ANNUAL REPORT 2014

BEING AGILE – CREATING VALUE

wirecard

KEY FIGURES

WIRECARD-GROUP	2014	2013	
Sales revenues	**601,032**	481,744	kEUR
EBITDA	**172,941**	125,957	kEUR
EBIT	**132,856**	98,548	kEUR
Earnings after taxes	**107,929**	82,729	kEUR
Earnings per share (diluted)	**0.89**	0.74	EUR
Shareholder´s equity	**1,072,886**	608,411	kEUR
Total assets	**1,995,159**	1,430,520	kEUR
Cash flow on ordinary transactions (adjusted)	**143,994**	107,452	kEUR
Employees (average)	**1,750**	1,025	
of which part-time	**168**	154	

SEGMENTS		2014	2013	
Payment Processing & Risk Management	Sales revenue	**443,400**	351,398	kEUR
	EBITDA	**139,193**	98,019	kEUR
Acquiring & Issuing	Sales revenue	**205,296**	169,928	kEUR
	EBITDA	**33,406**	27,752	kEUR
Call Center & Communication Services	Sales revenue	**5,326**	4,797	kEUR
	EBITDA	**342**	191	kEUR
Consolidation	Sales revenue	**– 52,990**	– 44,379	kEUR
	EBITDA	**0**	– 5	kEUR
Total	Sales revenue	**601,032**	481,744	kEUR
	EBITDA	**172,941**	125,957	kEUR

Financial Technology for more than 19,000 customers

Reinventing Payment – since 1999
Online, mobile and at the point of sale: Wirecard is the leading specialist for payment processing and issuing.

CONTENT

DR. MARKUS BRAUN

CEO, CTO

Letter from the CEO

Dear ladies and gentlemen,
Dear shareholders,

Wirecard AG was able to report a successful 2014 fiscal year. Transaction volumes processed through the Wirecard platform grew by 28.5 percent to EUR 34.3 billion. Asia contributed EUR 7.4 billion, which represented a share of 21.6 percent of the total volume.

Consolidated revenue grew 24.8 percent year on year to reach EUR 601 million. Earnings before interest, tax, depreciation and amortisation (EBITDA) increased by 37.3 percent to EUR 172.9 million.

Development in 2014

In the 2014 fiscal year, Wirecard Group exceeded its growth targets in its core e-commerce business. The key factors, alongside market growth, were the resulting increase in processing volumes from existing customers, our sales success with new customers, the strategic expansion and innovations in the area of mobile payment business and the associated value added services.

Today, Wirecard is one of the world's leading technology companies for electronic payment transactions. Our solutions provide customers with the opportunity to reduce costs and add value by enabling them to outsource the growing complexity of payment processing to a service-provider. We offer retailers payment processing based on Internet technologies for all sales channels, whether online, mobile or point-of-sale (POS).

In 2014, Wirecard achieved further progress in the development of its core business for innovative payments, risk management and payment acceptance. In its area of payment acceptance solutions, the Company continuously expanded its existing solutions to include payment methods, local acquiring options and integration measures relating to retailer back-office automation. Our risk management solution, the Trust Evaluation Suite, combines intelligent risk management with payment processing and a record of the order and payment history between the retailer and their customers.

In light of the increasing internationalisation of the market and the complexity of our business, cooperation partners form an important component of our success. For example, we have also been working for the last year with an American supplier of digital enterprise e-commerce solutions for retailers that specialise in the fashion industry. In the payment area, we are cooperation partners in the world's leading reservation system for the airline industry and travel sector.

The issuing of standardised co-branded card products and prepaid voucher card products makes the Wirecard Group one of the leading card issuers in Europe. In the mobile payment business area, we are an active driver of product development with card products for Visa and MasterCard that are saved on mobile devices in digital form.

In Asia, we were able to report a very encouraging performance in our operating business. A good example here is our Indonesian subsidiary PT Prima Vista Solusi, which has taken over responsibility for the payment infrastructure and the connections to financial institutions for the local public transport system in Jakarta, TransJakarta Busway. Services provided by the Wirecard Group already support contactless payment in local public transport systems in London, Singapore and Jakarta.

Developments in the mobile payment business area

In the past year, Near Field Communication (NFC) established itself as the standard for mobile payment at the POS. The projects that Wirecard has been implementing with leading telecommunication services in a variety of European countries since 2012 were gradually rolled out in Spain, Germany, the Netherlands and England as a soft launch in 2014. A gradual increase in marketing activities is expected this year because the prerequisites for mobile payments are being continuously improved. Cash terminals in the retail sector will be progressively upgraded for contactless payment in many European countries as Visa and MasterCard are increasing the pressure on network operators and retailers.

Another impulse for the growth of NFC-based mobile payment transactions is the increasing availability of practical application scenarios for consumers. Customers using the Vodafone SmartPass have had the opportunity since September to make contactless payments with their smartphones for all modes of public transport offered by the British umbrella organisation Transport for London (TfL). At the same time, the Vodafone SmartPass allows passengers to pass through ticket barriers, which is a significant advantage for users.

Numerous products – whether mobile wallets, the mobile POS solution card reader or mobile payment applications – are already deployed through our partners on various markets – in Europe or Asia, for example in India and Vietnam. We are shaping the market with our innovations in the mobile payment business area as a key company for technology services and as a card-issuing financial institution.

Host card emulation (HCE) technology is another development in the field of mobile payment based on NFC. Visa and MasterCard have certified the secure integration of HCE, with which transactions can be transferred via so-called tokens in a similar way to conventional EMV card transactions. HCE is thus hardware-independent and cheaper as a result. Therefore, this technology enables telecommunications companies, financial service providers, banks or even retailers to quickly access the mobile payment market on the basis of NFC. In this area, Wirecard can offer all of the components as a co-branded solution or in combination with its own brand boon, which we are launching on the market in the summer of 2015, as a partner project. NFC has, for the time being, established itself as the technological standard. All significant market participants from card companies through to retailers are following this path.

Geographic expansion

We continued our geographical expansion with four acquisitions in 2014. 3pay, based in Istanbul, will enable us to roll out our core business on the Turkish market. As a result of the acquisition of Amara Technology in South Africa and its existing customer portfolio in the banking sector, we will also be able to address financial service providers in the neighbouring region with processing and mobile payment solutions. The GFG Group, based in New Zealand, not only has customers in the Asia-Pacific region but also globally with partly in Africa and in South America. The company has also developed an interesting mobile payment feature that we can offer in our growth markets in combination with existing technology. In the meantime, the transaction and cooperation agreement with Visa Processing Service in Singapore has also now been contractually concluded. As a result, we are strengthening our partnership with Visa and thus our cooperation with banks in the area of issuing processing.

Outlook

Our increasingly global orientation in the core e-commerce business will serve as the main basis for the dynamic development of the Wirecard Group over the next few years. Internet technologies are encroaching more and more into all areas of our lives. In terms of our business, it can be expected that this will push forward the convergence of POS and online business. We are keeping abreast of this development with our strategy of also rolling out products and services to end customers via leading distribution partners who have access to the B2C market.

The Wirecard Group is also focusing on applications in the areas of mobile payment acceptance, mobile money transfer and the technological provision of loyalty and couponing programmes that are completely integrated into mobile payment processes. These value added services are an integral component for retailers when launching and managing campaigns and customer loyalty activities. Our technological expertise is being combined with various services to form a unique complete package – from card and payment processing through card management to issuing licensing.

We will globally expand our core business – the processing of payments based on Internet technologies through our Multi-Channel Payment Gateway. According to our planning, it will also grow faster than the market in the current fiscal year.

Despite strong organic growth, the Management Board remains committed to its strategy of increasing the presence of the Group in growth markets though acquisitions. Acquisitions outside of the Asia-Pacific region, such as in South America, are also of interest.

The e-commerce market continues to offer considerable potential for growth.

Wirecard AG's Management Board is optimistic about the business performance and expects operating earnings before interest, tax, depreciation and amortisation (EBITDA) of between EUR 210 million and EUR 230 million in the 2015 fiscal year. This growth forecast is based on the market growth of online transactions in Europe, the dynamic development of our business in the Asia-Pacific region and Africa, our activities in the area of mobile services, as well as by our ability to tap into new business areas.

My colleagues on the Management Board and I would like to thank all of our employees! The now globally distributed team has once again managed to continue Wirecard's success story due to their tireless dedication and industriousness. We would also like to thank our customers, shareholders and partners for their loyalty, trust and excellent cooperation.

To reflect our continued dynamic growth, we will propose to the Annual General Meeting the approval of a dividend of EUR 0.13 per share this year.

Yours sincerely,

Dr. Markus Braun
CEO of Wirecard AG

BURKHARD LEY
CFO

JAN MARSALEK
COO

WULF MATTHIAS

Chairman of the Supervisory Board

Report of the Supervisory Board

Dear Shareholders,

The Supervisory Board of Wirecard AG kept itself continuously and intensively informed about the development, position and perspectives of Wirecard Group in the 2014 fiscal year. We have performed the tasks incumbent upon us pursuant to the law and the Group's Articles of Incorporation, and consulted with and supervised the Management Board in compliance with the German Corporate Governance Code and applicable laws. The Management Board regularly involved the Supervisory Board in considering the Company's strategic orientation and correspondingly submitted to them any significant corporate decisions, specific transactions, corporate acquisitions and significant cooperation ventures that require Supervisory Board approval due to legal regulations, the Articles of Incorporation or the Management Board's rules of business procedure. In the year under review, this related primarily to the capital increase concluded in February 2014 and the corporate acquisitions in the second half of 2014.

In order to exercise our controlling function, we maintained intensive contact with the Management Board, which reported to us regularly, promptly and comprehensively – both verbally and in written form – about all relevant business transactions and preparations to implement strategic intentions. In addition, at all of its meetings the Supervisory Board dealt with the Management Board's risk management reports, as well as the risks for the Wirecard Group identified by the Management Board. Matters requiring approval, planned investments and fundamental questions about corporate policy and strategy were covered in particular detail, and the respective decisions were taken on the basis of extensive documentation and querying of the Management Board. The Management Board regularly informed the Supervisory Board about the most important financial key performance indicators through presenting the monthly, quarterly and six-monthly reports in good time prior to their publication.

The Supervisory Board convened for five meetings in the year under review, whereby at least one meeting was held during each quarter. On numerous occasions between meetings, important urgent information was conveyed in writing, or in the context of telephone conferences. All Supervisory Board resolutions concerning the approval of corporate acquisitions and about credit agreements were carried out after extensive verbal and written explanation by the Management Board in writing or by telephone. The same holds for all resolutions about the capital increase. All Supervisory Board members participated in all resolution votes at all meetings, or at those conducted by telephone or written circular procedure. The Supervisory Board Chairman was in close contact with the Management Board between meetings and was kept informed about current business trends and important business transactions.

The Supervisory Board of Wirecard AG did not form committees.

Focal points of consultations

Regularly and at all meetings during the year under review, the Supervisory Board concerned itself intensively with the revenue and earnings trends of the Company and the Group, as well as with significant investment projects and risk management. The following key topics were also discussed at the individual meetings:

Consultations at the joint meeting between the Supervisory and Management Boards on 20 January 2014 focused on the preliminary Wirecard Group results for the 2013 fiscal year, the business plan for the 2014 fiscal year, approval of the budget for the 2014 fiscal year and the investment strategy for the 2014 fiscal year.

Following intensive discussion relating to the performance, fees, qualifications and independence of the auditor, the Supervisory Board once again approved the awarding of the audit mandate to Ernst & Young GmbH Wirtschaftsprüfungsgesellschaft for the 2014 fiscal year. The Board also concerned itself with the Group's financial accounting process, risk management system and internal controlling system. In addition, the Supervisory Board consulted about the efficiency and productivity of its work and the cooperation with the Management Board. The Supervisory Board determined that the internal control systems and risk management system were appropriate. Furthermore, it determined that its own work and the cooperation with the Management Board were carried out productively and efficiently, as well as being appropriately organised.

During a telephone consultation at the end of February 2014, the Supervisory Board approved the resolution by the Management Board for a capital increase from authorised capital excluding shareholders' subscription rights, as well as on the subsequent setting of the price.

At its meeting on 8 April 2014, the Supervisory Board consulted on the separate annual financial statements and consolidated financial statements as of 31 December 2013. The external auditor, Ernst & Young GmbH Wirtschaftsprüfungsgesellschaft, participated in part of this meeting. Discussions also covered business trends during the first quarter of 2014, especially in the mobile payment solutions business area, the forthcoming Annual General Meeting, developments in various legal matters, the successfully performed capital increase in February 2014 and the use of the resulting inflow of funds. Further noteworthy agenda items included cooperation projects and the Group's strategic targets in the Asian region. Furthermore, the Supervisory Board also approved new rules of business procedure for itself and the Management Board.

A key focus of the meeting held on 27 May 2014 in Singapore was the presentation of the individual Group companies based in Asia, particularly their structure, business activities and future orientation, as well as the introduction of the members of the local area management. The subject matter covered in the verbal report given by the Management Board was documented and submitted in a summarised presentation on the request of the Supervisory Board.

In the meeting on 25 September 2014, we discussed the current business trends, especially in the areas of airline/travel and mobile payment solutions.

The meeting on 26 November 2014 involved, in particular, intensive discussion about the efficiency and aptitude test completed by the Supervisory Board on its own activities and the activities of the Management Board, which indicated no objections and deemed the Supervisory Board to be satisfactory in every way. Furthermore, the meeting also focussed on the current structure of the risk management system, the quarterly trends in the first three quarters of the ongoing fiscal year and the expected trends for the full 2014 fiscal year. As a result of this meeting, the Supervisory Board consulted on the continued appointment and employment contracts for the members of the Management Board and issued the Supervisory Board Chairman with the task of negotiating the specific details with the members of the Management Board after the meeting.

Following discussions by telephone, the Supervisory Board approved the continued appointment of the members of the Management Board at the end of December 2014, as well as the contracts to be concluded for the Management Board.

The Company’s share capital

The Company’s subscribed capital at the beginning of the period under review on 1 January 2014 amounted to EUR 112,292,241.00 and was divided into 112,292,241 no-par value bearer shares based on a notional capital stock of EUR 1.00 per share. Due to the share capital
increase from authorised capital that was entered in the commercial register on 27 February 2014, the share capital then stood at EUR 123,490,586 and also remained the same as of 31 December 2014, and is split into 123,490,586 no-par value bearer shares based on a notional interest in the capital stock of EUR 1.00 per share. Compared with the previous year, the company’s subscribed share capital thus increased by EUR 11,198,345.

Corporate Governance Code / Corporate governance statement

Prior to the compliance statement published on 28 March 2014, the Supervisory Board conducted intensive consultations about Group corporate governance after having previously discussed it in detail with the Management Board. As a result of these consultations, the Supervisory Board considers it appropriate to maintain the previous year’s compliance statement as it stands.

At the start of the 2015 fiscal year, the Supervisory Board also concerned itself – by way of preparation for the issuing of the compliance statement pursuant to Section 161 of the German Stock Corporation Act (AktG) – with the contents of the German Corporate Governance Code, especially the amendments in the version dated 24 June 2014. It determined that no amendments for this year's compliance statement arose from the code's new version, especially in relation to Management Board remuneration. Following in-depth discussions, the Management Board and the Supervisory Board passed a resolution at their conference call meeting on 27 March 2015 to issue the current compliance statement pursuant to Section 161 of the AktG dated 30 March 2015, which is permanently available to shareholders on the Company's website.

The corporate governance report and the corporate governance statement as well as separate and consolidated financial statements contain more information about corporate governance and an in-depth report about the level and structure of Supervisory Board and Management Board remuneration. Ernst & Young GmbH Wirtschaftsprüfungsgesellschaft audited the separate financial statements of Wirecard AG as of 31 December 2014, the consolidated financial statements as of 31 December 2014, and the management report for the Company and the Group, and issued them with unqualified audit opinions. The separate financial statements were prepared according to German Commercial Code (HGB) accounting standards, and the consolidated financial statements were prepared according to International Financial Reporting Standards (IFRS).

The aforementioned documents, the Management Board's proposal for the application of unappropriated retained earnings and the auditor's audit reports were submitted to all Supervisory Board members in good time before the Supervisory Board meeting on 7 April 2015. The auditors participated at this meeting, reported on key audit results, and were available to the Supervisory Board members to provide supplementary information. The auditors also explained their findings on the Company's controlling and risk management system relating to the financial accounting process. The auditors stated their independence, and provided information about services that they had rendered in addition to the auditing services in the 2014 fiscal year. All Supervisory Board members carefully and intensively examined the separate financial statements, the management report for the Company and the Group, the consolidated financial statements and the auditor's report for themselves.

According to the final results of its examination, the Supervisory Board arrived at the conclusion that no objections are to be raised. With a resolution dated 7 April 2015, the Supervisory Board approved both the separate annual financial statements of Wirecard AG prepared according to German Commercial Code (HGB) accounting standards and the consolidated financial statements prepared according to IFRS for the 2014 fiscal year that were prepared by the Company in April 2015. The separate annual financial statements have consequently been adopted in the meaning of Section 173 of the AktG.

The Management Board plans to propose to the Annual General Meeting the distribution of a dividend of EUR 0.13 per share to shareholders and to carry forward Wirecard AG´s remaining retained earnings of EUR 47,375,650.57 to a new account. The Supervisory Board concurs with this proposal.

Change of control clause

From 2006, the German Takeover Directive Implementation Act obligates listed companies in the instance of a takeover offer to publish in the management report remuneration agreements with Management Board members or employees. As of 27 December 2006, the Supervisory Board has made special settlement arrangements for the Management Board and employees in the instance of a change of control above a 30 percent shareholding threshold. All of the related valuation factors are listed in detail in the Notes to the financial statements, Chapter "Management Board".

Personnel-related details and conflicts of interest

Compared with the previous year, no changes occurred in 2014 relating to the composition of the Company's boards. In the year under review, the Supervisory Board was not aware of any conflicts of interest relating to Supervisory Board members.

Outlook

We expect that Wirecard AG will be able to build on the positive developments from the previous year in the current fiscal year. Wirecard is benefiting from the digital revolution due to its software solutions based on Internet technologies. We anticipate that the Company will continue to experience strong growth.

The Supervisory Board thanks the Management Board and employees and recognises their high level of commitment and above-average performance in the 2014 fiscal year.

Aschheim, April 2015

Wulf Matthias
Supervisory Board Chairman

Corporate governance report

Corporate governance statement

Pursuant to Section 3.10 of the German Corporate Governance Code in its version dated 24 June 2014, and pursuant to Section 289a (1) of the German Commercial Code (HGB), the Management Board – also on behalf of the Supervisory Board – issues the following statement concerning the corporate governance of Wirecard AG and concerning the remuneration of the Management Board and the Supervisory Board.

The standards of good and responsible corporate governance, acknowledged both internationally and in Germany, are accorded high priority throughout the Wirecard Group. Compliance with these standards forms an essential prerequisite for qualified and transparent corporate governance with the aim of achieving long-term success for the Group as a whole. In this context, we wish to affirm the confidence of our investors, the financial markets, business associates, the general public and our employees.

Detailed information on corporate governance in the Wirecard Group can be found on our website, where the current compliance statement is available along with those issued in previous years.

Service and website information for our shareholders

On our website www.wirecard.com/investor-relations under the “Financial Calendar” menu item and in our annual and interim reports we keep our shareholders, analysts, shareholder associations, the media and interested members of the general public informed of key recurring dates, such as that of our Annual General Meeting. As part of our investor relations activities, we conduct regular meetings with both analysts and institutional investors. In addition to the annual analysts’ conferences on the annual financial statements, telephone conferences for analysts and investors are held on the publication of the quarterly reports. Wirecard also participates in many capital market conferences. Information on the Annual General Meeting, together with the documentation to be made accessible to shareholders, are readily accessible on the Company website along with the invitation to the meeting.

The Annual General Meeting is organised and held with the aim of effectively providing all shareholders with comprehensive information prior to and during the meeting. To simplify egistration for the Annual General Meeting and the exercise of shareholder voting rights, in the period leading up to the meeting the shareholders are informed about the 2014 fiscal year and the items on the agenda by the annual report and the invitation to the Annual General Meeting.

Working methodologies of the Management and Supervisory Boards

As a German public stock corporation (Aktiengesellschaft / "AG"), Wirecard AG operates under a dual management and control structure consisting of two bodies – the Management and Supervisory Boards, each with its own set of competences. The Management Board and the Supervisory Board cooperate very closely and on the basis of mutual trust in the Company's interests. The critical joint objective is to sustainably boost the Company's market position and profitability.

The Management and Supervisory Boards comprise three members each. To guarantee that the Supervisory Board can independently provide advice and monitor the Management Board, the number of members of the Supervisory Board who are former Management Board members is restricted in principle to a maximum of one. There are currently no former members of the Management Board on the Supervisory Board. The Supervisory Board has not formed any committees, as it consists of only three members. The Management Board makes regular, comprehensive and timely reports to the Supervisory Board on all relevant questions of corporate planning and further strategic development, on the course of business and the Group's position, as well as on questions relating to its risk situation and risk management. Reporting by the Management Board also extends to include compliance, in other words, the activities instituted by Wirecard AG to observe legal and regulatory parameters, as well as internal corporate guidelines. The Supervisory Board must approve significant business transactions. The Supervisory Board has created rules of procedure to govern its activities. In addition, the Supervisory Board regularly reviews the efficiency and productivity of its cooperation. The Chairman of the Supervisory Board is in constant contact with the Management Board. He visits the Company on a regular basis in order to obtain information on-site concerning business performance and to consult with the Management Board on its decisions.

The Company has taken out D&O (directors and officers) liability insurance including an appropriate deductible for members of the Management and Supervisory Boards of Wirecard AG, as well as management members of affiliates. Further particulars on D&O insurance policies for members of the Management and Supervisory Boards of Wirecard AG are detailed in the remuneration report below. No known conflicts of interest exist between members of the Management Board and Supervisory Board that must be disclosed immediately to the Supervisory Board. Owing to the fact that its size is restricted to three members, the Supervisory Board has dispensed with creating an audit committee or other Supervisory Board committees.

Further particulars on the members and work of the Supervisory Board in the 2014 fiscal year can be found in the Supervisory Board Report, in the Management Report (I. Foundations of the Group, 1. Group structure, organisation and employees) and in the Notes to the consolidated financial statements (Sections 8.1. - 8.3.).

Remuneration report

The remuneration report summarises the principles which apply to the definition of total remuneration for the members of Wirecard AG's Management Board and explains the structure and amount of the remuneration for the members of the Management Board. In addition, it describes the principles and amount of remuneration for members of the Supervisory Board.

The following persons were employed as members of the Management Board at Wirecard AG:

Dr. Markus Braun, commercial computer scientist, member of the Management Board since 1 October 2004
CEO
Burkhard Ley, banker, member of the Management Board since 1 January 2006
CFO
Jan Marsalek, computer scientist, member of the Management Board since 1 February 2010
COO

Remuneration scheme for the Management Board

The remuneration scheme for the Management Board of Wirecard AG is designed to create an incentive for long-term corporate governance based on sustainability. The system and extent of the remuneration paid to the Management Board are determined and reviewed on a regular basis by the Supervisory Board. The members of the Management Board are paid on the basis of Section 87 of the German Stock Corporation Act (AktG). Remuneration comprises fixed and variable components.

The currently valid remuneration scheme for the Management Board has been in place since the beginning of the 2012 fiscal year.

Remuneration comprised the following components: (1) fixed annual remuneration, (2) an annual bonus (Variable Remuneration I), which is calculated based on Wirecard AG's share price performance, (3) long-term variable remuneration (Variable Remuneration II), which is linked to the multi-year performance of Wirecard AG's share price and (4) a fixed amount as a contribution to retirement benefits. In addition, it is possible for the members of the Management Board to receive the following performance-related remuneration if certain conditions are fulfilled: (5) an extraordinary bonus for sustained and particularly extraordinary performance by the Management Board, (6) a special bonus for retirement benefits (Mr Burkhard Ley only) and (7) a special bonus in the event of a change of control for the benefit of members of the Management Board and employees. Furthermore, non-cash perquisites and other benefits in kind exist, such as private use of a company car and refund of expenses, including business-related travel and entertainment costs.

Remuneration for the Management Board in the 2014 fiscal year

The members of the Management Board received a total of kEUR 2,350 in the year under review as a fixed salary (previous year: kEUR 2,350). Mr Burkhard Ley also received further remuneration of kEUR 7 for his role on the Management Board and as a Managing Director at subsidiaries. The remainder of the remuneration paid to the Management Board in the 2014 fiscal year was as follows:

Variable remuneration has two components, Variable Remuneration I and Variable Remuneration II; it is calculated on the basis of Wirecard AG's share price performance. In this regard, the basis price is the average price in the month of December, weighted for turnover, for Wirecard AG shares traded on the regulated market of the Frankfurt Stock Exchange (Xetra trading, ISIN DE0007472060), as registered by the stock market information service Bloomberg. However, the basis price for 2011 has been contractually set at EUR 11.00. In addition, the contracts stipulate that – for the purposes of calculating the variable remuneration – the basis price for 2012 is a maximum EUR 13.00, the basis price for 2013 is a maximum EUR 15.00 and the basis price for 2014 is a maximum EUR 17.00. If the basis price should fall during the bonus years, the respective part of the bonus lapses and no (return) claim exists against the member of the Management Board.

The annual variable remuneration is capped by a maximum amount. The maximum amount is kEUR 550 for Dr. Markus Braun, kEUR 750 for Mr Burkhard Ley and kEUR 400 for Mr Jan Marsalek.

Variable Remuneration I is then calculated as follows: The Management Board receives an annual bonus for each calendar year (bonus year I). This bonus is calculated as 49 percent of the difference between the basis price of shares of Wirecard AG in bonus year I less the basis price in the previous year, multiplied by the factor. This factor in thousands is 275 for Dr. Markus Braun, 375 for Mr Burkhard Ley and 200 for Mr Jan Marsalek. In addition, it has been contractually determined that the basis price for the respective previous year may not be less than EUR 11.00. In order to regulate the bonus, the basis price for 2014 has been restricted to a maximum of EUR 17.00. The basis price for 2013 must be deducted, which is contractually limited to a maximum of EUR 15.00, but which cannot be less than EUR 11.00. The difference is multiplied by 49 percent and then by the factor.

Variable Remuneration II is then calculated as follows: The Management Board receives a sustainability bonus for a two-year period (2012/2013, 2013/2014 and 2014/2015). This amount is calculated as 51 percent of the difference between the basis price of Wirecard AG shares in the second calendar year of the two-year period (bonus year II) less the basis price in the year prior to the two year period, multiplied by the respective factor. The factor in thousands for variable remuneration II is also 275 for Dr. Markus Braun, 375 for Mr Burkhard Ley and 200 for

Mr Jan Marsalek. Here too, it has been contractually determined that the basis price for the respective previous year (prior to the two-year period) may not be less than EUR 11.00.

The first sustainability bonus for 2013/2014 was due in January 2015 to the amount of kEUR 867.

Furthermore, the Management Board can also receive an extraordinary bonus in individual cases for sustainable and particularly extraordinary performance. The Company's Supervisory Board has discretionary powers to decide on the granting and the level of the extraordinary bonus. These types of sustainable and particularly extraordinary performance include, above all, extraordinary contributions in the area of customer relations, contributions from corporate acquisitions and/or further advances in technology. No extraordinary bonuses were approved or awarded in the 2014 fiscal year.

The Company also pays the members of its Management Board an annual contribution to their retirement benefits. This contribution totals kEUR 250 gross for Dr. Markus Braun, kEUR 150 gross for Mr Burkhard Ley, and kEUR 150 gross for Mr Jan Marsalek. This is paid in twelve monthly instalments. In addition, the Company pays a monthly contribution of EUR 150 for a life insurance policy (direct insurance), which pays out as retirement benefits with either a lump sum settlement or as a monthly pension for the members of the Management Board. No other entitlement to a pension commitment or other retirement benefits exists. Management Board member Burkhard Ley can also claim an extraordinary bonus for retirement benefits of up to kEUR 1,000 under the following conditions. The extraordinary bonus for retirement benefits is due at the end of the employment relationship with the Management Board, although only if the member of the Management Board does not have any entitlement to payment of an extraordinary bonus as a result of a change of control (see below) at this point in time.

In order to foster the long-term loyalty of executives and employees, a resolution was adopted at the Annual General Meeting of Wirecard AG held on 15 July 2004 to introduce an employee participation programme based on convertible bonds (Stock Option Plan 2004). Further particulars of the Stock Option Plan 2004 can be found in the Notes to the consolidated financial statements. The Supervisory Board granted the member of the Management Board Burkhard Ley 240,000 convertible bonds from the Stock Option Plan 2004 at the start of his activities, of which 48,000 were still in existence as of 31 December 2014, whereby the statutory dilution protection must be taken into consideration. The related expenditure was taken into account in previous years. The fair value for all convertible bonds amounted to kEUR 1,293 on the issue date.

As a result of a resolution by the Annual General Meeting on 26 June 2012, the possibility also exists to issue to employees shares from authorised capital (Authorised Capital 2012) to increase the long-term loyalty of executives and employees pursuant to Section 204 (3) of the AktG if the issue amount of the new shares issued excluding subscription rights is not materially lower than the stock market price in accordance with the meaning of Section 186 (3) Clause 4 of the AktG.

In the event of a change of control, in other words, if one or more shareholders acting jointly are entitled to 30 percent or more of the Company's voting rights, or if these are attributable to them, each member of the Management Board is entitled to payment of a special bonus depending on the company's value. This guideline was first agreed in 2006 and has been applied since then without alteration. The amount of the special bonus is 0.4 percent of the Company value for each of Dr. Markus Braun and Mr Burkhard Ley and 0.25 percent of the Company value for Mr Jan Marsalek. A Company value exceeding the amount of EUR 2 billion is not taken into account for the purpose of calculating the special bonus; the special bonus is not paid if the purchase price in relation to all shares of Wirecard AG falls below EUR 500 million. The members of the Management Board are not entitled to extraordinary termination in the event of a change of control. In addition to the special bonus, the members of the Management Board are entitled to the following remuneration in the event of their employment agreements being terminated, i.e. when a reason for the termination exists, with the exception of a termination carried out by the Company for important reasons: payment of fixed remuneration for the fixed duration of the employment agreement, payable in one lump sum but discounted to the date of disbursement at an interest rate of 4 percent p.a. as well as payment of the market value in cash for stock options allocated but not yet exercised at the time of termination.

Furthermore, standard rules are in place relating to company cars, refunds of out-of-pocket expenses and other business-related expenditure.

Moreover, the Company has committed itself to paying the fixed salary for a member of the Management Board for a period of six months from the commencement of an illness. In the event of the death of a member of the Management Board, his or her surviving dependants will receive the member's salary payments for six months, or for a maximum period up to the end of the contractual term.

In addition to the life insurance policies, the Company has taken out the following insurance policies for the members of the Management Board: (i) accident insurance with insurance benefits of at least kEUR 250 in the event of death and kEUR 500 in the event of invalidity, (ii) D&O insurance for the activities of the member of the Company's Management Board with minimum cover of kEUR 50,000 and a excess of 10 percent of the damage up to at least one and a half times the fixed annual remuneration of the member of the Management Board. The Company has concluded this insurance for the benefit of its Management Board members. The amount of the insurance premiums for these insurance policies totalled kEUR 144 in the 2014 fiscal year.

There were no loans, advances or other liabilities entered into in favour of the members of the Management Board by the Company or the subsidiaries in the 2014 fiscal year. In the 2014 fiscal year, the total emoluments of all members of the Company's Management Board – in other words, the total remuneration during the fiscal year for the duration of the individual person's tenure on the Management Board, including amounts not yet disbursed for Variable Remuneration I, Variable Remuneration II and other payments – amounted to kEUR 4,657 (previous year: kEUR 4,652).

The following remuneration was set for the individual members of the Management Board for the 2014 fiscal year (individualised):

Benefits

	Dr. Markus Braun				Burkhard Ley				Jan Marsalek			
in kEUR	2014	2014 (Min.)	2014 (Max.)	2013	2014	2014 (Min.)	2014 (Max.)	2013	2014	2014 (Min.)	2014 (Max.)	2013
Non-performancebased components												
Fixed remuneration	950	950	950	950	750	750	750	750	650	650	650	650
Fringe benefits	277	277	277	272	178	178	178	177	153	153	153	153
	1,227	1,227	1,227	1,222	928	928	928	927	803	803	803	803
Performance-based remuneration												
One-year variable compensation												
2013	-	-	-	270	-	-	-	368	-	-	-	196
2014	270	0	270	0	368	0	368	0	196	0	196	0
Multi-year variable compensation												
2012/2013	-	-	-	140	-	-	-	191	-	-	-	102
2013/2014	140	0	140	140	191	0	191	191	102	0	102	102
2014/2015	140	0	140	-	191	0	191	-	102	0	102	-
	550	0	550	550	750	0	750	750	400	0	400	400
Total	1,777	1,227	1,777	1,772	1,678	928	1,678	1,677	1,203	803	1,203	1,203

Allocation

	Dr. Markus Braun		Burkhard Ley		Jan Marsalek	
in kEUR	**2014**	2013	**2014**	2013	**2014**	2013
Non-performancebased components						
Fixed remuneration	**950**	950	**750**	750	**650**	650
Fringe benefits	**277**	272	**178**	177	**153**	153
	1,227	**1,222**	**928**	**927**	**803**	**803**
Performance-based remuneration						
One-year variable compensation						
2012	**0**	270	**0**	368	**0**	196
2013	**270**	0	**368**	0	**196**	0
Multi-year variable compensation						
2012/2013	**140**	0	**191**	0	**102**	0
2013/2014	**0**	**0**	**0**	**0**	**0**	**0**
	410	**270**	**559**	**368**	**298**	**196**
Total	**1,636**	**1,492**	**1,487**	**1,295**	**1,101**	**999**

Remuneration for the Supervisory Board in the 2014 fiscal year

Remuneration of the Supervisory Board is governed by Section 14 of Wirecard AG's Articles of Incorporation. Accordingly, members of the Supervisory Board receive fixed and variable remuneration for any out-of-pocket expenses incurred in connection with exercising their office (as well as any value added tax paid on their remuneration and out-of-pocket expenses). Annual fixed remuneration totals kEUR 55. Variable remuneration depends on the Company's performance and is based on consolidated EBIT (results of the ordinary course of business before interest and taxes on earnings). For each full one million euros by which the Company's consolidated EBIT on 31 December 2008 exceeds a minimum amount of EUR 30 million, the variable remuneration component totals kEUR 1. This minimum amount of EUR 30 million increases from the start of the 2009 fiscal year by 10 percent per year and accordingly amounts to EUR 53.15 million in the 2014 fiscal year.

In accordance with the provisions of the German Corporate Governance Code, the Chairman and Deputy Chairman of the Supervisory Board are taken into separate consideration. There are no committees within the Company's Supervisory Board. The Supervisory Board Chairman receives double, and the Deputy Chairman of the Supervisory Board receives one-and-a-half times, the so-called basic rate of fixed and variable remuneration. Changes to the composition of the Supervisory Board during the fiscal year lead to pro-rata remuneration being paid. In addition, the members of the Supervisory Board receive a meeting fee of EUR 1,250.00 plus VAT for each meeting of the Supervisory Board that they attend.

The Supervisory Board also acts, with the same members, as the Supervisory Board for the subsidiary Wirecard Bank AG. No other remuneration or benefits for personally rendered services, in particular consulting and agency services, were paid in the 2014 fiscal year.

As of 31 December 2014, no loans have been granted to members of the Supervisory Board.

Supervisory Board remuneration 2014

in kEUR	Function	of	up to	fixed	Meeting fee	performance -based	Long-term incentive effect	of subsidiaries	Total
Wulf Matthias	Chairman	01.01.2014	31.12.2014	110	6	158	0	65	339
Alfons W. Henseler	Deputy	01.01.2014	31.12.2014	83	6	119	0	60	267
Stefan Klestil	Member	01.01.2014	31.12.2014	55	6	79	0	55	195
Total remuneration				**248**	**19**	**356**	**0**	**180**	**802**

Supervisory Board Remuneration 2013

in kEUR	Function	of	up to	fixed	Meeting fee	performance -based	Long-term incentive effect	of subsidiaries	Total
Wulf Matthias	Chairman	01.01.2013	31.12.2013	110	5	100	0	65	280
Alfons W. Henseler	Deputy	01.01.2013	31.12.2013	83	5	75	0	60	223
Stefan Klestil	Member	01.01.2013	31.12.2013	55	5	50	0	55	165
Total remuneration				**248**	**15**	**225**	**0**	**180**	**668**

In the 2014 fiscal year remuneration for the Supervisory Board totalled kEUR 801 (2013: kEUR 668). This remuneration includes remuneration for activities as a member of the Supervisory Board at subsidiaries in the amount of kEUR 180 (2013: kEUR 180). The amount of kEUR 506 was deferred from the remuneration and will be paid in 2015.

Directors' dealings

In accordance with Section 15a of the German Securities Trading Act (WpHG), the members of the Management Board and Supervisory Board of Wirecard AG are required to disclose the purchase and sale of Wirecard AG shares and related financial instruments. In the first quarter of 2014, the following notice was received, which was published online at ir.wirecard.com/corporate-governance.

On 26 February 2014, MB Beteiligungsgesellschaft mbH as a legal entity with a relationship to a person with management responsibility (in this case, CEO Dr. Markus Braun as sole shareholder of MB Beteiligungsgesellschaft mBH) sold 750,000 shares in the Company off-exchange at a price of EUR 32.75 with a total volume of EUR 24,562,500.00 (subscribed as part of the cash capital increase).

In total, the Management Board directly or indirectly held a 6 percent equity interest in the Company as of 31 December 2014. The Supervisory Board does not hold any shares in the Company.

Responsible risk management

Responsible risk management constitutes an important basis for good corporate governance. The Management Board must ensure there is appropriate risk management and risk controlling within the Company. The Management Board notifies the Supervisory Board on a regular basis of existing risks and trends in these risks. Details relating to risk management can be found in the risk report (see Chapter 7, Management Report).

Transparency and communication

The Management Board of Wirecard AG immediately publishes insider information on the Group, unless forbidden to do so due to special circumstances. The objective is to create the highest possible degree of transparency and equal opportunities for all, and to make, as far as possible, the same information available to all target groups at the same time. Existing and potential shareholders can obtain current information on the Internet about the Group's growth and development. All press releases and ad hoc disclosures on Wirecard AG are published on the Company's website.

Audit of the annual financial statements and financial accounting

Since the 2005 fiscal year, Wirecard AG has applied International Financial Reporting Standards (IFRS) as the basis for its financial accounting. At the Annual General Meeting, Ernst & Young GmbH, Wirtschaftsprüfungsgesellschaft, Munich, was appointed as the auditor for Wirecard AG. Interim reports were made accessible to the public within two months of the end of the quarter and consolidated financial statements within four months of the end of the fiscal year. The Supervisory Board discusses six-monthly and quarterly financial reports with the Management Board before they are published.

The auditor of the annual financial statements is also required to report without delay on all findings and events material to the tasks of the Supervisory Board, as determined in the course of its audit. In addition, the auditors are required to inform the Supervisory Board and/or to make a note in the audit report if they encounter facts in the course of the audit that are irreconcilable with the statement of compliance issued by the Management Board and Supervisory Board in accordance with Section 161 of the AktG.

Corporate social responsibility

The Management Board believes that exercising corporate social responsibility (CSR) makes a major contribution to the Company's sustained growth. The Management Board is convinced that the Wirecard Group will not be able to achieve long-term economic success in the future unless it acts in a responsible ecological, ethical and social manner. Given this, the Management Board has set out a sustainability strategy, as well as guidelines in the areas of "Responsibility for Fundamental Social Rights and Principles", "Leadership Culture and Cooperation", "Equal Opportunities and Mutual Respect" and "Management of Resources".

Sustainability strategy and management

In its sustainability strategy, the Wirecard Group aims to define objectives for the orientation of its core business activities – for example, minimum standards for energy consumption, assessment of environmental risks, etc. Through sustainability management, the company will stringently pursue the targets defined in the sustainability strategy.

Responsibility for fundamental social rights and principles

The Wirecard Group respects internationally recognised human rights and strives to ensure they are observed. For this reason, it bases its activities on the relevant requirements of the International Labour Organisation and rejects any deliberate use of forced or mandatory labour. Child labour is prohibited. The Wirecard Group observes minimum age requirements for employment pursuant to state legislation as a matter of course. The remuneration paid and the benefits provided for a normal working week conform at least to the minimum legal standards in each country or the minimum standards of the relevant national industry sector.

Leadership culture and cooperation

All managers assume responsibility for their employees. All managers set an example and are especially required to adhere to the code of conduct in all of their actions. Managers ensure compliant behaviour amongst employees by regularly providing them with information and explaining those duties and authorisations relevant to their working areas. Managers place trust in their employees, set clear, ambitious and realistic targets, and give employees as much autonomy and freedom of action as possible. Managers are aware of and recognise the performance of their employees. Outstanding performance receives special recognition. As part of their leadership functions, managers prevent inappropriate behaviour. They are accountable within their sphere of responsibility for ensuring that no rules are violated where this could have been prevented or rendered more difficult by appropriate supervision. Trusting and positive collaboration is reflected in the mutual and transparent exchange of information and support. In this way, managers and employees always inform each other about relevant matters and operational circumstances so that they can act and make decisions. Employees and, in particular, managers ensure that information is exchanged quickly and smoothly. As far as possible within existing levels of authority, knowledge and information are passed on promptly in a full and unaltered state in order to promote mutual cooperation.

The Wirecard Group has set itself the objective of offering its employees personal and professional prospects to promote outstanding performance and results. As a consequence, the Wirecard Group invests in the qualifications and competence of its employees and also expects all employees to make exacting demands of themselves, their performance and their health, as well as to engage proactively in their own development.

Equal opportunities and mutual respect

The Wirecard Group is a modern, globally active company with a diverse personnel structure.

The Wirecard Group ensures equal opportunities and equal treatment, irrespective of ethnic origin, skin colour, gender, disability, religion, citizenship, sexual orientation, social origin, religious or philosophical viewpoints, or political attitude, to the extent that this is based on democratic principles and tolerance of dissenting thought. Accordingly, the employees of the Wirecard Group are selected, recruited and promoted purely on the basis of their qualifications and abilities.

In the process, the Management Board and the Supervisory Board feel obligated to observe the recommendations for diversity formulated in Section 4.1.5 and Section 5.1.2, of the German Corporate Governance Code. These recommendations in the code will be taken further in the future in the “Law for the equal participation of women and men in leadership positions in the private and public sectors” (“Law for the equal participation of women and men”), which was approved by the German Bundestag on 6 March 2015. The percentage of women employed by Wirecard AG is already 65 percent. At the first management level (directly reporting to the Management Board), the proportion of female employees is 50 percent, while at the second management level the proportion is also 50 percent. As soon as the “Law for the equal participation of women and men” comes into force, the Management Board and the Supervisory Board will seek advice on its impact and formulate targets for the future in accordance with the regulations contained within the new law (see also the compliance statement).

In any event, the Wirecard Group will continue its efforts to prevent any form of discrimination. Each of our employees undergoes training so that they will not discriminate in any way (for example, by placing others at a disadvantage, harassment or bullying), and hence allow everyone to cooperate in a respectful manner in a spirit of mutual partnership.

Management of resources

The Wirecard Group strives to actively focus on products, services and technologies that make a positive contribution to the Group's sustainability performance. In doing so, we promote environmentally friendly technologies and help to reduce the carbon footprint. Moreover, CO_2 emissions arising from business travel, building management, IT data centres and the consumption of materials will be continuously reduced over time.

The Wirecard Group also defines mandatory sustainability criteria for the procurement of products and services, including environmental and social aspects in particular. These criteria are taken into account when awarding contracts. In the event of any material violations of sustainability standards, the Wirecard Group reserves an extraordinary right of termination.

Corporate governance outlook

Upholding our corporate governance principles will remain one of our key management tasks in 2015. We will continue to base our activities on the requirements of the German Corporate Governance Code and implement them accordingly. The Management and Supervisory Board will continue to cooperate closely in a spirit of mutual trust, and will undertake to deal jointly with all significant business transactions. We will provide our shareholders with the usual service regarding proxies and exercising of voting rights at the Annual General Meeting scheduled for 17 June 2015. Implementing and improving our Group-wide compliance programme comprises another permanent managerial function that we are determined to pursue.

Statement of compliance with the German Corporate Governance Code by Wirecard AG pursuant to Section 161 of German Stock Corporation Act (AktG)

The Management Board and the Supervisory Board declare that since the submission of the last statement of compliance dated 28 March 2014, the Company has complied and will comply with the recommendations of the Government Commission on the German Corporate Governance Code. This statement refers to the recommendations of the code in its version dated 24 June 2014.

The following exceptions apply to the statement of compliance referred to above:

1. Section 3.8 (3) of the code recommends that the Company takes out D&O insurance for its Management Board and Supervisory Board with an excess (deductible) in the amount required by Section 93 (2) Clause 3 of the AktG. Wirecard AG has taken out a D&O insurance policy for its Management Board and Supervisory Board. This policy provides for excess (deductible) provisions for members of both the Management and Supervisory Boards. The excess (deductible) for members of the Supervisory Board does not correspond to the amount required for members of the Management Board by Section 93 (2) Clause 3 of the AktG. The statutory provision in Section 93 (2) Clause 3 of the AktG does not apply to members of the Supervisory Board according to Section 116 (1) Clause 1 of the AktG. Accordingly, the Company does not plan to raise the excess (deductible) payments for members of the Supervisory Board at this time. The Management Board and the Supervisory Board consider it important to ensure that suitable persons are not deterred from taking on a Supervisory Board mandate with Wirecard AG due to an increased risk of personal liability resulting from an excess (deductible).

2. Section 5.2 (2) and Sections 5.3.1 – 5.3.3 of the code contain individual recommendations on committees of the Supervisory Board. Since the present Supervisory Board of Wirecard AG consists of only three members, it has dispensed with setting up committees. All transactions subject to approval have always been dealt with by the plenary Supervisory Board. The Supervisory Board also plans to proceed in this manner in future.

3. Sections 5.4.1 (2) and (3) of the code contain recommendations on the composition of the Supervisory Board. Section 5.4.1 (2) of the code recommends that the Supervisory Board should specify objectives regarding its composition which, whilst having regard for the Company's situation, take into account the company's international activities, potential conflicts of interest, the number of independent Supervisory Board members within the meaning of Section 5.4.2 of the code, an age limit to be specified for the members of the Supervisory Board and diversity. In particular, these specific objectives should stipulate an appropriate degree of representation by women. Section 5.4.1 (3) of the code recommends that the proposals that the Supervisory Board makes to the relevant election bodies should take these specific objectives into account.

The Supervisory Board of Wirecard AG welcomes the intention of the Code to counteract any form of discrimination and to promote diversity to an appropriate degree. These recommendations in the code will be taken further in the future in the “Law for the equal participation of women and men in leadership positions in the private and public sectors” (“Law for the equal participation of women and men”), which was approved by the German Bundestag on 6 March 2015. The Wirecard Group is a modern, globally active company with a diverse personnel structure. It is an absolutely fundamental principle of corporate governance at Wirecard, both at the level of the top corporate bodies and below this first management level, to select candidates for vacant positions in accordance with their specialist and personal qualifications, irrespective of their gender, irrespective of their religion, irrespective of their nationality, their beliefs, their skin colour, etc. and, in the case of candidates for the Supervisory Board, to propose their selection to the Annual General Meeting. In doing so, the Company’s international activities are taken into account as a matter of course, as well as potential conflicts of interest. The Supervisory Board will ensure that it has the number of independent members it considers appropriate. Wirecard AG is of the view that it was previously unnecessary to stipulate specific objectives to this end. As soon as the Law for the equal participation of women and men comes into force, the Supervisory Board will seek advice on its impact and formulate targets for the future in accordance with the regulations contained within the new law. Therefore, a divergence from Section 5.4.1 (2) of the code is currently declared. The Company has consequently diverged, and will diverge from, Sections 5.4.1 (3) of the code. Nevertheless, the Supervisory Board has based its election proposals to the competent election bodies on the recommendations of the code and will also continue to do so in future.

4. Section 5.4.6 (2) Clause 2 of the code recommends that any performance-based remuneration of Supervisory Board members should be commensurate with the Company’s sustainable development and growth, to the extent any commitment to any such remuneration is made.

The currently applicable Articles of Incorporation of Wirecard AG provide for performance-based remuneration of the members of the Supervisory Board. This remuneration depends on the results of the ordinary course of business before interest and taxes on earnings of the 2014 fiscal year and does not provide for any calculation based on the comparison of the results of several fiscal years. Consequently, Wirecard AG currently diverges from the recommendation that any performance-based remuneration should be commensurate with the Company’s sustainable development and growth.

The Management and Supervisory Boards of Wirecard AG intend to adhere to the existing compensation scheme for the Supervisory Board. They are of the opinion that the performance-based remuneration component regulated in Section 14 (1) of the Articles of Incorporation of Wirecard AG has proved to be appropriate consideration for the execution of the supervisory obligations incumbent upon the Supervisory Board and that the past remuneration scheme is also appropriate for the future.

5. Section 7.1.2 of the code recommends that the consolidated annual financial statements be made accessible to the public within 90 days of the end of a fiscal year and the interim reports within 45 days of the end of the reporting period.

The regulations of the Frankfurt Stock Exchange applicable to the Prime Standard have, up to now, required that consolidated financial statements be published within a period of four months after the end of a fiscal year. According to these regulations, interim reports are to be published within two months. The Company has to date adhered to the periods laid down by the Frankfurt Stock Exchange, since the Management Board considers this time regime appropriate. The Company may publish the reports at an earlier date if internal procedures allow this to be done.

Takeover law disclosures

Subscribed capital

As of the 31 December 2014 balance sheet date, Wirecard AG's equity amounted to kEUR 1,072,886 compared with kEUR 608,411 as of the previous year's balance sheet date.

The Company's subscribed capital as of 31 December 2014 amounted to EUR 123,490,586 and was divided into 123,490,586 no-par value bearer shares based on a notional capital stock of EUR 1.00 per share. Each share confers one vote.

Contingent and authorised capital, purchase of treasury shares

Conditional capital (Conditional Capital 2004/I) on the balance sheet date totalled kEUR 689. There was no conversion in the 2014 fiscal year and thus no change in conditional capital compared to the previous year.

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

According to the resolution made by the Annual General Meeting on 26 June 2012, the Management Board was authorised, with the approval of the Supervisory Board, to increase the share capital until 25 June 2017, once or on several occasions, up to a maximum total of kEUR 30,000 against cash and/or non-cash capital contributions (including so-called "mixed non-cash capital contributions") by issuing up to 30 million new no-par-value bearer shares (Authorised Capital 2012) and hence determine the point at which profit participation begins, which will differ from that stipulated by legislation and will have retroactive effect on the profits in the 2014 fiscal year, insofar as no resolution has been passed to date regarding the profits in the 2014 fiscal year.

The Management Board is authorised to acquire treasury shares of up to 10 percent of the value of Wirecard AG's capital stock existing on the date of the resolution's adoption. The Management Board did not make use of its authority to acquire and utilise treasury shares by 31 December 2014. For further details on capital, please refer to the Notes.

Notification of voting rights

The Company has received no reports that any shareholder holds a direct or indirect share of voting rights in excess of 10 percent. The Company's Management Board is not aware of any restrictions relating to voting rights or the transfer of stocks.

Statutory regulations regarding changes to the Articles of Incorporation and the Management Board

The statutory rules and regulations apply to the appointment and recall from office of the members of the Management Board. Accordingly, the Supervisory Board is generally responsible for such appointments and recalls from office. The statutory rules and regulations apply to amendments to the Articles of Incorporation. Amendments to the Articles of Incorporation are approved at the Annual General Meeting pursuant to Section 179 of the German Stock Corporation Act (AktG). The resolution at the Annual General Meeting calls for a majority equivalent to at least three quarters of the capital stock represented at the time of the resolution's adoption.

Arrangement in the event of a change of control

A change of control of the Company, for purposes of employment contracts, shall apply at the point in time at which a notice pursuant to Sections 21, 22 of the German Securities Trading Act (WpHG) is received or should have been received by the Company to the effect that 30 percent or more of the Company's voting rights in the meaning of Sections 21, 22 WpHG will be assigned by way of entitlement or attributed to a natural or legal person or a body of persons. In the event of a change of control, each member of the Management Board is entitled to receive a special bonus, which is dependent on the Company's value. The amount of the special bonus for Dr. Markus Braun and Mr Burkhard Ley is 0.4 percent of the Company's value and for Mr Jan Marsalek 0.25 percent of the Company's value. In the event of such a change of control, the Management Board shall not be entitled to extraordinary termination of the employment agreement. Entitlement to a special bonus shall apply only if the change of control is effected on the basis of an offer to all shareholders of the Company, or if such change of control is followed by an offer to all shareholders. The Company's value is defined as the offer for the Company in euros per share, multiplied by the total number of all shares issued at the time of publication of the offer. The special bonus shall be payable only if the Company's value determined in this manner reaches at least EUR 500 million. A Company value in excess of EUR 2 billion shall not be taken into account in calculating the special bonus. Such special bonus payments are payable in three equal instalments.

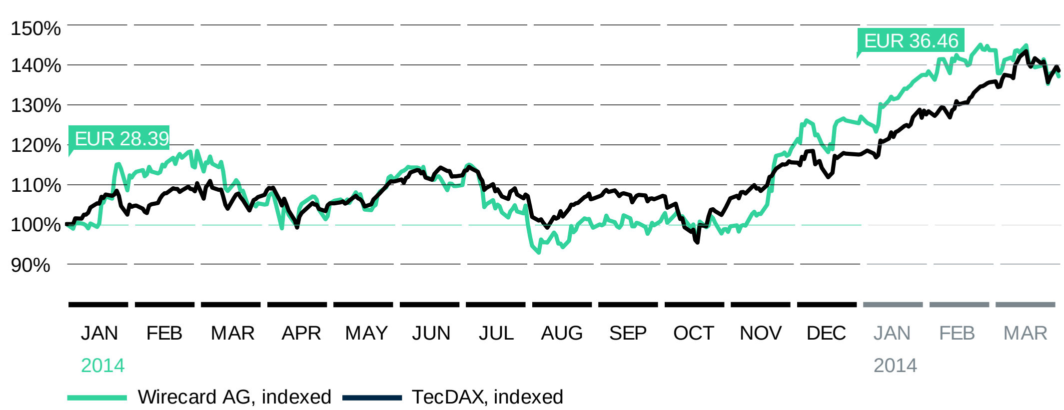
The Management and Supervisory Boards have adopted a resolution to the effect that employees of Wirecard AG and of its subsidiaries can be awarded a special bonus on similar terms and conditions as those that apply for the Management Board. To this end, a total of 0.8 percent of the Company's value has been made available. The Management Board can grant special bonus awards to employees in the event of a change of control with the consent of the Supervisory Board in each instance. A precondition for such a special bonus payment is that the employee must be employed at the time the change of control occurs. Such special bonus payments shall also be made in three instalments.

Wirecard stock

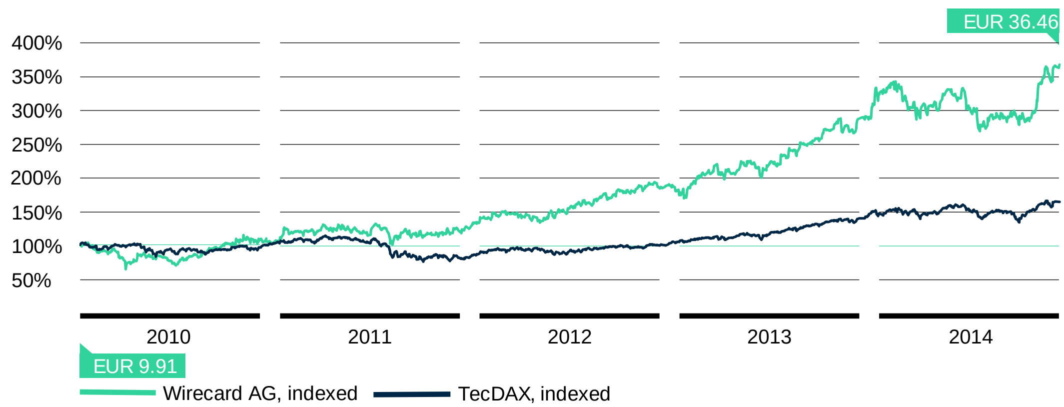
The German stock market developed at a considerably more moderate rate in 2014 compared to the previous year. After the DAX achieved an increase of around 25 percent in 2013, it could only record an increase of 2.7 percent in the year under review and ended the stock market year 2014 at 9,806 points. Nevertheless, the leading German index reached an all-time high on 5 December to enter the five-digit range with 10,087 points.

The MDAX index of second-tier German shares also only recorded growth of 2.2 percent to stand at 16,935 points on the last trading day of the year. In contrast, the TecDAX index that is of relevance to the Wirecard share experienced an increase of 17.5 percent to reach a level of 1,371 points at the end of the year. This technology index recorded a year-high on 8 December 2014 at 1,381 points.

After following a mainly sideways trend up until the autumn, the Wirecard share was able to reach its highest level of EUR 36.46 on 30 December, which was also the last trading day of 2014. This corresponds to an increase of 27 percent when measured against the previous year's closing price of EUR 28.72. The share experienced its year-low price of EUR 26.65 on 4 August 2014.



Five-year trend for the Wirecard stock

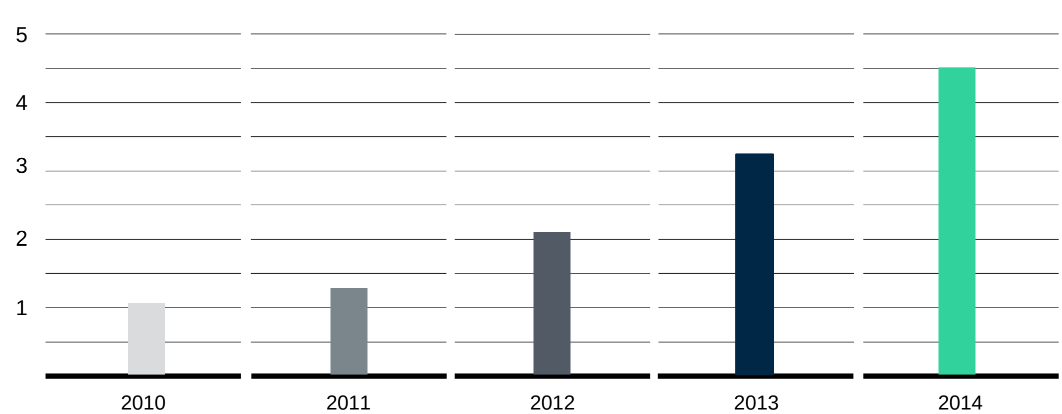


Performance in %

	1 year 2014	5 years 2010 - 2014	10 years 2005 - 2014
Wirecard AG (excluding dividend)	+27.0	+278.6	+2816.8
DAX (performance-index)	+2.7	+64.59	+130.4
TecDAX (performance-index)	+17.5	+67.7	+163.7

During the year, a total of 115.2 million Wirecard shares were traded on the electronic XETRA trading platform, which corresponds to an average trading volume of 457,028 shares per day. The Company's market capitalisation as of 30 December 2014 stood at EUR 4.5 billion.

Wirecard AG's market capitalisation (as of 31 December in EUR billion)



Capital measures during the year under review

On 25 February 2014, the Management Board, with Supervisory Board approval, passed a resolution to increase the capital stock from authorised capital by EUR 11,198,345.00, from EUR 112,292,241.00 to EUR 123,490,586.00, through issuing 11,198,345 new ordinary bearer shares, each with a notional interest in the capital stock of EUR 1.00, against cash contributions. On 26 February, the Management Board of Wirecard AG fixed the offer price at EUR 32.75 for the

accelerated placing of shares arising from the capital increase that was approved on the previous day. As part of the capital increase, a total of 11,198,345 new shares were successfully placed with institutional investors by way of an accelerated bookbuilding process. The Company received around EUR 367 million of gross issue proceeds from the capital increase. On 28 February 2014, the new shares were included in the existing listing on the regulated market of the Frankfurt Stock Exchange, and in the sub-segment of the regulated market entailing additional listing duties (Prime Standard).

Annual General Meeting/Dividend resolution

Wirecard AG's ordinary Annual General Meeting was held in Munich on 18 June 2014. The motions passed included the distribution of an amount of EUR 14,818,870.32 as a dividend from the profit of EUR 54,338,289.52 for the 2013 fiscal year included in retained earnings. This corresponds to an amount of EUR 0.12 per share on the basis of the 123,490,586 dividend-entitled shares.

All of the agenda items were passed with a majority. Information on the Annual General Meeting and details on the results of the votes are available online at: ir.wirecard.com/annual-general-meeting

KPIs for Wirecard's shares

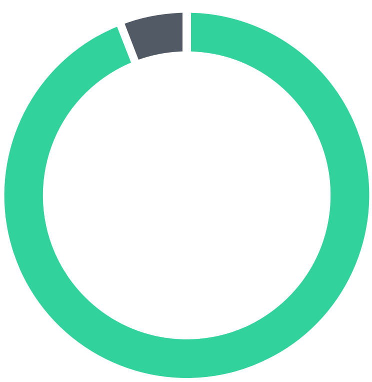
		2014	2013
Number of shares (31.12.) – all dividend-entitledt		**123,490,586**	112,292,241
Share capital (31.12.)	kEUR	**123,491**	112,292
Market capitalisation (31.12.)	Bn. EUR	**4.50**	3.23
Year-end price (31.12.)	EUR	**36.46**	28.72
Year-hig	EUR	**36.46**	28.72
Year-low	EUR	**26.65**	16.77
Earnings per share (basic)	EUR	**0.89**	0.74
Cash flow from operating activities (adjusted) per share	EUR	**1.18**	0.96
Earnings per share (diluted)	EUR	**0.89**	0.74
Shareholder's equity per share (basic)	EUR	**8.69**	5.42
Dividend per share	EUR	**0.12**	0.11
Total dividend payout	kEUR	**14,819**	12,341

Stock data: XETRA closing prices

Investor relations

In 2014, the main topics of communication with the capital markets included Wirecard's innovation and growth strategies. This also included the acquisitions in Turkey, South Africa and New Zealand. The expansion and positioning of the new mobile payment business area continued to be the focus of numerous discussions with analysts and investors. The Management Board and the Investor Relations department of Wirecard AG took part in numerous conferences and roadshows in both Germany and abroad during the year under review. In continuous dialogue with our shareholders, we explained our strategy and answered questions about the latest developments in the areas of mPOS and ePOS. At the end of the period under review, a total of 17 analysts from renowned banks were closely observing the Wirecard share.

Analyst recommendations as of 31 December 2014



94% Buy

6% Hold

0% Sell

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 sustained 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

Shareholder structure

Most of the 94.0 percent free float as of 31 December 2014 continues to comprise institutional investors from the Anglo-American region and Europe.

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 sustained corporate governance. Special measures in this regard are the listing on the Prime Standard and reporting according to IAS/IFRS.

Basic information on Wirecard stock

Year established:	1999	
Market segment:	Prime Standard	
Index:	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:	123,490,586	
Group accounting category:	exempting consolidated financial statements in accordance with IAS/IFRS	
End of fiscal year:	31 December	
Total capital stock as of 31 December 2014	kEUR 123,491	
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
Shareholder structure* as of 31 December 2014		
Shareholders holding more than 3% of voting rights	6.0% MB Beteiligungsgesellschaft mbH	
	94.0% freefloat (according to Deutsche Börse's definition) of which	
	6.27% Jupiter Asset Management Ltd. (UK)	
	5.04% The Capital Group Companies (US)	
	4.94% Alken Luxembourg S.A. (LU)	
	3.15% T. Rowe Price Group, Inc. (US)	
	3.03% Standard Life Investment Limited (UK)	

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

MANAGEMENT REPORT

III. FORECAST AND REPORT ON OPPORTUNITIES AND RISKS 100

ABOVE

19,000

EXISTING CUSTOMERS

ø 1,750

EMPLOYEES

1.5

TIME IN SECONDS
TO PROCESS A TRANSACTOIN
(WIRECARD BANK AS ACQUIRER)

1,073

SHAREHOLDER'S EQUITY IN MN. EUROS

> 200

INTERNATIONAL
PAYMENT NETWORKS

I. Foundations of the Group

1. GROUP STRUCTURE, ORGANISATION AND EMPLOYEES

1.1 Group

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

As of 31 December 2014, the Wirecard Group comprised numerous domestic and foreign subsidiaries. The Group parent company Wirecard AG, headquartered in Aschheim near Munich, assumes strategic corporate planning and the central tasks of Human Resources, Treasury, Controlling, Accounting, Legal, Risk Management, M&A and Financial Controlling, Corporate Communications and Investor Relations, Strategic Alliances and Business Development, 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.

1.2 Subsidiaries

The Wirecard Group comprises various subsidiaries, which carry out the entire operating business. They are positioned as software and IT specialists for outsourcing and white label solutions in payment processing and for the distribution of issuing products.

Locations of the most important subsidiaries

Europe

The headquarters of Wirecard AG in Aschheim near Munich (Germany) are also the head office of Wirecard Bank AG, Wirecard Technologies GmbH, Wirecard Acquiring & Issuing GmbH, Wirecard Sales International GmbH, Wirecard Retail Services GmbH and Click2Pay GmbH. Wirecard Communication Services GmbH is headquartered in Leipzig (Germany).

Wirecard Technologies GmbH develops and operates the software platform that forms the central element of our portfolio of products and services, as well as our internal business processes.

Wirecard Retail Services GmbH complements the range of services of the sister companies with the sale and operation of point of sale (POS) payment terminals. This provides our customers with the option of not only accepting payments for their Internet-based and mail-order services but also processing electronic payments made at their PoS outlets through Wirecard.

Wirecard Communication Services GmbH bundles expertise in virtual and bricks and mortar call centre solutions into a hybrid structure. The resulting flexibility enables dynamic response to the changing requirements of Internet-based business models. The services provided by Wirecard Communication Services GmbH are aimed mainly at business and private customers of the Wirecard Group, and especially those of Wirecard Bank AG.

The subsidiaries Wirecard Payment Solutions Holdings Ltd., Wirecard UK & Ireland Ltd. and Herview Ltd., all with head offices in Dublin (Ireland), as well as Wirecard Central Eastern Europe GmbH based in Klagenfurt (Austria) provide sales and processing services for the Group's core business, namely Payment Processing & Risk Management. Click2Pay GmbH operates wallet products.

Wirecard Card Solutions Ltd., based in Newcastle (United Kingdom), is a specialist in the issuing of prepaid credit cards and operates under an e-money license from the UK's Financial Conduct Authority (FCA).

Wirecard Acquiring & Issuing GmbH and Wirecard Sales International GmBH, both headquartered in Aschheim (Germany) act as intermediate holding companies for subsidiaries within the Group and have no operating activities.

Gibraltar-based Wirecard (Gibraltar) Ltd. is currently in liquidation.

In September 2014, the acquisition of the Turkish company Mikro Ödeme Sistemleri İletişim San.ve Tic. A.Ş., headquartered in Istanbul (Turkey), was agreed. Through its rolled-out brand 3pay, the company is considered to be one of the leading payment providers in Turkey. Its range of services stretch from mobile payment/direct carrier billing services through to its own prepaid card platform. The company's customers and partners include all of the Turkish mobile communications companies, as well as broad-reaching partnerships in the field of games publishing and social networks. Turkey is considered one of the most dynamic growth markets in the MENA region with regards to electronic payments, e-commerce and prepaid products.

Asia Pacific (APAC)

In order to optimise the organisational structure following acquisitions by Wirecard AG in Asia, Wirecard Asia Holding Pte. Ltd., headquartered in Singapore, was founded at the end of the reporting period as a subsidiary of Wirecard Sales International GmbH (Aschheim). After the end of the reporting period, the companies Korvac Payment Services (S) Pte. Ltd. (Singapore) and Payment Link Pte. Ltd (Singapore) were incorporated into System@Work Pte. Ltd. (Singapore) with effect from 1 January 2015, which was subsequently renamed as Wirecard Singapore Pte. Ltd. Wirecard Asia Pte. Ltd. (Singapore) was deconsolidated and, as part of the optimisation of the business processes, its previously supplied services were transferred to Wirecard Asia Holding Pte. Ltd., headquartered in Singapore.

Systems@Work Pte. Ltd. (renamed as Wirecard Singapore Pte. Ltd. with effect from 22 January 2015), headquartered in Singapore, is ranked with its subsidiaries and the brand TeleMoney as one of the leading technical payment service providers for retailers and banks in the East Asia region. The Group includes the subsidiary Systems@Work (M) SDN BHD, Kuala Lumpur (Malaysia) and, as a result of the incorporation described above, also Wirecard Payment Solutions Malaysia Sdn Bhd, Kuala Lumpur (Malaysia).

Payment Link Pte. Ltd., Singapore, (merged with Wirecard Singapore Pte. Ltd. with effect from 1 January 2015) and its subsidiaries Wirecard Payment Solutions Malaysia Sdn. Bhd., Kuala Lumpur (formerly Korvac (M) SDN BHD, Kuala Lumpur (Malaysia)) and Korvac Payment Services (S) Pte. Ltd. (Singapore) (merged with Wirecard Singapore Pte. Ltd. with effect from 1 January 2015) operate, amongst other things, one of the largest payment networks for local contactless payment cards in Singapore. Moreover, the company is one of the leading domestic acquiring processors and also distributes local prepaid cards. The Malaysian subsidiary is a well-established provider of payment, network operation and technology services, mainly for banks and financial service providers.

Trans Infotech Pte. Ltd., Singapore, ranks among the leading providers in the payment services sector for banks in Vietnam, Cambodia and Laos. Furthermore Trans Infotech acts as a technology partner in the area of payment, network operation and technology services for banks, transportation businesses and retail companies in Singapore and the Philippines.

PT Prima Vista Solusi, with its headquarters in Jakarta (Indonesia), is a leading provider of payment transaction, network operation and technology services for banks and retail companies in Indonesia.

PT Aprisma Indonesia, headquartered in Jakarta (Indonesia), ranks as one of the leading providers of payment services in the region. The core products that run on the transaction-based software platform comprise solutions from the areas of online and mobile banking, mobile handset-based tokenisation instruments to protect mobile and online transactions, and B2B and B2C-oriented online payment solutions.

Wirecard Myanmar Ltd., headquartered in Yangon (Myanmar) provides processing services to local financial institutions.

In December 2014, Wirecard AG acquired GFG Group Limited, headquartered in Auckland (New Zealand), as well as a subsidiary in Melbourne (Australia). The GFG Group is a leading provider of innovative electronic payment solutions and services.

Middle East and Africa (MEA)

Wirecard Processing FZ-LLC, with its headquarters in Dubai (United Arab Emirates), specialises in services for electronic payment processing, credit card acceptance and the issue of debit and credit cards, and has a regional portfolio of customers.

cardSystems Middle East FZ-LLC, with its headquarters in Dubai (United Arab Emirates), focuses on the sale of affiliate products and offers acquiring and other payment services, as well as associated value added services, that are sourced from, amongst others Wirecard Processing.

The Group's entry into the South African market was marked by the acquisition of Amara Technology Africa Proprietary Limited (South Africa), including a subsidiary headquartered in Cape Town, in December 2014. Amara provides acquiring and issuing processing services, arranges card acceptance services and manages prepaid card programs for numerous financial institutions in Africa. In addition, the provision of point-of-sale and e-commerce payment processing and the issuing of payment cards for local retailers, airlines, resorts and governmental organisations represent an important part of its business.

An overview of the scope of consolidation is provided in the Notes to the consolidated financial statements.

1.3 Management and Supervisory Boards

The Management Board of Wirecard AG remained unchanged as of 31 December 2014, consisting of three members:

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

There were no changes to Wirecard AG's Supervisory Board. The Supervisory Board comprised the following members as of 31 December 2014:

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

The remuneration scheme for the Management and Supervisory Boards consists of fixed and variable components. Further information can be found in the Corporate Governance Report.

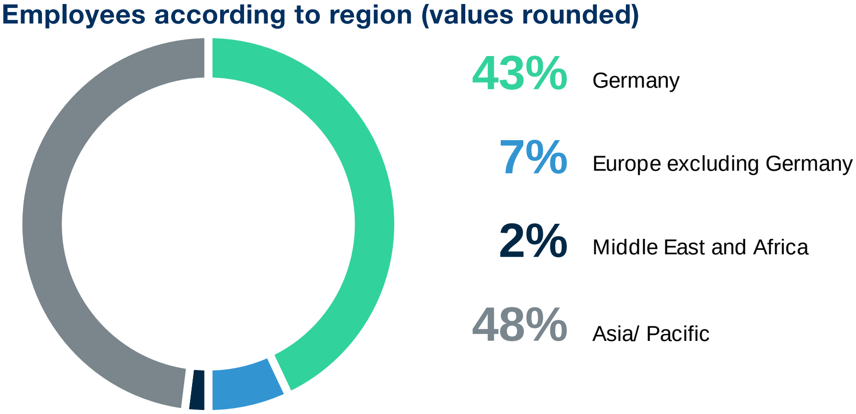
1.4 Employees

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

Wirecard AG employs a multinational team. The Wirecard Group employed an average of 1,750 employees (previous year: 1025), excluding members of the Management Board of Wirecard AG and trainees, during the course of the 2014 fiscal year. Of which 38 (previous year: 38) were employed by a subsidiary as members of the Management Board or as managing directors. The employees of the Wirecard Group were distributed across the following regions on the balance sheet date of 31 December 2014:

- Germany: 789 (previous year: 613)
- Europe excluding Germany: 125 (previous year: 87)
- Middle East and Africa (MEA): 45 (previous year: 21)
- Asia Pacific (APAC): 886 (previous year: 462)

Employees according to region (values rounded)



In Germany, the number of female staff at the Wirecard Group amounted to 340 as of 31 December 2014, comprising around 43 percent of the total employees (31 December 2013: 285 female staff, around 46 percent). At the first management level (directly reporting to the Management Board), a total of 5 women and 9 men were employed in Germany as of 31 December 2014 (2013: women: 5, men: 9). At the second management level, a total of 12 female and 13 male managers were employed in Germany (2013: women: 10, men: 14).

Human resources strategy

The personnel department supports management in helping staff move ahead in the best-possible way based on their skills and qualifications.

Adherence to fundamental social principles and taking action based on entrepreneurial thinking are indispensable to Wirecard AG managers. They are broad-minded from an intercultural perspective and deploy a management style that fosters an open climate in which employees become more strongly integrated into decision-making processes, as well as promoting a team approach with the objective of developing ideas and advancing innovations.

The development of our employees through measures tailored to suit each individual, in harmony with our corporate objectives, is one of the essential tools in our human resources development strategy. Here, the personal development of each individual is considered in the context of entrepreneurial success, in order to explore developmental perspectives tailored to the requirements of each employee.

With regard to long-term human resources development, the Wirecard Group is pursuing a specially developed concept geared to the overarching goal of strengthening the image of Wirecard AG as an attractive employer. Regular development discussions between managers and staff, together with the performance targets that are agreed at these meetings, help our employees to bring their skills, performance and personal potential to bear to our mutual advantage. This is coupled with HR development activities to further develop our employees' strengths.

As far as possible, we offer our employees interesting perspectives for further development in other areas of the business where desired. We deploy specific employer branding activities to position Wirecard as an attractive employer, in order to recruit specialists from all areas world-wide. In terms of resource planning and acquiring talent, the dynamic growth of the Wirecard Group has also led to other HR measures in the year under review. Both our online activities, as well as participation in HR events and career days, will be expanded further in the future.

In addition to the German language courses offered, a relocation agency was assigned to make it easier for new staff – who are being increasingly recruited from abroad – to move to, and settle in, Germany.

Diversity

Wirecard has employees from around 60 different nations throughout the world. As a young, innovative and interculturally broad-minded company, Wirecard integrates employees into decision-making processes and promotes a team approach with the objective of developing ideas and advancing innovations. Our Company is characterised by flat hierarchies and an open, respectful working environment based on mutual appreciation.

Wirecard as an employer

The mix of being a dynamically growing company albeit with the solid structure of an international TecDAX Group makes us a particularly popular employer as a German global player.

Wirecard offers its employees long-term perspectives and promotion prospects in a rapidly growing, successful company. In addition, the Company's headquarters, in close vicinity to the Munich Trade Fair, provides a modern working environment with extra company services such as a canteen, fitness area, incentives and employee events.

We also maintain a culture of mobile attendance, which allows our employees to balance child care and their working hours in the best way possible.

Our HR strategy focuses on continuously increasing employee satisfaction. Our so-called "trust flexi-time", which we introduced several years ago, allows our employees to work flexible hours in accordance with those working hours required in the relevant departments.

We also offer the option of three to six-month sabbaticals. This is subject to certain preconditions, such as length of service at Wirecard.

2. BUSINESS ACTIVITIES AND PRODUCTS

2.1 Business activities

Financial technology for more than 19,000 customers

Overview

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

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

For the issuing of their own payment instruments in the form of cards or mobile payment solutions, Wirecard provides companies with an end-to-end infrastructure, including the requisite issuing licences for card and account products.

Business model

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

USPs

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

The major share of Group revenue 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. As a result, conventional services for the settlement and risk analysis of payment transactions, as performed by a payment services provider, and credit card acceptance performed by Wirecard Bank AG, are closely interlinked.

Core sectors

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

- Consumer goods	This includes retailers who sell physical products to their target group (B2C or B2B). This customer segment comprises companies of various dimensions, from e-commerce start-ups through to major international corporate groups. They include Internet pure players, multi-channel, teleshopping and/or 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, Internet telephony and lotteries such as sports betting or 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.

2.2 Reporting segments

Wirecard AG reports on its business development in three segments.

Payment Processing & Risk Management (PP&RM)

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

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

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

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

Acquiring & Issuing (A&I)

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

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

In 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 Centre & Communication Services (CC&CS)

The complete scope of the value added services offered by our call centre activities is reported in the **Call Centre & Communication Services** (CC&CS) segment, which also includes other products such as aftersales service to our customers and mailing activities as sub-categories.

2.3 Products and solutions

Multi-Channel Payment Gateway – global payment processing

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

Other solutions, for example country-specific 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. In addition, Wirecard offers call centre services (24/7) with trained native speakers in 16 languages.

Thanks to modular, service-oriented software architecture, Wirecard can flexibly adapt its business processes to fit the market conditions at any time and hence respond quickly to new customer requirements. In particular, the omni-channel approach will be rigorously implemented into the platform. Transactions will be processed via the same platform irrespective of the location of the payment (retail store, Internet shop, mobile application, telephone, e-mail, etc.) and made available to the retailer via a consolidated reporting and reconciliation system. It will thus be easier for retailers to automate their back-office processes for all of their sales channels and design them more efficiently. The Internet-based platform architecture means it is possible to carry out individual work processes centrally at a single location or, alternatively, to distribute them across the various subsidiaries and process them at different locations around the world.

Payment acceptance solutions – payment acceptance/credit card acquiring

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, as well as numerous other services.

In addition to Principal Membership 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.

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 (rule engine) and offers extensive reports including, for example, what share of transactions has been rejected, and why. In addition, FPS analyses whether exclusively fraudulent transactions have been rejected. Age verification, KYC identification (know your customer), analysis via device fingerprinting, hotlists and much more are included in the risk management strategies. An international network of service providers specialised in creditworthiness checks can be additionally included, depending on the retailer’s business model.

Issuing solutions

Issuing solutions – card-based solutions

The range of products and services includes the management of card accounts and the processing of card transactions (issuing processing), as well as the issuing of various types of cards including PIN management, mostly Visa and MasterCard. The card can be provided in all kinds of forms:

- EMV chip cards for contact applications
- Dual interface cards for contact applications or contactless applications
- Stickers for contactless applications
- Virtual cards for applications in e-commerce
- Cloud-based payment/HCE, on the SIM card or in embedded secure elements for contactless payment at the POS

On the basis of the functionality available through the white-label platform, Wirecard offers numerous standard solutions for retailers, telecommunications companies and banks. These are available in the corresponding corporate design of the business customer or as Wirecard’s own brand.

- Procurement cards
- Payment solutions for suppliers based on virtual single-use cards (SCP – Supplier and Commission Payments)
- Salary cards
- General-purpose reloadable cards
- Corporate expense cards
- Premium cards

Issuing solutions – mobile payment solutions

The Wirecard white label platform – which complies with national and regional regulations for the issuing of Visa or MasterCard products – enables the management of accounts for open and closed loop payments on a deposit, direct booking and credit basis. Customer registration and legitimisation processes (KYC) are processed automatically via the platform. Peer-to-peer money transfers and numerous top-up methods are supported. The platform provides user interfaces for administrative functions (e.g. callcentres) and for consumers that feature the customer's corporate design. Consumers can access their wallet via the Internet as well as via their mobile phones in the form of smartphone applications. In addition, the platform supports eWallet payments on the Internet, in-app payments via smartphones and via Near Field Communication (NFC) as well as quick response code (QR code) transmission technologies/payments at the POS.

Value added services/Card linked offers/Couponing and loyalty

The couponing and loyalty area comprises new value added services that Wirecard makes possible by automatically linking them to a transaction, without the need for an amendment to the retailer's system. Fully in line with the trend towards converging sales channels and payment systems, various services associated with payouts and vouchers are also offered in the mobile advertising area. This enables customers to participate, for example, in loyalty campaigns across sales channels with a payment method that only needs to be registered once. The Integrated Couponing & Loyalty System (ICLS) supports various different types of campaign and redemption mechanisms here, such as target campaigns, stamp cards, coupons and cashback. In the couponing and loyalty area, other value added services are currently being developed that will enable specific groups of customers to be targeted on the basis of their purchasing behaviour.

WIRECARD PLATFORM

END-TO-END SERVICES FOR ALL INDUSTRY VERTICALS

- Online, PoS, Mobile, Mail order, Telephone order (Moto)
- White-Label, Co-Branded, Wirecard-Branded

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

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

VALUE-ADDED SERVICES

Transaction-independent coupon management system | Connection to third party loyalty systems

White-label merchant self-service platform for campaign management | Loyalty and couponing services

SERVICES

Card personalisation | Multilingual service team with vast expertise in providing support for financial products, available 24/7

Case management | Payment guarantee | Banking services for business and private customers | Currency management

Banking services for business and private customers | Consolidated settlement and treasury services

ISSUING SOLUTIONS

Standard issuing solutions

- Processing of card transactions
- Tokenisation of credit card data
- Issuing licences for Visa and MasterCard
- e-money licence for SEPA countries
- Open and closed loop cards
- PIN management
- Multi-channel self-service user registration and data management
- Various types of account (prepaid, decoupled debit/credit)
- Comprehensive application program interfaces (APIs) for flexible integration in the customer system
- Credit facility management

Card-based issuing solutions

- Multiple card types (credit, debit and prepaid cards) in various forms:
- Plastic cards with magnetic strips
- EMV cards for chip and PIN payments
- Dual interface cards for chip and PIN and contactless payments
- Sticker for contactless payments
- Virtual cards for use in e-Commerce
- Mobile cards for contactless payments in high-street retail and for in-app payments
- 3D Secure Service
- One-time use cards
- Combo and partner cards
- e-Wallet payments online

Issuing solutions for mobile payments

- SP-TSM gateway to all major SE-TSMs
- E2E HCE solution for mobile cards
- Wallet solutions
- Direct charging-on of card costs
- Standard white-label mobile apps and responsive online UI
- Storage of encrypted card data via cloud-based payment/HCE on SIM card or in an embedded secure element for contactless payments at the POS
- In-app payments on smart-phones (NFC, QR code)
- Payment at the POS
- Card creation and provision in real time
- Various top-up methods via alternative payment processes and automatic top-up
- Full integration in all Wirecard issuing standard products, such as corporate expense cards, premium cards, payout cards, gift cards, etc.

MOBILE

Mobile solutions

- P2P funds transfer function/international money remittance
- In-app payments
- Credit on demand
- Microcredits
- Personal finance
- Integration of HCE wearables software development kit (SDK)
- Payment SDK for iOS and Android
- Mobile payments (including wallets and payment apps)
- Platform-based (white-label) wallet solution
- Mobile banking

Omnichannel loyalty and couponing system with integrated processing of issuing and acquiring transactions in real time

Connected POS platform with transaction data analysis at item level | Contextual and financial offers

Payment terminal infrastructure service | Credit risk and fraud management support | BIN sponsorship

Card programme management | Merchant support | Consultancy on global payment strategies

Merchant and customer promotions for payment and value added services through own outbound callcenter

3. CORPORATE MANAGEMENT, OBJECTIVES AND STRATEGY

3.1 Financial and non-financial targets

In order to provide globally operating retailers with worldwide access to markets and consumers, Wirecard offers its partners and customers international and regional payment solutions, as well as risk management systems. As a globally successful and reliable service provider, an important goal of the Company is thus to identify market trends at an early stage and actively shape them so that it can continue to strengthen its position as a leader for technology and innovation.

Wirecard strives to support the global expansion of existing customers and the online strategy of global retailers, and to integrate all relevant payment methods and technologies into the global Wirecard platform, to further intensify the connections to existing international banking networks and to advance the convergence of all sales channels whether online, mobile or at the POS. In order to cultivate and develop sustainable and long-term customer relationships, a fundamental corporate goal is to provide products and services with a high level of quality.

Earnings before interest, tax, depreciation and amortisation (EBITDA) comprises Wirecard AG's central operating financial performance indicator.

In the 2015 fiscal year, Wirecard AG expects an EBITDA of between EUR 210 million and EUR 230 million.

This forecast is based on the continued dynamic growth of the e-commerce market and constant acquisition of new customers, cross-selling effects with existing customers, earnings contributions from acquisitions realised in the previous year and the first earnings contributions from the mobile payment business area. As the result of the continuously rising number of customer relationships and growing transaction volumes, we expect further economies of scale from our transaction-oriented business model and substantial synergies with our banking services, as well as from cross-selling effects.

Retaining our comfortable level of equity, as well as keeping liabilities at a moderate level comprise additional significant operating financial targets for the Wirecard Group. The financing of our operating business and the organic growth of the Company from a sustainably positive operating cash flow are an important part of the financial targets for Wirecard AG. This will also avoid the need for external financing of the operating business in the future.

In the Management report, III. Forecast and report on opportunities and risks, Chapter 1.5 “Expected financial position and results of operations”, we discuss additional financial objectives.

Sustainable, income-oriented company growth stands at the heart of all of our financial and non-financial targets – growth which likewise has a positive impact on our Company’s value. This is also based to a significant extent on the motivation of our highly qualified employees. Individual target agreements are made in this regard, which are not only measured in terms of our Company’s success, but which also aim to strengthen the personal development and skills of the individual employees.

The Wirecard Group continuously assesses its strategic decisions according to the aspects outlined above. Our aim is to leverage Wirecard AG’s fundamental strengths in order to continue to increase our earnings in the next two years. At the same time we are committed to deploying innovative solutions to support our customers in handling an increasingly complex environment so that they can increase and simultaneously secure their revenues. In doing so, we keep an eye on market developments, so that we can react flexibly and responsibly with regard to costs, regulations and future events.

Sustainability

Wirecard AG is a globally oriented Group pursuing a primarily organically led growth strategy. Sustainable corporate management, which alongside strategic development pays particular attention to the Group’s societal responsibility as well as the needs of its employees, customers, investors and suppliers, and also those groups associated with the company, consequently forms an increasingly significant factor in upholding the stakeholder value concept, as well as the Company’s corporate social responsibility (CSR).

Our business model replaces manual, paper-based processes with the online processing of electronic payments and safeguards resources by avoiding waste.

In future, Wirecard AG will be addressing economic, environmental and socially relevant issues to an even greater extent, in order to also make its contribution to a sustainable, responsible society in this context.

In particular, Wirecard AG checks the extent to which it can utilise the German Sustainability Code to make its commitment to sustainability transparent, comparable and thus also clear for investors and consumers.

Our values are unconditionally linked to our business model, the success of which is based on security, dependability and trust. We provide solutions that allow retailers to process their cash flows through one platform. Customer satisfaction forms a central non-financial objective for the Wirecard Group.

In order to uphold its responsibility, the Wirecard Group intends to define specific targets in its sustainability strategy based on the orientation of its core business, including, for example, minimum standards for energy consumption and the review of environmental risks.

3.2 Corporate strategy

During 2014, Wirecard AG achieved its own operating targets and successfully implemented its strategy of chiefly organically-led growth, as well as targeted expansion in global growth markets. The stated target at the beginning of the 2014 fiscal year of achieving an EBITDA of between EUR 160 million and EUR 175 million was increased twice in the second half of 2014, to a final target of between EUR 170 million and EUR 177 million, due to the strong business performance.

Wirecard enjoys an international presence with locally networked units and provides multinational card and payment acceptance agreements. The Wirecard platform offers locally and globally relevant payment methods.

The strategic objective of far-reaching, fully integrated coverage across the entire value chain for electronic payment processing will continue to form the basis of our business and product policy in the coming years.

The core products that run on the transaction-based software platform comprise solutions from the areas of online and mobile banking, mobile handset-based tokenisation instruments to protect mobile and online transactions, and B2B and B2C-oriented online payment solutions. The core activities were constantly expanded and extended to include NFC-driven mobile payment, mobile point of sale (mPOS) solutions or value added services dealing with traditional Internet-based and mobile payment methods. The Wirecard omni-channel platform will also be continuously expanded in future to include innovative solutions such as wearables.

The fact that we have once again enjoyed a successful year in our operations confirms our general strategic orientation, as well as underscoring the sustainability of potential synergies arising from linking technology and banking. The extensive vertical range of our Group's productivity made a major contribution to our profitability in the period under review. Our end-to-end solutions and substantial cost advantages will also reinforce Wirecard's future position on the market and provide the foundations for it to benefit to a disproportionate extent from the payment industry's accelerating consolidation.

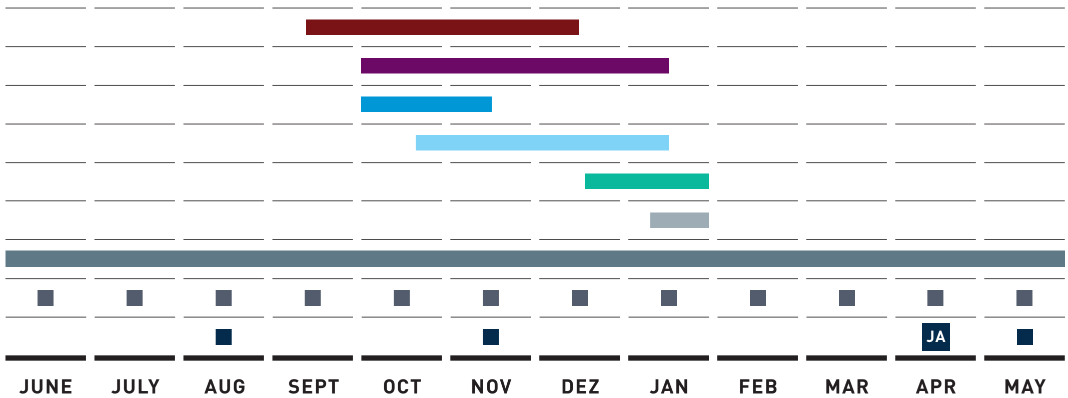
The geographical growth strategy is closely linked with the objectives of supporting existing and future partners and customers in the best way possible and providing secure payment acceptance irrespective of which sales channel is used. The Wirecard Group will continue to pursue primarily organic growth in our core markets. In order to develop a global network of service and technical facilities, acquisitions within the framework of the M&A strategy are possible in combination with organic growth. We will continue to also review acquisition opportunities according to a conservative list of M&A criteria.

A capital increase was agreed and carried out in February 2014 to ensure we are prepared for M&A opportunities as they arise and in order to continue the acquisition strategy followed in the last few years. The Company received gross issue proceeds of around EUR 367 million from the capital increase.

Wirecard continued to pursue its global expansion in 2014, and alongside its entry into the growth market of Turkey, it also announced acquisitions in South Africa and New Zealand. The cooperation agreement with Visa Inc. dealing with the issuing of prepaid cards has reaffirmed Wirecard’s commitment to the global growth market of prepaid cards, especially in south-east Asia and Latin America.

In order to optimise the organisational structure following the acquisitions by Wirecard in Asia, Wirecard Asia Holding Pte. Ltd. was founded as a subsidiary of Wirecard Sales International GmbH.

3.3 Corporate management



- Strategic planning
- Planning: Group, subsidiaries, segments
- Demand planning
- Consolidation, analysis, compilation
- Harmonization on group level
- Final planning adjustment
- Rolling forecast
- Internal reporting
- External reporting

In order to achieve the Company's targets (Management report, I. Foundations of the Group, Chapter 3.1), the planning and reporting system of Wirecard AG supports and secures the successful implementation of the strategy formulated by the Management Board (Management report, I. Foundations of the Group, Chapter 3.2).

Short and medium-term targets are set on the basis of the company's long-term strategy. Targets are set based on a detailed analysis of relevant market trends, the economic environment, the development and planning of the product portfolio and the company's strategic positioning on the market.

The annual plans at the levels of the overall Group, its subsidiaries and individual segments are prepared by analysing the financial position in the past as well as by future planning and target values. The planning system and its methodology is supplemented to reflect new accounting standards, new product development and modifications to the Group structure. Careful and precise planning is performed based on the individual specialist departments. The targets are finalised at Group level taking into account expected market growth and including all internal departmental planning results. New acquisitions will be integrated seamlessly into the budgeting process and the management system. This methodology ensures demand-oriented budgeting and detailed coordination with the Management Board.

The Wirecard Group's in-house management system serves, in particular, to determine and evaluate the achievement of these targets. It is based on independent control models for each business segment. Defined key performance indicators are controlled and monitored continuously. The central indicators for corporate management are predominantly quantitative in nature, such as transaction and customer numbers or revenue and minute volumes, as well as additional indicators such as the profitability of customer relationships. Here, the focus is on profitability measured using EBITDA, as well as the relevant balance sheet ratios.

The key performance indicators are consolidated at Group level and entered into a rolling forecast of future business growth together with the financial results. The individual key performance indicators allow us to measure whether the various corporate targets have been reached, or will be reached.

Monthly reporting and continuing analysis form the central steering element within controlling. Changes to business trends are identified at an early stage through continuous monthly reconciliation of reported key indicators with business planning. This allows corresponding countermeasures to already be adopted in the early stages of a deviation from the plan. The Management Board and business area managers are constantly informed of the status of the key performance indicators as part of company-wide reporting.

The internal management system enables management to respond flexibly to changes within a dynamic market environment, thereby forming an important component of Wirecard AG's sustainable growth.

4. RESEARCH AND DEVELOPMENT

The area of research and development (R&D) is at the core of the Wirecard technology Group's activities. As a result of its software engineering achievements in this area, Wirecard is able to offer new and innovative solutions and services on both established and new markets – new both in term of their geographical location and area of application.

Due to the global presence of the Wirecard Group and its coverage of a number of different retail segments, Wirecard possesses a deep understanding of the market environment and its dynamics. Local presence, above all in strategic growth markets, is a decisive factor in understanding the specific characteristics of regional markets. In particular, this not only enables trends to be identified at an early stage but also makes it possible to actively support and shape them on the market.

Based on the Company's modular and scalable platform, Wirecard AG offers 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.

4.1 Research and development results

In the 2014 fiscal year, R&D activities focused on expanding and implementing innovative solutions in the mobile payment area and on the fully automated processing of payments for small and medium-sized customers. Especially worthy of mention are products such as the Wirecard Checkout Portal, with fully automatic retailer account registration and self sign-up.

In its core area of Payment Acceptance Solutions, the Company continuously expanded its existing solutions to include payment methods, local acquiring options and integration measures relating to retailer back-office automation.

In the risk management area, the product portfolio was expanded to include the Trust Evaluation Suite. The Trust Evaluation Suite from Wirecard combines intelligent risk management with payment processing and a record of the order and payment history between the retailer and their customers. The assessment is based on all previous payment methods used by a particular customer. A customer-specific score table lies at the heart of the customer evaluation. In addition, a customer's credit limit is reviewed in real time and always adapted according to the most recent order and payment records.

In the area of Value-Added Services, the integrated couponing and loyalty solutions have also been utilised for the area of payment services. We thus offer retailers new possibilities for addressing customers, such as offering campaigns across all sales channels, without the need for additionally issuing loyalty cards.

The focus of our research and development in the area of Issuing is placed on the provision of configurable mobile payment solutions, the automation of processes and extending the self-service options for the user.

Wirecard's issuing solutions directly support the personalisation and provision of credit cards on a suitable mobile device. As a consequence, mobile end-devices have become fully fledged payment cards that can be used at all NFC-enabled acceptance points. Here, Wirecard not only supports secure element-based solutions, but also the implementation of host card emulation (HCE) technology, in which sensitive payment data is stored on a secure server. To enable the individual design of card programmes and to serve a diverse range of markets, registration processes can now be configured to include the specific amount and type of input data, which can be accumulated by customers in a rule-based manner in the event of higher usage. The self-service user interface for issuing solutions will be converted from a standard website to a web interface with a so-called responsive design in future, which will adapt to every size of desktop, laptop and tablet, as well as all types of smartphone. These can be configured as white label interfaces and significantly extended to meet the individual requirements of customers in terms of their functionality and adaptability. The automation of administration processes has been expanded through the integration of a dunning and collection tool, which automates reminder and collection processes.

The Wirecard Checkout Portal – the automatic solution for quickly configuring and accepting online payments – has been successively developed and expanded to include special solutions for marketplaces.

The technical consolidation of the acquired company PT Aprisma, Indonesia, was largely concluded in the 2014 fiscal year. In addition, Wirecard Technologies GmbH expanded its own nearshoring centre in Slovakia to ensure the Company can continue to meet the demand for high-quality employees in the area of research and development in a tight labour market. As in the previous fiscal year, the integration and consolidation of the technical platform plays an important role in the leveraging of synergies. As a consequence, Wirecard customers worldwide have access to an extensive, constantly growing and standardised portfolio of products and solutions.

Research and development expenditure

Expenditure on research and development was increased to EUR 38.5 million in the 2014 fiscal year (2013: EUR 34.9 million). The proportion of research and development expenses to total revenues (R&D ratio), was 6.4 percent in the period under review (2013: 7.2 percent). The slightly higher R&D ratio in the previous year was primarily due to particularly high costs for first investments made in the mobile payment area in 2013. The share of total research and development costs (capitalisation rate) accounted for by capitalised development costs amounted to 64.8 percent (2013: 59.3 percent). In comparison to the previous year, this item increased primarily as a result of development activities in the core areas of payment acceptance, automatic retailer account registration, risk management, issuing and loyalty and couponing, as well as due to the further development and integration of technologies such as BLE and HCE in the area of mobile payments.

These expenses are included in the personnel expenses of the respective departments (Payment & Risk Services, Issuing Services, Mobile Services, etc.), within the consultancy expenses and other costs. The impairment charge for capitalised development costs amounted to kEUR 7,150 in the year under review (2013: kEUR 5,071).

Employees in research and development

Employees in the research and development area's departments comprise one of the key pillars of the Wirecard Group and contribute to the success and profitability of its business. The Group employed an average of 768 employees during the year (2013: 310 employees). They are responsible for Product and Project Management, Architecture, Development and Quality Assurance, and follow a product-based organisational structure. Expressed as a proportion of the total number of employees, this corresponds to 44 percent (2013: 30 percent). Alongside organic growth, the increase in the number of employees in the area of research and development is also due to the acquisitions completed by the Company.

Our employees' qualifications, experience and dedication form key factors driving the success of our research and development activities. Our competitive advantage from a technological perspective is ensured by an open culture that allows employees the scope to unfold their creativity and innovative strengths.

A comprehensive training and further education programme secures and expands the high level of qualifications of our research and development staff. An active HR policy and an attractive working environment, with competitive compensation and incentive models, make a significant contribution to ensuring that top performers remain loyal to the Wirecard Group.

4.2 Outlook

With respect to the current fiscal year, we have also planned a large number of initiatives in order to support the Company's strategy in the area of new and innovative products, as well as to help expand its global footprint. The focus here is being placed on, amongst other things, the existing use of new technologies such as HCE, which will greatly propagate mobile payment solutions due to their easy availability for consumers. This solution will be utilised in the Company's own products, as well as being integrated into the applications used by banks and retail companies. In addition, HCE technology will form the basis for solutions designed for wearable technology such as wristbands with the aim of simplifying their use even further. This comprises, for example, the direct forwarding of mobile payment transactions to stored accounts and cards. The diverse range of functionalities that have been developed in the past will be packaged into a number of standard products and made available to customers in lean set-ups in this fiscal year. For retailers, the area of self-service reporting in the Wirecard Enterprise Portal will, in particular, be considerably expanded to offer even more analysis options. Furthermore, Wirecard AG will continue to strive to expand the supported payment processes and banking partners on a global scale.

As previously, our key focus will be ensuring the security of all processed customer and payment data, which remains a central topic for all product developments and those solutions currently in operation.

5. CORPORATE GOVERNANCE STATEMENT PURSUANT TO SECTION 289A OF THE GERMAN COMMERCIAL CODE (HGB), REMUNERATION REPORT AND TAKEOVER LAW DISCLOSURES

The corporate governance statement pursuant to Section 289a (1) of the German Commercial Code (HGB) forms part of the management report. The corporate governance statement can be found in the section “To our shareholders”, Corporate Governance Report.

The remuneration report comprises the principles that apply to the setting of total remuneration for the members of Wirecard AG’s Management Board, and explains the structure and amount of the remuneration for the members of the Management and Supervisory Boards. The remuneration report forms part of the management report and can be found in the section “To our shareholders”, Corporate Governance Report.

The takeover law disclosures (pursuant to Section 289 (4) and Section 315 (4) of the German Commercial Code [HGB]) form part of the management report and can be found in section “To our shareholders”, Corporate Governance Report.

34.3

TRANSACTION VOLUMES IN BN. EUROS

601 MILLION

REVENUE IN EUROS

172.9 MILLION

EBITDA IN EUROS

0.89

EARNINGS PER SHARE IN EURO

1,995

TOTAL ASSETS IN MN. EUROS

II Economic Report

1. GENERAL CONDITIONS AND BUSINESS PERFORMANCE

1.1 Macroeconomic conditions

Global economic conditions

In January 2015, the International Monetary Fund (IMF) confirmed its forecast for global economic growth announced in October of the previous year of 3.3 percent in 2014. In the Asia-5 states (Indonesia, Malaysia, the Philippines, Thailand and Vietnam), the IMF forecast slightly lower growth of 4.5 percent (growth in 2013: 5.0 percent) compared to the previous year. The IMF forecast 1.4 percent growth in South Africa in 2014.

According to calculations made by the European Commission in February 2015, gross domestic product in the European Union grew in the year under review by 1.3 percent and in the eurozone by 0.8 percent.

Sector-specific conditions

The European e-commerce market grew by around 12 percent in 2014. Wirecard calculates this figure from the percentage growth figures of various market research institutes – such as Forrester Research and eMarketer – for commerce, tourism and digital goods in Western European countries. According to Forrester Research, average annual growth in European online trading of 12 percent is expected up to 2017.

1.2 Business performance in the period under review

In the 2014 fiscal year, Wirecard AG achieved its targets and increased the number of existing customers to over 19,000. New customer trends were very positive in all target sectors for the Wirecard Group. In the Company's core business, it was possible to expand cooperation with numerous existing customers. New customers were acquired from all industries and sectors. A large, internationally active online market place expanded its already implemented payment methods to include the mPass solution in the third quarter of 2014. Supplementing existing payment methods provides a good example of how existing business relationships can be expanded and innovative Wirecard solutions integrated.

The trend toward internationalisation continued in the core e-commerce business. New technologies such as NFC (Near Field Communication) or host card emulation (HCE) are increasingly gaining importance and are already compatible with the omni-channel platform offered by Wirecard.

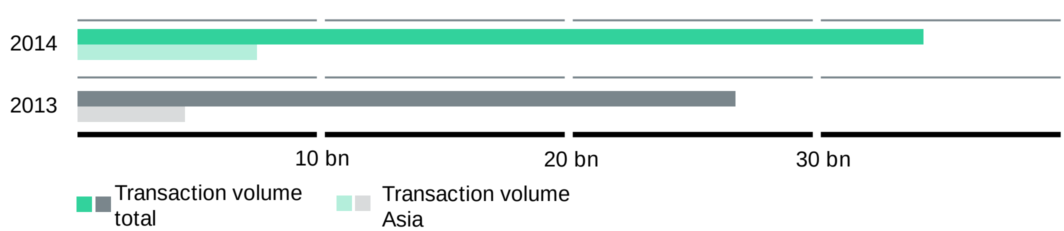
Wirecard's key unique selling points include its combination of software technology and banking products, the global orientation of the payment platform, and innovative solutions that allow electronic payments to be processed efficiently and securely for customers.

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

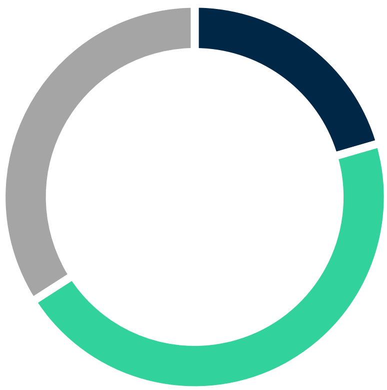
Inherent to the technical platform are scaling effects due to the growing share of business customers who increase transaction volumes through acquiring related bank services, as well as new products.

Fee income from the core business of Wirecard AG, namely the acceptance and issuing of means of payment along with associated value added services, is generally proportionate to the transaction volumes processed. Transaction volumes in the 2014 fiscal year amounted to EUR 34.3 billion (previous year: EUR 26.7 billion), reflecting 28.5 percent growth. At EUR 7.4 billion (previous year: EUR 4.5 billion), Asia comprised a 21.6 percent share of the total (previous year: 16.8 percent). The 2014 year-average distribution amongst target sectors was as follows:

Transaction volumes 2014/2013



Transaction volumes 2014



45,4% **Consumer Goods**
Distance trade (mail order) and brick and mortar shops
All sales channels – in each case physical products

20,5% **Travel & Mobility**
Airlines/Hotel chains
Travel sites/Tour operators
Cruise lines/Ferries
Car rental and transportation companies

34,1% **Digitale Güter**
Downloads (Music/Software)
Games
Apps/SaaS
Sports betting/Poker

Target sectors

With direct sales distributed across the Company's target sectors – and thanks to its technological expertise and broad spectrum of services – Wirecard AG continued its operational growth in 2014, while at the same time further broadening its customer base and extending its international network of cooperation and distribution partners.

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

Around 51 percent of consolidated revenue for the Group in the year under review was generated in the consumer goods segment (previous year: 49 percent). Digital goods accounted for around 33 percent of Group revenue (previous year: 34 percent), and tourism for 16 percent (previous year: 17 percent).

Following its soft launch at the beginning of the previous year, the Wirecard Checkout Portal has now been fully available since October. Several hundred new retailers per month have already been integrated into the Wirecard Checkout Portal. At www.checkoutportal.com, Wirecard offers a fully automated solution for the rapid configuration and acceptance of all common international payment methods. The entire setup process is completed online without any change in media. The Wirecard Checkout Portal also allows smaller and medium-sized retailers, as well as start-ups, to link their shops to international e-commerce. The Wirecard Checkout Portal offers a plug-in tool that enables online card payments and payment options to be tailored to the individual requirements of customers. The online plug-in process is quick and easy.

A number of different partnerships were also concluded and strategic collaborations agreed in the year under review, for example a cooperation agreement with the Rocket Internet Group. The online companies in the Rocket Internet Group now have access to international payment acceptance, acquiring and payment processes with corresponding fraud prevention solutions via the global multi-channel platform from Wirecard. The scope of the master agreement also covers innovative corporate banking services via the Wirecard Bank. Another cooperation agreement was, for example, signed at the end of October 2014 with the software company Supreme NewMedia GmbH, the operator of the SUPR shop system. The integration of payment services via the Wirecard Checkout Portal offers payment processing via credit card, PayPal and SOFORT Überweisung (INSTANT bank transfer).

Consumer goods

The traditional German brand Sioux has been using the payment services offered by Wirecard AG since the beginning of 2014. Sioux is one of the best-known German shoe brands and sells its products under the brand names Sioux, JOOP! and Apollo in Europe, Russia and Asia. Wirecard has taken over payment processing and credit card acceptance for Sioux Online GmbH's new online shop. In addition, the payment specialist also processes all credit card payment via Visa or MasterCard via the Group's own bank.

Wirecard also supports internationally active companies from the fashion and clothing industry as they expand their e-commerce activities as a certified Demandware LINK technology partner. Demandware is one of the leading providers of digital e-commerce solutions for enterprise retailers and is based in Burlington, USA. Via a standardised connection to the Wirecard Checkout Page, online retailers can handle payment processes in a range of different languages and numerous transaction and payment currencies, as well as having access to fraud prevention measures. Customers such as the sports company PUMA SE have already placed their trust in a customer-specific solution with Demandware.

La Prairie Group AG, a subsidiary of the Beiersdorf Group, has placed its trust in the integrated payment services from Wirecard AG for their first online shop for its eponymous skin care product line since June 2014. The La Prairie Group has for now chosen the acceptance and processing services for credit card payments using the integrated Wirecard Checkout Seamless solution for its first online shop in the UK.

Zooplus, a leading online retailer for pet supplies in Europe, has been using the Wirecard online payment acceptance for credit and debit cards since the last quarter of the 2014 fiscal year.

The Wirecard Group also secured a further renowned e-commerce customer in the form of FLYERALARM, the leading B2B online printers in Europe, in November 2014. Wirecard is handling global credit card acceptance for all Visa and MasterCard payments. There are plans to expand the cooperation between the companies. Furthermore, numerous other new customers were secured, such as the online shop of Vileda, a specialist in the household care products sector, or Pelikan, one of the leading brand suppliers in Europe for quality paper, office and stationery products.

Digital goods

Two well-known brands in the German print magazine market have been using Wirecard as a specialist for payment processing and acquiring services since the third quarter of 2014. The cooperation with both the new customer Focus Magazin Verlag GmbH, one of the largest German news magazines, and Fit for Fun Verlag GmbH, publisher of the most widely read German lifestyle magazine, is based on the master agreement concluded in November 2013 with Burda Digital GmbH, a company in the Hubert Burda Media Group.

Wirecard secured a contract with Sky in the 2014 fiscal year for handling cashless payments for their new online video library Snap. The service covers a comprehensive range of programmes on demand – at any time and from anywhere via the web, iPad, iPhone, iPod touch and Samsung smart TVs. The global software-licensing expert SoftwareONE is also utilising the interface to the global Multi-Channel Payment Gateway from Wirecard.

Travel and mobility

Wirecard AG offers numerous sector and customer-specific payment and risk management systems for the travel industry. The travel agent Thomas Cook has been using Wirecard's payment page for credit card acceptance for its customers since 2012. In the year under review, Thomas Cook expanded its business relationship with Wirecard to include further services in the payment area.

In the airline sector, it was possible to secure new renowned airlines as customers such as Qatar Airways based in Doha. Qatar Airways, a oneworld member and recipient of numerous awards, is regarded as one of the fastest growing airlines in the world. The Turkish airline Onur Air has also been a customer of Wirecard AG since October 2014. This private airline is using IATA's Billing and Settlement Plan (BSP) interface via the Wirecard Multi-Channel Payment Gateway for the first time with immediate effect. This allows Onur Air to process its global ticket sales even more quickly and simply. In addition, one of the largest continental European airlines was added to our operative business in 2014.

Furthermore, the Wirecard Group has been supporting the new electronic sector solution "HR e-Payment" from the sales specialist Hahn Air since November 2014. This payment card for travel agencies is based on the payment technology and banking licence offered by Wirecard. HR e-

Payment enables travel agencies to now also process payments in more than 105 countries via the Billing and Settlement Plan (BSP). A completely new payment option has been developed for the travel agent sector by combining Hahn Air's booking and ticketing platforms with the expertise of Wirecard as a payment specialist.

After the cooperation with sunhill Technologies GmbH was expanded to include mobile ticketing, it was possible to secure Verona Airport as an additional customer. These business deals underline Wirecard's expertise in ticketing and the future market of mobility.

Numerous new technology partnerships were also forged. Wirecard and the Amadeus IT Group, a leading technology partner for the global travel sector, are now cooperating in the payment area. As part of this cooperation, Wirecard is integrating its payment services into the Amadeus payment platform. The IT-based solution from Amadeus processes payment transactions from all sales channels with multiple payment methods.

Business performance in Asia

Business in Asia developed very successfully with both existing and new customers in the year under review. The spectrum of services in Asia now ranges from payment transactions, network operating and technology services through multi-channel payment solutions to contactless and mobile payment transaction solutions, as well as issuing processing (technical processing of card transactions). The positive trend in our Asian business is also characterised by technology transfers that enable our new subsidiaries in south-east Asia to operate with an expanded portfolio of solutions in the Asian markets.

As part of the cooperation with EZ-Link Pte. Limited Singapore, the largest national issuer of contactless cards for local public transport, the world's first application for transforming a mobile phone into a top-up device was presented at the end of January 2014. In collaboration with MasterCard and McAfee, the My EZ-Link Mobile application transforms NFC-enabled mobile phones into personal, portable topping-up stations. Since then, users of EZ-Link cards no longer need to top up their credits at travel ticket machines, but instead benefit from a rapid and secure way of topping up their cards – with the technology provided by Wirecard. At the "Smart Awards Asia 2014", the joint project between EZ Link and Wirecard was awarded the prize "Most Innovative NFC Project Award".

Wirecard is supporting the local public transport system in Jakarta, TransJakarta Busway, with innovative point-of-sale (POS) terminals via its Indonesian subsidiary PT Prima Vista Solusi. Passengers can now pay for their ticket using contactless cards or their NFC-enabled mobile phone. Wirecard provides the entire payment infrastructure and the connections to other financial institutions. TransJakarta Busway operates its Bus Rapid Transit (BRT) system across 177 stations and twelve routes, and transports more than six million passengers per month.

Wirecard AG and Visa Inc. concluded a cooperation agreement in November 2014 for the issuing of prepaid cards and have thus reaffirmed their joint commitment to the global growth markets for prepaid cards, especially those in south-east Asia and Latin America.

Business performance in Acquiring

Wirecard Bank generates most of its revenues within the Group through the sales structures of its sister companies. This comprises banking services for companies through to card acceptance contracts and business and foreign currency accounts.

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

In the year under review, the acquiring volumes increased in line with the growing core business of payment processing.

Business performance in Issuing

Revenue in the Issuing business area comprises B2B product lines such as the Supplier and Commission Payments solution, as well as B2C prepaid card products.

During the period under review, Wirecard Card Solutions Ltd. acquired numerous new customers for the issuing of debit cards, gift and voucher cards for retailers, and various payment cards for MasterCard. In addition, the Vodafone Group, Orange and E-Plus utilise Wirecard Card Solutions as an issuer as part of their mobile payment initiatives. Furthermore, Wirecard Card Solutions Ltd. is the prepaid card issuer for the Pockit Prepaid MasterCard® programme from Pockit Limited. The Pockit prepaid card enables users to pay at over 35 million Mastercard acceptance points and withdraw cash from over 1.9 million cash machines. “Pockit Prepaid MasterCard” also provides users with the opportunity to benefit from various discount offers from numerous British retailers.

At the European Paybefore Awards 2014, Wirecard and its technology solutions, via its partners and customers, took one of the top-three places in no less than four categories. Vodafone SmartPass was honoured in the category “Top of Wallet”. The airberlin flight voucher, which was implemented by Wirecard in cooperation with UATP, was one of the winners in the category “Best Travel Companion”. The mobile solution mpass from O2 Telefónica Germany was selected as a “Boundary Buster” – this category honours cross-sector solutions. In addition, the British company Wirecard Card Solutions from Newcastle was the winner in the category “The One to Watch: Company”.

Business performance in mobile payment

Products and solutions in the mobile payment business area continue to attract growing interest from the public. In 2014, Wirecard AG was also able to further expand the development and launch of products and solutions in the mobile payment, mPOS and couponing & loyalty business areas. These new products can be used to make secure payments via mobile devices and offer users a constantly growing number of value added services.

Mobile payments using NFC technology has established itself as a global standard. Following the decision by the Apple Group to utilise Near Field Communication technology for the new products and services it presented in September 2014, NFC will now be supported as the global transmission standard by all large device manufacturers. This has created the prerequisites for trend-setting decisions that will be made by the trade and the financial industry in the mobile payment area. Thus, the international strategy consultant Capgemini expects global mobile payments to grow to 47 billion transactions in 2015, which represents a 60.8 percent increase in comparison to 2013 (29.2 billion transactions). The basis for this growth is the increasing number of NFC-capable Android devices, as well as the integration of NFC technology into Apple's new iPhone generation.

Another impulse for the growth of NFC-based mobile payment transactions is the increasing availability of practical application scenarios for consumers. Customers using the Vodafone SmartPass have had the opportunity since September to pay for the use of all modes of public transport offered by the British umbrella organisation Transport for London (TfL) with their smartphones. At the same time, the Vodafone SmartPass permits passengers to proceed through ticketing barriers, which is a significant advantage for users. The Vodafone SmartPass allows prepaid users to make contactless payments on the London underground and rail network, the Docklands Light Railway (DLR), tram network and buses.

Alongside NFC and QR.code, Wirecard is one of the first payment companies worldwide to have integrated Bluetooth low energy (BLE) under the name "Bluetooth BLE Smart Payment", as well as host card emulation (HCE), as additional payment technologies to their existing Mobile Wallet Platform. BLE facilitates data transmission over distances of up to ten metres. In combination with microsensors, so-called beacons, this innovative technology makes location-based services available. HCE makes it possible to carry out secure, NFC-based transactions for payments and services via mobile apps, regardless of whether a physical secure element (SE) is available on the mobile phone. All data generated during a transaction is thus no longer saved onto a hardware element, but rather stored on a secure centralised server. These technologies enable telecommunications companies, financial service providers, banks or even retailers to quickly access the mobile payment market.

Wirecard AG technology stand for the transparency and simplicity of these payment services. The couponing and loyalty system that is integrated into the issuing platform provides voucher and customer-loyalty programmes that are directly connected with card transactions. The couponing and loyalty system is available for mobile payment in connection with white label card programmes and smartphone applications.

Wirecard AG presented its innovative concept for future Internet-based point-of-sale infrastructure with “Wirecard ePOS”. This concept could already see Internet-based software for mobile phones replacing the traditional hardware terminals within a few years. Whether expensive cash handling or long queues, high operating costs are incurred at the point of sale. In the near future, retailers will be able to reduce these costs in the long term and, at the same time, advertise mobile marketing promotions as part of the checkout processes.

BASE Wallet was launched onto the market in July 2014. Wirecard has been supporting E-Plus and its mobile phone brand BASE with the introduction of their mobile wallet with a digital Maestro card – the Walletcard. Used together with a mobile phone, contactless payment via NFC at all Maestro PayPass acceptance points worldwide is possible.

In India, Wirecard is supporting the launch of the innovative mPOS solution from Skilworth Technologies Private Limited under the brand name Bijlipay. The nationwide rollout started at the beginning of September 2014, after the first test operations in southern India proved successful. Wirecard is supporting Bijlipay with its complete white label end-to-end platform for chip-and-pin mPOS services, the associated terminals, terminal management, mobile applications and retailer management, as well as card acquiring processing and fraud management.

Thanks to its mobile point-of-sale solutions, Wirecard has secured the software manufacturer Lexware, part of the Haufe Group, as a partner. With the flexible Mobile Card Reader Programme from Wirecard, Lexware has been able to offer its customers a mobile, cashless form of payment processing for EC cards since September 2014. After the end of the period under review, this solution was expanded in November 2014 to include credit card acceptance via the chip-and-pin process.

In addition, Wirecard was able to expand its cooperation with existing contractual partners to include technical solutions for value added couponing and loyalty services. In Europe, telecommunication service providers are offering digital wallets for smartphones, with these platforms combining payment functions with numerous other services, such as ticketing and couponing and loyalty. Wirecard supports most of these initiatives, which are either combined with Visa or MasterCard solutions and based on Near Field Communication (NFC) technology.

Business performance in Call Centre & Communication Services

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

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

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

Wirecard Communication Services further expanded its partnerships with existing customers in the TV shopping sector in the 2014 fiscal year and acquired new customers from the financial sector, as well as from the area of ongoing training for call centre services.

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

2. 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.

2.1 Financial performance

In the 2014 fiscal year, Wirecard AG achieved further significant growth in both revenue and operating profit.

Revenue trends

Consolidated revenues grew by 24.8 percent from kEUR 481,744 to kEUR 601,032 in the 2014 fiscal year.

Revenue generated in the 2014 fiscal year in the core segment of Payment Processing & Risk Management, arising from risk management services and the processing of online payment transactions, increased by 26.2 percent from kEUR 351,398 to kEUR 443,400.

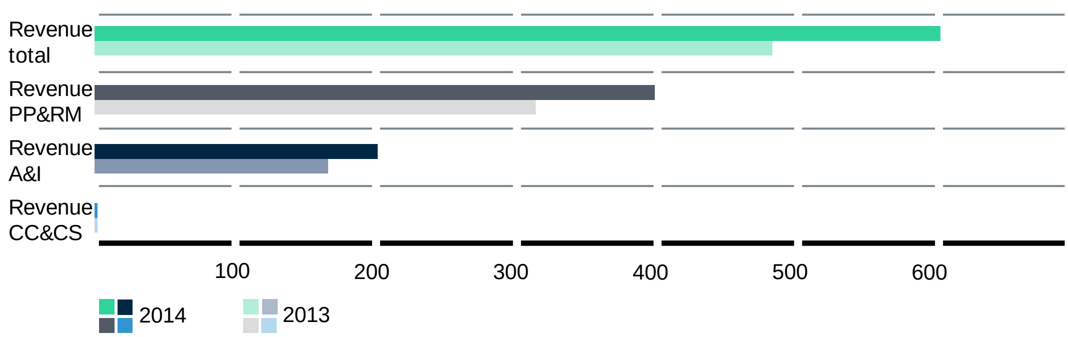
The share of the total consolidated revenue accounted for by the Acquiring & Issuing segment grew by 20.8 percent in the 2014 fiscal year to reach kEUR 205,296 (2013: kEUR 169,928), of which the share accounted for by Issuing amounted to kEUR 48,262 in the 2014 fiscal year (2013: kEUR 39,209).

Revenue from Acquiring & Issuing in the 2014 fiscal year primarily comprised commissions, interest, financial investments and revenue from processing payments, as well as exchange rate gains from processing transactions in foreign currencies. This entails the investment of customer deposits by the Wirecard Bank and Wirecard Card Solutions (31 December 2014: kEUR 396,733; 31 December 2013: kEUR 260,231) exclusively in sight deposits, overnight deposits, fixed-term deposits as well as the base liquidity in variable-rate bearer bonds and borrower's note loans of selected issuers with a minimum (A-) investment-grade rating, partially with a minimum interest rate. In addition, the Group prepares its own risk valuation for counterparties.

The interest income generated by the Acquiring & Issuing segment in the 2014 fiscal year totalled kEUR 3,148 (2013: kEUR 3,245) and is recognised as revenue. Accordingly, it is not included in the Group's financial result but is reported here also as revenue. It comprises interest income on the investments of own as well as customer deposits (deposits and acquiring money) with external banks.

The Call Centre & Communication Services segment generated revenues of kEUR 5,326 in the period under review, compared with kEUR 4,797 in the 2013 fiscal year.

Trends in total/segment revenue in EUR mn.



Trends in key expense items

The item other own work capitalised primarily comprises the continued development of the core system for payment processing activities as well as investments in mobile payment projects. In this regard, own work is only capitalised if it is subject to mandatory capitalisation in accordance with IFRS accounting principles. Capitalisations amounted to a total of kEUR 24,978 in the 2014 fiscal year (2013: kEUR 20,727). It is corporate policy to value assets conservatively and to capitalise them only if this is required in terms of international accounting standards.

The Group’s cost of materials increased in the 2014 fiscal year to kEUR 340,599, compared to kEUR 288,111 in the previous year. The cost of materials mainly comprises charges by the credit card issuing banks (interchange), charges by credit card companies (for example, MasterCard and Visa) and transaction costs, as well as transaction-related charges to third-party providers (for example, in the areas of Risk Management and Acquiring). Expenses for payment guarantees and factoring are included in the area of Risk Management. The area of Acquiring also includes commission costs for external sales.

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

Group gross profit (revenue including other own work capitalised less cost of materials) increased by 33.1 percent to kEUR 285,412 in the 2014 fiscal year (2013: kEUR 214,360).

Group personnel expenses rose to kEUR 66,432 in the 2014 fiscal year, up by 37.9 percent year on year (2013: kEUR 48,190). The consolidated personnel expense ratio increased by 1.0 percentage points year on year to 11.1 percent. The growth in personnel expenses is due to corporate acquisitions and new appointments in connection with mobile payment projects, which also render this item difficult to compare with previous years.

Other operating expenses mainly comprise the cost of legal advice, expenses related to the preparation of financial statements, business equipment and leasing, office costs, sales and marketing expenses, and personnel-related expenses. These also include costs for external employees and consultants, especially those employed in mobile payment projects. These amounted to kEUR 53,428 within the Wirecard Group in the 2014 fiscal year (2013: kEUR 47,387), which corresponds to 8.9 percent of revenue (2013: 9.8 percent). This also includes costs for the further development of the multi-channel platform and mobile payment projects.

Amortisation and depreciation stood at kEUR 40,085 in the 2014 fiscal year (2013: kEUR 27,410). Amortisation and depreciation rose year on year in the 2014 fiscal year, mainly due to investments realised in property, plant and equipment, mobile payment projects and as a result of the acquisitions of companies and assets. Without purchase price allocation (PPA) incurred amortisation of assets the amortisation would amount to kEUR 22,513 (2013: kEUR 17,060)

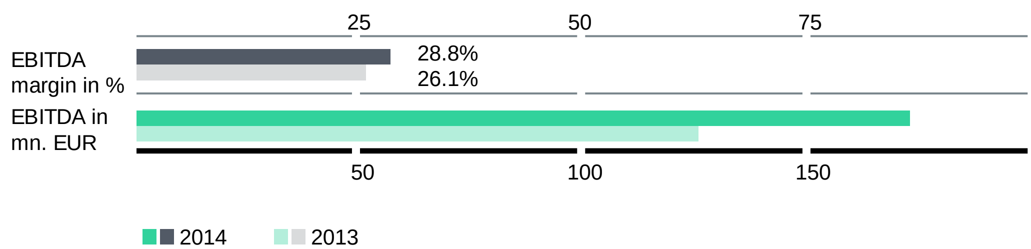
Other operating revenue primarily comprised revenue from acquisitions, the release of provisions, currency translation differences and revenue from contractual agreements, and amounted to kEUR 7,390 at a Group level in the 2014 fiscal year, compared with kEUR 7,174 in the previous year.

EBITDA trends

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

Consolidated earnings before interest, tax, depreciation and amortisation (EBITDA) grew in the 2014 fiscal year by 37.3 percent, from kEUR 125,957 in the previous year to kEUR 172,941. The EBITDA margin amounted to 28.8 percent in the 2014 fiscal year (2013: 26.1 percent).

Trends in EBITDA/margin



The EBITDA of the Payment Processing & Risk Management segment stood at kEUR 139,193 in the 2014 fiscal year and grew by 42.0 percent (2013: kEUR 98,019). The share of the EBITDA accounted for by the Acquiring & Issuing segment grew in the 2014 fiscal year to reach kEUR 33,406 (2013: kEUR 27,752), of which the share of the EBITDA accounted for by Issuing in 2014 fiscal year amounted to kEUR 12,949 (2013: kEUR 11,542).

This growth was at the level expected. The projected target at the beginning of the 2014 fiscal year of achieving an EBITDA of between EUR 160 million and EUR 175 million was increased twice in the second half of 2014, to a final target of between EUR 170 million and EUR 177 million, due to the strong business performance.

Financial result

The financial result amounted to kEUR -6,738 in the 2014 fiscal year (2013: kEUR -4,223). Group financial expenses stood at kEUR 8,100 in the 2014 fiscal year (2013: kEUR 5,810) and resulted primarily from the accounting-related discounting or compounding of non-current liabilities and receivables particularly in relation to the earnouts for corporate acquisitions, the syndicated loans taken out for corporate acquisitions and the revaluation of financial assets. The Group's financial result does not include interest income generated by the Wirecard Bank and Wirecard Card Solutions Ltd., which must be reported as revenue in accordance with IFRS accounting principles.

Taxes

Owing to the international orientation of the business, the cash tax rate (excluding deferred taxes) amounted to 13.8 percent in the 2014 fiscal year (2013: 14.2 percent). Including deferred taxes, the tax rate came to 14.4 percent (2013: 12.3 percent).

Earnings after tax

Earnings after tax in the 2014 fiscal year increased by 30.5 percent year on year, rising from kEUR 82,729 to kEUR 107,929.

Earnings per share
The average number of issued shares on an undiluted basis amounted to 121,741,803 shares in the 2014 fiscal year (2013: 112,199,638 shares). Basic (undiluted) earnings per share stood at EUR 0.89 in the 2014 fiscal year (2013: EUR 0.74).

2.2 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 contained 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 Management report, III. Forecast and report on opportunities and risks, Chapter 2.8 Financial risks).

Capital and financing analysis
Wirecard AG reports equity of kEUR 1,072,886 (31 December 2013: kEUR 608,411). Due to the nature of our business, the highest liabilities lie with retailers in the area of credit card acquiring and customer deposits in the banking business. These have a substantial effect on the equity ratio. The commercial banks that granted Wirecard AG loans as of the 31 December 2014 amounting to kEUR 98,359 at interest rates of between 1.18 and 3.95 percent did not take these items into account in their equity capital calculations due to the circumstances of the business model for the credit agreement concluded in 2013. According to Wirecard AG, this calculation reflects a true and fair view of the Company's actual position. These banks determine Wirecard AG's equity ratio by dividing the amount of liable equity capital by total assets. Liable equity capital is determined by subtracting deferred tax assets and 50 percent of goodwill from equity as reported in the balance sheet. Any receivables due from shareholders or planned dividend payments must also be deducted. Total assets are identified by subtracting the customer deposits of Wirecard Bank and Wirecard Card Solutions Ltd., the acquiring funds of Wirecard Bank (31 December 2014: kEUR 240,212; 31 December 2013: kEUR 186,810) and the reduction in equity from the audited total assets, while leasing liabilities are added again to these total assets. This calculation gives an equity ratio of 76.5 percent for Wirecard AG (31 December 2013: 57.8 percent).

Investment analysis
The criteria for investment decisions in the Wirecard Group generally comprise the capital employed, the securing of a comfortable level of cash and cash equivalents, the results of an in-depth analysis of both potential risks and the opportunity/risk profile and the type of financing (purchase or leasing).

Depending on the type and size of the investments, the temporal course of the return on investment is taken fully into account. In the period under review, investments were essentially utilised for strategic and M&A transactions totalling kEUR 85,313 and for customer relationships in the amount of kEUR 22,800. Investments in externally developed software amounted to kEUR 15,877 and investments in internally developed software totalled kEUR 24,978.

Liquidity analysis

Current customer deposits are reported on the equity and liabilities side of the Wirecard consolidated financial statements as other liabilities (customer deposits). These customer funds are comparable in economic terms with short-term (bank) account loans or overdraft facilities. Separate accounts have been set up for customer deposits on the assets side of the balance sheet (as of 31 December 2014 in the amount of kEUR 396,733; 31 December 2013: kEUR 260,231). These may not be used for any other business purposes. Given the total amount of the customer deposits, securities (so-called collared floaters and current interest-bearing securities) with a nominal value of kEUR 162,155 (31 December 2013: kEUR 100,311) are held, and deposits with the central bank, and sight and short-term time deposits with banks are maintained in an amount of kEUR 237,766 (31 December 2013: kEUR 165,016). These are reported in the Wirecard Group under the balance sheet items of “cash and cash equivalents”, “non-current financial and other assets” and “current interest-bearing securities”. They are not included in the financial resource fund. This amounted to kEUR 456,127 as of 31 December 2014 (31 December 2013: kEUR 311,073).

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

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

The cash flow from operating activities (adjusted) amounting to kEUR 143,994 clearly shows that Wirecard AG had a comfortable volume of own liquidity to meet its payment obligations at all times.

Interest-bearing liabilities are mostly non-current and were utilised for realised M&A transactions and for investments in mobile payment projects. These were primarily reduced during the period under review with funds from the capital increase. As a result, the Group's interest-bearing borrowings from banks fell by kEUR 134,692 to kEUR 98,359 (31 December 2013: kEUR 233,051). Wirecard AG has EUR 382 million of lending commitments (31 December 2013: EUR 364 million). Along with the loans recognised in the balance sheet, additional credit lines from commercial banks amounting to EUR 283 million are consequently available (31 December 2013: EUR 132 million). Lines for guarantee credit facilities are also available in an amount of EUR 24.5 million (31 December 2013: EUR 24.5 million), of which an unchanged amount of EUR 17 million has been utilised.

Net assets

Assets reported in the balance sheet of Wirecard AG increased by kEUR 564,639 in the 2014 fiscal year, rising from kEUR 1,430,520 to kEUR 1,995,159. In the period under review, both non-current and current assets grew, with the latter increasing from kEUR 839,462 to kEUR 1,183,013. In addition to last year's investments, the changes are also partially due to operating business growth, which is primarily as a result of the consolidation of the assets and liabilities acquired as part of the acquisitions in the year under review. This has caused various balance sheet items to increase substantially. As a result, comparisons can only be made to a limited extent. This comprises particularly the asset items of "intangible assets", "goodwill" and "customer relationships", as well as the "receivables" and "cash and cash equivalents" items, and, on the equity and liabilities side of the balance sheet, the item "trade payables".

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

2.3 Overall statement on the business situation

Wirecard AG met its intended objective of achieving profitable growth in the 2014 fiscal year. With after-tax earnings of kEUR 107,929, earnings per share of EUR 0.89 (diluted) and EUR 0.89 (basic) and an equity ratio of 53.8 percent, the Wirecard Group has a solid financial and accounting basis for the current fiscal year.

In 2015, the Wirecard Group planned to continue its return-oriented growth path. With a growing number of customer relationships and rising transaction volumes, additional economies of scale are expected to arise from the transaction-oriented business model, along with substantial synergies with our banking services. As a consequence, the Company is forecasting earnings before interest, tax, depreciation and amortisation (EBITDA) of between EUR 210 million and EUR 230 million for the 2015 fiscal year.

3. REPORT ON EVENTS AFTER THE BALANCE SHEET DATE

3.1 Events of particular importance

Corporate takeover

Wirecard AG has acquired control over certain assets of Visa Processing Services (VPS), which has its headquarters in Singapore, and all of the shares in Visa Processing Services (India) Private Limited, with effect from 23 February 2015.

Announcements pursuant to Section 15 of the German Securities Trading Act (WpHG)

Wirecard AG published its preliminary results for the 2014 fiscal year with an ad hoc announcement on 20 January 2015. At the same time, the forecast for operating earnings before interest, tax, depreciation and amortisation (EBITDA) for 2015 was also published, which is expected to lie in the range of EUR 210 million to EUR 230 million.

Wirecard AG announced its acquisition of the acquiring customer portfolio of Lufthansa AirPlus Servicekarten GmbH with an ad hoc announcement on 3 March 2015. The contractual agreement involves selected assets of Lufthansa AirPlus Servicekarten GmbH. These include credit card acceptance and agency services, as well as network operator contracts.

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

(of the Group after the end of the period under review)

Date of Announcement	Announcements by the Group after the end of the period under review
23 February 2015	Exceeding the three percent threshold on 7 October 2014: T. Rowe Price Group, Inc., Baltimore, Maryland, USA: 3.15 percent

Further information: ir.wirecard.com/financial-news

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

Wirecard AG has acquired control over certain assets of Visa Processing Services (VPS), which has its headquarters in Singapore, and all of the shares in Visa Processing Services (India) Private Limited, with effect from 23 February 2015. As part of their partnership, Wirecard and Visa Inc. have concluded a contract in which Wirecard has acquired the named assets for USD 16 million.

Wirecard Technologies GmbH, with its headquarters in Aschheim, acquired significant customer contracts for credit card acceptance and other selected assets from Lufthansa AirPlus Servicekarten GmbH on 2 March 2015. The considerations in connection with this transaction comprise cash payments to the amount of around EUR 13.0 million and earnout components of up to around EUR 1.0 million in total for the years 2015 and 2016.

The transaction, which is subject to the usual approval of the boards on both sides and approval by the German Federal Cartel Office, is expected to be closed within the first half of 2015. The German Federal Cartel Office approved the acquisition of the assets from AirPlus on 30 March 2015. A contribution to the Group's consolidated operating earnings before interest, tax, depreciation and amortisation (EBITDA) of around EUR 1.5 million is forecast for the twelve month period after closing. In addition, integration costs of around EUR 0.7 million will be incurred.

Further details can be found in Section 1.1. Corporate acquisitions in the Notes to the consolidated financial statements.

13%–15%

GLOBAL E-COMMERCE GROWTH

12%

EUROPEAN E-COMMERCE GROWTH

210–230

EBITDA FORECAST FOR 2015 FISCAL YEAR IN MN. EUROS

9 900 000 000

CONTACLTESS TRANSACTIONS
PER YEAR UNTIL 2018

8%

EUROPEAN ONLINE-TRAVEL
MARKET GROWTH IN 2015

III Forecast and report on opportunities and risks

1. FORECAST

1.1 Underlying economic conditions in the next two fiscal years

The International Monetary Fund (IMF) forecast in January 2015 that there will be global economic growth of 3.5 percent for this year and 3.7 percent in 2016. The European Commission predicted in February 2015 that there will be global economic growth of 3.6 percent this year and 4.0 percent in 2016.

According to the forecast made by the European Commission in January 2015, the increase in economic output in Europe in 2015 and 2016 will be significantly slower than the development of the global economy. Gross domestic product (GDP) in the European Union is expected to grow by 1.7 percent this year and in the eurozone by 1.3 percent. In 2016, the forecasts anticipate growth of 2.1 percent in the EU and 1.9 percent in the eurozone.

According to the European Commission, the German economy is expected to grow by 1.5 percent in 2015 and 2.0 percent in 2016, which is significantly higher than the forecasts made by the IMF (2015: 1.3 percent/2016: 1.5 percent).

The economies of the Asia-5 countries Indonesia, Malaysia, the Philippines, Thailand and Vietnam will, according to the IMF, develop significantly better than global GDP in 2015 and 2016. Growth of 5.2 percent is forecast for this year and 5.3 percent for 2016. In the Singapore metropolitan region, the IMF forecasts growth of 3.6 percent this year.

As a result of the acquisitions made in previous years primarily in East Asia and the Company's entry into Australia and New Zealand, as well as Turkey and South Africa, a part of the overall development of Wirecard must also be considered from a global perspective in the future. The long-term trend in the market environment is, however, less dependent on the macroeconomic (GDP) factors and more on the dynamic development of e-commerce and the use of Internet technologies in all areas of life. The American marketing research company eMarketer predicts that the growth in the global e-commerce market over the next two years (2015/2016) will be between 13 and 15 percent.

1.2 Future sector situation

The European growth of e-commerce is important for the future development of Wirecard AG in the 2015 fiscal year. Based on an aggregation of forecasts for Europe published by market research institutions such as eMarketer, Forrester Research, Phocuswright, IMRG, the German Retail Trade Association (HDE) and others, Wirecard AG anticipates that the European e-commerce market will grow by around 12 percent in 2015 – calculated across all sectors.

Other growth indicators

The trend toward internationalisation has increased, yet a global market requires that retailers have a corresponding strategy, especially for payment processing in e-commerce. International retailers must accept the global payment solutions such as Visa and MasterCard and also integrate the payment solutions that are local to their target markets. While online retailers in the consumer goods sector also need to overcome an increasing level of complexity in the area of logistics along with handling these payment processes, internationalisation is significantly easier in the tourism or airline industries or for suppliers of digital goods and services, because logistic processes to manage the shipment of goods are not necessary.

As a result of early investment in companies that base their growth on the latest technologies for multichannel-enabled payment transaction solutions, Wirecard is already present in the East Asia's growth markets. Millions of consumers in Singapore, Indonesia, Vietnam, Malaysia and Thailand are now being reached indirectly through the payment processing solutions offered via cooperation agreements or customer relationships with the leading banks through the subsidiaries of the Wirecard Group. It is expected that there will be continued dynamic growth here through the cross-selling of new products and services as well as those already established in Europe. The trend amongst multinational companies to look for access to local payment offerings in their e-commerce strategies will grow.

Opportunities arising from trends in the underlying conditions

The increasingly global orientation of the Company's core e-commerce business and the innovative strength of the Wirecard Group will also form the key basis for sustainable corporate growth in the next two years.

Wirecard is a good example of the dynamic growth of global e-commerce and supports the advancing digitalisation with innovative payment products. In order to make the integration of Wirecard solutions even more simple for internationally operating companies, Wirecard aims to enter into global IT cooperation ventures, as was the case in the year under review with the Amadeus IT Group or Demandware.

1.3 Prospects in target sectors

Consumer goods

Stable growth in global online trade is expected over the next few years.

The market research institute Forrester forecast in their report “Forrester Research Online Retail Forecast, 2013 To 2018 (Western Europe)” that European online trade will grow on average by 12 percent annually up to 2018. The report anticipates that the total European sales volume generated exclusively by online trade (excluding travel and digital) will already be approximately EUR 234 billion in 2018. And half of all online retail sales in the eurozone could also be carried out via mobile devices by this time. The German Retail Trade Association expects around 11.8 percent growth this year for online trade in Germany. Wirecard will utilise the resulting opportunities to support, for example, the international e-commerce strategies of retail companies with its solutions.

Digital goods

The digital goods sector will develop into a strong e-commerce business in the next few years, especially in combination with software-as-a-service applications. The motto “mobile first” is indispensable, particularly for the sale of digital goods – whether it’s the download of a fee-based app, streaming services or games. E-commerce sales revenues will be generated increasingly via mobile offerings.

Travel and mobility

Irrespective of the macroeconomic challenges expected in parts of Europe, Phocuswright, the leading market research company for the travel industry (Phocuswright’s “European Online Travel Overview Tenth Edition”) forecasts a continued good level of growth in the European online travel market of 8 percent this year.

Wirecard AG has an excellent market position thanks its strategic alliances and interfaces with all of the key industry-specific providers in the tourism segment, for example providers of booking engines and also globally networked booking systems. This excellent and highly diversified market position will also allow the Company to acquire airlines, transport companies, online travel portals and tour operators as customers in the future.to

Mobile devices have also carved out their place for online travel bookings alongside desktop PCs and laptops.

E-commerce trends

Omni-channel means that the customer is able to experience a purchasing process covering all sales channels. As a result, e-commerce and POS are moving closer together thanks to Internet technologies. The Internet is becoming the ally of bricks and mortar trade. Customers search for information in advance and, in the case of some product groups, are becoming increasingly interested in viewing the article in the bricks and mortar store. This explains why there is a trend for retailers that started out and have grown exclusively via the Internet to now establish their own stores in the centre of town.

The challenge for retail companies is how best to accompany their customers on this cross-channel customer journey and to make contact with them at every touchpoint. Payment solutions need to be integrated correspondingly into the backend processes of the IT infrastructure in the same way as logistics. According to the Forrester study “European Cross-Channel Retail Sales Forecast, 2013-2018”, cross-channel sales will already account for 44 percent of all bricks and mortar retail sales in the EU by 2018.

This provides lots of opportunities for a supplier such as Wirecard with its flexible end-to-end solutions for payment processing and the associated risk management. The consumer will no longer have to choose in future between online, mobile or POS. He/she will be a customer of a retail company and will expect the purchasing process to be handled conveniently. Wirecard can also support retailers by providing suitable instruments for cultivating customer loyalty with loyalty and couponing solutions. It is now possible to integrate them into the payment process in e-commerce as of this year.

Integrated processes are called for in order to contact customers at various online and offline touchpoints. A flexible range of payment solutions then becomes an important instrument for generating customer loyalty. Wirecard is precisely addressing this need by offering flexible solutions – from back-office interfaces in the existing infrastructure of a retailer to a seamlessly integrated, PCI-compatible checkout payment page, which can be fully customised to fit the corporate design of the shop. Supplementary fraud-prevention solutions link various methods with intelligent sets of rules and decision-making strategies that allow transactions to be checked before being completed. Individual industry-specific and transaction-specific parameters are included in this process. Retailers can identify different fraud patterns in good time and take well-grounded decisions on whether they accept or reject a purchase. New developments in automated Wirecard risk management solutions provide a reliable basis for retailers. In the risk management area, the product portfolio was expanded to include the Trust Evaluation Suite. The Trust Evaluation Suite from Wirecard combines intelligent risk management with payment processing and a record of the order and payment history between the retailer and their customers.

European credit and debit card market

Cashless, contactless payment is being driven by all market participants at a European level. Visa Europe and MasterCard, the market leaders for credit and debit card brands in Europe, have focussed on contactless payments via NFC technology with their Visa PayWave and MasterCard PayPass initiatives. In the next three years, payment terminals at the POS will be gradually fitted with contactless payment functions in numerous European countries. Mobile payment will establish itself through innovative products and the secure and convenient handling of payment transactions in highly frequented environments.

The growth markets in Asia, South America and Africa are particularly predestined for prepaid cards.

The “European Payment Cards Yearbook 2014 – 2015” from the industry experts Payments Cards and Mobile that includes data from 33 countries in Europe (E33), from Iceland through to Turkey, recorded a figure of 951.4 million credit and debit cards (1.57 per person based on 605 million inhabitants) in circulation in 2013, which was an increase of around 2.7 percent compared to the previous year. The share accounted for by debit cards, which include prepaid cards, increased in relation to credit cards (+2.6 percent) compared to the previous year by 4 percent.

Mobile payments

The Term “mobile payments” is generally used to refer to a range of different payment processes. This includes payments using NFC-enabled smartphones at the point of sale as well as payments for goods and services using mobile browsers or in mobile applications. Credit and debit cards are playing an increasingly important role in all of these methods. The international nature, high level of standardisation, ease of use and, last but not least, wide distribution of these cards are key factors in this area.

The next step will be to link cards with mobile phones, whether through a mobile application connected to the card via a server, by storing credit card data in an NFC-enabled mobile telephone or via the latest developments using NFC/host card emulation technology.

Host card emulation (HCE) is an Internet-based technology that enables secure software-based credit card payments. An NFC-capable mobile phone acts here like a credit card, although with numerous additional functions. HCE makes mobile payment quickly accessible because HCE is currently standard in Android devices as of version 4.4. This software-based technology is thus the perfect supplement to hardware-based NFC solutions on the device or SIM card. Android remains the dominant operating system for smartphones in Europe. According to industry consultants Kantar Worldpanel, around 70 percent of all smartphones in the core European markets (Great Britain, Germany, France, Italy and Spain) were fitted with this operating system at the beginning of 2015. Wirecard presented a new solution based on this technology in the first quarter of 2015.

Wearables will also play an important role for the flexible use of mobile payments in the future. The term wearable stands for electronics carried on the body, such as intelligent fitness wristbands, smartwatches or smart glasses. According to a forecast by the market research company IHS Technology, sales revenues from wearable computing devices in Europe will increase to EUR 9.03 billion by 2018 (forecast for 2015: around EUR 4.55 billion).

Wirecard was one of the first companies in the world to introduce wearable technology with payment functions with its wristband of the future, presented at the beginning of 2015. For a quick and contactless payment process, the user simply holds the intelligent armband near to the NFC payment terminal. The payment transaction is displayed in real time on the screen of the Wirecard wearable device and on a smartphone app. It can also be connected to numerous mobile services, such as loyalty schemes, and can be used as an admission control wristband. This solution is thus ideal for hotels and resorts, festivals, cruise ships, ski resorts and theme parks.

The latest trends in the area of mobile payment are moving towards financial services such as micro loans and insurance services associated with the purchasing process and which are linked to the payment product. They supplement personalised services such as coupons, location-based services or products linked to customer loyalty programmes, and provide persuasive added value for consumers.

The Wirecard Group has achieved decisive competitive advantages in the area of mobile payment services and associated value added services. The products – whether mobile wallets, the mobile POS solution card reader or mobile payment applications – have all been designed as end-to-end solutions.

Due to its modular construction, the Wirecard Mobile Wallet Platform offers the requisite flexibility, especially when it comes to integrating it into different transmission technologies such as Near Field Communication (NFC), both in a classic SIM-based and in a host card emulation environment (HCE), as well as quick response codes (QR code) or Bluetooth low energy (BLE).

From today’s perspective, Near Field Communication (NFC) is the most widely distributed technology when it comes to consumers using their smartphones for contactless and non-cash POS payments. The NFC capture technology currently has the largest infrastructure in Europe – Visa Europe already had 2.1 million European contactless acceptance points at the beginning of 2015. In the recent study “Mobile Contactless Payments: NFC, iWallet & host card emulation 2014-2018”, Juniper Research Limited forecasted up to 9.9 billion mobile contactless transactions per year by 2018, which is three times what was estimated for 2014.

Another important driver of growth under the umbrella term of mobile payments is mobile card acceptance. Mobile card acceptance has been associated up to now with relatively high costs for retailers, which often proved uneconomical especially for smaller companies. Mobile card reader solutions mean that card payments are quick, secure and economical everywhere. In environments that demands that transactions are completed at high speed, such as in the transport industry and in retail, the payment process can be swiftly and seamlessly integrated via mPOS solutions.

Prospects in the call centre and communications areas

The services Wirecard Communication Services GmbH offers in this segment are mostly performed for the Wirecard Group. However, the hybrid call centre structure – which combines the bricks and mortar call centre with a virtual call centre – allows this business segment to also support third-party customers who operate their own call centres but who also outsource operations at peak times. Wirecard Communication Services is excellently positioned particularly in the area of international user support, with its 16 foreign languages and every day, round-the-clock availability helping it to acquire additional new customers.

1.4 Future Group orientation

Group orientation in the next two fiscal years

The future growth and positioning of the Wirecard Group is geared to a primarily organic growth strategy and will be based on the measures realised to date.

The core business area of electronic payment processing and acceptance will be continuously expanded to meet the needs of internationally active retailers – by integrating, as previously, both international and also local payment systems. As the Group has based its end-to-end solutions on Internet technology and shapes the e-commerce market with its innovative products, Wirecard is well positioned for the future.

Planned changes to business policy

No major changes to business policy are planned for the current year or the following year. The activities of Wirecard AG focus on continuous investments to expand its portfolio of products and services, in order to extend the value chain of our core business. New opportunities for business in the area of mobile payment services fit in seamlessly with the fundamental strategic orientation of the Group.

Future sales markets

Most of Wirecard AG's growth in 2015 and 2016 will be generated on the core European market. The Group is also continuing the expansion of its market position in Asia, Oceania and Africa. The strategy of achieving an international presence through locally networked business entities and providing multinational card and payment acceptance agreements has proved its worth. The Wirecard platform offers locally and globally relevant payment methods. This product range will be continuously extended.

Future application of new methods, products and services

Wirecard combines the latest software technology with bank products or services and also continuously expands its portfolio to include innovative payment technologies.

The Group manages product development activities with its respective in-house business analysts along the product lines that are in place, such as card-based or alternative payment methods, risk management and fraud prevention, as well as issuing (card products). New growth potential derived from existing technology and innovative new developments will be exploited through the new Mobile Services business areas that were created in 2012. The development of new products and services, some in cooperation with our partners, is being driven forward constantly. Innovative strength, a competitive range of products and services, and the ability to quickly implement industry and customer-specific requirements remain the basis for organic growth.

As a technologically agnostic company, Wirecard AG operates flexibly across interfaces or transmission formats via its modular platform. The technology platform provided by Wirecard AG is also at the heart of all activities in the area of mobile payment solutions.

In order to ensure the constant expansion of our payment acceptance products – whether for card-based or alternative methods – market-relevant solutions will be constantly integrated into the platform.

1.5 Expected financial position and results of operations

Financial position

The financial position of Wirecard should continue to remain solid over the next two years. This includes an equity ratio that remains at a comfortable level. The dividend payout of EUR 0.13 per share that is to be proposed to this year's Annual General Meeting has been taken into account in this statement.

The Management Board intends to continue to finance future investments and potential acquisitions in the future either from its own cash flow, equity or an appropriate deployment of debt funding. A strategic objective is to utilise bank borrowings only to a moderate extent, mainly in connection with M&A transactions. For this purpose, we establish long-term relationships with banks in order to guarantee the necessary flexibility for both our operating business and M&A transactions in the form of master credit agreements.

Potential acquisitions are analysed and assessed under stringent conditions in this regard. During such reviews, the focus is on profitability and what sensible additions the acquisitions may bring to the existing product range and customer portfolio. We are convinced that our strategy of integrating providers of payment transaction services and technology services, as well as network operators, in high-growth economic regions in Asia into our corporate group will prove successful in the long term.

Financial performance

Earnings before interest, tax, depreciation and amortisation (EBITDA) is the central financial performance indicator for the operating business of Wirecard AG. This sets benchmarks across the entire Company, from financial controlling through to assessing the profitability of individual divisions. For this reason, the 2015 earnings forecast is also based on the key performance indicator of EBITDA.

We forecast an EBITDA of between EUR 210 million and EUR 230 million for the 2015 fiscal year. This forecast is based on:

– the market growth in European e-commerce
– the increase in the transaction volume processed by the Wirecard Group for both existing and new customers
– earnings contributions from the new Mobile Payment business areas
– economies of scale from the transaction-oriented business model
– cross-selling effects with existing customers
– the expansion of issuing and banking services
– earnings contributions from the acquisitions that were realised in 2014

The forecast does not include possible effects from further potential corporate acquisitions. We also forecast that revenue and the results of operations will continue to remain positive in 2016.

As a result of the strong demand for international solutions, our competitive advantage due to the unique links between technology and innovative banking services and our current customer projects, as well as our ongoing expansion, we are convinced that the Wirecard Group will grow faster than the European e-commerce market in 2015, and that our non-European subsidiaries will also contribute to this growth.

In addition, we believe that profitable areas of business can be further exploited by launching new products and further developing existing products, while boosting the efficiency of operational workflows and following a disciplined cost management system will also have a positive impact on business results.

2. REPORT ON OPPORTUNITIES AND RISK

The following chapter explains the systems deployed by the Wirecard Group for risk management purposes and comprises a list of the essential risk categories, as well as the relevant specific risks with which the Group perceives itself to be confronted.

2.1 Risk-oriented corporate governance

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.

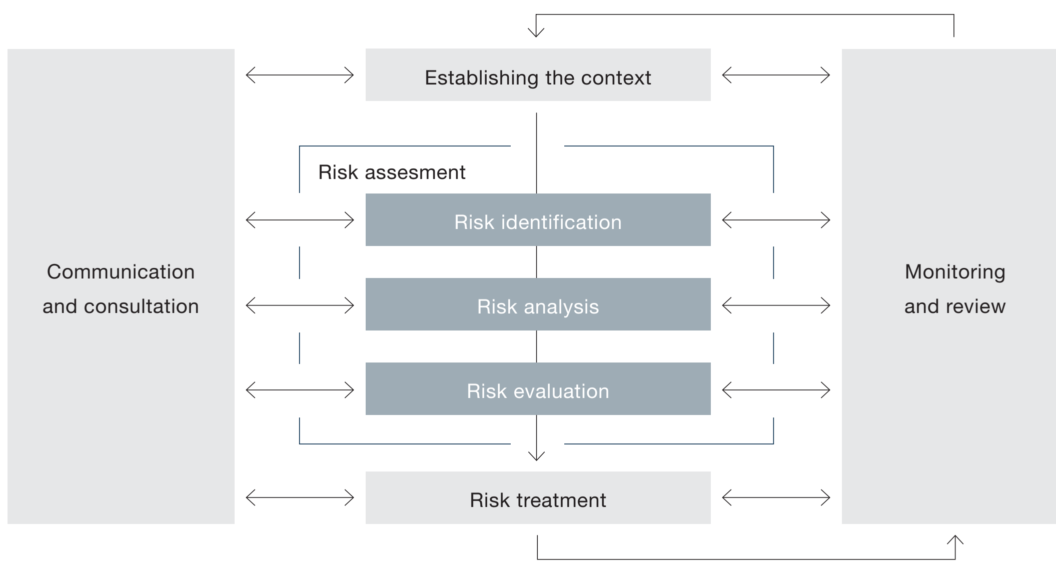
Equally, it is a Company-wide policy to identify, evaluate and exploit opportunities in order to sustain growth trends and secure the Group’s earnings growth. Moreover, this analysis also reveals those risks that would result from a failure to exploit any opportunities that arise.

2.2 Efficiently organised risk management system

The Wirecard Group regards a risk management system as the deployment of an extensive range of instruments for handling risks – the Enterprise Risk Management (ERM) system. The risk management system's organisation is derived from the ISO 31000:2009 standard.

The ERM system is standardised Group-wide and integrated into all business processes, as well as into all operating business units and Group companies. It enables opportunities and risks to be comprehensively and rapidly identified and assessed within a combined top-down and bottom-up process. Risks and opportunities are systematically derived from a top-down perspective and examined to ascertain their relevance. In a further-reaching bottom-up inspection, the viewpoint of the operating units and Group companies is supplemented by local or business-related components during both the identification and assessment of risks and opportunities.

Risk management system



Risks are assessed according to both event probability and level of potential loss. Appropriate risk management measures are developed and pursued. Relevant risks, along with the measures adopted, are continuously recorded centrally for the entire Wirecard Group. Appropriate early warning systems provide support in monitoring risks and identifying potential problems at an early stage, thereby facilitating the timely planning of the required measures.

The centralised recording of risks using standardised risk metrics enables the Management Board to obtain an up-to-date view of the overall risk situation of the Wirecard Group through a formulated reporting system. The reporting system for relevant risks is controlled by predefined threshold values. Depending on the significance of the risks, reports are prepared regularly, although at least on a quarterly basis. The regular reporting process is augmented by ad hoc reporting.

On the basis of the hierarchical competencies in responsible areas and Group companies, risk management decision are made decentrally within the limits of a predefined framework and are monitored by the central Risk Controlling department. Corresponding instructions and guidelines create a uniform framework for dealing with potential risks.

The Management Board is responsible for risk strategy, the appropriate organisation of risk management and the monitoring of risks associated with all business activities, as well as for risk management and controlling. The Management Board derives the risk strategy from its business strategy. The risk strategy serves as a point of reference for the management of risk in the form of corporate policy and risk strategy requirements. The Management Board provides regular reports to the Supervisory Board on any existing risks and their trends. The Chairman of the Supervisory Board remains in regular contact in between Supervisory Board meetings with the Management Board, in particular with the CEO, and consults with him about current issues concerning the risk situation and risk management.

Risk management is centralised within the Wirecard Group and continually reviewed by the internal auditing department, as well as by process-independent bodies for its appropriateness, effectiveness and compliance with general statutory parameters. Where necessary, corrective measures are instigated with the participation of the Risk Counsel.

Within the scope of project risk management, corporate decisions are taken on the basis of detailed project outlines describing the related opportunities and risks, which are then integrated into centralised risk management once the project has been approved.

The Wirecard Group perceives risk management as an ongoing process because changes to the legal, economic or corporate governance parameters, or changes within the organisation, may lead to new risks or to a reassessment of known risks.

2.3 Risk evaluation

In order to evaluate the relevance of risks to Wirecard AG, risks are assessed in the dimensions of “estimated event probability” and “potential impact on the net assets, financial position and results of operations, as well as reputation”. This evaluation is based on five levels that are presented below.

Event probability	Description
Very unlikely	Event occurs only under extraordinary circumstances
Unlikely	The occurrence of the event is comparatively unlikely
Likely	Event can occur within the observation period
Very Likely	Event occurs within the observation period with a high degree of probability
Certain	Event occurs within the observation period with a very high degree of probability

Wirecard AG calculates the potential impact of a risk based on a net perspective. In other words, the residual risk is reported by taking into account the measures that have already been implemented.

Impact	Description
Immaterial	Negligible effect on the net assets, financial position and results of operations
Low	Limited effect on the net assets, financial position and results of operations
Moderate	Tangible effect on the net assets, financial position and results of operations
Considerable	Substantial effect on the net assets, financial position and results of operations
Critical	Significant effect on the net assets, financial position and results of operations

Financial risks are quantified in terms of amounts. Further information about financial risks can be found in Chapter 7.2 (Notes).

Impact	Event probability				
	Very unlikely	Unlikely	Likely	Very likely	Certain
Critical	Medium	High	Very High	Very High	Very High
Considerable	Medium	Medium	High	High	Very High
Moderate	Low	Medium	Medium	High	High
Low	Very low	Low	Medium	Medium	High
Immaterial	Very low	Very low	Very low	Low	Medium

Using the evaluation of risks in terms of their event probability and level of impact, Wirecard AG derives a risk value for the significance of the risks based on a five-level scale – ranging from “very low” to “very high”. In its reporting, Wirecard AG combines the risks with an event probability “very unlikely” and “unlikely” together and reports them as “unlikely”.

2.4 Internal Group risk management system relating to the Group financial accounting process

Wirecard has an internal controlling and risk management system relating to the (Group) accounting process, in which suitable structures and processes are defined and then implemented within the organisation. This is designed to guarantee the timely, uniform and correct accounting of all business processes and transactions. It ensures compliance with statutory standards, accounting regulations and the internal Group accounting directive, which is binding for all companies included in the consolidated annual financial statements. Any amendments to laws, accounting standards and other announcements are continuously analysed for their relevance to, and impact on, the consolidated annual financial statements, and the internal directives and systems within the Group are adjusted to take account of the resulting changes.

The foundations of the internal control system, in addition to defined control mechanisms such as technical and manual reconciliation and coordination processes, lie in the separation of functions and ensuring compliance with directives and work instructions. The Group accounting process at Wirecard AG is managed by the Accounting and Controlling departments.

The Group companies prepare their financial statements locally and forward them to Wirecard AG. They are responsible for compliance with the directives and processes applicable throughout the Group, as well as for the due and timely execution of their accounting-related processes and systems. The employees involved in the consolidated accounting process are trained regularly on this topic. The local companies are supported by central contacts throughout the entire accounting process. Within the scope of the accounting process, measures have been implemented to ensure the regulatory conformity of the consolidated financial statements. These include access rules that are established for Group accounting in the IT-based accounting systems (a range of read and write privileges), along with a system of simultaneous double checks (dual-control principle) and random checks by the local accounting departments, the Group Accounting department, Controlling, and the Management Board. These measures serve to identify and assess potential risks and to mitigate and review any risks identified.

The consolidated annual financial statements are prepared on a centralised basis, using data from the subsidiaries included in consolidation. The Accounting and Controlling department is responsible for consolidation measures, certain reconciliation work and for monitoring time and process-related parameters. Technical system controls are monitored by employees and augmented by manual audits. The principle of dual control is the minimum requirement at each level. Certain clearance processes are required to be passed throughout the entire accounting process. In addition, a group of experts that is separate from the preparation process is responsible for special functional questions and complex issues.

While reviewing the reliability of the accounting system of the German and foreign companies, the following issues are taken into account:

- Compliance with statutory parameters and directives issued by the Management Board, as well as other guidelines and internal instructions
- Formal and material propriety of accounting and related reporting, including the IT systems deployed
- Functionality and effectiveness of internal control systems to avoid financial losses
- Regularity of task fulfilment and compliance with economic and business principles

Wirecard AG applies a Group-wide standardised method to monitor the effectiveness of the internal, accounting-related control system. This process is consistently geared to the risks of possible erroneous reporting in the consolidated annual financial statements.

Wirecard AG's Management Board has audited the effectiveness of the accounting-related control system. The effectiveness of the internal control system is also monitored by the Supervisory Board of Wirecard AG, in accordance with the requirements of the German Accounting Law Modernisation Act (BilMoG), which came into force in May 2009.

The risk categories that are relevant to the Wirecard Group are presented in the following table. The sequence in which they are presented, however, does not imply any assessment of the event probability or possible extent of any loss.

Overall risk	Description
Business risks	Economic risks, risks arising from the general competitive situation for the Wirecard Goup and its customers
Operational risks	Personnel risks, risks of product innovations and risks arising from the use of third-party services
Information and IT risks	Risks arising from the operation and design of IT systems as well as risk in connection with the confidentiality, availability and integrity of data
Financial risks	Exchange-rate, interest-rate and liquidity risks
Debtor risks	Risks from receivables from retailers, private and business customers, acquiring partners and banks
Legal and regulatory risks	Risks arising from changes to the legal and regulatory framework as well as risks arising from litigation, license rights and liability
Other risks	Reputation risks and risks arising from emergencies

It should generally be noted that risks that currently have a lower risk valuation can potentially have higher loss effects than those risks that currently have higher risk valuations. Additional risks of which Wirecard AG is currently unaware, or which are still gauged as immaterial, could affect the net assets, financial position and results of operations, as well as the reputation, of Wirecard AG. These include natural hazard risks and other financial risks (e.g. risks arising from external tax audits).

2.5 Business risks

The Wirecard Group defines a business risk as the danger of a decline in earnings owing to changes in the volume of business and/or margins, as well as corresponding (purchasing) costs.

Business strategy risks

Business strategy risk exists in the medium and long-term risk of negative effects on the attainment of Wirecard AG's strategic objectives, for example resulting from changes to the business environment conditions, and/or inadequate implementation of the Wirecard Group strategy.

Group strategy is developed further as part of a structured process that is used as the basis for Wirecard AG's annual planning process. This entails setting strategic approaches and guiding principles, as well as quantitative targets for the Wirecard Group, its operating units and Group companies. The results of this strategy process are used as the basis for a long-term business strategy comprising significant business activities and target attainment measures. Similarly, a consistent risk strategy is also determined. In addition, external influencing factors such as market and competitive conditions in core markets, capital market requirements and regulatory changes, where relevant changes may require adaptation of the business strategy, are also continuously monitored. The strategy process comprises the following: planning, implementation, appraisal and adaptation of the strategies. To ensure that the implementation of the Group strategy is aligned correctly with the business objectives, strategy controlling is conducted by means of regular monitoring of both quantitative and qualitative targets.

If Wirecard AG were to fail to efficiently handle changes to the conditions found in the business environment or to successfully implement the Wirecard Group strategy, there is a risk of a minor impact on the net assets, financial position and results of operations. Due to the measures that have been adopted and the experience gained over the past few years, the Management Board gauges the event probability as unlikely and generally assumes that the level of risk is very low.

Economic risk

Uncertainties relating to the global economy, financial markets and political circumstances could negatively impact Wirecard AG's net assets, financial position and results of operations.

The transaction-based business model of the Wirecard Group may indirectly experience adverse effects due to consumer behaviour. In the event of a major deterioration in global economic conditions and a substantial decline in consumer spending, a negative impact on the course of business and performance of the Wirecard Group may be incurred. Moreover, the purchasing power of consumers may fall, thereby affecting the volume of transactions processed by retailers through Wirecard AG.

The current growth of trade and services on the Internet compared with traditional bricks & mortar stores could weaken or be reversed and thus lead to a decline in the Wirecard Group's business.

Due to the fact that our business model is primarily transaction-oriented, the introduction and use of products and services provided by the Wirecard Group calls for only a very low level of initial investment by most customers. If customers' propensity to spend were to be negatively affected due to changes in the overall economic situation, this could impact business performance at the Wirecard Group.

Moreover, growth in those emerging markets where the Wirecard Group is active could weaken, stagnate or even decrease – resulting in a failure to meet business expectations in these countries.

The Wirecard Group constantly monitors national and international developments in the political, economic and regulatory environments, as well as economic trends, so that it can take immediate measures if these factors should change in the short term to counter these risks and reduce any negative impact as far as possible. In the process, it has become clear that the growth of the e-commerce market and the other markets on which Wirecard operates are so stable that Wirecard did not record any material negative impact on its business, either as a result of the financial crisis or due to the euro crisis.

For this reason, the Management Board gauges the occurrence of this risk as unlikely for the 2015 fiscal year. Nevertheless, a considerable impact on the net assets, financial position and results of operations of Wirecard AG, as well as an increase in the other risks described in this report, cannot be completely excluded. For this reason, the Management Board gauges this risk as medium.

Equally, a significant improvement in the economic situation, combined with a marked increase in consumer spending, as well as growth in trade and services on the Internet that outstrips present expectations, could signify an opportunity for Wirecard AG's net assets, financial position and results of operations.

Risks arising from existing customer business

Existing Wirecard Group customers could decide to cancel their contracts, license no further products, purchase no consulting and training services, or switch to competitor products or services.

The Wirecard Group generates a significant share of its sales revenues from its extensive portfolio of existing customers. The successful integration of the corporate acquisitions made over the previous years into the corporate network of the Wirecard Group has contributed to the positive growth of the portfolio of existing customers.

If a significant number of regular customers were to decide to discontinue their business relationships with the Wirecard Group, this would have a negative impact on the development of its business and also influence the value of the customer portfolio. This may result in impairments to recognised customer bases.

For this reason, the Wirecard Group continuously monitors levels of customer satisfaction relating to services and products that the Wirecard Group offers.

Given the results of regular measurements of customer satisfaction, the high level of stability of the existing customer business over recent fiscal years and the range of competitive products and services, the Management Board gauges the occurrence of this risk as unlikely in the 2015 fiscal year, meaning it will only have a minor impact on the net assets, financial position and results of operations. As a consequence, and by way of summary, the Management Board assumes the existence of a very low associated risk.

Product development risks

In order to ensure that the portfolio of products and services remains competitive in the long term, this calls for continuous product innovations. New product development is connected with many risks over which Wirecard AG frequently cannot exert any control.

Product development must generate customer-oriented and reliable products. In particular, corrections to product characteristics at a late stage of development, or products that fail to address customers or the market, result in considerable expenditure and lead to significant financial disadvantages. A trend reversal may also occur on the market, rendering Wirecard AG products unsuitable. Given its positioning as an Application Service Provider (ASP), in other words as an outsourcing service provider, the Wirecard Group faces a general risk of a trend reversal towards the insourcing of development activities and/or the operation of IT infrastructure.

Deviations from the planned realisation of projects can delay the market roll-out of new products, resulting in both opportunity costs and a loss of reputation, or direct claims for damages. Additional factors, such as entering new market segments and contractually acquiring responsibility for new products from customers could increase these risks.

The activities of Wirecard AG in the area of mobile payment are also included in this innovation risk. If Wirecard AG fails to implement this investment in the mobile payment area in line with the market, anticipated earnings contributions from mobile payment products and related-value added services may fall short of expectations.

The Wirecard Group's development processes, quality assurance processes and operating processes have been integrated into its Group-wide risk reporting system. Due to regular quality controls, the Wirecard Group avoids the manufacture of faulty products. Wherever possible, and whenever this makes sense, Wirecard works hand in hand with its customers in order to be able to respond to possible changes in requirements at an early stage. Stringent project controlling ensures the compliance of all procedures with internal Group and external regulatory parameters and ensures the highest quality standards in our development activities and operations.

Moreover, a dedicated internal approval process for product developments means that the market potential of a product is examined and a suitable profit margin based on the corporate objectives is ensured when setting prices.

If Wirecard AG were to fail to succeed in efficiently managing the development of its products, the risk exists that these developed products fall short of the expectations required of them, or that almost no related revenue is generated. This could have a minor impact on the net assets, financial position and results of operations during the period under review. In light of the stringent quality benchmarks in product development, the Management Board gauges the occurrence of this risk as unlikely. Wirecard AG consequently categorises this risk as very low.

Risks arising from intensified competition

Given intense competition, technical innovations and sector consolidation, market shares and revenues could shrink.

The Wirecard Group operates in a market environment characterised by strong consolidation amongst its provider base. Technical developments for end devices utilised for Internet payments or mobile payments also mean that hardware manufacturers and telecommunication and Internet companies are increasingly developing their own payment solutions and offering them on the market – in some cases accompanied by a large advertising budget. In addition, smaller payment providers are increasingly entering the market with innovative products. These developments may have a potentially negative impact on business performance for Wirecard AG due to increased competition from new or stronger rivals.

Our role as one of the leading European providers of payment processing and risk management solutions implies that the Wirecard Group is itself a driving force behind the current movement towards consolidation in Europe and Asia, and consequently can play an active role in shaping it.

The Wirecard Group is convinced that it can retain its leadership position on the market through the further successful implementation of its innovation strategy, the further growth of the Wirecard Group and the targeted acquisition of competitors. The event probability for this risk, which may – should it become aggravated – have a moderate impact on the net assets, financial position and results of operations, is gauged by the Management Board as unlikely in the 2015 fiscal year. As a consequence, the Management Board assumes a medium risk in this instance.

Equally, the emergence of new market participants may also generate opportunities for Wirecard AG's net assets, financial position and results of operations – for example, through new business partners, markets and products.

2.6 Operational risks

The Wirecard Group considers operational risks to mean the risk of losses resulting from the inappropriateness or failure of internal processes and systems, from human error or from external events which not already have been dealt with in other risk areas.

Personnel risk

Qualified and motivated employees are critical to sustained business success. The growth of the Wirecard Group's business depends to a decisive degree on our ability to foster the loyalty of our current employees and also to continue to recruit highly qualified members of staff in the face of intense competition for skilled personnel and managers.

The availability of highly qualified employees, and consequently our ability to adjust our capacities to meet demand, particularly affects the successful realisation of projects. The Wirecard Group plans to continue to expand its activities. Its future success also depends on whether the Wirecard Group proves sufficiently successful in recruiting highly qualified specialist employees and managers for the Company.

If Wirecard AG cannot effectively manage its personnel resources at its locations, it may be unable to efficiently and successfully manage its business.

A proactive personnel risk management system in place within the Wirecard Group ensures that possible risks relating to motivation, staff attrition and staff shortages are identified and assessed, and – where necessary – suitable measures are adopted to mitigate the risk level. As a result of a proactive personnel policy based on the directives laid down by the Management Board, profit participation programmes, advanced vocational training opportunities and an attractive working environment, the Wirecard Group protects itself against the loss of key employees and counteracts a possible risk of a lack of motivation.

The positioning of the Wirecard Group as an attractive employer will continue to help foster the loyalty of qualified employees and attract new personnel. Over the past years, Wirecard AG has experienced only very low employee turnover amongst its managers. Due to the measures that have been adopted, the Wirecard Group gauges the occurrence of this risk as unlikely. However, a minor impact on the net assets, financial position and results of operations cannot be excluded. For this reason, the Management Board gauges the risk for the 2015 fiscal year as very low.

Project risks

Customer projects are generally connected with risks as delays to their realisation can result in higher costs and damage to reputation, or also to significant contractual penalties.

The successful realisation of a customer project depends on a large number of factors. Although some of these factors cannot be influenced or can only be partially influenced by the Wirecard Group, they can nevertheless negatively impact the Company's business performance or jeopardise the realisation of a customer project through, for example, higher project expenditures or unexpected delays to the realisation of projects.

In addition, damage to the Company's image and claims for compensation from customers may be caused by negative project developments caused directly by the Wirecard Group, for instance due to resource bottlenecks.

The Wirecard Group's active project risk management and the targeted optimisation of the risk profiles of customer projects by experienced project managers at the Wirecard Group serve to mitigate project risks. Risk management of customer projects is fully integrated into the Wirecard Group's Company-wide risk reporting system.

Although customer-specific solutions are implemented for some projects, the majority of ustomer projects involve standardised integration. For this reason, the Management Board gauges the occurrence of this risk as unlikely for the 2015 fiscal year given the overall risk structure of the project portfolio. However, a minor impact on the Wirecard Group's net assets, financial position and results of operations cannot be completely excluded. As a consequence, the Management Board assumes the existence of a low associated risk overall.

Risks arising from the use of third-party services and technologies

Parts of the Wirecard Group's range of products and services call for the utilisation of external products and services. Qualitative deficiencies in the products supplied or services rendered, delayed or incomplete deliveries or services, or the total failure of these products or services may have a detrimental impact on the Wirecard Group's performance.

Changes to the utilisation rights for third-party software and technologies – to the extent that they are integrated into the products of the Wirecard Group – may delay both the development and market launch of these products, as well as negatively impact their functionality, and may result in the payment of higher licence fees.

Furthermore, the risk exists that licences will no longer be available in the future for third-party technologies that are in use, or that these technologies will no longer be accessible or are not accessible at an acceptable cost. In the short term, this may also result in significantly higher development costs for the integration of alternative technologies.

The Wirecard Group relies on the services of external partners in order to make some of its range of products and services available. If a service includes the use of IT systems, there is a risk that customer and/or transaction data may be misused. If this leads, for example, to any losses sustained by customers of Wirecard Bank AG, this could damage the reputation of the Wirecard Group.

Wirecard AG utilises third parties, in particular, to sell its prepaid products. In this regard, Wirecard AG must monitor the reliability of these intermediaries and ensure that they comply with the law and directives. Any omissions could result in sanctions by the supervisory authorities and also – in the form of contractual penalties – by credit card organisations and other contractual partners.

The system of active supplier management within the Wirecard Group provides far-reaching protection against the risks resulting from the use of third-party services and technologies. This system includes the targeted selection of suppliers according to stringent quality criteria, the integration of suppliers into the Wirecard Group's quality management system, proactive service-level management and the Wirecard Group's comprehensive redundancy concepts. Wirecard AG selects its sales partners very carefully, provides them with ongoing training and monitors their activities via random checks.

Given the protective measures and safeguards described above, the Management Board gauges the risk of a minor negative impact on the net assets, financial position and results of operations arising from the described risks for the 2015 fiscal year as unlikely. As a consequence, the Management Board assumes a low overall risk in this instance.

Risks arising from acquisitions

The Wirecard Group has acquired various companies or parts of companies in the past. If the Wirecard Group were to be unable to efficiently integrate existing or future acquisitions, there is a risk of a negative effect on the business activities of the Wirecard Group.

Goodwill has resulted from the consolidation of various acquisitions. Wirecard AG plans to continue to realise some of its growth from moderate acquisitions. A negative business performance by individual acquisitions could lead to a deterioration in the cash flows expected from the acquired company and consequently to a reduction in value due to goodwill impairment that would have a negative impact on Wirecard AG's earnings.

The integration of acquisitions is generally challenging, as it comprises many risks arising from the integration of customers, employees, technologies and products. For this reason, target companies are always very carefully examined (in the form of extensive due diligence) by the Wirecard Group and advice is sought from consultants in the relevant specialist areas before acquisitions are realised. As far as possible, the Wirecard Group endeavours to obtain warranties relating to the correctness of information issued by sellers about target companies as part of the acquisition process. In addition, earnout components will secure expected cash flows as far as possible at a later point in time.

Based on the experience of the successful integration of past acquisitions, the Management Board gauges the occurrence of this risk in the 2015 fiscal year as unlikely. However, a considerable negative impact on the net assets, financial position and results of operations cannot be excluded. As a consequence, Wirecard AG's Management Board gauges this risk as medium.

2.7 Information and IT risks

The Wirecard Group defines information and IT risks as the possibility that one or several weaknesses in IT systems or software will be exploited by a specific threat, causing confidentiality and integrity to be compromised or availability to be impaired.

Risk arising from impermissible publication and modification of data

Despite far-reaching security measures, the risk exists that both customer data and internal data are published or manipulated in an impermissible manner, thereby generating losses for Wirecard AG.

Due to the nature of its business activities, extensive transaction data is held by the Wirecard Group, which includes information on both the business activities of corporate customers and the spending patterns and credit status of consumers. The publication of confidential customer data can have a substantial adverse impact on the Group's business performance, both through a loss in reputation and direct claims for damages or contractual penalties. The falsification of customer data may have a negative impact on the Wirecard Group's performance, through both a direct cash outflow due to erroneous payments made during the course of payment transactions of Wirecard Bank AG, and lost sales revenues due to incorrect statements in other business areas.

A security concept based on the industry standard PCI DSS (Payment Card Industry – Data Security Standards) that is compulsory across the Group, directives on handling customer data, extensive quality assurance measures in the field of product development, as well as comprehensive technological backup and protective measures such as monitoring and early warning systems, all already serve to effectively counteract the risk of publication or falsification of customer data at the early stages of an attack being prepared. Wirecard Technologies GmbH is certified according to the PCI-DSS standard. In addition, the Wirecard Group counteracts internal misuse through a closed concept, starting with the selection of employees and a stringent "need-to-know" principle, through to the monitoring of all data access events. In close cooperation with the Wirecard Group's Data Protection Officer, experts ensure that personal data is processed solely in accordance with the rules and regulations of the applicable data protection laws. Moreover, the Wirecard Group arranges for third parties, who in turn are subject to a non-disclosure agreement, to audit the Group's procedures and infrastructure on an ongoing basis in order to detect any security loopholes, amongst other things.

If Wirecard AG were to fail to sufficiently safeguard confidential internal data, for example about future products, technologies or strategies, there could be a negative impact on business performance due to the possible publication of confidential information about future strategic activities or through product defects as the result of the falsification of internal data. The Wirecard Group counters the risk of the publication of internal confidential data, for example, concerning future products, technologies or strategies, through the introduction of security standards that are binding across the Group and guidelines relating to internal and external communication, as well as through extensive protective measures and technological safeguards.

Due to the security measures that have been implemented, the Management Board gauges the occurrence of this risk in the 2015 fiscal year as unlikely. However, Wirecard AG cannot fully exclude a moderate impact on its reputation, as well as on its net assets, financial position and results of operations. As a consequence, the Management Board gauges this risk as low.

Risks arising from the structure and operation of information systems

The risk exists that previously undiscovered security loopholes are exploited in the information systems developed and deployed by Wirecard AG.

Information technology represents a strategic success factor in the Wirecard Group's business activities. The quality and availability of information systems and Wirecard AG's ability to respond speedily, flexibly and in a cost-efficient manner to changing market requirements are critical to its financial and business success. System outages, problems with quality or delays in developing or rolling out new products as a result of structural deficiencies in IT systems can have a significant negative impact on business performance. Attacks could also result in the abuse of IT systems and a reduction in the availability of Wirecard AG's services and products.

When structuring its information systems, the Wirecard Group relies on cost-effective, modular and standardised technologies from renowned providers. Due to flexible processes and short product development cycles, the IT department at the Company is justified in its role as a pioneer of new business models and facilitates the rapid market rollout of new products. A redundant infrastructure with high availability facilitates the continuous operation of the Group's systems and largely protects them from possible downtimes, for example as a result of sabotage. An extensive quality management system ensures that the quality standards ecessary for the development and operation of banking-related IT systems are met. Continuous investment in the Company's infrastructure also secures the future performance capabilities of the IT systems.

As successful attacks on IT systems cannot be excluded in principle, the Management Board gauges the occurrence of this risk in the 2015 fiscal year as unlikely. For this reason, Wirecard AG cannot fully exclude a minor impact on its reputation, as well as on its net assets, financial position and results of operations. Overall, the Management Board assumes a very low risk in this instance.

2.8 Financial risks

Currency exchange rate risk

Currency exchange rate risk derives from Wirecard AG's foreign currency positions and potential changes to corresponding exchange rates.

Currency risks exist, in particular, where assets, liabilities and revenues exist or arise in a currency other than the local currency of the Company. This increasingly impacts the "Payment Processing & Risk Management" and "Acquiring & Issuing" segments, which transact a substantial part of their revenues in foreign currencies (mainly USD and GBP).

A general risk relates to the business results of Wirecard AG that are to be reported in euros where there is a weakening in the foreign currency exchange rates relevant to Wirecard AG. Equally, an increase in such exchange rates represents an opportunity.

In these segments, trade accounts receivable, trade accounts payable, bank borrowings and bank deposits exist in foreign currencies. In order to avoid currency risk, the Group Treasury department tries to ensure that receivables and liabilities are held in the same currencies and at the same levels whenever possible. Foreign currency positions are also monitored continuously and surpluses and shortfalls are offset where required. Risks that cannot be compensated for in this process are hedged by the deployment of financial derivatives following an individual analysis. The use of derivative financial instruments is carried out subject to stringent controls based on mechanisms and uniform directives defined centrally. No forward exchange transactions or currency options are deployed with speculative intentions. If no hedging takes place, the residual risks of exchange rate fluctuations may influence the Wirecard Group's earnings that are to be reported in euros.

For this reason, there is no guarantee that the measures that have been taken will prove successful in all instances and that no immaterial impact arises for the Wirecard Group's net assets, financial position and results of operations. Due to the supervisory and control measures that have been adopted, the Management Board gauges the occurrence of this risk as unlikely and by way of summary assumes a very low risk.

Interest rate risks

Interest rate fluctuations reflecting changes to market interest rates could negatively affect the Wirecard Group's operating activities.

The Wirecard Group has substantial liquidity at its disposal that is invested in demand and fixed-term deposits and/or overnight (call money) deposits with selected banks. The interest payable on these investments is based on the interbank money market interest rate of the respective investment currency, less a standard banking margin. The interbank money market interest rate is subject to fluctuations that may impact realised earnings. As a result of the negative interest on deposits for banking in euros (as of 31.12.2014: -0.20 percent p.a.) introduced by the European Central Bank (ECB), minor costs for the holding of liquidity in euros in bank accounts may be incurred.

The Wirecard Group has also decided to enter into short- or medium-term securities investments with maturities of up to five years in order to optimise interest income from Wirecard Bank AG's base liquidity.

These include, amongst others, collared floaters, variable rate bearer bonds and borrower's note loans from various banks with a minimum (A-) investment-grade rating. The bond in this context carries a minimum interest rate and a maximum interest rate, with EURIBOR and LIBOR (for USD) comprising the reference market interest rates. Should the current 3-month EURIBOR or LIBOR rate exceed the maximum interest rate, the investor stands to lose the interest income between the maximum interest rate and the market interest rate.

As part of debt financing, the Wirecard Group has partially agreed fixed interest rates until maturity, or on the basis of 3, 6, 9 or 12-month EURIBOR, plus a margin agreed with the funding banks.

If the Wirecard Group has financing with variable interest rates based on international reference rates (EURIBOR, LIBOR), it monitors interest rate changes on an ongoing basis. When using this type of financing, a decision is made for each individual case as to whether and how the interest rate risk should be hedged using suitable instruments.

An increase in reference interest rates would incur the risk of an increase in interest expenses on debt financing. Equally, an increase in reference interest rates would result in an opportunity on the interest income side from existing bank deposits and securities.

There is no guarantee that there will not be an immaterial impact on the net assets, financial position and results of operations of the Wirecard Group. The Management Board gauges the occurrence of this risk as unlikely and by way of summary assumes a very low risk.

Liquidity risk

The risk exists that cash requirements triggered by potential cash flow fluctuations cannot be covered or can only be covered at higher cost.

The Wirecard Group continuously invests any substantial amounts of unrequired liquidity in demand and fixed-term deposits, overnight (call money) deposits, as well as the base volume of liquidity in variable-rate bearer debentures and borrower's note loans from selected issuers with minimum (A-) investment-grade ratings, and partly with a minimum interest rate. In addition, the Group prepares its own risk valuation for the counterparty. Risks may arise due to a liquidity shortage on account of mismatches occurring between the fixed investment term and the time at which liquidity is required.

The variable-rate bearer bonds and borrower's note loans are due to be repaid at maturity at 100.00 percent. If the variable rate bearer bonds and borrower's note loans are made available before maturity, a price risk exists (a deviation either above or below the 100.00 percent expected at maturity) depending on changes to the issuer's credit rating, the residual term to maturity and the current market interest rate level.

As the base liquidity less a substantial security reserve is invested for a longer term, the Management Board gauges the occurrence of this risk as unlikely and the potential impact as moderate on the net assets, financial position and results of operations, and by way of summary assumes a low risk.

Further information about financial risks can be found in Chapter 7.2 (Notes).

2.9 Debtor risks

The Wirecard Group understands debtor risks to mean possible value losses that could be caused by a business partner being unable or unwilling to pay.

Risks from receivables

The risk exists of a loss of value from receivables arising from a contract with a business partner (e.g. retailers, private and business customers and other institutions).

Receivables from retailers may arise, for example, from chargebacks following retailer insolvency, violations of applicable rules and regulations by retailers, or fraud on the part of retailers.

In principle, the risk involved in trade receivables depends on the retailer's business model. There is an increased risk where there is no direct temporal link between goods supplied or services rendered and the transaction, in other words, where the goods or services are to be provided at a later date (e.g. booking of airline tickets or tickets for certain events). As the periods within which chargebacks can be realised by the cardholder only commence once the deadline for performance by the retailer has elapsed, this temporal decoupling results in an accumulation of open transactions. In the event of retailer insolvency, this may result, for example, in the risk of chargebacks.

A violation of the valid rules and regulations by a retailer may lead to a credit card organisation calling for penalties to be imposed on the retailer. These payments would be charged to the retailer by the Wirecard Group on the basis of existing agreements.

Retailers can act fraudulently in various ways and, as a result, harm the Wirecard Group in its role as an acquirer or as the party engaged in the payment process in some other role. Some examples include fraud in relation to credit notes, fraudulent insolvency, submitting third-party payment records, reutilisation of card data and offering bogus services to end customers.

In order to counteract the risk of business partners of the Wirecard Group defaulting on their contractual payment obligations, customers are subjected to a comprehensive assessment of relevant data, such as their credit rating, liquidity, market positioning, management experience and other case-by-case criteria. This also applies to the review of business relationships with commercial banks, acquiring partners and retailers. Moreover, once an account has been established, all business relationships are continually monitored for suspicious features or possible fraud patterns. Payment flows are monitored on a regular basis and outstanding receivables are continually tracked by the Company's internal debtor and liquidity management system. Depending on the risk factors, the Wirecard Group also takes retailer default risk into account through individual reserves or alternatively delayed payment to retailers, as well as through payment commitments from banks or insurance companies. All measures are adjusted on a regular basis thanks to close monitoring of retailer business operations.

Credit card companies and acquiring partners that cooperate with Wirecard are similarly entitled to payments from Wirecard. Therefore, a significant proportion of the trade receivables and other receivables from the acquiring business is accounted for by these types of claims from credit card companies and acquiring partners that are typical in the sector and which exist for the length of the business relationships and have a typically revolving character.

The free liquidity invested in demand deposits and overnight (call money) deposits, fixed-term deposits and bank bearer debentures outside the Wirecard Group could also be jeopardised if these credit institutions suffer from insolvency or financial difficulties. The Wirecard Group takes account of such risk through both stringent checks on the total amount of such deposits and a full review of the counterparties. In addition to specific credit-rating and profitability data relating to the relevant counterparties, external ratings, where available, are also included in the review carried out by the Wirecard Group.

Further risks may exist due to cross-border receivables. For example, it may be impossible to realise existing receivables, or only with difficulty, as a result of different statutory regulations in other countries (regarding foreclosure, for example). Similarly, a deterioration in the general economic conditions in individual countries – for example, as a result of political and social unrest, nationalisation and expropriation, non-recognition of foreign debts by the state, foreign exchange regulations, and the devaluation or depreciation of local currencies – could have a negative impact on the Wirecard Group's receivables position and consequently in individual cases on its net assets, financial position and results of operations. In particular, political and social unrest may suddenly lead to the destabilisation of a country or economic region that was previously considered to be stable. Therefore, significant financial investments abroad made as part of the inorganic growth of Wirecard AG, for example, could be neutralised by negative developments in these countries. Even though Wirecard AG investigates the opportunities and risks in a particular foreign market using internal and external risk analyses of the country, there can be no guarantees in individual cases surrounding the political situation in this country and its social, economic and legal environment, or about any expected future developments.

The Wirecard Group takes account of such risks by stipulating the applicable law and place of jurisdiction in contracts wherever possible. Moreover, receivables are also consistently collected in the international environment using the required measures and appropriate securities are agreed with contractual partners. There is nevertheless no guarantee that the measures that have been taken will prove successful in all instances and that there will be no critical impact on the Wirecard Group's net assets, financial position and results of operations. Due to the supervisory and control measures that have been adopted, the Management Board gauges the occurrence of this risk as unlikely. Overall, Wirecard AG assumes a medium risk in this instance.

2.10 Legal and regulatory risks

Regulatory risks

Current and future promulgations concerning regulatory conditions could negatively affect the business performance at Wirecard AG.

The Wirecard Group understands legal and regulatory risks to mean the possible impact on business performance of a change to the national and/or international statutory and regulatory conditions for payment systems, the development and provision of software or the use of the Internet.

The Wirecard Group provides payment processing services and payment methods for a wide variety of goods and services both nationally and internationally. In addition to the regulations and laws for capital markets and public limited companies that apply to Wirecard AG, statutory and regulatory requirements for payment systems and payment products consequently impact the Company's business performance in all countries in which Wirecard AG operates. However, the legal and regulatory conditions and risks that apply to the products and services offered by our customers – in other words, for the most part the retailers and service providers operating on the Internet – also have a direct or indirect bearing on our business performance. Contractual negotiations and issues relating to tax law are of particular significance in the cross-border segment. The expertise necessary for assessing day-to-day operations is possessed by the qualified employees of the Wirecard Group. To further mitigate risks, the Wirecard Group enlists the services of external legal and tax consultants when dealing with complex issues.

The underlying legal and regulatory conditions have a material impact on product design and the organisation of sales processes and sales structures. Future measures brought in by legislators, or a stricter interpretation of existing acts or regulations by courts or authorities, could significantly restrict the sales of various products – especially prepaid products. The risk exists that it may no longer be permissible to offer specific products or to offer them in their current form.

The planned new EU law on interchange fees provides one example of a regulatory change. In the case of the transactions involving Visa and MasterCard payments that are settled in accordance with the four-party model, this fee for the services offered by the provider will be settled between the issuing bank (“issuer”) and the acquirer. As interchange fees are reported under the cost of materials in the Acquiring area, a possible reduction in the interchange fees would not represent any risk to Wirecard AG’s net assets, financial position and results of operations. The Management Board gauges the remaining (partial) risk in the Issuing area as immaterial.

In particular, political and social unrest may suddenly lead to the destabilisation of a country or economic region that was previously considered to be stable. This may lead to the permanent deterioration of the framework conditions through to a ban on certain business models.

In parallel, statutory regulations governing the use of the Internet or guidelines concerning the development or provision of software and/or services can differ profoundly both on a national and international scale. For instance, customers in the field of online pharmacies and gambling are subject to a high degree of national or international regulation. The result may be that certain transactions or the processing of payments online may only be possible to a limited extent or not at all, depending on the countries in question. The Wirecard Group counteracts the associated risks to its business activities by cooperating closely with regional or specialised law firms that provide assistance both in launching new products and with ongoing business processes and business relations.

The Wirecard Group perceives compliance with national and international legislation as indispensable for sustained business development, and places a high priority on meeting all the relevant regulatory requirements as they apply both to internal operations and to its customers. Moreover, the Wirecard Group makes every effort to maintain a customer structure that is diversified, both regionally and with regard to its operations, in order to limit the risk to the Group’s business activity and earnings deriving from changes to underlying legal conditions and regulations.

In Wirecard AG’s business areas, risks deriving from regulatory changes that may even have a critical impact on net assets, financial position and results of operations, as well as on the Company’s reputation, cannot generally be excluded. However, Wirecard AG assumes a risk occurrence as unlikely from today’s perspective. Overall, Wirecard AG’s Management Board gauges this risk as medium.

Risks from contractual violations

The risk exists that existing contractual relationships are terminated due to contractual obligations not being fulfilled, not being fulfilled on time, or not being fulfilled to their full extent, which will have a negative impact on business performance at Wirecard AG.

Wirecard Bank AG is a member of the credit card companies MasterCard and Visa (a so-called Principal Member) as well as JCB International Co. Ltd., and has licences for both issuing cards to private customers (Issuing) and retailer acquiring (Acquiring). Wirecard Bank AG also holds licences for online acquiring for American Express, UnionPay and Discover/Diners Club and is a contractual partner of Universal Air Travel Plan (UATP), Inc. for issuing and acquiring. In the notional event of termination or cancellation of these license agreements, this would have a considerable impact on the business activities of Wirecard AG or Wirecard Bank AG.

Recently, the Wirecard Group has, in some cases, used borrowing to finance the acquisition of companies or parts of companies. The Management Board has concluded credit agreements for the realisation of this strategy. In these agreements, the Wirecard Group has made standard undertakings to meet certain covenants. In addition, as part of the standard contractual conditions applied by the banks, a restriction has been imposed on the Wirecard Group's ability to encumber or sell assets, acquire other companies or participating interests, or perform conversions. The Wirecard Group fully complies with these contractual terms. The Management Board does not believe that these contractual conditions will have a negative impact on the Wirecard Group's business activities.

If Wirecard AG were to be unable to fully comply with its contractual obligations, the risk exists of a considerable impact. Due to constant communication with the contractual partners and continuous monitoring of compliance with the contractual terms, the Management Board nevertheless regards the occurrence of this risk as unlikely and consequently assumes the existence of a medium risk overall.

Litigation risks

As reported, a lawsuit against the Company and against a specific Group company relating to the payment of allegedly outstanding provisions was submitted to Munich Regional Court I in the 2012 calendar year. The lawsuit was rejected in the first instance as expected in August 2014. The opposite party appealed against this verdict to the Higher Regional Court in Munich. In February 2013, a lawsuit was brought against the Company and against a specific Group company relating to the payment of retained collateral, as well as relating to the payment of compensation for damages. The lawsuit was rejected in the first instance in November 2014. The opposite party appealed against this verdict to the Higher Regional Court in Munich. The Management Board assumes a minor potential impact on the Wirecard Group's net assets, financial position and results of operations. The maximum theoretical risk lies in the single digit million range.

Furthermore, the Company and individual Group companies are defendants or participants in other litigation or arbitration proceedings. On the basis of information available today, these proceedings are not of considerable relevance to the Company. Even when considered together, the impact on Wirecard AG's net assets, financial position and results of operations is only considered to be immaterial.

In summary, risks having a minor impact on the Wirecard Group's net assets, financial position and results of operations cannot be completely excluded. However, Wirecard AG assumes a risk occurrence as unlikely from today's perspective. Overall, Wirecard AG's Management Board gauges this risk as low.

2.11 Other risks

Reputation risk

The risk exists that the trust and confidence of customers, business partners, employees and investors is adversely impacted by a publicised report on a transaction, business partner or business practice involving a customer.

In particular, this risk arises from the intentional dissemination of false information, breach of contract by customers, erroneously derived information, as well as communications by any dissatisfied employees or customers resulting in an adverse impact on the Company's reputation. Other risks described in this report can also impact on Wirecard AG's reputation.

The Wirecard Group is aware of this risk and therefore continually reviews the statements on its products, as well as reports on the Wirecard Group in the market (print media, television, Internet, forums, etc.), in order to quickly take suitable countermeasures where necessary. Furthermore, the registration of Internet domains with similar names that could potentially be used with fraudulent intent or to impair the reputation of the Company are monitored in collaboration with a renowned external service provider, as is any misuse of the Wirecard logo.

Due to the multitude of potential loss scenarios, the quantification of reputation risk is difficult. If Wirecard AG were to fail to rapidly counter the communication of erroneous information or erroneously derived information, for example, there is a risk of a considerable impact on Wirecard AG's net assets, financial position and results of operations, as well as a danger that other risks described in this report will be exacerbated. Given the preventative measures that have been taken, Wirecard AG's Management Board assumes an unlikely occurrence of this risk and assesses the overall reputation risk as medium.

2.12 Summary of overall risk

In summary, the Wirecard Group recorded a positive trend in its overall risk structure in the period under review. As a result of the ongoing optimisation of the risk management system, particularly with regard to managing the development, volume and complexity of the business, which was closely modelled on acknowledged industry standards and the implementation of a multitude of risk-minimising measures, it proved possible to ensure that none of the risks identified within the scope of the Group-wide risk management system fall – in terms of their event probabilities and impact – within the category of risks likely to jeopardise the Group as a going concern, irrespective of whether they are considered individually or in their entirety.

As far as the total number of identified risks is concerned, 63 percent of all risks were classified as being “low” or “very low”, while 37 percent of all risks were categorised as being “medium”. No risk was gauged as being high or very high.

Wirecard AG’s Management Board remains confident that the Group’s profitability forms a solid foundation for future business development and provides the requisite resources to allow the Group to pursue available opportunities. Given its leading position on the market, committed employees, strengths in innovative technology and structured processes for the early identification of risks, the Management Board is confident that it can counter the challenges arising from the aforementioned risks at all times.

In the area of risk management, the Wirecard Group thus considers itself well prepared to meet the challenges faced in the 2015 fiscal year.

3. OVERALL STATEMENT ON THE GROUP'S EXPECTED GROWTH (OUTLOOK)

The e-commerce market continues to offer considerable potential for growth. In the course of the increasing internationalisation of the market and its associated complexity, Wirecard will offer secure and innovative payment solutions to companies and consumers. The rate at which Internet technologies are being integrated into all sales channels is accelerating – with mobile technologies acting here as the catalyst.

We are convinced that our e-commerce core business will develop at an above-average rate over the next few years. According to our planning, it will also grow faster than the market in Europe this year. We are expecting further stimulus for growth due to the geographical expansion of our business and our payment innovations, which are capable of being utilised at a global level.

We will continue our acquisition strategy, based principally on organic growth in connection with acquisitions, so that we can call on a global network of service and technical facilities.

Wirecard AG's Management Board is optimistic about the business performance and expects operating earnings before interest, tax, depreciation and amortisation (EBITDA) of between EUR 210 million and EUR 230 million in 2015.

Aschheim (Munich), 7 April 2015

Wirecard AG

Dr. Markus Braun	Burkhard Ley	Jan Marsalek

CONSOLIDATED FINANCIAL STATEMENTS

Consolidated balance sheet – assets

in kEUR	Notes	31.12.2014	31.12.2013
ASSETS	**(3.1.), (2.2.)**		
I. Non-current assets			
1. Intangible assets	(3.1.), (2.3.)		
Goodwill		**218,202**	145,795
Internally-generated intangible assets		**62,173**	44,308
Customer relationships		**341,365**	220,509
Other intangible assets		**49,229**	33,375
		670,969	**443,987**
2. Property, plant and equipment	(3.2.), (2.3.)		
Other property, plant and equipment		**16,292**	14,220
3. Financial and other assets / interest-bearing securities	(3.3.), (2.2.)	**123,991**	127,415
4. Tax credits			
Deferred tax assets	(3.4.), (2.4.)	**894**	5,435
Total non-current assets		**812,145**	**591,057**
II. Current assets			
1. Inventories and work in progress	(3.5.), (2.3.)	**3,313**	4,658
2. Trade and other receivables	(3.6.), (2.3.)	**354,602**	278,989
3. Tax credits	(3.7.), (2.4.)		
Tax refund entitlements		**7,103**	8,615
4. Interest-bearing securities and fixed deposits		**122,919**	68,104
5. Cash and cash equivalents	(3.8.), (6.)	**695,076**	479,095
Total current assets		**1,183,013**	**839,462**
Total assets		**1,995,159**	**1,430,520**

Consolidated balance sheet – equity and liabilities

in kEUR	Notes	31.12.2014	31.12.2013
EQUITY AND LIABILITIES			
1. Equity attributable to Wirecard AG shareholders	**(4.)**		
1. Subscribed capital	(4.1.)	123,491	112,292
2. Capital reserve	(4.2.)	493,073	141,683
3. Retained earnings	(4.3.)	453,244	360,134
4. Currency translation reserve	(4.4.)	3,078	- 5,698
Total equity		**1,072,886**	**608,411**
II. Liabilities	**(4.), (2.2.)**		
1. Non-current liabilities	(4.5.), (2.3.)		
Non-current interest-bearing liabilities		89,329	217,389
Other non-current liabilities		29,257	12,375
Deferred tax liabilities		28,721	17,723
		147,307	**247,487**
2. Current liabilities	(4.5.), (2.3.)		
Trade payables		298,367	259,334
Interest-bearing liabilities		9,030	15,662
Other provisions		1,284	1,225
Other current liabilities		60,053	31,588
Customer deposits from banking operations		396,733	260,231
Tax provisions	(2.4.)	9,498	6,580
		774,966	**574,621**
Total liabilities		**922,273**	**822,108**
Total equity and liabilities		**1,995,159**	**1,430,520**

Consolidated income statement

in kEUR	Notes	01.01.2014 – 31.12.2014		01.01.2013 – 31.12.2013	
I. Revenues	**(5.1.), (2.3.)**		**601,032**		**481,744**
II. Other own work capitalised			**24,978**		**20,727**
1. Own work capitalised	(5.2.)	**24,978**		20,727	
III. Special operating expenses			**447,116**		**363,710**
1. Cost of materials	(5.3.)	**340,599**		288,111	
2. Personnel expenses	(5.4.)	**66,432**		48,190	
3. Amortisation and depreciation	(3.1.), (3.2.)	**40,085**		27,410	
IV. Other operating income and expenses			**- 46,039**		**- 40,213**
1. Other operating income	(5.5.)	**7,390**		7,174	
2. Other operating expenses	(5.6.)	**53,428**		47,387	
Operating profit			**132,856**		**98,548**
V. Financial result	**(5.7.)**		**- 6,738**		**- 4,223**
1. Other financial income		**1,362**		1,586	
2. Financial expenses		**8,100**		5,810	
VI. Earnings before tax *			**126,118**		**94,324**
VII. Income tax expense	**(5.8.)**		**18,190**		**11,595**
VIII. Earnings after tax			**107,929**		**82,729**
Earnings per share (basic) in EUR	(5.9.)		**0.89**		0.74
Earnings per share (diluted) in EUR	(5.9.)		**0.89**		0.74
Average shares in issue (basic)	(5.9.), (4.1.)		**121,741,803**		112,199,638
Average shares in issue (diluted)	(5.9.), (4.1.)		**121,840,778**		112,296,976

* Attributable entirely to the shareholders of the parent company

Consolidated statement of comprehensive income

in kEUR	Notes	01.01.2014 – 31.12.2014	01.01.2013 – 31.12.2013
Earnings after tax	**(5.)**	**107,929**	**82,729**
Other items to be reclassified to profit or loss			
Change in offset item from currency translation of foreign subsidiaries	(4.4.)	**8,776**	- 5,064
Recycled to income statement		**0**	0
Change in amount reported in equity (currency translation)		**8,776**	- 5,064
Consolidated comprehensive income		**116,705**	**77,665**

Consolidated statement of changes in equity

	Subscribed capital Nominal value/number of shares issued	Capital-reserves	Retained-rarnings	Translation-reserve	Total consolidated equity
	kEUR / in '000 shares	kEUR	kEUR	kEUR	kEUR
Balance as of 31 December 2012	112,192	140,425	289,746	- 634	541,730
Earnings after tax			82,729		82,729
Currency translation differences				- 5,064	- 5,064
Comprehensive income	**0**	**0**	**82,729**	**- 5,064**	**77,665**
Dividends paid			- 12,341		- 12,341
Capital increase	100	1,257			1,357
Balance as of 31 December 2013	**112,292**	**141,683**	**360,134**	**- 5,698**	**608,411**
Earnings after tax			**107,929**		**107,929**
Currency translation differences				**8,776**	**8,776**
Comprehensive income	**0**	**0**	**107,929**	**8,776**	**116,705**
Capital increase	**11,198**	**351,390**			**362,588**
Dividends paid			**- 14,819**		**- 14,819**
Balance as of 31 December 2014	**123,491**	**493,073**	**453,244**	**3,078**	**1,072,886**

Notes on equity under (4.)

Consolidated cash flow statement

in kEUR	Notes	01.01.2014 – 31.12.2014	01.01.2013 – 31.12.2013
Earnings after tax	**(5.)**	**107,929**	**82,729**
Financial result		6,738	4,223
Income tax expenses		18,190	11,595
Gain/loss from disposal of non-current assets		294	63
Amortisation/depreciation		40,085	27,410
Change from currency exchange-rate differences		- 1,903	3,122
Change in inventories		1,510	- 2,541
Change in trade and other receivables		- 74,836	- 64,921
Change in trade payables		39,835	70,391
Change in other assets and liabilities		6,434	8,058
Net cash outflow arising from income taxes		- 15,245	- 13,349
Interest paid excluding interest on loans		- 416	- 172
Interest received		502	492
Cash flow from operating activities		**129,115**	**127,101**
Cash outflows for investments in intangible assets and property, plant and equipment		- 74,956	- 51,326
Cash inflows from sale of intangible assets and property, plant and equipment		6	9
Cash outflows for investments in financial assets and interest-bearing securities		- 11,500	- 83,308
Cash inflows from repayment of loans extended		2,000	0
Cash outflows for acquisition of consolidated companies less acquired cash	(1.1., 6.)	- 82,817	- 27,559
Cash inflows from the sale of companies and interests in consolidated companies		- 2,496	0
Cash flow from investing activities	**(6.2.)**	**- 169,763**	**- 162,184**
Cash outflows for previous years' acquisitions of companies		- 5,537	- 10,044
Redemption of lease liabilities		- 3,564	- 3,847
Cash inflows from issuing of shares		366,746	1,357
Cash outflows for expenses from issuing of shares		- 5,695	0
Cash inflows from drawing down of financial liabilities		76,000	140,000
Cash outflows for expenses for drawing down of financial liabilities		- 1,218	- 2,534
Cash outflows for repayment of financial liabilities		- 225,762	- 2,500
Dividends paid		- 14,819	- 12,341
Interest paid on loans and finance leases		- 2,612	- 2,908
Cash flow from financing activities	**(6.3.)**	**183,538**	**107,184**
Net change in cash and cash equivalents		142,890	72,101
Exchange-rate-related changes to cash and cash equivalents		2,164	- 724
Cash and cash equivalents at start of period		**311,073**	**239,696**
Cash and cash equivalents at end of period	**(6.4.)**	**456,127**	**311,073**

Consolidated cash flow from operating activities (adjusted)

in kEUR	01.01.2014 – 31.12.2014	01.01.2013 – 31.12.2013
Earnings after tax	**107,929**	**82,729**
Financial result	**6,738**	4,223
Income tax expenses	**18,190**	11,595
Gain/loss from disposal of non-current assets	**294**	63
Amortisation/depreciation	**40,085**	27,410
Change from currency exchange-rate differences	**- 377**	- 1,269
Change in inventories	**1,510**	- 2,541
Change in trade and other receivables	**- 26,398**	- 13,625
Change in trade payables	**- 575**	- 1,074
Change in other assets and liabilities	**6,440**	8,112
Net cash outflow arising from income taxes	**- 9,927**	- 8,491
Interest paid excluding interest on loans	**- 416**	- 172
Interest received	**502**	492
Cash flow from operating activities (adjusted)	**143,994**	**107,452**

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

In view of this situation, Wirecard AG has decided to present a further statement in addition to the usual statement of cash flows from business activities in order to eliminate those items that are merely transitory in nature. This also eliminates the capital gains taxes on dividends that are refunded in the following year. This is intended to facilitate the identification and reporting of the cash-relevant portion of the company’s results.

Change in non-current assets

2014 in kEUR	Cost						
	01.01.2014	Currency translation adjustments	Addition due to first-time consolidation	Additions	Disposals	Reclassifi-cation	31.12.2014
Non-current assets*							
1. Intangible assets							
Goodwill	150,541	521	71,713	173	0	0	222,948
Internally-generated intangible assets	60,711	38	0	24,978	0	0	85,727
Other intangible assets	52,092	300	10,839	14,420	0	- 196	77,455
Customer relationships	240,320	6,177	104,246	26,800	0	0	377,544
Advance payments made	0	0	0	0	0	0	0
	503,664	7,036	186,799	66,371	0	- 196	763,674
2. Property, plant and equipment							
Other property, plant and equipment	26,851	15	391	8,835	- 916	196	35,372
3. Financial assets	98,494	524	0	31,698	- 15,972	0	114,745
	629,010	7,574	187,190	106,905	- 16,888	0	913,791

2013 in kEUR	Cost						
	01.01.2013	Currency translation adjustments	Addition due to first-time consolidation	Additions	Disposals	Reclassifi-cation	31.12.2013
Non-current assets*							
1. Intangible assets							
Goodwill	146,895	- 165	3,811	0	0	0	**150,541**
Internally-generated intangible assets	40,220	108		20,727	0	- 344	**60,711**
Other intangible assets	37,730	- 1,308	2,934	11,496	- 29	1,270	**52,092**
Customer relationships	161,071	- 2,411	32,638	17,472	0	31,550	**240,320**
Advance payments made	618	0	0	309	0	- 927	**0**
	386,534	**- 3,776**	**39,382**	**50,004**	**- 29**	**31,550**	**503,664**
2. Property, plant and equipment							
Other property, plant and equipment	18,258	- 44	1,041	7,909	- 312	0	**26,851**
3. Financial assets	85,047	- 32	0	71,458	- 26,428	- 31,550	**98,494**
	489,838	**- 3,853**	**40,423**	**129,370**	**- 26,769**	**0**	**629,010**

* Excluding deferred tax assets and other non-current assets

Cumulative amortisation/depreciation						Carrying amount	Carrying amount	
01.01.2014	Currency translation adjustments	Additions	Disposals	Reclassifi-cation	31.12.2014	31.12.2014	31.12.2013	2014 amortisation/ depreciation
4,746	0	0	0	0	4,746	218,202	145,795	0
16,403	2	7,150	0	0	23,555	62,173	44,308	7,150
18,717	8	9,501	0	0	28,226	49,229	33,375	9,501
19,811	5	16,362	0	0	36,179	341,365	220,509	16,362
0	0	0	0	0	0	0	0	0
59,677	15	33,013	0	0	92,705	670,969	443,987	33,013
12,631	2	7,072	- 625	0	19,080	16,292	14,220	7,072
2,211	- 466	679	- 523	0	1,901	112,844	96,284	679
74,519	- 449	40,764	- 1,148	0	113,686	800,105	554,491	40,764

Cumulative amortisation/depreciation						Carrying amount	Carrying amount	
01.01.2013	Currency translation adjustments	Additions	Disposals	Reclassifi-cation	31.12.2013	31.12.2013	31.12.2012	2013 amortisation/ depreciation
4,746	0	0	0	0	4,746	145,795	142,149	0
11,422	1	5,071	0	- 91	16,403	44,308	28,797	5,071
12,742	6	5,908	- 29	91	18,717	33,375	24,989	5,908
9,792	4	10,015	0	0	19,811	220,509	151,279	10,015
0	0	0	0	0	0	0	618	0
38,702	10	20,995	- 29	0	59,677	443,987	347,832	20,995
6,455	1	6,415	- 241	0	12,631	14,220	11,802	6,415
1,285	365	892	- 332	0	2,211	96,284	83,761	892
46,442	376	28,302	- 601	0	74,519	554,491	443,396	28,302

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.

As the parent company of the Group, Wirecard AG is required to prepare consolidated financial statements. The business activities of the Wirecard Group are split into three reporting segments: “Payment Processing & Risk Management”, “Acquiring & Issuing” and “Call Center & Communication Services”. Alongside Wirecard AG, the Wirecard Group includes a number of subsidiaries that carry out the entire operating business. They are positioned as software and IT specialists for outsourcing and white label solutions in payment processing and for the distribution of issuing products. In addition, they also provide financial services.

Europe

The headquarters of Wirecard AG in Aschheim, near Munich (Germany), also form the headquarters of Wirecard Bank AG, Wirecard Technologies GmbH, Wirecard Acquiring & Issuing GmbH, Wirecard Sales International GmbH, Wirecard Retail Services GmbH and Click2Pay GmbH. Wirecard Communication Services GmbH is headquartered in Leipzig, Germany.

Wirecard Technologies GmbH develops and operates the software platform that forms the central element of our portfolio of products and services, as well as our internal business processes.

Wirecard Retail Services GmbH complements the range of services of the sister companies with the sale and operation of point of sale (PoS) payment terminals. This provides our customers with the option of not only accepting payments for their Internet-based and mail-order services but also accepting electronic payments made at their PoS outlets through Wirecard.

Wirecard Communication Services GmbH bundles expertise in virtual and bricks-and-mortar call centre solutions into a hybrid structure. The resulting flexibility enables Wirecard Communication Services GmbH to respond dynamically to the changing requirements of Internet-based business models. The services it provides are aimed mainly at business and private customers of the Wirecard Group – especially those of Wirecard Bank AG.

The subsidiaries Wirecard Payment Solutions Holdings Ltd., Wirecard UK & Ireland Ltd. and Herview Ltd., all with headquarters in Dublin (Ireland), as well as Wirecard Central Eastern Europe GmbH based in Klagenfurt (Austria), provide sales and processing services for the Group’s core business, namely Payment Processing & Risk Management. Click2Pay GmbH operates wallet products.

Wirecard Card Solutions Ltd., based in Newcastle (United Kingdom), is a specialist in the issuing of prepaid credit cards and operates under an e-money license from the UK’s Financial Conduct Authority.

Wirecard Acquiring & Issuing GmbH and Wirecard Sales International GmbH, both headquartered in Aschheim, Germany, act as intermediate holding companies for subsidiaries within the Group and have no operating activities.

Gibraltar-based Wirecard (Gibraltar) Ltd. is currently in liquidation.

In September 2014, the acquisition of the Turkish company Mikro Ödeme Sistemleri İletişim San.ve Tic. A.Ş., headquartered in Istanbul, was agreed. Through its rolled out brand 3pay, the company is considered to be one of the leading payment providers in Turkey. Its range of services stretch from mobile payment/direct carrier billing services through to its own prepaid card platform. The company’s customers and partners include all of the Turkish mobile communications companies, as well as broad-reaching partnerships in the field of games publishing and social networks. Turkey is considered one of the most dynamic growth markets in the MENA region with regards to electronic payments, e-commerce and prepaid products.

Asia Pacific (APAC)

In order to optimise the organisational structure following acquisitions by Wirecard in Asia, Wirecard Asia Holding Pte. Ltd., headquartered in Singapore, was founded as a subsidiary of Wirecard Sales International GmbH (Aschheim). After the end of the reporting period, the companies Korvac Payment Services Pte. Ltd. (Singapore) and Payment Link Pte. Ltd (Singapore) were incorporated into System@Work Pte. Ltd. (Singapore) with effect from 1 January 2015, which was subsequently renamed Wirecard Singapore Pte. Ltd. Wirecard Asia Pte. Ltd. (Singapore) was deconsolidated. Receivables to the amount of kEUR 5,704, liabilities to the amount of kEUR 3,999 and cash and cash equivalents to the amount of kEUR 2,496 were transferred to the purchaser upon payment of kEUR 4,320. The services previously supplied by Wirecard Asia Pte. Ltd. were transferred as part of the optimisation of business processes before the sale to Wirecard Asia Holding Pte. Ltd. and Systems@Work Pte. Ltd., both headquartered in Singapore.

Systems@Work Pte. Ltd. (renamed Wirecard Singapore Pte. Ltd. with effect from 22 January 2015), headquartered in Singapore, ranks as one of the leading technical payment service providers for retailers and banks in the East Asia region with its subsidiaries and TeleMoney brand. The Group includes the subsidiary Systems@Work (M) SDN BHD, Kuala Lumpur (Malaysia) and, as a result of the incorporation described above, also Wirecard Payment Solutions Malaysia Sdn Bhd, Kuala Lumpur.

Payment Link Pte. Ltd., Singapore, (merged with Wirecard Singapore Pte. Ltd. with effect from 1 January 2015) and its subsidiaries Wirecard Payment Solutions Malaysia Sdn. Bhd., Kuala Lumpur (formerly Korvac (M) SDN BHD, Kuala Lumpur (Malaysia)) and Korvac Payment Services (S) Pte. Ltd. (Singapore) (merged with Wirecard Singapore Pte. Ltd. with effect from 1 January 2015) operate, amongst other things, one of the largest payment networks for local contactless payment cards in Singapore. Moreover, the company is one of the leading acquiring processors in the region and also distributes local prepaid cards. The Malaysian subsidiary is a well established provider of payment, network operation and technology services, mainly for banks and financial service providers.

Trans Infotech Pte. Ltd., Singapore, ranks among the leading providers in the payment services sector for banks in Vietnam, Cambodia and Laos. Furthermore, Trans Infotech acts as a technology partner in the area of payment, network operation and technology services for banks, transportation businesses and retail companies in Singapore and the Philippines.

PT Prima Vista Solusi with its headquarters in Jakarta (Indonesia) is a leading provider of payment transaction, network operation and technology services for banks and retail companies in Indonesia.

PT Aprisma Indonesia, headquartered in Jakarta, Indonesia, ranks as one of the leading providers of payment services in the region. The core products running on the transaction-based software platform comprise solutions from the areas of online and mobile banking, mobile phone-based tokenisation instruments to protect mobile and online transactions, and B2B and B2C-oriented online payment solutions.

Wirecard Myanmar Ltd., headquartered in Yangon, Myanmar, provides processing services to local financial institutions.

In December 2014, Wirecard AG acquired GFG Group Limited, headquartered in Auckland, as well as a subsidiary in Melbourne, Australia. The GFG Group is a leading provider of innovative electronic payment solutions and services.

Middle East and Africa (MEA)

Wirecard Processing FZ-LLC, with headquarters in Dubai (United Arab Emirates), specialises in services for electronic payment processing, credit card acceptance and the issue of debit and credit cards and has a regional portfolio of customers.

cardSystems Middle East FZ-LLC, with headquarters in Dubai, focuses on the sale of affiliate products and offers acquiring and other payment services, as well as associated value added services that they source from, amongst others, Wirecard Processing.

The Group's entry into the South African market was marked by the acquisition of Amara Technology Africa Proprietary Limited, headquartered in Cape Town, including a subsidiary in December 2014. Amara and its related companies provide acquiring and issuing processing services, arrange card acceptance services and manage prepaid card programmes for numerous financial institutions in Africa. In addition, the provision of point-of-sale and e-commerce payment processing and the issue of payment cards for local retailers, airlines, resorts and governmental organisations form an important part of its business.

Scope of consolidation

A total of 33 subsidiaries were fully consolidated as of 31 December 2014. As of 31 December 2013, this figure totalled 29 companies.

Subsidiaries of Wirecard AG

	Shareholdings
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%
GFG Group Ltd, Auckland (New Zealand)	100%
GFG Group (Aust) Pty Ltd, Melbourne (Australia)	100%
Amara Technology Africa Proprietary Ltd., Cape Town (South Africa)	100%
Amara Tech ProprietaryLtd, Cape Town (South Africa)	100%
Click2Pay GmbH, Aschheim (Germany)	100%
Wirecard (Gibraltar) Ltd. (Gibraltar)	100%
Wirecard Sales International GmbH, Aschheim (Germany)	100%
Wirecard Payment Solutions Holdings Ltd., Dublin (Ireland)	100%
Wirecard UK and Ireland Ltd., Dublin (Ireland)	100%
Herview Ltd., Dublin (Ireland)	100%
Wirecard Central Eastern Europe GmbH, Klagenfurt (Austria)	100%
Wirecard Asia Holding Pte. Ltd., (Singapore)	100%
Systems@Work Pte. Ltd. (Singapur) (2015: Wirecard Singapore Pte. Ltd.)	100%
Systems@Work (M) SDN BHD, Kuala Lumpur (Malaysia)	100%
PT Prima Vista Solusi, Jakarta (Indonesia)	100%
Trans Infotech Pte. Ltd. (Singapore)	100%
Trans Infotech (Laos) Ltd. (Laos)	100%
Trans Infotech (Vietnam) Ltd (Vietnam)	100%
Card Techno Pte. Ltd. (Singapore)	100%
PaymentLink Pte. Ltd. (Singapore)	100%
Korvac Payment Services (S) Pte. Ltd. (Singapore)	100%
Wirecard Payment Solutions Malysia SDN BHD, Kuala Lumpur (Malaysia) (formerly: Korvac (M) SDN BHD)	100%
PT Aprisma Indonesia (Indonesia)	100%
Wirecard Myanmar Ltd., Yangon (Myanmar)	100%
Wirecard Processing FZ LLC, Dubai (United Arab Emirates)	100%
Wirecard Acquiring & Issuing GmbH, Aschheim (Germany)	100%
Wirecard Bank AG, Aschheim (Germany)	100%
Wirecard Card Solutions Ltd., Newcastle (United Kingdom)	100%
Mikro Ödeme Sistemleri İletişim San.ve Tic. A.Ş., Istanbul (Turkey)	100%

Uniform accounting and valuation methods apply to the scope of consolidated subsidiaries. The shareholdings and quotas 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.

Business combinations in the fiscal year

PT Aprisma Indonesia

PT Aprisma Indonesia, which was founded in 2000 and has its headquarters in Jakarta, was sold by its founder and sole shareholder to Wirecard at the end of November 2013. The purchase price to be paid as part of this transaction amounted to approximately EUR 47 million. The total including the liabilities acquired amounted to EUR 77 million. Furthermore, two earnout components must be paid that will depend on the operating earnings of the acquired company in the years 2014 and 2015 and could amount to up to EUR 14.5 million, of which EUR 9.7 million has been reported as a liability.

In 2014, consolidated sales revenues came to kEUR 9,908 with a consolidated EBIT of kEUR 4,481 and a consolidated result after taxes of kEUR 3,529. For the full 2014 fiscal year, the company was able to achieve a result after taxes of kEUR 3,808 with sales revenues of EUR 10.4 million. The closing of this transaction required the approval of Indonesian regulatory bodies, which was granted on 3 February 2014. The first-time consolidation also took place from this date.

PT Aprisma Indonesia ranks as one of the leading providers of payment services in the region with solutions based on SOA infrastructure. With this transaction, Wirecard has gained access to the leading 20 banks and telecommunication companies in Indonesia, as well as other customers in Malaysia, Singapore and Thailand.

The core products running on the transaction-based software platform comprise solutions from the areas of online and mobile banking, mobile phone-based tokenisation instruments to protect mobile and online transactions, and B2B and B2C-oriented online payment solutions.

In strategic terms, Wirecard plans to offer these additional value added services across the whole Asian region and, in particular, to also adapt the mobile applications as value added services for the European region.

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 in goodwill. The acquired assets and liabilities are currently as follows:

Acquisition of PT Aprisma Indonesia

in kEUR	Fair value
Cash and cash equivalents	6,473
Goodwill	24,482
Customer relationships	59,345
Property, plant and equipment	229
Other non-current intangible assets	6,947
Trade and other receivables	2,040
Other assets	95
Deferred tax liabilities	10,073
Current liabilities	2,816
Non-current liabilities	30,224
Purchase price	56,498

Mikro Ödeme Sistemleri İletişim San.ve Tic. A.Ş.

On 2 September 2014, the Wirecard Group agreed the purchase of all shares in the Turkish company Mikro Ödeme Sistemleri İletişim San.ve Tic. A.Ş., headquartered in Istanbul, with their partners. The closing and first-time consolidation was carried out at the beginning of November 2014. Through its rolled out brand 3pay, the company is considered to be one of the leading payment providers in Turkey. Its range of services stretch from mobile payment/direct carrier billing services through to its own prepaid card platform. The company's customers and partners include all of the Turkish mobile communications companies, as well as broad-reaching partnerships in the field of games publishing and social networks.

The considerations in connection with this transaction comprise cash payments to the amount of around EUR 14.8 million and earnout components that, depending on the operational profit of the acquired group in the years 2014 to 2017, could amount to up to around EUR 14.0 million, of which EUR 10.2 million has been recorded as a liability.

Mikro Ödeme Sistemleri İletişim San.ve Tic. A.Ş, founded in 2008, is a rapidly growing company. Turkey is considered one of the most dynamic growth markets in the MENA region (Middle East and North Africa) with regards to electronic payments, e-commerce and prepaid products.

In the 2014 fiscal year, consolidated sales revenue stood at kEUR 876 and the consolidated result after taxes at kEUR 101. For the full 2014 fiscal year, the company was able to achieve a result after taxes of kEUR 1,055 with sales revenues of EUR 3.9 million. As a result of the short period before preparation of the annual 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 in goodwill.

The following assets were acquired:

Acquisition of Mikro Ödeme Sistemleri İletişim San.ve Tic. A.Ş

in kEUR	Fair value
Cash and cash equivalents	2,764
Goodwill	13,069
Customer relationships	10,763
Other non-current intangible assets	529
Deferred tax assets	466
Trade and other receivables	832
Other assets	358
Deferred tax liabilities	2,255
Current liabilities	1,414
Current liabilities	0
Purchase price	25,112

Amara Technology Africa Proprietary Limited

The Wirecard Group acquired all shares in Amara Technology Africa Proprietary Limited, headquartered in Cape Town, including a subsidiary on 4 December 2014. The closing and first-time consolidation was also carried out on 4 December 2014. The Amara Group was founded in 2005 and was sold by a local investor and the founder, who also continues to belong to the management team. Amara and its related companies provide acquiring and issuing processing services, arrange card acceptance services and manage prepaid card programmes for numerous financial institutions in Africa. In addition, the provision of point-of-sale and e-commerce payment processing and the issue of payment cards for local retailers, airlines, resorts and governmental organisations form an important part of its business. The considerations in connection with this transaction comprise cash payments to the amount of around EUR 29.0 million and earnout components that, depending on the operational profit of the acquired group in the years 2015 and 2016, could amount to up to around EUR 7.0 million, of which EUR 4.0 million has been recorded as a liability. In the 2014 fiscal year, the company achieved consolidated sales revenue of kEUR 149 with a result after taxes of kEUR 54. For the full 2014 fiscal year, the company was able to achieve a result after taxes of kEUR 1,123 with sales revenues of EUR 2.1 million.

As a result of the short period before preparation of the annual 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 in goodwill.

The following assets were acquired:

Acquisition of Amara Technology Africa Proprietary Ltd.

in TEUR	Fair value
Cash and cash equivalents	680
Goodwill	26,534
Customer relationships	7,444
Other non-current intangible assets	677
Trade and other receivables	161
Other assets	79
Deferred tax liabilities	0
Current liabilities	528
Current liabilities	2,103
Purchase price	32,944

GFG Group Limited

On 11 December 2014, the Wirecard Group acquired all of the shares in GFG Group Limited, Auckland, New Zealand, as well as a subsidiary in Melbourne, Australia. The closing and first-time consolidation was also carried out on 11 December 2014.

The GFG Group, founded in 1990, is a leading provider of innovative electronic payment solutions and services. Solutions offered by the GFG Group are currently deployed in more than 20 countries at over 100 corporate customers, particularly in the banking and telecommunications sectors, processing more than two million transactions daily from over 25 million card and account holders.

The considerations in connection with this transaction, including the assumption of liabilities, amounted to around EUR 30.0 million, plus earnout components that, depending on the operational profit of the acquired group in the years 2015 and 2016, could amount to up to around EUR 3.8 million, of which EUR 3.3 million has been recorded as a liability.

In the 2014 fiscal year, the company achieved consolidated sales revenue of kEUR 777 with a result after taxes of kEUR 124. For the full 2014 fiscal year, the company was able to achieve a result after taxes of kEUR 1,169 with sales revenues of EUR 11.7 million.

As a result of the short period before preparation of the annual 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 in goodwill.

The following assets were acquired:

Acquisition of GFG Group Ltd.

in kEUR	Fair value
Cash and cash equivalents	793
Goodwill	7,621
Customer relationships	26,695
Other non-current intangible assets	2,693
Property, plant and equipment	49
Deferred tax assets	102
Trade and other receivables	1,476
Deferred tax liabilities	1,109
Current liabilities	15,457
Current liabilities	2,260
Purchase price	20,603

Business combinations after the balance sheet date

Visa Processing Service (India) Private Limited

Wirecard AG and Visa Inc. concluded a cooperation agreement on 17 November 2014 for the issue of prepaid cards and have thus reaffirmed their joint commitment to the global growth markets for prepaid cards, especially those in Southeast Asia and Latin America. The closing was carried out on 23 February 2015. As part of their partnership, Wirecard and Visa Inc. have concluded a contract in which Wirecard has acquired certain assets in Visa Processing Service Pte. Ltd. (VPS), with headquarters in Singapore, as well as all shares in Visa Processing Service (India) Pte. Ltd. for USD 16 million.

Visa Processing Service has business relationships with 14 financial institutions in seven countries and more than three million customer accounts distributed across over 70 card programmes. VPS provides card issuing banks with a comprehensive range of solutions for gift cards, general purpose reloadable (GPR) cards, single or multi-currency travel cards and international money remittance. Wirecard will support the increasing global demand for prepaid cards with a wide-range of products, including innovative mobile and contactless payment solutions, card-based solutions for the distribution of government benefits and for consumers without access or with only limited access to financial institutions. As part of the relationship, Wirecard will provide outsourcing services to Visa for the provision of specific prepaid processing services in support of Visa’s clients. In addition, Wirecard has joined the Visa Issuer Processing Program that has been designed to match financial institutions with leading issuers and processors of prepaid cards to help support and promote the growth of prepaid programmes globally. As a result of the short period before preparation of the Group’s 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 in goodwill. The assets and liabilities are currently as follows:

Acquisition of Visa Processing Service (India) Pte. Ltd.

in kEUR	Fair value
Cash and cash equivalents	938
Goodwill	8,026
Customer relationships	4,743
Property, plant and equipment	907
Trade and other receivables	715
Deferred tax liabilities	847
Current liabilities	321
Purchase price	14,162

Business combinations in the previous year

Trans Infotech Pte. Ltd.

On 21 December 2012, the Wirecard Group agreed to the acquisition of all shares in Trans Infotech Pte. Ltd., Singapore, with its subsidiaries Trans Infotech (Laos) Ltd., Laos, Trans Infotech (Vietnam) Ltd, Vietnam, and Card Techno Pte. Ltd., Singapore. Trans Infotech Pte. Ltd. was founded in 1997 and had 80 employees at the time of acquisition. The group ranks among the leading providers in the payment services sector for banks in Vietnam, Cambodia and Laos. Trans Infotech also acts as a technology partner in the area of payment, network operations and technology services for banks, transportation businesses and retail companies in Singapore, the Philippines and Myanmar. The compensation due as part of the transaction comprises cash payments of around EUR 21.1 million (translated) plus earnout components which could total up to around EUR 4.4 million (translated). These earnout components are based on the operating profits (EBITDA) for the purchased companies from 2013 to 2015. Of this, an amount of kEUR 361, which was due in 2013, has not yet been completely paid out due to effects relating to the exchange rate.

The closing and thus the first-time consolidation was carried out on 9 April 2013. Integration costs amounted to approximately EUR 0.75 million. As one of the leading payment service providers in the Indo-Chinese region, Trans Infotech forms an ideal supplement to Wirecard's activities in Singapore and Indonesia. The company is strongly focused on the high-growth markets in the region and its portfolio already includes, for example, card management for local prepaid and debit cards, as well as contactless and mobile card payments. This step broadens the sales network for Wirecard in Southeast Asia. Trans Infotech plays a key role on markets in the Indo-Chinese region, which are growing at a dynamic pace, and currently operates more than 60,000 terminals. 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 in goodwill.

The following assets were acquired:

Acquisition of Trans Infotech Pte. Ltd.

in kEUR	Fair value
Cash and cash equivalents	1,120
Goodwill	903
Customer relationships	22,217
Other non-current intangible assets	2,120
Other assets	795
Trade and other receivables	836
Deferred tax assets	40
Deferred tax liabilities	1,096
Trade payables	1,211
Other current liabilities	697
Current liabilities	443
Purchase price	24,583

PaymentLink Pte. Ltd.

On 12 September 2013, Wirecard agreed to purchase all shares in three companies of the Korvac Group (founded in 1999). These consist of PaymentLink Pte. Ltd., Singapore, and two subsidiaries with headquarters in Singapore and Malaysia. The considerations in connection with this transaction comprise cash payments (all translated into euros) to the amount of around EUR 27 million and earnout components of up to around EUR 4.8 million, dependent on the operational profit (EBITDA) of the acquired group in the years 2013 and 2014. A contribution of around EUR 2.5 million of EBITDA to the Group was expected in 2014. Integration costs will prospectively amount to around EUR 0.9 million. During the 2013 consolidation period, earnings before tax of kEUR 108 and revenue of kEUR 939 were generated, excluding integration costs within the Group. For the full 2013 fiscal year, EBITDA of almost kEUR 958 and earnings before tax of kEUR 194 were generated on revenue of kEUR 5,069. A total of 63 staff were acquired. The managers responsible for the individual business areas are retained in the company. With this acquisition, the Wirecard Group will be expanding its operating business in Malaysia and will extend its portfolio of contactless payment solutions in the East Asian region. The closing and thus the first-time consolidation was carried out on 31 October 2013.

With more than 24,000 acceptance points, PaymentLink operates one of the largest payment networks for local contactless payment cards. The company is also one of the leading acquiring processors and distributors of local prepaid cards in the region. The Malaysian subsidiary is a well established provider of payment, network operation and technology services, mainly for banks and financial service providers.

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 in goodwill. The following assets and liabilities were acquired:

Acquisition of PaymentLink Pte. Ltd.

in kEUR	Fair value
Cash and cash equivalents	804
Goodwill	1,987
Customer relationships	27,121
Other non-current intangible assets	814
Other assets	2,180
Trade and other receivables	542
Deferred tax liabilities	1,607
Trade payables	437
Other current liabilities	731
Current liabilities	0
Purchase price	30,673

Exemption from the duty to prepare consolidated financial statements

In accordance with Section 291 (1) of the German Commercial Code (HGB), Wirecard Technologies GmbH, Aschheim, Wirecard Acquiring & Issuing GmbH, Aschheim, and Wirecard Sales International GmbH, Aschheim, are exempt from the duty to prepare consolidated financial statements through full compliance with the requirements of Section 291 (2) of the HGB.

In addition, Wirecard has decided to make use of the exemption pursuant to Section 17 of the Irish Companies Act of 1986 not to submit consolidated financial statements of the Irish group to Companies Office in Ireland.

Wirecard AG confirms that the sub-group financial statements of Wirecard Technologies GmbH, Wirecard Acquiring & Issuing GmbH, Wirecard Sales International GmbH and also Wirecard Payment Solutions Holdings Ltd. are included in these annual financial statements.

Exemption pursuant to Section 264 (3) of the HGB

The following companies will make use of the exemption pursuant to Section 264 (3) of the HGB:

- Click2Pay GmbH, Aschheim (Germany)
- Wirecard Technologies GmbH, Aschheim (Germany)
- Wirecard Acquiring & Issuing GmbH, Aschheim (Germany)
- Wirecard Sales International GmbH, Aschheim (Germany)

The necessary requirements of German commercial law will be fulfilled.

2. Principles used in preparing the financial statements

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.

2.1 Principles and assumptions used in preparing the annual financial statements

Operational environment and going concern assumption

The current consolidated financial statements of Wirecard AG were prepared on the going concern assumption; in accordance with this assumption, the recoverability of the Company's assets and repayment of liabilities outstanding are assumed to occur within the ordinary course of business.

Accounting in accordance with International Financial Reporting Standards (IFRS)

The consolidated financial statements and the Group Management Report have been prepared in accordance with the International Financial Reporting Standards (IFRS) and International Accounting Standards (IAS) as adopted by the EU, as well as the supplementary regulations applicable in accordance with Section 315a (1) of the German Commercial Code (HGB).

All interpretations valid for the fiscal year 2014 by the International Financial Reporting Standards Interpretations Committee (IFRS-IC) and the earlier interpretations by the Standing Interpretations Committee (SIC) were taken into account. The previous year's figures were determined according to the same principles.

Currency translation

The reporting currency is the euro. The functional currency of the foreign subsidiaries is frequently the respective national currency. The amounts relating to assets and liabilities of these companies reported in the consolidated balance sheet were translated at the exchange rate prevailing on the date of the financial statements. Shareholders' equity is translated at historical exchange rates. Revenues, expenses and income posted in the income statement are translated at average monthly exchange rates. Differences arising from foreign currency translation are reported in other comprehensive income with no effect on profit or loss and reported separately under shareholders' equity in the foreign currency translation reserve.

They are recycled to the income statement if the gain or loss from the sale or disposal of the foreign subsidiaries is reported. Translation differences in exchange rates between the nominal value of a transaction and the rates at the time of payment or consolidation are recognised in profit or loss and included under cost of materials if the payment is in connection with customer funds; if not it is carried under other operating income/expense. The expense from the translation of foreign currency receivables and liabilities amounted in the fiscal year 2014 to kEUR – 1,903 (2013: kEUR 3,122).

Discretionary decisions, estimates and assumptions

The preparation of the Group's consolidated financial statements requires management to make discretionary decisions, estimates and assumptions that have an effect on the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities at the end of the reporting period. The uncertainty inherent in these assumptions and estimates, however, could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in future periods. In the process of applying the Group's accounting policies, management has made the following discretionary decisions which have a significant effect on the amounts recognised in the consolidated financial statements. The most important forward-looking assumptions, discretionary decisions as well as other substantial sources of uncertainties that relate to estimates as of the balance sheet date are explained below. These give rise to a substantial risk so that an adjustment of the carrying amounts of assets and liabilities will be necessary within the following fiscal year.

Classification

In the balance sheet, a distinction is made between non-current and current assets and liabilities. Assets and liabilities are regarded as being current if they are due for payment or sale within one year. Accordingly, assets and liabilities are classified as non-current if they remain within the Company for longer than one year. The consolidated income statement was prepared in accordance with the nature of expense method.

Consolidation principles

These consolidated financial statements comprise the financial statements of Wirecard AG and its subsidiaries as of 31 December 2014. Subsidiaries are fully consolidated from the acquisition date, in other words, from the date on which the Group obtains control. Consolidation ends as soon as the parent company effectively loses control. The financial statements of subsidiaries are prepared as of the same balance sheet date as those of the parent company. Sales revenues, expenses and income, receivables, provisions and liabilities between the companies included were eliminated.

For new company acquisitions, capital is consolidated in line with the acquisition method according to IFRS 3 (Business Combinations). In the process, the acquisition costs of the shares acquired are offset against the proportion of equity due to the parent company at the time of the acquisition. Irrespective of the interest held, identifiable assets and liabilities are measured at fair value and any remaining difference between purchase cost and the interest in the remeasured net assets is recognised as goodwill.

2.2 Accounting for financial assets and liabilities

Financial assets and liabilities are reported and evaluated in accordance with IAS 39 (Financial Instruments: Recognition and Measurement). As a result, financial assets and liabilities are recognised in the consolidated balance sheet if the Group has a contractual right to receive cash or cash equivalents or other financial assets from some other party or if it has a contractual obligation to pay liabilities to some other party.

According to IAS 39, financial instruments are split into the following categories:

- financial assets and liabilities to be measured at fair value through profit or loss
- held-to-maturity investments
- available-for-sale financial assets
- loans and receivables
- financial liabilities measured at amortised cost

Financial assets

The Group classifies its financial assets at the time of initial recognition. Financial assets are measured at fair value when initially recognised. In the case of financial instruments not classified at fair value in profit or loss, transaction costs directly assignable to the acquisition of the assets are additionally taken into account.

Purchases or sales of financial assets that provide for delivery of assets within a certain period determined by regulations or conventions applicable to the relevant market (purchases subject to common market usage) are recognised on the trade day of trading, in other words, on the date on which the Group entered into the obligation to purchase or sell the asset in question.

The Group's financial assets comprise cash as well as current deposits, trade receivables, loans and other receivables as well as unlisted financial instruments and financial derivatives.

The subsequent valuation of financial assets depends on their classification as detailed below:

Financial assets measured at fair value through profit or loss

The group of financial assets to be measured at fair value through profit or loss comprises financial assets held for trading and financial assets designated as measured at fair value through profit or loss at initial recognition (fair value option). Financial assets are classified as held for trading if they are acquired for the purpose of sale in the near future. This category also comprises financial derivatives concluded by the Group that do not meet the accounting criteria for hedge transactions in accordance with IAS 39. Financial assets are designated as being at fair value through profit or loss if these are controlled based on their changes in fair value, these changes in earnings strength are correspondingly assessed and internally transferred to the Group's management level. In so doing, control is performed in accordance with the Group's documented risk management system or investment strategy. Financial assets recognised at fair value through profit or loss are recognised in the balance sheet at fair value, with gains and losses being recognised in profit or loss.

Derivatives embedded in contracts are accounted for separately if their risks and features are not closely related to the underlying agreements and the latter are not measured at fair value. These embedded derivatives are measured at fair value with changes in their fair value being recognised in profit or loss. A reassessment is made only in the event of a change in the contractual terms and conditions if this leads to a significant change in the payment flows that would otherwise have resulted from the contractual terms and conditions.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not listed on an active market. Such financial assets are measured at amortised cost using the effective interest method. Gains and losses are recognised in the consolidated income statement if the loans and receivables are derecognised or impaired, or within the scope of amortisations.

Held-to-maturity financial investments

Non-derivative financial assets with fixed or determinable payment amounts and subject to fixed maturity dates are classified as financial assets held to final maturity if the Group has the intention and is in a position to hold these until final maturity. After initial recognition, financial investments held until final maturity are measured at amortised cost using the effective interest method. This method uses an interest rate for calculation purposes at which the estimated future cash receipts over the expected term to maturity of the financial asset are exactly discounted to the net carrying amount of the financial asset in question. Gains and losses are recognised in the consolidated income statement if the financial investments are derecognised or impaired, or within the scope of amortisations.

Available-for-sale financial assets

Available-for-sale financial assets are non-derivative financial assets classified as available for sale and those that cannot be classified into one of the three aforementioned categories. Following initial recognition, available-for-sale financial assets are measured at fair value. Investments whose fair value cannot be reliably determined due to a non-existent market are measured at cost. Unrealised gains or losses of the assets measured at fair value are recognised in equity under other comprehensive income. If such an asset is derecognised, the cumulative profit or loss recognised in equity is recognised in profit or loss. If the value of such an asset is impaired, the cumulative loss recognised in equity is recognised in profit or loss.

Derecognition

A financial asset (or part of a financial asset, or part of a group of similar financial assets) is derecognised if one of the following requirements has been met:

- The contractual rights to receive cash flows from a financial asset have expired.
- The Group has assigned its contractual rights to receive cash flows from the financial asset to third parties or has assumed a contractual obligation for immediate payment of the cash flow to a third party within the scope of an agreement which meets the requirements of IAS 39.19 (a so-called “pass-through” arrangement) and, in the process, either (a) mainly transferred all opportunities and risks assumed in connection with ownership of the financial asset or (b) while neither having mainly transferred nor retained all opportunities and risks associated with ownership of the financial asset, it has transferred control of the asset in question.

If the Group transfers its contractual rights to cash flows arising from an asset or enters into a "pass-through" arrangement and thereby does not mainly transfer or retain all opportunities or risks associated with this asset, but retains control of the asset transferred, the Group recognises an asset to the extent of its ongoing commitment.

In this case, the Group also recognises an associated liability. The transferred asset and the associated liabilities are measured in such a manner as to duly take account of the rights and obligations retained by the Group. If the ongoing commitment takes the form of guaranteeing the asset transferred then the scope of the ongoing commitment will correspond to the lower of either the original carrying amount of the asset or the maximum amount of the consideration received that the Group might have to repay.

Impairment of financial assets

The Group assesses at each reporting date whether there is any objective evidence that a financial asset or a group of financial assets is impaired. A financial asset or a group of financial assets is only deemed to be impaired if objective evidence exists of impairment as a result of one or more events that has occurred after the initial recognition of the asset (a "loss event") and that loss event has an impact on the anticipated future cash flows of the financial assets or the group of financial assets that can be reliably estimated. These impairments were recognised via an impairment account. Evidence of impairment may include indications that the debtors or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation and observable data indicating that there is a measurable decrease in the anticipated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

Financial liabilities

The Group classifies its financial liabilities on initial recognition. Financial liabilities are recognised initially at fair value, plus directly attributable transaction costs in the case of loans.

The Group's financial liabilities include trade and other payables, bank overdrafts, loans, financial guarantees and derivative financial instruments.

The subsequent measurement of financial liabilities depends on their classification as detailed below:

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss (fair value option). Financial liabilities are classified as held for trading if they are acquired for the purpose of sale in the near future. This category comprises financial derivatives concluded by the Group that do not meet the accounting criteria for hedge transactions in accordance with IAS 39. Gains or losses on financial losses held for trading are recognised in the income statement. The Group has not designated any financial liabilities as at fair value through profit or loss.

Liabilities measured at amortised cost

After initial recognition, interest-bearing loans are measured at amortised cost using the effective interest method. Gains and losses are recognised in the income statement if the financial investments are derecognised, or within the scope of amortisation.

Financial guarantee contracts

Financial guarantee contracts issued by the Group are contracts that require the issuer to make a payment to reimburse the holder for a loss it incurs because a specified debtor fails to make a payment when due, according to the terms of a debt instrument. Financial guarantee contracts are recognised initially as a liability at fair value, adjusted for transaction costs that are directly attributable to the provision of the guarantee. Subsequently, the liability is measured at the higher of either the best estimate of the expenditure required to settle the present obligation at the reporting date, or the amount at which it was initially recognised less cumulative amortisation.

Offsetting of financial instruments

Financial assets and liabilities are offset and the net amount is reported in the consolidated statement of financial position, only if a currently legally enforceable right exists to offset the recognised amounts, and the intention exists to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Derecognition

Financial liabilities are derecognised if the obligation on which this liability is based has been fulfilled, waived or has expired. If an existing financial liability is replaced by another financial liability from the same lender on substantially different terms or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability. and the difference in the respective carrying amounts is recognised in the income statement.

Fair value of financial instruments

Pursuant to IFRS 13, fair value is defined as the price that would, in a normal transaction between market participants on the measurement date, be received for the sale of an asset, or be paid for the transfer of a liability.

The fair value of financial instruments that are traded on organised financial markets at each reporting date is determined by reference to a quoted market price (Level 1 of the fair value hierarchy).

For instruments for which there are no market quotations on active markets, fair value is calculated using observable market prices for comparable instruments, or using standard market valuation methods. This entails applying measurement parameters that are observable either directly or indirectly on active markets (Level 2 of the fair value hierarchy). Such techniques may include using recent arm's length transactions, reference to the current fair value of another instrument that is substantially the same, a discounted cash flow analysis or other valuation models.

In the case of some financial instruments, fair value cannot be calculated either directly using market quotations, or indirectly through valuation models that are based on observable measurement parameters or other market quotations. These comprise instruments relating to Level 3 of the fair value hierarchy.

Discretionary decisions, estimates and assumptions in connection with financial instruments

If the fair value of financial assets and financial liabilities reported in the balance sheet cannot be determined with the aid of data from an active market, it can be measured using other methods including the discounted cash flow method. The input parameters included in the model are based on observable market data as far as possible. If this is not possible then the determination of fair values represents a discretionary decision to a certain degree. Discretionary decisions relate to input parameters such as liquidity risk, credit risk and volatility. Changes in assumptions regarding these factors may have an impact on the fair value recognised for financial instruments.

2.3 Significant accounting and valuation policies

Valuation uncertainties

Discretionary decisions are required in applying the accounting and valuation methods. The most important forward-looking assumptions, as well as other substantial sources of uncertainty relating to estimates as of the balance sheet date, which create a substantial risk that an adjustment of the carrying amounts of assets and liabilities will be needed within the following fiscal year, are explained below:

- The measurement of fair values of assets and liabilities as well as the useful lives of assets is based on assessments made by management. This also applies to the measurement of impairments of assets comprising property, plant and equipment, of intangible assets as well as of financial assets. Valuation adjustments are made to doubtful receivables in order to take account of estimated losses arising from insolvency or unwillingness of customers to pay.
- In accounting for and valuing provisions, expected obligations represent the key sources of estimates.
- The costs of granting equity instruments to employees are measured at fair value of such equity instruments in the Group at the time when granted. In order to measure the value of share-based remuneration, the best method of measurement must be determined; this depends on the terms and conditions at which share-based remuneration is granted. In addition, this estimate calls for the determination of suitable input parameters to be included in this measurement process, including the foreseeable term of the option, volatility and dividend yield in particular, along with associated assumptions.

In the event of uncertainties relating to valuations, the best possible findings are used relating to the circumstances prevailing as of the balance sheet date. However, actual amounts may differ from the estimates made. The carrying amounts reported in the financial statements and impacted by these uncertainties are listed in the balance sheet and in the relevant notes.

At the time when the consolidated financial statements were prepared, no substantial changes were expected with regard to the underlying assumptions on which the accounting and valuation were based. Accordingly, from the present perspective, no adjustments are expected to be made to the assumptions and estimates or carrying amounts of the relevant assets and liabilities in the 2014 fiscal year.

Goodwill accounting

The goodwill arising when a subsidiary is acquired or business operations are created corresponds to the surplus of acquisition costs over the Group's share of the net fair value of identifiable assets, liabilities and contingent liabilities of the subsidiary or operations at the time of acquisition. Goodwill is accounted for at cost at the time of acquisition and valued in subsequent periods at its cost of acquisition less all cumulative impairment expenses.

For impairment testing, goodwill is to be distributed across all cash-generating units of the Group that are expected to draw a benefit from the synergies of the business combination. Cash-generating units to which part of goodwill has been allocated are to be subjected to annual impairment testing. In the event of any evidence of impairment to a unit, the latter is evaluated more frequently. If the recoverable amount of a cash-generating unit is less than the carrying amount of the unit in question, the impairment expense must initially be assigned to the carrying amount of any goodwill assigned to the unit and then allocated pro-rata to the other assets based on the carrying amounts of any such asset within the unit in question. Any impairment expense recognised for goodwill cannot be reversed in subsequent periods. When a subsidiary is sold, the amount of goodwill accounted for it is taken into consideration within the scope of determining the profit or loss generated by the sale in question.

In accordance with the Group's accounting policies, goodwill is assessed at least once a year for possible impairments. The recoverable amount of a business segment to which goodwill was assigned is determined on the basis of estimates by management. These are effected on the basis of the various products, distribution areas and regions. The cash flow forecasts take account of past experience and are based on the best estimate by management of future trends, which are compared with the assessment of external market research companies.

The most important assumptions entailed in calculating value in use are the following for all cash-generating units:

- Risk-free interest rate: 1.75 percent (previous year: 2.75 percent)
- Market risk premium: 6.75 percent (previous year: 5.75 percent)
- Unlevered beta factor: 0.96 (previous year: 0.95)

Important assumptions entailed in calculating value in use

in kEUR	31.12.2014 Weighted average cost of capital (WACC)	31.12.2014 Long-term growth rate	31.12.2013 Weighted average cost of capital (WACC)	31.12.2013 Long-term growth rate
Payment Processing & Risk Management	**9.59**	**2.00**	9.37	2.00
Acquiring & Issuing	**8.29**	**2.00**	8.12	2.00
Call Center & Communication Services	**8.14**	**1.00**	8.11	1.00

In order to determine the basic interest rate, the yields of hypothetical zero coupon German government bonds published by Deutsche Bundesbank for the months of October until December 2014 were used. A yield curve was derived from these yields using the so-called Svensson method and converted into a base interest rate equivalent to the present value and uniform for all periods. On the basis of the data from Deutsche Bundesbank, as of 31 December 2014 the base interest rate (rounded) amounted to 1.75 percent. The market risk premium represents the difference between the market yield and a risk-free interest rate. In line with the recommendation of the Corporate Valuation and Management Committee of the Institute of Public Auditors in Germany (FAUB / IDW), a market risk premium of 6.75 percent was applied. The beta factor is derived from peer group comparisons and external assessments, as well as being verified by our own calculations. These assumptions and the underlying methods applied may have a substantial influence on the respective values and, ultimately, on the extent of a potential goodwill impairment.

The Company determines these values using valuation methods based on discounted cash flows. These discounted cash flows are based on forecasts in the form of detailed planning across one year and rough planning activities that span four years, established on the basis of finance plans approved by management. Cash flows beyond the planning or budget period are extrapolated using a growth rate.

In addition to the impairment test, three sensitivity analyses are performed for each group of cash-generating units. In the first sensitivity analysis, a one percentage point lower growth rate is imputed. In the second sensitivity analysis, the capitalisation rate is increased by 10.0 percent for each group of cash-generating units. In the third sensitivity analysis, a blanket 10.0 percent discount is applied to the EBIT assumed for the last planning period. These changes to the underlying assumptions would result in no impairments for any of the groups of cash-generating units.

Please refer to section 3.1 “Intangible assets – goodwill” for the composition, change and distribution of individual goodwill items.

Accounting for intangible assets

Acquired customer relationships are recognised at cost and amortised using the straight line method over their expected useful life of mostly 10 or 20 years. In addition, these are subject to regular impairment testing, at least once per year. As regarding the procedure and essential assumptions, please refer to the explanatory notes on accounting for goodwill. Purchased software is stated at cost and amortised using the straight line method over the estimated useful life of the software, generally between three and ten years. Financing costs that can be directly assigned to the acquisition or manufacture of a qualified asset are capitalised in accordance with IAS 23. No financing costs were recognised in the fiscal year 2014, as was the case in the previous year. The software constituting the Group’s core operations, most of which was internally developed, has a longer estimated useful life and is amortised over a period of ten years. The useful life and depreciation/amortisation methods are reviewed annually.

Research costs are reported as expenses through profit or loss on the date on which they occur. The costs of development activities are capitalised if the development costs can be reliably determined, the product or process is technically and commercially viable and a future economic benefit is probable. Initial capitalisation of costs is based on the assessment by management that technical and commercial viability has been established; as a rule this will be the case where a product development project has reached a certain milestone in an existing project management model. Moreover, Wirecard must have the intention and adequate resources to conclude such development and either to use or sell the asset in question. Development costs are capitalised in accordance with the accounting method shown and amortised accordingly over time from the moment the product is ready for use. During the development phase, an annual impairment test is carried out and assumptions of management are reviewed. The development costs capitalised in the fiscal year totalled kEUR 24,978 (2013: kEUR 20,727).

Accounting for property, plant and equipment

The original costs of acquisition or manufacture of property, plant and equipment comprise the purchase price including ancillary acquisition costs. Expenses incurred subsequently after the item of property, plant and equipment was deployed, such as maintenance or repair costs, are recognised as expenses in the period in which the costs arose. Financing costs that can be directly assigned to the acquisition or manufacture of a qualified asset are capitalised in accordance with IAS 23. No financing costs were recognised in the fiscal year 2014, as was the case in the previous year.

Office equipment is stated at cost and depreciated using the straight line method over its estimated useful life. For computer hardware this period is three to five years and, as a rule, 13 years for office equipment and furniture.

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

Impairment and reversals of impairment of intangible assets as well as property, plant and equipment

The useful life and depreciation/amortisation methods are reviewed annually. An impairment is made if, due to changed circumstances, a permanent impairment is probable. At each balance sheet date, an analysis is made as to whether indications exist that the value of an asset may be impaired. If such indications exist, the Company estimates the recoverable value of the respective asset. The recoverable amount corresponds to the higher of either the value in use of the asset or its fair value less costs to sell. To determine the value in use, the estimated future cash flows are discounted to their present value using a discount rate before taxes reflecting current market expectations for interest rates and the specific risks of the asset. In the event that the fair value cannot be reliably determined, the value in use of the asset corresponds to the recoverable amount. If the carrying amount of an asset exceeds its recoverable amount, the asset will be treated as impaired and written down to its recoverable amount. Impairment expenses are reported in a separate expense line item.

The necessity of a partial or full reversal is reviewed as soon as evidence exist that the reasons for impairments effected in previous years no longer apply. Any impairment expense previously recognised must be reversed if, since the last impairment expense was reported, a change has occurred regarding the estimates used to determine the recoverable amount. If this is the case, the carrying amount of the asset is increased to its recoverable amount. This increased carrying amount must not exceed the carrying amount that would have been recognised after taking account of amortisation or depreciation if no impairment expense had been recognised in previous years. Such a value reversal is immediately recognised in the profit or loss of the fiscal year. Once a value reversal has been made, the impairment expense is adjusted in future reporting periods in order to distribute the adjusted carrying amount of the asset, less any residual carrying amounts, systematically over its residual useful life.

No impairments and no value reversals arose in either the year under review or the previous year.

Inventories and work in progress

Products and merchandise are valued at cost of acquisition. If the costs of acquisition of inventories and work in progress exceed the value determined on the assumption of sales prices capable of being realised, less any costs arising until the time of sale, the lower net realisable value is recognised.

Cash and cash equivalents

Cash in hand and demand deposits are classified as cash, whereas cash equivalents comprise current, liquid financial investments (in particular, fixed-term deposits) that can be converted at any time into certain amounts of cash and are only subject to negligible fluctuations in value. The actual intention of cash management is taken into account in this context and only such items are reported that are directly related to the availability of liquidity for short-term, operational payment obligations. Accounts in the acquiring area, which are partly not held directly but instead for the account of Wirecard, and through which Wirecard executes payments to retailers, are reported under cash and cash equivalents. Not freely available cash and cash equivalents from lease guarantees amounted to kEUR 219 (previous year: kEUR 341) and were classified as trade and other receivables.

Provisions

Provisions are carried if the Group has a current (statutory or de facto) obligation as a result of a past event which means that an outflow of resources with economic benefits to fulfil the obligation is probable and a reliable estimate of the amount of the obligation is possible. Provisions are reported under liabilities. All provisions are current in nature and relate to tax provisions reported separately on the one hand and to other current provisions on the other.

Expenditure incurred in setting up provisions is reported in the income statement. Gains resulting from the reversal of provisions are recognised under other operating income.

Leases with the Group acting as lessee

According to IAS 17 for leases, the economic ownership of the objects leased is to be assigned to the party who is subject to the principle risks and opportunities associated with the lease. If the lessor is required to account for (operating) leases, the expense is reported using the straight line method throughout the duration of the lease relationship. If economic ownership is assigned to the Group (finance leasing), capitalisation will be effected at the time the use begins, either at fair value or at the present value of the minimum leasing payments, whichever is lower.

Leases with the Group acting as lessor

Leases in which the Group does not transfer substantially all the risks and benefits of ownership of the asset to the lessee are classified as operating leases. Initial direct costs incurred in negotiating an operating lease and the conclusion of an operating lease are added to the carrying amount of the leased asset and expensed over the lease term in line with the rental income. Contingent rents are recognised as revenue in the period in which they are earned.

Contingent liabilities and receivables

Contingent liabilities are not recognised. These are listed in the Notes unless the likelihood of an outflow of resources with an economic benefit is very remote. Contingent receivables are not recognised in the financial statements either. They are reported in the Notes if the inflow of an economic benefit is likely to occur. Reference is also made to the risk report under Chapter 7 in the Management Report.

Revenue recognition

Most of the sales revenues relate to transaction fees that are reported as realised if the transaction has been processed. This applies both when the transactions are processed via the Company's own platform and/or bank and also when acquiring partners and/or other platforms are used. If acquiring partners and/or other platforms are used for processing the transactions, Wirecard is subject to the main opportunities and risks associated with the transactions. As a result, Wirecard assesses itself as the principal in these transactions in the sense of IAS 18. The acquiring partner is assessed only as a service provider (agent) of Wirecard in this case. Expenses for the provision of these services by the acquiring partner are included in the cost of materials. Otherwise, revenues are recognised when there is sufficient evidence that a sales arrangement exists, the service has been rendered, the price for the service is fixed or determinable, and it is probable that payment will be received. Interest is recognised pro rata temporis, using the accrual basis of accounting. Operating expenses are recognised with an impact on profit or loss once the service is utilised or at the time the cost is incurred.

Reporting of sales revenue from programming orders

A programming order is a contract relating to the customer-specific programming of individual software components, or a number of software components, which are mutually coordinated or mutually independent in terms of their application relating to design, technology and function. If the result of a programming order can be reliably estimated, Wirecard reports the sales revenue according to the percentage of completion method and specifically according to the ratio of the already incurred costs to the estimated total order costs. An expected loss on a programming order is reported as an expense immediately. If the result of a programming order cannot be reliably estimated, sales revenues are reported only to the level of the incurred order costs that can probably be covered and the order costs are reported as an expense in the period in which they are incurred.

Reporting of sales revenue from multi-component orders:

Sales of software products and services can contain several supply and service components. In such cases, Wirecard determines whether more than one accounting unit exists. If a certain criteria are satisfied, especially if the delivered components comprise an independent benefit for the customer, the transaction is split and the relevant accounting regulation relating to the recognition of revenues is applied to account for the respective separate unit. Generally, the agreed total remuneration is allocated to the individual separate units for accounting in line with their relevant fair values. In rare cases, however, if reliable fair values are available for the outstanding components, but not for one or several of the delivered components, the value attributable to the delivered components is derived from the difference between the agreed total remuneration and the total fair value of the outstanding components (residual method). If the criteria for splitting are not satisfied, the sales revenues are deferred until such criteria are satisfied, or until the period in which the last outstanding component is delivered. Customer-specific software developments as part of projects with mobile telephone companies to render mobile payment solutions and services are regarded as separate units for accounting and reported in compliance with the accounting and valuation principles for revenue from programming orders.

2.4 Accounting and valuation of tax items

Actual income taxes

Actual tax assets and liabilities for the current or earlier periods are measured to the amount in which a refund is expected from the revenue authorities or a payment is expected to be made to the revenue authorities. The prevailing tax rates and tax laws as of the balance sheet date are used to calculate the amount in question.

Actual taxes relating to items recognised directly in equity are not recognised through profit or loss but in equity.

Deferred tax liabilities and assets

In accordance with IAS 12 (Income Taxes), deferred tax liabilities and assets are set up accordingly for all temporary differences between the value of the assets and liabilities in the tax balance sheet and the values in the consolidated balance sheet as well as between the assets of a subsidiary recognised in the consolidated financial statements and the tax balance sheet value of the shares in the subsidiary held by the parent company. Exceptions from this include differences arising in accordance with IAS 12.15 from the initial recognition of goodwill or initial recognition of an asset or liability in the case of a transaction that is not a business combination and, at the time of the transaction, has no influence on net profit or loss for the period under commercial law (before income tax) nor on the taxable result (the tax-related loss). Deferred tax assets are recognised to the extent that it is probable that taxable income will be available with which the deductible temporary difference can be offset. The assessment and valuation of deferred tax assets is reviewed at each balance sheet date, taking account of current estimates in accordance with IAS 12.37 and IAS 12.56.

Deferred tax assets relating to benefits of as yet unutilised tax loss carryforwards are capitalised to the extent with which it can be assumed with an adequate degree of probability that the respective company will be able to generate sufficient taxable income in future.

Deferred taxes are determined in line with IAS 12.47 on the basis of the tax rates applicable at the time of realisation or in the future. Deferred taxes are recognised as tax income or tax expenses in the income statement, unless they relate to items directly recognised under equity with no impact on profit or loss; in this case, deferred taxes are recognised under equity, without impacting the income statement.

The calculation of deferred taxes was based on a German corporation tax rate of 15.0 percent (2013: 15.0 percent) plus the solidarity surcharge of 5.5 percent (2013: 5.5 percent) on corporation tax and a flat rate German trade tax rate of 11.20 percent (valid from 2014: 11.38 percent), which takes into account the municipal factor for the relevant location from 2015 and the corresponding tax rates of the foreign companies (Ireland 12.5 percent; Austria 25 percent; Singapore 18 percent; Gibraltar 10 percent; United Kingdom 20 percent; Indonesia 25 percent, Turkey 20 percent, New Zealand 28 percent, South Africa 28 percent).

Value added tax

Sales revenues, expenses and assets are recognised after deducting value added tax. An exception in this regard is value added tax incurred when purchasing assets or services that cannot be claimed by the revenue authorities. Such value added tax is recognised as part of manufacturing costs of the asset or as part of expenses. Receivables and liabilities are likewise recognised including the amount of value added tax.

The amount of value added tax refunded by or paid to the revenue authorities is offset in the consolidated balance sheet under receivables and liabilities. Tax assets and liabilities are offset if they are imposed by the same fiscal authority for the same company and if the Group intends to settle its current tax claims and tax debts on a net basis.

Essential discretionary decisions, estimates and assumptions in connection with taxes

Uncertainties exist with respect to the interpretation of complex tax regulations and the amount and timing of future taxable income. Given the wide range of international business relationships and the long-term nature and complexity of existing contractual agreements, differences arising between the actual results and the assumptions made, or future changes to such assumptions could necessitate future adjustments to tax income and expense already reported. The Group forms provisions, based on reasonable estimates, for possible consequences of audits by the tax authorities of the respective countries in which it operates. The amount of such provisions is based on various factors, such as experience from previous tax audits and differing interpretations of tax regulations by the taxable entity and the responsible tax authority. Such differences of interpretation may arise on a wide variety of issues depending on the conditions prevailing in the respective country of domicile of the Group company.

Deferred tax assets are recognised for all unused tax loss carryforwards to the extent that it is probable that taxable profit will be available against which the tax loss carryforwards can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based on the likely timing and the level of future taxable profits together with future tax planning strategies.

2.5 Changes to accounting and valuation methods in relation to the previous year

The accounting methods are unchanged compared to those applied in the previous year. The amendments to standards listed below, which were applied from 1 January 2014, form an exception to this:

Amendment to IAS 36 Impairment of Assets – Recoverable Amount Disclosures for Non-Financial Assets

This amendment eliminates the unintended consequences of IFRS 13 for disclosure requirements pursuant to IAS 36. The amendment also requires disclosure of the recoverable amount of assets or cash-generating units for which impairments or reversals of impairments were reported during the course of the year. This amendment is to be applied retrospectively for fiscal years commencing on or after 1 January 2014. Earlier application is permissible as long as IFRS 13 is also applied. The Group applied this amendment to IAS 36 early during the 2013 reporting period as the amended/additional disclosure requirements provide useful information, as intended by the IASB. Accordingly, they were taken into account in the case of Note 19 relating to the impairment of non-financial assets. They are also taken into account in these consolidated financial statements and subsequent years correspondingly.

Amendment to IAS 32 – Offsetting of Financial Assets and Liabilities

The change clarifies the wording “currently has a legally enforceable right of set-off”. In addition, it adds greater detail to the application of offsetting criteria in IAS 32 for processing systems (such as central clearing agents) which perform gross netting with individual transactions not occurring simultaneously. This amended standard is to be applied for the first time for fiscal years commencing on or after 1 January 2014. It has no impact on the consolidated financial statements.

Amendment to IAS 39 – Novation of Derivatives and Continuation of Hedge

Under certain preconditions, this amendment allows continued hedge accounting in cases where derivatives designated as hedging instruments are transferred to a clearing centre due to statutory or regulatory stipulations (novation). This amendment is to be applied for the first time for fiscal years commencing on or after 1 January 2014. Currently the Group has no hedging relationships on the balance sheet, as a consequence of which there are also no effects on the consolidated financial statements.

IFRS 10 Consolidated Financial Statements

IFRS 10 was published in May 2011 and is to be applied for the first time in the fiscal year that commences on or after 1 January 2014. This new standard replaces the stipulations of the previous IAS 27 Consolidated and Separate Financial Statements relating to consolidated accounting, and the SIC-12 interpretation Consolidation – Special Purpose Entities. IFRS 10 establishes a standard control concept that is applied to all companies, including special purpose entities. In June 2012, the revised transitional guidelines relating to IFRS 10-12 were published, which are intended to make it easier to apply the new standards for the first time. This resulted in no changes to the net assets, financial position or results of operations, although, compared with the previous legal position, the management enjoys significant discretionary scope in assessing which companies within the Group are controlled and whether such companies should consequently be included in the Group by way of full consolidation.

IFRS 12 Disclosure of Interests in Other Entities

IFRS 12 was published in May 2011 and is to be applied for the first time in the fiscal year that commences on or after 1 January 2014. This standard provides uniform regulations for the disclosure requirements for the area of Group accounting, and consolidates the disclosures for subsidiaries that were previously regulated under IAS 27, the disclosures for jointly managed and associated companies, which were previously regulated under IAS 31 and IAS 28, and for structured companies. Corresponding information has been presented. The standard did not have any effects on the assets, liabilities, financial position or results of operations.

Further standards and interpretations

The IASB and the IFRIC have published the following standards and interpretations that were already incorporated in EU law within the scope of the comitology procedures but which are not expected to impact the consolidated financial statements of Wirecard AG:

- Amendments to IFRS 10, IFRS 12 and IAS 27 – Investment Entities
- Amendments to IAS 27 – Equity Method in Separate Financial Statements
- Amendments to IFRIC 21 – Levies
- Amendments to IFRS 11 – Joint Arrangements
- IFRS 11 – Joint Arrangements and amendment to IAS 28 – Interests in Associated Companies and Joint Ventures

2.6 Amendments to accounting and valuation methods that do not yet require mandatory application

The IASB and the IFRIC have published the following standards and interpretations that were already incorporated in EU law within the scope of the comitology procedures but their application was not yet mandatory in the 2014 fiscal year. The Group is not using these standards and interpretations ahead of time. The IASB also newly approved or revised a number of further accounting standards and interpretations that Wirecard AG has not yet implemented in the 2014 fiscal year as their application was not yet mandatory or they were not yet approved by the European Union.

IFRS 9 Financial Instruments: Classification and Measurement

IFRS 9, Financial Instruments, was issued by the IASB in July 2014 and will replace IAS 39 with a new standard. IFRS 9 provides a new approach on how to classify financial instruments based on their cash flow characteristics and the business model under which they are managed. Furthermore, the standard introduces a new impairment model for debt instruments based on expected credit losses, while equity investments will no longer be subject to impairment under IFRS 9. The new hedge accounting rules in IFRS 9 provide more opportunities to apply hedge accounting and aim to better align risk management and accounting in order to improve the information about risk management. The effective date announced by the IASB is 1 January 2018, while early application is permitted. Wirecard Group is currently evaluating the impact of adopting IFRS 9 on its consolidated financial statements.

Improvements to IFRS (2010-2012)

The improvements to IFRS 2010-2012 relate to an omnibus of standards published in December 2013 and containing amendments to various IFRS, most of which are applicable for fiscal years beginning on or after 1 July 2014. The Group has not yet applied the following amendments and is currently assessing their impact on the Company:

- IFRS 2: Clarification on the definition of vesting conditions with a separate definition of service and performance conditions;
- IFRS 3: Clarification on the classification and measurement of contingent consideration in business combinations. Accordingly, the classification of the obligation to pay contingent consideration as a liability or as equity is based solely on the rules in IAS 32.11. Measurement of contingent consideration must be at fair value and changes must be recognised in profit or loss;
- IFRS 8: Information on the aggregation of operating segments and reconciliation of the total of the reportable segments' assets to the entity's assets;
- IFRS 13: Explanation of the amendment to IFRS 9 with regard to the measurement of short-term receivables and payables as a result of the publication of IFRS 13;

- IAS 16: Changes to the treatment of accumulated depreciation using the revaluation method;
- IAS 24: Clarification that a company which provides decisive planning, management and monitoring services (key management personnel services) to an entity is a related party of the recipient as defined by IAS 24 and inclusion of a simplification for disclosures on the remuneration paid for these management services by the external company to its employees;
- IAS 38: Changes to the treatment of accumulated depreciation using the revaluation method.

Improvements to IFRS (2011-2013)

The improvements to IFRS 2011-2013 relate to an omnibus of standards published in December 2013 and containing amendments to various IFRS, which are mandatory for fiscal years beginning on or after 1 July 2014. The Group has not yet applied the following amendments and does not expect any significant impact on the consolidated financial statements of Wirecard:

- IFRS 1: Clarification on which version of the standards and interpretations must or can be applied by an entity during first-time adoption of IFRS;
- IFRS 3: Clarification on the exclusion of the founding of joint ventures from the scope of IFRS 3;
- IFRS 13: Clarification on the scope of measurement on a portfolio basis pursuant to IFRS 13.48 ff.;
- IAS 40: Clarification on the application of IFRS 3 and IAS 40 in the classification of property as financial investments or as owner-occupied property.

IFRS 15 Revenue from Contracts with Customers

IFRS 15 was issued in May 2014 and establishes a new five-step model that will apply to revenue arising from contracts with customers. Under IFRS 15, revenue is recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. The principles in IFRS 15 provide a more structured approach to measuring and recognising revenue. The new revenue standard is applicable to all entities and will supersede all current revenue recognition requirements under IFRS. Either a full or modified retrospective application is required for annual periods beginning on or after 1 January 2017 with early adoption permitted. Earlier application is permissible. The Group is currently assessing the impact of IFRS 15.

Further standards and interpretations

The IASB and the IFRIC have published additional standards and interpretations for which application was not yet mandatory in the 2014 fiscal year. They are not used by the Group and would not have any significant impact on the consolidated financial statements of Wirecard.

- IFRS 14 Regulatory Deferral Accounts
- Amendment to IAS 19 – Employee Contributions
- Amendments to IFRS 11 - Acquiring an Interest in a Joint Venture
- Amendments to IAS 16 and IAS 38 - Clarification of Acceptable Methods of Depreciation and Amortisation
- Amendments to IAS 16 and IAS 41 - Agriculture Bearer Plants
- Amendments to IAS 27 – Equity Method in Separate Financial Statements
- Amendments to IFRS 10, IFRS 12 and IAS 28 – Investment Entities: Applying the Consolidation Exception
- Amendments to IAS 1 Disclosure Initiative
- Amendments to IFRS 10 and IAS 28 - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture
- Improvements to IFRS (2012-2014)

3. Notes to the consolidated balance sheet – assets

For a breakdown of non-current assets relating to intangible assets, property, plant and equipment and financial assets (historic acquisition costs, adjustments based on foreign currency translations, additions and disposals due to initial consolidation, additions, disposals, cumulative amortisation and depreciation, write-downs in the year under review and carrying amounts), please refer to the attached schedule of developments in non-current assets from 1 January 2014 to 31 December 2014 (including the previous period).

3.1 Intangible assets

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

Goodwill

In accordance with the Group's accounting policies, goodwill is assessed at least once a year (most recently on 31 December 2014) or in the event of possible impairments in accordance with the Group's accounting policies. The measurement of the recoverable amount of a business segment (cash-generating unit) to which goodwill was assigned is based on estimates by management. These took account of the prevailing general economic conditions. The Company determines these values using valuation methods based on discounted cash flows.

In the fiscal year 2014, goodwill increased due to the first-time consolidation of Amara Technology Africa Pty Ltd. by kEUR 26,534, of GFG Group Ltd. by kEUR 7,621, of PT Aprisma Indonesia by kEUR 24,482 and of Mikro Ödeme Sistemleri İletişim San.ve Tic. A.Ş by kEUR 13,069 and due to the goodwill adjustment of Payment Link Pte. Ltd. by kEUR 173. After additional currency-related adjustments to valuations as of the balance sheet date, goodwill amounted to kEUR 218,202 (31 December 2013: kEUR 145,795) and is reported in the following cash-generating units:

Goodwill

in kEUR	31.12.2014	31.12.2013
Payment Processing & Risk Management	170,051	111,233
Acquiring & Issuing	47,507	34,439
Call Center & Communication Services	288	288
Total	**217,846**	**145,960**
Less: impairment losses	0	0
A&I goodwill adjustment due to currency fluctuations	356	- 165
	218,202	**145,795**

For information on changes to goodwill, please refer to the statement of changes in non-current assets.

Internally generated intangible assets

In the fiscal year 2014, internally generated software was developed and capitalised to the amount of kEUR 24,978 (31 December 2013: kEUR 20,727). Compared to the previous year, this item has increased in particular as a result of the increased development activities at Wirecard Processing FZ LLC and Wirecard Technologies GmbH. The newly consolidated corporate entities also contributed to an increase in this item. This relates to software for the payment platform and “Mobile Payment” projects.

Other intangible assets

Besides software for individual workstations, other intangible assets relate to software acquired for and used by the “Payment Processing & Risk Management” and “Acquiring & Issuing” segments. In the period under review, this item changed mainly due to the first consolidation of the acquired companies from kEUR 33,375 to kEUR 49,229.

Customer relationships

Customer relationships refer to acquired customer portfolios and those resulting from companies being consolidated. The acquisitions made by Wirecard focused on acquiring regional customer relationships in order to expand the market position. The increase in this item of kEUR 120,855 in the period under review is connected with first-time consolidations in the 2014 fiscal year and the further expansion of strategic customer relationships. As a rule, amortisation starts together with the flow of benefits and is performed over the expected useful life. Further information on business combinations can be found in Section 1.1. Business activities and legal background – business combinations.

The customer bases are subject to the following amortisation rules:

Amortization of customer relationships

Useful life	Remaining period of use	Remaining carrying amount in kEUR
20	20	12,000
20	19	184,407
20	18	76,805
20	17	49,880
10	9	2,380
10	8	4,083
10	7	9,688
10	6	255
10	5	1,258
10	3	609
		341,365

3.2 Property, plant and equipment

Other property, plant and equipment

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

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

Financing and leases

The carrying amount of technical equipment and operating and office equipment held as part of finance leases as of 31 December 2014 totalled kEUR 5,257 (31 December 2013: kEUR 6,309). The leased items serve as security for the respective obligations from the finance leasing agreements.

3.3 Financial and other assets / interest bearing securities

Financial and other assets and interest bearing securities as of 31 December 2014 totalled kEUR 123,991 (31 December 2013: kEUR 127,415). The securities partially comprise a derivative component. These embedded derivatives are generally measured at fair value with changes in their fair value being recognised in profit or loss. As it is impossible to separately measure the embedded derivative, the entire financial instrument is to be measured at fair value through profit or loss, as long as fair value can be calculated reliably. The embedded derivative part of the hybrid financial instrument is sufficiently significant to render it impossible to reliably determine the fair value of the total financial instrument, which means the hybrid financial instrument is to be to be measured at cost less potential impairment.

This item also comprises medium-term financing agreements for, amongst others, sales partners (31 December 2014: kEUR 40,116; 31 December 2013: kEUR 38,023). Furthermore, this balance sheet item also contains various interest-bearing securities 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). In the fiscal year, floaters and other securities to the value of kEUR 29,057 were acquired. On the balance sheet date, the interest-bearing securities totalled kEUR 49,078 (31 December 2013: kEUR 32,031).

3.4 Tax credits

Deferred tax assets

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

Based on tax assessments up to 31 December 2013, tax notices issued up to the assessment year 2013 and the consolidated taxable earnings in the fiscal year 2014, the deferred tax assets as of 31 December 2014 amounted to kEUR 894 following a valuation adjustment (31 December 2013: kEUR 5,435).

With regard to further details on the tax reconciliation account and the trend relating to deferred taxes, please refer to the further details under 5.8. Income taxes and deferred taxes.

3.5 Inventories and work in progress

As of 31 December 2014, the reported inventories and work in progress amounted to kEUR 3,313 (31 December 2013: kEUR 4,658) and relate to merchandise such as terminals and debit cards, which are kept for, amongst other things, payments using mobile phones. Their value was measured in accordance with IAS 2.

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

3.6 Trade and other receivables

The transaction volume of the Wirecard Group is also reported under the item trade receivables as a receivable from credit card organisations and banks. At the same time, these business operations give rise to liabilities to our retailers, amounting to the transaction volume less our charges.

Receivables and liabilities (less commissions and charges) are to a considerable extent transitory in nature and subject to substantial fluctuations from one balance sheet date to another. The increase as of 31 December 2014 is mainly due to an increase in receivables in the Acquiring segment as of that date, in addition to organic growth. Moreover, software projects and cooperation with other acquiring partners in the Asian region led to an increase in receivables year-on-year for accounting reasons. In addition, comparability is restricted due to the new companies.

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

Depending on the age structure of the receivables, valuation adjustments that are uniform across the Group are made to receivables. In the case of trade receivables that are overdue for more than 180 days, the Group applies an impairment to the full amount in the absence of any other information on the value of such receivables. This procedure is based on past experience, where trade receivables overdue for more than 180 days can no longer be expected to generate inflows. In determining the impairment of trade receivables, any change in credit standing is taken into account from the date on which deferred payment was granted up to the balance sheet date. The present value of the trade receivables is identical in principal to the carrying amount. Non-interest-bearing receivables with a term of more than 12 months were discounted. Additions in the fiscal year are reported in the income statement under other operating income and reversals under other operating expenses.

The value adjustments to trade and other receivables changed as follows:

Allowances

in kEUR	2014	2013
Cumulative allowances as at 1 January	**- 14,776**	**- 7,734**
Allowances in the period under review	**- 5,970**	- 3,518
Reversal of allowances / utilisation	**2,918**	821
Exchange-rate impacts	**1,482**	- 4,345
Cumulative allowances as at 31 December	**- 16,346**	**- 14,776**

Individual value adjustments were formed for the following receivables:

Receivables

in kEUR	31.12.2014	31.12.2013
Trade receivables (before individual value adjustments)	**9,796**	7,544
Value adjustments excl. currency valuation	**- 8,343**	- 5,286
Carrying amount of receivables	**1,454**	**2,258**

Prior to accepting a new business customer, the Group utilises, where available, external and internal credit rating checks to assess the reliability of potential customers. These customer assessments are reviewed on an annual basis.

3.7 Tax credits

Tax credits comprise kEUR 6,415 of tax reimbursement claims as of 31 December 2014 (31 December 2013: kEUR 6,145) and VAT reimbursement claims of kEUR 688 (31 December 2013: kEUR 2,470).

3.8 Interest-bearing securities and fixed-term deposits

In order to improve its interest income, apart from investing in various interest-bearing securities, the Wirecard Group has also invested in fixed-term deposits. All investments were only concluded with banks or counterparties that meet the creditworthiness requirements from the Group's own risk evaluation and – to the extent that external ratings are available – are assessed as having a minimum creditworthiness risk by renowned ratings agencies. Fixed-term deposits with a term of more than three months are reported under "Interest-bearing securities and fixed-term deposits", which reduces the cash and cash equivalents position. Fixed-term deposits of kEUR 6,124 (previous year: kEUR 6,154) 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".

3.9 Cash and cash equivalents

The cash and cash equivalents item (31 December 2014: kEUR 695,076; 31 December 2013: kEUR 479,095) includes cash in hand and bank balances (demand deposits, fixed-term deposits with a term of up to three months and overnight (call money) deposits). These also include resources from current customer deposits of Wirecard Bank AG and Wirecard Card Solutions Ltd. which are not placed in interest-bearing securities (31 December 2014: kEUR 237,766; 31 December 2013: kEUR 165,016) and funds derived from the Acquiring business of Wirecard Bank AG. To improve its interest income, Wirecard Bank AG invested some of the customer deposits in various short, medium and long-term interest bearing securities (so-called collared floaters and interest-bearing securities). These are reported under non-current financial and other assets and other current interest-bearing securities. Excluding the purchase of these securities and the fixed-term deposits with a term of more than three months, cash and cash equivalents would have been kEUR 172,155 higher (31 December 2013: kEUR 100,311).

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

4. Notes on consolidated balance sheet equity and liabilities

As regards the development of Group equity for the fiscal year 2014, further particulars in addition to the following explanations are provided in the table “Consolidated statement of changes in equity”.

4.1 Subscribed capital

Subscribed capital increased by kEUR 11,198 following the capital increase performed on 26 February 2014. On 31 December 2014, it totalled kEUR 123,491 (31 December 2013: kEUR 112,292) and comprised 123,490,586 (31 December 2013: kEUR 112,192,241) no-par value shares with a notional interest in the common stock of EUR 1.00 per share.

Authorised capital

According to the resolution made by the Annual General Meeting on 26 June 2012, the Management Board was authorised, with the approval of the Supervisory Board, to increase the share capital until 25 June 2017, once or on several occasions, up to a maximum total of kEUR 30,000 against cash and/or non-cash capital contributions (including so-called “mixed non-cash capital contributions”) by issuing up to 30 million new no-par-value bearer shares (Authorized Capital 2012) and hence determine the point at which profit participation begins, which will differ from that stipulated by legislation and will have retroactive effect on the profits in the 2014 fiscal year, insofar as no resolution has been passed to date regarding the profits in the 2014 fiscal year.

In principle, subscription rights must be granted to shareholders. The new shares can also be taken over by one or several credit institutions as determined by the Management Board, under the obligation to offer them to shareholders (indirect subscription right).

However, the Management Board is authorised, with the consent of the Supervisory Board, to exclude shareholders’ statutory subscription rights in the following cases:

- in order to avoid fractional amounts;
- when the capital increase is made against cash capital contributions and the issue price, excluding subscription rights pursuant to Section 186 (3) Clause 4 of the German Stock Corporation Act (AktG), of the new shares is not significantly below the Company’s stock market price and the number of new shares issued to the exclusion of subscription rights pursuant to Section 186 (3) Clause 4 of the AktG does not exceed 10 percent of the share capital, neither at the time the authorisation takes effect, nor when this authorisation is exercised. Shares must be included in this limit that were sold, issued or are to be issued during the term of this authorisation as a result of other authorisations in direct or corresponding application of Section 186 (3) Clause 4 of the AktG under the exclusion of subscription rights;

- in the event of a capital increase against non-cash contributions, in particular for the purpose of acquiring a company, parts of a company, a participating interest in a company or other material operating equipment;
- in order to grant the holders of options or convertible bonds or bonds with warrants subscription rights to the extent that these would be due to them in the event that a conversion right or option is exercised, or in fulfilment of a conversion obligation as a shareholder; as well as
- in the event of a capital increase to issue staff shares pursuant to Section 204 (3) of the AktG if the issue price, excluding subscription rights, of the new shares is no more than a maximum of 30 percent below the Company's stock market price and the new shares issued to the exclusion of subscription rights do not exceed 5 percent of the share capital, neither at the time the authorisation takes effect, nor at the time when this authorisation is exercised. All shares are included in the above 5 percent threshold that are issued during the term of this authorisation, which as a result of other authorisations excluding shareholders' subscription rights as staff shares to employees of the company and members of management and employees of companies associated with the Company, are issued at a price which is lower than the stock market price. The 5 percent threshold does not apply if the price is not materially lower than the stock market price in the meaning of Section 186 (3) Clause 4 of the AktG;
- when the total number of shares to be issued and that have been issued excluding subscription rights as a result of one of these authorisations may not exceed 20 percent on the date the authorisation is exercised; shares must be included that were sold, issued or are to be issued during the term of this authorisation as a result of other authorisations.

The Management Board is authorised, with the approval of the Supervisory Board, to decide on the further details of the capital increase and its execution, in particular the content of the share rights and the conditions of issue including the issue amount. The Supervisory Board is authorised to change the wording of the Articles of Incorporation accordingly to the extent of the respective capital increase from authorised capital.

Following the capital increase of kEUR 11,198 performed on 26 February 2014, authorised capital (Authorized Capital 2012/I) of kEUR 18,802 (31 December 2013: kEUR 30,000) existed on the balance sheet date.

Contingent capital

As no conversions were performed in the fiscal year 2014, conditional capital (Conditional Capital 2004/I) did not change in the period under review and continues to stand at kEUR 689 (31 December 2013: kEUR 689).

Following the resolution passed by the Annual General Meeting on 15 July 2004, the Company created a staff option program (SOP) based on convertible bonds with the option of issuing up to 1,050,000 convertible bonds to members of the Management Board, to advisors of the Company, its workforce as well as employees of affiliated companies. The program has been closed. Further issues are no longer possible. The statutory subscription rights of shareholders are excluded. The new shares will participate in profits from the beginning of the fiscal year in which they are issued following the exercise of conversion and subscription rights respectively. The Management Board was authorised, with the consent of the Supervisory Board, to decide on the further details of the capital increase and its execution. On 31 December 2014, a total of 743,250 convertible bonds (31 December 2013: 743,250) had been subscribed for, of which 134,296 (previous year: 134,296) are still outstanding for conversion and capable of being exercised. According to the terms and conditions of the SOP program, employees receive shares with a value of 50 percent of the average closing price of Wirecard AG stock in the last ten bank days of trading prior to the date of exercise. The convertible bonds are convertible daily within the exercise periods, have a term to maturity of ten years and do not bear interest. A total of 48,000 convertible bonds have a residual term to maturity until December 2017 and all other convertible bonds outstanding expire in 2015.

In addition, the Annual General Meeting on 26 June 2012 authorised the Management Board, with the consent of the Supervisory Board, to issue by 25 June 2017, once or on several occasions, bearer bonds with warrants and/or convertible bonds with a total nominal amount of up to kEUR 300,000, and to grant the holders or creditors of bonds with warrants option rights or the holders or creditors of convertible bonds conversion rights to new bearer shares of the Company with a proportionate amount in the share capital of up to kEUR 25,000, according to the details in the terms for the bonds with warrants or the convertible bonds. The share capital has been conditionally increased by up to kEUR 25,000, comprising 25 million bearer shares (Conditional Capital 2012). The conditional capital increase will only be implemented to the extent that the bearers of the convertible bonds or bonds with warrants issued by the Company or its direct or indirect majority associates as a result of the authorisation for the Management Board approved by the Annual General Meeting on 26 June 2012 exercise their conversion or option rights by 25 June 2017, or as the bearers of the convertible bonds who are obligated to convert the convertible bonds issued by the Company or its direct or indirect majority associates fulfil their conversion obligation by exercising their conversion obligation by 25 June 2017.

Purchase of treasury shares

Through a resolution passed at the Annual General Meeting on 17 June 2010, the Management Board is authorised to acquire up to 10 percent of the capital stock of Wirecard AG existing at the time of the resolution. This authorisation is valid until 16 June 2015.

Until 31 December 2014, the Management Board did not make use of its authority to acquire and utilise treasury shares in accordance with Section 71(1) No. 8 of the AktG.

4.2 Capital reserve

On 25 February 2014, Wirecard AG approved a capital increase of 11,198,345 new shares, which were successfully placed with institutional investors at a price of EUR 32.75 on 26 February 2014. The Company received kEUR 366,746 of gross issue proceeds from the capital increase. Therefore, Wirecard generated a premium of kEUR 355,547. This was offset by directly attributable transaction costs of kEUR 5,702, which was reduced by all of the associated income tax benefits, so that a total of kEUR 4,157 was offset against the premium. As a consequence, the capital reserves amount to kEUR 493,073 as of 31 December 2014.

4.3 Retained earnings

A dividend to the amount of EUR 0.12 per ordinary share for the dividend-entitled ordinary shares was approved at the Annual General Meeting 2014 on 18 June 2014, which corresponds to a total amount of kEUR 14,819. In the previous year, the dividend payment was EUR 0.11 per dividend-entitled ordinary share, which corresponded to a total amount of kEUR 12,341.

A proposal will be made at the 2015 General Meeting to pay a dividend of EUR 0.13 per share to the shareholders, which corresponds to a total amount of kEUR 16,054.

4.4 Translation reserve

The foreign currency translation reserve changed in the fiscal year 2014 due to exchange rate factors and with no impact on profit or loss from kEUR – 5,698 in the previous year to kEUR 3,078. This change is due to a greater amount of M&A transactions, resulting in a higher total level of net assets denominated in foreign currencies. The fluctuation in the exchange rates for some local currencies also bolstered this effect. With regard to the foreign currency translation reserve, reference is made to details in 2.1 Principles and assumptions used in preparing the annual financial statements.

4.5 Non-current liabilities

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

Non-current interest-bearing liabilities

The interest-bearing liabilities were reduced in the year under review by a total of kEUR 128,060. The long term part of the interest-bearing debt reduced by kEUR 217,389 as of 31 December 2013 to kEUR 89,329.

Other non-current liabilities

Other non-current liabilities as of 31 December 2014 mostly comprise the non-current portion of earnout components to the amount of kEUR 23,045 (31 December 2013: kEUR 6,822). Furthermore, this item included leasing liabilities to the amount of kEUR 2,771 as of 31 December 2014 (31 December 2013: kEUR 4,402), liabilities for variable remuneration for members of the Management Board to the amount of kEUR 835 (31 December 2013: kEUR 835) and (convertible) bonds to the amount of kEUR 134 (31 December 2013: kEUR 134).

The earnout components and current purchase price liabilities to the amount of kEUR 29,476 (31 December 2013: kEUR 8,236) that are due in the period of one year are carried under current liabilities.

Deferred tax liabilities

Deferred tax liabilities, amounting to kEUR 28,721 (31 December 2013: kEUR 17,723) 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. As regards the tax reconciliation account and the trend relating to deferred taxes, please refer to the further details under 5.8.

4.6 Current liabilities

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

Trade payables

Trade payables are owed chiefly to retailers/online traders. Liabilities denominated in foreign currencies were revalued at kEUR – 11 (31 December 2013: kEUR 32) at the exchange rate prevailing on the balance sheet date, with an impact on expenses. Trade payables increased significantly from kEUR 259,334 as of 31 December 2013 to kEUR 298,367 as a result of the Wirecard Group's organic growth and also due to the balance sheet date. Along with the effects of the first-time consolidation of new companies, the fact that trade payables increased, as expected, due to the delays to outgoing payments because of the holidays at the end of the 2014 fiscal year also had significant effects.

Interest-bearing liabilities

Interest-bearing liabilities of kEUR 9,030 (31 December 2013: kEUR 15,662) mainly comprise loans that are due in 2015.

Other provisions

Provisions are short-term in nature and will be utilised prospectively within the following year. The costs of preparing and auditing the financial statements of kEUR 733 (31 December 2013: kEUR 680) comprise the largest item among the other current provisions of kEUR 1,284 (31 December 2013: kEUR 1,225).

The individual provisions changed as follows during the fiscal year:

Statement of changes in provisions

in kEUR	01.01.2014	Addition first-time consolidation	Consumption	Reversal	Addition	31.12.2014
Litigation risks	62	0	0	-5	68	125
Archiving	65	0	- 43	0	43	65
Annual General Meeting	90	0	- 90	0	130	130
Financial statement and other audit costs	680	17	- 615	- 59	710	733
Other provisions	329	0	- 75	- 101	78	231
Other current provisions	**1,225**	**17**	**- 823**	**- 165**	**1,030**	**1,284**

Other liabilities

Other liabilities to the amount of kEUR 60,053 (31 December 2013: kEUR 31,588) comprised deferred liabilities to the amount of kEUR 12,674 (31 December 2013: kEUR 10,743), the current portion of lease liabilities to the amount of kEUR 3,819 (31 December 2013: kEUR 3,531) and current purchase price liabilities from variable remuneration for M&A transactions to the amount of kEUR 29,476 (31 December 2013: kEUR 8,236) . In addition, this item includes liabilities from payment transactions, wages and salaries, social security and similar.

Customer deposits from banking operations

This item includes customer deposits to the amount of kEUR 396,733 (31 December 2013: kEUR 260,231) with Wirecard Bank AG and Wirecard Card Solutions Ltd.

The increase in deposits is due to various factors including seasonal fluctuations relating to prepaid card usage and the payment of acquiring funds to customer accounts.

Tax provisions

Tax provisions in 2014 related mainly to provisions formed for corporation taxes on income for Wirecard Bank AG (kEUR 1,616; previous year: kEUR 902), Wirecard (Gibraltar) Ltd. (kEUR 3,672; previous year: kEUR 3,672), PT Aprisma Indonesia (kEUR 950; previous year: kEUR 0) and Wirecard UK& Ireland Ltd. (kEUR 1,452; previous year: kEUR 582).

Maturities

The maturity structure of other liabilities (excluding deferred tax liabilities) is as follows:

Maturity 2014

in kEUR	up to 1 year	1 to 5 years	more than 5 years
Interest-bearing liabilities	**9,030**	**89,329**	**0**
Trade payables	**298,367**	**0**	**0**
Customer deposits from banking operations	**396,733**	**0**	**0**
Other liabilities and provisions	**70,835**	**29,257**	**0**
Total	**774,966**	**118,586**	**0**

Maturity 2013

in kEUR	up to 1 year	1 to 5 years	more than 5 years
Interest-bearing liabilities	15,662	217,389	0
Trade payables	259,334	0	0
Customer deposits from banking operations	260,231	0	0
Other liabilities and provisions	39,394	12,375	0
Total	**574,621**	**229,764**	**0**

5. Notes to the consolidated income statement

5.1 Revenues

The Group's principle products and services are structured as follows:

Revenues by operating divisions

in kEUR	2014	2013
Payment Processing & Risk Management (PP&RM)	443,400	351,398
Acquiring & Issuing (A&I)	205,296	169,928
Call Center & Communication Services (CC&CS)	5,326	4,797
	654,022	526,123
Consolidation PP&RM	- 45,190	- 37,853
Consolidation A&I	- 4,242	- 3,765
Consolidation CC&CS	- 3,558	- 2,761
Total	601,032	481,744

In the "Payment Processing & Risk Management" segment, the Wirecard Group generates revenues from services in the field of payment processing, particularly from services rendered via the multi-channel platform.

Regarding the multi-channel platform and also platforms from partners, a substantial share of revenues is realised from the settlement of electronic payment transactions – particularly on the Internet – by conventional payment processes such as credit card payments or electronic direct debits. As a rule, revenues are generated by transaction-related charges billed as a percentage discount of the payment volumes processed, as well as per transaction. The extent of the transaction-related charge varies according to the product range provided as well as the risk distribution amongst retailers, banks and the Wirecard Group. Transaction-related charges, revenues from purchases of receivables and from payment guarantees arise in the course of risk management activities. In addition to these volume-dependent sales revenues, monthly and annual flat fees and non-recurring connection services and rentals are generated from the utilisation of the multi-channel platform and PoS terminals. In addition, the Wirecard Group generates revenues through its consultancy services.

The bulk of sales revenues is accounted for by B2B customers from the consumer goods, digital goods and tourism industries. On the balance sheet date, more than 19,000 companies were connected to the multi-channel platform.

In terms of sales of card products by Wirecard Bank AG and Wirecard Card Solutions Ltd., revenues were generated not only in the B2B segment, but also with consumers (B2C). These consumers are partly required to pay discount charges, transaction charges or fees for cash payments and for resubmission of transactions. In addition, annual charges are payable on card products.

In addition, revenues are generated in the "Payment Processing & Risk Management" segment from the sale of affiliate products, as well as by providing services and by licensing software directly associated with the sale of these products.

Sales revenues are generated in the "Acquiring & Issuing" segment particularly through the acquiring business for retailers, corporate banking services and in the issuing area. In corporate banking, item or volume-based fees are generated. In the Issuing area, interchanges are generated, for which Wirecard receives a volume-dependent fee from credit card organisations. Moreover, Wirecard offers sales partners in the area of B2B co-branding programmes relating to the card issuing area, for which it not only earns a fixed charge, but also generates sales revenues through concluded card contracts. The interest income generated in the Acquiring & Issuing segment to the amount of kEUR 3,148 (2013: kEUR 3,245) is reported as revenue in accordance with IAS 18.5(a). This includes interest income to the amount of kEUR 1,305 (2013: kEUR 1,194) from collared floaters.

The "Call Center & Communication Services" segment generates revenues from operating telephone-based advisory services and by providing conventional call centre services. For the most part, revenues from third parties are accounted for by companies such as publishing houses, software firms, hardware producers and trading enterprises. Two business models are used here, in which either the business customer bears the costs or the person seeking advice pays for the services rendered. Companies operating in this segment generate their sales both directly with business clients (B2B) as well as with private customers (B2C), with the telephone companies being responsible for invoicing private customers and for transferring the amounts in question.

5.2 Other own work capitalised

Expenditure on research and development in the fiscal year 2014 amounted to EUR 38.5 million (2013: EUR 34.9 million). The R&D ratio, or research and development costs as a percentage of total sales revenue, was 6.4 percent in the period under review (2013: 7.2 percent).

If costs cannot be capitalised, the individual expenditure items are included in the personnel expenses of the relevant departments (Product Management, Development, Quality Assurance, etc) under advisory costs and in other expenses. Of this amount, kEUR 24,978 (2013: kEUR 20,727) was taken into account as own work capitalised in the period under review. In comparison to the previous year, this item increased primarily as a result of growth activities in the core areas of payment acceptance, automatic retailer account registration, risk management, issuing and loyalty and couponing, as well as due to the further development and integration of technologies such as BLE and HCE in the mobile payment area.

5.3 Cost of materials

The cost of materials mainly comprises charges by the credit card issuing banks (interchange), charges 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 comprise, 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 keeping customer accounts.

5.4 Personnel expenses

Personnel expenses in the fiscal year 2014 totalled kEUR 66,432 (2013: kEUR 48,190), comprising salaries amounting to kEUR 58,581 (2013: kEUR 42,710) and social security contributions to the amount of kEUR 7,851 (2013: kEUR 5,480).

In the fiscal year 2014, the Wirecard Group employed an average of 1,750 employees (2013: 1,025) (excluding the Management Board and apprentices), of whom 168 (2013: 154) worked on a part-time basis. Of the 1,750 employees, 38 (2013: 38) were employed as management board members/general managers at subsidiaries.

The increase in personnel expenses is also due to the acquisitions made in this year and the last year, which also restrict the comparability of this item.

These employees were engaged in the following functions:

Employees

	2014	2013
Sales	**207**	138
Administration	**242**	159
Customer service	**533**	418
Research/Development and IT	**768**	310
Total	**1,750**	**1,025**
of which part-time	**168**	154

In the event of a change of control in the Company, the Management and Supervisory Boards have granted approval allowing special bonuses to be awarded to employees of Wirecard AG and its subsidiaries on terms similar to those applicable to the Management Board. To this end, a total of 0.8 percent of the Company's value has been made available. The Management Board can grant special bonus awards to employees in the event of a change of control with the consent of the Supervisory Board in each instance. A precondition for a special bonus payment is that an employment relationship exists with the employee at the time the change of control occurs. Such special bonus payments shall be made in three instalments. The exact terms and conditions are specified in the legal notes on take-overs in the Management Report.

In order to continue to be able to foster loyalty to the Wirecard Group by offering managerial staff and employees a variable remuneration component with a long-term incentive effect, a resolution was adopted at the General Meeting of Wirecard AG on 26 June 2012 to offer employee shares from authorised capital excluding subscription rights to members of the Company's management at a price which is not significantly lower than the stock market price. Shares can be issued to the Company's employees and members of the management and employees of affiliated companies according to Section 204 (3) of the German Stock Corporation Act (AktG). This option has not been used so far.

The key points for the issue of subscription rights are detailed in Section 4.1 Subscribed capital under "Contingent capital".

5.5 Other operating income

Other operating income is comprised as follows:

Other operating income

in kEUR	2014	2013
Income from release of provisions/deferred liabilities	923	534
Income from contractual agreements	843	934
Income connected with takeovers 2012	0	990
Income connected with takeovers 2013	1,568	2,613
Income from currency translation differences	1,359	568
Income from reversal of valuation allowances applied to receivables	410	307
Income from offset benefits in kind	398	311
Other income	1,889	917
Total	**7,390**	**7,174**

The income from corporate acquisitions (takeovers) in the current year was primarily due to the fact that the agreed target was only achieved to 89.4 percent, while in the previous year this was mainly connected with an exchange-rate related effect on the agreed earnout obligations.

5.6 Other operating expenses

Breakdown of other operating expenses:

Other operating expenses

in kEUR	2014	2013
Legal and financial statement costs	**6,340**	6,897
Consulting expenses and consulting-related expenses	**2,964**	2,799
Office expenses	**6,838**	5,925
Equipment and leasing	**4,547**	3,594
Sales and marketing	**8,453**	6,811
Personnel-related expenses	**12,894**	13,070
Insurance payments, contributions and levies	**1,376**	1,209
Other	**10,015**	7,083
Total	**53,428**	**47,387**

The item "Other" includes, amongst other things, write-downs on receivables. Further details can be found under 3.6. Trade and other receivables.

5.7 Financial result

The financial result stood at kEUR – 6,738 in the period under review (2013: kEUR – 4,223). Expenses to the amount of kEUR 8,100 (2013: kEUR 5,810) included interest to the amount of kEUR 7,496 (2013: kEUR 5,012), amortisation of financial investments to the amount of kEUR 543 (2013: kEUR 723) and currency-related expenses of kEUR 61 (2013: kEUR 75), which were offset by currency-related income to the amount of kEUR 4. In addition, income of kEUR 1,045 (2013: kEUR 1,534) from interest and kEUR 313 (2013: kEUR 15) from securities and loans resulted in a reported financial income of kEUR 1,362 (2013: kEUR 1,586). Interest income in the Acquiring & Issuing segment to the amount of kEUR 3,148 (2013: kEUR 3,245) is not reported under the financial result according to IAS 18.5 (a), but under revenues. Please refer to 5.1. Revenues and 7.1. Segment reporting.

5.8 Income tax expense and deferred taxes

Tax reconciliation account

in kEUR	2014	2013
Earnings before tax	**126,118**	**94,324**
Expected expense arising from 27,200% income taxes on consolidated pre-tax earnings (prev. yr.: 27,375%)	**- 34,304**	- 25,821
Effect from taxing of subsidiary company shares	**- 24**	- 16
Divergent effective tax rates abroad	**18,246**	14,491
Value adjustments and non-recognised deferred tax assets	**- 80**	- 403
Tax increase due to non-tax-deductible expenses	**- 1,776**	- 467
Prior years' tax effects	**- 99**	523
Other tax effects	**- 153**	98
Income tax expense reported	**- 18,190**	**- 11,595**

The following deferred tax assets and liabilities were accounted for due to recognition and measurement differences in the individual balance sheet items:

Deferred taxes

	Deferred tax assets		Deferred tax liabilities	
in kEUR	31.12.2014	31.12.2013	31.12.2014	31.12.2013
Internally-generated intangible assets			**14,062**	10,221
Other intangible assets	**0**	2	**5,420**	1,207
Customer relationships	**0**	0	**17,580**	6,244
Financial assets	**63**	251	**254**	35
Other property, plant and equipment	**575**	14	**0**	0
Trade and other receivables	**2**	91	**434**	16
Other provisions	**0**	24	**0**	0
Other current liabilities	**211**	93	**3**	0
	851	**475**	**37,753**	**17,723**
Loss carryforwards	**9,075**	4,960		
Offsetting deferred taxes of fiscal unit for corporate tax purposes	**- 9,032**	0	**- 9,032**	0
Outside basis differences			**0**	0
Recognised deferred taxes	**894**	**5,435**	**28,721**	**17,723**

Deferred tax assets are as follows:

Deferred tax assets

in kEUR	31.12.2014	31.12.2013
Tax loss carryforwards		
Deferred tax assets (previous year)	**5,996**	1,280
Increase in previous value allowances	**0**	23
Additions due to recognition of loss carryforwards	**4,296**	5,009
Disposals due to unusable loss carryforwards	**- 147**	0
Loss utilisation	**- 75**	- 343
Addition/loss utilisation due to other companies	**-9**	27
Tax loss carryforwards before impairments	**10,061**	**5,996**
(Cumulative) valuation allowances after adjustments	**- 986**	- 1,036
Tax loss carryforwards	**9,075**	**4,960**
Temporary differences		
Deferred tax assets (previous year)	**475**	739
Addition/release	**376**	- 264
	- 9,032	0
Deferred tax assets	**894**	**5,435**

Deferred tax assets and liabilities have been formed on account of temporary differences between tax law and IAS/IFRS.

Deferred tax liabilities are as follows:

Deferred tax liabilities – temporary differences

in kEUR	31.12.2014	31.12.2013
Deferred tax liabilities (previous year)	**17,723**	13,232
Addition/release	**10,998**	4,491
Deferred tax liabilities	**28,721**	**17,723**

Temporary differences between the values reported in the tax balance sheet and the consolidated balance sheet were taken into account on both the assets and liabilities side. The calculation of deferred taxes as of 31 December 2014 and in the previous year was performed on the basis of the tax rates valid at that time and on the basis of the tax rates abroad.

On the assets side, deferred taxes relate to assets that were required to be recognised at lower values in IAS/IFRS than in the tax balance sheet or not recognised at all, such as interest on loans granted, other liabilities that cannot be recognised under tax law and amortisation and depreciation rates that differ under tax law and IAS/IFRS for other intangible assets and for property, plant and equipment. As a result of the capital increase in 2014, deferred tax assets of kEUR 1,537 relating to tax deductible capital procurement costs were formed as capital reserves with no effect on profit or loss.

On the liabilities side, these relate to assets that are required to be recognised at a higher value than in the tax balance sheet (for example, internally generated, capitalised software) which reverse in the course of time (31 December 2014: kEUR 28,721; 31 December 2013: kEUR 17,723). Deferred tax assets (kEUR 9,032) for the tax entity Wirecard AG were offset against deferred tax liabilities. The temporary differences in connection with holdings in subsidiaries amounted to kEUR 425,777 as of the balance sheet date (previous year: kEUR 313,231). The basis of the tax reconciliation account was the tax rate applicable to tax groups, amounting to 27.200 percent (previous year: 27.375 percent).

On 31 December 2014, the Group reported corporation tax loss carryforwards of around kEUR 39,991, which were attributable to Wirecard AG (kEUR 33,052), Wirecard (Gibraltar) Ltd. (kEUR 2,605), Wirecard Retail Services GmbH (kEUR 2,694), Wirecard Communication Services GmbH (kEUR 382) and Systems@Work Pte. Ltd (kEUR 1,258). The trade tax loss carryforwards on 31 December 2014 amounted to kEUR 34,551 and were distributed among Wirecard AG (kEUR 31,499), Wirecard Retail Services GmbH (kEUR 2,676) and Wirecard Communication Services GmbH (kEUR 376).

The loss carryforwards can be used for an unlimited period according to current tax law.

However, the Company perceives risks within the tax-related recognition of loss carryforwards and therefore implemented valuation adjustments relating to the current loss carryforwards on the part of the deferred taxes for which the realisation of the tax benefit is less probable than its expiry. With regard to the feasibility of realising these loss carryforwards, the Company made a valuation adjustment to deferred tax assets as of 31 December 2014 from kEUR 10,061 (previous year: kEUR 5,996) by the amount of kEUR 986 to kEUR 9,075 (previous year: kEUR 4,960). The deferred tax assets formed on remaining loss carryforwards result from a purchase price allocation from 2011 and those formed within the company Wirecard AG. In addition, they resulted from the successful growth of the company Wirecard Communication Services, for which deferred tax assets had been formed on loss carryforwards and recognised in profit or loss in 2012. In the result for 2014, kEUR 58 (previous year: kEUR 15) of the deferred tax assets were reversed and included in the income tax expenses.

With regard to deferred taxes, reference is also made to 3.4 Tax credits – deferred tax assets.

5.9 Earnings per share

Basic earnings per share were calculated in accordance with IAS 33.10 as the quotient of consolidated net income for the year and the weighted average number of shares outstanding during the fiscal year. In calculating diluted earnings per share, the convertible bonds issued by Wirecard AG were taken into account in accordance with IAS 33.30-60. As of 31 December 2014, EUR 134,296 of (convertible) bonds had been subscribed (2013: EUR 134,296) (IAS 33.60). The subscription price and the additional strike price for conversion into shares together account for a value below the market price of Wirecard stock. The number of potential bonus shares was calculated from the difference in relation to the market price. In the fiscal year 2014, the number of potential bonus shares came to 98,975. In the preceding year, there were 97,338 potential bonus shares.

The changes in convertible bonds issued are dealt with under Section 4.1 Subscribed capital. The development of the number of no-par value shares issued is presented in the "Consolidated statement of changes in equity for the fiscal year 2014".

Earnings per share

Description	Unit	2014	2013
Earnings after taxes	kEUR	107,929	82,729
Average number of shares – basic	Number in thousands	121,742	112,200
Potential bonus shares resulting from dilutive effect of convertible bonds	Number in thousands	99	97
Average number of shares – diluted	Number in thousands	121,841	112,297
Earnings per share – basic	**EUR**	**0.89**	**0.74**
Earnings per share – diluted	**EUR**	**0.89**	**0.74**

6. 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. The statement of cash flows was restructured this year in order to further enhance transparency. It starts with earnings after interest and tax. A new structure has also been prepared within operating cash flow accordingly. The previous year's figures have been restated to make them comparable.

Method used to measure cash and cash equivalents

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

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

As of 31 December 2014 and 31 December 2013, the Company held both cash and cash equivalents.

Reconciliation to cash and cash equivalents according to IAS 7.45

The balance of financial resources at the end of the period includes cash in hand and bank balances disclosed under cash and cash equivalents (31 December 2014: kEUR 695,076; 31 December 2013: kEUR 479,095), less current (immediately due and payable) liabilities to banks (31 December 2014: kEUR – 1,183; 31 December 2013: kEUR – 3,006), disclosed under current, interest-bearing liabilities. In addition, financial resources corresponding to current customer deposits from banking operations (31 December 2014: kEUR – 237,766; 31 December 2013: kEUR – 165,016) were deducted or reported as a reduction on the balance of financial resources in the consolidated cash flow statement according to IAS 7.22.

Current customer deposits are reported on the equity and liabilities side of the Wirecard consolidated financial statements as other liabilities (customer deposits). These customer funds are comparable in economic terms with short-term (bank) account loans or overdraft facilities. On the assets side, separate accounts have been set up for these funds, which may not be used for any other business purposes. Given the total amount of the customer deposits, securities (collared floaters and short-term and medium-term interest-bearing securities) with a nominal value of kEUR 162,155 (31 December 2013: kEUR 100,311), deposits with the central bank and demand and short-term fixed deposits with banks are held in an amount of kEUR 237,766 (31 December 2013: kEUR 165,016). These are reported in the Wirecard Group under the balance sheet items of “cash and cash equivalents”, “non-current financial and other assets” and “current interest-bearing securities”.

First-time consolidations resulted in an increase in cash and cash equivalents of kEUR 10,710 (2013: kEUR 1,659).

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

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

Cash and cash equivalents

in kEUR	31.12.2014		31.12.2013	
Cash and cash equivalents		**695,076**		479,095
Current interest-bearing liabilities	**- 9,030**		- 15,662	
of which current bank borrowings		**- 1,183**		- 3,006
		693,893		**476,089**
of which current customer deposits from banking operations		**- 237,766**		- 165,016
of which, Acquiring deposits in Wirecard Bank AG	**- 240,212**		- 186,810	
Cash and cash equivalents at end of period		**456,127**		**311,073**

6.1 Cash flow from operating activities

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

The cash flow from operating activities is determined according to the indirect method by initially adjusting Group earnings to eliminate non-cash transactions, accruals or provisions relating to past or future cash receipts or payments as well as income and expense items to be allocated to the areas of investments or finance. Taking the changes to the net current assets into account results in the inflow/outflow of funds from business operations. The inflow/outflow of funds from operating activities is determined by including the interest and tax payments.

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

The unadjusted cash flow from operating activities in the fiscal year 2014 changed from kEUR 127,101 in the previous year to kEUR 129,115, 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 of the Company. It should be especially noted in this context that a very sharp increase in the operational cash flow in the fourth quarter, which is mainly due to delayed payouts on account of the public holidays, is expected to be offset by a countervailing cash flow trend in 2015. The cash flow from operating activities (adjusted) stood at kEUR 143,994 (2013: kEUR 107,452). In line with the business model, the transaction volumes generated by business in Acquiring were reported under trade receivables as receivables from credit card organisations and banks. At the same time, these business transactions give rise to liabilities to retailers, amounting to the transaction volume (less our commissions and charges). Receivables and liabilities (less commissions and charges) are mostly transitory in nature and subject to substantial fluctuations from one balance sheet date to another.

Interest received/paid in accordance with IAS 7.31

Interest received in the fiscal year 2014 amounted to kEUR 502 (2013: kEUR 492). Interest excluding loan interest paid in the fiscal year 2014 came to kEUR – 416 (2013: kEUR – 172) 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 in the fiscal year 2014 came to kEUR – 2,612 (2013: kEUR – 2,908) and was included in the 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 in the fiscal year 2014 (cash flow from income taxes) totalled kEUR – 15,245 (2013: kEUR – 13,349) and was constantly classified as operating activities.

6.2 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 – 169,763 (2013: kEUR – 162,184).

This mainly affects:

Substantial cash outflows for investments

in kEUR	2014	2013
Strategic transactions/M&A	85,313	82,559
Customer relationships	22,800	17,472
Licences	4,000	0
Internally-generated intangible assets	24,978	20,727
Interest bearing securities and medium-term financing-agreements	11,500	28,308
Other intangible assets (software)	15,877	10,169
Property, plant and equipment	7,301	2,949

Disclosures pursuant to IAS 7.40 are as follows:

Investments to acquire companies

in kEUR	2014	2013
Purchase prices paid	93,527	29,218
Acquired cash and cash equivalents	10,710	1,659
Net investment	82,817	27,559

6.3 Cash flow from financing activities

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

On 25 February 2014, Wirecard AG approved a capital increase of 11,198,345 new shares, which were successfully placed with institutional investors at a price of EUR 32.75 on 26 February 2014. The Company received kEUR 366,746 of gross issue proceeds from the capital increase.

Cash flow from financing activities in the fiscal year 2014 mainly concerns the cash paid for the dividend payment to the amount of kEUR – 14,819 (2013: kEUR – 12,341), cash inflow from drawing on financial liabilities to the amount of kEUR 76,000 (2013: kEUR 140,000) and the cash outflow for the redemption of financial liabilities to the amount of kEUR – 225,762 (2013: kEUR – 2,500). In addition, financing was carried out as part of finance leases, which resulted in a net cash flow of kEUR – 3,564 (2013: kEUR – 3,847). Cash flow from financing activities also reports outgoing cash flows for the acquisition of companies in previous years in an amount of kEUR – 5,537 (2013: kEUR – 10,044).

6.4 Cash and cash equivalents at end of period

After taking into account these reported cash inflows and cash outflows (2014: kEUR 142,890; 2013: kEUR 72,101), exchange-rate-related changes (2014: kEUR 2,164; 2013: kEUR – 724) and cash and cash equivalents at the start of the period (2014: kEUR 311,073; 2013: kEUR 239,696), cash and cash equivalents at the end of the period amounted to kEUR 456,127 (31 December 2013: kEUR 311,073).

7. Other notes

7.1 Segment reporting

Reportable segments are determined in accordance with internal reporting. Apart from sales revenue, operating earnings before interest, tax, depreciation and amortisation (EBITDA) is also 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 third-party comparisons. For internal reporting to the main decision-makers, balance-sheet items, interest and taxes are not reported at segment level.

Revenues fall into the following operating segments: “Payment Processing & Risk Management”, “Acquiring & Issuing” and “Call Center & Communication Services”. The “Acquiring & Issuing” segment comprises all of the business areas of Wirecard Bank AG, Wirecard Acquiring & Issuing GmbH and Wirecard Card Solutions Ltd.

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

The **Acquiring & Issuing** (A&I) segment completes and extends the value chain of the Wirecard Group with the financial services provided via Wirecard Bank AG, Wirecard Card Solutions Ltd., Mikro Ödeme Sistemleri İletişim San.ve Tic. A.Ş and the financial services offered by Wirecard Acquiring & Issuing GmbH. In the Acquiring area, retailers are offered settlement services for credit card sales for online and terminal payments.

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

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

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

In addition, information is provided on geographical regions according to production locations. These are split into three regions. The “Europe” segment contains Wirecard Payment Solutions Holdings Ltd., Dublin (Ireland) along with its subsidiaries, Wirecard Card Solutions Ltd., Newcastle (United Kingdom), Wirecard (Gibraltar) Ltd., Wirecard Central Eastern Europe GmbH, Klagenfurt (Austria) and Mikro Ödeme Sistemleri İletişim San.ve Tic. A.Ş. The segment “Other foreign countries” includes the companies cardSystems Middle East FZ-LLC, Dubai (United Arab Emirates), Wirecard Processing FZ LLC, Dubai (United Arab Emirates), Wirecard Asia Pte. Ltd. (Singapore) and Systems@Work Pte. Ltd (Singapore) with its respective subsidiaries, PT Prima Vista Solusi (Indonesia), Trans Infotech Pte. Ltd. (Singapore) with its subsidiaries, PT Aprisma Indonesia (Indonesia), GFG Group Limited (New Zealand), Amara Technology Africa Proprietary Limited (South Africa) and PaymentLink Pte. Ltd. (Singapore) with its subsidiaries included as sub-categories. The segment “Germany” includes all other companies within the Wirecard Group.

As part of the homogenisation of the Wirecard Group’s various technical platforms, various retailers and retailers that were previously included in the Europe region now use Asian platforms, which has had a corresponding impact on the geographic distribution. Consolidating and centralising technical functions on platforms at locations in Europe and Asia serves to boost internal efficiency, harmonise the product landscape for all of the subsidiaries and to optimise the processing time for regional payment transactions.

Revenues by operating divisions

in kEUR	2014	2013
Payment Processing & Risk Management (PP&RM)	443,400	351,398
Acquiring & Issuing (A&I)	205,296	169,928
Call Center & Communication Services (CC&CS)	5,326	4,797
	654,022	526,123
Consolidation PP&RM	- 45,190	- 37,853
Consolidation A&I	- 4,242	- 3,765
Consolidation CC&CS	- 3,558	- 2,761
Total	**601,032**	**481,744**

EBITDA by operating divisions

in kEUR	2014	2013
Payment Processing & Risk Management	139,193	98,019
Acquiring & Issuing	33,406	27,752
Call Center & Communication Services	342	191
	172,941	125,962
Consolidations	0	-5
Total	172,941	125,957

Regional revenue breakdown

in kEUR	2014	2013
Germany	276,605	229,492
Europe	174,491	128,390
Other countries	170,055	140,342
	621,150	498,224
Consolidation Germany	- 5,030	- 4,179
Consolidation Europe	- 12,275	- 10,582
Consolidation Other countries	- 2,813	- 1,718
Total	601,032	481,744

EBITDA by regions

in kEUR	2014	2013
Germany	53,688	43,882
Europe	66,301	41,581
Other countries	52,938	40,493
	172,927	125,956
Consolidations	14	1
Total	172,941	125,957

Segment assets by regions

in kEUR	31.12.2014	31.12.2013
Germany	**608,445**	417,329
Europe	**128,237**	101,622
Other countries	**297,537**	160,179
	1,034,220	**679,130**
Consolidations	**- 346,959**	- 220,923
Intangible assets and property, plant and equipment	**687,260**	**458,207**

7.2 Risk reporting

Wirecard AG is exposed to risks within the scope of its ordinary business activities. The risk categories are the ones specified in the diagram. All risks may lead to individual or even all intangible assets having to be subjected to impairment, resulting in a negative trend in earnings. These risks are dealt with in detail in the Management Report under 7. Risk report, please refer to this for more information. Since debtor and financial risks have a direct impact on specific items in the balance sheet and income statement, they are explicitly dealt with below. The Company's policy is to mitigate these risks by entering into hedge transactions. The deployment of these instruments within the scope of the risk management system is governed by Group directives that set limits appropriate to the underlying transactions, define approval procedures, exclude the conclusion of derivatives for speculative purposes, mitigate credit risk and govern internal reporting and the separation of functions. Compliance with these directives and due and proper processing and evaluation of transactions are processes that are verified on a regular basis, while observing the principle of separation of functions. All investments and derivatives transactions were only concluded with banks that meet the high creditworthiness requirements from the Group's own risk assessment and – to the extent that external ratings are available – have been categorised as having a minimum creditworthiness risk by renowned ratings agencies.

Overview of risks

Risk categories	Examples
Business risks	Economic risks, risks arising from the general competitive situation for the Wirecard Group and its customers
Operational risks	Personnel risks, risks of product innovations and risks arising from the use of third-party services
Information and IT risks	Risks arising from the operation and design of IT systems as well as risk in connection with the confidentiality, availability and integrity of data
Financial risks	Risks of exchange and interest rate fluctuations; risks arising from credit institutions defaulting
Payment risks	Risks of return debits, risks arising from default in payment obligations of customers and partners of the Wirecard Group as well as of card holders
Legal and regulatory risks	Risks arising from changes to the legal and regulatory framework as well as risks arising from litigation and license rights
Other risks	Environmental and reputation risks as well as risks arising from emergencies

Interest-rate risks

The Group has substantial liquidity at its disposal as demand deposits, fixed-term deposits and/or overnight (call money) deposits with renowned banks. The interest payable on these investments is based on the interbank money market interest rate of the respective investment currency, less a standard banking margin. The interbank money market interest rates may be subject to fluctuations which may impact the earnings realised by the Group. As a result of the negative interest on deposits with banks in euros introduced by the European Central Bank, minor costs for the holding of liquidity in euros in bank accounts may be incurred.

Should the interbank money market rates of relevance for the Wirecard Group reduce by half a percentage point and based on a total investment amount of around EUR 695 million in the portfolio as of 31 December 2014, this would correspond to unrealised earnings with a overall negative effect of EUR 3.48 million. Accordingly, an increase by half a percentage point would produce additional income of EUR 3.48 million.

As of the 31 December 2014, the Group’s interest-bearing liabilities to banks were reported at kEUR 98,359 (previous year: kEUR 233,051). This related to redemption loans taken out in connection with acquisitions made, for which variable interest rates have been agreed calculated based on Euribor plus a margin. As a result, a general interest rate risk exists, even if it is possible to react quickly to changes as a result of redemption options. In addition, the Wirecard Group has a corresponding volume of investment funds as a result of the high level of cash and cash equivalents from its operating business, so should interest rates increase, interest expenses would also increase, but the income from the increase in interest would compensate for this additional expense.

No derivative hedge instruments (for example, interest-rate swaps, forward rate agreements etc) were deployed in the year under review.

Currency risks

Currency risks exist in particular where receivables, liabilities, debts, cash and cash equivalents and planned transactions exist or will arise in a currency other than the local currency of the Company. This increasingly impacts the “Payment Processing & Risk Management” and “Acquiring & Issuing” segments, which transact a substantial part of their revenues in foreign currencies. More than half of these revenues are generated in foreign currencies. After the US dollar, the British pound sterling is the next most important currency. A reduction in the exchange rates of relevance to the Wirecard Group by one percentage point, based on gross income in foreign currency of around EUR 156 million (2013: EUR 115 million), would result in unrealised income of kEUR 1,560 (2013: kEUR 1,150). Accordingly, an increase by one percentage point would produce additional income of kEUR 1,560 (2013: kEUR 1,150). In these segments, both receivables from and liabilities to retailers and banks exist in foreign currencies. In negotiating contracts with retailers and banks, the Group treasury department ensures that receivables and liabilities are incurred in the same currencies and to the same amounts as far as possible in order to ensure that risks relating to exchange rate fluctuations cannot arise. Risks that cannot be compensated for through this process are hedged after specific analysis by additionally deploying financial derivatives. In the 2014 fiscal year, six foreign exchange market options were transacted with a nominal volume equivalent to around EUR 2.5 million (USD 3.0 million). Expenses for premiums totalled around kEUR 53.

The use of derivative financial instruments is subject to strict internal controls effected within the scope of centralised mechanisms and uniform directives. These instruments are used solely for risk control/risk minimisation purposes and not to generate any income from anticipated currency trends. As in the previous year, the Wirecard Group did not have any currency options in its portfolio as of 31 December 2014 for the 2015 fiscal year.

Liquidity risks

The primary objectives of financial management are to secure a comfortable liquidity situation at all times and maintain operational control of financial flows. Management controls liquidity risks by keeping appropriate inventories of cash and cash equivalents, credit lines with banks and by constantly monitoring the cash flows forecast and reconciling these with actual cash flows. The Wirecard Group continually invests substantial amounts of non-required liquidity in demand deposits, fixed-term deposits and overnight (call money) deposits, as well as the base volume of liquidity on a longer-term basis in interest-bearing securities. Risks may arise due to a liquidity shortage on account of mismatches occurring between the fixed investment term and the time at which liquidity is required. Bonds are repaid at 100 percent on final maturity. If bonds are redeemed prior to final maturity there is a price risk depending on a possible change in the credit status of the issuer, the remaining term to maturity and the current level of interest rates prevailing on the market. In view of the fact that only the base volume of liquidity less a substantial security reserve is invested on a long-term basis, the Management Board assumes that the risk is low.

Undiscounted cash flows according to contractually agreed payment dates as of 31 December 2014

in kEUR	up to 1 year	1 to 5 years	more than 5 years	Total
Interest-bearing loans and credit facilities	- 10,711	- 94,615	0	- 105,327
Other current liabilities	- 60,053	- 29,257	0	- 89,310
Trade payables	- 298,367	0	0	- 298,367
Customer deposits from banking operations	- 396,733	0	0	- 396,733
Total	- 765,865	- 123,872	0	- 889,737

Undiscounted cash flows according to contractually agreed payment dates as of 31 December 2013

in kEUR	up to 1 year	1 to 5 years	more than 5 years	Total
Interest-bearing loans and credit facilities	- 19,289	- 228,622	0	- 247,912
Other current liabilities	- 31,588	- 12,375	0	- 43,964
Trade payables	- 259,334	0	0	- 259,334
Customer deposits from banking operations	- 260,231	0	0	- 260,231
Total	**- 570,443**	**- 240,998**	**0**	**- 811,440**

Payment risks

In order to counteract the risk that business partners of the Wirecard Group may default on their contractual payment obligations, they are subject to a comprehensive evaluation according to relevant criteria, such as credit rating, liquidity, market positioning, the management's professional experience and other case-by-case criteria. This also applies to the review of business relations with commercial banks, acquiring partners and retailers.

Payment flows of retailers processed through Wirecard Bank AG or other acquiring partners are monitored on a regular basis and receivables outstanding are continually tracked by the Company's internal debtor and liquidity management system. The risk of default arising from the Acquiring business, consisting of potential chargebacks following insolvency or the inability of a retailer to deliver are very low since open receivables from customers are covered by ongoing volumes, individual security reserves or, alternatively, delayed payouts to retailers, which are adjusted regularly on the basis of close monitoring of the retailer's business. In specific cases, however, the reserve may prove to be inadequate; as a result, justified claims for payment by the Wirecard Group might not be enforceable against the customer, especially due to the reversal of credit card transactions. As a rule, this form of security reserve is adequate.

The predominant share of trade receivables resulted from the Acquiring business and the underlying payment cycles and were processed via the Wirecard Bank or acquiring partners. In both cases, Wirecard is subject to the main opportunities and risks associated with the transactions. The trade receivables act here, as is customary in the sector, as a hedge against those financial risks resulting from the processing of the transactions. A risk of default on these receivables from the Acquiring business exists if chargebacks following insolvency or the inability of a retailer to deliver are not covered by individual security reserves or, alternatively, delayed payouts to the retailer. The trade receivables used to hedge these risks exist for the length of the business relationships and have a typically revolving character.

In business with private individuals, particularly involving novel products of Wirecard Bank AG in the area of card issuing services, risks are perceived to arise from the fact that a lack of historical data with regard to specific risk and fraud characteristics of such products may lead to a default in payment obligations despite high security standards.

The maximum risk of default of financial instruments is their carrying amount. If there are indications that receivables have been impaired, they are subjected to specific valuation adjustments or derecognised without delay and the risks are recognised as profit or loss.

7.3 Capital risk management

The Group controls its capital with the objective of maximising the shareholders' return by optimising the ratio of equity capital to borrowed capital. In doing so, it ensures that all Group member companies can operate as a going concern. In particular, close attention is paid to ensuring that banking specific regulatory requirements, such as compliance with equity capital limits, are observed throughout the entire course of business. The Group's capital structure consists of debts as well as the equity to which the providers of equity capital of the parent company are entitled. Equity comprises shares issued, capital reserves, revenue reserves and the currency translation reserve. The objectives of capital management are to secure operations as a going concern along with an adequate return on equity. For implementation purposes, debt or equity is compared with total capital.

Following the successful organic growth last year and the transactions performed in 2013, the Company aims to maintain a comfortable equity ratio for fiscal years 2014 and 2015. In keeping with the current financial structure, future investments and potential acquisitions will be financed either by recourse to the Company's own cash flow through moderate deployment of borrowed funding, equity or alternative forms of financing. Potential acquisitions will also continue to be analysed and assessed under strict conditions in future; in the process, the focus will be especially placed on profitability and a sensible supplementation of our existing portfolio of products and customers.

Capital is monitored based on economic shareholders' equity. Economic shareholders' equity is the balance-sheet equity. Borrowed capital is generally defined as non-current and current financial obligations, provisions and other liabilities.

The capital structure is as follows:

Capital structure

in kEUR (where not in %)	31.12.2014	31.12.2013
Equity	**1,072,886**	608,411
Equity as % of total capital	**54%**	43%
Borrowed capital	**922,273**	822,108
Borrowed capital as % of total capital	**46%**	57%
Total capital (equity and borrowed capital)	**1,995,159**	**1,430,520**

The Group reviews its capital structure on a regular basis.

For interest-bearing debt, Wirecard has assured the banks it will maintain an equity ratio in its 2013 credit agreement. These banks calculate the Wirecard Group's equity ratio by dividing the amount of liable equity capital by total assets. Liable equity is identified 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 customer deposits, the acquiring funds of Wirecard Bank and the reduction in equity from the audited total assets, to which the leasing liabilities are added. This calculation gives an equity ratio of 76.5 percent (2013: 57.8 percent). Furthermore, in relation to lending banks, Wirecard undertakes to generate a minimum EBITDA and to maintain the proportion of financial liabilities to EBITDA. These targets were achieved during the fiscal year.

7.4 Breakdown of balance sheet carrying amounts according to valuation categories

2014 carrying amounts as per IFRS 7.8

in kEUR	Financial and other assets/ interest-bearing securities	Trade and other receivables	Interest-bearing securities and fixed-term deposits	Cash and cash equivalents	Trade payables	Other liabilities
Financial assets and liabilities measured at fair value through profit or loss	79,578	0	89,394	0	0	0
of which fair value option	79,578	0	89,394	0	0	0
Available-for-sale financial assets	27	0	0	0	0	0
Held-to-maturity investments	0	0	0	0	0	0
Loans and receivables	44,318	350,420	33,525	695,076	0	0
Financial liabilities measured at amortised cost	0	0	0	0	298,367	576,938
Total financial instruments	123,923	350,420	122,919	695,076	298,367	576,938
Items not within the scope of IAS 39	68	4,181	0	0	0	46,968
Total	123,991	354,602	122,919	695,076	298,367	623,906

2013 carrying amounts as per IFRS 7.8

in kEUR	Financial and other assets/ interest-bearing securities	Trade and other receivables	Interest-bearing securities and fixed-term deposits	Cash and cash equivalents	Trade payables	Other liabilities
Financial assets and liabilities measured at fair value through profit or loss	61,031	0	31,830	0	0	0
of which fair value option	61,031	0	31,830	0	0	0
Available-for-sale financial assets	36	0	0	0	0	0
Held-to-maturity investments	0	0	0	0	0	0
Loans and receivables	66,251	276,034	36,274	479,095	0	0
Financial liabilities measured at amortised cost	0	0	0	0	259,334	528,948
Total financial instruments	**127,318**	**276,034**	**68,104**	**479,095**	**259,334**	**528,948**
Items not within the scope of IAS 39	97	2,955	0	0	0	33,826
Total	**127,415**	**278,989**	**68,104**	**479,095**	**259,334**	**562,774**

The classification according to the valuation categories of IAS 39 was carried out in the form of the tables above. Categorisation according to IFRS 7.6 is based on the balance sheet items, with the exception of the balance sheet items “Financial and other asset/interest-bearing securities” and “Interest-bearing securities and fixed-term deposits”, which include additional sub-categories.

The fair values of financial assets and liabilities are as follows:

Fair value

	Carrying amounts		Fair value	
in kEUR	**31.12.2014**	**31.12.2013**	**31.12.2014**	**31.12.2013**
Financial assets measured at fair value through profit or loss	**168,972**	92,861	**168,972**	92,861
Financial liabilities measured at fair value through profit or loss	**0**	0	**0**	0
Available-for-sale financial assets	**27**	36	**27**	36
Held-to-maturity investments	**0**	0	**0**	0
Loans and receivables	**1,123,340**	857,654	**1,123,340**	857,654
Financial liabilities measured at amortised cost	**- 875,305**	- 788,282	**- 875,305**	- 788,282
Total	**417,034**	**162,269**	**417,034**	**162,269**

* Investments measured at cost

Hierarchy of fair values

As of 31 December 2014 the Group held the following financial instruments measured at fair value and uses the following hierarchy to determine and report fair values of financial instruments for each measurement process:

- Level 1: Listed (unadjusted) prices on active markets for similar assets or liabilities
- Level 2: Processes in which all input parameters with a material influence on the fair value recognised can be directly or indirectly observed
- Level 3: Processes using input parameters with a material influence on the fair value recognised which are not based on market data capable of being observed

Assets measured at fair value

in kEUR	31.12.2014	Stage 1	Stage 2	Stage 3
Financial assets measured at fair value through profit or loss				
Collared floaters / bonds	**168,972**		**168,972**	

Assets measured at fair value

in kEUR	31.12.2013	Stage 1	Stage 2	Stage 3
Financial assets measured at fair value through profit or loss				
Collared floaters / bonds	92,861		92,861	

The fair value of financial assets measured at fair value through profit or loss and financial liabilities measured at amortised cost is calculated on the basis of the discounted cash flow method taking into account appropriate valuation parameters that are directly or indirectly observable on the market. The base yield curve and credit and liquidity risks specific to issuers are utilised, for example, as key valuation parameters. In the case of cash and cash equivalents (reported under loans and receivables) and in the case of certain interest-bearing securities, short-term receivables, trade payables, other current financial liabilities and revolving credit facilities and other financial liabilities, the carrying amount mainly represents an appropriate approximation of fair value due to their short term to maturity. These instruments were allocated to Level 2 of the measurement hierarchy. Moreover, the fair value of equity capital instruments cannot be measured reliably (reported under available-for-sale financial assets). Their carrying amount, which corresponds to their amortised cost, was allocated to Level 3.

The fair value of cash and cash equivalents (reported in loans and receivables), interest-bearing securities, current receivables, trade payables, other current financial liabilities and revolving credit facilities and other financial liabilities roughly corresponds to the carrying amount. The reason for this, in particular, is the short term to maturity of such instruments. The evaluation results for collared floaters and bonds recognised under the fair value option totalled kEUR 1,244 (2013: kEUR -1,644). The collared floaters and bonds are measured on the basis of current currency and interest-rate trends, as well as the current rating of the issuer. The theoretical maximum default risk is equivalent to the carrying amount.

7.5 Financial relationships with related companies

In the fiscal year 2014, financing agreements were in place among various companies in the Wirecard Group. These transactions were eliminated in the course of the consolidation of debt and earnings. In addition, please refer to Section 8.3. Related party transactions.

7.6 Other obligations and contingent liabilities

Other financial obligations

The companies of the Wirecard Group entered into rental agreements for office space and other leasing agreements. The annual payments for these agreements over the next five years are as follows:

Other financial obligations

in kEUR	**2015**	**2016**	**2017**	**2018**	**2019**
Annual commitments	9,671	6,667	5,681	3,237	2,861

After the period indicated, there are no payment obligations for the Wirecard Group. No obligations to non-consolidated subsidiaries existed.

In addition to the obligations from operating leases included under other obligations in the total amount of kEUR 6,282, the Group has concluded finance leases agreements for terminals and IT components. These agreements include purchase options for the assets.

The future minimum lease payments from finance leases agreements can be reconciled to their present values as follows:

Obligations from finance leases and hire-purchase agreements

in kEUR	2014		2013	
	Minimum lease payments	Present value of minimum lease payments	Minimum lease payments	Present value of minimum lease payments
up to 1 year	4,210	3,820	3,905	3,531
1 to 5 years	2,877	2,772	4,797	4,403
more than 5 years	0	0	0	0
Total	7,086	6,591	8,701	7,934
Less interest portion	495		767	
Present value of minimum lease payments	6,591	6,591	7,934	7,934

Other claims based on leases in which the Group acts as a lessor are shown as follows:

Claims arising from leasing

in kEUR	2015	2016	2017	2018	2019
Annual claims	1,806	1,404	848	698	8

After the period indicated, there are no payment claims for the Wirecard Group.

Contingent liabilities

In February 2013, a lawsuit was brought against the Company, and against a specific Group company, relating to the payment of retained collateral, as well as relating to the payment of loss compensation. The lawsuit was rejected in the first instance in November 2014. The opposite party appealed against this verdict to the Higher Regional Court in Munich. The Management Board assumes a minor potential impact on the Wirecard Group's net assets, financial position and results of operations. The maximum theoretical risk is in the single digit million range.

8. Additional mandatory disclosures

8.1 Management Board

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

Dr. Markus Braun, commercial computer scientist, member of the Management Board since 1 October 2004
CEO, CTO

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

Jan Marsalek, computer scientist, member of the Management Board since 1 February 2010
COO

Remuneration paid to the Management Board

In the 2014 fiscal year, the total emoluments of all members of the Company's Management Board, meaning the total remuneration during the fiscal year for the duration of the individual's tenure on the Management Board, including other payments and amounts not yet disbursed for share price-based Variable Remuneration I and Variable Remuneration II amounting to kEUR 1,700, totalled kEUR 4,657 (2013: kEUR 4,652).

No loans were made to board members during the fiscal year.

Further particulars in this regard can be found in the Corporate Governance Report.

8.2 Supervisory Board

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

Wulf Matthias (Chairman), Senior Advisor of M.M. Warburg &Co, Hamburg
Other supervisory 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 mandates or mandates on other boards:
- Wirecard Bank AG, Aschheim (Germany)
- Diamos AG, Sulzbach (Germany)

Stefan Klestil, Managing Partner of Belview Partners GmbH
Other supervisory mandates or mandates on other boards:
- Wirecard Bank AG, Aschheim (Germany)
- iyzi Teknoloji ve Ödeme Sistemleri A.S., Istanbul (Turkey)
- Holvi Payment Services Oy, Helsinki (Finland)

Remuneration of the Supervisory Board is governed by Section 14 of Wirecard AG's Articles of Incorporation. Accordingly, members of the Supervisory Board receive fixed and variable remuneration for any out-of-pocket expenses incurred in connection with exercising their office (as well as any value added tax paid on their remuneration and out-of-pocket expenses). Annual fixed remuneration totals kEUR 55. Variable remuneration depends on the Company's performance and is based on consolidated EBIT (results of the ordinary course of business before interest and taxes on earnings). For each one million euros by which the Company's consolidated EBIT on 31 December 2008 exceeds a minimum amount of EUR 30 million, the variable remuneration component totals kEUR 1 net. This minimum amount of EUR 30 million increases from the start of 2009 fiscal year by 10 percent per year and, therefore, amounts to EUR 53.1 million in the 2014 fiscal year.

In accordance with the provisions of the German Corporate Governance Code, the Chairman and Deputy Chairman of the Supervisory Board are considered separately. There are no committees within the Company's Supervisory Board. The Chairman of the Supervisory Board receives double the amount and the Deputy Chairman of the Supervisory Board receives one-and-a-half times the so-called basic rate of fixed and variable remuneration respectively. Changes to the composition of the Supervisory Board during the fiscal year lead to pro-rata remuneration being paid. In addition, the members of the Supervisory Board receive a session fee of EUR 1,250.00 plus value added tax for each meeting of the Supervisory Board that they attend.

Supervisory Board remuneration 2014

in kEUR	Function	of	up to	fixed	Meeting fee	performance-based	Long-term incentive effect	of subsidiaries	Total
Wulf Matthias	Chairman	01.01.2014	31.12.2014	110	6	158	0	65	339
Alfons W. Henseler	Deputy	01.01.2014	31.12.2014	83	6	119	0	60	267
Stefan Klestil	Member	01.01.2014	31.12.2014	55	6	79	0	55	195
Total remuneration				248	19	356	0	180	802

Supervisory Board Remuneration 2013

in kEUR	Function	of	up to	fixed	Meeting fee	performance-based	Long-term incentive effect	of subsidiaries	Total
Wulf Matthias	Chairman	01.01.2013	31.12.2013	110	5	100	0	65	280
Alfons W. Henseler	Deputy	01.01.2013	31.12.2013	83	5	75	0	60	223
Stefan Klestil	Member	01.01.2013	31.12.2013	55	5	50	0	55	165
Total remuneration				**248**	**15**	**225**	**0**	**180**	**668**

In the fiscal year 2014, remuneration for the Supervisory Board totalled kEUR 802 (2013: kEUR 668). This remuneration includes remuneration for activities as a member of the Supervisory Board at subsidiaries to the amount of kEUR 180 (2013: kEUR 180). The amount of kEUR 506 was deferred from the remuneration and will be paid in 2015.

8.3 Related party transactions

Related parties

In accordance with IAS 24 (related party disclosure), persons related to Wirecard AG comprise the members of the Management Board and the Supervisory Board along with their family members. The related details are presented below.

In the fiscal year 2014, the following legal transactions were entered into by Wirecard AG with a related company or at the insistence or in the interests of one of these companies:

Legal transactions with impact on P&L

Related party / related entity	Type of legal relationship	Expense in kEUR	Liability as of 31.12.2014 in kEUR	Notes
Wulf Matthias	Supervisory Board mandate	65	0	Supervisory Board of Wirecard Bank AG
Stefan Klestil	Supervisory Board mandate	55	0	Supervisory Board of Wirecard Bank AG
Alfons W. Henseler	Supervisory Board mandate	60	60	Supervisory Board of Wirecard Bank AG

The exchange of goods, services and payments is effected on an arm's length basis. These arm's length conditions are documented and monitored on a regular basis; any adjustments required are made without delay.

8.4 Declaration of compliance

The declaration of compliance required pursuant to Section 161 of the German Stock Corporation Act (AktG) for the periods from April 2014 to March 2015 and April 2015 to March 2016 was signed in March 2014 and March 2015 respectively and also made available to the shareholders for download from the website of Wirecard AG in March 2014 and March 2015.

8.5 Auditors' fees

Neither the deductible value added tax for the Wirecard Group nor the non-deductible value added tax amounting to kEUR 3 (2013: kEUR 3) are included in the disclosures on auditors' fees. Expenses and administration fees for the audit from this year onwards are allocated under the item audit. In this context, kEUR 51 of the item other services was reclassified to audit in the previous year.

In the fiscal year, the following auditors' fees were reported (Section 314 (1) No. 9 of the German Commercial Code [HGB]):

Auditors' fees

in kEUR	01.01.2014 – 31.12.2014 total	01.01.2014 – 31.12.2014 of which subsidiaries	01.01.2013 – 31.12.2013 total	01.01.2013 – 31.12.2013 of which subsidiaries
Ernst & Young GmbH				
Audit of the annual financial statements	513	197	459	204
Tax advisory services	0	0	0	0
Other certification services	0	0	0	0
Other services	36	18	34	1
Total	**549**	**215**	**493**	**205**

8.6 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 (events that must be taken into account) have been included in the consolidated financial statements. Events not to be taken into account after the balance sheet date are reported in the Notes if material in nature. These are as follows:

Wirecard AG and Visa Inc. concluded a cooperation agreement on 17 November 2014 for the issue of prepaid cards and have thus reaffirmed their joint commitment to the global growth markets for prepaid cards, especially those in Southeast Asia and Latin America. The closing was carried out on 23 February 2015. As part of their partnership, Wirecard and Visa Inc. have concluded a contract in which Wirecard has acquired certain assets in Visa Processing Service Pte. Ltd. (VPS), with headquarters in Singapore, as well as all shares in Visa Processing Service (India) Pte. Ltd. for USD 16 million. Further details can be found in Section 1.1. Corporate acquisitions.

A contract was agreed between the Wirecard Group and Lufthansa AirPlus Servicekarten GmbH on 2 March 2015 for the acquisition of significant customer contracts for credit card acceptance and other selected assets from Lufthansa AirPlus Servicekarten GmbH. These include credit card acceptance and agency services, as well as network operator contracts. The high-volume customers of Lufthansa AirPlus Servicekarten GmbH primarily comprises international airlines. The considerations in connection with this transaction comprise cash payments to the amount of around EUR 13.0 million and earnout components of up to around EUR 1.0 million in total for the years 2015 and 2016. The transaction, which is subject to the usual approval of the boards on both sides and approval by the German Federal Cartel Office, is expected to be closed within the first half of 2015. The German Federal Cartel Office has since approved the acquisition of the AirPlus assets on 30 March 2015. A contribution to the Group's consolidated operating earnings before interest, tax, depreciation and amortisation (EBITDA) of around EUR 1.5 million is forecast for the twelve month period after closing. In addition, integration costs of around EUR 0.7 million will be incurred.

8.7 Clearance for publication in accordance with IAS 10.17

The consolidated annual financial statements as of 31 December 2014 were signed on 7 April 2015 and approved for submission to the Supervisory Board.

Aschheim, 07 April 2015

Wirecard AG

Dr. Markus Braun Burkhard Ley Jan Marsalek

Responsibility statement and disclosures pursuant to Section 37Y No. 1 of the German Securities Trading Act (WpHG) in combination with Sections 297 (2) Clause 4 and 315 (1) Clause 6 of the German Commercial Code (HGB)

To the best of our knowledge, and in accordance with the applicable reporting principles, the consolidated financial statements give a true and fair view of the assets, liabilities, financial position and results of operations of the Group, and the Group Management Report includes a fair review of the development and performance of the business and the position of the Group, together with a description of the principal opportunities and risks associated with the expected development of the Group.

Aschheim, 07 April 2015

Wirecard AG

Dr. Markus Braun   Burkhard Ley   Jan Marsalek

3-D Secure™	Security standard developed by Visa and MasterCard for the authentication of online card payments
Acquirer/acquiring bank	A financial institution that concludes an agreement with merchants for the acceptance of credit cards as a means of payment for goods and services and which settles card payments for merchants.
Alternative payment methods	These mostly comprise non-card based payment methods such as payment services, wallets, vouchers and bank-account based or prepaid methods.
Billing and Settlement Plan (BSP)	The most widespread system in the world for simple processing of airline ticket sales.
Bluetooth low energy (BLE)	This technology facilitates data transmission over distances of up to ten metres. Using microtransmitters (beacons) for the connection, this technology offers innovative location-related services.
Checkout Page	A web-based, PCI-compliant payment page for simple and secure acceptance of credit cards and other national and international means of payment. End customers input their data into a website hosted by Wirecard to make online payments.
Checkout Seamless	This integrated payment page makes it possible to directly integrate all relevant input fields for payments seamlessly into online shop interface.
CNP, Card Not Present	Card transaction in which the card is not physically presented to the merchant, e.g. for an orders in long-distance trading (online or MOTO).
Co-branded card	A co-branded card is a card issued by a licensed card issuer which bears the design of a third party company.
Fraud Prevention Suite (FPS)	Wirecard's risk management system which identifies suspicious data and/or behaviour patterns in real time and effectively prevents fraud.
Host Card Emulation (HCE)	Makes it possible to carry out secure, NFC-based transactions for payments and services via mobile apps, regardless of whether a physical secure element (SE) is available on the mobile phone. All data generated during a transaction is stored in a secure centralised server.

In-app payment In-app payment refers to payment for goods or services via a mobile terminal in connection with a mobile application. Customers can store their desired payment type, such as credit cards or alternative payment methods, in their user account and can make one-click payments the next time they log in.

Issuer/issuing bank Financial institution which issues payment cards (credit, debit and prepaid cards) as a member bank of the card organisations and receives transactions from its cardholders from other member banks or merchants.

Loyalty and couponing Serve to control specific marketing campaigns, based on card transactions.

Mobile card reader The card reader is a mobile add-on device which is attached to smartphones or tablets, turning the device into a payment terminal.

Mobile payment Includes, for example, the payment of digital or physical merchandise or a service on the mobile phone (payment on mobile/in-app payment) using the mobile phone (mobile at the point of sale) or the mobile phone as the payment terminal (mobile as the point of sale).

Mobile wallet A mobile wallet managed via the mobile phone. Various digital cards can be stored in a mobile wallet.

MOTO, Mail Order/Telephone Order The purchase of goods or services, with the purchase order issued by phone or in writing by fax or using an order card.

mPoS, mobile point of sale Payment with a mobile device and a mobile card reader.

Near field communication (NFC) technology NFC technology is the wireless transfer of data over a short distance (near field).

NFC sticker Bridge technology to equip smartphones with contactless technology. NFC stickers can be attached to the rear of the mobile terminal and used to initiate payments in connection with a mobile wallet.

OTA, Over-the-Air Wireless transmission of data

Payment service provider (PSP) A company which receives electronic payment transactions for merchants etc., authenticates these, processes them and in this regard also provides the merchant with the corresponding software, if required.

PCI DSS	PCI DSS (Payment Card Industry Data Security Standard) is a security standard initiated by VISA and MasterCard for merchants and payment service providers who process credit card payments using their systems, or which store or transfer card data.
Personal identification number (PIN)	Secret number that is only allocated to one single card, which enables the card holder to confirm a POS payment or to access their account using a cashpoint.
Prepaid card	Has all of the features of a standard credit card and mostly licensed by VISA or MasterCard on a prepaid basis.
Provisioning	Storing card data in NFC-enabled smartphones in order to be able to make payments using the mobile phone. The card data is stored on the SIM card or in a secure area of the smartphone.
PSP, Payment Service Provider	See Payment Service Provider.
Risk management	Recording and analysing transaction data to minimise the risk of fraud and to protect the merchant against payment default.
QR code, quick response code	A two-dimensional code which can be scanned by mobile phones using the camera and relevant software (QR code reader). Information is embedded in the code, such as links to websites, for example.
SaaS, Software as a Service	Demand-orientated provision of software applications (download)
SCP, supplier and commission payments	An automated solution for global payments to companies receiving payments via their credit card acceptance agreement.
Secure element (SE)	Hardware module in a mobile phone where data can be stored securely.
SEPA, single euro payment area	Refers to the euro payment area, which currently comprises 34 countries including the 28 EU member states as well as Ireland, Lichtenstein, Monaco, Norway, San Marino and Switzerland.
Settlement	Processing transactions and depositing the processed transaction with the merchant's contractual bank (acquirer).
Settlement currency	The currency in which settlement is performed in a bank account.

SP-TSM, Service Provider Trusted Service Manager
SP-TSMs ensure secure, smooth connections between the card issuer and an NFC smartphone. Services include adding virtual card data to NFC-enabled SIM cards, and also managing cards in the smartphone.

SWIFT code
An 8 or 11-digit international bank sorting code issued by SWIFT (Society for Worldwide Interbank Financial Telecommunication) to identify a bank in international payment transactions.

Tokenisation
Sensitive data, such as credit card numbers, is replaced by reference values or “tokens”. This can be used without restriction by systems and applications, whereas the original data is saved in a secure, PCI-conform data-safe.

Trust Evaluation Suite
Part of risk management. Through a comprehensive 360-degree assessment, it provides retailers with all relevant information on the consumer in real time and in an automated way.

Virtual card
A payment card that only comprises a card number, a validity period and a security code, and which can only be used in distance transactions (online, MOTO payments) due to the missing physical features (such as a magnetic strip, EMV chip).

Virtual account number
A 10-digit, purpose-linked account number with Wirecard Bank AG, comprising a 3-digit constant part and a 7-digit variable part, which can be freely selected by the company and which clearly identifies the designated purpose and the sender.

Virtual terminal, Wirecard Checkout Terminal
Internet-assisted user interface for payment acceptance (including via MOTO), which is used in call centres, for example. Allows direct payment acceptance without signature by the paying party. Risk management checks are performed as for online payments.

WEP, Wirecard Enterprise Portal
Wirecard AG’s web-based management and reporting application which provides merchants with all the functions needed to manage payment transactions, adding risk strategies, managing card portfolios and creating reports and statistics.

White label solution
Wirecard solutions which companies create with their own corporate design and offer under their own name.

WIRECARD PAYMENT SCHEMES

PAYMENT METHOD TYPES

- **ELECTRONIC FUNDS TRANSFER:** Direct Debit, Wire Transfer
- **ONLINE BANKING PAYMENTS:** Real-time bank transfer
- **ALTERNATIVE PAYMENT SCHEMES:** Wallet, Cash/Voucher, Online/Offline
- **MOBILE SERVICES:** Mobile payments
- **CARD PAYMENTS:** Credit Cards, Debit Cards

ASIA, ASIA PACIFIC

- MasterCard, Visa, American Express, JCB, Diners International/ Discover, UnionPay
- Swift
- PayPal, Skrill Digital Wallet, MasterPass, Wire Transfer

Australia

- POLi

China

- Alipay

Indonesia

- mopay/Boku

Malaysia

- Maybank2u, CIMB Clicks

New Zealand

- POLi

Philippines

- Maybank2u, CIMB Clicks

Singapore

- Maybank2u, CIMB Clicks

Thailand

- mopay/Boku

AFRICA

- MasterCard, Visa, American Express, JCB, Diners International/ Discover, UnionPay
- Swift
- PayPal, Skrill Digital Wallet, MasterPass, Wire Transfer

South Africa

- mopay/Boku

LATIN AMERICA

- MasterCard, Visa, American Express, JCB, Diners International/ Discover, UnionPay
- Swift
- PayPal, Skrill Digital Wallet, MasterPass, Wire Transfer

Brazil

- Transferencia Bradesco, Debito Bradesco
- Boleto Bancário, Merecado Pago

Mexico

- mopay/Boku

NORTH AMERICA

- MasterCard, Visa, American Express, JCB, Diners International/ Discover, UnionPay
- Swift
- PayPal, Skrill Digital Wallet, MasterPass, Wire Transfer

USA

- Apple Pay

Canada

- mopay/Boku

EUROPE, EAST. EUROPE, RUSSIA

- MasterCard, Visa, American Express, JCB, Diners International/ Discover, UnionPay Maestro, VPay
- PayPal, Skrill Digital Wallet, MasterPass, Wire Transfer paysafecard, mopay/Boku
- SEPA Direct Debit, SEPA Credit Transfer, Swift
- Skrill Direct

Austria

- eps, Sofortüberweisung.de
- Klarna, Payolution
- paybox

Belgium

- Sofortüberweisung.de, Bancontact/Mister Cash

Bulgaria

- ePay.bg

Czech Republic

- eKonto, TatraPay

Denmark

- Klarna

Estonia

- Trustly

Finland

- Trustly, Euteller
- Klarna

France

- Sofortüberweisung.de

Germany

- giropay, Sofortüberweisung.de
- Guaranteed Installments, Guaranteed Payment on Invoice, Klarna
- mPass, YAPITAL

Italy

- Sofortüberweisung.de

Netherlands

- iDEAL, Sofortüberweisung.de
- Klarna

Norway

- Klarna

Poland

- Trustly, Przelewy24, Sofortüberweisung.de

Russia

- Moneta.ru, YandexMoney

Sweden

- Trustly
- Klarna

Switzerland

- Sofortüberweisung.de

Spain

- Sofortüberweisung.de

Ukraine

- Moneta.ru, YandexMoney

United Kingdom

- Sofortüberweisung.de

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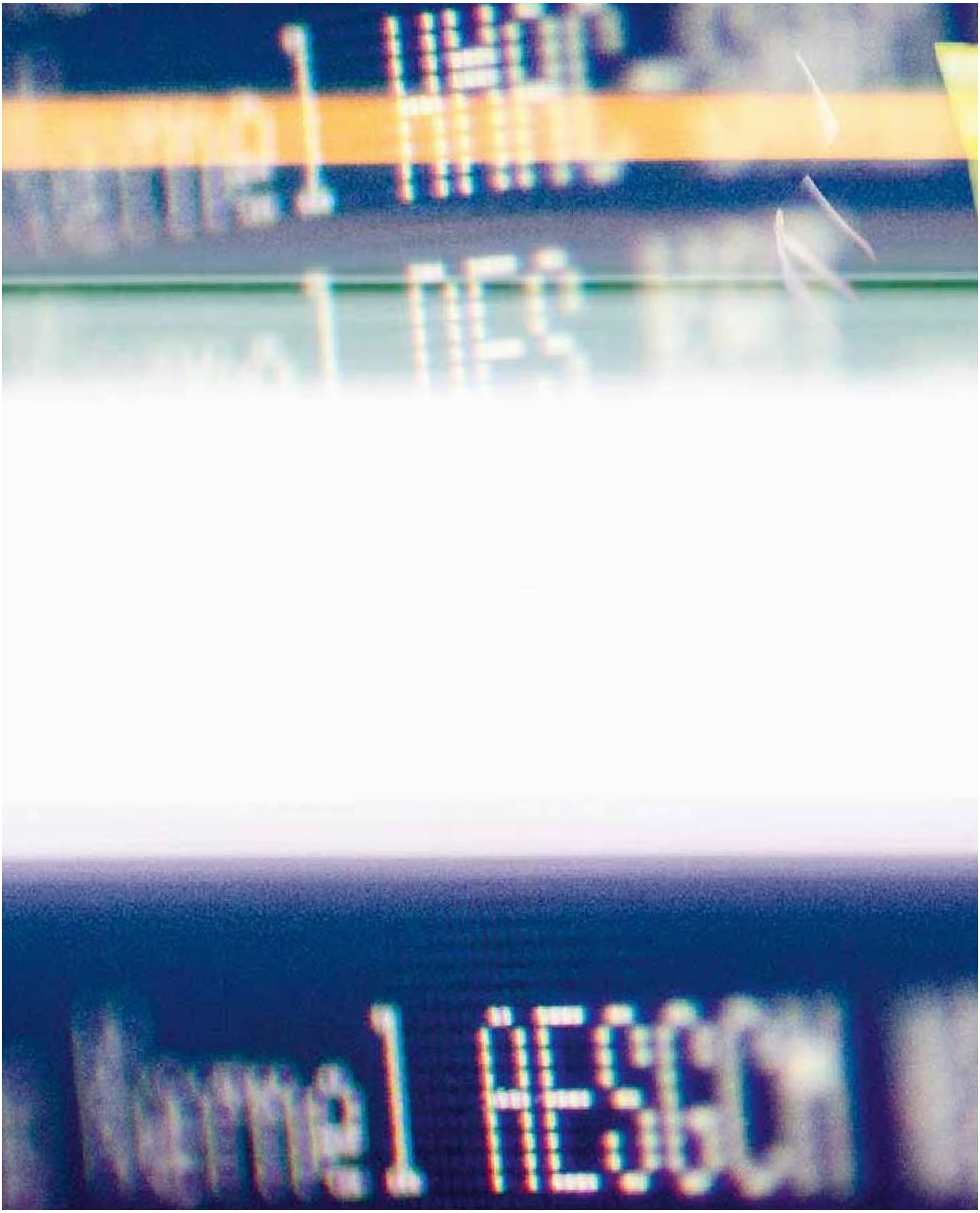

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