



UMT United Mobility **Technology** AG

Financial Report for the First Half of 2018

Interim Consolidated Management Report and Abbreviated Consolidated Financial Statements for the Period from 1 January to 30 June 2018

Table of Contents

To our Shareholders

Letter from the Management Board	03
Highlights of the first half of 2018	05

Consolidated Management Report

Foundations of UMT Group	07
Economic Report	08
Financial, Earnings and Liquidity Position of UMT Group	11
Earnings and Liquidity Position of UMT AG	12
Report on Risks and Opportunities	13
Outlook	15

Abbreviated Interim Financial Statements of UMT Group

Consolidated Balance Sheet	17
Consolidated Income Statement	18
Balance Sheet of UMT AG	19
Income Statement of UMT AG	20
Abbreviated Consolidated Notes	21

To our Shareholders

Letter from the Management Board

Dear shareholders,

The payment process is changing. Digital cashless technologies have long determined the way we pay our bills, both in stationary retail and, of course, online. Cashless technologies, including credit cards, online banking and smart phones (mobile payment), are on the rise, and this trend is beginning to reach the country which is most devoted to cash: Germany. The trend was reinforced by the launch in June of Google's payment service Google Pay as the first major international provider of mobile payment solutions in Germany. Apple announced in early August that it would be launching its payment service, Apple Pay, in Germany before the end of 2018.

Strong revenue and earnings growth

As an innovative provider of cashless payment solutions, UMT AG was able to benefit in a very strong and significant way from this positive trend in the first half of 2018. Its revenues were up around 62% in the reporting period, to TEUR 5,325 (previous year: TEUR 3,107), while consolidated net income improved at an even faster pace, doubling from TEUR 225 in the first half of last year to TEUR 485.

In-demand technologies, clear strategy

Our strategy of making UMT Group into an innovative full-service provider of cashless payment technology has been successful.

On our way towards accomplishing this goal, we achieved some key milestones in the first half of 2018, offering a broad range of services for mobile payment, cryptocurrencies and loyalty applications. One focus was adding payment services (clearing/PSP) and acquiring, as well as e-money payments and banking services for corporate and private clients. This step will allow us to comply with regulations and requirements (e.g. PSD2) while at the same time meeting the needs of our customers and consumers in the best possible way. These new services will allow UMT to save on costs for third-party providers and provide a platform which offers customers an even greater diversity of payment, financial, loyalty and crypto-market products.

Another key operational focus was implementing the PAYBACK PAY project, as well as further development of the mobile payment function within the new PAYBACK app. The retailers which were successfully connected in the past two years, such as dm, real, Aral, GALERIA Kaufhof, Alnatura, REWE, Thalia and TeeGschwender, were joined this year by PENNY, the first discount supermarket chain with UMT technology, with a total of 2,180 stores in Germany. Our partner PAYBACK is ideally positioned in the market, with its own app combined with our trailblazing payment function and numerous points of acceptance.

Seeing competition as an opportunity

We plan to extend the value chain in the payment sector and substantially increase our service range. As previously announced, we have long been working on a payment services app of our own, called LOYAL, which will be launched this year. We see our app as a digital Swiss Army Knife, a meta-app which combines multiple services in a single app so as to give our customers a high degree of flexibility and allow them to make their own decisions. Our users will not have to choose a provider. This is one reason why we are in a good position to compete with big players like Google and Apple, whose payment services already have a presence in Germany or will soon have one.

Given our strong orders on hand, the advanced state of our negotiations with potential customers and the upcoming launch of our meta-payment service app, LOYAL, in 2018, we expect UMT Group's strong performance to continue in the second half of 2018. The Management Board reaffirms its forecast of consolidated revenue and earnings growth in the high double-digit range for 2018 as a whole. We also expect a clear improvement in operating profit despite the continuing need for heavy investments in specialized personnel, new products and further expansion of the Group's technical infrastructure.

I would like to thank UMT Group's employees for their strong commitment and our business partners for their loyal and enriching cooperation. I would also like to thank the Supervisory Board for our constructive dialogue and, especially, the shareholders, for their trust and loyalty.

Best regards,



Dr. Albert Wahl
CEO of UMT United Mobility Technology AG

Highlights from the 1st half of 2018:

13 March 2018

UMT announces strategic decision for vertical integration all along the value chain, offering payment, acquiring and banking services

UMT AG has decided to develop key elements of its value chain. The company will be adding payment (PSP) and acquiring services, e-money payments and banking services for corporate and private clients, in compliance with the various applicable regulations imposed by financial regulators.

23 March 2018

UMT gains new customers and forges broad strategic partnership with UTRUST

UMT AG and UTRUST Switzerland AG have forged a broad strategic partnership, joining forces to further revolutionize the way payments and transactions are processed. The partnership serves to extend and further develop UMT technology in order to integrate UTRUST's escrow function in the crypto-market. It includes the financing and operation of a transaction platform for crypto- and fiat currencies based on innovative and forward-looking Blockchain technology.

23 April 2018

PAYBACK launches nationwide with PENNY: the first discount supermarket with UMT technology in Germany

PAYBACK, Germany's largest bonus program, is adding yet another partner to its portfolio. Today, PENNY will become the first discount supermarket to allow its customers to conveniently collect and redeem valuable PAYBACK points while shopping. Points are available in all 2,180 PENNY stores throughout Germany. Points can be collected at PENNY with all PAYBACK cards or with the new card in PENNY Look. Another convenient option is using the PAYBACK app, whose PAY function is based on UMT technology. This app now allows customers to collect points, activate coupons and pay with their cell phones.

18 May 2018

UMT publishes 2017 consolidated financial statements and 2018 outlook

UMT United Mobility Technology AG published its 2017 Annual Report. The Group was able to post significant growth in revenues, total performance and earnings in the past year. Total performance was up 94.4%, to TEUR 9,224 (year before: TEUR 4,745). Revenue growth was especially strong, as revenues more than quadrupled to TEUR 6,503 (year before: TEUR 1,518). Consolidated gross earnings amounted to TEUR 4,450 (year before: TEUR 3,759). Consolidated earnings before interest and taxes (EBIT) also showed strong growth, climbing to TEUR 550 from TEUR 347 in the previous year. UMT Group finished Financial Year 2017 with TEUR 328 in consolidated net income (year before: TEUR 207).

29 June 2018

UMT AG's 2018 annual meeting

The 2018 annual meeting of UMT United Mobility Technology AG was held on 29 June 2018 in the conference room of Bayerische Börse AG in Munich. The Management Board reported to the shareholders and guests about the positive course of business in 2017 and provided an outlook for the present financial year, 2018. The shareholders discharged the Management Board and Supervisory Board and approved all agenda items by a large majority.

Abbreviated 2018 Interim Management Report

Given the ties which UMT United Mobility Technology AG maintains with the Group and its significance within the Group, reference is made to the statements in the consolidated financial statements with regard to economic conditions, opportunities and risks. Those statements reflect expectations for the parent company as well.

Foundations of UMT Group

As a publicly traded parent company, UMT United Mobility Technology AG (UMT) supports innovative companies using a practical and highly entrepreneurial approach. UMT Group offers customers such as PAYBACK (American Express Group) customized services and solutions for mobile and electronic payment systems, as well as in Blockchain and data analytics. UMT acts as a key link between all relevant partners, including large retail chains, banks, bonus program providers and consumers. UMT technology is currently being used live in around 16,000 stores and 71,000 points of sale based on UMT's mobile payment and loyalty platform and related services, which are offered primarily as white label solutions as part of a licensing model. These offerings make UMT Europe's leading provider of mobile payment technology and integration services. UMT also provides services in connection with customer loyalty programs and smart data all along the value chain, as well as consulting services relating to ICOs (Initial Coin Offerings).

Subsidiaries and investments

UMT holds shares in UMS United Mobile Services GmbH (UMS) in Munich and in Riga-based iPAYst LLC. Another subsidiary is Mobile Payment System España S.L. in Barcelona. UMT Group also holds shares in the Istanbul-based UMT Turkey Mobil A.S., SEKS – Serial Entrepreneurship Knowledge Society in Barcelona and UMT USA Inc. in California. As of May 2017, UMT also holds a majority interest in UMT Peaches Mobile GmbH (formerly PEACHES Mobile GmbH) in Wiesbaden.

Innovation, Research and Development

UMT Group offers its customers innovative and flexibly customized solutions along the entire mobile payment and loyalty value chain and in the field of smart data. Innovations and new mobile technologies are a key component of the Group's strategy. Its focus is on optimizing and developing the basic technology within its own platform, services, and products, with a particular focus on the white label area. A large percentage of the Group's investments flow to UMS. The use of new technologies ensures that resources are utilized efficiently and effectively in a highly dynamic market environment. UMT Group will continue to adapt to the market's requirements with regard to changes in financial technology in order to remain attractive and competitive on a lasting basis.

Economic Report

Conditions in the Sector and in the Economy as a Whole

The German economy continued to grow in the first half of 2018. Germany's Gross Domestic Product (GDP) was up 0.5% in the second quarter of 2018 over the previous quarter. According to Germany's Federal Statistical Office (Destatis), growth in the first quarter of 2018 over the final quarter of 2017 was weaker, 0.4%. Economic growth was boosted by domestic demand, as business investments were also up from the first quarter of 2018. However, growth was inhibited by developments in foreign trade, as imports increased significantly faster than exports. Germany's unemployment rate in June 2018 was 3.4%.

According to recent forecasts by the German Institute for Economic Research (DIW), the German economy is expected to grow by 1.9% this year. Although the pace of economic activity has decreased slightly, the German economy remains in good shape. After a weaker start to the year, DIW experts expect to see stronger growth in the summer. At the same time, the unemployment rate continues to drop and workers are benefiting from higher wages. As a result, private consumption is serving as a key pillar of the German economy.

In the European Union as well, economic growth weakened slightly in the first half of 2018 after five consecutive quarters of strong growth.

In its summer 2018 interim forecast, the European Commission calls for 2.1% GDP growth both in the Euro zone and the European Union as a whole, across all member states.

The pace of growth should increase slightly in the second half of the year due to further improvements in the job market, the decrease in household debt and the continuing stimulative impact of monetary policy.

Conditions in the Sector

Growth in the smart phone market is continuing unabated. Starting from a global volume of 4.3 billion devices in 2017, the Ericsson Mobility Report projects that 6.8 billion smart phones will be in use worldwide by 2023, which would represent an average annual growth rate of around 9%. Mobile data traffic over smart phones is expected to grow at an extremely fast rate over this period, at a pace of around 31% a year. 2018 is also the year which will see the first rollouts of 5G networks and the large-scale launch of the mobile device-based Internet of Things (IoT). 5G and IoT promise new possibilities and applications which will affect not only consumer services, but also a large number of industries whose business models are beginning to undergo a digital transformation.

The mobile payment market is also growing at a very fast pace. According to the market research firm Statista, the mobile payment transaction volume is expected to grow at an annual rate of 35.7% from 2018 to 2022, to EUR 1.2 trillion. The number of users is expected to climb to 977.2 million through 2022. Experts are expecting an average global transaction volume of EUR 662.3 per user in 2018 as a whole.

According to a survey by the US payment service provider First Data, the global prepaid cards market, another relevant market for UMT United Mobility Technology AG, is also gaining customers' favor. It found that not only did 75% of consumers exceed the amounts in their gift cards, but that 44% of them visited stores which they otherwise would not have. 53% of consumers actually visited stores more frequently once they had received a gift card. Mobile gift card apps are a promising trend: in 2017, 52% of consumers who had experience with mobile gift card apps had used such offerings. Reloadable prepaid cards are frequently used in retail, e-commerce and cell phones and have established themselves in recent years as a separate payment form. Prepaid cards work like credit and debit cards, so that they can be used abroad as well. But at the same time, they offer new options like gift cards, whose growing acceptance and popularity are driving market growth.

Conditions in the sector and in the economy as a whole offer a fast-growing and promising market environment for UMT United Mobility Technology's mobile payment and loyalty services. UMT's full-service platform fully meets the individual requirements of retailers and partners and offers sustained added value in the B2B and B2C segments. In establishing its platform as the market standard, UMT Group will benefit from the growing use of mobile payment options worldwide and the increasingly widespread use of smart phones. UMT supports the market entry of new payment service providers and the planned launch this year of its own payment service app, LOYAL, will not only substantially extend the range of services available to UMT customers but will also extend the mobile payment value chain: rather than having to decide on a payment service providers, users will have access to all available offerings.

Course of Business

The first half of 2018 was characterized in part by further extensions to UMT's value chain with the addition of payment services (PSP), acquiring, e-money payments and banking services for corporate and private clients. By taking this step, the company further solidified its unique selling point by complying with the latest regulations (e.g. PSD2) while at the same time meeting customer needs and requirements. These services will make it possible for UMT, as the operator of one of Europe's largest mobile payment platforms, to save on costs for third-party providers and provide a platform which offers customers an even greater diversity of payment, financial, loyalty and cryptocurrency products.

With the acquisition of a majority interest in Wiesbaden-based UMT Peaches Mobile GmbH (formerly PEACHES Mobile GmbH) in May 2017, UMT achieved another major milestone in the extension of its value chain. With prelado, one of the leading online portals in the German digital prepaid market, UMT Group is now operating as a B2C provider in this fast-growing segment.

Another focus of day-to-day operations was on implementing the joint PAYBACK PAY project, as well as further development of the mobile payment function within the PAYBACK app.

The retailers which were successfully connected in the past two years, such as the pharmacy chain dm, real, Aral, GALERIA Kaufhof, Alnatura, REWE, Thalia and TeeGschwendner, were joined this year by PENNY, the first discount supermarket chain with UMT technology, with a total of 2,180 stores in Germany.

Due to extensions to its value chain, the company also allows users to integrate stored value products and digital currencies, or “crypto-currencies.” The strategic partnership forged in March 2018 with UTRUST Switzerland AG serves to extend and further develop UMT technology in order to integrate UTRUST's escrow function in the crypto-market. UTRUST is considered to be the world's first payment platform for cryptocurrencies offering full-scale consumer protection. The partnership includes operation of a joint transaction platform for crypto- and fiat currencies based on innovative and forward-looking Blockchain technology. This move and the extension of its service range in the sphere of Blockchain and cryptocurrencies will significantly extend UMT's value chain in this segment.

Position of UMT Group in Financial Year 2018

Financial, earnings and liquidity position of UMT Group in the first half of 2018

The basis for the presentation of the earnings, liquidity and financial position as well as for the key ratios is the audited annual financial statements as of 31 December 2017 in accordance with the German Commercial Code and the internal reporting of UMT Group for the period from 1 January to 30 June 2018.

Earnings position

Major changes in the earnings position of UMT Group in the first half of 2018 relative to the same period of last year:

UMT Group posted a total performance of TEUR 6,488 in the first half of 2018 (year before: TEUR 4,176). This result was based on revenues from operations (consulting, software as a service, licensing and transaction business) in the amount of TEUR 5,325 (year before: TEUR 3,107), other operating income in the amount of TEUR 163 (year before: TEUR 183) and own work capitalized in the amount of TEUR 1,000 (year before: TEUR 885). Other operating income was largely attributable to the sale of financial assets. Cost of materials (TEUR 3,610) increased significantly over the same period of last year (TEUR 1,557). Personnel expenses decreased to TEUR 573, from TEUR 663 in the previous year. Depreciation increased from TEUR 284 in the first half of 2017 to TEUR 510 in the reporting period. Other operating expenses increased modestly, from TEUR 1,214 in the year before to TEUR 1,276. Interest income amounted to TEUR 0 in the first half (previous year: TEUR 13.3), compared to TEUR 35 in interest and similar expenses (previous year: TEUR 242).

Financial and liquidity position

Major changes in UMT Group's financial situation in the first half of 2018:

The Group had TEUR 29,372 in total assets as of the reporting date, 30 June 2018 (31 December 2017: TEUR 28,107). The non-marketable securities recognized in the previous year (31 December 2017: TEUR 1,832) were reclassified as other securities under current assets (TEUR 1,008). As in the previous year, they are comprised of funds which are invested in a manner similar to money market investments. UMT Group had adequate funds as of 30 June 2018. Liquid funds as of 30 June 2018 amounted to TEUR 860 (31 December 2017: TEUR 338).

UMT Group's shareholders' equity amounted to TEUR 23,058 as of 30 June 2018 (31 December 2017: TEUR 22,625). Debt increased by TEUR 832, to TEUR 6,314 (31 December 2017: TEUR 5,482). Debt is largely accounted for by a subordinated loan to UMT Peaches Mobile GmbH in the amount of TEUR 3,320.

Financial and non-financial performance indicators

Financial performance indicators

UMT Group posted EBIT of TEUR 520 in the first half of 2018 (year before: TEUR 457), and TEUR 485 in consolidated net income (TEUR 225).

Non-financial performance indicators

Personnel

As of 30 June 2018, UMT Group had an average of 24 full-time employees not including the management board and other members of management. The Group's staff is supplemented by a changing number of outside software developers. This is common practice in the industry and allows the company to adapt flexibly to the order situation.

Financial, liquidity and earnings position of UMT United Mobility Technology AG in the first half of 2018

The basis for the presentation of the earnings, liquidity and financial situation as well as for the key ratios is the audited annual financial statements as of 31 December 2017 in accordance with the German Commercial Code and the internal reports of UMT United Mobility Technology AG for the period from 1 January to 30 June 2018.

Earnings Position

Major changes in the earnings position of UMT United Mobility Technology AG in the first half of 2018 compared to the corresponding period from the previous year:

UMT AG earned TEUR 1,550 in revenues (year before: TEUR 1,377) and TEUR 150 in operating income (year before: TEUR 173) in the first half of 2018. Most of the revenues generated are attributable to the white label business, UMT's core business. Personnel expenses (TEUR 97) were about even with the previous year (TEUR 96). Depreciation decreased to TEUR 4.5 (year before: TEUR 5.7). Other operating expenses fell to TEUR 529 (year before: TEUR 769). The largest single item in this regard is advertising and travel expenses, in the amount of TEUR 278 (year before: TEUR 481). Interest income came to TEUR 642 in the first half of 2018 (year before: TEUR 419). It was offset by interest expenses for shareholder loans in the amount of TEUR 35 (year before: TEUR 2425). UMT AG finished the first half with a net income of TEUR 226 (year before: TEUR 844).

Financial and Liquidity Position

Major changes in the financial and liquidity position of UMT United Mobility Technology AG in the first half of 2018:

UMT AG's total capital decreased by TEUR 882 in the first half of 2018, from TEUR 27,424 on 31 December 2017 to TEUR 26,542. UMT's equity ratio increased from 86.3% on 31 December 2017 to 89.8% at the end of the first half of 2018. In absolute figures, shareholders' equity amounted to TEUR 23,847 as of 30 June 2018 (31 December 2017: TEUR 23,673). A major portion of UMT's total assets still consists of the investment in UMS (TEUR 9,649), which accounts for 36.4% of total assets (31 December 2017: 34.3%), while accounts receivable from loans to UMS account for 53.4% of total assets (TEUR 14,164; 31 December 2017: 53.9%; TEUR 14,784). Accordingly, as of 30 June 2018, UMS accounted for 89.7% of UMT's total assets in all (31 December 2017: 88.2%). The debt ratio amounted to 6.1% on 30 June 2018 (31 December 2017: 13.7%) with debt of TEUR 2,695 (31 December 2017: TEUR 3,751). The company had adequate funds as of 30 June 2018. Liquid funds as of 30 June 2018 amounted to TEUR 786 (31 December 2017: TEUR 264).

Report on Risks and Opportunities

Mobile shopping experiences form the basis for the success of mobile payment in Germany. According to the consulting firm GS1 Germany, consumers can look forward to a more seamless offline-offline shopping experience in the coming years as retailers try to integrate mobile options into the "customer journey." While retailers acknowledge a great deal of potential is being wasted, 92% of companies say that analyzing the customer journey is decisive for their success. Nevertheless, 69% of retailers today don't systematically analyze the individual touchpoints of the customer journey. Moreover, only half of all retailers offering mobile payment cite this function in their advertising. The experts at GS1 Germany believe that real movement in the market cannot take place until these mission-critical weak points are identified

According to a representative survey by Germany's digital association, Bitkom, Germans can even imagine going a step beyond mobile payment. One in every five Germans (20%) would be interested in using "peer-to-peer" payment solutions for small transfers from smart phone to smart phone, or is already using them. In 2017, this number was much smaller, 15%. However, another 25% cannot yet imagine using peer-to-peer solutions.

To see mobile payment's potential, we need only look at China, where the established payment methods include Alipay and WeChat Pay.

According to a recent retailer survey by Deutsche Bundesbank in the urban centers of Shanghai, Beijing and Hangzhou, Alipay and WeChat have a combined market share of around 56% in those cities. In the US, consumers now have the option of making private payments (P2P payments) using Facebook Messenger. A variety of P2P payment providers have built up significant reach in Germany and other western countries as well. Combining this reach with interoperability has allowed them to generate new market dynamics. Extending such inter-provider solutions to include point-of-sale payment would increase the acceptance of mobile payment and make it even more attractive for retailers.

In the future, cryptocurrencies will enable micro-transactions in the Internet of Things. For example, the short time at which an electric car is waiting at a traffic light will be used not only to recharge the car's batteries, but also to automatically negotiate and pay the fee to the charging station, all without the driver's involvement. Blockchain technology, which serves as the basis for cryptocurrencies, also offers solutions for the requirements of the General Data Protection Regulation, under which users are to be provided with more complete information about the collection of their personal data and in a more transparent form than was the case before. Blockchain systems combine data storage, transmission and back-up with new access and confirmation procedures to meet the stricter standards in the age of the data economy.

UMT Group continues to operate in a highly fragmented market environment characterized by increasing consolidation. There is a risk that competitors which already hold relevant market share and/or with considerable funds at their disposal will divide the market among themselves.

But providers of white label mobile payment and mobile wallet solutions benefit from the fragmentation of the market, in the form of flexibility and platform-independent access. With its own mobile payment and loyalty technology and the option for integrating a customer loyalty tool, UMT Group remains very well-positioned in this competitive environment. This gives UMT clear competitive advantages, particularly when combined with the possibility of very rapid market entry, high technological penetration in retail and highly efficient development process. Through its partnership with PAYBACK GmbH and the associated integration of the point-of-sale system, UMT Group already accommodates a large number of mobile payment processes in German retail .

The assessment of risks and opportunities has not changed significantly relative to 31 December 2017. Reference is made in this regard to the detailed presentation beginning on Page 21 of UMT Group's 2017 Annual Report, which can be viewed on the company's website, www.umat.ag

Outlook

UMT Group believes that it remains well-positioned as a full-service mobile payment provider, as its technology, when combined with a customer loyalty tool, provides a mobile payment method with key unique selling points relative to other large competitors. These particularly include universal applicability, lack of dependence on individual retailers and the ability to integrate targeted marketing actions and a variety of payment options. UMT's high technological penetration in retail and flexible platform allow retailers to offer customers individualized and customized solutions in a very short amount of time, ensuring rapid market entry and significant competitive advantages.

The targeting of multipliers to maximize acceptance e.g. of PAYBACK continues to play a key role. In the future, UMT will continue to generate revenues from implementation and associated recurring royalties and transaction fees through a licensing model. It should be kept in mind that the transaction business is entering a period of dynamic growth and that UMT is ideally positioned to benefit from this trend in the long run.

UMT Group will also utilize and continue to build upon its extensive technical and operational experience in the spheres of mobile payment, loyalty and capital markets in order to advise companies and start-ups in the successful implementation of Initial Coin Offerings (ICOs) based on Blockchain technology.

In addition, the company will be further extending its value chain over the long term by obtaining its own banking license and adding payment services (PSP) and acquiring, as well as e-money payments and banking services for corporate and private clients. These services will make it possible for UMT, as the operator of one of Germany's largest mobile payment platforms, to save on costs for third-party providers and provide a platform which offers customers an even greater diversity of payment, financial and loyalty products. The planned banking services are to include a hedging function with Bitcoin serving as the margin, allowing Bitcoin investors to temporarily use fiat currencies as well.

The company also plans to invest in a sustained and continuous fashion in developing its product, service and investment portfolio whenever such investments offer added value for its technology platform.

The partnership with UTRUST will extend the company's service range in the sphere of Blockchain and cryptocurrencies in the long term, so that a significant share of its future revenues will come from the cryptocurrency sector. UMT is currently in the process of developing a module of this kind in cooperation with UTRUST.

UMT Group is also planning to launch its own payment service app, LOYAL, in 2018. It will serve as a type of umbrella or meta-app, allowing customers to combine payment services from a variety of providers in a single application.

This will give users a high degree of flexibility and freedom while maximizing acceptance by retailers. In addition to the payment function, users will also have the opportunity to collect points as part of a loyalty program.

With the majority interest in UMT Peaches Mobile GmbH, the joint focus will be on extending prelado's product range by adding customer loyalty tools like gift certificates and coupons, as well as continuing and extending its international positioning. More than 48 million customers already use the prepaid cards issued by the big network operators, Deutsche Telekom, Vodafone and Telefonica, and the total for Germany is 60 million. UMT Group expects to continue to benefit from the considerable potential associated with this trend.

UMT Group will continue to develop and promote technologies which create lasting added value and render expensive and unnecessary processes obsolete. Thanks to the partnerships it has forged, it is in an excellent position to do so. It will also be focusing on strategic extensions to its value chain and products and developing its Blockchain business.

The groundwork has been laid for the company to profit in a lasting fashion from the fast-growing mobile payment, cryptocurrency and loyalty market.

With strong orders on hand and ongoing negotiations with potential customers, UMT's management reaffirms its forecast calling for growth in consolidated revenues and earnings in the high double digits for 2018 as a whole.

Munich, 28 September 2018

Dr. Albert Wahl
CEO of UMT United Mobility Technology AG



Dr. Albert Wahl
CEO of UMT United Mobility Technology AG

Interim Financial Statements of UMT Group

CONSOLIDATED BALANCE SHEET

for 30 June 2018

ASSETS / in EUR		30/06/ 2018	31/12/2017
A.	FIXED ASSETS		
I.	Intangible assets		
1.	Self-created industrial property rights and similar rights and assets	5,287,685.06	4,790,220.00
2.	Goodwill	16,707,793.14	21,995,478.20
II.	Property, plant and equipment		
1.	Other equipment, fixtures, fittings and equipment	15,928.21	20,688.00
2.	Advance payments and assets in process of construction	0.00	15,928.21
III.	Financial assets		
1.	Shares in affiliated companies	13,846.00	13,846.00
2.	Investments	994,527.20	1,041,602.90
3.	Non-marketable securities	0.00	1,008,373.20
1,832,031.79			
B.	CURRENT ASSETS		
I.	Inventories		
1.	Work in process	300,000.00	0.00
2.	Finished products and merchandise	510,788.03	810,788.03
788.03			
II.	Accounts receivable and other assets		
1.	Trade receivables	3,306,437.03	2,874,160.05
2.	Accounts receivable from Group companies	8,875.03	42,315.15
3.	Other assets	329,489.40	3,644,801.46
433,871.06			
III.	Securities		
1.	Other securities	1,025,199.80	0.00
IV.	Cash on hand, Bundesbank balance, bank balances and checks	860,311.93	338,400.02
C.	DEFERRED CHARGES AND PREPAID EXPENSES	11,423.26	11,423.26
		29,372,304.09	28,107,139.40

LIABILITIES / in EUR		30/06/2018	31/12/2017
A.	SHAREHOLDERS' EQUITY		
I.	Subscribed capital	21,033,569.00	21,033,569.00
	Own shares	45,422.00-	11,229.00-
	Called capital	20,988,147.00	21,022,340.00
II.	Capital reserve	4,022,911.05	4,022,911.05
III.	Earnings reserves		
1.	Statutory reserve	6,704.66	6,704.66
2.	Other earnings reserves	728,511.66	735,216.32
745,955.92			
IV.	Loss carry-forward	1,606,221.62-	1,934,606.40-
V.	Cons. net earnings	474,716.34	328,384.78
VI.	Minority shares	1,556,632.52-	1,516,632.52-
B.	PROVISIONS		
1.	Other provisions	86,488.88	111,488.88
C.	ACCOUNTS PAYABLE		
1.	Trade payables	640,909.25	1,147,114.87
	- thereof with a residual term of less than one year: EUR 640,909.25 (EUR 1,147,114.87)		
2.	Accounts payable to other Group companies	5,539,821.28	3,942,690.56
	- thereof with a residual term of less than one year: EUR 2,676.99 (EUR 3,693,670.95)		
3.	Other accounts payable	46,948.11	280,787.60
	- thereof for taxes: EUR 44,256.20 (EUR 25,516.25)		
	- thereof for social security: EUR 897.11 (EUR 584.92)		
	- thereof with a residual term of less than one year: EUR 45,806.49 (EUR 237,242.79)		
		6,227,678.64	280,787.60
		29,372,304.09	28,107,139.40

CONSOLIDATED INCOME STATEMENT

from 1 January 2018 to 30 June 2018 / UMT United Mobility Technology AG Munich

Commercial Code / in EUR	30/06/2018	30/06/2017
1. Revenues	5,325,017.16	3,107,204.40
2. Own work capitalized	1,000,000.00	885,000.00
3. Other operating income	163,199.16	183,300.29
4. Cost of materials		
a. Cost of raw materials and supplies and purchased merchandise	3,284,000.00	1,539,397.84
b. Cost of purchased services	325,501.71	17,553.63
	3,609,501.71	1,556,951.47
5. Personnel expenses		
a. Wages and salaries	496,360.71	573,393.20
b. Social security, pensions and other benefit costs	76,822.73	89,638.76
- thereof for pensions: EUR -98.52 (EUR 0.00)	573,183.44	663,031.96
6. Depreciation on intangible assets and property, plant and equipment	509,511.54	283,939.54
7. Other operating expenses	1,275,626.14	1,214,296.29
8. Other interest and similar income	0.00	13,254.55
9. Depreciation on financial assets and marketable securities	252.39	0.00
10. Interest and similar expenses	35,047.65	241,921.03
11. Taxes on income	59.11	3,655.84
12. After-tax income	485,034.34	224,963.11
13. Other taxes	318.00	46.00
14. Consolidated net income	484,716.34	224,917.11
15. Minority shares	10,000.00-	5,698.57
16. Consolidated net earnings	474,716.34	230,615.68

BALANCE SHEET OF UMT UNITED MOBILITY TECHNOLOGY AG

for 30 June 2018

ASSETS / in EUR	30/06/2018	31/12/2017
A. FIXED ASSETS		
I. Property, plant and equipment		
1. Other equipment, fixtures, fittings and equipment	10,099.69	14,579.00
II. Financial assets		
1. Shares in affiliated companies	9,648,979.25	9,648,979.25
2. Investments	479,540.20	539,615.90
3. Non-marketable securities	0.00	10,128,519.45
1,832,031.79		
B. CURRENT ASSETS		
I. Inventories		
1. Work in process	300,000.00	0.00
II. Accounts receivable and other assets		
1. Trade receivables	66,287.51	134,010.53
2. Accounts receivable from affiliated companies	14,163,896.41	14,783,638.33
3. Accounts receivable from Group companies	8,875.03	42,315.15
4. Other assets	42,471.68	14,281,530.63
154,023.94		
III. Securities		
1. Other securities	1,025,199.80	0.00
IV. Cash on hand, Bundesbank balance, bank balances and checks	786,378.99	264,322.48
C. DEFERRED CHARGES AND PREPAID EXPENSES	10,380.26	10,380.26
	26,542,108.83	27,423,896.64

LIABILITIES / in EUR

	30/06/2018	31/12/2017
A. SHAREHOLDERS' EQUITY		
I. Subscribed capital	21,033,569.00	21,033,569.00
Own shares	45,422.00-	11,229.00-
Called capital	20,988,147.00	21,022,340.00
II. Capital reserve	4,022,911.05	4,022,911.05
III. Earnings reserves		
1. Statutory reserve	6,704.66	6,704.66
2. Other earnings reserves	728,511.66	735,216.32
745,955.92		
IV. Loss carry-forward	2,125,230.18-	1,524,829.55-
V. Net income	225,658.72	600,400.63-
B. PROVISIONS		
1. Other provisions	38,700.00	63,700.00
C. ACCOUNTS PAYABLE		
1. Trade payables	405,619.82	771,338.40
- thereof with a residual term of less than one year EUR 405,619.82 (EUR 771,338.40)		
2. Accounts payable to affiliated companies	0.00	2,029,822.21
- thereof with a residual term of less than one year EUR 0.00 (EUR 2,029,822.21)		
3. Accounts payable to other Group companies	2,220,084.90	622,954.18
- thereof with a residual term of less than one year EUR 2,676.99 (EUR 622,954.18)		
- thereof with a residual term of more than one year EUR 2,217,407.91 (EUR 0.00)		
4. Other accounts payable	31,001.20	2,656,705.92
- thereof to shareholders EUR 0.00 (EUR 248,169.93)		
- thereof for taxes EUR 29,450.91 (EUR 12,173.55)		
- thereof for social security EUR 897.11 (EUR 3,056.92)		
- thereof with a residual term of less than one year EUR 31,001.20 (EUR 263,400.40)		
263,400.40		
	26,542,108.83	27,423,896.64

INCOME STATEMENT OF UMT UNITED MOBILITY TECHNOLOGY AG

from 1 January 2018 to 30 June 2018 / UMT United Mobility Technology AG Munich

Commercial Code / in EUR		30/06/2018	30/06/2017
1.	Revenues	1,550,028.58	1,376,731.00
2.	Other operating income	150,287.38	172,530.44
3.	Cost of materials		
a.	Cost of purchased services	1,248,596.32	8,553.63
4.	Personnel expenses		
a.	Wages and salaries	90,487.14	88,553.93
b.	Social security, pensions and other benefit costs	6,936.82	97,423.96
5.	Depreciation on intangible assets and property, plant and equipment		
a.		4,479.31	5,683.40
6.	Other operating expenses	730,284.94	769,227.26
7.	Other interest and similar income – thereof from affiliated companies: EUR 641,804.08 (EUR 0.00)	641,804.08	419,424.27
8.	Depreciation on financial assets and marketable securities	252.39	0.00
9.	Interest and similar expenses	35,047.29	241,907.79
10.	Taxes on income	59.11	3,655.84
11.	After-tax income	225,976.72	843,634.82
12.	Other taxes	318.00	46.00
13.	Net income	225,658.72	843,588.82

Abbreviated Consolidated Notes of 30 June 2017

I. General Disclosures

Identifying information about the Company according to the court of register

Corporate name acc. to court of register:	UMT United Mobility Technology AG
Registered office acc. to court of register:	Munich
Register entry:	Commercial Register
Court of register:	Munich
Register No.:	B 167884

The interim consolidated financial statements of UMT United Mobility Technology AG were prepared based on the accounting rules of the German Commercial Code (*Handelsgesetzbuch; HGB*).

The interim consolidated financial statements conform to statutory requirements with due regard for generally accepted accounting principles and convey a true and fair view of the company's financial, earnings and liquidity position.

The interim consolidated financial statements consist of the consolidated balance sheet, the consolidated income statement and the consolidated notes.

All disclosures which could be made either in the consolidated balance sheet, the consolidated income statement or the consolidated notes were made in the consolidated notes.

The cost summary method was selected for the income statement.

II. Consolidated Companies

1. Disclosures about all Group companies

In addition to UMS United Mobile Services GmbH, the consolidated financial statements also include Peaches Mobile GmbH, in which the company holds more than half of the voting capital directly.

The following subsidiaries were therefore consolidated for the 2018 Financial Year:

Name of company	Registered office	Share in capital	Consolidation basis
UMS United Mobile Services GmbH	Munich	270,000.00	Subsidiary
UMT Peaches Mobile GmbH	Munich	26,000.00	Majority interest

2. Disclosures about unconsolidated subsidiaries

The following companies were not included in the consolidated financial statements in accordance with the materiality principle: Mobile Payment System España S.L., Barcelona, and iPAYst LLC, Riga.

3. Disclosure of investments in terms of § 271(1) of the Commercial Code

Investments in the following companies are reported pursuant to § 313(2) No. 4 of the Commercial Code :

Corporate name/registered office	Share ownership	Net income TEUR	Equity TEUR
UMT Turkey Mobil Anonim Sirketi, Istanbul	26%	-92	-196
Mobile Payment System Espana S.L., Barcelona	70%	-9	56
iPAYst LLC, Riga	100%	0	-2
UMT USA Inc., Orange, California	10%	0	8

Only the 2016 financial statements were available for these companies.

III. Consolidation Principles

The financial statements of consolidated subsidiaries were prepared in accordance with statutory rules and uniformly in accordance with the accounting policies in effect for UMT United Mobility Technology AG.

1. Disclosures about the consolidation date

The interim consolidated financial statements were prepared for the reporting date in effect for the parent company's individual financial statements.

The reporting date for all companies included in the consolidated financial statements is 30 June 2018.

2. Consolidation of capital

Capital was consolidated using the remeasurement method, subtracting the cost of acquisition from the Group's share in each company's capital at the time of acquisition or at the time of initial consolidation.

3. Consolidation date

The date on which the capital requiring consolidation is determined in terms of § 301(2) of the Commercial Code is generally the date on which the subsidiaries are first included in the consolidated financial statements. In the case of UMT Peaches Mobile GmbH, this date is 15 September 2016. Since 2016 is the first year in which UMT AG prepared consolidated financial statements, the date of initial consolidation for UMS GmbH is 1 January 2016 pursuant to § 301(2) Sentence 3 of the Commercial Code.

4. Differences arising from capital consolidation

In accordance with German Accounting Standard (GAS) No. 23, the negative difference arising from the consolidation of Peaches Mobile GmbH as a result of the capital consolidation has been disclosed separately on the assets side of the balance sheet as goodwill (§ 301(3) Sentence 1 of the Commercial Code).

5. Consolidation of debt

In the course of debt consolidation, reciprocal accounts receivable and payable between the consolidated companies are netted out and eliminated.

6. Consolidation of income and expenses

Internal Group income is netted out with corresponding internal Group expenses.

Income and expenses arising from other transactions between consolidated companies are also netted out.

7. Elimination of interim results

Interim results arising from deliveries and services between Group companies requiring elimination in the consolidated financial statements were not posted in the financial year.

IV. Disclosures Concerning Accounting Policies

The provisions of § 298 of the Commercial Code were observed insofar as they applied to the consolidated financial statements.

In addition to the above provisions, the provisions of the Corporations Act (*Aktiengesetz*) and the LLC Act (*GmbH-Gesetz*) were also observed.

Positive differences arising from capital consolidation are recognized as goodwill. Depreciation will first be performed in the 2018 consolidated financial statements.

Purchased intangible assets are recognized at cost and depreciated, to the extent that they are depreciable.

Self-created intangible assets are recognized in the amount of the development cost. The cost of production includes not only direct expenses but also necessary indirect expenses and depreciation attributable to the production.

Property, plant and equipment are recognized at the cost of purchase or production and depreciated to the extent that it is depreciable.

Shares in non-consolidated affiliated companies are recognized at the cost of purchase or at fair value, if lower.

Depreciation is performed in a straight-line manner based on the expected useful life of the asset.

Financial assets are recognized and measured as follows:

- shares in affiliated companies at cost
- investments at the cost of acquisition
- other securities at the cost of acquisition.

Inventories are recognized at the cost of acquisition or production or at fair value as of the reporting date, whichever is lower.

Accounts receivable and securities are measured with due regard for all identifiable risks.

Other provisions are formed for all other contingent liabilities. All identifiable risks are taken into account in this regard.

Liabilities are recognized at their settlement value.

V. Notes to the Consolidated Balance Sheet

1. UMT Peaches GmbH

UMT Peaches GmbH has not made available any financial data or its interim financial statements for 30 June 2018 before the cutoff date of 20 September 2018. Accordingly, it was included in the interim consolidated financial statements based on existing forecasts and estimates.

2. Deferred tax assets

The option to claim deferred tax assets was not exercised.

3. Deferred tax liabilities

No deferred tax liabilities were recognized.

4. Liabilities arising from undisclosed other financial obligations

Liabilities in terms of § 268(7) of the Commercial Code in conjunction with § 251 of the Commercial Code exist based on the company's liability towards PAYBACK arising from the 5th Additional Agreement, which is limited to EUR 1 million. The risk that claims will be asserted is considered to very low. UMT AG has obtained a bank guarantee in the same amount to cover this risk. A securities account has been pledged as collateral. In addition, the accounts payable to SWM Treuhand AG are secured through the assignment of assets by UMS United Mobile Services GmbH.

No capital was available for distribution as of 31 December 2018.

In addition, the following distribution freezes existed, for a grand total of TEUR 6,011:

Firstly, a distribution freeze in the amount of TEUR 723 existed as of 31 December 2018 based on own shares held by the company (year before: TEUR 706; reduction in earnings reserve through the purchase of own shares).

Secondly, a total of TEUR 5,288 is subject to a distribution freeze pursuant to § 268(8) of the Commercial Code. This amount conforms to total capitalized development expenses in the financial year (less depreciation) for companies included in the consolidated financial statements. Research is not conducted. This amount relates to the capitalization of self-created intangible assets.

VI. Disclosures Concerning the Consolidated Income Statement

Own work capitalized consists of capitalized expenses in Financial Year 2018 (including expenses for freelance employees and outside companies) for development of the core system, as well as development of the software used in the PAYBACK PAY app, including the Group's share of indirect expenses.

VII. Other Disclosures

1. Average number of employees during the financial year

The average number of Group employees during the financial year was 24.

2. Other mandatory disclosures in accordance with the Corporations Act

Disclosures concerning the holding, purchase and sale of own shares

The company purchased 36,193 own shares in the financial year (statement of equity, additions: own shares acquired), for which EUR 36,193.00 was subtracted from the capital stock and EUR 18,593.40 from the earnings reserves. 2,000 own shares were sold for sales proceeds of EUR 3,139.14 (statement of equity: shares issued), for which EUR 2,000 was added to the capital stock and EUR 1,149.14 to the company's earnings reserves. The proceeds were used for investments in current projects and strengthen the capital base. As of 30 June 2018, the company held 45,422 own shares (year before: 11,229).

Disclosures concerning share classes

As of 31 December 2018, the capital stock consists of 21,033,569 bearer shares with a par value of EUR 1.00 each. As of last year's reporting date, the capital stock consisted of 17,476,856 bearer shares with a par value of EUR 1.00 each.

Disclosures concerning authorized capital

The authorized capital adopted by the shareholders on 30 June 2017, in an amount of up to EUR 8,738,428.00, was cancelled by the shareholders at the annual meeting on 29 June 2018.

At the annual meeting on 29 June 2018, the Management Board was authorized, with the consent of the Supervisory Board, to raise the capital stock by up to EUR 10,516,784, at once or in multiple stages, until the passage of five years since entry of the amendment to the Articles of Association into the Commercial Register, by issuing up to 10,516,784 new shares in exchange for cash and/or non-cash contributions, while excluding shareholder preemption rights

- in order to eliminate fractional amounts;
- for capital increases in exchange for cash contributions provided the issue price for the new shares for which preemption rights are excluded is not substantially lower than the market price for shares already listed on the stock exchange and the number of shares issued with preemption rights excluded does not exceed 10% of the capital stock in all;
- for capital increases in exchange for non-cash contributions, if the increase is conducted for the purpose of acquiring companies, business units or investments in companies or other assets;
- insofar as the new shares are subscribed by a third party which is not a bank and it is ensured that the shareholders will be granted indirect preemption rights;
- if the capital increase is in the well-understood interest of the company.

Names of the Management Board members

The parent company's business was conducted by the following person in the past financial year

Dr. Albert Wahl, Chief Executive Officer

4. Supervisory Board

Composition of the parent company's Supervisory Board:

Chairman: Walter Raizner, self-employed consultant; Zug

Deputy Chairman: Markus Wenner, Managing Partner at GCI Management Consulting GmbH; Munich

Member: Clemens Jakopitsch, self-employed business consultant, Ludmannsdorf, Austria

The total remuneration paid to the Supervisory Board in the first half of Financial Year 2017 was TEUR 0.00.

Munich, 28 September 2018

Dr. Albert Wahl
CEO of UMT United Mobility Technology AG





Financial Report for the First Half of 2018

UMT United Mobility Technology AG
Brienner Straße 7
80333 Munich