1. Who owns the Emerging Markets Investment Fund 1A? Why did Wirecard do the 10/27/15 transactions partially through EMIF?

EMIF is a Mauritius-based, private equity company focusing on Indian growth companies (www.emergingindia.mu).

The following assets were part of the purchase agreement Wirecard signed with EMIF 1A:

- Hermes i-Tickets Private Ltd (Chennai);
- GI Philippines Corp (Manila);
- Star Global Currency Exchange Private Ltd (Bangalore); and
- A 10% stake in GI Technology Private Ltd (Chennai), 60% following capital increase.

Wirecard acquired these assets from EMIF. They were not acquired “through” EMIF on behalf of GI Retail, or acquired from GI Retail. EMIF was not a “conduit”.

Other than negotiating this deal with EMIF and acquiring the assets above from them, Wirecard has no direct or indirect relationship with this private equity company and never has had.

2. The press release announcing the Great Indian purchase says the “StarGlobal” brand is part of the deal, but no regulatory filings prior to that date suggest any ownership connection to GI Retail Group. Please explain how Star Global was considered part of the GI Retail Group as of October 2015?

Star Global was not considered part of the GI Retail Group. As explained above, Wirecard acquired several assets from EMIF. Star Global was one of these.

3. Did Wirecard fund EMIF to purchase Goomo and Orbit? What is the relationship between Goomo and Orbit, and Great Indian Retail Group?
No. Goomo and Orbit are the travel business of GI Retail. Wirecard only acquired the payment business of GI Retail, from EMIF.

4. If Hermes was purchased for about EUR 37 million, how could it be responsible “above all” for an increase of EUR 273 million in Goodwill, per your 2015 annual report?

Wirecard did not purchase Hermes from GI Retail. It did not purchase Hermes for “about EUR 37 million”.

FDI filings only show money inflow in India. Given Wirecard paid EMIF, which is based outside India, it is unsurprising that the figure in FDI filings is lower than Wirecard’s purchase price.

Prior to acquiring the Indian assets, extensive financial, tax and legal due diligence was carried out for Wirecard by reputable professional advisers.

In the period between the JM Financial pitch document (September 2014) and Wirecard’s acquisition (December 2015), the market in India changed substantially. GDP continued to improve from US$1,856.72bn in 2013 to US$2,089.87bn in 2015, to US$2,263.79bn in 2016 and with the IMF projecting between 6-7% annual increases for 2017-2019. The digitalisation of the payment market has grown and is growing at an even greater rate, meaning that the valuations of Indian payment companies increased substantially and continues to do so. External economists expect this growth to continue over the next decade. Considering these aspects, the current value of the Indian assets is more than double than the price Wirecard paid.

5. What is the relationship between Wirecard and Senjo?

Senjō is a fintech company headquartered in Singapore with operations around the world. It is a business partner of Wirecard.

6. In the 9/26/14 Investment Note that JM Financial used to obtain prospective interest in purchasing Hermes in the fall of 2014, it sought a purchase price of about EUR 46 million. Can you briefly describe what occurred in the 13 months period to make Great Indian Retail (i.e. Hermes) and the 60% stake in Great Indian Technology five-times more valuable?
Wirecard cannot comment on alleged third-party estimations.

It is wrong to compare the purchase price Wirecard paid for all of the Indian assets with other sums set out in the article. This ignores substantial changes in the market between the date of the Hermes pitch document (September 2014) and when Wirecard acquired the assets (end of 2015) as listed in the answer to Question 4.

The article neglects to note the substantial increase in the volume of transactions, revenue and profitability of Hermes in the relevant period of time, which increased Hermes’ valuation by the time Wirecard acquired it.

Hermes and GIT hold a unique position on the Indian market, repeatedly being recognised as India’s largest domestic non-bank remitter on IMPS by NPCI. In line with the growth projections and business strategy presented to Wirecard during the due diligence, the companies have introduced a range of new products and services (as can be seen from press releases) and have shown an excellent growth track record in line with pre-acquisition projections.

The fundamentals recorded:

• Calendar Year 2015: EUR 7.3m EBITDA

• Calendar Year 2016: EUR 14.9m EBITDA

• First nine months of Calendar Year 2017: EUR 13.8m (expectation for full Calendar Year is approximately EUR 20m EBITDA).