HEINEKEN HOLDING NV

MEDIA RELEASE

Heineken Holding N.V. reports 2020 half year results

Amsterdam, 3 August 2020 – Heineken Holding N.V. (EURONEXT: HEIO; OTCQX: HKHHY) announces:

KEY HIGHLIGHTS

- The net result of Heineken Holding N.V.'s participating interest in Heineken N.V. for the first half year of 2020 amounts to €-149 million
- Net revenue (beia) organic growth -16.4%; net revenue (beia) per hectolitre -3.6%
- Consolidated beer volume -11.5%
- Heineken® volume -2.5%
- Operating profit (beia) organic growth -52.5%
- Net profit (beia) €227 million, -75.8% organically

FINANCIAL SUMMARY[1]

IFRS Measures	€ million	Total growth	BEIA Measures	€ million	Organic growth[2]
Revenue	11,156	-18.0%	Revenue (beia)	11,156	-15.5%
Net revenue	9,243	-19.2%	Net revenue (beia)	9,243	-16.4%
Operating profit	85	-94.8%	Operating profit (beia)	827	-52.5%
			Operating profit (beia) margin	8.9 %	
Net profit of Heineken Holding N.V.	-149	-131.7%	Net profit (beia)	227	-75.8%
Diluted EPS (in €)	-0.52	-131.5%	Diluted EPS (beia) (in €)	0.39	-78.6%
			Free operating cash flow	-809	
			Net debt / EBITDA (beia)[3]	3.5x	

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

[2] Organic growth shown, except for Diluted EPS (beia) which is total growth.

[3] Includes acquisitions and excludes disposals on a 12 month pro-forma basis.

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

In the first half of 2020, HEINEKEN's markets and businesses were materially impacted by the COVID-19 pandemic. There are no changes vs HEINEKEN's announcement of 16 July.

UPDATE ON HEINEKEN'S RESPONSE TO COVID-19

Since the beginning of the COVID-19 crisis HEINEKEN has been adhering to three guiding principles. First, the health, safety and trust of its people is of paramount importance. Second, HEINEKEN does everything it can to safeguard the continuity of its business and protect the appeal of its brands. This includes supporting the business continuity of its customers and suppliers. And, third, HEINEKEN offers support to communities that are most impacted by the pandemic.

In view of those principles, on 8 April 2020, HEINEKEN outlined its commitment to its people, customers, suppliers and communities in which HEINEKEN operates.

Significant efforts have been made within HEINEKEN to support its employees in doing their jobs safely, by working from home where possible, and applying the standard COVID-19 preventive measures, including physical distancing, personal hygiene and disinfection protocols and providing sufficient personal protective equipment. In addition, to provide some security for HEINEKEN employees in these trying times, HEINEKEN has committed to not carry out structural lay-offs as a consequence of COVID-19 in 2020.

HEINEKEN has supported its on-trade customers across all regions with advice and tools to safely reopen, helping them set up home delivery and on-line businesses and supporting them financially, for example by waiving rental payments. HEINEKEN's Back the Bars initiative was launched to support on-trade customers in 21 countries and has raised over €10 million.

HEINEKEN continued to pay all suppliers on time and has also provided advanced payments to suppliers who were heavily impacted by COVID-19.

Pandemic relief totalling over €23 million has been deployed to front-line medical facilities, including donations of water, non-alcoholic beverages, hand sanitiser and monetary contributions.

OUTLOOK FOR FY 2020

The COVID-19 pandemic constitutes a major negative macroeconomic development and as such it is having a significant impact on HEINEKEN's markets and on its business in 2020. On 8 April, HEINEKEN withdrew all guidance for 2020 given the lack of visibility on the end date of the pandemic and the duration of its impact. Although HEINEKEN observes a gradual recovery since the trough in April across most markets, the situation continues to be volatile and uncertain. As a consequence, HEINEKEN is only able to share directional information for the remainder of the year.

Product and channel mix is expected to continue to adversely impact results, especially in Europe, as the on-trade continues to be more affected than the off-trade. As a consequence, input costs per hectolitre are expected to continue to be significantly higher than last year.

HEINEKEN has taken mitigating actions and will further intensify its focus on costs, balancing the reduction of discretionary expenses with providing sufficient support behind its brands and route to market. Non-committed supply chain CAPEX will continue to be suspended, while commercial CAPEX will resume if and when required to support HEINEKEN's current and future top-line growth.

Significant uncertainty remains on the impact of the COVID-19 pandemic, including risks related to containment measures, supply chain continuity, cyber-security incidents and macro economic downturn in general.

Given the circumstances, HEINEKEN expects to continue to provide incremental disclosures of the material effects of the COVID-19 crisis on HEINEKEN's markets and businesses. The next update will come with the third quarter trading update.

ENQUIRIES

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INVESTOR CALENDAR HEINEKEN N.V.

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

Trading Update for Q3 2020	28 October 2020
Full Year 2020 Results	10 February 2021

CONFERENCE CALL DETAILS

HEINEKEN will host an analyst and investor conference call in relation to its 2020 HY results today at 10:00 CET/ 9:00 GMT. This call will also be accessible for Heineken Holding N.V. shareholders. The call will be audio cast live via the website: www.theheinekencompany.com. An audio replay service will also be made available after the conference call at the above web address. Analysts and investors can dial-in using the following telephone numbers:

United Kingdom (Local): 020 3936 2999
Netherlands (Local): 085 888 7233
USA: 1 646 664 1960
All other locations: +44 20 3936 2999
Participation password for all countries: 239940

Editorial information:

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

HEINEKEN is the world's most international brewer. It is the leading developer and marketer of premium beer and cider brands. Led by the Heineken® brand, the Group has a portfolio of more than 300 international, regional, local and specialty beers and ciders. HEINEKEN is committed to innovation, long-term brand investment, disciplined sales execution and focused cost management. Through "Brewing a Better World", sustainability is embedded in the business. HEINEKEN has a well-balanced geographic footprint with leadership positions in both developed and developing markets. HEINEKEN employs over 85,000 employees and operates breweries, malteries, cider plants and other production facilities in more than 70 countries. Heineken Holding N.V. and Heineken N.V. shares trade on the Euronext in Amsterdam. Prices for the ordinary shares may be accessed on Bloomberg under the symbols HEIO NA and HEIA NA and on Reuters under HEIO.AS and HEIN.AS . HEINEKEN has two sponsored level 1 American Depositary Receipt (ADR) programmes: Heineken Holding N.V. (OTCQX: HKHHY) and Heineken N.V. (OTCQX: HEINY). Most recent information is available on the websites: www.heinekenholding.com and www.theHEINEKENcompany.com and follow HEINEKEN on Twitter via @HEINEKENCorp.

Market Abuse Regulation:

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

Disclaimer:

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

INTRODUCTION

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

The interim financial report for the six months ending 30 June 2020 consists of the report of the Board of Directors, the statement of the Board and the condensed consolidated interim financial statements.

REPORT OF THE BOARD OF DIRECTORS

Heineken Holding N.V. has a 50.005% interest in the issued share capital (being 50.029% of the outstanding share capital) of Heineken N.V. Standing at the head of the HEINEKEN group, Heineken Holding N.V. is not an ordinary holding company. Since its formation in 1952, Heineken Holding N.V.'s object pursuant to its Articles of Association has been to manage or supervise the management of the HEINEKEN group and to provide services for Heineken N.V. Within the HEINEKEN group, the primary duties of Heineken N.V.'s Executive Board are to initiate and implement corporate strategy and to manage Heineken N.V. and its related enterprise. It is supervised in the performance of its duties by Heineken N.V.'s Supervisory Board. Because Heineken N.V. manages the HEINEKEN group companies, Heineken Holding N.V., unlike Heineken N.V., does not have an internal risk management and control system. Heineken Holding N.V. does not engage in any operational activities and employs no staff.

Further information regarding the developments during the financial half year 2020 of Heineken N.V. and its related companies, and the material risks Heineken N.V. is facing is given in Heineken N.V.'s half year report.

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

STATEMENT OF THE BOARD OF DIRECTORS

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

To our knowledge:

1. The condensed consolidated interim financial statements for the six-month period ended 30 June 2020, which have been prepared in accordance with IAS 34 'Interim Financial Reporting' as adopted by the EU, give a true and fair view of the assets, liabilities, financial position, and profit or loss of Heineken Holding N.V. and the businesses included in the consolidation as a whole;
2. The report of the Board of Directors for the six-month period ended 30 June 2020 includes a fair review of the information required pursuant to article 5:25d paragraphs 8 and 9 of the Dutch Financial Markets Supervision Act ("Wet op het financieel toezicht").

Board of Directors

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

Amsterdam, 31 July 2020

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2020

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CONDENSED CONSOLIDATED INTERIM INCOME STATEMENT

	Note	2020	2019
For the six-month period ended 30 June			
In millions of €			
Revenue	7	**11,156**	13,597
Excise tax expense	7	(1,913)	(2,154)
Net revenue	7	**9,243**	11,443
Other income	7	**5**	78
Raw materials, consumables and services	8	(5,967)	(7,064)
Personnel expenses		(1,716)	(1,898)
Amortisation, depreciation and impairments	9	(1,480)	(911)
Total other expenses		**(9,163)**	(9,873)
Operating profit	7	**85**	1,648
Interest income		32	28
Interest expenses		(239)	(255)
Other net finance income/(expenses)		(58)	(25)
Net finance expenses		**(265)**	(252)
Share of profit/(loss) of associates and joint ventures	7	(41)	80
Profit/(loss) before income tax	7	**(221)**	1,476
Income tax expense		(51)	(438)
Profit/(loss)		**(272)**	1,038
Attributable to:			
Shareholders of Heineken Holding N.V. (net profit)		(149)	471
Non-controlling interests in Heineken N.V.		(148)	465
Non-controlling interests in Heineken N.V. group companies		25	102
Profit/(loss)		**(272)**	1,038
Weighted average number of shares – basic	11	288,030,168	288,030,168
Weighted average number of shares – diluted	11	288,030,168	288,030,168
Basic earnings/(loss) per share (€)		(0.52)	1.64
Diluted earnings/(loss) per share (€)		(0.52)	1.64

CONDENSED CONSOLIDATED INTERIM STATEMENT OF COMPREHENSIVE INCOME

	2020	2019
For the six-month period ended 30 June		
In millions of €		
Profit/(loss)	**(272)**	1,038
Other comprehensive income/(loss), net of tax:		
Items that will not be reclassified to profit or loss:		
Remeasurement of post-retirement obligations	(51)	(136)
Net change in fair value through OCI investments - Equity investments	(88)	24
Items that may be subsequently reclassified to profit or loss:		
Currency translation differences	(1,642)	135
Change in fair value of net investment hedges	72	8
Change in fair value of cash flow hedges	42	60
Cash flow hedges reclassified to profit or loss	8	15
Net change in fair value through OCI investments - Debt investments	(1)	—
Cost of hedging	(3)	(5)
Share of other comprehensive income/(loss) of associates/ joint ventures	6	(3)
Other comprehensive income/(loss), net of tax	**(1,657)**	98
Total comprehensive income/(loss)	**(1,929)**	1,136
Attributable to:		
Shareholders of Heineken Holding N.V.	(962)	515
Non-controlling interests in Heineken N.V.	(957)	511
Non-controlling interests in Heineken N.V. group companies	(10)	110
Total comprehensive income	**(1,929)**	1,136

CONDENSED CONSOLIDATED INTERIM STATEMENT OF FINANCIAL POSITION

As at	Note	30 June 2020	31 December 2019
In millions of €			
Intangible assets	9	16,461	17,769
Property, plant and equipment	9	11,857	13,269
Investments in associates and joint ventures		4,705	4,868
Loans and advances to customers		183	277
Deferred tax assets		701	647
Other non-current assets		1,115	1,255
Total non-current assets		**35,022**	38,085
Inventories		2,163	2,213
Trade and other receivables		3,983	4,123
Current tax assets		204	123
Derivative assets		97	28
Cash and cash equivalents		4,266	1,821
Assets classified as held for sale		61	111
Total current assets		**10,774**	8,419
Total assets		**45,796**	46,504

As at	Note	30 June 2020	31 December 2019
In millions of €			
Heineken Holding N.V. shareholders' equity	11	6,703	7,993
Non-controlling interests in Heineken N.V.	11	6,890	8,154
Non-controlling interests in Heineken N.V. group companies	11	967	1,164
Total equity		**14,560**	17,311
Borrowings	12	15,564	13,366
Post-retirement obligations		1,206	1,189
Provisions		602	756
Deferred tax liabilities		1,198	1,422
Other non-current liabilities		108	153
Total non-current liabilities		**18,678**	16,886
Borrowings	12	5,423	3,686
Trade and other payables		6,115	7,520
Returnable packaging deposits		528	565
Provisions		176	184
Current tax liabilities		259	283
Derivative liabilities		57	69
Total current liabilities		**12,558**	12,307
Total equity and liabilities		**45,796**	46,504

CONDENSED CONSOLIDATED INTERIM STATEMENT OF CASH FLOWS

For the six-month period ended 30 June *In millions of €*	**2020**	2019
Operating activities		
Profit/(loss)	(272)	1,038
Adjustments for:		
Amortisation, depreciation and impairments	1,479	911
Net interest expenses	207	227
Other income	(5)	(78)
Share of profit or loss of associates and joint ventures and dividend income on fair value through OCI investments	32	(85)
Income tax expenses	51	438
Other non-cash items	85	182
Cash flow from operations before changes in working capital and provisions	**1,577**	2,633
Change in inventories	(155)	(332)
Change in trade and other receivables	7	(769)
Change in trade and other payables and returnable packaging deposits	(548)	818
Total change in working capital	**(696)**	(283)
Change in provisions and post-retirement obligations	3	(98)
Cash flow from operations	**884**	2,252
Interest paid	(244)	(256)
Interest received	27	31
Dividends received	50	111
Income taxes paid	(382)	(456)
Cash flow related to interest, dividend and income tax	**(549)**	(570)
Cash flow from operating activities	**335**	1,682

For the six-month period ended 30 June *In millions of €*	**2020**	2019
Investing activities		
Proceeds from sale of property, plant and equipment and intangible assets	28	23
Purchase of property, plant and equipment	(1,064)	(1,005)
Purchase of intangible assets	(62)	(41)
Loans issued to customers and other investments	(68)	(121)
Repayment on loans to customers and other investments	22	40
Cash flow (used in)/from operational investing activities	**(1,144)**	(1,104)
Free operating cash flow	(809)	578
Acquisition of subsidiaries, net of cash acquired	—	(169)
Acquisition of/additions to associates, joint ventures and other investments	(10)	(2,872)
Disposal of subsidiaries, net of cash disposed of	—	279
Disposal of associates, joint ventures and other investments	65	—
Cash flow (used in)/from acquisitions and disposals	**55**	(2,762)
Cash flow (used in)/from investing activities	**(1,089)**	(3,866)
Financing activities		
Proceeds from borrowings	5,872	537
Repayment of borrowings	(1,474)	(881)
Payment of lease commitments	(137)	(114)
Dividends paid	(709)	(724)
Purchase own shares and shares issued by Heineken N.V.	(4)	418
Acquisition of non-controlling interests	(3)	(103)
Cash flow (used in)/from financing activities	**3,545**	(867)
Net cash flow	2,791	(3,051)
Cash and cash equivalents as at 1 January	687	2,249
Effect of movements in exchange rates	15	6
Cash and cash equivalents as at 30 June	**3,493**	(796)

CONDENSED CONSOLIDATED INTERIM STATEMENT OF CHANGES IN EQUITY

In millions of €	Share capital	Share premium	Translation reserve	Hedging reserve	Cost of hedging reserve	Fair value reserve	Other legal reserves	Reserve for own shares	Retained earnings	Shareholders of 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 31 December 2018[1]	461	1,257	(1,657)	(18)	5	173	550	—	6,465	7,236	7,276	1,182	15,694
Changes in accounting policy[1]	—	—	—	—	—	—	—	—	7	7	6	1	14
Balance as at 1 January 2019[1]	461	1,257	(1,657)	(18)	5	173	550	—	6,472	7,243	7,282	1,183	15,708
Profit	—	—	—	—	—	—	41	—	430	471	465	102	1,038
Other comprehensive income	—	—	66	38	(3)	12	—	—	(69)	44	46	8	98
Total comprehensive income	—	—	66	38	(3)	12	41	—	361	515	511	110	1,136
Realised hedge results from non-financial assets	—	—	—	(33)	—	—	—	—	—	(33)	(33)	—	(66)
Transfer to retained earnings	—	—	—	—	—	—	(57)	—	57	—	—	—	—
Dividends to shareholders	—	—	—	—	—	—	—	—	(291)	(291)	(290)	(229)	(810)
Cancellation own shares	—	—	—	—	—	—	—	—	—	—	—	—	—
Purchase/reissuance own shares by Heineken N.V.	—	—	—	—	—	—	—	—	209	209	209	—	418
Negative dilution	—	—	—	—	—	—	—	—	(65)	(65)	65	—	—
Share-based payments by Heineken N.V.	—	—	—	—	—	—	—	—	7	7	6	—	13
Acquisition of non-controlling interests in Heineken N.V. group companies by Heineken N.V.	—	—	—	—	—	—	—	—	(61)	(61)	(60)	1	(120)
Changes in consolidation	—	—	—	—	—	—	—	—	—	—	—	4	4
Balance as at 30 June 2019	461	1,257	(1,591)	(13)	2	185	534	—	6,689	7,524	7,690	1,069	16,283

[1] Restated for IAS 37 (refer to note 4 of the HEINEKEN's consolidated financial statements as at and for the year ended 31 December 2019 for further details) and IFRS 16.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (CONTINUED)

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

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

1. REPORTING ENTITY

Heineken Holding N.V. (the 'Company') is a public company domiciled in the Netherlands. The condensed consolidated interim financial statements of the Company as at and for the six-month period ended 30 June 2020 comprise Heineken Holding N.V., Heineken N.V., its subsidiaries (together referred to as 'HEINEKEN') and HEINEKEN's interest in joint ventures and associates.

The consolidated financial statements of Heineken Holding N.V. as at and for the year ended 31 December 2019 are available at www.heinekenholding.com.

2. BASIS OF PREPARATION

The condensed consolidated interim financial statements are:

- Prepared in accordance with IAS 34 'Interim Financial Reporting' of the International Financial Reporting Standards (IFRS) as adopted by the European Union (EU). The condensed consolidated interim financial statements do not meet the full requirements for annual financial statements in accordance with IFRS, and should be read in conjunction with the consolidated financial statements of HEINEKEN as at and for the year ended 31 December 2019. Heineken Holding N.V.'s consolidated financial statements as at and for the year ended 31 December 2019 were adopted by the Annual General Meeting of shareholders on 23 April 2020 and an unqualified auditor's opinion was issued by Deloitte Accountants B.V. thereon.
- These condensed consolidated interim financial statements were approved by the Board of Directors on 31 July 2020.
- Prepared on the historical cost basis unless otherwise stated.
- Presented in Euro, which is the Company's functional currency.
- Rounded to the nearest million unless stated otherwise.

3. SIGNIFICANT CHANGES IN THE CURRENT REPORTING PERIOD

Since the end of the last annual reporting period, the COVID-19 outbreak has evolved into a pandemic and has far reaching impact on HEINEKEN's people and business. Containment measures such as restrictions of movement for populations and outlet closures, sometimes combined with the mandatory lockdown of production facilities represented the key challenges to the execution of HEINEKEN's strategy and have materially affected performance. This resulted in a revenue decline, incremental expenses and impairments being recorded. Despite cost mitigation actions which were taken, HEINEKEN reported a net loss.

Since 31 December 2019 many currencies have devaluated significantly versus the Euro. Primarily the devaluation of the Mexican Peso, Brazilian Real and British Pound impacted the Euro value of HEINEKEN's fixed assets and equity.

COVID-19 had an impact on a number of line items in the financial statements. Areas significantly impacted are:

- Revenue and expenses: refer to note 7 'Operating Segments' and note 8 'Raw materials, consumables and services';
- Impairments on Intangible assets and Property, plant and equipment (PP&E) as included in note 9 'Impairments';
- Increased credit and liquidity risk as explained in note 10 'Financial risk management and financial instruments';

- Issuance of new borrowings: see note 12 'Borrowings'.

In some countries HEINEKEN has received government support, for example compensation for personnel expenses or delay of payments of value added taxes. For the period ending 30 June 2020 these measures resulted in reduction of operating expenses of €35 million and the postponement of tax payments positively impacted HEINEKEN's cash flow for an amount of €105 million.

Although there is significant uncertainty on the severity and duration of the adverse impact of the COVID-19 pandemic, an increased exposure on risks related to containment measures, supply chain continuity, cyber security incidents and macro economic downturn in general could further adversely impact HEINEKEN's results and remain high on its risk management agenda.

There may also be risks HEINEKEN is not aware of or currently deems immaterial but which could, at a later stage, have a material impact on HEINEKEN's business. As new risks emerge and existing immaterial risks evolve, they will be timely assessed and managed.

4. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS

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

The areas that involve significant estimates and judgements are described in the consolidated financial statements of HEINEKEN as at and for the year ended 31 December 2019. Of those significant estimates and judgements, the following were significantly changed during the six-month period to 30 June 2020:

Area involving significant estimates	Note	Nature of the significant change in estimate
Assumptions used in impairment testing of Intangible assets and Property, plant and equipment	9	Reassessment of the expected future cash flows associated with Intangible assets and Property, plant and equipment

5. SIGNIFICANT ACCOUNTING POLICIES

(a) General

The accounting policies applied in these condensed consolidated interim financial statements are the same as those applied in HEINEKEN's consolidated financial statements as at and for the year ended 31 December 2019.

(b) Income tax

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

(c) IFRS standards and interpretations effective on or after 1 January 2020

IFRS standards and interpretations effective for accounting periods beginning on or after January 1, 2020, do not have a significant impact on the condensed consolidated interim financial statements of HEINEKEN for the period ended 30 June 2020.

6. SEASONALITY

As a result of the impact of COVID-19 on the performance of the first six months of 2020, HEINEKEN's usual seasonal patterns are distorted.

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

7. OPERATING SEGMENTS

For the six-month period ended 30 June

In millions of €	Europe **2020**	Europe 2019	Americas **2020**	Americas 2019	Africa, Middle East & Eastern Europe **2020**	Africa, Middle East & Eastern Europe 2019	Asia Pacific **2020**	Asia Pacific 2019	Heineken N.V. Head Office & Other/eliminations **2020**	Heineken N.V. Head Office & Other/eliminations 2019	Consolidated **2020**	Consolidated 2019
Third party revenue	4,954	6,031	2,953	3,625	1,589	1,961	1,653	1,949	7	31	11,156	13,597
Interregional revenue	331	365	15	15	—	—	1	1	(347)	(381)	—	—
Revenue	**5,285**	6,396	**2,968**	3,640	**1,589**	1,961	**1,654**	1,950	**(340)**	(350)	**11,156**	13,597
Excise tax expense[2]	(1,210)	(1,293)	(76)	(87)	(295)	(361)	(332)	(413)	—	—	(1,913)	(2,154)
Net revenue	**4,075**	5,103	**2,892**	3,553	**1,294**	1,600	**1,322**	1,537	**(340)**	(350)	**9,243**	11,443
Other income	7	3	1	1	2	—	(5)	74	—	—	5	78
Operating profit	**59**	584	**94**	454	**(6)**	197	**116**	496	**(178)**	(83)	**85**	1,648
Net finance expenses											(265)	(252)
Share of profit/(loss) of associates and joint ventures	(1)	7	10	43	8	17	(34)	14	(24)	(1)	(41)	80
Income tax expense											(51)	(438)
Profit/(loss)											**(272)**	1,038
Operating profit reconciliation												
Operating profit	59	584	94	454	(6)	197	116	496	(178)	(83)	85	1,648
Eia[1]	23	26	271	76	89	3	302	15	57	13	742	133
Operating profit (beia)[1]	**82**	610	**365**	530	**83**	200	**418**	511	**(121)**	(70)	**827**	1,781
For the six-month period ended 30 June 2020 and as at 31 December 2019												
Total segment assets	15,675	15,640	10,131	12,299	3,861	4,231	11,620	12,277	3,528	1,279	44,815	45,726
Unallocated assets											981	778
Total assets											**45,796**	46,504

[1] Note that this is a non-GAAP measure. Due to rounding, this balance will not always cast.

[2] In addition to the €1,913 million of excise tax expense included in revenue (30 June 2019: €2,154 million), €784 million of excise tax expense is collected on behalf of third parties and excluded from revenue (30 June 2019: €836 million).

Reconciliation of segment profit or loss
In its internal management reports, HEINEKEN measures its segmental performance primarily based on operating profit and operating profit beia (before exceptional items and amortisation of acquisition-related intangible assets).

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

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

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

For the six-month period ended 30 June *In millions of €*	**2020**	2019
Operating profit (beia)	**827**	1,781
Amortisation of acquisition-related intangible assets included in operating profit	(144)	(151)
Exceptional items included in operating profit	(598)	18
Share of profit/(loss) of associates and joint ventures	(41)	80
Net finance expenses	(265)	(252)
Profit/(loss) before income tax	**(221)**	1,476
Profit/(loss) attributable to:		
Shareholders of Heineken Holding N.V. (net profit/(loss))	(149)	471
Non-controlling interests in Heineken N.V.	(148)	465
Amortisation of acquisition-related intangible assets included in operating profit	144	151
Exceptional items included in operating profit	598	(18)
Exceptional items included in net finance expenses	(32)	16
Exceptional items and amortisation of acquisition-related intangible assets included in share of profit of associates and joint ventures	62	3
Exceptional items included in income tax expense	(178)	(21)
Allocation of exceptional items and amortisation of acquisition-related intangibles to non-controlling interests	(70)	(13)
Net profit (beia)	**227**	1,054

The exceptional items and amortisation of acquisition-related intangibles in operating profit for the six-month period ended 30 June 2020 amounts to €742 million (2019: €133 million). This amount consists of:

- €144 million (2019: €151 million) of amortisation of acquisition-related intangibles recorded in operating profit.
- €598 million of net exceptional expenses recorded in operating profit (2019: €18 million net benefit). This includes €548 million of

impairments (2019: nil), restructuring expenses of €10 million (2019: €21 million) and €40 million of other net exceptional expenses (2019: €39 million other net exceptional benefits).

- €32 million of exceptional net benefits in net finance expenses, mainly related to interest over settled tax liabilities (2019: €16 million net expense, mainly related to interest over tax liabilities and pre-financing of acquisitions).
- €62 million of exceptional net expenses included in share of profit of associates and joint ventures (2019: €3 million).
- €178 million of exceptional net benefits in income tax expense (2019: €21 million), mainly related to the tax effect of impairments of €115 million and remeasurement of deferred tax positions due to nominal tax rates changes of €17 million.
- Total amount of eia allocated to non-controlling interest amounts to €70 million (2019: €13 million).

8. RAW MATERIALS, CONSUMABLES AND SERVICES

For the six-month period ended 30 June

In millions of €	**2020**	2019
Raw materials	856	997
Non-returnable packaging	1,831	2,004
Goods for resale	393	680
Inventory movements	(74)	(149)
Marketing and selling expenses	1,028	1,339
Transport expenses	528	639
Energy and water	232	291
Repair and maintenance	234	273
Others	939	990
	5,967	7,064

9. IMPAIRMENTS

Given the impact of COVID-19 on HEINEKEN's markets and businesses, HEINEKEN has assessed for all cash generating units (CGUs) whether there was an indication for an impairment trigger. As a result of this assessment, CGUs with a total fixed asset base (including goodwill and before impairment) of €3.0 billion have been tested for impairment. CGUs with a total fixed asset base of €1.2 billion were concluded to be partially impaired.

Based on these impairment tests an impairment of €214 million on Property, plant and equipment, €295 million on Intangible assets and €39 million on goodwill was recorded. The impairment charges mainly relate to the CGUs Jamaica (€138 million) and Papua New Guinea (€196 million). Next to this, various smaller impairments have been recorded. The impairments have been recorded on the line 'Amortisation, depreciation and impairments' in the Income Statement. Refer to the table below for the impairment loss recorded per segment:

In millions of €	Impairment loss
Americas	220
AMEE	96
APAC	219
Head Office	13
Total	**548**

Given the unprecedented volatility and uncertainty of the effects of COVID-19, projecting future cash flows for CGUs involves judgement. The depth and duration of the impact of COVID-19 is uncertain, among others due to potential resurgence of the virus, limitations to operate and adverse effects on disposable income. The forecast was prepared under the assumption of a full recovery to 2019 sales volumes within a two year planning horizon. No second COVID-19 outbreak peak leading to reintroduction of containment measures is assumed.

The determination of the recoverable amount of the assets of both Jamaica and Papua New Guinea is based on a value in use (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 estimates. See the table below for the key assumptions:

	Papua New Guinea			Jamaica
In %	2020 - 2022	2023 - 2029	2020 - 2024	2025 – 2029
Pre-tax WACC	19.8	19.8	21.1	21.1
Expected annual long-term inflation	4.1	4.1	5.0	5.0
Expected volume growth	5.4	(0.5)	3.8	0.7

The impairment is first allocated to the goodwill and Intangible assets with an indefinite useful life. A remaining impairment loss is allocated pro-rata to other fixed assets of the CGU. See the table below with the allocation of the impairment to the different classes of Intangible assets and PP&E:

In millions of €	Goodwill	Brands	Customer-related intangibles	Contract-based intangibles	Software, research and development and other	Total intangible assets
Impairment losses	39	238	39	2	16	334

In millions of €	Land and buildings	Plant and equipment	Other fixed assets	Under construction	Total PP&E owned	Right of use assets	Total PP&E
Impairment losses	42	69	27	63	201	13	214

10. FINANCIAL RISK MANAGEMENT AND FINANCIAL INSTRUMENTS

(a) Financial risk management

The consolidated financial statements of HEINEKEN as at and for the year ended 31 December 2019 describe the financial risks that HEINEKEN is exposed to in the normal course of business, as well as the policies and processes that are in place for managing these risks. Those risks remain valid and should be read in conjunction with these interim financial statements. Refer to below for an update on credit and liquidity risk.

(b) Credit risk

Due to the impact of COVID-19, credit risk on financial assets has increased. Below table shows the financial assets on the balance sheet of HEINEKEN which are exposed to credit risk:

As at	**30 June**	31 December
In millions of €	**2020**	2019
Cash and cash equivalents	4,266	1,821
Trade and other receivables, excluding prepayments	3,550	3,738
Derivative assets	147	30
Fair value through OCI investments	328	408
Loans and advances to customers	183	277
Other non-current receivables	356	406
Guarantees to banks for loans (to third parties)	333	332
Total	**9,163**	7,012

During the first half year of 2020 Heineken recognized €137 million (2019: €44 million) of credit losses mainly driven by receivables from customers and loans and advances to customers. Heineken recognizes allowance for expected credit losses (ECL) in line with the accounting policy disclosed in the consolidated financial statements of HEINEKEN for the year ended 31 December 2019. The ECL assessment was updated to correctly reflect historic, current and forward looking information regarding expected credit losses, and involves judgement. As part of these assessments, HEINEKEN has incorporated all reasonable and supportable information available such as whether there has been a breach or deterioration of payments terms, a request for extended payment terms or a request for waived payment terms.

(c) Liquidity risk

HEINEKEN entered the crisis with an undrawn committed revolving credit facility of €3.5 billion that matures in May 2024 and does not contain financial covenants. As a result of COVID-19, there is increased attention for and monitoring of risks associated with working capital that might impact liquidity. HEINEKEN has increased its liquidity buffers during the COVID-19 crisis by issuing new bonds and acquiring short-term funding, including raising €3.0 billion through five new bonds under the EMTN programme (for more information refer to note 12).

Centrally available cash and the undrawn committed revolving credit facility added up to approximately €5.9 billion as at 30 June 2020. When deducting commercial paper and short-term bank borrowings at Group level, the centrally available financing headroom was approximately €4.5 billion (2019: €3.0 billion).

Centrally available cash has been deposited with various well-rated relationship banks in line with HEINEKEN's policy as described in the consolidated financial statements of HEINEKEN as at and for the year ended 31 December 2019.

(d) Fair value

For bank loans the carrying amount is a reasonable approximation of fair value. The fair value of the unsecured bond issued as at 30 June 2020 was €17,043 million (31 December 2019: €13,824 million) and the carrying amount measured at amortised cost was €15,775 million (31 December 2019: €12,788 million). The fair value of the other interest bearing liabilities as at 30 June 2020 was €669 million (31 December 2019: €646 million) and the carrying amount measured at amortised cost was €670 million (31 December 2019: €646 million).

(e) Fair value hierarchy

During the six-month period ended 30 June 2020 there have been no significant changes with regard to the fair value hierarchy.

11. EQUITY

(a) Reserves

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

(b) Weighted average number of shares

For the six-month period ended 30 June	**2020**	2019
Total number of shares issued	288,030,168	288,030,168
Effect of own shares held	—	—
Weighted average number of basic shares outstanding	288,030,168	288,030,168
Weighted average number of diluted shares outstanding	288,030,168	288,030,168

(c) Dividends

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

For the six-month period ended 30 June *In millions of €*	**2020**	2019
Final dividend previous year €1.04, respectively €1.01 per qualifying share	300	291

In April 2020, HEINEKEN announced that it will deviate from its dividend policy and will not pay an interim dividend following the issuance of its condensed consolidated interim financial statements for the six-month period to 30 June 2020.

For the six-month period ended 30 June *In millions of €*	**2020**	2019
Interim dividend per qualifying share €0.00 (2019: €0.64)	0	184

12. BORROWINGS

As at *In millions of €*	**30 June 2020**	31 December 2019
Unsecured bond issues	15,775	12,788
Lease liabilities	1,159	1,258
Bank loans	541	484
Other interest-bearing liabilities	2,097	695
Deposits from third parties[1]	642	693
Bank overdrafts	773	1,134
Total borrowings	**20,987**	17,052
Market value of cross-currency interest rate swaps	(52)	28
Cash and cash equivalents	(4,266)	(1,821)
Net interest-bearing debt position	**16,669**	15,259

[1]Mainly employee deposits

HEINEKEN has cash pooling arrangements with legally enforceable rights to offset cash and overdraft balances. As at 30 June 2020, Bank overdrafts and Cash and cash equivalents both include an amount of €460 million with legally enforceable rights to offset (31 December 2019: €600 million).

The higher balance of other interest-bearing liabilities as at 30 June 2020, compared to 31 December 2019, is primarily due to commercial paper issued with increasing maturities, and other short term interest bearing debt.

New financing

During the six-month period to 30 June 2020, HEINEKEN secured additional financing by issuing the following notes, which are included in the unsecured bond issues:

Date of issuance	Note	Date of maturity
25 March 2020	CHF100 million of privately placed 5-year Notes with a coupon of 0.6375%	30 March 2025
30 March 2020	€600 million of 5-year Notes with a coupon of 1.625%	30 March 2025
30 March 2020	€800 million of 10-year Notes with a coupon of 2.25%.	30 March 2030
7 May 2020	€650 million of 13-year Notes with a coupon of 1.25%	7 May 2033
7 May 2020	€850 million of 20-year Notes with a coupon of 1.75%	7 May 2040

The notes were issued under the Heineken N.V.'s Euro Medium Term Note Programme and are listed on the Luxembourg Stock Exchange. The proceeds from the Notes issuance will be used for general corporate purposes.

13. SUBSEQUENT EVENTS

No material subsequent events occurred.

Board of Directors

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

Amsterdam, 31 July 2020

GLOSSARY

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

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

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

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

Consolidation changes
Changes as a result of acquisitions and disposals.

Depletions
Sales by distributors to the retail trade.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Volume
Brand specific volume (Heineken® volume, Amstel® volume, etc.)
Brand volume produced and sold by consolidated companies plus 100% of brand volume sold under licence agreements by joint ventures, associates and third parties.
Beer volume
Beer volume produced and sold by consolidated companies.
Non-beer volume
Cider, soft drinks and other non-beer volume produced and sold by consolidated companies.
Third party products volume
Volume of third party products (beer and non-beer) resold by consolidated companies.
Total consolidated volume
The sum of beer volume, non-beer volume and third party products volume.
Licensed volume
100% of volume from HEINEKEN's beer brands sold under licence agreements by joint ventures, associates and third parties.

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

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