Lunar Payments ApS

Hack Kampmanns Plads 10

8000 Aarhus C

CVR no. 36 68 32 79

Annual Report 2023

Approved at the Company's annual general meeting on 27 May 2024

Chairman:

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Ken Villum Guldbrandt Klausen

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Statement by Management on the annual report

The Board of Directors and the Executive Board have today considered and approved the annual report of Lunar Payments ApS for the financial year 1 January – 31 December 2023.

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

We recommend that the annual report approved at the Annual General Meeting.

Aarhus, 27 May 2024

Executive Board:

Ken Villum Guldbrandt Klausen

Independent auditor's report

To the Shareholders of Lunar Payments ApS.

Opinion

In our opinion, the Financial Statements give a true and fair view of the financial position of the Company at 31 December 2023, and of the results of the Company's operations for the financial year 1 January - 31 December 2023 in accordance with the Danish Financial Statements Act.

We have audited the Financial Statements of Lunar Payments ApS for the financial year 1 January - 31 December 2023, which comprise income statement, balance sheet, statement of changes in equity and notes, including accounting policies ("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 Company 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 Statements Act.

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

Management's Responsibilities for the Financial Statements

Management is responsible for the preparation of Financial Statements that give a true and fair view in accordance with the Danish Financial Statements Act, and for such internal control as Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, Management is responsible for assessing the 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 Company or to cease operations, or has no realistic alternative but to do so.

Independent auditor's report

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.

- Conclude on the appropriateness of Management's use of the going concern basis of accounting in preparing the financial statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and contents of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that gives a true and fair view.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Hellerup, 27 May 2024
PricewaterhouseCoopers
Statsautoriseret Revisionspartnerselskab
CVR No 33 77 12 31

Lars Dalgaard Agersted
State Authorised Public Accountant
mne46258

Company details

The Company	Lunar Payments ApS Hack Kampmanns Plads 10 8000 Aarhus C CVR no: 36 68 32 79 Reporting period: 1 January – 31 December 2023 Domicile: Aarhus
Ownership	The company is fully owned by: Lunar Group A/S Hack Kampmanns Plads 10 8000 Aarhus C
Board of Directors	Ken Villum Guldbrandt Klausen
Executive Board	Ken Villum Guldbrandt Klausen
Auditors	PwC Statsautoriseret Revisionspartnerselskab Strandvejen 44 DK-2900 Hellerup

Management's review

Primary activities

Lunar Payments ApS is a fintech company offering payment services, primarily within e-commerce.

Financial review

The company's income statement for the year ended 31 December 2023 shows a profit of DKK 7,087 thousand (2022: profit of DKK 8,072 thousand), and the balance sheet on 31 December 2023 shows equity of DKK 19,353 thousand (2021: DKK 12,266 thousand). The result for the financial year is as expected.

During 2023 the company worked towards implementing infrastructure to support changes in the setup of key products. The infrastructural development is acquired as intangible assets in 2023.

Outlook

Lunar Payments ApS is an essential partner for Lunar Bank A/S to run its TopUp and ShareIt products. Lunar Payments ApS will be focusing its efforts on continuing to deliver key products to Lunar Bank A/S, while discontinuing its efforts on the remaining parts of the merchant payments sphere of the current product portfolio. Lunar Payments ApS is expected continue its profitability with a result in the magnitude of DKK 5,000 thousand in 2024.

Uncertainty relating to recognition and measurement.

Lunar Payments ApS has recognized intangible software assets at a carrying amount of DKK 6,315 thousand.

When assessing the future projected cash flow management has based its estimates on the budgets in place to reflect the expected effect of business decisions and market developments. Management has assessed that no indication of impairment of software exists, but there is still uncertainty related to assessment.

Events after the balance sheet date

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

Financial statements 1 January – 31 December

Income statement

Note	DKK'000	2023	2022
	Gross profit/loss	**10,930**	**11,663**
3	Staff costs	-1,091	-741
	Depreciation, amortisation and impairment losses	-884	-149
	Profit/loss before net financials	**8,955**	**10,773**
	Financial income	159	4
4	Financial expenses	-32	-428
	Profit/loss before tax	**9,083**	**10,349**
	Tax for the year	-1,997	-2,277
	Profit/loss for the year	**7,087**	**8,072**
	Proposed distribution of profit/loss		
	Transferred to retained earnings	7,086	8,072
		7,087	**8,072**

Financial statements 1 January – 31 December

Balance sheet

Note	DKK'000	2023	2022
	ASSETS		
	Non-current assets		
	Intangible assets		
	IT Software acquired	6,315	2,835
		6,315	**2,835**
	Fixed asset investments		
	Deposits	0	70
		0	**70**
	Total non-current assets	**6,315**	**2,905**
	Current assets		
	Receivables		
	Receivables from group entities	159	5,618
	Other receivables	11,065	8,856
	Prepayments	24	6
		11,248	**14,480**
	Cash	**5,696**	**2,679**
	Total current assets	**16,943**	**17,159**
	TOTAL ASSETS	**23,259**	**20,064**

Financial statements 1 January – 31 December

Balance sheet

Note	DKK'000	2023	2022
	EQUITY AND LIABILITIES		
	Equity		
	Share capital	100	100
	Retained earnings	19,253	12,166
	Total equity	**19,353**	**12,266**
	Non-current liabilities		
	Other provisions	100	0
	Total non-current liabilities	**100**	**0**
	Current liabilities		
	Payables to group companies	2,815	6,156
	Trade payables	595	568
	Tax payables	376	376
	Other payables	21	698
	Total current liabilities	**3,806**	**7,798**
	Total liabilities	**3,906**	**7,798**
	TOTAL EQUITY AND LIABILITIES	**23,259**	**20,064**

Financial statements 1 January – 31 December

Statement of changes in equity

DKK'000	Share capital	Retained earnings	Total
Equity at 1 January 2022	100	4,094	4,194
Transferred; see distribution of profit/loss	0	8,072	8,072
Equity at 1 January 2023	**100**	**12,166**	**12,266**
Capital increase	0	0	0
Transfer to retained earnings	0	0	0
Transferred; see distribution of profit/loss	0	7,087	7,087
Equity at 31 December 2023	**100**	**19,253**	**19,353**

Financial statements 1 January – 31 December

Notes

1 Accounting policies

The annual report of Lunar Payments Aps for 2023 has been prepared in accordance with the provisions in the Danish Financial Statements Act applying to reporting class B entities.

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

The annual report for 2023 is presented in thousands DKK.

Basis of recognition and measurement

Income is recognised in the income statement when earned, whereas costs recognised by the amounts attributable to this financial year.

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

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

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

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

Foreign currency translation

On initial recognition, transactions denominated in foreign currencies are translated at the exchange rates at the transaction date. Foreign exchange differences arising between the exchange rates at the transaction date and the date of payment are recognised in the income statement as financial income or financial expenses.

Receivables, payables, and other monetary items denominated in foreign currencies are translated at the exchange rates at the balance sheet date. The difference between the exchange rates at the balance sheet date and the date at which the receivable or payable arose or was recognised in the latest financial statements is recognised in the income statement as financial income or financial expenses.

Non-current assets acquired in foreign currency are measured at the exchange rate at the transaction date.

Income statement

Gross profit/loss

Gross profit or loss comprises revenue, cost of sales and other external expenses.

Financial statements 1 January – 31 December

Notes

1 Accounting policies (continued)

Gross revenue

Gross revenue is recognized in the income statement if delivery and transfer of risk to the buyer has taken place before the end of the year and if the income can be calculated reliably and is expected to be received. Net revenue is recognized excl. VAT and taxes and with deduction of discounts in connection with the sale.

Other external expenses

Other external costs include costs for sales, advertising, administration, premises, losses on debtors, leasing costs, etc.

Staff costs

Staff costs include wages and salaries, including compensated absence and pension to the Company's employees, as well as other social security contributions, etc. The item is net of refunds from public authorities.

Financial income and expenses

Financial income and expenses include interest income and expenses, realized and unrealized capital gains and losses regarding securities, debts and transactions in foreign currency, amortization of financial assets and liabilities as well as allowances and reimbursements under the on-account tax system, etc. Financial income and costs are recognized with the amounts relating to the financial year.

Depreciation, amortisation and impairment losses

The item comprises amortisation of intangible assets. The basis of amortisation, which is calculated as cost less any residual value, is amortised on a straight-line basis over the expected useful life. The expected useful lives of the assets are as follows:

Tax on profit/loss for the year

Tax for the year, which consists of current tax for the year and changes in deferred tax, is recognised in the income statement by the portion attributable to the profit for the year and recognised directly in equity by the portion attributable to entries directly in equity.

The Company is jointly taxed with Lunar Group A/S and all Danish group companies. The current Danish income tax is allocated among the jointly taxed companies proportionally to their taxable income (full allocation with a refund concerning tax losses).

Financial statements 1 January – 31 December

Notes

1 Accounting policies (continued)

Balance

Financial assets

Financial fixed assets include rent deposits, which are recognized and measured at cost. There is no write-off on deposits.

Intangible assets

On initial recognition, intangible assets are measured at cost and subsequently adjusted for amortisation on a straight-line basis over the expected useful life. The expected useful lives of the assets are 5 years.

An impairment test is performed for intangible assets if there is objective evidence of impairment. The impairment test is made for the activity or business area to which the intangible assets relate.

Receivables

Receivables are measured at amortized cost, which usually corresponds to nominal value. The value is reduced with write-downs to counter expected losses.

Prepayments

Accruals recognized under assets include incurred costs relating to subsequent financial years.

Tax due and deferred tax

Current tax liabilities and current tax receivable are recognized in the balance sheet as calculated tax on the year's taxable income adjusted for tax on previous years' taxable income and for taxes paid on account.

Deferred tax is measured by temporary differences between the accounting and tax value of assets and liabilities.

Deferred tax assets, including the tax value of tax loss carry forwards, are measured at the value at which the asset is expected to be realised, either by offsetting tax on future earnings, or by offsetting deferred tax liabilities within the same legal tax unit.

Deferred tax is measured on the basis of the tax rules and tax rates that will apply with the balance sheet date's legislation when the deferred tax is expected to be triggered as current tax. Changes in deferred tax because of changes in tax rates are recognized in the income statement, except for items that are entered directly in equity.

Financial liabilities

Financial liabilities comprising amounts owed to trade payables are recognised at the date of borrowing at cost, corresponding to the proceeds received less transaction costs paid. In subsequent periods, financial liabilities are measured at amortised cost.

Other liabilities are measured at net realisable value.

Financial statements 1 January – 31 December

Notes DKK'000

2 Gross profit/loss

The majority of the gross profit is driven by related party transactions settled on arm's length basis through the cost plus method.

	DKK'000	2023	2022
3	**Staff costs**		
	Wages and salaries	1,046	694
	Other social security costs	0	10
	Other staff costs	44	37
		1,091	**741**
		1,091	**741**
	Average number of employees	4	3
4	**Financial expenses**		
	Interest expenses to group entities	13	0
	Other financial expenses	19	428
		32	**428**

5 Contractual obligations and contingencies, etc

Contingent assets

Contingent assets are possible assets whose existence will be confirmed by the occurrence or non-occurrence of uncertain future events that are not wholly within the control of the Lunar Payments ApS. Management assesses that Lunar Payments has a legal upside to collect a receivable from a partner which is not recognised in the balance sheet. The potential upside amounts to approximately DKK 2,000 thousand. The legal process to assess the probability of the outcome is in the early stage, why management cannot assess the outcome.

Contingent liabilities

The Company participates in a Danish joint taxation arrangement in which Lunar Group A/S serves as the administration company. According to the joint taxation provisions of the Danish Corporation Tax Act, the Company is therefore liable for income taxes etc for the jointly taxed entities, and for obligations, if any, relating to the withholding of tax on interest, royalties and dividend for the jointly taxed entities. The jointly taxed entities' total known net liability under the joint taxation arrangement is disclosed in the administration company's financial statements.

6 Related parties

Lunar Payments ApS is 100 % owned by Lunar Group A/S, Hack Kampmanns Plads 10, 8000 Aarhus C. Lunar Group A/S is the ultimate parent company, and the consolidated financial statements are available from The Central Business Register's website; www.cvr.dk.