



2023 Half-Year Results
Press release – Paris, July 26, 2023

Solid first half of the year Making consistent progress on Renew Danone

- **Net sales reached €14,167m in H1 2023**, up +6.3% on a reported basis and **+8.4% on a like-for-like (LFL) basis**, with price up +9.4%, and volume/mix down -1.1%
- **Q2 sales growth reached +6.4% on a LFL basis**, with price up +8.7% and volume/mix down -2.3%
 - +6.5% in Europe, driven by France, Poland and Spain; further progress on EDP portfolio transformation
 - +5.0% in North America, led by Yogurt, Coffee Creations and Waters
 - +9.6% in China, North Asia & Oceania, supported by all categories
 - +10.8% in Latin America, led by EDP and Specialized Nutrition
 - +3.9% in Rest of the World, with Q2 performance normalizing after Q1 one-offs
- **Recurring operating margin up +14 bps at 12.2%**; significant reinvestments in A&P, product superiority and capabilities (-99 bps impact)
- Operational performance driving earnings: **recurring EPS at €1.76**, up +7.6% from last year
- **€1.1 bn free-cash-flow**, driven by operational performance and supported by disciplined capital allocation
- **2023 guidance reiterated**: like-for-like sales growth between +4 and +6%; moderate improvement in recurring operating margin

2023 Half-Year Key Figures

<i>in millions of euros except if stated otherwise</i>	H1 2022	H1 2023	Reported Change	Like-for-like Change (LFL)
Sales	13,325	14,167	+6.3%	+8.4%
Recurring operating income	1,612	1,734	+7.6%	+5.8%
Recurring operating margin	12.1%	12.2%	+14 bps	-30 bps
Non-recurring operating income and expenses	(233)	(53)	+180	
Operating income	1,380	1,681	+21.9%	
Operating margin	10.4%	11.9%	+152 bps	
Recurring net income – Group share	1,051	1,133	+7.8%	
Non-recurring net income – Group share	(314)	(40)	+273	
Net income – Group share	737	1,093	+48.2%	
Recurring EPS (€)	1.63	1.76	+7.6%	
EPS (€)	1.14	1.70	+48.3%	
Free cash flow	674	1,124	+66.9%	
Cash flow from operating activities	970	1,424	+46.8%	

All references in this document to Like-for-like (LFL) changes, Recurring operating income and margin, Recurring net income, Recurring income tax rate, Recurring EPS, Free cash-flow and net financial debt, correspond to alternative performance measures not defined by IFRS. Their definitions, as well as their reconciliation with financial statements, are listed on pages 8 to 11.

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Antoine de Saint-Affrique: CEO statement

“As we navigate an unprecedented situation in Russia, my very first thoughts go to all our colleagues there.

In an environment that remains volatile and challenging, we further built our track record of delivery with a solid first half of the year: like-for-like sales growth reached +8.4%, supported by resilient volume/mix and continued pricing. Growth remains broad-based, with all geographies contributing.

These past few months, we made consistent progress on our strategic agenda, further strengthening our Core, investing behind our winners and actively addressing our underperformers. And while we see green shoots of success across the portfolio - exemplified by the continued performance of International Delight, Aptamil, evian and YoPro, or the encouraging momentum behind Mizone – we know the job is not done. We remain, more than ever, focused on building further resilience into Danone, by further stepping up our execution, but also by leveraging increasingly more our Science, Operations and Investments.

Importantly, the last 18 months' efforts on restoring the fundamentals are starting to pay: our gross margin has expanded in the first half of the year, which allows us to significantly invest behind our brands – 99bps in the first half – while improving margins moderately and delivering healthy free cash flows. In short, we are progressing towards the business model we strive for.

While a lot remains to be done, this makes us look at the future with confidence: this year, we expect to deliver a like-for-like sales growth in the upper end of our +4 and +6% guidance, underpinned by sequential volume/mix improvement in the second half, and moderate recurring operating margin improvement.”

I. SECOND QUARTER AND HALF-YEAR SALES

Second quarter and half-year sales

In Q2 2023, consolidated sales stood at €7.2 bn, up +6.4% on a like-for-like basis, with a +8.7% contribution from price and a -2.3% contribution from volume/mix. On a reported basis, sales increased by +2.4%, reflecting notably a negative impact from forex (-4.3%) and scope (-0.4%), and a positive contribution of hyperinflation (+1.3%).

In H1 2023, consolidated sales stood at €14.2 bn, up +8.4% on a like-for-like basis, with a +9.4% contribution from price and a -1.1% contribution from volume/mix. On a reported basis, sales increased by +6.3%, notably penalized by a negative forex effect of -2.0%, reflecting in particular the depreciation of various Asian and Latin American currencies against the euro. Reported sales were also impacted by a positive contribution of hyperinflation of +1.3%, and a slightly negative scope effect of -0.5%.

Sales by operating segment

€ million except %	Q2 2022	Q2 2023	Reported change	LFL Sales Growth	Volume/Mix Growth	H1 2022	H1 2023	Reported change	LFL Sales Growth	Volume/Mix Growth
BY GEOGRAPHICAL ZONE										
Europe	2,289	2,429	+6.1%	+6.5%	-5.1%	4,431	4,677	+5.5%	+6.4%	-4.6%
North America ¹	1,662	1,704	+2.5%	+5.0%	-2.7%	3,139	3,418	+8.9%	+8.3%	-1.0%
China, North Asia & Oceania ²	936	954	+1.9%	+9.6%	+8.8%	1,671	1,778	+6.4%	+12.4%	+11.2%
Latin America ³	704	779	+10.7	+10.8%	-2.0%	1,327	1,466	+10.5%	+11.7%	-1.1%
Rest of the World	1,476	1,369	-7.2%	+3.9%	-4.3%	2,756	2,828	+2.6%	+7.7%	-2.8%
BY CATEGORY										
EDP	3,684	3,731	+1.3%	+6.2%	-3.3%	7,062	7,503	+6.3%	+7.7%	-3.3%
Specialized Nutrition	2,106	2,142	+1.7%	+4.9%	-1.7%	4,029	4,250	+5.5%	+8.3%	+1.7%
Waters	1,277	1,362	+6.6%	+9.6%	0.0%	2,234	2,413	+8.0%	+10.6%	+1.1%
TOTAL	7,067	7,235	+2.4%	+6.4%	-2.3%	13,325	14,167	+6.3%	+8.4%	-1.1%

In the second quarter, **Europe** sales were up +6.5% on a like-for-like basis, with price up +11.7% and volume/mix down -5.1%. Growth was led by France, Poland and Spain, while Germany progressively recovers after several months of supply disruptions and temporary delistings. By category, Specialized Nutrition and Waters registered resilient growth, while EDP made further progress in its portfolio transformation. In **North America**, sales were up +5.0% on a like-for-like basis, with price up +7.7% and volume/mix down -2.7%. Growth was led by Yogurt, Coffee Creations and Waters, with *Oikos*, *International Delight*, *Stok* and *evian* growing at a double-digit rate, while Plant-based is lapping a high base of comparison. Specialized Nutrition also lapped the high base of last year driven by the shipments realized in the context of *Operation Fly Formula*. **China, North Asia & Oceania** posted sales growth of +9.6% on a like-for-like basis, led by +0.8% growth in price and +8.8% growth in volume/mix. In China, *Aptamil* continued to deliver solid growth in Infant Nutrition, coupled with further market share gains, while *Nutrison* and *Neocate* posted strong growth in Adult Nutrition and Pediatric Specialties respectively. In Waters, *Mizone* registered mid-teens growth, driven by volumes, with market share gains, while in EDP, Japan delivered another quarter of double-digit growth. **Latin America** posted sales growth of +10.8% on a like-for-like basis, with a +12.9% increase in price and a -2.0% decline in volume/mix, led by *Danonino* and *Danette* in Mexico and by *Danone* and *Yopro* in Brazil. In the **Rest of the World**, the performance normalized in the second quarter, after favorable calendar effects in Q1. Sales were up +3.9% on a like-for-like basis, with price up +8.2% and volume/mix down -4.3%, led by key Specialized Nutrition platforms.

¹United States and Canada; ²China, Japan, Australia and New Zealand; ³Mexico, Brazil, Argentina and Uruguay

Recurring Operating Margin

Recurring operating profit (€m) and margin (%)	H1 2022		H1 2023		Change	
	€m	Margin (%)	€m	Margin (%)	Reported	Like-for-like
BY GEOGRAPHICAL ZONE						
Europe	574	12.9%	497	10.6%	-232 bps	-290 bps
North America ¹	254	8.1%	353	10.3%	+222 bps	+229 bps
China, North Asia & Oceania ²	534	32.0%	549	30.9%	-107 bps	-156 bps
Latin America ³	-1	-0.1%	42	2.8%	+291 bps	+155 bps
Rest of the World	251	9.1%	294	10.4%	+127 bps	+13 bps
BY CATEGORY						
EDP	494	7.0%	605	8.1%	+107 bps	+102 bps
Specialized Nutrition	933	23.2%	885	20.8%	-235 bps	-351 bps
Waters	185	8.3%	244	10.1%	+185 bps	+116 bps
Total	1,612	12.1%	1,734	12.2%	+14 bps	-30 bps

Danone's **recurring operating income** reached €1.7 bn in H1 2023. **Recurring operating margin** stood at 12.2%, up +14 basis points (bps) compared to last year. This increase was mainly driven by the improvement of topline drivers – including volume, mix and price – for a combined estimated impact of c. +630 bps. This positive effect was partially offset by the still strong negative impact of input-cost inflation net of productivity, at c. -540 bps.

Besides, Danone continued to step-up its reinvestments in A&P, product superiority and capabilities, that had a negative effect of -99 bps in H1 2023. Finally, Overheads before reinvestments had a positive effect of +7 bps.

In addition to operating effects, reported margin also includes the positive impact of Forex and others, changes in scope, and contribution from hyperinflation, as well as the negative effects from other income and expenses, for a total combined effect of +13 bps.

¹United States and Canada; ²China, Japan, Australia and New Zealand; ³Mexico, Brazil, Argentina and Uruguay

Net income and Earnings per share

in millions of euros except if stated otherwise	H1 2022			H1 2023		
	Recurring	Non-recurring	Total	Recurring	Non-recurring	Total
Recurring operating income	1,612		1,612	1,734		1,734
Other operating income and expense		(233)	(233)		(53)	(53)
Operating income	1,612	(233)	1,380	1,734	(53)	1,681
Cost of net debt	(78)		(78)	(74)		(74)
Other financial income and expense	(69)	6	(63)	(67)	(15)	(83)
Income before taxes	1,466	(227)	1,239	1,593	(68)	1,525
Income tax	(403)	28	(376)	(435)	6	(429)
Effective tax rate	27.5%		30.3%	27.3%		28.1%
Net income from fully consolidated companies	1,063	(199)	863	1,158	(62)	1,095
Share of profit (loss) of equity-accounted companies	25	(114)	(89)	14	19	33
Net income	1,088	(313)	774	1,172	(44)	1,129
• Group share	1,051	(314)	737	1,133	(40)	1,093
• Non-controlling interests	37	0	37	39	(3)	36
EPS (€)	1.63		1.14	1.76		1.70

Other operating income and expense reached -€53 million in H1 2023, vs -€233 million in the prior year. Reported operating margin was up +152 bps, from 10.4% to 11.9%.

Share of profit of equity-accounted companies stood at €33 million, mainly reflecting the gain on disposal of the 25% stake in Yashili in H1 2023, improving from -€89 million last year, which reflected the impairment related to the disposal of the remaining minority investments in Mengniu partnerships.

As a result, **Reported EPS** increased by +48.3% to €1.70, while **Recurring EPS** was up +7.6% to €1.76.

Cash flow and Debt

Free cash flow reached €1,124 million in H1 2023, increasing from €674 million in H1 2022, reflecting the significant increase in cash-flow from operating activities. Capex stood at €310 million.

As of June 30, 2023, Danone's **net debt stood** at €11.2 bn.

Sales by geography and category

Q2 2023	Europe		North America		China/North Asia/Oceania		AMEA, CIS & Latin America		Total	
	Net sales (€m)	LFL sales growth (%)	Net sales (€m)	LFL sales growth (%)	Net sales (€m)	LFL sales growth (%)	Net sales (€m)	LFL sales growth (%)	Net sales (€m)	LFL sales growth (%)
EDP	1,085	+5.8%	1,539	+5.2%	96	+14.9%	1,012	+7.6%	3,731	+6.2%
Specialized Nutrition	766	+3.4%	87	-9.0%	611	+6.9%	677	+7.0%	2,142	+4.9%
Waters	577	+12.4%	78	+22.3%	247	+15.1%	459	+2.0%	1,362	+9.6%
Total Company	2,429	+6.5%	1,704	+5.0%	954	+9.6%	2,149	+6.1%	7,235	+6.4%

H1 2023	Europe		North America		China/North Asia/Oceania		AMEA, CIS & Latin America		Total	
	Net sales (€m)	LFL sales growth (%)	Net sales (€m)	LFL sales growth (%)	Net sales (€m)	LFL sales growth (%)	Net sales (€m)	LFL sales growth (%)	Net sales (€m)	LFL sales growth (%)
EDP	2,152	+5.5%	3,106	+8.4%	180	+16.9%	2,065	+8.1%	7,503	+7.7%
Specialized Nutrition	1,518	+3.0%	173	-1.9%	1,220	+10.8%	1,340	+14.1%	4,250	+8.3%
Waters	1,007	+14.0%	139	+21.0%	378	+15.9%	889	+3.9%	2,413	+10.6%
Total Company	4,677	+6.4%	3,418	+8.3%	1,778	+12.4%	4,294	+9.0%	14,167	+8.4%

II. EDP RUSSIA UPDATE

On October 14, 2022, Danone launched a process to transfer the control of its EDP (Essential Dairy & Plant-based) Business in Russia, which was progressing according to the expected schedule.

On July 16, 2023, Danone has taken note of the decision of the Russian authorities aiming at placing Danone Russia (EDP) under the temporary external administration of the Russian Federal Agency for State Property Management (Rosimushchestvo).

On July 18, 2023, the Russian authorities indicated that the Board of Directors and CEO of Danone Russia (EDP) had been changed. These changes took place without the knowledge of, or approval by, Danone. While Danone no longer retains control of the management of its EDP operations in Russia, it remains their legal owner.

As a result, and as per applicable accounting standards (IFRS), Danone will deconsolidate its EDP Russia operations in July 2023, triggering an approximately €(0.2)bn cash impairment. In addition, Danone recognizes a non-cash RUB / EUR FX translation difference of approximately €(0.5)bn, which has no impact on Group's total equity. Both will be recognized on December 31, 2023.

EDP Russia will therefore be taken out of Danone's like for like perimeter as of July 2023; Danone's H2 2023 recurring performance will be reported excluding the contribution of EDP Russia.

Danone will continue to investigate the situation to understand the implications of the decisions of the Russian authorities on the ongoing EDP operations of Danone in Russia, as well as on the ongoing sale process. Danone will continue to provide information on material developments related to the situation of its EDP operations in Russia and keeps investigating how to protect its assets and its rights as shareholder, with a first priority to ensure people safety.

III. 2023 GUIDANCE

Like-for-like sales growth expected between +4 and +6%, with moderate recurring operating margin improvement.

IV. MAJOR DEVELOPMENTS OVER THE PERIOD

- **April 27, 2023:** At Danone's 2023 Annual General Meeting, shareholders approved all resolutions submitted to its approval by the Board of Directors, including the distribution of a dividend of €2.00 per share in cash, the appointment of Sanjiv Mehta as Director, the renewals of terms of office of Valérie Chapoulaud-Floquet and Gilles Schnepf, and the ratification of the co-opting of Gilbert Ghostine and Lise Kingo, as Directors.
- **May 15, 2023:** Danone issued a €800 million bond with an 8-year maturity and a 3.47% coupon. The settlement took place on May 22, 2023, and the bonds are listed on Euronext Paris.

V. NEW FINANCIAL DISCLOSURE PRO FORMA

Financial disclosure

Danone's external reporting has been adjusted to reflect the organizational changes. Starting from Q1 2023, the company reports its key indicators (net sales, like-for-like sales growth, recurring operating income and recurring operating margin) along five adjusted operating segments:

- Europe, which includes Ukraine (was previously part of Rest of the World zone);
- North America, which includes the United States and Canada (unchanged);
- China, North Asia, Oceania (unchanged);
- Latin America (was previously part of Rest of the World zone);
- Rest of the World, which includes AMEA (Asia, Middle East including Turkey, Africa) and CIS.

The global category reporting remains unchanged, and Danone continues to report performance, on both net sales and recurring operating income and margin, for EDP, Specialized Nutrition and Waters.

Like-For-Like definition

All countries with hyperinflationary economies are now included in our like-for-like changes. However, in order to limit the distorting effect of hyperinflation, net sales growth in excess of around 26% per year are excluded from like-for-like net sales growth calculation in hyperinflationary economies. Indeed, a three-year average at 26% would generally trigger hyperinflation as defined by IFRS rules.

H1 and FY 2022 sales restated by new operating segments and new LFL methodology

H1 2022	Europe		North America		China/North Asia/Oceania		AMEA, CIS & Latin America		Total	
	Net sales (€m)	LFL sales growth (%)	Net sales (€m)	LFL sales growth (%)	Net sales (€m)	LFL sales growth (%)	Net sales (€m)	LFL sales growth (%)	Net sales (€m)	LFL sales growth (%)
EDP	2,087	-0.2%	2,851	+6.4%	166	+9.6%	1,958	+7.9%	7,062	+4.7%
Specialized Nutrition	1,485	+8.4%	174	+14.0%	1,160	+15.0%	1,209	+6.1%	4,029	+9.7%
Waters	859	+11.4%	114	+18.3%	345	-9.9%	916	+14.2%	2,234	+8.8%
Total Company	4,431	+4.7%	3,139	+7.2%	1,671	+8.3%	4,083	+8.6%	13,325	+6.9%

FY 2022	Europe		North America		China/North Asia/Oceania		AMEA, CIS & Latin America		Total	
	Net sales (€m)	LFL sales growth (%)	Net sales (€m)	LFL sales growth (%)	Net sales (€m)	LFL sales growth (%)	Net sales (€m)	LFL sales growth (%)	Net sales (€m)	LFL sales growth (%)
EDP	4,137	+0.6%	6,085	+8.1%	340	+12.4%	4,237	+8.0%	14,799	+5.8%
Specialized Nutrition	2,977	+8.3%	376	+15.6%	2,431	+9.3%	2,535	+9.7%	8,319	+9.3%
Waters	1,757	+8.5%	251	+19.0%	656	-4.4%	1,879	+10.2%	4,543	+7.5%
Total Company	8,871	+4.6%	6,712	+8.9%	3,428	+6.7%	8,651	+9.0%	27,661	+7.1%

H1 and FY 2022 margin restated by new operating segments

Recurring operating profit (€m) and margin (%)	H1 2022		FY 2022	
	€m	Margin (%)	€m	Margin (%)
BY GEOGRAPHICAL ZONE				
Europe	574	12.9%	1,084	12.2%
North America ¹	254	8.1%	679	10.1%
China, North Asia & Oceania ²	534	32.0%	1,037	30.2%
Latin America ³	-1	-0.1%	55	1.9%
Rest of the World	251	9.1%	522	8.9%
BY CATEGORY				
EDP	494	7.0%	1,207	8.2%
Specialized Nutrition	933	23.2%	1,799	21.6%
Waters	185	8.3%	370	8.2%
Total	1,612	12.1%	3,377	12.2%

VI. ALTERNATIVE PERFORMANCE MEASURES NOT DEFINED BY IFRS

IAS 29: impact on reported data

All necessary conditions have been reached (including 3-year cumulative rate of inflation for consumer prices exceeding the 100% threshold reached during the first half 2022) to now consider Turkey as "hyperinflationary" as defined by IFRS rules and therefore that IAS 29 rule related to Financial Reporting in Hyperinflationary Economies becomes applicable to the country. Consequently, Danone applies IAS 29 in Turkey with an effective date of January 1st, 2022.

Adoption of IAS 29 in hyperinflationary countries requires its non-monetary assets and liabilities and its income statement to be restated to reflect the changes in the general pricing power of its functional currency, leading to a gain or loss on the net monetary position included in the net income. Moreover, its financial statements are converted into euros using the closing exchange rate of the relevant period.

IAS 29: impact on reported data € million except %	Q2 2023	H1 2023
Sales	-17.7	-54.2
Sales growth (%)	-0.24%	-0.38%
Recurring Operating Income		-35
Recurring Net Income – Group share		-72

Breakdown by quarter of H1 2023 sales after application of IAS 29

H1 2023 sales correspond to the addition of:

- Q2 2023 reported sales;
- Q1 2023 sales resulting from the application of IAS 29 until June 30, 2023, to sales of entities in hyperinflation countries (application of the inflation rate until June 30, 2023, and translation into euros using the June 30, 2023, closing rate) and provided in the table below for information (unaudited data).

¹United States and Canada; ²China, Japan, Australia and New Zealand

€ million	Q1 2023 ¹	Q2 2023	H1 2023
Europe	2,248	2,429	4,677
North America	1,714	1,704	3,418
China, North Asia & Oceania	824	954	1,778
Latin America	687	779	1,466
Rest of the World	1,459	1,369	2,828
Total	6,932	7,235	14,167

¹Results from the application of IAS 29 until June 30, 2023, to Q1 sales of entities of hyperinflation countries.

Financial indicators not defined in IFRS

Due to rounding, the sum of values presented may differ from totals as reported. Such differences are not material.

Like-for-like changes in sales, recurring operating income and recurring operating margin reflect Danone's organic performance and essentially exclude the impact of:

- changes in consolidation scope, with indicators related to a given fiscal year calculated on the basis of previous-year scope, both previous-year and current-year scopes excluding entities in countries under hyperinflation according to IAS 29 during the previous year (as for Argentinian entities since January 1, 2019, and except for Turkey);
- changes in applicable accounting principles;
- changes in exchange rates with both previous-year and current-year indicators calculated using the same exchange rates (the exchange rate used is a projected annual rate determined by Danone for the current year and applied to both previous and current years).

Bridge from reported data to like-for-like data

(€ million except %)	H1 2022	Like-for-like change	Impact of changes in scope of consolidation	Impact of changes in exchange rates & others incl. IAS 29	Organic contribution from hyperinflation countries	Reported change	H1 2023
Sales	13,325	+8.4%	-0.5%	-2.9%	+1.3%	+6.3%	14,167
Recurring operating margin	12.1%	-30 bps	+6 bps	+39 bps	-2 bps	+14 bps	12.2%

Recurring operating income is defined as Danone's operating income excluding Other operating income and expenses. Other operating income and expenses comprise items that, because of their significant or unusual nature, cannot be viewed as inherent to Danone's recurring activity and have limited predictive value, thus distorting the assessment of its recurring operating performance and its evolution. These mainly include:

- capital gains and losses on disposals of fully consolidated companies;
- impairment charges on intangible assets with indefinite useful lives;
- costs related to strategic restructurings or transformation plans;
- costs related to major external growth transactions;
- costs related to major crisis and major litigations;
- in connection with IFRS 3 (Revised) and IAS 27 (Revised) relating to business combinations, (i) acquisition costs related to business combinations, (ii) revaluation profit or loss accounted for following a loss of control, and (iii) changes in earn-outs relating to business combinations and subsequent to acquisition date.

Recurring operating margin is defined as Recurring operating income over Sales ratio.

Other non-recurring financial income and expense corresponds to financial income and expense items that, in view of their significant or unusual nature, cannot be considered as inherent to Danone's recurring financial management. These mainly include changes in value of non-consolidated interests.

Non-recurring income tax corresponds to income tax on non-recurring items as well as tax income and expense items that, in view of their significant or unusual nature, cannot be considered as inherent to Danone's recurring performance.

Recurring effective tax rate measures the effective tax rate of Danone's recurring performance and is computed as the ratio of income tax related to recurring items over recurring net income before tax.

Non-recurring share of profit of equity-accounted companies includes items that, because of their significant or unusual nature, cannot be viewed as inherent to the companies' recurring activity and thereby distort the assessment of their recurring performance and trends in that performance. These items mainly relate to (i) capital gains and losses on disposals of investments in equity-accounted companies, (ii) impairment of goodwill, and (iii) non-recurring items, as defined by Danone, included in the share of profit of equity-accounted companies.

Recurring net income (or Recurring net income – Group Share) corresponds to the Group share of the consolidated Recurring net income. The Recurring net income excludes items that, because of their significant or unusual nature, cannot be viewed as inherent to Danone's recurring activity and have limited predictive value, thus distorting the assessment of its recurring performance and its evolution. Such non-recurring income and expenses correspond to Other operating income and expenses, Other non-recurring financial income and expenses, Non-recurring income tax, and Non-recurring income from equity-accounted companies. Such income and expenses, excluded from Net income, represent Non-recurring net income.

Recurring EPS (or Recurring net income – Group Share, per share after dilution) is defined as the ratio of Recurring net income adjusted for hybrid financing over Diluted number of shares. In compliance with IFRS, income used to calculate EPS is adjusted for the coupon related to the hybrid financing accrued for the period and presented net of tax.

	H1 2022		H1 2023	
	Recurring	Total	Recurring	Total
Net income-Group share (€ million)	1,051	737	1,133	1,093
Coupon related to hybrid financing net of tax (€ million)	(7)	(7)	(6)	(6)
Number of shares				
• Before dilution	638,514,268	638,514,268	640,196,786	640,196,786
• After dilution	638,827,268	638,827,268	640,804,805	640,804,805
EPS (€)				
• Before dilution	1.64	1.14	1.76	1.70
• After dilution	1.63	1.14	1.76	1.70

Free cash flow represents cash flows provided or used by operating activities less capital expenditure net of disposals and, in connection with IFRS 3 (Revised), relating to business combinations, excluding (i) acquisition costs related to business combinations, and (ii) earn-outs related to business combinations and paid subsequently to acquisition date.

(€ million)	H1 2022	H1 2023
Cash-flow from operating activities	970	1,424
Capital expenditure	(318)	(310)
Disposal of tangible assets & transaction fees related to business combinations ¹	22	10
Free cash-flow	674	1,124

¹ Represents acquisition costs related to business combinations paid during the period.

Net financial debt represents the net debt portion bearing interest. It corresponds to current and non-current financial debt (i) excluding Liabilities related to put options granted to non-controlling interests and earn-outs on acquisitions resulting in control and (ii) net of Cash and cash equivalents, Short term investments and Derivatives – assets managing net debt.

(€ million)	December 31, 2022	June 30, 2023
Non-current financial debt	11,238	11,162
Current financial debt	3,298	4,402
Short-term investments	(3,631)	(3,377)
Cash	(1,051)	(1,880)
Bank Overdraft	330	940
Derivatives — non-current assets ¹	(18)	(8)
Derivatives — current-assets ¹	(60)	(59)
Net debt	10,107	11,180
<ul style="list-style-type: none"> • Liabilities related to put options granted to non-controlling interests — non-current 	(59)	(0)
<ul style="list-style-type: none"> • Liabilities related to put options granted to non-controlling interests and earn-outs on acquisitions resulting in control — current 	(263)	(284)
Net financial debt	9,785	10,896

¹ Managing net debt only

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FORWARD-LOOKING STATEMENTS

This press release contains certain forward-looking statements concerning Danone. In some cases, you can identify these forward-looking statements by forward-looking words, such as “estimate”, “expect”, “anticipate”, “project”, “plan”, “intend”, “objective”, “believe”, “forecast”, “guidance”, “foresee”, “likely”, “may”, “should”, “goal”, “target”, “might”, “will”, “could”, “predict”, “continue”, “convinced” and “confident,” the negative or plural of these words and other comparable terminology. Forward looking statements in this document include, but are not limited to, predictions of future activities, operations, direction, performance and results of Danone.

Although Danone believes its expectations are based on reasonable assumptions, these forward-looking statements are subject to numerous risks and uncertainties, which could cause actual results to differ materially from those anticipated in these forward-looking statements. For a detailed description of these risks and uncertainties, please refer to the “Risk Factor” section of Danone’s Universal Registration Document (the current version of which is available at www.danone.com).

Subject to regulatory requirements, Danone does not undertake to publicly update or revise any of these forward-looking statements. This document does not constitute an offer to sell, or a solicitation of an offer to buy Danone securities.

The presentation to analysts and investors will be broadcast live today from 8:30 a.m. (Paris time) on Danone’s website (www.danone.com).
Related slides will also be available on the website in the Investors section.

APPENDIX – Sales by geographical zone and by category (in € million)

	First quarter		Second quarter		First Half	
	2022	2023	2022	2023	2022	2023
BY GEOGRAPHICAL ZONE						
Europe	2,142	2,248	2,289	2,429	4,431	4,677
North America ¹	1,477	1,714	1,662	1,704	3,139	3,418
China, North Asia & Oceania ²	735	824	936	954	1,671	1,778
Latin America ³	602	689	704	779	1,327	1,466
Rest of the World	1,280	1,486	1,476	1,369	2,756	2,828
BY CATEGORY						
EDP	3,365	3,768	3,684	3,731	7,062	7,503
Specialized Nutrition	1,919	2,143	2,106	2,142	4,029	4,250
Waters	951	1,051	1,277	1,362	2,234	2,413
TOTAL	6,236	6,962	7,067	7,235	13,325	14,167

	First quarter 2023		Second quarter 2023		First Half 2023	
	Reported change	Like-for-like change	Reported change	Like-for-like change	Reported change	Like-for-like change
BY GEOGRAPHICAL ZONE						
Europe	+4.9%	+6.2%	+6.1%	+6.5%	+5.5%	+6.4%
North America ¹	+16.0%	+11.8%	+2.5%	+5.0%	+8.9%	+8.3%
China, North Asia & Oceania ²	+12.1%	+16.0%	+1.9%	+9.6%	+6.4%	+12.4%
Latin America ³	+14.6%	+12.6%	+10.7%	+10.8%	+10.5%	+11.7%
Rest of the World	+16.2%	+11.8%	-7.2%	+3.9%	+2.6%	+7.7%
BY CATEGORY						
EDP	+12.0%	+9.3%	+1.3%	+6.2%	+6.3%	+7.7%
Specialized Nutrition	+11.6%	+12.0%	+1.7%	+4.9%	+5.5%	+8.3%
Waters	+10.5%	+12.0%	+6.6%	+9.6%	+8.0%	+10.6%
TOTAL	+11.6%	+10.5%	+2.4%	+6.4%	+6.3%	+8.4%

¹United States and Canada; ²China, Japan, Australia and New Zealand; ³Mexico, Brazil, Argentina and Uruguay