

Munich, December

2017



Dear shareholders, employees, business partners and friends of UMT Group!

The year is nearing an end, and the time for reflection is beginning. For us, this is also traditionally the time at which we send out our letter to you. We would like to take this opportunity to reflect on the past year, tell you about developments within UMT Group and provide an outlook for the upcoming period.

Looking back, 2017 was a very eventful year for UMT Group, and for the entire sector.

It is clear that cashless payment is continuing to gain ground. Its growth rate is increasing almost exponentially, driven above all by the willingness of businesses to invest in innovative solutions. Mobile payment, loyalty programs and e-commerce are key drivers of this trend. Meanwhile, developments like Blockchain technology and crypto-currencies like Bitcoin are permanently changing the way we pay. According to a study by the IT consulting firm Capgemini, the number of cashless transactions in 2017 was more than half a trillion (522.4 billion). Three years later, this number is expected to grow to 725.8 billion. These are very interesting times for the sector in general and for UMT Group in particular. Our goal is to influence and shape the future development of cashless payment with our technology and innovations. We will now provide a brief view of our achievements in the past year.

Best mobile payment
solution of the year

Right away, the year began with a tremendous recognition of UMT's technology, as our partner PAYBACK received the "Golden Transaction" award in Berlin for the year's best innovative mobile payment solution. The PAYBACK app won over the jury with its combination of features allowing users to collect points, activate coupons and execute mobile payments, delivering the best combination of mobile payment and loyalty. We are very pleased that our payment technology has made an enormous contribution to this achievement and this award confirms our outstanding teamwork.

prelado – the leading
portal in the digital
prepaid segment

With the year off to a good start, the positive course of events continued in May. The acquisition of a majority interest in Wiesbaden-based PEACHES Mobile GmbH allowed UMT to significantly extend its value chain into the B2C market. With prelado, one of the leading German internet portals in the digital prepaid segment, UMT Group is now in a position to operate in this fast-growing segment, where it expects to generate strong growth by introducing its own brand and launching a product and internationalization campaign.



Strong partnership with solarisBank

Our partnership with solarisBank in Berlin at mid-year goes in the same direction. Thanks to solarisBank's banking license, UMT is now a full-service provider of cashless payment services. The partnership allows UMT to operate more independently and raises its whole product range to the next level. UMT can now offer its customers all services, from technical processing to payment transactions and e-money solutions, from a single source.

PAYBACK PAY

Another focus of UMT Group's operations was the intensive development of the PAYBACK PAY project. In mid-July, the Group was able to successfully roll out PAYBACK PAY for additional partners. In addition to the supermarket chain REWE, the bookseller Thalia and TeeGschwendner also opted to enable their customers to collect points and make cashless payments using the PAYBACK app. We are very pleased to announce that the app has already been downloaded 13 million times, and the trend is rising.

Blockchain & crypto-currencies

The investment in Blockchain technology serves to demonstrate our steady growth. This technology, which forms the basis for crypto-currencies and trading of those currencies, is also a key element of the extension of UMT's product range. UMT acquired shares in London-based Coinsilium Group Ltd. in mid-September in order to enable optimal integration of crypto-currencies and continue to develop Blockchain technology in mobile payment. This move will extend our network and expertise in mobile payment and loyalty. We also offer consulting services relating to all aspects of Blockchain technology and in the area of initial coin offerings (ICOs). These services are directed primarily at start-ups seeking to successfully implement disruptive technologies.

TapReason & Evy Solutions

In addition to big trends like mobile payment, Blockchain and crypto-currencies, we also plan to develop our activities in an established field: e-commerce. In early November, we formed a strategic partnership in this area with TapReason Ltd., under which we will be joining forces in the fields of marketing and product development. This partnership primarily involves expanding UMT's current mobile payment and in-app services with the addition of TapReason's artificial intelligence (AI) platform. No less important is the partnership formed in late November with Cologne-based Evy Solutions GmbH, under which UMT will process payments for Evy Solutions. Evy offers its customers a digital assistant, which will include an app-based payment function. UMT will collect funds from customers using SEPA direct debit and transfer these funds to the recipient. Transaction fees will be charged for these services.

mybet

With the recently announced Letter of Intent with mybet Holding SE, a licensed provider of sports betting and online casino games, the stage has been set for a joint effort to develop and introduce a new payment solution for mybet's gambling offerings. The primary goal of this partnership will be to generate sustained economic benefits for both companies. The new electronic payment services and UMT's associated customer loyalty program will help mybet expand its customer base and generate significant competitive advantages.



MPSE

Within the framework of our international investment portfolio as well, important steps have been taken to create a strong basis for the coming year. The Spanish subsidiary Mobile Payment System España S.L., based in Barcelona, is already engaged in very advanced discussions and negotiations with major international multipliers, e.g., in the retail, hotel, soccer and entertainment sectors. The focus of these talks is on integrating the UMT mobile payment platform and associated value-added services like ticket management, reducing queuing times and additional interactive data programs, which significantly improve customer appeal and enable analysis of customer data.

2018 outlook

Dear readers, these examples demonstrate our success in 2017 in significantly expanding our service range and platform and extending our international operations. We plan to continue along these lines in the coming year.

One of UMT Group's key goals has always been to develop technologies which offer sustained added value, replace outdated business models and render overly expensive and unnecessary stages of the value chain obsolete. But we have other plans as well: we plan to continue to develop our core competence in mobile payment and loyalty while at the same time working intensively to develop Blockchain technology. The conditions for success are excellent thanks to the relationships we have formed. This is also the case for our expansion on the product side, by adding more multipliers and relationships in the white label segment. We also plan to strategically expand our value chain, as we were able to do in 2017, as well as developing our Blockchain and initial coin offering activities. The groundwork has been laid to profit on a lasting basis from the dynamic growth of the mobile payment, crypto-currency and loyalty market. Our discussions in this regard with major clients in the retail, banking and industrial sectors have already reached a very advanced stage. We see great potential above all in the automotive and in the car rental sector. We are certain that our platform will be able to offer sustained value in these markets.

We also plan to continue to expand our investment portfolio in an opportunistic manner. A particular focus will be on internationalizing the B2C prepaid portal *prelado* and adding more international multipliers. In doing so, we will take advantage of emerging opportunities to extend our investment portfolio. To this end, we will identify, assess and seize opportunities at an early stage in order to secure trends for future growth and generate added value for our business alignment.



As you can see, ladies and gentlemen, UMT AG is and continues to be a forward-looking company with strong potential for further growth. Our past success sets a clear course for the coming year and my team, and I very much hope that you will continue to accompany us along this path.

I would like to wish you and your family a Merry Christmas and a Happy New Year, and I look forward very much to greeting you once again in 2018!

Best regards,

A handwritten signature in blue ink, appearing to read "Wahl". The signature is fluid and cursive, with a long, sweeping tail that extends downwards and to the right.

Dr. Albert Wahl (CEO)