

2024 INTERIM FINANCIAL REPORT



SIX-MONTH PERIOD
ENDED JUNE 30, 2024



Contents

1	INTERIM MANAGEMENT REPORT	2	NOTE 5	Fully consolidated companies	25
1.1	First-half 2024 business review and 2024 outlook	3	NOTE 6	Investments in equity-accounted companies	26
	Business highlights	3	NOTE 7	Information concerning recurring operating activities	27
	Review of consolidated results	4	NOTE 8	Information and events concerning non-recurring operating activities	29
	Free cash flow	8	NOTE 9	Income tax	29
	Balance sheet review	9	NOTE 10	Intangible assets: impairment review	30
	Outlook for 2024	10	NOTE 11	Financing and net debt	31
	Alternative performance measures not defined by IFRS	11	NOTE 12	Earnings per share – Group share	32
1.2	Related-party transactions	12	NOTE 13	Other provisions and non-current liabilities and Legal and arbitration proceedings	33
2	CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS	13	NOTE 14	Main related party transactions	34
2.1	Consolidated financial statements	13	NOTE 15	Subsequent events	34
	Consolidated income statement and earnings per share	13			
	Consolidated statement of comprehensive income	14			
	Consolidated balance sheet	15			
	Consolidated statement of cash flows	17			
	Consolidated statement of changes in equity	19			
2.2	Notes to the condensed interim consolidated financial statements	21			
	NOTE 1 Accounting principles	22			
	NOTE 2 Significant events of the period	23			
	NOTE 3 Impact of the Ukraine-Russia conflict on Danone	24			
	NOTE 4 Sale of the assets related to the US premium organic dairy activities	24			
3	STATUTORY AUDITOR'S REPORT ON INTERIM FINANCIAL INFORMATION	35			
4	STATEMENT OF THE PERSON RESPONSIBLE FOR THE INTERIM FINANCIAL REPORT	36			



2024 INTERIM FINANCIAL REPORT

SIX-MONTH PERIOD ENDED JUNE 30, 2024

THIS INTERIM FINANCIAL REPORT IS AVAILABLE
ON DANONE'S WEBSITE: WWW.DANONE.COM

The English version of the 2024 interim financial report is a free translation from the original which was prepared in French. The original French version of the document prevails over this translation.

DANONE

A French *Société Anonyme* with a share
capital of 169,888,497.75 euros

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Interim management report

Unless otherwise noted:

- all references herein to the “Company” refer to Danone S.A. as issuer;
- all references herein to “Danone” or the “Group” refer to the Company and its consolidated subsidiaries;
- all references herein to “Category” or “Categories” refer to one or more of Danone’s Essential Dairy and Plant-Based or “EDP”, Specialized Nutrition and Waters activities;
- all references herein to the “Europe” zone refer to the region that includes Europe, which includes Ukraine;
- all references herein to the “North America” or “Noram” zone refer to the region that includes the United States and Canada;
- all references herein to the “China, North Asia & Oceania” or “CNAO” zone refer to the region that includes China, Japan, Australia and New Zealand;
- all references herein to the “Latin America” or “Latam” zone refer to the region that includes Mexico, Brazil, Argentina and Uruguay;
- all references herein to the Rest of the World zone refer to the region that includes AMEA (Asia, the Middle East including Turkey, Africa) and CIS (Commonwealth of Independent States);
- all references herein to “Consolidated financial statements” or “Notes to the consolidated financial statements” refer to the condensed interim consolidated financial statements for the six-month period ended June 30, 2024;
- amounts are expressed in millions of euros and rounded to the nearest million. Generally speaking, the values presented are rounded to the nearest unit. Consequently, the rounded amounts may differ slightly from the reported totals. In addition, ratios and variances are calculated on the basis of the underlying amounts and not on the basis of the rounded amounts.

Danone discloses certain financial indicators that are not defined by IFRS, both internally (including indicators used by the chief operating decision-makers) and externally. These indicators are defined in the section Alternative performance measures not defined by IFRS:

- like-for-like changes in sales;
- margin from operations;
- recurring operating income;
- recurring operating margin;
- other non-recurring financial income and expense;
- non-recurring income tax;
- recurring effective tax rate;
- non-recurring share of profit (loss) of equity-accounted companies;
- recurring net income;
- recurring EPS;
- free cash flow;
- net financial debt.

1.1 FIRST-HALF 2024 BUSINESS REVIEW AND 2024 OUTLOOK

BUSINESS HIGHLIGHTS

2024 first-half results

- Net sales reached €13,757 million in first semester 2024, up +4.0% on a like-for-like (LFL) basis; volume/mix up +2.1%, positive in each category
- Q2 strong volume/mix performance of +2.9% leading to +4.0% like-for-like sales growth
- Recurring operating margin up +45 bps at 12.7% driven by strong improvement in margin from operations
- Recurring EPS up +2.6% at €1.80
- Free cash flow up +11% at €1,248 million
- 2024 guidance confirmed: like-for-like sales growth expected between +3% and +5%, with moderate improvement in recurring operating margin

Key figures

	Six-month period ended June 30			
	2023	2024	Reported change	Like-for-like change ^(a)
<i>(in € millions except if stated otherwise)</i>				
Sales	14,167	13,757	(2.9)%	+4.0%
Recurring operating income ^(a)	1,734	1,746	+0.7%	
Recurring operating margin ^(a)	12.2 %	12.7 %	+45 bps	
Non-recurring operating income and expenses ^(a)	(53)	69	122	
Operating income	1,681	1,814	+7.9%	
Operating margin	11.9%	13.2%	+132 bps	
Recurring net income – Group share ^(a)	1,133	1,162	+2.6%	
Non-recurring net income – Group share	(40)	57	97	
Net income – Group share	1,093	1,219	+11.5%	
Recurring EPS (in €) ^(a)	1.76	1.80	+2.6%	
EPS (in €)	1.70	1.89	+11.6%	
Free cash flow ^(a)	1,124	1,248	+11.0%	
Cash flow from operating activities	1,424	1,504	+5.6%	

(a) See definition in the section Alternative performance measures not defined by IFRS.

Key financial transactions and events in first-half 2024

(based on main press releases issued relating to the first six months of 2024)

- On January 2, 2024, Danone announced it had signed an agreement to sell its premium organic dairy activity in the United States to Platinum Equity, a US-based investment firm.
- On February 29, 2024, Danone completed the sale of the assets and liabilities of the French company Michel et Augustin.
- On March 22, 2024, Danone announced that the Russian regulatory approvals required for the disposal of its EDP business in Russia to Vamin R LLC have been obtained.
- On April 26, 2024, Danone announced that it had successfully issued a €700 million bond with a six-year maturity and a 3.481% coupon.
- On May 1, 2024, Danone announced that it had successfully completed the acquisition of Functional Formularies, a leading whole foods tube feeding business in the US, from Swander Pace Capital.
- On May 17, 2024, Danone announced the disposal of its EDP business in Russia to Vamin R LLC, having obtained the necessary Russian regulatory approvals.
- On June 12, 2024, Danone announced the creation, alongside Michelin, American start-up DMC Biotechnologies and Crédit Agricole Centre France, a key investor in the region, of Biotech Open Platform, a cutting-edge biotechnology platform.
- On June 20, 2024, Danone announced the opening of the next chapter of its Renew strategy, projecting the company into the future of health and nutrition, during the Capital Market Event where the company shared its mid-term strategy and value creation journey for the 2025-2028 period.

REVIEW OF CONSOLIDATED RESULTS

Sales

Consolidated sales

In first half 2024, consolidated sales stood at €13,757 million, up +4.0% on a like-for-like basis, with a balanced contribution from volume/mix of +2.1% and price of +2.0%.

On a reported basis, sales decreased by (2.9)%, reflecting notably a negative impact from scope of (6.1)% and forex of (2.8)%, and a positive contribution of hyperinflation +1.6%.

Consolidated sales by geographical area

(in € millions except percentage)	Six-month period ended June 30				
	2023 ^{(a) (c)}	2024 ^(a)	Reported change	Like-for-like change	Volume/Mix growth
Europe ^(b)	4,677	4,783	+2.3%	+1.7%	+0.1%
North America	3,418	3,331	(2.5)%	+3.7%	+2.9%
China, North Asia & Oceania	1,778	1,841	+3.5%	+8.6%	+8.3%
Latin America	1,466	1,556	+6.1%	+4.6%	(0.2)%
Rest of the World ^(d)	2,828	2,246	(20.6)%	+5.6%	+1.4%
TOTAL	14,167	13,757	(2.9)%	+4.0%	+2.1%

(a) Net sales to third parties

(b) Including net sales of €1,164 million generated in France in first-half 2024 (€1,156 million in first-half 2023).

(c) As part of the changes in the geography-led organization, first-half 2023 sales were allocated in line with the redefinition of operating segments (see Note 2 to the consolidated financial statements for the year ended December 31, 2023).

(d) Includes the sales of EDP Russia business from January 1, 2023 until the date of deconsolidation, i.e. July 16, 2023 (see Note 3 to the consolidated financial statements).

Consolidated sales by category

(in € millions except percentage)	Six-month period ended June 30				
	2023 ^(a)	2024 ^(a)	Reported change	Like-for-like change	Volume/Mix growth
EDP	7,503	6,785	(9.6)%	+3.1%	+1.7%
Specialized Nutrition	4,250	4,414	+3.9%	+4.3%	+2.0%
Waters	2,413	2,557	+6.0%	+6.0%	+3.2%
TOTAL	14,167	13,757	(2.9)%	+4.0%	+2.1%

(a) Net sales to third parties.

Recurring operating income and recurring operating margin

Consolidated recurring operating income and recurring operating margin

Danone's recurring operating income reached €1,746 million in first half 2024.

Recurring operating margin stood at 12.7%, up +45 bps compared to last year. This increase was mainly led by the strong improvement of margin from operations, of +257 bps, driven by the final benefits of 2023 carry-over pricing, combined with continued record productivity.

Danone continued to step-up its reinvestments in advertising & promotion, product superiority and capabilities, which had a negative effect of -169 bps in first half 2024. Finally, overheads before reinvestments had a negative effect of -8 bps, while other effects had a combined impact of -34 bps, including notably a negative impact from forex and a positive effect from scope.

Recurring operating income and recurring operating margin by geographical area

(in € millions except percentage and bps)	Six-month period ended June 30				
	Recurring operating income		Recurring operating margin		Reported change
	2023	2024	2023	2024	
Europe	497	550	10.6%	11.5%	+87 bps
North America	353	355	10.3%	10.7%	+33 bps
China, North Asia & Oceania	549	563	30.9%	30.6%	-29 bps
Latin America	42	35	2.8%	2.2%	-62 bps
Rest of the World ^(a)	294	243	10.4%	10.8%	+44 bps
TOTAL	1,734	1,746	12.2%	12.7%	+45 bps

(a) Includes the sales of EDP Russia business from January 1, 2023 until the date of deconsolidation, i.e. July 16, 2023 (see Note 3 to the consolidated financial statements).

Recurring operating income and recurring operating margin by category

(in € millions except percentage and bps)	Six-month period ended June 30				
	Recurring operating income		Recurring operating margin		Reported change
	2023	2024	2023	2024	
EDP	605	512	8.1%	7.5%	-53 bps
Specialized Nutrition	885	901	20.8%	20.4%	-40 bps
Waters	244	333	10.1%	13.0%	+290 bps
TOTAL	1,734	1,746	12.2%	12.7%	+45 bps

Other operating income (expense)

Other operating income and expense represented a net income of €69 million in first half 2024 versus a net expense of €(53) million one year earlier, including one-off costs related to transformation projects, mainly in Europe and the United States, and the gain on disposal of the period related to EDP business in Russia, assets relating to the premium organic dairy activities in the United States, and Michel et Augustin.

Financial income and expense

Net financial expense increased by €3 million year on year to €(160) million due to the rise in interest rates.

Tax rate

The recurring effective tax rate came out at 26.9%, down from the previous year.

Share of profit (loss) of equity-accounted companies

The share of profit (loss) of equity-accounted companies stood at €8 million, versus €33 million last year, which included a gain on disposal after recycling of accumulated currency translation adjustments of the stake in Yashili, finalized in March 2023.

Non-controlling interests

Non-controlling interests in recurring net income stood at €44 million, up from the prior year (€39 million in 2023).

Recurring net income – Group share and recurring EPS

Recurring diluted EPS rose +2.6% year on year to €1.80, and the overall EPS figure increased by +11.6% to €1.89.

Bridge from Recurring net income – Group share to Net income - Group share

	Six-month period ended June 30					
	2023			2024		
	Recurring	Non-recurring	Total	Recurring	Non-recurring	Total
<i>(in € millions except if stated otherwise)</i>						
Recurring operating income	1,734	-	1,734	1,746	-	1,746
Other operating income and expense	-	(53)	(53)	-	69	69
Operating income	1,734	(53)	1,681	1,746	69	1,814
Cost of net debt	(74)	-	(74)	(96)	-	(96)
Other financial income and expense	(67)	(15)	(83)	(55)	(9)	(64)
Income before taxes	1,593	(68)	1,525	1,595	59	1,654
Income tax	(435)	6	(429)	(429)	25	(404)
Effective tax rate	27.3%	-	28.1%	26.9%	-	24.4%
Net income (expense) from fully consolidated companies	1,158	(62)	1,095	1,166	85	1,250
Net income from associates	14	19	33	40	(32)	8
Net income	1,172	(44)	1,129	1,206	52	1,259
■ Group share	1,133	(40)	1,093	1,162	57	1,219
■ Non-controlling interests	39	(3)	36	44	(5)	39
Diluted EPS (in €)	1.76	-	1.70	1.80	-	1.89

Bridge from recurring EPS to total EPS

	Six-month period ended June 30			
	2023		2024	
	Recurring	Total	Recurring	Total
Net income – Group share (in € millions)	1,133	1,093	1,162	1,219
Coupon relating to hybrid financing net of tax (in € millions)	(6)	(6)	(2)	(2)
NUMBER OF SHARES				
Before dilution	640,196,786	640,196,786	642,417,472	642,417,472
After dilution	640,804,805	640,804,805	643,422,265	643,422,265
EPS (in €)				
Before dilution	1.76	1.70	1.81	1.90
After dilution	1.76	1.70	1.80	1.89

Bridge from reported data to like-for-like data

<i>(in € millions except percentage)</i>	As of June 30, 2023	Like-for-like change	Impact of changes in scope of consolidation	Impact of changes in exchange rates and other, including IAS 29	Organic contribution from hyperinflation countries	Reported change	As of June 30, 2024
Sales	14,167	4.0%	(6.1)%	(2.4)%	+1.6%	(2.9)%	13,757

IAS 29: impact on reported data

Danone has applied IAS 29 to Argentina as from its 2018 financial statements, to Iran as from its 2020 financial statements, to Turkey as from its 2022 financial statements and to Ghana as from its 2023 financial statements.

Danone has applied IAS 29 in hyperinflationary countries as defined in IFRS. Adoption of IAS 29 in these hyperinflationary countries requires their non-monetary assets and liabilities and their income statements

to be restated to reflect the changes in the general purchasing power of its functional currency, leading to a gain or loss on the net monetary position, recorded in net income. Moreover, its financial statements are converted into euros using the closing exchange rate for the relevant period.

<i>(in € millions except percentage)</i>	As of June 30, 2024
Sales	50
Sales growth	+0.4%
Recurring operating income	(40)
Recurring net income – Group share	(72)

FREE CASH FLOW

Free cash flow amounted to €1,248 million in first half 2024, up to +11% year on year, reflecting the increase in cash flow from operating activities. Capex stood at €(319) million.

Bridge from operating cash flow to free cash flow

<i>(in € millions)</i>	Six-month period ended June 30	
	2023	2024
Cash flow from operating activities	1,424	1,504
Capital expenditure	(310)	(319)
Disposal of property, plant and equipment and acquisition costs related to acquisitions of companies resulting in control ^(a)	10	63
FREE CASH FLOW	1,124	1,248

(a) Represents acquisition costs related to acquisitions of companies resulting in control that were paid during the period.

BALANCE SHEET REVIEW

Simplified consolidated balance sheet

<i>(in € millions)</i>	As of December 31	As of June 30
	2023	2024
Non-current assets	31,570	32,093
Current assets	12,916	13,298
Total assets	44,486	45,391
Equity - Group share	16,176	16,742
Non-controlling interests	46	55
Non-current liabilities	14,436	14,042
Current liabilities	13,828	14,551
Total equity and liabilities	44,486	45,391
Net debt	10,221	10,031
Net financial debt	9,865	9,686

Net debt and net financial debt

As of June 30, 2024, Danone's net debt stood at €10,031 million, down €(190) million from December 31, 2023.

Bridge from net debt to net financial debt

<i>(in € millions)</i>	As of December 31	As of June 30
	2023	2024
Net debt	10,221	10,031
Liabilities related to put options granted to non-controlling interests – non-current	–	–
Liabilities related to put options granted to non-controlling interests – current	(356)	(345)
Financial debt excluded from net debt	(356)	(345)
NET FINANCIAL DEBT	9,865	9,686

OUTLOOK FOR 2024

2024 guidance

Like-for-like sales growth expected between +3% and +5%, with moderate improvement in recurring operating margin.

Subsequent events

Major events having occurred after the end of the reporting period are detailed in Note 15 to the 2024 condensed interim consolidated financial statements.

Main risks and uncertainties

The main risks and uncertainties to which Danone believes it is exposed as of the date of this Interim Financial Report are specified in section 2.6 Risk factors of the 2023 Universal Registration Document and listed hereafter.

The summary of main risks specific to Danone hereafter presents the classification of the risks in three types: (1) strategic risks, (2) external environment risks and (3) operational risks.

Danone's main risks have been assessed on the basis of the probability of their occurrence and the expected magnitude of their negative impact, after taking into account the effect of risk management measures, to give an assessment of the materiality of each risk. The most material risks are mentioned first in each type and the materiality of each risk is disclosed by using a three-level rating scale (**strong**, **medium**, **low**) as follows.

Strategic risks	strong	Over reliance on principal markets and exposure to geopolitical, economical and societal instability
	strong	Packaging
	strong	Fast changes in consumer preferences
	medium	Retail shift
External environment risks	strong	Raw materials and energy price volatility & availability
	medium	Legal & regulatory
	medium	Impact of climate change on value chain
	medium	Currency volatility
	medium	Sanitary crisis
Operational risks	medium	Cybersecurity
	medium	Food safety & product quality issues
	medium	Shortage of talent
	medium	Business transformation

ALTERNATIVE PERFORMANCE MEASURES NOT DEFINED BY IFRS

The financial indicators used by Danone and not defined in IFRS are calculated as follows:

Like-for-like changes in sales 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 the previous year's scope;
- 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).

Since January 1, 2023, all countries with hyperinflationary economies are taken into account in like-for-like changes as follows: net sales growth in excess of around 26% per year (a three-year average at 26% would generally trigger the application of hyperinflationary accounting as defined in IFRS) is excluded from the like-for-like net sales growth calculation.

Margin from operations is defined as the Gross margin over Net sales ratio, where Gross margin corresponds to the difference between Net sales and Industrial costs excluding reengineering initiatives and Logistics / Transportation costs.

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 businesses and fully consolidated companies;
- impairment charges on intangible assets with indefinite useful lives;
- costs related to strategic restructuring operations or transformation plans;
- costs related to major external growth transactions;
- costs related to crises and major disputes;
- in connection with IFRS 3 and IFRS 10, (i) acquisition costs related to acquisitions of companies resulting in control, (ii) revaluation gains or losses accounted for following a loss of control, and (iii) changes in earn-outs subsequent to acquisitions resulting in control.

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 the 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 (loss) 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:

- capital gains and losses on disposals of investments in equity-accounted companies,
- impairment of goodwill, and
- non-recurring items, as defined by Danone, included in the share of profit (loss) 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 share of profit (loss) of 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.

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

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.

1.2 RELATED-PARTY TRANSACTIONS

Major related-party transactions are detailed in Note 14 to the 2024 condensed interim consolidated financial statements.

2

Condensed interim consolidated financial statements

The condensed interim consolidated financial statements of Danone and its subsidiaries ("the Group" or "Danone") for the six-month period ended June 30, 2024 ("the consolidated financial statements") were reviewed by Danone's Board of Directors on July 30, 2024.

Unless otherwise mentioned, amounts are stated in millions of euros and rounded to the nearest million. In general, amounts presented in

the consolidated financial statements and notes to the consolidated financial statements are rounded to the nearest currency unit. Consequently, the rounded amounts may differ slightly from the reported totals. Ratios and variances are calculated on the basis of the underlying amounts and not on the basis of the rounded amounts.

2.1 CONSOLIDATED FINANCIAL STATEMENTS

CONSOLIDATED INCOME STATEMENT AND EARNINGS PER SHARE

<i>(in € millions, except earnings per share in €)</i>	Notes	Six-month period ended June 30	
		2023	2024
Sales	7	14,167	13,757
Cost of goods sold		(7,471)	(6,965)
Selling expense		(3,280)	(3,305)
General and administrative expense		(1,409)	(1,469)
Research and Development expense		(178)	(205)
Other income (expense)		(95)	(67)
Recurring operating income	7	1,734	1,746
Other operating income (expense)	8	(53)	69
Operating income		1,681	1,814
Interest income on cash equivalents and short-term investments		147	207
Interest expense		(221)	(303)
Cost of net financial debt		(74)	(96)
Other financial income		33	28
Other financial expense		(115)	(92)
Income before tax		1,525	1,654
Income tax	9	(429)	(404)
Net income from fully consolidated companies		1,095	1,250
Share of profit (loss) of equity-accounted companies	6	33	8
NET INCOME		1,129	1,259
Net income - Group share		1,093	1,219
Net income - Non-controlling interests		36	39
Earnings per share - Group share	12	1.70	1.90
Diluted earnings per share - Group share	12	1.70	1.89

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

<i>(in € millions)</i>	Six-month period ended June 30	
	2023	2024
Net income – Group share	1,093	1,219
Translation adjustments	(666)	551
CASH FLOW HEDGE DERIVATIVES		
Gross unrealized gains and losses	60	72
Tax effects	(9)	(17)
Other gains and losses, net of tax	-	-
ITEMS THAT MAY BE SUBSEQUENTLY RECYCLED TO PROFIT OR LOSS	(616)	607
INVESTMENTS IN OTHER NON-CONSOLIDATED COMPANIES		
Gross unrealized gains and losses	3	(2)
Tax effects	-	3
ACTUARIAL GAINS AND LOSSES ON RETIREMENT COMMITMENTS		
Gross gains and losses	2	58
Tax effects	-	(31)
ITEMS NOT SUBSEQUENTLY RECYCLABLE TO PROFIT OR LOSS	5	28
Total comprehensive income – Group share	482	1,853
Total comprehensive income – Non-controlling interests	37	36
TOTAL COMPREHENSIVE INCOME	520	1,890

CONSOLIDATED BALANCE SHEET

(in € millions)	As of December 31		As of June 30
	Notes	2023	2024
ASSETS			
Goodwill		17,340	17,726
Brands		5,256	5,341
Other intangible assets		498	505
Intangible assets	10	23,093	23,572
Property, plant and equipment		6,441	6,331
Investments in equity-accounted companies	6	416	568
Investments in other non-consolidated companies		324	331
Long-term loans and financial assets		515	519
Other financial assets		839	851
Derivatives – assets ^(a)		34	1
Deferred taxes		746	770
Non-current assets		31,570	32,093
Inventories		2,341	2,464
Trade receivables	7.3	2,919	3,269
Other current assets		1,259	1,277
Short-term loans		3	1
Derivatives – assets ^(a)		16	23
Short-term investments		3,638	4,207
Cash		2,363	2,058
Assets held for sale ^(b)	4	376	–
Current assets		12,916	13,298
TOTAL ASSETS		44,486	45,391

(a) Derivative instruments used to manage net debt.

(b) As of December 31, 2023, this concerns assets relating to the organic dairy business in the United States and to Michel et Augustin.

2 CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

2.1 Consolidated financial statements

(in € millions)	Notes	As of December 31	As of June 30
		2023	2024
EQUITY AND LIABILITIES			
Share capital		169	170
Additional paid-in capital		5,256	5,331
Retained earnings and other ^(a)		16,845	16,702
Translation adjustments		(4,036)	(3,485)
Accumulated other comprehensive income		(507)	(424)
Treasury shares		(1,552)	(1,552)
Equity - Group share		16,176	16,742
Non-controlling interests		46	55
Consolidated equity		16,222	16,798
Financing	11	10,447	10,084
Derivatives - liabilities ^(b)		293	268
Liabilities related to put options granted to non-controlling interests	5.2	-	-
Non-current financial debt		10,739	10,352
Provisions for retirement obligations and other long-term benefits		904	848
Deferred taxes		1,489	1,472
Other provisions and non-current liabilities	13	1,303	1,370
Non-current liabilities		14,436	14,042
Financing	11	5,154	5,596
Derivatives - liabilities ^(b)		23	26
Liabilities related to put options granted to non-controlling interests and earn-outs on acquisitions resulting in control	5.2	356	345
Current financial debt		5,533	5,967
Trade payables		4,779	5,155
Other current liabilities		3,425	3,429
Liabilities directly associated with assets held for ^(c)	4	90	-
Current liabilities		13,828	14,551
TOTAL EQUITY AND LIABILITIES		44,486	45,391

(a) "Other" corresponds to undated subordinated notes totaling €500 million.

(b) Derivative instruments used to manage net debt.

(c) As of December 31, 2023, these concern liabilities relating to the organic dairy business in the United States and to Michel et Augustin.

CONSOLIDATED STATEMENT OF CASH FLOWS

(in € millions)	Notes	Six-month period ended June 30	
		2023	2024
Net income		1,129	1,259
Share of profit (loss) of equity-accounted companies, net of dividends received		(24)	(0)
Depreciation, amortization and impairment of property, plant and equipment and intangible assets		533	552
Net change in provisions and non-current liabilities		(135)	(11)
Change in deferred taxes		(7)	(99)
(Gains) losses on disposal of property, plant and equipment and financial investments		(2)	(214)
Expense related to share-based payments and Company Savings Plans		54	45
Cost of net financial debt		74	97
Net interest paid		(87)	(111)
Net change in interest income (expense)		(13)	(14)
Other items with no cash impact		26	79
Cash flows provided by operating activities, before changes in net working capital		1,561	1,596
(Increase) decrease in inventories		(251)	(101)
(Increase) decrease in trade receivables		6	(334)
Increase (decrease) in trade payables		233	370
Change in other receivables and payables		(124)	(27)
Change in working capital requirements		(137)	(92)
Cash flows provided by operating activities		1,424	1,504
Capital expenditure ^(a)		(310)	(319)
Proceeds from the disposal of property, plant and equipment ^(a)		7	8
Net cash outflows on purchases of subsidiaries and financial investments ^(b)		(124)	(141)
Net cash inflows on disposal of subsidiaries and financial investments ^(b)		177	497
(Increase) decrease in long-term loans and other long-term financial assets		(5)	86
Cash flows provided by (used in) investment activities		(255)	132
Increase in share capital and additional paid-in capital		69	76
Purchase of treasury shares (net of disposals)		-	-
Net issuance of undated subordinated notes		-	-
Interest expense and redemption premium on undated subordinated notes		(763)	-
Dividends paid to Danone shareholders ^(c)		(1,279)	(1,348)
<i>Buyout of non-controlling interests</i>	5.1	(103)	-
<i>Dividends paid to non-controlling interests</i>		(43)	(57)
<i>Contribution from non-controlling interests to capital increases</i>		(1)	1
Transactions with non-controlling interests		(147)	(56)
Net cash flows on hedging derivatives ^(d)		(1)	(15)
Bonds issued during the period	11.1	798	700
Bonds redeemed during the period	11.1	(500)	(756)
Net cash flows from other current and non-current financial debt	11.1	738	(34)
Net cash flows from short-term investments		217	(552)
Cash flows provided by (used in) financing activities		(868)	(1,984)
Effect of exchange rate and other changes ^(e)		(412)	(88)
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		(111)	(437)

2 CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

2.1 Consolidated financial statements

(in € millions)	Six-month period ended June 30		
	Notes	2023	2024
Cash and cash equivalents as of start of period ^(f)		1,051	1,099
Cash and cash equivalents as of end of period		1,880	2,058
Net cash and cash equivalents as of June 30 ^(g)		940	663

(a) Relates to property, plant and equipment and intangible assets used in operating activities.

(b) Acquisition/disposal of companies' shares. In the case of fully consolidated companies, this comprises cash and cash equivalents as of the acquisition/disposal date.

(c) Portion paid in cash.

(d) Derivative instruments used to manage net debt.

(e) Effect of reclassification with no impact on net debt.

(f) Bank overdrafts amount to €(1,264) million as of January 1, 2024.

(g) Bank overdrafts amounted to €(940) million as of June 30, 2023.

Cash flows correspond to items presented in the consolidated balance sheet. However, these may differ from the changes shown in assets and liabilities in the balance sheet, mainly as a result of the rules for (i) translating into euros transactions in currencies other than the functional currency, (ii) translating into euros the financial statements of companies with a functional currency other than the euro, (iii) changes in the consolidation scope, and (iv) other non-monetary items.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Changes during the period									As of June 30, 2024
	As of January 1, 2024	Other comprehensive income	Capital increase	Other transactions involving treasury shares	Expense related to share-based payments and Company Savings Plans ^(b)	Dividends paid to Danone shareholders	Interest on undated subordinated notes, net of tax	Other transactions with non-controlling interests	Other changes	
<i>(in € millions)</i>										
Share capital	169	-	0	-	-	-	-	-	-	170
Additional paid-in capital	5,256	-	75	-	-	-	-	-	-	5,331
Retained earnings and other ^(a)	16,845	1,219	-	-	45	(1,348)	-	(1)	(59)	16,702
Translation adjustments	(4,036)	551	-	-	-	-	-	-	-	(3,485)
Gains and losses related to hedging derivatives, net of tax	(194)	56	-	-	-	-	-	-	-	(138)
Gains and losses on assets recognized at fair value through other comprehensive income, net of tax	13	1	-	-	-	-	-	-	-	14
Actuarial gains and losses on retirement commitments not recyclable to profit or loss, net of tax	(326)	27	-	-	-	-	-	-	-	(299)
Other comprehensive income	(507)	83	-	-	-	-	-	-	-	(424)
DANONE treasury shares	(1,552)	-	-	-	-	-	-	-	-	(1,552)
Equity - Group share	16,176	1,853	76	-	45	(1,348)	-	(1)	(59)	16,742
Non-controlling interests	46	36	1	-	-	(57)	-	11	18	55
Consolidated equity	16,222	1,890	76	-	45	(1,404)	-	9	(41)	16,798

(a) "Other" corresponds to undated subordinated notes totaling €500 million.

(b) See Note 9.4 and Note 9.5 to the consolidated financial statements for the year ended December 31, 2023.

2 CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

2.1 Consolidated financial statements

	Changes during the period									
	As of January 1, 2023	Other comprehensive income	Capital increase	Other transactions involving treasury shares	Expense related to share-based payments and Company Savings Plans ^(b)	Dividends paid to Danone shareholders	Interest on undated subordinated notes, net of tax	Other transactions with non-controlling interests	Other changes	As of June 30, 2023
<i>(in € millions)</i>										
Share capital	169	-	-	-	-	-	-	-	-	169
Additional paid-in capital	5,188	-	68	-	-	-	-	-	-	5,256
Retained earnings and other ^(a)	17,916	1,093	-	-	54	(1,279)	(763)	(52)	68	17,036
Translation adjustments	(3,398)	(666)	-	-	-	-	-	-	-	(4,064)
Gains and losses related to hedging derivatives, net of tax	(165)	50	-	-	-	-	-	-	-	(115)
Gains and losses on assets recognized at fair value through other comprehensive income, net of tax	26	3	-	-	-	-	-	-	-	30
Actuarial gains and losses on retirement commitments not recyclable to profit or loss, net of tax	(243)	2	-	-	-	-	-	-	-	(241)
Other comprehensive income	(382)	56	-	-	-	-	-	-	-	(326)
DANONE treasury shares	(1,569)	-	-	1	-	-	-	-	-	(1,569)
Equity - Group share	17,923	482	69	1	54	(1,279)	(763)	(52)	68	16,502
Non-controlling interests	69	37	-	-	-	(43)	-	(24)	(6)	34
Consolidated equity	17,992	520	69	1	54	(1,323)	(763)	(75)	62	16,537

(a) "Other" corresponds to undated subordinated notes totaling €500 million.

(b) See Note 8.4 to the consolidated financial statements for the year ended December 31, 2022.

2.2 NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

NOTE 1	ACCOUNTING PRINCIPLES	22	NOTE 8	INFORMATION AND EVENTS CONCERNING NON-RECURRING OPERATING ACTIVITIES	29
Note 1.1	Basis of preparation	22	NOTE 9	INCOME TAX	29
Note 1.2	Accounting framework applied	22	Note 9.1	Effective tax rate	29
Note 1.3	Application of IAS 29	23	Note 9.2	International tax reform – Pillar II	29
NOTE 2	SIGNIFICANT EVENTS OF THE PERIOD	23	NOTE 10	INTANGIBLE ASSETS: IMPAIRMENT REVIEW	30
NOTE 3	IMPACT OF THE UKRAINE-RUSSIA CONFLICT ON DANONE	24	Note 10.1	Accounting principles and methodology	30
Note 3.1	Background	24	Note 10.2	Carrying amount and changes during the period	30
Note 3.2	Impacts on the interim consolidated financial statements for the six-month period ended June 30, 2024	24	Note 10.3	Impairment review	30
NOTE 4	SALE OF THE ASSETS RELATED TO THE US PREMIUM ORGANIC DAIRY ACTIVITIES	24	NOTE 11	FINANCING AND NET DEBT	31
Note 4.1	Background	24	Note 11.1	Financing	31
Note 4.2	Impacts on the interim consolidated financial statements for the six-month period ended June 30, 2024	24	Note 11.2	Net debt	32
NOTE 5	FULLY CONSOLIDATED COMPANIES	25	NOTE 12	EARNINGS PER SHARE – GROUP SHARE	32
Note 5.1	Main changes	25	NOTE 13	OTHER PROVISIONS AND NON-CURRENT LIABILITIES AND LEGAL AND ARBITRATION PROCEEDINGS	33
Note 5.2	Liabilities related to put options granted to non-controlling interests	26	Note 13.1	Accounting principles	33
NOTE 6	INVESTMENTS IN EQUITY-ACCOUNTED COMPANIES	26	Note 13.2	Other provisions and non-current liabilities	33
Note 6.1	Main changes	26	Note 13.3	Legal and arbitration proceedings	34
Note 6.2	Impairment review of investments in equity-accounted companies	26	NOTE 14	MAIN RELATED PARTY TRANSACTIONS	34
NOTE 7	INFORMATION CONCERNING RECURRING OPERATING ACTIVITIES	27	NOTE 15	SUBSEQUENT EVENTS	34
Note 7.1	General principles	27			
Note 7.2	Operating segments	27			
Note 7.3	Carrying amount of trade receivables and payables	28			

NOTE 1 ACCOUNTING PRINCIPLES

Note 1.1 Basis of preparation

The consolidated financial statements of Danone for the six-month period ended June 30, 2024 were prepared in accordance with the provisions of IAS 34, "Interim Financial Reporting". They were prepared in accordance with the International Financial Reporting Standards (IFRS) as adopted by the European Union, which are available on the European Commission website (http://ec.europa.eu/finance/company-reporting/ifrs-financialstatements/index_en.htm).

The preparation of consolidated financial statements requires management to make estimates, assumptions and appraisals that affect the reported amounts in the consolidated balance sheet, consolidated income statement and notes to the consolidated financial statements. The main such estimates and assumptions relate to:

Notes

Assessment of the effects of climate change ^(a)	
Determination of the amount of rebates, discounts and other deductions relating to agreements with customers	7
Determination of the projected effective income tax rate for the period	9
Measurement of the recoverable amount of intangible assets	10
Determination of the amount of other provisions and non-current liabilities	13

(a) See Note 1.4 to the consolidated financial statements for the year ended December 31, 2023.

These assumptions, estimates and appraisals are made on the basis of the information available and the conditions in force at the end of the financial period presented. Actual amounts may differ from those estimates.

Note 1.2 Accounting framework applied

The accounting principles used to prepare these condensed interim consolidated financial statements are identical to those used to prepare the consolidated financial statements for the year ended December 31, 2023 (see Note 1 to the consolidated financial statements for the year ended December 31, 2023, as well as the accounting principles detailed in these notes), except for the standards, amendments and interpretations applicable for the first time as of January 1, 2024.

Main standards, amendments and interpretations whose application is mandatory as of January 1, 2024

The following amendments apply to reporting periods beginning on or after January 1, 2024:

- IAS 1, "Classification of Liabilities as Current or Non-current" and "Non-current Liabilities with Covenants"
- IFRS 16, "Lease Liability in a Sale and Leaseback"
- IAS 7 and IFRS 7, "Supplier Finance Arrangements"

These amendments had no material impact on the consolidated financial statements for the six-month period ended June 30, 2024.

Main standards, amendments and interpretations published by the IASB whose application is not mandatory in the European Union as of January 1, 2024

Danone did not choose to early adopt any such standards, amendments or interpretations in its consolidated financial statements for the six-month period ended June 30, 2024, and does not expect them to have a material impact on its results of operations or financial position.

Note 1.3 Application of IAS 29

Accounting principles

IAS 29, "Financial Reporting in Hyperinflationary Economies" requires the non-monetary assets and liabilities and income statements of countries with hyperinflationary economies to be restated to reflect the changes in the general purchasing power of their functional currency, thereby generating a profit or loss on the net monetary position which is recognized in net income within "Other financial income" or "Other financial expense". In addition, the financial statements of the subsidiaries in these countries are translated at the closing exchange rate for the reporting period concerned, in accordance with IAS 21.

Application and main accounting implications

Danone has applied IAS 29 to Argentina as from its 2018 financial statements, to Iran as from its 2020 financial statements, to Turkey as from its 2022 financial statements, and to Ghana as from its 2023 financial statements.

Argentina

For the 2024 interim financial statements, Danone used (i) the consumer price index (CPI) to remeasure its income statement items, cash flows and non-monetary assets and liabilities, the amounts of which increased by 81% versus December 31, 2023, and (ii) a EUR/ARS exchange rate of 974.3 (278.5 as of June 30, 2023 and 893.2 as of December 31, 2023) to translate its income statement. The application of IAS 29 resulted in a negative €109 million impact on consolidated equity and non-monetary assets net of non-monetary liabilities as of June 30, 2024 (negative impact of €44 million as of June 30, 2023), and had the following main impacts on the consolidated income statement for the first half 2024:

- a €36 million increase in consolidated sales and a €43 million decrease in recurring operating income (decrease of €0.3 million and of €28.9 million, respectively, as of June 30, 2023);
- a €9.5 million positive impact on the net monetary position recognized in "Other financial expense" (negative impact of €0.3 million as of June 30, 2023);
- a €94 million expense in "Net income – Group share" (€65 million expense as of June 30, 2023).

Turkey

For the 2024 interim financial statements, Danone used (i) the consumer price index (CPI) to remeasure its income statement items, cash flows and non-monetary assets and liabilities, the amounts of which increased by 26% versus December 31, 2023 and (ii) a EUR/TRY exchange rate of 35.1 (28.3 at June 30, 2023 and 32.6 at December 31, 2023) to translate its income statement. The application of IAS 29 resulted in a positive €193.6 million impact on consolidated equity and on non-monetary assets net of non-monetary liabilities as of June 30, 2024 (€113.4 million as of June 30, 2023) and had the following main impacts on the consolidated income statement for the first half 2024:

- a €15 million increase in consolidated sales and a €3 million increase in recurring operating income (a €52 million decrease and a €6 million decrease, respectively, in first-half 2023);
- a €10 million negative impact on the net monetary position recognized in "Other financial expense" (€7 million negative impact in first-half 2023);
- a €7 million expense in "Net income – Group share" (€13 million expense in first-half 2023).

Ghana

In accordance with the criteria set out in IAS 29, Ghana has been classified as a hyperinflationary economy since December 2023. Danone has applied IAS 29 to Ghana with effect from January 1, 2023. Information in respect of previous periods has not been restated. Danone does not consider the application of IAS 29 to Ghana to have had a material impact on the 2024 interim financial statements.

Iran

The application of IAS 29 to Iran did not have a material impact on the 2024 interim financial statements.

NOTE 2 SIGNIFICANT EVENTS OF THE PERIOD

	Notes
Impact of the Ukraine-Russia conflict on Danone	3
Sale of the assets related to the US premium organic dairy activities	4

NOTE 3 IMPACT OF THE UKRAINE-RUSSIA CONFLICT ON DANONE

Note 3.1 Background

Danone's position in Russia

- On October 14, 2022, Danone announced its decision to initiate a process to transfer the effective control of its Essential Dairy and Plant-Based (EDP) business in Russia. Danone considers that this is the best option to ensure long-term local business continuity for its employees, consumers and partners.
- On July 16, 2023, Danone took note of the decision of the Russian authorities, aiming at placing Danone Russia under the temporary external administration of Russian federal agency Rosimushchestvo.
- On July 18, 2023, the Russian authorities indicated that the Board of Directors and Chief Executive Officer of Danone Russia (EDP) had been changed. These changes took place without the knowledge of, or approval by, Danone.
- On March 22, 2024, Danone announced that the Russian regulatory approvals required for the disposal of its EDP business in Russia to Vamin R LLC had been obtained.
- On May 17, 2024, Danone announced that it had completed the disposal of its EDP business in Russia to Vamin R LLC.

Note 3.2 Impacts on the interim consolidated financial statements for the six-month period ended June 30, 2024

Danone reflected the accounting impacts of the lack of control over the EDP business, i.e., a loss of €706 million mainly comprising net assets for around €219 million and recycling of cumulative translation adjustments for €487 million, in the consolidated financial statements for the year ended December 31, 2023 (see Note 3 to the consolidated financial statements for the year ended December 31, 2023).

The transaction was completed on May 17, 2024, and the net gain on the disposal of the EDP business in Russia amounted to €227 million, recognized in Other operating income (expense) for the period (see Note 8.1 to the consolidated financial statements).

Danone recognized a cumulative loss over the three years ending December 31, 2022, December 31, 2023, and June 30, 2024 of approximately €1 billion, arising from the disposal of the EDP business in Russia, recognized in Other operating income (expenses).

NOTE 4 SALE OF THE ASSETS RELATED TO THE US PREMIUM ORGANIC DAIRY ACTIVITIES

Note 4.1 Background

On January 2, 2024, Danone announced it had signed an agreement to sell its premium organic dairy activity in the United States to Platinum Equity, a US-based investment firm.

The sale is part of Danone's portfolio review and asset rotation program announced in March 2022, as part of its Renew Danone strategy.

In 2023, as in 2022, the US premium organic dairy activities, comprising the Horizon Organic and Wallaby businesses, accounted for around 3% of Danone's global sales. These activities are part of the Noram operating segment.

On April 1, 2024, Danone completed the disposal of its premium Horizon Organic and Wallaby organic dairy businesses in the United States to investment firm Platinum Equity. Danone retains a non-consolidated stake in this asset.

Note 4.2 Impacts on the interim consolidated financial statements for the six-month period ended June 30, 2024

As of December 31, 2023, Danone measured the assets and liabilities held for sale, comprising brands, industrial assets, and current assets and liabilities, at the lower of their carrying amount and fair value under the terms of the sale agreement, less costs to sell, in accordance with IFRS 5. The portion of the carrying amount that exceeds this fair value less costs to sell was written down, representing an amount of €426 million in the consolidated financial statements for the year ended December 31, 2023 (see Note 4 to the consolidated financial statements for the year ended December 31, 2023).

The transaction was completed on April 1, 2024, and as of June 30, 2024, the gain on disposal stood at €40 million after recycling of accumulated currency translation adjustments and was recognized in Other operating income (expense) for the period (see Note 8.1 to the consolidated financial statements).

Danone retains a non-consolidated 30% minority stake in the premium organic dairy activities in the United States. As the Group does not have significant influence over the governance, operating and financial policies applied by investment firm Platinum Equity, this stake is recognized in "Investments in other non-consolidated companies".

NOTE 5 FULLY CONSOLIDATED COMPANIES**Note 5.1 Main changes****Main changes in first-half 2024**

(%)	Zone (Country)	Category	Transaction date ^(a)	Ownership interest as of	
				December 31, 2023	June 30, 2024
MAIN COMPANIES CONSOLIDATED FOR THE FIRST TIME DURING THE PERIOD					
Nutritional Medicinals, LLC ^(b)	North America (United States)	Specialized Nutrition	May	–	100.0%
MAIN CONSOLIDATED COMPANIES IN WHICH THE GROUP'S OWNERSHIP INTEREST HAS CHANGED					
Horizon Organic Dairy, LLC ^(c)	North America (United States)	EDP	April	100.0%	30.0%
MAIN COMPANIES NO LONGER FULLY CONSOLIDATED DURING THE PERIOD					
Michel et Augustin ^(d)	Europe and North America (France and United States)	EDP	February	100.0%	–
JSC Danone Russia ^(e)	Rest of the World (Russia)	EDP	May	100.0%	–

(a) Month in the 2024 fiscal year.

(b) On May 1, 2024, Danone announced the acquisition of Functional Formularies, a leading whole foods tube feeding business in the US, from Swander Pace Capital. The acquisition was recognized as of June 30, 2024, on a provisional basis, as the amounts allocated to the identifiable assets acquired, liabilities assumed and goodwill may be amended during a period of one year from the acquisition date.

(c) See Note 4 to the consolidated financial statements.

(d) On December 6, 2023, Danone announced its intention to sell the French company Michel et Augustin. The sale of the associated assets and liabilities was completed on February 29, 2024. As of June 30, 2024, the gain on disposal amounted to €38 million and was recognized in "Other operating income (expense)" for the period (see Note 8.1 to the consolidated financial statements).

(e) Holding company for the EDP business in Russia (see Note 3 to the consolidated financial statements).

Main changes in first-half 2023

(%)	Zone (Country)	Category	Transaction date ^(a)	Ownership interest as of	
				December 31, 2022	June 30, 2023
MAIN COMPANIES CONSOLIDATED FOR THE FIRST TIME DURING THE PERIOD					
Dumex Baby Food Co., Ltd.	CNAO (China)	Specialized Nutrition	March	–	100.0%
Centrum Medyczne Promedica Spolka Cywilna Piotr Compala, Halina Compala- Kusnierz	Europe (Poland)	Specialized Nutrition	March	–	100.0%
MAIN CONSOLIDATED COMPANIES IN WHICH THE GROUP'S OWNERSHIP INTEREST HAS CHANGED					
Harmless Harvest	North America (United States)	Waters	March	51.0%	100.0%
MAIN COMPANIES NO LONGER FULLY CONSOLIDATED DURING THE PERIOD					
				–	–

(a) Month in the 2023 fiscal year.

Note 5.2 Liabilities related to put options granted to non-controlling interests

Change during the period

<i>(in € millions)</i>	2023	2024
As of January 1	323	356
Options exercised ^(a)	(67)	0
Changes in the present value of outstanding options	100	(11)
AS OF DECEMBER 31/JUNE 30 ^(b)	356	345

(a) Carrying amount at the end of the previous reporting period for options exercised.

(b) In most cases, the strike price is determined based on net sales and discounted cash flows.

NOTE 6 INVESTMENTS IN EQUITY-ACCOUNTED COMPANIES

Note 6.1 Main changes

Main changes in first-half 2024

No material transactions affecting investments in equity-accounted companies were carried out in the first half of 2024.

Main changes in first-half 2023

No material transactions affecting investments in equity-accounted companies were carried out in the first half of 2023.

Note 6.2 Impairment review of investments in equity-accounted companies

Methodology

The Group reviews the measurement of its investments in equity-accounted companies when events or circumstances indicate that they may be impaired. With regard to listed shares, a significant or prolonged fall in their stock price below their historical stock price constitutes an indication of impairment.

An impairment loss is recognized within "Share of profit (loss) of equity-accounted companies" when the recoverable amount of the investment falls below its carrying amount.

Impairment review as of June 30, 2024

The Group did not record any material impairment losses against investments in equity-accounted companies during the first half of 2024.

NOTE 7 INFORMATION CONCERNING RECURRING OPERATING ACTIVITIES

Note 7.1 General principles

The primary operating decision-makers (Chief Executive Officer Antoine de Saint-Affrique, and Chief Financial Officer, Technology & Data Jürgen Esser) monitor and evaluate Danone's performance based on the following five geographical zones (corresponding to the four operating segments and an aggregated segment in accordance with IFRS 8):

- Europe;
- North America, comprising the United States and Canada;
- China, North Asia & Oceania;
- Latin America;
- Rest of the World, comprising the AMEA (Asia, Middle East including Turkey, Africa) and CIS regions.

The key indicators reviewed and used internally by the primary operating decision-makers to assess the performance of these operating segments are:

- Sales;
- Recurring operating income;
- Recurring operating margin, which corresponds to the ratio of recurring operating income to sales.

These are the only indicators monitored by category (EDP, Specialized Nutrition and Waters); the other key indicators reviewed and used internally by the primary operating decision-makers are monitored at Group level.

Note 7.2 Operating segments

Reporting by geographical zone

Sales, recurring operating income and recurring operating margin

	Six-month period ended June 30					
	Sales ^(a)		Recurring operating income		Recurring operating margin	
	2023 ^(c)	2024	2023	2024	2023	2024
<i>(in € millions, except %)</i>						
Europe ^(b)	4,677	4,783	497	550	10.6%	11.5%
North America	3,418	3,331	353	355	10.3%	10.7%
China, North Asia & Oceania	1,778	1,841	549	563	30.9%	30.6%
Latin America	1,466	1,556	42	35	2.8%	2.2%
Rest of the World ^(d)	2,828	2,246	294	243	10.4%	10.8%
GROUP TOTAL	14,167	13,757	1,734	1,746	12.2%	12.7%

(a) Net sales to third parties.

(b) Including net sales of €1,164 million generated in France in first-half 2024 (€1,156 million in first-half 2023).

(c) As part of the changes in the geography-led organization, first-half 2023 sales were allocated in line with the redefinition of operating segments (see Note 2 to the consolidated financial statements for the year ended December 31, 2023).

(d) Includes the sales of EDP Russia business from January 1, 2023 until the date of deconsolidation, i.e. July 16, 2023 (see Note 3 to the consolidated financial statements).

Information by category

Sales, recurring operating income and recurring operating margin

(in € millions, except %)	Six-month period ended June 30					
	Sales ^(a)		Recurring operating income		Recurring operating margin	
	2023	2024	2023	2024	2023	2024
EDP	7,503	6,785	605	512	8.1%	7.5%
Specialized Nutrition	4,250	4,414	885	901	20.8%	20.4%
Waters	2,413	2,557	244	333	10.1%	13.0%
GROUP TOTAL	14,167	13,757	1,734	1,746	12.2%	12.7%

(a) Net sales to third parties.

Note 7.3 Carrying amount of trade receivables and payables

(in € millions)	As of December 31	As of June 30
	2023	2024
Trade receivables	3,042	3,385
Impairment provisions	(123)	(116)
Carrying amount of trade receivables	2,919	3,269
Discounts granted to customers ^(a)	(1,440)	(1,540)
CARRYING AMOUNT OF TRADE RECEIVABLES NET OF DISCOUNTS GRANTED	1,479	1,730

(a) Amount recognized as a current liability in the Group's consolidated balance sheet.

NOTE 8 INFORMATION AND EVENTS CONCERNING NON-RECURRING OPERATING ACTIVITIES

Accounting principles

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, thereby distorting the assessment of its recurring operating performance and trends in that performance.

These mainly include:

- capital gains and losses on disposals of businesses and fully consolidated companies;
- impairment charges on intangible assets with indefinite useful lives;

- costs related to strategic restructuring operations or transformation plans;
- costs related to major external growth transactions;
- costs related to crises and major disputes;
- in connection with IFRS 3 and IFRS 10, (i) acquisition costs related to acquisitions of companies resulting in control, (ii) revaluation gains or losses accounted for following a loss of control, and (iii) changes in earn-outs subsequent to acquisitions resulting in control.

Other operating income (expense) in first-half 2024

Other operating income (expense) represented a net income of €69 million in first-half 2024 and consisted mainly of the following items:

<i>(in € millions)</i>	Notes	Related income (expense)
Impact of the sale of the EDP business in Russia	3	227
Impact of the sale of the assets related to the US premium organic dairy activities	4	40
Impact of the sale of Michel et Augustin	5.1	38
Transformation projects ^(a)		(187)

(a) Mainly in Europe and North America

Other operating income (expense) in first-half 2023

In first-half 2023, "Other operating income (expense)" represented an expense of €(53) million, mainly relating to the Local First plan for €(58) million.

NOTE 9 INCOME TAX

Note 9.1 Effective tax rate

The effective income tax rate used as of June 30 is based on the projected effective income tax rate for the fiscal year.

Accordingly, the effective tax rate for the first half of 2024 came out at 24.4%, i.e., lower than in first-half 2023 (28.1%).

Note 9.2 International tax reform – Pillar II

Accounting principles

As part of the implementation of Pillar II, Danone applies the amendment to IAS 12, "Income Taxes". The tax reform amendment introduces a temporary exception to the accounting for deferred taxes arising from the implementation of the GloBE (Global anti-Base Erosion) rules, applicable until a new decision is issued by the IASB.

Impacts on the 2024 condensed interim consolidated financial statements

As of June 30, 2024, the Group assessed its tax exposure arising from the implementation of the Pillar II model rules. Danone considers that the reform does not have a material impact on its results of operations or financial position.

The Group is continuing the rollout of Pillar II rules into its procedures and processes as per a set schedule.

NOTE 10 INTANGIBLE ASSETS: IMPAIRMENT REVIEW

Note 10.1 Accounting principles and methodology

The carrying amounts of goodwill and brands with indefinite useful lives are reviewed for impairment at least annually and whenever events or circumstances indicate that they may be impaired.

When the carrying amount of all the property, plant and equipment and intangible assets of the CGUs and groups of CGUs exceeds their recoverable amount, an impairment provision is recognized and first charged against goodwill.

The recoverable amount of the CGUs or groups of CGUs to which the tested assets are allocated is the higher of (i) fair value net of costs to sell, generally estimated on the basis of earnings multiples, and (ii) value in use, assessed with reference to the expected discounted future cash flows of the CGU or group of CGUs concerned.

As of June 30, 2024, the Group reviews whether there are any indicators of impairment that could result in a reduction in the carrying amount of goodwill and brands with indefinite useful lives.

Note 10.2 Carrying amount and changes during the period

(in € millions)	2023				2024			
	Goodwill	Brands ^(a)	Other intangible assets	Total	Goodwill	Brands ^(a)	Other intangible assets	Total
CARRYING AMOUNT								
As of January 1	17,938	5,843	459	24,239	17,340	5,256	498	23,093
Changes in consolidation scope	71	-	(1)	70	119	-	-	119
Capital expenditure	-	-	130	130	-	-	49	49
Disposals	-	-	(1)	(1)	-	-	-	-
Translation adjustments	(440)	(150)	(11)	(601)	267	45	2	313
Impairment	(47)	(48)	(3)	(98)	-	-	(2)	(2)
Reclassification of assets held for sale ^(b)	(181)	(448)	-	(629)	-	-	-	-
Amortization charges	-	-	(107)	(107)	-	-	(59)	(59)
Other ^(c)	-	59	32	91	-	40	18	58
AS OF DECEMBER 31/JUNE 30	17,340	5,256	498	23,093	17,726	5,341	505	23,572
<i>Of which amortization</i>	-	(7)	(1,157)		-	(7)	(1,208)	

(a) Includes brands with indefinite useful lives and other brands (none of which are estimated to be material taken individually).

(b) As of December 31, 2023, assets relating to the organic dairy business in the United States and to Michel et Augustin had been reclassified as assets held for sale in accordance with IFRS 5 (see Notes 4 and 5.1 to the consolidated financial statements).

(c) Corresponds mainly to the effects of applying IAS 29 (see Note 1.3 to the consolidated financial statements).

Note 10.3 Impairment review

No indications of impairment led the Group to record an impairment loss during the impairment review carried out on intangible assets as of June 30, 2024.

NOTE 11 FINANCING AND NET DEBT**Note 11.1 Financing****Financing classified as debt**

	As of December 31, 2023	Bonds issued	Bonds redeemed	Net flows from other financing arrangements	Impact of accrued interest	Impact of changes in exchange rates and other non-cash impacts ^(c)	Reclassification of non-current portion to current items	Changes in consolidation scope	As of June 30, 2024
<i>(in € millions)</i>									
FINANCING MANAGED AT COMPANY LEVEL									
Bonds – non-current portion	9,722	700	(6)	–	–	30	(1,031)	–	9,416
Bonds – current portion	2,000	–	(750)	–	–	8	1,031	–	2,288
Commercial paper ^(a)	1,619	–	–	(5)	–	–	–	–	1,614
Total	13,341	700	(756)	(5)	–	37	–	–	13,317
LEASE LIABILITIES									
Non-current portion	687	–	–	–	–	55	(94)	(3)	645
Current portion	192	–	–	(108)	–	12	101	(1)	196
Total	879	–	–	(108)	–	67	7	(4)	841
OTHER FINANCING ARRANGEMENTS^(b)									
Non-current portion	37	–	–	(2)	–	–	(6)	(6)	24
Current portion ^(d)	1,343	–	–	146	(16)	8	11	–	1,492
Total	1,381	–	–	144	(16)	8	5	(7)	1,516
TOTAL	15,601	700	(756)	31	(16)	112	12	(11)	15,674

(a) As of December 31, 2023 and June 30, 2024, these were included in current financial debt.

(b) Subsidiaries' bank financing.

(c) In terms of lease liabilities, this corresponds mainly to new financing in the period.

(d) As of December 31, 2023, bank overdrafts totaled €1,264 million and as of June 30, 2024 banks overdrafts totaled €1,396 million.

On April 26, 2024, Danone announced that it had successfully issued a €700 million bond with a six-year maturity and a 3.481% coupon.

On May 30, 2024, Danone redeemed €750 million worth of bonds issued in 2015.

Note 11.2 Net debt

<i>(in € millions)</i>	As of December 31	As of June 30
	2023	2024
Non-current financial debt ^(a)	10,739	10,352
Current financial debt ^(a)	4,270	4,571
Short-term investments	(3,638)	(4,207)
Cash	(2,363)	(2,058)
Bank overdrafts	1,264	1,396
Derivatives – assets – Non-current ^(b)	(34)	(1)
Derivatives – assets – Current ^(b)	(16)	(23)
NET DEBT	10,221	10,031

(a) Consists of €841 million in lease liabilities following the application of IFRS 16, "Leases".

(b) Used solely to manage net debt.

NOTE 12 EARNINGS PER SHARE – GROUP SHARE

Earnings per share

<i>(in € per share, except number of shares)</i>	Six-month period ended June 30	
	2023	2024
Net income – Group share	1,093	1,219
Coupon relating to hybrid financing, net of tax	(6)	(2)
Adjusted net income – Group share	1,087	1,217

NUMBER OF OUTSTANDING SHARES

As of January 1	639,607,931	641,871,882
Effects of changes during the period	1,943,129	1,783,365
As of June 30	641,551,060	643,655,247

AVERAGE NUMBER OF OUTSTANDING SHARES

■ Before dilution	640,196,786	642,417,472
Dilutive impact		
Group performance shares and fidelity shares	608,019	1,004,793
■ After dilution	640,804,805	643,422,265

EARNINGS PER SHARE – GROUP SHARE

■ Before dilution	1.70	1.90
■ After dilution	1.70	1.89

NOTE 13 OTHER PROVISIONS AND NON-CURRENT LIABILITIES AND LEGAL AND ARBITRATION PROCEEDINGS

Note 13.1 Accounting principles

Other provisions

Other provisions consist of provisions and investment subsidies.

Provisions are recognized when the Group has a present obligation resulting from a past event, it is probable that this obligation will result in a net outflow of resources to settle the obligation, and the amount of the obligation can be reliably estimated. Danone also presents the "current" portion of provisions on the "Other provisions" line within non-current assets as the amounts concerned are considered as not material; it does not disclose information on provisions recognized if it deems such disclosure would seriously harm its position as regards the resolution of the matter in respect of which the provision has been recognized.

For each obligation, the amount of the provision recognized as of the reporting date reflects management's best estimate, as of that date, of the probable outflow of resources required to settle said obligation. If payment is made to settle the obligation or an outflow of resources is no longer probable, the provision is reversed to reflect the use/non-use of the provision, respectively.

Other non-current liabilities

Other non-current liabilities correspond to liabilities for uncertain income tax positions pursuant to IFRIC 23. They are recognized depending on the likelihood that they will materialize, without taking into account the probability that they will not be detected by the tax authorities. Their measurement must reflect management's best estimate as to their actual amount when they ultimately materialize. The liabilities must be recognized on the basis of their most probable value or a weighted average of the values under various scenarios.

Note 13.2 Other provisions and non-current liabilities

	As of December 31	As of June 30
<i>(in € millions)</i>	2023	2024
Other provisions	882	944
Other non-current liabilities ^(a)	421	426
TOTAL	1,303	1,370

(a) These relate to uncertain income tax positions.

Changes in "Other provisions"

<i>(in € millions)</i>	Changes during the period							As of June 30, 2024
	As of January 1, 2024	Changes in consolidation scope	Increase	Reversal of provisions used	Reversal of provisions not used	Translation adjustments	Other	
Tax and territorial risks ^(a)	111	0	14	(2)	(3)	(2)	0	118
Employee-related and commercial disputes and other provisions	563	(1)	46	(7)	(15)	(1)	(9)	575
Restructuring provisions	208	0	104	(52)	(6)	(1)	0	251
TOTAL	882	(1)	163	(61)	(25)	(4)	(10)	944

(a) These concern risks not relating to income tax, which are presented in "Other non-current liabilities".

2 CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

2.2 Notes to the condensed interim consolidated financial statements

Changes in other provisions in first-half 2024 were as follows:

- increases resulted primarily from lawsuits arising against the Company and its subsidiaries in the normal course of business;
- reversals of used provisions were booked when the corresponding payments were made. Reversals of provisions not used related mainly to reassessments and situations where some risks ceased to exist. Several provisions were concerned, none of which is material taken individually.

As of June 30, 2024, provisions for tax risks, territorial (not related to income taxes) risks and commercial, employee-related, and other disputes included several provisions for legal, financial, tax and territorial risks as well as provisions for multi-year compensation granted to some employees (provisions accrued in the normal course of business).

Also as of this date, Danone does not consider that it is subject to known risks that could, taken individually, have a material impact on its financial position or profitability.

Note 13.3 Legal and arbitration proceedings

In 2022, a number of actions have been brought by cattle farmers against various players in the dairy industry in Spain, including the Spanish subsidiary Danone S.A. Cattle farmers have filed claims alleging that they have suffered damages for underpriced milk sold. Danone S.A. firmly refutes these allegations and intends to defend its interests in each of these proceedings.

In 2021, a number of class action lawsuits were filed in the United States against the US subsidiary Nurture Inc. on the basis of alleged misleading advertising regarding the presence of certain heavy metals in food products. In several parallel lawsuits, plaintiffs (who are individuals) have alleged that they have suffered personal injury resulting from having consumed these food products. Nurture Inc. formally denies all these allegations in these actions and maintains that

its products are safe. Nurture Inc. is vigorously defending its interests in each of these proceedings.

No provision has been recognized in this respect in the consolidated financial statements for the six-month period ended June 30, 2024. As the Group is not currently in a position to make a reliable assessment of the potential impact of the outcome of these ongoing proceedings on its results of operations and financial position.

In general, the Company and its subsidiaries are parties to legal proceedings arising in the ordinary course of business, in particular with competition authorities and other authorities in certain countries. Provisions are recognized when an outflow of resources is probable and the amount can be reliably estimated.

NOTE 14 MAIN RELATED PARTY TRANSACTIONS

The main related parties are the Group's equity-accounted companies, the members of the Executive Committee and the members of the Board of Directors. Danone did not identify any material impacts resulting from transactions with related parties as of June 30, 2024.

NOTE 15 SUBSEQUENT EVENTS

On July 8, 2024, following notification from the Canadian Food Inspection Agency (CFIA) of several cases of potential contamination of *Listeria monocytogenes* linked to select Silk refrigerated beverages, produced on a specific production line in a third-party manufacturer in Ontario and distributed in Canada, Danone Canada has issued a voluntary recall for these products. It has also preventatively halted all production and shipments coming from this third-party facility, while the investigation is underway. Danone Canada is currently working in close partnership with the Canadian authorities. Class action lawsuits have been filed in Canada against Danone Canada. In addition, Danone is in the process of identifying and assessing the possible consequences and impacts of this situation.

To the Company's knowledge, no other material events occurred after July 30, 2024, the date on which the consolidated financial statements for the six months ended June 30, 2024 were approved by the Board of Directors.

3

Statutory Auditor's report on interim financial information

This is a free translation into English of the statutory auditors' review report on the condensed interim financial statements issued in French and is provided solely for the convenience of English-speaking users. This report includes information relating to the specific verification of information given in the Group's half-yearly management report. This report should be read in conjunction with, and construed in accordance with, French law and professional standards applicable in France.

To the Shareholders,

In compliance with the assignment entrusted to us by your Annual General Meeting and in accordance with the requirements of article L. 451-1-2 III of the French monetary and financial code ("*Code monétaire et financier*"), we hereby report to you on:

- the review of the accompanying condensed interim consolidated financial statements of Danone, for the period from January 1 to June 30, 2024,
- the verification of the information presented in the half-yearly management report.

These condensed interim consolidated financial statements are the responsibility of the Board of Directors. Our role is to express a conclusion on these financial statements based on our review.

Conclusion on the financial statements

We conducted our review in accordance with professional standards applicable in France.

A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with professional standards applicable in France and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed interim consolidated financial statements are not prepared, in all material respects, in accordance with IAS 34, standard of the IFRSs as adopted by the European Union applicable to interim financial information.

Specific verification

We have also verified the information presented in the half-yearly management report on the condensed interim consolidated financial statements subject to our review.

We have no matters to report as to its fair presentation and consistency with the condensed interim consolidated financial statements.

Paris-La Défense, July 30, 2024

The Statutory Auditors
French original signed by

FORVIS MAZARS & ASSOCIÉS

Achour MESSAS

Gonzague SENLIS

ERNST & YOUNG Audit

Gilles COHEN

Alexandre CHRÉTIEN

4

Statement of the person responsible for the interim financial report

"I certify that, to my knowledge, the condensed interim financial statements have been prepared in accordance with applicable accounting standards and provide a faithful representation of the assets, liabilities, financial position and results of Danone and of all companies within its scope of consolidation, and that the attached interim management report presents a faithful representation of the significant events that occurred in the first six months of the fiscal year, their impact on the interim financial statements, and the main related-party transactions, and it describes the major risks and uncertainties for the remaining six months of the year."

Paris, July 30, 2024

Chief Executive Officer,
Antoine de SAINT-AFFRIQUE

About Danone (www.danone.com)

Danone is a leading global food and beverage company operating in three health-focused, fast-growing and on-trend Categories: Essential Dairy & Plant-Based products, Waters and Specialized Nutrition. With a long-standing mission of bringing health through food to as many people as possible, Danone aims to inspire healthier and more sustainable eating and drinking practices while committing to achieve measurable nutritional, social, societal and environment impact. Danone has defined its Renew strategy to restore growth, competitiveness, and value creation for the long-term. With almost 90,000 employees, and products sold in over 120 markets, Danone generated €27.6 billion in sales in 2023. Danone's portfolio includes leading international brands (*Actimel, Activia, Alpro, Aptamil, Danette, Danio, Danonino, evian, Nutricia, Nutrilon, Volvic*, among others) as well as strong local and regional brands (including *AQUA, Blédina, Bonafont, Cow & Gate, Mizone, Oikos* and *Silk*). Listed on Euronext Paris and present on the OTCQX platform via an ADR (American Depositary Receipt) program, Danone is a component stock of leading sustainability indexes including the ones managed by Moody's and Sustainalytics, as well as MSCI ESG Indexes, FTSE4Good Index Series, Bloomberg Gender Equality Index, and Access to Nutrition Index. Danone's ambition is to be B Corp™ certified at global level in 2025.



DANONE
ONE PLANET. ONE HEALTH

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