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# ***California HoldCo A/S***

C/O Baum und Pferdgarten A/S  
Amaliegade 15  
DK-1256 København K

## **Annual Report for 1 January - 31 December 2021**

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CVR No 40 74 83 26

The Annual Report was  
presented and adopted at  
the Annual General  
Meeting of the Company on  
15/3 2022

Amelie Caroline Michaela  
Söderberg  
Chairman of the General  
Meeting



**pwc**

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# Management's Statement

The Executive Board and Board of Directors have today considered and adopted the Annual Report of California HoldCo A/S for the financial year 1 January - 31 December 2021.

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

In our opinion the Financial Statements and the Consolidated Financial Statements give a true and fair view of the financial position at 31 December 2021 of the Company and the Group and of the results of the Company and Group operations and of consolidated cash flows for 2021.

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

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

Copenhagen, 15 March 2022

## Executive Board

Teis Werring Bruun  
CEO

## Board of Directors

Amelie Caroline Micaela  
Söderberg  
Chairman

Eva Astrid Cecilia Nytorp

Teis Werring Bruun

# Independent Auditor's Report

To the Shareholder of California HoldCo A/S

## Opinion

In our opinion, the Consolidated Financial Statements and the Parent Company Financial Statements give a true and fair view of the financial position of the Group and the Parent Company at 31 December 2021 and of the results of the Group's and the Parent Company's operations and of consolidated cash flows for the financial year 1 January - 31 December 2021 in accordance with the Danish Financial Statements Act.

We have audited the Consolidated Financial Statements and the Parent Company Financial Statements of California HoldCo A/S for the financial year 1 January - 31 December 2021, which comprise income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies, for both the Group and the Parent Company, as well as consolidated statement of cash flows ("the Financial Statements").

## Basis for Opinion

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

## Statement on Management's Review

Management is responsible for Management's Review.

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

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

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

# Independent Auditor's Report

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

## **Management's responsibilities for the Financial Statements**

Management is responsible for the preparation of consolidated financial statements and parent company financial statements that give a true and fair view in accordance with the Danish Financial 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 Group's and 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 Group or 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 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 judgement and maintain professional scepticism 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 and the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.

## Independent Auditor's Report

- Conclude on the appropriateness of Management's use of the going concern basis of accounting in preparing the Financial Statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's and the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the Financial Statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group and the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and contents of the Financial Statements, including the disclosures, and whether the Financial Statements represent the underlying transactions and events in a manner that gives a true and fair view.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the Consolidated Financial Statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

Hellerup, 15 March 2022

**PricewaterhouseCoopers**

Statsautoriseret Revisionspartnerselskab

*CVR No 33 77 12 31*

Henrik Kyhnauv

State Authorised Public Accountant

mne40028

## Company Information

### **The Company**

California HoldCo A/S  
C/O Baum und Pferdgarten A/S  
Amaliegade 15  
DK-1256 København K

CVR No: 40 74 83 26

Financial period: 1 January - 31 December

Municipality of reg. office: Copenhagen

### **Board of Directors**

Amelie Caroline Micaela Söderberg, Chairman  
Eva Astrid Cecilia Nytorp  
Teis Werring Bruun

### **Executive Board**

Teis Werring Bruun

### **Auditors**

PricewaterhouseCoopers  
Statsautoriseret Revisionspartnerselskab  
Strandvejen 44  
DK-2900 Hellerup

# Financial Highlights

Seen over a three-year period, the development of the Group is described by the following financial highlights:

	<b>Group</b>		
	<u>2021</u>	<u>2020</u>	<u>2019</u>
	DKK	DKK	DKK
<b>Key figures</b>			
<b>Profit/loss</b>			
Gross profit/loss	44.664.331	34.243.102	-4.821.288
Profit/loss before financial income and expenses	-10.527.181	-19.985.337	-18.293.818
Net profit/loss for the year	-19.008.726	-26.350.901	-19.687.793
<b>Balance sheet</b>			
Balance sheet total	209.741.805	247.750.877	295.111.705
Equity	128.760.007	147.113.409	174.038.202
<b>Cash flows</b>			
Cash flows from:			
Investment in property, plant and equipment	-512.479	-1.216.500	-3.105.299
Number of employees	36	34	32
<b>Ratios</b>			
Return on equity	-13,8%	-16,4%	-22,6%

For definitions, refer to accounting policies.

# Management's Review

## Key activities

The purpose of the company is to invest in companies that aim to design, sell, and market fashion as well as related business.

## Development in the year

The income statement of the Group for 2021 shows a loss of DKK 19,008,726, and at 31 December 2021 the balance sheet of the Group shows equity of DKK 128,760,007.

In 2021 the Group has, like others in the industry, had challenges due to the pandemic. Management has continuously reconsidered the expectations to the business operation and result, and can conclude that the economic development, the derived result, and the underlying parameters meet the Management's expectations and therefore, Management characterizes the result as satisfactory regardless of the result is less than the original expectations to 2021 before the pandemic.

Wholesale is the Group's most important sales channel. According to Management's strategic development plan, the wholesale outside Scandinavian has increased, and the US market is one of the Groups most important markets and the cooperation with international recognized key accounts has strengthen in 2021.

Investments in and development of the company's own online has also been in focus in 2021. In line with management's expectations, the sales channel has in 2021 again achieved revenue growth.

In 2021, Management has allocated resources to and made investments in design and product development, according to the Responsibility Strategy, and in PR and marketing to continue the development of the brand Baum und Pferdgarten.

## Significant uncertainties regarding continued operation

Management is of the opinion that there is no uncertainty about continued operations.

## Outlook

For the financial year 2022, management expects growth in revenue based on further investments in the continued development of the brand, in addition there will be further focus on investments in and development of international wholesale markets as well as its own webshop.

## Operating risks

Management does not consider that there are any special risks, other than what is customary in the industry and associated with general operations, which could affect the company's ability to meet expectations for the coming fiscal year.

# Management's Review

## Financial risks

As a result of its financial preparedness, the company is only to a limited extent to changes in interest rates.

Foreign exchange risks are assessed on an ongoing basis and the risk of exchange losses associated with purchases in foreign currencies is sought to be hedged using the foreign exchange forward transactions.

The risk of loss associated with customers' inability to pay is sought to be minimized through the use of credit insurance and, moreover, through an effective credit rating and follow-up of debtors.

## Intellectual capital

It is essential for the group's continued growth to attract and retain competent employees, and therefore continuous investment is made in the development and retention of employees in all key functions.

## Environmental matters

The group does not undertake production or the like on its own, so direct environmental impact in the form of energy and water consumption as well as various discharges is minimal. However, Management is aware of the responsibility of the business and the company's suppliers are required to comply with the Group's supply manual, which includes requirements for environmentally sound production of goods. These requirements include both general environmental impact and work environment.

In 2019, the group announced the organization's continued Responsible strategy, which contains specific goals for the period up to 2024, with the aim of making Baum Und Pferdgarten even more responsible. Annual CSR reporting is published beginning each year and is available on the company's website.

## Branches

California HoldCo A/S owns and operates subsidiaries in Denmark, the US, United Kingdom as well as a branch in Norway. The units' function is to represent Baum Und Pferdgarten, create contact with wholesale customers and thus create the basis for the Group's sales in the respective markets and handle this.

## Subsequent events

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

## Income Statement 1 January - 31 December

	Note	Group		Parent Company	
		2021	2020	2021	2020
		DKK	DKK	DKK	DKK
<b>Gross profit/loss</b>		<b>44.664.331</b>	<b>34.243.102</b>	<b>-11.154</b>	<b>-102.758</b>
Staff expenses	1	-18.865.100	-17.469.601	0	0
Depreciation, amortisation and impairment of intangible assets and property, plant and equipment		-36.326.412	-36.758.838	0	0
<b>Profit/loss before financial income and expenses</b>		<b>-10.527.181</b>	<b>-19.985.337</b>	<b>-11.154</b>	<b>-102.758</b>
Financial income	2	3.062.064	6.856.005	882.407	871.599
Financial expenses	3	-6.361.387	-9.798.629	-1.030	-594
<b>Profit/loss before tax</b>		<b>-13.826.504</b>	<b>-22.927.961</b>	<b>870.223</b>	<b>768.247</b>
Tax on profit/loss for the year	4	-5.182.222	-3.422.940	-191.039	-169.419
<b>Net profit/loss for the year</b>		<b>-19.008.726</b>	<b>-26.350.901</b>	<b>679.184</b>	<b>598.828</b>

# Balance Sheet 31 December

## Assets

	Note	Group		Parent Company	
		2021 DKK	2020 DKK	2021 DKK	2020 DKK
Acquired patents		90.584	120.610	0	0
Goodwill		167.066.384	202.238.254	0	0
<b>Intangible assets</b>	<b>5</b>	<b>167.156.968</b>	<b>202.358.864</b>	<b>0</b>	<b>0</b>
Other fixtures and fittings, tools and equipment		1.602.773	2.199.289	0	0
Leasehold improvements		40.000	55.185	0	0
<b>Property, plant and equipment</b>	<b>6</b>	<b>1.642.773</b>	<b>2.254.474</b>	<b>0</b>	<b>0</b>
Investments in subsidiaries	7	0	0	90.606.343	90.606.343
Deposits	8	790.525	566.713	0	0
<b>Fixed asset investments</b>		<b>790.525</b>	<b>566.713</b>	<b>90.606.343</b>	<b>90.606.343</b>
<b>Fixed assets</b>		<b>169.590.266</b>	<b>205.180.051</b>	<b>90.606.343</b>	<b>90.606.343</b>
<b>Inventories</b>		<b>12.068.980</b>	<b>10.111.412</b>	<b>0</b>	<b>0</b>
Trade receivables		11.522.657	11.126.204	0	0
Receivables from group enterprises		0	0	89.711.096	88.029.336
Other receivables		1.677.154	3.274.433	9	9
Deferred tax asset	11	771.629	914.144	0	0
Prepayments		1.678.249	1.517.045	0	0
<b>Receivables</b>		<b>15.649.689</b>	<b>16.831.826</b>	<b>89.711.105</b>	<b>88.029.345</b>
<b>Cash at bank and in hand</b>		<b>12.432.870</b>	<b>15.627.588</b>	<b>8.533</b>	<b>850.713</b>
<b>Currents assets</b>		<b>40.151.539</b>	<b>42.570.826</b>	<b>89.719.638</b>	<b>88.880.058</b>
<b>Assets</b>		<b>209.741.805</b>	<b>247.750.877</b>	<b>180.325.981</b>	<b>179.486.401</b>

# Balance Sheet 31 December

## Liabilities and equity

	Note	Group		Parent Company	
		2021 DKK	2020 DKK	2021 DKK	2020 DKK
Share capital	9	2.011.920	2.011.920	2.011.920	2.011.920
Retained earnings		126.748.087	145.101.489	177.854.759	177.175.575
<b>Equity</b>		<b>128.760.007</b>	<b>147.113.409</b>	<b>179.866.679</b>	<b>179.187.495</b>
Credit institutions		46.350.000	64.350.000	0	0
Lease obligations		0	273.722	0	0
<b>Long-term debt</b>	12	<b>46.350.000</b>	<b>64.623.722</b>	<b>0</b>	<b>0</b>
Credit institutions	12	9.450.000	15.855.304	0	0
Lease obligations	12	273.722	82.332	0	0
Prepayments received from customers		622.466	703.754	0	0
Trade payables		10.753.595	6.774.970	10.625	10.094
Payables to group enterprises		0	0	448.677	288.812
Other payables		13.532.015	12.597.386	0	0
<b>Short-term debt</b>		<b>34.631.798</b>	<b>36.013.746</b>	<b>459.302</b>	<b>298.906</b>
<b>Debt</b>		<b>80.981.798</b>	<b>100.637.468</b>	<b>459.302</b>	<b>298.906</b>
<b>Liabilities and equity</b>		<b>209.741.805</b>	<b>247.750.877</b>	<b>180.325.981</b>	<b>179.486.401</b>
Distribution of profit	10				
Contingent assets, liabilities and other financial obligations	15				
Accounting Policies	16				

## Statement of Changes in Equity

### Group

	Share capital	Retained earnings	Total
	DKK	DKK	DKK
Equity at 1 January	2.011.920	145.101.489	147.113.409
Exchange adjustments	0	530.794	530.794
Fair value adjustment of hedging instruments, beginning of year	0	122.156	122.156
Other equity movements	0	2.374	2.374
Net profit/loss for the year	0	-19.008.726	-19.008.726
<b>Equity at 31 December</b>	<b>2.011.920</b>	<b>126.748.087</b>	<b>128.760.007</b>

### Parent Company

Equity at 1 January	2.011.920	177.175.575	179.187.495
Net profit/loss for the year	0	679.184	679.184
<b>Equity at 31 December</b>	<b>2.011.920</b>	<b>177.854.759</b>	<b>179.866.679</b>

## Cash Flow Statement 1 January - 31 December

	Note	Group	
		2021 DKK	2020 DKK
Net profit/loss for the year		-19.008.726	-26.350.901
Adjustments	13	44.197.785	38.420.256
Change in working capital	14	5.659.393	13.896.254
<b>Cash flows from operating activities before financial income and expenses</b>		<b>30.848.452</b>	<b>25.965.609</b>
Financial income		3.062.064	7.323.039
Financial expenses		-6.361.388	-9.798.630
<b>Cash flows from ordinary activities</b>		<b>27.549.128</b>	<b>23.490.018</b>
Corporation tax paid		-6.065.352	236.503
<b>Cash flows from operating activities</b>		<b>21.483.776</b>	<b>23.726.521</b>
Purchase of intangible assets		0	-11.800
Purchase of property, plant and equipment		-512.479	-1.216.500
Fixed asset investments made etc		-223.660	0
Sale of intangible assets		0	2.722
Sale of property, plant and equipment		0	95.822
Purchase of financial instruments		0	-200.597
Sale of financial instruments		0	707
<b>Cash flows from investing activities</b>		<b>-736.139</b>	<b>-1.329.646</b>
Repayment of loans from credit institutions		-23.400.000	-10.800.000
Reduction of lease obligations		-82.332	0
Repayment of payables to group enterprises		0	-387.049
Cash capital increase		0	852.551
<b>Cash flows from financing activities</b>		<b>-23.482.332</b>	<b>-10.334.498</b>
<b>Change in cash and cash equivalents</b>		<b>-2.734.695</b>	<b>12.062.377</b>
Cash and cash equivalents at 1 January		14.622.284	3.026.941
Exchange adjustment of current asset investments		545.281	-467.034
<b>Cash and cash equivalents at 31 December</b>		<b>12.432.870</b>	<b>14.622.284</b>
Cash and cash equivalents are specified as follows:			
Cash at bank and in hand		12.432.870	14.622.284
<b>Cash and cash equivalents at 31 December</b>		<b>12.432.870</b>	<b>14.622.284</b>

# Notes to the Financial Statements

	Group		Parent Company	
	2021 DKK	2020 DKK	2021 DKK	2020 DKK
<b>1 Staff expenses</b>				
Wages and salaries	17.580.421	16.351.896	0	0
Pensions	956.138	867.110	0	0
Other social security expenses	328.541	250.595	0	0
	<b>18.865.100</b>	<b>17.469.601</b>	<b>0</b>	<b>0</b>
<b>Average number of employees</b>	<b>36</b>	<b>34</b>	<b>0</b>	<b>0</b>
<b>2 Financial income</b>				
Interest received from group enterprises	0	0	882.407	871.599
Other financial income	55.470	943.389	0	0
Exchange adjustments	3.006.594	5.912.616	0	0
	<b>3.062.064</b>	<b>6.856.005</b>	<b>882.407</b>	<b>871.599</b>
<b>3 Financial expenses</b>				
Interest paid to group enterprises	0	0	0	594
Other financial expenses	2.947.010	4.541.688	1.030	0
Exchange adjustments, expenses	3.414.377	5.256.941	0	0
	<b>6.361.387</b>	<b>9.798.629</b>	<b>1.030</b>	<b>594</b>
<b>4 Tax on profit/loss for the year</b>				
Current tax for the year	5.037.984	3.537.865	191.444	169.419
Deferred tax for the year	190.517	-123.298	0	0
Adjustment of tax concerning previous years	-46.279	8.373	-405	0
	<b>5.182.222</b>	<b>3.422.940</b>	<b>191.039</b>	<b>169.419</b>

## Notes to the Financial Statements

### 5 Intangible assets

Group	Acquired pa- tents	Goodwill	Total
	DKK	DKK	DKK
Cost at 1 January	164.539	246.203.092	246.367.631
Cost at 31 December	164.539	246.203.092	246.367.631
Impairment losses and amortisation at 1 January	43.929	43.964.838	44.008.767
Amortisation for the year	30.026	35.171.870	35.201.896
Impairment losses and amortisation at 31 December	73.955	79.136.708	79.210.663
<b>Carrying amount at 31 December</b>	<b>90.584</b>	<b>167.066.384</b>	<b>167.156.968</b>

### 6 Property, plant and equipment

Group	Other fixtures and fittings, tools and equipment	Leasehold improvements	Total
	DKK	DKK	DKK
Cost at 1 January	3.799.120	1.927.031	5.726.151
Additions for the year	512.479	0	512.479
Disposals for the year	0	-1.198.292	-1.198.292
Cost at 31 December	4.311.599	728.739	5.040.338
Impairment losses and depreciation at 1 January	1.602.684	1.871.846	3.474.530
Depreciation for the year	1.106.142	15.185	1.121.327
Reversal of impairment and depreciation of sold assets	0	-1.198.292	-1.198.292
Impairment losses and depreciation at 31 December	2.708.826	688.739	3.397.565
<b>Carrying amount at 31 December</b>	<b>1.602.773</b>	<b>40.000</b>	<b>1.642.773</b>

## Notes to the Financial Statements

	<b>Parent Company</b>	
	2021	2020
	DKK	DKK
<b>7 Investments in subsidiaries</b>		
Cost at 1 January	90.606.343	90.606.343
<b>Carrying amount at 31 December</b>	<b>90.606.343</b>	<b>90.606.343</b>

Investments in subsidiaries are specified as follows:

Name	Place of registered office	Share capital	Votes and ownership	Equity	Net profit/loss for the year
California BidCo A/S	Copenhagen	600.000	100%	99.264.939	14.163.325

## 8 Other fixed asset investments

	<b>Group</b>
	Deposits
	DKK
Cost at 1 January	563.356
Additions for the year	223.660
Cost at 31 December	787.016
Exchange adjustments at 1 January	3.357
Exchange adjustment	152
Exchange adjustments at 31 December	3.509
<b>Carrying amount at 31 December</b>	<b>790.525</b>

## 9 Share capital

The share capital consists of 2,011,920 shares of a nominal value of DKK 1. No shares carry any special rights.

There have been no changes in the share capital during the last 5 years.

# Notes to the Financial Statements

	<b>Parent Company</b>	
	2021	2020
	DKK	DKK
<b>10 Distribution of profit</b>		
Retained earnings	679.184	598.828
	<b>679.184</b>	<b>598.828</b>

	<b>Group</b>		<b>Parent Company</b>	
	2021	2020	2021	2020
	DKK	DKK	DKK	DKK
<b>11 Deferred tax asset</b>				
Deferred tax asset at 1 January	914.144	790.845	0	0
Amounts recognised in the income statement for the year	-190.520	123.299	0	0
<b>Deferred tax asset at 31 December</b>	<b>771.629</b>	<b>914.144</b>	<b>0</b>	<b>0</b>

## 12 Long-term debt

Payments due within 1 year are recognised in short-term debt. Other debt is recognised in long-term debt.

The debt falls due for payment as specified below:

### Credit institutions

Between 1 and 5 years	46.350.000	64.350.000	0	0
Long-term part	46.350.000	64.350.000	0	0
Other short-term debt to credit institutions	9.450.000	15.855.304	0	0
	<b>55.800.000</b>	<b>80.205.304</b>	<b>0</b>	<b>0</b>

### Lease obligations

Between 1 and 5 years	0	273.722	0	0
Long-term part	0	273.722	0	0
Within 1 year	273.722	82.332	0	0
	<b>273.722</b>	<b>356.054</b>	<b>0</b>	<b>0</b>

## Notes to the Financial Statements

	<b>Group</b>	
	2021	2020
	DKK	DKK
<b>13 Cash flow statement - adjustments</b>		
Financial income	-3.062.064	-6.856.005
Financial expenses	6.361.387	9.798.629
Depreciation, amortisation and impairment losses, including losses and gains on sales	36.326.412	36.758.838
Tax on profit/loss for the year	5.182.222	3.422.940
Other adjustments	-610.172	-4.704.146
	<b>44.197.785</b>	<b>38.420.256</b>

	<b>Group</b>	
	2021	2020
	DKK	DKK
<b>14 Cash flow statement - change in working capital</b>		
Change in inventories	-1.957.568	10.425.389
Change in receivables	1.039.622	8.819.816
Change in other provisions	618.254	510.806
Change in trade payables, etc	5.959.085	-5.859.757
	<b>5.659.393</b>	<b>13.896.254</b>

	<b>Group</b>		<b>Parent Company</b>	
	2021	2020	2021	2020
	DKK	DKK	DKK	DKK
<b>15 Contingent assets, liabilities and other financial obligations</b>				
<b>Lease obligations</b>				
Lease obligations under operating leases. Total future lease payments:				
Within 1 year	1.527.002	3.121.771	0	0
Between 1 and 5 years	982.614	0	0	0
	<b>2.509.616</b>	<b>3.121.771</b>	<b>0</b>	<b>0</b>

## Notes to the Financial Statements

### 15 Contingent assets, liabilities and other financial obligations (continued)

#### Other contingent liabilities

To secure bank debt, the subsidiary Baum und Pferdgarten A/S has issued a corporation pledge of DKK 6 million (2020: DKK 6 million).

To secure bank debt, the subsidiaries Baum und Pferdgarten A/S and California BidCo A/S have entered into negative pledges for bank debt.

The subsidiary, Baum und Pferdgarten A/S, has entered into guarantee obligations for DKK 2 million (2020: DKK 2 million) and issued other guarantees for DKK 223.770 (2020: DKK 700.000)

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

# Notes to the Financial Statements

## 16 Accounting Policies

The Annual Report of California HoldCo A/S for 2021 has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to medium-sized enterprises of reporting class C.

The accounting policies applied remain unchanged from last year.

The Consolidated and Parent Company Financial Statements for 2021 are presented in DKK.

### Recognition and measurement

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

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

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

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

### Basis of consolidation

The Consolidated Financial Statements comprise the Parent Company, California HoldCo A/S, and subsidiaries in which the Parent Company directly or indirectly holds more than 50% of the votes or in which the Parent Company, through share ownership or otherwise, exercises control. Enterprises in which the Group holds between 20% and 50% of the votes and exercises significant influence but not control are classified as associates.

On consolidation, items of a uniform nature are combined. Elimination is made of intercompany income and expenses, shareholdings, dividends and accounts as well as of realised and unrealised profits and losses on transactions between the consolidated enterprises.

The Parent Company's investments in the consolidated subsidiaries are set off against the Parent Company's share of the net asset value of subsidiaries stated at the time of consolidation.

# Notes to the Financial Statements

## 16 Accounting Policies (continued)

### Leases

Leases in terms of which the Group assumes substantially all the risks and rewards of ownership (finance leases) are recognised in the balance sheet at the lower of the fair value of the leased asset and the net present value of the lease payments computed by applying the interest rate implicit in the lease or an alternative borrowing rate as the discount rate. Assets acquired under finance leases are depreciated and written down for impairment under the same policy as determined for the other fixed assets of the Group.

The remaining lease obligation is capitalised and recognised in the balance sheet under debt, and the interest element on the lease payments is charged over the lease term to the income statement.

All other leases are considered operating leases. Payments made under operating leases are recognised in the income statement on a straight-line basis over the lease term.

### Translation policies

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

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

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

### Hedge accounting

Changes in the fair values of financial instruments that are designated and qualify as fair value hedges of a recognised asset or a recognised liability are recognised in the income statement as are any changes in the fair value of the hedged asset or the hedged liability related to the hedged risk.

Changes in the fair values of derivative financial instruments that are designated and qualify as hedges of expected future transactions are recognised in retained earnings under equity as regards the effective portion of the hedge. The ineffective portion is recognised in the income statement. If the hedged transaction results in an asset or a liability, the amount deferred in equity is transferred from equity and recognised in the cost of the asset or the liability, respectively. If the hedged transaction results in an income or an expense, the amount deferred in equity is transferred from equity to the income statement in the period in which the hedged transaction is recognised. The amount is recognised in the same item

# Notes to the Financial Statements

## 16 Accounting Policies (continued)

as the hedged transaction.

Changes in the fair values of financial instruments that are designated and qualify as hedges of net investments in independent foreign subsidiaries or associates are recognised directly in equity as regards the effective portion of the hedge, whereas the ineffective portion is recognised in the income statement.

## Income Statement

### Revenue

Revenue from the sale of goods is recognised when the risks and rewards relating to the goods sold have been transferred to the purchaser, the revenue can be measured reliably and it is probable that the economic benefits relating to the sale will flow to the Group.

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

### Other external expenses

Other external expenses comprise distribution costs and expenses for sales, administration, rental etc.

### Gross profit/loss

With reference to section 32 of the Danish Financial Statements Act, gross profit/loss is calculated as a summary of revenue, change in inventories of goods for resale, other operating income and other external expenses.

### Staff expenses

Staff expenses comprise wages and salaries as well as payroll expenses.

### Amortisation, depreciation and impairment losses

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

### Other operating income and expenses

Other operating income and other operating expenses comprise items of a secondary nature to the main activities of the Group government grants.

# Notes to the Financial Statements

## 16 Accounting Policies (continued)

### Financial income and expenses

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

### Tax on profit/loss for the year

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

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

## Balance Sheet

### Intangible assets

Goodwill acquired is measured at cost less accumulated amortisation. Goodwill is amortised on a straight-line basis over its useful life, which is assessed at 7 years.

### Property, plant and equipment

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

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

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

Other fixtures and fittings, tools and equipment	3-5	years
Leasehold improvements	5	years

The fixed assets' residual values are determined at nil.

Depreciation period and residual value are reassessed annually.

# Notes to the Financial Statements

## 16 Accounting Policies (continued)

### Impairment of fixed assets

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

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

### Investments in subsidiaries

Investments in subsidiaries are measured at cost. Where cost exceeds the recoverable amount, write-down is made to this lower value.

### Other fixed asset investments

Other fixed asset investments consist of deposits.

### Inventories

Inventories are measured at the lower of cost under the FIFO method and net realisable value.

The net realisable value of inventories is calculated at the amount expected to be generated by sale of the inventories in the process of normal operations with deduction of selling expenses. The net realisable value is determined allowing for marketability, obsolescence and development in expected selling price.

The cost of goods for resale equals landed cost.

The cost of finished goods and work in progress comprises the cost of raw materials, consumables and direct labour with addition of indirect production costs. Indirect production costs comprise the cost of indirect materials and labour as well as maintenance and depreciation of the machinery, factory buildings and equipment used in the manufacturing process as well as costs of factory administration and management.

### Receivables

Receivables are measured in the balance sheet at the lower of amortised cost and net realisable value, which corresponds to nominal value less provisions for bad debts.

### Prepayments

Prepayments comprise prepaid expenses concerning .

# Notes to the Financial Statements

## 16 Accounting Policies (continued)

### Deferred tax assets and liabilities

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

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

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

### Current tax receivables and liabilities

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

### Financial debts

Loans, such as loans from credit institutions, are recognised initially at the proceeds received net of transaction expenses incurred. Subsequently, the loans are measured at amortised cost; the difference between the proceeds and the nominal value is recognised as an interest expense in the income statement over the loan period.

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

## Cash Flow Statement

The cash flow statement shows the Group's cash flows for the year broken down by operating, investing and financing activities, changes for the year in cash and cash equivalents as well as the Group's cash and cash equivalents at the beginning and end of the year.

### Cash flows from operating activities

Cash flows from operating activities are calculated as the net profit/loss for the year adjusted for changes in working capital and non-cash operating items such as depreciation, amortisation and impairment losses, and provisions. Working capital comprises current assets less short-term debt excluding items

# Notes to the Financial Statements

## 16 Accounting Policies (continued)

included in cash and cash equivalents.

### Cash flows from investing activities

Cash flows from investing activities comprise cash flows from acquisitions and disposals of intangible assets, property, plant and equipment as well as fixed asset investments.

### Cash flows from financing activities

Cash flows from financing activities comprise cash flows from the raising and repayment of long-term debt as well as payments to and from shareholders.

### Cash and cash equivalents

Cash and cash equivalents comprise "Cash at bank and in hand".

The cash flow statement cannot be immediately derived from the published financial records.

## Financial Highlights

### Explanation of financial ratios

Return on equity

$$\frac{\text{Net profit for the year} \times 100}{\text{Average equity}}$$