

Lunar Group A/S
Hack Kampmanns Plads 10
8000 Aarhus C
CVR no. 36 94 57 45

LUNAR[®]

**SUPPLEMENTARY/CORRECTIONAL
INFORMATION TO THE INTERIM REPORT**

FIRST HALF 2022

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Company information

Company	Lunar Group A/S Hack Kampmanns Plads 10 8000 Aarhus C CVR no. 36 94 57 45 Financial period: 1 January – 30 June 2022 www.lunar.app
Board of Directors	Henning Kruse Petersen (chairman) Claus Okholm Lars Andersen Vibeke Bak Solok Ken Villum Guldbrandt Klausen Klaus Østergaard Jens Mikael Kristoffer Ismundsen Erika Söderberg Johnson
Executive Board	Ken Villum Guldbrandt Klausen (CEO)
Auditors	Pricewaterhousecoopers Statsautoriseret Revisionspartnerselskab Strandvejen 44 2900 Hellerup

Company information

Ownership

The following shareholders hold more than 5 % of the share capital at 30 June 2022:

CHR. AUGUSTINUS FABRIKKER AKTIESELSKAB
Sankt Annæ Plads 13, st. th.
1250 København K
Percentage of share capital: 6.24

LWOH ApS
Langelinieparken 18, 2. th.
8000 Aarhus C
Percentage of share capital: 9.98

Brightfolk A/S
Inge Lehmanns Gade 2
8000 Aarhus C
Percentage of share capital: 12.36

SEED Capital Denmark III K/S
Højbro Plads 10
1200 København K
Percentage of share capital: 10.76

Kinnevik Online AB
Box 2094
10313 Stockholm, Sweden
Percentage of share capital: 6.7

Orbit Launch AB
Narvavägen 12
11522 Stockholm, Sweden
Percentage of share capital: 7.89

Orbit Alliance AB
Narvavägen 12
11522 Stockholm, Sweden
Percentage of share capital: 7.87

Tencent Cloud Europe B.V.
Buitenveldertselaan 1-5
1082VA Amsterdam, Holland
Percentage of share capital: 5.43

Statement by Management

The Danish Financial Supervisory Authority has informed Lunar Group A/S that its view supplementary/correctional information to the consolidated financial statement and Parent Company statements for the first half of 2022 are required. As a consequence Lunar Group A/S has prepared this supplementary/correctional information to the interim report for the first half of 2022.

In our opinion, the information is in conformity with the Danish Financial Supervisory Authority's required actions in relation to their control of the interim report of Lunar Group A/S for the first half of 2022.

This supplementary/correcting Information should be read in conjunction with the Interim report for the first half of 2022 to give a fair presentation of the financial position for Lunar Group A/S at 30 June 2022 and of the results of Lunar Bank's operations for the financial period 1 January - 30 June 2022.

The Board of Directors and the Executive Board have today discussed and approved the supplementary/correctional information to interim report for the first half of 2022 for Lunar Group A/S.

The supplementary/correctional information to the interim report has not been subject to audit or review.

Copenhagen, 22 December 2022

Executive Board:

Ken Villum Guldbrandt Klausen
CEO

Board of Directors:

Henning Kruse Petersen
Chairman

Claus Okholm

Lars Andersen

Vibeke Bak Solok

Ken Villum Guldbrandt Klausen

Klaus Østergaard

Erika Söderberg Johnson

Jens Mikael Kristoffer Ismunden

Management's review

To Management's review it is added:

Uncertainty relating to recognition and measurement

Following dialogues with the Danish Financial Supervisory Authority, Lunar Group has revised the assumptions underlying its measurement of goodwill related to the acquisition of Lendify. The consequence was a goodwill impairment charge relating to these activities of SEK 415.4m in the half year report for 2022. Consequently, Lunar Bank has adjusted the Financial Statements for the first half of 2022. Retrospectively, goodwill impairment of DKK 301.9m relating to the acquisition of Lendify AB in 2021 has been charged to profit/loss. The correction will affect profit/loss, the balance sheet, equity and capital statement in the Financial Statements for the first half of 2022. The restated comparative figures for the first half of 2022 have been applied in this Interim Report.

Capital

On 30 June Lunar Group's own funds, less deductions, amounted to DKK 1,003.2 million. In accordance with Commission Delegated Regulation (EU) 2020/2176 entering into force on 23 December 2020, Lunar is able to recognise software assets in Common equity tier 1 capital which accounts for DKK 117.2 million on 30 June. Other intangible assets including goodwill amounting to DKK 492.4 million are deducted in the capital base. The solvency need is calculated as DKK 359 million or 12.9 % of REA on 30 June 2022. The capital target amounts DKK 759 million or 27.2 % and the excess to the capital target is DKK 244 million.

Consolidated financial statements 1 January – 30 June

Income statement and comprehensive income

DKK'000	Original First half 2022	Correctional First half 2022	Change
Interest income	84,865	84,865	0
Interest expense	46,160	46,160	0
Net interest income	38,705	38,705	0
Fee and commission income	74,264	74,264	0
Fees and commission paid	23,584	23,584	0
Net interest and fee income	89,385	89,385	0
Market value adjustments	-342	-342	0
Staff costs and administrative expenses	457,279	457,279	0
Amortisation, depreciation and impairment charges	36,743	338,683	301,940
Loan impairment charges etc.	82,885	82,885	0
Profit/loss before tax	-487,864	-789,804	-301,940
Tax for the year	-1,150	-1,150	0
Profit/loss after tax	-486,714	-788,654	-301,940
Exchange rate adjustments	28,989	6,568	-22,421
Other comprehensive income after tax	-84,648	-84,648	0
Total comprehensive income	-542,373	-866,734	-324,361

Consolidated financial statements 1 January – 30 June

Balance sheet

Note	DKK'000	Original 30 June 2022	Correctional 30 June 2022	Change
	ASSETS			
	Cash in hands and demand deposits with central banks	6,976,340	6,976,340	0
	Receivables from credit institutions and central banks	167,958	167,958	0
	Loans and other amounts due at amortised costs	2,531,357	2,531,357	0
	Bonds at amortised costs	1,315,936	1,315,936	0
G1	Goodwill	669,278	344,917	-324,361
	Other intangible assets	264,635	264,635	0
	Property, land and equipment	34,206	34,206	0
	Other tangible assets	12,657	12,657	0
	Deferred tax assets	0	0	0
	Other assets	174,301	174,301	0
	Prepayments	45,428	45,428	0
	TOTAL ASSETS	12,192,096	11,867,735	-324,361
	LIABILITIES AND EQUITY			
	Liabilities			
	Deposits	9,475,538	9,475,538	0
	Other liabilities	812,004	812,004	0
	Tax liabilities	4,047	4,047	0
	Deferred income	17,877	17,877	0
	Total liabilities	10,309,466	10,309,466	0
	Provisions			
	Impairment charges on unused credit facilities	106	106	0
	Deferred tax liabilities	29,593	29,593	0
	Other provisions	3,183	3,183	0
	Total provisions	32,882	32,882	0
	Subordinated debt			
	Subordinated debt	29,825	29,825	0
	Total subordinated debt	29,825	29,825	0
	Equity			
	Share capital	1,152	1,152	0
	Share premium	3,474,833	3,474,833	0
	Retained earnings	-1,656,062	-1,980,423	-324,361
	Total equity	1,819,923	1,495,562	-324,361
	TOTAL LIABILITIES AND EQUITY	12,192,096	11,867,735	-324,361

Consolidated financial statements 1 January – 30 June

Statement of changes in equity

DKK'000	Share capital	Share premium	Retained earnings	Total
Equity at 1 January 2021	691	710,753	-416,641	294,803
Capital increase	414	2,293,972	0	2,294,386
Exchange rate adjustments	0	0	142	142
Share based payments	0	0	24,425	24,425
Net profit/loss for the year	0	0	-732,595	732,595
Other comprehensive income	0	-50,602	0	-50,602
Equity at 1 January 2022	1,105	2,954,123	-1,124,669	1,830,559
Capital increase	47	520,710	0	520,757
Share based payments	0	0	10,980	10,980
Exchange rate adjustments	0	0	28,989	28,989
Net profit/loss for the year	0	0	-486,714	-486,714
Other comprehensive income ¹	0	0	-84,648	-84,648
Equity at 30 June 2022 original	1,152	3,474,833	-1,656,062	1,819,923
Changes				
Exchange rate adjustment	0	0	-22,421	-22,421
Net profit/loss for the year	0	0	-301,940	-301,940
Equity at 30 June 2022 correctional	1,152	3,474,833	-1,980,423	1,495,562

¹ Other comprehensive income comprises market value adjustments of NOK forward contracts”

Consolidated financial statements 1 January – 30 June

Capital and solvency

DKK'000	Original 30 June 2022	Correctional 30 June 2022	Change
Equity	1,819,923	1,495,562	-324,361
Intangible assets and other deductions ¹	-816,766	-492,405	324,361
Total core capital after deductions	1,003,157	1,003,157	0
Total core capital	1,003,157	1,003,157	1,094,335
Subordinated loan capital	30,000	0	-30,000
Deductions in terms of maturity	-23,175	0	23,175
Total own funds	1,009,982	1,003,157	-6,826
Credit risk	2,412,775	2,412,775	0
Market risk	35,515	297,984	262,469
Operational risk ²	102,430	102,430	0
Total risk exposure	2,550,720	2,813,189	262,469
Key figures			
Core capital after deductions, ratio (%)	39.3	35.7	-3.7
Core capital ratio (%)	39.3	35.7	-3.7
Solvency ratio (%)	39.6	35.7	-3.9

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 137,901 thousand (30 June 2021: DKK 245,933 thousand). The deductions are included in the credit risk.

² Operational risk is partly derived based on budget figures as Lunar Group has not realised core earnings for the last three years.

Consolidated financial statements 1 January – 30 June

Financial highlights

Income Statement (DKK'000)	Original First half 2022	Correctional First half 2022	Change
Net interest and fee income	89,385	89,385	0
Market value adjustments	-342	-342	0
Staff costs and administrative expenses	457,279	457,279	0
Write-downs on loans and receivables, etc.	82,885	82,885	0
Profit/loss for the year	-486,714	-788,654	-301,940

Balance sheet (end of period) (DKK'000)

Loans	2,531,357	2,531,357	0
Total assets	12,192,096	11,867,735	-324,361
Deposits	9,475,538	9,475,538	0
Equity	1,819,923	1,495,562	-324,361

Ratios and key figures

Own funds	1,009,982	1,003,157	-6,826
Solvency ratio (%)	39.6	35.7	-3.9
Core capital ratio (%)	39.3	35.7	-3.7
Return on equity before tax (%)	-37.1	-47.5	-10.4
Return on equity after tax (%)	-37.0	-47.4	-10.4
Interest-rate risk	0.4	0.4	0
Currency position	3.5	25.6	22.1
Loans relative to deposits (%)	26.7	26.7	0
Gearing of loans, end of year (%)	139.1	169.3	30.2
Cover relative to statutory liquidity requirements (%)	948.0	948.0	0
Net impairment ratio (%)	6.9	6.9	0
Return on assets (%)	-4.0	-6.6	-2.6
Average number of full-time employees	581	581	0

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

As Lunar received its banking license in August 2019, no ratios have been calculated for previous periods.

Consolidated financial statements 1 January – 31 December

Notes

G1 Intangible assets, Goodwill

DKK'000	Original 30 June 2022	Correctional 30 June 2022	Change
Cost at 1 January 2022	669,278	669,278	0
Exchange rate adjustments	0	-28,251	-28,251
Additions	0	0	0
Cost at 30 June 2022	669,278	641,027	-28,251
Impairment at 1 January 2021	0	0	0
Exchange rate adjustments	0	5,830	5,830
Impairment losses	0	-301,940	-301,940
Impairment losses at 30 June 2022	0	-296,110	-296,110
Carrying amount at 30 June 2022	669,278	344,917	-324,361

Financial statements 1 January – 30 June

Income statement and comprehensive income (Parent)

DKK'000	Original First half 2022	Correctional First half 2022	Change
Interest income	156	156	0
Interest expense	9,815	9,815	0
Net interest and fee income	-9,659	-9,659	0
Market value adjustments	1,661	1,661	0
Staff costs and administrative expenses	14,197	14,197	0
Income from group undertakings	-464,519	-766,459	-301,940
Profit/loss before tax	-486,714	-788,654	-301,940
Tax for the year	0	0	0
Profit/loss after tax	-486,714	-788,654	-301,940
Exchange rate adjustments	28,989	6,568	-22,421
Other comprehensive income after tax	-84,648	-84,648	0
Total comprehensive income	-542,373	-866,734	-324,361

Financial statements 1 January – 30 June

Balance sheet (Parent)

DKK'000	Original 30 June 2022	Correctional 30 June 2022	Change
ASSETS			
Receivables from credit institutions and central banks	52,892	52,892	0
Holdings in group undertakings	1,778,348	1,453,987	-324,361
Bonds at amortised costs	0	0	0
Other assets	24,963	24,963	0
Prepayments	1,167	1,167	0
TOTAL ASSETS	1,857,370	1,533,009	-324,361
LIABILITIES AND EQUITY			
Liabilities			
Other liabilities	32,064	32,064	0
Total Liabilities	32,064	32,064	0
Provisions			
Holding in group undertakings with negative values	5,383	5,383	0
Total Provisions	5,383	5,383	0
Equity			
Share capital	1,152	1,152	0
Share premium	3,474,833	3,474,833	0
Retained earnings	-1,656,062	-1,980,423	-324,361
Total equity	1,819,923	1,495,562	-324,361
TOTAL LIABILITIES AND EQUITY	1,857,370	1,533,009	-324,361

Financial statements 1 January – 30 June

Statement of changes in equity (Parent)

DKK'000	Share capital	Share premium	Retained earnings	Total
Equity at 1 January 2021	691	710,753	-416,641	294,803
Capital increase	414	2,293,972	0	2,294,386
Exchange rate adjustment	0	0	142	142
Share based payments	0	0	24,425	24,425
Net profit/loss for the year	0	0	-732,595	-732,595
Other comprehensive income	0	-50,602	0	-50,602
Equity at 1 January 2022	1,105	2,954,123	-1,124,669	1,830,559
Capital increase	47	520,710	0	520,757
Share based payments	0	0	10,980	10,980
Exchange rate adjustment	0	0	28,989	28,989
Net profit/loss for the year	0	0	-486,714	-486,714
Other comprehensive income	0	0	-84,648	-84,648
Equity at 30 June 2022	1,152	3,474,833	-1,656,062	1,819,923
Changes				
Exchange rate adjustment	0	0	-22,421	-22,421
Net profit/loss for the year	0	0	-301,940	-301,940
Equity at 30 June 2022 correctional	1,152	3,474,833	-1,980,423	1,495,562

Financial statements 1 January – 30 June

Capital and solvency (Parent)

Note	DKK'000	Original 30 June 2022	Correctional 30 June 2022	Change
	Equity	1,819,923	1,495,562	-324,362
	Intangible assets and other deductions ¹	-669,278	-344,917	324,362
	Total core capital after deductions	1,150,645	1,150,645	0
	Total core capital	1,150,645	1,150,645	0
	Total own funds	1,150,645	1,150,645	0
	Credit risk	1,140,394	1,140,394	0
	Market risk	13,443	13,443	0
	Operational risk ²	0	0	0
	Total risk exposure	1,153,837	1,153,837	0
Key figures				
	Core capital after deductions, ratio (%)	99.7	99.7	0
	Core capital ratio (%)	99.7	99.7	0
	Solvency ratio (%)	99.7	99.7	0

¹ Goodwill of DKK 344,917 thousand is related to holdings in group undertakings and is fully deducted in Common equity tier 1 capital.

² Operational risk is partly derived based on budget figures as Lunar Group has not realised core earnings for the last three years.

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