- Transaction volume increased by 37.7 percent
- Consolidated revenues increased by 36.7 percent
- EBITDA increased by 38.4 percent
- Earnings after tax rose by 53.2 percent
- Free cash flow increased by 60.0 percent
- Publication of EBITDA 2020 guidance; EBITDA 2019 guidance confirmed

Group	9M 2019	9M 2018	
		adjusted	
Revenues	**1,941.3**	1,420.1	in EUR million
EBITDA	**553.1**	399.8	in EUR million
EBIT	**450.9**	321.4	in EUR million
Earnings per share (basic)	**3.13**	2.04	EUR
Cash flow from operating activities (adjusted)	**486.8**	310.1	in EUR million
Employees (average)	**5,685**	5,082	
of which part-time	**338**	323	

CEO Markus Braun: “We are delighted to be able to forecast strong growth in the fourth quarter and the coming fiscal year for our shareholders. Alongside strong organic growth, we are opening up one of the largest growth markets with our entry into the Chinese market and expanding our competitive advantage even further.”

Quarterly Statement for the third quarter 2019

1. Preliminary remark about this Quarterly Statement

Wirecard AG (hereafter also referred to as “Wirecard” or the “Group”) generally publishes its figures in EUR million or EUR billion, respectively. 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.

The comparability of the figures is limited due to the first time application of IFRS 16 (Leases) as of 1 January 2019 and the absence of retrospective presentation for the fiscal year 2018. Furthermore, some of the amounts shown differ from the figures in the Quarterly Statement as of 30 September 2018 due to adjustments made in accordance with IAS 8. In this context, we also refer to the explanations in section "Other notes" in the Results of financial position and financial performance.

2. Information about Wirecard

Wirecard (GER:WDI) is one of the world’s fastest growing digital platforms in the area of financial commerce. We provide both business customers and consumers with a constantly expanding ecosystem of real-time value-added services built around innovative digital payments by using an integrated B2B2C approach. This ecosystem concentrates on the areas payment & risk, retail & transaction banking, loyalty & couponing, data analytics & conversion rate enhancement in all sales channels (online, mobile, ePOS). Wirecard operates regulated financial institutions in several key markets and holds issuing and acquiring licenses from all major payment and card networks. Wirecard AG is listed on the Frankfurt Stock Exchange (DAX and TecDAX, ISIN DE0007472060). Visit us on www.wirecard.com, follow us on Twitter @wirecard and on Facebook @wirecardgroup.

3. Business performance in the reporting period

From a macroeconomic perspective, there are positive growth opportunities for the sales markets relevant to Wirecard despite geopolitical and financial policy uncertainties. Due to the global market presence of Wirecard and its numerous international locations, a stable risk diversification in terms of regional political and economic uncertainties on the market has been achieved. From an industry perspective, Wirecard continues to participate in the substantial growth of the payment industry. In its “World Payment Report 2018” study, the company Capgemini expects cashless payments to grow by around 14 percent per year up to 2021. Emerging countries in Asia (such as Malaysia, Thailand and Indonesia) will experience the highest growth rates in this sector of around 29 percent per year. The trend towards digitalisation of the entire payment ecosystem is continuing across all sectors and sales channels. Digital payment solutions are emerging along the whole value added chain that are characterised by innovation, efficiency, security and convenience for the customer.

The Group achieved its operating targets and was able to further expand its customer base and existing business relationships. The number of large and medium-sized customers increased in comparison to the same period of the previous year from 40 thousand to 44 thousand, while the number of small customers increased from 225 thousand to 269 thousand. New customers were added in all industries and sectors. Some examples are eMAG, Brazil Leroy Merlin, SunExpress, Credibly, Paradise Group, WHSmith, Enuygun.com, Royal Air Maroc and Shopee. In addition, it was possible to enter into new collaborations or expand the cooperation with numerous partners in the core business. New partners include, amongst others: CreditPilot, YES BANK, AUTO1Group, Gong Cha, Sisal Group, OYO, emonvia, Brightstar, SoftBank, Credibly and Rakuten Viber. Business relationships were expanded with, for example, lastminute.com, Mizuho Bank, Berhad, Union Pay and SES-Imagotag.

During the reporting period, Wirecard and a subsidiary of the SoftBank Group Corp. signed the final documents for the issue and subscription of the convertible bonds and the strategic cooperation agreement. This happened after receiving the required consent of the shareholders at the Annual General Meeting on 18 June 2019. A memorandum of understanding had already been signed by both contractual parties on 24 April 2019.

As part of a so-called "private deal", Wirecard then issued the SoftBank subsidiary with convertible bonds excluding shareholders subscription rights with a total nominal value of EUR 900 million combined with conversion rights to a total of 6,923,076 shares in Wirecard AG (corresponding to around 5.6% of Wirecards current share capital). The bonds have a five-year term. The funds received by the Group after the reporting period will be used for further investment in innovative payment and financial services, the implementation of the share buyback programme and for the repayment of existing loans; funds of EUR 340 million have already been allocated for the latter; a further EUR 200 million is to be invested in the share buyback programme.

On the basis of the strategic cooperation agreement that was also signed, both companies will seek to jointly exploit the growth and synergy potential through, amongst other things, access to the entire SoftBank ecosystem in the fields of digital financial services, data analysis and artificial intelligence, SoftBanks support of Wirecards planned geographic expansion into Japan and South Korea and the joint development of innovative financing solutions. Alongside a number of currently ongoing discussions, the strategic cooperation has already resulted in collaboration with the companies AUTO1 Group, Brightstar and OYO.

During the reporting period, the company issued its first bond with institutional investors on the international debt capital market in order to diversify and optimise the capital structure. The independent rating agency Moodys classified both the issuer and the issue rating with an investment grade rating (Baa3). With a volume of EUR 500 million and a coupon of 0.50%, the order book was oversubscribed more than two times following the completion of the pricing process. The bond is listed on the Euro MTF of the Luxembourg Stock Exchange and the term ends in September 2024. Crédit Agricole, Deutsche Bank and ING are acting as global coordinators, while Citigroup, Credit Suisse, ABN AMRO and Lloyds Bank are acting as joint bookrunners. The funds received from the issuing of the bond were fully used as planned during the reporting period for the repayment of amounts drawn on existing credit facilities.

In the reporting period, Wirecard experienced very successful operating growth. Fee income from the core business of Wirecard, namely the acceptance and issuing of means of payment along with associated value added services, is generally proportionate to the transaction volumes processed. In the first nine months of the 2019 fiscal year, the transaction volume amounted to EUR 124.2 billion (9M 2018: EUR 90.2 billion), which corresponds to year-on-year growth of 38 percent. The transaction volume generated within Europe grew by around 30 percent to EUR 58.6 billion (9M 2018: EUR 45.2 billion), while the transaction volume generated outside Europe grew by around 46 percent to EUR 65.5 billion (9M 2018: EUR 45.0 billion).

Transaction Volume 9M 2019 / 9M 2018

in EUR billion	9M 2019	9M 2018	Change in percent
Europa	58.6	45.2	29.8%
Out of Europe	65.5	45.0	45.5%
Total	124.2	90.2	37.7%

The individual target sectors developed positively throughout with numerous new customer acquisitions. The consumer goods sector grew by around 33 percent to EUR 57.8 billion (9M 2018: EUR 43.3 billion), digital goods grew by around 56 percent to EUR 47.1 billion (9M 2018: EUR 30.2 billion) and travel and mobility grew by around 16 percent to EUR 19.3 billion (9M 2018: EUR 16.7 billion). The shares of the total volume accounted for by these sectors were 46.5 percent for consumer goods, 37.9 percent for digital goods and 15.6 percent for travel and mobility.

4. Business performance after the reporting period and Outlook

After the reporting period, the British financial newspaper "The Financial Times" published new allegations as well as a number of misleading claims and conclusions. Wirecard categorically rejects these allegations and issued a statement on the matter on 16 October 2019 in the form of a press release, which is published on the website ir.wirecard.com.

In order to fully and independently clarify the allegations, the Management Board and the Supervisory Board of Wirecard AG have decided to commission the audit firm KPMG AG Wirtschaftsprüfungsgesellschaft to conduct an independent audit, in addition to the previously completed audit procedures and the audit results already made available about these issues.

Alongside the allegations made by "The Financial Times", the scope of the audit will inter alia also cover accusations made around the business with acquiring partners (third-party business) as well as the business field "Merchant Cash Advance".

The already started audit is expected to be concluded by the end of the first quarter of fiscal year 2020. KPMG is obliged only to the Supervisory Board and will receive unrestricted access to all relevant information at all levels of the Group.

KPMG will directly and independently report the audit results in a report to the Supervisory Board of Wirecard AG. The audit results will be presented to the public – subject to any data protection provisions – on the company's website at ir.wirecard.com.

After the reporting period, the company announced the launch of the Share Buyback Program 2019/I following approval by the companys Supervisory Board and authorisation by the Annual General Meeting on 20 June 2017.

The share buyback will be carried out in accordance with the Safe Harbour Rules defined under Article 5 of Regulation (EU) No. 596/2014 of the European Parliament and of the Council of 16 April 2014, in conjunction with the provisions in the Commission Delegated Regulation (EU) 2016/1052 of 8 March 2016.

Within a period of twelve months, Wirecard will buy back shares in the company with a total volume of up to EUR 200 million (excluding acquisition expenses) and a maximum total number of 2,500,000 shares.

By investing in a comprehensive license portfolio for digital payment services as part of a takeover, Wirecard announced its market entry in China after the reporting period. Wirecard will gradually acquire all shares in the Beijing-based AllScore Payment Services. The framework agreement was signed. After the closing, which is subject to customary and regulatory closing conditions, Wirecard will hold 80 percent of all shares in AllScore. A call option enables Wirecard to acquire the remaining 20 percent of shares after two years.

AllScore Payment Services, founded in 2007, is a local Payment Service Provider owning an attractive license portfolio and employing a dedicated team of more than 120 people. The license portfolio enables Wirecard to offer internationally oriented Chinese merchants local acquiring services, cross-border acquiring including settlement in their local currency and innovative digital value added services. Additionally, the international merchants of Wirecard gain access to Chinese consumers and are enabled to accept widely-used digital mobile payments methods and receive settlements in their respective local currency. The license portfolio also provides Wirecard with the capability to issue payment cards to consumers and companies in China.

The consideration in connection with this transaction comprises cash payments, including a capital increase of AllScore Payment Services, of up to EUR 72.4 million until closing. Subject to customary closing date account adjustments the minimum payment will amount to EUR 38.6 million. Furthermore, an earn-out payment of up to EUR 16.7 million has been agreed to, subject to EBITDA targets in the fiscal year 2020. Wirecard holds a call option to acquire the remaining 20 percent of shares after two years for up to EUR 20.2 million, subject to post-closing EBITDA targets.

For fiscal 2020, Wirecard projects a low single-digit EBITDA contribution in EUR million after integration costs. The integrated company will generate more than EUR 35 million of EBITDA in 2021 and an EBITDA in excess of EUR 50 million in 2022.

The Management Board expects the positive business performance to continue in the remaining fiscal year 2019 and is not aware of any significant changes to the forecasts for the macroeconomic and sector-specific framework conditions described in detail in the Annual Report.

The Management Board confirmed its forecast for the current 2019 fiscal year of EBITDA of between EUR 765 million and EUR 815 million. In addition, the Management Board issued its first EBITDA forecast for the following fiscal year and expects EBITDA of between EUR 1,00 billion and EUR 1,12 billion in 2020.

Results of financial position and financial performance

5. Notes to the consolidated statement of profit or loss

In the nine-month period 2019, Wirecard achieved further significant growth in both revenues and operating profit.

Group gross profit (revenues including own work capitalised less cost of materials) increased by 36.5 percent to EUR 933.9 million in the nine-month period 2019 (9M 2018: EUR 684.2 million).

5.1 Revenue trends

Wirecard's consolidated revenues increased in the nine-month period 2019 by 36.7 percent from EUR 1,420.1 million in the same period of the previous year to EUR 1,941.3 million.

Revenues generated in the nine-month period 2019 in the core segment of Payment Processing & Risk Management, arising from risk management services and the processing of online payment transactions, increased by 45.6 percent from EUR 1,016.6 million in the same period of the previous year 2018 to EUR 1,479.6 million.

The share of total consolidated revenues accounted for by the Acquiring & Issuing segment grew by 14.7 percent in the nine-month period 2019 due to organic growth within the Group to EUR 522.4 million (9M 2018: EUR 455.6 million), of which the share accounted for by Issuing amounted to EUR 219.7 million in the nine-month period 2019 (9M 2018: EUR 199.2 million).

The interest income generated by the Acquiring & Issuing segment in the nine-month period 2019 totalled EUR 18.9 million (9M 2018: EUR 15.0 million) and is recognised as revenue in the consolidated statement of profit or loss in accordance with IFRS accounting principles.

5.2 Trends in key expense items

The Group's cost of materials increased in the nine-month period 2019 to EUR 1,039.8 million compared to EUR 767.0 million in the nine-month period 2018. The cost of materials mainly comprises of charges from credit card issuing banks (interchange), fees from credit card companies (for example, MasterCard and Visa), transaction costs as well as transaction-related charges from third-party providers (for example, in the area of risk management and acquiring). Expenses for payment guarantees are also included in the area of risk management. The area of acquiring also includes commission costs for external sales.

Group personnel expenses rose to EUR 213.4 million in the nine-month period 2019, up by 24.1 percent quarter on quarter (9M 2018: EUR 172.0 million). The personnel expense ratio within the Group decreased by 1.2 percentage points to 11.0 percent compared to the nine-month period 2018.

Other operating expenses of the Group in total amounted to EUR 156.5 million in the nine-month period 2019 (9M 2018: EUR 105.6 million) and split as follows:

Other operating expenses

in EUR million	**9M 2019**	9M 2018
Legal and financial statement costs	**30.1**	9.7
Consulting expenses and consulting-related expenses	**34.1**	20.7
Office expenses	**5.3**	13.7
Equipment	**22.7**	18.3
Travel, sales and marketing	**19.1**	15.3
Personnel-related expenses	**23.5**	12.8
Insurance payments, contributions and levies	**4.3**	3.2
Other	**17.3**	11.8
Total	**156.5**	**105.6**

In particular as part of the investigations in Asia there was an increase in legal and financial statement costs as well as in consulting expenses and consulting-related expenses compared to the same period of previous year. In this context, we also refer to our explanations in the consolidated management report under the section 2. “Opportunities and risks” in the Annual Report 2018.

Office expenses reduced due to the initial application of IFRS 16 (Leases) as of 1 January 2019. Accordingly, there was a corresponding increase in amortization/depreciation on property, plant and equipment held under leases compared to the nine-month period 2018.

Amortisation/depreciation in total of EUR 102.2 million (9M 2018: EUR 78.4 million) is divided below the consolidated statement of profit or loss into two items for the purpose of better transparency. It is split up so that the amortisation/depreciation of assets which result from business combinations and acquired customer relationships (M&A-related) can be presented separately.

5.3 EBITDA trends

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

Operating earnings before interest, tax, depreciation and amortisation (EBITDA) grew in the nine-month period 2019 in the Group by 38.4 percent from EUR 399.8 million in same period of previous year to EUR 553.1 million. The EBITDA margin stood at 28.5 percent in the nine-month period 2019 (9M 2018: 28.1 percent).

The EBITDA of the Payment Processing & Risk Management segment stood at EUR 476.9 million in the nine-month period 2019 and grew by 41.6 percent (9M 2018: EUR 336.8 million). The share of the EBITDA accounted for by the Acquiring & Issuing segment in the nine-month period 2019 reached EUR 76.7 million (9M 2018: EUR 63.2 million), of which the share of the EBITDA accounted for by Issuing in the nine-month period 2019 amounted to EUR 36.5 million (9M 2018: EUR 30.8 million).

5.4 Financial result

The financial result of the Group in the nine-month period 2019 was EUR –14.8 million (9M 2018: EUR –16.0 million). Financial expenses amounted to EUR 37.6 million in the nine-month period 2019 (9M 2018: EUR 25.7 million) and included in particular interest expenses from loans and leases as well as the unwinding of discounts on liabilities. Accordingly, Wirecard's financial income stood at EUR 22.7 million (9M 2018: EUR 9.7 million) and was mainly due to interest income and income from fair value measurements.

5.5 Taxes

Due to the international orientation of the Group, the cash tax rate (excluding deferred taxes) amounted to 11.3 percent in the nine-month period 2019 (9M 2018: 10.4 percent). Including deferred taxes, the tax rate was 11.3 percent (9M 2018: 17.3 percent).

5.6 Earnings after tax

Earnings after tax in the nine-month period 2019 increased by 53.2 percent compared to the same period of previous year, from EUR 252.4 million to EUR 386.7 million.

5.7 Earnings per share

The average number of issued shares on an undiluted basis amounted to 123,565,586 shares in the nine-month period 2019 (9M 2018: 123,565,586 shares). Basic (undiluted) earnings per share stood at EUR 3.13 in the nine-month period 2019 (9M 2018: EUR 2.04).

6. Notes to the consolidated statement of financial position – assets

6.1 Intangible assets

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

Goodwill and customer relationships

In the nine-month period 2019, goodwill changed as a result of currency-related valuations at the reporting date by EUR 20.0 million. As of 30 September 2019, goodwill in total amounted to EUR 725.9 million (31 December 2018: EUR 705.9 million) and is assigned to the following groups of cash-generating units:

Goodwill

in EUR million	**30 Sept 2019**	31 Dec 2018
Payment Processing & Risk Management	**568.6**	552.6
Acquiring & Issuing	**157.0**	153.0
Call Center & Communication Services	**0.3**	0.3
Total	**725.9**	705.9
Less: impairment losses	**0.0**	0.0
	725.9	705.9

The change in the statement of financial position item customer relationships of EUR 6.8 million in the nine-month period 2019 relates to amortisation/depreciation and currency-related valuations at the reporting date.

Internally-generated intangible assets

In the nine-month period 2019, internally-generated software was developed and capitalised in the amount of EUR 32.4 million (9M 2018: EUR 31.1 million).

6.2 Property, plant and equipment

The increase in this statement of financial position item is mainly attributable to the initial application of IFRS 16 (Leases) as of 1 January 2019.

The carrying amount of properties, technical equipment, operating and office equipment as well as motor vehicles held as part of leases as of 30 September 2019 totalled EUR 60.1 million (31 December 2018: EUR 36.5 million as part of finance leases according to IAS 17) and is reported accordingly under property, plant and equipment. The leased items partly serve as collateral for the respective obligations from the lease agreements.

6.3 Financial and other assets / interest-bearing securities
Financial and other assets and interest bearing securities as of 30 September 2019 amounted to EUR 386.2 million (31 December 2018: EUR 413.6 million).

These detail at the reporting date as follows:

Financial and other assets / interest-bearing securities

in EUR million	**30 Sept 2019**	31 Dec 2018
Visa preferred stock	**32.2**	23.6
Financing agreements (amongst others sales partner)	**132.4**	132.9
Convertible bonds	**13.2**	13.2
Securities	**2.4**	2.3
Securities/collared floaters from bank business	**0.0**	24.7
Receivables from bank business (mostly from FinTech business)	**126.8**	123.4
Other M&A related assets	**66.2**	89.5
Other	**12.9**	3.9
	386.2	413.6

As part of the purchase price allocation related to the acquisition of Citis card acceptance business in the Asia - Pacific region in accordance with IFRS 3, various other assets were identified that were recognised accordingly in a separate item. This was due to accounting-specific rules for the accounting of various contractual rights and assets in accordance with IFRS 3.

6.4 Receivables of the acquiring business
The statement of financial position items receivables as well as liabilities of the acquiring business of Wirecard are mainly characterised by the transaction volume of merchants that utilise Wirecards payment services. Particular due to the legal guidelines for the licensing agreements depending on the region and sector in which the merchant and acquiring partner operate, as well as to the business relationship between the merchant and Wirecard, different business models are utilised and can result in varying accounting methods being applied.

The transaction volumes within and via Wirecard are correspondingly reported separately under the item receivables of the acquiring business in the consolidated statement of financial position as trade receivables from credit card organisations, banks and acquiring partners.

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

6.5 Trade and other receivables

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

Trade and other receivables

in EUR million	**30 Sept 2019**	31 Dec 2018
Receivables from bank business (mostly from FinTech business)	**117.9**	98.0
Receivables from prepaid card business	**42.5**	40.3
Other M&A related receivables	**42.1**	31.4
Other trade receivables	**131.1**	115.6
Other receivables	**96.9**	72.2
	430.5	357.4

The item other receivables comprises of rent, insurances and other services that due to their contractual terms are accrued over the reporting date. Further, this subitem comprises deposits, receivables from employees and other assets.

6.6 Interest-bearing securities and fixed-term deposits

Apart from investing in various interest-bearing securities, Wirecard has also invested as in previous years 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 credit risk by renowned ratings agencies. Fixed-term deposits with a term of more than three months are disclosed under Interest-bearing securities and fixed-term deposits. In contrast, fixed-term deposits with a term of up to three months are reported under the statement of financial position item Cash and cash equivalents.

6.7 Cash and cash equivalents

As of 30 September 2019, the item Cash and cash equivalents totalling EUR 3,287.4 million (31 December 2018: EUR 2,719.8 million) included cash in hand and bank balances (demand deposits, fixed-term deposits with a term of up to three months and overnight deposits). This statement of financial position item also includes cash from current customer deposits which are not invested in interest-bearing securities (30 September 2019: EUR 1,719.2 million; 31 December 2018: EUR 1,263.0 million) as well as funds from the acquiring business of Wirecard Bank AG (30 September 2019: EUR 303.3 million; 31 December 2018: EUR 453.4 million). To improve its interest income, Wirecard invests some of the customer deposits in various short, medium and long-term interest bearing securities (collared floaters and other interest-bearing securities). These are disclosed under non-current financial and other assets as well as current interest-bearing securities. Excluding the purchase of these securities and the fixed-term deposits with a term of more than three months, the statement of financial position item Cash and cash equivalents would have been EUR 554.0 million higher in total as of 30 September 2019 (31 December 2018: EUR 166.7 million).

7. Notes to the consolidated statement of financial position – equity and liabilities

7.1 Subscribed capital

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

7.2 Retained earnings

At the Annual General Meeting 2019 on 18 June 2019, a resolution was passed to pay a dividend of EUR 0.20 per dividend-entitled ordinary share to the shareholders, corresponding to a total amount of EUR 24.7 million. In the previous year 2018, the dividend payment amounted to EUR 0.18 per dividend-entitled ordinary share, which corresponded to an amount in total of EUR 22.2 million.

7.3 Other components of equity

Translation reserve

The foreign currency translation reserve changed in the nine-month period 2019 due to foreign currency translations with no effect on profit or loss according to IAS 21 from EUR –71.2 million as of 31 December 2018 to EUR –41.2 million as of 30 September 2019. This development was primarily attributable to goodwill and customer relationships accounted for in foreign currencies due to the acquisitions concluded in previous years.

7.4 Non-current liabilities

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

Non-current interest-bearing liabilities

Non-current interest-bearing liabilities increased in the nine-month period 2019 by EUR 309.0 million from EUR 1,348.7 million as of 31 December 2018 to EUR 1,657.7 million as of 30 September 2019. This increase in the reporting period mainly relates to the product offering for Digital Lending including the real-time payout of transactions already conducted, which is available in particular to small and medium-sized merchants as well as investments in the expansion and granting of licenses in Asia and the USA.

On 11 September 2019 Wirecard issued a bond with a term of five years and a nominal value of EUR 500.0 million for the first time. The net proceeds from the issue were used in total to repay part of the existing syndicated loan. In this context, we refer to our comments under the section "Business development in the reporting period".

Other non-current liabilities

This statement of financial position item details as follows:

Other non-current liabilities

in EUR million	**30 Sept 2019**	31 Dec 2018
Earnout liabilities	**3.6**	5.6
Lease liabilities	**41.6**	27.2
Variable remuneration and pension benefits	**3.3**	2.0
Other M&A related liabilities	**88.7**	120.0
Other non-current liabilities	**7.9**	9.1
	145.0	163.8

The portion of earnout components and current purchase price liabilities that is due within the period of one year is EUR 17.7 million as of 30 September 2019 (31 December 2018: EUR 25.9 million) and is disclosed under current liabilities.

The increase in leasing liabilities is, in particular, due to the initial application of IFRS 16 (Leases) as of 1 January 2019.

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

Deferred tax liabilities

Deferred taxes of EUR 78.7 million (31 December 2018: EUR 80.1 million) refer to temporary differences between the carrying amounts of assets and liabilities in the tax statement of financial position and their carrying amounts in the consolidated statement of financial position according to IFRS. These are reported under non-current liabilities and are due, in particular, to the disclosure of intangible assets as part of the acquisitions concluded in previous years.

7.5 Current liabilities

Current liabilities consist of liabilities of the acquiring business, trade payables, interest-bearing liabilities, other provisions, other liabilities, customer deposits from banking operations and tax provisions.

Liabilities of the acquiring business

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

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

Trade payables

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

Interest-bearing liabilities

Current interest-bearing liabilities of EUR 127.7 million (31 December 2018: EUR 117.4 million) mainly comprise of loans that are due within one year.

Other liabilities

This statement of financial position item details as follows:

Other liabilities

in EUR million	**30 Sept 2019**	31 Dec 2018
Accruals	**71.5**	65.2
Other M&A related liabilities	**56.9**	45.4
Lease liabilities	**27.2**	16.5
Purchase price liabilities	**17.7**	25.9
Other	**38.6**	33.6
	211.9	186.6

The increase in leasing liabilities is, in particular, due to the initial application of IFRS 16 (Leases) as of 1 January 2019.

Customer deposits from banking operations

As of 30 September 2019 this statement of financial position item includes customer deposits of EUR 1,719.2 million (31 December 2018: EUR 1,263.0 million).

8. Notes to the consolidated statement of cash flows

8.1 Cash flow from operating activities

The cash flow from operating activities before the changes from banking operations changed in the nine-month period 2019 from EUR 244.8 million in the same period of the previous year 2018 to EUR 371.3 million, 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 of 2018, which was mainly due to delayed payouts on account of the public holidays, an opposite cash flow trend occured in the nine-month period 2019.

In the nine-month period 2019, cash flow from the banking operations amounting to EUR 17.7 million was generated (9M 2018: EUR –195.5 million). The main reason for this development was the increase in customer deposits from Wirecards growing issuing business, which were increasingly invested in short-term assets from the banking sector. The cash flow from operating activities in the nine-month period 2019 thus amounted to EUR 389.0 million in total (9M 2018: EUR 49.3 million).

8.2 Cash flow from investing activities

The cash flow from investing activities is the result of the cash inflows from non-current assets (excluding deferred taxes) and the cash outflows for investments in non-current assets (excluding deferred taxes). The cash flow from investing activities totalled EUR –75.0 million in the nine-month period 2019 (9M 2018: EUR –91.9 million).

The cash outflows for investments mainly comprise of the following:

Substantial cash outflows for investments

in EUR million	**9M 2019**	9M 2018
Strategic transactions/M&A	**0.0**	41.1
Internally-generated intangible assets	**32.3**	31.1
Other intangible assets (software)	**29.9**	8.5
Property, plant and equipment	**12.8**	13.2

8.3 Cash flow from financing activities

Cash flow from financing activities in the nine-month period 2019 mainly concerns cash inflows from drawing on financial liabilities of EUR 1,053.9 million (9M 2018: EUR 648.0 million). Opposite, there was a cash outflow for the repayment of financial liabilities of EUR –737.1 million (9M 2018: EUR –406.9 million). The net proceeds from the issue of the bond on 11 September 2019 with a nominal value of EUR 500.0 million were used in total to repay part of the existing syndicated loan.

In addition, repayments were carried out in context of lease liabilities, which resulted in a cash flow of EUR –24.0 million (9M 2018: EUR –10.7 million) and a dividend in a total amount of EUR –24.7 million (9M 2018: EUR –22.2 million) was paid in the nine-month period 2019.

8.4 Net cash items

Net Cash Position - Wirecard

in EUR million		**30 Sept 2019**		31 Dec 2018
Cash and cash equivalents		**3,287.4**		2,719.8
Securities		**2.4**		2.3
Receivables of the acquiring business and trade and other receivables		**1,163.3**		1,042.4
Interest-bearing liabilities / other liabilities		**–339.5**		–303.9
Customer deposits from banking operations	**–1,719.2**	**–1,167.6**	–1,263.0	–1,098.7
Non-current interest-bearing securities	**0.0**		24.7	
Interest-bearing securities and fixed-term deposits	**551.6**		139.6	
Liabilities of the acquiring business and trade payables		**–657.4**		–715.3
Net Cash Position - Wirecard		**2,288.6**		1,646.6

The calculation shown in the table also contains liabilities from M&A projects and earnout obligations disclosed as liabilities.

To gain a non-current view of the net cash items, the items non-current interest-bearing liabilities and other non-current liabilities, as well as non-current financial and other assets / interest bearing securities, are taken into account. This calculation also shows the solid financial situation of Wirecard as in previous years.

Net Cash Position (long term view - Wirecard

in EUR million		**30 Sept 2019**		31 Dec 2018
Net Cash Position - Wirecard		**2,288.6**		1,646.6
Long term interest-bearing financial assets	**386.2**	**383.7**	413.6	386.6
(thereof customer deposit related)	**2.4**		27.0	
Non-current interest-bearing liabilities		**–1,657.7**		–1,348.7
Other non-current liabilities		**–145.0**		–163.8
Non-current Net Cash position		**869.7**		520.6

Alongside the loans recognised in the statement of financial position, additional credit lines from commercial banks amounting to EUR 611.1 million are available as of 30 September 2019 (31 December 2018: EUR 436.4 million).

8.5 Free cash flow

In addition to the statement of cash flows presented, Wirecard also uses the free cash flow to evaluate its operating performance and to provide an overview of the cash generated by the operating business. Free cash flow is defined as cash flow from operating activities less investment in property, plant and equipment, internally-generated intangible assets and other intangible assets (software). In particular, the free cash flow is available for strategic transactions/M&A activities and for dividend payments.

Free cash flow

in EUR million	**30 Sept 2019**	30 Sept 2018
Cash flow from operating activities (adjusted)	**486.8**	310.1
Operative CAPEX	**75.0**	52.8
Free cash flow	**411.8**	257.3

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 106.5 percent (30 September 2018: 102.0 percent).

Cash conversion

in EUR million	**30 Sept 2019**	30 Sept 2018
Free cash flow	**411.8**	257.3
Earnings after tax	**386.7**	252.4
Cash conversion in percent	**106.5**	102.0

9. Other notes

9.1 Segment reporting

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

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

Revenues by operating segment

in EUR million	**9M 2019**	9M 2018
Payment Processing & Risk Management (PP&RM)	**1,479.6**	1,016.6
Acquiring & Issuing (A&I)	**522.4**	455.6
Call Center & Communication Services (CC&CS)	**6.8**	6.8
	2,008.9	1,478.9
Consolidation PP&RM	**–45.8**	–37.6
Consolidation A&I	**–16.6**	–16.3
Consolidation CC&CS	**–5.2**	–4.9
Total	**1,941.3**	1,420.1

EBITDA by operating segment

in EUR million	**9M 2019**	9M 2018
Payment Processing & Risk Management (PP&RM)	**476.9**	336.8
Acquiring & Issuing (A&I)	**76.7**	63.2
Call Center & Communication Services (CC&CS)	**–0.4**	–0.1
	553.2	399.9
Consolidations	**0.0**	–0.2
Total	**553.1**	399.8

Revenues by region

in EUR million	**9M 2019**	9M 2018
Europe (incl. Germany)	**930.1**	725.3
Asia and Pacific	**987.1**	635.1
America and Africa	**142.1**	135.0
	2,059.3	1,495.4
Consolidation Europe	**–106.9**	–68.5
Consolidation Asia and Pacific	**–8.6**	–6.3
Consolidation America and Africa	**–2.5**	–0.5
Total	**1,941.3**	1,420.1

EBITDA by region

in EUR million	**9M 2019**	9M 2018
Europe (incl. Germany)	**240.6**	197.3
Asia and Pacific	**279.8**	162.2
America and Africa	**32.8**	40.3
	553.1	399.8
Consolidations	**0.0**	0.0
Total	**553.1**	399.8

9.2 Corrections in accordance with IAS 8

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

Consolidated statement of profit or loss

in EUR million	1 Jul 2018 – 30 Sep 2018	1 Jan 2018 – 30 Sep 2018
Revenues	–12.2	–24.6
Cost of materials	–10.0	–29.0
Net effect on EBITDA	-2.2	+4.4
Amortisation	+0.5	+1.5
Net effect on profit before taxes	-2.7	+2.9
Tax expenses	-0.6	+0.7
Net effect on profit after taxes	-2.1	+2.2

Earnings per share

in EUR	1 Jul 2018 – 30 Sep 2018	1 Jan 2018 – 30 Sep 2018
Earnings per share (basic and diluted)	–0.02	+0.02

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

Consolidated statement of financial position

Assets

in EUR million	30 Sept 2019	31 Dec 2018
I. Non-current assets		
1. Intangible assets		
Goodwill	**725.9**	705.9
Customer relationships	**445.2**	452.1
Internally-generated intangible assets	**150.7**	138.2
Other intangible assets	**118.8**	113.3
	1,440.6	1,409.5
2. Property, plant and equipment	**105.1**	81.5
3. Investments accounted for using the equity method	**13.9**	14.0
4. Financial and other assets / interest-bearing securities	**386.2**	413.6
5. Tax credits		
Deferred tax assets	**11.9**	10.8
Total non-current assets	**1,957.7**	1,929.4
II. Current assets		
1. Inventories and work in progress	**7.1**	10.6
2. Receivables of the acquiring business	**732.8**	684.9
3. Trade and other receivables	**430.5**	357.4
4. Tax credits		
Tax refund entitlements	**34.3**	13.1
5. Interest-bearing securities and fixed-term deposits	**551.6**	139.6
6. Cash and cash equivalents	**3,287.4**	2,719.8
Total current assets	**5,043.8**	3,925.5
Total assets	**7,001.5**	5,854.9

Equity and liabilities

in EUR million	**30 Sept 2019**	31 Dec 2018
I. Equity		
1. Subscribed capital	**123.6**	123.6
2. Capital reserve	**494.7**	494.7
3. Retained earnings	**1,737.7**	1,375.7
4. Other components of equity	**–41.2**	–71.2
Total equity	**2,314.8**	1,922.7
II. Liabilities		
1. Non-current liabilities		
Non-current interest-bearing liabilities	**1,657.7**	1,348.7
Other non-current liabilities	**145.0**	163.8
Deferred tax liabilities	**78.7**	80.1
Total non-current liabilities	**1,881.3**	1,592.6
2. Current liabilities		
Liabilities of the acquiring business	**578.6**	651.9
Trade payables	**78.8**	63.4
Interest-bearing liabilities	**127.7**	117.4
Other provisions	**31.3**	18.5
Other liabilities	**211.9**	186.6
Customer deposits from banking operations	**1,719.2**	1,263.0
Tax provisions	**58.0**	38.9
Total current liabilities	**2,805.4**	2,339.6
Total liabilities	**4,686.7**	3,932.2
Total equity and liabilities	**7,001.5**	5,854.9

Consolidated statement of profit or loss

in EUR million		**1 Jul 2019 – 30 Sept 2019**		1 Jul 2018 – 30 Sept 2018
				adjusted*
Revenues		**731.5**		534.9
Own work capitalised		**10.1**		10.3
Cost of materials		**387.4**		293.0
Gross profit		**354.2**		252.3
Personnel expenses		**72.7**		60.0
Other operating expenses		**56.0**		37.5
Impairment losses of financial assets		**17.2**		9.1
Other operating income		**2.7**		2.2
Share of profit or loss from associates (at equity)		**0.1**		–0.1
EBITDA		**211.1**		147.9
Amortisation/depreciation		**37.2**		26.5
EBIT		**173.8**		**121.4**
Financial result		**–5.4**		–4.6
Other financial income	**12.3**		4.7	
Financial expenses	**17.7**		9.2	
Earnings before tax **		**168.4**		116.8
Income tax expense		**19.2**		21.9
Earnings after tax **		**149.2**		94.9
Earnings per share (basic and diluted) in EUR		**1.21**		0.77
Average shares outstanding (basic and diluted)		**123,565,586**		123,565,586

EBITDA	**211.1**	147.8
Amortisation and depreciation (M&A adjusted)***	**29.0**	17.0
EBIT adjusted ***	**182.0**	130.8
Amortisation and depreciation (M&A related)	**8.2**	9.5
EBIT	**173.8**	121.3

* Some of the amounts disclosed differ from the figures in the Quarterly Statement as of 30 September 2018 due to adjustments made in accordance with IAS 8

** Attributable entirely to the shareholders of the parent company

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

in EUR million		**1 Jan 2019 – 30 Sept 2019**		1 Jan 2018 – 30 Sept 2018
				adjusted*
Revenues		**1,941.3**		1,420.1
Own work capitalised		**32.4**		31.1
Cost of materials		**1,039.8**		767.0
Gross profit		**933.9**		684.2
Personnel expenses		**213.4**		172.0
Other operating expenses		**156.5**		105.6
Impairment losses of financial assets		**18.8**		13.4
Other operating income		**8.0**		7.0
Share of profit or loss from associates (at equity)		**–0.1**		–0.4
EBITDA		**553.1**		399.8
Amortisation/depreciation		**102.2**		78.4
EBIT		**450.9**		321.4
Financial result		**–14.8**		–16.0
Other financial income	**22.7**		9.7	
Financial expenses	**37.6**		25.7	
Earnings before tax **		**436.1**		305.4
Income tax expense		**49.4**		53.0
Earnings after tax **		**386.7**		252.4
Earnings per share (basic and diluted) in EUR		**3.13**		2.04
Average shares outstanding (basic and diluted)		**123,565,586**		123,565,586

EBITDA	**553.1**	399.8
Amortisation and depreciation (M&A adjusted)***	**76.3**	49.4
EBIT adjusted ***	**476.9**	350.3
Amortisation and depreciation (M&A related)	**25.9**	28.9
EBIT	**450.9**	321.4

* Some of the amounts disclosed differ from the figures in the Quarterly Statement as of 30 September 2018 due to adjustments made in accordance with IAS 8

** Attributable entirely to the shareholders of the parent company

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

Consolidated statement of cash flows

in EUR million	**1 Jan 2019 – 30 Sept 2019**	1 Jan 2018 – 30 Sept 2018
		adjusted*
Earnings after tax	**386.7**	252.4
Financial result	**14.8**	16.0
Income tax expense	**49.4**	53.0
Gain/loss from disposal of non-current assets	**1.0**	–0.4
Amortisation/depreciation	**102.2**	78.4
Change from currency translation differences	**0.1**	0.6
Change in inventories	**3.5**	1.9
Change in receivables of the acquiring business, trade and other receivables	**–93.2**	–234.7
Change in liabilities of the acquiring business and trade payables	**–57.6**	90.4
Change in other assets and liabilities	**10.9**	31.4
Net cash outflow arising from income tax	**–46.1**	–44.0
Interest paid excluding interest on financial liabilities and leases	**–0.9**	–0.5
Interest received	**0.6**	0.3
Cash flow from operating business before banking operations	**371.3**	244.8
Change in non-current assets of banking operations	**1.0**	–24.8
Change in current assets of banking operations	**–439.4**	–248.7
Change in customer deposits of banking operations	**456.1**	78.0
Cash flow from operating business of banking operations	**17.7**	–195.5
Cash flow from operating activities	**389.0**	49.3
Cash outflows for investments in intangible assets	**–62.2**	–73.3
Cash outflows for investments in property, plant and equipment	**–12.8**	–13.2
Cash inflows from investments in financial assets and interest-bearing securities	**0.0**	2.0
Cash outflows for acquisition of consolidated companies less acquired cash	**0.0**	–7.4
Cash flow from investing activities	**–75.0**	–91.9
Cash outflows for previous years acquisitions of companies	**–2.4**	–20.0
Repayment of lease liabilities	**–24.0**	–10.7
Cash inflows from drawing down of financial liabilities	**1,053.9**	648.0
Cash outflows for expenses from drawing down of financial liabilities	**–10.1**	–7.1
Cash outflows for repayment of financial liabilities	**–737.1**	–406.9
Dividends paid	**–24.7**	–22.2
Interest paid on financial liabilities and leases	**–7.9**	–8.9
Cash flow from financing activities	**247.7**	172.2
Net change in cash and cash equivalents	**561.7**	129.5
Exchange-rate- and revaluation-related changes to cash and cash equivalents	**–4.3**	–6.9
Cash and cash equivalents at start of period	**2,702.5**	1,895.9
Cash and cash equivalents at end of period	**3,260.0**	2,018.5

* Some of the amounts disclosed differ from the figures in the Quarterly Statement as of 30 September 2018 due to adjustments made in accordance with IAS 8

Consolidated cash flow from operating activities (adjusted)

in EUR million	**1 Jan 2019 – 30 Sept 2019**	1 Jan 2018 – 30 Sept 2018
		adjusted*
Earnings after tax	**386.7**	252.4
Financial result	**14.8**	16.0
Income tax expense	**49.4**	53.0
Gain/loss from disposal of non-current assets	**1.0**	–0.4
Amortisation/depreciation	**102.2**	78.4
Change from currency translation differences	**0.1**	0.6
Change in inventories	**3.5**	1.9
Change in trade and other receivables	**–50.1**	–72.2
Change in trade payables	**14.7**	–6.8
Change in other assets and liabilities	**10.9**	31.4
Net cash outflow arising from income tax	**–46.1**	–44.0
Interest paid excluding interest on financial liabilities and leases	**–0.9**	–0.5
Interest received	**0.6**	0.3
Cash flow from operating activities (adjusted	**486.8**	310.1

* Some of the amounts disclosed differ from the figures in the Quarterly Statement as of 30 September 2018 due to adjustments made in accordance with IAS 8 (see Note 9.2)

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