

**LUNAR**

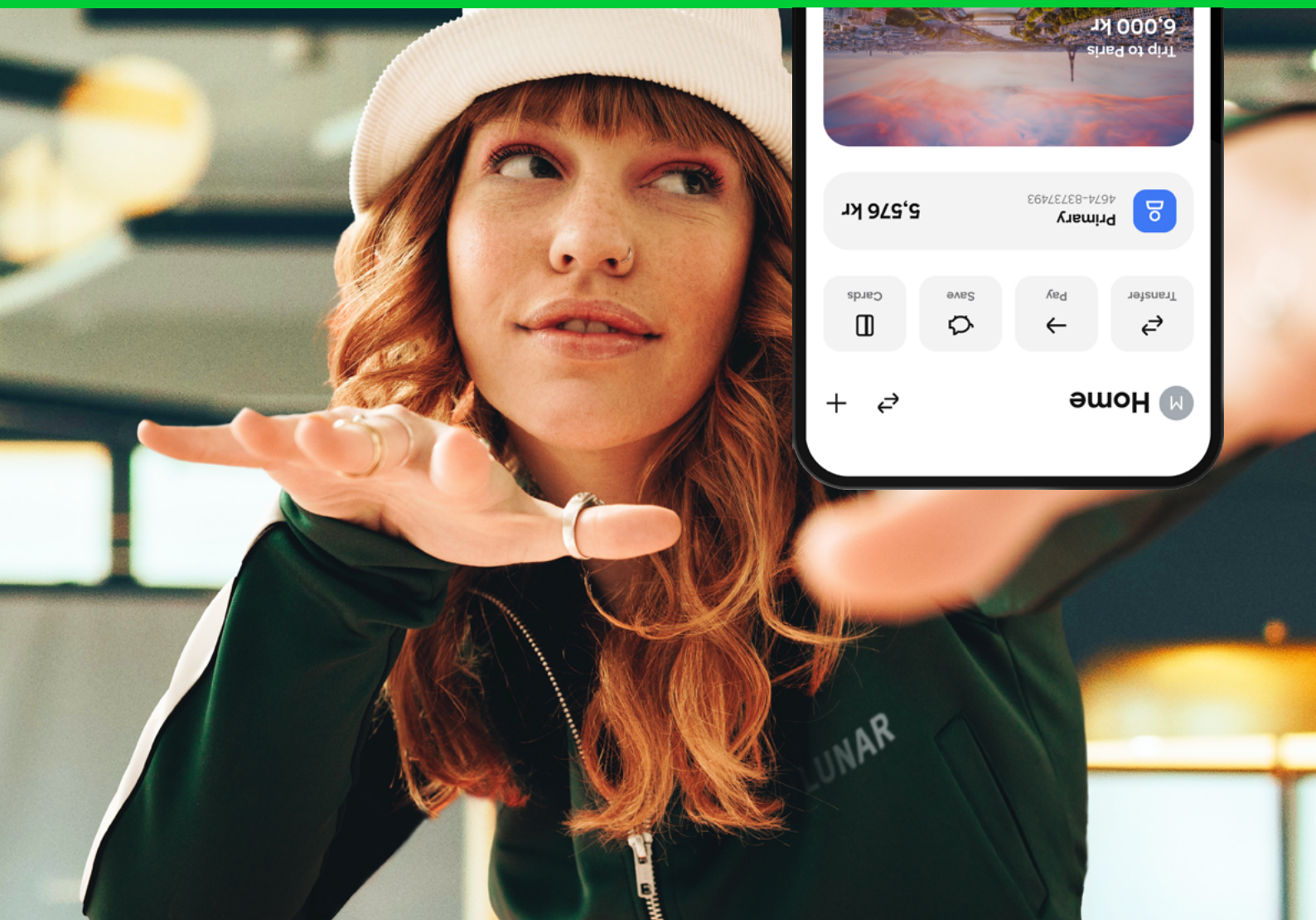
# Lunar Group Annual Report 2022





Lunar is a Nordic digital challenger bank founded in 2015 in Aarhus with operations in Denmark, Sweden and Norway, serving more than 650,000 users on its platform. In total, Lunar has raised more than EUR 325 million in equity funding and received a European banking license in 2019.

# Pioneering how we all engage and thrive with **money**

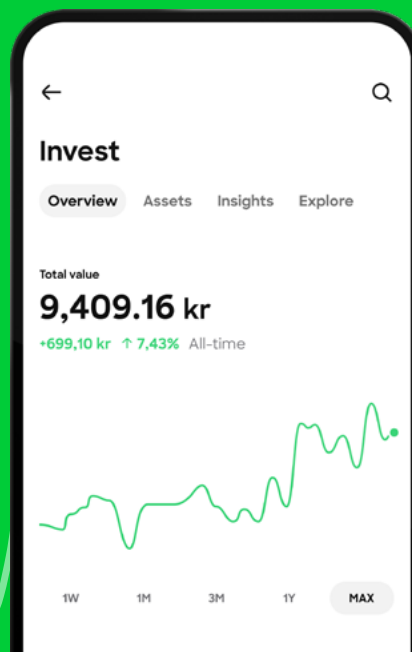


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# Company information

About Lunar



## Company

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

### Financial period:

1 January – 31 December

**[www.lunar.app](http://www.lunar.app)**

Lunar Group A/S

## Board of Directors

Henning Kruse Petersen (chairman)  
Claus Okholm  
Lars Andersen  
Ken Villum Guldbrandt Klausen  
Klaus Østergaard  
Jens Mikael Kristoffer Ismunden  
Erika Söderberg Johnson

## Executive Board

Ken Villum Guldbrandt Klausen (CEO)

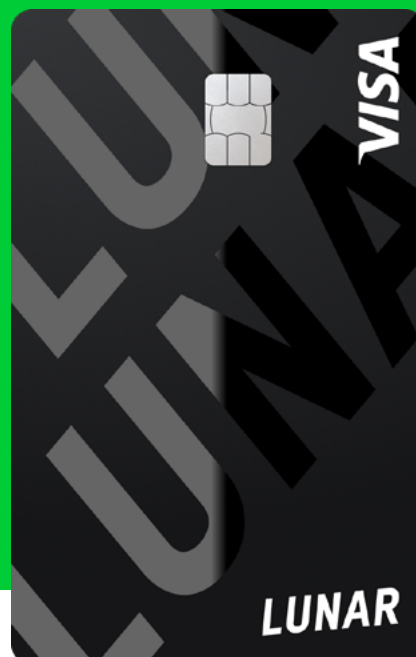
## Auditors

PwC Statsautoriseret Revisionspartnerselskab  
Strandvejen 44  
2900 Hellerup



# Ownership

Shareholders



## The following shareholders hold more than 5 % of the share capital at 31 December 2022:

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

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

SEED Capital Denmark III K/S  
Højbro Plads 10  
1200 København K

Kinnevik Online AB  
Box 2094  
10313 Stockholm, Sweden

Orbit Launch AB  
Linnégatan 18  
114 47 Stockholm, Sweden

Orbit Alliance AB  
Linnégatan 18  
114 47 Stockholm, Sweden

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

Chr. Augustinus Fabrikker A/S  
Sankt Annæ Plads 13, st. th.  
1250 København K

# Key performance indicators



# Key performance indicators

During 2022, Lunar has continued to make impressive strides in all areas of operations, thanks to the hard work and dedication of our team. This has resulted in the following great performance metrics that demonstrate the positive impact of our efforts.

## → Customer love

**1**

**E-commerce app**

According to Danish Industry

**+ 52**

**Net Promoter Score**

Average

**Most**

**innovative bank**

According to Aarhus University

**4.4**

**Stars Trustpilot**



## → Growth journey

**40 %**

**Increase in paid tier**  
users in Dec-22 compared  
to Dec-21

**52 %**

**Increase in monthly**  
**active users**  
Dec-22 from Dec-21

**116 %**

**YoY revenue growth**

**650<sub>k</sub>**

**Users**

**63 %**

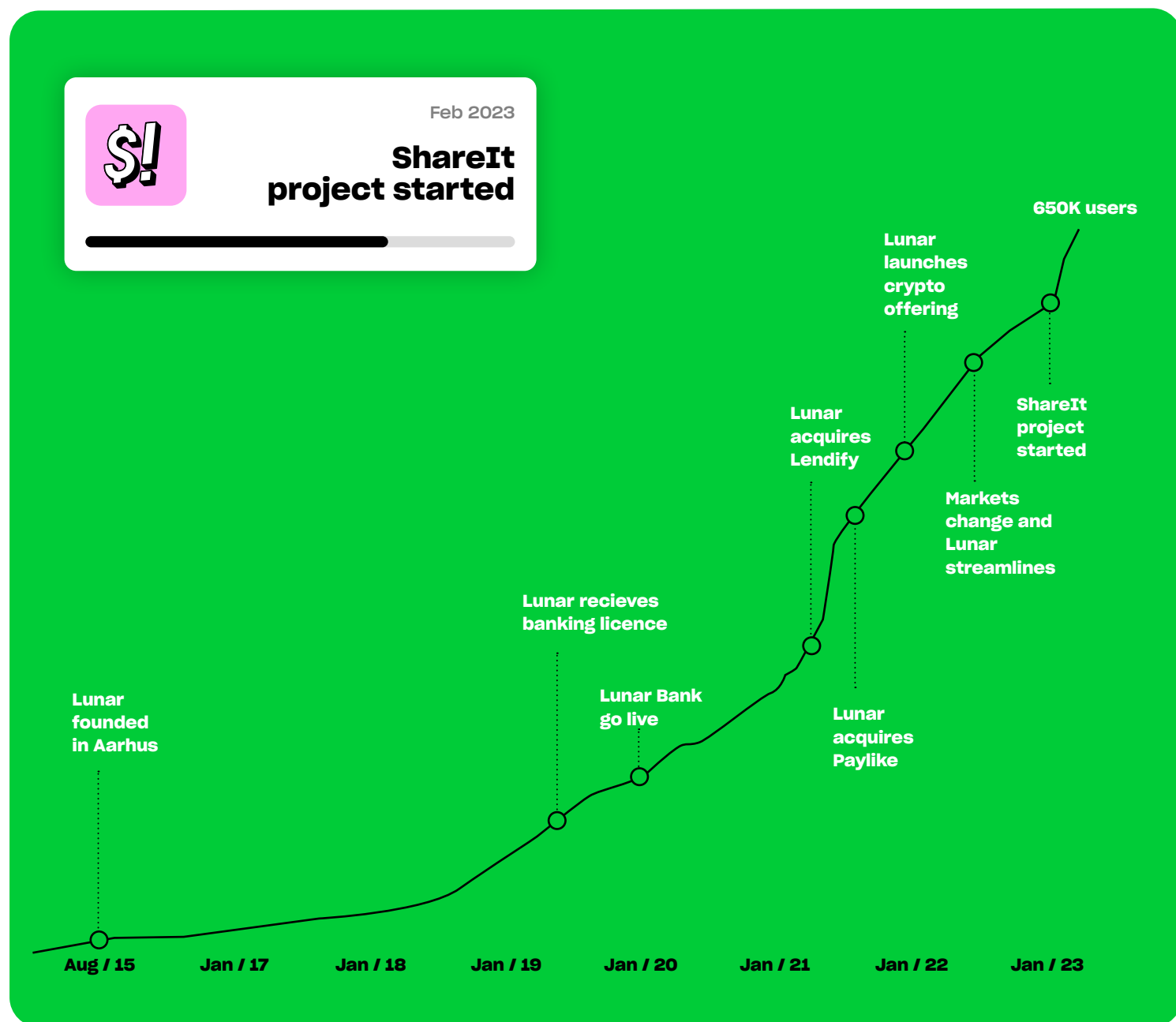
**Increase in number of**  
**monthly transactions**  
**handled**

**361<sub>m</sub>**

**revenue FY2022**

**Key performance**

# Achievements



Since the founding of the company in 2015 in Aarhus, Lunar has continued to work on providing the best possible banking experience for its users. Since the launch of Lunar Bank in 2020, user experience mixed with the right set of products

have been a core of Lunar and an instrumental part of the growth of the business. The past years of hard work are now available for more than 650k users and still counting.

# Activation metrics

Improved user experience and offering has been leading to increased activation of our users - from card spend to crypto investments to creating goals in the app.

DKK  
**24.6**<sub>bn</sub>  
in card spend

DKK  
**2.6**<sub>bn</sub>  
in lending

**113**<sub>m</sub>  
sessions



DKK  
**1.7**<sub>bn</sub>  
in traded invest and crypto

DKK  
**9**<sub>bn</sub>  
in deposits

**730**<sub>k</sub>  
goals created



Numbers

Data



02

February

Lunar launches crypto



Most Innovative Bank 22/23  
Danish Innovation Index

May

05

Lunar wins danish  
e-commerce app award

06

June

Launch of partnership with Seven Clean  
Seas - leading to 25 tons of plastic  
removed from oceans in H2'22



× LUNAR

3



Summer

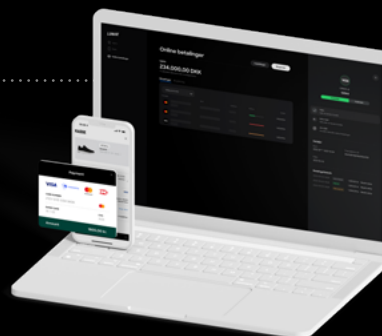
08

New Chief People & Culture Officer  
New Chief Marketing Officer  
New Chief Financial Officer

09

**September**

Lunar launches online  
payment products

**October**

10

Lunar Business launches in Norway

12

**December**

Lunar is named one of YouGov's  
biggest brand improvers of 2022

**YouGov®**

# Statement by Management





# 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 2022.

The consolidated financial statements and the Parent Company financial statements have been prepared in accordance with 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 2022 and of the results of its operations for the financial year 1 January – 31 December 2022.

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

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

## Executive Board:

Copenhagen, 25 April 2023

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Ken Villum Guldbrandt Klausen  
CEO

## Board of Directors:

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Henning Kruse Petersen  
Chairman

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Claus Okholm

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Lars Andersen

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Jens Mikael Kristoffer Ismunden

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Ken Villum Guldbrandt Klausen

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Klaus Østergaard

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Erika Söderberg Johnson

# Independent Auditor's Report



# 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 2022, and of the results of the Group's and the Parent Company's operations for the financial year 1 January - 31 December 2022 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 2022, 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.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the Consolidated Financial Statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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, 25 April 2023

## **PricewaterhouseCoopers**

Statsautoriseret Revisionspartnerselskab

Business registration no 33 77 12 31

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### **Per Rolf Larssen**

State Authorised Public Accountant  
mne24822

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### **Lars Dalgaard Agersted**

State Authorised Public Accountant  
mne46258

# Management's review



# Management's review

## → Our business

Lunar Group (Lunar) is a financial technology Group with a mission to pioneer how we all engage and thrive with money.

Lunars mission is to put the user back in control – by empowering them and simplifying their financial lives. At Lunar we therefore strive to go beyond banking, by building a rich ecosystem of high frequency financial products across investments, payments, business management and commerce enablement.

Lunar seeks to win the two-sided marketplace by having an equal focus on private and business customers. We want to offer our services to a broad range of customers, private and businesses. Private users starting from a young age and up, businesses customers characterised by having a small business set up and with simple financial needs. For both business and private customers, we want to create a product vision that inspires a new customer-centric era. Where we put the customer front and center, and don't leave them in the backseat. Lunar's product development will have the purpose to help the customers in their everyday life by adding transparency, flexibility, and fun to their financial life.

At Lunar we see an opportunity to differentiate considerably from other Nordic banks - by offering a simple and easy way to handle the day-to-day finances as well as offering relevant products through third-party integrations. This without compromising our high standards against financial crime. Lunar is in the midst of shaping the future of banking and will therefore play a natural role in being a frontrunner in bringing new products into a regulated and non-regulated environment.

Today, Lunar has more than 650,000 customers across Denmark, Sweden and Norway, and the organization consists of +500 employees. The business model for Lunar is based on a range of products that all contributes with different revenue streams, to create a resilient approach to an ever-changing market.

Today, the Lunar app is supplemented with a web-portal for business customers and "Share-It" app for our private users and non-banking users. Through these platforms Lunar offers all relevant services such as banking and payment products, third party products and special offers, benefits and products, including non-regulated Lunar products to support customer loyalty. Combined these generate a stable and recurring revenue, where the primary income is distributed between consumer and business tiers, interchange fees, financial products and third-party services.

More than  
**650,000**  
customers across Denmark,  
Sweden and Norway

500

By December 2022

**+500 employees**

During 2022 Lunar has continued to make great improvements in UX and sign-up flow for consumer and on business onboarding. Significant improvements have been made on the business proposition, launching smart billing and ecom as a stand-alone solution. Enabling Lunar to support its business customers with core tasks.

Furthermore, Lunar went live in the Norwegian clearing (NICS Netto) thus enabled domestic intraday account payments and also started to offer local accounts. NICS Netto now acts as a door opener to multiple other payment products that Lunar may choose to connect to.

The new infrastructural integration is a game changer for the core offering and clearly emphasises the local play that Lunar have in Norway.

2022 was a difficult year in many regards and the tech industry in particular saw many companies struggle and resort to layoffs. Lunar too had to adjust to this new reality and turmoil and as a result found it necessary to increase focus on cost and efficiency. As a result, Lunar has made an overall reduction in headcount and simultaneously implemented a number of cost efficiency initiatives across the organisation. All with the purpose of strengthening the organisation.

## → Financial review

The result of 2022 for Lunar Group shows a loss after tax of DKK 1,488.7 million. The negative financial result was greater than expected, mainly due to write down goodwill in total DKK 560.2 million from the Lunar Journey AB acquisition, loss on a currency hedge in total DKK 87.5 million related to the planned acquisition of Insta Bank as well as further impairments on the loan portfolio.

Further Lunar has invested heavily in growth and the launch of new products across tiers, mainly during H1. Given the change in the macro-economic environment, Lunar adjusted the expectations to H2 and made an updated forecast, with an increased focus on cost and efficiency.

Lunar Group successfully secured funding of DKK 769 million during 2022, to ensure operations, new product launches and capital requirements are met on Lunar's path to profitability. The capital raises have occurred over three rounds in April, September, and December amounting to DKK 520 million, DKK 209 million and DKK 40 million respectively.

Further, as stated in section **Events after the balance sheet date** Lunar Group successfully secured additional funding of DKK 260 million (Euro 35 million) from existing investors in February 2023.

Equity in Lunar Group amounts to DKK 950.5 million end year. There is no proposed dividend for the financial year of 2022.

## → Correction of material errors

Mid December 2022 The Danish Financial Supervisory Authorities has in a decision ordered Lunar Bank, which is a fully consolidated subsidiary in the consolidated financial statements of Lunar Group, to include activities in its peer-to-peer (P2P) business in the financial statements as loans and deposits. P2P lending was acquired by Lunar in June 2021, as

part of the acquisition of Lunar Journey AB, hence there is no correction to the opening balance as of January 1st 2021. Due to the decision from Danish Financial Supervisory Authorities, comparative figures for 2021 have been restated to reflect the recognition of P2P lending. Recognition of loans from P2P Increases the asset on the balance sheet with net 388 million and liabilities from deposits with 392.5 million. Loss after tax for 2021 increases with 4.5 million due to change in amortization of fees from the correction.





## → Outlook

Lunar strives to be a Pan-Nordic player dominating the financial scene through a digitalized and user-centric approach to the market.

Despite different positions and product disparity today, the long-term ambition is to reach product parity and have an aligned product offering across the Nordics - taking local needs into account.

The product portfolio will be updated continuously with both financial and non-financial products that supports the overall Lunar strategy and aim.

Due to continued investments and expenses related to creating parity across the Nordics, Lunar expects to realize a loss after tax in 2023 in the range of DKK 250-350 million. As Lunar is launching several new products and due to the current global uncertainty and the turmoil in the financial markets, the financial forecast comes with some degree of uncertainty.



Trustpilot

★★★★☆ 4.4





## → Capital and liquidity

On 31 December Lunar Group's consolidated own funds, less deductions, amounted to DKK 803.2 million. With a total risk exposure (REA) of DKK 2,222 million the capital ratio is 36.2%. 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 167.3 million at the end of 2022. Other intangible assets amounting to DKK 147.3 million are deducted in the own funds.

The consolidated solvency need is calculated as DKK 422.1 million or 19.0% of REA at 31 December 2022. The overall capital requirement, including the combined buffer requirement, amounted to DKK 506.6 million or 22.8% of REA at 31 December 2022. Excess to the capital requirement amounts to DKK 296.7 million.

Please refer to note 2 regarding forecast and capital projections related to 2023.

## → Risk Management

2022 proved to be an extraordinary year from a risk management perspective. The sudden war in Europe, rapidly increasing interest rates, soaring energy prices and accompanying record-breaking inflation levels led to intensified risk focus across all risk types. On top of this, the broad D-FSA inspection shed light on a number of areas in need of adjustments and improvements, and it also had a negative impact on our reservations in the form of impairments and solvency requirements. Several of the D-FSA findings have been addressed already, and solving the remaining issues are progressing as planned.

Lunar Group applied its Risk Taxonomy to navigate the rapidly changing risk picture. This has ensured a wide analytical approach across pre-defined risk types minimising the risk of blind spots.

### Risk Governance

Risk Management in Lunar Group is structured in accordance with the three lines model. Relevant committees are anchored at board and executive management level in mainly Lunar Bank to decide on all relevant risks, and to monitor and perform oversight of risk exposure across risk types. In 2022, two new committees were established at executive management level. The FCP Committee is dedicated to address topics within financial crime prevention, whereas the Operational Risk Committee deals with a broad range of topics including operational risk incidents, IT and outsourcing.

Delegation of decisions-making competences as well as relevant escalation routes are formalised. This goes hand in hand with clear roles and responsibilities in an organisation with relevant functional separation between risk ownership and oversight.

### Risk Taxonomy & Risk Appetite

The risk landscape in Lunar Group is defined by the Risk Taxonomy. It constitutes a common reference point and secures focus on all significant risk areas. All risk areas are assigned to high level managers in 1st line to ensure accountability. The Risk Taxonomy is considered as key in the foundation to protect Lunar and our customers. It is updated yearly to reflect the current activities of Lunar Group.

Risk appetite is defined in relevant Policies covering the entire group. For financial risk areas, the defined risk appetite is accompanied by relevant limits. In 2022 we also introduced a nominal limit to clarify our risk appetite within operational risk. For risks that are not quantifiable, the risk appetite reflects our willingness to incur impact on e.g. customers, reputation or of regulatory character.

### Risk culture

Management openly expresses the mindset and necessary qualifications Lunar wishes for our organisation to possess. Risk is not a topic for leaders or 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 continuously carry out activities supporting a sound risk culture - partly through day-to-day activities, and partly through 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 set risk appetite level, Lunars has in 2022 further enhanced the controls performed by the 2nd line and the reporting routines for selected risk focus areas and for incident reporting 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 improvement in 2022, we will maintain focus on the governance around controls and reporting in 2023 for all risk types, also to mitigate effects of fast increase and later some reduction of the number of employees. This focus is natural as the business evolves, but it also reflects our ambition to conduct solid risk management across all three lines.

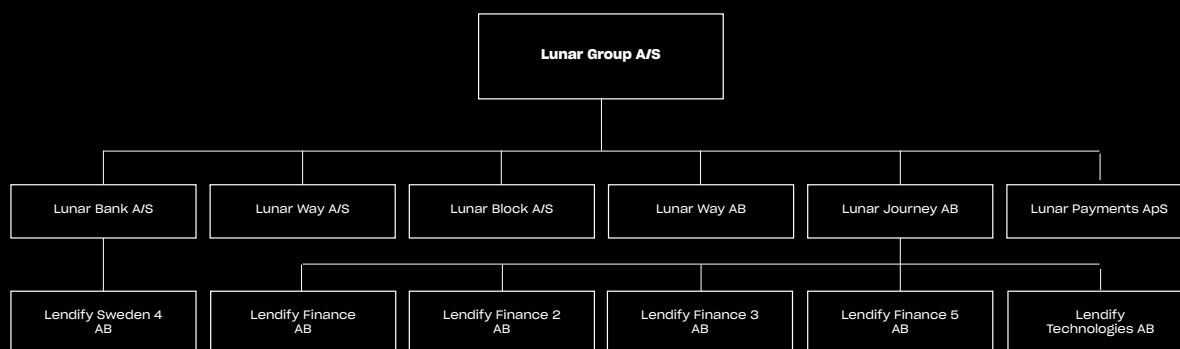
**The main categories of financial risks are elaborated in note G30.**



All group subsidiaries are fully owned (100 %) by Lunar Group.



The group structure at 31 December 2022 is disclosed below.





## → Events after the balance sheet date

In February Lunar Group successfully secured additional funding of DKK 260 million (Euro 35 million) from existing investors, of which 200 million (Euro 27 million) has been transferred from Lunar Group to Lunar Bank.

Lunar Bank has in April 2023 entered into an agreement to sell the Peer-2-Peer portfolio, a part of the product portfolio in Lendify. The sale is pending D-FSA approval.

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

## → Knowledge resources

The Lunar team is the key to realizing the vision of shaping the future of banking. With employees as the key knowledge resources, massive investments are being made in attracting and retaining the best team. Lunar regularly measures employee engagement and development with monthly questions. The employee is secured 100% anonymity and can also communicate on sensitive matters with the direct manager - also with anonymity.

The organization is involved in the results and action points are openly discussed and handled at the board of directors, throughout the organization

and within each departments and teams. Lunar also trains managers on how to conduct sessions on engagement with their teams.

Lunar wants to change banking with a healthy and thriving organization, and the wellbeing and development of employees is taken very seriously in Lunar. Additionally, our Next Level initiative strives to support mental and physical wellbeing both inside and outside the organization. Lunar works to improve the mental and physical health of the employees with meditation, yoga, healthy foods and exercise both during work hours and after.

## → 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/dk/privat/corporate](https://www.lunar.app/dk/privat/corporate) →

## → Statement on the representation of gender in the board of directors and other management levels

Lunar strongly believes that diversity and inclusion is essential in creating a better culture and strengthens the organization by ensuring different perspectives are represented and valued. In 2022, Lunar launched their first ESG report with a strong focus on the social element and within that, targets for gender representation in the board and management. Further, Lunar identified a pay gap between men and women and is addressing the pay gap to reduce this within 2023.

### Target figures for the underrepresented gender on the board

The gender distribution among the Group's board members in 2022 is as follows: 75% men and 25% women.

**Policy for other management levels** Lunar Group set out a target to increase the proportion of female members of the Executive Team in 2022 to 40%. Lunar Group had 30% females end 2022. This has change to 40% on 1st of April 2023 with the new CEO in Lunar Bank.

Lunar Group also outlined a goal for female managers at all management levels to go from 20% to 40% before 2023. Lunar Group reached a 36% proportion at the end of 2022.

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 has set the following specific targets:

- Lunar's employees must experience the same career and management opportunities regardless of their gender.
- Lunar's employees must be paid equitably in terms of males and females.
- The proportion of female managers will increase from 36% to 45% before 2024.

Lunar aims for a more equal distribution between the genders in management. Initiatives must be launched in those areas where it is needed. The bank wants an open-minded culture, where the individual employee can utilize 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 and wants to inspire all employees to become part of management.

Lunar offers all employees the opportunity to develop professional and personal competencies through participation in e.g. management training. It is Lunar's goal that all genders in general participate equally in these offers.

## → Environmental, Social and Governance Responsibility

### Policies on environmental impact

Lunar currently has no policies for reducing effects on the environment following the activities of the company. Due to the limited effects that Lunar's activities have on the environment it has been assessed that resources should be prioritized on other areas.

During 2022, Lunar focused on fulfilling their social responsibility to reduce environmental impact by a number of means:

- Collaboration with various non-profit organizations to remove plastic from the ocean. By the end of year, Lunar have removed 7 tons of plastic
- Heightening the level of waste management by collaborations with "Pant for Pant", "My Trash" and Atea
- Building the new Lunar office in Copenhagen using mainly recycled materials

The Board of Directors and Executive Management will ongoingly reassess whenever policies should be implemented to further the work with Lunar's environmental impact.

## → Policies on climate impact

Likewise, Lunar has no policies on reducing climate impact following activities of the company. The limited climate impact Lunar's activities have suggests other areas should be prioritized. Starting in 2022 Lunar has published their first ever ESG report where independent experts measured the total emissions from Lunar's activities (direct and indirect emissions) and following the process, Lunar made a commitment to reduce emissions. It has been assessed that the commitments are sufficient to fulfill Lunar's social responsibility on reducing

climate impact.

For short term actions Lunar will pursue a "removal strategy" through a partnership with Klimate.co that specializes in removing carbon emissions through a number of initiatives. Likewise, Lunar will engage in reducing the carbon footprint via awareness campaigns and by encouraging employees to reduce emissions from transportation and choosing suppliers/consultants that share the same mentality.

## → Policies on the social responsibility for ensuring respect to human rights

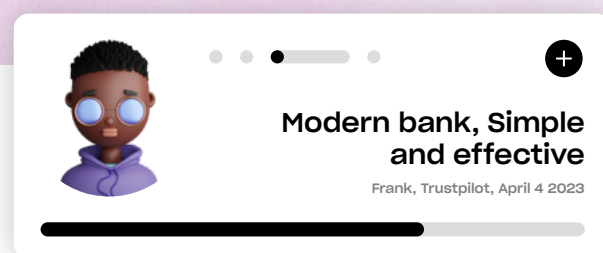
Lunar has no policies for actively managing their social responsibility on furthering human rights. The board and management of Lunar considers respect for human rights as absolutely fundamental and will never conduct business in a way that does not respect human rights. This being said, the board and management are yet to agree on formal

commitments to actively furthering human rights, which is why a policy has not been formalized yet. The board and management will ongoingly assess whenever this remains sufficient to support the social responsibility on ensuring respect to human rights.

## → Policies on the social environment (Incl. staff relations)

Lunar considers their staff 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 has adopted a Diversity Policy which includes target figures for furthering the underrepresented gender. Lunar is committed to ensuring a 60/40 balance of gender representation in both board and management.

### Some of the concrete initiatives Lunar uses to achieve this goal includes:



- ✓ The board and management believe that maintaining a healthy and sustainable corporate culture is the key to achieving ambitious goals. Some of the concrete initiatives Lunar uses to achieve this goal includes: Commitment toward reducing the gender pay gap
- ✓ Strong commitments to reducing bias in recruitment. Among other things the following has been implemented in 2022: no seniority requirement in job postings, the first interview is online (w.o. camera), and jobs are posted on several channels to address a larger group of potential candidates. In 2023 there are several commitments to training and improving hiring managers' approach to avoid unconscious bias and a competency framework is also being implemented.
- ✓ All employees receive a monthly questionnaire supplied by our engagement tool Peakon. This allows management to ongoingly monitor employee engagement and react to potential deviations. Moreover, it also makes it possible to always be in sync with the temperature of the organisation.
- ✓ Keeping a healthy body and mind is essential for maintaining a lasting and sustainable healthy corporate culture, which is why Lunar has initiated "Project: Next Level". Next Level is divided into three core focus areas – exercise, mind, and food all of which focuses on giving our employees the ability to maintain a healthy lifestyle at work, as we acknowledge this as an important component to be able to perform.



# Policies on anti bribery- & corruption



Anti bribery

Corruption

With Lunar being a financial institution and fully owning a credit institution, the company has a great responsibility to report any suspicious activities, including those that may involve corruption and bribery. Internally, Lunar's commitments to internally 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 is present in three countries, each with its own set of environmental regulations and compliance requirements. This can make it more difficult to ensure that the Lunar remains compliant with all relevant laws and regulations.

The sheer level of emissions has also increased with the growth and will remain high, since the business plans do not include scaling down any time soon. As Lunar's operations grow, it may also begin to have

a larger environmental impact, such as increased greenhouse gas emissions or water usage. This can attract the attention of regulators and the public and may lead to increased scrutiny and potential fines or penalties.

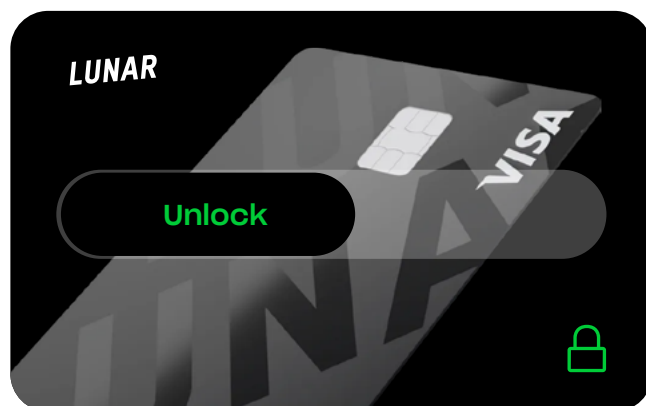
With the growth also comes larger reputational risks since more people are now aware of Lunar and the activities being conducted and Lunar may therefore also face additional reputational risks if it is perceived as not doing enough to address environmental issues, such as climate change.

## Risks related to the social environment and staff relations

Lunar has grown significantly through 2021 and 2022 and now employs a more diverse workforce which can bring a range of new challenges, such as managing cultural differences and conflicts. Even though Lunar has a considerate framework for ensuring the social environment there are still risks associated with the growth. Lunar will slow down on hiring in 2023 giving room for consolidation and management assesses that the current framework is sufficient for proper consolidation in 2023.

# 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 KPI's

The board and management expect that measurement of the following non-financial KPIs will be operational during 2023.

### 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:

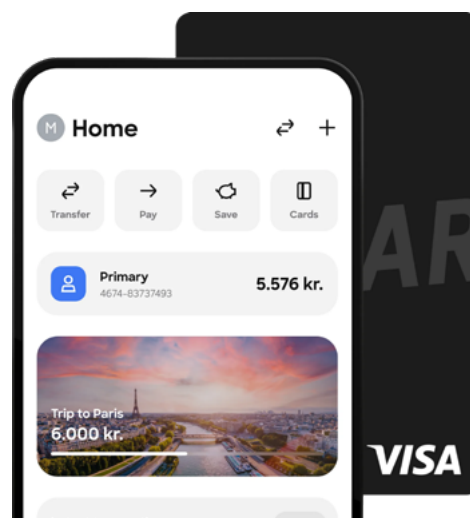
- ✓ **Occupational health and safety:** This measures the incidence of workplace accidents and injuries, as well as the steps taken to prevent them.
- ✓ **Discrimination and harassment:** This measures the incidence of discrimination and harassment within a company, as well as the steps taken to prevent and address them.
- ✓ **Forced labor:** This measures the amount and kind of forced labor in a company supply chain

## 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.

## 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.





## → Data Ethics at Lunar

Lunar has as its core goal to be data-driven and customer-centric, which is why Lunar Group Board of Directors and management considers it crucial for Lunar to adopt a high standard in data ethics. This is particularly reflected in the policy on data ethics and the establishment of the data ethics committee.

Lunar Group has delegated the work on data ethics to its subsidiary, Lunar Bank, which has been responsible for developing the framework on data ethics.

The board of directors in Lunar Bank has on June 30th adopted a Policy for Data Ethics and in this regard, the executive management has established a data ethics committee that will oversee the work on data ethics. The organizational anchoring is therefore placed in the committee which reports to the executive management. Lunar Group board of directors approved the policy for Data Ethics on April 20th, 2023.

The purpose of the policy on data ethics and the organizational anchoring is to put additional focus on the area and to create specific visions and goals.

### Lunar's use of data

Lunar regularly evaluates how data is treated from a data ethics perspective. This is particularly done on data, including transaction data, that support

describing the behavior of the bank's customers. In addition, the bank considers whether future partners/subcontractors have a data ethics policy and whether it meets the bank's own data ethical requirements.

### Work with new technologies

Lunar is constantly working to improve existing technologies and considers how new technologies can help create a better customer experience. One of the central tasks of the data ethics committee is to act as an advisory unit for colleagues who have considerations and challenges with data ethical aspects of a given technology. To ensure the necessary knowledge about the committee's work, the bank has done much to share knowledge about the committee's work, among other things, on the bank's intranet and by trying, on its own, to identify any data ethical considerations. Likewise, employees are asked about their knowledge and thoughts on data ethics in connection with monthly engagement surveys.

In addition, Lunar has decided that the data ethics committee should be consulted in the product approval process (NPAP) when approving products where data is processed. This is to ensure that all new products based on data have had prior ethical considerations.

## → Uncertainty relating to recognition and measurement

On an ongoing basis, management assesses the Lunar Groups's capital resources in order to assess the soundness of the group's investments in expansion. Based on Lunar's approved budgets and planned initiatives to ensure a faster path to profitability and support further development of the product offering to Consumers and Business across the Nordics, management assesses that through 2023 Lunar Group and the Bank will comply with regulatory capital requirements. In the nature of budget planning, internal and external factors may create uncertainties related to realizing those 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 which is considered sufficient to enable Lunar Group and the Bank to comply with regulatory capital requirements throughout 2023.

Lunar Group has recognized intangible assets at a carrying amount of DKK 314.4 million. Intangible assets include customer relations, IT platform and goodwill. The measurement of 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.

Please refer to the description in note G2.



# 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

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

# Overview

## – Board of Directors

### Henning Kruse Petersen (chairman)

#### Private-sector directorships:

Lunar Block A/S, chairman (Resigned 07.01.2022)

Lunar Way A/S, chairman (Resigned 08.04.2022)

FIRSTAIDERS A/S, chairman

DEN DANSKE FORSKNINGSFOND, board member

Orangutang Fonden, legal owner

Cursum A/S, chairman

MIDGARD DENMARK K/S, chairman

2KJ A/S, executive officer and legal owner

KOMPLEMENTARSELSKABET MIDGARD DENMARK ApS, executive officer

DET ØSTASIATISKE KOMPAGNIS ALMENNYTTIGE FOND, board member  
(Resigned 31.12.2022)

### Claus Okholm

#### Private-sector directorships:

Lunar Bank A/S, chairman

CEJ EJENDOMSADMINISTRATION A/S, board member

CEJ AARHUS A/S, board member

HC OKHOLM I/S, legal owner (Ceased 31.01.2023)

### Klaus Østergaard

#### Private-sector directorships:

PUA INVEST ApS, legal owner

Halfspace.io ApS, legal owner (Ceased 20.10.2022)

Qblue Balanced A/S, legal owner (Ceased 21.12.2022)

# Overview

## – Board of Directors

### Lars Andersen

#### Private-sector directorships:

Lunar Way A/S, board member (Resigned 08.04.2022)

Lunar Block A/S, board member (Resigned 07.01.2022)

Growth Manager ApS, executive officer, board member and legal owner

SEED CAPITAL DENMARK IV I/S, board member

SEED CAPITAL DENMARK III I/S, board member and legal owner

SEED CAPITAL DENMARK II K/S, executive officer and board member

SEED CAPITAL DENMARK II 2019 K/S, legal owner

SEED CAPITAL MANAGEMENT I/S, legal owner

GM INVEST ApS, executive officer and legal owner

C WorldWide Holding A/S, board member

C WorldWide Group Holding A/S, board member

C WorldWide Asset Management Fondsmæglerselskabet A/S, board member

TEMPLAFY ApS, board member (chairperson)

Det bliver en god dag ApS, executive officer and legal owner

Grant Compass A/S, board member

RISIKA A/S, board member

FLATPAY ApS, Board member

Value4money ApS, executive officer and legal owner

# Overview

## – Board of Directors

### Ken Villum Guldbrandt Klausen

#### **Private-sector directorships:**

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

Lunar Payments ApS, executive officer

Lunar Way A/S, executive officer and board member

Lunar Block A/S, executive officer and board member

### Jens Mikael Kristoffer Ismunden

#### **Private-sector directorships:**

Trianon AB, board member

Bosam Fund I AB, board member (chairperson)

Radinn AB, board member (chairman)

Youple AB, board member

Youple Holding AB, board member



# Overview

## – Board of Directors

### Erika Söderberg Johnson

#### Private-sector directorships:

SAAB Aktiebolag AB, board member and member of the audit committee

Vaxonia AB, board member and legal owner

Royalvik AB, board member (resigned 01.11.2022)

Förvaltningsaktiebolaget Eris & Co, board member (resigned 01.11.2022)

Invik & Co AB, board member (resigned 01.11.2022)

Friends of CS AB, board member (resigned 01.11.2022)

Kinnevik New Ventures AB, board member (resigned 01.11.2022)

Kinnevik Online AB, board member (resigned 01.11.2022)

Kinnevik Consumer Finance Holding AB, board member (resigned 01.11.2022)

Kinnevik Media Holding AB, board member (resigned 01.11.2022)

Kinnevik Internet 1 AB, board member (resigned 01.11.2022)

Kinnevik East AB, board member (resigned 01.11.2022)

Kinnevik Sweden Holding AB, board member (resigned 01.11.2022)

Kinnevik US Holding AB, board member (resigned 01.11.2022)

Kinnevik Capita Ltd., board member (resigned 01.11.2022)

# Consolidated financial statements

1 January - 31 December.



## → Consolidated financial statements 1 January – 31 December

## Income statement and comprehensive income (Consolidated)

Note	DKK'000	2022	2021
G4,G5	Interest income	199,042	81,265
G4,G6	Interest expenses	85,316	77,013
	<b>Net interest income</b>	<b>113,726</b>	<b>4,252</b>
G4,G7	Fee and commission income	161,901	85,959
G4	Fees and commission expense	42,148	39,445
	<b>Net interest and fee income</b>	<b>233,479</b>	<b>50,766</b>
G8	Market value adjustments	58,196	-2,542
G9,G10	Staff costs and administrative expenses	931,997	523,927
G15,G16	Amortisation, depreciation and impairment charges	643,345	45,742
G11	Loan impairment charges etc.	213,740	91,932
	<b>Profit/loss before tax</b>	<b>-1,497,407</b>	<b>-613,377</b>
G12	Tax for the year	-8,733	123,803
	<b>Profit/loss after tax</b>	<b>-1,488,674</b>	<b>-737,180</b>
	Currency adjustments	-172,626	186
	Other comprehensive income after tax	0	-50,602
	<b>Total comprehensive income</b>	<b>-1,661,300</b>	<b>-787,596</b>

## → Consolidated financial statements 1 January – 31 December

## Balance sheet (Consolidated)

Note	DKK'000	31 December 2022	31 December 2021
	<b>ASSETS</b>		
	Cash in hands and demand deposits with central banks	6,302,866	7,468,404
G13	Receivables from credit institutions and central banks	124,615	352,160
G14	Loans and other amounts due at amortised cost	2,226,416	2,762,081
G26	Bonds at amortised cost	2,453,557	255,754
G15	Goodwill	55,738	669,278
G15	Other intangible assets	258,636	219,794
G16	Property, land and equipment	21,874	40,115
G16	Other tangible assets	13,928	8,607
G17	Other assets	171,976	93,661
	Prepayments	31,425	31,428
	<b>TOTAL ASSETS</b>	<b>11,661,031</b>	<b>11,901,282</b>
	<b>LIABILITIES AND EQUITY</b>		
	<b>Liabilities</b>		
G18	Deposits	9,929,780	8,431,577
G19	Issued bonds at amortised cost	350,249	1,280,405
G20	Other liabilities	345,242	271,394
	Tax liabilities	3,016	6,773
	Deferred income	21,256	17,838
	<b>Total liabilities</b>	<b>10,649,543</b>	<b>10,007,987</b>
	<b>Provisions</b>		
	Impairment charges on unused credit facilities	106	221
G21	Deferred tax liabilities	27,457	34,003
G22	Other provisions	3,536	3,259
	<b>Total provisions</b>	<b>31,099</b>	<b>37,483</b>
	<b>Subordinated debt</b>		
G23	Subordinated debt	29,855	29,795
	<b>Total subordinated debt</b>	<b>29,855</b>	<b>29,795</b>
	<b>Equity</b>		
	Share capital	1,186	1,105
	Share premium	3,723,388	2,954,123
	Retained earnings	-2,774,040	-1,129,210
	<b>Total equity</b>	<b>950,534</b>	<b>1,826,018</b>
	<b>TOTAL LIABILITIES AND EQUITY</b>	<b>11,661,031</b>	<b>11,901,282</b>



## → Consolidated financial statements 1 January – 31 December

## Statement of changes in equity (Consolidated)

DKK'000	Share capital	Share premium	Retained earnings	Total
<b>Equity at 1 January 2021</b>	<b>691</b>	<b>710,753</b>	<b>-416,641</b>	<b>294,803</b>
Capital increase	414	2,293,972	0	2,294,386
Exchange rate adjustments	0	0	186	186
Net profit/loss for the year	0	0	-737,180	-737,180
Share based payments	0	0	24,425	24,425
Other comprehensive income	0	-50,602	0	-50,602
<b>Equity at 1 January 2022</b>	<b>1,105</b>	<b>2,954,123</b>	<b>-1,129,210</b>	<b>1,826,018</b>
Capital increase	81	769,265	0	769,346
Exchange rate adjustments	0	0	-172,626	-172,626
G24 Net profit/loss for the year	0	0	-1,488,674	-1,488,674
G25 Share based payments	0	0	16,470	16,470
Other comprehensive income	0	0	0	0
<b>Equity at 31 December 2022</b>	<b>1,186</b>	<b>3,723,388</b>	<b>-2,774,040</b>	<b>950,534</b>

## → Consolidated financial statements 1 January – 31 December

## Capital and solvency (Consolidated)

DKK'000	31 December 2022	31 December 2021
Equity	950,534	1,826,018
Deductions <sup>1</sup>	-147,291	-736,224
<b>Total core capital after deductions</b>	<b>803,243</b>	<b>1,089,794</b>
<b>Total Tier 1 capital</b>	<b>803,243</b>	<b>1,089,794</b>
Subordinated loan capital	0	20,500
<b>Total capital base</b>	<b>803,243</b>	<b>1,110,294</b>
Credit risk	2,055,443	2,191,569
Market risk	67,154	9,816
Operational risk	99,017	134,122
<b>Total risk exposure</b>	<b>2,221,614</b>	<b>2,335,507</b>
<b>Key figures</b>		
Core capital after deductions, ratio (%)	36.2	46.7
Tier 1 capital ratio (%)	36.2	46.7
Total capital ratio (%)	36.2	47.5

<sup>1</sup> 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 167,280 thousand (2021: DKK 152,848 thousand).

# Notes



→ Consolidated financial statements 1 January – 31 December

## Overview over notes in the consolidated financial statement

<b>G1</b>	Basis of preparation
<b>G2</b>	Significant accounting estimates, assumptions and uncertainties
<b>G3</b>	Financial highlights
<b>G4</b>	Segments
<b>G5</b>	Interest income
<b>G6</b>	Interest expenses
<b>G7</b>	Fee and commission income
<b>G8</b>	Market value adjustments
<b>G9</b>	Staff costs and administrative expenses
<b>G10</b>	Fees paid to auditor appointed at the annual general meeting
<b>G11</b>	Loan impairment charges and reconciliation of total allowance account
<b>G12</b>	Tax for the year
<b>G13</b>	Receivables from credit institutions and central banks
<b>G14</b>	Loans and other amounts due at amortised cost
<b>G15</b>	Intangible assets
<b>G16</b>	Property, land and equipment
<b>G17</b>	Other assets
<b>G18</b>	Deposits
<b>G19</b>	Issued bonds at amortised cost
<b>G20</b>	Other liabilities
<b>G21</b>	Deferred tax liabilities
<b>G22</b>	Other provisions
<b>G23</b>	Subordinated debt
<b>G24</b>	Proposed distribution of profit/loss
<b>G25</b>	Share-based payments
<b>G26</b>	Fair value information for financial instruments
<b>G27</b>	Contractual obligations and contingencies, etc.
<b>G28</b>	Related parties
<b>G29</b>	Acquired operations
<b>G30</b>	Financial risks, policies and objectives for the management of financial risks



→ Consolidated financial statements 1 January – 31 December

## Notes

### G1

#### **Basis of preparation**

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**

Mid December 2022 The Danish Financial Supervisory Authorities has in a decision ordered Lunar Bank, which is a fully consolidated subsidiary in the consolidated financial statements of Lunar Group, to include activities in its peer-to-peer (P2P) business in the balance sheet as loans and deposits. The P2P business consist of connecting creditors and borrowers via Lunars P2P platform, so they can provide and receive financing. The P2P lending was acquired by Lunar Group from June 2021, as part of the acquisition of Lunar Journey AB, hence there is no correction to the opening balance as of 1.1.2021.

The impact on the income statement and balance sheet is shown below.

→ Consolidated financial statements 1 January – 31 December

## Notes

### G1

DKK'000	Group 2021	Group 2021 after changes	Change
<b>Income statement and comprehensive income</b>			
Interest income	71,779	81,265	9,486
Interest expenses	74,520	77,013	2,493
Fee and commission income	93,739	85,959	-7,780
Fee and commission expense	35,647	39,445	3,798
Staff and administrative expenses	525,870	523,927	-1,943
Loan impairment charges etc.	89,989	91,932	1,943
<b>Profit/Loss after tax</b>	<b>-732,595</b>	<b>-737,180</b>	<b>-4,585</b>
Exchange rate adjustments	142	186	44
<b>Total comprehensive income</b>	<b>-783,055</b>	<b>-787,596</b>	<b>-4,541</b>
<b>Balance sheet</b>			
Loans and other amounts due at amortised cost	2,358,171	2,762,081	403,910
Prepayments	47,384	31,428	-15,956
<b>Total assets</b>	<b>11,513,328</b>	<b>11,901,282</b>	<b>387,954</b>
Deposits	8,039,081	8,431,577	392,496
Retained earnings	-1,124,669	-1,129,210	-4,541
<b>Total liabilities and equity</b>	<b>11,513,328</b>	<b>11,901,282</b>	<b>387,954</b>

### Basis of preparation

The parent financial statement is for 2021 amounts affected with a reduction in income from group undertakings with DKK 4,541 thousand and a corresponding reduction in equity and holdings in group undertakings in the balance sheet per 31.12.2021.

The following notes in the financial statements are affected by the restatement:  
G3, G4, G5, G6, G7, G9, G11, G14, G18, G24, G30, P7 and P12.

Capital and solvency ratios are, besides the change in equity, not affected by the P2P as the credit risk mitigation articles in CRR are applied to the loan portfolio which is fully guaranteed by deposit from the P2P activity.

→ Consolidated financial statements 1 January – 31 December

## Notes

### G1

#### **Basis of preparation (continued)**

##### **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.

## → Consolidated financial statements 1 January – 31 December

# Notes

### G1

#### **Business combinations**

Newly acquired or established entities are recognized 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 recognized if they can be separated or if they arise from a contractual right. Deferred tax on the revaluations is recognized.

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 recognized as goodwill under intangible assets. Goodwill is not amortized 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 recognized 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

# Notes

### G1

#### **Basis of preparation (continued)**

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 recognized 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 recognized 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 recognized 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 recognized in the income statement at the amounts relevant to the financial reporting period.



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#### **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 recognized 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. 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.

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## Notes

### G1

#### **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 amortized cost**

The account comprehends bonds that are measured at amortized cost until maturity. See section **Financial assets at amortised cost** below for further description of the criteria's 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.

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### G1

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 amortizations and depreciations. Amortization is based on the estimated useful lives of the assets, which is set at 5 years.

An impairment test is performed for other 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.

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.

#### **Property, plant and equipment**

Leasehold improvements are recognized 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 recognized 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 amortized and the leases payments in Liabilities will be capitalized during the entire lease period.

#### **Other tangible assets**

Operating equipment is recognized 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.

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**Notes****G1**

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 amortized cost, at fair value through shareholders' equity (on a separate line), or at fair value through profit or loss.

**Financial assets at amortized cost**

Financial assets are classified at amortized 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.

Upon initial recognition, these financial assets are recognized at fair value, including transaction costs directly attributable to the transaction and commissions related to the provision of loans. They are subsequently measured at amortized 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 recognized in shareholders' equity is transferred to profit or loss.



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#### **Financial assets at fair value through profit or loss**

All debt instruments not eligible for classification at amortized 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 under P2P**

On initial recognition, loans and deposits under P2P are measured at fair value including transaction costs directly attributable to the transaction. The loans are subsequently measured at amortized cost, including accrued interest and net of principal repayments and interest payments made during the period. The deposits are subsequently measured at amortized cost.

Due to credit enhancements in the contracts, no expected credit losses are recognised from the loans under P2P, 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 amortized cost, loan commitments and financial guarantee contracts that are not recognized 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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### G1

#### 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 90 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 consistent with the applied default definition and all defaulted financial assets are classified as stage 3 financial assets.

Financial assets are derecognized 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 recognized 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 categorization 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:

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## G1

- 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 characterized 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 30 days past due or more. 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.

In practise, 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 a scenarios approach, i.e., estimations of positive, baseline and pessimistic macroeconomic evolution and impact on the Expected Credit Losses are weighted based on the likelihood of the different scenarios to materialize.

The resulting impairment losses are recognized in the income statement under "Loan

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## Notes

## G1

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 amortized 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.

**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.

**Income tax**

Current tax charges are recognized 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.



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### Notes

#### G1

##### **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-amortizable goodwill.

Deferred tax assets are measured at the value at which they are expected to be utilized, 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.

#### 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 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 assesses the Lunar Groups's capital resources in order to assess the soundness of the group's investments in expansion. Based on Lunar's approved budgets and planned initiatives to ensure a faster path to profitability and support further development of the product offering to Consumers and Businesses across the Nordics, management assesses that through 2023 Lunar Group and the Bank will comply with regulatory capital requirements. In the nature of budget planning, internal and external factors may create uncertainties related to realizing those 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 which is considered sufficient to enable Lunar Group and the Bank to comply with regulatory capital requirements throughout 2023.

##### **Intangible assets**

Lunar Group has recognized intangible assets at a carrying amount of DKK 314,374 thousand. Intangible assets include customer relations, IT platforms, software and goodwill.

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**Notes**

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. Required returns are based on management's requirements for returns of the individual cash generation units and are not expected to change significantly in the foreseeable future. The assessment is subject to uncertainty related to realizing budgets.

**G2****Significant accounting estimates, assumptions and uncertainties (continued)****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 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 materialize. The purpose of using multiple scenarios is to model the non-linear impact of assumptions about macroeconomic factors on the ECL.

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 environment and COVID-19. The baseline scenario is determined according to the current price on Lunar Bank's forward flow agreement running until November 2023 for SE and for DK according to the price on the latest one off sale of a non-performing portfolio.

Due to the order from the D-FSA on increased ECL levels in addition to the model risk inherent in the underlying models for ECL estimate, a Management Overlay has been added to cover for these elements.

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## Notes

### G3 Financial Highlights

<b>Income Statement (DKK'000)</b>	<b>2022</b>	<b>2021</b>	<b>2020</b>	<b>2019</b>
Net interest and fee income	233,479	50,766	-756	-26,888
Market value adjustments	58,196	-2,542	-321	10
Staff costs and administrative expenses	931,997	523,927	220,529	101,887
Write-downs on loans and receivables, etc.	213,740	91,932	4,207	0
Profit/loss for the year	-1,488,674	-737,180	-245,977	-133,932

<b>Balance sheet (end of period) (DKK'000)</b>	<b>2022</b>	<b>2021</b>	<b>2020</b>	<b>2019</b>
Loans at amortised cost	2,226,416	2,762,081	12,895	0
Total assets	11,661,031	11,901,282	1,340,599	156,404
Deposits	9,929,780	8,431,577	928,280	0
Equity	950,534	1,826,018	294,803	120,010

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G3

Ratios and key figures (DKK'000)	2022	2021	2020	2019
Capital base (own funds)	803,243	1,110,294	316,177	84,545
Total capital ratio (%)	36.2	47.5	216.3	62.4
Tier 1 capital ratio (%)	36.2	46.7	198.2	62.4
Return on equity before tax (%)	-107.9	-57.8	-114.3	-352
Return on equity after tax (%)	-107.2	-69.5	-118.6	-349
Interest-rate risk	0.0	2.3	0.2	0
Currency position	0.7	0.9	0.1	0
Loans relative to deposits (%)	24.8	34.7	1.4	0
Gearing of loans, end of year (%)	234.2	151.3	4.4	0
Lending growth	-19.4	21,320	0	0
Sum of large exposures	0	0	0	0
Net impairment ratio (%)	10.7	5.9	24.6	0
Return on assets (%)	-12.7	-9.3	-18.3	-85.6
Average number of full-time employees	565	439	140	86

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

Comparative figures for 2021 have been restated to reflect the recognition of P2P lending.

As Lunar received its banking license in August 2019, no ratios have been calculated for 2018.

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## Notes

### G4 Segments

DKK'000	2022			
	DK	SE	Other	Total
Interest income	165,335	33,707	0	199,042
Interest expenses	57,465	27,834	17	85,316
<b>Net interest income</b>	<b>107,870</b>	<b>5,873</b>	<b>-17</b>	<b>113,726</b>
Fee and commission income	128,553	29,731	3,617	161,901
Fee and commission expenses	25,757	15,857	534	42,148
<b>Net fee income</b>	<b>102,796</b>	<b>13,874</b>	<b>3,083</b>	<b>119,753</b>
<b>Net interest and fee income</b>	<b>210,666</b>	<b>19,747</b>	<b>3,066</b>	<b>233,479</b>

DKK'000	2022			Total
	Business Tiers	Private Tiers	Financial Products	
Interest income	0	0	199,042	199,042
Interest expenses	0	0	85,316	85,316
<b>Net interest income</b>	<b>0</b>	<b>0</b>	<b>113,726</b>	<b>113,726</b>
Fee and commission income	46,583	74,425	40,893	161,901
Fee and commission expenses	12,978	20,963	8,207	42,148
<b>Net fee income</b>	<b>33,605</b>	<b>53,462</b>	<b>32,686</b>	<b>119,753</b>
<b>Net interest and fee income</b>	<b>33,605</b>	<b>53,462</b>	<b>146,412</b>	<b>233,479</b>

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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## Notes

G4

DKK'000	2021			
	DK	SE	Other	Total
Interest income	6,683	74,567	15	81,265
Interest expenses	33,005	43,984	24	77,013
<b>Net interest income</b>	<b>-26,322</b>	<b>30,583</b>	<b>-9</b>	<b>4,252</b>
Fee and commission income	73,385	10,945	1,629	85,959
Fee and commission expenses	26,338	12,555	552	39,445
<b>Net fee income</b>	<b>47,047</b>	<b>-1,610</b>	<b>1,077</b>	<b>46,514</b>
<b>Net interest and fee income</b>	<b>20,725</b>	<b>28,973</b>	<b>1,068</b>	<b>50,766</b>

DKK'000	2021			Total
	Business Tiers	Private Tiers	Financial Products	
Interest income	0	0	81,265	81,265
Interest expenses	0	0	77,013	77,013
<b>Net interest income</b>	<b>0</b>	<b>0</b>	<b>4,252</b>	<b>4,252</b>
Fee and commission income	31,867	43,824	10,268	85,959
Fee and commission expenses	10,802	14,855	13,788	39,445
<b>Net fee income</b>	<b>21,065</b>	<b>28,969</b>	<b>-3,520</b>	<b>46,514</b>
<b>Net interest and fee income</b>	<b>21,065</b>	<b>28,969</b>	<b>732</b>	<b>50,766</b>

Comparative figures for 2021 have been restated to reflect the recognition of P2P lending.

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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## Notes

### G5 Interest income

DKK'000	2022	2021
Loans and other receivables	173,885	80,151
Interests on deposits and other debt	3,078	872
Interest income investments in bonds	794	0
From credit institutions and central banks	<u>21,285</u>	<u>242</u>
<b>Total</b>	<b><u>199,042</u></b>	<b><u>81,265</u></b>

Comparative figures for 2021 have been restated to reflect the recognition of P2P lending.

### G6 Interest expenses

DKK'000	2022	2021
Negative interest paid on deposits in credit institutions -and central banks	23,281	22,927
Subordinated debt	2,900	2,768
Interests on deposits and other debt	19,035	8,855
Other interest expenses	<u>40,100</u>	<u>42,463</u>
<b>Total</b>	<b><u>85,316</u></b>	<b><u>77,013</u></b>

Comparative figures for 2021 have been restated to reflect the recognition of P2P lending.

### G7 Fee and comission income

DKK'000	2022	2021
Payment service fees	53,534	27,703
Lending and guarantee fees	9,400	4,062
Other fees and commission income	<u>98,967</u>	<u>54,194</u>
<b>Total</b>	<b><u>161,901</u></b>	<b><u>85,959</u></b>

Comparative figures for 2021 have been restated to reflect the recognition of P2P lending.

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## Notes

### G8 Market value adjustments

DKK'000	2022	2021
Bonds at amortised cost	0	-1,006
Foreign exchanges	30,876	-3,872
Financial instruments measured at fair value	27,260	2,396
Other liabilities	60	-60
<b>Total</b>	<b>58,196</b>	<b>-2,542</b>

### G9 Staff costs and administrative expenses

DKK'000	2022	2021
Wages and salaries	362,236	189,592
Pensions	30,013	9,644
Social Security costs	24,413	7,153
Share-based payments	16,470	24,428
Capitalized wages and salaries	-61,610	-16,802
	<b>371,522</b>	<b>214,015</b>
Other administrative expenses	560,475	309,912
<b>Total</b>	<b>931,997</b>	<b>523,927</b>

Number of employees in the financial year	2022	2021
Full-time equivalent employees	565	439
Executive board	1	1
Employees whose activities have a significant impact		
-on the bank's risk profile	8	8
Board of directors	8	8

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## Notes

Salaries and remuneration to employees whose activities have a significant impact to the bank's risk profile accounted for DKK 7,512 thousand (2021: DKK 9,103 thousand) of which incentive programs account for DKK 531 thousand (2021: DKK 2,332 thousand).

Salaries and remuneration to the executive board and board of director was DKK 2,996 thousand (2021: DKK 2,109 thousand) of which incentive programs account for DKK 15 thousand (2021: DKK 32 thousand).

The numbers above reflect the cost on the warrant programs which have to be recognized in relation to the vesting periods relatively. For executive board in total, variable payments in 2022 at grant date were DKK 0 thousand (2021: DKK 0 thousand). No board members were granted warrants in 2022.

Details on remuneration of the executive board and board of directors are disclosed on Lunar's website [www.lunar.app/dk/privat/corporate](http://www.lunar.app/dk/privat/corporate)

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

DKK'000	2022	2021
Deloitte	0	8,139
PwC	3,118	0
<b>Total fees include:</b>		
Statutory audit	3,115	4,560
Other assurance engagements	0	238
Tax services	0	2,874
Non-audit services	3	467
<b>Total</b>	<b>3,118</b>	<b>8,139</b>

Fees for non-audit services provided by PwC in 2022 includes and consists of various general accounting and consulting services. PwC has complied with Article 4(2) of Regulation (EU) No 537/2014.

Fees for non-audit services provided by Deloitte in 2021 includes and consists of various declarations tasks, objective tax advices as well as general accounting and consulting services. Deloitte has complied with Article 4(2) of Regulation (EU) No 537/2014.

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## Notes

### G11 Loan impairment charges

DKK'000	2022	2021
Change in ECL during year	94,475	85,222
Realised losses	119,355	6,489
Other movements	-89	221
<b>Total</b>	<b><u>213,740</u></b>	<b><u>91,932</u></b>

Comparative figures for 2021 have been restated to reflect the recognition of P2P lending.

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 G30.

### G12 Tax for the year

DKK'000	2022	2021
Current year tax charges	-301	10,426
Adjustment of current tax previous years	44	0
Deferred tax adjustment for the year	-8,475	113,377
<b>Total</b>	<b><u>-8,733</u></b>	<b><u>123,803</u></b>

On June 17, 2021, Lunar Group A/S acquired the shares in Lunar Journey AB. In connection to the acquisition Lunar Bank acquired the regulated activities in Lunar Journey AB, thus the transaction let to a tax asset of DKK 113,377 thousand. Management assessed the transaction to be an internal restructuring and thereby recognised a write-down of the entire amount in 2021.

At 31 December 2022 the Group has unrecognised deferred tax assets in the level of DKK 490 million that can be set off against future taxable income.



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## Notes

### G13 Receivables from credit institutions and central banks

DKK'000	2022	2021
Central banks	0	0
Credit institutions	124,615	352,160
<b>Total</b>	<b>124,615</b>	<b>352,160</b>
<b>Distribution of terms by maturity</b>		
Overnight	124,615	352,160
Up to three months	0	0
<b>Total</b>	<b>124,615</b>	<b>352,160</b>

### G14 Loans and other amounts due at amortised cost

DKK'000	2022	2021
Customer loans	1,896,778	2,358,171
P2P loans	329,638	403,910
<b>Total</b>	<b>2,226,416</b>	<b>2,762,081</b>
<b>Distribution of terms by maturity</b>		
Overnight	0	6,256
Up to three months	1,221	2,948
From three months to one year	10,506	16,248
From one year to five years	275,561	269,583
More than five years	1,939,128	2,467,046
<b>Total</b>	<b>2,226,416</b>	<b>2,762,081</b>

Comparative figures for 2021 have been restated to reflect the recognition of P2P lending. See note G30 for a detailed description of financial risks incl. Lunar's credit exposure.

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## Notes

### G15 Intangible assets

DKK'000	Goodwill	Customer relations	Software	Software in process	Total
Cost at 1 January 2022	669,278	3,325	283,928	11,178	967,709
Exchange rate adjustment	-53,334	0	-4,168	-471	-57,943
Additions	0	0	95,582	10,189	105,771
Transfers	0	0	10,707	-10,707	0
Cost at 31 December 2022	615,944	3,325	386,049	10,189	1,051,507
Amortisation and impairment at 1 January 2022	0	166	78,471	0	78,637
Exchange rate adjustment	0	0	-2,443	0	-2,433
Amortisation	0	128	61,574	0	61,702
Impairment	560,206	3,031	0	0	563,237
Amortisation and impairment losses at 31 December 2022	560,206	3,325	137,602	0	701,133
<b>Carrying amount at 31 December 2022</b>	<b>55,738</b>	<b>0</b>	<b>248,447</b>	<b>10,189</b>	<b>314,374</b>
Amortised over		5 years	3-5 years		

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## Notes

### G15 Intangible assets (continued)

DKK'000	Goodwill	Customer relations	Software	Software in process	Total
<b>Intangible assets</b>					
Cost at 1 January 2021	0	0	73,258	1,214	74,472
Exchange rate adjustment	0	0	-417	-48	-465
Acquired operations	0	0	50,008	4,797	54,805
Additions	669,278	3,325	124,420	41,874	838,897
Transfers	0	0	36,659	-36,659	0
Cost at 31 December 2021	669,278	3,325	283,928	11,178	967,709
Amortisation and impairment at 1 January 2021	0	0	19,516	0	19,516
Exchange rate adjustment	0	0	-245	0	-245
Acquired operations	0	0	24,447	0	24,447
Amortisation	0	166	34,753	0	34,919
Impairment	0	0	0	0	0
Amortisation and impairment losses at 31 December 2021	0	166	78,471	0	78,637
<b>Carrying amount at 31 December 2022</b>	<b>669,278</b>	<b>3,159</b>	<b>205,457</b>	<b>11,178</b>	<b>889,072</b>
Amortised over		5 years	3-5 years		

Goodwill arose from Lunar Groups acquisition of Lunar Journey AB and Lunar Payments ApS, both in 2021. The purchase price allocation is disclosed in note G29.

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## Notes

**G15 Intangible assets (continued)**

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.

In 2022 following dialogue with the Danish FSA, Lunar Bank revised underlying assumptions in the Impairment test of goodwill and intangible assets. The underlying assumptions reflects Q3 strategic changes Implemented across Lunar Group which resulted in a reduction in consumer lending activities in Sweden. This resulted in the goodwill associated with the Swedish consumer financing activities was fully impaired and completely written down to DKK 0 (thousand) and an impairment loss of DKK 560,206 (thousand) has been recognised in the income statement.

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

**G16 Property, land and equipment**

DKK'000	Land & buildings	Other equipment	Total
Cost at 1 January 2022	59,442	12,739	72,181
Exchange rate adjustment	-1,424	-295	-1,719
Acquired operations	0	0	0
Additions	631	10,596	11,227
Disposals	-17,632	0	-17,632
Cost at 31 December 2022	41,017	23,040	64,057
Amortisation and impairment at 1 January 2022	19,327	4,132	23,459
Exchange rate adjustment	-842	-185	-1,027
Acquired operations	0	0	0
Depreciation	13,234	5,171	18,405
Disposals	-12,576	-6	-12,582
Amortisation and impairment losses at 31 December 2022	19,143	9,112	28,255
<b>Carrying amount at 31 December 2022</b>	<b>21,874</b>	<b>13,928</b>	<b>35,802</b>
Here off lease assets	17,298		
Amortised over	5 years	3-5 years	

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## Notes

### G16 Property, land and equipment

DKK'000	Land & buildings	Other equipment	Total
Cost at 1 January 2021	18,151	2,373	20,524
Exchange rate adjustment	-143	-30	-173
Acquired operations	13,223	3,134	16,357
Additions	30,561	7,262	37,823
Disposals	-2,350	0	-2,350
Cost at 31 December 2021	59,442	12,739	72,181
Amortisation and impairment at 1 January 2021	4,334	338	4,672
Exchange rate adjustment	-84	-19	-103
Acquired operations	8,236	1,889	10,125
Amortisation	9,191	1,924	11,115
Reversal at sale	-2,350	0	-2,350
Amortisation and impairment losses at 31 December 2021	19,327	4,132	23,459
<b>Carrying amount at 31 December 2021</b>	<b>40,115</b>	<b>8,607</b>	<b>48,722</b>
Here off lease assets	35,206		
Amortised over	5 years	3-5 years	

### G17 Other assets

DKK'000	2022	2021
Positive market value of financial instruments	29,193	4,633
Deposits & Guarantees	41,034	38,649
Other assets	101,749	50,379
<b>Total</b>	<b>171,976</b>	<b>93,661</b>



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## Notes

### G18 Deposits

DKK'000	2022	2021
Deposits	9,160,406	7,989,047
Term deposits	399,146	50,034
P2P deposits	<u>370,228</u>	<u>392,496</u>
<b>Total</b>	<b><u>9,929,780</u></b>	<b><u>8,431,577</u></b>

<b>Deposits of terms by maturity</b>		
Overnight	9,179,506	8,011,128
Up to three months	353	333
From three months to one year	41,802	5,667
From one year to five years	452,462	112,347
More than five years	<u>255,657</u>	<u>302,102</u>
<b>Total</b>	<b><u>9,929,780</u></b>	<b><u>8,431,577</u></b>

Comparative figures for 2021 have been restated to reflect the recognition of P2P lending.

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## Notes

**G19 Issued bonds at amortised cost**

Lunar Group has Issued bonds measured at amortised cost of DKK 350,249 thousand per 31 December 2022 (31 December 2021: DKK 1,280,405 thousand). Loan details are disclosed in detail in the table below.

DKK'000		Interest rate		Carrying amount	
Loan	Maturity	2022	2021	31 December 2022	31 December 2021
Senior obligation 1	2036	4.3% + STIBOR 1M	4.3% + STIBOR 1M	102,507	161,333
Senior obligation 2	2036	4.875% + STIBOR 1M	4.875% + STIBOR 1M	0	370,265
Senior obligation 3	2037	3.5% + STIBOR 1M	3.5% + STIBOR 1M	247,743	548,291
Mezzanine obligation 1	2036	16.5% + STIBOR 1M	16.5% + STIBOR 1M	0	109,758
Mezzanine obligation 2	2037	12% + CIBOR STIBOR 1M	12% + CIBOR STIBOR 1M	0	90,758
				<b>350,249</b>	<b>1,280,405</b>

**G20 Other liabilities**

DKK'000	2022	2021
Negative market value of financial instruments	10,858	2,236
Trade payables	11,233	38,316
Leasing obligations	17,736	33,765
Other liabilities	305,415	197,077
<b>Total</b>	<b>345,242</b>	<b>271,394</b>

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## Notes

**G21** Deferred tax liabilities

DKK'000	2022	2021
Deferred tax liability at 1 January	34,003	0
Deferred tax adjustment for the year	-6,546	34,003
<b>Deferred tax liability at 31 December</b>	<b>27,457</b>	<b>34,003</b>

In relation to the acquisition of Lunar Journey AB and Lunar Payments ApS in 2021 a deferred tax liability of DKK 31,893 thousand arose. The purchase price allocation of both acquisitions is disclosed in note G29.

**G22** Other provisions**Onerous contracts**

The Company has signed contracts with payment processing providers with a maximum period of interminability until December 2023. 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 346 thousand (2021: DKK 593 thousand).

**Other provisions**

Other provisions consists of funds of DKK 3,536 thousand to cover potential losses in Lunar's brokerage of loans between private investors and lenders (2021: DKK 2,666 thousand).

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## Notes

## G23 Subordinated debt

Lunar Bank has taken out the following subordinated loans:

DKK'000		Interest rate		Carrying amount	
Loan	Maturity	2022	2021	31 December 2022	31 December 2021
Loan 1, Nominal DKK 30,000	2025	9.420% + CIBOR 3M	9.420% + CIBOR 3M	29,855	29,795
				<b>29,855</b>	<b>29,795</b>

The subordinated loan of is qualified as a Tier 2 instrument pursuant CRR regulation. In 2022 the costs from subordinated loans amounts to DKK 2,960 thousand (2021: DKK 2,768 thousand) whereas DKK 2,900 thousand (2021: DKK 2,072 thousand) are interests paid. On 31 December 2022 the carrying amount of amortized borrowing costs amounts to DKK 145 thousand (2021: DKK 205 thousand).

The loan has no instalments before repayment of the fully 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 2022 DKK 15,500 thousand is recognized in the capital base.

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## Notes

## G24 Proposed distribution of profit/loss

DKK'000	2022	2021
Retained earnings	<u>-1,488,674</u>	<u>-737,180</u>
<b>Total</b>	<b><u>-1,488,674</u></b>	<b><u>-737,180</u></b>

Comparative figures for 2021 have been restated to reflect the recognition of P2P lending.

## G25 Share-based payments

In 2017, a warrant program was established for the benefit of Management and certain key employees. The program allows the Board of the parent company to issue up to 10% warrants to be allocated over a period of 3-5 years with a grant of 20-33.3% yearly. In case of an Exit, the rest of the warrants will be granted to the employees. Exercising warrants is only an option by an Exit (sale of Lunar Group A/S), the owner is entitled to subscribe shares in Lunar Group A/S at a strike-price defined as the market price when the warrants was issued. The warrants must be exercised by 31 August 2028, otherwise they will be void unless special circumstances according to the warrants agreement are fulfilled. Until 2020 the valuation principles have been using the guidance in the Tax assessments Act. From 2021, black-scholes calculation has been introduced and used for the recognition of share-based payments. This is considered to be change in accounting estimate and the effect of the method change is insignificant, hence comparative figures have not been restated.

During 2022 costs related to the warrant program of DKK 16,470 thousand has been recognized in the income statement (2021: DKK 24,425 thousand).



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## Notes

**G26 Fair value information for financial instruments**

Bonds at amortised costs are recognized at DKK 2,453,557 thousand in balance sheet. Fair value of the bonds is DKK 2,407,771 thousand at 31 December 2022.

Lunar has assessed that for other financial instruments measured at amortised cost the carrying amount is a reasonable approximation.

In 2021 and 2022 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 2022 is disclosed in the table below.

	<b>Net Nominal position (thousand)</b>	<b>Net market value (DKK'000)</b>	<b>Positive market value (DKK'000)</b>	<b>Negative market value (DKK'000)</b>
Forwards - SEK	SEK 1,200,686	-10,228	8	10,236
Forwards - NOK	NOK 1,500	2	2	0
Swaps - EUR	EUR 1,500	-1	0	1
Swaps - SEK	SEK 1,770,500	28,981	29,179	195
Swaps - NOK	NOK 20,000	53	53	0

Of the total nominal net position of SEK swaps at 31 December 2022 SEK 135,000 thousand are placed in a long position, while SEK 1,905,000 thousand are placed in a short position.

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## Notes

**G26 Fair value information for financial instruments (continued)**

Lunar Group has paid significant costs during and after the failed regulatory approval process, of Lunar's public offer on Instabank ASA, to external advisors and hedging instruments. The price of the NOK forward contract to hedge the purchase price accounted to DKK 87,5 million on 30 September 2022.

Lunar's position of financial instruments at 31 December 2021 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)
Spot, buy	SEK 852,000	-1,649	0	1,649
Swaps – EUR	EUR 1,450	2	2	0
Swaps – NOK	NOK 4,000	-23	0	23
Swaps – SEK	SEK 1,632,000	2,418	4,631	2,213

Of the total nominal net position of SEK swaps at 31 December 2021 SEK 735,000 thousand were placed in a long position, while SEK 2,367,000 thousand were placed in a short position.

**G27 Contractual obligations and contingencies, etc.****Contingent liabilities**

On 31 December 2022 unaccepted loan commitments and unused credit facilities amounts to DKK 1,265 thousand (2021: DKK 1,634 thousand).

Of the total value of bond holdings DKK 265,386 thousand have been provided as collateral to other credit institutions (2021: DKK 213,291 thousand).

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 Resolution Fund is recognised as operating expenses.

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

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

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On 30 September 2022 a public offer made by Lunar on Instabank ASA lapsed as no regulatory approval had been given by the Norwegian FSA. A majority of the shareholders in Instabank subsequently filed a subpoena against Lunar Bank seeking damages currently estimated in the range of NOK 580 million. Lunar Bank and its external advisors are of the opinion that the shareholders are not entitled to damages or any other compensation.

### **G28**    **Related parties**

The ownership of Lunar Group is disclosed on 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 Payments ApS, Hack Kampmanns Plads 10, 8000 Aarhus C
- Lunar Block A/S, Hack Kampmanns Plads 10, 8000 Aarhus C
- Lunar Way AB, Hovslagargatan 5, 111 48 Stockholm, Sweden
- Lunar Journey AB, Hovslagargatan 5, 111 48 Stockholm, Sweden

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## Notes

## G29 Acquired operations

During 2021, Lunar Group made two acquisitions of subsidiaries. In June 2021, Lunar Group acquired the shares in Lunar Journey AB (Sweden)<sup>1</sup>. Lunar Journey operates a lending business in Sweden with competitive interest rates based on data-driven credit score models. In the Lunar Journey acquisition all regulatory activities were sold to Lunar Bank A/S as part of the transaction. In the purchase price allocation, it was concluded that goodwill in the transaction solely related to the regulatory activities. Hence, the goodwill was recognised at the balance sheet of Lunar Bank A/S. Description of subsequent measurement and annual Impairment test of goodwill is described in note G15.

Lunar Payments ApS<sup>2</sup> was acquired in October 2021. The company's activities within payments are aimed at strengthening the Group's strategic investment in the payment area. With the acquisition, Lunar Group have access to technology and customers in the payment area.

Specification of acquired net assets from Lunar Journey AB and Lunar Payments ApS acquired in 2021:

DKK'000	Lunar Journey AB	Lunar Payments ApS
Receivables from credit institutions	135,015	1,822
Loans at amortised cost	1,643,003	0
Other intangible assets	145,668	12,339
Property, land and equipment	4,952	0
Other tangible assets	1,260	0
Deferred tax assets	114,417	0
Other assets	30,979	6,346
Prepayments	0	89
<b>Acquired assets at fair value in total</b>	<b>2,075,294</b>	<b>20,596</b>
Other liabilities	1,692,179	3,181
Tax liabilities	0	693
Deferred tax liabilities	29,178	2,715
Other provisions	750	0
<b>Acquired liabilities and provisions at fair value in total</b>	<b>1,722,107</b>	<b>6,589</b>
<b>Acquired net assets at fair value in total</b>	<b>353,187</b>	<b>14,007</b>
Goodwill	613,540	55,738
<b>Purchase price</b>	<b>966,727</b>	<b>69,745</b>

1 Before March 2023 the name of Lunar Journey AB was Lendify AB

2 Before February 2022 the name of Lunar Payments ApS was Paylike ApS

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## Notes

### G30 Financial risks and policies and objectives for the management of financial risks

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 behaviour 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. The behaviour score model is an internally developed PD model. The behaviour score model is applied to existing customers in Lunar, i.e. more than 3 months on the book.

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## Notes

### G30 Financial risks and policies and objectives for the management of financial risks (continued)

Below, the gross credit exposure on 31 December 2021 is distributed in rating scales. The disclosed rating scales below are changed from the 2021 annual report to be consistent with Internal management reporting.

DKK'000	Stage 1	Stage 2	Stage 3	Total
A	414,756	9,210	0	423,966
B	348,626	61,332	0	409,958
B-C	5,825	301	0	6,126
C	486,558	116,326	0	602,884
D	337,188	127,338	0	464,526
D-E	4,129	460	0	4,589
E	146,380	77,072	0	223,452
F	57,155	195,759	77,083	329,997
<b>Gross carrying amount at 31 December 2021</b>	<b>1,800,617</b>	<b>587,798</b>	<b>77,083</b>	<b>2,465,498</b>

DKK'000	Stage 1	Stage 2	Stage 3	Total
<b>Distribution in segments</b>				
Public institutions	0	0	0	0
Business, including:				
Construction	145	107	317	569
Retail	230	51	93	374
Transport, hotels and restaurants	159	61	173	393
Information and communication	230	47	33	310
Finance and insurance	0	11	31	42
Service	728	116	410	1,254
Other segments	296	63	160	519
Business, total	1,788	456	1,217	3,461
Private	1,798,829	587,342	75,866	2,462,037
<b>Total</b>	<b>1,800,617</b>	<b>587,798</b>	<b>77,083</b>	<b>2,465,498</b>

Loans are issued without any provided security.



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## Notes

### G30 Financial risks and policies and objectives for the management of financial risks (continued)

Below, the gross credit exposure on 31 December 2021 is distributed in rating scales. The disclosed rating scales below are changed from the 2021 annual report to be consistent with Internal management reporting.

DKK'000	Stage 1	Stage 2	Stage 3	Total
A	1,839,704	19,030	0	1,858,734
B	381,571	39,401	0	420,972
B-C	1,914	58	0	1,972
C	104,704	56,914	0	161,618
D	51,888	79,345	0	131,233
D-E	17,601	1,661	0	19,262
E	19,824	62,690	0	82,514
F	25,091	166,657	57,040	248,788
<b>Gross carrying amount at 31 December 2021</b>	<b>2,442,297</b>	<b>425,756</b>	<b>57,040</b>	<b>2,925,093</b>

DKK'000	Stage 1	Stage 2	Stage 3	Total
Public institutions	0	0	0	0
Business, including:				
Construction	256	141	391	788
Retail	479	28	404	911
Transport, hotels and restaurants	380	39	316	735
Information and communication	336	49	67	452
Finance and insurance	35	10	32	77
Service	1,125	205	878	2,208
Other segments	313	59	275	647
Business, total	2,924	531	2,363	5,818
Private	2,439,373	425,225	54,677	2,919,275
<b>Total</b>	<b>2,442,297</b>	<b>425,756</b>	<b>57,040</b>	<b>2,925,093</b>

Comparative figures for 2021 have been restated to reflect the recognition of P2P lending.

The maximum loan granted to individual customers is DKK 150 / SEK 500 thousand (2021: DKK 370 / SEK 501 thousand). Lunar Group has established policies and processes for handling the loan portfolio and systematically conducts detailed monitoring.

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## Notes

## G30

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 2022, managerial adjustments amount to DKK 89,4 million (31 December 2021: DKK 32,7 million).

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

Future macroeconomic developments are also taken into consideration via a scenarios approach, i.e., estimations of positive, baseline and pessimistic macroeconomic evolution and impact on the Expected Credit Losses are weighted based on the likelihood of the different scenarios to materialize.

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 changes in total impairment charges recognised at 31 December 2022 for loans at amortised cost.

**Development on accumulated impairment charges on loans at amortised cost**

DKK'000	Stage 1	Stage 2	Stage 3	Total
<b>Impairment charges at 1 January 2022</b>	<b>60,025</b>	<b>60,192</b>	<b>42,798</b>	<b>163,015</b>
ECL on new assets	20,641	30,076	13,773	64,490
Transfer from Stage 1	8,590	57,085	20,279	85,953
Transfer from Stage 2	257	-9,595	11,493	2,155
Transfer from Stage 3	42	380	-16,539	-16,117
Assets derecognised	-9,103	-28,749	0	-37,852
Write offs debited to the allowance account	0	0	-22,563	-22,563
Other movements	-25,689	15,173	10,516	0
<b>Impairment charges at 31 December 2022</b>	<b>54,763</b>	<b>124,562</b>	<b>59,757</b>	<b>239,082</b>

The lines "Transfer from Stage 1", "Transfer from Stage 2" and "Transfer from Stage 3" in 2022 also includes the changes In ECL.

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## Notes

The table below shows the changes in total impairment charges recognised at 31 December 2021 for loans at amortised cost.

**G30 Financial risks and policies and objectives for the management of financial risks (continued)**

The lines "Transfer from Stage 1", "Transfer from Stage 2" and "Transfer from Stage 3" in 2022 also includes the changes In ECL.

The table below shows the changes in total impairment charges recognised at 31 December 2021 for loans at amortised cost.

DKK'000	Stage 1	Stage 2	Stage 3	Total
<b>Impairment charges at 1 January 2021</b>	<b>977</b>	<b>784</b>	<b>5,568</b>	<b>7,329</b>
Acquired operations	7,873	42,264	18,120	68,257
ECL on new assets	25,969	11,606	13,242	50,817
Transfer from Stage 1	-2,451	44,767	13,277	55,593
Transfer from Stage 2	23,861	-24,942	1,101	20
Transfer from Stage 3	20	447	-848	-381
Assets derecognised	-1,468	-13,180	-6,059	-20,707
Write offs debited to the allowance account	0	0	0	0
Other movements	5,244	-1,554	-1,603	2,087
<b>Impairment charges at 31 December 2021</b>	<b>60,025</b>	<b>60,192</b>	<b>42,798</b>	<b>163,015</b>

→ Financial statements 1 January – 31 December

## Notes

### G30 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 31 December 2022 for unused credit facilities.

DKK'000	Stage 1	Stage 2	Stage 3	Total
<b>Impairment charges at 1 January 2022</b>	<b>68</b>	<b>0</b>	<b>153</b>	<b>221</b>
ECL on new assets	75	22	0	97
Transfer from Stage 1	0	1	0	1
Transfer from Stage 2	0	0	0	0
Transfer from Stage 3	0	0	0	0
Assets derecognised	-45	-1	0	-46
Write offs debited to the allowance account	0	0	-11	-11
Other movements	-15	1	-142	-156
<b>Impairment charges at 31 December 2022</b>	<b>83</b>	<b>23</b>	<b>0</b>	<b>106</b>

The table below show the changes in total impairment charges recognised at 31 December 2021 for unused credit facilities.

DKK'000	Stage 1	Stage 2	Stage 3	Total
<b>Impairment charges at 1 January 2021</b>	<b>199</b>	<b>2</b>	<b>691</b>	<b>892</b>
ECL on new assets	44	0	11	55
Transfer from Stage 1	-10	0	10	0
Transfer from Stage 2	2	-12	10	0
Transfer from Stage 3	6	0	-6	0
Assets derecognised	0	0	0	0
Write offs debited to the allowance account	0	0	0	0
Other movements	-173	10	-563	-726
<b>Impairment charges at 31 December 2021</b>	<b>68</b>	<b>0</b>	<b>153</b>	<b>221</b>

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

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## Notes

### **G30** Financial risks and policies and objectives for the management of financial risks (continued)

#### **Market and liquidity risk**

Taking on market & liquidity risk is necessary as an integrated part of doing business. Lunar has low risk appetite towards market & liquidity risk and will consequently abstain from having a trading book and engaging in complex financial structures. Nordic Government and highly liquid Nordic Government bonds (mainly Danish mortgage bonds with a minimum LCR level 1b) are used as a part of liquidity, interest risk management and as collateral for other financial partners.

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 withhold to maturity and repos. This will make us more flexible and aligned with market practice, and we also expect it to be in the interest of our shareholders.

We still limit ourselves from building up a trading book, and do not see significant 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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## Notes

### Income statement and comprehensive income (Parent)

	DKK'000	2022	2021
P1	Interest income	1,324	0
P2	Interest expenses	16,763	1,469
	<b>Net interest and fee income</b>	<b>-15,439</b>	<b>-1,469</b>
	Market value adjustments	6,057	-1,232
P3, P4	Staff costs and administrative expenses	27,640	24,643
P7	Income from group undertakings	-1,451,653	-709,792
	<b>Profit/loss before tax</b>	<b>-1,488,675</b>	<b>-737,136</b>
P5	Tax for the year	4	0
	<b>Profit/loss after tax</b>	<b>-1,488,679</b>	<b>-737,136</b>
	Currency adjustments	-172,621	142
	Other comprehensive income after tax	0	-50,602
	<b>Total comprehensive income</b>	<b>-1,661,300</b>	<b>-787,596</b>



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## Notes

### Balance sheet (Parent)

	DKK'000	31 December 2022	31 December 2021
	<b>ASSETS</b>		
P6	Receivables from credit institutions and central banks	30,019	72,722
P7	Holdings in group undertakings	964,472	2,324,356
P8	Goodwill	55,738	55,738
P9	Other assets	54,191	31,948
	Prepayments	303	1,993
	<b>TOTAL ASSETS</b>	<b>1,104,723</b>	<b>2,486,757</b>
	<b>LIABILITIES AND EQUITY</b>		
	<b>Liabilities</b>		
P10	Other liabilities	151,537	655,143
	<b>Total liabilities</b>	<b>151,537</b>	<b>655,143</b>
	<b>Provisions</b>		
P7	Holding in group undertakings with negative values	2,652	5,596
	<b>Total Provisions</b>	<b>2,652</b>	<b>5,596</b>
	<b>Equity</b>		
P11	Share capital	1,186	1,105
	Share premium	3,723,388	2,954,123
	Retained earnings	-2,774,040	-1,129,210
	<b>Total equity</b>	<b>950,534</b>	<b>1,826,018</b>
	<b>TOTAL LIABILITIES AND EQUITY</b>	<b>1,104,723</b>	<b>2,486,757</b>

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## Notes

### Statement of changes in equity (Parent)

	DKK'000	Share capital	Share premium	Retained earnings	Total
<b>Equity at 1 January 2021</b>		<b>691</b>	<b>710,753</b>	<b>-416,641</b>	<b>294,803</b>
Capital increase		414	2,293,972	0	2,294,386
Currency adjustments		0	0	142	142
Share-based payments		0	0	24,425	24,425
Net profit/loss for the year		0	0	-737,136	-737,136
Other comprehensive income		0	-50,602	0	-50,602
<b>Equity at 1 January 2022</b>		<b>1,105</b>	<b>2,954,123</b>	<b>-1,129,210</b>	<b>1,826,018</b>
P11 Capital increase		81	769,265	0	769,346
Currency adjustments		0	0	-172,621	-172,621
Share-based payments		0	0	16,470	16,470
P12 Net profit/loss for the year		0	0	-1,488,679	-1,488,679
Other comprehensive income		0	0	0	0
<b>Equity at 31 December 2022</b>		<b>1,186</b>	<b>3,723,388</b>	<b>-2,774,040</b>	<b>950,534</b>

The share capital comprises of shares of DKK 1 nominal value each. Total outstanding shares at 31 December 2022 are 1,185,561 (31 December 2021: 1,105,274).

The increase in number of shares during 2022 corresponds to the capital increases conducted during the year.

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## Notes

### Capital and solvency (Parent)

DKK'000	31 December 2022	31 December 2021
Equity	950,534	1,826,018
Deductions <sup>1</sup>	-55,738	-669,278
<b>Total core capital after deductions</b>	<b>894,796</b>	<b>1,156,740</b>
<b>Total tier 1 capital</b>	<b>894,796</b>	<b>1,156,740</b>
<b>Total capital base</b>	<b>894,796</b>	<b>1,156,740</b>
Credit risk	1,022,315	1,753,774
Market risk	23,539	4,636
Operational risk	1,444	0
<b>Total risk exposure</b>	<b>1,047,298</b>	<b>1,758,410</b>
<b>Key figures</b>		
Core capital after deductions, ratio (%)	85.4	65.8
Tier 1 capital ratio (%)	85.4	65.8
Total capital ratio (%)	85.4	65.8

<sup>1</sup> Goodwill of DKK 55,738 thousand is related to holdings in group undertakings and is fully deducted in Common equity tier 1 capital (2021: DKK 669,278).

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## Notes

### Overview over notes in the parent financial statement

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.

<b>P1</b>	Interest income
<b>P2</b>	Interest expenses
<b>P3</b>	Staff costs and administrative expenses
<b>P4</b>	Fees paid to auditor appointed at the annual general meeting
<b>P5</b>	Tax for the year
<b>P6</b>	Receivables from credit institutions and central banks
<b>P7</b>	Holdings in group undertakings
<b>P8</b>	Goodwill
<b>P9</b>	Other assets
<b>P10</b>	Other liabilities
<b>P11</b>	Share capital
<b>P12</b>	Proposed distribution of profit/loss
<b>P13</b>	Contractual obligations and contingencies, etc.
<b>P14</b>	Related parties
<b>P15</b>	Principles for intra-group trading
<b>P16</b>	Acquired operations

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## Notes

	DKK'000	2022	2021
<b>P1</b>	<b>Interest income</b>		
	Other interest income	1,324	0
	<b>Total</b>	<b>1,324</b>	<b>0</b>
	DKK'000	2022	2021
<b>P2</b>	<b>Interest expenses</b>		
	Negative interest paid on deposits in credit institutions and central banks	0	1,374
	Other interest expenses	16,763	95
	<b>Total</b>	<b>16,763</b>	<b>1,469</b>
	DKK'000	2022	2021
<b>P3</b>	<b>Staff cost and administrative expenses</b>		
	Wages and salaries re-involved from subsidiaries	3,791	1,330
	Other administrative expenses	23,849	23,313
	<b>Total</b>	<b>27,640</b>	<b>24,643</b>

The board of directors has not received remuneration in 2022 and 2021.

Details on remuneration of the executive board and board of directors are disclosed on Lunar's website [www.lunar.app/dk/privat/corporate](http://www.lunar.app/dk/privat/corporate)

Incentive programs account for DKK 0 thousand (2021: DKK 0 thousand).

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## Notes

DKK'000	2022	2021
<b>Number of employees in the financial year</b>		
Full-time equivalent employees	3	1
Executive board	1	1
Board of directors	8	8

The board of directors has not received remuneration in 2022 and 2021.

Details on remuneration of the executive board and board of directors are disclosed on Lunar's website [www.lunar.app/dk/privat/corporate](https://www.lunar.app/dk/privat/corporate)

Incentive programs account for DKK 0 thousand (2021: DKK 0 thousand).



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## Notes

	DKK'000	2022	2021
<b>P4</b>	<b>Fees paid to auditor appointed at the annual general meeting</b>		
	Deloitte	0	2,458
	PwC	151	0
	<b>Total fees include:</b>		
	Statutory audit	151	426
	Other assurance engagements	0	200
	Tax services	0	1,678
	Non-audit services	0	154
	<b>Total</b>	<b>151</b>	<b>2,458</b>

Fees for non-audit services provided by Deloitte in 2021 includes and consists of various declarations tasks, objective tax advices as well as general accounting and consulting services. Deloitte has complied with Article 4(2) of Regulation (EU) No 537/2014.

	DKK'000	2022	2021
<b>P5</b>	<b>Tax for the year</b>		
	Adjustment of current tax previous years	4	0
	<b>Total</b>	<b>4</b>	<b>0</b>

	DKK'000	2022	2021
<b>P6</b>	<b>Receivables from credit institutions and central banks</b>		
	Credit institutions	30,019	72,722
	<b>Total</b>	<b>30,019</b>	<b>72,722</b>
	<b>Distribution of terms by maturity</b>		
	Overnight	19,155	63,855
	Up to three months	10,864	8,867
	<b>Total</b>	<b>30,019</b>	<b>72,722</b>

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## Notes

	DKK'000	2022	2021
<b>P7</b>	<b>Holdings in group undertakings</b>		
	Cost at 1 January	3,469,687	676,170
	Additions	927,000	2,793,517
	<b>Cost at 31 December</b>	<b>4,396,687</b>	<b>3,469,687</b>
	Value adjustment at 1 January	-1,150,927	-460,131
	Foreign exchange rate adjustment	-202,566	141
	Dividends	-640,964	0
	Share-based payments	11,243	18,855
	Profit/loss for the year	-1,451,653	-709,792
	<b>Value adjustment at 31 December</b>	<b>-3,434,867</b>	<b>-1,150,927</b>
	<b>Net carrying amount at 31 December</b>	<b>961,820</b>	<b>2,318,760</b>
	Negative equity values, incl. internal gains, transferred to provisions	2,652	5,596
	<b>Carrying amount at period end</b>	<b>964,472</b>	<b>2,324,356</b>

Name and registered office	Voting rights and ownership	Profit/loss <sup>1</sup> (DKK'000)	Equity (DKK'000)
Lunar Bank A/S, Aarhus, DK	100 %	-1,476,340	733,232
Lunar Journey AB, Stockholm, SE	100 %	88,744	124,679
Lunar Payment ApS, Aarhus, DK	100 %	10,567	14,722
Lunar Way A/S, Aarhus, DK	100 %	-70,895	66,999
Lunar Block A/S, Aarhus, DK	100 %	-8,276	6,361
Lunar Way AB, Stockholm, SE	100 %	2,624	-2,652

<sup>1</sup> Profit/loss is excluding PPA-adjustments and elimination of internal gains.

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## Notes

	DKK'000	2022	2021
<b>P8</b>	<b>Goodwill</b>		
	Cost at 1 January	55,738	0
	Additions	0	55,738
	Cost at 31 December	55,738	55,738
	Amortisation and impairment at 1 January	0	0
	Impairment	0	0
	Amortisation and impairment losses at 31 December	0	0
	<b>Carrying amount at 31 December</b>	<b>55,738</b>	<b>55,738</b>

Goodwill arose from Lunar Groups acquisition of Lunar Payments ApS, in 2021. The purchase price allocation is disclosed in note G29.

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.

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

	DKK'000	2022	2021
<b>P9</b>	<b>Other assets</b>		
	Intercompany receivables	35,991	6,271
	Deposits	18,200	18,200
	Other assets	0	7,477
	<b>Total</b>	<b>54,191</b>	<b>31,948</b>

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	DKK'000	2022	2021
<b>P10</b>	<b>Other liabilities</b>		
	Intercompany debt	135,260	633,617
	Other liabilities	<u>16,277</u>	<u>21,526</u>
	<b>Total</b>	<b><u>151,537</u></b>	<b><u>655,143</u></b>

	DKK'000	2022	2021
<b>P11</b>	<b>Share capital</b>		
	Share capital at 1 January	1,105	691
	Capital increases	<u>81</u>	<u>414</u>
	<b>Share capital at 31 January</b>	<b><u>1,186</u></b>	<b><u>1,105</u></b>
	Number of shares	1,185,561	1,105,274

Lunar Group does not hold own shares.

The share capital comprises of shares of DKK 1 nominal value each.

	DKK'000	2022	2021
<b>P12</b>	<b>Proposed distribution of profit/loss</b>		
	Retained earnings	<u>-1,488,679</u>	<u>-737,136</u>
	<b>Total</b>	<b><u>-1,488,679</u></b>	<b><u>-737,136</u></b>

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## Notes

### **P13 Contractual obligations and contingencies, etc.**

#### **Contingent liabilities**

Lunar Group A/S have issued letters of Financial Support in the amount of DKK 100 mio. 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 31 December 2023.

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.

### **P14 Related parties**

The ownership of Lunar Group is disclosed on 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 Payments ApS, Hack Kampmanns Plads 10, 8000 Aarhus C
- Lunar Block A/S, Hack Kampmanns Plads 10, 8000 Aarhus C
- Lunar Way AB, Hovslagargatan 5, 111 48 Stockholm, Sweden
- Lunar Journey AB, Hovslagargatan 5, 111 48 Stockholm, Sweden

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## Notes

### P15 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	2022	2021
<b>Income statement</b>		
Re-invoiced staff costs from subsidiaries	3,791	1,330
Re-invoiced costs to subsidiaries	1,531	1,667
Interest expenses to subsidiaries	16,813	545
Intercompany interest income from subsidiaries	1,324	0
Share-based payments	16,470	24,428
Services from companies owned by members of BoD in the parent company and subsidiaries	0	0
<b>Balance sheet</b>		
Receivables to subsidiaries	35,991	6,271
Payables to subsidiaries	135,260	633,617

### P16 Acquired operations

During the first half year of 2021, Lunar Group A/S acquired 100 % of the shares in Lunar Journey AB and Lunar Payments ApS. Please see note G29 to the consolidated financial statement for a more detailed disclosure of the purchase price allocations.

# ***LUNAR***