

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

**Annual report 19.07.2017
- 30.06.2018**

The Annual General Meeting adopted the annual report on 30.11.2018

Chairman of the General Meeting

Name: Ken Villum Guldbrandt Klausen

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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: 19.07.2017 - 30.06.2018

Board of Directors

Henning Kruse Petersen
Ken Villum Guldbrandt Klausen
Lars Andersen
Tuva Lo Palm
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 Card A/S for the financial year 19.07.2017 - 30.06.2018.

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 30.06.2018 and of the results of its operations for the financial year 19.07.2017 - 30.06.2018.

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, 30.11.2018

Executive Board

Ken Villum Guldbrandt
Klausen

Board of Directors

Henning Kruse Petersen

Ken Villum Guldbrandt Klausen

Lars Andersen

Tuva Lo Palm

Gary Stephen Bramall

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 19.07.2017 - 30.06.2018, 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 30.06.2018 and of the results of its operations for the financial year 19.07.2017 - 30.06.2018 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, 30.11.2018

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 platform has been launched in Denmark, and the Scandinavian roll-out is planned late 2018. The results and developments of the company are at level with the expectations.

The going concern of the Company depends on the contribution of new liquidity, either as contributed capital or extension of the existing credit facilities, to finance the Company's operations in the period until Management expects positive cash flows from operating activities in Q2 2019.

For this purpose, the Parent, Lunar Holding ApS, has issued a letter of support to the Company in the period until 31.05.2019.

Management, therefore, expects to have the necessary liquidity, partly to be able to repay the Company's existing liabilities and partly to be able to finance next year's operations. Accordingly, Management has presented the financial statements on the assumption that the Company is a going concern.

Uncertainty relating to recognition and measurement

The Company has recognised completed development projects at a carrying amount of DKK 1,822k in the financial statements.

The measurement of completed development projects is based on an expected considerable increase in the present number of Travel Card users. The expected development in the number of users may be subject to uncertainty in terms of time as well as the realised number of new users.

However, Management expects the present number of users to increase substantially by way of start-up operations on new markets in the coming year. Accordingly, Management also expects positive results for next year.

In consequence, Management estimates that no indication of impairment of completed development projects will be identified.

Events after the balance sheet date

After the balance sheet date, it has been decided to change the financial fiscal year from July / June to January / December, this will apply for all of the companies within the group. First financial fiscal year after the change will be December 31st 2018.

In addition, 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 2017/18

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

Balance sheet at 30.06.2018

	<u>Notes</u>	<u>2017/18</u> <u>DKK</u>
Completed development projects		1.821.960
Intangible assets	6	1.821.960
Fixed assets		1.821.960
Manufactured goods and goods for resale		322.062
Inventories		322.062
Other receivables	7	2.137.900
Joint taxation contribution receivable	8	452.000
Receivables		2.589.900
Cash		110.605
Current assets		3.022.567
Assets		4.844.527

Balance sheet at 30.06.2018

	<u>Notes</u>	<u>2017/18</u> <u>DKK</u>
Contributed capital		500.000
Reserve for development expenditure		1.421.129
Retained earnings		<u>2.256.550</u>
Equity		<u>4.177.679</u>
Deferred tax		<u>249.000</u>
Provisions		<u>249.000</u>
Trade payables		188.410
Deferred income	9	<u>229.438</u>
Current liabilities other than provisions		<u>417.848</u>
Liabilities other than provisions		<u>417.848</u>
Equity and liabilities		<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 2017/18

	Contributed capital DKK	Reserve for development expenditure DKK	Retained earnings DKK	Total DKK
Contributed upon formation	500.000	0	0	500.000
Group contributions etc	0	0	4.366.752	4.366.752
Transfer to reserves	0	1.421.129	(1.421.129)	0
Profit/loss for the year	0	0	(689.073)	(689.073)
Equity end of year	500.000	1.421.129	2.256.550	4.177.679

Notes

1. Going concern

The going concern of the Company depends on the contribution of new liquidity, either as contributed capital or extension of the existing credit facilities, to finance the Company's operations in the period until Management expects positive cash flows from operating activities in Q2 2019.

For this purpose, the Parent, Lunar Holding ApS, has issued a letter of support to the Company in the period until 31.05.2019.

Management, therefore, expects to have the necessary liquidity, partly to be able to repay the Company's existing liabilities and partly to be able to finance next year's operations. Accordingly, Management has presented the financial statements on the assumption that the Company is a going concern.

2. Uncertainty relating to recognition and measurement

The Company has recognised completed development projects at a carrying amount of DKK 1,822k in the financial statements.

The measurement of completed development projects is based on an expected considerable increase in the present number of Travel Card users. The expected development in the number of users may be subject to uncertainty in terms of time as well as the realised number of new users.

However, Management expects the present number of users to increase substantially by way of start-up operations on new markets in the coming year. Accordingly, Management also expects positive results for next year.

In consequence, Management estimates that no indication of impairment of completed development projects will be identified.

3. Staff costs

Average number of employees

2017/18

3

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

	2017/18
	DKK
	<hr/>
4. Other financial expenses	
Financial expenses from group enterprises	55.406
	<hr/> 55.406 <hr/>
	2017/18
	DKK
	<hr/>
5. Tax on profit/loss for the year	
Current tax	(452.000)
Change in deferred tax	249.000
	<hr/> (203.000) <hr/>
	Completed
	develop-
	ment
	projects
	DKK
	<hr/>
6. Intangible assets	
Additions	2.024.400
Cost end of year	<hr/> 2.024.400 <hr/>
Amortisation for the year	(202.440)
Amortisation and impairment losses end of year	<hr/> (202.440) <hr/>
Carrying amount end of year	<hr/> 1.821.960 <hr/>

Completed development projects consist of the "Travel Card product", which was launched at the beginning of 2018. The product is based on a subscription arrangement in which the user has access to the Company's mobile app and currency exchange using real-time exchange rates.

The "Travel Card product" is amortised on a straight-line basis over a period of five years.

In the first financial year, Lunar Card A/S generated a gross loss of DKK 634k, which, however, can be traced back to its start-up costs.

Management expects a gross profit in 2018/19 at the level of DKK 100-300k, which in combination with an increasing number of users is expected to go up in the coming years.

Notes

Management has high expectations of the "Travel Card product" and has not identified any indication of impairment of the carrying amount. However, please refer to note 2 regarding the uncertainty arising from the increase in the number of users as well as time.

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. Joint taxation contribution receivable

Joint taxation contribution receivable, which is recognised in the balance sheet at DKK 452,000, relates to the income year 2018.

Excess income tax relating to the income year 2018 does not fall due until 20.11.2019.

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.

As this financial year is the Company's first financial year, the annual report does not include comparative 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.

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 expenses

Other financial expenses comprise interest expenses on payables to group enterprises.

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.

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

Accounting policies

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 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.