



**UMT** United Mobility **Technology** AG

## **2019 Annual Report**

Consolidated Management Report and  
Consolidated Financial Statements\*  
as of 31 December 2019

UMT United Mobility Technology AG, 80333 Munich

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## Foreword of the Management Board

Ladies and gentlemen,  
Dear shareholders,

These are extraordinary times as I address you today. The year 2020 will go down in the annals of world history as a year in which everything became different from what it had been before: The COVID 19 pandemic and its consequences have changed humanity and the entire world. Of course, we at UMT are also affected.

Today you are holding our report on Financial Year 2019 in your hands. Unfortunately, there was a delay in the release because COVID 19 also hit us directly. For one thing, I had to experience first-hand what it means to be sick with corona. On the other hand, the audit of the annual financial statements had to be postponed by our auditor due to the pandemic, which in turn delayed the completion of our annual report.

I am all-the-more pleased that we can now look back on a successful Financial Year 2019 together, even though many things have changed, also for UMT. Digitalization is continuing to advance and is changing everything from the bottom up: our working life, our media consumption behavior and our communication. One area that is also changing is the way we pay our bills. In this context, the corona crisis could even be seen as something „positive“, at least as far as UMT's business development is concerned: Increasingly, customers are using the option to pay at the checkout using card money and smartphones. Even in Germany, where people have traditionally loved to pay with cash and which is truly not among the pioneers of digital payment transactions, now and especially in light of the COVID 19 pandemic, transactions are being paid cashlessly on a contactless, hygienic, fast and secure basis. I am naturally delighted to read today that, according to the global market

research company Euromonitor International, in 2020 the volume of card payments will exceed all cash transactions in the German retail sector and in the leisure, gastronomy and tourism sectors for the first time in history. According to the white paper, The German consumer: Rapid development in the midst of the crisis, it is predicted that the total value of card transactions in Germany will increase by 28 percent between 2019 and 2025, while cash payments will decline by 34 percent in the same period. According to this study, German consumers are expected to use card payment more intensively than ever before in the coming years, with the use of mobile devices for payment transactions also expected to increase.

We positioned ourselves with our business model in this market early on. With our proven technology, expertise and comprehensive services and products, we are supporting and shaping the megatrend of cashless payments. We succeeded in doing this again in the financial year just closed. The UMT Group can thus report about a successful Financial Year 2019. In the reporting period, the Group was able to improve its key figures with significant increases in sales, total operating performance, gross profit and EBITDA, and to generate revenue from licensing, software development, consulting, transaction and commission business. The Group's total performance in 2019 was up 9 percent, to TEUR 13,592 (previous year: TEUR 12,431), based on revenues of TEUR 12,718 (previous year: TEUR 9,520), Consolidated gross earnings improved by 20 percent in the reporting year, to TEUR 9,318 (previous year: TEUR 7,788), Both the consolidated earnings before



interest, taxes, depreciation and amortization (EBITDA) of TEUR 4,896 (previous year: TEUR 2,713) and the consolidated earnings before interest and taxes (EBIT) of TEUR 1,083 (after TEUR 250 in the previous year) were able to record a significant increase in the financial year. Consolidated earnings before taxes (EBT) increased to TEUR 1,066 in the reporting year (previous year: TEUR 117), despite a significant decrease in interest expenses. UMT Group finished Financial Year 2019 with TEUR 1,065 in consolidated net income (previous year: TEUR 117).

### **Critical decisions for the future**

Just as the payment process is changing, so is UMT changing with it. In Financial Year 2019, we have once again set the course, further sharpened and expanded our business model, thus adapting it to the requirements of the market in a forward-looking manner. Following the acquisition of the license rights by our long-standing cooperation partner PAYBACK in December 2018, we now have the opportunity to offer our open-loop solution and related consulting services to a wider range of customers. Among other things, we are focusing our attention on the industrial Internet of Things (IoT). In Germany alone, there are over a thousand medium-sized companies that are world market leaders with their respective products. This dynamically growing market for cashless payment, in which we are known as a reliable service provider with an already established platform thanks to our many years of experience, opens up completely new opportunities for us. UMT's technology is particularly suitable here for implementing pay-per-use and machine-to-machine (M2M) payment applications across manufacturers and production processes, especially using 5G. This market is characterized by an enormous transaction volume generated by a large number of customers.

In August last year, we also launched our LOYAL app, which is now available for downloading for iOS and Android operating systems from the Apple App Store and Google Play Store. The app will now be successively expanded to include all essential features in order to offer users discounts, bonuses or cashbacks specially tailored to their needs. With the meta-app, we want to take advantage of the considerably higher scalability of the B2C market and once again prove our flexibility and high implementation competence in penetrating new business areas.

The course has also been set to scale the UMT platform beyond mobile payment and LOYAL. With the possibility to extend the platform to include artificial intelligence (AI), pay-per-use and 5G, we have created a proven basis of technology to significantly expand our business model in a further step. In this context, we took precautions early on to use and further develop the technological intelligence within UMT to accelerate future business development for consulting and other services in existing markets. In addition to the proven offerings of the UMT Group in the area of the industrial Internet of Things (IoT) and pay-per-use for machine-to-machine (M2M) payment applications, we see many more opportunities for digital services and services throughout the FinTech sector in the future. Our highly sought-after expertise in the development, introduction and operation of nationwide, secure mobile payment solutions forms the solid foundation for a wide range of other services. In the course of our strategic realignment, we therefore expect significant income in the future, particularly from the consulting area, for technology design and development. We therefore forecast strong growth in transaction and commission income from assets under management (AuM) over the medium and long term, both for our own account and on behalf of customers. As UMT, we still see our role as a technological pioneer to be in driving developments in the FinTech sector forward, so that our customers can continue to profit from our proven technological competence in the future.

At the general meeting in August 2019, the shareholders were convinced of the expanded Group strategy, which was reflected in high approval ratings for the proposed resolutions. One of the key items on the agenda concerned the reduction of the company's share capital. The existing share capital of EUR 23,533,560.00 was reduced by EUR 21,180,204.00 to EUR 2,353,356.00 for the purpose of creating free surplus capital. The aim is to increase the attractiveness of the share in line with the operating performance.

I would like to take this opportunity to thank all UMT Group employees for their passionate and unyielding commitment.

My thanks also go to our business partners for their loyal and enriching cooperation. I would like to thank the Supervisory Board for the constructive dialogue and especially you, dear shareholders, for your trust and loyalty.

Munich, September 2020

Best regards,  
Dr. Albert Wahl

**Dr. Albert Wahl**  
CEO



## Report of the Supervisory Board

Dear shareholders,

The Supervisory Board reports as follows on its activity in Financial Year 2019:

The Supervisory Board once again performed its required tasks in Financial Year 2019 in accordance with the law and the Articles of Association, exercising careful and routine supervision over the Management Board. The Management Board routinely reported to the Supervisory Board, verbally and in writing, with regard to company forecasts and strategic planning, operational performance, risk management and all major transactions. Decisions of fundamental importance for the company were discussed with the Supervisory Board and presented for its approval.

Four meetings of the Supervisory Board were held in Financial Year 2019, on the following dates: 5 February, 10 May, 5 June, 12 July, and 19 August. All meetings were attended by all Supervisory Board members. Resolutions of the Supervisory Board were also adopted over the phone, with all members taking part. The Supervisory Board was also kept constantly informed of recent developments in the company in personal conversations outside of these meetings.

The Management Board regularly reported on the course of business and presented operational performance indicators over the course of the year.

The meeting on 5 February focused on current developments in the PAYBACK Project, status quo of the operating business and an update on sales activities.

At the meeting on 10 May, the Supervisory Board was informed by the Management Board about the current status of the operating business and the status quo of the audit of the annual financial statements for Financial Year 2018. The date of the 2019 annual meeting was also set and the agenda items which are to be dealt with at that meeting were discussed.

At the Supervisory Board's meeting on 5 May, the audited and certified financial statements as of 31 December 2018 were presented to the Supervisory Board by the Management Board. As in the year before, an earnings appropriation resolution was not proposed because, despite reporting a net income, the company showed a net accumulated loss at the end of the year. After deliberation by the members of the Supervisory Board, and after hearing the auditor, the Supervisory Board unanimously approved the financial statements for 31 December 2018. The date of the 2019 annual meeting was also set and the agenda items which are to be discussed at that meeting were adopted as well.

At the meeting on 19 August, the Supervisory Board discussed the course of the annual meeting which had just been conducted, as well as status of the current business operations.

There were no Supervisory Board committees in Financial Year 2019. No new committees were formed.

The 2019 annual financial statements of UMT United Mobility Technology AG prepared by the Management Board in accordance with the provisions of the German Commercial Code were audited by Dipl.-Kfm. Harry Haseloff, Certified Accountant/Independent Auditor, Berlin. The auditor

issued an unqualified auditor's opinion.

The report on the audit of the financial statements as of 31 December 2019 was made available to the Supervisory Board in a timely manner prior to the meeting. These financial statements were discussed together with the Management Board and the auditor at the Supervisory Board meeting of 29 September 2020. The Supervisory Board approvingly took note of the results of the audit, raising no objections. The Supervisory Board examined the company's financial statements pursuant to § 171 of the Corporation Act (Aktiengesetz) and approved them. Accordingly, the financial statements for Financial Year 2019 were adopted pursuant to § 172 of the Corporations Act.

The Supervisory Board would like to express its thanks and recognition to the company's Management Board for its hard work and professionalism in Financial Year 2019.

Munich, 29 September 2020

For the Supervisory Board

Walter Raizner



**Walter Raizner**  
Supervisory Board Chairman

## Consolidated management report

### Foundations of UMT Group

#### Business model

As a publicly traded parent corporation, UMT United Mobility Technology AG (UMT) supports innovative enterprises with a highly entrepreneurial, implementation-oriented approach.

The UMT Group offers its customers tailor-made services and solutions with a focus on modern electronic payment systems for the private and industrial sectors using the latest artificial intelligence processes.

In Germany alone, more than 14 million users use UMT's mobile payment technology. This is 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.

These offerings make UMT one of the leading providers of mobile payment technology and integration services in Europe. UMT also offers its clients services throughout the value chain in connection with customer loyalty programs and smart data, as well as consulting services in connection with ICOs (initial coin offerings). With its innovative LOYAL app, the UMT Group offers its users the ability to use loyalty programs efficiently, as well as a mobile payment solution which meets current standards.

In addition, UMT is expanding its business model to include the provision of services in technology design and development as well as technology consulting. In the future, this should increasingly lead to revenues from consulting as well as transaction and commission income from assets under management (AuM), both for the company's own account and direct on behalf of customers.

### Subsidiaries and Investments

UMT holds shares in UMS United Mobile Services GmbH (UMS) in Munich. Serial Entrepreneurship Knowledge Society S.L. in Barcelona and UMT USA Inc. in California also belong to the UMT Group as holdings.

The remaining shares in affiliated companies (UMT Peaches GmbH and iPAYstSia.) have been disposed of.

The investments in Mobile Payment System Espana S.L., Barcelona, and UMT Turkey Mobil A.S., Istanbul, were written off in full (TEUR 573).

### Innovations, research and development

UMT Group offers its customers from industry and the private sector innovative and flexibly customized solutions along the mobile payment and loyalty value chain and in the field of smart data. Innovation and artificial intelligence (AI) and other new technologies are a key component of the Group's strategy. 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.



## Economy

### Economic framework conditions

Due to the corona crisis, the International Monetary Fund (IMF) has lowered its estimates for the global economy within a few months further than ever before. “The world has changed dramatically over the past five months”, was the message of the IMF’s World Economic Outlook published at the end of June 2020. At the end of June, the IMF reduced its forecasts, especially for countries that are particularly affected by the pandemic - including France, Italy, Spain, Great Britain, Brazil and the United States. Germany is said to have reacted well to the crisis and is expected to experience a strong recovery next year. The forecasts for China look best.

The global economy is therefore expected to shrink by 4.9 percent in 2020. As recently as April, the IMF had forecast a negative 3.0 percent, which already corresponded to the worst recession since the Great Depression in the 1930s. The adverse consequences for the economy are more serious, and the recovery is likely to be slower than expected, the Fund has now announced. This is mainly reflected in weaker consumption and higher savings rates. The IMF expects the global economy to grow by 5.4 percent in 2021. This is 0.4 points less than forecast in April.

According to IMF forecasts, the US economy, the world’s largest, is likely to decline by 8.0 percent in 2020. Negative 10.2 percent is expected for Great Britain. In Europe, France, Italy and Spain are also heavily affected, with declines of almost 13 percent predicted in each case. Significant negative indicators are also forecast for Russia, Brazil and India. China, the world’s second largest economy, where the epidemic first appeared and was contained earlier, is expected to grow by 1.0 percent in 2020 and then by 8.2 percent next year.

The IMF also announced that the government in Germany had reacted quickly and with large sums of money to the crisis. The Grand Coalition helped the economy with loans, guarantees and in some cases, as in the

case of Lufthansa, also with equity. In addition, an economic stimulus package worth EUR 130 billion was recently put together, including a temporary reduction in value added tax. The IMF predicts a 7.8 percent slump in gross domestic product (GDP) for Germany this year. In 2021, growth is likely to reach 5.4 percent, which is 0.2 points higher than most recently expected.

The IMF stressed that current estimates are also associated with great uncertainties. Possible corrections were mainly linked to the number of new infections and restrictions in public life. Should a second wave occur, the data for 2021 could be significantly weaker.

The corona pandemic is hitting the German economy hard, as reported by the Federal Statistics Office (Destatis) at its press conference on 15 May 2020. Although the spread of the coronavirus did not significantly affect economic performance in January and February, the effects of the pandemic are serious even for the first quarter of 2020: Gross domestic product (GDP) fell by 2.2 percent compared to the fourth quarter of 2019, adjusted for price, seasonal and calendar effects.

This was the sharpest decline since the global financial and economic crisis of 2008/2009 and the second sharpest decline since German Unification. Only in the first quarter of 2009 was the decline greater, at -4.7 percent compared to the quarter before.

Economic output also slumped compared to the previous year: GDP in the first quarter of 2020 was 1.9 percent lower in price-adjusted terms than the year before, and 2.3 percent lower in calendar-adjusted terms. Only in the years of the 2008/2009 financial and economic crisis were there sharper declines compared to the previous year, the most severe being -7.9 percent in the second quarter of 2009 (calendar-adjusted -6.9 percent in the first quarter of 2009).

Private consumer spending declined sharply in the first quarter of 2020. Investments in equipment (primarily in machinery, equipment and vehicles) also declined significantly. By contrast, government consumption and investment in buildings had a stabilizing effect and

prevented an even sharper decline in GDP. In terms of foreign trade, both exports and imports fell sharply compared with the fourth quarter of 2019.

The German Institute for Economic Research (DIW) expects German gross domestic product (GDP) to decline this year by an estimated 9.4 percent compared to last year. Next year, the German economy should then grow by 3.0 percent from today's perspective. This is the result of the Institute's latest economic forecast, which was presented by DIW President Marcel Fratzscher and Economic Director Claus Michelsen at a video press conference in early June 2020.

When the economic stimulus package was fully implemented, the researchers predicted more favorable values. GDP would fall by 8.1 percent in 2020 and rise by 4.3 percent in 2021, said Michelsen. However, Fratzscher called for even more long-term investments. According to Michelsen, DIW proposed a volume of EUR 190 billion for the next 10 years.

In their forecast, the economists assumed „that we will not see a second major wave of infection“, explained DIW's head of economic affairs. „We expect social activities to return to normal next year“. In the second quarter, GDP will drop „well over 10 percent“, the economic director explained. The economic recovery will be „very, very slow“. “From our point of view, the most likely scenario is a U-shaped path“. Even by the end of 2021, the level of prosperity will still not return to pre-crisis levels.

### **Industry conditions**

The corona virus Sars-CoV-2 also has the smartphone market firmly in its grip: Global deliveries of smartphones fell to a record low in February 2020. The global smartphone market is experiencing its biggest slump in sales since 2003 and is not expected to recover during the course of the year after the poor first quarter. The International Data Corporation (IDC) expects deliveries to fall by 11.9 percent in 2020 compared to last year.

In the first quarter of 2020, the number of smartphone deliveries has therefore fallen more sharply than ever before in the history of the industry. An increase is not expected before the beginning of the new year. “What began as a crisis on the supply side has developed into a global problem on the demand side“, said IDC market researcher Sangeetika Srivastava in a press release dated 3 June 2020. Faced with lockdowns and rising unemployment, consumers will limit their spending to basic goods.

According to the IDC forecast, the Chinese economy will be less affected than the European economy, as most of the factories there are already back in operation. The Chinese domestic market will therefore only register a single-digit decline. In the European regions particularly hard hit by the corona crisis, such as Italy or Spain, a double-digit decline is expected.

Srivastava sees a glimmer of hope for the smartphone market in the expansion of 5G. The technology could become a catalyst for the industry and contribute to the market recovery in 2021. The current recession may lead to cheaper 5G smartphones than expected - which could benefit some providers.

COVID 19 also changes the payment behavior at the cash register: Because of the corona pandemic, more and more people in Germany are paying for their shopping in a contactless fashion. „Hardly any other behavioral pattern has been changed by Corona to the same extent as payment at the cash register“, said Bitkom President Achim Berg. Amidst the corona crisis, people in Germany are trying to avoid paying in cash as often as possible. This was the result of a representative survey commissioned by the digital association Bitkom. Three-quarters of those surveyed said they would rather pay with a card, a smartphone or a smartwatch. At the same time, 7 of 10 respondents (71 percent) would like more options for contactless payment. Recently, the Bundesbank also announced that more and more people in Germany were paying for their purchases without contact due to the corona crisis. Hygienically, quickly and safely.

However, the major breakthrough in smartphone payments is still not in sight in this country. While mobile payment is becoming more widespread in other European countries, German consumers still have great reservations.

In Germany, the smartphone payment systems Google Pay and Apple Pay have been available since June and December 2018, respectively. However, the anticipated boost for mobile payment has not yet materialized. The auditing and business consulting firm PwC surveyed residents from 10 European countries on the subject of mobile payment. Although 25 percent of German consumers already use their mobile phone for payment, they are still last on a European comparison. Turkey is in the lead with nearly two thirds. In the Netherlands and Belgium, around half of consumers use mobile payment. In Austria and Switzerland, the figures are 32 and 35 percent respectively.

Apart from the reluctance of citizens, there are other obstacles to the dissemination of mobile payments in Europe. A pan-European payment system is lacking. There are currently 15 different national electronic payment systems and an even greater number of online and mobile payment services, which are also predominantly country-specific.

Overall, Germans are very divided when it comes to mobile payment. Payment by smartphone or tablet is becoming increasingly popular, especially among younger people: 46 percent of Germans under 30 years of age use mobile payment; among those over 60, the figure is 12 percent.

In five years, however, 57 percent of all Germans want to process their payments on the go. 41 percent of German citizens can even imagine paying exclusively by smartphone in the future, provided the method is secure and accepted everywhere by then. However, 58 percent of those surveyed see no reason that would make mobile payment attractive to them in the future. The proportion of skeptics was thus higher than in any other participating country.

Conditions in the sector and in the economy as a whole continue to

offer a growing and promising market for UMT Group's mobile and digital payment and loyalty solutions. However, the momentum is not growing to the degree originally expected, especially before the COVID 19 pandemic. UMT's full-service platform fully meets the individual requirements of retailers and partners and is capable of creating sustained added value in the B2B and B2C segments, e.g. as a continuous driver of revenue growth. Through the expansion of its business field to industrial applications and the use of the potential on the consumer market, combined with the use of the latest technologies such as AI, pay-per-use and 5G, the UMT Group sees itself well positioned to profit from an overall market which continues to change to the advantage of the Group. In addition, the UMT Group sees a great need for technology-related consulting and service competence, which is in great demand and is offered by UMT both for customers and for its own account. UMT is thus significantly expanding its business model and thus its sales spectrum. In addition to its traditional operative business, the company expects strong medium- and long-term growth of transaction and commission income from assets under management (AuM), both for its own account and directly on behalf of customers.

### **Course of business**

The Management Board of the UMT Group took decisive action in Financial Year 2019 as well in order to ensure that the company remains competitive and on track for future growth.

On 28 March 2019, the capital increase in return for non-cash contributions adopted on 22 November 2018 was entered in the Commercial Register of the Local Court of Munich. A total of 2,500,000 new no-par-value common bearer shares were issued on this occasion, with a notional portion in the share capital of EUR 1.00 per share. These new shares were paid for through the contribution of a loan claim against UMT in the amount of EUR 2,500,000.00 held by the incorporating shareholder and a major shareholder, SWM Treuhand AG Wirtschaftsprüfungsgesellschaft, Grünwald. Conversion of these claims against UMT AG into equity decreased the company's interest expenses significantly, as accounts payable to shareholders were

substantially reduced with no impact on liquidity and the shareholders' equity increased by a significant amount. With the entry in the commercial register, the share capital of UMT AG increased from EUR 21,033,569.00 to EUR 23,533,569.00.

Within the framework of the strategy adapted to market requirements, UMT was able to successfully implement further important projects. This was based on the cooperation with the multi-partner bonus program PAYBACK, which was redefined in December 2018. In the course of further development of the UMT platform, however, PAYBACK has now acquired a license from UMT to operate PAYBACK PAY on its own, and will be taking responsibility for managing the customer-specific functional model developed by UMT by itself. In exchange, UMT will now be able to offer the functionalities which had previously been used by PAYBACK exclusively within an open loop solution to other interested parties, thus significantly expanding its potential customer base.

In this connection, the UMT Group is focusing its attention in particular on the Industrial Internet of Things (IoT), since UMT's own technology is particularly suitable for implementing pay-per-use and machine-to-machine (M2M) payment applications - also using 5G - and this across all manufacturers and production processes. The market this opens up for the UMT Group is characterized by an enormous transaction volume generated by a large number of customers.

The launch of the company's own aggregation app LOYAL, which has been available for download from the Apple App Store and Google Play Store for iOS and Android operating systems since 19 August 2019, is also part of this process. The app will be successively expanded to include all essential features and should thus offer its users even more specially tailored discounts as well as rewards and cashbacks when selecting their favorite voucher and incentive programs. For this purpose, UMT uses the latest artificial intelligence (AI) methods, which are currently being trained. In this way, new standards are set in the selection of the best deals and user relevance, while at the same time allowing for distribution in many languages and countries. On 30 September 2019, UMT informed its shareholders about the

scheduled completion of the simplified capital decrease in accordance with §§ 229 ff. of the Corporation Act. With the entry in the commercial register on 3 September 2019, the resolution of the shareholders in ordinary general meeting of 19 August 2019 to reduce the share capital of UMT United Mobility Technology AG became effective. The conversion of the listing of UMT shares on the Basic Board of the Frankfurt Stock Exchange in a ratio of 10:1 took place on the record date of 1 October 2019.

The shares were listed under the new ISIN DE000AZYN702 with a value date of 2 October 2019.

In November 2019, UMT announced a new strategic partnership with the London-based private equity fund Kingsbridge Capital Advisors Ltd. to accelerate future business development for consulting and other services in existing markets. In addition to the existing offerings of the UMT Group relating to IoT and pay-per-use for machine-to-machine (M2M) payment applications, UMT sees a multitude of further possibilities for digital and other services throughout FinTech sector in the future. The new strategic partnership and the exchange with leading representatives of the financial industry will enable UMT to gain early insights into the ongoing far-reaching changes in the financial sector and to identify urgent needs for cost-saving digital solutions.

Also in November 2019, UMT joined the European initiative „Berlin Group NextGenPSD2“ as part of the advisory group for the standardization of interfaces in payment traffic. This step underscores UMT's technological and design leadership within the framework of the Second EU Payment Services Directive (PSD2), which came into force on 13 January 2018 and regulates, among other things, charges, security standards and data exchange between banks and third-party providers. By joining the Berlin Group's NextGenPSD2 initiative, UMT is contributing to the dissemination of secure and state-of-the-art cashless digital payment transactions. UMT is convinced that the digitalization and standardization of payment protocols will enable FinTech companies like UMT to develop and provide new digital products for consumers at significantly lower costs.



Through the expansion of its business model to industrial applications and associated consulting services, as well as the use of the potential of the consumer market combined with the application of the latest technologies, the UMT Group is very well positioned in the market and once again underscores its claim to leadership in this area. Thanks to the high technical penetration in the retail trade and its flexible platform, which UMT is now expanding to offer artificial intelligence, pay-per-use and 5G to many new customers, the company believes it is well positioned to benefit from an overall market that is changing to the Group's advantage.

UMT's highly sought-after expert knowledge in the development, introduction and operation of nationwide secure mobile payment solutions forms a solid basis for a wide range of other services. In the course of its strategic reorientation, the UMT Group therefore expects in the future significant income from technology consulting and forecasts strong medium and long-term growth in transaction and commission income from assets under management (AuM), both for its own account and directly on behalf of customers, over and above the traditional operating business.

### **Position of UMT Group**

The basis for the presentation of the earnings, liquidity and financial situation as well as for the key ratios is the annual financial statements as of 31 December 2019 in accordance with the German Commercial Code and UMT Group internal reporting for the period from 1 January to 31 December 2019.

UMT generally publishes all data in thousands of euro (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 Group in 2019 compared to the corresponding period from the previous year:

The Group's total performance in 2019 was up 9 percent, to TEUR 13,592 (previous year: TEUR 12,431), based on revenues of TEUR 12,718 (previous year: (previous year: TEUR 9,520). Consolidated gross earnings improved by 20 percent in the reporting year, to TEUR 9,318 (previous year: TEUR 7,788). Both the consolidated earnings before interest, taxes, depreciation and amortization (EBITDA) of TEUR 4,896 (previous year: TEUR 2,713) and the consolidated earnings before interest and taxes (EBIT) of TEUR 1,083 (after TEUR 250 in the previous year) were able to record a significant increase in the financial year. Consolidated earnings before taxes (EBT) fell to TEUR 1,066 (previous year: TEUR 117) in the reporting year, with a significant decrease in interest expenses. UMT Group finished Financial Year 2019 with TEUR 1,065 in consolidated net income (previous year: TEUR 117).

### **Financial and liquidity position**

Major changes in the financial situation of UMT Group in 2019:

The Group had TEUR 30,078 in total assets as of the reporting date, 31 December 2019 (31 December 2018: TEUR 22,186). The increase was mainly due to the increase in trade receivables and other assets in current assets, which was offset by a decrease in intangible assets, financial assets and other securities.

The total value of intangible fixed assets decreased from TEUR 18,349 (31 December 2018) to TEUR 16,439. This was mainly due to the scheduled amortization of self-created trademarks, patents, licenses and similar rights as well as goodwill.

Under the item „self-created trademarks, patents, licenses and similar rights“ in the amount of TEUR 5,597 (31 December 2017: TEUR 6,115), expenses were capitalized in the financial year (including expenses

for freelance staff and for the development of the core system and in-house development of the software used in the new LOYAL meta-app, including the prorated overhead costs of TEUR 834.

Among current assets, trade receivables decreased significantly, from TEUR 305 on 31 December 2018 to TEUR 12,508. Liquid funds as of 31 December 2019 amounted to TEUR 40 (31 December 2018: TEUR 483). UMT Group's shareholders' equity decreased by TEUR 3,561, to TEUR 22,533 (31 December 2018: TEUR 18,972). This was due to a capital increase in 2019 of TEUR 2,500, a change in earnings reserves of TEUR 4 and the consolidated net income for the year of TEUR 1,065. Debt increased from TEUR 3,214 in the previous year to TEUR 7,545, mainly due to the increase in other provisions to TEUR 2,735 (31 December 2018: TEUR 54) and trade payables to TEUR 4,534 (31 December 2018: TEUR 335), which were offset by a decrease in liabilities to other Group companies to TEUR 147 (31 December 2018: TEUR 2,704).

The consolidated cash flow statement shows a net operating cash flow of TEUR -2,997 (31 December 2018: TEUR 2,240), a net cash flow from investment activity of TEUR -909 (31 December 2018: TEUR -1,067) and a net cash flow from financing activity of TEUR 2,500 (31 December 2018: TEUR -4).

## **Financial and non-financial performance indicators**

### **Financial performance indicators**

Das operative Konzernergebnis vor Zinsen, Steuern und Abschreibungen (EBITDA) der UMT Gruppe stieg im Geschäftsjahr 2019 deutlich auf TEUR 4.896 gegenüber TEUR 2.713 im Vorjahr. Die UMT Gruppe hat im Jahr 2019 ein Ergebnis vor Steuern (EBT) von TEUR 1.083 (Vorjahr: TEUR 250) erzielt.

### **Non-financial performance indicators**

#### **Personnel**

In addition to the Management Board and other management members, the UMT Group's staff comprised an average of 24 employees in Financial Year 2019. 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.

### **Forecast, risks and opportunities**

#### **Forecast**

The German Government's spring 2020 forecast, which was published at the end of April, also assumes that the global economy and with it the German economy will fall into recession due to the corona pandemic. For 2020, gross domestic product is expected to decline by 6.3 percent (on a price-adjusted basis). In the course of the recovery process, growth of 5.2 percent is expected for 2021.

The German Council of Economic Experts had published a special report on the corona pandemic in March 2020, in which it described scenarios for economic development. On 23 June 2020, it presented an economic forecast, as the economic data available at the time enabled a better assessment of the economic situation in 2020. The development of the economy in Germany should therefore be quite close to the risk

scenario described in the special report as a „pronounced V“. However, the low point calculated there will probably still be undershot. The German Council of Economic Experts expects real GDP to fall by 6.5 percent in 2020 (6.9 percent after adjustment for calendar effects). For 2021, the Council expects positive growth of 4.9 percent (likewise 4.9 percent after calendar adjustment). This means that GDP is unlikely to return to pre-pandemic levels before 2022 at the earliest.

The poor foreign trade environment is having a significant impact on German exports this year. The global spread of the corona virus has led to a deep recession in the world economy. For the euro zone, the German Council of Economic Experts expects real GDP to decline by 8.5 percent in 2020 and to grow by 6.2 percent in 2021.

The outlook for further economic development remains subject to considerable uncertainty. The further course of the pandemic is of key importance. If it is not possible to keep the number of new infections low, for example through smart distancing, to continue to ease restrictions and to reduce the uncertainty of companies and households, a much longer period of weakness can be expected.

Paying by smartphone is also gaining ground in Germany - albeit more slowly than originally expected. This is especially true for the younger sections of the population: 46 percent of Germans under the age of 30 have already used mobile payment or do so frequently or regularly. The share of mobile payers across all age groups is currently 25 percent. In five years, 57 percent of Germans want to process mobile payments. These are the findings of the „Mobile Payment Report 2019“ published in March by the auditing and consulting firm PwC. Four out of 10 German citizens can even imagine paying exclusively by smartphone in the future, provided the method is safe and accepted everywhere. „However, the traditional payment methods such as cash and EC cards will still be represented in Germany in five years' time“, says Prof. Dr. Nikolas Beutin, PwC partner and Head of Customer Practice at PwC Europe.

On an international comparison, however, Germans use mobile payment methods much less frequently than people in other European countries: While a quarter of Germans across all age groups state that they pay regularly or occasionally by mobile phone or tablet, this figure is almost two thirds in Turkey. In the Netherlands and Belgium, around half of consumers use mobile payment. In Austria and Switzerland, the figures are 32 and 35 percent respectively.

PwC also asked consumers about their opinion of the major international technology groups that often offer alternative payment methods or are entering the German mobile payment market. In general, more than half of Germans (55 percent) like to use digital products from companies such as Google, Apple, Facebook or Amazon because they are perceived as innovative and can be used without complications. Every second person thinks it is good when tech companies use new payment methods to enable uncomplicated and fast payment transactions. However, many people have less for the big tech providers than for their banks: 78 percent would entrust banks and savings banks with personal data, while 65 percent trust PayPal. However, these figures are significantly lower for the large tech companies (Amazon 51 percent, Google 35 percent, Apple 29 percent, Facebook 16 percent).

The study also provides information on the conditions that providers must meet in order for mobile payment to become established in Germany among all age groups: 52 percent of Germans expect guaranteed security when paying. 48 percent said it is important that there are no hidden fees. „The critical success factor for mobile payment methods is security: Mobile payment users expect their smartphone payments to be protected. This also includes the possibility of being able to quickly block the stored payment services if the mobile phone is lost“, comments Nikolas Beutin. For young consumers, however, other arguments play a role: 45 percent of German citizens between 18 and 29 would like to see additional services such as coupons, discounts and vouchers for mobile payment.

UMT Group's focus will continue to be on seamless and customer-oriented integration of its technology platform using a licensing model and customized consulting and integration services with conceptual support for sales-boosting mobile payment, loyalty, Blockchain and data analytics solutions. In the future, the company will continue to generate revenues from implementation and associated recurring royalties and transaction fees through a licensing model. 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.

In summary, it can be stated that forecasts of any kind concerning UMT's future business performance depend on the continuing market penetration of mobile payment options in stationary retail and e-commerce. As stated above, the future development of the mobile payment market itself will be determined by the degree to which consumers not only accept cell phones as a means of payment, but actually use them as such. Because of the difficulty in ensuring the validity of statements relating to future developments, any forecasts will carry a great deal of uncertainty and, in particular, will depend on many different variables.

In order to actively counteract this risk of uncertainty in forecasts, the UMT Group has continuously expanded its range of services throughout its entire company history.

Beyond strictly mobile payment and loyalty applications, it therefore offers further tailor-made services and solutions as well as services for mobile and electronic payment systems and in the areas of crypto currencies and consulting. Accordingly, UMT's goal of extending its value chain was the key driver in the development of the loyalty app LOYAL. For UMT AG, LOYAL represents a significant logical extension of its value chain, and a key development for its strategy of moving from strict mobile payment to greater digital integration of cashless payment, loyalty programs and current deals.

By offering the UMT transaction platform with extended functionalities and launching the LOYAL app, UMT has taken a big step towards scaling its business model. In the future, UMT will profit not only from the use of the installed and market-proven technology by dealers, but also by those on the other side of the cash register: the users of the UMT LOYAL app. UMT technology enables its customers to benefit from the numerous advantages of the latest cashless payment processing solutions in connection with loyalty programs at the point of sale (POS). The transaction platform's functionalities will be gradually expanded from pure payment functions to complete business processes.

In addition, the UMT Group will significantly expand its business model and thus also its sales spectrum for the first time in Financial Year 2019. UMT's highly sought-after expert knowledge in the development, introduction and operation of nationwide secure mobile payment solutions forms a solid basis for a wide range of other services. In the course of its strategic reorientation, the UMT Group therefore expects significant income from consulting relating to technology development and design in the future and forecasts strong medium- and long-term growth in transaction and commission income over and above the traditional operating business from assets under management (AuM), both for own account and on behalf of direct clients.

### **Risks and opportunities**

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

The UMT Group operates in a highly fragmented market environment which is becoming increasingly consolidated. As a result, there continues to be a risk that large market operators like Apple, Google, Alipay or WeChat which already hold significant market power and/or have considerable funds at their disposal will be able to divide the market among themselves in the long term. But providers of white label



mobile payment and mobile wallet solutions like UMT benefit from the fragmentation of the market, particularly in the form of platform-independent access.

The Group 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, lack of dependence on individual retailers and the ability to integrate targeted marketing actions and a variety of payment options. The business performance of UMT Group largely depends on the future performance of UMS United Mobility Services GmbH, where the Group's operations are largely concentrated.

Germany is an exciting market for innovative payment service providers and fintech companies such as UMT. In recent years, we have observed a clear trend away from cash payment and towards cashless payment alternatives. This is a great opportunity for retail and for UMT Group as well.

Through its earlier partnership with the multi-partner bonus program PAYBACK and the associated integration of the point-of-sale system, UMT Group already accommodates a large share of mobile payment processes in German retail. On this basis, UMT Group will further strengthen position in the German mobile payment market in the coming year as well. The agreement reached with PAYBACK, which will enable UMT to offer its platform to other customers as part of an open-loop solution and thus expand its potential customer base over the long term, will help to significantly accelerate the scaling of the UMT platform. This development should be viewed in conjunction with UMT's aggregation app LOYAL launched in August 2019, which allows customers to combine payment services from various providers in a single application: UMT is offering users an even greater degree of flexibility and freedom, while at the same time ensuring the broadest possible acceptance. For UMT, this means greater independence and a promising future in the fast-growing cashless payment market.

The most important requirement cited by consumers for switching to mobile payment is data security, followed by access to intuitive integrated technology in apps which offer additional services. In general, UMT Group offers all retailers the option of integrating its technology throughout the sales and loyalty process, ensuring utmost protection of user data. These requirements happen to represent the major strengths of UMT's technology. For example, the payment technology which is integrated in the PYABACK app is TÜV-tested and the company's security and encryption mechanisms conform to the standards for banks. No bank data is stored on the smartphone, thus practically ruling out misuse of the payment process. UMT technology also allows consumers to collect points and activate coupons. 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. With its highly efficient development processes, UMT's platform creates clear competitive advantages by enabling very rapid market entry and high technological penetration in retail.

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. For this reason, and in view of the growing demand for mobile payment and the basically positive forecast for private consumer spending depending on the course of the COVID 19 pandemic, the company does not view this as a significant risk for the current financial year.

In addition, the UMT Group's expert knowledge in the development, introduction and operation of nationwide secure mobile payment solutions is in great demand and forms a solid basis for a large number of other services. In the course of its strategic reorientation, the UMT Group therefore expects significant income from technology consulting

in the future and forecasts strong medium- and long-term growth in transaction and commission income from assets under management (AuM), both for its own account and directly on behalf of customers.

Well-trained and motivated employees play a very important role in ensuring the lasting financial success of the 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 risk. Based on the fact that the company is already set up with the relevant specialists, the company 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. In the course of its investments, UMT Group will continue to strategically invest in and acquire companies all along the value chain provided they offer added value for UMT's technology platform. The investment risk is mitigated by the fact that the subsidiaries and investments are largely capitalized with equity alone. This is also true for other planned investments and partnerships.

Financial risks are a key aspect, and particularly securing capital for the UMT Group.

Through the capital increase with subscription rights excluded which was executed in March 2019, UMT was able to strengthen the company's capital base in a lasting fashion for its operational alignment. The 2,500,000 new shares were fully placed with the incorporating and major shareholder SWM Treuhand AG Wirtschaftsprüfungsgesellschaft in Grünwald (SWM Treuhand AG) at an issue price of EUR 1.00. With the entry in the commercial register on 28 March 2019, the share capital was increased by EUR 2,500,000.00 to EUR 23,533,569.00. These new

shares were not paid for in cash, but rather through the contribution of a loan claim against UMT in the amount of EUR 2,500,000.00 held by SWM Treuhand AG. Contribution of this loan claim decreased the company's interest expenses significantly, as accounts payable to shareholders were substantially reduced with no impact on liquidity and shareholders' equity increased by a significant amount. As a result, the conversion of these claims against UMT into equity went a long way towards strengthening the company's capital base in lasting fashion.

With the entry in the commercial register on 3 September 2019, the resolution of the shareholders in ordinary general meeting on 19 August 2019, to reduce the share capital of UMT AG, became effective. The decrease was carried out in accordance with the provisions on ordinary capital decreases (§§ 222 ff. of the Corporation Act). It was carried out in such a way that 10 no-par value bearer shares were consolidated into one no-par value bearer share. The resolution to decrease the share capital was adopted at the request of the major shareholder SWM Treuhand AG as part of a request for additions to the agenda of the general meeting on 19 August 2019. SWM Treuhand AG justified its request for an addition to the agenda with the negative development of the UMT share price, which in its opinion was not in line with the positive development of the company's operations. According to SWM Treuhand AG, the clear objective of the measure was to increase the attractiveness of the share within the framework of the operative development and to enable the company to continuously pay a dividend of 3 to 5 percent of the registered share capital to the shareholders in the future. In addition, the company was to be enabled to take measures that have a sustained positive effect on the development of the share price.

At all times, the management of UMT Group ensures 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.

One of the UMT Group's main goals has always been to promote technologies which create lasting added value, replace outdated business models and render expensive and unnecessary processes obsolete. To this end, UMT will continue to work on its core competence, mobile payment and loyalty solutions. The prospects for success in this area are excellent thanks to the partnerships which the company has been able to form. The foundation has been laid to be able to profit sustainably from the fast-growing market for mobile payment, crypto currencies and loyalty. Advanced negotiations with major customers from the retail, banking and industrial segments form the basis. The company plans to generate additional revenues not only by attracting new customers, but also through strategic partnerships and relationships.

Based on present conditions, and in light of the course which was set last year, UMT generally expects to see continued growth in its operational business in Financial Year 2020, as well as an improvement in revenues and earnings. The timing of revenue realization continues to depend heavily on the course of individual customer projects, over which UMT has only limited control due to various dependencies between the project participants.

However, after the end of the financial year, there were events of particular significance relating to the worldwide spread of the corona pandemic and its impact on the companies' business development. The

further effects of the continuing corona crisis on the global economy and the UMT Group in particular are currently not foreseeable and have led to an extreme increase in volatility and price losses on the stock markets since February 2020, which also affects the UMT Group. The ongoing corona crisis is associated with risks for general economic development which cannot yet be quantified and will have a negative impact on the UMT Group, at least in the short term.

Though it was initially assumed that the pandemic would be confined to the Asian continent, there was a sharp increase in the number of cases in Europe from February 2020 (first in Italy and then throughout Europe). From mid-March 2020, this led to the extensive closure (sometimes with curfews) of public life in many European countries. In Germany, too, political decisions forced the closure of schools and childcare facilities and many shops, thinning the intensity of contact in daily life. The UMT Group has so far been affected by the corona pandemic only to a small extent. Yet, in the current situation, this development should be considered as a snapshot of the moment and is subject to the further course of the corona crisis.

As described, the corona crisis has brought economic activity to a standstill in many areas. Many economic researchers therefore anticipate a recession. The measures taken so far by the Federal Government, such as short-time working benefits and liquidity assistance, have recently been described by economic researchers as „very welcome“. The next step, he said, is to achieve „a similarly strong and rapid upturn“ for 2021 as in the years following the Financial Crisis of 2008/2009. The management of the UMT Group therefore assesses UMT's medium-term development to be positive.

In principle, the economic sectors in which the UMT Group is active continue to offer great growth potential. According to the OECD, the corona crisis, which was worsening as of the reporting date, constitutes the greatest economic risk since the Financial Crisis. Further restrictions on the movement of people, goods and services are foreseeable and are likely to lead to a deterioration in the business and consumer climate and a slowdown in production, causing global economic development to slow down considerably in the first half of the year.

The continuing coronavirus crisis is currently associated with as yet unquantifiable risks for general economic development and accordingly for the UMT Group and will have a negative impact at least in the short term. Due to these current uncertainties surrounding the COVID 19 pandemic, no serious forecast can be made at present for Financial Year 2020. This can therefore also have an effect on the earnings situation of the UMT Group.

In light of the current COVID 19 crisis, the Management Board will continuously review the strategy and direction of the UMT Group.

Reference is made to the statements made in the Notes in accordance with § 160(1)2 of the Corporation Act.

Munich, 29 September 2020

Dr. Albert Wahl

Management Board



# Consolidated financial statements

## CONSOLIDATED BALANCE SHEET

UMT United Mobility Technology AG Technology Holding Munich

as of 31 December 2019

### ASSETS

### LIABILITIES

	EUR	12/31/2019 EUR	12/31/2018 EUR		EUR	12/31/2019 EUR	12/31/2018 EUR
<b>A. Fixed assets</b>				<b>A. Shareholders' equity</b>			
I. Intangible assets				I. Subscribed capital	2,353,356.00		21,033,569.00
1. Internally created industrial property rights and similar rights	5,597,111.00		6,115,070.00	Treasury stock	190.00		2,461.00
2. Purchased franchises, trademarks, patents, property rights and similar rights and licenses to such rights	42,259.00		49,404.00	Called-in capital		2,353,166.00	21,031,108.00
3. Goodwill	10,800,000.00	16,439,370.00	12,184,999.67	II. Surplus capital		25,203,124.05	4,022,911.05
II. Property, plant and equipment				III. Earnings reserves			
1. Other equipment, fixtures, fittings and equipment	860.00		10,243.00	1. Legal reserve	6,704.66		6,704.66
2. Advance payments rendered and machinery in process of construction	0.00	860.00	0.00	2. Other earnings reserves	727,134.65	733,839.31	733,028.46
III. Financial assets				IV. Retained earnings		0.00	1,606,221.62
1. Shares in affiliated companies	0.00		13,985.15	V. Consolidated net loss		5,756,745.29	116,727.32
2. Investments	6,413.46	6,413.46	994,527.20	VI. Non-controlling interests		0.00	5,332,614.52
<b>B. Current assets</b>				<b>B. Provisions and accrued liabilities</b>			
I. Accounts receivable and other assets				Other provisions and accrued liabilities			
1. Trade receivables				<b>C. Liabilities</b>		2,735,078.75	53,990.23
				1. Liabilities due to banks			
				- thereof, with a residual term of up to one year EUR 0.00 (previous year: EUR 882.51)	0.00		882.51
Brought forward	12,508,403.75		304,515.53				
Brought forward	12,508,403.75	16,446,643.46	19,672,744.55		0.00	25,268,462.82	19,026,516.09

CONSOLIDATED  
BALANCE SHEET  
UMT United Mobility Technology AG Technology Holding Munich

as of 31 December 2019

ASSETS

	EUR	12/31/2019 EUR	12/31/2018 EUR
Brought forward	12,508,403.75	16,446,643.46	19,672,744.55
2. Accounts receivable from other Group companies			
3. Other assets	8,875.03		8,875.03
	1,071,423.82	13,588,702.60	1,049,843.48
C. II. Marketable securities			
Other securities		0.00	962,540.00
III. Cash on hand and in federal bank, cash in banks and checks		39,894.66	483,223.39
		<u>30,078,494.93</u>	

LIABILITIES

	EUR	12/31/2019 EUR	12/31/2018 EUR
Brought forward	0.00	25,268,462.82	19,026,516.09
2. Trade payables			335,317.27
- thereof, with a residual term of up to one year	4,534,352.60		
EUR 4,534,352.60 (EUR 335,317.27)			
3. Liabilities due to other Group companies			
- thereof, with a residual term of up to one year			
EUR 0.00 (previous year: EUR 2,676.99)	146,954.18		2,703,578.33
- thereof, with a residual term of more than one year			
EUR 144,277.19 (EUR 0.00)			
4. Other liabilities			
- thereof, for taxes: EUR 15,921.07 (EUR 116,642.51)			
- thereof, for social security			
EUR 3,056 (EUR 3,056.92)	<u>128,725.33</u>	4,810,032.11	121,082.97
- thereof, with a residual term of up to one year			
EUR 0.00 (previous year: EUR 2,676.99)			
- thereof, with a residual term of more than one year			
EUR 97,355.40 (EUR 0.00)			
		<u>30,078,494.93</u>	<u>22,186,494.66</u>

CONSOLIDATED INCOME STATEMENT FROM 1/1/2019 to 12/31/2019

UMT United Mobility Technology AG  
Technology Holding  
Munich

	1/1/2019 - 12/31/2019 EUR	1/1/2018 - 12/31/2018 EUR
1. Revenue	12,718,453.41	9,520,423.35
2. Other own work capitalized	834,000.00	2,358,000.00
3. Other operating income	39,780.57	552,532.50
4. Cost of materials		
a) Cost of raw materials and supplies and of purchased goods	4,202,861.15	4,478,350.00
b) Cost of purchased services	71,735.71	164,825.17
	4,274,596.86	4,643,175.17
5 Personnel expenses	499,386.67	867,937.47
a) Wages and salaries		
b) Social security, pension and other benefit costs	71,133.44	138,041.
- thereof, for pensions EUR 0.00 (EUR -98.52)	570,520.11	1,005,979.34
6. Depreciation, amortization and other write-offs on intangible fixed assets and property, plant and equipment	2,750,065.01	2,400,295.81
7. Other operating expenses	3,854,302.11	4,068,588.31
8. Income from investments	3,550.00	0.00
9. Other interest and similar income	2,261.64	2,221.64
10. Depreciation on financial assets and securities held as current assets		
	1,063,113.74	62,912.19
11. Interest and similar expenses	19,488.01	134,901.33
- thereof to affiliated companies EUR 0.00 (EUR 134,901.33)		
12. Taxes on income	1.65-	0.00
13. Earnings after tax	1,065,961.43	117,325.34
14. Other taxes	597.90	598.02
15. Consolidated net income	1,065,363.53	116,727.32
16. Non-controlling interests	5,332,614.52	0.00
17. Loss carried forward from previous year	1,489,494.30	0.00
18. Income from the capital reduction	21,180,213.00	0.00
Brought forward	15,423,467.71	116,727.32

CONSOLIDATED INCOME STATEMENT FROM 1/1/2019 to 12/31/2019

UMT United Mobility Technology AG  
Technology Holding  
Munich

	1/1/2019 - 12/31/2019 EUR	1/1/2018 - 12/31/2018 EUR
Brought forward	15,423,467.71	116,727.32
19. Allocations to the capital reserve in accordance with the regulations on simplified capital reduction 21,180,213.00		0.00
20. Consolidated net loss	<u>5,756,745.29</u>	<u>116,727.32</u>

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS 12/31/2019

### I. General information

#### Identification of the company according to the registration court

Corporate name according to the registration court:  
UMT United Mobility Technology AG  
Registered office according to the registration court:  
Munich  
Register entry: Commercial Register  
Registration court: Munich  
Register No: 167884

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

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

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

The cost summary method was chosen for the income statement.

### II. Consolidated group

#### 1. Disclosures about all Group companies

The consolidated financial statements include UMS United Mobile Services GmbH. UMT Peaches Mobile GmbH, in which the company directly held more than half of the voting capital until 22 November 2018, left the consolidated group as of 22 November 2018.

The following subsidiary was therefore consolidated for the Financial Year:

Name of company	Registered office	Share in capital	Ground for consolidation
UMS United Mobile Services GmbH	Munich	270.000,00	Subsidiary

#### 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 Espana S.L., Barcelona IPAYst LLC, Riga was wound up and no longer exists.

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

Pursuant to § 285(11) of the Commercial Code, the following companies are reported:

Company 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
UMT USA Inc., Orange, Kalifornien	10 %	0	41

The disclosures refer to 31 December 2019. For UMT Turkey Mobil



Anonim Sirketi, only the annual financial statements for 2016 were available and for Mobile Payment System Espana S.L. only those for 2017.

### **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 as of the consolidation date**

The consolidated interim 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 31 December 2019.

#### **2. Capital consolidation**

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 netted 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. This date is 1 January 2016 for UMS United Mobile Services GmbH as the date of initial consolidation pursuant to § 301(2), Sentence 3 of the Commercial Code.

#### **4. Differences arising from capital consolidation**

In accordance with German Accounting Standard (DRS) No. 23, the

negative difference arising from the consolidation of UMS United Mobile Services 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. Debt consolidation**

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

#### **6. Expense and income consolidation**

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**

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

### **IV. Accounting and valuation methods**

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 Corporation Act (Aktiengesetz) and the LLC Act (GmbH-Gesetz) were also observed. Positive differences arising from capital consolidation are recognized as goodwill. Depreciation was first 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 was recorded at the acquisition or production cost and, if subject to wear and tear, reduced by scheduled depreciation.

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 were recorded and valued as follows:

- Shares in affiliated companies at acquisition cost
- Investments at acquisition cost
- Other securities at the acquisition cost

Inventories are recorded at the acquisition or production cost. If the daily values on the balance sheet date were lower, such values were applied.

Receivables and securities were valued taking into account all identifiable risks.

Other provisions and accrued assets were formed for all other known contingent liabilities. All discernible risks were taken into account.

Liabilities were recorded in the repayment amount. Where the current values were higher than the repayment amounts, liabilities were recognized at the higher current value.

## **V. Notes to the consolidated balance sheet**

### **1. UMT Peaches GmbH**

UMT Peaches GmbH was deconsolidated on 22 November 2018.

### **2. Deferred taxes (assets)**

The option to claim deferred tax assets was not exercised.

### **3. Deferred taxes (liabilities)**

No deferred tax liabilities were recognized.

### **4. Liability relations based on other, off-balance-sheet financial obligations**

In addition to the liabilities shown on the annual balance sheet, other financial obligations exist of TEUR 26.

### **5. Distribution freeze**

As of 30 June 2019, distributable shareholders' equity totaled TEUR 28,290. In addition, the following distribution freezes existed, for a grand total of TEUR 6,322:

Firstly, a distribution freeze in the amount of TEUR 725 existed as of 31 December 2019 based on own shares held by the company (previous year: TEUR 719; reduction in earnings reserve through the purchase of own shares).

Secondly, a total of TEUR 5,597 is subject to a distribution freeze pursuant to § 268(8) of the Commercial Code. This amount equals the total capitalized development expenses in the financial year (less depreciation) for companies included in the consolidated financial statements. Research is not conducted. The total amount relates to the capitalization of self-created intangible fixed assets.

## VI. Notes to the consolidated income statement

Own work capitalized consists of capitalized expenses in Financial Year 2019 (including expenses for freelance employees and outside companies) for development of the core system, and the new LOYAL application, including the Group's share of indirect expenses.

## VII. Miscellaneous information

### 1. Average number of employees during the financial year

24 persons were employed by the company on average during the financial year.

### 2. Other mandatory disclosures in accordance with the Corporation Act

#### Disclosures concerning the holding, purchase and sale of own shares

In the financial year, the company acquired 45,004 treasury shares (addition, statement of changes in equity: Acquisition of own shares), whereby EUR 45,004.00 was deducted from the share capital and the earnings reserves were reduced by EUR 17,409.04. 47,275 own shares were sold for proceeds of EUR 58,790.23 (statement of changes in equity: Issue of shares), whereby EUR 47,275.00 was allocated to the share capital and EUR 11,515.23 to the earnings reserves of the company. The proceeds were used for investments in current projects and to strengthen the equity base. As of 31 December 2019, the company held 190 own shares (previous year: 2,461).

#### 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 general meeting on 29 June 2018, the Management Board was authorized, with the consent of the Supervisory Board, to increase the

share capital by up to EUR 10,516,784.00, one or more times, within five years from 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 subscription 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 subscription rights have been excluded is not substantially lower than the market price for shares already listed on the stock exchange and the number of shares issued with subscription rights excluded does not exceed 10% of the share capital overall;
- 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;
- provided a third party other than a credit institution subscribes for the new shares and it is ensured that
- the shareholders are granted indirect subscription rights;
- if the capital increase is in the well-conceived interest of the company.

After partial utilization, the Authorized Capital from 29 June 2018 still amounts to EUR 8,016,784.00.

### 3. 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

#### 4.4. Supervisory Board

Composition of the parent company's Supervisory Board:

- Chairman: Walter Raizner, self-employed consultant, Zug, Switzerland;
- Vice Chairman: Clemens Jakopitsch, self-employed business consultant, Ludmannsdorf, Austria;
- Member: Stefan Krach, attorney, Munich.

The total remuneration of the Supervisory Board in Financial Year 2019 amounted to TEUR 35.

UMT United Mobility Technology AG  
Technology Holding  
Brienner Strasse 7

80333 Munich

**Statement of changes in equity (in TEUR)**

as of 31 December 2019

	Subscribed Capital	Acquired own shares	Surplus capital	Earnings reserves	Generated shareholders' equity*	Total
Balance as of 1 January 2019	21,033	-2	4,023	739	-6,822	18,971
Issue of shares	2,500	47	21,180	12		23,739
Acquisition/redemption of own shares	-21,180	-45		-17		-21,242
Net result from period			0	0	1,065	1,065
Balance as of 12/31/2019	2,353	0	25,203	734	-5,757	22,533

\*Generated shareholders' equity 01/01/2019 = Profit/loss carried forward + consolidated net profit + non-controlling interests



**Cash-flow statement**

	2019 TEUR	2018 TEUR
Result for the period (before appropriation of result)	1,065	116
Depreciation on fixed assets	3,813	2,400
Increase in current and medium-term provisions (- = decrease)	2,681	-57
Loss from the disposal of fixed assets	12	0
Increase in assets not attributable to investment or financing activities (+ = decrease)	-12,219	1,990
Increase in liabilities not attributable to investment or financing activities (- = decrease)	1,651	-2,209
<b>Cash flow from current operating activities</b>	<b>-2,997</b>	<b>2,240</b>
Payments received from the sale of financial assets	3	1,343
Payments received from the sale of intangible assets	0	0
Payments received from the sale of financial assets	5	0
Payments made for investments in financial assets	-83	0
Payments made for investments in property, plant and equipment	0	-2
Payments made for investments in intangible assets	-834	-2,408
<b>Cash flow from investment activities</b>	<b>-909</b>	<b>-1,067</b>
Payments received from shareholders	2,500	0
Payments made to shareholders		-3
<b>Cash flow from financing activities</b>	<b>2,500</b>	<b>-3</b>
<b>Change in cash and cash equivalents with an effect on payments</b>	<b>-1,406</b>	<b>1,170</b>
Cash and cash equivalents at start of period	1,446	338
Cash and cash equivalents	0	-60
<b>Cash and cash equivalents at end of period</b>	<b>40</b>	<b>1,448</b>
<b>Composition of cash and cash equivalents</b>		
Money market-related investments	0	963
Cash on hand	0	0
Current account balances	40	483
<b>Cash and cash equivalents at end of period</b>	<b>40</b>	<b>1,448</b>

**BALANCE SHEET**  
as of 31 December 2019  
UMT United Mobility Technology AG Technology Holding 80333 Munich

## ASSETS

	12/31/2019 EUR	12/31/2018 EUR
<b>A. Fixed assets</b>		
1. property, plant and equipment		
1. Other equipment, fixtures, fittings and equipment	117.00	6,892.00
2. Advance payments rendered and machinery in process of construction	0.00	0.00
	117.00	6,892.00
II. Financial assets		
1. Shares in affiliated companies	9,399,001.00	9,648,979.25
2. Investments	6,412.46	479,540.20
	9,405,413.46	10,128,519.45
<b>B. Current assets</b>		
I. Accounts receivable and other assets		
1. Trade receivables	2,917.46	69,780.22
2. Accounts receivable from affiliated companies	16,037,927.89	14,464,701.06
3. Accounts receivable from other Group companies	8,875.03	8,875.03
4. Other assets	915,273.05	846,243.16
	16,964,993.43	15,389,599.47
II. Marketable securities		
Other securities	0.00	962,540.00
III. Cash on hand Cash on hand and in federal bank, cash in banks and checks	38,634.41	450,077.42
<b>C. Deferred charges and prepaid expenses</b>	3,254.21	9,268.21
<b>Brought forward</b>	<b>26,412,412.51</b>	<b>26,946,896.55</b>

## LIABILITIES

	12/31/2019 EUR	12/31/2018 EUR
<b>A. Shareholders' equity</b>		
I. Subscribed capital		
Own shares	2,353,356.00	21,033,569.00
	190.00	2,481.00
Called-in capital	2,353,166.00	21,031,108.00
II. Surplus capital	25,203,124.05	4,022,911.05
III. Earnings reserves		
1. Legal reserve	6,704.66	6,704.66
2. Other earnings reserves	727,134.65	733,028.46
	733,839.31	739,733.12
IV. Net loss	2,403,833.76	1,892,706.10
<b>B. Provisions and accrued liabilities</b>		
Other provisions and accrued liabilities	31,000.00	21,000.00
<b>C. Liabilities</b>		
1. Liabilities due to banks	0.00	882.51
- thereof, with a residual term of up to one year EUR 0.00 (EUR 882.51)		
2. Trade payables	236,971.49	209,904.72
- thereof, with a residual term of up to one year EUR 236,971.49 (EUR 209,904.72)		
3. Liabilities due to other	146,954.18	2,703,578.33
Group companies		
- thereof, with a residual term of up to one year EUR 2,676.99 (EUR 2,676.99)		
- thereof, with a residual term of more than one year EUR 144,277.19 (EUR 2,700,901.34)		
<b>Brought forward</b>	<b>383,925.67</b>	<b>2,914,365.56</b>
	25,917,295.60	23,922,046.07

**BALANCE SHEET**  
as of 31 December 2019  
UMT United Mobility Technology AG Technology Holding 80333 Munich

**ASSETS**

**LIABILITIES**

	12/31/2019 EUR	12/31/2018 EUR		12/31/2019 EUR	12/31/2018 EUR
Brought forward	26,412,412.51	26,946,896.55	Brought forward	25,917,295.60 383,925.67	23,922,046.07 2,914,365.56
			4 . Other liabilities	111,191.24 495,116.91	110,484.92 3,024,850.48
			- thereof, for taxes: EUR 10,485.89 (EUR 106,044.46).		
			- thereof, for social security: EUR 3,056.92 (EUR 3,056.92)		
			- thereof, with a residual term of up to one year EUR 13,835.84 (EUR 110,484.92)		
			- thereof, with a residual term of more than one year EUR 97,355.40 (EUR 0.00)		
	<u>26,412,412.51</u>	<u>26,946,896.55</u>		<u>26,412,412.51</u>	<u>26,946,896.55</u>

## Income statement from 1 January to 31 December 2019

	Financial year EUR	Previous year EUR
1. Revenue	835.373,39	1.699.560,10
2. other operating income	30.602,08	507.553,25
3. Cost of materials		
Cost of purchased services	242.566,33	1.167.048,87
4. Personnel expenses		
a) Wages and salaries,	172.229,47	175.779,18
b) Social security, pension and other benefit costs	14.061,84	13.409,88
	186.291,31	189.189,06
5. Depreciation, amortization and other write-offs		
Depreciation, amortization and write-offs on intangible fixed assets and property, plant and equipment	3.803,34	7.687,00
6. Other operating expenses	590.018,79	859.238,10
7. Income from investments	3.550,00	0,00
8. Other interest and similar income - thereof, from affiliated companies EUR 445,479.33 (EUR 446,963.59)	446.060,97	446.965,23
9. Depreciation on financial assets and securities held as current assets	784.259,99	62.912,19
10. Interest and similar expenses	19.178,09	134.881,26
11. Taxes on income	1,65-	0,00
<b>12. Earnings after tax</b>	<b>510.529,76-</b>	<b>233.122,10</b>
13. Other taxes	597,90	598,02
<b>14. Net loss</b>	<b>511.127,66</b>	<b>232.524,08-</b>
15. Loss carried forward from previous year	1.892.706,10	2.125.230,18
16. Income from capital decrease	21.180.213,00	0,00
17. Allocation to the capital reserves in accordance with the provisions on simplified capital decreases	21.180.213,00	0,00
<b>18. Accumulated deficit</b>	<b>2.403.833,76</b>	<b>1.892.706,10</b>

## Notes as of 31 December 2019

### I. Identification of the company according to the registration court

Corporate name according to the registration court:	UMT United Mobility Technology AG
Registered office according to the registration court:	Munich
Register entry:	Commercial Register
Registration court:	Munich
Register No.:	B 167884

### II. General information

The annual financial statements as of 31 December 2019 were prepared in accordance with the provisions of §§ 242 ff. of the Commercial Code (HGB), taking into account the supplementary provisions for small corporations and the supplementary provisions of the Corporation Act (AktG). Figures for the previous year refer to 31 December 2018.

In application of the defined size categories in accordance with § 267 of the Commercial Code, the company was a small corporation in both 2018 and 2019 pursuant to § 267(1) of the Commercial Code.

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

The financial year is the calendar year.

#### Classification principles

The structure of the balance sheet and the income statement has not changed from the previous year.

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

### Accounting methods

The annual financial statements include all assets, liabilities, deferred charges and prepaid expenses, and deferred income, unless stipulated otherwise by law. The asset items have not been netted out with liability items nor have expenses been netted out with income, nor property rights have been netted out with property charges.

Fixed and current assets, shareholders' equity, liabilities as well as deferred charges and prepaid expenses, and deferred income have been shown separately and broken down sufficiently on the balance sheet.

Fixed assets only disclose assets that are intended to serve the company's business activities on a permanent basis. Expenses for the formation of the company and for the procurement of equity capital are not disclosed on the balance sheet. Provisions and accrued liabilities were only formed within the framework of § 249 of the Commercial Code and deferred charges and prepaid expenses, and deferred income were established in accordance with the provisions of § 250 thereof.

### Valuation methods

The values entered in the opening balance sheet for the financial year corresponded to those of the closing balance sheet for the previous financial year. The valuation assumed the going concern. The assets and liabilities are valued individually. Valuations have been made prudently, i.e. all foreseeable risks and losses incurred up to the balance sheet date have been taken into account, even if they only became known between the balance sheet date and the preparation of the annual financial statements. Profits are only considered if they had been realized by the balance sheet date. Expenses and income for the financial year have been taken into account, irrespective of the payment date. Individual items were valued as follows:

- Property, plant and equipment are valued at the acquisition cost plus ancillary acquisition costs less purchase price reductions or at



the production cost. Scheduled, straight-line depreciation is carried out on the basis of the of their standard useful lives at the maximum rates permitted by tax law or, in the case of permanent impairment, at the lower fair value.

- Financial assets are measured at cost of acquisition or the lower attributable values.
- Accounts receivables and other assets were in principle recorded at their nominal value. Recognizable individual risks have been taken into account by means of individual allowances.
- Bank balances were recorded at their nominal value.
- Deferred charges and prepaid expenses relate to disbursements prior to the balance sheet date, insofar as they represent expenses for a specific date after the balance sheet date.
- Partners' equity is recorded in the nominal amount.
- Provisions and accrued liabilities have been recorded in the settlement amount necessary in accordance with a reasonable commercial assessment. They taken into account all identifiable risks and contingent obligations.
- Liabilities were recorded in the settlement amounts.

### III. Notes to the individual items of the balance sheet

A statement of changes in fixed assets has been waived based on the exemption pursuant to § 288(1)1 of the Commercial Code.

The valuation of the shareholding in UMS United Mobile Services GmbH (UMS GmbH), Munich, was retained. After UMS GmbH has proven that it can handle payment processing in the mobile payment sector in over 14,000 branches and approx. 70,000 [??] in Germany, thus demonstrating the technical stability and scalability of the system, the

platform is also to be established in medium-sized companies according to the fundamentally revised sales concept and will cover broad areas of the customers' business beyond strict payment processing. The future value of the shareholding will therefore continue to depend on the success of UMS GmbH with the mobile payment and loyalty platform solutions it offers in business with business customers. On the basis of the business plans supported by the management of UMS GmbH and UMT AG, the Management Board is convinced that the enterprise value of UMS GmbH is higher than the current value shown on the balance sheet.

The composition of shareholdings in companies is shown in the overview below.

	Shareholding as a %	Shareholders' equity as of 12/31/2019 TEUR	Result 2019 TEUR
UMS United Mobile Services GmbH, Munich	100,00	-7.479	-2.528
UMT Turkey Mobil Anonim Sirketi, Istanbul*	26,00	-196	-92
Mobile Payment System Espana S.L.,* Barcelona	69,84	56	-9
UMT USA Inc., Orange, Kalifornien	10,00	41	0

\*Only the financial statements from Financial Year 2016 are available.

The main item on the balance sheet under "shares in affiliated companies" is the shareholding in UMS United Mobile Services GmbH.

Accounts receivable from affiliated companies relate to a transfer account, which essentially contains a loan to UMS United Mobile Services GmbH, including deferred interest. This loan is granted on an ongoing basis and is subordinated in the amount of TEUR 1,400.

The future recoverability of the investments in affiliated companies amounting to TEUR 9,399 and the accounts receivable from affiliated companies amounting to TEUR 16,038 essentially depends on the success of UMS GmbH with the mobile payment solutions in business with business customers and the implementation of the plans.

The remaining shares in affiliated companies (UMT Peaches GmbH and ipayst Sia.) have been sold.

The shareholdings in Mobile Payment System Espana S.L. and UMT Turkey Mobil Anonim Sirketi were written off in full (TEUR 573).

Other assets in the amount of TEUR 915 (previous year: TEUR 846) mainly include receivables from shareholders (TEUR 850).

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

The share capital consists of 2,353,356 bearer shares with a nominal value of EUR 1.00 each.

As of last year's reporting date, the share capital consisted of 21,033,569 bearer shares with a nominal value of EUR 1.00 each. At the general meeting on 19 August 2019, the share capital was reduced by EUR 9.00 from EUR 23,533,569.00 to EUR 23,533,560.00 and then by EUR 21,180,204.00 from EUR 23,533,569.00 to EUR 2,353,356.00.

At the general meeting on 29 June 2018, the Management Board was authorized, with the consent of the Supervisory Board, to increase the share capital by up to EUR 10,516,784.00, one or more times, within five years from the 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 subscription rights in order to eliminate fractional amounts; öhen und hierbei das Bezugsrecht der Aktionäre auszuschließen

- for capital increases in exchange for cash contributions provided the issue price for the new shares for which subscription 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 subscription rights excluded does not exceed 10% of the share capital 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;

- provided a third party other than a credit institution subscribes for the new shares and it is ensured that the shareholders are granted an indirect subscription right;
- if the capital increase is in the well-conceived interest of the company. The authorization has yet to be exercised.

In addition, at the general meeting on 5 June 2014, the Management Board of the company was authorized to launch stock option programs for company employees until 31 May 2019 and to grant option rights to up to 1,300,000 shares of the company with a term of up to 10 years.

As a result of the capital decrease in accordance with the resolution of the shareholders in general meeting on 19 August 2019, EUR 21,180,213.00 was transferred to surplus capital.

As of 31 December 2019, distributable shareholders' equity amounted to EUR 28,290,129.36. Due to the treasury shares held by the company as of 31 December 2019, a distribution freeze of EUR 724,713.68 (previous year: EUR 718,819.87) (reduction in earnings reserve based on the purchase of own shares) was thereby taken into account.

In the financial year, the company acquired 45,004 treasury shares (addition, statement of changes in equity: Acquisition of own shares), whereby EUR 45,004.00 was deducted from the share capital and the earnings reserves were reduced by EUR 17,409.04. 47,275 treasury shares were sold for liquidation proceeds of EUR 58,790.23 (statement of changes in equity: Issue of shares), whereby EUR 47,275.00 was allocated to the share capital and EUR 11,515.23 to the earnings reserves of the company. The proceeds were used for investments in current projects and to strengthen the equity base. As of 31 December 2019, the company held 190 own shares (previous year: 2,461).

There are liabilities due to affiliated companies.

With respect to the liabilities due to other Group companies, TEUR 3 (previous year: TEUR 3) were trade payables and TEUR 144 (previous year: TEUR 2,701) were loan liabilities.

Other liabilities mainly included loan liabilities in the amount of TEUR 97 (previous year: TEUR 0) and taxes and levies of TEUR 10 (previous year: TEUR 10).

All liabilities have a residual term of up to one year.

Other material financial obligations consist of rental and lease agreements as follows:

Rental and lease obligations	up to 1 year EUR	1 to 5 years EUR	more than 5 years EUR	Gesamt EUR
Leasing of office furniture	2,616		-	2,616
Car leasing	17,442	6,025	-	23,467
<b>Total</b>	<b>20,058</b>	<b>6,025</b>	-	<b>26,083</b>

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. The company was released from liability in 2019 and the bank guarantee from PAYBACK was returned.

#### IV. Notes to individual items of the income statement

Interest and similar expenses include TEUR 445 (previous year: TEUR 447) from interest from affiliated companies.

The write-downs on financial assets and on securities held as current assets relate to the investment in iPayst Sia (company was wound up), UMS Spain and UMT Turkey.

## V. Miscellaneous information

### Consolidated financial statements

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

### Related parties

There are no non-market transactions with related parties.

### Cash-flow statement

Pursuant to the cash flow statement, cash and cash equivalents as of 31 December 2019 consist exclusively of bank balances and correspond to the balance sheet item „Cash on hand and in bank“.

### Information on the officers

#### Management Board

Since 18 December 2009, Dr. Albert Wahl, born on 27 July 1960 (CEO, UMT United Mobility Technology AG), has been the Management Board member with power of sole representation.

#### Supervisory Board

Composition of the Supervisory Board since 5 June 2014:

- Chairman: Walter Raizner, self-employed consultant, Zug, Switzerland;
- Vice Chairman: Clemens Jakopitsch, self-employed business consultant, Ludmannsdorf, Austria;
- Member: Stefan Krach, attorney, Munich.

The total remuneration of the Supervisory Board in Financial Year 2019 amounted to TEUR 35.

UMT United Mobility Technology AG had two employees in the reporting period in the terms of § 285(1)7 of the Commercial Code.

### **Application of earnings**

The Management Board proposes to the shareholders in general meeting to carry forward the net result to the new account.

Munich, 31 July 2020

Dr. Albert Wahl  
Management Board

## Statement of changes in equity

	Subscribed capital	Acquired own shares	Surplus capital	Earnings reserves	Generated shareholders' equity	Total
	EUR	EUR	EUR	EUR	EUR	EUR
As of 1/1/2018	21,033,569.00	11,229.00-	4,022,911.05	752,660.58	2,125,230.18	23,672,681.45
Issue of shares		61,142.00		7,579.66		68,721.66
Acquisition/redemption of own shares		52,374.00		20,507.12		72,881.12
Net result from period					232,524.08	232,524.08
Balance as of 12/31/2018	21,033,569.00	2,461.00	4,022,911.05	739,733.12	1,892,706.10	23,901,046.07
As of 1/1/2019	21,033,569.00	2,461.00	4,022,911.05	739,733.12	1,892,706.10	23,901,046.07
Issue of shares	2,500,000.00	47,275.00	21,180,213.00	11,515.23		23,739,003.23
Acquisition/redemption of own shares	21,180,213.00	45,004.00		17,409.04	21,180,213.00	62,413.04
Net result from period					511,127.66	511,127.66
Transfers					21,180,213.00	21,180,213.00
Balance as of 12/31/2019	2,353,356.00	190.00	25,203,124.05	733,839.31	2,403,833.76	25,886,295.60



## Cash-flow statement

	2019 EUR	2018 EUR
Payments received from customers for the sale of products, goods and services	902,236.15	1,763,790.41
- Payments made to suppliers and employees	906,108.64	3,033,920.67
+ Other liabilities not attributable to investment or financing activities	460,289.76	1,138,282.21
- Other liabilities not attributable to investment or financing activities	1,819,532.04	860,952.95
+/- Income tax payments	22,383.93	3,105.46
<b>= Cash flow from current business activities</b>	<b>-1,340,730.84</b>	<b>-989,695.54</b>
+ Payments received from disposals of property, plant and equipment	4,702.86	0.00
- Payments made for investments in property, plant and equipment	447.34	0.00
+ Payments received from disposals of financial assets	2,716.38	62,581.69
- Payments made for investments in financial assets (2019: payments received from divestments)	80,000.00	65,418.18
+ Payments received from investments of cash and cash equivalents within the framework of short-term liquidity disposition	978,116.68	869,491.79
- Payments made from investments of cash and cash equivalents within the framework of short-term liquidity disposition	15,576.68	0.00
+ Dividends received	3,550.00	0.00
<b>= Cash flow from investment activities</b>	<b>893,061.90</b>	<b>866,655.30</b>
Payments received from additions to shareholders' equity	2,496,377.19	0.00
- Payments made to business owners and minority shareholders	0.00	4,159.46
+ Payments received from the issue of bonds and the borrowing of (financing) loans	106,221.86	131,397.53
- Payments made from the redemption of bonds and (financing) loans	2,565,490.61	-180,674.60
<b>= Cash flow from financing activities</b>	<b>37,108.44</b>	<b>307,912.67</b>
Changes in cash and cash equivalents with an effect on payments (sum of cash flows)	-410,560.50	184,872.43
+ Cash and cash equivalents at start of period	449,194.91	264,322.48
<b>= Cash and cash equivalents at end of period</b>	<b>38,634.41</b>	<b>449,194.91</b>
plus liability to credit institution	0.00	882.51
<b>Cash in bank</b>	<b>38,634.41</b>	<b>450,077.42</b>

## **“Auditor’s opinion**

To the Supervisory Board of UMT United Mobility Technology AG, Munich:

### **Auditor’s opinion**

I have audited the annual financial statements of UMT United Mobility Technology AG, consisting of the balance sheet as of 31 December 2019 and the income statement for the financial year from 1 January to 31 December 2019, and the notes, including the presentation of the accounting and valuation methods.

In my opinion, based on the findings of our audit, the attached annual financial statements comply in all material respects with the provisions of German commercial law applicable to corporations and provide, with due regard to German principles of orderly accounting (GoB), a true and fair view of the financial and liquidity position of the company as of 31 December 2019 and of its earning position for the stub period from 9 January to 31 December 2019.

Pursuant to § 322(3), Sentence 1 of the Commercial Code, I declare that my audit did not lead to any objections regarding the propriety of the annual financial statements.

### **Basis for the auditor’s opinion**

I have conducted my audit of the annual financial statements in conformance with § 317 of the German Commercial Code with due regard to the German principles of orderly auditing of financial statements issued by the German Independent Auditors’ Institute (IDW). My responsibility in accordance with these rules and principles is described in detail in the section “Responsibility of the auditor for the audit of the annual financial statements” of my auditor’s opinion. I am independent of the company in accordance with German commercial and professional regulations and have fulfilled my other German professional duties in accordance with these requirements. I am of the opinion that the documentation I have obtained is sufficient and appropriate to provide a basis for my opinion on the annual financial

statements.

### **Responsibility of the legal representatives for the annual financial statements**

The legal representatives are responsible for the preparation and of the annual financial statements in accordance with the provisions of German commercial law for corporations in all material respects, and for the fact that the annual financial statements provide a true and fair view of the financial, liquidity and earnings position of the company in accordance with German principles of orderly accounting (GoB). In addition, the legal representatives are responsible for the internal controls they have determined to be necessary in accordance with German principles of orderly accounting to enable the preparation of annual financial statements that are free from material misstatements, whether intentional or unintentional.

In preparing the annual financial statements, the legal representatives are responsible for assessing the company’s ability to continue as a going concern. They are also responsible for disclosing any matters relating to the continuation of the company’s activities, if relevant. In addition, they are responsible for conducting the accounting on the basis of the accounting principle of the going concern, unless there are actual or legal circumstances to the contrary.

### **Responsibility of the auditor for the audit of the annual financial statements**

My objective is to obtain reasonable assurance about whether the annual financial statements as a whole are free from material misstatements, whether intentional or not, and to express an auditor’s opinion that includes our opinion on the annual financial statements.

“Sufficient certainty” is a high degree of certainty, but no guarantee that an audit conducted in accordance with § 317 of the Commercial Code and taking into account the generally accepted standards for the audit of financial statements promulgated by the German Independent Auditors’ Institute (IDW) will always reveal material misstatement. Misstatements may result from breaches or inaccuracies and are considered material

if it can be reasonably expected that they will influence the financial decisions of the addressees made individually or collectively based on the annual financial statements.

During the audit, I exercise due discretion and maintain a critical attitude. In addition,

I identify and assess the risks of material misstatements, whether intentional or not, in the annual financial statements, plan and perform audit procedures in response to these risks, and obtain audit documentation sufficient and appropriate to support my auditor's opinion. The risk that material misrepresentations will not be detected is higher in the case of breaches than in the case of inaccuracies, since breaches may entail fraudulent interaction, forgeries, intentional incompleteness, misleading representations or the overriding of internal controls.

I gain an understanding of the internal controlling system relevant to the audit of the annual financial statements in order to plan audit procedures that are appropriate under the given circumstances, but not with the aim of expressing an opinion on the effectiveness of these systems of the company.

I assess the appropriateness of the accounting policies used by the legal representatives and the acceptability of the estimated values and related disclosures presented by the legal representatives.

I draw conclusions about the appropriateness of the going concern principle applied by the legal representatives and, based on the evidence obtained in the audit, whether there is any material uncertainty in connection with events or circumstances that could raise significant doubts about the company's ability to continue its business activity. If I come to the conclusion that there is material uncertainty, I am obliged to draw attention in my auditor's opinion to the relevant information in the annual financial statements or, if this information is inappropriate, to modify my auditor's opinion. I draw our conclusions based on evidence obtained up to the date of my auditor's opinion. However, future events

or circumstances may prevent the company from continuing its business activities.

I express an opinion on the overall presentation, structure and content of the annual financial statements including the information and whether the annual financial statements present the underlying business transactions and events such that the annual financial statements provide a true and fair view of the financial, liquidity and earnings position in accordance with German principles of orderly accounting (GoB).

I discuss with those responsible for monitoring, inter alia, the planned scope and timing of the audit and significant audit findings, including any deficiencies in the internal controlling system, which I identify during my audit.

Berlin, 31 August 2020

Harry Haseloff  
Independent Auditor



# 2019 Annual Report

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