

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

**Annual report 2015/16**

The Annual General Meeting adopted the annual report on 24.11.2016

**Chairman of the General Meeting**

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Name: Ken Villum Guldbrandt Klausen

## **Contents**

	<b><u>Page</u></b>
Entity details	1
Statement by Management on the annual report	2
Independent auditor's reports	3
Management commentary	5
Accounting policies	6
Income statement for 2015/16	9
Balance sheet at 30.06.2016	10
Statement of changes in equity for 2015/16	12
Notes	13

## **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: 10.08.2015 - 30.06.2016

### **Board of Directors**

Henning Kruse Petersen, Chairman

Tuva Lo Palm

Ken Villum Guldbrandt Klausen

Niels Vejrup Carlsen

Mads Krarup Kjær

### **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 10.08.2015 - 30.06.2016.

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 30.06.2016 and of the results of its operations for the financial year 10.08.2015 - 30.06.2016.

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.

Århus, 24.11.2016

## Executive Board

Ken Villum Guldbrandt Klausen

## Board of Directors

Henning Kruse Petersen  
Chairman

Tuva Lo Palm

Ken Villum Guldbrandt Klausen

Niels Vejrup Carlsen

Mads Krarup Kjær

## **Independent auditor's reports**

### **To the owners of Lunar Way A/S**

#### **Report on the financial statements**

We have audited the financial statements of Lunar Way A/S for the financial year 10.08.2015 - 30.06.2016, which comprise the accounting policies, income statement, balance sheet, statement of changes in equity and notes. The financial statements are prepared in accordance with the Danish Financial Statements Act.

#### **Management's responsibility 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.

#### **Auditor's responsibility**

Our responsibility is to express an opinion on the financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing and additional requirements under Danish audit regulation. This requires that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatements of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Entity's preparation of financial statements that give a true and fair view 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. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by Management, as well as the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our adverse opinion.

#### **Qualification**

##### ***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 2017. 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 audit opinion as the Company being a going concern.

#### **Adverse opinion**

In our opinion, due to the significance of the matter discussed in Basis for adverse opinion paragraph, the financial statements do not give a true and fair view of the Company's financial position at 30.06.2016 and of the results of its operations and cash flows for the financial year 10.08.2015 - 30.06.2016 in accordance with the Danish Financial Statements Act.

## **Independent auditor's reports**

### **Statement on the management commentary**

Pursuant to the Danish Financial Statements Act, we have read the management commentary. We have not performed any further procedures in addition to the audit of the financial statements.

On this basis, it is our opinion that the information provided in the management commentary is consistent with the financial statements.

Aarhus, 24.11.2016

### **Deloitte**

Statsautoriseret Revisionspartnerselskab

Jacob Nørmark

State Authorised Public Accountant

CVR-nr. 33963556

## **Management commentary**

### **Primary activities**

Lunar Way is a fintech company offering banking services, through our mobile platform.

### **Development in activities and finances**

The platform is under continues development, and we're expecting for a full launch in Denmark, in cooperation with our respective partner bank Nykredit.

The company will be funded 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.

## **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.

There are no comparative figures because it is the company's first accounting period.

### **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**

#### **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.



## Accounting policies

### Income taxes

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 etc comprise development projects completed and in progress with related intellectual property rights, acquired intellectual property rights and prepayments for intangible assets.

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 and indirectly attributable to the development projects.

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

#### 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.

## **Accounting policies**

### **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.

**Income statement for 2015/16**

	<u>Notes</u>	<u>2015/16 DKK</u>
Other external expenses		<u>(4.669.446)</u>
<b>Gross profit/loss</b>		<b><u>(4.669.446)</u></b>
Staff costs	2	<u>(3.696.184)</u>
<b>Operating profit/loss</b>		<b><u>(8.365.630)</u></b>
Tax on profit/loss from ordinary activities	3	<u>1.833.000</u>
<b>Profit/loss for the year</b>		<b><u><u>(6.532.630)</u></u></b>
<b>Proposed distribution of profit/loss</b>		
Retained earnings		<u>(6.532.630)</u>
		<b><u>(6.532.630)</u></b>

**Balance sheet at 30.06.2016**

	<u>Notes</u>	<u>2015/16 DKK</u>
Development projects in progress		4.250.000
<b>Intangible assets</b>	4	<b>4.250.000</b>
Deposits		245.606
<b>Fixed asset investments</b>		<b>245.606</b>
<b>Fixed assets</b>		<b>4.495.606</b>
Deferred tax assets		898.000
Other short-term receivables		1.003.615
Income tax receivable		935.000
<b>Receivables</b>		<b>2.836.615</b>
Cash		2.148.413
<b>Current assets</b>		<b>4.985.028</b>
<b>Assets</b>		<b>9.480.634</b>

**Balance sheet at 30.06.2016**

	<u>Notes</u>	<u>2015/16 DKK</u>
Contributed capital	5	500.000
Retained earnings		<u>4.393.736</u>
<b>Equity</b>		<b><u>4.893.736</u></b>
Bank loans		107.706
Debt to group enterprises		3.333.333
Other payables		<u>1.145.859</u>
<b>Current liabilities other than provisions</b>		<b><u>4.586.898</u></b>
<b>Liabilities other than provisions</b>		<b><u>4.586.898</u></b>
<b>Equity and liabilities</b>		<b><u><u>9.480.634</u></u></b>
Going concern	1	
Unrecognised rental and lease commitments	6	
Contingent liabilities	7	

**Statement of changes in equity for 2015/16**

	<b>Contributed capital DKK</b>	<b>Retained ear- nings DKK</b>	<b>Total DKK</b>
Contribution concerning formation of entity	500.000	0	500.000
Group contributions etc	0	10.926.366	10.926.366
Profit/loss for the year	0	(6.532.630)	(6.532.630)
<b>Equity end of year</b>	<b>500.000</b>	<b>4.393.736</b>	<b>4.893.736</b>

## 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. In August 2016, a capital increase in the Company was performed by a new investor.

It is expected that the Company's present shareholders will support the Company until a new funding round in Q1 2017.

	<b>2015/16 DKK</b>
<b>2. Staff costs</b>	
Wages and salaries	5.586.707
Pension costs	107.987
Other social security costs	35.506
Other staff costs	80.984
Staff costs classified as assets	(2.115.000)
	<b>3.696.184</b>

	<b>2015/16 DKK</b>
<b>3. Tax on ordinary profit/loss for the year</b>	
Current tax	(935.000)
Change in deferred tax for the year	(898.000)
	<b>(1.833.000)</b>

	<b>Development projects in progress DKK</b>
<b>4. Intangible assets</b>	
Additions	4.250.000
<b>Cost end of year</b>	<b>4.250.000</b>
<b>Carrying amount end of year</b>	<b>4.250.000</b>

## Notes

	<u>Number</u>	<u>Par value DKK</u>	<u>Nominal value DKK</u>
<b>5. Contributed capital</b>			
Ordinary shares	<u>500</u>	1.000,00	<u>500.000</u>
	<u><b>500</b></u>		<u><b>500.000</b></u>
			<u><b>2015/16 DKK</b></u>
Costs of the formation of public limited company			<u><b>5.000</b></u>
			<u><b>2015/16 DKK</b></u>
<b>6. Unrecognised rental and lease commitments</b>			
Commitments under rental agreements or leases until expiry			<u><b>1.400.000</b></u>

## 7. 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.