



CONNECTED COMMERCE

INTERIM REPORT AS
AT JUNE 30, 2017

Wirecard AG

KEY FIGURES

WIRECARD GROUP	6M 2017	6M 2016
Revenues	615,478	451,790 kEUR
EBITDA	176,451	132,351 kEUR
EBIT	131,925	99,628 kEUR
Earnings per share (undiluted)	0.85	1.35 EUR
Shareholders' equity	1,512,222	1,340,675 kEUR
Total assets	4,092,590	3,201,807 kEUR
Cash flow on ordinary transactions (adjusted)	149,755	113,386 kEUR
Employees (average)	4,280	3,616
of which part time	302	285

SEGMENTS	6M 2017	6M 2016
Payment Processing & Risk Management	Revenues 431,075	346,673 kEUR
	EBITDA 136,430	104,448 kEUR
Acquiring & Issuing	Revenues 215,580	135,870 kEUR
	EBITDA 39,461	27,535 kEUR
Call Center & Communication Services	Revenues 5,046	4,170 kEUR
	EBITDA 598	372 kEUR
Consolidation	Revenues - 36,224	- 34,923 kEUR
	EBITDA - 37	- 4 kEUR
Total	Revenues 615,478	451,790 kEUR
	EBITDA 176,451	132,351 kEUR

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HIGHLIGHTS

H1 2017

Boon payment, the first fully digitalized independent mobile payment solution in Europe, was launched in six European countries, including United Kingdom, France, Switzerland, Ireland and Italy in the first half of 2017. After the recent launching in the Spanish market in June 2017 customers can now benefit from boon by Wirecard with Apple Pay.



In the first half of the year Wirecard gains **Festo**, a global, family-owned company headquartered in Esslingen am Neckar. Festo's products and services are available in 176 countries. The key factor for cooperation was the global alignment and wide variety of risk solutions provided by Wirecard. The collaboration with Wirecard will be expanded to Netherlands and Mexico next year. An additional international in roll-out is planned.

Wirecard became the acquiring partner of **Zabolis** and offers e-commerce payment processing for Mokipay, a joint investment in the FinTech division of the Finnish KESKO Group and Zabolis Partners.



The collaboration with the German On-lineshop **Sortimo**, manufacturer of vehicle systems and transport solutions will be expanded to eleven European countries by the end of 2018. It is also planned that the subsidiaries of Sortimo will also launch their own online stores in the USA and Canada.

The deal with **Vistara**, one of the largest full-service carriers in India and a joint venture between Tata Sons and Singapore Airlines (TATA Sia), covers the payment processing of Vistara flights via the so-called "Billing and Settlement Plan" (BSP).





Zwilling, the German kitchenware specialist, will now offer the new payment method Alipay in ten branches across Germany via Wirecard's 'Scan Alipay' app. Zwilling operates in nearly 100 countries and is one of the largest kitchen and household goods chains in Germany.



The collaboration with **National Bank of Greece (NBG)** has started during the reporting period. As banks in Greece often provide local merchants with the entire terminal infrastructure, Wirecard has enabled NBG to integrate Alipay across the country in as many locations as possible.

With its **Omnichannel ePOS Suite**, Wirecard AG is the first payment provider to offer a fully integrated solution for self-learning analyses based on payment data in combination with other data sources. The evaluations substantially support e-commerce and high-street retail in implementing the following central growth concepts: increasing customer conversion, reducing customer attrition rates, predicting future consumer behaviour and linking points of sale with e-commerce.

Wirecard provides a stand-alone, integrated Omnichannel payment platform for **Amway** Brunei, Malaysia and Singapore. This enables Amway to handle everything from a single payment interface, without the need for extensive integration of numerous acquirers and various payment methods for store and online purchases.

The partnership between Wirecard's Indian subsidiary company GI Technology and **Weizmann Forex** enables international money remittance via Western Union.

1. LETTER FROM THE CEO

Dear Shareholders,

We were able to achieve extraordinary successes in the first six months of the current fiscal year.

Our transaction volume increased by 38 percent in comparison to the same period of the previous year to EUR 37.9 billion. Consolidated revenues for the Group increased in the first half of the year by 36 percent to EUR 615.5 million. Operating earnings before interest, tax, depreciation and amortisation (EBITDA) increased by 33 percent to EUR 176.5 million.

The pleasing development of our business performance was due, on the one hand, to market growth, significant new customer acquisitions and strong partnerships. On the other hand, our acquisition in the USA has already contributed to our success since the company was consolidated at the beginning of March. Following the closing of the deal for the acquiring business of the Citigroup in Singapore and Hong Kong, we were able to achieve the first milestone in this transaction at the end of the second quarter.

We differentiate ourselves from the competition through future-oriented internet-based technology, which we combine with banking services. Wirecard can rely on a globally seamless range of acquiring and issuing services to meet the demands of the accelerating digitalisation of payment services. We enhance this value added chain with intelligent data-based value added services, personalised loyalty, couponing and banking services and thus benefit from the global growth in electronic payments.

Innovations in the area of mobile payments, software-driven point-of-sale solutions (ePOS) and issuing drive forward our partnerships and customer projects and attest to Wirecard's position as a technological pioneer. Wirecard is supporting the digitalisation of the POS by linking together innovative technologies such as mobile payment solutions, virtual credit card issuing in real time, mobile card acceptance and ConnectedPOS technology. The first step in the far-reaching digital transformation of the retail sector has been taken with our Omnichannel ePOS Suite. This is because data evaluations carried out using artificial intelligence and machine learning will gain increasing importance in the coming years. The Omnichannel ePOS Suite thus marks a significant step forward into the payment transaction future.

My Management Board colleagues and I are convinced that we will continue to report a very positive business performance in the second half of the year. We confirm our forecast for the 2017 fiscal year of operating earnings before interest, tax, depreciation and amortisation (EBITDA) of between EUR 392 million and EUR 406 million.

Yours sincerely,

Aschheim, August 2017

Dr. Markus Braun, CEO

I. Abridged Group Management Report

1. GROUP STRUCTURE, ORGANISATION, EMPLOYEES AND STRATEGY

Group structure

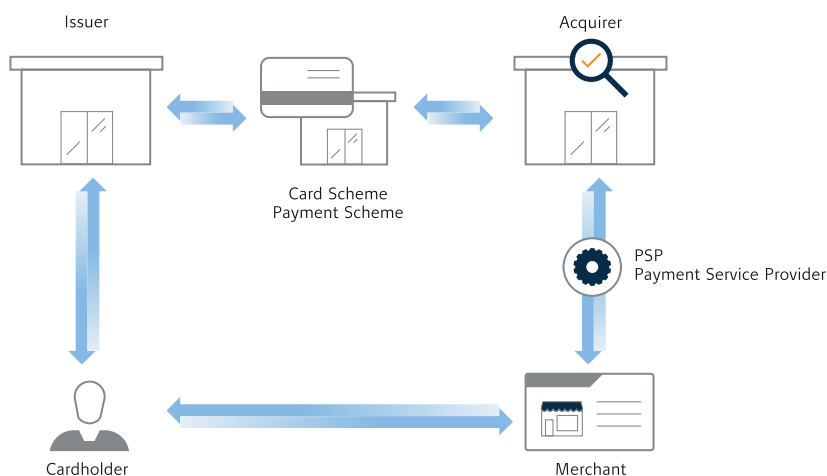
Wirecard AG is a global technology group (hereinafter also referred to as Wirecard Group, or Wirecard) that supports companies in accepting electronic payments from all sales channels. As a leading independent supplier, the Wirecard Group offers outsourcing and white label solutions for electronic payments. A global platform offers a range of 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 plays a part in the payment industry as a service provider in the area of electronic payment processing. The business model of the industry is to enable transactions to be completed between customers and retailers by means of secure payment processes. Transactions between consumers and retailers can be processed via all sales channels 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 card networks or suppliers of alternative payment systems, this process involves above all payment service providers (PSP), financial services institutions for the acceptance of card payments and card issuing institutions.

The competition and the interrelationships in the industry can be illustrated in simplified form using the four-party model. Credit card companies or suppliers of alternative types of payment provide secure networks or solutions for electronic transactions. Customers want to simply and securely conclude their transactions in real time and possess for this purpose a card product from a card issuing institution (issuer) or use an alternative payment method. It is important for 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. Only licenced financial services companies are permitted to offer issuing or acquiring services and thus to carry out the associated transfers of funds. A payment service provider is responsible for the technical processing of electronic payments and supplements these services mostly with risk management and fraud prevention solutions.

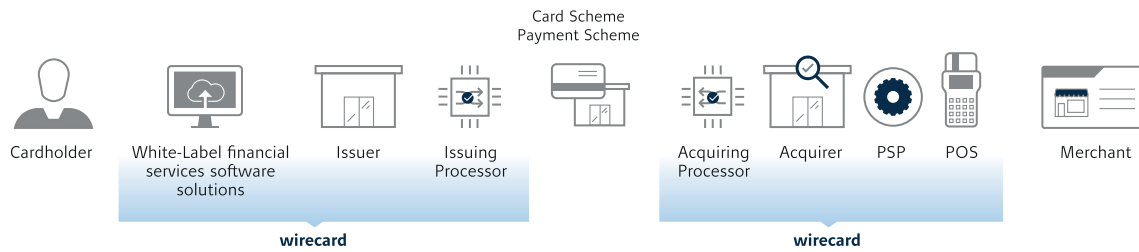
Four-party model



Competitive position

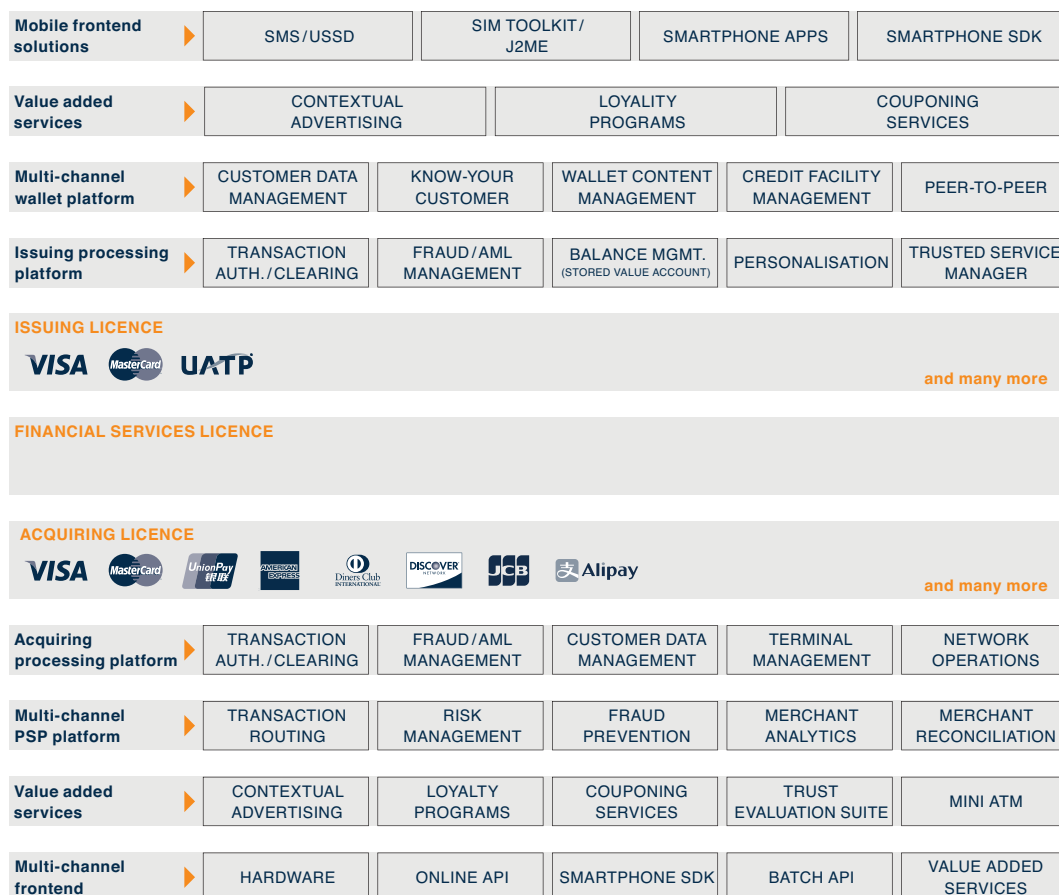
Wirecard offers services across all areas of electronic payments to its customers and partners. While there are numerous local and regional competitors around the world who cover individual subsections of the value added chain, Wirecard stands out on the market due to its provision of a full portfolio of services. International customers with complex business models can be supported in all areas of electronic payment transactions. Wirecard enables retailers to reduce the complexity of electronic payment 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 via its own and third party financial institutions through to banking services such as treasury and currency management.

Furthermore, Wirecard offers physical and virtual issuing products to, amongst others, financial services 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. Products, services and value added services in the area of payment issuing and payment acceptance can be combined to reduce the complexity of the electronic payment process and all downstream processes to a minimum for retailers.



Wirecard's products and services in the area of electronic payment processing, risk management and additional value added services are made available via a global software platform. Wirecard's unique selling point is its combination of innovative payment technology and licenced financial services. The company has its own financial services licences within the Group (including a full German banking licence and a British e-money licence) and also third party licences for the issuing and acceptance of credit cards and card-based payments. In addition, Wirecard has acceptance contracts for numerous alternative payment processes. The modular and flexible software platform covers the complete value added chain in the areas of both issuing and acquiring. In combination with modular and globally available technology services and the available licences, Wirecard can offer its customers a tailor-made range of products and services from one source.

Software platform



Reporting segments

Wirecard AG reports on its business performance in three segments. The three segments and their services are highly interconnected at an operational level.

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, risk management and other value added services.

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 processing of electronic payments and associated processes.

Acquiring & Issuing (A&I)

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

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

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

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 boon, mycard2go, Orange Cash, etc. and also for after sales care of our customers or for mailing activities.

Organisational structure

The organisational structure of the Wirecard Group reflects the interconnection of technology and financial services and can be subdivided into the core areas of technology (including processing) including sales and financial services. The three segments are closely interconnected with one another due to the modular design of the Wirecard platform and the integrated sales approach. Subsidiaries can handle several operational tasks if required.

The Group parent company Wirecard AG, Aschheim (Germany) assumes responsibility for strategic corporate planning and central tasks involved with corporate management, as well as the strategic guidance and control of the subsidiaries.

The operation and further development of the internet technology-based platform is a core task within the Group and is handled by the technology-oriented subsidiaries. The global availability of internet technology makes it possible to operate and further develop the technology services to customer and market requirements in a decentralised and modular manner with no or minimal adjustments to the core platform.

In combination with the Group's own licences or in partnership with financial institutions and card networks, Wirecard processes credit card payments (acquiring processing) and handles the technical processing of issuing services (issuing processing). Processing services are a modular component of the software platform and are also handled by the technology-oriented subsidiaries.

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, MasterCard and others including Unionpay, Amex, DinersClub, JCB, Discover International and UATP. This enables it to issue physical and virtual card products (issuing) and accept card payments for retailers and companies (acquiring). In addition to numerous local licences such as a licence for incoming and domestic money transfers in India (Authorized Dealer, Cat. II), a Turkish e-money licence and an issuing licence in Singapore, Wirecard also possesses within the Group an e-money licence from the British Financial Conduct Authority (FCA) and a full German banking licence and can offer customers other banking services in addition to acquiring and issuing.

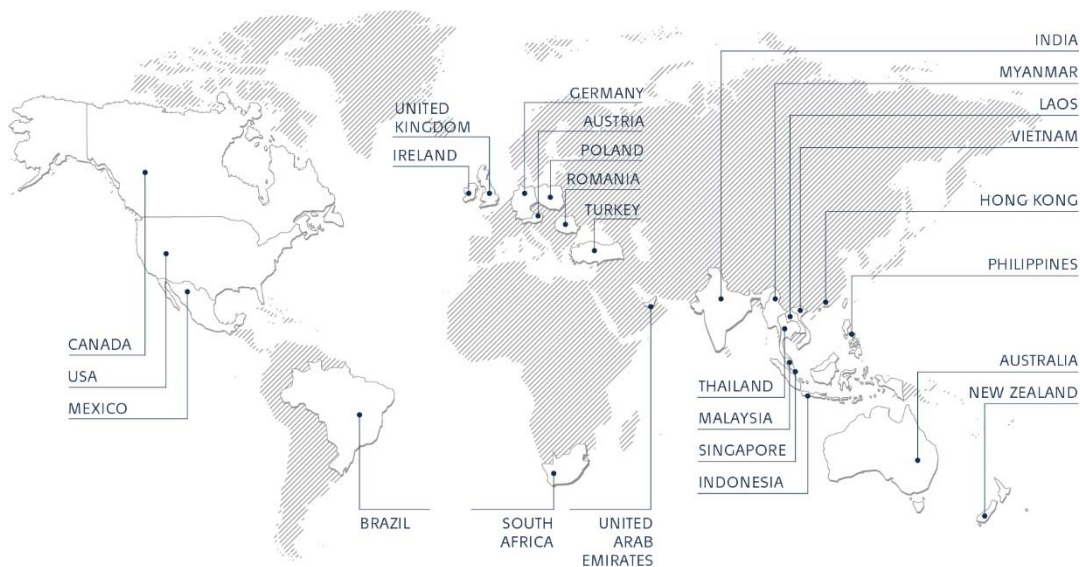
Wirecard markets its products and solutions via its locations worldwide, whereby the sales and technology-oriented subsidiaries are closely interconnected with the subsidiaries specialising in financial services. The sales activities are structured around the target sectors of consumer goods, digital 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 branches 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 sales success. The local subsidiaries give access to important regions and markets around the world.

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

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

Global presence:

Wirecard has a global presence so that it can provide its international customers and partners who are active around the world with regional locations for technology, services and sales, as well as with globally accessible technology services. Germany, the United Kingdom/Ireland and Austria serve as the base locations for the European and global market. In Asia, the operational units in the region are managed above all from the United Arab Emirates, Singapore and Jakarta. Other relevant markets are addressed via subsidiaries in New Zealand, India, South Africa, Brazil and the United States of America.



During the period after review the Romanian subsidiary Provus Service Provider S.A. based in Bucharest was renamed as Wirecard Romania S.A. The Vietnamese subsidiary Trans Infotech (Vietnam) Ltd. based in Ha Noi City was renamed as Wirecard (Vietnam) Ltd. As part of the organic expansion of the Group in Southeast Asia, the new subsidiaries Wirecard (Thailand) Co., Ltd., based in Bangkok and Wirecard E-Money Philippines Inc., based in Manila (Philippines) were founded.

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, 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.

The Management Board of Wirecard AG remained unchanged as of 30 June 2017, consisting of three members:

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

The Supervisory Board comprised the following members as of 30 June 2017:

- Wulf Matthias, Chairman
- Alfons Henseler, Deputy Chairman
- Tina Kleingarn, Member
- Stefan Klestil, Member
- Vuyiswa V. M'Cwabeni, Member

The remuneration scheme for the Management Board consists of fixed and variable components, while the remuneration scheme for the Supervisory Board consists of fixed components. Further information can be found in the 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 employed an average of 4,280 employees (6M 2016: 3,616), excluding members of the Management Board of Wirecard and trainees, during the first half of 2017 – of which 302 (6M 2016: 285) worked on a part-time basis.

Wirecard is proud of its 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.

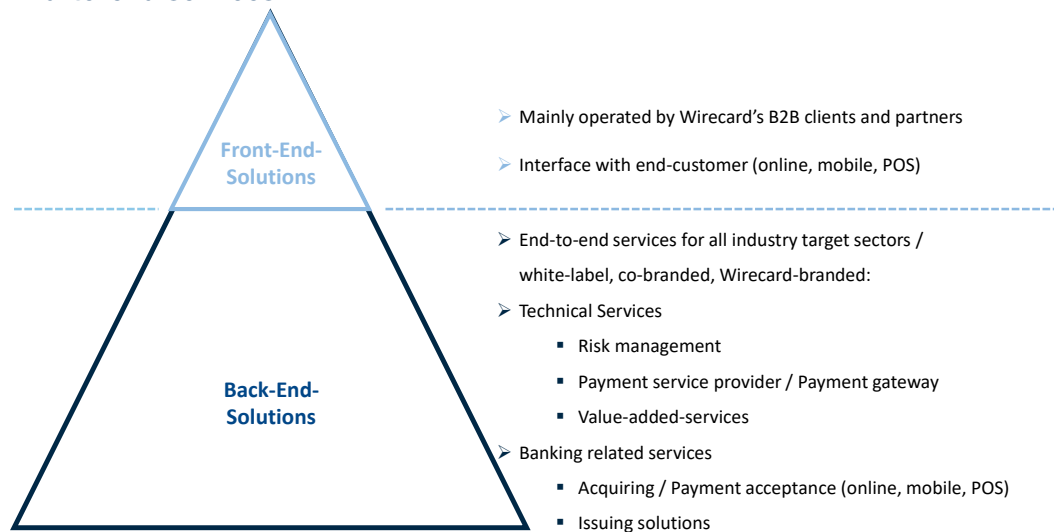
Strategy

The Management Board of Wirecard AG plans, implements and monitors the strategy. Based on the financial and non-financial targets described in the previous chapter, it focuses on the further sustainable and value-oriented growth of the Group. The orientation of the Group and the further development of the business model are based on the following strategic pillars: integration of the full value added payment chain, the convergence of sales channels and the increasing globalisation of the business model.

Integration of the full value added payment chain

Wirecard offers its customers the full value added chain through its products and solutions based on internet technologies, across all areas of electronic payment processing and acceptance, and through the issuing of card products. The resulting complete range of services based on internet technologies for all industries makes it possible to significantly reduce the complexity of electronic payment for the customers of Wirecard AG. By integrating all back-end processes in the Group and via the front-end solutions offered primarily on a white label basis, the conditions are created for utilising synergy effects and reducing costs. The extensive scope of the Group's value added activities will also make a major contribution to profitability in the coming years.

End-to-end services



Anticipating future developments and advancing innovations is anchored in the Wirecard strategy. The comprehensive range of products and solutions is based on a highly scalable software platform that is linked to banking services, risk management services and value added services. The area of research and development remains an important pillar for also achieving above-average growth in the future as a driver of innovation.

Convergence of the sales channels

As a technology company whose products and services are fully based on internet technology, Wirecard participates to a disproportionate level in the described development. Due to the strategic course set in previous years and followed since then, Wirecard can today offer its customers integrated solutions for omnichannel sales and enable bricks and mortar retailers to digitalise areas such as payment, marketing and customer loyalty, as well as data evaluation. Which end device is used or whether the transaction is completed in a bricks and mortar store or online will play a subordinate role in the future. This also opens up the additional potential in the growth market of e-commerce for Wirecard to handle some of the transaction volumes processed in bricks and mortar retailing via software-based mobile payment and mobile payment acceptance solutions. Additional value added services such as voucher cards, bonus points or customer loyalty programmes that are handled in real time together with the transaction offer bricks and mortar retailers the opportunity of communicating directly with their customers.

Globalisation of the business model

The internationalisation of e-commerce and the associated level of complexity and risk in the payment area are constantly rising across all target sectors. Globally active companies require a partner who can guarantee the acceptance of globally and locally relevant payment methods including connections to local banking networks and who at the same time can minimise fraud and risk for retailers.

Wirecard enjoys an international presence with locally networked units and integrates all relevant payment methods into its global platform. The geographical growth strategy is closely linked with the objectives of supporting customers and partners globally in the best way possible through secure payment processing and acceptance and further increasing Wirecard's expertise in the area of risk management. The Wirecard Group will continue to pursue primarily organic growth in its core markets. In the past, acquisitions were used to develop a global network of service and technical locations. Following the company's entry onto the US market completed in March 2017, Wirecard now has a global presence. Alongside the continued organic development of Wirecard's global presence, selected acquisitions will form part of the growth strategy in future in order to also strengthen some international markets and complete the existing regional payment value chain. Acquisition opportunities will be reviewed according to a conservative M&A strategy. In particular, acquisitions could serve to achieve the goal of processing significant additional transaction volumes via the Wirecard platform. The strategy envisages providing customers of Wirecard AG with excellent quality and access to technology and services that can be readily provided through the company's presence on all continents.

2. BUSINESS ACTIVITIES AND PRODUCTS

Business activities

Financial technology for 33 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 omnichannel 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 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 for 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 banking services, as well as other 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 both merchandise and 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.

Alongside the core business in the area of e-commerce, coverage of the entire payment value chain within the Group makes it possible to address additional business fields. Wirecard AG is in an ideal position to enter into strategic partnerships and business relationships with banks and FinTech companies due to the Group's two licensed financial services providers Wirecard Bank and Wirecard Card Solutions. Alongside the relevant licences and legal framework, Wirecard also offers in particular products and solutions from the areas of electronic payment processing, internet-based banking services, risk management and technological expertise. Alongside the core services from the transaction-oriented business model, Wirecard also finances loans in individual cases. The lenders are generally external third parties, i.e. private consumers or companies, but not FinTech companies themselves. The loans are issued according to strict rules and internal bank guidelines. The risk of default is minimised using loan collateral such as guarantees.

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 retailers, teleshopping retailers 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.

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 omnichannel 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 omnichannel 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. As the platform architecture is internet-based, 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 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.

Omnichannel ePOS Suite

The Omnichannel ePOS Suite is a turnkey solution from Wirecard that provides retailers with a data-protected real-time perspective of overall customer behaviour. Wirecard is thus the first payment provider to provide a fully integrated solution for self-learning analyses based on payment data in combination with other sources of data. The results of such analyses provide substantial support to both e-commerce and the bricks and mortar retail trade in the implementation of central themes for growth: increasing customer conversion, reducing migration rates, predicting future customer behaviour and linking the point-of-sale and online commerce channels.

Issuing solutions

Wirecard has issuing licences from Visa and MasterCard, as well as an e-money license and a full banking licence for the SEPA region. In addition, the company possesses 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-enabled and 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, in 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 Coupons and 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 coupons 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 coupons 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 checks. 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.

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

3. BUSINESS PERFORMANCE

Business performance in the period under review

Wirecard achieved its targets in the second quarter and first half of 2017. The customer portfolio currently comprises 33,000 large and medium-sized companies and almost 170,000 small companies. The cooperation with many customers has been expanded both in the area of the core business and also with innovative products and solutions from the comprehensive Wirecard value added chain. In the reporting period, substantial new customer contracts were concluded with suppliers from all core sectors.

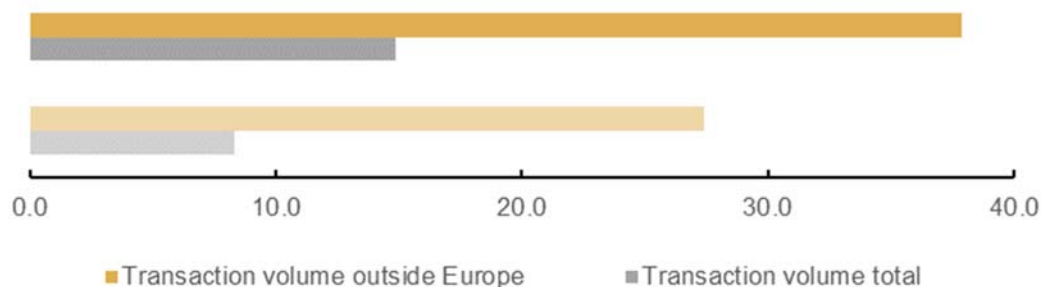
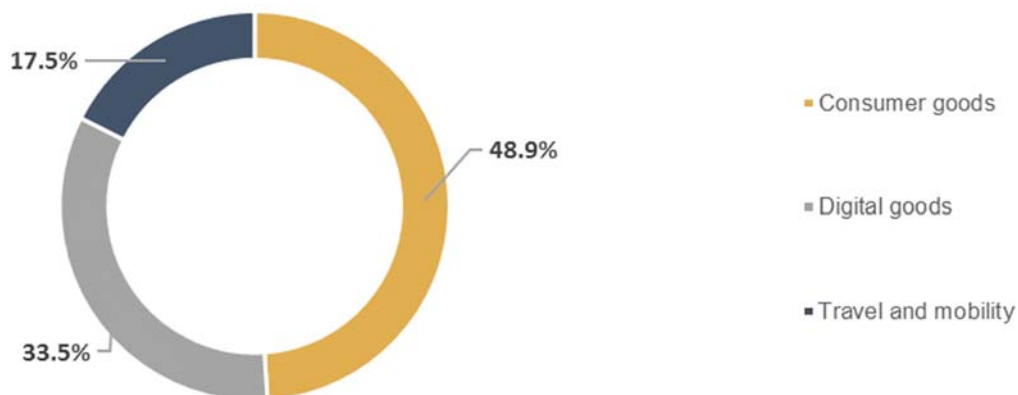
Citi Prepaid Card Services, now called Wirecard North America, has been fully consolidated in the Group since March 2017. The acquisition and consolidation of MyGate in South Africa was also completed in March. Both subsidiaries have contributed from the beginning to the success of the Group.

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 service 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 the transaction volume through acquiring-related bank services and who use 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 half of 2017 amounted to EUR 37.9 billion (H1/2016: EUR 27.4 billion). This corresponds to growth of 38.2 percent. The share of the transaction volume generated outside Europe increased by 80.4 percent to EUR 15.1 billion (H1/2016: EUR 8.3 billion), which was 39.7 percent of the overall transaction volume (H1/2016: 30.4 percent).

Transaction volume H1/2017 in comparison to H1/2016 (in EUR billion)**Distribution of transaction volumes across target sectors H1 2017**

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 first half of 2017, 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 sales 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 future of payment processing

Wirecard is increasingly developing into a supplier of value added services within the payment ecosystem. We have been a leading player in the area of risk management for many years with our Fraud Prevention Suite and have been able to actively increase conversion rates and thus also revenues for retailers thanks to our comprehensive stock of payment data and the payment patterns found in them. As a result, we are one of the first suppliers in the sector to extend the products and services offered in the Wirecard Checkout Portal to include a payment guarantee for credit cards.

In line with this strategy, Wirecard is now the first payment provider to provide a fully integrated solution for self-learning analyses based on payment data in combination with other sources of data with the Omnichannel ePOS Suite. The results of such analyses provide substantial support to both e-commerce and the bricks and mortar retail trade in the implementation of central themes for growth: increasing customer conversion, reducing migration rates, predicting future customer behaviour and linking the point-of-sale and online commerce channels.

In addition, Wirecard is cooperating with T-Systems International GmbH, a globally active operator of information and communication technology, in the development of internet technology at the point-of-sale (POS). The aim of the cooperation is to jointly turn the purchasing experience in the age of the Internet of Things (IoT) into a reality. For this purpose, an omnichannel showcase has been created in close collaboration for use at trade fairs and events. The customer benefits from being able to use a smartphone or tablet to "self-checkout" and view personalised offers in the shop.

boon is more than just mobile payment

Our mobile payment solution boon payment – which is available Europe-wide via Android software – was launched as the first fully digitalised and bank independent mobile payment solution in the Apple Pay wallet in a further five European countries during the first half of 2017. Partnerships such as those with mobilcom-debitel or the customer card app mobile-pocket from bluesource continuously expand the range of innovative services in this ecosystem. Mobile payment using the boon app is possible at every NFC-enabled payment terminal that accepts Mastercard Contactless.

Wirecard's mobile payment solution boon payment – which was initially launched on the German market for Android devices in November 2015 – combines innovative and secure payment functionalities, loyalty and couponing and numerous services in the area of personal finance. boon payment has already been successfully launched for Android users in Germany, Austria, Spain, Belgium, Ireland, France, Switzerland and the Netherlands. boon was successfully launched as a digital credit card for Apple Pay in Great Britain, France, Switzerland and Ireland in May last year.

The payment app boon can be provided as a Wirecard or co-branding solution in collaboration with sales and cooperation partners. In this way, Wirecard will provide, for example, telecommunications providers, banks or retailers with direct access to markets through a mobile payment solution.

The mobile phone provider Orange, a strategic partner of Wirecard in the area of mobile payment, has launched its payment service Orange Cash in France and Spain. More than 60,000 retailers are now participating in campaigns for this Visa card-based product. Wirecard will provide the e-money and issuing licenses, as well as the technical platform for the mobile payment application. It is also responsible for the design, implementation and handling of all technical and financial processes for the payment application Orange Cash.

New customer acquisitions

The acquisition of numerous new customers and the expansion of existing customer relationships demonstrate Wirecard's business success in all sales channels. Companies such as Festo, Sortimo, Alipay and WeChat are examples of new customer acquisitions and partnerships in an international environment.

A selection is presented below:

The globally active, family-owned company Festo based in Esslingen am Neckar has been a new customer since 2017. Festo supplies 300,000 customers from more than 40 sectors such as the automobile and supplier industry and the hydraulic engineering sector. Products and services from Festo are available in 176 countries. The global reach and wide variety of risk solutions offered by Wirecard were decisive factors. The cooperation with Wirecard will be expanded over the next year to include the Netherlands and Mexico. A further international roll-out is also planned.

The contract concluded with Vistara, one of the largest full service airlines in India and a joint venture between Tata Sons and Singapore Airlines (TATA SIA), comprises payment processing for bookings made via credit card for the Vistara airline using the so-called "Billing and Settlement Plan" (BSP). Vistara will thus be able to quickly accept and process international bookings in future and further promote the increasing trend for tourism in India.

Wirecard is supporting the African airline RwandAir, an innovative partner that uses the latest technology and services to optimise processes, costs and profits, with credit card acceptance across all sales channels.

The cooperation with Sortimo, a manufacturer of in-vehicle equipment, load securing systems and transport solutions, for their German online shop will be expanded to include eleven European countries by the end of 2018. This will enable, for example, customers from Belgium to pay for their orders using Mr. Cash and customers from Austria to use eps. These are typical examples

of the importance of so-called alternative payment processes. There are also plans to set up individual online shops for Sortimo's subsidiaries in the USA and Canada.

Wirecard has acquired the company Zabolis Partners as a customer. Wirecard is acting as the acquiring partner for Zabolis and offers e-commerce payment processing for Mokipay – a joint investment in the FinTech sector by the KESKO Group from Finland and Zabolis Partners. The solution is one of the most important components of the whole payment infrastructure for Mokipay – whether for smart loan issuing, instalment collection or the secure encryption of credit card data.

The collaboration with Alipay was expanded in the first half of the current fiscal year. After retailers such as Printemps, The Body Shop and WMF decided to cooperate with Wirecard for the implementation of the Chinese payment method last year, the company Zwilling has also been offering Alipay to its Chinese customers as a new payment method since 2017.

Zwilling – which is present in almost 100 countries around the globe and is one of the largest suppliers of knives and cookware in Germany – is also offering the new payment method Alipay in ten branches across Germany via Wirecard's "Scan Alipay" app. This will enable Zwilling to capitalise even further on the tourism boom from China.

We have also been able to acquire Dirk Rossmann GmbH, one of the largest drugstore chains in Germany, as a customer: Rossmann will offer Alipay as a new payment method in all branches during the course of the year.

A collaboration with the National Bank of Greece (NBG) was launched in the reporting period. As banks in Greece often provide local retailers with the entire terminal infrastructure, Wirecard has enabled NBG to integrate Alipay locally with the greatest possible coverage: The aim is to enable many Greek retailers to offer Alipay as a new payment option at the point-of-sale (POS) to their Chinese customers in the future.

Wirecard only recently announced its cooperation with Tencent for WeChat Pay. Wirecard is enabling European retailers to accept payments via WeChat Pay – one of the leading mobile payment solutions in China.

The strategic partnership with Poynt – manufacturer of the world's first smart payment terminal – enables Wirecard to introduce the Poynt Smart Terminal and also the Poynt 5 in Europe and soon in Asia.

In India, Wirecard is continuing its strategy of expanding the range of services offered in the more than 150,000 Smartshops with strong partners. The Smartshops offer access to affordable financial services and retailer-supported internet solutions for people that have neither access to the

internet nor a smartphone or bank account. The partnership with Weizmann Forex enables international money remittance via Western Union through Wirecard's Indian subsidiary GI Technology.

In Malaysia, Wirecard is providing, for example, an independent, integrated omnichannel payment platform for Amway Brunei, Malaysia and Singapore. It allows Amway to process everything via a single payment interface – without the complex integration of numerous acquirers and various payment methods for both in-store and online purchases.

Wirecard is launching a white-label solution to simplify money remittance for Mobile Money operators together with TransferTo – the leading, cross-border B2B mobile payment network. Mobile Money plays a key role in the financial integration of two billion people in developing countries who have no bank accounts and credit cards. Users who send money via their mobile telephones do not need to locate a shop or bank nor do they need to fill out the associated forms. The mobile transfers are quick and secure.

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.

Results of operations

In the first half year 2017, Wirecard AG achieved further significant growth in both revenues and operating profit.

Revenue trends

In the first half year 2017, consolidated revenues grew by 36.2 percent from kEUR 451,790 to kEUR 615,478.

Revenues generated in the first half year 2017 in the core segment of Payment Processing & Risk Management, arising from risk management services and the processing of online payment transactions, increased by 24.3 percent from kEUR 346,673 to kEUR 431,075.

The share of the total consolidated revenues accounted for by the Acquiring & Issuing segment grew due to the organic growth and the merge of Citi Prepaid Services by 58.7 percent in the first half year 2017 to reach kEUR 215,580 (6M 2016: kEUR 135,870), of which the share accounted for by issuing amounted to kEUR 83,866 in the first half year 2017 (6M 2016: kEUR 27,180).

Revenue from Acquiring & Issuing in the first half year 2017 primarily comprised commissions, interest, financial investments and revenues from processing payments, as well as exchange rate gains from processing transactions in foreign currencies. The cooperation with so-called FinTech companies e.g. peer-to-peer loan platforms for private borrowers and SMEs, mobile banking solutions or solutions for payment by instalment in the online shopping sector has assumed rapidly growing strategic importance for Wirecard last year. Wirecard does not only provide risk management, technology and banking services here but also sometimes provides the financing based on detailed individual assessments and suitable security measures – often in the form of cash securities. This enables Wirecard, on the one hand, to increase the added value from its cooperation with FinTech companies and, on the other, to also significantly increase interest income. Against this background, a significantly higher proportion of the customer deposits (30 June 2017: kEUR 820,906; 30 June 2016: kEUR 720,670) were invested in corresponding financing activities – as well as in continued deposits held with the central bank, demand and fixed-term deposits and collared floaters.

The interest income generated by the Acquiring & Issuing segment in the first half year 2017 totalled kEUR 5,483 (6M 2016: kEUR 3,970) and is recognised as revenues. Accordingly, it is not included in the Group's financial result but is reported here also as revenues. It comprises interest income on the investments of own as well as customer deposits (deposits and acquiring money) with external banks.

Trends in key expense items

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. The area of acquiring also includes commission costs for external sales.

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.

Group gross profit (revenues including own work capitalised less cost of materials) increased by 34.2 percent to kEUR 311,042 in the first half year 2017 (6M 2016: kEUR 231,763).

Group personnel expenses rose to kEUR 85,842 in the first half year 2017, up by 44.5 percent year on year (6M 2016: kEUR 59,396). The consolidated personnel expense ratio increased by 0.8 percentage points year on year to 13.9 percent. The growth in personnel expenses is due to corporate acquisitions and new appointments, 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 57,376 within the Wirecard Group in the first half year 2017 (6M 2016: kEUR 43,683), which corresponds to 9.3 percent of revenue (6M 2016: 9.7 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. It is broken down so that the amortisation and depreciation of assets which result from business combinations and acquired customer relationships (M&A-related) can be presented separately. In the first half year 2017, M&A adjusted amortisation and depreciation amounted to kEUR 25,027 (6M 2016: kEUR 18,385). The M&A-related amortisation and depreciation in the first half year 2017 was kEUR 19,498 (6M 2016: kEUR 14,338). 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 half year 2017, mainly due to investments realised in property, plant and equipment, the further development of the multi-channel platform, mobile payment projects and as a result of the acquisitions of companies and assets.

Other operating income of kEUR 8,608 (6M 2016: kEUR 3,650) resulted from various smaller items, including income from the reversals of value adjustments, release of provisions, income from the revaluation of receivables and liabilities and income related to acquisitions.

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 half year 2017 by 33.3 percent, from kEUR 132,351 in the previous year to kEUR 176,451. The EBITDA margin was by 28.7 percent in the first half year 2017 (6M 2016: 29.3 percent).

The EBITDA of the Payment Processing & Risk Management segment stood at kEUR 136,430 in the first half year 2017 and grew by 30.6 percent (6M 2016: kEUR 104,448). The share of the EBITDA accounted for by the Acquiring & Issuing segment in the first half year 2017 stood at kEUR 39,461 (6M 2016: kEUR 27,535), of which the share of the EBITDA accounted for by issuing in the first half year 2017 amounted to kEUR 17,958 (6M 2016: kEUR 7,678).

Financial result

The financial result amounted to kEUR – 9,644 in the first half year 2017 (6M 2016: kEUR 83,607). Group financial expenses stood at kEUR 12,319 in the first half year 2017 (6M 2016: kEUR 8,852). The financial income from previous year resulted primarily from the sale of Visa Europe Ltd. to Visa Inc. The transaction was closed on 21 June 2016. As a result of this transaction, Wirecard Bank AG and Wirecard Card Solutions Ltd., as members of Visa Europe Limited, received a consideration of kEUR 91,662. For further information, please refer to 3.4. Financial and other assets / interest-bearing securities in the annual report 2016.

The Group's financial result does not include interest income generated by Wirecard Bank and Wirecard Card Solutions Ltd., which are 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 16.2 percent in the first half year 2017 (6M 2016: 9.0 percent). Including deferred taxes, the tax rate came to 14.5 percent (6M 2016: 9.0 percent). For the previous period it is important to know that in Germany, only 5 percent of the income from the sale of Visa Europe Ltd. is subject to tax. Therefore, the tax rate is not comparable with the actual period. Excluding the income from the sale of Visa Europe Ltd., the cash-relevant tax rate (excluding deferred taxes) was 16.3 percent. Including deferred taxes, the tax rate was 16.0 percent.

Earnings after tax

Earnings after tax in the first half year 2017 decreased by – 37.3 percent year on year, decreasing from kEUR 166,814 to kEUR 104,509. Without the Visa-effect in the previous year the earnings after tax would be at kEUR 76,951 and the increase in the profit after tax in relation to the previous year would be 35.8 percent.

Earnings per share

The average number of issued shares on an undiluted basis amounted to 123,565,586 shares in the first half year 2017 (6M 2016: 123,565,586 shares). Basic (undiluted) earnings per share stood at EUR 0.85 in the first half year 2017 (6M 2016: EUR 1.35). Also, this is due to the effect from the sale of Visa Europe Ltd.. Excluding this effect, earnings per share would be 0.62 EUR.

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 2016, management report, III. forecast and report on opportunities and risks, chapter 2.8 financial risks).

Capital and financing analysis

Changes of financial position

in kEUR	30 Jun 2017	31 Dec 2016	Changes in percent
EQUITY AND LIABILITIES			
I. Equity			
1. Subscribed capital	123,566	123,566	0%
2. Capital reserve	494,682	494,682	0%
3. Retained earnings	914,025	829,286	10%
4. Other components of equity	- 20,050	27,429	- 173%
Total equity	1,512,222	1,474,963	3%
II. Liabilities			
1. Non-current liabilities			
Non-current interest-bearing liabilities	695,571	579,475	20%
Other non-current liabilities	49,187	31,425	57%
Deferred tax liabilities	88,574	59,747	48%
	833,331	670,648	24%
2. Current liabilities			
Liabilities of the acquiring business	381,420	404,767	- 6%
Trade payables	53,107	34,920	52%
Interest-bearing liabilities	279,923	15,066	1758%
Other provisions	1,906	3,914	- 51%
Other liabilities	181,801	119,505	52%
Customer deposits from banking operations	820,906	734,003	12%
Tax provisions	27,974	24,276	15%
	1,747,036	1,336,452	31%
Total liabilities	2,580,368	2,007,099	29%
Total equity and liabilities	4,092,590	3,482,062	18%

Wirecard AG reports equity of kEUR 1,512,222 (31 December 2016: kEUR 1,474,963). Due to the nature of our business, the highest liabilities lie with retailers in the area of credit card acquiring and customer deposits in the banking business. These have a substantial effect on the equity ratio. The commercial banks that granted Wirecard AG loans as of the 30 June 2017 amounting

to kEUR 975,493 at interest rates of between 0.85 and 3.10 percent did not take these items into account in their equity capital calculations for the credit agreements concluded due to the nature of the business model. According to Wirecard AG, this calculation reflects a true and fair view of the Company's actual position. These banks determine Wirecard AG's equity ratio by dividing the amount of liable equity capital by total assets. Liable equity capital is determined by subtracting deferred tax assets and 50 percent of goodwill from equity as reported in the balance sheet. Any receivables due from shareholders or planned dividend payments must also be deducted. Total assets are identified by subtracting the customer deposits of Wirecard Bank and Wirecard Card Solutions Ltd., the acquiring funds of Wirecard Bank (30 June 2017: kEUR 230,045; 31 December 2016: kEUR 233,956) 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 43.0 percent for Wirecard AG (31 December 2016: 53.0 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 EUR 216 million was recognised 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 strategic transactions/M&A in North America and Asia.

This mainly affects:

Substantial cash outflows for investments

in kEUR	6M 2017	6M 2016
Strategic transactions/M&A	236,570	68,514
Securities and medium-term financing agreements	0	2,272
Internally-generated intangible assets	19,110	11,576
Other intangible assets (software)	8,689	9,095
Property, plant and equipment	6,860	7,836

Liquidity analysis

The subsidiaries Wirecard Bank AG and Wirecard Card Solutions Ltd. hold customer deposits from the banking and card business. In the past, smaller portions of the cash and cash equivalents from customer deposits were mainly only invested in securities (collared floaters and short-term and medium-term interest-bearing securities). The remaining funds were held as deposits with the central bank and demand and short-term fixed-term deposits with banks. In the previous year the additional funds resulting from customer deposits were deducted or reported as a reduction on the balance of cash and cash equivalents.

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

Against this background, a significantly higher proportion of the cash and cash equivalents from customer deposits was invested in corresponding financing activities – as well as in continued deposits held with the central bank, demand and fixed-term deposits and collared floaters.

Therefore, it is appropriate to no longer carry out deductions but instead to present the cash flows arising from banking business and to expand the presentation of the cash flow from operating activities by the following items:

- Change in non-current assets of banking operations (primarily: shares and FinTech receivables)
- Change in current receivables of banking operations (primarily: shares and FinTech receivables)
- Change in the customer deposits of banking operations

The previous year was adjusted accordingly.

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

Receivables and liabilities from acquiring are transitory in nature and subject to substantial fluctuations from one balance sheet date to another as, inherent to the business model, these balance sheet items are significantly influenced by the overall transaction volume and the security reserves. Receivables from acquiring mainly comprise receivables from credit card organisations, banks and acquiring partners and liabilities exist to retailers. The customer deposits from the banking business and corresponding securities or receivables from the banking business likewise constitute items that can be eliminated for the cash flow (adjusted). To simplify the identification and reporting of the cash-relevant portion of the Company's own earnings, Wirecard AG has decided to present a further statement in addition to the usual statement of cash flow from operating activities with those items eliminated. The cash flow from operating activities (adjusted) amounting to kEUR 149,755 (6M 2016: kEUR 113,386) 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 380,952 to kEUR 975,493 (31 December 2016: kEUR 594,541). The largest proportion of this increase was due to acquisitions in North America and Asia. Part of the interest-bearing debt was drawn shortly before the balance sheet date but the payment to the seller was, however, made shortly after the balance sheet date.

Net assets

Changes in net assets

in kEUR	30 Jun 2017	31 Dec 2016	Changes in percent
I. Non-current assets			
1. Intangible assets			
Goodwill	699,033	534,892	31%
Customer relationships	501,000	392,329	28%
Internally-generated intangible assets	108,811	99,224	10%
Other intangible assets	81,490	81,682	0%
	1,390,334	1,108,127	25%
2. Property, plant and equipment	58,330	44,656	31%
3. Investments accounted for using the equity method	14,822	14,803	0%
4. Financial and other assets / interest-bearing securities	250,730	216,196	16%
5. Tax credits			
Deferred tax assets	3,464	2,657	30%
Total non-current assets	1,717,679	1,386,438	24%
II. Current assets			
1. Inventories and work in progress	10,045	4,540	121%
2. Receivables of the acquiring business	395,802	402,423	- 2%
3. Trade and other receivables	245,264	190,185	29%
4. Tax credits			
Tax refund entitlements	11,687	9,353	25%
5. Interest-bearing securities and fixed-term deposits	115,444	156,493	- 26%
6. Cash and cash equivalents	1,596,669	1,332,631	20%
Total current assets	2,374,911	2,095,624	13%
Total assets	4,092,590	3,482,062	18%

Assets reported in the balance sheet of Wirecard AG increased by kEUR 610,528 in the first half year 2017, rising from kEUR 3,482,062 to kEUR 4,092,590. In the period under review, both non-

current and current assets grew. 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 period 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 connection with the election of Great Britain to exit the European Union, the British pound has lost value against the euro. The current situation in Turkey has led to a devaluation of the local national currency against the euro. As the operating business is not affected by the situations and remains positive, it is to our current estimates and calculations that there is no need for a devaluation of the local assets beyond the currency revaluation.

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

Wirecard's technology-driven payment services enable retailers to benefit from the digitalisation of the payment process. Wirecard's goal is to be at the forefront of technological developments, supporting customers with innovative solutions. The customer-oriented and innovative research and development activities – a central operational component of the Wirecard Group – ensure Wirecard's success and lay the foundations for the future growth of the Group.

The customer portfolio of the Wirecard Group comprises a cross-section of all industries relevant for e-commerce. A deep understanding of the requirements of customers, as well as of the respective market environment, enables us to further develop products and services based on these requirements and use innovation to push forward the markets. A global presence guarantees a special understanding of the characteristics particular to local regions and their market-specific requirements.

Wirecard resolutely relies on decentralised, networked research and development structures with development centres distributed worldwide to carry out and further develop technology services in a modular manner so that solutions can be implemented to satisfy customer and market requirements with no or minimal adjustments to the core platform.

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. REPORT ON EVENTS AFTER THE BALANCE SHEET DATE

Events of particular importance

Announcements pursuant to Section 25a (1), Section 26 (1) and Section 26a 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)
03 August 2017	Fell below the 3 percent threshold on 26 July 2017: Harris Associates L.P., USA: 2.998 percent
08 August 2017	Fell below the 5 percent threshold on 31 July 2017: Alken Fund SICAV, Luxembourg: 4.92 percent
08 August 2017	Fell below the 5 percent threshold on 31 July 2017: Alken Luxembourg SA, Luxembourg: 4.92 percent
Details can be found on the website:	ir.wirecard.com

Impact on net assets, financial position and results of operations

After the end of the reporting period, there were no events or transactions of particular importance that would impact on Wirecard AG's net assets, financial position and results of operations.

7. REPORT ON OPPORTUNITIES AND RISKS

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

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

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

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

For further details, we refer you to the report on risks in the 2016 Annual Report, to which there has been no changes.

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

8. OUTLOOK

The Wirecard Group generates significant added value for its customers through its core business of payment processing and financial services, as well as innovative products in the areas of issuing, mobile payment and mobile point of sale (mPOS).

We strive to offer a comprehensive range of acquiring and issuing services on a global scale. This means that customers are able to carry out uniform data evaluations and individually address customers around the world and across all sales channels with the aid of data-based value added services such as personalised loyalty, couponing or banking services.

In the second half of 2017, the Management Board continues to expect a very good business performance and reaffirms its upgraded forecast for the 2017 fiscal year made on 11 July 2017. The expected range for the operating earnings before interest, tax, depreciation and amortisation (EBITDA) was increased from the original forecast of between EUR 382 million and EUR 400 million to between EUR 392 million and EUR 406 million.

Aschheim (Munich), 16 August 2017

Wirecard AG, Management Board

9. WIRECARD STOCK

The German stock market developed positively during the first half of 2017. The leading German DAX index grew by 7.4 percent and closed at 12,325 points. The TecDAX closed at 2,188 points at the end of the reporting period and thus recorded growth of 20.8 percent. The Wirecard stock was even able to surpass the good performance on the overall market and grew by 36.3 percent during the first half of 2017 to close at EUR 55.72. After taking into account the dividends paid out in June for the 2016 fiscal year of EUR 0.16 per share (2015 fiscal year: EUR 0.14), there was a total shareholder return of 36.6 percent (6M 2016: -14.8 percent). A total of around 59 million shares were traded on the electronic XETRA trading platform during this period, which corresponds to an average trading volume of 0.5 million shares per day.

Share price development of the Wirecard stock



Annual General Meeting/dividend resolution

Wirecard AG's ordinary Annual General Meeting was held in Munich on 20 June 2017. The share capital represented was 65.5 percent, which was slightly above the level in the previous year (2016: 62.23 percent).

All of the agenda items were passed with a large majority. Amongst other things, the Annual General Meeting resolved to distribute an amount of EUR 19,770,493.76 as dividends from the profit of EUR 64,403,162.63 for the 2016 fiscal year included in retained earnings. This corresponds to an amount of EUR 0.16 per share on the basis of the 123,565,586 dividend-entitled shares.

Further information and details about the Annual General Meeting are available on the internet at the following address: ir.wirecard.com/agm

Key figures 6M 2017

		6M 2017	6M 2016
Number of shares - all dividend entiteled		123,565,586	123,565,586
Share capital	kEUR	123,566	123,566
Market capitalisation (30 June)	bnEUR	6.89	4.88
Share price (30 June)	EUR	55.72	39.46
Year-high as at 30 June	EUR	60.90	48.10
Year-low as at 30 June	EUR	40.80	29.40

Price data: XETRA

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 26 analysts from renowned banks and independent research institutions were closely observing the Wirecard stock, whereby the majority issued a recommendation to buy.

Analyst recommendations as of the end of the second quarter 2017



Other information

The Management and Supervisory Boards of Wirecard AG undertake to comply with the principles of the German Corporate Governance Code and endorse the principles of transparent and sustainable corporate governance. 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

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 30 June 2017	kEUR 123,566	
Beginning of stock market listing:	25 October 2000	
Management Board:	Dr. Markus Braun	CEO, CTO
	Burkhard Ley	CFO
	Jan Marsalek	COO
Supervisory Board:	Wulf Matthias	Chairman
	Alfons W. Henseler	Deputy Chairman
	Stefan Klestil	Member
	Vuyiswa V. M'Cwabeni	Member
	Tina Kleingarn	Member
Shareholder structure* as of 30 June 2017		
Shareholders holding more than 3% of voting rights*	7.0% MB Beteiligungsgesellschaft mbH	
	93.0% free float (according to Deutsche Börse's definition) of which	
	6.27% Jupiter Asset Management Ltd. (UK)	
	5.44% Alken Luxembourg S.A. (LU)	
	4.99% Artisan Partners LP (US)	
	4.93% Citigroup Inc (US)	
	3.18% Harris Associates LP (US)	
	3.05% Comgest Global Investors S.A.S. (FR)	

* (rounded) according to last notification by investors (Section 26a WpHG)

CONNECTED COMMERCE

Consolidated balance sheet – assets

in kEUR	30 Jun 2017	31 Dec 2016
ASSETS		
I. Non-current assets		
1. Intangible assets		
Goodwill	699,033	534,892
Customer relationships	501,000	392,329
Internally-generated intangible assets	108,811	99,224
Other intangible assets	81,490	81,682
	1,390,334	1,108,127
2. Property, plant and equipment	58,330	44,656
3. Investments accounted for using the equity method	14,822	14,803
4. Financial and other assets / interest-bearing securities	250,730	216,196
5. Tax credits		
Deferred tax assets	3,464	2,657
Total non-current assets	1,717,679	1,386,438
II. Current assets		
1. Inventories and work in progress	10,045	4,540
2. Receivables of the acquiring business	395,802	402,423
3. Trade and other receivables	245,264	190,185
4. Tax credits		
Tax refund entitlements	11,687	9,353
5. Interest-bearing securities and fixed-term deposits	115,444	156,493
6. Cash and cash equivalents	1,596,669	1,332,631
Total current assets	2,374,911	2,095,624
Total assets	4,092,590	3,482,062

Consolidated balance sheet – equity and liabilities

in kEUR	30 Jun 2017	31 Dec 2016
EQUITY AND LIABILITIES		
I. Equity		
1. Subscribed capital	123,566	123,566
2. Capital reserve	494,682	494,682
3. Retained earnings	914,025	829,286
4. Other components of equity	- 20,050	27,429
Total equity	1,512,222	1,474,963
II. Liabilities		
1. Non-current liabilities		
Non-current interest-bearing liabilities	695,571	579,475
Other non-current liabilities	49,187	31,425
Deferred tax liabilities	88,574	59,747
	833,331	670,648
2. Current liabilities		
Liabilities of the acquiring business	381,420	404,767
Trade payables	53,107	34,920
Interest-bearing liabilities	279,923	15,066
Other provisions	1,906	3,914
Other liabilities	181,801	119,505
Customer deposits from banking operations	820,906	734,003
Tax provisions	27,974	24,276
	1,747,036	1,336,452
Total liabilities	2,580,368	2,007,099
Total equity and liabilities	4,092,590	3,482,062

Consolidated income statement

in kEUR	1 Apr 2017 – 30 Jun 2017	1 Apr 2016 – 30 Jun 2016
Revenues	340,582	241,320
Own work capitalised	10,019	5,906
Cost of materials	180,576	121,246
Gross profit	170,026	125,981
Personnel expenses	47,793	31,698
Other operating expenses	31,524	27,252
Other operating income	4,504	3,307
Share of profit or loss from associates (at equity)	- 19	37
EBITDA	95,192	70,374
Amortisation and depreciation (M&A adjusted)*	13,156	9,764
EBIT adjusted*	82,037	60,610
Amortisation and depreciation (M&A-related)	10,264	7,039
EBIT	71,773	53,571
Financial result	- 6,529	86,899
Other financial income	1,766	92,087
Financial expenses	8,296	5,188
Earnings before tax **	65,243	140,469
Income tax expense	9,225	10,266
Earnings after tax **	56,018	130,204
Earnings per share (basic and diluted) in EUR	0.46	1.05
Average shares outstanding(basic)	123,565,586	123,490,586
Average shares outstanding(diluted)	123,565,586	123,490,586

* 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 Apr 2017 – 30 Jun 2017	1 Apr 2016 – 30 Jun 2016
Earnings after tax	56,018	130,204
Items to be reclassified to profit or loss		
Change from currency translation differences	- 52,201	1,665
Revaluation of available-for-sale financial assets with no effect on profit or loss	- 166	- 479
therein: tax effects	-2	7
Cash flow hedge	0	0
therein: tax effects	0	0
Recycled to the income statement	0	- 78,799
Change in amount reported in equity	- 52,367	- 77,606
Total comprehensive income	3,651	52,598

Consolidated income statement

	1 Jan 2017 – 30 Jun 2017	1 Jan 2016 – 30 Jun 2016	in kEUR
	615,478	451,790	Revenues
	19,110	11,576	Own work capitalised
	323,546	231,603	Cost of materials
	311,042	231,763	Gross profit
	85,842	59,396	Personnel expenses
	57,376	43,683	Other operating expenses
	8,608	3,650	Other operating income
	20	18	Share of profit or loss from associates (at equity)
	176,451	132,351	EBITDA
	25,027	18,385	Amortisation and depreciation (M&A adjusted)*
	151,424	113,966	EBIT adjusted*
	19,498	14,338	Amortisation and depreciation (M&A-related)
	131,925	99,628	EBIT
	- 9,644	83,607	Financial result
2,674		92,459	Other financial income
12,319		8,852	Financial expenses
	122,281	183,235	Earnings before tax **
	17,772	16,421	Income tax expense
	104,509	166,814	Earnings after tax **
	0.85	1.35	Earnings per share (basic and diluted) in EUR
	123,565,586	123,565,586	Average shares outstanding(basic)
	123,565,586	123,565,586	Average shares outstanding(diluted)

Consolidated statement of comprehensive income

	1 Jan 2017 – 30 Jun 2017	1 Jan 2016 – 30 Jun 2016	in kEUR
	104,509	166,814	Earnings after tax
			Items to be reclassified to profit or loss
	- 44,329	- 10,099	Change from currency translation differences
	1,687	- 462	Revaluation of available-for-sale financial assets with no effect on profit or loss
	22	7	therein: tax effects
	- 4,837	0	Cash flow hedge
	- 1,791	0	therein: tax effects
	0	- 78,799	Recycled to the income statement
	- 47,479	- 89,353	Change in amount reported in equity
	57,030	77,461	Total comprehensive income

Consolidated cash flow statement

in kEUR	1 Jan 2017 – 30 Jun 2017	1 Jan 2016 – 30 Jun 2016
Earnings after tax	104,509	166,814
Financial result	9,644	8,055
Income tax expense	17,772	16,421
Gain/loss from disposal of non-current assets	92	0
Amortisation/depreciation	44,525	32,723
Gain/loss from disposal of available-for-sale non-current assets	0	- 91,662
Change from currency translation differences	1,861	543
Change in inventories	480	- 6,733
Change in receivables	- 27,358	20,856
Change in liabilities of the acquiring business and trade payables	- 22,557	- 54,411
Change in other assets and liabilities	16,205	5,833
Net cash outflow arising from income tax	- 18,059	- 2,881
Interest paid excluding interest on loans	- 1,114	- 119
Interest received	1,480	136
Cash flow from operating business before banking operations	127,481	95,575
Change in non-current assets of banking operations	- 35,097	- 34,418
Change in current assets of banking operations	32,536	- 91,238
Change in customer deposits of banking operations	85,221	138,207
Cash flow from operating business of banking operations	82,659	12,552
Cash flow from operating activities	210,140	108,126
Cash outflows for investments in intangible assets	- 27,800	- 20,671
Cash outflows for investments in property, plant and equipment	- 6,860	- 7,836
Cash outflows for investments in financial assets and interest-bearing securities	0	- 2,272
Cash inflows from sale of financial assets	0	71,821
Cash inflows from repayment of loans extended	0	4,320
Cash outflows for acquisition of consolidated companies less acquired cash	- 236,570	- 53,514
Cash outflows for acquisition of associates	0	- 15,000
Cash flow from investing activities	- 271,229	- 23,151
Cash outflows for previous years' acquisitions of companies	- 15,201	- 157,600
Redemption of lease liabilities	- 6,009	- 3,171
Cash inflows from drawing down of financial liabilities	395,495	237,758
Cash outflows for expenses for drawing down of financial liabilities	- 3,515	- 2,708
Cash outflows for repayment of financial liabilities	- 14,489	- 12,923
Dividends paid	- 19,770	- 17,299
Interest paid on loans and finance leases	- 4,251	- 3,623
Cash flow from financing activities	332,260	40,435
Net change in cash and cash equivalents	271,170	125,411
Exchange-rate-related changes to cash and cash equivalents	- 9,719	- 9,041
Cash and cash equivalents at start of period	1,331,514	1,053,228
Cash and cash equivalents at end of period	1,592,965	1,169,598

Consolidated cash flow from operating activities (adjusted)

in kEUR	1 Jan 2017 – 30 Jun 2017	1 Jan 2016 – 30 Jun 2016
Earnings after tax	104,509	166,814
Financial result	9,644	8,055
Income tax expense	17,772	16,421
Gain/loss from disposal of non-current assets	92	0
Amortisation/depreciation	44,525	32,723
Gain/loss from disposal of available-for-sale non-current assets	0	- 91,662
Change from currency translation differences	1,861	543
Change in inventories	480	- 6,733
Change in receivables	- 22,052	3,583
Change in liabilities of the acquiring business and trade payables	- 5,589	- 13,601
Change in other assets and liabilities	16,205	5,833
Net cash outflow arising from income tax	- 18,059	- 8,584
Interest paid excluding interest on loans	- 1,114	- 119
Interest received	1,480	136
Cash flow from operating activities (adjusted)	149,755	113,386

Receivables and liabilities of acquiring business are transitory in nature and subject to substantial fluctuations from one balance sheet date to another as, inherent to the business model, these balance sheet items are significantly influenced by the overall transaction volume and the security reserves. Receivables of acquiring business mainly comprise receivables from credit card organisations, banks and acquiring partners and liabilities exist to retailers. The customer deposits from the banking business and corresponding securities or receivables from the banking business likewise constitute items that can be eliminated for the cash flow (adjusted). To simplify the identification and reporting of the cash-relevant portion of the Company's own earnings, Wirecard AG has decided to present a further statement in addition to the usual statement of cash flow from operating activities with those items eliminated.

Consolidated statement of changes in equity

	Subscribed capital Nominal value/number of shares issued kEUR / in '000 shares	Capital reserve kEUR	Retained earnings kEUR	Revaluation reserve kEUR	Translation reserve kEUR	Cash flow hedge reserve kEUR	Total con- solidated equity kEUR
Balance as of 31 December 2015	123,566	494,682	579,837	78,799	3,630	0	1,280,513
Earnings after tax			166,814				166,814
Other comprehensive income, net of income taxes				- 79,254	- 10,099		- 89,353
Total comprehensive income	0	0	166,814	- 79,254	- 10,099	0	77,461
Dividends paid			- 17,299				- 17,299
Capital increase							0
Balance as of 30 June 2016	123,566	494,682	729,351	- 455	- 6,469	0	1,340,675
Balance as of 31 December 2016	123,566	494,682	829,286	1,221	21,371	4,837	1,474,963
Earnings after tax			104,509				104,509
Other comprehensive income, net of income taxes				1,687	- 44,329	- 4,837	- 47,479
Total comprehensive income	0	0	104,509	1,687	- 44,329	- 4,837	57,030
Capital increase							0
Dividends paid			- 19,770				- 19,770
Balance as of 30 June 2017	123,566	494,682	914,025	2,907	- 22,957	0	1,512,222

Notes on equity under (3.)

Explanatory notes

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

1.1 Business activities and legal background

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

Changes to the Group structure

The acquisition of the business of Citi Prepaid Card Services announced by Wirecard AG on 29 June 2016 as part of a combined share and asset deal was successfully concluded on 9 March 2017 with the receipt of control over the assets. Citi Prepaid Card Services is a leading issuer and programme manager in the area of institutional prepaid credit cards with headquarters in Conshohocken, Pennsylvania (USA).

For this purpose, Kestrel Mergers Acquisitions Corp., Delaware (USA) was founded as an acquisition vehicle. It merged with Wirecard North America Inc., Delaware (USA) following the closing of the transaction.

Wirecard AG acquired all shares in MyGate Communications (Pty) based in Cape Town, South Africa, on 6 March 2017 and the company was consolidated at this point in time. MyGate is a leading payment service provider (PSP) in Africa. The company currently has 21 employees.

On 13 March 2017 Wirecard AG signed an agreement with Citigroup subsidiaries CITIBANK, N.A. and CITIBANK OVERSEAS INVESTMENT CORPORATION to purchase the customer portfolio of Citi's merchant acquiring business in 11 markets in Asia Pacific (APAC). The asset deal includes the entire customer portfolio for merchant acquiring services in Singapore, Hong Kong, Macau, Malaysia, Taiwan, Indonesia, Philippines, Thailand, India, Australia and New Zealand. The portfolio comprises a long-standing and reputable client base of more than 20,000 merchants, e.g. in Airlines/ travel, financial services, luxury goods, retail as well as technology and telecommunications. Closing will occur in stages by June 2018. The projected EBITDA-contribution of the acquired portfolio in 2019, its first year of being fully consolidated in Wirecard group is more than EUR 20 million. On 15 June 2017 the closing for Singapore and Hong Kong took place.

As part of the organic expansion of Wirecard's presence and its sales activities, the following companies were newly founded:

- Wirecard (Thailand) Co. Ltd., Bangkok (Thailand)
- Wirecard E-Money Philippines Inc. ,Manila (Philippines)

These companies will also be used for activities connected to the acquisition of Citi Prepaid Services in the USA and the planned acquisition of the customer portfolio for card acceptance in the Asia-Pacific region of the Citigroup.

CONSOLIDATED FINANCIAL STATEMENTS

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

Scope of consolidation

Shareholdings of Wirecard AG

Wirecard Sales International Holding GmbH, Aschheim (Germany) (before: Wirecard Sales International GmbH)	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%
Trans Infotech (Laos) Ltd. (Laos)	100%
Wirecard (Vietnam) Ltd., Ha Noi City (Vietnam) (formerly: Trans Infotech (Vietnam) Ltd.)	100%
Wirecard Payment Solutions Malaysia SDN BHD, Kuala Lumpur (Malaysia)	100%
PT Prima Vista Solusi, Jakarta (Indonesia)	100%
PT Aprisma Indonesia, Jakarta (Indonesia)	100%
Wirecard Myanmar Ltd., Yangon (Myanmar)	100%
Wirecard (Thailand) Co. Ltd., Bangkok (Thailand)	100%
Wirecard India Private Ltd., Chennai (India)	100%
American Payment Holding Inc., Toronto (Canada)	100%
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%
Wirecard Romania S.A., Bukarest (Rumänien) (vormals: Provus Service Provider S.A.)	100%
Romcard S.A., Bucharest (Romania)	100%
Supercard Solutions & Services S.R.L., Bucharest (Romania)	100%
Wirecard Global Sales GmbH, Aschheim (Germany) (before: Wirecard Sales Europe GmbH)	100%
Wirecard Poland Sp.Zo.o., Warsaw (Poland)	100%
Wirecard Mexico S.A. De C.V, Mexico City (Mexico)	100%

Shareholdings of Wirecard AG - continued

Wirecard Technologies GmbH, Aschheim (Germany)	100%
Wirecard Communication Services GmbH, Leipzig (Germany)	100%
Wirecard Retail Services GmbH, Aschheim (Germany)	100%
cardSystems Middle East FZ-LLC, Dubai (United Arab Emirates)	100%
MyGate Communications Pty Ltd., Cape Town (South Africa)	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%
Wirecard Brasil S.A., Sao Paulo (Brazil) (before: Moip Pagamentos)	100%
Wirecard Card Solutions Ltd., Newcastle (United Kingdom)	100%
Wirecard E-Money Philippines Inc., Manila (Philippines)	100%
Wirecard Ödeme ve Elektronik Para Hizmetleri A.Ş., Istanbul (Turkey)	100%
GI Technology Pte. Ltd., Chennai (India)	60%
Wirecard North America Inc., Conshohocken (United States) (before: Kestrel Mergers Acquisitions Corp.)	100%
Wirecard Australia A&I Pte. Ltd., Melbourne (Australia)	100%
Wirecard Hong Kong Ltd. (Hong Kong)	100%
Wirecard Payment Solutions Hong Kong (Hong Kong).	100%

A total of 49 subsidiaries were fully consolidated as of 30 June 2017. As of 30 June 2016, this figure totalled 40 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

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

Wirecard with a 60 percent share exercises a significant influence on the company but does not have full control.

Business combinations in the fiscal year

Acquisition of Citi Prepaid Card Services

The acquisition of the business of Citi Prepaid Card Services announced by Wirecard AG on 29 June 2016 was successfully concluded on 9 March 2017 as part of a combined share and asset deal. Wirecard acquired with the company Ecount Inc., which was renamed as Wirecard North America Inc. following the acquisition, more than 100 new employees in Conshohocken, Pennsylvania, and 20 more employees in various international locations. At the same time, Wirecard AG has expanded its global presence in its core business of payment processing into the North American market.

Citi Prepaid Card Services has already issued more than 2,500 card programmes for large international companies, primarily in the North American market. The customers of the acquired business include leading telecommunication service providers, pharmaceutical companies, global IT and electronics manufacturers, Internet and consumer goods corporations and public sector clients. The portfolio largely comprises incentive and compensation cards, as well as corporate disbursement programmes for salaries or travel.

The entire purchase price was due in cash at the closing. The parties agreed not to disclose the precise purchase price. Wirecard anticipates a contribution of more than USD 20 million (EUR 19 million) to the consolidated operating earnings before interest, tax, depreciation and amortisation (EBITDA) in the 2017 fiscal year.

The acquired prepaid card business itself will benefit from its integration into Wirecard's global payments platform. The same is true for the company's international customers, who will be able to expand the services they currently receive to include additional functions and thus generate added value.

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 Citi Prepaid Services

in kEUR	Fair value
Goodwill	94,618
Customer relationships	102,109
Property, plant and equipment	790
Other non-current intangible assets	3,571
Trade and other receivables	19,321
Other non-current assets	5,985
Deferred tax liabilities	34,020
Current liabilities	9,684

MyGate Communications (Pty)

Wirecard AG acquired all shares in MyGate Communications (Pty) based in Cape Town, South Africa, on 6 March 2017 and the company was consolidated at this point in time.

MyGate is a leading payment service provider (PSP) in Africa. The company currently has 21 employees.

The agreed purchase price of EUR 13.1 million consists of a cash payment of EUR 9.9 million and further earnout payments of up to EUR 4.9 million, of which EUR 3.2 million will be recorded as liability. MyGate is expected to generate EBITDA of EUR 2.0 million in the 2017 calendar year.

As a result of the short period before issue for publication 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.

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

The assets and liabilities are currently as follows:

Acquisition of Mygate

in kEUR	Fair value
Cash	609
Goodwill	7,943
Customer relationships	14,279
Property, plant and equipment	23
Other non-current intangible assets	824
Trade and other receivables	279
Deferred tax liabilities	1,889
Current liabilities	8,750
Non-current liabilities	85
Purchase price	13,232

Acquisition of Citigroup's business combination for merchant acquiring services in Asia Pacific

On 13 March 2017 Wirecard AG signed an agreement with Citigroup subsidiaries CITIBANK, N.A. and CITIBANK OVERSEAS INVESTMENT CORPORATION to purchase the customer portfolio of Citi's merchant acquiring business in 11 markets in Asia Pacific (APAC). The asset deal includes the entire customer portfolio for merchant acquiring services in Singapore, Hong Kong, Macau, Malaysia, Taiwan, Indonesia, Philippines, Thailand, India, Australia and New Zealand. The portfolio comprises a long-standing and reputable client base of more than 20,000 merchants, e.g. in Airlines/ travel, financial services, luxury goods, retail as well as technology and telecommunications. Closing will occur in stages by June 2018. The projected EBITDA-contribution of the acquired portfolio in 2019, its first year of being fully consolidated in Wirecard group is more than EUR 20 million. On 15 June 2017 the closing for Singapore and Hong Kong took place.

The agreed purchase price consists beside the already paid amount of a further payment, of which EUR 54.4 million will be recorded as liability. The parties agreed not to disclose the precise purchase price. As a result of the short period before issue for publication of the consolidated financial statements, the amounts recognised are not final. Non-separable assets, such as the specialist knowledge and contacts, as well as the synergy effects within the Wirecard Group, are recognised under goodwill.

The assets and liabilities are currently as follows:

Acquisition of Citigroup's business combination for merchant acquiring services in Asia (Hongkong and Singapore)

in kEUR	Fair value
Goodwill	82,828
Customer relationships	25,046
Property, plant and equipment	2,000
Other non-current intangible assets	1,914
Deferred tax liabilities	322

1.2 Principles and assumptions used in preparing the financial statements

Principles

The financial statements as of 30 June 2017 were prepared in accordance with IAS 34 (Interim Financial Reporting) with consideration to the International Financial Reporting Standards (IFRS) and the International Accounting Standards (IAS) as adopted by the EU. This interim report was not audited nor has it been subjected to an audit review. The notes of the financial statements as of 31 December 2016 also apply accordingly to the present financial statements and should be taken into consideration in connection with the interim financial statements. Any variations from the above are explained below.

Presentation

The presentation of the Group's balance sheet, cash flow statement and segment reporting was effected in accordance with the consolidated financial statements as of 31 December 2016.

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

On the course of preparing the financial statements as of 30 June 2017, the same accounting and valuation principles were used as for the last consolidated financial statements (31 December 2016) and for the previous year period (1 January 2016 through 30 June 2016) if no other information is provided in this report. For more details please refer to the Annual Report as of 31 December 2016.

2. Notes to the consolidated balance sheet – assets

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 2016) or in the event of possible impairments in accordance with the Group's accounting policies. 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 half year 2017, goodwill changed primarily as a result of the first-time consolidation of the new companies Ecount Inc., which was renamed as Wirecard North America Inc. following the acquisition, MyGate Communications (Pty) and as a result of the acquisition of Citigroup's business combination for merchant acquiring services in Asia (kEUR 185,389) and furthermore as a result of currency-related valuations as at the balance sheet date of kEUR-23,592 and stood at kEUR 699,033 (31 December 2016: kEUR 534,892) and is reported in the following cash-generating units:

Goodwill

in kEUR	30 Jun 2017	31 Dec 2016
Payment Processing & Risk Management	542,616	462,526
Acquiring & Issuing	156,129	72,078
Call Center & Communication Services	288	288
Total	699,033	534,892
Less: impairment losses	0	0
	699,033	534,892

The change in the item customer relationships of kEUR 108,671 in the period under review is related to an addition of kEUR 149,888 due to the first-time consolidation of the new companies Ecount Inc., which was renamed as Wirecard North America Inc., which was offset in particular by currency-related valuations as of the balance sheet date and scheduled amortisation, the acquisition of Citigroup's business combination for merchant acquiring services in Asia following the acquisition, and MyGate Communications (Pty). 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 the annual report of 2016 in Section 1.1 Business activities and legal background – business combinations and significant acquisitions of customer relationships.

2.2 Property, plant and equipment

The carrying amount of technical equipment and operating and office equipment held as part of finance leases as of 30 June 2017 was kEUR 20,613 (31 December 2016: kEUR 10,156) 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 30 June 2017 totalled kEUR 250,730 (31 December 2016: kEUR 216,196). These break down as follows:

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2. Notes to the consolidated balance sheet – assets

Breakdown of financial and other assets / interest-bearing securities

in kEUR	30 Jun 2017	31 Dec 2016
Visa preferred stock	16,938	15,256
Financing agreements (amongst others sales partner)	28,550	28,534
convertible bonds	33,008	32,735
Securities	1,941	2,805
Securities/collared floaters	47,018	42,558
Receivables from bank business (mostly from FinTech business)	115,672	85,035
Other	7,603	9,274
	250,730	216,196

The convertible bonds 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. Please also refer here to Section 7.4 of the annual report 2016.

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 “Receivables from bank business (mostly from FinTech business)” exist, amongst other things, mainly 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. The reason for this was also the response to the prevailing low-interest phase which has enabled Wirecard to utilise these business fields. The basis for these items are the cash and cash equivalents from the banking business (customer deposits).

2.4 Trade receivables of the acquiring business

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.

In some cases, retailers already get payments of credit card volumes before receipt of the funds from the credit card companies. This results in higher receivables in comparison to the liabilities. From a financial reporting perspective, it is particularly important to differentiate whether the transaction volume is processed via licenced 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' general risk of default, as receivables of acquiring business. In this context, please refer to Section 7.2 of the Annual Report 2016.

Depending on the balance sheet date and the payment cycle, the item receivables of the acquiring business and also the item liabilities of the 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. The increase as of balance sheet date thus corresponds to the increase in the transaction volume processed via Wirecard.

2.5 Trade and other receivables

Trade and other receivables arose as a result of, amongst other things, activities related to Wirecard Bank AG cooperating with different companies in the FinTech sector. These are reported under “Receivables from bank business”. As a technology company with its own financial institution, Wirecard supports different companies through e.g. peer-to-peer loan platforms for private borrowers and SMEs, mobile banking solutions or solutions for payment by instalment in the online shopping sector. Alongside services in the areas of technology and risk management, Wirecard also sometimes provides financing, particularly in the area of hire purchase agreements and the provision of small loans in cooperation with FinTech companies. The reasons for this were, on the one hand, the transformation of the financing industry towards Internet-based, technology-oriented solutions and, on the other hand, the response to the prevailing low-interest phase which has enabled Wirecard to utilise these business fields. The basis for these items are the cash and cash equivalents from the banking business (customer deposits). In this context, receivables arise primarily in relation to individual transactions with private customers, for which collateral is regularly provided by the FinTech companies. Furthermore, this balance sheet item also contains business relating to short-term customer and current accounts loans, which are held to improve interest income and which interest rates depend on market rates.

“Other trade receivables” comprises all receivables from the other business fields of the Wirecard Group. This item also increased due to the first-time consolidation of the new companies/business combinations and the increased business volumes of the Wirecard Group.

“Other receivables” includes rent, insurances and other services that due to their contractual terms are accrued after the balance sheet date. In addition, this item comprises deposits, receivables from employees and other assets.

Trade receivables

in kEUR	30 Jun 2017	31 Dec 2016
Receivables from bank business (mostly from FinTech business)	96,730	89,892
Receivables from prepaid card business	17,199	0
Other trade receivables	95,840	72,239
Other receivables	35,495	28,053
	245,264	190,185

Due to the first-time consolidation of the new Wirecard company North America Inc. (formerly: Ecount Inc.) in connection with the acquisition of Citi Prepaid Services, receivables increased by kEUR 17,199. These receivables were related to the prepaid card business and will be presented on a separate line.

2.6 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 4,451 (31 December 2016: 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".

2.7 Cash and cash equivalents

The cash and cash equivalents item (30 June 2017: kEUR 1,596,669; 31 December 2016: kEUR 1,332,631) includes cash in hand and bank balances (demand deposits, fixed-term deposits with a term of up to three months and overnight (call money) deposits). These also include resources from current customer deposits of Wirecard Bank AG and Wirecard Card Solutions Ltd. which are not placed in interest-bearing securities (30 June 2017: kEUR 660,903; 31 December 2016: kEUR 476,386) and funds derived from the acquiring business of Wirecard Bank AG (30 June 2017: kEUR 230,045; 31 December 2016: kEUR 233,956). As of the balance sheet date, the cash and cash equivalents item included an amount of around EUR 90 million that is part of an M&A related loan drawn shortly before the balance sheet date but which was, however, only paid to the seller after the balance sheet date.

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

With regards to the development of Group equity in the first half year 2017, further particulars in addition to the following explanations are provided in the table “Consolidated statement of changes in equity”.

3.1 Subscribed capital

As of 30 June 2017, the subscribed capital was kEUR 123,566 (31 December 2016: kEUR 123,566) and comprised 123,565,586 (31 December 2016: 123,565,586) no-par value shares with a notional interest in the common stock of EUR 1.00 per share.

3.2 Retained earnings

A dividend of EUR 0.16 per dividend-entitled ordinary share was approved at the Annual General Meeting 2017 on 20 June 2017, which corresponds to a total amount of kEUR 19,770. In the previous year, the dividend payment was EUR 0.14 per dividend-entitled ordinary share, which corresponded to a total amount of kEUR 17,299.

3.3 Other components of equity

Translation reserve

The foreign currency translation reserve changed in the first half year 2017 due to exchange rate factors and with no impact on profit or loss from kEUR 21,371 in the previous year to kEUR –22,957. This change is mainly attributable to 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. Especially there were some measurement differences with no effect on profit and loss in the goodwill and customer relationships capitalised, in particular, in USD and some Asian currencies which was primarily due to the strong euro in the second quarter. With regard to the foreign currency translation reserve, please refer to details in 2.1 Principles and assumptions used in preparing the financial statements 2016.

3.4 Non-current liabilities

Non-current liabilities are split into non-current interest-bearing liabilities, other non-current liabilities and deferred tax liabilities.

Non-current interest-bearing liabilities

Interest-bearing liabilities are related to the financing of acquisitions. This item thus increased by kEUR 116,095 from kEUR 579,475 as of 31 December 2016 to kEUR 695,571. The largest proportion of this increase was due to acquisitions in North America and Asia. Part of the interest-bearing debt was drawn shortly before the balance sheet date but the payment to the seller was, however, made shortly after the balance sheet date.

Other non-current liabilities

This item is broken down as follows:

Other non-current liabilities

in kEUR	30 Jun 2017	31 Dec 2016
Earnout liabilities	27,747	16,796
Lease liabilities	16,584	10,983
Variable remuneration and pension benefits	1,818	1,341
Other non-current liabilities	3,038	2,306
	49,187	31,425

The earnout components and current purchase price liabilities of kEUR 110,748 (31 December 2016: kEUR 60,405) that are due within the period of one year are carried under current liabilities.

Deferred tax liabilities

Deferred tax liabilities, amounting to kEUR 88,574 (31 December 2016: kEUR 59,747), 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. The disclosure of assets in course of the purchase price allocation leads to a deferred tax liabilities.

3.5 Current liabilities

Current liabilities are broken down into liabilities of the 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 the acquiring business

The items liabilities of the 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 some cases, retailers already get payments of credit card volumes before receipt of the funds from the credit card companies. This results in higher receivables in comparison to the liabilities. 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

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4. Notes to the consolidated income statement

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 2016 fiscal year were offset by corresponding payments in the following quarter, which is expected to result in a reduction to this item.

Interest-bearing liabilities

Interest-bearing liabilities of kEUR 279,923 (31 December 2016: kEUR 15,066) mainly comprise loans that are due in the next 12 month.

Other liabilities

This item is broken down as follows:

Other liabilities

in kEUR	30 Jun 2017	31 Dec 2016
Accruals	36,043	28,558
Lease liabilities	11,096	8,524
Purchase price liabilities	110,748	60,405
Other	23,914	22,019
	181,801	119,505

The purchase price liabilities increased primarily as a result of the acquisition of Citigroup's business combination for merchant acquiring services in Asia and slightly due to the acquisition of Citi. Prepaid Services. Some of the purchase price liabilities were settled at the beginning of the third quarter.

Customer deposits from banking operations

This item includes customer deposits of kEUR 820,906 (31 December 2016: kEUR 734,003) 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 615,478) in the first half year 2017 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 5,483) is reported under revenues in accordance with IAS 18.5(a). A detailed breakdown of revenues is shown under the segment reporting.

4.2 Cost of materials

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

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

4.3 Personnel expenses

Personnel expenses in the first half year 2017 totalled kEUR 85,842 (6M 2016: kEUR 59,396), comprising salaries amounting to kEUR 76,022 (6M 2016: kEUR 51,703) and social security contributions of kEUR 9,820 (6M 2016: kEUR 7,693).

In the first half year 2017, the Wirecard Group employed an average of 4,280 employees (6M 2016: 3,616) (excluding the Management Board and apprentices), of whom 302 (6M 2016: 285) worked on a part-time basis. Of the 4,280 employees, 66 (6M 2016: 55) 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.

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4. Notes to the consolidated income statement

These employees were engaged in the following functions:

Employees

	6M 2017	6M 2016
Sales	898	869
Administration	477	423
Customer service	808	589
Research/Development and IT	2,098	1,735
Total	4,280	3,616
of which part-time	302	285

4.4 Other operating expenses

The breakdown of other operating expenses is as follows:

Other operating expenses

in kEUR	6M 2017	6M 2016
Legal and financial statement costs	5,111	4,141
Consulting expenses and consulting-related expenses	12,475	8,457
Office expenses	7,273	5,056
Equipment and leasing	6,579	5,579
Travel, sales and marketing	9,782	6,907
Personnel-related expenses	6,944	2,269
Insurance payments, contributions and levies	1,462	940
Other	7,750	10,334
Total	57,376	43,683

4.5 Other operating income

Other operating income is comprised as follows:

Other operating income

in kEUR	6M 2017	6M 2016
Income from release of provisions/accruals	3,973	60
Income connected with acquisitions	0	1,551
Income from currency translation differences	0	415
Income from reversal of bad debt allowances applied to receivables	1,429	275
Income from offset benefits in kind	328	252
Other income	2,878	1,096
Total	8,608	3,650

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 half year 2017, the M&A adjusted amortisation and depreciation amounted to kEUR 25,027 (6M 2016: kEUR 18,385). The M&A-related amortisation and depreciation of assets stood at kEUR 19,498 (6M 2016: kEUR 14,338) in the first half year 2017 and was reported separately. As the Company has a high level of M&A activity, this differentiation makes it easier to compare this item.

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4. Notes to the consolidated income statement

4.7 Financial result

Financial result

in kEUR	6M 2017	6M 2016
Unwinding the discount on liabilities	3,733	4,681
Interest expenses from loans and leasing	5,754	3,870
Losses from fair value valuation	2,716	0
Impairment of financial assets	61	287
Currency-related expenses	55	14
Financial expenses	12,319	8,852
Currency-related income	484	0
Interest income	1,817	616
Gains from fair value valuation	0	0
Income from sale of Visa Europe Ltd.	95	91,662
Income from securities and loans	279	181
Financial income	2,674	92,459

The most important effect for the previous year period on the financial result arose from the sale of Visa Europe Ltd. to Visa Inc.. The transaction was closed on 21 June 2016. As a result of this transaction, Wirecard Bank AG and Wirecard Card Solutions Ltd., as members of Visa Europe Limited, realised a result of kEUR 91,662. For further information, please refer to 3.4 Financial and other assets / interest-bearing securities in the annual report 2016.

Interest income in the Acquiring & Issuing segment of kEUR 5,483 (6M 2016: kEUR 3,970) 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 half year 2017 includes income tax expenses of kEUR 17,772. Essentially, these related to the income tax burdens determined for the Group member companies on the basis of the tax calculations for the first half year 2017. In addition, these related to the change in deferred tax liabilities and deferred tax assets in the amount of kEUR 2,014, which reduces the tax expenses accordingly.

The cash-relevant tax rate (excluding deferred taxes) amounted to 16.2 percent (6M 2016: 9.0 percent). Including deferred taxes, the tax rate was 14.5 percent (6M 2016: 9.0 percent). For the previous period it is important to know that in Germany, only 5 percent of the income from the sale of Visa Europe Ltd. is subject to tax. Therefore, the tax rate is not comparable with the actual period. Excluding the income from the sale of Visa Europe Ltd., the cash-relevant tax rate (excluding deferred taxes) was 16.3 percent for the first half year 2016. Including deferred taxes, the tax rate was 16.0 percent for the first half year 2016.

4.9 Earnings after tax

Earnings after tax in the first half year 2017 decreased by – 37.3 percent year on year, decreasing from kEUR 166,814 to kEUR 104,509. Without the Visa-effect in the previous year the earnings after tax would be at kEUR 76,951 and the increase in the profit after tax in relation to the previous year would be 35.8 percent.

4.10 Earnings per share

The average number of issued shares on an undiluted basis amounted to 123,565,586 shares in the first half year 2017 (6M 2016: 123,565,586 shares). Basic (undiluted) earnings per share stood at EUR 0.85 in the first half year 2017 (6M 2016: EUR 1.35). Also, this is due to the effect from the sale of Visa Europe Ltd. Excluding this effect, earnings per share would be 0.62 EUR for the first half year 2016.

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 tax.

Method used to measure cash and cash equivalents

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

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

As of 30 June 2017 and 30 June 2016, 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 (30 June 2017: kEUR 1,596,669; 30 June 2016: kEUR 1,172,609), less current (immediately due and payable) liabilities to banks (30 June 2017: kEUR –3,703 ; 30 June 2016: kEUR –3,011), disclosed under current, interest-bearing liabilities.

First-time consolidations resulted in an increase in cash and cash equivalents of kEUR 609 (6M 2016: increase of kEUR 3,013).

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

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

Cash and cash equivalents

in kEUR	30 Jun 2017	30 Jun 2016
Cash and cash equivalents	1,596,669	1,172,609
Current interest-bearing liabilities	-279,923	-233,870
of which current bank borrowings	-3,703	-3,011
Cash and cash equivalents at end of period	1,592,965	1,169,598

5.1 Cash flow from operating activities

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

Against this background, a significantly higher proportion of the cash and cash equivalents from customer deposits was invested in corresponding financing activities – as well as in continued deposits held with the central bank, demand and fixed-term deposits and collared floaters.

Therefore, it is appropriate to no longer carry out deductions but instead to present the cash flows arising from banking business and to expand the presentation of the cash flow from operating activities by the following items:

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5. Notes to the consolidated cash flow statement

- Change in non-current assets of banking operations (primarily: shares and FinTech receivables)
- Change in current receivables of banking operations (primarily: shares and FinTech receivables)
- Change in the customer deposits of banking operations

The previous year was adjusted accordingly.

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

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

The cash flow from operating activities before the changes from banking operations in the first half year 2017 changed from kEUR 95,575 in the previous year to kEUR 127,481, 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 because of a very sharp increase in the cash flow from operating activities in the fourth quarter, which is mainly due to delayed payouts because of the public holidays, an opposite cash flow trend was in the first half of 2017.

In the first half year 2017 the cash flow from operating business of banking operations came to kEUR 82,659. In the previous year the cash flow from operating business of banking operations of kEUR 12,552 was achieved. Therefore the unadjusted cash flow from operating activities in the first half year 2017 raised from kEUR 108,126 in the previous year to kEUR 210,140.

The cash flow from operating activities (adjusted) stood at kEUR 149,755 (6M 2016: kEUR 113,386).

Interest received/paid in accordance with IAS 7.31

Interest received in the first half year 2017 amounted to kEUR 1,480 (6M 2016: kEUR 136). Interest paid excluding interest on loans in the first half year 2017 came to kEUR –1,114 (6M 2016: kEUR –119) 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 half year 2017 came to kEUR –4,251 (6M 2016: kEUR –3,623) and is reported under cash flow from financing activities.

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

The cash-effective balance of income taxes (cash flow from income taxes) in the first half year 2017 totalled kEUR –18,059 (6M 2016: kEUR –2,881) and was consistently 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 –271,229 in the reporting year (6M 2016: kEUR –23,151).

The investments in strategic transactions/M&A included the acquisitions in North America, Africa and Asia. 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 and are reported in the cash flow statement for banking operations.

This mainly affects:

Substantial cash outflows for investments

in kEUR	6M 2017	6M 2016
Strategic transactions/M&A	236,570	68,514
Securities and medium-term financing agreements	0	2,272
Internally-generated intangible assets	19,110	11,576
Other intangible assets (software)	8,689	9,095
Property, plant and equipment	6,860	7,836

Disclosures pursuant to IAS 7.40 are as follows:

Investments to acquire companies

in kEUR	6M 2017	6M 2016
Purchase prices paid	237,179	56,526
Acquired cash and cash equivalents	609	3,013
Net investment	236,570	53,514

Other purchase prices are due in the short term and have already been paid in part in the third quarter. The purchase prices paid included both the purchase prices for the acquisition of Citigroup's business combination for merchant acquiring services in Asia and also earnout obligations from acquisitions in previous years that will be reported under cash flow from financing activities.

5.3 Cash flow from financing activities

Cash flow from financing activities in the first half year of 2017 mainly concerns cash inflow from drawing on financial liabilities, especially in connection with the acquisition of Citi Prepaid Services, acquisition of Citigroup's business combination for merchant acquiring services in Asia and MyGate Communications (Pty) of kEUR 395,495 (6M 2016: kEUR 237,758) and the cash outflow for the redemption of financial liabilities of kEUR -14,489 (6M 2016: kEUR -12,923). In addition, financing was carried out as part of finance leases, which resulted in a net cash flow of kEUR -6,009 (6M 2016: kEUR -3,171). Cash flow from financing activities also reports outgoing cash flows for the acquisition of companies in previous years in an amount of kEUR -15,201 (6M 2016: kEUR -157,600).

5.4 Cash and cash equivalents at end of period

After taking into account these reported cash inflows and cash outflows (6M 2017: kEUR 271,170; 6M 2016: kEUR 125,411), exchange rate-related changes (6M 2017: kEUR -9,719; 6M 2016: kEUR -9,041) and cash and cash equivalents at the start of the period (6M 2017: kEUR 1,331,514; 6M 2016: kEUR 1,053,228), cash and cash equivalents at the end of the period amounted to kEUR 1,592,965 (30 June 2016: kEUR 1,169,598).

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.

5.5 Net Cash Position

Net Cash Position - Wirecard

in kEUR		30 Jun 2017		31 Dec 2016
Cash and cash equivalents		1,596,669		1,332,631
Interest-bearing securities and fixed-term deposits		1,941		2,805
Receivables of the acquiring business and trade and other receivables		641,066		592,608
Interest-bearing liabilities / other liabilities		-461,724		-134,571
Customer deposits from banking operations	-820,906	-658,444	-734,003	-534,953
Non-current interest-bearing securities	47,018		42,558	
Interest-bearing securities and fixed-term deposits	115,444		156,493	
Liabilities of the acquiring business and trade payables		-434,527		-439,686
Net Cash Position - Wirecard		684,982		818,832

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		30 Jun 2017		31 Dec 2016
Net Cash Position - Wirecard		684,982		818,832
Long term interest bearing financial assets	250,730	201,771	216,196	170,834
(thereof customer deposit related)	48,959		45,362	
Non-current interest-bearing liabilities		-695,571		-579,475
Other non-current liabilities		-49,187		-31,425
Non-current Net Cash position		141,995		378,766

Along with the loans recognised in the balance sheet, additional credit lines from commercial banks totalling EUR 388 million are consequently available (31 December 2016: EUR 395 million).

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5. Notes to the consolidated cash flow statement

5.6 Free cash flow

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	30 Jun 2017	30 Jun 2016
Cash flow from operating activities (adjusted)	149,755	113,386
Operative CAPEX	34,659	28,507
Free cash flow	115,096	84,879

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 110.1 percent.

Cash conversion

in kEUR	30 Jun 2017	30 Jun 2016
Free cash flow	115,096	84,879
Earnings after tax (adjusted by Visa-effects in 2016)	104,509	76,951
Cash conversion in percent	110.1	110.3

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 largest segment of Wirecard Group is **Payment Processing & Risk Management (PP&RM)**. It accounts for all products and services for electronic payment processing, risk management and other added value services. 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. 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., Wirecard Brasil S.A., (formerly: Moip Pagamentos S.A.), Wirecard Australia A&I Pty Ltd., Wirecard Hong Kong Ltd., Wirecard Payment Solution Hong Kong Ltd. , Wirecard Card Solutions Ltd. and Wirecard North America Inc.

In acquiring, retailers are offered settlement services for credit card sales for online and terminal payments.

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

In 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.

Due to the constant internationalisation of the Group and its now global presence, Wirecard is reporting its segment split between Europe including Germany, the Asia and Pacific region, as

CONSOLIDATED FINANCIAL STATEMENTS

6. Other notes

well as America (North and South America) and Africa from the Q1 2017 Quarterly Statement onwards.

In addition, information is provided on geographical regions according to production locations.

Revenues by operating segment

in kEUR	6M 2017	6M 2016
Payment Processing & Risk Management (PP&RM)	431,075	346,673
Acquiring & Issuing (A&I)	215,580	135,870
Call Center & Communication Services (CC&CS)	5,046	4,170
	651,701	486,713
Consolidation PP&RM	-24,219	-26,449
Consolidation A&I	-8,754	-5,809
Consolidation CC&CS	-3,251	-2,665
Total	615,478	451,790

EBITDA by operating segment

in kEUR	6M 2017	6M 2016
Payment Processing & Risk Management	136,430	104,448
Acquiring & Issuing	39,461	27,535
Call Center & Communication Services	598	372
	176,488	132,356
Consolidations	-37	-4
Total	176,451	132,351

Regional revenue breakdown

in kEUR	6M 2017	6M 2016
Europe (incl. Germany)	354,978	272,545
Asia Pacific	215,082	173,785
America and Africa	61,862	7,666
	631,923	453,996
Consolidation Europe	-14,003	-99
Consolidation Asia Pacific	-2,442	-2,107
Consolidation America & Africa	0	0
Total	615,478	451,790

EBITDA by region

in kEUR	6M 2017	6M 2016
Europe (incl. Germany)	90,461	79,656
Asia Pacific	69,899	51,089
America and Africa	16,129	1,607
	176,488	132,351
Consolidations	-37	0
Total	176,451	132,351

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 27,680 are recognised under other current and non-current liabilities. The obligations from operating leases as of 30 June 2017 stood at kEUR 3,104.

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
Supervisory Board mandates: Backbone Technology AG, Hamburg (Germany)

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

Burkhard Ley will retire from the operations side of the business upon expiration of his contract on 31 December 2017. The supervisory board has appointed Alexander von Knoop as Mr. Ley's successor. Von Knoop has been working with Wirecard AG since 2005 and has been a member of the management board of Wirecard Bank AG since 2014. On 1 January 2018, Alexander von Knoop will take up his office as new CFO of Wirecard AG. As of 1 January 2018, the management board will be enlarged by an additional member, Susanne Steidl. As Chief Product Officer (CPO), she will be responsible for the operation and technological development of the core products of the Wirecard group. She was employed by Wirecard Group in 2006.

7.2 Supervisory Board

According to the Articles of Incorporation, the Supervisory Board of Wirecard AG consisted of five members. The Supervisory Board of Wirecard AG was made up of the following members:

Wulf Matthias (Chairman), Senior Advisor in Wulf Matthias Wirtschaftsberatung

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)

Tina Kleingarn, Corporate Advisor at Westend Corporate Finance

- No other Supervisory Board mandates or mandates on other boards

Stefan Klestil, Management Consultant at Belview Partners GmbH

Other Supervisory Board mandates or mandates on other boards:

- Wirecard Bank AG, Aschheim (Germany)
- İyzi Teknoloji ve Ödeme Sistemleri A.Ş., Istanbul (Turkey)

Vuyiswa V. M'Cwabeni, Chief Product Strategist at SAP SE

No other Supervisory Board mandates or mandates on other boards

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. Due to the strong organic business development, Wirecard Management Board has increased the EBITDA guidance for the fiscal year 2017 to EUR 392 million to EUR 406 million (previous guidance: EUR 382 million to EUR 400 million).

Aschheim, 16 August 2017

Wirecard AG



Dr. Markus Braun



Burkhard Ley



Jan Marsalek

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