Bevco Lux S.à r.l.

Interim consolidated financial statements for the six months ended June 30, 2021

Bevco Lux S.à r.l.
37A, Avenue J.F. Kennedy,
L-1855 Luxembourg
RCS B209913

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Report on Review of Interim Consolidated Financial Statements

To the Board of Managers of
Bevco Lux S.à r.l.

We have reviewed the accompanying interim consolidated financial statements of Bevco Lux S.à r.l. and its subsidiaries (the “Group”), which comprise the interim consolidated statement of financial position as at 30 June 2021, and the interim consolidated statement of profit or loss, interim consolidated statement of comprehensive income, interim consolidated statement of changes in equity and interim consolidated statement of cash flows for the six-month period then ended, and a summary of significant accounting policies and other explanatory information.

Board of Managers’ responsibility for the interim consolidated financial statements

The Board of Managers is responsible for the preparation and presentation of these interim consolidated financial statements in accordance with IAS 34, “Interim Financial Reporting” as adopted by the European Union, and for such internal control as the Board of Managers determines is necessary to enable the preparation of interim consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Responsibility of the “Réviseur d’entreprises agréé”

Our responsibility is to express a conclusion on these interim consolidated financial statements based on our review. We conducted our review in accordance with International Standard on Review Engagements (ISRE 2410 “Review of interim financial information performed by the independent auditor of the entity”) as adopted for Luxembourg by the “Institut des Réviseurs d’Entreprises”. This standard requires us to comply with relevant ethical requirements and conclude whether anything has come to our attention that causes us to believe that the interim consolidated financial statements, taken as a whole, are not prepared in all material respects in accordance with the applicable financial reporting framework.

A review of interim consolidated financial statements in accordance with ISRE 2410 is a limited assurance engagement. The “Réviseur d’entreprises agréé” performs procedures, primarily consisting of making inquiries of management and others within the Company, as appropriate, and applying analytical procedures, and evaluates the evidence obtained.

The procedures performed in a review are substantially less than those performed in an audit conducted in accordance with International Standards on Auditing. Accordingly, we do not express an audit opinion on these interim consolidated financial statements.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim consolidated financial statements are not prepared, in all material respects, in accordance with IAS 34, “Interim Financial Reporting” as adopted by the European Union.

Restriction on Distribution and Use

This report, including the conclusion, has been prepared for and only for the Board of Managers, the Shareholder and the Bondholders in accordance with the terms of our engagement letter and is not suitable for any other purpose. We do not accept any responsibility to any other party to whom it may be distributed.

PricewaterhouseCoopers, Société coopérative
Represented by

Luxembourg, 14 October 2021

Electronically signed by:
Malik Lekehal

Lekehal

Malik Lekehal

Bevco Lux S.à r.l.
Interim consolidated statement of financial position

	Notes	June 30, 2021 *unaudited* EUR '000	December 31, 2020 *audited* EUR '000
ASSETS			
Non-current assets			
Financial assets			
Investment securities	5	7,633,202	6,987,766
Total non-current assets		**7,633,202**	**6,987,766**
Current assets			
Loans granted	6	498,806	316,076
Current tax assets	16.3	201	1,289
Other current assets	7	1,038	287
Cash and cash equivalents	8	88,672	129,270
Total current assets		**588,717**	**446,922**
TOTAL ASSETS		**8,221,919**	**7,434,688**
EQUITY			
Share capital	9a	102,091	102,091
Share premium	9b	6,502,815	6,620,389
Legal reserve	9c	10,209	10,209
Special reserve account	9d	2,478,672	2,478,672
Reserve for unrealised FV movements of financial assets at FVOCI		(2,457,402)	(3,320,349)
Other reserves	9e	66,213	66,213
Currency translation adjustment	9f	690,303	690,303
Retained earnings	9g	(612,000)	(544,081)
Total equity		**6,780,901**	**6,103,447**
LIABILITIES			
Non-current liabilities			
Debt securities in issue	11a	1,084,772	1,090,116
Long term borrowings	11b	222,110	171,685
Total non-current liabilities		**1,306,882**	**1,261,801**
Current liabilities			
Current portion of debt securities in issue	11a	130,922	11,586
Short term borrowings	11b	1,372	50,852
Current tax liabilities	16.4	689	6,164
Other current liabilities	12	1,153	838
Total current liabilities		**134,136**	**69,440**
Total liabilities		**1,441,018**	**1,331,241**
TOTAL EQUITY AND LIABILITIES		**8,221,919**	**7,434,688**

The accounting policies and notes on pages 10 to 61 form part of, and should be read in conjunction with, these interim consolidated financial statements.

Bevco Lux S.à r.l.
Interim consolidated statement of profit or loss

	Notes	for six months ended June 30: 2021 unaudited EUR '000	2020* unaudited EUR '000
Income			
Interest income	13	3,315	1,415
Dividend income	5.4	58,526	57,025
Net result on foreign currency operations		(95)	(138)
Other income	19	376	30
Total net income		**62,122**	**58,332**
Expenses			
Administrative expenses	14	(977)	(1,067)
Operating income		**61,145**	**57,265**
Finance costs	15	(34,203)	(14,965)
Net change in loss allowance	3.1b	(49)	(86)
Profit before tax		**26,893**	**42,214**
Income taxes	16.1	15	-
Withholding tax on dividend income	16.2	(250)	(213)
Profit for the period		**26,658**	**42,001**

** Certain comparative figures were realigned to conform with the current period presentation.*

The accounting policies and notes on pages 10 to 61 form part of, and should be read in conjunction with, these interim consolidated financial statements.

Bevco Lux S.à r.l.
Interim consolidated statement of comprehensive income

	Notes	for six months ended June 30: 2021 *unaudited* EUR '000	2020* *unaudited* EUR '000
Profit for the period		**26,658**	**42,001**
Other comprehensive income			
Items that will not be reclassified to profit or loss			
Net gain / (loss) on investment securities at fair value through other comprehensive income	5.3	862,947	(3,242,839)
Net realised (loss) / gain on its privately held investment	5.2	(113,803)	154,250
Net realised gain from disposal of equity securities	5.2	19,226	-
Other comprehensive income / (loss) for the period, net of tax		**768,370**	**(3,088,589)**
Total comprehensive income / (loss) for the period		**795,028**	**(3,046,588)**

** Certain comparative figures were realigned to conform with the current period presentation.*

The accounting policies and notes on pages 10 to 61 form part of, and should be read in conjunction with, these interim consolidated financial statements.

Bevco Lux S.à r.l.
Interim consolidated statement of changes in equity

In EUR '000	Notes	Share capital	Share premium	Legal reserve	Special reserve account	Reserve for unrealised FV movements of financial assets at FVOCI	Other reserves	Currency translation reserve	Retained earnings	Total equity
Balance as at January 1, 2020		**102,091**	**6,620,389**	**10,209**	**2,478,672**	**(1,781,401)**	**66,213**	**690,303**	**(735,396)**	**7,451,080**
Profit for the period		-	-	-	-	-	-	-	42,001	**42,001**
Other comprehensive (loss)		-	-	-	-	(3,088,589)	-	-	-	**(3,088,589)**
Reclassification of realised items of investment securities at fair value through OCI		-	-	-	-	(154,250)	-	-	154,250	**-**
Balance as at June 30, 2020* *(unaudited)*		**102,091**	**6,620,389**	**10,209**	**2,478,672**	**(5,024,240)**	**66,213**	**690,303**	**(539,145)**	**4,404,492**
Balance as at January 1, 2021		**102,091**	**6,620,389**	**10,209**	**2,478,672**	**(3,320,349)**	**66,213**	**690,303**	**(544,081)**	**6,103,447**
Profit for the period		-	-	-	-	-	-	-	26,658	**26,658**
Other comprehensive income		-	-	-	-	768,370	-	-	-	**768,370**
Reclassification of realised items of investment securities at fair value through OCI		-	-	-	-	94,577	-	-	(94,577)	**-**
Transactions with owners in their capacity as owners:										
Share premium reimbursement	9b	-	(117,574)	-	-	-	-	-	-	**(117,574)**
Balance as at June 30, 2021 *(unaudited)*		**102,091**	**6,502,815**	**10,209**	**2,478,672**	**(2,457,402)**	**66,213**	**690,303**	**(612,000)**	**6,780,901**

** Certain comparative figures were realigned to conform with the current period presentation.*
As a result of the recapitalisation at Acorn Holdings B.V. and redemption of the K-shares in exchange for direct shares in Keurig Dr. Pepper Inc., the realised gain on the disposal of investment securities reclassified from “Reserve for unrealised FV movements of financial assets at FVOCI” to “Retained earnings” have increased by EUR 23,736k, adjusted from EUR 130,514k to EUR 154,250k for the period ended June 30, 2020. Refer to Note 5.2 for further details.

The accounting policies and notes on pages 10 to 61 form part of, and should be read in conjunction with, these interim consolidated financial statements.

Bevco Lux S.à r.l.
Interim consolidated statement of cash flows

	Notes	for six months ended June 30: 2021 unaudited EUR '000	2020* unaudited EUR '000
Cash flows from operating activities			
Profit before tax for the period		26,893	42,214
Adjustments for:			
Interest income	13	(3,315)	(1,415)
Dividend income	5.4	(58,526)	(57,025)
Finance costs	15	34,203	14,965
Net result on foreign currency operations		95	138
Other non-cash transactions		50	(101)
Net change in gain/(loss) allowance	3.1b	49	86
		(551)	(1,138)
Changes in:			
Other current assets		(751)	(125)
Other current liabilities		315	(152)
Cash (used in) operating activities		(987)	(1,415)
Taxes paid		(4,377)	(314)
Net cash (used in) operating activities		**(5,364)**	**(1,729)**
Cash flows from investing activities			
Additional capital contribution to a private investee	5.3	(595)	(648)
Loans granted	6	(182,836)	(200,000)
Reimbursement of loans and other advances	6	-	100,000
Interest received	13	3,239	1,247
Dividend received	5.4	58,276	56,812
Proceeds from disposal of equity securities	5.2	123,342	-
Net cash generated from / (used in) investing activities		**1,426**	**(42,589)**
Cash flows from financing activities			
Share premium reimbursement	9b	(117,574)	-
Proceeds from bonds issuance	11a	593,952	-
Redemption of bonds	11a	(475,815)	-
Proceeds from borrowings - credit institutions	11b	-	361,000
Repayment of borrowings - credit institutions	11b	-	(261,000)
Finance costs paid		(37,146)	(19,569)
Net cash (used in) / generated from financing activities		**(36,583)**	**80,431**
Net (decrease) / increase in cash and cash equivalents		**(40,521)**	**36,113**
Cash and cash equivalents at the beginning of the period	8	**129,270**	**22,169**
Effects of foreign currency translation differences		(77)	-
Cash and cash equivalents at the end of the period	8	**88,672**	**58,282**

** Certain comparative figures were realigned to conform with the current period presentation.*

The accounting policies and notes on pages 10 to 61 form part of, and should be read in conjunction with, these interim consolidated financial statements.

1. General information

Bevco Lux S.à r.l. (hereinafter the “Company” or “Bevco Lux”), is a Société à Responsabilité Limitée having its registered office at 37A, Avenue J.F. Kennedy L-1855 Luxembourg, Grand Duchy of Luxembourg, registered with the Trade Register and Companies of Luxembourg (“RCS”) under the number B 209.913 after migration of its activities from Bermuda to Luxembourg on October 14, 2016.

The Company’s immediate 100% shareholder is USD Bevco S.à r.l. (“USD Bevco”) that was incorporated on August 12, 2016 under Luxembourg law. The ultimate controlling party of the Company is Aguila Ltd.

The purpose of the Company is the acquisition of participations, in Luxembourg or abroad, in any companies or enterprises in any form whatsoever and the management of such participations. In particular, the Company may acquire by subscription, purchase, and exchange or in any other manner any securities, shares and other equity securities, bonds, debts, certificates of deposit and other debt instruments and more generally any securities or financial instruments issued by any public or private entity. It may participate in the creation, development, management and control of any company or enterprise. It may also invest in the acquisition and management of a portfolio of patents or other intellectual property rights of any kind or origin whatsoever.

The Company may also use its funds to invest in real estate, as well as the reinstatement, management, development and disposal of its assets according to their composition over time. In the course of its business, the Company may borrow in any form whatsoever. It may issue notes, bonds and any other representative security of borrowings and / or claims. However, the Company may not publicly proceed to the raising of equity capital in any form whatsoever.

The interim consolidated financial statements include the Company and its directly owned subsidiaries (together referred to as the “Group”).

Disclosure of investment securities held by the Group is provided in Note 5.

The financial year of the Group begins on January 1 and ends on December 31.

The Group is also part of the consolidated accounts of USD Bevco (the “parent company”), whose registered office is located at 37a, avenue J.F. Kennedy, L-1855 Luxembourg and the consolidated accounts can be obtained at this registered office.

2. Basis of preparation and summary of significant accounting policies

2.1 Basis of preparation

Statement of compliance

These interim consolidated financial statements for the six months ended June 30, 2021 (the "period") have been prepared in accordance with Accounting Standard IAS 34 Interim Financial Reporting as adopted by the European Union (EU) and contain a full set of financial statements in accordance with IAS 1 as of June 30, 2021 and for the six-month period then ended.

As at and for the period ended June 30, 2021, all values are rounded to the nearest thousand including for the comparative information except when otherwise indicated.

The interim consolidated financial statements have been authorised and approved for issuance on October 12, 2021 by the Board of Managers of the Company.

2.2 Basis of accounting and going concern

The interim consolidated financial statements have been prepared on a historical cost basis, except for the measurement of investment securities that have been measured at fair value.

These interim consolidated financial statements have been prepared on the going concern basis and the Group is viewed as continuing in business for the foreseeable future.

The Board of Managers has considered the impact of "Covid-19" on the global economy and continues to monitor this. Based on the information available the Board of Managers does not believe that there are sufficient facts and data available to conclude that there has been any material lasting impact on the financial performance of the Group. The Board of Managers does not believe that the impact of the virus will have a material adverse effect on the financial condition or liquidity of the Company and therefore continues to adopt a going concern assumption as the basis for preparing its interim consolidated financial statements.

2.3 Basis of consolidation

The interim consolidated financial statements comprise the financial statements of the Company and its direct subsidiaries as of June 30, 2021.

2.3.1 Subsidiaries

Subsidiaries are entities controlled by the Company. The Company controls a subsidiary when the Company is exposed to, or has rights to, variable returns from its involvement with its subsidiary and has the ability to affect those returns through its power over the subsidiary. The subsidiary is fully consolidated from the date on which control is transferred to the Company. It is deconsolidated from the date that control ceases.

Interim consolidated financial statements are prepared using uniform accounting policies for like transactions. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Intercompany transactions, balances and unrealised gains on transactions between the consolidated entities are eliminated. Unrealised losses are also eliminated unless the transaction generating the loss provides evidence of an impairment of the transferred asset.

2.3 Basis of consolidation (continued)

2.3.1 Subsidiaries (continued)

<u>Business combination under common control</u>

From an accounting perspective, the business combinations under common control are outside the scope of IFRS 3 Business Combinations (paragraph 2 (c)). Management has taken into account the indications included in IAS 8 paragraph 13 in order to identify an accounting policy to be applied to the transaction. In particular the accounting literature sees two alternative approaches: (i) applying IFRS 3 by analogy; or (ii) bringing forward the existing values of the combined entities (i.e., the so called “predecessor accounting” method).

The transaction is seen as an equal exchange of values with no ultimate change of control from the date of the business combination. No goodwill beyond that recorded by the controlling party in relation to the acquiree can therefore arise. Predecessor accounting may lead to differences on consolidation. For example, there may be a difference between the consideration given and the aggregate book value of the assets and liabilities (as of the date of the transaction) of the acquired entity. Such differences have to be included in equity in retained earnings or in other reserves.

Status of consolidation as at and for the period ended June 30, 2021 are as described below:

Company	Location	Consolidation method	Percentage of interest / control
Bevco Lux S.à r.l.	Luxembourg	N/A	Parent company
Park S.à r.l.	Luxembourg	Full	100%
Quercus B.V.	Netherlands	Deconsolidated	N/A

- Park S.à r.l. (“Park”) which holds a minority interest in Inmobiliaria Colonial SOCIMI, S.A. (“Colonial”), a leading Eurozone real estate company with over 1.79 million square meters of primarily central business district office spaces in Madrid, Paris and Barcelona, was contributed by the direct parent of USD Bevco to Bevco Lux on August 1, 2018;

- Quercus B.V. (“Quercus”) which previously held a minority interest in Acorn Holdings B.V. (referred to as a “Private Investee” or “Acorn”), the holding company being the majority investor in Jacobs Douwe Egberts Peet’s N.V. (“JDEP”) publicly traded on Euronext Amsterdam (ISIN: NL0014332678) and Keurig Dr. Pepper Inc. (“KDP”) publicly traded on New York Stock Exchange (“NYSE”) (ISIN: US49271V1008), the largest pure-play FMCG coffee company in the world and the leading single serve coffee platform in the US respectively, contributed by the ultimate parent company down the chain to Bevco Lux on July 18, 2018.

  In March 2020, Acorn underwent a recapitalisation of its ordinary shares into two types of tracking shares by exchanging the classes of ordinary shares held by Quercus and all other shareholders for new classes of shares tracking the underlying investment portfolio. In addition, it allows tracking the net equity value related to the underlying investment portfolio of the listed companies controlled by Acorn (Refer to Note 5.2). As a result, the Group divested and no longer hold any shares in Acorn nor does it have any representation in the Board of Directors of Acorn.

  Subsequent to the distribution in kind to Bevco Lux, Quercus’ remaining asset was cash and it had no material liabilities. On June 10, 2021, Quercus was put into liquidation, with a liquidator appointed to comply with administrative procedures to finalize and close the liquidation process. As a result, the Group no longer has control over its subsidiary and it is deconsolidated as at June 30, 2021. Bevco Lux as the Parent company recognized a receivable for the value of the remaining cash held by Quercus, which is expected to be received upon completion of the liquidation process (Refer to Note 7).

2.4 Use of judgments, estimates and assumptions

The preparation of the interim consolidated financial statements requires the use of certain critical accounting estimates. It also requires Management to exercise its judgement in the process of applying the Group's accounting policies. Changes in assumptions may have a significant impact on the interim consolidated financial statements in the period the assumptions changed. Management believes that the underlying assumptions are appropriate. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the interim consolidated financial statements are disclosed in Note 4.

2.5 Adoption of new and revised IFRSs

New and amended standards and interpretations issued, effective and adopted by the Group

The Group has applied the following standards for the first time for annual reporting period commencing January 1, 2021:

- Amendments to IFRS 17 and IFRS 4, 'Insurance contracts' deferral of IFRS 9 until January 1, 2023. The amendments are effective for annual periods beginning on or after January 1, 2021. The adoption of this standard did not have any material impact on the Group's interim consolidated financial statements;
- Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 Interest Rate Benchmark Reform – Phase 2 as issued by the IASB to address issues that arise during the reform of an interest rate benchmark, including the replacement of one benchmark with an alternative one. The amendments are effective for annual periods beginning on or after January 1, 2021, with early application permitted. The adoption of this standard did not have any material impact on the Group's interim consolidated financial statements; and
- Amendments to IFRS 16, 'Leases' – Covid-19 related rent concessions, the IASB published an amendment to IFRS 16 in relation with the rent concession. The adoption of this standard is effective on April 1, 2021 and it did not have any material impact on the Group's interim consolidated financial statements.

New standards, amendments and interpretations not yet effective or not yet adopted by the Group

Certain new standards and interpretation are relevant for the Group and effective for annual periods beginning after January 1, 2022 and have not been early adopted by the Group:

- Amendment to IAS 37 - Onerous Contracts – Costs of Fulfilling a Contract (issued in May 2020) with effective date on January 1, 2022;
- Amendment to IFRS 9 - Fees in the "10 per cent" test for derecognition of financial liabilities (2018-2020 annual improvements) with effective date on January 1, 2022;
- Amendments to IFRS 3 Business Combinations; IAS 16 Property, Plant and Equipment; IAS 37 Provisions, Contingent Liabilities and Contingent Assets; and Annual Improvements 2018-2020 (all issued in May 2020) with effective date on January 1, 2022;
- Amendments to IAS 1, Presentation of financial statements', on classification of liabilities (issued in January 2020) with effective date on January 1, 2023;
- Amendments to IAS 1, 'Presentation of financial statements', IFRS Practice statement 2 and IAS 8, 'Accounting policies, changes in accounting estimates and errors' (issued in February 2021) with effective date on January 1, 2023;
- Amendment to IAS 12 – Deferred tax related to assets and liabilities arising from a single transaction (issued in May 2021) with effective date on January 1, 2023; and
- IFRS 17 – Insurance contracts (issued in May 2017) with effective date January 1, 2023.

None of the accounting pronouncements are expected to have a material impact on the Group's financial condition or result of operations.

2.6 Foreign currency translation

Functional and presentation currency:

These interim consolidated financial statements are presented in Euro (“EUR”), all values are presented in EUR and rounded to the nearest thousand (referred as “EUR ‘000” or ”k”), except when otherwise indicated.

Bevco Lux is acting with a high degree of autonomy in regard to its parent company, USD Bevco. The financing and operating activities as well as its revenues and expenses are mainly derived in EUR. In addition, the Group is directly linked to its underlying investments wherein its economic activities are driven in EUR. Thus, the functional currency of the Group is EUR.

The presentation currency of the Group does not differ from its functional currency.

Translation of foreign currency transactions and balances:

Transactions in foreign currencies are initially recorded using the Group’s functional currency spot rates at the date the transaction first qualifies for recognition.

Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rates of exchange at the reporting date. Differences arising on settlement or translation of monetary items are recognised in the interim consolidated statement of profit or loss.

Items included in the interim consolidated statement of profit or loss are translated using the functional currency average rate throughout the period details are as follows:

	Average rate for the 6-month period - EUR		Spot rate - EUR		
	June 30, 2021	June 30, 2020	June 30, 2021	December 31, 2020	June 30, 2020
USD 1	0.8297	0.9076	0.8415	0.8149	0.8930
GBP 1	1.1523	1.1442	1.1654	1.1123	1.0960

2.7 Cash and cash equivalents

For the purpose of presentation in the interim consolidated statement of cash flows, cash and cash equivalents would include cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value (i.e. money market funds), and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities in the balance sheet.

2.8 Financial assets

(i) Classification and subsequent measurement

Debt instruments

Debt instruments are those instruments that meet the definition of a financial liability from the issuer’s perspective, such as loans, government and corporate bonds.

Classification and subsequent measurement of debt instruments depend on:

- The Group’s business model for managing the asset; and
- The cash flow characteristics of the asset.

2.8 Financial assets (continued)

(i) Classification and subsequent measurement (continued)

Debt instruments (continued)

Based on these factors, the Group classifies its debt instruments into one of the following three measurement categories:

- Amortized cost (AC): Financial assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest (SPPI), and that are not designated at fair value through profit or loss ("FVPL"), are measured at amortized cost. The carrying amount of these assets is adjusted by any expected credit loss allowance recognised and measured as described in Note 2.8 (iii) and in Note 3.1b. Interest income from these financial assets are included in 'Interest income' using the effective interest rate method.

- Fair value through other comprehensive income ("FVOCI"): Financial assets that are held for collection of contractual cash flows and for selling the assets, where the assets' cash flows represent solely payments of principal and interest (SPPI), and that are not designated at FVPL, are measured at FVOCI. Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains and losses, interest revenue and foreign exchange gains and losses on the instrument's amortized cost which are recognised in profit or loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss. Interest income from these financial assets is included in 'Interest income' using the effective interest rate method. The Group does not hold such financial assets as of June 30, 2021 and December 31, 2020.

- FVPL: Financial assets that do not meet the conditions to be measured at AC or FVOCI are measured at fair value through profit or loss. A gain or loss on a debt instrument that is subsequently measured at FVPL is recognised directly in the interim consolidated statement of profit or loss and is presented net within other gains/(losses) in the period in which it arises. The Group holds investment in money market funds which are measured at FVPL as of December 31, 2020, however, these were redeemed during the period ended June 30, 2021.

Loans granted, including facilities, advances, and cash at bank, are measured at amortized cost. The Group considered that these financial instruments, whose cash flows are consistent with those of a basic lending arrangement, are held within a business model whose objective is achieved by collecting contractual cash flows. Further, the financial instruments qualify as a Solely Payment of Principal and Interest ("SPPI"). The Group has no intention to sell these loans before maturity.

<u>Business model</u>

The business model is determined at a level that reflects how groups of financial assets are managed together to achieve a particular business objective. The business model reflects how the Group manages the assets in order to generate cash flows. That is, the Group's business model determines whether cash flows will result from collecting contractual cash flows, selling financial assets or both. Consequently, this assessment is not performed on the basis of scenarios that the Group does not reasonably expect to occur, such as so-called 'worst case' or 'stress case' scenarios. The business model for managing financial assets is a matter of fact and not merely an assertion. It is typically observable through the activities that the Group undertakes to achieve the objective of the business model.

2.8 Financial assets (continued)

(ii) Classification and subsequent measurement (continued)

Debt instruments (continued)

SPPI

Where the business model is to hold assets to collect contractual cash flows or to collect contractual cash flows and sell, the Group assesses whether the financial instruments' cash flows represent a SPPI (the "SPPI test"). In making this assessment, the Group considers whether the contractual cash flows are consistent with those of a basic lending arrangement, i.e. interest includes only consideration for the time value of money, credit risk, other basic lending risks and a profit margin that is consistent with a basic lending arrangement. Where the contractual terms introduce exposure to risk or volatility that are inconsistent with a basic lending arrangement, the related financial asset is classified and measured at FVPL.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are SPPI.

The Group reclassifies debt instruments when and only when its business model for managing those assets changes. The reclassification takes place from the start of the first reporting period following the change. Such changes are expected to be very infrequent and none occurred during the current or prior periods.

Equity instruments

Equity instruments are instruments that meet the definition of equity from the issuer's perspective, that is, instruments that do not contain a contractual obligation to deliver cash or another financial instrument and that evidence a residual interest in the issuer's net assets. An example of an equity instrument is a basic ordinary share.

The Group subsequently measures all equity instruments at FVPL, except where the Group's Management has elected, at initial recognition, to irrevocably designate an equity investment at fair value through OCI. The Group's policy is to designate equity investments at FVOCI when those investments are held for purposes other than to generate investment returns. When this election is used, fair value gains and losses are recognised in OCI and are not subsequently reclassified to profit or loss, including on disposal, but may however be transferred within equity such as to retained earnings. Impairment losses (and reversal of impairment losses) are not reported separately from other changes in fair value. Dividends, when representing a return on such investments, continue to be recognised in profit or loss as 'Dividend income' when the Group's right to receive payments is established.

Gains and losses on equity instruments at FVPL are recognised in profit or loss in the period in which they arise.

Investment securities consist of equity investments and private equity securities and partnerships. The Group has equity investments in Anheuser-Busch InBev SA/NV ("AB InBev" or "AB InBev shares"), Inmobiliaria Colonial SOCIMI, S.A. ("Colonial" or "Colonial shares"), Keurig Dr. Pepper Inc. ("KDP" or "KDP shares") and Jacobs Douwe Egberts Peet's N.V. ("JDEP" or "JDEP shares"). Furthermore, the Group has private equity securities and partnerships in KKR Sigma Co-Invest L.P., 3G KraftHeinz Company Holdings L.P. and 3G Special Situations Fund IV L.P. (collectively, referred to as "Private Investees"). As permitted by IFRS 9, the Group has designated these investments at the date of initial application as financial instruments measured at FVOCI.

2.8 Financial assets (continued)

(ii) Derecognition

A financial asset, or a portion thereof, is derecognised when the contractual rights to receive cash flows from that asset have expired, or when they have been transferred and either (i) the Group transfers substantially all the risks and rewards of ownership, or (ii) the Group neither transfers nor retains substantially all the risks and rewards of ownership and the Group has not retained control.

Where the Group has transferred its rights to receive cash flows from an asset and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the asset is recognised to the extent of the Group's continuing involvement in the asset. Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

(iii) Impairment

Where credit risk of a financial asset has increased significantly since initial recognition and when estimating Expected Credit Losses (ECLs), the Group considers reasonable and supportable information that is relevant and available without undue cost effort. This includes both quantitative and qualitative information and analysis, based on the Group historical experience and informed credit assessment including forward-looking information, and based on impairment model requirement of IFRS 9.

For the Group, the financial assets at amortized cost consist of loans granted, advances and cash at bank.

In addition, ECLs are also calculated on loan commitments and financial guarantee contracts.

Under IFRS 9, loss allowances are measured on either of the following bases:

- 12-month ECLs: these are ECLs that result from possible default events within 12-months of the reporting date; and
- Lifetime ECLs: these are ECLs that result from all possible default events over the expected life of a financial instrument.

The Group measures loss allowances at an amount equal to lifetime ECLs, except for the exposures where the credit risk has not increased significantly since initial recognition.

A significant increase in credit risk is considered to have occurred with regard to a particular obligor when either or both of the following have taken place:

- Past due criterion: The obligor is past due more than 30 days on any material credit obligation to the institution, the parent undertaking or any of its subsidiaries.
- The Group identifies an exposure as having higher credit risk due to increase in leverage.

Three Stage allocation

For the Group to comply with IFRS 9 expected credit loss estimation, it is required to appropriately allocate financial assets measured at amortized cost or at fair value through other comprehensive income into stages, where:

- Stage 1 – To this stage the Group will allocate all exposures for which the Group concludes that no significant increase in credit risk occurred since inception of the loan;
- Stage 2 – To this stage the Group would classify financial assets which exhibited significant increases in credit risk since initial recognition;
- Stage 3 – To this stage the Group would classify assets which are considered to be credit impaired.

2.8 Financial assets (continued)

(iii) Impairment (continued)

Three Stage allocation (continued)

For financial instruments in stage 1, the adoption of a one (1) year maximum maturity would be appropriate, considering that any longer period would still not affect the outcome of the ECL calculation since in stage 1 the Group established ECL based on default events expected to occur in the following 12-months (12-month ECLs). In stages 2 and 3, the Group will base its calculation on the contractual maturity (Lifetime ECLs).

ECL is determined using estimated default probability rates and loss rates for groups of similar credit risk characteristics. Due to the Group's size and very limited data, groups are defined by product type, counterparty credit and product type. Long run average parameters are then estimated for each group. Those average parameters are then adjusted for each exposure taking into account specific idiosyncratic forward-looking information to determine the probability of default ("PD"). The adjustment is based on an expert assessment of the counterparty's reaction under plausible scenarios in the forecasted economic environment.

ECLs are discounted at the original effective interest rate of the financial asset.

At each reporting date, the Group assesses whether financial assets carried at amortized cost are credit-impaired. A financial asset is "credit-impaired" when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

The Group considers a financial instrument to be in default which is fully aligned with the definition of credit-impaired, when:

- The borrower is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to action such as realising security (if any is held); or
- The financial asset is more than 90 days past due.

A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

The Group has opted for the low credit risk exemption for all assets in the scope of IFRS 9 impairment methodology and considers a financial asset to have low credit risk when its credit risk rating is equivalent to the globally understood definition of "investment grade". The Group considers this to be Baa3 or higher per Moody's or BBB- or higher per Standard & Poor's.

Symmetry of the transfer criterion

Transfer approach from stage to stage forth and back is symmetrical. Specifically, if in subsequent reporting periods the credit quality of a financial asset improves such that there is no longer a significant increase in credit risk since initial recognition, then the asset is reassigned. The symmetry property of the transfer criterion holds also in the case of not significant modifications of financial instruments, which do not lead to derecognition.

Presentation of impairment

Loss allowances for financial assets measured at amortized cost are deducted from the gross carrying amount of the assets. Impairment losses related to loans granted are presented separately in the interim consolidated statement of profit or loss.

2.9 Financial guarantee contracts

Financial guarantee contracts issued by the Group are those contracts that require a payment to be made to reimburse the holder for a loss it incurs because the specified debtor fails to make a payment when due in accordance with the terms of a debt instrument.

Financial guarantee contracts are initially measured at fair value and subsequently measured at the higher of:

- The amount of the expected credit loss allowance calculated in accordance with the principles of IFRS 9; and
- The premium received on initial recognition less income recognised in accordance with the principles of IFRS 15.

IFRS 9.B2.5(a) specifies that the fair value of a financial guarantee contract at inception is likely to be equal to the premium received, unless there is evidence of the contrary. The Standard does not consider however, the case where the premiums are paid over the life of the guarantee. An accounting policy choice is hence required in this regard. The Group considers that, when no upfront premium is received, the fair value of the financial guarantee contract at inception is nil.

The Group considers that the initial recognition of a financial guarantee contract occurs when the guarantee is signed, even if not drawn.

The loss allowance in relation to financial guarantee contracts is presented as a provision within liabilities in the Group's interim consolidated statement of financial position.

2.10 Loan commitments

Loan commitments provided by the Group are measured as the amount of the expected credit loss allowance determined in accordance with the principles of IFRS 9 for the undrawn part.

The loss allowance in relation to loan commitments is presented as a provision on the liability side, except for contracts that include both a loan and an undrawn commitment and the Group cannot separately identify the expected credit losses on the undrawn commitment from those on the loan component, in which case the expected credit loss on the undrawn commitment are recognised together with loss allowance on the loan. To the extent that the combined expected credit losses exceed the carrying amount of the loan, the expected credit losses are recognised as a provision.

2.11 Offsetting of financial instruments

Financial assets and financial liabilities are offset against each other with the net amount reported in the interim consolidated statement of financial position if, and only if, there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

2.12 Taxation

a) Current tax

Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the relevant taxation authorities. The tax rates and tax laws used to compute the amounts are those that are enacted or substantively enacted by the reporting date.

b) Deferred tax

Deferred tax is derived using the interim consolidated statement of financial position liability method on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

2.12 Taxation (continued)

b) Deferred tax (continued)

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liabilities in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of taxable temporary differences associated with investments in subsidiary and associates, where the timing of the reversal of the temporary difference can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, carry-forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry-forward of unused taxable tax credits and unused tax losses can be utilised except:

- where the deferred income tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of deductible temporary differences associated with investments in subsidiary and associates, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

The measurement of deferred tax reflects the tax consequences that would follow the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets or liabilities.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

The exemption on the initial recognition of the deferred tax may need to be revised (“eroded”) in the subsequent periods.

Income tax relating to items recognised directly in equity is also recognised in equity and not in the interim consolidated statement of profit or loss.

2.13 Dividend distribution

Dividend distributions to the Group's shareholder are recognised in the Group's interim consolidated financial statements in the period in which the dividends are declared and approved until such time as they are distributed, either:

- as a reduction of the equity; or
- as a liability.

2.14 Financial liabilities

a) Initial recognition and measurement

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Group's financial liabilities include debt securities issued, borrowings and other current liabilities.

b) Subsequent measurement

Financial liabilities are subsequently carried at amortized cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the interim consolidated statement of profit or loss over the period of the borrowings using the effective interest method. The effective interest rate is the rate that exactly discounts estimated future cash receipts or payments (except for future losses related to loan granting) through the expected life of the financial instrument, or, where appropriate, a shorter period, to the net carrying amount of the financial asset or financial liability.

c) Derecognition

A financial liability is derecognised when the obligation under the liability is discharged, cancelled or expired.

When an existing financial liability is replaced by another financial liability from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new financial liability. The difference in the respective carrying amounts is recognised in the interim consolidated statement of profit or loss.

2.15 Share capital

Ordinary shares are classified as share capital. Incremental costs directly attributable to the issue of ordinary shares are recognised as a deduction from equity. Transaction costs are accounted net of tax for equity related transaction, in accordance with IAS 12.

2.16 Legal reserve

In accordance with Luxembourg company law, the Company is required to transfer a minimum of 5% of its net profit for each financial year to a legal reserve. This transfer is made following approval of its statutory accounts by the sole shareholder. This requirement ceases to be necessary once the balance on the legal reserve reaches 10% of the issued share capital. The legal reserve is not available for distribution to the shareholder.

2.17 Interest income and interest expense

Interest income or expense is recognised using the effective interest method.

2.18 Dividend income

Dividend income is recognised in profit or loss on the date on which the Group’s right to receive payment is established.

2.19 Reserve for unrealised FV movements of financial assets at FVOCI

This comprises of the cumulative net change in the fair value of financial assets measured at FVOCI. This reserve may or may not be subsequently reclassified to profit or loss when the assets are derecognised or impaired, depending on whether the financial asset is a debt or an equity instrument, respectively.

3. Financial risk management

3.1 Financial risk factors

The Group's overall risk management program focuses on minimizing the potential adverse effects of the financial risks on the performance of the Group. The financial risk is managed under policies covering specific areas such as currency risk, price risk, interest rate risk, credit risk and liquidity risk.

a) Market risk

Currency risk

Currency risk management is aimed at managing within acceptable limits both the volatility of cash flows arising from fluctuations in the exchange rate of the functional currency against other currencies, and the adverse effect of movements in exchange rates on the earnings.

The following table summarises the Group’s monetary assets and liabilities which are denominated in currencies other than the current functional currency.

	June 30, 2021	**December 31, 2020**
	unaudited	*audited*
	EUR '000	**EUR '000**
Assets		
Cash and cash equivalents - USD exposure	456	29
Foreign currency exposure	**456**	**29**

Had the exchange rate between the USD to EUR increased or decreased by 10% compared to actual rate with all other variables held constant, the increase or decrease respectively in profit or loss and in equity would amount to EUR 45.6k as at June 30, 2021 (December 31, 2020: EUR 2.9k).

Currency risk of the Group is regularly monitored by the Management. The following instruments may be used to minimize the currency risk relating to the Group's foreign exchange transactions:

- forward foreign exchange contracts (also non-deliverable forwards);
- foreign currency swaps;
- foreign currency options with an approved currency option hedging plan.

As at June 30, 2021, the Group has outstanding loan facilities denominated only in EUR which limits the Group’s exposure to foreign currency risk. The foreign currency risk related to outstanding loans facilities in USD, drawn down by USD Bevco, and cross-guaranteed by the Group is deemed to be limited. The foreign currency risk for investment securities owned by the Group is related to investment securities denominated in USD.

The net result on foreign currency operations is mainly due to transactions with suppliers.

3.1 Financial risk factors (continued)

a) Market risk (continued)

Price risk

The Group's exposure to equity securities price risk arises from investment securities held by the Group. The exposures are presented in the following table:

	June 30, 2021	**December 31, 2020**
	unaudited	*audited*
	EUR '000	**EUR '000**
Fair value through OCI - Equity securities	7,408,687	6,460,606
Fair value through OCI - Private equity securities and partnerships	224,515	527,160
Fair value through P&L - Money market funds	-	99,986
	7,633,202	**7,087,752**

3.1 Financial risk factors (continued)

a) Market risk (continued)

Price risk (continued)

Equity instruments expose the Group to price risk commensurate to the volatility of the underlying publicly quoted market price. These securities include equity securities of AB InBev, Colonial, KDP, JDEP and private equity securities and partnerships. As shown in the table below, market data suggests that in aggregate this price risk amounts to a potential positive or negative EUR 1.568 billion for the six months period ended June 30, 2021 (EUR 1.892 billion for the twelve months period ended December 31, 2020).

June 30, 2021 *(unaudited)* **Description**	**Fair value at June 30, 2021 EUR '000**	**Foreign currency exchange impact +/- EUR '000**	**Average Committed Capital EUR '000**	**Valuation Technique**	**Reasonable possible shift +/- (%)**	**Change in valuation +/- EUR '000**
- Equity securities						
AB InBev - common shares	364,860	N/A	591,658	Quoted market price	21.58%	78,753
AB InBev - restricted shares	5,613,381	N/A	11,081,095	Quoted market price adjusted by DLOM*	21.58%	1,211,620
Inmobiliaria Colonial SOCIMI, S.A.	245,920	N/A	218,131	Quoted market price	20.50%	50,413
Keurig Dr Pepper**	943,092	25,087	800,495	Quoted market price	15.73%	148,386
JDE Peet's**	241,434	N/A	245,782	Quoted market price	19.80%	47,810
- Private equity securities and partnerships	224,515	5,972	161,616	Third party valuation based on comparable method	12.95% - 17.52%	30,884
Total	**7,633,202**	**31,059**	**13,098,777**			**1,567,866**

December 31, 2020 *(audited)* **Description**	**Fair value at December 31, 2020 EUR '000**	**Foreign currency exchange impact +/- EUR '000**	**Average Committed Capital EUR '000**	**Valuation Technique**	**Reasonable possible shift +/- (%)**	**Change in valuation +/- EUR '000**
- Equity securities						
AB InBev - common shares	342,060	N/A	591,658	Quoted market price	26.40%	90,304
AB InBev - restricted shares	4,978,212	N/A	11,081,095	Quoted market price adjusted by DLOM*	26.40%	1,314,248
Inmobiliaria Colonial SOCIMI, S.A.	231,769	N/A	218,131	Quoted market price	50.14%	116,209
Keurig Dr Pepper - common shares**	356,561	(27,884)	345,170	Quoted market price	21.67%	77,267
Keurig Dr Pepper - restricted shares**	552,004	(34,710)	572,899	Quoted market price adjusted by DLOM*	21.67%	119,619
- Private equity securities and partnerships	527,160	(19,231)	369,247	Third party valuation based on comparable method	15.89% - 43.44%	174,637
Total	**6,987,766**	**(81,825)**	**13,178,200**			**1,892,284**

** DLOM (Discount for Lack of Marketability) – Refer to Note 4.2a.*
*** During the year ended December 31, 2020, a series of transactions occurred resulting to KDP shares transferred and made available in the Group. Subsequently, during the period ended June 30, 2021, JDEP shares were also transferred and made available in the Group – Refer to Note 5.2.*

3.1 Financial risk factors (continued)

a) Market risk (continued)

Price risk (continued)

Management monitors the price risk of its publicly traded equity holdings on an ongoing basis and continues to take necessary actions and/or decisions in order to mitigate any shift in market prices.

In addition to equity securities held by the Group, the prices of which are determined by publicly quoted market prices, the Group also holds positions in private equity securities and partnerships. These holdings are made up of interests in the Food sector and are held via separate entities associated with the Group's Private Investees. Given the lack of a public market and potential other marketability factors, there is inherent price risk involved in valuing these privately-held investments. The performance of these private investments is reviewed by Management periodically, enabling Management to take necessary actions and/or decisions in order to mitigate any shift in market prices. Refer to Note 4.2 for further details on the valuation methodologies employed.

Material investments within the portfolio such as AB InBev, Colonial, KDP and JDEP are managed on an individual basis and any decisions to be taken are approved by the Board of Managers. The primary goal of the Group's investment strategy is to maximise investment returns.

Interest rate risk

The Group is subject to interest rate risk due to fluctuations in the prevailing levels of market interest rates. Loans and borrowings have floating interest rates on top of the agreed margins of the drawn amounts. Except for debt securities in issue which pertain to the Eurobonds and bear a fixed interest rate, loans and borrowings have floating interest rates but these are being closely monitored by the Group to determine and remedy financial impact due to sudden changes in applicable rates. In addition, changes in basis points with all other variables remaining constant are not expected to have a material impact.

	June 30, 2021	**December 31, 2020**
	unaudited	*audited*
	EUR '000	**EUR '000**
Variable rate		
Financial assets at amortised costs		
Loans granted (Refer to Note 6)	498,806	316,076
Financial liabilities at amortised costs		
Borrowings (Refer to Note 11b)	223,482	222,537
Fixed rate		
Financial liabilities at amortised costs		
Debt securities in issue (Refer to Note 11a)	1,215,694	1,101,702

3.1 Financial risk factors (continued)

a) Market risk (continued)

Interest rate risk (continued)

The table below summarises the Group's exposure to interest rate risks, measuring rollover interest rate volatility using the below sensitivity parameters:

	Impact on the profit or loss and equity		
Sensitivity parameter ("+ bps" would result to a decrease and "- bps" would result to an increase in the statement of profit or loss)	**For the six months ended June 30, 2021** *unaudited* **EUR '000**	**For the twelve months ended December 31, 2020** *audited* **EUR '000**	**For the six months ended June 30, 2020** *unaudited* **EUR '000**
+15 basis points	(1,411)	(1,512)	(1,421)
-15 basis points	1,411	1,512	1,421
+5 basis points	(470)	(504)	(474)
-5 basis points	470	504	474

The above reflects the last movements of the European Central Bank (“ECB”) rates and can be assumed to be the most likely maximum interest change within a six-month time period.

b) Credit risk

Credit risk encompasses all forms of counterparty exposure, i.e. where counterparties may default on their obligations to the Group in relation to lending, hedging, settlement and other financial activities. The Group has a credit policy in place and the exposure to counterparty credit risk is monitored.

The Group mitigates its exposure to counterparty credit risk through minimum counterparty credit guidelines, diversification of counterparties and working within agreed counterparty limits.

The Group has established minimum counterparty credit ratings and enters into transactions only with financial institutions which are classified as “Investment grade”. The Group monitors counterparty credit exposures closely and performs timely review for any downgrade in credit rating of its counterparties.

Based on these factors, the Group considers the risk of counterparty default as at June 30, 2021 to be limited.

Furthermore, the Group’s consolidated financial assets are placed with a number of quality financial institutions, thereby reducing the concentration of counterparty credit risk to an acceptable level. None of the financial institutions engaged by the Group were in default at June 30, 2021.

3.1 Financial risk factors (continued)

b) Credit risk (continued)

The following table contains an analysis of the credit risk exposure of financial instruments for which an allowance is recognised arising from ECLs. ECL is an average, or mathematically expected, credit loss, generally determined through a combination of expected credit risk exposure, probability of default, and anticipated recovery in default. The gross carrying amount of financial instruments below also represents the Group's maximum exposure to credit risk on these instruments.

	June 30, 2021 *unaudited* **EUR '000**	**December 31, 2020** *audited* **EUR '000**
Loans granted (Refer to Note 6)	499,002	316,208
Unused credit facilities (Refer to Note 6)	1,164	184,000
Other current assets (Refer to Note 7)	1,038	287
Cash at bank (Refer to Note 8)	88,672	29,285
Total	**589,876**	**529,780**

These instruments are analysed in the table below using Standard & Poor's rating:

	As at June 30, 2021 *(unaudited)*				
	ECL Staging				
	Stage 1 12-month ECL EUR '000	**Stage 2** Lifetime ECL EUR '000	**Stage 3** Lifetime ECL EUR '000	**Purchased credit impaired** EUR '000	**Total** EUR '000
Credit rating					
A+	88,472	-	-	-	88,472
A	2	-	-	-	2
A-	198	-	-	-	198
Not rated	501,204	-	-	-	501,204
Gross carrying amout	**589,876**	**-**	**-**	**-**	**589,876**
Accumulated impairment loss allowance	(243)	-	-	-	(243)
Carrying amount	**589,633**	**-**	**-**	**-**	**589,633**

3.1 Financial risk factors (continued)

b) Credit risk (continued)

	As at December 31, 2020 *(audited)*				
	ECL Staging				
	Stage 1	**Stage 2**	**Stage 3**	**Purchased credit impaired**	**Total**
	12-month ECL	Lifetime ECL	Lifetime ECL		
	EUR '000	EUR '000	EUR '000	EUR '000	EUR '000
Credit rating					
A+	28,776	-	-	-	28,776
A	310	-	-	-	310
A-	199	-	-	-	199
Not rated	500,495	-	-	-	500,495
Gross carrying amout	**529,780**	**-**	**-**	**-**	**529,780**
Accumulated impairment loss allowance	(194)	-	-	-	(194)
Carrying amount	**529,586**	**-**	**-**	**-**	**529,586**

The Group has opted for the low credit risk exemption for all assets in the scope of IFRS 9 impairment. If the financial instrument is investment grade, then all the positions shall be allocated in Stage 1, and if the financial instrument is non-investment grade, further analysis shall be performed.

Not rated financial instruments by Standard & Poor's credit agency are represented by credit exposures with related parties which are neither past due nor impaired at period end. As per the Group's internal rating policy, these credit exposures were rated to credit risk ratings that are equivalent to the globally understood definition of "investment grade".

Expected credit losses recognised during the financial period are as follows:

Expected credit losses	**June 30, 2021** *unaudited*	**December 31, 2020** *audited*	**June 30, 2020** *unaudited*	**Accumulated movements from prior years**
	EUR '000	**EUR '000**	**EUR '000**	**EUR '000**
Accumulated beginning balance	**194**	**153**	**67**	**-**
Additional impairment (or reversals) recognised during the period on:				
- Loans granted	64	58	56	18
- Financial guarantee contracts	(15)	(17)	30	49
- Other current assets	-	-	-	-
- Cash and cash equivalents	-	-	-	-
Accumulated ending balance	**243**	**194**	**153**	**67**

ECLs are assessed on a forward-looking basis and there were no significant changes to estimation techniques or assumptions used during the period ended June 30, 2021. Furthermore, there were no financial instruments written off or fully impaired as at June 30, 2021.

3.1 Financial risk factors (continued)

b) Credit risk (continued)

Variations in ECLs during the period are as disclosed below:

		January 1, 2021	Breakdown of ECL variation EUR '000					June 30, 2021
		EUR '000	New / Increase in exposure	Repayment / (Extinguishment)	Change in credit risk	Transfer	Other	EUR '000
Loss allowance measured at an amount equal to 12-month ECL	**Stage 1**	**194**	**-**	**(25)**	**(2)**	**76**	**-**	**243**
- ECLs in provisions (Note 12)		62	-	-	-	(16)	-	46
- ECLs on loans granted (Note 6)		132	-	(25)	(2)	92	-	197
- ECLs others		-	-	-	-	-	-	-
Loss allowance measured at an amount equal to lifetime ECL for	**Stage 2-3**	-	-	-	-	-	-	**-**
Financial assets that are purchased or originated credit impaired		-	-	-	-	-	-	**-**

		January 1, 2020	Breakdown of ECL variation EUR '000					December 31, 2020
		EUR '000	New / Increase in exposure	Repayment / (Extinguishment)	Change in credit risk	Transfer	Other	EUR '000
Loss allowance measured at an amount equal to 12-month ECL	**Stage 1**	**67**	**95**	**-**	**49**	**(17)**	**-**	**194**
- ECLs in provisions (Note 12)		49	(5)	-	35	(17)	-	62
- ECLs on loans granted (Note 6)		18	100	-	14	-	-	132
- ECLs others		-	-	-	-	-	-	-
Loss allowance measured at an amount equal to lifetime ECL for	**Stage 2-3**	-	-	-	-	-	-	**-**
Financial assets that are purchased or originated credit impaired		-	-	-	-	-	-	**-**

As at June 30, 2021 and December 31, 2020, there were no stage 2 or stage 3 exposures therefore no ECL variation. Neither there were financial assets that are purchased or originated as credit impaired.

3.1 Financial risk factors (continued)

c) Liquidity risk

Liquidity risk management primarily consists of maintaining sufficient cash as well as availability of funding through an adequate amount of committed debt facilities with financial institutions. The Group ensures it maintains the level of its cash and cash equivalents in excess of expected cash outflows on financial liabilities through a cash management policy.

The following are details of the contractual cash flows of non-derivative financial liabilities:

		Contractual cash flows*				
	Carrying amount	**< 3 months**	**4 - 6 months**	**7 - 12 months**	**> 12 months**	**Total**
As at June 30, 2021 *(unaudited)* ***(in EUR '000)***						
Debt securities in issue	1,215,694	132,934	3,518	-	1,193,000	1,329,452
Borrowings	223,092	196	198	392	250,322	251,108
Other current liabilities	1,153	1,153	-	-	-	1,153
	1,439,939	**134,283**	**3,716**	**392**	**1,443,322**	**1,581,713**
Fees for unused credit facilities	390	2,609	2,598	4,853	20,572	30,632
Irrevocable commitment**	-	1,164	-	-	-	1,164
Total	**1,440,329**	**138,056**	**6,314**	**5,245**	**1,463,894**	**1,613,509**

		Contractual cash flows*				
	Carrying amount	**< 3 months**	**4 - 6 months**	**7 - 12 months**	**> 12 months**	**Total**
As at December 31, 2020* *(audited)* ***(in EUR '000)***						
Debt securities in issue	1,101,702	10,506	-	7,500	1,166,384	1,184,390
Borrowings	222,130	194	50,093	-	200,425	250,712
Other current liabilities	838	838	-	-	-	838
	1,324,670	**11,538**	**50,093**	**7,500**	**1,366,809**	**1,435,940**
Fees for unused credit facilities	407	2,266	2,518	5,099	24,917	34,800
Irrevocable commitment**	-	184,000	-	-	-	184,000
Total	**1,325,077**	**197,804**	**52,611**	**12,599**	**1,391,726**	**1,654,740**

** Contractual cash flow amounts are gross and undiscounted until maturity.*

The table discloses the drawdowns from USD Bevco, as well as the Group, which is jointly and severally liable co-borrower.

*** As at June 30, 2021 and December 31, 2020, irrevocable commitment represents not used credit limit of a loan facility to Aguila Ltd., which has no specified maturity date, and is disclosed under 1-3 months maturity time band, it can be drawn down by Aguila Ltd. from the Group at any time subject to its terms and conditions.*

**** Certain comparative figures were realigned to conform with the current period presentation.*

As at June 30, 2021, the Group and its direct shareholder, USD Bevco S.à r.l., maintain various multi-currency credit lines denominated in USD and EUR (Refer to Note 11b) with financial institutions and related parties, having a total credit capacity of EUR 2,304m of which EUR 2,254m was undrawn (December 31, 2020: EUR 2,302m, of which EUR 2,252m was undrawn).

The facilities can be accessed to meet liquidity needs of both the Group and USD Bevco S.à r.l. in accordance with specific terms outlined in the associated facility agreements. There are no restrictions on the use of the facilities.

In addition, Aguila Ltd. entered into an interest-bearing loan facility agreement for an undetermined period with the Group's direct shareholder, amounting to USD 500m equivalent to EUR 421m as at June 30, 2021 (December 31, 2020: EUR 407m). From an overall liquidity perspective, the Group can indirectly benefit from this commitment.

3.1 Financial risk factors (continued)

c) Liquidity risk (continued)

The Group does not foresee exposure to liquidity risk in the short-to-medium term given the amount of the collateralised committed credit in place.

3.2 Capital risk management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for the sole shareholder and benefits for other stakeholders. The Group was not regulated for capital requirement purposes and the Group utilises debt provided by related parties and other financial institutions to fund its activities.

Loan covenants being observed by the Group are:

1) submission of quarterly, semi-annual and/or annual primary financial statements to its lenders; and
2) if any of the loan-to-value ("LTV") ratios for each of the respective bank loan facilities are breached, the respective Lender may give notice (a "Margin Call Notice") to the Group, requiring the margin shortfall to be covered by:
    - depositing additional cash or cash equivalent collateral, to the relevant collateral accounts at the custodian bank;
    - providing additional securities collateral; or
    - prepaying loan principal so the outstanding financing amount no longer exceeds the borrowing base.

There were no covenant breaches as at June 30, 2021 and December 31, 2020 nor as of the date of approval of these interim consolidated financial statements.

4. Critical accounting judgments and estimates

Estimates and judgments are continually evaluated and are based on historical experience as adjusted for current market conditions and other factors.

4.1 Judgments

In the process of applying the Group's accounting policies, Management has made the following judgments, which have the most significant effect on the amounts recognised in these interim consolidated financial statements:

Assessment of significant influence over investees

Management considers that the Group has no significant influence over AB InBev, Colonial, KDP, JDEP and its Private Investees (the "Investees") as defined in IAS 28, therefore the investees are not considered as associates.

Lack of significant influence is evidenced by the following:

- the Group owns less than 20% of the voting power of the investees;
- the Group does not participate in policy-making processes, including participation in decisions about dividends or other distributions;
- there are no material transactions between the Group and the investees;
- with the exception of the restricted shareholder's right to appoint a board member in AB InBev, there are no contractual arrangements or management contracts between the Group and the investees which could indicate the presence of significant influence over the investees;
- there is no interchange of managerial personnel or provision of essential technical information; and

4.1 Judgments (continued)

Assessment of significant influence over investees (continued)

- the Group does not own share warrants, share call options, debt or equity instruments that are convertible into ordinary shares of the investees which may give the Group additional voting power.

The Group has no Board representatives in its investees Board of Directors, except in the following investees:

- The Group is represented by one non-executive director in AB InBev Board of Directors, although, Management believes this does not establish significant influence at the board given all the points above and the fact that the Group has right to appoint only one out of fifteen members of the Board of Directors, subject to certain conditions and requirements;
- The Group is represented by one non-executive director in Colonial Board of Directors, although, Management believes this does not establish significant influence at the board given all the points above and the fact that the Group appointed only one out of eleven members of the Board of Directors; and
- The Group is represented by one non-executive director in JDEP Board of Directors, although, Management believes this does not establish significant influence at the board given all the points above and the fact that the Group appointed only one out of fourteen members of the Board of Directors.

4.2 Estimates

Management makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial period are outlined below.

a) Estimate of fair value

If a quoted market price is available for an instrument, the fair value is calculated based on the market price. When valuation parameters are not observable in the market or cannot be derived from observable market prices, the fair value is derived through analysis of other observable market data appropriate for each product and pricing models which use a mathematical methodology based on accepted financial theories. Pricing models take into account the contractual terms of the securities as well as market-based valuation parameters, such as interest rates, volatility, exchange rates and credit rating of a counterparty. Where market-based valuation parameters are not available, Management makes a judgment as to its best estimate of that parameter in order to determine a reasonable reflection of how the market would be expected to price the instrument. In exercising this judgment, a variety of tools are used, including similar observable data, historical data and extrapolation techniques.

The Group considers that the accounting estimates and assumptions related to valuation of financial instruments where quoted markets prices are not available is a key source of estimation uncertainty because: (a) they are highly susceptible to change from period to period because they require that Management make assumptions about interest rates, volatility, exchange rates, the credit rating of the counterpart, valuation adjustments and specific feature of the transactions and (b) the impact that recognising a change in the valuations would have on the assets reported in the interim consolidated statement of financial position as well as its income/(expense) could be material. Had Management used different assumptions regarding interest rates, volatility, exchange rates, credit rating of a counterparty, offer date and valuation adjustments, a larger or smaller change in the valuation of financial instruments where quoted market prices are not available would have resulted in a material impact on the Group's net profit and loss reported in the interim consolidated financial statements.

4.2 Estimates (continued)

a) Estimate of fair value (continued)

The best evidence of fair value is current prices in an active market for similar assets. In the absence of such information, the Group determines the amount within a range of reasonable fair value estimates. In making its judgement, the Group considers information from a variety of sources including:

- Level 1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities that the Group can access at the measurement date;
- Level 2 – Use of a model with inputs (other than quoted prices included in Level 1) that are directly or indirectly observable market data;
- Level 3 – Use of a model with inputs that are not based on observable market data.

4.2 Estimates (continued)

a) Estimate of fair value (continued)

Valuation techniques and significant unobservable inputs

The following table show the valuation techniques used in measuring Level 3 fair values for financial instruments at fair value in the interim consolidated statement of financial position as well as the significant unobservable inputs used:

Type	Valuation technique	Significant unobservable inputs	Inter-relationship between significant unobservable inputs and fair value measurement
Equity securities			
- AB InBev restricted shares	Quoted market price of shares discounted for lack of marketability (DLOM) using Black-Scholes Option Pricing Model	DLOM has been computed based on the following assumptions: - the hypothetical buyer is prudent but without synergistic benefit; - the business will continue as a going concern and not be liquidated - the hypothetical sale will be for cash; - there is a readily available and willing buyer; - volatility of 21.58% was implied (December 31, 2020: 26.40%); - a risk free rate of (0.64)% was used (December 31, 2020: (0.67)%); - the time to expiration was based on the time remaining between the valuation date and the date of expiration of the restriction on the sale of the subject AB InBev shares; - the dividend yield of 0.93% was assumed (December 31, 2020: 0.99%).	Had the DLOM increased or decreased by 1% pp. as at June 30, 2021 compared to the actual discount used for AB InBev restricted shares (June 30, 2021: to 3.70% or 5.70%, respectively and December 31, 2020: to 8.85% or 10.85%, respectively), with all other variables held constant, the increase or decrease in other comprehensive income would amount to EUR 59m (December 31, 2020: EUR 55m).
Private equity securities and partnerships	Third party valuation based on comparable method	The net accounting value of investments in Partnership is adjusted by the market price of underlying investments.	Had the market price of the underlying investment increased or decreased by 1% pp. as at June 30, 2021 and December 31, 2020, with all other variables held constant, the increase or decrease in other comprehensive income would amount to EUR 2m (December 31, 2020: EUR 5m).

4.2 Estimates (continued)

b) Accounting classifications and fair values

The following table analyses financial and non-financial assets and liabilities, which are measured at fair value upon initial recognition on a recurring and non-recurring basis. Financial and non-financial assets and liabilities are grouped into categories depending on the level in fair value hierarchy based on the inputs.

	Fair value			
As at June 30, 2021 ***(in EUR '000)*** *(unaudited)*	**Level 1**	**Level 2**	**Level 3**	**Total**
Financial assets at fair value through OCI				
- Equity securities*	1,795,306	-	5,613,381	7,408,687
- Private equity securities and partnerships	-	-	224,515	224,515
Total assets measured at fair value	**1,795,306**	**-**	**5,837,896**	**7,633,202**

	Fair value			
As at December 31, 2020 ***(in EUR '000)*** *(audited)*	**Level 1**	**Level 2**	**Level 3**	**Total**
Financial assets at fair value through OCI				
- Equity securities*	930,390	-	5,530,216	6,460,606
- Private equity securities and partnerships	-	-	527,160	527,160
Financial assets at fair value through P&L				
- Money market funds**	99,986	-	-	99,986
Total assets measured at fair value	**1,030,376**	**-**	**6,057,376**	**7,087,752**

** Shares in AB InBev which are unrestricted and quoted in an active market are classified under level 1, whereas, shares which are restricted for a period of 5 years from the date of business combination between SABMiller and AB InBev are valued under the Black-Scholes Option Pricing Model and therefore classified under level 3. The restriction on these shares will cease by October 2021 (Refer to Note 5). As at June 30, 2021, the restriction of the KDP shares have ceased which were restricted by virtue of a lock up agreement ranging from six to twelve months from the date the latter were made available to the Group and these shares have been transferred from level 3 to level 1.*
*** Investments in money market funds which are considered as cash equivalents are classified under level 1 (Refer to Note 8).*

<u>Equity securities</u>

The Group received from AB InBev irrevocable consent to pledge their holding of restricted shares and any rights thereto as security in respect of any bona fide loan, credit facility, note, surety bond, letter of credit or other arrangement. This consent allowed the Group to pledge AB InBev shares as collateral for committed facilities against both its drawn down loans and committed borrowing facilities (Refer to Note 11b).

The Group engaged an independent consultancy firm in 2016 to determine the fair market value of investment in restricted shares of AB InBev. Based on their valuation report, the discount for lack of marketability ("DLOM") arrived at using the Black-Scholes Option Pricing Model is the most appropriate. Such valuation methodology is still in use and applicable as at June 30, 2021. The indicative value as at June 30, 2021 for the restricted shares was obtained by applying a revised DLOM of 4.70% or EUR 276.84m discount on the trading price of the unrestricted shares at the end of the period (December 31, 2020: DLOM of 9.85% or EUR 543.93m discount). The restriction on the KDP shares have ceased for the period ended June 30, 2021 (December 31, 2020: DLOM of 5.42% or EUR 12.88m discount for six-month period restricted shares and 8.24% or EUR 29.38m discount for twelve-month period restricted shares).

4.2 Estimates (continued)

b) Accounting classifications and fair values (continued)

Equity securities (continued)

The Group used assumptions that are mainly based on market conditions existing at the reporting date.

As at June 30, 2021, the level 3 investments mainly pertain to AB InBev restricted shares as the restriction on the KDP shares have ceased which were restricted by virtue of a lock up agreement ranging from six to twelve months from the date the latter were made available to the Group (Refer to Note 5).

Private equity securities and partnerships

Level 3 is comprised of Investee Funds held by the Partnerships that are not quoted in active markets. In determining the fair value of its Investee Funds, the Partnerships relies on the valuation as reported in the latest available financial statements and/or capital account statements provided by the Investee Fund's general partner, unless a partner is aware of reasons that such a valuation may not be the best approximation of fair value. In such cases, the Partnerships reserves the right to assign a fair value to such investments which differs from the one reported by the Investee Fund's general partner. These differences may arise because a number of reasons including but not limited to:

- The report received from the Investee Fund's general partner may be non-coterminous with the Partnership's reporting date;
- The report received by the Investee Fund's general partner may be based on principles that are not aligned with the fair value principles set out in IFRS 13 or that of the Partnership; and
- The Investment Adviser and General Partner of the Partnership may have other observable or unobservable data that would indicate that amendments are required to particular portfolio company investment fair values presented in the report from Investee Fund's general partner.

c) Measurement of fair values

Transfers between Level 1 and 3

There were no transfers from Level 1 to Level 3 in the period ended June 30, 2021 or the year ended December 31, 2020. However, restrictions for all the KDP shares ceased during the period and these shares amounting to EUR 537.64m as at June 30, 2021 (December 31, 2020: EUR 356.56m) have been transferred from Level 3 to Level 1, refer to Note 4.2b.

4.2 Estimates (continued)

c) Measurement of fair values (continued)

Reconciliation of Level 3 fair value

The movements for Level 3 investments for the financial period are summarised as follows:

in EUR '000	**Restricted equity securities**	**Private equity securities and partnerships**	**Total**
Balance at January 1, 2021	**5,530,216**	**527,160**	**6,057,376**
Result included in OCI			
- Net change in fair value (unrealised)	620,807	56,020	676,827
Additional capital contribution to a private investee	-	595	595
Redemption of investments in private equity security	-	(359,260)	(359,260)
Transfer to level 1 fair value	(537,642)	-	(537,642)
Balance at June 30, 2021 *(unaudited)*	**5,613,381**	**224,515**	**5,837,896**

in EUR '000	**Restricted equity securities**	**Private equity securities and partnerships**	**Total**
Balance at January 1, 2020	**6,128,017**	**1,493,966**	**7,621,983**
Result included in OCI			
- Net change in fair value (unrealised)	(1,063,936)	(284,495)	(1,348,431)
- Net gain on the restructuring of its privately held investment to create new classes of shares	-	220,613	220,613
- Net loss on redemption of a privately held investment	(80,883)	-	(80,883)
Additional capital contribution to a private investee	-	655	655
Acquisition of financial assets	903,579	-	903,579
Redemption of investments in private equity security	-	(903,579)	(903,579)
Transfer to level 1 fair value	(356,561)	-	(356,561)
Balance at December 31, 2020 *(audited)*	**5,530,216**	**527,160**	**6,057,376**

4.2 Estimates (continued)

c) Measurement of fair values (continued)

Financial instruments not measured at fair value

Except for the information stated in the table below, Management believes that the carrying amount of financial assets and financial liabilities recognised in the interim consolidated financial statements approximated their fair values:

As at June 30, 2021 ***(in EUR '000)*** *(unaudited)*	**Fair value**			**Carrying value**
	Level 1	***Level 2***	***Level 3***	
Financial assets				
- Loans granted	-	-	498,806	498,806
Financial liability				
- Borrowings	-	-	223,482	223,482
- Debt securities in issue	1,248,900	-	-	1,215,694

As at December 31, 2020 ***(in EUR '000)*** *(audited)*	**Fair value**			**Carrying value**
	Level 1	***Level 2***	***Level 3***	
Financial assets				
- Loans granted	-	-	316,076	316,076
Financial liability				
- Borrowings	-	-	222,537	222,537
- Debt securities in issue	1,149,070	-	-	1,101,702

d) Estimation uncertainty

Except for the fair values of equity investments, there are no other key assumptions at the reporting date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial period.

5. Investment securities

5.1 Measurement category

Investment securities are summarised by measurement category in the table below:

	June 30, 2021 *unaudited* EUR '000	December 31, 2020 *audited* EUR '000
Financial assets		
Listed securities		
- Equity securities	7,408,687	6,460,606
Unlisted securities		
- Private equity securities and partnerships	224,515	527,160
	7,633,202	**6,987,766**

As at June 30, 2021 and December 31, 2020, financial assets measured at FVOCI are illustrated below:

As at June 30, 2021 *(unaudited)*	**Anheuser-Busch InBev**	**Inmobiliaria Colonial SOCIMI, S.A.**	**Keurig Dr Pepper**	**JDE Peet's**	**Private equity securities and partnerships****	**Total**
Reportable segment (Refer to Note 17)	(Beverage)	(Real Estate)	(Beverage)	(Beverage)		
No. of warrants*	-	-	-	-	-	
No. of restricted	96,862,718	-	-	-	-	
No. of common shares	6,000,000	28,880,815	31,803,939	7,889,968	29,086,780	
% of share capital**	5.22%	5.68%	2.24%	1.57%	< 20%	
Fair value in EUR '000 of restricted shares***	5,613,381	-	-	-	-	**5,613,381**
Fair value in EUR '000 of common shares	364,860	245,920	943,092	241,434	224,515	**2,019,821**
TOTAL	**5,978,241**	**245,920**	**943,092**	**241,434**	**224,515**	**7,633,202**

As at December 31, 2020 *(audited)*	**Anheuser-Busch InBev**	**Inmobiliaria Colonial SOCIMI, S.A.**	**Keurig Dr Pepper**	**Private equity securities and partnerships****	**Total**
Reportable segment (Refer to Note 17)	(Beverage)	(Real Estate)	(Beverage)		
No. of warrants*	-	-	-	7,374,537	
No. of restricted	96,862,718	-	22,788,323	-	
No. of common shares	6,000,000	28,880,815	13,672,994	29,086,780	
% of share capital**	5.22%	5.68%	2.59%	< 20%	
Fair value in EUR '000 of restricted shares***	4,978,212	-	552,004	-	**5,530,216**
Fair value in EUR '000 of common shares	342,060	231,769	356,561	527,160	**1,457,550**
TOTAL	**5,320,272**	**231,769**	**908,565**	**527,160**	**6,987,766**

** Warrants are immediately exercisable and demonstrate similar characteristics than common shares. On March 18, 2021, the Group executed such right in exchange for additional shares in Acorn Holdings B.V. Subsequently, these shares held in Acorn were redeemed in exchange for a total number of 7,889,968 AMS listed shares in JDE Peet's N.V. (Refer to Note 5.2).*
*** Percentage (%) of ownerships are less than 20%. Aggregate shares held in AB InBev represent a 5.22% ownership (excluding treasury shares) or 5.09% (including treasury shares).*
**** Fair value includes a discount for lack of marketability (DLOM) in respect of the restricted shares in AB InBev and KDP shares which are also restricted as at December 31, 2020. However, as at June 30, 2021, the DLOM is applicable only to AB InBev restricted shares as the restriction on the KDP shares have ceased which were restricted by virtue of a lock up agreement ranging from six to twelve months from the date they were made available to the Group (Refer to Note 4.2b).*
***** During the year ended December 31, 2020, one of the Group's privately held investments further simplified its equity composition due to its underlying investment portfolio going public and being listed in stock exchanges resulting to creation of new classes of shares and subsequent redemption of these new shares (Refer to Note 5.2).*

5. Investment securities (continued)

5.1 Measurement category (continued)

Part of shares held in AB InBev are pledged to secure existing credit facilities with financial institutions (Refer to Note 11b).

Part of shares held in Colonial are pledged as guarantee as part of an agreement with Sierra Nevada (Bermuda) L.P. (Refer Note 18).

5.2 Investment securities transactions

<u>Equity securities</u>

During the financial period ended June 30, 2021, the movement in equity securities can be described as follows:

- During the period ended June 30, 2021, the Group sold 4,657,378 KDP shares at an average price of USD 32.21 per share for a total gross proceeds of USD 150m or for an equivalent of EUR 123m (cash proceeds from disposal amounted to EUR 123m net of the foreign exchange impact) which resulted to a net realised gain on disposal of EUR 19m. In addition, the restriction on the KDP shares have ceased and therefore have a fair value of EUR 943m as of June 30, 2021; and

- On March 18, 2021, the Group through its subsidiary - Quercus B.V. ("Quercus") executed its right under a warrant for ordinary shares in Acorn Holdings B.V., pursuant to which the Quercus received 7,374,537 additional shares in Acorn. Pursuant to this transaction, shares held by Quercus in Acorn were redeemed in exchange for a total number of 7,889,968 AMS listed shares in JDE Peet's N.V. (the "JDEP shares") for a total value of EUR 245m or having a market price of EUR 31.1512 per share. The redemption of shares in Acorn in exchange for JDEP shares resulted in a loss of EUR 113m. Upon receipt of the shares, Quercus immediately distributed them in kind to Bevco Lux, where they remain with a fair value of EUR 241m as of June 30, 2021.

During the financial year ended December 31, 2020, the movement in equity securities can be described as follows:

- In March 2020, Acorn being one of the Group's privately held investments, underwent a recapitalisation of its ordinary shares into two types of tracking shares by exchanging the classes of ordinary shares held by Quercus and all other shareholders for new classes of shares tracking the underlying investment portfolio. In addition, it allows tracking the net equity value related to the underlying investment portfolio of the listed companies controlled by Acorn. Such simplification into per class of new shares resulted in a realised gain of EUR 220m on the newly converted K and J tracking shares;

- On June 11, 2020, Quercus redeemed 27,345,988 of its tracking K - shares in exchange for the same number of direct shares of Keurig Dr. Pepper Inc. (NYSE: KDP). The redemption price per share was set at EUR 25.24 (USD 28.54), resulting in a gain of EUR 12m. These KDP shares are restricted, 50% for a period six (6) months and the remaining 50% for a period of twelve (12) months from the redemption date. Therefore, in calculating the fair value on June 11, 2020 of EUR 690m a DLOM was applied, which resulted in a loss of EUR 66m. The DLOM reduces over time as the restriction period diminishes thus the loss is considered temporary. Quercus immediately distributed in kind these shares to Bevco Lux, where they remain with a fair value of EUR 683m as of December 31, 2020; and

5. Investment securities (continued)

5.2 Investment securities transactions (continued)

Equity securities (continued)

- On September 8, 2020, Quercus converted the warrants into 7,374,537 K-shares of Acorn. Subsequently, on September 8, 2020, Quercus redeemed 9,115,329 of its tracking shares in exchange for the same number of direct shares of KDP. The redemption price per share was set at EUR 24.98 (USD 29.54), resulting in a gain of EUR 1m. These KDP shares are restricted for a period of six (6) months from the redemption date. Therefore, in calculating the fair value on September 8, 2020 of EUR 227m a DLOM was applied, which resulted in a loss of EUR 14m. The DLOM reduces over time as the restriction period diminishes thus the loss is considered temporary. Quercus immediately distributed in kind these shares to Bevco Lux, where they remain with a fair value of EUR 224m as of December 31, 2020.

In October 2016 as a result of a business combination between SABMiller and AB InBev, the Group acquired restricted shares in AB InBev which are unlisted, not admitted to trading on any stock exchange, and are subject to, among other things, restrictions on transfer until converted into new ordinary shares. Subject to limited exceptions, the restricted shares will only be convertible at the election of the holder into new ordinary shares on a one-for-one basis with effect from the fifth anniversary of completion of the acquisition. From completion of the acquisition, such restricted shares rank equally with the new ordinary shares with respect to dividends and voting rights.

Private equity securities and partnerships

During the financial period ended June 30, 2021, a Private Investee exercised a capital call which required the Group to contribute additional cash for a total amount of EUR 595k.

During the financial year ended December 31, 2020, a Private Investee exercised a capital call which required the Group to contribute additional cash for a total amount of EUR 648k.

Covid-19 assessment

Towards the end of 2019, a new virus (Covid-19) emerged, and infections started to occur around the globe. Subsequently, on March 11, 2020, the World Health Organisation ("WHO") declared it a pandemic and national governments have implemented a range of policies and actions to combat it.

The financial impact resulting from the Covid-19 crisis has been directly taken into consideration and has well been reflected in the valuation of investment securities held by the Group as at June 30, 2021 briefly described as follows:

- Its equity securities are driven by and linked to market conditions being listed shares; and
- The valuation of its private equity securities and partnerships is reflecting the Covid-19 impact.

As per Management's assessment, the impact of Covid-19 crisis did not affect the Group's financial liquidity and remains in a positive position to be able to settle existing financial obligations.

5. Investment securities (continued)

5.3 Changes in fair value of investment securities

in EUR '000	Equity securities	Private equity securities and partnerships	Total
Balance at January 1, 2021	**6,460,606**	**527,160**	**6,987,766**
Result included in OCI			
- Net change in fair value (unrealised)	806,927	56,020	862,947
- Net loss on redemption of a privately held investmen	(113,803)	-	(113,803)
- Net realised gains from disposal of equity securities	19,226	-	19,226
Additional capital contribution to a private investee	-	595	595
Acquisition of financial assets	359,260	-	359,260
Redemption of investments in private equity security	-	(359,260)	(359,260)
Proceeds from disposal of equity securities	(123,342)	-	(123,342)
Foreign currency translation arising from equity securities denominated in USD	(187)	-	(187)
Balance at June 30, 2021 *(unaudited)*	**7,408,687**	**224,515**	**7,633,202**

5.4 Dividend income

During the financial periods ended June 30, 2021 and June 30, 2020, the Group received dividends from its securities as follows:

	for six months ended June 30: 2021 *unaudited* EUR '000	2020 *unaudited* EUR '000
Gross dividend income from:		
- Equity securities	57,771	51,431
- Private equity securities and partnerships	755	5,594
Total	**58,526**	**57,025**
Withholding tax on dividend income:		
- Equity securities	(51)	-
- Private equity securities and partnerships	(199)	(213)
Total withholding tax (Refer to Note 16.2)	**(250)**	**(213)**
Net Dividend income	**58,276**	**56,812**

6. Loans granted

Details of loans granted as at June 30, 2021 and December 31, 2020 are as follows:

	June 30, 2021 *unaudited* EUR '000	December 31, 2020 *audited* EUR '000
Current portion of loans granted	498,806	316,076
	498,806	**316,076**

As at June 30, 2021 and December 31, 2020 the total commitments, unused credit facilities, drawdowns, repayments, expected credit loss allowance and carrying amount of loans granted are disclosed in the tables below:

As at June 30, 2021 *(unaudited)*

Borrower	**Aguila Ltd.**
Facility termination date	*undetermined period*
Interest rate	*EURIBOR + margin*
Currency	**EUR '000**
Total committed facility at January 1, 2021	**500,000**
Facility commitment terminated	-
Total committed facility at June 30, 2021	**500,000**
Principal amount outstanding at January 1, 2021	**316,000**
Drawdowns / Loans granted*	182,836
Repayments*	-
Total principal drawn amount at June 30, 2021	**498,836**
Total unused credit facilities at June 30, 2021	**1,164**
Accrued interest at June 30, 2021	166
Impairment loss allowance (Refer to Note 3.1b)	(196)
Carrying amount at June 30, 2021	**498,806**

As at December 31, 2020 *(audited)*

Borrower	**Aguila Ltd.**
Facility termination date	*undetermined period*
Interest rate	*EURIBOR + margin*
Currency	**EUR '000**
Total committed facility at January 1, 2020	**500,000**
Facility commitment terminated	-
Total committed facility at December 31, 2020	**500,000**
Principal amount outstanding at January 1, 2020	**76,000**
Drawdowns / Loans granted*	400,000
Repayments*	(160,000)
Total principal drawn amount at December 31, 2020	**316,000**
Total unused credit facilities at December 31, 2020	**184,000**
Accrued interest at December 31, 2020	208
Impairment loss allowance (Refer to Note 3.1b)	(132)
Carrying amount at December 31, 2020	**316,076**

** Movements have been presented on a net basis to reflect real cash movements.*

7. Other current assets

As at June 30, 2021 and December 31, 2020 other current assets are composed as follows:

	June 30, 2021 *unaudited* **EUR '000**	**December 31, 2020** *audited* **EUR '000**
Advances to related parties* (Refer to Note 19)	392	274
Trade receivables** (Refer to Note 19)	376	-
VAT receivable	176	12
Other receivables***	94	1
	1,038	**287**

** Advances to related parties are linked to a pledge agreement entered into with Sierra Nevada (Bermuda) L.P. (Refer to Note 18).*
*** On February 24, 2021 (with effect as from December 1, 2020), a service agreement ("SA") was entered into between the Group, its direct shareholder and other related entities, wherein the Group will now provide services to its affiliated companies such as consultancy and/or advisory services to be procured by the Group through its Finance Director and other employees and, as the case may be, by external advisors. The amount to be paid to the Group by each affiliated company shall be determined in accordance with the terms outlined in the SA.*
**** The Group's subsidiary – Quercus B.V. was put into liquidation on June 10, 2021 as it no longer has any underlying investment. As per liquidation report, on a standalone basis, Quercus reported a net asset amounting to EUR 92.93k which is currently held and expected to be distributed to its Parent company. This amount is included together with the other receivables disclosed above.*

8. Cash and cash equivalents

The cash and cash equivalents are composed of:

- Cash at bank in an amount of EUR 88.67m as at June 30, 2021 (December 31, 2020: EUR 29m). Accumulated impairment loss allowance arising from ECLs amounted to EUR 0.29k as at June 30, 2021 (December 31, 2020: EUR 0.09k). Impairment loss allowance recognised for the financial period ended June 30, 2021 amounted to EUR 0.20k (for the year ended December 31, 2020: EUR 0.06k) (Refer to Note 3.1b); and

- Investments held in money market funds have maturities of less than three months which are considered as cash equivalents amounted to nil as at June 30, 2021 (December 31, 2020: EUR 99.99m).

9. Equity

a) Share capital

Ordinary shares issued and fully paid	**No. of shares**
As at January 1, 2020 and June 30, 2020 *(unaudited)*	**102,090,921**
As at December 31, 2020 and June 30, 2021 *(unaudited)*	**102,090,921**

As at June 30, 2021 and December 31, 2020, the share capital of the Company amounted to EUR 102.09m and was composed of 102,090,921 issued shares. All issued shares are fully subscribed and paid as at June 30, 2021 and December 31, 2020.

9. Equity (continued)

b) Share premium

	EUR '000
As at January 1, 2020 and June 30, 2020 *(unaudited)*	**6,620,389**
Share premium reimbursement	-
As at December 31, 2020	**6,620,389**
Share premium reimbursement	(117,574)
As at June 30, 2021 *(unaudited)*	**6,502,815**

In June 2021, the Group's parent company resolved to approve the partial reimbursement of the Group's share premium in an amount of EUR 117.57m.

c) Legal reserve

	EUR '000
As at January 1, 2020 and June 30, 2020 *(unaudited)*	**10,209**
As at December 31, 2020 and June 30, 2021 *(unaudited)*	**10,209**

In accordance with Luxembourg company law, Bevco Lux being the parent company of the Group is required to allocate a minimum of 5% of its net profit for each financial year to a legal reserve. This requirement ceases to be necessary once the balance on the legal reserve reaches 10% of the issued share capital.

d) Special reserve account

	EUR '000
As at January 1, 2020 and June 30, 2020 *(unaudited)*	**2,478,672**
As at December 31, 2020 and June 30, 2021 *(unaudited)*	**2,478,672**

Special reserve account includes equity contributions made by the shareholder without the issuance of new shares.

e) Other reserves

As at June 30, 2021 and December 31, 2020, other reserves amounted to EUR 66.21m which pertains to:

- Difference between the consideration given for shares held in Park S.à r.l. and its aggregate book value of the assets less liabilities in application of the "predecessor accounting" method (Refer to Note 2.3.1) which amounted to EUR 63.14m; and
- Net Wealth Tax ("NWT") special reserve of EUR 3.07m.

f) Currency translation adjustment

Currency translation adjustment at the date of the Group's change in functional currency, on October 14, 2016, amounted to EUR 690.30m. No such currency translation adjustments arose since October 14, 2016.

9. Equity (continued)

g) Retained earnings

	EUR '000
As at January 1, 2020	**(735,396)**
Profit for the period	42,001
Reclassification of realised items of investment securities at fair value through OCI*	154,250
Allocation to legal reserve (Refer to Note 9c)**	-
As at June 30, 2020* *(unaudited)*	**(539,145)**
Profit for the period	9,584
Reclassification of realised items of investment securities at fair value through OCI	(14,520)
As at December 31, 2020	**(544,081)**
Profit for the period	26,658
Reclassification of realised items of investment securities at fair value through OCI	(94,577)
Allocation to legal reserve (Refer to Note 9c)**	-
As at June 30, 2021 *(unaudited)*	**(612,000)**

** Certain comparative figures were realigned to conform with the current period presentation. As a result of the recapitalisation at Acorn Holdings B.V. and redemption of the K - shares in exchange for direct shares in Keurig Dr. Pepper Inc., the realised gain on the disposal of investment securities reclassified from "Reserve for unrealised FV movements of financial assets at FVOCI" to "Retained earnings" have increased by EUR 23m, adjusted from EUR 130m to EUR 154m for the period ended June 30, 2020. Refer to note 5.2 for further details.*

*** No such allocation to legal reserve of distribution took place for the periods ended June 30, 2021 and June 30, 2020.*

10. Cash flow information

The Group reports cash flows using the indirect method. Interest received is presented within investing cash flows; interest paid is presented within financing cash flows. The acquisitions of financial assets are disclosed as cash flows from investing activities which appropriately reflects the Group's business activities.

11. Borrowings

a) Debt securities in issue

Nature	Currency	Interest rate	Maturity date	Principal amount EUR '000	Amortised Discount EUR '000	Amortised Capitalised Cost EUR '000	Carrying amount as at June 30, 2021 EUR '000 *(unaudited)*	Carrying amount as at December 31, 2020 EUR '000 *(audited)*
Eurobond 1	EUR	1.75%	09/02/2023	124,556	(262)	(122)	124,757	606,632
Eurobond 2	EUR	1.50%	16/09/2027	500,000	(3,691)	(2,927)	499,300	495,070
Eurobond 3	EUR	1.00%	16/01/2030	600,000	(6,020)	(2,589)	591,637	-

On February 9, 2018, the Group issued an unsecured Eurobond ("Eurobond 1") with a principal amount of EUR 800m, an interest coupon of 1.75% payable annually in arrears at an issue price of 99.366%, maturing on February 9, 2023. The proceeds of the Eurobond have been used to pay back margin loan facilities. The Eurobond is rated with an S&P: BBB rating. Furthermore, the Eurobond is officially listed on the Luxembourg Stock Exchange with trading on the Euro MTF segment. The Eurobond Security Code is ISIN: XS1767050351. On June 18, 2021 and September 18, 2020, part of the principal of this Eurobond has been repaid for a total amount of EUR 475m and EUR 199m, respectively.

On September 16, 2020, the Group issued an unsecured Eurobond ("Eurobond 2") with a principal amount of EUR 500m, an interest coupon of 1.50% payable annually in arrears at an issue price of 99.17%, maturing on September 16, 2027. The Eurobond is rated with an S&P: BBB rating. Furthermore, the Eurobond is officially listed on the Luxembourg Stock Exchange with trading on the Euro MTF segment. The Eurobond Security Code is ISIN: XS2231165668.

On June 16, 2021, the Group issued an unsecured Eurobond ("Eurobond 3") with a principal amount of EUR 600m, an interest coupon of 1.00% payable annually in arrears at an issue price of 98.992%, maturing on January 16, 2030. The Eurobond is rated with an S&P: BBB rating. Furthermore, the Eurobond is officially listed on the Luxembourg Stock Exchange with trading on the Euro MTF segment. The Eurobond Security Code is ISIN: XS2348703864.

The split between current and non-current portion of debt securities in issue is presented below:

	June 30, 2021 *unaudited* **EUR '000**	**December 31, 2020** *audited* **EUR '000**
Non-current portion of debt securities in issue	1,084,772	1,090,116
Current portion of debt securities in issue	130,922	11,586
	1,215,694	**1,101,702**

11. Borrowings (continued)

b) Borrowings

The balances of borrowings were as follows:

	June 30, 2021 *(unaudited)*		**December 31, 2020** *(audited)*	
	Principal amount	**Carrying amount***	**Principal amount**	**Carrying amount***
	EUR '000	**EUR '000**	**EUR '000**	**EUR '000**
Borrowings with financial institutions	50,000	47,587	50,000	47,076
Borrowings with related parties	175,044	175,895	175,044	175,461
	225,044	**223,482**	**225,044**	**222,537**

**Carrying amount includes prepaid financing costs and bank overdrafts.*

Borrowings further split between current and non-current portion as presented below at carrying amount:

	June 30, 2021 *(unaudited)*		**December 31, 2020** *(audited)*	
	Current portion	**Non-current portion**	**Current portion**	**Non-current portion**
	EUR '000	**EUR '000**	**EUR '000**	**EUR '000**
Borrowings with financial institutions*	521	47,066	50,435	(3,359)
Borrowings with related parties	851	175,044	417	175,044
	1,372	**222,110**	**50,852**	**171,685**

**Negative amount pertains to capitalised prepaid financing costs and being amortised over the long term.*

11. Borrowings (continued)

b) Borrowings (continued)

Terms and conditions of borrowings and movements in principal amounts are shown in the tables below:

June 30, 2021 (in EUR '000) *(unaudited)*	**Currency of drawdown**	**Interest rate**	**Roll-over date**	**Termination date**	**Date of the Agreement**	**Principal amount January 1, 2021**	**Drawdowns***	**Repayments***	**Principal amount June 30, 2021**
Borrowings with financial institution									
Financial institution 1 - Secured tranche	EUR	EURIBOR + margin	-	10/08/2023	10/08/2018	-	-	-	-
Financial institution 1 - Unsecured tranche	EUR	EURIBOR + margin	-	10/08/2023	10/08/2018	-	-	-	-
Financial institution 2 - Secured tranche	EUR	EURIBOR + margin	-	21/12/2024	21/12/2017	-	-	-	-
Financial institution 3 - Secured tranche	EUR	EURIBOR + margin	-	03/04/2024	03/04/2019	-	-	-	-
Financial institution 3 - Unsecured tranche	EUR	EURIBOR + margin	-	03/04/2022	03/04/2019	-	-	-	-
Financial institution 4 - Secured tranche	EUR	EURIBOR + margin	-	29/04/2022	30/04/2019	-	-	-	-
Financial institution 4 - Unsecured tranche	EUR	EURIBOR + margin	30/04/2021	30/04/2023	22/04/2021	50,000	-	-	50,000
						50,000	-	-	50,000
Borrowings with related parties	EUR	0.5% + margin	N/A	01/08/2048	01/08/2018	175,044	-	-	175,044
Total						**225,044**	**-**	**-**	**225,044**

December 31, 2020 (in EUR '000) *(audited)*	**Currency of drawdown**	**Interest rate**	**Roll-over date**	**Termination date**	**Date of the Agreement**	**Principal amount January 1, 2020**	**Drawdowns***	**Repayments***	**Principal amount December 30, 2020**
Borrowings with financial institution									
Financial institution 1 - Secured tranche	EUR	EURIBOR + margin	-	10/08/2023	10/08/2018	-	55,500	(55,500)	-
Financial institution 1 - Unsecured tranche	EUR	EURIBOR + margin	-	10/08/2023	10/08/2018	-	55,500	(55,500)	-
Financial institution 2 - Secured tranche	EUR	EURIBOR + margin	-	21/12/2024	21/12/2017	-	100,000	(100,000)	-
Financial institution 3 - Secured tranche	EUR	EURIBOR + margin	-	03/04/2024	03/04/2019	-	-	-	-
Financial institution 3 - Unsecured tranche	EUR	EURIBOR + margin	-	03/04/2022	03/04/2019	-	100,000	(100,000)	-
Financial institution 4 - Secured tranche	EUR	EURIBOR + margin	-	29/04/2022	30/04/2019	-	-	-	-
Financial institution 4 - Unsecured tranche	EUR	EURIBOR + margin	18/03/2021	30/04/2021	30/04/2019	50,000	50,000	(50,000)	50,000
						50,000	361,000	(361,000)	50,000
Borrowings with related parties	EUR	0.5% + margin	N/A	01/08/2048	01/08/2018	175,044	-	-	175,044
Total						**225,044**	**361,000**	**(361,000)**	**225,044**

** During the financial period ended June 30, 2021, proceeds received from drawdowns and repayments made by the Group amounted to nil (December 31, 2020: EUR 361m) and nil (December 31, 2020: EUR 361m), respectively.*

11. Borrowings (continued)

b) Borrowings (continued)

During the financial period ended June 30, 2021, the following event has occured:

- On April 22, 2021, the Group (as “borrower”) entered into an amendment agreement with financial institution 4 (as “lender”) in order to, amongst others, renew the term of its facility agreement and to extend the maturity date of the credit facility for a period of two (2) years ending on April 30, 2023, with a plus one-year extension option subject to mutual consent. The total commitment credit facility amount was reduced by USD 25m compare to the old commitment credit facility amount.

During the financial year ended December 31, 2020, the following event has occured:

- On August 6, 2020, the Group entered into an amendment agreement with financial institution 1 to extend the maturity date of the credit facility for both secured and unsecured tranche until August 10, 2023.

The facility agreements with financial institutions are cross-guaranteed by the Group and its direct shareholder, USD Bevco, and from a legal perspective the credit facilities denominated in EUR and USD can be drawn down by both or any of the companies in either functional currency.

Total amount of the commitment and its undrawn amount with financial institutions and related parties are disclosed in the table below:

June 30, 2021 *(unaudited)*	**Total Commitment (EUR '000)**	**Credit facilities drawdown by USD Bevco* (EUR '000)**	**Guarantees (EUR '000)**	**Credit facilities drawdown by the Group** (EUR '000)**	**Unused Credit facilities (EUR '000)**
Financial institutions	1,804,238	-	-	50,000	1,754,238
Related parties	500,000	-	-	-	500,000
Total	**2,304,238**	**-**	**-**	**50,000**	**2,254,238**

December 31, 2020 *(audited)*	**Total Commitment (EUR '000)**	**Credit facilities drawdown by USD Bevco* (EUR '000)**	**Guarantees (EUR '000)**	**Credit facilities drawdown by the Group** (EUR '000)**	**Unused Credit facilities (EUR '000)**
Financial institutions	1,802,665	-	-	50,000	1,752,665
Related parties	500,000	-	-	-	500,000
Total	**2,302,665**	**-**	**-**	**50,000**	**2,252,665**

** Credit facilities drawn down by USD Bevco, original currency of this drawdown was in USD. No amount drawn by the former as at June 30, 2021 and December 31, 2020. As disclosed in Note 3.1 c), both USD Bevco and Bevco Lux can access the same credit facilities in either USD or EUR currencies.*
*** Credit facilities drawn down by Bevco Lux, original currency of this drawdown was in EUR.*

<u>*Pledged shares*</u>

Bank Loan facilities are secured by the pledge of shares in AB InBev presented in the table below:

June 30, 2021 *(unaudited)*		**December 31, 2020** *(audited)*	
Number of shares	**Fair value EUR '000**	**Number of shares**	**Fair value EUR '000**
38,720,558	2,354,597	38,720,558	2,207,459

12. Other current liabilities

As at June 30, 2021 and December 31, 2020, other current liabilities are composed as follows:

	June 30, 2021	**December 31, 2020**
	unaudited	*audited*
	EUR '000	**EUR '000**
Suppliers	778	668
Audit fees payable	175	85
VAT payable	86	-
Provisions (Refer to Note 3.1b)	47	62
Social security costs payable	34	8
Cash advance from Ultimate parent (Refer to Note 19)	32	4
Withholding tax payable	1	-
Debt to staff	-	11
	1,153	**838**

13. Interest income

Interest income for the financial periods ended June 30, 2021 and June 30, 2020 are presented in the table below:

	for six months ended June 30:	
	2021	**2020**
	unaudited	*unaudited*
	EUR '000	**EUR '000**
Interest income from related party loans (Refer to Note 19)*	3,313	1,415
Other interest income	2	-
	3,315	**1,415**

** Of the interest income, an amount of EUR 3m (June 30, 2020: EUR 1m) was received, and the remainder was accrued.*

14. Administrative expenses

Administrative expenses for the financial periods ended June 30, 2021 and June 30, 2020 are presented in the table below:

	for six months ended June 30:	
	2021	**2020***
	unaudited	*unaudited*
	EUR '000	**EUR '000**
Legal and other professional fees	386	246
Staff costs	130	-
Custody and bank fees	147	45
Accountant fees	127	187
Office rental	105	-
Audit fees	55	133
Other expenses	15	5
Director fees	7	8
Service agreement**	4	439
Fiscal fees	1	4
	977	**1,067**

** Certain comparative figures were realigned to conform with the current period presentation.*
*** In 2016, a service agreement ("SA") was entered into between the Group, its direct shareholder, other related entities and SNI International Holding S.à r.l. ("SNI"), wherein the latter will provide services to its affiliated companies such as consultancy and/or advisory services to be procured by SNI through its Finance Director and other employees and, as the case may be, by external advisors. The amount to be paid to SNI by each affiliated company shall be determined in accordance with the terms outlined in the SA.*
Effective as from December 1, 2020, this SA entered into by the Group with SNI was terminated and replaced by a new SA. The Group will now provide services to its affiliated companies such as consultancy and/or advisory services to be procured by the Group through its Finance Director and other employees and, as the case may be, by external advisors. The amount to be paid to the Group by each affiliated company shall be determined in accordance with the terms outlined in the SA.

15. Finance costs

Finance costs for the financial periods ended June 30, 2021 and June 30, 2020 are presented in the table below:

	for six months ended June 30:	
	2021	**2020**
	unaudited	*unaudited*
	EUR '000	**EUR '000**
Interest expenses on bonds*	27,172	7,963
Fees for unused credit facilities	3,621	3,342
Bond issuance fees**	1,337	465
Interest expenses on borrowing from related party (Refer to Note 19)	681	434
Amortisation of financing costs***	425	425
Interest expenses on borrowing from credit institutions	396	1,527
Current account interests expenses	318	307
Other fees	253	502
	34,203	**14,965**

** Interest expenses on bonds includes EUR 16m premium (June 30, 2020: nil) from the Eurobond 1 partial repayment.*
*** Fees incurred consequently from the issuance of the Eurobond 1 were capitalised amounting to EUR 4m (Refer to Note 11a) and amortised until its maturity date on February 9, 2023. In addition, a significant portion of the remaining fees capitalised were expensed outright for the period ended June 30, 2021 due to the partial repayment of Eurobond 1. Consequently, resulting to a significant increase to this expense item.*
Fees incurred from the issuance of Eurobond 2 were capitalised amounting to EUR 3m (Refer to Note 11a) and amortised until its maturity date on September 16, 2027.
Fees incurred from the issuance of Eurobond 3 were capitalised amounting to EUR 2m (Refer to Note 11a) and amortised until its maturity date on January 16, 2030.
**** This item pertains to the amortisation of prepaid financing costs included in the total carrying amount of borrowings with financial institutions as disclosed in Note 11b).*

16. Taxes

16.1 Income taxes

Income taxes incurred for the financial periods ended June 30, 2021 and June 30, 2020 were as follows:

	for six months ended June 30:	
	2021	**2020**
	unaudited	*unaudited*
	EUR '000	**EUR '000**
Income tax (credit)	(15)	-
Income tax (credit)	**(15)**	**-**

Income taxes are calculated based on the tax rates in the countries where the Group and its subsidiaries have operations, taking into account tax-exempt income and tax losses carried forward.

16. Taxes (continued)

16.1 Income taxes (continued)

Income tax reconciliation is as follows:

	for six months ended June 30:	
	2021	**2020****
	unaudited	*unaudited*
	EUR '000	**EUR '000**
Profit before income tax	**26,893**	**42,214**
Tax using the Parent company's domestic tax rate*	6,707	10,528
Tax effect of:		
- Non-deductible expenses	8,890	4,055
- Tax-exempt income	(15,597)	(14,583)
- Adjustments in respect to income tax reported in previous period	(15)	-
	(15)	**-**

** In accordance with the jurisdiction under which Bevco Lux (the parent company of the Group) operates, the effective tax rate used for the financial period ended June 30, 2021 is 24.94% (June 30, 2020: 24.94%).*
*** Certain comparative figures were realigned to conform with the current period presentation.*

16.2 Withholding tax and other taxes

Withholding tax and other taxes for the financial periods ended June 30, 2021 and June 30, 2020 are as follows:

	for six months ended June 30:	
	2021	**2020****
	unaudited	*unaudited*
	EUR '000	**EUR '000**
Withholding tax on dividend income*	**250**	**213**

** The Group earns dividend income from the country where its subsidiaries are principally located and registered. Dividends income is recorded on a gross basis with withholding tax being shown as a separate item in the interim consolidated statement of profit or loss. For the financial period ended June 30, 2021, withholding taxes were incurred arising on dividends received from the Group's investment in Private equity securities and partnerships which amounted to EUR 250k (June 30, 2020: EUR 213k).*
*** Certain comparative figures were realigned to conform with the current period presentation.*

16.3 Current tax assets

As at June 30, 2021 and December 31, 2020, current tax assets pertain to tax advances paid and are composed as follows:

	June 30, 2021	**December 31, 2020**
	unaudited	*audited*
	EUR '000	**EUR '000**
Net Wealth Tax	5	10
Corporate Income Tax	-	843
Municipal Business Tax	196	436
Current tax assets	**201**	**1,289**

16. Taxes (continued)

16.4 Current tax liabilities

As at June 30, 2021 and December 31, 2020, current tax liabilities are composed as follows:

	June 30, 2021 *unaudited* **EUR '000**	**December 31, 2020** *audited* **EUR '000**
Net Wealth Tax - Estimated tax	5	10
Corporate Income Tax - Estimated income tax	500	4,490
Municipal Business Tax - Estimated income tax	184	1,664
Current tax liabilities	**689**	**6,164**

17. Segment information

The Group invests in securities and mainly derives its revenues and profits from the dividends received and appreciation of its shares held included in its investment portfolio. The Group's Chief Operating Decision Maker (CODM) consisting of the Board of Managers has identified three (3) reportable segments of its business (December 31, 2020 and June 30, 2020: three (3) reportable segments):

- Beverages;
- Real Estate;
- Other investments which consists of Private investment securities and partnerships that operate in the Fast-Moving Consumer Goods ("FMCG") sector, particularly in the food and beverage sector.

Measures of profit or loss, total assets and liabilities for the reportable segments that are regularly provided to the Management are presented in the primary interim consolidated financial statements.

Management monitors the investment portfolio on an ongoing basis, and periodically, as well as on a case-by-case basis, reports to the Board of Managers, which takes actions and/or decisions calculated to create shareholder value over the long term. In its management of the portfolio, Management bases its investment decisions on optimizing for a set of guiding attributes:

- Industries with defensive attributes;
- Assets with branding and/or franchise value;
- Assets with scarcity value.

Management takes a long-term perspective when assessing its investment portfolio and as of June 30, 2021, hereof it has no plans to materially divest its investment in the near future. In determining its investment decisions Management makes use of a multitude of publicly available data sources, concerning its current and potential investees and of the fundamental value drivers of the relevant industries in which it invests or may invest.

Industries of the Group's underlying investment portfolio are categorised as follows:

- AB InBev, KDP, JDEP and other investments: Food and Beverage industries;
- Colonial: Real Estate.

<u>Segment assets and liabilities</u>

There are no reconciling items between the amounts in the statement of financial position for the reportable segments and the amounts in the Group's interim consolidated statement of financial position.

Fair value of investments for each reportable segment is disclosed in Note 5.1.

17. Segment information (continued)

Other profit and loss disclosures

For six months ended June 30, 2021 *(unaudited)*	**Operating segments (in EUR '000)** Beverages	Real Estate	Private equity securities and partnerships	Total
Interest income	2,472	159	684	**3,315**
Dividend income	57,771	-	755	**58,526**
Net result on foreign currency operations	(71)	(5)	(19)	**(95)**
Other income	280	18	78	**376**
Total net income	**60,452**	**172**	**1,498**	**62,122**
Administrative expenses	(728)	(47)	(202)	**(977)**
Operating income	**59,724**	**125**	**1,296**	**61,145**
Finance costs				**(34,203)**
Net loss allowance				**(49)**
Profit before tax				**26,893**
Income Taxes				**15**
Withholding tax on dividend income				**(250)**
Profit for the period				**26,658**

For six months ended June 30, 2020* *(unaudited)*	**Operating segments (in EUR '000)** Beverages	Real Estate	Private equity securities and partnerships	Total
Interest income	1,055	68	292	**1,415**
Dividend income	51,431	-	5,594	**57,025**
Net result on foreign currency operations	(104)	(5)	(29)	**(138)**
Other income	22	2	6	**30**
Total net income	**52,404**	**65**	**5,863**	**58,332**
Administrative expenses	(792)	(51)	(224)	**(1,067)**
Operating income	**51,612**	**14**	**5,639**	**57,265**
Finance costs				**(14,965)**
Net loss allowance				**(86)**
Profit before tax				**42,214**
Income Taxes				**-**
Withholding tax on dividend income				**(213)**
Profit for the period				**42,001**

** Certain comparative figures were realigned to conform with the current period presentation.*

18. Commitments

Pledge

“Pledge 1”

Part of AB InBev shares are pledged in favour of international financial institutions (Refer to Note 11 b). The pledges secure each lender’s amount of committed credit facility in favour of the Group and require lender consent prior to encumbering or selling any of the pledged shares. The Group may request a release of pledged securities to the lender with a Margin Return Notice, subject to meeting required loan to values and lender consent.

The Group opened several margin security accounts with the respective financial institutions. Some of these accounts are subject to pledge agreements granted in favour of financial institutions with which the Group has entered into borrowing facility agreements. The purpose of such security accounts places an obligation on the Group to lodge securities or cash whenever margin-calls are issued by financial institutions in order to secure the obligations of the Group. To date, no margin-call notices have been received by the Group.

“Pledge 2”

On September 6, 2019, the Group and its parent (USD Bevco) (together referred as "Pledgor") entered into a pledge agreement with a financial institution 2 over a newly opened pledged security and cash account held with financial institution 1. The pledged security and cash account will secure the present and future obligations and liabilities of Sierra Nevada (Bermuda) L.P. as part of an agreement entered into with a financial institution. The Group will receive an arm's length remuneration for providing the pledge, as outlined in the Remuneration Agreement, signed by the Group and Sierra Nevada (Bermuda) L.P. on the same date. As at June 30, 2021, 14,000,000 Colonial shares were pledged (December 31, 2020: 14,000,000) having a total fair value amounting to EUR 119m (December 31, 2020: EUR 112m). The pledge expires on September 6, 2022.

Guarantees

“Guarantee over facility agreement”

An amendment to the facility agreement in place with financial institution 1 was signed on February 16, 2017, in which, its direct shareholder, USD Bevco was added as guarantor of the Group.

Irrevocable commitment

As at June 30, 2021, the outstanding commitments with Aguila Ltd. amounted to EUR 1m (December 31, 2020: EUR 184m) as outlined in Note 6.

19. Related party transactions

Major transactions and balances with related parties for the six-month period ended June 30, 2021 and for the year ended December 31, 2020 are summarised in the tables below:

(in EUR '000)	TOTAL	Aguila Ltd *Ultimate parent*	SNI International Holdings S.à r.l. *Direct parent of USD Bevco*	USD Bevco S.à r.l. *Direct parent*	Blue Clay S.à r.l. *Subsidiary of SNI International Holdings S.à r.l.*	Meristem S.à r.l. *Shareholder of USD Bevco*	SNI Harvest S.à r.l. *Shareholder of USD Bevco*	Sierra Nevada (Bermuda) LP *Shareholder of SNI International Holdings S.à r.l.*	Notes
As at June 30, 2021 *(unaudited)*									
Financial position items									
Loans to related parties	**498,806**	498,806	-	-	-	-	-	-	*6*
Other current assets	**768**	-	108	160	24	60	24	392	*7*
Loans from related parties	**175,895**	-	-	175,895	-	-	-	-	*11b*
Other current liabilities	**32**	-	32	-	-	-	-	-	*12*
Off balance sheet items									
Irrevocable unused commitment issued	**1,164**	1,164	-	-	-	-	-	-	*6*
Irrevocable unused commitment received	**500,000**	500,000	-	-	-	-	-	-	*11b*
6-month period ended June 30, 2021 *(unaudited)*									
Profit or loss statement items									
Interest income	**3,313**	3,196	-	-	-	-	-	117	*13*
Other income*	**376**	-	108	160	24	60	24	-	
Interest expense	**681**	-	-	681	-	-	-	-	*15*
Administrative expenses	**4**	-	4	-	-	-	-	-	*14*

** This pertains to the total recharged amount for the period ended June 30, 2021, to be paid to the Group by each affiliated company as determined in accordance with the terms outlined in the SA (Refer to Note 7).*

Transactions with related parties are based on normal commercial terms and conditions.

19. Related party transactions (continued)

(in EUR '000)	**TOTAL**	**Aguila Ltd** *Ultimate parent*	**SNI International Holdings S.à r.l.** *Direct parent of USD Bevco*	**USD Bevco S.à r.l.** *Direct parent*	**Blue Clay S.à r.l.** *Subsidiary of SNI International Holdings S.à r.l.*	**Sierra Nevada (Bermuda) LP** *Shareholder of SNI International Holdings S.à r.l.*	**Notes**
As at December 31, 2020 *(audited)*							
Financial position items							
Loans to related parties	**316,076**	316,076	-	-	-	-	*6*
Other current assets	**274**	-	-	-	-	274	*7*
Loans from related parties	**175,461**	-	-	175,461	-	-	*11b*
Other current liabilities	**4**	-	4	-	-	-	*12*
Off balance sheet items							
Irrevocable unused commitment issued	**184,000**	184,000	-	-	-	-	*6*
Irrevocable unused commitment received	**500,000**	500,000	-	-	-	-	*11b*
6-month period ended June 30, 2020 *(unaudited)*							
Profit or loss statement items							
Interest income	**1,415**	1,290	-	-	-	125	*13*
Interest expense	**434**	-	-	434	-	-	*15*
Administrative expenses	**439**	-	439	-	-	-	*14*

Transactions with related parties are based on normal commercial terms and conditions.

19. Related party transactions (continued)

Dividend distribution

During the financial periods ended June 30, 2021 and June 30, 2020, no dividends were distributed.

Number of employees

As at June 30, 2021, the average number of employees directly employed by the Group is 3.3 (or 3.3 annualised) (June 30, 2020: nil).

Key management personnel

EUR 66k have been paid or is payable to key management personnel for the financial period ended June 30, 2021 (June 30, 2020: EUR 8k).

20. Comparative figures

Certain comparative figures were realigned to conform with the current period's presentation, however, they did not have any impact on the previously reported profit and equity of the Group.

21. Subsequent events

a) *Financing activity*

Credit institutions

Transactions with credit institutions reported after June 30, 2021 and on or before the issuance date of the interim consolidated financial statements are as follows:

- The Group (the "Borrower") made drawdowns from its unsecured tranches with financial institutions (the "Lender") for a total amount of EUR 50m; and
- The Group rolled over its outstanding loan drawn from its unsecured tranches with financial institutions amounting to EUR 50m and EUR 50m for an additional three (3) months, which are maturing on October 29, 2021 and January 4, 2022, respectively.

Net cash movements from these transactions will be reflected in the following period and to be included in the financial caption for "borrowings".

Eurobond 1

On July 6, 2021, the make-whole settlement was executed, and the Group repaid the remaining principal amount of the Eurobond 1, amounting to EUR 124.6m.

b) *Investing activity*

Related parties

Transactions with related parties reported after June 30, 2021 and on or before the issuance date of the consolidated financial statements are as follows:

- Aguila Ltd. rolled over its outstanding loan facility with the Group for a total amount of EUR 498.8m.

No cash movement is expected from this transaction.

21. Subsequent events (continued)

b) *Investing activity (continued)*

Investment securities

Transactions with investments held in listed equity securities reported after June 30, 2021 and on or before the issuance date of the interim consolidated financial statements are as follows:

- The Group received net dividends for a total amount of EUR 6.4m; and
- The Group received a share premium reimbursement from Inmobiliaria Colonial SOCIMI, S.A. for a total amount of EUR 6.4m.

Net cash movements from these transactions will be reflected in the following period and to be included in the financial caption for “investment securities”.

Subsidiary

The liquidation of Quercus B.V. is expected to be finalised by the end of October 2021. The remaining net assets will be distributed to its direct parent company, which is Bevco Lux.