

ANNUAL REPORT
1. januar - 31. december 2021

European Fur Elite ApS
Ryttergårdsvej 3
7673 Harbøre

CVR nr. 35528768

Submitter:

Sønderup I/S
Statsautoriserede revisorer
CVR no. 31824559

**Presented and approved at the company's ordinary
general meeting 29. juni 2022**

Chairman
Jan Pedersen

STATSAUTORISERED
REVISORER I/S



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Management's Statement on the Annual Report

The management have today considered and approved the annual report for European Fur Elite ApS for the financial year 1 January to 31 December 2021.

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

In the managements opinion, the financial statements give a true and fair view of the company's financial position at 31 December 2021 and of its financial performance for the financial year 1 January to 31 December 2021.

We recommend the annual report for approval at the annual general meeting.

Lemvig, 29. juni 2022

Executive Board



Jan Pedersen



Chun Kei Alex Lau

The Independent Practitioner's Report

To the shareholders of European Fur Elite ApS

Conclusion

We have performed an extended review of the financial statements of European Fur Elite ApS for the financial year 1. januar - 31. december 2021, which comprise income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies. The financial statements are prepared under the Danish Financial Statements Act.

Based on the work performed, in our opinion, the financial statements give a true and fair view of the Company's financial position at 31. december 2021 and of the results of the Company's operations for the financial year 1. januar - 31. december 2021 in accordance with the Danish Financial Statements Act.

Basis for conclusion

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

Management's responsibilities for the financial statements

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

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

Practitioner's responsibilities for the extended review of the financial statements

Our responsibility is to express a conclusion on the financial statements. This requires that we plan and perform procedures in order to obtain limited assurance for our conclusion on the financial statements and in addition perform specifically required supplementary procedures to obtain further assurance for our conclusion.

The Independent Practitioner's Report

An extended review comprises procedures that primarily consist of making inquiries of Management and others within the Company, as appropriate, analytical procedures and the specifically required supplementary procedures as well as evaluation of the evidence obtained.

The procedures performed in an extended review are less than those performed in an audit, and accordingly, we do not express an audit opinion on these financial statements.

Statement on the Management's review

Management is responsible for the Management's review.

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

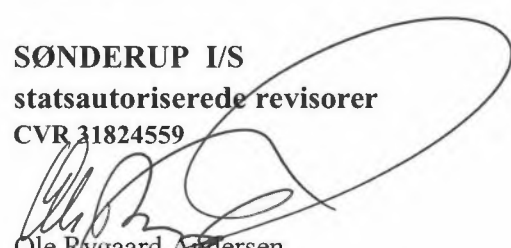
In connection with our extended review of the financial statements, our responsibility is to read the Management's review and, in doing so, consider whether the Management's review is materially inconsistent with the financial statements or our knowledge obtained during the extended review, or otherwise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

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

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

Ringsted, den 29. juni 2022

SØNDERUP I/S
statsautoriserede revisorer
CVR 31824559



Ole Rygaard Andersen
registreret revisor
mne32755

Management's review

Main activities

Like previous years, the company's activity is operation of mink farms.

Uncertainty of recognition or measurement

During the financial year, the company's activity level still has been greatly affected as a result of the outbreak of Covid-19.

In view of the general market situation in the mink fur breeder industry, including the influences from COVID-19 after the end of the financial year 2020, there is an extraordinary situation regarding uncertainty in the recognition and measurement of the company's tangible fixed assets.

Consequently, management has relied on the indications of impairment of tangible fixed assets.

In the autumn of 2020, the company has been forcibly shut down by the authorities, and the company's activity with the operation of mink farms has thus ceased. A number of compensation schemes have been adopted from a political point of view, including fees for killing (speed bonus), and compensation for lost future earnings. The company has recognized compensation for killing (speed bonus), whereas expected compensation for lost future earnings is not recognized in the annual report.

The mink farms are recognized in the balance sheet with a value of 1.400 t.kr and machines and fixtures with a value of 428 t.kr. These assets are valued at normal impairment based on the company's normal accounting policies. As mentioned above, the company's activity has been forcibly shut down by the authorities in connection with the general closure of Danish mink farms, and the application possibilities for the mink farm are unknown.

The company still expects to be covered by the compensation schemes that are being worked on from a political point of view, but as the scope of these compensation schemes is partly unknown, there is thus uncertainty associated with the valuation of the mink farm as well as production facilities and machinery.

As mentioned above, there is also some uncertainty associated with expected compensation for lost future earnings, which is not recognized in the annual report, as executive orders and calculation model for this have not yet been adopted.

Development in activities and financial position

Profit for the year was TDKK -212 against TDKK -428 last year. Management considers the result for the year to be very unsatisfactory.

Going concern - Financial resources

The company's operations are financed by an intercompany loan from the shareholders. The company expects to restore the share capital through its operations the coming years or by capital contribution from the shareholders.

Management's review

Last year there was a significant error in the management's review. In the event of a regrettable error, a section of the management's review was included which did not at all concern the annual report for European Fur Elite:

The Company has received a letter of support from Proud City Enterprises Ltd. which confirms that Proud City Enterprises Ltd. will continue to fund Proud City (Denmark) ApS by giving necessary credit to make sure that Proud City (Denmark) ApS can continue the business for at least a year.'

It was merely an editorial error. Unfortunately, it was not possible to have the accounts converted by the Danisk Business Authority, Erhvervsstyrelsen, and therefore the error appears in the annual report for 2020.

Expected development

In November 2020, the Covid-19 pandemic led to a political decision that all mink in Denmark should be killed. This, of course, has a major impact on the company's financial situation. It is still not yet possible to determine the full consequences of this decision.

It is the management's assessment that the decision will not have consequences for the company's survival, but that it will have major consequences for the future situation. It is estimated that the compensations the company will receive as a result of the political decision, at least correspond to the book values per. 31/12 2021.

The company's management expects the company to be fully compensated for the losses caused by this closure. There has been no outbreak of Covid-19 on the company's mink farms, which means, that the company expect to be able to sell the skins from this year's puppies, at the upcoming auctions. The exact compensation to which the company is entitled, is not known at the time of presentation of the annual report, which means that there is uncertainty about the exact size.

Significant events after the end of the financial year

Apart from the possible consequences of COVID-19, no events have occurred after the end of the financial year that could materially affect the company's financial position.

Accounting principles applied

The annual report for European Fur Elite ApS 2021 has been prepared in accordance with the Danish Financial Statements Act for class B companies with application of individual rules from class C.

The income statement is presented by type of expenditure and the balance sheet is presented in account from. The measurement currency used is Danish kroner. All other currencies are considered foreign currency.

The accounting principles were applied consistently with the principles of last year's financial reporting.

General information on recognition and measurement

Income is recognized in the income statement as earned, including any value adjustments of financial assets and liabilities. Furthermore, all costs, including amortisation/depreciation and write-downs, are recognized in the income statement.

Assets are recognized in the balance sheet when it is probable that future economic benefits will flow to the company, and the value of the assets can be measured reliably.

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

The first recognition measures assets and liabilities at cost. Subsequently, assets and liabilities will be measured individually in respect of each accounting item as described below.

Anticipated risks and losses that arise before the time of presentation of the annual report and that confirm or invalidate affairs and conditions existing at the balance sheet date are considered at recognition and measurement.

Income statement

Gross profit

In pursuance of section 32 (1) of the Danish Financial Statements Act, the first item in the income statement is the gross profit. The item gross profit is the result of revenue, cost of sales, other external cost and other operating income.

Revenue

Net sales in connection with sales of commercial products and finished products are recognized in the profit and loss account, if delivery has taken place and the risk has passed to the customer before the end of the year. Net sales are recognized ex. VAT and net of discounts related to the individual sale.

Cost of goods sold

Cost of goods sold comprises the financial year's cost of sales measured to sales price, adjusted for ordinary inventory write-offs.

Accounting principles applied

Other operating income and expenses

Other operating income and expenses comprise items of a secondary nature in relation to the company's core business.

Other external costs

Other external cost comprise costs for distribution, sales, advertising, administration, premises, bad debts, operating leasing costs etc.

Staff expenses

Staff expenses contains salaries and wages, including holiday payment, pensions and other social security costs etc. to the company's employees. In staff expenses are received subsidies from public authorities, deducted.

Financial items

Financial income and expenses are recognized in the income statement with the amounts relating to the financial year. The financial items comprise interest income and expense, realized and unrealized exchange rate, gains and losses resulting from transactions in foreign currencies and surcharges and refunds regarding corporation tax.

Tax for the year

The company is jointly taxed with other group companies. The current corporation tax is divided between the jointly taxed companies pro rata to their taxable incomes. The parent company functions as the management company for the joint taxation and handles the tax payments to the danish tax authorities.

Tax for the year, which consists of current tax for the year and changes in deferred tax, is recognized in the income statement by the portion attributable to the profit for the year and recognized directly on equity by the portion attributable to entries directly on equity.

Balance sheet

Tangible fixed assets

Land and buildings, operating equipment and tools and fixtures are measured at cost price less accumulated depreciation and write-down.

Depreciation is based on cost price less expected residual value after end of service life. Land is not subject to depreciation. The cost price includes acquisition price and costs directly linked to the acquisition until the time when the asset is ready for commencement of use.

Straight-line depreciation is based on the following assesment of the assets expected useful lives:

- Buildings: life cycle 33 years, residual value 0-5%
- Other fixtures and fittings, tools and equipment: Life cycle 3-10 years, residual value 0%.

Accounting principles applied

Assets with a cost per unit under the tax threshold for small assets are recognized as expenses in the year of acquisition.

Profits or losses in connection with disposal of tangible fixed assets are calculated as the difference between the sales price less sales costs and the book value at the time of sale. Profits and losses are entered in the income statement under other operating income and -costs.

Impairment of fixed assets

The carrying value of intangible and tangible fixed assets and investments in subsidiaries are assessed annually for indications of impairment beyond what is expressed by depreciation.

If there are indications of impairment, an impairment test of each asset or group of assets will be made. Impairment will be made to its recoverable amount if this is lower than the carrying value.

Inventories

Inventories are valued at cost using the FIFO method. In cases where net realizable value is lower than cost, it will be written down to this lower value.

Cost of goods for resale, raw materials and consumables comprise of purchase price plus transportation costs.

The cost of finished goods and work in progress comprises raw materials, direct labor and direct production costs.

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

Receivables

Receivables are measured at amortized cost, which usually corresponds to the nominal value. Value is reduced by provisions for bad debts.

Prepayments

Prepaid expenses are recorded as assets.

Dividend

Proposed dividend for the financial year is recognized as a separate component of the equity. Proposed dividends are recognized as a liability at the time of adoption.

Tax payable and deferred tax

Current tax liabilities and current tax assets are recognized in the balance sheet as tax calculated on the taxable income allocated with the current tax rate, and adjusted for tax on prior years taxable income and prepaid taxes.

Accounting principles applied

Deferred tax is measured by the liability method concerning temporary differences between the carrying value and tax value of assets and liabilities, calculated based on the planned use of the assets and settlement of the obligation, respectively.

Deferred tax assets, including the tax value of tax losses allowed for carry-forward, are measured at the value at which the asset is expected to be realisable, either through elimination in tax on future earnings or through offsetting in deferred tax liabilities in the same legal tax unit. Any deferred net tax assets are measured at their net realisation values.

Deferred tax is measured based on the tax rules and tax rates applicable in pursuance of the legislation in force on the balance sheet date when the deferred tax is expected to become payable as current tax. Changes in deferred tax due to change in tax rates is recognized in the income statement.

Liabilities

Other liabilities are measured at amortised cost corresponding to the nominal value.

Conversion of foreign currency

Transactions in foreign currencies are converted at the rate of exchange on the transaction date. Exchange differences arising between the rate on the transaction date and the rate on the payment date are recognized in the income statement as a financial income or expense. If the foreign exchange position is considered to hedge future cash flows, the unrealised exchange adjustments are recognized directly in the equity.

Accounts receivable, payable and other monetary items in foreign currencies that are not settled on the balance sheet date are converted at the exchange rate on the balance sheet date. The difference between the exchange rate on the balance sheet date and the receivable or payable is recognized in the income statement as financial income or expenses.

Fixed assets acquired in foreign currencies are converted at the rate of exchange on the transaction date.

Income statement 1 January - 31 December

Note	2021	2020
Gross profit	964.606	1.614.790
2. Staff costs	-786.462	-1.244.957
3. Depreciation and write-downs	-378.158	-461.879
Other operating costs	0	-19.095
OPERATING PROFIT	-200.014	-111.141
Other financial income	110.753	15.519
Other financial costs	-123.027	-332.167
PROFIT/-LOSS BEFORE TAX	-212.288	-427.789
NET PROFIT/-LOSS FOR THE YEAR	-212.288	-427.789
Appropriation of profit		
Distribution of profit	-212.288	-427.789
Total appropriation	-212.288	-427.789

4. Special items

Balance sheet 31 December

Note	2021	2020
ASSETS		
Land and buildings	1.400.152	1.458.398
Other fixtures and fittings, tools and equipment	428.615	748.527
Total tangible fixed assets	1.828.767	2.206.925
TOTAL FIXED ASSETS	1.828.767	2.206.925
Raw materials and consumables	21.835.887	12.531.600
Total inventories	21.835.887	12.531.600
Receivables from sales and services	1	76.175
Receivables from group companies	56.625	48.875
Receivables from associates	753.129	1.107.323
Other receivables	410.407	430.865
Prepayments and accrued income	30.000	32.151
Total receivables	1.250.162	1.695.389
Cash funds	665.214	816.882
Total cash funds	665.214	816.882
TOTAL CURRENT ASSETS	23.751.263	15.043.871
TOTAL ASSETS	25.580.030	17.250.796

Balance sheet 31 December

Note	2021	2020
EQUITY AND LIABILITIES		
Equity		
Share capital	90.000	90.000
Retained earnings	-2.923.939	-2.711.651
TOTAL EQUITY	-2.833.939	-2.621.651
 Long-term liabilities		
Debt to shareholders and management	14.118.736	15.235.146
Total long-term liabilities	14.118.736	15.235.146
 Prepayments from customers	528.654	1.943.965
Suppliers of goods and services	25.693	31.289
Payables to group companies	2.578.685	2.501.926
Other payables	11.162.201	160.121
Total short-term liabilities	14.295.233	4.637.301
 TOTAL LIABILITIES	28.413.969	19.872.447
 TOTAL EQUITY AND LIABILITIES	25.580.030	17.250.796

- 5. Main activity
- 6. Charges and securities
- 7. Contingencies
- 8. Uncertainty in recognition and measurement

Statement of changes in equity

	2021	2020
Share capital		
Beginning of year	90.000	90.000
End of year	<u>90.000</u>	<u>90.000</u>
Retained earnings		
Beginning of year	-2.711.651	-2.283.862
Transferred from net profit	-212.288	-427.789
End of year	<u>-2.923.939</u>	<u>-2.711.651</u>
Equity end of year	<u><u>-2.833.939</u></u>	<u><u>-2.621.651</u></u>

Noter

1. Special circumstances

Management has had difficulty in assessing the total final financial consequences of the COVID 19 outbreak and its possible effect on the company.

Management expects ample liquidity for next year's operations.

The annual financial statements has thus been prepared in accordance with the principle of continued operation.

Reference is also made to the note Uncertainty in recognition and measurement

	2021	2020
2. Staff costs		
Salaries	759.528	1.205.465
Other social security costs	26.934	39.492
Total staff costs	786.462	1.244.957
Persons employed on average	2	4
3. Depreciation and write-downs		
Depreciation and write-downs of fixed assets	378.158	461.879
Total depreciation and write-downs	378.158	461.879
4. Special items		
Special items included in gross profit		
Covid-19 compensation	0	390.000
Special items included in other operating expenses		
Losses on disposal of tangible fixed assets	0	-19.095
Total special items	0	370.905

5. Main activity

The company's main activity is to operate a minkfarm.

6. Charges and securities

The company has not made any pledges or security.

Noter

7. Contingencies

The company has entered into operating leases for 2 pcs. car's. Maturity is 1 and 4 months and the total commitment amounts to DKK 29.942.

The company has a tax loss. The deferred tax liability associated therewith is enabled.

The value of the tax asset amounts to DKK 363.258.

The company is liable for the total tax of jointly taxed Danish companies.

8. Uncertainty in recognition and measurement

The mink farms are recognized in the balance sheet with a value of 1.400 t.kr and machines and fixtures with a value of 428 t.kr. These assets are valued at normal impairment based on the company's normal accounting policies. As mentioned above, the company's activity has been forcibly shut down by the authorities in connection with the general closure of Danish mink farms, and the application possibilities for the mink farm are unknown.

The company expects to be covered by the compensation schemes that are being worked on from a political point of view, but as the scope of these compensation schemes is partly unknown, there is thus uncertainty associated with the valuation of the mink farm as well as production facilities and machinery.