



2022 Full-Year Results
Press release – Paris, February 22, 2023

Consistent progress and solid delivery in 2022 Set for profitable growth in 2023

- **Net sales reached €27,661m in 2022, up +13.9% on a reported basis and +7.8% on a like-for-like (LFL) basis**, with price up +8.7%, and volume/mix down -0.8%; **proforma volume/mix up +0.2% excluding EDP Russia**
- **Q4 sales growth reached +7.0% LFL**
 - +9.7% in North America led by *International Delight*, *Activia*, *Oikos* and *Silk*
 - +4.0% price-led growth in Europe driven by Specialized Nutrition
 - +3.4% in China, North Asia & Oceania led by Specialized Nutrition and EDP
 - +9.8% in Rest of the World, led by price, with all categories and geographies contributing
- **Recurring operating margin at 12.2%** while reinvesting in A&P, product superiority and capabilities
- **Resilient earnings in a context of transformation: recurring EPS at €3.43**, up +3.6% from last year
- **€2.1bn free-cash-flow** with focus on cash conversion cycle and capital allocation
- **Proposed dividend of €2.00**
- Next stage of **Danone's sustainability journey unveiled, focused on impact**
- **2023 guidance in line with mid-term targets**: like-for-like sales growth between +3 and +5% with moderate improvement in recurring operating margin

2022 Full-Year Key Figures

<i>in millions of euros except if stated otherwise</i>	2021	2022	Reported Change	Like-for-like Change (LFL)
Sales	24,281	27,661	+13.9%	+7.8%
Recurring operating income	3,337	3,377	+1.2%	-4.3%
Recurring operating margin	13.7%	12.2%	-154 bps	-161 bps
Non-recurring operating income and expenses	(1,080)	(1,234)	(154)	
Operating income	2,257	2,143	-5.0%	
Operating margin	9.3%	7.7%	-155 bps	
Recurring net income – Group share	2,165	2,205	+1.9%	
Non-recurring net income – Group share	(241)	(1,246)	(1,005)	
Net income – Group share	1,924	959	-50.2%	
Recurring EPS (€)	3.31	3.43	+3.6%	
EPS (€)	2.94	1.48	-49.7%	
Free cash flow	2,489	2,127	-14.6%	
Cash flow from operating activities	3,474	2,964	-14.7%	

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 financial indicators not defined in IFRS. Their definitions, as well as their reconciliation with financial statements, are listed on pages 8 to 10.

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Antoine de Saint-Affrique: CEO statement

"While 2022 was a year of unprecedented external challenges and volatility, for Danone it has also been a year of deep transformation and solid delivery. I am grateful to all Danoners for their resilience and their passion for customers, consumers, patients and for making our company a stronger one.

This year saw strong progress on many fronts, with Local First fully implemented, a materially strengthened Executive Committee, a renewed Board of Directors and a robust governance now in place. We also defined and immediately put into action our new strategy, Renew Danone.

Importantly, 2022 was not only a year of strategy and transformation, but also one of meaningful progress and delivery. We closed a year of solid growth, +7.8% on a like-for-like basis, with all regions and categories contributing. While delivering on our financial commitments for 2022, we started reinvesting significantly in our capabilities, product superiority and brand support. Of note are the performance and resilience of our Noram and CNAO regions, where we continue to drive balanced and competitive growth, building on strong brands, consistent investments and solid execution. We also made rapid progress on our portfolio management agenda, notably with announcements on EDP Russia and US Organic Dairy platforms.

Building on 2022 momentum, we are entering 2023 with renewed ambition and confidence in our strategy. In 2023, we will pursue our transformation, and further invest in our brands, products and capabilities while delivering in line with the mid-term guidance defined last year."

I. FOURTH QUARTER AND FULL-YEAR RESULTS

Fourth quarter and full-year sales

€ million except %	Q4 2021	Q4 2022	Reported change	LFL Sales Growth	Volume/Mix Growth	FY 2021	FY 2022	Reported change	LFL Sales Growth	Volume/Mix Growth
BY GEOGRAPHICAL ZONE										
Europe	2,077	2,145	+3.3%	+4.0%	-5.9%	8,341	8,773	+5.2%	+5.2%	-1.2%
North America ¹	1,443	1,759	+21.9%	+9.7%	-2.1%	5,564	6,712	+20.6%	+8.9%	+0.5%
China, North Asia & Oceania ²	777	817	+5.2%	+3.4%	+2.1%	3,008	3,428	+14.0%	+6.7%	+4.9%
Rest of the World	1,944	2,285	+17.5%	+9.8%	-7.2%	7,369	8,748	+18.7%	+10.7%	-4.1%
BY CATEGORY										
EDP	3,386	3,887	+14.8%	+7.6%	-6.5%	13,090	14,799	+13.1%	+5.8%	-4.3%
Specialized Nutrition	1,931	2,147	+11.2%	+7.1%	-0.3%	7,230	8,319	+15.1%	+10.0%	+3.8%
Waters	925	972	+5.1%	+4.4%	-5.0%	3,961	4,543	+14.7%	+10.5%	+2.2%
TOTAL	6,242	7,007	+12.3%	+7.0%	-4.4%	24,281	27,661	+13.9%	+7.8%	-0.8%

In 2022, consolidated sales stood at €27.7 bn, up +7.8% on a like-for-like basis, with a +8.7% contribution from price and a -0.8% contribution from volume/mix. On a reported basis, sales increased by +13.9%, benefiting from a positive forex impact of +4.9%, reflecting in particular the appreciation of the US dollar and various Asian and Latin American currencies against the euro. Reported sales were also impacted by a positive organic contribution of +1.2% from hyperinflation geographies.

In the fourth quarter, sales increased by +7.0% on a like-for-like basis, with a +11.3% contribution from price and a -4.4% contribution from volume/mix. On a reported basis, sales increased by +12.3%, benefiting in particular from a positive forex impact of +3.7% and a positive organic contribution to growth of +1.7% by hyperinflation countries.

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

Recurring Operating Margin

Recurring operating profit (€m) and margin (%)	FY 2021		FY 2022		Change	
	€m	Margin (%)	€m	Margin (%)	Reported	Like-for-like
BY GEOGRAPHICAL ZONE						
Europe	1,291	15.5%	1,088	12.4%	-307 bps	-297 bps
North America ¹	603	10.8%	679	10.1%	-72 bps	-73 bps
China, North Asia & Oceania ²	939	31.2%	1,037	30.2%	-99 bps	-121 bps
Rest of the World	504	6.8%	573	6.6%	-29 bps	-61 bps
BY CATEGORY						
EDP	1,355	10.4%	1,207	8.2%	-219 bps	-229 bps
Specialized Nutrition	1,634	22.6%	1,799	21.6%	-97 bps	-84 bps
Waters	348	8.8%	370	8.2%	-63 bps	-128 bps
Total	3,337	13.7%	3,377	12.2%	-154 bps	-161 bps

Danone's recurring operating income reached €3.4 bn in 2022. Recurring operating margin stood at 12.2%, down -154 basis points (bps) compared to last year. This decrease was mainly driven by the strong negative impact of input-cost inflation net of productivity, estimated at c. -730 bps. This negative effect was partially offset by the positive effect of topline drivers – including volume, mix and price – for a combined estimated impact of c. +570 bps.

Danone accelerated its reinvestment journey in the second half of 2022: reinvestments in A&P, product superiority and capabilities had a negative effect of -105 bps in H2 2022, resulting in full-year impact of -58 bps in 2022. Finally, Overheads before reinvestments had a positive effect of +83 bps in 2022, including +56 bps in H2, reflecting the savings achieved as part of Local First.

In addition to like-for-like effects, reported margin also includes the negative impact of Forex and others, changes in scope, organic contribution from hyperinflation countries, and effects from other income and expenses, for a total combined effect of -20 bps.

Performance by geographical zone

▪ EUROPE

Europe posted sales growth of +5.2% in 2022 on a like-for-like basis and recurring operating margin stood at 12.4%, down -307 bps compared to last year.

In the fourth quarter, sales increased by +4.0% on a like-for-like basis, driven by +9.9% growth in price and a -5.9% decrease in volume/mix. Volumes were impacted by the sequential acceleration of portfolio rationalization initiatives, and by some temporary delivery suspensions. EDP registered +2.2% growth in Europe, led by both Dairy and Plant-based, while Waters registered moderate growth of +1.5%. Specialized Nutrition posted +7.8% growth, led by *Aptamil* in Infant Nutrition, and *Fortimel* in Adult Nutrition, which delivered strong growth in the quarter.

▪ NORTH AMERICA

North America posted +8.9% sales growth in 2022 on a like-for-like basis and recurring operating margin decreased by -72 bps to 10.1%.

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

In the fourth quarter, sales increased by +9.7% on a like-for-like basis, driven by +11.8% growth in price and a -2.1% decline in volume/mix. North America maintained strong and competitive growth momentum across categories. In EDP, sales were up by +11.1%, led in particular by *International Delight* in Coffee Creations, *Activia* and *Oikos* in Yogurt and *Silk* in Plant-based. In Waters, *evian* posted double-digit growth, while in Specialized Nutrition, the situation normalized, after two quarters of stepped-up exports to help address baby formula shortages.

▪ CHINA, NORTH ASIA & OCEANIA

China, North Asia & Oceania posted sales growth of +6.7% in 2022 on a like-for-like basis and recurring operating margin was down -99 bps to 30.2%.

In the fourth quarter, sales increased by +3.4% on a like-for-like basis, led by +1.3% growth in price and +2.1% growth in volume/mix. In China, Infant Milk Formula continued to register competitive growth, on a high base. The performance was led by *Aptamil*, which continued to gain share for both international and domestic labels. Adult Nutrition and Pediatric Specialties pursued their good momentum, while *Mizone* continued to be penalized by covid-related mobility restrictions. Outside China, EDP posted a +15.5%, led by *Activia*, *Danone* and *Oikos* in Japan.

▪ REST OF THE WORLD

Rest of the World registered sales growth of +10.7% in 2022 on a like-for-like basis and recurring operating margin stood at 6.6% (-29 bps compared to last year). Excluding EDP Russia, volume/mix was resilient this year, down -0.7% in the region in FY22, despite strong pricing.

In the fourth quarter, sales increased by +9.8% on a like-for-like basis, with price up +17.0% and volume/mix down -7.2%. In Latin America, sales grew by double digits in the fourth quarter, with all categories contributing, while in Indonesia, sales were up by mid-single digits, driven by both *Aqua* and *SGM*, which posted strong growth and market share gains.

Net income and Earnings per share

<i>in millions of euros except if stated otherwise</i>	FY 2021			FY 2022		
	Recurring	Non-recurring	Total	Recurring	Non-recurring	Total
Recurring operating income	3,337		3,337	3,377		3,377
Other operating income and expense		(1,080)	(1,080)		(1,234)	(1,234)
Operating income	3,337	(1,080)	2,257	3,377	(1,234)	2,143
Cost of net debt	(167)		(167)	(153)		(153)
Other financial income and expense	(100)	5	(95)	(138)	(20)	(158)
Income before taxes	3,070	(1,075)	1,995	3,086	(1,253)	1,832
Income tax	(841)	252	(589)	(841)	64	(778)
Effective tax rate	27.4%		29.5%	27.3%		42.4%
Net income from fully consolidated companies	2,229	(822)	1,406	2,244	(1,190)	1,054
Net income from associates	7	578	585	31	(63)	(32)
Net income	2,235	(244)	1,992	2,275	(1,252)	1,023
• Group share	2,165	(241)	1,924	2,205	(1,246)	959
• Non-controlling interests	70	(3)	67	70	(6)	64
EPS (€)	3.31		2.94	3.43		1.48

Other operating income and expense reached -€1,234 million vs -€1,080 million in the prior year, mainly driven by implementation costs related to the Local First project and impairment related to EDP Russia, for around €500m. As a result, reported operating margin was down -155 bps in 2022, from 9.3% to 7.7%.

Net financial costs increased by €49 million to -€311 million, resulting from appreciation of the US dollar against the euro.

Net income from associates decreased significantly from €585 million to -€32 million, reflecting the combined impacts of the Mengniu disposal in H1 2021 and impairment related to the disposal of the remaining minority investments in Mengniu partnerships announced in H1 2022.

As a result, Reported EPS decreased by -49.7% to €1.48, while **Recurring EPS** was up +3.6% to €3.43.

Cash flow and Debt

Free cash flow reached €2,127 million in 2022, down from €2,489 million in 2021, reflecting the decrease in cash-flow from operating activities. Capex stood at €873 million.

As of December 31, 2022, **Danone's net debt stood at €10.1 bn**, down €0.4 bn from December 31, 2021.

Dividend

At the Annual Shareholders' Meeting on April 27, 2023, **Danone's Board of Directors will propose a dividend of €2.00 per share** in respect of the 2022 fiscal year, up +3.1% compared to last year. Assuming this proposal is approved, the ex-dividend date will be May 9, 2023, and dividends will be payable on May 11, 2023.

II. DANONE IMPACT JOURNEY

In March 2022, Danone unveiled a new strategy, Renew Danone, with the intent to reconnect with sustainable profitable growth and value creation. As part of that strategy, the company vowed at better connecting sustainability with performance.

In this context, Danone reframed its sustainability journey, articulated around 3 pillars: Health, Nature and People. For each pillar, Danone defines a new set of priorities which are translated into mid to long-term objectives, focusing on where the company can deliver the most value with and through our ecosystem of partners. In consistency with the principles of Renew Danone, the investments related to these commitments are fully embedded in the company's financial guidance.

Danone's priorities and mid to long-term objectives are detailed on Danone's website (<https://www.danone.com/about-danone/sustainable-value-creation/danone-impact-journey.html>).

More information on the existing policies, action plans and 2022 results of Danone related to Health, Nature and People will be included in chapter 5 (social, societal and environmental responsibility) of the 2022 Universal Registration Document of Danone, that will be published in March 2023.

1 – Progress and lead Health through food for consumers and patients

- Offer tastier and healthier food and drinks
- Promote healthier choices
- Provide positive nutrition & hydration for healthier life
- Invest in nutrition and hydration science and research

2 – Preserve and regenerate nature

- Curb GHG emissions in line with 1.5°C, leading the way on methane reduction
- Pioneer and scale regenerative agriculture, leading the way for regenerative dairy farming models
- Preserve and restore watersheds/water resources where we operate and drive total water footprint reduction across the value chain
- Drive the transition to a circular and low-carbon packaging system & recover as much as we use
- Cut waste across the value chain

3 – Thriving People & Communities

- Make Danone a force for good by fostering a unique, diverse and inclusive culture and empowering Danoners for positive impact
- Equip and empower our communities (i.e. internal, external) with skills and capabilities of the future to thrive in fast changing economy
- Champion a renewed social contract by fostering a prosperous & inclusive ecosystem, upholding human rights and pursuing social progress

III. 2023 GUIDANCE

2023 guidance in line with mid-term targets: Like-for-like sales growth between +3 and +5% with moderate recurring operating margin improvement.

IV. MAJOR DEVELOPMENTS OVER THE PERIOD

- **January 18, 2023:** Danone announced the appointment of three Group Deputy CEOs with extended responsibilities, with effect from February 1, 2023: Véronique Penchienati-Bosetta was appointed Group Deputy CEO, CEO International and EVP Specialized Nutrition, Waters, Global Marketing & Digital; Shane Grant was appointed Group Deputy CEO, CEO Americas and EVP Dairy, Plant-Based and Global Sales; and Juergen Esser was appointed Group Deputy CEO in charge of Finance, Technology & Data. Danone also announced that Nigyar Makhmudova, EVP Chief Growth Officer, and Floris Wesseling, Europe Zone President, members of the Executive Committee, have decided to leave Danone to pursue professional interests outside of the company. Finally, Danone announced the appointment of Pablo Perversi, previously Chief Innovation, Sustainability & Quality Officer at Barry Callebaut, as Europe Zone President, member of the Executive Committee, replacing Floris Wesseling. He will be reporting to Véronique Penchienati-Bosetta.
- **January 26, 2023:** Danone announced it will explore strategic options, including a potential sale, for its organic dairy activity in the U.S., comprised of the Horizon Organic and Wallaby businesses. This announcement is an additional step in the portfolio review and asset rotation program the company announced in March 2022, as part of the Renew Danone strategy. Horizon Organic and Wallaby represent approximately 3% of Danone's global revenues and had a dilutive impact on Danone's like-for-like sales growth and recurring operating margin in 2022.
- **February 6, 2023:** Danone inaugurated its new Research and Innovation Center on the Paris-Saclay campus, dedicating a new space to develop the products of the future within its ecosystem. This research center will be dedicated to the development and innovation of Danone's fresh dairy, plant-based products and natural mineral water categories. It will include laboratories at the forefront of research and pilot production sites for innovation and limited production of specific prototypes.

V. FINANCIAL STATEMENTS

At its meeting on February 21, 2023, the Board of Directors closed statutory and consolidated financial statements for the 2022 fiscal year. Regarding the audit process, the statutory auditors have substantially completed their examination of financial statements as of today.

VI. NEW FINANCIAL DISCLOSURE STARTING FROM Q1 2023

Financial disclosure

As announced in January 18, 2023, Danone's external reporting will be adjusted to reflect the organizational changes. Starting from Q1 2023, the company will report its key indicators (net sales, like-for-like sales growth, recurring operating income and recurring operating margin) along four adjusted operating segments:

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

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

Like-For-Like Definition

Until Q4 2022, the definition of our like-for-like changes has been excluding, for both previous and current years, entities in countries that fall under hyperinflation according to IAS 29 during the previous year. As since January 1st, 2022 Turkey has been an hyperinflationary economy, as for Argentinian entities since January 1, 2019, we believe the total of Net sales and Operating margin in hyperinflationary economies has become material and as a result, we are announcing that we are adopting a new definition of the like-for-like changes regarding countries in hyperinflation according to IAS 29.

From Q1 2023 onwards, all countries with hyperinflationary economies will be included in our like-for-like changes. In order to limit the distorting effect of hyperinflation, net sales growth in excess of around 26% per year (a three-year average at 26% would generally trigger hyperinflation as defined by IFRS rules) will be excluded from our like-for-like net sales growth calculation in hyperinflationary economies.

We believe this new definition better reflects our performance while excluding from our like-for-like performance distortion of hyperinflationary economies beyond the abovementioned cap. This also allows our definition of like-for-like changes to be more in line with peer group companies.

Illustrative breakdown by quarter and full year of 2022 like-for-like net sales change with the new LFL methodology:

	First quarter 2022	Second quarter 2022	Third quarter 2022	Fourth quarter 2022	Full year 2022
BY GEOGRAPHICAL ZONE					
Europe	+5.7%	+5.1%	+6.0%	+4.0%	+5.2%
North America	+5.5%	+8.9%	+11.2%	+9.7%	+8.9%
China, North Asia & Oceania	+15.3%	+3.3%	+6.8%	+3.4%	+6.7%
Rest of the World	+6.1%	+9.3%	+10.1%	+7.3%	+8.2%
BY CATEGORY					
EDP	+3.8%	+5.6%	+6.1%	+7.5%	+5.8%
Specialized Nutrition	+9.0%	+10.4%	+11.5%	+6.5%	+9.3%
Waters	+14.1%	+5.1%	+10.8%	+0.9%	+7.5%
TOTAL	+6.8%	+6.9%	+8.5%	+6.2%	+7.1%

VII. IFRS STANDARDS AND FINANCIAL INDICATORS NOT DEFINED IN 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 %	Q4 2022	FY 2022
Sales	-20.60	+3.7
Sales growth (%)	-0.29%	+0.01%
Recurring Operating Income		-56
Recurring Net Income – Group share		-108

Breakdown by quarter of 2022 sales after application of IAS 29

FY 2022 sales correspond to the addition of:

- Q4 2022 reported sales;
- Q1, Q2 and Q3 2022 sales resulting from the application of IAS 29 until December 31, 2022, to sales of entities in hyperinflation countries (application of the inflation rate until December 31, 2022, and translation into euros using the December 31, 2022, closing rate) and provided in the table below for information (unaudited data).

€ million	Q1 2022 ¹	Q2 2022 ²	Q3 2022 ³	Q4 2022	FY 2022
Europe	2,114	2,267	2,246	2,145	8,773
North America	1,477	1,662	1,813	1,759	6,712
China, North Asia & Oceania	735	936	940	817	3,428
Rest of the World	1,876	2,272	2,315	2,285	8,748
Total	6,203	7,137	7,314	7,007	27,661

¹Results from the application of IAS 29 until December 31, 2022, to Q1 sales of entities of hyperinflation countries.

²Results from the application of IAS 29 until December 31, 2022, to Q2 sales of entities of hyperinflation countries.

³Results from the application of IAS 29 until December 31, 2022, to Q3 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 %)	FY 2021	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	FY 2022
Sales	24,281	+7.8%	-0.2%	+5.1%	+1.2%	+13.9%	27,661
Recurring operating margin	13.7%	-161 bps	-1 bp	+3 bps	+4 bps	-154 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 results from associates include items that, because of their significant or unusual nature, cannot be viewed as inherent to the recurring activity of those companies and thus distort the assessment of their recurring performance and its evolution. These mainly include (i) capital gains and losses on disposal and impairment of Investments in associates, and (ii) non-recurring items, as defined by Danone, included in the net income from associates.

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 associates. 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.

	FY 2021		FY 2022	
	Recurring	Total	Recurring	Total
Net income-Group share (€ million)	2,165	1,924	2,205	959
Coupon related to hybrid financing net of tax (€ million)	(26)	(26)	(13)	(13)
Number of shares				
• Before dilution	646,155,699	646,155,699	639,050,821	639,050,821
• After dilution	646,445,829	646,445,829	639,484,607	639,484,607
EPS (€)				
• Before dilution	3.31	2.94	3.43	1.48
• After dilution	3.31	2.94	3.43	1.48

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)	FY 2021	FY 2022
Cash-flow from operating activities	3,474	2,964
Capital expenditure	(1,043)	(873)
Disposal of tangible assets & transaction fees related to business combinations ¹	58	37
Free cash-flow	2,489	2,127

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, 2021	December 31, 2022
Non-current financial debt	12,537	11,238
Current financial debt	4,048	3,628
Short-term investments	(5,197)	(3,631)
Cash and cash equivalents	(659)	(1,015)
Derivatives — non-current assets ¹	(120)	(18)
Derivatives — current-assets ¹	(91)	(60)
Net debt	10,519	10,107
• Liabilities related to put options granted to non-controlling interests — non-current	(76)	(59)
• Liabilities related to put options granted to non-controlling interests and earn-outs on acquisitions resulting in control — current	(280)	(263)
Net financial debt	10,163	9,785

¹ Managing net debt only



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		Third quarter		Fourth quarter		Full year	
	2021	2022	2021	2022	2021	2022	2021	2022	2021	2022
BY GEOGRAPHICAL ZONE										
Europe	1,987	2,114	2,155	2,267	2,122	2,246	2,077	2,145	8,341	8,773
North America ¹	1,316	1,477	1,391	1,662	1,413	1,813	1,443	1,759	5,564	6,712
China, North Asia & Oceania ²	598	735	832	936	801	940	777	817	3,008	3,428
Rest of the World	1,756	1,909	1,793	2,202	1,822	2,335	1,944	2,285	7,369	8,748
BY CATEGORY										
EDP ³	3,149	3,365	3,254	3,684	3,269	3,862	3,386	3,887	13,090	14,799
Specialized Nutrition	1,719	1,919	1,793	2,106	1,777	2,134	1,931	2,147	7,230	8,319
Waters	790	951	1,125	1,277	1,112	1,338	925	972	3,961	4,543
TOTAL	5,657	6,236	6,171	7,067	6,158	7,334	6,242	7,007	24,281	27,661

	First quarter 2022		Second quarter 2022		Third quarter 2022		Fourth quarter 2022		Full year 2022	
	Reported change	Like-for- like change	Reported change	Like-for- like change	Reported change	Like-for- like change	Reported change	Like-for- like change	Reported change	Like-for- like change
BY GEOGRAPHICAL ZONE										
Europe	+6.4%	+5.7%	+5.2%	+5.1%	+5.9%	+6.0%	+3.3%	+4.0%	+5.2%	+5.2%
North America ¹	+12.2%	+5.5%	+19.5%	+8.9%	+28.3%	+11.2%	+21.9%	+9.7%	+20.6%	+8.9%
China, North Asia & Oceania ²	+22.9%	+15.3%	+12.5%	+3.3%	+17.3%	+6.8%	+5.2%	+3.4%	+14.0%	+6.7%
Rest of the World	+8.7%	+7.0%	+22.8%	+12.3%	+28.1%	+13.6%	+17.5%	+9.8%	+18.7%	+10.7%
BY CATEGORY										
EDP ³	+6.9%	+3.6%	+13.2%	+5.6%	+18.1%	+6.3%	+14.8%	+7.6%	+13.1%	+5.8%
Specialized Nutrition	+11.7%	+9.5%	+17.5%	+11.4%	+20.1%	+12.2%	+11.2%	+7.1%	+15.1%	+10.0%
Waters	+20.5%	+15.9%	+13.6%	+7.9%	+20.4%	+14.4%	+5.1%	+4.4%	+14.7%	+10.5%
TOTAL	+10.2%	+7.1%	+14.5%	+7.7%	+19.1%	+9.5%	+12.3%	+7.0%	+13.9%	+7.8%

¹United States and Canada; ²China, Japan, Australia and New Zealand; ³Essential Dairy and Plant-based