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Lunar Way A/S
Hack Kampmanns Plads 1, st. th.
8000 Aarhus C
Central Business Registration No 36982837

Annual report 2016/17

The Annual General Meeting adopted the annual report on 30.11.2017

Chairman of the General Meeting

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Name: Ken Villum Guldbrandt Klausen

Contents

Entity details

Entity
Lunar Way A/S
Hack Kampmanns Plads 1, st. th.
8000 Aarhus C

Central Business Registration No: 36982837
Registered in: Aarhus
Financial year: 01.07.2016 - 30.06.2017

Board of Directors
Henning Kruse Petersen, Chairman
Gary Stephen Bramall
Tuva Lo Palm
Ken Villum Guldbrandt Klausen
Lars Andersen

Executive Board
Ken Villum Guldbrandt Klausen

Auditors
Deloitte Statsautoriseret Revisionspartnerselskab
Værkmestergade 2
8000 Aarhus

Statement by Management on the annual report

The Board of Directors and the Executive Board have today considered and approved the annual report of Lunar Way A/S for the financial year 01.07.2016 - 30.06.2017.

The annual report is presented in accordance with the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the Entity's financial position at 30.06.2017 and of the results of its operations for the financial year 01.07.2016 - 30.06.2017.

We believe that the management commentary contains a fair review of the affairs and conditions referred to therein.

We recommend the annual report for adoption at the Annual General Meeting.

Aarhus, 30.08.2017

Executive Board

Ken Villum Guldbrandt
Klausen

Board of Directors

Henning Kruse Petersen Chairman	Gary Stephen Bramall	Tuva Lo Palm
Ken Villum Guldbrandt Klausen	Lars Andersen	

Independent auditor's report

To the shareholders of Lunar Way A/S

Adverse opinion

We have audited the financial statements of Lunar Way A/S for the financial year 01.07.2016 - 30.06.2017, which comprise the income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies. The financial statements are prepared in accordance with the Danish Financial statements Act.

In our opinion, due to the significance of the matter discussed in the Basis for adverse opinion section, the financial statements do not give a true and fair view of the Entity's financial position at 30.06.2017 and of the results of its operations and cash flows for the financial year 01.07.2016 - 30.06.2017 in accordance with the Danish Financial statements Act.

Basis for adverse opinion

The financial statements are presented on a going concern basis. The Company's present shareholders are expected to support the operations and to carry out a new funding round in Q1 2018. It is a condition for the Company's continued operations that the above credit facilities can be obtained. The outcome thereof will not be available until after the time of financial reporting. We therefore qualify our opinion on the Company's going concern.

We conducted our audit in accordance with International Standards on Auditing (ISAs) and additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the Auditor's responsibilities for the audit of the financial statements section of this auditor's report. We are independent of the Entity in accordance with the International Ethics Standards Board of Accountants' Code of Ethics for Professional Accountants (IESBA Code) and the additional requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our adverse opinion.

Management's responsibilities for the financial statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the Danish Financial statements Act, and for such internal control as Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, Management is responsible for assessing the Entity's ability to continue as a going concern, for disclosing, as applicable, matters related to going concern, and for using the going concern basis of accounting in preparing the financial statements unless Management either intends to liquidate the Entity or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statementss as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark will always detect a material misstatement when it exits. Misstatements can arise from fraud or error and are considered material if,

Independent auditor's report

individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Entity’s internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.

- Conclude on the appropriateness of Management’s use of the going concern basis of accounting in preparing the financial statements, and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Entity’s ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor’s report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor’s report. However, future events or conditions may cause the Entity to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures in the notes, and whether the financial statements represent the underlying transactions and events in a manner that gives a true and fair view.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Statement on the management commentary
Management is responsible for the management commentary.

Our opinion on the financial statements does not cover the management commentary, and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the management commentary and, in doing so, consider whether the management commentary is materially inconsistent with

Independent auditor's report

the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

Moreover, it is our responsibility to consider whether the management commentary provides the information required under the Danish Financial statements Act.

Based on the work we have performed, we conclude that the management commentary is in accordance with the financial statements and has been prepared in accordance with the requirements of the Danish Financial statements Act. We did not identify any material misstatement of the management commentary.

Aarhus, 30.08.2017

Deloitte
Statsautoriseret Revisionspartnerselskab
Central Business Registration No: 33963556

Jacob Nørmark
State Authorised Public Accountant

Management commentary

Primary activities

Lunar Way A/S is a fintech company offering banking services through our mobile platform.

Development in activities and finances

The platform has been launched in Denmark, and the Scandinavien roll-out is planned late 2017.

The Company will be founded with both current and new investors.

Events after the balance sheet date

No events have occurred after the balance sheet date to this date which would influence the evaluation of this annual report.

Income statement for 2016/17

	Notes	2016/17 DKK	2015/16 DKK
Gross loss		**(12,705,171)**	**(3,745,135)**
Staff costs	2	(12,251,853)	(4,620,495)
Depreciation, amortisation and impairment losses		(972,250)	0
Operating profit/loss		**(25,929,274)**	**(8,365,630)**
Other financial expenses	3	(463,932)	0
Profit/loss before tax		**(26,393,206)**	**(8,365,630)**
Tax on profit/loss for the year	4	1,053,000	1,833,000
Profit/loss for the year		**(25,340,206)**	**(6,532,630)**
Proposed distribution of profit/loss			
Retained earnings		(25,340,206)	(6,532,630)
		(25,340,206)	**(6,532,630)**

Balance sheet at 30.06.2017

	Notes	2016/17 DKK	2015/16 DKK
Completed development projects		6,944,750	0
Development projects in progress		1,118,728	4,250,000
Intangible assets	5	**8,063,478**	**4,250,000**
Deposits		329,976	245,606
Fixed asset investments		**329,976**	**245,606**
Fixed assets		**8,393,454**	**4,495,606**
Manufactured goods and goods for resale		678,588	0
Inventories		**678,588**	**0**
Trade receivables		227,990	0
Deferred tax	6	898,000	898,000
Other receivables		1,897,939	1,003,615
Income tax receivable	7	1,988,000	935,000
Receivables		**5,011,929**	**2,836,615**
Cash		**2,945,987**	**2,148,413**
Current assets		**8,636,504**	**4,985,028**
Assets		**17,029,958**	**9,480,634**

Balance sheet at 30.06.2017

	Notes	2016/17 DKK	2015/16 DKK
Contributed capital		500,000	500,000
Reserve for development expenditure		6,289,903	0
Retained earnings		5,720,374	4,393,736
Equity		**12,510,277**	**4,893,736**
Bank loans		222,958	107,706
Trade payables		2,313,072	205,133
Payables to group enterprises		0	3,333,333
Other payables		1,983,651	940,726
Current liabilities other than provisions		**4,519,681**	**4,586,898**
Liabilities other than provisions		**4,519,681**	**4,586,898**
Equity and liabilities		**17,029,958**	**9,480,634**
Going concern	1		
Unrecognised rental and lease commitments	8		
Contingent liabilities	9		

Statement of changes in equity for 2016/17

	Contributed capital DKK	Reserve for development expenditure DKK	Retained earnings DKK	Total DKK
Equity beginning of year	500,000	0	4,393,736	4,893,736
Group contributions etc	0	0	32,956,747	32,956,747
Transfer to reserves	0	6,289,903	(6,289,903)	0
Profit/loss for the year	0	0	(25,340,206)	(25,340,206)
Equity end of year	**500,000**	**6,289,903**	**5,720,374**	**12,510,277**

Notes

1. Going concern
The Company's Management expects that the Company will be supported by the present shareholders as well as new investors also in the coming financial year.

It is expected that the Company's present shareholders will support the Company until a new founding round in Q1 2018.

	2016/17 DKK	2015/16 DKK
2. Staff costs		
Wages and salaries	13,997,759	6,118,627
Pension costs	708,259	107,987
Other social security costs	206,111	35,506
Other staff costs	1,006,724	473,375
Staff costs classified as assets	(3,667,000)	(2,115,000)
	12,251,853	**4,620,495**
Average number of employees	**25**	

	2016/17 DKK	2015/16 DKK
3. Other financial expenses		
Financial expenses from group enterprises	450,000	0
Interest expenses	7,435	0
Other financial expenses	6,497	0
	463,932	**0**

	2016/17 DKK	2015/16 DKK
4. Tax on profit/loss for the year		
Tax on current year taxable income	(1,053,000)	(935,000)
Change in deferred tax for the year	0	(898,000)
	(1,053,000)	**(1,833,000)**

Notes

	Completed development projects DKK	Development projects in progress DKK
5. Intangible assets		
Cost beginning of year	0	4,250,000
Transfers	4,250,000	(4,250,000)
Additions	3,667,000	1,118,728
Cost end of year	**7,917,000**	**1,118,728**
Amortisation for the year	(972,250)	0
Amortisation and impairment losses end of year	**(972,250)**	**0**
Carrying amount end of year	**6,944,750**	**1,118,728**

Development projects in progress

Development projects in progress of DKK 1,118,728 expects to be completed during FY 2017/18.

Completed projects include development and testing of credit products based on a subscription model. The credit products were completed in the spring of 2017 and are amortised on a straight-line basis over a five-year period.

The Company's Management has huge expectations for the completed projects and has not identified any indication of impairment in relation to the carrying amount.

6. Deferred tax

The Company has a deferred tax asset of DKK 5,625k at 30.06.2017 consisting of tax-loss carryforwards. The deferred tax asset is recognised at DKK 898k.

The tax loss can be set off indefinitely against positive taxable income as generated by the Company.

7. Income tax receivable

Income tax receivable, which is recognised in the balance sheet at DKK 1,988,000 relates to the income years 2016 and 2017.

Excess income tax relating to the income year 2017 amounts to DKK 1,053,000, which does not fall due until 20.11.2018.

Notes

	2016/17 DKK	2015/16 DKK
8. Unrecognised rental and lease commitments		
Hereof liabilities under rental or lease agreements until maturity in total	**1,073,000**	**1,400,000**

9. Contingent liabilities

The Company participates in a Danish joint taxation arrangement in which Lunar Holding ApS serves as the administration company. According to the joint taxation provisions of the Danish Corporation Tax Act, the Company is therefore liable from 29.06.2015 for obligations, if any, relating to the withholding of tax on interest, royalties and dividend for the jointly taxed companies.

Accounting policies

Reporting class
This annual report has been presented in accordance with the provisions of the Danish Financial Statements Act governing reporting class B enterprises with addition of certain provisions for reporting class C.

The accounting policies applied for these financial statements are consistent with those applied last year.

Recognition and measurement
Assets are recognised in the balance sheet when it is probable as a result of a prior event that future economic benefits will flow to the Entity, and the value of the asset can be measured reliably.

Liabilities are recognised in the balance sheet when the Entity has a legal or constructive obligation as a result of a prior event, and it is probable that future economic benefits will flow out of the Entity, and the value of the liability can be measured reliably.

On initial recognition, assets and liabilities are measured at cost. Measurement subsequent to initial recognition is effected as described below for each financial statement item.

Anticipated risks and losses that arise before the time of presentation of the annual report and that confirm or invalidate affairs and conditions existing at the balance sheet date are considered at recognition and measurement.

Income is recognised in the income statement when earned, whereas costs are recognised by the amounts attributable to this financial year.

Foreign currency translation
On initial recognition, foreign currency transactions are translated applying the exchange rate at the transaction date. Receivables, payables and other monetary items denominated in foreign currencies that have not been settled at the balance sheet date are translated using the exchange rate at the balance sheet date. Exchange differences that arise between the rate at the transaction date and the one in effect at the payment date, or the rate at the balance sheet date are recognised in the income statement as financial income or financial expenses.

Income statement
Gross profit or loss
Gross profit or loss comprises revenue, cost of raw materials and consumables and external expenses.

Revenue
Revenue from the sale of services is recognised in the income statement when delivery is made to the buyer. Revenue is recognised net of VAT, duties and sales discounts and is measured at fair value of the consideration fixed.

Cost of sales
Cost of sales comprises costs of sales for the financial year measured at cost, adjusted for ordinary inventory write-downs.

Accounting policies

Other external expenses
Other external expenses include expenses relating to the Entity's ordinary activities, including expenses for premises, stationery and office supplies, marketing costs, etc.

Staff costs
Staff costs comprise salaries and wages as well as social security contributions, pension contributions, etc for entity staff.

Depreciation, amortisation and impairment losses
Amortisation, depreciation and impairment losses relating to intangible assets depreciation and impairment losses for the financial year, calculated on the basis of the residual values and useful lives of the individual assets and impairment testing.

Other financial expenses
Other financial expenses comprise interest expenses, including interest expenses on payables to group enterprises, net capital losses on securities, payables and transactions in foreign currencies, amortisation of financial liabilities as well as tax surcharge under the Danish Tax Prepayment Scheme etc.

Tax on profit/loss for the year
Tax for the year, which consists of current tax for the year and changes in deferred tax, is recognised in the income statement by the portion attributable to the profit for the year and recognised directly in equity by the portion attributable to entries directly in equity.

The Entity is jointly taxed with the other Danish group enterprises. The current Danish income tax is allocated among the jointly taxed entities proportionally to their taxable income (full allocation with a refund concerning tax losses).

Balance sheet
Intellectual property rights etc
Intellectual property rights comprise development projects completed and in progress.

Development projects on clearly defined and identifiable products and processes, for which the technical rate of utilisation, adequate resources and a potential future market or development opportunity in the enterprise can be established, and where the intention is to manufacture, market or apply the product or process in question, are recognised as intangible assets. Other development costs are recognised as costs in the income statement as incurred.

The cost of development projects comprises costs such as salaries and amortisation that are directly attributable to the development projects.

Completed development projects are amortised on a straight-line basis over a five-year period.

Development projects are written down to the lower of recoverable amount and carrying amount.

Accounting policies

Inventories
Inventories are measured at the lower of cost using the FIFO method and net realisable value.

Cost consists of purchase price plus delivery costs.

The net realisable value of inventories is calculated as the estimated selling price less completion costs and costs incurred to execute sale.

Receivables
Receivables are measured at amortised cost, usually equalling nominal value less write-downs for bad and doubtful debts.

Deferred tax
Deferred tax is recognised on all temporary differences between the carrying amount and tax-based value of assets and liabilities, for which the tax-based value of assets is calculated based on the planned use of each asset.

Deferred tax assets, including the tax base of tax loss carryforwards, are recognised in the balance sheet at their estimated realisable value, either as a set-off against deferred tax liabilities or as net tax assets.

Income tax payable or receivable
Current tax payable or receivable is recognised in the balance sheet, stated as tax calculated on this year's taxable income, adjusted for prepaid tax.

Cash
Cash comprises bank deposits.

Other financial liabilities
Other financial liabilities are measured at amortised cost, which usually corresponds to nominal value.