



Deloitte  
Statsautoriseret  
Revisionspartnerselskab  
CVR-nr. 33963556  
City Tower, Værkmestergade 2  
8000 Aarhus C

Phone 89 41 41 41  
Fax 89 41 42 43  
[www.deloitte.dk](http://www.deloitte.dk)

**Lunar Way A/S**

Hack Kampmanns Plads 1, st. th.  
8000 Aarhus C  
Business Registration No  
36982837

**Annual report 01.07.2018  
- 31.12.2018**

The Annual General Meeting adopted the annual report on 21.05.2019

**Chairman of the General Meeting**



\_\_\_\_\_  
Name: Ken Villum Guldbrandt Klausen

## **Lunar Way A/S**

---

# **Contents**

	<b><u>Page</u></b>
Entity details	1
Statement by Management on the annual report	2
Independent auditor's report	3
Management commentary	6
Income statement for 2018	8
Balance sheet at 31.12.2018	9
Statement of changes in equity for 2018	11
Notes	12
Accounting policies	16

## **Entity details**

### **Entity**

Lunar Way A/S

Hack Kampmanns Plads 1, st. th.

8000 Aarhus C

Central Business Registration No (CVR): 36982837

Registered in: Aarhus

Financial year: 01.07.2018 - 31.12.2018

### **Board of Directors**

Henning Kruse Petersen, chairman

Ken Villum Guldbrandt Klausen

Tuva Lo Palm

Lars Andersen

Gary Stephen Bramall

### **Executive Board**

Ken Villum Guldbrandt Klausen

### **Auditors**

Deloitte Statsautoriseret Revisionspartnerselskab

City Tower, Værkmestergade 2

8000 Aarhus C

## 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 01.07.2018 - 31.12.2018.

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 31.12.2018 and of the results of its operations for the financial year 01.07.2018 - 31.12.2018.

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, 21.05.2019

### Executive Board

DocuSigned by:  
  
86B074B200F5446...  
Ken Villum Guldbrandt  
Klausen

### Board of Directors

  
Henning Kruse Petersen  
chairman

  
Ken Villum Guldbrandt Klausen

DocuSigned by:  
  
94653E168BFD45F...  
Tuva Lo Palm

  
Lars Andersen

DocuSigned by:  
  
9C8D36657094427...  
Gary Stephen Bramall

## Independent auditor's report

### To the shareholders of Lunar Way A/S

#### Opinion

We have audited the financial statements of Lunar Way A/S for the financial year 01.07.2018 - 31.12.2018, 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, the financial statements give a true and fair view of the Entity's financial position at 31.12.2018 and of the results of its operations for the financial year 01.07.2018 - 31.12.2018 in accordance with the Danish Financial Statements Act.

#### Basis for opinion

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 opinion.

#### Material uncertainty related to going concern

We draw attention to note 1 in the financial statements, which states that Management expects present as well as new investors to support the Company until the implementation of a new funding round in May 2019. When presenting the financial statements, Management assumed that the necessary support can be obtained as the need arises and has therefore presented the financial statements on a going concern basis. Our opinion has therefore not been modified with respect to this matter.

#### Emphasis of matter regarding circumstances in the financial statements

We draw attention to note 2 stating that recognition and measurement of the Company's development projects in progress and completed development projects may be subject to uncertainty. Our opinion has not been modified with respect to this matter.

#### 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.

## Independent auditor's report

### **Auditor's responsibilities for the audit of the financial statements**

Our objectives are to obtain reasonable assurance about whether the financial statements 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 exists. Misstatements can arise from fraud or error and are considered material if, 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.

## **Independent auditor's report**

### **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 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, 21.05.2019

### **Deloitte**

Statsautoriseret Revisionspartnerselskab

Central Business Registration No (CVR) 33963556



Jacob Nørmark

State Authorised Public Accountant

Identification No (MNE) mne30176

## Management commentary

### Primary activities

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

### Development in activities and finances

The loss for the financial year amounted to DKK 26,239k, which is as expected.

The platform has been launched in Denmark, Sweden and Norway. The results and developments of the company are at level of the expectations.

As the first fintech company in Denmark, Lunar Way A/S was granted an AISP/PISP licence in 2018. To meet the requirements thereof, the Company changed its financial year to 1 January - 31 December. The transition period covers the period from 1 July 2018 to 31 December 2018.

The Parent, Lunar Holding ApS, made a capital increase in February 2019 of a total of DKK 101.7m consisting of a conversion of liabilities of DKK 51.2m and cash capital increases of DKK 50.6m. Lunar Holding ApS has thus received a cash contribution of DKK 50.6m.

Moreover, Lunar Holding ApS expects to carry out a new funding round in Q2 2019 with participation of both existing as well as new investors.

With this funding, Management expects the Group to receive more liquidity.

The Company has received a letter of support for the Parent in the period until 31.05.2020, and Management therefore expects adequate liquidity for continued operations and development.

Consequently, Management has presented the financial statements on the assumption of going concern.

### Uncertainty relating to recognition and measurement

The Company has recognised completed development projects at a carrying amount of DKK 15,550k and projects in progress at a carrying amount of 9,869k in the financial statements.

Completed development projects include credit and business products based on a subscription model. Further, completed development projects include the IT app platform.

Management has decided to phase out the credit products 10K and 20K. Consequently, the Company has written down both credit products to the calculated value in use.

Completed development projects include also the business product. The business product is profitable. Management has not identified any indication of impairment in relation to the carrying amount.

The measurement of projects in progress is further development of the current IT app platform. Management estimates that no indication of impairment of projects in progress will be identified.



## **Management commentary**

### **Events after the balance sheet date**

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

## Income statement for 2018

	<u>Notes</u>	<u>2018 DKK</u>	<u>2017/18 DKK</u>
<b>Gross loss</b>		<b>(17.143.261)</b>	<b>(18.236.453)</b>
Staff costs	3	(7.056.746)	(9.569.880)
Depreciation, amortisation and Impairment losses	4	<u>(3.994.707)</u>	<u>(1.627.660)</u>
<b>Operating profit/loss</b>		<b>(28.194.714)</b>	<b>(29.433.993)</b>
Other financial expenses	5	<u>(248.666)</u>	<u>(354.865)</u>
<b>Profit/loss before tax</b>		<b>(28.443.380)</b>	<b>(29.788.858)</b>
Tax on profit/loss for the year	6	<u>2.204.000</u>	<u>2.116.000</u>
<b>Profit/loss for the year</b>		<b><u>(26.239.380)</u></b>	<b><u>(27.672.858)</u></b>
<b>Proposed distribution of profit/loss</b>			
Retained earnings		<u>(26.239.380)</u>	<u>(27.672.858)</u>
		<b><u>(26.239.380)</u></b>	<b><u>(27.672.858)</u></b>

## Balance sheet at 31.12.2018

	<u>Notes</u>	<u>2018 DKK</u>	<u>2017/18 DKK</u>
Completed development projects		15.550.242	5.361.350
Development projects in progress		9.869.207	14.126.235
<b>Intangible assets</b>	<b>7</b>	<b>25.419.449</b>	<b>19.487.585</b>
Leasehold improvements		439.431	333.249
<b>Property, plant and equipment</b>	<b>8</b>	<b>439.431</b>	<b>333.249</b>
Deposits		602.372	575.303
<b>Fixed asset investments</b>		<b>602.372</b>	<b>575.303</b>
<b>Fixed assets</b>		<b>26.461.252</b>	<b>20.396.137</b>
Manufactured goods and goods for resale		578.770	130.604
<b>Inventories</b>		<b>578.770</b>	<b>130.604</b>
Trade receivables		485.229	367.519
Other receivables		5.563.674	2.201.139
Income tax receivable		5.218.000	4.067.000
Prepayments		136.097	0
<b>Receivables</b>		<b>11.403.000</b>	<b>6.635.658</b>
<b>Cash</b>		<b>164.701</b>	<b>229.248</b>
<b>Current assets</b>		<b>12.146.471</b>	<b>6.995.510</b>
<b>Assets</b>		<b>38.607.723</b>	<b>27.391.647</b>

## Balance sheet at 31.12.2018

	<b>Notes</b>	<b>2018 DKK</b>	<b>2017/18 DKK</b>
Contributed capital		500.000	500.000
Reserve for development expenditure		19.827.170	15.200.316
Retained earnings		(13.061.057)	(4.267.505)
<b>Equity</b>		<b>7.266.113</b>	<b>11.432.811</b>
Bank loans		16.116.286	7.234.270
Trade payables		10.722.677	4.790.886
Other payables		4.502.647	3.933.680
<b>Current liabilities other than provisions</b>		<b>31.341.610</b>	<b>15.958.836</b>
<b>Liabilities other than provisions</b>		<b>31.341.610</b>	<b>15.958.836</b>
<b>Equity and liabilities</b>		<b>38.607.723</b>	<b>27.391.647</b>
Going concern	1		
Uncertainty relating to recognition and measurement	2		
Unrecognised rental and lease commitments	9		
Contingent liabilities	10		

## Statement of changes in equity for 2018

	Contributed capital DKK	Reserve for development expenditure DKK	Retained earnings DKK	Total DKK
Equity beginning of year	500.000	15.200.316	(4.267.505)	11.432.811
Group contributions etc	0	0	22.072.682	22.072.682
Transfer to reserves	0	4.626.854	(4.626.854)	0
Profit/loss for the year	<u>0</u>	<u>0</u>	<u>(26.239.380)</u>	<u>(26.239.380)</u>
<b>Equity end of year</b>	<b><u>500.000</u></b>	<b><u>19.827.170</u></b>	<b><u>(13.061.057)</u></b>	<b><u>7.266.113</u></b>

## Notes

### **1. Going concern**

The Parent, Lunar Holding ApS, made a capital increase in February 2019 of a total of DKK 101.7m consisting of a conversion of liabilities of DKK 51.2m and cash capital increases of DKK 50.6m. Lunar Holding ApS has thus received a cash contribution of DKK 50.6m.

Moreover, Lunar Holding ApS expects to carry out a new funding round in Q2 2019 with participation of both existing as well as new investors. With this funding, Management expects the Group to receive more liquidity.

The Company has received a letter of support for the Parent in the period until 31.05.2020, and Management therefore expects adequate liquidity for continued operations and development.

### **2. Uncertainty relating to recognition and measurement**

The Company has recognised completed development projects at a carrying amount of DKK 15,550k and projects in progress at a carrying amount of 9,869k in the financial statements.

Completed development projects include credit and business products based on a subscription model. Further, completed development projects include the IT app platform.

Management has decided to phase out the credit products 10K and 20K. Consequently, the Company has written down both credit products to the calculated value in use.

Completed development projects include also the business product where the number of customers and revenue increase from month to month. The business product is profitable. Management has therefore not identified any indication of impairment in relation to the carrying amount.

The measurement of projects in progress is further development of the current IT app platform. Management estimates that no indication of impairment of projects in progress will be identified.

## Notes

	<b>2018</b>	<b>2017/18</b>
	<b>DKK</b>	<b>DKK</b>
<b>3. Staff costs</b>		
Wages and salaries	14.357.313	20.264.207
Pension costs	920.882	1.090.205
Other social security costs	129.780	238.173
Other staff costs	911.309	1.480.619
Staff costs classified as assets	<u>(9.262.538)</u>	<u>(13.503.324)</u>
	<b><u>7.056.746</u></b>	<b><u>9.569.880</u></b>

Average number of employees	<u><b>50</b></u>	<u><b>34</b></u>
-----------------------------	------------------	------------------

	<b>2018</b>	<b>2017/18</b>
	<b>DKK</b>	<b>DKK</b>
<b>4. Depreciation, amortisation and impairment losses</b>		
Amortisation of intangible assets	2.172.943	1.583.400
Impairment losses on intangible assets	1.764.400	0
Depreciation of property, plant and equipment	<u>57.364</u>	<u>44.260</u>
	<b><u>3.994.707</u></b>	<b><u>1.627.660</u></b>

	<b>2018</b>	<b>2017/18</b>
	<b>DKK</b>	<b>DKK</b>
<b>5. Other financial expenses</b>		
Financial expenses from group enterprises	139.667	216.493
Other interest expenses	<u>108.999</u>	<u>138.372</u>
	<b><u>248.666</u></b>	<b><u>354.865</u></b>

	<b>2018</b>	<b>2017/18</b>
	<b>DKK</b>	<b>DKK</b>
<b>6. Tax on profit/loss for the year</b>		
Current tax	(2.204.000)	(3.014.000)
Change in deferred tax	<u>0</u>	<u>898.000</u>
	<b><u>(2.204.000)</u></b>	<b><u>(2.116.000)</u></b>

## Notes

	Completed develop- ment projects DKK	Develop- ment projects in progress DKK
<b>7. Intangible assets</b>		
Cost beginning of year	7.917.000	14.126.235
Transfers	14.126.235	(14.126.235)
Additions	0	9.869.207
<b>Cost end of year</b>	<b>22.043.235</b>	<b>9.869.207</b>
Amortisation and impairment losses beginning of year	(2.555.650)	0
Impairment losses for the year	(1.764.400)	0
Amortisation for the year	(2.172.943)	0
<b>Amortisation and impairment losses end of year</b>	<b>(6.492.993)</b>	<b>0</b>
<b>Carrying amount end of year</b>	<b>15.550.242</b>	<b>9.869.207</b>

Completed development projects include the Company's business product based on a subscription model. The business product went live in August 2018, and the Company has seen increased customer intake from month to month. The business product is amortised on a straight-line basis over a five-year period.

The business product is profitable, and the Management has not identified any indication of impairment in relation to the carrying amount.

Further, the completed development projects include the credit products 10K and 20K. The Management has decided to phase out both credit products. Consequently, the Company has written down both credit products to the calculated value in use.

Development projects in progress consists of the current IT app platform for generating new profitable products.

The Company's Management has great expectations for the current IT platform and has not identified any indication of impairment in relation to the carrying amount.



## Notes

	Leasehold improve- ments DKK	
<b>8. Property, plant and equipment</b>		
Cost beginning of year	377.509	
Additions	163.546	
<b>Cost end of year</b>	<b>541.055</b>	
Depreciation and impairment losses beginning of year	(44.260)	
Depreciation for the year	(57.364)	
<b>Depreciation and Impairment losses end of year</b>	<b>(101.624)</b>	
<b>Carrying amount end of year</b>	<b>439.431</b>	
	<b>2018</b>	<b>2017/18</b>
	<b>DKK</b>	<b>DKK</b>
<b>9. Unrecognised rental and lease commitments</b>		
Liabilities under rental or lease agreements until maturity in total	<b>1.802.172</b>	<b>2.013.916</b>

The Company has signed tenancy agreements with periods of interminability up to 22 months, as well as leases relating to IT equipment with a maximum period of notice of 36 months.

### 10. Contingent liabilities

The Entity 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 Entity is therefore liable for income taxes etc for the jointly taxed entities, and for obligations, if any, relating to the withholding of tax on interest, royalties and dividend for the jointly taxed entities

## 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 to these financial statements are consistent with those applied last year.

These financial statements include six months compared to a period of twelve months last year. Consequently, the comparative figures are not directly comparable to this year's figures.

### 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 rate 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 sales 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.

## Accounting policies

### Cost of sales

Cost of sales comprises goods consumed in the financial year measured at cost, adjusted for ordinary inventory writedowns.

### 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).

The Entity is jointly taxed with Lunar Holding ApS and all 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.

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

## Accounting policies

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.

### Property, plant and equipment

Leasehold improvements are measured at cost less accumulated depreciation and impairment losses.

Cost comprises the acquisition price, costs directly attributable to the acquisition and preparation costs of the asset until the time when it is ready to be put into operation.

The basis of depreciation is cost less estimated residual value after the end of useful life. Straight-line depreciation is made on the basis of the following estimated useful lives of the assets:

Leasehold improvements	5 years
------------------------	---------

For leasehold improvements and assets subject to finance leases, the depreciation period cannot exceed the contract period.

Estimated useful lives and residual values are reassessed annually.

Items of property, plant and equipment are written down to the lower of recoverable amount and carrying amount.

### 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 writedowns for bad and doubtful debts.

### Income tax payable or receivable

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

## **Accounting policies**

### **Prepayments**

Prepayments comprise incurred costs relating to subsequent financial years. Prepayments are measured at cost.

### **Cash**

Cash comprises cash in hand and bank deposits.

### **Other financial liabilities**

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