

**LUNAR<sup>®</sup>**

# **LUNAR WAY A/S**

Central Business Registration No. 36 98 28 37



Annual  
Report  
2019

# Lunar Way A/S

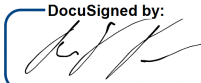
Skovvejen 2  
8000 Aarhus C

CVR no. 36 98 28 37

## Annual Report for 2019

The Annual Report was presented and adopted at  
the Annual General Meeting of the Company on

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Chairman

**Lunar Way A/S**

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## Lunar Way A/S

### Statement by Management on the annual report

The Board of Directors and Executive Boards have today considered and approved the annual report of Lunar Way A/S for the financial year 1 January - 31 December 2019.

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

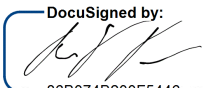
In our opinion, the financial statements give a true and fair view of the company's financial position at 31 December 2019 and of the results of its operations for the financial year 1 January - 31 December 2019.

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

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

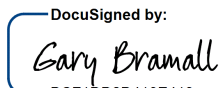
Aarhus, 5 May 2020

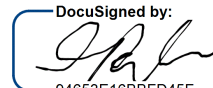
#### Executive Board

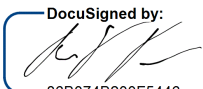
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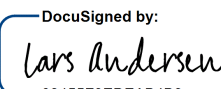
#### Board of directors

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Henning Kruse Petersen  
chairman

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Gary Stephen Bramall

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Tuva Lo Palm

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Lars Andersen

## Lunar Way A/S

### Independent auditor's report

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

##### Qualified Opinion

We have audited the financial statements of Lunar Way A/S for the financial year 01.01.2019 – 31.12.2019, 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, except for possible effects of the matter described in the Basis for Qualified Opinion section of our report, the financial statements give a true and fair view of the Entity's financial position at 31.12.2019 and of the results of its operations for the financial year 01.01.2019 - 31.12.2019 in accordance with the Danish Financial Statements Act.

##### Basis for Qualified Opinion

Lunar Way A/S has trade receivables for DKK 2 million for which we were unable to obtain sufficient appropriate audit evidence about the existence of Lunar Way A/S' receivables as at 31.12.2019. Consequently, we were unable to determine whether any adjustments to this amounts were necessary.

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 for 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.

##### 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 the 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, 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 company 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 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 judgment and maintain professional skepticism 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.

## Lunar Way A/S

### Independent auditor's report

- 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 company'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 company'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 company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and contents of the financial statements, including the disclosures, 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's review

Management is responsible for management's review.

Our opinion on the financial statements does not cover management's 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 management's review 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 management's review.

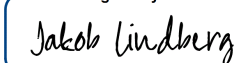
Copenhagen , 5 May 2020

#### Deloitte

#### Statsautoriseret Revisionspartnerselskab

Central Business Registration No (CVR) 33 96 35 56

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Jakob Lindberg

State Authorised Public Accountant

MNE no. Mne40824

## Lunar Way A/S

### Company details

#### The company

Lunar Way A/S  
Skovvejen 2  
8000 Aarhus C

CVR no.: 36 98 28 37

Reporting period: 1 January - 31 December 2019

Domicile: Aarhus C

#### Owner Ship

The Company is owned by  
Lunar Group ApS  
Skovvejen 2  
8000 Aarhus C

#### 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  
Weidekampsgade 6  
2300 København S

## **Lunar Way A/S**

### **Management's review**

#### **Primary activities**

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

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

The company's income statement for the year ended 31 December 2019 shows a loss of DKK 66.376.060, and the balance sheet at 31 December 2019 shows equity of DKK 5.598.486.

The Parent, Lunar Group ApS, made a capital increase in March 2020 of a total of DKK 150m, whereas DKK 38m has been capitalised into Lunar Way A/S.

The Company has received a letter of support for the parent in the period until 31.05.2021, and Management therefore expects adequate liquidity for continued operations and development.

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

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

No events have occurred after the balance sheet date which could significantly affect the company's financial position.



## **Lunar Way A/S**

### **Accounting policies**

#### **Reporting class**

The annual report of Lunar Way A/S for 2019 has been prepared in accordance with the provisions of the Danish Financial Statements Act concerning reporting class B entities as well as selected provisions as regards larger entities.

The comparison figures include six month for the period 01.07.2018 - 31.12.2018. Consequently, the comparative figures are not directly comparable to this year's figures.

The annual report is presented in DKK

#### **Basis of recognition and measurement**

Income is recognised in the income statement as earned, including value adjustments of financial assets and liabilities. All expenses, including amortisation, depreciation and impairment losses, are also recognised in the income statement.

Assets are recognised in the balance sheet when it is probable that future economic benefits will flow to the company and the value of the asset can be measured reliably.

Liabilities are recognised in the balance sheet when it is probable that future economic benefits will flow from the company and the value of the liability can be measured reliably.

On initial recognition, assets and liabilities are measured at cost. On subsequent recognition, assets and liabilities are measured as described below for each individual accounting item.

On recognition and measurement, allowance is made for predictable losses and risks which occur before the annual report is presented and which confirm or invalidate matters existing at the balance sheet date.

#### **Foreign currency translation**

On initial recognition, foreign currency transactions are translated applying the exchange rate at the transaction date. Receivables, payable 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 recognized 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 recognized in the income statement when delivery is made to the buyer. Revenue is recognized net of VAT, duties and sales discounts and is measured at fair value of the consideration fixed.

Income from services, comprising service contracts and extended warranties relating to products and contracts sold is recognised on a straight-line basis as the services are provided.

##### **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.

## **Lunar Way A/S**

### **Accounting policies**

#### **Staff costs**

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

#### **Amortisation, depreciation and impairment losses**

Amortisation, depreciation and impairment losses comprise the year's amortisation, depreciation and impairment of intangible assets and property, plant and equipment.

#### **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, amortization 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 recognized in the income statement by the portion attributable to the profit for the year and recognized 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 Group 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**

#### **Intangible assets**

Intangible assets comprise development projects completed and in progress.

Development projects on clearly defined and identifiable products and processes, for which the technical rate of utilization, 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 recognized as intangible assets. Other development costs are recognized as costs in the income statement as incurred.

The cost of development projects comprises costs such as salaries and amortization 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.

## **Lunar Way A/S**

### **Accounting policies**

#### **Property, plant and equipment**

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

Cost comprise 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
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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 and net realisable value.

Cost consists of purchase price plus delivery costs.

The net realizable 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.

#### **Prepayments**

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

#### **Cash**

Cash comprises cash in hand and bank deposits.

#### **Income tax payable or receivable**

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

Deferred tax is measured according to the liability method in respect of temporary differences between the carrying amount of assets and liabilities and their tax base, calculated on the basis of the planned use of the asset and settlement of the liability, respectively.

#### **Liabilities**

Financial liabilities are measured at amortised cost, with usually corresponds to normal value.

**Lunar Way A/S****Income statement 1 January - 31 December**

	<b>Notes</b>	<b>2019</b> DKK	<b>1.7-31.12.18</b> DKK
<b>Gross loss</b>		<b>-79.736.047</b>	<b>-17.143.261</b>
Staff costs	1	-39.819.588	-7.056.746
Depreciation, amortisation and impairment losses		-6.498.699	-3.994.707
<b>Operating profit/loss</b>		<b>-126.054.334</b>	<b>-28.194.714</b>
Other income	2	95.500.000	0
Other external costs	2	-34.133.487	0
Other financial expenses	3	-1.688.239	-248.666
<b>Profit/loss before tax</b>		<b>-66.376.060</b>	<b>-28.443.380</b>
Tax on profit/loss for the year	4	0	2.204.000
<b>Profit/loss for the year</b>		<b>-66.376.060</b>	<b>-26.239.380</b>
 <b>Recommended appropriation of profit/loss</b>			
Retained earnings		-66.376.060	-26.239.380
		<b>-66.376.060</b>	<b>-26.239.380</b>

## Lunar Way A/S

## Balance sheet at 31 December 2019

	Notes	2019 DKK	2018 DKK
<b>Assets</b>			
Completed development projects		0	15.550.242
Development projects in progress		0	9.869.207
<b>Intangible assets</b>	5	<u>0</u>	<u>25.419.449</u>
Leasehold improvements		525.621	439.431
<b>Tangible assets</b>		<u>525.621</u>	<u>439.431</u>
Deposits		2.716.171	602.372
<b>Fixed asset investments</b>		<u>2.716.171</u>	<u>602.372</u>
<b>Total non-current assets</b>		<u>3.241.792</u>	<u>26.461.252</u>
<b>Current assets</b>			
Finished goods and goods for resale		0	578.770
<b>Stocks</b>		<u>0</u>	<u>578.770</u>
Trade receivables		7.934.554	485.229
Receivables from affiliated		14.017.189	0
Other receivables		1.922.656	5.563.674
Income tax receivable		5.218.000	5.218.000
Prepayments		2.887.641	136.097
<b>Receivables</b>		<u>31.980.040</u>	<u>11.403.000</u>
<b>Cash at bank and in hand</b>		<u>344.432</u>	<u>164.701</u>
<b>Total current assets</b>		<u>32.324.472</u>	<u>12.146.471</u>
<b>Total assets</b>		<u>35.566.264</u>	<u>38.607.723</u>

**Lunar Way A/S****Balance sheet at 31 December 2019**

	<b>Notes</b>	<b>2019</b> DKK	<b>2018</b> DKK
<b>Equity and liabilities</b>			
<b>Equity</b>			
Share capital		500.000	500.000
Reserve for development expenditure		0	19.827.170
Retained earnings		5.098.486	-13.061.057
<b>Equity</b>	<b>6</b>	<b><u>5.598.486</u></b>	<b><u>7.266.113</u></b>
Amounts owed to credit institutions		1.008.648	16.116.286
Trade payables		23.285.960	10.722.677
Other payables		5.673.170	4.502.647
<b>Total current liabilities</b>		<b><u>29.967.778</u></b>	<b><u>31.341.610</u></b>
<b>Total liabilities</b>		<b><u>29.967.778</u></b>	<b><u>31.341.610</u></b>
<b>Total equity and liabilities</b>		<b><u>35.566.264</u></b>	<b><u>38.607.723</u></b>
Other income and Other external costs	2		
Rent and lease liabilities	7		
Contingent liabilities	8		

**Lunar Way A/S****Notes**

	<b>2019</b>	<b>1.7-31.12.18</b>
	DKK	DKK
<b>1 Staff costs</b>		
Wages and salaries	48.261.338	14.357.313
Pensions	2.267.218	920.882
Other social security costs	707.759	129.780
Other staff costs	2.752.750	911.309
	<u>53.989.065</u>	<u>16.319.284</u>
Staff costs classified as assets	-14.169.477	-9.262.538
	<u>39.819.588</u>	<u>7.056.746</u>
Average number of employees	<u>84</u>	<u>50</u>
<b>2 Other income and Other external costs</b>		
Other income and other external costs relates to sale of intangible assets to Lunar Bank A/S. The transaction is settled on an arm's length basis.		
<b>3 Other financial expenses</b>		
Financial expenses, group entities	1.551.847	139.667
Other financial expenses	136.392	108.999
	<u>1.688.239</u>	<u>248.666</u>
<b>4 Tax on profit/loss for the year</b>		
Current tax for the year	<u>0</u>	<u>-2.204.000</u>
	<u>0</u>	<u>-2.204.000</u>

**Lunar Way A/S****Notes****5 Intangible assets**

	Completed development projects DKK	Development projects in progress DKK
Cost at 1 January 2019	22.043.234	9.869.207
Transfers for the year	0	-9.869.207
Additions for the year	24.912.601	0
Disposals for the year	-46.955.835	0
Cost at 31 December 2019	<u>0</u>	<u>0</u>
Revaluations at 31 December 2019	<u>0</u>	<u>0</u>
Impairment losses and amortisation at 1 January 2019	6.492.993	0
Amortisation for the year	6.329.355	0
Reversal of impairment and amortisation of sold assets	-12.822.348	0
Impairment losses and amortisation at 31 December 2019	<u>0</u>	<u>0</u>
<b>Carrying amount at 31 December 2019</b>	<u><b>0</b></u>	<u><b>0</b></u>

**6 Equity**

	Share capital DKK	Reserve for development expenditure DKK	Retained earnings DKK	Total DKK
Equity at 1 January 2019	500.000	19.827.170	-13.061.057	7.266.113
Transfer to retained earnings	0	-19.827.170	19.827.170	0
Net profit/loss for the year	0	0	-66.376.060	-66.376.060
Contribution from group	0	0	64.708.433	64.708.433
<b>Equity at 31 December 2019</b>	<u><b>500.000</b></u>	<u><b>0</b></u>	<u><b>5.098.486</b></u>	<u><b>5.598.486</b></u>

There have been no changes in the Company's share capital since the establishment of the Company



**Lunar Way A/S****Notes**

	<b>2019</b>	<b>2018</b>
	DKK	DKK
<b>7 Rent and lease liabilities</b>		
Liabilities under rental or lease agreements until maturity in total	1.460.370	1.802.172

**8 Contingent liabilities**

Lunar Way participates in a Danish joint taxation with Lunar Group and its subsidiaries in which Lunar Group 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. The collective net obligation for the participating entities in the joint taxation is presented in the administration company's financial statement.

**LUNAR<sup>®</sup>**