

Skall Studio ApS

Amaliegade 15, 3. sal, 1256 København K
CVR no. 36 41 98 49

Annual report for 2022

Årsrapporten er godkendt på den
ordinære generalforsamling, d. 17.04.23

Julie Skall Fruensgaard
Dirigent



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The company

Skall Studio ApS
Amaliegade 15, 3. sal
1256 København K
Registered office: København K
CVR no.: 36 41 98 49
Financial year: 01.01 - 31.12

Executive Board

Julie Skall Fruensgaard
Marie Skall Fruensgaard

Board of Directors

Maiken Moltke Olesen
Julie Skall Fruensgaard
Marie Skall Fruensgaard
Jesper Gravlund Nielsen

Auditors

Beierholm
Statsautoriseret Revisionspartnerselskab

Statement by the Executive Board and Board of Directors on the annual report

We have on this day presented the annual report for the financial year 01.01.22 - 31.12.22 for Skall Studio ApS.

The annual report is presented in accordance with the Danish Financial Statements Act (Årsregnskabsloven).

In our opinion, the financial statements give a true and fair view of the company's assets, liabilities and financial position as at 31.12.22 and of the results of the company's activities for the financial year 01.01.22 - 31.12.22.

We believe that the management's review includes a fair review of the matters dealt with in the management's review.

The annual report is submitted for adoption by the general meeting.

Copenhagen, April 17, 2023

Executive Board

Julie Skall Fruensgaard

Marie Skall Fruensgaard

Board of Directors

Maiken Moltke Olesen
Chairman

Julie Skall Fruensgaard

Marie Skall Fruensgaard

Jesper Gravlund Nielsen

To the capital owner of Skall Studio ApS**Opinion**

We have audited the financial statements of Skall Studio ApS for the financial year 01.01.22 - 31.12.22, which comprise the income statement, balance sheet, statement of changes in equity and notes to the financial statements, including a summary of significant accounting policies. The financial statements are prepared in accordance with the Danish Financial Statements Act (Årsregnskabsloven).

In our opinion the financial statements give a true and fair view of the company's assets, liabilities and financial position at 31.12.22 and of the results of the company's operations for the financial year 01.01.22 - 31.12.22 in accordance with the the Danish Financial Statements Act (Årsregnskabsloven).

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing 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.

Statement regarding the 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 Statements Acts. We did not identify any material misstatement of management's review.

Management's responsibility for the financial statements

The Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the Danish Financial Statements Act. Furthermore the Management is responsible for the internal control as the 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.

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 International Standards on Auditing 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 International Standards on Auditing 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.

Soeborg, Copenhagen, April 17, 2023

Beierholm

Statsautoriseret Revisionspartnerselskab
CVR no. 32 89 54 68

Morten Stener

State Authorized Public Accountant
MNE-no. mne32182

Primary activities

The company's activities comprise design, production and sale of own fashion brand.

Rooted in the nature of Northern Jutland, and founded in Copenhagen, Skall Studio is a Danish conscious fashion and lifestyle brand with a strong set of values. The brand aims to create styles that will last in the wardrobe for many years to come, regardless of shifting trends.

The Skall sisters grew up in Northern Jutland surrounded by nature which is reflected in a natural colour palette as well as natural material choices such as pure linen, organic cotton, Danish wool, and recycled cashmere. Founded in 2014 Skall Studio was among the very first Danish fashion brands to focus on conscious fashion.

Craftsmanship is essential to the Skall sisters. An example is the Danish signature knitwear range made in Denmark; sourced and spun in one of the last remaining spinning mills in Denmark and afterwards knitted together in one of the last remaining knitting factories in Denmark. The focus on craftsmanship will be expanded in new upcoming initiatives.

Skall Studio is known for working with friends of the house. Both as seen on the runway and in their well-known Skall Letters focusing on different inspiring women. The Skall Letters reflect some of the strong Skall Studio values – from slow living and motherhood to conscious consumption and personal stories.

Skall Studio is GOTS certified, and the brand is currently working on a new circular strategy.

Development in activities and financial affairs

The income statement for the period 01.01.22 - 31.12.22 shows a profit/loss of DKK 839,703 against DKK 3,226,832 for the period 01.01.21 - 31.12.21. The balance sheet shows equity of DKK 9,728,912.

The management considers the net profit for the year to be in line with the expectations.

Subsequent events

No important events have occurred after the end of the financial year.

Income statement

Note	2022 DKK	2021 DKK
Gross profit	11,252,766	10,667,268
2 Staff costs	-9,601,456	-6,360,458
Profit before depreciation, amortisation, write-downs and impairment losses	1,651,310	4,306,810
Depreciation, amortisation and impairments losses of intangible assets and property, plant and equipment	-221,162	-207,559
Operating profit	1,430,148	4,099,251
Financial income	112,338	231,636
Financial expenses	-444,162	-161,927
Profit before tax	1,098,324	4,168,960
Tax on profit for the year	-258,621	-942,128
Profit for the year	839,703	3,226,832
Proposed appropriation account		
Retained earnings	839,703	3,226,832
Total	839,703	3,226,832

ASSETS		31.12.22	31.12.21
		DKK	DKK
Note			
	Completed development projects	48,463	0
	Acquired rights	156,719	47,342
	Development projects in progress	237,000	0
3	Total intangible assets	442,182	47,342
	Leasehold improvements	1,227,429	529,408
	Other fixtures and fittings, tools and equipment	114,398	62,018
	Total property, plant and equipment	1,341,827	591,426
	Deposits	510,308	206,169
	Total investments	510,308	206,169
	Total non-current assets	2,294,317	844,937
	Manufactured goods and goods for resale	10,457,893	5,943,293
	Total inventories	10,457,893	5,943,293
	Trade receivables	910,093	518,409
	Other receivables	391,579	123,193
	Prepayments	4,908,600	2,307,587
	Total receivables	6,210,272	2,949,189
	Cash	158,885	2,562,069
	Total current assets	16,827,050	11,454,551
	Total assets	19,121,367	12,299,488

EQUITY AND LIABILITIES		31.12.22	31.12.21
		DKK	DKK
Note			
	Share capital	62,321	62,321
	Reserve for development costs	222,661	0
	Retained earnings	9,443,930	8,826,888
	Total equity	9,728,912	8,889,209
	Provisions for deferred tax	99,853	2,074
	Total provisions	99,853	2,074
	Payables to other credit institutions	2,088,197	0
	Trade payables	5,857,272	1,211,001
	Income taxes	78,842	942,202
	Other payables	1,268,291	1,255,002
	Total short-term payables	9,292,602	3,408,205
	Total payables	9,292,602	3,408,205
	Total equity and liabilities	19,121,367	12,299,488

4 Contingent liabilities

5 Charges and security

Statement of changes in equity

Figures in DKK	Share capital	Reserve for develop- ment costs	Retained earnings	Total equity
Statement of changes in equity for 01.01.21 - 31.12.21				
Balance as at 01.01.21	60,800	0	4,101,577	4,162,377
Capital increase	1,521	0	1,498,479	1,500,000
Net profit/loss for the year	0	0	3,226,832	3,226,832
Balance as at 31.12.21	62,321	0	8,826,888	8,889,209
Statement of changes in equity for 01.01.22 - 31.12.22				
Balance as at 01.01.22	62,321	0	8,826,888	8,889,209
Transfers to/from other reserves	0	222,661	-222,661	0
Net profit/loss for the year	0	0	839,703	839,703
Balance as at 31.12.22	62,321	222,661	9,443,930	9,728,912

1. Special items

Special items are income and expenses that are special due to their size and nature. The following special items were recorded in the financial year:

Special items:	Recognised in the income statement in:	2022 DKK	2021 DKK
Impairment losses on property, plant and equipment	Depreciation and amortisation of and impairment losses on intangible assets and property, plant and equipment	0	-187,861

2. Staff costs

Wages and salaries	8,548,251	5,845,771
Pensions	880,362	416,228
Other social security costs	172,843	98,459
Total	9,601,456	6,360,458
Average number of employees during the year	21	13

3. Intangible assets

Figures in DKK	Completed development projects	Acquired rights	Development projects in progress
Cost as at 01.01.22	0	49,400	0
Additions during the year	56,611	116,989	237,000
Cost as at 31.12.22	56,611	166,389	237,000
Amortisation and impairment losses as at 01.01.22	0	-2,058	0
Amortisation during the year	-8,148	-7,612	0
Amortisation and impairment losses as at 31.12.22	-8,148	-9,670	0
Carrying amount as at 31.12.22	48,463	156,719	237,000
Carrying amount of assets held under finance leases as at 31.12.22	0	0	0

4. Contingent liabilities*Lease commitments*

The company has concluded lease agreements with terms to maturity of 23 months and average lease payments of DKK 3k, a total of DKK 114k.

The company has tenancy agreements with terms to maturity between 12-21 months and a total lease payment liability of DKK 2,042k.

5. Charges and security

As security for debt to credit institutions of DKK 3,500k, a company charge has been provided comprising plant, tools and equipment and inventories.

6. Accounting policies

GENERAL

The annual report is presented in accordance with the provisions of the Danish Financial Statements Act (*Årsregnskabsloven*) for enterprises in reporting class B with application of provisions for a higher reporting class.

The accounting policies have been applied consistently with previous years.

Basis of recognition and measurement

Income is recognised in the income statement as earned, including value adjustments of financial assets and liabilities. All expenses, including depreciation, amortisation, impairment losses and write-downs, are also recognised in the income statement.

Assets are recognised in the balance sheet when it is probable that future economic benefits will flow to the company, and the value of such assets can be measured reliably. Liabilities are recognised in the balance sheet when it is probable that future economic benefits will flow from the company, and the value of such liabilities can be measured reliably. On initial recognition, assets and liabilities are measured at cost. Subsequently, assets and liabilities are measured as described for each item below.

On recognition and measurement, account is taken of foreseeable losses and risks arising before the date at which the annual report is presented and proving or disproving matters arising on or before the balance sheet date.

CURRENCY

The annual report is presented in Danish kroner (DKK).

On initial recognition, transactions denominated in foreign currencies are translated using the exchange rates applicable at the transaction date. Exchange rate differences between the exchange rate applicable at the transaction date and the exchange rate at the date of payment are recognised in the income statement as a financial item. Receivables, payables and other monetary items denominated in foreign currencies are translated using the

6. Accounting policies - continued -

exchange rates applicable at the balance sheet date. The difference between the exchange rate applicable at the balance sheet date and at the date at which the receivable or payable arose or was recognised in the latest annual report is recognised under financial income or expenses in the income statement. Fixed assets, inventories and other non-monetary assets acquired in foreign currencies are translated using historical exchange rates.

LEASES

Lease payments relating to operating leases are recognised in the income statement on a straight-line basis over the lease term.

INCOME STATEMENT**Gross profit**

Gross profit comprises revenue, other operating income and raw materials and consumables and other external expenses.

Revenue

Income from the sale of goods is recognised in the income statement if delivery has taken place and the risk has passed to the buyer before the end of the financial year and where the selling price can be determined reliably and is expected to be paid. Revenue is measured at fair value and is determined exclusive of VAT and other taxes collected on behalf of third parties and less discounts.

Other operating income

Other operating income comprises income of a secondary nature in relation to the enterprise's activities, including rental income, negative goodwill and gains on the sale of intangible assets and property, plant and equipment.

6. Accounting policies - continued -

Costs of raw materials and consumables

Costs of raw materials and consumables comprise raw materials and consumables used for the year as well as any changes in inventories, including any inventory wastage.

Write-downs of inventories of raw materials and consumables are also recognised under raw materials and consumables to the extent that these do not exceed normal write-downs.

Other external expenses

Other external expenses comprise costs relating to distribution, sales and advertising and administration, premises and bad debts to the extent that these do not exceed normal write-downs.

Staff costs

Staff costs comprise wages and salaries as well as other staff-related costs.

Depreciation, amortisation and impairment losses

The depreciation and amortisation of intangible assets and property, plant and equipment aim at systematic depreciation and amortisation over the expected useful lives of the assets. Assets are depreciated and amortised according to the straight-line method based on the following expected useful lives and residual values:

	Useful lives, years	Residual value DKK
Completed development projects	3	
Acquired rights	3-10	0
Leasehold improvements	3-10	0
Other plant, fixtures and fittings, tools and equipment	3-5	0

The basis of depreciation and amortisation is the cost of the asset less the expected residual value at the end of the useful life. Moreover, the basis of depreciation and amortisation is reduced by any impairment losses. The useful life and residual value are determined when the asset is ready for use and reassessed annually.

6. Accounting policies - continued -

Intangible assets and property, plant and equipment are impaired in accordance with the accounting policies referred to in the 'Impairment losses on fixed assets' section.

Other net financials

Interest income and interest expenses, foreign exchange gains and losses on transactions denominated in foreign currencies etc. are recognised in other net financials.

Tax on profit/loss for the year

The current and deferred tax for the year is recognised in the income statement as tax on the profit/loss for the year with the portion attributable to the profit/loss for the year, and directly in equity with the portion attributable to amounts recognised directly in equity.

BALANCE SHEET

Intangible assets

Completed development projects and development projects in progress

Development projects are recognised in the balance sheet where the project aims at developing a specific product or a specific process, intended to be produced or used, respectively, by the company in its production process. On initial recognition, development projects are measured at cost. Cost comprises the purchase price plus expenses resulting directly from the purchase, including wages and salaries directly attributable to the development projects until the asset is ready for use. Interest on loans arranged to finance development projects in the development period is not included in the cost. Other development projects and development costs are recognised in the income statement in the year in which they are incurred.

Development projects in progress are transferred to completed development projects when the asset is ready for use.

Development projects are subsequently measured in the balance sheet at cost less accumulated amortisation and impairment losses.

Completed development projects are amortised using the straight-line method based on useful lives, which are stated in the 'Depreciation, amortisation and impairment losses' section.

6. Accounting policies - continued -

Acquired rights

Acquired rights are measured in the balance sheet at cost less accumulated amortisation and impairment losses.

Acquired rights are amortised using the straight-line method based on useful lives, which are stated in the 'Depreciation, amortisation and impairment losses' section.

Gains or losses on the disposal of intangible assets

Gains or losses on the disposal of intangible assets are determined as the difference between the selling price, if any, less selling costs and the carrying amount at the date of disposal.

Property, plant and equipment

Property, plant and equipment comprise leasehold improvements as well as other fixtures and fittings, tools and equipment.

Property, plant and equipment are measured in the balance sheet at cost less accumulated depreciation and impairment losses.

Cost comprises the purchase price and expenses resulting directly from the purchase until the asset is ready for use. Interest on loans arranged to finance production is not included in the cost.

Property, plant and equipment are depreciated using the straight-line method based on useful lives and residual values, which are stated in the 'Depreciation, amortisation and impairment losses' section.

Gains and losses on the disposal of property, plant and equipment are determined as the difference between the selling price, if any, less selling costs and the carrying amount at the date of disposal less any costs of disposal.

Impairment losses on fixed assets

The carrying amount of fixed assets which are not measured at fair value is assessed annually for indications of impairment over and above what is reflected in depreciation and amortisation.

If the company's realised return on an asset or a group of assets is lower than expected, this is considered an indication of impairment.

6. Accounting policies - continued -

If there are indications of impairment, an impairment test is conducted of individual assets or groups of assets.

The assets or groups of assets are impaired to the lower of recoverable amount and carrying amount.

The higher of net selling price and value in use is used as the recoverable amount. The value in use is determined as the present value of expected net cash flows from the use of the asset or group of assets as well as expected net cash flows from the sale of the asset or group of assets after the expiry of their useful lives.

Impairment losses are reversed when the reasons for the impairment no longer exist.

Inventories

Inventories are measured at cost calculated according to the FIFO-method. Inventories are written down to the lower of cost and net realisable value.

The cost of raw materials and consumables as well as goods for resale is determined as purchase prices plus expenses resulting directly from the purchase.

The cost of manufactured finished goods and work in progress is determined as the value of direct material and labour costs. Interest on loans arranged to finance production is not included in the cost.

The net realisable value of inventories is determined as the selling price less costs of completion and costs necessary to make the sale and is determined taking into account marketability, obsolescence and the expected development in the selling price.

Receivables

Receivables are measured at amortised cost, which usually corresponds to the nominal value, less write-downs for bad debts.

Write-downs for bad debts are determined based on an individual assessment of each receivable if there is no objective evidence of individual impairment of a receivable.

Deposits recognised under assets comprise deposits paid to the lessor under leases entered into by the company.

6. Accounting policies - continued -

Prepayments

Prepayments recognised under assets comprise costs incurred in respect of subsequent financial years.

Cash

Cash includes deposits in bank accounts as well as operating cash.

Equity

An amount equivalent to internally generated development costs in the balance sheet is recognised in equity under reserve for development costs. The reserve is measured less deferred tax and reduced by amortisation and impairment losses on the asset. If impairment losses on development costs are subsequently reversed, the reserve will be restored with a corresponding amount. The reserve is dissolved when the development costs are no longer recognised in the balance sheet, and the remaining amount will be transferred to retained earnings.

Current and deferred tax

Current tax payable and receivable is recognised in the balance sheet as tax computed on the basis of the taxable income for the year, adjusted for tax paid on account.

Deferred tax liabilities and tax assets are recognised on the basis of all temporary differences between the carrying amounts and tax bases of assets and liabilities. However, deferred tax is not recognised on temporary differences relating to goodwill which is non-amortisable for tax purposes and other items where temporary differences, except for acquisitions, have arisen at the date of acquisition without affecting the net profit or loss for the year or the taxable income. In cases where the tax value can be determined according to different taxation rules, deferred tax is measured on the basis of management's intended use of the asset or settlement of the liability.

Deferred tax assets are recognised, following an assessment, at the expected realisable value through offsetting against deferred tax liabilities or elimination in tax on future earnings.

Deferred tax is measured on the basis of the tax rules and at the tax rates which, according to the legislation in force at the balance sheet date, will be applicable when the deferred tax is expected to crystallise as current tax.

6. Accounting policies - continued -

Payables

Short-term payables are measured at amortised cost, normally corresponding to the nominal value of such payables.