HEINEKEN

MEDIA RELEASE

Heineken N.V. reports 2023 full year results

Amsterdam, 14 February 2024 – Heineken N.V. (EURONEXT: HEIA; OTCQX: HEINY) announces:

Key Highlights

- Revenue €36,375 million, up 4.9%
- Net revenue (beia) 5.5% organic growth; per hectolitre 10.8%
- Beer volume -4.7% organic growth; Heineken® volume 2.5% (excluding Russia 3.4%)
- Gross savings €0.8 billion for 2023 and €2.5 billion cumulatively versus 2019
- Operating profit €3,229 million; operating profit (beia) 1.7% organic growth
- Operating profit (beia) margin 14.7%
- Net profit €2,304 million; net profit (beia) -4.3% organic growth
- Diluted EPS (beia) €4.67
- Full year 2024 outlook: low- to high-single-digit operating profit (beia) organic growth

CEO Statement

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

"I am proud of the resilience of our business and our people, and encouraged by our progress on the EverGreen priorities. After a strong 2022, 2023 proved to be challenging. Strong pricing to offset very high input and energy cost inflation and volatile macro-economic conditions in some key markets affected our volume momentum. Notwithstanding these difficult conditions, we continued investing in our brands and capabilities. We gained or held volume market share in over half of our markets as volume performance moderately improved quarter by quarter. We recorded operating profit (beia) organic growth in 3 out of 4 regions while we adapted to the challenges in Asia Pacific.

We continue to make progress on our EverGreen priorities. The Heineken® brand celebrated its 150 year anniversary and delivered another year of volume growth, up 3.4% excluding Russia. We made excellent progress with our digital business-to-business platforms and now capture close to €11 billion of gross merchandise value. We significantly beat our productivity commitment, delivering €0.8 billion of gross savings in 2023. We also further evolved our portfolio footprint with the acquisition of Distell and Namibia Breweries to form Heineken Beverages, a new beverages champion for Southern Africa, and the exit from Russia in the third quarter.

Looking to 2024, we remain cautious about the global economic and geo-political outlook. Our focus going forward will be on revenue growth, balanced between volume and value, by continuing to invest behind our brands, innovations, commercial capabilities and route-to-consumer to deliver long-term sustained value creation."

Financial Summary[1]

IFRS Measures	€ million	Total growth	BEIA Measures	€ million	Organic growth[2]
Revenue	36,375	4.9%	Revenue (beia)	36,310	4.6%
Net revenue	30,362	5.7%	Net revenue (beia)	30,308	5.5%
Operating profit	3,229	-24.6%	Operating profit (beia)	4,443	1.7%
			Operating profit (beia) margin (%)	14.7%	
Net profit	2,304	-14.1%	Net profit (beia)	2,632	-4.3%
Diluted EPS (in €)	4.09	-12.3%	Diluted EPS (beia) (in €)	4.67	-5.2%
			Free operating cash flow	1,759	
			Net debt / EBITDA (beia)[3]	2.4x	

[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. Page 26 includes a reconciliation versus IFRS metrics. These non-GAAP measures are included in internal management reports that are reviewed by the Executive Board of HEINEKEN, as management believes that this measurement is the most relevant in evaluating the results and in performance management..
[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.

Operational Review

Our focus throughout 2023 required us to respond to challenging market conditions, whilst remaining focused on the deployment of our EverGreen strategy. We do this to future-proof the company and deliver superior, balanced growth in a fast-changing world, with an ambition to become the best digitally connected brewer, raise the bar on sustainability and responsibility and evolve our operating model, capabilities and culture. We also focus on productivity to fund the investments required and progressively improve profitability and capital efficiency.

SHAPE THE FUTURE OF BEER AND BEYOND

Superior and balanced growth

Over time, we aim for a healthy balance between volume and value growth, achieved by building and scaling premium and strategic core mainstream brands everywhere, innovating in fast-growing consumer segments and further developing our geographic and portfolio footprint. This year, we had to prioritise pricing to offset unprecedented levels of commodity and energy inflation, often leading the market, which impacted consumer off-take. During the second half, we saw pricing moderate and volume trends sequentially improve in the majority of our markets.

Revenue for the full year was €36.4 billion (2022: €34.7 billion) a total increase of 4.9%. **Net revenue (beia)** increased by 5.5% organically, with net revenue (beia) per hectolitre up 10.8% and total consolidated volume declining by 4.7%. The underlying price-mix on a constant geographic basis was up 10.2%, driven by pricing for inflation and positive mix effects. Currency translation negatively impacted net revenue (beia) by €864 million or 3.0%, mainly from the devaluation of currencies in emerging markets partially offset by a stronger Mexican Peso. Consolidation effects positively impacted net revenue (beia) by €887 million or 3.1%, mainly from the consolidation of Distell and Namibia Breweries.

Beer volume declined 4.7% organically for the full year. Vietnam and Nigeria represented over 60% of the decline, with both markets affected by challenging economic conditions. We gained or held volume market share in more than half of our markets in 2023.

Beer volume *(in mhl)*	**4Q23**	4Q22	Organic growth	**FY23**	FY22	Organic growth
Heineken N.V.	**59.4**	63.3	-3.2%	**242.6**	256.9	-4.7%
Africa, Middle East & Eastern Europe	**7.9**	9.8	-2.2%	**34.8**	39.2	-6.3%
Americas	**23.9**	23.8	0.2%	**88.4**	88.5	-0.1%
Asia Pacific	**11.0**	12.2	-10.2%	**43.0**	48.0	-10.4%
Europe	**16.6**	17.5	-3.6%	**76.4**	81.2	-5.4%

In the fourth quarter, net revenue (beia) grew organically by 4.8%. Total consolidated volume declined by 3.2%, improving sequentially relative to the third quarter. Beer volume declined organically by 3.2%, driven by declines in Asia Pacific, Africa and Europe, partially offset by modest volume growth in the Americas. Our exit volume momentum was a low-single-digit decline adjusted for the pre-Tet season trade loading at the end of 2022 that led to an overstock in the first quarter of 2023. More than half of our markets grew volume in the last quarter. Net revenue (beia) per hectolitre was up 8.2% organically with price-mix on a constant geographic basis up 7.6%, driven by pricing and positive mix effects.

Driving premiumisation at scale, led by Heineken®

Premium beer volume declined by 5.9% organically, mainly driven by Vietnam and our exit from Russia. Outside of these markets premium beer grew by 1.1%, outperforming the total portfolio in the majority of our markets. This growth is led by **Heineken®**, complemented by our international and local premium brands including El Aguila, Birra Moretti, Kingfisher Ultra and Bedele Special.

Heineken® continued to lead our portfolio and grew volume by 2.5% versus last year (3.4% excluding Russia). Growth was broad-based across 39 markets, most notably in China, Brazil, Ethiopia, Indonesia and Taiwan. **Heineken® Silver** is now present in 50 markets with a volume growth in the high thirties, led by China, Vietnam and the USA.

Heineken® volume *(in mhl)*	4Q23	Organic growth	FY23	Organic growth
Total	**15.4**	4.0%	**56.3**	2.5%
Africa Middle East & Eastern Europe	**1.8**	-0.2%	**5.7**	-11.5%
Americas	**6.8**	7.0%	**23.7**	6.5%
Asia Pacific	**3.3**	14.9%	**11.4**	20.0%
Europe	**3.5**	-7.6%	**15.5**	-7.5%

Heineken® was the most awarded beer brand at the Cannes Lions Festival of Creativity with 20 Lions. In addition, Heineken® became the most valuable beer brand globally as measured by Brand Finance®[1]. The year marked the 150th anniversary of Heineken®, a milestone we celebrated around the world with the campaign "150 years of Good Times. One Way or Another". Heineken® and three-time F1 world champion Max Verstappen collaborated in the new global "When You Drive Never Drink" campaign advocating our message of responsible consumption; "The Best Driver" to choose is always the one that hasn't had a drink – unless that drink is Heineken® 0.0. During the year, we renewed our partnership with the UEFA Champions League until 2027 under a new format, with more matches and more opportunities to bring fans together. We also extended our partnership with Formula 1 for a further five years to engage with the sport's expanding fanbase.

Our **international brands portfolio** continued complementing Heineken® by connecting with an even more diverse range of consumer needs. **Amstel** grew volume by a high-single digit, driven by a very strong performance in Brazil where it strengthened its leadership position in the pure malt mainstream segment. **Birra Moretti,** with strong growth in Italy, the Netherlands and Switzerland, grew by a low-single-digit. In the UK, the brand outperformed the market, further strengthening its position as the leading premium brand by value. **Tiger** performance was heavily impacted by the economic slowdown and a stricter enforcement of the zero tolerance whilst driving regulations (Decree 100) in Vietnam, its largest market. The less bitter and with lower alcohol variant, **Tiger Crystal** grew volume by a low-single-digit.

Pioneer choice in low & no-alcohol

We believe in empowering consumers seeking to enjoy a lower or no-alcohol-content beverage by ensuring there is always a choice – everywhere and on any occasion. Our **Low & No-Alcohol (LONO) portfolio** was broadly stable, with double-digit growth in 15 markets including Brazil, Mexico, Egypt and Bulgaria.

The **non-alcoholic beer and cider portfolio** grew volume by a mid-single-digit led by **Heineken® 0.0,** growing in the double-digits in 16 markets, further consolidating its position as the #1 non-alcoholic beer brand globally. Mexico grew non-alcoholic beer and cider volume close to forty percent, driven by the performance of Tecate 0.0, launched this year. In Poland, we have the #1 and #2 line extensions in the market as measured by value share of the no-alcohol lager segment with Heineken® 0.0 and Zywiec 0.0.

We continued to introduce consumer-inspired innovations to enhance our non-alcoholic beer and cider portfolio. For example, we are creating a new category with energy malts across Africa, today with propositions in 7 markets. In Nigeria, Zagg, our energy malt drink introduced last year, became this year the 5th largest brand in the broader energy drinks market, ahead of well-established international brands. We are also experimenting with premium soft drinks made with natural ingredients, with the introduction of Clash'd in Brazil and Vitafit in South Africa.

Explore beyond beer

Following the acquisition of Distell in South Africa, HEINEKEN is now the #1 player outside the USA in beyond beer alcohol, the fastest-growing space in alcoholic beverages. Our overall volume of flavoured beer and beyond beer alcoholic propositions reached close to 15 million hectolitres by the end of the year.

Desperados, the leading "spirit beer" for high-energy consumption occasions, declined volume by a mid-single-digit, with continued momentum in Nigeria partially offset by price-driven declines in core European markets.

Cider volume closed the year at 7.1 million hectolitres following the acquisition of Distell in South Africa. Volume declined on an organic basis, driven by the UK. In South Africa, our cider portfolio outperformed the category and strengthened our leadership position, driven by the strong performance of Savanna.

We are investing to further unlock new growth opportunities beyond beer for flavoured, moderate alcohol propositions to meet different consumer occasions. We are introducing several innovative product concepts locally to test and learn,

[1] Source: Brand Finance Alcoholic Drinks 2023

directly with our consumers. This includes expanding our core brands into new demand spaces as well as experimenting with new brand propositions. For example, we introduced **Amstel Vibes**, **Red Stripe Rum** and **Tiger Soju.**

Our advantaged footprint

We continue to build our geographical and portfolio footprint to enhance our long-term, sustained growth advantage. On an ongoing basis, we review our footprint to ensure it matches our growth ambitions within clear capital allocation criteria, seeking to build on our growth priorities and address value-diluting operations.

On 26 April, HEINEKEN completed the acquisition of Distell Group Holdings Limited ('Distell') and Namibia Breweries Limited ('NBL'), which have been combined with Heineken South Africa into 'Heineken Beverages', a HEINEKEN majority-owned business, to capture the significant future growth opportunities in Southern Africa with a significantly strengthened and complementary route-to-consumer. As of 31 December 2023, an impairment of €491 million has been recorded related to Heineken Beverages or 16% of the carrying amount. The lower current valuation of the business, relative to the time of the announcement of the acquisition on 15 November 2021, reflects predominantly the increase in the weighted average cost of capital over this time period used for impairment testing. Inflationary pressures and higher brand support levels to address a more challenging competitive environment also played a part.

On 3 July, HEINEKEN announced its intention to sell Vrumona, its soft drink producer in the Netherlands, to sharpen the focus on shaping the future of beer and beyond in the country. The transaction was completed in the second half of 2023.

On 24 August, HEINEKEN completed the transaction to sell its Russia operations, incurring non-cash exceptional losses amounting to €307 million including cumulative foreign exchange losses previously recognised in equity and the impairment recorded in 2022.

Other changes to our business and portfolio footprint include the disposal of a brand license in the UK in June and the sale of HEINEKEN Lanka Limited, our operating company in Sri Lanka, at the start of 2024.

BECOME THE BEST-CONNECTED BREWER

Digitise our route-to-consumer

HEINEKEN aims to become the best-connected and most relevant brewer for our customers. We have been stepping up our investments behind our digital transformation to build a future-ready HEINEKEN, especially strengthening our digital route-to-consumer capability.

We continue to expand our **business-to-business digital (eB2B) platforms.** In 2023, these platforms captured close to €11 billion in gross merchandise value and connected with 700 thousand active customers in fragmented, traditional channels by the end of the year, an increase of 28% versus last year.

We progressed with the migration of our eB2B platforms under a single brand name and identity: **eazle**, business made easy. Nine of our eB2B operations in Europe were transitioned this year, now capturing 83% of their net revenue from customers in the fragmented trade online (Jan '23: 56%). As we develop towards meaningful scale in our key markets, we aim to unlock better features, improved customer experience and increased efficiency.

Unlocking the value of data

We continue to develop how we leverage data across our business. Close to 75% of our Operating Companies are now connected to our Global Data Lake on our Cloud Platform. This data is used for a wide range of AI-products that drive value for HEINEKEN, from revenue management to predictive maintenance, among others.

For example in France, we piloted our new AI-powered Product Recommender that recommends the right product to the right customer at the right time on our B2B platform, France Boissons. Over a 12-week period, the tool drove a 2-3% sales uplift as customers took advantage of product recommendations that were matched to their individual needs.

In another example, AIDDA, our AI application to predict customer churn, identify price discrepancies, and suggest optimal sales-routes, among other features, has increased the productivity of our sales force in Mexico by more than 50% versus 2019.

Through our Connected Brewery programme we have now connected and are harnessing the data of 660 production lines and 4,500 pieces of brewery equipment in 85 breweries. Furthermore, 20,000 operators utilize modern apps on a daily basis, featuring augmented reality capabilities and intelligent problem-solving functionalities. By analysing the data generated by brewery equipment, we have been driving productivity through increased output capacity and lower cost to operate. Our connected breweries now benefit from real-time insights into packaging line performance, complemented by machine learning driven algorithms and continuous improvement.

FUND THE GROWTH, FUEL THE PROFIT

Our growth algorithm seeks to deliver superior, balanced growth enabled by investments in innovation, in brand power, behind our digital transformation, in new capabilities and in making our business more sustainable. To fund this, we are structurally driving productivity across all parts of our business.

2023 marked the fourth year of our productivity programme. We delivered €0.8 billion in gross savings this year, reaching a cumulative €2.5 billion gross savings versus the cost base of 2019, significantly ahead of our initial €2 billion commitment.

In Europe, our supply chain transformation programme progressed ahead of schedule. It delivered in excess of €200 million in gross savings from portfolio and data-driven efficiency gains in production, purchasing and logistics.

Outside of Europe, we accelerated procurement initiatives across the group. Major projects in the Americas including near shoring production capabilities and more sustainable local sourcing solutions contributed more than €240 million. For example, by working with our strategic suppliers in Brazil to bring dedicated furnaces online for our local glass bottle demand we have eliminated the need for imports.

Our efforts also involved leveraging technology to drive productivity across the organisation, like the aforementioned example of AIDDA in Mexico to improve sales force productivity and the increase use of shared service centres.

We now have established a practice of continued cost and productivity management in our organisation, and have begun to build the foundations of stronger capital governance. With this in place, we are confident to deliver on our €400 million gross savings ambition for the next years.

Operating profit landed at €3.2 billion (2022: €4.3 billion), lower due to higher exceptional items and amortisation of acquisition related intangibles in 2023 amounting to €1.2 billion (2022: €219 million), of which amortisation of acquisition-related intangibles represented €385 million (2022: €333 million) and net exceptional expense items amounted to €829 million (2022: €114 million net benefit), including an impairment of €491 million for Heineken Beverages. **Operating profit (beia)** grew organically 1.7% with a strong recovery in the second half of the year and with growth delivered in three of the four regions. Pricing to offset inflation and premiumisation, together with strong delivery of our productivity programme, more than offset the inflationary pressures in our cost base and incremental investments behind our growth agenda. Currency translation negatively impacted operating profit (beia) by €102 million, or 2.3%, mainly driven by the devaluation of currencies in emerging markets being partially offset by appreciation of the Mexican Peso.

Net profit was €2.3 billion (2022: €2.7 billion). The negative impact of exceptional items and amortisation of acquisition related intangibles on net profit in 2023 was €329 million (2022: €155 million), where the higher exceptional expenses in operating profit were partially offset by the exceptional benefits from the recognition of €661 million of previously unrecognised deferred tax assets in Brazil. **Net profit (beia)** declined 4.3% organically to €2.6 billion (2022: €2.8 billion). The gains from higher operating profit, higher profits from associates and joint ventures and lower minority interests and income taxes were more than offset by a significant increase in other net financing expenses and higher interest expenses.

For more details, please refer to the Financial Review.

RAISE THE BAR ON SUSTAINABILITY AND RESPONSIBILITY

Brew a Better World is our 2030 strategy to drive progress towards a net zero, fairer and more balanced world. Since we announced our strategy in 2021, we remain focused on execution while learning and adapting as we progress.

Environmental: Path to net zero impact

We have made significant progress in our ambition to achieve net-zero carbon emissions across our value chain by 2040. Compared to 2022, we almost doubled our reduction in absolute carbon emissions in scopes 1 and 2, achieving a 34% reduction versus the 2018 baseline (2022: 18%). At the same time, we have increased combined renewable energy use to 45% (2022: 37%). Our absolute emissions in scope 3 decreased by 20% versus the 2018 baseline, due to a combination of lower volume and active engagement with strategic suppliers to support their transition to renewable

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energy. Our long-term net-zero and Scope 3 FLAG (Forest, Land, and Agriculture)[2] and non-FLAG targets have received approval from the Science Based Targets initiative (SBTi).

We continue to focus on the health of watersheds where we operate. Despite efficiency loss due to reduced production volumes, we have maintained water efficiency at 3.0 hectolitres per hectolitre (hl/hl) in water-stressed areas and improved worldwide to 3.2 hl/hl (2022: 3.3 hl/hl), progressing towards our targets of 2.6 and 2.9 respectively in 2030. Our brewery in Meoqui, Mexico, leads with an outstanding performance of 1.7 hl/hl. Twenty-eight of our 32 sites in water-stressed areas have active watershed replenishment programmes in place (2022: 26), including large-scale reforestation efforts in Vietnam and Nigeria, and 9 of these sites are fully balanced. We built six new wastewater treatment plants, ensuring that nearly all our 168 sites had this facility installed. By year-end, four of them were undergoing adjustments, and we expect them to be fully operational in the first quarter of 2024.

In 2023, we also developed a circularity strategy, guided by the Ellen MacArthur Foundation's principles. We have focused on those areas where we can uniquely contribute whilst delivering value for the business. Focusing on packaging, our goal by 2030 is to have 43% or more of our volumes sold in reusable formats, to include 50% recycled content in our bottles and cans, and to ensure that more than 99% of our portfolio is recyclable by design. For more details, see our upcoming Annual Report.

Social: Path to an inclusive, fair and equitable world

We continue to make progress when it comes to gender diversity. We have grown from 19% women in our senior leadership in 2017 to 28% in 2023 (2022: 27%), on track to reach our goal of 30% by 2025 and 40% by 2030 on the path to gender balance. Our Women in Sales initiative was recognised as a 'Lighthouse' initiative for Diversity, Equity & Inclusion by the World Economic Forum.

On our journey towards a fair and safe workplace, 100% of our direct employees now earn a fair wage according to the Fair Wage Network[3], achieving our 2023 goal. We also met our 2023 goal towards equal pay for equal work between female and male colleagues: 100% of operating companies have been assessed and have action plans in place.

As part of our ambition to creating a positive impact in our communities, we continued to achieve our annual target of implementing a social impact initiative in 100% of our in-scope markets. For example, in India, we helped communities gain access to clean and safe water, and in Haiti, we assisted women in rural areas in starting their own small businesses. Our Heineken Africa Foundation introduced its new strategy to help smallholder farmers build climate resilience through regenerative farming.

Responsible: Path to moderation and no harmful use

Our ambition is to make 0.0 alcohol options available for consumers everywhere so that there is always a choice. We made progress in delivering this: by the end of 2023, Heineken® 0.0 was available in 114 markets, and a zero-alcohol option was available for at least two strategic brands across 53% of our business by volume (2022: 46%). However, we fell short of the 2023 target that the majority of our companies would have a zero alcohol option for at least two strategic brands. Our experience has shown that, for operating companies without an established non-alcoholic beer category, focusing on seeding one strategic brand, rather than two, is more impactful. We are in the process of reviewing our approach to shape how we can continue to effectively grow the 0.0 portfolio

We continue to leverage the influence of our flagship brand to promote responsible consumption and make moderation appealing. In 2023, our operating companies over-delivered on the target of 10% of Heineken® media spending (14%), reaching 0.9 billion unique consumers worldwide. This reach is slightly below the target of 1 billion due to a strategic focus on specific markets. We proudly announced F1 driver Max Verstappen as our new Heineken® 0.0 ambassador, playing a leading role in our 'When You Drive, Never Drink' campaign, as well as in 'Player 0.0,' a virtual racing experience that incorporates responsible consumption themes in the gaming space.

For a second consecutive year, 100% of our markets in scope had partnerships with governments and civil society in place to address alcohol-related harm. Issues tackled in these partnerships include drink driving, underage drinking, and excessive consumption. We progressed in our ambition to have clear and transparent consumer information on all our products in scope but extended the timelines to navigate changing local circumstances.

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[2]FLAG stands for 'Forest, Land and Agriculture,' with a specific focus to reduce the carbon footprint from agriculture and stop deforestation from our most important crops (barley, maize, and sugarcane)
[3]A fair wage is often higher than the minimum wage and should be sufficient for a decent standard of living, covering the basic needs for the employee and their family: from food, housing and education to healthcare, transportation and some discretionary income and savings. Data on fair wages is obtained from the Fair Wage Network.

Governance

In 2023, we continued to raise the bar on our ways of working, governance, and transparent reporting. We mobilised our organisation in anticipation of the European Union's new Corporate Sustainability Reporting Directive (CSRD). This involved completing a double materiality assessment, conducting a gap assessment and implementing new metrics. The CSRD will have broad organisational impacts – including on governance, strategy, systems, processes, and controls – and many functions are involved in its execution. We are set to commence reporting according to the CSRD framework in 2025, covering the reporting year 2024.

UNLOCKING THE FULL POTENTIAL OF OUR PEOPLE AND ORGANISATION

At the heart of EverGreen is to unlock the full potential of our people and our organisation. During 2023, despite the challenging environment, we were able to further improve on our industry leading Employee Engagement scores, with 9 out of 10 employees proud to work for HEINEKEN. We also introduced our Employee Net Promoter Score, measuring the sentiment among our employees and their willingness to recommend HEINEKEN to others, with initial scores well above the industry benchmark.

Outlook 2024

As we continue to advance on our EverGreen journey, we remain committed to our medium-term ambition to deliver superior growth, balanced between volume and value, and to drive continuous productivity improvements to fund investments behind EverGreen and enable operating profit (beia) to grow ahead of net revenue (beia) over time.

Our volume performance at the closing of 2023 was under pressure from external factors, with a moderate sequential improvement quarter by quarter. For 2024, we expect the macroeconomic environment and geopolitical developments to remain a factor of uncertainty that may impact our business. In this context, our focus going forward will be on restoring our volume growth by continuing to invest behind our brands, innovations, commercial capabilities and route-to-consumer.

We expect our variable costs to increase by a low-single-digit on a per hectolitre basis, benefitting from lower commodity and energy prices, but more than offset by local input cost inflation and currency devaluations, particularly in Africa. We also expect higher than historical average wage inflation to impact our cost base.

Our continuous productivity programme will deliver at least €500 million of gross savings in 2024, ahead of our medium term commitment of €400 million for the near-term, enabling investments behind our growth agenda, our digital transformation, strategic capabilities and our Brew a Better World activities.

Overall, we expect to grow operating profit (beia) organically in the range of a low- to high-single-digit. The wide range corresponds to the volatility in geo-political and economic conditions we have also witnessed in the past months and the fact that we will continue to invest behind EverGreen for long-term sustained value creation.

We also expect:

- An average effective interest rate (beia) of around 3.5% (2023: 3.4%)
- Other net finance expenses to further increase, mainly due to the impact from significant devaluations and the scarcity of hard currency in some key emerging markets, like we are experiencing currently in Nigeria
- An increase in our effective tax rate (beia) to around 29%, mainly driven by changes in tax laws in Brazil (2023: 26.8%).

The factors above result in a net profit (beia) organic growth that is lower than the operating profit (beia) organic growth.

Finally, we expect investments in capital expenditure related to property, plant and equipment and intangible assets to be below 9% of net revenue (beia) (2023: 8.8%)

Total Dividend For 2023

The Heineken N.V. dividend policy is to pay a ratio of 30% to 40% of full year net profit (beia). For 2023, a total cash dividend of €1.73 per share, a similar amount to last year (2022: €1.73), representing a payout ratio of 36.8%, within the range of our policy, will be proposed to the Annual General Meeting on 25 April 2024 ("2024 AGM"). If approved, a final dividend of €1.04 per share will be paid on 7 May 2024, as an interim dividend of €0.69 per share was paid on 10 August 2023. The payment will be subject to a 15% Dutch withholding tax. The ex-dividend date for Heineken N.V. shares will be 29 April 2024.

Translational Calculated Currency Impact

The translational currency impact for 2023 was negative on net revenue (beia) by €864 million and on operating profit (beia) by €102 million and positive on net profit beia by €6 million.

Applying spot rates as of 12 February 2024 to the 2023 financial results as a base, the calculated currency translational impact would be negative, approximately €440 million in net revenue (beia), €60 million at operating profit (beia), and positive by €40 million at net profit (beia).

Regional Overview

Net revenue (beia)

(in € million)	**FY23**	FY22	Organic growth
Heineken N.V.	**30,308**	28,694	5.5%
Africa Middle East & Eastern Europe	**4,229**	4,005	11.6%
Americas	**10,469**	9,421	7.4%
Asia Pacific	**4,157**	4,652	-5.9%
Europe	**12,211**	11,362	6.3%
Head Office & Eliminations	**-758**	-746	

Operating profit (beia)

(in € million)	**FY23**	FY22	Organic growth
Heineken N.V.	**4,443**	4,502	1.7%
Africa Middle East & Eastern Europe	**450**	554	2.8%
Americas	**1,531**	1,391	6.2%
Asia Pacific	**926**	1,235	-20.0%
Europe	**1,353**	1,221	11.9%
Head Office & Eliminations	**183**	101	

Developing markets FY23

(in mhl or € million unless otherwise stated)	Group beer volume	Group net revenue (beia)	Group operating profit (beia)[1]
Developing markets in:	187.8	19,546	3,188
Africa Middle East & Eastern Europe	36.6		
Latin America & the Caribbean	79.6		
Asia Pacific	68.2		
Europe	3.4		
% of Group	65%	55%	64%

[1] Excludes Head Office & Eliminations

Africa, Middle East & Eastern Europe (AMEE)

Key financials

(in mhl or € million unless otherwise stated)	**FY23**	FY22	Total growth	Organic growth
Net revenue (beia)	**4,229**	4,005	5.6%	11.6%
Operating profit (beia)	**450**	554	-18.8%	2.8%
Operating profit (beia) margin	**10.6%**	13.8%	-319 bps	
Total consolidated volume	**49.4**	50.8	-2.7%	-5.6%
Beer volume	**34.8**	39.2	-11.4%	-6.3%
Non-Beer volume	**14.5**	11.5	26.1%	-3.5%
Third party products volume	**0.2**	0.1	175.1%	62.4%
Licensed beer volume	*2.4*	*2.5*		
Group beer volume	*37.7*	*42.2*		

Africa's growing, young population and urbanisation trends present an attractive long-term growth opportunity, despite occasional heightened volatility posing short-term challenges. Our ambition remains to capture value via balanced and profitable growth, by building and scaling our premium and core mainstream beer and beyond beer propositions, strengthening our grip on our route-to-consumer and focussing on cost and cash management.

Beer volume declined 6.3% organically, with double-digit growth in Ethiopia, Tunisia and Algeria more than offset by volume declines in Nigeria and South Africa. The premium beer portfolio declined in the low-teens, as the impact of our Russia exit more than offset growth in other markets. Excluding Russia, the premium portfolio outperformed the beer volume, driven by strong growth in Ethiopia.

Net revenue (beia) grew 11.6% organically, with total consolidated volume down 5.6% organically and net revenue (beia) per hectolitre up 18.1%. Price mix was up 17.4% on a constant geographic basis, driven largely by pricing across the region. Currency translation negatively impacted net revenue by €958 million, driven mainly by the Nigerian Naira.

Operating profit (beia) grew 2.8% as strong pricing and productivity gains offset the impact from lower volume, inflation and transactional currency effects. Currency translation negatively impacted operating profit by €118 million, driven mainly by the Nigerian Naira. Operating profit (beia) margin declined by 319 bps, driven by the organic performance and the dilutive effect of the consolidation changes.

In **Nigeria,** net revenue (beia) grew organically by a high-single-digit, driven by pricing needed to offset inflationary pressures and the impact of the significant devaluation of the Naira. Total volume declined in the high-teens, as consumers' purchasing power was severely affected by this inflation and by structural economic reforms. Our premium portfolio outperformed, driven by the strong growth of Desperados. Our malt portfolio outperformed the category, led by the resilience of Maltina. During the year we right-sized our cost-base to adapt to a more challenging environment.

In **South Africa**, the revenue of Heineken Beverages declined by a low-single-digit, with a recovery in the fourth quarter, albeit still behind the total alcohol market. The recovery was led by Heineken®, boosted by the launch of Heineken® Silver, an improved performance of Windhoek and of Amstel following corrective price actions taken and a strong closing of the year for Savanna and Bernini. During the second half of the year we carried out the integration of systems and sales teams under a single route-to-consumer. The delivery of the synergies of the acquisition is on-track.

In **Ethiopia**, net revenue (beia) increased in the fifties with beer volume growth in the high-teens, outperforming the industry and further strengthening our leadership position in the market. Our premium portfolio grew close to thirty percent, led by Heineken® and Bedele Special. Our mainstream portfolio grew in the teens, with Bedele, Harar and Walia all outperforming the market. Today 100% of our barley requirements are sourced locally, up from 5% in 2019, supporting both the business and driving positive local socio-economic impact.

In **Egypt,** net revenue (beia) grew in the twenties, driven by pricing and volume growth. Our beer, wine and spirits portfolio grew 10%, in line with the market and led by Heineken®. in the premium segment, driven by the recovery of tourism. The non-alcoholic portfolio grew by a low-single-digit, outperforming the market.

In the **DRC,** net revenue (beia) grew close to twenty percent, driven by volume growth and pricing to partially offset inflationary pressures. Beer volume growth accelerated into the second half, benefitting from lower supply disruptions and a strong performance of Turbo King and Primus in mainstream and Heineken® in premium.

The performance in the region was also supported by strong growth in **Algeria**, **Rwanda**, **Burundi** and **Tunisia**.

Americas

Key financials

(in mhl or € million unless otherwise stated)	**FY23**	FY22	Total growth	Organic growth
Net revenue (beia)	**10,469**	9,421	11.1%	7.4%
Operating profit (beia)	**1,531**	1,391	10.1%	6.2%
Operating profit (beia) margin	**14.6%**	14.8%	-14 bps	
Total consolidated volume	**90.4**	90.6	-0.2%	-0.2%
Beer volume	**88.4**	88.5	-0.1%	-0.1%
Non-Beer volume	**1.8**	1.9	-6.3%	-6.3%
Third party products volume	**0.1**	0.1	13.1%	13.1%
Licensed beer volume	*3.4*	*3.2*		
Group beer volume	*99.7*	*99.6*		

Our main objective for the **Americas** is to capture a larger share of the profit pool, the largest in the global beer industry. We are improving our competitive position by scaling premium led by Heineken®, stepping up innovation and digitising our route-to-consumer and aim to improve profitability via local sourcing and returnable packaging.

Beer volume was broadly flat organically as growth momentum in Brazil, Panama and Ecuador was offset by a decline in sales-to-wholesalers in the USA and a small decline in Mexico. The premium portfolio grew a mid-single-digit, led by Heineken®. The LONO portfolio grew in the low-teens given the strong performance of Heineken® 0.0 and Tecate 0.0.

Net revenue (beia) increased 7.4% organically, with total consolidated volumes down 0.2% and net revenue (beia) per hectolitre growing 8.0%. Price mix was up 8.4% on a constant geographic basis given pricing to offset input cost inflation and continued premiumisation of our portfolio. Currency translation positively impacted net revenue by €351 million mainly driven by the Mexican Peso.

Operating profit (beia) grew 6.2% organically and operating profit margin declined by 14 bps as our accelerated productivity programme largely offset inflationary pressures on our product costs and a step-up in marketing investment in Brazil, Mexico and the USA. Currency translation positively impacted operating profit by €69 million, mainly driven by the Mexican Peso.

In **Mexico**, net revenue (beia) grew by a high-single-digit, driven by pricing and revenue management. Beer volume was down slightly, outperforming the industry in the last year of the mixing of OXXO. Our non-alcoholic beer portfolio grew by more than forty percent, boosted by the successful launch of Tecate 0.0. Our flavoured beer portfolio was up by a mid-single digit, driven by the continued growth of the Sol "Mezclas", in particular Sol Mangoyada introduced last year. Our SIX stores continued their successful expansion closing the year with close to 17,000 stores. We announced a new greenfield project in Yucatán to address the growing demand in the market.

In **Brazil,** net revenue (beia) grew organically in the teens, driven by premiumisation, pricing and volume growth. Beer volume grew by a low-single-digit, outperforming the market. Heineken®, the 2nd largest brand in the market by value, grew volume in the teens. Amstel, the leading brand in the pure malt mainstream segment, grew by more than thirty percent. Sol, held back until recently due to production constraints, grew in the twenties in the second half of this year. We onboarded all our indirect distributors into our eB2B platforms, with more than 265,000 active customers connected at year end.

In the **USA**, net revenue (beia) declined by a mid-single-digit, driven by a volume decline in sales-to-wholesalers following the inventory build in the latter portion of last year. Sales-to-retailers declined by a low-single-digit, outperforming the market. Heineken® sales-to-retailers were broadly stable, benefiting from the launch of Heineken® Silver with encouraging results in its first year in distribution build-up and rate of sale. Heineken® 0.0, the #1 non-alcoholic beer in the market by value, grew volume in the low-teens in its fifth year after introduction. Dos Equis sales-to-retailers picked up in the second half of the year to grow by a low-single-digit.

The performance in the region was also supported by strong growth in **Panama** and **Ecuador.** In Panama in particular, our net revenue (beia) grew close to thirty percent, significantly ahead of the market, as Panama Light became the #1 brand in the category at the end of the year.

Asia Pacific

Key financials

(in mhl or € million unless otherwise stated)	FY23	FY22	Total growth	Organic growth
Net revenue (beia)	**4,157**	4,652	-10.6%	-5.9%
Operating profit (beia)	**926**	1,235	-25.0%	-20.0%
Operating profit (beia) margin	**22.3%**	26.5%	-427 bps	
Total consolidated volume	**43.9**	49	-10.4%	-10.4%
Beer volume	**43.0**	48.0	-10.4%	-10.4%
Non-Beer volume	**0.8**	0.8	-11.1%	-11.1%
Third party products volume	**0.1**	0.1	17.7%	17.7%
Licensed beer volume	*6.7*	*4.7*		
Group beer volume	*71.9*	*75.4*		

The **Asia Pacific** region offers significant growth potential from a growing middle class and urbanisation. During 2023 the region encountered short-term growth challenges and as we adapted to these circumstances we continued to build our brands and organisation to capture the growth when the tide turns.

Beer volume was materially affected by the economic slowdown in the region and declined organically by 10.4%, mostly driven by Vietnam. We outperformed the category in most of our markets across the region. Premium beer volume declined in the high-teens, driven disproportionately by Tiger in Vietnam. Outside of Vietnam, premium beer volume grew by a mid-single-digit in the region.

Net revenue (beia) decreased 5.9% organically as total volume declined by 10.4% with net revenue (beia) per hectolitre up 5.0%. Price mix was up 4.0% on a constant geographic basis given pricing across all markets. Currency translation negatively impacted net revenue by €260 million, mainly by Indian Rupees and the Vietnamese Dong.

Operating profit (beia) decreased by 20.0% organically, largely driven by Vietnam. Currency movements negatively impacted operating profit by €54 million, and operating profit (beia) margin declined 427 bps, due largely to the significant deleveraging effect of performance in Vietnam.

In **Vietnam**, the beer market was impacted throughout the year by a slowdown of the economy and the stricter enforcement of the zero tolerance whilst driving regulations, disproportionately affecting our strongholds and the premium segment. We estimate the beer market volume declined by a high-single-digit for the year, and our net revenue (beia) declined organically in the low-twenties, behind the category, mainly due to the post-Tet destocking in the first quarter and demand shift from the premium to the mainstream segment. We held our market leadership position and our share in premium, while our mainstream and economy portfolio outperformed, with Bia Viet, Bivina and Larue gaining share. Heineken® Silver grew in the mid-teens and Tiger Crystal was up by a mid-single-digit.

In **India**, net revenue (beia) grew by a mid-single-digit following an improved performance in the second half of the year, ahead of the market, with flagship brand Kingfisher reaching record volume. The premium portfolio performed ahead of total volume, accelerating in the fourth quarter to a grow in the teens versus last year led by Kingfisher Ultra. We remain optimistic about the long-term growth potential of the industry, driven by increasing disposable income, favourable demographics and premiumisation.

In **China**, Heineken® Original and Heineken® Silver continued their strong momentum. Heineken® grew volume in the fifties and Heineken® Silver in the seventies, benefitting from incremental investments behind the brand and its growing brand power. China is now the second largest market for the Heineken® brand globally.

In **Cambodia**, net revenue (beia) declined by a high-single digit, driven by the volume decline in the first half. In the second half of the year, we returned to growth supported by the performance of our innovations Tiger Crystal and Anchor White and by route-to-consumer initiatives. Overall, our beer volume outperformed the market for the full year.

In **Malaysia**, beer volume declined by a high-single-digit, outperforming the market which was affected by a soft consumer environment. Our premium portfolio performed better, driven by the growth of Heineken®.

In **Indonesia**, net revenue (beia) grew organically by a high-single-digit, driven by pricing. Beer volume declined slightly, significantly outperforming the market led by Heineken® and supported by the partial recovery of tourism into Bali.

The region also achieved solid revenue growth in **Singapore**, **Laos**, the **Philippines** and **New Zealand**.

Europe

Key financials

(in mhl or € million unless otherwise stated)	**FY23**	FY22	Total growth	Organic growth
Net revenue (beia)	**12,211**	11,362	7.5%	6.3%
Operating profit (beia)	**1,353**	1,221	10.7%	11.9%
Operating profit (beia) margin	**11.1%**	10.7%	33 bps	
Total consolidated volume	**92.1**	98.1	-6.1%	-5.5%
Beer volume	**76.4**	81.2	-5.9%	-5.4%
Non-Beer volume	**7.9**	9.3	-15.2%	-7.6%
Third party products volume	**7.8**	7.6	3.0%	-4.8%
Licensed beer volume	*0.6*	*0.7*		
Group beer volume	*79.4*	*84.2*		

The beer market in **Europe** has seen sustained value growth with broadly stable volumes over the years. In 2023, the region faced declining consumer confidence and high inflation-led pricing, putting volumes in the industry under pressure. As market leaders, we aim to develop healthy category dynamics. To achieve this, we build strong premium and core mainstream beverage brands for our consumers, foster innovation-led growth whilst improving profitability by transforming our supply chain end-to-end and through cost discipline.

Consolidated beer volume declined organically by 5.4% for the full year, sequentially improving into the final quarter to a 3.4% decline. Our premium beer portfolio outperformed the wider portfolio in the majority of markets, boosted by the performance of our next generation brands, including Texels, Gallia, Birra Moretti and El Aguila among others. The non-alcoholic beer and cider portfolio also outperformed and was broadly stable. The volume performance in the on-trade was better than in the off-trade. We gained or held share in more than 40% of our markets.

Net revenue (beia) increased by 6.3% organically with total consolidated volume down 5.5% and net revenue (beia) per hectolitre up 12.6%. Price mix was up 11.7% on a constant geographic basis, reflecting our inflation-led pricing across all markets, boosted by premiumisation.

Operating profit (beia) grew 11.9% organically as price-led revenue growth, better on-trade mix and significant cost savings across our operating companies, including the supply chain network transformation, more than offset the material inflationary pressures in our input and energy costs and continued investment in marketing and sales. Consequently, operating profit (beia) margin improved by 33 bps.

In the **UK**, net revenue (beia) grew organically by a mid-single-digit, driven by inflation-led pricing more than offsetting a total volume decline of a mid-single-digit. Our premium portfolio outperformed, driven by Birra Moretti and the acceleration of Beavertown, the largest craft beer brand by value in the market. Our pub estate outperformed the wider on-trade market. Cruzcampo was successfully introduced earlier in the year and became the biggest new product introduction in the beer, wine and spirits categories in the off-trade by year end.

In **France**, net revenue (beia) grew by a low-single-digit, driven by inflation-led pricing to partially offset the impact from rising input costs, with a decline in total volume of a high-single-digit. Our premium portfolio performed better, driven by the continued growth of Gallia and the launch of our new craft brand Pélican at the end of last year.

In **Spain**, net revenue (beia) grew by a high-single digit, driven by price mix in line with inflation and stable volume, outperforming the market in the on-trade. The performance of our premium portfolio was supported by the strong growth of El Águila, up by 30% in volume.

In **Italy**, net revenue (beia) grew by over 10%, driven by inflation-led pricing, partly offset by a mid-single-digit volume decline. We outperformed the market as we focused on Birra Moretti in the mainstream segment, which grew volume by a mid-single-digit, well ahead of the market.

In **Poland**, net revenue (beia) grew organically by a mid-single-digit, driven by pricing that more than offset a high-single-digit volume decline. Our strategic mainstream brand Zywiec grew volume and market share, benefiting from its relaunch with a rejuvenated position towards younger consumers.

In the **Netherlands**, net revenue (beia) grew by a low-single-digit, as inflation-led pricing was more than offset by a low-teens total volume decline, behind the market. Our premium portfolio grew slightly, outperforming the market, with a strong performance of Texels, our local craft beer, and Birra Moretti.

Financial Review

Key figures[1]

(in € million unless otherwise stated)	2022 Reported	2022 Eia	2022 Beia	2023 Reported	2023 Eia	2023 Beia	2023 Currency translation	2023 Consolidation impact	2023 Organic growth	2023 Organic growth
Revenue	34,676	-33	34,643	**36,375**	**-65**	**36,310**	**-1,168**	**1,253**	**1,582**	**4.6%**
Excise tax expense	-5,957	8	-5,949	-6,013	12	-6,001	305	-366	9	0.1%
Net revenue	28,719	-25	28,694	**30,362**	**-54**	**30,308**	**-864**	**887**	**1,591**	**5.5%**
Marketing and selling expenses	-2,692	-43	-2,735	-2,767	1	-2,766	76	-52	-54	-2.0%
Personnel expenses	-4,079	74	-4,005	-4,353	139	-4,214	69	-150	-128	-3.2%
Amortisation, depreciation and impairments	-1,886	207	-1,679	-3,096	1,268	-1,828	41	-64	-126	-7.5%
Other net (expenses)/income	-15,779	6	-15,773	-16,917	-141	-17,058	576	-656	-1,204	-7.6%
Total net other (expenses)/income	-24,436	244	-24,192	-27,133	1,268	-25,865	762	-922	-1,513	-6.3%
Operating profit	4,283	219	4,502	**3,229**	**1,214**	**4,443**	**-102**	**-35**	**78**	**1.7%**
Interest income	74	-1	73	90	0	90	-6	0	23	31.8%
Interest expense	-458	6	-452	-640	-4	-644	57	-55	-193	-42.7%
Net interest income/(expenses)	-384	5	-380	-550	-4	-554	51	-55	-170	-44.8%
Other net finance income/(expenses)	48	-111	-63	-375	34	-343	68	-12	-336	-537.3%
Share of profit of associates and joint ventures	223	40	263	218	52	270	-7	3	11	4.3%
Income tax expense	-1,131	8	-1,124	-121	-831	-952	-2	26	148	13.2%
Non-controlling interests	-357	-6	-363	-97	-136	-233	-2	-14	146	40.2%
Net profit	2,682	155	2,836	**2,304**	**329**	**2,632**	**6**	**-87**	**-123**	**-4.3%**
EBITDA[2]	6,392	52	6,444	**6,543**	**-2**	**6,541**				

[1] This table will not always cast due to rounding.
[2] EBITDA is derived from 'operating profit' less 'amortisation, depreciation and impairments' plus 'share of profit of associates and joint ventures'.

Main changes in consolidation

On 7 September 2022, HEINEKEN purchased the remaining shares in Beavertown Brewery in the UK, achieving full ownership.

On 15 November 2022, HEINEKEN disposed of Société Nouvelle des Boissons Gazeuses (SNBG), its soft drinks, juice and water business in Tunisia.

On 1 February 2023, HEINEKEN acquired a majority stake in Davidov Hram, a wholesale business in Slovenia.

On 14 April 2023, HEINEKEN obtained control of NBL and on 26 April 2023, of Distell. NBL and Distell have been combined with Heineken South Africa into a new HEINEKEN majority-owned business 'Heineken Beverages'. Distell and NBL are consolidated within HEINEKEN as from those dates.

On 1 June 2023, HEINEKEN disposed of its licence to brew a brand in the UK.

On 25 August 2023, HEINEKEN announced it completed its exit from Russia.

On 29 September 2023, HEINEKEN completed the sale of soft-drink producer Vrumona in the Netherlands.

On 1 October 2023, HEINEKEN began consolidating Comans Beverages Limited, a beverage wholesale business in Ireland.

HEINEKEN applies hyperinflation accounting in Ethiopia and Haiti. Fixed assets are revalued for the inflation from the time of acquisition to date. The prior year impact from depreciation resulting from the revaluation of previous years is recorded as a change in consolidation and is excluded from the organic growth calculation. At the same time, all metrics in the income statement are restated to reflect the inflation level as per the reporting date. These impacts are recorded as exceptional items.

Revenue

Revenue was €36,375 million, an increase of 4.9% (2022: €34,676 million). **Revenue (beia)** increased 4.6% organically to €36,310 million (2022: €34,643 million). Exceptional items in revenue amounted to €65 million (2022: €33 million), mainly related to hyperinflation accounting adjustments in Ethiopia and Haiti.

Net revenue (beia) increased by 5.5% organically, with net revenue (beia) per hectolitre up 10.8% and total consolidated volume declining by 4.7%. The underlying price-mix on a constant geographic basis was up 10.2%, driven by pricing for inflation and positive mix effects. Currency translation negatively impacted net revenue (beia) by €864 million or 3.0%, mainly from the devaluation of currencies in emerging markets partially offset by a stronger Mexican Peso. Consolidation effects positively impacted net revenue (beia) by €887 million or 3.1%, mainly from the consolidation of Distell and Namibia Breweries.

Expenses

Total net other expenses were €27,133 million (2022: €24,436 million) **Total net other expenses (beia)** were €25,865 million, up 6.3% on an organic basis driven by inflationary pressures on our cost base, especially on input and energy costs, and incremental investments behind our brands, capabilities, digitalisation and sustainability agenda; partially offset by cost savings from our productivity programme.

Variable costs, including raw materials, non-returnable packaging materials, transportation and energy & water costs in aggregate increased organically in the low-teens on a per hectolitre basis, as the strong impact from higher prices in commodities and energy reflected in our hedges was partially mitigated by structural cost savings.

Marketing and selling expenses were €2,767 million (2022: €2,692 million). **Marketing and selling expenses (beia)** increased organically by €54 million or 2.0% mainly driven by incremental brand support in the Americas and sponsorship fees at the Head Office. The investment represented 9.1% of net revenue (beia) (2022: 9.5%), with a broadly stable proportion of consumer-facing expenses.

Personnel expenses were €4,353 million (2022: €4,079 million). **Personnel expenses (beia)** increased organically by 3.2% to €4,214 million (2022: €4,005 million), mainly driven by salary increases and partially offset by lower variable pay and performance incentives.

Depreciation, amortisation and impairment expenses were €3,096 million (2022: €1,886 million), with the increase mainly driven by impairments detailed further below. **Depreciation & amortisation expenses (beia)** increased organically by 7.5% to €1,828 million (2022: €1,679 million) mainly driven by the investments last year in Brazil, Mexico and Nigeria.

Operating profit

Operating profit landed at €3,229 million (2022: €4,283 million), lower due to higher exceptional items and amortisation of acquisition related intangibles in 2023 amounting to €1,214 million (2022: €219 million) of which amortisation of acquisition-related intangibles represented €385 million (2022: €333 million) and net exceptional expense items amounted to €829 million (2022: €114 million net benefit), including an impairment of €491 million for Heineken Beverages.

Operating profit (beia) grew organically 1.7% with a strong recovery in the second half of the year and with growth delivered in three of the four regions. Pricing to offset inflation and premiumisation, together with strong delivery of our productivity programme, more than offset the inflationary pressures in our cost base and incremental investments behind our growth agenda. Currency translation negatively impacted operating profit (beia) by €102 million, or 2.3%, mainly driven by the devaluation of currencies in emerging markets being partially offset by appreciation of the Mexican Peso.

The operating profit (beia) organic growth in the head office was driven by the increase in general proceeds from license fees and services, in line with the revenue growth of our operating companies.

Net finance expenses

Net interest expenses were €550 million (2022: €384 million). **Net interest expenses (beia)** increased organically by 44.8% to €554 million. The increase reflects a higher average net debt position and a higher average effective interest rate. The average effective interest rate (beia) in 2023 was 3.4% (2022: 2.8%).

Other net finance expenses were €375 million (2022: €48 million income). **Other net finance expenses (beia)** amounted to €343 million, an increase of €336 million on an organic basis. The steep increase is mainly driven by negative impacts from currency revaluations on outstanding foreign currency payables and the revaluation of long-term green-energy contracts.

Share of profit of associates and joint ventures

The share of profit of associates and joint ventures amounted to €218 million (2022: €223 million) and includes the attributable profit from China Resources Beer (Holdings) Co. Ltd. (CR Beer) with a two-month delay (November 2022 to October 2023). **Share of profit of associates and joint ventures (beia)** amounted to €270 million, an organic increase of €11 million, reflecting the strong profit growth of CR Beer in China and partially offset by lower profits from our joint venture partnerships in Africa.

Income tax expense

Total income tax expense reduced from €1,131 million in 2022 to €121 million in 2023, mainly driven by the recognition of previously unrecognised deferred tax assets in Brazil and partly offset by the non-deductible goodwill impairment for Heineken Beverages and the loss on the Russia disposal. As a result, the reported effective tax rate decreased from 28.7% to 5.2%. The effective tax rate (beia) was 26.8% (2022: 27.7%). The decrease is mainly driven by a lower effective tax rate in Brazil.

Net profit

Net profit was €2.3 billion (2022: €2.7 billion). The negative impact of exceptional items and amortisation of acquisition related intangibles on net profit in 2023 was €329 million (2022: €155 million), where the higher exceptional expenses in operating profit were partially offset by the exceptional benefits from the recognition of €661 million of previously unrecognised deferred tax assets in Brazil.

Net profit (beia) declined 4.3% organically to €2.6 billion (2022: €2.8 billion). The gains from higher operating profit, higher profits from associates and joint ventures and lower minority interests and income taxes were more than offset by a significant increase in other net financing expenses and higher interest expense.

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

Exceptional items are consistently defined and applied 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, redundancy costs following a restructuring, hyperinflation accounting adjustments, 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 net exceptional expense of €329 million (2022: €155 million). On operating profit the impact of eia amounted to a net exceptional expense of €1,214 million (2022: €219 million).

Amortisation of acquisition-related intangibles recorded in operating profit amounted to €385 million (2022: €333 million). Net exceptional expense items recorded in operating profit amounted to €829 million (2022: €114 million, net benefit), which include:

- Net impairments of €683 million recorded in amortisation, depreciation and impairments, including €491 million impairment for Heineken Beverages (2022: €132 million net impairment reversal)
- €209 million exceptional expense related to the recycling of foreign currency translation reserve upon selling the Russia disposal group recorded in amortisation, depreciation and impairments and €195 million of exceptional gain on sale of Vrumona recorded in other income
- Net restructuring expenses recorded in personnel expenses of €130 million (2022: €70 million)
- €40 million exceptional benefit recorded in other income related to tax credits in Brazil (2022: €44 million exceptional net benefit recorded as reduction recorded in marketing expense related to tax credits in Brazil)
- €50 million exceptional net expense relating to hyperinflation accounting adjustments (2022: €44 million) of which €55 million income recorded in revenue (2022: €25 million), €69 million expenses in raw material, consumables and services (2022: €54 million), €32 million expense in amortisation, depreciation and impairments (2022: €13 million) and €4 million in personnel expenses (2022: €2 million)
- €8 million of other net exceptional benefits (2022: €52 million of other exceptional net benefits)

Please refer to page 26 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 (**CAPEX**) amounted to €2,677 million (2022: €2,011 million) representing 8.8% of net revenue (beia). The investments in the year include returnable packaging materials across several markets and capacity expansion in Brazil.

Free operating cash flow amounted to €1,759 million (2022: €2,409 million) and is lower than 2022, mainly due to higher CAPEX, interest and income taxes paid.

Financial structure

Total borrowings amounted to €18,238 million (2022: €16,377 million). **Net debt** increased to €15,835 million (2022: €13,531 million) as the cash outflow for acquisitions, share purchases from FEMSA and dividends was only partially offset by the positive free operating cash flow.

Including the effect of cross-currency swaps, 75% of net debt is Euro-denominated, and 13% is US dollar and US dollar proxy currencies.

The pro-forma 12-month rolling **net debt/EBITDA (beia) ratio** was 2.4x on 31 December 2023 (2022: 2.1x), in line with 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 €3.2 billion at 31 December 2023 (2022: €3.6 billion) and consisted of the undrawn part of the committed €3.5 billion revolving credit facility and centrally available cash minus centrally issued commercial paper and short-term bank borrowings at group level.

Average number of shares

HEINEKEN has 576,002,613 shares in issue. In the calculation of basic EPS, the weighted effect of own shares held in treasury (8,489,088 shares) and of the shares held by Heineken Holding N.V. (4,064,680 shares) for which it has waived its dividend rights, have been excluded. As a result, the weighted average number of shares outstanding was 563,448,845 (2022: 575,563,505).

In the calculation of 2023 diluted EPS (beia), shares to be delivered under the employee incentive programme (530,775 shares) are added to the weighted average shares outstanding. The weighted average diluted number of shares outstanding was 563,979,620 (2022: 576,026,120).

Full Year 2023 Consolidated Metrics

In mhl or €million unless otherwise stated & consolidated figures unless otherwise stated	FY22	Currency translation	Consolidation impact	Organic growth	**FY23**	Organic growth
Africa, Middle East & Eastern Europe						
Net revenue (beia)	4,005	-958	716	466	**4,229**	11.6%
Operating profit (beia)	554	-118	-1	15	**450**	2.8%
Operating profit (beia) margin	13.8%				**10.6%**	
Total consolidated volume	50.8		1.5	-2.8	**49.4**	-5.6%
Beer volume	39.2		-2.0	-2.5	**34.8**	-6.3%
Non-beer volume	11.5		3.4	-0.4	**14.5**	-3.5%
Third party products volume	0.1		0.1	—	**0.2**	62.4%
Licensed beer volume	*2.5*				*2.4*	
Group beer volume	*42.2*				*37.7*	
Americas						
Net revenue (beia)	9,421	351	—	697	**10,469**	7.4%
Operating profit (beia)	1,391	69	-15	87	**1,531**	6.2%
Operating profit (beia) margin	14.8%				**14.6%**	
Total consolidated volume	90.6		—	-0.2	**90.4**	-0.2%
Beer volume	88.5		—	-0.1	**88.4**	-0.1%
Non-beer volume	1.9		—	-0.1	**1.8**	-6.3%
Third party products volume	0.1		—	—	**0.1**	13.1%
Licensed beer volume	*3.2*				*3.4*	
Group beer volume	*99.6*				*99.7*	
Asia Pacific						
Net revenue (beia)	4,652	-260	39	-275	**4,157**	-5.9%
Operating profit (beia)	1,235	-54	-8	-247	**926**	-20.0%
Operating profit (beia) margin	26.5%				**22.3%**	
Total consolidated volume	49.0		—	-5.1	**43.9**	-10.4%
Beer volume	48.0		—	-5.0	**43.0**	-10.4%
Non-beer volume	0.8		—	-0.1	**0.8**	-11.1%
Third party products volume	0.1		—	—	**0.1**	17.7%
Licensed beer volume	*4.7*				*6.7*	
Group beer volume	*75.4*				*71.9*	
Europe						
Net revenue (beia)	11,362	3	132	714	**12,211**	6.3%
Operating profit (beia)	1,221	—	-13	145	**1,353**	11.9%
Operating profit (beia) margin	10.7%				**11.1%**	
Total consolidated volume	98.1		-0.5	-5.4	**92.1**	-5.5%
Beer volume	81.2		-0.4	-4.4	**76.4**	-5.4%
Non-beer volume	9.3		-0.7	-0.7	**7.9**	-7.6%
Third party products volume	7.6		0.6	-0.4	**7.8**	-4.8%
Licensed beer volume	*0.7*				*0.6*	
Group beer volume	*84.2*				*79.4*	
Head Office & Eliminations						
Net revenue (beia)	-746	—	—	-12	**-758**	n.a.
Operating profit (beia)	101	1	3	78	**183**	n.a.
Heineken N.V.						
Net revenue (beia)	28,694	-864	887	1,591	**30,308**	5.5%
Total expenses (beia)	-24,192	762	-922	-1,513	**-25,865**	-6.3%
Operating profit (beia)	4,502	-102	-35	78	**4,443**	1.7%
Operating profit (beia) margin	15.7%				**14.7%**	
Share of profit of associates and JV's (beia)	263	-7	3	11	**270**	4.3%
Net Interest income / (expenses) (beia)	-380	51	-55	-170	**-554**	-44.8%
Other net finance income / (expenses) (beia)	-63	68	-12	-336	**-343**	-537.3%
Income tax expense (beia)	-1,124	-2	26	148	**-952**	13.2%
Minority Interests	-363	-2	-14	146	**-233**	40.2%
Net profit (beia)	2,836	6	-87	-123	**2,632**	-4.3%
Total consolidated volume	288.4		1.0	-13.6	**275.8**	-4.7%
Beer volume	256.9		-2.4	-12.0	**242.6**	-4.7%
Non-beer volume	23.6		2.7	-1.3	**25.0**	-5.6%
Third party products volume	7.9		0.7	-0.3	**8.2**	-3.6%
Licensed beer volume	*11.1*				*13.1*	
Group beer volume	*301.4*				*288.6*	

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

Fourth Quarter 2023 Metrics

In mhl unless otherwise stated & consolidated figures unless otherwise stated	4Q22	Currency translation	Consolidation impact	Organic growth	**4Q23**	Organic growth
Africa, Middle East & Eastern Europe						
Net revenue (beia)	1,096	-378	328	185	**1,230**	16.8%
Total consolidated volume	12.5		0.5	-0.2	**12.9**	-1.4%
Beer volume	9.8		-1.7	-0.2	**7.9**	-2.2%
Non-beer volume	2.7		2.1	—	**4.9**	0.8%
Third party products volume	—		—	—	**0.1**	—
Licensed beer volume	*0.8*				*0.7*	
Group beer volume	*10.6*				*8.7*	
Americas						
Net revenue (beia)	2,617	55	—	192	**2,864**	7.3%
Total consolidated volume	24.3		—	0.1	**24.3**	0.2%
Beer volume	23.8		—	0.1	**23.9**	0.2%
Non-beer volume	0.5		—	—	**0.4**	-5.6%
Third party products volume	—		—	—	**0.1**	—
Licensed beer volume	*1.0*				*0.9*	
Group beer volume	*27.2*				*26.9*	
Asia Pacific						
Net revenue (beia)	1,292	-67	-12	-111	**1,103**	-8.6%
Total consolidated volume	12.5		—	-1.3	**11.2**	-10.1%
Beer volume	12.2		—	-1.3	**11.0**	-10.2%
Non-beer volume	0.2		—	—	**0.2**	-8.3%
Third party products volume	—		—	—	**—**	—
Licensed beer volume	*1.3*				*1.9*	
Group beer volume	*19.0*				*17.9*	
Europe						
Net revenue (beia)	2,579	14	64	98	**2,754**	3.8%
Total consolidated volume	21.2		-0.4	-0.9	**19.9**	-4.0%
Beer volume	17.5		-0.3	-0.6	**16.6**	-3.6%
Non-beer volume	2.1		-0.7	-0.1	**1.3**	-6.2%
Third party products volume	1.6		0.5	-0.1	**2.1**	-5.3%
Licensed beer volume	*0.1*				*0.1*	
Group beer volume	*18.1*				*17.3*	
Heineken N.V.						
Net revenue (beia)	7,422	-376	379	354	**7,779**	4.8%
Total consolidated volume	70.6		0.1	-2.2	**68.4**	-3.2%
Beer volume	63.3		-1.9	-2.1	**59.4**	-3.2%
Non-beer volume	5.5		1.4	-0.2	**6.8**	-2.8%
Third party products volume	1.7		0.6	—	**2.2**	-1.6%
Licensed beer volume	*3.3*				*3.6*	
Group beer volume	*75.0*				*70.7*	

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

Proposed CEO reappointment and Supervisory Board Composition

On 14 December 2023, HEINEKEN announced the nomination of Dolf van den Brink for reappointment as member of the Executive Board of the company at its Annual General Meeting (AGM) on 25 April 2024.

Dolf van den Brink started his tenure as Chairman of the Executive Board and CEO of HEINEKEN following a successful 22-year career at the company. Under his leadership, HEINEKEN embarked on the multi-year EverGreen strategy to future-proof the company and sustain growth in a fast-changing world. Despite global volatility, the company has delivered significant revenue and operating profit growth, successful productivity programmes, fundamental digital and sustainability transformations and growth of its premium portfolio led by Heineken®. The company also extended its advantaged footprint with large acquisitions in Africa and India.

In addition, a nomination for the reappointment of Jean-Marc Huët as member and Chairman of the Supervisory Board for a period of two years shall be submitted to the AGM 2024 for approval. The Supervisory Board proposes to reappoint Jean-Marc Huët in view of his dedicated leadership, resulting in a strong, diverse and highly committed Supervisory Board and a solid relationship with the Executive Board.

The Supervisory Board also proposes to reappoint Pamela Mars-Wright for a period of two years at the AGM 2024. The Supervisory Board proposes to reappoint Pamela Mars-Wright in view of her broad strategic business and commercial expertise as well as her experience in a family-controlled business and her valuable contributions to the Supervisory Board.

Finally, the Supervisory Board nominates Peter Wennink for appointment as member of the Supervisory Board, effective from the 2024 AGM for a period of four years. A Dutch national, Peter was appointed President and CEO of ASML on 1 July 2013, after joining the Board of Management of ASML in 1999 as Executive Vice President and Chief Financial Officer. Under his leadership, ASML has grown significantly to become one of the most successful and leading companies in the Netherlands and the world. Prior to ASML, Peter worked as a partner at Deloitte Accountants B.V. Peter also has experience in various non-executive roles. He holds a degree from the NIVRA School for Auditors.

Enquiries

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Investor Calendar Heineken N.V.

Combined financial and sustainability annual report publication	22 February 2024
Trading Update for Q1 2024	24 April 2024
Annual General Meeting of Shareholders	25 April 2024
Quotation ex-final dividend 2023	29 April 2024
Final dividend 2023 payable	7 May 2024
Half Year 2024 Results	29 July 2024
Quotation ex-interim dividend 2024	31 July 2024
Interim dividend payable	8 August 2024
Trading Update for Q3 2024	23 October 2024

Conference Call Details

HEINEKEN will host an analyst and investor video webcast about its 2023 FY results today, 14 February, at 14:00 CET/ 13:00 GMT/ 08.00 EST. The live video webcast will be accessible via the company's website: https://www.theheinekencompany.com/investors/results-reports-webcasts-and-presentations.

An audio replay service will also be made available after the webcast at the above web address. Analysts and investors can dial-in using the following telephone numbers:

United Kingdom (local): +44 20 3936 2999

Netherlands (local): +31 85 888 7233

United States: +1 646 787 9445

All other locations: +44 20 3936 2999

For the full list of dial in numbers, please refer to the following link: Global Dial-In Numbers

Participation password for all countries: 022498

Editorial information:

HEINEKEN is the world's most international brewer. It is the leading developer and marketer of premium and non-alcoholic beer and cider brands. Led by the Heineken® brand, the Group has a portfolio of more than 350 international, regional, local and specialty beers and ciders. With HEINEKEN's over 90,000 employees, we brew the joy of true togetherness to inspire a better world. Our dream is to shape the future of beer and beyond to win the hearts of consumers. We are committed to innovation, long-term brand investment, disciplined sales execution and focused cost management. Through "Brew 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 operate breweries, malteries, cider plants and other production facilities in more than 70 countries. The most recent information is available on the Company's website and you can follow us on LinkedIn, Twitter and Instagram.

Market Abuse Regulation

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

Disclaimer:

This press release contains forward-looking statements based on current expectations and assumptions with regards to the financial position and results of HEINEKEN's activities, anticipated developments and other factors. All statements other than statements of historical facts are, or may be deemed to be, forward-looking statements. Forward-looking statements also include, but are not limited to, statements and information in HEINEKEN's non-financial reporting, such as HEINEKEN's emissions reduction and other climate change related matters (including actions, potential impacts and risks associated therewith). These forward-looking statements are identified by their use of terms and phrases such as "aim", "ambition", "anticipate", "believe", "could", "estimate", "expect", "goals", "intend", "may", "milestones", "objectives", "outlook", "plan", "probably", "project", "risks", "schedule", "seek", "should", "target", "will" and similar terms and phrases. These forward-looking statements, while based on management's current expectations and assumptions, are not guarantees of future performance since they are subject to numerous assumptions, known and unknown risks and uncertainties, which may change over time, that could cause actual results to differ materially from those expressed or implied 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 but not limited to future market and economic conditions, 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 and other goods and services, interest-rate and exchange-rate fluctuations, changes in tax rates, changes in law, environmental and physical risks, 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 assumes no duty to and 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.

Consolidated Financial Statements for the full year 2023

CONTENTS	PAGE

The 2023 financial information included in the primary statements attached to this press release is derived from the Annual Report 2023. This Annual Report has been authorised for issue. The Annual Report has not yet been published by law and still has to be adopted by the Annual General Meeting of Shareholders on 25 April 2024.

In accordance with section 393, Title 9, Book 2 of the Netherlands Civil Code, Deloitte Accountants B.V. has issued an unqualified Independent auditors' report on the Financial Statements.

The full Annual Report will be available for download on the HEINEKEN website (www.theheinekencompany.com) as of 22 February 2024.

Consolidated Income Statement

For the year ended 31 December

In millions of €	**2023**	2022
Revenue	**36,375**	34,676
Excise tax expense	(6,013)	(5,957)
Net revenue	**30,362**	28,719
Other income	**393**	147
Raw materials, consumables and services	(20,077)	(18,618)
Personnel expenses	(4,353)	(4,079)
Amortisation, depreciation and impairments	(3,096)	(1,886)
Total other expenses	**(27,526)**	(24,583)
Operating profit	**3,229**	4,283
Interest income	90	74
Interest expenses	(640)	(458)
Other net finance income/(expenses)	(375)	48
Net finance expenses	**(925)**	(336)
Share of profit of associates and joint ventures	218	223
Profit before income tax	**2,522**	4,170
Income tax expense	(121)	(1,131)
Profit	**2,401**	3,039
Attributable to:		
Shareholders of the Company (net profit)	2,304	2,682
Non-controlling interests	97	357
Profit	**2,401**	3,039
Weighted average number of shares – basic	563,448,845	575,563,505
Weighted average number of shares – diluted	563,979,620	576,026,120
Basic earnings per share (€)	4.09	4.66
Diluted earnings per share (€)	4.09	4.65

Consolidated Statement of Other Comprehensive Income

For the year ended 31 December

In millions of €	**2023**	2022
Profit	**2,401**	3,039
Other comprehensive income, net of tax:		
Items that will not be reclassified to profit or loss:		
Remeasurement of post-retirement obligations	(66)	63
Net change in fair value through OCI investments	—	15
Items that may be subsequently reclassified to profit or loss:		
Currency translation differences	(170)	437
Change in fair value of net investment hedges	(28)	(62)
Change in fair value of cash flow hedges	(135)	(142)
Cash flow hedges reclassified to profit or loss	12	38
Net change in fair value through OCI investments - debt investments	1	—
Cost of hedging	2	(1)
Share of other comprehensive income of associates/joint ventures	(75)	(46)
Other comprehensive income, net of tax	**(459)**	302
Total comprehensive income	**1,942**	3,341
Attributable to:		
Shareholders of the Company	2,032	3,039
Non-controlling interests	(90)	302
Total comprehensive income	**1,942**	3,341

Consolidated Statement of Financial Position

As at 31 December

In millions of €	**2023**	2022
Intangible assets	21,781	21,408
Property, plant and equipment	14,772	13,623
Investments in associates and joint ventures	4,130	4,296
Loans and advances to customers	239	216
Deferred tax assets	1,292	618
Equity instruments	562	145
Other non-current assets	978	1,085
Total non-current assets	**43,754**	41,391
Inventories	3,721	3,250
Trade and other receivables	5,019	4,531
Current tax assets	196	84
Derivative assets	58	70
Cash and cash equivalents	2,377	2,765
Assets classified as held for sale	28	315
Total current assets	**11,399**	11,015
Total assets	**55,153**	52,406

In millions of €	**2023**	2022
Shareholders' equity	20,056	19,551
Non-controlling interests	2,733	2,369
Total equity	**22,789**	21,920
Borrowings	14,046	12,893
Post-retirement obligations	586	568
Provisions	627	572
Deferred tax liabilities	2,213	2,138
Other non-current liabilities	67	125
Total non-current liabilities	**17,539**	16,296
Borrowings	4,192	3,484
Trade and other payables	9,432	9,283
Returnable packaging deposits	531	545
Provisions	206	226
Current tax liabilities	332	352
Derivative liabilities	132	119
Liabilities associated with assets classified as held for sale	—	181
Total current liabilities	**14,825**	14,190
Total equity and liabilities	**55,153**	52,406

Consolidated Statement of Cash Flows

For the year ended 31 December

In millions of €	**2023**	2022
Operating activities		
Profit	2,401	3,039
Adjustments for:		
Amortisation, depreciation and impairments	3,096	1,886
Net interest expenses	550	384
Other income	(352)	(147)
Share of profit of associates and joint ventures and dividend income on fair value through OCI investments	(226)	(230)
Income tax expenses	121	1,131
Other non-cash items	537	284
Cash flow from operations before changes in working capital and provisions	**6,127**	6,347
Change in inventories	(4)	(793)
Change in trade and other receivables	(42)	(668)
Change in trade and other payables and returnable packaging deposits	(100)	981
Total change in working capital	**(146)**	(480)
Change in provisions and post-retirement obligations	(32)	(207)
Cash flow from operations	**5,949**	5,660
Interest paid	(624)	(439)
Interest received	118	46
Dividends received	147	177
Income taxes paid	(1,160)	(948)
Cash flow related to interest, dividend and income tax	**(1,519)**	(1,164)
Cash flow from operating activities	**4,430**	4,496

In millions of €	**2023**	2022
Investing activities		
Proceeds from sale of property, plant and equipment and intangible assets	154	112
Purchase of property, plant and equipment	(2,434)	(1,791)
Purchase of intangible assets	(243)	(220)
Loans issued to customers and other investments	(244)	(219)
Repayment on loans to customers and other investments	96	31
Cash flow used in operational investing activities	**(2,671)**	(2,087)
Free operating cash flow	**1,759**	2,409
Acquisition of subsidiaries, net of cash acquired	(806)	(171)
Acquisition of/additions to associates, joint ventures and other investments	(409)	(45)
Disposal of subsidiaries, net of cash disposed of	257	9
Disposal of associates, joint ventures and other investments	53	8
Cash flow used in acquisitions and disposals	**(905)**	(199)
Cash flow used in investing activities	**(3,576)**	(2,286)
Financing activities		
Proceeds from borrowings	6,751	644
Repayment of borrowings	(4,614)	(1,934)
Payment of lease commitments	(390)	(304)
Dividends paid	(1,335)	(1,099)
Purchase own shares and shares issued	(942)	(43)
Acquisition of non-controlling interests	(286)	(391)
Cash flow used in financing activities	**(816)**	(3,127)
Net cash flow	**38**	(917)
Cash and cash equivalents as at 1 January	1,618	2,556
Effect of movements in exchange rates	(231)	(21)
Cash and cash equivalents as at 31 December	**1,425**	1,618

Consolidated 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 2022	922	2,701	(4,003)	56	(8)	56	1,128	(37)	16,541	17,356	2,344	19,700
Hyperinflation restatement to 1 January 2022	—	—	—	—	—	—	—	—	245	245	—	245
Balance as at 1 January 2022 after restatement	922	2,701	(4,003)	56	(8)	56	1,128	(37)	16,786	17,601	2,344	19,945
Profit	—	—	—	—	—	—	208	—	2,474	2,682	357	3,039
Other comprehensive income/(loss)	—	—	384	(103)	(1)	14	—	—	63	357	(55)	302
Total comprehensive income/(loss)	—	—	384	(103)	(1)	14	208	—	2,537	3,039	302	3,341
Realised hedge results from non-financial assets	—	—	—	—	—	—	—	—	—	—	—	—
Transfer to/from retained earnings	—	—	—	—	—	—	(94)	—	94	—	—	—
Dividends to shareholders	—	—	—	—	—	—	—	—	(840)	(840)	(263)	(1,103)
Purchase own shares or contributions received from NCI shareholders	—	—	—	—	—	—	—	(43)	—	(43)	—	(43)
Own shares delivered	—	—	—	—	—	—	—	20	(20)	—	—	—
Share-based payments	—	—	—	—	—	—	—	—	49	49	—	49
Acquisition/disposal of non-controlling interests without losing control	—	—	—	—	—	—	—	—	(373)	(373)	(18)	(391)
Hyperinflation impact	—	—	—	—	—	—	—	—	116	116	—	116
Changes in consolidation	—	—	—	—	—	—	—	—	2	2	4	6
Balance as at 31 December 2022	922	2,701	(3,619)	(47)	(9)	70	1,242	(60)	18,351	19,551	2,369	21,920

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 2023	**922**	**2,701**	**(3,619)**	**(47)**	**(9)**	**70**	**1,242**	**(60)**	**18,351**	**19,551**	**2,369**	**21,920**
Hyperinflation restatement to 1 January 2023[1]	—	—	—	—	—	—	—	—	40	40	—	40
Balance as at 1 January 2023 after restatement	**922**	**2,701**	**(3,619)**	**(47)**	**(9)**	**70**	**1,242**	**(60)**	**18,391**	**19,591**	**2,369**	**21,960**
Profit	—	—	—	—	—	—	204	—	2,100	2,304	97	2,401
Other comprehensive income/(loss)	—	—	(86)	(123)	2	1	—	—	(66)	(272)	(187)	(459)
Total comprehensive income/(loss)	**—**	**—**	**(86)**	**(123)**	**2**	**1**	**204**	**—**	**2,034**	**2,032**	**(90)**	**1,942**
Realised hedge results from non-financial assets	—	—	—	156	—	—	—	—	—	156	—	156
Transfer to/from retained earnings	—	—	—	—	—	—	534	—	(534)	—	—	—
Dividends to shareholders	—	—	—	—	—	—	—	—	(1,080)	(1,080)	(270)	(1,350)
Purchase own shares or contributions received from NCI shareholders	—	—	—	—	—	—	—	(943)	—	(943)	1	(942)
Own shares delivered	—	—	—	—	—	—	—	37	(37)	—	—	—
Share-based payments	—	—	—	—	—	—	—	—	2	2	—	2
Acquisition/disposal of non-controlling interests without losing control	—	—	—	—	—	—	—	—	(214)	(214)	(9)	(223)
Hyperinflation impact	—	—	—	—	—	—	—	—	163	163	—	163
Changes in consolidation	—	—	—	—	—	—	—	—	349	349	732	1,081
Balance as at 31 December 2023	**922**	**2,701**	**(3,705)**	**(14)**	**(7)**	**71**	**1,980**	**(966)**	**19,074**	**20,056**	**2,733**	**22,789**

1 Includes impairment related to the hyperinflationary impact on the opening balance

Non-Gaap Measures

In the internal management reports, HEINEKEN consistently measures its segmental performance primarily based on operating profit and operating profit beia (before exceptional items and amortisation of acquisition-related intangible assets). Wherever appropriate and practical, HEINEKEN provides reconciliations for relevant GAAP measures. The non-GAAP measures are unaudited.

In millions of €	**2023**	2022
Operating profit (beia)	**4,443**	4,502
Amortisation of acquisition-related intangible assets and exceptional items recorded in operating profit	(1,214)	(219)
Share of profit of associates and joint ventures	218	223
Net finance expenses	(925)	(336)
Profit before income tax (IFRS)	**2,522**	4,170
Profit attributable to shareholders of the Company (net profit) (IFRS)	**2,304**	2,682
Amortisation of acquisition-related intangible assets recorded in operating profit	385	333
Exceptional items recorded in operating profit	829	(114)
Exceptional items recorded in net finance expenses/ (income)	30	(106)
Exceptional items and amortisation of acquisition-related intangible assets recorded in share of profit of associates and joint ventures	52	40
Exceptional items recorded in income tax expense	(831)	8
Allocation of exceptional items and amortisation of acquisition-related intangibles to non-controlling interests	(136)	(6)
Net profit (beia)	**2,632**	2,836

Due to rounding, this table will not always cast.

The 2023 exceptional items and amortisation of acquisition-related intangibles on net profit and loss amount to €329 million net expense (2022: €155 million net expense). This amount consists of:

- €385 million (2022: €333 million) of amortisation of acquisition-related intangibles and inventory recorded in operating profit, of which € 317 million in amortisation, depreciation and impairments (2022: €333 million) and €68 million in raw material consumables and services (2022: nil).
- €829 million net exceptional expense (2022: €114 million net benefit) recorded in operating profit. This includes:
  - a net impairment of €683 million recorded in amortisation, depreciation and impairments, including impairment of €491 million for Heineken Beverages (total net impairment reversal in 2022: €132 million).
  - €209 million exceptional expense related to the recycling of foreign currency translation reserve upon selling the Russia disposal group recorded in amortisation, depreciation and impairments and €195 million of exceptional gain on sale of Vrumona B.V. (Vrumona) recorded in other income.
  - net restructuring expenses recorded in personnel expenses of €130 million (2022: €70 million).
  - €40 million exceptional benefit recorded in other income related to tax credits in Brazil (2022: €44 million net benefit as reduction recorded in marketing expense related to tax credits in Brazil).
  - €50 million net exceptional expense relating to hyperinflation accounting adjustments (2022: €44 million), of which €55 million income recorded in revenue (2022: €25 million), €69 million expense in raw materials consumables and services (2022: €54 million), €32 million expense in amortisation, depreciation and impairments (2022: €13 million) and €4 million in personnel expenses (2022: €2 million)
  - €8 million of other exceptional net benefits (2022: €52 million of other exceptional net benefits).
- €30 million of exceptional net finance expenses, mainly related to €125 million of exceptional net expense related to the one-off impact of the devaluation of the Nigerian Naira, €76 million of exceptional net benefit related to the net monetary gain resulting from hyperinflation, €30 million of exceptional net benefit mainly related to interest on tax credits in Brazil and

€11 million other exceptional net finance expenses (2022: €106 million, exceptional net finance benefit, mainly related to the net monetary gain resulting from hyperinflation of €94 million).

- €52 million of exceptional net expense (2022: €40 million net expense) included in the share of profit of associates and joint ventures, mainly relating to the amortisation of acquisition-related intangible assets.
- €831 million of exceptional net benefit in income tax expense, mainly related to the recognition of previously unrecognised deferred tax assets in Brazil of €661 million (2022: €8 million of exceptional net expense in income tax expense.
- Total amount of eia allocated to non-controlling interests amounts to €136 million net benefit (2022: €6 million, net benefit).

Net debt

(in € million unless otherwise stated)	**FY23**	FY22
Non-current borrowings	14,046	12,893
Current borrowings	4,192	3,484
Total borrowings	**18,238**	16,377
Market value of cross-currency interest rate swaps	(3)	(17)
Other investments	(23)	(64)
Cash and cash equivalents	(2,377)	(2,765)
Net debt	**15,835**	13,531

Capital expenditure related to PP&E and intangible assets (capex)

(in € million unless otherwise stated)	**FY23**	FY22
Purchase of property, plant and equipment	2,434	1,791
Purchase of intangible assets	243	220
Capital expenditure related to PP&E and intangible assets (capex)	**2,677**	2,011

Reconciliation of comparative figures

Key figures[1]

(in € million unless otherwise stated)	2021 Reported	2021 Eia	2021 Beia	2022 Reported	2022 Eia	2022 Beia	2022 Currency translation	2022 Consolidation impact	2022 Organic growth	2022 Organic growth
Revenue	26,583	0	26,583	**34,676**	**-33**	**34,643**	**1,740**	**1,247**	**5,072**	**19.1 %**
Excise tax expense	-4,642	-41	-4,683	-5,957	8	-5,949	-159	-677	-431	-9.2 %
Net revenue	21,941	-40	21,901	**28,719**	**-25**	**28,694**	**1,582**	**570**	**4,642**	**21.2 %**
Marketing and selling expenses	-2,091	0	-2,091	-2,692	-43	-2,735	-150	-27	-467	-22.4 %
Personnel expenses	-3,485	-4	-3,489	-4,079	74	-4,005	-160	-40	-316	-9.1 %
Amortisation, depreciation and impairments	-1,959	420	-1,539	-1,886	207	-1,679	-81	-35	-24	-1.6 %
Other net (expenses)/income	-9,923	-1,445	-11,368	-15,779	6	-15,773	-933	-456	-3,016	-26.5 %
Total net other (expenses)/income	-17,458	-1,029	-18,487	-24,436	244	-24,192	-1,324	-558	-3,824	-20.7 %
Operating profit	4,483	-1,069	3,414	**4,283**	**219**	**4,502**	**258**	**12**	**818**	**24.0 %**
Interest income	49	-1	48	74	-1	73	6	0	18	37.2 %
Interest expense	-462	11	-451	-458	6	-452	-13	2	9	2.1 %
Net interest income/(expenses)	-413	10	-403	**-384**	**5**	**-380**	**-7**	**2**	**27**	**6.8 %**
Other net finance income/(expenses)	14	-108	-94	48	-111	-63	4	16	12	12.3 %
Share of profit of associates and joint ventures	250	-12	238	223	40	263	29	-32	29	12.1 %
Income tax expense	-799	-73	-872	-1,131	8	-1,124	-61	-11	-180	-20.7 %
Non-controlling interests	-211	-30	-241	-357	-6	-363	-26	-17	-79	-32.5 %
Net profit	3,324	-1,283	2,041	**2,682**	**155**	**2,836**	**198**	**-30**	**627**	**30.7 %**
EBITDA[2]	6,692	-1,501	5,191	**6,392**	**52**	**6,444**				

[1] This table will not always cast due to rounding
[2] EBITDA is derived from 'operating profit' less 'amortisation, depreciation and, impairments' plus 'share of profit of associates and joint ventures'

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.

Average effective interest rate

Net interest income and expenses related to the net debt position divided by the average net debt position calculated on a quarterly basis.

Beia

Before exceptional items and amortisation of acquisition-related intangible assets. Whenever used in this report, the term "beia" refers to performance measures (EBITDA, net profit, effective tax rate, etc) before exceptional items and amortisation of acquisition related intangible assets.

Beyond Beer

Alcoholic and non-alcoholic beverage propositions beyond core beer, which leverage natural ingredients and/or beer production process. This includes for example flavoured beer, Ciders, RTDs (Ready-To-Drinks) and malt based drinks.

Capital expenditure related to PP&E and intangible assets (capex)

Sum of 'Purchase of property, plant and equipment' and 'Purchase of intangible assets' as included in the consolidated statement of cash flows.

Cash conversion ratio

Free operating cash flow/net profit (beia) before deduction of non-controlling interests, calculated on an annual basis.

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 cash

Represents cash after the deduction of overdraft balances in the group cash pooling structure and other cash and cash equivalents owned at group level.

Centrally available financing headroom

This consists of the undrawn part of the committed €3.5 billion revolving credit facility and centrally available cash, minus centrally issued commercial paper and short-term bank borrowings at group level.

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/(loss) 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, amortisation and impairment. 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

Total of cash flow from operating activities and cash flow from operational investing activities.

Gross merchandise value

Value of all products sold via our eB2B platforms. This includes our own and third-party products, including all duties and taxes.

Gross savings

Structural cost reductions resulting from targeted initiatives to improve efficiency and productivity, relative to the baseline of expenses of a previous period adjusted for inflation. The gross savings exclude cost-to-achieve, consolidation changes and decisions to reinvest.

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.

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, cash equivalents and other investments.

Net profit

Profit 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 Growth %

Organic growth divided by the related prior year beia amount. Whenever used in this report, the term “organically” refers to the organic growth % of the related performance measures (revenue, operating profit, net profit, etc).

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

Total profit of HEINEKEN before deduction of non-controlling interests.

Pro-forma 12-month rolling net debt/EBITDA (beia) ratio

Net debt divided by the 12-month rolling pro-forma EBITDA (beia), which includes acquisitions and excludes disposals on a 12-month pro-forma basis.

®

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.

Total borrowings

Sum of ‘Non-current borrowings’ and ‘current borrowings’ as included in the consolidated statement of financial position.

Variable cost

Includes input costs (raw material, packaging material and inventory movements), transport and energy & water.

Volume

Beer volume

Beer volume produced and sold by consolidated companies.

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.

Group beer volume

The sum of beer volume, licensed beer volume and attributable share of beer volume from joint ventures and associates.

Licensed volume

100% of volume from HEINEKEN's beer brands sold under licence agreements by joint ventures, associates and third parties.

LONO

Low- and non-alcoholic beer, cider & brewed soft drinks with an ABV <=3.5%.

Non-beer volume

Cider, soft drinks and other non-beer volume produced and sold by consolidated companies.

Premium beer

Beer sold at a price index equal or greater than 115 relative to the average market price of beer.

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.

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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