Fan Milk International A/S

Voergårdvej 2, 9200 Aalborg SV

CVR no. 44 32 67 28

Annual report for 2021

Årsrapporten er godkendt på den
ordinære generalforsamling, d. 01.07.22

Rune Pedersen
Dirigent

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Company information etc.

The company

Fan Milk International A/S
c/o Beierholm
Voergårdvej 2
9200 Aalborg SV
Denmark
Tel.: 98 18 90 00
Registered office: Aalborg
CVR no.: 44 32 67 28
Financial year: 01.01 - 31.12

Executive Board

Ziobeieton Yeo

Board of Directors

Olivier Marie Michel Denis Klein
Ziobeieton Yeo
Frédéric Michel Xavier Leblan

Auditors

PricewaterhouseCoopers
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 Fan Milk International A/S.

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.

Aalborg, July 1, 2022

Executive Board

Ziobeieton Yeo

Board of Directors

Olivier Marie Michel Denis Klein Chairman	Ziobeieton Yeo	Frédéric Michel Xavier Leblan

To the Shareholder of Fan Milk International A/S

Opinion

We have audited the financial statements of Fan Milk International A/S 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.

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.

Aalborg, July 1, 2022

PricewaterhouseCoopers
Statsautoriseret Revisionspartnerselskab
CVR no. 33771231

Rasmus Mellergaard Stenskrog
State Authorized Public Accountant
mne34161

Primary activities

The main activities of the Fan Milk Group are production, distribution and sale of dairy products such as yoghurt, ice cream, flavoured milk etc. as well as juice and fruit drinks in West Africa.

Furthermore, the Company holds the shares in the subsidiaries stated in note 6.

Development in activities and financial affairs

The income statement for the period 01.01.21 - 31.12.21 shows a loss of DKK'000 -3.775 against DKK'000 -34.699 for the period 01.01.20 - 31.12.20. The balance sheet shows equity of DKK'000 293.171.

Subsequent events

No subsequent events that require amendment of the annual report has occurred after the end of the financial year.

Income statement

Note		2021 DKK '000	2020 DKK '000
	Gross result	**5.083**	**-4.144**
1	Staff costs	-1.259	-915
	Profit/loss before depreciation, amortisation, write-downs and impairment losses	**3.824**	**-5.059**
	Depreciation and impairments losses of property, plant and equipment	-10	0
	Income from equity investments in group enterprises	-10.201	-29.615
2	Financial income	1.732	290
3	Financial expenses	-1.184	-2.527
	Loss before tax	**-5.839**	**-36.911**
4	Tax on loss for the year	2.064	2.212
	Loss for the year	**-3.775**	**-34.699**

Distribution of net profit

	2021	2020
Retained earnings	-3.775	-34.699
Total	**-3.775**	**-34.699**

Balance sheet

ASSETS

Note		31.12.21 DKK '000	31.12.20 DKK '000
	Software	30	40
	Trademarks	0	0
5	**Total intangible assets**	**30**	**40**
6	Equity investments in group enterprises	420.784	420.769
7	Receivables from group enterprises	59.371	2.028
	Total investments	**480.155**	**422.797**
	Total non-current assets	**480.185**	**422.837**
	Receivables from group enterprises	32.050	16.917
	Deferred tax asset	3.500	5.000
	Income tax receivable	4.120	1.377
	Other receivables	308	358
	Total receivables	**39.978**	**23.652**
	Cash	**2.050**	**640**
	Total current assets	**42.028**	**24.292**
	Total assets	**522.213**	**447.129**

Balance sheet

EQUITY AND LIABILITIES

Note		31.12.21 DKK '000	31.12.20 DKK '000
	Share capital	13.080	13.080
	Retained earnings	280.091	283.866
	Total equity	**293.171**	**296.946**
8	Other provisions	55.796	35.076
	Total provisions	**55.796**	**35.076**
	Trade payables	15	809
	Payables to group enterprises	169.927	111.616
	Income taxes	2.150	1.474
	Other payables	1.154	1.208
	Total short-term payables	**173.246**	**115.107**
	Total payables	**173.246**	**115.107**
	Total equity and liabilities	**522.213**	**447.129**

9 Contingent assets
10 Contingent liabilities
11 Related parties

Statement of changes in equity

Figures in DKK '000	Share capital	Retained earnings	Total equity
Statement of changes in equity for 01.01.20 - 31.12.20			
Balance as at 01.01.20	13.080	318.565	331.645
Net profit/loss for the year	0	-34.699	-34.699
Balance as at 31.12.20	13.080	283.866	296.946
Statement of changes in equity for 01.01.21 - 31.12.21			
Balance as at 01.01.21	13.080	283.866	296.946
Net profit/loss for the year	0	-3.775	-3.775
Balance as at 31.12.21	13.080	280.091	293.171

	2021 DKK '000	2020 DKK '000

1. Staff costs

	2021 DKK '000	2020 DKK '000
Wages and salaries	1.214	871
Pensions	40	40
Other social security costs	5	4
Total	1.259	915
Average number of employees during the year	1	1

2. Financial income

	2021 DKK '000	2020 DKK '000
Interest, group enterprises	1.086	290
Foreign currency translation adjustments	646	0
Total	1.732	290

3. Financial expenses

	2021 DKK '000	2020 DKK '000
Interest, group enterprises	1.111	527
Foreign currency translation adjustments	0	1.693
Other financial expenses	73	307
Total	1.184	2.527

4. Tax on loss for the year

	2021 DKK '000	2020 DKK '000
Tax on profit or loss for the year	-2.769	-282
Adjustment of deferred tax for the year	-795	0
Adjustment of tax in respect of previous years	1.500	-1.930
Total	-2.064	-2.212

5. Intangible assets

Figures in DKK '000	Software	Trademarks
Cost as at 01.01.21	40	1.879
Cost as at 31.12.21	40	1.879
Amortisation and impairment losses as at 01.01.21	0	-1.879
Amortisation during the year	-10	0
Amortisation and impairment losses as at 31.12.21	-10	-1.879
Carrying amount as at 31.12.21	30	0

6. Equity investments in group enterprises

Figures in DKK '000	Equity investments in group enterprises
Cost as at 01.01.21	548.667
Additions during the year	15
Cost as at 31.12.21	548.682
Depreciation and impairment losses as at 01.01.21	-127.898
Depreciation and impairment losses as at 31.12.21	-127.898
Carrying amount as at 31.12.21	420.784

Name and registered office:	Ownership interest
Subsidiaries:	
Emidan A/S, Aalborg	100%
Fan Milk West Africa Ltd., Ghana	100%
Fan Milk S.A, Togo	100%
Fan Milk S.A.R.L, Benin	100%
Fan Milk S.A.R.L, Burkina Faso	100%
Fan Milk Côte d' Ivoire, Ivory Coast	100%
Fan Milk PLC, Nigeria	99%
Fan Milk PLC, Ghana	62%

7. Other non-current financial assets

Figures in DKK '000	Receivables from group enterprises
Cost as at 01.01.21	6.312
Foreign currency translation adjustment of foreign enterprises	2.879
Additions during the year	54.655
Cost as at 31.12.21	63.846
Impairment losses as at 01.01.21	-4.284
Impairment losses during the year	-191
Impairment losses as at 31.12.21	-4.475
Carrying amount as at 31.12.21	59.371

8. Other provisions

Other provisions are expected to be distributed as follows:

Current liabilities	55.791	35.076

Provision relates to estimated costs associated with the closure of subsidiaries.

9. Contingent assets

The company has a deferred tax asset of DKK 12.817k of which DKK 3.500k has been recognised in the balance sheet. The tax asset can be attributed to tax losses carried forward which are not expected to be utilised within the next 3 years. The tax asset can be carried forward indefinitely.

10. Contingent liabilities

Other contingent liabilities

The company is taxed jointly with the other Danish companies in the group and is liable for income taxes on a pro rata basis and must comply with any obligations to withhold tax at source on interest, royalties and dividends for the jointly taxed companies. The total tax liability for the jointly taxed companies at the balance sheet date has not yet been determined. For further information, please see the financial statements of the management company Nutrica A/S.

Transfer pricing reassessment

The company has received a proposal for reassessment of the taxable income for the financial year 2015, 2016 and 2017 based on tax audit of the company's transfer pricing documentation. The proposals for reassessment represents a potential future tax payment of up to DKK 11.424k. The company hasn't accepted the proposal for reassessment and the outcome is still to be determined.

11. Related parties

Controlling influence	Basis of influence
Compagnie Gervais Danone, Paris, France	Parent Company
Danone, Paris, France	Ultimate Parent Company

The company is included in the consolidated financial statements of the parent Danone, Paris, France, reg. no. 552 032 534. The consolidated financial statements of the parent company can be retrieved by contact to Danone HQ, 15, rue du Helder, 75009 Paris, France

12. 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.

Few reclassifications has been made. The reclassifications doesn't impact the net income presented in the profit and loss or the equity.

In accordance with section 112 of the Danish Financial Statements Act, the company has not prepared consolidated financial statements. The company is a subsidiary of Danone, Paris, France, reg. no. 552 032 534, which prepares consolidated financial statements.

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.

12. Accounting policies - continued -

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 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 and other non-monetary assets acquired in foreign currencies are translated using historical exchange rates.

INCOME STATEMENT

Revenue

Income from the sale of services is recognised in the income statement as delivery takes place (delivery method). Revenue is measured at the selling value of the agreed consideration exclusive of VAT and other taxes collected on behalf of third parties and less discounts.

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.

Gross result

Gross result comprises revenue and other external expenses.

Staff costs

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

12. Accounting policies - continued -

Depreciation 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
Software	2-4	0
Trademarks	5	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.

Income from equity investments in group entreprises

Dividends from equity investments measured at cost are recognised as income in the financial year in which the dividend is declared.

Income from equity investments in equity investments in subsidiaries also comprises gains and losses on the sale of equity investments, impairment on equity investments and provision for negative equity in subsidiaries.

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.

12. Accounting policies - continued -

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.

The company is jointly taxed with Danish consolidated enterprises.

In connection with the settlement of joint taxation contributions, the current Danish income tax is allocated between the jointly taxed enterprises in proportion to their taxable incomes. This means that enterprises with a tax loss receive joint taxation contributions from enterprises which have been able to use this loss to reduce their own taxable profit.

BALANCE SHEET

Intangible assets

Software

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

Software are amortised using the straight-line method based on useful lives, which are stated in the ‘Depreciation, amortisation and impairment losses’ section.

Trademarks

Aquired 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 and impairment losses’ section.

Gains and losses on the disposal of intangible assets

Gains and 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.

12. Accounting policies - continued -

Equity investments in group entreprises

Equity investments in subsidiaries are measured in the balance sheet at cost less any impairment losses. Transaction costs directly attributable to the acquisition are recognised in the cost of equity investments.

Gains or losses on disposal of equity investments are determined as the difference between the disposal consideration and the carrying amount of net assets at the time of sale, including non-amortised goodwill, as well as the expected costs of divestment or discontinuation. Gains and losses are recognised in the income statement under income from equity investments.

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.

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.

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

If dividends are distributed on equity investments in subsidiaries exceeding the year earnings from the enterprise in question, this is considered an indication of impairment.
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.

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.

12. Accounting policies - continued -

Cash

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

Provisions

Other provisions comprise expected expenses incidental to obligations for dismandling, removing and restoring, restructuring etc. and are recognised when the company has a legal or constructive obligation at the balance sheet date and it is probable that such obligation will draw on the financial resources of the company. Provisions are measured at net realisable value or fair value if the provision is expected to be settled over the longer term.

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.

Joint taxation contributions payable and receivable are recognised as income tax under receivables or payables in the balance sheet.

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.