directed against the company. A compliance initiative consisting of nine different workstreams has already started working on this.

Since repeated accusations were made by an English business newspaper as well as parallel intensive short-selling activities, the shareholders of Wirecard AG have suffered considerable financial losses. As a consequence, the company has had to defend itself numerous times against accusations of alleged balance sheet manipulation.

In this regard, Wirecard AG states as follows (pages referred to the KPMG report):

The business activities of Wirecard AG in Singapore have meanwhile been audited three times. An expert opinion compiled by a renowned law firm in addition to comprehensive audit certificates for fiscal years 2016-2018 relative to audited consolidated financial statements are available. KPMG states in the special investigation report that a more extensive investigation of the facts under consideration is no longer necessary at this time (page 46). For Wirecard, the suspicions concerning this business division have thus been conclusively cleared up.

In regard to the business activities of Wirecard AG in India, Wirecard AG points out that the parts of the companies, acquired in India in the fiscal year 2015 continue to be accounted for in the consolidated balance sheet without the need for impairment. Therefore, the goodwill has retained its value. Hence Wirecard considers the accusations, as far as they concerned Wirecard, to be sufficiently clarified in this area as well.

KPMG ascertained that no member of the Management Board of Wirecard AG was or is involved in the selling fund. KPMG: "The individual interlocutors of Wirecard AG have indicated to KPMG that they do not hold any shares in Fund 1. KPMG has not received any other indications in the documents submitted or in the investigative activities carried out. Wirecard therefore also considers this subject area to be sufficiently clarified.

Wirecard offers merchants connected to its platform the financial service "Merchant Cash Advance". The accusations that the structuring of the "Merchant Cash Advance" business of the Wirecard companies in Turkey and Brazil were illegal have been refuted. Wirecard's business model is legally permissible. KPMG informs: Against the background of the information provided on the structure of the "Merchant Cash Advance" business of the Wirecard companies in Turkey and Brazil, the results of our investigation did not reveal any indications of the legal inadmissibility of the relevant business activities. (page 39).

The KPMG report declares the investigations in terms of "Third Party Acquiring" (TPA) to not be conclusively clarified. This primarily involves the proof of turnover achieved with third parties and corresponding collateral provided on trust accounts. Wirecard points out that corresponding evidence was provided in the course of the

audits of the consolidated financial statements. It is therefore incorrect to assume that there is no evidence whatsoever for these transactions.

On page 15 KPMG states: "The development of the security deposits in favour of the respective TPA partners on the escrow accounts corresponds relatively strongly with the development of the revenues generated via the TPA partners during the period under review."

Wirecard had requested that the audit assignment be extended to December 2019, as the company has its own data from third-party business in 2019. In particular, the account balances of the trust accounts have continued to grow in line with the further growth in sales revenues of Wirecard AG and therefore allow the conclusion to be drawn that earlier, lower account balances match earlier, lower sales revenue figures. The trust funds, which have meanwhile grown to well over one billion euros, are held in accounts at banks with investment grade rating status.

KPMG declares: In addition, KPMG has received bank confirmations from Bank 2 and Bank 3 as at the reporting date of December 31, 2019, to Wirecard's auditors dated March 16, 2020, and March 17, 2020, respectively, which identify Wirecard companies as the beneficial owners of the funds. Corresponding direct bank confirmations to KPMG, which, against the background of the forensic aspects of the investigation, are to be made by the neutral offices of the respective banks responsible for corresponding inquiries, could not be provided in a timely manner due to the outbreak of the corona virus. Consequently, KPMG has not yet been able to conclusively assess the reliability of the bank confirmations. (page 23).

KPMG continues: "Within the scope of our on-site visit to the banks, we were verbally informed by an employee of the branch office of Bank 2 on March 4, 2020, that the corresponding account balances were being held in Wirecard's accounts." (page 24).

"Scans of the bank confirmations of Bank 2 and Bank 3 addressed to the auditor, dated March 16, 2020 and March 17, 2020, respectively, which were provided to KPMG by the auditor, identify Wirecard companies as the beneficial owners of the funds." (page 24).

"Based on the current status of the data analyses, KPMG has no indications to date that the transaction volumes reported in the accounts for the month of December 2019 differ in material respects from the transaction volumes determined by KPMG on the basis of the data provided to KPMG. KPMG points out that a substantive examination of the conformity and accuracy of these statements has not yet been carried out." (page 13).

"Furthermore, according to the current status of the data analyses, KPMG has not yet become aware of any facts that give rise to significant doubts about the authenticity of the data provided for December 2019. KPMG points out that neither the KPMG data analyses (including the investigation of the data extraction process) nor the further investigation activities by KPMG for the month of December 2019 have been completed and that the results presented may change as the investigation continues. In addition, KPMG points out that due to the limited time period under review ("December 2019"), KPMG will not draw any conclusions regarding the total revenue for the entire year 2019 for the purposes of our forensic investigation". (page 13).