

Munich, December
2020



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

It has become a good tradition for me to inform you about the developments and most important events of the year in the UMT Group in the run-up to Christmas. I would like to adhere to this tradition in these extraordinary times for all of us. Let us take a look into the future together and think about the opportunities of the market, our company and our future direction, which is the basis for the continued strong positioning of the UMT Group. Take a few minutes to have a look at your UMT AG.

Once again, an eventful year is nearly behind us. And the world is still dominated by the ongoing COVID 19 pandemic and its impact on our daily lives, both in our private and business lives. We, the UMT, are of course also affected by this.

I am therefore particularly pleased that, despite the adverse circumstances, we can look back together on a successful financial year to date, even though many things have changed - even for UMT.

Digitization continues to proceed, particularly against the background of the ongoing COVID 19 pandemic and people's associated need for or government decrees for more "contactlessness". Increasingly, customers at the checkout in particular are making greater use of the option to pay via card money or with their smartphones. Even in Germany, a "cash country" which - much to our regret - is not one of the pioneers of digital payments, transactions are now being settled by cashless means, especially against the background of the COVID 19 pandemic - contactless, hygienic, fast and secure.

This is, in these difficult times, good news after all - for me, for UMT and for you, dear shareholders.

And although the overall economic and industry conditions continue to provide a growing and promising market for the UMT Group, the momentum is not growing as much as originally expected, and especially before the COVID 19 pandemic.

For this reason, we, the Management of the UMT Group, have taken further decisive steps in the 2020 financial year to maintain the Company's competitiveness while at the same time aligning it for the future.

We, UMT, positioned ourselves early on in the mobile payment market with our business model. With our proven technology, our expertise, and our comprehensive range of services and products, we have played a pioneering role in shaping the megatrend of cashless payment in Germany.



We have clearly and sustainably demonstrated our ability to master complex systems and have thus created the basis for further expanding our service portfolio in a strategic, growth- and future-oriented manner.

On the one hand, the expansion of our offering is necessary for UMT in particular because it has become clear that the growth momentum in the mobile payment sector forecast by both us and analysts has so far still fallen significantly short of both our expectations and those of the market. On the other hand, we see a great need for technology-related consulting and service expertise, which is in high demand and which UMT can and does offer very successfully both for customers and for its own account.

Recognizing this, we therefore began at an early stage to expand our business model beyond mobile payment and to strategically significantly expand the inherent operational product and service offering - and pushed this further in the 2020 financial year in particular.

We have made and implemented efforts to leverage and further develop the technological intelligence and credibility inherent in UMT in order to accelerate future business development for consulting and services in existing markets in terms of revenue.

Our highly sought-after expertise in the development, introduction, and operation of comprehensive, secure, integrated, and end-to-end IT solutions with payment components provides a solid, sustainable foundation for a wide range of other software applications and services.

In the course of our strategic reorientation, we therefore also expect to generate significant income from the consulting area for technology design and development on an ongoing basis and in particular.

We also forecast strong medium- and long-term growth in transaction and commission income from assets under management (AuM), both for our own account and on behalf of direct customers. This means that UMT will use its own resources to significantly broaden its product range beyond what is currently known in mobile payment in order to significantly expand its vertical integration. In addition, this will also take place in the area of consulting for third parties in return for a commission. In addition, UMT has secured extensive access to own equity in this context. This means that financing of any kind is possible without external funds or third parties, which also makes UMT an independent private equity player in its market.

In its further development, UMT has thus clearly evolved from a pure mobile payment start-up on a greenfield site to a value-oriented technology house with a comprehensive range of services both in its product offering and in the marketing of its "corporate intelligence" with the possibility of equity financing.



Much of this was implemented in the first half of 2020 and is already visible in the results, especially in consulting. Thus, the Group was again able to significantly improve its key figures in the first half of 2020. The total operating performance generated of TEUR 13,130 represents a doubling compared to the same period of the previous year (TEUR 6,504). This is based on revenues of TEUR 12,651 (previous year: TEUR 5,724), which are mainly generated by the two business units "Technology with Software" and "Commerce and Consulting". In terms of revenue, the "Technology with Software" segment includes licensing rights, software development, and the software-induced transaction business. In terms of revenue, the "Commerce and Consulting" segment primarily comprises consulting activities for IT and asset management as well as the UMT Group's sales and commission-based business. The growth momentum in 2020 is attributable in particular to the Commerce and Consulting business area, which accounts for well over 50 percent of total revenue.

Gross profit at Group level improved by 164 percent to TEUR 6,576 in the first six months of 2020 (previous year: TEUR 2,496). Both consolidated earnings before interest, taxes, depreciation and amortization (EBITDA) of TEUR 4,524 (previous year: TEUR 1,689) and consolidated operating earnings before interest and taxes (EBIT) of TEUR 2,357 compared to TEUR 1,002 in the previous year, recorded a significant increase in the first half of the year. Consolidated earnings before taxes (EBT) increased to TEUR 2,369 (previous year: TEUR 981) with a significant decrease in interest expense. The UMT Group closed the first half of 2020 with consolidated net profit of TEUR 1,804 (previous year: TEUR 980).

As you can see, we are also on a very good track in 2020 - despite the ongoing COVID 19 pandemic.

We, UMT, continue to see our role as a technological pioneer or "value-driven technology house" driving developments in both the Tech and FinTech sectors so that our customers can continue to benefit from our proven technology expertise in the future. In this way, we are expanding our business model in a targeted, demand-oriented manner and also significantly broadening our revenue spectrum.

The course has thus been set for scaling the UMT platform beyond mobile payment.

As I have already informed you, we will continue to develop our organizational framework in line with the Company's future growth, improve our structures, and gradually adapt them in line with the Company's size.

In particular, we are considering a change in reporting from the German Commercial Code (HGB) to International Financial Reporting Standards (IFRS) as well as a possible segment change from the privately regulated Open Market to the publicly regulated General Standard of Deutsche Boerse.



At the recent Annual General Meeting, which was held virtually for the first time on December 11, 2020, our shareholders were also convinced by our expanded Group strategy, as reflected in the high approval rates for all proposed resolutions.

It is therefore already foreseeable today that 2021 will once again be an exciting year full of opportunities for the UMT Group. I am looking forward to it. And I also look forward to working with you, our shareholders, employees, business partners and friends, to successfully continue along the path we have already started.

I wish you and your families a Merry Christmas and a good start to a happy 2021. But above all I wish you one thing: stay healthy!

With best regards,

Yours

A handwritten signature in blue ink, appearing to read "Wahl". The signature is fluid and cursive, with a prominent initial "W".

Dr. Albert Wahl (CEO)