HEINEKEN HOLDING NV

ANNUAL REPORT 2023

Established in Amsterdam

HEINEKEN HOLDING NV

PROFILE

Ownership
Heineken Holding N.V., which holds 50.005% of the issued share capital of Heineken N.V., heads the HEINEKEN group.

Object
The object of Heineken Holding N.V. pursuant to its Articles of Association is to manage or supervise the management of the HEINEKEN group and to provide services for Heineken N.V. It seeks to promote the continuity, independence and stability of the HEINEKEN group, thereby enabling Heineken N.V. to grow in a controlled and steady manner and to pursue its long-term policy in the interest of all stakeholders.

Activities
Heineken Holding N.V. does not engage in operational activities itself. These have been assigned within the HEINEKEN group to Heineken N.V. and its subsidiaries and associated companies.

Income
Heineken Holding N.V.'s income consists exclusively of dividends received on its interest in Heineken N.V.

Dividend
Every Heineken N.V. share held by Heineken Holding N.V. is matched by one share issued at the level of Heineken Holding N.V. The dividend payable on the two shares is identical.

Listing
Heineken Holding N.V. shares are listed on Euronext Amsterdam.

Contents

Statement – The pdf and iXBRL viewer copy of the Annual Report of Heineken Holding N.V. for the year 2023 is not in the ESEF-format as specified by the European Commission in Regulatory Technical Standard on ESEF (Regulation (EU) 2019/815). The ESEF reporting package is available at www.heinekenholding.com.

SHAREHOLDER INFORMATION

Heineken Holding N.V.

Heineken Holding N.V. shares

The shares of Heineken Holding N.V. are traded on Euronext Amsterdam. The shares are listed under ISIN code NL0000008977. Prices for the shares may be accessed on Bloomberg under the symbol HEIO.NA and on the Reuters Equities 2000 Service under HEIO.AS.

In 2023, the average daily trading volume of Heineken Holding N.V. shares was 138,852 shares (2022: 119,625 shares).

Market capitalisation

Shares outstanding as at 31 December 2023: 282,873,387 shares of €1.60 nominal value (excluding Heineken Holding N.V. shares held by Heineken N.V.).

At a year-end price of €76.60 on 29 December 2023, the market capitalisation of Heineken Holding N.V. as at the balance sheet date was €21.7 billion.

Substantial shareholdings

Pursuant to the Financial Supervision Act *(Wet op het financieel toezicht)* and the Decree on Disclosure of Major Holdings and Capital Interests in Issuing Institutions *(Besluit melding zeggenschap en kapitaalbelang in uitgevende instellingen Wft)*, the Netherlands Authority for the Financial Markets (AFM) has been notified of the following substantial shareholdings (i.e. of 3% or more) regarding Heineken Holding N.V.:

- 20 April 2018: Mrs C.L. de Carvalho-Heineken (0.03%, held directly; 52.60%, held indirectly through L'Arche Green N.V., L'Arche Holding B.V. and Stichting Administratiekantoor Priores).
- 31 May 2023: Mr W.H. Gates III (2.31% directly; 3,25% held indirectly through Bill & Melinda Gates Foundation Trust) (initial notification 17 February 2023).

* The AFM register for substantial shareholdings is no longer up-to-date. For the situation as at 31 December 2023 reference is made to the organisation chart on page 13.

Year-end-price
29 December 2023
€76.60

Highest closing price
19 April 2023
€87.95

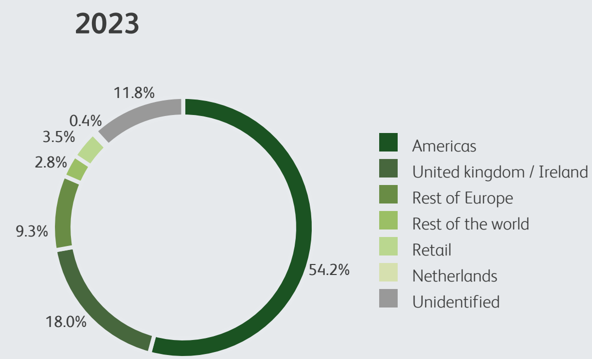
Lowest closing price
20 October 2023
€70.00

Heineken Holding N.V. share price
in €, Euronext Amsterdam

Dividend per share*
in €

The 2023 dividend proposal is subject to shareholder approval.
* Before 2018 this applied to ordinary shares.

Nationality Heineken Holding N.V. shareholders
in %
Based on 129.7 million shares in free float (excluding Heineken Holding N.V. shares held by L'Arche Green N.V. and Heineken N.V.)



Source: CMi2i estimate based on available information December 2023.

Heineken N.V.

Heineken N.V. shares and options

Heineken N.V. shares are traded on Euronext Amsterdam, where Heineken N.V. is included in the main AEX Index. The shares are listed under ISIN code NL0000009165. Prices for the shares may be accessed on Bloomberg under the symbol HEIA.NA and on the Reuters Equities 2000 Service under HEIA. AS. Options on Heineken N.V. shares are listed on Euronext Amsterdam.

In 2023, the average daily trading volume of Heineken N.V. shares was 647,245 shares (2022: 634,735 shares).

Market capitalisation

Shares outstanding as at 31 December 2023: 565,426,968 shares of €1.60 nominal value (excluding own shares held by Heineken N.V.).

At a year-end price of €91.94 on 29 December 2023, the market capitalisation of Heineken N.V. as at the balance sheet date was €52.0 billion.

Substantial shareholdings

Pursuant to the Financial Supervision Act *(Wet op het financieel toezicht)* and the Decree on Disclosure of Major Holdings and Capital Interests in Issuing Institutions *(Besluit melding zeggenschap en kapitaalbelang in uitgevende instellingen Wft)*, the Netherlands Authority for the Financial Markets (AFM) has been notified of the following substantial shareholdings (i.e. of 3% or more) regarding Heineken N.V.:

- 1 November 2006: Mrs C.L. de Carvalho-Heineken (indirectly 50.005% through L'Arche Holding S.A.; the direct 50.005% shareholder is Heineken Holding N.V.)*

* The AFM register for substantial shareholdings is no longer up-to-date. For the situation as at 31 December 2023 reference is made to the organisation chart on page 13.

Year-end-price
29 December 2023
€91.94

Highest closing price
4 May 2023
€105.40

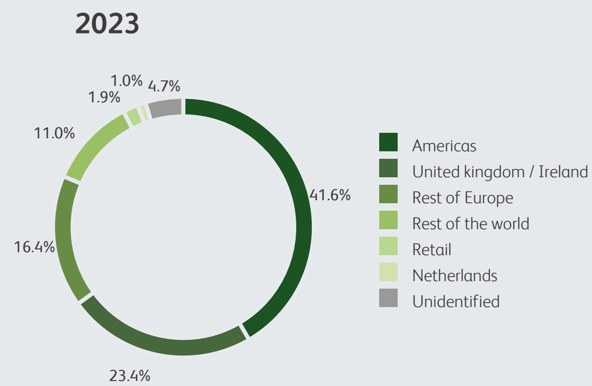
Lowest closing price
3 October 2023
€82.18

Heineken N.V. share price
in €, Euronext Amsterdam

Dividend per share
in €

The 2023 dividend proposal is subject to shareholder approval.

Nationality Heineken N.V. shareholders
in %
Based on 277.4 million shares in free float (excluding the shares held by Heineken Holding N.V. and own shares held by Heineken N.V.)



Source: CMi2i estimate based on available information December 2023.

Investor Relations

Investor relations

HEINEKEN is committed to maintaining an open and constructive dialogue with shareholders and bondholders. HEINEKEN aims to keep them updated by informing clearly, accurately and in a timely manner about HEINEKEN's strategy, performance and other matters and developments that could be relevant to investors' decisions.

American Depositary Receipts (ADRs)

Heineken Holding N.V. and Heineken N.V.'s shares are trading Over-the-Counter (OTC) in the US as American Depositary Receipts (ADRs). There are two separate HEINEKEN ADR programmes representing ownership respectively in: 1) Heineken N.V. and 2) Heineken Holding N.V. For both programmes, the ratio between the ADRs and the ordinary Dutch (€ denominated) shares is 2:1, i.e. two ADRs represent one Heineken Holding N.V. or Heineken N.V. ordinary share. Deutsche Bank Trust Company Americas acts as depositary bank for HEINEKEN's ADR programmes.

Heineken N.V.	Heineken Holding N.V.
Ticker: HEINY	Ticker: HKHHY
ISIN: US4230123014	ISIN: US4230081014
CUSIP: 423012301	CUSIP: 423008101
Structure: Sponsored Level I ADR	Structure: Sponsored Level I ADR
Exchange: OTCQX	Exchange: OTCQX
Ratio (DR:ORD): 2:1	Ratio (DR:ORD): 2:1

ADR contact information

Deutsche Bank Shareholder Services
c/o Equiniti Trust Company LLC
Peck Slip Station
PO Box 2050 New York, NY 10272-2050, USA
E-mail: adr@equiniti.com
Shareholder Service (toll-free) Tel. +1 866 249 2593
Shareholder Service (international) Tel. +1 718 921 8137
www.astfinancial.com

Financial calendar in 2024 for both Heineken Holding N.V. and Heineken N.V.

Announcement of 2023 results	14 February
Publication of Annual Report 2023	22 February
Trading update first quarter 2024	24 April
Annual General Meeting of Shareholders*	25 April
Quotation ex-final dividend 2023	29 April
Final dividend 2023 payable	7 May
Announcement of half-year results 2024	29 July
Quotation ex-interim dividend 2024	31 July
Interim dividend 2024 payable	8 August
Trading update third quarter 2024	23 October

* Shareholders of Heineken Holding N.V. are entitled to attend the meetings of shareholders in Heineken N.V., to put questions at those meetings and to participate in the discussions.

Contact Heineken Holding N.V. and Heineken N.V.

Further information on Heineken Holding N.V. is available on the website www.heinekenholding.com. and by telephone on +31 20 622 11 52. Further information on Heineken N.V. is available on the website www.theheinekencompany.com. Information on Heineken Holding N.V. and Heineken N.V. is also available from the Investor Relations department, telephone +31 20 523 95 90, or by e-mail: investors@heineken.com.

Bondholder Information

HEINEKEN has a Euro Medium Term Note (EMTN) Programme which was last updated in March 2023. The programme allows Heineken N.V. to issue Notes for a total amount of up to €20 billion. Approximately €12.2 billion is outstanding under the programme as at 31 December 2023.

Traded Heineken N.V. Notes	Issue date		Total face value	Interest rate	Maturity	ISIN code
EUR EMTN 2024	19 Mar 2012	EUR	500 million	3.500%	19 Mar 2024	XS0758420748
EUR EMTN 2024	23 Mar 2023	EUR	500 million	3.875%	23 Sept 2024	XS2599731473
EUR EMTN 2024	7 Dec 2015	EUR	460 million	1.500%	7 Dec 2024	XS1330434389
EUR EMTN 2025	25 Mar 2020	CHF	100 million	0.638%	25 Mar 2025	XS2145099201
EUR EMTN 2025	30 Mar 2020	EUR	600 million	1.625%	30 Mar 2025	XS2147977479
EUR EMTN 2025	2 Aug 2012	EUR	750 million	2.875%	4 Aug 2025	XS0811555183
EUR EMTN 2025	20 Oct 2015	EUR	225 million	2.000%	20 Oct 2025	XS1309072020
EUR EMTN 2026	4 May 2016	EUR	1,000 million[1]	1.000%	4 May 2026	XS1401174633
EUR EMTN 2026	15 Nov 2023	EUR	600 million	3.625%	15 Nov 2026	XS2719096831
EUR EMTN 2027	29 Nov 2016	EUR	500 million	1.375%	29 Jan 2027	XS1527192485
EUR EMTN 2027	17 Sep 2018	EUR	600 million	1.250%	17 Mar 2027	XS1877595444
144A/RegS 2028	29 Mar 2017	USD	1,100 million	3.500%	29 Jan 2028	US423012AF03
EUR EMTN 2029	30 Jan 2014	EUR	200 million	3.500%	30 Jul 2029	XS1024136282
EUR EMTN 2029	3 Oct 2017	EUR	800 million	1.500%	3 Oct 2029	XS1691781865
EUR EMTN 2030	30 Mar 2020	EUR	800 million	2.250%	30 Mar 2030	XS2147977636
EUR EMTN 2030	23 Mar 2023	EUR	750 million	3.875%	23 Sept 2030	XS2599730822
EUR EMTN 2031	17 Sep 2018	EUR	750 million[2]	1.750%	17 Mar 2031	XS1877595014
EUR EMTN 2032	12 May 2017	EUR	500 million	2.020%	12 May 2032	XS1611855237
EUR EMTN 2033	15 April 2013	EUR	180 million	3.250%	15 Apr 2033	XS0916345621
EUR EMTN 2033	19 Apr 2013	EUR	100 million	2.562%	19 Apr 2033	XS0920838371
144A/RegS 2033	7 May 2020	EUR	650 million	1.250%	7 May 2033	XS2168629967
EUR EMTN 2035	23 Mar 2023	EUR	750 million	4.125%	23 Mar 2035	XS2599169922
EUR EMTN 2040	7 May 2020	EUR	850 million	1.750%	7 May 2040	XS2168630205
144A/RegS 2042	10 Oct 2012	USD	500 million	4.000%	1 Oct 2042	US423012AE38
144A/RegS 2047	29 Mar 2017	USD	650 million	4.350%	29 Mar 2047	US423012AG85

1 Includes EUR 200 million tap issued on 15 July 2019.
2 Includes EUR 100 million tap issued on 5 June 2019.

The EMTN programme and the above Heineken N.V. Notes issued thereunder are listed on the Luxembourg Stock Exchange.

HEINEKEN has a €2.0 billion Euro Commercial Paper (ECP) programme to facilitate its cash management operations and to further diversify its funding sources. There was €500 million ECP in issue per 31 December 2023.

HEINEKEN HOLDING NV

REPORT OF THE BOARD OF DIRECTORS

Board of Directors of Heineken Holding N.V.

EXECUTIVE DIRECTORS

Mrs C.L. de Carvalho-Heineken

1954 Dutch nationality
Executive director
Appointed in 1988; reappointed in 2023*

Profession:
Company director

Supervisory board seats (or non-executive board memberships) in Large Dutch Entities:**
None

Other positions*:**
Board member of L'Arche Green N.V., L'Arche Holding B.V. and Stichting Administratiekantoor Priores (chairman)

Mr M.R. de Carvalho

1944 British nationality
Executive director
Appointed in 2015; reappointed in 2023*

Profession:
Chairman of Capital Generation Partners (CapGen)

Supervisory board seats (or non-executive board memberships) in Large Dutch Entities:**
Heineken N.V.

Other positions*:**
Board member of L'Arche Green N.V., Independent Board Member Koç Holding

NON-EXECUTIVE DIRECTORS

Mr M. Das

1948 Dutch nationality
Non-executive director (chairman)
Appointed in 1994; reappointed in 2021*

Profession:
Lawyer

Supervisory board seats (or non-executive board memberships) in Large Dutch Entities:**
Heineken N.V.

Other positions*:**
Board member of L'Arche Green N.V. (chairman), L'Arche Holding B.V. and Stichting Administratiekantoor Priores

Mrs C.M. Kwist

1967 Dutch nationality
Non-executive director
Appointed in 2011; reappointed in 2023*

Profession:
Company director

Supervisory board seats (or non-executive board memberships) in Large Dutch Entities:**
Picnic International B.V.

Other positions*:**
Managing director of Greenfee B.V.; Board member of L'Arche Green N.V.

Mr A.A.C. de Carvalho

1984 Dutch and British nationality
Non-executive director
Appointed in 2013; reappointed in 2021*

Profession:
Company director

Supervisory board seats (or non-executive board memberships) in Large Dutch Entities:**
None

Other positions*:**
Board member of Stichting Administratiekantoor Priores

Mrs A.M. Fentener van Vlissingen

1961 Dutch nationality
Non-executive director
Appointed in 2018; reappointed in 2022*

Profession:
Company director

Supervisory board seats (or non-executive board memberships) in Large Dutch Entities:**
SHV Holdings N.V. (chairman)

Other positions*:**
Board member of Lhoist; Member of the Global Advisory Council of Bank of America

Mrs L.L.H. Brassey

1986 Dutch and British nationality
Non-executive director
Appointed in 2018*; reappointed in 2022*

Profession:
Co-founder of Greenwood Place

Supervisory board seats (or non-executive board memberships) in Large Dutch Entities:**
None

Other positions*:**
Board member of Stichting Administratiekantoor Priores

Mr J.F.M.L. van Boxmeer

1961 Belgian nationality
Non-executive director
Appointed in 2020*

Profession:
Chairman of Vodafone Group Plc (non-executive director)

Supervisory board seats (or non-executive board memberships) in Large Dutch Entities:**
None

Other positions*:**
Member Shareholders Committee Henkel AG & Co. KGaA

* For the maximum period of four years.
** Large Dutch Entities are Dutch N.V.s, B.V.s or Foundations (that are required to prepare annual accounts pursuant to Chapter 9 of Book 2 of the Dutch Civil Code or similar legislation) that meet two of the following criteria (on a consolidated basis) on two consecutive balance sheet dates: (i) The value of the assets (according to the balance sheet with the explanatory notes and on the basis of acquisition and manufacturing costs) exceeds €20 million; (ii) The net turnover exceeds €40 million; (iii) The average number of employees is at least 250.
*** Under 'Other positions', other functions are mentioned that may be relevant to the performance of the duties of the Board of Directors.

Introduction

Policy Principles

Heineken Holding N.V. (the 'Company') has played an important role in HEINEKEN (Heineken Holding N.V., Heineken N.V., its subsidiaries and interests in joint ventures and associates) for more than seventy years. The Company seeks to promote the continuity, independence and stability of HEINEKEN. This creates the conditions which enable Heineken N.V. to pursue its long-term policy in the interest of the shareholders, the staff and other stakeholders.

The Company's policy has been successful. Thanks in part to its unique and stable structure, HEINEKEN was able to rise to its present position as the brewer with the broadest international presence and one of the world's largest brewing groups.

Activities

The Board of Directors held six meetings with the Preparatory Committee of the Supervisory Board of Heineken N.V. in 2023 of which most meetings were held in person. During those meetings the CEO and Chairman of the Executive Board of Heineken N.V. provided several updates on the business and financial performance of the Company. Topics discussed were:

- The business and financial performance of HEINEKEN.
- HEINEKEN's EverGreen strategy aimed at long-term sustainable value creation as well as the manner in which the Executive Board of Heineken N.V. implements the strategy.
- An update of the operationalisation and progress made in the execution of HEINEKEN's Brew a Better World strategy 2030.
- Large investment proposals, as well as the overall business development and acquisition landscape and the geographical footprint.
- The annual budget and plan as well as the three-year strategic plan.
- The People strategy and priorities, including employee engagement and retention, succession planning, the diversity and inclusion strategy and talent management. This also included a reflection on the purpose, values and behaviours of HEINEKEN.
- Succession planning for the Executive Board, Supervisory Board and senior management of Heineken N.V.
- The internal risk management and control system.
- The agenda for the 2023 Annual General Meeting of Shareholders of Heineken N.V.
- The selection process of the new external auditor, to be appointed as per book year 2025.

A recurrent element in all the meetings was discussion of the results of Heineken N.V.: volumes and revenues, operating profit and organic growth, cost base, capex, consolidation effects and foreign exchange effects were reviewed by region. Also the financial position of Heineken N.V., including the financing, liquidity position, bond issues, the share price development, dividend policy and credit rating were on the agenda.

The CEO and Chairman of the Executive Board of Heineken N.V. commented on the developments in the economic and political situation in the different regions of the world. In particular the impact of the war in Ukraine, the sale of HEINEKEN's business in Russia as well as the continuous impact of COVID-19 and related measures were addressed. Inflation, hyperinflation and currency volatility in the different regions of the world were discussed.

Another topic covered was the development of the brand portfolio in the different regions, paying particular attention to the development of the Heineken® brand including Heineken 0.0 and Heineken Silver.

Also discussed are acquisitions and disposals such as the acquisitions of Distell and Namibia Breweries and the disposal of Vrumona.

Other items discussed during the year included digital and technology including cybersecurity.

The CEO and Chairman of the Executive Board of Heineken N.V. provided updates on the announced sale by FEMSA of its shareholding in Heineken N.V. and Heineken Holding N.V.

There were informal discussions during the year regarding current business matters on which the opinion of the Board of Directors had been sought.

In addition to the meetings with the Preparatory Committee of the Supervisory Board of Heineken N.V. as described above, the Board of Directors also met separately on two occasions to discuss, among other things, the Report of the Board of Directors and the financial statements for 2022 and the first half of 2023. At the meeting of the Board of Directors at which the Report of the Board of Directors and the financial statements for 2022 were discussed, the external auditors, Deloitte Accountants B.V., gave a comprehensive report on their activities.

Mrs C.L. de Carvalho-Heineken and Mr M.R. de Carvalho, executive directors, travelled to South Africa to visit a brewery and meet with the local management team focusing on the integration of Distell Group Holdings Limited.
Mrs C.L. de Carvalho-Heineken and Mr M.R. de Carvalho also travelled to Malaysia to open a new brewery and to Shanghai to attend the 150 year Heineken® brand festivities.

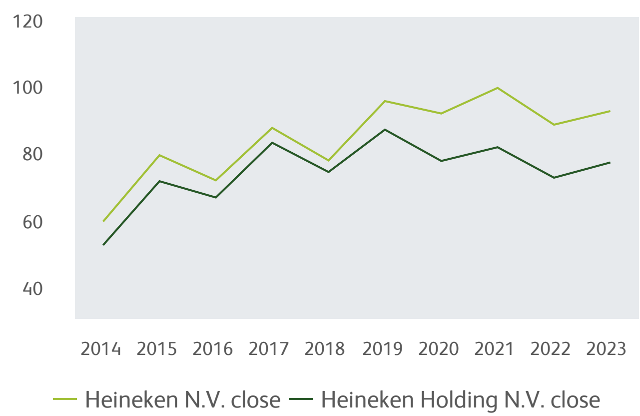
Review of 2023

Share price

The share price of the Heineken Holding N.V. share has moved from €72.15 at the beginning of the year to €76.60 on 29 December. The gap between the Heineken N.V. and Heineken Holding N.V. share prices fluctuated between 13.78% and 19.53% through the year, ending at 16.68% on 29 December. Price movements are shown in the graph on this page. More information regarding the shares can be found on page 5 of this Report.

Gap between Heineken Holding N.V. and Heineken N.V. share price

in €, Euronext Amsterdam



Interest in Heineken N.V.

The nominal value of the Company's interest in Heineken N.V. as at 31 December 2023 was €461 million (31 December 2022:

€461 million). The nominal value of the shares issued by the Company as at the same date was also €461 million.

As at 31 December 2023, the Company's interest in Heineken N.V. represented 50.005% of the issued capital (being 50.94% of the outstanding capital) of Heineken N.V.

Results

With regard to the Company's balance sheet and income statement, the Board of Directors has the following comments. The Board of Directors has elected to avail itself of the option given by Section 362, subsection 8, Book 2 of the Dutch Civil Code *(Burgerlijk Wetboek)* of using the same accounting policies for the valuation of assets and liabilities and determination of results in the Company Financial Statements as those used for the preparation of the Consolidated Financial Statements of Heineken Holding N.V. Since the interest in Heineken N.V. is measured using the net asset value method, the equity attributable to the shareholders of Heineken Holding N.V., amounting to €9,733 million, shown in the consolidated statement of financial position, is equal to the shareholders' equity shown in the Company's balance sheet.

The Company's 50.94% share in Heineken N.V.'s 2023 profit of €2,304 million is recognised as a profit of €1,174 million in the 2023 Company Income Statement.

Heineken N.V. Performance in 2023 and Outlook

Performance

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

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

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

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

More information on the performance and sustainability is provided in the Heineken N.V. Annual Report 2023.

Outlook

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

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

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

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

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

HEINEKEN also expects:

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

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

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

Financial Statements

The Board of Directors will submit the 2023 Financial Statements to the General Meeting of Shareholders. These financial statements, on pages 23 to 82 of this Report, have been audited by Deloitte Accountants B.V., whose report can be found on page 85.

Dividend

Heineken N.V. proposes to distribute a dividend for 2023 of €1.73 per share of €1.60 nominal value of which €0.69 per share has already been paid as interim dividend on 10 August 2023.

The Board of Directors has resolved to vote at the General Meeting of Shareholders of Heineken N.V. in favour of Heineken N.V.'s dividend proposal. Like the holders of Heineken N.V. shares, holders of Heineken Holding N.V. shares will therefore receive a total dividend for 2023 of €1.73 per share of €1.60 nominal value of which €0.69 per share has already been paid as interim dividend. The final dividend of €1.04 per share will be payable to shareholders as of 7 May 2024.

Corporate Governance Statement

Introduction

This Corporate Governance Statement forms part of the Report of the Board of Directors of Heineken Holding N.V. (the 'Company') for 2023. It addresses Heineken Holding N.V.'s corporate governance structure and the way Heineken Holding N.V. applies the principles and best practices of the Dutch Corporate Governance Code 2022 (the "Code"). The complete text of the Code is available at www.mccg.nl. This statement also includes the information that the Company is required to disclose pursuant to the Dutch governmental decree on Article 10 Takeover Directive *(Besluit artikel 10 Overnamerichtlijn)*, the Dutch governmental decree on the disclosure of non-financial information and Section 5:25c, subsection 2 sub c of the Financial Supervision Act *(Wet op het financieel toezicht)*. Most of the required information has been integrated in this Corporate Governance Statement. For the information that is not integrated refer to the section at the end of this Corporate Governance Statement.

Policy principles

Heineken Holding N.V. is a public company with limited liability incorporated under the laws of the Netherlands. Its shares are listed on the Amsterdam Stock Exchange, Euronext Amsterdam. Standing at the head of HEINEKEN, Heineken Holding N.V. is not an ordinary holding company. Since its formation in 1952, Heineken Holding N.V. seeks to promote the continuity, independence and stability of HEINEKEN. This creates the conditions which enable Heineken N.V. to pursue its long-term policy in the interest of the shareholders, the staff and other stakeholders.

Pursuant to the Articles of Association of Heineken Holding N.V., its main object is to manage or supervise the management of HEINEKEN and to provide services for Heineken N.V., in accordance with the policy principles outlined above. Heineken Holding N.V. does not engage in operational activities itself and employs no staff. The operational activities have been assigned within HEINEKEN to Heineken N.V. and its subsidiaries and associated companies. Within HEINEKEN, the primary duties of Heineken N.V.'s Executive Board are to initiate and implement corporate strategy and to manage Heineken N.V. and its related companies. Heineken N.V.'s Executive Board is accountable to Heineken N.V.'s Supervisory Board and to the General Meeting of Shareholders of Heineken N.V.

Heineken Holding N.V.'s income consists exclusively of dividends received on its interest in Heineken N.V. Every Heineken N.V. share held by Heineken Holding N.V. is matched by one share issued at the level of Heineken Holding N.V. The dividend payable on both shares is identical.

Corporate Governance Code

The Code was first adopted in 2003 and was amended in 2008, 2016 and 2022. The updated Code 2022 increases emphasis on: (i) sustainable long-term value creation, (ii) the role of stakeholders, (iii) digitisation and (iv) diversity and inclusion.

As a Dutch listed company, Heineken Holding N.V. is subject to the Code and is required to disclose in its Report of the Board of Directors to what extent it complies with the principles and best practice provisions of the Code. The guiding principle is that corporate governance requires a tailor-made approach and that non-application of individual provisions by a company may be justified. While Heineken Holding N.V. endorses the principles of the Code, the structure of HEINEKEN, and in particular the relationship between Heineken Holding N.V. and Heineken N.V., prevents Heineken Holding N.V. from applying a number of the Code's best practice provisions. Most of the best practice provisions that Heineken Holding N.V. cannot comply with, are met by Heineken N.V. instead. This is further explained below.

Substantial changes in the Company's corporate governance structure and in the Company's compliance with the Code, if any, will be submitted to the General Meeting of Shareholders for discussion under a separate agenda item. The departure from the Code as revised in 2022 will be discussed at the upcoming General Meeting of Shareholders on 25 April 2024.

Governance structure

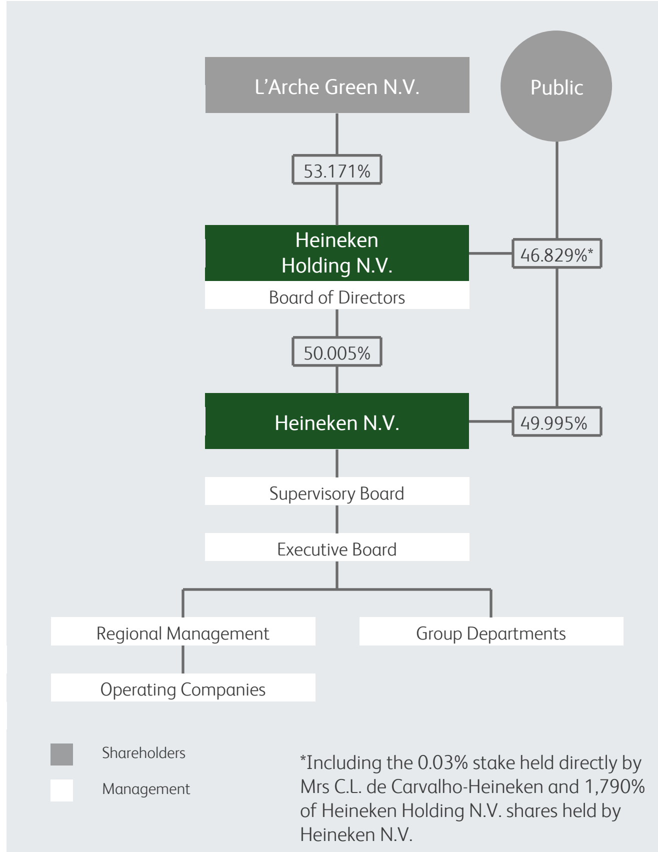
Ownership

Heineken Holding N.V. has a 50.005% interest in the issued share capital of Heineken N.V. Both companies are listed on Euronext Amsterdam.

As at 31 December 2023 L'Arche Green N.V., a company owned by the Heineken family and the Hoyer family, holds a 53.171% (2022: 52.599%) interest of the issued share capital of Heineken Holding N.V. The Heineken family holds 88.98% (2022: 88.86%) of the issued share capital of L'Arche Green N.V. and the remaining 11.02% (2022: 11.14%) is held by the Hoyer family.

Mrs C.L. de Carvalho-Heineken also owns a direct 0.03% stake in Heineken Holding N.V.

Heineken Holding N.V. Ownership based on issued shares



As at 31 December 2023, the Company's interest in Heineken N.V. is 50.94% (2022: 50.064%) of the outstanding capital of Heineken N.V.

On 15 February 2023, Fomento Económico Mexicano, S.A.B. de C.V. (FEMSA) announced that it intended to divest its full shareholding in Heineken Holding N.V. and Heineken N.V. FEMSA subsequently sold its shares in Heineken Holding N.V. and Heineken N.V in two tranches, in February 2023 and May 2023.

As part of the accelerated bookbuild offerings by FEMSA L'Arche Green N.V. purchased 1,647,249 shares in Heineken Holding N.V. from FEMSA. Heineken N.V. purchased approximately 10.3 million shares in Heineken N.V. for €943 million and approximately 5.2 million shares in Heineken Holding N.V. for €390 million from FEMSA.

In respect of the Heineken Holding N.V. shares that are held by Heineken N.V. all voting and dividend rights are suspended. As a consequence the economic ownership of Heineken Holding N.V. in Heineken N.V. based on shares outstanding adjusted for treasury shares is 50.49% as at 31 December 2023.

For more information refer to the Notes to the Consolidated Financial Statements.

Management

Heineken Holding N.V. is managed by its Board of Directors, whose activities are directed towards implementing the policy principles outlined above. Heineken Holding N.V. has a one-tier board management structure. The Board of Directors comprises two executive directors *(uitvoerende bestuurders)* and six non-executive directors *(niet-uitvoerende bestuurders)*. The executive directors are charged with the day-to-day management and the preparation and implementation of the Board of Directors' resolutions, and the non-executive directors shall supervise the policy and functioning of the executive directors. The Board of Directors has not installed any committees. The tasks, responsibilities and internal procedural matters for the Board of Directors are addressed in the Articles of Association and the Rules for the Board of Directors (available at www.heinekenholding.com).

Sustainable long-term value creation, stakeholders and culture

The development of and the manner of implementing HEINEKEN's strategy aimed at sustainable long-term value creation as well as enabling a culture aligned with such strategy is pursued by Heineken N.V. The operational activities for pursuing such strategy are performed by Heineken N.V. Although Heineken Holding N.V. seeks to promote the continuity, independence and stability of HEINEKEN, thereby enabling Heineken N.V. to grow in a controlled and steady manner and to pursue its long-term policy in the interest of all stakeholders, Heineken Holding N.V. does not have a sustainable long-term value creation strategy, a policy on stakeholder engagement nor an aligned culture itself as it manages or supervises HEINEKEN, but does not engage in any operational activities and employs no staff. Heineken Holding N.V. therefore does not apply best practice provisions 1.1.1 up to and including 1.1.5 and 2.5.1, 2.5.2, 2.5.4 and 2.3.6 sub ix of the Code. HEINEKEN's sustainable long-term value creation strategy and culture is described in the Heineken N.V. Annual Report 2023. Heineken N.V.'s policy on stakeholder engagement is available at www.theheinekencompany.com

Risk management

As Heineken Holding N.V. does not perform operational management activities, it does not have an internal risk management and control system to control any risks following from such management and operational activities. Heineken Holding N.V. does therefore not apply best practice provisions 1.2.1 up to and including 1.2.3, 1.4.1 up to and including 1.4.3 (i) and (ii) and 1.5.1 up to and including 1.5.4 of the Code. The Board of Directors will therefore not provide the statement pursuant to best practice provision 1.4.3 (i) and (ii) of the Code.

The risk management and control system for the operational activities of HEINEKEN is described in the Heineken N.V. Annual Report 2023. Note 11.5 to the Consolidated Financial Statements itemises the specific financial risks and explains the control system relating to those risks. Based on the current state of affairs, it is justified that the financial reporting is prepared on a going concern basis and the Annual Report states those material risks and uncertainties that are relevant to the expectation of the Company's continuity for the period of twelve months after the preparation of the Annual Report.

Internal audit function

An internal audit function in relation to internal risk management and control is not present at the level of Heineken Holding N.V. as reviews of internal key processes, projects and systems, based on HEINEKEN's strategic priorities and most significant risk areas, are performed by Heineken N.V.

Heineken Holding N.V. does therefore not apply best practice provisions 1.3.1 up to and including 1.3.6 of the Code. Please refer to the Heineken N.V. Annual Report 2023 for further information.

Misconduct and irregularities

Since Heineken Holding N.V. does not engage in any operational activities and employs no staff, a monitoring of suspected misconduct or irregularities cannot be performed. Heineken Holding N.V. does therefore not apply best practice provisions 2.6.1 up to and including 2.6.4 and 2.3.6 sub x of the Code.

Contacts and dialogue with shareholders

As bilateral contacts with shareholders (i.e. analyst meetings, analyst presentations, presentations to institutional or other investors and press conferences) take place at the level of Heineken N.V., the Company does not apply best practice provisions 4.2.2 and 4.2.3 of the Code. Heineken N.V.'s policy on bilateral contacts with shareholders and further relevant information can be found on: www.theheinekencompany.com.

Board of Directors

Composition

The Board of Directors consists of eight members:

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

The Board of Directors started year 2023 with ten members: Mr J.A. Fernández Carbajal resigned from the Board of Directors as per 15 February 2023, and Mr C.A.G. de Carvalho resigned from the Board of Directors as per 20 April 2023.

Appointment and dismissal of members of the Board of Directors

The members of the Board of Directors are appointed by the General Meeting of Shareholders from a non-binding recommendation drawn up by the Board of Directors.

The Board of Directors shall consist of:

(i) one or more executive directors, who shall be charged in particular with the day-to-day management and the preparation and implementation of the Board of Directors' resolutions; and

(ii) three or more non-executive directors, who shall supervise the policy and functioning of the executive directors.

The majority of the members of the Board of Directors shall consist of non-executive directors.

The General Meeting of Shareholders may suspend and/or dismiss members of the Board of Directors by a resolution adopted by an absolute majority of the votes cast which represents at least one-third of the issued capital.

An executive director of the Board of Directors may also be suspended by the Board of Directors. The relevant executive director shall not participate in decision-making on his suspension. A resolution to suspend an executive director shall require a unanimous vote by all members of the Board of Directors except the executive director whose suspension is the subject of the motion. A suspension imposed by the Board of Directors may be lifted at any time by the General Meeting of Shareholders.

In the interest of preserving the core values and structure of HEINEKEN, the Company does not apply the maximum appointment period to non-executive directors of the Board of Directors who are:

(i) related by blood or affinity in the direct line of descent of Mr A.H. Heineken;

(ii) related by blood or affinity in the direct line of descent of Mr H.F. Hoyer; and

(iii) members of the Supervisory Board of Heineken N.V.

Therefore, the Company does not fully comply with best practice provision 2.2.2 of the Code.

At the General Meeting of Shareholders on 20 April 2023, Mrs C.L. de Carvalho-Heineken and Mr M.R. de Carvalho were reappointed as executive directors of the Board of Directors and Mrs C.M. Kwist as non-executive director of the Board of Directors, each for the maximum period of four years.

In accordance with the current rotation schedule, Mr J.F.M.L. van Boxmeer will stand down at the General Meeting of Shareholders on 25 April 2024. A non-binding recommendation, drawn up by the Board of Directors, will be submitted to the General Meeting of Shareholders on 25 April 2024 to reappoint Mr J.F.M.L. van Boxmeer as non-executive director of the Board of Directors, for the maximum period of four years (i.e. until the end of the General Meeting of Shareholders to be held in 2028).

Profile

The Board of Directors does not have a separate profile for its non-executive members due to the specific governance structure of the Board of Directors and aligns with the objectives as referred to in the profile of the members of the Supervisory Board of Heineken N.V., the Company therefore does not apply best practice provision 2.1.1 of the Code.

Diversity

Heineken Holding N.V. recognises the benefits of having a diverse and inclusive Board. The Company seeks to promote diversity and inclusion among the members of the Board of Directors in terms of nationality, age, gender diversity and educational, professional and geographical background and experience of the individual members. The Company aims to create a balance, to the extent possible, in which the diversity referred to above is expressed and where the objective is to comply, at the very least, with the statutory requirements.

With respect to gender diversity, Dutch law stipulates that large Dutch public companies with one-tier boards, such as the Company, are deemed to have a balanced composition if at least one-third of the non-executive directors are female and at least one-third of the non-executive directors are male members. The non-executive directors currently consist of three female and three male members; the composition is therefore balanced.

Also, large companies such as the Company should determine an ambitious and appropriate target to promote gender diversity in the Board of Directors. The Company's aim is that at least 30% of the executive directors is female and at least 30% of the executive directors is male. However, the number of executive directors may have a certain impact on the gender balance. Currently, the executive directors of the Board of Directors are one female and one male member; i.e. 50% of the executive positions are filled by women and 50% of the executive positions are filled by men.

The Board of Directors represents three nationalities (Dutch, British and Belgian) and has an age range between 37 and 79. Furthermore, the members of the Board of Directors have varied academic and professional backgrounds.

Independence

Heineken Holding N.V. endorses the principle that the composition of the Board of Directors shall be such that its members are able to act critically and independently of one another and of any particular interests.

Given the structure of HEINEKEN, the Company is of the opinion that, in the context of promoting the continuity, independence and stability of HEINEKEN, it is in its best interest and that of its stakeholders that the Board of Directors includes a fair and adequate representation of persons who are related by blood or affinity in the direct line of descent of Mr A.H. Heineken or Mr H.F. Hoyer, even if those persons would not, formally speaking, be considered 'independent' within the meaning of best practice provision 2.1.8 of the Code.

Currently, five of the six non-executive directors of the Board of Directors do not qualify as 'independent' as per best practice provision 2.1.8 of the Code pursuant to which Heineken Holding N.V. does not comply with best practice provision 2.1.7 of the Code. These five non-executive directors do in a strictly formal sense not meet several criteria for being 'independent' as set out in the Code.

Mr M. Das does not qualify as independent pursuant to best practice provision 2.1.8 sub iii of the Code, as he had an important business relationship with Heineken Holding N.V. as advisor of the Company in the year prior to his appointment. Mr M. Das is also not independent pursuant to best practice provision 2.1.8 sub vii of the Code as he is a member of the management board of L'Arche Green N.V., an entity that holds at least 10% of the shares in the Company.

Mrs C.M. Kwist is not independent pursuant to best practice provision 2.1.8 sub vii of the Code, as she is a member of the management board of L'Arche Green N.V., an entity that has a shareholding in Heineken Holding N.V. of at least 10%. She is also a member of the Hoyer family, the family that together with the Heineken family owns L'Arche Green N.V., an entity that has a shareholding in Heineken Holding N.V. of at least 10%.

Mr A.A.C. de Carvalho is not considered independent pursuant to best practice provision 2.1.8 sub i of the Code, as he is a relative by blood of the executive members of the Company. In addition, pursuant to best practice provision 2.1.8 sub vi of the Code, Mr A.A.C. de Carvalho is not considered independent being the son of Mrs C.L. de Carvalho-Heineken, the latter having an indirect shareholding of at least 10% in the Company. Nor is Mr A.A.C. de Carvalho considered independent pursuant to best practice provision 2.1.8 sub vii of the Code, as he is a relative by blood of members of the management board of L'Arche Green N.V., an entity that has a shareholding in Heineken Holding N.V. of at least 10%.

Mrs L.L.H. Brassey is not considered independent pursuant to best practice provision 2.1.8 sub i of the Code, as she is a relative by blood of the executive members of the Company. In addition, pursuant to best practice provision 2.1.8 sub vi of the Code, Mrs L.L.H. Brassey is not considered independent being the daughter of Mrs C.L. de Carvalho-Heineken, the latter having an indirect shareholding of at least 10% in the Company. Nor is Mrs L.L.H. Brassey considered independent pursuant to best practice provision 2.1.8 sub vii of the Code, as she is a relative by blood of members of the management board of L'Arche Green N.V., an entity that has a shareholding in Heineken Holding N.V. of at least 10%.

Mr J.F.M.L. van Boxmeer does not qualify as independent pursuant to best practice provision 2.1.8 sub i of the Dutch Corporate Governance Code, as he has been Heineken N.V.'s CEO and Chairman of the Executive Board in the five years prior to his appointment.

Heineken Holding N.V. does not comply with best practice provision 5.1.3 of the Code as Mr M. Das, the chairman of the Board of Directors (i) used to be a former (executive) member of the Board of Directors prior to the implementation of the one-tier management structure, and (ii) is not considered independent pursuant to best practice provisions 2.1.8 sub iii and vii of the Code, as described above.

The Board of Directors has ascertained that the non-executive directors in fact act critically and independently. However, Heineken Holding N.V. does not comply with best practice provision 2.1.7 and 2.1.9 of the Code and the Company does therefore not apply best practice provision 2.1.10 of the Code, to the extent that this provision provides that the Report of the Board of Directors shall state that best practice provisions 2.1.7 through 2.1.9 of the Code have been fulfilled.

Chairman of the Board of Directors

As a result of the specific structure, not all tasks of the chairman that are listed in best practice provision 2.3.6 of the Code can be applied. Best practice provisions 2.3.6 sub ii and 2.3.7 of the Code are also not applied as the Board of Directors has not appointed a vice-chairman.

Evaluation

The Board of Directors does not conduct sessions to evaluate its own functioning, and that of its individual members. Considering the governance structure of Heineken Holding N.V. and the activities of the Board of Directors for the Company, the Board of Directors feels that it has a sufficient view on the performance, working methods, procedures and functioning of the Board of Directors and its individual members. The Company therefore does not apply best practice provisions 2.2.6 up to and including 2.2.8 and 2.3.6 sub vi of the Code.

Committees

The Board of Directors has not installed committees as the establishment of such committees does not fit the specific structure of Heineken Holding N.V. The Company does therefore not apply best practice provisions 2.3.2 up to and including 2.3.5 and 2.3.6 sub v of the Code and related provisions. Although Heineken Holding N.V. does not have any committees itself, the relevant findings of the various committees of the Supervisory Board of Heineken N.V. are shared with Heineken Holding N.V. as the Board of Directors of Heineken Holding N.V. meets with the Preparatory Committee of Heineken N.V. on several occasions.

Attendance

The Board of Directors confirms that all non-executive directors of the Board of Directors have adequate time available to give sufficient attention to the concerns of the Company. In 2023, the attendance rate was 94% for the meetings of the Board of Directors.

In accordance with best practice provision 2.4.4 of the Code, the table below provides an overview of the attendance record of the individual non-executive directors of the Board of Directors. Attendance is expressed as a number of meetings attended out of the number eligible to attend. The Board of Directors met with the Preparatory Committee of the Supervisory Board of Heineken N.V. on six occasions in 2023. In addition to the meetings with the Preparatory Committee of the Supervisory Board of Heineken N.V., the Board of Directors also met separately on two occasions to discuss, among other things, the Report of the Board of Directors and the financial statements for 2022 and the first half of 2023.

	Meetings of the Board of Directors
Mr M. Das	8/8
Mrs C.M. Kwist	8/8
Mr A.A.C. de Carvalho	8/8
Mrs A.M. Fentener van Vlissingen	8/8
Mrs L.L.H. Brassey	8/8
Mr J.F.M.L. van Boxmeer	7/8
Mr J.A. Fernández Carbajal[1]	0/2
Mr C.A.G. de Carvalho[2]	3/3

1 Resigned on and as per 15 February 2023.
2 Resigned as per 20 April 2023.

Conflict of interest

The Code, the Articles of Association and the Rules of the Board of Directors of the Company prescribe how to deal with conflicts of interest between the Company and members of the Board of Directors. In 2023, no transactions were reported under which a member of the Board of Directors had a conflict of interest that was of material significance.

Remuneration Policy

The current Remuneration Policy was adopted by the General Meeting of Shareholders on 23 April 2020. Pursuant to Dutch law the remuneration policy must be submitted to the General Meeting of Shareholders for adoption at least once every four years. Because the Board of Directors still considers the current policy effective, the unaltered policy will be submitted to the General Meeting of Shareholders on 25 April 2024.

Given the specific structure of Heineken Holding N.V. certain best practice provisions under the remuneration related principles (3.1, 3.2 and 3.4 of the Code) that are inconsistent with the Company's Remuneration Policy are not applied or are considered to be not applicable.

More information on how the policy was applied can be found in the Remuneration Report on page 20 and further and note 13.3 to the Consolidated Financial Statements.

General Meeting of Shareholders

Agenda

The Annual General Meeting of Shareholders shall be held each year within six months of the end of the financial year, the agenda for which shall, inter alia, include:

- consideration of the Management Report;
- the adoption of the Remuneration Policy of the Board of Directors, insofar as adjustments to that policy lead to a new policy or at least every four years after adoption;
- the Remuneration Report of the members of the Board of Directors for an advisory vote;
- consideration and adoption of the Financial Statements;
- discharge of the members of the Board of Directors in respect of their management; and
- announcement of the appropriation of profit and dividend.

Location

General Meetings of Shareholders shall be held in Amsterdam. The General Meeting of Shareholders of 2023 was held on 20 April 2023 in De La Mar Theatre in Amsterdam. Shareholders could attend in person but virtual attendance was also facilitated.

Convocation

The Board of Directors shall convene a General Meeting of Shareholders by convocation notice at least forty-two (42) days before the meeting. The convocation notice shall include the agenda of the meeting, the place and time of the meeting, as well as the procedure for participation in the meeting.

The Board of Directors is obliged to convene a General Meeting of Shareholders at the request of shareholders who together own at least 10% of the issued share capital. Such meeting shall be held within eight weeks of receipt of the request and shall consider the matters specified by those requesting the meeting, failing which the shareholders may seek judicial leave to call a General Meeting of Shareholders.

Record date

For each General Meeting of Shareholders, Dutch law provides a record date for the exercise of the voting rights and participation in the meeting, which record date is the 28th day prior to the date of the meeting. The record date shall be included in the convocation notice, as well as the manner in which those entitled to attend and/or vote in the meeting can be registered and the manner in which they may exercise their rights. Only persons who are shareholders on the record date may participate and vote in the General Meeting of Shareholders.

The record date for the Annual General Meeting of Shareholders on 25 April 2024 has been set 28 days before the Annual General Meeting of Shareholders, i.e. on 28 March 2024.

Right of shareholders to include items on the agenda

An item that one or more shareholders which alone or together represent at least 1% of the issued capital have requested to be placed on the agenda shall be included in the notice of meeting or announced in a similar manner, provided that the Board of Directors receives the request in writing, which request is to be furnished with reasons or accompanied by a proposal for a resolution, not later than the 60th day before the date of the General Meeting of Shareholders. If shareholders have requested that an item be placed on the agenda, they shall explain this to the meeting and answer any questions thereon.

Best practice provision 4.1.6 of the Code states: *"A shareholder should only exercise the right to put items on the agenda after they have consulted with the management board on this. If one or more shareholders intend to request that an item be put on the agenda that may result in a change in the company's strategy, for example as a result of the dismissal of one or several management board or supervisory board members, the management board should be given the opportunity to stipulate a reasonable period in which to respond (the response time). The opportunity to stipulate the response time should also apply to an intention as referred to above for judicial leave to call a general meeting pursuant to Section 110, Book 2 of the Dutch Civil Code. The relevant shareholder should respect the response time stipulated by the management board, within the meaning of best practice provision 4.1.7."*

Pursuant to best practice provision 4.1.7 of the Code, if the Board of Directors stipulates a response time, such period may not exceed 180 days from the date on which the Board of Directors is informed by one or more shareholders of their intention to place an item on the agenda to the date of the General Meeting of Shareholders at which the item is to be considered. The Board of Directors shall use the response time for further deliberation and constructive consultation. A response time may be stipulated only once for any given General Meeting of Shareholders and may not apply to an item in respect of which the response time has been previously stipulated.

Statutory cooling-off period

Dutch law provides a statutory cooling-off period of up to 250 days during which the General Meeting of Shareholders would not be able to dismiss, suspend or appoint members of the Board of Directors (or amend the provisions in the Articles of Association governing these matters) unless these matters were proposed by the Board of Directors. This cooling-off period can only be invoked by the Board of Directors in certain limited (hostile) events prescribed by Dutch law. Dutch law provides for certain early termination events. In addition, one or more shareholders that may (individually or jointly) exercise the right to include items on the agenda of the general meeting at the time that the cooling-off period is invoked, may request the Enterprise Chamber *(Ondernemingskamer)* of the Amsterdam Court of Appeals *(Gerechtshof Amsterdam)* for early termination of the cooling-off period. In some circumstances, the Enterprise Chamber must rule in favour of the request.

During the cooling-off period, if invoked, the Board of Directors must gather all relevant information necessary for a careful decision-making process. In this context, the Board of Directors must at least consult with shareholders representing at least three percent (3%) of the Company's issued share capital at the time the cooling-off period was invoked. Formal statements expressed by these stakeholders during such consultations must be published on www.heinekenholding.com to the extent these stakeholders have approved that publication. Ultimately one week following the last day of the cooling-off period, the Board of Directors must publish a report in respect of its policy and conduct of affairs during the cooling-off period on www.heinekenholding.com. This report must also remain available for inspection by the shareholders and others with meeting rights under Dutch law at the Company's office and must be tabled for discussion at the next General Meeting of Shareholders.

Participation in person, by proxy or through electronic communication

Each shareholder is entitled, either in person or by proxy, to attend the General Meeting of Shareholders, to address the meeting and to exercise his or her voting rights. The Board of Directors may determine that the powers set out in the previous sentence may also be exercised by means of electronic communication. If a shareholder wants to exercise his or her rights by proxy, the written power of attorney must be received by the Company no later than on the date indicated for that purpose in the convocation notice. The convocation notice provides further information about the procedures for admittance to and representation at the General Meeting of Shareholders by written proxy.

Attendance register

Each person entitled to vote or otherwise entitled to attend a General Meeting of Shareholders, or their representatives, shall have to sign the attendance register, stating the number of shares and votes they represent.

Chairman of the General Meeting of Shareholders

The General Meeting of Shareholders shall be presided over by the chairman of the Board of Directors or, in his absence, by one of the members of the Board of Directors present at the meeting, to be appointed by the latter in consultation. If no members of the Board of Directors are present, the meeting shall appoint its own chairman.

Voting

All resolutions of the General Meeting of Shareholders shall be adopted by an absolute majority of the votes cast, unless Dutch law or the Company's Articles of Association stipulate otherwise. Each share confers the right to cast one vote. Once cast, a vote cannot be revoked. Blank votes shall be deemed not to have been cast.

The Board of Directors may determine in the convocation notice that votes cast electronically in advance of the meeting are to be equated to votes cast during the meeting. No votes may be cast prior to the record date. A shareholder who has voted electronically prior to the General Meeting of Shareholders remains entitled to attend and address the General Meeting of Shareholders, either in person or represented by a proxy granted in writing.

Voting results from the General Meeting of Shareholders will be made available at www.heinekenholding.com within 15 days.

Resolutions to be adopted by the General Meeting of Shareholders

The General Meeting of Shareholders has authority to adopt resolutions concerning inter alia the following matters:

- issue of shares by the Company or grant of rights to subscribe for shares (and authorisation of the Board of Directors to resolve that the Company issues shares or grants rights to subscribe for shares);
- restriction or exclusion of pre-emptive rights (and authorisation of the Board of Directors to resolve that the Company restricts or excludes shareholder's pre-emptive rights);
- authorisation of the Board of Directors to resolve that the Company acquires its own shares other than for no consideration;
- cancellation of shares and reduction of the share capital;
- appointment of members of the Board of Directors from a non-binding recommendation drawn up by the Board of Directors;
- the remuneration policy for the Board of Directors;
- suspension and dismissal of members of the Board of Directors;
- adoption of the financial statements;
- discharge of the members of the Board of Directors in respect of their management;
- the profit reservation and distribution policy;
- a substantial change in the corporate governance structure;
- (re)appointment of the external auditor;
- amendment of the Articles of Association; and
- winding-up of the Company.

Board of Directors' resolutions on any material change in the nature or identity of the Company or enterprise shall be subject to the approval of the General Meeting of Shareholders. This would at least include resolutions relating to:

a. transfer of all or virtually all of the Company's enterprise to a third party;
b. entry into or termination of a lasting cooperation between the Company or a subsidiary and another legal entity or partnership or as general partner in a limited partnership or general partnership where such cooperation or termination thereof has material significance for the Company; and
c. acquisition or disposal by the Company or a subsidiary of an interest in the capital of another company amounting to one third or more of the Company's assets as disclosed in its consolidated statement of financial position and notes thereto according to its most recently adopted financial statements.

Minutes

The draft minutes of the General Meeting of Shareholders are available at www.heinekenholding.com no later than three months after the General Meeting of Shareholders. Shareholders have the opportunity to provide comments in the subsequent three months, after which the minutes are adopted by the Chairman and the Secretary of the General Meeting of Shareholders. The adopted minutes are also available at www.heinekenholding.com and on request.

Provision of information

The Board of Directors shall provide the General Meeting of Shareholders with all the information it may require, unless there are compelling reasons to withhold it in the Company's interest. If the Board of Directors withholds information on the grounds of the Company's interest, it shall give its reasons for doing so.

Amendment of the Articles of Association

The Articles of Association may be amended by a resolution adopted by the General Meeting of Shareholders in which at least half of the issued capital is represented. A resolution to amend the Articles of Association must in all cases be stated in the notice of meeting and a copy of the resolution, containing the literal text of the proposed amendment, must be made available for inspection by shareholders. If the required capital is not represented at the meeting, a second General Meeting of Shareholders must be held within eight weeks of that meeting, at which a resolution to amend the Articles of Association may be adopted irrespective of the capital represented.

Acquisition of own shares

On 20 April 2023 the General Meeting of Shareholders authorised the Board of Directors (for the statutory maximum period of 18 months) to acquire own shares subject to the following conditions and with due observance of the law and the Articles of Association:

a. the maximum number of shares which may be acquired is 10% of the issued share capital of the Company per 20 April 2023;
b. transactions must be executed at a price between the nominal value of the shares and 110% of the opening price quoted for the shares in the Official Price List *(Officiële Prijscourant)* of Euronext Amsterdam on the date of the transaction or, in the absence of such a price, the latest price quoted therein; and
c. transactions may be executed on the stock exchange or otherwise.

Issue of shares

On 20 April 2023 the General Meeting of Shareholders authorised the Board of Directors (for a period of 18 months) to issue shares or grant rights to subscribe for shares, with due observance of the law and the Articles of Association. The authorisation is limited to 10% of the issued share capital of the Company as per 20 April 2023.

The General Meeting of Shareholders on 20 April 2023 also authorised the Board of Directors, for a period of 18 months, to restrict or exclude shareholders' pre-emptive rights in relation to the issue of shares or the granting of rights to subscribe for shares, with due observance of the law and the Articles of Association. The authorisation is limited to 10% of the issued share capital of the Company as per 20 April 2023.

Article 10 of the EU Takeover Directive Decree

Capital Structure

Heineken Holding N.V.'s issued capital consists of 288,030,168 shares with a nominal value of €1.60 each. The shares are listed on Euronext Amsterdam. Each share carries one vote. All shares carry equal rights and are freely transferable.

Substantial shareholdings

Pursuant to the Financial Supervision Act and the Decree on Disclosure of Major Holdings and Capital Interests in Issuing Institutions *(Besluit melding zeggenschap en kapitaalbelang in uitgevende instellingen Wft)*, the Netherlands Authority for the Financial Markets (AFM) has been notified about the following substantial shareholdings (i.e. of 3% or more) regarding the Company:

- 20 April 2018: Mrs C.L. de Carvalho-Heineken (0.03%, held directly; 52.60%, held indirectly through L'Arche Green N.V., L'Arche Holding B.V. and Stichting Administratiekantoor Priores).
- 31 May 2023: Mr W.H. Gates III (2.31% directly; 3,25% held indirectly through Bill & Melinda Gates Foundation Trust) (initial notification 17 February 2023).

* The AFM register for substantial shareholdings is no longer up-to-date. For the situation as at 31 December 2023 reference is made to the organisation chart on page 13.

Restrictions related to shares

There are no restrictions on the voting rights on shares of Heineken Holding N.V.

FEMSA

Fomento Económico Mexicano, S.A.B. de C.V. (FEMSA) was a significant shareholder in the HEINEKEN group as of 2010. Upon completion of the acquisition of the beer operations from FEMSA, CB Equity LLP (belonging to the FEMSA group) received shares in Heineken Holding N.V. and Heineken N.V. and Heineken Holding N.V., Heineken N.V., L'Arche Green N.V., FEMSA and CB Equity LLP entered into a Corporate Governance Agreement (CGA) on 30 April 2010.

On 15 February 2023, FEMSA announced that it intended to divest its full shareholding in the Heineken Holding N.V. and Heineken N.V. and that FEMSA's representatives would resign from the Board of Directors of Heineken Holding N.V. and the Supervisory Board of Heineken N.V. with immediate effect.

FEMSA subsequently sold its shares in Heineken Holding N.V. and Heineken N.V. in two tranches, in February 2023 and May 2023. Following the completion of the sale FEMSA no longer holds any shares in Heineken N.V. and Heineken Holding N.V. except for any shares retained underlying FEMSA's outstanding Bonds, exchangeable into ordinary shares of Heineken Holding N.V.

As a consequence of the sale by FEMSA, the CGA has terminated.

Heineken N.V. intends to keep the purchased Heineken N.V. shares in treasury and the purchased Heineken Holding N.V. shares on its balance sheet.

HEINEKEN is grateful to FEMSA for its contribution and support to the HEINEKEN Group over the past thirteen years and to the respective (Supervisory) Board members for their valuable contributions and their commitment.

Share plans

Heineken Holding N.V. has no staff share plan or option plan.

Change of control

The Company is not a party to material agreements which are in any way subject to or affected by a change of control over the Company following a public offer as referred to in Section 5:70 of the Financial Supervision Act. There are no agreements under which Heineken Holding N.V. is liable to make any payment to members of the Board of Directors on resignation following a public offer as referred to in Section 5:70 of the Financial Supervision Act.

Decree on the Disclosure of Non-Financial Information

Due to the governance structure and its policy principles Heineken Holding N.V. does not have any policies regarding measures on (i) environmental, social and employee matters, (ii) ensuring that human rights are respected, and (iii) preventing corruption and bribery.

Heineken Holding N.V., as a holding company of Heineken N.V., recognises the importance of corporate social responsibility within HEINEKEN and supervises Heineken N.V. on the application thereof. As a result of the nature of its activities, Heineken Holding N.V. has no information to disclose on non-financial key performance indicators relevant to these activities. Please refer to the Heineken N.V. Annual Report 2023 for further information and the relevant policies in place at Heineken N.V.

Remuneration Report

The Remuneration Policy for the Board of Directors of Heineken Holding N.V. was submitted for approval to the General Meeting of Shareholders on 23 April 2020. The General Meeting of Shareholders approved the policy with 99% favourable support.

While establishing and implementing the Remuneration Policy, the perspective and input of internal and external stakeholders and the external environment in which HEINEKEN operates, are taken into consideration. HEINEKEN endorses transparency around remuneration and is committed to an ongoing dialogue with shareholders and seeks the views of significant shareholders before any material changes to remuneration arrangements are put forward for approval.

This Remuneration Report includes three sections:

Part I

Describes the prevailing Board of Directors Remuneration Policy, as adopted by the General Meeting of Shareholders on 23 April 2020, and as it has been implemented in 2023.

Part II

Provides details of the Board of Directors actual remuneration for performance ending in, or at year-end, 2023.

Part III

Outlines the re-adoption of the Remuneration Policy.

Part I Remuneration Policy

Remuneration principles

The Board of Directors Remuneration Policy is designed to attract and retain high-class and diverse profiles with relevant skills and experience that are required to perform the duties of the Board of Directors and ensures appropriate corporate governance by meeting the following key principles:

Support the business strategy

We align our Remuneration Policy with business strategies focused on creating long-term sustainable growth and shareholder value.

Pay for purpose

We align our Remuneration Policy to promote the independence and objectivity of our members of the Board of Directors, which is a key element to best serve the long-term interest of the Company.

Pay competitively

We set remuneration levels to be competitive with other relevant multinational corporations of similar size and complexity.

While establishing and implementing the policy, the perspective and input of internal and external stakeholders and the external environment in which HEINEKEN operates, are taken into consideration. HEINEKEN is also committed to an ongoing dialogue with shareholders and seeks the views of significant shareholders before any material changes to remuneration arrangements are put forward for approval.

Summary overview of remuneration elements

The Board of Directors Remuneration Policy is simple and transparent in design, and consists of the following key elements:

Element	Purpose	Description
Base Board fees	Members of the Board of Directors receive the same fixed cash compensation for their services as the members of the Supervisory Board of Heineken N.V. No variable pay and/or equity awards are offered. In order to provide a fee level that is competitive with other companies comparable to HEINEKEN, reviews are conducted on a regular basis.	The Remuneration Committee of Heineken N.V. is responsible to review the compensation levels on a regular basis and to bring forward proposals (if any) to the Supervisory Board of Heineken N.V. Proposals are submitted to the General Meeting of Shareholders of Heineken N.V. for approval. This review is done through a benchmark assessment against a pan-European peer group consisting of companies that are of comparable size to HEINEKEN.
Allowances and benefits	Members of the Board of the Directors are not reimbursed and compensated for additional efforts that enable them to exercise their role.	Members receive no reimbursement of travel expenses and are not compensated for intercontinental travel required to exercise their role. Small benefits such as retirement gifts may be provided.

Members of the Board of Directors are not eligible for incentive awards or pension.

Part II Actual remuneration for performance ending in, or at year-end, 2023

In line with the Board of Directors prevailing Remuneration Policy, the members of the Board of Directors receive a fixed remuneration for their services. The 2023 annual remuneration for the members of the Board of Directors of Heineken Holding N.V. is set on €120,000 for the chairman and €90,000 for the other members of the Board of Directors.

The following tables provide an overview of the Board of Directors actual remuneration for year-end 2023. For disclosures in line with IFRS reporting requirements, refer to note 13.3 to the Consolidated Financial Statements.

Mr M. Das and Mr M.R. de Carvalho (and until 17 February 2023 Mr J.A. Fernández Carbajal) have a double function as they are a member of the Board of Directors of Heineken Holding N.V. as well as a member of the Supervisory Board of Heineken N.V. In line with Section 135b, subsection 3f, Book 2 of the Dutch Civil Code and the Draft Guidelines to the Shareholders Rights Directive, the remuneration they receive for these services is reflected in their total remuneration and is also split out by component as presented in Table 1 BIS.

Remuneration of Mr J.F.M.L. van Boxmeer

At the General Meeting of Shareholders on 23 April 2020, Mr J.F.M.L. van Boxmeer was appointed as non-executive member of Heineken Holding N.V. as of 1 June 2020. The actual remuneration Mr J.F.M.L. van Boxmeer received from Heineken Holding N.V. is reflected in Table 1. For disclosures on the remuneration received by Mr J.F.M.L. van Boxmeer as CEO and Chairman of the Executive Board of Heineken N.V. refer to Heineken N.V.'s Remuneration Report.

Table 1 Remuneration Board of Directors

In thousands of €	**2023**	2022	2021	2020	2019
Executive members:					
C.L. de Carvalho-Heineken	90	90	90	90	90
M.R. de Carvalho*	231	225	225	225	231
Total remuneration executive members	**321**	315	315	315	321
Non-executive members:					
M. Das (chairman)*	250	250	250	250	253
C.M. Kwist	90	90	90	90	90
A.A.C. de Carvalho	90	90	90	90	90
A.M. Fentener van Vlissingen	90	90	90	90	90
L.L.H. Brassey	90	90	90	90	90
J.F.M.L. van Boxmeer[1,2]	90	90	90	53	—
C.A.G. de Carvalho[3]	27	63	—	—	—
J.A. Fernández Carbajal*[4]	56	256	232	244	243
Total remuneration non-executive members	**783**	1,019	932	907	856
Total remuneration	**1,104**	1,334	1,247	1,222	1,177

* Includes the remuneration received as member of the Supervisory Board of Heineken N.V., please refer to table 1 BIS.
1 Appointed as non-executive director of Heineken Holding N.V. as of 1 June 2020.
2 See separate paragraph for more information regarding the remuneration Mr J.F.M.L. van Boxmeer.
3 Appointed as non-executive director of Heineken Holding N.V. as of 22 April 2022 and resigned as per 20 April 2023.
4 Resigned on and as per 15 February 2023.

Table 1 BIS Remuneration of members of the Supervisory Board from Heineken N.V.

				2023	2022	2021	2020	2019
In thousands of €	Base Board Fee	Committee Fees	Allowances and Benefits	**Total Remune-ration**	**Total Remune-ration**	**Total Remune-ration**	**Total Remune-ration**	**Total Remune-ration**
M. Das	90	40	—	**130**	130	130	130	133
M.R. de Carvalho	90	45	6	**141**	135	135	135	141
J.A. Fernández Carbajal[1]	23	10	—	**33**	166	142	154	153

1 Resigned on and as per 15 February 2023.

Part III Re-adoption Remuneration Policy

Policy

The current Board of Directors Remuneration Policy was adopted by the General Meeting of Shareholders in 2020. Pursuant to Dutch law the remuneration policy must be submitted to the General Meeting of Shareholders for adoption at least once every four years.

Because the Board of Directors still considers the current policy - as previously adopted in 2005, 2018 and 2020 - effective, the unaltered remuneration policy will be submitted to the General Meeting of Shareholders on 25 April 2024 for re-adoption.

Statement of the Board of Directors

In accordance with Section 5:25c, subsection 2 sub c of the Financial Supervision Act, we confirm that, to the best of our knowledge,

- the financial statements in this Annual Report 2023 give a true and fair view of our assets and liabilities, our financial position as at 31 December 2023, and the results of our consolidated operations for the financial year 2023; and
- the Report of the Board of Directors includes a fair review of the position as at 31 December 2023 and the development and performance during the financial year 2023 of Heineken Holding N.V. and the undertakings included in the consolidation taken as a whole, and describes the principal risks that Heineken Holding N.V. faces.

Amsterdam, 13 February 2024

Board of Directors

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

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

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

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

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

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

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

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

HEINEKEN HOLDING NV

FINANCIAL STATEMENTS 2023

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Heineken Holding N.V. Income Statement

For the year ended 31 December

In millions of €	Note	2023	2022
Personnel expenses		—	—
Total expenses		**—**	—
Interest income		—	—
Interest expenses		—	—
Other net finance income/(expenses)		—	—
Net finance expenses		**—**	—
Share in result of participating interest in Heineken N.V. after income tax	II	1,174	1,343
Profit before income tax		**—**	—
Income tax income/(expense)	III	—	—
Profit		**1,174**	1,343

Heineken Holding N.V. Balance Sheet

Before appropriation of results
As at 31 December

In millions of €	Note	2023	2022
Participating interest in Heineken N.V.	I	9,733	9,694
Total financial fixed assets		**9,733**	9,694
Cash		—	—
Total current assets		**—**	—
Total assets		**9,733**	9,694
Issued capital		461	461
Share premium		1,257	1,257
Translation reserve		(1,866)	(1,822)
Hedging reserve		(6)	(22)
Cost of hedging reserve		(4)	(5)
Fair value reserve		34	36
Other legal reserves		999	623
Reserve for own shares		(390)	—
Retained earnings		8,074	7,823
Profit for the year		1,174	1,343
Total shareholders' equity		**9,733**	9,694
Other payables		—	—
Total current liabilities		**—**	—
Total shareholders' equity and liabilities		**9,733**	9,694

Heineken Holding N.V. Shareholders' Equity

In millions of €	Share capital	Share premium	Translation reserve	Hedging reserve	Cost of hedging reserve	Fair value reserve	Other legal reserves	Retained earnings	Profit/(loss) for the year	Shareholders' equity
Balance as at 1 January 2022	461	1,257	(2,014)	30	(4)	29	566	6,605	1,663	8,593
Profit for the year	—	—	—	—	—	—	104	(104)	1,343	1,343
Other comprehensive income/(loss)	—	—	192	(52)	(1)	7	—	32	—	178
Total comprehensive income/(loss)	—	—	192	(52)	(1)	7	104	(72)	1,343	1,521
Realised hedge result from non-financial assets by Heineken N.V.	—	—	—	—	—	—	—	—	—	—
Transfer to retained earnings	—	—	—	—	—	—	—	1,663	(1,663)	—
Transfer between reserves	—	—	—	—	—	—	(47)	47	—	—
Dividends to shareholders	—	—	—	—	—	—	—	(421)	—	(421)
Purchase own shares by Heineken N.V.	—	—	—	—	—	—	—	(22)	—	(22)
Dilution	—	—	—	—	—	—	—	2	—	2
Share-based payments by Heineken N.V.	—	—	—	—	—	—	—	25	—	25
Acquisition of non-controlling interests in Heineken N.V. group companies	—	—	—	—	—	—	—	(187)	—	(187)
Hyperinflation impact on participating interest Heineken N.V.	—	—	—	—	—	—	—	181	—	181
Changes in consolidation by Heineken N.V.	—	—	—	—	—	—	—	2	—	2
Balance as at 31 December 2022	461	1,257	(1,822)	(22)	(5)	36	623	7,823	1,343	9,694

Heineken Holding N.V. Shareholders' Equity continued

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	Profit/(loss) for the year	Shareholders' equity
Balance as at 1 January 2023	**461**	**1,257**	**(1,822)**	**(22)**	**(5)**	**36**	**623**	**—**	**7,823**	**1,343**	**9,694**
Profit for the year	—	—	—	—	—	—	104	—	(104)	1,174	1,174
Other comprehensive income/(loss)	—	—	(44)	(63)	1	(2)	—	—	(34)	—	(142)
Total comprehensive income/(loss)	**—**	**—**	**(44)**	**(63)**	**1**	**(2)**	**104**	**—**	**(138)**	**1,174**	**1,032**
Realised hedge result from non-financial assets by Heineken N.V.	—	—	—	79	—	—	—	—	—	—	79
Transfer to retained earnings	—	—	—	—	—	—	—	—	1,343	(1,343)	—
Transfer between reserves	—	—	—	—	—	—	272	—	(272)	—	—
Dividends to shareholders	—	—	—	—	—	—	—	—	(545)	—	(545)
Purchase own shares by Heineken N.V.	—	—	—	—	—	—	—	—	(480)	—	(480)
Purchase own shares	—	—	—	—	—	—	—	(390)	—	—	(390)
Dilution	—	—	—	—	—	—	—	—	170	—	170
Share-based payments by Heineken N.V.	—	—	—	—	—	—	—	—	1	—	1
Acquisition of non-controlling interests in Heineken N.V. group companies	—	—	—	—	—	—	—	—	(109)	—	(109)
Hyperinflation impact on participating interest Heineken N.V.	—	—	—	—	—	—	—	—	103	—	103
Changes in consolidation by Heineken N.V.	—	—	—	—	—	—	—	—	178	—	178
Balance as at 31 December 2023	**461**	**1,257**	**(1,866)**	**(6)**	**(4)**	**34**	**999**	**(390)**	**8,074**	**1,174**	**9,733**

For further explanation reference is made to note 11.4 to the Consolidated Financial Statements.

Notes to the Heineken Holding N.V. Financial Statements

Reporting entity

Heineken Holding N.V. (the 'Company') is a public company domiciled in the Netherlands. The address of the Company's registered office is Tweede Weteringplantsoen 5, 1017ZD, Amsterdam. The Company is registered in the Trade Register of Amsterdam No. 33078624.

Basis of preparation

The Company Financial Statements have been prepared in accordance with the provisions of Part 9, Book 2 of the Dutch Civil Code. The Company uses the option of Section 362, subsection 8, of Part 9, Book 2, of the Dutch Civil Code to prepare the Company Financial Statements on the basis of the same accounting principles as those applied for the Consolidated Financial Statements. Valuation is based on recognition and measurement requirements of accounting standards adopted by the EU as explained in the notes to the Consolidated Financial Statements.

The amounts disclosed in the notes to the Heineken Holding N.V. Financial Statements are in millions of Euro, unless otherwise indicated.

The Financial Statements have been prepared by the Board of Directors and authorised for issue on 13 February 2024 and will be submitted for adoption to the General Meeting of Shareholders on 25 April 2024.

Accounting policies

Shareholders' equity

The translation reserve and other legal reserves are recognised in accordance with the Dutch Civil Code.

Note I Participating interest in Heineken N.V.

The interest of Heineken Holding N.V. in Heineken N.V. is 50.005% of the issued capital (being 50.94% (2022: 50.064%) of the outstanding capital following the purchase of own shares by Heineken N.V.). The nominal value of the Heineken N.V. shares held by the Company amounted to €461 million as at 31 December 2023 (€461 million as at 31 December 2022).

The market capitalisation of the participating interest in Heineken N.V. as at 29 December 2023 amounted to €26.5 billion (30 December 2022: €25.3 billion).

In millions of €	
Balance as at 1 January 2022	8,593
50.064% of the profit of Heineken N.V.	1,343
Dividend payments received by Heineken Holding N.V.	(421)
Movements in translation reserve	192
Movements hedges	(53)
Movements fair value adjustments	7
Actuarial gains and losses	32
Movements in retained earnings	2
Purchase own shares by Heineken N.V.	(22)
Dilution	2
Share-based payments by Heineken N.V.	25
Acquisition of non-controlling interests in Heineken N.V. group companies by Heineken N.V.	(187)
Hyperinflation impact on participating interest in Heineken N.V.	181
Balance as at 31 December 2022	9,694
Balance as at 1 January 2023	**9,694**
50.940% of the profit of Heineken N.V.	1,174
Dividend payments received by Heineken Holding N.V.	(545)
Movements in translation reserve	(44)
Movements hedges	17
Movements fair value adjustments	(2)
Actuarial gains and losses	(34)
Movements in retained earnings	178
Purchase Heineken N.V. shares by Heineken N.V.	(480)
Purchase own shares	(390)
Dilution	170
Share-based payments by Heineken N.V.	1
Acquisition of non-controlling interests in Heineken N.V. group companies by Heineken N.V.	(109)
Hyperinflation impact on participating interest Heineken N.V.	103
Balance as at 31 December 2023	**9,733**

Note II Share in result of participating interest in Heineken N.V. after income tax

Included here is the share in the profit of Heineken N.V. for 2023, being 50.94% of €2,304 million (2022: 50.064% of €2,682 million).

Note III Other revenues and expenses after income tax

Expenses made to manage and provide services to Heineken N.V. amounting to €1.364 thousand (2022: €1.621 thousand) are reimbursed by Heineken N.V. to Heineken Holding N.V. in accordance with the management agreement.

Note IV Auditor Fees

Fees for audit services include the audit of the financial statements of the Company and its subsidiaries. Fees for other audit services include a review of interim financial statements, sustainability, subsidy and other audits. Fees for tax services include tax compliance and tax advice. Fees for other non-audit services include agreed-upon procedures and advisory services. Fees for tax and other non-audit services are related to the network outside the Netherlands and are in accordance with local independence regulations.

In 2023 €13.9 million of fees are recognised in the consolidated financial statements for services provided by Deloitte Accountants B.V. and its member firms and/or affiliates (2022: €11.4 million). In the overview below, the breakdown per type of service is provided:

	Deloitte Accountants B.V.		Other Deloitte member firms and affiliates		Total	
In millions of €	**2023**	2022	**2023**	2022	**2023**	2022
Audit of Heineken Holding N.V. and its subsidiaries	3.5	3.1	8.7	7.6	12.2	10.7
Other audit services	0.4	0.3	0.3	0.2	0.7	0.5
Tax services	—	—	0.1	—	0.1	—
Other non-audit services	—	—	0.9	0.2	0.9	0.2
	3.9	3.4	**10.0**	8.0	**13.9**	11.4

Accounting policies

Fees for audit services are included in the other expenses in the Consolidated Financial Statements (refer to note 6.3). These fees are recognised when the service is provided.

Note V Subsequent Events

For subsequent events, refer to note 13.5 of the Consolidated Financial Statements.

Amsterdam, 13 February 2024

Board of Directors

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

Consolidated Income Statement

For the year ended 31 December

In millions of €	Note	2023	2022
Revenue	6.1	**36,375**	34,676
Excise tax expense	6.1	(6,013)	(5,957)
Net revenue	6.1	**30,362**	28,719
Other income	6.2	**393**	147
Raw materials, consumables and services	6.3	(20,077)	(18,618)
Personnel expenses	6.4	(4,353)	(4,079)
Amortisation, depreciation and impairments	6.6	(3,096)	(1,886)
Total other expenses		**(27,526)**	(24,583)
Operating profit		**3,229**	4,283
Interest income	11.1	90	74
Interest expenses	11.1	(640)	(458)
Other net finance income/(expenses)	11.1	(375)	48
Net finance expenses		**(925)**	(336)
Share of profit of associates and joint ventures	10.3	218	223
Profit before income tax		**2,522**	4,170
Income tax expense	12.1	(121)	(1,131)
Profit		**2,401**	3,039
Attributable to:			
Shareholders of Heineken Holding N.V. (net profit)		1,174	1,343
Non-controlling interests in Heineken N.V.		1,130	1,339
Non-controlling interests in Heineken N.V. group companies		97	357
Profit		**2,401**	3,039
Weighted average number of shares – basic	6.7	283,965,488	288,030,168
Weighted average number of shares – diluted	6.7	283,965,488	288,030,168
Basic earnings per share (€)	6.7	4.12	4.66
Diluted earnings per share (€)	6.7	4.12	4.66

Consolidated Statement of Other Comprehensive Income

For the year ended 31 December

In millions of €	Note	2023	2022
Profit		**2,401**	3,039
Other comprehensive income, net of tax:			
Items that will not be reclassified to profit or loss:			
Remeasurement of post-retirement obligations	12.3	(66)	63
Net change in fair value through OCI investments	12.3	(5)	15
Items that may be subsequently reclassified to profit or loss:			
Currency translation differences	5(b)/12.3	(170)	437
Change in fair value of net investment hedges	12.3	(28)	(62)
Change in fair value of cash flow hedges	12.3	(135)	(142)
Cash flow hedges reclassified to profit or loss	12.3	12	38
Net change in fair value through OCI investments - debt investments	12.3	1	—
Cost of hedging	11.6/12.3	2	(1)
Share of other comprehensive income of associates/joint ventures	10.3/12.3	(75)	(46)
Other comprehensive income, net of tax	12.3	**(464)**	302
Total comprehensive income		**1,937**	3,341
Attributable to:			
Shareholders of Heineken Holding N.V.		1,032	1,521
Non-controlling interests in Heineken N.V.		995	1,518
Non-controlling interests in Heineken N.V. group companies		(90)	302
Total comprehensive income		**1,937**	3,341

Consolidated Statement of Financial Position

As at 31 December

In millions of €	Note	**2023**	2022
Intangible assets	8.1	21,781	21,408
Property, plant and equipment	8.2	14,772	13,623
Investments in associates and joint ventures	10.3	4,130	4,296
Loans and advances to customers	8.3	239	216
Deferred tax assets	12.2	1,292	618
Equity instruments	8.4	167	145
Other non-current assets	8.5	978	1,085
Total non-current assets		**43,359**	41,391
Inventories	7.1	3,721	3,250
Trade and other receivables	7.2	5,019	4,531
Current tax assets		196	84
Derivative assets	11.6	58	70
Cash and cash equivalents	11.2	2,377	2,765
Assets classified as held for sale	10.2	28	315
Total current assets		**11,399**	11,015
Total assets		**54,758**	52,406

As at 31 December

In millions of €	Note	**2023**	2022
Heineken Holding N.V. shareholders' equity	11.4	9,733	9,694
Non-controlling interests in Heineken N.V.	11.4	9,928	9,857
Non-controlling interests in Heineken N.V. group companies	11.4	2,733	2,369
Total equity		**22,394**	21,920
Borrowings	11.3	14,046	12,893
Post-retirement obligations	9.1	586	568
Provisions	9.2	627	572
Deferred tax liabilities	12.2	2,213	2,138
Other non-current liabilities	11.6	67	125
Total non-current liabilities		**17,539**	16,296
Borrowings	11.2/11.3	4,192	3,484
Trade and other payables	7.3	9,432	9,283
Returnable packaging deposits	7.4	531	545
Provisions	9.2	206	226
Current tax liabilities		332	352
Derivative liabilities	11.6	132	119
Liabilities associated with assets classified as held for sale	10.2	—	181
Total current liabilities		**14,825**	14,190
Total equity and liabilities		**54,758**	52,406

Consolidated Statement of Cash Flows

For the year ended 31 December

In millions of €	Note	2023	2022
Operating activities			
Profit		**2,401**	3,039
Adjustments for:			
Amortisation, depreciation and impairments	6.6	3,096	1,886
Net interest expenses	11.1	550	384
Other income	6.2	(352)	(147)
Share of profit of associates and joint ventures and dividend income on fair value through OCI investments		(226)	(230)
Income tax expenses	12.1	121	1,131
Other non-cash items		537	284
Cash flow from operations before changes in working capital and provisions		**6,127**	6,347
Change in inventories		(4)	(793)
Change in trade and other receivables		(42)	(668)
Change in trade and other payables and returnable packaging deposits		(100)	981
Total change in working capital		**(146)**	(480)
Change in provisions and post-retirement obligations		(32)	(207)
Cash flow from operations		**5,949**	5,660
Interest paid		(624)	(439)
Interest received		118	46
Dividends received		147	177
Income taxes paid		(1,160)	(948)
Cash flow related to interest, dividend and income tax		**(1,519)**	(1,164)
Cash flow from operating activities		**4,430**	4,496

In millions of €	Note	2023	2022
Investing activities			
Proceeds from sale of property, plant and equipment and intangible assets		154	112
Purchase of property, plant and equipment		(2,434)	(1,791)
Purchase of intangible assets		(243)	(220)
Loans issued to customers and other investments		(244)	(219)
Repayment on loans to customers and other investments		96	31
Cash flow used in operational investing activities		**(2,671)**	(2,087)
Free operating cash flow		**1,759**	2,409
Acquisition of subsidiaries, net of cash acquired		(806)	(171)
Acquisition of/additions to associates, joint ventures and other investments		(409)	(45)
Disposal of subsidiaries, net of cash disposed of		257	9
Disposal of associates, joint ventures and other investments		53	8
Cash flow used in acquisitions and disposals		**(905)**	(199)
Cash flow used in investing activities		**(3,576)**	(2,286)
Financing activities			
Proceeds from borrowings		6,751	644
Repayment of borrowings		(4,614)	(1,934)
Payment of lease commitments		(390)	(304)
Dividends paid		(1,335)	(1,099)
Purchase own shares and shares issued		(942)	(43)
Acquisition of non-controlling interests		(286)	(391)
Cash flow used in financing activities		**(816)**	(3,127)
Net cash flow		**38**	(917)
Cash and cash equivalents as at 1 January		1,618	2,556
Effect of movements in exchange rates		(231)	(21)
Cash and cash equivalents as at 31 December	11.2	**1,425**	1,618

Consolidated Statement of Changes in Equity

In millions of €	Note	Share capital	Share premium	Translation reserve	Hedging reserve	Cost of hedging reserve	Fair value reserve	Other legal reserves	Retained earnings	Shareholders of Heineken Holding N.V.	Non-controlling interests in Heineken N.V.	Non-controlling interests in Heineken N.V. group companies	Total equity
Balance as at 1 January 2022		461	1,257	(2,014)	30	(4)	29	566	8,268	8,593	8,763	2,344	19,700
Hyperinflation restatement to 1 January 2022	5(c)	—	—	—	—	—	—	—	123	123	122	—	245
Balance as at 1 January 2022 after restatement		461	1,257	(2,014)	30	(4)	29	566	8,391	8,716	8,885	2,344	19,945
Profit		—	—	—	—	—	—	104	1,239	1,343	1,339	357	3,039
Other comprehensive income/(loss)	12.3	—	—	192	(52)	(1)	7	—	32	178	179	(55)	302
Total comprehensive income/(loss)		—	—	192	(52)	(1)	7	104	1,271	1,521	1,518	302	3,341
Realised hedge results from non-financial assets	12.3	—	—	—	—	—	—	—	—	—	—	—	—
Transfer to/from retained earnings		—	—	—	—	—	—	(47)	47	—	—	—	—
Dividends to shareholders		—	—	—	—	—	—	—	(421)	(421)	(419)	(263)	(1,103)
Purchase own shares or contributions received from Heineken N.V. NCI shareholders by Heineken N.V.	11.4	—	—	—	—	—	—	—	(22)	(22)	(21)	—	(43)
Dilution		—	—	—	—	—	—	—	2	2	(2)	—	—
Share-based payments by Heineken N.V.		—	—	—	—	—	—	—	25	25	24	—	49
Acquisition/disposal of non-controlling interests in Heineken N.V. group companies by Heineken N.V.		—	—	—	—	—	—	—	(187)	(187)	(186)	(18)	(391)
Hyperinflation impact		—	—	—	—	—	—	—	58	58	58	—	116
Changes in consolidation by Heineken N.V.		—	—	—	—	—	—	—	2	2	—	4	6
Balance as at 31 December 2022		461	1,257	(1,822)	(22)	(5)	36	623	9,166	9,694	9,857	2,369	21,920

Consolidated Statement of Changes in Equity continued

In millions of €	Note	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 Heineken Holding N.V.	Non-controlling interests in Heineken N.V.	Non-controlling interests in Heineken N.V. group companies	Total equity
Balance as at 1 January 2023		**461**	**1,257**	**(1,822)**	**(22)**	**(5)**	**36**	**623**	**—**	**9,166**	**9,694**	**9,857**	**2,369**	**21,920**
Hyperinflation restatement to 1 January 2023[1]	5(c)	—	—	—	—	—	—	—	—	20	20	20	—	40
Balance as at 1 January 2023 after restatement		**461**	**1,257**	**(1,822)**	**(22)**	**(5)**	**36**	**623**	**—**	**9,186**	**9,714**	**9,877**	**2,369**	**21,960**
Profit		—	—	—	—	—	—	104	—	1,070	1,174	1,130	97	2,401
Other comprehensive income/(loss)	12.3	—	—	(44)	(63)	1	(2)	—	—	(34)	(142)	(135)	(187)	(464)
Total comprehensive income/(loss)		—	—	(44)	(63)	1	(2)	104	—	1,036	1,032	995	(90)	1,937
Realised hedge results from non-financial assets	12.3	—	—	—	79	—	—	—	—	—	79	77	—	156
Transfer to/from retained earnings		—	—	—	—	—	—	272	—	(272)	—	—	—	—
Dividends to shareholders		—	—	—	—	—	—	—	—	(545)	(545)	(535)	(270)	(1,350)
Purchase own shares or contributions received from Heineken N.V. NCI shareholders by Heineken N.V.	11.4	—	—	—	—	—	—	—	—	(480)	(480)	(463)	1	(942)
Purchase own shares		—	—	—	—	—	—	—	(390)	—	(390)	—	—	(390)
Dilution		—	—	—	—	—	—	—	—	170	170	(170)	—	—
Share-based payments by Heineken N.V.		—	—	—	—	—	—	—	—	1	1	1	—	2
Acquisition/disposal of non-controlling interests in Heineken N.V. group companies by Heineken N.V.		—	—	—	—	—	—	—	—	(109)	(109)	(105)	(9)	(223)
Hyperinflation impact		—	—	—	—	—	—	—	—	83	83	80	—	163
Changes in consolidation by Heineken N.V.		—	—	—	—	—	—	—	—	178	178	171	732	1,081
Balance as at 31 December 2023		**461**	**1,257**	**(1,866)**	**(6)**	**(4)**	**34**	**999**	**(390)**	**9,248**	**9,733**	**9,928**	**2,733**	**22,394**

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

Notes to the Consolidated Financial Statements

1. Reporting entity

Heineken Holding N.V. (the 'Company') is a public company domiciled in the Netherlands. The address of the Company's registered office is Tweede Weteringplantsoen 5, 1017ZD, Amsterdam. The Consolidated Financial Statements of the Company as at 31 December 2023 comprise Heineken Holding N.V., Heineken N.V., its subsidiaries (together referred to as 'HEINEKEN') and HEINEKEN's interests in joint ventures and associates. The Company is registered in the Trade Register of Amsterdam No. 33078624.

HEINEKEN is primarily involved in the brewing and selling of beer and cider. Led by the Heineken® brand, HEINEKEN has a range of more than 350 international, regional, local and speciality beers and ciders.

2. Basis of preparation

The consolidated financial statements are:

- Prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union (EU) and comply with the financial reporting requirements included in Part 9 of Book 2 of the Dutch Civil Code. All standards and interpretations issued by the International Accounting Standards Board (IASB) and the International Financial Reporting Interpretations Committee (IFRIC) effective year-end 2023 have been adopted by the EU.
- Prepared by the Board of Directors and authorised for issue on 13 February 2024 and will be submitted for adoption to the General Meeting of Shareholders on 25 April 2024
- Prepared on the historical cost basis unless otherwise indicated
- Prepared on a going concern basis
- Presented in Euro, which is the Company's functional currency
- Rounded to the nearest million unless stated otherwise

3. Significant events in the period and accounting estimates and judgements

(a) Significant events in the current reporting period

Trading conditions remained challenging throughout 2023 and were marked by increased input and energy costs and cost inflation. Despite continued volatility and challenges across many markets, HEINEKEN reported a net profit of €2,304 million for the year ended 31 December 2023 (2022: €2,682 million).

During the first half-year of 2023, Heineken N.V. purchased shares in Heineken N.V. and shares in Heineken Holding N.V. from Fomento Económico Mexicano, S.A.B. de C.V. (FEMSA). For more information refer to note 13.3 'Related parties'.

In April 2023, HEINEKEN obtained control of Namibia Breweries Limited (NBL) and Distell Group Holdings Limited (Distell). Following the annual goodwill impairment test an impairment loss of €491 million was recognised for Heineken Beverages, which is the combined business of Distell and NBL with Heineken South Africa. For more information, refer to note 8.1 'Intangible assets' and 10.1 'Acquisitions and disposals of subsidiaries and non-controlling interests'.

On 24 August 2023, HEINEKEN sold 100% of the Russia disposal group classified as held for sale. For more information refer to note 10.2 'Assets or disposal groups 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 year ended 31 December 2023. For more information refer to note 5(c) 'Hyperinflation economies'.

During its financial reporting process, HEINEKEN has assessed the impact of its main risks including exposure to increased input costs and energy prices and the macroeconomic environment on its estimates and judgements. The impact on financial estimates and judgements is mainly reflected in impairment of financial and non-financial assets, and other financial instrument disclosures (including credit management).

All significant estimates and judgements are disclosed in the notes to the consolidated financial statements (if applicable). Notes containing the most significant estimates and judgements are referred to in note 3(c).

(b) Climate change

In preparing the consolidated financial statements, HEINEKEN has considered climate change, including climate change scenarios and HEINEKEN's Brew a Better World (BaBW) ambitions, on the estimates and judgements used in preparing the consolidated financial statements.

The following impacts were assessed in the consolidated financial statements:

- The impact of climate change on the residual values and useful lives of assets were considered in determining the carrying value of non-current assets (refer to note 8.1 and 8.2).
- The impact of climate change was considered in relation to the recognition and measurement of provisions and contingencies (refer to note 9.2 and 9.3).
- The impact of climate change was considered in relation to indications of impairment and the forecast of cash flows used in the impairment assessments of non-current assets including goodwill (refer to note 8.1 and 8.2).

For the year ended 31 December 2023, no material impact on financial reporting judgement and estimates arising from climate change was identified. As a result the valuations of assets or liabilities have not been significantly impacted by climate change risks.

(c) Significant accounting estimates and judgement

In preparing these consolidated financial statements, management is required to make estimates and judgements that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses.

The application of accounting policies requires judgements that impact the amounts recognised. Additionally, amounts recognised are based on factors that are by default associated with uncertainty. Actual results may therefore differ from estimates. Where applicable, the estimates and judgements are described per note within the consolidated financial statements.

The following notes contain the most significant estimates and judgements:

Particular area involving significant estimates and judgements	Note
Significant judgement	
Judgement on acting as principal versus agent with respect to excise tax expense	6.1 Operating segments
Judgement used in the identification of acquired assets and liabilities	10.1 Acquisitions and disposals of subsidiaries and non-controlling interests
Assessment of the recoverability of past tax losses	12.2 Deferred tax assets and liabilities
Significant estimates	
Assumptions used in impairment testing	8.1 Intangible assets and 8.2 Property, plant and equipment
Assumptions for discount rates, future pension increases and life expectancy to calculate the defined benefit obligation	9.1 Post-retirement obligations
Estimating the likelihood and timing of potential cash flows relating to claims and litigations	9.2 Provisions and 9.3 Contingencies
Assumptions used in the valuation of acquired assets and liabilities	10.1 Acquisitions and disposals of subsidiaries and non-controlling interests

4. Changes in accounting policies

(a) Changed accounting policies in 2023

The following accounting policy changes have been adopted in 2023 and are reflected in the consolidated financial statements:

Amendment to IAS 12 - International tax reform - pillar two model rules

The amendments to IAS 12 issued in May 2023 offer temporary relief from accounting for deferred taxes arising from the Organisation for Economic Co-operation and Development's (OECD) international tax. Refer to note 12.1 'Income tax expense'.

IFRS 17 - Insurance contracts

HEINEKEN has implemented IFRS 17 'Insurance contracts', replacing the existing guidance on insurance contracts in IFRS 4 'Insurance contracts'.

Neither the above amendments, nor any other new standards or amendments to existing standards effective in 2023, had a significant impact on HEINEKEN's consolidated financial statements.

(b) Upcoming changes in accounting policies for 2024

Amendments to IAS 7 and IFRS 7 - Supplier finance arrangements

The amendments to IAS 7 and IFRS 7 introduce new disclosure requirements with regard to supplier finance arrangements, relating to the effect on liabilities, cash flows and the exposure to liquidity risk. The amendments apply for annual periods beginning or after 1 January 2024. HEINEKEN has not applied the amendments in preparing the 2023 consolidated financial statements.

HEINEKEN has supplier finance arrangements in place, to which the disclosure requirements will apply. HEINEKEN is in the process of obtaining the information needed to meet the new disclosure requirements.

Other than mentioned above, no new standards or amendments to existing standards, effective in 2024, will have a significant impact on HEINEKEN 's consolidated financial statements.

5. General accounting policies

General

The accounting policies described in these consolidated financial statements have been applied consistently to all periods presented in these consolidated financial statements.

(a) Basis of consolidation

The consolidated financial statements are prepared as a consolidation of the financial statements of the Company and its subsidiaries. Subsidiaries are entities controlled by HEINEKEN. HEINEKEN controls an entity when it has power over the investee, is exposed or has the right to variable returns from its involvement with that entity and can affect those returns through its power over the entity. Control is generally obtained by ownership of more than 50% of the voting rights.

The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by HEINEKEN.

On consolidation, intra-HEINEKEN balances and transactions, and any unrealised gains and losses or income and expenses arising from intra-HEINEKEN transactions, are eliminated. Unrealised gains arising from transactions with associates and joint ventures (refer to note 10.3) are eliminated against the investment to the extent of HEINEKEN's interest in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

(b) Foreign currency

Foreign currency transactions

Transactions in foreign currencies are translated to the respective functional currencies of HEINEKEN entities using the exchange rates at the transaction date, except for HEINEKEN entities in hyperinflationary economies, refer to note 5(c). Receivables, payables and other monetary assets and liabilities denominated in foreign currencies are re-translated to the functional currency using the exchange rates at the balance sheet date. The resulting foreign currency differences are recognised in the income statement, except for foreign currency differences arising on re-translation of Fair Value through Other Comprehensive Income (FVOCI) investments and financial liabilities designated as a hedge of a net investment, which are recognised in other comprehensive income.

Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are re-translated to the functional currency at the exchange rate at the date that the fair value was determined. Non-monetary items in a foreign currency that are measured at cost are translated into the functional currency at the exchange rate at the transaction date.

Foreign operations

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition, and of intercompany loans with a permanent nature (quasi-equity) are translated to Euro at the exchange rates at the reporting date. The income and expenses of foreign operations are translated to Euro at the exchange rates that approximates the exchange rates ruling at the dates of the transactions, except for foreign operations in hyperinflationary economies.

Foreign currency differences are recognised in other comprehensive income and are presented within equity in the translation reserve. However, if the operation is not a wholly-owned subsidiary, the relevant proportionate share of the translation difference is allocated to the non-controlling interests. The cumulative amount in the translation reserve is (either fully or partly) reclassified to the income statement upon disposal (either fully or partly) or liquidation.

Exchange rates of key currencies

The following exchange rates, for the most important countries in which HEINEKEN has operations, were used while preparing these consolidated financial statements:

In €	**Year-end 2023**	Year-end 2022	%	**Average 2023**	Average 2022	%
Brazilian Real (BRL)	**0.1865**	0.1774	5.1	**0.1852**	0.1846	0.3
Great Britain Pound (GBP)	**1.1507**	1.1275	2.1	**1.1497**	1.1735	(2.0)
Indian Rupee (INR)	**0.0109**	0.0113	(3.5)	**0.0112**	0.0121	(7.4)
Mexican Peso (MXN)	**0.0532**	0.0485	9.7	**0.0521**	0.0472	10.4
Nigerian Naira (NGN)	**0.0010**	0.0020	(50.0)	**0.0015**	0.0022	(31.8)
Polish Zloty (PLN)	**0.2300**	0.2132	7.9	**0.2203**	0.2129	3.5
Russian Ruble (RUB)	**0.0100**	0.0126	(20.6)	**0.0109**	0.0139	(21.6)
Singapore Dollar (SGD)	**0.6854**	0.6993	(2.0)	**0.6886**	0.6897	(0.2)
United States Dollar (USD)	**0.9050**	0.9376	(3.5)	**0.9246**	0.9518	(2.9)
Vietnamese Dong in 1,000 (VND)	**0.0373**	0.0396	(5.8)	**0.0388**	0.0407	(4.7)
South African Rand (ZAR)	**0.0492**	0.0553	(11.0)	**0.0502**	0.0582	(13.7)

(c) Hyperinflation economies

To determine the existence of hyperinflation, HEINEKEN assesses the qualitative and quantitative characteristics of the economic environment of the country, such as the cumulative inflation rate over the previous three years.

The Ethiopian economy was designated as hyperinflationary from the period ended 31 December 2022 and the Haitian economy was designated as hyperinflationary for the period ended 31 December 2023. As a result, application of IAS 29 'Financial Reporting in Hyperinflationary Economies' has been applied to Heineken Ethiopia, whose functional currency is the Ethiopian Birr and to Brasserie Nationale d'Haiti S.A., whose functional currency is the Haitian Gourde.

On the application of IAS 29 to Heineken Ethiopia, a cumulative inflation factor was applied using the consumer price index (CPI) in Ethiopia, published by the Central Statistics Agency of Ethiopia. The movement in the CPI for the year ended 31 December 2023 was 29% (2022: 34%).

On the application of IAS 29 to Brasserie Nationale d'Haiti S.A., a cumulative inflation factor was applied using the consumer price index (CPI) in Haiti, published by the L'Institut Haïtien de Statistique et d'Informatique (IHSI). The movement in the CPI for the year ended 31 December 2023 was 21% (2022: 48%).

The application of IAS 29 includes the following:

- Adjustment of historical cost non-monetary assets and liabilities for the change in purchasing power caused by inflation from the date of initial recognition to the balance sheet date
- Adjustment of the income statement for inflation during the reporting period
- The income statement is translated at the period-end foreign exchange rate instead of an average rate
- A net monetary gain/(loss) adjustment, recognised in the income statement, to reflect the impact of inflation and exchange rate movement on holding monetary assets and liabilities in local currency
- Reduction of the restated amount of a non-monetary item, in accordance with the appropriate standards, when it exceeds its recoverable amount

(d) Cash flow statement

The cash flow statement is prepared using the indirect method. Assets and liabilities acquired as part of a business combination are included in investing activities (net of cash acquired). Dividends paid to shareholders are included in financing activities. Dividends received are classified as operating activities, as well as interest paid.

(e) Offsetting financial instruments

If HEINEKEN has a legal right to offset financial assets with financial liabilities and if HEINEKEN intends to either to settle on a net basis or to realise the asset and settle the liability simultaneously, financial assets and liabilities are presented in the statement of financial position as a net amount.

6. Operating activities

6.1 Operating segments

HEINEKEN distinguishes five reportable segments: Europe; Americas; Africa, Middle East & Eastern Europe; Asia Pacific and Heineken N.V. Head Office & Other/Eliminations. Information about these reportable segments are provided in the table below:

		Europe		Americas		Africa, Middle East & Eastern Europe		Asia Pacific		Heineken N.V. Head Office & Other/Eliminations		Consolidated	
In millions of €	Note	**2023**	2022	**2023**	2022	**2023**	2022	**2023**	2022	**2023**	2022	**2023**	2022
Net revenue (beia)[1]		**12,211**	11,362	**10,469**	9,421	**4,229**	4,005	**4,157**	4,652	**(758)**	(746)	**30,308**	28,694
Third party revenue[2]		14,185	13,461	10,700	9,608	5,260	4,868	6,179	6,706	51	33	36,375	34,676
Interregional revenue		803	761	5	18	—	—	—	—	(808)	(779)	—	—
Revenue		**14,988**	14,222	**10,705**	9,626	**5,260**	4,868	**6,179**	6,706	**(757)**	(746)	**36,375**	34,676
Excise tax expense[3]		(2,777)	(2,860)	(211)	(205)	(1,002)	(838)	(2,023)	(2,054)	—	—	(6,013)	(5,957)
Net revenue		**12,211**	11,362	**10,494**	9,421	**4,258**	4,030	**4,156**	4,652	**(757)**	(746)	**30,362**	28,719
Other income	6.2	**302**	117	**53**	9	**36**	20	**2**	—	**—**	1	**393**	147
Operating profit		**1,439**	1,154	**1,382**	1,359	**(487)**	391	**737**	1,293	**158**	86	**3,229**	4,283
Net finance expenses	11.1											**(925)**	**(336)**
Share of profit of associates and joint ventures	10.3	22	19	69	61	25	36	102	107	—	—	218	223
Income tax expense	12.1											(121)	(1,131)
Profit												**2,401**	3,039
Attributable to:													
Shareholders of Heineken Holding N.V. (net profit)												1,174	1,343
Non-controlling interests in Heineken N.V.												1,130	1,339
Non-controlling interests in Heineken N.V. group companies												97	357
Operating profit reconciliation													
Operating profit		1,439	1,154	1,382	1,359	(487)	391	737	1,293	158	86	3,229	4,283
Eia[1]		(86)	67	149	32	937	163	189	(58)	25	15	1,214	219
Operating profit (beia)[1]		**1,353**	1,221	**1,531**	1,391	**450**	554	**926**	1,235	**183**	101	**4,443**	4,502

1 Note that this is a non-GAAP measure. Due to rounding, this balance will not always cast.
2 Includes other revenue of €509 million (2022: €342 million).
3 Next to the €6,013 million of excise tax expense included in revenue (2022: €5,957 million), €2,190 million of excise tax expense is collected on behalf of third parties and excluded from revenue (2022: €2,333 million).

In millions of €	Note	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	Heineken N.V. Head Office & Other/Eliminations 2023	Heineken N.V. Head Office & Other/Eliminations 2022	Consolidated 2023	Consolidated 2022
Current segment assets		2,917	3,259	3,292	2,837	2,341	1,842	1,798	2,091	687	848	11,035	10,877
Non-current segment assets		12,494	12,311	9,430	8,887	3,772	2,615	11,003	11,566	1,187	1,025	37,886	36,404
Investments in associates and joint ventures		200	181	794	861	227	266	2,909	2,988	—	—	4,130	4,296
Total segment assets		**15,611**	15,751	**13,516**	12,585	**6,340**	4,723	**15,710**	16,645	**1,874**	1,873	**53,051**	51,577
Unallocated assets												1,707	829
Total assets												**54,758**	52,406
Segment liabilities		**4,292**	4,475	**3,640**	3,211	**2,008**	1,791	**1,373**	1,534	**2,324**	2,424	**13,637**	13,435
Unallocated liabilities												18,727	17,051
Total equity												22,394	21,920
Total equity and liabilities												**54,758**	52,406
Purchases of owned property, plant and equipment	8.2	784	653	778	748	496	516	176	184	21	18	2,255	2,119
Acquisition of goodwill	8.1	11	106	—	—	652	—	21	3	—	—	684	109
Purchases of intangible assets	8.1	60	75	41	33	7	4	10	11	123	97	241	220
Depreciation of owned property, plant and equipment	8.2	(541)	(514)	(459)	(349)	(288)	(269)	(165)	(165)	(11)	(13)	(1,464)	(1,310)
Impairment (net of reversal) of owned property, plant and equipment and assets classified as held for sale	8.2, 10.2	(7)	(7)	(70)	(1)	(60)	(89)	—	36	—	—	(137)	(61)
Amortisation of intangible assets	8.1	(94)	(89)	(98)	(102)	(24)	(9)	(188)	(205)	(44)	(40)	(448)	(445)
Impairment (net of reversal) of intangible assets	8.1	—	(1)	(41)	—	(491)	—	—	190	—	—	(532)	189

Reconciliation of segment profit or loss

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.

In millions of €	2023	2022
Operating profit (beia)	**4,443**	4,502
Amortisation of acquisition-related intangible assets recorded in operating profit	(385)	(333)
Exceptional items included in operating profit	(829)	114
Share of profit of associates and joint ventures	218	223
Net finance expenses	(925)	(336)
Profit before income tax	**2,522**	4,170

The 2023 exceptional items and amortisation of acquisition-related intangibles recorded in operating profit amount to €1,214 million, net exceptional expense (2022: €219 million). This amount consists of:

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

Accounting estimates and judgements

Due to the complexity and variety in tax legislation, significant judgement is applied in the assessment of whether excise tax expenses are borne by HEINEKEN or collected on behalf of third parties.

HEINEKEN makes estimates when determining discount accruals in revenue at year-end, specifically for conditional discounts. Refer to note 7.3 for more explanation on how discount accruals are estimated.

Accounting policies

Segment reporting

Operating segments are reported consistently with the internal reporting provided to the Executive Board of Heineken N.V., which is considered to be chief operating decision-maker. An operating segment is a component of HEINEKEN that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of HEINEKEN's other components. All operating segments' operating results are reviewed regularly by the Executive Board of Heineken N.V. to make decisions about resources to be allocated to the segment and to assess its performance, and for which discrete financial information is available.

The first four reportable segments as presented in the segmentation tables are HEINEKEN's business regions. These business regions are each managed separately by a Regional President, who reports to the Heineken N.V. Executive Board, and is directly accountable for the functioning of the segment's results, assets and liabilities. The Heineken N.V. Head Office operating segment falls directly under the responsibility of the Executive Board of Heineken N.V. The Executive Board of Heineken N.V. reviews the performance of the segments based on internal management reports monthly.

Segment results, assets and liabilities that are reported to the Executive Board of Heineken N.V. include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated result items comprise net finance expenses and income tax expenses. Unallocated assets mainly comprise deferred tax assets. Unallocated liabilities mainly comprise borrowings and deferred tax liabilities.

Segment capital expenditure is the total cost incurred during the period to acquire property, plant and equipment and intangible assets other than goodwill.

Performance is measured based on operating profit (beia), as included in the internal management reports that are reviewed by the Executive Board of Heineken N.V. Beia stands for 'before exceptional items and amortisation of acquisition-related intangibles'. 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, among others, impairments of goodwill and fixed assets (and reversal of impairments), 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 and operating profit (beia) are not financial measures calculated in accordance with IFRS. Operating profit (beia) is used to measure performance as management believes that this measurement is the most relevant in evaluating the results of the segments. 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. Wherever appropriate and practical, HEINEKEN provides reconciliations for relevant GAAP measures.

HEINEKEN has multiple distribution models to deliver goods to end customers. There is no reliance on major clients. Deliveries to end consumers are country dependent and include deliveries via own wholesalers and pubs, direct to customers and via third-party distribution. As such, distribution models are country-specific and diverse across HEINEKEN. In addition, these various distribution models are not centrally managed or monitored. Consequently, the Executive Board of Heineken N.V. does not allocate resources or assess performance based on business type information. Accordingly, no segment information on business type is provided.

Inter-segment transfers or transactions are determined on an arm's length basis. As net finance expenses and income tax expenses are monitored on a consolidated level (and not on an individual regional basis) and Regional Presidents of Heineken N.V. are not accountable for that, net finance expenses and income tax expenses are not provided for the reportable segments.

Revenue

The majority of HEINEKEN's revenue is generated by the sale and delivery of products to customers. The product range of HEINEKEN mainly consists of beer, soft drinks and cider. Products are mostly own-produced finished goods from HEINEKEN's brewing activities, but also contain purchased goods for resale from HEINEKEN's wholesale activities. HEINEKEN's customer group can be split between on-trade customers like cafés, bars and restaurants and off-trade customers like retailers and wholesalers. Due to HEINEKEN's global footprint, its revenue is exposed to strategic and financial risks that differ per region.

Revenue is recognised when control over products has been transferred and HEINEKEN fulfilled its performance obligation to the customer. For the majority of the sales, control is transferred either at delivery of the products or upon pickup by the customer from HEINEKEN's premises.

Revenue is recognised based on the price specified in the contract, net of returns, discounts, sales taxes and excise taxes collected on behalf of third parties.

Other revenues include rental income from pubs and bars, royalties, income from wholesale activities, pub management services and technical services to third parties. Royalties are sales-based and recognised in profit or loss (consolidated income statement) on an accrual basis in accordance with the relevant agreement. Rental income, income from wholesale activities, pub management services and technical services are recognised in profit or loss when the services have been delivered.

Discounts

HEINEKEN uses different types of discounts depending on the nature of the customer. Some discounts are unconditional, like cash discounts, early payment discounts and temporary promotional discounts. Unconditional discounts are recognised at the same moment of the related sales transaction.

HEINEKEN also provides conditional discounts to customers. These contractually agreed conditions include volume and promotional rebates. Conditional discounts are recognised based on estimated target realisation. The estimation is based on accumulated experience supported by historical and current sales information. A discount accrual is recognised at each reporting date for discounts payable to customers based on their expected or actual volume up to that date.

Other discounts include listing and shelving visibility fees charged by the customer whereby the payments to customers are closely related to the volumes sold. HEINEKEN assesses the substance of contracts with customers to determine the classification of payments to customers as either discounts or marketing expenses.

Discounts are accounted for as a reduction of revenue. Only when these payments to customers relate to a distinct service, the amount is classified as operating expense.

Excise tax expense

Local tax authorities impose multiple taxes, duties and fees. These include excise on the sale or production of alcoholic beverages, environmental taxes on the use of certain raw materials or packaging materials, or the energy consumption in the production process. Excise duties are common in the beverage industry but levied differently amongst the countries HEINEKEN operates in. HEINEKEN performs a country by country analysis to assess whether the excise duty is sales-related or effectively a production tax. In most countries, excise duties are effectively a production tax as excise duties become payable when goods are moved from bonded warehouses and are not based on the sales value. In these countries, increases in excise duties are not always (fully) passed on to customers and HEINEKEN cannot, or can only partly, reclaim the excise duty in the case products are eventually not sold to customers. Excise tax is borne by HEINEKEN for these countries and shown as expenses. Only for those countries where excise is levied at the moment of the sales transaction and excise is based on the sales value, the excise duties are collected on behalf of a tax authority and consequently deducted from revenue. Due to the complexity and variety in tax legislation, significant judgement is applied in the assessment of whether taxes are borne by HEINEKEN or collected on behalf of a third party.

To provide transparency on the impact of the accounting for excise, HEINEKEN presents the excise tax expense on a separate line below revenue in the consolidated income statement. A subtotal called 'Net revenue' is therefore included in the Income Statement. This 'Net revenue' subtotal is 'revenue' as defined in IFRS 15 (after discounts) minus the excise tax expense for those countries where the excise is borne by HEINEKEN.

6.2 Other income

Other income includes the gain on sale from transactions that do not arise from contracts with customers and are therefore presented separately from revenue.

In millions of €	**2023**	2022
Gain on sale of property, plant and equipment	47	46
Gain on sale of intangible assets	86	10
Gain on sale of subsidiaries, joint ventures and associates	196	15
Gain on previously held equity-interests	23	76
Tax credits	41	—
	393	147

In 2023, other income mainly relates to a gain on sale of Vrumona B.V. (Vrumona) of €195 million (refer to note 10.1).

Accounting policies

Other income is recognised in profit or loss when control over the sold asset is transferred to the buyer. The amount recognised as other income equals the proceeds obtained from the buyer minus the carrying value of the sold asset.

As part of a step acquisition, any previously held equity interest in the acquiree is remeasured to fair value on the date of the acquisition. The difference between the carrying value and the fair value of the previously held equity interest is recognised in other income.

6.3 Raw materials, consumables and services

In millions of €	2023	2022
Raw materials	3,097	2,843
Non-returnable packaging	6,114	5,624
Goods for resale	1,997	1,766
Inventory movements	—	5
Marketing and selling expenses	2,767	2,692
Transport expenses	1,891	1,922
Energy and water	968	834
Repair and maintenance	622	585
Other expenses	2,621	2,347
	20,077	18,618

The increase in raw materials, consumables and services is mainly driven by inflation in commodity prices related to raw materials and non-returnable packaging.

The line 'Energy and water' contains costs related to Power Purchase Agreements (PPA). As part of its Brew a Better World (BaBW) ambitions, HEINEKEN enters into either physical PPAs or virtual PPAs. These arrangements are usually entered into for periods up to 10 to 15 years and contain either fixed prices or variable prices.

Other expenses in raw materials, consumables and services mainly include consulting expenses of €339 million (2022: €321 million), telecom and office automation of €319 million (2022: €300 million), warehousing expenses of €235 million (2022: €245 million), travel expenses of €121 million (2022: €113 million), other taxes of €197 million (2022: €124 million), short-term lease expenses of €110 million (2022: €86 million) and low-value lease expenses of €42 million (2022: €32 million).

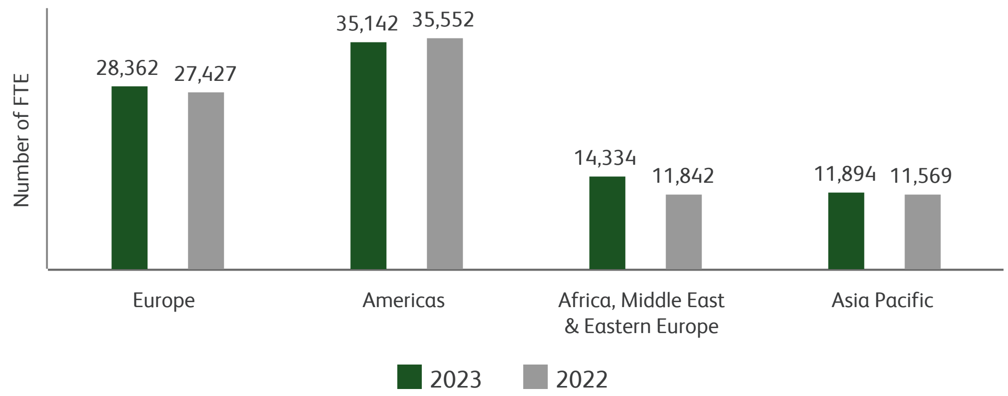
Accounting policies

Expenses are recognised based on accrual accounting. This means that expenses are recognised when the product is received or the service is provided regardless of when cash outflow takes place. Costs related to power purchase agreements are included as part of 'Energy and water' if the own use exemption can be applied. If not, power purchase agreements are considered to be derivative financial instruments, refer to note 11.6.

6.4 Personnel expenses

The average number of full-time equivalent (FTE) employees, excluding contractors, in 2023 was 89,732 (2022: 86,390). FTE, excluding contractors, is divided per region as follows:

Average number of FTE per region



The increase in Africa, Middle East & Eastern Europe is mainly attributable to the acquisition of Distell Group Holdings Limited (Distell) and Namibia Breweries Limited (NBL). Refer to note 10.1.

A total of 4,715 FTEs are based in the Netherlands (2022: 4,089 FTE).

HEINEKEN's employees receive compensations such as salaries and wages, pensions (refer to note 9.1) and share-based payments (refer to note 6.5). Other personnel expenses include expenses for contractors of €176 million (2022: €153 million) and net restructuring costs of €94 million (2022: €53 million). Refer to note 9.2 for the restructuring provisions.

In millions of €	Note	2023	2022
Wages and salaries		2,950	2,757
Compulsory social security contributions		443	412
Contributions to defined contribution plans		60	57
Expenses related to defined benefit plans	9.1	76	115
Expenses related to other long-term employee benefits		8	5
Equity-settled share-based payment plan	6.5	31	57
Other personnel expenses		785	676
		4,353	4,079

Accounting policies

Personnel expenses

Personnel expenses are recognised when the related service is provided. For more details on accounting policies related to post-retirements obligations and share-based payments refer to notes 9.1 and 6.5 respectively.

6.5 Share-based payments

HEINEKEN has the following share-based compensation plans: long-term incentive plan, extraordinary share plan and matching share plan (as part of the Short-term incentive plan of the Executive Board of Heineken N.V.).

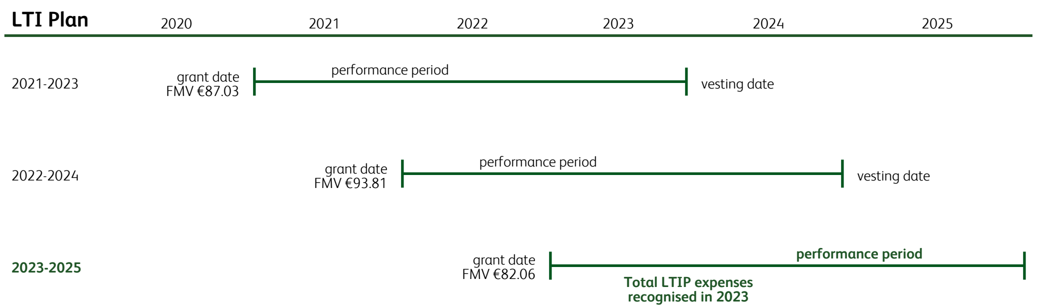
Long-term incentive plan (LTIP)

HEINEKEN has a performance-based LTIP for Heineken N.V.'s Executive Board and senior management. Under this LTIP, share rights are conditionally awarded to participants on an annual basis. The vesting of these rights is subject to the performance of Heineken N.V. on specific internal performance conditions and continued service over a three-calendar year period by the employee. The share rights are not dividend-bearing during the performance period.

During 2022, combined ESG-related performance measures, with equal weighting, were included in the LTIP. The performance conditions for LTIP 2022-2024 and 2023-2025 are organic net revenue growth, earnings per share beia growth, free operating cash flow and combined ESG-related measures. The performance conditions for 2021-2023, are organic net revenue growth, organic operating profit beia growth, earnings per share beia growth and free operating cash flow. The performance conditions are equally weighted.

At target performance, 100% of the awarded share rights vest. At threshold performance, 50% of the awarded share rights vest and at maximum performance, 200% of the awarded share rights vest.

The grant date, fair market value (FMV) at the grant date, service period and vesting date for the LTIP are visualised below:



The number of outstanding share rights and the movement over the year under the LTIP of the Executive Board and senior management of Heineken N.V. is as follows:

	Number of share rights 2023	Number of share rights 2022
Outstanding as at 1 January	**2,163,618**	1,821,369
Granted during the year	539,901	431,038
Forfeited during the year	(122,526)	(115,887)
Cancelled during the year	—	87
Vested previous year	(639,523)	(284,183)
Performance adjustment	(561,999)	311,194
Outstanding as at 31 December	**1,379,471**	2,163,618
Share price as at 31 December	**91.94**	87.88

At vesting, HEINEKEN deducts a number of shares to cover payroll taxes and mandatory withholdings on behalf of the individual employees. Therefore, the number of Heineken N.V. shares to be received by LTIP participants is a net (after-tax) number. Ownership of the vested LTIP 2021-2023 shares will transfer to the Executive Board members of Heineken N.V. shortly after the publication of the annual results of 2023 and to senior management on 1 April 2024.

Other share-based compensation plans

In 2023, under the Extraordinary share plans for senior management, 13,900 shares were granted (2022: 500) and 23,805 (gross) shares vested (2022: 32,505). These extraordinary grants only have a service condition and vest between one and five years. The expenses relating to these additional grants are recognised in profit or loss during the vesting period. In 2023, expenses amounted to €1 million (2022: €2 million).

Matching shares granted to the Executive Board of Heineken N.V. are disclosed in note 13.3.

Personnel expenses

The total share-based compensation expense that is recognised in 2023 amounts to €31 million (2022: €57 million share-based compensation expense).

In millions of €	Note	2023	2022
Share rights granted in 2020		—	19
Share rights granted in 2021		20	18
Share rights granted in 2022		4	20
Share rights granted in 2023		7	—
Total expense recognised in personnel expenses	6.4	**31**	57

Accounting estimates

The grant date fair value is calculated by adjusting the share price at the grant date for estimated foregone dividends during the performance period, as the participants are not entitled to receive dividends during that period. The foregone dividends are estimated by applying HEINEKEN's dividend policy on the latest forecasts of net profit (beia).

At each balance sheet date, HEINEKEN uses its latest forecasts to calculate the expected realisation on the performance targets per plan. The number of shares is adjusted to the new target realisation and HEINEKEN increases/decreases the total plan cost. The cumulative effect is recorded in the profit or loss, with a corresponding adjustment to equity.

Expenses related to employees that voluntarily leave HEINEKEN are reversed as they will not receive any shares from the LTIP. The expense calculation includes the estimated future forfeiture. HEINEKEN uses historical information to estimate this forfeiture rate.

Accounting policies

HEINEKEN's share-based compensation plans are equity-settled share rights granted to Heineken N.V.'s Executive Board and senior management.

The grant date fair value is calculated by deducting expected foregone dividends from the grant date during the performance period share price. The costs of the share plans are adjusted for expected performance and forfeiture and spread evenly over the service period.

Share-based compensation expenses are recorded in the profit or loss, with a corresponding adjustment to equity.

6.6 Amortisation, depreciation and impairments

In millions of €	Note	2023	2022
Property, plant and equipment	8.2	1,896	1,537
Intangible assets	8.1	980	256
Assets classified as held for sale	10.2	220	88
Other		—	5
		3,096	1,886

Property, plant and equipment include depreciation and impairment of right of use (ROU) assets of €304 million (2022: €254 million).

Assets classified as held for sale mainly include a loss of €219 million relating to the disposal of the Russia disposal group classified as held for sale. The loss includes the recycling of foreign currency translation reserve of €209 million and a net impairment of €10 million (2022: €88 million) of the same disposal group. The net impairment consists of €113 million impairment during the first half-year of 2023 and an impairment reversal of €103 million during the second half-year of 2023, following the commitment by the buyer to repay the historical intercompany debt.

For more information on impairment losses, refer to note 8.2.

Accounting policies

Refer to note 8.1 for the accounting policy on impairments and amortisation, and to note 8.2 for the policy on depreciation.

6.7 Earnings per share

The calculation of earnings per share (EPS) for the period ended 31 December 2023 is based on the profit attributable to the shareholders of the Company (net profit) and the weighted average number of shares outstanding (basic and diluted) during the year ended 31 December 2023.

In € per share (basic or diluted) for the period ended 31 December	2023	2022
Basic earnings per share	4.12	4.66
Diluted earnings per share	4.12	4.66

Refer to the table below for the information used in the calculation of the basic and diluted earnings per share.

Weighted average number of shares – basic and diluted

	2023	2022
Total number of shares issued	288,030,168	288,030,168
Effect of own shares held	(4,064,680)	—
Weighted average number of basic shares outstanding for the year	**283,965,488**	**288,030,168**

Heineken Holding N.V. entered into a cross-holding agreement with Heineken N.V., which includes a waiver by Heineken N.V. of payment of any dividends on the Heineken Holding N.V. shares held by Heineken N.V. as well as by Heineken Holding N.V. on an equivalent number of Heineken N.V. shares held by Heineken Holding N.V. The Heineken N.V. shares for which dividend is waived by Heineken Holding N.V. are therefore not part of the number of outstanding ordinary shares of Heineken N.V. The shares were acquired during 2023, refer to note 13.3 'Related parties'.

Accounting policies

The Company presents basic and diluted earnings per share (EPS) data for its shares. Basic EPS is calculated by dividing the profit or loss attributable to shareholders of the Company by the weighted average number of shares outstanding during the year, adjusted for the weighted average number of own shares purchased or held in the year. Diluted EPS is determined by dividing the profit or loss attributable to shareholders by the weighted average number of shares outstanding, adjusted for the weighted average number of own shares purchased or held in the year.

7. Working capital

7.1 Inventories

Inventories include raw and packaging materials, work in progress, spare parts, goods for resale and finished products.

In millions of €	**2023**	2022
Raw materials	815	619
Work in progress	493	364
Finished products	765	598
Goods for resale	481	530
Non-returnable packaging	472	548
Other inventories and spare parts	695	591
	3,721	3,250

In 2023, the inventories written down to net realisable value was €11 million (2022: €9 million, release).

Accounting policies

Inventories are measured at the lower of cost and net realisable value. The cost of inventories is based on a weighted average cost and includes expenditure incurred in acquiring the inventories, production or conversion costs and other costs incurred in bringing them to their existing location and condition. Cost of inventories are generally updated on annual basis except if a structural change is identified during the period such as the impact of inflationary pressure on input costs.

Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

7.2 Trade and other receivables

Trade and other receivables arise during ordinary activities, mainly relating to the sale and delivery of products to customers.

In millions of €	**2023**	2022
Trade receivables	3,368	3,104
Other receivables	1,111	926
Trade receivables due from associates and joint ventures	8	16
Prepayments	532	485
	5,019	4,531

Trade and other receivables contain a net impairment loss of €36 million (2022: €38 million) from contracts with customers, which is included in expenses for raw materials, consumables and services.

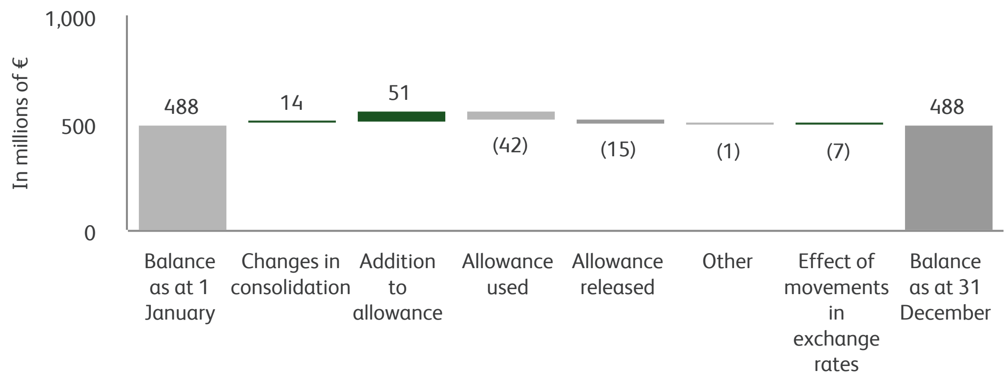
The ageing of trade and other receivables (excluding prepayments) as at 31 December 2023 is as follows:

2023					Past due
In millions of €	**Total**	Not past due	0-30 days	31-120 days	> 120 days
Gross	4,975	3,824	390	235	526
Allowance	(488)	(123)	(27)	(44)	(294)
	4,487	**3,701**	**363**	**191**	**232**

2022					Past due
In millions of €	**Total**	Not past due	0-30 days	31-120 days	> 120 days
Gross	4,534	3,378	442	259	455
Allowance	(488)	(100)	(24)	(49)	(315)
	4,046	3,278	418	210	140

The movement in allowance for credit losses for trade and other receivables during the year is as follows:

**Allowance for credit losses 2023
Trade and other receivables**



In millions of €	2023	2022
Balance as at 1 January	**488**	454
Changes in consolidation	14	44
Addition to allowance	51	50
Allowance used	(42)	(47)
Allowance released	(15)	(12)
Other	(1)	(5)
Effect of movements in exchange rates	(7)	4
Balance as at 31 December	**488**	488

Accounting estimates

HEINEKEN determines on each reporting date the impairment of trade and other receivables using a model (e.g. flow rate method) which estimates the lifetime expected credit losses that will be incurred on these receivables. Individually significant financial assets are tested for impairment on an individual basis. The remaining financial assets are assessed collectively in groups that share similar credit risk characteristics. Due to the macro-economic environment and uncertainties including increasing inflationary pressure on HEINEKEN's customers, judgement is required in the calculation of expected credit losses. As part of these assessments, HEINEKEN has incorporated all reasonable and supportable information available such as whether there has been a breach of payment terms or deterioration of payment against payment terms, a request for extended payment terms or a request for waived payment terms. For more information on HEINEKEN's credit risk exposure refer to note 11.5.

Accounting policies

Trade and other receivables are held by HEINEKEN to collect the related cash flows. These receivables are measured at fair value and subsequently at amortised cost minus any impairment losses. Trade and other receivables are derecognised by HEINEKEN when substantially all risks and rewards are transferred or if HEINEKEN does not retain control over the receivables.

7.3 Trade and other payables

In the ordinary course of business, payable positions arise towards suppliers of goods and services, as well as to other parties. Refer to the table below for the different types of trade and other payables.

In millions of €	2023	2022
Trade payables	5,735	5,852
Accruals	1,728	1,802
Taxation and social security contributions	1,420	1,103
Interest	216	172
Dividends	13	25
Other payables	320	329
	9,432	9,283

Accounting estimates

HEINEKEN makes estimates in the determination of discount accruals. When discounts are provided to customers, these reduce the transaction price and consequently the revenue. The conditional discounts in revenue (refer to note 6.1) are estimated based on accumulated experience supported by historical and current sales information. Expected sales volumes are determined taking into account (historical) sales patterns and other relevant information. A discount accrual is recognised for expected volume and discounts due to customers in relation to sales made until the end of the reporting period.

Accounting policies

Trade and other payables are initially measured at fair value and subsequently at amortised cost. Trade payables are derecognised when the contractual obligation is either discharged, cancelled or expired.

7.4 Returnable packaging materials

HEINEKEN uses returnable packaging materials such as glass bottles, crates and kegs in selling the finished products to the customer.

Returnable packaging materials

The majority of returnable packaging materials are classified as property, plant and equipment. The category 'Other fixed assets' in property, plant and equipment (refer to note 8.2) includes €1,103 million (2022: €1,018 million) of returnable packaging materials.

Returnable packaging deposit liability

In certain markets, HEINEKEN has the legal or constructive obligation to take back the materials from the market. A deposit value is generally charged upon the sale of the finished product, which is reimbursed when the empty returnable packaging material is returned.

In millions of €	**2023**	2022
Returnable packaging deposits	531	545

Accounting estimates

The main accounting estimate relating to returnable packaging materials is determining the returnable packaging materials in the market and the expected return thereof. This is based on circulation times and losses of returnable packaging materials in the market.

Accounting policies

Returnable packaging materials

Returnable packaging materials may be classified as property, plant and equipment or inventory. The classification mainly depends on whether ownership is transferred and if HEINEKEN has the legal or constructive obligation to buy back the materials.

Refer to note 8.2 for the general accounting policy on property, plant and equipment. Specifically for returnable packaging materials, the estimated useful life depends on the loss of the materials in the market as well as on HEINEKEN's sites.

Returnable packaging deposit liability

HEINEKEN recognises a deposit liability when a legal or constructive obligation exists to reimburse the customer for returnable packaging materials that are returned. The returnable packaging deposit liability is based on the estimated returnable packaging materials in the market, the expected return thereof and the deposit value.

In light of increasing inflationary pressures and HEINEKEN’s BaBW ambitions, the deposit value for a number of returnable packaging materials were increased. In the event the deposit value is increased, the relating liability is remeasured through profit and loss taking into account the returnable packaging materials which are already in the market.

8. Non-current assets

8.1 Intangible assets

Intangible assets within HEINEKEN are mainly goodwill, brands and customer-related intangibles such as customer lists. The majority of intangible assets have been recognised by HEINEKEN as part of acquisitions. Refer to the table below for the historical cost per asset class and the movements during the year including amortisation.

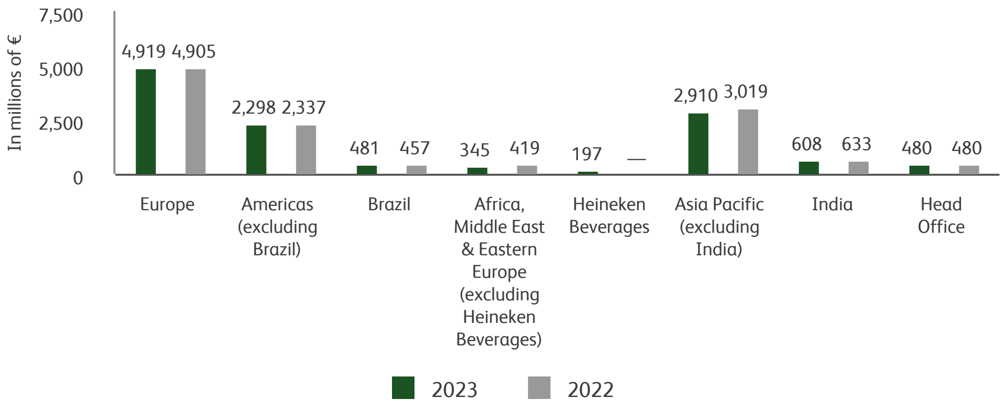
		2023						2022					
In millions of €	Note	Goodwill	Brands	Customer-related intangibles	Contract-based intangibles	Software, research and development and other	**Total**	Goodwill	Brands	Customer-related intangibles	Contract-based intangibles	Software, research and development and other	**Total**
Cost													
Balance as at 1 January		**12,718**	**8,942**	**2,302**	**1,068**	**1,364**	**26,394**	12,278	8,712	2,172	1,033	1,185	25,380
Hyperinflation restatement to 1 January		51	11	—	—	1	63	108	7	—	—	1	116
Changes in consolidation	10.1	684	784	32	—	11	1,511	109	229	10	—	(3)	345
Purchased/internally developed		1	—	1	13	226	241	—	—	5	7	208	220
Transfer (to)/from assets classified as held for sale	10.2	(50)	(5)	—	—	(6)	(61)	—	(17)	—	—	(21)	(38)
Disposals		—	—	(340)	—	(39)	(379)	—	(2)	—	(1)	(22)	(25)
Hyperinflation adjustment		44	6	—	—	2	52	49	3	—	—	1	53
Effect of movements in exchange rates		(190)	(182)	(15)	(18)	3	(402)	174	10	115	29	15	343
Balance as at 31 December		**13,258**	**9,556**	**1,980**	**1,063**	**1,562**	**27,419**	12,718	8,942	2,302	1,068	1,364	26,394
Amortisation and impairment losses													
Balance as at 1 January		**(468)**	**(1,782)**	**(1,536)**	**(400)**	**(800)**	**(4,986)**	(468)	(1,708)	(1,352)	(385)	(705)	(4,618)
Hyperinflation restatement to 1 January		—	(4)	—	—	(1)	(5)	—	(3)	—	—	—	(3)
Changes in consolidation		7	—	—	—	—	7	—	—	—	—	—	—
Amortisation charge for the year	6.6	—	(216)	(94)	(10)	(128)	(448)	—	(201)	(118)	(12)	(114)	(445)
Impairment losses[1]	6.6	(559)	(41)	—	—	(1)	(601)	—	—	—	(1)	—	(1)
Reversals of impairments	6.6	—	—	—	—	—	—	—	173	16	—	1	190
Transfer to/(from) assets classified as held for sale	10.2	—	3	—	—	5	8	—	18	—	—	13	31
Disposals		—	—	339	—	32	371	—	2	—	1	15	18
Hyperinflation adjustment		—	(4)	—	—	(2)	(6)	—	(2)	—	—	(1)	(3)
Effect of movements in exchange rates		—	13	(8)	18	(1)	22	—	(61)	(82)	(3)	(9)	(155)
Balance as at 31 December		**(1,020)**	**(2,031)**	**(1,299)**	**(392)**	**(896)**	**(5,638)**	(468)	(1,782)	(1,536)	(400)	(800)	(4,986)
Carrying amount													
As at 1 January		**12,250**	**7,160**	**766**	**668**	**564**	**21,408**	11,810	7,004	820	648	480	20,762
As at 31 December		**12,238**	**7,525**	**681**	**671**	**666**	**21,781**	12,250	7,160	766	668	564	21,408

1 Includes impairment recorded in opening equity

Goodwill impairment testing

For impairment testing, goodwill in respect of Europe, Americas (excluding Brazil) and Asia Pacific (excluding India) is allocated and monitored on a regional basis. For Brazil, India, Heineken Beverages and other subsidiaries within Africa, Middle East & Eastern Europe and Head Office, goodwill is allocated and monitored on an individual or combined country basis. The total amount of goodwill of €12,238 million (2022: €12,250 million) is allocated to each (group of) Cash Generating Unit (CGU) as follows:

Goodwill per (group of) CGU



In the current year, Distell and NBL have been combined with Heineken South Africa into a new HEINEKEN business 'Heineken Beverages' (refer to note 10.1), which is considered the CGU for goodwill impairment testing purposes.

The net decrease in goodwill of €12 million compared to 2022 mainly relates to an impairment loss of €491 million for Heineken Beverages, a negative movement in exchange rates of €190 million, partially offset by the initial goodwill of €656 million recognised for Heineken Beverages (refer to note 10.1).

The carrying amount of a CGU is compared to the recoverable amount of the CGU. The recoverable amounts of the (group of) CGUs are based on the higher of the fair value less costs of disposal (FVLCD) and value in use (VIU) calculations. CGUs for which the recoverable amount is based on a VIU model represent 95% of goodwill. VIU is determined by discounting the future cash flows generated from the continuing use of the CGU using a pre-tax discount rate.

The key assumptions used for the value in use calculations are as follows:

- Cash flows are projected based on actual operating results and the approved business plan. Cash flows thereafter are extrapolated up to a 10-year period (Europe 5-year) using an expected annual volume growth rate per country, which is based on external sources. The extrapolated cash flows are therefore projected using steady or progressively declining net cash flow growth rates. Based on past experience, management considers this period to reflect the long-term development of the local beer business.
- The beer price growth per year, after the forecast period, is assumed to be the expected country-specific
annual long-term inflation, which is based on external sources.
- Cash flows after the first 10-year period (Europe 5-year) are extrapolated using a perpetual growth rate equal to the expected 30-year average inflation to calculate the terminal recoverable amount. For Europe, a return on inflation-linked bond rates is used to extrapolate cash flows.
- A CGU-specific pre-tax weighted average cost of capital (WACC) was applied per CGU in determining the recoverable amount of the units.

The values assigned to the key assumptions used for the VIU calculations are as follows:

In %	Pre-tax WACC	Expected annual long-term inflation applied for years 2027-2033	Expected volume growth rates applied for years 2027-2033
Europe	9.8	2.0	1.2
Americas (excluding Brazil)	9.5	2.9	1.9
Brazil	15.5	3.2	2.5
Africa, Middle East and Eastern Europe (excluding Heineken Beverages)	21.1 - 29.0	6.2 - 9.0	1.6 - 4.4
Heineken Beverages	16.3	4.9	1.9
Asia Pacific (excluding India)	15.5	3.4	3.8
Head Office	13.3	3.4	2.4

In 2023, there has been a general decrease in the WACC applied across most CGUs, due to decreased interest rates.

Impairment losses

The annual goodwill impairment test resulted in an impairment loss of €491 million (2022: nil) for the current year. The goodwill impairment relates to Heineken Beverages, which is included in the Africa, Middle East & Eastern Europe operating segment.

The impairment for Heineken Beverages is recorded on the line 'amortisation, depreciation and impairments' in the income statement. The lower current valuation of the business, relative to the time of the announced acquisition, reflects predominantly the increase in the weighted average cost of capital over this time period used for impairment testing. In addition, inflationary pressures and higher brand support levels to address a more challenging competitive environment impacted the valuation.

The determination of the recoverable amount of Heineken Beverages is based on a VIU valuation and amounts to €2.6 billion, 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, to calculate the terminal recoverable amount.

See the table below for the key assumptions:

In %	Heineken Beverages 2024-2026	Heineken Beverages 2027-2033
Pre-tax WACC (in local currency)	16.3	16.3
Expected annual long-term inflation	4.9	4.9
Expected volume growth	9.1	1.9

In addition, the asset impairment test required as a result of the identification of impairment indicators resulted in an impairment of €68 million on goodwill and €42 million on intangible assets other than goodwill (2022: €189 million net impairment reversal on intangible assets other than goodwill) (refer to note 8.2).

Sensitivity to changes in assumptions

Following the goodwill impairment recognised for Heineken Beverages, the CGU is sensitive to changes in key assumptions applied. HEINEKEN assesses that a reasonably possible adverse change in a key assumption (i.e. lower growth rates or higher discount rates respectively) would cause the carrying amount to exceed the recoverable amount. Excluding Heineken Beverages, the outcome of a sensitivity analysis of a 200 basis points adverse change in key assumptions did not result in a materially different outcome for the goodwill impairment test.

Brands, customer-related and contract-based intangibles

The main brands capitalised are the brands acquired in various acquisitions. The main customer-related and contract-based intangibles relate to customer relationships (constituted either by way of a contractual agreement or by way of non-contractual relations) and re-acquired rights.

Accounting estimates and judgements

The cash flow projections used in the VIU calculations for goodwill impairment testing contain various judgements and estimations as described in the key assumptions for the VIU calculations. Such judgements and estimates are subject to change because of changing economic conditions and climate impact and actual cash flows may differ from forecasts. The below additional considerations have been applied by HEINEKEN regarding the potential financial impact of the macro-economic environment and uncertainties including increasing inflationary pressures worldwide:

- Changes in the interest rate environment are taken into consideration when determining the discount rates
- Terminal growth rates do not exceed the long-term annual inflation rate of the country or region, thus excluding any increased inflation growth experiences in the short-term
- Sensitivity scenarios are applied to the key assumptions used in the impairment testing.

The impact of climate change risk on future cash flows have also been considered at an CGU and asset level, including committed capex and operational expenditure. No material financial impacts to the current year impairment assessment were identified.

For intangible assets, other than goodwill, estimates are required to determine the (remaining) useful lives. Useful lives are determined based on the market position (for brands), estimated remaining useful life of the customer relationships or the period of the contractual arrangements, or estimates on technological and commercial developments (for software/development expenditure).

Amortisation is charged to profit or loss on a straight-line basis over the estimated useful life. HEINEKEN believes that straight-line depreciation most accurately reflects the expected pattern of consumption of the future economic benefits embodied in the intangible asset.

Accounting policies

Goodwill

Goodwill represents the difference between the fair value of the net assets acquired and the transaction price of the acquisition. Goodwill arising on the acquisition of associates and joint ventures is included in the carrying amount of the associates and joint ventures.

Goodwill is measured at cost less accumulated impairment losses. Goodwill is allocated to individual or groups of CGUs for impairment testing and is tested annually for impairment. Negative goodwill is recognised directly in profit or loss as other income. An impairment loss in respect of goodwill cannot be reversed.

Brands, customer-related and contract-based intangibles

Brands, customer-related and contract-based intangibles acquired as part of a business combination are recognised at fair value. Otherwise, these acquired intangibles are recognised at cost and amortised over the estimated useful life of the individual brand, respectively over the remaining useful life of the customer relationships or the period of the contractual arrangements.

Strategic brands are well-known international/local brands with a strong market position and an established brand name.

Software, research and development and other intangible assets

Purchased software is measured at cost less accumulated amortisation. Expenditure on internally developed software is capitalised when the expenditure qualifies as development activities, otherwise, it is recognised in profit or loss when incurred.

Expenditure on research activities, undertaken with the prospect of gaining new technical knowledge, is recognised in profit or loss when incurred.

Amortisation

Amortisation is calculated over the cost of the asset less its residual value. Intangible assets with a finite life are amortised on a straight-line basis over their estimated useful lives from the date they are available for use. The estimated useful lives are as follows:

Strategic brands	40 - 50 years
Other brands	5 - 25 years
Customer-related and contract-based intangibles	5 - 25 years
Re-acquired rights	3 - 12 years
Software	3 - 7 years
Capitalised development costs	3 years

The amortisation method, useful lives and residual values are reassessed annually. Changes in useful lives or residual value are recognised prospectively.

De-recognition of intangible assets

Intangible assets are derecognised when disposed of or sold. Gains on sale of intangible assets are presented in profit or loss as other income (refer to note 6.2); losses on sale are included in amortisation. Goodwill is derecognised when the related CGU is sold.

Impairment of non-financial assets

At each reporting date, HEINEKEN reviews the carrying amounts of its non-financial assets (except for inventories and deferred tax assets) to determine whether there is any indication of impairment. If any such indication exists, the recoverable amount is estimated. The existence of any immediate or short-term physical threats due to climate change were also considered in assessing for any indication of impairment. Furthermore, HEINEKEN assesses goodwill and other intangible assets with an indefinite useful life annually for impairment.

For impairment testing, assets are grouped into the smallest group of assets that generate cash inflows from continuing use. The CGU for other non-financial assets is often the operating company on a country level. The recoverable amount of an asset or CGU is the higher of an asset's FVLCD and VIU. In assessing the VIU, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and risks specific to the asset or CGU.

An impairment loss is recognised in profit or loss if the carrying amount of an asset or its CGU exceeds its recoverable amount, except where IAS 29 requires entities that apply hyperinflation accounting for the first time to recognise impairment related to prior periods in opening equity. Impairment losses are first allocated to goodwill and intangible assets with an indefinite useful life. A remaining impairment loss is then allocated to the other assets in the unit on a pro-rata basis. In respect of other assets, impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation if no impairment loss had been recognised.

8.2 Property, plant and equipment

Property, plant and equipment (P,P&E) are fixed assets that are owned by HEINEKEN, as well as ROU assets under a lease agreement. Owned and ROU assets are held for use in HEINEKEN's operating activities. Refer to the table below for the split between owned assets and ROU assets as per balance sheet date:

In millions of €	**2023**	2022
Property, plant and equipment - owned assets	13,732	12,610
Right of use assets	1,040	1,013
	14,772	13,623

Owned assets

The table below details the historical cost per asset class and the movements during the year for owned assets.

In millions of €	Note	2023 Land and buildings	2023 Plant and equipment	2023 Other fixed assets	2023 Under construction	2023 Total	2022 Land and buildings	2022 Plant and equipment	2022 Other fixed assets	2022 Under construction	2022 Total
Cost											
Balance as at 1 January		**7,765**	**10,770**	**6,682**	**1,387**	**26,604**	7,534	10,099	5,934	1,068	24,635
Hyperinflation restatement to 1 January		66	143	89	1	299	72	161	102	1	336
Changes in consolidation and other transfers	10.1	172	286	102	96	656	63	36	2	(2)	99
Purchases		26	88	289	1,852	2,255	27	37	409	1,646	2,119
Transfer of completed projects under construction		306	760	574	(1,640)	—	237	646	462	(1,345)	—
Transfer (to)/from assets classified as held for sale		(51)	(108)	(42)	(8)	(209)	(163)	(269)	(84)	(4)	(520)
Disposals		(46)	(110)	(460)	(11)	(627)	(49)	(150)	(289)	(5)	(493)
Hyperinflation adjustment		67	140	99	3	309	47	100	65	1	213
Effect of movements in exchange rates		(22)	(383)	(313)	(104)	(822)	(3)	110	81	27	215
Balance as at 31 December		**8,283**	**11,586**	**7,020**	**1,576**	**28,465**	7,765	10,770	6,682	1,387	26,604
Depreciation and impairment losses											
Balance as at 1 January		**(2,850)**	**(6,352)**	**(4,732)**	**(60)**	**(13,994)**	(2,759)	(6,048)	(4,247)	(63)	(13,117)
Hyperinflation restatement to 1 January		(12)	(62)	(80)	—	(154)	(14)	(57)	(85)	—	(156)
Changes in consolidation and other transfers		—	—	1	1	2	4	—	1	—	5
Depreciation charge for the year	6.6	(180)	(575)	(709)	—	(1,464)	(172)	(513)	(625)	—	(1,310)
Impairment losses[1]	6.6	(52)	(73)	(24)	(13)	(162)	(68)	(18)	(3)	(1)	(90)
Reversals of impairments	6.6	2	2	—	—	4	75	30	7	5	117
Transfer to/(from) assets classified as held for sale		33	87	34	—	154	80	177	63	—	320
Disposals		33	110	453	—	596	33	146	271	—	450
Hyperinflation adjustment		(14)	(59)	(75)	—	(148)	(14)	(20)	(65)	—	(99)
Effect of movements in exchange rates		26	214	193	—	433	(15)	(49)	(49)	(1)	(114)
Balance as at 31 December		**(3,014)**	**(6,708)**	**(4,939)**	**(72)**	**(14,733)**	(2,850)	(6,352)	(4,732)	(60)	(13,994)
Carrying amount											
As at 1 January		**4,915**	**4,418**	**1,950**	**1,327**	**12,610**	4,775	4,051	1,687	1,005	11,518
As at 31 December		**5,269**	**4,878**	**2,081**	**1,504**	**13,732**	4,915	4,418	1,950	1,327	12,610

1 Includes impairment recorded in opening equity.

Land and buildings include the breweries and offices of HEINEKEN as well as stores, pubs and bars. The plant and machinery asset class contains all the assets needed in HEINEKEN's brewing, packaging and filling activities. Other fixed assets mainly consist of returnable packaging materials, commercial fixed assets and furniture, fixtures and fittings. Refer to note 7.4 for further information on returnable packaging materials that are included in this category.

Impairment losses

Impairments of €68 million on goodwill (2022: nil), €158 million on owned property, plant and equipment (2022: €27 million, net impairment reversal), €42 million on intangible assets with finite useful life (2022: €189 million, net impairment reversal) and €14 million on right of use (ROU) assets (2022: €4 million, impairment reversal) were recorded for the year ended 31 December 2023. 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 during the year ended 31 December 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 impairment charge relating to the current year (€4 million) and other impairments are recorded on the line 'amortisation, depreciation and impairments' in the income statement. For a split per asset class, refer to the movement schedules in notes 8.1 and 8.2.

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

Right of use (ROU) assets

HEINEKEN leases stores, pubs, offices, warehouses, cars, (forklift) trucks and other equipment in the ordinary course of business. HEINEKEN has around 35,000 leases with a wide range of different terms and conditions, depending on local regulations and practices. Many leases contain extension and termination options, which are included in the lease term if HEINEKEN is reasonably certain to exercise the option. Refer to the table below for the carrying amount of ROU assets per asset class per balance sheet date:

In millions of €	**2023**	2022
Land and buildings	836	830
Equipment	204	183
Carrying amount ROU assets as at 31 December	**1,040**	1,013

In 2023, €350 million was added to the ROU assets as a result of entering into new lease contracts and the remeasurement of existing leases (2022: €218 million). The depreciation and impairments of ROU assets for the financial year ending 31 December is as follows:

In millions of €	**2023**	2022
Land and buildings	213	174
Equipment	91	80
Depreciation and impairments for ROU assets	**304**	254

Accounting estimates and judgements

Estimates are required to determine the (remaining) useful lives of fixed assets. Useful lives are determined based on an asset's age, the frequency of its use, repair and maintenance policy, technology changes in production, redundancies or changes due to climate risks and expected restructuring.

HEINEKEN estimates the expected residual value per asset item. The residual value is the higher of the expected sales price (based on recent market transactions of similar sold items) and its material scrap value.

Depreciation is charged to profit or loss on a straight-line basis over the estimated useful lives of items of P,P&E. HEINEKEN believes that straight-line depreciation most closely reflects the expected pattern of consumption of the future economic benefits embodied in the asset.

Judgement is required to determine the lease term. The assessment of whether HEINEKEN is reasonably certain to exercise such options impacts the lease term, which as a result could affect the amount of lease liabilities and ROU assets recognised.

Accounting policies

Owned assets

A fixed asset is recognised when it is probable that future economic benefits associated with the P,P&E item will flow to HEINEKEN and when the cost of the P,P&E can be reliably measured. The majority of the P,P&E of HEINEKEN are owned assets, rather than leased assets.

P,P&E are recognised at historical cost less accumulated depreciation and impairment losses. Historical cost includes all costs directly attributable to the purchase of an asset. The cost of self-constructed assets includes all directly attributable costs to make the asset ready for its intended use. Spare parts that meet the definition of P,P&E are capitalised and accounted for accordingly. If spare parts do not meet the recognition criteria of P,P&E, they are either carried in inventory or consumed and recorded in profit or loss.

Subsequent costs are capitalised only when it is probable that the expenses will lead to future economic benefits and can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognised when replaced. All other repairs and maintenance are charged to profit or loss during the reporting period in which they are incurred.

For the contractual commitments on ordered P,P&E refer to note 13.2.

Depreciation and impairments

Depreciation is calculated using the straight-line method, based on the estimated useful life of the asset class. The estimated useful lives of the main asset classes are as follows:

Buildings	15 - 40 years
Plant and equipment	5 - 30 years
Other fixed assets	3 - 10 years

Land and assets under construction are not depreciated. When assets under construction are ready for their intended use, they are transferred to the relevant category and depreciation starts. All other P,P&E items are depreciated over their estimated useful life to the asset's residual value.

The depreciation method, residual value and useful lives are reassessed annually. Changes in useful lives or residual value are recognised prospectively.

HEINEKEN reviews whether indicators for impairment exist on a CGU level. When an indicator of impairment exists, assets are tested for impairment. Impairment losses on assets, other than goodwill, recognised in prior periods are assessed at each reporting date for any indication of a reversal, due to observable indications that the asset's value has increased significantly or other significant changes with favourable effects.

Derecognition of Property, plant and equipment

P,P&E is derecognised when it is scrapped or sold. Gains on sale of P,P&E are presented in profit or loss as other income (refer to note 6.2); losses on sale are included in depreciation.

Right of use (ROU) assets

Definition of a lease

A contract contains a lease if it provides the right to control the use of an identified asset for a period of time in exchange for an amount payable to the lessor. The right to control the use of the identified asset exists when having the right to obtain substantially all of the economic benefits from the use of that asset and when having the right to direct the use of that asset.

HEINEKEN as a lessee

At the start date of the lease, HEINEKEN (lessee) recognises a ROU asset and a lease liability on the balance sheet. The ROU asset is initially measured at cost, and subsequently at cost less accumulated depreciation and impairment losses, and adjusted for certain remeasurements of the lease liability. For measurement of the lease liability, refer to note 11.3.

HEINEKEN applies the following practical expedients for the recognition of leases:

- The short-term lease exemption means that leases with a duration of less than a year are expensed in the income statement on a straight-line basis.
- The low-value lease exemption, meaning that leased assets with an individual value of €5,000 or less if bought new, are expensed in the income statement on a straight-line basis.

HEINEKEN as a lessor

A lease is classified as a finance lease when it transfers substantially all the risks and rewards relating to ownership of the underlying asset to the lessee. For contracts where HEINEKEN acts as an intermediate lessor, the subleases are classified with reference to the ROU asset.

Lease related notes

For lease liabilities, refer to note 11.3 Borrowings. For short-term and low-value leases, refer to other expenses in note 6.3 Raw materials, consumables and services. For the lease receivables, refer to other receivables in note 8.5 Other non-current assets and other receivables in note 7.2 Trade and other receivables. For the contractual maturities of lease liabilities, refer to note 11.5 Credit, liquidity and market risk.

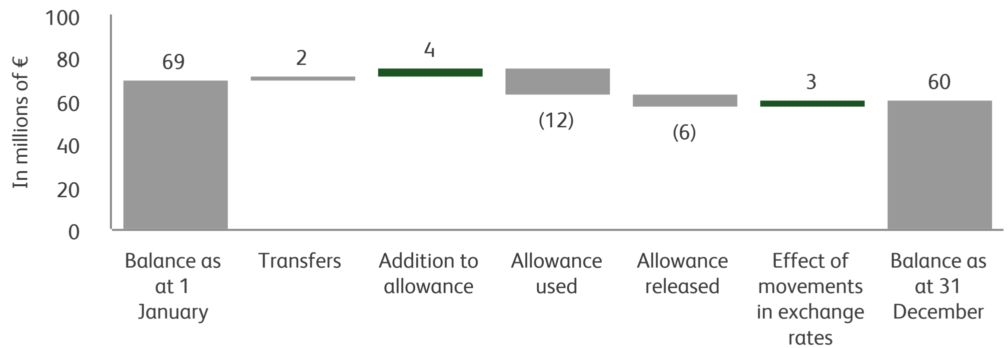
8.3 Loans and advances to customers

Loans and advances to customers are inherent to HEINEKEN's business model. Loans to customers are repaid in cash on fixed dates while the settlement of advances to customers is linked to the sales volume of the customer. Loans and advances to customers are usually backed by collateral such as properties.

In millions of €	**2023**	2022
Loans to customers	60	61
Advances to customers	179	155
Loans and advances to customers	**239**	216

The movement in allowance for impairment losses for loans and advances to customers during the year is as follows:

Allowance for credit losses 2023
Loans and advances to customers



In millions of €	2023	2022
Balance as at 1 January	**69**	69
Transfers	2	1
Addition to allowance	4	9
Allowance used	(12)	(8)
Allowance released	(6)	(5)
Effect of movements in exchange rates	3	3
Balance as at 31 December	**60**	69

Accounting estimates

HEINEKEN determines at each reporting date the impairment of loans and advances to customers using an expected credit loss model, which estimates the credit losses over 12 months. If a significant increase in credit risk occurs (e.g. more than 30 days overdue, change in credit rating, payment delays in other receivables from the customer), credit losses over the lifetime of the asset are incurred. Individually significant financial assets are tested for impairment on an individual basis. The remaining financial assets are assessed collectively in groups that share similar credit risk characteristics. Due to the macro-economic environment and uncertainties including increasing inflationary pressure on HEINEKEN's customers, more judgement is required for the calculation of expected credit losses compared to the prior years. For more information on HEINEKEN's credit risk exposure refer to note 11.5.

Accounting policies

Loans and advances to customers are initially measured at fair value and subsequently at amortised cost minus any impairment losses.

8.4 Equity instruments

Equity instruments consists of various equity instruments held by Heineken N.V.

In millions of €	2023	2022
Other	167	145
Equity instruments	**167**	145

Sensitivity analysis – equity securities

An increase or decrease of 1% in the share price of the equity securities at the reporting date would not have a material impact.

Accounting policies

HEINEKEN's investments in equity securities are classified as FVOCI. These investments are interests in entities where HEINEKEN has less than significant influence. This is generally the case when ownership is less than 20% of the voting rights. Upon the sale of these equity securities the accumulated fair value and currency translation changes are transferred to retained earnings.

FVOCI investments are measured at fair value (refer to note 13.1). The fair value changes are recognised in other comprehensive income (OCI) and presented within equity in the fair value reserve. Dividend income is recognised in profit or loss.

8.5 Other non-current assets

Other non-current assets mainly consist of long-term prepayments and other receivables with a duration longer than 12 months.

In millions of €	Note	2023	2022
Fair value through OCI debt investments		14	9
Non-current derivatives	11.6	33	56
Loans to joint ventures and associates		10	15
Long-term prepayments		504	461
Other receivables		417	544
Other non-current assets		**978**	1,085

Other receivables include lease receivables of €115 million (2022: €137 million). The average outstanding term of the lease receivables, including the short-term portion of lease receivables, is 3.0 years (2022: 2.9 years). The remainder of other receivables mainly originate from the acquisition of the beer operations of FEMSA and represent a receivable on the Brazilian authorities on which interest is calculated in accordance with Brazilian legislation. The collection of this receivable is expected to be beyond a period of five years. A part of the aforementioned qualifies for indemnification towards FEMSA and is provided for.

Accounting estimates

HEINEKEN determines on each reporting date the impairment of other receivables using an expected credit loss model, which estimates the credit losses over 12 months. Only in case of a significant increase in credit risk occurs (e.g. more than 30 days overdue, change in credit rating, payment delays in other receivables from the customer) the credit losses over the lifetime of the asset are incurred. Individually significant other receivables are tested for impairment on an individual basis. The remaining financial assets are assessed collectively in groups that share similar credit risk characteristics. For more information on HEINEKEN's credit risk exposure refer to note 11.5.

Accounting policies

Non-current derivatives

Refer to the accounting policies on derivative financial instruments in note 11.6.

Other

The remaining non-current assets as presented in the previous table are initially measured at fair value and subsequently at amortised cost minus any impairment losses.

9. Provisions and contingent liabilities

9.1 Post-retirement obligations

HEINEKEN makes contributions to pension plans that provide pension benefits to (former) employees upon retirement, both via defined benefit as well as defined contribution plans. Other long-term employee benefits include long-term bonus plans, termination benefits, medical plans and jubilee benefits. Refer to note 6.4 for the contribution to defined contribution plans. This note relates to HEINEKEN's defined benefit pension plans. Refer to the table below for the present value of the defined benefit plans as at 31 December.

In millions of €	**2023**	2022
Present value of unfunded defined benefit obligations	167	177
Present value of funded defined benefit obligations	8,193	7,745
Total present value of defined benefit obligations	**8,360**	7,922
Fair value of defined benefit plan assets	(8,006)	(7,569)
Present value of net obligations	**354**	353
Asset ceiling items	145	129
Defined benefit plans included under non-current assets	39	28
Recognised liability for defined benefit obligations	**538**	510
Other long-term employee benefits	48	58
	586	568

The vast majority of benefit payments are from pension funds that are held in trusts (or equivalent), however, there is a small portion where HEINEKEN fulfils the benefit payment obligation as it falls due. Plan assets held in trusts are governed by Trustee Boards composed of HEINEKEN representatives and independent and/or member representation, in accordance with local regulations and practice in each country. The relationship and division of responsibility between HEINEKEN and the Trustee Board (or equivalent) including investment decisions and contribution schedules are carried out in accordance with the plan's regulations.

The defined benefit pension plans in the Netherlands (NL) and the United Kingdom (UK) represent the majority of the total defined benefit plan assets and the present value of the defined benefit obligations.

Refer to the table below for the split of these plans in the total present value of the net obligations of HEINEKEN.

In millions of €	**2023** UK	2022 UK	**2023** NL	2022 NL	**2023** Other	2022 Other	**2023** Total	2022 Total
Total present value of defined benefit obligations	**2,717**	2,641	**4,386**	4,120	**1,257**	1,161	**8,360**	7,922
Fair value of defined benefit plan assets	**(2,581)**	(2,557)	**(4,324)**	(4,055)	**(1,101)**	(957)	**(8,006)**	(7,569)
Present value of net obligations	**136**	84	**62**	65	**156**	204	**354**	353

Defined benefit plan in the Netherlands

HEINEKEN provides employees in the Netherlands with an average pay pension plan based on earnings up to the legal tax limit. Indexation of accrued benefits is conditional on the funded status of the pension fund. HEINEKEN pays contributions to the fund up to a maximum level agreed with the Board of the pension fund and has no obligation to make additional contributions in case of a funding deficit.

During 2023, the coverage ratio of the Dutch pension fund improved slightly. The interest rates showed a small decrease that increased the fund's net defined benefit obligations. The fund's financial position allowed for pension indexation in 2023.

In 2023, the increase in the fair value of defined benefit plan assets is mainly due to an increase in the value of equities, bonds, interest rate swaps, mortgages and alternative credits. The higher defined benefit obligation is mainly due to a lower discount rate assumption, and a higher indexation assumption. HEINEKEN's cash contribution to the Dutch pension plan was at the maximum level. The same level will apply in 2024.

Defined benefit plan in the United Kingdom

HEINEKEN's UK plan (Scottish & Newcastle pension plan 'SNPP') was closed to future accrual in 2011 and the liabilities thus relate to past service before plan closure. Based on the triennial review finalised in early 2019, HEINEKEN renewed the funding plan (until 31 May 2023) including an annual deficit reduction contribution of GBP39.2 million in 2018, thereafter increasing with GBP1.7 million per year. At the end of 2018, an agreement (the 'Funding Agreement') was reached with the UK pension fund Trustees on a more conservative longer-term funding and investment approach towards 2030. This agreement has been formalised during 2019 and signed in early 2020, which leads to a gradual decrease in investment risk. The schedule of deficit recovery payments remained in place until May 2023. As of June 2023, deficit recovery payments have stopped. Going forward recovery payments will be conditional on the funding position of the pension fund and capped on the former contribution level.

In 2023, the increase in the fair value of defined benefit plan assets is due to a stronger British Pound foreign currency translation impact offset by the decrease in the fair value of the defined benefit plan assets mainly due to a fall in the value of the longevity swap, as a result of updating the assumption for future mortality improvements. The increase in defined benefit obligation over 2023 is mainly due to actual deferred revaluations and pension increases being higher than assumed. The increase in the defined benefit obligation as a result of a fall in the discount rate assumption was mostly offset by a fall in the long term inflation assumption and a change in the mortality assumption to adopt the latest available model for projecting future improvements in life expectancies.

Defined benefit plans in other countries

In a few other countries, HEINEKEN offers defined benefit plans, which are individually not significant to HEINEKEN. The majority of these plans are closed for new participants.

Movement in net defined benefit obligation

The movement in the net defined benefit obligation during the year is as follows:

		Present value of defined benefit obligations		Fair value of defined benefit plan assets		Present value of net obligations	
In millions of €	Note	**2023**	2022	**2023**	2022	**2023**	2022
Balance as at 1 January		**7,922**	10,182	**(7,569)**	(9,680)	**353**	502
Included in profit or loss							
Current service cost		78	112	—	—	78	112
Past service cost/(credit)		(4)	(2)	—	—	(4)	(2)
Administration expense		—	—	4	5	4	5
Effect of any settlement		(2)	—	—	—	(2)	—
Expense recognised in personnel expenses	6.4	72	110	4	5	76	115
Interest expense/(income)	11.1	360	212	(339)	(198)	21	14
		432	322	**(335)**	(193)	**97**	129
Included in OCI							
Remeasurement loss/(gain):							
Actuarial loss/(gain) arising from	12.3						
Demographic assumptions		(46)	47	—	—	(46)	47
Financial assumptions		336	(2,714)	—	—	336	(2,714)
Experience adjustments		(47)	550	—	—	(47)	550
Return on plan assets excluding interest income[1]		—	—	(169)	2,011	(169)	2,011
Effect of movements in exchange rates		45	(114)	(40)	112	5	(2)
		288	(2,231)	**(209)**	2,123	**79**	(108)
Other							
Changes in consolidation and reclassification		93	1	(136)	(7)	(43)	(6)
Contributions paid:							
By the employer		—	—	(132)	(164)	(132)	(164)
By the plan participants		26	25	(26)	(25)	—	—
Benefits paid		(401)	(377)	401	377	—	—
Settlements		—	—	—	—	—	—
		(282)	(351)	**107**	181	**(175)**	(170)
Balance as at 31 December		**8,360**	7,922	**(8,006)**	(7,569)	**354**	353

1 The total OCI impact for the current year also included movement resulting from asset ceiling increase between 2022 and 2023.

Defined benefit plan assets

		2023			2022	
In millions of €	Quoted	Unquoted	**Total**	Quoted	Unquoted	**Total**
Equity instruments:						
Europe	348	—	348	316	—	316
Northern America	900	—	900	847	—	847
Japan	132	—	132	118	—	118
Asia other	70	—	70	160	—	160
Other	76	151	227	92	145	237
	1,526	**151**	**1,677**	1,533	145	1,678
Debt instruments:						
Bonds – investment grade	4,278	1,167	5,445	3,744	1,125	4,869
Bonds – non-investment grade	233	442	675	228	361	589
	4,511	**1,609**	**6,120**	3,972	1,486	5,458
Derivatives	43	(1,314)	(1,271)	41	(1,296)	(1,255)
Properties and real estate	222	688	910	249	659	908
Cash and cash equivalents	186	18	204	362	34	396
Investment funds	26	368	394	25	351	376
Other plan assets	82	(110)	(28)	94	(86)	8
	559	**(350)**	**209**	771	(338)	433
Balance as at 31 December	**6,596**	**1,410**	**8,006**	6,276	1,293	7,569

The HEINEKEN pension funds monitor the mix of debt and equity securities in their investment portfolios based on market expectations. Material investments within the portfolio are managed on an individual basis. Through its defined benefit pension plans, HEINEKEN is exposed to several risks, the most significant are detailed below.

Risks associated with defined benefit plans

Asset volatility

The plan liabilities are calculated using a discount rate set with reference to AA corporate bond yields. If the return on the plan assets is less than the return on the liabilities implied by this assumption, this will create a deficit. The plan in the Netherlands holds a significant proportion of equities, which are expected to outperform corporate bonds in the long term while providing volatility and risk in the short term.

In the Netherlands, an Asset-Liability Matching (ALM) study is performed at least on a triennial basis, the last ALM study was performed in 2021. The ALM study is the basis for the strategic investment policies and the (long-term) strategic investment mix. As at 31 December 2023, the strategic asset mix comprises 32% of plan assets in equity securities, 20% in bonds and swaps, 18% in alternative investments, 15% in mortgage and 15% in real estate.

In the UK, an actuarial valuation is performed at least on a triennial basis. The valuation is the basis for the funding plan, strategic investment policies and the (long-term) strategic investment mix. The valuation was performed in 2021. As at 31 December 2023, the strategic mix of assets comprises 33% of plan assets in liability-driven investments, 12.5% in corporate bonds, 15% in higher-yielding credit, 23.5% in private markets, 10% in long lease property and 6% in equities. As part of the Funding Agreement, the strategic asset mix will evolve between now and 2030 to provide greater certainty of return, lower volatility and higher cash generation.

Interest rate risk

A decrease in corporate bond yields will increase plan liabilities, although this will be partially offset by an increase in the value of the plans' fixed-rate instruments holdings.

In the Netherlands, interest rate risk is managed through fixed-income investments and interest rate swap instruments. These investments and instruments match the liabilities by 54% as at 31 December 2023 (2022: 38%). In the UK, interest rate risk is managed through the use of a mixture of fixed income investments and interest rate swap instruments. These investments and instruments target a match of 100% of the interest rate sensitivity of the total liabilities as measured on a Gilts +1% liability basis (2022: 96% as measured on the same basis).

Inflation risk

Some of the pension obligations are linked to inflation. Higher inflation will lead to higher liabilities, although in most cases caps on the level of inflationary increases are in place to protect the plan against extreme inflation. The majority of the plan assets are either unaffected by or loosely correlated with inflation, meaning that an increase in inflation will increase the deficit.

HEINEKEN provides employees in the Netherlands with an average pay pension plan, whereby indexation of accrued benefits is conditional on the funded status of the pension fund. In the UK, inflation risk is partly managed through the use of a mixture of inflation-linked fixed income investments and inflation-linked derivative instruments. These instruments target a match of 100% of the inflation-linked liabilities as measured on a Gilts +1% liability basis (2022: 96% as measured on the same basis).

Life expectancy

The majority of the plans' obligations are to provide benefits for the life of the member, so increases in life expectancy will increase the plans' liabilities. This is particularly significant in the UK plan, where inflation-linked increases result in higher sensitivity to changes in life expectancy. In 2015, the Trustee of HEINEKEN UK's pension plan implemented a longevity hedge to remove the risk of a higher increase in life expectancy than anticipated for the 2015 population of pensioners.

Principal actuarial assumptions as at the balance sheet date

Based on the significance of the Dutch and UK pension plans compared with the other plans, the table below refers to the major actuarial assumptions for those two plans as at 31 December:

	The Netherlands		UK[1]	
In %	**2023**	2022	**2023**	2022
Discount rate as at 31 December	3.5	3.8	4.8	5.0
Future salary increases	2.0	2.0	—	—
Future pension increases	2.9	2.9	3.0	3.1

1 The UK plan is closed for future accrual, leading to certain assumptions being equal to zero.

For the other defined benefit plans, the following actuarial assumptions apply as at 31 December:

	Europe		Americas	
In %	**2023**	2022	**2023**	2022
Discount rate as at 31 December	1.5-3.5	2.3-3.9	9.8-11.0	9.4-13.0
Future salary increases	0.0-2.3	0.0-3.4	0.0-4.5	0.0-4.5
Future pension increases	0.3-2.3	0.0-2.3	0.0-3.5	0.0-3.5
Medical cost trend rate	0.0-2.3	—	5.1-9.0	5.1-7.5

Assumptions regarding future mortality rates are based on published statistics and mortality tables. For the Netherlands, the rates are obtained from the 'AG-Prognosetafel 2022', fully generational. For the UK, the future mortality rates are obtained by applying the Continuous Mortality Investigation 2021 projection model.

The weighted average duration of the defined benefit obligation at the end of the reporting period is 16 years (2022: 16 years).

Except for the reduction in recovery contributions for the UK pension fund, HEINEKEN expects the contributions to be paid for the defined benefit plans for 2024 to be in line with 2023.

Sensitivity analysis

As at 31 December, changes to one of the relevant actuarial assumptions that are considered reasonably possible, holding other assumptions constant, would have affected the defined benefit obligation by the following amounts:

	2023		2022	
Effect in millions of €	Increase in assumption	Decrease in assumption	Increase in assumption	Decrease in assumption
Discount rate (0.5% movement)	(588)	671	(551)	629
Future salary growth (0.25% movement)	9	(9)	8	(8)
Future pension growth (0.25% movement)	276	(254)	253	(245)
Medical cost trend rate (0.5% movement)	7	(6)	3	(3)
Life expectancy (1 year)	356	(357)	318	(317)

Accounting estimates

To make the actuarial calculations for the defined benefit plans, HEINEKEN needs to make use of assumptions for discount rates, future pension increases and life expectancy as described in this note. The actuarial calculations are made by external actuaries based on inputs from observable market data, such as corporate bond returns and yield curves to determine the discount rates used, mortality tables to determine life expectancy and inflation numbers to determine future salary and pension growth assumptions.

Accounting policies

Defined contribution plans

A defined-contribution plan is a post-retirement plan for which HEINEKEN pays fixed contributions to a separate entity. HEINEKEN has no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay out employees.

Defined benefit plans

A defined benefit plan is a post-retirement plan that is not a defined contribution plan. Typically, defined benefit plans define an amount of pension benefit that an employee will receive on retirement, usually dependent on one or more factors such as age, years of service and compensation.

HEINEKEN's net obligation in respect of defined benefit pension plans is calculated separately for each plan by estimating the amount of future benefits that employees have earned in return for their service in the current and prior periods; those benefits are discounted to determine its present value. The fair value of any defined benefit plan assets is deducted. The discount rate is the yield at balance sheet date on high quality credit-rated bonds that have maturity dates approximating to the terms of HEINEKEN's obligations and are denominated in the same currency in which the benefits are expected to be paid.

The calculations are performed annually by qualified actuaries using the projected unit credit method. When the calculation results in a benefit to HEINEKEN, the recognised asset is limited to the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan. To calculate the present value of economic benefits, consideration is given to any minimum funding requirements that apply to any plan in HEINEKEN. An economic benefit is available to HEINEKEN if it is realisable during the life of the plan, or on settlement of the plan liabilities. When the benefits of a plan are changed, the expense or benefit is recognised immediately in profit or loss.

HEINEKEN recognises all actuarial gains and losses arising from defined benefit plans immediately in other comprehensive income and all expenses related to defined benefit plans in personnel expenses and other net finance income and expenses in profit or loss.

For changes to a defined benefit plan, which result in a plan amendment or a curtailment or settlement, HEINEKEN determines the amount of any past service cost, or gain or loss on settlement, by remeasuring the net defined benefit liability before and after the amendment, using current assumptions and the fair value of plan assets at the time of the amendment. In case the net defined benefit liability is remeasured to determine the impact of the changes, current service cost and net interest for the remainder of the year are remeasured using the same assumptions and the same fair value of plan assets.

9.2 Provisions

Provisions within HEINEKEN mainly relate to restructuring, and claims and litigation that arise in the ordinary course of business. The outcome depends on future events, which are by nature uncertain.

In millions of €	Note	Claims and litigation	Taxes	Restruc-turing	Onerous contracts	Other	**Total**
Balance as at 1 January 2023		150	283	210	18	137	798
Changes in consolidation	10.1	—	—	—	—	15	15
Provisions made during the year		32	48	112	2	53	247
Provisions used during the year		(6)	(4)	(86)	(1)	(10)	(107)
Provisions reversed during the year		(45)	(8)	(18)	(7)	(61)	(139)
Effect of movements in exchange rates		2	6	(2)	—	(1)	5
Unwinding of discounts		7	5	3	—	(1)	14
Balance as at 31 December 2023		**140**	**330**	**219**	**12**	**132**	**833**
Non-current		125	302	122	4	74	627
Current		15	28	97	8	58	206

Claims and litigation

The provisions for claims and litigation of €140 million (2022: €150 million) mainly relate to civil and labour claims in Brazil.

Taxes

The provisions for taxes of €330 million (2022: €283 million) relate to indirect taxes not within the scope of IAS 12 and mainly relate to Brazil. Tax legislation in Brazil is highly complex and subject to interpretation, therefore the timing of the cash outflows for these provisions is uncertain.

Other provisions

Included are, among others, provisions for credit risk on surety and guarantees issued of €41 million (2022: €50 million).

Accounting estimates

In determining the likelihood and timing of potential cash outflows, HEINEKEN needs to make estimates. For claims, litigation and tax provisions, HEINEKEN bases its assessment on internal and external legal assistance and established precedents. For a large restructuring, management assesses the timing of the costs to be incurred, which influences the classification as current or non-current liabilities.

Accounting policies

A provision is a liability of uncertain timing or amount. A provision is recognised when HEINEKEN has a present legal or constructive obligation as a result of past events that can be estimated reliably, and it is probable (>50%) that an outflow of economic benefits will be required to settle the obligation. In the case of accounting for business combinations, provisions are also recognised when the likelihood is less than probable but more than remote (>5%).

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation, using a pre-tax rate that reflects the time value of money and the risks specific to the obligation. The increase in the provision due to the passage of time is recognised as part of net finance expenses.

The impact of climate change is also considered in identifying whether HEINEKEN has a present legal or constructive obligation related to fines or penalties.

Restructuring

A provision for restructuring is recognised when HEINEKEN has approved a detailed and formal restructuring plan, and the restructuring has either commenced or has been announced publicly. Future operating losses are not provided for. The provision includes the benefit commitments in connection with early retirement and redundancy schemes.

Onerous contracts

A provision for onerous contracts is recognised when the expected benefits to be received by HEINEKEN are lower than the unavoidable cost of meeting its obligations under the contract. The provision is measured at the present value of the lower of the expected cost of terminating the contract, and the expected net cost of continuing with the contract. Before a provision is established, HEINEKEN recognises any impairment loss on the assets associated with that contract.

Other provisions

A provision for guarantees is recognised at the time the guarantee is issued (refer to note 9.3 for the total guarantees outstanding). The provision is initially measured at fair value and subsequently at the higher of the amount determined in accordance with the expected credit loss model and the amount initially recognised.

9.3 Contingencies

HEINEKEN's contingencies are mainly in the area of tax, civil cases and guarantees.

Tax

The tax contingencies mainly relate to tax positions in Latin America and include a large number of cases with a risk assessment lower than probable but possible. Assessing the amount of tax contingencies is highly judgemental, and the timing of possible outflows is uncertain. The best estimate of tax-related contingent liabilities is €1,233 million (2022: €1,489 million), out of which €78 million (2022: €73 million) qualifies for indemnification. For several tax contingencies that were part of acquisitions, an amount of €188 million (2022: €173 million) has been recognised as provisions and other non-current liabilities in the balance sheet (refer to notes 9.2 and 8.5).

Other contingencies

Brazil civil cases

Part of other contingencies relates to civil cases in Brazil. Management's best estimate of the potential financial impact for these cases is €52 million (2022: €57 million).

Other

Part of other contingencies relate to two follow-on damage cases for a total amount claimed of €478 million, which arose as a result of the fine imposed by the Greek Competition Commission in 2014 against our subsidiary Athenian Brewery for alleged abuse of its dominant position. It is not possible to estimate the outcome of these claims with any degree of certainty for a number of reasons, including but not limited to the fact that (i) the question whether the Dutch courts can assume (international) jurisdiction over these claims, insofar they are made against Athenian Brewery, is pending before the Dutch Supreme Court, and (ii) Athenian Brewery and HEINEKEN have raised defences against these claims, both on procedural grounds and on the merits. The amount of these potential liabilities (if any) can therefore not be measured with sufficient reliability. There are no reimbursements applicable for these cases.

As at 31 December 2023, €26 million (2022: €37 million) of other contingencies related to acquisitions is included in provisions (refer to note 9.2).

Guarantees

In millions of €	**Total 2023**	Less than 1 year	1-5 years	More than 5 years	**Total 2022**
Guarantees to banks for loans (to third parties)	381	183	196	2	345
Other guarantees	1,115	271	708	136	2,093
Guarantees	**1,496**	**454**	**904**	**138**	2,438

Guarantees to banks for loans relate to loans and advances to customers, which are given to external parties in the ordinary course of business of HEINEKEN. HEINEKEN provides guarantees to the banks to cover the credit risk related to these loans (refer to note 9.2 for the provision for credit risk on these guarantees).

In 2022, other guarantees included a €1.1 billion guarantee issued concerning the offer to acquire Distell Group Holdings Limited.

Accounting estimates and judgements

HEINEKEN operates in a high number of jurisdictions and is subject to a wide variety of taxes per jurisdiction. Tax legislation can be highly complex and subject to interpretation. As a result, HEINEKEN is required to exercise significant judgement in the recognition of taxes payable and determination of tax contingencies.

Also for other contingencies including climate change, HEINEKEN is required to exercise judgement to determine whether the risk of loss is possible but not probable. Contingencies involve inherent uncertainties including, but not limited to, court rulings, negotiations between affected parties and governmental actions.

Accounting policies

A contingent liability is a liability of uncertain timing and amount. Contingencies are not recognised in the balance sheet because the existence can only be confirmed by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of HEINEKEN or because the risk of loss is estimated to be possible (>5%) but not probable (<50%) or because the amount cannot be measured reliably.

10. Acquisitions, disposals and investments

10.1 Acquisitions and disposals of subsidiaries and non-controlling interests

Acquisition of Distell and Namibia Breweries

On 14 April 2023, HEINEKEN obtained a controlling stake of 59.4% in NBL and on 26 April 2023, HEINEKEN fully acquired the operations of 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. Heineken Beverages is considered the CGU for goodwill impairment testing purposes.

Upon obtaining control, the existing equity interest in NBL (29.6%) was revalued to fair value (€179 million), 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 (refer to note 6.2).

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

In millions of €	Note	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 €	Note	Distell	NBL
Consideration transferred		1,230	358
Non-controlling interests		481	76
Net identifiable assets acquired		1,311	178
Goodwill on acquisition	8.1	**400**	**256**

€17 million of acquisition-related costs have been recognised in the income statement for the year ended 31 December 2023.

HEINEKEN considers the measurement period for acquiring control of Distell and NBL to be closed at 30 June 2023. Any adjustments afterwards will be recognised in the consolidated income statement (no such adjustments occurred during the second half-year of 2023).

The amount of revenue recognised for Distell and NBL after obtaining control amounts to €1,237 million; the amount of loss recognised after obtaining control amounts to €66 million. If control was obtained on 1 January 2023, revenue and profit for HEINEKEN would have been €37 billion and €2.4 billion respectively, for the year ended 31 December 2023.

Next to the acquisition of Distell and NBL, there were no other significant acquisitions of subsidiaries during 2023.

Disposal of Vrumona

On 29 September 2023, HEINEKEN completed the sale of soft drinks manufacturer Vrumona. As a result, a gain of €195 million has been recorded in 'Other income' in the income statement (refer to note 6.2).

Next to the sale of Vrumona and Russia disposal group classified as held for sale (refer to note 10.2), there were no other significant acquisitions or disposals of subsidiaries during 2023.

Acquisition/disposal of non-controlling interests

In 2023, transactions with non-controlling interests mainly consists of a transaction where HEINEKEN purchased 14,201 shares of Heineken Beverages (South Africa) (Pty) Ltd from Namibia Breweries Limited. This temporarily increased HEINEKEN's shareholding from 75% to 100%. Subsequently, as part of the acquisition of Distell (refer to note 10.1), this equity shareholding decreased to 65% which is recorded on the line 'Changes in consolidation' in the statement of changes in equity. The consideration paid for the acquisition of non-controlling interest in 2023 and the related equity impact are disclosed in the table below:

In millions of €	Consideration	Book value of non-controlling interest	Equity impact
Heineken Beverages (South Africa) (Pty) Ltd[1]	274	24	179
Other	20	(15)	35
Total	**294**	**9**	**214**

1 The equity impact includes an elimination of a €71 million gain reported in the share of profit of NBL on the sale of 25% equity stake in Heineken Beverages (South Africa) (Pty) Ltd to HEINEKEN.

Accounting estimates and judgements

The identification and valuation of acquired assets and liabilities in a business combination involves significant judgments and assumptions. The fair value of brands acquired is generally determined using either the multi-period excess earnings method (MEEM) or the relief from royalty method (RfR).

Accounting policies

When HEINEKEN obtains control over an entity, the initial accounting for its assets and liabilities is at fair value. The difference between the fair value of the consideration transferred (plus the fair value of any previously-held equity interest in the acquiree and the recognised amount of any non-controlling interests in the acquiree) and the net recognised amount of the identifiable assets acquired and liabilities assumed, is calculated. When the difference is negative, a bargain purchase gain is recognised immediately in the income statement. When the difference is positive, goodwill is recognised on the balance sheet.

Changes to the initial fair value of the acquired assets and liabilities, based on new information about the circumstances at the acquisition date, can be made up to a maximum of 12 months after the acquisition date.

Acquisition-related costs are directly expensed in the income statement.

Acquisitions of non-controlling interests are accounted for as transactions with owners in their capacity as owners and therefore no goodwill is recognised as a result. Adjustments to non-controlling interests arising from transactions that do not involve the loss of control are based on a proportionate amount of the net assets of the subsidiary.

10.2 Assets or disposal groups classified as held for sale

The assets and liabilities below are classified as held for sale for the year ended 31 December 2023:

In millions of €	2023	2022
Current assets	—	132
Property, plant and equipment	28	161
Intangible assets	—	5
Other non-current assets	—	17
Assets or assets of disposal group held for sale	**28**	315
Current liabilities	—	(173)
Non-current liabilities	—	(8)
Liabilities associated with assets classified as held for sale	**—**	(181)

Russia disposal group classified as held for sale

On 24 August 2023, HEINEKEN sold 100% of the Russia disposal group classified as held for sale for €1. This includes a commitment from the buyer to repay the historical intercompany debt of €103 million to HEINEKEN in instalments. The net loss on disposal as per 31 December 2023 amounts to €219 million, which mainly relates to the recycling of foreign currency translation reserve to profit or loss and a net impairment of €10 million (refer to note 6.6).

Accounting estimates and judgements

HEINEKEN classifies assets or disposal groups as held for sale when they are available for immediate sale in their present condition, are expected to be sold within 1 year, and the sale is highly probable. HEINEKEN should be committed to the sale and it should be unlikely that the plan to sell will be withdrawn. This might be difficult to demonstrate in practice and involves judgement.

Accounting policies

Assets or disposal groups comprising assets and liabilities, that are expected to be recovered primarily through sale rather than through continuing use are classified as held for sale. Immediately before classification as held for sale, the assets, or components of a disposal group, are measured at the lower of their carrying amount and fair value less cost to sell.

Intangible assets and P,P&E once classified as held for sale are not amortised or depreciated. In addition, equity accounting of equity-accounted investees ceases once classified as held for sale.

10.3 Investments in associates and joint ventures

HEINEKEN has interests in several joint ventures and associates. The total carrying amount of these associates and joint ventures was €4,130 million as at 31 December 2023 (2022: €4,296 million) and the total share of profit and other comprehensive income was a profit of €143 million in 2023 (2022: €177 million). The share of profit of associates and joint ventures includes an impairment loss of €8 million (2022: €4 million, impairment loss).

The associate CRH (Beer) Limited ('CBL') is considered to be individually material. HEINEKEN holds a shareholding of 40% in CBL as of 29 April 2019. CBL holds a controlling interest of 51.67% in China Resources Beer (Holdings) Co. Ltd. ('CR Beer'), a company incorporated in Hong Kong and listed on the Main Board of The Stock Exchange of Hong Kong Limited, operating in the beer business in China. Consequently, HEINEKEN has an effective 20.67% economic interest in CR Beer. Based on the closing share price of HKD34.20 as at 31 December 2023 (2022: HKD54.55), the fair value of this economic interest in CR Beer amounts to €2,657 million (2022: €4,398 million). The carrying amount of CBL as at 31 December 2023 amounts to €2,832 million (2022: €2,908 million).

Set out below is the summarised financial information of CR Beer, not adjusted for the percentage of ownership held by HEINEKEN. The financial information has been amended to reflect adjustments made by HEINEKEN when using the equity method (such as fair value adjustments). Due to a difference in reporting timelines, the financial information is included with a two-month delay. This means that the financial information included relates to the period November 2022-October 2023. The reconciliation of the summarised financial information to the carrying amount of the effective interest in CR Beer is also presented.

In millions of €	31 October 2023	31 October 2022
Summarised balance sheet (100%)		
Non-current assets	10,206	8,639
Current assets	1,692	2,291
Non-current liabilities	(2,390)	(1,809)
Current liabilities	(2,744)	(2,777)
Net assets	**6,764**	6,344
Reconciliation to carrying amount		
Opening net assets	6,342	6,046
Profit for the period	466	471
Other comprehensive income	(311)	88
Dividends paid	(250)	(256)
Other	517	(7)
Closing net assets	**6,764**	6,342
Heineken N.V.'s share in %	20.67 %	20.67 %
Heineken N.V.'s share	1,398	1,311
Goodwill	1,434	1,597
Carrying amount	**2,832**	2,908

In millions of €	November 2022 to October 2023	November 2021 to October 2022
Summarised income statement (100%)		
Revenue	5,023	5,198
Profit	**466**	471
Other comprehensive income	(311)	88
Total comprehensive income	**155**	559
Dividends received	52	52

Summarised financial information for equity-accounted joint ventures and associates

The following table includes, in aggregate, the carrying amount and HEINEKEN's share of profit and OCI of joint ventures and associates (net of income tax):

	Joint ventures		Associates[1]	
In millions of €	**2023**	2022	**2023**	2022
Carrying amount of interests	**934**	953	**3,196**	3,343
Share of:				
Profit from continuing operations	71	64	147	159
Other comprehensive income	(56)	17	(19)	(63)
	15	81	**128**	96

1 Includes the investment in CR Beer, which is considered to be individually material. The other joint ventures and associates are considered to be individually immaterial.

Accounting policies

Associates are entities in which HEINEKEN has significant influence, but not control or joint control. Significant influence is generally obtained by ownership of more than 20% but less than 50% of the voting rights. Joint ventures (JVs) are the arrangements in which HEINEKEN has joint control.

HEINEKEN's investments in associates and JVs are accounted for using the equity method of accounting, meaning they are initially recognised at cost. The consolidated financial statements include HEINEKEN's share of the net profit or loss of the associates and JVs whereby the result is determined using the accounting policies of HEINEKEN.

When HEINEKEN's share of losses exceeds the carrying amount of the associate or joint venture, the carrying amount is reduced to nil and recognition of further losses is discontinued except to the extent that HEINEKEN has an obligation or has made a payment on behalf of the associate or JV.

At each reporting date, HEINEKEN reviews its investments in associates and JVs to determine whether there is any indication of impairment. A significant or prolonged decline in the fair value of the investment below its cost is also considered in assessing for any indication of impairment. If any such indication exists, an impairment test is performed (refer to note 8.1).

11. Financing and capital structure

11.1 Net finance income and expense

Interest expenses are mainly related to interest charges over the outstanding bonds, commercial paper and bank loans (refer to note 11.3). Other net finance income and expenses comprise dividend income, fair value changes of financial assets and liabilities measured at fair value, transactional foreign exchange gains and losses (on a net basis), monetary gain resulting from hyperinflation accounting, unwinding of discount on provisions and interest on the net defined benefit obligation.

In millions of €	Note	2023	2022
Interest income		**90**	74
Interest expenses		(640)	(458)
Dividend income from fair value through OCI investments		7	7
Net change in fair value of derivatives		(85)	67
Net foreign exchange gain/(loss)[1]		(323)	(121)
Net monetary gain arising from hyperinflationary economies		79	94
Unwinding discount on provisions	9.2	(13)	(15)
Interest on the net defined benefit obligation	9.1	(21)	(14)
Other		(19)	30
Other net finance income/(expenses)		**(375)**	48
Net finance income/(expenses)		**(925)**	(336)

1 Transactional foreign exchange effects of working capital and foreign currency-denominated borrowings.

Interest expenses include the interest component of lease liabilities of €58 million (2022: €49 million).

In 2023, a net monetary gain was recognised related to applying hyperinflation accounting in Ethiopia and Haiti.

Accounting policies

Interest income and expenses are recognised as they accrue, using the effective interest method.

Dividend income is recognised in the income statement on the date that HEINEKEN's right to receive payment is established, which is the ex-dividend date in the case of quoted securities.

11.2 Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits. In general bank overdrafts form an integral part of HEINEKEN's cash management and are included as a component of cash and cash equivalents in the statement of cash flows.

In millions of €	Note	2023	2022
Cash and cash equivalents		2,377	2,765
Bank overdrafts	11.3	(952)	(1,147)
Cash and cash equivalents in the statement of cash flows		**1,425**	1,618

For more information on HEINEKEN's liquidity risk exposure refer to note 11.5.

The following table presents recognised 'Cash and cash equivalents' and 'Bank overdrafts', and the impact of the netting of gross amounts. The 'Net amount' below refers to the impact on HEINEKEN's balance sheet if all amounts subject to legal offset rights are netted.

In millions of €	Gross amounts	Net amounts presented in the statement of financial position	Amounts subject to legal offset rights	Net amount
2023				
Assets				
Cash and cash equivalents	2,377	2,377	(512)	1,865
Liabilities				
Bank overdrafts	(952)	(952)	512	(440)
2022				
Assets				
Cash and cash equivalents	2,765	2,765	(792)	1,973
Liabilities				
Bank overdrafts	(1,147)	(1,147)	792	(355)

HEINEKEN operates in several territories where there is limited availability of foreign currency resulting in restrictions on remittances. Mainly as a result of these restrictions, €478 million (2022: €418 million) of cash included in cash and cash equivalents is restricted for use by HEINEKEN, yet available for use in the relevant subsidiary's day-to-day operations.

Accounting policies

Cash and cash equivalents are initially recognised at fair value and subsequently at amortised cost.

HEINEKEN has cash pooling arrangements with legally enforceable rights to offset cash and overdraft balances. Where there is an intention to settle on a net basis, cash and overdraft balances relating to the cash pooling arrangements are reported on a net basis in the statement of financial position.

11.3 Borrowings

HEINEKEN mainly uses bonds, commercial paper and bank loans to ensure sufficient financing to support its operations. Net interest-bearing debt is the key metric for HEINEKEN to measure its indebtedness.

				2023			2022
In millions of €	Note	Non-current	Current	**Total**	Non-current	Current	Total
Unsecured bond issues		12,751	1,458	14,209	11,691	1,075	12,766
Lease liabilities		961	306	1,267	905	336	1,241
Bank loans		240	286	526	197	114	311
Other interest-bearing liabilities		94	699	793	100	255	355
Deposits from third parties[1]		—	491	491	—	557	557
Bank overdrafts		—	952	952	—	1,147	1,147
Total borrowings		**14,046**	**4,192**	**18,238**	12,893	3,484	16,377
Market value of cross-currency interest rate swaps	11.5			(3)			(17)
Other investments				(23)			(64)
Cash and cash equivalents	11.2			(2,377)			(2,765)
Net debt				**15,835**			13,531

1 Mainly employee deposits.

As at 31 December 2023, €87 million of the €526 million of bank loans is secured (2022: €82 million). Other interest-bearing liabilities includes €500 million of centrally issued commercial paper (2022: €0 million).

In millions of €	Unsecured bond issues	Lease liabilities	Bank loans	Other interest-bearing liabilities	Deposits from third parties	Derivatives used for financing activities	Assets and liabilities used for financing activities
Balance as at 1 January 2023	**12,766**	**1,241**	**311**	**355**	**557**	**(17)**	**15,213**
Consolidation changes	—	66	201	3	1	—	271
Effect of movements in exchange rates	(82)	26	(27)	(227)	—	17	(293)
Addition of leases	—	348	—	—	—	—	348
Proceeds	2,598	—	1,104	2,991	58	—	6,751
(Re)payments	(1,087)	(390)	(1,067)	(2,325)	(126)	(3)	(4,998)
Interest paid over lease liability	—	(58)	—	—	—	—	(58)
Other	14	34	4	(4)	1	—	49
Balance as at 31 December 2023	**14,209**	**1,267**	**526**	**793**	**491**	**(3)**	**17,283**

In millions of €	Unsecured bond issues	Lease liabilities	Bank loans	Other interest-bearing liabilities	Deposits from third parties	Derivatives used for financing activities	Assets and liabilities used for financing activities
Balance as at 1 January 2022	13,535	1,106	767	211	562	33	16,214
Consolidation changes	—	27	17	41	(60)	—	25
Effect of movements in exchange rates	208	35	(7)	(31)	4	(50)	159
Addition of leases	—	428	—	—	—	—	428
Proceeds	—	—	332	258	54	—	644
(Re)payments	(987)	(305)	(882)	(45)	(3)	—	(2,222)
Interest paid over lease liability	—	(49)	—	—	—	—	(49)
Other	10	(1)	84	(79)	—	—	14
Balance as at 31 December 2022	12,766	1,241	311	355	557	(17)	15,213

Changes in borrowings

In 2023, the increase in borrowings is mainly due to proceeds from new bonds, bank loans and commercial paper, which exceeded the repayments.

Cash flows from financing activities are mainly generated by bonds, commercial paper, bank loans and other interest-bearing liabilities presented above. Additionally, HEINEKEN also uses derivatives related to its financing, which can be recognised as assets or liabilities. The above table details the reconciliation of the liabilities and assets arising from financing activities to the cash flow from financing activities. Bank overdrafts form an integral part of HEINEKEN's cash management and are included as a component of cash and cash equivalents in the statement of cash flows. For more information on derivatives refer to note 11.6.

The average effective interest rate on the net debt position as at 31 December 2023 was 3.4% (2022: 2.8%). The average maturity of the bonds as at 31 December 2023 was 7 years (2022: 7 years).

Centrally available financing headroom

The centrally available financing headroom at Group level was approximately €3.2 billion as at 31 December 2023 (2022: €3.6 billion) and consisted of the undrawn part of the committed €3.5 billion revolving credit facility and centrally available cash minus centrally issued commercial paper and short-term bank borrowings at group level.

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 year period ended 31 December 2023, HEINEKEN secured additional financing by issuing the following notes, which are included in the unsecured bond issues:

Date of placement	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
8 November 2023	€600 million of 3-year Notes with a coupon of 3.625%	15 November 2026

Accounting estimates and judgements

Judgement is required to determine the lease term and the incremental borrowing rate. The assessment of whether HEINEKEN is reasonably certain to exercise extension options or not to make use of termination options impacts the lease term, which as a result could affect the amount of lease liabilities recognised. The assumptions used in the determination of the incremental borrowing rate could impact the rate used in discounting future payments, which as a result could have an impact on the amount of lease liabilities recognised.

Accounting policies

Borrowings

Borrowings are initially measured at fair value less transaction costs. Subsequently, the borrowings are measured at amortised cost using the effective interest rate method. Borrowings included in a fair value hedge are stated at fair value in respect of the risk being hedged.

Borrowings for which HEINEKEN has an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date are classified as non-current liabilities. For the accounting policy on cash and cash equivalents and derivatives refer to notes 11.2 and 11.6, respectively.

Lease liabilities

Lease liabilities are measured at the present value of the lease payments to be paid during the lease term, discounted using the incremental borrowing rate. Lease liabilities are subsequently increased by the interest cost on the lease liabilities and decreased by lease payments made. The lease liabilities will be remeasured when there is a change in the amount to be paid (e.g. due to indexation) or when there is a change in the assessment of the lease terms.

The incremental borrowing rate (IBR) is determined on a country level. For each country, there are separate rates depending on the contract currency and the term of the lease. The IBR is calculated based on the local risk-free rate plus a country default spread and a credit spread.

The lease term is determined as the non-cancellable period of a lease, together with:

- Periods covered by a unilateral option to extend the lease if HEINEKEN is reasonably certain to make use of that option
- Periods covered by an option to terminate the lease if HEINEKEN is reasonably certain not to make use of that option

HEINEKEN applies the following practical expedients for the recognition of leases:

- Apply a single discount rate per country to a portfolio of leases with reasonably similar characteristics
- Include non-lease components in the lease liability for equipment leases

11.4 Capital and reserves

Share capital

Refer to the table below for the Company's issued share capital as at 31 December. All issued shares are fully paid.

	2023		2022	
Share capital	Shares of €1.60	Nominal value in millions of €	Shares of €1.60	Nominal value in millions of €
1 January	**288,030,168**	**461**	288,030,168	461
Changes	—	—	—	—
31 December	**288,030,168**	**461**	288,030,168	461

The Company's authorised capital amounts to €1.5 billion, consisting of 937,500,000 shares of €1.60 nominal value (2022: 937,500,000 shares of €1.60 nominal value).

Shareholders are entitled to receive dividends as declared from time to time and are entitled to one vote per share at shareholder meetings of the Company. In respect of the Heineken Holding N.V. shares that are held by Heineken N.V., rights are suspended.

Share premium

As at 31 December 2023, the share premium amounted to €1,257 million (2022: €1,257 million).

Translation reserve

The translation reserve comprises foreign currency differences arising from the translation of the assets and liabilities of foreign operations of HEINEKEN (excluding amounts attributable to non-controlling interests) as well as value changes of the hedging instruments in the net investment hedges. HEINEKEN considers this a legal reserve.

Hedging reserve

This reserve comprises the effective portion of the cumulative net change in the fair value of cash flow hedging instruments where the hedged transaction has not yet occurred. HEINEKEN considers this a legal reserve.

Fair value reserve

This reserve comprises the cumulative net change in the fair value of FVOCI equity investments. HEINEKEN transfers amounts from this reserve to retained earnings when the relevant equity securities are derecognised. HEINEKEN considers this a legal reserve.

Other legal reserves

These reserves relate to the share of profit of joint ventures and associates over the distribution of which HEINEKEN does not have control. The movement in these reserves reflects the share of profit of joint ventures and associates minus dividends received. For retained earnings of subsidiaries that cannot be freely distributed due to legal or other restrictions, a legal reserve is recognised. Furthermore, part of the reserve comprises a legal reserve for capitalised development costs.

Reserve for own shares

The reserve for own shares comprises the treasury shares held by HEINEKEN. Refer to the table below with the changes in 2023. The increase relates to the purchase of Heineken Holding N.V. shares by Heineken N.V. from FEMSA as part of the accelerated bookbuild offering (refer to note 13.3).

Own shares held	Number of shares
1 January 2023	**—**
Changes	5,156,781
31 December 2023	**5,156,781**

Purchase Heineken N.V. shares by Heineken N.V.

Refer to the table below with the changes in 2023 in Heineken N.V. shares held by Heineken N.V. The increase mainly relates to the purchase of Heineken N.V. shares by Heineken N.V. from FEMSA as part of the accelerated bookbuild offering (refer to note 13.3).

This results in an increased interest in shareholding by Heineken Holding N.V. The related dilution effect has been recognised directly in equity.

Heineken N.V. shares held by Heineken N.V.	Number of shares
1 January 2023	**684,401**
Changes	9,891,244
31 December 2023	**10,575,645**

Dividends

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

In millions of €	2023	2022
Final dividend previous year €1.23, respectively €0.96 per qualifying share	350	277
Interim dividend current year €0.69, respectively €0.50 per qualifying share	195	144
Total dividend declared and paid	**545**	421

For 2023, a payment of a total cash dividend of €1.73 per share (2022: €1.73) will be proposed at the AGM on 25 April 2024. If approved, the final dividend of €1.04 will be paid on 7 May 2024, as an interim dividend of €0.69 per share was paid on 10 August 2023. The payment will be subject to a 15% Dutch withholding tax.

Pursuant to Article 10, paragraph 6, of the Articles of Association of Heineken Holding N.V., holders of Heineken Holding N.V. shares receive the same dividend as holders of Heineken N.V. shares.

After the balance sheet date, the Board of Directors announced the following appropriation of profit. The dividends, taking into account the interim dividends declared and paid, have not been provided for.

In millions of €	2023	2022
Dividend per qualifying share €1.73 (2022: €1.73)	489	494
Addition to retained earnings	685	849
Net profit	**1,174**	1,343

Non-controlling interests in the activities and cash flows of Heineken N.V.

In millions of €	2023	2022
NCI percentage[1]	**49.060%**	49.936%
Non-current assets	43,359	41,391
Current assets	11,399	11,015
Non-current liabilities	(17,538)	(16,296)
Current liabilities	(14,825)	(14,190)
Net assets	**22,395**	21,920
Carrying amount of NCI	**9,928**	9,857
Net revenue	**30,362**	28,719
Profit	**2,401**	3,039
OCI	(464)	302
Total comprehensive income	**1,937**	3,341
Profit allocated to NCI[2]	**1,130**	1,339
OCI allocated to NCI[2]	**(135)**	179
Cash flow from operating activities	4,430	4,496
Cash flow from investing activities	(3,576)	(2,286)
Cash flow from financing activities	(816)	(3,127)
Net increase (decrease) in cash and cash equivalents	**38**	(917)
Final dividend previous year	693	552
Interim dividend current year	387	288
Total dividend	**1,080**	840
Dividend allocated to NCI	**535**	419

1 Of which 0% (2022: 8.632%) relates to FEMSA and 48.204% (2022: 41.363%) to the public.
2 Calculated based on 49.060% (2022: 49.936%) of the equity attributable to Heineken N.V.

Non-controlling interests in Heineken N.V. group companies

The non-controlling interests (NCI) relate to minority stakes held by third parties in HEINEKEN consolidated subsidiaries. The total NCI as at 31 December 2023 amounted to €2,733 million (2022: €2,369 million), refer to note 10.1 for more information.

Capital management

Heineken Holding N.V.'s capital management is strongly related to Heineken N.V.'s capital management because every Heineken N.V. share held by Heineken Holding N.V. is matched by one share issued at the level of Heineken Holding N.V. This enables Heineken N.V. to pursue its long-term policy in the interest of the Heineken N.V. shareholders.

There were no major changes in Heineken Holding N.V.'s approach to capital management during the year. The policy of the Board of Directors of Heineken Holding N.V. is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business and acquisitions of Heineken N.V.

Heineken Holding N.V. is not subject to externally imposed capital requirements other than the legal reserves.

Pursuant to Article 10, paragraph 6, of the Articles of Association of Heineken Holding N.V., holders of Heineken Holding N.V. shares receive the same dividend as holders of Heineken N.V. shares.

Accounting policies

Shares are classified as equity. When share capital recognised as equity is repurchased, the amount of the consideration paid, which includes directly attributable costs, is net of any tax effects recognised as a deduction from equity. Repurchased shares recorded at purchase price are classified as treasury shares and are presented in the reserve for own shares.

When treasury shares are sold or reissued subsequently, the amount received is recognised as an increase in equity, and the resulting surplus or deficit on the transaction is transferred to or from retained earnings.

Dividends are recognised as a liability in the period in which they are declared.

11.5 Credit, liquidity and market risk

This note summarises the financial risks that HEINEKEN is exposed to, and HEINEKEN's policies and processes that are in place for managing these risks. For more information on derivatives used in managing risk refer to note 11.6.

Risk management framework

The Executive Board of Heineken N.V. sets rules and monitors the adequacy of HEINEKEN's risk management and control systems. These systems are regularly reviewed to reflect changes in market conditions and HEINEKEN's activities.

Managing the financial risks and financial resources includes the use of derivatives, primarily spot and forward exchange contracts, options and interest rate swaps. It is HEINEKEN's policy not to enter into speculative transactions.

In the normal course of business HEINEKEN is exposed to the following financial risks:

- Credit risk
- Liquidity risk
- Market risk

Credit risk

Credit risk is the risk of a loss to HEINEKEN when a customer or counterparty fails to pay.

All local operations are required to comply with the Global Credit Policy and develop local credit management procedures accordingly. HEINEKEN reviews and updates the Global Credit Policy periodically to ensure that adequate controls are in place to mitigate credit risk.

Credit risk arises mainly from HEINEKEN's receivables from customers like trade receivables, loans to customers and advances to customers. At the balance sheet date, there were no significant concentrations of credit risk.

Loans and advances to customers

HEINEKEN's loans and receivables include loans and advances to customers. Loans and advances to customers are usually backed by collateral such as properties. HEINEKEN charges interest on loans to its customers.

Trade and other receivables

HEINEKEN's local management has credit policies in place and the exposure to credit risk is monitored on an ongoing basis. Under these policies, all customers requiring credit above a certain amount are reviewed and new customers are analysed individually for creditworthiness before HEINEKEN's standard payment and delivery terms and conditions are offered. This review can include external ratings, where available, and in some cases bank references. Credit limits are determined for each customer and are reviewed regularly. Customers that fail to meet HEINEKEN's credit requirements transact only with HEINEKEN on either a prepayment or cash on delivery basis.

Customers are monitored, on a country basis, according to their credit risk characteristics. A distinction is made between individuals and legal entities, type of distribution channel, geographic location, ageing profile, maturity and existence of previous financial difficulties.

HEINEKEN has a policy in place in respect of compliance with Anti-Money Laundering Laws. HEINEKEN considers it important to know with whom business is done and from whom payments are received.

Allowances

HEINEKEN establishes allowances for impairment of loans and advances to customers, trade and other receivables using an expected credit losses model. These allowances cover specific loss components that relate to individual exposures, and a collective loss component established for groups of similar customers. The collective loss allowance is determined based on historical data of payment statistics and updated periodically to incorporate forward-looking information.

The loans and advances to customers, trade and other receivables are written off when there is no reasonable expectation of recovery.

Due to the macro-economic environment and uncertainties including increasing inflationary pressure on HEINEKEN's customers, judgement is required in the calculation of expected credit losses. As part of these assessments, HEINEKEN has incorporated all reasonable and supportable information available such as whether there has been a breach of payment terms or deterioration of payment against payment terms, a request for extended payment terms or a request for waived payment terms.

Investments

HEINEKEN invests centrally available cash balances in deposits and liquid investments with various counterparties that have strong credit ratings. HEINEKEN actively monitors these credit ratings.

Guarantees

HEINEKEN's policy is to avoid issuing guarantees unless this leads to substantial benefits for HEINEKEN. For some loans to customers HEINEKEN does issue guarantees. In these cases, HEINEKEN aims to receive security from the customer to limit the credit risk exposure.

Heineken N.V. has issued a joint and several liability statements to the provisions of Section 403, Part 9, Book 2 of the Dutch Civil Code with respect to legal entities established in the Netherlands. Refer to note A.1 of the Heineken N.V. Company Financial Statements.

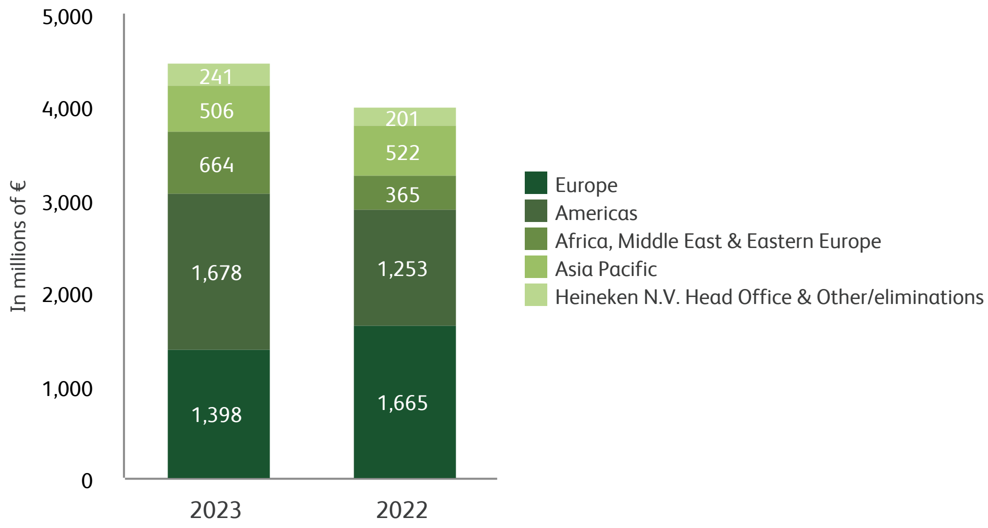
Exposure to credit risk

The maximum exposure to credit risk as at 31 December is as follows:

In millions of €	Note	2023	2022
Cash and cash equivalents	11.2	2,377	2,765
Trade and other receivables, excluding prepayments	7.2	4,487	4,006
Derivative assets	11.6	91	126
Fair value through OCI investments	8.5	14	76
Loans and advances to customers	8.3	239	216
Other non-current receivables	8.5	331	321
Guarantees to banks for loans (to third parties)	9.3	381	345
		7,920	7,855

The exposure to credit risk by segment for trade and other receivables excluding prepayments is as follows:

Exposure to credit risk



Liquidity risk

Liquidity risk is the risk that HEINEKEN will have difficulties meeting payment obligations associated with its financial liabilities, like payment of financial debt or trade payables when they are due. HEINEKEN's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient funds to meet its liabilities when due without incurring unacceptable losses. HEINEKEN has strict credit policies in place, which help safeguard liquidity especially in macro-economic downturn.

HEINEKEN remains focused on ensuring sufficient access to capital markets to finance long-term growth and to refinance maturing debt obligations. HEINEKEN seeks to align the maturity profile of its long-term debts with its forecasted cash flow generation. More information about borrowing facilities is presented in note 11.3. Furthermore, strong cost and cash management, as well as controls over investment proposals, are in place.

Contractual maturities

The following table presents an overview of the expected timing of cash-out and inflows of non-derivative financial liabilities and derivative financial assets and liabilities, including interest payments.

In millions of €	Carrying amount	Contractual cash flows	Less than 1 year	1-5 years	More than 5 years
2023					
Financial liabilities					
Interest-bearing liabilities	(16,972)	(19,955)	(4,322)	(6,711)	(8,922)
Lease liabilities	(1,267)	(1,756)	(350)	(704)	(702)
Trade and other payables and returnable packaging deposits (excluding interest payable, dividends and including non-current part)	(9,749)	(9,749)	(9,698)	(49)	(2)
Derivative financial assets and (liabilities)					
Cross-currency interest rate swaps	3	(50)	(7)	(27)	(16)
Forward exchange contracts	(55)	(99)	(99)	—	—
Commodity derivatives	(10)	(10)	(10)	—	—
Other derivatives	17	32	5	15	12
Total	**(28,033)**	**(31,587)**	**(14,481)**	**(7,476)**	**(9,630)**
2022					
Financial liabilities					
Interest-bearing liabilities	(15,135)	(17,749)	(3,524)	(5,815)	(8,410)
Lease liabilities	(1,241)	(1,682)	(376)	(670)	(636)
Trade and other payables and returnable packaging deposits (excluding interest payable, dividends and including non-current part)	(9,639)	(9,639)	(9,596)	(40)	(3)
Derivative financial assets and (liabilities)					
Cross-currency interest rate swaps	17	(31)	(6)	(19)	(6)
Forward exchange contracts	24	(23)	(25)	2	—
Commodity derivatives	(79)	(82)	(75)	(7)	—
Other derivatives	36	74	9	35	30
Total	(26,017)	(29,132)	(13,593)	(6,514)	(9,025)

For more information on the derivative assets and liabilities refer to note 11.6.

Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates, commodity prices and equity prices, will adversely affect HEINEKEN's income or the value of its financial instruments. In 2023, HEINEKEN continued to witness volatility in financial and commodity markets. The objective of HEINEKEN's market risk management is to manage and control market risk exposures within acceptable boundaries.

HEINEKEN enters into derivatives and other financial liabilities to manage market risks. Generally, HEINEKEN seeks to apply hedge accounting or establish natural hedges to minimise the impact of market risks in profit or loss. Foreign currency, interest rate and commodity hedging operations are governed by internal policies and rules.

Foreign currency risk

HEINEKEN is exposed to:

- Transactional risk on (future) sales, working capital, (future) purchases, deposits, borrowings and dividends denominated in a currency other than the respective functional currencies of HEINEKEN entities
- Translational risk, which is the risk resulting from the translation of foreign operations into the reporting currency of HEINEKEN

The main currencies that give rise to this risk are the US Dollar, Mexican Peso, Brazilian Real, British Pound, Vietnamese Dong, Nigerian Naira and Euro. In 2023, the transactional foreign exchange risk was hedged in line with the hedging policy to the extent possible. Mainly due to the development of the Nigerian Naira, the overall transactional impact was negative, whereas the translational impact was slightly positive for HEINEKEN.

In managing foreign currency risk, HEINEKEN aims to ensure the availability of foreign currencies and to reduce the impact of short-term fluctuations on earnings. Over the longer term, however, permanent changes in foreign exchange rates and the availability of foreign currencies, especially in emerging markets, will have an impact on profit.

HEINEKEN hedges up to 90% of its net US Dollar export cash flows on the basis of rolling cash flow forecasts of sales and purchases. Material cash flows in other foreign currencies are also hedged on the basis of rolling cash flow forecasts. For this hedging, HEINEKEN mainly uses forward exchange contracts. The majority of the forward exchange contracts have maturities of less than one year after the balance sheet date.

HEINEKEN has a clear policy on hedging transactional exchange risks. Translation exchange risks are hedged to a limited extent, as the underlying currency positions are generally considered to be long-term in nature. The result of the hedging of translation risk, using net investment hedges is recognised in the translation reserve, as can be seen in the consolidated statement of comprehensive income.

HEINEKEN's policy is to hedge material recognised transactional exposure like trade payables, receivables, borrowings and declared dividends. For material unrecognised transactional exposures like forecasted sales in foreign currencies, HEINEKEN hedges the exposure between agreed percentages according to the policy.

It is HEINEKEN’s policy to provide intra-HEINEKEN financing in the functional currency of subsidiaries where possible to prevent foreign currency exposure on a subsidiary level. The resulting exposure at Group level is hedged by means of foreign-currency denominated external debts and by forward exchange contracts. Intra-HEINEKEN financing in foreign currencies is mainly in British Pound, US Dollar and Swiss Franc. In some cases, HEINEKEN elects to treat intra-HEINEKEN financing with a permanent character as equity and does not hedge the foreign currency exposure.

HEINEKEN has financial liabilities in foreign currencies like US Dollar and British Pound to hedge local operations, which generate cash flows that have the same or closely correlated functional currencies. The corresponding interest on these liabilities is also denominated in currencies that match the cash flows generated by the underlying operations of HEINEKEN.

In respect of other monetary assets and liabilities denominated in currencies other than the functional currencies of HEINEKEN, HEINEKEN ensures that its net exposure is kept to an acceptable level by buying or selling foreign currencies at spot rates when necessary to address short-term imbalances.

Exposure to foreign currency risk

Based on notional amounts, HEINEKEN's transactional exposure to the US Dollar and Euro as at 31 December is as follows. The Euro column relates to transactional exposure to the Euro within subsidiaries which are reporting in other currencies. The amounts below include intra-HEINEKEN cash flows.

	2023		2022	
In millions	EUR	USD	EUR	USD
Financial assets	146	3,506	213	4,106
Financial liabilities	(2,373)	(3,323)	(2,730)	(4,480)
Gross balance sheet exposure	**(2,227)**	**183**	(2,517)	(374)
Estimated forecast sales next year	180	1,221	171	1,258
Estimated forecast purchases next year	(2,559)	(2,590)	(2,626)	(2,612)
Gross exposure	**(4,606)**	**(1,186)**	(4,972)	(1,728)
Net notional amounts foreign exchange contracts	573	697	426	1,057
Net exposure	**(4,033)**	**(489)**	(4,546)	(671)
Sensitivity analysis				
Equity	(136)	66	(172)	53
Profit/(Loss)	(37)	(13)	(67)	(10)

The sensitivity analysis above shows the impact on equity and profit of a 10% strengthening of the US Dollar against the Euro or, in the case of the Euro, a strengthening of the Euro against all other currencies as at 31 December 2023. This analysis assumes that all other variables, in particular interest rates, remain constant. In the case of a 10% weakening, the effects are equal but with an opposite effect.

Interest rate risk

Interest rate risk is the risk that changes in market interest rates affect the fair value or cash flows of a financial instrument. The most significant interest rate risk for HEINEKEN relates to borrowings (note 11.3). The increasing interest rate environment during 2023 resulted in a higher average effective interest rate on the net debt position of HEINEKEN (note 11.3).

By managing interest rate risk, HEINEKEN aims to reduce the impact of short-term fluctuations on earnings. Over the longer term, however, permanent changes in interest rates will have an impact on profit.

HEINEKEN opts for a mix of fixed and variable interest rate financial instruments like bonds, commercial paper and bank loans, combined with the use of derivative interest rate instruments. Currently, HEINEKEN's interest rate position is more weighted towards fixed than floating. Interest rate derivative instruments that can be used are (cross-currency) interest rate swaps, forward rate agreements, caps and floors.

Interest rate risk – profile

At the reporting date, the interest rate profile of HEINEKEN's interest-bearing financial instruments is as follows:

In millions of €	**2023**	2022
Fixed rate instruments		
Financial assets	222	171
Financial liabilities	(16,304)	(14,285)
Cross-currency interest rate swaps	—	469
	(16,082)	(13,645)
Variable rate instruments		
Financial assets	2,765	3,186
Financial liabilities	(1,935)	(2,092)
Cross-currency interest rate swaps	—	(463)
	830	631

Cash flow sensitivity analysis for variable rate instruments

A change of 100 basis points in interest rates constantly applied during the reporting period would not have a material impact on equity and profit or loss.

Commodity price risk

Commodity price risk is the risk that changes in the prices of commodities will affect HEINEKEN's cost. The objective of commodity price risk management is to manage and control commodity risk exposures within acceptable parameters, giving forward guidance of key input costs to allow for business planning. The main commodity exposure relates to the purchase of aluminium cans, glass bottles, malt and utilities. Commodity price risk is in principle mitigated by negotiating fixed prices in supplier contracts with various contract durations.

Another method to mitigate commodity price risk is by entering into commodity derivatives. HEINEKEN enters into commodity derivatives for hedging aluminium and natural gas, and to a certain extent other derivatives for commodities like fuel, corn and sugar. HEINEKEN does not enter into commodity contracts other than to meet HEINEKEN's expected usage and sale requirements.

Sensitivity analysis for aluminium hedges

Despite the increased prices of aluminium, a 10% change in the market price of aluminium would not have a material impact on equity.

11.6 Derivative financial instruments

HEINEKEN uses derivatives in order to manage market risks. Refer to the table below for the fair value of derivatives recorded on the balance sheet of HEINEKEN as per reporting date:

	2023		2022	
In millions of €	Asset	Liability	Asset	Liability
Current	58	(132)	70	(119)
Non-current[1]	33	(4)	56	(9)
	91	**(136)**	126	(128)

1 Non-current derivative assets and liabilities are part of 'Other non-current assets' (note 8.5) and 'Other non-current liabilities' respectively.

Generally, HEINEKEN seeks to apply hedge accounting or make use of natural hedges in order to minimise profit and loss or cash flow volatility. Refer to the table below for derivatives that are used in hedge accounting:

	2023		2022	
In millions of €	Asset	Liability	Asset	Liability
No hedge accounting - Other	40	(32)	59	(6)
Cash flow hedge - Forwards	25	(71)	46	(40)
Cash flow hedge - Commodity forwards	23	(33)	2	(81)
Fair value hedge - CCIRS	—	—	4	—
Net investment hedge - CCIRS	3	—	13	—
Net investment hedge - Forwards	—	—	2	(1)
	91	**(136)**	126	(128)

Cash flow hedges

The hedging of future, highly probable forecasted transactions are designated as cash flow hedges. Cash flow hedges are entered into to cover commodity price risk and transactional foreign exchange risk.

Net investment hedges

HEINEKEN hedges its investments in certain subsidiaries by entering into local currency-denominated borrowings, forward contracts and cross-currency interest rate swaps, which mitigate the foreign currency translation risk arising from the subsidiaries net assets. These borrowings, forward contracts and swaps are designated as net investment hedges and fully effective, as such, there was no ineffectiveness recognised in profit and loss in 2023 (2022: nil). As at 31 December 2023, the fair value of these borrowings was €120 million (2022: €33 million), the market value of forward contracts was €0 million (2022: €1 million positive) and the market value of these swaps was €3 million positive (2022: €13 million positive).

Fair value hedges

HEINEKEN had entered into several cross-currency interest rate swaps (CCIRS) which were designated as fair value hedges to hedge the foreign exchange rate risk on the principal amount and future interest payments of certain US Dollar borrowings. The underlying borrowing was repaid and the cross-currency interest rate swaps were settled in April 2023.

Hedge effectiveness

Hedge effectiveness is determined at the start of the hedge relationship and periodically through a prospective effectiveness assessment to ensure that an economic relationship exists between the hedged item and the hedging instrument. This assessment is done qualitatively by comparing the critical terms, and if needed quantitative assessments are done using hypothetical derivatives. For the current hedges, no hedge ineffectiveness is expected.

Accounting policies

Derivative financial instruments are recognised initially at fair value. Subsequent accounting for derivatives depends on whether or not the derivatives are designated as hedging instruments in a cash flow, fair value or net investment hedge. Derivatives with positive fair values are recorded as assets and negative fair values as liabilities. Refer to note 13.1 for fair value measurements.

Virtual power purchase agreements

Virtual power purchase agreements (such as power purchase agreements with a net settlement mechanism and no physical delivery of energy) are accounted for at fair value and are included as part of derivatives assets and liabilities. Reference is made to note 6.3 for the accounting policy on power purchase agreements where the own-use exemption can be applied.

Cash flow hedge

Changes in the fair value of the hedging instrument are recognised in other comprehensive income and presented in the hedging reserve within equity to the extent that the hedge is effective. The ineffective part is recognised as other net finance income/(expense). When the hedged risk impacts the profit or loss, the amounts previously recognised in other comprehensive income are recycled through other comprehensive income and transferred to the same item in the profit or loss as the hedged item. When the hedged risk subsequently results in a non-financial asset or liability (e.g. inventory or P,P&E), the amount previously recognised in the cash flow hedge reserve is directly included in its carrying amount and does not affect other comprehensive income.

Fair value hedge

The fair value changes of derivatives used in fair value hedges are recognised in profit or loss.

Net investment hedge

The fair value changes of derivatives used in net investment hedges are recognised in other comprehensive income and presented within equity in the translation reserve. Any ineffectiveness is recognised in profit or loss.

12. Tax

12.1 Income tax expense

Recognised in profit or loss

In millions of €	2023	2022
Current tax expense		
Current year	982	1,056
Under/(over) provided in prior years	(10)	(12)
	972	1,044
Deferred tax expense		
Origination and reversal of temporary differences, tax losses and tax credits	(147)	78
De-recognition/(recognition) of deferred tax assets	(674)	(11)
Effect of changes in tax rates	(4)	12
Under/(over) provided in prior years	(26)	8
	(851)	87
Total income tax expense in profit or loss	**121**	1,131

Reconciliation of the effective tax rate

In millions of €	2023	2022
Profit before income tax	2,522	4,170
Share of profit of associates and joint ventures	(218)	(223)
Profit before income tax excluding share of profit of associates and joint ventures	**2,304**	3,947

	%	2023	%	2022
Income tax using the Company's domestic tax rate	25.8	594	25.8	1,018
Effect of tax rates in foreign jurisdictions	(0.7)	(15)	(0.4)	(14)
Effect of non-deductible expenses	11.9	275	2.7	105
Effect of tax incentives and exempt income	(7.8)	(181)	(2.6)	(104)
De-recognition/(recognition) of deferred tax assets	(29.3)	(674)	(0.3)	(11)
Effect of unrecognised current year losses	2.4	55	2.2	86
Effect of changes in tax rates	(0.2)	(4)	0.3	12
Withholding taxes	4.0	93	1.9	74
Under/(over) provided in prior years	(1.5)	(36)	(0.1)	(5)
Other reconciling items	0.6	14	(0.8)	(30)
	5.2	**121**	28.7	1,131

The 2023 IFRS ETR is 5.2% (2022: 28.7%). The lower 2023 ETR includes the benefit of additional DTA recognition in Brazil, partly offset by the non-deductible goodwill impairment for Heineken Beverages and the loss on the Russia disposal. Last year's ETR included the Russia impairment that is considered non-deductible for tax purposes.

For the income tax impact on items recognised in other comprehensive income and equity, refer to note 12.3.

OECD Pillar Two model rules

Since the Pillar Two legislation was not effective at the reporting date, HEINEKEN has no related current tax exposure. HEINEKEN has calculated an expected exposure to the Pillar Two income taxes based on information that is known or can be reasonably estimated to understand HEINEKEN's exposure. Based on the 2023 numbers, adjusted for the impact of one-off events, HEINEKEN does not expect a material exposure to Pillar Two income taxes.

12.2 Deferred tax assets and liabilities

Recognised deferred tax assets and liabilities

Deferred tax assets and liabilities are attributable to the following items:

	Assets		Liabilities		Net	
In millions of €	**2023**	2022	**2023**	2022	**2023**	2022
Property, plant and equipment	162	149	(988)	(837)	(826)	(688)
Intangible assets	42	41	(2,166)	(2,052)	(2,124)	(2,011)
Investments	81	56	(7)	(5)	74	51
Inventories	63	67	(36)	(12)	27	55
Borrowings	399	314	(1)	(2)	398	312
Post-retirement obligations	209	203	(30)	(19)	179	184
Provisions	396	300	(9)	(13)	387	287
Other items	320	153	(210)	(211)	110	(58)
Tax losses carried forward	854	348	—	—	854	348
Tax assets/(liabilities)	**2,526**	1,631	**(3,447)**	(3,151)	**(921)**	(1,520)
Set-off of tax	(1,234)	(1,013)	1,234	1,013	—	—
Net tax assets/(liabilities)	**1,292**	618	**(2,213)**	(2,138)	**(921)**	(1,520)

In 2023, HEINEKEN approved a corporate restructuring plan to optimize the legal structure of Heineken Brazil, and part of the plan was executed in 2023. As a result of this restructuring, previously unrecognised deferred tax assets were recognised, amounting to €751 million. These assets mainly relate to tax losses carried forward. The measurement of these deferred tax assets takes into account the recent tax law changes in Brazil, effective from 2024, which are expected to lead to higher taxable profits in future years. Furthermore, a number of mergers are planned in future years resulting in a tax depreciable base, amounting to €403 million. No deferred tax asset was recorded for this tax depreciable base in 2023 awaiting the respective mergers. Reassessment will take place at the end of each reporting period.

Of the total net deferred tax assets of €1,292 million as at 31 December 2023 (2022: €618 million), €72 million (2022: €84 million) is recognised in respect of subsidiaries in various countries where there have been losses in the current or preceding period. Management's projections support the assumption that it is probable that the results of future operations will generate sufficient taxable income to utilise these deferred tax assets. This judgement is performed annually and based on budgets and business plans for the coming years, including planned commercial initiatives.

No deferred tax liability has been recognised in respect of undistributed earnings of subsidiaries, joint ventures and associates, with an impact of €743 million (2022: €573 million). This is because HEINEKEN is able to control the timing of the reversal of the temporary differences, and it is probable that such differences will not reverse in the foreseeable future.

Tax losses carried forward

HEINEKEN has tax losses carried forward of €4,011 million as at 31 December 2023 (2022: €3,802 million), out of which €294 million (2022: €389 million) expires in the following five years, €162 million (2022: €158 million) will expire after five years and €3,555 million (2022: €3,255 million) can be carried forward indefinitely. Deferred tax assets have not been recognised in respect of tax losses carried forward of €1,076 million (2022: €2,470 million) as it is not probable that taxable profit will be available to offset these losses. Out of this €1,076 million (2022: €2,470 million), €142 million (2022: €276 million) expires in the following five years, €13 million (2022: €37 million) will expire after five years and €921 million (2022: €2,157 million) can be carried forward indefinitely.

Movement in deferred tax balances during the year

In millions of €	1 January 2023	Hyperinflation restatement to 1 January 2023	Changes in consolidation	Hyperinflation adjustment	Effect of movements in foreign exchange	Recognised in income	Recognised in OCI/equity	Transfers	31 December 2023
Property, plant and equipment	(688)	(35)	(104)	(17)	46	(46)	(1)	19	(826)
Intangible assets	(2,011)	(2)	(227)	(1)	48	83	—	(14)	(2,124)
Investments	51	—	(3)	—	5	21	—	—	74
Inventories	54	(2)	(39)	(3)	1	15	—	1	27
Borrowings	312	—	—	—	93	(1)	—	(6)	398
Post-retirement obligations	184	—	(6)	—	(4)	(15)	20	—	179
Provisions	287	—	7	—	10	81	—	2	387
Other items	(57)	—	1	—	(12)	192	(11)	(3)	110
Tax losses carried forward	348	—	2	—	(24)	521	(1)	8	854
Net tax assets/(liabilities)	**(1,520)**	**(39)**	**(369)**	**(21)**	**163**	**851**	**7**	**7**	**(921)**

In millions of €	1 January 2022	Hyperinflation restatement to 1 January 2022	Changes in consolidation	Hyperinflation adjustment	Effect of movements in foreign exchange	Recognised in income	Recognised in OCI/equity	Transfers	31 December 2022
Property, plant and equipment	(609)	(54)	(1)	(9)	(14)	(23)	—	22	(688)
Intangible assets	(1,954)	(1)	(60)	—	(3)	6	—	1	(2,011)
Investments	30	—	—	—	3	18	—	—	51
Inventories	48	(5)	(1)	(1)	1	14	—	(2)	54
Borrowings	287	—	—	—	17	8	—	—	312
Post-retirement obligations	211	—	—	—	—	(9)	(19)	1	184
Provisions	265	—	—	—	18	6	—	(2)	287
Other items	(33)	—	(4)	—	(22)	(15)	26	(9)	(57)
Tax losses carried forward	466	—	—	—	2	(93)	(1)	(26)	348
Net tax assets/(liabilities)	(1,289)	(60)	(66)	(10)	2	(88)	6	(15)	(1,520)

Accounting estimates and judgements

The tax legislation in the countries in which HEINEKEN operates is often complex and subject to interpretation. In determining the current and deferred income tax position, judgement is required. New information may become available that causes HEINEKEN to change its judgement regarding the adequacy of existing tax liabilities; such changes to tax liabilities will impact the income tax expense in the period that such a determination is made.

Accounting policies

Income tax comprises current and deferred tax. Current tax is the expected income tax payable or receivable in respect of taxable income or loss for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to income tax payable in respect of previous years.

HEINEKEN is within the scope of the OECD Pillar Two model rules. Pillar Two legislation was enacted in the Netherlands and will come into effect from 1 January 2024. Under the legislation, a top-up tax for the difference between the Global Anti-Base Erosion Rules (GloBE) effective tax rate per jurisdiction and the 15% minimum rate is introduced. This top-up tax is considered an income tax in scope of IAS 12. HEINEKEN applies the exception to recognising and disclosing information about deferred tax assets and liabilities related to Pillar Two income taxes, as provided in the amendments to IAS 12 issued in May 2023.

Deferred tax is a tax payable or receivable in the future and is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and their tax bases. Deferred tax is not recognised on temporary differences related to:

- The initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss
- Investments in subsidiaries, associates and joint ventures to the extent that HEINEKEN is able to control the timing of the reversal of the temporary differences and it is probable (>50% chance) that they will not reverse in the foreseeable future
- The initial recognition of non-deductible goodwill

The amount of deferred tax provided is based on the expected manner of recovery or settlement of the carrying amount of assets and liabilities, using tax rates (substantively) enacted, at year-end.

Deferred tax assets are recognised to the extent that it is probable that future taxable profits will be available against which they can be utilised.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different taxable entities which intend either to settle current tax liabilities and assets on a net basis or to realise the assets and settle the liabilities simultaneously.

Current and deferred tax are recognised in the income statement (refer to note 12.1), except when it relates to a business combination or for items directly recognised in equity or other comprehensive income (refer to note 12.3).

12.3 Income tax on other comprehensive income and equity

	2023			2022		
In millions of €	Amount before tax	Tax	Amount net of tax	Amount before tax	Tax	Amount net of tax
Items that will not be reclassified to profit or loss:						
Remeasurement of post-retirement obligations[1]	(85)	19	(66)	85	(22)	63
Net change in fair value through OCI investments	(5)	—	(5)	18	(3)	15
Items that may be subsequently reclassified to profit or loss:						
Currency translation differences	(288)	118	(170)	438	(1)	437
Change in fair value of net investment hedges	(28)	—	(28)	(62)	—	(62)
Change in fair value of cash flow hedges	(179)	44	(135)	(178)	36	(142)
Cash flow hedges reclassified to profit or loss[2]	14	(2)	12	52	(14)	38
Net change in fair value through OCI investments	2	(1)	1	1	(1)	—
Cost of hedging	2	—	2	(1)	—	(1)
Share of other comprehensive income of associates/joint ventures	(75)	—	(75)	(46)	—	(46)
Other comprehensive income/(loss)	**(642)**	**178**	**(464)**	307	(5)	302

1 Refer to note 9.1.
2 An amount of €(53) million (2022: €10 million) relates to tax on realised hedge results from non-financial assets reported directly in equity.

13. Other

13.1 Fair value

In this note, more information is disclosed regarding the fair value and the different methods of determining fair values.

Financial instruments - hierarchy

The financial instruments included on the HEINEKEN statement of financial position are measured at either fair value or amortised cost. To measure the fair value, HEINEKEN generally uses external valuations with market inputs. The measurement of fair value can be subjective in some cases and may be dependent on inputs used in the calculations. The different valuation methods are referred to as 'hierarchies' as described below.

- Level 1 - The fair value is determined using quoted prices (unadjusted) in active markets for identical assets or liabilities.

- Level 2 - The fair value is calculated using inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices).
- Level 3 - The fair value is determined using inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The following table shows the carrying amounts and fair values of financial assets and liabilities according to their fair value hierarchy.

		Carrying amount			Fair value
In millions of €	Note		Level 1	Level 2	Level 3
Fair value through OCI investments	8.4, 8.5	181	34	—	147
Non-current derivative assets	11.6	33	—	12	21
Current derivative assets	11.6	58	—	58	—
Total 2023		**272**	**34**	**70**	**168**
Total 2022		280	34	88	158
Non-current derivative liabilities	11.6	(4)	—	(4)	—
Borrowings[1]	11.3	(14,735)	(13,465)	(694)	—
Current derivative liabilities	11.6	(132)	—	(132)	—
Total 2023		**(14,871)**	**(13,465)**	**(830)**	**—**
Total 2022	11.3	(13,205)	(11,397)	(607)	—

1 Borrowings excluding lease liabilities, deposits, bank overdrafts and other interest-bearing liabilities.

Refer to the table below for detail of the determination of level 3 fair value measurements as at 31 December:

In millions of €	**2023**	2022
Balance as at 1 January	**158**	102
Fair value adjustments recognised in other comprehensive income	(5)	21
Consolidation changes	36	—
Disposals	(4)	—
Fair value adjustments recognised in profit and loss	(17)	35
Balance as at 31 December	**168**	158

The fair values for the level 3 fair value through OCI investments are based on the financial performance of the investments and the market multiples of comparable equity securities.

Accounting estimates

The different methods applied by HEINEKEN to determine the fair value require the use of estimates.

Investments in equity securities

The fair value of financial assets at fair value through profit or loss and fair value through OCI is determined by reference to their quoted closing bid price at the reporting date or, if unquoted, determined using an appropriate valuation technique. These valuation techniques maximise the use of observable market data where available.

Derivative financial instruments

The fair value of derivative financial instruments is based on their listed market price, if available. If a listed market price is not available, fair value is in general estimated by discounting the difference between the cash flows based on contractual price and the cash flows based on the current price for the residual maturity of the contract using observable interest yield curves, basis spread and foreign exchange rates. These calculations are tested for reasonableness by comparing the outcome of the internal valuation with the valuation received from the counterparty. Fair values include the instrument's credit risk and adjustments to take account of the credit risk of the HEINEKEN entity and counterparty when appropriate.

Non-derivative financial instruments

Fair value, which is determined for disclosure purposes or when fair value hedge accounting is applied, is calculated based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the reporting date. Fair values include the instrument's credit risk and adjustments to take account of the credit risk of the HEINEKEN entity and counterparty when appropriate.

13.2 Off-balance sheet commitments

The raw materials purchase contracts mainly relate to malt, bottles and cans which are used in the production and sale of finished products.

In millions of €	Total 2023	Less than 1 year	1-5 years	More than 5 years	Total 2022
Property, plant and equipment ordered	836	833	3	—	538
Raw materials purchase contracts	13,442	4,867	7,826	749	14,588
Marketing and merchandising commitments	982	365	614	3	505
Other off-balance sheet obligations	2,197	498	860	839	2,395
Off-balance sheet obligations	**17,457**	**6,563**	**9,303**	**1,591**	18,026
Undrawn committed bank facilities	**4,188**	**648**	**3,540**	**—**	3,970

In 2022, other off-balance sheet obligations included €0.4 billion of cash commitment concerning the offer to acquire Distell Group Holdings Limited.

Furthermore, other off-balance sheet obligations include energy, distribution and service contracts.

Committed bank facilities are credit facilities on which generally a commitment fee is paid as compensation for the bank's requirement to reserve capital. The bank is legally obliged to provide the facility under the terms and conditions of the agreement.

Accounting policies

Off-balance sheet commitments are reported on an undiscounted basis.

Raw materials purchase contracts

Raw material purchase contracts include long-term purchase contracts with suppliers in which prices are fixed or will be agreed upon based upon predefined price formulas.

13.3 Related parties

Identification of related parties

The following parties are considered to be related to Heineken Holding N.V.:

- Its Board of Directors
- The Executive Board and Supervisory Board of Heineken N.V.
- L'Arche Green N.V.
- L'Arche Holding B.V.
- Stichting Administratiekantoor Priores
- Shareholder with significant influence Fomento Económico Mexicano, S.A.B. de C.V. (FEMSA) until 17 February 2023.
- Associates and Joint ventures of Heineken N.V.
- HEINEKEN pension funds (refer to note 9.1)
- Employees of HEINEKEN (refer to note 6.4)

Heineken Holding N.V.'s ultimate controlling party is C.L. de Carvalho-Heineken. For the structure of HEINEKEN reference is made to the Report of the Board of Directors, page 13.

In 2023, as part of the accelerated bookbuild offerings by FEMSA, L'Arche Green N.V. purchased 1,647,249 shares in Heineken Holding N.V. from FEMSA. Heineken N.V. purchased approximately 10.3 million shares in Heineken N.V. for €943 million and approximately 5.2 million shares in Heineken Holding N.V. for €390 million from FEMSA.

The shares in Heineken Holding N.V. are recognised as treasury shares, in reserve for own shares (refer to note 11.4).

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 (2022: shareholder with significant influence).

Board of Directors of Heineken Holding N.V. remuneration

The individual members of the Board of Directors received the following remuneration from Heineken Holding N.V.:

In thousands of €	2023	2022
C.L. de Carvalho-Heineken	90	90
M.R. de Carvalho	90	90
Total remuneration executive members	**180**	180
M. Das	120	120
J.A. Fernández Carbajal[1]	23	90
C.M. Kwist	90	90
A.A.C. de Carvalho	90	90
A.M. Fentener van Vlissingen	90	90
L.L.H. Brassey	90	90
J.F.M.L. van Boxmeer	90	90
C.A.G. de Carvalho[2]	27	63
Total remuneration non-executive members	**620**	723
Total remuneration	**800**	903

1 Resigned on and as per 15 February 2023.
2 Appointed as non-executive director of Heineken Holding N.V. as of 22 April 2022 and resigned as per 20 April 2023.

Refer to the Remuneration Report on page 20 and further.

As at 31 December 2023, the Board of Directors represented 153.334.962 shares in the Company (2022: 151.687.713 shares).

Heineken N.V. key management remuneration

In millions of €	2023	2022
Executive Board of Heineken N.V.	7	15
Supervisory Board of Heineken N.V.	1	2
Total	**8**	17

Executive Board of Heineken N.V. remuneration

The remuneration of the members of the Executive Board of Heineken N.V. consists of a fixed component and a variable component. The variable component is made up of a Short-term Incentive (STI) and a Long-term Incentive (LTI). The STI is based on financial and operational measures (75%) and on individual leadership measures (25%) as set by the Supervisory Board of Heineken N.V. at the beginning of the year. Refer to note 6.5 for information related to the LTI component. Also refer to the separate Remuneration Report in the Heineken N.V. Annual Report 2023.

As at 31 December 2023, Mr. R.G.S. van den Brink held 50,721 Heineken N.V. shares and Mr. H.P.J van den Broek held 28,846 Heineken N.V. shares (2022: Mr. R.G.S. van den Brink 22,221 and Mr. H.P.J van den Broek 14,590).

	2023			2022		
In thousands of €	R.G.S. van den Brink	H.P.J. van den Broek	Total	R.G.S. van den Brink	H.P.J. van den Broek	Total
Fixed salary	1,300	884	2,184	1,250	850	2,100
Short-term incentive	346	168	514	2,940	1,428	4,368
Matching share entitlement	155	75	230	1,291	627	1,918
Long-term incentive	1,725	1,036	2,761	3,133	1,347	4,480
Extraordinary share award	—	487	487	—	1,385	1,385
Pension contributions	323	252	575	301	157	458
Other emoluments	30	—	30	29	—	29
Total	**3,879**	**2,902**	**6,781**	8,944	5,794	14,738

The matching share entitlements for each year are based on the performance in that year. The Executive Board members of Heineken N.V. receive 25% of their STI pay in (investment) shares. In addition, they have the opportunity to indicate before year-end whether they wish to receive up to another 25% of their STI in (investment) shares. All (investment) shares are restricted for sale for five calendar years, after which they are matched 1:1 by (matching) shares. For 2023 the Executive Board members of Heineken N.V. elected to receive additional (investment) shares, hence the 'Matching share entitlement' in the table above is based on a 50% investment. The corresponding matching shares vest immediately and as such a fair value of €0.2 million was recognised in the 2023 income statement. The matching share entitlements are not dividend-bearing during the five-calendar year holding period of the investment shares. Therefore, the fair value of the matching share entitlements has been adjusted for missed expected dividends by applying a discount based on the dividend policy and vesting period.

Supervisory Board of Heineken N.V. remuneration

The individual members of the Supervisory Board of Heineken N.V. received the following remuneration:

In thousands of €	2023	2022
J.M. Huët	231	225
J.A. Fernández Carbajal[1]	33	166
M. Das	130	130
M.R. de Carvalho	141	135
J.G. Astaburuaga Sanjinés[2]	—	55
P. Mars-Wright	144	144
M. Helmes	146	133
R.L. Ripley	148	148
N.K. Paranjpe	119	110
F.J. Camacho Beltrán[3]	28	100
I.H. Arnold[4]	55	110
L. Hijmans van den Bergh[5]	83	—
B. Pardo[5]	91	—
Total	**1,349**	1,456

1 Stepped down on 15 February 2023
2 Stepped down on 21 April 2022
3 Appointed on 21 April 2022, stepped down on 15 February 2023
4 Stepped down on 20 April 2023
5 Appointed on 20 April 2023

Mr. J.M. Huët held 3,719 shares of Heineken Holding N.V. as at 31 December 2023 (2022: 3,719 shares). Mr. M.R. de Carvalho held 100,008 shares of Heineken N.V. as at 31 December 2023(2022: 100,008 shares). As at 31 December 2023 and 2022, the Supervisory Board members did not hold any of the Heineken N.V.'s bonds or option rights. Mr. M.R. de Carvalho held 100,008 shares of Heineken Holding N.V. as at 31 December 2023 (2022: 100,008 shares).

Other related party transactions

In millions of €	Associates & Joint Ventures 2023	2022	FEMSA[1] 2023	2022	Total 2023	2022
Sales	563	504	74	711	637	1,215
Purchase	198	278	33	180	231	458
Accounts receivables	166	142	—	141	166	283
Accounts payables and other liabilities	19	35	—	95	19	130

1 Sales and purchases until 17 February 2023 when FEMSA ceased to be a shareholder with significant influence.

In addition, Heineken N.V. has purchased shares in Heineken N.V. and Heineken Holding N.V. from FEMSA as mentioned in section 'Identification of related parties'.

There are no significant transactions with L'Arche Green N.V., L'Arche Holding B.V. and Stichting Administratiekantoor Priores.

13.4 HEINEKEN entities

Control of HEINEKEN

The shares of the Company are traded on Euronext Amsterdam.

Heineken Holding N.V. holds an interest in Heineken N.V. of 50.005% of the issued capital (being 50.94% (2022: 50.064%) of the outstanding capital following the purchase of own shares by Heineken N.V.).

L'Arche Green N.V. holds 53.171% (2022: 52.599%) of the issued capital of Heineken Holding N.V. shares.

The Heineken family has an interest of 88.98%(2022: 88.86%) in L'Arche Green N.V.
Mrs C.L. de Carvalho-Heineken also owns a direct 0.03% stake in Heineken Holding N.V.

A declaration of joint and several liability pursuant to the provisions of Section 403, Part 9, Book 2, of the Dutch Civil Code has been issued with respect to legal entities established in the Netherlands. The list of the legal entities for which the declaration has been issued is disclosed in the Heineken N.V. stand-alone financial statements.

Pursuant to the provisions of Section 357 of the Republic of Ireland Companies Act 2014, Heineken N.V. irrevocably guarantees, in respect of the financial year from 1 January 2023 up to and including 31 December 2023, the liabilities referred to in Schedule 3 of the Republic of Ireland Companies Act 2014 of the wholly-owned subsidiary companies Heineken Ireland Limited, Heineken Ireland Sales Limited, The West Cork Bottling Company Limited, Western Beverages Limited, Beamish & Crawford Limited, Comans Beverages Limited and Nash Beverages Limited.

Significant subsidiaries of Heineken N.V.

Set out below are Heineken N.V.'s significant subsidiaries at 31 December 2023. The subsidiaries as listed below are held by Heineken N.V. and the proportion of ownership interests held equals the proportion of the voting rights held by HEINEKEN. The disclosed significant subsidiaries represent the largest subsidiaries and represent an approximate total revenue of €21 billion and total asset value of €35 billion and are structural contributors to the business.

Apart from the acquisition of the controlling stake in NBL and Distell (combined with Heineken South Africa into Heineken Beverages, refer to note 10.1), the sale of the Russia disposal group classified as held for sale (refer to note 10.2) and the sale of Vrumona (refer to note 10.1), there were no significant changes to the HEINEKEN structure and ownership interests.

	Country of incorporation	Percentage of ownership 2023	2022
Heineken International B.V.	The Netherlands	100.0	100.0
Heineken Brouwerijen B.V.	The Netherlands	100.0	100.0
Heineken Nederland B.V.	The Netherlands	100.0	100.0
Cuauhtémoc Moctezuma Holding, S.A. de C.V.	Mexico	100.0	100.0
Cervejarias Kaiser Brasil Ltda.	Brazil	100.0	100.0
Bavaria Ltda.	Brazil	100.0	100.0
Heineken France S.A.S.	France	100.0	100.0
Nigerian Breweries Plc.	Nigeria	56.7	56.7
Heineken USA Inc.	United States	100.0	100.0
Heineken UK Ltd	United Kingdom	100.0	100.0
Heineken España S.A.	Spain	99.8	99.8
Heineken Italia S.p.A.	Italy	100.0	100.0
Brau Union Österreich AG	Austria	100.0	100.0
Grupa Żywiec S.A.	Poland	100.0	99.3
Heineken Vietnam Brewery Limited Company	Vietnam	60.0	60.0
SCC - Sociedade Central de Cervejas e Bebidas S.A.	Portugal	100.0	100.0
United Breweries Limited	India	61.5	61.5
Heineken Beverages (South Africa) Proprietary Limited	South Africa	65.0	—

13.5 Subsequent events

The share price of CR Beer decreased in the period after 31 December 2023. The decrease in the share price is not considered a significant or prolonged decline in the fair value of the investment below its cost.

Statement of the Board of Directors

The members of the Board of Directors signed the financial statements in order to comply with their statutory obligation pursuant to Section 101, subsection 2, Book 2, of the Dutch Civil Code and Article 5.25c, paragraph 2 sub c, of the Financial Markets Supervision Act.

Amsterdam, 13 February 2024

Board of Directors

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

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

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

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

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

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

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

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

OTHER INFORMATION

Provisions of the Articles of Association concerning appropriation of profit

The relevant provisions of the Articles of Association concerning appropriation of profit are as follows:

- Article 10, paragraph 4: *Profit distributions may only be made if the shareholders' equity of the company exceeds the sum of the paid-up and called portion of the issued capital and the reserves prescribed by law.*
- Article 10, paragraph 6: *Out of the profit as shown by the income statement adopted by the general meeting, the shareholders shall be paid the same dividend per share as paid by Heineken N.V. for the year concerned, having due regard to the provisions of paragraph 4. If and to the extent that the dividend paid by Heineken N.V. is in the form of a stock dividend, the dividend paid to the shareholders shall also be in the form of a stock dividend. The remainder shall be appropriated to the reserves. The general meeting shall be authorised to make distributions from the reserves.*

Independent Auditor's Report

To the Annual General Meeting of Heineken Holding N.V.

Report on the audit of financial statements for the year ended December 31, 2023 included in the annual report

We have audited the financial statements for the year ended December 31, 2023 of Heineken Holding N.V., based in Amsterdam. The financial statements comprise the consolidated financial statements and the Company financial statements.

In our opinion:

- The accompanying consolidated financial statements give a true and fair view of the financial position of Heineken Holding N.V. as at December 31, 2023, and of its result and its cash flows for the year then ended December 31, 2023 in accordance with International Financial Reporting Standards as adopted by the European Union (EU-IFRS) and with Part 9 of Book 2 of the Dutch Civil Code.
- The accompanying Company financial statements give a true and fair view of the financial position of Heineken Holding N.V. as at December 31, 2023, and of its result for the year then ended December 31, 2023 in accordance with Part 9 of Book 2 of the Dutch Civil Code.

The consolidated financial statements comprise:

1. The consolidated statement of financial position as at December 31, 2023.
2. The following statements for 2023: the Consolidated Income Statement, the Consolidated Statements of Other Comprehensive Income, the Consolidated Statement of Cash Flows, and the Consolidated Statement of Changes in Equity.
3. The Notes to the Consolidated Financial Statements comprising material accounting policy information and other explanatory information.

The Company financial statements comprise:

1. The Company Balance Sheet as at December 31, 2023.
2. The Company Income Statement for the year then ended December 31, 2023.
3. The notes comprising a summary of the accounting policies and other explanatory information.

Basis for our opinion

We conducted our audit in accordance with Dutch law, including the Dutch Standards on Auditing Our responsibilities under those standards are further described in the 'Our responsibilities for the audit of the financial statements' section of our report.

We are independent of Heineken Holding N.V. in accordance with the EU Regulation on specific requirements regarding statutory audit of public-interest entities, the Wet toezicht accountantsorganisaties (Wta, Audit firms supervision act), 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 audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Information in support of our opinion

We designed our audit procedures in the context of our audit of the financial statements as a whole and in forming our opinion thereon. The following information in support of our opinion was addressed in this context, and we do not provide a separate opinion or conclusion on these matters.

Materiality

Based on our professional judgement we determined the materiality for the financial statements as a whole at €220 million (2022: €210 million). The materiality is based on 8,7% of profit before tax from continuing operations using also net revenue as supporting benchmark and 6,5% of profit before tax from continuing operations when normalized for impairments and CTA recycling of the Russia disposal. We have also taken into account misstatements and/or possible misstatements that in our opinion are material for the users of the financial statements for qualitative reasons. The increase compared to 2022 is predominantly the result of the increase in operating income before the effects of the impairments recorded during the year and the loss from the sale of the Russia disposal group.

Audits of group entities (components) were performed using materiality levels determined by the judgement of the group audit team, having regard to the materiality of the consolidated financial statements. Component materiality for our two largest components was €77 million (2022: €65 million), and our materiality for other components did not exceed €69 million (2022: €45 million)

We agreed with the Board of Directors that misstatements in excess of €11 million, which are identified during the audit, would be reported to them, as well as smaller misstatements that in our view must be reported on qualitative grounds.

Scope of the group audit

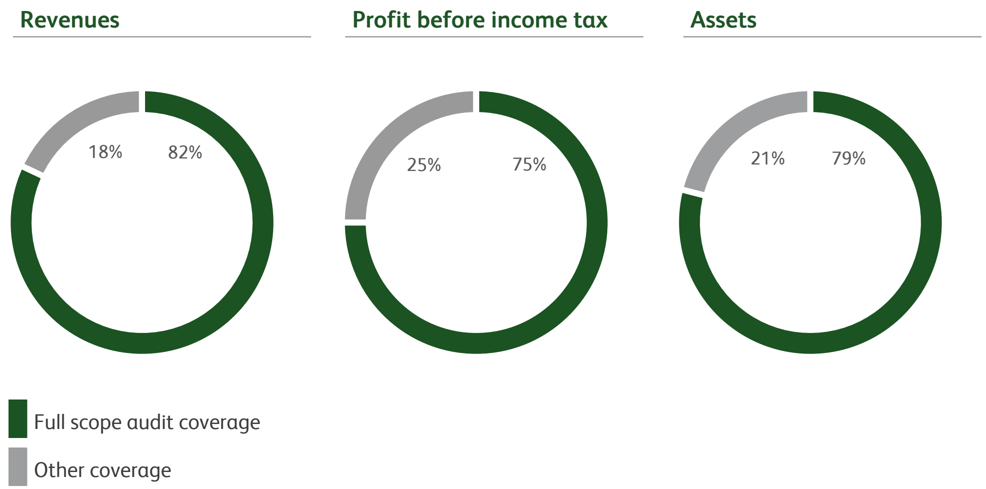
Heineken Holding N.V. is at the head of a group of entities. The financial information of this group is included in the consolidated financial statements of Heineken Holding N.V.

Because we are ultimately responsible for the opinion, we are responsible for directing, supervising, and performing the group audit. In this respect we have determined the nature and extent of the audit procedures to be carried out on the entities. Our group audit is mainly focused on financially large entities in terms of size and financial interest or where significant risks or complex activities were present, leading to full audits performed for 27 (2022: 27 components) components, including 2 non-consolidated components

We have performed audit procedures ourselves at Heineken Holding N.V., corporate entities and certain operations in the Netherlands. Furthermore, we performed audit procedures at group level on areas such as consolidation, disclosures, impairment testing for intangible assets (including goodwill) and non-current assets held for sale, joint ventures, financial instruments, acquisitions and divestments. Specialists were involved amongst others in the areas of treasury, information technology, forensics, tax, accounting, pensions and valuations. For the selected component audit teams, the group audit team provided detailed written instructions, which, in addition to communicating our requirements of component audit teams, also detailed significant audit areas and information obtained centrally relevant to the audit of individual components, including awareness for risks related to management override of controls.

Furthermore, we developed a plan for overseeing each component audit team based on its relative significance and specific risk characteristics. Our oversight procedures included (virtual) meetings with the component auditor and component management and physical or remote working paper reviews for The Netherlands, United Kingdom, France, Spain, Italy, Austria, Poland, Brazil, Mexico, USA, Nigeria, Vietnam, South Africa (Heineken Beverages), India, Greece, Ethiopia, Burundi, DRC, Cambodia, Indonesia, UBL and Malaysia. We also reviewed component audit team deliverables for the countries listed above and the additional countries in scope to gain a sufficient understanding of the work performed based on our instructions. The nature, timing and extent of our oversight procedures varied based on both quantitative and qualitative considerations. For smaller components, we have performed review procedures or specific audit procedures.

By performing the procedures mentioned above at group entities, together with additional procedures at group level, we have been able to obtain sufficient and appropriate audit evidence about the group's financial information to provide an opinion on the consolidated financial statements.



Audit approach fraud risks

In accordance with Dutch Standards on Auditing, we are responsible for obtaining reasonable assurance that the financial statements taken as a whole are free from material misstatements, whether due to fraud or error. Inherent to our responsibilities for the audit of the financial statements, there is an unavoidable risk that material misstatements go undetected, even though the audit is planned and performed in accordance with Dutch law. The risk of undetected material misstatements due to fraud is even higher, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Also, we are not responsible for the prevention and detection of fraud and non-compliance with all laws and regulations. Our audit procedures differ from a forensic or legal investigation, which often has a more in-depth character.

We identified and assessed the risks of material misstatements of the financial statements due to fraud. During our audit we obtained an understanding of the entity and its environment and the components of the system of internal control, including the risk assessment process and management's process for responding to the risks of fraud and monitoring the system of internal control and how the Board of Directors exercises oversight, as well as the outcomes. We refer to section Risk management of the Board of Directors report for the Board of Directors' (fraud) risk assessment. We note that management regularly updates its risk assessment including fraud and updates its risk and control framework.

We evaluated the design and relevant aspects of the system of internal control and in particular the fraud risk assessment, as well as the Code of Business Conduct, Company Rules, Speak Up policy, third party screening and incident registration. We evaluated the design and the implementation and, where considered appropriate, tested the operating effectiveness of internal controls designed to mitigate fraud risks. Further, for certain selected speak up cases, we evaluated management's response and remedial actions and measures.

As part of our process of identifying fraud risks, we evaluated fraud risk factors with respect to financial reporting fraud, misappropriation of assets and bribery and corruption in close co-operation with our forensic specialists. We evaluated whether these factors indicate that a risk of material misstatement due fraud is present.

Following these procedures, and the presumed risks under the prevailing audit standards, we considered fraud risks related to management override of controls. Our audit procedures to respond to these fraud risks include, amongst others, an evaluation of relevant internal controls and supplementary substantive audit procedures, including detailed testing of journal entries and post-closing adjustments based on supporting documentation. Data analytics, including selection of journal entries based on risk-based characteristics, form part of our audit approach to address the identified fraud risks.

Additionally, we performed further procedures including, among others, the following:

- We incorporated elements of unpredictability in our audit. We also considered the outcome of our other audit procedures and evaluated whether any findings were indicative of fraud or non-compliance.
- We considered available information and made enquiries of relevant key management personnel and the Board of Directors.
- We tested the appropriateness of journal entries recorded in the general ledger and other adjustments made in the preparation of the financial statements.
- We evaluated whether the selection and application of accounting policies by the entity, particularly those related to subjective measurements and complex transactions, may be indicative of fraudulent financial reporting.
- We evaluated whether the judgments and decisions made by the Board of Directors in making the accounting estimates included in the financial statements indicate a possible bias that may represent a risk of material misstatement due to fraud. The Board of Directors' insights, estimates and assumptions that might have a major impact on the financial statements are disclosed in Note 3 of the financial statements.
- We performed a retrospective review of management judgments and assumptions related to significant accounting estimates reflected in prior year financial statements.

Certain management estimates and judgements are considered most significant to our audit. Reference is made to the section 'Our key audit matters' for further details on those estimates and judgments.

For significant transactions such as various business acquisitions or disposals during the year, we evaluated whether the business rationale of the transactions suggests that they may have been entered into to engage in fraudulent financial reporting or to conceal misappropriation of assets.

This did not lead to indications for fraud potentially resulting in material misstatements.

Audit approach compliance with laws and regulations

We assessed the laws and regulations relevant to the entity through discussion with, amongst others, the Board of Directors, Group Legal Counsel, and those charged with governance, reading minutes of board meetings and reports in internal audit. We also involved our forensic specialists in this assessment.

As a result of our risk assessment procedures, and while realizing that the effects from non-compliance could considerably vary, we considered the following laws and regulations: adherence to (corporate) tax laws and financial reporting regulations, the requirements under the International Financial Reporting Standards as adopted by the European Union (EU-IFRS) and Part 9 of Book 2 of the Dutch Civil Code with a direct effect on the financial statements as an integrated part of our audit procedures, to the extent material for the related financial statements.

We obtained sufficient appropriate audit evidence regarding provisions of those laws and regulations generally recognized to have a direct effect on the financial statements.

Apart from these, Heineken Holdings N.V. is subject to other laws and regulations where the consequences of non-compliance could have a material effect on amounts and/or disclosures in the financial statements, for instance, through imposing fines or litigation.

Given the nature of the Heineken Holdings N.V.'s business and the complexity of these other laws and regulations, there is a risk of non-compliance with the requirements of such laws and regulations. In addition, we considered major laws and regulations applicable to listed companies.

Our procedures are more limited with respect to laws and regulations that do not have a direct effect on the determination of the amounts and disclosures in the financial statements. Compliance with these laws and regulations may be fundamental to the operating aspects of the business, to Heineken Holding N.V. 's ability to continue its business, or to avoid material penalties (e.g., compliance with the terms of operating licenses and permits or compliance with environmental regulations, anti-competition laws, sanctions and trade laws)and therefore non-compliance with such laws and regulations may have a material effect on the financial statements. Our responsibility is limited to undertaking specified audit procedures to help identify non-compliance with those laws and regulations that may have a material effect on the financial statements.

Our procedures are limited to (i) inquiry of key management personnel, the Board of Directors and others within Heineken Holding N.V. as to whether Heineken N.V is in compliance with such laws and regulations and (ii) inspecting correspondence, if any, with the relevant licensing or regulatory authorities to help identify non-compliance with those laws and regulations that may have a material effect on the financial statements.

We remained alert to indications of (suspected) non-compliance throughout the audit.

Finally, we obtained written representations that all known instances of (suspected) fraud or non-compliance with laws and regulations have been disclosed to us.

Audit approach going concern

Our responsibilities, as well as the responsibilities of the Board of Directors, related to going concern under the prevailing standards are outlined in the "Description of responsibilities regarding the financial statements" section below. In fulfilling our responsibilities, we performed procedures including evaluating management's assessment of the Company's ability to continue as a going concern and considering the impact of financial, operational, and other conditions. Based on these procedures, we did not identify any reportable findings related to the entity's ability to continue as a going concern.

Our key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements. We have communicated the key audit matters to the Board of Directors. The key audit matters are not a comprehensive reflection of all matters discussed.

The below identified key audit matters were addressed in the context of our audit of the financial statements as a whole and in forming our opinion thereon, and we do not provide a separate opinion on these matters

Accounting for the acquisition of Distell and Namibia Breweries — Refer to Note 10.1 to the financial statements

Key Audit Matter

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.

Accounting for these acquisitions in accordance with IFRS 3 requires management to apply estimates to determine the fair value of the identifiable assets and liabilities. The purchase price allocation resulted in the recognition of goodwill (€656 million), intangible assets other than goodwill (€775 million), a non-controlling interest (€557 million), and a gain on previously held equity interest (€14 million).

Further details on the accounting and disclosures under IFRS 3 Business Combinations are included in note 10.1 to the financial statements.

Given the significance of the acquisition transaction, the complexity of accounting for business combinations, and the significant management assumptions in the valuation of the (intangible) assets identified, performing procedures to evaluate the purchase price allocation required higher degree of auditor judgement and a need to involve valuation, real estate and tax specialists.

How the scope of our audit responded to the key audit matter

Our audit procedures to address management's judgements related to the accounting for the acquisition of Distell and Namibia Breweries included the following, amongst others:

- We have gained an understanding of the main processes and procedures in place at the company for acquisitions that are relevant for our audit.
- We assessed and evaluated the purchase consideration of Distell (€1.2bn) and NBL (€358m) and evaluated management's accounting assessment for the valuation of the previously held equity interest in NBL, the recognition of related gains (€14m) and the accounting policy choice of applying the partial goodwill method.
- We involved our valuation, real estate and tax specialists for the evaluation and challenge of management's position regarding the methodology and valuation of brands, property, plant & equipment, and tax positions.
- We challenged the business assumptions used in the forecast period underlying the valuation of the (in)tangible fixed assets (revenue, EBITDA, cash flow projections, royalty, synergies) including the useful lives of the (in)tangible assets, by management.
- We assessed the integration of the acquired companies with HEINEKEN South Africa into the new established company HEINEKEN Beverages and challenged management on the CGU identification. For the outcome of impairment testing related to the HEINEKEN Beverages CGU we refer to the KAM *Impairment of intangible assets (including goodwill), property, plant, and equipment, investments in associates and assets or disposal groups held for sale.*

Observation

Applying the aforementioned materiality, we did not identify any reportable findings in management's accounting for the acquisition of Distell and Namibia Breweries and the determination and recognition of the fair value of assets and liabilities and the disclosures in Note 10.1.

Impairment of intangible assets (including goodwill), property, plant and equipment, investments in associates, and assets or disposal groups held for sale — Refer to Notes 8.1, 8.2, 10.2, 10.3 and 13.5 to the financial statements

Key Audit Matter

Intangible assets (including goodwill), property, plant and equipment and investments in associates and joint ventures amounted to €40,683 million on 31 December 2023 and represented 93 percent of the consolidated total assets.

For purposes of impairment testing, goodwill is allocated and monitored on a (group of) Cash Generating Unit ('CGU') level. Other intangibles and property, plant, and equipment, are grouped to CGUs. For goodwill, management is required to assess the recoverable amount of the respective CGUs (or groups of CGUs). Recoverable amounts of other non-current assets are assessed upon the existence of a triggering event. Investments in associates are accounted for using the equity method of accounting, meaning they are initially recognized at cost. The consolidated financial statements include HEINEKEN's share of the net profit or loss of the associates and joint ventures whereby the result is determined using the accounting policies of HEINEKEN. Triggers for the impairment of investments in associates, are amongst others, a prolonged and significant decline in the fair value of the equity instrument. For assets or disposal groups held for sale, an impairment loss is recognised should the carrying amount exceed the fair value less cost to sell.

In view of the inherent uncertainties, including those related to the current macro-economic environment, the projection of sales volumes, revenues, margins, and discount rates in management's impairment tests, involved an increased level of judgement for certain CGUs. As a result of impairment testing for the current year, management concluded on impairment losses of €783 million, of which €491 million is related to the impairment loss recorded for the newly established HEINEKEN Beverages CGU, and €10 million for Russia (excluding €209 million for CTA recycling). A reversal of €103 million was recorded during the year for the impairment of €113 million recorded at HY1 2023 for Russia that was classified as a disposal group held for sale. Further details on the accounting and disclosures under IAS 36 Impairment of Assets are included in notes 8.1 and 8.2 to the financial statements. Further details on the accounting and disclosure under IFRS 5 Non-current Assets Held for Sale are included in note 10.2 to the financial statements. Further details on the accounting and disclosure under IAS 28 Investments in Associates and Joint Ventures are included in note 10.3 to the financial statements.

Given the high level of judgement made by management to estimate the recoverable amounts used in management's impairment tests for intangible assets (including goodwill) and property, plant and equipment, procedures to evaluate the reasonableness of projected sales volumes, revenue and discount rates required a high degree of auditor judgement and an increased extent of effort, including the need to involve our valuation specialists.

How the scope of our audit responded to the key audit matter

Our audit procedures related to the projection of sales volumes, revenue, margins, and discount rates used by management included the following, amongst others:

- We obtained an understanding of management's process over the impairment trigger tests and the resulting impairment tests.
- We evaluated management's ability to accurately forecast by comparing actual results to management's historical forecasts.
- We evaluated sensitivities in management's projections, including those potentially related to climate risk factors, which could cause a substantial change to the impairments recorded, and or cause headroom to change in an impairment.
- We evaluated projected cash flows by:
  - Comparing the projections to historical forecasts, historical growth rates, including assessing the effects of the current macro-economic and geopolitical climate, and information included in HEINEKEN's internal communications to the management and the Board of Directors.
  - Challenging management's ability to price adjust for expected inflation rates and comparing projected sales volumes, revenue, and margins to, for example, external economic outlook data, analyst reports and external market data on the beer market.
- For HEINEKEN Beverages we challenged the key business assumptions used in the impairment model which are related to volume growth, which is driven by sourcing costs and returnable bottle introductions.
- With the assistance of our valuation specialists, we evaluated the reasonableness of discount rates, including testing the source information underlying the determination of the discount rates, testing the mathematical accuracy of the calculation, and developing a range of independent estimates and comparing those to the discount rates selected by management.
- We assessed whether a decline in available quoted market price investments in associates is either prolonged or significant and any impairment loss should be recognized.

Observation

Applying the aforementioned materiality, we did not identify any reportable findings in management's assessment of the recoverability of intangible assets (including goodwill) and property, plant and equipment, investments in associates and assets or disposal groups held for sale, the impairments recorded and the disclosures in Notes 8.1, 8.2, 10.2, 10.3 and 13.5.

Management judgement related to the provisions for uncertain tax positions and the recoverability of deferred tax assets — Refer to Notes 9.2 and 12 to the financial statements

Key Audit Matter

HEINEKEN operates across several tax jurisdictions and is subject to periodic challenges by local tax authorities during the normal course of business. In those cases where the amount of tax payable is uncertain, management establishes provisions based on its judgement of the probable amount of the related tax liability. Deferred tax assets are only recognized to the extent that it is probable that future taxable income will be available, against which unused tax losses can be utilized. This assessment is performed annually and based on budgets and business plans for the coming years, including planned commercial initiatives and the impact of macro-economic uncertainties. HEINEKEN reported provisions for uncertain tax positions and deferred tax assets for an amount of €397 million and €1,292 million, respectively, as of 31 December 2023. Deferred tax assets significantly increased to €775 million, this includes newly recorded amounts of €751 million following a corporate restructuring, the recent win of the lawsuit regarding goodwill deduction and higher forecasted taxable profits.

The accounting for uncertain tax positions and deferred tax assets, as detailed in Notes 9.2 and 12 to the financial statements, inherently requires management to apply judgement in quantifying appropriate provisions (including assessing probable outcomes) for uncertain tax positions, and in determining the recoverability of deferred tax assets.

Given the significant judgement applied by management, performing procedures to evaluate the reasonableness of probable outcomes for uncertain tax positions and the recoverability of deferred tax assets based on budgets and business plans, required a higher degree of auditor judgement, an increased extent of effort and a need to involve our in-country tax specialists.

How the scope of our audit responded to the key audit matter

Our audit procedures to address management's judgements related to the provisions for uncertain tax positions and recoverability of deferred tax assets included the following, amongst others:

- We obtained an understanding of management's tax process related to the assessment of uncertain tax positions and the recoverability of deferred tax assets.
- We involved our in-country tax specialists to assess tax risks, tax carry forward facilities, legislative developments, and the status of ongoing local tax authority audits.
- We challenged, with the help of our tax specialists, management's judgement applied in quantifying provisions for tax uncertainties and assessing probable outcomes based on correspondence with tax authorities, case law and opinions from management's tax experts.
- We evaluated management's ability to forecast taxable income accurately by comparing prior forecasts on future taxable income with the actual income for the year.
- We evaluated management's recoverability assessment, including the likelihood of generating sufficient future taxable income based on budgets, business plans, and tax losses carry forward facilities in the various tax jurisdictions (including expiry dates).
- We challenged, with the support of our tax specialist and local component team, management's judgement applied in the timing of deferred tax recognition, the underlying profit forecast, and the potential effects of Pillar Two.

Observation

Applying the aforementioned materiality, we have audited the provisions for uncertain tax positions and the valuation of deferred tax assets as well as the related disclosure in Notes 9.2 and 12 and have no reportable findings.

Report on the other information included in the annual report

The annual report contains other information, in addition to the financial statements and our auditor's report thereon.

The other information consists of:

- Report of the Board of Directors.
- Other Information as required by Part 9 of Book 2 of the Dutch Civil Code.
- Other Information included in the Annual Report.

Based on the following procedures performed, we conclude that the other information:

- Is consistent with the financial statements and does not contain material misstatements.
- Contains all the information regarding the management report and the other information as required by Part 9 of Book 2 of the Dutch Civil Code.

We have read the other information. Based on our knowledge and understanding obtained through our audit of the financial statements or otherwise, we have considered whether the other information contains material misstatements.

By performing these procedures, we comply with the requirements of Part 9 of Book 2 of the Dutch Civil Code and the Dutch Standard 720. The scope of the procedures performed is substantially less than the scope of those performed in our audit of the financial statements.

The Board of Directors is responsible for the preparation of the other information, including the report of the Board of Directors in accordance with Part 9 of Book 2 of the Dutch Civil Code, and the other information as required by Part 9 of Book 2 of the Dutch Civil Code.

Report on other legal and regulatory requirements and ESEF

Engagement

We were engaged by the Board of Directors as auditor of Heineken Holding N.V. on April 24, 2014, as of the audit for the year 2015 and have operated as statutory auditor ever since that financial year.

No prohibited non-audit services

We have not provided prohibited non-audit services as referred to in Article 5(1) of the EU Regulation on specific requirements regarding statutory audit of public-interest entities.

European Single Electronic Format (ESEF)

Heineken Holding N.V. has prepared its annual report in ESEF. The requirements for this are set out in the Delegated Regulation (EU) 2019/815 with regard to regulatory technical standards on the specification of a single electronic reporting format (hereinafter: the RTS on ESEF).

In our opinion, the annual report, prepared in XHTML format, including the (partly) marked-up consolidated financial statements, as included in the reporting package by Heineken Holding N.V. complies in all material respects with the RTS on ESEF.

Management is responsible for preparing the annual report including the financial statements in accordance with the RTS on ESEF, whereby management combines the various components into one single reporting package.

Our responsibility is to obtain reasonable assurance for our opinion whether the annual report in this reporting package complies with the RTS on ESEF.

We performed our examination in accordance with Dutch law, including Dutch Standard 3950N 'Assurance-opdrachten inzake het voldoen aan de criteria voor het opstellen van een digitaal verantwoordingsdocument' (assurance engagements relating to compliance with criteria for digital reporting).

Our examination included amongst others:

- Obtaining an understanding of the company's financial reporting process, including the preparation of the reporting package.
- Identifying and assessing the risks that the annual report does not comply in all material respects with the RTS on ESEF and designing and performing further assurance procedures responsive to those risks to provide a basis for our opinion, including:
  - obtaining the reporting package and performing validations to determine whether the reporting package containing the Inline XBRL instance and the XBRL extension taxonomy files has been prepared in accordance with the technical specifications as included in the RTS on ESEF;
  - examining the information related to the consolidated financial statements in the reporting package to determine whether all required mark-ups have been applied and whether these are in accordance with the RTS on ESEF.

Description of responsibilities regarding the financial statements

Responsibilities of the Board of Directors Heineken Holding N.V. for the financial statements

The Board of Directors is responsible for the preparation and fair presentation of the financial statements in accordance with EU-IFRS and Part 9 of Book 2 of the Dutch Civil Code. Furthermore, the Board of Directors is responsible for such internal control as the Board of Directors determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

As part of the preparation of the financial statements, the Board of Directors is responsible for assessing the the Company's ability to continue as a going concern. Based on the financial reporting frameworks mentioned, the Board of Directors should prepare the financial statements using the going concern basis of accounting unless the Board of Directors either intends to liquidate the the Company or to cease operations, or has no realistic alternative but to do so.

The Board of Directors should disclose events and circumstances that may cast significant doubt on the the Company's ability to continue as a going concern in the financial statements.

The Board of Directors is responsible for overseeing the the Company's financial reporting process.

Our responsibilities for the audit of the financial statements

Our objective is to plan and perform the audit assignment in a manner that allows us to obtain sufficient and appropriate audit evidence for our opinion.

Our audit has been performed with a high, but not absolute, level of assurance, which means we may not detect all material errors and fraud during our audit.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements. The materiality affects the nature, timing and extent of our audit procedures and the evaluation of the effect of identified misstatements on our opinion.

We have exercised professional judgement and have maintained professional scepticism throughout the audit, in accordance with Dutch Standards on Auditing, ethical requirements and independence requirements. Our audit included among others:

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

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

Because we are ultimately responsible for the opinion, we are also responsible for directing, supervising and performing the group audit. In this respect we have determined the nature and extent of the audit procedures to be carried out for group entities. Decisive were the size and/or the risk profile of the group entities or operations. On this basis, we selected group entities for which an audit or review had to be carried out on the complete set of financial information or specific items.

We communicate with the Board of Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant findings in internal control that we identified during our audit. In this respect we also submit an additional report to the audit committee in accordance with Article 11 of the EU Regulation on specific requirements regarding statutory audit of public-interest entities. The information included in this additional report is consistent with our audit opinion in this auditor's report.

We provide the Board of Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Board of Directors, we determine the key audit matters: those matters that were of most significance in the audit of the financial statements. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, not communicating the matter is in the public interest.

Amsterdam, February 13, 2024

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.

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

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

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

Capital expenditure related to PP&E and intangible assets (capex)
Sum of 'Purchase of property, plant and equipment' and 'Purchase of intangible assets' as included in the consolidated statement of cash flows.

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

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

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

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

Consolidation changes
Changes as a result of acquisitions and disposals.

Depletions
Sales by distributors to the retail trade.

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

Earnings per share (EPS)
Basic

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

Diluted

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Volume
Beer volume

Beer volume produced and sold by consolidated companies.

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

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

Group beer volume

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

Licensed volume

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

LONO

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

Non-beer volume

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

Premium beer

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

Third-party products volume

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

Total consolidated volume

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

Weighted average number of shares
Basic

Weighted average number of outstanding shares.

Diluted

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

Information

Disclaimer

This report contains forward-looking statements based on current expectations and assumptions regarding the financial and non-financial position of HEINEKEN's activities, anticipated developments, and other factors and HEINEKEN's Brewing a Better World ambitions, which sets out amongst others emissions reduction ambitions and other climate change related matters (including actions, potential impacts and risks associated therewith). All statements other than statements of historical facts are or may be deemed to be, forward-looking statements. Forward-looking statements also include, but are not limited to, statements and information in HEINEKEN's non-financial reporting, such as HEINEKEN's Brewing a Better World ambitions, which sets out amongst others emissions reduction and other climate change related matters (including actions, potential impacts and risks associated therewith). These forward-looking statements are identified by their use of interchangeable terms and phrases such as "aim", "aims to", "ambition", "anticipate", "believe", "could", "estimate", "expect", "goals", "intend", "is anticipated", "is predicted", "it is estimated", "commit", "committed to", "may", "might", "milestones", "objectives", "outlook", "plan", "potential", "probably", "project", "result", "risks", "schedule", "seek", "should", "target", "will", "will continue", "will likely result", or other similar expressions. All forward-looking statements are subject to numerous assumptions, known and unknown risks and uncertainties, and limits in data quality and integrity which may change over time, that could cause actual results to differ materially from those expressed or implied in the forward-looking statements. These statements are out of scope of assurance, in the sense that they are not guarantees of future performance.

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Although we endeavour to provide accurate and timely information, there can be no guarantee that such information is accurate as of the date it is received or that it will continue to be accurate in the future, as this is subject to risks and uncertainties that could cause actual results to differ materially from those expressed in the forward-looking statements and scenario analyses.

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Published by

Heineken Holding N.V.
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1017 ZD Amsterdam
The Netherlands
Telephone +31 20 622 11 52

Graphic Design and Electronic Publishing

KentieDesign Reporting B.V.

PDF/iXBRL

The PDF, iXBRL viewer copy and official ESEF reporting package of this Annual Report are available at: www.heinekenholding.com. The PDF and iXBRL viewer copy of the Annual Report of Heineken Holding N.V. for the year 2023 is not in the ESEF-format as specified by the European Commission in Regulatory Technical Standard on ESEF (Regulation (EU) 2019/815). The ESEF reporting package is available at www.heinekenholding.com.

HEINEKEN HOLDING NV

ANNUAL REPORT 2023

Established in Amsterdam