

Stock Code:1876



BUDWEISER BREWING COMPANY APAC LIMITED
百威亞太控股有限公司



2021

**INTERIM
REPORT**

ABOUT BUDWEISER BREWING COMPANY APAC LIMITED

Budweiser Brewing Company APAC Limited is the largest beer company in Asia Pacific, with leadership positions in Premium and Super Premium beer segments. We brew, import, market, distribute and sell a portfolio of more than 50 beer brands, including Budweiser®, Stella Artois®, Corona®, Hoegaarden®, Cass® and Harbin®. In recent years, Bud APAC has expanded beyond beer into new categories such as ready-to-drink, energy drinks and spirits. Our principal markets are China, South Korea, India and Vietnam. Bud APAC operates more than 50 breweries and has over 25,000 colleagues across Asia Pacific.

Bud APAC is listed on the Stock Exchange under the stock code “1876” and is a Hang Seng Composite Index member. The Company is a subsidiary of AB InBev, which has over 600 years of brewing heritage and an extensive global presence.

For more details, please visit our website at: <http://www.budweiserapac.com>

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LETTER TO SHAREHOLDERS



In the first half of 2021, we delivered robust revenue growth, maintaining the healthy momentum, with double-digit growth in volume, net revenue and EBITDA. Our premiumization, digital transformation and expansion strategy accelerated the growth of our Premium and Super Premium portfolio, enabling robust revenue per hl growth across all markets.

Leveraging the burgeoning middle class' beverage trade-up needs, we further diversified and expanded our channel and geographic reach through our route-to-market strategy despite remaining COVID restrictions. We also broadened our product offerings, introducing Red Bull, Fireball Whisky, Buffalo Trace, Southern Comfort and other premium spirits into our portfolio, while tapping new opportunities arising from the "She Economy" through the debut of Corona Seasalt Guava, Hoegaarden fruity series and Budweiser ME series. The launch of innovative products, such as Budweiser Supreme, Budweiser Magnum, 'All New Cass' and HANMAC, brought us closer to our consumers who are embracing new drinking occasions.

We are continuing to sow for the future, breaking ground on the construction of a new craft brewery in Putian, Fujian Province, which demonstrates our commitment to growing the high-end beer segment in China. In addition, we are expanding the capacity of our existing brewery in the city to support our growing Premium volumes. Upon completion, the expanded Putian brewery will remain our largest in Asia.

In Korea, led by the success of our recent innovations including 'All New Cass' and our new classic lager, HANMAC, we estimate our volumes outperformed the industry. Revenue per hl grew low-single digits driven by positive brand and pack mix.

The resilience of our people was shown on the continued support for the COVID recovery across Asia Pacific. India was still impacted significantly by a new wave of COVID outbreak, and the health and safety of our colleagues and the community remains our key priority. As India battles with COVID, we have pledged our full support to the communities.

We continue to advance our capabilities in the digital space. In 1Q21, we launched our proprietary business-to-business (B2B) digital platform, BEES (Xian Feng Gou), to help our customers improve their operational efficiency and leverage insights derived from data and analytics to drive topline growth.



We made great strides in achieving our 2025 Sustainability Goals. Our Wuhan Brewery is poised to become our parent company AB InBev's first brewery globally to achieve Carbon Neutrality. We also committed to integrating sustainability considerations into our financing mechanisms. We recently secured a USD500 million Green Financing Loan, which is one of the largest of its kind among publicly-listed consumer goods companies in Asia Pacific. The interest rates are indexed against the accomplishment of pre-determined ESG targets, including climate action, water stewardship, circular packaging and smart agriculture, which will further drive our clear and ambitious ESG agenda.

By achieving these specific ESG targets, we can maximize the positive impact on the environment and within the communities in which we thrive, generating greater shareholder value while delivering a sustainable future.

Finally, we saw a change in our Board and Board Committee composition. We are delighted to welcome on board Mr. Michel Doukeris as our new Co-Chair, succeeding Mr. Carlos Brito. The Board would like to thank Mr. Brito for his dedicated service, passion and commitment to Bud APAC during his tenure.

As a result of the proactive steps we are taking, we are confident that our continued premiumization growth strategy, focus on consumers, and talented leadership will deliver growth across the Asia Pacific and value to our shareholders.

Michel Doukeris
Co-Chair of the Board

Jan Craps
Co-Chair of the Board

“

We accelerated our Premium and Super Premium portfolio growth in all our key markets, further diversifying and expanding our channel and geographic reach through our route to market strategy.

MANAGEMENT DISCUSSION AND ANALYSIS



To facilitate the understanding of our underlying performance, this section includes organic and normalized numbers.

The term “organic” means the financials are analyzed eliminating the impact of changes in currencies on translation of foreign operations and scope changes.

Scope changes represent the impact of acquisitions and divestitures, the start or termination of activities or the transfer of activities between segments, curtailment gains and losses and year-over-year changes in accounting estimates and other assumptions that management does not consider part of the underlying performance of the business.

Whenever presented in this interim report, all performance measures (EBITDA, EBIT, profit, tax rate, EPS) are presented on a “normalized” basis, which means they are presented before non-recurring items, unless otherwise indicated. Non-recurring items are either income or expenses which do not occur regularly as part of our normal activities. Please refer to note 6 to the unaudited condensed consolidated interim financial statements for details of the items excluded. They are presented separately because they are important for the understanding of our underlying sustainable performance due to their size or nature. Normalized measures are additional measures used by management and should not replace the measures determined in accordance with IFRS as an indicator of our performance, but rather should be used in conjunction with the most directly comparable IFRS measures.

Except where otherwise stated, the commentary from revenue to profit from operations before non-recurring items in “*Business Review*” and “*Review of Results of Operations for 1H21, including commentary on 2Q21*” below is based on organic growth figures, 1H21 results to 1H20 results and 2Q21 results to 2Q20 results. The percentage change reflects the improvement (or worsening) of results for the period compared to the prior period.

Values in the figures may not add up, due to rounding.

1H21 CONSOLIDATED PERFORMANCE (MILLION USD)

| | 1H21 | 1H20 | Organic growth |
|---|---------------|---------------|----------------|
| Total volumes (thousand hls) | 45,881 | 38,733 | 18.4% |
| Revenue | 3,477 | 2,575 | 26.0% |
| Gross profit | 1,878 | 1,327 | 33.7% |
| Gross margin | 54.0% | 51.5% | 313 bps |
| Normalized EBITDA | 1,155 | 694 | 53.0% |
| Normalized EBITDA margin | 33.2% | 27.0% | 589 bps |
| Normalized EBIT | 795 | 383 | 90.2% |
| Normalized EBIT margin | 22.9% | 14.9% | 775 bps |
| Profit attributable to equity holders of Bud APAC | 503 | 185 | |
| Normalized profit attributable to equity holders of Bud APAC | 520 | 222 | |
| Earnings per share ("EPS") (cent USD) | 3.80 | 1.40 | |
| Normalized EPS (cent USD) | 3.93 | 1.68 | |

2Q21 CONSOLIDATED PERFORMANCE (MILLION USD)

| | 2Q21 | 2Q20 | Organic growth |
|---|---------------|---------------|----------------|
| Total volumes (thousand hls) | 25,904 | 25,961 | -3.9% |
| Revenue | 1,851 | 1,619 | 4.2% |
| Gross profit | 1,019 | 904 | 4.5% |
| Gross margin | 55.1% | 55.8% | 16 bps |
| Normalized EBITDA | 627 | 523 | 8.0% |
| Normalized EBITDA margin | 33.9% | 32.3% | 117 bps |
| Normalized EBIT | 453 | 369 | 10.4% |
| Normalized EBIT margin | 24.5% | 22.8% | 138 bps |
| Profit attributable to equity holders of Bud APAC | 270 | 226 | |
| Normalized profit attributable to equity holders of Bud APAC | 284 | 228 | |

1H21 AND 2Q21 UNAUDITED CALCULATION OF ORGANIC GROWTH FIGURES¹

| Bud APAC | 1H20 | Scope | Currency Translation | Organic Growth | 1H21 | Organic Growth |
|------------------------------|--------------|-------------|----------------------|----------------|--------------|----------------|
| Total volumes (thousand hls) | 38,733 | 13 | – | 7,135 | 45,881 | 18.4% |
| Revenue | 2,575 | (30) | 271 | 661 | 3,477 | 26.0% |
| Cost of sales | (1,248) | (5) | (121) | (225) | (1,599) | -18.0% |
| Gross profit | 1,327 | (35) | 150 | 436 | 1,878 | 33.7% |
| Normalized EBIT | 383 | (5) | 68 | 349 | 795 | 90.2% |
| Normalized EBITDA | 694 | (5) | 96 | 370 | 1,155 | 53.0% |
| Normalized EBITDA margin | 27.0% | | | | 33.2% | 589 bps |

| Bud APAC | 2020 | Scope | Currency Translation | Organic Growth | 2021 | Organic Growth |
|------------------------------|--------------|-------------|----------------------|----------------|--------------|----------------|
| Total volumes (thousand hls) | 25,961 | 157 | – | (1,024) | 25,094 | -3.9% |
| Revenue | 1,619 | (5) | 169 | 68 | 1,851 | 4.2% |
| Cost of sales | (715) | (14) | (75) | (28) | (832) | -3.8% |
| Gross profit | 904 | (19) | 94 | 40 | 1,019 | 4.5% |
| Normalized EBIT | 369 | 3 | 42 | 39 | 453 | 10.4% |
| Normalized EBITDA | 523 | 3 | 59 | 42 | 627 | 8.0% |
| Normalized EBITDA margin | 32.3% | | | | 33.9% | 117 bps |

1 The information below is prepared based on the Group's internal records and management accounts to provide additional information on the calculation of organic growth figures included in the interim report. This calculation has not been reviewed or audited by independent auditors. Shareholders and potential investors are advised not to place undue reliance on the unaudited results.

MANAGEMENT COMMENTS

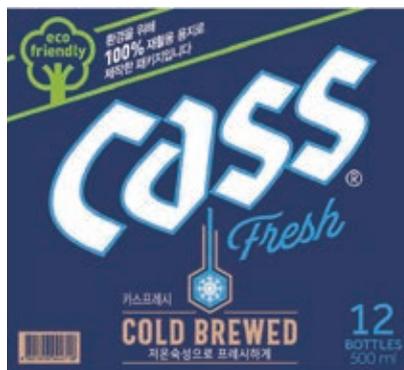
Momentum in premiumization, digital transformation and expansion continues, delivering strong revenue per hl growth across our key markets despite remaining COVID restrictions.

In the first half of 2021, our broad product portfolio enabled us to lead the premium industry across geographies, leveraging underlying trends and capturing emerging business opportunities alike.

Robust revenue growth in 1H21 of 26.0%, or 35.0% on a reported basis including currency impacts and scope changes, was mainly driven by China performance. Revenue per hl grew across all markets and reached an overall growth of 6.4%, or 14.0% on a reported basis, as a result of continued momentum in the Premium and Super Premium segments. Our normalized EBITDA increased 53.0%, or 66.4% on a reported basis, in 1H21, supported by a volume growth of 18.4%. Our normalized EBITDA margin improved by 589 bps in 1H21.



- In **China**, we delivered strong growth in the Premium and Super Premium segments, leading to revenue per hl growth of 9.7%, or 17.6% on a reported basis, in the first half of the year. Our 1H21 volumes, revenue and EBITDA all increased by double digits year-on-year. Our innovation products, including Budweiser Supreme and ME-X, further boosted our premiumization momentum.



- In **South Korea**, we continued to gain market share through the accelerating performance of Cass and the growing consumer adoption of HANMAC. Additionally, we delivered double-digit growth in the Premium segment in 1H21 although the industry was facing continued headwinds due to on-going restrictions under COVID.
- In **India**, our volumes and revenue grew by double digits in 1H21 despite an escalating COVID outbreak. We continued to leverage our hero brands, including Budweiser, Corona and Hoegaarden, to accelerate premiumization.



We remain committed to our capital allocation priorities to continue investing for the future. Maximizing long-term value creation drives how we balance our capital allocation priorities. Investing behind the organic growth of our business remains our top priority followed by a balance of strategic M&A, subject to our strict financial discipline, and return of excess cash to shareholders. We maintained a strong balance sheet as a result of on-going financial discipline and cash management coupled with strong operational results. As of 30 June 2021, our available cash and cash equivalents exceeded 1.4 billion USD.



**BRINGING PEOPLE
TOGETHER
FOR A BETTER WORLD**

BUSINESS REVIEW

APAC WEST

In 1H21, our revenue in the APAC West region grew by 33.5%, or 42.8% on a reported basis, with volume growth of 21.7% and a revenue per hl increase of 9.7%, or 17.3% on a reported basis. As a result, normalized EBITDA grew 75.1%, or 90.6% on a reported basis.

In 2Q21, revenue grew 5.4%, or 15.2% on a reported basis, despite a 4.1% volume decline due to a high base last year. Our revenue per hl grew 9.8%, or 19.5% on a reported basis, as a result of on-going premiumization, coupled with a lower base last year, resulting in normalized EBITDA growth of 13.4%, or 26.1% on a reported basis.

China

In 1H21, our volumes recorded a growth of 21.8%. In 2Q21, our volumes declined by 4.5% compared to a high base in 2020 as COVID restrictions eased. With our on-going efforts, 1H21 revenue grew 33.5%, or 43.1% on a reported basis.

Revenue in 2Q21 grew 4.6%, or 13.8% on a reported basis, which is above the 2Q19 levels, driven by strong revenue per hl performance. In 2Q21, revenue per hl grew 9.5%, or 19.1% on a reported basis, compared to the same period last year and increased by mid-single digits compared with 2Q19. Budweiser, our number 1 brand in the Premium segment, achieved double-digit growth in revenue and volume despite the COVID outbreak in Guangdong. Its growth momentum has been further strengthened by the expansion of Budweiser Supreme in premium Chinese restaurants. Our Super Premium segment also saw double-digit growth, on the back of continued momentum in our existing portfolio coupled with innovations such as Corona Seasalt Guava that target expanding drinking occasions and consumers arising from the “She Economy”.

With our long-term, unwavering commitment to growing the high-end beer segment in China, we announced plans to build a new craft brewery in Putian, Fujian Province. In addition, we are also expanding our existing brewery in the city to reach 20 million hl capacity to support premium volumes. We expect that our Putian brewery will remain as the largest brewery in Asia upon completion.

In the e-commerce channel, we launched Budweiser ME-X, and successfully engaged consumers with brand ambassador Xiao Zhan in a targeted and premium marketing campaign. During the 618 e-commerce shopping festival, Budweiser ME-X was ranked as the #1 product in the food and beverage category which further accelerates our premiumization journey.

As a result, our normalized EBITDA grew 60.3% or 73.9% on a reported basis in 1H21. In 2Q21, our normalized EBITDA increased by 8.4%, or 20.3% on a reported basis, returning to 2Q19 level.

In the Sustainability arena, we were proud to see that our Wuhan Brewery is poised to become our parent company AB InBev's first brewery globally to achieve the milestone of Carbon Neutrality. In relation to green logistics, the roll-out of additional 30 Electric Vehicle (EV) heavy trucks across our value chain and the delivery of a power storage system at our Foshan brewery enabled a closed-loop model for the use of renewable electricity.

India

India was impacted significantly by a new wave of COVID outbreak. The health and safety of our colleagues and the community remains our key priority. As India battles with COVID, we have pledged our full support to the communities by donating over 300 oxygen concentrators and distributing over 8,000 essential aid kits to communities near to our breweries. The families affected due to COVID were supported with these essential aid kits that consisted of daily essential food and hygiene items across over 50+ villages in the country. We also procured 500,000 surgical masks and added COVID hospital bed capacity. In addition, through the 'Budweiser Stronger Together' social media campaign, we helped address the most pressing consumer needs during the second wave of COVID by leveraging Bud APAC's reach to facilitate the locating and deploying of medical resources to individuals in need.

In 2Q21, many state governments have re-imposed restrictions to control COVID outbreak. Despite on-going restrictions, we made new inroads into non-alcoholic offerings which reinforced our Premium and Super Premium portfolio. With the relentless efforts and resilience of our colleagues, our volumes and revenue recorded double-digit growth in both 1H21 and 2Q21 but remained below 2019 levels.

APAC EAST

In 1H21, revenue slightly declined by 0.9%, or increased by 6.8% on a reported basis, with revenue per hl growth of 1.6% from favorable mix mainly offsetting volume decline of 2.4% due to on-going COVID restrictions. Normalized EBITDA declined by 18.9%, or 12.3% on a reported basis.

In 2Q21, revenue per hl growth accelerated to 2.3% growth year on year, mostly offsetting volume decline of 2.9%. This resulted in slight revenue decline of 0.6%, or up 10.6% on a reported basis, as compared to previous year. Normalized EBITDA declined by 16.7%, or 8.5% on a reported basis under the on-going COVID restrictions.

South Korea

Led by the success of our recent innovations including 'All New Cass' and our new classic lager, HANMAC, we estimate our volumes outperformed the industry. Volumes declined by low single digits in 2Q21, impacted by on-going COVID restrictions. Revenue per hl grew low-single digits driven by positive brand and pack mix.

In 2Q21, we also achieved double-digit growth in the Premium segment, led by Budweiser and Hoegaarden. We launched Hoegaarden Botanic and Hoegaarden Pomelo to capture new drinking occasions and further attend to the rising demand for new products and experiences from female consumers.

In South Korea, plastic reduction and circular packaging were two areas of particular focus in 2Q21. Our determination to lead these areas in our industry yielded an increase in return rates for returnable bottles. We aim to ensure 100% of our product is in returnable packaging or made primarily from recycled content by 2025. To that end, we modified the shrink wrap of our products in South Korea, which is expected to save nearly 100 tons of plastic annually.



REVIEW OF RESULTS OF OPERATIONS FOR 1H21, INCLUDING COMMENTARY ON 2Q21

This section presents our results of operations on an organic basis and the related comments are based on organic numbers.

VOLUMES

Our total volumes improved by 18.4% in the first half of 2021 (1H21) and decreased 3.9% in the second quarter of 2021 (2Q21) year-on-year. The increase in volumes in 1H21 was primarily driven by strong growth in China, partially offset by the decline in volumes in 2Q21 driven by a high base in China in 2Q20, the outbreaks of COVID in Guangdong and on-going COVID restrictions in South Korea.

REVENUE

Our revenue grew by 26.0% and revenue per hl grew by 6.4% in 1H21. In 2Q21, revenue grew by 4.2% and revenue per

hl grew by 8.5%. The increase in revenue per hl in 1H21 and 2Q21 resulted from continued momentum in the Premium and Super Premium segments, supplemented by favorable brand and pack mix.

COST OF SALES (COS)

Our CoS increased by 18.0% and 3.8% in 1H21 and 2Q21, respectively, due to package and brand mix in China, as a result of increased weight in the Premium/Super Premium portfolio and small packs. CoS per hl remained stable in 1H21, primarily driven by improved operational efficiencies in China and India, offsetting inflation and escalation from package and brand mix.

SELLING, GENERAL AND ADMINISTRATIVE EXPENSES (SG&A)

SG&A represent our distribution expenses, sales and marketing expenses and administrative expenses. The increase in our SG&A in 1H21 was primarily due to more commercial investment during Chinese New Year, summer campaigns and new product launches in Korea.

OTHER OPERATING INCOME

Please refer to the table in note 5 to the unaudited condensed consolidated interim financial statements of this interim report for additional details related to our other operating income.

Profit from operations before non-recurring items (Normalized EBIT)

Our normalized EBIT increased by 90.2% in 1H21 and 10.4% in 2Q21.

Profit from operations

Profit attributable to equity holders of the Company increased from 185 million US dollar in 1H20 to 503 million US dollar in 1H21, as a result of a higher EBIT, primarily driven by the revenue growth supported by successful marketing campaigns, on-going premiumization, as well as favorable currency translation effects.

NON-IFRS FINANCIAL MEASURES

Normalized EBITDA

Normalized EBITDA grew by 53.0%, while our normalized EBITDA margin recovered considerably to 33.2% in 1H21. In 2Q21, the increase of our normalized EBITDA was 8.0%. Our normalized EBITDA margin in 2Q20 improved to 33.9% which was a comparable level to that for the 2019 full-year, driven by the significant volumes recovery in China and strong cost controls.

Normalized EBITDA is a key financial measure regularly monitored by management in managing our performance, capital and funding structure. Normalized EBITDA is calculated by excluding the following effects from profit attributable to equity holders of Bud APAC: (i) non-controlling interests; (ii) income tax expense; (iii) share of results of associates; (iv) net finance cost; (v) non-recurring items above EBIT (including non-recurring costs) and (vi) depreciation, amortization and impairment.

Normalized EBITDA and normalized EBIT are not accounting measures under IFRS and should not be considered as an alternative to profit attributable to equity holders as a measure of operational performance, or an alternative to cash

flow as a measure of liquidity. Normalized EBITDA and normalized EBIT do not have a standard calculation method and our definition of normalized EBITDA and normalized EBIT may not be comparable to that of other companies.

Please refer to the table in note 4 to the unaudited condensed consolidated interim financial statements of this interim report for details of the reconciliation between profit attributable to equity holders of Bud APAC and normalized EBITDA.

Non-recurring items

Non-recurring items are items that, in our management's judgment, need to be disclosed by virtue of their size or incidence in order to provide a proper understanding of our unaudited condensed consolidated interim financial statements.

The non-recurring restructuring charges primarily relate to organizational alignments. These changes aim to eliminate overlapping organizations or duplicated processes, taking into account the right match of employee profiles with the new organizational requirements. These one-time expenses, as a result of the series of decisions, provide the Group with a lower cost base in addition to a stronger focus on the Group's core activities, quicker decision-making and improvements to efficiency, service and quality.

Please refer to the table in note 6 to the unaudited condensed consolidated interim financial statements of this interim report for the components of non-recurring items and their overall impact on our profit from operations in 1H21 and 1H20.

Income tax expense

During FY20, one of the Group's subsidiaries in China, Anheuser-Busch InBev China Co., Ltd., received

an investigation on transfer pricing of transactions from 2010 through 2019. The investigation is on-going at the end of 1H21 and the relevant provision was included in the income tax expense in FY20.

During 1H20, one of the Group's subsidiaries in South Korea, Oriental Brewery Co., Ltd., received a tax audit covering all taxable items of the subsidiary from 2014 through 2018. Investigation by the local tax authority was completed by 30 June 2020 and the resulting assessment was included in the income tax expense in 1H20.

Please refer to note 7 to the unaudited condensed consolidated interim financial statements of this interim report for components of income tax expense and their overall impact on our profit from operations in 1H21 and 1H20.

LIQUIDITY AND CAPITAL RESOURCES

General

Our primary sources of cash flow are cash flows from operating activities and bank borrowings. Our material cash requirements have included the following:

- Capital expenditures;
- Investments in companies;
- Increases in ownership of the Group's subsidiaries or companies in which it holds equity investments;
- Debt servicing of borrowings from third parties; and
- Payments of dividends.

Net current assets/liabilities

We had net current liabilities of 2,022 million US dollar as of 30 June 2021. Our net current liabilities position is mainly a result of our business model and the way we choose to finance our business. The net current liability position is predominantly due to our level of trade payables, which is common in the Fast Moving Consumer Goods sector. We finance working capital through trade payables, on what we believe to be generally favorable credit terms, whereas our inventory and receivables cycles are shorter. As at 30 June 2021, the Group had undrawn committed facilities and undrawn uncommitted facilities of 150 million US dollar and 517 million US dollar respectively. In addition, given our strong operating cash inflow, financial performance, available cash resources, our ability to drawdown on cash pooling loans with AB InBev, we believe that our net current liabilities position does not indicate any issues with our liquidity position.

Cash and cash equivalents

We had consolidated cash and cash equivalents of 1,422 million US dollar and 1,281 million US dollar and bank overdrafts

of 17 million US dollar and 17 million US dollar as at 30 June 2021 and 31 December 2020 respectively.

CASH FLOWS

Cash flow from operating activities

Cash flow from operating activities in 1H21 increased by 353 million US dollar to 860 million US dollar, resulting from increase in cash generated from operation, and offset by an increase in income tax paid. We devote substantial efforts to the efficient use of our working capital, especially those elements of working capital that we perceive as “core” (including trade receivables, inventories and trade payables). Cash generated from operations increased by 427 million US dollar in 1H21. The increase was primarily driven by the increase in EBITDA in 1H21 and offset by decrease in working capital.

Cash flow used in investing activities

Cash flow used in investing activities was 370 million US dollar in 1H21 as compared to 247 million US dollar in 1H20. The increase was mainly driven by the increase in net capital expenditures.

Cash flow used in financing activities

Cash outflow from financing activities amounted to 366 million US dollar in 1H21 as compared to 278 million US dollar in 1H20. The 88 million US dollar increase was mainly driven by the increase in dividend paid to equity holder of our Company and offset by the absence of proceeds from cash pooling loans from AB InBev.

Please refer to page 29 of the unaudited condensed consolidated interim financial statements of this interim report for our cash flows in 1H21 and 1H20.

CONTINGENT LIABILITIES

We are subject to various contingencies with respect to indirect tax, labor, distributors and other claims. Due to their nature, such legal proceedings and tax matters involve inherent uncertainties including, but not limited to, court rulings, negotiations between affected parties and governmental actions. To the extent that we believe these contingencies will probably be realized, a provision has been recorded in our consolidated statement of financial position.

As at 30 June 2021, we did not have any material contingent liabilities.

INDEBTEDNESS AND GEARING

As at 30 June 2021, we had indebtedness primarily in the form of interest-bearing loans from banks to support our working capital needs. The table below sets out a breakdown of our overall indebtedness as at the dates indicated.

| | 30 June 2021 US\$'million | 31 December 2020 US\$'million |
|--------------------------------------|------------------------------|----------------------------------|
| Bank overdrafts | 17 | 17 |
| Unsecured bank loans and other loans | 149 | 118 |
| Lease liabilities | 78 | 66 |
| Cash pooling loans from AB InBev | 34 | 34 |
| Total indebtedness | 278 | 235 |

The table below sets out the maturity profile of our overall indebtedness as at the dates indicated:

| | 30 June 2021 US\$ million | 31 December 2020 US\$ million |
|------------------------------|------------------------------|----------------------------------|
| Indebtedness payable within: | | |
| Less than one year | 230 | 198 |
| One to two years | 21 | 16 |
| Two to five years | 21 | 15 |
| Five or more years | 6 | 6 |
| Total indebtedness | 278 | 235 |

We were not geared as of 30 June 2021 and 31 December 2020. See note 2.2 to the unaudited condensed consolidated interim financial statements of this interim report for details of our gearing ratio, being the ratio of cash net of debt to total consolidated equity.

CAPITAL EXPENDITURES

There were no material changes in our plans for capital expenditures and their sources of funding in 1H21.

PLEDGES OF ASSETS

As at 30 June 2021 and 31 December 2020, none of our assets were pledged to secure loans and banking facilities, but in South Korea, collateral on property was given in favor of the excise tax authorities – see note 17 to the unaudited condensed consolidated interim financial statements of this interim report.

KEY FINANCIAL RATIO

The table below sets out our key financial ratio as at the dates indicated:

| | 30 June 2021 | 30 June 2020 |
|---------------------------------------|--------------|--------------|
| Cash net of debt to normalized EBITDA | 1.0x | 0.7x |

Cash net of debt to normalized EBITDA increased to 1.0x in 1H21 from 0.7x in 1H20 as a result of increase in the normalized EBITDA to 1,155 million US dollar in 1H21 from 694 million US dollar in 1H20.

TREASURY POLICY AND MARKET AND OTHER FINANCIAL RISKS

Our activities expose us to a variety of financial risks: market risk (including currency risk, cash flow interest risk and commodity risk), credit risk and liquidity risk. Our foreign currency risk on borrowings is primarily related to US and India dollar borrowings at variable interest rates. There were no changes to our risk management policies during 1H21, and no material changes to the financial risk information disclosed in our 2020 Annual Report. Please refer to the information set out in page 22 of our 2020 Annual Report.

ACQUISITIONS OR DISPOSALS, AND SIGNIFICANT INVESTMENTS

We did not undertake any material acquisitions or disposals or hold any significant investments during 1H21.

SUBSEQUENT EVENTS

Subsequent to the period end, we entered into a total of 500 million US dollar sustainability-linked loan revolving credit facilities, with a three-year term and interest rates tied to our sustainability performance based on pre-determined environmental, social and governance targets.

OTHER INFORMATION

COMPOSITION OF THE BOARD

*The Board has a balanced composition of Executive and Non-executive Directors.
The Board is currently comprised of seven Directors:*

EXECUTIVE DIRECTOR



NON-EXECUTIVE DIRECTORS



INDEPENDENT NON-EXECUTIVE DIRECTORS



CHANGES IN DIRECTORS' INFORMATION

On 22 July 2021, Mr. Michel Doukeris was appointed as Co-Chair of the Board, a Non-executive Director, chair of the nomination committee and a member of the remuneration committee of the Company, succeeding Mr. Carlos Brito who stepped down from these positions on the same day. Mr. Doukeris' biographical details are available on the Company's website.

Save as disclosed above, no other information is required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules.

AUDIT COMMITTEE

The interim financial information of the Group contained on pages 25 to 49 of this interim report has been reviewed by the Audit Committee of the Company. The Group's

external auditor, PricewaterhouseCoopers, was engaged to perform a review in accordance with the International Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" and their report can be found on page 24 of this interim report.

EMPLOYEES, REMUNERATION AND PENSION SCHEME

Employees

The table below sets out the number of full-time employees as of 30 June 2021 broken down by geographic locations:

| As of 30 June 2021 | |
|--------------------|---------------|
| China | 21,909 |
| South Korea | 1,951 |
| India | 1,465 |
| Vietnam | 341 |
| Other | 71 |
| Total | 25,737 |

Many of the Group's employees in South Korea, India and China are represented by unions, with a variety of collective bargaining agreements in place. Generally, the Group considers the relationships between the Group and the unions that represent the employees to be respectful. During 1H21, the Group was not involved in any labor disputes which had a material adverse effect on the Group's business.

Remuneration

Our compensation system has been designed and approved to motivate high performance. Our goal is to deliver competitive, market-leading compensation benchmarked to fixed mid-market local salaries. We offer various types of compensation, such as salaries, allowances, benefits-in-kind, performance-related bonuses, share-based payments, pensions and other social insurance benefits.

Our Directors' remuneration is determined based on their roles and duties with reference to the Company's remuneration policy and the prevailing market conditions, subject to the approval of the Shareholders' general meetings. Our Independent Non-executive Directors receive compensation according to their duties (including serving as members or chair of our Board committees). In compliance with the Corporate Governance Code, the Remuneration Committee was set up for reviewing the Group's emolument policy and structure for all remuneration of the Directors and senior management of the Group, having regard to the Group's operating results, individual performance of the Directors and senior management and comparable market practices.

SHARE AWARD SCHEMES

We believe that a business is only as good as its people. Our success is driven by the fact that the employees see themselves as owners and stakeholders of the business. For this reason, we are strong advocate for awarding employees by way of annual and long-term share-based incentive plans.

We adopted four Share Award Schemes on 9 September 2019, namely the Discretionary Long-Term Incentive Plan (the "LTI Plan"), the Discretionary Restricted Stock Units Plan (the "RSU Plan"), the Share-Based Compensation Plan (the "SBC Plan") and the People Bet Plan (the "PB Plan"). We further adopted the New Restricted Stock Units Plan (the "New RSU Plan") on 25 November 2020.

Our Share Award Schemes ensure alignment with Shareholders' interests by strongly encouraging executive ownership of our Shares and enable us to attract and retain the best talent within the APAC territories.

The terms of the RSU Plan, New RSU Plan, SBC Plan and PB Plan are not subject to the provisions of Chapter 17 of the Listing Rules as they do not involve the grant of options by the Company to subscribe for new shares of the Company.

To facilitate the administration of the Share Award Schemes, an aggregate of 23,000,000 Shares were issued to the trustee of the Share Award Schemes on the Listing Date. Such Shares are held by the trustee on trust for the purpose of satisfying awards granted under the respective Share Award Schemes.

1. The LTI Plan

(a) *Participants of the LTI Plan*

Share options under the LTI Plan may be offered to such eligible employees and directors of the Group as the Remuneration Committee shall select in its sole discretion, on and subject to the terms of the LTI Plan and the Listing Rules.

(b) *Maximum entitlement of each participant under the LTI Plan*

The maximum entitlement of each participant under the LTI Plan shall not exceed any limits that may be imposed under the Listing Rules from time to time as amended and in force.

In accordance with the current Listing Rules, no share options may be granted to any eligible persons which, if exercised in full, would result in the total number of Shares issued and to be issued upon exercise of the share options already granted or to be granted to such eligible person under the LTI Plan (including exercised, cancelled and outstanding share options) in the 12-month period up to and including the date of such new grant exceeding 1% of the issued share capital of the Company at the date of such new grant. Any grant of further share options above this limit is subject to certain requirements as stipulated in the Listing Rules.

(c) *The period within which the Shares must be taken up under a share option under the LTI Plan*

A share option is exercisable, subject to certain restrictions contained in the LTI Plan and the terms on which the share option is granted at any time during the applicable share option period which may be determined by the Board.

(d) *The minimum period for which a share option must be held before it can be exercised under the LTI Plan*

There is no general requirement on the minimum period for which a share option must be held or the performance targets which must be achieved before a share option can be exercised under the LTI Plan. At the time of granting a share option, however, the Board may, on a case by case basis, make such grant subject to such conditions, restrictions or limitations in relation thereto, including the minimum period for which the share option must be held and/or the performance targets to be achieved, additional to those expressly set forth in the LTI Plan as the Board may in its absolute discretion determine.

(e) *The amount payable on application or acceptance of the share option and the period within which payments or calls must or may be made or loans for such purposes must be repaid under the LTI Plan*

There is no amount payable on application or acceptance of the share option and the period within which payments or calls must or may be made or loans for such purposes must be repaid.

(f) *The basis of determining the exercise price under the LTI Plan*

The exercise price of a share option is determined by the Board and shall not be less than the highest of:

- (i) the closing price of the Shares as stated in the daily quotations sheets issued by the Stock Exchange on the date of grant of the relevant share option;

- (ii) an amount equivalent to the average closing price of the Shares as stated in the daily quotations sheets issued by the Stock Exchange for the five business days immediately preceding the date of grant of the relevant share option; and
- (iii) the nominal value of the Shares.

(g) *Maximum number of Shares available*

The maximum aggregate number of shares with respect to which share options may be granted pursuant to the LTI Plan ("**LTIP Mandate Limit**") is calculated in accordance with the following formula:

$$\text{LTIP Mandate Limit} = A - B - C$$

where:

A = 10% of the Shares in issue on the date the Company was listed or 10% of the Shares in issue as at the date of approval of the renewed limit (the "**LTIP New Approval Date**");

B = the maximum aggregate number of Shares that may be transferred upon the exercise of share options that have already been granted pursuant to the LTI Plan; and

C = the maximum aggregate number of Shares that may be transferred upon the vesting or exercise of any awards that have already been granted pursuant to any other Share Award Schemes.

The total number of Shares available for issue upon exercise of all outstanding share options already granted under the LTI Plan is 67,582,856 Shares, representing approximately 0.51% of the issued share capital of the Company as of 30 June 2021.

As of 30 June 2021, the total number of Shares available for grant under the LTI Plan was 1,198,281,500 Shares, representing approximately 9.2% of the total issued share capital of the Company as of 30 June 2021.

(h) *The remaining life of the LTI Plan*

Unless terminated earlier by the Company, the LTI Plan will be valid and effective for a term of 10 years from 9 September 2019.

(i) *Details of the options granted and outstanding under the LTI Plan*

| Name of grantees of options | Date of Grant | Date of Vesting | Number of Shares underlying options outstanding as of 1 January 2021 | Options granted during 1H21 | Options cancelled, not accepted or forfeited during 1H21 | Options exercised during 1H21 | Number of Shares underlying options outstanding as of 30 June 2021 |
|------------------------------|---------------------------------|-------------------------------------|--|-----------------------------|--|-------------------------------|--|
| Mr. Jan Craps | 4 December 2019 ⁽¹⁾ | 4 December 2024 | 1,083,984 | – | – | – | 1,083,984 |
| | 25 March 2020 ⁽²⁾ | 25 March 2025 | 14,205,914 | – | – | – | 14,205,914 |
| Other eligible employees | 4 December 2019 ⁽¹⁾ | 4 December 2024 | 7,740,032 | – | 1,082,740 | – | 6,657,292 |
| | 25 March 2020 ⁽²⁾ | 25 March 2025 | 35,514,785 | – | 7,102,957 | – | 28,411,828 |
| | 18 May 2020 ⁽³⁾ | Between 18 May 2023 and 18 May 2025 | 19,312,729 | – | 2,088,891 | – | 17,223,838 |
| | 14 December 2020 ⁽⁴⁾ | 14 December 2025 | – | – | – | – | – |
| Total of all grantees | | | 77,857,444 | – | 10,274,588 | – | 67,582,856 |

Notes:

- (1) The exercise price of the options granted on 4 December 2019 is HK\$28.34 per share. The closing price of the Shares on the grant date was HK\$28.20 per Share. The average closing price of the Shares for the five business days immediately preceding the grant date was HK\$28.34 per Share. The options will be valid from the grant date until 3 December 2029. The options will vest on the 5th anniversary of the date of grant and will be exercisable until the expiry date of the validity period. Save for a total of 1,082,740 options which were cancelled or forfeited, no other options were cancelled, forfeited or exercised during 1H21.
- (2) The exercise price of the options granted on 25 March 2020 is HK\$21.70 per Share. The closing price of the Shares on the grant date was HK\$21.70 per Share. The options will be valid from the grant date until 25 March 2030. The options will vest on the 5th anniversary of the date of grant and will be exercisable until the expiry date of the validity period. Save for a total of 7,102,957 options which were cancelled or forfeited, no other options were cancelled, forfeited or exercised during 1H21.
- (3) The exercise price of the options granted on 18 May 2020 is HK\$23.20 per Share. The closing price of the Shares on the grant date was HK\$22.50 per Share. The options will be valid from the grant date until 17 May 2030. The options will vest between the 3rd and 5th anniversaries of the date of grant and will be exercisable until the expiry date of the validity period. Save for a total of 2,088,891 options which were cancelled or forfeited, no other options were cancelled, forfeited or exercised during 1H21.
- (4) The exercise price of the options granted on 14 December 2020 is HK\$26.65 per Share. The closing price of the Shares on the grant date was HK\$26.65 per Share. The options will be valid from the grant date until 14 December 2030. The options will vest on the 5th anniversary of the date of grant and will be exercisable until the expiry date of the validity period. None of the 1,027,515 options were accepted during the acceptance period.

Please refer to note 15 to the unaudited condensed consolidated interim financial statements of this interim report for further details.

2. The other Share Award Schemes

Apart from the LTI Plan, the Board may at its discretion under:

- (a) the RSU Plan and the New RSU Plan, grant RSUs to any employee and/or director of the Group;
- (b) the PB Plan, offer the opportunity to acquire locked-up shares and the grant of “matching” RSUs to eligible employees; and
- (c) the SBC Plan, send offer letters to the employees and directors of the Group to enable them to make an election between receiving their bonuses (if any) in the form of cash, locked-up shares or a mixture of cash and locked-up shares. The SBC Plan participants who opt for locked-up shares or a mixture of cash and locked-up shares will purchase the Shares at a discount, which is paid in the form of RSUs (rounded down to the nearest Share). As an additional reward, such SBC Plan participants will receive from the Company additional “matching” RSUs (rounded down to the nearest Share).

Details of the RSUs⁽¹⁾ granted and outstanding under the RSU Plan, New RSU Plan, SBC Plan and PB Plan

| Name of grantees of RSUs | Plan | Number of Shares underlying RSUs outstanding as of 1 January 2021 | RSUs granted during 1H21 | Number of RSUs cancelled, not accepted or forfeited during 1H21 | Number of RSUs vested during 1H21 | Number of Shares underlying RSUs outstanding as of 30 June 2021 |
|------------------------------|--------------|---|--------------------------|---|-----------------------------------|---|
| Directors | | | | | | |
| Mr. Jan Craps | RSU Plan | 7,210,922 | 65,299 | – | – | 7,276,221 |
| | New RSU Plan | 349,044 | – | – | – | 349,044 |
| Mr. Martin Cubbon | New RSU Plan | 68,063 | – | – | – | 68,063 |
| Ms. Marjorie Yang | New RSU Plan | 54,538 | – | – | – | 54,538 |
| Ms. Katherine Tsang | New RSU Plan | 54,538 | – | – | – | 54,538 |
| Subtotal | | 7,737,105 | 65,299 | – | – | 7,802,404 |
| Other eligible employees | RSU Plan | 25,607,667 | 201,416 | 4,090,531 | – | 21,718,552 |
| | New RSU Plan | 6,283,225 | 584,280 | 671,093 | – | 6,196,412 |
| | SBC Plan | 220,990 | 108,363 | 18,483 | – | 310,870 |
| | PB Plan | 569,422 | 4,784 | 40,673 | – | 533,533 |
| Total of all grantees | | 40,418,409 | 964,142 | 4,820,780 | – | 36,561,771 |

Note:

- (1) The term “RSUs” used in this table includes RSUs and RSU dividends granted in the form of additional RSUs. RSUs entitle their holder to a dividend equivalent, which represents an amount roughly equivalent to the gross dividend paid by the Company on the Shares underlying the RSUs. The dividend is granted in the form of additional RSUs with the same vesting conditions, including the same vesting date, and governed by the same terms and conditions as the underlying RSUs.

Please refer to note 15 to the unaudited condensed consolidated interim financial statements of this interim report for further details.

Unless terminated earlier by the Company, the RSU Plan, the PB Plan and the SBC Plan will be valid and effective for a term of 10 years from 9 September 2019 and the New RSU Plan will be valid and effective for a term of 10 years from 25 November 2020.

See Appendix V “Statutory and General Information” in the Company’s Prospectus for further details of the RSU Plan, the PB Plan and the SBC Plan and our announcement dated 26 November 2020 for further details of the New RSU Plan.

INTERESTS AND SHORT POSITIONS OF DIRECTORS AND CHIEF EXECUTIVE IN SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY AND ITS ASSOCIATED CORPORATIONS

As of 30 June 2021, the interests and short positions of the Directors and chief executive of the Company as of such date in the Shares, underlying shares or debentures of the Company and any of its associated corporations (within the meaning of Part XV of the SFO), which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including those taken or deemed as their interests and short position in accordance with such provisions of the SFO), or which were required, pursuant to section 352 of the SFO, to be entered in the register kept by the Company referred to therein, or which were required, pursuant to the Model Code, to be notified to the Company and the Stock Exchange were as follows:

(i) Interest in Shares of the Company

Long Position in Shares of the Company

| Name of Director or Chief Executive Officer | Nature of Interest | Number of ordinary shares | Number of shares underlying unvested and conditional options and RSUs | Total Interests in Shares | Approximate percentage of the issued share capital of the Company (%) |
|---|--------------------|---------------------------|---|---------------------------|---|
| Mr. Jan Craps | Beneficial Owner | Nil | 22,915,163 ⁽¹⁾ | 22,915,163 | 0.17 |
| Mr. Martin Cubbon | Beneficial Owner | Nil | 68,063 ⁽²⁾ | 68,063 | 0.00 |
| Ms. Marjorie Yang | Beneficial Owner | Nil | 54,538 ⁽³⁾ | 54,538 | 0.00 |
| Ms. Katherine Tsang | Beneficial Owner | Nil | 54,538 ⁽³⁾ | 54,538 | 0.00 |

Notes:

(1) Shares that may be delivered upon the exercise of 15,289,898 options and 7,625,265 RSUs.

(2) Shares that may be delivered upon the exercise of 68,063 RSUs.

(3) Shares that may be delivered upon the exercise of 54,538 RSUs.

(ii) Interest in Shares of Associated Corporations

Long Position in Shares of AB InBev (Associated Corporation)

| Name of Director or Chief Executive Officer | Nature of Interest | Number of ordinary shares | Number of shares underlying unvested and conditional options and RSUs | Total Interests in Shares | Approximate percentage of the issued share capital of AB InBev (%) |
|---|--------------------|---------------------------|---|---------------------------|--|
| Mr. Jan Craps | Beneficial Owner | 22,122 | 1,117,419 ⁽¹⁾ | 1,139,541 | 0.06 |

Note:

(1) Shares that may be delivered upon the exercise of 1,008,939 options and 108,480 RSUs of AB InBev.

Long Position in Shares of Ambev (Associated Corporation)

| Name of Director or Chief Executive Officer | Nature of Interest | Number of common shares | Number of shares underlying unvested and conditional options and RSUs | Total Interests in Shares | Approximate percentage of the issued share capital of Ambev (%) |
|---|--------------------|-------------------------|---|---------------------------|---|
| Mr. Jan Craps | Beneficial Owner | 282,188 | 619,980 ⁽¹⁾ | 902,168 | 0.01 |

Note:

(1) Shares that may be issued upon the exercise of 544,120 options and 75,860 RSUs of Ambev.

The SFC has granted the Non-executive Directors (as well as Mr. Carlos Brito, who stepped down as a Non-executive Director with effect from 22 July 2021) a partial exemption from strict compliance with Part XV (other than Divisions 5, 11 and 12) of the SFO in respect of the duty to disclose their interests in the “associated corporations” (as defined in the SFO) of the Company, namely AB InBev and Ambev. In addition, the Stock Exchange has granted the Company a waiver from strict compliance with the requirement to disclose their interests in AB InBev and Ambev in the annual and interim reports of the Company under Paragraph 13 of Appendix 16 of the Listing Rules. See the section headed “Waivers from strict compliance with the Listing Rules and exemptions from strict compliance with the Companies (WUMP) Ordinance and the SFO” of the Prospectus as well as the announcements of the Company dated 4 June 2020 and 22 July 2021. Each of the Non-executive Directors as of 30 June 2021 held less than 1% of the issued shares in AB InBev and Ambev as of 30 June 2021 according to the notifications made on the Stock Exchange’s website for corporations exempted under section 309 of the SFO and information available to the Company.

Save as disclosed above, so far as the Directors are aware, as at 30 June 2021, none of the Directors or chief executives as of such date and their respective associates had any interest or short positions in the Shares, underlying shares and debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO) (i) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including those taken or deemed as their interests and short positions in accordance with such provisions of the SFO), (ii) which were required, pursuant to section 352 of the SFO, to be entered in the register kept by the Company referred to therein, or (iii) which were required, pursuant to the Model Code, to be notified to the Company and the Stock Exchange.

INTERESTS OF SUBSTANTIAL SHAREHOLDERS

So far as the Directors are aware, as of 30 June 2021, the following person (other than the Directors and chief executives) had interest or short positions in the shares of the Company which would be required to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO or which will be required, pursuant to Section 336 of the SFO, to be recorded in the register kept by the Company:

| No. | Name of Shareholder | Capacity | Number of Shares held or interested in | Approximate percentage of the issued share capital of the Company (%) |
|-----|--|--------------------------------------|--|---|
| 1. | AB InBev Brewing Company (APAC) Limited ⁽¹⁾ | Beneficial owner | 11,550,938,000 | 87.22 |
| 2. | AB InBev Brewing Company Holdings (APAC) Limited ⁽¹⁾ | Interest of a controlled corporation | 11,550,938,000 | 87.22 |
| 3. | AB InBev America Holdings (APAC) Limited ⁽¹⁾ | Interest of a controlled corporation | 11,550,938,000 | 87.22 |
| 4. | AB InBev America Holdings Limited ⁽¹⁾ | Interest of a controlled corporation | 11,550,938,000 | 87.22 |
| 5. | Anheuser-Busch America Investments, LLC ⁽¹⁾ | Interest of a controlled corporation | 11,550,938,000 | 87.22 |
| 6. | Anheuser-Busch Worldwide Investments, Inc ⁽¹⁾ | Interest of a controlled corporation | 11,550,938,000 | 87.22 |
| 7. | Anheuser-Busch Latin Inc. ⁽¹⁾ | Interest of a controlled corporation | 11,550,938,000 | 87.22 |
| 8. | Anheuser-Busch International, Inc ⁽¹⁾ | Interest of a controlled corporation | 11,550,938,000 | 87.22 |
| 9. | Anheuser-Busch Americas Holdings LLC ⁽¹⁾ | Interest of a controlled corporation | 11,550,938,000 | 87.22 |
| 10. | Anheuser-Busch Companies, LLC ⁽¹⁾ | Interest of a controlled corporation | 11,550,938,000 | 87.22 |
| 11. | Anheuser-Busch InBev Worldwide, Inc ⁽¹⁾ | Interest of a controlled corporation | 11,550,938,000 | 87.22 |
| 12. | Anheuser-Busch InBev USA, LLC ⁽¹⁾ | Interest of a controlled corporation | 11,550,938,000 | 87.22 |
| 13. | Anheuser-Busch North American Holding Corporation ⁽¹⁾ | Interest of a controlled corporation | 11,550,938,000 | 87.22 |
| 14. | InBev International Inc. ⁽¹⁾ | Interest of a controlled corporation | 11,550,938,000 | 87.22 |

| No. | Name of Shareholder | Capacity | Number of Shares held or interested in | Approximate percentage of the issued share capital of the Company (%) |
|-----|---|--------------------------------------|--|---|
| 15. | ABI Southern Holdings Limited ⁽¹⁾ | Interest of a controlled corporation | 11,550,938,000 | 87.22 |
| 16. | AB InBev Holdings Limited ⁽¹⁾ | Interest of a controlled corporation | 11,550,938,000 | 87.22 |
| 17. | ABI SAB Group Holding Limited ⁽¹⁾ | Interest of a controlled corporation | 11,550,938,000 | 87.22 |
| 18. | ABI UK Holding 2 Limited ⁽¹⁾ | Interest of a controlled corporation | 11,550,938,000 | 87.22 |
| 19. | ABI UK Holding 1 Limited ⁽¹⁾ | Interest of a controlled corporation | 11,550,938,000 | 87.22 |
| 20. | AB InBev UK Finance Company Limited ⁽¹⁾ | Interest of a controlled corporation | 11,550,938,000 | 87.22 |
| 21. | Anheuser-Busch Europe Ltd ⁽¹⁾ | Interest of a controlled corporation | 11,550,938,000 | 87.22 |
| 22. | Ambrew S.à.R.L. ⁽¹⁾ | Interest of a controlled corporation | 11,550,938,000 | 87.22 |
| 23. | AB InBev Nederland Holding B.V. ⁽¹⁾ | Interest of a controlled corporation | 11,550,938,000 | 87.22 |
| 24. | Interbrew International B.V. ⁽¹⁾ | Interest of a controlled corporation | 11,550,938,000 | 87.22 |
| 25. | AB InBev Investment Holding Company Limited ⁽¹⁾ | Interest of a controlled corporation | 11,550,938,000 | 87.22 |
| 26. | AB InBev ^{(1)(2)(a)(b)(c)(3)} | Interest of a controlled corporation | 11,550,938,000 | 87.22 |
| 27. | Stichting Anheuser-Busch InBev (the " Stichting ") ^{(2)(a)(b)(c)} | Interest of a controlled corporation | 11,550,938,000 | 87.22 |
| 28. | EPS Participations S.à.R.L. (" EPS Participations ") ^{(2)(a)(c)} | Interest of a controlled corporation | 11,550,938,000 | 87.22 |
| 29. | Eugénie Patri Sébastien (EPS) S.A. ^{(2)(a)(c)} | Interest of a controlled corporation | 11,550,938,000 | 87.22 |
| 30. | BRC S.à.R.L. (" BRC ") ^{(2)(a)(c)(3)} | Interest of a controlled corporation | 11,550,938,000 | 87.22 |
| 31. | S-BR Global ⁽³⁾ | Interest of a controlled corporation | 11,550,938,000 | 87.22 |
| 32. | Santa Erika ⁽³⁾ | Interest of a controlled corporation | 11,550,938,000 | 87.22 |
| 33. | Inpar Investment Fund ⁽³⁾ | Interest of a controlled corporation | 11,550,938,000 | 87.22 |
| 34. | Stichting Enable ⁽³⁾ | Interest of a controlled corporation | 11,550,938,000 | 87.22 |
| 35. | Inpar VOF ⁽³⁾ | Interest of a controlled corporation | 11,550,938,000 | 87.22 |
| 36. | Jorge Paulo Lemann ⁽³⁾ | Interest of a controlled corporation | 11,550,938,000 | 87.22 |

Notes:

(1) AB InBev Intermediate Holding Companies

AB InBev owns 100% of the issued share capital of Ambrew S.à.r.l, which is incorporated under the laws of Luxembourg, which owns 100% of the issued share capital of Anheuser-Busch Europe Ltd., which is incorporated under the laws of the UK. Anheuser-Busch Europe Ltd. owns 100% of the issued share capital of AB InBev UK Finance Company Limited, which is incorporated under the laws of the UK.

AB InBev and Ambrew S.à.r.l. own 99.99% and 0.01%, respectively, of the issued and outstanding equity interests in InBev Belgium BV, an entity organized under the laws of Belgium.

AB InBev and InBev Belgium BV own, respectively, 67.62% and 32.38% of the issued and outstanding equity interests in AB InBev Nederland Holding B.V., an entity organized under the laws of the Netherlands. AB InBev, AB InBev UK Finance Company Limited, InBev Belgium BV and AB InBev Nederland Holding B.V. own, respectively, 26.51%, 9.33%, 4.46% and 59.70% of the issued share capital in ABI UK Holding 1 Limited, which is incorporated under the laws of the UK. ABI UK Holding 1 Limited indirectly owns 100% of the issued share capital of InBev International Inc., a Delaware corporation, through a chain of wholly-owned subsidiaries (i.e. ABI UK Holding 2 Limited, ABI SAB Group Holding Limited, AB InBev Holdings Limited and ABI Southern Holdings Limited, which are all incorporated under the laws of the UK).

InBev International Inc. and ABI Southern Holdings Limited own, respectively, 80% and 20% of the issued share capital of Anheuser-Busch North American Corporation, a Delaware corporation. Anheuser-Busch North American Holding Corporation indirectly owns 100% of the issued share capital of Anheuser-Busch Companies, LLC, a Delaware limited liability company, through a chain of wholly-owned subsidiaries (i.e. Anheuser-Busch InBev USA, LLC and Anheuser-Busch InBev Worldwide, Inc., which are both incorporated under the laws of Delaware).

ABI Southern Holdings Limited, Anheuser-Busch InBev Worldwide, Inc. and Anheuser-Busch Companies, LLC own, in the aggregate, 100% of the issued share capital in Anheuser-Busch Americas Holdings LLC, which is incorporated under the laws of Delaware. Its share capital held by ABI Southern Holdings Limited, Anheuser-Busch InBev Worldwide, Inc. and Anheuser-Busch Companies, LLC represent, in each case respectively, approximately 21.65%, approximately 27.5%, and approximately 50.85% of the total voting power of all classes of issued and outstanding membership interests entitled to vote and approximately 24.29%, approximately 36.5%, and approximately 39.21% of the

total value of all issued and outstanding classes of the membership interests of Anheuser-Busch Americas Holdings LLC. Anheuser-Busch Companies, LLC owns 100% of the issued share capital of Anheuser-Busch LLC which owns 100% of the issued share capital of Anheuser-Busch North LLC. Anheuser-Busch North LLC owns 100% of the issued share capital of Anheuser-Busch Commercial Strategy Holdings, LLC.

Anheuser-Busch Americas Holdings LLC, Anheuser-Busch North LLC and Anheuser-Busch Commercial Strategy Holdings, LLC own, in the aggregate, 100% of the issued share capital of Anheuser-Busch America Investments, LLC holding, respectively, approximately 61.5%, 11.4% and 27.1%.

Anheuser-Busch America Investments LLC indirectly owns 100% of the issued share capital of AB InBev America Holdings (APAC) Limited, which is incorporated under the laws of Hong Kong, through AB InBev America Holdings Limited, which is incorporated under the laws of the UK.

(2) (a) The 2016 Shareholders' Agreement

BRC, EPS and EPS Participations are companies incorporated under Luxembourg law. As per (i) transparency declarations made by shareholders who are compelled to disclose their shareholdings pursuant to the Belgian law of 2 May 2007 on the notification of significant shareholdings and the articles of association of AB InBev, (ii) notifications made by such shareholders to AB InBev on a voluntary basis prior to 20 December 2020 for the purpose of updating the above information, (iii) notifications received by AB InBev in accordance with Regulation (EU) No 596/2014 of the European Parliament and of the Council of 16 April 2014, and (iv) information included in public filings of AB InBev with the US Securities and Exchange Commission, such entities held respectively on 30 June 2021 40,915,242, 99,999 and 129,992,215 ordinary shares of AB InBev, representing respectively 2.07%, 0.01% and 6.57% of the voting rights attached to AB InBev's outstanding shares (excluding the treasury shares held by AB InBev and its subsidiaries on 30 June 2021).

The Stichting is a stichting incorporated under Dutch law. As per the most recent transparency declarations made pursuant to article 6 of the Belgian law of 2 May 2007 on the notification of significant shareholdings on 13 March 2019, it holds 663,074,832 ordinary shares of AB InBev, representing 33.49% of the voting rights attached to AB InBev's outstanding shares (excluding the treasury shares held by AB InBev and its subsidiaries on 30 June 2021).

According to a shareholders' agreement entered into among the Stichting, EPS, EPS Participations S.à.r.l., BRC and Rayvax Société d'Investissements SA ("**Rayvax**") (a company incorporated under Belgian law which held 16,675 ordinary shares of AB InBev as at 30 June 2021) (the "**2016 Shareholders' Agreement**"), BRC and EPS/EPS Participations jointly and equally exercise control over the Stichting and the shares held by the Stichting. Pursuant to the 2016 Shareholders' Agreement, the Stichting's board of directors will propose to AB InBev's shareholders' meeting nine candidates for appointment as AB InBev's directors, among which each of, on the one hand, BRC and, on the other hand, EPS and EPS Participations will have the right to nominate four candidates, and one candidate will be nominated by the Stichting's board of directors.

The 2016 Shareholders' Agreement also requires EPS, EPS Participations, BRC and Rayvax, as well as any other holder of certificates issued by the Stichting, to vote their AB InBev shares in the same manner as the shares held by the Stichting.

(b) The Fonds Voting Agreement

The Stichting also entered into a voting agreement with Fonds Baillet Latour SPRL (now renamed Fonds Baillet Latour SC) and Fonds Voorzitter Verhelst SRL. As per the latest transparency declarations made to AB InBev on 13 March 2019 pursuant to the Belgian law of 2 May 2007, such entities hold 5,485,415 and 6,997,665 ordinary shares of AB InBev, representing 0.28% and 0.35% of the voting rights attached to AB InBev's outstanding shares (excluding the treasury shares held by AB InBev and its subsidiaries on 30 June 2021), respectively (the "**Fonds Voting Agreement**").

Under the Fonds Voting Agreement, consensus is required for all items that are submitted to the approval of any of shareholders' meetings of AB InBev. If the parties fail to reach a consensus, each of Fonds Baillet Latour SC and Fonds Voorzitter Verhelst SRL will vote their AB InBev shares in the same manner as the Stichting.

Accordingly, Stichting controls the voting rights attached to the shares of AB InBev held by Fonds Baillet Latour SC and Fonds Voorzitter Verhelst SRL.

(c) Total number of voting rights controlled by the Stichting and related parties

As per (i) transparency declarations made by shareholders who are compelled to disclose their shareholdings pursuant to the Belgian law of 2 May 2007 on the notification of significant shareholdings and the articles of association of AB InBev, (ii) notifications made by such shareholders to AB InBev on a voluntary basis prior to 20 December 2020 for the purpose of updating the above information, (iii) notifications received by AB InBev in accordance with Regulation (EU) No 596/2014 of the European Parliament and of the Council of 16 April 2014, and (iv) information included in public filings of AB InBev with the US Securities and Exchange Commission and taking into account the ordinary shares of AB InBev held by Fonds Baillet Latour SC and Fonds Voorzitter Verhelst SRL, EPS, EPS Participations, BRC and the Stichting controlled in aggregate 42.76% of the voting rights attached to AB InBev's outstanding shares on 30 June 2021 (excluding the treasury shares held by AB InBev and its subsidiaries on 30 June 2021) and are deemed to be interested in the Shares AB InBev is interested in.

(3) BRC is controlled indirectly by Jorge Paulo Lemann, Carlos Alberto da Veiga Sicupira and Marcel Herrmann Telles and directly by S-BR Global, that in its turn directly holds a 83.64% interest in BRC. Marcel Herrmann Telles indirectly owns a 24.728% interest in S-BR Global through a chain of wholly-owned subsidiaries (i.e. MTFD Holdings, MCMT Holdings and Santa Paciencia). Carlos Alberto Sicupira indirectly owns a 19.927% interest in S-BR Global through a chain of wholly-owned subsidiaries (i.e. FS Holdings, CCCHHS Holding Ltd. and Santa Heloisa). Jorge Paulo Lemann indirectly owns a 55.345% interest in S-BR Global through a chain of wholly-owned subsidiaries (i.e. Inpar VOF, Stichting Enable, Inpar Investment Fund and Santa Erika). In addition, BR Global SCS holds a 16.36% interest in BRC. BR Global SCS is controlled by BR Global GP in which each of Jorge Paulo Lemann, Carlos Alberto da Veiga Sicupira and Marcel Herrmann Telles indirectly holds (respectively through Santa Erika, Santa Heloisa and Santa Paciencia), a 33.33% interest. Jorge Paulo Lemann also holds a 0.01% interest in AB InBev through a chain of wholly owned subsidiaries (Olia

2 and Olia 2 AG). On the basis of the latest shareholding information received by AB InBev, the ultimate control of BRC is jointly owned by Marcel Herrmann Telles, Carlos Alberto Sicupira and Jorge Paulo Lemann. In spite of such disclosure, Marcel Herrmann Telles and Carlos Alberto Sicupira do not have an interest to be disclosed under the provisions of Divisions 2 and 3 of Part XV of the SFO.

DEBENTURE ISSUED

The Company did not issue any debentures during 1H21.

PURCHASE, SALES OR REDEMPTION OF LISTED SECURITIES

During 1H21, neither the Company nor its subsidiaries purchased, sold or redeemed any of the Company's listed securities.

CORPORATE GOVERNANCE

The Company is committed to achieving the highest standards of corporate governance with a view to safeguarding the interests of our Shareholders.

For the Company, corporate governance concerns both the effectiveness and the accountability of its Board. Effectiveness, and therefore the quality of leadership and direction that the Board provides, is measured by performance which is ultimately reflected in enhanced shareholder value. Accountability, including all the issues surrounding disclosure and transparency, is what provides legitimacy to the Board's actions. Shareholders elect Directors to run the Company on their behalf and the Board is accountable to shareholders for its actions.

Our Corporate Governance Charter was adopted by the Board and sets out a range of governance principles in relation to the conduct of the Company with the aim of providing transparent disclosure of our governance.

COMPLIANCE WITH CORPORATE GOVERNANCE CODE

The Board reviewed the corporate governance practices of the Company. The Company complied with the code provisions set out in the Corporate Governance Code (where applicable) for 1H21, save for code provision A.2.1. Code provision A.2.1 provides that the roles of chair and chief executive should be separate and should not be performed by the same individual. The Company is expected to comply with, but may choose to deviate from, such code provision as permitted in the Corporate Governance Code. The Company has deviated from code provision A.2.1 with Mr. Jan Craps' appointment as both Co-Chair of the Board, alongside Mr. Carlos Brito (during 1H21 and before 22 July 2021) and Mr. Michel Doukeris (since 22 July 2021), and Chief Executive Officer. The Board considers that Mr. Jan Craps' appointment will enhance Board efficiency. For further details, please refer to the Corporate Governance Report in the Company's 2020 Annual Report.

COMPLIANCE WITH MODEL CODE

The Company has established its own Code of Dealing regarding Directors' securities transactions on terms no less stringent than the required standard set out in the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") contained in Appendix 10 to the Listing Rules.

The Company has made specific enquiry with all Directors and all of them confirmed that they had complied with the required standard set out in the Model Code and the Code of Dealing during 1H21.

INTERIM DIVIDEND

The Board has resolved not to declare an interim dividend for 1H21.

REPORT ON REVIEW OF INTERIM FINANCIAL INFORMATION



羅兵咸永道

To the Shareholders of Budweiser Brewing Company APAC Limited

(incorporated in the Cayman Islands with limited liability)

INTRODUCTION

We have reviewed the interim financial information set out on pages 25 to 49, which comprises the condensed consolidated interim statement of financial position of Budweiser Brewing Company APAC Limited (the “Company”) and its subsidiaries (together, the “Group”) as at 30 June 2021 and the condensed consolidated interim income statement, the condensed consolidated interim statement of comprehensive income, the condensed consolidated interim statement of changes in equity and the condensed consolidated interim statement of cash flows for the six-month period then ended, and a summary of significant accounting policies and other explanatory notes. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and International Accounting Standard 34 “Interim Financial Reporting”. The directors of the Company are responsible for the preparation and presentation of this interim financial information in accordance with International Accounting Standard 34 “Interim Financial Reporting”. Our responsibility is to express a conclusion on this interim financial information based on our review and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

SCOPE OF REVIEW

We conducted our review in accordance with International Standard on Review Engagements 2410, “Review of Interim Financial Information Performed by the Independent Auditor of the Entity”. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

CONCLUSION

Based on our review, nothing has come to our attention that causes us to believe that the interim financial information of the Group is not prepared, in all material respects, in accordance with International Accounting Standard 34 “Interim Financial Reporting”.

PricewaterhouseCoopers

Certified Public Accountants

Hong Kong, 28 July 2021

UNAUDITED CONDENSED CONSOLIDATED INTERIM INCOME STATEMENT

For the six months ended 30 June 2021

| | Notes | 30 June 2021 US\$*million | 30 June 2020 US\$*million |
|--|-------|---------------------------------|---------------------------------|
| Revenue | 4 | 3,477 | 2,575 |
| Cost of sales | | (1,599) | (1,248) |
| Gross profit | | 1,878 | 1,327 |
| Distribution expenses | | (255) | (215) |
| Sales and marketing expenses | | (671) | (575) |
| Administrative expenses | | (224) | (205) |
| Other operating income | 5 | 67 | 51 |
| Profit from operations before non-recurring items | | 795 | 383 |
| Non-recurring items | 6 | (22) | (10) |
| Profit from operations | | 773 | 373 |
| Finance cost | | (32) | (25) |
| Finance income | | 18 | 9 |
| Net finance cost | | (14) | (16) |
| Share of results of associates | | 17 | 8 |
| Profit before tax | | 776 | 365 |
| Income tax expense | 7 | (258) | (169) |
| Profit for the period | | 518 | 196 |
| Profit for the period attributable to: | | | |
| Equity holders of Bud APAC | | 503 | 185 |
| Non-controlling interests | | 15 | 11 |
| Earnings per share from profit attributable to the equity holders of Bud APAC | | | |
| Basic earnings per share (cent USD) | 20 | 3.80 | 1.40 |
| Diluted earnings per share (cent USD) | 20 | 3.80 | 1.40 |

The accompanying notes are an integral part of these unaudited condensed consolidated interim financial statements.

UNAUDITED CONDENSED CONSOLIDATED INTERIM STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2021

| | 30 June 2021 US\$*million | 30 June 2020 US\$*million |
|---|---------------------------------|---------------------------------|
| Profit for the period | 518 | 196 |
| Other comprehensive (loss)/income: | | |
| <i>Items that may be reclassified subsequently to profit or loss:</i> | | |
| Exchange differences on translation of foreign operations | (133) | (291) |
| Gain on cash flow hedges | 34 | 1 |
| Other comprehensive loss, net of tax | (99) | (290) |
| Total comprehensive income/(loss) | 419 | (94) |
| Total comprehensive income/(loss) of the period attributable to: | | |
| Equity holders of Bud APAC | 403 | (104) |
| Non-controlling interests | 16 | 10 |

The accompanying notes are an integral part of these unaudited condensed consolidated interim financial statements.

UNAUDITED CONDENSED CONSOLIDATED INTERIM STATEMENT OF FINANCIAL POSITION

As at 30 June 2021

| | Notes | 30 June 2021 US\$'million | 31 December 2020 US\$'million |
|--|-------|---------------------------------|-------------------------------------|
| Assets | | | |
| Non-current assets | | | |
| Property, plant and equipment | 8 | 3,660 | 3,716 |
| Goodwill | 9 | 7,242 | 7,350 |
| Intangible assets | 10 | 1,728 | 1,775 |
| Land use rights | | 257 | 256 |
| Investment in associates | | 437 | 433 |
| Deferred tax assets | | 269 | 273 |
| Trade and other receivables | | 53 | 54 |
| Total non-current assets | | 13,646 | 13,857 |
| Current assets | | | |
| Inventories | | 449 | 434 |
| Trade and other receivables | 11 | 747 | 534 |
| Derivatives | | 56 | 38 |
| Cash pooling deposits to AB InBev | | 7 | 14 |
| Cash and cash equivalents | 12 | 1,422 | 1,281 |
| Other current assets | | 32 | 31 |
| Total current assets | | 2,713 | 2,332 |
| Total assets | | 16,359 | 16,189 |
| Equity and liabilities | | | |
| Equity | | | |
| Issued capital | 13 | – | – |
| Share premium | | 43,591 | 43,591 |
| Capital reserve | | (36,213) | (36,213) |
| Other reserves | 13 | 19 | 103 |
| Retained earnings | | 3,343 | 3,204 |
| Equity attributable to equity holders of Bud APAC | | 10,740 | 10,685 |
| Non-controlling interests | | 74 | 58 |
| Total equity | | 10,814 | 10,743 |
| Non-current liabilities | | | |
| Interest-bearing loans and borrowings | 14 | 48 | 37 |
| Deferred tax liabilities | | 463 | 481 |
| Trade and other payables | 16 | 30 | 28 |
| Provisions | | 132 | 131 |
| Income tax payable | | 105 | 105 |
| Other non-current liabilities | | 32 | 27 |
| Total non-current liabilities | | 810 | 809 |
| Current liabilities | | | |
| Bank overdrafts | 12 | 17 | 17 |
| Cash pooling loans from AB InBev | | 34 | 34 |
| Interest-bearing loans and borrowings | 14 | 179 | 147 |
| Trade and other payables | 16 | 2,794 | 2,655 |
| Payables with AB InBev | 16 | 132 | 142 |
| Consigned packaging and contract liabilities | 16 | 1,322 | 1,449 |
| Derivatives | | 8 | 20 |
| Provisions | | 22 | 17 |
| Income tax payable | | 227 | 156 |
| Total current liabilities | | 4,735 | 4,637 |
| Total equity and liabilities | | 16,359 | 16,189 |

The accompanying notes are an integral part of these unaudited condensed consolidated interim financial statements.

UNAUDITED CONDENSED CONSOLIDATED INTERIM STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2021

| US\$ million | Attributable to equity holders of Bud APAC | | | | | | Non-controlling interests | Total equity |
|---|--|---------------|-----------------|-------------------------------|----------------|--------|---------------------------|--------------|
| | Issued capital | Share premium | Capital reserve | Retained earnings (Note 1) | Other reserves | Total | | |
| 1 January 2021 | - | 43,591 | (36,213) | 3,204 | 103 | 10,685 | 58 | 10,743 |
| Profit for the period | - | - | - | 503 | - | 503 | 15 | 518 |
| Other comprehensive (loss)/income | | | | | | | | |
| Exchange differences on translation of foreign operations | - | - | - | - | (134) | (134) | 1 | (133) |
| Gain on cash flow hedges | - | - | - | - | 34 | 34 | - | 34 |
| Total comprehensive income/(loss) | - | - | - | 503 | (100) | 403 | 16 | 419 |
| Share-based payments | - | - | - | 10 | 16 | 26 | - | 26 |
| Dividends | - | - | - | (374) | - | (374) | - | (374) |
| 30 June 2021 | - | 43,591 | (36,213) | 3,343 | 19 | 10,740 | 74 | 10,814 |
| 1 January 2020 | - | 43,591 | (36,213) | 3,014 | (556) | 9,836 | 48 | 9,884 |
| Profit for the period | - | - | - | 185 | - | 185 | 11 | 196 |
| Other comprehensive (loss)/income | | | | | | | | |
| Exchange differences on translation of foreign operations | - | - | - | - | (290) | (290) | (1) | (291) |
| Gain on cash flow hedges | - | - | - | - | 1 | 1 | - | 1 |
| Total comprehensive income/(loss) | - | - | - | 185 | (289) | (104) | 10 | (94) |
| Share-based payments | - | - | - | 11 | 9 | 20 | - | 20 |
| Dividends | - | - | - | (348) | - | (348) | (15) | (363) |
| 30 June 2020 | - | 43,591 | (36,213) | 2,862 | (836) | 9,404 | 43 | 9,447 |

(1) Included in retained earnings are legal statutory reserves in the People's Republic of China ("PRC") of 209 million US dollar as of 30 June 2021 and 146 million US dollar as of 30 June 2020. Under the relevant PRC laws and regulations, PRC companies are required to allocate 10% of the company's net profit to a fund, until such a fund reaches 50% of the companies registered capital. The statutory reserve fund can be utilized upon approval by the relevant authorities, to offset against accumulated losses or increase registered capital of the company, provided that such fund is maintained at a minimum of 25% of the companies registered capital.

The accompanying notes are an integral part of these unaudited condensed consolidated interim financial statements.

UNAUDITED CONDENSED CONSOLIDATED INTERIM STATEMENT OF CASH FLOWS

For the six months ended 30 June 2021

| | Notes | 30 June 2021 US\$*million | 30 June 2020 US\$*million |
|---|-------|---------------------------------|---------------------------------|
| Operating activities | | | |
| Cash generated from operations | | 1,019 | 592 |
| Interest paid | | (6) | (8) |
| Interest received | | 16 | 9 |
| Dividends received | | 12 | 9 |
| Income tax paid | | (181) | (95) |
| Net cash flow from operating activities | | 860 | 507 |
| Investing activities | | | |
| Acquisition of property, plant and equipment and intangible assets | | (266) | (191) |
| Proceeds from sale of property, plant and equipment and intangible assets | | 7 | 29 |
| Acquisition of subsidiaries, net of cash acquired | | (115) | (109) |
| Acquisition of other investments | | (3) | (6) |
| Proceeds from cash pooling deposits to AB InBev | | 7 | 30 |
| Cash flow used in investing activities | | (370) | (247) |
| Financing activities | | | |
| Dividends paid to equity holders of Bud APAC | 13 | (374) | (348) |
| Dividends paid to non-controlling interest holders | | – | (15) |
| Proceeds from cash pooling loans from AB InBev | | – | 122 |
| Proceeds from borrowings | | 36 | 30 |
| Repayments of borrowings | | (2) | (48) |
| Payments of lease liabilities | | (19) | (16) |
| Cash net finance cost other than interest | | (7) | (3) |
| Cash flow used in financing activities | | (366) | (278) |
| Net increase/(decrease) in cash and cash equivalents | | | |
| Cash and cash equivalents less bank overdrafts at beginning of period | | 1,264 | 877 |
| Effect of exchange rate fluctuations | | 17 | (28) |
| Cash and cash equivalents less bank overdrafts at end of period | 12 | 1,405 | 831 |

The accompanying notes are an integral part of these unaudited condensed consolidated interim financial statements.

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

1. GENERAL INFORMATION AND BASIS OF PRESENTATION

1.1 General information

Budweiser Brewing Company APAC Limited (the “Company” or “Bud APAC”) was incorporated in the Cayman Islands on 10 April 2019 as an exempted company with limited liability under the laws of the Cayman Islands. The address of the Company’s registered office is Cricket Square, Hutchins Drive, PO Box 2681 Grand Cayman, KY1-1111, Cayman Islands. The Company’s shares were listed on The Stock Exchange of Hong Kong Limited on 30 September 2019.

The Company is an investment holding company. The Company and its subsidiaries (together, the “Group”) are principally engaged in the brewing and distribution of beer in the Asia Pacific region.

The immediate parent company of the Group is AB InBev Brewing Company (APAC) Limited which is a private company incorporated in the United Kingdom.

The ultimate parent company of the Group is Anheuser-Busch InBev SA/NV (referred to as “AB InBev”), which is a publicly traded company (Euronext: ABI) based in Leuven, Belgium, with secondary listings on the Mexico (MEXBOL: ANB) and South Africa (JSE: ANH) stock exchanges and with American Depositary Receipts on the New York Stock Exchange (NYSE: BUD).

1.2 Basis of presentation

These unaudited condensed consolidated interim financial statements for the six months ended 30 June 2021 have been prepared in accordance with International Accounting Standard 34 Interim Financial Reporting issued by the International Accounting Standard Board (the “IASB”). They do not include all of the information required for full annual financial statements and should be read in conjunction with the consolidated financial statements of the Company as at and for the year ended 31 December 2020 and any public announcements made by the Group during the interim reporting period.

The accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period.

A number of new or amended standards became applicable for the current reporting period. These standards did not have any impact on the Group’s accounting policies and did not require retrospective adjustments.

In line with many other Fast Moving Consumer Goods companies, the Group intentionally maintains a net current liabilities position as part of its business model despite strong operating cash flows. Therefore, the Group’s net current liabilities position is not indicative of any going concern issues, and the unaudited condensed consolidated interim financial statements have been prepared on a going concern basis.

2. FINANCIAL RISK MANAGEMENT

The Group’s activities expose it to a variety of financial risks: market risk (including currency risk, cash flow interest risk and commodity risk), credit risk and liquidity risk. The unaudited condensed consolidated interim financial statements do not include all the financial risk management information and disclosures required in the full annual financial statements and should be read in conjunction with the consolidated financial statements of the Company as at and for the year ended 31 December 2020. There have been no changes in the risk management policies during the six months ended 30 June 2021.

2.1 Liquidity Risk

The Group's primary sources of cash flow are cash flows from operating activities and bank borrowings. The Group's material cash requirements include the following:

- Capital expenditures;
- Investments in companies;
- Increases in ownership of the Group's subsidiaries or companies in which it holds equity investments;
- Debt servicing of borrowings from third parties; and
- Payments of dividends.

The Group had net current liabilities of 2,022 million US dollar as of 30 June 2021, which management considers is a positive aspect of the Group's working capital management and an inherent part of the Group's business model. Substantial effort is devoted to the efficient use of working capital, resulting in an ability to secure favorable credit terms with suppliers that are longer than the inventory and receivables cycles. The Group is also highly cash generative, with cash flows from operating activities of 860 million US dollar for the six months ended 30 June 2021.

In order to fund its foreseeable financial obligations, the Group has sufficient access to cash flows from operating activities, available cash and cash equivalents as well as access to borrowing facilities, including cash pooling loans from AB InBev. As of 30 June 2021, the Group had undrawn committed facilities and undrawn uncommitted facilities of 150 million US dollar and 517 million US dollar respectively. Although the Group may borrow such amounts to meet its liquidity needs, the Group principally relies on cash flows from operating activities to fund the Group's continuing operations.

2.2 Capital management

The Group continuously optimizes its capital structure to maximize shareholder value while keeping the financial flexibility to execute the strategic projects. The Group's capital structure policy and framework aims to optimize shareholder value through cash flow distribution to the Group from its subsidiaries, while maintaining an investment-grade rating and minimizing investments with returns below the Group's weighted average cost of capital.

Cash net of debt is defined as cash and cash equivalents and cash pooling deposits to AB InBev minus non-current and current interest-bearing loans and borrowings, bank overdrafts and cash pooling loans from AB InBev. Cash net of debt is a financial performance indicator that is used by the Group's management to highlight changes in the Group's overall liquidity position.

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

The following table provides a reconciliation of the Group's cash net of debt:

| | 30 June 2021 US\$'million | 31 December 2020 US\$'million |
|---|---------------------------------|-------------------------------------|
| Cash and cash equivalents | 1,422 | 1,281 |
| Cash pooling deposits to AB InBev | 7 | 14 |
| Non-current interest-bearing loans and borrowings | (48) | (37) |
| Current interest-bearing loans and borrowings | (179) | (147) |
| Interest-bearing loans and borrowings | (227) | (184) |
| Bank overdrafts | (17) | (17) |
| Cash pooling loans from AB InBev | (34) | (34) |
| Cash net of debt | 1,151 | 1,060 |

The Group is not geared as of 30 June 2021 and 31 December 2020. The ratio of cash net of debt to total consolidated equity was as follows:

| | 30 June 2021 US\$'million | 31 December 2020 US\$'million |
|----------------------|---------------------------------|-------------------------------------|
| Cash net of debt | (1,151) | (1,060) |
| Total equity | 10,814 | 10,743 |
| Total capital | 9,663 | 9,683 |
| Gearing ratio | -11.9% | -10.9% |

2.3 Fair value measurement

A number of the Group's accounting policies and notes require fair value measurement for both financial and non-financial items.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. When measuring fair value, the Group uses observable market data as far as possible. Fair values are categorized into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

Level 1: inputs are unadjusted quoted prices in active markets for identical assets or liabilities.

Level 2: inputs are observable either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3: fair value measurements incorporate significant inputs that are based on unobservable market data.

If the inputs used to measure the fair value of an asset or liability fall into different levels of the fair value hierarchy, then the fair value measurement is categorized in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement. The Group applies fair value measurement to the instruments listed below.

2.3.1 Derivatives

The fair value of exchange traded derivatives (e.g. exchange traded foreign currency futures) is determined by reference to the official prices published by the respective exchanges (e.g. the New York Board of Trade). The fair value of over-the-counter derivatives is determined by commonly used valuation techniques.

2.3.2 Non-derivative financial liabilities

The fair value of non-derivative financial liabilities is generally determined using unobservable inputs and therefore fall into level 3. In these circumstances, the valuation technique used is discounted cash flow, whereby the projected cash flows are discounted using a risk adjusted rate. This includes the contingent consideration in respect of the acquisition of Blue Girl in 2019. Refer to Note 16 Trade and other payables, payables with AB InBev, consigned packaging and contract liabilities for further details.

The Group had the following financial assets/(liabilities) quoted at fair value:

| | 30 June 2021 US\$ million | 31 December 2020 US\$ million |
|---------|---------------------------------|-------------------------------------|
| Level 1 | 10 | 12 |
| Level 2 | 37 | 9 |
| Level 3 | (12) | (10) |
| | 35 | 11 |

The carrying amounts of the floating and fixed rate interest-bearing financial liabilities, including lease liabilities, cash pooling loans from AB InBev and all trade and other receivables and payables, including derivatives financial instruments, as recognized in the unaudited condensed consolidated interim statement of financial position are a reasonable approximation of the fair values.

3. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

The preparation of unaudited condensed consolidated interim financial statements in conformity with International Financial Reporting Standards (the "IFRS") issued by the IASB require management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

These estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or, if the revision affects both current and future periods, in the period of the revision and future periods.

Although each of its significant accounting policies reflects judgments, assessments or estimates, the Group believes that the following accounting policies reflect the most critical judgments, estimates and assumptions that are important to its business operations and the understanding of its results.

Impairment of goodwill and indefinite life intangible assets

Goodwill impairment testing relies on a number of critical judgments, estimates and assumptions. Goodwill, which accounted for approximately 44% of the Group's total assets as of 30 June 2021 and 45% as of 31 December 2020 is tested for impairment at the cash generating unit level. The Group tests at least annually whether goodwill and indefinite life intangible assets have suffered any impairment by calculating the recoverable amount of the cash generating unit and comparing this to its carrying value.

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

The Group's impairment testing methodology is in accordance with IAS 36, in which fair value less cost to sell and value in use approaches are taken into consideration. This consists of applying a discounted free cash flow approach based on acquisition valuation models for the cash-generating units showing a high invested capital to EBITDA multiple, and valuation multiples for the other cash-generating units.

The fair value less costs to sell valuation requires judgment around the selection of comparable market participants and their sales multiples. The value in use calculations primarily use cash flow projections. There are a number of assumptions and estimates involved for the preparation of cash flow projections and the estimated terminal value. Key assumptions include the expected growth in revenues and operating margin, the discount rate and the terminal growth rate.

Management prepared the financial projections reflecting actual and prior year performance and market development expectations. Judgment is required to determine key assumptions adopted in the cash flow projections and changes to key assumptions can significantly affect these cash flow projections and therefore the results of the impairment reviews.

Refer to Notes 9 Goodwill and 10 Intangible assets for further information on the goodwill and indefinite life intangible assets exposure and estimates applied.

Determination of indefinite useful life for certain intangible assets

Intangible assets with indefinite useful lives are primarily brands acquired through business combinations. Management has determined that brands have indefinite useful lives as these consist of nationally or internationally prominent brands which have existed for several decades or longer and which are well established in their markets. These markets have been stable or growing. The Group has legal rights to the brands which can be enforced for an indefinite period.

Refer to Note 10 Intangible assets for further information on indefinite life intangible assets.

Contingencies

The preparation of the Group's unaudited condensed consolidated interim financial statements requires management to make estimates and assumptions regarding contingencies, which affect the valuation of assets and liabilities at the date of the unaudited condensed consolidated interim financial statements and the revenue and expenses during the reported periods.

The Group discloses material contingent liabilities unless the possibility of any loss arising is considered remote, and material contingent assets where the inflow of economic benefits is probable.

A provision is recorded for a loss contingency when it is probable that a future event will confirm that a liability has been incurred at the date of the unaudited condensed consolidated interim financial statements, and the amount of the loss can be reasonably estimated. By their nature, contingencies will only be resolved when one or more future events occur or fail to occur, and typically those events will occur over a number of years in the future.

The Group has no material unprovided contingencies for which, in the opinion of management and its legal counsel, the risk of loss is possible but not probable.

Income tax position

The Group is subject to income tax in numerous jurisdictions. Significant judgment is required in determining the Group's provision for income tax.

Some subsidiaries within the Group are involved in tax audits and local enquiries usually in relation to prior years. Investigations and negotiations with local tax authorities are ongoing in various jurisdictions at the date of the unaudited condensed consolidated interim statement of financial position and, by their nature, these can take considerable time to conclude. In assessing the amount of any income tax or indirect tax provisions to be recognized in the unaudited condensed consolidated interim financial statements, estimation is made of the expected successful settlement of these matters. Estimates of interest and penalties on tax liabilities are also recorded.

Where the final outcome of these matters is different from the amounts that were initially recorded, such differences will impact the current and deferred income tax assets and liabilities in the period such determination is made.

Refer to Note 7 Income tax expense for further information on income tax including exposures.

Trade incentives

The Group has a large number of customer contracts with distributors and retailers across various revenue channels. These contracts can include significant trade incentives, in the form of volume rebates, discounts, and promotion and marketing expenses, which are recognized according to the relevant terms in the contracts.

Management is required to use judgment in assessing the nature of trade incentives and whether the payments made to customers are in exchange for distinct goods and services, which determines their classification in the unaudited condensed consolidated interim income statement and statement of financial position. Revenue from sales is recognized based on the price specified in the contract, net of the estimated refund liabilities, while trade incentive payments to customers in exchange for distinct goods or services are accounted for as promotion and marketing incentives and classified as selling and distribution expenses in the unaudited condensed consolidated interim income statement.

Share-based payments

The Group has granted share options to certain eligible employees. The directors of the Company have adopted the Binomial Hull Model to determine the total fair value of the options granted, which is to be expensed over the respective vesting periods. Significant judgments on parameters, such as risk free rate, dividend yield and expected volatility, are required to be made by the directors in applying the Binomial Hull Model. The fair value of share options granted to certain eligible employees determined using the Binomial Hull Model was nil for the six months ended 30 June 2021 (2020: approximately 52 million US dollar).

Share-based payment transactions resulted in a total expense of 26 million US dollar and 20 million US dollar for the six months ended 30 June 2021 and 2020 respectively. Refer to Note 15 Share-based payments for further information on accounting estimates and assumptions applied.

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4. SEGMENT REPORTING

Segment information is presented by geographical segments, consistent with the information available to and regularly evaluated by the chief operating decision maker.

The Group operates its business through two geographic regions: Asia Pacific East (primarily South Korea, Japan and New Zealand) and Asia Pacific West (China, India, Vietnam and exports elsewhere in Asia Pacific), which are the Group's two reportable segments for financial reporting purposes. Regional and operating management is responsible for managing performance, underlying risks and effectiveness of operations. Management uses performance indicators such as Normalized EBITDA as measures of segment performance and to make decisions regarding allocation of resources.

All figures in the tables below are stated in million US dollar, except volumes (thousand hectoliter) and Normalized EBITDA margin (in %).

For the six months ended 30 June 2021 and 2020

| | East | | Asia Pacific West | | Total | |
|--|----------------|--------------|-------------------|---------------|---------------|---------------|
| | 2021 | 2020 | 2021 | 2020 | 2021 | 2020 |
| | Volumes | 5,129 | 5,256 | 40,752 | 33,477 | 45,881 |
| Revenue⁽¹⁾ | 596 | 558 | 2,881 | 2,017 | 3,477 | 2,575 |
| Normalized EBITDA | 143 | 163 | 1,012 | 531 | 1,155 | 694 |
| Normalized EBITDA margin % | 24.0% | 29.2% | 35.1% | 26.3% | 33.2% | 27.0% |
| Depreciation, amortization and impairment | | | | | (360) | (311) |
| Normalized profit from operations (Normalized EBIT) | | | | | 795 | 383 |
| Non-recurring items (Note 6) | | | | | (22) | (10) |
| Profit from operations (EBIT) | | | | | 773 | 373 |
| Net finance cost | | | | | (14) | (16) |
| Share of results of associates | | | | | 17 | 8 |
| Income tax expense | | | | | (258) | (169) |
| Profit for the period | | | | | 518 | 196 |
| Segment assets (non-current) | 5,622 | 5,278 | 8,024 | 7,485 | 13,646 | 12,763 |
| Gross capex | 51 | 9 | 215 | 184 | 266 | 193 |

(1) Revenue represents sales of beer products recognized at a point of time.

Normalized EBITDA is a key financial measure regularly monitored by management in managing the Group's performance, capital and funding structure. Normalized EBITDA is calculated by excluding the following effects from profit attributable to equity holders of Bud APAC: (i) non-controlling interests; (ii) income tax expense; (iii) share of results of associates; (iv) net finance cost; (v) non-recurring items above EBIT (including non-recurring costs) and (vi) depreciation, amortization and impairment.

Normalized EBITDA and normalized EBIT are not accounting measures under IFRS and should not be considered as an alternative to profit attributable to equity holders of Bud APAC as a measure of operational performance, or an alternative to cash flow as a measure of liquidity. Normalized EBITDA and normalized EBIT do not have a standard calculation method and the Group's definition of normalized EBITDA and normalized EBIT may not be comparable to that of other companies.

The reconciliation between profit attributable to equity holders of Bud APAC and normalized EBITDA is as follows:

| | 30 June 2021 US\$'million | 30 June 2020 US\$'million |
|--|---------------------------------|---------------------------------|
| Profit attributable to equity holders of Bud APAC | 503 | 185 |
| Non-controlling interests | 15 | 11 |
| Profit for the period | 518 | 196 |
| Income tax expense (excluding non-recurring) | 263 | 142 |
| Share of results of associates | (17) | (8) |
| Net finance cost | 14 | 16 |
| Non-recurring income tax (benefit)/expense | (5) | 27 |
| Non-recurring items above EBIT | 22 | 10 |
| Normalized EBIT | 795 | 383 |
| Depreciation and amortization | 360 | 311 |
| Normalized EBITDA | 1,155 | 694 |

5. OTHER OPERATING INCOME

| | 30 June 2021 US\$'million | 30 June 2020 US\$'million |
|--|---------------------------------|---------------------------------|
| Grants and incentives | 38 | 39 |
| Net gain/(loss) on disposal of property, plant and equipment and intangible assets | 14 | (1) |
| Other operating income | 15 | 13 |
| Other operating income | 67 | 51 |

6. NON-RECURRING ITEMS

The non-recurring items included in the unaudited condensed consolidated interim income statement are as follows:

| | 30 June 2021 US\$'million | 30 June 2020 US\$'million |
|---|---------------------------------|---------------------------------|
| Costs arising from COVID response activities | – | (6) |
| Costs associated with initial public offering | – | 5 |
| Restructuring | (22) | (9) |
| Impact on profit from operations | (22) | (10) |
| Non-recurring income tax benefit/(expense) | 5 | (27) |
| Net impact on profit | (17) | (37) |

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The non-recurring restructuring charges primarily relate to organizational alignments. These changes aim to eliminate overlapping organizations or duplicated processes, taking into account the right match of employee profiles with the new organizational requirements. These one-time expenses, as a result of the series of decisions, provide the Group with a lower cost base in addition to a stronger focus on the Group's core activities, quicker decision-making and improvements to efficiency, service and quality.

Refer to Note 7 for further information on non-recurring income tax.

7. INCOME TAX EXPENSE

Income taxes recognized in the unaudited condensed consolidated interim income statement are as follows:

| | 30 June 2021 US\$*million | 30 June 2020 US\$*million |
|--|--|--|
| Current year | (274) | (179) |
| Over/(under) provided in prior years | 21 | (41) |
| Current tax expense | (253) | (220) |
| Deferred tax expense | (5) | 51 |
| Total income tax expense | (258) | (169) |
| Effective tax rate | 34.0% | 47.3% |
| Normalized effective tax rate⁽¹⁾ | 33.7% | 38.7% |

During the year ended 31 December 2020, one of the Group's subsidiaries in China, Anheuser-Busch InBev China Co., Ltd., received an investigation on transfer pricing of transactions from 2010 through 2019. The investigation is on-going at the end of the reporting period and the relevant provision was included in the income tax expense for the year ended 31 December 2020.

During the six months ended 30 June 2020, one of the Group's subsidiaries in South Korea, Oriental Brewery Co., Ltd., received a tax audit covering all taxable items of the subsidiary from 2014 through 2018. Investigation by the local tax authority was completed by 30 June 2020 and the resulting assessment was included in the income tax expense for the six months ended 30 June 2020.

Normalized effective tax rate is not an accounting measure under IFRS and should not be considered as an alternative to the effective tax rate. Normalized effective tax rate method does not have a standard calculation method and the Group's definition of normalized effective tax rate may not be comparable to other companies.

(1) Normalized effective tax rate refers to effective tax rate adjusted for non-recurring items.

8. PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment comprises owned and leased assets, as follows:

| | 30 June 2021 US\$'million | 31 December 2020 US\$'million |
|--|---------------------------------|-------------------------------------|
| Property, plant and equipment owned | 3,585 | 3,652 |
| Property, plant and equipment leased (right-of-use assets) | 75 | 64 |
| Total property, plant and equipment | 3,660 | 3,716 |

Acquisitions to property, plant and equipment were 256 million US dollar and 193 million US dollar for the six months ended 30 June 2021 and 2020 respectively. In addition, the Group disposed plant and equipment, fixtures and fittings during the six months ended 30 June 2021 and 2020 with an aggregate carrying amount of 22 million US dollar and 19 million US dollar respectively.

Additions to right-of-use assets were 31 million US dollar and 13 million US dollar for the six months ended 30 June 2021 and 2020 respectively. The expense related to short-term leases and variable lease payments that are not included in the measurement of the lease liabilities is not significant.

9. GOODWILL

| | 30 June 2021 US\$'million | 31 December 2020 US\$'million |
|--|---------------------------------|-------------------------------------|
| Balance at end of previous year | 7,350 | 6,921 |
| Effect of movements in foreign exchange | (108) | 429 |
| Balance at end of the period/year | 7,242 | 7,350 |

The carrying amount of goodwill by cash-generating unit is as follows:

| Cash-generating unit | 30 June 2021 US\$'million | 31 December 2020 US\$'million |
|--|---------------------------------|-------------------------------------|
| South Korea | 3,900 | 4,048 |
| China | 3,332 | 3,291 |
| Other countries | 10 | 11 |
| Total carrying amount of goodwill | 7,242 | 7,350 |

The value in use discounted cash flow is based on a 10-year cash flow model. The Group uses a 10-year rather than a 5-year model as this accords with the Group's long term planning and business acquisition valuation methodology. The key judgments, estimates and assumptions used in the value in use discounted free cash flow calculations are generally as follows:

- In the first three years of the model, free cash flows are based on the Group's strategic plan as approved by key management. The Group's strategic plan is prepared per cash-generating unit and is based on external sources in respect of macro-economic assumptions, industry, inflation and foreign exchange rates, past experience and identified initiatives in terms of market share, revenue, variable and fixed cost, capital expenditure and working capital assumptions;

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

- For the subsequent seven years of the model, data from the strategic plan is extrapolated generally using simplified assumptions such as macro-economic and industry assumptions, variable cost per hectoliter and fixed cost linked to inflation, as obtained from external sources;
- Cash flows after the first ten-year period are extrapolated generally using expected annual long-term GDP growth rates, based on external sources, in order to calculate the terminal value, considering sensitivities on this metric; and
- Projections are discounted at the unit's weighted average cost of capital. Calculations are corroborated by valuation multiples, quoted share prices for publicly-traded subsidiaries or other available fair value indicators (i.e. recent market transactions from peers).

Although the Group believes that its judgments, assumptions and estimates are appropriate, actual results may differ from these estimates under different assumptions or market or macro-economic conditions.

The Group's annual goodwill impairment testing is performed during the fourth quarter of each year. In addition, at each reporting date an assessment is performed to identify whether there are any indicators of impairment since the last annual impairment test. The Group reviewed for indicators of impairment in the first quarter of 2021 and recalculated the recoverable amount for the cash generating units where impairment indicators were noted, concluding that no impairment charge was required. The pre-tax local currency WACC used in the impairment models which were updated at 30 June 2021 was between 6.1% and 10.7% (31 December 2020: 5.6% and 10.4%) and the terminal growth rate used was between 2.0% and 2.9% (31 December 2020: 2.4% and 2.9%). The results of the impairment tests indicate that the excess of the recoverable amounts over the carrying amounts for each cash generating unit was not less than 40%.

The Group believes that all of its estimates are reasonable: they are consistent with the Group's internal reporting and reflect management's best estimates. However, inherent uncertainties exist that management may not be able to control. While a change in the estimates used could have a material impact on the calculation of the value in use and trigger an impairment charge, the Group, based on the sensitivity analysis performed, is not aware of any reasonably possible change in a key assumption used that would cause a cash-generating unit's carrying amount to exceed its recoverable amount.

10. INTANGIBLE ASSETS

Acquisitions and expenditures to intangible assets were 11 million US dollar and 1 million US dollar for the six months ended 30 June 2021 and 2020 respectively.

Intangible assets with indefinite useful lives are comprised primarily of brands and certain distribution rights that the Group purchase for its own products, and are tested for impairment during the fourth quarter of the year or whenever a triggering event has occurred.

Intangible assets with indefinite useful lives have been tested for impairment together with goodwill using the methodology and assumptions as disclosed in Note 9 Goodwill. Based on the assumptions described in that note, the Group concluded that no impairment charge is warranted. While a change in the estimates used could have a material impact on the calculation of the value in use and trigger an impairment charge, the Group is not aware of any reasonably possible change in a key assumption used that would cause a cash-generating unit's carrying amount to exceed its recoverable amount.

11. TRADE AND OTHER RECEIVABLES

Current trade and other receivables

| | 30 June 2021 US\$'million | 31 December 2020 US\$'million |
|--|---------------------------------|-------------------------------------|
| Trade receivables and accrued income | 556 | 355 |
| Trade receivables with AB InBev | 14 | 12 |
| Indirect tax receivable | 110 | 110 |
| Prepaid expenses | 60 | 48 |
| Other receivables | 7 | 9 |
| Current trade and other receivables | 747 | 534 |

Trade receivables and receivables with AB InBev are due on average less than 90 days from the date of invoicing. Impairment losses on trade receivables of 6 million US dollar and 12 million US dollar were recognized for the six months ended 30 June 2021 and 2020 respectively. The impairment loss recognized in the six months ended 30 June 2020 reflected an increase in the Group's estimate of credit losses from defaulting customers as a result of the COVID pandemic.

As of 30 June 2021 and 31 December 2020, the aging analysis of current trade receivables and trade receivables with AB InBev, based on due date, is as follows:

| | 30 June 2021 US\$'million | 31 December 2020 US\$'million |
|---|---------------------------------|-------------------------------------|
| Not past due | 535 | 333 |
| Past due as of reporting date: | | |
| Less than 30 days | 26 | 22 |
| Between 30 and 59 days | 4 | 3 |
| Between 60 and 89 days | 2 | 4 |
| More than 90 days | 3 | 5 |
| Net carrying amount of trade receivables and trade receivables with AB InBev | 570 | 367 |

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

12. CASH AND CASH EQUIVALENTS

| | 30 June 2021 US\$'million | 31 December 2020 US\$'million |
|----------------------------------|---------------------------------|-------------------------------------|
| Short-term bank deposits | 338 | 454 |
| Cash and bank accounts | 1,084 | 827 |
| Cash and cash equivalents | 1,422 | 1,281 |
| Bank overdrafts | (17) | (17) |
| | 1,405 | 1,264 |

The Group does not have restricted cash.

13. CHANGES IN EQUITY

Issued capital

| | Fully Paid Issued Capital Million Shares | US\$'thousand |
|---|---|---------------|
| At 30 June 2021 and 31 December 2020⁽¹⁾ | 13,243 | 132 |

- (1) The Company has appointed a trustee to assist with the administration and vesting of the Share Award Schemes (refer to Note 15) who held 22,861,927 shares in trust, reserved for the future vesting of Share Award Schemes, as at 30 June 2021 and 22,890,274 shares as at 31 December 2020. As the Company has the power to govern the financial and operating policies of the trust and can derive benefits from the contributions of the eligible persons who are awarded with the shares by the schemes, the directors of the Company consider that it is appropriate to consolidate the trust.

As at 30 June 2021 and 31 December 2020, the total authorized share capital of Bud APAC is 180,000 US dollar of which the total unissued capital is 47,566 US dollar.

Dividends

On 30 April 2021, a final dividend of US dollar 2.83 cents per share (equivalent to HK dollar 21.96 cents per share) was approved by the shareholders at the annual general meeting of the Company. This final dividend was paid out on 23 June 2021. The total dividend payment for the 2020 fiscal year of 374 million US dollar was recognized during the six months ended 30 June 2021 in the unaudited condensed consolidated financial statements.

On 15 May 2020, a final dividend of US dollar 2.63 cents per share (equivalent to HK dollar 20.39 cents per share) was approved by the shareholders at the annual general meeting of the Company. This final dividend was paid out on 24 June 2020. The dividend payment for the equity holders of Bud APAC for the 2019 fiscal year of 348 million US dollar was recognized during the six months ended 30 June 2020 in the unaudited condensed consolidated interim financial statements.

No dividends were declared or proposed during the six months ended 30 June 2021.

Other reserves

Other reserves comprise translation reserves, share-based payment reserves, hedging reserves and post-employment benefits.

The translation reserves comprise all foreign currency exchange differences arising from the translation of the financial statements of foreign operations.

The share-based payment reserves arise from the Company's Share Award Schemes (Note 15).

The hedging reserves comprises the effective portion of the cumulative net change in the fair value of cash flow hedges to the extent that the hedged risk has not yet impacted profit or loss.

The changes in the other reserves are as follows:

| | 30 June 2021 | | | 30 June 2020 | |
|---|--------------------------------------|--|-----------------------|-----------------------|-----------------------|
| | Translation reserves US\$'million | Share-based payment reserves US\$'million | Other US\$'million | Total US\$'million | Total US\$'million |
| Balance as of 1 January | 67 | 26 | 10 | 103 | (556) |
| Other comprehensive (loss)/income | | | | | |
| Exchange differences on translation of foreign operations | (134) | – | – | (134) | (290) |
| Gain on cash flow hedges | – | – | 34 | 34 | 1 |
| Total comprehensive (loss)/income | (134) | – | 34 | (100) | (289) |
| Share-based payments | – | 16 | – | 16 | 9 |
| Balance as of 30 June | (67) | 42 | 44 | 19 | (836) |

14. INTEREST-BEARING LOANS AND BORROWINGS

| | 30 June 2021 US\$'million | 31 December 2020 US\$'million |
|--|------------------------------|----------------------------------|
| Non-current liabilities | | |
| Lease liabilities | 48 | 37 |
| Non-current interest-bearing loans and borrowings | 48 | 37 |

| | 30 June 2021 US\$'million | 31 December 2020 US\$'million |
|--|------------------------------|----------------------------------|
| Current liabilities | | |
| Unsecured bank loans and other loans | 149 | 118 |
| Lease liabilities | 30 | 29 |
| Current interest-bearing loans and borrowings | 179 | 147 |

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

The current and non-current interest-bearing loans and borrowings amounted to 227 million US dollar as of 30 June 2021 and 184 million US dollar as of 31 December 2020.

The Group was in compliance with all its debt covenants as of 30 June 2021 and 31 December 2020.

During the six months ended 30 June 2021, the Group did not enter into any new committed and uncommitted facilities. The Group received proceeds from borrowings amounting to 36 million US dollar and 30 million US dollar and repaid borrowings of 2 million US dollar and 48 million US dollar during the six months ended 30 June 2021 and 2020 respectively.

15. SHARE-BASED PAYMENTS

Different share and share option programs allow the Group's eligible employees to receive or acquire shares of Bud APAC and AB InBev.

The Company has five Share Award Schemes namely:

- Discretionary Long-Term Incentive Stock Option Plan
- Discretionary Restricted Stock Units Plan
- Share-Based Compensation Plan
- People Bet Plan
- New RSUs Plan

Further details on these schemes are included in the 2020 annual report.

During the six months ended 30 June 2021, the Company issued 0.1 million of matching restricted stock units ("RSUs") in relation to bonuses granted to eligible employees under the Share-Based Compensation Plan, with an estimated fair value of less than 1 million US dollar which cliff vest after five years (30 June 2020: 0.2 million of matching RSUs with a fair value of 1 million US dollar). The Company also granted 0.6 million RSUs with an estimated fair value of 2 million US dollar under the New RSUs Plan to a selected number of employees (30 June 2020: nil). There were no grants under the remaining schemes for the period ended 30 June 2021 (30 June 2020: 69.7 million stock options with an estimated fair value of 52 million US dollar under the Discretionary Long-Term Incentive Stock Option Plan, 29.7 million RSUs with an estimated fair value of 84 million US dollar under the Discretionary Restricted Stock Units Plan and 0.6 million RSUs with an estimated fair value of 2 million US dollar under the People Bet Plan).

For all option plans, the fair value of share-based payment compensation is estimated at grant date, using a Binomial Hull model, modified to reflect the IFRS 2 Share-based Payment requirement that assumptions about forfeiture before the end of the vesting period cannot impact the fair value of the option. The Binomial Hull model includes certain subjective assumptions. Any change to the assumptions adopted may affect the estimation of the fair value of the option. All of the Group's share-based payment plans are equity-settled.

Share-based payment transactions resulted in a total expense of 26 million US dollar and 20 million US dollar for the six months ended 30 June 2021 and 2020 respectively.

The total number of outstanding options is as follows:

| | 30 June 2021 | 30 June 2020 |
|---|-------------------|-------------------|
| Number of options | | |
| Options outstanding at 1 January | 77,857,444 | 9,201,728 |
| Options issued during the period | – | 69,678,408 |
| Options forfeited during the period | (10,274,588) | (129,158) |
| Options outstanding at 30 June | 67,582,856 | 78,750,978 |

The weighted average remaining contractual life of the outstanding options is 8.74 years (30 June 2020: 10.01 years).

The weighted average exercise price of the options is as follows:

| | 30 June 2021 HK\$ | 30 June 2020 HK\$ |
|-----------------------------------|-------------------------|-------------------------|
| Options outstanding at 1 January | 22.82 | 28.34 |
| Options issued during the year | – | 22.13 |
| Options forfeited during the year | 22.70 | 28.34 |
| Options outstanding at 30 June | 22.84 | 22.85 |
| Exercisable at 30 June | – | – |

None of the options had vested as at 30 June 2021 and 30 June 2020.

The total number of outstanding RSUs developed as follows:

| | 30 June 2021 | 30 June 2020 |
|--------------------------------------|-------------------|-------------------|
| Number of RSUs | | |
| RSUs outstanding at 1 January | 40,418,409 | 3,632,673 |
| RSUs issued during the period | 944,521 | 30,533,341 |
| RSUs forfeited during the period | (4,801,159) | (1,065) |
| RSUs outstanding at 30 June | 36,561,771 | 34,164,949 |

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

16. TRADE AND OTHER PAYABLES, PAYABLES WITH AB INBEV, CONSIGNED PACKAGING AND CONTRACT LIABILITIES

Non-current trade and other payables

| | 30 June 2021 US\$*million | 31 December 2020 US\$*million |
|---|---------------------------------|-------------------------------------|
| Contingent consideration on acquisitions | 30 | 28 |
| Non-current trade and other payables | 30 | 28 |

Current trade and other payables

| | 30 June 2021 US\$*million | 31 December 2020 US\$*million |
|---|---------------------------------|-------------------------------------|
| Trade payables and accrued expenses | 2,092 | 1,970 |
| Payroll and social security payables | 134 | 109 |
| Indirect taxes payable | 393 | 324 |
| Contingent and deferred consideration on acquisitions | 8 | 114 |
| Other payables | 167 | 138 |
| Current trade and other payables | 2,794 | 2,655 |

Current payables with AB InBev

| | 30 June 2021 US\$*million | 31 December 2020 US\$*million |
|-------------------------------|---------------------------------|-------------------------------------|
| Payables with AB InBev | 132 | 142 |

The Group pays the outstanding balances to the creditors according to the credit terms. Trade payables and payables with AB InBev are on average due within 120 days from the invoice date. As of 30 June 2021 and 31 December 2020 trade payables and payables to AB InBev were 2,224 million US dollar and 2,112 million US dollar respectively.

As of 30 June 2021 and 31 December 2020, the aging analysis of current trade payables and payables with AB InBev, based on due date, is as follows:

| | 30 June 2021 US\$*million | 31 December 2020 US\$*million |
|---|---------------------------------|-------------------------------------|
| Not past due | 2,117 | 1,963 |
| Past due as of reporting date: | | |
| Less than 30 days | 16 | 70 |
| Between 30 and 89 days | 15 | 8 |
| More than 90 days | 76 | 71 |
| Net carrying amount of trade payables and payables with AB InBev | 2,224 | 2,112 |

Consigned packaging and contract liabilities

| | 30 June 2021 US\$'million | 31 December 2020 US\$'million |
|---|---------------------------------|-------------------------------------|
| Consigned packaging | 426 | 356 |
| Contract liabilities | 896 | 1,093 |
| Consigned packaging and contract liabilities | 1,322 | 1,449 |

Consigned packaging represents deposits paid by the Group's customers for use of the Group's returnable packaging which are assets controlled by the Group.

The majority of the contract liabilities balance at the beginning of the period was recognized as revenue for the year ended 31 December 2020 or has been recognized as revenue during the six months ended 30 June 2021.

The contingent consideration and deferred consideration, mainly relating to the acquisition of Blue Girl in 2019, as at 30 June 2021 were 38 million US dollar and nil respectively, and as at 31 December 2020 were 36 million US dollar and 106 million US dollar respectively.

17. COLLATERAL AND CONTRACTUAL COMMITMENTS

| | 30 June 2021 US\$'million | 31 December 2020 US\$'million |
|---|---------------------------------|-------------------------------------|
| Collateral given for own liabilities | 121 | 138 |
| Contractual commitments to purchase property, plant and equipment and intangible assets | 131 | 107 |
| | 252 | 245 |

The collateral given for own liabilities of 121 million US dollar as at 30 June 2021 and 138 million US dollar as at 31 December 2020 includes South Korea's collateral on property in favor of the excise tax authorities. The Group has entered into commitments to purchase property, plant and equipment and intangible assets for an amount of 131 million US dollar as at 30 June 2021 and 107 million US dollar as at 31 December 2020.

18. RELATED PARTIES

Transactions with other AB InBev entities

An overview of related party transactions with other AB InBev entities is as follows:

| | 30 June 2021 US\$'million | 30 June 2020 US\$'million |
|--|---------------------------------|---------------------------------|
| Purchases of finished goods from AB InBev | 39 | 45 |
| Service fees, procurement fees and royalties | 71 | 64 |
| Other transactions with AB InBev | (4) | (12) |
| Derivative hedge loss from AB InBev | - | (4) |

The majority of the transactions in the table above are continuing connected transactions, in respect of which the Company has complied with the disclosure requirements of Chapter 14A of the Listing Rules.

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

An overview of related party balances with other AB InBev entities is as follows:

| | 30 June 2021 US\$*million | 31 December 2020 US\$*million |
|-----------------------------------|---------------------------------|-------------------------------------|
| Trade receivables with AB InBev | 14 | 12 |
| Cash pooling deposits to AB InBev | 7 | 14 |
| Derivative financial assets | 38 | 19 |
| Payables with AB InBev | (132) | (142) |
| Cash pooling loans from AB InBev | (34) | (34) |
| Derivative financial liabilities | (7) | (20) |

Transactions with associates

The Group did not have transactions with associates during the six months ended 30 June 2021 and 2020, except for the dividend of 12 million and 9 million US dollar from an associate to the Group during the six months ended 30 June 2021 and 2020 respectively.

19. SUBSEQUENT EVENTS

Subsequent to the period end, the Group entered into a total of 500 million US dollar sustainability-linked loan revolving credit facilities, with a three-year term and interest rates tied to the Group's sustainability performance based on pre-determined environmental, social and governance targets.

20. EARNINGS PER SHARE

The calculation of basic and diluted earnings per share are computed in the tables below.

| | 30 June 2021 | 30 June 2020 |
|---|-----------------|-----------------|
| Profit attributable to equity holders of Bud APAC (Million US Dollar) | 503 | 185 |
| Weighted average number of ordinary shares in issue | 13,220,525,676 | 13,220,469,347 |
| Basic earnings per share (cent USD) | 3.80 | 1.40 |

| | 30 June 2021 | 30 June 2020 |
|---|-----------------|-----------------|
| Profit attributable to equity holders of Bud APAC (Million US Dollar) | 503 | 185 |
| Weighted average number of ordinary shares in issue | 13,220,525,676 | 13,220,469,347 |
| Effect of share options and RSUs | 10,945,528 | 667,646 |
| Weighted average number of ordinary shares (diluted) | 13,231,471,204 | 13,221,136,993 |
| Diluted earnings per share (cent USD) | 3.80 | 1.40 |

The calculation of normalized basic and diluted earnings per share are computed in the tables below.

| | 30 June 2021 | 30 June 2020 |
|---|-----------------|-----------------|
| Normalized profit attributable to equity holders of Bud APAC (Million US Dollar) | 520 | 222 |
| Weighted average number of ordinary shares in issue | 13,220,525,676 | 13,220,469,347 |
| Normalized basic earnings per share (cent USD) | 3.93 | 1.68 |

| | 30 June 2021 | 30 June 2020 |
|---|-----------------|-----------------|
| Normalized profit attributable to equity holders of Bud APAC (Million US Dollar) | 520 | 222 |
| Weighted average number of ordinary shares in issue | 13,220,525,676 | 13,220,469,347 |
| Effect of share options and RSUs | 10,945,528 | 667,646 |
| Weighted average number of ordinary shares (diluted) | 13,231,471,204 | 13,221,136,993 |
| Normalized diluted earnings per share (cent USD) | 3.93 | 1.68 |

The reconciliation of basic and diluted earnings per share to normalized basic and diluted earnings per share are shown in the tables below.

| | 30 June 2021 | 30 June 2020 |
|---|-----------------|-----------------|
| Basic earnings per share (cent USD) | 3.80 | 1.40 |
| Non-recurring items, before tax | 0.17 | 0.08 |
| Non-recurring taxes | (0.04) | 0.20 |
| Normalized basic earnings per share (cent USD) | 3.93 | 1.68 |

| | 30 June 2021 | 30 June 2020 |
|---|-----------------|-----------------|
| Diluted earnings per share (cent USD) | 3.80 | 1.40 |
| Non-recurring items, before tax | 0.17 | 0.08 |
| Non-recurring taxes | (0.04) | 0.20 |
| Normalized diluted earnings per share (cent USD) | 3.93 | 1.68 |

CORPORATE INFORMATION

Budweiser Brewing Company APAC Limited

Incorporated in the Cayman Islands with limited liability

BOARD OF DIRECTORS

Executive Director

Jan Craps (*Co-Chair of the Board*)

Non-executive Directors

Michel Doukeris (*Co-Chair of the Board*)

Katherine Barrett (*John Blood as her alternate*)

Nelson Jamel (*David Almeida as his alternate*)

Independent Non-executive Directors

Martin Cubbon

Mun Tak Marjorie Yang

Katherine King-suen Tsang

Audit Committee

Martin Cubbon (*Chair*)

Katherine King-suen Tsang

Nelson Jamel

Nomination Committee

Michel Doukeris (*Chair*)

Mun Tak Marjorie Yang

Martin Cubbon

Remuneration Committee

Mun Tak Marjorie Yang (*Chair*)

Katherine King-suen Tsang

Michel Doukeris

Authorized Representatives

Bryan Warner

Chan Wai Ling

Joint Company Secretaries

Bryan Warner

Chan Wai Ling (FCIS, FCS)

Registered Office

Cricket Square, Hutchins Drive

P.O. Box 2681

Grand Cayman, KY1-1111

Cayman Islands

Principal Place of Business in Hong Kong

Suites 3012-16

Tower Two, Times Square

1 Matheson Street

Causeway Bay

Hong Kong

Cayman Islands Principal Share Registrar and Transfer Agent

Conyers Trust Company (Cayman) Limited

Cricket Square, Hutchins Drive

P.O. Box 2681

Grand Cayman, KY1-1111

Cayman Islands

Hong Kong Share Registrar

Computershare Hong Kong Investor

Services Limited

Shops 1712-1716, 17th Floor

Hopewell Centre

183 Queen's Road East

Wanchai

Hong Kong

Auditor and Reporting Accountant

PricewaterhouseCoopers

Certified Public Accountants and

Registered PIE Auditor

Stock Code

1876

Website

www.budweiserapac.com

DEFINITIONS

| | |
|---|--|
| “1H20” | the six months ended 30 June 2020 |
| “1H21” | the six months ended 30 June 2021 |
| “2Q19” | the three months ended 30 June 2019 |
| “2Q20” | the three months ended 30 June 2020 |
| “2Q21” | the three months ended 30 June 2021 |
| “AB InBev” | Anheuser-Busch InBev SA/NV (Euronext: ABI; NYSE: BUD; MEXBOL: ANB; JSE: ANH), a company incorporated for an unlimited duration under the laws of Belgium and the controlling shareholder of the Company |
| “Ambev” | Ambev S.A., a Brazilian company listed on the New York Stock Exchange (NYSE: ABEV) and on the São Paulo Stock Exchange (BVMF: ABEV3), and successor of Companhia de Bebidas das Américas – Ambev and a non-wholly-owned subsidiary of AB InBev |
| “APAC East” | one of the Group’s two operating and reporting segments, comprising primarily South Korea, Japan and New Zealand |
| “APAC West” | one of the Group’s two operating segments, comprising China, India, Vietnam and exports elsewhere in Asia Pacific |
| “Articles” or “Articles of Association” | the amended and restated articles of association of the Company adopted pursuant to a special resolution passed on 15 May 2020 |
| “Board” or “Board of Directors” | the board of directors of the Company |
| “COVID” | coronavirus disease |
| “Company” or “Bud APAC” | Budweiser Brewing Company APAC Limited, a company incorporated under the laws of the Cayman Islands with limited liability on 10 April 2019 |
| “Corporate Governance Code” | Appendix 14 to the Listing Rules, as amended or supplemented from time to time |
| “Director(s)” | the director(s) of the Company |
| “EBIT” | earnings before interest and taxes |
| “EBITDA” | earnings before interest, taxes depreciation and amortization |
| “EPS” | earnings per Share |
| “ESG” | environmental, social and governance |
| “FY” or “financial year” | financial year ended or ending 31 December |
| “GDP” | gross domestic product |
| “Group,” “we,” “our” or “us” | the Company and its subsidiaries |

| | |
|---------------------------------|---|
| “HK\$” or “Hong Kong dollar” | Hong Kong dollars, the lawful currency of Hong Kong |
| “Hong Kong” | the Hong Kong Special Administrative Region of the PRC |
| “IFRS” | International Financial Reporting Standards |
| “Listing” | the listing of the Shares on the Main Board of the Stock Exchange |
| “Listing Date” | 30 September 2019, being the date on which the Shares were first listed and from which dealings in the Shares were permitted to take place on the Main Board of the Stock Exchange |
| “Listing Rules” | the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, as amended or supplemented from time to time |
| “Non-executive Directors” | the non-executive directors of the Company |
| “normalized” | performance measures (EBITDA and EBIT) excluding non-recurring items |
| “Normalized effective tax rate” | effective tax rate adjusted for non-recurring items |
| “PRC” or “China” | the People’s Republic of China, but for the purposes of this interim report only, except where the context requires, references in this interim report to PRC or China exclude Hong Kong, Macau and Taiwan |
| “Prospectus” | the Company’s prospectus dated 18 September 2019 |
| “RSUs” | restricted stock units, being contingent rights to receive from the Company Shares which are granted pursuant to the Share Award Schemes |
| “SFC” | the Securities and Futures Commission of Hong Kong |
| “SFO” | the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended or supplemented from time to time |
| “Share Award Schemes” | the Discretionary Restricted Stock Units Plan, the Share-Based Compensation Plan, the People Bet Plan and the Discretionary Long-Term Incentive Plan of the Company approved by the Board and by the Shareholders on 9 September 2019 and the New Restricted Stock Units Plan of the Company approved by the Board on 25 November 2020 for the grant of, among others, RSUs and share options to eligible participants of the Group |
| “Shareholder(s)” | holder(s) of Shares |
| “South Korea” | the Republic of Korea |
| “Stock Exchange” | The Stock Exchange of Hong Kong Limited |
| “UK” | the United Kingdom |
| “USD”, “US\$” or “US dollar” | dollars, the lawful currency of the United States of America |

In this interim report, unless the context otherwise requires, the terms “associate”, “close associate”, “connected person”, “core connected person”, “connected transaction”, “subsidiary” and “substantial shareholder” shall have the meanings given to such terms in the Listing Rules.

Certain amounts and percentage figures included in this interim report have been subject to rounding adjustments. Accordingly, figures shown as totals in certain tables may not be an arithmetic aggregation of the figures preceding them.

This glossary contains explanations of certain terms used in this interim report in connection with the Group and its business. The terminologies and their meanings may not correspond to standard industry meanings or usage of those terms.

| | |
|------|------------|
| “hl” | hectoliter |
|------|------------|



BUDWEISER BREWING COMPANY APAC LIMITED
百威亞太控股有限公司

