

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

LUNAR[®]

INTERIM REPORT

FIRST HALF 2021

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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 2021

www.lunar.app

Board of Directors

Henning Kruse Petersen (chairman)
Ken Villum Guldbrandt Klausen
Lars Andersen
Claus Okholm
Tim Yi He
Jens Mikael Kristoffer Ismunden
Klaus Østergaard
Vibeke Bak Solok

Executive Board

Ken Villum Guldbrandt Klausen (CEO)

Auditors

Deloitte Statsautoriseret Revisionspartnerselskab
Weidekampsgade 6
2300 København S

Company information

Ownership

The following shareholders hold more than 5 % of the share capital at 30 June 2021:

LWOH ApS
Langelinieparken 18, 2. th.
8000 Aarhus C
Percentage of share capital: 10.44

Kinnevik Online AB
Box 2094
10313 Stockholm, Sweden
Percentage of share capital: 5.5

SEED Capital Denmark III K/S
Højbro Plads 10
1200 København K
Percentage of share capital: 11.26

Orbit Launch AB
Narvavägen 12
11522 Stockholm, Sweden
Percentage of share capital: 7.9

Orbit Alliance AB
Narvavägen 12
11522 Stockholm, Sweden
Percentage of share capital: 7.46

Brightfolk A/S
Inge Lehmanns Gade 2
8000 Aarhus C
Percentage of share capital: 10.1

CHR. AUGUSTINUS FABRIKKER AKTIESELSKAB
Sankt Annæ Plads 13, st. th.
1250 København K
Percentage of share capital: 6.44

Statement by Management

The Board of Directors and the Executive Board have today discussed and approved the interim report – first half 2021 of Lunar Group A/S.

The interim report has been prepared in accordance with the Danish Financial Business Act.

In our opinion, the consolidated financial statement and Parent Company financial statement gives a true and fair view of the financial position of the Group and the Parent Company at 30 June 2021 and of the results of Lunar Group's operations for the period of 1 January – 30 June 2021.

Further, in our opinion, the Management's review gives a true and fair review of the development in Group's and the Parent Company's operations and financial matters, the results for the first half year and Lunar Groups financial position.

The interim report has not been subject to audit or review.

Copenhagen, 27 September 2021

Executive Board:

Ken Villum Guldbrandt Klausen
CEO

Board of Directors:

Henning Kruse Petersen
Chairman

Ken Villum Guldbrandt Klausen

Lars Andersen

Claus Okholm

Jens Mikael Kristoffer Ismunden

Tim Yi He

Vibeke Bak Solok

Klaus Østergaard

Management's review

Our business

Lunar Group (Lunar) is a financial technology company powering consumers and businesses in the Nordics with a new way to bank, pay and invest. Lunar is a modern bank challenger and alternative to incumbents offering mobile-first banking products in the Nordic market.

Lunar offers a range of financial services and products to consumers and businesses that lets everyone manage their money in a new, transparent and convenient way.

Lunar sees an opportunity to offer subscription based banking services tailored to the everyday needs of forward-thinking people and entrepreneurs and has in H1 rolled out a number of new features and products across the different tiers.

In April 2021 Lunar Bank introduced a positive interest rate in Denmark and Sweden and experienced a spike in customer intake. However, measured against the lowered levels of client acquisition cost, Lunar Bank expects to continue a best-in-class interest rate offering. Furthermore Lunar acquired the Swedish lender, Lendify in June and hence enabled a broader offering in consumer lending in Sweden.

Lunar Group has more than 330,000 customers across Denmark, Sweden and Norway and +300 employees by June 2021.

The business model is not based on heavy gearing of the capital, but rather a range of products being able to generate a stable and sticky recurring revenue. The primary income will therefore be distributed from consumer and business tiers, interchange fees, financial products and third-party services.

Financial review

The result of the first half of 2021 shows a loss after tax of DKK 195,014 thousand. The negative financial result was expected as Lunar invested heavily in growth. The restrictions in our societies and travel activities also led to reduced short term earnings as a major part of Lunar's value is targeted social activities and traveling.

In May, Lunar Group successfully secured additional funding of DKK 223 million to accelerate our future growth. The funding round brought in a number of new tier 1 investors that have a long term vision and the financial means to realise Lunar's long term growth plans. During 2021, Lunar has increased its focus on cost and invested in making the organization scalable to support future growth.

Equity totaled DKK 1,290,447 thousand including capital increase of DKK 1,189,196 thousand from the parent company Lunar Group A/S. The growing balance sheet has resulted in the subsidiary Lunar Bank now being a group 3 bank in terms of the Danish FSA's size groupings.

Outlook

Lunar will continue to have a very strong focus to meet user expectations and continue to be the highest rated banking app in the Nordics. During 2021/22 Lunar will go-live in Norway and heavily increase the user base in Denmark and Sweden – both private and business users. Further a number of new products will be introduced across markets and some of the current Danish offerings will be consolidated into Sweden and Norway.

Due to continued heightened investments and expenses related to establishing a footprint across the Nordics, Lunar expects to realize a loss after tax in 2021. As Lunar is launching a number of new products the financial forecast comes with some degree of uncertainty.

Risk factors

Lunar is a financial holding entity, operating in a dynamic environment, therefore constantly affected by external and internal risks.

The Enterprise Risk Management (ERM)-framework stipulates the common standard for how activities should be coordinated in terms of identifying and controlling the risks that we are exposed to. The purpose of the ERM-model is to ensure an enterprise wide understanding of risks and thereby ensure a coordinated effort in managing risks.

Management's review

Risk factors (continued)

Furthermore, the model enables the organization to be well-prepared and proactive in relation to the challenges and opportunities that the found risks will possess.

Business Act” and the “Executive Order on Management” and contains the following elements:

Risk governance

Establishing rules for delegation of decisions-making competence as well as ensuring relevant escalation routes. This goes hand in hand with clear roles and responsibilities establishing an organization with a relevant functional separation between risk ownership and oversight.

Risk taxonomy & appetite

Identifying and defining the relevant risk factors and ensuring a common language regarding risk types. When speaking the same language, we are able to identify and quantify different risks and set an appetite or tolerance accordingly. The risk appetite is expressed through limits for all areas where the Group is exposed and is reflected in a number of risk appetite statements.

Risk culture

The management openly expresses the mindset and necessary qualifications we wish for our organization to possess. Risk is not a topic for leaders or functions only, but a widespread task across the organisation. Additionally initiatives around asking for help and sharing concerns has been implemented as well as the policy on healthy company culture has been approved by the Board of Directors and subsequently implemented.

Control environment & reporting

Well-functioning control and reconciliation routines are a prerequisite for calculating correct and credible values in risk and financial reporting. Reporting supports personnel at all levels to understand the relationships between risk, culture, and performance and to improve decision-making in strategy- and objective-setting, governance, and day-to-day operations.

Lunar’s risk framework applies an (ERM) approach and is based on a three lines of defence setup and supports the relatively simple business model.

Lunar’s ambition is to build a pan-Nordic dominator within banking, payments and investments and Lunar will aggressively target growth in revenue and in customers while staying within risk appetite. Contrary to traditional banks Lunar is less exposed to credit and market risks.

The main categories of financial risks are elaborated in note G10.

Events after the balance sheet date

In July Lunar Group secured additional funding (Series D) of DKK 1,036 million.

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

Management's review

Uncertainty relating to recognition and measurement

On an ongoing basis, management assesses the group's capital resources in order to assess the soundness of the group's investments in expansion. Based on the group's approved budgets, management assesses that through 2021 the bank will comply with all regulatory capital requirements. In the nature of budget planning there are uncertainties related to realizing those and in the event of a lack in meeting expected growth estimates Management has established several contingency options and Management will continue to focus on maintaining a sound and adequate capital base.

Lunar has recognized intangible assets at a carrying amount of DKK 869,923 thousand. Intangible assets include customer relations, IT platform and goodwill. The measurement of the intangible assets is supported by earnings expectations to which inherent uncertainties in realizing these expectations exists. Management assesses that no indication of impairment of the intangible assets exists. We refer to the description in note G2.

Consolidated financial statements 1 January – 30 June

Income statement and comprehensive income (Group)

Note	DKK'000	First half 2021	First half 2020	Full year 2020
	Interest income	4,362	13	579
	Interest expense	6,390	1,021	5,733
	Net interest income	-2,028	-1,008	-5,154
	Fee and commission income	30,812	7,111	22,366
	Fees and commission paid	14,207	6,507	17,968
	Net interest and fee income	14,577	-404	-756
G4	Market value adjustments	-309	-61	-321
	Other operating income	43	17	52
	Staff costs and administrative expenses	188,855	100,444	220,529
	Amortisation, depreciation and impairment charges	12,753	1,981	10,821
	Other operating costs	0	93	431
G5	Loan impairment charges etc.	7,793	5	4,207
	Profit/loss before tax	-195,090	-102,971	-237,013
	Tax for the year	-76	-7,505	8,964
	Profit/loss after tax	-195,014	-95,466	-245,977
	Other comprehensive income after tax	0	-4,243	-8,123
	Total comprehensive income	-195,014	-99,709	-254,100

Consolidated financial statements 1 January – 30 June

Balance sheet (Group)

Note	DKK'000	30 June 2021	30 June 2020	31 December 2020
ASSETS				
	Cash in hands and demand deposits with central banks	3,979,588	7,380	9,200
G6	Receivables from credit institutions and central banks	135,847	504,338	1,023,115
G7	Loans and other amounts due at amortised costs	1,722,813	8,993	12,895
	Bonds at amortised costs	234,273	60,201	193,261
	Intangible assets	869,923	55,135	54,956
	Property, land and equipment	33,477	25,521	15,852
	Other tangible assets	3,375	0	0
	Deferred tax assets	0	16,406	0
	Other assets	57,529	28,932	24,526
	Prepayments	18,113	6,126	6,794
	TOTAL ASSETS	7,054,938	713,032	1,340,599
LIABILITIES AND EQUITY				
Amounts due				
	Credit institutions and central banks	43,713	72	0
G8	Deposits	3,923,139	451,028	928,280
	Other liabilities	1,748,589	60,374	76,540
	Tax liabilities	3,788	1,988	0
	Deferred income	12,941	0	8,475
	Total amounts due	5,732,170	513,462	1,013,295
Provisions				
	Impairment charges on unused credit facilities	682	0	892
	Other provisions	1,874	0	1,874
	Total provisions	2,556	0	2,766
Subordinated debt				
	Subordinated debt	29,765	29,705	29,735
	Total subordinated debt	29,765	713,032	1,340,599
Equity				
	Share capital	731	612	691
	Share premium	1,899,909	442,052	710,753
	Retained earnings	-610,193	-272,799	-416,641
	Total equity	1,290,447	169,865	294,803
	TOTAL LIABILITIES AND EQUITY	7,054,938	713,032	1,340,599

G1 Basis of preparation

G2 Significant accounting estimates, assumptions and uncertainties

G3 Financial highlights

G9 Contractual obligations and contingencies, etc.

G10 Financial risks and policies and objectives for the management of financial risks

G11 Related Parties

G12 Business combinations

Consolidated financial statements 1 January – 30 June

Statement of changes in equity (Group)

DKK'000	Share capital	Share premium	Retained earnings	Total
Equity at 1 January 2020	508	296,939	-177,437	120,010
Capital increase	183	421,937	0	422,120
Exchange rate adjustments	0	0	-11	-11
Share based payments	0	0	6,784	6,784
Net profit/loss for the year	0	0	-245,977	-245,977
Other comprehensive income	0	-8,123	0	-8,123
Equity at 1 January 2021	691	710,753	-416,641	294,803
Capital increase	40	1,189,156	0	1,189,196
Exchange rate adjustments	0	0	1,462	1,462
Net profit/loss for the year	0	0	-195,014	-195,014
Other comprehensive income	0	0	0	0
Equity at 30 June 2021	731	1,899,909	-610,193	1,290,447

Consolidated financial statements 1 January – 30 June

Capital and solvency (Group)

DKK'000	30 June 2021	30 June 2020	31 December 2020
Equity	1,290,447	169,865	294,803
Deferred tax assets	0	-16,406	0
Intangible assets ¹	-623,990	-55,135	-5,126
Total core capital after deductions	666,457	98,324	289,677
Total core capital	666,457	98,324	289,677
Subordinated loan capital	30,000	30,000	30,000
Deductions in terms of maturity	-6,500	-500	-3,500
Total capital base	689,957	127,824	316,177
Credit risk	2,075,254	29,911	102,621
Market risk	9,625	590	535
Operational risk ²	179,614	43,022	43,023
Total risk exposure	2,264,493	73,523	146,179
Key figures			
Core capital after deductions, ratio (%)	29.4	133.7	198.2
Core capital ratio (%)	29.4	133.7	198.2
Solvency ratio (%)	30.5	173.9	216.3

¹ In accordance with Commission Delegated Regulation (EU) 2020/2176 entering into force 23 December 2020, the deduction for software assets in Common equity tier 1 capital has been reduced by DKK 245,933 thousand (31 December 2020: DKK 49.830 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)	First half 2021	First half 2020	Full year 2020	Full year 2019
Net interest and fee income	14,577	-1,008	-756	-26,888
Market value adjustments	-307	-61	-321	10
Staff costs and administrative expenses	188,855	102,518	220,529	101,887
Write-downs on loans and receivables, etc.	7,793	5	4,207	0
Profit/loss for the year	-195,014	-95,466	-245,977	-133,932

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

Loans	1,722,813	8,993	12,895	0
Total assets	7,054,938	713,032	1,340,599	156,40
Deposits	3,923,139	451,028	928,280	0
Equity	1,290,447	169,865	294,803	120,010

Ratios and key figures

Capital base	692,957	127,824	316,177	84,545
Solvency ratio (%)	38.8	173.9	216.3	62.4
Core capital ratio (%)	37.5	133.7	198.2	62.4
Return on equity before tax (%)	-26.5	-71.0	-114.3	-352
Return on equity after tax (%)	-26.5	-65.9	-118.6	-349
Interest-rate risk	0.1	-	0.2	0
Currency position	0.1	-	0.1	0
Loans relative to deposits (%)	43.9	2.0	1.4	0
Gearing of loans, end of year (%)	133.5	5.3	4.4	0
Cover relative to statutory liquidity requirements (%)	1,854.0	1,210.6	1,737.7	413.8
Net impairment ratio (%)	4.4	0	24.6	0
Return on assets (%)	-2.8	-22.0	-18.3	-85.6
Average number of full-time employees	302	122	140	86

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 – 30 June

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G1 Basis of preparation

The interim 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's annual report. During the year, Lunar Group A/S was engaged in a business combination in which goodwill emerged. The accounting treatment of those is described below.

The interim report is presented in DKK thousands.

Business combinations

Business combinations such as acquisitions and disposals of equity investments, merges, demergers, additions of assets and share conversions, etc. are disclosed in accordance with IFRS 3 principles.

Goodwill

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 behaviour and competition.

G2 Significant accounting estimates, assumptions and uncertainties

The preparation of financial statements requires the use of accounting estimates which, by definition, will seldom equal the actual results. Management also needs to exercise judgement in applying the Bank'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 assess the bank's capital resources in order to assess the soundness of the Bank's investments in expansion. Based on the bank's approved budgets, management assess that through 2021 the Bank will comply with all regulatory capital requirements. In the nature of budget planning there are uncertainties related to realizing those and in the event of a lack in meeting expected growth estimates Management has established several contingency options and Management will continue to focus on maintaining a sound and adequate capital base.

Lunar Group has recognized intangible assets at a carrying amount of DKK 869,923 thousand (30 June 2020: DKK 55,135 thousand). Intangible assets include customer relations, IT platform and goodwill. Management assesses that no indication of impairment of intangible assets exists, but the assessment is subject for uncertainty related to realizing budgets.

G3 Financial highlights

Financial highlights are disclosed on page 12.

Consolidated financial statements 1 January – 30 June

Notes

	First half 2021	First half 2020	Full year 2020
DKK'000			
G4 Market value adjustments			
Bonds at amortised cost	-539	0	-306
Foreign exchanges	230	-61	-15
	-309	-61	-321

G5 Loan impairment charges etc.

DKK'000

	First half 2021				
	Stage 1	Stage 2	Stage 3	POCI	Total
ECL on new assets	3,258	1,246	3,604	0	8,108
Final losses on loans previously written down	0	0	0	0	0
Other movements	0	74	0	-389	-315
	3,258	1,320	3,604	-389	7,793

DKK'000

	First half 2021				
	Stage 1	Stage 2	Stage 3	POCI	Total
ECL on new assets	0	0	0	0	0
Final losses on loans previously written down	0	0	0	0	0
Other movements	0	0	0	5	5
	0	0	0	5	5

Consolidated financial statements 1 January – 30 June

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DKK'000	First half 2021	First half 2020	Full year 2020
G6 Receivables from credit institutions and central banks			
Central banks (Certificates of deposit)	0	490,000	993,000
Credit institutions	135,847	14,338	30,115
Total	135,847	504,338	1,023,115
Distribution of terms by maturity			
Overnight	135,847	14,338	30,115
Up to three months	0	490,000	993,000
Total	135,847	504,338	1,023,115
G7 Loans and other amounts due at amortised costs			
Customer loans and credit facilities	1,772,813	12,895	
Total			
Distribution in segments			
Public institutions	0	0	
<i>Business, including:</i>			
Construction	600	0	
Retail	513	229	
Transport, hotels and restaurants	117	157	
Information and communication	308	96	
Finance and insurance	15	39	
Other segments	1,055	697	
Business, total	2,608	1,218	
Privat	1,770,205	11,677	
	1,772,813	12,895	
Distribution in credit exposure			
Stage 1	1,375,866	5,569	
Stage 2	329,799	625	
Stage 3	10,874	467	
POCI (Purchase or Originated Credit Impaired)	6,274	6,234	
	1,772,813	12,895	

See note G10 for a detailed description of financial risks incl. Lunar's credit exposure.

Consolidated financial statements 1 January – 30 June

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DKK'000	First half 2021	First half 2020	Full year 2020
G8 Deposits broken down on maturity			
Overnight	3,923,139	451,028	928,280
Total	3,923,139	451,028	928,280

All deposits are related to customer transaction accounts.

G9 Contractual obligations and contingencies, etc.

Contingent liabilities

On 30 June 2021 unaccepted loan commitments and unused credit facilities amounts to DKK 8,617 thousand (30 June 2020: DKK 1,602 thousand).

Of the total value of bond holdings, DKK 163,208 thousand have been provided as collateral to other credit institutions (30 June 2020: DKK 0 thousand).

G10 Financial risks and policies and objectives for the management of financial risks

Lunar Group is exposed to different types of risks. The purpose of the 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 and profitability: The risk of not having sufficient capital which can result in having to issue instruments at excessive costs, inability to pursue the business strategy, or failing payment obligations. The risk of failure to optimise earnings in business strategy.

The Management's report provides a detailed description of Lunar Groups risk management practises.

Credit risk

Lunar Group strives to differentiate itself in the marketplace through convenient and transparent financing products and an ambition of a state-of-the-art credit decision engine leveraging Lunar data - not by taking above normal credit risk. Further, want to limit impairment volatility.

Consolidated financial statements 1 January – 30 June

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G10 Financial risks and policies and objectives for the management of financial risks (continued)

When assessing the credit exposures on loans and credit facilities, the starting point is the identification of the credit risk of the counterparty according to our general impairment model described in basis of preparation (note 1). The exposures are divided into the following rating scales:

- 3) Customers with undoubtedly good credit quality
- 2a) Customers with normal credit quality
- 2b) Customers with certain indications of weakness
- 2c) Customers with significant signs of weakness, but without indications of credit impairment
- 1) Customers with indication of credit impairment, regardless of the stage of exposure

Below, the gross credit exposure on 30 June 2021 is distributed in rating scales:

DKK'000	Stage 1	Stage 2	Stage 3	POCI	Total
3	320,143	1,277	0	0	321,420
2a	1,061,609	335,527	0	6,770	1,403,906
2b	0	24,707	0	0	24,707
2c	0	14,359	0	391	14,750
1	0	0	34,379	2,355	36,734
Gross carrying amount at 30 June 2021	1,381,752	375,870	34,379	9,516	1,801,517

The tables below show the changes in total impairment charges recognised at 30 June 2021 for loans at amortised cost and unused credit facilities.

Development on accumulated impairment charges on unused credit facilities

DKK'000	Stage 1	Stage 2	Stage 3	POCI	Total
Impairment charges at 1 January 2021	155	4	20	713	892
Acquired operations	0	0	0	0	0
Transfer to Stage 1	0	0	0	0	0
Transfer to Stage 2	2	-2	0	0	0
Transfer to Stage 3	2	0	-2	0	0
ECL on new assets	11	1	-18	-9	-15
Assets derecognised	0	0	0	0	0
Write offs debited to the allowance account	0	0	0	0	0
Other movements	-68	-4	0	-123	-195
Impairment charges at 30 June 2021	102	-1	0	581	682

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

Consolidated financial statements 1 January – 30 June

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G10 Financial risks and policies and objectives for the management of financial risks (continued)

The table below show the changes in total impairment charges recognised at 30 June 2021 for loans at amortised cost.

Development on accumulated impairment charges on loans at amortised cost

DKK'000	Stage 1	Stage 2	Stage 3	POCI	Total
Impairment charges at 1 January 2021	354	372	2,946	3,876	7,547
Acquired operations	2,368	44,333	17,041	0	63,742
Transfer to Stage 1	-36	6	30	0	0
Transfer to Stage 2	16	-26	10	0	0
Transfer to Stage 3	58	122	-180	0	0
ECL on new assets	3,278	1,246	3,622	0	8,146
Assets derecognised	0	0	0	0	0
Write offs debited to the allowance account	0	0	0	0	0
Other movements	0	-74	0	-657	-731
Impairment charges at 30 June 2021	6,038	45,979	23,469	3,219	78,704
Distribution in segments					
Public institutions	0	0	0	0	0
<i>Business, including:</i>					
Construction	2	12	379	0	393
Retail	2	20	336	0	358
Transport, hotels and restaurants	2	5	165	0	172
Information and communication	4	5	52	0	61
Finance and insurance	1	0	25	0	26
Other segments	8	24	539	0	571
Business, total	19	66	1,496	0	1,581
Private	6,020	45,912	21,972	3,219	77,123
Total	6,039	45,978	23,468	3,219	78,704

The table below show the changes in total impairment charges recognised at 30 June 2021 for unused credit facilities.

G11 Related Parties

The ownership of Lunar Group is disclosed at page 3.

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 Card A/S, Hack Kampmanns Plads 10, 8000 Aarhus C
- Lunar Way AB, Stockholm, Sweden
- Lendify AB, Stockholm, Sweden

Consolidated financial statements 1 January – 30 June

Notes

G12 Acquired operations

On 17 June 2021 Lunar Group A/S acquired 100 % of the shares in Lendify AB. Lendify is recognised in the consolidated financial statement from the acquisition date. The acquired part affects the consolidated financial statement with the below disclosed values.

The Lunar Group is continuously increasing deposits from private customers, while Lendify AB has been successfully in establishing consumer loans to the general public. As the Group is looking to deploy deposits the acquisition of Lendify seems as a good fit, enabling the Group to deploy deposits into a lending flow and increasing margins.

The acquired part affects the consolidated financial statement with the below disclosed values.

DKK'000	<u>Fair value at acquisition date</u>
Assets	
Receivables from credit institutions and central banks	87,009
Loans and other receivables at amortised costs	1,693,882
Intangible assets	30,496
Property, land and equipment	5,538
Other tangible assets	722
Other assets	19,833
Prepayments	1,037
Total assets	<u>1,838,517</u>
Liabilities	
Amounts due credit institutions and central banks	43,713
Other liabilities	1,596,407
Tax liabilities	3,953
Deferred income	7,020
Total liabilities	<u>1,651,093</u>
Acquired net assets	187,424
Purchase price	<u>967,439</u>
Excess capital paid on acquisition of operations:	780,015
Recognised as:	
- <i>Software</i>	200,000
- <i>Goodwill</i>	580,015

Financial statements 1 January – 30 June

Income statement and comprehensive income (Parent)

Note	DKK'000	First half 2021	First half 2020	Full year 2020
	Interest income	75	0	673
	Interest expense	13	102	374
	Net interest and fee income	62	-102	299
	Market value adjustments	-144	0	-39
	Staff costs and administrative expenses	11,754	2,343	3,047
	Income from group undertakings	-183,178	-55,411	-299,046
	Profit/loss before tax	-195,014	-57,768	-301,745
	Tax for the year	0	-4,243	-88
	Profit/loss after tax	-195,014	-62,011	-301,745
	Other comprehensive income after tax	0	0	-8,123
	Total comprehensive income	-195,014	-62,011	-309,868

Financial statements 1 January – 30 June

Balance sheet (Parent)

Note	DKK'000	30 June 2021	30 June 2020	31 December 2020
	ASSETS			
P1	Holdings in group undertakings	1,290,747	228,902	263,324
	Receivables from credit institutions and central banks	12,289	939	4,991
	Bonds at amortised costs	35,053	0	75,073
P2	Other assets	305	34,957	1,181
	Prepayments	9,513	0	0
	TOTAL ASSETS	1,347,907	264,798	344,569
	LIABILITIES AND EQUITY			
	Amounts due			
	Other liabilities	5,542	1,467	2,481
	Total amounts due	5,542	1,467	2,481
	Provisions			
P1	Holding in group undertakings with negative values	51,918	0	47,285
	Total Provisions	51,918	0	47,285
	Equity			
P3	Share capital	731	612	691
	Share premium	1,899,909	442,052	710,753
	Retained earnings	-610,193	-172,333	-416,641
	Total equity	1,290,447	263,331	344,569
	TOTAL LIABILITIES AND EQUITY	1,347,907	264,798	344,569
P4	Contractual obligations and contingencies, etc.			
P5	Related parties			
P6	Acquired operations			

Financial statements 1 January – 30 June

Statement of changes in equity (Parent)

Note	DKK'000	Share capital	Share premium	Retained earnings	Total
	Equity at 1 January 2020	508	296,939	-121,669	175,778
	Capital increase	183	421,937	0	422,120
	Exchange rate adjustment	0	0	-11	-11
	Share based payments	0	0	6,784	6,784
	Net profit/loss for the year	0	0	-301,745	-301,745
	Other comprehensive income	0	-8,123	0	-8,123
	Equity at 1 January 2021	691	710,753	-416,641	294,803
P3	Capital increase	40	1,189,156	0	1,189,196
	Exchange rate adjustment	0	0	1,462	1,462
	Net profit/loss for the year	0	0	-195,014	-195,014
	Other comprehensive income	0	0	0	0
	Equity at 30 June 2021	731	1,899,909	-610,193	1,290,447

Financial statements 1 January – 30 June

Capital and solvency (Parent)

Note	DKK'000	30 June 2021	30 June 2020	31 December 2020
	Equity	1,290,447	263,331	294,803
	Holdings in group undertakings	-1,238,830	-228,902	-263,324
	Total core capital after deductions	51,617	34,429	31,479
	Total core capital	51,617	34,429	31,479
	Total capital base	51,617	34,429	31,479
	Credit risk	11,971	34,552	1,614
	Market risk	61	0	125
	Operational risk ¹	0	0	0
	Total risk exposure	12,032	34,552	1,739
	Key figures			
	Core capital after deductions, ratio (%)	429.0	99.7	1,811.0
	Core capital ratio (%)	429.0	99.7	1,811.0
	Solvency ratio (%)	429.0	99.7	1,811.0

¹ Operational risk is partly derived based on budget figures as Lunar Group has not realised core earnings for the last three years.

Financial statements 1 January – 30 June

Notes			
	DKK'000	First half 2021	Full year 2020
P1	Holdings in group undertakings		
	Cost at 1 January	676,170	340,170
	Additions	1,204,508	336,000
	Cost at period end	1,880,678	676,170
	Value adjustment at 1 January	-460,131	-167,858
	Foreign exchange rate adjustment	1,463	-11
	Share-based payments	0	6,784
	Profit/loss for the year	-183,181	-299,046
	Value adjustment at period end	-641,849	-460,131
	Net carrying amount at period end	1,238,829	216,039
	Negative equity values, incl. internal gains, transferred to provisions	51,918	47,285
	Carrying amount at period end	1,290,747	263,324

Name and registered office

Voting rights and owner ship

Lunar Bank A/S, Aarhus, DK	100 %
Lunar Way A/S, Aarhus, DK	100 %
Lunar Card A/S, Aarhus, DK	100 %
Lunar Way AB, Stockholm, SE	100 %
Lendify AB, Stockholm, SE	100 %

P2 Other assets

Other assets include receivables from affiliates off DKK 605 thousand (30 June 2020: DKK 34,552 thousand).

	DKK'000	First half 2021	First half 2020	Full year 2020
P3	Share capital			
	Opening amount	691	508	508
	Capital increases (by cash payment)	40	104	183
	Closing amount	731	612	691

Lunar Group A/S does not hold own shares.

Financial statements 1 January – 30 June

Notes

P4 Contractual obligations and contingencies, etc.

Contingent liabilities

Lunar Group A/S has issued a Letter of Financial Support to enable Lunar Way A/S to meet its ongoing financial obligations as and when they fall due for the foreseeable future and in any event in the period of 1 January to 31 December 2021.

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.

P5 Related parties

The ownership of Lunar Group is disclosed at page 3.

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 Card A/S, Hack Kampmanns Plads 10, 8000 Aarhus C
- Lunar Way AB, Stockholm, Sweden
- Lendify AB, Stockholm, Sweden

P6 Acquired operations

During the first half year of 2021, Lunar Group A/S acquired 100 % of the shares in Lendify AB. Please see note G12 to the consolidated financial statement for a more detailed disclosure of who the acquisition affected the consolidated financial statement.

LUNAR[®]