Heineken N.V. reports 2023 half year results

Amsterdam, 31 July 2023 – Heineken N.V. (EURONEXT: HEIA; OTCQX: HEINY) announces:

Key Highlights

- Revenue growth 6.3%
- Net revenue (beia) 6.6% organic growth; per hectolitre 12.7%
- Beer volume organic growth -5.6%; Heineken® volume 1.7% growth (excluding Russia 3.7%)
- Operating profit growth -22.2%; operating profit (beia) organic growth -8.8%
- Net profit growth -8.6%; net profit (beia) organic growth -11.6%
- Diluted EPS €2.04; diluted EPS (beia) €2.03
- FY 2023 outlook updated. Operating profit (beia) stable to mid-single-digit organic growth.

CEO Statement

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

"We continue to focus on executing our EverGreen priorities and to invest for long-term sustainable value creation. We prioritised and delivered the front-loaded pricing required to offset unprecedented input and energy cost inflation. In Europe, the region with the highest inflationary impact, volume declined in line with our expectations, yet demand in APAC was considerably softer than foreseen, due to an economic slowdown and our own underperformance in Vietnam.

Net revenue (beia) grew by 6.6% organically while our financial performance in the first half of 2023 was below expectations. This was primarily driven by challenging results in our most profitable APAC region. At the same time, we increased our investment in marketing and sales by €0.2 billion globally to drive future growth.

Our premium portfolio, led by the Heineken® brand, continued its growth momentum outside Russia and Vietnam. Our digital platforms captured €5.2 billion of gross merchandising value, an increase of 36% vs. last year. We are advancing well on the integration of Distell and Namibian Breweries.

In the second half, we expect pricing to moderate with volume trends gradually improving to a low-single-digit decline. On productivity, we expect a significant acceleration relative to the €200 million in gross savings of the first half. Overall, we expect a strong turnaround in operating profit (beia) growth in the second half and for the full year expect stable to a mid-single-digit operating profit (beia) organic growth."

Financial Summary[1]

IFRS Measures	€ million	Total growth	BEIA Measures	€ million	Organic growth[2]
Revenue	17,436	6.3%	Revenue (beia)	17,423	5.5%
Net revenue	14,524	7.7%	Net revenue (beia)	14,514	6.6%
Operating profit	1,611	-22.2%	Operating profit (beia)	1,939	-8.8%
			Operating profit (beia) margin	13.4%	
Net profit	1,156	-8.6%	Net profit (beia)	1,150	-11.6%
Diluted EPS (in €)	2.04	-7.3%	Diluted EPS (beia) (in €)	2.03	-12.0%
			Free operating cash flow	-467	
			Net debt / EBITDA (beia)[3]	2.7x	

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 36 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.
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

During the first half of 2023, we focused on executing our EverGreen strategy to deliver superior and balanced growth in a fast-changing world while transforming our business to be future-ready. We are making progress, albeit some short-term challenges given the volatile economic context, with the slowdown of the economy in some countries and unprecedented inflation levels.

Our focus has been on our EverGreen priorities, starting with our dream to shape the future of beer and beyond to win the hearts of consumers. We are also shaping the future with our ambition to become the best digitally connected brewer, raising the bar on sustainability and responsibility and evolving our culture, operating model and capabilities. At the same time, we are stepping up on productivity to fund the investments required for our brands, digitalisation, capabilities and sustainability, and improve profitability and capital efficiency.

SHAPE THE FUTURE OF BEER AND BEYOND

Superior and balanced growth

Our ambition is to deliver sustained superior growth with a healthy balance between volume and value growth. We aim to achieve this through launching winning beverage propositions in fast-growing consumer segments, building and scaling strong premium brands everywhere and further developing our advantaged geographic and portfolio footprint. This year, we front-loaded significant price increases, often leading the market, to offset unprecedented levels of commodity and energy inflation, which impacted consumer off-take.

Revenue for the first half of 2023 was 17,436 million (2022: 16,401 million). **Net revenue (beia)** increased 6.6% organically; a combination of a 5.4% decline in total consolidated volume and a 12.7% increase in net revenue (beia) per hectolitre. The underlying price-mix on a constant geographic basis was up 11.8%, principally driven by the strong inflation-led pricing, whilst mix was slightly positive driven by premiumisation. Currency translation negatively impacted net revenue (beia) by €91 million or 0.7%, mainly driven by the Nigerian Naira, the Egyptian Pound, the South African Rand, the Indian Rupee and the UK Pound Sterling, partially offset by a strong Mexican Peso. Consolidation changes had a positive impact to net revenue (beia) of €231 million, mainly driven by Heineken Beverages in Southern Africa and Beavertown in the UK.

Beer volume for the first half of 2023 decreased 5.6% organically versus last year. The cumulative effect of pricing actions taken and a challenging economic backdrop led to a 7.6% organic decline in the second quarter. A disappointing performance in Vietnam and socio-economic volatility in Nigeria affecting consumer off-take accounted for over half of the decline in the first six months. The Americas region was impacted by a soft beer market, notably in the second quarter, combined with the continuing impact from OXXO mixing in Mexico. Volume in Europe performed broadly in line with our expectations for the first six months. We gained or held market share in more than half of our markets.

Beer volume (in mhl)	**2Q23**	2Q22	Organic growth	**HY23**	HY22	Organic growth
Heineken N.V.	**65.3**	70.4	-7.6%	**120.1**	126.9	-5.6%
Africa Middle East & Eastern Europe	**9.6**	9.8	-4.7%	**18.6**	19.6	-6.5%
Americas	**21.8**	23.1	-5.7%	**42.2**	42.8	-1.5%
Asia Pacific	**11.0**	13.1	-15.5%	**21.3**	24.6	-13.2%
Europe	**22.8**	24.4	-6.4%	**38.0**	39.9	-4.8%

Driving premiumisation at scale, led by Heineken®

Premium beer volume declined by 6.5%, driven by Vietnam and Russia. Outside these markets, premiumisation trends remain strong as premium volume grew by a low-single-digit, ahead of the total beer portfolio in aggregate and in more than half of our markets. The growth was driven by Heineken®, further supported by the growth of Desperados, Birra Moretti, Beavertown, Bedele Especial and El Águila among others.

Heineken® continued to lead our portfolio and grew volume by 1.2% (2.1% excluding Russia) in the second quarter to close the first half with a 1.7% increase (3.7% excluding Russia). Growth was broad-based across 50 markets, most notably in China, Brazil, Mexico, Ethiopia, Panama, Portugal, Croatia and Algeria. **Heineken® Silver** is now present in 45 markets and grew volume by more than forty-five percent, led by China, Vietnam and Mexico. We continue to build

Heineken® Silver across European markets and the launch in the USA shows promising early results as we scale distribution and reach more and more consumers.

The Heineken® brand turns 150 this year, and was recognised once again at the Cannes Lions, the prestigious Festival of Creativity. Heineken® was awarded 12 Bronze Lions, 7 Silver Lions and 1 outstanding Gold Lion for The Closer campaign. It was voted the #1 most creative brand in the alcoholic drinks category and #3 most creative brand of the year across all categories. Our world-class sponsorships are a unique vehicle to connect and reach consumers, and we were delighted to renew our partnerships with Formula One and Oracle Red Bull Racing.

Heineken® volume *(in mhl)*	**2Q23**	Organic growth	**HY23**	Organic growth
Total	**14.2**	1.2%	**26.3**	1.7%
Africa Middle East & Eastern Europe	**1.4**	-4.9%	**2.7**	-15.3%
Americas	**5.6**	2.8%	**11.0**	6.4%
Asia Pacific	**2.6**	23.8%	**4.9**	20.1%
Europe	**4.7**	-8.0%	**7.8**	-6.6%

Pioneer choice in low & no-alcohol

Our **Low & No-Alcohol** (**LONO)** portfolio empowers consumers seeking to enjoy a lower or no-alcohol content beverage by ensuring there is always a choice - everywhere and at any occasion. Our LONO portfolio volume was stable for the first half, with double-digit growth in 15 markets including Brazil, Mexico, Spain, Panama and Bulgaria, offset by declines in Nigeria, France, Poland and Germany.

The **non-alcoholic beer and cider portfolio** grew volume by a mid-single-digit. **Heineken® 0.0** continued to grow, up by a mid-single-digit excluding Russia, and double-digit growth in Brazil and the USA. It was launched in China, completing the Heineken® line-up. Mexico grew non-alcoholic beer and cider volume close to forty percent, including the launch of Tecate 0.0.

We continue to explore consumer-inspired innovations to enhance our non-alcoholic portfolio. **Zagg**, our malt-based energy drink introduced last year in Nigeria, is building distribution and gaining share in this fast-growing category. **Hoppy Refresher**, Lagunitas' hop-infused sparkling water, is off to an encouraging start after its launch last year, adding a refreshing new drink to the beverages category in the USA.

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 grew to 6.8 million hectolitres in the first half.

Desperados, the leading “spirit beer” for high-energy consumption occasions, grew volume by a low-single-digit, with continued momentum in Nigeria partially offset by price-driven temporary declines in core European markets.

Cider volume grew to 2.7 million hectolitres following the integration of Savannah and Hunters in South Africa. Volume declined on an organic basis, driven by the UK, Vietnam and Australia.

We are investing to further unlock new growth opportunities beyond beer for flavoured, moderate propositions to meet different consumer occasions. We are introducing several innovative product concepts locally to test and learn, 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 launched **Tiger Soju,** a soju-infused beer in Vietnam and Singapore, and aim to reach 5 markets across the Asia Pacific region by the end of this year.

Develop and expand 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.

Recent developments in Russia demonstrate that it is even more challenging for businesses to secure exit approval. In April we announced that an application had been submitted for approval and we continue to work hard to secure a transaction. While we work to exit Russia, the business remains financially ringfenced. We do not accept any financial gain from the ongoing operations, will not profit from the sale of the business and have taken an impairment loss to date of €201 million (€88 million in December 2022 and €113 million in June 2023) bringing the net carrying value to nil as of 30 June 2023. We remain fully committed to leaving Russia, however the timing of our exit is not in our control.

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 is valued at €300 million (12x EBITDA), would be accretive to operating profit margin (beia) and is expected to be completed in the second half of 2023.

Other changes to our business and portfolio footprint include the disposal of a brand license in the UK in June and a soft-drink, juice and water business in Tunisia at the end of last year.

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.** By the end of the first half we captured €5.2 billion in gross merchandise value, an increase of 36% versus last year, representing €10.4 billion in gross merchandise value over the last twelve months. We now connect more than 550 thousand active customers in fragmented, traditional channels, an increase of 31% versus the same period 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 added, to enable better features at scale, improved customer experience and increased efficiency.

Data driven insights & foresights

We are increasingly leveraging the power of data across our business, systematically building use cases to prove the value of the solutions we create before replicating them across our organisation. We are using artificial intelligence (AI) in a wide range of processes ranging from revenue management to predictive maintenance among others.

For example, AIDDA, our AI application to advise sales, is able to generate product recommendations, predict customer churn, identify price discrepancies, and suggest optimal sales-routes among other features. Originally developed in Mexico, we are currently beginning to deploy it in other markets.

Through our Connected Brewery programme we are now connecting and harnessing the data of 3,500 pieces of brewery equipment in 68 breweries. Analysing this data we have been able to improve the mashing process and automatically adjust parameters to reduce extract losses and optimise the machine set speeds on packaging lines to reduce imbalance issues driving productivity through increased output capacity and lower cost to operate.

FUND THE GROWTH, FUEL THE PROFIT

Our growth algorithm seeks to deliver superior, balanced growth enabled by investments in innovation, in the power of our brands, behind our digital transformation, in new capabilities and in making our business more sustainable. To fund these investments and mitigate the inflationary pressures, we are structurally addressing our cost base, driving productivity across all parts of our business as we progress towards a cost-conscious culture.

It is now the fourth year of our productivity programme, and we remain firmly on track to deliver ahead of our €2 billion target. In the first half of 2023, we delivered c.€200 million of gross savings, enabling the increased investment behind marketing and sales. For example, in Nigeria we have continued to right-size our cost base lowering the break-even volume threshold of Nigerian Breweries by 20%, a major step in helping the business mitigate the challenging economic conditions, and providing a significant opportunity in periods of growth.

Europe expects to deliver more than €200 million gross savings this year from its large-scale supply chain transformation programme. The benefits come from boosting operational excellence in all areas, taking non-value-added complexity out and transforming our production and logistics footprint in Europe, resulting in the announced closure of seven breweries to date. The savings of this year are skewed to the second half given the phasing of activity.

We continue to embed cost management in every aspect of our organisation, and are further maturing the cost and capital governance in our operations. Combined with a strong commitment and operating rhythm in our operating companies to systematically identify cost and capital initiatives, we are confident to deliver on our €400 million gross savings commitment for the next years to come.

Operating profit (beia) decreased 8.8% organically, driven by the decline in our most profitable Asia Pacific region. The revenue growth and improvements in productivity were more than offset by the significant inflationary pressures in our input and energy costs and the front-loaded incremental investments to grow the power of our brands, digitalisation, capability and sustainability agendas. Despite lower volume, we continued with stepped-up investment in marketing and sales, broadly equivalent to the operating profit (beia) decline. Currency translation and consolidation impacts negatively impacted operating profit by €12 million and €14 million respectively, with offsetting effects between the regions. **Operating profit margin (beia)** came down to 13.4% driven by the organic performance and the dilutive effect from the consolidation impacts. **Operating profit** decreased further by 22.2%, mainly due to the impact from impairments recorded as exceptional items, including €113 million of further impairment charges related to Russia.

Net profit (beia) decreased by 11.6% organically. The gains from lower minority interests, income taxes and higher profits from associates were partially offset by higher interest and other net financing expenses. **Net profit** decreased to €1,156 million driven by higher exceptional items, including the impairments referenced above and €70 million impact related to the one-off impact of the devaluation of the Nigerian Naira.

For more details on the exceptional items on operating profit and net profit, please refer to page 13.

RAISE THE BAR ON SUSTAINABILITY AND RESPONSIBILITY

We are building operational momentum across our Brew a Better World 2030 strategy focused on three areas: raising the bar on environmental sustainability, accelerating social sustainability and championing responsible consumption.

Environmental: Path to zero impact

To reach net zero carbon in production (scope 1 and 2) by 2030, together with Signify, Nobian and Philips, we celebrated the opening of an onshore wind farm in Finland in June. The virtual power purchase agreement will generate renewable electricity to power 27 of our European production sites for the next ten years. We are also making strategic investments in low-carbon technologies. For example, in the first half of this year, we launched Project Circle, which uses technology that extracts high-quality proteins from spent grain and uses the remaining fibres as biofuel in our breweries. We also co-invested in FertigHy, a pioneering low-carbon fertiliser company, which in time will benefit farmers who provide grains we use in our brewing process.

Regarding healthy watersheds, water efficiency was most improved in four countries: Brazil, Italy, Spain and Ethiopia with measures that included optimising cleaning processes and equipment upgrades. For water balancing, 27 of our 32 sites in water-stressed areas are progressing on multi-year projects, including large-scale reforestation efforts in Vietnam and Nigeria.

Social: Path to an inclusive, fair and equitable world

Currently, 28% of our senior managers are women and we aim to increase this figure to at least 30% by 2025 and 40% by 2030 on the path to gender balance. In the Netherlands, HEINEKEN received a LinkedIn Talent Diversity Champion Award for initiating and inspiring meaningful conversations around diversity, inclusion, belonging and equity.

On our path to a fair and safe workplace, 100% of our direct employees now earn a fair wage according to the Fair Wage Network, reaching our 2023 goal. We continue to make progress in providing fair living and working standards for third-party employees.

Responsible: Path to moderate and no harmful use

Our goal is for 100% of our markets to have a partnership in place to reduce the harmful use of alcohol every year. For example, in Italy, in partnership with the Italian Sommelier Association (ASPI), we support a programme that incorporates responsible consumption training into the curriculum of 50 national hotel schools, which trained more than 2,000 students in 2023.

In February, we proudly announced F1 driver Max Verstappen as our new Heineken® 0.0 ambassador. Max plays a leading role in our 'When You Drive, Never Drink' campaign as well as a new initiative called 'Player 0.0', a virtual racing experience that incorporates responsible consumption themes in the gaming space.

Governance

We are mobilising in preparation for the European Union's new Corporate Sustainability Reporting Directive (CSRD), which require a broad suite of new metrics to be tracked and reported as of 2024 for publication in 2025.

Outlook Statements

Our EverGreen strategy is a multi-year and multi-faceted journey to future-proof the company and deliver superior, balanced growth for long-term value creation. We have executed our plans in line with our EverGreen priorities and we are making clear progress in building a premium portfolio, driving consumer-centric innovation, digitisation, sustainability and in improving productivity.

In the second half of 2023, we expect significantly improved operating profit (beia) growth inclusive of:

- Lower pressure from inflation in input costs, transport and energy & water, from mid-teens in the first-half to low-teens in the second-half on a per hectolitre basis
- Pricing starting to moderate with volume trends gradually improving to a low-single-digit decline
- An improved outlook in Vietnam and Nigeria, relative to the significant disruption in the first half
- A similar absolute level of investment in marketing and sales when compared to the first half
- Productivity savings delivering at least €300 million, cumulatively well-ahead of the €2 billion gross savings target.

Overall, our updated expectation for the full year of 2023 is stable to a mid-single-digit operating profit (beia) organic growth. We also anticipate an average interest rate for the year of around 3.2% (2022: 2.8%). Other assumptions on CAPEX and effective tax rate are unchanged.

Looking ahead, the unprecedented commodity and energy cost inflation in recent years will be partially reversed next year, easing the pressure on pricing. Together with the structural changes we are making with EverGreen, we are confident this will set us up for a balanced growth delivery in 2024, while we remain cautious about the macroeconomic and geopolitical environment. Our strong cost and productivity efforts will continue and enable further support behind our growth agenda, fund investments behind EverGreen and contribute to operating profit growth. Therefore, our medium-term guidance of superior, balanced growth with operating leverage over time remains unchanged.

Translational Calculated Currency Impact

Based on the impact to date, and applying spot rates of 27 July 2023 to the 2022 financial results as a baseline for the remainder of the year, the calculated negative currency translational impact would be approximately €780 million in net revenue (beia), €110 million at consolidated operating profit (beia), and €30 million at net profit (beia).

Interim Dividend 2023

HEINEKEN's dividends are paid in the form of an interim dividend and a final dividend. The interim dividend is fixed at 40% of the total dividend of the previous year. As a result, an interim dividend of €0.69 per share (2022: €0.50) will be paid on 10 August 2023. The shares will trade ex-dividend on 2 August 2023.

Regional Overview

Net revenue (beia)

(in € million)	HY23	HY22	Organic growth
Heineken N.V.	**14,514**	13,485	6.6%
Africa Middle East & Eastern Europe	**1,968**	1,856	9.7%
Americas	**4,893**	4,288	8.6%
Asia Pacific	**2,019**	2,232	-6.9%
Europe	**6,037**	5,518	8.9%
Head Office & Eliminations	**-403**	-409	

Operating profit (beia)

(in € million)	HY23	HY22	Organic growth
Heineken N.V.	**1,939**	2,155	-8.8%
Africa Middle East & Eastern Europe	**222**	279	-5.1%
Americas	**603**	582	-1.8%
Asia Pacific	**400**	637	-34.4%
Europe	**621**	625	-0.5%
Head Office & Eliminations	**93**	32	

Developing markets HY23

(in mhl or € million unless otherwise stated)	Group beer volume	Group net revenue (beia)	Group operating profit (beia)[1]
Developing markets in:	90.8	8,154	1,185
Africa Middle East & Eastern Europe	19.5		
Americas	37.7		
Asia Pacific	32.1		
Europe	1.6		
% of Group	64%	51%	59%

[1] Excludes Head Office & Eliminations

Africa Middle East & Eastern Europe

Key financials

(in mhl or € million unless otherwise stated)	**HY23**	HY22	Total growth	Organic growth
Net revenue (beia)	**1,968**	1,856	6.0%	9.7%
Operating profit (beia)	**222**	279	-20.4%	-5.1%
Operating profit (beia) margin	**11.3%**	15.0%	-375 bps	
Total consolidated volume	**24.2**	25.3	-4.2%	-6.2%
Beer volume	**18.6**	19.6	-5.4%	-6.5%
Non-Beer volume	**5.6**	5.6	-0.4%	-5.1%
Third party products volume	**—**	—	—	—
Licensed beer volume	*1.2*	*1.1*		
Group beer volume	*19.9*	*21.0*		

Africa has strong category fundamentals for future growth due to its growing, young population and urbanisation trends, albeit in a volatile operating environment. We are transforming our businesses to deliver balanced and profitable growth and capture more value from the large long-term growth potential of this region.

Beer volume declined 6.5% organically with double-digit growth in Ethiopia, Tunisia and Algeria more than offset by declines in Nigeria and South Africa. The premium beer portfolio declined in the low-teens, as the impact of our decision to stop the production and sale of Heineken® in Russia exceeded the low-single-digit growth recorded in the rest of the region, with a noteworthy performance in Ethiopia.

Net revenue (beia) grew 9.7% organically, with total consolidated volume down 6.2% and net revenue (beia) per hectolitre up 16.5%. The price-mix was up 16.7% on a constant geographic basis, mainly driven by pricing in response to inflationary pressures across all markets complemented by further progress on premiumisation. Currency translation negatively impacted net revenue by €223 million, mainly from the Nigerian Naira. Consolidation changes positively impacted net revenue by €155 million, mainly from the integration of Heineken Beverages in Southern Africa.

Operating profit (beia) decreased organically by 5.1%, as strong pricing and productivity gains mostly offset the impact from lower volume, inflation and transactional currency effects. Currency translation negatively impacted operating profit by €33 million, mainly from the Nigerian Naira. Consolidation changes had a negative impact on operating profit of €10 million, as the effect of hyperinflation in Ethiopia more than offset the positive effect from the integration of Heineken Beverages in Southern Africa. Operating profit margin declined by 375 bps, driven by the organic performance and the consolidation impacts which had a dilutive effect.

In **Nigeria,** net revenue (beia) grew by a low-single-digit driven by pricing to partially mitigate inflation and premiumisation. Total volume declined in the low-twenties as consumers' purchasing power was under pressure due to inflation, cash shortages and the effect of structural economic reforms. Although these reforms have a short-term impact on businesses and consumers, we believe they are beneficial to the long term growth prospects of the country. Despite these challenges, premium beer volume was broadly stable and flavoured beer grew in the low-thirties, led by Desperados more than doubling volume versus the same period last year.

In **South Africa,** net revenue (beia) declined a low-single-digit, driven by a high-single-digit volume decline due to a brewery disruption in the first quarter and the impact of power outages on consumer demand. Pricing was ahead of the industry, particularly on Amstel, with impact on our market share that is now being addressed. Heineken® continued to drive premiumisation and grew volume by a mid-single-digit.

In **Ethiopia,** net revenue (beia) grew in the sixties with beer volume growth significantly ahead of the industry, with Harar, Bedele, and Walia all outperforming. The premium portfolio volume increased by close to forty percent, led by Heineken® and Bedele Special.

In **Egypt,** net revenue (beia) increased in the low-thirties, driven by pricing, positive mix and a mid-single-digit growth in volume following the continued recovery of the tourism industry.

In the **DRC**, net revenue (beia) grew organically by a high-single-digit, driven by pricing and partially offset by a low-single-digit volume decline. The premium portfolio was up a high-single-digit, led by Heineken®.

The performance in the region was improved by net revenue (beia) and operating profit (beia) growth in **Rwanda, Burundi, Algeria** and **Tunisia.**

Americas

Key financials

(in mhl or € million unless otherwise stated)	HY23	HY22	Total growth	Organic growth
Net revenue (beia)	**4,893**	4,288	14.1%	8.6%
Operating profit (beia)	**603**	582	3.6%	-1.8%
Operating profit (beia) margin	**12.3%**	13.6%	-126 bps	
Total consolidated volume	**43.2**	43.9	-1.7%	-1.7%
Beer volume	**42.2**	42.8	-1.5%	-1.5%
Non-Beer volume	**0.9**	1.0	-6.4%	-6.4%
Third party products volume	**0.1**	0.1	-39.2%	-39.2%
Licensed beer volume	*1.6*	*1.4*		
Group beer volume	*47.6*	*47.9*		

The **Americas** represents the most valuable region in the global beer market and we aim to capture a larger share of this profit pool. We are capitalising on our momentum, scaling premium, stepping up innovation, digitising our route-to-consumer and improving profitability by near-shoring our sourcing and improving our returnable packaging mix.

Beer volume declined 1.5% organically, as growth in Brazil, Panama and Ecuador were offset by declines in Mexico and the USA. The premium portfolio grew by a mid-single-digit, led by Heineken®. The LONO portfolio grew in the low-teens, led by Heineken® 0.0.

Net revenue (beia) increased 8.6% organically, with total consolidated volume declining by 1.7% offset by net revenue (beia) per hectolitre growth of 11.0%. Price-mix was up 11.3% on a constant geographic basis, driven by pricing and the continued premiumisation of our portfolio, particularly in Mexico, Brazil and Ecuador. Currency translation positively impacted net revenue by €238 million, mainly driven by the Mexican Peso.

Operating profit (beia) declined 1.8% organically, as the revenue growth was offset by inflationary pressures on our product costs and a significant step-up in marketing investment in Brazil, Mexico and the USA. Currency translation positively impacted operating profit (beia) by €35 million. Operating profit (beia) margin declined 126 bps, driven by the organic performance.

In **Mexico,** net revenue (beia) increased organically in the low-teens, driven by pricing and other revenue management initiatives, partially offset with a low-single-digit volume decline driven by the mixing of OXXO, now in its last year. The premium portfolio grew volume in the high-teens, led by Heineken® Silver. Heineken® 0.0 remains the #1 non-alcoholic brand in the market, and we launched Tecate 0.0 in the first quarter with encouraging early results. Our beyond beer market-leading portfolio with Sol "Mezclas" and Strongbow continued to outperform, with volume growth in the low-teens. Our SIX route to consumer continued expanding to reach more than 16.5k stores in the first half. Our eB2B platform continued to expand and is now connecting 133 thousand active customers, an increase of 11% over last year, with a similar growth in average daily users to more than 30 thousand.

In **Brazil,** net revenue (beia) grew organically in the low-teens, driven by pricing ahead of the industry and premiumisation. Our beer portfolio outperformed the market, with the premium and mainstream portfolios growing volume by a high- and mid-single-digit respectively. Heineken®, the #1 beer brand by value in the off-trade, is now also the 2nd largest beer brand in the total market by value. Amstel, the #1 brand in the pure malt mainstream segment, grew in the low-thirties. Our economy beer portfolio declined in the mid-teens. We recently launched Clash'd, Brazil's first ever brewed adult premium soft drink with 100% natural ingredients. Our eB2B platform now connects more than 150 thousand active customers, an increase of 46% versus last year, with 25% more average daily users, reaching over 20 thousand customers. We continue to expand our production capacity and broke ground in Minas Gerais to build our new greenfield brewery and announced additional investments in our breweries in Pernambuco and Bahia.

In the **USA**, HEINEKEN USA net revenue (beia) declined by a low-single-digit organically, as lower shipments were partially offset by price mix effects. Overall depletions declined by a low-single-digit, outperforming the market in the second quarter. Heineken® grew volume, with depletions up by a mid-single-digit, driven by the launch of Heineken® Silver with encouraging early results in distribution build-up and rate of sale, and the continued momentum of Heineken® 0.0, up in the mid-teens. Heineken® 0.0 continues to be the #1 non-alcoholic beer brand by value in the USA.

Among the other markets in the region, **Panama, Ecuador, Bahamas** and **Suriname** grew organically revenue and operating profit in the double-digits.

Asia Pacific

Key financials

(in mhl or € million unless otherwise stated)	HY23	HY22	Total growth	Organic growth
Net revenue (beia)	**2,019**	2,232	-9.6%	-6.9%
Operating profit (beia)	**400**	637	-37.2%	-34.4%
Operating profit (beia) margin	**19.8%**	28.5%	-871 bps	
Total consolidated volume	**21.8**	25	-13.1%	-13.1%
Beer volume	**21.3**	24.6	-13.2%	-13.2%
Non-Beer volume	**0.4**	0.4	-11.9%	-11.9%
Third party products volume	**0.1**	—	—	36.7%
Licensed beer volume	*2.8*	*1.9*		
Group beer volume	*33.8*	*35.9*		

The **Asia Pacific** region continues to offer significant growth potential despite recent short-term headwinds. We are well-positioned to capture this growth given our strong markets positions. Our goal is to seize a larger share of the growth, at attractive profit margins, by premiumising our portfolio, shaping the category to excite young adults, digitising our route-to-consumer and embedding a continuous-cost mindset.

Beer volume performance was significantly affected by the economic slowdown in the region and decreased 13.2% organically versus last year, outperforming the category in most of our markets. Premium beer volume declined in the low-twenties, driven largely by Vietnam, while other markets contributed to an underlying high-single-digit growth.

Net revenue (beia) decreased 6.9% organically as total volume decreased by 13.1%, whilst net revenue (beia) per hectolitre increased by 6.6%. The price-mix was up 4.9% on a constant geographic basis, driven by pricing across all markets. Currency translation negatively impacted net revenue by €86 million, mainly from India.

Operating profit (beia) decreased 34.4% organically, mainly driven by Vietnam. Negative currency movements impacted operating profit by €12 million. Operating profit (beia) margin declined by 871 bps driven by the significant deleveraging effect from Vietnam.

In **Vietnam,** the economic slowdown, felt more acutely in our city strongholds, has continued into the second quarter, disproportionally affecting the premium beer segment. Net revenue (beia) declined organically in the mid-twenties, driven by a similar volume decline. Over half of the volume decline was driven by the stock overhang and in the second quarter, our distributor stock levels have largely normalised. On a sell-out basis, our brand portfolio performance is broadly in line with the market, with stable share in the premium segment and gaining share in the mainstream segment. Despite these challenges, Heineken® Silver and Tiger Crystal continued their strong momentum, with volume up in the mid-teens and high-teens respectively. Mainstream brands Bia Viet and Bivina also grew by double-digits, supported by our geographic expansion into regions outside of our strongholds. Downtrading was exacerbated by pricing ahead of the market, particularly for Tiger, which we are currently addressing to restore consumer affordability.

In **India**, net revenue (beia) was broadly flat for the first half, as we were impacted by route-to-market changes and supply challenges during the peak season. Beer volume declined by a mid-single-digit, with underlying growth mid-single-digit growth in states not affected by the aforementioned changes. The Heineken® franchise also grew by a mid-single-digit supported by the launch of Heineken® Silver.

In **China,** Heineken® volume grew close to sixty percent, driven by the strong momentum of both Heineken® Original and Heineken® Silver, the latter growing close to eighty percent. China is now the 2nd largest market globally for brand Heineken®. To complete the lineup, we launched Heineken® 0.0 in the second quarter.

In **Cambodia,** net revenue (beia) was down organically in the mid-teens driven by a similar volume decline, outperforming the market. Consumer confidence and purchasing power has been negatively affected by high inflation and the slowdown of exports.

In **Indonesia,** net revenue (beia) grew organically in the mid-teens, driven by beer volume up by a mid-single-digit, ahead of the market and benefitting from the gradual recovery of international tourism. The premium portfolio continued to outperform, led by Heineken® growing in the mid-teens.

In **Malaysia,** beer volume decreased organically by a mid-single-digit driven by a weak consumer environment. We continued to outperform the market and Heineken® leads in premium growth, up by a double-digit.

Europe

Key financials

(in mhl or € million unless otherwise stated)	HY23	HY22	Total growth	Organic growth
Net revenue (beia)	**6,037**	5,518	9.4%	8.9%
Operating profit (beia)	**621**	625	-0.6%	-0.5%
Operating profit (beia) margin	**10.3%**	11.3%	-104 bps	
Total consolidated volume	**45.9**	47.9	-4.3%	-4.5%
Beer volume	**38.0**	39.9	-4.7%	-4.8%
Non-Beer volume	**4.2**	4.5	-5.0%	-5.0%
Third party products volume	**3.6**	3.6	0.4%	-0.4%
Licensed beer volume	*0.3*	*0.3*		
Group beer volume	*39.5*	*41.3*		

The beer market in **Europe** shows sustained value growth whilst facing significant short-term challenges with inflation putting pressure on businesses and consumers. We are leveraging our leadership position to shape the future of our business, growing value share and improving profitability and capital efficiency. We are focused on winning in premium, digitally transforming our route-to-consumer and leveraging our network to transform our supply chain end-to-end.

Consolidated beer volume decreased organically by 4.8% versus last year, broadly in line with our expectations. The premium portfolio outperformed, led by our Next Generation brands, including Gallia, Birra Moretti and El Aguila, which grew by a low-single-digit. The non-alcoholic beer and cider portfolio performed better than the overall portfolio and declined by a low-single-digit. On-trade beer volume grew by a low-single-digit, benefiting from reopening effects in the first quarter, while the off-trade declined by a high-single-digit. We lost share in the first months of the year as we priced earlier and ahead of the industry across the region. We gained or held share in over one-third of our markets in the first-half, improving in the second quarter.

Net revenue (beia) increased by 8.9% organically, with total consolidated volume down 4.5% and net revenue (beia) per hectolitre up 14.2%. Price-mix was up 13.5% on a constant geographic basis reflecting our inflation-led pricing on the back of further improving brand power, and boosted by premiumisation and a channel mix benefit in the first quarter.

Operating profit (beia) decreased by 0.5% organically, as the strong price-led revenue growth and significant cost savings from our end-to-end supply chain transformation programme were more than offset by material inflationary pressures in our input and energy costs and a step-up in investment behind our brands. Consequently, operating profit (beia) margin declined by 104 bps.

In the **UK,** net revenue (beia) grew organically by a high-single-digit, driven by pricing and premiumisation as total volume declined by a mid-single-digit. The premium portfolio grew by a high-single-digit, led by the continued success of Birra Moretti, the largest premium brand in the UK market. Beavertown became the largest craft beer brand by value share of total beer, building scale and momentum in both channels.

In **France,** net revenue (beia) grew organically by a mid-single-digit, driven by industry leading pricing to partially offset the impact of inflation, as beer volume declined by a high-single-digit. Our premium portfolio outperformed, driven by the strong growth of Gallia, more than doubling its volume versus last year.

In **Spain,** net revenue (beia) grew organically in the high-teens driven by pricing, revenue management, premiumisation and volume growth. Beer volume grew by a low-single-digit, led by our premium Next Generation brand El Águila, up by more than thirty percent.

In **Italy,** net revenue (beia) grew organically in the mid-teens, driven by pricing to cover the impact of inflation. Beer volume declined slightly, outperforming the market, driven by the growth of Birra Moretti. Ichnusa, the #1 brand in the market by brand power, launched its latest innovation, Ichnusa Ambra Limpida, and is showing encouraging early results.

In **Poland,** net revenue (beia) grew organically in the low-teens, driven by pricing. Beer volume was down by a mid-single-digit, in line with the market, driven by the growth of Zywiec. The premium portfolio benefitted from the strong momentum of our Zywiec 0.0 innovations.

In the **Netherlands,** net revenue (beia) grew by a high-single-digit, driven by inflation-led pricing and benefitting from premiumisation and channel mix, more than offsetting a decline in beer volume by a high-single-digit. Our premium portfolio grew volume by a mid-single-digit, led by Birra Moretti and Texels.

Interim Financial Review

Key figures

(in mhl or € million unless otherwise stated)	HY22	Currency translation	Consolidation impact	Organic growth	**HY23**	Organic growth
Revenue	16,401				**17,436**	
Eia	—				**13**	
Revenue (beia)	16,401	-188	304	905	**17,423**	5.5%
Excise tax expense (beia)	-2,917	97	-73	-16	**-2,909**	-0.6%
Net revenue (beia)	13,485	-91	231	889	**14,514**	6.6%
Total net other expenses (beia)	-11,330	79	-246	-1,078	**-12,575**	-9.5%
Operating profit (beia)	2,155	-12	-14	-189	**1,939**	-8.8%
Net interest income/(expenses) (beia)	-185	11	-19	-62	**-255**	-33.3%
Other net finance income/(expenses) (beia)	24	0	-2	-122	**-100**	-499.2%
Share of net profit of assoc./ JVs (beia)	103	1	1	15	**120**	14.6%
Income tax expense (beia)	-574	1	3	125	**-444**	21.8%
Non-controlling interests (beia)	-197	4	3	79	**-110**	40.3%
Net profit (beia)	1,326	5	-29	-153	**1,150**	-11.6%
Eia	-61				6	
Net profit	1,265				**1,156**	

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

Main changes in consolidation

On 7 September 2022, HEINEKEN has purchased the remaining shares in Beavertown Brewery, 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 license to brew a brand in the UK.

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 €17,436 million, an increase of 6.3% (2022: €16,401 million). Revenue (beia) increased organically 5.5% to €17,423 million (2022: €16,401 million).

Net revenue (beia) increased 6.6% organically; a combination of a 5.4% decline in total consolidated volume and a 12.7% increase in net revenue (beia) per hectolitre. The underlying price-mix on a constant geographic basis was up 11.8%, principally driven by the strong inflation-led pricing, whilst mix was slightly positive driven by premiumisation. Currency translation negatively impacted net revenue (beia) by €91 million or 0.7%, mainly driven by the Nigerian Naira, the Egyptian Pound, the South African Rand, the Indian Rupee and the UK Pound Sterling, partially offset by a strong Mexican Peso. Consolidation changes had a positive impact to net revenue (beia) of €231 million, mainly driven by Heineken Beverages in Southern Africa and Beavertown in the UK.

Total net other expenses

Total net other expenses (beia) were €12,575 million, up 9.5% on an organic basis driven by inflationary pressures on our cost base, specially 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.

Input costs, transportation, and energy & water costs in aggregate increased organically in the mid-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 and a higher mix of returnable packaging.

Marketing and selling expenses (beia) increased organically €178 million or 14.0%, a significant step-up in investment behind our brands, particularly in the Americas and Europe. The investment represented 10.0% of net revenue (beia) (2022: 9.4%), and continued to benefit from increased effectiveness with a higher proportion of consumer-facing expenses.

Personnel expenses (beia) increased organically by 5.2% to €2,064 million (2022: €1,930 million), mainly driven by salary increases.

Depreciation & amortisation expenses (beia) accelerated to grow organically by 8.1% to €895 million (2022: €795 million) as CAPEX resumed last year following the suspension during COVID.

Operating profit

Operating profit (beia) decreased 8.8% organically, driven by the decline in our most profitable Asia Pacific region. The revenue growth and improvements in productivity were more than offset by the significant inflationary pressures in our input and energy costs and the front-loaded incremental investments to grow the power of our brands, digitalisation, capability and sustainability agendas. Despite lower volume, we continued with stepped-up investment in marketing and sales, broadly equivalent to the operating profit (beia) decline. Currency translation and consolidation impacts negatively impacted operating profit by €12 million and €14 million respectively, with offsetting effects between the regions. **Operating profit margin (beia)** came down to 13.4% driven by the organic performance and the dilutive effect from the consolidation impacts. **Operating profit** decreased further by 22.2%, mainly due to the impact from impairments recorded as exceptional items, including €113 million of further impairment charges related to Russia.

Net finance expenses (beia)

Net interest expenses (beia) increased organically by 33.3% to €255 million, reflecting a higher average net debt position and a higher average effective interest rate. The average effective interest rate (beia) in the first half of 2023 was 3.2% (HY 2022: 2.7%).

Other net finance expenses (beia) amounted to €100 million, up €122 million on an organic basis, driven by the revaluation of long-term green-energy contracts and a negative impact from currency revaluations on outstanding foreign currency payables.

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

The share of net profit of associates and joint ventures (beia) amounted to €120 million, including the attributable profit from China Resources Beer (Holdings) Co. Ltd. (CR Beer) with a two month delay (November 2022 to April 2023). The organic increase was €15 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 (beia)

The effective tax rate (beia) was 28.0% (2022: 28.8%). The decrease was mainly driven by a lower amount of losses for which no deferred tax assets were recognised.

Net profit

Net profit (beia) decreased by 11.6% organically. The gains from lower minority interests, income taxes and higher profits from associates were partially offset by higher interest and other net financing expenses. **Net profit** decreased to €1,156 million driven by higher exceptional items, including the impairments referenced above and €70 million impact related to the one-off impact of the devaluation of the Nigerian Naira.

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

Exceptional items are defined as items of income and expense of such size, nature or incidence that, in the view of management, their disclosure is relevant to explain the performance of HEINEKEN for the period. Exceptional items include, amongst others, impairments (and reversal of impairments) of goodwill and fixed assets, gains and losses from acquisitions and disposals, redundancy costs following a restructuring, past service costs and curtailments, 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 benefit of €6 million (2022: €61 million, expense). On operating profit, the impact of eia amounted to a net expense of €328 million (2022: €85 million).

Amortisation of acquisition-related intangibles recorded in operating profit amounted to €156 million (2022: €161 million). Exceptional net expenses in operating profit amounted to €172 million (2022: €76 million, benefit), of which:

- €38 million exceptional net benefit in other income related to tax credits in Brazil (2022: €44 million exceptional net benefit as a reduction in marketing expenses related to tax credits in Brazil)
- €25 million exceptional net expenses relating to hyperinflation accounting adjustments (2022: nil)
- Net restructuring expenses of €39 million (2022: €2 million)
- Net impairments of €175 million, of which €113 million relate to Russia (2022: net impairments reversal €25 million)
- €29 million of other exceptional net benefits (2022: €9 million net benefit)

Please refer to page 27 for a description of the exceptional items and amortisation of acquisition-related intangibles below operating profit.

Capital expenditure and cash flow

Capital expenditure related to property, plant and equipment and intangible assets amounted to €1,468 million (2022: €1,026 million). The investments of the year amounted to €930 million (2022: €672 million). Main investments in the first half of this year include returnable packaging materials across several markets and capacity extensions in Brazil.

Changes in working capital had a negative impact on free operating cash flow of €1,010 million (2022: €216 million negative impact), mainly driven by a higher position in inventories and a lower position in payables relative to last year.

Free operating cash flow was negative by €467 million (2022: €1,122 million positive) driven by the lower cash flow from operations, the changes in working capital and the significant step-up in capital expenditures.

Financial structure

Total gross debt amounted to €19,857 million (31 December 2022: €16,377 million). Net debt increased to €17,645 million (31 December 2022: €13,531 million) driven by the cash outflow for acquisitions, share purchases from FEMSA, dividends and a negative free operating cash flow.

Including the effect of cross-currency swaps, 72% of net debt is Euro-denominated and 15% is US dollar and US dollar proxy currencies. The pro-forma 12-month rolling net debt/EBITDA (beia) ratio was 2.7x on 30 June 2023 (31 December 2022: 2.1x). HEINEKEN is expected to return to the Company's long-term target net debt/EBITDA (beia) ratio of below 2.5x by year end 2023.

The centrally available financing headroom at Group level was approximately €1.5 billion as of 30 June 2023 (31 December 2022: €3.6 billion) and consisted of the undrawn committed revolving credit facility and cash minus commercial paper in issue and short-term bank borrowings.

Average number of shares

HEINEKEN has 576,002,613 shares in issue as of 30 June 2023. In the calculation of basic EPS, the weighted effect of own shares held in treasury (6,367,948 shares) and of Heineken Holding N.V. shares held in non-current assets (2,954,478 shares) has been excluded. The weighted average basic number of shares outstanding in the first half of 2023 was 566,680,187 (30 June 2022: 575,601,454).

In the calculation of diluted EPS (beia), shares to be delivered under the employee incentive programme (219,949 shares) are excluded. The weighted average diluted number of shares outstanding in the first half of 2023 was 566,900,136 (30 June 2022: 575,735,273).

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Main risks

The Annual Report 2022 outlines HEINEKEN's main risks and mitigation activities at the time of closing the 2022 financial year. For a detailed description of HEINEKEN's risks and risk control systems, please refer to pages 34 to 39 of the Annual Report 2022.

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

Interim Consolidated Metrics: Half Year 2023

In mhl or €million unless otherwise stated & consolidated figures unless otherwise stated	HY22	Currency translation	Consolidation impact	Organic growth	**HY23**	Organic growth
Africa, Middle East & Eastern Europe						
Net revenue (beia)	1,856	-223	155	180	**1,968**	9.7%
Operating profit (beia)	279	-33	-10	-14	**222**	-5.1%
Operating profit (beia) margin	15.0%				**11.3%**	
Total consolidated volume	25.3		0.5	-1.6	**24.2**	-6.2%
Beer volume	19.6		0.2	-1.3	**18.6**	-6.5%
Non-beer volume	5.6		0.3	-0.3	**5.6**	-5.1%
Third party products volume	—		—	—	**—**	—
Licensed beer volume	*1.1*				*1.2*	
Group beer volume	*21.0*				*19.9*	
Americas						
Net revenue (beia)	4,288	238	—	367	**4,893**	8.6%
Operating profit (beia)	582	35	-4	-10	**603**	-1.8%
Operating profit (beia) margin	13.6%				**12.3%**	
Total consolidated volume	43.9		—	-0.7	**43.2**	-1.7%
Beer volume	42.8		—	-0.6	**42.2**	-1.5%
Non-beer volume	1.0		—	-0.1	**0.9**	-6.4%
Third party products volume	0.1		—	—	**0.1**	-39.2%
Licensed beer volume	*1.4*				*1.6*	
Group beer volume	*47.9*				*47.6*	
Asia Pacific						
Net revenue (beia)	2,232	-86	27	-155	**2,019**	-6.9%
Operating profit (beia)	637	-12	-5	-219	**400**	-34.4%
Operating profit (beia) margin	28.5%				**19.8%**	
Total consolidated volume	25.0		—	-3.3	**21.8**	-13.1%
Beer volume	24.6		—	-3.2	**21.3**	-13.2%
Non-beer volume	0.4		—	-0.1	**0.4**	-11.9%
Third party products volume	—		—	—	**0.1**	36.7%
Licensed beer volume	*1.9*				*2.8*	
Group beer volume	*35.9*				*33.8*	
Europe						
Net revenue (beia)	5,518	-21	49	491	**6,037**	8.9%
Operating profit (beia)	625	-3	2	-3	**621**	-0.5%
Operating profit (beia) margin	11.3%				**10.3%**	
Total consolidated volume	47.9		0.1	-2.2	**45.9**	-4.5%
Beer volume	39.9		0.1	-1.9	**38.0**	-4.8%
Non-beer volume	4.5		—	-0.2	**4.2**	-5.0%
Third party products volume	3.6		—	—	**3.6**	-0.4%
Licensed beer volume	*0.3*				*0.3*	
Group beer volume	*41.3*				*39.5*	
Head Office & Eliminations						
Net revenue (beia)	-409	—	—	6	**-403**	n.a.
Operating profit (beia)	32	1	2	58	**93**	n.a.
Heineken N.V.						
Net revenue (beia)	13,485	-91	231	889	**14,514**	6.6%
Total expenses (beia)	-11,330	79	-246	-1,078	**-12,575**	-9.5%
Operating profit (beia)	2,155	-12	-14	-189	**1,939**	-8.8%
Operating profit (beia) margin	16.0%				**13.4%**	
Share of net profit of associates /JVs (beia)	103	1	1	15	**120**	14.6%
Net Interest income / (expenses) (beia)	-185	11	-19	-62	**-255**	-33.3%
Other net finance income / (expenses) (beia)	24	—	-2	-122	**-100**	-499.2%
Income tax expense (beia)	-574	1	3	125	**-444**	21.8%
Non-controlling Interests	-197	4	3	79	**-110**	40.3%
Net profit (beia)	1,326	5	-29	-153	**1,150**	-11.6%
Total consolidated volume	142.2		0.6	-7.7	**135.0**	-5.4%
Beer volume	126.9		0.3	-7.1	**120.1**	-5.6%
Non-beer volume	11.5		0.3	-0.6	**11.2**	-5.4%
Third party products volume	3.8		—	—	**3.8**	-0.8%
Licensed beer volume	*4.8*				*5.8*	
Group beer volume	*146.1*				*140.9*	

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

Second Quarter 2023 Metrics

In mhl unless otherwise stated & consolidated figures unless otherwise stated	2Q22	Currency translation	Consolidation impact	Organic growth	**2Q23**	Organic growth
Africa, Middle East & Eastern Europe						
Net revenue (beia)	974	-191	161	148	**1,093**	15.2%
Total consolidated volume	12.8		0.8	-0.5	**13.1**	-3.7%
Beer volume	9.8		0.2	-0.5	**9.6**	-4.7%
Non-beer volume	2.9		0.6	—	**3.5**	-0.7%
Third party products volume	—		—	—	**—**	—
Licensed beer volume	*0.5*				*0.6*	
Group beer volume	*10.4*				*10.3*	
Americas						
Net revenue (beia)	2,434	68	—	93	**2,595**	3.8%
Total consolidated volume	23.7		—	-1.4	**22.3**	-5.8%
Beer volume	23.1		—	-1.3	**21.8**	-5.7%
Non-beer volume	0.5		—	—	**0.5**	-6.8%
Third party products volume	—		—	—	**—**	—
Licensed beer volume	*0.6*				*0.8*	
Group beer volume	*25.2*				*24.4*	
Asia Pacific						
Net revenue (beia)	1,188	-71	23	-98	**1,042**	-8.3%
Total consolidated volume	13.3		—	-2.0	**11.3**	-15.3%
Beer volume	13.1		—	-2.0	**11.0**	-15.5%
Non-beer volume	0.2		—	—	**0.2**	-7.1%
Third party products volume	—		—	—	**—**	—
Licensed beer volume	*1.0*				*1.5*	
Group beer volume	*18.9*				*17.9*	
Europe						
Net revenue (beia)	3,357	-2	37	199	**3,591**	5.9%
Total consolidated volume	29.2		—	-1.9	**27.3**	-6.5%
Beer volume	24.4		—	-1.6	**22.8**	-6.4%
Non-beer volume	2.7		—	-0.2	**2.5**	-8.8%
Third party products volume	2.1		—	-0.1	**2.0**	-5.2%
Licensed beer volume	*0.2*				*0.2*	
Group beer volume	*25.3*				*23.7*	
Heineken N.V.						
Net revenue (beia)	7,732	-194	221	377	**8,136**	4.9%
Total consolidated volume	79.0		0.8	-5.8	**74.0**	-7.3%
Beer volume	70.4		0.2	-5.4	**65.3**	-7.6%
Non-beer volume	6.3		0.6	-0.3	**6.6**	-4.9%
Third party products volume	2.2		—	-0.1	**2.1**	-5.7%
Licensed beer volume	*2.2*				*3.1*	
Group beer volume	*79.8*				*76.3*	

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

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Investor Calendar Heineken N.V.

Trading Update for Q3 2023	25 October 2023
Full Year 2023 Results	14 February 2024

Conference Call Details

HEINEKEN will host an analyst and investor conference call in relation to its 2023 Half Year results today at 14:00 CET/ 13:00 GMT. The call will be audio cast live via the company's website: www.theheinekencompany.com. An audio replay service will also be made available after the conference call at the above web address. Analysts and investors can dial-in using the following telephone numbers:

United Kingdom (Local): 020 3936 2999

Netherlands (Local): 085 888 7233

USA: 1 646 664 1960

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

Participation password for all countries: 394664

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 300 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. Most recent information is available on our Company's website and 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:

HEINEKEN

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2023

HEINEKEN

CONDENSED CONSOLIDATED INTERIM INCOME STATEMENT

For the six-month period ended 30 June

In millions of €	Note	**2023**	2022
Revenue	7	**17,436**	16,401
Excise tax expense	7	(2,912)	(2,916)
Net revenue	7	**14,524**	13,485
Other income		**145**	31
Raw materials, consumables and services		(9,704)	(8,580)
Personnel expenses		(2,110)	(1,934)
Amortisation, depreciation and impairments	8	(1,244)	(932)
Total other expenses		**(13,058)**	(11,446)
Operating profit	7	**1,611**	2,070
Interest income		46	29
Interest expenses		(295)	(214)
Other net finance (expense)/income		(186)	37
Net finance expenses		**(435)**	(148)
Share of profit of associates and joint ventures	7	100	80
Profit before income tax	7	**1,276**	2,002
Income tax expenses	15	(89)	(547)
Profit		**1,187**	1,455
Attributable to:			
Shareholders of the Company (net profit)		1,156	1,265
Non-controlling interests		31	190
Profit		**1,187**	1,455
Weighted average number of shares – basic	12	566,680,187	575,601,454
Weighted average number of shares – diluted	12	566,900,136	575,735,273
Basic earnings per share (€)		2.04	2.20
Diluted earnings per share (€)		2.04	2.20

CONDENSED CONSOLIDATED INTERIM STATEMENT OF COMPREHENSIVE INCOME

For the six-month period ended 30 June

In millions of €	**2023**	2022
Profit	**1,187**	1,455
Other comprehensive income, net of tax:		
Items that will not be reclassified to profit or loss:		
Remeasurement of post-retirement obligations	2	155
Net change in fair value through OCI investments - Equity investments	32	1
Items that may be subsequently reclassified to profit or loss:		
Currency translation differences	3	1,209
Change in fair value of net investment hedges	—	(73)
Change in fair value of cash flow hedges	(225)	(130)
Cash flow hedges reclassified to profit or loss	5	17
Net change in fair value through OCI investments - Debt investments	1	(1)
Cost of hedging	2	(1)
Share of other comprehensive income of associates/joint ventures	(36)	21
Other comprehensive (expense)/income, net of tax	**(216)**	1,198
Total comprehensive income	**971**	2,653
Attributable to:		
Shareholders of the Company	1,091	2,375
Non-controlling interests	(120)	278
Total comprehensive income	**971**	2,653

CONDENSED CONSOLIDATED INTERIM STATEMENT OF FINANCIAL POSITION

As at

In millions of €	Note	**30 June 2023**	31 December 2022
Intangible assets	8	22,653	21,408
Property, plant and equipment	8	14,299	13,623
Investments in associates and joint ventures		4,242	4,296
Loans and advances to customers		251	216
Deferred tax assets		871	618
Equity instruments	14	598	145
Other non-current assets		1,155	1,085
Total non-current assets		**44,069**	41,391
Inventories		4,370	3,250
Trade and other receivables		5,715	4,531
Current tax assets		180	84
Derivative assets		37	70
Cash and cash equivalents		2,168	2,765
Assets classified as held for sale	10	374	315
Total current assets		**12,844**	11,015
Total assets		**56,913**	52,406

In millions of €	Note	**30 June 2023**	31 December 2022
Shareholders' equity	12	19,401	19,551
Non-controlling interests	12	2,662	2,369
Total equity		**22,063**	21,920
Borrowings	13	14,441	12,893
Post-retirement obligations		533	568
Provisions		651	572
Deferred tax liabilities		2,403	2,138
Other non-current liabilities		75	125
Total non-current liabilities		**18,103**	16,296
Borrowings	13	5,416	3,484
Trade and other payables		9,744	9,283
Returnable packaging deposits		578	545
Provisions		174	226
Current tax liabilities		322	352
Derivative liabilities		251	119
Liabilities associated with assets classified as held for sale	10	262	181
Total current liabilities		**16,747**	14,190
Total equity and liabilities		**56,913**	52,406

CONDENSED CONSOLIDATED INTERIM STATEMENT OF CASH FLOWS

For the six-month period ended 30 June

In millions of €	**2023**	2022
Operating activities		
Profit	1,187	1,455
Adjustments for:		
Amortisation, depreciation and impairments	1,244	932
Net interest expenses	249	185
Other income	(103)	(31)
Share of profit of associates and joint ventures and dividend income on fair value through OCI investments	(107)	(85)
Income tax expenses	89	547
Other non-cash items	316	97
Cash flow from operations before changes in working capital and provisions	**2,875**	3,100
Change in inventories	(611)	(611)
Change in trade and other receivables	(869)	(1,150)
Change in trade and other payables and returnable packaging deposits	470	1,545
Total change in working capital	**(1,010)**	(216)
Change in provisions and post-retirement obligations	(30)	(100)
Cash flow from operations	**1,835**	2,784
Interest paid	(298)	(236)
Interest received	51	17
Dividends received	51	60
Income taxes paid	(607)	(456)
Cash flow related to interest, dividend and income tax	**(803)**	(615)
Cash flow from operating activities	**1,032**	2,169

In millions of €	**2023**	2022
Investing activities		
Proceeds from sale of property, plant and equipment and intangible assets	84	51
Purchase of property, plant and equipment	(1,378)	(958)
Purchase of intangible assets	(90)	(68)
Loans issued to customers and other investments	(139)	(89)
Repayment on loans to customers and other investments	24	17
Cash flow (used in)/from operational investing activities	**(1,499)**	(1,047)
Free operating cash flow	**(467)**	1,122
Acquisition of subsidiaries, net of cash acquired	(821)	(7)
Acquisition of/additions to associates, joint ventures and other investments	(404)	(37)
Disposal of subsidiaries, net of cash disposed of	(1)	0
Disposal of associates, joint ventures and other investments	46	0
Cash flow (used in)/from acquisitions and disposals	**(1,180)**	(44)
Cash flow (used in)/from investing activities	**(2,679)**	(1,091)
Financing activities		
Proceeds from borrowings	5,492	301
Repayment of borrowings	(2,041)	(986)
Payment of lease commitments	(220)	(148)
Dividends paid	(840)	(652)
Purchase own shares and shares issued	(928)	(23)
Acquisition of non-controlling interests	(288)	(8)
Cash flow (used in)/from financing activities	**1,175**	(1,516)
Net cash flow	**(472)**	(438)
Cash and cash equivalents as at 1 January	1,618	2,556
Effect of movements in exchange rates	(171)	28
Cash and cash equivalents as at 30 June	**975**	2,146

CONDENSED CONSOLIDATED INTERIM STATEMENT OF CHANGES IN EQUITY

In millions of €	Share capital	Share premium	Translation reserve	Hedging reserve	Cost of hedging reserve	Fair value reserve	Other legal reserves	Reserve for own shares	Retained earnings	Shareholders of the Company	Non-controlling interests	Total equity
Balance as at 1 January 2022	922	2,701	(4,003)	56	(8)	56	1,128	(37)	16,541	17,356	2,344	19,700
Profit	—	—	—	—	—	—	81	—	1,184	1,265	190	1,455
Other comprehensive income/(loss)	—	—	1,068	(112)	(1)		—	—	155	1,110	88	1,198
Total comprehensive income/(loss)	—	—	1,068	(112)	(1)	—	81	—	1,339	2,375	278	2,653
Realised hedge results from non-financial assets	—	—	—	(23)	—	—	—	—	—	(23)	—	(23)
Transfer to retained earnings	—	—	—	—	—	—	(115)	—	115	—	—	—
Dividends to shareholders	—	—	—	—	—	—	—	—	(553)	(553)	(208)	(761)
Purchase own shares or contributions received from NCI shareholders	—	—	—	—	—	—	—	(23)	—	(23)	—	(23)
Own shares delivered	—	—	—	—	—	—	—	20	(20)	—	—	—
Share-based payments	—	—	—	—	—	—	—	—	16	16	—	16
Acquisition/disposal of non-controlling interests without losing control	—	—	—	—	—	—	—	—	(4)	(4)	(2)	(6)
Balance as at 30 June 2022	922	2,701	(2,935)	(79)	(9)	56	1,094	(40)	17,434	19,144	2,412	21,556

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]									13	13		13
Balance as at 1 January 2023 after restatement	**922**	**2,701**	**(3,619)**	**(47)**	**(9)**	**70**	**1,242**	**(60)**	**18,364**	**19,564**	**2,369**	**21,933**
Profit	—	—	—	—	—	—	92	—	1,064	1,156	31	1,187
Other comprehensive income/(loss)	—	—	117	(218)	3	32	—	—	2	(64)	(152)	(216)
Total comprehensive income/(loss)	**—**	**—**	**117**	**(218)**	**3**	**32**	**92**	**—**	**1,066**	**1,092**	**(121)**	**971**
Realised hedge results from non-financial assets	—	—	—	91	—	—	—	—	—	91	—	91
Transfer to retained earnings	—	—	(2)	—	—	2	5	—	(5)	—	—	—
Dividends to shareholders	—	—	—	—	—	—	—	—	(694)	(694)	(237)	(931)
Purchase own shares or contributions received from NCI shareholders	—	—	—	—	—	—	—	(943)	—	(943)	14	(929)
Own shares delivered	—	—	—	—	—	—	—	37	(37)	—	—	—
Share-based payments	—	—	—	—	—	—	—	—	4	4	—	4
Acquisition/disposal of non-controlling interests without losing control	—	—	—	—	—	—	—	—	222	222	(8)	214
Hyperinflation impact	—	—	—	—	—	—	—	—	65	65	—	65
Changes in consolidation	—	—	—	—	—	—	—	—	—	—	645	645
Balance as at 30 June 2023	**922**	**2,701**	**(3,504)**	**(174)**	**(6)**	**104**	**1,339**	**(966)**	**18,985**	**19,401**	**2,662**	**22,063**

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

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NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

1. REPORTING ENTITY

Heineken N.V. (the 'Company') is a public company domiciled in the Netherlands, with its head office in Amsterdam. The condensed consolidated interim financial statements of the Company as at and for the six-month period ended 30 June 2023, includes the financial statements of the Company and its consolidated subsidiaries (together referred to as 'HEINEKEN') and HEINEKEN's interest in joint ventures and associates.

The consolidated financial statements of HEINEKEN as at and for the year ended 31 December 2022 are available at www.theheinekencompany.com.

2. BASIS OF PREPARATION

The condensed consolidated interim financial statements are:

- Prepared in accordance with IAS 34 'Interim Financial Reporting' of the International Financial Reporting Standards (IFRS) as adopted by the European Union (EU). The condensed consolidated interim financial statements do not meet the full requirements for annual financial statements required by IFRS and should be read in conjunction with the consolidated financial statements of HEINEKEN as at and for the year ended 31 December 2022. HEINEKEN's consolidated financial statements as at and for the year ended 31 December 2022 were adopted by the Annual General Meeting of shareholders on 20 April 2023 and an unqualified auditor's opinion was issued by Deloitte Accountants B.V. thereon.
- Prepared by the Executive Board of the Company and authorised for issue on 28 July 2023. The condensed consolidated interim financial statements have been reviewed by Deloitte Accountants B.V., refer to page 34.
- 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

On 28 March 2022, HEINEKEN announced its decision to leave Russia. An impairment loss of €113 million was recognised in relation to the Russia disposal group classified as held for sale. For more information refer to note 10 'Russia disposal group classified as held for sale'.

HEINEKEN applied hyperinflation accounting for its operations in Haiti and Ethiopia. In 2023, the three-year cumulative inflation in Haiti exceeded 100% and as a result, hyperinflation accounting was applied for the first time for the six-month period ended 30 June 2023.

HEINEKEN purchased shares in HEINEKEN and Heineken Holding N.V. from Fomento Económico Mexicano, S.A.B. de C.V. (FEMSA), former shareholder with significant influence. For more information refer to note 14 'Transactions with related party FEMSA'.

HEINEKEN has assessed the impact of its main risks including continued exposure to risks related to supply chain continuity, climate change impact, foreign exchange volatility, commodity prices and macro-economic downturn in general, on its estimates and judgements. Areas containing the most significant estimates and judgements are referred to in note 4 'Significant accounting estimates and judgements'.

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 2022. There has been no material change to these areas during the six-month period ended 30 June 2023, except relating to the judgement used in the identification and valuation of acquired assets and liabilities in Distell and Namibian Breweries.

Area involving significant estimates and judgements	Note
Judgement used in the identification and valuation of acquired assets and liabilities	9 Acquisition of Distell and Namibian Breweries

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 2022. HEINEKEN has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective.

(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 2023

IFRS standards and interpretations effective for accounting periods beginning on or after January 1, 2023, do not have a material impact on the condensed consolidated interim financial statements of HEINEKEN.

6. SEASONALITY

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

In millions of €	Europe 2023	Europe 2022	Americas 2023	Americas 2022	Africa, Middle East & Eastern Europe 2023	Africa, Middle East & Eastern Europe 2022	Asia Pacific 2023	Asia Pacific 2022	Head Office & Other/eliminations 2023	Head Office & Other/eliminations 2022	Consolidated 2023	Consolidated 2022
Third party revenue	6,945	6,506	4,996	4,372	2,413	2,235	3,053	3,278	29	10	17,436	16,401
Interregional revenue	429	405	3	14	—	—	—	—	(432)	(419)	—	—
Revenue	**7,374**	6,911	**4,999**	4,386	**2,413**	2,235	**3,053**	3,278	**(403)**	(409)	**17,436**	16,401
Excise tax expense[2]	(1,337)	(1,393)	(99)	(98)	(442)	(379)	(1,034)	(1,046)	—	—	(2,912)	(2,916)
Net revenue	**6,037**	5,518	**4,900**	4,288	**1,971**	1,856	**2,019**	2,232	**(403)**	(409)	**14,524**	13,485
Other income	81	14	48	15	15	2	1	—	—	—	145	31
Operating profit	**599**	588	**565**	586	**49**	282	**309**	592	**89**	22	**1,611**	2,070
Net finance expenses											(435)	(148)
Share of profit of associates and joint ventures	10	10	32	25	9	16	49	29	—	—	100	80
Income tax expense											(89)	(547)
Profit											**1,187**	1,455
Operating profit reconciliation												
Operating profit	599	588	565	586	49	282	309	592	89	22	1,611	2,070
Eia[1]	22	37	38	(4)	173	(3)	91	45	4	10	328	85
Operating profit (beia)[1]	**621**	625	**603**	582	**222**	279	**400**	637	**93**	32	**1,939**	2,155

For the six-month period ended 30 June 2023 and as at 31 December 2022

In millions of €	Europe 2023	Europe 2022	Americas 2023	Americas 2022	Africa, Middle East & Eastern Europe 2023	Africa, Middle East & Eastern Europe 2022	Asia Pacific 2023	Asia Pacific 2022	Head Office & Other/eliminations 2023	Head Office & Other/eliminations 2022	Consolidated 2023	Consolidated 2022
Total segment assets	**17,049**	15,751	**13,321**	12,585	**6,951**	4,723	**15,989**	16,645	**2,381**	1,873	**55,691**	51,577
Unallocated assets											**1,222**	829
Total assets											**56,913**	52,406

[1] Note that this is a non-GAAP measure. Due to rounding, this balance will not always cast.
[2] In addition to the €2,912 million of excise tax expense included in revenue (30 June 2022: €2,916 million) €1,032 million of excise tax expense is collected on behalf of third parties and excluded from revenue (30 June 2022: €1,081 million).

HEINEKEN

Reconciliation of segment profit or loss

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

Exceptional items are defined as items of income and expenses of such size, nature or incidence, that in the view of management their disclosure is relevant to explain the performance of HEINEKEN for the period. Exceptional items include, amongst others, impairments (and reversal of impairments) of goodwill and fixed assets, gains and losses from acquisitions and disposals, redundancy costs following a restructuring, past service costs and curtailments, hyperinflation accounting adjustments, the tax impact on exceptional items and tax rate changes (the one-off impact on deferred tax positions).

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

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

For the six-month period ended 30 June

In millions of €	**2023**	2022
Operating profit (beia)	**1,939**	2,155
Amortisation of acquisition-related intangible assets included in operating profit	(156)	(161)
Exceptional items included in operating profit	(172)	76
Share of profit of associates and joint ventures	100	80
Net finance expenses	(435)	(148)
Profit before income tax	**1,276**	2,002
Profit attributable to shareholders of the Company (net profit)	**1,156**	1,265
Amortisation of acquisition-related intangible assets included in operating profit	156	161
Exceptional items included in operating profit	172	(76)
Exceptional items included in net finance expenses	81	(13)
Exceptional items and amortisation of acquisition-related intangible assets included in share of profit of associates and joint ventures	20	23
Exceptional items included in income tax expense	(356)	(27)
Allocation of exceptional items and amortisation of acquisition-related intangibles to non-controlling interests	(79)	(7)
Net profit (beia)	**1,150**	1,326

The exceptional items and amortisation of acquisition-related intangibles in net profit for the six-month period ended 30 June 2023 amounts to €6 million benefit (2022: €61 million expenses). This amount consists of:

- €156 million (2022: €161 million) of amortisation of acquisition-related intangibles recorded in operating profit.
- €172 million of exceptional net expenses recorded in operating profit (2022: €76 million). This includes €175 million of impairments, of which €113 million relates to Russia (2022: €25 million net reversal of impairments), €39 million of net restructuring expenses (2022: €2 million), €25 million exceptional net expenses recorded relating to hyperinflation accounting adjustment (2022: nil), €38 million exceptional net benefit recorded in other income related to tax credits in Brazil (2022: €44 million net benefit recorded as a reduction in marketing expenses related to tax credits in Brazil) and €29 million other exceptional net benefits (2022: €9 million).
- €81 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, €24 million of exceptional net benefit related to the net monetary gain resulting from hyperinflation, €25 million of exceptional net benefit mainly related to interest on tax credits in Brazil and €5 million other exceptional net expenses (2022: €13 million, mainly related to the recognition of interest over tax receivables).
- €20 million of exceptional net expenses included in share of profit of associates and joint ventures (2022: €23 million).
- €356 million of exceptional net benefit in income tax expense, mainly related to the recognition of previously unrecognised deferred tax assets in Brazil (2022: €27 million exceptional net benefit, mainly related to the tax benefit on exceptional items and amortisation of acquisition-related intangibles).
- Total exceptional net benefit allocated to non-controlling interest amounts to €79 million (2022: €7 million).

8. IMPAIRMENTS OF NON-CURRENT ASSETS

Impairments of €68 million on goodwill, €117 million on owned property, plant and equipment, €5 million on intangible assets with finite useful life and €3 million on right of use (ROU) assets were recorded for the six-month period ended 30 June 2023 (2022: €25 million net reversal of impairment). The impairments mainly relate to Brasserie Nationale d'Haiti S.A. (Haiti) for €139 million which is included in the Americas operating segment.

The impairment for Haiti relates to hyperinflation accounting, which was applied for the first time for the six-month period ended 30 June 2023. Fixed assets are revalued for the inflation since they were acquired, which resulted in an increase in the carrying value of fixed assets.

The determination of the recoverable amount of the assets of Haiti is based on a VIU valuation, which is based on a discounted 10-year cash flow forecast. The key assumptions used to determine the cash flows are based on market expectations and management's best estimate. Cash flows thereafter are extrapolated using a perpetual growth rate equal to the expected 30-year compounded average inflation, in order to calculate the terminal recoverable amount.

IAS 29 requires entities that apply hyperinflation accounting for the first time to recognise impairment related to prior periods in opening equity. The impairment for Haiti related to prior periods (€135 million) is recorded in the retained earnings balance as at 1 January 2023. The charge relating to the current year (€4 million) and other impairments are recorded on the line 'amortisation, depreciation and impairments' in the income statement.

See the table below for the key assumptions:

	Haiti	
In %	**2023-2026**	**2027-2032**
Pre-tax WACC (in local currency)	33.5	33.5
Expected annual long-term inflation	5.9	5.9
Expected volume growth	5.5	4.4

9. ACQUISITION OF DISTELL AND NAMIBIA BREWERIES

On 14 April 2023, HEINEKEN obtained a controlling stake of 59.4% in Namibia Breweries Limited (NBL) and on 26 April 2023, HEINEKEN fully acquired the remaining operations of Distell Group Holdings Limited (Distell) post the carve-out of their whiskey and gin activities. NBL and Distell have been combined with Heineken South Africa into a new HEINEKEN majority-owned business 'Heineken Beverages'. HEINEKEN has a 65% shareholding in Heineken Beverages. Distell and NBL are consolidated within HEINEKEN as from those dates.

Distell is Africa's leading producer and marketer of ciders, flavoured alcoholic beverages, wines and spirits, and NBL is the beer market leader in Namibia. Heineken Beverages will have a significantly strengthened and complementary route to market in South Africa and Namibia with further growth opportunities across Southern Africa.

The Savanna and Windhoek brands represent the majority of the intangible assets valued at Distell and NBL respectively. The goodwill is mainly attributable to a strategic premium included in the transaction and earnings beyond the period over which intangible assets are amortised. None of the goodwill recognised is expected to be deductible for income tax purposes.

Upon obtaining control, the existing equity interest in NBL was revalued to fair value, which resulted in a gain in previously-held equity interest of €14 million (net of gain in previously held equity interest and recycling of currency exchange differences from translation reserve), recorded in 'Other income' in the income statement.

The following table summarises the recognised amounts of assets acquired and liabilities assumed at the acquisition date:

In millions of €	Distell	NBL
Property, plant and equipment	513	84
Intangible assets	611	164
Investments in associates and joint ventures	58	—
Inventories	566	30
Trade and other receivables	285	26
Cash and cash equivalents	88	83
Other assets	46	—
Assets acquired	**2,167**	**387**
Current liabilities	(556)	(133)
Deferred tax liabilities	(280)	(71)
Other non-current liabilities	(20)	(5)
Liabilities assumed	**(856)**	**(209)**
Total net identifiable assets	**1,311**	**178**

In millions of €		
Consideration transferred	1,230	358
Non-controlling interests	481	76
Net identifiable assets acquired	1,311	178
Goodwill on acquisition	**400**	**256**

No material acquisition-related costs have been recognised in the income statement for the six-month period ended 30 June 2023.

HEINEKEN considers the measurement period for acquiring control of Distell and NBL to be closed as at 30 June 2023. Any adjustments afterwards will be recognised in the consolidated income statement.

The amount of revenue recognised for Distell and NBL after obtaining control amounts to €241 million; the amount of loss recognised after obtaining control amounts to €2 million. If control was obtained on 1 January 2023, revenue and profit for HEINEKEN would have been €18,027 million and €1,185 million respectively, for the six-month period ended 30 June 2023.

10. RUSSIA DISPOSAL GROUP CLASSIFIED AS HELD FOR SALE

On 28 March 2022, HEINEKEN announced its decision to leave Russia. A further impairment loss of €113 million (31 December 2022: €88 million) was recognised in relation to the Russia disposal group classified as held for sale, bringing the net carrying value to nil as of 30 June 2023. Determining the fair value less cost of disposal as of 30 June 2023 involved judgement and consideration of the increasing uncertainties around the Russia disposal group.

11. FINANCIAL RISK MANAGEMENT AND FINANCIAL INSTRUMENTS

(a) Financial risk management

The consolidated financial statements of HEINEKEN for the year ended 31 December 2022 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, policies and processes remain valid and should be read in conjunction with these interim financial statements.

(b) 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 2023 was €12,771 million (31 December 2022: €11,564 million) and the carrying amount measured at amortised cost was €13,780 million (31 December 2022: €12,766 million).

(c) Fair value hierarchy

During the six-month period ended 30 June 2023, there have been no material changes related to the fair value hierarchy. The fair value of the shares in Heineken Holding N.V. as referred to in note 14 'Transactions with related party FEMSA' is based on the share price (level 1 fair value hierarchy).

12. EQUITY

(a) Reserves

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

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

For the six-month period ended 30 June	2023	2022
Total number of shares issued	576,002,613	576,002,613
Effect of own shares held	(6,367,948)	(401,159)
Shares for which dividend is waived by Heineken Holding N.V.	(2,954,478)	—
Weighted average number of basic shares outstanding	**566,680,187**	575,601,454
Dilutive effect of share-based payment plan obligations	219,949	133,819
Weighted average number of diluted shares outstanding	**566,900,136**	575,735,273

HEINEKEN entered into a cross-holding agreement with Heineken Holding N.V., which includes a waiver by HEINEKEN of payment of any dividends on the Heineken Holding N.V. shares held by HEINEKEN as well as by Heineken Holding N.V. on an equivalent number of HEINEKEN shares held by Heineken Holding N.V. The HEINEKEN shares for which dividend is waived by Heineken Holding N.V. are therefore not part of the number of outstanding ordinary shares of HEINEKEN. The shares were acquired during 2023, refer to note 14 'Transactions with related party FEMSA'.

(c) Dividends

The following dividends have been declared and paid by HEINEKEN:

For the six-month period ended 30 June

In millions of €	2023	2022
Final dividend previous year €1.23, respectively €0.96 per qualifying share	**694**	553

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

For the six-month period ended 30 June

In millions of €	**2023**	2022
Interim dividend per qualifying share €0.69 (2022: €0.50)	**387**	288

13. BORROWINGS

As at	**30 June**	31 December
In millions of €	**2023**	2022
Unsecured bond issues	13,780	12,766
Lease liabilities	1,250	1,241
Bank loans	673	311
Other interest-bearing liabilities	2,361	355
Deposits from third parties[1]	600	557
Bank overdrafts	1,193	1,147
Total borrowings	**19,857**	16,377
Market value of cross-currency interest rate swaps	(28)	(17)
Other investments	(16)	(64)
Cash and cash equivalents	(2,168)	(2,765)
Net debt	**17,645**	13,531

[1]Mainly employee deposits

Other interest-bearing liabilities includes €1,987 million of centrally issued commercial paper (2022: nil).

HEINEKEN has cash pooling arrangements with legally enforceable rights to offset cash and overdraft balances. As at 30 June 2023, Bank overdrafts and Cash and cash equivalents both include an amount of €706 million with legally enforceable rights to offset (31 December 2022: €792 million).

Financing headroom

The committed financing headroom at Group level was approximately €1.5 billion as at 30 June 2023 (31 December 2022: €3.6 billion) and consisted of the undrawn revolving credit facility and centrally available cash minus commercial paper in issue and short-term bank borrowings.

In March 2023, HEINEKEN refinanced its €3.5 billion revolving credit facility. The new revolving credit facility is set to mature in May 2028 and has two 1-year extension options. The facility is committed by a group of 18 banks.

New financing

During the six-month period ended 30 June 2023, HEINEKEN secured additional financing by issuing the following notes, which are included in the unsecured bond issues:

Date of issuance	Note	Date of maturity
9 March 2023	€500 million of 1.5-year Notes with a coupon of 3.875%	23 September 2024
9 March 2023	€750 million of 7.5-year Notes with a coupon of 3.875%	23 September 2030
9 March 2023	€750 million of 12-year Notes with a coupon of 4.125%	23 March 2035

14. TRANSACTIONS WITH RELATED PARTY FEMSA

During the six-month period ended 30 June 2023, HEINEKEN purchased approximately 10.3 million shares in HEINEKEN for €943 million and approximately 5.2 million shares in Heineken Holding N.V. for €390 million from FEMSA as part of the accelerated bookbuild offering.

The shares in HEINEKEN are recognised as treasury shares. For further information, refer to note 12 'Equity'. The shares in Heineken Holding N.V. are recognised as fair value through OCI investments and included in the line 'Equity instruments' in the statement of financial position. For further information, refer to note 11 'Financial risk management and financial instruments'. As at 30 June 2023, the fair value of the shares in Heineken Holding N.V. amounts to €411 million.

Following the completion of the purchase, FEMSA no longer holds any shares in HEINEKEN except for any shares retained underlying FEMSA's outstanding Bonds, exchangeable into ordinary shares of Heineken Holding N.V., and has ceased to be a shareholder with significant influence.

15. TAX

For the six-month period ended 30 June 2023, the effective tax rate was 7.6% (2022: 28.5%). The effective tax rate decreased mainly due to the recognition of previously unrecognised deferred tax assets in Brazil during the six-month period ended 30 June 2023.

16. SUBSEQUENT EVENTS

No material subsequent events have occurred.

STATEMENT OF THE EXECUTIVE BOARD

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

To our knowledge:

1. The condensed consolidated interim financial statements for the six-month period ended 30 June 2023, which have been prepared in accordance with IAS 34 'Interim Financial Reporting' as adopted by the EU, give a true and fair view of the assets, liabilities, financial position, and profit or loss of Heineken N.V. and the businesses included in the consolidation as a whole;
2. The management report of the Executive Board for the six-month period ended 30 June 2023 (as set out on pages 1-19 of this press release) includes a fair review of the information required pursuant to article 5:25d paragraphs 8 and 9 of the Dutch Financial Markets Supervision Act (“Wet op het financieel toezicht”).

Executive Board

Dolf van den Brink (Chairman/CEO)

Harold van den Broek (CFO)

Amsterdam, 28 July 2023

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

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

Our conclusion

We have reviewed the condensed consolidated interim financial statements for the six-month period ended 30 June 2023 of Heineken N.V. based in Amsterdam.

Based on our review, nothing has come to our attention that causes us to believe that the condensed consolidated interim financial statements for the period from 1 January 2023 to 30 June 2023 of Heineken N.V. is not prepared, in all material respects, in accordance with IAS 34 'Interim Financial Reporting' as adopted by the European Union.

The condensed consolidated interim financial statements comprise:

- The condensed consolidated interim income statement for the six-month period ended 30 June 2023
- The condensed consolidated interim statements of comprehensive income for the six-month period ended 30 June 2023
- The condensed consolidated interim statement of financial position as at 30 June 2023
- The condensed consolidated interim statement of cash flows for the six-month period ended 30 June 2023
- The condensed consolidated interim statement of changes in equity as at 30 June 2023
- The notes to the condensed consolidated interim financial statements for the six-month period ended 30 June 2023

Basis for our conclusion

We conducted our review in accordance with Dutch law, including the Dutch Standard on Auditing 2410 'Het beoordelen van tussentijdse financiële informatie door de accountant van de entiteit' ('Review of interim financial information performed by the independent auditor of the entity'). A review of financial statements in accordance with the Dutch Standard on Auditing 2410 is a limited assurance engagement. Our responsibilities under this standard are further described in the 'Our responsibilities for the review of the interim financial statements' section of our report.

We are independent of Heineken N.V. in accordance with the Verordening inzake de onafhankelijkheid van accountants bij assurance-opdrachten (ViO, Code of Ethics for Professional Accountants, a regulation with respect to independence) and other relevant independence regulations in the Netherlands. Furthermore, we have complied with the Verordening gedrags- en beroepsregels accountants (VGBA, Dutch Code of Ethics).

We believe the assurance evidence we have obtained is sufficient and appropriate to provide a basis for our conclusion.

Responsibilities of management for the interim financial statements

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

The supervisory board is responsible for overseeing the company's financial reporting process.

Our responsibilities for the review of the interim financial statements

Our responsibility is to plan and perform the review in a manner that allows us to obtain sufficient and appropriate assurance evidence for our conclusion.

The level of assurance obtained in a limited assurance engagement is substantially less than the level of assurance obtained in an audit conducted in accordance with the Dutch Standards on Auditing. Accordingly, we do not express an audit opinion.

We have exercised professional judgement and have maintained professional scepticism throughout the review, in accordance with Dutch Standard on Auditing 2410.

Our review included among others:

- Updating our understanding of the company and its environment and the applicable financial reporting framework, in order to identify areas in the condensed consolidated interim financial statements where material misstatements are likely to arise due to fraud or error, designing and performing procedures to address those areas, and obtaining assurance evidence that is sufficient and appropriate to provide a basis for our conclusion.

- Updating our understanding of internal control, as it related to the preparation of the condensed consolidated interim financial statements.
- Making inquiries of management and others within the company.
- Applying analytical procedures with respect to information included in the condensed consolidated interim financial statements.
- Obtaining assurance evidence that the condensed consolidated interim financial statements agree with, or reconcile to, the company's underlying accounting records.
- Evaluating the assurance evidence obtained.
- Considering whether there have been any changes in accounting principles or in the methods of applying them and whether any new transactions have necessitated the application of a new accounting principle.
- Considering whether management has identified all events that may require adjustment to or disclose in the condensed consolidated interim financial statements.
- Considering whether the condensed consolidated interim financial statements have been prepared in accordance with the applicable financial reporting framework and represents the underlying transactions free from material misstatement.

Amsterdam, July 28, 2023

Deloitte Accountants B.V.

M.J. van der Vegte

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.

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.

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 a 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 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 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.

Free operating cash flow

This represents the 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.

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.

HEINEKEN

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 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.

®

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

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.