

Danone A/S

Rørmosevej 2 A, 3450 Allerød
CVR no. 73 12 81 10

Annual report for 2022

Årsrapporten er godkendt på den
ordinære generalforsamling, d. 30.06.23

Miki Pekka Tapio Aho
Dirigent

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The company

Danone A/S
Rørmosevej 2 A
3450 Allerød
Tel.: 70 21 07 07
Registered office: Allerød
CVR no.: 73 12 81 10
Financial year: 01.01 - 31.12

Executive Board

Miki Pekka Tapio Aho

Board of Directors

Richard Luiz Trechman
Miki Pekka Tapio Aho
Maxime Komardine

Auditors

Mazars Statsautoriseret Revisionspartnerselskab

Statement by the Executive Board and Board of Directors on the annual report

We have on this day presented the annual report for the financial year 01.01.22 - 31.12.22 for Danone A/S.

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

In our opinion, the financial statements give a true and fair view of the company's assets, liabilities and financial position as at 31.12.22 and of the results of the company's activities for the financial year 01.01.22 - 31.12.22.

We believe that the management's review includes a fair review of the matters dealt with in the management's review.

The annual report is submitted for adoption by the general meeting.

Allerød, June 26, 2023

Executive Board

Miki Pekka Tapio Aho

Board of Directors

Richard Luiz Trechman
Chairman

Miki Pekka Tapio Aho

Maxime Komardine

To the Shareholder of Danone A/S**Opinion**

We have audited the financial statements of Danone A/S for the financial year 01.01.22 - 31.12.22, which comprise the income statement, balance sheet, statement of changes in equity and notes to the financial statements, including a summary of significant accounting policies. The financial statements are prepared in accordance with the Danish Financial Statements Act (Årsregnskabsloven).

In our opinion the financial statements give a true and fair view of the company's assets, liabilities and financial position at 31.12.22 and of the results of the company's operations for the financial year 01.01.22 - 31.12.22 in accordance with the the Danish Financial Statements Act (Årsregnskabsloven).

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing and the additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the "Auditor's responsibilities for the audit of the financial statements" section of our report. We are independent of the company in accordance with the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (IESBA Code) and the additional ethical requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Statement regarding the management's review

Management is responsible for management's review.

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

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

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

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

Management's responsibility for the financial statements

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

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

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with International Standards on Auditing and the additional requirements applicable in Denmark will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit conducted in accordance with International Standards on Auditing and the additional requirements applicable in Denmark, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting in preparing the financial statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and contents of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that gives a true and fair view.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

København Ø, June 26, 2023

**Mazars Statsautoriseret
Revisionspartnerselskab**

CVR no. 31061741

Nicklas Rasmussen

State Authorized Public Accountant

MNE-no. mne43474

Primary activities

Danone A/S activities consist of selling and distributing products in Specialized Nutrition (SN) and Essential Dairy & Plant-Based (EDP) categories.

Danish Specialized Nutrition business focuses on medical nutrition and devices for people afflicted with certain illnesses or frail elderly people. We deliver our products through various sales channels including hospitals, nursing homes, wholesalers, and pharmacies as well as directly to patients at home.

Essential Dairy & Plant-Based business focuses on fresh fermented dairy products and plant-based products in drinkable and spoonable formats. Primary sales channels are grocery retailers and HoReCa channels, while biggest brands include Alpro, Actimel, Activia.

Significant changes in the company's activities

The company has purchased the operating activity per 01.11.2022 at the sister company, which causes an increase in activity and recognition of goodwill for 2022.

Development in activities and financial affairs

The income statement for the period 01.01.22 - 31.12.22 shows a profit/loss of DKK 8,565,102 against DKK 832,600 for the period 01.01.21 - 31.12.21. The balance sheet shows equity of DKK 18,447,996.

Subsequent events

No important events affecting the financial statements for 2022 have occurred after the end of the financial year.

Income statement

Note	2022 DKK	2021 DKK
Revenue	148,793,361	124,700,882
Other operating income	76,752	2,273,751
Costs of raw materials and consumables	-79,173,312	-73,252,158
Other external expenses	-26,050,467	-29,552,190
Gross profit	43,646,334	24,170,285
1 Staff costs	-28,369,698	-22,037,646
Profit before depreciation, amortisation, write-downs and impairment losses	15,276,636	2,132,639
Depreciation, amortisation and impairments losses of intangible assets and property, plant and equipment	-8,472,280	-1,457,918
Operating profit	6,804,356	674,721
2 Financial income	4,702,935	479,705
3 Financial expenses	-1,362,029	-166,944
Profit before tax	10,145,262	987,482
4 Tax on profit for the year	-1,580,160	-154,882
Profit for the year	8,565,102	832,600
Proposed appropriation account		
Retained earnings	8,565,102	832,600
Total	8,565,102	832,600

Balance sheet

ASSETS		31.12.22	31.12.21
		DKK	DKK
Note			
	Acquired rights	984	36,517
	Goodwill	264,642,104	0
5	Total intangible assets	264,643,088	36,517
	Other fixtures and fittings, tools and equipment	14,720,414	7,110,123
6	Total property, plant and equipment	14,720,414	7,110,123
	Deposits	908,667	541,309
	Total investments	908,667	541,309
	Total non-current assets	280,272,169	7,687,949
	Manufactured goods and goods for resale	9,211,919	6,230,633
	Total inventories	9,211,919	6,230,633
	Trade receivables	47,386,158	15,031,525
	Receivables from group enterprises	4,658,911	8,207,607
	Deferred tax asset	0	76,137
	Income tax receivable	6,129,361	189,829
	Prepayments	0	208,483
	Total receivables	58,174,430	23,713,581
	Cash	833,417	857,296
	Total current assets	68,219,766	30,801,510
	Total assets	348,491,935	38,489,459

EQUITY AND LIABILITIES		31.12.22	31.12.21
		DKK	DKK
Note			
	Share capital	500,000	500,000
	Retained earnings	17,947,996	9,382,894
	Total equity	18,447,996	9,882,894
	Provisions for deferred tax	7,519,825	0
	Total provisions	7,519,825	0
	Trade payables	14,997,982	5,482,382
	Payables to group enterprises	296,029,993	12,815,814
	Other payables	11,496,139	9,824,985
	Deferred income	0	483,384
	Total short-term payables	322,524,114	28,606,565
	Total payables	322,524,114	28,606,565
	Total equity and liabilities	348,491,935	38,489,459

- 7 Contingent liabilities
- 8 Charges and security
- 9 Related parties

Statement of changes in equity

Figures in DKK	Share capital	Retained earnings	Total equity
Statement of changes in equity for 01.01.22 - 31.12.22			
Balance as at 01.01.22	500,000	9,382,894	9,882,894
Net profit/loss for the year	0	8,565,102	8,565,102
Balance as at 31.12.22	500,000	17,947,996	18,447,996

	2022 DKK	2021 DKK
1. Staff costs		
Wages and salaries	27,653,109	21,691,408
Pensions	242,346	90,960
Other staff costs	474,243	255,278
Total	28,369,698	22,037,646
Average number of employees during the year	35	28
2. Financial income		
Other interest income	4,235,260	450,322
Foreign currency translation adjustments	424,273	29,383
Other financial income	43,402	0
Total	4,702,935	479,705
3. Financial expenses		
Interest, group enterprises	1,277,945	533
Other interest expenses	84,084	105,928
Foreign currency translation adjustments	0	60,483
Other financial expenses total	84,084	166,411
Total	1,362,029	166,944

	2022	2021
	DKK	DKK

4. Tax on profit for the year

Tax on profit or loss for the year	-5,998,601	17,201
Adjustment of deferred tax for the year	7,595,962	228,724
Adjustment of tax in respect of previous years	-17,201	-91,043
Total	1,580,160	154,882

5. Intangible assets

Figures in DKK	Acquired rights	Goodwill
Cost as at 01.01.22	371,767	0
Additions during the year	0	271,096,789
Cost as at 31.12.22	371,767	271,096,789
Amortisation and impairment losses as at 01.01.22	-335,250	0
Amortisation during the year	-35,533	-6,454,685
Amortisation and impairment losses as at 31.12.22	-370,783	-6,454,685
Carrying amount as at 31.12.22	984	264,642,104
Carrying amount of assets held under finance leases as at 31.12.22	0	0

6. Property, plant and equipment

Figures in DKK	Other fixtures and fittings, tools and equipment
Cost as at 01.01.22	10,751,502
Additions during the year	9,665,151
Disposals during the year	-313,898
Cost as at 31.12.22	20,102,755
Depreciation and impairment losses as at 01.01.22	-3,641,377
Depreciation during the year	-1,982,064
Reversal of depreciation of and impairment losses on disposed assets	241,100
Depreciation and impairment losses as at 31.12.22	-5,382,341
Carrying amount as at 31.12.22	14,720,414

7. Contingent liabilities

Lease commitments

The company has concluded rent and lease agreements with a total future payments of TDKK 2.825.

Other contingent liabilities

The company is taxed jointly with the other Danish companies in the group and has joint, several and unlimited liability for income taxes and any obligations to withhold tax at source on interest, royalties and dividends for the jointly taxed companies.

8. Charges and security

The company has not provided any security over assets.

9. Related parties

The company is included in:

- Smallest consolidation in which the Company is included is Nutricia Internatinal B.V, Netherlands;
- Largest consolidation in which the Company is included is Danone S.A, France.

10. Accounting policies

GENERAL

The annual report is presented in accordance with the provisions of the Danish Financial Statements Act (*Årsregnskabsloven*) for enterprises in reporting class B with application of provisions for a higher reporting class.

The accounting policies have been applied consistently with previous years.

Basis of recognition and measurement

Income is recognised in the income statement as earned, including value adjustments of financial assets and liabilities. All expenses, including depreciation, amortisation, impairment losses and write-downs, are also recognised in the income statement.

Assets are recognised in the balance sheet when it is probable that future economic benefits will flow to the company, and the value of such assets can be measured reliably. Liabilities are recognised in the balance sheet when it is probable that future economic benefits will flow from the company, and the value of such liabilities can be measured reliably. On initial recognition, assets and liabilities are measured at cost. Subsequently, assets and liabilities are measured as described for each item below.

On recognition and measurement, account is taken of foreseeable losses and risks arising before the date at which the annual report is presented and proving or disproving matters arising on or before the balance sheet date.

BUSINESS COMBINATIONS

Newly acquired or newly founded enterprises are recognised as from the date of acquisition and the date of foundation, respectively. The date of acquisition is the date at which control of the enterprise is obtained. Divested or discontinued enterprises are recognised until the date of divestment or discontinuation. The date of discontinuation is the date at which control of the enterprise passes to a third party.

Acquired enterprises are recognised in accordance with the acquisition method, according to which the identifiable assets and liabilities of the newly acquired enterprises are measured at fair value at the date of acquisition.

All assets and liabilities will be transferred from the Danish Branch to Danone A/S by way of a business transfer agreement ("BTA") to be entered into between Danone A/S (as the buyer) and Danone AB (as the seller). Transfer have been carried out as out as a taxable transfer of the assets and liabilities.

10. Accounting policies - continued -

The goodwill (positive difference) determined at the date of acquisition is recognised under intangible assets. Goodwill from acquired enterprises is adjusted until 12 months after the acquisition date.

CURRENCY

The annual report is presented in Danish kroner (DKK).

LEASES

Lease payments relating to operating leases are recognised in the income statement on a straight-line basis over the lease term. As basis for interpretation for recognition of leases the company has applied IAS 17.

INCOME STATEMENT**Revenue**

Income from the sale of goods is recognised in the income statement if delivery has taken place and the risk has passed to the buyer before the end of the financial year and where the selling price can be determined reliably and is expected to be paid. Revenue is measured at fair value and is determined exclusive of VAT and other taxes collected on behalf of third parties and less discounts. As basis for interpretation for revenue recognition the company has applied IAS 18.

Other operating income

Other operating income comprises income of a secondary nature in relation to the enterprise's activities, including rental income, negative goodwill and gains on the sale of intangible assets and property, plant and equipment.

Costs of raw materials and consumables

Costs of raw materials and consumables comprise raw materials and consumables used for the year as well as any changes in inventories, including any inventory wastage.

Write-downs of inventories of raw materials and consumables are also recognised under raw materials and consumables to the extent that these do not exceed normal write-downs.

10. Accounting policies - continued -**Other external expenses**

Other external expenses comprise costs relating to distribution, sales and advertising and administration, premises and bad debts to the extent that these do not exceed normal write-downs.

Staff costs

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

Depreciation, amortisation and impairment losses

The depreciation and amortisation of intangible assets and property, plant and equipment aim at systematic depreciation and amortisation over the expected useful lives of the assets. Assets are depreciated and amortised according to the straight-line method based on the following expected useful lives and residual values:

	Useful lives, years	Residual value DKK
Completed development projects	2-4	
Acquired rights	2-4	0
Goodwill	7	0
Other plant, fixtures and fittings, tools and equipment	2-6	0

Goodwill is amortised over 7 years. The useful life has been determined in consideration of the expected future net earnings of the enterprise or activity to which the goodwill relates.

The basis of depreciation and amortisation is the cost of the asset less the expected residual value at the end of the useful life. Moreover, the basis of depreciation and amortisation is reduced by any impairment losses. The useful life and residual value are determined when the asset is ready for use and reassessed annually.

Intangible assets and property, plant and equipment are impaired in accordance with the accounting policies referred to in the 'Impairment losses on fixed assets' section.

Other net financials

Interest income and interest expenses etc. are recognised in other net financials.

10. Accounting policies - continued -**Tax on profit/loss for the year**

The current and deferred tax for the year is recognised in the income statement as tax on the profit/loss for the year with the portion attributable to the profit/loss for the year, and directly in equity with the portion attributable to amounts recognised directly in equity.

The company is jointly taxed with Danish and foreign consolidated enterprises. The parent is the administration company for the joint taxation and thus settles all income tax payments with the tax authorities.

In connection with the settlement of joint taxation contributions, the current Danish income tax is allocated between the jointly taxed enterprises in proportion to their taxable incomes. This means that Danish enterprises with a tax loss receive joint taxation contributions from other Danish enterprises which have been able to use this loss to reduce their own taxable profit. Danish enterprises using tax losses of foreign enterprises settle the joint taxation contribution for the tax loss used with the administration company in which the retaxation balance is recognised as a deferred tax liability.

BALANCE SHEET**Intangible assets***Completed development projects*

Development projects are recognised in the balance sheet where the project aims at developing a specific product or a specific process, intended to be produced or used, respectively, by the company in its production process. On initial recognition, development projects are measured at cost. Cost comprises the purchase price plus expenses resulting directly from the purchase, including wages and salaries directly attributable to the development projects until the asset is ready for use. Interest on loans arranged to finance development projects in the development period is not included in the cost. Other development projects and development costs are recognised in the income statement in the year in which they are incurred.

Development projects are subsequently measured in the balance sheet at cost less accumulated amortisation and impairment losses.

Completed development projects are amortised using the straight-line method based on useful lives, which are stated in the 'Depreciation, amortisation and impairment losses' section.

10. Accounting policies - continued -*Acquired rights*

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

Acquired rights are amortised using the straight-line method based on useful lives, which are stated in the 'Depreciation, amortisation and impairment losses' section.

Goodwill

Goodwill is measured in the balance sheet at cost less accumulated amortisation and impairment losses.

Goodwill is amortised using the straight-line method based on useful lives, which are stated in the 'Depreciation, amortisation and impairment losses' section.

Gains and losses on the disposal of intangible assets

Gains and losses on the disposal of intangible assets are determined as the difference between the selling price, if any, less selling costs and the carrying amount at the date of disposal.

Property, plant and equipment

Property, plant and equipment comprise other fixtures and fittings, tools and equipment.

Property, plant and equipment are measured in the balance sheet at cost less accumulated depreciation and impairment losses.

Cost comprises the purchase price and expenses resulting directly from the purchase until the asset is ready for use. Interest on loans arranged to finance production is not included in the cost.

Property, plant and equipment are depreciated using the straight-line method based on useful lives and residual values, which are stated in the 'Depreciation, amortisation and impairment losses' section.

Gains and losses on the disposal of property, plant and equipment are determined as the difference between the selling price, if any, less selling costs and the carrying amount at the date of disposal less any costs of disposal.

10. Accounting policies - continued -**Impairment losses on fixed assets**

The carrying amount of fixed assets which are not measured at fair value is assessed annually for indications of impairment over and above what is reflected in depreciation and amortisation.

If the company's realised return on an asset or a group of assets is lower than expected, this is considered an indication of impairment.

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

The assets or groups of assets are impaired to the lower of recoverable amount and carrying amount.

The higher of net selling price and value in use is used as the recoverable amount. The value in use is determined as the present value of expected net cash flows from the use of the asset or group of assets as well as expected net cash flows from the sale of the asset or group of assets after the expiry of their useful lives.

Impairment losses are reversed when the reasons for the impairment no longer exist. Impairment losses on goodwill are not reversed.

Inventories

Inventories are measured at cost calculated according to the FIFO-method. Inventories are written down to the lower of cost and net realisable value.

The cost of raw materials and consumables as well as goods for resale is determined as purchase prices plus expenses resulting directly from the purchase.

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

Receivables

Receivables are measured at amortised cost, which usually corresponds to the nominal value, less write-downs for bad debts.

Write-downs for bad debts are determined based on an individual assessment of each receivable if there is no objective evidence of individual impairment of a receivable. As basis

10. Accounting policies - continued -

for interpretation regarding impairment of receivables, the company has applied IAS 39.

Deposits recognised under assets comprise deposits paid to the lessor under leases entered into by the company.

Prepayments

Prepayments recognised under assets comprise costs incurred in respect of subsequent financial years.

Cash

Cash includes deposits in bank account.

Equity

The net revaluation of equity investments measured according to the equity method is recognized in the net revaluation reserve in equity according to the equity method to the extent that the carrying amount exceeds the cost.

Current and deferred tax

Current tax payable and receivable is recognised in the balance sheet as tax computed on the basis of the taxable income for the year, adjusted for tax paid on account.

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

Deferred tax liabilities and tax assets are recognised on the basis of all temporary differences between the carrying amounts and tax bases of assets and liabilities. However, deferred tax is not recognised on temporary differences relating to goodwill which is non-amortisable for tax purposes and other items where temporary differences, except for acquisitions, have arisen at the date of acquisition without affecting the net profit or loss for the year or the taxable income. In cases where the tax value can be determined according to different taxation rules, deferred tax is measured on the basis of management's intended use of the asset or settlement of the liability.

Deferred tax relating to retaxation of losses previously deducted in foreign subsidiaries (international joint taxation) is recognised based on a specific assessment of the purpose of the individual subsidiary.

10. Accounting policies - continued -

Deferred tax assets are recognised, following an assessment, at the expected realisable value through offsetting against deferred tax liabilities or elimination in tax on future earnings.

Deferred tax is measured on the basis of the tax rules and at the tax rates which, according to the legislation in force at the balance sheet date, will be applicable when the deferred tax is expected to crystallise as current tax.

Payables

Short-term payables are measured at amortised cost, normally corresponding to the nominal value of such payables.

Deferred income

Deferred income under liabilities comprises payments received in respect of income in subsequent financial years.