Heineken N.V. reports 2021 half year results

Amsterdam, 2 August 2021 - Heineken N.V. (EURONEXT: HEIA; OTCQX: HEINY) announces:

KEY HIGHLIGHTS

- Net revenue (beia) €9,971 million, +14.1% organic growth
- Net revenue (beia) organic growth per hectolitre +5.5%
- Consolidated beer volume organic growth +9.6%
- Heineken® volume +19.6%
- Operating profit (beia) organic growth +109.3%
- Net profit (beia) €896 million, +320.3% organic growth
- Diluted EPS (beia) €1.56 (2020: €0.39)
- EverGreen strategy deployment has started
- Full year expectations unchanged: financial results to remain below 2019.

CEO STATEMENT

Dolf van den Brink, CEO and Chairman of the Executive Board, commented:

"We are pleased to report a strong set of results for the first half year, whilst the pandemic continues to impact the world and our business. I would like to thank our teams for their resilience and continued focus on safety. They were fast to service our customers and consumers when markets reopened, yet remained agile where restrictions were reintroduced.

Beer volume grew +9.6%, led by strong growth in Heineken® of 19.6% with over 50 markets in double-digit growth. Our operating profit (beia) more than doubled driven by top-line leverage, continued cost mitigations and structural cost savings, further helped by the phasing of marketing and sales expenses into the second half.

There is early momentum building towards EverGreen: we are strengthening our ability to drive consumer-centric innovation, building traction on our productivity programme and shaping our path to meet our Brew a Better World commitments.

Yet there is reason for caution too. Firstly, COVID-19 remains a factor, with the biggest impact currently in key markets in Asia and Africa. Secondly, we see a rise in commodity costs, which, at current levels, will start affecting us in the second half of this year and have a material effect in 2022. Overall, we expect full year financial results to remain below 2019."

FINANCIAL SUMMARY[1]

IFRS Measures	€ million	Total growth	**BEIA Measures**	€ million	Organic growth[2]
Revenue	11,970	7.3%	Revenue (beia)	11,970	13.1%
Net revenue	10,010	8.3%	Net revenue (beia)	9,971	14.1%
Operating profit	1,717	1,920.0%	Operating profit (beia)	1,628	109.3%
			Operating profit (beia) margin	16.3%	
Net profit	1,034	448.1%	Net profit (beia)	896	320.3%
Diluted EPS (in €)	1.80	446.2%	Diluted EPS (beia) (in €)	1.56	295.5%
			Free operating cash flow	650	
			Net debt / EBITDA (beia)[3]	3.0x	

[1] Consolidated figures are used throughout this report unless otherwise stated; please refer to the Glossary for an explanation of non-GAAP measures and other terms used throughout this report.
[2] Organic growth shown, except for Diluted EPS (beia) which is total growth.
[3] Includes acquisitions and excludes disposals on a 12 month pro-forma basis.

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SUPERIOR TOP-LINE GROWTH

Our top-line performance was driven by our agile response to the fast changing environment, as well as the gradual lifting of the significant restrictions implemented last year across most markets to contain the spread of COVID-19. The recovery is not uniform across geographies, and in some countries new waves and variants of the virus have led to renewed restrictions, particularly in Asia Pacific and Africa. Our teams continue to demonstrate remarkable resilience and commitment to serve our customers and consumers under these highly volatile trading conditions.

As we continue to navigate the crisis, we are also building the future with EverGreen. We aim to deliver superior top-line growth with greater focus on meeting the needs of consumers and customers, driving premiumisation, extending beer into non-alcoholic, flavoured and less bitter variants, and moving beyond beer, for example with ciders and hard seltzers. Throughout the year we have introduced many innovations across our operations, some of which are highlighted throughout this report.

Net revenue (beia) increased 14.1% organically, driven by an 8.2% increase in total consolidated volume, and a 5.5% increase in net revenue (beia) per hectolitre. We took price mainly in markets facing high currency devaluation and inflation and drove mix through premiumisation and portfolio mix management, resulting in an underlying price mix growth of 5.0% on a constant geographic basis. Compared to the first half of 2019, net revenue (beia) remained 12.9% below in total.

Consolidated beer volume increased 9.6% organically, with double digit growth in Africa, Middle East & Eastern Europe and the Americas. The second quarter beer volume grew by 19.3%, as the previous year was most heavily impacted by widespread lockdowns and the suspension of our operations in Mexico, South Africa and Malaysia, among other markets. Premium beer volume outperformed the broader portfolio with growth in the mid-teens, led by Heineken®.

Consolidated beer volume *(in mhl)*	**2Q21**	2Q20	Organic growth	**HY21**	HY20	Organic growth
Heineken N.V.	**59.6**	51.0	19.3%	**109.9**	102.6	9.6%
Africa Middle East & Eastern Europe	**9.7**	8.7	24.4%	**19.1**	18.1	16.8%
Americas	**20.9**	15.3	36.6%	**40.3**	34.6	16.7%
Asia Pacific	**5.9**	6.5	-8.2%	**13.6**	13.9	-1.0%
Europe	**23.1**	20.5	13.0%	**36.9**	35.9	3.2%

Heineken® continued to show great momentum and grew volume by 26.8% in the second quarter to close the first half with a 19.6% increase, an increase of 16.7% versus 2019. The brand grew double digits in more than 50 markets, most notably in Brazil, China, Vietnam, Nigeria, South Africa, Italy, Poland, Colombia and Mexico. **Heineken® 0.0**, now available in 95 markets, grew close to 40% in volume, with a particularly strong performance in Brazil, the USA, Mexico, the UK and Poland. **Heineken® Silver** more than quadrupled its volume, driven by strong growth in China and Vietnam.

Heineken® sponsored the EURO 2020 and invited fans to come together and be rivals again. The event attracted audiences across the world and the Final was the most watched event since 2018 with a live audience of 272 million fans. Heineken® achieved the highest engagement across social channels, with the Heineken® "Star of the Match" activation accounting for more than 25% of all impressions and engagements across UEFA posts during the tournament. Heineken® achieved great recognition with several awards for its recent creative work in the Cannes advertising festival

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in June, including a Grand Prix Outdoor for its "Shutter Ads" campaign and a special Silver Lion Entertainment for Sport for our "Don't Drink & Start a League" post on social media.

Heineken® volume *(in mhl)*	**2Q21**	Organic growth	**HY21**	Organic growth
Total	**12.2**	26.8%	**22.8**	19.6%
Africa Middle East & Eastern Europe	**1.4**	37.2%	**3.1**	29.1%
Americas	**4.4**	30.5%	**8.8**	23.6%
Asia Pacific	**1.6**	35.1%	**3.4**	27.9%
Europe	**4.8**	18.2%	**7.5**	8.6%

The **international brands portfolio** grew in the mid-teens, supported by launches in new markets and consumer-focused innovations, with Amstel, Desperados and Birra Moretti ahead of 2019 volume. **Amstel** grew in the high-twenties driven by strong growth in Brazil, Mexico, South Africa, Nigeria and had an encouraging start in China following its introduction in December 2020. In partnership with tennis legend Rafa Nadal, the "Choose Your Way to Live" campaign was launched to support Amstel 0.0 and Amstel Ultra®, reinforcing the importance of moderation as part of an active and balanced lifestyle. **Desperados** increased in the high-twenties, recruiting a more unisex and young adult consumer base in established European markets, Ivory Coast and Nigeria with its expanding portfolio of flavoured and 0.0 line extensions. **Birra Moretti**, with high-twenties growth, benefited from strong demand in the UK and Romania, a successful launch in the Netherlands and a new premium line extension in Italy - Birra Moretti Filtrata a Freddo. **Sol** grew in the low-teens driven by Chile, Mexico and South Africa. In contrast, **Tiger** was negatively impacted by restrictions in Vietnam and Cambodia, only partially offset by growth in Nigeria, Malaysia and South Korea. Tiger Crystal continued its strong performance across Asia Pacific and was launched in Brazil in July.

Cider volume grew mid-single digits to 2.2 million hectolitres. Strong growth in South Africa, Russia and Mexico, plus the addition of Strongbow in Australia, more than offset the high-single digit decline in the UK. The UK launched Inch's Cider, a brand with sustainability at its heart and aimed at young adults.

Low & No-Alcohol (LONO) volume increased in the low-twenties to 7.5 million hectolitres, with double digit growth across all regions other than Europe, which grew close to 10%. The **non-alcoholic beer and cider portfolio** grew in the high-teens as growth continues in Europe, and volume more than doubled in the Americas. The growth was led by Heineken® 0.0 and was complemented by a range of new zero line extensions, including Desperados Virgin Mojito and Lagunitas Non-Alcohol IPA.

Following our entry into the **Hard Seltzer** category last year, we launched Pura Piraña in Portugal, Ireland, the UK, Spain, Austria, the Netherlands and France. We expanded the portfolio in Mexico with Amstel Ultra Seltzer. In the US, we entered this competitive category by leveraging our portfolio, with Dos Equis Ranch Water, and with the AriZona SunRise brand through a long-term partnership.

CONTINUOUS PRODUCTIVITY IMPROVEMENTS

An essential part of our growth algorithm is to build our capability to deliver continuous productivity improvements and cultivate a cost-conscious culture. This will fuel the investments required to support our growth strategy and improve operating margins.

At the end of 2020 we launched an initial productivity programme, targeting €2 billion structural gross savings by 2023 relative to our cost base of 2019. We expect to have accumulated more

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than €1 billion of them by the end of 2021. Our operations have identified many initiatives across the entire value chain and their implementation is well on track:

- We are right-sizing our cost base and streamlining our organisation. To date more than half of the benefit from the expected 8,000 FTE reduction has been realised, with the bulk of the remainder to be captured by the end of the first quarter of 2022. Close to one-third of the reduction is happening in Europe.
- We are reducing complexity and optimising conversion and logistics costs across our supply chain. For example, in the Netherlands we are reducing the number of SKUs by around 30%. Across many operations, we are harmonising bottles across products and light-weighting our packaging where possible. In the UK, we have lowered our logistic costs by introducing a modern and flexible primary distribution network of suppliers and improved our demand planning systems.
- We are improving the effectiveness of our commercial spend, reducing non-consumer facing expenses. In the USA, we have achieved the largest savings while maintaining the effectiveness of our overall brand investment.

As we build our cost-conscious culture we set up tracking tools and implemented structured methods to better learn across operating companies and identify scaleable initiatives.

ACCELERATED INVESTMENTS TO ENABLE GROWTH

Our productivity programme enables us to accelerate investments, particularly in marketing and sales, our digital & technology transformation and our sustainability and responsibility ambitions.

We aim to restore our marketing and sales spend as a percentage of net revenue (beia) to the levels before the pandemic by 2023. In the first half of this year, this investment was lower at 9.3% of net revenue (beia) (2020: 11.1%; 2019: 11.7%), driven by phasing of expenses, cost mitigation actions in markets under lockdown and early capture of commercial efficiencies from our productivity programme. In the second half of the year we expect an acceleration of our investment behind our growth initiatives.

We have stepped up investments behind our digital transformation to build a future-proof HEINEKEN. In particular we are making big strides to become **the best-connected brewer** by strengthening our route-to-consumer:

- Our **business-to-business (B2B) digital platforms** continued their strong momentum and captured more than €1 billion in digital sales value in the first half of this year, more than double versus last year, and now connect more than 200 thousand customers in traditional channels. We continued to expand our footprint of B2B platforms, now spanning 30 operating companies.
- We have **empowered our sales force digitally**, and today 99% of our sales people work with our digital tools focused on excellent visit and outlet execution.
- Our **direct-to-consumer platforms (D2C)** continue to grow strongly. Beerwulf, in Europe, grew its net revenue by close to 60%, with particularly strong growth in home draught with The Sub and Blade. In Mexico, our D2C activities grew around 90% in volume.
- We continue to make progress towards the **standardisation of our ERP landscape** as planned.

OPERATING PROFIT

Operating profit increased to €1,717 million. **Operating profit (beia)** increased 109.3% organically, with strong contribution from key markets, in particular Mexico, South Africa, Brazil, Spain and France. Revenue growth, further boosted by structural gross cost savings, continued cost mitigation actions and phasing of marketing and sales expenses into the second half of the year were more than offsetting transactional currency costs and the reinstatement of variable pay. Relative to the first half of 2019 operating profit (beia) was 9% below in total.

The impact of exceptional items and amortisation of acquisition-related intangibles (eia) on operating profit was a benefit of €89 million (2020: €742 million expense), including a benefit of €174 million from tax credits in Brazil (for more details please refer to page 33).

NET PROFIT

Net profit (beia) increased 320.3% organically to €896 million (2020: €227 million). The relative increase was higher than the increase in operating profit (beia) due to low level of net profit last year, lower interest and net finance expenses in combination with a lower effective tax rate.

The impact of exceptional items and amortisation of acquisition-related intangibles (eia) on net profit was a benefit of €138 million (2020: €524 million expense), including a benefit of €243 million from tax credits in Brazil (for more details please refer to page 33).

Net profit was €1,034 million (2020: €297 million loss).

INTERIM DIVIDEND

HEINEKEN's dividends are paid in the form of an interim dividend and a final dividend. The interim dividend is fixed at 40% of the total dividend of the previous year. In 2020, HEINEKEN by exception deviated from this policy, as no interim dividend was paid in August 2020.

For 2021, HEINEKEN will apply its regular policy and pay an interim dividend of €0.28 per share (2020: nil) on 11 August 2021. The shares will trade ex-dividend on 4 August 2021.

SUSTAINABILITY AND RESPONSIBILITY

On 22 April 2021, we announced our refreshed Brew a Better World 2030 commitments, raising the bar on our environmental, social and responsibility actions in support of the UN Sustainable Development Goals. We are now mobilising the organisation in an even more collaborative and ambitious way to ensure we deliver on our 2030 vision.

On decarbonisation, several of our operating companies have committed to carbon neutrality in their production facilities ahead of our global target, including Brazil by 2023 and Indonesia by 2025.

To show our commitment to an inclusive, fair and equitable world, we leveraged the strength of Amstel by committing 10% of the brand's media budget in Brazil to raise awareness and support the LGBTQIA+ community, including most recently launching the "I am what I am" campaign.

On the path to moderation and no harmful use, Heineken® 0.0 is now available in 95 markets and, by 2023, we will ensure a zero-alcohol option for at least two strategic brands in the majority of our operating companies accounting for 90% of our business.

For more details, please refer to our Company website and the recording of our What's Brewing Seminar hosted on 11 May 2021.

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UNITED BREWERIES LIMITED IN INDIA

On 23 June 2021, HEINEKEN acquired additional ordinary shares in United Breweries Limited (UBL), taking its shareholding in UBL from 46.5% to 61.5%. On 29 July 2021, HEINEKEN obtained control and consolidates UBL as of that date. UBL will be a top HEINEKEN operating company and Kingfisher a top 5 global brand with an exciting long-term growth opportunity.
The consolidation of UBL will have a small accretive effect on EPS (beia) and a dilutive effect on operating profit margin (beia).

OUTLOOK STATEMENTS

The COVID-19 pandemic continues to present challenges for the world with the biggest impact for our business currently in Asia. We expect the rest of the year will continue to be volatile, with some markets gradually recovering while others continue to implement restrictions until vaccinations are more broadly rolled out.

Furthermore, we expect headwinds in input costs in the second half of 2021 and a material impact from commodity costs in 2022. We will be assertive on pricing and drive revenue and cost management to face this challenge; however we expect margin pressure to intensify in the second half. In addition, we will increase our marketing and sales expenses investment behind growth initiatives versus last year, fully in line with our original full year brand plans.

As a consequence, we expect operating profit margin (beia) to be lower in the second half compared with the second half of last year, and as indicated before, full year financial results are expected to remain below 2019.

We also anticipate:

- An average effective interest rate (beia) of around 2.7% (2020: 3.0%)
- Capital expenditure related to property, plant and equipment and intangible assets of around €1.8 billion (2020: €1.6 billion)
- The effective tax rate (beia) to stay above 2019 level due to the effect of fixed cost components in the tax line.

TRANSLATIONAL CURRENCY CALCULATED IMPACT

Based on the impact to date, and applying spot rates of 28 July 2021 to the 2020 financial results as a baseline for the remainder of the year, the calculated negative currency translational impact would be approximately €450 million in net revenue (beia), €90 million at consolidated operating profit (beia), and €40 million at net profit (beia).

REMUNERATION UPDATE FROM THE SUPERVISORY BOARD

Given the uncertain, volatile, and unprecedented economic times, at the beginning of this year the Supervisory Board only set preliminary performance conditions for the 2021-2023 Long Term Incentive (LTI) awards. These preliminary performance conditions have now been made final, without changes.

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INVESTOR CALENDAR HEINEKEN N.V.

Trading Update for Q3 2021	27 October 2021
Full Year 2021 Results	16 February 2022

CONFERENCE CALL DETAILS

HEINEKEN will host an analyst and investor conference call in relation to its 2021 HY results today at 14:00 CET/ 13:00 GMT. The call will be audio cast live via the company's website: www.theheinekencompany.com. An audio replay service will also be made available after the conference call at the above web address. Analysts and investors can dial-in using the following telephone numbers:

United Kingdom (Local): 020 3936 2999
Netherlands (Local): 085 888 7233
USA: 1 646 664 1960
All other locations: +44 203 936 2999
Participation password for all countries: 241538

Editorial information:

HEINEKEN is the world's most international brewer. It is the leading developer and marketer of premium beer and cider brands. Led by the Heineken® brand, the Group has a portfolio of more than 300 international, regional, local and specialty beers and ciders. We are committed to innovation, long-term brand investment, disciplined sales execution and focused cost management. Through "Brewing a Better World", sustainability is embedded in the business. HEINEKEN has a well-balanced geographic footprint with leadership positions in both developed and developing markets.

We employ over 80,000 employees and operate breweries, malteries, cider plants and other production facilities in more than 70 countries. Heineken N.V. and Heineken Holding N.V. shares trade on the Euronext in Amsterdam. Prices for the ordinary shares may be accessed on Bloomberg under the symbols HEIA NA and HEIO NA and on Reuters under HEIN.AS and HEIO.AS. HEINEKEN has two sponsored level 1 American Depositary Receipt (ADR) programmes: Heineken N.V.

(OTCQX: HEINY) and Heineken Holding N.V. (OTCQX: HKHHY). Most recent information is available on HEINEKEN's website: www.theHEINEKENcompany.com and follow us on Twitter via @HEINEKENCorp.

Market Abuse Regulation

This press release contains price-sensitive information within the meaning of Article 7(1) of the EU Market Abuse Regulation.

Disclaimer:

This press release contains forward-looking statements with regard to the financial position and results of HEINEKEN's activities. These forward-looking statements are subject to risks and uncertainties that could cause actual results to differ materially from those expressed in the forward-looking statements. Many of these risks and uncertainties relate to factors that are beyond HEINEKEN's ability to control or estimate precisely, such as future market and economic conditions, developments in the ongoing COVID-19 pandemic and related government measures, the behaviour of other market participants, changes in consumer preferences, the ability to successfully integrate acquired businesses and achieve anticipated synergies, costs of raw materials, interest-rate and exchange-rate fluctuations, changes in tax rates, changes in law, change in pension costs, the actions of government regulators and weather conditions. These and other risk factors are detailed in HEINEKEN's publicly filed annual reports. You are cautioned not to place undue reliance on these forward-looking statements, which speak only of the date of this press release. HEINEKEN does not undertake any obligation to update these forward-looking statements contained in this press release. Market share estimates contained in this press release are based on outside sources, such as specialised research institutes, in combination with management estimates.

REGIONAL OVERVIEW

Net revenue (beia) *(in € million)*	**HY21**	HY20	Organic growth
Heineken N.V.	**9,971**	9,243	14.1%
Africa Middle East & Eastern Europe	**1,472**	1,294	30.4%
Americas	**3,344**	2,892	25.7%
Asia Pacific	**1,310**	1,322	5.4%
Europe	**4,216**	4,075	3.0%
Head Office & Eliminations	**-371**	-340	

Operating profit (beia) *(in € million)*	**HY21**	HY20	Organic growth
Heineken N.V.	**1,628**	827	109.3%
Africa Middle East & Eastern Europe	**209**	83	190.2%
Americas	**639**	365	85.7%
Asia Pacific	**452**	418	15.9%
Europe	**380**	82	359.1%
Head Office & Eliminations	**-51**	-121	

Developing markets HY21 *(in mhl or € million unless otherwise stated)*	Group beer volume	Group net revenue (beia)	Group operating profit (beia)[1]
Developing markets in:	**84.2**	5,527	1,052
Africa Middle East & Eastern Europe	19.9		
Americas	36.9		
Asia Pacific	25.8		
Europe	1.6		
% of Group	64%	49%	58%

[1] Excludes Head Office & Eliminations

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Africa Middle East & Eastern Europe

Key financials *(in mhl or € million unless otherwise stated)*	**HY21**	HY20	Total growth	Organic growth
Net revenue (beia)	**1,472**	1,294	13.8%	30.4%
Operating profit (beia)	**209**	83	151.1%	190.2%
Operating profit (beia) margin	**14.2%**	6.4%	777 bps	
Total consolidated volume	**24.5**	20.7	18.3%	19.4%
Beer volume	**19.1**	18.1	5.5%	16.8%
Non-Beer volume	**5.3**	2.5	109.1%	37.0%
Third party products volume	—	—	—	—
Licensed beer volume	*1.1*	*1*		
Group beer volume	*20.4*	*19.3*		

Consolidated beer volume grew 16.8% organically with double digit growth across most markets. Total volume was slightly ahead of 2019. The premium portfolio outperformed and grew in the mid-thirties, with a particularly strong performance in South Africa, Nigeria, Russia, Ethiopia, Rwanda and Ivory Coast. The low- and non-alcoholic portfolio increased in the high-teens, driven by Nigeria.

Net revenue (beia) grew 30.4% organically, with total consolidated volume up 19.4% and net revenue (beia) per hectolitre up 9.2%. Price mix was up 9.5% on a constant geographic basis, mainly driven by assertive pricing in Nigeria, Russia and Ethiopia, although still below local inflation. Currency translation negatively impacted net revenue by €196 million, mainly from the Nigerian Naira and the Ethiopian Birr.

Operating profit (beia) increased organically by 190.2% with strong growth in the majority of our operations, particularly South Africa and Nigeria. Currency translation negatively impacted operating profit (beia) by €30 million, mainly from the Nigerian Naira and the Ethiopian Birr.

In **Nigeria**, total volume grew in the mid-twenties ahead of the market, despite continued supply constraints. Beer volume increased in the high-teens versus last year and in the low-teens versus 2019. The premium portfolio grew by close to sixty percent, driven by the strong performance of Heineken®, Tiger and newly launched Desperados. The low- and non-alcoholic portfolio grew in the high-twenties, driven by Maltina and its expanded range of flavours.

In **Russia**, beer volume grew by a mid-single digit, driven by the double digit growth of the premium portfolio, led by Heineken®, Miller and Dr. Diesel. We enhanced the repertoire of flavours of Dr Diesel with the introduction of Strawberry-Lime mix, with reduced calories and no sugar. Our cider portfolio grew double digits.

In **South Africa**, total volume grew in the fifties ahead of the market, driven by Heineken® and Amstel. Cider volume more than doubled. The market has been impacted by alcohol sales bans in January, Easter and most recently during July.

In **Ethiopia**, beer volume increased in the high-teens, led by Harar as its strong heritage credentials resonate well with consumers. The premium portfolio continued to deliver double digit growth driven by Bedele Special and Heineken®. The country faces ongoing tensions and conflict in the North and Western regions.

In **Egypt**, total volume grew in the low-teens, driven by the recovery of the domestic market despite a slower recovery of the tourism segment. The premium portfolio grew in the thirties, driven by the continued success of Birell.

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Other markets notably contributing to the volume growth and recovery ahead of 2019 volume include the DRC, Ivory Coast, Burundi, Rwanda and Lebanon.

Americas

Key financials *(in mhl or € million unless otherwise stated)*	HY21	HY20	Total growth	Organic growth
Net revenue (beia)	**3,344**	2,892	15.6%	25.7%
Operating profit (beia)	**639**	365	74.8%	85.7%
Operating profit (beia) margin	**19.1%**	12.6%	647 bps	
Total consolidated volume	**42.6**	37.9	12.3%	12.3%
Beer volume	**40.3**	34.6	16.3%	16.7%
Non-Beer volume	**2.2**	3.2	-30.4%	-34.0%
Third party products volume	**0.0**	0.1	-30.6%	-30.6%
Licensed beer volume	*1.4*	*0.8*		
Group beer volume	*45.8*	*38.4*		

Consolidated beer volume grew 16.7% organically versus last year and nearly reached 2019 volume, driven by the strong recovery in Mexico. The premium portfolio grew in the mid-twenties, led by Heineken®. The low- and non-alcoholic portfolio grew by nearly fifty percent, with strong performance from Heineken® 0.0. **Non-beer volume** declined 34.0% following the de-listing of low margin soft drink pack types in Brazil.

Net revenue (beia) increased 25.7% organically, with total consolidated volumes up 12.3% and net revenue (beia) per hectolitre up 12.0%. Price mix was up 9.4% on a constant geographic basis, mainly driven by growth in the high-twenties in Brazil from both mix and pricing to offset the high pressure from rising costs, while in Mexico growth was of a low-single-digit as we reinstated our promotional activity which was suspended last year during the second quarter. Currency translation negatively impacted net revenue by €291 million, driven by the Brazilian Real and the US Dollar.

Operating profit (beia) grew 85.7% organically, mainly driven by Mexico and Brazil. Currency translation negatively impacted operating profit (beia) by €40 million, mainly driven by the Brazilian Real.

In **Mexico**, beer volume recovered strongly with growth in the mid-thirties, growing relative to 2019. The premium portfolio delivered growth in the fifties, driven by Amstel Ultra and Heineken®. Heineken® 0.0 momentum continues as the #1 non-alcoholic brand, more than doubling its volume. The cider portfolio grew in the fifties, driven by Strongbow. In June we introduced Dos Equis Ultra Lager, the first Mexican Ultra which will further accelerate premiumisation. Most recently, we expanded the distribution of Amstel Ultra Hard Seltzer into OXXO and Walmart. SIX accelerated its growth by expanding into new stores and growing strongly same-store sales, including the development of non-beer categories. We have accelerated the deployment of our Heishop B2B platform, and in June we captured 58% of the net revenue from traditional channels. Our business to consumer platforms grew volumes by 90%.

In **Brazil**, beer volume declined marginally as we continue to rebalance the portfolio and face capacity constraints. Our premium portfolio grew in the mid-twenties, gaining share in the segment, led by Heineken® which became the #1 brand in value in the off-trade. Our mainstream portfolio grew in the high-twenties, gaining share in the segment, led by Amstel and Devassa. Amstel became the #1 brand in the pure malt mainstream segment in the off-trade. Barely a year after its initial introduction, Heineken® 0.0 is performing remarkably strong, and Brazil is already the #1 market for the line extension globally. The economy portfolio declined in the mid-twenties as we continue to rebalance our portfolio. We have successfully started the transition of our route to market in close cooperation with the Coca-Cola System on 1 July, including the launch of Tiger, bringing its pure malt intense flavour and freshness to Brazilian consumers.

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In the **USA**, HEINEKEN USA beer volume increased by a high-single digit ahead of the market, driven by the growth of Dos Equis and Heineken®. Heineken® grew by a mid-single digit, with momentum continuing in both Heineken® Original and Heineken® 0.0. Dos Equis delivered growth in the twenties, driven by the reopening of the on-trade and the successful innovations Lime & Salt and Ranch Water.

We observed strong growth across the majority of our markets in the Region, especially in Panama, Peru and Ecuador.

Asia Pacific

Key financials *(in mhl or € million unless otherwise stated)*	**HY21**	HY20	Total growth	Organic growth
Net revenue (beia)	**1,310**	1,322	-0.9%	5.4%
Operating profit (beia)	**452**	418	8.1%	15.9%
Operating profit (beia) margin	**34.5%**	31.6%	289 bps	
Total consolidated volume	**14.1**	14.2	-0.9%	-0.4%
Beer volume	**13.6**	13.9	-2.1%	-1.0%
Non-Beer volume	**0.4**	0.3	41.6%	16.3%
Third party products volume	—	—	—	—
Licensed beer volume	*1.6*	*1.2*		
Group beer volume	*27.6*	*25.6*		

Consolidated beer volume declined 1.0% organically, with beer volume down 5.6% versus 2019. Lockdown measures were introduced to face the most challenging wave of COVID-19 infections since the beginning of the pandemic. The volume performance this year was driven by a decline in Cambodia and the restructuring of our business in the Philippines, partially offset by growth in Vietnam, Indonesia, Malaysia, Singapore, Laos and South Korea. The premium portfolio grew by a low-single digit, driven by strong growth in Indonesia, Singapore, Laos and South Korea, partly offset by a decline in Cambodia. The cider and low- and non-alcoholic portfolios grew double digits.

Net revenue (beia) increased 5.4% organically, as total volume was down 0.4% whilst net revenue (beia) per hectolitre increased by 5.8%. Price mix was up 3.0% on a constant geographic basis. Currency translation negatively impacted net revenue by €84 million, mainly from Vietnam.

Operating profit (beia) increased 15.9% organically, driven by Indonesia, Malaysia and the restructuring of our business in the Philippines, partly offset by a decline in Cambodia. Negative currency movements impacted operating profit by €32 million, mainly from Vietnam.

In **Vietnam,** beer volume was up low-single digit versus last year, ahead of 2019. The strong start of the year was mostly offset in the last two months by the restrictions to contain the severe wave of COVID-19. Heineken® Silver more than doubled its volume, while Heineken® Original and Heineken® 0.0 continued to grow. The mainstream portfolio grew in the low-teens, led by Larue and Bia Viet, as we continue our expansion strategy outside the main cities. Several regions of the country remain under strict lockdown to date, especially in our strongholds like Ho Chi Minh City.

In **Indonesia,** total volume grew more than forty percent, partially recovering from the severe impact of the collapse of tourism and on-trade restrictions, although still significantly behind 2019. The premium portfolio more than doubled. We continue our focus to better serve consumers in the domestic market and launched Bintang Crystal, a smooth cold brewed beer with low bitterness, the first of its kind in Indonesia. Restrictions remain in place nationwide, including the key Bali and Java regions.

In **Cambodia**, beer volume was down more than thirty percent due to an alcohol ban and lockdown restrictions and continued adverse economic conditions. A national lockdown was introduced in March, including an alcohol ban during Khmer New-Year, followed by regional restrictions that are still on-going.

In **Malaysia**, beer volume increased by a high-single digit, led by Tiger. The premium portfolio grew in the mid-teens. Since 1 June, the government issued a new Movement Control Order which required suspending our brewery operations. Drinkies, our business to consumer platform, is the leading alcohol online portal in Malaysia and continues to show encouraging growth.

In **China**, Heineken® grew by strong double digits, driven by the excellent performance of Heineken® Silver and the continued growth of Heineken® Original. The initial volume and coverage reached by Amstel in the first few months of introduction are encouraging.

In **India**, on 23 June 2021, HEINEKEN acquired additional ordinary shares in United Breweries Limited (UBL), taking its shareholding in UBL from 46.5% to 61.5%. On 29 July 2021, the Annual General Meeting of Shareholders of UBL voted to amend the Articles of Association and delete various provisions relating to the rights and privileges of the promoter shareholders in line with principles of good corporate governance. Following these events, HEINEKEN has obtained control and consolidates UBL as of that date. HEINEKEN has initiated procedures to integrate UBL into its network of operating companies. For more details please refer to page 34.

Europe

Key financials *(in mhl or € million unless otherwise stated)*	**HY21**	HY20	Total growth	Organic growth
Net revenue (beia)	**4,216**	4,075	3.5%	3.0%
Operating profit (beia)	**380**	82	364.7%	359.1%
Operating profit (beia) margin	**9.0%**	2.0%	700 bps	
Total consolidated volume	**42.9**	42.4	1.4%	1.8%
Beer volume	**36.9**	35.9	2.6%	3.2%
Non-Beer volume	**4.1**	4.3	-3.0%	-3.5%
Third party products volume	**1.9**	2.2	-11.0%	-11.0%
Licensed beer volume	*0.3*	*0.3*		
Group beer volume	*38.3*	*37.2*		

Consolidated beer volume increased organically by 3.2% versus last year, with a first quarter decline of 9.7% reverting to a 13.0% increase in the second quarter. The premium portfolio grew in the low-teens versus last year, with growth across all major markets. The low- and non-alcoholic portfolio grew around 10%, led by Heineken® 0.0 and Desperados Virgin 0.0. For reference, compared to 2019 beer volume was down 5.1%.

On-trade volume was down by a low-single digit for the first half-year, despite the easing of restrictions during the second quarter. Compared to 2019, on-trade volume was down circa 50%, with the second quarter in the low-thirties.

Net revenue (beia) increased by 3.0% organically, with net revenue (beia) per hectolitre up 0.8%. Price mix was also up 0.8% on a constant geographic basis with a relatively stable channel mix.

Operating profit (beia) increased by 359.1% organically from a low base last year, driven by revenue growth, continued cost mitigation actions, lower credit losses, gross savings from our productivity programme, and the phasing of expenses.

In the **UK,** total volume declined by a low-single digit, with a similar decline in both the on- and off-trade. In the second quarter total volume grew in the twenties, led by the reopening of the on-trade and our pub estate reopening faster than the market, reaching 95% by end of June. The premium portfolio grew by a mid-single digit due to very strong growth of Birra Moretti. The low- and non-alcoholic portfolio grew by more than 30%, driven by Heineken® 0.0. We successfully launched the Inch's cider brand. The market is experiencing disruptions from a significant shortage of primary transport drivers.

In **France,** beer volume grew by a mid-single digit. Off-trade volume grew ahead of the market in the low-teens. On-trade volume declined in the high-teens. The premium portfolio grew in the high-teens, led by Desperados. The low- and non-alcoholic portfolio grew in the mid-twenties, led by Desperados Virgin 0.0 and the successful introduction of Virgin Mojito 0.0.

In **Spain,** beer volume increased by a high-single digit, with the on-trade growing in the low-twenties, partially offset by a low-single-digit decline in the off-trade, outperforming the market in the channel. The premium portfolio grew in the low-teens, led by El Águila and Heineken®. The low- and no-portfolio grew by a low-single digit, driven by Amstel Oro 0.0 and Heineken® 0.0.

In **Italy,** beer volume grew in the mid-teens, with double digit growth in the both channels, and ahead of the market in the off-trade. The premium portfolio performed particularly well, driven by Ichnusa, Messina and newly launched Birra Moretti Filtrata a Freddo. Low- and no-volumes grew in the mid-teens, led by Heineken® 0.0 and Birra Moretti 0.0.

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In **Poland,** beer volume contracted by a low-single digit, driven by declines in the economy segment. The premium portfolio grew by a mid-single digit, driven by the strong growth of Desperados and Heineken®. The low- and non-alcoholic portfolio grew in the low-twenties, driven by the introduction of Desperados Virgin 0.0.

In the **Netherlands**, beer volume declined by a mid-single digit, driven by a decline in the forties in the on-trade channel. The off-trade grew in the mid-teens. Our premium portfolio grew double digit, driven by the successful launch of Birra Moretti and the continued momentum of Affligem.

INTERIM FINANCIAL REVIEW

Key figures *(in mhl or € million unless otherwise stated)*	**HY20**	Currency translation	Consolidation impact	Organic growth	**HY21**	Organic growth
Revenue	**11,156**				**11,970**	
Eia	—				—	
Revenue (beia)	**11,156**	-631	-13	1,457	**11,970**	13.1%
Excise tax expense (beia)	**-1,913**	64	8	-158	**-2,000**	-8.3%
Net revenue (beia)	**9,243**	-567	-5	1,300	**9,971**	14.1%
Total net other expenses (beia)	**-8,416**	466	3	-396	**-8,343**	-4.7%
Operating profit (beia)	**827**	-101	-1	904	**1,628**	109.3%
Net interest income/(expenses) (beia)	**-232**	8	0	23	**-201**	9.9%
Other net finance income/(expenses) (beia)	**-65**	11	-3	5	**-53**	7.0%
Share of net profit of assoc./ JVs (beia)	**21**	-5	-1	81	**96**	379.6%
Income tax expense (beia)	**-229**	24	0	-220	**-424**	-96.5%
Non-controlling interests (beia)	**-95**	13	-1	-66	**-149**	-68.9%
Net profit (beia)	**227**	-50	-6	726	**896**	320.3%
Eia	-524				138	
Net profit	**-297**				**1,034**	

Note: due to rounding, this table will not always cast

Main changes in consolidation

As part of the organisational redesign of EverGreen, HEINEKEN merged its export business units of AMEE and Europe into a single unit, which is now reported under Europe as of 1 April 2021.

Revenue

Revenue was €11,970 million, an increase of 7.3% (2020: €11,156 million). Revenue (beia) increased organically 13.1% to €11,970 million (2020: €11,156 million).

Net revenue

Net revenue increased 8.3% to €10,010 million. Net revenue (beia) increased 14.1% organically to €9,971 million, with total consolidated volume up 8.2% and an increase in net revenue (beia) per hectolitre of 5.5%. Currency developments had a negative impact of €567 million, mainly driven by unfavourable development versus the Euro of the Brazilian Real and the Nigerian Naira. The negative impact of consolidation changes was €5 million.

Total net other expenses

Total net other expenses (beia) were €8,343 million, up 4.7% on an organic basis driven by the increase in volume and higher input costs per hectolitre, partially offset by cost savings from our productivity programme and cost mitigation actions in some markets.

Input costs increased by a mid-single-digit on a per hectolitre basis, mainly driven by transactional currency effects, particularly from the Brazilian Real, partially mitigated by mix effects and structural cost savings. Prices of commodities had a small negative effect as we benefited from our hedged positions from last year.

Marketing and selling expenses (beia) represented 9.3% of net revenue (beia) (2020: 11.1%; 2019: 11.7%), driven by cost mitigation actions in markets under lockdown, lower credit losses, early capture of commercial efficiencies from our productivity programme and phasing of expenses into the second half of the year.

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Personnel expenses (beia) increased organically by 1% to €1,640 million (2020: €1,690 million), driven by the re-instatement of variable pay, partially offset by a lower number of employees.

Government support received under different support programmes amounted to €56 million (2020: €35 million), mainly in personnel expenses in Europe.

Depreciation & amortisation expenses (beia) decreased organically by almost 1% to €742 million (2020: €784 million), driven by the impairments last year in combination with lower investments in assets due to the partial suspension of non-committed CAPEX in 2020.

Operating profit

Operating profit increased 1920.0% to €1,717 million, driven by the performance this year and the impact from exceptional items in 2020, mainly impairments. Operating profit (beia) was €1,628 million, up 109.3% organically, driven by revenue growth, and further boosted by gross cost savings, cost mitigation actions and phasing of marketing and sales expenses into the second half of the year. Currency translation had a negative impact of €101 million, mainly from Brazil, Vietnam, Suriname, Nigeria and Ethiopia. Consolidation changes had a negative impact of €1 million.

Net finance expenses (beia)

Net interest expenses (beia) decreased organically by 9.9% to €201 million, reflecting a lower average effective interest rate and a lower average net debt position. The average effective interest rate (beia) in the first half of 2021 was 2.7% (2020: 2.9%).

Other net finance expenses (beia) amounted to €53 million, down 7.0% on an organic basis, driven by less negative impact of currency revaluation on outstanding foreign currency payables.

Share of net profit of associates and joint ventures (beia)

The share of net profit of associates and joint ventures (beia) amounted to €96 million, including the attributable profit from CR Beer with a two month lag (November 2020 to April 2021). The organic increase was €81 million, reflecting the recovery mainly coming from CCU S.A. and CR Beer.

Income tax expense (beia)

The effective tax rate (beia) was 30.9% (2020: 43.2%). The decrease is mainly driven by the increase on the profit before tax basis. As a result, the effect of permanent items is lower and we have fewer losses for which no deferred tax assets could be recognised.

Net profit and loss

Net profit for 2021 was €1,034 million (2020: €297 million net loss). Net profit (beia) was €896 million, up 320.3% organically. The impact of currency translation was negative by €50 million, and consolidation changes had a negative impact of €6 million.

Exceptional items & amortisation of acquisition-related intangibles (eia)

Exceptional items are defined as items of income and expense of such size, nature or incidence that, in the view of management, their disclosure is relevant to explain the performance of HEINEKEN for the period. Exceptional items include, amongst others, impairments (and reversal of impairments) of goodwill and fixed assets, gains and losses from acquisitions and disposals,

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redundancy costs following a restructuring, past service costs and curtailments, the tax impact on exceptional items and tax rate changes (the one-off impact on deferred tax positions).

The impact of eia on net profit amounted to a benefit of €138 million (2020: €524 million expense). On operating profit, the impact of eia amounted to a benefit of €89 million (2020: €742 million expense).

Amortisation of acquisition-related intangibles recorded in operating profit amounted to €126 million (2020: €144 million). Exceptional net benefits in operating profit amounted to €215 million (2020: €598 million exceptional net expenses), of which:

- €174 million exceptional benefit recorded in other income related to tax credits in Brazil (refer to page 33 for more details)
- Net restructuring expenses of €5 million (2020: €10 million)
- Net reversal of impairments of €2 million (2020: €548 million of impairments)
- €44 million of other exceptional net benefits (2020: €40 million other exceptional net expenses)

Please refer to page 32 for a description of the exceptional items and amortisation of acquisition-related intangibles below operating profit.

Capital expenditure and cash flow

Capital expenditure related to property, plant and equipment and intangible assets amounted to €909 million (2020: €1,126 million), a decline versus last year driven by lower payments for CAPEX realised in 2020. The investments of the year amounted to €665 million (2020: €546 million). Main investments this year include capacity extensions of our breweries in Ponta Grossa in Brazil and Vung Tau in Vietnam and the acquisition of Strongbow in Australia.

Free operating cash flow amounted to €650 million (2020: €809 million outflow) mainly due to increased cash flow from operating activities. Delayed payments of value-added taxes, granted by governments in some countries in 2020 paid, had a negative impact of €95 million in 2021 while it had a positive impact of €105 million in the first half of 2020.

Financial structure

Total gross debt amounted to €16,986 million (31 December 2020: €18,196 million). Net debt increased to €15,064 million (31 December 2020: €14,210 million) as the sum of the cash outflow for acquisitions, dividends and negative foreign currency impact on debt exceeded the positive free operating cash flow.

Including the effect of cross-currency swaps, 65% of net debt is Euro-denominated, and 19% is US dollar and US dollar proxy currencies. The pro-forma 12 month rolling net debt/EBITDA (beia) ratio was 3.0x on 30 June 2021 (31 December 2020: 3.4x). HEINEKEN is committed to return to the Company's long-term target net debt/EBITDA (beia) ratio of below 2.5x.

The centrally available financing headroom at Group level was approximately €3.4 billion as of 30 June 2021 (31 December 2020: €5.2 billion) and consisted of the undrawn committed revolving credit facility and cash minus short-term bank borrowings.

Average number of shares

HEINEKEN has 576,002,613 shares in issue as of 30 June 2021. In the calculation of basic EPS, the weighted average number of shares outstanding in the first half of 2021 was 575,740,075 (30 June 2020: 575,527,247).

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In the calculation of diluted EPS (beia), the weighted average diluted number of shares outstanding in the first half of 2021 was 575,800,763 (30 June 2020: 575,791,849). In the calculation of diluted EPS on IFRS measures in the first half of 2020, the shares to be delivered under the employee incentive programme (264,602 shares) were excluded from the weighted average number of diluted shares outstanding, as these had an anti-dilutive impact.

Risk paragraph

The Annual Report 2020 outlines HEINEKEN's main risks and mitigation activities at the time of closing the 2020 financial year. For a detailed description of HEINEKEN's risks and risk control systems, please refer to pages 29 to 34 of the Annual Report 2020.

An increased exposure on risks related to containment measures, supply chain continuity, cyber security incidents, regulatory changes, foreign exchange volatility, commodity prices and macro economic downturn in general can adversely impact HEINEKEN's results. There may also be risks the Company is not aware of or currently deems immaterial but which could, at a later stage, have a material impact on the Company's business. As new risks emerge and existing immaterial risks evolve, they will be assessed and managed in a timely manner.

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Interim Consolidated Metrics: Half Year 2021

In mhl or €million unless otherwise stated & consolidated figures unless otherwise stated	HY20	Currency translation	Consolidation impact	Organic growth	HY21	Organic growth
Africa, Middle East & Eastern Europe						
Net revenue (beia)	**1,294**	-196	-19	393	**1,472**	30.4%
Operating profit (beia)	**83**	-30	-2	158	**209**	190.2%
Operating profit (beia) margin	**6.4%**				**14.2%**	
Total consolidated volume	**21**		-0.2	4.0	**25**	19.4%
Beer volume	**18**		-2.0	3.1	**19**	16.8%
Non-beer volume	**3**		1.8	0.9	**5**	37.0%
Third party products volume	**—**		—	—	**—**	—
Licensed beer volume	***1***				***1***	
Group beer volume	***19***				***20***	
Americas						
Net revenue (beia)	**2,892**	-291	—	743	**3,344**	25.7%
Operating profit (beia)	**365**	-40	—	313	**639**	85.7%
Operating profit (beia) margin	**12.6%**				**19.1%**	
Total consolidated volume	**38**		—	4.7	**43**	12.3%
Beer volume	**35**		-0.1	5.8	**40**	16.7%
Non-beer volume	**3**		0.1	-1.1	**2**	-34.0%
Third party products volume	**—**		—	—	**—**	-30.6%
Licensed beer volume	***1***				***1***	
Group beer volume	***38***				***46***	
Asia Pacific						
Net revenue (beia)	**1,322**	-84	—	71	**1,310**	5.4%
Operating profit (beia)	**418**	-32	—	66	**452**	15.9%
Operating profit (beia) margin	**31.6%**				**34.5%**	
Total consolidated volume	**14**		-0.1	-0.1	**14**	-0.4%
Beer volume	**14**		-0.2	-0.1	**14**	-1.0%
Non-beer volume	**—**		0.1	0.1	**—**	16.3%
Third party products volume	**—**		—	—	**—**	—
Licensed beer volume	***1***				***2***	
Group beer volume	***26***				***28***	
Europe						
Net revenue (beia)	**4,075**	1	17	123	**4,216**	3.0%
Operating profit (beia)	**82**	4	1	293	**380**	359.1%
Operating profit (beia) margin	**2.0%**				**9.0%**	
Total consolidated volume	**42**		-0.2	0.8	**43**	1.8%
Beer volume	**36**		-0.2	1.2	**37**	3.2%
Non-beer volume	**4**		—	-0.1	**4**	-3.5%
Third party products volume	**2**		—	-0.2	**2**	-11.0%
Licensed beer volume	***—***				***—***	
Group beer volume	***37***				***38***	
Head Office & Eliminations						
Net revenue (beia)	**-340**	2	-3	-30	**-371**	n.a.
Operating profit (beia)	**-121**	-3	—	73	**-51**	n.a.
Heineken N.V.						
Net revenue (beia)	**9,243**	-567	-5	1,300	**9,971**	14.1%
Total expenses (beia)	**-8,416**	466	3	-396	**-8,343**	-4.7%
Operating profit (beia)	**827**	-101	-1	904	**1,628**	109.3%
Operating profit (beia) margin	**8.9%**				**16.3%**	
Share of net profit of associates /JVs (beia)	**21**	-5	-1	81	**96**	379.6%
Net Interest income / (expenses) (beia)	**-232**	8	0	23	**-201**	9.9%
Other net finance income / (expenses) (beia)	**-65**	11	-3	5	**-53**	7.0%
Income tax expense (beia)	**-229**	24	0	-220	**-424**	-96.5%
Non-controlling Interests	**-95**	13	-1	-66	**-149**	-68.9%
Net profit (beia)	**227**	-50	-6	726	**896**	320.3%
Total consolidated volume	**115**		-0.5	9.4	**124**	8.2%
Beer volume	**103**		-2.5	9.9	**110**	9.6%
Non-beer volume	**10**		2.0	-0.2	**12**	-2.4%
Third party products volume	**2**		—	-0.2	**2**	-9.5%
Licensed beer volume	***3***				***4***	
Group beer volume	***121***				***132***	

Note: due to rounding, this table will not always cast

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Second Quarter 2021 Metrics

In mhl unless otherwise stated & consolidated figures unless otherwise stated	**2Q20**	Consolidation impact	Organic growth	**2Q21**	Organic growth
Africa, Middle East & Eastern Europe					
Total consolidated volume	**10.0**	-0.2	2.7	**12.5**	27.1%
Beer volume	**8.7**	-1.1	2.1	**9.7**	24.4%
Non-beer volume	**1.3**	0.9	0.6	**2.8**	44.0%
Third party products volume	—	—	—	—	—
Licensed beer volume	***0.5***			***0.6***	
Group beer volume	***9.3***			***10.4***	
Americas					
Total consolidated volume	**16.8**	—	5.2	**22.0**	31.1%
Beer volume	**15.3**	-0.1	5.6	**20.9**	36.6%
Non-beer volume	**1.4**	0.1	-0.4	**1.1**	-28.9%
Third party products volume	—	—	—	—	—
Licensed beer volume	***0.3***			***0.6***	
Group beer volume	***16.8***			***23.2***	
Asia Pacific					
Total consolidated volume	**6.6**	-0.1	-0.5	**6.1**	-7.0%
Beer volume	**6.5**	-0.1	-0.5	**5.9**	-8.2%
Non-beer volume	**0.1**	—	—	**0.2**	34.8%
Third party products volume	—	—	—	—	—
Licensed beer volume	***0.6***			***0.8***	
Group beer volume	***11.7***			***13.5***	
Europe					
Total consolidated volume	**23.5**	—	3.5	**27.0**	15.0%
Beer volume	**20.5**	—	2.7	**23.1**	13.0%
Non-beer volume	**2.3**	—	0.3	**2.5**	11.4%
Third party products volume	**0.8**	—	0.6	**1.4**	78.0%
Licensed beer volume	***0.2***			***0.2***	
Group beer volume	***21.2***			***23.9***	
Heineken N.V.					
Total consolidated volume	**56.9**	-0.3	11.0	**67.6**	19.3%
Beer volume	**51.0**	-1.3	9.9	**59.6**	19.3%
Non-beer volume	**5.1**	1.0	0.5	**6.6**	9.3%
Third party products volume	**0.8**	—	0.6	**1.5**	80.3%
Licensed beer volume	***1.5***			***2.2***	
Group beer volume	***58.9***			***71.1***	

Note: due to rounding, this table will not always cast

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2021

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CONDENSED CONSOLIDATED INTERIM INCOME STATEMENT

For the six-month period ended 30 June *In millions of €*	Note	**2021**	2020
Revenue	7	**11,970**	11,156
Excise tax expense	7	(1,960)	(1,913)
Net revenue	7	**10,010**	9,243
Other income	8	**194**	5
Raw materials, consumables and services		(5,972)	(5,967)
Personnel expenses		(1,645)	(1,716)
Amortisation, depreciation and impairments	10	(870)	(1,480)
Total other expenses		**(8,487)**	(9,163)
Operating profit	7	**1,717**	85
Interest income		24	32
Interest expenses		(226)	(239)
Other net finance income/(expenses)		24	(58)
Net finance expenses		**(178)**	(265)
Share of profit/(loss) of associates and joint ventures	7	70	(41)
Profit/(loss) before income tax	7	**1,609**	(221)
Income tax expenses	14	(440)	(51)
Profit/(loss)		**1,169**	(272)
Attributable to:			
Shareholders of the Company (net profit/(loss))		1,034	(297)
Non-controlling interests		135	25
Profit/(loss)		**1,169**	(272)
Weighted average number of shares – basic	12	575,740,075	575,527,247
Weighted average number of shares – diluted	12	575,800,763	575,527,247
Basic earnings/(loss) per share (€)		1.80	(0.52)
Diluted earnings/(loss) per share (€)		1.80	(0.52)

CONDENSED CONSOLIDATED INTERIM STATEMENT OF COMPREHENSIVE INCOME

For the six-month period ended 30 June *In millions of €*	**2021**	2020
Profit/(loss)	**1,169**	(272)
Other comprehensive income/(loss), net of tax:		
Items that will not be reclassified to profit or loss:		
Remeasurement of post-retirement obligations	99	(51)
Net change in fair value through OCI investments - Equity investments	11	(88)
Items that may be subsequently reclassified to profit or loss:		
Currency translation differences	433	(1,642)
Change in fair value of net investment hedges	(27)	72
Change in fair value of cash flow hedges	42	42
Cash flow hedges reclassified to profit or loss	(7)	8
Net change in fair value through OCI investments - Debt investments	—	(1)
Cost of hedging	(3)	(3)
Share of other comprehensive income of associates/joint ventures	6	6
Other comprehensive income/(loss), net of tax	**554**	(1,657)
Total comprehensive income/(loss)	**1,723**	(1,929)
Attributable to:		
Shareholders of the Company	1,573	(1,919)
Non-controlling interests	150	(10)
Total comprehensive income/(loss)	**1,723**	(1,929)

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CONDENSED CONSOLIDATED INTERIM STATEMENT OF FINANCIAL POSITION

As at

In millions of €	Note	**30 June 2021**	31 December 2020
Intangible assets	10	16,112	15,767
Property, plant and equipment	10	11,668	11,551
Investments in associates and joint ventures	9	5,248	4,437
Loans and advances to customers		195	194
Deferred tax assets		740	779
Other non-current assets	8	1,112	884
Total non-current assets		**35,075**	33,612
Inventories		2,345	1,958
Trade and other receivables		3,911	2,807
Current tax assets		105	154
Derivative assets		74	77
Cash and cash equivalents		1,967	4,000
Assets classified as held for sale		17	24
Total current assets		**8,419**	9,020
Total assets		**43,494**	42,632

In millions of €	Note	**30 June 2021**	31 December 2020
Shareholders' equity	12	14,537	13,392
Non-controlling interests	12	970	1,000
Total equity		**15,507**	14,392
Borrowings	13	13,831	14,616
Post-retirement obligations		832	938
Provisions		676	688
Deferred tax liabilities		1,073	999
Other non-current liabilities		136	131
Total non-current liabilities		**16,548**	17,372
Borrowings	13	3,155	3,580
Trade and other payables		7,100	6,107
Returnable packaging deposits		524	454
Provisions		336	416
Current tax liabilities		262	259
Derivative liabilities		62	52
Total current liabilities		**11,439**	10,868
Total equity and liabilities		**43,494**	42,632

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CONDENSED CONSOLIDATED INTERIM STATEMENT OF CASH FLOWS

For the six-month period ended 30 June

In millions of €	Note	**2021**	2020
Operating activities			
Profit/(loss)		1,169	(272)
Adjustments for:			
Amortisation, depreciation and impairments	10	870	1,479
Net interest expenses		202	207
Other income	8	(20)	(5)
Share of (profit)/ loss of associates and joint ventures and dividend income on fair value through OCI investments		(75)	32
Income tax expenses		440	51
Other non-cash items		(9)	85
Cash flow from operations before changes in working capital and provisions		**2,577**	1,577
Change in inventories		(330)	(155)
Change in trade and other receivables		(1,167)	7
Change in trade and other payables and returnable packaging deposits		1,185	(548)
Total change in working capital		**(312)**	(696)
Change in provisions and post-retirement obligations		(148)	3
Cash flow from operations		**2,117**	884
Interest paid		(271)	(244)
Interest received		22	27
Dividends received		37	50
Income taxes paid		(324)	(382)
Cash flow related to interest, dividend and income tax		**(536)**	(549)
Cash flow from operating activities		**1,581**	335

In millions of €	**2021**	2020
Investing activities		
Proceeds from sale of property, plant and equipment and intangible assets	35	28
Purchase of property, plant and equipment	(728)	(1,064)
Purchase of intangible assets	(181)	(62)
Loans issued to customers and other investments	(70)	(68)
Repayment on loans to customers and other investments	13	22
Cash flow (used in)/from operational investing activities	**(931)**	(1,144)
Free operating cash flow	**650**	(809)
Acquisition of subsidiaries, net of cash acquired	(1)	—
Acquisition of/additions to associates, joint ventures and other investments	(662)	(10)
Disposal of subsidiaries, net of cash disposed of	(4)	—
Disposal of associates, joint ventures and other investments	8	65
Cash flow (used in)/from acquisitions and disposals	**(659)**	55
Cash flow (used in)/from investing activities	**(1,590)**	(1,089)
Financing activities		
Proceeds from borrowings	721	5872
Repayment of borrowings	(2,275)	(1,474)
Payment of lease commitments	(150)	(137)
Dividends paid	(579)	(709)
Purchase own shares and shares issued	26	(4)
Acquisition of non-controlling interests	(10)	(3)
Cash flow (used in)/from financing activities	**(2,267)**	3,545
Net cash flow	**(2,276)**	2,791
Cash and cash equivalents as at 1 January	3,519	687
Effect of movements in exchange rates	10	15
Cash and cash equivalents as at 30 June	**1,253**	3,493

CONDENSED CONSOLIDATED INTERIM STATEMENT OF CHANGES IN EQUITY

In millions of €	Share capital	Share premium	Translation reserve	Hedging reserve	Cost of hedging reserve	Fair value reserve	Other legal reserves	Reserve for own shares	Retained earnings	Shareholders of the Company	Non-controlling interests	Total equity
Balance as at 1 January 2020	922	2,701	(2,998)	(19)	4	313	1,115	(63)	14,172	16,147	1,164	17,311
Profit/(Loss)	—	—	—	—	—	—	26	—	(323)	(297)	25	(272)
Other comprehensive income/(loss)	—	—	(1,529)	50	(3)	(89)	—	—	(51)	(1,622)	(35)	(1,657)
Total comprehensive income/(loss)	—	—	(1,529)	50	(3)	(89)	26	—	(374)	(1,919)	(10)	(1,929)
Realised hedge results from non-financial assets	—	—	—	2	—	—	—	—	—	2	—	2
Transfer to retained earnings	—	—	—	—	—	(53)	(32)	—	85	—	—	—
Dividends to shareholders	—	—	—	—	—	—	—	—	(599)	(599)	(191)	(790)
Purchase/reissuance own/non-controlling shares	—	—	—	—	—	—	—	(5)	—	(5)	1	(4)
Own shares delivered	—	—	—	—	—	—	—	43	(43)	—	—	—
Share-based payments	—	—	—	—	—	—	—	—	(30)	(30)	—	(30)
Acquisition of non-controlling interests	—	—	—	—	—	—	—	—	(3)	(3)	3	—
Balance as at 30 June 2020	922	2,701	(4,527)	33	1	171	1,109	(25)	13,208	13,593	967	14,560

In millions of €	Share capital	Share premium	Translation reserve	Hedging reserve	Cost of hedging reserve	Fair value reserve	Other legal reserves	Reserve for own shares	Retained earnings	Shareholders of the Company	Non-controlling interests	Total equity
Balance as at 1 January 2021	**922**	**2,701**	**(4,940)**	**28**	**(2)**	**54**	**1,171**	**(25)**	**13,483**	**13,392**	**1,000**	**14,392**
Profit	—	—	—	—	—	—	69	—	965	1,034	135	1,169
Other comprehensive income/(loss)	—	—	397	35	(3)	11	—	—	99	539	15	554
Total comprehensive income/(loss)	**—**	**—**	**397**	**35**	**(3)**	**11**	**69**	**—**	**1,064**	**1,573**	**150**	**1,723**
Realised hedge results from non-financial assets	—	—	—	(36)	—	—	—	—	—	(36)	—	(36)
Transfer to retained earnings	—	—	2	—	—	(8)	(60)	—	66	—	—	—
Dividends to shareholders	—	—	—	—	—	—	—	—	(403)	(403)	(204)	(607)
Purchase/reissuance own/non-controlling shares	—	—	—	—	—	—	—	—	—	—	28	28
Own shares delivered	—	—	—	—	—	—	—	2	(2)	—	—	—
Share-based payments	—	—	—	—	—	—	—	—	18	18	—	18
Acquisition of non-controlling interests	—	—	—	—	—	—	—	—	(7)	(7)	(4)	(11)
Balance as at 30 June 2021	**922**	**2,701**	**(4,541)**	**27**	**(5)**	**57**	**1,180**	**(23)**	**14,219**	**14,537**	**970**	**15,507**

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

1. REPORTING ENTITY

Heineken N.V. (the 'Company') is a public company domiciled in the Netherlands. The condensed consolidated interim financial statements of the Company as at and for the six months ended 30 June 2021, includes the financial statements of the Company and its consolidated subsidiaries (together referred to as 'HEINEKEN') and HEINEKEN's interest in joint ventures and associates.

The consolidated financial statements of HEINEKEN as at and for the year ended 31 December 2020 are available at www.theheinekencompany.com

2. BASIS OF PREPARATION

The condensed consolidated interim financial statements are:

- Prepared in accordance with IAS 34 'Interim Financial Reporting' of the International Financial Reporting Standards (IFRS) as adopted by the European Union (EU). The condensed consolidated interim financial statements do not meet the full requirements for annual financial statements required by IFRS and should be read in conjunction with the consolidated financial statements of HEINEKEN as at and for the year ended 31 December 2020. HEINEKEN's consolidated financial statements for the year ended 31 December 2020 were adopted by the Annual General Meeting of shareholders on 22 April 2021 and an unqualified auditor's opinion was issued by Deloitte Accountants B.V. thereon.
- Prepared by the Executive Board of the Company and authorised for issue on 30 July 2021. The condensed consolidated interim financial statements have been reviewed by Deloitte Accountants B.V., refer to page 38.
- Prepared on a historical cost basis unless otherwise stated.
- Presented in Euro, which is the Company's functional currency.
- Rounded to the nearest million unless stated otherwise.

3. SIGNIFICANT CHANGES IN THE CURRENT REPORTING PERIOD

Trading conditions during the first six months of 2021 remained challenging as the company continued to operate in a COVID-19 impacted environment. Despite severe restrictions across many markets including the closure of the on-trade in certain countries, HEINEKEN saw a recovery during the first six months and reported a net profit of €1,169 million (2020: 272 million, net loss).

In some countries, HEINEKEN received government support, for example, compensation for personnel expenses or delay of payments of value-added taxes. For the period ending 30 June 2021, these measures resulted in a reduction of operating expenses of €56 million (2020: €35 million). The delay of payments of value-added taxes was not material for the period ended 30 June 2021 (2020: €105 million).

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4. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of the condensed consolidated interim financial statements in accordance with IFRS requires management to make estimates, judgements and assessments that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses.

The areas that involve significant estimates and judgements are described in the consolidated financial statements of HEINEKEN for the year ended 31 December 2020. There has been no material change to these areas during the six months ended 30 June 2021, except relating to the recognition of tax credits.

Area involving significant estimates and judgements	Note
Judgement and estimates used in the determination of the PIS/COFINS tax credits	8 Other Income

5. SIGNIFICANT ACCOUNTING POLICIES

(a) General

The accounting policies applied in these condensed consolidated interim financial statements are the same as those applied in HEINEKEN's consolidated financial statements for the year ended 31 December 2020.

(b) Income tax

Income tax expenses are recognised based on the expected full year effective tax rate per country.

(c) IFRS standards and interpretations effective on or after 1 January 2021

IFRS standards and interpretations effective for accounting periods beginning on or after January 1, 2021, do not have a material impact on the condensed consolidated interim financial statements of HEINEKEN for the period ended 30 June 2021.

6. SEASONALITY

As a result of the continued impact of COVID-19, HEINEKEN's usual seasonal patterns are distorted. The performance of HEINEKEN is usually subject to seasonal fluctuations for example as a result of weather conditions. HEINEKEN's full-year results and volumes are dependent on the performance in the peak-selling seasons (May to August and December). The impact from this seasonality is also noticeable in several working capital related items such as inventory, trade receivables and payables.

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7. OPERATING SEGMENTS

For the six-month period ended 30 June

In millions of €	Europe **2021**	Europe 2020	Americas **2021**	Americas 2020	Africa, Middle East & Eastern Europe **2021**	Africa, Middle East & Eastern Europe 2020	Asia Pacific **2021**	Asia Pacific 2020	Head Office & Other/eliminations **2021**	Head Office & Other/eliminations 2020	Consolidated **2021**	Consolidated 2020
Third party revenue	5,094	4,954	3,413	2,953	1,792	1,589	1,668	1,653	3	7	11,970	11,156
Interregional revenue	359	331	14	15	—	—	1	1	(374)	(347)	—	—
Revenue	**5,453**	5,285	**3,427**	2,968	**1,792**	1,589	**1,669**	1,654	**(371)**	(340)	**11,970**	11,156
Excise tax expense[2]	(1,201)	(1,210)	(83)	(76)	(316)	(295)	(360)	(332)	—	—	(1,960)	(1,913)
Net revenue	**4,252**	4,075	**3,344**	2,892	**1,476**	1,294	**1,309**	1,322	**(371)**	(340)	**10,010**	9,243
Other income	13	7	175	1	5	2	1	(5)	—	—	194	5
Operating profit	**416**	59	**773**	94	**193**	(6)	**381**	116	**(46)**	(178)	**1,717**	85
Net finance expenses											(178)	(265)
Share of profit/(loss) of associates and joint ventures	2	(1)	36	10	15	8	17	(34)	—	(24)	70	(41)
Income tax expense											(440)	(51)
Profit/(loss)											**1,169**	(272)
Operating profit reconciliation												
Operating profit	416	59	773	94	193	(6)	381	116	(46)	(178)	1,717	85
Eia[1]	(36)	23	(134)	271	16	89	71	302	(5)	57	(89)	742
Operating profit (beia)[1]	**380**	82	**639**	365	**209**	83	**452**	418	**(51)**	(121)	**1,628**	827
For the six-month period ended 30 June 2021 and as at 31 December 2020												
Total segment assets	**15,622**	14,388	**10,655**	9,847	**3,666**	3,538	**11,208**	10,622	**1,465**	3,219	**42,616**	41,614
Unallocated assets											**878**	1,018
Total assets											**43,494**	42,632

[1]Note that this is a non-GAAP measure. Due to rounding, this balance will not always cast.
[2]In addition to the €1,960 million of excise tax expense included in revenue (30 June 2020: €1,913 million), €816 million of excise tax expense is collected on behalf of third parties and excluded from revenue (30 June 2020: €784 million).

Reconciliation of segment profit or loss

Operating segments are reported consistently with the internal reporting provided to the Executive Board, which is considered to be HEINEKEN's chief operating decision-maker. HEINEKEN measures its segmental performance primarily based on operating profit and operating profit beia (before exceptional items and amortisation of acquisition-related intangible assets) as included in internal management's reports.

Exceptional items are defined as items of income and expenses of such size, nature or incidence, that in the view of management their disclosure is relevant to explain the performance of HEINEKEN for the period. Exceptional items include, amongst others, impairments (and reversal of impairments) of goodwill and fixed assets, gains and losses from acquisitions and disposals, redundancy costs following a restructuring, past service costs and curtailments, the tax impact on exceptional items and tax rate changes (the one-off impact on deferred tax positions). Any effect of COVID-19 is not considered an exceptional item, unless the effect relates to the aforementioned exceptional items.

Operating profit beia is a non-GAAP measure not calculated according to IFRS. Beia adjustments are also applied to other metrics. The presentation of these financial measures may not be comparable to similarly titled measures reported by other companies due to differences in the ways the measures are calculated.

The table below presents the reconciliation of operating profit before exceptional items and amortisation of acquisition-related intangibles (operating profit beia) to profit before income tax.

For the six-month period ended 30 June

In millions of €	**2021**	2020
Operating profit (beia)	**1,628**	827
Amortisation of acquisition-related intangible assets included in operating profit	(126)	(144)
Exceptional items included in operating profit	215	(598)
Share of profit/(loss) of associates and joint ventures	70	(41)
Net finance expenses	(178)	(265)
Profit/(loss) before income tax	**1,609**	(221)
Profit/(loss) attributable to shareholders of the Company (net profit/(loss))	**1,034**	(297)
Amortisation of acquisition-related intangible assets included in operating profit	126	144
Exceptional items included in operating profit	(215)	598
Exceptional items included in net finance expenses	(75)	(32)
Exceptional items and amortisation of acquisition-related intangible assets included in share of profit of associates and joint ventures	25	62
Exceptional items included in income tax expense	15	(178)
Allocation of exceptional items and amortisation of acquisition-related intangibles to non-controlling interests	(14)	(70)
Net profit (beia)	**896**	227

The exceptional items and amortisation of acquisition-related intangibles in net profit for the six-month period ended 30 June 2021 amounts to €138 million benefit (2020: €524 million, expense). This amount consists of:

- €126 million (2020: €144 million) of amortisation of acquisition-related intangibles recorded in operating profit.
- €215 million of exceptional net benefits recorded in operating profit (2020: €598 million exceptional net expenses). This includes €174 million exceptional benefit recorded in other income related to tax credits in Brazil (refer to note 8, Other income), net restructuring expenses of €5 million (2020: €10 million), net reversal of impairments of €2 million (2020: €548 million of impairments) and €44 million of other exceptional net benefits (2020: €40 million other exceptional net expenses).
- €75 million of exceptional net benefits in net finance expenses, mainly related to interest on tax credits in Brazil (2020: €32 million, mainly related to interest over settled tax liabilities).
- €25 million of exceptional net expenses included in share of profit of associates and joint ventures (2020: €62 million).
- €15 million of exceptional net expenses in income tax expense, mainly related to the income tax effect of tax credits in Brazil of €50 million, partially offset by the remeasurement of deferred tax positions due to nominal tax rates changes of €20 million and by the tax effects of amortisation of intangibles of €16 million (2020: €178 million exceptional net benefits, mainly related to the tax effect of impairments of €115 million and remeasurement of deferred tax positions due to nominal tax rates changes of €17 million).
- Total amount of eia allocated to non-controlling interest amounts to €14 million (2020: €70 million).

8. OTHER INCOME

For the six-month period ended 30 June *In millions of €*	**2021**	2020
Gain on sale of P,P&E, intangibles and subsidiaries, joint ventures and associates	20	5
Tax credits	174	—
	194	5

The Brazilian Supreme Court confirmed, in May 2021, that ICMS[1] should be excluded from PIS/COFINS[2] taxable basis. During the six months ended 30 June 2021, the analysis regarding the unduly paid PIS/COFINS for the period 2009 and onwards was completed. As a result, tax credits for an amount of €243 million have been recognised in other income (€174 million) and other net finance income (€69 million).

As at 30 June 2021, no reliable estimate is available for the tax credits relating to the period 2001 to 2008 as the related data to quantify the amount to be recognised is not yet available.

The recognised tax credits form part of total changes in working capital in the consolidated statement of cash flows.

[1] ICMS: Is a state-level sales tax imposed on the physical movement of merchandise.
2 PIS/COFINS: PIS (Program of Social Integration) and COFINS (Contribution for the Financing of Social Security) are federal taxes based on the turnover of companies.

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9. ACQUISITION OF ADDITIONAL SHARES IN UNITED BREWERIES

On 23 June 2021, HEINEKEN acquired an additional 39,644,346 ordinary shares in United Breweries Limited (UBL) for €673 million (including directly attributable costs), taking its shareholding in UBL from 46.5% to 61.5%. The interest in UBL is included in investments in associates and joint ventures, as UBL's Articles of Association contained certain provisions that precluded HEINEKEN from exercising control.

In the Annual General Meeting of Shareholders of UBL held on 29 July 2021, the relevant provisions in the Articles of Association have been removed, following which HEINEKEN has obtained control. Refer to note 15, Subsequent Events.

10. IMPAIRMENTS

No material impairments or reversal of impairments have been recognised for the period ended 30 June 2021 (2020: €548 million).

11. FINANCIAL RISK MANAGEMENT AND FINANCIAL INSTRUMENTS

(a) Financial risk management

The consolidated financial statements of HEINEKEN for the year ended 31 December 2020 describe the financial risks that HEINEKEN is exposed to in the normal course of business, as well as the policies and processes that are in place for managing these risks. Those risks remain valid and should be read in conjunction with these interim financial statements. Refer to below for an update on credit and liquidity risk.

(b) Credit risk

Due to the impact of COVID-19, the exposure of credit risk on financial assets remains high. The below table shows the financial assets on the balance sheet of HEINEKEN which are exposed to credit risk:

As at *In millions of €*	**30 June 2021**	31 December 2020
Cash and cash equivalents	1,967	4,000
Trade and other receivables, excluding prepayments	3,479	2,424
Derivative assets	87	98
Fair value through OCI investments	13	13
Loans and advances to customers	195	194
Other non-current receivables	346	307
Guarantees to banks for loans (to third parties)	322	330
Total	**6,409**	7,366

Credit risk and the associated judgement involved in calculating the expected credit losses, is continuously being assessed and remeasured. These assessments include any change in credit risk due the continued or changing impact of the COVID-19 pandemic. During the first six months of 2021, HEINEKEN recognised €25 million (2020: €137 million) of credit losses, mainly driven by receivables from customers and loans and advances to customers. HEINEKEN recognises allowance for expected credit losses (ECL) in line with the accounting policy disclosed in the consolidated financial statements of HEINEKEN for the year ended 31 December 2020.

The ECL assessment was updated to correctly reflect historic, current and forward looking information regarding expected credit losses, and involves judgement. As part of these assessments, HEINEKEN has incorporated all reasonable and supportable information available such as whether there has been a breach or deterioration of payment terms, a request for extended payment terms or a request for waived payment terms.

(c) Liquidity risk

Centrally available cash and the undrawn committed revolving credit facility amounted to approximately €3.9 billion as at 30 June 2021. When deducting commercial paper and short-term bank borrowings at group level, the centrally available financing headroom was approximately €3.4 billion (2020: €5.2 billion). A bond of €500 million, maturing in September 2021, was early redeemed in June 2021.

(d) Fair value

For bank loans and other interest bearing liabilities, the carrying amount is a reasonable approximation of fair value. The fair value of the unsecured bond issued as at 30 June 2021 was €14,720 million (31 December 2020: €16,174 million) and the carrying amount measured at amortised cost was €13,354 million (31 December 2020: €14,442 million).

(e) Fair value hierarchy

During the six-month period ended 30 June 2021, there have been no material changes with regard to the fair value hierarchy.

12. EQUITY

(a) Reserves

The reserves consist of translation reserve, hedging reserve, fair value reserve, other legal reserve and reserve for own shares. The main variance in comparison to prior year is driven by foreign currency translation in translation reserve.

(b) Weighted average number of shares - basic and diluted

For the six-month period ended 30 June	2021	2020
Total number of shares issued	576,002,613	576,002,613
Effect of own shares held	(262,538)	(475,366)
Weighted average number of basic shares outstanding	**575,740,075**	575,527,247
Dilutive effect of share-based payment plan obligations	60,687	—
Weighted average number of diluted shares outstanding	**575,800,763**	575,527,247

In 2020, the shares to be delivered under the employee incentive programme (264,602 shares) were excluded from the weighted average number of diluted shares outstanding, as these had an anti-dilutive impact.

(c) Dividends

The following dividends have been declared and paid by HEINEKEN:

For the six-month period ended 30 June *In millions of €*	2021	2020
Final dividend previous year €0.70, respectively €1.04 per qualifying share	**403**	599

After the reporting date, the Executive Board announced the following interim dividend that has not yet been provided for:

For the six-month period ended 30 June *In millions of €*	2021	2020
Interim dividend per qualifying share €0.28 (2020: €0.00)	**161**	—

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13. BORROWINGS

As at *In millions of €*	**30 June 2021**	31 December 2020
Unsecured bond issues	13,354	14,442
Lease liabilities	1,183	1,199
Bank loans	395	412
Other interest-bearing liabilities	750	1,047
Deposits from third parties[1]	590	615
Bank overdrafts	714	481
Total borrowings	**16,986**	18,196
Market value of cross-currency interest rate swaps	45	14
Cash and cash equivalents	(1,967)	(4,000)
Net debt	**15,064**	14,210

[1] Mainly employee deposits

HEINEKEN has cash pooling arrangements with legally enforceable rights to offset cash and overdraft balances. As at 30 June 2021, Bank overdrafts and Cash and cash equivalents both include an amount of €452 million with legally enforceable rights to offset (31 December 2020: €235 million).

14. TAX

For the six months ended 30 June 2021, the effective tax rate was 28.6% (2020: 28.3% negative). For the six months ended 30 June 2020, the negative effective tax rate can be explained by the impact of exceptional items, in particular the COVID-19 related impairments for which no tax benefit could be recognised, operational losses for which no deferred tax assets could be recognised and the impact of permanent differences on a lower profit before tax basis.
For the six months ended 30 June 2021, the change in the reported effective tax rate is mainly driven by the increase in the profit before tax basis. As a result, the impact of permanent differences is lower and there are fewer operational losses for which no deferred tax assets could be recognised.

15. SUBSEQUENT EVENTS

On 29 July 2021, an Annual General Meeting of Shareholders was held in UBL, in which the Articles of Association have been changed. Following these changes, HEINEKEN has obtained control and consolidates UBL as of that date.

P.O. Box 28 – 1000 AA Amsterdam – The Netherlands
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Heineken N.V. - Registered Office at Amsterdam – Trade Register Amsterdam No. 33011433

STATEMENT OF THE EXECUTIVE BOARD

Statement ex Article 5:25d Paragraph 2 sub c Financial Markets Supervision Act ("Wet op het financieel toezicht").

To our knowledge:

1. The condensed consolidated interim financial statements for the six-month period ended 30 June 2021, which have been prepared in accordance with IAS 34 'Interim Financial Reporting' as adopted by the EU, give a true and fair view of the assets, liabilities, financial position, and profit or loss of Heineken N.V. and the businesses included in the consolidation as a whole;

2. The management report of the Executive Board for the six-month period ended 30 June 2021 (as set out on pages 9-21 of this press release) includes a fair review of the information required pursuant to article 5:25d paragraphs 8 and 9 of the Dutch Financial Markets Supervision Act ("Wet op het financieel toezicht").

Executive Board

Dolf van den Brink (Chairman/CEO)

Harold van den Broek (CFO)

Amsterdam, 30 July 2021

INDEPENDENT ACCOUNTANT'S REVIEW REPORT ON CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

To the Executive Board and Supervisory Board of Heineken N.V.

Introduction

We have reviewed the accompanying condensed consolidated interim financial statements of Heineken N.V., Amsterdam, which comprise the condensed consolidated interim statement of financial position as at 30 June 2021, the related condensed consolidated interim income statement and the condensed consolidated interim statements of comprehensive income, changes in equity and cash flows for the six month period then ended, and the notes to the condensed consolidated interim financial statements.

Management's responsibility

Management is responsible for the preparation and fair presentation of these condensed consolidated interim financial statements in accordance with IAS 34, 'Interim Financial Reporting' as adopted by the European Union. Our responsibility is to express a conclusion on these interim financial statements based on our review. Furthermore management is responsible for such internal control as it determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

Accountant's responsibility

Our responsibility is to express a conclusion on the accompanying condensed consolidated interim financial statements. We conducted our review in accordance with Dutch law including the International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". This requires that we comply with ethical requirements and that we plan and perform the review to be able to conclude whether anything has come to our attention that causes us to believe that the condensed consolidated interim financial statements, are not prepared in all material respects, in accordance with the applicable financial reporting framework. A review of interim financial statements 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 auditing standards 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.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed consolidated interim financial statements as at 30 June 2021 are not prepared, in all material respects, in accordance with IAS 34, 'Interim Financial Reporting', as adopted by the European Union.

Amsterdam, 30 July 2021

Deloitte Accountants B.V.

L. Albers

GLOSSARY

Acquisition-related intangible assets
Acquisition-related intangible assets are assets that HEINEKEN only recognises as part of a purchase price allocation following an acquisition. This includes, among others, brands, customer-related and certain contract-based intangibles.

Beia
Before exceptional items and amortisation of acquisition-related intangible assets.

Cash conversion ratio
Free operating cash flow/net profit (beia) before deduction of non-controlling interests.

Cash flow (used in)/from operational investing activities
This represents the total of cash flow from sale and purchase of Property, plant and equipment and Intangible assets, proceeds and receipts of Loans to customers and Other investments.

Centrally available financing headroom
This consists of the undrawn part of revolving credit facility and cash minus commercial paper and other short-term borrowings.

Consolidation changes
Changes as a result of acquisitions and disposals.

Depletions
Sales by distributors to the retail trade.

Dividend payout
Proposed dividend as percentage of net profit (beia).

Earnings per share (EPS)
Basic
Net profit divided by the weighted average number of shares – basic – during the year.
Diluted
Net profit/(loss) divided by the weighted average number of shares – diluted – during the year.

EBITDA
Earnings before interest, taxes, net finance expenses, depreciation and amortisation. EBITDA includes HEINEKEN's share in net profit of joint ventures and associates.

Effective tax rate
Income tax expense expressed as a percentage of the profit before income tax, adjusted for share of profit of associates and joint ventures.

Eia
Exceptional items and amortisation of acquisition-related intangible assets.

Exceptional items
Items of income and expense of such size, nature or incidence, that in the view of management their disclosure is relevant to explain the performance of HEINEKEN for the period.

Free operating cash flow
This represents the total of cash flow from operating activities and cash flow from operational investing activities.

FTE
Full-time Equivalent.

Group net revenue (beia)
Consolidated net revenue (beia) plus attributable share of net revenue (beia) from joint ventures and associates.

Group operating profit (beia)
Consolidated operating profit (beia) plus attributable share of operating profit (beia) from joint ventures and associates, excluding Head Office and eliminations.

Input costs per hectolitre
Raw materials, non-returnable packaging and inventory movements divided by beer and non-beer volume.

Net debt
Non-current and current interest bearing borrowings (incl. lease liabilities), bank overdrafts and market value of cross-currency interest rate swaps less cash and cash equivalents.

Net profit/(loss)
Profit/(Loss) after deduction of non-controlling interests (profit attributable to shareholders' of the Company).

Net revenue
Revenue as defined in IFRS 15 (after discounts) minus the excise tax expense for those countries where the excise is borne by HEINEKEN.

Net revenue per hectolitre
Net revenue divided by total consolidated volume.

Organic growth
Growth excluding the effect of foreign currency translational effects, consolidation changes, exceptional items and amortisation of acquisition-related intangible assets.

Organic volume growth
Growth in volume, excluding the effect of consolidation changes.

Price mix on a constant geographic basis
Refers to the different components that influence net revenue per hectolitre, namely the changes in the absolute price of each individual sku and their weight in the portfolio. The weight of the countries in the total revenue in the base year is kept constant.

Profit/(Loss)
Total profit/(loss) of HEINEKEN before deduction of non-controlling interests.

®
All brand names mentioned in this report, including those brand names not marked by an ®, represent registered trademarks and are legally protected.

Region
A region is defined as HEINEKEN's managerial classification of countries into geographical units.

Volume
Brand specific volume (Heineken® volume, Amstel® volume, etc.)
Brand volume produced and sold by consolidated companies plus 100% of brand volume sold under licence agreements by joint ventures, associates and third parties.
Beer volume
Beer volume produced and sold by consolidated companies.
Non-beer volume

Cider, soft drinks and other non-beer volume produced and sold by consolidated companies.
Third party products volume
Volume of third party products (beer and non-beer) resold by consolidated companies.
Total consolidated volume
The sum of beer volume, non-beer volume and third party products volume.
Licensed volume
100% of volume from HEINEKEN's beer brands sold under licence agreements by joint ventures, associates and third parties.
Group beer volume
The sum of beer volume, licensed beer volume and attributable share of beer volume from joint ventures and associates.

Weighted average number of shares
Basic
Weighted average number of outstanding shares.
Diluted
Weighted average number of outstanding shares and the weighted average number of shares that would be issued on conversion of the dilutive potential shares into shares as a result of HEINEKEN's share-based payment plans.

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