



Annual Financial Statements
*as of 31 December 2016**

Table of Contents

Management Report	03
Foundations of the Company	03
Economic Report	03
Situation, Including Earnings, Financial and Liquidity Situation	08
Forecasts, Opportunities and Risks	10
 2016 Financial Statements	 16
Balance Sheet	16
Income Statement	17
Notes to the Financial Statements	18
Statement of Shareholders' Equity	23
Cash Flow Statement	24

Management Report

Foundations of the Company

Business Model

As a publicly traded parent corporation, UMT United Mobility Technology AG (UMT) supports innovative enterprises with a highly entrepreneurial, implementation-oriented approach. UMT Group offers its customers services and solutions on an international basis, particularly for mobile and electronic payment systems and in data analytics. These are based on the company's mobile payment and loyalty platform and the associated services, which are primarily offered using a licensing model, as white label solutions in the form of "mobile wallets." UMT also provides consulting services to its corporate clients in connection with mobile payment and loyalty. These offerings make UMT one of the leading providers of mobile payment technology and integration services in Germany.

Subsidiaries and investments:

UMT holds shares in UMS United Mobile Services GmbH (UMS) in Munich and in the Riga-based iPAYst LLC. Another subsidiary is Mobile Payment System Espana S.L. in Barcelona. UMT Group also holds shares in the Istanbul-based UMT Turkey Mobil A.S., SEKS – Serial Entrepreneurship Knowledge Society S.L. in Barcelona and Delinski GmbH in Vienna, as well as UMT USA Inc. in California.

Economic Report

Conditions in the Sector and the Economy as a Whole

With more than 20 billion devices and machines connected over the internet, a number which experts expect to grow to around half a trillion by 2030, the digitization and networking of society are already playing a decisive role in driving growth and prosperity in Germany. Aside from being a major sector of the economy and a key technological segment, the digital sector is driving digitization in businesses, society and the workplace. As an export-driven economy, Germany's digital sector is driven both by domestic growth and the performance of the global economy.

The global economy continued to grow at a moderate pace in 2016, with forecasts from the International Monetary Fund (IMF) calling for 3.1 percent growth. This is attributable to the British exit from the EU and weaker-than-expected growth in the United States. The economic situation in Germany in 2016 was once again characterized by solid and steady economic growth. According to data from the Federal Statistical Office, Germany's inflation-adjusted gross domestic product (GDP) grew at an unexpectedly strong pace of 1.9% in 2016, up from 1.7% in the previous year. This was one half percent above the average of 1.4% for the past ten years.

Smart phones are the technological product which is most used most intensively by consumers. Demand for smart phones is being driven by a wide range of exciting innovations, such as mobile payment and mobile health care services, as well as smart home functions and virtual reality. Moreover, smart phones are themselves driving the growth of digitization and networking and will therefore become increasingly important for consumers, even in developed economies. The smart phone market continued to grow in 2016. According to forecasts from the market research firm GfK, a total of 1.4 billion smart phones were sold worldwide in the past year.

Mobile payment is also enjoying growing popularity. According to a study by the payment services provider Visa, the number of Europeans who regularly use a mobile device for payment tripled between October 2015 and October 2016. More than half of the European consumers surveyed regularly use a mobile device to pay for products and services, compared to less than one fifth one year before. Acceptance of digital payment in Europe has also shown strong growth in the past 12 months. In the survey conducted one year before, 38 percent of consumers said that they did not use a mobile device for payment and had no plans to do so. But in the period from October 2015 to October 2016, this share fell to just 12 percent. A total of 59 percent of consumers in Germany use digital payment.

43 percent have used electronic devices to book travel or make purchases, 40 percent have used mobile devices to transfer money to friends and families and 38 percent have used them to order take-out food online.

According to the Visa study, 37 percent of Germans use mobile devices to buy bus or train tickets. Overall, trust in mobile payment is growing with respect to both expensive and inexpensive products and services.

According to this study by the payment services provider Visa, the growing use of digital payment is closely associated with the increasing availability of contactless payment, which has become accepted as a routine payment method among all age groups.

More than a third of German respondents (35%) used contactless cards in the study period, compared to 15 percent in the previous year. Users of contactless cards are more open to new payment methods than consumers who do not use contactless payment. In addition, more than half of users of contactless payment methods generally show a strong interest in paying with mobile devices, doing their shopping using a retailer's app or ordering food using mobile devices. Among consumers who do not use contactless payment, less than one third showed interest in mobile payment.

The Visa study shows that, for the first time, more than half of European respondents over all age groups use mobile banking. Millennials, i.e. "digital natives" born between 1980 and 1999, continue to comprise the largest group of users. However, the highest rate of growth, 83 percent, was recorded among the "silver surfer" group, i.e. those between the ages of 55 and 64: one third of this group used mobile devices for banking in the study period from October 2015 to October 2016 compared to 18 percent in the previous year. One factor contributing to the general increase in use, according to Visa, is that the future of mobile payment has already begun with the introduction of numerous new payment methods, such as wearables and smart watches. With millions of devices connected, routine payments are becoming simpler and more secure and can be integrated into nearly any technology and adapted to any lifestyle.

The development of the mobile payments market also began to gather speed last year on the supply side, as banks and retailers unveiled customized mobile payment solutions in 2016. Banks and retailers are realizing that they need to take part in the development of the mobile payment business. Mobile wallet providers are also improving their products so as to make them more attractive to consumers.

In a market which is fragmented by providers like Apple, Google and Samsung, as well as banks, providers of white label mobile payment and mobile wallet solutions benefit in particular from being able to offer platform-independent access to retail point-of-sale systems. By integrating its technology into one of the world's leading loyalty programs, UMT Group is taking on a leading role in this regard, as market observers ultimately expect development of an integrated app in which payment functions are only one of many uses available to consumers.

Conditions in the sector and in the economy as a whole continue to offer a fast-growing and promising market environment for UMT Group's business model. By establishing its own mobile payment and loyalty platform, UMT Group will be able to profit significantly from the international growth in mobile payment users and the increasing availability of mobile devices.

UMT's full-service platform and associated services fully meet the individual requirements of retailers and partners and is capable of creating sustained added value, and particularly long-term revenue growth.

11 million customers in Germany already use UMT mobile payment technology for their shopping needs with the mobile services of the PAYBACK app, making UMT one of the leading providers of mobile payment technology in Germany. The formation of a subsidiary in the US in response to strong demand and the requirements of international financial services providers affirms UMT's strategy of establishing a global presence. This will allow UMT to decisively shape the globalization of its business.

Course of Business

Financial Year 2016 was marked by the operational implementation of ongoing projects and technical developments at the product level. The company was also focused on acquiring new projects and strategic extensions to its investment portfolio. The focus of day-to-day operations was the joint project with PAYBACK and implementation of the mobile payment function within the new PAYBACK app.

PAYBACK, Germany's leading bonus program and largest multi-channel marketing platform, launched the new shopping app nationwide in June 2016, which combines mobile activation of coupons, points collection and mobile payment. Among the first retailers to join the program was the pharmacy chain dm, followed shortly after by Real stores. Partners like Aral, GALERIA Kaufhof and Alnatura were equipped for the app in September 2016 and two more major partners, including REWE, will begin offering a payment function in 2017. All major PAYBACK partners already allow their customers to collect points and activate coupons.

With the launch of PAYBACK PAY, a homogenous mobile payment technology is now available for use in stationary retail all across Germany, with UMT acting as a leading provider of mobile payment technology in Germany. UMT's successes also brings a significant competitive advantage, as the consistent focus on connectivity in the company's development work has led to the creation of numerous proprietary interfaces which allow flexible and time-efficient access to retailers' point-of-sale systems at all times.

At the start of 2016, UMT gained yet another well-known international partner in GTD Group. GTD's many years of experience and established reputation in the aviation and aerospace industry and in the maritime and port engineering sectors should help drive the international positioning of the UMT platform in the B2B segment. The goal of this strategic partnership is to provide customers with an even broader portfolio of customized high-tech and mobile payment solutions, as well as loyalty programs and advisory IT services.

Another strategic partner, as of October 2016, is Point4More, a leading provider of state-of-the-art customer loyalty solutions. This partnership will focus on collaboration in sales and research and development. The companies plan to work together intensively to consistently provide optimal mobile payment and loyalty solutions to their current and future customers as technical service providers.

UMT's investment portfolio was expanded once again in Financial Year 2016. With the formation of UMT USA Inc. in North America, which was announced in July 2016, UMT Group has laid the groundwork for further strengthening its global presence.

Its goal is to establish its mobile payment and loyalty platform internationally as a white label solution, using a licensing model, now that the platform has been successfully launched in Germany. UMT took this step in response to strong demand, as well as the requirements of the capital market and potential key accounts, consisting primarily of international financial institutions. The widespread use of smart phones and its openness to technological innovations demonstrate that the North American market has great potential for mobile payment applications. Experts estimate the mobile payment transaction volume in the US market will increase to more than USD 314 billion by 2020.

UMT earned revenues of TEUR 1,915 in Financial Year 2016 and posted a net income of TEUR 610. Since UMT, with its business model, operates in a market environment in which the timing of revenue realization depends heavily on the course of individual customer projects, over which UMT has only limited control due to various dependencies between the project participants. Given the scale and complexity of these projects, several months can elapse between the initial discussions for a new project and the signing of the agreement. As a result, the revenues reported for 2016 will be generated only after a delay, in 2017 and 2018, according to the present expectations of UMT management. Aside from partnerships with well-known partners in Germany and abroad, the projected revenues are based on negotiations with large market operators, which are already in an advanced stage.

Once these agreements are successfully finalized, UMT will implement its mobile payment and loyalty platform, as well as the associated services, as a white label solution as part of a licensing model, along the lines of its relationship with PAYBACK GmbH. Even in light of the delays in realizing revenues, the Management Board sees Financial Year 2016 as an important year in which a strong foundation will be laid for favorable business performance in the next two years.

Situation

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 2015 in accordance with the German Commercial Code and the internal reports of UMT United Mobility Technology AG for the period from 1 January to 31 December 2016.

UMT generally publishes all data in thousands of Euros (TEUR). Due to rounding, it is possible that individual figures may not add up exactly to the totals indicated, and that the numbers and percentages shown may not precisely reflect the absolute values to which they refer.

Earnings Position

Major changes in the earnings position of UMT United Mobility Technology AG in 2016 compared to the corresponding period from the previous year:

UMT finished 2016 with a net income of TEUR 610 (previous year: TEUR 951). This was largely due to revenues in the amount of TEUR 1,915 (previous year: TEUR 3,039). Most of the revenues generated are attributable to the white label business, UMT's core business. Personnel expenses (TEUR 197) increased over the previous year (TEUR 170). Depreciation increased to TEUR 9, up from TEUR 6 in the previous year. Other operating expenses increased by a total of TEUR 263, from TEUR 849 in the previous year to TEUR 1,112. The largest single item in this regard is legal and consulting expenses, in the amount of TEUR 718 (year before: TEUR 374).

The cost of preparing and auditing UMT AG's financial statements (TEUR 33) was up TEUR 11 over the year before (TEUR 22). Interest income amounted to TEUR 667 (previous year: TEUR 448), and resulted from shareholder loans from UMT to UMS. This income was offset by interest expenses for shareholder loans in the amount of TEUR 148 (previous year: TEUR 117).

Financial and Liquidity Situation

Major changes in the financial situation of UMT United Mobility Technology AG in 2016:

UMT's equity ratio decreased by 4% relative to 31 December 2015, from 86.9% to 82.9%. In absolute figures, shareholders' equity increased by TEUR 2,704 to TEUR 18,786 (31 December 2015: TEUR 16,082). This was essentially attributable to the net income of TEUR 610, the increase of the capital stock based on the capital increase executed in the second quarter of 2016 in the amount of TEUR 1,589 and payments made in this context to the capital reserve in the amount of TEUR 397.

A major portion of UMT's total assets consists of the investment in UMS (TEUR 9,399), which accounts for 41.5% of total assets (31 December 2015: 50.8%), while accounts receivable from loans to UMS account for 46.5% of total assets (TEUR 10,558; previous year: 35.6%, or TEUR 6,595). Accordingly, UMS accounts for 88% of UMT's total assets in all (31 December 2015: 86.4%).

The measurement of UMT's investment in UMS was retained. The future value of the investment largely depends on UMS's success in providing its mobile payment and loyalty solutions, primarily to large customers. Based on forecasts provided by UMS, a valuation was performed using the earnings value method which (further) justifies measurement of the investment.

The debt ratio amounted to 17.1% (31 December 2015: 13.0%) with debt of TEUR 3,881 (31 December 2015: TEUR 2,397). UMT's total capital increased by TEUR 4,166, from TEUR 18,501 to TEUR 22,667. Non-marketable securities amounted to TEUR 1,339 (31 December 2015: EUR 0), consisting of funds invested in a manner similar to money market investments. The company was furnished with sufficient financial resources as of 31 December 2016. Liquid assets amounted to TEUR 242 as of 31 December 2016 (31 December 2015: TEUR 1,717). The decrease in liquid funds from the year before is largely attributable to investments in non-marketable securities.

The cash flow statement shows a net operating cash flow of TEUR -2,198 (31 December 2015: TEUR -1,257) and net cash flow from investment activity of TEUR -1,421 (31 December 2015: TEUR 141), offset by net cash flow from financing activity in the amount of TEUR 2,094 (31 December 2015: TEUR 1,552).

Financial and Non-Financial Performance Indicators

Financial Performance Indicators

The company posted EBIT of TEUR 69 in 2016 (year before: TEUR 619), with a return on equity of 3.2% (year before: 5.9%). Return on total assets before interest and taxes was 0.3% (year before: 5.8%).

Non-Financial Performance Indicators

Personnel

UMT has two employees aside from the Management Board.

Innovations, Research and Development

Innovations and new mobile technologies are a key component of the company's strategy. UMT Group offers its customers innovative and flexibly customized solutions along the mobile payment and loyalty value chain and in the field of data analytics. Its focus is on optimizing and developing the basic technology behind its own platform and services, 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.

Forecast, Opportunities and Risks

Following a moderate upturn last year, global economic growth is expected to pick up in 2017 and 2018 according to the estimates of the International Monetary Fund, especially in developing and emerging economies. The outlook in the advanced economies has improved due to stronger economic activity in the second half of 2016 and expectations of a fiscal incentive in the United States. A particular source of uncertainty with regard to the forecast of global economic performance is future US policy and its impact on the global economy. At the same time, the US and China may contribute to stronger growth than assumed in the current forecasts. Global GDP is expected to grow by 3.4% this year and by 3.6% in 2018.

According to a forecast by the European Commission, the European economy will continue to recover this year and next, posting growth for the entirety of the 2016-2018 forecast period for the first time in around ten years. In its winter forecast, the European Commission calls for 1.6 percent growth in the Euro zone in 2017 and 1.8 percent growth in 2018, representing a slight upward adjustment relative to the autumn forecast. Growth for the EU as a whole is expected to be 1.8 percent both this year and next year.

The German economy is in very good shape, according to the German government. Inflation-adjusted GDP growth is expected to be 1.4 percent this year, as Germany's growth trend continues. The market research firm GfK confirmed the forecast of 2 percent growth in real private consumer spending in 2017. As a result, consumer spending will continue to be a key pillar of economic performance in Germany.

This smartphone market is also in an uptrend. GfK is expecting growth of as high as 5 percent in 2017. According to the communications technology company Ericsson, there will be 6.8 billion smart phones in users' hands by the year 2022, which would correspond to an annual growth rate of over 10 percent. Mobile smart phone data volume will grow by around 50 percent a year in this period, so that it will be ten times as high as in 2016. The highest data volume is expected in Western Europe.

The future of retail increasingly lies in mobile business models and payment options. While more than half of mobile transactions in 2016 were executed in China according to Euromonitor, and more payments are executed using mobile device than using computers, consumers in the US and the UK should start to catch up by 2020. In a market which is fragmented due to the variety of mobile payment solution providers, providers of white label mobile payment and mobile wallet solutions benefit in particular from their platform-independent access. UMT Group is playing a leading role in this regard, as experts ultimately expect an integrated app which combines e.g. payment functions and loyalty programs. Experts also expect millennials to drive the transition from credit card payments to mobile payment. The decisive factor in this transition is ease of use and seamless integration of mobile wallets. The growing availability of near-field communication (NFC) terminals will further facilitate this transition. Juniper Research expects mobile wallet transactions to increase by around 32 percent in 2017, to USD 1.35 trillion. However, spending will be concentrated in the Far East and China. With solutions for both online and stationary retail, the mobile wallet is expected to penetrate additional markets.

Juniper also expects implementation of the Payment Services Directive in the European Union to stimulate development of the market. Nevertheless, mobile wallets may develop at a slower pace outside of emerging markets. But regardless of these circumstances, the key to the success of mobile wallets in each market, according to Juniper Research, is their ability to boost retail sales. Providers like UMT Group, which offer customized loyalty programs, are considered to have the best chances of success.

UMT Group will continue to focus its business model on seamless and customer-oriented integration of its technology platform using a licensing model. Multipliers, umbrella organizations, retail chains and payment services providers play a key role in this regard, allowing UMT to further establish its technology and increase its penetration rate. In addition to potentially implementing their own mobile payment technology in existing applications, customers will also have the option of offering mobile wallet solutions which are customized to meet the needs of their individual customers. UMT technology uses the retailer's existing hardware and software infrastructure so as to minimize implementation expenses. The wallet technology developed by UMT enables seamless integration of mobile payment and loyalty transactions. This clearly separates UMT from its competitors, whose wallets only feature a digital credit or debit card.

In this way, UMT creates clear and lasting added value for retailers and users. Since the UMT platform supports all major operating systems (Android, iOS, Windows, etc.) with the desired business logic, it can continue to target the large majority of smart phone users and capture a significant market share.

Because of its modular structure, the UMT mobile payment and loyalty platform offers the necessary flexibility with regard to the integration of various transmission technologies, such as QR code, NFC and Bluetooth, so as to include the maximum possible number of users, unlike competitors which offer purely NFC-based solutions. Aside from seamless integration of point-of-sale systems, UMT's technical infrastructure also enables the inclusion of a wide variety of payment methods, coupons and loyalty cards, individually customized to meet the needs of each specific retailer and payment services provider.

The success of UMT's mobile payment platform was underscored by receipt of the "Goldene Transaktion" award at the start of the year. The PAYBACK app was awarded first place at the "Payment Exchange 2017" conference in Berlin, as the app's integrated payment function made it the year's best payment solution. This award and the recognition of UMT's technology reinforces the argument that the future lies in a user-friendly combination of payment applications and loyalty solutions. With a total of 29 million customers in Germany and 110 million worldwide, PAYBACK therefore creates added value which other providers in this segment lack.

In the future, UMT Group will continue to generate revenues from implementation and associated recurring royalties and transaction fees through a licensing model along the lines of its relationship with PAYBACK. The targeting of multipliers to maximize acceptance will continue to play a key role. In addition, the optimization of existing products and services, in the data analytics segment above all, will have a positive impact on operating results in the medium term.

Consulting and integration services with conceptual support for customized sales-boosting mobile payment, loyalty and data analytics solutions are offered as an additional building block to generate revenues in additional segments. The focus in this regard is on project management with conceptual support, with the aim of covering broad sections of the value chain in the mobile environment.

Within the context of value-based management, consistent exploitation of arising opportunities continues to form the basis for the company's business operations. Critical developments and evident risks are identified early on in order to ensure lasting success. Opportunities are identified at an early stage, analyzed and exploited in order to secure trends for future growth and to improve earnings.

Since UMT operates in a market environment which is shaped by a highly consolidated vendor landscape, there continues to be a risk that large market operators which already hold significant market power and/or with considerable funds at their disposal will divide the market among themselves. Providers of white label mobile payment and mobile wallet solutions benefit from the fragmentation of the market by providers such as Apple, Google, Samsung and the banks, particularly in the form of platform-independent access. UMT believes that it remains well-positioned in this regard as its mobile payment and loyalty technology, when combined with a customer loyalty tool, provides a payment method with key unique selling points. These particularly include universal applicability, independence of individual retailers and the option for integration of targeted marketing actions.

Through its partnership with PAYBACK GmbH and the associated integration of the point-of-sale system, UMT already accommodates a large number of mobile payment processes in German retail (currently around 20%). It is highly likely that this number will continue to increase significantly over the course of 2017 with the addition of even more large German retail chains.

In general, UMT offers all retailers the option of technical integration in the entire sales and loyalty process, ensuring utmost protection of user data. UMT views itself as a facilitator for retailers for the entire sales process, and not merely as a payment processor.

As a result, the company is not engaged in competition with other payment service providers, which comes with margin pressure. UMT's mobile payment and loyalty platform creates clear competitive advantages by enabling very rapid market entry, high technological penetration in retail and highly efficient development processes.

UMT's partially transaction-based business model may be indirectly impaired by consumer behavior. In the event of a significant worsening in the economy and a sharp decrease in consumer spending, there may be a negative impact on the company's course of business. If the willingness of consumers to spend is negatively affected due to changes in the general economic situation, this may affect the course of business of UMT's various B2B customers.

A large portion of revenues are currently generated from implementation and set-up fees, as well as licensing fees. For this reason, and in view of the growing demand for mobile payment and the positive forecast for private consumer spending, the company does not view this as a significant risk for the current financial year.

Well-trained and motivated employees play a very important role in ensuring the lasting financial success of UMT Group. The ability to successfully execute projects also depends in large part on the availability of highly qualified employees. In order to achieve positive operating results, it will be necessary e.g. to retain existing employees for the long term and to recruit qualified specialists and executives. The company views its ability to recruit highly qualified specialists and executives, as well as the need to secure full staffing levels as soon as possible for ongoing and future projects, as a significant risk. Based on the fact that the company is already set up with the relevant specialists, UMT Group will be quick to respond to future growth and hire new employees. It will also rely upon outside expertise for project-related orders in order to save time and money. In doing so, management will be guided at all times by highly effective and efficient personnel planning, with all IP and system-related know-how remaining in-house.

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

With an attractive product mix, to include gift certificates and online coupons in addition to its existing offering of prepaid cell phones, management is convinced that it will be able to post double-digit revenue growth based on existing contacts with loyalty program providers, retailers, and industrial companies, as well as through the gradual internationalization of its business. The high-quality software of UMT Peaches Mobile GmbH/prelado, which is to be integrated into the UMT platform, offers optimal additional benefits for customers, such as an efficient proprietary risk management system and expertise in digital and electronic payment transactions. Management is confident that the new investment will contribute up to EUR 1 million in revenues in Financial Year 2017.

In the course of its investments, UMT will continue to strategically invest in and acquire companies all along the value chain provided they offer added value for UMT's mobile payment and loyalty platform and for distribution of the mobile wallet. Moreover, additional strategic partnerships will be formed through foreign investments. The investment risk is mitigated by the fact that the subsidiaries in Germany, Spain and Latvia are largely capitalized with equity alone. This is also true of the company's minority interests in Austria, Spain, Turkey and the US, as well as for other planned investments and partnerships.

Financial risks are a key aspect, and particularly securing capital for UMT. With the capital increase it executed in the second quarter of 2016, with preemption rights excluded, UMT was able to secure adequate liquidity for its strategic alignment. A total of 1,588,805 new no-par-value common bearer shares were issued on this occasion, with a mathematical share in capital stock of EUR 1.00 per share. The shares were successfully placed with institutional investors in Germany and abroad at an issue price of EUR 1.25 per share. With an entry of 29 June 2016 into the Commercial Register, the capital stock was increased by EUR 1,588,805.00, to EUR 17,476,856.00. The company earned a total of TEUR 1,986 in gross issue proceeds from this placement.

The Management Board will ensure full and routine reporting and careful supervision over UMT's business activities and the key investment in UMS, in which the Group's operations are largely concentrated. The Management Board will constantly monitor liquidity by exercising supervision over investments and routine accounting reports.

Liquidity requirements will be coordinated with capital providers at all times. The Management Board will ensure that planned spending will only be executed if adequate funding is available. In this way, it will be possible to ensure that all times that the continued existence of the company will not be jeopardized regardless of individual capital measures.

Implementing services as part of the licensing model for other major national and international market operators, in the role of multipliers, is of particular importance for the future of UMT and its subsidiaries. Also of major importance is use of the mobile payment and loyalty platform as a mobile payment system and customer retention tool, as well as the revenues associated with this use. The company continues to view itself as being in a strong starting position in this regard, which has been built up over the recent years.

UMT, together with UMS, expects double-digit revenue growth in Financial Year 2017 over the year before. The timing of revenue realization continues to depend heavily on the course of individual customer projects, over which UMT had only limited control due to various dependencies between the project participants. Given the scale and complexity of these projects, several months can elapse between the initial discussions for a new project and the signing of the agreement.

Additional revenues are to be generated not only by attracting new customers, but also through strategic partnerships such as the one which was formed with loyalty specialist Point4More. The company expects significant improvement in its operating results in Financial Year 2017 despite the need to invest heavily in specialized personnel and in further improving its technical infrastructure. This improvement will be attributable in part to lower selling and marketing expenses, which are far lower under the licensing model than is the case with direct sales.

UMT views itself as being well-positioned in the market with its present operational alignment. Based on conversations and negotiations which are already underway with major customers and multipliers in the retail, banking, industrial and hospitality sectors, as well as the active targeting of major national and international market operators and participation in calls to tender as part of its licensing model, the Management Board expects continued positive performance in the current financial year despite the risks presented above.

Munich, 22. May 2017



Dr. Albert Wahl

Management Board
of UMT United Mobility Technology AG, Munich

2016 Financial Statements

Balance Sheet

as of 31 December 2016

ASSETS	12/31/2016 EUR	Previous Year EUR
A. FIXED ASSETS		
I. Property, plant and equipment		
1. Land, leasehold rights and buildings, including buildings on non-owned land	0.00	0.00
2. Other equipment, fixtures, fittings and equipment	21,546.00	17,243.00
	21,546.00	17,244.00
II. Financial assets		
1. Shares in affiliated companies	9,422,846.00	9,412,846.00
2. Investments	696,282.82	632,130.74
3. Non-marketable securities	1,339,102.02	0.00
	11,458,230.84	10,044,976.74
	11,479,776.84	10,062,220.74
B. CURRENT ASSETS		
I. Accounts receivable and other assets		
1. Trade receivables	155,238.45	4,145.34
2. Accounts receivable from affiliated companies	10,548,189.45	6,594,740.72
3. Accounts receivable from Group companies	87,578.74	15,531.62
4. Other assets	131,748.36	82,938.00
II. Cash in banks	241,876.48	1,717,263.92
	11,164,631.48	8,414,619.60
C. DEFERRED CHARGES AND PREPAID EXPENSES	22,567.69	23,831.67
	22,666,976.01	18,500,672.01

LIABILITIES	12/31/2016 EUR	Previous Year EUR
A. SHAREHOLDERS' EQUITY		
I. Subscribed capital		
1. Subscribed capital	17,476,856.00	15,888,051.00
2. Par value of own shares	-72,230.00	-154,314.00
	17,404,626.00	15,733,737.00
II. Capital reserve	2,252,809.05	1,855,607.80
III. Earnings reserves		
1. Statutory reserve	6,704.66	6,704.66
2. Other earnings reserves	646,927.28	621,476.46
	653,631.94	628,181.12
IV. Accumulated loss	-1,524,829.55	-2,135,084.09
	18,786,237.44	16,082,441.83
B. PROVISIONS	50,600.00	21,000.00
C. ACCOUNTS PAYABLE		
1. Trade payables thereof with residual term of less than one year: EUR 317,062.67 (previous year: EUR 148,085.92)	317,062.67	148,085.92
2. Accounts payable to affiliated companies thereof with a residual term of less than one year: EUR 1,306,145.33 (previous year: EUR 557,298.05)	1,306,145.33	557,298.05
3. Accounts payable to other Group companies thereof with a residual term of less than one year: EUR 2,191,152.41 (previous year: EUR 1,478,417.73)	2,191,152.41	1,478,417.73
4. Other accounts payable thereof with a residual term of less than one year: EUR 15,778.16 (previous year: EUR 210,371.56); thereof, for taxes: EUR 2,721.24 (previous year: EUR 2,274.16).	15,778.16	213,428.48
	3,830,138.57	2,397,230.18
	22,666,976.01	18,500,672.01

Income Statement

for the Financial Year from 1 January to 31 December 2016

	2016 EUR	Previous Year EUR
1. Revenues	1,914,985.31	3,039,194.95
2. Other operating income	40,780.64	5,353.98
3. Cost of materials		
a. Cost of raw materials and supplies and purchased merchandise	1.11	0.00
b. Cost of purchased services	-568,791.33	-1,400,000.00
	-568,790.22	-1,400,000.00
4. Gross income	1,386,975.73	1,644,548.93
5. Personnel expenses		
a. Wages and salaries	-181,112.66	-156,171.44
b. Social security and other pension expenses	-15,534.83	-14,318.92
	-196,647.49	-170,490.36
6. Depreciation on intangible assets and property, plant and equipment	-8,927.98	-6,140.68
7. Other operating expenses	-1,112,335.16	-848,546.39
8. Income from investments	22,572.00	0.00
9. Other interest and similar income; thereof from affiliated companies: EUR 667,464.35 (year before: 448,236.83)	667,464.35	448,236.83
10. Interest and similar expenses	-148,203.19	-116,884.06
11. Net interest income	541,833.16	331,352.77
12. Taxes on income	0.00	198.04
13. After-tax income	610,898.26	950,922.31
14. Other taxes	-643.72	-406.00
15. Net income	610,254.54	950,516.31
16. Loss carry-forward from previous year	-2,135,084.09	-3,085,600.40
17. Accumulated loss	-1,524,829.55	-2,135,084.09

2016 Notes

I. Identifying information about the company according to the court of register

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

II. General disclosures

The financial statements as of 31 December 2016 were prepared based on the classification, recognition and measurement rules of the German Commercial Code (*Handelsgesetzbuch; HGB*) and the supplementary provisions of the Corporation Act (*Aktiengesetz; AktG*). Disclosures for the year before refer to 31 December 2015.

Applying the definition of the size-related classes in accordance with § 267 of the Commercial Code, the company was a small corporation both in 2015 and in 2016 pursuant to § 267 (1) of the Commercial Code.

Size-related simplification options for the preparation (§§ 276 and 288 of the Commercial Code) of the annual financial statements were used in part.

The financial year is the calendar year.

Classification principles

The classification of the balance sheet and income statement did not change compared to the previous year.

Although these financial statements were the first to be prepared in accordance with the Accounting Directive Implementation Act (*Bilanzrichtlinie-Umsetzungsgesetz, BilRUG*), it was not necessary to modify any disclosures, so that the disclosures of revenues and other operating income are fully comparable to those of previous years. If the Accounting Directive Implementation Act were to be applied to the previous year's financial statements, last year's revenues would still amount to EUR 3,039,194.95 pursuant to Article 75 (2) Sentence 3 of the Introductory Act to the Commercial Code. Accordingly, an adjustment of the previous year's figures was not necessary.

The classification of the income statement was undertaken based on the cost summary method in accordance with § 275 (2) of the Commercial Code.

Accounting methods

The annual financial statements contain all assets, debts, deferred charges and prepaid expenses, deferred income, expenses and income, unless stipulated otherwise by law. The asset items have not been netted with liability items, expenses have not been netted with income, leasehold rights have not been netted with charges on property.

- Provisions are recognized at the settlement amount necessary based on reasonable commercial assessment taking into account all identifiable risks and contingent liabilities.
- Liabilities are recognized at their settlement amount.

III. Notes to the Individual Balance Sheet Items

Presentation of a statement of fixed assets has been waived based on the exemption pursuant to § 288 (1) No. 1 of the Commercial Code.

The measurement of UMT's investment in UMS United Mobile Services GmbH (UMS GmbH), Munich, was retained. The future value of the investment largely depends on UMS GmbH's success in providing its mobile payment and loyalty solutions, primarily to large customers. In a valuation commissioned by the company based on the "Principles for the Performance of Business Valuations" auditing standard (IDW S1) issued by the Institute of Public Auditors in Germany (IDW), it was found that the enterprise value of UMS GmbH exceeds its present measurement in the balance sheet.

Shares held in other companies are shown in the table below:

	Share ownership%	Equity as of 31 December 2016 TEUR	2016 net income TEUR
UMS United Mobile Services GmbH, Munich	100.00	-8,717	-3,274
UMT Turkey Mobil Anonim Sirketi, Istanbul	26.00	-196	-92
Mobile Payment System Espana S.L., Barcelona	69.84	56	-9
iPAYst LLC, Riga	100.00	-2	
Delinski GmbH, Vienna	22.50	130	-32
UMT USA Inc., Orange, California	10.00	8	

Only the 2015 financial statements are available.

With regard to the disclosures concerning the 2016 equity and net income of UMS GmbH, it should be noted that the latter has until now refrained from capitalizing its developments as intangible assets but now intends to do so. This will likely have a positive impact on 2016 equity and net income.

Accounts receivable from affiliated companies relate to an offset account which largely contains a loan to UMS United Mobile Services GmbH, including accrued interest. This loan is made available on an ongoing basis and is subordinated in the amount of TEUR 1,400. The future value of accounts receivable from affiliated companies largely depends on UMS GmbH's success in providing its mobile payment and loyalty solutions, primarily to large customers and implementing its plan.

Other assets, in the amount of TEUR 132 (previous year: TEUR 83), largely consist of tax claims against the tax office (TEUR 93).

TEUR 2 of accounts receivable and other assets have a residual term of more than one year (previous year: TEUR 2). All other accounts receivable and other assets have a residual term of less than one year.

The capital stock consists of 17,476,856 bearer shares with a par value of EUR 1.00 each.

As of last year's reporting date, the capital stock consisted of 15,888,051 bearer shares with a par value of EUR 1.00 each.

Based on the authorization issued by the shareholders on 12 June 2015, the capital stock was raised by EUR 1,588,805.00, to EUR 17,476,856.00.

By resolution of the Supervisory Board of 16 June 2016, Articles 6 and 7 of the Articles of Association (Capital Stock and Authorized Capital) were amended. The new capital stock, in the amount of EUR 17,476,856.00, was entered into the Commercial Register on 29 June 2016. The authorized capital adopted by the shareholders on 5 June 2014, in an amount of up to EUR 6,573,491.00, was cancelled by the shareholders on 12 June 2015.

At the annual meeting on 12 June 2015, the Management Board was authorized, with the consent of the Supervisory Board, to raise the capital stock by up to EUR 7,394,775.00, 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 7,394,775 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;

- insofar as the 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. This authorization has not yet been exercised.

In addition, the Management Board of the company was authorized by the shareholders on 5 June 2014 to launch stock option programs for the company's employees through 31 May 2019 and to confer options to up to 1,300,000 shares in the company with a term of up to ten years.

Such a stock option plan was adopted by the company's Supervisory Board in the reporting year.

There was no shareholders' equity available for distribution as of 31 December 2016. Moreover, there was a distribution freeze in the amount of EUR 804,921.05 (previous year: EUR 830,371.87) based on own shares held by the company (reduction in earnings reserves based on acquisition of own shares).

The company purchased 45,228 own shares in the financial year (statement of equity, additions: own shares acquired), for which EUR 45,228.00 was subtracted from the capital stock and EUR 14,683.52 from the earnings reserves. 127,312 own shares were sold for sales proceeds of EUR 167,446.34 (statement of equity: shares issued), for which EUR 127,312.00 was added to the capital stock and EUR 40,134.34 to the company's earnings reserves. The proceeds were used for investments in current projects and strengthen the capital base. As of 31 December 2016, the company held 72,230 own shares (year before: 154,314).

Accounts payable to affiliated companies consist of VAT payable in the amount of TEUR 738 and trade payables in the amount of TEUR 568.

Accounts payable to Group companies consist of trade payables in the amount of TEUR 12 (previous year: TEUR 12) and loans payable in the amount of TEUR 2,179 (previous year: TEUR 1,467).

Other accounts payable include taxes and duties payable in the amount of TEUR 3 (year before: TEUR 175).

All accounts payable have a residual term of less than one year.

Other material financial liabilities arising from rental and lease agreements are as follows:

Rent and lease obligations	Less than 1 year EUR	1-5 years EUR	More than 5 years EUR	Total EUR
Office rent	45,831	139,612	0	185,443
Lease of office furniture	6,278	15,172	0	21,450
Lease of office electronics	3,165	3,957	0	7,122
Lease of passenger vehicles	4,338	0	0	4,338
Total	59,613	158,740	0	218,353

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 by way of security.

IV. Notes to the Individual Income Statement Items

TEUR 667 of other interest and similar income consists of interest from affiliated companies (previous year: TEUR 448).

V. Other disclosures

Consolidated financial statements:

The company is exempted from the obligation to prepare consolidated financial statements in accordance with § 293 of the Commercial Code.

Related persons:

No transactions with related persons or companies have been executed which were not at arm's length terms.

Cash flow statement:

According to the cash flow statement, cash and cash equivalents as of 31 December 2016 consist entirely of cash in banks and therefore conforms to the "cash on hand and in banks" item in the balance sheet.

Payments made for investments in financial assets relate to the investments in Mobile Payment System Espana S.L., iPAYst LLC and UMT USA Inc. of Orange, California.

Disclosures concerning corporate officers:

Management Board

Dr. Albert Wahl, economic engineering graduate/manager, born 27 July 1960 (CEO, UMT United Mobility Technology AG), was appointed as Management Board member with powers of sole representation as of 18 December 2009.

Supervisory Board

Composition of the Supervisory Board as of 5 June 2014:

- Chairman: Walter Raizner, self-employed consultant; Zug.
- Deputy Chairman: Roderich Schaetze, self-employed attorney, accountant and auditor; Munich.
- Member: Markus Wenner, Managing Partner at GCI Management Consulting GmbH; Munich.

The total remuneration paid to the Supervisory Board in Financial Year 2016 was TEUR 25.

Two workers in terms of § 285(1) No. 7 of the Commercial Code were employed by UMT United Mobility Technology AG in the reporting year.

Supplemental report

UMS Prepayment GmbH & Co. KG, Munich, is to be into Peaches Mobile GmbH, Wiesbaden, in accordance with the merger agreement of 9 May 2017. An entry into the Commercial Register has yet to be made and is scheduled for June 2017.

Appropriation of earnings:

The Management Board recommends carrying forward the net income to new account.

Munich, 22 May 2017



Dr. Albert Wahl
Management Board

Statement of shareholders' equity

As of 31 December 2016

UMT United Mobility Technology AG, Munich

	Subscribed capital EUR	Own shares acquired EUR	Capital reserve EUR	Earnings reserves EUR	Earned equity EUR	Total EUR
Balance as of 1 January 2015	14,789,550.00	-306,577.00	1,580,982.55	601,757.49	-3,085,600.40	13,580,112.64
Shares issued	1,098,501.00	640,297.00	274,625.25	50,000.00		2,063,423.25
Shares purchased/redeemed		-488,034.00		-23,576.37		-511,610.37
Net income for period					950,516.31	950,516.31
Balance as of 31 December 2015	15,888,051.00	-154,314.00	1,855,607.80	628,181.12	-2,135,084.09	16,082,441.83
Shares issued	1,588,805.00	127,312.00	397,201.25	40,134.34		2,153,452.59
Shares purchased/redeemed		-45,228.00		-14,683.52		-59,911.52
Net income for period					610,254.54	610,254.54
Balance as of 31 December 2016	17,476,856.00	-72,230.00	2,252,809.05	653,631.94	-1,524,829.55	18,786,237.44

Cash Flow Statement (direct)

From 1 January 2016 to 31 December 2016

UMT United Mobility Technology AG, Munich

	Financial year EUR	Previous year EUR
Payments received from customers for the sale of products, goods and services	1,688,361.60	2,869,517.99
- Payments made to suppliers and employees	1,625,741.36	2,314,232.16
+ Other payments received not attributable to investment or financing activity	1,607,304.96	1,137,908.33
- Other payments made not attributable to investment or financing activity	3,867,670.71	2,999,725.48
Net cash flow from current business activity	-2,197,745.51	-1,306,531.32
Payments received from the disposal of property, plant and equipment	10,000.00	0.00
- Payments made for investments in property, plant and equipment	14,854.94	14,526.22
+ Payments received from the disposal of financial assets	-3,073.96	409,000.00
- Payments made for investments in financial assets	1,413,254.10	253,129.74
Net cash flow from investment activity	-1,421,183.00	141,344.04
Payments received from capital contributions	2,093,541.07	1,551,812.88
+ Payments received from the issuance of bonds and from borrowings	0.00	0.00
- Payments made for the redemption of bonds and loans	0.00	0.00
Net cash flow from financing activity	2,093,541.07	1,551,812.88
Net change in cash and cash equivalents (net cash flow)	-1,525,387.44	386,625.60
+ Cash and cash equivalents at start of period	1,767,263.92	1,330,638.32
Cash and cash equivalents at end of period	241,876.48	1,717,263.92

Annual Financial Statements

as of 31 December 2016

UMT United Mobility Technology AG
Brienner Straße 7, 880333 Munich
www.umat.ag

