

Skall Studio ApS

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

Annual report for 2021

Årsrapporten er godkendt på den
ordinære generalforsamling, d. 09.05.22

Julie Skall Fruensgaard
Dirigent



Company information etc.	3
Statement by the Executive Board and Board of Directors on the annual report	4
Independent auditor's report	5 - 7
Management's review	8
Income statement	9
Balance sheet	10 - 11
Statement of changes in equity	12
Notes	13 - 20

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

Marie Skall Fruensgaard
Julie Skall Fruensgaard
Mary Lorrielee Abundo Hansen
Jette Skall Fruensgaard
Julie Fagerholt

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 01.01.21 - 31.12.21 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 31.12.21 and of the results of the company's activities for the financial year 01.01.21 - 31.12.21.

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, May 9, 2022

Executive Board

Julie Skall Fruensgaard

Marie Skall Fruensgaard

Board of Directors

Marie Skall Fruensgaard

Julie Skall Fruensgaard

Mary Lorrielee Abundo
Hansen

Jette Skall Fruensgaard

Julie Fagerholt

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

We have audited the financial statements of Skall Studio ApS for the financial year 01.01.21 - 31.12.21, 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 31.12.21 and of the results of the company's operations for the financial year 01.01.21 - 31.12.21 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.

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.

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.

Soeborg, Copenhagen, May 9, 2022

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. Skall Studio carries two lines; Skall Musling and Skall Home, which will be available for wholesale from Autumn Winter 2022.

Development in activities and financial affairs

The income statement for the period 01.01.21 - 31.12.21 shows a profit/loss of DKK 3,226,832 against DKK 1,614,056 for the period 01.01.20 - 31.12.20. The balance sheet shows equity of DKK 8,889,209.

The management considers the net profit for the year to be satisfactory.

Subsequent events

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

Income statement

Note		2021 DKK	2020 DKK
	Gross profit	10,667,268	4,423,674
2	Staff costs	-6,360,458	-2,394,135
	Profit before depreciation, amortisation, write-downs and impairment losses	4,306,810	2,029,539
	Depreciation, amortisation and impairments losses of intangible assets and property, plant and equipment	-207,559	-44,259
	Operating profit	4,099,251	1,985,280
	Financial income	231,636	120,427
	Financial expenses	-161,927	-26,816
	Profit before tax	4,168,960	2,078,891
	Tax on profit for the year	-942,128	-464,835
	Profit for the year	3,226,832	1,614,056
	Proposed appropriation account		
	Retained earnings	3,226,832	1,614,056
	Total	3,226,832	1,614,056

ASSETS		31.12.21	31.12.20
		DKK	DKK
Note			
	Acquired rights	47,342	0
	Total intangible assets	47,342	0
	Leasehold improvements	529,408	43,831
	Other fixtures and fittings, tools and equipment	62,018	144,030
	Total property, plant and equipment	591,426	187,861
	Deposits	206,169	108,910
	Total investments	206,169	108,910
	Total non-current assets	844,937	296,771
	Manufactured goods and goods for resale	5,943,293	5,988,523
	Total inventories	5,943,293	5,988,523
	Trade receivables	518,409	395,354
	Other receivables	118,467	106,493
	Prepayments	2,307,587	22,470
	Total receivables	2,944,463	524,317
	Cash	2,562,069	2,091,621
	Total current assets	11,449,825	8,604,461
	Total assets	12,294,762	8,901,232

EQUITY AND LIABILITIES		31.12.21	31.12.20
		DKK	DKK
Note			
	Share capital	62,321	60,800
	Retained earnings	8,826,888	4,101,577
	Total equity	8,889,209	4,162,377
	Provisions for deferred tax	2,074	10,148
	Total provisions	2,074	10,148
	Payables to other credit institutions	0	3,633
	Trade payables	1,211,001	2,666,763
	Income taxes	942,202	498,686
	Other payables	1,250,276	1,559,625
	Total short-term payables	3,403,479	4,728,707
	Total payables	3,403,479	4,728,707
	Total equity and liabilities	12,294,762	8,901,232

3 Contingent liabilities

4 Charges and security

Statement of changes in equity

Figures in DKK	Share capital	Retained earnings	Total equity
Statement of changes in equity for 01.01.20 - 31.12.20			
Balance as at 01.01.20	57,858	173,321	231,179
Capital increase	2,942	2,314,200	2,317,142
Net profit/loss for the year	0	1,614,056	1,614,056
Balance as at 31.12.20	60,800	4,101,577	4,162,377
Statement of changes in equity for 01.01.21 - 31.12.21			
Balance as at 01.01.21	60,800	4,101,577	4,162,377
Capital increase	1,521	1,498,479	1,500,000
Net profit/loss for the year	0	3,226,832	3,226,832
Balance as at 31.12.21	62,321	8,826,888	8,889,209

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:	2021 DKK	2020 DKK
Impairment losses on property, plant and equipment	Depreciation and amortisation of and impairment losses on intangible assets and property, plant and equipment	-187,861	0
Total		-187,861	0

2. Staff costs

Wages and salaries	5,845,771	2,330,623
Pensions	416,228	40,032
Other social security costs	98,459	23,480
Total	6,360,458	2,394,135
Average number of employees during the year	13	6

3. Contingent liabilities

Lease commitments

The company has concluded lease agreements with terms to maturity of 34 months and average lease payments of DKK 4k, a total of DKK 114k.

The company has tenancy agreements with terms to maturity between 6-24 months and a total lease payment liability of DKK 1,357k.

4. Charges and security

As security for debt to credit institutions of DKK 1,000k, a company charge has been provided comprising plant, tools and equipment and inventories.

5. 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

5. 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.

5. Accounting policies - continued -**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.

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.

5. Accounting policies - continued -

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, per cent
Acquired rights	10	0
Leasehold improvements	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.

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.

5. Accounting policies - continued -

BALANCE SHEET

Intangible assets

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 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

5. Accounting policies - continued -

is considered an indication of impairment.

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.

5. 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.

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.

Payables

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