
Lighthouse 700 ApS

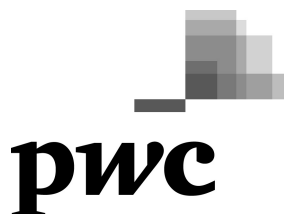
Amerika Plads 26, DK-2100 København Ø

Annual Report for 1 July 2019 - 30 June 2020

CVR No 33 75 47 60

The Annual Report was
presented and adopted at
the Annual General
Meeting of the Company on
30/10 2020

Jan Melgaard
Chairman of the General
Meeting



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Management's Statement

The Executive Board has today considered and adopted the Annual Report of Lighthouse 700 ApS for the financial year 1 July 2019 - 30 June 2020.

The Annual Report is prepared in accordance with the Danish Financial Statements Act.

In my opinion the Financial Statements give a true and fair view of the financial position at 30 June 2020 of the Company and of the results of the Company operations for 2019/20.

In my opinion, Management's Review includes a true and fair account of the matters addressed in the Review.

I recommend that the Annual Report be adopted at the Annual General Meeting.

København, 30 October 2020

Executive Board

Jan Melgaard
CEO

The Independent Practitioner's Report

To the Shareholder of Lighthouse 700 ApS

Conclusion

We have performed an extended review of the Financial Statements of Lighthouse 700 ApS for the financial year 1 July 2019 - 30 June 2020, which comprise income statement, balance sheet and notes, including a summary of significant accounting policies. The Financial Statements are prepared in accordance with the Danish Financial Statements Act.

Based on the work performed, in our opinion, the Financial Statements give a true and fair view of the financial position of the Company at 30 June 2020 and of the results of the Company operations for the financial year 1 July 2019 - 30 June 2020 in accordance with the Danish Financial Statements Act.

Basis for conclusion

We conducted our extended review in accordance with the Danish Business Authority's Assurance Standard for Small Enterprises and FSR – Danish Auditors' standard on extended review of financial statements prepared in accordance with the Danish Financial Statements Act. Our responsibilities under those standards and requirements are further described in the "Practitioner's responsibilities for the extended review of the financial statements" section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) and the additional requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these rules and requirements. We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our conclusion.

Management's responsibility for the Financial Statements

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

In preparing the Financial Statements, Management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting in preparing the Financial Statements unless Management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Practitioner's responsibilities for the extended review of the Financial Statements

Our responsibility is to express a conclusion on the Financial Statements. This requires that we plan and perform procedures to obtain limited assurance in respect of our conclusion on the Financial Statements and, moreover, that we perform supplementary procedures specifically required to obtain additional assurance in respect of our conclusion.

An extended review consists of making inquiries, primarily of Management and others within the enterprise, as appropriate, and applying analytical procedures and the supplementary procedures specifically required as well as assessing the evidence obtained.

The Independent Practitioner's Report

An extended review is less in scope than an audit and, consequently, we do not express an audit opinion on the Financial Statements.

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 extended review 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 extended review, 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 Financials Statements Act.

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

Trekantområdet, 30 October 2020

PricewaterhouseCoopers

Statsautoriseret Revisionspartnerselskab

CVR No 33 77 12 31

Jan Bunk Harbo Larsen
statsautoriseret revisor
mne30224

Lasse Berg
statsautoriseret revisor
mne35811

Company Information

The Company

Lighthouse 700 ApS
Amerika Plads 26
DK-2100 København Ø

CVR No: 33 75 47 60
Financial period: 1 July - 30 June
Municipality of reg. office: København

Executive Board

Jan Melgaard

Auditors

PricewaterhouseCoopers
Statsautoriseret Revisionspartnerselskab
Herredsvej 32
DK-7100 Vejle

Management's Review

Financial Statements of Lighthouse 700 ApS for 2019/20 has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to enterprises of reporting class B as well as selected rules applying to reporting class C.

The Annual Report has been prepared under the same accounting policies as last year.

Key activities

The Company owns 2 aircrafts which have been leased under contract. During the year the lease contract has been terminated.

Development in the year

The income statement of the Company for 2019/20 shows a profit of USD 3,601,021, and at 30 June 2020 the balance sheet of the Company shows equity of USD 2,655,786.

Capital resources

At acquisition the aircraft investments were partially financed with 3rd party financing and such financing has been granted against a contingent deferred fee, which is dependent on future events. The liability associated with such deferred fees has been recognized in 2019/20 with USD 3,500,000 after which the contingent fee agreement have been terminated.

Uncertainty relating to recognition and measurement

There is significant uncertainty in recognizing and measuring the company's receivables from sales and services. According to the company's accounting policies, an individual assessment of the receivables occurs, which has resulted in a full loss provision. However, significant uncertainty is associated with this assessment, but management estimates that valuation of receivables from sales and services has been conducted with appropriate caution.

Unusual events

The company have improved their financial result, however, the global Covid-19 pandemic will probably also affect the company's financial results in the 2020/21 financial year negatively.

Subsequent events

No events materially affecting the assessment of the Annual Report have occurred after the balance sheet date.

Income Statement 1 July - 30 June

	Note	2019/20 USD	2018/19 USD
Gross profit/loss		12,484,476	2,288,777
Depreciation, amortisation and impairment of property, plant and equipment	3	-4,247,240	-1,918,630
Profit/loss before financial income and expenses	2	8,237,236	370,147
Financial income	4	88,576	104,560
Financial expenses	5	-3,371,374	-405
Profit/loss before tax		4,954,438	474,302
Tax on profit/loss for the year	6	-1,353,417	-104,435
Net profit/loss for the year		3,601,021	369,867

Distribution of profit

Proposed distribution of profit

Proposed dividend for the year	2,200,000	0
Retained earnings	1,401,021	369,867
	3,601,021	369,867

Balance Sheet 30 June

Assets

	Note	2019/20 USD	2018/19 USD
Airplanes		606,118	4,853,358
Property, plant and equipment	7	606,118	4,853,358
Fixed assets		606,118	4,853,358
Trade receivables		0	2,069,513
Receivables from group enterprises		1,698,138	520,182
Other receivables		0	4,642
Receivables		1,698,138	2,594,337
Cash at bank and in hand		4,075,703	6,079,670
Currents assets		5,773,841	8,674,007
Assets		6,379,959	13,527,365

Balance Sheet 30 June

Liabilities and equity

	Note	2019/20 USD	2018/19 USD
Share capital		15,447	15,447
Retained earnings		440,339	-960,681
Proposed dividend for the year		2,200,000	0
Equity	8	2,655,786	-945,234
Provision for deferred tax		0	123,004
Other provisions	9	0	13,495,943
Provisions		0	13,618,947
Prepayments received from customers		0	188,600
Payables to group enterprises		394,566	449,724
Corporation tax		1,476,421	211,058
Other payables		1,853,186	4,270
Short-term debt		3,724,173	853,652
Debt		3,724,173	853,652
Liabilities and equity		6,379,959	13,527,365
Uncertainty in recognition and measurement	1		
Contingent assets, liabilities and other financial obligations	10		
Accounting Policies	11		

Notes to the Financial Statements

1 Uncertainty in recognition and measurement

There is significant uncertainty in recognizing and measuring the company's receivables from sales and services. According to the company's accounting policies, an individual assessment of the receivables occurs, which has not resulted in any loss of provision. However, significant uncertainty is associated with this assessment, but management estimates that valuation of receivables from sales and services has been conducted with appropriate caution.

2 Special items

The company has terminated their leasing agreement with their lessee during the financial year. During the lease period the company have received maintenance fee for their aircrafts and according to the lease agreement the company has recognized the maintenance balance in their financial statement, which has a positive effect of USD 8.9 mio.

After the aircraft has been returned to the company, the company has made an impairment test on the aircrafts and has hence booked an impairment of USD 2.3 mio.

The company has paid a contingent fee of USD 3,4 mio. to its bank which is recognized on as "financial expenses" under their financial agreement.

	2019/20 USD	2018/19 USD
3 Depreciation, amortisation and impairment of property, plant and equipment		
Depreciation of property, plant and equipment	1,918,630	1,918,630
Impairment of property, plant and equipment	2,328,610	0
	4,247,240	1,918,630

4 Financial income

Interest received from group enterprises	0	10,662
Other financial income	88,576	93,898
	88,576	104,560

Notes to the Financial Statements

	2019/20 USD	2018/19 USD		
5 Financial expenses				
Interest paid to group enterprises	17,789	0		
Other financial expenses	3,353,585	405		
	3,371,374	405		
6 Tax on profit/loss for the year				
Current tax for the year	1,476,421	336,667		
Deferred tax for the year	-123,004	-232,232		
	1,353,417	104,435		
7 Property, plant and equipment		Airplanes USD		
Cost at 1 July		17,873,776		
Cost at 30 June		17,873,776		
Impairment losses and depreciation at 1 July		13,020,418		
Impairment losses for the year		2,328,610		
Depreciation for the year		1,918,630		
Impairment losses and depreciation at 30 June		17,267,658		
Carrying amount at 30 June		606,118		
8 Equity				
	Share capital USD	Retained earnings USD	Proposed dividend for the year USD	Total USD
Equity at 1 July	15,447	-960,682	0	-945,235
Net profit/loss for the year	0	1,401,021	2,200,000	3,601,021
Equity at 30 June	15,447	440,339	2,200,000	2,655,786

Notes to the Financial Statements

	<u>2019/20</u>	<u>2018/19</u>
	USD	USD
9 Other provisions		
Expected future maintenance costs regarding aircrafts		
Maintenance costs	0	13,495,943
	<u>0</u>	<u>13,495,943</u>

10 Contingent assets, liabilities and other financial obligations

Contingent liabilities

The group companies are jointly and severally liable for tax on the jointly taxed incomes etc of the Group. The total amount of corporation tax payable is disclosed in the Annual Report of Melgaard Invest A/S, which is the management company of the joint taxation purposes. Moreover, the group companies are jointly and severally liable for Danish withholding taxes by way of dividend tax, tax on royalty payments and tax on unearned income. Any subsequent adjustments of corporation taxes and withholding taxes may increase the Company's liability.

Notes to the Financial Statements

11 Accounting Policies

The Annual Report of Lighthouse 700 ApS for 2019/20 has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to enterprises of reporting class B as well as selected rules applying to reporting class C.

The accounting policies applied remain unchanged from last year.

Financial Statements for 2019/20 are presented in USD, which is the functional currency of the Company. At 30 June 2020 the USD/DKK exchange rate is 665.53. The corresponding exchange rate at 30 June 2019 was 655.85.

Recognition and measurement

Revenues are recognised in the income statement as earned. Furthermore, value adjustments of financial assets and liabilities measured at fair value or amortised cost are recognised. Moreover, all expenses incurred to achieve the earnings for the year are recognised in the income statement, including depreciation, amortisation, impairment losses and provisions as well as reversals due to changed accounting estimates of amounts that have previously been recognised in the income statement.

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

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

Assets and liabilities are initially measured at cost. Subsequently, assets and liabilities are measured as described for each item below.

Recognition and measurement take into account predictable losses and risks occurring before the presentation of the Annual Report which confirm or invalidate affairs and conditions existing at the balance sheet date.

Translation policies

Transactions in foreign currencies are translated at the exchange rates at the dates of transaction. Exchange differences arising due to differences between the transaction date rates and the rates at the dates of payment are recognised in financial income and expenses in the income statement. Where foreign exchange transactions are considered hedging of future cash flows, the value adjustments are recognised directly in equity.

Receivables, payables and other monetary items in foreign currencies that have not been settled at the balance sheet date are translated at the exchange rates at the balance sheet date. Any differences between the exchange rates at the balance sheet date and the rates at the time when the receivable or the

Notes to the Financial Statements

11 Accounting Policies (continued)

debt arose are recognised in financial income and expenses in the income statement.

Fixed assets acquired in foreign currencies are measured at the transaction date rates.

Income Statement

Revenue

Revenue is measured at the consideration received and is recognised exclusive of VAT and net of discounts relating to sales.

Other external expenses

Other external expenses comprise expenses for premises, sales and distribution as well as office expenses, etc.

Gross profit/loss

With reference to section 32 of the Danish Financial Statements Act, gross profit/loss is calculated as a summary of revenue, other operating income, expenses for raw materials and consumables and other external expenses.

Amortisation, depreciation and impairment losses

Amortisation, depreciation and impairment losses comprise amortisation, depreciation and impairment of property, plant and equipment.

Other operating income and expenses

Other operating income and other operating expenses comprise items of a secondary nature to the main activities of the Company, including gains and losses on the sale of intangible assets and property, plant and equipment.

Financial income and expenses

Financial income and expenses are recognised in the income statement at the amounts relating to the financial year.

Tax on profit/loss for the year

Tax for the year consists of current tax for the year and changes in deferred tax for the year. The tax attributable to the profit for the year is recognised in the income statement, whereas the tax attributable to equity transactions is recognised directly in equity.

Notes to the Financial Statements

11 Accounting Policies (continued)

The Company is jointly taxed with Danish parent company. The tax effect of the joint taxation is allocated to enterprises in proportion to their taxable incomes.

Balance Sheet

Property, plant and equipment

Property, plant and equipment are measured at cost less accumulated depreciation and less any accumulated impairment losses.

Cost comprises the cost of acquisition and expenses directly related to the acquisition up until the time when the asset is ready for use.

Depreciation based on cost reduced by any residual value is calculated on a straight-line basis over the expected useful lives of the assets, which are:

Aircrafts	5-20 years
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Depreciation period and residual value are reassessed annually.

Depreciation principles reflects the fact that maintenance of components are the responsibility of the lessee.

Impairment of fixed assets

The carrying amounts of property, plant and equipment are reviewed on an annual basis to determine whether there is any indication of impairment other than that expressed by amortisation and depreciation.

If so, the asset is written down to its lower recoverable amount.

Receivables

Receivables are recognised in the balance sheet at amortised cost, which substantially corresponds to nominal value. Provisions for estimated bad debts are made.

Dividend

Dividend distribution proposed by Management for the year is disclosed as a separate equity item.

Notes to the Financial Statements

11 Accounting Policies (continued)

Provisions

Provisions are recognised when - in consequence of an event occurred before or on the balance sheet date - the Company has a legal or constructive obligation and it is probable that economic benefits must be given up to settle the obligation.

Deferred tax assets and liabilities

Deferred income tax is measured using the balance sheet liability method in respect of temporary differences arising between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes on the basis of the intended use of the asset and settlement of the liability, respectively.

Deferred tax assets, including the tax base of tax loss carry-forwards, are measured at the value at which the asset is expected to be realised, either by elimination in tax on future earnings or by set-off against deferred tax liabilities within the same legal tax entity.

Deferred tax is measured on the basis of the tax rules and tax rates that will be effective under the legislation at the balance sheet date when the deferred tax is expected to crystallise as current tax. Any changes in deferred tax due to changes to tax rates are recognised in the income statement or in equity if the deferred tax relates to items recognised in equity.

Current tax receivables and liabilities

Current tax liabilities and receivables are recognised in the balance sheet as the expected taxable income for the year adjusted for tax on taxable incomes for prior years and tax paid on account. Extra payments and repayment under the on-account taxation scheme are recognised in the income statement in financial income and expenses.

Financial debts

Debts are measured at amortised cost, substantially corresponding to nominal value.