

Lunar Group

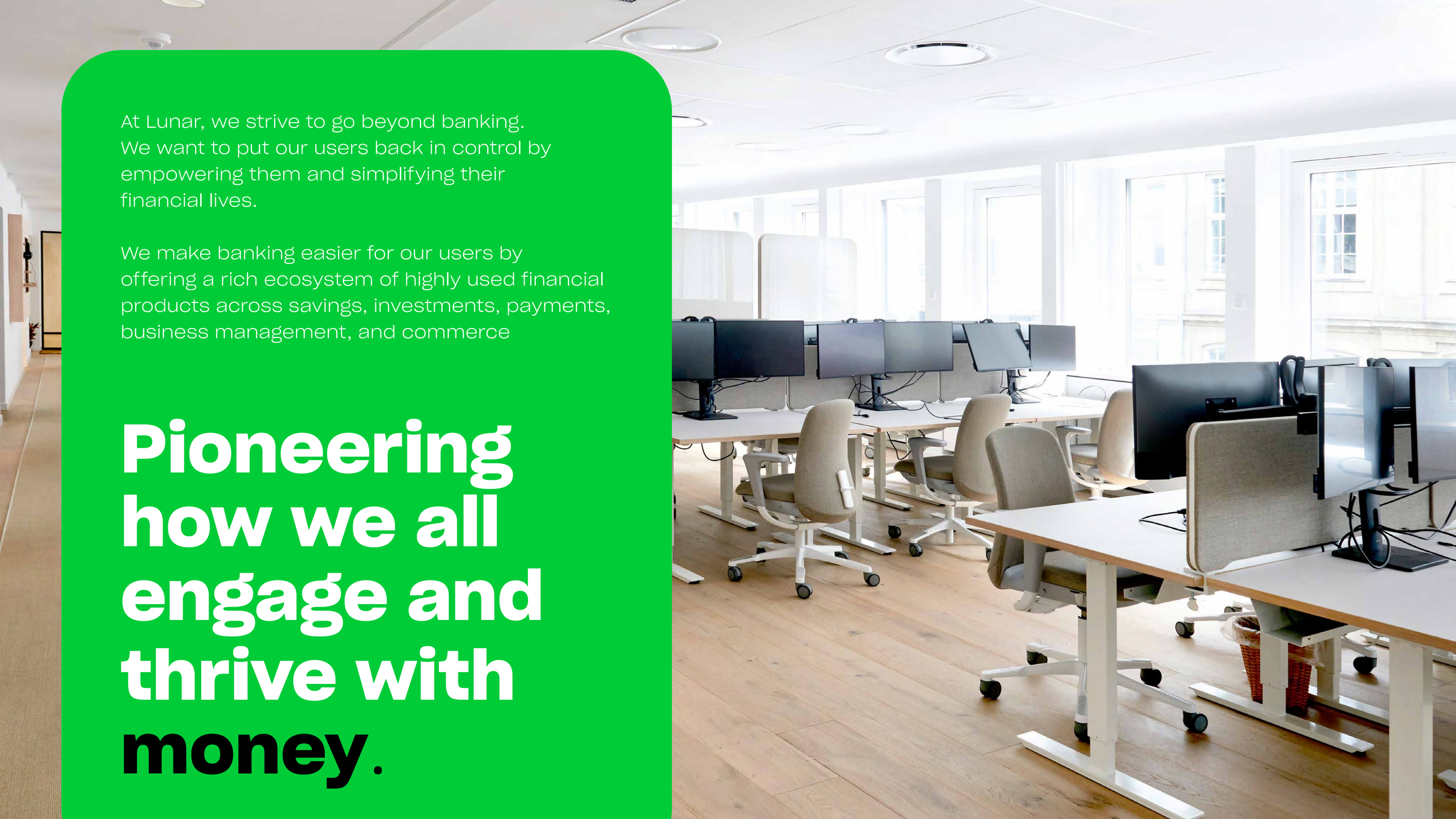
Beyond Banking.

Annual report 2024.

At Lunar, we strive to go beyond banking. We want to put our users back in control by empowering them and simplifying their financial lives.

We make banking easier for our users by offering a rich ecosystem of highly used financial products across savings, investments, payments, business management, and commerce

Pioneering how we all engage and thrive with money.



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Company information.

Company

Lunar Group A/S
Hack Kampmanns Plads 10 8000 Aarhus C
CVR no. 36945745

Financial period:
1 January – 31 December 2024

www.lunar.app

Board of Directors

Timothy Tracy Brooke Thom (Chairman)
Claus Okholm
Lars Andersen
Ken Villum Guldbrandt Klausen
Susanne Juhl
Klaus Østergaard
Jens Mikael Kristoffer Ismunden
Ola Reinhold Nordbye

Executive Board

Ken Villum Guldbrandt Klausen (CEO)

Auditors

PwC Statsautoriseret Revisionspartnerselskab
Strandvejen 44
2900 Hellerup

Company information.

Ownership

The following shareholders hold more than 5% of the share capital on 31 December 2024:

LWOH ApS
Langelinieparken 18, 2. th.
8000 Aarhus C

Brightfolk A/S
Store Torv 1, 3.
8000 Aarhus C

Kinnevik Online AB
Box 2094
10313 Stockholm, Sweden

Orbit Alliance AB
Narvavägen 12
11522 Stockholm

Tencent Cloud Europe B.V.
Buitenveldertselaan 1-5
1082VA Amsterdam

Overview – Executive team

Ken Villum Guldbrandt Klausen
(CEO)

Private-sector directorships:

Lunar Payments ApS, Executive Officer
Lunar Journey AB, Executive Officer
Lunar Way A/S, Executive Officer and Board member
Lunar Block A/S, Executive Officer and Board member
Moonrise Banking Services A/S, Executive Officer and Board member
HOLDYN ApS, Executive Officer and legal owner
VXK ApS, Executive Officer and legal owner
VXG ApS, Executive Officer and legal owner
LWOH ApS, Executive Officer and legal owner
Arosource ApS, Chairman
Eighty2 A/S, Legal owner

Overview – Board of directors

Timothy Tracy Brooke Thom (Chairman)

Private-sector directorships:

Valiamo Limited, Director
XYB Limited, Director
D360 Limited, Director
Landfin Limited, Director
OneDome Limited, Director

Claus Okholm

Private-sector directorships:

Lunar Bank A/S, Board member
CEJ EJENDOMSADMINISTRATION A/S, Board member
CEJ AARHUS A/S, Board member

Lars Andersen

Private-sector directorships:

GROWTH MANAGER ApS, Chief Executive Officer
GM INVEST ApS, Chief Executive Officer
Det bliver en god dag ApS, Chief Executive Officer
Value4money ApS, Chief Executive Officer
SEED CAPITAL DENMARK II K/S, Director
SEED Capital Management III I/S, Board member
Seed Capital Management IV I/S, Board member
Seed Capital Management V I/S, Board member
Growth Manager ApS, Board member
C WorldWide Asset Management Fondsmæglerselskab A/S, Board member
C WorldWide Holding A/S, Board member
C WorldWide Group Holding A/S, Board member
Risika A/S, Board member
FLATPAY ApS, Board member
FLATPAY FINANCIAL SERVICES A/S, Board member
Templafy Holding Inc., Board member
Embankment Group A/S, Board member
S Fund V I/S, Board member

Jens Mikael Kristoffer Ismunden

Private-sector directorships:

Bosam Fund I AB, Chairman
Orbit Alliance AB, Chairman
Bosam Group Holding, Board member
Stellar Equipment, Board member

Susanne Juhl

Private-sector directorships:

Lunar Bank A/S, Board member
HOFOR HOLDING A/S, Chairman
HOFOR FORSYNING KOMPLEMENTAR A/S, Chairman
HOFOR A/S, Chairman
HOFOR FORSYNING HOLDING P/S, Chairman
HOFOR VAND HOLDING A/S, Chairman
HOFOR SPILDEVAND HOLDING A/S, Chairman
BIOFOS LYNETTEFÆLLESSKABET A/S, Chairman
BIOFOS HOLDING A/S, Chairman
BIOFOS SPILDEVANDSCENTER AVEDØRE A/S, Chairman
BIOFOS A/S, Chairman
TDC NET A/S, Board member
TDC NET Holding A/S, Board member
Fonden Divers, Chairman
Aarhus Havn A/S, Chairman
Nuuday A/S, Chairman
M.J. ERIKSSON AKTIESELSKAB, Deputy chairman
Susanne Juhl Consulting, Legal owner

Klaus Østergaard

Private-sector directorships:

Gammel Jernbanevej 32 ApS, Legal owner

Ola Nordbye

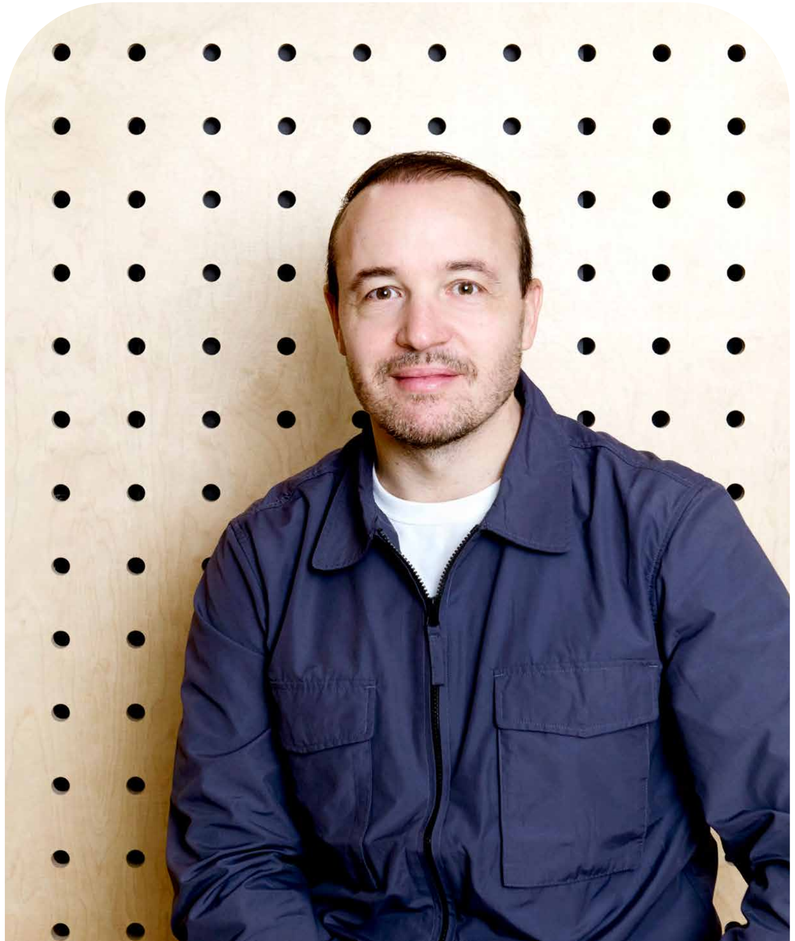
Private-sector directorships:

Sure Inc. (US), Board member
XYB Ltd., Board member
Kontakt East AB, Board member
100A, General Partner


Strategic
report.

Founder & CEO letter.

Ken Villum Guldbrandt Klausen
Founder & CEO



"We are more determined than ever to challenge, to innovate, and to lead. As we move into this next phase, we do so with a relentless driveto redefine banking in the Nordics."

2024 was a year of achievements but also unforeseen challenges. Following a year of operational excellence in 2023, we entered 2024 with a sharpened focus on financial resilience. However, the aftermath of the Instabank settlement and the strategic sale of our Swedish loan book presented short-term setbacks on our road to profitability, requiring us to allocate significant resources to these events. While this impacted our financial performance in the short term, these were necessary steps in optimizing our business and strengthening our long-term financial position.

As both a tech company and a bank, we approach financial services with a fundamentally different mindset than the traditional industry one that prioritizes agility, innovation, and user experience at every level without compromising on security and trust. This position allows us to move faster, challenge traditional banking models, and build on a digital-first financial platform that is not only more efficient but also more accessible.

Our ability to diversify revenue streams continues to be a strong pillar of our strategy. A core focus is on moving users from lower to higher-value tiers, as well as converting free users to paying users, leading to a stronger revenue model and greater value for our users. In 2024, fees and commission income saw a substantial increase of over 90%, reflecting the success of our expanding service offerings and the trust our users place in Lunar. This was further reinforced by the number of users nearing one million by the end of 2024.
During the year, we sharpened our focus on innovation and partnerships with launches such as the first SAS debit card and Europe's first AI Voice assistant. By harnessing AI, we are creating hyper-personalized banking experiences that anticipate user needs, ensuring that every interaction is smarter, faster, and more seamless. Today, 70% of all written customer requests are handled entirely by AI.

2024 was also the year we introduced Moonrise, a standalone entity built to further accelerate our Banking Service offering to international payments companies looking to enter the Nordics. With 15 clients onboard and an increasing contribution to our financial results, this marks an exciting new chapter for us.

Despite the financial curveballs, our fundamentals remain strong. Employee costs and administrative expenses were kept stable, and we have taken deliberate steps to ensure we are well positioned for sustainable growth and profitability in the years to come. From pioneering digital payment solutions to delivering a best-in-class user experience, we will continue to set new standards for how people engage with their finances.

The future of banking is here

Looking ahead to 2025, I feel confident that we have a stronger strategy than ever. One that will take us to profitability without compromising our focus to drive change. Our role as a challenger remains our core, reinforced by two major milestones — reaching 1 million users and celebrating our 10th anniversary. Our newest addition to the Lunar family, Lunar Youth, will help empower the next generation with intuitive financial tools and long-term engagement.

Our journey has always been fuelled by our team's passion, our users' trust, and our shareholders' belief. Reaching 1 million users and celebrating 10 years isn't just a milestone—it's a testament to the power of our mission. Our users choose us because they want a better, more innovative financial ecosystem, and our team brings that vision to life every day.

We are more determined than ever to challenge, to innovate, and to lead. As we move into this next phase, we do so with a relentless drive to redefine banking in the Nordics — setting new and different expectations. The next chapter for Lunar is about scaling smarter, growing stronger, and proving that a challenger bank can do more than compete — it can lead.

Ken



Our business model & strategic outlook

Being a Nordic digital challenger bank, Lunar strives to be the best everyday bank in the Nordics.

More than 1 million users across Denmark, Sweden, and Norway have a Lunar account today, including over 25 k businesses that have chosen to bank with Lunar. Private users starting from a young age and up, businesses customers characterised by having a small business set up and with simple financial needs. The new business segment Moonrise — formerly known as Banking Services — enables our customers to leverage Lunar's infrastructure and access to clearing in Denmark, Sweden, and Norway. For our business and private customers, we provide in-app products that inspire a new customer-centric era. Where we put the customer front and centre, and don't leave them in the backseat.

That is why Lunar is loved by our users as demonstrated with our Trustpilot rating of 4.6. Helping customers in Lunar in their daily life by adding transparency, flexibility, and fun to their financial life is our purpose.

Focus is on providing simple ways to handle day-to-day finances as well as offering relevant products through third-party integrations. Strong focus and our high standards against financial crime help keep our customers safe. Lunar aims to challenge the banking industry and lead in bringing new products into a regulated environment for the benefit of our users.

Trust score 4.6

Rated "Excellent" on Trustpilot

69%

Customer satisfaction score

Danish Innovation Index

Most innovative bank

2024

68%

Monthly active users DK

159k

Goals created

The business model for Lunar is based on a range of products that all contribute with different revenue streams to create a resilient approach to an ever-changing market. Our focus stays on transparency and fair banking. We strive to offer different banking solutions through our tier structure with transparent fee structures. Our highly scalable tech platform provides a lower cost to serve while enabling easy scaling opportunities. Combined this enables a profitable business model.

The Lunar app is supplemented with a web-portal for business customers and “ShareIt” app for our private and non-banking users. Through these platforms Lunar offers all relevant services such as banking and payment products, and third-party products. Combined, these multiple revenue channels generate a stable and recurring revenue, where the primary income is distributed between consumer and business tiers, interchange and transactional fees, financial products and third-party services.

In 2024, Lunar launched several new features and products to gain product parity in Sweden for both consumers and businesses. The build out of products in Sweden included a new type of savings account with high interest rate without freezing the amount for a designated period of time. 4.6k of our customers have already created a savings account.

The tier structure continues being built out with new features in 2024 invoking a positive response, and a conversion rate of 39%. At the end of 2024, Lunar has 143k private customers and more than 25k business customers on paid tiers. This marks an increase of 42% from 2023.

In 2024, we further expanded our offering to Moonrise (formerly known as Banking Services) customers, continuing to leverage many years of investment in state-of-the-art infrastructure to meet the market requirements for Moonrise. The interest and organic inflow of requests for this new service continues to be tremendous, enabling us to reach 15 Moonrise customers by the end of 2024, including partnerships with PPRO and the Visa-backed Currencycloud. The pipeline continues to build and the Moonrise offering is forecasted to drive significant revenue impact in the coming years.

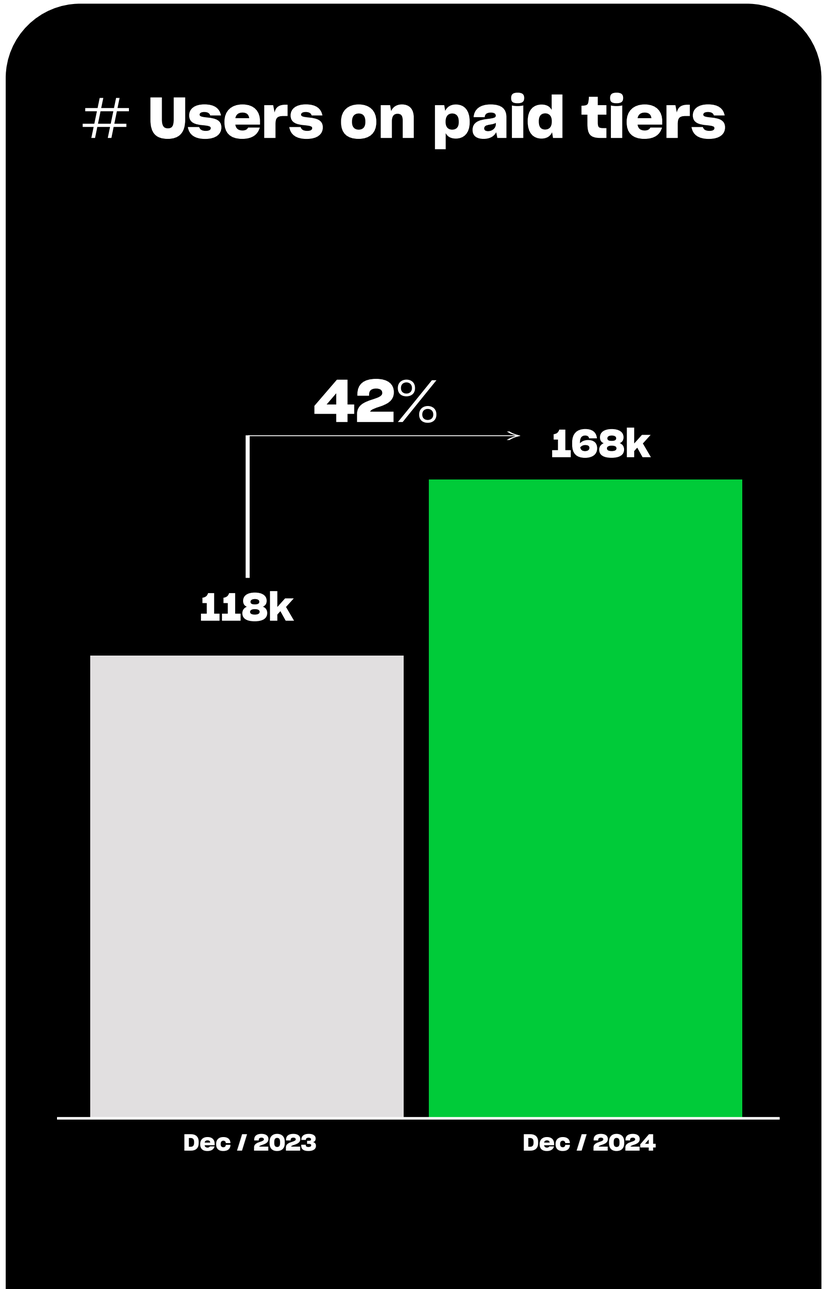
In June, we launched our new partnership with SAS, uniting to offer a simple and broadly available debit card. The SAS Eurobonus Lunar debit card is positioned as the entry-level, modern payment product for the smart and conscious consumer who wishes to earn EuroBonus points on everyday purchases. Lunar customers on the Light, Standard, and Plus tiers pay a monthly fee for the card, while it’s included as a benefit for those on the Unlimited tier. The new collaboration has been well received both by media and customers across markets and resulted in the most ever sign-ups in a single day for Lunar.

As of the end of December, 10k customers have signed up for the SAS Eurobonus Lunar debit card, of which 55% have chosen the Unlimited tier.

Lunar’s use of AI enables us to provide faster services to our users through Customer Support. Today, more than 70% of all written messages from users are fully handled by an AI tool.

To continue improving our onboarding process, we increase the use of AI in selected areas to reach a straight-through-processing above 85% for consumers and having over 80% of business users onboarded within 48 hours. Leading to a significantly reduced processing time.

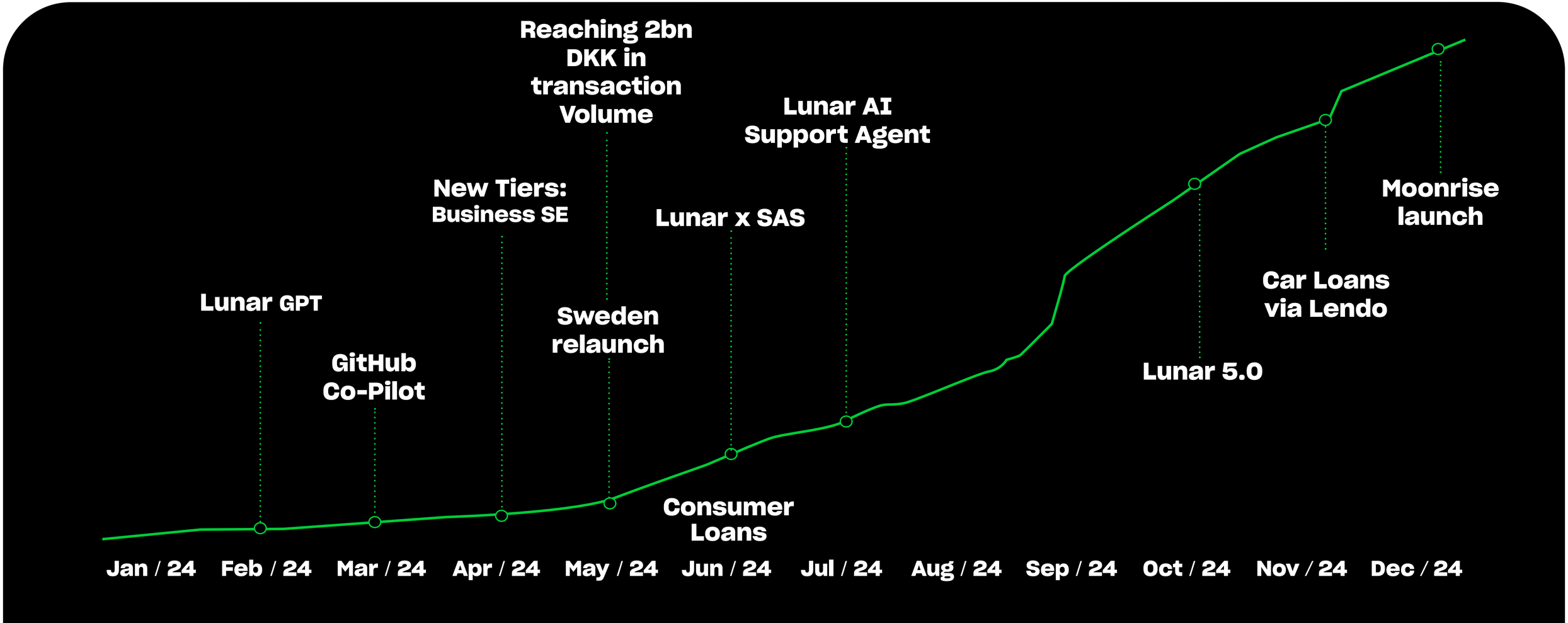
Throughout Lunar, AI tools are used to assist our colleagues in their everyday work in Customer Support where we have built our own co-pilot, in Tech where AI proposes concrete codes and in functions like Legal, Risk Management etc. where AI is used to assist in analysing contracts, policies, SOPs, etc.



→ Strategic outlook

Lunar will continue to build out our proposition for Nordic Consumers and Business customers and invest in new products for our Moonrise customers. Investing in mitigating actions towards fraud and other safety-related activities to keep our users safe also remains high on our agenda.

Finally, we will benefit from our tech platform and continue to use new technology to become even more efficient and scalable to support our path to profitability.



Our values.

Be **brave**

Simplify & go

Empower our users

Push through **together**


Financial
review.
LUNAR

Chief Financial Officer's review.

Robert Stambro
Chief Financial Officer



"Despite a challenging environment, Lunar has managed to grow the business and improve the underlying financial health"

It is with great enthusiasm that I assumed the role of CFO at Lunar in December 2024. Stepping into this role, I was fully aware that 2024 had been a transformative yet challenging year for the company. The discontinued acquisition of Instabank and its subsequent capital implications, combined with a shifting interest rate environment and evolving regulatory requirements, tested our resilience.

Despite these headwinds, we delivered a 26% increase in total operating income, fueled by a 94% growth in net fee income. This growth underscores the strength of our core revenue streams and our ability to adapt to a changing financial landscape.

Strategic Priorities & Path to Profitability
With the Instabank dispute now fully resolved and our capital position reinforced through strong investor support, we have turned our full focus to execution, performance, and accelerating our path to profitability. We are expecting to reach break-even in 2026, with an ambition to accelerate the timeline.

This is driven by a dual strategy:

- **Cost optimization:** A disciplined review of operational expenses, process automation, and efficiency improvements to enhance scalability.
- **Revenue Acceleration:** Expanding income, deepening customer engagement, and leveraging our digital banking ecosystem for sustainable growth.

To support these initiatives, we have refined our financial forecasting models, ensuring an agile and data-driven approach to decision-making. This allows us to adapt dynamically to market shifts while maintaining cost discipline and strategic focus.

Competitive Positioning & Innovation
Lunar occupies a unique position in the Nordic financial ecosystem, blending the agility of a fintech with the robust infrastructure of a fully licensed bank. This allows us to challenge traditional banking models by offering innovative, digital-first solutions that enhance customer experience and drive financial empowerment.

We continue to invest in technology, automation, and new product offerings to strengthen our competitive advantage. Through our consumer and business banking solutions, as well as our Banking Services entity Moonrise, we are expanding our footprint and enabling individuals and businesses to achieve financial growth across the region.

Financial Performance Overview
Despite extraordinary events impacting our cost base, our underlying financial performance improved significantly:

- Total operating income rose 26% to DKK 539.3m (2023: DKK 428m)
- Net fee income grew 94%, now accounting for 51% of total income (up from 34% in 2023)
- Adjusted loss before tax improved by 28%, reaching DKK -305.1m (2023: DKK -421.1m)

While reported operating expenses reached DKK 1,115.2m (2023: DKK 815.6m), this was largely driven by extraordinary one-time costs and writedowns totaling DKK 334.4m (303.1m operating costs).

Excluding these one-off costs, adjusted operating expenses decreased by 1% year-over-year, and the cost-to-income ratio improved from 1.9x to 1.5x, demonstrating our commitment to operational efficiency and our path to profitability.

Looking Ahead
As we move forward, Lunar is strategically positioned for profitable growth, supported by:

- **A solid liquidity and capital foundation,** further bolstered by capital injections of DKK 30m in January 2025 and through the issue of a T2 instrument of DKK 130m during Q2 2025.
- **A growing revenue base**, fueled by continuous customer and business growth, while leveraging the robust infrastructure already established within Moonrise.
- **Operational efficiencies** that enhance scalability and reinforce cost discipline.
- **A relentless focus on innovation and maintaining market leadership in digital banking.**

We are not merely working towards profitability — we are actively shaping the future of banking in the Nordics.

Net interest income
Net interest income decreased by 7% to DKK 262.7 (2023: DKK 282.5 million. This decline was primarily due to the sale of the Swedish loan book in September, resulting in reduced interest income in Q4, and lower deposit margins amid decreasing market rates.

Net fee income
Net fee income saw substantial growth, increasing by 94% to DKK 275.8m (2023: 142.4m). This significant increase was fueled by price tier adjustments, a 44% increase in paid plan adoption, and a 47% rise in platform transactions. Wealth services, particularly ETFs and cryptocurrencies, continued to make a meaningful contribution, with traded volume growing by 89%. Fee income now represents 51% of total income, up from 34% in 2023.

Operating expenses
Reported operating expenses reached DKK 1,115.2m (2023: DKK 815.6m), significantly affected by the following extraordinary events totaling DKK 303.1m for operating expenses:

- Settlement with Instabank: DKK 188.6m.
- Write-down related to the Paylike purchase price agreement: DKK 55.9m.
- Loss on the sale of the Swedish loan book: DKK 89.9m (of which DKK 58.6m affected operating expenses. The remaining DKK 31.3m effected Net credit losses, and did not impact operating expenses.)

Excluding these extraordinary items, adjusted operating expenses decreased by 1% to DKK 812.1m (2023: DKK 815.6m)

Net credit losses
Credit losses increased to DKK 63.7m (2023: DKK 33.6m), with a one-time write-down of DKK 31.3m attributed to the Swedish loan book sale.

By adjusting for the extraordinary item of selling the Swedish loan book the adjusted net credit losses decreased by -4%.

Profit/loss before tax
The adjusted loss before tax improved to DKK -305.1m (2023: DKK -421.3m), given the extraordinary costs and write-down of DKK 334.4m.

Prior to the extraordinary events, the financial outlook for 2024, as provided in the H1 report, projected a loss before tax of DKK -350m to DKK -400m.

Profit and loss adjusted for extraordinary events	**2024 (DKK)**	**2023 (DKK)**	**Change (%)**
Net interest income	262,7m	282.5m	-7%
Net fee income	275.8m	142.4m	94%
Other operating income	0.8 m	3,1m	-74%
Total operating income	**539.3m**	**428m**	**26%**
Operating Expenses	1,115,2m	815.6m	37%
Adjusted Operating Expenses (excl. one-offs)	**812.1m**	**815.6m**	**-1%**
Net Credit Losses	63.7m	33.6m	90%
Adjust Net Credit Losses	**32.4m**	**33.6m**	**-4%**
Adjusted Loss Before Tax	**-305.1m**	**-421.1m**	**28%**
Reported Loss Before Tax	-639.5m	-421.3m	-

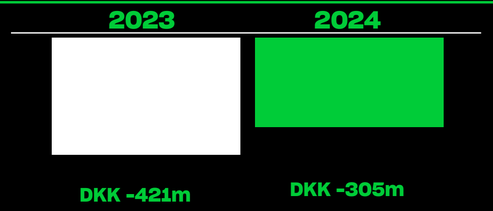
Key Performance Indicators.

2023 vs 2024*

Revenue +94% **Fee** income growth +26% **Net** revenue

Cost* -1% **Operational** Efficiency x1.9 → x1.5 Cost/Income ratio

Profit* +28% **Earnings before tax** improvement

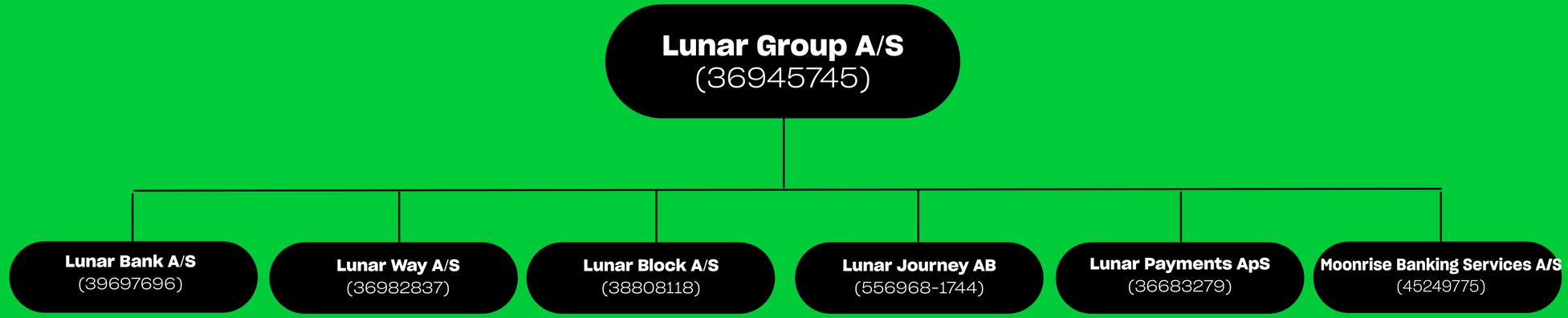


*Based on numbers excluding extraordinary events

Overview of legal structure.

In an effort to streamline and reduce complexity, the legal group structure has been revised with the merger of the Swedish entities during the financial year 2024.

The Group structure at 31 December 2024 is disclosed below. All group subsidiaries are fully owned (100 %) by Lunar Group.



→ Events after balance sheet date.

Lunar Group received a capital injection on DKK 30m in January 2025 and will issue a T2 instrument of DKK 130m during Q2 2025.

No further events have occurred after the balance sheet date, which could affect the assessment of the Financial Statements.

→ Assumptions and uncertainties

On an ongoing basis, management assesses the bank's capital resources in order to assess the soundness of the bank's investments in expansion. The approved budgets for 2025 and planned initiatives to ensure a road to profitability, management assesses that Lunar Group will comply with regulatory capital requirements throughout 2025.

In the nature of realising plans, budget planning, internal and external factors may create uncertainties related to realising those and in the event of delayed time to profitability or delayed impact of new product offerings, management has established contingency options related to the capital base which is considered sufficient to enable Lunar Group to comply with regulatory capital requirements throughout 2025.

→ Capital and liquidity

On 31 December 2024, Lunar Group's consolidated own funds, less deductions, amounted to 584 mDKK. With a total risk exposure (REA) of 1,211 mDKK and a capital ratio of 48.2%. In accordance with Commission Delegated Regulation (EU) 2020/2176 entering into force 23 December 2020, Lunar is able to recognise software assets in Common equity tier 1 capital which accounts for DKK 94.8m at the end of 2024. Other intangible assets amounting to DKK 70.1m are deducted in the own funds. The consolidated solvency need is calculated as DKK 166.7m or 13.8% of REA at 31 December 2024. The total capital requirement, including the combined buffer requirement, amounted to DKK 226.9m or 18.7% of REA at 31 December 2024. Excess to the total capital requirement amounts to DKK 357m.

The risk based MREL requirement in force on 31 December 2024 was 71.2%, equivalent to DKK 862.1m. The requirement is calculated as a solvency need component and an MREL add-on. The requirement in force is based on the solvency need at the end of September 2024, which includes a reservation in relation to the Instabank court case. However, as Lunar entered a settlement during December 2024 the solvency need decreased significantly compared to the solvency need in September. An updated risk based MREL requirement would as a result be 17.9%, equivalent to DKK 216.4m. Due to processing time with the D-FSA the updated requirement was first received in April 2025. Due to this natural delay in the process Lunar was in a technical breach of the risk based MREL requirement at the end of December 2024. However, excess to the de facto requirement was DKK 367.6m

Furthermore, the leverage based MREL requirement is calculated to 522.8 mDKK or 4.5% of the total exposure measure. Excess to the leverage based MREL requirement is 61.1 mDKK.

Lunar has in April 2025 received an updated leverage based MREL requirement of 3.4%

Please refer to note 2 regarding forecast and capital projections related to 2025.

Lunar Group calculates the liquidity requirements on the basis of the Liquidity Coverage Ratio (LCR). On 31 December 2024 LCR was calculated at 1,140%.

Additionally the Net Stable Funding Ratio (NSFR) is 1,701%.

→ Financial outlook

Lunar is on the path to profitability and expect to:
- Reach breakeven in 2026 with an ambition to accelerate the timeline
- Reach a profit before tax for the full year 2025 of DKK -120m to DKK -220m.




LUNAR
Risk.

Risk management.

2024 was another extraordinary year for Lunar from a Risk Management perspective. Factors, such as the continued war in Europe, volatility in interest rates and geopolitical uncertainty led to intensified risk focus across all risk types. Furthermore, the outcome of the Instabank verdict in Q1 2024 put pressure on the capital situation in Lunar. Another focus point in 2024 was addressing open findings from the DFSA inspection in 2023.

→ Risk governance

Ensuring a stable and robust Risk Management framework influences all parts of our operations, as it supports a balance between awareness of risks and promoting innovation. It empowers the organisation to make informed decisions considering the balance between risk, return, and market situation. Upholding this standard is crucial for retaining the confidence of our customers, investors, and regulators. Risk Management in Lunar is structured in accordance with the three lines of defence model. Relevant committees are anchored at the Board of Directors and Executive Management to decide on all relevant risks, and to monitor and perform oversight of risk exposure across risk types. Delegation of decision-making competences as well as relevant escalation routes are formalised. This goes hand in hand with clear roles and responsibilities in the organisation with relevant functional separation between risk ownership and oversight. During 2025, Lunar will continue to develop the risk governance and risk culture, also in the light of the work conducted in relation to the DORA regulation, as the foundation for being a digital challenger bank.

→ Risk taxonomy & risk appetite

The risk landscape in Lunar is defined by a Risk Taxonomy, constituting a common reference point and ensuring focus on all significant risk areas. All risk types are assigned to managers with sufficient authority and decision mandate in the 1st line of defence, to ensure accountability and ownership. The risk taxonomy is key in the foundation to protect Lunar and our customers. It is updated yearly to reflect the current activities of Lunar. Risk appetite is defined in relevant policies and accompanied by relevant limits. For risks that are not quantifiable, the risk appetite reflects our willingness to incur impact on e.g. customers, reputation or of regulatory character. Management openly expresses the mindset and necessary qualifications Lunar wishes for our organisation to possess. Risk Management is not a topic for leaders or specific functions only, but a widespread task across the entire organisation. Employees at all levels are encouraged to ask for help and share any concerns they might have, and a whistleblower setup is in place. Both 1st and 2nd line of defense continuously carry out activities supporting a sound risk culture through day-to-day activities, and activities with specific educational purposes.

→ Control environment & reporting

Lunar's fundamental ambition to build an integrated offering within banking, payments and investments remains unchanged, despite the shift of focus to the road to profitability. This is supported by the risk appetite level set by the Board of Directors in Lunar Group and Lunar Bank. To support the risk framework and the risk appetite level, Lunar has in 2024 further enhanced the controls performed by the 2nd line of defense, the reporting routines for selected risk focus areas and for incident reporting and risk documentation in particular. This gives a higher level of transparency for all levels of stakeholders from Board of Directors and Executive Management to the employees, which in turn enables fast re-prioritisation if needed. Even with evident continued improvement in 2024, we will maintain focus on the governance around controls and reporting during 2025 for all risk types, also to mitigate effects of fast growth. This focus is natural as the business evolves, but it also reflects our ambition to conduct solid risk management across all three lines of defence.

The main categories of financial risks are elaborated in note G28


Governance.

People & Culture review.

Sarah Wahlström
Chief People & Culture Officer



”In 2024, People and Culture focused on five key strategic pillars to continue to build on the foundation kicked-off in 2023. All of the pillars aim to create a sustainable organization with strong leadership, employee growth and development while honoring our strong Lunar DNA”

→ People & Culture

Our people are the driving force behind shaping the future of banking. To truly change the financial landscape we need to move as one— Pushing through together by combining our tech skills with banking expertise.

In 2024, the People and Culture team broke our work into five key strategic pillars and outcomes in order to support the Lunar mission and values.

1. Organization Development
Ensuring we have the right design and structure - with the right people to match it.

2. Preparing Leaders to Lead
Preparing our leaders to lead the organisation, by investing in their development and providing tools.

3. Employee Growth Experience
Employees know what is expected of them and how they can grow professionally and personally.

4. Lunar DNA
Employees and candidates experience what it is to be a part of the Lunar movement in every interaction.

5. Smooth Experiences
Create experiences that just make sense powered by technology.

activities which encourage team spirit and interaction such as runs, charity events, tournaments or cups.
In each area, we teamed up with the business to define key activities that drive our ambitions, including:

- Org reviews & talent planning to strengthen our teams
- Competency framework to support growth
- Growth discovery to shape the next vision & products
- Leadership training to empower our leaders
- Embedding values into hiring & culture
- New L&D system to make training more accessible
- These initiatives ensure we keep evolving and pushing forward!

In order to ensure the efforts are effective, Lunar regularly measures employee engagement and development questionnaires with quarterly surveys. The entire organisation is involved in the results and action points are openly discussed and handled at the Board of Director level, throughout the organisation and within each area and teams. Lunar also trains managers on how to conduct sessions on engagement with their teams. Lunar wants to go beyond banking with a healthy and thriving organisation, and the wellbeing and development of employees is taken very seriously at Lunar.

In addition we have initiatives throughout the year which strive to support mental and physical wellbeing. Lunar works to improve the mental and physical health of the employees with meditation, yoga, foods, and exercise.

→ Statement on the representation of gender in the Board of Directors and other management levels

→ Management

The Board of Directors is elected by the general meeting for the period of time until the next ordinary general meeting. For an overview of Management and directorships for the Board of Directors and Executive Board, please refer to the last section of the Management's review. The Board of Directors continuously and at least once a year assesses the overall risk factors and the individual risk factors associated with Lunar's activities. The Board of Directors maintains guidelines for the key risk areas, follows developments and ensures the presence of plans for the Management of the individual risk factors, including financial and non-financial risks. The Board of Directors has the overall responsibility and the Executive Board handles the daily operations and secures compliance with outlined policies and regulation. This includes securing sufficient internal controls and risk management in the financial reporting process, including compliance with relevant legislation and other adjustments in connection with preparation of the Financial Statements. Detailed information on the remuneration of Executive Board and Board of Directors is disclosed on Lunar's website. www.lunar.app. Lunar strongly believes that diversity and inclusion is essential in creating an even

stronger culture, as it supports the organisation by ensuring different perspectives are represented and valued. In 2024, Lunar continued our work with the ESG report with a strong focus on the social element and within that, targets for gender representation in its Board and Management. Lunar identified a pay gap in 2023 and has therefore put in place a new salary review process including pay grades which assists in identifying pay gaps at different levels.
This information helped guide the 2024 salary review process However, while we have calculated the gender pay gap as the difference between female and male employees, moving forward, we will ensure that compensation is based on objective criteria — competency, performance, and value-driven behavior. This approach will help us identify and address any pay gaps transparently, ensuring they are driven by role-related factors rather than gender, while also aligning with the upcoming EU Pay Transparency Directive.

Ambition for the underrepresented gender

We remain committed to strive for a balance of 40% of the underrepresented gender. Focus is both on competences and gender when selecting members to both board and manager positions throughout Lunar. The gender distribution among the Group's external Board members by the end of 2024 was 87/13 in 2024 compared to 100/0 in 2023. This is below our goal and we are actively working to meet our ambition over the coming years.

Underrepresented gender percentage

	2022	2023	2024		Ambition 2025
Board (All)	23%	9%	**2 out of 10**	**20%**	40%
Board (Only Lunar Group)	25%	0%	**1 out of 8**	**13%**	40%
Executive Management Team*	30%	50%	**5 out of 11**	**45%**	40%
All Managers	36%	38%	**25 out of 68**	**37%**	45%

*Executive Management Team = CEO and C-suite members across Lunar

Policy for other Management levels

Lunar Group had set a target to increase the proportion of female members of the Executive Team to 40%. Lunar Group had 50% females by 2023, which has decreased slightly to 45% during 2024 but still reaching our overall goal.

Lunar Group also outlined a goal for female managers at all Management levels to go from 20% to 40% before 2023 and to 45% by the end of 2024 and 2025. Lunar Group reached a 37% proportion at the end of 2024 which is short of our goal. It is Lunar's overall objective to provide an appropriate equal distribution of men and women in management positions. Lunar wants to be able to follow up on the gender composition in management and to have the opportunity to adjust efforts along the way in relation to targets set. Lunar considers targets and target numbers as an effective tool to ensure progress and reach goals. Lunar aims for a more equal distribution between the genders in management. The bank wants an open-minded culture, where the individual employee can utilise their competencies in the best possible way, regardless of gender. Lunar employs managers on the premise that the most suitable person is always hired or appointed regardless of gender, ethnicity, social status and age and wants to inspire all employees to become part of Management.

In addition, Lunar offers professional development plans as a part of the growth conversations for all employees in order to ensure each individual's needs are met and our development is inclusive for all regardless of gender, ethnicity, social status and age

Board (only Lunar Group)
During 2023, we had changes in our Group Board resulting in us regressing in our progress towards increasing our representation of the underrepresented gender in this area. Despite the large gap to our target, one such move was a great example of internal mobility wherein our female board member became the new Chief Banking Officer and Bank CEO of Lunar Group and Bank. In 2025, we will continue to have changes in the board in which we are committed to consider placements which help us to achieve our target by the end of 2025.

During 2024, Lunar has completed the following actions:

- Maintained zero emissions in Scope 1 and nearly zero emissions in Scope 2, with over 85% of our electricity sourced from green energy.
- Reduced C02e emissions per user by 19% compared to 2023.
- Removed 35 tons of plastic from the world's rivers and oceans.

→ Environmental, Social and Governance Responsibility

Policies on environmental impact
Lunar activity does not pose a heavy impactful to the environment, which is why a policy for reducing impact on the environment has not been set. As per 2024, our focus is directed towards partnerships etc. to fulfil our social responsibility for reducing environmental impact.

However, due to the expected upcoming changed regulatory requirements that focus on our own operations impacts as absolute, and to be comparable to other players in the industry, the Board of Directors and Executive Management will reassess the policies that should be implemented to further the work with Lunar's environmental impact during 2025.

Policies on climate impact
Likewise, Lunar has no policies on reducing climate impact following activities of the company. From 2022 Lunar has published yearly ESG reports, where independent experts measured the total emissions from Lunar's activities (direct and indirect emissions). Following the process, Lunar made a commitment to reduce emissions towards 2025. Going forward, focus will be on more detailed strategies to decarbonise its own operations, and be comparable to other industry players.

In the short term, Lunar will work on its transition from a non-standardised report to the European Sustainability Reporting Standards and in parallel, it will pursue a "removal strategy" through a partnership with Klimate.co that specialises in removing carbon emissions through a number of initiatives. Lunar will also engage in reducing the carbon footprint via awareness campaigns, encouraging employees to reduce emissions from transportation and by choosing suppliers and consultants that share the same mentality.

Policies on the social responsibility for ensuring respect to human rights
The Board of Director and Executive Management of Lunar considers respect for human rights as fundamental and will not engage in business that breaches this. The Board and Management are yet to agree on formal commitments to actively further human rights, and will ongoingly assess if Lunar lives up to social responsibility ensuring respect to human rights. No policy has been implemented on this subject.



Policies on the social environment (Incl. staff relations)
Lunar considers their employees and the environment they work in as an integral part of succeeding with the targets set in the business model. Therefore, Lunar has adopted an overarching Policy for Healthy Corporate Culture which is approved by the Board of Directors. The policy stipulates the overall strategy for ensuring a healthy corporate culture and stipulates certain initiatives for the Executive Management to implement. Furthermore, the Board of Directors has adopted a Diversity Policy which includes target figures for furthering the underrepresented gender. Lunar is committed to achieving a 40/60 balance of gender representation in both Board and Management.

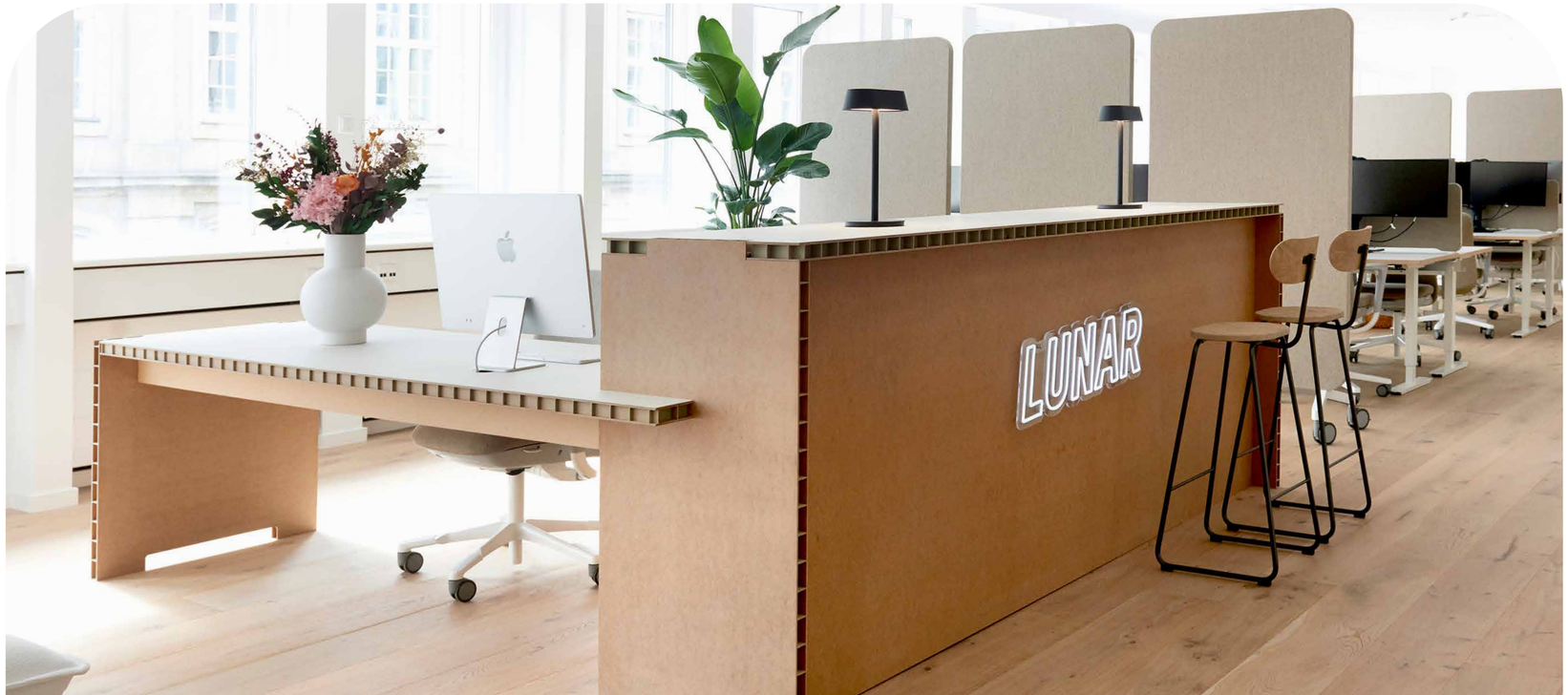
Policies on anti bribery & corruption
With Lunar Group being a financial holding company and the sole-owner of Lunar Bank, the company has a great responsibility to report any suspicious activities, including those that may involve corruption and bribery. Lunar's commitments to prevent bribery and corruption is described in Lunar's anti bribery & corruption program. The strategy is laid out in the before mentioned Policy for Healthy Corporate Culture and even though Lunar has very low risk of being part of bribery & corruption actions it is still considered absolutely crucial and all employees receive training on an ongoing basis.

Significant risks in relation to ESG related activities
In 2021 and 2022, Lunar went through a transition going from being a start-up to now being considered a scale-up size company which entails a different risk outlook. Some of the significant risks are outlined below.

Environmental risks
Lunar's current operations present a low level of environmental risk when evaluated from both inside-out and outside-in perspectives. Given Lunar's locations and activities, physical climate risks are considered negligible, and transitional climate risks have yet to be identified and assessed as part of Lunar's forthcoming transition plan and materiality evaluation.

From a compliance risk standpoint, Lunar operates in three countries, each with distinct environmental regulations and compliance obligations. Although navigating these requirements can be challenging, the geographical scope remains limited, allowing for relatively straightforward mitigation strategies. By proactively addressing these factors, Lunar aims to maintain its commitment to environmental responsibility while preparing for potential future risks.

Risks related to the social environment and staff relations
Lunar continuously measures employee engagement including providing an anonymous tool for feedback regarding the working environment, feedback, growth possibilities, and other relevant areas. In addition, Lunar implemented a competency framework ensuring we provide clear expectations for all employees within their current role and what it takes to progress at Lunar. This ensures an equitable and objective way to view expectations, In 2025, we commit to continue on this journey. We will do so by developing an even more detailed review of our framework and its effectiveness and an updated Employee Growth cycle with goal setting, 360 feedback and more opportunities for employees to reflect and proactively, give more input into their contributions.



In 2024, Lunar conducted our first third-party independent assessment of how our employees view DEI&B in Lunar. The results of this were shared with all employees by the external vendor. The results showed a very positive view of both inclusion and belonging at Lunar. However, the assessment also showed a relatively homogeneous employee population, which is something Lunar will keep in mind when reflecting on feedback and developing tools. In 2025, Lunar will continue our efforts to increase diversity across the business and especially focus our efforts centred around awareness and education throughout the organization, but with a special focus on our leadership roles.

→ Anti-bribery and corruption risks

With Lunar operating in three countries, each with its own set of laws and regulations regarding bribery and corruption, it remains more difficult to ensure compliance and avoid violations. Lunar may also face increased pressure to win contracts or gain access to resources, which can increase the risk of bribery and corruption. With the growth of Lunar, more interaction with government officials is to be expected, which can increase the risk of bribery and corruption, as well as reputational risks if Lunar is perceived as not acting ethically.

→ Non-financial KPIs

Adopting the Corporate Sustainability Reporting Directive, even voluntarily amidst evolving regulatory changes, will serve as the basis for ESG risk evaluation moving forward. Key aspects such as the double materiality assessment, and the identification of risks and opportunities within our value chain will be central, as well as relevant policies to focus on.

The Board of Directors and Executive Management expect to establish KPIs on each relevant ESG component during 2025, after initiating (parts of) CSRD and the transition from a non-standardised report setup to the European Sustainability Reporting Standards.

Further information can be found in the ESG report for 2024 that will be published on www.lunar.app in April 2025.

Climate & environmental impact:

Carbon emissions:
This measures the amount of carbon dioxide and other greenhouse gases emitted by a company's operations.

Energy consumption:
This measures the amount of energy used by a company's operations, which can be broken down by source (e.g. electricity, natural gas) and end use (e.g. lighting, heating).

Water consumption:
This measures the amount of water used by a company's operations, which can be broken down by source (e.g. surface water, groundwater) and end use (e.g. irrigation, cooling).

Waste generation:
This measures the amount of waste generated by a company's operations, which can be broken down by type (e.g. solid, liquid) and disposal method (e.g. recycling, landfilling).

Biodiversity loss:
This measures the effect of a company's operations on wildlife, habitats, and ecosystems.

Renewable energy:
This measures the proportion of energy generated by a company that comes from renewable sources such as wind and solar power.

Respect for human rights:

Occupational health and safety:
This measures the incidence of workplace accidents and injuries, as well as the steps taken to prevent them.

Discrimination and harassment:
This measures the incidence of discrimination and harassment within a company, as well as the steps taken to prevent and address them.

Forced labour:
This measures the amount and kind of forced labour in a company's supply chain.

Social environment:

Employee engagement:
This measures the level of engagement, motivation, and satisfaction among a company's employees (via Peakon).

Employee turnover:
This measures the rate at which employees leave a company and need to be replaced.

Diversity and inclusion:
This measures the representation of different groups within a company, such as by gender, race, and ethnicity.

Anti-bribery and corruption:

Training and education:
This measures the amount of training and education provided to employees on the topics of bribery and corruption.


Statements.

Independent auditor's report.

To the shareholders of Lunar Group A/S

Opinion

In our opinion, the Consolidated Financial Statements and the Parent Company Financial Statements give a true and fair view of the financial position of the Group and the Parent Company at 31 December 2024, and of the results of the Group's and the Parent Company's operations for the financial year 1 January - 31 December 2024 in accordance with the Danish Financial Business Act.

We have audited the Consolidated Financial Statements and the Parent Company Financial Statements of Lunar Group A/S for the financial year 1 January - 31 December 2024, which comprise income statement, other comprehensive income, balance sheet, statement of changes in equity and notes, including accounting policies, for both the Group and the Parent Company ("financial statements").

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and the 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 our report. We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (IESBA Code) and the additional ethical requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Statement on Management's Review

Management is responsible for Management's Review.

Our opinion on the financial statements does not cover Management's Review, 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 Management's Review and, in doing so, consider whether Management's Review is materially inconsistent with the financial statements or our knowledge obtained during the audit, or otherwise appears to be materially misstated.

Moreover, it is our responsibility to consider whether Management's Review provides the information required under the Danish Financial Business Act.

Based on the work we have performed, in our view, Management's Review is in accordance with the Consolidated Financial Statements and the Parent Company Financial Statements and has been prepared in accordance with the requirements of the Danish Financial Business Act. We did not identify any material misstatement in Management's Review.

Management's Responsibilities for the Financial Statements

Management is responsible for the preparation of Consolidated Financial Statements and Parent Company Financial Statements that give a true and fair view in accordance with the Danish Financial Business 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 Group's and the Parent Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting in preparing the financial statements unless Management either intends to liquidate the Group or the Parent 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.

- 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 Group's and the Parent 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 Group's and the Parent 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 Group and the Parent 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.

- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the group as a basis for forming an opinion on the Consolidated Financial Statements and the Parent Company Financial Statements. We are responsible for the direction, supervision and review of the audit work performed for purposes of the group audit. We remain solely responsible for our audit opinion.

Independent auditor's report

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.

Hellerup, 29 April 2025

PricewaterhouseCoopers
Statsautoriseret Revisionspartnerselskab

Business registration no 33 77 12 31

Per Rolf Larssen
State Authorised Public Accountant
mne24822

Lars Dalgaard Agersted
State Authorised Public Accountant
mne46258

Statement by Management.

The Board of Directors and the Executive Board have today discussed and approved the annual report of Lunar Group A/S for the financial year 1 January – 31 December 2024.

The consolidated financial statements and the Parent Company financial statements have been prepared in accordance with statutory requirements, including - but not exclusively - the specific accouting rules in the Danish Financial Business Act.

In our opinion, the consolidated financial statement and the Parent Company financial statement give a true and fair view of the financial position of the Group and the Parent Company at 31 December 2024 and of the results of its operations for the financial year 1 January – 31 December 2024.

Further, in our opinion, the Management's review gives a true and fair review of the development in Lunar Group's operations and financial matters and describes the significant risks and uncertainty factors that may affect the Company and the Group.

We recommend that the annual report be approved at the annual general meeting.

Copenhagen, 29 April 2025

Executive Board:

Ken Villum Guldbrandt Klausen
CEO

Board of Directors:

Timothy Tracy Brooke Thom
Chairman

Claus Okholm

Lars Andersen

Susanne Juhl

Jens Mikael Kristoffer Ismunden

Klaus Østergaard

Ola Reinhold Nordbye

Ken Villum Guldbrandt Klausen


Financial
statements.

Consolidated financial statements 1 January – 31 December

→ Income statement and comprehensive income (Consolidated).

Note	DKK'000	2024	2023
G4, G5	Interest income	415,792	423,879
G4, G6	Interest expenses	153,065	141,384
	Net interest income	**262,727**	**282,495**
G4, G7	Fee and commission income	305,140	202,384
G4	Fees and commission expense	29,372	59,986
	Other operating income	819	3,117
	Net interest and fee income	**539,314**	**428,010**
G8	Market value adjustments	-1,634	-3,308
G9, G10	Staff costs and administrative expenses	705,060	709,486
G13, G14	Amortisation, depreciation and impairment charges	219,873	102,775
G11	Loan impairment charges etc.	63,662	33,571
G12	Other operating expenses	188,604	0
	Profit/loss before tax	**-639,519**	**-421,131**
	Tax for the year	-13,616	-10,194
G13	**Profit/loss after tax**	**-625,903**	**-410,937**
	Currency adjustments	3,925	-33,153
	Other comprehensive income after tax	-11,926	29,920
	Total comprehensive income	**-633,904**	**-414,170**

Consolidated financial statements

→ Balance sheet (Consolidated)

1/2

Note	DKK'000	31 December 2024	31 December 2023
	ASSETS		
	Cash in hands and demand deposits with central banks	7,002,720	5,276,804
G14	Receivables from credit institutions and central banks	133,534	131,545
G15	Loans and other amounts due at amortised cost	15,009	1,215,877
G25	Bonds at amortised cost	4,105,296	4,830,384
G16	Goodwill	0	55,738
G16	Other intangible assets	164,835	229,156
G17	Property, plant and equipment	77,497	95,176
G17	Other tangible assets	13,079	19,132
	Tax receivable	1,408	0
	Other assets	145,502	123,411
	Prepayments	33,635	64,359
	TOTAL ASSETS	**11,692,515**	**12,041,583**

Consolidated financial statements 1 January – 31 December

→ Balance sheet (Consolidated).

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Note	DKK'000	31 December 2024	31 December 2023
	LIABILITIES AND EQUITY		
	Liabilities		
G18	Deposits and other debt	10,595,250	10,593,727
G19	Issued bonds at amortised cost	0	151,725
	Other liabilities	376,290	279,934
	Tax liabilities	0	3,682
	Deferred income	39,896	27,965
	Total liabilities	**11,007,677**	**11,057,033**
	Provisions		
G28	Impairment charges on unused credit facilities	0	158
G20	Deferred tax liabilities	0	13,605
G21	Other provisions	377	346
	Total provisions	**377**	**14,109**
	Subordinated debt		
G22	Subordinated debt	29,975	29,915
	Total subordinated debt	**29,975**	**29,915**
	Equity		
	Share capital	2,785	1,696
	Share premium	4,475,835	4,129,801
	Retained earnings	-3,834,133	-3,190,970
	Dividend	10,000	0
	Total equity	**654,487**	**940,527**
	TOTAL LIABILITIES AND EQUITY	**11,692,515**	**12,041,583**

Consolidated financial statements

→ Statement of changes in equity (Consolidated).

Note	DKK'000	Share capital	Share premium	Retained earnings	Dividend	Total
	Equity at 1 January 2023	**1,186**	**3,723,388**	**-2,774,040**	**0**	**950,534**
	Capital increase	511	406,413	0	0	406,924
	Exchange rate adjustments	0	0	-33,153	0	-33,153
	Net profit/loss for the year	0	0	-410,937	0	-410,937
	Share based payments	0	0	1,198	0	1,198
	Other comprehensive income	0	0	29,920	0	29,920
	Other equity movements	0	0	-3,958	0	-3,958
	Equity at 1 January 2024	**1,696**	**4,129,801**	**-3,190,970**	**0**	**940,527**
	Capital increase	1,089	346,034	0	10.000	357,123
	Exchange rate adjustments	0	0	3,925	0	3,925
G23	Net profit/loss for the year	0	0	-625,903	0	-625,903
G24	Share based payments	0	0	2,524	0	2,524
	Other comprehensive income	0	0	-11,926	0	-11,926
	Other equity movements	0	0	-11,783	0	-11,783
	Equity at 31 December 2024	**2,785**	**4,475,835**	**-3,834,133**	**10.000**	**654,487**

Consolidated financial statements

→ Capital and solvency (Consolidated).

DKK'000	31 December 2024	31 December 2023
Equity	654,487	940,526
Deductions[1]	-71,645	-175,039
Total core capital after deductions	**582,843**	**765,487**
Total Tier 1 capital	**582,843**	**765,487**
Subordinated loan capital	1,070	5,074
Total capital base	**583,916**	**770,561**
Credit risk	402,173	1,829,598
Market risk	25,376	30,827
Operational risk[3]	783,272	480,739
Total risk exposure	**1,210,821**	**2,341,164**
Key figures		
Core capital after deductions, ratio (%)	48,1	32,7
Tier 1 capital ratio (%)	48,1	32,7
Total capital ratio (%)	48,2	32,9

[1] Goodwill and customer rights are fully deducted in Common equity tier 1 capital. Software assets are recognized with a prudent valuation in accordance with Commission Delegated Regulation (EU) 2020/2176 entering into force 23 December 2020. Software assets included in Common equity tier 1 capital amounts to DKK 94,773 thousand (2023: DKK 110,618 thousand).

2 Qualifying Tier 2 instruments of a subsidiary included in consolidated Own Funds.

3 31 December 2023 values have been adjusted. Please see note G1 for further description.



Notes.

Consolidated financial statements 1 January – 31 December

→ Overview of notes in the consolidated financial statements

G1 Basis of preparation

G2 Significant accounting estimates, assumptions and uncertainties

G3 Financial highlights

G4 Segments

G5 Interest income

G6 Interest expenses

G7 Fee and commission income

G8 Market value adjustments

G9 Staff costs and administrative expenses

G10 Fees paid to auditor appointed at the annual general meeting

G11 Loan impairment charges and reconciliation of total allowance account

G12 Other operating expenses

G13 Tax for the year

G14 Receivables from credit institutions and central banks

G15 Loans and other amounts due at amortised cost

G16 Intangible assets

G17 Property, land and equipment

G18 Deposits

G19 Issued bonds at amortised cost

G20 Deferred tax liabilities

G21 Other provisions

G22 Subordinated debt

G23 Proposed distribution of profit/loss

G24 Share-based payments

G25 Fair value information for financial instruments

G26 Contractual obligations and contingencies, etc.

G27 Related parties

G28 Financial risks, policies, and objectives for the management of financial risks

Consolidated financial statements 1 January – 31 December

Note G1 Basis of preparation 1/9

The annual report of Lunar Group A/S has been prepared in accordance with the Danish Financial Business Act and the Executive Order on Financial Reports for Credit Institutions and Investment Companies, etc. ('the Executive order').

The accounting policies used in the preparation of the financial statements are consistent with those of last year.

The annual report is presented in DKK thousands.

Correction of error
The total risk exposure consists of credit, market and operational risk.
Operational Risk Exposure is calculated based on 3 year averages, including the reporting year. Prior to 2024 Lunar has calculated the Operational Risk Exposure at the end of the current year based on 3 year averages from the preceding 3 years, not including the reporting year. This has been changed in 2024 meaning that operational risk at the end of 2024 was based on the 3 years average of 2022, 2023 and 2024. The comparative figures have been corrected in the annual report 2024.

DKK'000	2024	2023 after correction	2023 before correction
Tier 1 capital	582,843	765,487	765,487
Subordinated loan capital	1,070	5,074	5,074
Own funds	**583,913**	**770,561**	**770,561**
Credit risk	402,173	1,829,598	1,829,598
Market risk	25,376	30,827	30,827
Operational risk	783,272	480,739	322,951
Total risk exposure	**1,210,821**	**2,341,164**	**2,183,376**
Tier 1 capital ratio	48.1%	32.7%	35.1%
Total capital ratio	48.2%	32.9%	35.3%

Consolidated financial statements 1 January – 31 December

Note G1 Basis of preparation 2/9

Consolidated financial statements
The consolidated financial statements comprise the Parent Company Lunar Group A/S and subsidiaries controlled by the Parent Company.

Control means the power to exercise decisive influence over a subsidiary's financial and operating decisions. Moreover, the possibility of yielding a return from the investment is required.

In assessing whether the Parent Company controls an entity, de facto control is also taken into consideration.

The existence of potential voting rights that may currently be exercised or converted into additional voting rights is considered when assessing whether an entity may become empowered to exercise decisive influence over other entities financial and operating decisions.

The consolidated financial statements are prepared as a consolidation of the Parent Company's and the individual subsidiaries' financial statements, which are prepared according to the Group's accounting policies. On consolidation, intra-group income and expenses, intra-group balances as well as realised and unrealised gains on intra-group transactions are eliminated. Unrealised gains on transactions with associates are eliminated in proportion to the Group's interest in the entity. Unrealised losses are eliminated in the same way as unrealised gains unless they do not reflect impairment.

The subsidiaries' financial statement items are included 100% in the consolidated financial statements.

Business combinations
Newly acquired or established entities are recognised in the financial statements from the date of the acquisition. Comparative figures are not adjusted to reflect acquisitions.

The purchase method is applied on acquisitions if the parent company gains control of the respective company. Identifiable assets, liabilities, and contingent liabilities in the acquired company are measured at their fair value at the date of acquisition. Intangible assets are recognised if they can be separated or if they arise from a contractual right. Deferred tax on the revaluations is recognised.

Acquisition date is the date from which Lunar Group gains actual control of the acquired business.

Any excess of the consideration paid for the business over the fair value of the acquired assets, liabilities and contingent liabilities, is recognised as goodwill under intangible assets. Goodwill is not amortised but is annually tested for impairment. The first impairment test is performed before the end of the year of acquisition. On acquisition, goodwill is allocated to the cash-generating units that will subsequently form the basis for the future impairment tests. Goodwill and fair value adjustments in connection with acquisition of a foreign entity with a different functional currency than the presentation currency to Lunar Group is treated as assets and liabilities belonging to the foreign entity and converted to the entity's functional currency with the rate of the translation date. Negative discrepancies, negative goodwill, is recognised in the income statement at the acquisitions date.

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 Bank and the value of the asset can be measured reliably.

Liabilities are recognised in the balance sheet when the Bank 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 Bank, and the value of the liability can be measured reliably.

On initial recognition, assets and liabilities are measured at fair value except intangible and tangible assets which are measured at cost. Measurement subsequent to initial recognition is affected as described below for each financial statement item.

Consolidated financial statements 1 January – 31 December

Note G1 Basis of preparation 3/9

At recognition and measurement 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.

In the income statement, income is recognised as it is earned, whereas cost is recognised by the amounts attributable to this financial year. Purchases and sales of financial instruments are recognised on the trading day and recognition ceases, when the right to receive/dispense cash flows from the financial asset or liability has expired, or if it has been transferred and the Bank has substantially transferred all risks and rewards associated with ownership.

Significant accounting estimates
The measurement of certain assets and liabilities requires the Management to estimate the influence of future events on the value of these assets and liabilities.

The accounting estimates are based on assumptions which, according to Management, are reasonable, but inherently uncertain. The estimates and assumptions are based on future expectations, historical experience, and a range of other factors considered reasonable given the prevailing circumstances. The actual outcome may differ from these estimates and assessments. Estimates and assumptions are reviewed regularly.
Changes in estimates are recognised in the period in which the change is made, and the future periods affected.

Foreign currencies and other comprehensive income
Foreign currencies transactions are translated using the exchange rate at the transaction date. Receivables, liabilities, and other monetary items are translated using the rate of exchange at the balance sheet date. Exchange rate differences between the transaction date and the settlement date or the balance sheet date, respectively, are recognised in the income statement as value adjustments.
Assets and liabilities of units outside Denmark are translated into DKK at the applicable exchange rates at the balance sheet date. Income and expenses are translated at the applicable exchange rates at the transaction date. Gains and losses arising at the translation of net investments in units outside Denmark are recognised under Other comprehensive income. Net investments include the net assets and goodwill of the units.

Interest income and expenses
Interest income and expenses are accrued over the lifetime of the transactions and recognised in the income statement at the amounts relevant to the financial reporting period.

Fee and commission income and expenses
Fee and commission income are measured at the fair value of the agreed consideration exclusive of VAT and taxes charged on behalf of third parties. All discounts and rebates granted are deducted in the income.

Fees are recognised as income when received and sales of services, which include subscriptions, are recognised as income on a straight-line basis over the subscription period.

Market value adjustments
Market value adjustments include value adjustments of assets and liabilities measured at fair value. Foreign currencies adjustments are also included.

Staff costs and administrative expenses
Wages, salaries and other types of remuneration are expensed in the income statement as earned. Compensated absence commitments are expensed as the actual number of holidays are earned and spent.

Administrative expenses comprise expenses paid in the year to manage and administer the Group.

Amortisation, depreciation and impairment charges
The item comprises amortisations, depreciation and impairment charges of intangible assets. Impairment charges derives from impairment tests performed on intangibles as elaborated below. The basis of amortisation, depreciation, which is calculated as cost less any residual value, is amortised/ depreciated on a straight-line basis over the expected useful life.

Consolidated financial statements 1 January – 31 December

Note G1 Basis of preparation 4/9

The expected useful lives of the assets are as follows:

Customer relations	**5 years**
Software	**3-5 years**
Land & buildings	**5 years**
Other equipment	**3-5 years**

Loan impairment charges, etc.
After initial recognition, amounts due to the group are measured at amortised cost less impairment losses. Accounting principles for impairment charges etc. are elaborated in subsequent sections on Loans and Impairment.

Other operating expenses
Other operating expenses include expenses not related to interest income or fee and commission income.

Taxes
Tax for the year includes current tax on the year's expected taxable income and the year's deferred tax adjustments. The portion of the tax for the year that relates to the profit/loss for the year is recognised in the income statement, whereas the portion that relates to transactions taken to equity is recognised in equity.

The entity is jointly taxed with other Danish group entities. The total Danish income tax charge is allocated between profit/loss-making Danish entities in proportion to their taxable income (full absorption). Jointly taxed entities entitled to a tax refund are reimbursed by the Management company based on the rates applicable to interest allowances, and jointly taxed entities which have paid too little tax pay a surcharge according to the rates applicable to interest surcharges to the Management company.

Cash in hands and demand deposits with central banks
At initial recognition, cash in hands and demand deposits with central banks are measured at fair value. Subsequently, they are measured at amortised cost.

Receivables from credit institutions and central banks
At initial recognition, receivables from credit institutions and central banks are measured at fair value. Subsequently, they are measured at amortised cost, using the effective interest method, less impairment charges for expected credit losses. The impairment charges are based on the three-stage impairment model elaborated in subsequent sections on Loans and impairment.

Bonds at amortised cost
The account comprehends bonds that are measured at amortised cost until maturity. See section Financial assets at amortised cost below for further description of the criterias that are fulfilled to apply amortised cost as measurement method and the interest income recognition principles.

Intangible assets
Goodwill is calculated as the difference between the purchase price of the business transfer and the fair value of its net assets, including contingent liabilities, at the time of the transaction.

Goodwill is tested for impairment once a year or more frequently if indications of impairment exist. Impairment testing requires Management to estimate the present value of future cash flows. A number of factors affect the value of such cash flows, including discount rates, changes in the economic outlook, customer behavior and competition.

Other intangible assets consist of customer relations and software investments. At initial recognition, customer relations and software are measured at cost, corresponding to the estimated fair value at the time of acquisition. Subsequently, customer relations and software are measured at cost less accumulated amortisations and depreciations. Amortisation is based on the estimated useful lives of the assets, which is set at 5 years.
Each year Finance conducts a process in securing the necessary impairment of the main projects/themes within Lunar.

Intangible assets are written down to the higher of the value in use and the net selling price for the activity or the business area to which the intangible assets relate, if it is lower than the carrying amount.

Consolidated financial statements 1 January – 31 December

Note G1 Basis of preparation 5/9

Property, plant and equipment
Leasehold improvements are recognised in the balance sheet at cost less straight-line depreciations. The basis of depreciation, which is calculated as cost less any residual value, is depreciated on a straight-line basis over the expected useful life. The expected useful lives of the assets are 3-5 years.

Leasing
Leasing agreements are recognised and measured in accordance with IFRS-16 principles. The standard stipulates the booking in lessee's balance sheet of all leasing contracts in the form of Right of Use (ROU) of the leased asset booked under tangibles and leases (and related payments) as a Liability during the entire lease period. The ROU asset will be amortised and the leases payments in Liabilities will be capitalised during the entire lease period.

Other tangible assets
Operating equipment is recognised in the balance sheet at cost less straight-line depreciations The basis of depreciation, which is calculated as cost less any residual value, is depreciated on a straight-line basis over the expected useful life. The expected useful lives of the assets are 3-5 years.

Equity investments in group undertakings
Equity investments in subsidiaries are measured according to the equity method in the parent company financial statements.

On initial recognition, equity investments in subsidiaries are measured at cost, i.e. plus transaction costs. The cost is allocated in accordance with the acquisition method; see the accounting policies regarding the consolidated financial statements above.

The cost is adjusted by shares of profit/loss after tax calculated in accordance with the Group's accounting policies less or plus unrealised intra-group gains/losses. Holdings in group undertakings with negative value are recognised as provisions.

Identified increases in value other than goodwill, if any, compared to the underlying entity's net asset value are amortised. Goodwill is tested for impairment annually and negative goodwill is recognised in the income statement.

Dividend received is deducted from the carrying amount.

Equity investments in subsidiaries measured at net asset value are subject to impairment test requirements if there is any indication of impairment.

Financial assets
Classification and measurement
According to IFRS 9, classification and measurement of financial assets depend on the business model and the contractual characteristics of the instruments. Financial assets are measured at amortised cost, at fair value through shareholders' equity (on a separate line), or at fair value through profit or loss.

Financial assets at amortised cost
Financial assets are classified at amortised cost if both of the following criteria are met: the business model objective is to hold the financial instrument in order to collect contractual cash flows (collection business model) and the cash flows consist solely of payments relating to principal and interest on the principal. Disposal of portfolios close to the maturity date and for an amount close to the remaining contractual cash flows or due to a credit risk increase of the customer (debt sale of non-performing portfolio) is compatible with a "collection" business model. Sales imposed by regulatory constraints or to manage the concentration of credit risk (without increasing credit risk) are also compatible with this Management model as long as they are infrequent or insignificant in value.

Consolidated financial statements 1 January – 31 December

Note G1 Basis of preparation 6/9

Financial assets (continued)

Upon initial recognition, these financial assets are recognised at fair value, including transaction costs directly attributable to the transaction and commissions related to the provision of loans. They are subsequently measured at amortised cost, including accrued interest and net of principal repayments and interest payments made during the period. These financial assets are also initially subject to an impairment calculation for expected credit risk losses (see impairment note). Interest is calculated using the effective interest rate method determined at the inception of the contract.

Financial asset at fair value through shareholders' equity
Financial assets are classified in this category if the business model is achieved by both holding the financial assets in order to collect contractual cash flows and selling the assets and if the cash flows solely consist of payments relating to principal and interest on the principal.

Upon disposal, amounts previously recognised in shareholders' equity is transferred to profit or loss.

Financial assets at fair value through profit or loss
All debt instruments not eligible for classification at amortised cost or at fair value through shareholders' equity are presented at fair value through profit or loss.

Investments in equity instruments such as shares is also classified as instruments at fair value through profit and loss.

Loans and deposits
On initial recognition, loans and deposits are measured at fair value including transaction costs directly attributable to the transaction. The loans are subsequently measured at amortised cost, including accrued interest and net of principal repayments and interest payments made during the period. The deposits are subsequently measured at amortised cost. Due to credit enhancements in the contracts, no expected credit losses are recognised from the loans, since defaulted loan amounts will reduce the deposits with the corresponding amount.

Impairment
Lunar Groups credit risk impairment model is based on expected losses. This model applies to loans and debt instruments classified at amortised cost, loan commitments, and financial guarantee contracts that are not recognised at fair value, as well as to trade receivables.

General impairment model
Lunar Group identifies three stages each corresponding to a specific situation with respect to the development of the credit risk of the counterparty since the initial recognition of the asset.

Stage 1: if, at closing date, the credit risk of the financial instrument has not increased significantly since its initial recognition, this instrument is subject to a provision for depreciation for an amount equal to expected credit losses at 12 months (resulting from risks of default in the next 12 months).

Stage 2: the provision for depreciation is measured for an amount equal to the expected credit losses over the full lifetime (at maturity) if the credit risk of the financial instrument has increased significantly since initial recognition without the financial asset being impaired.

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Note G1 Basis of preparation 7/9

Credit-impaired financial assets
Stage 3: a financial asset is impaired and classified as stage 3 when one or more events that have a negative impact on the future cash flows of that financial asset have occurred. At the individual level, an objective indication of impairment includes any observable data relating to the following events:

- The existence of unpaid instalment for at least 20 or 30 days.
- The knowledge or observation of significant financial difficulties of the customer indicating the existence of a credit risk, even if there is no unpaid instalment, including suspected fraud cases, debt restructuring, private bankruptcy and suspensions of payments.
- Concessions granted to the terms and condition of the loans, which would not have been granted in the absence of financial difficulties of the customer.

This is not consistent with the applied default definition as all defaulted financial assets according to CRR, article 178 are defaulted after 90 DPD are classified as stage 3 financial assets.

Financial assets are derecognised when reliable information indicates that the debtor is in serious financial difficulty and recovery seems unrealistic or when non-performing exposures are sold. Recoveries are recognised in profit or loss.

This general model is applied to all instruments in the scope of the impairment of IFRS 9 measured at amortised cost.

The expected credit loss approach under IFRS 9 is symmetrical, meaning that if some expected credit losses at maturity have been recognised in a previous closing period, and if there is no longer any indication of significant increase in credit risk for the financial instrument during the current closing period since its initial recognition, then the provision is calculated on the basis of expected credit losses at 12 months.

Significant increase in credit risk (SICR)
Significant increase in the credit risk will be assessed on an individual basis or on a collective basis (by grouping the financial instruments according to common credit risk characteristics) by taking into consideration all reasonable and supportable information and comparing the default risk of the financial instrument at the closing date with the default risk on the date of its initial recognition.

Assessment of deterioration will be measured by comparing probability of default on the date of initial recognition and those existing at the reporting date.

The categorisation in stages and calculation of the expected loss is based on Lunar's models in the form of PD models developed by third parties and internally. In assessing the development in credit risk, it is assumed that there has been a significant increase in risk compared to the time of initial recognition in the following situations:

- An increase in PD for the expected remaining maturity of the financial asset of 100% and an increase in 12-month PD of 0.5% when the 12-month PD at initial recognition was below 1.0%.
- An increase in PD for the expected residual maturity of the financial asset of 100% or an increase in 12-month PD on initial recognition of 2.0 percentage points when 12-month PD on initial recognition was 1.0% or more.

However, if the credit risk on the financial asset is considered low at the balance sheet date, the asset is maintained in stage 1, which is characterised by the absence of a significant increase in credit risk. The credit risk is considered low for loans at amortised cost when the customer's 12-month PD is below 0.2%.

Under the general impairment model, there is also a rebuttable presumption that the credit risk on a financial asset has increased significantly since initial recognition when contractual payments are 1 to 29 days past due. Such financial assets are classified in stage 2.

Measurement of expected credit losses
Expected credit losses are a probability-weighted estimate of credit losses (i.e, the present value of cash shortfalls) over the expected lifetime of the financial instrument.

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Note G1 Basis of preparation 8/9

In practice, for exposures classified in stage 1 and stage 2, the expected credit losses are calculated as the product of the probability of default ("PD"), the loss given default ("LGD") and the Exposure at Default ("EAD") discounted at the effective interest rate of the exposure. They result from the risk of default in the next 12 months (stage 1) or the risk of default over the lifetime of the exposure (stage 2). In the specific business of consumer finance and given the characteristics of the portfolios, the method used by Lunar Group is based on probabilities of transition into the default stage and on discounted loss rates at default. Calculation of the parameters are made statistically by homogeneous populations which also include cyclical fluctuations.

For exposures classified in stage 3, the expected credit losses are calculated as the discounted value at the effective interest rate of the cash shortfall over the life of the instrument. Cash shortfall is the difference between the cash flows that are due by the customer in accordance with the contract and the cash flow that the bank expects to receive.

Due to models' uncertainty a management overlay has been added to cover for such uncertainty. Future macroeconomic developments are also taken into consideration via an applied LOPI factor and a scenarios approach, i.e., estimations of optimistic, baseline and pessimistic macroeconomic evolution and impact on the Expected Credit Losses are weighted based on the likelihood of the different scenarios to materialise. The resulting impairment losses are recognised in the income statement under "Loan impairment charges etc".

Other assets
Other assets, including trade and other receivables, are measured at amortised cost. Financial instruments with positive market values are measured at fair value based on observable market prices.

Prepayments
Prepayments comprise costs incurred concerning subsequent financial years.

Deposits
Deposits and other amounts due include deposits with counterparties that are not credit institutions or central banks. Deposits and other amounts due are initially measured at fair value and subsequently amortised cost.

Other liabilities
Other financial liabilities, including trade and other payables, are on initial recognition measured at fair value. The liabilities are subsequently measured at amortised cost. Financial instruments with negative market values are measured at fair value based on observable market prices.

Deferred income
Deferred income is the obligation to transfer services to a customer for which the Bank has received consideration from the customer. If a customer pays consideration before the Bank transfers services to the customer, a contract liability is recognised when the payment is made. Contract liabilities are recognised as fee income when the Bank performs under the contract.

Other provisions
At initial recognition, other provisions are measured at fair value. Subsequently, they are measured at amortised cost.

Contigent liabilities
These liabilities encompass obligations that might arise from past events but hinge on the occurrence of future events. Notably, for a liability to be recognized, there must be a present obligation with a probability exceeding 50%. Otherwise, it falls under the category of contingent liabilities.

Subordinated debt
Subordinated debt comprises of Tier 2 capital instruments, which, in the case of liquidation or bankruptcy and pursuant to the loan conditions, cannot be redeemed until the claims of ordinary creditors have been met. At initial recognition subordinated debt is measured at fair value, equalling the payment received less directly attributable costs incurred. Subsequently, subordinated debt is measured at amortised cost.

Share-based payments
The value of share-based payments is recognised in the income statement. The most significant conditions of the warrants are disclosed in the notes.

Consolidated financial statements 1 January – 31 December

Note G1 Basis of preparation 9/9

Income tax
Current tax charges are recognised in the balance sheet as the estimated tax charge in respect of the expected taxable income for the year, adjusted for tax on prior years' taxable income and tax paid in advance.

Deferred tax
Provisions for deferred tax are calculated at local tax rates applicable in the country segment of all temporary differences between carrying amounts and tax values, with the exception of temporary differences occurring at the time of acquisition of assets and liabilities neither affecting the results of operations nor the taxable income, and temporary differences on non-amortisable goodwill.

Deferred tax assets are measured at the value at which they are expected to be utilised, either through elimination against tax on future earnings or as a set-off against deferred tax liabilities. Due to uncertainty to realising budget no deferred tax assets has been recognised in the balance sheet.

Current and deferred tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

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Note G2 Significant accounting estimates, assumptions and uncertainties

The preparation of financial statements requires the use of accounting estimates which, by definition, seldom will equal the actual results. Management also needs to exercise judgement in applying the group's accounting policies.

The judgments, estimates, and the related assumptions made are based on future expectations, historical experience, and other factors that Management considers to be reliable, but which by their very nature are associated with uncertainty and unpredictability. These assumptions may prove incomplete or incorrect, and unexpected events or circumstances may arise.

On an ongoing basis, Management reviews Lunar Group's capital resources in order to assess the soundness of the group's investments in expansion.

In the nature of realising plans, budget planning, internal and external factors may create uncertainties related to realising those plans and in the event of delayed time to profitability or delayed impact of new product offerings, management has established several contingency options related to the capital base.

As part of the ongoing initiatives, Lunar Group received a capital injection of DKK 30m in January 2025 and will issue a T2 instrument of DKK 130m during Q2 2025.

This has been considered sufficient to enable the group to comply with regulatory capital requirements throughout 2025.

Intangible assets
Lunar Group has recognised intangible assets at a carrying amount of **DKK 164,8m** Intangible assets include customer relations, IT platforms, software and goodwill. Impairment tests are performed to assess the performance of the assets.

Loans and other amounts due at amortised costs
The expected credit loss (ECL) is calculated on loan level as a function of probability of default (PD), exposure at default (EAD) and loss given default (LGD) and it takes into consideration forward-looking information. The estimation of ECL is forecasting future economic conditions over the coming lifetime of all loans in the book. Such forecasts are based on a statistical combined with a judgmental approach, and as such are prone for uncertainties that may have significant risk of resulting in a material adjustment to a carrying amount in future reporting periods.

The incorporation of forward-looking elements reflects the expectations of the Management team and involves a LOPI factor and the creation of scenarios (base case, optimistic and pessimistic), including an assessment of the probability for each scenario weighted based on the likelihood of the different scenarios to materialise.

The weighting of the scenarios was defined as 30 % optimistic, 50 % baseline and 20 % pessimistic. The rationale for this distribution of weight is mostly based on the expected short- and long-term effects of the current macro environmental uncertainty related to energy prices and interest rates.

Due to model risk inherent in the underlying models for ECL estimate, a management overlay has been added.

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Note G3 Financial highlights 1/2

Income statement (**DKK'000**)	**2024**	**2023**	**2022**	**2021**	**2020**
Net interest and fee income	538,495	424.892	233,479	50,766	-756
Market value adjustments	-1,634	-3,308	58,196	-2,542	-321
Staff costs and administrative expenses	705,060	709,486	931,997	523,927	220,529
Write-downs on loans and receivables, etc.	63,662	33,571	213,740	91,932	4,207
Profit/loss for the year	-625,903	-410,937	-1,488,674	-737,180	-245,977

Balance sheet (**end of period**) (**DKK'000**)	**2024**	**2023**	**2022**	**2021**	**2020**
Loans at amortised cost	15,009	1,215,877	2,226,416	2,762,081	12,895
Total assets	11,692,516	12,041,583	11,661,031	11,901,282	1,340,599
Deposits	10,595,250	10,593,727	9,929,780	8,431,577	928,280
Equity	654,487	940,527	950,534	1,826,018	294,803

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Note G3 Financial highlights 2/2

Ratios and key figures DKK'000	2024	2023	2022	2021	2020
Capital base (own funds)	583,913	770,562	803,243	1,110,294	316,177
Total capital ratio (%)	48.2	32.9	32.8	48.3	133.3
Tier 1 capital ratio (%)	48.1	32.7	32.8	47.4	122.1
Return on equity before tax (%)	-80.2	-44.5	-107.9	-57.8	-114.3
Return on equity after tax (%)	-78.5	-43.5	-107.2	-69.5	-118.6
Interest-rate risk	0.0	0.0	0.0	2.3	0.2
Currency position	4.4	4.0	0.7	0.9	0.1
Loans relative to deposits (%)	0.4	13.1	24.8	34.7	1.4
Gearing of loans, end of year (%)	6.5	147.8	234.2	151.3	4.4
Lending growth	-98.8	-45.4	-19.4	21,320	0.0
LCR (%)	1140.5				
Sum of large exposures	0.0	0.0	0.0	0.0	0.0
Net impairment ratio (%)	64.7	12.5	10.7	5.9	24.6
Return on assets (%)	-5.4	-3.4	-12.7	-9.3	-18.3
Average number of full-time employees	426	487	565	439	140
Income/cost ratio	0.4	-0.5	0.2	0.1	0.0

The consolidated financial ratios and key figures are calculated in accordance with the Danish Finance Society's guidelines.

Operational Risk Exposure is calculated based on 3 year averages, including the reporting year. Previously it has been calculated based on 3 year averages from the preceding 3 years, not including the reporting year. Comparison years have been adjusted to reflect the updated approach.
Please refer to note G1 for further description.

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Note G4 Segments 1/2

	2024			
DKK'000	**DK**	**SE**	**Other**	**Total**
Interest income	324,931	90,861	0	415,792
Interest expenses	146,428	6,637	0	153,065
Net interest income	**178,503**	**84,224**	**0**	**262,727**
Fee and commission income	305,548	8,850	0	305,548
Fee and commission expenses	29,780	0	0	29,780
Net fee income	**266,918**	**8,850**	**0**	**275,768**
Net interest and fee income	**445,421**	**93,074**	**0**	**538,495**

DKK'000	**Business Tiers**	**Private Tiers**	**Financial Products**	**Treasury**	**Other**	**Total**
Interest income	0	0	89,448	326,319	25	415,792
Interest expenses	0	0	0	138,334	14,731	153,065
Net interest income	**0**	**0**	**89,448**	**187,985**	**-14,706**	**262,727**
Fee and commission income	88,735	192,096	13,325	0	11,392	305,548
Fee and commission expenses	966	26,733	0	0	2,081	29,780
Net fee income	**87,769**	**165,363**	**13,325**	**0**	**9,311**	**275,768**
Net interest and fee income	**87,769**	**165,363**	**102,773**	**187,985**	**-5,395**	**538,495**

Business and private tier revenue includes subscription based income as well as the transactional based revenues generated by these users. Financial products covers our interest driven incomes as well as larger stand alone product offerings such as BaS, Payments and wealth services.

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Note G4 Segments 2/2

	2023			
DKK'000	**DK**	**SE**	**Other**	**Total**
Interest income	385,639	38,240	0	423,879
Interest expenses	118,902	22,481	0	141,384
Net interest income	**266,737**	**15,758**	**0**	**282,495**
Fee and commission income	194,569	7,815	0	202,384
Fee and commission expenses	59,986	0	0	59,986
Net fee income	**134,582**	**7,815**	**0**	**142,397**
Net interest and fee income	**401,319**	**23,573**	**0**	**424,892**

DKK'000	**Business Tiers**	**Private Tiers**	**Financial Products**	**Total**
Interest income	0	0	423,879	423,879
Interest expenses	0	0	141,384	141,384
Net interest income	**0**	**0**	**282,495**	**282,495**
Fee and commission income	61,263	109,722	31,398	202,384
Fee and commission expenses	18,158	32,521	9,306	59,986
Net fee income	**43,105**	**77,201**	**22,092**	**142,397**
Net interest and fee income	**43,105**	**77,201**	**304,587**	**424,892**

Business tiers include the subscription fees for business customers as well as their usage of various transaction-based services. The same logic applies for private tiers where the subscription fees combined with various transaction based services make up the revenue, but also including invest.
Financial tiers are lending-based products as well as central bank deposits, bonds etc.

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Note G5 Interest income

DKK'000	2024	2023
Loans and other receivables	88,602	163,987
Interests on deposits and other debt	316	151
Interest income investments in bonds	132,809	124,489
From credit institutions and central banks	194,066	135,251
Total	**415,793**	**423,879**

Note G6 Interest expenses

DKK'000	2024	2023
Subordinated debt	3,966	3,818
Interests on deposits and other debt	138,201	113,695
Other interest expenses	10,898	23,871
Total	**153,065**	**141,384**

Consolidated financial statements 1 January – 31 December

Note G7 Fee and commission income

DKK'000	2024	2023
Payment service fees	104,230	78,292
Lending and guarantee fees	21,960	11,441
Other fees and commission income	178,950	112,652
Total	**305,140**	**202,384**

Note G8 Market value adjustments

DKK'000	2024	2023
Bonds at amortised cost	10,785	0
Foreign exchanges	-24,875	2,371
Financial instruments measured at fair value	12,516	-5,619
Other liabilities	-60	-60
Total	**-1,634**	**-3,308**

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Note G9 Staff costs and administrative expenses

DKK'000	2024	2023
Wages and salaries	307,309	320,447
Pensions	34,852	37,720
Social Security costs	11,238	13,427
Share-based payments	1,794	5,142
Capitalised wages and salaries	-63,935	-44,330
	291,258	**332,406**
Other administrative expenses	413,802	377,080
Total	**705,060**	**709,486**

Number of employees in the financial year		
Full-time equivalent employees	426	487
Executive Board	1	1
Employees whose activities have a significant impact on the bank's risk profile	7	7
Board of Directors	8	7

Salaries and remuneration to employees whose activities have a significant impact to the group's risk profile accounted for DKK 11,163 thousand (2023: DKK 4,011 thousand) of which incentive programs account for DKK 1,459 thousand (2023: DKK 162 thousand).

Salaries and remuneration to the executive board and board of director was DKK 8,049 thousand (2023: DKK 4,868 thousand) of which incentive programs account for DKK 122 thousand (2023: DKK 6 thousand).

The numbers above reflect the cost on the warrant programs which have to be recognized in relation to the vesting periods relatively.

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Note G10 Fees paid to auditor appointed at the annual general meeting

DKK'000	2024	2023
PwC	3,769	4,658
Total	**3,769**	**4,658**
Total fees include:		
Statutory audit	3,729	4,606
Other assurance engagements	40	52
Tax services	0	0
Non-audit services	0	0
Total	**3,769**	**4,658**

Fees for Other assurance engagements in 2024 cover the issuance of statements required under financial regulatory frameworks.

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Note G11 Loan impairment charges

DKK'000	2024	2023
Change in ECL during year	12,219	-59,433
Realised losses	49,262	92,664
Other movements	2,181	340
Total	**63,662**	**33,571**

Loan impairment charges include impairment charges for expected credit losses on loans and overdraft facilities.
Changes in total allowance account during the year is further elaborated in note G29.

Note G12 Other operating expenses

In December 2024, Lunar reached a settlement agreement with the shareholders behind the court case relating to Lunar's offer to buy Instabank. The payment to the shareholders amounted to DKK 188.6m and have been recognised as Other operating expenses for the year. After the settlement there are no outstanding or potential disputes relating to Instabank.

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Note G13 Tax for the year

DKK'000	2024	2023
Current year tax charges	1	3,294
Adjustment of current tax previous years	-13	365
Deferred tax adjustment for the year	-13,604	-13,852
Total	**-13,616**	**-10,194**

Note G14 Receivables from credit institutions and central banks

DKK'000	2024	2023
Central banks	0	0
Credit institutions	133,534	131,545
Total	**133,534**	**131,545**
Distribution of terms by maturity		
Overnight	133,534	131,545
Up to three months	0	0
Total	**133,534**	**131,545**

Consolidated financial statements

Note G15 Loans and other amounts due at amortised cost

DKK'000	2024	2023
Overnight	0	0
Up to three months	214	562
From three months to one year	4,500	7,007
From one year to five years	10,295	161,090
More than five years	0	1,047,218
Total	**15,009**	**1,215,877**

See note G27 for a detailed description of financial risks incl. Lunar's credit exposure.

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Note G16 Intangible assets 1/3

DKK'000	Goodwill	Customer relations	Software	Software in process	Total
Cost at 1 January 2024	615,944	3,325	435,631	12,187	1,067,087
Exchange rate adjustment	0	0	-152	0	-152
Additions	0	0	63,197	6,453	69,650
Transfers	0	0	9,534	-9,534	0
Cost at 31 December 2024	615,944	3,325	508,210	9,106	1,136,585
Amortisation and impairment at 1 January 2024	560,206	3,325	218,215	447	782,193
Exchange rate adjustment	0	0	152	0	152
Amortisation	0	0	106,561	0	106,561
Impairment	55,738	0	27,106	0	82,844
Transfers	0	0	469	-469	0
Amortisation and impairment losses at 31 December 2024	615,944	3,325	352,503	-22	971,750
Carrying amount at 31 December 2024	**0**	**0**	**155,707**	**9,128**	**164,834**
Amortised over		5 years	3-5 years		

Consolidated financial statements

Note G16 Intangible assets 2/3

DKK'000	Goodwill	Customer relations	Software	Software in process	Total
Cost at 1 January 2023	615,944	3,325	386,049	10,189	1,015,507
Exchange rate adjustment	0	0	140	0	140
Additions	0	0	41,735	9,705	51,440
Transfers	0	0	7,707	-7,707	0
Cost at 31 December 2023	615,944	3,325	435,631	12,187	1,067,087
Amortisation and impairment at 1 January 2023	560,206	3,325	137,602	0	701,133
Exchange rate adjustment	0	0	382	0	382
Amortisation	0	665	77,349	0	78,014
Impairment	0	1,829	388	447	2,664
Correction Prior Year	0	-2,494	2,494	0	0
Amortisation and impairment losses at 31 December 2023	560,206	3,325	218,215	447	782,193
Carrying amount at 31 December 2023	**55,738**	**0**	**217,416**	**11,740**	**284,894**
Amortised over		5 years	3-5 years		

Goodwill arose from Lunar Group's acquisition of Lendify AB and Lunar Payments, both in 2021.

Consolidated financial statements

Note G16 Intangible assets 3/3

Intangible assets are tested for impairment at least once a year by testing at the level of identifiable cash-generating units to which intangible assets have been allocated. Further, if intangible assets in a cash-generating unit is fully impaired, a further impairment loss is recognised as an impairment loss on intangible or tangible assets, if any.

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Note G17 Property, plant and equipment 1/2

DKK'000	Property, land and equipment	Other tangible assets	Total
Cost at 1 January 2024	114,269	35,917	150,186
Exchange rate adjustment	-188	-31	-219
Acquired operations	0	0	0
Additions	148	4,763	4,911
Disposals	-94	-279	-373
Correction to prior year	0	0	0
Cost at 31 December 2024	114,135	40,369	154,505
Amortisation and impairment at 1 January 2024	19,093	16,785	35,878
Exchange rate adjustment	0	-7	-7
Acquired operations	0	0	0
Depreciation	17,639	10,418	28,057
Disposals	0	0	0
Correction to prior year	0	0	0
Amortisation and impairment losses at 31 December 2024	36,732	27,196	63,928
Carrying amount at 31 December 2024	**77,403**	**13,173**	**90,576**
Here off lease assets	77,403		
Amortised over	5 years	3-5 years	

Consolidated financial statements

Note G17 Property, plant and equipment 2/2

DKK'000	Property, land and equipment	Other tangible assets	Total
Cost at 1 January 2023	41,017	23,040	64,057
Exchange rate adjustment	60	10	70
Acquired operations	0	0	0
Additions	89,457	15,649	105,107
Disposals	-16,802	-2,569	-19,371
Correction to prior year	537	-213	323
Cost at 31 December 2023	114,269	35,917	150,186
Amortisation and impairment at 1 January 2023	19,143	9,112	28,255
Exchange rate adjustment	46	8	54
Acquired operations	-1,722	0	-1,722
Depreciation	13,203	6,597	19,799
Disposals	-12,683	1,428	-11,255
Correction to prior year	1,106	-360	746
Amortisation and impairment losses at 31 December 2023	19,093	16,785	35,878
Carrying amount at 31 December 2023	**95,176**	**19,132**	**114,308**
Here off lease assets	95,130		
Amortised over	5 years	3-5 years	

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Note G18 Deposits and other debt

DKK'000	2024	2023
Deposits	9,917,994	9,994,699
Term deposits	677,256	599,027
Total	**10,595,250**	**10,593,727**
Deposits of terms by maturity		
Overnight	9,917,994	9,994,699
Up to three months	218,805	104,479
From three months to one year	307,024	157,836
From one year to five years	151,427	336,712
More than five years	0	0
Total	**10,595,250**	**10,593,727**

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Note G19 Bonds at amortised cost

Lunar Group has Bonds measured at amortised cost 0 tDKK per 31 December 2024 (31 December 2023: 151,725 tDKK). Loan details are disclosed in detail in the table below.

DKK'000		Interest rate		Carrying amount	
Loan	**Maturity**	**2024**	**2023**	**31 December 2024**	**31 December 2023**
Senior obligation 3	2037	3.5% + STIBOR 1M	3.5% + STIBOR 1M	0	151,725
				0	**151,725**

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Note G20 Deferred tax liabilities

DKK'000	2024	2023
Deferred tax liability at 1 January	13,605	27,457
Deferred tax adjustment for the year	-13,605	-13,852
Deferred tax liability at 31 December	**0**	**13,605**

In relation to the acquisition of Lendify AB and Lunar Payments ApS in 2021, a deferred tax liability of DKK 31,893 thousand arose, which has been entirely depreciated as of 31 December 2024.

Consolidated financial statements

Note G21 Other provisions

Onerous contracts

The Company has signed contracts with payment processing providers with a maximum period of interminability until December 2024. 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 that amounts to DKK 377 thousand (2023: DKK 346 thousand).

Other provisions

Other provisions consist of funds of DKK 346 thousand to cover potential losses in Lunars brokerage of loans between private investors and lenders (2023: DKK 346 thousand).

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Note G22 Subordinated debt

Lunar Bank has taken out the following subordinated loans:

DKK'000		Interest rate		Carrying amount	
Loan	**Maturity**	**2024**	**2023**	**31 December 2024**	**31 December 2023**
Loan 1, Nominal DKK 30,000	2025	9.420% + CIBOR 3M	9.420% + CIBOR 3M	29,975	29,915
				29,975	**29,915**

The subordinated loan of is qualified as a Tier 2 instrument pursuant CRR regulation. In 2024 the costs from subordinated loans amounts to DKK 4,026 thousand (2023: DKK 3,878 thousand) whereas DKK 3,966 thousand (2023: DKK 3,818 thousand) are interests. On 31 December 2023 the carrying amount of amortized borrowing costs amounts to DKK 60 thousand (2023: DKK 85 thousand).

The loan has no installments before repayment of the full amount at July 1st 2025. Due to amortization profile of the subordinated debt, the Tier 2 weighting has been reduced by 1/60 part each month over the 5 years maturity. At 31 December 2024 DKK 3,000 thousand is recognized in the capital base.

Tier 2 instruments with a residual maturity of at least one year are considered eligible liabilities, to the extent that they do not qualify as Tier 2 items in accordance with CRR article 64.

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Note G23 Proposed distribution of profit/loss

DKK'000	2024	2023
Retained earnings	-625,903	-410,937
Total	**-625,903**	**-410,937**

Note G24 Share-based payments

In 2017, a warrant program was established for the benefit of Management and certain key employees in the group. The program allows the Board of the parent company to issue warrants to key employees with a vesting period of up to 5 years under the authorization of the shareholders. Over the years, further programs have been added to allow for more employees to receive warrants as a retention and incentive scheme.

Exercising warrants is only an option upon an exit event or upon maturity of the warrants, in which case the warrants holders are entitled to subscribe for shares in Lunar Group A/S at a pre-defined strike price. All warrants across the programs mature in the period between 1 August 2028 and 28 February 2029, which is the ultimate deadline for exercising, unless there has been an Exit event prior to maturity. Until 2020, the valuation principles have been using the guidance in the Tax assessments Act. From 2021, Black Scholes valuation has been introduced and used for the recognition and accounting treatment of share-based payments. During 2024 costs related to the warrant program of DKK 1,794 thousand has been recognized in the income statement (2023: DKK 5,142 thousand).

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Note G25 Fair value information for financial instruments

Lunar has assessed that for financial instruments measured at amortised cost the carrying amount is a reasonable approximation.
In 2024 Lunar entered financial instruments with a maturity up to 3 months. Those financial instruments are mainly FX swaps which are entered to reduce the liquidity mismatch, since Lunar has large deposit surplus in DKK, while the loan book is mainly in SEK.

Lunar's position of financial instruments at 31 December 2024 is disclosed in the table below.

	Net nominal position (thousand)	**Net market value** (DKK'000)	**Positive market value** (DKK'000)	**Negative market value** (DKK'000)
Forwards - SEK	SEK 16,972	21	389	-368
Forwards - NOK	NOK 4,000	-5	0	-5
Swaps - EUR	EUR 2,000	-3	0	-3
Swaps - SEK	SEK 917,025	4,974	4,974	0
Swaps - NOK	NOK 543,000	159	159	0

Of the total nominal net position of SEK swaps at 31 December 2024 917,024 tSEK are placed in a long position, while 0 tSEK are placed in a short position.
Lunar's position of financial instruments at 31 December 2023 is disclosed in the table below.

	Net nominal position (thousand)	**Net market value** (DKK'000)	**Positive market value** (DKK'000)	**Negative market value** (DKK'000)
Forwards - SEK	SEK 17,208	-138	3,486	3,624
Forwards - NOK	NOK 180,000	-43	0	43
Swaps - EUR	EUR 1,500	0	0	0
Swaps - SEK	SEK 415,948	-9,245	1,218	10,463
Swaps - NOK	NOK 225,000	0	0	0

Of the total nominal net position of SEK swaps at 31 December 2023 SEK 827,948 thousand are placed in a long position while SEK 412,000 thousand are placed in a short position.

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Note G26 Contractual obligations and contingencies, etc.

Contingent liabilities

Contingent liabilities as of 31 December 2024, unaccepted loan commitments amount to 0 tDKK and unused credit facilities amount to 0 tDKK, which totals 0 tDKK (31 December 2023: 3,281 tDKK in total).

Of the total value of bond holdings, 429,288 tDKK has been provided as collateral to other credit institutions (31 December 2023: 492,157 tDKK).

The Bank participates in the Danish Guarantee Fund. The Danish Guarantee Fund is currently fully funded, but if the fund subsequently does not have sufficient means to make the required payments, extraordinary contributions of up to 0.5% of the individual institution's covered deposits may be required. Contributions are made on the basis of size and risk relative to other credit institutions in Denmark. The contribution to the Danish Guarantee Fund is recognised as an operating expense.

The Bank also participates in the Resolution Fund. If the fund does not have sufficient means to make the required payments, extraordinary contributions may be required. Payments to the Danish Restructuring Fund are calculated on the basis of the individual credit institution's share of covered deposits relative to other credit institutions in Denmark.

Lunar Group A/S serves as the administrative company for the Groups Danish joint taxation arrangement. According to the joint taxation provisions of the Danish Corporation Tax Act, Lunar Group A/S is therefore liable for income taxes, etc. for the jointly taxed entities, and for obligations, if any, related to the withholding of tax on interest, royalties, and dividends for the jointly taxed entities.

Lunar Group A/S is registered jointly with all Danish subsidiaries for financial services employer tax and VAT, for which Lunar Group A/S and the entities are jointly liable.

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Note G27 Related parties

The ownership of Lunar Group is disclosed on page 5.

Group entities comprises the following legal entities:

- Lunar Group A/S (parent company), Hack Kampmanns Plads 10, 8000 Aarhus C
- Lunar Bank A/S, Hack Kampmanns Plads 10, 8000 Aarhus C
- Lunar Way A/S, Hack Kampmanns Plads 10, 8000 Aarhus C
- Lunar Payments ApS, Hack Kampmanns Plads 10, 8000 Aarhus C
- Lunar Block A/S, Hack Kampmanns Plads 10, 8000 Aarhus C
- Moonrise Banking Services A/S, Hack Kampmanns Plads 10, 8000 Aarhus C
- Lunar Way AB (under liquidation), Malmskillnadsgatan 44A, 111 57 Stockholm
- Lunar Journey AB, Malmskillnadsgatan 44A, 111 57 Stockholm

There are no parties having a majority holding i Lunar Group A/S as well as no parties having significant influence.

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Note G28 Financial risks and policies and objectives for the management of financial risks 1/9

Lunar Bank is exposed to different types of risks. The purpose of Lunar's risk Management policies is to actively manage risks that may arise as a result of, e.g., unpredictable development in financial markets.
The main categories of financial risks are the following:

- Credit risk: The risk of loss arising from the failure of a borrower or obligor to meet its contractual obligation towards Lunar.
- Market and liquidity risk: The risk of loss on on-/off-balance sheet positions arising from adverse movements in market prices and the risk of not having sufficient liquidity to meet obligations.
- Capital risk: The risk of insufficient capital negatively affecting the bank's ability to pursue its business strategy.

Credit risk
Lunar Bank strives to differentiate itself in the market through convenient and transparent financing products by leveraging Lunar's credit decision engine based on internal and external data including PSDII data. Furthermore, the ambition is to limit impairment volatility and ensure adequate management overlays to cover for risks not included in the impairment calculations.

When assessing the credit exposures on loans and credit facilities, the starting point is the identification of the credit risk of the counterparty. The exposures are divided into the following rating categories determined by the estimated PD levels outputted from Lunars PD-models consisting of two models; an application score and a behavior score. The application score model is an internally developed PD model. The application score model is applied to customers that are new to Lunar, i.e. less than 3 months on the book. For existing customers in Lunar, i.e. more than 3 months on the book, individual rules or internally developed PD-score model is applied.

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Note G28 Financial risks, policies, and objectives for the management of financial risks 2/9

Below, the gross credit exposure on 31 December 2024 is distributed in rating scales. The disclosed rating scales below are changed from the 2024 annual report to be consistent with internal management reporting.

DKK'000	Stage 1	Stage 2	Stage 3	Total
A	0	0	0	0
B	0	0	0	0
B-C	227	3	0	230
C	0	0	0	0
D	0	0	0	0
D-E	0	0	0	0
E	0	0	0	0
F	2,420	950	38,936	42,306
Gross carrying amount at 31 December 2024	**2,647**	**953**	**38,936**	**42,536**
Distribution in segments				
Business, including:				
Construction	161	79	1,382	1,622
Retail	67	105	613	785
Transport, hotels and restaurants	35	41	796	872
Information and communication	19	42	340	401
Finance and insurance	91	127	2,043	2,261
Service	8	49	509	566
Other segments	70	33	921	1,024
Business, total	451	476	6,604	7,531
Private	2,196	477	32,332	35,005
Total	**2,647**	**953**	**38,936**	**42,536**

Loans are issued without any provided security.

Consolidated financial statements

Note G28 Financial risks, policies, and objectives for the management of financial risks 3/9

Below, the gross credit exposure on 31 December 2024 is distributed in rating scales.

DKK'000	Stage 1	Stage 2	Stage 3	Total
A	42,165	1,216	538	43,919
B	203,072	3,095	2,927	209,095
B-C	1,131	89	0	1,220
C	311,681	6,174	2,947	320,802
D	406,090	6,702	8,017	420,809
D-E	0	0	0	0
E	109,203	5,162	9,193	123,557
F	42,294	77,990	150,100	270,384
Gross carrying amount at 31 December 2023	**1,115,636**	**100,427**	**173,723**	**1,389,786**
Distribution in segments				
Business, including:				
Construction	132	52	533	717
Retail	44	8	218	270
Transport, hotels and restaurants	82	14	350	446
Information and communication	155	19	118	292
Finance and insurance	205	79	778	1,062
Service	14	22	107	143
Other segments	153	27	345	525
Business, total	785	220	2,449	3,454
Private	1,114,851	100,207	171,274	1,386,331
Total	**1,115,636**	**100,427**	**173,723**	**1,389,786**

Consolidated financial statements

Note G28 Financial risks, policies, and objectives for the management of financial risks 4/9

Historically, the maximum loan granted to individual customers is DKK 150 / SEK 500 thousand. Lunar Bank has established policies and processes for handling the loan portfolio and systematically conducts detailed monitoring.

As described in note 1, impairment losses on loans and credit facilities are recognised at the time of booking, provisioned with an amount equivalent to the expected credit loss in 12 months (stage 1). In case of a significant deterioration of the credit risk, the asset will be provisioned with an amount equivalent to the expected credit loss in the remaining lifetime of the asset (stage 2). In case of objective indication of impairment is registered (stage 3), the asset will be provisioned with an amount equivalent to the expected credit loss in the remaining lifetime of the asset but based on a probability of default of 100%.

Due to models' uncertainty managerial adjustments are added on a monthly basis to cover for such uncertainty. As of 31 December 2024, managerial adjustments amount to DKK 69.8 thousand (31 December 2023: DKK 46,300 thousand).

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Note G28 Financial risks, policies, and objectives for the management of financial risks 5/9

Future macroeconomic developments are also taken into consideration by utilising a LOPI factor and a scenarios approach, i.e., estimations of optimistic, baseline and pessimistic macroeconomic evolution, and impact on the Expected Credit Losses are weighted based on the likelihood of the difference scenarios to materialise.

The systematic monitoring of the loan portfolio comprises reporting on relevant portfolio segmentation and is regularly prepared for internal committees with participation of the bank's Management Also, a separate reporting is prepared for scheduled Board of Directors meetings.

The table below shows the development on accumulated impairment charges on loans at amortised cost.

DKK'000	Stage 1	Stage 2	Stage 3	Total
Impairment charges at 1 January 2024	**51,659**	**21,688**	**100,562**	**173,909**
ECL on new assets	95	317	8,294	8,706
Transfer from Stage 1	-541	40	694	193
Transfer from Stage 2	0	-125	468	343
Transfer from Stage 3	0	5	3,968	3,973
Assets derecognised	-51,047	-21,535	0	-72,582
Write offs debited to the allowance account	0	0	-87,014	-87,014
Other movements	0	0	0	0
Impairment charges at 31 December 2024	**166**	**390**	**26,972**	**27,528**

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Note G28 Financial risks, policies, and objectives for the management of financial risks 6/9

The table below shows the changes in total impairment charges recognised at 31 December 2023 for loans at amortised cost.

DKK'000	Stage 1	Stage 2	Stage 3	Total
Impairment charges at 1 January 2023	**54,763**	**124,562**	**59,757**	**239,082**
ECL on new assets	590	281	10,020	10,891
Transfer from Stage 1	-1,410	7,823	37,742	44,155
Transfer from Stage 2	10,664	-59,892	34,804	-14,424
Transfer from Stage 3	18	125	-17,916	-17,773
Assets derecognised	-12,967	-51,210	0	-64,177
Write offs debited to the allowance account	0	0	-23,845	-23,845
Other movements	0	0	0	0
Impairment charges at 31 December 2023	**51,659**	**21,688**	**100,562**	**173,909**

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Note G28 Financial risks, policies, and objectives for the management of financial risks 7/9

The table below show the changes in total impairment charges recognised at 31 December 2024 for unused credit facilities.

DKK'000	Stage 1	Stage 2	Stage 3	Total
Impairment charges at 1 January 2024	**73**	**14**	**71**	**158**
ECL on new assets	0	0	0	0
Transfer from Stage 1	-7	0	0	-7
Transfer from Stage 2	0	0	0	0
Transfer from Stage 3	0	0	-18	-18
Assets derecognised	-66	-14	0	-80
Write offs debited to the allowance account	0	0	-53	-53
Other movements	0	0	0	0
Impairment charges at 31 December 2024	**0**	**0**	**0**	**0**

Only private clients have unused credit facilities, hence no distribution in business segments.

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Note G28 Financial risks, policies, and objectives for the management of financial risks 8/9

The table below show the changes in total impairment charges recognised at 31 December 2023 for unused credit facilities.

DKK'000	Stage 1	Stage 2	Stage 3	Total
Impairment charges at 1 January 2023	**80**	**23**	**0**	**103**
ECL on new assets	66	14	32	112
Transfer from Stage 1	-12	1	20	9
Transfer from Stage 2	3	-13	13	2
Transfer from Stage 3	0	0	6	6
Assets derecognised	-64	-11	0	-75
Write offs debited to the allowance account	0	0	0	0
Other movements	0	0	0	0
Impairment charges at 31 December 2023	**73**	**14**	**71**	**158**

Only private clients have unused credit facilities, hence no distribution in business segments.

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Note G28 Financial risks, policies, and objectives for the management of financial risks 9/9

Market and liquidity risk
Taking on market and liquidity risk is necessary as an integrated part of doing business. Lunar has low risk appetite towards market and liquidity risk and engaging in complex financial structures. Hence risk mitigation for potential market risks are covered by plain vanilla products.

Besides cash deposits at the central banks, Nordic Government and highly liquid Nordic mortgage bonds (mainly Danish mortgage bonds with a minimum LCR level 1b) are used as a part of liquidity buffer, whereas the bonds as well are used for interest risk management and as collateral for other financial counterparties.

Recognising that we have now become a cross border bank, we to a higher instant also foresee that we will start utilizing other aspects for liquidity management, such as short maturity covered bonds in Norway and Sweden and repos. This will make us more flexible and aligned with market practice, and we also expect it to be of interest to our shareholders.

We do not see significant nor increased complexity or risk-taking as a result of moving into a more flexible setup for handling our liquidity. We consider it a natural part of acting in different jurisdictions with different needs for liquidity management while continuing to work within a low-risk appetite.

Capital risk
Lunar has been able to attract external funding to ensure capital to cover for the planned investments in the Bank and this ability is reflected in the capital planning. The objective of Lunar Bank's capital management framework is to ensure that Lunar Bank at any time has a sufficient level and quality of capital to support its business ambitions and to absorb unexpected losses under a severe economic downturn without breaching regulatory capital requirements

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Income statement and comprehensive income (Parent)

Note	DKK'000	2024	2023
P1	Interest income	937	510
P2	Interest expenses	15,442	14,302
	Net interest and fee income	**-14,504**	**-13,793**
	Market value adjustments	-39	957
P3, P4	Staff costs and administrative expenses	9,930	12,558
P9	Amortisation, depreciation and impairment charges	7,951	4,638
P7	Income from group undertakings	-594,733	-379,253
	Profit/loss before tax	**-627,153**	**-409,286**
P5	Tax for the year	-1,254	1,867
	Profit/loss after tax	**-625,903**	**-411,154**
	Currency adjustments	3,925	-33,153
	Other comprehensive income after tax	-11,926	29,920
	Total comprehensive income	**-633,903**	**-414,386**

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Balance sheet (Parent)

Note	DKK'000	31 December 2024	31 December 2023
	ASSETS		
P6	Receivables from credit institutions and central banks	3,345	10,151
P7	Holdings in group undertakings	769,320	985,658
P8	Goodwill	0	55,738
	Other assets	33,356	29,382
	Prepayments	650	2,503
P9	Property, plant and equipment	67,269	75,220
	TOTAL ASSETS	**873,940**	**1,158,652**
	LIABILITIES AND EQUITY		
	Liabilities		
	Other liabilities	219,453	218,125
	Total liabilities	**219,453**	**218,125**
P10	**Equity**		
	Share capital	2,785	1,696
	Share premium	4,475,835	4,129,801
	Retained earnings	-3,834,133	-3,190,970
	Dividend	10,000	0
	Total equity	**654,487**	**940,527**
	TOTAL LIABILITIES AND EQUITY	**873,940**	**1,158,652**

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Statement of changes in equity (Parent)

Note	DKK'000	Share capital	Share premium	Retained earnings	Total
	Equity at 1 January 2023	**1,186**	**3,723,388**	**-2,774,040**	**950,534**
	Capital increase	511	406,413	0	406,924
	Currency adjustments	0	0	-33,153	-33,153
	Share-based payments	0	0	1,198	1,198
	Net profit/loss for the year	0	0	-411,154	-411,154
	Other comprehensive income	0	0	29,920	29,920
	Other equity movements	0	0	-3,742	-3,742
	Equity at 1 January 2024	**1,696**	**4,129,801**	**-3,190,970**	**940,527**
	Capital increase	1,089	346,034	0	357,123
	Currency adjustments	0	0	3,925	3,925
P11	Net profit/loss for the year	0	0	-625,903	-625,903
	Share-based payments	0	0	2,524	2,524
	Other comprehensive income	0	0	-11,926	-11,926
	Other equity movements	0	0	-11,783	-11,783
	Equity at 31 December 2024	**2,785**	**4,475,835**	**-3,834,133**	**654,487**

The share capital comprises of shares of DKK 1 nominal value each. Total outstanding shares at 31 December 2024 are 2,785,242 (31 December 2023: 1,696,301). The increase in number of shares during 2024 corresponds to the capital increases conducted during the year.

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Capital and solvency (Parent)

Note	DKK'000	31 December 2024	31 December 2023
	Equity	654,487	940,527
	Deductions	0	-55,738
	Total core capital after deductions	**654,487**	**884,789**
	Total tier 1 capital	**654,487**	**884,789**
	Total capital base	**654,487**	**884,789**
	Credit risk	1,252,504	1,194,792
	Market risk	3,200	5,701
	Operational risk	0	488
	Total risk exposure	**1,255,704**	**1,200,981**
	Key figures		
	Core capital after deductions, ratio (%)	51,8	73,7
	Tier 1 capital ratio (%)	51,8	73,7
	Total capital ratio (%)	51,8	73,7

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Overview of notes in the parent financial statements

The financial statement of Lunar Group A/S (parent) are prepared by applying the same accounting principles as the consolidated financial statements. We refer to note G1 Basis of preparation for further descriptions.

P1 Interest income
P2 Interest expenses
P3 Staff costs and administrative expenses
P4 Fees paid to auditor appointed at the annual general meeting
P5 Tax for the year
P6 Receivables from credit institutions and central banks
P7 Holdings in group undertakings
P8 Goodwill
P9 Property, land and equipment
P10 Share capital
P11 Proposed distribution of profit/loss
P12 Contractual obligations and contingencies, etc.
P13 Related parties
P14 Principles for intra-group trading

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Note P1 Interest income

DKK'000	2024	2023
Interest income		
Other interest income	937	510
Total	**937**	**510**

Note P2 Interest expenses

DKK'000	2024	2023
Interest expenses		
Other interest expenses	15,442	14,302
Total	**15,442**	**14,302**

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Note P3 Staff costs and administrative expenses

DKK'000	2024	2023
Staff costs and administrative expenses		
Wages and salaries re-invoiced from subsidiaries	12,753	12,464
Other administrative expenses	-2,823	93
Total	**9,930**	**12,558**
Number of employees in the financial year		
Full-time equivalent employees	4	5
Executive board	1	1
Board of Directors	8	7

Salaries and remuneration to the executive board was DKK 300 thousand (2023: DKK 0 thousand). Incentive programs account for 0 tDKK (2023: 0 tDKK).

Details on remuneration of the Executive Board and Board of Directors are disclosed on Lunar's website www.lunar.app

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Note P4 Fees paid to auditor appointed at the annual general meeting

DKK'000	2024	2023
Fees paid to auditor appointed at the annual general meeting		
PwC	175	168
Total fees include:		
Statutory audit	175	155
Other assurance engagements	0	13
Tax services	0	0
Non-audit services	0	0
Total	**175**	**168**

Fees for non-audit services provided by PwC in 2024 includes and consists of various general accounting and consulting services. PwC has complied with Article 4(2) of Regulation (EU) No 537/2014.

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Note P5 Tax for the year

DKK'000	2024	2023
Tax for the year		
Current year tax charges	0	1,134
Adjustment of current tax previous years	-1,254	733
Total	**-1,254**	**1,867**

Note P6 Receivable from credit institutions and central banks

DKK'000	2024	2023
Receivables from credit institutions and central banks		
Credit institutions	3,345	10,151
Total	**3,345**	**10,151**
Distribution of terms by maturity		
Overnight	3,345	10,151
Up to three months	0	0
Total	**3,345**	**10,151**

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Note P7 Holdings in group undertakings

DKK'000	2024	2023
Holdings in group undertakings		
Cost at 1 January	4,807,667	4,396,687
Additions	400	410,980
Cost at 31 December	**4,808,067**	**4,807,667**
Value adjustment at 1 January	-3,822,009	-3,434,867
Foreign exchange rate adjustment	18,476	-1,419
Share-based payments	1,593	1,198
Profit/loss for the year	-591,036	-379,253
Other comprehensive income	-17,989	-30,754
Hedge accounting	-11,926	29,920
Other movements	40,331	-6,834
Group Contributions	343,813	0
Value adjustment at 31 December	**-4,038,747**	**-3,822,009**
Net carrying amount at 31 December	**769,320**	**985,658**
Negative equity values, incl. internal gains, transferred to provisions	0	0
Carrying amount at period end	**769,320**	**985,658**

Name and registered office	**Voting rights and ownership**	**Profit/loss [1] (DKK'000)**	**Equity (DKK'000)**
Lunar Bank A/S, Aarhus, DK	100 %	-499,596	613,507
Lunar Journey AB, Stockholm, SE	100 %	-25,326	129,983
Lunar Payment ApS, Aarhus, DK	100 %	-48,300	20,658
Lunar Way A/S, Aarhus, DK	100 %	-19,172	31
Lunar Block A/S, Aarhus, DK	100 %	1,393	4,773
Lunar Way AB, Stockholm, SE	100 %	-35	22
	100 %	0	400

[1] Profit/loss is excluding PPA-adjustments and elimination of internal gains.

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Note P8 Goodwill

DKK'000	2024	2023
Cost at 1 January	55,738	55,738
Additions	0	0
Cost at 31 December	55,738	55,738
Amortisation and impairment at 1 January	0	0
Impairment	55,738	0
Amortisation and impairment losses at 31 December	55,738	0
Carrying amount at 31 December	**0**	**55,738**

Goodwill arose from Lunar Groups acquisition of Lunar Payments ApS, in 2021.

Goodwill is tested for impairment at least once a year by testing at the level of identifiable cash-generating units to which goodwill has been allocated. Further, if goodwill in a cash-generating unit is fully impaired, a further impairment loss is recognized as an impairment loss on intangible or tangible assets, if any. Goodwill has been fully impaired during the financial year 2024.

The performance of the business activities of Lunar Payments related to the cash-generation unit is in line with the business case at the time of acquisition

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Note P9 Property, plant and equipment

DKK'000	Land & buildings	Total
Cost at 1 January 2024	79,858	79,858
Additions	0	0
Disposals	0	0
Cost at 31 December 2024	**79,858**	**79,858**
Amortisation and impairment at 1 January 2024	4,638	4,638
Amortisation	7,951	7,951
Reversal at sale	0	0
Amortisation and impairment losses at 31 December 2024	**12,589**	**12,589**
Carrying amount at 31 December 2024	**67,269**	**67,269**

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Note P10 Share capital

DKK'000	2024	2023
Share capital at 1 January	1,696	1,186
Capital increases	1,089	511
Share capital at 31 January	**2,785**	**1,696**
Number of shares	2,785,242	1,696,301

Lunar Group does not hold own shares.
The share capital comprises of shares of DKK 1 nominal value each.

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Note P11 Proposed distribution of profit/loss

DKK'000	2024	2023
Retained earnings	-625,903	-411,154
Total	**-625,903**	**-411,154**

Note P12 Contractual obligations and contingencies, etc.

Contingent liabilities

Lunar Group A/S have issued letters of Financial Support in the amount of 100 mDKK to ensure that subsidiaries Lunar Journey AB, Lunar Way A/S and Lunar Block A/S can meet their ongoing financial obligations as and when they fall due for the foreseeable future and in any event in the period of 1 January to 30 April 2026.

Lunar Group A/S participates in a Danish joint taxation arrangement in which Lunar Group A/S serves as the administrative company. According to the joint taxation provisions of the Danish Corporation Tax Act, Lunar Group 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.

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Note P13 Related parties

The ownership of Lunar Group is disclosed on page 5. Group entities comprises the following legal entities:

- Lunar Group A/S (parent company), Hack Kampmanns Plads 10, 8000 Aarhus C
- Lunar Bank A/S, Hack Kampmanns Plads 10, 8000 Aarhus C
- Lunar Way A/S, Hack Kampmanns Plads 10, 8000 Aarhus C
- Lunar Payments ApS, Hack Kampmanns Plads 10, 8000 Aarhus C
- Lunar Block A/S, Hack Kampmanns Plads 10, 8000 Aarhus C
- Lunar Way AB, Malmskillnadsgatan 44A, 111 57 Stockholm
- Lunar Journey AB, Malmskillnadsgatan 44A, 111 57 Stockholm
- Moonrise Banking Services A/S, Hack Kampmanns Plads 10, 8000 Aarhus C

There are no parties having a majority holding i Lunar Group A/S as well as no parties having significant influence.

Note P14 Principles for intra-group trading

Intra-group transactions and services are settled on an arm's length basis and/or a cost-plus pricing basis.

DKK'000	2024	2023
Income statement		
Re-invoiced staff costs from subsidiaries	10,708	9,114
Re-invoiced costs to subsidiaries	13,721	8,266
Interest expenses to subsidiaries	11,764	12,108
Intercompany interest income from subsidiaries	-930	492
Share-based payments	1,794	5,142
Balance sheet		
Receivables to subsidiaries	12,198	9,447
Payables to subsidiaries	139,882	125,148


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