



Strictly private & confidential

29 November 2019

**To:**

Thomas Eichelmann  
Member of the Supervisory Board of Wirecard AG  
Einsteinring 35  
85609 Aschheim, Germany

**Copying:**

Sven-Olaf Leitz  
KPMG AG Wirtschaftsprüfungsgesellschaft  
The Squire, Am Flughafen  
60549 Frankfurt am Main, Germany

Wulf Matthias  
Stefan Klestil  
Anastassia Lauterbach  
Vuyiswa V. M'Cwabeni  
Susana Quintana-Plaza  
Members of the Supervisory Board of Wirecard AG  
Einsteinring 35  
85609 Aschheim, Germany

Dear Thomas,

We are writing to you as the supervisory board member overseeing the special KPMG audit.

We are deeply concerned that Wirecard's corporate filings may not provide an accurate representation of the company's financial situation. We have conducted significant research and reviewed many publicly available documents, which in our minds cast doubt on the veracity of the public accounts of Wirecard.

As such, we welcome the decision of the supervisory board to appoint KPMG to conduct a special investigation, which has become necessary in light of the allegations raised and evidence presented by various sources.

7 Clifford Street, London, W1S 2FT Telephone: +44 (0) 20 7440 2330

TCI Fund Management Limited is a private limited company incorporated and existing under the laws of England and Wales with registered number 08898250

Authorised and regulated by the Financial Conduct Authority



**Strictly private & confidential**

As the KPMG audit is seen as an independent verification of the company's financial reporting, it is absolutely critical that KPMG conducts a comprehensive and rigorous review, covering

- (1) Wirecard's network of third party acquirers that was exposed by the Financial Times (FT), including Al Alam, Senjo Group and PayEasy
- (2) Wirecard's acquisition of Hermes from the Emerging Markets Investment Fund 1A (EMIF) and associated transactions revealed by Rajah & Tann
- (3) The nature of loans and receivables recorded on Wirecard's balance sheet

After Wirecard's most recent earnings presentation, we are concerned that Wirecard has defined the scope of the KPMG audit too narrowly, ignoring material potential irregularities.

We appeal to your fiduciary duties as a member of Wirecard's supervisory board to ensure a rigorous investigation covering all allegations. We remind you of your personal liabilities as a member of the supervisory board.

**KPMG must scrutinize Wirecard's partner network**

The Financial Times (FT) has released several internal documents detailing three of Wirecard's partners: Al Alam, Senjo Group and PayEasy. Wirecard has refused to provide any explanation for its relationships with Senjo Group and PayEasy. The explanation for Al Alam has been entirely unsatisfactory. We have been unable to obtain any meaningful information about these partners online, despite them processing over €14 billion of payments volume in 2016.

The internal documents and spreadsheets released by the FT raise serious concerns around the substance of Wirecard's underlying business. The spreadsheets suggest that over 50% of revenue and over 90% of EBITDA in 2016 was generated through these three partners.

Our analysis of these spreadsheets casts doubt on the authenticity of the underlying transaction data. We have noticed a strange pattern in the average monthly transaction volumes for Al Alam, which is not plausible. Please refer to Appendix A.

In addition, we think it is critical that KPMG investigates the full extent of financing that Wirecard has provided to its partners. One such example is Senjo Group, which has received a €25 million loan from Wirecard.

KPMG must rigorously investigate Wirecard's partner network

- (1) Who are the controlling shareholders of Al Alam, Senjo Group and PayEasy
- (2) What percentage of Wirecard's revenue and EBITDA still comes from these partners

**7 Clifford Street, London, W1S 2FT      Telephone: +44 (0) 20 7440 2330**

**TCI Fund Management Limited is a private limited company incorporated and existing under the laws of England and Wales with registered number 08898250**

**Authorised and regulated by the Financial Conduct Authority**



Strictly private & confidential

- (3) How much financing has Wirecard extended to its partners in the form of loans or receivables
- (4) Who are the third party acquirers to which Wirecard's partners, such as Al Alam, are connected
- (5) KPMG must verify all of Wirecard's customers and the associated revenue processed through these partners

**The acquisition of Hermes must be part of the KPMG investigation**

Based on documents filed by the selling shareholders in court and other documents we have seen (Appendices B and C), EMIF acquired India based Hermes i-Tickets Private Ltd (and other assets) from Great Indian Retail (GIR) in September 2015 for a total consideration of approximately €40 million. One month later, in October 2015, Wirecard announced the acquisition of these assets from EMIF for a total consideration of €325 million, including €110 million of earn-outs. This suggests that Mauritius based EMIF made a profit of approximately €285 million in just one month. Proceedings involving Wirecard are currently taking place at the English High Court of Justice.

Until today, Wirecard has not disclosed the beneficial owners of EMIF. In a lawsuit in India, the Ramasamy brothers (former majority shareholders of Hermes) have described Henry O'Sullivan as a beneficial owner of EMIF. They also associate him with Senjo Group. Moreover, Henry O'Sullivan used to be a director of Bijlipay Asia Pte. Ltd; Bijlipay is a solution sold by Wirecard in India. Please refer to Appendices C and D.

In court documents filed in England, the former minority shareholders of Hermes claim that Wirecard had started drafting the SPA to buy Hermes from EMIF before EMIF had actually acquired Hermes from GIR. This suggests that Wirecard knew about the huge profit EMIF was about to make. Please refer to Appendix E.

Moreover, we are very concerned that EMIF has provided financial investment to entities that later entered into fictitious transactions with Wirecard. Specifically, the preliminary report by Rajah & Tann, which was mandated by Wirecard to investigate irregularities in Singapore (a copy of which is publicly available), identifies Orbit Corporate & Leisure Travels as a party with which Hermes (at the time owned by Wirecard) entered into a backdated agreement. We have seen several documents suggesting that EMIF has invested in Orbit and Goomo Holdings Pte. Ltd., which we understand is affiliated with Orbit. Please refer to Appendices F and G.

In our opinion, there is a material risk that funds paid by Wirecard to EMIF have been channeled to parties with which Wirecard later entered into fictitious transactions. We are therefore concerned that

**7 Clifford Street, London, W1S 2FT      Telephone: +44 (0) 20 7440 2330**

TCI Fund Management Limited is a private limited company incorporated and existing under the laws of England and Wales with registered number 08898250

Authorised and regulated by the Financial Conduct Authority



**Strictly private & confidential**

Wirecard has engaged in a 'round-tripping scheme' with the purpose of inflating revenues. Moreover, the transaction presents a risk that certain executives of Wirecard have engaged in fraudulent activities.

The acquisition of Hermes must be included in the scope of the KPMG audit

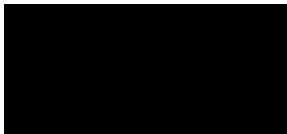
- (1) Who are the beneficial owners and controlling shareholders of EMIF
- (2) Was Wirecard aware of the purchase price EMIF paid for Hermes
- (3) To what extent have entities owned and funded by EMIF engaged with subsidiaries of Wirecard

As the supervisory board member overseeing the KPMG audit, we urge you to take our concerns seriously and define an adequate scope for the KPMG audit, covering all of the described irregularities.

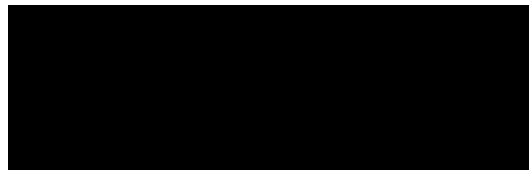
For disclosure, TCI Fund Management Limited holds a position in Wirecard and as such could profit from any movement in Wirecard's share price.

This letter is confidential and should not be forwarded to anyone other than the addressees of this letter without our permission. Please let us know if you would like to discuss any of these issues, we look forward to your response.

Yours sincerely,



Chris Hohn



Max Schroeder



**7 Clifford Street, London, W1S 2FT**

**Telephone: +44 (0) 20 7440 2330**

**TCI Fund Management Limited is a private limited company incorporated and existing under the laws of England and Wales with registered number 08898250**

**Authorised and regulated by the Financial Conduct Authority**