

百威亞太控股有限公司

Budweiser

BUDWEISER BREWING COMPANY APAC LIMITED | STOCK CODE: 1876



INTERIM REPORT 2022

ABOUT BUDWEISER BREWING COMPANY APAC LIMITED

Budweiser Brewing Company APAC Limited (“Bud APAC”) is the largest beer company in Asia Pacific, with leadership positions in Premium and Super Premium beer segments. It brews, imports, markets, distributes and sells a portfolio of more than 50 beer brands, including Budweiser®, Stella Artois®, Corona®, Hoegaarden®, Cass® and Harbin®. Bud APAC has expanded beyond beer into new categories such as ready-to-drink, energy drinks and spirits in recent years. Through its local subsidiaries, Bud APAC operates in its principal markets, including China, South Korea, India and Vietnam. Headquartered in Hong Kong SAR, China, Bud APAC operates 48 breweries and employs over 25,000 colleagues across APAC.

Bud APAC is listed on the Hong Kong Stock Exchange under the stock code “1876” and is a Hang Seng Composite Index member that is incorporated under the laws of the Cayman Islands. The company is a subsidiary of Anheuser-Busch InBev, the public company listed on Euronext 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

As a leading brewer in Asia-Pacific, we aim to lead and grow the category, digitize our ecosystem, and optimize our business. The resilience of our strategy was confirmed in the first half of 2022 as we faced severe external headwinds in China, escalating commodity prices, and other operational headwinds. Our premiumization and revenue management strategy, along with effective and agile cost measures, ensured that we delivered top and bottom-line growth, as well as solid revenue per hl increases in all of our key markets in 1H22.

Underlying demand and premiumization in China remain strong. As restrictions started to ease in the second quarter, we saw a progressive recovery month over month, leading to high-single-digit volume growth in June, including a double-digit bounce back in our Premium and Super Premium portfolios.

Moreover, the prevailing headwinds did not stop us from moving our China expansion strategy forward, with Budweiser and Super Premium volumes growing by double digits in our expansion regions

outside of those impacted by COVID restrictions. At the same time, our digitization efforts continued apace. We expanded “BEES”, our proprietary businesses-to-business (B2B) digital platform, into more than 55 cities in the first half of 2022, connecting more than 30,000 monthly active users.

Robust performances in our other key markets helped counteract the volatility in China. In South Korea, we continued to outperform the industry in both on-premise channels and in-home channels, helping us clinch more market share. As restrictions on on-premise venues were lifted, we started to really see the effect of earlier price increases implemented in our Core segment, supporting double-digit revenue growth and strong double-digit EBITDA growth in the first half of 2022. Our business in India also outperformed its peers in an industry that has recovered to pre-pandemic levels. Premium and Super Premium revenues doubled, with Budweiser, our flagship brand in the country, also expanding its market share.



At the same time, we continued to make important steps towards meeting our 2025 Sustainability Goals and our ambition to achieve net zero across our value chain by 2040. We reached a new milestone with global rating agency MSCI upgrading Bud APAC's ESG rating to "AA", representing our third ratings upgrade in less than 3 years, and recognizing the Company as an ESG leader among 50 global beverage peers. We are also speeding up our low carbon transition, with our brewery in Jinzhou in China set to become our second carbon-neutral brewery by the end of 2022.

Moving forward, we will continue to find new opportunities and ways to strengthen and optimize our business as we pursue our dream to be the Most Loved High-Quality Growth Leader in Beverage. We will continue to proactively lead and accelerate the path to this dream along with our shareholders, partners, and communities and dream big to create a future with more cheers!

Michel Doukeris
Co-Chair of the Board

Jan Craps
Co-Chair of the Board



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-underlying items, unless otherwise indicated. Non-underlying 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-underlying items in “*Business Review*” and “*Review of Results of Operations for the six months ended 30 June 2022 compared to the six months ended 30 June 2021*” below is based on organic growth figures, 1H22 results to 1H21 results. The percentage change reflects the improvement (or worsening) of results for the period compared to the prior period.

Following a report on European Union (EU) issuers’ use of Alternative Performance Measures (i.e. non-IFRS measures, or “APMs”), issued by the European Securities and Markets Authority (ESMA) in December 2019, Anheuser-Busch InBev SA/NV, the parent company of Bud APAC, relabeled effective with the results announcement of the first quarter of 2021 in its disclosures “non-recurring” items to “non-underlying” items. Bud APAC considers that by aligning the disclosures it enables the users of the information better comparability within the ABI Group of companies. Therefore, Bud APAC has relabeled effective with the results announcement of the third quarter of 2021 in its disclosures “non-recurring” items to “non-underlying” items. The scope of “non-underlying” items and of “non-recurring” items, in each case as applied by Bud APAC, are the same.

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

1H22 CONSOLIDATED PERFORMANCE (MILLION USD)

	1H22	1H21	Organic growth
Total volumes (thousand hls)	45,226	45,881	-1.4%
Revenue	3,453	3,477	2.7%
Gross profit	1,752	1,878	-1.7%
Gross margin	50.7%	54.0%	-227 bps
Normalized EBITDA	1,139	1,155	0.4%
Normalized EBITDA margin	33.0%	33.2%	-74 bps
Normalized EBIT	791	795	1.6%
Normalized EBIT margin	22.9%	22.9%	-23 bps
Profit attributable to equity holders of Bud APAC	625	503	
Normalized profit attributable to equity holders of Bud APAC	575	520	
Earnings per share ("EPS") (cent USD)	4.73	3.80	
Normalized EPS (cent USD)	4.35	3.93	

1H22 UNAUDITED CALCULATION OF ORGANIC GROWTH FIGURES¹

To facilitate the understanding of our underlying performance and the analyses of organic growth, the following table provides additional information on the calculation of organic growth figures:

Bud APAC	1H21	Scope	Currency Translation	Organic Growth	1H22	Organic Growth
Total volumes (thousand hls)	45,881	–	–	(655)	45,226	-1.4%
Revenue	3,477	(55)	(61)	92	3,453	2.7%
Cost of sales	(1,599)	(5)	26	(123)	(1,701)	-7.7%
Gross profit	1,878	(60)	(35)	(31)	1,752	-1.7%
Normalized EBIT	795	(5)	(12)	13	791	1.6%
Normalized EBITDA	1,155	(6)	(15)	5	1,139	0.4%
Normalized EBITDA margin	33.2%				33.0%	-74 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

After being significantly impacted by COVID prevention measures and corresponding channel disruptions, particularly from mid-March through May, our business in most parts of China recovered in June. At the same time, we delivered robust financial and commercial performances in South Korea and India with an improving business environment. We oversaw a continued increase in revenue per hl across all key markets, leading to top- and bottom-line growth in 1H22 in APAC.

In 1H22, external headwinds in China led to a total volume decline of 1.4%. However, revenue per hl rose by 4.2%, a trend seen in all markets as we continued to enact our premiumization and revenue management strategies. We also achieved top- and bottom-line growth with revenue increasing by 2.7% and normalized EBITDA increasing by 0.4% compared with 1H21. Normalized EBITDA margin declined by 74 bps in part due to operational deleverage from COVID restrictions in China.

- In **China**, channel disruptions, including nightlife and restaurant venues, peaked in April and gradually eased through May and into June. Conditions progressively improved month by month. By June, volumes recovered and grew high-single digits with our Premium and Super Premium portfolios bouncing back with double-digit growth. In 1H22, we continued to invest in premiumization alongside revenue management initiatives, supporting a revenue per hl increase of 2.4%. We have seen ongoing premiumization led by volume weight increase in Budweiser and our Super Premium portfolio. Meanwhile, Budweiser and Super Premium volumes grew double digits in our expansion regions outside of areas impacted by COVID restrictions.

- In **South Korea**, the operating environment improved throughout 1H22 with all restrictions in on-premise channels now lifted. We achieved market share gains in both on-premise and in-home channels, supporting a solid increase in total market share. With our revenue management initiatives, revenue per hl demonstrated a high single-digit increase, resulting in double-digit revenue growth. EBITDA grew strong double digits supported by solid volume and revenue per hl growth.
- In **India**, we achieved strong revenue and EBITDA growth in 1H22 as the industry further recovered. Combined, our Premium and Super Premium volumes doubled compared to last year, supported by an easy comparable.

Despite the external challenges faced in 1H22, we maintained a strong balance sheet as a result of financial discipline and cash management. As of 30 June 2022, our available cash and cash equivalents were 1.87 billion USD.



BRINGING PEOPLE TOGETHER FOR A BETTER WORLD

BUSINESS REVIEW

APAC WEST

In 1H22, volumes declined by 2.5% in the APAC West region while revenue increased by 0.3%, alongside a net revenue per hl increase of 2.9%. Normalized EBITDA fell by 5.1%.

China

In 1H22, volumes declined by 5.5%, and revenue per hl increased by 2.4%. As a result, revenue decreased by 3.2%. Compared to pre-pandemic (i.e., 1H19) levels, our combined Premium and Super Premium revenue grew mid-single digits despite the COVID restrictions in 1H22. Normalized EBITDA declined by 7.3%.

We continued to make strides in our China expansion strategy. Year to date, our Budweiser and Super Premium portfolio grew double digits versus last year in expansion cities outside of regions impacted by COVID restrictions.

On the digitization front, we expanded our B2B wholesaler and customer engagement platform “BEES” to more than 55 cities in 1H22, connecting more than 30,000 monthly active users (MAUs).



India

In 1H22, our India business outperformed the industry and achieved solid revenue and EBITDA growth, as industry volumes recovered to above pre-pandemic levels. Our combined Premium and Super Premium portfolio doubled its volume, with an easy comparable from last year's COVID outbreak. The Budweiser brand also expanded its market share and remains our largest brand in India.

APAC EAST

Our performance in the APAC East region continued to improve as restrictions that had applied to on-premise channels were lifted. In 1H22, revenue rose 13.9% while volumes and revenue per hl increased by 7.1% and 6.4% respectively. Normalized EBITDA grew by 39.2%.

South Korea

Our strong financial performance was driven by our high-quality commercial capabilities. Our South Korea team won 3 awards including "Most Effective Marketer" at the '2022 Effie Awards Korea' for excellence in brand campaigns and marketing capability.

We continue to build our future growth with innovative products. In 1H22, we launched 'Cass White', our first wheat beer for the national brand Cass, and have received positive consumer feedback, including that this innovation creates a halo effect for the Cass mother brand.



REVIEW OF RESULTS OF OPERATIONS FOR THE SIX MONTHS ENDED 30 JUNE 2022 COMPARED TO THE SIX MONTHS ENDED 30 JUNE 2021

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

VOLUMES

Our total volumes decreased by 1.4% in the first half of 2022 (1H22). The decrease in volumes in 1H22 was primarily driven by the COVID restrictions from mid-March through May in China, partially offset by strong performances in South Korea and India.

REVENUE

Our revenue grew by 2.7% and revenue per hl grew by 4.2% in 1H22. The increase in revenue per hl in 1H22 was primarily driven by continued premiumization and revenue management initiatives, partially offset by channel and geographic mix impact caused by COVID restrictions in China.

COST OF SALES (COS)

CoS increased by 7.7% and CoS per hl deteriorated by 9.2% in 1H22, due to raw material and packaging cost escalations, operational deleverage in China, and partially offset by operational efficiency.

SELLING, GENERAL AND ADMINISTRATIVE EXPENSES (SG&A)

SG&A represent our distribution expenses, sales and marketing expenses and administrative expenses. The decrease in our SG&A in 1H22 was primarily driven by savings in commercial investments in China with ongoing cost initiatives.

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-underlying items (Normalized EBIT)

Our normalized EBIT increased by 1.6% in 1H22.

Profit from operations

Profit attributable to equity holders of the Company increased from 503 million US dollar in 1H21 to 625 million US dollar in 1H22, as a result of a higher EBIT and release of tax provision in India detailed in note 7 to the unaudited condensed consolidated interim financial statements.

NON-IFRS FINANCIAL MEASURES

Normalized EBITDA

Normalized EBITDA grew by 0.4%, while our normalized EBITDA margin declined by 74 bps to 33.0%, due to increased raw material cost and operational deleverage.

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-underlying items above EBIT (including non-underlying 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-underlying items

Non-underlying 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-underlying 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-underlying items and their overall impact on our profit from operations in 1H22 and 1H21.



Income tax expense

The Group held provisions to cover a potential exposure related to tax in India associated with asset transfers that were challenged by the Indian Tax authorities. During the 1H22, confirmation has been received that the matter has been resolved in favor of the Group and the provision of 54 million US dollar has been released.

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 1H22 and 1H21.

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 1,182 million US dollar as of 30 June 2022. 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 2022, the Group had undrawn committed facilities and undrawn uncommitted facilities of 500 million US dollar and 498 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 1,870 million US dollar and 2,007 million US dollar as at 30 June 2022 and 31 December 2021 respectively.

INDEBTEDNESS AND GEARING

As at 30 June 2022, 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 2022 US\$ million	31 December 2021 US\$ million
Unsecured bank loans and other loans	115	91
Lease liabilities	100	85
Cash pooling loans from AB InBev	30	27
Total indebtedness	245	203

CASH FLOWS

Cash flow from operating activities

Cash flow from operating activities in 1H22 decreased by 233 million US dollar to 627 million US dollar, resulting from decrease in cash generated from operation and 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 decreased by 185 million US dollar in 1H22. The decrease was primarily driven by less favorable working capital.

Cash flow used in investing activities

Cash flow used in investing activities was 238 million US dollar in 1H22 as compared to 370 million US dollar in 1H21. The decrease was mainly driven by the absence of payments in 1H22 for the acquisition of 65% of Blue Girl Beer (Guangzhou) Company Limited, when compared to 1H21.

Cash flow used in financing activities

Cash flow used in financing activities amounted to 396 million US dollar in 1H22 as compared to 366 million US dollar in

1H21. The 30 million US dollar increase was mainly driven by the increase in dividend paid to equity holders of our Company and increase in purchase of treasury shares.

Please refer to page 31 of the unaudited condensed consolidated interim financial statements of this interim report for our cash flows in 1H22 and 1H21.

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 2022, we did not have any material contingent liabilities.

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

	30 June 2022 US\$ million	31 December 2021 US\$ million
Indebtedness payable within:		
Less than one year	177	150
One to two years	25	25
Two to five years	38	24
Five or more years	5	4
Total indebtedness	245	203

We were not geared as of 30 June 2022 and 31 December 2021. 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 1H22.

PLEDGES OF ASSETS

As at 30 June 2022 and 31 December 2021, none of our assets were pledged to secure loans and banking facilities. 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 2022	30 June 2021
Cash net of debt to normalized EBITDA	1.5x	1.0x

Cash net of debt to normalized EBITDA increased from 1.0x in 1H21 to 1.5x in 1H22 as a result of increase in the cash net of debt from 1,151 million US dollar as at 30 June 2021 to 1,715 million US dollar as at 30 June 2022.

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 is primarily related to Euro and US dollar purchases. There were no changes to our risk management policies during 1H22, and no material changes to the financial risk information disclosed in our 2021 Annual Report. Please refer to the information set out in page 17 of our 2021 Annual Report.

ACQUISITIONS OR DISPOSALS, AND SIGNIFICANT INVESTMENTS

We did not undertake any material acquisitions or disposals or hold any significant investments during 1H22.

SUBSEQUENT EVENTS

There are no material subsequent events after the reporting period.

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:*



Mr. Michel Dimitrios Doukeris
Co-Chair and Non-Executive Director



Mr. Jan Eli B. Craps
Co-Chair, Executive Director and
Chief Executive Officer



**Ms. Katherine (Katie)
Barrett Beimdick**
Mr. John Blood as her alternate
Non-Executive Director



Mr. Nelson Jose Jamel
Mr. David Almeida as his alternate
Non-Executive Director



Mr. Martin Cubbon
Independent Non-Executive Director



Ms. Marjorie Mun Tak Yang
Independent Non-Executive Director



Ms. Katherine King-suen Tsang
Independent Non-Executive Director



CHANGES IN DIRECTORS' INFORMATION

No 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 26 to 53 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 25 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 2022 broken down by geographic locations:

	As of 30 June 2022
China	22,003
South Korea	1,947
India	1,384
Vietnam	308
Other	77
Total	25,719

Many of the Group's employees in South Korea, India and China are represented by employee 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 1H22, 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 Non-executive Directors do not receive any director's fee or any other emoluments from the Company for acting as a Non-executive Director.

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 advocates 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:

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

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 57,188,026 Shares, representing approximately 0.43% of the issued share capital of the Company as of 30 June 2022.

As of 30 June 2022, the total number of Shares available for grant under the LTI Plan was 1,210,309,612 Shares, representing approximately 9.14% of the total issued share capital of the Company as of 30 June 2022.

(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 2022	Options granted during 1H22	Options lapsed during 1H22	Options cancelled during 1H22	Options exercised during 1H22	Number of Shares underlying options outstanding as of 30 June 2022
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	6,272,874	-	-	269,951	-	6,002,923
	25 March 2020 ⁽²⁾	25 March 2025	21,308,871	-	-	-	-	21,308,871
	18 May 2020 ⁽³⁾	Between 18 May 2023 and 18 May 2025	16,627,908	-	-	2,041,574	-	14,586,334
Total of all grantees			59,499,551	-	-	2,311,525	-	57,188,026

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 269,951 options which were cancelled or forfeited, no other options were cancelled, forfeited or exercised during 1H22.
- (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. No options were cancelled, forfeited or exercised during 1H22.
- (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 2,041,574 options which were cancelled or forfeited, no other options were cancelled, forfeited or exercised during 1H22.

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 2022	RSUs granted during 1H22	RSUs lapsed during 1H22	RSUs cancelled during 1H22	RSUs vested during 1H22	Number of Shares underlying RSUs outstanding as of 30 June 2022
Directors							
Mr. Jan Craps	RSU Plan	7,276,221	84,049	–	–	–	7,360,270
	New RSU Plan	720,604	–	–	–	–	720,604
	SBC Plan	–	1,830,406	–	–	–	1,830,406
Mr. Martin Cubbon	New RSU Plan	128,441	–	–	–	–	128,441
Ms. Marjorie Yang	New RSU Plan	102,918	–	–	–	–	102,918
Ms. Katherine Tsang	New RSU Plan	102,918	–	–	–	–	102,918
Subtotal		8,331,102	1,914,455	–	–	–	10,245,557
Other eligible employees	RSU Plan	19,469,815	217,910	–	1,377,789	–	18,309,936
	New RSU Plan	14,723,301	–	–	1,121,302	–	13,601,999
	SBC Plan	279,287	10,629,007	–	39,757	–	10,868,537
	PB Plan	492,492	500,760	–	79,160	–	914,092
Total of all grantees		43,295,997	13,262,132	–	2,618,008	–	53,940,121

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 2022, 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 and Underlying Shares of the Company

Long Position in Shares and Underlying 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 and locked-up Shares	Total interests in shares	Approximate percentage of the issued share capital of the Company (%)
Mr. Jan Craps	Beneficial owner	Nil	25,575,898 ⁽¹⁾	25,575,898	0.19
Mr. Martin Cubbon	Beneficial owner	Nil	128,441 ⁽²⁾	128,441	0.00
Ms. Marjorie Yang	Beneficial owner	Nil	102,918 ⁽³⁾	102,918	0.00
Ms. Katherine Tsang	Beneficial owner	Nil	102,918 ⁽³⁾	102,918	0.00

Notes:

- (1) Shares that may be delivered upon the exercise of 15,289,898 options, the vesting of 9,911,280 RSUs and the release of 374,720 locked-up Shares.
- (2) Shares that may be delivered upon the vesting of 128,441 RSUs.
- (3) Shares that may be delivered upon the vesting of 102,918 RSUs.

(ii) Interest in shares and underlying shares of Associated Corporations

Long Position in shares and underlying 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	23,004	855,819 ⁽¹⁾	878,823	0.04

Note:

- (1) Shares that may be delivered upon the exercise of 747,233 options and the vesting of 108,586 RSUs of AB InBev.

Long Position in shares and underlying 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	577,364 ⁽¹⁾	859,552	0.01

Note:

(1) Shares that may be issued upon the exercise of 498,510 options and the vesting of 78,854 RSUs of Ambev.

The SFC has granted the Non-executive Directors 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 2022 held less than 1% of the issued shares in AB InBev and Ambev as of 30 June 2022 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 2022, none of the Directors or chief executive 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 2022, the following persons (other than the Directors and chief executive) 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

No.	Name of Shareholder	Capacity	Number of Shares held or interested in	Approximate percentage of the issued share capital of the Company (%)
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
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

No.	Name of Shareholder	Capacity	Number of Shares held or interested in	Approximate percentage of the issued share capital of the Company (%)
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 S.A. (" EPS ") ^{(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 2021 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 2022 34,670,040, 99,999 and 130,453,276 ordinary shares of AB InBev, representing respectively 1.75%, 0.01% and 6.58% 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 2022).

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 33.44% 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 2022).

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 50,000 ordinary shares of AB InBev as at 30 June 2022) (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 2022), 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, the 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 2021 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, Fonds Voorzitter Verhelst SRL and Rayvax, EPS, EPS Participations, BR-Global GP, Olia 2 AG, Santa Venerina, BRC and the Stichting controlled in aggregate 42.66% of the voting rights attached to AB InBev's outstanding shares on 30 June 2022 (excluding the treasury shares held by AB InBev and its subsidiaries on 30 June 2022) and are deemed to be interested in the Shares AB InBev is interested in.

- (3)** BRC is controlled indirectly by MM. Jorge Paulo Lemann, Carlos Alberto da Veiga Sicupira and Marcel Herrmann Telles and directly by S-BR Global and BR Global Investments SCS, that in their turn directly hold respectively a 47.87% interest and a 9.36% 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 da Veiga 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). 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. Besides, BR Global GP holds a 0.015% interest in AB InBev.

Furthermore, Jorge Paulo Lemann also indirectly holds a 1.35% interest in BRC through Santa Erika and a 0.013% interest in AB InBev through a chain of wholly owned subsidiaries (Olia 2 and Olia 2 AG); Carlos Alberto da Veiga Sicupira indirectly holds

a 0.49% interest in BRC through Santa Heloisa; Marcel Herrmann Telles indirectly holds a 8.54% interest in BRC and a 0.223% interest in AB InBev through a chain of wholly-owned subsidiaries (i.e. MTFD Holdings, CMT and Santa Venerina).

On the basis of the latest shareholding information received by AB InBev, the ultimate control of BRC is jointly exercised by Marcel Herrmann Telles, Carlos Alberto da Veiga Sicupira and Jorge Paulo Lemann. In spite of such disclosure, Marcel Herrmann Telles and Carlos Alberto da Veiga 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 1H22.

PURCHASE, SALES OR REDEMPTION OF LISTED SECURITIES

During 1H22, 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 1H22, save for code provision C.2.1. Code provision C.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 C.2.1 with Mr. Jan Craps' appointment as both Co-Chair of the Board, alongside 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 2021 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 1H22.

INTERIM DIVIDEND

The Board has resolved not to declare an interim dividend for 1H22.

REPORT ON REVIEW OF INTERIM FINANCIAL INFORMATION



羅兵咸永道

To the Board of Directors 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 26 to 53, 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 2022 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 notes, comprising significant accounting policies and other explanatory information. 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, 27 July 2022

UNAUDITED CONDENSED CONSOLIDATED INTERIM INCOME STATEMENT

For the six months ended 30 June 2022

	Notes	30 June 2022 US\$*million	30 June 2021 US\$*million
Revenue	4	3,453	3,477
Cost of sales		(1,701)	(1,599)
Gross profit		1,752	1,878
Distribution expenses		(266)	(255)
Sales and marketing expenses		(540)	(671)
Administrative expenses		(222)	(224)
Other operating income	5	67	67
Profit from operations before non-underlying items		791	795
Non-underlying items	6	(5)	(22)
Profit from operations		786	773
Finance cost		(12)	(32)
Finance income		20	18
Net finance cost		8	(14)
Share of results of associates		12	17
Profit before tax		806	776
Income tax expense	7	(166)	(258)
Profit for the period		640	518
Profit for the period attributable to:			
Equity holders of Bud APAC		625	503
Non-controlling interests		15	15
Earnings per share from profit attributable to the equity holders of Bud APAC			
Basic earnings per share (cent USD)	20	4.73	3.80
Diluted earnings per share (cent USD)	20	4.72	3.80

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 2022

	30 June 2022 US\$*million	30 June 2021 US\$*million
Profit for the period	640	518
Other comprehensive (loss)/income:		
<i>Items that may be reclassified subsequently to profit or loss:</i>		
Exchange differences on translation of foreign operations	(763)	(133)
(Loss)/gain on cash flow hedges	(26)	34
Other comprehensive loss, net of tax	(789)	(99)
Total comprehensive (loss)/income	(149)	419
Total comprehensive (loss)/income of the period attributable to:		
Equity holders of Bud APAC	(160)	403
Non-controlling interests	11	16

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 2022

	Notes	30 June 2022 US\$*million	31 December 2021 US\$*million
Assets			
Non-current assets			
Property, plant and equipment	8	3,320	3,632
Goodwill	9	6,606	7,104
Intangible assets	10	1,573	1,702
Land use rights		237	251
Investment in associates		449	452
Deferred tax assets		256	257
Trade and other receivables		45	56
Other non-current assets		10	10
Total non-current assets		12,496	13,464
Current assets			
Inventories		426	473
Trade and other receivables	11	713	560
Derivatives		26	33
Cash pooling deposits to AB InBev		90	43
Cash and cash equivalents	12	1,870	2,007
Other current assets		45	45
Total current assets		3,170	3,161
Total assets		15,666	16,625
Equity and liabilities			
Equity			
Issued capital	13	–	–
Share premium		43,591	43,591
Capital reserve		(36,213)	(36,213)
Other reserves	13	(927)	(160)
Retained earnings		4,028	3,795
Equity attributable to equity holders of Bud APAC		10,479	11,013
Non-controlling interests		81	70
Total equity		10,560	11,083

	Notes	30 June 2022 US\$*million	31 December 2021 US\$*million
Non-current liabilities			
Interest-bearing loans and borrowings	14	68	53
Deferred tax liabilities		435	474
Trade and other payables	16	20	26
Provisions		124	132
Income tax payable		43	100
Other non-current liabilities		64	66
Total non-current liabilities		754	851
Current liabilities			
Cash pooling loans from AB InBev		30	27
Interest-bearing loans and borrowings	14	147	123
Trade and other payables	16	2,660	2,764
Payables with AB InBev	16	108	74
Consigned packaging and contract liabilities	16	1,195	1,495
Derivatives		32	6
Provisions		22	26
Income tax payable		158	176
Total current liabilities		4,352	4,691
Total equity and liabilities		15,666	16,625

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 2022

US\$'million	Attributable to equity holders of Bud APAC						Non-controlling interests	Total equity
	Issued capital	Share premium	Capital reserve	Other reserve	Retained earnings (Note 1)	Total		
1 January 2022	-	43,591	(36,213)	(160)	3,795	11,013	70	11,083
Profit for the period	-	-	-	-	625	625	15	640
Other comprehensive (loss)/income								
Exchange differences on translation of foreign operations	-	-	-	(759)	-	(759)	(4)	(763)
Gain on cash flow hedges	-	-	-	(26)	-	(26)	-	(26)
Total comprehensive (loss)/income	-	-	-	(785)	625	(160)	11	(149)
Share-based payments	-	-	-	18	7	25	-	25
Dividends	-	-	-	-	(399)	(399)	-	(399)
30 June 2022	-	43,591	(36,213)	(927)	4,028	10,479	81	10,560
1 January 2021	-	43,591	(36,213)	103	3,204	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 (loss)/income	-	-	-	(100)	503	403	16	419
Share-based payments	-	-	-	16	10	26	-	26
Dividends	-	-	-	-	(374)	(374)	-	(374)
30 June 2021	-	43,591	(36,213)	19	3,343	10,740	74	10,814

(1) Included in retained earnings are legal statutory reserves in the People's Republic of China ("PRC") of 258 million US dollar as of 30 June 2022 and 209 million US dollar as of 30 June 2021. 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 2022

	Notes	30 June 2022 US\$*million	30 June 2021 US\$*million
Operating activities			
Cash generated from operations		834	1,019
Interest paid		(6)	(6)
Interest received		21	16
Dividends received		12	12
Income tax paid		(234)	(181)
Net cash flow from operating activities		627	860
Investing activities			
Acquisition of property, plant and equipment and intangible assets		(213)	(266)
Proceeds from sale of property, plant and equipment and intangible assets		33	7
Acquisition of subsidiaries		–	(115)
Acquisition of other investments		(12)	(3)
(Placement of)/proceeds from cash pooling deposits to AB InBev		(46)	7
Cash flow used in investing activities		(238)	(370)
Financing activities			
Dividends paid to equity holders of Bud APAC	13	(399)	(374)
Proceeds from cash pooling loans from AB InBev		3	–
Proceeds from borrowings		29	36
Repayments of borrowings		–	(2)
Payments on purchase of treasury shares		(9)	–
Payments of lease liabilities		(19)	(19)
Cash net finance cost other than interest		(1)	(7)
Cash flow used in financing activities		(396)	(366)
Net (decrease)/increase in cash and cash equivalents			
		(7)	124
Cash and cash equivalents less bank overdrafts at beginning of period		2,007	1,264
Effect of exchange rate fluctuations		(130)	17
Cash and cash equivalents less bank overdrafts at end of period	12	1,870	1,405

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 2022 have been prepared in accordance with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, including compliance 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 2021 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 2021. There have been no changes in the risk management policies during the six months ended 30 June 2022.

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 1,182 million US dollar as of 30 June 2022, 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 627 million US dollar for the six months ended 30 June 2022.

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 2022, the Group had undrawn committed facilities and undrawn uncommitted facilities of 500 million US dollar and 498 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 2022 US\$'million	31 December 2021 US\$'million
Cash and cash equivalents	1,870	2,007
Cash pooling deposits to AB InBev	90	43
Non-current interest-bearing loans and borrowings	(68)	(53)
Current interest-bearing loans and borrowings	(147)	(123)
Interest-bearing loans and borrowings	(215)	(176)
Cash pooling loans from AB InBev	(30)	(27)
Cash net of debt	1,715	1,847

The Group is not geared as of 30 June 2022 and 31 December 2021. The ratio of cash net of debt to total consolidated equity was as follows:

	30 June 2022 US\$'million	31 December 2021 US\$'million
Cash net of debt	(1,715)	(1,847)
Total equity	10,560	11,083
Total capital	8,845	9,236
Gearing ratio	-19.4%	-20.0%

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 Beer (Guangzhou) Company Limited which was completed 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 2022 US\$*million	31 December 2021 US\$*million
Financial assets		
Level 1	12	11
Level 2	14	21
Level 3	43	32
	69	64
Financial liabilities		
Level 2	(32)	(6)
Level 3	(35)	(33)
	(67)	(39)

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.

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

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 42% of the Group’s total assets as of 30 June 2022 and 43% as of 31 December 2021 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.

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.

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

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 2022 (2021: nil).

Share-based payment transactions resulted in a total expense of 25 million US dollar and 26 million US dollar for the six months ended 30 June 2022 and 2021 respectively. Refer to Note 15 Share-based payments for further information on accounting estimates and assumptions applied.

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 2022 and 2021

	East		Asia Pacific West		Total	
	2022	2021	2022	2021	2022	2021
Volumes	5,494	5,129	39,732	40,752	45,226	45,881
Revenue ⁽¹⁾	619	596	2,834	2,881	3,453	3,477
Normalized EBITDA	182	143	957	1,012	1,139	1,155
Normalized EBITDA margin %	29.4%	24.0%	33.8%	35.1%	33.0%	33.2%
Depreciation, amortization and impairment					(348)	(360)
Normalized profit from operations (Normalized EBIT)					791	795
Non-underlying items (Note 6)					(5)	(22)
Profit from operations (EBIT)					786	773
Net finance income/(cost)					8	(14)
Share of results of associates					12	17
Income tax expense					(166)	(258)
Profit for the period					640	518
Segment assets (non-current)	4,871	5,622	7,625	8,024	12,496	13,646
Gross capex	11	51	202	215	213	266

(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-underlying items above EBIT (including non-underlying 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.

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

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

	30 June 2022 US\$'million	30 June 2021 US\$'million
Profit attributable to equity holders of Bud APAC	625	503
Non-controlling interests	15	15
Profit for the period	640	518
Income tax expense	166	258
Share of results of associates	(12)	(17)
Net finance (income)/cost	(8)	14
Non-underlying items above EBIT	5	22
Normalized EBIT	791	795
Depreciation and amortization	348	360
Normalized EBITDA	1,139	1,155

5. OTHER OPERATING INCOME

	30 June 2022 US\$'million	30 June 2021 US\$'million
Grants and incentives	29	38
Net gain on disposal of property, plant and equipment and intangible assets	33	14
Other operating income	5	15
Other operating income	67	67

6. NON-UNDERLYING ITEMS

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

	30 June 2022 US\$'million	30 June 2021 US\$'million
Restructuring	(5)	(22)
Impact on profit from operations	(5)	(22)
Tax impact on non-underlying items	1	5
Non-underlying income tax credit	54	–
Net impact on profit	50	(17)

Following a report on European Union (EU) issuers' use of Alternative Performance Measures (i.e. non-IFRS measures, or "APMs"), issued by the European Securities and Markets Authority (ESMA) in December 2019, Anheuser-Busch InBev SA/NV, the parent company of Bud APAC, relabeled effective with the results announcement of the first quarter of 2021 in its disclosures "non-recurring" items to "non-underlying" items. Bud APAC considers that by aligning the disclosures it enables the users of the information better comparability within the ABI Group of companies. Therefore, Bud APAC has relabeled effective with the results announcement of the third quarter of 2021 in its disclosures "non-recurring" items to "non-underlying" items. The scope of "non-underlying" items and of "non-recurring" items, in each case as applied by Bud APAC, are the same.

The non-underlying 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 a 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-underlying income tax.

7. INCOME TAX EXPENSE

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

	30 June 2022 US\$*million	30 June 2021 US\$*million
Current year	(224)	(274)
Overprovided in prior years	41	21
Current tax expense	(183)	(253)
Deferred tax expense	17	(5)
Total income tax expense	(166)	(258)
Effective tax rate	20.9%	34.0%
Normalized effective tax rate⁽¹⁾	27.7%	33.7%

The Group held provisions to cover a potential exposure related to tax in India associated with asset transfers that were challenged by the Indian Tax authorities. During the six months ended 30 June 2022, confirmation has been received that the matter has been resolved in favor of the Group and the provision of 54 million US dollar has been released and the reversal has been disclosed as non-underlying income tax in Note 6.

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-underlying items and non-underlying income tax credit.

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

8. PROPERTY, PLANT AND EQUIPMENT

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

	30 June 2022 US\$'million	31 December 2021 US\$'million
Property, plant and equipment owned	3,222	3,549
Property, plant and equipment leased (right-of-use assets)	98	83
Total property, plant and equipment	3,320	3,632

Acquisitions to property, plant and equipment were 195 million US dollar and 256 million US dollar for the six months ended 30 June 2022 and 2021 respectively. In addition, the Group disposed plant and equipment, fixtures and fittings during the six months ended 30 June 2022 and 2021 with an aggregate carrying amount of 25 million US dollar and 22 million US dollar respectively.

Additions to right-of-use assets were 39 million US dollar and 31 million US dollar for the six months ended 30 June 2022 and 2021 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 2022 US\$'million	31 December 2021 US\$'million
Balance at end of previous year	7,104	7,350
Effect of movements in foreign exchange	(498)	(246)
Balance at end of the period/year	6,606	7,104

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

Cash-generating unit	30 June 2022 US\$'million	31 December 2021 US\$'million
South Korea	3,385	3,706
China	3,210	3,387
Other countries	11	11
Total carrying amount of goodwill	6,606	7,104

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;

- 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 2022 and recalculated the recoverable amount for the cash generating units where impairment indicators were noted, concluding that no impairment charge was required. The results of the impairment tests indicate that the excess of the recoverable amounts over the carrying amounts for the largest cash generating units, China and Korea, was not less than 39%. The Group cannot predict whether an event that triggers impairment will occur, when it will occur or how it will affect the value of the asset reported.

The Group believes that all 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. The pre-tax local currency WACC used in the impairment models which were updated at 30 June 2022 was between 6.2% and 10.7% (31 December 2021: 4.7% and 10.1%) and the terminal growth rate used was between 2.0% and 2.9% (31 December 2021: 2.4% and 2.9%).

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 18 million US dollar and 11 million US dollar for the six months ended 30 June 2022 and 2021 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.

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

11. TRADE AND OTHER RECEIVABLES

Current trade and other receivables

	30 June 2022 US\$*million	31 December 2021 US\$*million
Trade receivables and accrued income	560	400
Trade receivables with AB InBev	9	12
Indirect tax receivable	79	97
Prepaid expenses	61	48
Other receivables	4	3
Current trade and other receivables	713	560

Trade receivables and trade receivables with AB InBev are due on average less than 90 days from the date of invoicing. Impairment losses on trade receivables of 3 million US dollar and 6 million US dollar were recognized for the six months ended 30 June 2022 and 2021 respectively.

As of 30 June 2022 and 31 December 2021, the aging analysis of current trade receivables and trade receivables with AB InBev, based on due date, is as follows:

	30 June 2022 US\$*million	31 December 2021 US\$*million
Not past due	538	392
Past due as of reporting date:		
Less than 30 days	23	12
Between 30 and 59 days	2	2
Between 60 and 89 days	–	1
More than 90 days	6	5
Net carrying amount of trade receivables and trade receivables with AB InBev	569	412

12. CASH AND CASH EQUIVALENTS

	30 June 2022 US\$*million	31 December 2021 US\$*million
Short-term bank deposits	330	699
Cash and bank accounts	1,540	1,308
Cash and cash equivalents	1,870	2,007

The Group does not have restricted cash.

13. CHANGES IN EQUITY

Issued capital

	Fully Paid Issued Capital	
	Million Shares	US\$ thousand
At 30 June 2022 and 31 December 2021⁽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 23,484,359 shares in trust, reserved for the future vesting of Share Award Schemes, as at 30 June 2022 and 22,845,771 shares as at 31 December 2021. 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 2022 and 31 December 2021, the total authorized share capital of Bud APAC is 180,000 US dollar of which the total un-issued capital is 47,566 US dollar.

Dividends

On 6 May 2022, a final dividend of US dollar 3.02 cents per share (equivalent to HK dollar 23.68 cents per share) was approved by the shareholders at the annual general meeting of the Company. This final dividend was paid out on 22 June 2022. The total dividend payment for the 2021 fiscal year of 399 million US dollar was recognized during the six months ended 30 June 2022 in the unaudited condensed consolidated financial statements.

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 interim financial statements.

No dividends were declared or proposed during the six months ended 30 June 2022.

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

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 2022			30 June 2021	
	Translation reserves US\$'million	Share-based payment reserves US\$'million	Other US\$'million	Total US\$'million	Total US\$'million
Balance as of 1 January	(237)	53	24	(160)	103
Other comprehensive (loss)/income					
Exchange differences on translation of foreign operations	(759)	–	–	(759)	(134)
(Loss)/gain on cash flow hedges	–	–	(26)	(26)	34
Other comprehensive loss	(759)	–	(26)	(785)	(100)
Share-based payments	–	18	–	18	16
Balance as of 30 June	(996)	71	(2)	(927)	19

14. INTEREST-BEARING LOANS AND BORROWINGS

	30 June 2022 US\$'million	31 December 2021 US\$'million
Non-Current Liabilities		
Lease liabilities	68	53
Non-current interest-bearing loans and borrowings	68	53

	30 June 2022 US\$'million	31 December 2021 US\$'million
Current Liabilities		
Unsecured bank loans and other loans	115	91
Lease liabilities	32	32
Current interest-bearing loans and borrowings	147	123

The current and non-current interest-bearing loans and borrowings amounted to 215 million US dollar as of 30 June 2022 and 176 million US dollar as of 31 December 2021.

The Group was in compliance with all its debt covenants as of 30 June 2022 and 31 December 2021.

During the six months ended 30 June 2022, the Group received proceeds from borrowings amounting to 29 million US dollar and 36 million US dollar and repaid borrowings of nil and 2 million US dollar during the six months ended 30 June 2022 and 2021 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 2021 annual report.

During the six months ended 30 June 2022, the Company issued 12.5 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 39 million US dollar which cliff vest after five years (30 June 2021: 0.1 million of matching RSUs with a fair value of less than 1 million US dollar). The Company also granted 0.5 million RSUs with an estimated fair value of 2 million US dollar under the People Bet Plan (30 June 2021: nil). There were no grants under the remaining schemes for the period ended 30 June 2022 (30 June 2021: 0.6 million RSUs with a fair value of 2 million US dollar under the New RSUs Plan).

RSUs entitle their holders 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. During the six months ended 30 June 2022, the Company issued 0.3 million dividend equivalent RSUs (30 June 2021: 0.3 million dividend equivalent RSUs).

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 25 million US dollar and 26 million US dollar for the six months ended 30 June 2022 and 2021 respectively.

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

The total number of outstanding options is as follows:

	30 June 2022	30 June 2021
Number of options		
Options outstanding at 1 January	59,499,551	77,857,444
Options forfeited during the period	(2,311,525)	(10,274,588)
Options outstanding at 30 June	57,188,026	67,582,856

The weighted average remaining contractual life of the outstanding options is 7.74 years (30 June 2021: 8.74 years).

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

	30 June 2022 HK\$	30 June 2021 HK\$
Options outstanding at 1 January	22.94	22.82
Options issued during the year	–	–
Options forfeited during the year	23.80	22.70
Options outstanding at 30 June	22.91	22.84
Exercisable at 30 June	–	–

None of the options had vested as at 30 June 2022 and 30 June 2021.

The total number of outstanding RSUs developed as follows:

	30 June 2022	30 June 2021
Number of RSUs		
RSUs outstanding at 1 January	43,295,997	40,418,409
RSUs issued during the period	13,262,132	944,521
RSUs forfeited during the period	(2,618,008)	(4,801,159)
RSUs outstanding at 30 June	53,940,121	36,561,771

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

Non-current trade and other payables

	30 June 2022 US\$*million	31 December 2021 US\$*million
Contingent consideration on acquisitions	20	26
Non-current trade and other payables	20	26

Current trade and other payables

	30 June 2022 US\$*million	31 December 2021 US\$*million
Trade payables and accrued expenses	1,988	2,082
Payroll and social security payables	95	122
Indirect taxes payable	420	367
Contingent consideration on acquisitions	14	7
Other payables	143	186
Current trade and other payables	2,660	2,764

Current payables with AB InBev

	30 June 2022 US\$*million	31 December 2021 US\$*million
Payables with AB InBev	108	74

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 2022 and 31 December 2021 trade payables and payables to AB InBev were 2,096 million US dollar and 2,156 million US dollar respectively.

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

As of 30 June 2022 and 31 December 2021, the aging analysis of current trade payables and payables with AB InBev, based on due date, is as follows:

	30 June 2022 US\$*million	31 December 2021 US\$*million
Not past due	1,975	2,027
Past due as of reporting date:		
Less than 30 days	20	67
Between 30 and 89 days	25	21
More than 90 days	76	41
Net carrying amount of trade payables and payables with AB InBev	2,096	2,156

The contingent consideration mainly relates to the acquisition of 65% of Blue Girl Beer (Guangzhou) Company Limited in 2019. As at 30 June 2022, the balance was 34 million US dollar and as at 31 December 2021, the balance was 33 million US dollar.

Consigned packaging and contract liabilities

	30 June 2022 US\$*million	31 December 2021 US\$*million
Consigned packaging	408	377
Contract liabilities	787	1,118
Consigned packaging and contract liabilities	1,195	1,495

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 2021 or has been recognized as revenue during the six months ended 30 June 2022.

17. COLLATERAL AND CONTRACTUAL COMMITMENTS

	30 June 2022 US\$ million	31 December 2021 US\$ million
Collateral given for own liabilities	119	131
Contractual commitments to purchase property, plant and equipment and intangible assets	99	63
	218	194

The collateral given for own liabilities of 119 million US dollar as at 30 June 2022 and 131 million US dollar as at 31 December 2021 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 99 million US dollar as at 30 June 2022 and 63 million US dollar as at 31 December 2021.

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 2022 US\$ million	30 June 2021 US\$ million
Purchases of finished goods from AB InBev	22	39
Service fees, procurement fees and royalties	77	71
Other transactions with AB InBev	4	(4)
Derivative hedge loss from AB InBev	29	-

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 2022 US\$'million	31 December 2021 US\$'million
Trade receivables with AB InBev	9	12
Cash pooling deposits to AB InBev	90	43
Derivative financial assets	14	33
Payables with AB InBev	(108)	(74)
Cash pooling loans from AB InBev	(30)	(27)
Derivative financial liabilities	(32)	(6)

Transactions with associates

The Group did not have transactions with associates during the six months ended 30 June 2022 and 2021, except for the dividend of 12 million US dollar and 12 million US dollar from an associate to the Group during the six months ended 30 June 2022 and 2021 respectively.

19. SUBSEQUENT EVENTS

There are no material subsequent events after the reporting period.

20. EARNINGS PER SHARE

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

	30 June 2022	30 June 2021
Profit attributable to equity holders of Bud APAC (Million US Dollar)	625	503
Weighted average number of ordinary shares in issue	13,222,389,042	13,220,525,676
Basic earnings per share (cent USD)	4.73	3.80

	30 June 2022	30 June 2021
Profit attributable to equity holders of Bud APAC (Million US Dollar)	625	503
Weighted average number of ordinary shares in issue	13,222,389,042	13,220,525,676
Effect of share options and RSUs	15,272,594	10,945,528
Weighted average number of ordinary shares (diluted)	13,237,661,636	13,231,471,204
Diluted earnings per share (cent USD)	4.72	3.80

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

	30 June 2022	30 June 2021
Normalized profit attributable to equity holders of Bud APAC (Million US Dollar)	575	520
Weighted average number of ordinary shares in issue	13,222,389,042	13,220,525,676
Normalized basic earnings per share (cent USD)	4.35	3.93

	30 June 2022	30 June 2021
Normalized profit attributable to equity holders of Bud APAC (Million US Dollar)	575	520
Weighted average number of ordinary shares in issue	13,222,389,042	13,220,525,676
Effect of share options and RSUs	15,272,594	10,945,528
Weighted average number of ordinary shares (diluted)	13,237,661,636	13,231,471,204
Normalized diluted earnings per share (cent USD)	4.34	3.93

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 2022	30 June 2021
Basic earnings per share (cent USD)	4.73	3.80
Non-underlying items, before tax	0.04	0.17
Non-underlying taxes	(0.42)	(0.04)
Normalized basic earnings per share (cent USD)	4.35	3.93

	30 June 2022	30 June 2021
Diluted earnings per share (cent USD)	4.72	3.80
Non-underlying items, before tax	0.04	0.17
Non-underlying taxes	(0.42)	(0.04)
Normalized diluted earnings per share (cent USD)	4.34	3.93

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

Marjorie Mun Tak Yang

Katherine King-suen Tsang

Audit Committee

Martin Cubbon (*Chair*)

Katherine King-suen Tsang

Nelson Jamel

Nomination Committee

Michel Doukeris (*Chair*)

Marjorie Mun Tak Yang

Martin Cubbon

Remuneration Committee

Marjorie Mun Tak Yang (*Chair*)

Katherine King-suen Tsang

Michel Doukeris

Authorized Representatives

Bryan Warner

Chan Wai Ling

Joint Company Secretaries

Bryan Warner

Chan Wai Ling (FCG, HKFCG)

Registered Office

Cricket Square, Hutchins Drive

P.O. Box 2681

Grand Cayman, KY1-1111

Cayman Islands

Principal Place of Business in Hong Kong

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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

“1H21”	the six months ended 30 June 2021
“1H22”	the six months ended 30 June 2022
“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 6 May 2022
“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
“EUR” or “EURO”	euros, the lawful currency of the European Union
“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
“Model Code”	Model Code for Securities Transactions by Directors of Listed Issuers contained in Appendix 10 to the Listing Rules, 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
“Shares”	Ordinary shares in the share capital of the Company with a nominal value of USD0.00001 each
“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
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BUDWEISER BREWING COMPANY APAC LIMITED
百威亞太控股有限公司

