

Munich, December
2018



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

Following our beautiful tradition, I would like to inform you about the developments and most important events of the year 2018 at UMT AG during the pre-Christmas period. But not only the past should play a role in this letter. Together with you, I would also like to take a look into the future and illustrate the market opportunities, the innovative strength of our company and its strong positioning. These points form the basis for sustainable growth in the coming year 2019. Take a few minutes for an exciting insight into your UMT AG.

An undoubtedly eventful, exciting and groundbreaking year is almost behind us. We have made important and far-reaching decisions to remain successful in a dynamically growing market in the future.

In this context, the decision to put our relationship with our long-standing partner PAYBACK on a new footing should be mentioned in particular. As part of the further development of the UMT platform, PAYBACK has acquired a license from us for the independent operation of PAYBACK PAY. We are very pleased that we were able to convince with the functionalities of the UMT platform we developed ourselves. PAYBACK will of course remain an important partner and customer of our company. We received significant cash as part of the transaction. Of course, in line with our philosophy, we would like to invest them in the development of our technology. But this is not just about the successful transaction alone. Equally important is the associated opportunity to be able to offer our mature and stable UMT platform with additional functionalities, which were previously reserved for PAYBACK, to a potentially larger circle of customers as part of an open-loop solution. A clientele that is growing dynamically and rapidly.

As a Fintech company, we are currently shaping an epochal revolution process. As digitalisation progresses, not only consumption, communication and production are changing from the ground up, but also the way we pay for our purchases and how we settle our bills. The development in Germany is particularly interesting, especially for our company. The Federal Republic, Europe's largest economy, export world champion and technology location, is still the cash and cash paying country par excellence. A study by the Bundesbank on the payment behaviour of Germans shows that three out of four purchases in 2017 were made in cash, in particular payments of smaller amounts.



How should UMT AG profit from this? Are Germans who are otherwise enthusiastic about technology sceptical about cashless payments? No! Compared to the reference year 2014 - the Bundesbank carries out the above-mentioned study every three years - this figure is around five percentage points higher in favour of cashless payment alternatives such as card money, contactless payment and mobile payment, i.e. payment by smartphone, declined. Especially among the 18 - 24-year-olds surveyed, around one in four would like to pay bills with a mobile phone.

For us, this is the future in two respects: the future of payment transactions in Germany and the future of UMT AG.

Large providers such as Google Pay, Apple Pay, WeChat and Alipay are now increasingly penetrating this market. The interest of the competitors is not surprising. For the year 2017 alone, the Bundesbank determined that there were around 21.3 million cashless payments in Germany. This means that the volume has risen by almost four million transactions compared to 2010. The development of the number of so-called Point of Sale Terminals (POS) is also very interesting. These are payment terminals for non-cash payment transactions, for example in the retail sector. In the period from 2000 to 2017, the number of devices more than doubled from 591,000 to 1.2 million. As you can see, Germans are not so sceptical about cashless payment.

How do we at UMT AG intend to counter this megatrend? With our innovative and groundbreaking technology! The fact that we can now offer our proven UMT platform functionally completed to other customers is therefore a great opportunity. Another is the announced launch of the self-developed aggregation app LOYAL. It will enable us to offer our customers more flexibility and freedom when it comes to cashless payments. It is, so to speak, the digital Swiss Army knife for mobile payment. In the future, customers will no longer have to choose one provider but can combine the payment services of different providers in one application, namely LOYAL. At the same time, LOYAL users have access to one of the largest and densest acceptance networks in Germany. This is our idea of freedom, flexibility and security in cashless payment. We are prepared and already in deep discussions with interested customers and business partners from industry and trade.

The course has been set to scale the UMT platform beyond Mobile Payment and LOYAL in the future: On the one hand, UMT AG has significantly expanded its value chain through the technological expansion of its range of blockchain and crypto currency products, including the conclusion of a strategic partnership with UTRUST Switzerland AG in March 2018. On the other hand, this scaling of the platform will also be strategically driven by the targeted expansion of the range of services in the financial services and settlement segment, as well as by the acquisition of further investments. In the link from the real to the crypto world, we also see a great future potential for UMT.



2019 will be an exciting and groundbreaking year for UMT AG. We are looking forward to it. And we look forward to continuing to follow our path together with you, our shareholders, employees, business partners and friends.

I wish you and your families a Merry Christmas and a Happy New Year. I would be very happy to welcome you again in 2019!

With best regards,
yours

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

Dr. Albert Wahl (CEO)