INTERIM REPORT 2020

BUDWEISER BREWING COMPANY APAC LIMITED
百 威 亞 太 控 股 有 限 公 司

Stock Code: 1876

About Budweiser Brewing Company APAC Limited

Budweiser Brewing Company APAC Limited is the largest beer company in Asia Pacific, and the leader in the premium and super premium beer segments. The Company brews, imports, markets, distributes and sells a portfolio of more than 50 beer brands, including Budweiser®, Stella Artois®, Corona®, Hoegaarden®, Cass® and Harbin®. Its principal markets are China, South Korea, India and Vietnam.

The Company is listed on the Main Board of the Stock Exchange under the stock code "1876". Budweiser APAC is a subsidiary of AB InBev, which has over 600 years of brewing history.

Budweiser APAC is incorporated under the laws of the Cayman Islands with limited liability.

Visit our website at: http://www.budweiserapac.com

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

Except where otherwise stated, the commentary from revenue to profit from operations before non-recurring items in "*Business Review*" and "*Review of Results of Operations for the 1H20, including commentary on 2Q20*" below is based on organic growth figures, 1H20 results to 1H19 results and 2Q20 results to 2Q19 results. The percentage change reflects the improvement (or worsening) of results for the period compared to the prior period.

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

1H20 Consolidated Performance (million USD)

	1H20	1H19	Organic growth
Total volumes (thousand hls)	**38 733**	**50 229**	**-22.2%**
Revenue	**2 575**	**3 522**	**-23.5%**
Gross profit	**1 327**	**1 889**	**-26.9%**
Gross margin	51.5%	53.6%	-241 bps
Normalized EBITDA	**694**	**1 218**	**-40.6%**
Normalized EBITDA margin	27.0%	34.6%	-785 bps
Normalized EBIT	**383**	**875**	**-53.7%**
Normalized EBIT margin	14.9%	24.8%	-1002 bps
Profit attributable to equity holders of Budweiser APAC	185	606	
Normalized profit attributable to equity holders of Budweiser APAC	**222**	**651**	
EPS (cent USD)	1.40	5.25	
Adjusted EPS (cent USD)	**1.68**	**4.92**	

2Q20 Consolidated Performance (million USD)

	2Q20	2Q19	Organic growth
Total volumes (thousand hls)	**25,961**	**28,113**	**-6.1%**
Revenue	**1,619**	**1,916**	**-10.2%**
Gross profit	**904**	**1,059**	**-10.2%**
Gross margin	55.8%	55.3%	0 bps
Normalized EBITDA	**523**	**660**	**-17.2%**
Normalized EBITDA margin	32.3%	34.4%	-276 bps
Normalized EBIT	**369**	**503**	**-23.0%**
Normalized EBIT margin	22.8%	26.3%	-383 bps
Profit attributable to equity holders of Budweiser APAC	226	366	
Normalized profit attributable to equity holders of Budweiser APAC	**228**	**392**	

1H20 and 2Q20 Unaudited Calculation of Organic Growth Figures[1]

Budweiser APAC	1H19	Scope	Currency Translation	Organic Growth	1H20	Organic Growth
Total volumes (thousand hls)	50,229	(445)	–	(11,051)	38,733	-22.2%
Revenue	**3,522**	**(16)**	**(106)**	**(825)**	**2,575**	**-23.5%**
Cost of sales	(1,633)	24	47	314	(1,248)	19.5%
Gross profit	**1,889**	**8**	**(59)**	**(511)**	**1,327**	**-26.9%**
Normalized EBIT	875	11	(25)	(478)	383	-53.7%
Normalized EBITDA	**1,218**	**13**	**(36)**	**(501)**	**694**	**-40.6%**
Normalized EBITDA margin	34.6%				27.0%	-785 bps

Budweiser APAC	2Q19	Scope	Currency Translation	Organic Growth	2Q20	Organic Growth
Total volumes (thousand hls)	28,113	(461)	–	(1,691)	25,961	-6.1%
Revenue	**1,916**	**(31)**	**(73)**	**(193)**	**1,619**	**-10.2%**
Cost of sales	(857)	26	31	85	(715)	10.2%
Gross profit	**1,059**	**(5)**	**(42)**	**(108)**	**904**	**-10.2%**
Normalized EBIT	503	4	(21)	(117)	369	-23.0%
Normalized EBITDA	**660**	**5**	**(27)**	**(115)**	**523**	**-17.2%**
Normalized EBITDA margin	34.4%				32.3%	-276bps

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 Discussion and Analysis

Management Comments

Although our business was affected by the COVID-19 pandemic during 1H20, it improved significantly in 2Q20, especially in China. After the announced 17% volume decline in April, our volumes in China grew by mid-single digits in both May and June, with the highest monthly volume in our China history being achieved in June 2020. While it remains difficult to predict how the COVID-19 pandemic may evolve, we are excited by the ongoing momentum of our business recovery in the region.

Committed to our people

Our business continuity and recovery could not have been achieved without the dedication and resilience of our colleagues. Even though restrictions have been eased in many markets where we operate, the health and safety of our colleagues remain our top priority. We continue to implement protective measures to provide a safe working environment.

Engaging with our customers and consumers

Our customer network has also been resilient throughout this crisis. Our key customers, especially those in China and South Korea, have resumed their business operations and have been working with us to elevate the passion for beer this summer.

We have effectively re-allocated resources to the most relevant channels according to market conditions and consumer insights. Our brands leveraged digital platforms and relevant trade programs to engage with consumers and address new consumer trends. For example, during the 618 e-commerce shopping festival[2] in China, Budweiser continued to be the #1 beer brand, with Corona, Hoegaarden and Harbin also among the top 10, on both the Tmall and JD.com platforms. Our leadership in the China e-commerce channel grew to more than twice the market share of the next brewer in 2Q20, according to Nielsen. In the in-home channel, we continued to grow our market share year-on-year in both China and South Korea, according to Nielsen. We look forward to connecting with consumers even further through our captivating summer campaigns.

Upholding our financial and operational discipline

We maintained our strong balance sheet as a result of ongoing financial discipline and proactive liquidity management actions. As of 30 June 2020, our available cash and cash equivalents was approximately 1.3 billion US dollar. In addition, we have access to various internal and external funding sources to support our operations as needed.

We have not experienced any material disruption of our supply chain, although we have adjusted production levels according to market demand. Leveraging our scale and best practices, we have secured raw materials and implemented additional cost initiatives to alleviate the impact from the COVID-19 pandemic, especially in 2Q20. Our robust financial position and operational capabilities provide us with a strong foundation for shorter-term stability, and more importantly, longer-term prosperity.

Building a sustainable future with our communities

As we fight against the COVID-19 pandemic, we strive to be part of the solution for our communities. In China, we provided medical supplies to frontline workers as well as monetary support and clean drinking water to communities in need. In South Korea, we made monetary and other donations including masks and hand sanitizers to the Daegu branch of the Korean Red Cross. In India, we leveraged Budweiser x Home and #ONETEAM campaigns to raise funds to support individuals severely impacted by the COVID-19 pandemic, while also providing medical supplies to healthcare workers. In Vietnam, we launched Beck's Ice "My Home, My Stage" virtual rap contest campaign to amplify positive messages during the COVID-19 pandemic, in addition to donating purified water to people in quarantine.

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2 One of the largest e-commerce shopping festivals in China that lasted from 1 June 2020 through 20 June 2020. Ranking measured by gross merchandise value (GMV) as disclosed by Tmall and JD.com.

Meanwhile, our 2025 Sustainability goals remain an important priority. We continued to make significant progress in these initiatives amid the COVID-19 pandemic:

- ***Climate Action:*** We are committed to reducing our carbon emissions by 25% and securing 100% of our purchased electricity from renewable sources by 2025. A recent example of this journey is our Ziyang brewery in China, our first brewery in China to use 100% renewable electricity and the first in the Chinese beer industry. We also installed a second-life battery energy storage system for the first time in our breweries in Suqian and Foshan, China. This energy storage system was developed through one of our previous "100+ Sustainability Accelerator" projects with Yushuo Energy that extends the useful life of electric-vehicle batteries by at least five years. In addition, the electricity generated by the ongoing onsite installations and the recently signed virtual power purchased agreement (VPPA) is expected to enable us to brew more than half of our annual Budweiser volumes in China through renewable energy in 2020. With a combination of different initiatives, we reduced our total purchased energy by 4% per hl of our volumes produced in 1H20.

- ***Water Stewardship:*** Our goal is to measurably improve water availability and quality for our communities in high stress areas. To achieve this, in India, we are establishing watershed replenishment structures, ranging from on-farm ponds to check dams, and promoting conservation and management of water and soil for smart, sustainable agriculture. In addition, we are also working with Jaldhaara Foundation and WaterHealth India, to install WaterHealth Centers (WHCs) in under-served areas to provide drinking water. Over the past 1.5 years since its establishment, this project has provided approximately 7.2 million liters of safe and purified drinking water to over 100,000 citizens in the Bangalore municipality. In addition, we reduced our net water usage in our breweries by 3% per hl of our volumes produced in 1H20.

- ***Circular Packaging:*** By 2025, we aim to ensure 100% of our product is in packaging that is returnable or made largely from recycled content. To achieve this goal, we continuously explore new solutions with our suppliers to increase our recycled content of glass, cans and PET, while advocating for returnable solutions. For example, in South Korea, we modified the shrink wrap for our products, which is expected to save nearly 100 tons of plastic annually.

- ***Smart Agriculture:*** We continued to support local farmers and their communities. For example, we collaborated with scientists and researchers from the Indian Institute of Wheat & Barley Research (IIWBR) to train local farmers. From harvest to delivery of the barley, we stayed connected with the farmers even during the lockdown in India and advised them on when best to harvest and how to best store their barley when delivery logistics were delayed. The agility and resilience of our SmartBarley team enabled us to purchase over 4,000 tons of high-quality malting barley from these farmers, over-delivering on our target amid a challenging lockdown.

- ***100+ Accelerator:*** In the 2020 cohort, we have selected two start-ups to pilot within Budweiser APAC: (1) Ecopackers, who develops eco-resins with our suppliers and with whom we work on shrink alternatives in China and keg caps in India, and (2) Shianco, who uses by-products from our beer to make furniture for our offices and breweries in China.

With sustainability at the heart of our business, we remain dedicated to advancing the United Nations Sustainable Development Goals, to help our communities and environment thrive for the next 100 years and beyond.

Management Discussion and Analysis

Business Review

APAC WEST

In 1H20, our revenue in the APAC West region declined by 25.5%, resulting in a 27.4% decline on a reported basis after including currency impacts and scope changes, driven by a volume decline of 23.2% and a revenue per hl decline of 3.1%. In 2Q20, revenue declined by 10.2% driven by a volume decline of 5.8% and a revenue per hl decline of 4.7%. Normalized EBITDA declined by 43.3% in 1H20 and 16.5% in 2Q20.

China

In 1H20, our revenue in China declined by 23.3% driven by a volume decline of 20.5% and a revenue per hl decline of 3.5%. In 2Q20, revenue declined by 4.6% primarily driven by a revenue per hl decline of 4.3%. Our volumes improved significantly month-over-month during 2Q20, from a 17% decline in April to mid-single digit growth in May and June, almost fully recovering to the same level as 2Q19 with a slight decline of 0.3%, despite a challenging comparable last year. In June 2020, we delivered the highest monthly volumes in our history in China, while still maintaining a healthy level of inventories in the trade.

During 2Q20, business recovery at the point-of-connection (POC) level continued its strong momentum. We estimate that almost all of POCs in the in-home channel, over 90% in the restaurant channel and over 80% in the nightlife channel had re-opened by the end of June 2020. The e-commerce channel continued to accelerate its growth. As a result of this channel mix shift, our total market share in 1H20 was negatively impacted.

We re-allocated our resources to the channels most relevant to our consumers during the COVID-19 pandemic and delivered positive results. According to Nielsen, we grew market share in the in-home channel in 1H20 and 2Q20. We also grew volume in this channel by high single digits in 2Q20, primarily driven by the strong performance in key accounts and e-commerce. In addition, our leadership in the e-commerce channel grew to more than twice the market share of the next brewer, according to Nielsen. During the 618 e-commerce shopping festival, Budweiser was the #1 beer brand, with Corona, Hoegaarden and Harbin also among the top 10, on both Tmall and JD.com platforms. In particular, Budweiser Pulse, an amber lager brewed from roasted crystal malt, was the best-selling stock keeping unit (SKU) in the beer category on Tmall where it was exclusively available.

Our revenue per hl in 2Q20 was negatively impacted by the slower recovery of the nightlife channel, where our Premium brand Budweiser has a strong leadership position, in addition to a challenging comparable last year. This was also due to the strong performance of our local brands in the Core/Value segment (e.g., Double Deer, BBOSS) in the quarter. Nonetheless, our Super Premium portfolio continued its momentum and grew volumes in 2Q20. It gained market share in the in-home channel once again in 2Q20, according to Nielsen. We believe that the long-term premiumization trend in China remains intact, given the continued healthy performance of the Super Premium segment[3], strong indications of economic recovery and encouraging stimulus policies.

Normalized EBITDA declined by 37.2% in 1H20 and 10.1% in 2Q20. Although our normalized EBITDA margin was adversely impacted by the COVID-19 outbreak in 1Q20, it has since improved substantially in 2Q20 to a comparable level as that of full year 2019, driven by strong volume recovery and effective cost initiatives.

3 In 2Q20, the Super Premium segment outperformed all other segments in the in-home channel, according to Nielsen.

Since late May, we have launched exciting new products across different price segments and styles. In Guangdong, we have launched Bud Light, one of the top three most valuable brands globally according to BrandZ, with a differentiated and complementary positioning to Budweiser to further grow our leading position in the Premium segment. In the Core+ segment, we have launched Beck's, a world-renowned German beer with 100% pure malt, unlocking a unique and classic experience for Chinese consumers. In flavored beer, we have expanded Sedrin Lychee beer nationwide, infusing our regional champion brand with a popular summer fruit. We are excited by the early results of these innovations, which are valuable additions to our strong summer plans.

In the long run, we believe that our proven track record of consistently building successful brands that are loved by consumers, and exceptional route to market capabilities supported by our business partners, position us well to continue expanding our business in China.

India

In India, a national lockdown in response to the COVID-19 pandemic was implemented from 24 March through early May 2020. Although we observed an easing of restrictions initially in mid-May, many states reinstated complete or partial lockdown measures recently. In addition, several states imposed additional excise taxes, further impacting consumer demand.

As a result of these challenges, our volumes were significantly impacted in 2Q20. Although we have obtained permits to resume operations at our active breweries, we have adjusted our production levels according to demand.

APAC EAST

Our revenue in the APAC East region declined by 15.4%, resulting in a 25.0% decline on a reported basis after including currency impacts and scope changes. The organic revenue decline was driven by a volume decline of 15.4% while our revenue per hl remained stable in 1H20. In 2Q20, revenue declined by 10.2%, driven by a volume decline of 8.8% and a revenue per hl decline of 1.6%. Normalized EBITDA declined by 29.8% in 1H20 and 20.6% in 2Q20.

South Korea

In 1H20, while businesses largely remained open throughout the COVID-19 pandemic, people actively practiced social distancing. Consumer sentiment, though soft, has been improving quarter-over-quarter[4].

Our revenue per hl declined by low single digits during 2Q20, primarily driven by a difficult comparable resulting from the price increase implemented in April 2019, which was rolled back in October 2019 to revitalize the domestic beer industry. This impact was partially offset by the benefits from the tax reform implemented on 1 January 2020 that equalized excise taxes between domestic and imported beers.

We continued to leverage our full portfolio of brands to connect with consumers across channels. In 2Q20, even though our total market share declined year-on-year, it grew quarter-over-quarter once again based on our estimates, which was also the case in the Korean restaurant channel. In the in-home channel, we continued with our strong momentum and grew the most market share year-on-year among brewers, according to Nielsen.

4 Source: Composite Consumer Sentiment Index

Management Discussion and Analysis

Our Cass "Cheer Up" campaign with the famous culinary celebrity, Mr. Baek, was well recognized by consumers for its sincere, motivating message to restaurants and other local businesses impacted by the COVID-19 pandemic. In addition, based on consumer voting results, we engaged EXO-SC, from an influential K-Pop[5] band with a large fan base, as Cass' next brand ambassador. The initial activations have shown exciting results; we look forward to driving this exciting momentum further for Cass in the summer and beyond.

In the Premium and Super Premium segments, Budweiser, Stella Artois and Hoegaarden continued to be among the top five beer brands in these segments in the country. In addition, we have also launched various innovations, such as Hoegaarden seasonal variants (e.g., green grape flavored), Hand & Malt SangSang Pale Ale (a pale ale beer made with local honey), and Goose Island Duck Duck Goose (a tropical, refreshing IPA), for consumers who are seeking differentiated products. As a result, we estimate that we grew market share in the Premium and Super Premium segments year-on-year in 2Q20.

In the growing Happoshu segment, Filgood has been consistently gaining market share quarter-over-quarter since its launch in February 2019, to a meaningful position in this segment. This was a result of effective commercial execution and increasing distribution, supported by our compelling marketing campaigns through social media influencers.

We continue to focus on our commercial strategy, which has already shown encouraging results, to further revitalize the domestic beer industry and reconnect with growth. We are encouraged by the ongoing recovery in the South Korea market and enthusiastic about its long-term growth potential.

Review of Results of Operations for 1H20, Including Commentary on 2Q20

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 22.2% in the first half of 2020 (1H20) and 6.1% in the second quarter of 2020 (2Q20) year-on-year. The decline of volumes in 1H20 was primarily driven by the COVID-19 pandemic across the region, in addition to a difficult comparable in 1H19. The improvement in 2Q20 was primarily driven by a strong recovery in China to almost the same level as last year, including the highest monthly volume in our China history in June 2020.

Revenue

Our revenue declined by 23.5% and revenue per hl declined by 1.7% in 1H20. In 2Q20, revenue declined by 10.2% and revenue per hl declined by 4.4%. The revenue per hl declines in 1H20 and 2Q20 were primarily driven by country mix, channel mix and a difficult comparable.

Cost of sales (CoS)

Our CoS decreased by 19.5% and CoS per hl increased by 3.4% in 1H20, primarily driven by non-variable costs (e.g., depreciation and amortization costs) and loss of operational efficiencies due to volume declines in 1Q20, offset by a strong recovery in 2Q20. In 2Q20, CoS decreased by 10.2% and CoS per hl decreased by 4.4%, as a result of our economies of scale in China and operational initiatives.

Selling, general and administrative expenses (SG&A)

SG&A represent our distribution expenses, sales and marketing expenses and administrative expenses. The decline in our SG&A in 1H20 was primarily driven by savings in distribution expenses resulting from volume declines and localization of international brands, in addition to ongoing cost initiatives.

5 Korean popular music

Other operating income

Please refer to the table in Note 5 to the Unaudited Condensed Consolidated Interim Financial Statements of this interim report for additional details related to our other operating income.

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

Our normalized EBIT decreased by 53.7% in 1H20 and 23.0% in 2Q20.

Profit from operations

Profit attributable to equity holders of the Company decreased from 606 million US dollar in 1H19 to 185 million US dollar in 1H20, as a result of our normalized EBIT decline coupled with increased net finance costs primarily driven by unfavorable currency translation effects.

Non-IFRS Financial Measures

Normalized EBITDA

Normalized EBITDA declined by 40.6% and normalized EBITDA margin was 27.0% in 1H20. Nonetheless, in 2Q20, the decline of our normalized EBITDA lessened to 17.2%. Our normalized EBITDA margin in 2Q20 improved to 32.3%, a comparable level to that of full-year 2019, driven by the significant volume recovery in China and strong cost control.

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 Budweiser APAC: (i) non-controlling interests; (ii) income tax expense; (iii) share of results of associates; (iv) net finance cost; (v) non-recurring net finance cost; (vi) non-recurring items above EBIT (including non-recurring costs) and (vii) depreciation, amortization and impairment.

Normalized EBITDA and normalized EBIT are not accounting measures under IFRS accounting 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 Budweiser APAC and normalized EBITDA.

Non-recurring items

Non-recurring items are items that, in our management's judgment, need to be disclosed by virtue of their size or incidence in order to provide a proper understanding of our Unaudited Condensed Consolidated Interim Financial Statements.

We incurred additional costs due to the COVID-19 pandemic, for example masks, hand sanitizers and monetary donations, of 6 million US dollar in 1H20.

We incurred costs associated with the Listing of 35 million US dollar reported as non-recurring items and costs capitalized associated with the Listing of 4 million US dollar in 1H19.

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

Management Discussion and Analysis

The finance cost of loans with AB InBev of 11 million US dollar in 1H19 is included in non-recurring finance cost given these loans were settled prior to or upon Listing.

Please refer to the table in Note 6 to the Unaudited Condensed Consolidated Interim Financial Statements of this interim report for the components of non-recurring items and their overall impact on our profit from operations in 1H20 and 1H19.

Income tax expense

During 1H20, one of our subsidiaries in South Korea, Oriental Brewery Co. Ltd., was involved in a tax audit covering all taxable items of the subsidiary from 2014 through 2018. Investigation by the local tax authority was completed by the end of the reporting period and the resulting assessment was included in the income tax expense in 1H20.

Please refer to Note 7 to the Unaudited Condensed Consolidated Interim Financial Statements of this interim report for components of income tax expense and their overall impact on our profit from operations in 1H20 and 1H19.

Liquidity and Capital Resources

General

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

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

Net current assets/liabilities

We had net current liabilities of 2,566 million US dollar as of 30 June 2020. 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 2020, the Group had undrawn committed facilities and undrawn uncommitted facilities of 240 million US dollar and 698 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 1,281 million US dollar and 952 million US dollar and bank overdrafts of 450 million US dollar and 75 million US dollar as at 30 June 2020 and 31 December 2019 respectively.

Cash Flows

Cash flow from operating activities

Cash flow from operating activities in 1H20 decreased by 312 million US dollar to 507 million US dollar, resulting from decrease in cash generated from operation, and offset by a decrease 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 reduced by 393 million US dollar in 1H20. The reduction is primarily driven by the decrease in EBITDA in 1H20 and offset by decrease in working capital.

Cash flow used in investing activities

Cash flow used in investing activities was 247 million US dollar in 1H20 as compared to 360 million US dollar in 1H19. The decrease was mainly driven by the lower net capital expenditures and lower net cash used in the acquisition of 65% of the registered capital of Jebsen Beverage (China) Company Limited.

Cash flow used in financing activities

Cash outflow from financing activities amounted to 278 million US dollar in 1H20 as compared to 1,093 million US dollar in 1H19. The 815 million US dollar decrease in cash outflow from financing activities was primarily driven by lower dividends paid in 1H20, and absence of repayment of contributed capital related to reorganization for the Listing and net proceeds from loans with AB InBev to be capitalized upon Listing.

Please refer to page 29 of the Unaudited Condensed Consolidated Interim Financial Statements of this interim report for our cash flows in 1H20 and 1H19.

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 2020, we did not have any material contingent liabilities.

Indebtedness and Gearing

As at 30 June 2020, 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 2020 US$'million	31 December 2019 US$'million
Bank overdrafts	450	75
Secured bank loans	3	3
Unsecured bank loans and other loans	111	135
Lease liabilities	53	50
Cash pooling loans from AB InBev	172	50
Total indebtedness	**789**	**313**

Management Discussion and Analysis

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

	30 June 2020 US$'million	31 December 2019 US$'million
Indebtedness payable within:		
Less than one year	763	286
One to two years	13	12
Two to five years	9	10
Five or more years	4	5
Total indebtedness	**789**	**313**

We were not geared as of 30 June 2020 and 31 December 2019. 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 1H20.

Pledges of Assets

As at 30 June 2020 and 31 December 2019, none of our assets were pledged to secure loans and banking facilities, but in South Korea, collateral on property was given in favor of the excise tax authorities – see Note 18 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 2020	30 June 2019
Cash net of debt to normalized EBITDA	0.7x	0.1x

Cash net of debt to normalized EBITDA increased to 0.7x in 1H20 from 0.1x in 1H19 as a result of higher cash and cash equivalents of 1,281 million US dollar as at 30 June 2020 compared to 1,037 million US dollar as at 30 June 2019 following the decrease in dividend payments and the decrease of normalized EBITDA to 694 million US dollar in 1H20 from 1,218 million US dollar in 1H19.

Treasury Policy and Market and Other Financial Risks

Our activities expose us to a variety of financial risks: market risk (including currency risk, cash flow interest risk and commodity risk), credit risk and liquidity risk. Our foreign currency risk on borrowings is primarily related to US and India dollar borrowings at variable interest rates. There were no changes to our risk management policies during 1H20, and no material changes to the financial risk information disclosed in our 2019 Annual Report. Please refer to the information set out in pages 36 to 37 of our 2019 Annual Report.

Acquisitions or Disposals, and Significant Investments

We did not undertake any material acquisitions or disposals or hold any significant investments during 1H20.

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 as follows:

Executive Director	Non-executive Directors	Independent Non-executive Directors
• Jan Craps *(Co-Chair and Chief Executive Officer)*	• Carlos Brito *(Co-Chair)*	• Martin Cubbon
	• Katherine Barrett *(John Blood as her alternate)*	• Mun Tak Marjorie Yang
	• Nelson Jamel *(David Almeida as his alternate)*	• Katherine King-suen Tsang

Changes in Directors' Information

Changes in directorships and audit committee membership of the Company during the six months ended 30 June 2020 were as follows:

On 15 May 2020, Mr. Renrong Wang (Frank) retired as an Executive Director of the Company due to change of work arrangements but will continue to act as the Joint Company Secretary of the Company.

On 4 June 2020,

- Mr. Felipe Dutra retired as a Non-executive Director and a member of the Audit Committee of the Company;
- Ms. Katherine (Katie) Barrett Beimdiek was appointed as a Non-executive Director of the Company;
- Mr. Nelson Jose Jamel was appointed as a Non-executive Director and a member of the Audit Committee of the Company;
- Mr. John James Blood was appointed as the Alternate Director to Ms. Barrett; and
- Mr. David Henrique Galatro de Almeida was appointed as the Alternate Director to Mr. Jamel.

The Directors' biographies are available on the Company's website.

On 21 July 2020, Mr. Jan Craps was appointed as a director and the vice chair of Guangzhou Zhujiang Brewery Group Co., Ltd. (廣州珠江啤酒股份有限公司) (listed on the Shenzhen Stock Exchange with the stock code of 002461, an associate of the Company) ("**Zhujiang Brewery**"), a company principally engaged in the production and distribution of beer within South China. The Company believes that this appointment will serve to bolster the long-term cooperation with Zhujiang Brewery while releasing growth potential.

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

Other Information

Audit Committee

The interim financial information of the Group contained on pages 25 to 49 of this interim report has been reviewed by the Audit Committee of the Company. The Group's external auditor, PricewaterhouseCoopers, was engaged to perform a review in accordance with the International Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" and their report can be found on page 24 of this interim report.

Employees, Remuneration and Pension Scheme

The table below sets out the number of full-time employees as of 30 June 2020 broken down by geographic locations.

	As of 30 June 2020
China	23,295
South Korea	1,946
India	1,720
Vietnam	355
Other	75
Total	**27,391**

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

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.

The Company offers the Executive Director and senior management remuneration in the form of salaries, allowances, benefits-in-kind, performance-related bonuses, share-based payments, pensions, and other social insurance benefits. Independent Non-executive Directors receive compensation according to their duties (including serving as members or chair of the Board committees).

To support the Company's culture that recognizes and values results, the Company offers its employees competitive salaries benchmarked to fixed mid-market local salaries, combined with variable incentive schemes based on individual performance and performance of the business entity in which they work. Senior employees above a certain level are eligible to participate in certain share-based incentive plans.

Share Award Schemes

The Company adopted four Share Award Schemes on 9 September 2019, namely:

(a) the Discretionary Long-Term Incentive Plan (the "**LTI Plan**"),

(b) the Discretionary Restricted Stock Units Plan (the "**RSU Plan**");

(c) the Share-Based Compensation Plan (the "**SBC Plan**"); and

(d) the People Bet Plan (the "**PB Plan**").

The terms of the 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.

The Company believes that a business is only as good as its people. The Company's success is driven by the fact that the employees see themselves as owners and stakeholders of the business. For this reason, the Company strongly advocates rewarding employees for their individual and collective contributions to the business, including through share-based compensation. The Share Award Schemes provide employees with the opportunity to become true owners of the business by acquiring Shares and therefore aligning their interests with those 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.

Other Information

(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's 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:

LTIP Mandate Limit = A – B – C

where:

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

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

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

The total number of Shares available for issue upon exercise of all outstanding share options already granted under the LTI Plan is 78,750,978 Shares, representing approximately 0.59% of the issued share capital of the Company as at 30 June 2020.

(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 share 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 at 1 January 2020	Options granted during the period from 1 January 2020 to 30 June 2020	Options forfeited during the period from 1 January 2020 to 30 June 2020	Options vested during the period from 1 January 2020 to 30 June 2020	Number of Shares underlying options outstanding at 30 June 2020
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	8,117,744	–	129,158	–	7,988,586
	25 March 2020(2)	25 March 2025	–	35,514,785	–	–	35,514,785
	18 May 2020(3)	Between 18 May 2023 and 18 May 2025	–	19,957,709	–	–	19,957,709
Total of all grantees			**9,201,728**	**69,678,408**	**129,158**	**-**	**78,750,978**

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 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 129,158 options granted on 4 December 2019 have been forfeited, no other options have lapsed or have been exercised during the six months ended 30 June 2020.

(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 granted on 25 March 2020 have lapsed or have been exercised during the six months ended 30 June 2020.

(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. No options granted on 18 May 2020 have lapsed or have been exercised during the six months ended 30 June 2020.

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, 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).

Other Information

Details of the RSUs granted and outstanding under the RSU Plan, SBC Plan and PB Plan

Name of grantees of RSUs	Plan	Date of Grant	Date of Vesting	Number of Shares underlying RSUs outstanding at 1 January 2020	RSUs granted during the period from 1 January 2020 to 30 June 2020	RSUs declined, not accepted or forfeited during the period from 1 January 2020 to 30 June 2020	RSUs vested during the period from 1 January 2020 to 30 June 2020	Number of Shares underlying RSUs outstanding at 30 June 2020
Jan Craps	RSU Plan	25 March 2020	25 March 2025	–	7,146,728	–	–	7,146,728
	–	24 June 2020	25 March 2025	–	64,195[1]	–	–	64,195
Other eligible employees	RSU Plan	18 December 2019	9 December 2024	3,632,673	–	–	–	3,632,673
	–	24 June 2020	9 December 2024	–	32,630[1]	–	–	32,630
	SBC Plan	2 March 2020	2 March 2025	–	225,803	1,065	–	224,738
	–	24 June 2020	2 March 2025	–	2,019[1]	–	–	2,019
	PB Plan	2 March 2020	2 March 2025	–	604,665	–	–	604,665
	–	24 June 2020	2 March 2025	–	5,431[1]	–	–	5,431
	RSU Plan	25 March 2020	25 March 2025	–	8,933,410	–	–	8,933,410
	–	24 June 2020	25 March 2025	–	80,243[1]	–	–	80,243
	RSU Plan	18 May 2020	Between 18 May 2023 and 18 May 2025	–	13,354,756	36,172	–	13,318,584
	–	24 June 2020	Between 18 May 2023 and 18 May 2025	–	119,633[1]	–	–	119,633
Total of all grantees				**3,632,673**	**30,569,513**	**37,237**	**-**	**34,164,949**

Note:

(1) Dividend 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.

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.

Interests and Short Positions of Directors and Chief Executive in Shares, Underlying Shares and Debentures of the Company and its Associated Corporations

As at 30 June 2020, the interests and short positions of the Directors and chief executive of the Company in the Shares, underlying shares or debentures of the Company and any of its associated corporations (within the meaning of Part XV of the SFO), which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including those taken or deemed as their interests and short position in accordance with such provisions of the SFO), or which were required, pursuant to section 352 of the SFO, to be entered in the register kept by the Company referred to therein, or which were required, pursuant to the Model Code, to be notified to the Company and the Stock Exchange were as follows:

(i) Interest in Shares of the Company

Long Position in Shares of the Company

Name of Director or Chief Executive Officer	Nature of Interest	Ordinary shares	Number of shares – Unvested and conditional options and RSUs	Total	Approximate percentage of the issued share capital of the Company (%)
Jan Craps	Beneficial Owner	Nil	22,500,821[1]	22,500,821[1]	0.17

Note:

(1) The 22,500,821 Shares that Mr. Jan Craps was interested in include 15,289,898 Shares that may be delivered upon the exercise of options, and 7,210,923 RSUs.

(ii) Interest in Shares of Associated Corporations

Long Position in Shares of AB InBev (Associated Corporation)

Name of Director or Chief Executive Officer	Nature of Interest	Ordinary shares	Number of shares – Unvested and conditional options and RSUs	Total	Approximate percentage of the issued share capital of AB InBev (%)
Jan Craps	Beneficial Owner	13,752	1,127,926	1,141,678[1]	0.07

Note:

(1) The 1,141,678 shares of AB InBev that Mr. Jan Craps was interested in include 13,752 ordinary shares, 1,008,939 shares that may be delivered upon the exercise of options, and 118,987 RSUs.

Long Position in Shares of Ambev (Associated Corporation)

Name of Director or Chief Executive Officer	Nature of Interest	Common shares	Number of shares – Unvested and conditional options and RSUs	Total	Approximate percentage of the issued share capital of Ambev (%)
Jan Craps	Beneficial Owner	143,585	754,523	898,108[1]	0.05

Note:

(1) The 898,108 shares of Ambev that Mr. Jan Craps was interested in include 143,585 common shares, 544,120 shares that may be issued upon the exercise of options, and 210,403 RSUs.

The SFC has granted the Non-executive Directors a partial exemption from strict compliance with Part XV (other than Divisions 5, 11 and 12) of the SFO in respect of the duty to disclose interests in AB InBev and Ambev as "associated corporations" (as defined in the SFO) of the Company. In addition, the Stock Exchange has granted to the Company a waiver from strict compliance with the requirement to disclose the disclosure of interests information in respect of the Non-executive Directors' 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 Company's Prospectus. Each of the Non-executive Directors held less than 1% of the issued shares in AB InBev and Ambev as of 30 June 2020 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 2020, none of the Directors or chief executives 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 will be required, pursuant to Section 352 of the SFO, to be recorded in the register kept by the Company, or (ii) which will be required to be notified to the Company and the Stock Exchange pursuant to the Model Code.

Other Information

Interests of Substantial Shareholders

So far as the Directors are aware, as at 30 June 2020, the following person (other than the Directors and chief executives) had interest or short positions in the shares of the Company which would be required to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO or which will be required, pursuant to Section 336 of the SFO, to be recorded in the register kept by the Company:

No.	Name of Shareholder	Capacity	Number of Shares held or interested in	Approximate percentage of the issued share capital of the Company (%)
1.	AB InBev Brewing Company (APAC) Limited[(1)]	Beneficial owner	11,550,938,000	87.22
2.	AB InBev Brewing Company Holdings (APAC) Limited[(1)]	Interest of a controlled corporation	11,550,938,000	87.22
3.	AB InBev America Holdings (APAC) Limited[(1)]	Interest of a controlled corporation	11,550,938,000	87.22
4.	AB InBev America Holdings Limited[(1)]	Interest of a controlled corporation	11,550,938,000	87.22
5.	Anheuser-Busch America Investments, LLC[(1)]	Interest of a controlled corporation	11,550,938,000	87.22
6.	Anheuser-Busch Worldwide Investments, Inc.[(1)]	Interest of a controlled corporation	11,550,938,000	87.22
7.	Anheuser-Busch Latin Inc.[(1)]	Interest of a controlled corporation	11,550,938,000	87.22
8.	Anheuser-Busch International, Inc.[(1)]	Interest of a controlled corporation	11,550,938,000	87.22
9.	Anheuser-Busch Americas Holdings LLC[(1)]	Interest of a controlled corporation	11,550,938,000	87.22
10.	Anheuser-Busch Companies, LLC[(1)]	Interest of a controlled corporation	11,550,938,000	87.22
11.	Anheuser-Busch InBev Worldwide, Inc.[(1)]	Interest of a controlled corporation	11,550,938,000	87.22
12.	Anheuser-Busch InBev USA, LLC[(1)]	Interest of a controlled corporation	11,550,938,000	87.22
13.	Anheuser-Busch North American Holding Corporation[(1)]	Interest of a controlled corporation	11,550,938,000	87.22
14.	InBev International Inc.[(1)]	Interest of a controlled corporation	11,550,938,000	87.22
15.	ABI Southern Holdings Limited[(1)]	Interest of a controlled corporation	11,550,938,000	87.22
16.	AB InBev Holdings Limited[(1)]	Interest of a controlled corporation	11,550,938,000	87.22
17.	ABI SAB Group Holding Limited[(1)]	Interest of a controlled corporation	11,550,938,000	87.22
18.	ABI UK Holding 2 Limited[(1)]	Interest of a controlled corporation	11,550,938,000	87.22
19.	ABI UK Holding 1 Limited[(1)]	Interest of a controlled corporation	11,550,938,000	87.22
20.	AB InBev UK Finance Company Limited[(1)]	Interest of a controlled corporation	11,550,938,000	87.22
21.	Anheuser-Busch Europe Ltd[(1)]	Interest of a controlled corporation	11,550,938,000	87.22
22.	Ambrew S.à.R.L.[(1)]	Interest of a controlled corporation	11,550,938,000	87.22
23.	AB InBev Nederland Holding B.V.[(1)]	Interest of a controlled corporation	11,550,938,000	87.22
24.	Interbrew International B.V.[(1)]	Interest of a controlled corporation	11,550,938,000	87.22
25.	AB InBev Investment Holding Company Limited[(1)]	Interest of a controlled corporation	11,550,938,000	87.22

No.	Name of Shareholder	Capacity	Number of Shares held or interested in	Approximate percentage of the issued share capital of the Company (%)
26.	AB InBev[(1)(2)(a)(b)(c)(3)]	Interest of a controlled corporation	11,550,938,000	87.22
27.	Stichting Anheuser-Busch InBev (the "**Stichting**")[(2)(a)(b)(c)]	Interest of a controlled corporation	11,550,938,000	87.22
28.	EPS Participations S.à.R.L. ("**EPS Participations**")[(2)(a)(c)]	Interest of a controlled corporation	11,550,938,000	87.22
29.	Eugénie Patri Sébastien (EPS) S.A. ("**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.	BR Global Investments SCS[(3)]	Interest of a controlled corporation	11,550,938,000	87.22
32.	BR Global[(3)]	Interest of a controlled corporation	11,550,938,000	87.22
33.	S-BR Global[(3)]	Interest of a controlled corporation	11,550,938,000	87.22
34.	Santa Erika[(3)]	Interest of a controlled corporation	11,550,938,000	87.22
35.	Inpar Investment Fund[(3)]	Interest of a controlled corporation	11,550,938,000	87.22
36.	Stichting Enable[(3)]	Interest of a controlled corporation	11,550,938,000	87.22
37.	Inpar VOF[(3)]	Interest of a controlled corporation	11,550,938,000	87.22
38.	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. owns 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 Holding 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 Worldwide, Inc., which are both incorporated under the laws of Delaware).

ABI Southern Holdings Limited, Anheuser-Busch 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 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 Americas Holdings 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 a chain of wholly-owned subsidiaries (i.e. Anheuser-Busch International, Inc., Anheuser-Busch Latin Inc., Anheuser-Busch Worldwide Investments, Inc. and Anheuser-Busch America Investments, LLC, which are all incorporated under the laws of Delaware, and AB InBev America Holdings Limited, which is incorporated under the laws of the UK).

Other Information

The issued share capital of AB InBev Brewing Company Holdings (APAC) Limited, an entity organized under the laws of the UK, is held by AB InBev America Holdings (APAC) Limited as to 68.8%, AB InBev Investment Holding Company Limited as to 4.7%, and Interbrew International B.V. as to 26.5% and which represent collectively 100% of the total voting power of all classes of issued and outstanding equity interests in AB InBev Brewing Company Holdings (APAC) Limited. AB InBev Brewing Company Holdings (APAC) Limited owns 100% of the issued and outstanding equity interests in AB InBev Brewing Company (APAC) Limited, an entity organized under the laws of the UK. AB InBev Brewing Company (APAC) Limited owned 87.22% of the issued share capital of the Company as at 31 December 2019.

Therefore, each of the entities in this note which are also disclosed in the table above are deemed to be interested in the Shares held by AB InBev Brewing Company (APAC) Limited.

(2) **(a)** **The 2016 Shareholders' Agreement**
BRC, EPS and EPS Participations are companies incorporated under Luxembourg law. As per (i) 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 and (ii) notifications made to AB InBev on a voluntary basis prior to 15 December 2019, such entities held respectively on 31 December 2019 37,598,146, 99,999 and 131,898,152 ordinary shares of AB InBev, representing respectively 1.86%, 0.00% and 6.53% of the voting rights attached to AB InBev's outstanding shares (including the 59,862,847 treasury shares held by AB InBev and its subsidiaries Brandbrew S.A., Brandbev S.à.R.L. and Mexbrew S.à.R.L. on 31 December 2019).

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 32.84% of the voting rights attached to AB InBev's outstanding shares (including the 59,862,847 treasury shares held by AB InBev and its subsidiaries Brandbrew S.A., Brandbev S.à.R.L. and Mexbrew S.à.R.L. on 31 December 2019).

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 as per the latest transparency declarations made to AB InBev on 13 March 2019 pursuant to the Belgian law of 2 May 2007, held 24,158 ordinary shares of AB InBev) (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. 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 0.27% and 0.35% of the voting rights attached to AB InBev's outstanding shares (including the 59,862,847 treasury shares held by AB InBev and its subsidiaries Brandbrew S.A., Brandbev S.à.R.L. and Mexbrew S.à.R.L. on 31 December 2019), 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 will vote their AB InBev shares in the same manner as the Stichting.

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

(c) **Total number of voting rights controlled by the Stichting and related parties**
As per (i) 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 and (ii) notifications made to AB InBev on a voluntary basis prior to 15 December 2019 and taking into account the ordinary shares of AB InBev held by Fonds Baillet Latour SC and Fonds Voorzitter Verhelst, EPS, EPS Participations, BRC and the Stichting controlled in aggregate 41.86% of the voting rights attached to AB InBev's outstanding shares on 31 December 2019 (including the 59,862,847 treasury shares held by AB InBev and its subsidiaries Brandbrew S.A., Brandbev S.à.R.L. and Mexbrew S.à.R.L. on 31 December 2019) and are deemed to be interested in the Shares AB InBev is interested in.

(3) BRC is controlled indirectly by Jorge Paulo Lemann, Carlos Alberto da Veiga Sicupira and Marcel Herrmann Telles and directly by S-BR Global, that in its turn directly holds a 83.64% interest and indirectly holds a 16.36% interest in BRC through BR Global and BR Global Investments SCS, wholly-owned (direct and indirect) subsidiaries of S-BR Global. Marcel Herrmann Telles indirectly owns a 24.728% interest in S-BR Global through a chain of wholly-owned subsidiaries (i.e. Santa Maria Isabel CV, Alfta T Holding, MCMT Holdings and Santa Paciencia). Carlos Alberto Sicupira indirectly owns a 19.927% interest in S-BR Global through a chain of wholly-owned subsidiaries (i.e. FS Holdings, CCCHHS Holding Ltd. and Santa Heloisa). Jorge Paulo Lemann indirectly owns a 55.345% interest in S-BR Global through a chain of wholly-owned subsidiaries (i.e. Inpar VOF, Stichting Enable, Inpar Investment Fund and Santa Erika). Jorge Paulo Lemann also holds a 0.01% interest in AB InBev through its wholly owned subsidiary Olia 2 AG. On the basis of the latest shareholding information received by AB InBev, the ultimate control of BRC is jointly owned by Marcel Herrmann Telles, Carlos Alberto Sicupira and Jorge Paulo Lemann. In spite of such disclosure, Marcel Herrmann Telles and Carlos Alberto Sicupira do not have an interest to be disclosed under the provisions of Divisions 2 and 3 of Part XV of the SFO.

Debenture Issued

The Company did not issue any debentures during the six months ended 30 June 2020.

Purchase, Sales or Redemption of Listed Securities

For the six months ended 30 June 2020, 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 the six months ended on 30 June 2020, save for code provision A.2.1. Code provision A.2.1 provides that the roles of chair and chief executive should be separate and should not be performed by the same individual. The Company is expected to comply with, but may choose to deviate from, such code provision as permitted in the Corporate Governance Code. The Company has deviated from code provision A.2.1 with Mr. Jan Craps' appointment as both Co-Chair of the Board, alongside Mr. Carlos Brito, 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 2019 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 for the six months ended 30 June 2020.

Interim Dividend

The Board has resolved not to declare an interim dividend for the six months ended 30 June 2020.

Report on Review of Interim Financial Information

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 25 to 49, which comprises the condensed consolidated interim statement of financial position of Budweiser Brewing Company APAC Limited (the "Company") and its subsidiaries (together, the "Group") as at 30 June 2020 and the condensed consolidated interim income statement, the condensed consolidated interim statement of comprehensive income, the condensed consolidated interim statement of changes in equity and the condensed consolidated interim statement of cash flows for the six-month period then ended, and a summary of significant accounting policies and other explanatory notes. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and International Accounting Standard 34 "Interim Financial Reporting". The directors of the Company are responsible for the preparation and presentation of this interim financial information in accordance with International Accounting Standard 34 "Interim Financial Reporting". Our responsibility is to express a conclusion on this interim financial information based on our review and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Scope of Review

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

Conclusion

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

PricewaterhouseCoopers
Certified Public Accountants

Hong Kong, 29 July 2020

Unaudited Condensed Consolidated Interim Income Statement

For the six months ended 30 June 2020
Million US Dollar

	Notes	30 June 2020	30 June 2019
Revenue	4	**2,575**	**3,522**
Cost of sales		(1,248)	(1,633)
Gross profit		**1,327**	**1,889**
Distribution expenses		(215)	(265)
Sales and marketing expenses		(575)	(618)
Administrative expenses		(205)	(223)
Other operating income	5	51	92
Profit from operations before non-recurring items		**383**	**875**
Non-recurring items	6	(10)	(39)
Profit from operations		**373**	**836**
Finance cost		(25)	(1)
Non-recurring finance cost		–	(7)
Finance income		9	13
Net finance (cost)/income		**(16)**	**5**
Share of result of associates		8	8
Profit before tax		**365**	**849**
Income tax expense	7	(169)	(245)
Profit for the period		**196**	**604**
Profit for the period attributable to:			
Equity holders of Budweiser APAC		185	606
Non-controlling interests		11	(2)
Earnings per share from profit attributable to the ordinary equity holders of Budweiser APAC			
Basic earnings per share	21	1.40	5.25
Diluted earnings per share	21	1.40	5.25

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 2020
Million US Dollar

	30 June 2020	30 June 2019
Profit for the period	**196**	**604**
Other comprehensive (loss)/income:		
Items that may be reclassified subsequently to profit or loss:		
Exchange differences on translation of foreign operations	(291)	(176)
Gain on cash flow hedges	1	1
Other comprehensive loss, net of tax	**(290)**	**(175)**
Total comprehensive (loss)/income	**(94)**	**429**
Total comprehensive (loss)/income of the period attributable to:		
Equity holders of Budweiser APAC	(104)	431
Non-controlling interests	10	(2)

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 2020
Million US Dollar

	Notes	30 June 2020	31 December 2019
Assets			
Non-current assets			
Property, plant and equipment	8	3,461	3,638
Goodwill	9	6,721	6,921
Intangible assets	10	1,633	1,708
Land use rights		240	247
Investment in associates		419	418
Deferred tax assets		240	215
Trade and other receivables		49	53
Total non-current assets		**12,763**	**13,200**
Current assets			
Inventories		439	438
Trade and other receivables	11	685	652
Derivatives		16	14
Cash pooling deposits to AB InBev		7	40
Cash and cash equivalents	12	1,281	952
Other current assets		17	12
Total current assets		**2,445**	**2,108**
Total assets		**15,208**	**15,308**
Equity and liabilities			
Equity			
Issued capital	13	–	–
Share premium		43,591	43,591
Capital reserve		(36,213)	(36,213)
Other reserves	13	(836)	(556)
Retained earnings		2,862	3,014
Equity attributable to equity holders of Budweiser APAC		**9,404**	**9,836**
Non-controlling interests		43	48
Total equity		**9,447**	**9,884**
Non-current liabilities			
Interest-bearing loans and borrowings	14	27	28
Deferred tax liabilities		448	484
Trade and other payables	16	26	135
Provisions		124	136
Income tax payable		99	110
Other non-current liabilities		26	38
Total non-current liabilities		**750**	**931**
Current liabilities			
Bank overdrafts	12	450	75
Cash pooling loans from AB InBev		172	50
Interest-bearing loans and borrowings	14	140	160
Trade and other payables	16	2,562	2,594
Payables with AB InBev	16	260	222
Consigned packaging and contract liabilities	16	1,198	1,260
Derivatives		10	10
Provisions		22	13
Income tax payable		197	109
Total current liabilities		**5,011**	**4,493**
Total equity and liabilities		**15,208**	**15,308**

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 2020
Million US Dollar

	Attributable to equity holders of Budweiser APAC							
Million US Dollar	Issued capital	Share premium	Capital reserve	Retained earnings (Note 1)	Other reserves	Total	Non-controlling interests	Total equity
1 January 2020	**–**	**43,591**	**(36,213)**	**3,014**	**(556)**	**9,836**	**48**	**9,884**
Profit for the period	–	–	–	185	–	185	11	196
Other comprehensive (loss)/income								
Exchange loss on translation of foreign operations	–	–	–	–	(290)	(290)	(1)	(291)
Other	–	–	–	–	1	1	–	1
Total comprehensive income/(loss)	**–**	**–**	**–**	**185**	**(289)**	**(104)**	**10**	**(94)**
Share-based payments	–	–	–	11	9	20	–	20
Dividends	–	–	–	(348)	–	(348)	(15)	(363)
30 June 2020	**–**	**43,591**	**(36,213)**	**2,862**	**(836)**	**9,404**	**43**	**9,447**
1 January 2019	**–**	**–**	**8,391**	**2,084**	**(322)**	**10,153**	**19**	**10,172**
Profit for the period	–	–	–	606	–	606	(2)	604
Other comprehensive (loss)/income								
Exchange loss on translation of foreign operations	–	–	–	–	(176)	(176)	–	(176)
Other	–	–	–	–	1	1	–	1
Total comprehensive income/(loss)	**–**	**–**	**–**	**606**	**(175)**	**431**	**(2)**	**429**
Purchase of non-controlling interests	–	–	–	–	–	–	67	67
Share-based payments	–	–	11	–	–	11	–	11
Dividends	–	–	(920)	–	–	(920)	(1)	(921)
Movement in contribution	–	–	(468)	–	–	(468)	–	(468)
30 June 2019	**–**	**–**	**7,014**	**2,690**	**(497)**	**9,207**	**83**	**9,290**

(1) Included in retained earnings are legal statutory reserves in the People's Republic of China ("PRC") of 146 million US dollar as of 30 June 2020 and 137 million US dollar as of 30 June 2019. 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 2020
US$ million

	Notes	30 June 2020	30 June 2019
Operating activities			
Cash generated from operations		592	985
Interest paid		(8)	(11)
Interest received		9	13
Dividends received		9	9
Income tax paid		(95)	(177)
Net cash flow from operating activities		**507**	**819**
Investing activities			
Acquisition of property, plant and equipment and intangible assets		(191)	(236)
Proceeds from sale of property, plant and equipment and intangible assets		29	25
Acquisition of subsidiaries, net of cash acquired	17	(109)	(149)
Acquisition of other investments		(6)	–
Proceeds from cash pooling deposits to AB InBev		30	–
Cash flow used in investing activities		**(247)**	**(360)**
Financing activities			
Repayment of contributed capital		–	(465)
Net proceeds of loans with AB InBev to be capitalized upon Listing		–	223
Dividends paid to equity holders of Budweiser APAC	13	(348)	(920)
Dividends paid to non-controlling interest holders		(15)	(1)
Proceeds from cash pooling loans from AB InBev		122	–
Proceeds from borrowings		30	92
Repayments of borrowings		(48)	–
Payments of lease liabilities		(16)	(18)
Cash net finance cost other than interest		(3)	(4)
Cash flow used in financing activities		**(278)**	**(1,093)**
Net decrease in cash and cash equivalents		**(18)**	**(634)**
Cash and cash equivalents less bank overdrafts at beginning of period		877	1,622
Effect of exchange rate fluctuations		(28)	3
Cash and cash equivalents less bank overdrafts at end of period	12	**831**	**991**

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") 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 2020 have been prepared in accordance with International Accounting Standard 34 Interim Financial Reporting issued by the International Accounting Standard Board (the "IASB"). They do not include all of the information required for full annual financial statements and should be read in conjunction with the consolidated financial statements of the Company as at and for the year ended 31 December 2019 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. The Group has sufficient working capital and unutilized borrowing facilities to service operating activities and ongoing investments. 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 2019. There have been no changes in the risk management policies during the six months ended 30 June 2020.

2.1 Liquidity risk

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

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

The Group had net current liabilities of 2,566 million US dollar as of 30 June 2020, 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 cash generative, with cash flows from operating activities of 507 million US dollar for the six months ended 30 June 2020.

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 loan facilities, including cash pooling loans from AB InBev. As of 30 June 2020, the Group had undrawn committed facilities and undrawn uncommitted facilities of 240 million US dollar and 698 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.

The Group is not geared as of 30 June 2020 and 31 December 2019. The ratio of cash net of debt to total consolidated equity was as follows:

	30 June 2020 US$'million	31 December 2019 US$'million
Cash net of debt	(499)	(679)
Total equity	9,447	9,884
Total capital	**8,948**	**9,205**
Gearing ratio	**-5.6%**	**-7.4%**

Notes to the Unaudited Condensed Consolidated Interim Financial Statements

2.3 Fair value measurement

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. Refer to Note 17 Acquisitions and disposals of subsidiaries for further details.

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

	30 June 2020 US$'million	31 December 2019 US$'million
Level 1	4	3
Level 2	2	7
Level 3	(35)	(25)
	(29)	**(15)**

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

3. Critical accounting estimates and judgments

The preparation of unaudited condensed consolidated interim financial statements 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.

The 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 in the period of the revision and future periods if the revision affects both current and future periods.

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

Impairment of goodwill and indefinite life intangible assets

Goodwill impairment testing relies on a number of critical judgments, estimates and assumptions. Goodwill, which accounted for approximately 44% of the Group's total assets as of 30 June 2020 and 45% as of 31 December 2019 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. 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.

Notes to the Unaudited Condensed Consolidated Interim Financial Statements

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 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.

Trade incentives

The Group has a large number of customer contracts with distributers 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.

4. Segment reporting

Segment information is presented by geographical segments, consistent with the information that is available and evaluated regularly 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 Group management are 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 volume (thousand hectoliter) and Normalized EBITDA margin (in %).

For the six months ended 30 June 2020 and 2019

	Asia Pacific East		Asia Pacific West		Total	
	2020	2019	2020	2019	2020	2019
Volume (unaudited)	5,256	6,750	33,477	43,479	38,733	50,229
Revenue[1]	558	744	2,017	2,778	2,575	3,522
Normalized EBITDA	163	263	531	955	694	1,218
Normalized EBITDA margin %	29.2%	35.4%	26.3%	34.4%	27.0%	34.6%
Depreciation, amortization and impairment					(311)	(343)
Normalized profit from operations (Normalized EBIT)					383	875
Non-recurring items (Note 6)					(10)	(39)
Profit from operations (EBIT)					373	836
Net finance (cost)/income					(16)	5
Share of results of associates					8	8
Income tax expense					(169)	(245)
Profit for the period					196	604
Segment assets (non-current)	5,278	5,508	7,485	7,842	12,763	13,350
Gross capex	9	14	184	222	193	236

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

Notes to the Unaudited Condensed Consolidated Interim Financial Statements

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 Budweiser APAC: (i) non-controlling interests; (ii) income tax expense; (iii) share of results of associates; (iv) net finance cost; (v) non-recurring net finance cost; (vi) non-recurring items above EBIT (including non-recurring costs) and (vii) depreciation, amortization and impairment.

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

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

	30 June 2020 US$'million	30 June 2019 US$'million
Profit attributable to equity holders of Budweiser APAC	**185**	**606**
Non-controlling interests	11	(2)
Profit for the period	**196**	**604**
Income tax expense (excluding non-recurring)	142	246
Share of results of associates	(8)	(8)
Net finance cost/(income) (including non-recurring finance cost)	16	(5)
Non-recurring income tax expense/(benefit)	27	(1)
Non-recurring items above EBIT	10	39
Normalized EBIT	**383**	**875**
Depreciation and amortization	311	343
Normalized EBITDA	**694**	**1,218**

5. Other operating income

	30 June 2020 US$'million	30 June 2019 US$'million
Grants and incentives	39	72
Net (loss)/gain on disposal of property, plant and equipment, and intangible assets	(1)	8
Other operating income	13	12
Other operating income	**51**	**92**

6. Non-recurring items

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

	30 June 2020 US$'million	30 June 2019 US$'million
Costs arising from COVID-19 response activities	(6)	–
Costs associated with initial public offering (the "Listing")	5	(35)
Restructuring	(9)	(4)
Impact on profit from operations	**(10)**	**(39)**
Non-recurring finance cost	–	(7)
Non-recurring income tax (expense)/benefit	(27)	1
Net impact on profit	**(37)**	**(45)**

The Group incurred additional costs due to the COVID-19 pandemic, for example masks, hand sanitizers and monetary donations, of 6 million US dollar for the six months ended 30 June 2020.

The Group incurred costs associated with the Listing of 35 million US dollar reported as non-recurring items and costs capitalized associated with the Listing of 4 million US dollar for the six months ended 30 June 2019.

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

The finance cost of loans with AB InBev of 11 million US dollar for the six months ended 30 June 2019 is included in non-recurring finance cost given these loans were settled prior to or upon Listing.

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

7. Income tax expense

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

	30 June 2020 US$'million	30 June 2019 US$'million
Current year	(179)	(258)
(Under)/overprovided in prior years	(41)	7
Current tax expense	**(220)**	**(251)**
Deferred tax expense	**51**	**6**
Total income tax expense	**(169)**	**(245)**
Effective tax rate	**47.3%**	**29.1%**
Normalized effective tax rate	**38.7%**	**27.7%**

Notes to the Unaudited Condensed Consolidated Interim Financial Statements

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

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

8. Property, plant and equipment

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

	30 June 2020 US$'million	31 December 2019 US$'million
Property, plant and equipment owned	3,409	3,589
Property, plant and equipment leased (right-of-use assets)	52	49
Total property, plant and equipment	**3,461**	**3,638**

Acquisitions to property, plant and equipment were 193 million US dollar and 229 million US dollar for the six months ended 30 June 2020 and 2019 respectively. In addition, the Group disposed plant and equipment, fixtures and fittings during the six months ended 30 June 2020 and 2019 with an aggregate carrying amount of 19 million US dollar and 24 million US dollar respectively.

Additions to right-of-use assets were 13 million US dollar and 24 million US dollar for the six months ended 30 June 2020 and 2019 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 2020 US$'million	31 December 2019 US$'million
Balance at end of previous year	**6,921**	**6,718**
Effect of movements in foreign exchange	(200)	(172)
Acquisitions through business combinations	–	375
Balance at end of the period/year	**6,721**	**6,921**

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

Cash-generating unit	30 June 2020 US$'million	31 December 2019 US$'million
South Korea	3,665	3,815
China	3,046	3,095
Other countries	10	11
Total carrying amount of goodwill	**6,721**	**6,921**

The value in use discounted cash flow is based on a ten year cash flow model. The Group uses a ten year rather than a five 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 completed an impairment test for goodwill in the second quarter of 2020 and concluded that no impairment charge was warranted. The results of the impairment tests indicate that the excess of the recoverable amounts over the carrying amounts for each cash generating unit was not less than 50%. 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 of its estimates are reasonable: they are consistent with the Group's internal reporting and reflect management's best estimates. However, inherent uncertainties exist that management may not be able to control. The pre-tax local currency WACC used in the impairment models was between 6.2% and 12.5% (31 December 2019: 4.4% and 10.9%) and the terminal growth rate used was between 0.8% and 3.5% (31 December 2019: 1.6% and 3.0%).

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.

Notes to the Unaudited Condensed Consolidated Interim Financial Statements

10. Intangible assets

Acquisitions and expenditures to intangible assets were 1 million US dollar and 201 million US dollar for the six months ended 30 June 2020 and 2019 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 have been tested for impairment during the second quarter of the year.

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

11. Trade and other receivables

Current trade and other receivables

	30 June 2020 US$'million	31 December 2019 US$'million
Trade receivables and accrued income	469	412
Trade receivables with AB InBev	39	37
Indirect tax receivable	95	116
Prepaid expenses	58	48
Other receivables	24	39
Current trade and other receivables	**685**	**652**

Trade receivables and receivables with AB InBev are due on average less than 90 days from the date of invoicing. Impairment losses on trade receivables of 12 million US dollar and 1 million US dollar were recognized for the six months ended 30 June 2020 and 2019 respectively. The impairment loss recognized in the six months ended 30 June 2020 reflects an increase in the Group's estimate of credit losses from customers, due to the COVID-19 pandemic.

As of 30 June 2020 and 31 December 2019, the aging analysis of current trade receivables and trade receivables with AB InBev, based on due date, is as follows:

	30 June 2020 US$'million	31 December 2019 US$'million
Not past due	**491**	**429**
Past due as of reporting date:		
Less than 30 days	8	13
Between 30 and 59 days	3	3
Between 60 and 89 days	6	4
Net carrying amount of trade receivables and trade receivables with AB InBev	**508**	**449**

12. Cash and cash equivalents

	30 June 2020 US$'million	31 December 2019 US$'million
Short-term bank deposits	71	120
Cash and bank accounts	1,210	832
Cash and cash equivalents	**1,281**	**952**
Bank overdrafts	**(450)**	**(75)**
	831	**877**

13. Changes in equity

Issued capital

	Fully Paid Issued Capital	
	Million Shares	US$'thousand
At 30 June 2020 and 31 December 2019(1)	**13,243**	**132**

(1) The Company has appointed a trustee to assist with the administration and vesting of the Share Award Schemes who held 22,890,274 shares in trust, reserved for the future vesting of Share Award Schemes, as at 30 June 2020 and 23,000,000 shares as at 31 December 2019.

As at 30 June 2020 and 31 December 2019, the total authorized share capital of Budweiser APAC is 180,000 US dollar of which the total un-issued capital is 47,566 US dollar.

Dividends

On 15 May 2020, a final dividend of US dollar 2.63 cents per share (equivalent to HK dollar 20.39 cents per share) was approved by the Board of Directors. This final dividend was paid out on 24 June 2020. The total dividend payment for the 2019 fiscal year of 363 million US dollar was recognized during the six months ended 30 June 2020 in the unaudited condensed consolidated interim financial statements.

No dividends were declared or proposed during the six months ended 30 June 2020.

Notes to the Unaudited Condensed Consolidated Interim Financial Statements

Other reserves

Other reserves comprise translation reserves, hedging reserves, share-based payments 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.

	30 June 2020			31 December 2019
	Translation reserves US$'million	Other US$'million	Total US$'million	Total US$'million
Balance at end of previous period/ year	**(554)**	**(2)**	**(556)**	**(322)**
Other comprehensive (loss)/income				
Exchange loss on translation of foreign subsidiaries	(290)	–	(290)	(231)
Cash flow hedges	–	1	1	(4)
Re-measurement of post-employment benefits	–	–	–	2
Total comprehensive (loss)/income	**(290)**	**1**	**(289)**	**(233)**
Share-based payments	–	9	9	–
Reclassification of amounts from capital reserve	–	–	–	(1)
Balance at end of period/year	**(844)**	**8**	**(836)**	**(556)**

14. Interest-bearing loans and borrowings

Non-Current Liabilities	30 June 2020 US$'million	31 December 2019 US$'million
Lease liabilities	27	28
Non-current interest-bearing loans and borrowings	**27**	**28**

Current Liabilities	30 June 2020 US$'million	31 December 2019 US$'million
Secured bank loans	3	3
Unsecured bank loans and other loans	111	135
Lease liabilities	26	22
Current interest-bearing loans and borrowings	**140**	**160**

The current and non-current interest-bearing loans and borrowings amounted to 167 million US dollar as of 30 June 2020 and 188 million US dollar as of 31 December 2019.

The Group was in compliance with all its debt covenants as of 30 June 2020 and 31 December 2019.

During the six months ended 30 June 2020, the Group entered into new committed and uncommitted facilities with total available amounts of 270 million US dollar and 515 million US dollar, respectively. The Group received proceeds from borrowings amounting to 30 million US dollar and 92 million US dollar and repaid borrowings of 48 million US dollar and nil during the six months ended 30 June 2020 and 2019 respectively.

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

	30 June 2020 US$'million	31 December 2019 US$'million
Cash and cash equivalents	**1,281**	**952**
Cash pooling deposits to AB InBev	**7**	**40**
Non-current interest-bearing loans and borrowings	(27)	(28)
Current interest-bearing loans and borrowings	(140)	(160)
Interest-bearing loans and borrowings	**(167)**	**(188)**
Bank overdrafts	**(450)**	**(75)**
Cash pooling loans from AB InBev	**(172)**	**(50)**
Cash net of debt	**499**	**679**

15. Share-based payments

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

Historically, the Group did not have its own share capital and the share-based compensation plans related to shares of AB InBev. The Group's eligible employees continue to participate in AB InBev's share-based incentive plans. The unaudited condensed consolidated interim financial statements include allocations of the cost recorded at AB InBev based on the number of the Group's employees participating in each scheme. Share options in the parent company are recognized in retained earnings in equity.

The Company has four Share Award Schemes namely:

Discretionary Long-Term Incentive Stock Option Plan

In December 2019, the Company set up a new long term incentive plan in which certain employees are eligible for an annual grant to be paid out in Company stock options (or, in the future, similar share-based instruments), depending on management's assessment of the employee's performance and future potential. During the six months ended 30 June 2020, the Company granted 69.7 million stock options with an estimated fair value of 52 million US dollar (30 June 2019: nil).

Notes to the Unaudited Condensed Consolidated Interim Financial Statements

Discretionary Restricted Stock Units Plan

In December 2019, the Company setup a new discretionary restricted stock units plan which allows for the offer of restricted stock units (the "RSUs") to certain eligible employees in certain specific circumstances, at the discretion of the Board, e.g. as a special retention incentive. The RSUs vest after three to five years and in the event that an employee's service is terminated before the vesting date, special forfeiture rules apply. During the six months ended 30 June 2020, 29.7 million RSUs with an estimated fair value of 84 million US dollar were granted under this program to a selected number of employees.

Share-Based Compensation Plan

In March 2020, the Company set up a program allowing for certain eligible employees to invest some or all of their variable compensation in Company shares (Voluntary Shares). As an additional reward, eligible employees who invest in Voluntary Shares also receive a company shares match of three matching RSUs for each Voluntary Share invested up to a limited total percentage of each eligible employee's variable compensation.

During the six months ended 30 June 2020, the Company issued 0.2 million of matching RSUs in relation to bonuses granted to eligible employees. These matching RSUs are valued at the share price at the day of grant representing a fair value of approximately 1 million US dollar and cliff vest after five years.

People Bet Plan

In March 2020, the Company set up a program allowing for certain eligible employees to purchase Company shares at a discount which is aimed at providing a long-term retention incentive for high-potential eligible employees of the Company, who are at a mid-manager level ("People bet share purchase program"). The voluntary investment in Company shares leads to the grant of an amount of matching RSUs which vest after 5 years. In the event that an eligible employee's service is terminated before the vesting date, special forfeiture rules apply.

During the six months ended 30 June 2020, 0.6 million RSUs with an estimated fair value of 2 million US dollar were granted under this program to a selected number of the Company's eligible employees.

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 shared-based payment plans are equity-settled.

Share-based payment transactions resulted in a total expense of 20 million US dollar for the six months ended 30 June 2020 and 11 million US dollar for the six months ended 30 June 2019.

The weighted average fair value of the options and assumptions used in applying the binomial option pricing model for the grants of awards described above are as follows:

	30 June 2020
Fair value of options granted	US$0.70 to 0.84
Share price	HK$21.70 to 23.20
Exercise price	HK$21.70 to 23.20
Expected volatility	25%
Expected dividends	1.00%
Risk-free interest rate	1.00%

The total number of outstanding options developed as follows:

	30 June 2020
Number of options	
Options outstanding at 1 January	9,201,728
Options issued during the period	69,678,408
Options forfeited during the period	(129,158)
Options outstanding at 30 June	78,750,978

The range of exercise prices of the outstanding options is between 21.7 HK dollar and 28.34 HK dollar while the weighted average remaining contractual life is 10.01 years.

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

The total number of outstanding RSUs developed as follows:

	30 June 2020
Number of RSUs	
RSUs outstanding at 1 January	3,632,673
RSUs issued during the period	30,533,341
RSUs forfeited during the period	(1,065)
RSUs outstanding at 30 June	34,164,949

16. Trade and other payables, payables to AB InBev, consigned packaging and contract liabilities

Non-current trade and other payables

	30 June 2020 US$'million	31 December 2019 US$'million
Contingent and deferred consideration on acquisitions	26	135
Non-current trade and other payables	**26**	**135**

Current trade and other payables

	30 June 2020 US$'million	31 December 2019 US$'million
Trade payables and accrued expenses	1,645	1,930
Payroll and social security payables	94	89
Indirect taxes payable	544	328
Contingent and deferred consideration on acquisitions	113	110
Other payables	166	137
Current trade and other payables	**2,562**	**2,594**

Notes to the Unaudited Condensed Consolidated Interim Financial Statements

Current payables with AB InBev

	30 June 2020 US$'million	31 December 2019 US$'million
Payables with AB InBev	**260**	**222**

Trade payables and payables to AB InBev are on average due within 120 days from the invoice date. As of 30 June 2020 and 31 December 2019 trade payables and payables to AB InBev were 1,905 million US dollar and 2,152 million US dollar respectively.

As of 30 June 2020 and 31 December 2019, the aging analysis of current trade payables and payables with AB InBev, based on due date, is as follows:

	30 June 2020 US$'million	31 December 2019 US$'million
Not past due	**1,809**	**1,940**
Past due as of reporting date:		
Less than 30 days	11	74
Between 30 and 89 days	15	9
More than 90 days	70	129
Net carrying amount of trade payables and payables with AB InBev	**1,905**	**2,152**

Current consigned packaging and contract liabilities

	30 June 2020 US$'million	31 December 2019 US$'million
Consigned packaging	419	380
Contract liabilities	779	880
Consigned packaging and contract liabilities	**1,198**	**1,260**

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 2019 or has been recognized as revenue during the six months ended 30 June 2020.

17. Acquisitions and disposals of subsidiaries

On 18 December 2018, the Group entered into an acquisition agreement with Jebsen Beverage Company Limited among others, to acquire 65% of the registered capital of Jebsen Beverage (China) Company Limited which is principally engaged in the marketing, distribution, sale and commercialization of the Blue Girl and other brands of beer and other malt-based beverages in Mainland China (excluding Hong Kong, Macau and Taiwan). Completion of the Blue Girl transaction took place on 30 May 2019.

The contingent consideration and deferred consideration as at 30 June 2020 were 35 million US dollar and 104 million US dollar respectively, and as at 31 December 2019 was 31 million US dollar and 214 million US dollar respectively.

There were no acquisitions in the six months ended 30 June 2020 and no disposals during the six months ended 30 June 2020 and 2019.

18. Collateral and contractual commitments for the acquisition of property, plant and equipment, loans to customers and other

	30 June 2020 US$'million	31 December 2019 US$'million
Collateral given for own liabilities	125	132
Contractual commitments to purchase property, plant and equipment and intangible assets	142	92
Other commitments	16	24
	283	**248**

The collateral given for own liabilities of 125 million US dollar as at 30 June 2020 and 132 million US dollar as at 31 December 2019 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 for an amount of 142 million US dollar as at 30 June 2020 and 92 million US dollar as at 31 December 2019. Other commitments amount to 16 million US dollar as at 30 June 2020 and 24 million US dollar as at 31 December 2019 and mainly cover guarantees given to pension funds, rental and other guarantees.

19. Related parties

Transactions with other AB InBev entities

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

	30 June 2020 US$'million	30 June 2019 US$'million
Purchases of finished goods from AB InBev	45	115
Service fees, procurement fees and royalties	64	90
Interest on loans with AB InBev	–	11
Other transactions with AB InBev	(12)	(5)
Capital contribution by AB InBev	–	(468)

Notes to the Unaudited Condensed Consolidated Interim Financial Statements

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.

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

	30 June 2020 US$'million	31 December 2019 US$'million
Trade receivables with AB InBev	39	37
Cash pooling deposits to AB InBev	7	40
Payables with AB InBev	(260)	(222)
Cash pooling loans from AB InBev	(172)	(50)
Derivative financial liabilities	(10)	(10)

Transactions with associates

The Group did not have transactions with associates during the six months ended 30 June 2020 and 2019, except for the dividend of 9 million and 9 million US dollar from an associate to the Group during the six months ended 30 June 2020 and 2019 respectively.

20. Subsequent events

The impact of the COVID-19 outbreak on our business continues to evolve. Refer to Note 2.1 for further information on liquidity. It remains difficult to predict how the pandemic may evolve, however there has been a strong recovery of our business in China and consistent improvement in South Korea. There are no adjusting or non-adjusting post-balance sheet events.

21. Earnings per share

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

	30 June 2020	30 June 2019
Profit attributable to equity holders of Budweiser APAC (Million US Dollar)	185	606
Weighted average number of ordinary shares in issue	13,220,469,347	11,550,938,000
Basic earnings per share (cent USD)	**1.40**	**5.25**

	30 June 2020	30 June 2019
Profit attributable to equity holders of Budweiser APAC (Million US Dollar)	185	606
Weighted average number of ordinary shares in issue	13,220,469,347	11,550,938,000
Effect of share options and RSUs	667,646	–
Weighted average number of ordinary shares (diluted)	13,221,136,993	11,550,938,000
Diluted earnings per share (cent USD)	**1.40**	**5.25**

For the calculation of the weighted average number of ordinary shares in issue for the six months ended 30 June 2019, the shares issued as part of the reorganization for the Listing were adjusted retrospectively on the basis that the new structure had been in issue throughout the six months ended 30 June 2019.

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

	30 June 2020	30 June 2019
Normalized profit attributable to equity holders of Budweiser APAC (Million US Dollar)	222	651
Adjusted weighted average number of ordinary shares in issue	13,220,469,347	13,220,397,000
Adjusted basic earnings per share (cent USD)	**1.68**	**4.92**

	30 June 2020	30 June 2019
Normalized profit attributable to equity holders of Budweiser APAC (Million US Dollar)	222	651
Adjusted weighted average number of ordinary shares in issue	13,220,469,347	13,220,397,000
Effect of share options and RSUs	667,646	–
Adjusted weighted average number of ordinary shares (diluted)	13,221,136,993	13,220,397,000
Adjusted diluted earnings per share (cent USD)	**1.68**	**4.92**

Adjusted weighted average number of shares in issue for the six months ended 30 June 2019 and adjusted basic and diluted earnings per share for the six months ended 30 June 2019 are calculated on the assumption that the shares issued by the Company for the Listing existed throughout the six months ended 30 June 2019.

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

	30 June 2020	30 June 2019
Basic earnings per share	**1.40**	**5.25**
Non-recurring items, before tax	0.08	0.34
Non-recurring finance cost, before tax	0.00	0.06
Non-recurring taxes	0.20	(0.01)
Adjusted weighted average number of shares in issue	–	(0.72)
Adjusted basic earnings per share	**1.68**	**4.92**

	30 June 2020	30 June 2019
Diluted earnings per share	**1.40**	**5.25**
Non-recurring items, before tax	0.08	0.34
Non-recurring finance cost, before tax	0.00	0.06
Non-recurring taxes	0.20	(0.01)
Adjusted weighted average number of shares in issue	–	(0.72)
Adjusted diluted earnings per share	**1.68**	**4.92**

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

Carlos Brito *(Co-Chair of the Board)*
Katherine Barrett *(John Blood as her alternate)*
Nelson Jamel *(David Almeida as his alternate)*

Independent Non-executive Directors

Martin Cubbon
Mun Tak Marjorie Yang
Katherine King-suen Tsang

Audit Committee

Martin Cubbon *(Chair)*
Katherine King-suen Tsang
Nelson Jamel

Nomination Committee

Carlos Brito *(Chair)*
Mun Tak Marjorie Yang
Martin Cubbon

Remuneration Committee

Mun Tak Marjorie Yang *(Chair)*
Katherine King-suen Tsang
Carlos Brito

Authorized Representatives

Renrong Wang (Frank)
Chan Wai Ling

Joint Company Secretaries

Renrong Wang (Frank)
Chan Wai Ling (FCIS, FCS (PE))

Registered Office

Cricket Square, Hutchins Drive
P.O. Box 2681
Grand Cayman, KY1-1111
Cayman Islands

Principal Place of Business in Hong Kong

Suites 3012-16
Tower Two, Times Square
1 Matheson Street
Causeway Bay
Hong Kong

Cayman Islands Principal Share Registrar and Transfer Agent

Conyers Trust Company (Cayman) Limited
Cricket Square, Hutchins Drive
P.O. Box 2681
Grand Cayman, KY1-1111
Cayman Islands

Compliance Advisor

Somerley Capital Limited
20th Floor, China Building
29 Queen's Road Central
Central
Hong Kong

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

"1H19"	the six months ended 30 June 2019
"1H20"	the six months ended 30 June 2020
"2Q19"	the three months ended 30 June 2019
"2Q20"	the three months ended 30 June 2020
"AB InBev"	Anheuser-Busch InBev SA/NV (Euronext: ABI; NYSE: BUD; MEXBOL: ANB; JSE: ANH), a company incorporated for an unlimited duration under the laws of Belgium and the controlling shareholder of the Company
"Ambev"	Ambev S.A., a Brazilian company listed on the New York Stock Exchange (NYSE: ABEV) and on the São Paulo Stock Exchange (BVMF: ABEV3), and successor of Companhia de Bebidas das Américas – Ambev and a non-wholly-owned subsidiary of AB InBev
"APAC East"	one of the Group's two operating and reporting segments, comprising primarily South Korea, Japan and New Zealand
"APAC West"	one of the Group's two operating segments, comprising China, India, Vietnam and exports elsewhere in Asia Pacific
"Articles" or "Articles of Association"	the amended and restated articles of association of the Company adopted pursuant to a special resolution passed on 15 May 2020
"Board" or "Board of Directors"	the board of directors of the Company
"Company" or "Budweiser 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
"FY" or "financial year"	financial year ended or ending 31 December
"Group," "we," "our" or "us"	the Company and its subsidiaries
"HK$" or "Hong Kong dollars"	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

Definitions

"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
"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 for the grant of, among others, RSUs and share options to eligible participants
"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.

"BU"	business unit
"hl"	hectoliter

BUDWEISER BREWING COMPANY APAC LIMITED
百 威 亞 太 控 股 有 限 公 司