

## Heineken Holding N.V. reports 2021 half year results

Amsterdam, 2 August 2021 – Heineken Holding N.V. (EURONEXT: HEIO; OTCQX: HKHHY) announces:

### KEY HIGHLIGHTS

- The net result of Heineken Holding N.V.'s participating interest in Heineken N.V. for the first half year of 2021 amounts to €517 million
- Net revenue (beia) €9,971 million, +14.1% organic growth
- Net revenue (beia) organic growth per hectolitre +5.5%
- Consolidated beer volume organic growth +9.6%
- Heineken® volume +19.6%
- Operating profit (beia) organic growth +109.3%
- Net profit (beia) €896 million, +320.3% organic growth
- EverGreen strategy deployment at HEINEKEN has started
- Full year expectations unchanged: financial results to remain below 2019.

### FINANCIAL SUMMARY<sup>1</sup>

<b>IFRS Measures</b>	€ million	Total growth	<b>BEIA Measures</b>	€ million	Organic growth <sup>2</sup>
Revenue	11,970	7.3%	Revenue (beia)	11,970	13.1%
Net revenue	10,010	8.3%	Net revenue (beia)	9,971	14.1%
Operating profit	1,717	1,920.0%	Operating profit (beia)	1,628	109.3%
			Operating profit (beia) margin	16.3%	
Net profit of Heineken Holding N.V.	517	448.1%	Net profit (beia)	896	320.3%
Diluted EPS (in €)	1.80	446.2%	Diluted EPS (beia) (in €)	1.56	295.5%
			Free operating cash flow	650	
			Net debt / EBITDA (beia) <sup>3</sup>	3.0x	

<sup>1</sup> Consolidated figures are used throughout this report unless otherwise stated; please refer to the Glossary for an explanation of non-GAAP measures and other terms used throughout this report.

<sup>2</sup> Organic growth shown, except for Diluted EPS (beia) which is total growth.

<sup>3</sup> Includes acquisitions and excludes disposals on a 12 month pro-forma basis.

Heineken Holding N.V. engages in no activities other than its participating interest in Heineken N.V. and the management or supervision of and provision of services to that company.

### INTERIM DIVIDEND

According to the Articles of Association of Heineken Holding N.V. both Heineken Holding N.V. and Heineken N.V. pay an identical dividend per share. In accordance with its dividend policy, HEINEKEN fixes the interim dividend at 40% of the total dividend of the previous year. In 2020, HEINEKEN by exception deviated from this policy, as no interim dividend was paid in August 2020.

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

## OUTLOOK STATEMENTS

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

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

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

HEINEKEN also anticipates:

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

## TRANSLATIONAL CURRENCY CALCULATED IMPACT

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

## ENQUIRIES

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## INVESTOR CALENDAR HEINEKEN N.V.

*(events also accessible for Heineken Holding N.V. shareholders)*

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

## CONFERENCE CALL DETAILS

HEINEKEN will host an analyst and investor conference call in relation to its 2021 HY results today at 14:00 CET/ 13:00 GMT. This call will also be accessible for Heineken Holding N.V. shareholders. The call will be audio cast live via the website: [www.theheinekencompany.com](http://www.theheinekencompany.com). An audio replay service will also be made available after the conference call at the above web address. Analysts and investors can dial-in using the following telephone numbers:

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

### *Editorial information:*

Heineken Holding N.V. engages in no activities other than its participating interest in Heineken N.V. and the management or supervision of and provision of services to that company.

HEINEKEN is the world's most international brewer. It is the leading developer and marketer of premium beer and cider brands. Led by the Heineken® brand, the Group has a portfolio of more than 300 international, regional, local and specialty beers and ciders. HEINEKEN is committed to innovation, long-term brand investment, disciplined sales execution and focused cost management. Through "Brewing a Better World", sustainability is embedded in the business. HEINEKEN has a well-balanced geographic footprint with leadership positions in both developed and developing markets. HEINEKEN employs over 80,000 employees and operates breweries, malteries, cider plants and other production facilities in more than 70 countries. Heineken Holding N.V. and Heineken N.V. shares trade on the Euronext in Amsterdam. Prices for the ordinary shares may be accessed on Bloomberg under the symbols HEIO NA and HEIA NA and on Reuters under HEIO.AS and HEIN.AS. HEINEKEN has two sponsored level 1 American Depositary Receipt (ADR) programmes: Heineken Holding N.V. (OTCQX: HKHHY) and Heineken N.V. (OTCQX: HEINY). Most recent information is available on the websites: [www.heinekenholding.com](http://www.heinekenholding.com) and [www.theHEINEKENcompany.com](http://www.theHEINEKENcompany.com) and follow HEINEKEN on Twitter via @HEINEKENCorp.

### *Market Abuse Regulation:*

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

### *Disclaimer:*

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

## INTRODUCTION

This report contains the interim financial report of Heineken Holding N.V., headquartered in Amsterdam, the Netherlands.

The interim financial report for the six months ending 30 June 2021 consists of the report of the Board of Directors, the statement of the Board and the condensed consolidated interim financial statements.

## REPORT OF THE BOARD OF DIRECTORS

Heineken Holding N.V. has a 50.005% interest in the issued share capital (being 50.027% of the outstanding share capital) of Heineken N.V. Standing at the head of the HEINEKEN group, Heineken Holding N.V. is not an ordinary holding company. Since its formation in 1952, Heineken Holding N.V.'s object pursuant to its Articles of Association has been to manage or supervise the management of the HEINEKEN group and to provide services for Heineken N.V. Within the HEINEKEN group, the primary duties of Heineken N.V.'s Executive Board are to initiate and implement corporate strategy and to manage Heineken N.V. and its related enterprise. It is supervised in the performance of its duties by Heineken N.V.'s Supervisory Board. Because Heineken N.V. manages the HEINEKEN group companies, Heineken Holding N.V., unlike Heineken N.V., does not have an internal risk management and control system. Heineken Holding N.V. does not engage in any operational activities and employs no staff.

Further information regarding the developments during the financial half year 2021 of Heineken N.V. and its related companies, and the material risks Heineken N.V. is facing is given in Heineken N.V.'s half year report.

Pursuant to Article 5:25d Paragraph 4 Dutch Financial Markets Supervision Act ("Wet op het financieel toezicht") we mention that Heineken Holding N.V.'s half year report has not been audited nor reviewed.

## STATEMENT OF THE BOARD OF DIRECTORS

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

To our knowledge:

1. The condensed consolidated interim financial statements for the six-month period ended 30 June 2021, which have been prepared in accordance with IAS 34 'Interim Financial Reporting' as adopted by the EU, give a true and fair view of the assets, liabilities, financial position, and profit or loss of Heineken Holding N.V. and the businesses included in the consolidation as a whole;
2. The report of the Board of Directors for the six-month period ended 30 June 2021 includes a fair review of the information required pursuant to article 5:25d paragraphs 8 and 9 of the Dutch Financial Markets Supervision Act (“Wet op het financieel toezicht”).

Board of Directors

Mr M. Das, *non-executive director (chairman)*

Mrs C.L. de Carvalho-Heineken, *executive director*

Mr M.R. de Carvalho, *executive director*

Mr J.A. Fernández Carbajal, *non-executive director*

Mrs C.M. Kwist, *non-executive director*

Mr A.A.C. de Carvalho, *non-executive director*

Mrs A.M. Fentener van Vlissingen, *non-executive director*

Mrs L.L.H. Brassey, *non-executive director*

Mr J.F.M.L. van Boxmeer, *non-executive director*

Amsterdam, 30 July 2021

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

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## CONDENSED CONSOLIDATED INTERIM INCOME STATEMENT

For the six-month period ended 30 June

<i>In millions of €</i>	Note	2021	2020
<b>Revenue</b>	7	<b>11,970</b>	11,156
Excise tax expense	7	(1,960)	(1,913)
Net revenue	7	<b>10,010</b>	9,243
Other income	8	<b>194</b>	5
Raw materials, consumables and services		(5,972)	(5,967)
Personnel expenses		(1,645)	(1,716)
Amortisation, depreciation and impairments	10	(870)	(1,480)
Total other expenses		<b>(8,487)</b>	(9,163)
<b>Operating profit</b>	7	<b>1,717</b>	85
Interest income		24	32
Interest expenses		(226)	(239)
Other net finance income/(expenses)		24	(58)
Net finance expenses		<b>(178)</b>	(265)
Share of profit/(loss) of associates and joint ventures	7	70	(41)
Profit/(loss) before income tax	7	<b>1,609</b>	(221)
Income tax expenses	14	(440)	(51)
<b>Profit/(loss)</b>		<b>1,169</b>	(272)
Attributable to:			
Shareholders of Heineken Holding N.V. (net profit)		517	(149)
Non-controlling interests in Heineken N.V.		517	(148)
Non-controlling interests in Heineken N.V. group companies		135	25
<b>Profit/(loss)</b>		<b>1,169</b>	(272)
Weighted average number of shares – basic	12	288,030,168	288,030,168
Weighted average number of shares – diluted	12	288,030,168	288,030,168
Basic earnings/(loss) per share (€)		1.80	(0.52)
Diluted earnings/(loss) per share (€)		1.80	(0.52)

## CONDENSED CONSOLIDATED INTERIM STATEMENT OF COMPREHENSIVE INCOME

For the six-month period ended 30 June

<i>In millions of €</i>	2021	2020
<b>Profit/(loss)</b>	<b>1,169</b>	(272)
Other comprehensive income/(loss), net of tax:		
<i>Items that will not be reclassified to profit or loss:</i>		
Remeasurement of post-retirement obligations	99	(51)
Net change in fair value through OCI investments - Equity investments	11	(88)
<i>Items that may be subsequently reclassified to profit or loss:</i>		
Currency translation differences	433	(1,642)
Change in fair value of net investment hedges	(27)	72
Change in fair value of cash flow hedges	42	42
Cash flow hedges reclassified to profit or loss	(7)	8
Net change in fair value through OCI investments - Debt investments	—	(1)
Cost of hedging	(3)	(3)
Share of other comprehensive income of associates/joint ventures	6	6
<b>Other comprehensive income/(loss), net of tax</b>	<b>554</b>	(1,657)
<b>Total comprehensive income/(loss)</b>	<b>1,723</b>	(1,929)
Attributable to:		
Shareholders of Heineken Holding N.V.	788	(962)
Non-controlling interests in Heineken N.V.	785	(957)
Non-controlling interests in Heineken N.V. group companies	150	(10)
<b>Total comprehensive income/(loss)</b>	<b>1,723</b>	(1,929)

**CONDENSED CONSOLIDATED INTERIM STATEMENT OF FINANCIAL POSITION**

<b>As at</b>				<b>As at</b>			
<i>In millions of €</i>	Note	<b>30 June 2021</b>	31 December 2020	<i>In millions of €</i>	Note	<b>30 June 2021</b>	31 December 2020
Intangible assets	10	16,112	15,767	Heineken Holding N.V. shareholders' equity	12	7,178	6,604
Property, plant and equipment	10	11,668	11,551	Non-controlling interests in Heineken N.V.	12	7,359	6,788
Investments in associates and joint ventures	9	5,248	4,437	Non-controlling interests in Heineken N.V. group companies	12	970	1,000
Loans and advances to customers		195	194	<b>Total equity</b>		<b>15,507</b>	<b>14,392</b>
Deferred tax assets		740	779	Borrowings	13	13,831	14,616
Other non-current assets	8	1,112	884	Post-retirement obligations		832	938
<b>Total non-current assets</b>		<b>35,075</b>	<b>33,612</b>	Provisions		676	688
Inventories		2,345	1,958	Deferred tax liabilities		1,073	999
Trade and other receivables		3,911	2,807	Other non-current liabilities		136	131
Current tax assets		105	154	<b>Total non-current liabilities</b>		<b>16,548</b>	<b>17,372</b>
Derivative assets		74	77	Borrowings	13	3,155	3,580
Cash and cash equivalents		1,967	4,000	Trade and other payables		7,100	6,107
Assets classified as held for sale		17	24	Returnable packaging deposits		524	454
<b>Total current assets</b>		<b>8,419</b>	<b>9,020</b>	Provisions		336	416
<b>Total assets</b>		<b>43,494</b>	<b>42,632</b>	Current tax liabilities		262	259
				Derivative liabilities		62	52
				<b>Total current liabilities</b>		<b>11,439</b>	<b>10,868</b>
				<b>Total equity and liabilities</b>		<b>43,494</b>	<b>42,632</b>

## CONDENSED CONSOLIDATED INTERIM STATEMENT OF CASH FLOWS

For the six-month period ended 30 June				For the six-month period ended 30 June		
<i>In millions of €</i>	Note	2021	2020	<i>In millions of €</i>	2021	2020
<b>Operating activities</b>				<b>Investing activities</b>		
Profit/(loss)		1,169	(272)	Proceeds from sale of property, plant and equipment and intangible assets	35	28
Adjustments for:				Purchase of property, plant and equipment	(728)	(1,064)
Amortisation, depreciation and impairments	10	870	1,479	Purchase of intangible assets	(181)	(62)
Net interest expenses		202	207	Loans issued to customers and other investments	(70)	(68)
Other income	8	(20)	(5)	Repayment on loans to customers and other investments	13	22
Share of (profit)/ loss of associates and joint ventures and dividend income on fair value through OCI investments		(75)	32	<b>Cash flow (used in)/from operational investing activities</b>	<b>(931)</b>	<b>(1,144)</b>
Income tax expenses		440	51	<i>Free operating cash flow</i>	650	(809)
Other non-cash items		(9)	85	Acquisition of subsidiaries, net of cash acquired	(1)	—
Cash flow from operations before changes in working capital and provisions		<b>2,577</b>	1,577	Acquisition of/additions to associates, joint ventures and other investments	(662)	(10)
Change in inventories		(330)	(155)	Disposal of subsidiaries, net of cash disposed of	(4)	—
Change in trade and other receivables		(1,167)	7	Disposal of associates, joint ventures and other investments	8	65
Change in trade and other payables and returnable packaging deposits		1,185	(548)	<b>Cash flow (used in)/from acquisitions and disposals</b>	<b>(659)</b>	<b>55</b>
Total change in working capital		<b>(312)</b>	(696)	<b>Cash flow (used in)/from investing activities</b>	<b>(1,590)</b>	<b>(1,089)</b>
Change in provisions and post-retirement obligations		(148)	3	<b>Financing activities</b>		
Cash flow from operations		<b>2,117</b>	884	Proceeds from borrowings	721	5,872
Interest paid		(271)	(244)	Repayment of borrowings	(2,275)	(1,474)
Interest received		22	27	Payment of lease commitments	(150)	(137)
Dividends received		37	50	Dividends paid	(579)	(709)
Income taxes paid		(324)	(382)	Purchase own shares and shares issued by Heineken N.V.	26	(4)
Cash flow related to interest, dividend and income tax		<b>(536)</b>	(549)	Acquisition of non-controlling interests	(10)	(3)
<b>Cash flow from operating activities</b>		<b>1,581</b>	335	<b>Cash flow (used in)/from financing activities</b>	<b>(2,267)</b>	3,545
				<b>Net cash flow</b>	(2,276)	2,791
				Cash and cash equivalents as at 1 January	3,519	687
				Effect of movements in exchange rates	10	15
				<b>Cash and cash equivalents as at 30 June</b>	<b>1,253</b>	<b>3,493</b>

**CONDENSED CONSOLIDATED INTERIM STATEMENT OF CHANGES IN EQUITY**

<i>In millions of €</i>	Share capital	Share premium	Translation reserve	Hedging reserve	Cost of hedging reserve	Fair value reserve	Other legal reserves	Retained earnings	Shareholders of Heineken Holding N.V.	Non-controlling interests in Heineken N.V.	Non-controlling interests in Heineken N.V. group companies	Total equity
<b>Balance as at 1 January 2020</b>	461	1,257	(1,511)	(8)	2	158	560	7,074	7,993	8,154	1,164	17,311
Profit/(Loss)	—	—	—	—	—	—	13	(162)	(149)	(148)	25	(272)
Other comprehensive income	—	—	(765)	25	(2)	(45)	—	(26)	(813)	(809)	(35)	(1,657)
Total comprehensive income/(loss)	—	—	(765)	25	(2)	(45)	13	(188)	(962)	(957)	(10)	(1,929)
Realised hedge results from non-financial assets	—	—	—	1	—	—	—	—	1	1	—	2
Transfer to retained earnings	—	—	—	—	—	(27)	(16)	43	—	—	—	—
Dividends to shareholders	—	—	—	—	—	—	—	(300)	(300)	(299)	(191)	(790)
Purchase/reissuance own/non-controlling shares by Heineken N.V.	—	—	—	—	—	—	—	(3)	(3)	(2)	1	(4)
Negative dilution	—	—	—	—	—	—	—	(9)	(9)	9	—	—
Share-based payments by Heineken N.V.	—	—	—	—	—	—	—	(15)	(15)	(15)	—	(30)
Acquisition of non-controlling interests in Heineken N.V. group companies by Heineken N.V.	—	—	—	—	—	—	—	(2)	(2)	(1)	3	—
<b>Balance as at 30 June 2020</b>	461	1,257	(2,276)	18	—	86	557	6,600	6,703	6,890	967	14,560

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (CONTINUED)**

<i>In millions of €</i>	Share capital	Share premium	Translation reserve	Hedging reserve	Cost of hedging reserve	Fair value reserve	Other legal reserves	Retained earnings	Shareholders of Heineken Holding N.V.	Non-controlling interests in Heineken N.V.	Non-controlling interests in Heineken N.V. group companies	Total equity
<b>Balance as at 1 January 2021</b>	<b>461</b>	<b>1,257</b>	<b>(2,483)</b>	<b>16</b>	<b>(1)</b>	<b>28</b>	<b>588</b>	<b>6,738</b>	<b>6,604</b>	<b>6,788</b>	<b>1,000</b>	<b>14,392</b>
Profit	—	—	—	—	—	—	34	483	517	517	135	1,169
Other comprehensive income/(loss)	—	—	199	18	(2)	6	—	50	271	268	15	554
<b>Total comprehensive income/(loss)</b>	<b>—</b>	<b>—</b>	<b>199</b>	<b>18</b>	<b>(2)</b>	<b>6</b>	<b>34</b>	<b>533</b>	<b>788</b>	<b>785</b>	<b>150</b>	<b>1,723</b>
Realised hedge results from non-financial assets	—	—	—	(18)	—	—	—	—	(18)	(18)	—	(36)
Transfer to retained earnings	—	—	1	—	—	(4)	(30)	33	—	—	—	—
Dividends to shareholders	—	—	—	—	—	—	—	(202)	(202)	(201)	(204)	(607)
Purchase/reissuance own/non-controlling shares by Heineken N.V.	—	—	—	—	—	—	—	—	—	—	28	28
Dilution	—	—	—	—	—	—	—	1	1	(1)	—	—
Share-based payments by Heineken N.V.	—	—	—	—	—	—	—	9	9	9	—	18
Acquisition of non-controlling interests in Heineken N.V. group companies by Heineken N.V.	—	—	—	—	—	—	—	(4)	(4)	(3)	(4)	(11)
<b>Balance as at 30 June 2021</b>	<b>461</b>	<b>1,257</b>	<b>(2,283)</b>	<b>16</b>	<b>(3)</b>	<b>30</b>	<b>592</b>	<b>7,108</b>	<b>7,178</b>	<b>7,359</b>	<b>970</b>	<b>15,507</b>

## NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

### 1. REPORTING ENTITY

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

The consolidated financial statements of Heineken Holding N.V. as at and for the year ended 31 December 2020 are available at [www.heinekenholding.com](http://www.heinekenholding.com).

### 2. BASIS OF PREPARATION

The condensed consolidated interim financial statements are:

- Prepared in accordance with IAS 34 'Interim Financial Reporting' of the International Financial Reporting Standards (IFRS) as adopted by the European Union (EU). The condensed consolidated interim financial statements do not meet the full requirements for annual financial statements required by IFRS and should be read in conjunction with the consolidated financial statements of HEINEKEN as at and for the year ended 31 December 2020. Heineken Holding N.V.'s consolidated financial statements for the year ended 31 December 2020 were adopted by the Annual General Meeting of shareholders on 22 April 2021 and an unqualified auditor's opinion was issued by Deloitte Accountants B.V. thereon.
- These condensed consolidated interim financial statements were approved by the Board of Directors on 30 July 2021.
- Prepared on a historical cost basis unless otherwise stated.

- Presented in Euro, which is the Company's functional currency.
- Rounded to the nearest million unless stated otherwise.

### 3. SIGNIFICANT CHANGES IN THE CURRENT REPORTING PERIOD

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

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

### 4. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS

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

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

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

## 5. SIGNIFICANT ACCOUNTING POLICIES

### (a) General

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

### (b) Income tax

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

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

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

## 6. SEASONALITY

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

## 7. OPERATING SEGMENTS

For the six-month period ended 30 June

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

<sup>1</sup>Note that this is a non-GAAP measure. Due to rounding, this balance will not always cast.

<sup>2</sup>In addition to the €1,960 million of excise tax expense included in revenue (30 June 2020: €1,913 million), €816 million of excise tax expense is collected on behalf of third parties and excluded from revenue (30 June 2020: €784 million).

**Reconciliation of segment profit or loss**

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

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

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

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

**For the six-month period ended 30 June**

<i>In millions of €</i>	2021	2020
Operating profit (beia)	<b>1,628</b>	827
Amortisation of acquisition-related intangible assets included in operating profit	(126)	(144)
Exceptional items included in operating profit	215	(598)
Share of profit/(loss) of associates and joint ventures	70	(41)
Net finance expenses	(178)	(265)
<b>Profit/(loss) before income tax</b>	<b>1,609</b>	(221)
Profit/(loss) attributable to:		
Shareholders of Heineken Holding N.V. (net profit/(loss))	517	(149)
Non-controlling interests in Heineken N.V.	517	(148)
Amortisation of acquisition-related intangible assets included in operating profit	126	144
Exceptional items included in operating profit	(215)	598
Exceptional items included in net finance expenses	(75)	(32)
Exceptional items and amortisation of acquisition-related intangible assets included in share of profit of associates and joint ventures	25	62
Exceptional items included in income tax expense	15	(178)
Allocation of exceptional items and amortisation of acquisition-related intangibles to non-controlling interests	(14)	(70)
<b>Net profit (beia)</b>	<b>896</b>	227

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

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

- Total amount of eia allocated to non-controlling interest amounts to €14 million (2020: €70 million).

## 8. OTHER INCOME

For the six-month period ended 30 June

<i>In millions of €</i>	2021	2020
Gain on sale of P,P&E, intangibles and subsidiaries, joint ventures and associates	20	5
Tax credits	174	—
	<b>194</b>	<b>5</b>

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

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

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

<sup>1</sup> ICMS: Is a state-level sales tax imposed on the physical movement of merchandise.

<sup>2</sup> PIS/COFINS: PIS (Program of Social Integration) and COFINS (Contribution for the Financing of Social Security) are federal taxes based on the turnover of companies.

## 9. ACQUISITION OF ADDITIONAL SHARES IN UNITED BREWERIES

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

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

## 10. IMPAIRMENTS

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

## 11. FINANCIAL RISK MANAGEMENT AND FINANCIAL INSTRUMENTS

### (a) Financial risk management

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

### (b) Credit risk

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

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

Credit risk and the associated judgement involved in calculating the expected credit losses, is continuously being assessed and remeasured. These assessments include any change in credit risk due the continued or changing impact of the COVID-19 pandemic.

During the first six months of 2021, HEINEKEN recognised €25 million (2020: €137 million) of credit losses, mainly driven by receivables from customers and loans and advances to customers. HEINEKEN recognises allowance for expected credit losses (ECL) in line with the accounting policy disclosed in the consolidated financial statements of HEINEKEN for the year ended 31 December 2020.

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

a request for extended payment terms or a request for waived payment terms.

### (c) Liquidity risk

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

### (d) Fair value

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

### (e) Fair value hierarchy

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

## 12. EQUITY

### (a) Reserves

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

### (b) Weighted average number of shares

For the six-month period ended 30 June	2021	2020
Total number of shares issued	288,030,168	288,030,168
Effect of own shares held	—	—
Weighted average number of basic shares outstanding	288,030,168	288,030,168
Weighted average number of diluted shares outstanding	288,030,168	288,030,168

### (c) Dividends

The following dividends have been declared and paid by Heineken Holding N.V.:

For the six-month period ended 30 June	2021	2020
<i>In millions of €</i>		
Final dividend previous year €0.70, respectively €1.04 per qualifying share	202	300

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

For the six-month period ended 30 June	2021	2020
<i>In millions of €</i>		
Interim dividend per qualifying share €0.28 (2020: €0.00)	81	0

### 13. BORROWINGS

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

<sup>1</sup>Mainly employee deposits

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

### 14. TAX

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

For the six months ended 30 June 2021, the change in the reported effective tax rate is mainly driven by the increase in the profit before tax basis. As a result, the impact of permanent differences is lower and there are fewer operational losses for which no deferred tax assets could be recognised.

### 15. SUBSEQUENT EVENTS

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

#### Board of Directors

Mr M. Das, *non-executive director (chairman)*  
 Mrs C.L. de Carvalho-Heineken, *executive director*  
 Mr M.R. de Carvalho, *executive director*  
 Mr J.A. Fernández Carbajal, *non-executive director*  
 Mrs C.M. Kwist, *non-executive director*  
 Mr A.A.C. de Carvalho, *non-executive director*  
 Mrs A.M. Fentener van Vlissingen, *non-executive director*  
 Mrs L.L.H. Brassey, *non-executive director*  
 Mr J.F.M.L. van Boxmeer, *non-executive director*

Amsterdam, 30 July 2021

## GLOSSARY

### **Acquisition-related intangible assets**

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

### **Beia**

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

### **Cash conversion ratio**

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

### **Cash flow (used in)/from operational investing activities**

This represents the total of cash flow from sale and purchase of Property, plant and equipment and Intangible assets, proceeds and receipts of Loans to customers and Other investments.

### **Centrally available financing headroom**

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

### **Consolidation changes**

Changes as a result of acquisitions and disposals.

### **Depletions**

Sales by distributors to the retail trade.

### **Dividend payout**

Proposed dividend as percentage of net profit (beia).

### **Earnings per share (EPS)**

*Basic*

Net profit divided by the weighted average number of shares – basic – during the year.

*Diluted*

Net profit/(loss) divided by the weighted average number of shares – diluted – during the year.

### **EBITDA**

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

### **Effective tax rate**

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

### **Eia**

Exceptional items and amortisation of acquisition-related intangible assets.

### **Exceptional items**

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

### **Free operating cash flow**

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

### **FTE**

Full-time Equivalent.

**Group net revenue (beia)**

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

**Group operating profit (beia)**

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

**Input costs per hectolitre**

Raw materials, non-returnable packaging and inventory movements divided by beer and non-beer volume.

**HEINEKEN**

Heineken Holding N.V., Heineken N.V., its subsidiaries and interests in joint ventures and associates

**Net debt**

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

**Net profit/(loss)**

Profit/(Loss) after deduction of non-controlling interests (profit attributable to shareholders of Heineken Holding N.V.).

**Net revenue**

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

**Net revenue per hectolitre**

Net revenue divided by total consolidated volume.

**Organic growth**

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

**Organic volume growth**

Growth in volume, excluding the effect of consolidation changes.

**Price mix on a constant geographic basis**

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

**Profit/(Loss)**

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

®

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

**Region**

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

**Volume**

*Brand specific volume (Heineken® volume, Amstel® volume, etc.)*

Brand volume produced and sold by consolidated companies plus 100% of brand volume sold under licence agreements by joint ventures, associates and third parties.

*Beer volume*

Beer volume produced and sold by consolidated companies.

*Non-beer volume*

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

*Third party products volume*

Volume of third party products (beer and non-beer) resold by consolidated companies.

*Total consolidated volume*

The sum of beer volume, non-beer volume and third party products volume.

*Licensed volume*

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

*Group beer volume*

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

**Weighted average number of shares**

*Basic*

Weighted average number of outstanding shares.

*Diluted*

Weighted average number of shares outstanding, adjusted for the weighted average number of own shares purchased or held.