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Lunar Card A/S
Hack Kampmanns Plads 1
8000 Aarhus C
Business Registration No
38808117

**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 Card A/S

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Entity details

Entity

Lunar Card A/S

Hack Kampmanns Plads 1

8000 Aarhus C

Central Business Registration No (CVR): 38808117

Registered in: Aarhus

Financial year: 01.07.2018 - 31.12.2018

Board of Directors

Henning Kruse Petersen

Tuva Lo Palm

Ken Villum Guldbrandt Klausen

Gary Stephen Bramall

Lars Andersen

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 Card 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.

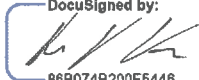
In our opinion, the financial statements give a true and fair view of the Entity's financial position at 31.12.2018 and of the results of its operations for the financial year 01.07.2018 - 31.12.2018.

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

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Ken Villum Guldbrandt
Klausen

Board of Directors




Henning Kruse Petersen

DocuSigned by:

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Gary Stephen Bramall

Tuva Lo Palm



Lars Andersen



Ken Villum Guldbrandt Klausen

Independent auditor's report

To the shareholders of Lunar Card A/S

Opinion

We have audited the financial statements of Lunar Card 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.

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 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:

Independent auditor's report

- 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 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.

Independent auditor's report

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 Card is a fintech company offering banking services specifically within currency exchange and card issuance through our mobile platform.

Development in activities and finances

The loss for the financial year amounted to DKK 3,762k, which is as expected

The number of new Travel Card users from July to December increased compared to the numbers from the financial year 2017/18 but not substantially as expected.

Management, therefore, has identified impairment losses of the completed development projects since there are no indications that the numbers of new Travel Card users will increase substantially in 2019. Consequently, Management has incorporated onerous contracts and at the same time written down the completed development projects by DKK 1,6m, after which the carrying amount thereof is DKK 0.

The company has decided to change the financial year from June-July to Jan-Dec to follow the companies within the Group. 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 signed contracts with a number of payment processing providers on delivery of financial services to the Company's users. The contracts are interdependent, and Management has therefore estimated total net expenses of the contracts until expiry of the last contract.

Net expenses are estimated at DKK 1.3m by Management, and the contracts are estimated to be onerous. The onerous contracts are recognised as "Other provisions" in the balance sheet and affect the financial performance for the year by an equivalent amount.

Net expenses are estimated based on the Company's historical number of users and the realised growth in users in the period until the presentation of the financial statements. The Company's income and expenses are highly variable depending on the number of users.

Management commentary

Due to the forecast for the future number of users, estimated net expenses may be subject to uncertainty.

Events after the balance sheet date

There have been no events after the balance sheet date until this date, which will affect the evaluation of this annual report.

Income statement for 2018

	<u>Notes</u>	<u>2018 DKK</u>	<u>2017/18 DKK</u>
Gross loss		(2.194.216)	(634.227)
Depreciation, amortisation and impairment losses		<u>(1.821.960)</u>	<u>(202.440)</u>
Operating profit/loss		(4.016.176)	(836.667)
Other financial income		16.882	0
Other financial expenses	4	<u>(11.589)</u>	<u>(55.406)</u>
Profit/loss before tax		(4.010.883)	(892.073)
Tax on profit/loss for the year	5	<u>249.000</u>	<u>203.000</u>
Profit/loss for the year		(3.761.883)	(689.073)
Proposed distribution of profit/loss			
Retained earnings		<u>(3.761.883)</u>	<u>(689.073)</u>
		(3.761.883)	(689.073)

Balance sheet at 31.12.2018

	<u>Notes</u>	<u>2018 DKK</u>	<u>2017/18 DKK</u>
Completed development projects		0	1.821.960
Intangible assets	6	0	1.821.960
Fixed assets		0	1.821.960
Manufactured goods and goods for resale		253.844	322.062
Inventories		253.844	322.062
Other receivables	7	2.108.436	2.137.900
Joint taxation contribution receivable		452.000	452.000
Receivables		2.560.436	2.589.900
Cash		144.043	110.605
Current assets		2.958.323	3.022.567
Assets		2.958.323	4.844.527

Balance sheet at 31.12.2018

	<u>Notes</u>	<u>2018 DKK</u>	<u>2017/18 DKK</u>
Contributed capital		500.000	500.000
Reserve for development expenditure		0	1.421.129
Retained earnings		<u>675.832</u>	<u>2.256.550</u>
Equity		<u>1.175.832</u>	<u>4.177.679</u>
Deferred tax		0	249.000
Other provisions	8	<u>1.300.000</u>	<u>0</u>
Provisions		<u>1.300.000</u>	<u>249.000</u>
Trade payables		254.679	188.410
Deferred income	9	<u>227.812</u>	<u>229.438</u>
Current liabilities other than provisions		<u>482.491</u>	<u>417.848</u>
Liabilities other than provisions		<u>482.491</u>	<u>417.848</u>
Equity and liabilities		<u>2.958.323</u>	<u>4.844.527</u>
Going concern	1		
Uncertainty relating to recognition and measurement	2		
Staff costs	3		
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	1.421.129	2.256.550	4.177.679
Group contributions etc	0	0	760.036	760.036
Dissolution of reserves	0	(1.421.129)	1.421.129	0
Profit/loss for the year	0	0	(3.761.883)	(3.761.883)
Equity end of year	500.000	0	675.832	1.175.832

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 signed contracts with a number of payment processing providers on delivery of financial services to the Company's users. The contracts are interdependent, and Management has therefore estimated the total net expense of the contracts until expiry of the last contract.

Net expenses are estimated at DKK 1.3m by Management, and the contracts are estimated to be onerous. The onerous contracts are recognised as "Other provisions" in the balance sheet and affect the financial performance for the year by an equivalent amount.

Net expenses are estimated based on the Company's historical number of users and the realised growth in users in the period until the presentation of the financial statements. The Company's income and expenses are highly variable depending on the number of users.

Due to the forecast for the future number of users, estimated net expenses may be subject to uncertainty.

	<u>2018</u>	<u>2017/18</u>
3. Staff costs		
Average number of employees	<u>3</u>	<u>3</u>

All group staff are employed in Lunar Way A/S. The Company is invoiced for the management fee, which is recognised under "Other external expenses", which is aggregated in the item "Gross profit/loss".

Management has made an estimated calculation of the average number of employees.

Notes

	2018	2017/18
	DKK	DKK
4. Other financial expenses		
Financial expenses from group enterprises	7.585	55.406
Other interest expenses	4.004	0
	11.589	55.406
	2018	2017/18
	DKK	DKK
5. Tax on profit/loss for the year		
Current tax	0	(452.000)
Change in deferred tax	(249.000)	249.000
	(249.000)	(203.000)
		Completed develop- ment projects DKK
6. Intangible assets		
Cost beginning of year		2.024.400
Cost end of year		2.024.400
Amortisation and impairment losses beginning of year		(202.440)
Impairment losses for the year		(1.619.520)
Amortisation for the year		(202.440)
Amortisation and impairment losses end of year		(2.024.400)
Carrying amount end of year		0

In the beginning of 2018 the Company launched the product Travel Card.

Travel Card is based on a subscription arrangement in which the customer has access to the Company's mobile app and currency exchange using real-time exchange rates.

The estimated cash flow statements for 2019 and the next few years are negative. In consequence, the Company has written down the completed project to DKK 0.

Notes

7. Other receivables

Other receivables include DKK 1,972k relating to receivables from the payment partner that may vary depending on the number of users and transactions. The loan is considered a bullet loan between the parties.

8. Other provisions

The Company has signed contracts with payment processing providers with a maximum period of interminability until 1 August 2020. The contracts are interdependent, and that is why Management has assessed them collectively.

Management has estimated the future cash flows showing that the contracts entered into are onerous. In the financial statements, Management has made a provision for the estimated net expense in the period of interminability.

The expected net expense has been estimated at DKK 815k in the coming year.

9. Deferred income

Deferred income consists of annual membership fees invoiced to the Company's customers relating to the coming year.

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 from 17.07.2017 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 jointly taxed entities' total known net liability under the joint taxation arrangement is disclosed in the administration company's financial statements.

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.

Non-comparability

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.

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 duties and sales discounts and is measured at fair value of the consideration fixed.

Cost of sales

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

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.

Accounting policies

Depreciation, amortisation and impairment losses

Depreciation, amortisation and impairment losses relating 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 income

Other financial income comprises interest income, exchange gains on payables and transactions in foreign currencies etc.

Other financial expenses

Other financial expenses comprise interest expenses, including interest expenses on payables to group enterprises 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 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, som måles til kostpris med fradrag for akkumulerede afskrivninger.

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 over a five-year period.

Development projects 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.

Accounting policies

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.

Joint taxation contributions receivable or payable

Current joint taxation contributions payable or joint taxation contributions receivable are recognised in the balance sheet, calculated as tax computed on the taxable income for the year, which has been adjusted for prepaid tax. For tax losses, joint taxation contributions receivable are only recognised if such losses are expected to be used under the joint taxation arrangement.

Cash

Cash comprises bank deposits.

Deferred tax

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

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.

Other provisions

Other provisions comprise anticipated costs of loss on contract etc.

Other provisions are recognised and measured as the best estimate of the expenses required to settle the liabilities at the balance sheet date. Provisions that are estimated to mature more than one year after the balance sheet date are measured at their discounted value.

Other financial liabilities

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

Deferred income

Deferred income comprises income received for recognition in subsequent financial years. Deferred income is measured at cost.