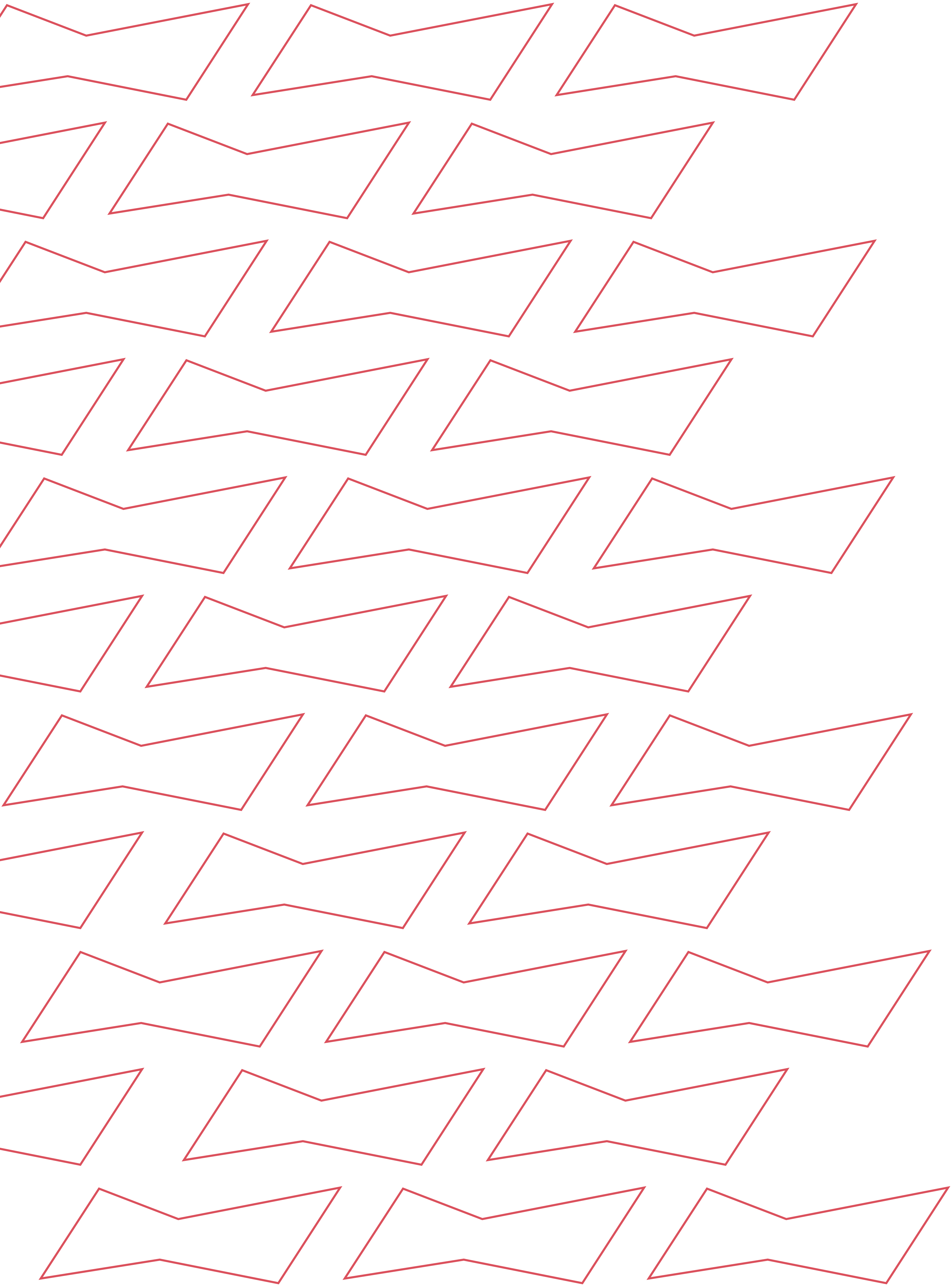
BUDWEISER BREWING COMPANY APAC LIMITED
百 威 亞 太 控 股 有 限 公 司

Stock Code: 1876

ANNUAL REPORT 2020



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Letter to Shareholders

In 2020, the COVID-19 pandemic had a significant impact on the health, economy and many other aspects of our communities. Health and safety of our colleagues continue to be our top priority. We are extremely proud of our colleagues who have been embracing challenges with resilience and agility. We also extend our deepest gratitude to healthcare and other essential workers who have been keeping us safe and those in the science field who have been working to develop vaccines in record time.

Our top-line performance during the year was highly sensitive to COVID-19 related restrictions on our sales channels, especially the premium on-premise channel where we have a strong position in our key markets:

- In **China**, with the exception of losses in February through April 2020 mainly due to the COVID-19 impact on the on-premise channel, our full-year volumes, revenues and market share grew year-on-year. As a result of effective commercial actions, we delivered our highest summer volumes ever during May through August 2020, and finished 4Q20 with a volume growth and a market share gain, despite channel inventory reduction due to a later Chinese New Year in 2021. Our Premium and Super Premium portfolio followed a similar trend throughout the year and grew by mid-single digits in 4Q20.

- In **South Korea**, our business suffered during each of the three significant waves of the COVID-19 pandemic. We estimate that majority of our FY20 volume loss was due to industry decline, and our FY20 market share loss was mainly driven by the channel mix shift during the COVID-19 pandemic, as we have a strong leadership position in the declining on-premise channel. We have adapted our commercial actions and invested in our innovations across different price segments and styles (e.g., Hoegaarden Green Grape variant, Cass 0.0, Filgood 7) to accelerate our business recovery. As a result, in the growing in-home channel, we grew volumes by mid-single digits and market share in FY20 according to Nielsen. In the on-premise channel, while we estimate that we lost market share in FY20, our market share improved throughout the year with a market share gain in 4Q20 driven by the increasing momentum of Cass.

- In **India**, although the impact of the COVID-19 pandemic was significant in FY20, our volumes improved consistently quarter-over-quarter after 2Q20. Budweiser became our biggest brand for the first time in India. We have also activated additional strategic initiatives to fuel the growth of Corona, Hoegaarden and the Super Premium segment. The launch of Hoegaarden 0.0, in addition to our already-available Budweiser 0.0, led to strong growth of our non-alcohol portfolio in FY20.

Amid a difficult year of 2020, we remain committed to our capital allocation priorities: firstly, invest in organic growth initiatives; secondly, pursue strategic inorganic opportunities; and thirdly, dividend to our shareholders. We maintained a strong balance sheet with additional efficiencies identified in our working capital and capital expenditures. Our net cash position increased by 387 million USD as compared to the end of 2019, to approximately 1.3 billion USD at the end of 2020. As such, our recommended dividend per share increased from 2.63 cents USD in 2019 to 2.83 cents USD in 2020.

Our commitment to Environment, Social and Governance matters is stronger than ever. During the COVID-19 pandemic, we looked for ways to contribute to the communities where we operate, including various support and donations, such as personal protective equipment and emergency drinking water. Meanwhile, we have made significant progress on our long-term commitments, such as 2025 Sustainability Goals, Community Engagement programs, Diversity and Inclusion initiatives, across our key markets. We are dedicated in building a company, with sustainable long-term growth, that positively impacts our communities.

In FY20, although we faced extraordinary challenges related to the COVID-19 pandemic, our colleagues rose against adversity and supported the communities where we operate across Asia Pacific. We are excited about our business prospects in China as reinforced by the increasing momentum since April 2020 and our strong Chinese New Year campaign in 2021. In South Korea, amid various waves of COVID-19 outbreaks, we grew volumes and market share in the growing in-home channel in FY20 according to Nielsen and identified additional efficiencies to minimize the top-line impact on our profitability. We are confident in our commercial plans, supported by a strong innovation pipeline, to recover and grow our business in South Korea. In India, we continue to create value by accelerating the premiumization trend and growing the non-alcohol segment.

Our pan-Asian platform remains robust through the COVID-19 pandemic, and we are investing in our strategic priorities and commercial plans to fuel our future growth across Asia Pacific.

Carlos Brito
Co-Chair of the Board

Jan Craps
Chief Executive Officer and
Co-Chair of the Board

2020 Key Figures

2020 KEY FIGURES

More than
35
Countries and Territories

More than
50
Brands

Dream-People-Culture

> 26,000
employees

> 20
nationalities represented across the company

39%
of our employees are female

Community and Smart Drinking

> 11.1
billion engagements in Better World Programs

> 1,370,000
cans of emergency drinking water donated

> 10,000
colleagues engaged on global Beer Responsible Day

> 64,135
hours of volunteering

52
Breweries

53
Distribution Centers

Performance

5,588
million USD
revenue

–23.7%
normalized EBITDA organic growth

81,115
thousand hl beer volumes

2.83
cents USD
final dividend per share

Sustainability

1,224
farmers participated in our Agricultural Development program

17%
reduction in water usage in our breweries compared to our baseline year 2017

In 2020,
53.3%
of our beer volumes were in returnable packaging
46.3%
was made of recycled content

10.2%
reduction in KgCO_2/hl emission compared to our baseline year 2017

Pan-Asian Brewing Champion

Stock Code: 1876

The year Budweiser was first brewed

The history of Budweiser Brewing Company APAC Limited began more than a century ago. We celebrated a landmark step in our journey when we listed on the Hong Kong Stock Exchange on 30 September 2019.

Our collection of well-loved brands, talented people, operational efficiencies, scale, state-of-the-art facilities and powerful route to market, position us well for long-term growth and competitiveness.

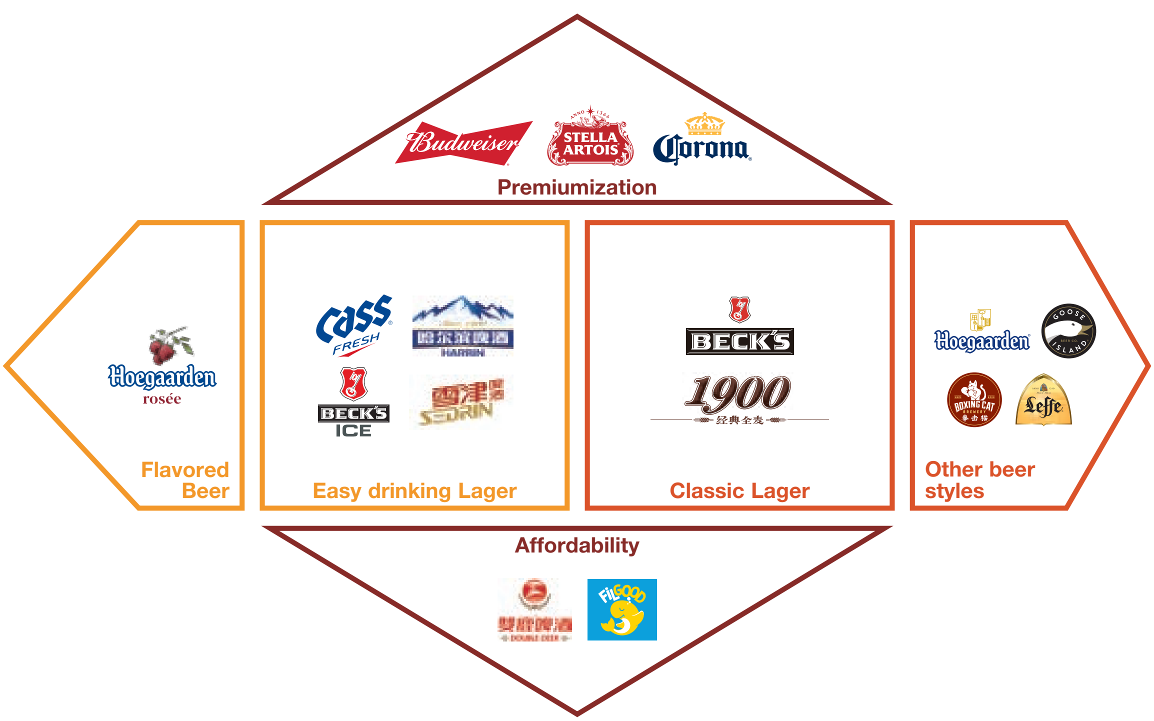
Sharing our Passion for Beer

We are brewers at heart, positioned to serve the evolving needs of consumers in Asia Pacific. We have a broad portfolio of more than 50 brands, reaching consumers in over 35 countries and territories across the region.

Our brands are classified into various categories: Super Premium, Premium, Core+, Core and Value beers. Each of our beers has its own unique characteristics, offering every consumer a choice across multiple occasions and price points.

Each of our brands is part of a broader growth strategy based on demand, while we continually innovate our product offerings to address changing consumer preferences over time. Our broad brand portfolio not only allows us to expand in all categories, but also to capture opportunities from around the region.

Diversified Brand Portfolio



As part of the AB InBev Group, we are able to leverage more than 600 years of brewing history. Our local beers have a long history in the region, delivering beer lovers a range of choices, each with its own clearly defined character. Our Harbin Brewery, for example, produces the oldest beer brand in China and started fermenting in 1900, while our Oriental Brewery in South Korea, was established in 1952. These are just two examples of how our beers have long been part of the fabric of local life.

Meanwhile, we remain engaged with our consumers' needs and continue to innovate and renovate our local brands. One example is the launch of Sedrin Lychee beer in China, infusing our champion brand with a popular summer fruit, which was expanded nationwide in 2020.

Our multi-country brands are also popular across Asia. Globally renowned names, such as Budweiser, Corona, Stella Artois, Hoegaarden, Beck's, Franziskaner and Leffe, are all well-liked. Plus, a diverse portfolio of craft beers, such as Goose Island, an acclaimed American craft beer, Boxing Cat and Hand & Malt.

In 2020, we continued to expand our craft beer community in Asia. For example, in China, Goose Island launched a new starter pack for the in-home channel, including three internationally acclaimed signature variants and three new variants developed at our Goose Island brewhouses in Shanghai and Putian. Meanwhile in India, we launched our first brewpub, 7Rivers Brewing Co., in Bengaluru.

In addition, our portfolio includes a range of no and low alcohol beer as well as near beer options to offer consumers more choices for a variety of occasions. For example, Cass 0.0, Budweiser 0.0, and Hoegaarden 0.0, just to name a few that we offer in different markets.

Our 10 Brewing Principles

We are all brewers
Passion for beer is our life

Heritage
We protect the heritage and integrity of our brands

Stakeholders
We value and address external stakeholder perspectives

Preservatives
We strive for zero added preservatives

Ingredients
We only select sourced ingredients that meet our standards

Consumer choice
We respect the consumer desire for choice

Transparency
We believe in transparency

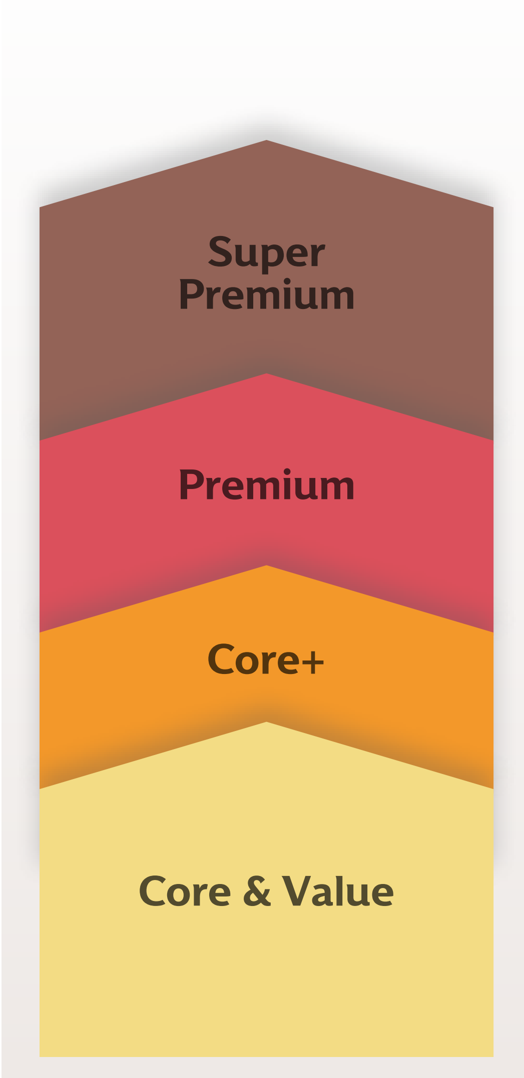
Sustainability
We preserve our natural resources

Quality
We never compromise on quality

Freshness
Fresh beer tastes better

Part of the fabric of local life

Pan-Asian Brewing Champion



Driving Growth in Different Markets

Our strategic, Pan-Asian platform and unique portfolio of well-loved brands put us in a strong position to anticipate, shape and cater to the needs of legal drinking age consumers across markets at different levels of maturity. When we develop markets, we use our market maturity model. This is a framework that classifies different markets against a maturity level and share of beer. As markets mature, it is expected that beer categories will evolve, which presents an opportunity for us to introduce innovations to drive category growth across different markets based on our understanding of how markets evolve. In Asia, markets vary widely, so we offer products to meet different levels of market maturity to ensure portfolio growth across the world's most dynamic, exciting region.

Capturing the Premiumization Trend

Asia represents the world's largest beer geography, and China is the single largest beer market globally. Consumers in Asia, like those around the world, are increasingly looking to trade-up, and we are leading the fast growing Premium and Super Premium segments in the region.

For example, in China, we continue to enjoy strong momentum in premiumization and a leadership position in Premium and Super Premium segments. In South Korea and India, we continue to lead and grow market share in the Premium segment.

Compared to wine and spirits, beer is at a relatively early stage of premiumization, presenting a significant growth opportunity for us today and in the long-term. We have created a dedicated, specialized sales organization and developed specific market channels to maintain our lead in the popular Premium and Super-Premium segments, which we call the "High End Company".

With our diverse Premium and Super Premium portfolio and strong route to market capabilities, and ability to innovate new products, we are very well-positioned to leverage this upward shift in consumer preferences, and continue driving premiumization across markets, further expanding our leading position.

Leadership Position

Thriving for the Next 100 Years and Beyond

We are focused on delivering growth through operational excellence and financial discipline, ownership and sustainability. We go where consumers go, because that is where growth is. Our strategies are formed to ensure that we operate our business in a sustainable way. We believe our leadership position and long-term commitment to stakeholders enables us to further grow our business with a positive impact on local communities.

"Bringing people together for a **better world**" is our purpose. We are passionate about empowering and supporting communities in which we operate. We believe that when our communities thrive, **we thrive.**

A Better World

At Budweiser APAC, we are determined to build a company to last, and we can only do so with a healthy environment and thriving communities. We are firmly committed to creating a better world for our stakeholders, while also creating value for our business.

We support the United Nations ("**UN**") Sustainable Development Goals ("**SDGs**") and the UN 2030 Agenda for Sustainable Development. We have placed a deliberate focus on contributing progress toward the goals where we can use our scale and partnerships to drive meaningful positive change.

Sustainability Allows our Business to Thrive

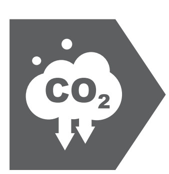
Sustainability is not only part of our business; it is our business. Great beer begins with superb natural ingredients. If the environment is not healthy, we cannot brew to the quality our consumers demand. We have made commitments to smart agriculture, water stewardship, circular packaging, and climate action. We are contributing to a healthy natural environment and helping communities thrive.

Through our 2025 Sustainability Goals, we aim to create measurable positive impact, drive growth and improve lives across our entire value chain – from our farmers and retailers to our consumers and their communities. The Goals focus on four areas across APAC:

Smart agriculture
By 2025, 100% of our direct farmers are skilled, connected and financially empowered.

Water stewardship
By 2025, 100% of our communities in high stress areas will have measurably improved water availability and quality.

Circular packaging
By 2025, 100% of our products will be in packaging that is returnable or made from majority recycled content.



Climate action
By 2025, 100% or our purchased electricity will be from renewable sources. Carbon emissions will be reduced by 25% across our value chain.

Fostering a Culture of Smart Drinking

We want to ensure that our consumers have a positive experience each time they consume one of our beers. As such we are dedicated to promoting responsible drinking and road safety. This year, despite disruptions due to the COVID-19 pandemic, we held our annual Responsible Drinking campaign across our key markets, either physically (where possible within the bounds of COVID-19 related safety restrictions) or online.

We support the World Health Organization target of reducing the harmful use of alcohol by at least 10% in every country by 2025, and the UN SDG target 3.5 to strengthen the prevention of harmful use of alcohol globally. As a company, we have set ambitious Smart Drinking Goals and invest in innovative programs to drive real progress to help meet these ambitions.

A Resilient Response

The COVID-19 pandemic propelled the modern world into unchartered territory in 2020, and in this context, our culture of ownership, focus on people, and ability to support our communities became more important than ever.

Our people are key to our success, and ensuring their health and safety is always our number one priority. We have a culture of sharing best practices across our platform and between markets. During this period, it allowed us to implement safety measures and guidelines to help keep our colleagues safe, that each market was able to tailor to their specific needs mandated by their respective governments.

We are deeply connected to the local communities in which we operate, and we believe that if they thrive, we thrive. As we fight against the COVID-19 pandemic, we strive to be part of the solution.

As such, we proactively worked with our customers to prepare for a healthy recovery. We deployed “POC Welcome Kits”, which includes items such as hand sanitizers, masks, and gloves to help POCs resume for business while addressing consumers needs for a more sanitary environment.

We also provided medical supplies and protective equipment to healthcare workers on the frontline and charities, and monetary support and clean drinking water to communities in need. We also used our prominent market position to leverage our advertising campaigns to raise funds to support individuals severely impacted by the pandemic, as well as a means to amplify positive and uplifting messages.

Embracing the Digital Revolution and Leveraging Trends

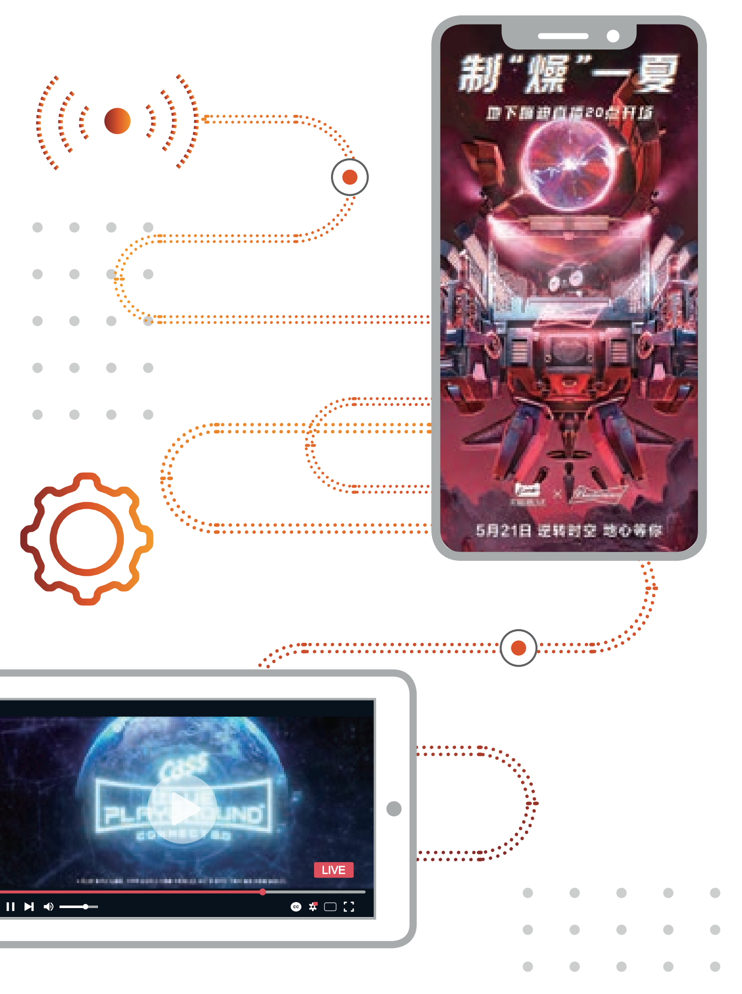
We are leaders, and we actively embrace innovation and digital transformation, while at the same time leveraging new opportunities to address change. We have adopted a customer focused, insight-driven approach to developing product innovations, such as taste, alcohol content, or packaging. These enable us to capitalize on evolving consumer preferences.

The way we apply in-depth, digital, technologies across the entire organization allows us to better connect with consumers, customers, and our employees, as well as forge new routes to market. This has also improved our efficiency and encouraged innovations in our production methods, supply chain management, and overall operations within the Company.

We have successfully developed capabilities that have turned consumer insights into product innovations and marketing campaigns, to not only address evolving consumer needs, but also create new occasions to shape and lead consumer trends in the future.

Our focus on e-commerce is one such example. We are building more prominent touchpoints for our beer brands online, to engage with consumers and address new consumer trends. Our strength in e-commerce was also more relevant than ever during the COVID-19 pandemic. We observed a shift in consumption patterns, primarily as a result of lockdowns and other social distancing restrictions, and we are able to effectively re-allocate our resources to better engage with our consumers adapted to the situation in each of our markets.

For example, Budweiser launched its e-clubbing program, an online Electronic Dance Music (EDM) livestreaming platform in collaboration with Tmall in China, where consumers can enjoy performances from local DJs while simultaneously ordering Budweiser online. Harbin also partnered with e-sports Key Opinion Leaders (KOLs) to host livestreaming events, during which consumers could enjoy exciting content and make purchases in our store on JD.com. In South Korea, "Cass Blue Playground Connect 2.0", was organized as an online interactive music festival this year, whereas in India, Budweiser 0.0 launched Bud x Home, a unique live music streaming experience, bringing together leading musical artists of the country.



Brew Big, Dream Bigger

Brewing the world's most loved beers, building iconic brands and creating meaningful experiences are what energize and inspire us, and our ten principles are the driving force behind our culture that makes this possible. Built on ownership, informality, candor, transparency and meritocracy, our principles allow us to work together to achieve a level of consistency in the way we do things while respecting local cultures.

OUR PURPOSE

Bringing people together for a better world

Dream

1

We dream big. We are building a profitable, growth company.

People

2

Our greatest strength is our people. Great people grow at the pace of their talent and are rewarded accordingly. Great people deliver and transform.

3

We recruit, develop and retain people who can be better than ourselves. We are measured by the quality and diversity of our teams.

Culture

4

We are a company of owners. Owners take results personally and lead by example.

5

We are never completely satisfied with our results. We embrace change, take smart risks and learn from our mistakes.

6

The consumer is our boss. We go where consumers go, because that is where growth is.

7

We strive to be the best at serving and partnering with our customers, who are the gateway to our consumers.

8

We believe in common sense and simplicity. We operate with excellence and efficiency in all we do, always having our customers and consumers in mind.

9

We manage our costs tightly to free up resources that will support profitable top line growth.

10

We never take shortcuts. Integrity, hard work, quality and responsibility are key to building our company and our reputation.

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 before non-recurring items, unless otherwise indicated. Non-recurring items are either income or expenses which do not occur regularly as part of our normal activities. Please refer to Note 7 to the consolidated financial statements for details of the items excluded. They are presented separately because they are important for the understanding of our underlying sustainable performance due to their size or nature. Normalized measures are additional measures used by management and should not replace the measures determined in accordance with IFRS as an indicator of our performance, but rather should be used in conjunction with the most directly comparable IFRS measures.

Except where otherwise stated, the commentary from revenue to profit from operations before non-recurring items in "*Business Review*" and "*Review of Results of Operations for FY20, Including Commentary on 4Q20*" below is based on organic growth figures and 2020 results to 2019 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.

Major line items in our consolidated performance

The table below sets out our consolidated performance for the years ended 31 December 2020 and 31 December 2019:

Figure 1. Consolidated performance (million USD)

	FY20	FY19	Organic growth
Total volumes (thousand hls)	**81,115**	**93,168**	**-12.1%**
Revenue	**5,588**	**6,546**	**-12.4%**
Gross profit	**2,907**	**3,488**	**-14.4%**
Gross margin	52.0%	53.3%	-124 bps
Normalized EBITDA	**1,584**	**2,121**	**-23.7%**
Normalized EBITDA margin	28.3%	32.4%	-427 bps
Normalized EBIT	**937**	**1,466**	**-34.1%**
Normalized EBIT margin	16.8%	22.4%	-570 bps
Profit attributable to equity holders of Budweiser APAC	514	898	
Normalized profit attributable to equity holders of Budweiser APAC	**557**	**994**	
Earnings per share (cent USD)	3.89	7.50	
Adjusted earnings per share (cent USD)	**4.21**	**7.52**	

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

Budweiser APAC	FY19	Scope	Currency Translation	Organic Growth	FY20	Organic Growth
Total volumes (thousand hls)	93,168	(865)	–	(11,188)	81,115	-12.1%
Revenue	**6,546**	**(87)**	**(66)**	**(805)**	**5,588**	**-12.4%**
Cost of sales	(3,058)	42	32	303	(2,681)	10.1%
Gross profit	**3,488**	**(45)**	**(34)**	**(502)**	**2,907**	**-14.4%**
Normalized EBIT	1,466	(8)	(12)	(509)	937	-34.1%
Normalized EBITDA	**2,121**	**(8)**	**(20)**	**(509)**	**1,584**	**-23.7%**
Normalized EBITDA margin	32.4%				28.3%	-427 bps

Business Review

In FY20, our commercial performance was impacted by the COVID-19 related restrictions on the sales channels, especially the premium on-premise channel where we have a strong position in our key markets.

Although the performance of our business varied by country as they went through different stages of the COVID-19 pandemic, our pan-Asian platform remains robust and we are investing in our strategic priorities and commercial plans to fuel our future growth across Asia Pacific.

APAC West

In FY20, our revenue in the APAC West region declined by 13.3%, resulting in a 14.5% decline on a reported basis after including currency impacts and scope changes. The organic revenue decline was driven by a volume decline of 12.4% and a revenue per hl decline of 1.0%. Normalized EBITDA declined by 24.8% in FY20.

In 4Q20, revenue grew by 0.2% driven by a 1.0% increase in revenue per hl, partially offset by a volume decline of 0.8%. Normalized EBITDA declined 7.7%, mainly driven by a challenging comparable of Other Operating Income (OOI) in 4Q19.

China

In FY20, our revenue in China declined by 11.0% driven by a volume decline of 10.0% and revenue per hl decline of 1.1%. Normalized EBITDA declined by 20.1%. Our results during February through April 2020, when COVID-19 related restrictions were the toughest on the premium on-premise channel, represented over 100% of the decline in our FY20 volumes, revenues and normalized EBITDA.

In 4Q20, we delivered volume growth of 0.9% despite channel inventory reduction due to a later Chinese New Year in 2021. Our revenue grew by 1.3% and revenue per hl grew by 0.4%, driven by continued premiumization partially offset by the negative impact from channel inventory reduction. Normalized EBITDA declined by 6.9%, driven by higher commercial investments in 4Q20 and a challenging comparable of OOI in 4Q19.

While we lost substantial market share between February and April 2020 mainly due to the COVID-19 impact on the on-premise channel, we recovered swiftly through our effective commercial actions and resource allocation. We consistently gained market share in each subsequent quarter, especially in 4Q20 with an estimated market share gain of 140 bps. As a result, we significantly reduced the FY20 market share loss to 55 bps.

We continued to invest in our commercial strategies: Premiumization, Commercial Expansion and Digital Transformation, to accelerate business recovery and seed future growth opportunities:

- Premiumization: Our Premium portfolio, led by Budweiser, grew by mid-single digits in 4Q20. Leveraging our partnership with Lionel Messi, we launched customized social media contents and creative trade activations for the Chinese fans to celebrate his record-breaking goal scoring moment with Budweiser. Our Premium variant of Harbin, Harbin 1900, also had a strong quarter as we celebrated the 120-year heritage of this oldest beer brand in China.

  Our Super Premium portfolio showed a strong performance in 4Q20. We estimate that Corona remained the #1 Super Premium beer brand by value and Hoegaarden the #1 Wheat beer brand in FY20. Blue Girl continued its strong momentum and grew by double digits in FY20. We strengthened our brands by creating memorable experiences for our consumers, such as Corona Sunset Festival, Hoegaarden Mid-Autumn Festival and Stella Artois Christmas Gala. In addition, our Craft portfolio grew by high single digits in FY20, with an accelerated, strong double-digit growth in 4Q20.

  In adjacencies, we are piloting various innovations, such as Mike's Hard Lemonade, to set the stage for further premiumization.

- Commercial Expansion: In the important in-home channel, we grew market share in 4Q20 and FY20 according to Nielsen. Our customized trade programs, such as consumer loyalty program and cross-category promotions, continued to drive strong performance especially in key accounts. In e-commerce, we continued our double digit volume growth and gained market share, leading the beer category with more than twice the market share of the next brewer, in FY20 according to Nielsen. We have been leveraging this channel to increase visibility of our brands and launch innovation products.

- Digital Transformation: As a consumer-focused, insights-driven company, we strive to understand the values, lifestyles and preferences of consumers today and predict how they may evolve in the future. More than ever, we are investing in data and technology to expand our competitive advantage in the fast-growing digital space. BUD SPACE, our omni-channel digital consumer loyalty program, has been one of our strategic initiatives to build even stronger connections directly with consumers and fuel our top-line growth. In 2020, the number of repeated users of BUD SPACE increased month-over-month and reached 13 million Budweiser consumers by the end of the year. DraftLine, our in-house marketing agency, analyzed consumer sentiment and identified consumer trends in each market, to develop effective brand messages and deliver them to specific audiences. This analysis has enabled us to be more agile, relevant and cost-effective with our marketing campaigns, even with the fluid market conditions as a result of the COVID-19 pandemic.

India

Although the impact of the COVID-19 pandemic was significant in FY20, our volumes improved consistently quarter-over-quarter after 2Q20. In 4Q20, several states reversed the COVID-19 Cess, while restrictions on the on-premise channel were also being eased.

Amid the challenging environment, we estimate that Budweiser continued to grow market share in FY20 and became our biggest brand for the first time in India. We have also activated additional strategic initiatives to fuel the growth of Corona, Hoegaarden and the Super Premium segment. The launch of Hoegaarden 0.0, in addition to our already-available Budweiser 0.0, led to strong growth of our non-alcohol portfolio in FY20.

APAC East

In FY20, our revenue in the APAC East region declined by 9.0%, resulting in a 15.2% decline on a reported basis after including currency impacts and scope changes. The organic revenue decline was driven by a volume decline of 10.5%, partially offset by revenue per hl growth of 1.7%. Normalized EBITDA declined by 19.3%.

In 4Q20, revenue declined by 7.6%, driven by a volume decline of 11.6%, partially offset by a revenue per hl growth of 4.4% mainly driven by favorable channel mix in South Korea. Normalized EBITDA grew by 11.7% as a result of additional cost efficiencies to minimize the top-line impact on our profitability, coupled with a favorable comparable in 4Q19.

South Korea

In 4Q20, South Korea experienced the most serious wave of the COVID-19 outbreak, which resulted in the toughest restrictions implemented to date. As a result, industry declined by double digits.

We estimate that our total market share declined by approximately 220 bps in FY20, more than half of which was driven by channel mix shift mainly resulting from the COVID-19 pandemic. We have adapted our commercial actions and invested in our innovations. As a result, in the growing in-home channel, we grew market share year-over-year in FY20 according to Nielsen. In the on-premise channel, while we estimate that we lost market share in FY20, our market share improved throughout the year with a market share gain in 4Q20 driven by the increasing momentum of Cass.

In 4Q20, our Cass campaigns with EXO-SC, members from an influential K-pop band, elevated Cass' energetic and innovative brand image among young adults above the legal drinking age. We also launched Cass 0.0 in the in-home channel, including e-commerce, so consumers can experience our non-alcohol innovation on more occasions. In February 2021, we rolled out a national launch of HANMAC, our classic lager innovation made with 100% high-quality domestic rice, following successful pilot results in 2020. We are confident in our commercial plans and innovations for Cass and our Core portfolio overall, to capture future growth opportunities.

We continued to lead the Premium segment and grow market share in FY20 according to our estimates. In the growing Happoshu segment, we estimate that we grew volumes and market share once again in 4Q20 and FY20. We continue to leverage our full portfolio to address consumer needs on different occasions across our sales channels.

Review of Results of Operations for FY20, Including Commentary on 4Q20

The tables below in this section present our results of operations on an organic basis and the related comments are based on organic numbers.

Volumes

Our volumes decreased by 12.1% in FY20. In the fourth quarter of 2020 (4Q20), our volumes decreased by 2.6% as growth in China was offset by the continued impact from the COVID-19 pandemic in South Korea and India.

Revenue

Our revenue declined by 12.4%, with revenue per hl declining by 0.3% in FY20. In 4Q20, revenue declined by 1.6% while revenue per hl grew by 1.1%, driven by revenue per hl growth across our key markets, partially offset by country mix.

Cost of sales (CoS)

Our cost of sales decreased by 10.1%, but increased by 2.3% on a per hl basis in FY20. In 4Q20, CoS decreased by 2.5% and remained stable on a per hl basis.

SG&A

Savings in SG&A in FY20 was a result of additional cost efficiencies identified throughout the year. In 4Q20, SG&A declined as the higher commercial investments in China was more than offset by savings in South Korea and India.

Other operating income

Our other operating income decreased by 35.7% in FY20, was primarily driven by lower asset divestments.

Please refer to the table in Note 6 to the consolidated financial statements of this annual report for additional details related to our other operating income.

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

Our normalized EBIT decreased by 34.1% in FY20 and 14.0% in 4Q20.

Profit from operations

Profit attributable to equity holders of the Company decreased from 898 million US dollar in FY19 to 514 million US dollar in FY20, as our normalized EBIT declined coupled with the decreased tax expenses.

Non-IFRS Financial Measures

Normalized EBITDA

Normalized EBITDA decreased by 23.7% with a lower normalized EBITDA margin of 28.3% in FY20. In 4Q20, normalized EBITDA decreased by 3.6% with a normalized EBITDA margin of 23.8%, mainly driven by a higher comparable of other operating income in 4Q19 in APAC West, partially offset by the double-digit normalized EBITDA growth in APAC East.

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 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 our definition of normalized EBITDA and normalized EBIT may not be comparable to that of other companies.

Please refer to the table in Note 5 to the consolidated financial statements of this annual 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 consolidated financial statements.

We incurred costs of 7 million US dollar that were costs related to personal protection equipment for our colleagues, charitable donations and other costs incurred as a direct consequence of the COVID-19 pandemic.

We incurred costs associated with the Listing in FY19, of which 67 million US dollar was reported as non-recurring items and 61 million US dollar was capitalized. The credit in FY20 represents excess accruals for listing costs released during the year.

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 17 million US dollar for FY19 was included in non-recurring finance cost. These loans were settled prior to or upon Listing.

Please refer to the table in Note 7 of the consolidated financial statements of this annual report for the components of non-recurring items and their overall impact on our profit from operations in FY20 and FY19.

Income tax expense

During FY20, two of our subsidiaries were subject to tax audits and investigation by the local tax authorities. Oriental Brewery Co., Ltd. in South Korea, received 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 FY20. Anheuser-Busch InBev China Co., Ltd. in China received an investigation on transfer pricing of transactions from 2010 through 2019. The investigation is on-going at the end of the reporting period and the relevant provision was included in the income tax expense in FY20.

Normalized ETR was 39.0% in FY20 compared to 32.3% in FY19, primarily driven by the impact of dividend withholding taxes and country mix as a result of the COVID-19 pandemic.

Normalized ETR 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.

Please refer to Note 11 to the consolidated financial statements of this annual report for components of income tax expenses and their overall impact on our profit from operations in FY20 and FY19.

Liquidity and Capital Resources

General

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

- Capital expenditures;
- Investments in companies;
- Increases in ownership of our 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 2,305 million US dollar as of 31 December 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 FMCG 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 31 December 2020, the Group had undrawn committed facilities and undrawn uncommitted facilities of 270 million US dollar and 459 million US dollar respectively. In addition, given our strong operating cash inflow, financial performance, available cash resources and 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 17 million US dollar and 75 million US dollar as at 31 December 2020 and 31 December 2019 respectively.

Cash Flows

Cash flow from operating activities

Cash flow from operating activities in FY20 decreased by 78 million US dollar to 1,301 million US dollar, resulting from decrease in cash generated from operation, and partially 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 150 million US dollar in FY20. The reduction was primarily driven by the decrease in EBITDA in FY20 and offset by decrease in working capital.

Cash flow used in investing activities

Cash flow used in investing activities was 572 million US dollar in FY20 as compared to 743 million US dollar in FY19. 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 432 million US dollar in FY20 as compared to 1,349 million US dollar in FY19. The 917 million US dollar decrease in cash outflow from financing activities was primarily driven by 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 pages 75 to 76 of the consolidated financial statements of this annual report for our cash flows in FY20 and FY19.

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 31 December 2020, we did not have any material contingent liabilities.

Indebtedness and Gearing

As at 31 December 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.

	2020 US$'million	2019 US$'million
Bank overdrafts	17	75
Secured bank loans	–	3
Unsecured bank loans and other loans	118	135
Lease liabilities	66	50
Cash pooling loans from AB InBev	34	50
Total indebtedness	**235**	**313**

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

	2020 US$'million	2019 US$'million
Indebtedness payable within:		
Less than one year	198	286
One to two years	16	12
Two to five years	15	10
Five or more years	6	5
Total indebtedness	**235**	**313**

We are not geared as of 31 December 2020 and 2019. See Note 3.2 of the consolidated financial statements 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 FY20.

Pledges of Assets

As at 31 December 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 29 of the consolidated financial statements of this annual report.

Key Financial Ratio

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

	2020 US$'million	2019 US$'million
Cash net of debt to normalized EBITDA	**0.7x**	**0.3x**

Cash net of debt to normalized EBITDA increased to 0.7x in 2020 from 0.3x in 2019 as a result of higher cash and cash equivalents of 1,281 million US dollar as at 31 December 2020 compared to 952 million US dollar as at 31 December 2019 primarily driven by the decrease of normalized EBITDA to 1,584 million US dollar in FY20 from 2,121 million US dollar in FY19.

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. We analyze each of these risks individually as well as on a combined basis, and define strategies to manage the economic impact of our performance in line with our risk management policy. The main derivative instruments we use are foreign exchange forward contracts, cross currency interest rate swaps and exchange traded commodity futures. The derivatives are part of a cash flow hedge relationship.

Our financial risk management policy prohibits the use of derivative financial instruments for trading purposes, and we therefore do not hold or issue any such instruments for such purposes.

Foreign Currency Risk

We are subject to foreign currency risk when contracts are denominated in a currency other than the functional currency of our subsidiary engaged in the relevant transaction. This includes borrowings, sales, (forecasted) purchases, royalties, dividends, licenses, management fees and interest expense/income. Our foreign currency risk is primarily related to Euro and US dollar purchases.

We may hedge operating transactions which are reasonably expected to occur (e.g., cost of goods sold and selling, general and administrative expenses) within the forecast period determined in our financial risk management policy. Operating transactions that are considered certain to occur are hedged without any time limits.

It is our policy to have the debt in our subsidiaries linked as much as possible to the functional currency of our subsidiary. To the extent this is not the case, hedging is put in place unless the cost to hedge outweighs the benefits. Interest rate decisions and currency mix of debt and cash are decided on a combined basis and take into consideration the holistic risk management approach.

See Note 3.1.1 to the consolidated financial statements for details of our sensitivity analyses, a fuller quantitative and qualitative discussion on the foreign currency risks to which we are subject and our policies with respect to managing those risks.

Separately, fluctuations in the exchange rates between the US dollar and other currencies, primarily the Chinese yuan, South Korean won and Indian rupee, affect translation into US dollars when we prepare our financial statements. Assets and liabilities of foreign operations are translated into US dollar at foreign exchange rates prevailing at the date of the statement of financial position. Income statements of foreign operations are translated to US dollar at exchange rates for the year approximating the foreign exchange rates prevailing at the dates of the transactions. The components of owners' equity are translated at historical rates. Exchange differences arising from the translation of owners' equity to US dollar at year-end exchange rates are taken to other comprehensive income (translation reserves). See Note 2.3.3 for details of the most important exchange rates used in preparing the financial statements.

Interest rate risk

At 31 December 2020, 27 million US dollar, or 23% of our interest-bearing financial liabilities, excluding lease liabilities, bore interest at a variable rate. We estimated that the reasonably possible change of the market interest rates would have an immaterial impact on our profit. We may in the future enter into interest rate swap agreements to manage our interest rate risk, and also enter into cross-currency interest rate swap agreements to manage both our foreign currency risk and interest rate risk on interest-bearing financial liabilities.

For more information, see Note 3.1.2 to the consolidated financial statements.

Acquisitions or Disposals, and Significant Investments

We did not undertake any material acquisitions or disposals or hold any significant investments during FY20.

Outlook

In China, there were sporadic local COVID-19 outbreaks in the north and northeast regions in December 2020 and January 2021. As precautionary measures, people were encouraged to stay in the city of their residence instead of traveling back to their hometowns for Chinese New Year as they traditionally do. This change of Chinese New Year travel trend accelerated our business in the coastal regions where many migrant professionals and workers reside, while putting pressure on our business in certain north and northeast cities that are the hometowns where people spent their Chinese New Year holidays in prior years. We adapted our commercial investments swiftly and delivered a successful Chinese New Year campaign as a solid start of the year. Our volumes in January and February 2021 are in line with our expectations with healthy brand mix given our more premium portfolio in the coastal regions.

In South Korea, we are cautiously optimistic on the recovery of the overall economy and industry, as the number of daily new cases of COVID-19 trended downward and restrictions were eased in February 2021 as compared to December 2020. We have put in place strong commercial plans, supported by the national launch of HANMAC and continued innovation with Cass, to accelerate the recovery of the industry and our business in South Korea.

Although the COVID-19 pandemic continues to present uncertainties in 2021, we believe that our strong foundation, deliberate strategic focus and effective commercial actions will drive continued improvement of our business across markets in Asia Pacific this year.


Environmental and Social Report

Our purpose of *Bringing People Together for a Better World* has never been more relevant than it is today. The COVID-19 pandemic has exacted a heavy toll on society, government and business alike – underscoring the need for decisive, collective actions on the world's most pressing environmental and social challenges. Sharpening global focus on climate resilience, inclusive recovery, racial equity and public health have further propelled us all to reimagine a brighter future and catalyze transformative change.

Sustainability is our business. The Company depends on natural resources to brew its beers and strives to use resources responsibly and preserve them for the future. Our beers are almost entirely sourced, brewed and enjoyed locally which deeply connects us to the communities where we live and work. Brewing great beers relies on a safe, healthy environment and thriving communities. We believe that consumers' association of the Company and the brands with their community is a positive factor in their buying decisions. That is why we always say, sustainability is not just part of our business, it is our business.

Environment

Smart agriculture

We are committed to supporting sustainable agriculture supply chains by taking a farmer-centric approach. The Company is working diligently to ensure our farmers are "skilled, connected and financially empowered" by providing access to crop varieties, training, insights and timely information for better decision making and appropriate financial tools to build resilient supply chains in our local growing regions. Increasing farmers' resilience and reducing production volatility through improved breeding and crop management practices is, and will continue to be, a focus for our research and agronomic teams.

In India, our agronomic teams provided support to 1,224 farmers during FY20. We collaborated with scientists and researchers from the Indian Institute of Wheat and Barley Research (IIWBR) to conduct training sessions with the aim of upskilling our farmers on best farming practices, post-harvest storage, pest and disease management techniques. These sessions also helped enrich farmers' knowledge on soil conservation and biodiversity management. Most of our farmers have, as a result, over-delivered their barley target for FY20. As of 31 December 2020, 92% of our direct farmers were skilled, 100% were connected and 83% were financially empowered.

Water stewardship

Water is the number one ingredient in beer, so we value every drop. More than just a key ingredient in our products, water is a critical resource for the health and well-being of every community around the world. Given the scale and complexity of water challenges, we know we cannot do this work alone. We continue to strengthen our partnerships with local authorities, water users and non-governmental organizations (NGOs) to invest financial and technical resources in efforts such as green infrastructure initiatives, conservation and reforestation projects, habitat restoration, improved water infrastructure and soil conservation techniques. Through these initiatives, we seek to increase water security and improve water quality and availability for our communities and operations.

We have also been continuously implementing innovative technology and process improvements across our footprint, which allowed us to reduce water usage in our breweries to 2.47 hl/hl in FY20.

We also invested in watershed protection programs and increased water availability in high-stress areas in India. For example, we are building water harvesting structures, such as check dams, recharge wells and storage ponds in India to improve water availability and quality for the communities around our breweries. We collaborated with local partners, government stakeholders and the community to create an integrated and sustainable solution. As of 31 December 2020, we developed more than 10,000,000 hl of cumulative groundwater recharge potential.

Circular Packaging

Taking a circular approach to packaging and improving the materials we use will deliver long-term financial benefits and provide our business with long-term packaging supply security while eliminating waste. We take an approach of reducing packaging and the need for virgin materials where possible, increasing recycled content, identifying opportunities to recycle materials and promoting the recovery and reuse of packaging in its original form. During FY20, approximately 53.3% of our beer volume was sold in returnable packaging and the remaining 46.3% was made of recycled content.

Climate Action

We are committed to significantly increasing the use of purchased renewable electricity across our breweries to reduce carbon emissions, save long-term energy cost and improve air quality. Our goal is to build climate resilience by committing to transition our operations to 100% of purchased renewable electricity by 2025.

As of 31 December 2020, we had one off-site solar farm in India and have installed solar panels on 10 of our breweries (seven in China, two in Vietnam and one in India). In addition, one of our brewery in China, Ziyang, signed a power purchasing agreement to purchase electricity from 100% renewable sources and the first to achieve this goal in the Chinese beer industry in 2020. In Vietnam, we expanded the solar capacity at two breweries to support nearly 30% of electricity consumption.

We also started working on green logistics in China. In FY20, we deployed 216 alternative energy vehicles, including 180 liquefied natural gas (LNG) trucks, 31 electric trucks and five newly-deployed hydrogen fuel cell vehicle (FCV) trucks which are empowered by cutting-edge technology to reduce carbon emissions.

Community

Volunteering

Volunteering is one of the best ways to *Bring People Together for a Better World*. We seek to leverage our capabilities to support our communities in times of crisis and on an ongoing basis through our colleagues' volunteering. From natural disaster preparedness and response, to the creation of platforms and opportunities for our colleagues, as well as their families and friends and our partners and consumers, to engage in impactful volunteering efforts, we seek to support our communities when and where they need it most.

In response to the COVID-19 outbreak, in FY20, we donated approximately CNY11,000,000, which includes supplies, such as protective masks and sanitizing supplies to the Wuhan (Hanyang District) Charity Federation (武漢市漢陽區慈善會) in China, over 250,000 cans of water to isolation centers in Vietnam, a billion KRW-worth of protective masks and safety aid to Daegu in South Korea, and around 75,000 litres of sanitizer, 25,000 FFP2 masks and 3,750 personal protective equipment kits to the frontline healthcare workers in India. Additionally, we implemented large-scale support measures, including leveraged campaigns to raise funds to amplify positive messages and support individuals severely impacted by the pandemic.

We are committed to supporting the establishment of a "Hope School" in each city in China where we have a brewery. As of 31 December 2020, we made donations to build 29 Hope Schools in China with another two still under construction. In FY20, such Hope Schools organized a series of activities, such as basketball training camps, Chinese traditional culture courses, environmental protection activities, robotics and artificial intelligence classrooms and painting competitions. As of 31 December 2020, a total of 8,681 students and 925 teachers benefited from the Hope Schools.

We have also taken the initiative to tackle age-old community problems, such as poverty, job shortage and gender inequality. In India, we have installed streetlights and closed-circuit television (CCTV) cameras in the most vulnerable stretches to enhance road safety, create a safer environment for women and deter rising crime. In China, we launched various poverty alleviation projects to share technical solutions, provide job opportunities and expand sales channels to underprivileged farmers. In FY20, we harvested over 4,350 kg of limes and supplied the limes together with our Corona products nationwide.

People

We are committed to creating an inclusive and diverse environment where all colleagues are respected and valued. Our Diversity and Inclusion Policy provides guidelines for what is expected of all our leaders and colleagues to treat others with respect and cultivate, encourage, maintain and preserve an inclusive environment. We are proud to have a colleague base of more than 20 nationalities, of which over 39% are women as of 31 December 2020.

We focus on attracting and retaining the best talent. We aspire to create an environment where everyone feels they belong no matter their personal characteristics or social identities, such as race, nationality, gender identity, sexual orientation, age, abilities, socioeconomic status, religion and others. Our greatest strength is our people, and we support every individual to excel. Our approach is to enhance our people's skills and potential through education and training, competitive compensation and a culture of ownership that rewards people for taking responsibility and producing results. Our ownership culture unites our people, providing the necessary energy, commitment and alignment needed to pursue our dream to *Bring People Together for a Better World*.

Suppliers

Our suppliers are required to comply with our Human Rights Policy and Responsible Sourcing Policy which underpin our commitment to respect and uphold human rights and labor rights across our operations and our value chains. Although we do not have direct control over our suppliers' farming practices, we recognize our responsibilities to influence and improve agricultural and labor conditions in our supply chains. We are committed to helping our suppliers reduce costs, limit environmental impacts and improve economic stability.

Our Human Rights Policy makes it clear that all forms of child and forced labor are prohibited within the Company's operations and supply chain. Our Responsible Sourcing Policy seeks to ensure that our business partners prohibit child labor and forced labor in their practices. The standard terms of our supplier contracts give us a termination right where our supplier commits serious breaches of our Responsible Sourcing Policy. We work with our suppliers and business partners to embed respect for human rights within our sustainability initiatives to provide an enabling environment where these rights are understood, supported and safeguarded. We are committed to working with business partners which share these values and commit to implementing this policy in their business operations.

Customers

Our customers include distributors and retailers. We have an extensive business-to-business network where our customers place orders directly with us and then sell our products online via AB InBev's business-to-business platform). We depend on effective distribution networks to deliver products to our consumers. Generally, distributors purchase products from us and then resell them either to other distributors or to points of sale. In addition, we are also growing our business-to-consumer network where we engage with consumers directly.

As a customer-driven organization, we have designed and implemented programs, such as the key customer account management or distributor excellence program, to deepen our relationship with customers regardless of whether they are distributors or retailers.

Reporting

We will report in detail on our environmental sustainability performance in a separate Environmental, Social and Governance Report (the "**ESG Report**") which will be published prior to 1 June 2021. The ESG Report will reflect our work to drive such change throughout FY20 and highlights our ambitions, approach, progress and lessons learned along the way.

The ESG Report will follow the ESG Reporting Guide for listed companies issued by Hong Kong Exchanges and Clearing Limited. The ESG Report will be available at http://www.budweiserapac.com/en/investor.html.

We hope you find this summary report, along with the ESG Report, informative and interesting, and that it provides you with a clear and unambiguous insight into the way the Group is facing up to historic global challenges and putting innovative strategies into effect as we progress towards our 2025 Sustainability Goals.

Directors and Senior Management

The directors and senior management of the Company as of the date of this annual report are:

Executive Director

Jan Eli B. Craps

Chief Executive Officer and
Co-Chair of the Board of Directors
Aged 43 • Appointed on 8 May 2019

Qualifications and education

- Bachelor's Degree in Business Engineering from KU Brussels in Brussels, Belgium
- Master's Degree in Business Engineering from KU Leuven in Leuven, Belgium

Major position held with the AB InBev Group

- Zone President Asia Pacific of AB InBev

Other major offices

- China Europe International Business School (CEIBS) in Shanghai, China (Corporate advisory board member)
- Guangzhou Zhujiang Brewery Group Co., Ltd. (listed on the Shenzhen Stock Exchange with the stock code of 002461) (Director and Vice Chair)

Past experience

Mr. Craps joined AB InBev in May 2002. Prior to joining AB InBev, Mr. Craps was a fellow with McKinsey & Company, Belgium. He acquired a range of international experiences in a number of senior marketing, sales and logistics executive positions in France and Belgium. In February 2011, he relocated to Canada where he was appointed the Regional Vice President of Quebec and then the Vice President of Sales of Canada for Labatt Breweries in October 2011. Mr. Craps became the President and Chief Executive Officer of Labatt Breweries of Canada in November 2014. In October 2016, he joined the Group as the Zone President of APAC South.

Non-executive Directors

Carlos Alves de Brito

Co-Chair of the Board of Directors
Aged 60 • Appointed on 9 May 2019

Qualifications and education

- Mechanical Engineering Degree from Universidade Federal do Rio de Janeiro in Rio de Janeiro, Brazil
- MBA Degree from the Stanford Graduate School of Business in California, US

Major positions with the AB InBev Group

- AB InBev (CEO)
- Ambev (Co-Chair of the board and director)

Other major offices

- Stanford Graduate School of Business (Advisory council member)
- Tsinghua University School of Economics and Management (Advisory board member)

Past experience

Mr. Brito joined Ambev in November 1989, where he held roles in finance, operations and sales, before being appointed as the Chief Executive Officer of AB InBev in December 2005.

Katherine (Katie) Barrett Beimdiek

Aged 50 • Appointed on 4 June 2020

Qualifications and education

- Bachelor's Degree in Science from Saint Louis University
- Juris Doctorate from University of Arizona

Major position with the AB InBev Group

- Global General Counsel

Past experience

Ms. Barrett joined Anheuser-Busch Companies, LLC in January 2000 as an Associate General Counsel. She was appointed as the Senior Associate General Counsel from January 2004 to December 2014. From January 2015 to June 2019, she was the Vice President, US General Counsel and Labor Relations of North America for AB InBev.

Nelson Jose Jamel

Aged 49 • Appointed on 4 June 2020

Qualifications and education

- Bachelor's Degree and Master's Degree in Production Engineering from Universidade Federal do Rio de Janeiro

Major position with the AB InBev Group

- Global Chief People Officer

Past experience

Mr. Jamel was the Chief Financial Officer of Ambev from 2009 to 2015. He joined Ambev's board as an alternate director from April 2017 to May 2018 and has been re-designated as a director since May 2018. From 2016 to April 2020, he was the North America Finance and Solutions Vice President of AB InBev.

Mr. Jamel has more than 10 years of risk management experience in group risk management and risk management governance, including management of risk identification, reporting and mitigation efforts across Ambev and Anheuser-Busch Companies, LLC.

John James Blood

Alternate Director to Ms. Barrett
Aged 53 • Appointed on 4 June 2020

Qualifications and education

- Bachelor of Arts from Amherst College
- Juris Doctor from University of Michigan Law School

Major positions with the AB InBev Group

- Global Chief Legal & Corporate Affairs Officer
- Global Company Secretary

Past experience

Mr. Blood joined AB InBev as a Vice President of Legal, Commercial and M&A from January 2009 to June 2015. Mr. Blood was appointed as a Vice President of Legal and Corporate Affairs of North America of AB InBev from July 2015 to July 2017. From August 2017 to June 2019, Mr. Blood was the General Counsel and Secretary to the board of directors of AB InBev.

David Henrique Galatro de Almeida

Alternate Director to Mr. Jamel
Aged 44 • Appointed on 4 June 2020

Qualifications and education

- Bachelor of Arts in Economics from the University of Pennsylvania

Major position with the AB InBev Group

- Chief Strategy and Technology Officer

Past experience

Mr. Almeida was Chief SAB Integration Officer from November 2015 to January 2018. From January 2018 to April 2020, Mr. Almeida was the Chief People and Transformation Officer.

Independent Non-executive Directors

Martin Cubbon

Aged 63 • Appointed on 2 July 2019

Qualifications and education

- Bachelor's Degree of Arts (Honors) in Economics from the University of Liverpool in Liverpool, the UK
- Chartered Accountant (ICAEW)

Other major offices

- John Swire & Sons Limited (Director)
- Swire Pacific Limited (listed on the Stock Exchange with the stock codes of 0019 and 0087) (Non-executive director)
- James Finlay Limited (Director)

Past experience

Mr. Cubbon was a director of:

- Swire Pacific Limited (listed on the Stock Exchange with the stock codes of 0019 and 0087) from September 1998 to September 2017
- Swire Properties Limited (listed on the Stock Exchange with the stock code of 1972) from March 2000 to September 2017
- Cathay Pacific Airways Limited (listed on the Stock Exchange with the stock code of 0293) from September 1998 to May 2009 and from January 2015 to September 2017
- Hong Kong Aircraft Engineering Company Limited (previously listed on the Stock Exchange with the stock code of 0044; delisted now) from August 2006 to May 2009

Mr. Cubbon was Group Finance Director of Swire Pacific Limited from September 1998 to March 2009, the Chief Executive of Swire Properties Limited from June 2009 to December 2014, and Corporate Development and Finance Director of Swire Pacific Limited from January 2015 to September 2017.

Mr. Cubbon had more than nine years of risk management experience as the Chair of the Risk Management Committee of Swire Pacific Limited and is a current member of the Group Risk Management Committee of John Swire and Sons Limited.

Mun Tak Marjorie Yang

Aged 68 • Appointed on 2 July 2019

Qualifications and education

- Bachelor's Degree of Science from the Massachusetts Institute of Technology in Massachusetts, US
- MBA Degree from the Harvard Business School in Massachusetts, US
- Justice of the Peace
- Gold Bauhinia Star

Other major offices

- Esquel Group (Chairman and CEO)
- Seoul International Business Advisory Council (Chairman)
- APEC Business Advisory Council (Appointed representative of Hong Kong)
- Chief Executive's Council of Advisers on Innovation and Strategic Development (Member)
- Advisory board of Computer Science and Artificial Intelligence Lab at the Massachusetts Institute of Technology (Co-chairman)
- Steering Committee of Coolthink@JC (Chairperson)
- Harvard University (Advisory board member)
- Tsinghua University School of Economics and Management (Advisory board member)
- Serai Limited (Non-executive director)
- HSBC Holdings plc (Member of Climate Advisory Panel)

Past experience

Ms. Yang was a director of The Hongkong and Shanghai Banking Corporation Limited, a subsidiary of HSBC Holdings plc (listed on the Stock Exchange with the stock code of 0005), from July 2003 to April 2019 and Swire Pacific Limited (listed on the Stock Exchange with the stock codes of 0019 and 0087) from October 2002 to May 2017.

Katherine King-suen Tsang

Aged 63 • Appointed on 2 July 2019

Qualifications and education

- Bachelor of Commerce Degree from University of Alberta, Canada

Other major offices

- Max Giant Capital (Founder)
- Genesis Emerging Markets Fund Limited (listed on the London Stock Exchange with the stock code of GSS) (Independent non-executive director)
- Fosun International Limited (listed on the Stock Exchange with the stock code of 0656) (Independent non-executive director)
- China CITIC Bank International Limited (Independent non-executive director and Chair of Credit and Risks Committee)
- Advisory Council for China of the City of London (Member)
- Shanghai Jiao Tong University (Honorary board member)
- Standard Chartered Bank (China) (CEO and Chair of Country Operational Risks Committee)

Past experience

Ms. Tsang was the Chairperson of Greater China of Standard Chartered Bank from August 2009 to August 2014.

She previously served as an independent non-executive director of Gap Inc. (listed on the New York Stock Exchange with the stock code of GPS) from August 2010 to May 2018, an independent non-executive director of Baoshan Iron & Steel Co., Ltd. (listed on the Shanghai Stock Exchange with the stock code of 600019) from May 2006 to April 2012, a member of the World Economic Forum's Global Agenda Council on China from 2009-2012 and a member of Sotheby's Asia Advisory Board from November 2011 to October 2014. On 10 December 2020, she was appointed by Fosun International Limited (listed on the Stock Exchange with the stock code of 0656) as an independent non-executive director.

Ms. Tsang has more than 15 years of solid risk management experience. As the CEO of Standard Chartered Bank (China), she maintained a strong focus on managing credit, financial and operational risks from the end of 2004 to August 2009, and chaired the Country Operational Risks Committee from January 2005 to August 2009. Since December 2016, she has been the Chair of Credit and Risks Committee of China CITIC Bank International Limited in Hong Kong managing all types of risks, including credit, financial and operations and overseeing the Country Credit Risks Committee and Country Operational Risks Committee.

Senior Management

Jan Craps

Chief Executive Officer, aged 43

Mr. Craps' biography is set out in the section "Directors and Senior Management – Executive Director" of this annual report on page 28.

Craig Katerberg

Chief Legal and Corporate Affairs Officer, aged 39

Mr. Katerberg holds a Bachelor's Degree in Latin American History from University of Chicago and a Juris Doctor Degree from Northwestern University Pritzker School of Law.

Mr. Katerberg was a member of the Group between 2015 and 2019 and rejoined the Group in 2021. He is responsible for legal and corporate affairs of the Group.

Ignacio Lares

Chief Financial Officer, aged 37

Mr. Lares graduated from Queen's University in Toronto with a Bachelor's Degree in Chemical Engineering and holds a Master of Engineering, Mechanical and Industrial, from the University of Toronto.

Pursuant to his appointment as the Chief Financial Officer on 1 March 2021, Mr. Lares is responsible for the financial operation, financing and investment activities of the Group.

Zhou Zhen (Luke)

Chief Sales Officer China, aged 41

Mr. Zhou holds a Bachelor's and Master's Degree in Applied Mathematics from Peking University.

Mr. Zhou joined the Group in 2008. He is responsible for leading the total sales across seven BUs, key accounts, digital commerce and all other commercial functions.

Kartikeya Sharma

BU President of India and South East Asia, aged 39

Mr. Sharma holds a Bachelor's Degree in Economics from the Maharaja Sayajrao University, Baroda, an Advanced Marketing Certification from the Indian Institute of Management, Lucknow and an Executive MBA alternative from the Harvard Business School, Boston.

Mr. Sharma joined the Group in 2005. He is responsible for the formulation of the strategic direction and the day-to-day management of BU India and South East Asia of the Group.

Ben Verhaert

BU President of East Asia, aged 43

Mr. Verhaert holds a Bachelor's Degree in Management from Catholic University of Louvain in Louvain-la-Neuve, Belgium.

Mr. Verhaert joined the Group in 2017. He is responsible for the formulation of the strategic direction and the day-to-day management of BU East Asia of the Group.

Our Joint Company Secretaries

Bryan Warner was appointed as our Joint Company Secretary on 19 February 2021. Mr. Warner has spent over three years in the legal and corporate affairs department of AB InBev (the controlling shareholder of the Company) and the Company. Mr. Warner is currently the Deputy General Counsel and Senior Legal Director of the Company, both being positions which he has held since 2019. He previously held the position of Global Director, Legal Commercial and M&A from 2018 to 2019 at AB InBev in New York.

Chan Wai Ling was appointed as our Joint Company Secretary on 9 May 2019. She is a Director of Corporate Services of Tricor Services Limited, a global professional services provider specializing in integrated business, corporate and investor services. She has been providing professional corporate services to Hong Kong listed companies as well as multinational, private and offshore companies. Ms. Chan is currently the company secretary/joint company secretary of four other listed companies on the Stock Exchange.

Changes in Senior Management

Pursuant to Guilherme Castellan's retirement from the position as the Chief Financial Officer on 28 February 2021, Ignacio Lares has been appointed as the Chief Financial Officer to succeed Mr. Castellan as from 1 March 2021.

Corporate Governance Report

We are committed to achieving the highest standards of corporate governance with a view to safeguarding the interests of our Shareholders.

For us, corporate governance concerns both the effectiveness and accountability of our Board. Effectiveness, and therefore the quality of leadership and direction that our 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 our Board's actions. Shareholders elect Directors to run the Company on their behalf and the Board is accountable to the Shareholders for its actions.

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

The Board has reviewed the corporate governance practices of the Company based on the Corporate Governance Code. We complied with the code provisions set out in the Corporate Governance Code (where applicable) throughout the reporting period save as disclosed below.

Board of Directors

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
- Jan Craps *(Co-Chair and Chief Executive Officer)*

Non-executive Directors
- Carlos Brito *(Co-Chair)*
- Katherine Barrett (John Blood as her alternate)
- Nelson Jamel (David Almeida as his alternate)

Independent Non-executive Directors
- Martin Cubbon
- Marjorie Yang
- Katherine Tsang

The biographical information of the Directors is set out in the "Directors and Senior Management" section of this annual report on pages 28 to 31.

Changes in Directors' Information

Changes in directorships and board committee membership of the Company during FY20 and up to the date of this annual report were as follows:

On 15 May 2020, Renrong Wang (Frank) retired as an Executive Director of the Company due to change of work arrangements but continued to act as the Joint Company Secretary of the Company and has resigned as the Joint Company Secretary of the Company with effect from 19 February 2021.

On 4 June 2020,
- Luis Felipe Pedreira Dutra Leite retired as a Non-executive Director and a member of the Audit Committee;
- Katherine Barrett was appointed as a Non-executive Director;
- Nelson Jamel was appointed as a Non-executive Director and a member of the Audit Committee;
- John Blood was appointed as the Alternate Director to Ms. Barrett; and
- David Almeida was appointed as the Alternate Director to Mr. Jamel.

On 21 July 2020, 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 during FY20.

Appointment of Directors

At each AGM, one-third of the Directors for the time being (or, if their number is not a multiple of three, the number nearest to but not less than one-third) shall retire from office by rotation, provided that every Director shall be subject to retirement at an AGM at least once every three years. All Directors will be eligible for re-election subject to our Board Diversity Policy. The biographical details of the retiring Directors will be set out in a circular to the Shareholders to assist the Shareholders in making an informed decision on their re-elections.

Each of our current Non-executive Directors and Independent Non-executive Directors is appointed for a specific term of three years, subject to retirement by rotation and re-election by Shareholders at an AGM. The term, duties and obligations of each Non-executive Director and Independent Non-executive Director are set out in a formal letter of appointment entered into with the Company.

There is no particular relationship (including financial, business, family or other material or relevant relationship) between or among any members of the Board, other than the Executive Director and Non-executive Directors each being an employee of the AB InBev Group.

Role of the Board

The Company has a “one-tier” governance structure whereby the Board is the ultimate decision-making body and responsible for the overall management of the Company, except for the powers reserved to the Shareholders by law, the Articles of Association, or the Listing Rules. The Board’s key responsibilities include:

- approving long-term objectives and overall strategy (as recommended by the Chief Executive Officer);
- overseeing the Company’s principal objectives;
- assuming ultimate responsibility for the oversight of the Company’s activities;
- ensuring the Executive Committee develops and maintains appropriate, adequate and cost-effective internal control and risk management mechanisms (in conjunction with the Audit Committee);
- reviewing and approving financial statements; and
- reviewing sustainability-related issues and performance each quarter or as necessary and creating respective plans of actions.

Attendance at meetings

During FY20, the Company convened seven Board meetings, twelve Board Committee meetings and one AGM. The attendance records of the Directors are set out below:

Name	Board[2]	Audit Committee[3]	Remuneration Committee	Nomination Committee	AGM in 2020[3]
	Directors' meeting attendance during FY20[1] (Number of meetings attended/eligible to attend)				
Executive Director					
Jan Craps	7/7(C)				1/1
Non-executive Directors					
Carlos Brito	8/8(C)		4/4	4/4	1/1
Katherine Barrett[4]	3/3				
Nelson Jamel[5]	3/3	2/2			
Independent Non-executive Directors					
Martin Cubbon	8/8	4/4		3/4	1/1
Marjorie Yang	8/8		4/4	4/4	1/1
Katherine Tsang	8/8	4/4	4/4		1/1

Notes:
(1) (C) refers to Chair of the Board and Chair of the Board Committees, where applicable.
(2) This includes an annual meeting where Carlos Brito, Co-Chair of the Board, met with all Independent Non-executive Directors only.
(3) Representatives of the external auditor participated in every Audit Committee meeting and the AGM in 2020.
(4) Katherine Barrett was appointed as a Non-executive Director on 4 June 2020. She attended the Board meetings by proxy.
(5) Nelson Jamel was appointed as a Non-executive Director and a member of the Audit Committee on 4 June 2020. He attended the Board meetings by proxy.

The Company expects to convene at least four regular board meetings in each financial year at approximately quarterly intervals in accordance with code provision A.1.1 of the Corporate Governance Code.

Board independence

Since the Listing Date, the Company has appointed three Independent Non-executive Directors in compliance with the Rules 3.10(1) and 3.10(2) of the Listing Rules, with at least one of them possessing appropriate professional qualifications or accounting or related financial management expertise. The number of Independent Non-executive Directors accounts for more than one-third of the number of the Board members.

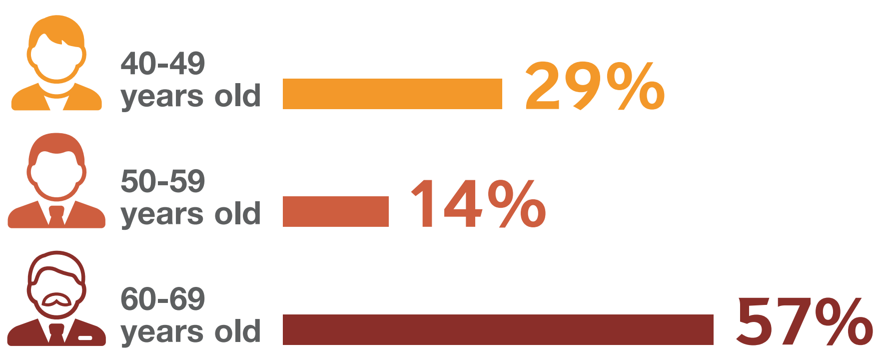
According to the Rule 3.13 of Listing Rules, the Company received written confirmations from all of the Independent Non-executive Directors regarding their independence during FY20. Based on these confirmations, the Company considers each of them to be independent during such period.

Board effectiveness

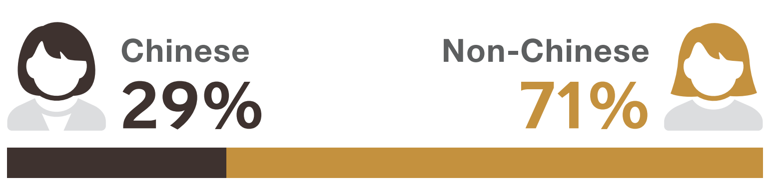
The Board is comprised of a group of Directors with a diverse range of business and professional backgrounds who bring a range of expertise, skills, experience and insights to the governance of the Company. As of 31 December 2020, composition of our Board:

Gender

Age



Ethnicity



Chair and Chief Executive Officer

The Chair is responsible for the proper and efficient functioning of the Board (including, among other things, determining the Board calendar and ensuring Directors receive complete and accurate information). The Chief Executive Officer reports directly to the Board and is entrusted with the day-to-day management of the Company.

The Chair has established a close relationship with the Chief Executive Officer, providing support and advice, while fully respecting the executive responsibilities of the Chief Executive Officer. Their respective responsibilities are clearly set out in the Company's Corporate Governance Charter.

For the period from the Listing Date to 18 February 2020, the positions of Chair and Chief Executive Officer were held by Carlos Brito and Jan Craps, respectively. With effect from 19 February 2020, Jan Craps was appointed as Co-Chair of the Board, alongside Carlos Brito. Code provision A.2.1 of the Corporate Governance Code 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 Jan Craps' appointment as both Co-Chair of the Board, alongside Carlos Brito, and Chief Executive Officer. The Board considers that Jan Craps' appointment will enhance Board efficiency. The Board believes that the balance of power and authority is adequately ensured by the operations and governance of our Board which comprises experienced and high caliber individuals, with more than one-third of them being Independent Non-executive Directors.

Joint Company Secretaries

The joint company secretaries are Bryan Warner and Chan Wai Ling of Tricor Services Limited, as an external service provider. Her primary contact person at the Company is Bryan Warner.

The joint company secretaries play an important role in supporting the Board by ensuring good information flows between the Board and management and that Board policy and procedures are followed. The joint company secretaries are responsible for ensuring that Board procedures are complied with and that the Board acts in accordance with its statutory obligations under the Articles of Association. The joint company secretaries also advise the Board on all governance matters and assist the Chair in fulfilling his duties (including the logistics associated with the affairs of the Board).

During the reporting period, the joint company secretaries undertook over 15 hours of professional training.

Continuous development

The Company acknowledges the importance of continuous professional development to ensure that the Directors are kept abreast of the latest developments in the business, legal and regulatory environment.

During FY20, the Company engaged external lawyers to provide each of the newly-appointed Directors with training on their statutory obligations, director duties, the Corporate Governance Code, the Listing Rules and applicable laws and regulations.

During the reporting period, the Directors participated in the following trainings:

Directors	Attendance at trainings[1]
Executive Director	
Jan Craps	A, B, C
Non-Executive Directors	
Carlos Brito	A, B, C
Katherine Barrett[2]	A, C
Nelson Jamel[3]	A, C
John Blood (Alternate Director to Ms. Barrett)[4]	A, C
David Almeida (Alternate Director to Mr. Jamel)[5]	A, C
Independent Non-Executive Directors	
Martin Cubbon	A, C
Marjorie Yang	A, C
Katherine Tsang	A, C

Notes:

(1) The letters denote the following trainings:
A – reading regulatory and industry-related updates
B – corporate events
C – attending expert briefings/seminars/conferences relevant to the business or directors' duties.

(2) Katherine Barrett was appointed as a Non-executive Director on 4 June 2020.

(3) Nelson Jamel was appointed as a Non-executive Director on 4 June 2020.

(4) John Blood was appointed as Alternate Director to Ms. Barrett on 4 June 2020.

(5) David Almeida was appointed as Alternate Director to Mr. Jamel on 4 June 2020.

The Directors are encouraged to participate in continuous professional development to develop and refresh their knowledge and skills. Regular seminars and written training materials relating to the roles, functions and duties of a director are provided to the Board from time to time. The Directors are also provided with regular updates on the Company's performance, position and prospects.

Senior management

The senior management is entrusted with day-to-day management of the Company and its subsidiaries, affiliates and joint ventures, and is responsible for the execution and management of all Board decisions.

The Executive Committee, which is comprised of the Chief Executive Officer, the Chief Financial Officer and the Chief Legal and Corporate Affairs Officer, works with the Board on matters such as corporate governance, general management of the Company and the implementation of corporate strategy as defined by our Board. The Executive Committee drives the commercial and operational agenda, reflecting the strategy set out by the Board. Directors ordinarily will not give instructions to, or interfere with the activities of, Company management and employees engaged in the due exercise of powers granted to them by the Board. By exception to this principle, members of the Audit Committee will at all times have full and free access to the Chief Financial Officer and any other officers or employees to whom they may require access in order to carry out their responsibilities.

Biographies of the members of the senior management are set out in the "Directors and Senior Management" section of the annual report on pages 28 to 31.

Directors' securities transactions

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 have complied with the required standard set out in the Model Code and the Code of Dealing during FY20.

Financial reporting

Directors' responsibility

The Directors acknowledge their responsibility for the preparation and true and fair presentation of the financial statements in accordance with International Financial Reporting Standards issued by the International Accounting Standards Board and the International Financial Reporting Interpretations Committee.

In preparing the consolidated financial statements for FY20, the Board adopted appropriate accounting policies consistently, made prudent and reasonable judgments and estimates, and ensured that the consolidated financial statements were prepared on a going concern basis and show a true and fair view of the consolidated financial position of the Group as of 31 December 2020 and of the Group's consolidated financial performance and cash flows for FY20.

External auditor's responsibility

A statement by the external auditor of the Company, PricewaterhouseCoopers, is included in the Independent Auditor's Report on pages 65 to 69 of this annual report.

External auditor's remuneration

The consolidated financial statements contained in this annual report have been audited by PricewaterhouseCoopers. Service fees for auditing and non-auditing services provided by PricewaterhouseCoopers for FY20 are included in Note 9 to the consolidated financial statements. The non-audit services provided by our external auditor for the year ended 31 December 2020 mainly include services in connection with IT advisory.

Board Committees

Audit Committee

The Audit Committee, chaired by an Independent Non-Executive Director, is comprised of three members: Martin Cubbon (Chair of the Audit Committee), Katherine Tsang and Nelson Jamel.

The primary duties of the Audit Committee include (among other things) overseeing the financial reporting system and internal control procedures of the Company, reviewing the financial information of the Company and considering issues relating to the external auditor and its appointment.

Summary of work

Duties performed by the Audit Committee during FY20 include, among other things, the following:

- reviewed the Group's financial statements, interim and annual reports before submitting them to the Board;
- reviewed the Group's (1) internal control, internal audit and risk management systems; (2) tax updates; (3) legal, compliance and regulatory updates; (4) data privacy, solutions, information technology and cybersecurity updates; (5) safety, environment and quality updates; and (6) sustainability-related updates;
- reviewed the Group's financial and accounting policies and practices and Listing Rules compliance; and
- reviewed the external auditor's appointment.

Nomination Committee

The Nomination Committee is comprised of three members: Carlos Brito (Chair of Nomination Committee), Marjorie Yang and Martin Cubbon.

The Nomination Committee's primary duties include (among other things) reviewing the structure, size and composition of the Board, identifying individuals suitably qualified to become Directors and making recommendations to the Board on the appointment and re-appointment of Directors and succession planning for Directors.

Summary of work

Duties performed by the Nomination Committee during FY20 include, among other things, the following:

- recommended to the Board changes to the composition of senior management;
- provided recommendations on Board and Executive Committee succession planning;
- recommended the appointment and resignation of certain Directors and members of senior management; and
- considered results from the Company's employee turnover and engagement review.

Nomination Criteria

As the gatekeeper to the Board, the Nomination Committee will ensure that Directors joining the Board share the Company's dream and its underlying vision of enduring greatness and of building the pre-eminent consumer goods company of the 21st century.

All active and prospective Directors must live by the following five Board principles:

- ensuring the Company's enduring greatness is the Board's overarching purpose;
- the Board is the guardian of the Company's culture that manifests itself in the Company's 10 Principles. The Board itself adheres to the 10 Principles;
- the Company's executives are partners of the Shareholders and the Board. They are not merely employees;
- the Company has a culture of mutual respect and trust. Directors speak up, listen and come back constructively. They are transparent, honest and candid. They hold no grudges. There is no room for politics or hidden agendas around the Board table; and
- the Board nominates successors that are as good as or better than the outgoing Directors.

The Board members must have the right mix of skill and experience. Therefore, more conventional recruitment criteria for Directors such as experience, executive position, functional expertise, reputation and public visibility are also relevant.

Board Diversity Policy

The Board has adopted a Board Diversity Policy setting out its approach to achieve diversity on the Board. The Company recognizes and embraces the benefits of having a diverse Board to enhance the quality of its performance. The Company believes that a diverse team improves the quality of decision-making, and ultimately improves overall performance and it builds on passionate people becoming owners.

The Nomination Committee will monitor the implementation of the Board Diversity Policy by conducting review of the Board's composition at least once annually taking into account the benefits of all relevant diversity aspects and adhering to the Board Diversity Policy when making recommendation on any Board appointments. The Nomination Committee will also ensure that Board diversity is considered as part of the evaluation of the Board's effectiveness.

Remuneration Committee

The Remuneration Committee, chaired by an Independent Non-Executive Director, is comprised of three members: Marjorie Yang (Chair of Remuneration Committee), Katherine Tsang and Carlos Brito.

The Remuneration Committee's primary duties include (among other things) to make recommendations to the Board on the Company's policy and structure for all Directors' and senior management's remuneration, monitoring the performance of the Chief Executive Officer, the Executive Committee and senior management, and approving or making recommendations on individual remuneration packages of Directors and senior management.

Summary of work

Duties performed by the Remuneration Committee during FY20 include, amongst other things, the following:

- approved changes to the remuneration structure of senior management;
- recommended the adoption of the New Restricted Stock Units Plan;
- recommended the grant of options under the Discretionary Long-Term Incentive Scheme; and
- recommended the grant of restricted stock units under the Discretionary Restricted Stock Units Plan and the New Restricted Stock Units Plan.

Remuneration Policy

The Remuneration Committee recommends the level of remuneration for Directors, including the Chair, subject to approval by the Board.

The Remuneration Committee will regularly benchmark Directors' compensation against peer companies to ensure that it is competitive. Remuneration is linked to the time committed to the Board and its various committees. Changes to the compensations of the Directors will be submitted to the Shareholders' Meeting for approval.

In addition, Board members may be granted certain number of share options or restricted stock units or bonus shares under share incentive schemes adopted by the Company from time to time. Such securities may be granted upon the recommendation of the Remuneration Committee and will be subject to approval by the Board.

The remuneration of the Board members is thus composed of a fixed fee and certain securities of the Company, which makes Board compensation simple, transparent and easy for Shareholders to understand.

The Board sets and revises, from time to time, the rules and level of compensation for Directors carrying out a special mandate or sitting on one of the committees of the Board and the rules for reimbursement of Directors' business-related out-of-pocket expenses.

FY20 Remuneration

Directors' emoluments comprise payments to Directors by the Company in connection with the management of the affairs of the Company. Details of emoluments paid to each Director and the five highest paid employees in FY20 are set out in Notes 8 and 33 of the consolidated financial statements.

Corporate governance functions

The Board is primarily responsible for performing the corporate governance functions of the Company, including the following:

- developing and reviewing the Company's policies and practices on corporate governance;
- reviewing the Company's compliance with the Corporate Governance Code and disclosure in the Corporate Governance Report;
- reviewing and monitoring the training and continuous professional development of Directors and senior management;
- reviewing and monitoring the Company's policies and practices on compliance with legal and regulatory requirements; and
- developing, reviewing and monitoring this policy and any other codes of conduct or policies applicable to Directors and officers of the Company.

Risk Management and Internal Control

Board's responsibility

The Board of Directors and the senior management are responsible for establishing and maintaining adequate internal controls and risk management systems and reviewing their effectiveness. Internal control is the process designed to provide reasonable assurance regarding achievement of objectives related to effectiveness and efficiency of operations, reliability of financial reporting and compliance with applicable laws and regulations. Risk management is the process designed to identify potential events that may affect the Company and to manage risks within the level of exposure acceptable to the Company.

Control framework

The Company has established and operates its internal control and risk management systems based on guidelines issued by the Committee of Sponsoring Organizations of the Treadway Commission ("**COSO**"). The internal control system is based upon COSO's Internal Control – Integrated Framework of 2019 and its risk management system is based on COSO's Enterprise Risk Management Framework of 2019.

To mitigate operational, financial compliance and legal compliance risks, we are organized internally as per 3 levels of controls with different scopes and focus:

1st level: day-to-day operations

1st level of control is comprised of our senior management and local management and their teams, the service centers as well as the local internal control teams in each of our business units across China, India and South East Asia, East Asia. These teams are responsible for identifying risks and managing the day-to-day execution of processes and controls to mitigate those risks in their local business units.

2nd level: oversight from legal compliance and control

2nd level of control is comprised of our Control & Solutions teams as well as Legal team at group level. These teams are responsible for overseeing processes and controls from an overall group perspective.

3rd level: Risk Management

3rd level of control is comprised of our independent Risk Management team, fulfilling the role of internal audit department. The Risk Management team is responsible for reviewing the effectiveness of the group's control systems and working with process owners to implement improvements.

The Board acknowledges that such systems are designed to manage rather than eliminate the risk of failure to achieve business objectives and can only provide reasonable and not absolute assurance against material misstatement or loss.

Without prejudice to the responsibilities of the Board as a whole, the Audit Committee oversees financial and business risk management and discusses the process by which management assesses and manages the company's exposure to those risks and the steps taken to monitor and control such exposure.

The Company is committed to establishing high level risk management and internal control systems to safeguard the Company's interests and Shareholders' investment.

Internal control

Our internal control function is led by the Internal Control team in Finance. The internal control processes and procedures that have been established for various aspects of the business, with clearly defined scopes of responsibilities, form the foundation of Budweiser APAC's internal control system to ensure compliance of business operations with applicable regulations. These internal control processes are reviewed annually by the Audit Committee and the Board.

Risk management process

The Company has established robust, comprehensive and technology-driven risk management to effectively manage and mitigate risks inherent to the business to protect the Company, the customers and the partners, as well as to meet regulatory obligations.

To support the risk management process, an annual risk assessment is performed by the 3rd level of control: our Risk Management team. Such assessment uses a bottom-up and top-down approach, starting bottom-up with inputs from both key internal stakeholders across verticals and business units and external stakeholders such as audit firms. Those inputs are then collated and appraised with topics being prioritized with the use of a Risk Assessment Index. An audit plan with the key risk areas identified is created following this assessment, with refinements being made based on top-down inputs from senior management in an iterative manner. Throughout this process, initially non-prioritized risks are frequently reassessed to check for eventual relevant risks that could have been overlooked.

During the following year, the Risk Management team then performs reviews and issues the corresponding reports. The output of the reviews performed as part of the audit plan are action plans to mitigate risks and improve business performance. The Audit Committee reviews the internal audit reports and monitors the implementation of the related action plans.

Inside information

The Company has adopted the Disclosure of Inside Information Policy governing the procedures and internal control for the handling and dissemination of inside information, in which the utilization of confidential or inside information for securities dealing is strictly forbidden. An information disclosure working group is established to monitor and evaluate the risks of leakage of inside information, and to handle and disseminate inside information as appropriate in accordance with the information disclosure policy.

Effectiveness of internal controls and risk management systems

With the assistance of the Audit Committee, the Board has conducted a review of the Company's internal controls and risk management systems for FY20, including financial, operational and compliance controls and was satisfied with the effectiveness and adequacy of the systems. This review included a review of the adequacy of the resources, staff qualifications and experiences of the Company's accounting, internal audit and financial reporting functions.

This was achieved primarily through:

- approving work plan of the Risk Management team;
- reviewing the findings, recommendations, and follow-up actions of internal audit work;
- reviewing quarterly risk management activity reports;
- reviewing statutory and operational compliance reports;
- reviewing controls and procedures of financial reporting and the annual financial statements; and
- reviewing the nature, scope of work and reports of the external auditor.

The Board is also pleased to inform the Shareholders that it has received a confirmation from senior management on the effectiveness of the Company's risk management and internal control systems during the reporting period.

Risks and uncertainties

The Company has identified the below as the principal risk areas that affect its business operations. Such risks are not exhaustive. There may be other risks in addition to those shown below which are not known to the Company or which may not be material now but could turn out to be material in the future.

Principal risks	Mitigating measures
Economic conditions and risks common to the beer industry: The Company's business is affected by the global economy and the typically more volatile economics of emerging markets.	The Company closely reviews and monitors the sales and distribution of its products and developments in key markets.
Any adverse economic developments in Asia Pacific could result in reduced consumption or sales prices of the Company's products, which in turn could result in lower revenue and reduced profit.	Where necessary, the Company may make commercial investments and reallocate resources to support its brands and route to market in the event of adverse economic or other developments.
Consumption of beer and other alcohol and non-alcohol beverages in many of the jurisdictions in which the Company operates is closely linked to general economic condition, with levels of consumption tending to rise during periods of rising per capita income and fall during periods of declining per capita income.	
Political and regulatory exposure: The Company's business is highly regulated in the countries in which it operates. The Company is required to comply with laws and maintain various approvals, licenses and permits in order to conduct its operations in the various countries in which it does business. These approvals, licenses and permits are granted upon satisfactory compliance with, among other things, applicable laws and regulations in relation to alcohol sales and distribution, food safety, hygiene, environmental protection and fire workplace safety. Such approvals, licenses and permits are subject to termination or non-renewal. The Company's business also faces customary risks of operating in developing countries such as political instability or insurrection, external interference, financial risks, changes in government policies, amongst others.	The Company's legal, compliance and corporate affairs department actively monitors its compliance with applicable laws and regulatory requirements in order to ensure that it is operating in an ethical and legally compliant way and has all the necessary approvals licenses and permits to operate its business. The Company also ensures it has adequate internal resources to ensure that it can react to legal and regulatory changes, changes in political climate or economic trends in a timely fashion.

Principal risks	Mitigating measures
Competition and changing consumer preferences: The Company competes with both global and regional brewers and other drinks companies, and its products compete with other beverages. Brewers, as well as other players in the beverage industry, compete mainly on the basis of brand image, price, quality, distribution networks and customer service. Competition with brewers and producers of alternative beverages in the Company's various markets in Asia Pacific and an increase in the purchasing power of players in the Company's distribution channels could cause the Company to reduce pricing, increase capital investment, increase marketing and other expenditures and/or prevent the Company from increasing prices to recover higher costs, thereby causing the Company to reduce margins or lose market share.	The Company maintains strong relationships with its distributors to ensure that it has visibility over points of sale and consumer preferences. The Company continually assesses consumer needs and values with a view to identifying the key characteristics of consumers in each beer category so as to position its existing brands or to introduce new brands in order to address the characteristics of each category. The Company may also look to product innovations to adapt to changing consumer preferences. The Company continues to place a high value on R&D priorities. This includes launching new liquids, new packaging and new dispensing systems, as well as updating and enhancing existing products and packaging. The Company further continues to allocate resources to its Asia Pacific Zone Innovation and Technology Center which includes a research pilot brewery, a package lab, a central lab, regional R&D office and training centers.
Reputation of our brands: The Company relies on the reputation of its brands. An event, or series of events, that materially damage the reputation of one or more of the Company's brands could have an adverse effect on the value of that brand and subsequent revenues from that brand or business. One example would be parallel imports of our products in significant amounts which may negatively impact our volumes and reputation as such importers may not take proper steps to maintain the quality of our products.	The Company continues to take steps to enhance its reputation e.g. closely monitor and take action on parallel import activities. The Company strives to create lasting value for its business partners and stakeholders by utilizing its scale, resources and people to address the needs of communities. Examples of the Company's programs to address the needs of its communities include "Accelerator 100+ project" which pilots innovative solutions across our operations and supply chain in key markets and programs relating to smart agriculture, water stewardship, circular packaging and climate action.
Financial risk: The Company's operations are exposed to certain financial risks such as credit risk and foreign currency risks. Such risks may have an adverse effect on the Company's results of operations and financial condition.	The Company mitigates its exposure through a variety of mechanisms, including, among other things, establishing minimum counterparty credit ratings and entering into transactions only with financial institutions of investment grade rating. The Company monitors counterparty credit exposures closely and reviews any external downgrade in credit rating immediately. In respect of foreign currency risk, the Company may hedge operating transactions which are reasonably expected to occur (e.g., cost of goods sold and selling, general and administrative expenses) within the forecast period determined in our financial risk management policy. Operating transactions that are considered certain to occur are hedged without any time limits.

Investor Relations

The Company encourages its Shareholders to take an active interest in the Company. In support of this objective, it provides quality information, in a timely fashion, through a variety of communication tools. These include annual reports, environmental, social and governance reports, the non-financial statement, financial results announcements, briefings, and the section of the Company's website which is dedicated to investors. In accordance with the Listing Rules, the Company adopted a Shareholders Communication Policy with effect from the Listing Date which is published on the Company's website and can be found at http://www.budweiserapac.com/.

Enquiries from Shareholders for the Board or the Company may be directed to the Company's investor relations team at IR@budweiserapac.com.

Shareholders are encouraged to participate in general meetings or to appoint proxies to attend and vote at meetings for and on their behalf if they are unable to attend the meetings.

Shareholders' Rights

Convening of extraordinary general meeting by Shareholders

According to the Articles of Association, any one or more Shareholders holding at the date of deposit of the requisition not less than 10% of the paid up capital of the Company carrying the right of voting at general meetings of the Company shall at all times have the right, by depositing written requisition to the Board or the Secretary of the Company at Tricor Services Limited of 15/F, International Trade Tower, 348 Kwun Tong Road, Kowloon, Hong Kong (Attention: Joint Company Secretaries of Budweiser Brewing Company APAC Limited), to require an extraordinary general meeting to be called by the Board for the transaction of any business specified in such requisition. Such meeting shall be held within two months after the deposit of such requisition.

Procedures for Shareholders to propose a person for election as a Director of the Company

The Procedures to Propose Persons for Election as Directors has been adopted by the Company and is published on the Company's website at http://www.budweiserapac.com/.

Changes to the Company's Articles of Association

Our current Articles of Association was amended and restated on 15 May 2020, and is available for viewing on the websites of the Company and the Stock Exchange. There were no further significant changes to our Articles of Association since such amendment and restatement.

Report of the Directors

The Directors present this report together with the audited financial statements of the Company for FY20.

Principal Businesses and Activities

The Company is an investment holding company and the principal activities of its subsidiaries are set out in Note 34 to the consolidated financial statements.

The Group is principally engaged in the brewing and distribution of beer. The Group produces, imports, markets, distributes and sells a portfolio of beer brands owned or licensed by the Company, including Budweiser, Stella Artois and Corona, Hoegaarden, Cass and Harbin. The Group also produces, markets, distributes and sells other non-beer beverages. The Group's operations are primarily located in China, South Korea, India, Vietnam and other Asia Pacific regions.

There were no significant changes in the nature of Group's activities during the reporting period.

Business Review

A review of the Group's business during the year, including a discussion of the Group's future business development, an analysis of the Group's performance using key performance indicators during the year and particulars of important events affecting the Group that have occurred since the end of the financial year are set out in the sections headed "Letter to Shareholders" and "Management Discussion and Analysis" on pages 2 to 3 and pages 14 to 23 of this annual report.

Details of the Group's principal risks and uncertainties that may adversely impact the Group's performance and the execution of its strategies are disclosed within the "Risk Management and Internal Control" section of the "Corporate Governance Report" on pages 32 to 45 of this annual report.

In addition, information of the Group's corporate governance practices, environmental policies and performance and the Group's relationship with its employees, customers, and suppliers can be found in the sections headed "Corporate Governance Report" and "Environmental and Social Report" on pages 32 to 45 and pages 24 to 27 respectively of this annual report.

Compliance procedures are in place to ensure adherence to applicable laws, rules and regulations in particular, those having significant impact on the Group. Any changes in the applicable laws, rules and regulations are brought to the attention of relevant employees and business unit from time to time. As far as the Company is aware, it complied in material respects with the relevant laws and regulations that have a significant impact on the business and operation of the Company during the reporting period.

Financial Results

The Group's results for the reporting period are set out in the consolidated income statement on page 70 of this annual report. The financial summary for the Group for the most recent four financial years, as set out on page 135 of this annual report.

The financial position of the Group for the reporting period is set out in the consolidated statement of financial position on pages 72 to 73 of this annual report.

The consolidated cash flow of the Group for the reporting period is set out in the consolidated statement of cash flows on pages 75 to 76 of this annual report.

A discussion and analysis about the operating performance and significant elements affecting the results of operations and financial condition of the Group during the reporting period is set out in "Management Discussion and Analysis" section on pages 14 to 23 of this annual report.

Reserves

Details of movements in the reserves of the Company during the reporting period are set out in the consolidated statement of changes in equity on page 74 of this annual report and in Note 21 to the consolidated financial statements, respectively.

Dividend Policy

The Company's current dividend policy is to declare a dividend representing in aggregate at least 25% of the consolidated profit attributable to the Group's equity holders, excluding exceptional items, such as restructuring charges, gains or losses on business disposals and impairment charges, subject to applicable legal provisions relating to distributable profit.

Final dividends are approved at the annual general meeting. The Board may pay an interim dividend in accordance with Cayman Islands law. Any dividends will be paid on the dates communicated by the Board.

Final Dividend

The Board resolved to recommend a final dividend of 2.83 cents US dollar per share for FY20 with an aggregate amount of approximately 375 million US dollar to Shareholders, subject to the approval by the Shareholders at the forthcoming AGM. Shareholders registered under the principal register of members in the Cayman Islands will automatically receive their dividends in US dollars while Shareholders registered under the Hong Kong branch register of members will automatically receive their dividends in Hong Kong dollars.

Share Capital

Details of movements in the share capital of the Company during the reporting period are set out in Note 21 to the consolidated financial statements.

Principal Subsidiaries

Details of the Company's principal subsidiaries are set out in Note 34 to the consolidated financial statements.

Distributable Reserves

As of 31 December 2020, the amount of reserves available for distribution of the Company was approximately 43,789 million US dollar, of which 375 million US dollar has been proposed as final dividend for FY20.

Bank Borrowings and Other Borrowings

Details of bank borrowings and other borrowings of the Company and its subsidiaries as of 31 December 2020 are set out in Note 22 to the consolidated financial statements.

Use of Proceeds from Listing

The Company listed on the Stock Exchange on the Listing Date. The proceeds raised from the Company's Listing were approximately 5,749 million US dollar (including proceeds from the exercise of the over-allotment option). The entire proceeds were used to satisfy loans due to AB InBev's subsidiaries.

Donations

During the reporting period, the Company and its subsidiaries made charitable donations of approximately 2,434 thousand US dollar.

Major Customers and Suppliers

During the reporting period, purchases from the Group's five largest suppliers accounted for less than 30% of the total purchases.

During the reporting period, the Group's five largest customers accounted for less than 30% of the Group's total revenue.

Property, Plant and Equipment

Details of changes in property, plant and equipment of the Company during the reporting period are set out in Note 12 to the consolidated financial statements.

Directors

The Directors during the reporting period and up to the date of this annual report are:

Executive Director

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

Non-executive Directors

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

Independent Non-executive Directors

Martin Cubbon
Mun Tak Marjorie Yang
Katherine King-suen Tsang

Details of the Directors are set out in the section headed "Directors and Senior Management" on pages 28 to 31 of this annual report.

Directors' Material Interests in Transactions, Arrangements and Contracts of Significance

There were no transactions, arrangements or contracts of significance in relation to the Group's business, to which the Company, its holding company, any of its subsidiaries or fellow subsidiaries was a party and in which the Directors or their connected entities had a material interest, whether directly or indirectly, as at the end of the year or at any time during the reporting period.

Service Contracts

None of the Directors that will be standing for re-election at the forthcoming AGM has a service contract with any member of the Group which is not determinable by the relevant employer within one year without payment of compensation (other than statutory compensation).

Management Contracts

No contracts concerning the management and administration of the whole or any substantial part of the business of the Company were entered into or existed during the reporting period.

Directors' Interests in Competing Businesses

Save for (i) the director or management positions held by certain Directors in AB InBev and Ambev as disclosed in the section headed "Directors and Senior Management" of this annual report, and (ii) the interests of certain Directors in the shares of AB InBev and Ambev as set out in the section headed "Interests and Short Positions of Directors and Chief Executive in Shares, Underlying Shares and Debentures of the Company and its Associated Corporations" below, the Directors confirmed that other than business of the Group, none of the Directors holds any interest in business which directly or indirectly competes or is likely to compete with the business of the Group.

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

As of 31 December 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	Number of Shares	Number of Shares underlying unvested and conditional options and RSUs	Total Interests in Shares	Approximate percentage of the issued share capital of the Company (%)
Jan Craps	Beneficial Owner	Nil	22,849,864[1]	22,849,864[1]	0.17
Martin Cubbon	Beneficial Owner	Nil	68,063[2]	68,063[2]	0.00
Marjorie Yang	Beneficial Owner	Nil	54,538[3]	54,538[3]	0.00
Katherine Tsang	Beneficial Owner	Nil	54,538[4]	54,538[4]	0.00

Notes:
(1) Shares that may be delivered upon the exercise of 15,289,898 options and 7,559,966 RSUs.
(2) Shares that may be delivered upon the exercise of 68,063 RSUs.
(3) Shares that may be delivered upon the exercise of 54,538 RSUs.
(4) Shares that may be delivered upon the exercise of 54,538 RSUs.

(ii) Interest in Shares of Associated Corporations

Long Position in Shares of AB InBev (Associated Corporation)

Name of Director or Chief Executive Officer	Nature of Interest	Number of ordinary shares	Number of shares underlying unvested and conditional options and RSUs	Total Interests in Shares	Approximate percentage of the issued share capital of AB InBev (%)
Jan Craps	Beneficial Owner	22,122	1,116,549[1]	1,138,671	0.06

Note:
(1) Shares that may be delivered upon the exercise of 1,008,939 options and 107,610 RSUs of AB InBev.

Long Position in Shares of Ambev (Associated Corporation)

Name of Director or Chief Executive Officer	Nature of interest	Number of common shares	Number of shares underlying unvested and conditional options and RSUs	Total Interests in Shares	Approximate percentage of the issued share capital of Ambev (%)
Jan Craps	Beneficial Owner	221,665	679,828[1]	901,493	0.01

Note:
(1) Shares that may be issued upon the exercise of 554,120 options and 135,708 RSUs of Ambev.

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 their interests in the "associated corporations" (as defined in the SFO) of the Company, namely AB InBev and Ambev. In addition, the Stock Exchange has granted the Company a waiver from strict compliance with the requirement to disclose their interests in AB InBev and Ambev in the annual and interim reports of the Company under Paragraph 13 of Appendix 16 of the Listing Rules. See the section headed "Waivers from strict compliance with the Listing Rules and exemptions from strict compliance with the Companies (WUMP) Ordinance and the SFO" of the Prospectus.

Save as disclosed above, so far as the Directors are aware, as of 31 December 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.

Interests of Substantial Shareholders

So far as the Directors are aware, as at 31 December 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

No.	Name of Shareholder	Capacity	Number of Shares held or interested in	Approximate percentage of the issued share capital of the Company (%)
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
26.	AB InBev[(1)(2)(a)(b)(c)(3)]	Interest of a controlled corporation	11,550,938,000	87.22
27.	Stichting Anheuser-Busch InBev (the "**Stichting**")[(2)(a)(b)(c)]	Interest of a controlled corporation	11,550,938,000	87.22
28.	EPS Participations S.à.R.L. ("**EPS Participations**")[(2)(a)(c)]	Interest of a controlled corporation	11,550,938,000	87.22
29.	Eugénie Patri Sébastien (EPS) S.A.[(2)(a)(c)]	Interest of a controlled corporation	11,550,938,000	87.22
30.	BRC S.à.R.L. ("**BRC**")[(2)(a)(c)(3)]	Interest of a controlled corporation	11,550,938,000	87.22
31.	S-BR Global[(3)]	Interest of a controlled corporation	11,550,938,000	87.22
32.	Santa Erika[(3)]	Interest of a controlled corporation	11,550,938,000	87.22
33.	Inpar Investment Fund[(3)]	Interest of a controlled corporation	11,550,938,000	87.22
34.	Stichting Enable[(3)]	Interest of a controlled corporation	11,550,938,000	87.22
35.	Inpar VOF[(3)]	Interest of a controlled corporation	11,550,938,000	87.22
36.	Jorge Paulo Lemann[(3)]	Interest of a controlled corporation	11,550,938,000	87.22

Notes:

(1) AB InBev Intermediate Holding Companies

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

AB InBev and Ambrew S.à.r.l. own 99.99% and 0.01%, respectively, of the issued and outstanding equity interests in InBev Belgium BV, an entity organized under the laws of Belgium. AB InBev and InBev Belgium BV own, respectively, 67.62% and 32.38% of the issued and outstanding equity interests in AB InBev Nederland Holding B.V., an entity organized under the laws of the Netherlands.

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

InBev International Inc. and ABI Southern Holdings Limited own, respectively, 80% and 20% of the issued share capital of Anheuser-Busch North American 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 InBev Worldwide, Inc., which are both incorporated under the laws of Delaware).

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

Anheuser-Busch Companies, LLC owns 100% of the issued share capital of Anheuser-Busch LLC which owns 100% of the issued share capital of Anheuser-Busch North LLC. Anheuser-Busch North LLC owns 100% of the issued share capital of Anheuser-Busch Commercial Strategy Holdings, LLC.

Anheuser-Busch Americas Holdings LLC, Anheuser-Busch North LLC and Anheuser-Busch Commercial Strategy Holdings, LLC own, in the aggregate, 100% of the issued share capital of Anheuser-Busch America Investments, LLC holding, respectively, approximately 61.5%, 11.4% and 27.1%. Anheuser-Busch America Investments LLC indirectly owns 100% of the issued share capital of AB InBev America Holdings (APAC) Limited, which is incorporated under the laws of Hong Kong, through AB InBev America Holdings Limited, which is incorporated under the laws of the UK.

(2) (a) The 2016 Shareholders' Agreement

BRC, EPS and EPS Participations are companies incorporated under Luxembourg law. As per (i) transparency declarations made by shareholders who are compelled to disclose their shareholdings pursuant to the Belgian law of 2 May 2007 on the notification of significant shareholdings and the articles of association of AB InBev, (ii) notifications made by such shareholders to AB InBev on a voluntary basis prior to 20 December 2020 for the purpose of updating the above information, (iii) notifications received by AB InBev in accordance with Regulation (EU) No 596/2014 of the European Parliament and of the Council of 16 April 2014, and (iv) information included in public filings of AB InBev with the US Securities and Exchange Commission, such entities held respectively on 31 December 2020 39,746,403, 99,999 and 130,605,654 ordinary shares of AB InBev, representing respectively 2.02%, 0.01% and 6.62% of the voting rights attached to AB InBev's outstanding shares (excluding the 46,992,666 treasury shares held by AB InBev and its subsidiaries on 31 December 2020).

The Stichting is a stichting incorporated under Dutch law. As per the most recent transparency declarations made pursuant to article 6 of the Belgian law of 2 May 2007 on the notification of significant shareholdings on 13 March 2019, it holds 663,074,832 ordinary shares of AB InBev, representing 33.62% of the voting rights attached to AB InBev's outstanding shares (excluding the 46,992,666 treasury shares held by AB InBev and its subsidiaries on 31 December 2020).

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 SRL. As per the latest transparency declarations made to AB InBev on 13 March 2019 pursuant to the Belgian law of 2 May 2007, such entities hold 5,485,415 and 6,997,665 ordinary shares of AB InBev, representing 0.28% and 0.35% of the voting rights attached to AB InBev's outstanding shares (excluding the 46,992,666 treasury shares held by AB InBev and its subsidiaries on 31 December 2020), respectively (the "**Fonds Voting Agreement**").

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

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

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

As per (i) transparency declarations made by shareholders who are compelled to disclose their shareholdings pursuant to the Belgian law of 2 May 2007 on the notification of significant shareholdings and the articles of association of AB InBev, (ii) notifications made by such shareholders to AB InBev on a voluntary basis prior to 20 December 2020 for the purpose of updating the above information, (iii) notifications received by AB InBev in accordance with Regulation (EU) No 596/2014 of the European Parliament and of the Council of 16 April 2014, and (iv) information included in public filings of AB InBev with the US Securities and Exchange Commission and taking into account the ordinary shares of AB InBev held by Fonds Baillet Latour SC and Fonds Voorzitter Verhelst SRL, EPS, EPS Participations, BRC and the Stichting controlled in aggregate 42.90% of the voting rights attached to AB InBev's outstanding shares on 31 December 2020 (excluding the 46,992,666 treasury shares held by AB InBev and its subsidiaries on 31 December 2020) and are deemed to be interested in the Shares AB InBev is interested in.

(3) BRC is controlled indirectly by Jorge Paulo Lemann, Carlos Alberto da Veiga Sicupira and Marcel Herrmann Telles and directly by S-BR Global, that in its turn directly holds a 83.64% interest in BRC. Marcel Herrmann Telles indirectly owns a 24.728% interest in S-BR Global through a chain of wholly-owned subsidiaries (i.e. MTFD Holdings, MCMT Holdings and Santa Paciencia). Carlos Alberto Sicupira indirectly owns a 19.927% interest in S-BR Global through a chain of wholly-owned subsidiaries (i.e. FS Holdings, CCCHHS Holding Ltd. and Santa Heloisa). Jorge Paulo Lemann indirectly owns a 55.345% interest in S-BR Global through a chain of wholly-owned subsidiaries (i.e. Inpar VOF, Stichting Enable, Inpar Investment Fund and Santa Erika). In addition, BR Global SCS holds a 16.36% interest in BRC. BR Global SCS is controlled by BR Global GP in which each of Jorge Paulo Lemann, Carlos Alberto da Veiga Sicupira and Marcel Herrmann Telles indirectly holds (respectively through Santa Erika, Santa Heloisa and Santa Paciencia), a 33.33% interest. Jorge Paulo Lemann also holds a 0.01% interest in AB InBev through a chain of wholly owned subsidiaries (Olia 2 and Olia 2 AG). On the basis of the latest shareholding information received by AB InBev, the ultimate control of BRC is jointly owned by Marcel Herrmann Telles, Carlos Alberto Sicupira and Jorge Paulo Lemann. In spite of such disclosure, Marcel Herrmann Telles and Carlos Alberto Sicupira do not have an interest to be disclosed under the provisions of Divisions 2 and 3 of Part XV of the SFO.

Debenture Issued

The Company did not issue any debentures during the reporting period.

Directors' Rights to Acquire Shares or Debentures

Save as otherwise disclosed in this annual report, no rights to acquire benefits by means of the acquisition of shares in or debentures of the Company were granted to any Directors or their respective spouse or children under 18 years of age, or were any such rights exercised by them; or was the Company and any of its subsidiaries a party to any arrangement to enable the Directors or their respective spouse or children under 18 years of age, to acquire such rights in any other body corporate for the reporting period.

Equity-Linked Agreement

Save as disclosed in this annual report, the Company did not enter into any equity-linked agreement during the reporting period.

Permitted Indemnity Provision

Pursuant to our Articles of Association and subject to the applicable laws and regulations, every Director shall be indemnified and secured harmless out of the assets and profits of the Company against all actions, costs, charges, losses, damages and expenses which they or any of them may incur or sustain in the execution of their duty in their offices. Such permitted indemnity provision has been in force during the reporting period.

The Company has maintained appropriate liability insurance for its Directors and senior management. The permitted indemnity provisions are set out in such liability insurance.

Sufficiency of Public Float

The Stock Exchange has granted the Company a waiver from the minimum public float requirement under Rule 8.08(1) of the Listing Rules such that the minimum public float may be such percentage of shares to be held by the public immediately after the completion of the Listing as increased from the issuance of additional shares to public shareholders as a result of the exercise of the over-allotment option.

Based on the information that is publicly available to the Company and to the knowledge of the Directors, the Company has maintained a public float of no less than approximately 12.61% of the issued shares as at the date of this annual report.

Purchase, Sale or Redemption of the Company's Listed Securities

The Shares were listed on the Main Board of the Stock Exchange on the Listing Date.

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

Pre-Emptive Rights

There is no provision for pre-emptive rights under the Memorandum and Articles of Association or the laws of the Cayman Islands that would oblige the Company to offer new shares on a pro rata basis to existing Shareholders.

Employees

The table below sets out the number of our full-time employees as of 31 December 2020 broken down by geographic location.

	As of 31 December 2020
China	22,530
South Korea	1,939
India	1,593
Vietnam	355
Others	72
Total	**26,489**

Many of our employees in South Korea, India and China are represented by employee unions, with a variety of collective bargaining agreements in place. Generally, we consider the relationship between the Group and the employee unions to be respectful. During the reporting period, the Group was not involved in any labor disputes which had a material adverse effect on the Group's business.

Remuneration

Remuneration Policies

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

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

Details of Directors' remuneration and the five highest paid individuals of the Company for the reporting period are set out in Notes 33 and 8 to the consolidated financial statements, respectively.

Share Award Schemes

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

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

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

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

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

1. The LTI Plan

(a) Participants of the LTI Plan

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

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

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

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

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

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

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

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

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

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

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

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

(i) the closing price of the Company's Shares as stated in the daily quotations sheet of the Stock Exchange on the date of grant of the relevant share option;

(ii) an amount equivalent to the average closing price of the Company's shares as stated in the Stock Exchange's daily quotations sheets for the five business days immediately preceding the date of grant of the relevant share option; and

(iii) the nominal value of the Company's 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 77,857,444 shares, representing 0.59% of the issued share capital of the Company as at 31 December 2020.

The total number of Shares available for grant under the LTI Plan was 1,184,288,347 Shares, representing approximately 8.94% of the issued share capital of the Company as of 31 December 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 options granted and outstanding under the LTI Plan

Name of grantees of options	Date of Grant	Date of Vesting	Number of Shares underlying options outstanding as of 1 January 2020	Options granted during FY20	Options cancelled, not accepted or forfeited during FY20	Options vested during FY20	Number of Shares underlying options outstanding as of 31 December 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	–	377,712	–	7,740,032
	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	–	20,011,884	699,155	–	19,312,729
	14 December 2020[4]	14 December 2025	–	1,027,515	1,027,515	–	–
Total of all grantees			**9,201,728**	**70,760,098**	**2,104,582**	**-**	**77,857,444**

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 377,712 options have not been accepted or been forfeited, no other options have lapsed or have been exercised during FY20.

(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 FY20.

(3) The exercise price of the options granted on 18 May 2020 is HK$23.20 per Share. The closing price of the Shares on the grant date was HK$22.50 per Share. The options will be valid from the grant date until 17 May 2030. The options will vest between the 3rd and 5th anniversaries of the date of grant and will be exercisable until the expiry date of the validity period. Save for a total of 699,155 options have not been accepted or been forfeited, no other options have lapsed or have been exercised during FY20.

(4) The exercise price of the options granted on 14 December 2020 is HK$26.65 per Share. The closing price of the Shares on the grant date was HK$26.65 per Share. The options will be valid from the grant date until 14 December 2030. The options will vest on the 5th anniversary of the date of grant and will be exercisable until the expiry date of the validity period. During FY20, all of the 7,215,255 options were not accepted.

Please refer to Note 24 to the consolidated financial statements of this annual report for further details.

2. Other Share Award Schemes

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

(a) the RSU Plan and the New RSU Plan, grant RSUs to any employee and/or director of the Group;

(b) the PB Plan, offer the opportunity to acquire locked-up shares and the grant of “matching” RSUs to eligible employees; and

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

Details of the RSUs granted and outstanding under the RSU Plan, New 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 as of 1 January 2020	RSUs granted during FY20	RSUs cancelled, not accepted or forfeited during FY20	RSUs vested during FY20	Number of Shares underlying RSUs outstanding as of 31 December 2020
Jan Craps	RSU Plan	25 March 2020[1]	25 March 2025	–	7,146,728	–	–	7,146,728
	–	24 June 2020	25 March 2025	–	64,194[1]	–	–	64,194
	New RSU Plan	14 December 2020	Between 14 December 2023 and 14 December 2025	–	349,044	–	–	349,044
Martin Cubbon	New RSU Plan	14 December 2020	14 December 2025	–	68,063	–	–	68,063
Marjorie Yang	New RSU Plan	14 December 2020	14 December 2025	–	54,538	–	–	54,538
Katherine Tsang	New RSU Plan	14 December 2020	14 December 2025	–	54,538	–	–	54,538
Other eligible employees	RSU Plan	18 December 2019[1]	9 December 2024	3,632,673	–	70,675	–	3,561,998
	–	24 June 2020	9 December 2024	–	31,981[1]	–	–	31,981
	SBC Plan	2 March 2020	2 March 2025	–	225,803	6,745	–	219,058
	–	24 June 2020	2 March 2025	–	1,942[1]	10	–	1,932
	PB Plan	2 March 2020	2 March 2025	–	604,665	40,311	–	564,354
	–	24 June 2020	2 March 2025	–	5,068[1]	–	–	5,068
	RSU Plan	25 March 2020	25 March 2025	–	8,933,410	–	–	8,933,410
	–	24 June 2020	25 March 2025	–	80,240[1]	–	–	80,240
	RSU Plan	18 May 2020	Between 18 May 2023 and 18 May 2025	–	13,354,756	470,242	–	12,884,514
	–	24 June 2020	Between 18 May 2023 and 18 May 2025	–	115,524[1]	–	–	115,524
	New RSU Plan	14 December 2020	Between 14 December 2023 and 14 December 2025	–	6,689,072	405,847	–	6,283,225
Total of all grantees				**3,632,673**	**37,779,566**	**993,830**	**-**	**40,418,409**

Note:
(1) Dividend granted in the form of additional RSUs. RSUs entitle their holder to a dividend equivalent, which represents 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 24 to the consolidated financial statements of this annual report for further details.

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

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

Non-Competition Undertaking

The Directors consider that there is clear and adequate delineation between the business of the Group and the AB InBev Group as the Group has different geographical and market focuses.

On 12 September 2019, we entered into the Deed of Non-competition with AB InBev which safeguards the independence of the respective businesses of the Group and the AB InBev Group. Under the Deed of Non-competition, AB InBev agreed that, except for certain excluded business, with effect from the Listing Date, it will not engage in businesses relating to the manufacture, import, sale and/or distribution of beer (both alcohol and non-alcohol), cider and alcohol malt-based beverages in the APAC Territories and will also cause its subsidiaries (other than our Group) not to engage in such businesses in the APAC Territories, except for limited exceptions.

Under the Deed of Non-competition, we also agreed that, except for certain excluded business, with effect from the Listing Date, the Group will not engage in businesses relating to the manufacture, import, sale and/or distribution of beer (both alcohol and non-alcohol), cider and other alcohol malt-based beverages outside of the APAC Territories and will also cause its subsidiaries not to engage in such businesses outside of the APAC Territories, except for limited exceptions.

AB InBev has provided the Company with a written confirmation in respect of compliance by the AB InBev Group with the obligations and undertakings under the Deed of Non-Competition during FY20 and its consent to the inclusion of such confirmation in this annual report.

The Independent Non-executive Directors have reviewed the Deed of Non-competition and the confirmation provided by AB InBev, and confirmed their view that AB InBev has complied with the terms of the Deed of Non-Competition during the reporting period.

During the reporting period, the Directors (including the Independent Non-executive Directors) did not make any decisions in relation to whether to exercise or terminate an option for purchase and take up or waive any new business opportunity.

External Auditor

The consolidated financial statements have been audited by PricewaterhouseCoopers. PricewaterhouseCoopers will retire and a resolution for their re-appointment as external auditors of the Company will be proposed at the forthcoming AGM.

Connected Transactions

During the reporting period, the Group has entered into certain transactions with members of AB InBev Group. AB InBev is the Company's controlling shareholder, and members of the AB InBev Group are the Company's connected persons. Accordingly, transactions entered into between members of the AB InBev Group and the Group constitute connected transactions for the Company under Chapter 14A of the Listing Rules.

Summary of the Non-Exempt Continuing Connected Transactions

During FY20, the following non-exempt continuing connected transactions occurred between the Group and the AB InBev Group:

	Transaction	Date and term of the agreement	Transaction value for 2020 in US dollar	Annual cap for 2020 in US dollar
(1)	Licenses granted to the Group to import the AB InBev Group's products for sale under the Importation Framework Agreement	Entered into on 2 July 2019, as amended on 12 September 2019, effective on the Listing Date for a 25-year term	70 million	N/A[1]
(2)	Licenses granted to the Group to manufacture the AB InBev Group's products for sale under the Production Framework Agreement	Entered into on 2 July 2019, as amended on 12 September 2019, effective on the Listing Date for a 25-year term	72 million	N/A[1]
(3)	Deposits in the cash pooling arrangements of the AB InBev Group under the Cash Pooling Framework Agreement	Entered into on 2 July 2019 as amended on 12 September 2019, effective on the Listing Date for a term of eight years, renewable automatically for successive eight-year terms	395 million (highest daily amount of deposits, including interest accrued)	1.95 billion (maximum daily caps on the amount of deposits, including interest accrued)
(4)	Strategic services provided to the Group under the Strategic Services Framework Agreement	Entered into on 2 July 2019, effective on the Listing Date for a 10-year term	17 million	44 million
(5)	Procurement services provided to the Group under the Procurement Services Framework Agreement	Entered into on 2 July 2019, effective on the Listing Date for a 10-year term	17 million	71 million
(6)	Administrative services provided to the Group under the General Services Framework Agreement	Entered into on 2 July 2019, effective on the Listing Date for a three-year term	Included in the transaction value of strategic services provided to the Group	Included under annual cap for strategic services provided to the Group

Note:
(1) The Stock Exchange has granted the Company a waiver under Rule 14A.105 of the Listing Rules from strict compliance with the annual cap requirements.

The key terms of the non-exempt continuing connected transaction are set out below.

(1) Licenses granted to the Group to import, sell, distribute, advertise and promote AB InBev Products for sale in the APAC Territories

Under the Importation Framework Agreement, AB InBev will procure members of the AB InBev Group as licensors to grant, subject to limited exceptions, the relevant members of the Group: (i) exclusive licenses to import for sale, sell and distribute and (ii) non-exclusive licenses to advertise and promote AB InBev Products in the APAC Territories.

Pricing policy

The import price (being the AB InBev Product's cost per unit of volume imported into the APAC Territories) will be determined among the respective parties from time to time on an arm's length basis.

When an AB InBev Product is first introduced to a new territory under the Importation Framework Agreement or if an existing license is renewed, AB InBev and the Company will agree the import price of such product. The import price for each product will be agreed by AB InBev and the Company based on (a) production cost of the imported product and (b) a mark-up, covering (i) an allocation of certain indirect costs (including logistics cost, overhead cost, depreciation, amortization and other costs as AB InBev and the Company may deem relevant), (ii) distribution royalty component determined using the pricing policies set out for royalty under the Licenses to Manufacture (see (2) below), (iii) an exporter margin set by reference to a transfer pricing benchmark report, or by reference to a historical import agreement entered into between AB InBev and a third party considering such other factors as AB InBev and the Company may deem relevant in the end-market.

(2) Licenses granted to the Group to manufacture, sell, distribute, advertise and promote AB InBev Products for sale in the APAC Territories

Under the Production Framework Agreement, AB InBev will procure members of the AB InBev Group as licensors to grant, subject to limited exceptions, the relevant members of the Group: (i) exclusive licenses to manufacture AB InBev Products in consumer-ready form for sale in the APAC Territories, and sell and distribute AB InBev Products in the APAC Territories and (ii) non-exclusive licenses to advertise and promote AB InBev Products in the APAC Territories.

Pricing policy

The license royalty will be determined among the respective parties from time to time on an arm's length basis. The Company and AB InBev will periodically (and in any event not less than once every five years) retain an accounting or tax advisor to produce a benchmark transfer pricing report on global pricing and royalties in the applicable product markets to determine the appropriate market rate royalty bands for products positioned in each relevant market with respect to the royalty under the licenses to manufacture.

When an AB InBev Product is first introduced to a new territory under the Production Framework Agreement or if an existing license is renewed, AB InBev and the Company will agree the royalty of such product. The license royalty will be assessed as a percentage of net sales. AB InBev and the Company will agree the royalty to each AB InBev Product based on the benchmark transfer pricing report with reference to (a) the positioning of the relevant AB InBev Product in the end-market, (b) comparable royalties charged by the AB InBev Group to current or recently former third-parties, (c) the duration such product has been present in the relevant market and the product introduction strategy, and (d) such other factors as AB InBev and the Company may deem relevant.

(3) Deposits made by the Group in the AB InBev Group's cash pooling accounts

Under the Cash Pooling Framework Agreement, the Company participates in the AB InBev Group's physical and notional cash pooling arrangements (the "**Cash Pooling Arrangements**"), under which funds from different participants are consolidated into the AB InBev Group's cash pool accounts with the London branch of J.P. Morgan Chase Bank N.A. (the "**Pooling Agent**"). Participants may make deposits or draw overdrafts from the cash pool (which also allows participants access to an overdraft facility) and Group members and AB InBev Group members are treated the same under the arrangements.

There are two forms of cash pooling in place: physical and notional. The physical Cash Pooling Arrangement consolidates cash from the physical pool participants' bank accounts on a regular basis into a centralized cash pool account. The notional Cash Pooling Arrangement notionally consolidates the cash balance from the notional cash pool participants' own bank accounts and does not transfer the bank balance to a centralized cash pool account.

As certain members of the Group participate in the AB InBev Group's notional cash pooling with the Pooling Agent or in the physical cash pooling with Cobrew NV/SA, a wholly-owned subsidiary of the AB InBev Group, as cash pool header, or receive current account services from Cobrew NV/SA, such financial assistance constitutes a continuing connected transaction with the AB InBev Group.

Pricing policy for deposits

In respect of the notional cash pool, the deposit interest rates offered by the Pooling Agent will be the base rate of the Pooling Agent for overnight cash positions. Such base rate will be calculated by reference to (i) the prevailing overnight market rates and (ii) the competitive rates driven by the Pooling Agent's ability to deploy cash in daily currency markets.

In respect of the physical cash pool, the deposit interest rates offered by Cobrew NV/SA will be set with reference to the deposit interest rates offered by the Pooling Agent or by other third party financial institution providing cash pooling services to Cobrew NV/SA.

The terms of the deposits offered to the Group by the Pooling Agent or Cobrew NV/SA in respect of the notional and physical cash pool will at all times reflect the terms offered by the Pooling Agent or by other third party financial institution to the AB InBev Group for deposits (without any additional charges) and will be on arm's length basis.

(4) Strategic services provided by the AB InBev Group to the Group

Under the Strategic Services Framework Agreement, AB InBev will procure members of the AB InBev Group to provide strategic advice and support services in relation to (1) management support, (2) marketing, (3) supply, (4) human resources, (5) finance, (6) legal and corporate affairs, and (7) innovation and R&D, to the Group.

Pricing Policy

The payment terms will be determined among the respective parties from time to time on an arm's length basis. The costs incurred by the AB InBev Group to deliver the strategic services (except for certain innovation and R&D services) will be centralized and mapped onto cost and functional centers, which will be on-charged to the service recipients. Where services directly benefit a particular service recipient, the costs will be directly charged to such service recipient. Where services benefit a number of service recipients (some of which are subsidiaries of the Group and others are other subsidiaries of AB InBev), the costs will be allocated based on specific direct cost drivers, or indirect allocation keys, which reasonably reflect the service recipients' economic benefit from such services. AB InBev and the Company will agree the direct and indirect allocation keys intended to reflect the benefit received by each subsidiary of the Company from such strategic service.

The allocated costs will be subject to a mark-up determined on an arm's length basis in accordance with accepted methods of transfer pricing, such as comparable uncontrolled price transfer pricing method, in accordance with a benchmark transfer pricing report prepared by an accounting or tax advisor.

For technical value engineering projects provided under innovation and R&D services, the fee charged will be calculated based on a percentage of savings generated by the technological innovations made available to the service recipient. The initial fee in 2019 was based on 50% of savings generated by such technological innovations.

(5) Procurement services provided by the AB InBev Group to the Group

Under the Procurement Services Framework Agreement, AB InBev will procure members of the AB InBev Group to provide procurement services to members of the Group.

Pricing policy

The payment terms will be determined among the respective parties from time to time on an arm's length basis. The fee charged to provide the procurement services will be calculated based on a percentage of realized and demonstrated annual cost savings capped by a percentage of the service recipient's direct and indirect annual spend for products and services in respect of which the service recipient receives procurement services. Realized and demonstrated annual cost savings is composed of variable industrial cost savings, indirect savings (cost savings or increase, cost avoidance, value creation), and variable logistic costs savings.

The initial fee in FY20 was based on 50% of realized and demonstrated annual cost savings capped by 6% of the service recipient's annual strategic spend categories.

(6) Administrative services provided by the AB InBev Group to the Group

Under the General Services Framework Agreement, AB InBev will procure members of the AB InBev Group to provide IT services, outsourcing services and other administrative services, to members of the Group.

Pricing policy

The payment terms will be determined among the respective parties from time to time on an arm's length basis in accordance to the pricing policy for strategic services provided by the AB InBev Group to the Group above in item (4).

For further details of the non-exempt continuing connected transactions, please refer to the section headed "Connected Transactions – Non-exempt Continuing Connected Transactions" of the Prospectus and Note 30 of the consolidated financial statements.

Save as disclosed above, none of other related-party transactions set out in Note 30 of the consolidated financial statements constitute connected transactions or continuing connected transactions that are required to be disclosed under the Listing Rules. Save as disclosed in this annual report, the Company has no connected transactions which are required to be disclosed under Chapter 14A of the Listing Rules during the reporting period. The Company confirms that it has complied with the requirements of Chapter 14A of the Listing Rules in relation to all connected transactions and continuing connected transactions to which the Company was a party during the reporting period.

Confirmation from the Independent Non-executive Directors

Our Independent Non-executive Directors reviewed the above continuing connected transactions and confirmed that, during the reporting period, these transactions:

(1) were entered into in the ordinary and usual course of business of the Group;

(2) were on normal commercial terms;

(3) were in accordance with the terms of the relevant agreements, which are in the interest of the Group and our Shareholders as a whole, and fair and reasonable; and

(4) did not exceed the annual cap amounts (where applicable).

Confirmation from the external auditor

The external auditor of the Company has been engaged to report on the non-exempt continuing connected transactions of the Company in accordance with Hong Kong Standard on Assurance Engagements 3000 (Revised) "Assurance Engagements Other Than Audits or Reviews of Historical Financial Information" and with reference to Practice Note 740 "Auditor's Letter on Continuing Connected Transactions under the Hong Kong Listing Rules" issued by the Hong Kong Institute of Certified Public Accountants. The auditor has issued an unqualified assurance report containing their conclusions in respect of the continuing connected transactions disclosed above in accordance with Rule 14A.56 of the Listing Rules:

(1) nothing has come to the auditor's attention that causes the auditor to believe that the disclosed continuing connected transactions have not been approved by the Directors;

(2) nothing has come to the auditor's attention that causes the auditor to believe that the transactions were not entered into, in all material respects, in accordance with the relevant agreements governing such transactions; and

(3) with respect to the aggregate amount of each of the non-exempt continuing connected transactions, nothing has come to the auditor's attention that causes the auditor to believe that the disclosed continuing connected transactions have exceeded the annual cap as set by the Company.

The Company has also provided a copy of the external auditor's assurance report to the Stock Exchange.

Relationship with Stakeholders

We recognize that our employees, customers and business associates are key to the Group's sustainability journey. We strive to achieve corporate sustainability through coordinating with our employees closely, providing quality services for customers, collaborating with business partners and supporting the community. For further details, please refer to the "Environmental and Social Report" section of this annual report on pages 24 to 27.

By order of the Board
Budweiser Brewing Company APAC Limited

Carlos Brito
Co-Chair

Independent Auditor's Report

羅兵咸永道

To the Shareholders of Budweiser Brewing Company APAC Limited
(incorporated in the Cayman Islands with limited liability)

Opinion

What we have audited

The consolidated financial statements of Budweiser Brewing Company APAC Limited (the "Company") and its subsidiaries (the "Group") set out on pages 70 to 134, which comprise:

- the consolidated statement of financial position as at 31 December 2020;
- the consolidated income statement for the year then ended;
- the consolidated statement of comprehensive income for the year then ended;
- the consolidated statement of changes in equity for the year then ended;
- the consolidated statement of cash flows for the year then ended; and
- the notes to the consolidated financial statements, which include a summary of significant accounting policies.

Our opinion

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2020, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards ("IFRSs") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing ("ISAs"). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Group in accordance with the International Code of Ethics for Professional Accountants (including International Independence Standards) issued by the International Ethics Standards Board for Accountants ("IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the IESBA Code.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matters identified in our audit are summarized as follows:

- Accounting for Asia Pacific West trade incentives; and
- Impairment assessment of goodwill and indefinite life intangible assets.

Key Audit Matter	How our audit addressed the Key Audit Matter
Accounting for Asia Pacific West trade incentives	
Refer to Notes 2.22.1, 4 and 5 to the consolidated financial statements. The Group has a large number of revenue contracts with customers in Asia Pacific West which include trade incentives in the form of volume rebates, discounts, and promotion and marketing incentives. The recognition of trade incentives is determined with reference to the terms of the customer contract. The assessment of the nature of the trade incentives and whether the payments made to customers are in exchange for distinct goods or services determines the respective accounting treatment. This is a key audit matter because the large number of customer contracts in Asia Pacific West and the different forms of trade incentives require significant auditor attention in performing the audit.	Our procedures in relation to the accounting for Asia Pacific West trade incentives included: • Assessing the appropriateness of the Group's revenue recognition policy, including the recognition of trade incentives, in accordance with IFRS; • Obtaining an understanding of the internal controls relating to management's process for revenue recognition, including the assessment of trade incentives, and for selected countries, testing the operating effectiveness of these internal controls; • Checking, for a sample of transactions, the application of management's revenue recognition policy and whether trade incentives were appropriately classified by agreeing to input data, such as underlying contracts; • Testing the accuracy and completeness of trade incentive related liabilities by confirming a sample of customer balances directly with customers or alternatively testing to supporting documentation; • Performing analytical review procedures to identify whether any unusual trends were present; and • Testing the appropriateness of manual journal entries and adjustments associated with revenue recognition and trade incentives on a sample basis. Based on the work performed, we found the accounting for the Group's Asia Pacific West trade incentives to be supported by the available evidence.

Key Audit Matter	How our audit addressed the Key Audit Matter

Impairment assessment of goodwill and indefinite life intangible assets

Refer to Notes 2.4, 2.7, 2.13, 4, 13 and 14 to the consolidated financial statements.

The Group has recorded goodwill and intangible assets with an indefinite useful life of US$8,966 million as at 31 December 2020, which represents 55% of the Group's total assets as of that date.

An annual impairment assessment is conducted by management in accordance with IAS 36. Management has determined the recoverable amounts of the cash-generating units based on value in use calculations using discounted cash flow models. The Group uses the strategic plans based on external sources in respect of macro-economic assumptions, industry trends, inflation and foreign exchange rates, past experience and identified initiatives to forecast market share, revenue, variable and fixed cost, capital expenditure and working capital assumptions.

Management completed their annual impairment assessment in the fourth quarter of 2020 and concluded no impairment charge was necessary.

This is a key audit matter because of the amount of the goodwill and indefinite life intangible assets and the judgment required by management in developing the valuation estimates of the recoverable amount of related cash-generating units, including assumptions underlying the cash flow projections based on the strategic plans, terminal growth rates and discount rates.

Our procedures in relation to the impairment assessment of goodwill and indefinite life intangible assets included:

- Assessing the appropriateness of the impairment testing methodology in accordance with IAS 36;
- Testing the mathematical accuracy of the discounted cash flow model;
- Reconciling input data in the discounted cash flow models to supporting evidence, such as approved strategic plans;
- Assessing the discount rates used, based on our knowledge of the industry, with the involvement of our in-house valuation experts;
- Assessing the key assumptions used by management by comparing these to historical results and external data, such as expected inflation rates and external market growth expectations;
- Analyzing management's sensitivities in the models, and assessing the potential impact of reasonably possible downside changes in key assumptions; and
- Considering whether the key assumptions have been appropriately disclosed in the consolidated financial statements.

Based on the work performed, we found management's impairment assessment of goodwill and indefinite life intangible assets to be supported by the available evidence.

Other Information

The directors of the Company are responsible for the other information. The other information comprises all of the information included in the annual report other than the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Directors and Audit Committee for the Consolidated Financial Statements

The directors of the Company are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with IFRSs and the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

The Audit Committee are responsible for overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. We report our opinion solely to you, as a body, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Audit Committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Audit Committee with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the Audit Committee, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is James Noel Crockford.

PricewaterhouseCoopers
Certified Public Accountants

Hong Kong, 24 February 2021

Consolidated Income Statement

For the Year Ended 31 December 2020

	Notes	2020 US$ million	2019 US$ million
Revenue	5	**5,588**	**6,546**
Cost of sales		(2,681)	(3,058)
Gross profit		**2,907**	**3,488**
Distribution expenses		(458)	(519)
Sales and marketing expenses		(1,278)	(1,358)
Administrative expenses		(399)	(382)
Other operating income	6	165	237
Profit from operations before non-recurring items		**937**	**1,466**
Non-recurring items	7	(28)	(98)
Profit from operations		**909**	**1,368**
Finance cost	10	(45)	(39)
Non-recurring finance cost	7&10	–	(8)
Finance income	10	21	23
Net finance cost		**(24)**	**(24)**
Share of results of associates	16	23	23
Profit before tax		**908**	**1,367**
Income tax expense	11	(371)	(459)
Profit for the year		**537**	**908**
Profit for the year attributable to:			
Equity holders of Budweiser APAC		514	898
Non-controlling interests		23	10
Earnings per share from profit attributable to the ordinary equity holders of Budweiser APAC:			
Basic earnings per share (cent USD)	32	3.89	7.50
Diluted earnings per share (cent USD)	32	3.89	7.50

The accompanying notes are an integral part of the consolidated financial statements.

Consolidated Statement of Comprehensive Income

For the Year Ended 31 December 2020

	2020 US$ million	2019 US$ million
Profit for the year	**537**	**908**
Other comprehensive income/(loss):		
Items that will not be reclassified to profit or loss:		
Re-measurement of post-employment benefits	1	2
Items that may be reclassified subsequently to profit or loss:		
Exchange differences on translation of foreign operations	623	(227)
Gains/(losses) on cash flow hedges	11	(4)
Other comprehensive income/(loss), net of tax	**635**	**(229)**
Total comprehensive income	**1,172**	**679**
Total comprehensive income of the year attributable to:		
Equity holders of Budweiser APAC	1,147	665
Non-controlling interests	25	14

The accompanying notes are an integral part of the consolidated financial statements.

Consolidated Statement of Financial Position

As At 31 December 2020

	Notes	2020 US$ million	2019 US$ million
ASSETS			
Non-current assets			
Property, plant and equipment	12	3,716	3,638
Goodwill	13	7,350	6,921
Intangible assets	14	1,775	1,708
Land use rights	15	256	247
Investment in associates	16	433	418
Deferred tax assets	17	273	215
Trade and other receivables	19	54	53
Total non-current assets		**13,857**	**13,200**
Current assets			
Inventories	18	434	438
Trade and other receivables	19	534	652
Derivatives		38	14
Cash pooling deposits to AB InBev		14	40
Cash and cash equivalents	20	1,281	952
Other current assets		31	12
Total current assets		**2,332**	**2,108**
Total assets		**16,189**	**15,308**
EQUITY AND LIABILITIES			
Equity			
Issued capital	21	–	–
Share premium	21	43,591	43,591
Capital reserve	21	(36,213)	(36,213)
Other reserves	21	103	(556)
Retained earnings		3,204	3,014
Equity attributable to equity holders of Budweiser APAC		10,685	9,836
Non-controlling interests		58	48
Total equity		**10,743**	**9,884**
Non-current liabilities			
Interest-bearing loans and borrowings	22	37	28
Deferred tax liabilities	17	481	484
Trade and other payables	26	28	135
Provisions	25	131	136
Income tax payable		105	110
Other non-current liabilities		27	38
Total non-current liabilities		**809**	**931**

	Notes	2020 US$ million	2019 US$ million
Current liabilities			
Bank overdrafts	20	17	75
Cash pooling loans from AB InBev		34	50
Interest-bearing loans and borrowings	22	147	160
Trade and other payables	26	2,655	2,594
Payables with AB InBev	26	142	222
Consigned packaging and contract liabilities	26	1,449	1,260
Derivatives		20	10
Provisions	25	17	13
Income tax payable		156	109
Total current liabilities		**4,637**	**4,493**
Total equity and liabilities		**16,189**	**15,308**

The consolidated financial statements on pages 70 to 134 were approved by the Board of Directors on 24 February 2021 and were signed on its behalf

Jan Craps
Director

Katherine Barrett
Director

The accompanying notes are an integral part of the consolidated financial statements.

Consolidated Statement of Changes in Equity

For the Year Ended 31 December 2020

	Attributable to equity holders of Budweiser APAC							
US$'million	Issued capital	Share premium	Capital reserve	Other Reserves	Retained Earnings[(1)]	Total	Non-controlling interests	Total equity
1 January 2019	**–**	**–**	**8,391**	**(322)**	**2,084**	**10,153**	**19**	**10,172**
Profit for the year	**–**	**–**	**–**	**–**	**898**	**898**	**10**	**908**
Other comprehensive (loss)/income								
Exchange (loss)/gain on translation of foreign operations	–	–	–	(231)	–	(231)	4	(227)
Other	–	–	–	(2)	–	(2)	–	(2)
Total comprehensive (loss)/income	**–**	**–**	**–**	**(233)**	**898**	**665**	**14**	**679**
Purchase of non-controlling interests	–	–	–	–	–	–	15	15
Share-based payments	–	–	–	–	32	32	–	32
Dividends	–	–	(976)	–	–	(976)	–	(976)
Movement in contribution	–	–	(121)	–	–	(121)	–	(121)
Effect of reorganization	–	37,903	(43,507)	(1)	–	(5,605)	–	(5,605)
Issuance of ordinary shares for Listing	–	5,749	–	–	–	5,749	–	5,749
Costs associated with Listing	–	(61)	–	–	–	(61)	–	(61)
31 December 2019	**–**	**43,591**	**(36,213)**	**(556)**	**3,014**	**9,836**	**48**	**9,884**
1 January 2020	**–**	**43,591**	**(36,213)**	**(556)**	**3,014**	**9,836**	**48**	**9,884**
Profit for the year	**–**	**–**	**–**	**–**	**514**	**514**	**23**	**537**
Other comprehensive income								
Exchange gain on translation of foreign operations	–	–	–	621	–	621	2	623
Other	–	–	–	12	–	12	–	12
Total comprehensive income	**–**	**–**	**–**	**633**	**514**	**1,147**	**25**	**1,172**
Share-based payments	–	–	–	26	24	50	–	50
Dividends	–	–	–	–	(348)	(348)	(15)	(363)
31 December 2020	**–**	**43,591**	**(36,213)**	**103**	**3,204**	**10,685**	**58**	**10,743**

(1) Included in retained earnings are legal statutory reserves in the People's Republic of China ("PRC") of 198 million US dollar as of 31 December 2020 and 146 million US dollar as of 31 December 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 the consolidated financial statements.

Consolidated Statement of Cash Flows

For the Year Ended 31 December 2020

	Notes	2020 US$ million	2019 US$ million
OPERATING ACTIVITIES			
Profit for the year		**537**	**908**
Depreciation, amortization and impairment	12,14,15	647	655
Impairment losses on receivables, inventories and other assets		18	8
Additions in provisions and employee benefits		40	40
Net finance cost	10	24	24
Net gain on disposal of property, plant and equipment and intangible assets	6	(46)	(105)
Equity-settled share-based payment expenses	8	50	30
Income tax expense	11	371	459
Other non-cash items included in profit		(5)	7
Share of results of associates	16	(23)	(23)
Cash flow from operating activities before changes in working capital and use of provisions		**1,613**	**2,003**
Decrease/(increase) in trade and other receivables		88	(58)
Decrease/(increase) in inventories		9	(5)
Decrease in trade and other payables		(15)	(108)
Decrease in provisions and pensions		(51)	(38)
Cash generated from operations		**1,644**	**1,794**
Interest paid (third parties)		(16)	(19)
Interest paid (Loans with AB InBev)		–	(18)
Interest received		21	23
Dividends received		9	10
Income tax paid		(357)	(411)
CASH FLOW FROM OPERATING ACTIVITIES		**1,301**	**1,379**
INVESTING ACTIVITIES			
Acquisition of property, plant and equipment and intangible assets		(508)	(611)
Proceeds from sale of property, plant and equipment and intangible assets		39	93
Acquisition of subsidiaries, net of cash acquired	27	(111)	(176)
Acquisition of other investments		(18)	(9)
Proceeds from/(placement of) cash pooling deposits to AB InBev		26	(40)
CASH FLOW USED IN INVESTING ACTIVITIES		**(572)**	**(743)**

Consolidated Statement of Cash Flows

For the Year Ended 31 December 2020

	Notes	2020 US$ million	2019 US$ million
FINANCING ACTIVITIES			
Repayment of contributed capital by AB InBev		–	(6,000)
Proceeds from contributed capital by AB InBev		–	187
Proceeds from issuance of shares for Listing		–	5,695
Repayment of loans with AB InBev	22	–	(5,992)
Proceeds from loans with AB InBev	22	–	5,605
(Repayments of)/proceeds from cash pooling loans from AB InBev[1]		(16)	50
Dividends paid to equity holders of Budweiser APAC	21	(348)	(976)
Dividends paid to non-controlling interest holders		(15)	–
Proceeds from borrowings	22	32	236
Repayments of borrowings	22	(48)	(138)
Payments of lease liabilities	22	(33)	(30)
Cash net finance (cost)/income other than interest		(4)	14
CASH FLOW USED IN FINANCING ACTIVITIES		**(432)**	**(1,349)**
Net increase/(decrease) in cash and cash equivalents		**297**	**(713)**
Cash and cash equivalents less bank overdrafts at beginning of the year	20	877	1,622
Effect of exchange rate fluctuations		90	(32)
Cash and cash equivalents less bank overdrafts at end of the year	20	**1,264**	**877**

(1) The presentation of the comparative amount, previously classified within investing activities, has been restated to conform to the current year presentation.

The accompanying notes are an integral part of the consolidated financial statements.

Notes to the Consolidated Financial Statements

1. General information and Basis of presentation

1.1 General information

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

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

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

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

1.2 Basis of presentation

The consolidated financial statements of the Group have been prepared in accordance with International Financial Reporting Standards ("IFRSs") issued by the International Accounting Standards Board and the IFRS Interpretations Committee ("IFRIC") interpretations applicable to companies reporting under IFRS which are mandatory for the financial periods beginning on 1 January 2020 and the disclosure requirements of the Hong Kong Company Ordinance. 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. The consolidated financial statements have been prepared under the historical cost convention unless otherwise stated.

To prepare for the initial public offering (the "Listing") on the Main Board of The Stock Exchange of Hong Kong Limited, the Company became the holding company of the Group via a reorganization which was completed on 30 September 2019. The reorganization steps included the transfer at fair market value of the subsidiaries of China, South Korea, India, Vietnam, Japan and New Zealand primarily in exchange for the issue of shares to or settlement of loans with AB InBev. AB InBev provided the funds to the Company through loan contributions to enable it to complete the reorganization. The entire proceeds from the Listing of 5,749 million US dollar were used to immediately repay loans due to AB InBev subsidiaries. The reorganization was a recapitalization of a single business on the basis that prior to Listing the businesses were managed as a single business and the legal structure was reorganized to reflect this.

The Group had not historically formed a separate legal Group before the completion of the reorganization. Up to the date of the Listing, the financial information was prepared on a combined basis. A single uniform set of accounting policies was adopted by the combined entity. Therefore, the combined Group recognized the assets, liabilities and equity of the combining entities at the carrying amounts in the consolidated financial statements of the controlling party, AB InBev, prior to the common control reorganization. The 2019 consolidated income statement includes the results of each of the combined entities from the earliest date presented. Intercompany transactions, balances and unrealized gains/losses on transactions between Group companies are eliminated on combination.

As further explained in Note 3.1.5, and in line with many other Fast Moving Consumer Goods companies, the Group intentionally maintains a net current liabilities position as part of its business model despite strong operating cash flows. Therefore, the group's net current liabilities position is not indicative of any going concern issues, and the consolidated financial statements have been prepared on a going concern basis.

2. Summary of significant accounting policies

The principal accounting policies applied in the preparation of the consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

The preparation of the consolidated financial statements in conformity with IFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Group's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements, are disclosed in Note 4.

A number of new standards, amendment to standards and new interpretations became mandatory for the first time for the financial year beginning on 1 January 2020 and have not been listed in these consolidated financial statements as they either do not apply or are immaterial to the Group's consolidated financial statements.

New and amendments to IFRSs in issue but not yet effective

Certain new accounting standards and interpretations have been published that are not mandatory for 31 December 2020 reporting periods and have not been early adopted by the group. These standards are not expected to have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions.

2.1 Functional and presentation currency

Unless otherwise specified, all financial information included in these financial statements has been stated in US dollar ("USD") and has been rounded to the nearest million (presentation currency). The financial information of all reporting units included in the consolidated financial statements are measured using the currency of the primary environment in which the reporting unit operates (functional currency).

2.2 Principles of consolidation

Subsidiaries are those entities controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. In assessing control, potential voting rights are taken into account. Control is presumed to exist where the Group owns, directly or indirectly, more than one half of the voting rights (which does not always equate to economic ownership), unless it can be demonstrated that such ownership does not constitute control. The financial information of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases. Total comprehensive income of subsidiaries is attributed to the owners of the Group and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

Associates are undertakings in which the Group has significant influence over the financial and operating policies, but which it does not control. This is generally evidenced by ownership of between 20% and 50% of the voting rights. Associates are accounted for by the equity method of accounting, from the date that significant influence or joint control commences until the date that significant influence or joint control ceases. When the Group's share of losses exceeds the carrying amount of the associate, the carrying amount is reduced to nil and recognition of further losses is discontinued except to the extent that the Group has incurred legal or constructive obligations on behalf of the associate.

The financial information of the Group's subsidiaries are prepared for the same reporting year as the parent company, using consistent accounting policies. When the financial information of the associates is prepared as of a different date from that of the Group, adjustments are made for the effects of significant transactions or events that occur between that date and the date of the Group's financial information. In such cases, the difference between the end of the reporting period of these associates from the Group's reporting period is no more than three months.

Transactions with non-controlling interests are treated as transactions with equity owners of the Company. For purchases from non-controlling interests, the difference between any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity where there is no loss of control.

All intercompany transactions, balances and unrealized gains and losses on transactions between group companies have been eliminated. Unrealized gains arising from transactions with associates are eliminated to the extent of the Group's interest in the entity. Unrealized losses are eliminated in the same way as unrealized gains, but only to the extent that there is no evidence of impairment.

2.3 Foreign currency translation

2.3.1 Foreign currency transactions

Foreign currency transactions are accounted for at exchange rates prevailing at the date of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated at the date of the statement of financial position rate. Gains and losses resulting from the settlement of foreign currency transactions and from the translation of monetary assets and liabilities denominated in foreign currencies are recognized in the consolidated income statement. Non-monetary assets and liabilities denominated in foreign currencies are translated at the foreign exchange rate prevailing at the date of the transaction. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are translated to US dollar at foreign exchange rates prevailing at the dates the fair value was determined.

2.3.2 Translation of the results and financial position of foreign operations

Assets and liabilities of foreign operations are translated to US dollar at foreign exchange rates prevailing at the date of the statement of financial position. Income statements of foreign operations are translated to US dollar at exchange rates for the year approximating the foreign exchange rates prevailing at the dates of the transactions. The components of owners' equity are translated at historical rates. Exchange differences arising from the translation of owners' equity to US dollar at year-end exchange rates are taken to other comprehensive income (translation reserves).

2.3.3 Exchange rates

The most important exchange rates that have been used in preparing the financial statements are:

	Closing rate		Average rate	
1 US dollar equals:	31 December 2020	31 December 2019	31 December 2020	31 December 2019
Chinese yuan ("CNY")	6.537798	6.961461	6.947936	6.886265
South Korean won ("KRW")	1,088.024032	1,154.546044	1,185.021592	1,160.698309
Indian rupee ("INR")	73.055132	71.275122	73.481255	70.242937

2.4 Intangible assets

2.4.1 Brands

If part of the consideration paid in a business combination relates to trademarks, trade names, formulas, recipes or technological expertise, these intangible assets are considered as a group of complementary assets that is referred to as a brand for which one fair value is determined. Expenditure on internally generated brands is expensed as incurred.

2.4.2 Commercial intangibles

A distribution right is the right for the Group to supply a customer and the commitment by the customer to purchase from the Group. A distribution right is the right to sell specified products in a certain territory. Acquired distribution rights are measured initially at cost or fair value when obtained through a business combination. Amortization related to supply and distribution rights is included within sales and marketing expenses.

2.4.3 Software

Purchased software is measured at cost less accumulated amortization. Expenditure on internally developed software is capitalized when the expenditure qualifies as development activities; otherwise, it is recognized in the consolidated income statement when incurred. Amortization related to software is included in cost of sales, distribution expenses, sales and marketing expenses or administrative expenses based on the activity the software supports.

2.4.4 Other intangible assets

Other intangible assets acquired by the Group are recognized at cost less accumulated amortization and impairment losses. These are initially recognized at the present value of the future payments and subsequently measured at cost less accumulated amortization and impairment losses.

2.4.5 Subsequent expenditure

Subsequent expenditure on capitalized intangible assets is capitalized only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditures are expensed as incurred.

2.4.6 Amortization

Intangible assets with a finite life are amortized using the straight-line method over their estimated useful lives. Commercial intangibles, which comprise of licenses, brewing, supply and distribution rights and other intangible assets, are amortized over the year in which the rights exist. Brands are considered to have an indefinite life unless plans exist to discontinue the brand. Discontinuance of a brand can be either through sale or termination of marketing support. When the Group purchases distribution rights for its own products the life of these rights is considered indefinite, unless the Group has a plan to discontinue the related brand or distribution.

On average, the amortization periods of intangible assets with finite useful lives are as follows:

Commercial intangibles (Licenses, brewing, supply and distribution rights)	5 to 14 years or the unexpired term of the rights
Software and capitalized development cost	3 to 7 years
Other intangible assets	5 to 20 years

Brands are deemed intangible assets with indefinite useful lives and, therefore, are not amortized but tested for impairment on an annual basis (refer to accounting policy 2.13).

2.4.7 Gains and losses on sale

Net gains and losses on sale of intangible assets are presented in the consolidated income statement as other operating income/(expenses). Net gains and losses are recognized in the consolidated income statement when the control have been transferred to the buyer, recovery of the consideration is probable, the associated costs can be estimated reliably, and there is no continuing managerial involvement with the intangible assets.

2.5 Land use rights

Land use rights represent payments to third parties to acquire leasehold land interests in China and Vietnam. These payments are stated at cost and are depreciated over the shorter of 80 years or the unexpired lease term. The lease term includes the renewal period if the lease can be renewed by the Group without significant cost.

2.6 Business combinations

The Group applies the acquisition method of accounting to account for acquisitions of businesses. The cost of an acquisition is measured as the aggregate of the fair values at the date of exchange of the assets given, liabilities incurred and equity instruments issued. Identifiable assets, liabilities and contingent liabilities acquired or assumed are measured separately at their fair value as of the acquisition date. The excess of the cost of the acquisition over the Group's interest in the fair value of the identifiable net assets acquired is recorded as goodwill.

The allocation of fair values to the identifiable assets acquired and liabilities assumed is based on various assumptions requiring management judgment.

Acquisition-related costs are expensed as incurred.

If the business combination is achieved in stages, the acquisition date carrying value of the Group's previously held interest in the acquiree is re-measured to fair value at the acquisition date; any gains or losses arising from such re-measurement are recognized in profit or loss.

2.7 Goodwill

Goodwill is determined as the excess of the consideration paid over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities of the acquired subsidiary, jointly controlled entity or associate recognized at the date of acquisition. All business combinations are accounted for by applying the purchase method.

In conformity with IFRS 3 *Business combinations*, goodwill is stated at cost and not amortized but tested for impairment on an annual basis and whenever there is an indicator that the cash-generating unit to which goodwill has been allocated, may be impaired (refer to accounting policy 2.13). Goodwill is expressed in the currency of the subsidiary or jointly controlled entity to which it relates and is translated to US dollars using the year-end exchange rate. In respect of associates, the carrying amount of goodwill is included in the carrying amount of the investment in associates.

If the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities recognized exceeds the cost of the business combination such excess is recognized immediately in the consolidated income statement.

2.8 Property, plant and equipment

Property, plant and equipment is measured at cost less accumulated depreciation and impairment losses (refer to accounting policy 2.13). Cost includes the purchase price and any costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management (e.g. non-refundable tax and transport cost). The cost of a self-constructed asset is determined using the same principles as for an acquired asset. The depreciation methods, residual value, as well as the useful lives are reassessed and adjusted if appropriate, annually.

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets are capitalized as part of the cost of such assets.

2.8.1 Subsequent expenditure

The Group recognizes in the carrying amount of an item of property, plant and equipment the cost of replacing part of such an item when that cost is incurred if it is probable that the future economic benefits embodied with the item will flow to the Group and the cost of the item can be measured reliably. All other costs are expensed as incurred.

2.8.2 Depreciation

The depreciable amount is the cost of an asset less its residual value. Residual values, if not insignificant, are reassessed annually. Depreciation is calculated from the date the asset is available for use, using the straight-line method over the estimated useful lives of the assets.

The estimated useful lives are defined in terms of the asset's expected utility to the Group and can vary from one geographical area to another. On average the estimated useful lives are as follows:

Industrial buildings – other real estate properties	20 – 50 years
Production plant and equipment:	
Production equipment	10 – 15 years
Storage, packaging and handling equipment	5 – 7 years
Returnable packaging:	
Kegs	2 – 10 years
Crates	2 – 10 years
Bottles	2 – 5 years
Point of sale furniture and equipment	5 years
Vehicles	5 years
Information processing equipment	3 – 5 years

Where parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items of property, plant and equipment.

Freehold land is not depreciated as it is deemed to have an indefinite life.

2.8.3 Gains and losses on sale

Net gains and losses on sale of items of property, plant and equipment are presented in the consolidated income statement as other operating income/(expenses). Net gains and losses are recognized in the consolidated income statement when the control have been transferred to the buyer, recovery of the consideration is probable, the associated costs can be estimated reliably, and there is no continuing managerial involvement with the property, plant and equipment.

2.9 Leases

2.9.1 The Group as lessee

The Group assesses whether a contract is or contains a lease at inception of a contract. The Group recognizes a right-of-use asset and a corresponding lease liability with respect to all lease agreements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets. For these leases, the Group recognizes the lease payments as an operating expense on a straight-line basis over the term of the lease, and payments for these leases are presented in cash flows from operating activities.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the interest rate implicit in the lease. If this rate cannot be readily determined, the Group uses its incremental borrowing rate specific to the country, term and currency of the contract. In addition, the Group considers its recent debt issuances as well as publicly available data for instruments with similar characteristics when calculating the incremental borrowing rates.

Lease payments include fixed payments, less any lease incentives, variable lease payments that depend on an index or a rate known at the commencement date, and purchase options or extension option payments if the Group is reasonably certain to exercise these options. Variable lease payments that do not depend on an index or rate are not included in the measurement of the lease liability and right-of-use asset and are recognized as an expense in the consolidated income statement in the year in which the event or condition that triggers those payments occurs.

A lease liability is remeasured upon a change in the lease term, changes in an index or rate used to determine the lease payments or reassessment of exercise of a renewal and/or purchase option. The corresponding adjustment is made to the related right-of-use asset.

The right-of-use assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement date and any initial direct costs. They are subsequently measured at cost less accumulated depreciation and impairment losses. The right-of-use assets are depreciated starting at the commencement date over the shorter period of useful life of the underlying asset and lease term.

The lease liability is presented in the 'Interest-bearing loans and borrowings' line and the right-of-use assets are presented in the 'Property, plant and equipment' line in the consolidated statement of financial position. In addition, the principal portion of the lease payments is presented within financing activities and the interest component is presented within operating activities in the consolidated statement of cash flows.

2.9.2 The Group as lessor

Leases where the Group transfers substantially all the risks and rewards of ownership to the lessee are classified as finance leases. Leases of assets under which all the risks and rewards of ownership are substantially retained by the Group are classified as operating leases. Rental income is recognized in the consolidated income statement within other operating income on a straight-line basis over the term of the lease.

2.10 Inventories

Inventories are valued at the lower of cost and net realizable value. Cost includes expenditure incurred in acquiring the inventories and bringing them to their existing location and condition. The weighted average method is used in assigning the cost of inventories.

The cost of finished products and work in progress comprises raw materials, other production materials, direct labor, other direct cost and an allocation of fixed and variable overhead based on normal operating capacity. Net realizable value is the estimated selling price in the ordinary course of business, less the estimated completion and selling costs.

Inventories are written down on a case-by-case basis if the anticipated net realizable value declines below the carrying amount of the inventories. The calculation of the net realizable value takes into consideration specific characteristics of each inventory category, such as expiration date, remaining shelf life, slow-moving indicators, amongst others.

2.11 Trade and other receivables

Trade receivables are amounts due from customers for goods sold in the ordinary course of business and generally due for settlement within 30 days. The Group holds trade and other receivables with the objective to collect the contractual cash flows and therefore measures them subsequently at amortized cost using the effective interest rate method.

Trade and other receivables are carried at amortized cost less impairment losses. To determine the appropriate amount to be impaired, factors such as significant financial difficulties of the debtor, probability that the debtor will default, enter into bankruptcy or financial reorganization, or delinquency in payments are considered. Other receivables are initially recognized at fair value and subsequently measured at amortized cost. Any impairment losses and foreign exchange results are directly recognized in profit or loss.

2.12 Cash and cash equivalents

Cash and cash equivalents include all cash balances and short-term highly liquid investments with a maturity of three months or less from the date of acquisition that are readily convertible into cash. They are stated at face value, which approximates their fair value. In the consolidated statement of cash flows, cash and cash equivalents are presented net of bank overdrafts.

Cash and cash equivalents include cash balances in a notional cash pool managed by AB InBev as part of a centralized treasury management system. Since the Group has legal rights to these balances they are included in the Group's cash and cash equivalents.

Historically before the Listing, certain cash and cash equivalents were managed as part of a global treasury management function by AB InBev and the Group did not exercise operational control over the cash and cash equivalents in the physical cash pool with AB InBev entities. The balances generated from the Group that were physically pooled into AB InBev entities that were outside the Group were therefore not considered as cash and cash equivalents of the Group and are not included as such in the consolidated financial statements. For the purposes of the financial statements up to the date of Listing, amounts in the physical cash pool are included within the capital reserve which reflects the net funding position between the Group and AB InBev. After the Listing, balances in the physical cash pool are recognized as a receivable or payable between the Group and the AB InBev counterparty.

2.13 Impairment for non-financial assets

The carrying amounts of property, plant and equipment, goodwill and intangible assets are reviewed at each date of the consolidated statement of financial position to determine whether there is any indication of impairment. If there is an indicator of impairment, the asset's recoverable amount is estimated. In addition, goodwill, intangible assets that are not yet available for use and intangibles with an indefinite useful life are tested for impairment annually at the cash-generating unit level, being the level at which the assets generate largely independent cash inflows and are monitored for internal management purposes. Each country is managed as a single business unit and has a significant amount of vertical integration through multi product production facilities and integrated logistics, sales and marketing functions. Based on this, the cash-generating unit is a country or, for smaller businesses, a group of countries managed as a group. An impairment loss is recognized whenever the carrying amount of an asset or the related cash-generating unit exceeds its recoverable amount. Impairment losses are recognized in the consolidated income statement.

2.13.1 Calculation of recoverable amount

The recoverable amount of non-financial assets is determined as the higher of their fair value less costs to sell and value in use. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs. The recoverable amount of the cash-generating units to which the goodwill and the intangible assets with indefinite useful life belong is based on discounted future cash flows using a discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. These calculations are corroborated by valuation multiples or other available fair value indicators.

Impairment losses recognized in respect of cash-generating units firstly reduce allocated goodwill and then the carrying amounts of the other assets in the unit on a pro rata basis.

2.13.2 Reversal of impairment losses

Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

2.14 Provisions

Provisions are recognized when (i) the Group has a present legal or constructive obligation as a result of past events, (ii) it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and (iii) a reliable estimate of the amount of the obligation can be made. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

2.14.1 Restructuring

A provision for restructuring is recognized when the Group has approved a detailed and formal restructuring plan, and the restructuring has either commenced or has been announced publicly. Costs relating to the ongoing activities of the Group are not provided for. The provision includes the benefit commitments in connection with early retirement and redundancy schemes.

2.14.2 Disputes and litigations

A provision for disputes and litigation is recognized when it is more likely than not that the Group will be required to make future payments as a result of past events. Such items may include but are not limited to claims, lawsuits and actions relating to antitrust laws, violations of distribution and license agreements, environmental matters, employment related disputes, claims from tax authorities related to indirect taxes, and alcohol industry litigation matters.

2.15 Employee benefits

2.15.1 Post-employment benefits

Post-employment benefits include pensions, post-employment life insurance and post-employment medical benefits. The Group operates a number of defined benefit and defined contribution plans, the assets of which are generally held in separate trustee-managed funds. The pension plans are generally funded by payments from employees and the Group, and for defined benefit plans, taking account of the recommendations of independent actuaries. The Group maintains funded and unfunded pension plans.

a. Defined contribution plans

Contributions to defined contribution plans are recognized as an expense in the consolidated income statement when incurred. A defined contribution plan is a pension plan under which the Group pays fixed contributions into a fund. The Group has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods.

b. Defined benefit plans

A defined benefit plan is a pension plan that is not a defined contribution plan. Typically, defined benefit plans define an amount of pension benefit that an employee will receive on retirement, usually dependent on one or more factors such as age, years of service and compensation. For defined benefit plans, the pension expenses are assessed separately for each plan using the projected unit credit method. The projected unit credit method considers each period of service as giving rise to an additional unit of benefit entitlement. Under this method, the cost of providing pensions is charged to the consolidated income statement so as to spread the regular cost over the service lives of employees in accordance with the advice of qualified actuaries who carry out a full valuation of the plans at least every three years. The amounts charged to the consolidated income statement include current service cost, net interest cost (income), past service costs and the effect of any curtailments or settlements. Past service costs are recognized at the earlier of when the amendment/curtailment occurs or when the Group recognizes related restructuring or termination costs. The pension obligations recognized in the consolidated statement of financial position are measured at the present value of the estimated future cash outflows using interest rates based on high quality corporate bond yields, which have terms to maturity approximating the terms of the related liability, less the fair value of any plan assets. Re-measurements, comprising of actuarial gains and losses, the effect of the asset ceiling (excluding net interest) and the return on plan assets (excluding net interest) are recognized in full in the year in which they occur in the consolidated statement of comprehensive income. Re-measurements are not reclassified to profit or loss in subsequent years.

Where the calculated amount of a defined benefit liability is negative (an asset), the Group recognizes such pension asset to the extent that economic benefits are available to the Group either from refunds or reductions in future contributions.

2.15.2 Other post-employment obligations

Some Group companies provide post-employment medical benefits to their retirees. The entitlement to these benefits is usually based on the employee remaining in service up to retirement age. The expected costs of these benefits are accrued over the period of employment, using an accounting methodology similar to that for defined benefit pension plans.

2.15.3 Termination benefits

Termination benefits are recognized as an expense at the earlier when the Group is demonstrably committed, without realistic possibility of withdrawal, to a formal detailed plan to terminate employment before the normal retirement date and when the Group recognizes costs for a restructuring. Termination benefits for voluntary redundancies are recognized if the Group has made an offer encouraging voluntary redundancy and when the Group can no longer withdraw the offer of termination, which is the earlier of either when the employee accepts the offer or when a legal, regulatory or contractual requirement or restriction on the Group's ability to withdraw the offer takes effect.

2.15.4 Bonuses

Bonuses received by Group employees and management are based on pre-defined Group and individual target achievement. The estimated amount of the bonus is recognized as an expense in the year the bonus is earned. To the extent that bonuses are settled in shares of the Group, they are accounted for as share-based payments.

2.16 Share-based payments

Different share and share option programs allow Group management and members of the Board to acquire shares of the Company. The share and share option programs are administered by the Employee Share Award Trust and Management Share Award Trust which are consolidated in accordance with the principles in note 2.2.

The fair value of the share options is estimated at grant date, using an option pricing model that is most appropriate for the respective option. Based on the expected number of options that will vest, the fair value of the options granted is expensed over the vesting period. When the options are exercised, the trust transfers the appropriate amount of shares to the employee. The proceeds received, net of any directly attributable transaction costs, are credited directly to share capital and share premium in equity.

Shares issued by the Employee Share Award Trust and Management Share Award Trust to employees for no cash consideration vest immediately on grant date. On this date, the market value of the shares issued is recognised as an employee benefits expense, with a corresponding increase in share-based payment reserves in equity.

The fair value of restricted stock units granted to employees for nil consideration is measured at grant date and recognised as an expense over the vesting period with a corresponding increase in share-based payment reserves in equity.

Equity-settled share-based payment transactions with parties other than employees are measured at the fair value of the goods or services received, except where that fair value cannot be estimated reliably, in which case they are measured at the fair value of the equity instruments granted, measured at the date the Group obtains the goods or the counterparty renders the service.

The Group's eligible employees continue to participate in AB InBev's share-based incentive plans. The consolidated 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-based incentives in the parent company are recognised in retained earnings in equity.

2.17 Interest-bearing loans and borrowings

Interest-bearing loans and borrowings are recognized initially at fair value, less attributable transaction costs. Subsequent to initial recognition, interest-bearing loans and borrowings are stated at amortized cost with any difference between the initial amount and the maturity amount being recognized in the consolidated income statement (in accretion expense) over the expected life of the instrument on an effective interest rate basis.

2.18 Trade and other payables

Trade and other payables are recognized initially at fair value and subsequently measured at amortized cost using the effective interest method.

2.19 Consigned packaging

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. A liability is recognized in respect of the deposits received from the Group's customers at fair value. The liability is derecognized upon return or derecognition of the packaging asset based on contractual terms with the customers and is recognized in other operating income in the consolidated income statement.

2.20 Contract liabilities

Contract liabilities primarily relate to advance consideration received from customers relating to the sale of beer and are derecognized when the Group has fulfilled the obligation under the contract to deliver the beer. Contract liabilities also include refund liabilities (refer to accounting policy 2.22.1).

2.21 Income tax

Income tax on the profit for the year comprises current and deferred tax. Income tax is recognized in the consolidated income statement except to the extent that it relates to items recognized directly in equity, in which case the tax effect is also recognized directly in equity.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted, or substantively enacted, at the date of the statement of financial position, and any adjustment to tax payable in respect of previous years.

In accordance with IAS 12 *Income Taxes*, deferred taxes are provided using the balance sheet liability method. This means that, for all taxable and deductible differences between the tax bases of assets and liabilities and their carrying amounts in the consolidated statement of financial position a deferred tax liability or asset is recognized. Under this method a provision for deferred taxes is also made for differences between the fair values of assets and liabilities acquired in a business combination and their tax base. IAS 12 prescribes that no deferred taxes are recognized i) on initial recognition of goodwill, ii) at the initial recognition of assets or liabilities in a transaction that is not a business combination and affects neither accounting nor taxable profit and iii) on differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future and to the extent that the Group is able to control the timing of the reversal. The amount of deferred tax provided is based on the expected manner of realization or settlement of the carrying amount of assets and liabilities, using currently or substantively enacted tax rates.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realize the assets and settle the liabilities simultaneously.

The Group recognizes deferred tax assets, including assets arising from losses carried forward, to the extent that future probable taxable profit will be available against which the deferred tax asset can be utilized. A deferred tax asset is reduced to the extent that it is no longer probable that the related tax benefit will be realized.

Effective 1 January 2019, the Group adopted IFRIC 23 *Uncertainty over Income Tax Treatments* and is presenting income tax provisions in income tax liabilities, consistent with the current discussions held at the IFRS Interpretation Committee, which concluded that an entity is required to present assets and liabilities for uncertain tax treatments as current tax assets/liabilities or deferred tax assets/liabilities.

2.22 Income recognition

2.22.1 Goods sold

Revenue is measured based on the consideration to which the Group expects to be entitled in a contract with a customer and excludes amounts collected on behalf of third parties. The Group recognizes revenue when performance obligations are satisfied, meaning when the Group transfers control of a product to a customer. As a result, all of the Group's revenue is recognized at a point of time.

Specifically, revenue recognition follows the following five-step approach:

- Identification of the contracts with a customer
- Identification of the performance obligations in the contracts
- Determination of the transaction price
- Allocation of the transaction price to the performance obligations in the contracts
- Revenue recognition when performance obligations are satisfied

Revenue from the sale of goods is measured at the amount that reflects the best estimate of the consideration expected to be received in exchange for those goods. Contracts can include significant variable elements, such as discounts, rebates, refunds, credits, price concessions, incentives, performance bonuses and penalties. If these trade incentives are payments to customers not in exchange for distinct goods and services from customers and are related to a sales transaction, such as volume rebates, the revenue is treated as variable consideration. If the consideration includes a variable amount, the Group estimates the amount of consideration to which it will be entitled in exchange for transferring the promised goods or services to the customer. Variable consideration is only included in the transaction price if it is highly probable that the amount of revenue recognized would not be subject to significant future reversals when the uncertainty is resolved. A refund liability is recognized for expected volume rebates payable to customers in relation to sales made until the end of the reporting period. Accumulated experience is used to estimate and provide for the refund liabilities, using the expected value method.

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 consolidated income statement.

2.22.2 Finance income

Finance income comprises of interest received or receivable on funds invested, dividend income, foreign exchange gains, losses on currency hedging instruments offsetting currency gains, gains on hedging instruments that are not part of a hedge accounting relationship and gains on financial assets measured at fair value through profit or loss ("FVPL") as well as any gains from hedge ineffectiveness (refer to accounting policy 2.27).

2.23 Government grants

A government grant is recognized in the consolidated statement of financial position initially as deferred income when there is reasonable assurance that it will be received and that the Group will comply with the conditions attached to it. Grants that compensate the Group for expenses incurred are recognized as other operating income/(expenses) in the consolidated income statement on a systematic basis in the same periods in which the expenses are incurred. Grants that compensate the Group for the acquisition of an asset are presented by deducting them from the acquisition cost of the related asset.

2.24 Finance cost

Finance cost comprises interest payable on borrowings, calculated using the effective interest rate method, foreign exchange losses, gains on currency hedging instruments offsetting currency losses, results on interest rate hedging instruments, losses on hedging instruments that are not part of a hedge accounting relationship, losses on financial assets classified as trading, impairment losses on financial assets as well as any losses from hedge ineffectiveness (refer to accounting policy 2.27).

All interest costs incurred in connection with borrowings or financial transactions are expensed as incurred as part of finance cost. Any difference between the initial amount and the maturity amount of interest-bearing loans and borrowings, such as transaction costs and fair value adjustments, are recognized in the consolidated income statement (in accretion expense) over the expected life of the instrument on an effective interest rate basis (refer to accounting policy 2.17). The interest expense component of lease payments is also recognized in the consolidated income statement (in accretion expense) using the effective interest rate method.

2.25 Research, advertising, and promotional costs and systems development costs

Research, advertising, and promotional costs are expensed in the year in which these costs are incurred. Systems development costs are expensed in the year in which these costs are incurred if they do not meet the criteria for capitalization (refer to accounting policy 2.4).

2.26 Purchasing, receiving and warehousing costs

Purchasing and receiving costs are included in the cost of sales in the consolidated income statement, as well as the costs of storing and moving raw materials and packaging materials. The costs of storing finished products at the brewery as well as costs incurred for subsequent storage in distribution centers are included within distribution expenses in the consolidated income statement.

2.27 Financial Instruments and hedge accounting

The Group uses derivative financial instruments to mitigate the transactional impact of foreign currencies, interest rates, and commodity prices on the Group's performance. The Group's financial risk management policy prohibits the use of derivative financial instruments for trading purposes and the Group does therefore not hold or issue any such instruments for such purposes.

2.27.1 Classification and measurement

Except for certain trade receivables, the Group initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs directly attributable to the acquisition or issue of the financial asset.

Debt financial instruments are subsequently measured at amortized cost or FVPL. The classification is based on two criteria: the objective of the Group's business model for managing the assets; and whether the instruments' contractual cash flows represent 'solely payments of principal and interest' on the principal amount outstanding (the "SPPI criterion").

The classification and measurement of the Group's financial assets is as follows:

- *Debt instruments at amortized cost*, comprise investments in debt securities where the contractual cash flows are solely payments of principal and interest and the Group's business model is to collect contractual cash flows. Interest income, foreign exchange gains and losses and any impairment charges for such instruments are recognized in profit or loss.

- *Financial assets and liabilities at FVPL*, comprise derivative instruments which the Group had not irrevocably elected, at initial recognition or transition, to classify at fair value through other comprehensive income ("FVOCI"). This category also includes debt instruments for which the cash flow characteristics fail the SPPI criterion or are not held with a business model objective to either collect contractual cash flows, or both collect contractual cash flows and sell.

2.27.2 Impairment of financial assets

For other financial assets, the expected credit loss ("ECL") is based on the 12-month ECL. The 12-month ECL is the portion of lifetime ECLs that results from default events on a financial instrument that are possible within 12 months after the reporting date. However, when there has been a significant increase in credit risk since origination, the allowance will be based on the lifetime ECL.

2.27.3 Hedge accounting

The Group designates certain derivatives as hedging instruments to hedge the variability in cash flows associated with highly probable forecast transactions arising from changes in foreign exchange rates, interest rates and commodity prices.

At the inception of the hedging relationships, the Group documents the risk management objective and strategy for undertaking the hedge. Hedge effectiveness is measured at the inception of the hedge relationship and through periodic prospective effectiveness assessments to ensure that an economic relationship exists between hedged item and hedging instrument.

For the different types of hedges in place, the Group generally enters into hedge relationships where the critical terms of the hedging instrument match exactly the terms of the hedged item. Therefore, typically, the hedge ratio is 1:1. The Group performs a qualitative assessment of effectiveness. In circumstances where the terms of the hedged item no longer exactly match the critical terms of the hedging instrument, the Group uses a hypothetical derivative method to assess effectiveness. Possible sources of ineffectiveness are changes in the timing of the forecasted transaction, changes in the quantity of the hedged item or changes in the credit risk of either parties to the derivative contract.

2.27.4 Cash flow hedge accounting

Cash flow hedge accounting is applied when a derivative hedges the variability in cash flows of a highly probable forecasted transaction, foreign currency risk of a firm commitment or a recognized asset or liability (such as a variable interest rate instrument).

When the hedged forecasted transaction or firm commitment subsequently results in the recognition of a non-financial item, the amount accumulated in the hedging reserves is included directly in the initial carrying amount of the non-financial item when it is recognized.

For all other hedged transactions, the amount accumulated in the hedging reserves is reclassified to profit or loss in the same period during which the hedged item affects profit or loss (e.g. when the variable interest expense is recognized).

When a hedging instrument or hedge relationship is terminated but the hedged transaction is still expected to occur, the cumulative gain or loss (at that point) remains in equity and is reclassified to profit or loss when the hedged transaction occurs. If the hedged transaction is no longer expected to occur, the cumulative gain or loss recognized in the consolidated statement of comprehensive income is reclassified to profit or loss immediately.

Any ineffectiveness is recognized immediately in profit or loss.

2.27.5 Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the consolidated statement of financial position when, and only when, the Group has a currently legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realize the asset and settle the liability simultaneously.

2.28 Segment reporting

Operating segments are components of the Group's business activities about which separate financial information is available that is evaluated regularly by management.

The Group has two operating segments: Asia Pacific East (primarily South Korea, Japan and New Zealand) and Asia Pacific West (China, India, Vietnam and exports elsewhere in Asia Pacific). The Group's operating segment reporting format is geographical because the Group's risks and rates of return are affected predominantly by the fact that the Group operates in different geographical areas. The Group's management structure and internal reporting system to the Board of Directors is set up accordingly. Additionally, management assessed additional factors such as management's views on the optimal number of reporting segments, as well as management's view on the optimal balance between practical and more granular information.

2.29 Non-recurring items

Non-recurring items are either income or expenses which do not occur regularly as part of the normal activities of the Group, that in management's judgment need to be disclosed separately by virtue of their size or incidence. Such items are disclosed on the face of the consolidated income statement or separately disclosed in the notes to the consolidated financial statements. Transactions which may give rise to non-recurring items are principally restructuring and integration activities, impairments and gains or losses on the disposal of businesses.

2.30 Issued capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction, net of tax, from the proceeds.

Where any Group company purchases the Company's equity instruments, for example as the result of a share-based payment plan, the consideration paid, including any directly attributable incremental costs (net of income taxes) is deducted from equity attributable to the owners of Budweiser APAC as treasury shares until the shares are cancelled or reissued. Where such ordinary shares are subsequently reissued, any consideration received, net of any directly attributable incremental transaction costs and the related income tax effects, is included in equity attributable to the owners of Budweiser APAC.

2.31 Summary of significant accounting policies of the Company

In the Company's balance sheet, investments in subsidiaries are carried at cost less any impairment. The results of subsidiaries are accounted for by the Company on the basis of dividends received and receivable.

3. Financial risk management

3.1 Financial risk factors

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 Group analyzes each of these risks individually as well as on a consolidated basis, and defines strategies to manage the economic impact on the Group's performance in line with its financial risk management policy. The main derivative instruments used are foreign exchange forward contracts, cross currency interest rate swaps and exchange traded commodity futures. The derivatives are part of a cash flow hedge relationship.

3.1.1 Foreign currency risk

The Group is subject to foreign currency risk when contracts are denominated in a currency other than the functional currency of the entity. This includes borrowings, (forecasted) sales, (forecasted) purchases, royalties, dividends, licenses, management fees and interest expense/income. The Group's foreign currency risk is primarily related to Euro and US dollar purchases.

Foreign exchange risk on operating activities

The Group may hedge operating transactions which are reasonably expected to occur (e.g. cost of goods sold and selling, general & administrative expenses) within the forecast period determined in the financial risk management policy. Operating transactions that are considered certain to occur are hedged without any time limits.

Foreign exchange risk on foreign currency denominated debt

It is the Group's policy to have the debt in the subsidiaries linked as much as possible to the functional currency of the subsidiary. To the extent this is not the case, foreign exchange risk is managed through the use of derivatives unless the cost to hedge outweighs the benefits. Interest rate decisions and currency mix of debt and cash are decided on a consolidated basis and take into consideration the holistic risk management approach.

Currency sensitivity analysis

Had the Chinese yuan and the South Korean won weakened/strengthened against the Euro or US dollar on average of 6% (2019: 5%) for the Chinese yuan and 8% (2019: 7%) for the South Korean won, with all other variables held constant, the impact on consolidated profit before tax would have been approximately higher or lower by 1 million US dollar for the year ended 31 December 2020 and 2 million US dollar for the year ended 31 December 2019.

3.1.2 Interest rate risk

27 million US dollar or 23% as of 31 December 2020 and 27 million US dollar or 20% as of 31 December 2019 of the Group's interest-bearing financial liabilities, excluding lease liabilities, bears interest at a variable rate. The Group estimated that the reasonably possible change of the market interest rates would have an immaterial impact on the Group's profit in 2020 and 2019.

3.1.3 Commodity price risk

The commodity markets have experienced and are expected to continue to experience price fluctuations. The Group therefore uses both fixed price purchasing contracts and commodity derivatives to minimize the exposure to commodity price volatility. The Group has exposures to the following commodities: aluminium, barley, coal, corn, corrugated board, diesel, fuel oil, glass, hops, labels, malt, natural gas, plastics, rice, steel and wheat. As of 31 December 2020 and 31 December 2019, the Group has commodity derivatives outstanding for corn. The impact of changes in the commodity prices for the Group's derivative exposures would have caused an immaterial impact on the Group's profit in 2020 and 2019.

3.1.4 Credit risk

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

The Group mitigates its exposure through a variety of mechanisms. It has established minimum counterparty credit ratings and enters into transactions only with financial institutions of investment grade rating. The Group monitors counterparty credit exposures closely and reviews any external downgrade in credit rating immediately. To mitigate pre-settlement risk, counterparty minimum credit standards become more stringent with increases in the duration of the derivatives. To minimize the concentration of counterparty credit risk, the Group enters into derivative transactions with different financial institutions.

Exposure to credit risk

The carrying amount of financial assets represents the maximum credit exposure of the Group. The carrying amount is presented net of the impairment losses recognized. There was no significant concentration of credit risk with any single counterparty as of 31 December 2020 and 31 December 2019 and no single customer represented more than 10% of the Group's total revenue in 2020 and 2019.

Impairment losses on trade receivables of 4 million US dollar and 1 million US dollar were recognized for the years ended 31 December 2020 and 2019 respectively. The impairment loss recognized in the year ended 31 December 2020 reflects an increase in the Group's estimate of credit losses from defaulting customers as a result of the COVID-19 pandemic.

3.1.5 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 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.

The Group had net current liabilities of 2,305 million US dollar as of 31 December 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 highly cash generative, with cash flows from operating activities of 1,301 million US dollar for the year ended 31 December 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 borrowing facilities, including cash pooling loans from AB InBev. As of 31 December 2020, the Group had undrawn committed facilities and undrawn uncommitted facilities of 270 million US dollar and 459 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.

The following are the nominal contractual maturities of financial liabilities including interest payments and derivative financial assets and liabilities:

	As of 31 December 2020						
US$'million	Carrying amount	Contractual cash flows	Less than 1 year	1-2 years	2-3 years	3-5 years	More than 5 years
Non-derivative financial liabilities							
Unsecured bank loans and other loans	118	118	118	–	–	–	–
Lease liabilities	66	79	32	18	13	3	13
Cash pooling loans from AB InBev	34	35	35	–	–	–	–
Bank overdrafts	17	17	17	–	–	–	–
Trade and other payables [(1)]	3,181	3,204	3,156	7	8	16	17
	3,416	3,453	3,358	25	21	19	30
Derivative financial assets/(liabilities)	18	18	18	–	–	–	–

	As of 31 December 2019						
US$'million	Carrying amount	Contractual cash flows	Less than 1 year	1-2 years	2-3 years	3-5 years	More than 5 years
Non-derivative financial liabilities							
Secured bank loans	3	3	3	–	–	–	–
Unsecured bank loans and other loans	135	135	135	–	–	–	–
Lease liabilities	50	64	25	15	7	5	12
Cash pooling loans from AB InBev	50	51	51	–	–	–	–
Bank overdrafts	75	75	75	–	–	–	–
Trade and other payables [(1)]	3,331	3,331	3,196	111	5	9	10
	3,644	**3,659**	**3,485**	**126**	**12**	**14**	**22**
Derivative financial assets/(liabilities)	4	4	4	–	–	–	–

(1) Comprises of trade and other payables, payables with AB InBev and consigned packaging.

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

	2020 US$'million	2019 US$'million
Cash and cash equivalents	**1,281**	**952**
Cash pooling deposits to AB InBev	**14**	**40**
Non-current interest-bearing loans and borrowings	(37)	(28)
Current interest-bearing loans and borrowings	(147)	(160)
Interest-bearing loans and borrowings	**(184)**	**(188)**
Bank overdrafts	**(17)**	**(75)**
Cash pooling loans from AB InBev	**(34)**	**(50)**
Cash net of debt	**1,060**	**679**

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

	2020 US$'million	2019 US$'million
Cash net of debt	(1,060)	(679)
Total equity	10,743	9,884
Total capital	9,683	9,205
Gearing ratio	**-10.9%**	**-7.4%**

3.3 Fair value measurement

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

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

Level 1: inputs are unadjusted quoted prices in active markets for identical assets or liabilities.
Level 2: inputs are observable either directly (i.e. as prices) or indirectly (i.e. derived from prices).
Level 3: fair value measurements incorporate significant inputs that are based on unobservable market data.

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

3.3.1 **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.

3.3.2 **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 27 Acquisitions and disposals of subsidiaries for further details.

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

	2020 US$'million	2019 US$'million
Level 1	12	3
Level 2	9	7
Level 3	(10)	(25)
	11	**(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 consolidated statement of financial position are a reasonable approximation of the fair values.

4. Critical accounting estimates and judgments

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

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

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

Impairment of goodwill and indefinite life intangible assets

Goodwill impairment testing relies on a number of critical judgments, estimates and assumptions. Goodwill, which accounted for approximately 45% of the Group's total assets as of 31 December 2020 and 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 13 Goodwill and 14 Intangible assets for further information on the goodwill and indefinite life intangible assets exposure and estimates applied.

Determination of indefinite useful life for certain intangible assets

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

Refer to Note 14 Intangible assets for further information on indefinite life intangible assets.

Contingencies

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

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 consolidated financial statements, and the amount of the loss can be reasonably estimated. By their nature, contingencies will only be resolved when one or more future events occur or fail to occur, and typically those events will occur over a number of years in the future.

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

Income tax position

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

Some subsidiaries within the Group are involved in tax audits and local enquiries usually in relation to prior years. Investigations and negotiations with local tax authorities are ongoing in various jurisdictions at the date of the consolidated 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 consolidated 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 year such determination is made.

Refer to Notes 11 Income tax expense and 17 Deferred tax assets and liabilities for further information on income tax including exposures.

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 consolidated 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 consolidated income statement.

Share-based payments

The Group has granted share options to certain eligible employees. The directors of the Company have adopted the Binomial Hull Model to determine the total fair value of the options granted, which is to be expensed over the respective vesting periods. Significant judgments on parameters, such as risk free rate, dividend yield and expected volatility, are required to be made by the directors in applying the Binomial Hull Model. The fair value of share options granted to certain eligible employees determined using the Binomial Hull Model was approximately 52 million US dollar in 2020 (2019: 10 million US dollar).

Share-based payment transactions resulted in a total expense of 50 million US dollar and 32 million US dollar for the years ended 31 December 2020 and 2019 respectively. Refer to Note 24 Share-based payments for further information on accounting estimates and assumptions applied.

5. Segment information

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

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

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

For the years ended 31 December 2020 and 2019

	East		Asia Pacific West		Total	
	2020	2019	2020	2019	2020	2019
Volumes (unaudited)	**10,744**	**12,691**	**70,371**	**80,477**	**81,115**	**93,168**
Revenue[(1)]	**1,162**	**1,370**	**4,426**	**5,176**	**5,588**	**6,546**
Normalized EBITDA	**339**	**446**	**1,245**	**1,675**	**1,584**	**2,121**
Normalized EBITDA margin %	29.2%	32.6%	28.1%	32.4%	28.3%	32.4%
Depreciation, amortization and impairment					(647)	(655)
Normalized profit from operations (Normalized EBIT)					**937**	**1,466**
Non-recurring items (Note 7)					(28)	(98)
Profit from operations (EBIT)					**909**	**1,368**
Net finance cost					(24)	(24)
Share of results of associates					23	23
Income tax expense					(371)	(459)
Profit for the year					**537**	**908**
Segment assets (non-current)	5,829	5,522	8,028	7,678	13,857	13,200
Gross capex	31	71	477	527	508	598

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

Normalized EBITDA is a key financial measure regularly monitored by management in managing the Group's performance, capital and funding structure. Normalized EBITDA is calculated by excluding the following effects from profit attributable to equity holders of 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 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:

	2020 US$'million	2019 US$'million
Profit attributable to equity holders of Budweiser APAC	**514**	**898**
Non-controlling interests	23	10
Profit for the year	**537**	**908**
Income tax expense (excluding non-recurring)	356	469
Share of results of associates	(23)	(23)
Net finance cost (including non-recurring finance cost)	24	24
Non-recurring income tax expense/(benefit)	15	(10)
Non-recurring items above EBIT	28	98
Normalized EBIT	**937**	**1,466**
Depreciation and amortization	647	655
Normalized EBITDA	**1,584**	**2,121**

6. Other operating income

	2020 US$'million	2019 US$'million
Grants and incentives	84	87
Net gain on disposal of property, plant and equipment and intangible assets	46	105
Other operating income	35	45
Other operating income	**165**	**237**

Grants and incentives primarily related to various grants and incentives given by local governments, based on the Group's operations and developments in those regions.

Net gain on disposal of property, plant and equipment and intangible assets includes net gain of 2 million US dollar and 45 million US dollar from the sale of properties for the years ended 31 December 2020 and 2019, respectively.

7. Non-recurring items

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

	2020 US$'million	2019 US$'million
Costs arising from COVID-19 response activities	(7)	–
Costs associated with the Listing	3	(67)
Restructuring	(26)	(24)
Acquisition and integration costs	2	(7)
Impact on profit from operations	**(28)**	**(98)**
Non-recurring finance cost	–	(8)
Non-recurring income tax (expense)/benefit	(15)	10
Net impact on profit	**(43)**	**(96)**

Non-recurring items for the year ended 31 December 2020 included costs of 7 million US dollar that were costs related to personal protection equipment for our colleagues, charitable donations and other costs incurred as a direct consequence of the COVID-19 pandemic.

The Group incurred costs associated with the Listing for the year ended 31 December 2019, of which 67 million US dollar was reported as non-recurring items and 61 million US dollar was capitalized. The credit for the year ended 31 December 2020 represents excess accruals for listing costs released during the year.

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 17 million US dollar for 2019 was included in non-recurring finance cost. These loans were settled prior to or upon Listing.

Refer to Note 11 for further information on income tax.

8. Employee benefit expenses, including directors' emoluments

	2020 US$'million	2019 US$'million
Wages and salaries	(499)	(480)
Social security contributions	(65)	(95)
Other personnel cost	(98)	(63)
Pension expense for defined benefit plans	(15)	(15)
Share-based payment expenses	(50)	(30)
Contributions to defined contribution plans	(2)	(3)
Payroll and related benefits	**(729)**	**(686)**

Five highest paid individuals

Of the five individuals with the highest emoluments, one individual was a director for the full year ended 31 December 2020 (2019: two individuals were directors). Their emoluments are disclosed in Note 33 Benefits and Interests of Directors. The aggregate of the emoluments in respect of the other four (2019: three) individuals with the highest emoluments for the year ended 31 December 2020 are as follows:

	2020 US$'thousand	2019 US$'thousand
Salaries and other emoluments	3,361	1,684
Discretionary bonuses	–	729
Share-based payments[1]	1,284	7,544
Retirement scheme contributions	125	93
	4,770	**10,050**

The emoluments of the four (2019: three) individuals are within the following bands:

	2020	2019
4.5 – 5 million HK dollar	1	–
7 – 7.5 million HK dollar	1	–
9 – 9.5 million HK dollar	1	–
13 – 13.5 million HK dollar	–	1
15 – 15.5 million HK dollar	1	–
22.5 – 23 million HK dollar	–	1
42.5 – 43 million HK dollar	–	1

The five highest paid individuals above are members of the Company's key management personnel. The remaining 5 (2019: 9) members of key management personnel received emoluments of between HK$628 thousand to HK$3,169 thousand for the year ended 31 December 2020 (2019: between HK$4,852 thousand and HK$11,400 thousand).

1 Share based payments in the tables above are calculated on the share options and restricted stock units that have vested in the year by taking the difference between the market price of the shares on the day of vesting and the price paid by the individuals to exercise the share options or restricted stock units. The five highest paid individuals above is presented in accordance with such treatment.

The IFRS 2 charge for share options and restricted stock units is included in the total charge disclosed in Note 24.

9. Listing and auditors' fees

	2020 US$'thousand	2019 US$'thousand
Auditors' remuneration:		
Audit services		
– PricewaterhouseCoopers	(2,294)	(3,427)
– Other auditor	(36)	(541)
	(2,330)	**(3,968)**
Non-audit services		
– PricewaterhouseCoopers	**(394)**	**(12)**
Listing fees	**2,928**	**(67,040)**
	204	**(71,020)**

For the year ended 31 December 2019, audit fees of 13,262 thousand US dollar were incurred to the Company's auditors for the Listing.

10. Finance cost and income

Finance cost included in the consolidated income statement are as follows:

	2020 US$'million	2019 US$'million
Interest expense	(4)	(12)
Accretion expense	(15)	(12)
Net foreign exchange fluctuations	(10)	(9)
Other financial costs, including bank fees	(16)	(6)
Finance cost, excluding non-recurring items	**(45)**	**(39)**
Non-recurring finance cost	–	(8)
Finance cost	**(45)**	**(47)**

Prior to the Listing in 2019, the Group had loans with AB InBev entities, which were outside the Group. These loans were settled prior to or upon Listing. The interest charges related to these loans were reported as non-recurring finance cost in the consolidated income statement.

Finance income included in the consolidated income statement is as follows:

	2020 US$'million	2019 US$'million
Interest income	21	23
Finance income	**21**	**23**

No interest income was recognized on impaired financial assets.

The interest income stems from the following financial assets:

	2020 US$'million	2019 US$'million
Cash and cash equivalents	21	23

11. Income tax expense

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

	2020 US$'million	2019 US$'million
Current year	(386)	(360)
Underprovided in prior years	(45)	(20)
Current tax expense	**(431)**	**(380)**
Deferred tax income/(expense)	**60**	**(79)**
Total income tax expense	**(371)**	**(459)**

The reconciliation of the effective tax rate with the aggregated weighted nominal tax rate is summarized as follows:

	2020 US$'million	2019 US$'million
Profit before tax	908	1,367
Deduct: share of results of associates	(23)	(23)
Profit before tax and before share of results of associates	**885**	**1,344**
Adjustments on taxable basis		
Expenses not deductible for tax purposes	124	166
Other non-taxable income	(83)	(134)
	926	**1,376**
Aggregated weighted nominal tax rate	24.9%	26.7%
Tax at aggregated weighted nominal tax rate	(231)	(368)
Adjustments on tax expense		
Utilization of tax losses not previously recognized	9	18
Recognition of deferred tax assets on previous years' tax losses	3	–
Write-down of deferred tax assets on tax losses and current year losses for which no deferred tax asset is recognized	(54)	(37)
Underprovided in prior years	(45)	(20)
Withholding taxes	(57)	(54)
Other tax adjustments	4	2
	(371)	**(459)**
Effective tax rate	**41.9%**	**34.2%**
Normalized effective tax rate	**39.0%**	**32.3%**

The Group's income tax expense included 2 million US dollar in respect of Hong Kong profits tax for the years ended 31 December 2020 and 2019.

During the year, two of the Group's subsidiaries were subject to tax audits and investigation by the local tax authorities. Oriental Brewery Co., Ltd. in South Korea, received 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 year ended 31 December 2020. Anheuser-Busch InBev China Co., Ltd. in China received an investigation on transfer pricing of transactions from 2010 through 2019. The investigation is on-going at the end of the reporting period and the relevant provision was included in the income tax expense for the year ended 31 December 2020.

Normalized effective tax rate was 39.0% for the year ended 31 December 2020 compared to 32.3% for the year ended 31 December 2019, primarily driven by the impact of dividend withholding taxes and country mix as a result of the COVID-19 pandemic.

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.

12. Property, plant and equipment

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

	2020 US$'million	2019 US$'million
Property, plant and equipment owned	3,652	3,589
Property, plant and equipment leased (right-of-use assets)	64	49
Total property, plant and equipment	**3,716**	**3,638**

Property, plant and equipment owned by the Group is detailed as follows:

	2020			
	Land and buildings US$'million	Plant and equipment, fixtures and fittings US$'million	Under construction US$'million	Total US$'million
Acquisition cost				
Balance as of 1 January 2020	**1,770**	**4,269**	**291**	**6,330**
Effect of movements in foreign exchange	110	262	15	387
Acquisitions	1	182	308	491
Disposals	(12)	(222)	(1)	(235)
Transfer from/(to) other asset categories and other movements	73	178	(283)	(32)
Balance as of 31 December 2020	**1,942**	**4,669**	**330**	**6,941**
Depreciation and impairment losses				
Balance as of 1 January 2020	**(454)**	**(2,287)**	**–**	**(2,741)**
Effect of movements in foreign exchange	(34)	(160)	–	(194)
Depreciation	(73)	(489)	–	(562)
Disposals	3	178	–	181
Transfer from other asset categories and other movements	–	27	–	27
Balance as of 31 December 2020	**(558)**	**(2,731)**	**–**	**(3,289)**
Carrying amount as of 31 December 2020	**1,384**	**1,938**	**330**	**3,652**

	Land and buildings US$'million	2019 Plant and equipment, fixtures and fittings US$'million	Under construction US$'million	Total US$'million
Acquisition cost				
Balance as of 1 January 2019	**1,870**	**4,338**	**305**	**6,513**
Effect of movements in foreign exchange	(30)	(62)	(3)	(95)
Acquisitions	–	277	288	565
Disposals	(141)	(470)	–	(611)
Transfer from/(to) other asset categories and other movements	71	186	(299)	(42)
Balance as of 31 December 2019	**1,770**	**4,269**	**291**	**6,330**
Depreciation and impairment losses				
Balance as of 1 January 2019	**(503)**	**(2,272)**	**–**	**(2,775)**
Effect of movements in foreign exchange	7	25	–	32
Depreciation	(76)	(496)	–	(572)
Disposals	112	421	–	533
Transfer from other asset categories and other movements	6	35	–	41
Balance as of 31 December 2019	**(454)**	**(2,287)**	**–**	**(2,741)**
Carrying amount as of 31 December 2019	**1,316**	**1,982**	**291**	**3,589**

As of 31 December 2020 and 31 December 2019, there is no property, plant and equipment subject to restrictions on title, other than described in Note 29.

Out of the total 2020 capital expenditures approximately 60% (2019: 51%) was used to improve the Group's breweries and production facilities while 35% (2019: 42%) was used for logistics and commercial investments and 5% (2019: 7%) was used for improving administrative capabilities and purchase of hardware and software.

Right-of-use assets

The Group leases warehouses, factory facilities, other commercial buildings and equipment. Property, plant and equipment leased by the Group (right-of-use assets) is detailed as follows:

	2020 US$'million	2019 US$'million
Net carrying amount as of 31 December	64	49
Depreciation for the year ended 31 December	(33)	(30)

Additions to right-of-use assets were 43 million US dollar and 29 million US dollar for the years ended 31 December 2020 and 31 December 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.

Depreciation is included in the following line items in the consolidated income statement:

	2020 US$'million	2019 US$'million
Cost of sales	500	507
Distribution expenses	30	30
Sales and marketing expenses	29	25
Administrative expenses	36	40
Depreciation	**595**	**602**

13. Goodwill

	2020 US$'million	2019 US$'million
Balance as of 1 January	**6,921**	**6,718**
Effect of movements in foreign exchange	429	(172)
Acquisitions through business combinations (Note 27)	–	375
Balance as of 31 December	**7,350**	**6,921**

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

	2020 US$'million	2019 US$'million
South Korea	4,048	3,815
China	3,291	3,095
Other countries	11	11
Total carrying amount of goodwill	**7,350**	**6,921**

The value in use discounted cash flow is based on a 10-year cash flow model. The Group uses a 10-year rather than a 5-year model as this accords with the Group's long term planning and business acquisition valuation methodology. The key judgments, estimates and assumptions used in the value in use discounted 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 its annual impairment test for goodwill in the fourth 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 WACC used in the impairment models was between 4.7% and 10.4% (31 December 2019: 4.4% and 10.9%) and the terminal growth rate used was between 1.6% and 2.9% (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.

14. Intangible assets

	2020				
	Brands US$'million	Commercial intangibles US$'million	Software US$'million	Other US$'million	Total US$'million
Acquisition cost					
Balance as of 1 January 2020	**1,541**	**93**	**262**	**60**	**1,956**
Effect of movements in foreign exchange	75	5	21	6	107
Acquisitions and expenditures	–	–	–	25	25
Transfer from/(to) other asset categories and other movements(1)	–	–	33	(28)	5
Balance as of 31 December 2020	**1,616**	**98**	**316**	**63**	**2,093**
Amortization and impairment losses					
Balance as of 1 January 2020	**–**	**(59)**	**(179)**	**(10)**	**(248)**
Effect of movements in foreign exchange	–	(4)	(15)	(5)	(24)
Amortization	–	(8)	(36)	(2)	(46)
Balance as of 31 December 2020	**–**	**(71)**	**(230)**	**(17)**	**(318)**
Carrying value as of 31 December 2020	**1,616**	**27**	**86**	**46**	**1,775**

	2019				
	Brands US$'million	Commercial intangibles US$'million	Software US$'million	Other US$'million	Total US$'million
Acquisition cost					
Balance as of 1 January 2019	**1,535**	**105**	**233**	**65**	**1,938**
Effect of movements in foreign exchange	(41)	(1)	(1)	(4)	(47)
Acquisitions through business combinations	33	–	–	–	33
Acquisitions and expenditures	14	–	–	35	49
Transfer from/(to) other asset categories and other movements(1)	–	(11)	30	(36)	(17)
Balance as of 31 December 2019	**1,541**	**93**	**262**	**60**	**1,956**
Amortization and impairment losses					
Balance as of 1 January 2019	**–**	**(63)**	**(147)**	**(10)**	**(220)**
Effect of movements in foreign exchange	–	1	2	1	4
Amortization	–	(8)	(37)	(1)	(46)
Transfer from other asset categories and other movements(1)	–	11	3	–	14
Balance as of 31 December 2019	**–**	**(59)**	**(179)**	**(10)**	**(248)**
Carrying value as of 31 December 2019	**1,541**	**34**	**83**	**50**	**1,708**

(1) The transfer from/(to) other asset categories and other movements mainly relates to transfers between account categories and measurement period adjustments.

Included in intangible assets are 1,616 million US dollar and 1,541 million US dollar of assets with an indefinite useful life and 159 million US dollar and 167 million US dollar with a finite life as of 31 December 2020 and 31 December 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 are tested for impairment during the fourth quarter of the year or whenever a triggering event has occurred.

The carrying amount of intangible assets with indefinite useful lives by country is as follows:

	2020 US$'million	2019 US$'million
South Korea	1,038	978
China	427	410
India	127	130
Other countries	24	23
Total carrying amount of intangible assets with indefinite useful lives	**1,616**	**1,541**

Intangible assets with indefinite useful lives have been tested for impairment together with goodwill using the methodology and assumptions as disclosed in Note 13 *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.

Amortization is included in the following line items in the consolidated income statement:

	2020 US$'million	2019 US$'million
Cost of sales	1	1
Sales and marketing expenses	4	4
Administrative expenses	41	41
Amortization	**46**	**46**

15. Land use rights

The Group acquired the right to use land in China and Vietnam. The net carrying amount of the right-of-use assets was 256 million US dollar and 247 million US dollar as of 31 December 2020 and 31 December 2019 respectively.

Land use rights are as follows:

	2020 US$'million	2019 US$'million
Net carrying amount as of 31 December	256	247
Depreciation for the year ended 31 December	(6)	(7)

16. Investment in associates

The Group has an investment in Guangzhou Zhujiang Brewery Joint-Stock Co, Ltd., incorporated in the PRC.

% of economic interest as of	2020	2019
Guangzhou Zhujiang Brewery Joint-Stock Co. Ltd	29.99%	29.99%

	2020 US$'million	2019 US$'million
Balance as of 1 January	**418**	**403**
Effect of movements in foreign exchange	1	2
Dividend received	(9)	(10)
Share of results of associates	23	23
Balance as of 31 December	**433**	**418**

17. Deferred tax assets and liabilities

The amount of deferred tax assets and liabilities by type of temporary differences are as follows:

	2020		
	Assets US$'million	Liabilities US$'million	Net US$'million
Property, plant and equipment	40	(77)	(37)
Intangible assets	5	(426)	(421)
Inventories	15	–	15
Trade and other receivables	6	–	6
Provisions	19	–	19
Trade and other payables	252	–	252
Withholding taxes	–	(61)	(61)
Other items	11	–	11
Loss carried forwards	8	–	8
Gross deferred tax assets/(liabilities)	**356**	**(564)**	**(208)**
Netting by taxable entity	**(83)**	**83**	**–**
Net deferred tax assets/(liabilities)	**273**	**(481)**	**(208)**

	Assets US$'million	2019 Liabilities US$'million	Net US$'million
Property, plant and equipment	31	(93)	(62)
Intangible assets	4	(415)	(411)
Inventories	17	(1)	16
Trade and other receivables	7	–	7
Provisions	18	–	18
Trade and other payables	198	–	198
Withholding taxes	–	(61)	(61)
Other items	14	—	14
Loss carried forwards	12	—	12
Gross deferred tax assets/(liabilities)	**301**	**(570)**	**(269)**
Netting by taxable entity	**(86)**	**86**	**–**
Net deferred tax assets/(liabilities)	**215**	**(484)**	**(269)**

The change in net deferred taxes recorded in the consolidated statement of financial position are as follows:

	2020 US$'million	2019 US$'million
Balance as of 1 January	**(269)**	**(186)**
Recognized in profit or loss	60	(79)
Recognized in other comprehensive income	–	(2)
Acquisitions through business combinations	–	(7)
Other movements and effect of changes in foreign exchange rates	1	5
Balance as of 31 December	**(208)**	**(269)**

A large proportion of the temporary differences are related to the fair value adjustments on intangible assets with indefinite useful lives acquired through business combinations. The realization of such temporary differences is unlikely to occur within 12 months.

Tax losses carried forward and deductible temporary differences on which no deferred tax asset is recognized amounted to 528 million US dollar in 2020 and 443 million US dollar in 2019. As of 31 December 2020, 222 million US dollar of these tax losses and deductible temporary differences do not have an expiration date, 56 million US dollar, 51 million US dollar and 51 million US dollar expire within one, two and three years respectively, while 148 million US dollar have an expiration date of more than three years. Deferred tax assets have not been recognized on these items because it is not probable that future taxable profits will be available against which these tax losses and deductible temporary differences can be utilized and the Group has no tax planning strategy currently in place to utilize these tax losses and deductible temporary differences.

18. Inventories

	2020 US$'million	2019 US$'million
Raw materials and consumables	178	187
Work in progress	79	65
Finished goods	177	186
Inventories	**434**	**438**

The cost of inventories recognized as an expense in cost of sales amounted to 2,681 million US dollar and 3,058 million US dollar at 31 December 2020 and 2019 respectively.

Impairment losses recognized on inventories amounted to 14 million US dollar and 7 million US dollar for the years ended 31 December 2020 and 2019 respectively.

19. Trade and other receivables

Non-current trade and other receivables

	2020 US$'million	2019 US$'million
Cash deposits for guarantees	38	39
Trade and other receivables	16	14
Non-current trade and other receivables	**54**	**53**

For the nature of cash deposits for guarantees refer to Note 29 Collateral and contractual commitments.

Current trade and other receivables

	2020 US$'million	2019 US$'million
Trade receivables and accrued income	355	412
Trade receivables with AB InBev	12	37
Indirect tax receivable	110	116
Prepaid expenses	48	48
Other receivables	9	39
Current trade and other receivables	**534**	**652**

The carrying amount of trade and other receivables is a good approximation of their fair value as the impact of discounting is not significant.

Trade receivables and trade receivables with AB InBev are due on average less than 90 days from the date of invoicing. There is limited credit risk as the Group does not have significant uncollected amounts. The Group's exposures to credit, currency and interest rate risks are disclosed in Note 3.1 Financial risk factors.

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

	2020 US$'million	2019 US$'million
Not past due	**333**	**429**
Past due as of reporting date:		
Less than 30 days	22	13
Between 30 and 59 days	3	3
Between 60 and 89 days	4	4
More than 90 days	5	–
Net carrying amount of trade receivables and trade receivables with AB InBev	**367**	**449**

20. Cash and cash equivalents

	2020 US$'million	2019 US$'million
Short-term bank deposits	454	120
Cash and bank accounts	827	832
Cash and cash equivalents	**1,281**	**952**
Bank overdrafts	**(17)**	**(75)**
	1,264	**877**

The Group does not have restricted cash.

21. Changes in equity

Issued capital

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

(1) The Company has appointed a trustee to assist with the administration and vesting of the Share Award Schemes (refer to Note 24) who held 22,890,274 shares in trust, reserved for the future vesting of Share Award Schemes, as at 31 December 2020 and 23,000,000 shares as at 31 December 2019. As the Company has the power to govern the financial and operating policies of the trust and can derive benefits from the contributions of the eligible persons who are awarded with the shares by the schemes, the directors of the Company consider that it is appropriate to consolidate the trust.

As at 31 December 2020 and 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.

Share premium

The share premium of the Company arises from the difference between the par value of shares issued and the fair value of the consideration received.

The share premium of the Company arose during the year ended 31 December 2019 from the following transactions:

(1) On 3 July 2019, the issued share capital of the Company increased through the issue of 7,534,412,000 new shares to a subsidiary of AB InBev in exchange for the transfer of the China business into the Group. On 25 September 2019, the issued share capital of the Company increased through the issue of 4,016,525,000 shares to a subsidiary of AB InBev in exchange for the transfer of the South Korea business into the Group.

(2) On 30 September 2019, the Company issued 1,474,704,000 shares as part of the Listing on the Stock Exchange of Hong Kong. On 3 October 2019, the Company listed an additional 217,755,000 shares on the Stock Exchange of Hong Kong under the Over-allotment Option as described in the Company's Prospectus.

The application of the share premium account is governed by Section 34(2) of the Companies Law (2013 Revision) of the Cayman Islands. Under the Companies Law of the Cayman Islands, the funds in the share premium account of the Company are distributable to Shareholders provided that immediately following the date on which the dividend is proposed to be distributed, the Company will be in a position to pay off its debts as they fall due in the ordinary course of the business.

Capital reserve

For the year ended 31 December 2019, the Group recognized the assets, liabilities and equity of the combining entities at the carrying amounts in the consolidated financial statements of the controlling party, AB InBev, prior to the common control reorganization. The transfer at fair value of the reorganized subsidiaries, in exchange for the issue of shares or settlement of loans with AB InBev, was accounted in equity in the capital reserve amounting to 43,507 million US dollar.

The capital contributions from AB InBev prior to the Listing are presented in the capital reserve.

Dividends

On 24 February 2021, a dividend of 2.83 cents US dollar per share or approximately 375 million US dollar was recommended by the Board of Directors. This represents 67% of the normalized profit attributable to equity holders of Budweiser APAC for the year ended 31 December 2020. The proposed dividend is subject to the approval of the Shareholders at the forthcoming AGM of the Company. The dividend paid will be recognized in the consolidated financial statements on the date that the dividend is declared.

On 26 February 2020, a dividend of 2.63 cents US dollar per share or approximately 348 million US dollar, which represented 35% of the normalized profit attributable to equity holder of Budweiser APAC for the year ended 31 December 2019, was recommended by the Board of Directors and approved by the shareholders at the AGM of the Company on 15 May 2020. This final dividend was paid on 24 June 2020.

Other reserves

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

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

The share-based payment reserves arise from the Company's Share Award Schemes (Note 24).

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

The changes in the other reserves are as follows:

	2020			
	Translation reserves US$'million	Share-based payment reserves US$'million	Other US$'million	Total US$'million
Balance as of 1 January 2020	**(554)**	**–**	**(2)**	**(556)**
Other comprehensive income				
Exchange gain on translation of foreign subsidiaries	621	–	–	621
Cash flow hedges	–	–	11	11
Re-measurement of post-employment benefits	–	–	1	1
Total comprehensive income	**621**	**–**	**12**	**633**
Share-based payment expenses	–	26	–	26
Balance as of 31 December 2020	**67**	**26**	**10**	**103**

	2019			
	Translation reserves US$'million	Share-based payment reserves US$'million	Other US$'million	Total US$'million
Balance as of 1 January 2019	**(323)**	**–**	**1**	**(322)**
Other comprehensive income				
Exchange loss on translation of foreign subsidiaries	(231)	–	–	(231)
Cash flow hedges	–	–	(4)	(4)
Re-measurement of post-employment benefits	–	–	2	2
Total comprehensive income	**(231)**	**–**	**(2)**	**(233)**
Reclassification of amounts from capital reserve	–	–	(1)	(1)
Balance as of 31 December 2019	**(554)**	**–**	**(2)**	**(556)**

22. Interest-bearing loans and borrowings

This note provides information about the Group's interest-bearing loans and borrowings. For more information about the Group's exposure to interest rate and foreign exposure currency risk – refer to Note 3.1.

Non-current interest-bearing loans and borrowings

	2020 US$'million	2019 US$'million
Lease liabilities	37	28
Non-current interest-bearing loans and borrowings	**37**	**28**

Current interest-bearing loans and borrowings

	2020 US$'million	2019 US$'million
Secured bank loans	–	3
Unsecured bank loans and other loans	118	135
Lease liabilities	29	22
Current interest-bearing loans and borrowings	**147**	**160**

The current and non-current interest-bearing loans and borrowings amounted to 184 million US dollar as of 31 December 2020 and 188 million US dollar as of 31 December 2019.

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

The amounts in the table below include both the principal amount of the lease liabilities and estimated interest payments.

Lease liabilities

	2020 US$'million	2019 US$'million
Less than one year	32	25
Between one and two years	18	15
Between two and three years	13	7
Between three and five years	3	5
More than five years	13	12
Lease liabilities	**79**	**64**

Reconciliation of liabilities arising from financing activities

The table below details changes in the Group's liabilities arising from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are those for which cash flows were, or future cash flows will be classified in the Group's consolidated statement of cash flows from financing activities.

	2020		
	Long-term debt, net of current portion US$'million	Short-term debt and current portion of long-term debt US$'million	Total US$'million
Balance as of 1 January 2020	**28**	**160**	**188**
Proceeds from borrowings	–	32	32
Payments on borrowings	–	(48)	(48)
Payments of lease liabilities	–	(33)	(33)
Capitalization of lease	38	5	43
Foreign exchange effects	3	(1)	2
Current portion of long-term debt	(32)	32	–
Balance as of 31 December 2020	**37**	**147**	**184**

	2019		
	Long-term debt, net of current portion US$'million	Short-term debt and current portion of long-term debt US$'million	Total US$'million
Balance as of 1 January 2019	**503**	**67**	**570**
Proceeds from borrowings	–	236	236
Payments on borrowings	–	(138)	(138)
Payments on Loans with AB InBev	(6,010)	–	(6,010)
Capitalization of Loans with AB InBev	(64)	–	(64)
Proceeds from Loans with AB InBev	5,605	–	5,605
Payments of lease liabilities	–	(33)	(33)
Capitalization of lease	29	–	29
Foreign exchange effects	(5)	(2)	(7)
Current portion of long-term debt	(30)	30	–
Balance as of 31 December 2019	**28**	**160**	**188**

23. Employee benefits

The Group sponsors various post-employment benefit plans, which include both defined contribution plans, defined benefit plans, and other post-employment benefits. In accordance with IAS 19 *Employee Benefits*, post-employment benefit plans are classified as either defined contribution plans or defined benefit plans.

Defined contribution plans

For defined contribution plans, the Group pays contributions to publicly or privately administered pension funds or insurance contracts. Once the contributions have been paid, the Group has no further payment obligation. The regular contributions constitute an expense for the year in which they are due. Contributions paid into defined contribution plans for the Group amounted to 2 million US dollar and 3 million US dollar for the years ended 31 December 2020 and 2019 respectively.

Defined benefit plans

The Group contributed to defined benefit plans for South Korea. The plans are partially funded. When plans are funded, the assets are held in legally separate funds set up in accordance with applicable legal requirements and common practice in the country.

The employee benefit net liability amounted to 21 million US dollar as of 31 December 2020 and 34 million US dollar as of 31 December 2019.

The expense recognized in the consolidated income statement with regards to defined benefit plans amounted to 15 million US dollar for the years ended 31 December 2020 and 2019.

24. Share-based payments

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

The Company has five 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 Budweiser APAC 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 year ended 31 December 2020, the Company granted 69.7 million stock options with an estimated fair value of 52 million US dollar (2019: 9 million stock options with an estimated fair value of 10 million US dollar).

Discretionary Restricted Stock Units Plan

In December 2019, the Company set up 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 year ended 31 December 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 (2019: 4 million RSUs with an estimated fair value of 13 million US dollar).

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 Budweiser APAC 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 year ended 31 December 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 (2019: nil).

People Bet Plan

In March 2020, the Company set up a program allowing for certain eligible employees to purchase Budweiser APAC 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 year ended 31 December 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 (2019: nil).

New RSUs Plan

In November 2020, the Company set up a new restricted stock units plan which allows for the offer of RSUs to certain eligible employees in certain specific circumstances, at the discretion of the Board, e.g. as a long term incentive. The vesting period of the RSUs is in principle 5 years without a performance test and in the event of termination of service before the vesting date, forfeiture rules apply. The Board may set shorter or longer periods for specific grants or introduce performance tests similar to other programs in the Company. During the year ended 31 December 2020, 6.8 million RSUs with an estimated fair value of 23 million US dollar were granted under this program to a selected number of employees (2019: nil).

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 50 million US dollar and 32 million US dollar for the years ended 31 December 2020 and 2019 respectively.

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:

	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:

	2020	2019
Number of options		
Options outstanding at 1 January	**9,201,728**	**–**
Options issued during the year	69,678,408	9,201,728
Options forfeited during the year	(1,022,692)	–
Options outstanding at 31 December	**77,857,444**	**9,201,728**

The weighted average remaining contractual life of the outstanding options is 9.24 years (2019: 9.93 years).

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

	2020 HK$	2019 HK$
Options outstanding at 1 January	28.34	–
Options issued during the year	22.13	28.34
Options forfeited during the year	25.10	–
Options outstanding at 31 December	22.82	28.34
Exercisable at 31 December	–	–

None of the options had vested as at 31 December 2020.

The total number of outstanding RSUs developed as follows:

	2020	2019
Number of RSUs		
RSUs outstanding at 1 January	**3,632,673**	**–**
RSUs issued during the year	37,337,547	3,632,673
RSUs forfeited during the year	(551,811)	–
RSUs outstanding at 31 December	**40,418,409**	**3,632,673**

25. Provisions

	2020 Restructuring US$'million	Disputes and others US$'million	Total US$'million
Balance as of 1 January 2020	**41**	**108**	**149**
Effect of changes in foreign exchange rates	3	2	5
Provisions made	19	6	25
Provisions used	(21)	(4)	(25)
Other movements	–	(6)	(6)
Balance as of 31 December 2020	**42**	**106**	**148**

	2019 Restructuring US$'million	Disputes and others US$'million	Total US$'million
Balance as of 1 January 2019	**51**	**217**	**268**
Effect of changes in foreign exchange rates	(1)	(3)	(4)
Provisions made	24	1	25
Provisions used	(33)	(1)	(34)
Reclassified to income tax payable	–	(106)	(106)
Balance as of 31 December 2019	**41**	**108**	**149**

The restructuring provisions are primarily explained by the organizational alignments, refer to Note 7 Non-recurring items. Provisions for disputes mainly relate to various disputed taxes other than income taxes and to claims from former employees.

The provisions are expected to be settled within the following time windows for 31 December 2020:

	Total US$'million	< 1 year US$'million	1-2 years US$'million	2-5 years US$'million	> 5 years US$'million
Restructuring	**42**	**11**	**2**	**12**	**17**
Indirect taxes	45	–	–	–	45
Labor	39	1	1	30	7
Other disputes	22	5	–	–	17
Disputes and others	**106**	**6**	**1**	**30**	**69**
Total provisions	**148**	**17**	**3**	**42**	**86**

The provisions are expected to be settled within the following time windows for 31 December 2019:

	Total US$'million	< 1 year US$'million	1-2 years US$'million	2-5 years US$'million	> 5 years US$'million
Restructuring	**41**	**10**	**2**	**13**	**16**
Indirect taxes	51	–	–	1	50
Labor	38	–	–	32	6
Other disputes	19	3	8	8	–
Disputes and others	**108**	**3**	**8**	**41**	**56**
Total provisions	**149**	**13**	**10**	**54**	**72**

26. Trade and other payables, payables with AB InBev, consigned packaging and contract liabilities

Non-current trade and other payables

	2020 US$'million	2019 US$'million
Contingent and deferred consideration on acquisitions	28	135
Non-current trade and other payables	**28**	**135**

Current trade and other payables

	2020 US$'million	2019 US$'million
Trade payables and accrued expenses	1,970	1,930
Payroll and social security payables	109	89
Indirect taxes payable	324	328
Contingent and deferred consideration on acquisitions	114	110
Other payables	138	137
Current trade and other payables	**2,655**	**2,594**

Current payables with AB InBev

	2020 US$'million	2019 US$'million
Payables with AB InBev	**142**	**222**

The Group pays the outstanding balances to the creditors according to the credit terms. Trade payables and payables to AB InBev are on average due within 120 days from the invoice date. As of 31 December 2020 and 31 December 2019, trade payables and payables to AB InBev were 2,112 million US dollar and 2,152 million US dollar respectively.

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

	2020 US$'million	2019 US$'million
Not past due	**1,963**	**1,940**
Past due as of reporting date:		
Less than 30 days	70	74
Between 30 and 89 days	8	9
More than 90 days	71	129
Net carrying amount of trade payables and payables with AB Inbev	**2,112**	**2,152**

Consigned packaging and contract liabilities

	2020 US$'million	2019 US$'million
Consigned packaging	356	380
Contract liabilities	1,093	880
Consigned packaging and contract liabilities	**1,449**	**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 year ended 31 December 2020.

27. Acquisitions and disposals of subsidiaries

The table below summarizes the impact of acquisitions on the consolidated statement of financial position and consolidated statement of cash flows of the Group for 31 December 2019.

	2019 Acquisitions US$'million
Non-current assets	
Intangible assets	33
Current assets	
Inventory	30
Trade and other receivables	8
Cash and cash equivalents	9
Non-current liabilities	
Deferred tax liabilities	(7)
Current liabilities	
Trade and other payables	(17)
Income tax payable	(2)
Net identifiable assets and liabilities	**54**
Non-controlling interests	**(19)**
Goodwill on acquisitions (Note 13)	375
Consideration to be paid	(232)
Net cash paid on prior year acquisitions	7
Consideration paid	**185**
Cash acquired	(9)
Net cash outflow	**176**

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 31 December 2020 were 36 million US dollar and 106 million US dollar respectively, and as at 31 December 2019 were 31 million US dollar and 214 million US dollar respectively.

There were no acquisitions and no disposals in 2020 and 2019.

28. Financial instrument by categories

Set out below is an overview of financial assets and financial liabilities held by the Group as of each year:

	2020 US$'million	2019 US$'million
Financial assets at amortized cost		
Trade and other receivables, excluding non-financial assets	430	541
Cash pooling deposits to AB InBev	14	40
Cash and cash equivalents	1,281	952
	1,725	**1,533**
Financial assets at fair value through profit or loss		
Derivatives	38	14
	1,763	**1,547**
Financial liabilities at fair value through profit or loss		
Contingent consideration on acquisitions	36	31
Derivatives	20	10
	56	**41**

All financial liabilities are recorded at amortized cost.

29. Collateral and contractual commitments

	2020 US$'million	2019 US$'million
Collateral given for own liabilities	138	132
Contractual commitments to purchase property, plant and equipment and intangible assets	107	92
Other commitments	–	24
	245	**248**

The collateral given for own liabilities of 138 million US dollar as of 31 December 2020 and 132 million US dollar as of 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 and intangible assets for an amount of 107 million US dollar as of 31 December 2020 and 92 million US dollar as of 31 December 2019. Other commitments amounted to 24 million US dollar as of 31 December 2019 and mainly cover guarantees given to pension funds, rental and other guarantees.

30. Related parties

Transactions with directors and executive board management members (key management personnel)

In addition to short-term employee benefits (primarily salaries) the Group's management members are entitled to post-employment benefits. In particular, members of management participate in the pension plan of their respective country, refer to Note 23 Employee Benefits. Key management personnel are also eligible for Budweiser APAC and AB InBev share options; RSUs and/or share swap program (refer to Note 24 Share-based Payments). In the current year, the Board have updated the disclosure of key management personnel to better align with the authority and responsibilities of management subsequent to the Listing. Total management compensation included in the consolidated income statement are as follows:

	2020 US$'thousand	2019 US$'thousand
Short-term employee benefits	5,794	11,130
Retirement scheme contributions	172	223
Share-based payments	15,290	6,879
	21,256	**18,232**

Transactions with other AB InBev entities

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

	2020 US$'million	2019 US$'million
Purchases of finished goods from AB InBev	70	148
Service fees, procurement fees and royalties	108	134
Interest on loans with AB InBev	–	17
Other transactions with AB InBev	(22)	(5)
Capital contribution by AB InBev	–	(121)
Derivative hedge loss from AB InBev	18	4

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

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

	2020 US$'million	2019 US$'million
Trade receivables with AB InBev	12	37
Cash pooling deposits to AB InBev	14	40
Derivative financial assets	19	4
Payables with AB InBev	(142)	(222)
Cash pooling loans from AB InBev	(34)	(50)
Derivative financial liabilities	(20)	(10)

Transactions with associates

Significant interest in an associate is shown in Note 16 Investment in associates. The Group did not have transactions with associates during the years ended 31 December 2020 and 2019, except for the dividend distribution from an associate to the Group as described in Note 16 Investment in Associates.

31. Subsequent events

The impact of the COVID-19 outbreak on our business continues to evolve. Refer to Note 3.1.5 for further information on liquidity. It remains difficult to predict how the pandemic may evolve, however, there has been strong recovery of our business in China and consistent improvement in South Korea. There are no material adjusting or non-adjusting post-balance sheet events.

32. Earnings per share

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

	2020	2019
Profit attributable to equity holders of Budweiser APAC (Million US Dollar)	514	898
Weighted average number of ordinary shares in issue	13,220,488,139	11,971,094,492
Basic earnings per share (cent USD)	**3.89**	**7.50**

	2020	2019
Profit attributable to equity holders of Budweiser APAC (Million US Dollar)	514	898
Weighted average number of ordinary shares in issue	13,220,488,139	11,971,094,492
Effect of share options and RSUs	5,157,495	–
Weighted average number of ordinary shares (diluted)	13,225,645,634	11,971,094,492
Diluted earnings per share (cent USD)	**3.89**	**7.50**

For the calculation of the weighted average number of ordinary shares in issued for the year ended 31 December 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 year ended 31 December 2019.

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

	2020	2019
Normalized profit attributable to equity holders of Budweiser APAC (Million US Dollar)	557	994
Adjusted weighted average number of ordinary shares in issue	13,220,488,139	13,220,397,000
Adjusted basic earnings per share (cent USD)	**4.21**	**7.52**

	2020	2019
Normalized profit attributable to equity holders of Budweiser APAC (Million US Dollar)	557	994
Adjusted weighted average number of ordinary shares in issue	13,220,488,139	13,220,397,000
Effect of share options and RSUs	5,157,495	–
Adjusted weighted average number of ordinary shares (diluted)	13,225,645,634	13,220,397,000
Adjusted diluted earnings per share (cent USD)	**4.21**	**7.52**

Adjusted weighted average number of shares in issue for the year ended 31 December 2019 and adjusted basic and diluted earnings per share for the year ended 31 December 2019 were calculated on the assumption that the shares issued by the Company for the Listing existed throughout the year ended 31 December 2019.

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

	2020	2019
Basic earnings per share	**3.89**	**7.50**
Non-recurring items, before tax	0.21	0.82
Non-recurring finance cost, before tax	–	0.07
Non-recurring taxes	0.11	(0.08)
Adjusted weighted average number of shares in issue	–	(0.79)
Adjusted basic earnings per share	**4.21**	**7.52**

	2020	2019
Diluted earnings per share	**3.89**	**7.50**
Non-recurring items, before tax	0.21	0.82
Non-recurring finance cost, before tax	–	0.07
Non-recurring taxes	0.11	(0.08)
Adjusted weighted average number of shares in issue	–	(0.79)
Adjusted diluted earnings per share	**4.21**	**7.52**

33. Benefits and interests of directors (disclosures required by section 383 of the Hong Kong Companies Ordinance (Cap. 622), Companies (Disclosure of Information about Benefits of Directors) Regulation (Cap. 622G) and Hong Kong Listing Rules)

Directors' emoluments disclosed pursuant to section 383(1) of the Hong Kong Companies Ordinance and Part 2 of the Companies (Disclosure of Information about Benefits of Directors) Regulation are as follows:

a. Directors' emoluments

Remuneration is paid to the Executive Directors, Non-executive Directors and Independent Non-executive Directors as set out below:

	2020						
	Directors' Fees US$' thousand	Salaries, allowance and benefit in kind US$' thousand	Discretionary bonuses US$' thousand	Retirement scheme contributions US$' thousand	Sub-total US$' thousand	Share-based payments[1] US$' thousand	Total US$' thousand
Executive Directors							
Jan Craps	–	1,353	–	–	1,353	545	1,898
Renrong Wang (Frank) (retired on 15 May 2020)	–	252	–	14	266	231	497
Non-executive Directors							
Carlos Brito	–	–	–	–	–	–	–
Felipe Dutra (retired on 4 June 2020)	–	–	–	–	–	–	–
Katherine Barrett (appointed on 4 June 2020)	–	–	–	–	–	–	–
Nelson Jamel (appointed on 4 June 2020)	–	–	–	–	–	–	–
Independent Non-executive Directors							
Martin Cubbon	104	–	–	–	104	–	104
Mun Tak Marjorie Yang	81	–	–	–	81	–	81
Katherine King-suen Tsang	81	–	–	–	81	–	81

	2019						
	Directors' Fees US$' thousand	Salaries, allowance and benefit in kind US$' thousand	Discretionary bonuses US$' thousand	Retirement scheme contributions US$' thousand	Sub-total US$' thousand	Share-based payments US$' thousand	Total US$' thousand
Executive Directors							
Jan Craps	–	1,102	754	–	1,856	89	1,945
Renrong Wang (Frank)	–	593	245	15	853	789	1,642
Independent Non-executive Directors							
Martin Cubbon (appointed on 2 July 2019)	52	–	–	–	52	–	52
Mun Tak Marjorie Yang (appointed on 2 July 2019)	41	–	–	–	41	–	41
Katherine King-suen Tsang (appointed on 2 July 2019)	41	–	–	–	41	–	41

1 Share based payments in the tables above are calculated on the share options and restricted stock units that have vested in the year by taking the difference between the market price of the shares on the day of vesting and the price paid by the directors to exercise the share options or restricted stock units. The IFRS 2 charge for share options and restricted stock units is included in the total charge disclosed in Note 24.

The Non-executive Directors received nil emoluments during the years ended 31 December 2020 and 2019 respectively.

b. Directors' retirement benefits

During the years ended 31 December 2020 and 2019, no retirement benefits were paid to or receivable by any directors in respect of their other services in connection with the management of the affairs of the Group.

c. Directors' termination benefits

No payment was made to directors as compensation for early termination of the appointment during the years ended 31 December 2020 and 2019.

d. Consideration provided to third parties for making available directors' services

No payment was made to third parties for making available directors' services during the years ended 31 December 2020 and 2019.

e. Information about loans, quasi-loans and other dealings in favor of directors, their controlled bodies corporate by and connected entities with such directors

There are no other loans, quasi-loans and other dealings in favor of directors, their controlled bodies corporate and connected entities with such directors during the years ended 31 December 2020 and 2019.

34. Subsidiaries

The table below lists the principal subsidiaries of the Group as at 31 December 2020 and 31 December 2019:

Name	Country of incorporation	Date of incorporation	Issued and fully paid share capital/ registered capital (million, except for shares)	Effective interest held by Bud APAC as of 31 December 2020	31 December 2019	Date of this report	Principal activities and place of operation
Anheuser-Busch InBev (China) Sales Co., Ltd.[1]	PRC	26 April 2005	CNY50/CNY50	100%	100%	100%	Operating company PRC
Anheuser-Busch InBev (Wuhan) Brewery Co., Ltd.[2]	PRC	26 January 1995	CNY978/USD117	97.06%	97.06%	97.06%	Operating company PRC
Anheuser-Busch InBev (Foshan) Brewery Co., Ltd.[1]	PRC	9 March 2007	CNY1,105/USD160	100%	100%	100%	Operating company PRC
Anheuser-Busch InBev Harbin Brewery Co., Ltd.[1]	PRC	9 October 1995	CNY1,001/ CNY1,001	100%	100%	100%	Operating company PRC
Anheuser-Busch InBev (Tangshan) Brewery Co., Ltd.[1]	PRC	13 November 2002	CNY760/CNY930	100%	100%	100%	Operating company PRC
Anheuser-Busch InBev Sedrin Brewery Co., Ltd.[1]	PRC	5 February 2002	CNY910/CNY910 (2019: CNY410/ CNY410)	100%	100%	100%	Operating company PRC
Anheuser-Busch InBev Sedrin (Zhangzhou) Brewery Co., Ltd.[1]	PRC	13 December 2010	CNY282/USD43	100%	100%	100%	Operating company PRC
Anheuser-Busch InBev (Taizhou) Brewery Co., Ltd.[1]	PRC	5 July 2004	CNY227/CNY227	100%	100%	100%	Operating company PRC
Anheuser-Busch InBev Sedrin (Nanchang) Brewery Co., Ltd.[2]	PRC	29 August 1994	CNY248/USD35	100%	100%	100%	Operating company PRC
Siping Ginsber Draft Beer Co., Ltd.[1]	PRC	17 November 2011	CNY482/CNY482	100%	100%	100%	Operating company PRC
Anheuser-Busch InBev (Nantong) Brewery Co., Ltd.[3]	PRC	24 August 2011	CNY200/CNY200	100%	100%	100%	Operating company PRC
Anheuser-Busch InBev (Sichuan) Brewery Co., Ltd.[1]	PRC	23 July 2010	CNY230/CNY230	100%	100%	100%	Operating company PRC
Anheuser-Busch InBev (Henan) Brewery Co., Ltd.[1]	PRC	11 May 2011	CNY168/CNY302	100%	100%	100%	Operating company PRC

Name	Country of incorporation	Date of incorporation	Issued and fully paid share capital/ registered capital (million, except for shares)	Effective interest held by Bud APAC as of 31 December 2020	2019	Date of this report	Principal activities and place of operation
InBev Jinlongquan (Hubei) Brewery Co., Ltd.[2]	PRC	20 December 1995	CNY498/USD60	60%	60%	60%	Operating company PRC
Anheuser-Busch InBev (Suqian) Brewery Co., Ltd.[1]	PRC	30 December 2011	CNY200/CNY200	100%	100%	100%	Operating company PRC
Anheuser-Busch InBev (Baoding) Brewery Co., Ltd.[1]	PRC	15 November 2012	CNY235/CNY235	100%	100%	100%	Operating company PRC
Anheuser-Busch InBev (Shanghai) Sales Co., Ltd.[1]	PRC	18 December 2014	USD1.66/USD1.66 (2019: N/A/ USD1.66)	100%	100%	100%	Operating company PRC
Anheuser-Busch InBev Southeast Sales Co., Ltd. [1]	PRC	23 September 2019	CNY100/CNY100	100%	100%	100%	Operating company PRC
Crown Beers India Private Limited	India	22 January 2007	INR5,846	100%	100%	100%	Operating company India
Anheuser-Busch InBev India Limited	India	18 November 1988	INR4,640	99.71%	99.57%	99.71%	Holding company India
Oriental Brewery Co., Ltd	South Korea	22 May 1952	KRW20,000	100%	100%	100%	Operating company South Korea
Anheuser-Busch InBev Vietnam Brewery Company Limited	Vietnam	29 June 2012	USD138.5 (2019: USD118)	100%	100%	100%	Operating company Vietnam

(1) These companies were established in the PRC in the form of wholly foreign owned enterprise.

(2) These companies were established in the PRC in the form of sino-foreign equity joint venture enterprise.

(3) This company was established in the PRC in the form of investment solely by legal corporation or controlled by a natural person.

(4) The English names of certain subsidiaries referred herein represent the Directors' best effort at translating the Chinese names of the companies as no English names have been registered.

35. Company Statement of Financial Position and Reserves

The table below shows the statement of financial position of the Company, Budweiser Brewing Company APAC Limited, on a standalone basis.

Company Statement of Financial Position

	2020 US$'million	2019 US$'million
ASSETS		
Non-current assets		
Intangible assets	12	12
Investment in subsidiaries	44,277	44,107
Total non-current assets	**44,289**	**44,119**
Current assets		
Cash pooling deposits to AB InBev	10	6
Cash and cash equivalents	97	60
Total current assets	**107**	**66**
Total assets	**44,396**	**44,185**
EQUITY AND LIABILITIES		
Equity		
Issued capital	–	–
Share premium	43,591	43,591
Reserves	198	(64)
Total equity	**43,789**	**43,527**
Non-current liabilities		
Loan from subsidiaries	222	222
Total non-current liabilities	**222**	**222**
Current liabilities		
Loan from subsidiaries	375	375
Other payables with AB InBev	–	52
Other payables with subsidiaries	10	1
Other payables	–	8
Total current liabilities	**385**	**436**
Total equity and liabilities	**44,396**	**44,185**

The Company's financial statements were approved by the Board of Directors on 24 February 2021 and were signed on its behalf.

Jan Craps
Director

Katherine Barrett
Director

The table below shows the statement of changes in equity of the Company, Budweiser Brewing Company APAC Limited, on a standalone basis.

Company Statement of Changes in Equity

	Share capital US$'million	Share premium US$'million	(Accumulated losses)/ retained earnings US$'million	Total US$'million
Loss for the period from 10 April 2019 (date of incorporation) to 31 December 2019 (Note)	–	–	(64)	(64)
Issuance of ordinary shares	–	43,652	–	43,652
Costs associated with Listing	–	(61)	–	(61)
31 December 2019	**–**	**43,591**	**(64)**	**43,527**
Profit for the year	–	–	610	610
Dividends	–	–	(348)	(348)
31 December 2020	**–**	**43,591**	**198**	**43,789**

Note: The loss for the period was mainly due to expenses incurred related to the Listing.

Four-Year Financial Summary

Results

	2017 US$ million	2018 US$ million	2019 US$ million	2020 US$ million
Revenue	6,099	6,740	6,546	5,588
Profit before tax	879	1,255	1,367	908
Income tax expense	(307)	(296)	(459)	(371)
Profit for the year	**572**	**959**	**908**	**537**
Profit for the year attributable to:				
Equity holders of Budweiser APAC	574	958	898	514
Non-controlling interests	(2)	1	10	23
	572	**959**	**908**	**537**

Assets and liabilities

	2017 US$ million	2018 US$ million	2019 US$ million	2020 US$ million
Total assets	16,760	15,862	15,308	16,189
Total liabilities	(6,413)	(5,690)	(5,424)	(5,446)
	10,347	**10,172**	**9,884**	**10,743**
Equity attributable to equity holders of Budweiser APAC	10,328	10,153	9,836	10,685
Non-controlling interests	19	19	48	58
Total equity	**10,347**	**10,172**	**9,884**	**10,743**

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 (Mr. John Blood as her alternate)
Nelson Jamel (Mr. 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

Bryan Warner
Chan Wai Ling

Joint Company Secretaries

Bryan Warner
Chan Wai Ling (FCG, FCS)

Registered Office

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

Principal Place of Business in Hong Kong

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

Cayman Islands Principal Share Registrar and Transfer Agent

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

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

"2Q20"	the three months ended 30 June 2020
"4Q19"	the three months ended 31 December 2019
"4Q20"	the three months ended 31 December 2020
"AB InBev"	Anheuser-Busch InBev SA/NV (Euronext: ABI; NYSE: BUD; MEXBOL: ANB; JSE: ANH) (which incorporated for an unlimited duration under the laws of Belgium), or the AB InBev Group, as the context requires. AB InBev is the controlling shareholder of the Company
"AB InBev Group"	AB InBev and its subsidiaries (excluding the Group)
"AB InBev Products"	products offered for sale under brands that are owned or acquired by or licensed to the AB InBev Group
"AGM"	annual general meeting 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 North"	North Asia Pacific, covering BU China and BU East Asia before the combination with APAC South in January 2019
"APAC South"	South Asia Pacific, covering BU Australia and New Zealand, BU South Asia and BU Southeast Asia before the combination with APAC North in January 2019
"APAC Territories"	(1) Australia; (2) Bangladesh; (3) Bhutan; (4) Brunei Darussalam; (5) Burma (Myanmar); (6) Cambodia; (7) China (including Hong Kong, Macau and Taiwan); (8) Cook Islands; (9) Federated States of Micronesia; (10) Fiji; (11) India; (12) Indonesia; (13) Japan; (14) Kiribati; (15) Laos; (16) Malaysia; (17) Maldives; (18) Marshall Islands; (19) Mongolia; (20) Nauru; (21) Nepal; (22) New Caledonia; (23) New Zealand; (24) Niue; (25) Palau; (26) Papua New Guinea; (27) Philippines; (28) Republic of Korea (South Korea); (29) Samoa; (30) Singapore; (31) Solomon Islands; (32) Sri Lanka; (33) Thailand; (34) Timor Leste (35) Tonga; (36) Tuvalu; (37) Vanuatu; (38) Vietnam; and (39) Wallis and Futuna
"Articles" or "Articles of Association"	the articles of association of the Company (as amended from time to time), conditionally adopted on 9 September 2019 and which became effective upon Listing and amended and restated on 15 May 2020
"Asia Pacific East" or "APAC East"	one of the Group's two operating and reporting segments, comprising primarily South Korea, Japan and New Zealand
"Asia Pacific West" or "APAC West"	one of the Group's two operating segments, comprising China, India, Vietnam and exports elsewhere in Asia Pacific
"Board" or "Board of Directors"	the board of directors of the Company

Definitions

"business day"	any day (other than a Saturday, Sunday or public holiday) on which banks in Hong Kong are generally open for normal banking business
"CNY"	Chinese yuan, the lawful currency of the PRC
"COVID-19"	coronavirus disease 2019
"Companies Ordinance"	the Companies Ordinance (Chapter 622 of the Laws of Hong Kong), as amended or supplemented from time to time
"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
"controlling shareholder"	has the meaning given to it in the Listing Rules and, unless the context requires otherwise, refers to AB InBev
"Corporate Governance Code"	Appendix 14 to the Listing Rules, as amended or supplemented from time to time
"Deed of Non-competition"	the deed of non-competition dated 12 September 2019 entered into between the Company and AB InBev to limit possible future competition between the parties with effect from the Listing Date
"Director(s)"	the director(s) of the Company
"EUR" or "Euro"	euros, the lawful currency of the European Union
"FY" or "financial year"	financial year ended or ending 31 December
"FY19"	the financial year ended 31 December 2019
"FY20" or "reporting period"	the financial year ended 31 December 2020
"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
"KRW"	South Korean won, the lawful currency of South Korea
"Listing"	the listing of the Shares on the Main Board of the Stock Exchange
"Listing Date"	30 September 2019, being the date on which the Shares were first listed and from which dealings in the Shares were permitted to take place on the Main Board of the Stock Exchange
"Listing Rules"	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, as amended or supplemented from time to time

"Memorandum" or "Memorandum of Association"	the amended and restated memorandum of association of the Company (as amended from time to time), adopted by a special resolution on 10 April 2019
"normalized"	performance measures (EBITDA and EBIT) before non-recurring items
"Normalized ETR"	effective tax rate adjusted for non-recurring items
"PRC" or "China"	the People's Republic of China, but for the purposes of this annual report only, except where the context requires, references in this annual 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 Shares which are granted pursuant to the Share Award Schemes
"SFC"	the Securities and Futures Commission of Hong Kong
"SFO"	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended or supplemented from time to time
"Share Award Schemes"	the Discretionary Restricted Stock Units Plan, the Share-Based Compensation Plan, the People Bet Plan, and the Discretionary Long-Term Incentive Plan of the Company approved by the Board and by the Shareholders on 9 September 2019 and the New Restricted Stock Units Plan approved by the Board on 25 November 2020 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
"US" or "United States"	the United States of America, its territories and possessions, any state of the United States and the District of Columbia
"US Securities Act"	the United States Securities Act of 1933, as amended
"USD"	dollars, the lawful currency of the US

Definitions

In this annual 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 annual 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 annual 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
"FMCG"	fast-moving consumer goods
"GDP"	gross domestic product
"hl"	hectoliter
"kl"	kiloliter
"R&D"	research and development
"SG&A"	selling, general and administrative expenses

BUDWEISER BREWING COMPANY APAC LIMITED

百 威 亞 太 控 股 有 限 公 司