



CHRISTENSEN
KJÆRULFF

PERSONLIGT ENGAGEMENT

STATSAUTORISERET
REVISIONSAKTIESELSKAB

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Ghost A/S

Århusgade 88.2, 2100 København Ø

Company reg. no. 24 23 55 21

Annual report

1 January - 31 December 2023

The annual report was submitted and approved by the general meeting on the 12 July 2024.

Nathan Fenwick
Chairman of the meeting



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Notes to users of the English version of this document:

- This document is a translation of a Danish version of the document. In the event of any dispute regarding the interpretation of any part of the document, the Danish version of the document shall prevail.
- To ensure the greatest possible applicability of this document, IAS/IFRS English terminology has been used.
- Please note that decimal points remain unchanged from Danish version of the document. This means that DKK 146.940 corresponds to the English amount of DKK 146,940, and that 23,5 % corresponds to 23.5 %.



Management's statement

Today, the Board of Directors and the Managing Director have approved the annual report of Ghost A/S for the financial year 1 January - 31 December 2023.

The annual report has been prepared in accordance with the Danish Financial Statements Act.

We consider the chosen accounting policy to be appropriate, and in our opinion, the financial statements give a true and fair view of the financial position of the Company at 31 December 2023 and of the results of the Company's operations and cash flows for the financial year 1 January – 31 December 2023.

Further, in our opinion, the Management's review gives a true and fair review of the matters discussed in the Management's review.

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

Copenhagen, 12 July 2024

Managing Director

William Paul Romeo
Managing Director

Board of directors

Nathan Fenwick
Chairman

William Paul Romeo

Cara Jane Sheppard



Independent auditor's report

To the Shareholders of Ghost A/S

Opinion

We have audited the financial statements of Ghost A/S for the financial year 1 January - 31 December 2023, which comprise income statement, balance sheet, statement of changes in equity, statement of cash flows, notes and a summary of significant accounting policies, for the Company. The financial statements are prepared under the Danish Financial Statements Act.

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

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and the additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the "Auditor's Responsibilities for the Audit of the Financial Statements" section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (IESBA Code) and the additional ethical requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of Matter

We draw attention to Note 1 with a description of the uncertainty regarding the recognition and measurement of receivables from group enterprises. We agree with the management in the treatment thereof.

Management's Responsibilities for the Financial Statements

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

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



Independent auditor's report

Auditor's Responsibilities for the Audit of the Financial Statements

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

As part of an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark, we exercise professional 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 Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.
- Conclude on the appropriateness of Management's use of the going concern basis of accounting in preparing the financial statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and contents of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that gives a true and fair view.

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



Independent auditor's report

Statement on Management's Review

Management is responsible for Management's Review.

Our opinion on the financial statements does not cover Management's Review, and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read Management's Review and, in doing so, consider whether Management's Review is materially inconsistent with the financial statements or our knowledge obtained during the audit, or otherwise appears to be materially misstated.

Moreover, it is our responsibility to consider whether Management's Review provides the information required under the Danish Financial Statements Act.

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

Copenhagen, 12 July 2024

Christensen Kjarulff

Statsautoriseret Revisionsaktieselskab
Company reg. no. 15 91 56 41

Torben Laurentz Wiberg

State Authorised Public Accountant
mne11651



Company information

The company	Ghost A/S Århusgade 88.2 2100 København Ø Company reg. no. 24 23 55 21 Financial year: 1 January - 31 December
Board of directors	Nathan Fenwick, USA, Chairman William Paul Romeo, USA Cara Jane Sheppard, United Kingdom
Managing Director	William Paul Romeo, USA, Managing Director
Auditors	Christensen Kjarulff Statsautoriseret Revisionsaktieselskab Østbanegade 123 2100 København Ø
Bankers	Sydbank
Lawyer	Accura
Parent company	Ghost Holding ApS



Financial highlights

DKK in thousands.	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
Income statement:					
Gross profit	104.878	96.697	73.742	54.896	44.335
Profit from operating activities	56.170	54.882	35.335	25.218	13.251
Net financials	1.675	2.861	1.070	-1.068	218
Net profit or loss for the year	45.111	45.024	28.442	18.837	10.502
Statement of financial position:					
Balance sheet total	66.497	79.718	74.823	30.470	23.457
Investments in property, plant and equipment	319	2.202	1.566	838	1.328
Equity	46.218	35.207	43.573	21.381	14.909
Cash flows:					
Operating activities	72.514	64.934	-2.426	8.710	23.221
Investing activities	-379	-2.267	-1.579	-321	-872
Financing activities	-84.781	-53.362	-6.473	-13.038	-11.491
Total cash flows	-12.645	9.304	-10.479	-4.649	10.858
Employees:					
Average number of full-time employees	76	77	68	64	62
Key figures in %:					
Acid test ratio	314,6	178,9	250,0	328,8	269,8
Solvency ratio	69,5	44,2	58,2	70,2	63,6
Return on equity	110,8	114,3	87,6	103,8	67,1

Calculations of key figures and ratios do, in all material respects, follow the recommendations of the Danish Association of Finance Analysts, only in a few respects deviating from the recommendations.

The key figures and ratios shown in the statement of financial highlights have been calculated as follows:

$$\text{Acid test ratio} = \frac{\text{Current assets} \times 100}{\text{Short term liabilities other than provisions}}$$

$$\text{Solvency ratio} = \frac{\text{Equity, closing balance} \times 100}{\text{Total assets, closing balance}}$$

$$\text{Return on equity} = \frac{\text{Net profit or loss for the year} \times 100}{\text{Average equity}}$$



Management's review

Description of key activities of the company

The principal activities of the company are production of computer graphics, visual effects for feature films, television series, commercials and related business.

Unusual circumstances

No unusual circumstances have affected the recognition or measurement in connection with the presentation of the company's annual report.

Uncertainties connected with recognition or measurement

The company has receivables from group enterprises amounting to DKK 60 million as of December 31, 2023, of which approximately 30% has been paid in the subsequent period up to the date of presentation of the financial statements. There is a natural uncertainty associated with the recognition and measurement of the remaining outstanding amounts.

Development in activities and financial matters

The gross profit for the year amounts to T.DKK 107.728 against T.DKK 96.697 last year. Income or loss from ordinary activities after tax amounts to T.DKK 45.111 against T.DKK 45.024 last year. Management considers the net profit or loss for the year to be very satisfactory.

The company continues to work on increasingly larger productions. Again, this year, we have seen a high demand among TV productions for streaming services - these account for 75% of our total revenue.

The company has achieved a revenue growth of approximately 9% compared to the previous year. Approximately 99% of the company's revenue comes from foreign customers, primarily from Hollywood. The company's principal customer accounts for 25% of the total revenue.

Development in activities and financial conditions

In the first half of 2023, we experienced a significant increase in demand for visual effects, particularly in the production of TV series. In addition to the usual market forces, it is our assessment that the increased demand is primarily driven by the ongoing battle for market share among streaming services and their growing need for quality content. However, this positive development was halted due to the strike initiated on April 18 by both the American scriptwriters' and actors' unions. The strike has had direct and noticeable consequences for our customers and thus also for us as a visual effects supplier. We recorded a decline in activities in the third quarter and a significantly reduced activity level in the fourth quarter, resulting in a negative EBITDA in November. Although the strike ended on November 3, the backlog has continued into 2024. Despite these challenges, Ghost A/S succeeded in achieving a highly satisfactory annual result based on the first half of the year.

Financial risks and the use of financial instruments

The company has not undertaken any special risks beyond the normal business and financial risks associated with its activities.

Foreign currency risks



Management's review

The company is exposed to fluctuations in the USD exchange rate, as the majority of its revenue is invoiced in this currency.

Environmental issues

The company's activities do not involve actual production that negatively impacts the environment.

Upon disposal of obsolete IT production equipment, the company has established procedures that largely ensure the materials are sorted and recycled, thereby minimizing the risk of pollution and maximizing resource reuse.

Knowledge resources

It is crucial for the company's ability to operate in the competitive and rapidly growing visual effects production market that its employees possess the best skills within the business areas. The management's goal is to attract, develop, and retain the industry's most competent employees. The company's reputation and international customer segments continue to make it attractive for employees and consultants to contribute to this development.

Research and development activities

The company does not engage in research and development activities.

Events occurring after the end of the financial year

We do not yet have a complete overview of the consequences of the strikes, but it is certain that the backlog will also negatively impact Ghost A/S in 2024. Additionally, there has been a real risk that other professional groups, including stage workers and other film and TV unions, would also initiate strikes. As an immediate reaction, we have found it necessary to adjust our business operations, which has included a significant reduction in the number of employees. With these necessary adjustments, management believes that Ghost A/S, with its current order stock, has sufficient liquidity and access to credit facilities to ensure continued operations and fulfillment of our obligations. Management remains alert and proactive in navigating through these challenging times and maintaining our market position.



Income statement 1 January - 31 December

All amounts in DKK.

<u>Note</u>	<u>2023</u>	<u>2022</u>
Gross profit	104.877.971	96.696.966
2 Staff costs	-43.023.775	-40.767.678
Depreciation and impairment of property, land, and equipment	-1.347.088	-1.047.550
Other operating expenses	<u>-4.337.095</u>	<u>0</u>
Operating profit	56.170.013	54.881.738
Other financial income from group enterprises	2.167.578	10.808
Other financial income	910.782	2.948.419
3 Other financial expenses	<u>-1.403.708</u>	<u>-98.402</u>
Pre-tax net profit or loss	57.844.665	57.742.563
4 Tax on net profit or loss for the year	<u>-12.733.655</u>	<u>-12.719.054</u>
5 Net profit or loss for the year	<u>45.111.010</u>	<u>45.023.509</u>



Balance sheet at 31 December

All amounts in DKK.

Assets			
<u>Note</u>		<u>2023</u>	<u>2022</u>
Non-current assets			
6	Plant and machinery	1.291.894	2.310.622
7	Other fixtures, fittings, tools and equipment	519.682	529.121
	Total property, plant, and equipment	<u>1.811.576</u>	<u>2.839.743</u>
8	Deposits	894.477	834.852
	Total investments	<u>894.477</u>	<u>834.852</u>
	Total non-current assets	<u>2.706.053</u>	<u>3.674.595</u>
Current assets			
	Assets held for sale	0	2.982.094
	Total inventories	<u>0</u>	<u>2.982.094</u>
	Trade receivables	630.947	37.785.791
	Contract work in progress	974.634	11.178.183
	Receivables from group enterprises	60.088.602	7.427.289
9	Deferred tax assets	127.844	0
	Other receivables	365.200	1.144.203
10	Prepayments	0	454.806
	Total receivables	<u>62.187.227</u>	<u>57.990.272</u>
	Cash and cash equivalents	<u>1.604.069</u>	<u>15.071.019</u>
	Total current assets	<u>63.791.296</u>	<u>76.043.385</u>
	Total assets	<u>66.497.349</u>	<u>79.717.980</u>



Balance sheet at 31 December

All amounts in DKK.

<u>Note</u>	<u>2023</u>	<u>2022</u>
Equity and liabilities		
Equity		
Contributed capital	500.000	500.000
Retained earnings	45.717.540	28.406.530
Proposed dividend for the financial year	0	6.300.000
Total equity	<u>46.217.540</u>	<u>35.206.530</u>
Provisions		
Provisions for deferred tax	0	1.996.751
Total provisions	<u>0</u>	<u>1.996.751</u>
Liabilities other than provisions		
Bank Debt	21.491	92.552
Prepayments received from customers	591.596	17.971.427
Prepayments received from customers for contract work in progress	468.233	7.144.886
Trade payables	1.162.394	4.532.718
Payables to group enterprises	7.321.459	1.134.094
Income tax payable, Group enterprises	4.858.250	4.462.726
Other payables	5.856.386	7.176.296
Total short term liabilities other than provisions	<u>20.279.809</u>	<u>42.514.699</u>
Total liabilities other than provisions	<u>20.279.809</u>	<u>42.514.699</u>
Total equity and liabilities	<u>66.497.349</u>	<u>79.717.980</u>

- 1 Uncertainties concerning recognition and measurement
- 11 Contingencies
- 12 Related parties



Statement of changes in equity

All amounts in DKK.

	Contributed capital	Retained earnings	Proposed dividend for the financial year	Total
Equity 1 January 2022	500.000	12.573.021	30.500.000	43.573.021
Distributed dividend	0	0	-30.500.000	-30.500.000
Retained earnings for the year	0	15.833.509	6.300.000	22.133.509
Extraordinary dividend adopted during the financial year	0	22.890.000	0	22.890.000
Distributed extraordinary dividend adopted during the financial year	0	-22.890.000	0	-22.890.000
Equity 1 January 2023	500.000	28.406.530	6.300.000	35.206.530
Distributed dividend	0	0	-6.300.000	-6.300.000
Retained earnings for the year	0	17.311.010	0	17.311.010
Extraordinary dividend adopted during the financial year	0	27.800.000	0	27.800.000
Distributed extraordinary dividend adopted during the financial year	0	-27.800.000	0	-27.800.000
	500.000	45.717.540	0	46.217.540



Statement of cash flows 1 January - 31 December

All amounts in DKK.

<u>Note</u>	<u>2023</u>	<u>2022</u>
Net profit or loss for the year	45.111.010	45.023.509
13 Adjustments	12.406.091	10.911.779
14 Change in working capital	26.963.255	17.637.455
Cash flows from operating activities before net financials	84.480.356	73.572.743
Interest received, etc.	3.078.359	244.094
Interest paid, etc.	-581.695	-98.402
Cash flows from ordinary activities	86.977.020	73.718.435
Income tax paid	-14.462.726	-8.784.642
Cash flows from operating activities	72.514.294	64.933.793
Purchase of property, plant, and equipment	-318.921	-2.201.791
Purchase of fixed asset investments	-148.963	-65.251
Sale of fixed asset investments	89.339	0
Cash flows from investment activities	-378.545	-2.267.042
Dividends distributed extraordinary	-27.800.000	-22.890.000
Dividend paid	-6.300.000	-30.500.000
Short-term leding to parent company in US	-50.609.625	0
Cash flows from investment activities	-84.780.686	-53.362.486
Change in cash and cash equivalents	-12.644.937	9.304.265
Cash and cash equivalents at 1 January 2023	15.071.019	3.051.622
Foreign currency translation adjustments (cash and cash equivalents)	-822.013	2.715.132
Cash and cash equivalents at 31 December 2023	1.604.069	15.071.019
Cash and cash equivalents		
Cash and cash equivalents	1.604.069	15.071.019
Cash and cash equivalents at 31 December 2023	1.604.069	15.071.019



Notes

All amounts in DKK.

1. Uncertainties concerning recognition and measurement

The company has receivables from group enterprises as of December 31, 2023, amounting to DKK 60 million, of which approximately 30% has been paid in the subsequent financial period up to the date of presentation of the financial statements. There is a natural uncertainty associated with the recognition and measurement of the remaining outstanding amounts.

	<u>2023</u>	<u>2022</u>
2. Staff costs		
Salaries and wages	41.095.343	39.086.319
Pension costs	1.291.383	998.490
Other costs for social security	637.049	682.869
	<u>43.023.775</u>	<u>40.767.678</u>
Average number of employees	<u>76</u>	<u>77</u>
3. Other financial expenses		
Financial costs, group enterprises	465.387	0
Other financial costs	938.321	98.402
	<u>1.403.708</u>	<u>98.402</u>
4. Tax on net profit or loss for the year		
Tax on net profit or loss for the year	14.858.250	13.024.726
Adjustment of deferred tax for the year	-2.124.595	-305.672
	<u>12.733.655</u>	<u>12.719.054</u>
5. Proposed distribution of net profit		
Extraordinary dividend distributed during the financial year	27.800.000	22.890.000
Dividend for the financial year	0	6.300.000
Transferred to retained earnings	17.311.010	15.833.509
Total allocations and transfers	<u>45.111.010</u>	<u>45.023.509</u>



Notes

All amounts in DKK.

	<u>31/12 2023</u>	<u>31/12 2022</u>
6. Plant and machinery		
Cost 1 January 2023	7.192.922	5.400.333
Additions during the year	<u>104.984</u>	<u>1.792.589</u>
Cost 31 December 2023	<u>7.297.906</u>	<u>7.192.922</u>
Depreciation and write-down 1 January 2023	-4.882.300	-3.977.307
Amortisation and depreciation for the year	<u>-1.123.712</u>	<u>-904.993</u>
Depreciation and write-down 31 December 2023	<u>-6.006.012</u>	<u>-4.882.300</u>
Carrying amount, 31 December 2023	<u>1.291.894</u>	<u>2.310.622</u>
7. Other fixtures, fittings, tools and equipment		
Cost 1 January 2023	1.406.015	996.813
Additions during the year	<u>213.937</u>	<u>409.202</u>
Cost 31 December 2023	<u>1.619.952</u>	<u>1.406.015</u>
Depreciation and write-down 1 January 2023	-876.894	-734.337
Amortisation and depreciation for the year	<u>-223.376</u>	<u>-142.557</u>
Depreciation and write-down 31 December 2023	<u>-1.100.270</u>	<u>-876.894</u>
Carrying amount, 31 December 2023	<u>519.682</u>	<u>529.121</u>
8. Deposits		
Cost 1 January 2023	834.853	769.601
Additions during the year	148.963	65.251
Disposals during the year	<u>-89.339</u>	<u>0</u>
Cost 31 December 2023	<u>894.477</u>	<u>834.852</u>
Carrying amount, 31 December 2023	<u>894.477</u>	<u>834.852</u>



Notes

All amounts in DKK.

	<u>31/12 2023</u>	<u>31/12 2022</u>
9. Deferred tax assets		
Deferred tax assets 1 January 2023	-1.996.751	-2.302.423
Deferred tax relating to the net profit or loss for the year	<u>2.124.595</u>	<u>305.672</u>
	<u>127.844</u>	<u>-1.996.751</u>
10. Prepayments		
Prepaid licences and insurances	<u>0</u>	<u>454.806</u>
	<u>0</u>	<u>454.806</u>

11. Contingencies

Contingent liabilities

The company has entered into a lease agreement for premises with varying notice periods ranging from 4 to 36 months. The total remaining obligation amounts to DKK 2,204 thousand as of the balance sheet date.

Joint taxation

With Ghost Holding ApS, company reg. no 41052856 as administration company, the company is subject to the Danish scheme of joint taxation and unlimitedly, jointly, and severally liable, along with the other jointly taxed companies, for the total corporation tax.

The total tax payable under the joint taxation emerges from the financial statements for Ghost Holding ApS for 2023.



Notes

All amounts in DKK.

12. Related parties

Transactions

The company has the following related party transactions:

	<u>2023</u>	<u>2022</u>
Revenue to Group enterprises	6.602.887	2.690.453
Productions assistance from Group enterprises	8.726.851	1.322.669
Other production Costs from Group enterprises	957.441	2.125.928
Other income from recharge of expenses to Group enterprises	4.405.948	0
Other financial income from Group enterprises	2.167.578	95.092
Other financial expenses to Group enterprises	465.387	0
Receivables from group enterprises	60.088.602	7.427.289
Payables to Group enterprises	7.321.459	1.134.094

Consolidated financial statements

The company is included in the consolidated financial statements of Ghost Holding ApS company registration 41052856 and ultimately in the consolidated financial statements for the supreme parent company, Streamland Media LCC, Company number 201822010462, 1132 VINE STREET; LOS ANGELES; 90038; United States.



Notes

All amounts in DKK.

	<u>2023</u>	<u>2022</u>
13. Adjustments		
Depreciation, amortisation, and impairment	1.347.088	1.047.550
Other financial income	-3.078.360	-2.959.227
Other financial expenses	1.403.708	98.402
Tax on net profit or loss for the year	12.733.655	12.719.054
Other adjustments, tax adjustments	<u>0</u>	<u>6.000</u>
	<u>12.406.091</u>	<u>10.911.779</u>
14. Change in working capital		
Change in inventories	2.982.094	-2.982.094
Change in receivables	-4.069.111	11.326.356
Change in trade payables and other payables	-22.559.353	9.293.193
Other changes in working capital	<u>50.609.625</u>	<u>0</u>
	<u>26.963.255</u>	<u>17.637.455</u>



Accounting policies

The annual report for Ghost A/S has been presented in accordance with the Danish Financial Statements Act regulations concerning reporting class C enterprises (medium sized enterprises).

The accounting policies are unchanged from last year, and the annual report is presented in DKK.

Recognition and measurement in general

Income is recognised in the income statement concurrently with its realisation, including the recognition of value adjustments of financial assets and liabilities. Likewise, all costs are recognised in the income statement, including depreciations amortisations, write-downs for impairment, provisions, and reversals due to changes in estimated amounts previously recognised in the income statement.

Assets are recognised in the statement of financial position when it seems probable that future economic benefits will flow to the company and the value of the asset can be reliably measured.

Liabilities are recognised in the statement of financial position when it is seems probable that future economic benefits will flow out of the company and the value of the liability can be reliably measured.

Assets and liabilities are measured at cost at the initial recognition. Hereafter, assets and liabilities are measured as described below for each individual accounting item.

Certain financial assets and liabilities are measured at amortised cost, allowing a constant effective interest rate to be recognised during the useful life of the asset or liability. Amortised cost is recognised as the original cost less any payments, plus/less accrued amortisations of the difference between cost and nominal amount. In this way, capital losses and gains are allocated over the useful life of the liability.

Upon recognition and measurement, allowances are made for such predictable losses and risks which may arise prior to the presentation of the annual report and concern matters that exist on the reporting date.

Income statement

Gross profit

Gross profit comprises the revenue, own work capitalised, other operating income, and external costs.

The enterprise will be applying IAS 11 and IAS 18 as its basis of interpretation for the recognition of revenue.

Revenue is recognised in the income statement if delivery and passing of risk to the buyer have taken place before the end of the year and if the income can be determined reliably and inflow is anticipated. Revenue is measured at the fair value of the consideration promised exclusive of VAT and taxes and less any discounts relating directly to sales.



Accounting policies

Contract work in progress concerning construction contracts is recognised in the revenue concurrently with the production process. Thus, the revenue corresponds to the selling price of the total yearly production (the production method). The revenue is recognised when the total income and costs of the contract and the stage of completion on the reporting date can be reliably validated and it is deemed probable that the financial benefits will flow to the company.

When the results of a contract cannot be reliably validated, the revenue is recognised solely on a cost basis to the extent that it seems probable that the costs will be recovered.

Other operating income comprises items of a secondary nature as regards the principal activities of the enterprise, including operating loss and conflict compensation as well as salary reimbursements received. Compensation is recognized when it is overwhelmingly probable that the company will receive the compensation. Further reinvoice for Group purchase and expenses is included.

Other external expenses comprise expenses incurred for production, sales, advertising, administration, premises, loss on receivables, and operational leasing costs.

Staff costs

Staff costs include salaries and wages, including holiday allowances, pensions, and other social security costs, etc., for staff members.

Depreciation, amortisation, and write-down for impairment

Depreciation, amortisation, and write-down for impairment comprise depreciation, amortisation, and write-down for the year and profit and loss on the disposal of intangible and tangible assets.

Other operating costs

Other operating costs comprise items of secondary nature as regards the principal activities of the enterprise.

Financial income and expenses

Financial income and expenses comprise interest, realised and unrealised capital gains and losses concerning financial assets and liabilities, amortisation of financial assets and liabilities, additions and reimbursements under the Danish advance tax scheme, etc. Financial income and expenses are recognised in the income statement with the amounts concerning the financial year.

Tax on net profit or loss for the year

Tax for the year comprises the current income tax for the year and changes in deferred tax and is recognised in the income statement with the share attributable to the net profit or loss for the year and directly in equity with the share attributable to entries directly in equity.

The company is subject to Danish rules on compulsory joint taxation of Danish group enterprises.



Accounting policies

The current Danish income tax is allocated among the jointly taxed companies proportional to their respective taxable income (full allocation with reimbursement of tax losses).

Statement of financial position

Property, plant, and equipment

Plant and machinery, and equipment are measured at cost less accrued depreciation and write-down for impairment. Land is not subject to depreciation.

The depreciable amount is cost less any expected residual value after the end of the useful life of the asset. The amortisation period and the residual value are determined at the acquisition date and reassessed annually. If the residual value exceeds the carrying amount, the depreciation is discontinued.

If the amortisation period or the residual value is changed, the effect on amortisation will, in future, be recognised as a change in the accounting estimates.

The cost comprises acquisition cost and costs directly associated with the acquisition until the time when the asset is ready for use.

The cost of a total asset is divided into separate components. These components are depreciated separately, the useful lives of each individual components differing, and the individual component representing a material part of the total cost.

Depreciation is done on a straight-line basis according to an assessment of the expected useful life and the residual value of the individual assets:

	Useful life	Residual value
Plant and machinery	3 years	0 %
Other fixtures and fittings, tools and equipment	3-5 years	0%

Minor assets with an expected useful life of less than 1 year are recognised as costs in the income statement in the year of acquisition.

Profit or loss derived from the disposal of property, land, and equipment is measured as the difference between the sales price less selling costs and the carrying amount at the date of disposal. Profit or loss is recognised in the income statement under depreciation.

As regards self-constructed assets, the cost comprises direct costs for materials, components, deliveries from subsuppliers, payroll costs, and borrowing costs from specific and general borrowing concerning the construction of each individual asset.



Accounting policies

Impairment loss relating to non-current assets

The carrying amount of both intangible and tangible fixed assets are subject to annual impairment tests in order to disclose any indications of impairment beyond those expressed by amortisation and depreciation respectively.

If indications of impairment are disclosed, impairment tests are carried out for each individual asset or group of assets, respectively. write-down for impairment is done to the recoverable amount if this value is lower than the carrying amount.

The recoverable amount is the higher value of value in use and selling price less expected selling cost. The value in use is calculated as the present value of the expected net cash flows from the use of the asset or the asset group and expected net cash flows from the sale of the asset or the asset group after the end of their useful life.

Previously recognised impairment losses are reversed when conditions for impairment no longer exist. Impairment relating to goodwill is not reversed.

Investments

Deposits

Deposits are measured at amortised cost and represent lease deposits, etc.

Inventories

Inventories are measured at cost according to the FIFO method. In cases when the net realisable value of the inventories is lower than the cost, the latter is written down for impairment to this lower value. Inventory relates to a outlay for purchase to related parti.

Receivables

Receivables are measured at amortised cost, which usually corresponds to nominal value.

In order to meet expected losses, impairment takes place at the net realisable value. The company has chosen to use IAS 39 as a basis for interpretation when recognising impairment of financial assets, which means that impairments must be made to offset losses where an objective indication is deemed to have occurred that an account receivable or a portfolio of accounts receivable is impaired. If an objective indication shows that an individual account receivable has been impaired, an impairment takes place at individual level.

Accounts receivable for which there is no objective indication of impairment at the individual level are evaluated at portfolio level for objective indication of impairment. The portfolios are primarily based on the debtors' domicile and credit rating in accordance with the company's and the group's credit risk management policy. Determination of the objective indicators applied for portfolios are based on experience with historical losses.



Accounting policies

Impairment losses are calculated as the difference between the carrying amount of accounts receivable and the present value of the expected cash flows, including the realisable value of any securities received. The effective interest rate for the individual account receivable or portfolio is used as the discount rate.

Contract work in progress

Contract work in progress is measured at the selling price of the work performed. The selling price is measured on the basis of the stage of completion on the reporting date and the total expected income from the individual work in progress. The stage of completion is calculated as the share of costs incurred in proportion to the estimated total costs of the individual work in progress.

When the selling price of the individual work in progress cannot be determined reliably, the selling price is measured at the costs incurred or at net realisable value, if this is lower.

The individual work in progress is recognised in the statement of financial position under accounts receivables or liabilities. Net assets consist of the sum of the work in progress, where the selling price of the work performed exceeds invoicing on account. Net liabilities consist of the sum of the work in progress, where invoicing on account exceeds the selling price.

Costs in connection with sales work and the procurement of contracts are recognised in the income statement when incurred.

Prepayments

Prepayments recognised under assets comprise incurred costs concerning the following financial year.

Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and on hand.

Equity

Dividend

Dividend expected to be distributed for the year is recognised as a separate item under equity.

Income tax and deferred tax

Current tax liabilities and current tax receivable are recognised in the statement of financial position as calculated tax on the taxable income for the year, adjusted for tax of previous years' taxable income and for tax paid on account.

The company is jointly taxed with consolidated Danish companies. The current corporate income tax is distributed between the jointly taxed companies in proportion to their taxable income and with full distribution with reimbursement as to tax losses. The jointly taxed companies are comprised by the Danish tax prepayment scheme.

Joint taxation contributions payable and receivable are recognised in the statement of financial position as "Tax receivables from group enterprises" or "Income tax payable to group enterprises"



Accounting policies

According to the rules of joint taxation, Ghost A/S is unlimitedly, jointly, and severally liable to pay the Danish tax authorities the total income tax, including withholding tax on interest, royalties, and dividends, arising from the jointly taxed group of companies.

Deferred tax is measured on the basis of temporary differences in assets and liabilities with a focus on the statement of financial position. Deferred tax is measured at net realisable value.

Adjustments take place in relation to deferred tax concerning elimination of unrealised intercompany gains and losses.

Deferred tax is measured based on the tax rules and tax rates applying under the legislation prevailing in the respective countries on the reporting date when the deferred tax is expected to be released as current tax. Changes in deferred tax due to changed tax rates are recognised in the income statement, except for items included directly in the equity.

Deferred tax assets, including the tax value of tax losses allowed for carryforward, are recognised at the value at which they are expected to be realisable, either by settlement against tax of future earnings or by set-off in deferred tax liabilities within the same legal tax unit. Any deferred net tax assets are measured at net realisable value.

Liabilities other than provisions

Other liabilities concerning payables to suppliers, group enterprises, and other payables are measured at amortised cost which usually corresponds to the nominal value.

Statement of cash flows

The cash flow statement shows the cash flows for the year, divided in cash flows deriving from operating activities, investment activities and financing activities, respectively, the changes in the liabilities, and cash and cash equivalents at the beginning and the end of the year, respectively.

The effect on cash flows derived from the acquisition and sale of enterprises appears separately under cash flows from investment activities. In the statement of cash flows, cash flows derived from acquirees are recognised as of the date of acquisition, and cash flows derived from sold enterprises are recognised until the date of sale.

Cash flows from operating activities

Cash flows from operating activities are calculated as the company's share of the profit adjusted for non-cash operating items, changes in the working capital, and corporate income tax paid. Dividend income from equity investments are recognised under "Interest income and dividend received".

Cash flows from investment activities

Cash flows from investment activities comprise payments in connection with the acquisition and sale of enterprises and activities as well as the acquisition and sale of intangible assets, property, plant, and equipment, and investments, respectively.



Accounting policies

Cash flows from financing activities

Cash flows from financing activities include changes in the size or the composition of the company's share capital and costs attached to it, as well as raising loans, repayments of interest-bearing payables and payment of dividend to shareholders.



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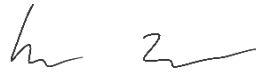


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