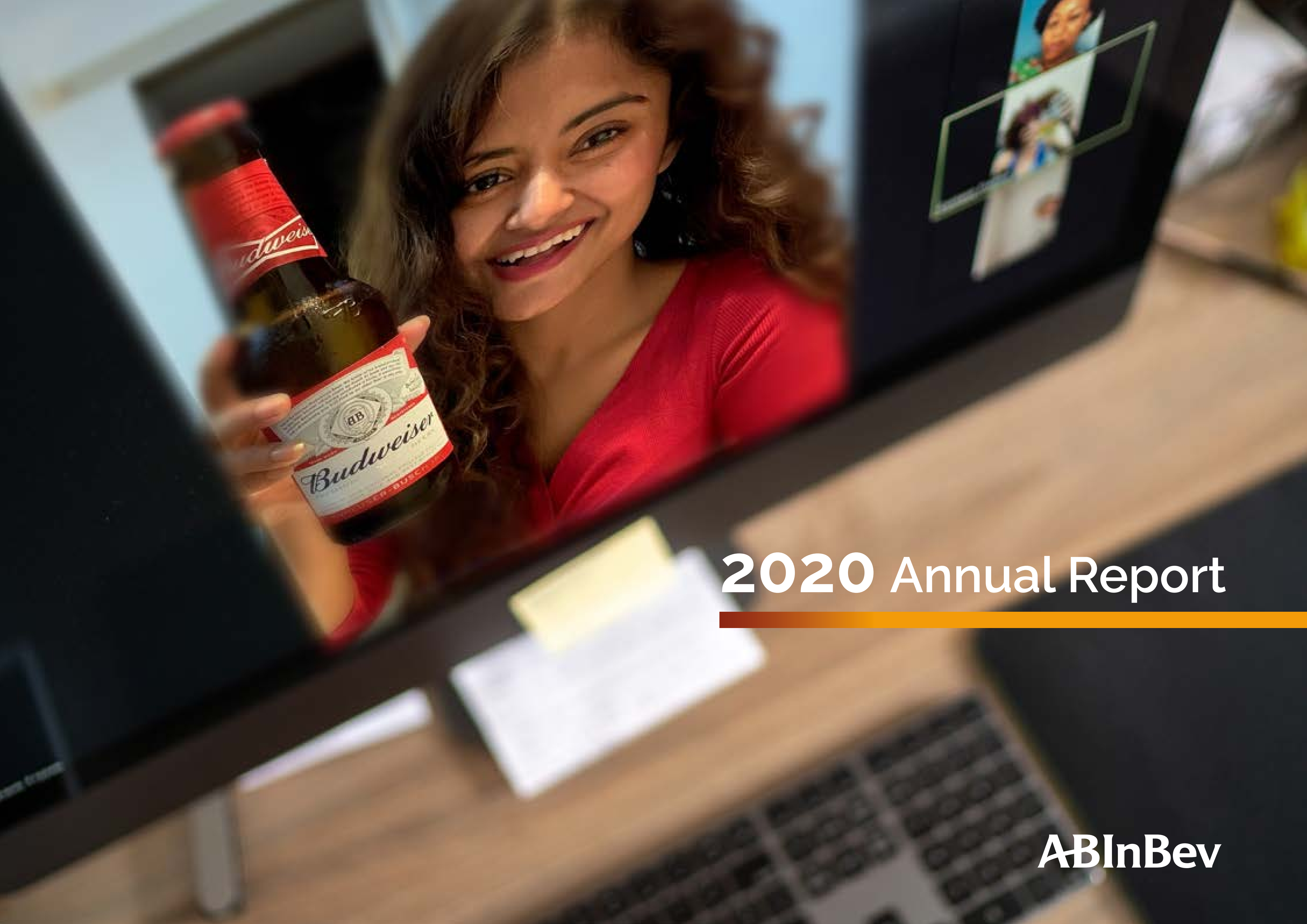

2020 Annual Report

ABInBev

Responding with resilience

We supported our people, communities, partners and consumers during the COVID-19 pandemic

Executing for growth

We are planning and executing for a strong recovery

Reflecting on our performance

We are successfully navigating a complex environment with an agile and innovative customer and consumer-centric approach

15

Focus on our global brands

We are accelerating premiumization, led by our global brands

Transforming for the future

We are scaling new digital capabilities to create value for customers and consumers

Commitment to a better world

We are making progress on environmental stewardship and inclusive growth

This is an interactive report—when you see this icon, click to learn more

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Letter to our shareholders

The past year presented extraordinary circumstances for our business, colleagues and communities.

We extend our immense gratitude to those on the frontlines, particularly healthcare workers for their commitment to keeping all of us safe, and to our teams who have been demonstrating tremendous resilience and agility as we continue to navigate the ongoing uncertain environment. We believe that a healthy and sustainable recovery can only be achieved when we work together with our partners, communities and consumers.

The challenges we faced over the last year have shown us that it is important to step back and acknowledge the lives around us, as well as those whom the pandemic has taken from us.

Sadly, we lost family members, friends and colleagues. We will continue doing what we can to support our colleagues during this difficult time.

Our purpose of Bringing People Together for a Better World is as relevant as ever

Our purpose has never been more relevant than it is today, even if "together" looks different right now. In the context of the COVID-19 pandemic, that means doing what we can to protect the health and safety of our people and communities, and putting the power of our value chain at the center of the socio-economic recovery. In normal times, beer is a formidable engine of economic growth; in a post-COVID world, it can be a critical driver of the recovery.

Our beers are almost entirely sourced, brewed and enjoyed locally, deeply connecting us to the communities in which we live and work. This means we must lead the way in supporting the fight against the pandemic and doing our part in the economic recovery. In 2020, we produced and donated millions of units of hand sanitizer in over 20 countries and emergency drinking water in over 10 countries. We mobilized our fleets of trucks in Colombia, Peru and Ecuador to deliver essential food and medical supplies. We helped enhance critical healthcare infrastructure, including four new hospitals in Mexico, Brazil, Colombia and Peru, and a vaccine factory in Brazil. To support and empower the livelihoods of more than 20,000 direct farmers in our global supply chain, we fulfilled commitments to purchase crops in markets such as Mexico and India, even when our brewery operations were shut down.

Successfully navigating a complex environment with a customer and consumer-centric approach

Following a strong start to the year, our overall results in 2020 were significantly impacted by the disruption caused by the COVID-19 pandemic. In FY20, volumes declined by 5.7%, revenue declined by 3.7%, and EBITDA declined by 12.9% with EBITDA margin compression of 382 bps to 36.9%.

Consumers rapidly adjusted to the new reality by shifting to in-home consumption occasions, increasing adoption of the e-commerce channel and finding new ways to connect with others, reinforcing our confidence in the long-term potential of the beer category. Our teams quickly responded to the evolving environment, allowing us to deliver beer volume growth of 2.2% in 2H20, even while external conditions remained extremely unpredictable. This

"During an unusually challenging 2020, we have shown determination, ingenuity and a commitment to the communities in which we live and work. We are grateful for the support and commitment of our partners around the world. The Board of Directors and the executive management team will continue to focus on driving growth for years to come."

Marty Barrington

was driven by a customer and consumer-centric approach that is supported by the long-term fundamental strengths of our business:

- **Clear commercial strategy executed with a best-in-class portfolio of brands across styles and price points:**
  - *Drive premiumization:* We have created and are continuously enhancing the world's largest portfolio of premium brands, designed to cater to increasingly fragmented consumer needs and occasions. Following a challenging start to the year, our High End Company grew revenue by 4.1% and our global brands grew revenue by 4.7% outside of their respective home markets in 2H20. We are leading the way in expanding the core plus segment in emerging and mature markets, with brands such as Modelo in Mexico and Michelob ULTRA in the US.
  - *Differentiate the core & smart affordability:* Our core brands also delivered healthy volume growth in 2H20, demonstrating consumer trust in our unparalleled portfolio. Our smart affordability initiatives, such as our local crop beers in markets including Brazil, Peru, Ecuador and Uganda, are drawing new consumers into the beer category, while also serving our communities by supporting local farmers.
  - *Build out adjacencies:* Our beyond beer portfolio, which spans categories such as hard seltzer and ready-to-drink (RTD) cocktails, wine, and spirits, has now reached well over 1 billion USD in revenue and grew by double-digits in 2020.
- **Innovation strategy rooted in consumer-centricity and agility:** Our innovations contributed more than 5 billion USD to our global revenue in 2020, an increase from 2019 even in the face of tremendous disruption. Our innovation pipeline included successful launches such as Brahma Duplo Malte in Brazil, Bud Light Seltzer in the US and Nuestra Siembra in Ecuador. We have been evolving our innovation strategy to deliver superior products to consumers with increased speed and agility, which has proven especially critical in the current environment.
- **Scaling our digital commerce platforms to create value for customers and consumers:** We believe that the digitization of customer and consumer relationships is a key driver of future growth - a trend that continues to rapidly accelerate due to the necessity of connecting at a distance. We have been investing in these capabilities for many years and saw an exponential increase in user adoption of our platforms in 2020.
  - *Digitizing our relationships with our 6 million+ global customer base:* Our proprietary B2B platform, BEES, combines our best-in-class logistics and sales systems with new digital capabilities (such as AI-based algorithms), allowing us to provide customers with convenience, seamless communication and

"In an extremely challenging year, our teams rose to the occasion. We finished the year with momentum in our key markets by leveraging our fundamental strengths as a company and capturing the benefits of investments we have been making for several years in our portfolio and rapidly growing platforms, such as BEES and Zé Delivery. We are now more closely connected than ever to the 6 million+ customers and 2 billion+ consumers we serve worldwide through our clear commercial strategy, our revamped innovation process, digital platforms and our ongoing operational excellence."

Carlos Brito

5 billion USD
contribution of our innovations to global revenue in 2020

10 million USD

into restaurants and pubs worldwide thanks to the "Save Pub Life" campaign

900,000

monthy active user base of BEES

enhanced business performance. In FY20, BEES captured over 3 billion USD in gross merchandise value (GMV), of which more than 2 billion was delivered in 4Q20, as both usage and adoption accelerated. In December, our growing monthly active user base (MAU) reached approximately 900,000 users across 9 markets, and we have plans to roll out the platform to several new markets in 2021 as we rapidly expand.

- *Leading the way in e-commerce beer sales:* Our 20+ e-commerce direct-to-consumer (DTC) ventures across the world offer convenience for our consumers and provide valuable data that allows us to anticipate emerging trends. In Brazil, Zé Delivery is now present in all 27 Brazilian states and significantly accelerated with more than 27 million orders fulfilled in FY20. In Europe, our owned e-commerce beer store portfolio grew ahead of the market, reaching new consumer households. To complement our owned platforms, we also leverage strategic partnerships with third party retailers which have allowed us to establish e-commerce leadership and grow our global market share. This is highlighted by China where we hold the leading position among brewers in the world's largest e-commerce market.
- *Finding new ways for our brands to connect with our 2 billion+ consumers worldwide:* With our in-house agency, draftLine, we are creating consumer-first marketing executions with more agility and relevance. Our "lives" online concert series in Brazil, which successfully activated our top brands and innovations, such as Brahma Duplo Malte, delivered over 350 concerts and generated 678 million views in 12 weeks. Our "Save Pub Life" campaign in the UK, a gift card program to support neighborhood pubs and bars, generated 1.2 million GBP in donations when they needed it most, and then became a global program that helped bars and restaurants worldwide.

- **A relentless commitment to operational excellence and agility driving market share gains:** With a best-in-class global supply chain and unparalleled scale, we are excelling with our customers in service level and product availability. We gained market share in the majority of our key markets by combining the strength of our operations with a winning commercial strategy and unrivaled brand portfolio

20+

e-commerce direct-to-consumer ventures across the world

Prioritizing deleveraging while proactively managing our debt portfolio

Our commitment to financial discipline is unwavering. Efficient utilization of our resources is a core competency. It is an important driver of our industry-leading profitability and positions us well to emerge stronger from this crisis. Additionally, we continue to proactively manage the factors within our influence to maintain prudent liquidity during an uncertain time, while supporting the long-term growth of our business.

- **Committed to deleveraging:** Net debt to normalized EBITDA was 4.8x for the 12-month period ending 31 December 2020, as our results were substantially impacted by the COVID-19 pandemic. Deleveraging to around 2x remains our commitment and we will prioritize debt repayment in order to meet this objective.
- **Proactively managing our debt portfolio further reduces risk:** Throughout 2020, we undertook a series of liability management initiatives to further de-risk our balance sheet while creating value. We applied the 10.8 billion USD proceeds from the sale of our Australian subsidiary and approximately 11 billion USD proceeds from the issuance of bonds to reduce gross debt with maturities over the next five years by approximately 18 billion USD. These actions extended our weighted average maturity from approximately 14 years in 2019 to over 16 years in 2020.
- **Enhancing our strong liquidity position as we navigate uncertainty:** We have taken significant actions to maintain a strong liquidity position in a more uncertain environment, while proactively managing our debt profile. At the end of the year, our total liquidity position was approximately 24.3 billion USD, consisting of the 9.0 billion USD undrawn revolving credit facility (RCF) and 15.3 billion USD of cash. This cash balance includes the proceeds from the issuance of a minority stake in our US-based metal container operations of approximately 3 billion USD, which we subsequently deployed in January 2021 to redeem approximately the same amount of EUR and AUD bonds maturing in 2024 and 2025, respectively. Our liquidity position remains higher than usual in light of the ongoing uncertainty, with a cash balance more than sufficient to cover bond maturities through 2026. We will continue to monitor the external environment and adapt accordingly as circumstances evolve.
- **Leading in sustainable financing:** On 18 February 2021, we announced the successful signing of a new 10.1 billion USD Sustainable-Linked Loan Revolving Credit Facility (SLL RCF), replacing our existing 9.0 billion USD RCF. The facility has an initial five-year term and incorporates a pricing mechanism that incentivizes improvement in key performance areas that are aligned with and contribute to our 2025 Sustainability Goals. For more details, please see the related press release.

Fundamental strengths position us favorably for a strong recovery

While the future remains uncertain, our fundamental strengths position us favorably for a strong recovery. We have a diverse geographic footprint, with operations in nearly 50 markets and sales in over 150 countries, and significant positions in high-growth regions. A clear commercial strategy gives us the tools to lead and grow the global beer category and scale best practices across markets. We hold the world's most valuable portfolio of beer brands, enabling us to reach more consumers on more occasions. Our profitability is industry-leading, allowing us to weather times of extreme disruption. Investments in capabilities such as B2B sales, e-commerce and digital marketing put us in an advantaged position to capture growth from these accelerating trends.

Most importantly, we have a culture of ownership and a long-term mindset. Our approximately 164,000 colleagues across the world are rising to the challenge each day, demonstrating ingenuity, passion and resilience. In this tremendously challenging year, we were pleased that our annual employee engagement score increased by 3 percentage points. 2020 has reinforced our confidence in the potential of the beer category and our business. We will continue to rely on our fundamental strengths, while never pausing in our evolution to be a truly customer- and consumer- centric organization.

We look forward to serving our customers, consumers and communities for the next 100+ years.

Marty Barrington
Chairman of the Board

Carlos Brito
Chief Executive Officer

Key Figures 2020

Performance

-3.7%
revenue growth

17,321
million USD
2020 normalized EBITDA

530.6
million hl
2020 beer volumes

-12.9%
EBITDA margin contracted by 382 bps to 36.9%

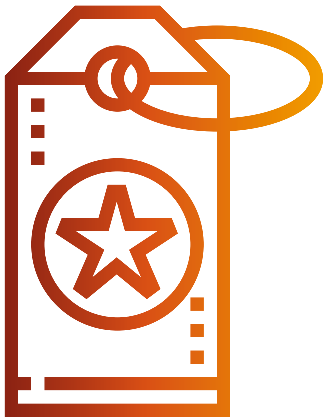
Brands

237
beer awards won, 93 bronze, 72 silver and 72 gold medals at major international competitions in 2020

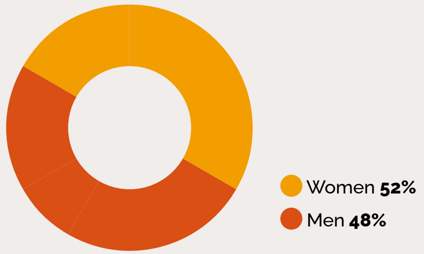
Operations

~200
breweries

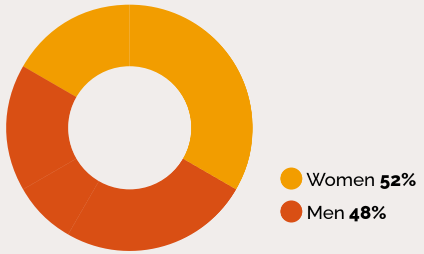
~50
operations in nearly 50 countries



2020 Global Management Trainee class



2020 Global Management Business Administration class



People

~164,000
colleagues

32%
of our salaried workforce are women
(+6% since 2017)

121
nationalities represented across our company

Community Support

4+ million
bottles 2020 of hand sanitizer and disinfectant produced & donated to hospitals and frontline health workers in over 30 countries

10 million USD
into the on-premise channel through our Save Pub Life voucher program

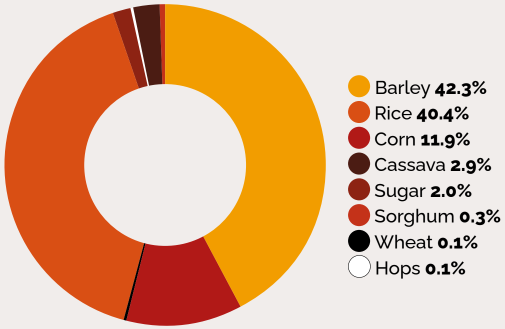
~500,000
neighborhood stores in 9 Latin American countries supported by our Tienda Cerca digital platform

3+ million
face shields provided to frontline emergency workers in Brazil by Cervejaria Ambev

5 million USD
redirected from Anheuser-Busch's sports marketing budget & donated to the American Red Cross

76%
of our direct farmers are skilled; 57% are connected and 60% are financially empowered

GHG emissions by crop



Agriculture represents 13.4% of our value chain emissions; it is part of Scope 3 within our value chain included in the category "Purchased Goods and Services."

Sustainability

15.7%
decrease in water usage since 2017

36.4%
of our volume is in returnable packaging

10.4%
reduction in emissions (Scope 1, 2 and 3) across our value chain since 2017 per hectoliter

Innovation

43%
ZX Ventures organic growth CAGR since 2015

1+ billion USD
net revenue of our DTC business comes from our retail and e-commerce platforms

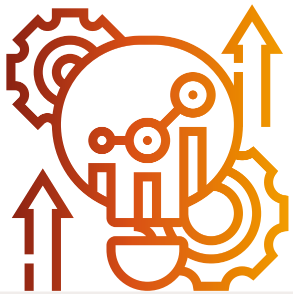
35%
of our net revenue is captured through our BEES B2B e-commerce platform or EDI

Ethics

500+
external participants joined our Digital Ethics Roadshow to raise awareness and discuss key data reliant projects

~60
toolkits and other material created in an online library on how the COVID-19 pandemic is impacting various matters globally

11 apps
utilized within our proprietary BrewRIGHT data analytics platform, five of which are enabled by machine learning algorithms



Responding with resilience

The COVID-19 pandemic brought significant changes to the market and the world. For us, the way forward during these challenging times is to support our people, help our communities, strengthen relationships with our partners and continue to connect with our consumers in meaningful ways.

To quickly develop response and recovery initiatives, we reorganized and built agile cross-functional teams to best utilize our capabilities and assets. We developed several toolkits to guide our response and leveraged our scale to share best practices quickly.

The health and safety of our colleagues is our top priority. We have implemented safety measures and guidelines to help keep our colleagues safe, including policies and initiatives that support the well-being of our people. We commend our colleagues and partners in our facilities, breweries, distribution chain and beyond who continued working throughout the year to keep our operations and business running throughout the COVID-19 pandemic.

Optimizing our infrastructure to support our communities

We are deeply connected to our local communities where we live and work. To address the immediate needs brought on by COVID-19, we utilized our existing operations and infrastructure to develop, donate and distribute essential resources needed to fight the pandemic, such as:

- Producing and donating over four million bottles of hand sanitizer and disinfectant to hospitals and frontline health workers in 30+ countries.
- Providing water and medical supplies to frontline emergency workers around the world, including the donation of over 3 million face shields in Brazil by Cervejaria Ambev.
- Contributing to the enhancement of health infrastructure in several cities. In Brazil, we partnered with Gerdau, Hospital Albert Einstein and others to build a public hospital with a 200 bed capacity, in Colombia we worked with ITAU Bank and the Ministry of Defense to donate 2,000 beds and 30,000 masks for medical staff and in Mexico we built a new hospital with 60 beds to attend to COVID-19 patients through an alliance with Instituto Mexicano del Seguro Social.
- Producing face masks with a machine purchased in Belgium, which can produce 300,000 masks a month with European-sourced, recyclable textiles for our colleagues, customers and communities. When the devastating port explosion happened in Beirut, Lebanon we were able to ship 90,000 masks to support aid efforts on the ground.
- Working with our sports league partners to identify available arenas, stadiums and our own facilities to be used by the American Red Cross for temporary blood drive centers across the United States.
- Mobilizing our fleets of trucks in Colombia, Peru and Ecuador to deliver essential food and medical supplies to areas where they are needed.
- Launching the “Heroes Unit” in Ecuador—a space built for frontline health workers to rest, receive medical attention or sleep if they need to isolate from their families at home.
- Donating billboard space intended for our brand campaigns to public health messages in Belgium, France and the Netherlands.
- Helping to create a source of revenue for rural farmers and their families through initiatives such as our smart affordability brands brewed with local crops, for example Nuestra Siembra in Ecuador and Golden in Peru.

4+ million
bottles of hand sanitizers donated

Supporting our partners to promote a strong recovery

Many local pubs, bars, restaurants and small retailers were severely affected by COVID-19 restrictions. To support our partners during this difficult time, we created a series of programs in more than 20 countries to help them get back on their feet, including:

- In Belgium, we launched Café Courage, an online platform where consumers pre-order and pay for their favorite beer at a participating bar, which they could enjoy when it reopened.
- Stella Artois launched "Rally for Restaurants" around the world where consumers could purchase discounted vouchers to help sustain local restaurants during the crisis. Localized campaigns such as #ApoieUmRestaurante in Brazil sold more than 180,000 vouchers, generating 15 million BRL and in Canada the brand added an additional 10 CAD to the value of every gift card purchased.
- In the UK, our "Save Pub Life" campaign provided urgent financial support during the initial mandatory closure period by giving consumers the chance to buy a gift card to spend at a local pub at a future

~ 500,000

small retailers across 9 Latin American countries supported through our Tienda Cerca digital platform

date. Budweiser Brewing Group UK&I matched the value gift card. As the UK faced a second wave and more closures in December, the program was revived to encourage Britons to buy a gift card to a local pub as a holiday present, in total donating 1.2 million GBP. This program then became a global program that helped donate 10 million USD to bars and restaurants worldwide.

- In the US, Bud Light launched "Open For Takeout" where consumers view local bars and restaurants open for takeout or delivery in their area simply by entering their zip code.
- Our Tienda Cerca digital platform supported nearly 500,000 small retailers across Colombia, Ecuador, Peru, Mexico, El Salvador, Dominican Republic, Paraguay, Panama and Honduras by giving them access to a free, online delivery program.
- Grupo Modelo expanded its Academia de Meseros Modelo to support 5,500 waiters with online training and rewards.
- A digital menu project to facilitate contactless ordering and delivery across the globe, including countries in Latin America, allowing restaurants and shops to safely remain open and continue serving local consumers. The project supports over 20,000 bars and restaurants across 13 countries.

Engaging our consumers to spread positivity and inspiration

We leveraged the power and scale of our brands to engage, inspire and bring hope to consumers around the world. Some examples include:

- Redirecting sport sponsorship funds to emergency efforts, such as the Anheuser-Busch donation of 5 million USD to the American Red Cross, then expanding the commitment across Canada, Europe, India, South Korea, Nigeria and South Africa. South African Breweries contributing to the nation's Solidarity Response Fund and China's Budweiser China donating cash and supplies to Wuhan Charity in China.
- Promoting Smart Drinking behaviors during lockdown with social marketing campaigns such as #WePlayThisMatchatHome from Aguila in Colombia, #SomosResponsables by Quilmes in Argentina and #NoExcuse in South Africa.
- Developing unique in-home activities hosted by our global brands such as Michelob ULTRA's fitness programs in the United States, Stella Artois' cooking show on Instagram "Stella Sessions@Home", Budweiser's e-clubbing partnerships in China, and Brahma's virtual country music concert series in Brazil, Circuito Brahma, featuring country music artist performances for hundreds of millions of fans.
- Supporting preventative measures like social distancing in creative marketing campaigns, including the Budweiser "Buds, from a distance" series in the US.

20+

countries where we launched programs to help local pubs, bars, restaurants and small retailers get back on their feet

Embracing opportunities for growth within shifting consumer trends

Several global consumer trends accelerated or shifted this year due to the COVID-19 pandemic. As we continue to recover, these trends provide opportunities for growth and resilience in each market.

Premiumization

Premium brands such as our global brands continued to grow as consumers enjoyed affordable luxuries.

Health & Wellness

As consumers put more emphasis on health & wellness, we continued to look for growth areas including in adjacencies such as seltzer innovations and our non-alcohol beverages.

Frugality & Mindful Consumption

Affordability and better value options gained relevance as the COVID-19 pandemic impacted economies around the world.

Authenticity & Purpose

We leveraged the reach of our brands and supply chains to support communities and inspire action.

Safe Social

Social distancing measures have accelerated the in-home consumption occasion and the demand for new entertainment formats.

Frictionless Economy

The COVID-19 pandemic has increased the demand for convenience and digital solutions such as Zé Delivery, our proprietary e-commerce platform.

Highlights of the year

January

Bud Light Seltzer launched in the US, expanding our seltzer portfolio. The 100 calorie, 5% ABV seltzer was ranked #5 on the list of brands that gained the most awareness in 2020 (Morning Consult survey 11/20).

We announced **Europe's largest ever corporate solar power deal** with BayWa r.e. to build the Budweiser Solar Farm in Spain, which will enable us to brew all of our beers across Western Europe with renewable electricity by 2022 as part of a virtual power purchase agreement (VPPA).

February

Brahma Duplo Malte debuted in Brazil, delivering a pure malt experience by blending Pilsen malt and Munich malt. The beer became the biggest launch in the history of Ambev, leading the core plus segment in Brazil in just five months.

After vetting over 1,200 submissions, seventeen companies were selected for the **second cohort of our 100+ Accelerator.** To kick off, the startups attended a three-day workshop in New York City that offered lean start-up training, network advice and technical expertise.

March

The Guanabara British Imperial Stout from Cervejaria Colorado won **'Best in Show' at the 2020 Brazilian Beer Festival** (Festival Brasileiro da Cerveja), the largest beer competition in Latin America.

Our China team responded swiftly to the onset of the COVID-19 pandemic, **providing local support** to wholesalers and customers by exchanging aging beer to ensure freshness in market, engaging consumers through a virtual Electronic Dance Music (EDM) livestreaming platform and **donating 11 million RMB and supplies** to Wuhan's Hanyang District Charity Federation, among other initiatives.

April

In the UK, we launched **Save Pub Life** to provide urgent financial support to the trade during the initial mandatory closure period by giving consumers the chance to buy a gift card to spend at a local pub at a future date.

Colombia launched **Tienda Cerca** - a free, online delivery platform that is keeping nearly 500,000 small, local stores open. Due to its success the platform was then rolled out across Ecuador, Perú, Mexico, El Salvador, Dominican Republic, Paraguay, Panama and Honduras.

Stella Artois hosted a cooking show on Instagram called **"Stella Sessions@Home"** to entertain consumers while they quarantined.

In Brazil, we partnered with Gerdau, Hospital Albert Einstein and others to **build a public hospital** with a 200 bed capacity and in Colombia we built an emergency hospital with 50 additional beds.

May

Our Digital Ethics Program was shortlisted by Compliance Week for the award **"Excellence in Compliance: Data Privacy."**

We launched **Victoria**, a strong Belgian blonde beer made with natural ingredients, to disrupt the growing strong blonde category in Belgium.

Our **#NOEXCUSE social marketing campaign** from Carling Black Label was featured in the book "Brands On a Mission," by Professor Myriam Sidibe, as a best practice case study for its work in transforming norms around domestic violence in South Africa.

June

We completed the previously announced s**ale of Carlton & United Breweries** (CUB), our Australian subsidiary, to Asahi Group Holdings, Ltd.

July

Our newest global no-alcohol beer, **Budweiser Zero**, launched in the US. The zero alcohol, zero-sugar beer with only 50 calories is now available in the US, the UK, Canada and the Middle East.

We evolved the **AB InBev Foundation**, expanding its mission to advance a broader set of the United Nations' Sustainable Development Goals (SDGs).

We launched the **Road Safety toolkit app** in partnership with United Nations Institute for Training and Research (UNITAR).

August

More than 6 million people watched the official launch ceremony as we **introduced our iconic Bud Light brand to China.**

We established the **Natalie Johnson Scholarship** in partnership with Budweiser, Dwyane Wade and the UNCF to increase diversity in the beer industry. The scholarship honors Natalie Johnson, our first black female Brewing Director in North America.

September

We were ranked number 22 on **Fortune's 2020 "Change the World" List** in recognition of our work to empower our farmers. We are proud to be the only beverage company and the #1 CPG company ranked.

The **HERoes Women Role Model Executives** supported by Yahoo Finance recognized Paula Lindenberg, President of our UK business, as one of the top 100 female executives of the year.

We participated in the 75th (and first-ever virtual) session of the **United Nations General Assembly**, where our CFO Fernando Tennenbaum became a founding member of the CFO Taskforce for the Sustainable Development Goals (SDGs).

October

Our entire portfolio of iconic beers from Budweiser Brewing Group UK&I went **plastic-ring free** with new KeelClip™ technology that uses recyclable paperboard to create a lighter weight pack.

Ambev, with the support of Z-Tech, closed a partnership with the startup **Lemon Energia,** a São Paulo based company that connects producers of renewable energy with small and medium-sized businesses.

November

Our supplier-focused collaboration platform Eclipse hosted the second **Eclipse Summit**, bringing suppliers and leaders together virtually in the US to discuss sustainability issues.

Our **Agua Pura Zalva** from Colombia won the World Beverage Innovation award for the Best CSR/Sustainability initiative with the MiParamo watershed conservation project.

December

48 senior women leaders from our company participated in the **Anheuser-Busch InBev Women's Leadership Program** Capstone, held in partnership with Arieli & Company.

We delivered our first direct **emission-free beer delivery** in Europe with a Stella Artois branded e-truck in Leuven, Belgium.

Our legal team won a **Financial Times Innovative Lawyers award** for Standout Innovation in recognition of our use of blockchain technology to protect human rights of brand promoters.

We launched the **"Truck of the Future" initiative** with Together for Safer Roads to test new technologies that improve driver visibility and road safety.

Who we are & what we brew

We are utilizing our experience and operations to meet today's challenges

We believe in Bringing People Together for a Better World and this purpose has never been more relevant than today. This year the COVID-19 pandemic deeply affected the communities where we live and work. We have drawn upon our strong heritage of centuries of brewing and operations in nearly 50 markets to help provide support for our communities, partners and each other during these challenging times.

To further engage consumers in their passion for beer, we made our internal HOPPY beer education app available to the general public over the legal drinking age. The app provides information on beer and beer culture in a fun, engaging format. HOPPY went live on the App Store and Google store for colleagues and hoppy.ab-inbev.com for external consumers in June and is growing quickly.

By working together and building brands consumers love, we will continue to bring people together for years to come.

" Even as we face challenging times, we will continue to strive for what we think beer does best: bringing people together. "

John Blood, Chief Legal and Corporate Affairs Officer

Test your beer knowledge on our HOPPY app

HOPPY

Our 10 Brewing Principles

We are all brewers
Passion for beer is our life

Heritage
We protect the heritage and integrity of our brands

Preservatives
We strive for zero added preservatives

Stakeholders
We value and address external stakeholder perspectives

Ingredients
We only select sourced ingredients that meet our standards

Consumer choice
We respect the consumer desire for choice

Transparency
We believe in transparency

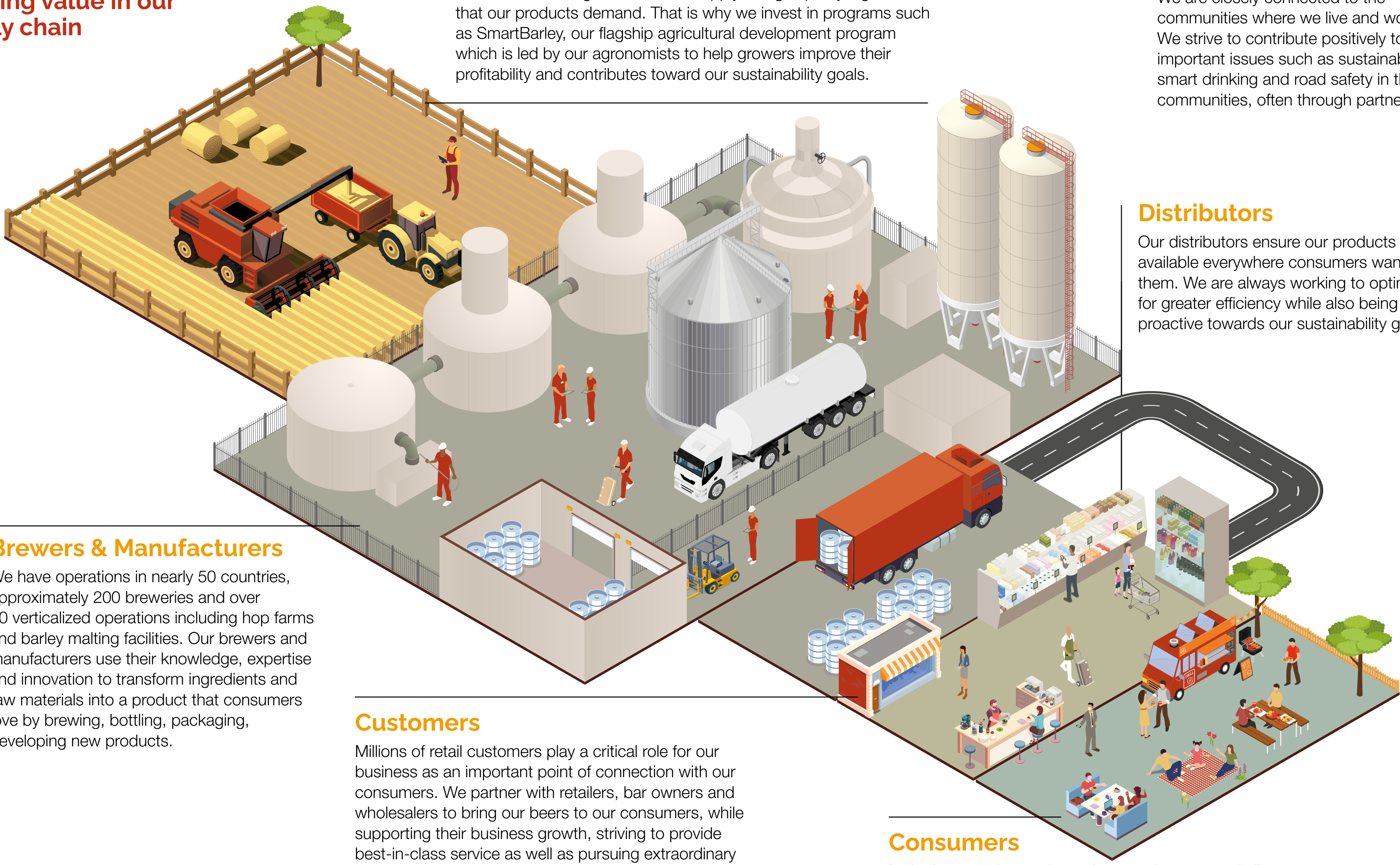
Sustainability
We preserve our natural resources

Quality
We never compromise on quality

Freshness
Fresh beer tastes better

From seed to sip

Creating value in our supply chain



Farmers

Provide the natural ingredients for all of our products. We value our relationships with these suppliers—mutual collaboration is a key element to creating a sustainable supply of high-quality ingredients that our products demand. That is why we invest in programs such as SmartBarley, our flagship agricultural development program which is led by our agronomists to help growers improve their profitability and contributes toward our sustainability goals.

Communities

We are closely connected to the communities where we live and work. We strive to contribute positively to important issues such as sustainability, smart drinking and road safety in these communities, often through partnerships.

Distributors

Our distributors ensure our products are available everywhere consumers want them. We are always working to optimize for greater efficiency while also being proactive towards our sustainability goals.

Brewers & Manufacturers

We have operations in nearly 50 countries, approximately 200 breweries and over 40 verticalized operations including hop farms and barley malting facilities. Our brewers and manufacturers use their knowledge, expertise and innovation to transform ingredients and raw materials into a product that consumers love by brewing, bottling, packaging, developing new products.

Customers

Millions of retail customers play a critical role for our business as an important point of connection with our consumers. We partner with retailers, bar owners and wholesalers to bring our beers to our consumers, while supporting their business growth, striving to provide best-in-class service as well as pursuing extraordinary execution of our brands on and off-trade.

Consumers

In the last step but perhaps the most important of all, consumers enjoy our beer. Beer brings people together to celebrate life, and we serve our consumers by offering meaningful brand experiences, always in a responsible way.

Our Global Brands leading the way in premiumization

Led by our global brands, premiumization in beer continues to be a top priority. For the past several years we have successfully rebalanced our portfolio towards premium brands. Globally, we have increased Above Core as a percent of our beer volume from 22.9% in 2016 to 31.3% in 2020.

Despite the COVID-19 pandemic, we expect premiumization to continue to grow. In fact, we have seen during previous recessions that premium beers are an affordable luxury that consumers enjoy during challenging times, and 2020 is no different. While premium beer suffered with the overall category in the second quarter, in 2H20 our global brands were back to growth, increasing volume 3.1% versus 2H19 outside of home markets, where they typically command a premium price point.

"For the second year in a row, Budweiser and Corona were named the two most valuable beer brands in the world by Interbrand in their list of 2020's "Best Global Brands"

Connecting with consumers through engaging creative marketing campaigns

Our global brands connected with consumers this year through engaging marketing campaigns.

Budweiser - 'Be a King'

Budweiser launched its first global campaign in 2020, celebrating stories of ambition with 'Be A King'. Partnering with Lionel Messi, the undisputed King of Football, and Halsey, one of the most captivating musicians of our generation, Budweiser inspired consumers to step up and Be a King.

Check out the Stella Artois 'Life of Artois' campaign

Watch the Lionel Messi 'Be a King' video

See how musician Halsey got her name in our latest 'Be a King' spot

Stella Artois - 'The Life Artois'

This year we reconnected with the soul of Stella Artois, reminding consumers to take time to savor life with the people that matter most. The campaign has rolled out to all of our key markets, helping Stella Artois stand out to consumers.

Corona - 'Corona Studios'

In 2020, the brand launched Corona Studios, a proprietary entertainment platform that produces meaningful, story-led content centered around audience passion points, in collaboration with talented content creators. Under the "Travel & Discovery" content vertical, Corona inspired consumers by sharing hundreds of hidden gems to explore around the world, released mind-blowing weekly films to build brand affinity. In late 2020, Corona launched its first original series "Free Range Humans: Life Outside the Cage," featuring the stories of 8 extraordinary individuals who left behind unfulfilling lives spent indoors to follow their passions closer to nature.

Watch Season One of our first Original Series "Free Range Humans: Life Outside the Cage"

#PorNuestroMéxico (For Our Mexico)

For 95 years, Grupo Modelo has helped when Mexico needed it most. And this year, Grupo Modelo stepped up to the challenges that COVID-19 placed on Mexican communities, stakeholders and partners with the #PorNuestroMéxico campaign. We rapidly shifted our operations to provide much needed supplies and logistics remove—making and distributing more than 700,000 bottles of hand sanitizer, 500,000 face masks, and more than a half-million bottles of clean drinking water. Grupo Modelo also worked with the National Institute of Respiratory Diseases (INER), to double COVID-19 testing capacity and provide substantial medical equipment to the city of Tuxtepec, Oaxaca to treat patients. We are also helping retailers through regional programs such as Tiendita Cerca, Tiendita Sana, Ayuda un Restaurante Menu Digital and Academia de Meseros initiatives. #PorNuestroMéxico was recognized by the Instituto Mexicano del Seguro Social Foundation (Fundación IMSS) and the Fundación Mexicana para la Salud (FUNSALUD) and was honored with the Health National Prize among other relevant organizations.

#togetherforbetter

Foster A Dog, Get Busch

After learning that animal shelters across the US were closing their doors to the public and canceling adoption events to slow the spread of COVID-19, Busch wanted to help abandoned pets in shelters find a new home. The brand teamed up with Midwest Animal Rescue to launch the "Foster a Dog, Get Busch" program, which offered Busch beer for those who fostered or adopted a dog. The beverage, Busch Dog Brew, is a non-alcoholic bone broth treat for dogs to enjoy. The program received so much attention that it became a viral sensation and animal shelters across the country saw a surge in adoptions.

Learn more about the Foster a Dog, Get Busch program

Using our global brands to meet the needs of consumers during the COVID-19 pandemic

During these uncertain times, consumers depended on recognizable, well-known brands for quality, heritage and authenticity. As we witnessed the impact of COVID-19 on consumers around the world, our global brands put planned content on hold in order to meet the rapidly evolving needs of our consumers. We found opportunities to support those who were most impacted by the crisis, including frontline workers and small business owners through a variety of initiatives:

Budweiser - One Team - Brewed to Heal

As a longstanding sponsor of sports teams around the globe, Budweiser shifted focus back to the most important team of all—healthcare workers. We raised a glass to the heroes directly combating COVID-19 and donated hand sanitizer, water, masks and other much-needed supplies to support the frontline. The campaign launched in the US with a 5 million USD donation to the American Red Cross and expanded to Canada, Europe, India, South Korea, Nigeria, South Africa and Brazil.

Stella Artois - Rally for Restaurants

One of the hardest hit communities during the COVID-19 pandemic were restaurants. To help these businesses through a challenging time, Stella Artois launched Rally for Restaurants in April. The program encouraged consumers to buy a gift card to their favorite local spot. Stella Artois matched the funding and ensured that restaurants were paid immediately to give these businesses support when they needed it most. Through the program, over 7 million USD was provided to more than 25,000 restaurants across 21 countries.

Get more details on the Stella Artois Rally for Restaurants

Our global brands also created content to uplift consumers who were staying at home and offer inspiration to safely return to their daily lives, in keeping with government guidance.

Budweiser - Whassup

Budweiser resurrected the iconic "Whassup" campaign to reinforce the importance of checking in on your buds during this period of self-isolation. In Europe, the campaign was activated across five countries and in the US, the ad was recreated with celebrities Dwyane Wade and Gabrielle Union.

Stella Artois - Together Apart Street Art

To encourage people to come together responsibly while bringing back optimism and beauty to bars and restaurants, Stella Artois replaced intimidating warning stickers and yellow tape with street art designed by world renowned artist Shepard Fairey and his Studio One team. The activation went live in 9 major cities around the world, helping bars and restaurant precincts to stay open while encouraging consumers to socialize safely.

Corona Rediscover Paradise

Watch the "Never This Beautiful" film

Corona - Rediscover Paradise

Corona believes that we benefit from being outdoors and disconnecting from our everyday routine. But as the COVID-19 pandemic inhibited travel and consumers' ability to experience nature at its best, we launched 'Rediscover Paradise' where Corona pre-booked thousands of nights in hotels to encourage consumers to support local destinations and visit when restrictions ease. To kick off the campaign, Corona Studios debuted a film entitled "Never This Beautiful" with a hopeful message about the power of nature to heal itself during the pandemic. The initiative generated 1.3 million USD in incremental net revenue for local resorts, supporting over 10,000 hotels in their moment of need and offered consumers the chance to win complementary stays.

Dream-People-Culture

Our team of approximately 164,000 colleagues around the globe drives our success on a daily basis. Through hard work, diversity and leadership, our dream is to continue to build a profitable growth company.

We evolved our 10 Principles to fit into the changing world

While our fundamental strengths remain unchanged, this year we revisited our 10 Principles to reflect the realities of an ever-changing world. The changes are meant to evolve the way we think and the way we behave so we can continue to thrive as a company for the next 100+ years.

Beer has been bringing people together for centuries and is more relevant now than ever. That's why we adopted it as our corporate purpose: **Bringing People Together for a Better World.**

See our new 10 Principles in motion

We amended our people principles this year to focus on how great people deliver and transform, and we added an emphasis on diversity because it leads to better communities, decision-making and results.

As part of our new culture principles, we added that we embrace change, take smart risks and learn from our mistakes. We believe in being agile to achieve results.

We also are pushing to be consumer-centric in everything that we do—we must go where consumers are because that is where growth is. To do this, we need to serve our customers in the best way possible, since they are the gateway to our consumers.

Finally, we updated our culture principles to emphasize excellence and efficiency in all that we do and put added importance on building our company and our reputation by operating with integrity and forming deep connections with our communities around the 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.

We are committed to a better and equal world for all

Events of this year brought focus to the sadness, pain and frustration felt by many because of long-standing racial inequality and social injustice. We oppose racism and discrimination of any form and championing equality is a global priority for us. We are committed to a work environment that is both diverse and inclusive, where all colleagues feel respected and empowered to bring their authentic selves to work every day. We recognize and celebrate how equality makes us stronger as a company and as individuals.

#togetherforbetter

Club Beats at Home

One of the marketing challenges brought on by the pandemic and resulting lockdown was the inability to engage with audiences through in-person experiences. Club Pilsener overcame this obstacle by creating a series of owned and branded virtual concerts featuring Uganda's top music talent. These concerts provided huge entertainment value for consumers who were stuck at home, while supporting musicians who were unable to perform at traditional venues. The campaign received over 386 million hashtag mentions.

Where we operate

We have a diverse geographic footprint spanning nearly 50 countries worldwide. We are organized into six management zones with balanced exposure to both developed and developing markets. With an excellent global supply chain, we excel in both service and product availability.

North America

Zone Headquarters:
St. Louis, Missouri

- Michelob ULTRA continued to grow double-digits and remains the #1 share gainer in the beer category in the US.
- Labatt, our business in Canada, posted best overall market share growth in 10 years, growing in all segments with particularly strong growth in above core.
- For the third year in a row, AB InBev continues to lead the industry in innovation volume in the US.
- In partnership with Dwyane Wade, we launched the first campaign for Budweiser Zero, for those who want the great taste of Budweiser without the alcohol.
- We expanded our domestic seltzer portfolio with the launch of Bud Light Seltzer in the US.

Middle Americas

Zone Headquarters:
Mexico City, Mexico

- Corona Extra was recognized as the most valuable brand in Mexico and Latin America, according to the BrandZ ranking.
- In Mexico, Grupo Modelo introduced the #PorNuestroMéxico campaign to help support local communities during the COVID-19 pandemic.
- Our #MenoresSinCerveza campaign in Colombia demonstrated the serious consequences of alcohol consumption in minors, generating more than 5.4 million media impressions.
- In Colombia, Zalva Water brand was recognized as the “Best Sustainability Initiative” at the 2020 World Beverage Innovation Awards.
- In Mexico, our retail chain Modelorama made a strong comeback in 2H20 after being negatively impacted by store closures in 2Q20, connecting with consumers and growing faster than the average of the Mexican market.

South America

Zone Headquarters:
São Paulo, Brazil

- The launch of Brahma Duplo Malte in Brazil was the biggest in the history of Ambev, taking the lead in the core pure malt segment in just five months.
- Digital direct-to-consumer platforms experienced exponential growth, such as our owned platform Zé Delivery, enabling small and medium sized retailers to stay in business.
- In Brazil, Ambev received an award from the United Nations as one of the top five companies to support Brazil with innovative solutions during the peak of COVID-19 and was honored with the United Nations SDG Action Solidarity Award.
- Cervecería y Maltería Quilmes celebrated 130 years of history in Argentina, with a strong commitment to the socioeconomic and productive development of all regions of the country. To celebrate this special year we launched a new identity and logo.

Europe

Zone Headquarters:
Leuven, Belgium

- We became the Number 1 CPG company for value growth in Europe, a testament to the agility of our teams and partners, and the strength of our global brands, which increased penetration and market share in 2020.
- When COVID-19 hit, our breweries started producing much-needed hand sanitizer and disinfectant within 10 days. We donated 120,000 liters to frontline services across our European markets, and used Leffe beer to make bread for donation to food banks and also donated billboards for public health campaigns.
- We signed Europe's largest ever corporate solar power deal to build the Budweiser Solar Farm in Spain. From 2022 onwards, all of our Western European brewed beers will be made with 100% renewable electricity as part of a VPPA.

Africa

Zone Headquarters:
Johannesburg, South Africa

- This year we celebrated the 125th anniversary of South African Breweries (SAB) by looking back at the history and heritage that have shaped our business since 1895.
- Castle Lager, Flying Fish, and Hansa Pilsener beers were listed as three of the Top 30 Most Loved Brands in South Africa, according to BrandZ.
- Tanzanian Breweries Limited (TBL) launched a partnership with the Farm to Market Alliance and the UN's World Food Programme to support smallholder sorghum farming in Tanzania. The pilot project will see TBL purchase the sorghum produced by 1,400 farmers and will ensure the farmers are provided with access to seed, insurance, crop management protocols, agricultural extension services, and improved market access.
- International Breweries Plc, our Nigeria business, introduced a new brand, Trophy Stout, during the COVID-19 pandemic. Sales have exceeded expectations.

APAC

Zone Headquarters:
Hong Kong

- Harbin celebrated 120 years in China, making it the nation's oldest and most iconic beer brand.
- To grow the craft beer community in India, we partnered with The Indian Hotels Company Limited (IHCL) to launch our first brewpub, 7Rivers Brewing Co. in Bengaluru.
- In China, we leveraged consumer insights to gain share in the growing in-home beer channel, especially in e-commerce where we are a leader.
- We continued to innovate in 2020 by launching new products including Hoegaarden seasonal variants, for example green grape flavored, Hand & Malt SangSang Pale Ale made with local honey, and Goose Island Duck Duck Goose, a tropical, refreshing IPA.

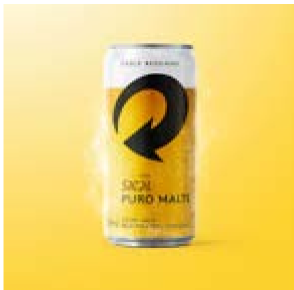
Executing for growth

In 2020, we rapidly adjusted our plans to meet the challenges of the external environment while staying true to our commercial strategy. We believe our commercial strategy, best-in-class brand portfolio and increased focus on our business transformation enabled by technology will allow for a successful recovery in 2021 and beyond.

We are planning and executing for a strong recovery

We have confidence in the resilience of our business and the global beer category. After shifting plans at the onset of the pandemic, our volume has recovered much faster than expected. Our consumer-centric mindset allowed us to adjust quickly to the new normal and we leveraged learnings from across our global footprint which enabled us to rapidly adapt. With an optimized global supply chain and unparalleled scale, we have seen solid share gains across most of our main markets.

Consumers adjusted to the new reality by shifting to in-home consumption occasions, increasing the adoption of e-commerce channels and accelerating the trial of adjacencies such as alcoholic seltzers. These shifts allowed us to utilize our business transformation agenda in a powerful way, growing our Direct-to-Consumer (DTC) business to an all-time high net revenue of over 1 billion USD from our own channels. This growth is driven primarily by our portfolio of e-commerce businesses which now represents 35% of our DTC net revenue.



"Success is not created overnight. It took four years to build, and we remained strong as we adapted to new ways of working while staying true to our purpose: delivering consumers their favorite beverages at supermarket prices, cold and in less than 35 minutes."

Gustavo Fino (Guga), Head of Zé Delivery in Brazil

Our diverse portfolio continues to provide consumers with a range of options from core and smart affordability brands to premium brands, which continue to grow significantly. Our global brands and High End Company outperformed this year, with the global brand portfolio revenue increasing by 4.7% (outside of the brands' home markets) and the High End Company revenue up by 4.1%, demonstrating the continued strength of the premiumization trend.

Our alcoholic adjacencies portfolio also saw strong results this year. We are building a strong portfolio of seltzer innovations including Bud Light Seltzer, Natty Light Seltzer, Bud Light Platinum Seltzer, Bon & Viv and Social Club. Michelob ULTRA announced the launch of the first USDA Certified Organic hard seltzer distributed nationally, which arrived in early 2021. We are launching new products such as Skol Beats GT and Mike's Hard Seltzer in the UK, as well as expanding existing products such as Babe Wine to Canada, China and the UK and we also introduced Mike's Lemonade to Mexico and Peru.

While we remain true to our strategy, the effects of the pandemic have created clear opportunities for our company to accelerate and move forward in e-commerce and digital solutions. For example, there is an accelerated demand for the convenience of in-home consumption occasions and digital solutions including e-commerce and DTC. The consumer trend towards health and wellness continued this year, driving demand for our non-alcoholic portfolio of beverages which includes Guarana Antarctica Natu in Brazil and Fusion energy drink in China.

We are also providing our customers with convenience, seamless communication and enhanced business performance through our proprietary B2B platform, BEES. We are expanding the platform to more markets and seeing rapid adoption, with our number of global monthly active users increasing from 19,000 to nearly 900,000 this year.

200%+

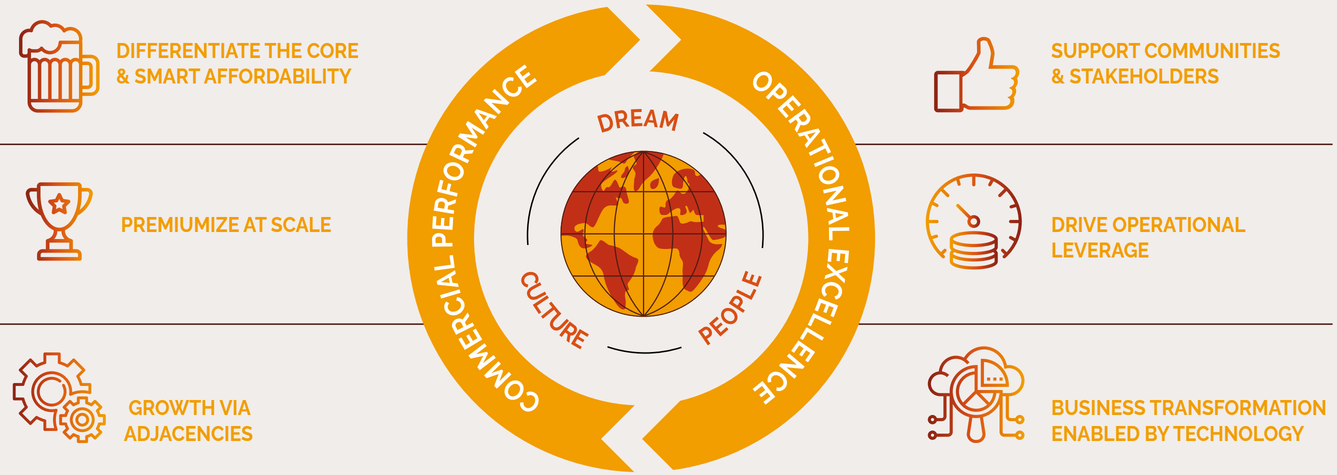
Our portfolio of e-commerce businesses is growing at more than 200% versus last year

1+ billion USD

Our Direct-to-Consumer (DTC) business grew to an all-time high net revenue of over 1 billion USD from our owned retail and digital platforms.

Our Strategic Framework

Our clear commercial strategy empowers us with the tools to lead and grow the global beer category and scale best practices across markets.



Reflecting on our performance

Successfully navigating a complex environment with a customer and consumer-centric approach

Following a strong start to the year, our overall results in 2020 were significantly impacted by the disruption caused by the COVID-19 pandemic. In FY20, volumes declined by 5.7%, revenue declined by 3.7%, and EBITDA declined by 12.9% with EBITDA margin compression of 382 bps to 36.9%.

Consumers rapidly adjusted to the new reality by shifting to in-home consumption occasions, increasing adoption of the e-commerce channel and finding new ways to connect with others, reinforcing our confidence in the long-term potential of the beer category. Our teams quickly responded to the evolving environment, allowing us to deliver beer volume growth of 2.2% in 2H20, even while external conditions remained extremely unpredictable. This was driven by a customer and consumer-centric approach that is supported by the long-term fundamental strengths of our business.

Fundamental strengths position us favorably for a strong recovery

While the future remains uncertain, our fundamental strengths position us favorably for a strong recovery. We have a diverse geographic footprint, with operations in nearly 50 markets and sales in over 150 countries, and significant positions in high-growth regions. A clear commercial strategy gives us the tools to lead and grow the global beer category and scale best practices across markets. We hold the world's most valuable portfolio of beer brands, enabling us to reach more consumers on more occasions. Our profitability is industry-leading, allowing us to weather times of extreme disruption. Investments in capabilities such as B2B sales, e-commerce and digital marketing put us in an advantaged position to capture growth from these accelerating trends.

Evaluating regional performances

We finished the year strong in the context of an ongoing challenging and uncertain environment across all of our markets. We delivered top-line and bottom-line growth in the US this year, with ongoing improvement in market share trends. We saw market share gains in Brazil, Mexico and Europe, by relying on a consistent commercial strategy and operational excellence. We faced significant stay-at-home and on-premise channel restrictions in Colombia, however, we saw improved performance as restrictions began to ease in the second half of the year. Our business in South Africa was significantly impacted by three outright bans on the sale of alcohol over the course of 2020, although outside of these bans, we saw solid underlying consumer demand for our portfolio. In China, we continued to advance our premiumization strategy and strengthen our leadership in the growing e-commerce channel.

As we prepare for a strong recovery, we will continue to rely on our fundamental strengths, while never pausing in our evolution to be a truly customer- and consumer-centric organization.

Major country performances

United States

Top-line growth and consistent market share trend improvement driven by successful execution of commercial strategy

In 2020, our US business delivered top and bottom-line growth, and continued market share trend improvement. This was driven by consistent execution of a consumer-first strategy focused on premiumization, health and wellness and innovation, as well as successfully delivering against each of our five commercial priorities. We led the US beer industry in dollar growth in FY20, according to IRI. Our advanced planning and analytic capabilities and global supply chain enabled us to effectively serve customers and

4.1%
Growth of High End Company revenue

consumers even with continued industry pressure and volatility caused by the COVID-19 pandemic. Our sales-to-retailers (STRs) declined by 0.2% in FY20, slightly below an industry that declined by 0.1%. This resulted in an estimated market share loss of 5 bps, as our above core portfolio gained an estimated 110 bps and our mainstream brands lost an estimated 115 bps. Our sales-to-wholesalers (STWs) declined by 1.7% with revenue per hl growth of 2.6%, resulting in revenue growth of 0.8%.

In 4Q20, the industry was impacted by the second wave of the COVID-19 pandemic and corresponding restrictions to the on-premise channel. Our STRs declined by 1.6% in an industry that we estimate declined by 1.4%, resulting in an estimated market share decline of 15 bps. Our above core portfolio gained an estimated 105 bps while our mainstream portfolio lost an estimated 120 bps of market share. Our STWs declined by 0.5% and revenue per hl grew by 3.9% driven by the strong execution of our portfolio rebalance and revenue management initiatives and accelerated by favorable brand mix related to the timing of shipments, resulting in revenue growth of 3.4%.

Our above core portfolio continued to outperform, driven by the ongoing momentum of Michelob ULTRA and successful innovations such as Bud Light Seltzer. Michelob ULTRA was once again the second-highest selling beer by value in the US, after Bud Light, and was the number one share gainer in beer excluding flavored malt beverages in FY20, according to IRI. In addition, our portfolio of seltzers grew at double the rate of the industry, driven by a successful launch of Bud Light Seltzer. Continued execution of our commercial strategy has also resulted in flat share of mainstream segment in FY20 and growth of 40 bps in 4Q20.

In FY20, our EBITDA increased by 0.2% with slight margin compression of 24 bps to 40.4%, as top-line growth, favorable brand mix and ongoing cost efficiencies were partially offset by lapping one-time prior year gains in other operating income. In 4Q20, EBITDA declined by 4.1% with margin compression of 295 bps to 38.2%, as healthy top-line growth was offset by the phasing of sales and marketing investments, increased costs related to procuring and optimizing can supply and a tighter freight market.

Mexico

Industry outperformance enhanced by strong top and bottom-line growth in the second half of the year

In FY20, our business in Mexico delivered a very healthy performance in the context of a volatile external environment. Revenue declined by low single digits, driven by a high single digit volume decline due to a two-month government-mandated shutdown of our operations in 2Q20. We rapidly resumed operations and outperformed the industry in the year, resulting in continued market share gains. Revenue per hl grew by mid-single digits, ahead of inflation, due to revenue management initiatives and positive brand mix from the continued growth of our above core portfolio. In 4Q20, our business continued its strong momentum with volume growth of low single digits, revenue growth of high-single digits and revenue per hl growth of mid-single digits, ahead of inflation.

We remain focused on developing our portfolio in line with the category expansion framework. We continue to strengthen our core brands, with the growth of Corona and Victoria combined outperforming the industry in 2020. Our above core portfolio is growing at a rapid pace, with the Modelo family of brands contributing the largest absolute volume growth in the beer category.

Michelob ULTRA also demonstrated strong results, particularly in 4Q20, growing ahead of the industry. Leveraging the brand's consumer proposition and equity, we recently launched pilots of Michelob ULTRA Hard Seltzer as we drive our focus on industry growth, by leading the way in new segments. We continue to support our customers through trade reactivation programs and digital solutions, such as the rollout of BEES, which more than doubled in size throughout the year.

Our proprietary chain of retail stores, Modelorama, expanded its footprint with over 600 new locations to reach a total of approximately 9,500 outlets across the country. We also successfully completed the third and fourth waves of our expansion into the country's largest convenience store, OXXO, making our brands available in over 7,700 stores. In line with our plan, we launched the next phase of the rollout into approximately 1,100 more stores in January 2021.

We remain excited about the long-term growth potential and incrementality of these opportunities.

In FY20, EBITDA declined by low-single digits with margin expansion of 85 bps, due primarily to the two month government-mandated shutdown during 2Q20, as we resumed operations quickly to deliver top-line and bottom-line growth with margin expansion in 2H20. In 4Q20, EBITDA grew by mid-teens with margin expansion of nearly 300 bps due to healthy top-line growth and operational efficiencies.

Colombia

Strong finish to the year with momentum across our portfolio, though FY20 results heavily impacted by restrictions

In FY20, our revenue and total volumes declined by high-single digits, with volume declines in both beer and non-beer. Revenue per hl declined by low-single digits, primarily due to channel mix.

Following the gradual easing of stay-at-home and on-premise channel restrictions, our business in Colombia recovered strongly in 4Q20 with momentum across the portfolio, as each month in the quarter was marked by our highest ever monthly beer volumes. Revenue grew by high-single digits in the quarter with high single-digit beer volume growth and flattish revenue per hl. Our teams continue to work closely with local governments to support the safe recovery of the on-premise channel.

We continue to successfully expand the premium segment, led by our global brand portfolio, which grew by high teens in FY20. Our core brands had a strong recovery in 4Q20 and grew by high single digits, led by Aguila and supported by our recent easy drinking lager innovation Costeña Bacana. As part of our digital transformation journey, we accelerated the rollout of BEES, now utilized by hundreds of thousands of our customers and converting the majority of our revenue digitally by the end of the year.

EBITDA declined by mid-teens in FY20 with approximately 400 bps of margin contraction. In 4Q20, EBITDA grew by low single digits with margin compression of approximately 240 bps, impacted by transactional currency and commodity headwinds, coupled with adverse packaging mix due to an increase of one-way packaging, particularly cans.

Brazil

Strong top-line performance this year driven by a successful commercial strategy and operational excellence

Our beer business in Brazil delivered a strong performance this year in a challenging environment. We grew beer volumes by 5.6% in FY20 and 11.9% in 4Q20, outperforming the industry in both periods, through the successful execution of our customer- and consumer-centric strategy and by driving operational excellence. Our premium portfolio outperformed the industry, we stabilized the performance of our core brands and we delivered highly successful innovations such as Brahma Duplo Malte, a brand that has greatly expanded the previously under-developed core plus segment. We continue to advance the digital transformation of our business, with our online B2B marketplace and direct-to- consumer initiatives growing at an exponential rate and rapidly expanding across the country. Almost half of our active customers are currently utilizing BEES. Our main DTC initiative, Zé Delivery, is now in all 27 Brazilian states and significantly accelerated with more than 27 million orders fulfilled in FY20. Our performance was also positively impacted by government subsidies from April to December that increased consumer disposable income, leading to increased consumer demand.

Our non-beer volumes were flattish in FY20 and grew by 6.6% in 4Q20, as consumption occasions returned in the second half of the year. The combined businesses delivered volume growth of 4.2% and total revenue growth of 7.1% in FY20.

Revenue per hl increased by 2.8%, due primarily to revenue management initiatives, brand mix and category mix, partially offset by unfavorable channel and geographic mix. In 4Q20, our volumes grew by 10.6% and total revenue grew by 19.4%. Revenue per hl grew by 7.9%, primarily due to revenue management initiatives in both our beer and non-beer businesses.

Additionally, in 4Q20 Ambev, our subsidiary, concluded the calculation of its tax credits on a judicial decision related to the exclusion of the Value-Added Tax (ICMS) from the taxable basis of the social contribution on gross revenues (PIS and COFINS). The decision refers to the period between November 2009 and April 2015. As a result of this judicial decision and other tax credit adjustments, Ambev recognized 481 million USD income in Other operating income for the year ended 31 December 2020. The impact is presented as a scope change. For additional details on the impact to underlying profit attributable to equity holders of AB InBev and underlying EPS, please refer to page 2 of the press release.

In FY20, EBITDA declined by 6.2%, with margin contraction of 521 bps, impacted by transactional currency headwinds and adverse packaging mix, with a year-over-year increase of one- way packaging, particularly cans. EBITDA in 4Q20 grew by 12.8% with margin compression of 388 bps. Our absolute EBITDA margins of 41.9% in FY20 and 63.7% in 4Q20 were positively impacted by the tax credits.

Europe

Market share gains across most markets, though performance impacted by ongoing COVID-19-related restrictions

Our revenue and volume in Europe declined by high single digits in FY20. Revenue per hl was down by low single digits, adversely impacted by channel mix due to the widespread shut-down of the on-premise channel in the second and fourth quarters, partially offset by continued outperformance of our premium brands and revenue management initiatives. We estimate we gained market share on a full year basis in the majority of our key markets, with particularly strong gains in France, Germany and the Netherlands.

In 4Q20, our performance was significantly impacted by renewed on-premise shutdowns and mobility restrictions, resulting in a revenue decline of high teens with flattish revenue per hl. We continued to grow volumes in the off-premise channel, powered by the strength of our global brand portfolio, especially Budweiser, which grew by high single digits with a particularly strong performance in the UK and the Netherlands.

EBITDA declined by double-digits both in the year and the quarter as a result of operational deleverage and channel mix in light of the on-premise shutdowns, as the on-premise channel carries higher EBITDA margins in continental Europe.

South Africa

Multiple alcohol bans impacted performance, though underlying consumer demand remains strong

Our business in South Africa was significantly impacted by three outright government-mandated bans on the sale of alcohol over the course of 2020, which resulted in double-digit volume, revenue and EBITDA declines, and significant EBITDA margin contraction. Outside of these bans, we saw solid underlying consumer demand for our portfolio throughout the year, resulting in estimated market share gains in both beer and total alcohol. In 4Q20, we delivered low single digit top and bottom-line growth with EBITDA margin expansion. Volumes declined slightly in the quarter, as the government instituted a third alcohol ban on 29 December 2020, affecting a key selling week for beer.

Revenue per hl grew by low single digits in both FY20 and 4Q20, driven primarily by revenue management initiatives. This was partially offset by brand mix as consumers shifted to more affordable brands and bulk returnable packages, particularly benefitting our core brands, such as Carling Black Label. Our flavored alcohol beverages, Brutal Fruit and Flying Fish, outperformed this year, reinforcing the advantages of a diverse brand portfolio to meet consumer needs across styles and price points.

The third alcohol ban instituted on 29 December 2020 was lifted on 1 February 2021 and we resumed our operations on 2 February 2021. The third alcohol ban will significantly impact our performance in 1Q21. Our top priority remains the safety and well-being of our people

and our communities and we will continue to collaborate with the government on meaningful, lawful measures to combat the pandemic (such as curfews, capacity restrictions, and limits on trading hours). However, we believe that complete bans on alcohol sales significantly damage the South African economy, threaten the over one million livelihoods at stake throughout the alcohol industry's value chain and entrench illicit alcohol trading, which has devastating consequences from both a health and economic perspective.

China

Continued success of our premiumization strategy enhanced by leadership in the growing e-commerce channel

In FY20, volumes declined by 10.0% with revenue per hl down by 1.1%, resulting in a total revenue decline of 11.0%. In 4Q20, revenue grew by 1.1% with 0.9% volume growth, delivered in the context of lower channel inventories due to the later timing of Chinese New Year in 2021. Revenue per hl grew slightly in 4Q20 as favorable brand mix from continued premiumization was offset by higher wholesaler rebates on a per hl basis as a result of channel inventory reduction.

While we lost substantial market share between February and April 2020 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 an estimated 55 bps. Premiumization continues to be a key driver of growth and our premium and super premium portfolio grew by mid-single digits in 4Q20, led by Budweiser. We estimate that we continue to lead the beer category in the e-commerce channel with a market share twice that of the next brewer and are leveraging this growing channel to launch our innovation products.

In FY20, EBITDA declined by 20.6% with an EBITDA margin of 33.4%. In 4Q20, EBITDA declined by 5.7% as we cycled a challenging comparable in other operating income.

Highlights from our other markets

Our business in **Canada** grew volumes by low single digits in FY20, ahead of the industry, due to the consistent execution of our commercial strategy. This was driven by the outperformance of our above core brands, led by Corona and Michelob ULTRA. Corona grew by high single digits and Michelob ULTRA was the fastest growing beer brand for the second year in a row. Our beyond beer portfolio grew by over 25%, driven by successful innovations in the Mike's Hard brand family and the expansion of the hard seltzer category. Revenue per hl declined by low single digits due to on-premise closures caused by COVID-19 restrictions, resulting in flat top-line year-over-year. In 4Q20, volumes declined by low single digits and revenue declined by mid- single digits, as the second wave of the COVID-19 pandemic resulted in renewed restrictions.

In **Peru**, revenue and volume declined by double-digits due to a government-mandated shutdown in March and April and stay-at-home restrictions in the following months. However, our performance improved progressively as restrictions were lifted. We remain focused on implementing our category expansion framework, delivering flattish revenue in 4Q20, driven by our strong recovery in the last two months of the year with beer volumes closing ahead of last year. Our global brands finished the year with a strong performance, growing by high double-digits. Our smart affordability innovation, Golden, which provides consumers with a unique combination of maize and barley at affordable prices, continues to deliver good results. We also announced that we are sourcing all of our maize for Golden from local farmers to continue supporting the country's economic recovery.

In **Ecuador**, revenue and volume declined by double-digits in the year, impacted by the COVID-19 pandemic and associated government restrictions. In 4Q20, we delivered a sequential improvement in volume and revenue versus the prior quarter, although we remain cautious as government restrictions were re-implemented across the country in the last two months of the year. We continue to focus on expanding the beer category and are seeing success from our premiumization initiatives. Our global brands finished the year strong, led by the expansion of Corona and Stella Artois, and we recently enhanced our premium brand portfolio with the launch of Beck's. Additionally, we are focused on bringing more consumers into the category through attractive price points with high quality products such as our local crop innovation, Nuestra Siembra, which continues to deliver strong results.

In **Argentina**, we delivered slight volume growth this year and outperformed the industry, even in the context of a challenging consumer environment. This was a result of leveraging our diverse brand portfolio, led by the double-digit growth of our premium and core plus brands, coupled with our unparalleled scale, operational excellence and the digital transformation of our business with DTC initiatives. Revenue per hl and revenue grew by double-digits in FY20 in the context of a highly inflationary environment, although revenue management initiatives continue to be constrained by government price controls across the food and beverage industries. Our volumes grew by low single digits in 4Q20, due to the ongoing premiumization of our portfolio led by Corona and Andes Origen, and the growth of new innovations, such as Quilmes 0.0 and Patagonia Solcitra, a new variety of Patagonia made with citrus hops.

In **Africa excluding South Africa**, our business was negatively impacted by the COVID-19 pandemic, but we saw resilient consumer demand in many of our markets as restrictions began to ease. We delivered healthy volume growth in Mozambique and Zambia this year. Volumes declined in Tanzania and Uganda, as both markets were impacted by an ongoing challenging economic environment. In Nigeria, we delivered low single digit volume growth in FY20 and high single digit volume growth in 4Q20, driven by successful investments in developing our brand portfolio and enhancing our route-to-market capabilities.

In 4Q20, **South Korea** faced its most serious outbreak of the COVID-19 pandemic and consequently the toughest level of restrictions yet, which negatively impacted our revenue and volumes. 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. In the growing in-home channel, we grew market share in FY20, according to Nielsen. In the on-premise channel, while we estimate that we lost market share in FY20, the trend improved throughout the year with gains in 4Q20 driven by the increasing momentum of Cass. We continued to lead the Premium space and estimate that we outperformed the industry in this segment.

Transforming for the future

Scaling new digital capabilities to create value for customers and consumers

As the world continues to shift towards a digital economy, we are expanding our innovation capabilities to meet growing demand. We are seeing a rapid acceleration of trends such as online B2B platforms, e-commerce and digital marketing and are investing in these capabilities as we advance toward being a truly customer- and consumer-centric organization.

This year we established closer and more integrated relationships between our global and zone innovation teams to drive a cohesive and embedded agenda, aligned with our mission and values for the future.

300+
innovations launched across 6 zones

Product Innovations

With an agile product innovation pipeline, we launched more than 300 innovations worldwide across a diverse range of categories including beer, non-alcoholic beverages, adjacencies and more.

Beer Innovations

We had a variety of successful beer launches this year including Brahma Duplo Malte in Brazil, which delivers pure malt with two different kinds of malts and became a leader in the Brazil Core Plus segment in just five months. In Ecuador, Nuestra Siembra was developed in partnership with local farmers and government to bring socio-economic inclusion to impoverished rural areas and make the category more accessible. Other successful launches included low-alcohol Corona Ligera in Mexico, Victoria in Belgium and Bud Light Crisp and Stella Solstice in the US.

No- and Low-Alcohol Beer (NABLAB)

To further capture opportunity within the growing consumer trend of health and wellness, we continued to innovate NABLAB products, improving our technology to create and support the development of 11 new no- and low- alcohol beers including Budweiser Zero, launched in the US and the UK and reformulated in Canada. Additionally, Stella Artois Alcohol Free was launched in the UK and Belgium and has already won several awards for taste in the UK.

Adjacencies

We are building a strong portfolio beyond beer. Our seltzer innovations include Bud Light Seltzer, Mike's Hard Seltzer, Natty Light Seltzer, Bud Light Platinum Seltzer, Bon & Viv and Social Club. We continue to broaden the portfolio with new launches such as Skol Beats GT, a mixed cocktail, as well as expansions of existing products like Babe Wine into Canada, China and the UK and Mike's Lemonade to Mexico and Peru. Additionally, we launched our first beer pilot for our Drinkworks Home Bar system in the US, in partnership with Golden Road Brewing. The pilot extends our Drinkworks offerings beyond cocktails to give consumers the opportunity to enjoy freshly-poured draught brews in the comfort of their home.

Non-Alcoholic Beverages

We implemented a clear, global strategy for Non-Alcoholic Beverages to accelerate growth and meet emerging consumer focus such as health and wellness, digital and sustainability trends. We introduced a number of new beverages to our portfolio including Guarana Antarctica Natu, an all-natural low calorie version of the iconic Brazilian soda. We elevated the Guarana brand by launching a trailblazing YouTube channel called Coisa Nossa, which now has almost 1.5 million followers, and being the first brand in Brazil to partner with TikTok.

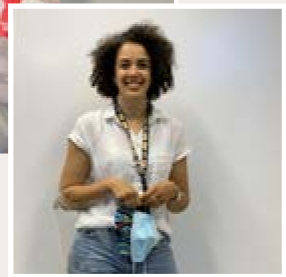
In addition, we successfully launched new propositions, for example we entered the energy category with Fusion energy drink in China and Mawe vitamin energy drink in the UK. We also advanced our functional beverages portfolio in Brazil with Do Bem Antioxidant Infusion and For/Me, a line of functional shots, created in partnership with Paolla Oliveira - a Brazilian influencer celebrity.

11

new no- and low- alcohol beers were developed this year

#togetherforbetter

Ideas For Good



As part of our COVID-19 response, we created a full platform called IDEAS FOR GOOD. Within this initiative, our GITeC team helped to lead the INFRASTRUCTURE FOR GOOD workstream, focused on leveraging our facilities, knowledge and scale to help local communities and governments respond to the pandemic as well as ensuring our operations run safely.

The results were extraordinary, with over 4 million units of hand sanitizer donated in over 30 markets, over 3 million face shields donated, over 6 million liters of drinking water donated in 16 markets and test kits made available at nearly all of our facilities.

"I am very proud to have been part of an amazing team which was fully dedicated to providing PPE solutions, like face masks and shields, to keep our frontline colleagues and communities safe. Lockdown times were not easy but knowing that I could help make a difference kept me going and that was priceless for me."

Farida Bensadoun, Global Front End Innovation and Material Science, GITeC

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Gin Comunal: Building Community in a Time of Crisis

When COVID-19 restrictions hit, many breweries in Bariloche, Argentina had trouble storing and refrigerating their beer, putting them at risk of losing thousands of liters of beer and taking a huge loss. To help the local community in this challenging time, our microbrewery Patagonia worked with the ZX Ventures team to create an innovative solution. Patagonia purchased all the kegs that would be going to waste and gave the beer new life by distilling the beer and creating gin. The gin, which came in two flavors—elderberry and hops—was sold in Patagonia bars, with proceeds going to support local businesses. Through the initiative, we saved approximately 150,000 liters of beer and helped keep small local breweries afloat.

Gin Comunal

Sustainable Product Innovations

Throughout the year we worked on the development of EverGrain, a sustainable ingredient company that is revolutionizing the use of saved barley grain from the brewing process to deliver highly nutritious, great tasting protein and fiber barley-based ingredients to the world. Ultimately, these ingredients will positively impact social and environmental challenges by providing affordable, sustainable nutrition for the undernourished. EverGrain officially launched in early January 2021.

Reducing our time-to-market to launch more innovations

To help achieve this level of innovation, our GITeC teams focused on reducing the timeframe between idea to launch. Using an agile mindset and zone collaboration, we achieved a 40% year-over-year reduction in time to market. Examples of this include Corona Ligera in Mexico, with one month to market and Brahma Duplo Malte in Brazil—our biggest launch of the year, with only three months to market.

Technology Innovations

Partnering with startups and experts to bring innovation to our business

Our Beer Garage team significantly multiplied our innovation project pipeline this year by vetting over 400 startups and piloting more than 30 inside the business.

Due to COVID-19 restrictions, the team pivoted to virtually host its third cohort of the Beer Garage Summer Tech Incubator Program. Over 11 weeks, this one-of-a-kind product development, talent exchange and internship program delivered 11 minimum viable products (MVPs) tackling key challenges for our business. The program culminated in a Demo Day where we identified seven projects to be further integrated into our business.

Highlights include POC-EYE, an in-house image recognition tool allowing for better execution of inventory within our Brand Developer team; Smart Energy, a supply solution that optimizes energy waste in our breweries; as well as Connext and SMMI, logistics projects that tackle the problem of empty fleet miles.

We are piloting new technologies to stay at the forefront of emerging innovations

In addition to partnering with startups, we are also piloting new applications of innovative technologies inside our business. This year we drove implementation of Artificial Intelligence to solve business problems across procurement and sales functions and enhance our analytics teams' capabilities.

In August, we joined the Blockchain Education Alliance (BEA), a major alliance in the blockchain and cryptocurrency space that fosters cross-industry collaboration. Through BEA we can benchmark other industry players usage of blockchain and gauge best practices.

40%

year-over-year reduction in time to market for our GITeC innovations

45,000

SMBs joined our proprietary digital platforms

30,000

customers for Menu

"In these times, Z-Tech's goals expanded far beyond SMB digitalization and financial inclusion; we are now investing and developing technology that can help save businesses, livelihoods and communities."

Grace Gu,
Global Head, Z-Tech Impact Lab

Small to Medium Sized Business (SMB) Innovations

To better support our SMB partners including the pubs, restaurants and small retailers who sell and serve our products, we launched Z-Tech in 2019—focused on connecting SMB owners with digital platforms that will make their businesses more profitable and better their lives. This year, 45,000 SMBs joined our proprietary digital platforms and our Z-Tech team expanded activities from two to six countries.

As the need for digital solutions was brought to the forefront this year, our existing tech ventures Menu and MiMercado saw significant growth, substantially increasing their sales and active users. For example, Menu has seen 50% month-over-month growth in the last year, reaching 30,000 customers and partnering with over 150 sellers to sell over 100,000 products.

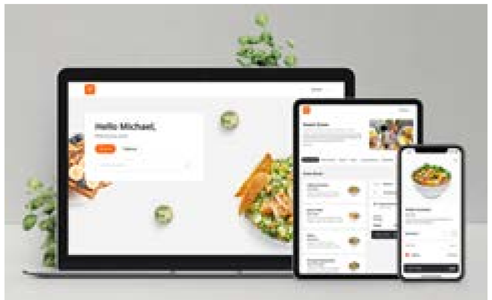
We are expanding our digital solutions to meet the critical needs of SMBs

To support SMB's urgent need for digital solutions during the pandemic, Z-Tech accelerated activities and expanded to two new areas: renewable energy and digital reservation management and ordering. The Get In App offers SMBs access to digital tools such as reservation management, remote waiting list, digital menus, contactless payment and delivery. Lemon Energy connects producers of renewable energy with SMBs to 'keep the lights on' sustainably—the project will provide renewable energy to more than 50,000 small shops, bars and restaurants.

Inspired by our other voucher work globally to help bars during the first months of the pandemic, our Bohemia beer brand created the "Ajude um Buteco," or "Help a Pub" platform in Brazil. By letting consumers purchase vouchers, it provided much needed cashflow to business owners. It was a true collaborative effort—our Z-Tech proprietary Fintech platform Donus enabled the payment processing method.

Additionally, we engaged in partnerships wih Fintech companies such as Konfio, Tienda Pago, Kiwi and KEO that in only the first year of the partnership extended over 20 million USD in emergency credit to SMBs in Latin America. These loans were offered to generate cash flow and working capital to help the SMBs recover from the pandemic, as well as sustain and grow their businesses.

Z-Tech innovations for SMB owners



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Beers for Heroes

In London, our Camden Town Brewery supported frontline healthcare workers by doing what we do best—brewing beer. We created a special edition lager called Heroes Lager, donating all proceeds to charities that support healthcare heroes during this difficult time. Camden Town also offered a free six pack of Camden Heroes Lager to all NHS workers as a way of saying thank you for all that they do. The results were incredible—all releases sold out within two hours, traffic to the website increased by 448% and most importantly, it brought joy to thousands of healthcare heroes in the UK.

900,000

number of monthly active users on our BEES platform increased from 19,000 to nearly 900,000 this year

Packaging Innovations

This year we made great strides in sustainable packaging innovations, from reducing the carbon footprint of our packages, light-weighting bottles and cans and developing new materials.

For example, the innovative new KeelClip™ uses recyclable paperboard to create a lighter weight pack. Its development has allowed us to eliminate all plastic rings from packaging on our UK beer portfolio, taking us one step closer to achieving our 2025 Circular Packaging Sustainability Goal. Along with decreasing our usage of plastic shrink wrap, this will eliminate 850 tons of plastic waste every year.

We are also developing sustainable packaging materials through upcycling existing ingredients and materials. Our sustainability team, in partnership with supply, is discovering new uses for spent barley such as barley straw labels set to launch in early 2021.

Retailer Innovations

We are deeply connected to our retail partners and aim to empower their success; therefore, we've developed BEES, a proprietary business-to-business (B2B) e-commerce platform. BEES provides retailers with convenience, seamless communication and, most importantly, enhanced business performance.

After a pilot in the Dominican Republic in 2019, we launched BEES in nine countries with plans to expand to 18+ countries in 2021. Currently 35% of annualized revenue is captured digitally through the BEES platform or EDI and we are seeing rapid adoption as we expand to more markets, with the number of monthly active users increasing from 19,000 to nearly 900,000 this year.

The BEES platform is available on iOS, Android and on the web. BEES has spent over 277 million minutes with our customers in the fourth quarter alone. This time has helped us understand who our customers are and how they interact with the platform. We are utilizing this data to identify and proactively solve customer pain points to drive further customer adoption and growth development.

In a world of digital transformation, we aim to not only comply with applicable data privacy laws, but also to ensure that our consumers, customers and employees' data are secured and processed in an ethical manner. By digitizing our relationships, we hope to better serve our retailers, saving them valuable time with more flexible and transparent delivery, optimizing their daily routine and assisting with data management.

Direct-To-Consumer (DTC) innovations

Our DTC business is designed to provide the best experience to consumers through franchised stores and e-commerce ventures. To accomplish this goal, our platforms offer convenience and leverage valuable data that allows us to stay one step ahead of emerging trends.

As a result of early investments over the last five years, our portfolio of ventures were ready to scale when consumer adoption increased. DTC businesses delivered an all-time high net revenue this year.

Our e-commerce platform Zé Delivery saw significant growth and is now operating in all 27 states of Brazil, with a proprietary technology to connect retailers to consumers. In one month Zé Delivery had the same number of orders than it had the whole of last year. Additionally, customer satisfaction remains very high, leading Zé Delivery to be the top ranked Brazilian delivery app in both the Google and Apple app stores, as we continue to fulfill our promise to deliver cold beer within an hour.

DTC's e-commerce is making progress in other markets as well. We expanded Zé Delivery into 7 new Latin American countries during 2020. In Europe, our owned beer e-stores are growing ahead of the market, highlighted by the accelerated growth of PerfectDraft, an all-in-one appliance that serves draught beer at home, delivering the ultimate beer experience.

The beer category experienced a fast acceleration in e-commerce and we were able to lead this growth and increase our online market share due to strategic partnerships with retailers across the globe.

Our retail business delivered convenience and proximity to consumers through our network of franchised stores, growing same-store-sales after resuming operations post-lockdown. In Mexico, Modelorama launched a home delivery platform, Modelorama Now, which is starting to expand in the main cities.

"When COVID-19 struck, our European commercial teams rapidly adapted our online offering to meet the quickly evolving new shopper needs. Thanks to this agility we were able to outperform the market and enjoy a few virtual beers along the way!"

Andy Logan, VP Global e-commerce

Our commitment to a better world

Brewing great beers depends on a healthy natural environment and thriving communities. We hope to create a better world for everyone, including the communities and ecosystems where we operate and where our colleagues and consumers live. To do that, we have developed ambitious goals to drive positive environmental impact and inclusive growth, because when our communities thrive, we thrive. Our initiatives align with the UN Sustainable Development Goals (SDGs) and support our commitment to build a company to last for the next 100+ years and beyond.

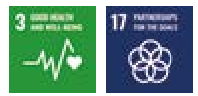
Our ambitions

- **Smart Agriculture**
  100% of our direct farmers will be skilled, connected and financially empowered by 2025
- **Water Stewardship**
  100% of our communities in high stress areas will have measurably improved water availability and quality by 2025
- **Circular Packaging**
  100% of our products will be in packaging that is returnable or made from majority recycled content by 2025
- **Climate Action**
  100% of our purchased electricity will be from renewable sources and we will reduce our carbon emissions by 25% across our value chain by 2025

- **Diversity & Inclusion**
  Promoting greater diversity and providing all colleagues with a fair and equal chance to succeed
- **Well-Being**
  Advocating for healthy workplaces and supporting the well-being of our colleagues
- **Workplace Safety**
  Keeping people safe every day by embedding a culture of safety throughout our value chain
- **Human Rights across our Value Chain**
  Respecting and promoting human rights in our operations and across our value chain
- **Entrepreneurship**
  Empowering small businesses and entrepreneurs across our value chain to help ensure their success

- **Marketing to Change Social Norms**
  Influence social norms and individual behaviors to reduce harmful use of alcohol by investing at least 1 billion USD across our markets in dedicated social marketing campaigns and related programs by the end of 2025
- **Voluntary Labeling**
  Place a Guidance Label on all of our beer products in all of our markets by the end of 2020*. Increase alcohol health literacy by the end of 2025.
- **No- and Low- Alcohol Beer**
  Ensure no- and low-alcohol beer products represent at least 20% of our global beer volume by the end of 2025
- **City Pilots**
  Reduce the harmful use of alcohol by at least 10% in six cities by the end of 2020 and implement the best practices globally by the end of 2025

* The guidance label will be implemented in those markets where there is not already government mandated labeling in place, and where it is permissible by local regulation.



Environmental Stewardship:

Together for a resilient environment

Now more than ever, it's critical to come together as one. In these uncertain times, we are reminded that climate change remains the single greatest challenge to the future of our environment and prosperity. We believe that effective partnership between nations, corporations, non-profits, and individuals is the key to mitigating and combatting the impacts of climate change. We are proud of the resilience of our business and our communities and the commitment we have shown to sustainable development.

Climate change has far-reaching impact on our business and the communities where we live and work. To better understand current and future scenarios, we are leveraging technology and partnerships to evaluate impact down to the local level and develop action plans accordingly. We are improving climate resilience through not only our Climate Action commitment but indeed as a result of all four of our 2025 Sustainability Goals, as we know that climate is closely intertwined with most aspects of environmental sustainability.

Metric	2025 Goal	2020	2019	2018	2017 (Baseline)
Total water use (in billion hl)	n/a	1.496Ⓐ	1.642Ⓐ	1.632Ⓐ	1.775Ⓐ
Water use by hectoliter of production (hl/hl)	2.50	2.70Ⓐ	2.80Ⓐ	2.95Ⓐ	3.09Ⓐ
Total GJ of energy (in millions)	n/a	55.2Ⓐ	61.4Ⓐ	61.1	61.4Ⓐ
Total GJ of energy purchased (in millions)	n/a	53.2Ⓐ	59.4Ⓐ	59.2Ⓐ	*
Energy usage per hectoliter of production (in Mj/hl)	n/a	99.7	104.6	110.1*	111.6Ⓐ
Energy purchased per hectoliter of production (in Mj/hl)	n/a	96.2Ⓐ	101.2Ⓐ*	106.8Ⓐ	*
Total direct and indirect GHG emissions (Scopes 1 and 2 in million metric tons of CO_2e)	n/a	4.71Ⓐ	5.36Ⓐ	6.03Ⓐ	6.18Ⓐ
Total direct and indirect GHG emissions (Scopes 1,2 and 3 in million metric tons of CO_2e)	n/a	28.37Ⓐ	31.8Ⓐ	31.21	32.35
Scope 1 and 2 GHG emissions per hectoliter of production (in kg CO_2e/hl)	4.77	6.50Ⓐ	6.92Ⓐ	8.04Ⓐ	8.55Ⓐ
Scopes 1, 2 and 3 GHG emissions per hectoliter of production (in kg CO_2e/hl)	44.5	53.13Ⓐ	55.3Ⓐ	57.0	59.4
% Renewable Electricity: Operational**	100%	31.2%Ⓐ	20.0%Ⓐ	16%Ⓐ	--
% Renewable Electricity: Contracted**	100%	70.6%Ⓐ	61.3%	50%	--
% Returnable Packaging	n/a	36.4%Ⓐ	40.9%Ⓐ	43.5%Ⓐ	46%
% Recycled Content in primary packaging					
Glass		43.2%Ⓐ	42.3%Ⓐ	41.4%Ⓐ	37%
Cans	>50%	57.6%Ⓐ	59.1%Ⓐ	58.9%Ⓐ***	59%
PET		26.0%Ⓐ	22.8%Ⓐ	15.7%Ⓐ	21%
Direct farmers skilled, connected, and financially empowered****					
Skilled	100%	76%	50%	--	--
Connected	100%	57%	45%	--	--
Financially Empowered	100%	60%	35%	--	--

Ⓐ **Assured Metric**
(please refer to External Assurance Report on page 55)

- Our goals and data as included in the table on water, GHG emissions per hectoliter of production and energy pertain to our beverage facilities only and do not encompass our vertical operations such as malt plants and packaging facilities.
- Total direct and indirect GHG emissions data encompass beverage facilities and most vertical operations, including malt plants and packaging facilities.
- Scope 1 accounts for 55% of our operational emissions and includes CO_2 equivalent (CO_2e) from fuel used in our manufacturing processes and in cogeneration plants that generate on-site electricity. Scope 2 accounts for about 28% and represents emissions from purchased electricity.
- Scope 3 emissions constitute estimates based on a mix of supplier-based numbers, global emission factors and assumptions. Data's main categories include: Purchased Goods and Services, Upstream and Downstream Distribution, Product Cooling (including on and off premise but excluding at home cooling), and End of Life. Around 50% of emissions are calculated with own data or data reported by suppliers through the CDP.

* In line with our new sustainability goals, energy reporting will shift to energy purchased versus energy usage. Energy purchased per hl aligns with our RE100 sustainability goal of offsetting 100% of our purchased electricity with electricity sourced from renewable resources. Energy purchased per hl was not reported for breweries acquired from SABM in 2017.

**For 2020, renewable electricity is reported by two metrics: operational electricity and contracted electricity. Our primary strategy is to help fund new build renewable electricity projects, and as these can take time to build, we believe it is important to report both metrics. The contracted electricity metric tracks the commitments we have already made to our 100% renewable electricity goal, while our operational electricity measures our actual annual realization.

*** 2018 Recycled content percentage in primary packaging for cans has been updated. The data correction has been done following the external supplier audits.

**** Smart Agriculture data is based on up-to-date estimates.

Smart Agriculture

Our ambition

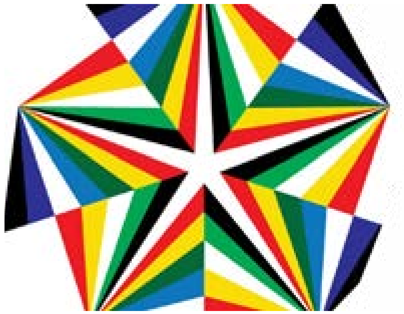
100% of our direct farmers will be skilled, connected and financially empowered by 2025.

Our approach

In 2020, 76% of our direct farmers met our criteria for skilled; 57% for connected and 60% for financially empowered.

As a global brewer, we depend on high-quality agricultural crops from thriving communities and healthy ecosystems to brew our beers. Across the globe, we see firsthand the impacts of climate change on landscapes and livelihoods, and at the same time know that agriculture can be part of the solution. Through collaboration and innovation, we are working to deliver economic and environmental impact to build a more resilient supply chain through pandemic support, soil health, analytics, technology and more.

We use the pillars of skilled, connected and financially empowered to define how we work with farmers. To track our progress and drive meaningful results for our agricultural value chain, we have developed an impact framework that uses standardized measurements while allowing teams to prioritize the environmental and socioeconomic impact areas that are most important within their local communities. This year the pandemic brought greater focus to the close link between environments and livelihoods in agriculture and further highlighted the need to invest in technology and partnerships to address challenges facing farmers in our value chain.



Utilizing partnerships to address soil health

Soil health is important for many reasons: it helps farmers improve productivity, protects water resources, and mitigates the impact of climate change. We are investing in soil health to help our farmers from around the world thrive – from their productivity to their efficient use of natural resources.

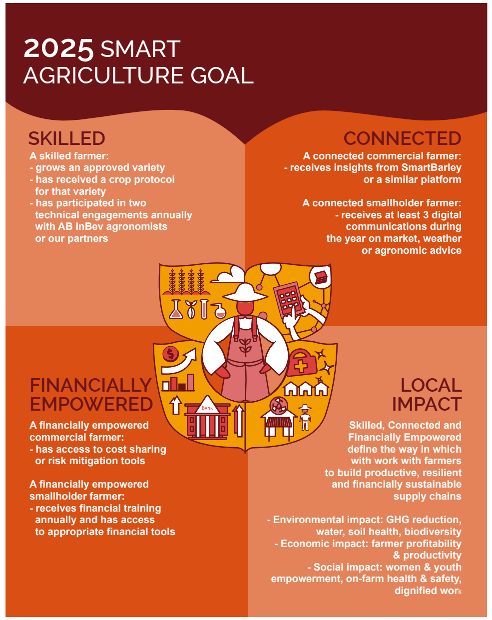
In July 2020, we expanded our existing water partnership with The Nature Conservatory (TNC) to include agricultural initiatives that address soil health, biodiversity and water stewardship across our agriculture supply chain. Together, we developed a framework for designing impactful soil health programs, which launched on World Soil Day in December 2020.

With the framework as a guide, our local teams are developing various ways to deliver soil health recommendations for farmers by offering technical support, sharing performance benchmarks, facilitating peer-to-peer networks, and building strategic partnerships to help incentivize adoption.

While the framework gives us the needed structure to continue building our approach, our teams are already taking steps to improve soil health:

- Partnering with Instituto Nacional de Tecnología Agropecuaria (INTA) and Soil Capital to train early adopter farmers in Argentina on regenerative agriculture practices, demonstrating how soil health and farm productivity go hand in hand.
- Working with the Sustainable Food Lab to harmonize the way we measure impact of and capture insights from our programs and scale the adoption of practices that improve our farmers' resilience.
- Experimenting with innovative methods for growing rice in the state of Arkansas in the US in partnership with Indigo Ag.
- Managing a model farm in the Western Cape of South Africa to research innovative practices to improve soil health.

We are proud to be featured in Fortune's Change the World 2020 rankings for our work supporting farmers in our global supply chain.



+500,000 USD
committed to support four university model farms in the US

Expanding our field-level analytics to support farmers

Our SmartBarley program provides data that enables our agronomists to help growers improve productivity. To further the impact of this innovation, we partner with Sentera to provide satellite and weather analytics to increase our support to farmers and further develop our models for predictive analytics. In 2020, we connected Sentera's Field Agent platform with SmartBarley, providing our agronomists with a tool that allows them to monitor farmers' fields throughout the season and provide timely advice during critical periods. An initiative that has been in the works since last year, this integration was timely. The satellite imagery and weather data provided through Field Agent enabled our agronomists to continue providing support remotely, as the pandemic limited our team's ability to be in the field with farmers.

Developing model farms to test sustainable practices

Farmers understand the importance of building resilience on their farms but often times are hesitant to adopt new practices because of the perceived risk. We have set up model farms in key markets such as South Africa and Mexico. These farms trial practices at scale and within the crop rotation to support improved soil health, reduced carbon emissions and improved water quality, and promote these practices with farmers in that region. To continue evolving our approach support adoption of sustainable practices, in 2020 we committed more than 500,000 USD to support model farms at four universities across our barley and rice sourcing regions in the US (University of Arkansas, University of Idaho, North Dakota State University, Montana State University).

Creating best practices for long-term success across our supply chain

We are continuing to build climate modeling to understand its impact on our supply chains and integrate a longer-term view into our strategies, including crop management, variety development and selecting regions for sourcing. We also worked to engage farmers in the US to improve on-farm safety as part of our work to embed Responsible Sourcing Policy for Farms into our direct supply chain.

Supporting farmers through the pandemic

Maintaining profitability can be a concern for many farmers globally, as farming is susceptible to environmental risk and shifting commodity markets, and this is even more of a concern for smallholder farmers. Early in 2019, we worked with TechnoServe, an international development nonprofit that connects small-scale farmers and entrepreneurs with private sector partners, to build a global toolkit to help support our teams in building strong smallholder programs. We worked to better understand the impact that COVID-19 was having in our smallholder supply chains, focusing one module in the toolkit specifically on COVID-19 and how our teams can assess impact and respond to the specific challenges faced in their community.

Our teams engaged with farmers throughout the year to understand challenges they were facing and kept our programs up and running to ensure that farmers had the ability to plant and sell their crops, continuing to provide agronomic advice and technical support during critical points in the crop season. We leveraged digital tools to provide technical support across both smallholder and commercial markets, distributed PPE at buying sites and provided logistical support to ensure a successful harvest season and delivery of crops.

Supporting farmers through the pandemic

Water Stewardship

Our ambition

100% of our communities in high stress areas will have measurably improved water availability and quality by 2025.

Our approach

100% of our sites located in high stress areas have conducted local outreach, analyzed the water challenges specific to their community and identified potential solutions—the first three steps of our seven-step watershed management process. In 78% of these sites, we have started implementation of solutions such as infrastructure improvements, ecosystem restoration and other nature-based solutions and improvements in water governance.

As a key ingredient in all our products, water is imperative to the success of our business. Water is also a critical resource for people, economies, and ecosystems around the world. Water and climate change are closely linked, with climate change impacting the availability and quality of water around the world.

Discover our Miparamo program

We are committed to being a part of the solution to the growing water challenges in areas where we operate. Every day, our teams are working to increase our water efficiency internally and partnering with local authorities, other water users, and like-minded organizations to achieve measurable improvements in water quality and availability in the communities where we operate.

Supporting water access during the COVID-19 pandemic to help local communities

The COVID-19 pandemic has made the necessity of clean water even more clear, as access to water for sanitation and hygiene is the first line of defense against the virus. In addition to continued progress against our water stewardship goal, we leveraged our capabilities to further increase water access during this unprecedented global health crisis.

Examples of our work to provide water to local communities this year include:

- Supporting the work of four water health centers and two automated water dispensing units in India to make water accessible for drinking and handwashing for 120,000 people.
- Providing eight truckloads—nearly 400,000 cans—of emergency drinking water to support COVID-19 relief efforts in Los Angeles, Massachusetts and New York in the US.

Using technology to optimize water efficiency in our operations

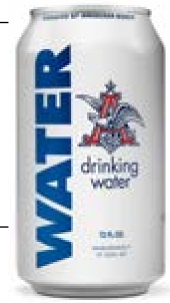
We continue to challenge ourselves to brew our beers at the highest level of water efficiency. Through innovative technology and process improvements, in 2020 we reduced our per hl water use to 2.70 hl/hl. One of the ways we are helping to increase our water efficiency is with the use of new technologies. This year we completed a pilot program with the supply team in Europe focused on using artificial intelligence to analyze water resource and utilization in our beer manufacturing facilities. The technology has the potential to pinpoint anomalies in our most problematic water lines, helping to reduce water usage in the brewing process.

2.70 hl/hl

in 2020 we reduced our per hl water use to 2.70 hl/hl

~400,000

cans emergency drinking water donated to support COVID-19 relief efforts in the US



Supporting projects to address water challenges in local communities

After the most recent drought in Cape Town, we worked with the World Wide Fund for Nature (WWF) to pilot a project which initiates a groundwater monitoring network. This work has already set in motion a growing network to help inform the management of groundwater abstraction in the greater Cape Town Area. Additionally, we launched a new water project in Zacatecas, Mexico with funding from the German Agency for International Cooperation (GIZ) through the prestigious DeveloPPP development grant, which will give us the opportunity to implement our project sustainably over the next three years.

We are also giving consumers the chance to contribute to our watershed protection efforts, with cause-based products such as Zalva, a water brand launched in Colombia in 2019 whose proceeds are used to protect the high Andean wetlands that serve as critical ecosystems for Colombia's water sources. This year, Zalva was honored with a 2020 World Beverage Innovation Award for ecosystem protection.

Partnering with organizations and experts to increase our impact

We know the global water challenge is bigger than any individual organization and we cannot do this work alone. This year we collaborated with members of Beverage Industry Environmental Roundtable (BIER) to participate in a watershed collaboration in the Municipality of Tlajomulco de Zuniga, Jalisco Mexico. The project will restore 21.5 hectares of land by planting native vegetation to increase ground water levels and reduce soil loss, improving water infrastructure and increasing awareness about the importance of water to healthy communities.

We are collaborating with peer companies to scale our impact even further. For example, we joined the Water Resilience Coalition, an industry-driven, CEO-led initiative of the CEO Water Mandate within the UN Global Compact. We also joined as a co-founder to elevate global water stress to the top of the corporate agenda and preserve the world's freshwater resources through collective action in water-stressed basins.

Circular Packaging

Our ambition

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

Our approach

As of the end of 2020, 74% of our products were in packaging that was returnable (Kegs and Returnable Glass Bottles) or made from majority recycled content (Cans portfolio with more than 50% recycled Content).

As the world's leading brewer, we care about the complete lifecycle of the packaging our products are packed in. We know that our packaging footprint is a significant contributor to our total GHG emissions, and we estimate that achieving our circular packaging commitment will contribute to approximately a 37% greenhouse gas emissions reduction that will help us achieve our climate action goal.

To bring us closer to our ambitious goals, we are reusing, reducing, recycling and rethinking our packaging. Through technological innovations, partnerships, 100+ Accelerator, Eclipse, and our brands, we are working to achieve our circular packaging vision.

Reducing packaging material volumes in our global supply chain

As one of the shorter loops in our circular packaging strategy, reduction plays an important role in our progress, contributing to the reduction of natural resources usage and the reduction of our scope 3 GHG emissions. Since our 2025 Sustainability Goals announcement in 2018, we have reduced approximately 18,000 tons of packaging materials globally.

One example of how we have reduced our packaging this year is in Germany, where we implemented a lighter bottle for Beck's. By reducing our packaging by 15g per bottle, we will eliminate 645 tons of material per year.

Reusing our packaging to champion the growth of circular economies

Returnables are the best example of zero-waste packaging. The majority of our bottles can be used up to 15 times and some can be used up to 100 times, reducing carbon emissions by nearly five times when compared to returnable glass bottles and one-way bottles. Although the pandemic impacted our returnable packaging mix, as we open markets we continue to drive returnable type of packaging. In 2020 we continued to promote our returnable volume in new markets, partnering with Conscious Container, a member of the 100+ Accelerator startup cohort, to pilot a returnable solution for Michelob ULTRA Pure Gold in San Francisco in the US.

Additionally, we continued to invest in returnables across markets. For example, in Mexico we are working with waste collection companies and Modelorama stores where we aim to increase the return rate of our bottles. In Colombia, we launched a program in partnership with Nomo and BanQu to collect one-way bottles and give them a second life in our bottling lines, while also helping to improve the working conditions and livelihoods of recycling collectors.

Due to pandemic lockdowns, as bars and restaurants had to shut down, there was a significant impact on our returnables solutions such as kegs and returnable glass bottles that are typically utilized at points of consumption. As an attempt to address this new challenge, we utilized our e-commerce platform in Brazil, Zé Delivery, as a way to sell returnables directly to consumers.

74%

of our products were in packaging that was returnable (Kegs and Returnable Glass Bottles) or made from majority recycled content (Cans portfolio with more than 50% recycled Content)

Learn more about our circular packaging initiatives

18,000 tons

since the introduction of our 2025 Sustainability Goals, we have reduced 18,000 tons of main packaging materials globally

Recycling to drive environmental and economic impacts

One of the 100+ Accelerator startups, Green Mining, expanded its operations this year, using reverse logistics technology to collect and recycle glass in Brazil. Since 2018, they have collected and recycled over 1,000 tons of glass—saving 180 metric tons of carbon from being generated. In March, they partnered with the supermarket Pão de Açúcar to create glass waste drop-offs at stores, another successful initiative that has already expanded.

We continue to evolve our recycling programs through work with strategic partners such as Henan Zhongfu Industrial Company, who implemented a new UBC (Used Beverage Container) Recycling Facility in China. We estimate that this facility will bring additional recycling capacity supporting our efforts to increase recycled content in the region.

In Korea, we began using 100% recycled material in our Cass Fresh Beer corrugated boxes for the first time. Consumer response to the initiative was positive, with surveys reinforcing that consumers expect purpose-driven brands.

Rethinking the possible to drive reduction

We are continually evolving our innovation pipeline to reduce the carbon footprint of our packages and light-weighting bottles and cans while also developing new and sustainable materials. In Europe we delivered on our commitment to eliminate all plastic rings from packaging on our UK beer portfolio, with the launch of our KeelClip™ packaging innovation. Along with decreasing our usage of plastic shrink wrap, this will eliminate 850 tons of plastic waste every year.

100%

recycled material in our Cass Fresh Beer corrugated boxes

Our efforts towards more sustainable packaging go beyond primary packaging—we are also rethinking our secondary packaging. For example, in India we piloted an innovative material produced from brewing our by-products that degrades in the environment. We plan to further roll out the innovation in 2021.

Examining the impact of the pandemic on our Circular Packaging goals

Our recycled content goal was impacted this year by the COVID-19 pandemic, and it has revealed the fragility of recycling systems across the world and reinforced the necessity of investing in building infrastructure and resilience. Some projects had to be delayed due to the pandemic, for example, a recycling UBC plant project in China.

Lockdowns impacted sorting operations as well as collection rates. The shift in consumption from returnable to one way packaging solutions has impacted both glass and cans recycled content in the short term, increasing the amount of waste being generated. Furthermore, the closure of the on-premise channel reduced the use of returnable glass and kegs.

Waste collectors are critical to the recycling infrastructure, helping gather recycled content and increase percentage year over year. To help support waste collectors and aggregators participating in our Circular Packaging programs throughout the COVID-19 pandemic, we partnered with local governments and others to provide educational health information, deliver personal protective equipment (PPE) and donate food packages. In Zambia, in addition to giving briefings on preventative safety measures, we distributed hand washing stations, PPE and hand sanitizer to aggregators and recycling collectors from the Manja Pamodzi recycling program. Additionally, two of the startups from our 100+ Accelerator, Nomo Waste and BanQu, joined forces to create the Return Home Project in Colombia, which used digital tools to conduct an impact study and define the best way to support waste collectors. This included the distribution of PPE, awareness trainings and mobilizing the community to provide financial support to those who lost income during the lockdown period.

850

tons of plastic waste eliminated every year with the launch of our KeelClip™ packaging and decreased usage of plastic shrink wrap

Climate Action

Our ambition

100% of our purchased electricity will be from renewable sources and we will reduce our carbon emissions by 25% across our value chain by 2025.

Our approach

Today, 70.6% of our purchased electricity volume has been contracted to transition to renewable electricity and 31.2% of this volume contracted is already operational, bringing additional renewable capacity to global grids across the world. Our renewable electricity strategy aims to bring additionality and reduce impact of climate due to electricity generation.

Since 2017, we have reduced our Scope 1 and 2 emissions by 24% in absolute value and reduced 10.4% our GHG emissions per hectoliter across our value chain (Scopes 1, 2, and 3).

Understanding that climate change is perhaps the most pressing issue facing our company – and the world – we aim to build climate resilience by committing to transition our global operations to 100% renewable electricity and reduce our emissions by 25% across the value chain.

Meeting these science-based targets will mean our global emissions will be consistent with avoiding an increase of global temperature to below

1.5 Celsius, as per the recommendation issued by Intergovernmental Panel on Climate Change (IPCC). We are committed to reduce absolute scopes 1 and 2 GHG emissions by 35% by 2025 from a 2017 base year, in line with the 1.5 degrees pathway. Furthermore, we commit to increase annual sourcing of renewable electricity from 7% in 2016 to 100% by 2025. We also commit to reduce emissions across the value chain (Scopes 1, 2 and 3) by 25% per beverage by 2025, from a 2017 base year.

We are working to maintain energy efficiency during the COVID-19 pandemic

The COVID-19 pandemic brought on significant challenges. In regions most affected, our brewery teams reduced the baseload energy usage of our plants. From these learnings we have been able to reduce our fixed energy usage by an estimated 40% in regions most impacted by COVID-19.

Reducing carbon emissions in our packaging

We are utilizing partnerships and innovation to reduce the carbon emissions in our packaging, currently the largest contributor of emissions by sector in our value chain compared to all other segments within the operational boundary and Scope 3 categories in scope. This year we formed a partnership with Rio Tinto to deliver a new standard of sustainable aluminum cans in the US. The low-carbon aluminum is produced with renewable hydropower, offering a potential reduction in carbon emissions of more than 30% per can compared to similar cans produced using traditional manufacturing techniques. The first pilot is expected to go live in 2021 with a Michelob ULTRA low carbon can. The partnership will also utilize outcomes from the development of ELYSIS, a disruptive low carbon aluminum smelting technology.

Working with suppliers to drive results

To scale and accelerate our impact we are working with our supplier base to encourage sustainable practices. 2020 marked the second year of operation for our Eclipse platform, which enables us to collaborate with our suppliers on projects that address critical shared sustainability issues. To further build on our progress, this year we also announced the launch of Eclipse Activate.

70.6%
of our purchased electricity volume is under contract from renewable sources

~7 billion
bottles of Budweiser were brewed with 100% renewable energy this year

Facilitated by Guidehouse—a leader in energy, sustainability and infrastructure consulting—the program will leverage working groups dedicated to ongoing planning and implementation of projects to reduce carbon emissions. To kickstart supply chain collaboration in Brazil, we hosted a virtual event that was recognized by the UN Global Compact Brazil Chapter as a best practice.

In addition, we were able to stay close to our suppliers throughout the pandemic through our series of webinars where we touched on topics such as renewables and Scope 3 accounting and invited experts to share their knowledge. These webinars are now live on Eclipse for the public to view, with the aim of providing educational tools to our value chain partners.

Explore our Eclipse platform

Using our brands to advocate for sustainability

Our work to reach our sustainability goals also extends to our brands. This year Budweiser served as a representative at the World Economic Forum Annual Meeting in Davos, covering how the private sector can make an impact on our climate emergency. Budweiser has been an ambassador of renewable energy, producing nearly 7 billion bottles of beer with the 100% renewable energy symbol this year. By placing the RE 100 logo on each bottle, Budweiser aims to champion products that are produced in a more sustainable way and give consumers the power to choose lower-carbon products.

Reducing the carbon footprint of our fleets

In 2020 we continued our transition to more sustainable fleets by using low-carbon fuel technologies. We recognize that solutions need to be local and we are continuously looking for alternative ways to reduce emissions in our logistics supply chain. We continue investing in mileage reduction, load optimization and exploring partnerships to reduce empty mileage. We have started transitioning to alternative fuels by scaling pilots we started in past years.

In China we rolled out the use of 5 hydrogen electric fuel trucks after a successful pilot in 2019. In the US, we were recognized by Greenbiz for our work implementing 20 electric trucks with BYD in the state of California and the announcement to replace long-distance haul trucks with vehicles using Renewable Natural Gas in the states of Missouri and Texas. We also began the electrification of our fleet in Colombia, Mexico, Dominican Republic and Panama.

Utilizing renewables to support our retailers

19.7% of our GHG emissions are generated on the trade, where we estimate over 11.5 TWh of electricity is utilized to provide our consumers with quality, cold products for consumption. In 2020 we started to implement our learnings from our renewable electricity projects on our downstream value chain. In Brazil, in the region of Minas Gerais, we are piloting a solution with Lemon Power, a Sao Paulo based company that connects producers of renewable energy with small and medium-sized

24%

we have reduced our Scope 1 and 2 emissions by 24% in absolute value and 24% in intensity ($kgCO_2e/hl$) since 2017

businesses (SMBs). Through this agreement, we are able to act as intermediary and provide a renewable and less costly electricity solution to our retailers. In 2021, we expect to reach 1,000 points of sale. We are piloting a similar solution in Mexico through Modelo Power where we are installing solar panels on the roofs of the Modeloramas across the country.

100+ Accelerator

In the two years since launching the 100+ Accelerator, the startups with which we work have created impact worldwide and helped us become more sustainable, innovative and transformative. So far the 100+ Accelerator has worked with 36 startups from over 15 countries, with more than half of the startups securing long term contracts with our company and attracting over 200 million USD in capital from investors.

Despite the effects of the pandemic, this year we renewed our commitment to finding the most innovative solutions to help us make progress towards our 2025 sustainability goals. After receiving over 1,200 applications, we welcomed 17 diverse startups from 13 different countries into our 2020 cohort. In December, 13 startups presented their pilots during a Demo Day, including:

- **Shianco** - uses the rice husk from our suppliers to produce agiowood - an innovative material in which rice husk replaces the use of wood, providing a closed-loop solution that helps our suppliers decrease carbon emissions from burning rice husk. In 2020, we launched a newly decorated Sustainability Meeting Room in our Budweiser APAC Shanghai Office using the material.
- **Nomo Waste** - a waste management and recycling solutions company based in Colombia that is working to collect and return glass bottles that get “lost” in the supply chain and bring them back to breweries or suppliers for reuse and recycling.
- **OKO** - a mobile-based company that empowers farmers by providing crop insurance at an affordable price to provide protection from environmental risks like droughts and/or excessive rainfall.

The program continues to receive global recognition—the 100+ Accelerator was named one of the 10 most inspiring accelerator programs in the world by Clique AI, a Tel-Aviv based CRM platform that connects the global innovation and tech ecosystems. The 100+ Accelerator startups have received grants and/or investments from Horizon 2020, 43N and Sustainable Development Canada, and have begun to share success cases of the startups with companies in other sectors, peers and competitors to help them address their own sustainability challenges.

13

startups presented their pilots during our 100+ Accelerator Demo Day in December

10.4%

$kgCO_2e/hl$ vs 2017 on the total scope 1, 2 and 3 emissions

Smart Drinking:

Reducing the harmful use of alcohol

No stakeholder commitment is more critical than our role in addressing the harmful use of alcohol. We fulfill this commitment through a range of efforts that include responsible marketing and communications, changing social norms in markets around the world, identifying evidence-based interventions to reduce the harmful use of alcohol that can be scaled around the world, empowering consumers with information and choice, and focusing on road safety.

Watch the Reinventing Drinking interactive video

Responsible Marketing

Marketing is an indispensable part of our business. Doing so responsibly is at the heart of our marketing.

We adhere to our Responsible Marketing and Communications Code. Consumers can read more about smart drinking behaviors on our website. We also count on our own colleagues as Smart Drinking Champions. Every year, we participate in the Global Be(er) Responsible Day (GBRD) to promote responsible alcohol consumption.

In addition to our own efforts, we continuously seek effective partnerships. As a member of the International Alliance for Responsible Drinking (IARD), we engaged with academic institutions and public health bodies in four virtual dialogues covering topics such as e-commerce and influencer marketing standards with wide geographical representation. We also facilitated a partnership between IARD and Google to introduce a new feature that lets consumers have greater control over whether they see alcohol ads.

www.tapintoyourbeer.com

Responsible Marketing and Communications Code

Marketing Campaigns

Our ambition

Invest 1 billion USD across our markets in dedicated social marketing campaigns and related programs by the end of 2025.

Our approach

Social Marketing Theory is a new and exciting front in public health. We are harnessing our company's creativity to this emerging concept and partnering with others to further the entire field. Our brands share the purpose of reducing harmful consumption of alcohol, and their social marketing campaigns are promoting behavior change connected to that purpose in a sustained way.

Our progress & lessons learned

Since 2015, we have launched over 80 campaigns to change social norms.

By using the primary and secondary packaging of our products, we are communicating actionable messages that influence behavior change to put us on track to achieve the goal by 2025.

Beginning in 2018, we implemented an Annual Social Marketing Competition that has collectively received 105 submissions from more than 30 countries to date and led to the creation of iconic Cannes winning social norms marketing campaigns, such as Aguila's Abuse Disclaimers (2019 Cannes Silver Lion Winner). Winning campaigns from this competition also included initiatives from Aguila in Colombia, Harbin in China, Poker in Colombia and Skol Beats in Brazil.

Funding for these campaigns is supported through our internal Better World Media Investment Policy that requires a minimum of 3% of our annual media buying budget be invested in Smart Drinking Campaigns. To help ensure that our marketing campaigns are informed by social norms marketing principles, we created a Social Norms Marketing Toolkit in 2018 with McCann Global Health that we use to train our brand teams every year.

In 2020, our brands developed more than 20 Smart Drinking campaigns. During the COVID-19 lockdowns, we promoted Smart Drinking behaviors with social marketing campaigns such as #WePlayThisMatchatHome from Aguila in Colombia, #SomosResponsables by Quilmes in Argentina and #NoExcuse in South Africa.

City Pilots

Our ambition

Reduce the harmful use of alcohol by at least 10% in six cities by the end of 2020. Implement the best practices globally by the end of 2025.

Our approach

In December 2015, we launched City Pilots in 6 markets - Leuven, Belgium; Brasilia, Brazil; Jiangshan, China; Zacatecas, Mexico; Columbus, Ohio, United States and Johannesburg, South Africa. In each city, a Steering Committee was formed with local stakeholders to select programs to implement and manage execution of those programs, as well as ensure coordination of all partners involved.

In these programs, we rigorously collect, analyze and act upon data. That is why we engaged with HBSA, a supporting organization of the Pacific Institute for Research and Evaluation, to oversee the measurement and evaluation of the City Pilot program. HBSA has developed a groundbreaking evaluation design that it is applying across City Pilots and their respective interventions. What is unique about this methodology is that it helps to understand which aspects of the harmful use of alcohol are more prevalent in a community and develop interventions in those areas where the biggest impact is needed.

Our progress & lessons learned

Since 2016, we have tested 29 different programs within our City Pilots which allowed us to identify best practices on community-based interventions to reduce underage drinking, improve road safety, increase alcohol screening, reduce binge drinking and encourage enhanced responsible beverage service. Early in 2020, before the disruption brought on by COVID-19, two of these city pilots – Zacatecas, Mexico and Brasilia, Brazil – were expected to achieve a 10% reduction by end of 2020. Leuven, Belgium; Johannesburg, South Africa and Columbus, Ohio (US) were expected to achieve a 10% reduction by 2022.

We will take the learnings from these City Pilots to adapt and scale the best practices in other cities.

Voluntary labeling

Our ambition

Place a Guidance Label on all of our beer products in all of our markets by the end of 2020. Increase alcohol health literacy by the end of 2025. The guidance label will be implemented in those markets where there is not already government mandated labeling in place and where it is permissible by local regulation.

Our approach

We engaged researchers at Tufts University School of Medicine to develop Alcohol Guidance Labels that could be used by any beer, wine, or spirits company. These guidance labels promote alcohol health literacy by including messages on actionable advice about how to avoid harmful use.

These messages include:

- Actionable advice such as “Don’t drink and drive” or “Eat before or while drinking alcohol”
- Three visual icons to prevent underage drinking, drinking while pregnant and drunk driving
- A link to a consumer information website
- Legibility requirements covering text orientation, font size, contrast, frame, size, relative positioning, place and iconography
- % of Alcohol by Volume (ABV)

Our progress & lessons learned

To date, we have implemented guidance labels on 81% of our beer volume in more than 20 countries where there is no existing regulation on the matter. The remaining 19% will be executed in 2021. As stock rotates, consumers will gradually see more and more of these labels in market.

Altogether, 90% of our global beer volume is now covered by some type of alcohol guidance label (either government-mandated or voluntary).

No- and Low-Alcohol Beer

Our ambition

Have no- and low-alcohol beer (NABLAB) products represent at least 20% of our global beer volume by the end of 2025. No-alcohol beer contains 0.5% alcohol by volume or less, and low-alcohol beers contain 3.5% or less.

Our approach

We have experience and expertise serving beer drinkers and consumers around the world. We are confident that there is an opportunity for no- and low-alcohol beers, as well as other beverages, to satisfy emerging consumer trends connected with health and well-being, and align them with our agenda that seeks to reduce harmful consumption. Our approach involves gaining insights relating to consumer preferences, developing, testing, and refining products, building the appropriate supply chains and distributions to put those products in front of consumers, and delivering marketing campaigns that attract consumer interest.

Our progress & lessons learned

To date, we have launched no-alcohol beers in many of our key markets, including the US, Brazil, Mexico, Colombia, South Africa, Canada, Belgium, China, Argentina and the UK. Over 60% of our markets now have no-alcohol beers in their portfolio. We also have introduced new low-alcohol beer products in a number of countries including Mexico, Canada, South Africa and multiple European markets.

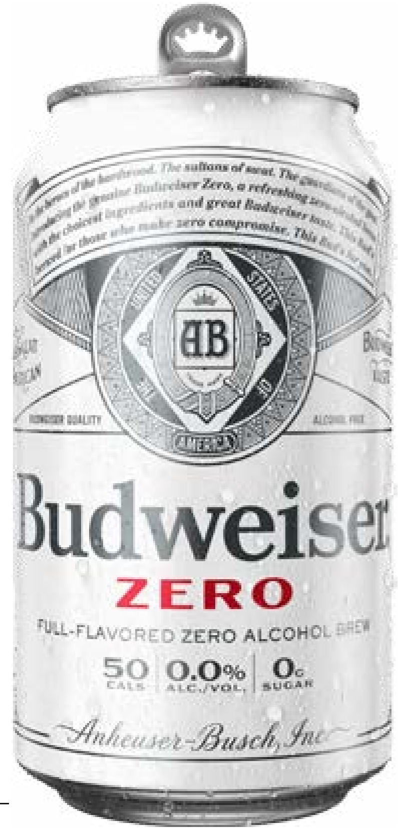
Today, AB InBev is the world's largest producer of NABLAB, with a portfolio of more than 80 brands.

In 2020, we produced 32 million hectoliters of these products, more than the total annual beer consumption in Colombia. Altogether, our NABLABs accounted for 6.58% of our beer volume in 2020.

In 2020 we launched Budweiser Zero across five markets, and launched Stella Artois Alcohol Free in the UK and Belgium. These launches were complemented by the introduction of zero-alcohol variants for some of our largest core brands, like Cass 0.0 in Korea and Quilmes 0.0 in Argentina, among others.

Notwithstanding this progress, we are not on track to meet our goal for no- and low-alcohol beers to represent 20% of our volume by 2025. We are learning the appropriate lessons and incorporating them into our go-forward efforts. These include better understanding the opportunity and identifying alternative solutions such as:

- Liquid optimization in selected existing products when aligned with consumer preferences
- Product innovations that give consumers an option to migrate from higher alcohol content categories into lower alcohol content ones



80+

no- and low- alcohol beer brands in our portfolio

Road Safety

Our ambition

Contribute to the UN Sustainable Development Goal (SDGs) of reducing road traffic injuries and deaths by 50% by 2030.

Our approach

We have developed a scientifically rigorous, data-driven approach to confront this chronic problem. For example, five years ago in Sao Paulo, Brazil, we embarked on a project to collect all available data related to road safety from multiple organizations. This included time and location of crashes, weather conditions, quality of road infrastructure and data from hospitals, among others. Using the same data analytics tools we use to improve our business processes, we created an algorithm to identify accident hotspots and underlying variables that were contributing to crashes. The data was presented to local government officials who were then able to undertake a range of actions to combat these factors.

This same commitment to a rigorous, evidence-based approach underpins our support for measures such as the deployment of high-visibility enforcement patrols, public education and awareness campaigns and the use of technologies such as ignition interlocks and alcohol detection systems. Additionally, we support the enactment of mandatory blood alcohol content (BAC) limits in every country. We agree with the World Health Organization that a 0.05 BAC limit is generally considered to be the best practice at this time; and we defer to governments to determine the appropriate mandatory BAC limits in their respective jurisdictions.

Our progress & lessons learned

As a direct result of the data-driven approach we piloted in Sao Paulo, road fatalities in that city were cut by 16% from 2015 to 2019, with more than 1,000 lives saved. This approach has now been adopted at the federal level across Brazil, and is being scaled to Zacatecas, Mexico, Gurugram, India and Shanghai, China.

In addition, in January 2018, we announced a two-year partnership with the United Nations Institute for Training and Research (UNITAR), with the purpose of making the methodology developed in Brazil available to any local government worldwide. Together in 2019, we launched the Management Practices for Safer Roads Toolkit, in which UNITAR improved our methodology by including its trainings. In January of 2020, we renewed our partnership with UNITAR for two more years at the World Economic Forum (WEF) in Davos, Switzerland, so the methodology could be part of its curriculum in 20 training centers around the world. We have continued to make significant progress on our Road Safety Toolkit with new translations of the toolkit and the introduction of an app.

Mr. Nikhil Seth, United Nations Assistant Secretary-General and Executive Director of UNITAR and our CEO, Carlos Brito, during the signing ceremony in Davos, Switzerland, during January 2020.

#togetherforbetter

Evolving the AB InBev Foundation

In July 2020 the AB InBev Foundation expanded its scope to focus not only on the reduction of harmful consumption, but also on the support of the broader set of UN SDGs.

In 2020, the Foundation launched the COVID Community Fund to fund multi-stakeholder initiatives to support COVID-19 response and recovery. Also, in partnership with HBSA, the third party evaluator of the Global Smart Drinking Goals (GSDG) initiative, we launched the GSDG Data Library—an independent, external warehouse designed to make all the outcome data sourced in pursuit of the Foundation's programs available to the public.

AB INBEV FOUNDATION

Visit www.gsdgdatalibrary.org to learn more.

Inclusive Growth:

Together for more resilient communities

Our efforts to build a better world go beyond environmental sustainability. Our success as a business is closely linked to the talents of a diverse workforce, the products and services of small suppliers, the millions of shops, bars and restaurants that serve our products and a diverse consumer base around the world.

We believe that at its core, inclusive growth is about fairness, decency, and long-term sustainability. Our approach to diversity and inclusion, colleague engagement, human rights, smart drinking and workplace safety all highlight our role in helping to build communities that are fairer and stronger.

Our People - Diversity & Inclusion (D&I)

Our ambition

Continue fostering an inclusive workplace so that underrepresented groups across our different markets are not only represented but can succeed in our business.

Our approach

Our company must be an inclusive and diverse workplace where everyone feels they belong no matter their personal characteristics or social identities, such as race and ethnicity, nationality, gender identity, sexual orientation, age, abilities, socioeconomic status, religion and others. Our greatest strength is our people, and we support every individual excelling.

- We strive to be an inclusive workplace with equal opportunity. Everyone at AB InBev should feel comfortable, confident and respected to bring their authentic selves to work every day and to grow at the pace of their talent.
- We aim to make our company as diverse as the communities we serve, enabling us to create solutions with our brands and services to best meet their needs.
- We dream bigger and better when we are together. We promote the diversity of teams and different perspectives that bring innovative ideas to deliver and transform our business.
- As owners, we are all responsible for D&I. D&I must be embedded into how we think, behave and operate. Everyone at our company has the responsibility to champion an equitable workplace and root out discrimination of any kind.

	2020	2019	2018	2017
Number of nationalities represented in our overall workforce	121	123	122	122
Number of nationalities represented in our global headquarters	54	55	54	48
Percent of women in our overall workforce	19%	19%	18%	18%
Percent of women in our salaried workforce	32%	31%	30%	30%
Female representation among our top five leadership levels	24%	22%	20%	19%
Female representation among our top three leadership levels	14%	12%	11%	10%

121

number of nationalities represented in our company

To deliver on our firm and unwavering commitment to meritocracy, an equitable, diverse and inclusive culture is essential.

Our D&I strategy focuses on bringing people together for a better world through our people, workplace, marketplace, value chain and communities, because a diverse company is critical to connecting with consumers and driving business performance and innovation.

In order to build a more inclusive culture where everyone feels comfortable to speak up, share ideas and take risks, we invited all senior leaders in the company to participate in a psychological safety training. Combined with our continued focus on attracting diverse talent and implementing inclusive policies, such as our Global Domestic Violence Leave Policy that was launched in 2020, we continue our focus on creating greater diversity and providing all colleagues with a fair and equal chance to succeed. We believe in equal pay for equal work. Anheuser-Busch was proud to be the first major brewer to sign the White House Equal Pay Pledge. Following the review of 2018 and 2019 data in the United States, looking at both gender (women compared to men) and race (minorities compared to non-minorities), and adjusting for variables such as time in position and location, we found no statistically significant differences in compensation. We are proud of our work to date, and are expanding this assessment globally.

We are building a culture of diversity and inclusivity

During 2020, we launched our Global Diversity and Inclusion Council chaired by our CEO. The D&I Council is dedicated to collaborating on high impact decisions and championing D&I at the highest levels of the organization. In addition, each of our zones has implemented local D&I councils comprised of senior leadership.

Empowering and advancing women in our workplace

One way we are helping to amplify diverse perspectives is by empowering women in the workplace. We are working to diversify our talent pool through our Global Management Trainee (GMT) Program and Global Management Business Administration (GMBA) program. In 2020, our GMT class was made up of 52% women and 48% men, including participants from 29 nationalities and 120 schools. Our 2020 GMBA class was made up of 52% women and 48% men, including participants from 11 different nationalities and 19 business schools.

This year marked the launch of our first Global Women's Executive Leadership Program for 48 senior women leaders in the company. The 8-month immersive, highly personalized program was designed to drive real impact in the career outcomes of women in our company and accelerate our progress on women's representation.

We invested in the development of an additional 150 women leaders across 18 countries with the BetterUp Coaching program. The program launched in April 2020 to provide coaching and support amidst the COVID-19 pandemic with 1:1 personalized coaching and access to specialists giving on demand support on topics such as remote work, stress management and work/life balance.

Additionally, in January 2020, we published a global thought leadership report in partnership with Business Fights Poverty, CARE USA and Stanford University VMware Women's Leadership Innovation Lab on Engaging Men as Allies for Gender Equality. The study explores how businesses and organizations have a unique opportunity to positively influence gender norms at scale and advance gender equality across the value chain by effectively engaging men as allies.

We are committed to a better world for all

Events of the past year have brought to light the sadness, pain and frustration felt by many because of long-standing racial inequality and social injustice. Throughout this time, and always, we stand with our colleagues and our communities, especially our black colleagues, customers and consumers. While no one has all the answers to combat racism and inequality, we have the ability to use our platform and influence to inspire change.

We know it takes hard work and time, and we are committed to accelerating our progress, listening and learning to our people, partners and communities. Some of our initiatives to date are:

In the US we:

- Established the Natalie Johnson Scholarship in partnership with Budweiser, Dwayne Wade and the UNCF to increase the diversity of the beer industry.
- Contributed over 2.4 million USD in 2020 in support of community organizations that champion civil rights and economic opportunity for underrepresented communities.
- Launched a Leadership Accelerator program aimed at early-career talent from underrepresented groups.

In Brazil we:

- Created a committee with renowned black professionals in the market and Ambev leaders to help expand representation and raise awareness in Ambev.
- Increased the number of interns invited to Representa, an internship program giving young talent access to scholarships, mentoring and business courses, plus psychological, legal and financial support.

We know there is more work to be done, more conversations to be had and more listening to do in order to ensure the actions we take are meaningful. Our better world commitment is a commitment to play our part in building a better world not just for some, but for everyone.

Our People - Well-being

Our ambition

Foster workplaces to support the well-being of our colleagues and enable them to thrive

Our approach

Colleague well-being is critical to our business and is a key component of our overall benefits strategy as it has significant impact on talent attraction and retention, engagement and cultural adaptability. We aim to foster an environment in which colleagues are able to be proactive in their own well-being and develop mindsets and behaviors to support them in navigating challenging times. We also work to enable professional communities within our company to collaboratively support each other's health and well-being. We seek to contribute to improved colleague perception of value through enhanced engagement and connectivity to the company. Finally, we use a multi-pronged communications strategy to raise awareness and understanding of company-provided well-being programs.

Virtual happy hours created opportunities to come together, celebrate, learn and have fun. They also helped us mark important events, with themed gatherings dedicated to Global Beer Responsible Day where we engaged our no- and low- alcohol beer brands and Pride Month where we celebrated the LGBTQ+ community. On International Beer Day, we organized an online experience that celebrated beers from all around the world through entertaining talks, beer education, tasting, music and more.

This year we rolled out our Global Well-being Framework to all our zones, establishing four pillars of well-being: physical, behavioral, financial and social. The framework and its pillars underscore the recognition that our people grow and thrive in an environment where they are challenged to be their best selves, empowered to make decisions and feel.

Offering digital trainings and expanded resources for our people

To provide support to our colleagues during a year of unprecedented challenge, we introduced weekly pulse surveying to listen and respond quickly to feedback. As a result, we hosted webinars and provided resources on critical topics including how to successfully work remotely, navigating uncertainty, parenting during COVID-19, stress management and more. To promote connectivity even when far apart, we facilitated virtual town halls and happy hours.

We also pivoted our unconscious bias training prior to annual performance reviews to help our managers build situational awareness and recognize potential biases that may occur during the pandemic.

Supporting the well-being of our colleagues

In 2020, we introduced a new Global Domestic Violence Leave Policy to create a more inclusive and safe work environment for colleagues who are victims of physical, sexual or psychological violence and abuse. This policy makes it easier for our people to confidentially report and seek support when experiencing or recovering from domestic violence taking place inside or outside the workplace.

The aim is to help colleagues to safely stay in their jobs and progress in their careers by providing support where possible such as temporary adjustments to work tasks, flexible working hours, paid leave, and referrals to specialists and counseling.

Maintaining engagement

To help foster a culture of ownership and increase colleague satisfaction, we place a strong emphasis on engagement. Every year we use surveys to measure engagement and identify gaps where we can improve. In 2020, our colleagues' satisfaction and sense of pride in working at AB InBev remained strong. We are proud to report that we saw a 3 percentage point (pp) increase in our Employee Engagement Index from 2019. It is encouraging to see an increase in all four dimensions of our Global Employee Engagement Index - satisfaction (+1pp), pride (+1pp), commitment (+4pp) and advocacy (+4pp).

For the second consecutive year, Willis Towers Watson has designated AB InBev as a High Performance Organization because we achieved both outstanding financial performance and exceptional employee engagement.

Our People - Workplace Safety

Our ambition

Embedding a culture of safety throughout our value chain

Our approach

The health and safety of our colleagues is always our top priority. We work vigorously to achieve high standards of health and safety in our offices, breweries, facilities and throughout our value chain. This year a top priority was on colleague safety and well-being throughout the pandemic. We have implemented precautionary measures to ensure that working environments meet or exceed guidelines from the World Health Organization and local governments. We evaluated best practices and created protocols around personal protective equipment, testing, social distancing, temperature checks and cleaning requirements, then cascaded the approach across our zones.

We are committed to a safe return to the workplace

At the outset of the pandemic, we created a Global Return to Workplace team that worked across zones to allow for the safe and effective reopening of our office environments, breweries, distribution centers and other facilities, while staying true to our commitment to put our people first.

We established global guidelines for returning to the workplace, including adhering to the guidance of local governments and health departments, limiting the number of colleagues at each location, and providing trainings to follow safety procedures when on site. We recognize that during 2020, the pandemic impacted our workforce in difference ways and our people have had different needs and concerns. We have therefore adopted flexible work options when possible in response to the changing and varied local circumstances.

Our teams worked closely across the world to support our people as they returned to work. Notice periods were given to prepare for returning to the workplace, with a gradual and staggered approach. Each location took site-specific actions including security measures, social distancing signage, tools for hand sanitation and access to PPE such as masks and testing. As the situation continues to evolve, we remain committed to a safe and flexible return to work plan.

We continue to build a culture of safety

Despite the COVID-19 challenges, we remained focused on other safety priorities such as a global electrical safety program, violence prevention programs and road safety programs. We pivoted

"The COVID-19 pandemic has proved to me that AB InBev genuinely considers its people as the foundation of the business. The availability of PPE and how the business ensured every colleague and visitor adhere to the COVID-19 safety protocols is commendable."

Solomon Kru Agyeman, Distribution Controller, Business Unit West Africa

"We never compromise on safety; our colleagues' safety is always a priority across functions. This solution can scale and help us create global safety products that address common issues across zones"

**Santiago Duarte,
VP Global Solutions Tech Supply & Logistics**

our in-person trainings and site visits to virtual visits and audits to continue supporting our zone and global safety teams.

We rolled out technology pilots to help keep our people safe, including a forklift-pedestrian collision prevention system and telemetry on our trucks. We utilized Artificial Intelligence to increase safety in our breweries and warehouses. By leveraging existing infrastructure in our facilities including cameras, we used smart intelligence to support safety hazards awareness.

Increasing road safety for our colleagues & communities

With a fleet and colleagues and their families on the road around the world, road safety continues to be a priority for our company. More than ever, we believe our company has a unique opportunity to improve road safety and make a significant positive impact on our communities. We share the ambition of the UN Sustainable Development Goals (SDGs) of reducing the road traffic injuries and deaths by 50% by 2030. To that end, in January 2020, we renewed our partnership with the United Nations Institute for Training and Research (UNITAR). For more on our work with UNITAR, see page 44.

Assessing our metrics

This year we observed a 47% reduction in Lost Time Injuries (LTIs). These changes can be attributed to our continued focus on rolling out safety initiatives and the impact of COVID-19 in some countries.

We are continuing our programs to prevent Serious Injuries and Fatalities and have reached a milestone of one year without fatalities inside of our facilities. We regret to report 7 occupational fatalities, of which 4 relate to road-safety and 3 were the result of random criminal acts against our employees while performing their work off site. As we look to 2021 and beyond, we will continue our commitment to preventing serious injuries and fatalities.

View our health & safety policies

	2020	2019
Lost Time Injuries (LTIs)		
Supply Employees	68Ⓐ	98Ⓐ
Second Tier/ Sales Employees	125Ⓐ	208Ⓐ
Contractors (All)	110	262
Total Recordable Injuries (TRIs)		
Supply Employees (Own)	259Ⓐ	315Ⓐ
Second Tier/ Sales Employees	729	1,177
Fatalities*		
Supply Employees	0Ⓐ	1Ⓐ
Second Tier/ Sales Employees	4Ⓐ	1Ⓐ
Contractors (All)	3Ⓐ	5Ⓐ

Ⓐ **Assured Metric**
(please refer to External Assurance Report on page 55)

*Fatalities data do not include commuting and community related fatalities as per AB InBev's reporting definitions. The table also does not include road fatalities of contractors which are fully managed by the contracted firm/company.

Lost Time Injuries (LTIs)
Occupational injury resulting in more than one-day absence from work.

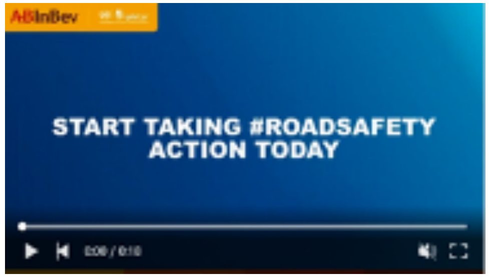
Total Recordable Injuries
LTIs + modified duty injuries + medical treatment injuries.

Supply Employees
Brewery and manufacturing facility employees, including first-tier logistics.

Second Tier/Sales Employees
Second-tier logistics, sales, Zone and global corporate employees.

Commuting Fatality
An incident that occurs while coming to work or going home resulting in a fatality to our employee(s).

Community Fatalities
Fatalities that occur to people outside of our operation in the course of doing business.



"[The app] serves as a substantive contribution to advance our shared goal of making cities safe, resilient and sustainable. The Agenda 2030 reminds us of the urgency to provide access to safe, affordable, accessible and sustainable transport systems for all, improving road safety, with special attention to the needs of those in vulnerable situations, women, children, persons with disabilities and older persons (SDG 11.2)."

Dr. Deisi Kusztra, Member of UNITAR's Board of Trustees and President of the World Family Organization

Our Value Chain – Human Rights across our Value Chain

Our ambition

Respect human rights in our operations and across our value chain.

Our approach

We believe that respecting human rights is fundamental to creating healthy, thriving communities as reflected in the United Nations Guiding Principles on Business and Human Rights.

In 2020, a people-first approach was as important as ever. Our teams worked with smallholders and waste collectors to raise awareness of COVID-19 and provide sanitizers, hand-washing stations and food packages.

Strengthening our human rights work in agriculture

We work directly with over 20,000 farmers to evolve and strengthen our work in agriculture. We worked with Sustainable Food Lab to create a framework to help us understand the needs of our farmers and impact of our programs. We are building on that framework with other NGO partners, such as CARE, to better meet the needs of our many women-led farms.

In Brazil, we continued working to understand our sugar supply chain, piloting a virtual assessment model with two mills. We also participated in a research project with Partner Africa and &Wider to understand the human rights impacts of workers in African supply chains.

In North America, we focused on people safety in the farms, creating safety checklists and training materials and building local partnerships. In India, our teams partnered with a skills organization to provide farm safety training and women's empowerment programs.

Supporting our circular packaging partners

To support our informal waste collectors directly, we launched several community-based initiatives such as Manja Pamodzi in Zambia, which reduces consumer packaging waste and improves sanitation and hygiene, and the Return Home Project in Colombia.

We are working with Oxfam GB to create a social impact framework for our circular packaging programs that work with informal waste collectors and small businesses to help us better understand our collectors' needs and challenges.

Improving purchasing practices for our suppliers

Since 2017, we have improved our payment processes. For example, in Africa, our teams developed a new chatbot platform called MOYO – heart in Swahili – which reflects that we see our suppliers as the heart of our business. MOYO makes it easier for suppliers to use our systems and provides greater visibility into our processes. Our teams in China and Latin America have also developed tools to better support our suppliers.

A relentless commitment to respecting human rights

We first piloted our cross-functional human rights due diligence approach in India in 2019. In 2020, we reviewed opportunities to improve the approach and expand its rollout, strengthening our zone engagement and the governance around action planning.

In addition, we used the opportunity of teams working remotely in 2020 to pivot to a virtual model, which we tested in Nigeria and Uganda. We believe moving to a virtual model allows greater engagement across diverse teams and will accelerate our human rights due diligence efforts across the business.

An example of this commitment is a situation in one of our operations in India that was successfully and amicably resolved through our voluntary participation in mediation in compliance with OECD guidelines.

Partnering with experts to increase our impact

We joined the Shift Business Learning Program, where companies across a wide range of sectors share best practices. We also worked with Landesa to pilot our land rights due diligence approach for renewable energy projects. We are a longstanding member of AIM-Progress, a global forum that aims to enable and promote responsible sourcing practices, and a founding member of the Centre for Sports and Human Rights.

Additionally, to raise awareness of human rights issues in value chains, we developed a free interactive training program in partnership with the World Economic Forum, the International Organization of Employers (IOE) and Labyrinth Training.

Click here for more information about our policies related to human rights

Our Value Chain - Entrepreneurship

Our ambition

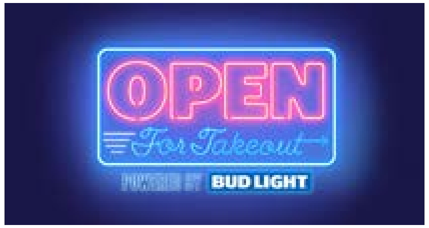
Empowering small businesses and entrepreneurs across our value chain to help ensure their success.

Our approach

Across our distribution chain, we engage every day with millions of retail customers who play a critical role for our business as an important point of connection with our consumers. These same small businesses and entrepreneurs play a critical role in economic development and are an important source of incomes and livelihoods in their local communities. To help support these communities around the world, we are working to provide support to retailers, farmers, suppliers and recycling collectors across our value chain through multiple initiatives.

Helping customers and retailers overcome lockdown challenges

With widespread lockdowns, we supported our bar, pub, restaurant and small retailer customers through a variety of efforts. We offered e-commerce platforms including “Save Pub Life” in Europe and Bud Light’s “Open for Takeout” in the US, and Tienda Cerca in Middle America. In total, our programs helped our small retail partners get back on their feet in more than 20 countries.



Using technology to empower our farmers

To empower and protect smallholder farmers in our value chain, we utilize BanQu, a member of our 100+ Accelerator and the world’s first non-cryptocurrency blockchain platform. BanQu gives an economic identity to farmers by recording purchasing and sales data and offering digital payments, reducing cash transactions to lower risk. In 2020 we extended the capabilities of BanQu in Uganda and Zambia through connections with local banks and payment systems, and rolled out BanQu technology to smallholders in Brazil and Tanzania. We also worked with OKO, a startup from our second 100+ Accelerator cohort, to pilot a program that offered insurance to our crop farmers in Uganda and provided critical compensation after excessive rainfall in the crop.

20+

in total, our programs helped small retail partners in more than 20 countries

Acting with integrity

We are committed to promoting and maintaining the highest standards of ethical behavior and transparency. This guides everything that we do, and serves as our foundation for building a company to last. We established ethical rules, internal codes and policies to reinforce this commitment. Our Code of Business Conduct sets out the ethical standards to which all colleagues around the world are expected to adhere and provides governance for interactions with third parties. It requires colleagues to comply with all laws, disclose any relevant conflicts of interests, to act in the best interests of the company, and to conduct all dealings in an honest and ethical manner. It covers confidentiality of information, limits on gifts and entertainment, and the appropriate use of the company's property. The Code of Business Conduct includes the Global Anti-Corruption, Human Rights, Anti-Harassment and Anti-Discrimination, and Conflict of Interest Policies. The Digital Ethics Policy also contains our data privacy compliance program.

Launching initiatives to promote our digital ethics processes

As our digital transformation and innovation projects continue to advance, we are taking an active approach to ensure that we are being responsible, setting standards and managing risks. Our cross-functional Ethics & Compliance and Cyber Security community of practice has spearheaded several initiatives to manage security and privacy risk during the pandemic and more broadly around the digitization of the company. Our digital ethics processes have been improved to enable swift identification, management and remediation of risks.

Evolving our approach

The acceleration of digital transformation presents huge opportunities for business, it also present new risks. To help mitigate this, we focus on data processing activities and ensure privacy by design as we improve ways of working with key areas of our business.

We are collaborating to build influence

We embrace a strong compliance community that includes regulators, international organizations, in-house compliance professionals, service providers and innovators. This year we launched a number of successful collaboration projects. For example, we collaborated with Labyrinth Training, World Economic Forum (WEF), International Labor Organization (ILO) and International Organization of Employers (IOE) to produce a novel supply chain ethics training that we made publicly available for no cost, which has received accolades from the community.

We also organized a number of "compliance open-house" sessions for the public, and invited senior representatives from regulators in the US, Panama, Colombia and Ecuador to discuss key compliance topics. These sessions promoted better trust between the business community and regulators and provided opportunities to share best practices.

Our award-winning compliance data analytics platform, BrewRIGHT, works to aggregate, standardize and visualize company systems to identify, detect and prevent fraud and corruption within our operations. With BrewRIGHT, we have established our position as a leader in the integration of data analytics and machine learning in compliance and risk management. We are now expanding our innovation to a compliance consortium. At the World Economic Forum Annual Meeting in Davos in 2020, our CEO Carlos Brito announced that we will be leveraging this cutting edge compliance technology to help start a Compliance Analytics Consortium (C2C – Compliance to Compliance) for leading companies to securely share business information to power advanced learning models, promote compliance and combat fraud and corruption. We are partnering with leading technology, pharmaceutical, legal and accounting partners to design a pilot program to demonstrate our ground-breaking technological capability to train useful compliance models without sharing any underlying data. This technology and thought leadership has the potential to change the compliance industry.

"Despite the distance [during the pandemic], we have been closer to the business to meet its needs and that of consumers, turning the concept of resilience into a more present reality."

Jaime Munoz, Compliance Director, Middle Americas Zone

Responding to challenges presented by the COVID-19 pandemic

In 2020, our Ethics & Compliance team supported global and local operation in the design and implementation of numerous pandemic response initiatives. To help facilitate a safe return to the workplace, we worked within privacy regulations to collect information from colleagues to assess the risk of COVID-19 exposure and developed technologies to trace potential contacts with contaminated individuals. As our teams launched initiatives that allowed the public to support restaurants and bars through websites and apps, we developed toolkits for each local website in order to provide necessary privacy and compliance information.

"Our cutting-edge BrewRIGHT platform harnesses data analytics, artificial intelligence and the insights of our ethics and compliance team."

Katherine Barrett, General Counsel

Celebrating our successes

We are proud of our Ethics and Compliance team's awards and recognitions from 2020:

- Our legal team won a Financial Times Innovative Lawyers award for Standout Innovation.
- Matt Galvin, Global VP of Ethics and Compliance, was recognized as a "Compliance Innovator of the Year" by Compliance Week, named a 2020 Innovation Award Winner in the New York Law Journal and was chosen to represent AB InBev in the Organization for Economic Corporation and Development (OECD) as the Vice Chair, Anti-Corruption Committee.
- Rodrigo Cunha, Global Director of Digital Ethics, was nominated in April for Global Investigations Review "40 under 40"—a listing of a leading young investigations specialists from around the world.
- Our Data Privacy Compliance Program was shortlisted in the "Excellence in Compliance Awards".

FT FINANCIAL TIMES INNOVATIVE LAWYERS 2020

Report scope

This report provides information about the progress towards our 2025 Sustainability Goals and Global Smart Drinking Goals and covers relevant and significant environmental, social and governance topics for the 2020 calendar year, complementing our 2020 Annual Report.

This chapter, along with the sections on Dream-People-Culture, Commitment to a Better World and Acting with Integrity on pages 18 and 32 to 52, as well as the risks on environmental, social, personnel, human rights and anti-bribery matters that are described in the Risks and Uncertainties section of the Management Report section of the 2020 Annual Report, have been established in accordance with the law of September 3, 2017 implementing Directive 2014/95/EU of October 22, 2014 amending Directive 2013/34/ EU regarding disclosure of non- financial and diversity information by certain large undertakings and groups. Together, they form the nonfinancial statement required under the referred law and include an overview of our environmental, social and personnel related matters, as well as human rights and anti-bribery matters. Some of the SDGs in relation to our goals refer to Improved Healthcare, Clean Water and Sanitation, Renewable Energy, Renewable Waste generation, Reduction in GHG Emissions and energy consumption, among others.

Alongside our environmental sustainability, information on Smart Drinking and Road Safety, Workplace Safety, and Business Ethics can be found on pages 41, 44, 48 and 52 of this report. These sections are intended to provide updates to stakeholders, including investors, employees, governments, NGOs, costumers, and consumers in countries where we operate.

AB InBev prepared the 2020 report (these chapters and website) using the Global Reporting Initiative's (GRI) Standards as a guide. To help determine the content developed, a materiality assessment was conducted, which helped identify the key issues that are of most importance to our stakeholders and our company. More information on our materiality assessment and GRI Index for this year's report can be found in the ESG report.

Our 2025 Sustainability Goals and overall sustainability agenda align with several of the UN Sustainable Development Goals (SDGs) established by the United Nations in 2015. Activities throughout our operations and supply chain are aligned to the metrics that are considered the most material to our business and critical to our stakeholders. We are focused on areas where we can make the most significant positive impact.

The data and stories presented in this report were gathered and verified with the assistance of content owners across all functions and geographic zones.

AB InBev has established processes to ensure accurate and consistent reporting of Smart Drinking KPIs, 2025 Sustainability Goals, and Safety performance data, as well as key performance indicators (KPIs). In the Assurance Report of the Independent Auditor (page 55), and in key places along the report, we have identified which metrics have been externally assured by KPMG. Financial information included has also been audited by PricewaterhouseCoopers (PwC).

Environmental data from newly acquired operations are excluded from the running cycle. These facilities will be included in future reporting. Safety data is immediately tracked and monitored for all sites and included unless otherwise stated in text or footnotes.

For all environmental and safety data, divestitures and closures are removed from the scope for the reporting year, but prior years are not adjusted.

End of year Incident data in this report is captured in mid-January of the following year and validated based on information from that point in time. Injuries may develop and change status based on further medical diagnosis, treatment, and incident management. This is a consistent practice to enable accurate year-over-year data comparison of a single point in time. Subsequent changes to the injury classification in the years following the reporting year are not taken into account for current year's reporting purposes nor in the comparative data of prior years.

Global goals on water, energy purchased, and GHG emissions presented in this Annual Report, as well as KPIs such as energy usage, include AB InBev's wholly owned operations unless stated otherwise in text or footnotes. Energy usage and purchased excludes the energy exported to third parties and certain projects under construction. The excluded energy use and purchase does not reflect the amount of energy used in our beer brewing processes.

For 2020, renewable electricity is reported by two metrics: operational electricity and contracted electricity. Our primary strategy is to help fund new build renewable electricity projects, and as these can take time to build, we believe it is important to report both metrics. The contracted electricity metric tracks the commitments we have already made to our 100% renewable electricity goal, while our operational electricity measures our actual annual realization.

For recycled content calculation, a weighted average of recycled content is calculated based on purchases for each supplier and recycled content in the material. Our packaging goal applies to our primary packaging which represents more than 85% of our total packaging volume by weight globally, though our work in circularity extends to secondary packaging and post-consumer waste. For packaging that is not returnable—namely oneway glass bottles, aluminum cans and polyethylene terephthalate (PET) bottles—we are committed to reaching a minimum of 50% recycled content. Data on recycled content percentage is provided by suppliers and tracked on a regular basis. Packaging purchases are derived from AB InBev's owned procurement system. In 2019 we started with suppliers' audits to further assess reliability of the recycled content data. In 2020, while we were not able to complete planned visits due to COVID-19, we were still able to engage with suppliers virtually, discussing their KPIs, measurements and main projects to enable improving Recycled Content. We were able to run several engagements across different zones and categories, and we collect data from our suppliers to calculate our recycled content progress. Our aim in 2021 is to be able to resume our suppliers' audits once our internal audit plan has been approved.

In the scope of our reported Sustainability goals, both our beverage and vertical operations are included in addition to our Scope 3 emissions regarding information beyond our operations and that impact our supply chain with exception of the KPIs on energy and water usage and the KPI on Scope 1+2 emissions per hectoliter of production (in kg CO_2 /hl), as the relative KPI regarding scope 1 and 2 emissions also excludes vertical operations. Our beverage and vertical operations, including malting and packaging facilities, use our Voyager Plant Optimization (VPO) global management system. This data is reported annually to CDP. Specific data tables contain footnotes for additional data. Scope 3 emissions are estimated values based on a mix of own and third party data and total percentage follows the Science Based Target Initiative, where at least 66% of emissions are to be included in target scope. Approximately 50% of Scope 3 data is own data and data provided by suppliers via the CDP. CDP data is used to calculate supplier-based emissions of raw and packaging materials used in the manufacturing of beer. A hybrid approach, that has been validated by the Science Based Target Initiative and the Carbon Disclosure Project, is used which entails a mix of own data, supplier data, and market estimates. Scope 3 includes the following out of the 15 categories: Purchased Goods and Services, Upstream and Downstream Distribution, Use of Product (Product Cooling including on and off premise but excluding home cooling), and End of Life. Categories excluded include: Capital Goods, Waste generated in operations (more than 98% of waste generated is recycled), Business Travel, Employee Commuting, Upstream and Downstream leased assets, Processing of sold products, Franchises, Investments. These categories represent approximately less than 20% of total Scope 3 emissions.

This report contains forward-looking statements regarding estimations into the future. These generally include words and/ or phrases such as "will likely result", "aims to", "will continue", "is anticipated", "it is estimated", "anticipate", "estimate", "project", "result", "is predicted", "may", "might", "could", "believe", "expect", "plan", "potential", or other similar expressions. These statements are subject to uncertainties. Actual results may differ from those stated in this report due to, but not limited, impact to climate change, water stress, financial distress, negative publicity, our availability to hire and/or retain the best talent, emerging regulations, and reputation of our brands, the ability to make acquisitions and/or divest divisions, access to capital, volatility in the stock market, exposure to litigation, and other associated risks not mentioned as well as risks identified in our Form 20-F filed with the US Securities and Exchange Commission. Additional information about AB InBev's climate and water risks, management and performance of such is available through CDP.

Limited Assurance report of the Independent Auditor

To the readers of the Anheuser-Busch InBev 2020 Annual Report

Introduction

We were engaged to provide limited assurance on the following information in the Anheuser-Busch InBev 2020 Annual Report (hereafter 'the Selected Information') of Anheuser-Busch InBev SA/NV (hereafter 'AB InBev') based in Leuven, Belgium:

- Water Use by Hectoliter of Production and Total Water Use (page 33)
- Total Energy purchased and Energy purchased per Hectoliter of Production (page 33)
- Percentage of purchased (operational) electricity from renewable sources (page 33)
- Percentage of contracted electricity from renewable sources (page 33)
- Total Direct and Indirect GHG Emissions and GHG Emissions per Hectoliter of Production (page 33)
- Total GHG Emissions (Scope 1, 2 and 3 Emissions) and total GHG Emissions (scope 1, 2 and 3 Emissions) per Hectoliter of Production (page 33)
- Percentage of returnable primary packaging (page 33)
- Percentage of recycled content in primary packaging (page 33)
- Lost Time Injuries (LTI) – Supply Employees (own), Second Tier and Sales Employees (page 49)
- Total Recordable Injuries (TRI) – Supply Employees (own) (page 49)
- Fatalities (page 49)

The information reviewed as part of our limited assurance engagement has been indicated throughout the 2020 Annual Report with the symbol 'Ⓐ'.

Conclusion

Based on our procedures performed and evidence obtained, nothing has come to our attention that causes us to believe that the Selected Information is not prepared, in all material respects, in accordance with the applied reporting criteria as disclosed in the section 'Report Scope' on page 53 in the 2020 Annual Report.

Basis for our conclusion

We have performed our review on the Selected Information in accordance with the International Standard on Assurance Engagements (ISAE) 3000: "Assurance Engagements other than Audits or Reviews of Historical Financial Information", issued by the International Auditing and Assurance Standards Board.

This review engagement is aimed at obtaining a limited level of assurance. Our responsibilities under this standard are further described in the section 'Our responsibilities for the review of the Selected Information' of our report.

Our conclusion has been formed on the basis of, and is subject to, the matters outlined in this report.

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

Scope of the group review

AB InBev is the parent company of a group of entities. The Selected Information incorporates the consolidated information of this group of entities as disclosed in the section 'Report Scope' on page 53 in the 2020 Annual Report.

Our group review procedures consisted of both review procedures at corporate (consolidated) level and at site level. Our selection of sites in scope of our review procedures is primarily based on the site's individual contribution to the consolidated information. Furthermore, our selection of sites considered relevant reporting risks and geographical spread.

By performing our procedures at site level, together with additional procedures at corporate level, we have been able to obtain sufficient and appropriate evidence about the group's reported information to provide a basis for our conclusion on the Selected Information.

Responsibilities of the Board of Directors for the Selected Information

The Board of Directors of AB InBev is responsible for the preparation of the Selected Information in accordance with the applied reporting criteria as described in the section 'Report Scope' on page 53 in the 2020 Annual Report, including the identification of stakeholders and the definition of material matters. The choices made by the Board of Directors of AB InBev regarding the scope of the information in the 2020 Annual Report and the reporting policy are summarized in the section 'Report Scope' on page 53 in the 2020 Annual Report.

The Board of Directors is also responsible for such internal control as the Board of Directors determines is necessary to enable the preparation of the Selected Information that is free from material misstatement, whether due to fraud or error.

Our responsibilities for the review of the Selected Information

Our responsibility is to carry out a limited assurance engagement and to express a conclusion based on the work performed. We conducted our engagement in accordance with International Standard on Assurance Engagements (ISAE) 3000, Assurance Engagements other than Audits or Reviews of Historical Financial Information, issued by the International Auditing and Assurance Standards Board. That Standard requires that we plan and perform the engagement to obtain limited assurance about whether the Selected Information is free from material misstatement.

Procedures performed in an assurance engagement to obtain a limited level of assurance are aimed to determine the plausibility of information and are less extensive than a reasonable assurance engagement. The level of assurance obtained in limited assurance engagements is therefore substantially less than the level of assurance obtained in a reasonable assurance engagements.

Misstatements can arise from fraud or errors and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the decisions of users taken on the basis of the Selected Information. The materiality affects the nature, timing and extent of our review procedures and the evaluation of the effect of identified misstatements on our conclusion.

We apply the International Standard on Quality Control 1 and accordingly maintain a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

We have complied with the independence and other ethical requirements of the International Ethics Standards Board for Accountants' *International Code of Ethics for Professional Accountants* (including International Independence Standards) (IESBA Code), which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour.

We have exercised professional judgement and have maintained professional scepticism throughout the review, in accordance with the International Standard on Assurance Engagements (ISAE) 3000, ethical requirements and independence requirements.

Procedures performed

Our limited assurance engagement on the Selected Information consists of making inquiries, primarily of persons responsible for the preparation of the Selected Information, and applying analytical and other evidence gathering procedures, as appropriate. These procedures included, among others:

- Identifying areas of the Selected Information where material misstatements are likely to arise, designing and performing limited assurance procedures responsive to those areas, and obtaining assurance evidence that is sufficient and appropriate to provide a basis for our conclusion;
- Developing an understanding of internal control relevant to the limited assurance engagement in order to design assurance procedures that are appropriate in the circumstances, but not for the purpose of expressing a conclusion on the effectiveness of the company's internal control;
- Evaluating the appropriateness of the reporting criteria used and their consistent application, including the reasonableness of estimates made by management and related disclosures to the Selected information;
- Interviewing relevant staff responsible for providing the information, for carrying out internal control procedures on the Selected Information and consolidating the data in the 2020 Annual Report;
- Remote visits to seven production sites in South-Africa, Brazil, China, the United Kingdom, the United States of America (two sites) and Mexico aimed at, on a local level, validating source data and evaluating the design and implementation of internal control and validation procedures;
- Reviewing relevant internal and external documentation, on a limited test basis, in order to determine the reliability of the Selected Information;
- Preliminary and final analytical review procedures to confirm our understanding of trends in the Selected Information at site and corporate level.

Antwerp, 25 February 2021

KPMG Bedrijfsrevisoren - Réviseurs d'Entreprises

Mike Boonen

Partner

Financial report

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Management Report

Anheuser-Busch InBev 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). Our Dream is to bring people together for a better world. Beer, the original social network, has been bringing people together for thousands of years. We are committed to building great brands that stand the test of time and to brewing the best beers using the finest natural ingredients. Our diverse portfolio of well over 500 beer brands includes global brands Budweiser®, Corona® and Stella Artois®; multi-country brands Beck's®, Hoegaarden®, Leffe® and Michelob Ultra®; and local champions such as Aguila®, Antarctica®, Bud Light®, Brahma®, Cass®, Castle®, Castle Lite®, Cristal®, Harbin®, Jupiler®, Modelo Especial®, Quilmes®, Victoria®, Sedrin® and Skol®. Our brewing heritage dates back more than 600 years, spanning continents and generations. From our European roots at the Den Hoorn brewery in Leuven, Belgium. To the pioneering spirit of the Anheuser & Co brewery in St. Louis, US. To the creation of the Castle Brewery in South Africa during the Johannesburg gold rush. To Bohemia, the first brewery in Brazil. Geographically diversified with a balanced exposure to developed and developing markets, we leverage the collective strengths of approximately 164 000 employees based in nearly 50 countries worldwide. For 2020, our reported revenue was 46.9 billion US dollar (excluding joint ventures and associates).

The following management report should be read in conjunction with our audited consolidated financial statements.

In the rest of this document we refer to Anheuser-Busch InBev as "AB InBev", "the company", "we", "us" or "our".

Recent events

On 31 December 2020, we completed the issuance of a 49.9% minority stake in our US-based metal container operations to Apollo Global Management, Inc. ("Apollo") for net proceeds of 3.0 billion USD. This transaction allowed us to create additional shareholder value by optimizing the business at an attractive price and generate proceeds to repay debt, in line with our deleveraging commitments. We retained operational control of our US-based metal container operations. The transaction was reported in the equity statement.

On 1 June 2020, we completed the previously announced sale of Carlton & United Breweries ("CUB"), our Australian subsidiary, to Asahi Group Holdings, Ltd ("Asahi"). The transaction is valued at 16 billion AUD in enterprise value. As part of this transaction, we granted Asahi rights to commercialize the portfolio of our global and international brands in Australia. Substantially all of the 10.8 billion US dollar net proceeds from the divestiture of the Australian business were used by the company to pay down debt. The results of the Australian operations were accounted for as discontinued operations ("profit from discontinued operations") up to 31 May 2020.

Selected financial figures

To facilitate the understanding of our underlying performance, the comments in this management report, unless otherwise indicated, are based on organic and normalized numbers. "Organic" means the financials are analyzed eliminating the impact of changes in currencies on translation of foreign operations, and scopes. Scopes represent the impact of acquisitions and divestitures, the start-up 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.

Effective 30 September 2019, following the announcement on 19 July 2019 of the agreement to divest CUB to Asahi, we classified the assets and liabilities associated with the Australian operations as assets held for sale and liabilities associated with assets held for sale in accordance with IFRS 5 *Non-current Assets Held for Sale and Discontinued Operations*. In addition, since the results of the Australian operations represented a separate major line of business, these were accounted for as discontinued operations as required by IFRS 5 and presented in a separate line in the consolidated income statement ("profit from discontinued operations") up to 31 May 2020.

Accordingly, the profit, cash flow and balance sheet are presented as reported in 2019, reflecting the classification of CUB as discontinued operations. As a result, all the presentations of our underlying performance and organic growth figures do not reflect the results of the Australian operations.

The tables in this management report provide the segment information per region for the period ended 31 December 2020 and 2019 in the format up to Normalized EBIT level that is used by management to monitor performance.

Whenever used in this report, the term "normalized" refers to performance measures (EBITDA, EBIT, Profit, EPS, effective tax rate) before non-recurring items and discontinued operations. Non-recurring items are either income or expenses which do not occur regularly as part of the normal activities of the company. They are presented separately because they are important for the understanding of the underlying sustainable performance of the company 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 the company's performance, but rather should be used in conjunction with the most directly comparable IFRS measures.

The tables below set out the components of our operating income and operating expenses, as well as the key cash flow figures.

Million US dollar	2020	%	2019	%
Revenue[1]	**46 881**	**100%**	**52 329**	**100%**
Cost of sales	(19 634)	42%	(20 362)	39%
Gross profit	**27 247**	**58%**	**31 967**	**61%**
SG&A	(15 368)	33%	(16 421)	31%
Other operating income/(expenses)	845	2%	875	2%
Normalized profit from operations (Normalized EBIT)	**12 723**	**27%**	**16 421**	**31%**
Non-recurring items	(3 103)	7%	(323)	1%
Profit from operations (EBIT)	**9 620**	**21%**	**16 098**	**31%**
Depreciation, amortization and impairment	**4 598**	**10%**	**4 657**	**9%**
Non-recurring impairment	2 733	6%	-	0%
Normalized EBITDA	**17 321**	**37%**	**21 078**	**40%**
EBITDA	**16 951**	**36%**	**20 755**	**40%**
Normalized profit attributable to equity holders of AB InBev	**3 807**	**8%**	**8 086**	**15%**
Profit from continuing operations attributable to equity holders of AB InBev	**(650)**	**1%**	**8 748**	**17%**
Profit from discontinued operations attributable to equity holders of AB InBev	**2 055**	**4%**	**424**	**1%**
Profit attributable to equity holders of AB InBev	**1 405**	**3%**	**9 171**	**18%**

Million US dollar	2020	2019[2]
Operating activities		
Profit from continuing operations	147	9 990
Interest, taxes and non-cash items included in profit	17 024	11 029
Cash flow from operating activities before changes in working capital and use of provisions	**17 171**	**21 019**
Change in working capital	592	(5)
Pension contributions and use of provisions	(616)	(715)
Interest and taxes (paid)/received	(6 391)	(7 063)
Dividends received	51	160
Cash flow from operating activities on Australia discontinued operations	84	640
Cash flow from operating activities	**10 891**	**14 036**
Investing activities		
Net capex	(3 687)	(4 854)
Acquisition and sale of subsidiaries, net of cash acquired/disposed of	(510)	(252)
Net proceeds from sale/(acquisition) of other assets	(292)	33
Proceeds from Australia divestiture	10 838	219
Cash flow from investing activities on Australia discontinued operations	(13)	(77)
Cash flow from investing activities	**6 336**	**(4 931)**
Financing activities		
Dividends paid	(1 800)	(5 015)
Net (payments on)/proceeds from borrowings	(8 294)	(8 008)
Payment of lease liabilities	(461)	(441)
Proceeds from public offering of minority stake in Budweiser APAC	-	5 575
Sale/(purchase) of non-controlling interests and other	2 086	(842)
Cash flow from financing activities on Australia discontinued operations	(6)	(24)
Cash flow from financing activities	**(8 475)**	**(8 755)**
Net increase/(decrease) in cash and cash equivalents	**8 752**	**350**

[1] Turnover less excise taxes. In many jurisdictions, excise taxes make up a large proportion of the cost of beer charged to the company's customers.
[2] The consolidated statement of cash flows for 2019 has been restated to include operating, investing and financing activities from discontinued operations separately in the cashflow statement. In addition, the 2019 cash flow from investing activities has been restated to reflect reclassification of the cash flow hedges in relation to the Australia divestiture reported in the financing activities in 2019 and recycled to profit or loss upon the completion of the transaction.

Financial performance

The tables in this management report provide the segment information per region for the period ended 31 December 2020 and 2019 in the format down to Normalized EBIT level that is used by management to monitor performance. To facilitate the understanding of our underlying performance, we are presenting in this management report the 2019 restated consolidated volumes and results up to Normalized EBIT. As such, these financials are included in the organic growth calculation. The profit, cash flow and balance sheet are presented as reported in 2019, reflecting the classification of the Australian business as discontinued operations.

We are presenting our results under five regions: North America, Middle Americas, South America, EMEA and Asia Pacific.

The tables below provide a summary of our performance for the period ended 31 December 2020 and 2019 (in million US dollar, except volumes in thousand hectoliters) and the related comments are based on organic numbers.

AB INBEV WORLDWIDE	2019	Scope	Currency translation	Organic growth	2020	Organic growth %
Volumes	561 427	1 170	-	(31 954)	530 644	(5.7)%
Revenue	**52 329**	**(81)**	**(3 410)**	**(1 957)**	**46 881**	**(3.7)%**
Cost of sales	(20 362)	(121)	1 488	(640)	(19 634)	(3.1)%
Gross profit	**31 967**	**(202)**	**(1 922)**	**(2 596)**	**27 247**	**(8.2)%**
SG&A	(16 421)	26	1 008	19	(15 368)	0.1%
Other operating income/(expenses)	875	407	(36)	(402)	845	(46.2)%
Normalized EBIT	16 421	231	(950)	(2 980)	12 723	(18.3)%
Normalized EBITDA	**21 078**	**239**	**(1 292)**	**(2 704)**	**17 321**	**(12.9)%**
Normalized EBITDA margin	40.3%	-	-	-	36.9%	-382 bps

In 2020, our normalized EBITDA declined 12.9%, while our normalized EBITDA margin contracted 382 bps, reaching 36.9%.

Consolidated volumes declined by 5.7%, with own beer volumes down 5.8% and non-beer volumes down 3.8%, driven by the impact of the COVID-19 pandemic.

Consolidated revenue declined by 3.7% to 46 881m US dollar, with revenue per hectoliter growth 2.1%. Combined revenues of our global brands, Budweiser, Stella Artois and Corona declined by 5.0% globally and 5.3% outside of their respective home markets.

Consolidated Cost of Sales (CoS) increased 3.1%, and increased 9.8% on a per hectoliter basis, driven primarily by operational deleveraging resulting from the impact of the COVID-19 pandemic on our volumes and by supply chain adjustments implemented to meet evolving demand.

Consolidated other operating income/(expenses) in 2020 decreased by 46.2% primarily driven by lower other operating income in 2020 as a result of the COVID-19 pandemic and one-off gains in 2019 that were not repeated in 2020. In the fourth quarter of 2020, Ambev, our subsidiary, concluded the calculation of its tax credits on a judicial decision related to the exclusion of the Value-Added Tax (ICMS) from the taxable basis of the social contribution on gross revenues (PIS and COFINS). The decision refers to the period between November 2009 and April 2015. As a result of this judicial decision and other tax credit adjustments, Ambev recognized 481m US dollar income in Other operating income for the year ended 31 December 2020. The impact is presented as a scope change. Additionally, Ambev recognized 315m US dollar of interest income in Finance income for the year ended 31 December 2020. Ambev's tax credits and interest receivables are expected to be collected over a period exceeding 12 months after the balance sheet date. As of 31 December 2020, the total amount of such credits and interest receivables represented 997m US dollar. Underlying profit attributable to equity holders and underlying EPS are positively impacted by 325m US dollar after tax and non-controlling interest.

VOLUMES

The table below summarizes the volume evolution per region and the related comments are based on organic numbers. Volumes include not only brands that we own or license, but also third-party brands that we brew as a subcontractor and third-party products that we sell through our distribution network, particularly in Europe. Volumes sold by the Global Export business, which includes our global headquarters and the export businesses which have not been allocated to our regions, are shown separately.

Thousand hectoliters	2019	Scope	Organic growth	2020	Organic growth %
North America	108 133	237	(1 525)	106 846	(1.4)%
Middle Americas	133 538	1 072	(13 810)	120 800	(10.3)%
South America	139 664	93	4 452	144 209	3.2%
EMEA	85 888	(115)	(9 566)	76 207	(11.2)%
Asia Pacific	93 168	(62)	(11 456)	81 649	(12.3)%
Global Export and Holding Companies	1 036	(55)	(48)	933	(5.1)%
AB InBev Worldwide	**561 427**	**1 170**	**(31 954)**	**530 644**	**(5.7)%**

North America total volumes decreased by 1.4%. In response to the COVID-19 pandemic, “stay-at-home” orders and other social distancing measures were implemented in the United States beginning in the middle of March 2020. We have since observed a gradual reopening of the on-premise channel, though the pace has been varied and there have been additional restrictions enforced as the year progressed. In the fourth quarter of 2020, the industry was impacted by the second wave of the COVID-19 pandemic and corresponding restrictions to the on-premise channel. Our advanced planning and analytic capabilities and global supply chain enabled us to effectively serve customers and consumers even with continued industry pressure and volatility caused by the COVID-19 pandemic. Our sales-to-retailers (“STRs”) declined by 0.2% in 2020, slightly below an industry that declined by 0.1%. This resulted in an estimated market share loss of 5 bps, as our above core portfolio gained an estimated 110 bps and our mainstream brands lost an estimated 115 bps. Our sales-to-wholesalers (“STWs”) declined by 1.7%. Our above core portfolio continued to outperform, driven by the ongoing momentum of Michelob ULTRA and successful innovations such as Bud Light Seltzer. Michelob ULTRA was once again the second-highest selling beer by value in the United States, after Bud Light, and was the number one share gainer in beer excluding flavored malt beverages in 2020, according to IRI. In addition, our portfolio of seltzers grew at double the rate of the industry, driven by a successful launch of Bud Light Seltzer. Continued execution of our commercial strategy has also resulted in flat share of mainstream segment in 2020.

In Canada, the COVID-19 pandemic resulted in a shift from the on-premise to the off-premise channel: as government restrictions came into place in the middle of March 2020, the on-premise channel was effectively shut down. In the fourth quarter of 2020, a second wave of the COVID-19 pandemic resulted in renewed restrictions. Our business in Canada grew volumes by low single digits in 2020, ahead of the industry, due to the consistent execution of our commercial strategy. This was driven by the outperformance of our above core brands, led by Corona and Michelob ULTRA. Corona grew by high single digits and Michelob ULTRA was the fastest growing beer brand for the second year in a row. Our beyond beer portfolio grew by over 25%, driven by successful innovations in the Mike’s Hard brand family and the expansion of the hard seltzer category.

Middle Americas total volumes decreased by 10.3%. In 2020, our business in Mexico delivered a very healthy performance in the context of a volatile external environment. Our volumes in Mexico declined by high single digits due to a two-month government-mandated shutdown of our operations in the second quarter of 2020. We rapidly resumed operations and outperformed the industry in the year, resulting in continued market share gains. We remain focused on developing our portfolio in line with the category expansion framework. We continue to strengthen our core brands, with the growth of Corona and Victoria combined outperforming the industry in 2020. Our above core portfolio is growing at a rapid pace, with the Modelo family of brands contributing the largest absolute volume growth in the beer category. Michelob ULTRA also demonstrated strong results. Leveraging the brand’s consumer proposition and equity, we recently launched pilots of Michelob ULTRA Hard Seltzer as we drive our focus on industry growth, by leading the way in new segments. We continue to support our customers through trade reactivation programs and digital solutions, such as the rollout of BEES, which more than doubled in size throughout 2020. Our proprietary chain of retail stores, Modelorama, expanded its footprint with over 600 new locations to reach a total of approximately 9,500 outlets across the country. We also successfully completed the third and fourth waves of our expansion into the country's largest convenience store, OXXO, making our brands available in over 7,700 stores. In line with our plan, we launched the next phase of the rollout into an approximately 1,100 more stores in January 2021. We remain excited about the long-term growth potential and incrementality of these opportunities.

In Colombia, the first half of 2020 was significantly impacted by social distancing measures put in place in the middle of March 2020 including a national quarantine. The on-premise channel, which comprises slightly more than 50% of our volumes, was closed across the country, although sales were permitted for home delivery. The restrictions began to ease throughout the second quarter of 2020 and in June, a gradual re-opening of certain sectors of the economy led to improving consumer confidence and disposable income. In 2020, our total volumes declined by high single digits, with volume declines in both beer and non-beer. Our teams continue to work closely with local governments to support the safe recovery of the on-premise channel. We continue to successfully expand the premium segment, led by our global brand portfolio, which grew by high teens in 2020. As part of our digital transformation journey, we accelerated the rollout of BEES, which is now utilized by hundreds of thousands of our customers and converting the majority of our revenue digitally by the end of 2020.

In Peru, volume declined by double-digits due to a government-mandated shutdown in March and April 2020 and stay-at-home restrictions in the following months. However, our performance improved progressively as restrictions were lifted. We remain focused on implementing our category expansion framework. Our global brands finished the year with a strong performance, growing by high double-digits. Our smart affordability innovation, Golden, which provides consumers with a unique combination of maize and barley at affordable prices, continues to deliver good results. We also announced that we are sourcing all of our maize for Golden from local farmers to continue supporting the country's economic recovery.

In Ecuador, our volumes declined by double-digits in 2020, impacted by the COVID-19 pandemic and associated government restrictions. Our performance was significantly impacted by government measures starting in March 2020, that shut down the on-premise channel across the country, as well as some local measures that shut down full regions. The restrictions were gradually lifted as of September 2020, although we remain cautious as government restrictions were re-implemented across the country in the last two months of 2020. We continue to focus on expanding the beer category and are seeing success from our premiumization initiatives. Our global brands finished the year strong, led by the expansion of Corona and Stella Artois, and we recently enhanced our premium brand portfolio with the launch of Beck's. Additionally, we are focused on bringing more consumers into the category through attractive price points with high quality products such as our local crop innovation, Nuestra Siembra, which continues to deliver strong results.

South America total volumes increased by 3.2%. In Brazil, our volumes increased by 4.2%. In March 2020, restrictive measures were implemented across Brazilian states in response to the COVID-19 pandemic, including the lockdown of the on-premise channel impacting our volumes in the first half of 2020. However, our beer business in Brazil delivered a strong performance this year in a challenging environment. We grew beer volumes by 5.6% in 2020, outperforming the industry, through the successful execution of our customer- and consumer-centric strategy and by driving operational excellence. Our premium portfolio outperformed the industry, we stabilized the performance of our core brands and we delivered highly successful innovations such as Brahma Duplo Malte, a brand that has greatly expanded the previously under-developed core plus segment. We continue to advance the digital transformation of our business, with our online B2B marketplace and direct-to-consumer initiatives growing at an exponential rate and rapidly expanding across the country. Almost half of our active customers are currently utilizing BEES. Our main direct-to-consumer initiative, Zé Delivery, is now in all 27 Brazilian states significantly accelerated with more than 27 million orders fulfilled in 2020. Our performance was also positively impacted by government subsidies from April to December that increased consumer disposable income, leading to increased consumer demand. Our non-beer volumes were flattish in 2020.

In Argentina, as of the middle of March 2020, a full national lockdown was implemented in response to the COVID-19 pandemic. The on-premise channel was effectively shut down and there were restrictions on hours of operation in the off-premise channel, which represents approximately 90% of our volume. We delivered slight volume growth this year and outperformed the industry, even in the context of a challenging consumer environment. This was a result of leveraging our diverse brand portfolio, led by the double-digit growth of our premium and core plus brands, coupled with our unparalleled scale, operational excellence and the digital transformation of our business with direct-to-consumer initiatives.

EMEA total volumes decreased by 11.2%. In Europe, we observed a widespread shut down of the on-premise channel beginning in March 2020, which represented approximately 30% of our business in the region. In June 2020, we saw the gradual re-opening of the on-premise channel in most of our markets, resulting in improved volume trends. In the fourth quarter of 2020, our performance was significantly impacted by renewed on-premise shutdowns and mobility restrictions. As a result, our volume in Europe declined by high single digits in 2020. We estimate we gained market share on a full year basis in the majority of our key markets, with particularly strong gains in France, Germany and the Netherlands.

Our business in South Africa was significantly impacted by three outright government-mandated bans on the sale of alcohol over the course of 2020, which resulted in double-digit volume decline. The first ban began in late March 2020 and lasted until the end of May 2020, which included a complete ban on the sale of alcohol beverages. Our brewery and distribution operations were severely restricted by the government mandates in place during this time. We fully resumed our operations at the beginning of June 2020, however, our business in South Africa was significantly impacted by a second outright ban on the sale of alcohol beverages implemented from mid-July to mid-August 2020. We observed robust consumer demand once the government lifted the ban with volume growth resuming in September 2020. On 29 December 2020, the government instituted a third alcohol ban, affecting a key selling week for beer. Outside of these bans, we saw solid underlying consumer demand for our portfolio throughout 2020, resulting in estimated market share gains in both beer and total alcohol. We saw consumers shifting to more affordable brands and bulk returnable packages, particularly benefitting our core brands, such as Carling Black Label. Our flavored alcohol beverages, Brutal Fruit and Flying Fish, outperformed this year, reinforcing the advantages of a diverse brand portfolio to meet consumer needs across styles and price points. The third alcohol ban instituted on 29 December 2020 was lifted on 1 February 2021 and we resumed our operations on 2 February 2021.

In Africa excluding South Africa, measures taken to combat the COVID-19 pandemic varied by country, but implementation generally began in late March and early April 2020 to shut down the on-premise channel in most markets. Our breweries mostly remained operational and we were servicing the market, primarily the off-premise channel, in compliance with government regulations. Our business was negatively impacted by the COVID-19 pandemic, but we saw resilient consumer demand in many of our markets as restrictions began to ease. We delivered healthy volume growth in Mozambique and Zambia this year. Volumes declined in Tanzania and Uganda, as both markets were impacted by an ongoing challenging economic environment. In Nigeria, we delivered low single digit volume growth in 2020, driven by successful investments in developing our brand portfolio and enhancing our route-to-market capabilities.

Asia Pacific total volumes decreased by 12.3%. In 2020, our volumes in China declined by 10.0%. COVID-19 struck China in late January 2020, just before the start of the Chinese New Year celebrations, one of the largest consumption occasions of the year. Most provinces implemented significant lockdown measures to combat the virus, lasting from late January through at least the end of February 2020. During this period, we observed virtually no activity in the nightlife channel, very limited activity in the restaurant channel and a meaningful decline in the in-home channel. In March 2020, we observed a steady recovery in the in-home and restaurant channels, though the nightlife channel was recovering at a slower pace due to ongoing social distancing measures. By the end of March 2020, we had re-opened all our breweries in China and almost all our wholesalers had resumed operations. Our business in China continued to recover throughout the course of the year, including in the on-premise channel. While we lost substantial market share between February and April 2020 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 the fourth quarter of 2020, with an estimated market share gain of 140 bps. As a result, we significantly reduced the 2020 market share loss to an estimated 55 bps. Premiumization continues to be a key driver of growth, led by our premium and super premium portfolios, with brands such as Budweiser. We estimate that we continue to lead the beer category in the e-commerce channel with a market share twice that of the next brewer and are leveraging this growing channel to launch our innovation products.

South Korea faced a significant outbreak of the virus in late February 2020, though businesses largely remained open across most of the country. In the third quarter of 2020, we faced a challenging operating environment, due to another COVID-19 outbreak that severely impacted consumer confidence and resulted in significant restrictions on the on-premise channel. In the fourth quarter of 2020, South Korea faced its most serious outbreak of COVID-19 pandemic and consequently the toughest level of restrictions yet. We estimate that our total market share declined by approximately 220 bps in 2020, more than half of which was driven by channel mix shift mainly resulting from the COVID-19 pandemic. In the growing in-home channel, we grew market share in 2020, according to Nielsen. In the on-premise channel, while we estimate that we lost market share in 2020, the trend improved throughout the year with gains in the fourth quarter of 2020 driven by the increasing momentum of Cass. We continued to lead the Premium space and estimate that we outperformed the industry in this segment.

OPERATING ACTIVITIES BY REGION

The tables below provide a summary of the performance of each region, for the period ended 31 December 2020 (in million US dollar, except volumes in thousand hectoliters) and the related comments are based on organic numbers.

AB INBEV WORLDWIDE	2019	Scope	Currency translation	Organic growth	2020	Organic growth %
Volumes (thousand hls)	561 427	1 170	-	(31 954)	530 644	(5.7)%
Revenue	**52 329**	**(81)**	**(3 410)**	**(1 957)**	**46 881**	**(3.7)%**
Cost of sales	(20 362)	(121)	1 488	(640)	(19 634)	(3.1)%
Gross profit	**31 967**	**(202)**	**(1 922)**	**(2 596)**	**27 247**	**(8.2)%**
SG&A	(16 421)	26	1 008	19	(15 368)	0.1%
Other operating income/(expenses)	875	407	(36)	(402)	845	(46.2)%
Normalized EBIT	16 421	231	(950)	(2 980)	12 723	(18.3)%
Normalized EBITDA	**21 078**	**239**	**(1 292)**	**(2 704)**	**17 321**	**(12.9)%**
Normalized EBITDA margin	40.3%	-	-	-	36.9%	-382 bps

NORTH AMERICA	2019	Scope	Currency translation	Organic growth	2020	Organic growth %
Total volumes (thousand hls)	108 133	237	-	(1 525)	106 846	(1.4)%
Revenue	**15 488**	**44**	**(23)**	**114**	**15 622**	**0.7%**
Cost of sales	(5 789)	(20)	7	(67)	(5 870)	(1.2)%
Gross profit	**9 698**	**23**	**(17)**	**47**	**9 752**	**0.5%**
SG&A	(4 372)	(44)	9	39	(4 369)	0.9%
Other operating income/(expenses)	26	-	-	(40)	(14)	(157.7)%
Normalized EBIT	5 352	(21)	(8)	46	5 369	0.9%
Normalized EBITDA	**6 185**	**(16)**	**(9)**	**13**	**6 172**	**0.2%**
Normalized EBITDA margin	39.9%	-	-	-	39.5%	-21 bps

MIDDLE AMERICAS	2019	Scope	Currency translation	Organic growth	2020	Organic growth %
Total volumes (thousand hls)	133 538	1 072	-	(13 810)	120 800	(10.3)%
Revenue	**11 912**	**23**	**(776)**	**(1 127)**	**10 032**	**(9.4)%**
Cost of sales	(3 549)	(24)	250	(8)	(3 331)	(0.2)%
Gross profit	**8 363**	**(1)**	**(526)**	**(1 135)**	**6 701**	**(13.6)%**
SG&A	(3 049)	8	204	127	(2 710)	4.2%
Other operating income/(expenses)	121	(7)	1	(108)	6	(95.3)%
Normalized EBIT	5 435	-	(321)	(1 117)	3 997	(20.5)%
Normalized EBITDA	**6 356**	**-**	**(403)**	**(939)**	**5 014**	**(14.8)%**
Normalized EBITDA margin	53.4%	-	-	-	50.0%	-313 bps

SOUTH AMERICA	2019	Scope	Currency translation	Organic growth	2020	Organic growth %
Total volumes (thousand hls)	139 664	93	-	4 452	144 209	3.2%
Revenue	**9 790**	**(142)**	**(2 306)**	**750**	**8 092**	**7.8%**
Cost of sales	(4 009)	(3)	1 075	(849)	(3 786)	(21.2)%
Gross profit	**5 781**	**(144)**	**(1 231)**	**(99)**	**4 306**	**(1.8)%**
SG&A	(2 791)	(8)	700	(318)	(2 417)	(11.4)%
Other operating income/(expenses)	201	413	(35)	(56)	522	(28.1)%
Normalized EBIT	3 190	261	(566)	(473)	2 412	(15.6)%
Normalized EBITDA	**4 145**	**261**	**(788)**	**(439)**	**3 179**	**(11.0)%**
Normalized EBITDA margin	42.3%	-	-	-	39.3%	-720 bps

EMEA	2019	Scope	Currency translation	Organic growth	2020	Organic growth %
Total volumes (thousand hls)	85 888	(115)	-	(9 566)	76 207	(11.2)%
Revenue	**7 911**	**(7)**	**(234)**	**(835)**	**6 835**	**(10.6)%**
Cost of sales	(3 506)	5	119	(12)	(3 394)	(0.3)%
Gross profit	**4 404**	**(2)**	**(115)**	**(847)**	**3 441**	**(19.2)%**
SG&A	(2 862)	1	69	95	(2 696)	3.3%
Other operating income/(expenses)	264	-	-	(102)	163	(38.5)%
Normalized EBIT	1 807	(1)	(46)	(853)	907	(47.2)%
Normalized EBITDA	**2 781**	**(1)**	**(79)**	**(806)**	**1 895**	**(29.0)%**
Normalized EBITDA margin	35.2%	-	-	-	27.7%	-724 bps

ASIA PACIFIC	2019	Scope	Currency translation	Organic growth	2020	Organic growth %
Total volumes (thousand hls)	93 168	(62)	-	(11 456)	81 649	(12.3)%
Revenue	**6 544**	**-**	**(65)**	**(831)**	**5 648**	**(12.7)%**
Cost of sales	(2 919)	5	32	277	(2 605)	9.5%
Gross profit	**3 625**	**5**	**(33)**	**(554)**	**3 042**	**(15.2)%**
SG&A	(2 216)	1	24	94	(2 097)	4.2%
Other operating income/(expenses)	230	-	(1)	(83)	146	(36.0)%
Normalized EBIT	1 639	6	(11)	(543)	1 091	(32.8)%
Normalized EBITDA	**2 287**	**6**	**(18)**	**(538)**	**1 737**	**(23.4)%**
Normalized EBITDA margin	35.0%	-	-	-	30.8%	-430 bps

GLOBAL EXPORT AND HOLDING COMPANIES	2019	Scope	Currency translation	Organic growth	2020	Organic growth %
Total volumes (thousand hls)	1 036	(55)	-	(48)	933	(5.1)%
Revenue	**685**	**1**	**(6)**	**(27)**	**652**	**(4.1)%**
Cost of sales	(590)	(84)	6	19	(648)	2.9%
Gross profit	**95**	**(83)**	**-**	**(8)**	**4**	**(56.9)%**
SG&A	(1 131)	68	2	(18)	(1 079)	(1.7)%
Other operating income/(expenses)	35	1	-	(13)	22	(35.3)%
Normalized EBIT	(1 001)	(14)	2	(39)	(1 053)	(3.9)%
Normalized EBITDA	**(676)**	**(11)**	**5**	**4**	**(677)**	**0.6%**

REVENUE

Our consolidated revenue declined by 3.7% to 46 881m US dollar with revenue per hectoliter growth of 2.1%, driven by restrictions related to the COVID-19 pandemic. The COVID-19 pandemic resulted in a shift from the on-premise channel to the off-premise channel in different markets, impacting our top-line.

COST OF SALES

Our cost of Sales (CoS) increased by 3.1% and increased by 9.8% on a per hectoliter basis driven primarily by operational deleveraging resulting from the impact of the COVID-19 pandemic on our volumes and by supply chain adjustments implemented to meet evolving demand.

OPERATING EXPENSES

Our total operating expenses decreased 2.5% in 2020:

- Selling, General & Administrative Expenses (SG&A) decreased by 0.1%.
- Other operating income decreased 46.2% primarily driven by lower other operating income in 2020 as a result of the COVID-19 pandemic and one-off gains in 2019 that were not repeated in 2020. In addition, in the fourth quarter of 2020, Ambev, our subsidiary, concluded the calculation of its tax credits on a judicial decision related to the exclusion of the Value-Added Tax (ICMS) from the taxable basis of the social contribution on gross revenues (PIS and COFINS). The decision refers to the period between November 2009 and April 2015. As a result of this judicial decision and other tax credit adjustments, Ambev recognized 481m US dollar income in Other operating income for the year ended 31 December 2020. The impact is presented as a scope change.

NORMALIZED PROFIT FROM OPERATIONS BEFORE DEPRECIATION AND AMORTIZATION (NORMALIZED EBITDA)

Our normalized EBITDA declined 12.9% organically to 17 321m US dollar, with an EBITDA margin of 36.9%, representing an EBITDA margin organic contraction of 382 bps.

- North America EBITDA increased 0.2% to 6 172m US dollar with a margin contraction of (21) bps to 39.5% as top-line growth, favorable brand mix, and ongoing cost efficiencies were partially offset by lapping one-time prior year gains in other operating income.
- Middle Americas EBITDA decreased 14.8% to 5 014m US dollar with a margin contraction of (313) bps to 50.0%, due primarily to the two-month government-mandated shutdown during the second quarter of 2020 in Mexico, as we resumed operations quickly to deliver top-line and bottom-line growth with margin expansion in the second half of 2020.
- South America EBITDA decreased 11.0% to 3 179m US dollar with a margin contraction of (720) bps to 39.3%, impacted by transactional currency headwinds and adverse packaging mix, with a year-over-year increase of one-way packaging, particularly cans.
- EMEA EBITDA decreased 29.0% to 1 895m US dollar with a margin contraction of (724) bps to 27.7% as a result of operational deleverage and channel mix in light of the on-premise shutdowns, as the on-premise channel carries higher EBITDA margins in continental Europe, and three outright government-mandated bans on the sale of alcohol over the course of 2020 in South Africa.
- Asia Pacific EBITDA decreased 23.4% to 1 737m US dollar with a margin contraction of (430) bps to 30.8% primarily driven by the top-line decline.
- Global Export and Holding Companies EBITDA of (677)m US dollar in the year ended 31 December 2020 (31 December 2019: (676)m US dollar).

Differences in normalized EBITDA margins by region are due to a number of factors such as different routes to market, share of returnable packaging in the region's sales and premium product mix.

RECONCILIATION BETWEEN NORMALIZED EBITDA AND PROFIT ATTRIBUTABLE TO EQUITY HOLDERS

Normalized EBITDA and EBIT are measures utilized by us to demonstrate the company's underlying performance.

Normalized EBITDA is calculated excluding profit from discontinued operations and the following effects from profit from continuing operations attributable to our equity holders: (i) Non-controlling interest, (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 impairment) and (vii) Depreciation, amortization and impairment.

Normalized EBITDA and EBIT are not accounting measures under IFRS accounting and should not be considered as an alternative to Profit from continuing operations attributable to equity holders as a measure of operational performance or as an alternative to cash flow as a measure of liquidity. Normalized EBITDA and EBIT do not have a standard calculation method and our definition of normalized EBITDA and EBIT may not be comparable to that of other companies.

Million US dollar	Notes	2020	2019
Profit attributable to equity holders of AB InBev		**1 405**	**9 171**
Non-controlling interest		797	1 243
Profit of the period		**2 202**	**10 414**
Profit from discontinued operations	22	(2 055)	(424)
Profit from continuing operations		**147**	**9 990**
Income tax expense	12	1 932	2 786
Share of result of associates	16	(156)	(152)
Non-recurring net finance cost/(income)	11	1 738	(882)
Net finance cost	11	5 959	4 355
Non-recurring items above EBIT (including non-recurring impairment)	8	3 103	323
Normalized EBIT		**12 723**	**16 421**
Depreciation, amortization and impairment (excluding non-recurring impairment)	10	4 598	4 657
Normalized EBITDA		**17 321**	**21 078**

Non-recurring items are either income or expenses which do not occur regularly as part of the normal activities of the company. They are presented separately because they are important for the understanding of the underlying sustainable performance of the company due to their size or nature. Details on the nature of the non-recurring items are disclosed in Note 8 *Non-recurring items*.

IMPACT OF FOREIGN CURRENCIES

Foreign currency exchange rates have a significant impact on our financial statements. The following table sets forth the percentage of our revenue realized by currency for the year ended 31 December 2020 and 31 December 2019:

	2020	2019
US dollar	31.9%	30.2%
Brazilian real	12.7%	14.1%
Chinese yuan	9.1%	9.1%
Mexican peso	8.9%	9.0%
Euro	6.9%	6.1%
Canadian dollar	3.9%	3.4%
Colombian peso	3.8%	4.2%
South African rand	3.3%	4.1%
Pound sterling	2.7%	2.3%
Peruvian peso	2.5%	3.1%
Argentinean peso[1]	2.4%	2.3%
South Korean won	2.3%	2.5%
Dominican peso	1.9%	1.9%
Other	7.6%	7.7%

The following table sets forth the percentage of our normalized EBITDA realized by currency for the year ended 31 December 2020 and 31 December 2019:

	2020	2019
US dollar	31.6%	30.3%
Brazilian real	14.5%	14.5%
Mexican peso	13.0%	11.5%
Chinese yuan	7.6%	8.0%
Euro	7.1%	6.8%
Colombian peso	4.9%	5.3%
Peruvian peso	3.6%	4.6%
Canadian dollar	2.9%	2.6%
Dominican peso	2.8%	2.5%
South African rand	2.6%	3.6%
Argentinean peso[1]	2.0%	2.6%
South Korean won	1.9%	2.1%
Pound sterling	0.7%	0.3%
Other	5.0%	5.3%

In 2020, the fluctuation of the foreign currency rates had a negative translation impact, including hyperinflation accounting impact, of 3 410m US dollar on our revenue (2019: negative impact of 2 664m US dollar), of 1 292m US dollar on our normalized EBITDA (2019: negative impact of 1 123m US dollar) and of 950m US dollar on our normalized EBIT (2019: negative impact of 843m US dollar).

Our profit from continuing operations (after tax) has been negatively affected by the fluctuation of foreign currencies, including hyperinflation accounting impact, amounted to 288m US dollar (2019: negative impact of 582m US dollar), while the negative translation impact, including hyperinflation accounting impact, on our EPS (profit attributable to our equity holders) was 174m US dollar or 0.09 US dollar per share (2019: negative impact of 527m US dollar or 0.27 US dollar per share).

The impact of the fluctuation of the foreign currencies on our net debt amounted to 3 426m US dollar (increase of net debt) in 2020, as compared to an impact of 444m US dollar (decrease of net debt) in 2019. The impact of the fluctuation of the foreign currencies on the equity attributable to our equity holders amounted to 9 943m US dollar (decrease of equity), as compared to an impact of 1 143m US dollar (increase of equity) in 2019.

[1] Hyperinflation accounting was adopted in 2018 to report the company's Argentinian operations.

PROFIT

Normalized profit attributable to our equity holders was 3 807m US dollar (normalized EPS 1.91 US dollar) in 2020, compared to 8 086m US dollar (normalized EPS 4.08 US dollar) in 2019. Underlying profit (normalized profit attributable to equity holders of AB InBev excluding mark-to-market losses linked to the hedging of our share-based payment programs and the impact of hyperinflation) was 5 022m USD in 2020 (Underlying EPS 2.51 US dollar) as compared to 7 196m USD in 2019 (Underlying EPS 3.63 US dollar) (see Note 23 *Changes in equity and earnings per share* for more details). Profit attributable to our equity holders for 2020 was 1 405m US dollar, compared to 9 171m US dollar for 2019 and includes the following impacts:

- *Net finance costs (excluding non-recurring net finance items):* 5 959m US dollar in 2020 compared to 4 355m US dollar in 2019. This increase was primarily due to mark-to-market adjustment linked to the hedging of our share-based payment programs amounting to a loss of 1 211m USD dollar in 2020, compared to a gain of 898m USD dollar in 2019 resulting in a swing of 2 109m US dollar.
- *Non-recurring net finance cost and income:* Non-recurring net finance cost amounted to 1 738m US dollar in 2020 (2019: 882m US dollar income). 1 008m US dollar loss resulted from mark-to-market adjustments on derivative instruments entered into to hedge the shares issued in relation to the combination with Grupo Modelo and the restricted shares issued in connection with the combination with SAB (2019: 878m US dollar gain) and 795m US dollar loss resulted from the early termination of certain bonds (2019: 84m US dollar gain).
- *Non-recurring items*: During the second quarter of 2020, we reported a 2.5 billion USD non-cash goodwill impairment charge. The COVID-19 pandemic resulted in a sharp contraction of sales during the second quarter of 2020 in many countries in which we operate. We concluded by 30 June 2020 that a triggering event occurred which required us to perform an impairment test. The impairment test considered three scenarios for recovery of sales for the tested cash-generating units: a base case (which we deemed to be the most likely case at the time of the interim impairment test), a best case and a worst case. Based on the results of the interim impairment test, we concluded that no goodwill impairment was warranted under the base and best case scenarios. Nevertheless, under the worst case scenario ran with higher discounts rates to factor the heightened business risk, we concluded that the estimated recoverable amounts were below their carrying value for the South Africa and Rest of Africa cash-generating units. As a consequence, we determined that it was prudent, in view of the uncertainties, to record an impairment charge of 2.5 billion USD applying a 30% probability of occurrence of the worst case scenario. The goodwill impairment charge was partially offset by a 1.9 billion USD gain on the disposal of the Australia operations reported in discontinued operations. In addition, in 2020, we incurred 603m US dollar of non-recurring costs mainly comprising of 157m US dollar of restructuring costs, 239m US dollar of business and asset disposal costs mostly related to non-recurring impairment of tangible and intangible assets and 182m US dollar of costs associated with COVID-19 (these costs are mainly related to personal protection equipment for our colleagues, charitable donations and other costs incurred as a direct consequence of the COVID-19 pandemic).
- *Income tax expense:* 1 932m US dollar in 2020 with an effective tax rate of 100.4% compared to 2 786m US dollar in 2019 with an effective tax rate of 22.1%. The 2020 effective tax rate is negatively impacted by the non-deductible, non-cash goodwill impairment loss and the non-deductible losses from derivatives related to the hedging of share-based payment programs and the hedging of the shares issued in a transaction related to the combination with Grupo Modelo and SAB. The 2019 effective tax rate was positively impacted by non-taxable gains from these derivatives. The normalized effective tax rate was 30.9% in 2020 compared to 23.0% in 2019. The normalized effective tax rate excluding mark-to-market gains or losses linked to the hedging of our share-based payment programs was 26.2% in 2020 compared to 24.9% in 2019.
- *Profit attributable to non-controlling interest*: 797m US dollar in 2020 compared to 1 243m US dollar in 2019.
- *Profit from discontinued operations:* 2 055m US dollar in 2020 compared to 424m US dollar in 2019. The increase primarily relates to an exceptional 1.9 billion US dollar gain on the divestiture of the Australian operations completed on 1 June 2020.

Liquidity position and capital resources

CASH FLOWS

Million US dollar	2020	2019
Cash flow from operating activities	10 891	14 036
Cash flow from investing activities	6 336	(4 931)
Cash flow from financing activities	(8 475)	(8 755)
Net increase/(decrease) in cash and cash equivalents	**8 752**	**350**

Cash flow from operating activities

Million US dollar	2020	2019
Profit from continuing operations	147	9 990
Interest, taxes and non-cash items included in profit	17 024	11 029
Cash flow from operating activities before changes in working capital and use of provisions	**17 171**	**21 019**
Change in working capital	592	(5)
Pension contributions and use of provisions	(616)	(715)
Interest and taxes (paid)/received	(6 391)	(7 063)
Dividends received	51	160
Cash flow from operating activities on Australia discontinued operations	84	640
Cash flow from operating activities	**10 891**	**14 036**

Our cash flow from operating activities reached 10 891m US dollar in 2020 compared to 14 036m US dollar in 2019. The decrease mainly results from the negative impact of the COVID-19 pandemic on our results in 2020 and the negative foreign currency translation impact compared to prior year.

Cash flow from investing activities

Million US dollar	2020	2019
Net capex	(3 687)	(4 854)
Acquisition and sale of subsidiaries, net of cash acquired/disposed of	(510)	(252)
Proceeds from Australia divestiture	10 838	219
Net proceeds from sale/(acquisition) of other assets	(292)	33
Cash flow from investing activities on Australia discontinued operations	(13)	(77)
Cash flow from investing activities	**6 336**	**(4 931)**

Our cash inflow from investing activities was 6 336m US dollar in 2020 compared to a cash outflow of (4 931)m US dollar in 2019. The increase in the cash flow from investing activities was mainly due to 10 838m US dollar proceeds from the divestiture of the Australian business.

Our net capital expenditures amounted to 3 687m US dollar in 2020 and 4 854m US dollar in 2019. Out of the total 2020 capital expenditures approximately 41% was used to improve the company's production facilities while 44% was used for logistics and commercial investments and 15% was used for improving administrative capabilities and for the purchase of hardware and software.

Cash flow from financing activities

Million US dollar	2020	2019
Dividends paid	(1 800)	(5 015)
Net (payments on)/proceeds from borrowings	(8 294)	(8 008)
Payment of lease liabilities	(461)	(441)
Proceeds from public offering of minority stake in Budweiser APAC	-	5 575
Sale/(purchase) of non-controlling interests and other	2 086	(842)
Cash flow from financing activities on Australia discontinued operations	(6)	(24)
Cash flow from financing activities	**(8 475)**	**(8 755)**

Our cash flow from financing activities amounted to (8 475)m US dollar in 2020, as compared to a cash flow of (8 755)m US dollar in 2019. On 31 December 2020, we completed the issuance of a 49.9% minority stake in our US-based metal container operations to Apollo for net proceeds of 3.0 billion USD.

In March 2020, the company drew the full 9.0 billion US dollar commitment under the 2010 Senior Facilities Agreement and as of 31 December 2020, the amount has been repaid in full. In addition, on 2 April 2020 and 3 April 2020, Anheuser-Busch InBev NV/SA and Anheuser-Busch InBev Worldwide Inc. completed the issuance of series of EUR and USD bonds for a total amount of approximately 11.0 billion US dollar. Throughout 2020, we undertook a series of liability management initiatives to further de-risk our balance sheet while creating value. We applied the 10.8 billion US dollar proceeds from the sale of our Australian subsidiary and approximately 11 billion US dollar proceeds from the issuance of bonds to reduce gross debt with maturities over the next five years by approximately 18 billion US dollar. These proactive actions extended our weighted average maturity from approximately 14 years in 2019 to over 16 years in 2020.

As of 31 December 2020, we had total liquidity of 24.3 billion US dollar, which consisted of 9.0 billion US dollar available under committed long-term credit facilities and 15.3 billion US dollar of cash, cash equivalents and short-term investments in debt securities less bank overdrafts. Although we may borrow such amounts to meet our liquidity needs, we principally rely on cash flows from operating activities to fund the company's continuing operations.

CAPITAL RESOURCES AND EQUITY

Our net debt amounted to 82.7 billion US dollar as of 31 December 2020 as compared to 95.5 billion US dollar on a reported basis (and 84.6 billion US dollar, when adjusted for the proceeds of the divestment of the Australian operations) as of 31 December 2019.

Net debt is defined as non-current and current interest-bearing loans and borrowings and bank overdrafts minus debt securities and cash. Net debt is a financial performance indicator that is used by our management to highlight changes in the company's overall liquidity position. We believe that net debt is meaningful for investors as it is one of the primary measures our management uses when evaluating our progress towards deleveraging toward its optimal net debt to normalized EBITDA ratio of around 2x.

Aside from operating results that are net of capital expenditures, the net debt is impacted mainly by the payment of interests and taxes (6.4 billion US dollar increase of net debt), settlement of derivatives (0.7 billion US dollar increase of net debt), dividend payments to shareholders of AB InBev and Ambev (1.8 billion US dollar), foreign exchange impact on net debt (3.4 billion US dollar increase of net debt), the proceeds from the divestiture of the Australian business (10.8 billion US dollar decrease of net debt) and the proceeds related to the issuance of a 49.9% minority stake in the company's US-based metal container operations (3.0 billion US dollar decrease of net debt).

Net debt to normalized EBITDA increased from 4.0x for the 12-month period ending 31 December 2019 (when accounting for the proceeds received from the divestment of the Australian operations, while excluding the last 12-month EBITDA from the Australian operations) to 4.8x for the 12-month period ending 31 December 2020.

Consolidated equity attributable to our equity holders as at 31 December 2020 was 68 024m US dollar, compared to 75 722m US dollar as at 31 December 2019. The decrease in equity is primarily related to the combined effect of the weakening of the closing rates of the Mexican peso, the South African rand, the Colombian peso, the Brazilian real and the Peruvian sol, and the strengthening of the Euro, which resulted in a foreign exchange translation adjustment of 9 943m US dollar as of 31 December 2020 (decrease of equity).

Further details on interest-bearing loans and borrowings, repayment schedules and liquidity risk, are disclosed in Note 24 *Interest-bearing loans and borrowings* and Note 29 *Risks arising from financial instruments.*

As of 31 December 2020, the company's credit rating from Standard & Poor's was BBB+ for long-term obligations and A-2 for short-term obligations, with a negative outlook, and the company's credit rating from Moody's Investors Service was Baa1 for long-term obligations and P-2 for short-term obligations, with a stable outlook.

Research and development

Given our focus on innovation, we place a high value on research and development. In 2020, we spent 296m US dollar in research and development (2019: 291m US dollar). The spent focused on product innovations, market research, as well as process optimization and product development.

Research and development in product innovation covers liquid, packaging and draft innovation. Product innovation consists of breakthrough innovation, incremental innovation and renovation. The main goal for the innovation process is to provide consumers with better products and experiences. This implies launching new liquid, new packaging and new draught products that deliver better performance both for the consumer and in terms of top-line results, by increasing our competitiveness in the relevant markets. With consumers comparing products and experiences offered across very different drink categories and the offering of beverages increasing, our research and development efforts also require an understanding of the strengths and weaknesses of other beverage categories, spotting opportunities for beer and developing consumer solutions (products) that better address consumer need and deliver better experience. This requires understanding consumer emotions and expectations. Sensory experience, premiumization, convenience, sustainability and design are all central to our research and development efforts.

Research and development in process optimization is primarily aimed at quality improvement, capacity increase (plant debottlenecking and addressing volume issues, while minimizing capital expenditure) and improving efficiency. Newly developed processes, materials and/or equipment are documented in best practices and shared across business regions. Current projects range from malting to bottling of finished products.

Knowledge management and learning is also an integral part of research and development. We seek to continuously increase our knowledge through collaborations with universities and other industries.

Our research and development team is briefed annually on the company's and the business regions' priorities and approves concepts which are subsequently prioritized for development. The research & development teams invest in both short- and long-term strategic projects for future growth, with the launch time depending on complexity and prioritization. Launch time usually falls within the next calendar year.

The Global Innovation and Technology Center (“GITeC”), located in Leuven, accommodates the Packaging, Product, Process Development teams and facilities such as Labs, Experimental Brewery and the European Central Lab, which also includes Sensory Analysis. In addition to GITeC, we also have Product, Packaging and Process development teams located in each of our geographic regions focusing on the short-term needs of such regions.

Risks and uncertainties

Under the explicit understanding that this is not an exhaustive list, AB InBev's major risk factors and uncertainties are listed below. There may be additional risks which AB InBev is unaware of. There may also be risks AB InBev now believes to be immaterial, but which could turn out to have a material adverse effect. Moreover, if and to the extent that any of the risks described below materialize, they may occur in combination with other risks which would compound the adverse effect of such risks. The sequence in which the risk factors are presented below is not indicative of their likelihood of occurrence or of the potential magnitude of their financial consequence.

AB InBev's business, financial condition, cash flows and operating results have been and may continue to be negatively impacted by the COVID-19 pandemic. AB InBev has experienced disruptions to its ability to operate its production facilities in some countries, and in the future, it may experience further disruption to its ability to operate its production facilities or distribution operations as a result of regulatory restrictions, safety protocols, social distancing requirements and heightened sanitation measures. Any sustained interruption in AB InBev's operations or its business partners' operations, distribution network or supply chain, or any significant continuous shortage of raw materials or other supplies could impact AB InBev's ability to make, manufacture, distribute or sell its products or may result in an increase in its costs of production and distribution. Sales of AB InBev's products in the on-premise channel have been significantly impacted by the implementation of social distancing and lockdown measures in most of its markets, including the closure of bars, clubs and restaurants and restrictions on sporting events, music festivals and similar events. If the COVID-19 pandemic intensifies and expands geographically, its negative impacts on AB InBev's sales could be more prolonged and may become more severe. Deteriorating economic and political conditions in many of AB InBev's major markets affected by the COVID-19 pandemic, such as increased unemployment, decreases in disposable income, declines in consumer confidence, or economic slowdowns or recessions, could cause a further decrease in demand for its products. Furthermore, the ongoing economic impacts and health concerns associated with the COVID-19 pandemic may continue to affect consumer behavior, spending levels and consumption preferences. The impact of the COVID-19 pandemic on global economic conditions has impacted and may continue to impact the proper functioning of financial and capital markets, as well as foreign currency exchange rates, commodity and energy prices and interest rates. A continuation or worsening of the levels of market disruption and volatility seen in the recent past could have an adverse effect on AB InBev's ability to access, or costs of, capital or borrowings, its business, its liquidity, its net debt to EBITDA ratio, credit ratings, results of operations and financial condition. Compliance with governmental measures imposed in response to COVID-19 has caused and may continue to cause us to incur additional costs, and any inability to comply with such measures can subject AB InBev to restrictions on its business activities, fines, and other penalties, any of which can adversely affect its business.

Any of the negative impacts of the COVID-19 pandemic (or any future outbreak or recurrence of COVID-19 following the relaxation of current social distancing and lockdown measures), including those described above, alone or in combination with others, may have a material adverse effect on AB InBev's results of operations, financial condition and cash flows.

AB InBev is exposed to the risk of a global recession or a recession in one or more of its key markets, and to credit and capital market volatility and an economic or financial crisis (including as a result of the COVID-19 pandemic), or otherwise. These could result in reduced consumption or sales prices of AB InBev's products, which in turn could result in lower revenue and reduced profit. AB InBev's financial condition and results of operations, as well as AB InBev's future prospects, would likely be hindered by an economic downturn in any of its key markets. Consumption of beer and other alcohol and non-alcohol beverages in many of the jurisdictions in which AB InBev operates is closely linked to general economic conditions and changes in disposable income. A continuation or worsening of the levels of market disruption and volatility seen in the recent past could have an adverse effect on AB InBev's ability to access capital, its business, results of operations and financial condition, and on the market price of its shares and American Depositary Shares.

AB InBev's results of operations are affected by fluctuations in exchange rates. Any change in exchange rates between AB InBev's operating companies' functional currencies and the U.S. dollar will affect its consolidated income statement and balance sheet when the results of those operating companies are translated into U.S. dollar for reporting purposes as translational exposures are not hedged. Also, there can be no assurance that the policies in place to manage commodity price and transactional foreign currency risks to protect AB InBev's exposure will be able to successfully hedge against the effects of such foreign exchange exposure, especially over the long-term. Further, the use of financial instruments to mitigate currency risk and any other efforts taken to better match the effective currencies of AB InBev's liabilities to its cash flows could result in increased costs.

Changes in the availability or price of raw materials, commodities, energy and water, including as a result of unexpected increases in tariffs on such raw materials and commodities, like aluminum, could have an adverse effect on AB InBev's results of operations to the extent that AB InBev fails to adequately manage the risks inherent in such volatility, including if AB InBev's hedging and derivative arrangements do not effectively or completely hedge changes in commodity prices.

AB InBev may not be able to obtain the necessary funding for its future capital or refinancing needs and may face financial risks due to its level of debt and uncertain market conditions. AB InBev may be required to raise additional funds for its future capital needs or to refinance its current indebtedness through public or private financing, strategic relationships or other arrangements and there can be no assurance that the funding, if needed, will be available or provided on attractive terms. AB InBev has incurred substantial indebtedness by entering into a senior credit facility and accessing the bond markets from time to time based on its financial needs, including as a result of the acquisition of SAB. The portion of AB InBev's consolidated balance sheet represented by debt will remain significantly higher as compared to its historical position. AB InBev's increased level of debt could have significant consequences for AB InBev, including (i) increasing its vulnerability to general adverse economic and industry conditions, (ii) limiting its flexibility in planning for, or reacting to, changes in its business and the industry in which AB InBev operates, (iii) impairing its ability to obtain additional financing in the future and limiting its ability to fund future working capital and capital expenditures, to engage in future acquisitions or development activities or to otherwise realize the value of its assets and opportunities fully, (iv) requiring AB InBev to issue additional equity (potentially under unfavorable market conditions), and (v) placing AB InBev at a competitive disadvantage compared to its competitors that have less debt. AB InBev's ability to repay and renegotiate its outstanding indebtedness will be dependent upon market conditions. Unfavorable conditions, including significant price volatility, dislocations and liquidity disruptions in the global credit markets in recent years, as well as downward pressure on credit capacity for certain issuers without regard to those issuers' underlying financial strength, could increase costs beyond what is currently anticipated. Such costs could have a material adverse impact on AB InBev's cash flows, results of operations or both. Further, AB InBev may restrict the amount of dividends it will pay as a result of AB InBev's level of debt and its strategy to give priority to deleveraging toward its optimal net debt to normalized EBITDA ratio of around 2x.

Also, a credit rating downgrade could have a material adverse effect on AB InBev's ability to finance its ongoing operations or to refinance its existing indebtedness. In addition, a failure of AB InBev to refinance all or a substantial amount of its debt obligations when they become due, or more generally a failure to raise additional equity capital or debt financing or to realize proceeds from asset sales when needed, would have a material adverse effect on its financial condition and results of operations.

AB InBev's results could be negatively affected by increasing interest rates. Although AB InBev enters into interest rate swap agreements to manage its interest rate risk and also enters into cross-currency interest rate swap agreements to manage both its foreign currency risk and interest-rate risk on interest-bearing financial liabilities, there can be no assurance that such instruments will be successful in reducing the risks inherent in exposures to interest rate fluctuations.

Certain of AB InBev's operations depend on effective distribution networks to deliver its products to consumers, and distributors play an important role in distributing a significant proportion of beer and other beverages. Generally, distributors purchase AB InBev's products from AB InBev and then on-sell them either to other distributors or points of sale. Such distributors are either government-controlled or privately owned but independent wholesale distributors for distribution of AB InBev's products, and there can be no assurance that such distributors will not give priority to AB InBev's competitors. Further, any inability of AB InBev to replace unproductive or inefficient distributors, who could engage in practices that harm AB InBev's reputation as consumers look to AB InBev for the quality and availability of its products, or any limitations imposed on AB InBev to purchase or own any interest in distributors or wholesalers as a result of contractual restrictions, regulatory changes, changes in legislation or the interpretations of legislation by regulators or courts could adversely impact AB InBev's business, results of operations and financial condition.

The continued consolidation of retailers in markets in which AB InBev operates could result in reduced profitability for the beer industry as a whole and indirectly adversely affect AB InBev's financial results.

A portion of the company's global portfolio consists of associates in new or developing markets, including investments where the company may have a lesser degree of control over the business operations. The company faces several challenges inherent to these various culturally and geographically diverse business interests. Although the company works with its associates on the implementation of appropriate processes and controls, the company also faces additional risks and uncertainties with respect to these minority investments because the company may be dependent on systems, controls and personnel that are not under the company's control, such as the risk that the company's associates may violate applicable laws and regulations, which could have an adverse effect on the company's business, reputation, results of operations and financial condition.

AB InBev may have a conflict of interest with its majority-owned subsidiaries. For example, a conflict of interest could arise if the subsidiary brings a legal claim for an alleged contractual breach, which could materially and adversely affect AB InBev's financial condition. A conflict of interest may also arise as a result of any dual roles played by AB InBev directors who may also be managers or senior officers in the subsidiary. Notwithstanding policies and procedures to address the possibility of such conflicts of interest, AB InBev may not be able to resolve all such conflicts on terms favorable to AB InBev.

AB InBev relies on key third parties, including key suppliers, for a range of raw materials for its beer, alcoholic beverages and soft drinks, and for packaging material. The termination of or any material change to arrangements with certain key suppliers or the failure of a key supplier to meet its contractual obligations could have a material impact on AB InBev's production, distribution and sale of beer, alcoholic beverages and soft drinks and have a material adverse effect on AB InBev's business, results of operations, cash flows or financial condition. Certain of AB InBev's subsidiaries may purchase nearly all of their key packaging materials from sole suppliers under multi-year contracts. The loss of or temporary discontinuity of supply from any of these suppliers without sufficient time to develop an alternative source could cause AB InBev to spend increased amounts on such supplies in the future. In addition, a number of key brand names are both licensed to third-party brewers and used by companies over which AB InBev does not have control. Although AB InBev monitors brewing quality to ensure its high standards, to the extent that one of these key brand names or joint ventures, companies in which AB InBev does not own a controlling interest and/or AB InBev’s licensees are subject to negative publicity, it could have a material adverse effect on AB InBev’s business, results of operations, cash flows or financial condition.

The size of AB InBev, contractual limitations it is subject to and its position in the markets in which it operates may decrease its ability to successfully carry out further acquisitions and business integrations. AB InBev cannot enter into further transactions unless it can identify suitable candidates and agree on the terms with them. The size of AB InBev and its position in the markets in which it operates may make it harder to identify suitable candidates, including because it may be harder for AB InBev to obtain regulatory approval for future transactions. If appropriate opportunities do become available, AB InBev may seek to acquire or invest in other businesses; however, any future acquisition may pose regulatory, antitrust and other risks.

The ability of AB InBev’s subsidiaries to distribute cash upstream may be subject to various conditions and limitations. The inability to obtain sufficient cash flows from its domestic and foreign subsidiaries and affiliated companies could adversely impact AB InBev’s ability to pay dividends and otherwise negatively impact its business, results of operations and financial condition.

An inability to reduce costs could affect AB InBev's profitability. Additionally, the Tax Matters Agreement AB InBev has entered into with Altria Group Inc. imposes some limits on the ability of the Combined Group to effect some reorganizations which it may otherwise consider.

Failure to generate significant cost savings and margin improvement through initiatives for improving operational efficiencies could adversely affect AB InBev’s profitability and AB InBev’s ability to achieve its financial goals. AB InBev is pursuing a number of initiatives to improve operational efficiency. If AB InBev fails for any reason to successfully complete these measures and programs as planned or to derive the expected benefits from these measures and programs, there is a risk of increased costs associated with these efforts, delays in benefit realization, disruption to the business, reputational damage or a reduced competitive advantage in the medium term.

A substantial portion of AB InBev’s operations are carried out in developing European, African, Asian and Latin American markets. AB InBev’s operations and equity investments in these markets are subject to the customary risks of operating in developing countries, which include, amongst others, political instability or insurrection, human rights concerns, external interference, financial risks, changes in government policy, political and economic changes, changes in the relations between countries, actions of governmental authorities affecting trade and foreign investment, regulations on repatriation of funds, interpretation and application of local laws and regulations, enforceability of intellectual property and contract rights, local labor conditions and regulations, lack of upkeep of public infrastructure, potential political and economic uncertainty, application of exchange controls, nationalization or expropriation, empowerment legislation and policy, corrupt business environments, crime and lack of law enforcement as well as financial risks, which include risk of illiquidity, inflation, devaluation, price volatility, currency convertibility and country default. Moreover, the economies of developing countries are often affected by changes in other developing market countries, and, accordingly, adverse changes in developing markets elsewhere in the world could have a negative impact on the markets in which AB InBev operates. Such developing market risks could adversely impact AB InBev’s business, results of operations and financial condition. Furthermore, the global reach of AB InBev’s operations exposes it to risks associated with doing business globally, including changes in tariffs. The Office of the United States Trade Representative has enacted tariffs on certain imports into the United States from China. If significant tariffs or other restrictions are placed on imports from China or any retaliatory trade measures are taken by China, this could have a material adverse effect on global economic conditions and the stability of global financial markets, and may significantly reduce global trade, which in turn could have a material adverse effect on AB InBev’s business in one or more of its key markets and results of operations.

Following the categorization of Argentina in AB InBev’s results for the third quarter of 2018 as a country with a three-year cumulative inflation rate greater than 100%, the country is considered as a hyperinflationary economy in accordance with IFRS rules (IAS 29), resulting in the restatement of certain results for hyperinflation accounting. If the economic or political situation in Argentina further deteriorates, the South America operations may be subject to additional restrictions under new Argentinean foreign exchange, export repatriation or expropriation regimes that could adversely affect AB InBev’s liquidity and operations, and ability to access funds from Argentina.

AB InBev relies on the reputation of its brands and its success depends on its ability to maintain and enhance the image and reputation of its existing products and to develop a favorable image and reputation for new products. An event, or series of events, that materially damages the reputation of one or more of AB InBev's brands could have an adverse effect on the value of that brand and subsequent revenues from that brand or business. Further, any restrictions on the permissible advertising style, media channels and messages used may constrain AB InBev’s brand building potential and thus reduce the value of its brands and related revenues.

Competition and changing consumer preferences in its various markets and increased purchasing power of players in AB InBev's distribution channels could cause AB InBev to reduce prices of its products, increase capital investment, increase marketing and other expenditures or prevent AB InBev from increasing prices to recover higher costs and thereby cause AB InBev to reduce margins or lose market share. Also, innovation faces inherent risks, and the new products AB InBev introduces may not be successful, while competitors may be able to respond more quickly to the emerging trends, such as the increasing consumer preference for "craft beers" produced by smaller microbreweries. In recent years, many industries have seen disruption from non-traditional producers and distributors, in many cases, from digital only competitors. AB InBev's business could be negatively affected if it is unable to anticipate changing consumer preference for such platforms. Any of the foregoing could have a material adverse effect on AB InBev's business, financial condition and results of operations.

Labatt, the Canadian subsidiary of AB InBev's subsidiary Ambev, and Tilray have a joint venture not only to research non-alcohol beverages containing tetrahydrocannabinol ("THC") and cannabidiol ("CBD"), both derived from cannabis, but also to commercialize a non-alcohol CBD beverage in Canada only. This joint venture could lead to increased legal, reputational and financial risks as the laws and regulations governing recreational cannabis are still developing, including in ways that AB InBev may not foresee. For instance, the involvement in the legal cannabis industry in Canada may invite new regulatory and enforcement scrutiny in other markets. Cannabis remains illegal in many markets in which AB InBev operates, and violations of Law could result in significant fines, penalties, administrative sanctions, convictions or settlements arising from civil proceedings or criminal charges. Furthermore, the political environment and popular support for cannabis legalization has changed quickly and remains in flux.

If any of AB InBev's products is defective or found to contain contaminants, AB InBev may be subject to product recalls or other associated liabilities. Although AB InBev maintains insurance against certain product liability (but not product recall) risks, it may not be able to enforce its rights in respect of these policies and, in the event that contamination or a defect occurs, any amounts it recovers may not be sufficient to offset any damage it may suffer, which could adversely impact its business, reputation, prospects, results of operations and financial condition.

In recent years, there has been public and political attention directed at the soft drinks and alcoholic beverage industries, as a result of health care concerns related to obesity and the harmful use of alcohol (including drunk driving, drinking while pregnant and excessive, abusive and underage drinking) such as those identified in the World Health Organization's Global Status Report on Alcohol and Health. Negative publicity regarding AB InBev's products, publication of studies indicating a significant risk in using them or changes in consumer perceptions in relation to them could adversely affect their sale and consumption and could harm AB InBev´s business, results of operations, cash flows or financial condition. Concerns over harmful consumption of alcohol may cause governments to consider measures such as increased taxation, implementation of minimum alcohol pricing regimes or other changes to the regulatory framework governing AB InBev's marketing and other commercial practices. Also, public concern about beer, other alcohol beverages and soft drink consumption and any resulting restrictions may cause the social acceptability of our products to decline significantly and consumption trends to shift away from them, which would have a material adverse effect on AB InBev's business, financial condition and results of operations.

Negative publicity and campaigns by activists, whether or not warranted, connecting us, our supply chain or our business partners with workplace and human rights issues, whether actual or perceived, could adversely impact our corporate image and reputation and may cause our business to suffer. We have made a number of commitments to respect human rights, including our commitment to the principles and guidance contained in the UN Guiding Principles on Business and Human Rights, through our policies. Allegations, even if untrue, that we are not respecting our commitments or actual or perceived failure by our suppliers or other business partners to comply with applicable workplace and labor laws, including child labor laws, or their actual or perceived abuse or misuse of migrant workers could negatively affect our overall reputation and brand image.

Climate change or other environmental concerns, or legal, regulatory or market measures to address climate change or other environmental concerns, could have a long-term, material adverse impact on AB InBev's business and results of operations. Further, water scarcity or poor water quality may affect AB InBev by increasing production costs and capacity constraints, which could adversely affect AB InBev's business and results of operations. Additionally, AB InBev's inability to meet its compliance obligations under EU emissions trading regulations may also have an adverse impact on AB InBev's business and results of operations.

AB InBev's operations are subject to environmental regulations, which could expose it to significant compliance costs and litigation relating to environmental issues.

AB InBev may not be able to protect its current and future brands and products and defend its intellectual property rights, including trademarks, patents, domain names, trade secrets and know-how, which could have a material adverse effect on its business, results of operations, cash flows or financial condition, and in particular, on AB InBev's ability to develop its business.

AB InBev could incur significant costs as a result of compliance with, and/or violations of or liabilities under, various regulations that govern AB InBev´s operations or the operations of its licensed third parties, including the General Data Protection Regulation adopted in the European Union, which was fully implemented in May 2018.

AB InBev is now, and may in the future be, a party to legal proceedings and claims, including collective suits (class actions), and significant damages may be asserted against it. Given the inherent uncertainty of litigation, it is possible that AB InBev might incur liabilities as a consequence of the proceedings and claims brought against it, including those that are not currently believed by it to be reasonably possible, which could have a material adverse effect on AB InBev's business, results of operations, cash flows or financial position. Important contingencies are disclosed in Note 32 *Contingencies* of the 2020 consolidated financial statements.

AB InBev entered into a consent decree with the U.S. Department of Justice in relation to the combination with SAB, pursuant to which AB InBev's subsidiary, Anheuser-Busch Companies, LLC, agreed not to acquire control of a distributor if doing so would result in more than 10% of its annual volume being distributed through distributorships controlled by AB InBev in the U.S. AB InBev's compliance with its obligations under the settlement agreement is monitored by the U.S. Department of Justice and the Monitoring Trustee appointed by them. Were AB InBev to fail to fulfill its obligations under the consent decree, whether intentionally or inadvertently, AB InBev could be subject to monetary fines or other penalties.

AB InBev may be subject to adverse changes in taxation, which makes up a large proportion of the cost of beer charged to consumers in many jurisdictions. Increases in excise and other indirect taxes applicable to AB InBev's products tend to adversely affect AB InBev's revenue or margins, both by reducing overall consumption and by encouraging consumers to switch to other categories of beverages, including unrecorded or informal alcohol products. Minimum pricing is another form of fiscal regulation that can affect AB InBev's profitability. Furthermore, AB InBev may be subject to increased taxation on its operations by national, local or foreign authorities, to higher corporate income tax rates or to new or modified taxation regulations and requirements. For example, the work being carried out by the Organisation for Economic Co-operation and Development on base erosion and profit shifting and initiatives at the European Union level (including the anti-tax-avoidance directive adopted by the Council of the European Union on 12 July 2016) as a response to increasing globalization of trade and business operations could result in changes in tax treaties, the introduction of new legislation, updates to existing legislation, or changes to regulatory interpretations of existing legislation, any of which could impose additional taxes on businesses. An increase in excise taxes or other taxes could adversely affect the financial results of AB InBev as well as its results of operations. Furthermore, the U.S. tax reform signed on 22 December 2017 (the "Tax Act") brings major tax legislation changes into law. While the Tax Act reduces the statutory rate of U.S. federal corporate income tax to 21% and provides an exemption for certain dividends from 10%-owned foreign subsidiaries, the Tax Act expands the tax base by introducing further limitations on deductibility of interest, the imposition of a "base erosion and anti-abuse tax" and the imposition of minimum tax for "global intangible low-tax income", among other changes, which could adversely impact the company's results of operations. The overall impact of the Tax Act also depends on the future interpretations and regulations that may be issued by U.S. tax authorities, and it is possible that future guidance could adversely impact the financial results of the company.

Antitrust and competition laws and changes in such laws or in the interpretation and enforcement thereof, as well as being subject to regulatory scrutiny, could affect AB InBev's business or the businesses of its subsidiaries. For example, in connection with AB InBev's previous acquisitions, various regulatory authorities have imposed (and may impose) conditions with which AB InBev is required to comply. The terms and conditions of certain of such authorizations, approvals and/or clearances required, among other things, the divestiture of the company's assets or businesses to third parties, changes to the company's operations, or other restrictions on the company's ability to operate in certain jurisdictions. Such actions could have a material adverse effect on AB InBev's business, results of operations, financial condition and prospects. In addition, such conditions could diminish substantially the synergies and advantages which the company expects to achieve from such future transactions.

AB InBev operates its business and markets its products in emerging markets that, as a result of political and economic instability, a lack of well-developed legal systems and potentially corrupt business environments, present it with political, economic and operational risks. Although AB InBev is committed to conducting business in a legal and ethical manner in compliance with local and international statutory requirements and standards applicable to its business, there is a risk that the employees or representatives of AB InBev's subsidiaries, affiliates, associates, joint ventures/operations or other business interests may take actions that violate applicable laws and regulations that generally prohibit the making of improper payments to foreign government officials for the purpose of obtaining or keeping business, including laws relating to the 1997 OECD Convention on Combating Bribery of Foreign Public Officials in International Business Transactions such as the U.S. Foreign Corrupt Practices Act and the U.K. Bribery Act.

Although AB InBev's operations in Cuba are quantitatively immaterial, its overall business reputation may suffer or it may face additional regulatory scrutiny as a result of Cuba being a target of U.S. economic and trade sanctions. In addition, on 11 January 2021, the Trump Administration designated Cuba as a state sponsor of terrorism].If investors decide to liquidate or otherwise divest their investments in companies that have operations of any magnitude in Cuba, the market in and value of AB InBev's securities could be adversely impacted. In addition, Title III of U.S. legislation known as the "Helms-Burton Act" authorizes private lawsuits for damages against anyone who traffics in property confiscated without compensation by the Government of Cuba from persons who at the time were, or have since become, nationals of the United States. Although this section of the Helms-Burton Act has been suspended by discretionary presidential action since its inception in 1996, on 2 May 2019, the Trump Administration activated Title III of the Helms-Burton Act, thereby allowing nationals of the United States that hold claims under the Helms-Burton Act to file suit in U.S. federal court against all persons trafficking in property confiscated by the Cuban government.

As a result of the activation of Title III of the Helms-Burton Act, AB InBev may be subject to potential U.S. litigation exposure beginning 2 May 2019, including claims accrued during the prior suspension of Title III of the Helms-Burton Act. Given the unprecedented activation of Title III of the Helms-Burton Act, there is substantial uncertainty as to how the statute will be interpreted by U.S. courts. AB InBev has received notice of a claim purporting to be made under the Helms-Burton Act. It remains unclear how the activation of Title III of the Helms-Burton Act will impact AB InBev’s U.S. litigation exposure with respect to this notice of claim.

AB InBev may not be able to recruit or retain key personnel and successfully manage them, which could disrupt AB InBev’s business and have an unfavorable material effect on AB InBev’s financial position, its income from operations and its competitive position.

Further, AB InBev may be exposed to labor strikes, disputes and work stoppages or slowdowns, within its operations or those of its suppliers, or an interruption or shortage of raw materials for any other reason that could lead to a negative impact on AB InBev’s costs, earnings, financial condition, production level and ability to operate its business. AB InBev’s production may also be affected by work stoppages or slowdowns that affect its suppliers, distributors and retail delivery/logistics providers as a result of disputes under existing collective labor agreements with labor unions, in connection with negotiations of new collective labor agreements, as a result of supplier financial distress or for other reasons. A work stoppage or slowdown at AB InBev’s facilities could interrupt the transport of raw materials from its suppliers or the transport of its products to its customers. Such disruptions could put a strain on AB InBev’s relationships with suppliers and customers and may have lasting effects on its business even after the disputes with its labor force have been resolved, including as a result of negative publicity.

AB InBev relies on information technology systems to process, transmit, and store electronic information. Although AB InBev takes various actions to prevent cyber-attacks and to minimize potential technology disruptions, such disruptions could impact AB InBev’s business. For example, if outside parties gained access to AB InBev’s confidential data or strategic information and appropriated such information or made such information public, this could harm AB InBev’s reputation or its competitive advantage, or could expose AB InBev or its customers to a risk of loss or misuse of information. More generally, technology disruptions can have a material adverse effect on AB InBev’s business, results of operations, cash flows or financial condition.

AB InBev’s business and operating results could be negatively impacted by social, technical, natural, physical or other disasters.

Although AB InBev maintains insurance policies to cover various risks, it also uses self-insurance for most of its insurable risks. Should an uninsured loss or a loss in excess of insured limits occur, this could adversely impact AB InBev’s business, results of operations and financial condition.

If the business of AB InBev does not develop as expected, impairment charges on goodwill or other intangible assets may be incurred in the future that could be significant and that could have an adverse effect on AB InBev's results of operations and financial condition.

The audit report included in AB InBev’s annual report is prepared by an auditor who is not inspected by the U.S. Public Company Accounting Oversight Board (PCAOB). This lack of PCAOB inspections in Belgium prevents the PCAOB from regularly evaluating audits and quality control procedures of any auditors operating in Belgium, including AB InBev’s auditors. As a result, U.S. and other investors may be deprived of the benefits of PCAOB inspections. In addition, on 18 December 2020, the Holding Foreign Companies Accountable Act (the “HFCAA”) was enacted in the United States, which, among other things, requires the U.S. Securities and Exchange Commission (the “SEC”) to prohibit securities of any foreign companies from being listed on a U.S. securities exchange or over-the-counter market if such company retains a foreign accounting firm that cannot be inspected by the PCAOB for three consecutive years, beginning in 2021. The Board of Supervisors of Company Auditors (the “CTR”) in Belgium is in the process of negotiating a cooperation agreement with the PCAOB, which, if finalized, will enable the PCAOB to initiate joint inspections of Belgian accounting firms with the CTR. Signing of the cooperation agreement with the PCAOB is expected to take place in the first half of 2021, and is contingent upon the European Data Protection Board and Belgian Data Protection Authority’s approval of certain data protection protocols contained in the agreement.

AB InBev’s ordinary shares currently trade on Euronext Brussels in euros, the Johannesburg Stock Exchange in South African rand, the Mexican Stock Exchange in Mexican pesos and its ordinary shares represented by American Depositary Shares (the “ADSs”) trade on the New York Stock Exchange in U.S. dollars. Fluctuations in the exchange rates between the euro, the South African rand, the Mexican peso and the U.S. dollar may result in temporary differences between the value of AB InBev’s ordinary shares trading in different currencies, and between its ordinary shares and its ADSs, which may result in heavy trading by investors seeking to exploit such differences.

RISKS ARISING FROM FINANCIAL INSTRUMENTS

Note 29 of the 2020 consolidated financial statements on *Risks arising from financial instruments* contain detailed information on the company's exposures to financial risks and its risk management policies.

Changes in labels of alternative performance measurements ("APMs")

Following a report on European Union (EU) issuers' use of Alternative Performance Measures (i.e. non-IFRS measures, or "APMs"), issued by the European Securities and Markets Authority (ESMA) in December 2019, the company will relabel in future disclosures "non-recurring" items to "non-underlying" items. The change will be effective with the results announcements of the first quarter of 2021.

Events after the balance sheet date

Please refer to Note 35 *Events after the balance sheet date* of the consolidated financial statements.

Corporate governance

For information with respect to Corporate Governance, please refer to the Corporate Governance section, which forms an integral part of our annual report.

Statement of the Board of Directors

The Board of Directors of AB InBev SA/NV certifies, on behalf and for the account of the company, that, to their knowledge, (a) the financial statements which have been prepared in accordance with International Financial Reporting Standards give a true and fair view of the assets, liabilities, financial position and profit or loss of the company and the entities included in the consolidation as a whole and (b) the management report includes a fair review of the development and performance of the business and the position of the company and the entities included in the consolidation as a whole, together with a description of the principal risks and uncertainties they face.

Independent auditors' report

STATUTORY AUDITOR'S REPORT TO THE GENERAL SHAREHOLDERS' MEETING OF ANHEUSER-BUSCH INBEV NV/SA ON THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

We present to you our statutory auditor's report in the context of our statutory audit of the consolidated financial statements of Anheuser-Busch InBev NV/SA (the "Company") and its subsidiaries (jointly "the Group"). This report includes our report on the consolidated financial statements, as well as the other legal and regulatory requirements. This forms part of an integrated whole and is indivisible.

We have been appointed as statutory auditor by the general meeting d.d. 24 April 2019, following the proposal formulated by the board of directors and following the recommendation by the audit committee and the proposal formulated by the works' council. Our mandate will expire on the date of the general meeting which will deliberate on the annual accounts for the year ended 31 December 2021. We have performed the statutory audit of the consolidated financial statements of Anheuser-Busch InBev NV/SA for two consecutive years.

REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS

Unqualified opinion

We have performed the statutory audit of the Group's consolidated financial statements, which comprise the consolidated statement of financial position as at 31 December 2020, the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and the notes to the consolidated financial statements, including a summary of significant accounting policies and other explanatory information, and which is characterised by a consolidated statement of financial position total of USD 226 410 million and a profit for the year of USD 2 202 million.

In our opinion, the consolidated financial statements give a true and fair view of the Group's net equity and consolidated financial position 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 as adopted by the European Union and with the legal and regulatory requirements applicable in Belgium.

Basis for unqualified opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) as applicable in Belgium. Furthermore, we have applied the International Standards on Auditing as approved by the IAASB which are applicable to the year-end and which are not yet approved at the national level. Our responsibilities under those standards are further described in the "Statutory auditor's responsibilities for the audit of the consolidated financial statements" section of our report. We have fulfilled our ethical responsibilities in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Belgium, including the requirements related to independence. We have obtained from the board of directors and Company officials the explanations and information necessary for performing our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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 MATTER	HOW OUR AUDIT ADDRESSED THE KEY AUDIT MATTER
Impairment of goodwill and intangible assets with indefinite useful life As described in Notes 4, 14 and 15 to the consolidated financial statements, the Company has recorded goodwill and intangible assets with indefinite useful life for an amount of $120 971 million and $39 395 million, respectively, as of December 31, 2020. Impairment analyses of goodwill and indefinite-lived intangible assets are performed annually and whenever a triggering event has occurred, in order to determine whether the carrying value exceeds the recoverable amount. These calculations are based on estimates of future cash flows. In view of the decline in performance resulting from the COVID-19 pandemic, the company conducted an interim impairment test in the second quarter of 2020. As a result of this impairment test, management concluded, based on the valuations performed, it was prudent in view of the uncertainties, to record an impairment loss of $(1.5) billion for the South Africa cash generating unit and $(1.0) billion for the Rest of Africa cash generating unit as of June 30, 2020. Intangible assets with indefinite useful lives have been tested for impairment using the same methodology and assumptions as goodwill. Based on the assumptions described in the note, the Company concluded that no impairment charge is warranted of intangible assets with indefinite useful lives. Impairment tests are conducted by management, in accordance with IAS 36, in which management applies a discounted cash flow approach based on current acquisition valuation models for its cash-generating units showing an invested capital to EBITDA multiple above 9x and valuation multiples for its other cash-generating units. The Company uses a strategic plan 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. Management's cash flow projections include significant estimates and assumptions, related to weighted average cost of capital, the terminal growth rate and probability weighting of the scenarios used in the interim impairment test. The principal considerations for our determination that performing procedures relating to the impairment of goodwill and intangible assets with indefinite useful life is a key audit matter are the following: (i) the high degree of auditor judgment and subjectivity in applying procedures relating to the valuation of the cash-generating units due to the significant amount of judgment by management when developing this estimate, (ii) the audit effort involved the use of professionals with specialized skill and knowledge to assist in evaluating the audit evidence obtained from these procedures and (iii) the significant audit effort necessary in evaluating the significant assumptions relating to the estimate, related to weighted average cost of capital, the terminal growth rate and probability weighting of the scenarios used in the interim impairment test.	Addressing the matter involved performing procedures and evaluating audit evidence in connection with forming our overall opinion on the consolidated financial statements. These procedures included testing the effectiveness of controls relating to management's goodwill and indefinite-lived asset impairment testing, including controls over the valuation of the Company's cash-generating units. These procedures also included, among others, testing management's process for developing the fair value estimates; evaluating the appropriateness of the discounted cash flow model; testing the completeness, accuracy, and relevance of underlying data used in the models; and, with the assistance of professionals with specialized skill and knowledge, evaluating the significant assumptions used by management, related to weighted average cost of capital, the terminal growth rate and probability weighting of the scenarios used in the interim impairment test. Evaluating management's assumptions involved evaluating whether the assumptions used by management were reasonable considering (i) the current and past performance of the cash-generating unit, (ii) the consistency with external market and industry data, (iii) whether these assumptions were consistent with evidence obtained in other areas of the audit and (iv) analysis of sensitivities in the Company's discounted cash flow model.

KEY AUDIT MATTER	HOW OUR AUDIT ADDRESSED THE KEY AUDIT MATTER
Uncertain tax positions As described in Notes 4 and 32 to the consolidated financial statements, significant judgment by management is required in determining the worldwide provision for income tax. There are some transactions and calculations for which the ultimate tax determination is uncertain. 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 balance sheet date and, by their nature, these can take considerable time to conclude. In assessing the amount of any income tax provisions to be recognized in the consolidated financial statements, estimation is made of the expected successful settlement of these matters. The principal considerations for our determination that performing procedures relating to uncertain tax positions is a key audit matter are the following (i) the high degree of auditor judgment and subjectivity in applying procedures related to uncertain tax positions due to the significant amount of judgment by management when developing this estimate, including a high degree of estimation uncertainty relative to the numerous and complex tax laws, frequency of tax audits, and the considerable time to conclude investigations and negotiations with local tax authorities as a result of such audits, and (ii) the involvement of professionals with specialized skill and knowledge to assist in evaluating the audit evidence obtained from these procedures.	Addressing the matter involved performing procedures and evaluating audit evidence in connection with forming our overall opinion on the consolidated financial statements. These procedures included testing the effectiveness of controls relating to completeness of the uncertain tax positions, as well as controls over measurement of the liability. These procedures also included, among others, (i) testing the information used in the calculation of the income tax provisions, including intercompany agreements, international, federal, and state filing positions, and the related final tax returns; (ii) testing the calculation of the income tax provision by jurisdiction, including management's assessment of the technical merits of tax positions and estimates of the amount of tax benefit expected to be sustained; (iii) testing the completeness of management's assessment of both the identification of uncertain tax positions and possible outcomes thereof; and (iv) evaluating the status and results of income tax audits by the relevant tax authorities. Professionals with specialized skill and knowledge were used to assist in the evaluation of the completeness and measurement of the Company's uncertain tax positions, including evaluating the reasonableness of management's assessment of the chance of loss related to tax positions and the application of relevant tax laws.

RESPONSIBILITIES OF THE BOARD OF DIRECTORS FOR THE PREPARATION OF THE CONSOLIDATED FINANCIAL STATEMENTS

The board of directors is responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with International Financial Reporting Standards as adopted by the European Union and with the legal and regulatory requirements applicable in Belgium, and for such internal control as the board of directors determines 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 board of directors is 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 board of directors either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

STATUTORY 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. 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.

In performing our audit, we comply with the legal, regulatory and normative framework applicable to the audit of the consolidated financial statements in Belgium. A statutory audit does not provide any assurance as to the Company's future viability nor as to the efficiency or effectiveness of the board of directors' current or future business management.

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 board of directors;
- Conclude on the appropriateness of the board of 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 statutory 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 statutory 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 and 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, related safeguards.

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.

OTHER LEGAL AND REGULATORY REQUIREMENTS

Responsibilities of the board of directors

The board of directors is responsible for the preparation and the content of the directors' report on the consolidated financial statements.

Statutory auditor's responsibilities

In the context of our engagement and in accordance with the Belgian standard which is complementary to the International Standards on Auditing (ISAs) as applicable in Belgium, our responsibility is to verify, in all material respects, the directors' report on the consolidated financial statements and to report on these matters.

Aspects related to the directors' report on the consolidated financial statements

In our opinion, after having performed specific procedures in relation to the directors' report on the consolidated financial statements, this report is consistent with the consolidated financial statements for the year under audit, and it is prepared in accordance with article 3:32 of the Companies' and Associations' Code.

In the context of our audit of the consolidated financial statements, we are also responsible for considering, in particular based on the knowledge acquired resulting from the audit, whether the directors' report is materially misstated or contains information which is inadequately disclosed or otherwise misleading. In light of the procedures we have performed, there are no material misstatements we have to report to you.

The non-financial information required by virtue of article 3:32, §2 of the Companies' and Associations' Code is included in the directors' report on the consolidated financial statements. The Company has prepared the non-financial information, based on the reference framework Global Reporting Initiative (GRI) Standards and relevant United Nations Sustainable Development Goals.

However, in accordance with article 3:80, §1, 5° of the Companies' and Associations' Code, we do not express an opinion as to whether the non-financial information has been prepared in accordance with the said framework as disclosed in the consolidated financial statements.

Statement related to independence

- Our registered audit firm and our network did not provide services which are incompatible with the statutory audit of the consolidated financial statements, and our registered audit firm remained independent of the Group in the course of our mandate.
- The fees for additional services which are compatible with the statutory audit of the consolidated financial statements referred to in article 3:65 of the Companies' and Associations' Code are correctly disclosed and itemized in the notes to the consolidated financial statements.

Other statements

This report is consistent with the additional report to the audit committee referred to in article 11 of the Regulation (EU) N° 537/2014.

Sint-Stevens-Woluwe, 24 February 2021

The statutory auditor

PwC Bedrijfsrevisoren BV / Reviseurs d'Entreprises SRL

Represented by

Koen Hens

Koen Hens

Statutory Auditor

Consolidated financial statements

Consolidated income statement

For the year ended 31 December Million US dollar, except earnings per shares in US dollar	Notes	2020	2019
Revenue		**46 881**	**52 329**
Cost of sales		(19 634)	(20 362)
Gross profit		**27 247**	**31 967**
Distribution expenses		(5 104)	(5 525)
Sales and marketing expenses		(6 861)	(7 348)
Administrative expenses		(3 404)	(3 548)
Other operating income/(expenses)	7	845	875
Profit from operations before non-recurring items		**12 723**	**16 421**
Impairment of goodwill	8	(2 500)	-
COVID-19 costs	8	(182)	-
Restructuring	8	(157)	(170)
Business and asset disposal (including impairment losses)	8	(239)	(50)
Acquisition costs business combinations	8	(25)	(23)
Brazil state tax regularization program	8	-	(74)
Cost related to public offering of minority stake in Budweiser APAC	8	-	(6)
Profit from operations		**9 620**	**16 098**
Finance cost	11	(6 601)	(4 873)
Finance income	11	642	518
Non-recurring net finance income/(cost)	11	(1 738)	882
Net finance income/(cost)		**(7 697)**	**(3 473)**
Share of result of associates and joint ventures	16	156	152
Profit before tax		**2 079**	**12 776**
Income tax expense	12	(1 932)	(2 786)
Profit from continuing operations		**147**	**9 990**
Profit from discontinued operations	22	2 055	424
Profit of the period		**2 202**	**10 414**
Profit from continuing operations attributable to:			
Equity holders of AB InBev		(650)	8 748
Non-controlling interest		797	1 243
Profit of the period attributable to:			
Equity holders of AB InBev		1 405	9 171
Non-controlling interest		797	1 243
Basic earnings per share	23	0.70	4.62
Diluted earnings per share	23	0.69	4.53
Basic earnings per share from continuing operations	23	(0.33)	4.41
Diluted earnings per share from continuing operations	23	(0.33)	4.32
Basic earnings per share before non-recurring items and discontinued operations[1]	23	1.91	4.08
Diluted earnings per share before non-recurring items and discontinued operations[1]	23	1.87	3.99
Underlying earnings per share[1]	23	2.51	3.63

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

[1] Basic earnings per share and diluted earnings per share before non-recurring items and discontinued operations, as well as Underlying EPS, are not defined metrics in IFRS. Refer to Note *23 Changes in equity and earnings per share* for more details.

Consolidated statement of comprehensive income

For the year ended 31 December Million US dollar	2020	2019
Profit of the period	**2 202**	**10 414**
Other comprehensive income/(loss): items that will not be reclassified to profit or loss:		
Re-measurements of post-employment benefits	(263)	(182)
	(263)	**(182)**
Other comprehensive income/(loss): items that may be reclassified subsequently to profit or loss:		
Exchange differences on translation of foreign operations[1]	(10 951)	947
Effective portion of changes in fair value of net investment hedges	479	(157)
Cash flow hedges recognized in equity	739	182
Cash flow hedges and cumulative translation adjustments reclassified from equity to profit or loss in relation to Australia divestiture	426	-
Cash flow hedges reclassified from equity to profit or loss	(533)	(292)
	(9 841)	**680**
Other comprehensive income/(loss), net of tax	**(10 104)**	**498**
Total comprehensive income/(loss)	**(7 901)**	**10 912**
Attributable to:		
Equity holders of AB InBev	(8 156)	10 044
Non-controlling interest	255	867

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

[1] See Note 23 *Changes in equity and earnings per share.*

Consolidated statement of financial position

As at Million US dollar	Notes	31 December 2020	31 December 2019
ASSETS			
Non-current assets			
Property, plant and equipment	13	26 419	27 544
Goodwill	14	120 971	128 114
Intangible assets	15	41 527	42 452
Investments in associates and joint ventures	16	6 143	5 861
Investment securities	17	137	110
Deferred tax assets	18	2 019	1 719
Employee benefits	25	6	14
Income tax receivables		869	1 081
Derivatives	29	138	132
Trade and other receivables	20	1 661	807
Total non-current assets		**199 891**	**207 834**
Current assets			
Investment securities	17	396	92
Inventories	19	4 482	4 427
Income tax receivables		655	627
Derivatives	29	827	230
Trade and other receivables	20	4 833	6 187
Cash and cash equivalents	21	15 252	7 238
Assets classified as held for sale	22	74	10 013
Total current assets		**26 519**	**28 814**
Total assets		**226 410**	**236 648**
EQUITY AND LIABILITIES			
Equity			
Issued capital	23	1 736	1 736
Share premium		17 620	17 620
Reserves		17 798	24 882
Retained earnings		30 870	31 484
Equity attributable to equity holders of AB InBev		**68 024**	**75 722**
Non-controlling interests	33	10 327	8 831
Total equity		**78 351**	**84 553**
Non-current liabilities			
Interest-bearing loans and borrowings	24	95 478	97 564
Employee benefits	25	2 970	2 848
Deferred tax liabilities	18	12 627	12 824
Income tax payables		808	1 022
Derivatives	29	1 759	352
Trade and other payables	28	1 522	1 943
Provisions	27	544	701
Total non-current liabilities		**115 707**	**117 254**
Current liabilities			
Bank overdrafts	21	5	68
Interest-bearing loans and borrowings	24	3 081	5 410
Income tax payables		1 036	1 346
Derivatives	29	5 046	3 799
Trade and other payables	28	22 965	22 864
Provisions	27	219	210
Liabilities associated with assets held for sale	22	-	1 145
Total current liabilities		**32 352**	**34 841**
Total equity and liabilities		**226 410**	**236 648**

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

Consolidated statement of changes in equity

	Attributable to equity holders of AB InBev									
Million US dollar	Issued Capital	Share premium	Treasury shares	Reserves	Share-based payments reserves	Other comprehensive income reserves[1]	Retained earnings	Total	Non-controlling interest	Total Equity
As per 1 January 2019	**1 736**	**17 620**	**(6 549)**	**45 726**	**2 037**	**(22 152)**	**26 068**	**64 485**	**7 404**	**71 889**
Profit of the period	**-**	**-**	**-**	**-**	**-**	**-**	**9 171**	**9 171**	**1 243**	**10 414**
Other comprehensive income/(loss)										
Exchange differences on translation of foreign operations (gains/(losses))	-	-	-	-	-	1 143	-	1 143	(353)	790
Cash flow hedges	-	-	-	-	-	(97)	-	(97)	(13)	(110)
Re-measurements of post-employment benefits	-	-	-	-	-	(173)	-	(173)	(9)	(182)
Total comprehensive income/(loss)	**-**	**-**	**-**	**-**	**-**	**873**	**9 171**	**10 044**	**867**	**10 912**
Dividends	-	-	-	-	-	-	(4 117)	(4 117)	(1 062)	(5 179)
Treasury shares	-	-	279	-	-	-	(279)	-	-	-
Share-based payments	-	-	-	-	290	-	-	290	29	319
Sale/(purchase) of non-controlling interest	-	-	-	4 378	-	-	-	4 378	1 427	5 805
Hyperinflation monetary adjustments	-	-	-	-	-	-	219	219	135	354
Scope and other changes	-	-	-	-	-	-	421	421	31	452
As per 31 December 2019	**1 736**	**17 620**	**(6 270)**	**50 104**	**2 327**	**(21 279)**	**31 484**	**75 722**	**8 831**	**84 553**

	Attributable to equity holders of AB InBev									
Million US dollar	Issued Capital	Share premium	Treasury shares	Reserves	Share-based payments reserves	Other comprehensive income reserves[1]	Retained earnings	Total	Non-controlling interest	Total Equity
As per 1 January 2020	**1 736**	**17 620**	**(6 270)**	**50 104**	**2 327**	**(21 279)**	**31 484**	**75 722**	**8 831**	**84 553**
Profit of the period	**-**	**-**	**-**	**-**	**-**	**-**	**1 405**	**1 405**	**797**	**2 202**
Other comprehensive income/(loss)										
Exchange differences on translation of foreign operations (gains/(losses))	-	-	-	-	-	(9 943)	-	(9 943)	(529)	(10 473)
Cash flow hedges	-	-	-	-	-	198	-	198	8	206
Cash flow hedges and cumulative translation adjustments reclassified from equity to profit or loss in relation to Australia divestiture	-	-	-	-	-	426	-	426	-	426
Re-measurements of post-employment benefits	-	-	-	-	-	(243)	-	(243)	(20)	(263)
Total comprehensive income/(loss)	**-**	**-**	**-**	**-**	**-**	**(9 562)**	**1 405**	**(8 156)**	**255**	**(7 901)**
Dividends	-	-	-	-	-	-	(1 118)	(1 118)	(804)	(1 923)
Treasury shares	-	-	1 359	-	-	-	(974)	385	-	385
Share-based payments	-	-	-	-	3	-	-	3	17	20
Hyperinflation monetary adjustments	-	-	-	-	-	-	160	160	99	259
Sale/(purchase) of non-controlling interests[2]	-	-	-	1 116	-	-	-	1 116	1 869	2 985
Scope and other changes	-	-	-	-	-	-	(87)	(87)	60	(26)
As per 31 December 2020	**1 736**	**17 620**	**(4 911)**	**51 220**	**2 330**	**(30 841)**	**30 870**	**68 024**	**10 327**	**78 351**

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

[1] See Note 23 *Changes in equity and earnings per share*.
[2] The 2020 sale of non-controlling interest relates to the issuance of a 49.9% minority stake in the company's US-based metal container operations completed in December 2020 (refer to Note 23 *Changes in equity and earnings per share* for more details).

Consolidated statement of cash flows

For the year ended 31 December Million US dollar	Notes	2020	2019[1]
OPERATING ACTIVITIES			
Profit from continuing operations		**147**	**9 990**
Depreciation, amortization and impairment	10	4 829	4 657
Impairment losses on goodwill	14	2 500	-
Impairment losses on receivables, inventories and other assets		218	112
Additions/(reversals) in provisions and employee benefits		278	216
Net finance cost/(income)	11	7 697	3 473
Loss/(gain) on sale of property, plant and equipment and intangible assets		(69)	(149)
Loss/(gain) on sale of subsidiaries, associates and assets held for sale		7	(34)
Equity-settled share-based payment expense	26	169	340
Income tax expense	12	1 932	2 786
Other non-cash items included in profit		(381)	(220)
Share of result of associates and joint ventures	16	(156)	(152)
Cash flow from operating activities before changes in working capital and use of provisions		**17 171**	**21 019**
Decrease/(increase) in trade and other receivables		516	(258)
Decrease/(increase) in inventories		(427)	(426)
Increase/(decrease) in trade and other payables		503	679
Pension contributions and use of provisions		(616)	(715)
Cash generated from operations		**17 147**	**20 299**
Interest paid		(4 340)	(4 450)
Interest received		255	523
Dividends received		51	160
Income tax paid		(2 306)	(3 136)
Cash flow from operating activities on Australia discontinued operations	22	84	640
Cash flow from operating activities		**10 891**	**14 036**
INVESTING ACTIVITIES			
Acquisition of property, plant and equipment and of intangible assets	13/15	(3 781)	(5 174)
Proceeds from sale of property, plant and equipment and of intangible assets		94	320
Acquisition of subsidiaries, net of cash acquired	6	(510)	(385)
Sale of other subsidiaries, net of cash disposed of	6	-	133
Net proceeds from sale/(acquisition) of other assets		(292)	33
Proceeds from Australia divestiture	22	10 838	219
Cash flow from investing activities on Australia discontinued operations	22	(13)	(77)
Cash flow from investing activities		**6 336**	**(4 931)**
FINANCING ACTIVITIES			
Sale/(purchase) of non-controlling interests	23	3 039	222
Proceeds from borrowings	24	14 822	22 584
Payments on borrowings	24	(23 116)	(30 592)
Cash net finance (cost)/income other than interests		(953)	(1 064)
Payment of lease liabilities		(461)	(441)
Dividends paid		(1 800)	(5 015)
Proceeds from public offering of minority stake in Budweiser APAC	23	-	5 575
Cash flow from financing activities on Australia discontinued operations	22	(6)	(24)
Cash flow from financing activities		**(8 475)**	**(8 755)**
Net increase/(decrease) in cash and cash equivalents		**8 752**	**350**
Cash and cash equivalents less bank overdrafts at beginning of year		7 169	6 960
Effect of exchange rate fluctuations		(674)	(141)
Cash and cash equivalents less bank overdrafts at end of period	21	**15 247**	**7 169**

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

[1] The consolidated statement of cash flows for 2019 has been restated to include operating, investing and financing activities from discontinued operations separately in the cashflow statement. In addition, the 2019 cash flow from investing activities has been restated to reflect reclassification of the cash flow hedges in relation to the Australia divestiture reported in the financing activities in 2019 and recycled to profit or loss upon the completion of the transaction.

Notes to the consolidated financial statements

1. Corporate information

Anheuser-Busch InBev 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). Our Dream is to bring people together for a better world. Beer, the original social network, has been bringing people together for thousands of years. We are committed to building great brands that stand the test of time and to brewing the best beers using the finest natural ingredients. Our diverse portfolio of well over 500 beer brands includes global brands Budweiser®, Corona® and Stella Artois®; multi-country brands Beck's®, Hoegaarden®, Leffe® and Michelob Ultra®; and local champions such as Aguila®, Antarctica®, Bud Light®, Brahma®, Cass®, Castle®, Castle Lite®, Cristal®, Harbin®, Jupiler®, Modelo Especial®, Quilmes®, Victoria®, Sedrin® and Skol®. Our brewing heritage dates back more than 600 years, spanning continents and generations. From our European roots at the Den Hoorn brewery in Leuven, Belgium. To the pioneering spirit of the Anheuser & Co brewery in St. Louis, US. To the creation of the Castle Brewery in South Africa during the Johannesburg gold rush. To Bohemia, the first brewery in Brazil. Geographically diversified with a balanced exposure to developed and developing markets, we leverage the collective strengths of approximately 164 000 employees based in nearly 50 countries worldwide. For 2020, AB InBev's reported revenue was 46.9 billion US dollar (excluding joint ventures and associates).

The consolidated financial statements of the company for the year ended 31 December 2020 comprise the company and its subsidiaries (together referred to as "AB InBev" or the "company") and the company's interest in associates, joint ventures and operations.

The consolidated financial statements were authorized for issue by the Board of Directors on 24 February 2021.

2. Statement of compliance

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards as issued by the International Accounting Standard Board ("IASB") and in conformity with International Financial Reporting Standards as adopted by the European Union up to 31 December 2020 (collectively "IFRS"). AB InBev did not early apply any new IFRS requirements that were not yet effective in 2020 and did not apply any European carve-outs from IFRS.

3. Summary of significant accounting policies

The accounting policies set out below have been applied consistently to all periods presented in these consolidated financial statements by the company and its subsidiaries.

(A) BASIS OF PREPARATION AND MEASUREMENT

Depending on the applicable IFRS requirements, the measurement basis used in preparing the financial statements is cost, net realizable value, fair value or recoverable amount. Whenever IFRS provides an option between cost and another measurement basis (e.g. systematic re-measurement), the cost approach is applied.

(B) FUNCTIONAL AND PRESENTATION CURRENCY

Unless otherwise specified, all financial information included in these financial statements has been stated in US dollar and has been rounded to the nearest million. As from 2009, following the combination with Anheuser-Bush, the company changed the presentation currency of the consolidated financial statements from the euro to the US dollar to provide greater alignment of the presentation currency with AB InBev's most significant operating currency and underlying financial performance. The functional currency of the parent company is the euro.

(C) USE OF ESTIMATES AND JUDGMENTS

The preparation of 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.

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

(D) PRINCIPLES OF CONSOLIDATION

Subsidiaries are those entities controlled by AB InBev. AB InBev 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 AB InBev 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 statements 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 company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

Associates are undertakings in which AB InBev 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. A joint venture is an arrangement in which AB InBev has joint control, whereby AB InBev has rights to the net assets of the arrangement, rather than rights to its assets and obligations for its liabilities. Associates and joint ventures 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 AB InBev's share of losses exceeds the carrying amount of the associate or joint venture, the carrying amount is reduced to nil and recognition of further losses is discontinued except to the extent that AB InBev has incurred legal or constructive obligations on behalf of the associate or joint venture.

Joint operations arise when AB InBev has rights to the assets and obligations to the liabilities of a joint arrangement. AB InBev accounts for its share of the assets, liabilities, revenues and expenses as from the moment joint operation commences until the date that joint operation ceases.

The financial statements of the company's subsidiaries, joint ventures, joint operations and associates are prepared for the same reporting year as the parent company, using consistent accounting policies. In exceptional cases when the financial statements of a subsidiary, joint venture, joint operation or associate are prepared as of a different date from that of AB InBev, adjustments are made for the effects of significant transactions or events that occur between that date and the date of AB InBev's financial statements. In such cases, the difference between the end of the reporting period of these subsidiaries, joint ventures, joint operations or associates from AB InBev's reporting period is no more than three months. Results from the company's associates Anadolu Efes and Castel are reported on a three-month lag. Therefore, estimates are made to reflect AB InBev's share in the result of these associates for the last quarter. Such estimates are revisited when required.

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 joint ventures, joint operations and associates are eliminated to the extent of AB InBev'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.

A listing of the company's most important subsidiaries, joint ventures, joint operations and associates is set out in Note 36 *AB InBev companies*.

(E) SUMMARY OF CHANGES IN ACCOUNTING POLICIES

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 AB InBev's consolidated financial statements.

(F) FOREIGN CURRENCIES

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 exchange rates prevailing on the date of the balance sheet. 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 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.

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 balance sheet date. Income statements of foreign operations, excluding foreign entities in hyperinflationary economies, 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 shareholders' equity are translated at historical rates. Exchange differences arising from the translation of shareholders' equity to US dollar at period-end exchange rates are taken to other comprehensive income (translation reserves).

Financial Reporting in hyperinflationary economies

In May 2018, the Argentinean peso underwent a severe devaluation, causing Argentina´s three-year cumulative inflation to exceed 100% and thus, triggering the requirement to transition to hyperinflation accounting as prescribed by IAS 29 *Financial Reporting in Hyperinflationary Economies*. IAS 29 requires that the results of the company's Argentinian operations be reported as if these were highly inflationary as of 1 January 2018.

Under IAS 29, non-monetary assets and liabilities stated at historical cost, equity and income statements of subsidiaries operating in hyperinflationary economies are restated for changes in the general purchasing power of the local currency, applying a general price index. These re-measured accounts are used for conversion into US dollar at the period closing exchange rate. As a result, the balance sheet and net results of subsidiaries operating in hyperinflation economies are stated in terms of the measuring unit current at the end of the reporting period.

Consequently, the company applied hyperinflation accounting for its Argentinean subsidiaries for the first time in the year-to-date September 2018 unaudited condensed interim financial statements, with effect as of 1 January 2018. The IAS 29 rules are applied as follows:

- Non-monetary assets and liabilities stated at historical cost (e.g. property plant and equipment, intangible assets, goodwill, etc.) and equity of Argentina were restated using an inflation index. The hyperinflation accounting impacts resulting from changes in the general purchasing power from 1 January 2018 are reported in the income statement in a dedicated account for hyperinflation monetary adjustments in the finance line (see also Note 11 *Finance cost and income*)
- The income statement is adjusted at the end of each reporting period using the change in the general price index. It is converted at the closing exchange rate of each period (rather than the year-to-date average rate which is used for non-hyperinflationary economies), thereby restating the year-to-date income statement account for both inflation index and currency conversion.

The 2020 results, restated for purchasing power, were translated at the December 2020 closing rate of 84.143520 Argentinean pesos per US dollar (2019 results - at 59.890668 Argentinean pesos per US dollar).

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**
Argentinean peso	84.143520	59.890668	-	-
Brazilian real	5.196694	4.030696	5.133082	3.940998
Canadian dollar	1.273981	1.299449	1.346594	1.329140
Colombian peso	3 438.52	3 272.63	3 689.50	3 305.84
Chinese yuan	6.537798	6.961461	6.947936	6.886265
Euro	0.814930	0.890155	0.878101	0.892577
Mexican peso	19.948838	18.845242	21.182539	19.334915
Pound sterling	0.732646	0.757344	0.780195	0.784062
Peruvian nuevo sol	3.621009	3.317006	3.491580	3.346670
South Korean won	1 088.02	1 154.54	1 185.02	1 160.69
South African rand	14.686598	14.044287	16.213180	14.512975

(G) INTANGIBLE ASSETS

Research and development

Expenditure on research activities, undertaken with the prospect of gaining new scientific or technical knowledge and understanding, is recognized in the income statement as an expense as incurred.

Expenditure on development activities, whereby research findings are applied to a plan or design for the production of new or substantially improved products and processes, is capitalized if the product or process is technically and commercially feasible, future economic benefits are probable and the company has sufficient resources to complete development. The expenditure capitalized includes the cost of materials, direct labor and an appropriate proportion of overheads. Other development expenditure is recognized in the income statement as an expense as incurred. Capitalized development expenditure is stated at cost less accumulated amortization (see below) and impairment losses (refer to accounting policy O).

Amortization related to research and development intangible assets is included within the cost of sales if production related and in sales and marketing if related to commercial activities.

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

Supply and distribution rights

A supply right is the right for AB InBev to supply a customer and the commitment by the customer to purchase from AB InBev. 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.

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.

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 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.

Other intangible assets

Other intangible assets, acquired by the company, are recognized at cost less accumulated amortization and impairment losses. Other intangible assets also include multi-year sponsorship rights acquired by the company. These are initially recognized at the present value of the future payments and subsequently measured at cost less accumulated amortization and impairment losses.

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.

Amortization

Intangible assets with a finite life are amortized using the straight-line method over their estimated useful lives. Licenses, brewing, supply and distribution rights are amortized over the period 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 AB InBev purchases distribution rights for its own products the life of these rights is considered indefinite, unless the company have a plan to discontinue the related brand or distribution. Software and capitalized development costs related to technology are amortized over 3 to 5 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 O).

Gains and losses on sale

Net gains on sale of intangible assets are presented in the income statement as other operating income. Net losses on sale are included as other operating expenses. Net gains and losses are recognized in the income statement when the control has 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.

(H) BUSINESS COMBINATIONS

The company 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 company'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 AB InBev'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.

(I) GOODWILL

Goodwill is determined as the excess of the consideration paid over AB InBev'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 O). Goodwill is expressed in the currency of the subsidiary or jointly controlled entity to which it relates and is translated to US dollar using the year-end exchange rate. In respect of associates and joint ventures, the carrying amount of goodwill is included in the carrying amount of the investment in the associate.

If AB InBev'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 income statement as required by IFRS 3 *Business Combinations*. Expenditure on internally generated goodwill is expensed as incurred.

(J) PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment is measured at cost less accumulated depreciation and impairment losses (refer to accounting policy O). 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. nonrefundable 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.

Subsequent expenditure

The company 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 company and the cost of the item can be measured reliably. All other costs are expensed as incurred.

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 company 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.

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

Gains and losses on sale

Net gains on sale of items of property, plant and equipment are presented in the income statement as other operating income. Net losses on sale are presented as other operating expenses. Net gains and losses are recognized in the income statement when the control has 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.

(K) LEASES

The company as lessee

The company assesses whether a contract is or contains a lease at inception of a contract. The company 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 company 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 flow 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 rate implicit in the lease. If this rate cannot be readily determined, the company uses its incremental borrowing rate specific to the country, term and currency of the contract. In addition, the company 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 company 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 income statement in the period 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 day 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 (refer to accounting policies J and O).

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 cash flow statement.

The company as lessor

Leases where the company 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 company are classified as operating leases. Rental income is recognized in other operating income on a straight-line basis over the term of the lease.

(L) 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.

(M) TRADE AND OTHER RECEIVABLES

Trade receivables are amounts due from customers for goods sold or services performed in the ordinary course of business and generally due for settlement within 30 days. Trade receivables are recognized initially at the amount of the consideration that is unconditional unless they contain significant financing components, when they are recognized at the amount adjusted for the time value of money. The company 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.

(N) 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 cash flow statement, cash and cash equivalents are presented net of bank overdrafts.

(O) IMPAIRMENT

The carrying amounts of property, plant and equipment, goodwill and intangible assets are reviewed at each balance sheet date 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 (that is a country or group of countries managed as a group below a reporting region). 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 income statement.

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, quoted share prices for publicly traded subsidiaries 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.

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.

(P) FAIR VALUE MEASUREMENT

A number of AB InBev'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, AB InBev 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 incorporates 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 company applies fair value measurement to the instruments listed below.

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.

Debt securities

This category includes both debt securities designated at FVOCI and FVPL. The fair value is measured using observable inputs such as interest rates and foreign exchange rates. When it pertains to instruments that are publicly traded, the fair value is determined by reference to observable quotes. In circumstances where debt securities are not publicly traded, the main valuation technique is the discounted cash flow. The company may apply other valuation techniques or combination of valuation techniques if the fair value results are more relevant.

Equity securities designated as at FVOCI

Investments in equity securities comprise quoted and unquoted securities. When liquid quoted prices are available, these are used to fair value investments in quoted securities. The unquoted securities are fair valued using primarily the discounted cash flow method.

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.

(Q) SHARE CAPITAL

Repurchase of share capital

When AB InBev buys back its own shares, the amount of the consideration paid, including directly attributable costs, is recognized as a deduction from equity under treasury shares.

Dividends

Dividends paid are recognized in the consolidated financial statements on the date that the dividends are declared unless minimum statutory dividends are required by local legislation or the bylaws of the company's subsidiaries. In such instances, statutory minimum dividends are recognized as a liability.

Share issuance costs

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

(R) PROVISIONS

Provisions are recognized when (i) the company 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.

Restructuring

A provision for restructuring is recognized when the company 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 company are not provided for. The provision includes the benefit commitments in connection with early retirement and redundancy schemes.

Onerous contracts

A provision for onerous contracts is recognized when the expected benefits to be derived by the company from a contract are lower than the unavoidable cost of meeting its obligations under the contract. Such provision is measured at the present value of the lower of the expected cost of terminating the contract and the expected net cost of continuing with the contract.

Disputes and Litigations

A provision for disputes and litigation is recognized when it is more likely than not that the company will be required to make future payments as a result of past events, such items may include but are not limited to, several claims, suits 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.

(S) EMPLOYEE BENEFITS

Post-employment benefits

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

a) Defined contribution plans

Contributions to defined contribution plans are recognized as an expense in the income statement when incurred. A defined contribution plan is a pension plan under which AB InBev pays fixed contributions into a fund. AB InBev 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 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 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 company recognizes related restructuring or termination costs. The pension obligations recognized in the balance sheet 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 period in which they occur in the statement of comprehensive income. Re-measurements are not reclassified to profit or loss in subsequent periods.

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

Other post-employment obligations

Some of AB InBev's 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.

Termination benefits

Termination benefits are recognized as an expense at the earlier when the company is demonstrably committed, without realistic possibility of withdrawal, to a formal detailed plan to terminate employment before the normal retirement date and when the company recognizes costs for a restructuring. Termination benefits for voluntary redundancies are recognized if the company has made an offer encouraging voluntary redundancy and when the company 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 company's ability to withdraw the offer takes effect.

Bonuses

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

(T) SHARE-BASED PAYMENTS

Different share and share option programs allow company senior management and members of the board to acquire shares of the company and some of its affiliates. 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, equity is increased by the amount of the proceeds received.

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 company obtains the goods or the counterparty renders the service.

(U) 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 income statement (in accretion expense) over the expected life of the instrument on an effective interest rate basis.

(V) 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.

(W) INCOME TAX

Income tax on the profit for the year comprises current and deferred tax. Income tax is recognized in the 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 balance sheet date, and any adjustment to tax payable in respect of previous years.

In accordance with IAS 12 *Income Taxes* deferred taxes are provided using the so-called 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 balance sheet 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 company 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 company 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, AB InBev adopted IFRIC 23 *Uncertainty over Income Tax Treatments* and is presenting income tax provisions in income tax liabilities, consistent with the 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.

(X) INCOME RECOGNITION

Goods sold

Revenue is measured based on the consideration to which the company expects to be entitled in a contract with a customer and excludes amounts collected on behalf of third parties. The company recognizes revenue when performance obligations are satisfied, meaning when the company transfers control of a product to a customer.

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 receive in exchange for those goods. Contracts can include significant variable elements, such as discounts, rebates, refunds, credits, price concessions, incentives, performance bonuses and penalties. Such trade incentives are treated as variable consideration. If the consideration includes a variable amount, the company 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.

Royalty income

The company recognizes the sales-based or usage-based royalties in other operating income when the later of the following events occurs: (a) the customer’s subsequent sales or usage; and (b) the performance obligation to which some or all of the sales-based or usage-based royalty has been allocated has been satisfied (or partially satisfied).

Rental income

Rental income is recognized in other operating income on a straight-line basis over the term of the lease.

Government grants

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

Finance income

Finance income comprises 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, gains on financial assets measured at FVPL as well as any gains from hedge ineffectiveness (refer to accounting policy Z).

Interest income is recognized as it accrues (taking into account the effective yield on the asset) unless collectability is in doubt.

Dividend income

Dividend income is recognized in the income statement on the date that the dividend is declared.

(Y) EXPENSES

Finance costs

Finance costs comprise 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 Z).

All interest costs incurred in connection with borrowings or financial transactions are expensed as incurred as part of finance costs. 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 income statement (in accretion expense) over the expected life of the instrument on an effective interest rate basis (refer to accounting policy V). The interest expense component of lease payments is also recognized in the income statement (in accretion expense) using the effective interest rate method.

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

Research, advertising and promotional costs are expensed in the year in which these costs are incurred. Development costs and 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 G).

Purchasing, receiving and warehousing costs

Purchasing and receiving costs are included in the cost of sales, 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.

(Z) FINANCIAL INSTRUMENTS AND HEDGE ACCOUNTING

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

Classification and measurement

Except for certain trade receivables, the company 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, FVOCI or FVPL. The classification is based on two criteria: the objective of the company'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 company'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 company'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.
- *Debt instruments at FVOCI with gains or losses recycled to profit or loss on derecognition:* comprise investments in debt securities where the contractual cash flows are solely payments of principal and interest and the company's business model is achieved by both collecting contractual cash flows and selling financial assets. Interest income, foreign exchange gains and losses and any impairment charges on such instruments are recognized in profit or loss. All other fair value gains and losses are recognized in other comprehensive income. On disposal of these debt securities, any related balance within FVOCI reserve is reclassified to profit or loss.
- *Equity instruments designated at FVOCI, with no recycling of gains or losses to profit or loss on derecognition*: these instruments are undertakings in which the company does not have significant influence or control and is generally evidenced by ownership of less than 20% of the voting rights. The company designates these investments on an instrument by instrument basis as equity securities at FVOCI because they represent investments held for long term strategic purposes. Investments in unquoted companies are subsequently measured at cost, when appropriate. These investments are non-monetary items and gains or losses presented in the other comprehensive income include any related foreign exchange component. Dividends received are recognized in the profit or loss. These investments are not subject to impairment testing and upon disposal, the cumulative gain or loss accumulated in other comprehensive income are not reclassified to profit or loss.
- *Financial assets and liabilities at FVPL*: comprise derivative instruments and equity instruments which were not designated as FVOCI. This category also includes debt instruments which do not meet the cash flow or the business model tests.

Hedge accounting

The company 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. To hedge changes in the fair value of recognized assets, liabilities and firm commitments, the company designates certain derivatives as part of fair value hedge. The company also designates certain derivatives and non-derivative financial liabilities as hedges of foreign exchange risk on a net investment in a foreign operation.

At the inception of the hedging relationships, the company 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 type of hedges in place, the company generally enters into hedge relationships where the critical terms of the hedging instrument match exactly the terms of the hedged item. Therefore, the hedge ratio is typically 1:1. The company 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 company 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.

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 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 other comprehensive income is reclassified to profit or loss immediately.

Any ineffectiveness is recognized immediately in profit or loss.

Fair value hedge accounting

When a derivative hedges the variability in fair value of a recognized asset or liability (such as a fixed rate instrument) or a firm commitment, any resulting gain or loss on the hedging instrument is recognized in the profit or loss. The carrying amount of the hedged item is also adjusted for fair value changes in respect of the risk being hedged, with any gain or loss being recognized in profit or loss. The fair value adjustment to the carrying amount of the hedged item is amortized to profit or loss from the date of discontinuation.

Net investment hedge accounting

When a non-derivative foreign currency liability hedges a net investment in a foreign operation, exchange differences arising on the translation of the liability to the functional currency are recognized directly in other comprehensive income (translation reserves).

When a derivative financial instrument hedges a net investment in a foreign operation, the portion of the gain or the loss on the hedging instrument that is determined to be effective is recognized directly in other comprehensive income (translation reserves) and is reclassified to profit or loss upon disposal of the foreign operation, while the ineffective portion is reported in profit or loss.

Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the company 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.

(AA) SEGMENT REPORTING

Operating segments are components of the company's business activities about which separate financial information is available that is evaluated regularly by senior management. The company has six operating segments.

AB InBev's operating segment reporting format is geographical because the company's risks and rates of return are affected predominantly by the fact that AB InBev operates in different geographical areas. The company's management structure and internal reporting system to the Board of Directors is set up accordingly. The company's five geographic regions are North America, Middle Americas, South America, EMEA and Asia Pacific.

The aggregation criteria applied are based on similarities in the economic indicators (e.g. margins) that have been assessed in determining that the aggregated operating segments share similar economic characteristics, as prescribed in IFRS 8. Furthermore, management assessed additional factors such as management's views on the optimal number of reporting segments, AB InBev historical geographies, peer comparison (e.g. Asia Pacific and EMEA being a commonly reported regions amongst the company's peers), as well as management's view on the optimal balance between practical and more granular information.

The results of Global Export and Holding Companies, which includes the company's global headquarters and the export businesses in countries in which AB InBev has no operations are reported separately. The company's five geographic regions plus the Global Export and Holding Companies comprise the company's six reportable segments for financial reporting purposes.

Segment capital expenditure is the total cost incurred during the period to acquire property, plant and equipment, and intangible assets other than goodwill.

(BB) NON-RECURRING ITEMS

Non-recurring items are those 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 financial statements. Transactions which may give rise to non-recurring items are principally restructuring activities, impairments, gains or losses on disposal of investments and the effect of the accelerated repayment of certain debt facilities.

(CC) DISCONTINUED OPERATIONS AND NON-CURRENT ASSETS HELD FOR SALE

A discontinued operation is a component of the company that either has been disposed of or is classified as held for sale and represents a separate major line of business or geographical area of operations and is part of a single coordinated plan to dispose of or is a subsidiary acquired exclusively with a view to resale.

AB InBev classifies a non-current asset (or disposal group) as held for sale if its carrying amount will be recovered principally through a sale transaction rather than through continuing use if all of the conditions of IFRS 5 are met. A disposal group is defined as a group of assets to be disposed of, by sale or otherwise, together as a group in a single transaction, and liabilities directly associated with those assets that will be transferred. Immediately before classification as held for sale, the company measures the carrying amount of the asset (or all the assets and liabilities in the disposal group) in accordance with applicable IFRS. Then, on initial classification as held for sale, non-current assets and disposal groups are recognized at the lower of carrying amount and fair value less costs to sell. Impairment losses on initial classification as held for sale are included in profit or loss. The same applies to gains and losses on subsequent re-measurement. Non-current assets classified as held for sale are no longer depreciated or amortized.

(DD) RECENTLY ISSUED IFRS

To the extent that new IFRS requirements are expected to be applicable in the future, they have not been applied in preparing these consolidated financial statements for the year ended 31 December 2020.

A number of amendments to standards are effective for annual periods beginning after 1 January 2020, and have not been discussed either because of their non-applicability or immateriality to AB InBev's consolidated financial statements.

4. Use of estimates and judgments

The preparation of 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, AB InBev believes that the following accounting policies reflect the most critical judgments, estimates and assumptions that are important to its business operations and understanding results: business combinations, intangible assets, goodwill, impairment, provisions, share-based payments, employee benefits and accounting for current and deferred tax.

The fair values of acquired identifiable intangibles are based on an assessment of future cash flows. Impairment analyses of goodwill and indefinite-lived intangible assets are performed annually and whenever a triggering event has occurred, in order to determine whether the carrying value exceeds the recoverable amount. These calculations are based on estimates of future cash flows.

The company uses its judgment to select a variety of methods including the discounted cash flow method and option valuation models and makes assumptions about the fair value of financial instruments that are mainly based on market conditions existing at each balance sheet date.

Actuarial assumptions are established to anticipate future events and are used in calculating pension and other long-term employee benefit expenses and liabilities. These factors include assumptions with respect to interest rates, rates of increase in health care costs, rates of future compensation increases, turnover rates, and life expectancy.

The company is subject to income tax in numerous jurisdictions. Significant judgment is required to determine the worldwide provision for income tax. There are some transactions and calculations for which the ultimate tax determination is uncertain. 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 balance sheet date and, by their nature, these can take considerable time to conclude. In assessing the amount of any income tax provisions to be recognized in the financial statements, estimates are made of the expected successful settlement of these matters. Estimates of interest and penalties on tax liabilities are also recorded. Where the final outcome of these matters is different from the amounts that were initially recorded, such differences will impact the current and deferred income tax assets and liabilities in the period that such determination is made.

Judgments made by management in the application of IFRS that have a significant effect on the financial statements and estimates with a significant risk of material adjustment in the following year are further discussed in the relevant notes hereafter.

In preparing these consolidated financial statements, the significant judgments made by management in applying the company's accounting policies and the key sources of uncertainty relate mainly to the following: accounting for the COVID-19 pandemic impact on the company's results (including goodwill impairment), the divestiture of the Australian operations and the issuance of a minority stake in the company's US-based metal container operations as discussed below.

(A) COVID-19 PANDEMIC IMPACT

The company's business, financial condition, cash flows and operating results have been and may continue to be negatively impacted by the COVID-19 pandemic. The public health crisis caused by the COVID-19 pandemic, as well as measures taken in response to contain or mitigate the pandemic, have had, and are expected to continue to have, certain negative impacts on the company's results including, without limitation: a negative impact on volume sold and revenue, a negative impact on cost of sales per hectoliter driven by non-variable cost and the loss of operational efficiencies due to volume declines, impairment losses on inventories, impairment losses on trade and other receivables, a series of cost incurred exclusively as a result of the COVID-19 pandemic and goodwill impairment charges referred to below and reported in exceptional items – see also Note 8 *Non-recurring items*, Note 14 *Goodwill,* Note 20 *Trade and other receivables* and Note 19 *Inventories*.

Management considered the impact of COVID-19 and the current economic environment on the basis of preparation of these consolidated financial statements. Although the company has noticed an adverse impact on its financial position, results of operations, and cash flows during 2020, it continues to adequately manage its liquidity and capital resources (refer to Note 21 *Cash and cash equivalents*, Note 24 *Interest-bearing loans and borrowings* and Note 29 *Risks arising from financial instruments*). As such, management concluded the company is able to continue as a going concern.

Goodwill impairment

The COVID-19 pandemic resulted in a sharp contraction of sales during the second quarter of 2020 in many countries in which the company operates. The decline in performance resulting from the COVID-19 pandemic is viewed as a triggering event for impairment testing in accordance with IAS 36 *Impairment of Assets*. Consequently, the company conducted an impairment test during the second quarter of 2020 for the cash-generating units showing the highest invested capital to EBITDA multiples: Colombia, Rest of Middle Americas, South Africa, Rest of Africa and Rest of Asia Pacific.

During its interim goodwill impairment testing, the company considered several scenarios of the recovery of sales for the different cash-generating units being tested and ran sensitivity analysis for key assumptions including the weighted average cost of capital and the terminal growth rate. These scenarios were based on management's assumptions by 30 June 2020, on the recovery in a base case (which the company deemed to be the most likely case at the time of the impairment test), a best case and a worst case scenario per cash generating unit following the common recovery shapes: L, U and V where the letters describe the trajectory of key assumptions tracking economic conditions. In view of the uncertainties, management assumed a 15 to 30% probability for the worst case scenario, dependent on the cash generating units in this interim impairment testing.

Based upon the results of the impairment test and considering the assumptions described in Note 14 *Goodwill*, the company concluded that no goodwill impairment was warranted under the base and best case scenarios. Nevertheless, under the worst case scenario ran with higher discount rates to factor the heightened business risk, the company concluded that the recoverable amounts were below the carrying value for the South Africa and Rest of Africa cash-generating units. As a consequence, management concluded, based on the valuations performed, that it was prudent in view of the uncertainties to record an impairment of goodwill of (1.5) billion US dollar for the South Africa cash generating unit and (1.0) billion US dollar for the Rest of Africa cash generating unit applying a 30% probability of occurrence. Refer to Note 14 *Goodwill*.

The company did not recognize any additional impairment of goodwill based on the results of its annual impairment testing conducted in the fourth quarter of 2020.

COVID-19 costs

As required by IAS 1 *Presentation of financial statements,* the company has assessed the impact of the COVID-19 outbreak on its performance for the year ended 31 December 2020, and reported (182)m US dollar of costs in non-recurring items as a result of the pandemic. These expenses mainly comprise costs related to personal protection equipment for the company's employees, charitable donations and other costs incurred as a direct consequence of the COVID-19 pandemic. Refer to Note 8 *Non-recurring items*.

(B) DIVESTITURE OF AUSTRALIA BUSINESS TO ASAHI

On 19 July 2019, AB InBev announced an agreement to divest its Australia business (Carlton & United Breweries ("CUB")) to Asahi at 16 billion AUD in enterprise value. As part of this transaction, the company granted Asahi rights to commercialize its portfolio of global and international brands in Australia. The transaction closed on 1 June 2020.

As of 31 December 2019, AB InBev classified the assets and liabilities associated with the Australian operations as assets held for sale and liabilities associated with assets held for sale in accordance with IFRS 5 *Non-current Assets Held for Sale and Discontinued Operations*. In addition, since the results of the Australian operations represented a separate major line of business, these were accounted for as discontinued operations, as required by IFRS 5 and presented in a separate line in the consolidated income statement ("profit from discontinued operations"), up to 31 May 2020. Refer to Note 22 *Assets classified as held for sale, liabilities associated with assets held for sale and discontinued operations*. On 1 June 2020, following the closing of the transaction, the company recognized a net gain on disposal of 1.9 billion US dollar in discontinued operations. Refer to Note 22 *Assets classified as held for sale, liabilities associated with assets held for sale and discontinued operations*.

(C) ISSUANCE OF MINORITY STAKE IN US-BASED METAL CONTAINER OPERATIONS

On 31 December 2020, AB InBev completed the issuance of a 49.9% minority stake in its US-based metal container operations to Apollo Global Management, Inc. for net proceeds of 3.0 billion USD. This transaction allowed the company to create additional shareholder value by optimizing its business at an attractive price and generate proceeds to repay debt, in line with its deleveraging commitments. AB InBev retained operational control of its US-based metal container operations.

As required by IFRS 10 *Consolidated Financial Statements*, the transaction was reported in the equity statement resulting in recognition of 1.9 billion US dollar in Non-controlling interest and 1.1 billion US dollar in Reserves. Refer to Note 23 *Changes in equity and earnings per share* for more details.

5. Segment reporting

Segment information is presented by geographical segments, consistent with the information available to and regularly evaluated by the chief operating decision maker. AB InBev operates its business through six business segments. Regional and operating company management is responsible for managing performance, underlying risks, and the effectiveness of operations. Internally, AB InBev's management uses performance indicators such as normalized profit from operations (normalized EBIT) and normalized EBITDA as measures of segment performance and to make decisions regarding the allocation of resources. The organizational structure comprises five regions: North America, Middle Americas, South America, EMEA and Asia Pacific. In addition to these five geographic regions, the company uses a sixth segment, Global Export and Holding Companies, for all financial reporting purposes.

On 19 July 2019, AB InBev announced the agreement to divest CUB, its Australian subsidiary, to Asahi. Consequently, as at 31 December 2019, the company classified the assets and liabilities associated with the Australian operations as assets held for sale and liabilities associated with assets held for sale, respectively. In addition, since the results of the Australian operations represented a separate major line of business, these were accounted for as discontinued operations ("profit from discontinued operations") up to 31 May 2020. The transaction closed on 1 June 2020.

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

	North America		Middle Americas		South America		EMEA		Asia Pacific		Global Export and Holding companies		AB InBev Worldwide	
	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019
Volume	**107**	**108**	**121**	**134**	**144**	**140**	**76**	**86**	**82**	**93**	**1**	**1**	**531**	**561**
Revenue	**15 622**	**15 488**	**10 032**	**11 912**	**8 092**	**9 790**	**6 835**	**7 911**	**5 648**	**6 544**	**652**	**685**	**46 881**	**52 329**
Normalized EBITDA	**6 172**	**6 185**	**5 014**	**6 356**	**3 179**	**4 145**	**1 895**	**2 781**	**1 737**	**2 287**	**(677)**	**(676)**	**17 321**	**21 078**
Normalized EBITDA margin %	39.5%	39.9%	50.0%	53.4%	39.3%	42.3%	27.7%	35.2%	30.8%	35.0%	-	-	36.9%	40.3%
Depreciation, amortization and impairment	(803)	(833)	(1 017)	(921)	(767)	(955)	(988)	(974)	(646)	(648)	(376)	(325)	(4 598)	(4 657)
Normalized profit from operations (EBIT)	**5 369**	**5 352**	**3 997**	**5 435**	**2 412**	**3 190**	**907**	**1 807**	**1 091**	**1 639**	**(1 053)**	**(1 001)**	**12 723**	**16 421**
Non-recurring items (see Note 8)	(222)	(11)	(112)	(51)	(62)	(96)	(2 629)	(61)	(29)	(41)	(50)	(63)	(3 103)	(323)
Profit from operations (EBIT)	**5 147**	**5 341**	**3 885**	**5 384**	**2 350**	**3 094**	**(1 722)**	**1 746**	**1 062**	**1 598**	**(1 103)**	**(1 064)**	**9 620**	**16 098**
Net finance income/(cost)													(7 697)	(3 473)
Share of results of associates and joint ventures													156	152
Income tax expense													(1 932)	(2 786)
Profit from continuing operations													**147**	**9 990**
Discontinued operations results													2 055	424
Profit/(loss)													**2 202**	**10 414**
Segment assets (non-current)	63 765	63 725	72 331	76 168	12 348	13 452	35 578	39 442	13 845	13 450	2 024	1 597	199 891	207 834
Gross capex	646	679	829	1 286	727	1 063	768	1 208	508	626	303	312	3 781	5 174
FTE	20 281	20 040	48 751	52 412	40 630	41 603	22 357	23 804	26 510	29 482	5 166	4 574	163 695	171 915

For the year ended 31 December 2020, net revenue from the beer business amounted to 43 044m US dollar (31 December 2019: 47 984m US dollar) while the net revenue from the non-beer business (soft drinks and other business) accounted for 3 837m US dollar (31 December 2019: 4 345m US dollar). Additionally, for the year ended 31 December 2020, net revenue from the company's business in the United States amounted to 13 815m US dollar (31 December 2019: 13 693m US dollar) and net revenue from the company's business in Brazil amounted to 5 868 m US dollar (31 December 2019: 7 277m US dollar).

On the same basis, net revenue from external customers attributable to AB InBev's country of domicile (Belgium) represented 501m US dollar (31 December 2019: 668m US dollar) and non-current assets located in the country of domicile represented 2 496m US dollar (31 December 2019: 2 215m US dollar).

6. Acquisitions and disposals of subsidiaries

The table below summarizes the impact of acquisitions and disposals on the statement of financial position and cash flows of AB InBev for the year ended 31 December 2020 and 31 December 2019:

Million US dollar	2020 Acquisitions	2019 Acquisitions	2020 Disposals	2019 Disposals
Non-current assets				
Property, plant and equipment	149	44	-	(1)
Intangible assets	162	128	-	(29)
Investments in associates	(7)	(15)	-	-
Current assets				
Inventories	33	43	-	(7)
Trade and other receivables	9	19	-	(1)
Cash and cash equivalents	5	40	-	-
Non-current liabilities				
Interest-bearing loans and borrowings	(74)	(11)	-	-
Trade and other payables	(34)	(110)	-	-
Deferred tax liabilities	(6)	(33)	-	9
Current liabilities				
Interest-bearing loans and borrowings	(4)	-	-	-
Trade and other payables	(59)	(65)	-	2
Net identifiable assets and liabilities	**174**	**40**	**-**	**(27)**
Non-controlling interest	-	(12)	-	2
Goodwill on acquisitions and goodwill disposed of	185	682	-	(22)
Loss/(gain) on disposal	-	-	-	(21)
Consideration to be (paid)/received	(14)	(275)	-	-
Net cash paid/(received) on prior years acquisitions/(disposals)	170	16	-	(65)
Consideration paid/(received)	**515**	**451**	**-**	**(133)**
Cash (acquired)/disposed of	(5)	(40)	-	-
Net cash outflow / (inflow)	**510**	**411**	**-**	**(133)**
Net cash outflow / (inflow) on continuing operations	510	385	-	(133)
Net cash outflow / (inflow) on discontinued operations	-	26	-	-

On 1 June 2020, AB InBev completed the divestiture of CUB to Asahi – see Note 22 *Assets classified as held for sale, liabilities associated with assets held for sale and discontinued operations*.

On 30 September 2020, AB InBev completed the acquisition of the remaining 68.8% shares of Craft Brew Alliance for the net consideration of 0.2 billion US dollar and hence obtained 100% control over the acquiree.

The company undertook a series of additional acquisitions and disposals during 2020 and 2019, with no significant impact in the company's consolidated financial statements.

7. Other operating income/(expenses)

Million US dollar	2020	2019
Brazilian tax credits	481	-
Government grants	227	280
Net gain on disposal of property, plant and equipment, intangible assets and assets held for sale	56	172
License income	22	30
Net (additions to)/reversals of provisions	(14)	(10)
Net rental and other operating income	72	402
Other operating income/(expenses)	**845**	**875**

In the fourth quarter of 2020, Ambev, a subsidiary of AB InBev, concluded the calculation of its tax credits on a judicial decision related to the exclusion of the Value-Added Tax (ICMS) from the taxable basis of the social contribution on gross revenues (PIS and COFINS). The decision refers to the period between November 2009 and April 2015. As a result of this judicial decision and other tax credit adjustments, Ambev recognized 481m US dollar income in Other operating income and 315m US dollar of interest income in Finance income (refer to Note 11 *Finance cost and income*) for the year ended 31 December 2020.

The income from government grants primarily relate to fiscal incentives given by certain Brazilian states and Chinese provinces, based on the company's operations and developments in those regions.

Net gain on disposal of property, plant and equipment, intangible assets and assets held for sale, and net rental and other operating income decreased to 128m US dollar in 2020 as a result of the COVID-19 pandemic.

In 2020, the company expensed 296m US dollar in research, compared to 291m US dollar in 2019. The spend focused on product innovations, market research, as well as process optimization and product development.

8. Non-recurring items

IAS 1 *Presentation of financial statements* requires that material items of income and expense be disclosed separately. Non-recurring items are items that in management's judgment need to be disclosed by virtue of their size or incidence so that a user can obtain a proper understanding of the company´s financial information. The company considers these items to be significant and accordingly, management has excluded them from their segment measure of performance as noted in Note 5 *Segment Reporting*.

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

Million US dollar	2020	2019
Impairment of goodwill	(2 500)	-
COVID-19 costs	(182)	-
Restructuring	(157)	(170)
Business and asset disposal (including non-recurring impairment losses)	(239)	(50)
Acquisition costs business combinations	(25)	(23)
Brazil State tax regularization program	-	(74)
Cost related to public offering of minority stake in Budweiser APAC	-	(6)
Impact on profit from operations	**(3 103)**	**(323)**
Gain on disposal of Australia	1 919	-
Non-recurring net finance income/(cost)	(1 738)	882
Non-recurring taxes	155	(6)
Non-recurring non-controlling interest	228	108
Net impact on profit attributable to equity holders of AB InBev	**(2 538)**	**661**

In the second quarter of 2020, the company recognized (2 500)m US dollar of goodwill impairment for its South Africa and Rest of Africa cash-generating units (see Note 4 *Use of estimates and judgments* and Note 14 *Goodwill* for further details).

COVID-19 costs amount to (182)m US dollar for the year ended 31 December 2020. These expenses mainly comprise costs related to personal protection equipment for the company's employees, charitable donations and other costs incurred as a direct consequence of the COVID-19 pandemic.

The non-recurring restructuring charges for the year ended 31 December 2020 total (157)m US dollar (31 December 2019: (170)m US dollar). These charges primarily relate to organizational alignments. These changes aim to eliminate overlapping organizations or duplicated processes, taking into account the matching of employee profiles with new organizational requirements. These one-time expenses provide the company with a lower cost base and bring a stronger focus to AB InBev´s core activities, quicker decision-making and improvements to efficiency, service and quality.

Business and asset disposals amount to (239)m US dollar for the year ended 31 December 2020 mainly comprising impairment of tangible assets classified as held for sale as of 31 December 2020, intangible assets sold in 2020 and other intangibles. Business and asset disposals amounted to (50)m US dollar for the year ended 31 December 2019, mainly comprising of costs incurred in relation to the completion of 2018 disposals.

The acquisition costs of business combinations amount to (25)m US dollar for the year ended 31 December 2020 and mainly relate to the acquisition of Craft Brew Alliance. The acquisition costs of business combinations amounted to (23)m US dollar for the year ended 31 December 2019, primarily related to costs incurred to facilitate the combination with SAB.

In 2019, Ambev made a payment of (74)m US dollar to the State of Mato Grosso in relation to the Special Value-added Tax (ICMS) Amnesty Program in Brazil in accordance with the Brazilian State Tax Regularization Program.

For the year ended 31 December 2019, the company incurred (117)m US dollar of fees related to the initial public offering of a minority stake of its Asia Pacific subsidiary, Budweiser APAC, of which (6)m US dollar were reported in the income statement and (111)m US dollar were capitalized in equity. In addition, AB InBev also reported (58)m US dollar stamp duties in equity that are directly attributable to the public offering of Budweiser APAC.

On 1 June 2020, the company completed the previously announced sale of CUB to Asahi resulting in a net exceptional gain of 1 919m US dollar reported in discontinued operations. For more details, refer to Note 22 *Assets classified as held for sale, liabilities associated with assets held for sale and discontinued operations*.

The company incurred a non-recurring net finance cost of (1 738)m US dollar for the year ended 31 December 2020 (31 December 2019: net finance income of 882m US dollar) – see Note 11 *Finance cost and income*.

All the amounts referenced above are before income taxes. The non-recurring items for the year ended 31 December 2020 decreased income taxes by 155m US dollar (31 December 2019: increase of income taxes by 6m US dollar).

Non-controlling interest on the non-recurring items amounts to 228m US dollar for the year ended 31 December 2020 (31 December 2019: 108m US dollar).

9. Payroll and related benefits

Million US dollar	2020	2019
Wages and salaries	(4 124)	(4 563)
Social security contributions	(582)	(683)
Other personnel cost	(637)	(678)
Pension expense for defined benefit plans	(218)	(193)
Share-based payment expense	(169)	(340)
Contributions to defined contribution plans	(91)	(101)
Payroll and related benefits	**(5 821)**	**(6 558)**

The number of full time equivalents can be split as follows:

	2020	2019
AB InBev NV/SA (parent company)	204	204
Other subsidiaries	163 491	171 711
Total number of FTE	**163 695**	**171 915**

10. Additional information on operating expenses by nature

Depreciation, amortization and impairment charges are included in the following line items of the 2020 consolidated income statement:

Million US dollar	Depreciation and impairment of property, plant and equipment	Amortization and impairment of intangible assets	Depreciation and impairment of right-of-use asset	Impairment of goodwill, tangible and intangible assets
Cost of sales	2 625	91	16	-
Distribution expenses	141	3	108	-
Sales and marketing expenses	339	291	224	-
Administrative expenses	310	323	125	-
Other operating expenses	3	-	-	-
Non-recurring items	-	-	-	2 733
Depreciation, amortization and impairment	**3 418**	**708**	**473**	**2 733**

Depreciation, amortization and impairment charges are included in the following line items of the 2019 consolidated income statement:

Million US dollar	Depreciation and impairment of property, plant and equipment	Amortization and impairment of intangible assets	Depreciation and impairment of right-of-use asset	Impairment of goodwill, tangible and intangible assets
Cost of sales	2 751	86	11	-
Distribution expenses	155	4	191	-
Sales and marketing expenses	379	247	160	-
Administrative expenses	277	290	98	-
Other operating expenses	8	-	-	-
Depreciation, amortization and impairment	**3 570**	**627**	**460**	**-**

The depreciation, amortization and impairment of property, plant and equipment included a full-cost reallocation of (5)m US dollar in 2020 from the aggregate depreciation, amortization and impairment expense to cost of goods sold (2019: 5m US dollar).

11. Finance cost and income

The finance cost and income included in the income statement are as follows:

Million US dollar	2020	2019
Interest expense	(4 016)	(4 168)
Capitalization of borrowing costs	12	19
Net interest on net defined benefit liabilities	(82)	(95)
Accretion expense	(564)	(650)
Net losses on hedging instruments that are not part of a hedge accounting relationship	(502)	(393)
Net foreign exchange results (net of the effect of foreign exchange derivative instruments)	-	(180)
Tax on financial transactions	(103)	(79)
Net mark-to-market results on derivatives related to the hedging of share-based payment programs	(1 211)	-
Other financial costs, including bank fees	(135)	(225)
Finance cost excluding non-recurring items	**(6 601)**	**(5 771)**
Non-recurring finance cost	(1 818)	(222)
Finance cost	**(8 419)**	**(5 993)**
Interest income	150	292
Interest income on Brazilian tax credits	315	118
Hyperinflation monetary adjustments	76	86
Market-to-market gains on derivatives related to the hedging of share-based payment programs	-	898
Net foreign exchange results (net of the effect of foreign exchange derivative instruments)	43	-
Other financial income	58	21
Finance income excluding non-recurring items	**642**	**1 415**
Non-recurring finance income	80	1 104
Finance income	**722**	**2 519**
Net finance income/(cost) excluding non-recurring items	**(5 959)**	**(4 355)**
Net finance income/(cost)	**(7 697)**	**(3 474)**

Net finance costs, excluding non-recurring items, were 5 959m US dollar in 2020 compared to 4 355m US dollar in 2019. The increase was predominantly due to a mark-to-market loss of 1 211m US dollar in 2020, compared to a gain of 898m US dollar in 2019, resulting in a swing of 2 109m US dollar.

Borrowing costs capitalized relate to the capitalization of interest expenses directly attributable to the acquisition and construction of qualifying assets mainly in China. Interest is capitalized at a borrowing rate ranging from 3% to 4%.

In 2020, accretion expense mainly includes interest on lease liabilities of 116m US dollar (2019: 124m US dollar), unwind of discounts of 306m US dollar (2019: 374m US dollar), bond fees of 102m US dollar (2019: 110m US dollar) and interest on provisions of 41m US dollar (2019: 42m US dollar).

Interest expenses are presented net of the effect of interest rate derivative instruments hedging AB InBev's interest rate risk – see also Note 29 *Risks arising from financial instruments*.

In the fourth quarter of 2020, Ambev, a subsidiary of AB InBev, concluded the calculation of its tax credits on a judicial decision related to the exclusion of the Value-Added Tax (ICMS) from the taxable basis of the social contribution on gross revenues (PIS and COFINS). The decision refers to the period between November 2009 and April 2015. As a result of this judicial decision and other tax credit adjustments, Ambev recognized 481m US dollar income in Other operating income (refer to Note 7 *Other operating income/(expenses)*) and 315m US dollar of interest income in Finance income for the year ended 31 December 2020.

Non-recurring finance income/cost for 2020 includes:

- 1 008m US dollar loss resulting from mark-to-market adjustments on derivative instruments entered into to hedge the shares issued in relation to the combination with Grupo Modelo and the restricted shares issued in connection with the combination with SAB (2019: 878m US dollar gain);
- 795m US dollar losses resulting from the early termination of certain bonds (2019: 84m US dollar gain);
- 15m US dollar loss write-off on the company's investment in Delta Corporation Ltd due to the hyperinflation economy in Zimbabwe (2019: 188m US dollar loss);
- 80m US dollar gain related to remeasurement of deferred considerations on prior year acquisitions (2019: 90m US dollar gain).

Besides the items mentioned above, the non-recurring finance income/cost for 2019 includes:

- 34m US dollar loss on interest paid to the State of Mato Grosso in relation to the Special Value-added Tax (ICMS) Amnesty Program in Brazil in accordance with the Brazilian State Tax Regularization Program.
- 52m US dollar foreign exchange translation gain on intragroup loans that were historically reported in equity and were recycled to profit and loss account upon the reimbursement of these loans.

No interest income was recognized on impaired financial assets.

The interest income stems from the following financial assets:

Million US dollar	**2020**	**2019**
Cash and cash equivalents	103	237
Investment debt securities held for trading	1	9
Other loans and receivables	46	46
Total	**150**	**292**

The interest income on other loans and receivables includes the interest accrued on cash deposits as guarantees for certain legal proceedings pending resolution.

For further information on instruments hedging AB InBev's foreign exchange risk see Note 29 *Risks arising from financial instruments.*

12. Income taxes

Income taxes recognized in the income statement can be detailed as follows:

Million US dollar	**2020**	**2019**
Current year	(2 082)	(2 863)
(Underprovided)/overprovided in prior years	119	58
Current tax expense	**(1 963)**	**(2 805)**
Origination and reversal of temporary differences	(30)	(21)
(Utilization)/recognition of deferred tax assets on tax losses	13	13
Recognition of previously unrecognized tax losses	48	27
Deferred tax (expense)/income	**31**	**19**
Total income tax expense	**(1 932)**	**(2 786)**

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

Million US dollar	2020	2019
Profit before tax	2 080	12 776
Deduct share of results of associates and joint ventures	156	152
Profit before tax and before share of results of associates and joint ventures	**1 924**	**12 624**
Adjustments to the tax basis		
Government incentives	(428)	(709)
Non-deductible/(non-taxable) marked to market on derivatives	2 219	(1 776)
Non-deductible impairment of goodwill	2 500	-
Other expenses not deductible for tax purposes	1 512	1 223
Other non-taxable income	(250)	(282)
	7 477	**11 080**
Aggregate weighted nominal tax rate	**27.7%**	**26.2%**
Tax at aggregated nominal tax rate	(2 069)	(2 901)
Adjustments on tax expense		
Utilization of tax losses not previously recognized	13	13
Recognition of deferred taxes on previous years' tax losses	48	27
Write-down of deferred tax assets on losses and current year losses for which no deferred tax asset is recognized	(386)	(137)
(Underprovided)/overprovided in prior years	119	58
Deductions from interest on equity	431	666
Deductions from goodwill	16	20
Other tax deductions	218	259
Change in tax rate	61	(95)
Withholding taxes	(423)	(505)
Other tax adjustments	39	(191)
	(1 932)	**(2 786)**
Effective tax rate	**100.4%**	**22.1%**

The total income tax expense for 2020 amounts to 1 932m US dollar compared to 2 786m US dollar for 2019. The effective tax rate is 100.4% for 2020 compared to 22.1% for 2019.

The 2020 effective tax rate is negatively impacted by the non-deductible, non-cash goodwill impairment loss and the non-deductible losses from derivatives. These derivatives relate to the hedging of share-based payment programs and the hedging of the shares issued in a transaction related to the combination with Grupo Modelo and SAB. The 2019 effective tax rate was positively impacted by non-taxable gains from these derivatives.

The company benefits from tax exempted income and tax credits which are expected to continue in the future. The company does not have significant benefits coming from low tax rates in any particular jurisdiction.

The normalized effective tax rate for 2020 is 30.9% (2019: 23.0%). Normalized effective tax rate is not an accounting measure under IFRS accounting 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 AB InBev's definition of normalized effective tax rate may not be comparable to other companies.

Income taxes were directly recognized in other comprehensive income as follows:

Million US dollar	2020	2019
Re-measurements of post-employment benefits	58	19
Exchange differences, cash flow and net investment hedges	304	88
Income tax (losses)/gains	**361**	**107**

13. Property, plant and equipment

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

Million US dollar	31 December 2020	31 December 2019
Property, plant and equipment owned	24 191	25 515
Property, plant and equipment leased (right-of-use assets)	2 228	2 029
Total property, plant and equipment	**26 419**	**27 544**

	31 December 2020				31 December 2019
Million US dollar	Land and buildings	Plant and equipment, fixtures and fittings	Under construction	Total	Total
Acquisition cost					
Balance at end of previous year	**12 216**	**34 381**	**2 160**	**48 757**	**47 969**
Effect of movements in foreign exchange	(393)	(1 086)	(165)	(1 644)	(485)
Acquisitions	24	856	2 308	3 188	4 451
Acquisitions through business combinations	40	56	16	111	24
Disposals	(68)	(1 186)	(19)	(1 274)	(1 987)
Disposals through the sale of subsidiaries	-	-	-	-	(4)
Transfer (to)/from other asset categories and other movements[1]	419	1 955	(2 519)	(145)	(1 211)
Balance at end of the period	**12 237**	**34 976**	**1 780**	**48 993**	**48 757**
Depreciation and impairment losses					
Balance at end of previous year	**(3 604)**	**(19 638)**	**-**	**(23 242)**	**(22 331)**
Effect of movements in foreign exchange	54	570	-	625	310
Depreciation	(387)	(2 862)	-	(3 250)	(3 370)
Disposals	23	1 108	-	1 130	1 734
Disposals through the sale of subsidiaries	-	-	-	-	3
Impairment losses	(31)	(114)	-	(145)	(87)
Transfer to/(from) other asset categories and other movements[1]	(4)	84	-	80	499
Balance at end of the period	**(3 950)**	**(20 852)**	**-**	**(24 802)**	**(23 242)**
Carrying amount					
at 31 December 2019	**8 612**	**14 743**	**2 160**	**25 515**	**25 515**
at 31 December 2020	**8 287**	**14 124**	**1 780**	**24 191**	**-**

As at 31 December 2020, the carrying amount of property, plant and equipment subject to restrictions on title amounted to 2m US dollar (31 December 2019: 4m US dollar).

Contractual commitments to purchase property, plant and equipment amounted to 528m US dollar as at 31 December 2020 compared to 457m US dollar as at 31 December 2019.

AB InBev's net capital expenditures in the statement of cash flow amounted to 3 687m US dollar in 2020 compared to 4 854m US dollar for the same period last year. Out of the total 2020 capital expenditures approximately 41% was used to improve the company's production facilities while 44% was used for logistics and commercial investments and 15% for improving administrative capabilities and for the purchase of hardware and software.

[1] The transfer (to)/from other asset categories and other movements relates mainly to transfers from assets under construction to their respective asset categories, to contributions of assets to pension plans, to the separate presentation in the balance sheet of property, plant and equipment held for sale in accordance with IFRS 5 *Non-current assets held for sale and discontinued operations* and to the restatement of non-monetary assets under hyperinflation accounting in line with IAS 29 *Financial reporting in hyperinflationary economies*. Accordingly, the transfers include the balances of Australian operations reclassified to assets held for sale as at 31 December 2019 and disposed of upon the completion of the sale on 1 June 2020.

Property, plant and equipment leased by the company (right-of-use assets) is detailed as follows:

	2020		
Million US dollar	Land and buildings	Machinery, equipment and other	Total
Net carrying amount at 31 December	1 726	502	**2 228**
Depreciation for the year ended 31 December	(343)	(156)	**(499)**

	2019		
Million US dollar	Land and buildings	Machinery, equipment and other	Total
Net carrying amount at 31 December	1 723	306	**2 029**
Depreciation for the year ended 31 December	(329)	(160)	**(489)**

Additions to right-of-use assets for 2020 were 381m US dollar (2019: 420m US dollar).

Following the sale of Dutch and Belgian pub real estate to Cofinimmo in October 2007, AB InBev entered into lease agreements with a term of 27 years. Furthermore, the company leases a number of warehouses, trucks, factory facilities and other commercial buildings, which typically run for a period of five to ten years. Lease payments are increased annually to reflect market rentals, if applicable. None of the leases include contingent rentals.

The company leases out pub real estate for an average outstanding period of 6 to 8 years and part of its own property under operating leases.

The expense related to short-term and low-value leases and variable lease payments that are not included in the measurement of the lease liabilities is not significant.

14. Goodwill

Million US dollar	31 December 2020	31 December 2019
Acquisition cost		
Balance at end of previous year	**128 119**	**133 316**
Effect of movements in foreign exchange	(4 723)	53
Acquisitions through business combinations	185	682
Disposals through the sale of subsidiaries	-	(22)
Hyperinflation monetary adjustments	120	171
Reclassified as held for sale	-	(6 081)
Balance at end of the period	**123 702**	**128 119**
Impairment losses		
Balance at end of previous year	**(5)**	**(5)**
Effect of movements in foreign exchange	(226)	-
Impairment losses	(2 500)	-
Balance at end of the period	**(2 731)**	**(5)**
Carrying amount		
at 31 December 2019	**128 114**	**128 114**
at 31 December 2020	**120 971**	**-**

During 2020, AB InBev recognized goodwill on acquisitions of subsidiaries of 185m US dollar (2019: 682m US dollar) – see also Note 6 *Acquisitions and disposals of subsidiaries*.

Goodwill, which accounted for approximately 53% of AB InBev total assets as at 31 December 2020, is tested for impairment at the cash-generating unit level (that is one level below the operating segments). The cash-generating unit level is the lowest level at which goodwill is monitored for internal management purposes. Except in cases where the initial allocation of goodwill has not been concluded by the end of the initial reporting period following the business combination, goodwill is allocated as from the acquisition date to each of AB InBev's cash-generating units that are expected to benefit from the synergies of the combination whenever a business combination occurs.

Interim impairment testing

The COVID-19 pandemic resulted in a sharp contraction of sales during the second quarter of 2020 in many countries in which the company operates. The decline in performance resulting from the COVID-19 pandemic was viewed as a triggering event for impairment testing in accordance with IAS 36 *Impairment of Assets*. Consequently, the company conducted an impairment test during the second quarter of 2020 for the cash-generating units showing the highest invested capital to EBITDA multiples: Colombia, Rest of Middle Americas, South Africa, Rest of Africa and Rest of Asia Pacific.

By 30 June 2020, the uncertain course of the pandemic in the absence of effective vaccines or treatments, had caused extraordinary economic uncertainty, including how different countries would be affected, the speed of their recovery, the financial and fiscal measures these countries could implement and the longer term impact on the weighted average cost of capital and terminal growth rate of these countries.

During its interim goodwill impairment testing, the company considered several scenarios of the recovery of sales for the different cash-generating units being tested and ran sensitivity analysis for key assumptions including the weighted average cost of capital and the terminal growth rate. These scenarios were based on management's assumptions at the time on the recovery in a base case (which the company deemed to be the most likely case at the time of the interim impairment test), a best case and a worst case scenario per cash generating unit following the common recovery shapes: L, U and V where the letters describe the trajectory of key assumptions tracking economic conditions. In view of the uncertainties, management assumed a 15 to 30% probability for the worst case scenario, dependent on the cash generating units in this interim impairment testing.

Based upon the results of the interim impairment test and considering the assumptions described below, the company concluded that no goodwill impairment was warranted under the base and best case scenarios. Nevertheless, under the worst case scenario ran with higher discount rates to factor the heightened business risk, the company concluded that the recoverable amounts were below the carrying value for the South Africa and Rest of Africa cash-generating units. As a consequence, management concluded, based on the valuations performed, that it was prudent in view of the uncertainties to record an impairment of goodwill of (1.5) billion US dollar for the South Africa cash generating unit and (1.0) billion US dollar for the Rest of Africa cash generating unit applying a 30% probability of occurrence. The impairment charge was allocated to the company's EMEA reportable segment as at 30 June 2020.

In the sensitivity analyses carried out as at 30 June 2020, based on the worst case discounted cash flow calculations, an adverse change of 1% in the WACC applied would lead to a reduction of the recoverable amount below the carrying amount for the South Africa, Rest of Africa, Columbia and Rest of Middle Americas cash generating units and would give rise to an additional impairment of 0.6 billion US dollar for the South Africa and Rest of Africa cash generating units, applying a 30% probability of occurrence. The company would therefore be faced with a risk of future impairment under the worst case scenario at these higher WACC assumptions.

A 5% increase/(decrease) in probability applied for the worst case scenario (holding all other assumptions constant) would lead to an additional/(reduced) impairment of 0.4 billion US dollar for the South Africa and Rest of Africa cash-generating units in aggregate.

These calculations were based on management's assessment of reasonably possible adverse changes in key assumptions at the time of the interim impairment testing, yet they are hypothetical and should not be viewed as an indication that these factors are likely to change. The sensitivity analyses should therefore be interpreted with caution.

Annual impairment testing

The company performed a new impairment testing during the fourth quarter of 2020 for its cash-generating units and ran sensitivity analysis for key assumptions including the weighted average cost of capital and the terminal growth rate. The impairment testing considered a single scenario based on management's assumptions of the future performance of its cash-generating units and applied the assumptions described below.

Based on the annual goodwill impairment testing reperformed by management during the fourth quarter of 2020 in accordance with the methodology discussed above, no additional impairment charge was warranted.

Impairment testing methodology

The company performed its interim and annual goodwill impairment test at cash generating unit level, which is the lowest level at which goodwill is monitored for internal management purposes.

AB InBev's impairment testing methodology is in accordance with IAS 36 *Impairment of Assets*, in which fair-value-less-cost-to-sell and value in use approaches are taken into consideration. This consists in applying a discounted cash flow approach based on acquisition valuation models for the cash-generating units showing an invested capital to EBITDA multiple above 9x and valuation multiples for the other cash-generating units.

The key judgments, estimates and assumptions used in the discounted cash flow calculations were generally as follows:

- In the first three years of the model, cash flows are based on AB InBev's 1-year plan as approved by key management and management assumptions for the following 2 years. The three year plan model 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 interim goodwill impairment testing, the company assumed a base case, best case and worst case scenario for each cash-generating unit being tested and ran sensitivities. For the annual impairment testing, the company considered a single scenario;
- For the subsequent seven years of the model, data from each scenario was 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;
- Projections are discounted at the unit's weighted average cost of capital (WACC), considering sensitivities on this metric with more conservative assumptions in the worst case scenario interim impairment testing to factor the heightened business risk;
- Cost to sell is assumed to reach 2% of the entity value based on historical precedents.

For the main cash generating units, the terminal growth rate applied generally ranged between 2% and 5%.

The WACC applied in US dollar nominal terms were as follow:

Cash-generating unit	31 December 2020	30 June 2020[1]	31 December 2019
Colombia	6%	6% - 7%	6%
Rest of Middle Americas	9%	10% - 11%	9%
South Africa	7%	7% - 8%	7%
Rest of Africa	10%	10% - 12%	10%
Rest of Asia Pacific	6%	8%	-

While a change in the weighted average cost of capital and the terminal growth rate used in impairment testing could have a material impact on the calculation of the fair values and trigger an impairment charge, based on the sensitivity analysis performed for the fourth quarter discounted cash flow calculations, the company is not aware of any reasonably possible change in the key assumptions that would cause the cash-generating units' carrying amount to exceed its recoverable amount.

In the sensitivity analysis performed by management during the annual impairment testing in 2019 and 2020, an adverse change of 1% in WACC would not cause a cash-generating unit's carrying amount to exceed its recoverable amount.

Goodwill impairment testing relies on a number of critical judgments, estimates and assumptions. AB InBev believes that all of its estimates are reasonable: they are consistent with the company's internal reporting and reflect management's current best estimates. However, inherent uncertainties exist, including the rate of recovery of the countries following the COVID-19 pandemic, and other factors that management may not be able to control. If the company's current assumptions and estimates, including projected revenues growth rates, competitive and consumer trends, weighted average cost of capital, terminal growth rates, and other market factors, are not met, or if valuation factors outside of the company's control change unfavorably, the estimated fair value of goodwill could be adversely affected, leading to a potential further impairment in the future.

Although AB InBev 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.

[1] With the higher WACC applied in the worst case scenario in the interim impairment testing.

The carrying amount of goodwill was allocated to the different cash-generating units as follows:

Million US dollar	31 December 2020	31 December 2019
United States	33 552	33 451
Rest of North America	2 105	1 984
Mexico	12 446	13 175
Colombia	17 748	18 647
Rest of Middle Americas	24 036	25 257
Brazil	3 521	4 539
Rest of South America	1 061	1 101
Europe	2 444	2 277
South Africa	11 110	13 500
Rest of Africa	4 990	6 691
China	3 291	3 095
Rest of Asia Pacific	4 059	4 397
Global Export and Holding Companies	608	-
Total carrying amount of goodwill	**120 971**	**128 114**

15. Intangible assets

	31 December 2020					31 December 2019
Million US dollar	Brands	Commercial intangibles	Software	Other	Total	Total
Acquisition cost						
Balance at end of previous year	**40 074**	**2 774**	**2 594**	**666**	**46 108**	**48 465**
Effect of movements in foreign exchange	(839)	(6)	42	14	(789)	(79)
Acquisitions through business combinations	157	-	-	5	162	99
Acquisitions and expenditures	35	190	53	279	557	631
Disposals	-	(23)	(38)	(81)	(142)	(259)
Disposals through the sale of subsidiaries	-	-	-	-	-	(29)
Transfer (to)/from other asset categories and other movements[1]	-	96	321	(428)	(11)	(2 720)
Balance at end of period	**39 427**	**3 031**	**2 972**	**455**	**45 885**	**46 108**
Amortization and impairment losses						
Balance at end of previous year	**(32)**	**(1 595)**	**(1 851)**	**(178)**	**(3 656)**	**(3 634)**
Effect of movements in foreign exchange	-	12	(29)	1	(16)	41
Amortization	-	(297)	(364)	(54)	(715)	(622)
Impairment	(9)	(156)	-	-	(165)	-
Disposals	-	18	35	9	62	254
Disposals through the sale of subsidiaries	-	-	-	-	-	-
Transfer to/(from) other asset categories and other movements[1]	-	(54)	28	158	132	305
Balance at end of period	**(41)**	**(2 072)**	**(2 181)**	**(64)**	**(4 358)**	**(3 656)**
Carrying value						
at 31 December 2019	**40 042**	**1 179**	**743**	**488**	**42 452**	**42 452**
at 31 December 2020	**39 386**	**959**	**791**	**391**	**41 527**	**-**

During 2020, AB InBev recognized intangible assets on acquisitions of subsidiaries of 162m US dollar (2019: 128m US dollar) - see also Note 6 *Acquisitions and disposals.* In addition, during 2020, the company recognized (165)m US dollar impairment on intangible sold during 2020 and other intangibles (31 December 2019: nil) – see also Note 8 *Non-recurring items.*

AB InBev is the owner of some of the world's most valuable brands in the beer industry. As a result, brands and certain distribution rights are expected to generate positive cash flows for as long as the company owns the brands and distribution rights. Given AB InBev's more than 600-year history, brands and certain distribution rights have been assigned indefinite lives.

[1] The transfer (to)/from other asset categories and other movements mainly relates to transfers from assets under construction to their respective asset categories, to contributions of assets to pension plans, to the separate presentation in the balance sheet of intangible assets held for sale in accordance with IFRS 5 *Non-current assets held for sale and discontinued operations* and to the restatement of non-monetary assets under hyperinflation accounting in line with IAS 29 *Financial reporting in hyperinflationary economies*. Accordingly, the 2019 transfers include the balances of Australian operations reclassified to assets held for sale as at 31 December 2019 and disposed of upon the completion of the sale on 1 June 2020.

Acquisitions and expenditures of commercial intangibles mainly represent supply and distribution rights, exclusive multi-year sponsorship rights and other commercial intangibles.

Intangible assets with indefinite useful lives are comprised primarily of brands and certain distribution rights that AB InBev purchased for its own products. These were tested for impairment in the second and the fourth quarter of 2020. Based on the impairment testing results, no impairment loss was allocated to intangible assets with indefinite useful lives – refer to Note 14 *Goodwill*.

As at 31 December 2020, the carrying amount of the intangible assets amounted to 41 527m US dollar (31 December 2019: 42 452m US dollar) of which 39 395m US dollar was assigned an indefinite useful life (31 December 2019: 40 217m US dollar) and 2 132m US dollar a finite life (31 December 2019: 2 235m US dollar).

The carrying amount of intangible assets with indefinite useful lives was allocated to the cash-generating units as follows:

Million US dollar Cash-generating unit	2020	2019
United States	22 172	22 124
Rest of North America	42	66
Mexico	3 067	3 243
Colombia	3 320	3 488
Rest of Middle Americas	3 655	3 915
Brazil	1	3
Rest of South America	681	714
Europe	461	489
South Africa	3 289	3 417
Rest of Africa	1 068	1 228
China	427	410
Rest of Asia Pacific	1 212	1 120
Total carrying amount of intangible assets with indefinite useful lives	**39 395**	**40 217**

Intangible assets with indefinite useful lives have been tested for impairment using the same methodology and assumptions as disclosed in Note 14 *Goodwill*. Based on the assumptions described in that note, AB InBev concluded that no impairment charge is warranted. While a change in the estimates used could have a material impact on the calculation of the fair values and trigger an impairment charge, the company 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.

16. Investments in associates

A reconciliation of the summarized financial information to the carrying amount of the company's interests in material associates is as follows:

	2020			2019		
Million US dollar	AB InBev Efes	Castel	Efes	AB InBev Efes	Castel	Efes
Balance at 1 January	**1 133**	**3 239**	**451**	**1 159**	**3 279**	**479**
Effect of movements in foreign exchange	-	270	(92)	-	(56)	(59)
Dividends received	-	(19)	-	(15)	(95)	(11)
Share of results of associates	3	76	32	(11)	111	42
Balance at 31 December	**1 135**	**3 566**	**391**	**1 133**	**3 239**	**451**

Summarized financial information of the company's material associates is as follows:

	2020			2019		
Million US dollar	AB InBev Efes	Castel	Efes	AB InBev Efes	Castel	Efes
Current assets	351	4 048	2 156	377	4 044	2 266
Non-current assets	603	3 775	4 642	767	4 255	5 618
Current liabilities	(591)	(1 531)	(1 639)	(652)	(1 631)	(1 859)
Non-current liabilities	(75)	(671)	(1 852)	(109)	(743)	(1 986)
Non-controlling interests	-	(687)	(1 627)	-	(723)	(1 909)
Net assets	**288**	**4 934**	**1 679**	**383**	**5 201**	**2 130**
Revenue	1 276	4 879	3 847	1 388	5 107	4 015
Profit (loss)	(20)	700	224	23	719	276
Other comprehensive income (loss)	-	(134)	392	-	(372)	(431)
Total comprehensive income (loss)	(20)	566	617	23	347	(155)

In 2020, associates that are not individually material contributed 45m US dollar to the results of investment in associates (2019: 10m US dollar).

Following the entry of Zimbabwe in a hyperinflation economy in 2019, the company recorded an impairment of 15m US dollar in 2020 on its investment in Delta Corporation Ltd (2019: 188m US dollar). The impairment is recorded as a non-recurring net finance cost. Refer to Note 11 *Finance cost and income*.

Additional information related to the significant associates is presented in Note 36 *AB InBev Companies*.

17. Investment securities

Million US dollar	31 December 2020	31 December 2019
Investment in unquoted companies	115	86
Investment on debt securities	22	25
Non-current investments	**137**	**111**
Investment on debt securities	396	91
Current investments	**396**	**91**

As of 31 December 2020, current debt securities of 396m US dollar mainly represented investments in government bonds (31 December 2019: 91m US dollar). The company's investments in such short-term debt securities are primarily to facilitate liquidity and for capital preservation.

18. Deferred tax assets and liabilities

The amount of deferred tax assets and liabilities by type of temporary difference can be detailed as follows:

	2020		
Million US dollar	**Assets**	**Liabilities**	**Net**
Property, plant and equipment	398	(2 487)	(2 089)
Intangible assets	106	(10 007)	(9 901)
Inventories	86	(65)	22
Trade and other receivables	62	-	62
Interest-bearing loans and borrowings	858	(603)	255
Employee benefits	648	(8)	640
Provisions	525	(30)	495
Derivatives	13	(46)	(33)
Other items	312	(1 152)	(840)
Loss carry forwards	782	-	782
Gross deferred tax assets/(liabilities)	**3 790**	**(14 398)**	**(10 607)**
Netting by taxable entity	**(1 771)**	**1 771**	**-**
Net deferred tax assets/(liabilities)	**2 019**	**(12 627)**	**(10 607)**

	2019		
Million US dollar	**Assets**	**Liabilities**	**Net**
Property, plant and equipment	415	(2 550)	(2 135)
Intangible assets	112	(10 327)	(10 215)
Inventories	119	(67)	52
Trade and other receivables	52	(1)	51
Interest-bearing loans and borrowings	706	(603)	103
Employee benefits	631	(3)	628
Provisions	467	(22)	445
Derivatives	23	(21)	2
Other items	311	(861)	(550)
Loss carry forwards	515	-	515
Gross deferred tax assets/(liabilities)	**3 350**	**(14 455)**	**(11 105)**
Netting by taxable entity	**(1 631)**	**1 631**	**-**
Net deferred tax assets/(liabilities)	**1 719**	**(12 824)**	**(11 105)**

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

Million US dollar	**2020**	**2019**
Balance at 1 January	**(11 105)**	**(11 648)**
Recognized in profit or loss	32	19
Recognized in other comprehensive income	361	109
Acquisitions through business combinations	(6)	(18)
Reclassified as held for sale	(1)	363
Other movements and effect of changes in foreign exchange rates	112	70
Balance at 31 December	**(10 607)**	**(11 105)**

Most of the temporary differences are related to the fair value adjustment on intangible assets with indefinite useful lives and property, plant and equipment acquired through business combinations. The realization of such temporary differences is unlikely to revert within 12 months. The net deferred tax liabilities attributable to the US business amounted to 6.6 billion US dollar as of 31 December 2020.

Tax losses carried forward and deductible temporary differences on which no deferred tax asset is recognized amount to 3 464m US dollar in 2020 (2019: 4 734m US dollar). 1 082m US dollar of these tax losses and deductible temporary differences do not have an expiration date, 303m US dollar, 221m US dollar and 239m US dollar expire within respectively 1, 2 and 3 years, while 1 618m US dollar have an expiration date of more than 3 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 company has no tax planning strategy currently in place to utilize these tax losses and deductible temporary differences.

19. Inventories

Million US dollar	31 December 2020	31 December 2019
Prepayments	92	105
Raw materials and consumables	2 499	2 478
Work in progress	439	405
Finished goods	1 256	1 257
Goods purchased for resale	197	182
Inventories	**4 482**	**4 427**
Inventories other than work in progress		
Inventories stated at net realizable value	214	171

The cost of inventories recognized as an expense in 2020 amounts to 19 634m US dollar, included in cost of sales (2019: 20 362m US dollar).

Impairment losses on inventories recognized in 2020 amount to 117m US dollar. The impairment loss includes the write off of obsolete work in progress and finished goods as a result of the COVID-19 pandemic (2019: 59m US dollar).

20. Trade and other receivables

Million US dollar	31 December 2020	31 December 2019
Cash deposits for guarantees	184	219
Loans to customers	25	58
Tax receivable, other than income tax	99	96
Brazilian tax credits and interest receivables	997	70
Trade and other receivables	357	363
Non-current trade and other receivables	**1 661**	**807**
Trade receivables and accrued income	3 284	4 046
Interest receivables	4	21
Tax receivable, other than income tax	552	821
Loans to customers	117	119
Prepaid expenses	354	563
Other receivables	522	616
Current trade and other receivables	**4 833**	**6 187**

Ambev's tax credits and interest receivables are expected to be collected over a period exceeding 12 months after the balance sheet date. As of 31 December 2020, the total amount of such credits and interest receivables represented 997m US dollar (31 December 2019: 70m US dollar). Refer to Note 7 *Other operating income/(expenses)* and Note 11 *Finance cost and income* for more details.

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

The ageing of the current trade receivables and accrued income, interest receivable, other receivables and current and non-current loans to customers can be detailed as follows for 2020 and 2019 respectively:

	Net carrying amount as of 31 December 2020	Of which: neither impaired nor past due on the reporting date	Of which not impaired as of the reporting date and past due			
			Less than 30 days	30 Between and 59 days	Between 60 and 89 days	More than 90 days
Trade receivables and accrued income	3 285	3 074	155	37	10	8
Loans to customers	142	86	3	2	50	-
Interest receivable	4	4	-	-	-	-
Other receivables	522	416	2	16	5	83
	3 953	**3 580**	**161**	**55**	**66**	**91**

	Net carrying amount as of 31 December 2019	Of which: neither impaired nor past due on the reporting date	Of which not impaired as of the reporting date and past due			
			Less than 30 days	30 Between and 59 days	Between 60 and 89 days	More than 90 days
Trade receivables and accrued income	4 046	3 690	261	44	44	7
Loans to customers	177	172	1	2	2	-
Interest receivable	21	21	-	-	-	-
Other receivables	616	582	9	16	5	4
	4 860	**4 465**	**271**	**62**	**51**	**11**

The above analysis of the age of financial assets that are past due as at the reporting date but not impaired also includes non-current loans to customers. Past due amounts were not impaired when collection is still considered likely, for instance because the amounts can be recovered from the tax authorities, AB InBev has sufficient collateral, or the customer entered into a payment plan. Impairment losses on trade and other receivables recognized in 2020 amount to 99m US dollar (2019: 51m US dollar). The impairment loss recognized in 2020 includes AB InBev's estimate of overdue receivables the company will not be able to collect from defaulting customers as a result of the COVID-19 pandemic.

AB InBev's exposure to credit, currency and interest rate risks is disclosed in Note 29 *Risks arising from financial instruments*.

21. Cash and cash equivalents and investment securities

Million US dollar	31 December 2020	31 December 2019
Short-term bank deposits	3 319	2 236
Treasury Bills	6 800	-
Cash and bank accounts	5 132	5 002
Cash and cash equivalents	**15 252**	**7 238**
Bank overdrafts	**(5)**	**(68)**
	15 247	**7 169**

The company's investment in Treasury Bills is to facilitate liquidity and for capital preservation.

The cash outstanding as at 31 December 2020 includes restricted cash for an amount of 84m US dollar (31 December 2019: 78m US dollar). This restricted cash relates to an outstanding consideration payable to former Anheuser-Busch shareholders that have not yet claimed the proceeds from the 2008 combination (1m US dollar) and amounts deposited on a blocked account in respect to the state aid investigation into the Belgian excess profit ruling system (83m US dollar).

22. Assets classified as held for sale, liabilities associated with assets held for sale and discontinued operations

ASSETS CLASSIFIED AS HELD FOR SALE

Million US dollar	31 December 2020	31 December 2019
Balance at the end of previous year	**10 013**	**39**
Reclassified to assets held for sale in the period	210	9 692
Disposals	(9 665)	(59)
Effect of movements in foreign exchange	(484)	341
Balance at the end of year	**74**	**10 013**

LIABILITIES ASSOCIATED WITH ASSETS HELD FOR SALE

Million US dollar	31 December 2020	31 December 2019
Balance at end of previous year	**1 145**	**-**
Reclassified to liabilities associated with assets held for sale	(46)	1 106
Disposals	(1 044)	-
Effect of movements in foreign exchange	(55)	39
Balance at end of the period	**-**	**1 145**

On 19 July 2019, AB InBev announced the agreement to divest CUB, its Australian subsidiary, to Asahi for 16.0 billion AUD on a cash free, debt free basis. Consequently, in accordance with IFRS 5 *Non-current Assets Held for Sale and Discontinued Operations*, as at 31 December 2019, assets and liabilities associated with the Australian operations were reclassified to assets held for sale and liabilities associated with assets held for sale. Furthermore, the results of the Australian operations were accounted for as discontinued operations and presented in a separate line in the consolidated income statement ("profit from discontinued operations") up to 31 May 2020.

Upon the closing of the transaction on 1 June 2020, the company received 10.8 billion US dollar proceeds net of disposal costs, derecognized (8.5) billion US dollar of net assets in relation to its former Australian operations, recycled (0.4) billion US dollar of the cumulative foreign exchange differences on its former Australian operations and cashflow hedges from equity to profit or loss, resulting in a net gain on disposal of 1.9 billion US dollar recognized in discontinued operations.

ASSETS AND LIABILITIES HELD FOR SALE

Assets and liabilities relating to the Australian operations were classified as held for sale on the consolidated statement of financial position as at 31 December 2019 and disposed of upon the completion of the sale on 1 June 2020. The relevant assets and liabilities are detailed in the table below:

Million US dollar	1 June 2020	31 December 2019
Assets		
Property, plant and equipment	581	625
Goodwill and intangible assets	8 584	9 030
Other assets	371	310
Assets classified as held for sale	**9 537**	**9 965**
Liabilities		
Trade and other payables	(581)	(659)
Deferred tax liabilities	(363)	(380)
Other liabilities	(101)	(106)
Liabilities associated with assets held for sale	**(1 044)**	**(1 145)**
Net assets disposed of	8 493	-
Gain on divestiture of Australia (discontinued operations - non-recurring)	1 919	-
Recycling of CTA and cashflow hedges	426	-
Consideration received	**10 838**	-

RESULTS FROM DISCONTINUED OPERATIONS

The following table summarizes the results of the Australian operations included in the consolidated income statements and presented as discontinued operations:

For the period ended Million US dollar	31 May 2020	31 December 2019
Revenue	477	1 394
Profit from operations	178	632
Profit from discontinued operations	136	424

CASH FLOW FROM DISCONTINUED OPERATIONS

Cash flows attributable to the operating, investing and financing activities of the Australian operations are summarized as follows:

For the period ended Million US dollar	31 May 2020	31 December 2019[1]
Cash flow from operating activities	84	640
Cash flow from investing activities – proceeds from Australia divestiture	10 838	219
Cash flow from investing activities – other	(13)	(77)
Cash flow from financing activities	(6)	(24)
Net increase in cash and cash equivalents	**10 903**	**758**

23. Changes in equity and earnings per share

STATEMENT OF CAPITAL

The tables below summarize the changes in issued capital and treasury shares during 2020:

	Issued capital	
Issued capital	**Million shares**	**Million US dollar**
At the end of the previous year	2 019	1 736
Changes during the period	-	-
	2 019	**1 736**
Of which:		
Ordinary shares	1 693	
Restricted shares	326	

	Treasury shares		Result on the use of treasury shares
Treasury share	**Million shares**	**Million US dollar**	**Million US dollar**
At the end of the previous year	59.9	(6 270)	(2 556)
Changes during the period	(12.9)	1 359	(974)
	47.0	**(4 911)**	**(3 530)**

As at 31 December 2020, the share capital of AB InBev amounts to 1 238 608 344.12 euro (1 736 million US dollar). It is represented by 2 019 241 973 shares without nominal value, of which 46 992 567 are held in treasury by AB InBev and its subsidiaries. All shares are ordinary shares, except for 325 999 817 restricted shares. As at 31 December 2020, the total of authorized, unissued capital amounts to 37m euro.

The treasury shares held by the company are reported in equity in Treasury shares.

The holders of ordinary and restricted shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the company. In respect of the company's shares that are held by AB InBev and its subsidiaries, the economic and voting rights are suspended.

The restricted shares are unlisted, not admitted to trading on any stock exchange, and are subject to, among other things, restrictions on transfer until converted into new ordinary shares. The restricted shares will be convertible at the election of the holder into new ordinary shares on a one-for-one basis with effect from the fifth anniversary of completion of the SAB combination

[1] The 2019 cash flow from investing activities has been restated to reflect reclassification of the cash flow hedges in relation to the Australia divestiture reported in the financing activities in 2019 and recycled to profit or loss upon the completion of the transaction.

(i.e. as from 11 October 2021). From completion of the SAB combination, such restricted shares will rank equally with the ordinary shares with respect to dividends and voting rights.

The shareholders' structure is based on the notifications made to the company pursuant to the Belgian Law of 2 May 2007, which governs the disclosure of significant shareholdings in listed companies. It is included in the *Corporate Governance* section of AB InBev's annual report.

CHANGES IN OWNERSHIP INTERESTS

In compliance with IFRS 10, the acquisition or disposal of additional shares in a subsidiary is accounted for as an equity transaction with owners.

On 31 December 2020, AB InBev completed the issuance of a 49.9% minority stake in its US-based metal container operations to Apollo Global Management, Inc. for the net proceeds of 3.0 billion USD. This transaction allowed the company to create additional shareholder value by optimizing its business at an attractive price and generate proceeds to repay debt, in line with its deleveraging commitments. AB InBev retained operational control of its US-based metal container operations.

As required by IFRS 10 *Consolidated Financial Statements*, the transaction was reported in the equity statement resulting in recognition of 1.9 billion US dollar in Non-controlling interest and 1.1 billion US dollar in Reserves.

On 30 September 2019, the initial public offering (the "IPO") of a minority stake in Budweiser Brewing Company APAC Limited, AB InBev´s Asia Pacific subsidiary, was completed and Budweiser APAC commenced the listing of its shares on the Hong Kong Stock Exchange. In addition, on 3 October 2019, the over-allotment option in connection with the IPO of Budweiser APAC was fully exercised by the international underwriters.

The final number of shares issued in the IPO was 1 669 459 000 shares comprising of 72 586 000 shares issued under the Hong Kong public offering, 1 379 118 000 shares placed under the international offering, and 217 755 000 shares issued under the over-allotment option fully exercised by the international underwriters.

Following the completion of the IPO and after the exercise of the over-allotment option, AB InBev retained an 87.22% controlling interest of the issued share capital of Budweiser APAC. As presented in the consolidated statement of changes in equity, the transaction resulted in a 4.4 billion US dollar increase in equity and a 1.2 billion US dollar increase in non-controlling interest representing 12.78% of the net assets of Budweiser APAC.

The net proceeds of the offering (after deducting the underwriting commissions and other expenses in connection with the IPO and the issuance of the new shares) amount to 5.6 billion US dollar and were used to repay debt of AB InBev.

During 2020, there were no significant purchases of non-controlling interests in subsidiaries.

ACQUISITIONS AND DISPOSALS OF OWN SHARES (REPORT ACCORDING TO ARTICLE 7:220 OF THE BELGIAN COMPANIES CODE OF COMPANIES AND ASSOCIATIONS) AND BORROWINGS OF OWN SHARES– PURCHASE OF OWN SHARES

During 2020, the company has not acquired any treasury shares in accordance with article 7:215 of the Belgian Code of Companies and Associations (former article 620 of the Belgian Companies Code) and has proceeded with the following disposals of its own shares.

Treasury shares

The company has used 9 520 966 treasury shares to settle the participants' obligations related to the Zenzele Scheme (refer to Note 31 *Collateral and contractual commitments for the acquisition of property, plant and equipment, loans to customers and other* for more details). As a result, as at 31 December 2020, the group owned 46 992 567 own shares of which 38 779 160 were held directly by AB InBev. The par value of the share is 0.61 euro. As a consequence, the treasury shares used to settle the obligations during 2020 represented 7 126 734 US dollar (5 807 966 euro) of the subscribed capital and the shares that the company still owned at the end of 2020 represented 35 175 372 US dollar (28 665 466 euro) of the subscribed capital.

Borrowed shares

In order to fulfill AB InBev's commitments under various outstanding stock option plans, during the course of 2020, the company had stock lending arrangements in place for up to 30 million shares, which were fully used to fulfill stock option plan commitments. The company shall pay any dividend equivalent after tax in respect of such borrowed shares. This payment will be reported through equity as dividend.

DIVIDENDS

On 24 February 2021, a dividend of 0.50 euro per share or 1 003m euro was proposed by the Board of Directors, and will be subject to approval at the shareholder' meeting on 28 April 2021.

On 24 October 2019, an interim dividend of 0.80 euro per share or approximately 1 588m euro was approved by the Board of Directors. This interim dividend was paid out on 21 November 2019. On 3 June 2020, in addition to the interim dividend paid on 21 November 2019, a dividend of 0.50 euro per share or 1 002m euro was approved at the shareholder' meeting, reflecting a total dividend payment for the 2019 fiscal year of 1.30 euro per share or 2 590m euro. The dividend was paid out as of 11 June 2020.

TRANSLATION RESERVES

The translation reserves comprise all foreign currency exchange differences arising from the translation of the financial statements of foreign operations. The translation reserves also comprise the portion of the gain or loss on the foreign currency liabilities and on the derivative financial instruments determined to be effective net investment.

HEDGING RESERVES

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. On 1 June 2020, upon the Australia divestiture, the company recycled 370m US dollar of cash flow hedges in relation to its former Australia operations from equity to profit or loss.

TRANSFERS FROM SUBSIDIARIES

The amount of dividends payable to AB InBev by its operating subsidiaries is subject to, among other restrictions, general limitations imposed by the corporate laws, capital transfer restrictions and exchange control restrictions of the respective jurisdictions where those subsidiaries are organized and operate. Capital transfer restrictions are also common in certain emerging market countries and may affect AB InBev's flexibility in implementing a capital structure it believes to be efficient. As at 31 December 2020, the restrictions above mentioned were not deemed significant on the company's ability to access or use the assets or settle the liabilities of its operating subsidiaries.

Dividends paid to AB InBev by certain of its subsidiaries are also subject to withholding taxes. Withholding taxes, if applicable, generally do not exceed 15%.

OTHER COMPREHENSIVE INCOME RESERVES

The changes in the other comprehensive income reserves are as follows:

Million US dollar	Translation Reserves	Hedging reserves	Post-employment benefits	Total OCI Reserves
As per 1 January 2020	**(19 936)**	**397**	**(1 740)**	**(21 279)**
Other comprehensive income/(loss)				
Exchange differences on translation of foreign operations (gains/(losses))	(9 943)	-	-	(9 943)
Cash flow hedges	-	198	-	198
Cash flow hedges and cumulative translation adjustments reclassified from equity to profit or loss in relation to Australia divestiture	645	(219)	-	426
Re-measurements of post-employment benefits	-	-	(243)	(243)
Total comprehensive income/(loss)	**(9 298)**	**(21)**	**(243)**	**(9 562)**
As per 31 December 2020	**(29 234)**	**376**	**(1 983)**	**(30 841)**

The increase in translation reserves is primarily related to the combined effect of the weakening of the closing rates of the Mexican pesos, the South African rand, the Colombian pesos, the Brazilian real and the Peruvian sol, and the strengthening of the Euro which resulted in a foreign exchange translation adjustment of 9 943m US dollar as of 31 December 2020 (decrease of equity).

Million US dollar	Translation Reserves	Hedging reserves	Post-employment benefits	Total OCI Reserves
As per 1 January 2019	**(21 079)**	**494**	**(1 567)**	**(22 152)**
Other comprehensive income/(loss)				
Exchange differences on translation of foreign operations (gains/(losses))	1 143	-	-	1 143
Cash flow hedges	-	(97)	-	(97)
Re-measurements of post-employment benefits	-	-	(173)	(173)
Total comprehensive income/(loss)	**1 143**	**(97)**	**(173)**	**873**
As per 31 December 2019	**(19 936)**	**397**	**(1 740)**	**(21 279)**

EARNINGS PER SHARE

The calculation of basic earnings per share for 2020 is based on the profit attributable to equity holders of AB InBev of 1 405m US dollar (2019: 9 171m US dollar) and a weighted average number of ordinary and restricted shares outstanding (including deferred share instruments and stock lending) per end of the period, calculated as follows:

Million shares	2020	2019
Issued ordinary and restricted shares at 1 January, net of treasury shares	1 959	1 957
Effect of stock lending	30	25
Effect of delivery of treasury shares	9	2
Weighted average number of ordinary and restricted shares at 31 December	**1 998**	**1 984**

The calculation of diluted earnings per share for 2020 is based on the profit attributable to equity holders of AB InBev of 1 405m US dollar (2019: 9 171m US dollar) and a weighted average number of ordinary and restricted shares (diluted) outstanding (including deferred share instruments and stock lending) at the end of the period, calculated as follows:

Million shares	2020	2019
Weighted average number of ordinary and restricted shares at 31 December	1 998	1 984
Effect of share options, warrants and restricted stock units	39	42
Weighted average number of ordinary and restricted shares (diluted) at 31 December	**2 037**	**2 026**

The calculation of earnings per share before non-recurring items and discontinued operations is based on the profit from continuing operations attributable to equity holders of AB InBev. A reconciliation of the profit before non-recurring items and discontinued operations, attributable to equity holders of AB InBev to the profit attributable to equity holders of AB InBev is calculated as follows:

Million US dollar	2020	2019
Profit before non-recurring items and discontinued operations, attributable to equity holders of AB InBev	3 807	8 086
Non-recurring items, before taxes (refer to Note 8)	(3 103)	(323)
Non-recurring finance income/(cost), before taxes (refer to Note 11)	(1 738)	882
Non-recurring taxes (refer to Note 8)	155	(6)
Non-recurring non-controlling interest (refer to Note 8)	228	108
Profit from discontinued operations (refer to Note 22)	2 055	424
Profit attributable to equity holders of AB InBev	**1 405**	**9 171**

The calculation of the Underlying EPS is based on the profit before non-recurring items, discontinued operations, mark-to-market gains/losses and hyperinflation impacts attributable to equity holders of AB InBev. A reconciliation of the profit before non-recurring items, discontinued operations, mark-to-market gains/losses and hyperinflation impacts, attributable to equity holders of AB InBev to the profit before non-recurring items and discontinued operations, attributable to equity holders of AB InBev, is calculated as follows:

Million US dollar	2020	2019
Profit before non-recurring items, discontinued operations, mark-to-market gains/losses and hyperinflation impacts, attributable to equity holders of AB InBev	5 022	7 196
Mark-to-market (losses)/gains on certain derivatives related to the hedging of share-based payment programs (refer to Note 11)	(1 211)	898
Hyperinflation impacts	(4)	(7)
Profit before non-recurring items and discontinued operations, attributable to equity holders of AB InBev	**3 807**	**8 086**

The table below sets out the EPS calculation:

Million US dollar	2020	2019
Profit attributable to equity holders of AB InBev	1 405	9 171
Weighted average number of ordinary and restricted shares	1 998	1 984
Basic EPS from continuing and discontinued operations	**0.70**	**4.62**
Profit from continuing operations attributable to equity holders of AB InBev	(650)	8 748
Weighted average number of ordinary and restricted shares	1 998	1 984
Basic EPS from continuing operations	**(0.33)**	**4.41**
Profit from continuing operations before non-recurring items and discontinued operations, attributable to equity holders of AB InBev	3 807	8 086
Weighted average number of ordinary and restricted shares	1 998	1 984
Basic EPS from continuing operations before non-recurring items	**1.91**	**4.08**
Profit before non-recurring items, discontinued operations, mark-to-market gains/losses and hyperinflation impacts, attributable to equity holders of AB InBev	5 022	7 196
Weighted average number of ordinary and restricted shares	1 998	1 984
Underlying EPS	**2.51**	**3.63**
Profit attributable to equity holders of AB InBev	1 405	9 171
Weighted average number of ordinary and restricted shares (diluted)	2 037	2 026
Diluted EPS from continuing and discontinued operations	**0.69**	**4.53**
Profit from continuing operations attributable to equity holders of AB InBev	(650)	8 748
Weighted average number of ordinary and restricted shares (diluted)[1]	1 998	2 026
Diluted EPS from continuing operations	**(0.33)**	**4.32**
Profit from continuing operations before non-recurring items and discontinued operations, attributable to equity holders of AB InBev	3 807	8 086
Weighted average number of ordinary and restricted shares (diluted)	2 037	2 026
Diluted EPS from continuing operations before non-recurring items	**1.87**	**3.99**

The average market value of the company's shares for purposes of calculating the dilutive effect of share options and restricted stock units was based on quoted market prices for the period that the options and restricted stock units were outstanding. For the calculation of Diluted EPS from continuing operations before non-recurring items, 76m share options were anti-dilutive and not included in the calculation of the dilutive effect as at 31 December 2020 (31 December 2019: 59m share options[1]).

[1] In accordance with the guidance provided by IAS 33 *Earnings per Share*, for the 2020 calculation of Diluted EPS from continuing operations, the potential dilutive effect of share options, warrants and restricted stock units was disregarded considering the negative results in the period.

24. Interest-bearing loans and borrowings

This note provides information about the company's interest-bearing loans and borrowings. For more information about the company's exposure to interest rate and foreign exposure currency risk - refer to Note 29 *Risks arising from financial instruments.*

Non-current liabilities Million US dollar	31 December 2020	31 December 2019
Secured bank loans	46	71
Unsecured bank loans	-	50
Unsecured bond issues	93 523	95 674
Unsecured other loans	73	77
Lease liabilities	1 837	1 692
Non-current interest-bearing loans and borrowings	**95 478**	**97 564**

Current liabilities Million US dollar	31 December 2020	31 December 2019
Secured bank loans	656	790
Commercial papers	1 522	1 599
Unsecured bank loans	294	135
Unsecured bond issues	202	2 532
Unsecured other loans	10	20
Lease liabilities	397	333
Current interest-bearing loans and borrowings	**3 081**	**5 410**

The current and non-current interest-bearing loans and borrowings amount to 98.6 billion US dollar as at 31 December 2020, compared to 103.0 billion US dollar as at 31 December 2019.

In March 2020, the company drew the full 9.0 billion US dollar commitment under the 2010 Senior Facilities Agreement, in order to proactively safeguard its liquidity position by holding cash on its balance sheet through the period of significant financial market volatility and uncertainty as a result of the COVID-19 virus pandemic. The revolving credit facilities were repaid in full in the second quarter of 2020. On 18 February 2021, the company announced the successful signing of a new 10.1 billion US dollar Sustainable-Linked Loan Revolving Credit Facility ("SLL RCF") with an initial five-year term, replacing the aforementioned 9.0 billion US dollar of committed long-term credit facilities (refer to Note 35 *Events after the balance sheet date*).

Commercial papers amount to 1.5 billion US dollar as at 31 December 2020 (31 December 2019: 1.6 billion US dollar) and include programs in US dollar and euro with a total authorized issuance up to 5.0 billion US dollar and 3.0 billion euro, respectively.

On 2 April 2020 and 3 April 2020, Anheuser-Busch InBev NV/SA (ABISA) and Anheuser-Busch InBev Worldwide Inc. (ABIWW) respectively, completed the issuance of the following series of bonds:

Issue date	Issuer (abbreviated)	Maturity date	Currency	Aggregate principal amount (in millions)	Interest rate
2 April 2020	ABISA	2 December 2027	EUR	1 000	2.125%
2 April 2020	ABISA	2 April 2032	EUR	1 750	2.875%
2 April 2020	ABISA	2 April 2040	EUR	1 750	3.700%
3 April 2020	ABIWW	1 June 2030	USD	1 750	3.500%
3 April 2020	ABIWW	1 June 2040	USD	1 000	4.350%
3 April 2020	ABIWW	1 June 2050	USD	2 250	4.500%
3 April 2020	ABIWW	1 June 2060	USD	1 000	4.600%

On 7 July 2020, the company completed the tender offers of seven series of notes issued by Anheuser-Busch InBev NV/SA (ABISA) and Anheuser-Busch InBev Finance Inc. (ABIFI) and repurchased 3.0 billion US dollar aggregate principal amount of these notes. The total principal amount accepted in the tender offers is set out in the table below:

Date of redemption	Issuer (abbreviated)	Title of series of notes issued exchanged	Currency	Original principal amount outstanding (in million)	Principal amount redeemed (in million)	Principal amount not redeemed (in million)
7 July 2020	ABISA	4.000% Notes due 2021	EUR	750	231	519
7 July 2020	ABISA	1.950% Notes due 2021	EUR	650	123	527
7 July 2020	ABISA	0.875% Notes due 2022	EUR	2 000	356	1 644
7 July 2020	ABISA	0.800% Notes due 2023	EUR	1 000	356	644
7 July 2020	ABIFI	Floating Rate Notes due 2021	USD	311	129	182
7 July 2020	ABIFI	2.625% Notes due 2023	USD	643	167	476
7 July 2020	ABIFI	3.300% Notes due 2023	USD	2 799	1 467	1 332

On 15 September 2020, the company completed the tender offers of six series of notes issued by Anheuser-Busch InBev NV/SA (ABISA), Anheuser-Busch InBev Finance Inc. (ABIFI) and Anheuser-Busch InBev Worldwide Inc. (ABIWW) and repurchased 2.1 billion US dollar aggregate principal amount of these notes. The total principal amount accepted in the tender offers is set out in the table below:

Date of redemption	Issuer (abbreviated)	Title of series of notes issued exchanged	Currency	Original principal amount outstanding (in million)	Principal amount redeemed (in million)	Principal amount not redeemed (in million)
17 September 2020	ABIWW	Floating rate notes due 2024	USD	229	113	116
17 September 2020	ABIWW	3.500% Notes due 2024	USD	654	404	250
17 September 2020	ABIFI	3.700% Notes due 2024	USD	865	376	489
17 September 2020	ABISA	Floating rate notes due 2024	EUR	1 500	517	983
17 September 2020	ABISA	2.875% Notes due 2024	EUR	750	195	555
17 September 2020	ABISA	1.500% Notes due 2025	EUR	2 500	353	2 147

These tender offers were financed with cash.

During 2020, the company announced that Anheuser-Busch InBev NV/SA (ABISA) and its wholly-owned subsidiaries Anheuser-Busch InBev Worldwide Inc (ABIWW), Anheuser-Busch InBev Finance Inc. (ABIFI) and Anheuser-Busch North American Holding Corporation (ABNA) were exercising their options to redeem the outstanding principal amount for an aggregate principle amount of 10.0 billion US dollar indicated in the table below of the following series of notes:

Date of redemption	Issuer (abbreviated)	Title of series of notes issued exchanged	Currency	Original principal amount outstanding (in million)	Principal amount redeemed (in million)
29 July 2020	ABIWW	3.250% Notes due 2022	AUD	550	550
12 August 2020	ABIWW	4.375% Notes due 2021	USD	285	285
12 August 2020	ABIWW	2.500% Notes due 2022	USD	454	454
12 August 2020	ABIFI	3.375% Notes due 2023	CAD	600	600
12 August 2020	ABNA	3.750% Notes due 2022	USD	150	150
25 September 2020	ABISA	1.750% Notes due 2025	GBP	650	650
8 October 2020	ABIFI	2.600% Notes due 2024	CAD	1 300	1 300
8 October 2020	ABISA	1.950% Notes due 2021	EUR	527	527
8 October 2020	ABISA	0.875% Notes due 2022	EUR	1 644	1 644
3 December 2020	ABISA	4.000% Notes due 2021	EUR	519	519
3 December 2020	ABISA	0.800% Notes due 2023	EUR	644	644
16 December 2020	ABIFI	2.625% Notes due 2023	USD	476	476
16 December 2020	ABIFI	3.300% Notes due 2023	USD	1 332	1 332
16 December 2020	ABIFI	3.700% Notes due 2024	USD	489	489
16 December 2020	ABIWW	3.500% Notes due 2024	USD	250	250

The redemption of these notes was financed with cash.

Net debt is defined as non-current and current interest-bearing loans and borrowings and bank overdrafts minus debt securities and cash and cash equivalents. Net debt is a financial performance indicator that is used by AB InBev's management to highlight changes in the company's overall liquidity position.

AB InBev's net debt decreased to 82.7 billion US dollar as at 31 December 2020, from 95.5 billion US dollar as at 31 December 2019. Aside from operating results that are net of capital expenditures, the net debt is impacted mainly by the payment of interests and taxes (6.4 billion US dollar), settlement of derivatives (0.7 billion US dollar increase of net debt), dividend payments to shareholders of AB InBev and Ambev (1.8 billion US dollar), foreign exchange impact on net debt (3.4 billion US dollar increase of net debt), the proceeds from the divestiture of the Australian business (10.8 billion US dollar decrease of net debt) and the proceeds related to the issuance of a 49.9% minority stake in the company's US-based metal container operations (3.0 billion US dollar decrease of net debt).

The following table provides a reconciliation of AB InBev's net debt as at the dates indicated:

Million US dollar	31 December 2020	31 December 2019
Non-current interest-bearing loans and borrowings	95 478	97 564
Current interest-bearing loans and borrowings	3 081	5 410
Interest-bearing loans and borrowings	**98 559**	**102 974**
Bank overdrafts	5	68
Cash and cash equivalents	(15 252)	(7 238)
Interest bearing loans granted and other deposits (included within Trade and other receivables)	(173)	(146)
Debt securities (included within Investment securities)	(418)	(117)
Net debt	**82 722**	**95 542**

Reconciliation of liabilities arising from financing activities

The table below details changes in the company'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 company's consolidated cash flow statement from financing activities.

Million US dollar	Long-term debt, net of current portion	Short-term debt and current portion of long-term debt
Balance at 1 January 2020	**97 564**	**5 410**
Proceeds from borrowings	11 226	3 596
Payments on borrowings	(13 596)	(9 520)
Capitalization / (payment) of lease liabilities	394	(484)
Amortized cost	71	17
Unrealized foreign exchange effects	2 521	241
Current portion of long-term debt	(3 744)	3 744
Other movements	1 042	77
Balance at 31 December 2020	**95 478**	**3 081**

Million US dollar	Long-term debt, net of current portion	Short-term debt and current portion of long-term debt
Balance at 1 January 2019	**106 997**	**4 584**
Proceeds from borrowings	17 939	4 645
Payments on borrowings	(22 339)	(8 253)
Capitalization / (payment) of lease liabilities	420	(441)
Amortized cost	75	13
Unrealized foreign exchange effects	(538)	(39)
Current portion of long-term debt	(4 769)	4 769
Liabilities associated with assets held for sale	(69)	(15)
Other movements	(152)	147
Balance at 31 December 2019	**97 564**	**5 410**

25. Employee benefits

AB InBev sponsors various post-employment benefit plans worldwide, 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, AB InBev 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. For 2020, contributions paid into defined contribution plans for the company amounted to 91m US dollar compared to 101m US dollar for 2019.

DEFINED BENEFIT PLANS

During 2020, the company contributed to 81 defined benefit plans, of which 60 are retirement or leaving service plans, 17 are medical cost plans and 4 other long-term employee benefit plans. Most plans provide retirement and leaving service benefits related to pay and years of service. In many of the countries 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 each country. The medical cost plans in Brazil, Canada, Colombia, South Africa and US provide medical benefits to employees and their families after retirement. Many of the defined benefit plans are closed to new entrants.

The present value of funded obligations includes a 126m US dollar liability related to two medical plans in Brazil, for which the benefits are provided through the Fundação Antonio Helena Zerrenner ("FAHZ"). The FAHZ is a legally distinct entity which provides medical, dental, educational and social assistance to current and retired employees of Ambev. As at 31 December 2020, the actuarial liabilities related to the benefits provided by the FAHZ are fully offset by an equivalent amount of assets existing in the fund. The net liability recognized in the balance sheet is nil.

The employee benefit net liability amounts to 2 964m US dollar as at 31 December 2020 compared to 2 834m US dollar as at 31 December 2019. In 2020, the fair value of the plan assets increased by 207m US dollar and the defined benefit obligations increased by 353m US dollar. The increase in the employee benefit net liability is mainly driven by decreases in the discount rates.

The company's net liability for post-employment and long-term employee benefit plans comprises the following as at 31 December 2020 and 2019:

Million US dollar	2020	2019
Present value of funded obligations	(7 703)	(7 333)
Fair value of plan assets	5 649	5 442
Present value of net obligations for funded plans	**(2 054)**	**(1 891)**
Present value of unfunded obligations	(793)	(810)
Present value of net obligations	**(2 847)**	**(2 701)**
Unrecognized asset	(31)	(74)
Net liability	**(2 878)**	**(2 775)**
Other long term employee benefits	(86)	(59)
Total employee benefits	**(2 964)**	**(2 834)**
Employee benefits amounts in the balance sheet:		
Liabilities	(2 970)	(2 848)
Assets	6	14
Net liability	**(2 964)**	**(2 834)**

The changes in the present value of the defined benefit obligations are as follows:

Million US dollar	2020	2019
Defined benefit obligation at 1 January	**(8 143)**	**(7 568)**
Current service costs	(72)	(67)
Interest cost	(250)	(326)
Past service gain/(cost)	16	(9)
Settlements	153	109
Benefits paid	519	596
Contribution by plan participants	(2)	(2)
Actuarial gains/(losses) – demographic assumptions	20	61
Actuarial gains/(losses) – financial assumptions	(690)	(912)
Experience adjustments	(12)	29
Exchange differences	(35)	(86)
Transfers and other movements	-	32
Defined benefit obligation at 31 December	**(8 496)**	**(8 143)**

As at the last valuation date, the present value of the defined benefit obligation was comprised of approximately 1.8 billion US dollar relating to active employees, 1.9 billion US dollar relating to deferred members and 4.8 billion US dollar relating to members in retirement.

The changes in the fair value of plan assets are as follows:

Million US dollar	2020	2019
Fair value of plan assets at 1 January	**5 442**	**5 059**
Interest income	168	218
Administration costs	(19)	(23)
Return on plan assets exceeding interest income	332	579
Contributions by AB InBev	394	294
Contributions by plan participants	2	2
Benefits paid net of administration costs	(519)	(596)
Assets distributed on settlements	(146)	(107)
Exchange differences	(9)	46
Transfers and other movements	4	(30)
Fair value of plan assets at 31 December	**5 649**	**5 442**

Actual return on plans assets amounted to a gain of 500m US dollar in 2020 compared to a gain of 797m US dollar in 2019.

The changes in the unrecognized asset are as follows:

Million US dollar	2020	2019
Irrecoverable surplus impact at 1 January	**(74)**	**(77)**
Interest expense	(4)	(7)
Changes excluding amounts included in interest expense	47	9
Irrecoverable surplus impact at 31 December	**(31)**	**(74)**

The expense recognized in the income statement with regard to defined benefit plans can be detailed as follows:

Million US dollar	2020	2019
Current service costs	(72)	(67)
Administration costs	(19)	(23)
Past service cost due to plan amendments and curtailments	16	66
(Losses)/gains due to experience and demographic assumption changes	6	1
Profit from operations	**(69)**	**(23)**
Net finance cost	(87)	(114)
Total employee benefit expense	**(156)**	**(137)**

The employee benefit expense is included in the following line items of the income statement:

Million US dollar	2020	2019
Cost of sales	(28)	(17)
Distribution expenses	(9)	(5)
Sales and marketing expenses	(18)	(4)
Administrative expenses	(20)	3
Other operating (expense)/income	(1)	-
Non-recurring items	7	-
Net finance cost	(87)	(114)
	(156)	**(137)**

Weighted average assumptions used in computing the benefit obligations of the company's significant plans at the balance sheet date are as follows:

	2020					
Million US dollar	United States	Canada	Mexico	Brazil	United Kingdom	AB InBev
Discount rate	2.5%	2.4%	6.3%	6.9%	1.4%	**2.6%**
Price inflation	2.5%	2.0%	3.5%	3.3%	3.1%	**2.6%**
Future salary increases	-	1.0%	4.3%	6.9%-5.0%	-	**3.7%**
Future pension increases	-	2.0%	3.5%	3.3%	2.9%	**2.6%**
Medical cost trend rate	5.5%-4.5%	4.5%	-	6.9%	-	**6.0%-5.7%**
Life expectation for a 65 year old male	86	87	82	85	87	**85**
Life expectation for a 65 year old female	87	90	85	88	89	**88**

	2019					
Million US dollar	United States	Canada	Mexico	Brazil	United Kingdom	AB InBev
Discount rate	3.3%	3.1%	7.5%	7.2%	2.0%	**3.3%**
Price inflation	2.5%	2.0%	3.5%	3.8%	3.1%	**2.7%**
Future salary increases	-	1.0%	4.3%	7.4%-5.4%	-	**3.8%**
Future pension increases	-	2.0%	3.5%	3.8%	2.9%	**2.7%**
Medical cost trend rate	6.5%-4.5%	4.5%	-	7.4%	-	**6.6%-6.1%**
Life expectation for a 65 year old male	85	87	82	85	87	**85**
Life expectation for a 65 year old female	87	89	85	88	89	**87**

Through its defined benefit pension plans and post-employment medical plans, the company is exposed to a number of risks, the most significant are detailed below:

INVESTMENT STRATEGY

In case of funded plans, the company ensures that the investment positions are managed within an asset-liability matching (ALM) framework that has been developed to achieve long-term investments that are in line with the obligations under the pension schemes. Within this framework, the company's ALM objective is to match assets to the pension obligations by investing in long-term fixed interest securities with maturities that match the benefit payments as they fall due and in the appropriate currency. The company actively monitors how the duration and the expected yield of the investments are matching the expected cash outflows arising from the pension obligation.

ASSET VOLATILITY

In general, the company's funded plans are invested in a combination of equities and bonds, generating high but volatile returns from equities and at the same time stable and liability-matching returns from bonds. As the plans mature, the company usually reduces the level of investment risk by investing more in assets that better match the liabilities. Since 2015, the company started the implementation of a pension de-risking strategy to reduce the risk profile of certain plans by reducing gradually the current exposure to equities and shifting those assets to fixed income securities.

CHANGES IN BOND YIELDS

A decrease in corporate bond yields will increase plan liabilities, although this will be partially offset by an increase in the value of the plans' bond holdings.

INFLATION RISK

Some of the company's pension obligations, mainly in the UK, are linked to inflation, and higher inflation will lead to higher liabilities. The majority of the plan's assets are either unaffected by or loosely correlated with inflation, meaning that an increase in inflation could potentially increase the company's net benefit obligation.

LIFE EXPECTANCY

The majority of the plans' obligations are to provide benefits for the life of the member, so increases in life expectancy will result in an increase in the plans' liabilities.

The weighted average duration of the defined benefit obligation in 2020 is 13.9 years (2019: 13.8 years).

The sensitivity of the defined benefit obligation to changes in the weighted principal assumptions is:

	2020		
Million US dollar	**Change in assumption**	**Increase in assumption**	**Decrease in assumption**
Discount rate	0.5%	(552)	607
Price inflation	0.5%	211	(214)
Future salary increase	0.5%	36	(33)
Medical cost trend rate	1%	38	(33)
Longevity	One year	283	(280)

The above are purely hypothetical changes in individual assumptions holding all other assumptions constant: economic conditions and changes therein will often affect multiple assumptions at the same time and the effects of changes in key assumptions are not linear.

Sensitivities are reasonably possible changes in assumptions, and they are calculated using the same approach as was used to determine the defined benefit obligation. Therefore, the above information is not necessarily a reasonable representation of future results.

The fair value of plan assets at 31 December consists of the following:

	2020			2019		
Million US dollar	**Quoted**	**Unquoted**	**Total**	**Quoted**	**Unquoted**	**Total**
Government bonds	33%	-	**33%**	33%	-	**33%**
Corporate bonds	34%	-	**34%**	35%	-	**35%**
Equity instruments	25%	-	**25%**	23%	-	**23%**
Property	-	3%	**3%**	-	4%	**4%**
Insurance contracts and others	3%	2%	**5%**	4%	1%	**5%**
	95%	**5%**	**100%**	**95%**	**5%**	**100%**

AB InBev expects to contribute approximately 289m US dollar for its funded defined benefit plans and 74m US dollar in benefit payments to its unfunded defined benefit plans and post-retirement medical plans in 2021.

26. Share-based payments[1]

Different share and share option programs allow company senior management and members of the board of directors to receive or acquire shares of AB InBev, Ambev or Budweiser APAC. AB InBev has three primary share-based compensation plans, the share-based compensation plan (“Share-Based Compensation Plan”), the long-term restricted stock unit plan for directors (“Restricted Stock Units Plan for Directors), and the long-term incentive plan for executives (“LTI Plan Executives”). 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. All the company share-based payment plans are equity-settled.

Share-based payment transactions resulted in a total expense of 169m US dollar for 2020, as compared to 340m US dollar for 2019. As a result of the COVID-19 pandemic, the company reversed accrued cost for performance-related LTIs for which the conditions will not be met.

AB INBEV SHARE-BASED COMPENSATION PROGRAMS

Share-Based Compensation Plan for Executives

As from 1 January 2010, the structure of the Share-Based Compensation Plan for certain executives in the general headquarters, has been modified. From 1 January 2011 onwards, the new plan structure applies to all other senior management. Under this plan, members of the Executive Committee and other senior employees receive their bonus in cash but have the choice to invest some or all of the value of their bonus in AB InBev shares with a five-year lock-up period, referred to as bonus shares. With respect to bonuses for the financial year 2020 onwards, half of the bonus shares will be subject to a lock-up period of three years and the other half to a lock-up period of 5 years. This voluntary investment of the bonus in AB InBev shares leads to a 10% discount to the market price of the shares. With respect to bonuses for the financial year 2020 onwards, the discount will amount to maximum 20%. The company also matches such voluntary investment by granting three matching shares for each bonus share voluntarily invested in, up to a limited total percentage of each participant’s bonus. The percentage of the variable compensation that is entitled to get matching shares varies depending on the position of the executive. The matching is based on the gross amount of the variable compensation invested. The discount shares and matching shares are granted in the form of restricted stock units which have a five-year vesting period. With respect to bonuses for the financial year 2020 onwards, the restricted stock units will be subject to a vesting period of three years for half of them and five years for the other half. Additionally, the holders of the restricted stock units may be entitled to receive from AB InBev additional restricted stock units equal to the dividends declared since the restricted stock units were granted.

In 2020, AB InBev issued 0.2m of matching restricted stock units in relation to bonuses granted to company employees and management (2019: 1.6m of matching restricted stock units). These matching restricted stock units are valued at the share price as of the grant date, represent a fair value of approximately 9m US dollar and cliff vest after five years (2019: 153m US dollar).

Restricted Stock Units Plan for Directors

Since the annual shareholder meeting of 24 April 2019, the share-based portion of the remuneration of the directors of the company has been granted in the form of restricted stock units and will no longer be granted in the form of stock options as was previously the case. Such restricted stock units vest after 5 years and, upon vesting, entitle their holders to one AB InBev share per restricted stock unit.

During 2020, 0.1m restricted stock units with an estimated fair value of 4m US dollar were granted to directors (2019: 0.1m with an estimated fair value of 4m US dollar).

Annual and Exceptional LTI Plans for Executives

As from 1 July 2009, senior employees are eligible for an annual long-term incentive to be paid out in LTI stock options (or, in the future, similar share-based instruments), depending on management’s assessment of the employee’s performance and future potential.

In 2020, AB InBev issued 38.1m LTI stock options with an estimated fair value of 287m US dollar (2019: 8.1m LTI stock options with an estimated fair value of 91m US dollar) as an exceptional long-term retention incentive. Out of these stock options, 3.6m stock options were granted to members of the Executive Committee (2019: 0.4m stock options).

As from 1 December 2020, under a sub-plan of the company’s new base long-term Restricted Stock Units program, senior employees are eligible for an annual long-term incentive paid out in Restricted Stock Units, depending on management’s

[1] Amounts have been converted to US dollar at the average rate of the period, unless otherwise indicated.

assessment of the employee's performance and future potential. Half of the Restricted Stock Units cliff vest over a three-year period and the other half cliff vest over a five-year period. In 2020, AB InBev issued 1.7m Restricted Stock Units with an estimated fair value of 116m US dollar under this plan (2019: nil). Out of these Restricted Stock Units, 0.1m Restricted Stock Units were granted to members of the Executive Committee (2019: nil).

Recurring LTI Restricted Stock Units Plans for Executives

AB InBev has specific recurring long-term Restricted Stock Units incentive programs in place, including:

1. A program allowing for the offer of restricted stock units to certain members of senior management in certain specific circumstances, e.g. as a special retention incentive or to compensate for assignments of expatriates in countries with difficult living conditions. The restricted stock units vest after five years and in the event that an employee's service is terminated before the vesting date, special forfeiture rules apply. In 2020, 7m restricted stock units with an estimated fair value of 307m US dollar were granted under these programs (2019: 0.9m restricted stock units with an estimated fair value of 74m US dollar). Out of these, 0.8m restricted stock units were granted to members of the Executive Committee (2019: nil).
2. A program allowing for the exceptional offer of restricted stock units to certain members of senior management in order to provide a long-term retention incentive for key employees of the company. Members of senior management eligible to receive a grant under this program receive two series of restricted stock units, with the first series of the restricted stock units vesting after five years, and the second series vesting after ten years. Alternatively, under this program, the restricted stock units may be granted with a shorter vesting period of 2.5 to 3 years for the first series and 5 years for the second series of the restricted stock units. In the event that an employee's service is terminated before the vesting date, special forfeiture rules apply. As at 2017, instead of restricted stock units, stock options may be granted under the program with similar vesting and forfeiture rules. Each option gives the grantee the right to purchase one existing AB InBev share. In 2020, no restricted stock units nor stock options were granted (2019: 0.1m stock options with an estimated fair value of 2m US dollar).
3. A program allowing for certain employees to purchase company shares at a discount and that is aimed at providing a long-term retention incentive for (i) high-potential employees of the company, who are at a mid-manager level ("People bet share purchase program") or (ii) newly hired employees. The voluntary investment in company shares leads to the grant of an amount of matching restricted stock units or stock options which vest after 5 years. In the event that an employee's service is terminated before the vesting date, special forfeiture rules apply. In 2020, employees purchased 0.1m shares under this program for the equivalent of 1m US dollar (2019: 0.1m shares for the equivalent of 1m US dollar).
4. A program allowing for the offer of performance-based Restricted Stock Units (Performance RSUs) to certain members of the company's senior management. Upon vesting, each Performance RSU gives the executive the right to receive one existing AB InBev share. The Performance RSUs can have a vesting period of five or ten years. The shares resulting from the vesting of the Performance RSUs will only be delivered provided a performance test is met by the company. Forfeiture rules apply if the employee leaves the company before the vesting date or if the performance test is not achieved by a certain date. These Performance RSUs are subject to an organic EBITDA compounded annual growth rate target set by the Board. Other performance test criteria may be used for future grants, but they will remain in line with the company's high-performance culture and the creation of long-term sustainable value for its shareholders. In 2020, no restricted stock units were granted under this program (2019: nil).
5. A series of sub-plans under the Company's new base long-term Restricted Stock Units program allowing for the offer of Restricted Stock Units to certain members of the company's senior management in certain specific circumstances, e.g. as a special retention incentive or to compensate for assignments of expatriates in certain limited countries. This program was created in 2020 and will replace the programs listed under items 1 and 2 above for the purposes of grants made as from 1 December 2020. Under this new program, Restricted Stock Units can be granted under sub-plans with specific terms and conditions and for specific purposes. The Restricted Stock Units in principle vest after five 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 vesting periods for specific sub-plans or introduce performance tests similar to those described under the program above. In 2020, 1.7m restricted stock units with an estimated fair value of 120m US dollar were granted under this program (2019: nil). No restricted stock units were granted to members of the Executive Committee (2019: nil).

Performance related incentive plan for ZX Ventures

In 2016, the company implemented a new performance related incentive plan which substitutes the long-term incentive stock option plan for executives of ZX Ventures. ZX Ventures is our global growth and innovation group whose mandate is to invest in, incubate and develop new products and businesses that address emerging consumer needs.

In 2020, 1.2m performance units were granted to senior management of ZX Ventures (2019: 3.8m performance units). The value of the performance units will depend on the return of ZX Ventures.

These units vest after 5 years provided that a performance test is met. Specific forfeiture rules apply in the event that the executive leaves the company.

Other programs

In order to maintain the consistency of benefits granted to executives and to encourage the international mobility of executives, an option exchange program can be executed whereby unvested options are exchanged for restricted shares that remain locked-up until 5 years after the end of the initial vesting period. The shares that result from the exercise of the options must in principle remain locked-up until 31 December 2023. In 2020, no options were exchanged for ordinary blocked shares (2019: nil).

The Board has also approved the early release of vesting conditions of unvested stock options or restricted stock units that are vesting within 6 months of the executives' relocation. The shares that result from the early exercise of the options or the early vesting of the restricted stock units must remain blocked until the end of the initial vesting period. In 2020, 0.1m restricted stock units were accelerated under this program for members of the senior management (2019: 0.1m stock options and restricted stock units).

The weighted average fair value of the options and assumptions used in applying the AB InBev option pricing model for the 2020 grants of awards described above are as follows:

Amounts in US dollar unless otherwise indicated	**2020**	**2019**
Fair value of options granted	7.54	11.79
Share price	46.35	78.46
Exercise price	46.35	78.46
Expected volatility	25%	23%
Expected dividends	3.00%	3.00%
Risk-free interest rate	-0.32%	0.43%

Expected volatility is based on historical volatility calculated over a 10-year period. The binomial Hull model assumes that all employees would immediately exercise their options if the AB InBev share price is 2.5 times above the exercise price. As a result, no single expected option life applies.

The total number of outstanding AB InBev options developed as follows:

Million options	**2020**	**2019**
Options outstanding at 1 January	88.7	92.6
Options issued during the year	38.1	13.8
Options exercised during the year	(3.9)	(10.7)
Options forfeited during the year	(9.0)	(7.0)
Options outstanding at the end of December	**113.3**	**88.7**

The range of exercise prices of the outstanding options is between 10.32 euro (12.66 US dollar)[1] and 121.95 euro (149.64 US dollar) while the weighted average remaining contractual life is 7.38 years.

Out of the 113.3m outstanding options, 21.8m are vested at 31 December 2020.

[1] Amounts have been converted to US dollar at the closing rate of the respective period.

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

Amounts in US dollar	2020	2019
Options outstanding at 1 January	79.66	94.74
Granted during the year	53.41	83.33
Exercised during the year	29.92	29.27
Forfeited during the year	117.82	108.44
Outstanding at the end of December	71.22	79.66
Exercisable at the end of December	99.54	65.33

For share options exercised during 2020, the weighted average share price at the date of exercise was 45.23 euro (55.51 US dollar)[1].

The total number of outstanding AB InBev restricted stock units developed as follows:

Million restricted stock units	2020	2019
Restricted stock units outstanding at 1 January	9.9	6.0
Restricted stock units issued during the year	10.9	5.5
Restricted stock units exercised during the year	(0.7)	(1.0)
Restricted stock units forfeited during the year	(0.9)	(0.7)
Restricted stock units outstanding at the end of December	**19.1**	**9.9**

AMBEV SHARE-BASED COMPENSATION PROGRAMS

Since 2005, Ambev has had in place a plan which is substantially similar to the Share-based compensation plan under which bonuses granted to company employees and management are partially settled in shares. Under the Share-based compensation plan, Ambev issued 0.2m deferred stock units with an estimated fair value of 1m US dollar in 2020 (2019: 0.2m deferred stock units with an estimated fair value of 1m US dollar).

Since 2018, Ambev has had in place a plan which is substantially similar to the Share-based compensation plan under which bonuses granted to company employees and management are partially settled in shares. Under the Share-based compensation plan, Ambev issued 21.1m restricted stock units in 2020 with an estimated fair value of 61m US dollar (2019: 11.8m restricted stock units with an estimated fair value of 54m US dollar).

As of 2010, senior employees are eligible for an annual long-term incentive to be paid out in Ambev LTI stock options (or, in the future, similar share-based instruments), depending on management's assessment of the employee's performance and future potential. In 2020, Ambev granted 22 thousand LTI stock options (2019: 24.6m LTI stock options with an estimated fair value of 28m US dollar).

The weighted fair value of the options and assumptions used in applying a binomial option pricing model for the 2020 Ambev grants are as follows:

Amounts in US dollar unless otherwise indicated[1]	2020	2019
Fair value of options granted	0.78	1.12
Share price	3.47	4.38
Exercise price	3.47	4.38
Expected volatility	22%	24%
Expected dividends	0.00% - 5.00%	0.00% - 5.00%
Risk-free interest rate	6.8%	7.8%

The total number of outstanding Ambev options developed as follows:

Million options	2020	2019
Options outstanding at 1 January	141.8	141.3
Options issued during the year	-	24.6
Options exercised during the year	(5.7)	(7.8)
Options forfeited during the year	(8.8)	(16.3)
Options outstanding at the end of December	**127.3**	**141.8**

[1] Amounts have been converted to US dollar at the closing rate of the respective period.

The range of exercise prices of the outstanding options is between 11.97 Brazilian real (2.30 US dollar) and 43.95 Brazilian real (8.46 US dollar) while the weighted average remaining contractual life is 6.43 years.

Of the 127.3m outstanding options 36.5m options are vested at 31 December 2020.

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

Amounts in US dollar	2020	2019
Options outstanding at 1 January	4.60	4.17
Granted during the year	3.47	4.48
Exercised during the year	1.60	2.25
Forfeited during the year	4.42	5.27
Outstanding at the end of December	3.81	4.60
Exercisable at the end of December	4.56	4.74

For share options exercised during 2020, the weighted average share price at the date of exercise was 15.23 Brazilian real (2.93 US dollar).

The total number of outstanding Ambev deferred and restricted stock units developed as follows:

Million restricted stock units	2020	2019
Restricted stock units outstanding at 1 January	31.7	25.0
Restricted stock units issued during the year	21.3	12.0
Restricted stock units vested during the year	(1.9)	(4.2)
Restricted stock units forfeited during the year	(1.5)	(1.1)
Restricted stock units outstanding at the end of December	**49.6**	**31.7**

Additionally, as a means of creating a long term incentive (wealth incentive) for certain senior employees and members of management considered as having “high potential”, share appreciation rights in the form of phantom stocks have been granted to those employees, pursuant to which the beneficiary shall receive two separate lots – Lot A and Lot B – subject to lockup periods of five and ten years, respectively. In 2020, Ambev did not issue any share appreciation rights.

During 2020, a limited number of Ambev shareholders who are part of the senior management of AB InBev were given the opportunity to exchange Ambev shares against a total of 0.1m AB InBev shares (2019: 0.1m AB InBev shares) at a discount of 16.66% provided that they stay in service for another five years. The fair value of this transaction amounts to approximately 1m US dollar (2019: 1m US dollar) and is expensed over the five years’ service period. The fair values of the Ambev and AB InBev shares were determined based on the market price.

BUDWEISER APAC SHARE-BASED COMPENSATION PROGRAM

LTI Stock Option Plans for Executives

In December 2019, Budweiser APAC 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. In 2020, Budweiser APAC granted 69.7m stock options with an estimated fair value of 52m US dollar (2019: 9.0m LTI stock options with an estimated fair value of 10m US dollar).

Discretionary Restricted Stock Units Plan

In December 2019, Budweiser APAC set up a new discretionary restricted stock units plan which allows for the offer of restricted stock units to certain employees in certain specific circumstances, at the discretion of the Board, e.g. as a special retention incentive. The restricted stock units 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. In 2020, 29.7m restricted stock units with an estimated fair value of 84m US dollar were granted under this program to a selected number of employees (2019: 4.0m restricted stock units with an estimated fair value of 13m US dollar).

Share-Based Compensation Plan

In March 2020, Budweiser APAC set up a program allowing for certain employees to invest some or all of their variable compensation in Budweiser APAC shares (Voluntary Shares). As an additional reward, employees who invest in Voluntary Shares also receive a company shares match of three matching shares for each Voluntary Share invested up to a limited total percentage of each employee’s variable compensation. During 2020, Budweiser APAC issued 0.2m matching restricted stock units in relation to bonuses granted to Budweiser APAC employees. These matching restricted stock units are valued at the share price at the day of grant representing a fair value of approximately 1m US dollar and cliff vest after five years.

People Bet Plan

In March 2020, Budweiser APAC set up a program allowing for certain employees to purchase Budweiser APAC shares at a discount which is aimed at providing a long-term retention incentive for high-potential 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 restricted stock units which vest after 5 years. In the event that an employee's service is terminated before the vesting date, special forfeiture rules apply. In 2020, 0.6m restricted stock units with an estimated fair value of 2m US dollar were granted under this program to a selected number of Budweiser APAC employees.

New Restricted Stock Units Plan

In November 2020, Budweiser APAC set up a new restricted stock units plan which allows for the offer of restricted stock units 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 restricted stock units is in principle five 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, 6.8m restricted stock units with an estimated fair value of 23m US dollar were granted under this program to a selected number of employees (2019: nil).

27. Provisions

Million US dollar	Restructuring	Disputes	Other	Total
Balance at 1 January 2020	**103**	**436**	**372**	**911**
Effect of movements in foreign exchange	8	(40)	(24)	(56)
Provisions made	55	102	107	264
Provisions used	(54)	(80)	(91)	(225)
Provisions reversed	(7)	(24)	(1)	(32)
Other movements	(1)	95	(193)	(99)
Balance at 31 December 2020	**104**	**489**	**170**	**763**

The restructuring provisions are primarily explained by the organizational alignments - see also Note 8 *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:

Million US dollar	Total	< 1 year	1-2 years	2-5 years	> 5 years
Restructuring	**104**	**54**	**15**	**14**	**21**
Indirect taxes	**109**	8	55	1	45
Labor	**125**	15	26	74	10
Commercial	**31**	9	14	6	2
Environmental	**5**	5	-	-	-
Excise duties	**24**	-	17	7	-
Other disputes	**195**	46	134	15	-
Disputes	**489**	**83**	**246**	**103**	**57**
Other provisions	**170**	**82**	**84**	**4**	**-**
Total provisions	**763**	**219**	**345**	**121**	**78**

AB InBev is subject to the greenhouse gas emission allowance trading scheme in force in the European Union and a similar scheme in South Korea. Acquired emission allowances are recognized at cost as intangible assets. To the extent that it is expected that the number of allowances needed to settle the CO_2 emissions exceeds the number of emission allowances owned, a provision is recognized. Such provision is measured at the estimated amount of the expenditure required to settle the obligation.

28. Trade and other payables

Million US dollar	31 December 2020	31 December 2019
Indirect taxes payable	252	174
Trade payables	98	237
Deferred consideration on acquisitions	1 082	1 418
Other payables	90	113
Non-current trade and other payables	**1 522**	**1 943**
Trade payables and accrued expenses	15 898	15 876
Payroll and social security payables	800	736
Indirect taxes payable	2 629	2 708
Interest payable	1 625	1 679
Consigned packaging	1 010	1 106
Dividends payable	427	338
Deferred income	27	21
Deferred consideration on acquisitions	301	221
Other payables	249	179
Current trade and other payables	**22 965**	**22 864**

As at 31 December 2020, deferred consideration on acquisitions is mainly comprised of 0.7 billion US dollar for the put option included in the 2012 shareholders' agreement between Ambev and ELJ, which may result in Ambev acquiring additional shares in Cervecería Nacional Dominicana S.A. ("CND") (31 December 2019: 0.7 billion US dollar). The terms of the shareholders' agreement were amended as described in Note 29 *Risk arising from financial instruments*.

29. Risks arising from financial instruments

FINANCIAL ASSETS AND FINANCIAL LIABILITIES

Set out below is an overview of financial assets[1] held by the company as at the dates indicated:

	31 December 2020				31 December 2019			
Million US dollar	At amortized cost	At fair value through profit or loss	At fair value through OCI	Total	At amortized cost	At fair value through profit or loss	At fair value through OCI	Total
Trade and other receivables	4 493	-	-	**4 493**	5 444	-	-	**5 444**
Unquoted debt (debt instruments)	22	-	-	**22**	25	-	-	**25**
Quoted debt (debt instruments)	-	396	-	**396**	-	91	-	**91**
Unquoted companies (equity instruments)	-	-	115	**115**	-	-	85	**85**
Derivatives not designated in hedge accounting relationships:								
Equity swaps	-	27	-	**27**	-	17	-	**17**
Interest rate swaps	-	45	-	**45**	-	18	-	**18**
Cross currency interest rate swaps	-	7	-	**7**	-	102	-	**102**
Derivatives designated in hedge accounting relationships:								
Foreign exchange forward contracts	-	-	480	**480**	-	-	112	**112**
Foreign currency futures	-	-	36	**36**	-	-	7	**7**
Interest rate swaps	-	-	35	**35**	-	-	-	**-**
Cross currency interest rate swaps	-	-	100	**100**	-	-	55	**55**
Commodities	-	-	235	**235**	-	-	52	**52**
Financial assets	**4 515**	**474**	**1 001**	**5 991**	**5 469**	**229**	**311**	**6 009**
Non-current	588	79	174	**841**	664	136	81	**881**
Current	3 928	396	827	**5 150**	4 803	93	230	**5 126**
Trade and other payables	20 807	-	-	**20 807**	21 187	-	-	**21 187**
Interest-bearing loans and borrowings:								
Secured bank loans	702	-	-	**702**	861	-	-	**861**
Unsecured bank loans	294	-	-	**294**	185	-	-	**185**
Unsecured bond issues	93 725	-	-	**93 725**	98 206	-	-	**98 206**
Unsecured other loans	83	-	-	**83**	97	-	-	**97**
Commercial paper	1 522	-	-	**1 522**	1 599	-	-	**1 599**
Bank overdrafts	5	-	-	**5**	68	-	-	**68**
Lease liabilities	2 234	-	-	**2 234**	2 026	-	-	**2 026**
Derivatives not designated in hedge accounting relationships:								
Equity swaps	-	5 353	-	**5 353**	-	3 146	-	**3 146**
Cross currency interest rate swaps	-	446	-	**446**	-	140	-	**140**
Other derivatives	-	321	-	**321**	-	156	-	**156**
Derivatives designated in hedge accounting relationships:								
Foreign exchange forward contracts	-	-	370	**370**	-	-	435	**435**
Cross currency interest rate swaps	-	-	264	**264**	-	-	35	**35**
Interest rate swaps	-	-	-	**-**	-	-	4	**4**
Commodities	-	-	26	**26**	-	-	97	**97**
Equity swaps	-	-	21	**21**	-	-	31	**31**
Other derivatives	-	-	5	**5**	-	-	107	**107**
Financial liabilities	**119 372**	**6 119**	**685**	**126 176**	**124 228**	**3 442**	**709**	**128 379**
Non-current	96 748	1 758	-	**98 506**	99 335	349	-	**99 684**
Current	22 623	4 361	685	**27 670**	24 895	3 092	709	**28 696**

[1] Cash and short-term deposits are not included in this overview.

DERIVATIVES

AB InBev's activities expose it to a variety of financial risks: market risk (including currency risk, fair value interest rate risk, cash flow interest risk, commodity risk and equity risk), credit risk and liquidity risk. The company analyses each of these risks individually as well as on a combined basis and defines strategies to manage the economic impact on the company's performance in line with its financial risk management policy.

AB InBev primarily uses the following derivative instruments: foreign currency rate agreements, exchange traded foreign currency futures, interest rate swaps and forwards, cross currency interest rate swaps ("CCIRS"), commodity swaps, exchange traded commodity futures and equity swaps.

The table below provides an overview of the notional amounts of derivatives outstanding as at the dates indicated by maturity bucket.

	31 December 2020					31 December 2019				
Million US dollar	< 1 year	1-2 years	2-3 years	3-5 years	> 5 years	< 1 year	1-2 years	2-3 years	3-5 years	> 5 years
Foreign currency										
Forward exchange contracts	18 505	290	-	-	-	21 216	36	-	-	-
Foreign currency futures	2 218	-	-	-	-	1 359	723	-	-	-
Interest rate										
Interest rate swaps	-	1 500	1 000	-	-	750	-	1 500	1 000	-
Cross currency interest rate swaps	513	5 658	1 400	1 866	789	15	513	5 445	500	668
Other interest rate derivatives	-	-	-	-	-	-	-	-	-	565
Commodities										
Aluminum swaps	1 184	-	-	-	-	1 411	22	-	-	-
Other commodity derivatives	644	-	-	-	-	771	20	-	-	-
Equity										
Equity derivatives	10 234	2 326	-	-	-	11 638	-	-	-	-

FOREIGN CURRENCY RISK

AB InBev is subject to foreign currency risk when contracts are denominated in a currency other than the functional currency of the entity. This includes borrowings, investments, (forecasted) sales, (forecasted) purchases, royalties, dividends, licenses, management fees and interest expense/income. To manage foreign currency risk the company uses mainly foreign currency rate agreements, exchange traded foreign currency futures and cross currency interest rate swaps.

FOREIGN EXCHANGE RISK ON THE DISPOSAL OF AUSTRALIAN OPERATIONS

During 2019, AB InBev entered into derivative foreign exchange forward contracts in order to economically hedge against the exposure to changes in the US dollar against the proceeds denominated in Australian dollar. These derivatives qualified for cash flow hedge accounting under IFRS 9. As of 31 December 2019, 22m US dollar positive mark-to-market adjustment related to this hedging was recognized under cash flow hedge reserve. Upon the completion of the divestiture, the effective component of the hedge was recycled to profit or loss (discontinued operations).

FOREIGN EXCHANGE RISK ON OPERATING ACTIVITIES

AB InBev's policy is to 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. Non-operating transactions (such as acquisitions and disposals of subsidiaries) are hedged as soon as they are highly probable.

The table below shows the company's main net foreign currency positions for firm commitments and forecasted transactions for the most important currency pairs. The open positions are the result of the application of AB InBev's risk management policy. Positive amounts indicate that the company is long (net future cash inflows) in the first currency of the currency pair while negative amounts indicate that the company is short (net future cash outflows) in the first currency of the currency pair. The second currency of the currency pairs listed is the functional currency of the related subsidiary.

	31 December 2020			31 December 2019		
Million US dollar	Total exposure	Total hedges	Open position	Total exposure	Total hedges	Open position
Euro/Canadian dollar	(9)	9	-	(52)	39	(13)
Euro/Mexican peso	(106)	102	(4)	(151)	156	5
Euro/Pound sterling	(203)	130	(73)	(126)	124	(2)
Euro/South African rand	(95)	65	(30)	(99)	95	(4)
Euro/South Korean won	(40)	38	(2)	(49)	46	(3)
Euro/US dollar	(354)	284	(70)	(409)	337	(72)
Mexican peso/Euro	(249)	146	(103)	(178)	161	(17)
Pound sterling/Euro	(35)	36	1	(39)	40	1
US dollar/Argentinian peso	(602)	543	(59)	(531)	510	(21)
US dollar/Australian dollar	-	-	-	(216)	204	(12)
US dollar/Bolivian boliviano	(64)	56	(8)	(69)	70	1
US dollar/Brazilian real	(1 573)	1 577	4	(1 443)	1 447	4
US dollar/Canadian dollar	(302)	194	(108)	(287)	295	8
US dollar/Chilean peso	(151)	129	(22)	(109)	102	(7)
US dollar/Chinese yuan	(171)	201	30	(230)	191	(39)
US dollar/Colombian peso	(359)	352	(7)	(278)	272	(6)
US dollar/Euro	(98)	96	(2)	(108)	113	5
US dollar/Mexican peso	(1 032)	995	(37)	(1 105)	903	(202)
US dollar/Paraguayan guarani	(132)	125	(7)	(124)	130	6
US dollar/Peruvian nuevo sol	(225)	168	(57)	(243)	205	(38)
US dollar/South African rand	(130)	116	(14)	(28)	31	3
US dollar/South Korean won	(71)	70	(1)	(88)	99	11
US dollar/Uruguayan peso	(40)	39	(1)	(41)	41	-
Others	(260)	131	(129)	(317)	250	(67)

Further analysis on the impact of open currency exposures is performed in the currency sensitivity analysis below.

Hedges of firm commitments and highly probable forecasted transactions denominated in foreign currency are designated as cash flow hedges.

Foreign exchange risk on foreign currency denominated debt

It is AB InBev's policy to have the debt in the subsidiaries as much as possible linked 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 global basis and take into consideration the holistic risk management approach.

A description of the foreign currency risk hedging of debt instruments issued in a currency other than the functional currency of the subsidiary is further detailed in the *Interest Rate Risk* section below.

Currency sensitivity analysis

Currency transactional risk

Most of AB InBev's non-derivative financial instruments are either denominated in the functional currency of the subsidiary or are converted into the functional currency through the use of derivatives. Where illiquidity in the local market prevents hedging at a reasonable cost, the company can have open positions. The transactional foreign currency risk mainly arises from open positions in Mexican peso, Canadian dollar, Argentinean peso and Pound sterling against the US dollar and the euro. AB InBev estimated the reasonably possible change of exchange rate, on the basis of the average volatility on the open currency pairs, as follows:

	2020		
	Closing rate 31 December 2020	Possible closing rate[1]	Volatility of rates in %
Euro/Mexican peso	24.48	19.38 - 29.58	20.83%
Euro/Pound sterling	0.90	0.82 - 0.98	9.09%
Euro/South Korean won	1 335.11	1 218.41 - 1 451.81	8.74%
Euro/US dollar	1.23	1.13 - 1.32	7.75%
Pound sterling/US dollar	1.36	1.22 - 1.51	10.79%
US dollar/Argentinian peso	84.14	74.55 - 93.73	11.40%
US dollar/Brazilian real	5.20	4.13 - 6.26	20.51%
US dollar/Chinese yuan	6.54	6.25 - 6.82	4.34%
US dollar/Colombian peso	3 438.52	2 908.55 - 3 968.50	15.41%
US dollar/Euro	0.81	0.75 - 0.88	7.75%
US dollar/Mexican peso	19.95	16.19 - 23.71	18.83%
US dollar/Nigerian naira	397.72	345.23 - 450.21	13.20%
US dollar/Peruvian nuevo sol	3.62	3.37 - 3.87	6.95%
US dollar/South African rand	14.69	12.19 - 17.18	16.99%
US dollar/South Korean won	1 088.02	1 000.21 - 1 175.84	8.07%
US dollar/Tanzanian shilling	2 321.74	2 205.30 - 2 438.18	5.02%
US dollar/Zambian kwacha	21.16	18.44 - 23.89	12.89%

	2019		
	Closing rate 31 December 2019	Possible closing rate[2]	Volatility of rates in %
Euro/Mexican peso	21.17	19.28 - 23.06	8.92%
Euro/Pound sterling	0.85	0.79 - 0.91	7.35%
Euro/South Korean won	1 297.02	1 216.94 - 1 377.1	6.17%
Euro/US dollar	1.12	1.07 - 1.18	4.69%
Pound sterling/US dollar	1.32	1.21 - 1.43	8.08%
US dollar/Australian dollar	1.42	1.33 - 1.52	6.70%
US dollar/Argentinian peso	59.89	45.55 - 74.23	23.94%
US dollar/Brazilian real	4.03	3.54 - 4.52	12.23%
US dollar/Chinese yuan	6.96	6.62 - 7.30	4.86%
US dollar/Colombian peso	3 272.63	2 935.33 - 3 609.92	10.31%
US dollar/Euro	0.89	0.85 - 0.93	4.69%
US dollar/Mexican peso	18.85	17.25 - 20.44	8.48%
US dollar/Nigerian naira	362.59	350.58 - 374.60	3.31%
US dollar/Peruvian nuevo sol	3.32	3.17 - 3.47	4.50%
US dollar/South African rand	14.04	12.26 - 15.83	12.74%
US dollar/South Korean won	1 154.55	1 064.67 - 1 244.42	7.78%
US dollar/Tanzanian shilling	2 300.14	2 186.57 - 2 413.71	4.94%
US dollar/Zambian kwacha	14.02	11.24 - 16.81	19.85%

In case the open positions in Mexican peso, Canadian dollar, Argentinean peso and Pound sterling as of 31 December 2020 remain unchanged, considering the volatility mentioned above and all other variables held constant, these currencies could lead to an increase/decrease on the consolidated profit before tax from continuing operations of approximately 30m US dollar over the next 12 months (31 December 2019: 22m US dollar).

Additionally, the AB InBev sensitivity analysis[1] to the foreign exchange rates on its total derivatives positions as of 31 December 2020, shows a positive/negative pre-tax impact on equity reserves of 850m US dollar (31 December 2019: 548m US dollar).

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[1] Sensitivity analysis is assessed based on the yearly volatility using daily observable market data during 250 days at 31 December 2020.
[2] Sensitivity analysis is assessed based on the yearly volatility using daily observable market data during 250 days at 31 December 2019.

Foreign exchange risk on net investments in foreign operations

AB InBev mitigates exposures of its investments in foreign operations using both derivative and non-derivative financial instruments as hedging instruments.

As of 31 December 2020, designated derivative and non-derivative financial instruments in net investment hedges amount to 9 691m US dollar equivalent (31 December 2019: 15 522m US dollar) in Holding companies and approximately 671m US dollar equivalent at Ambev level (31 December 2019: 732m US dollar). These instruments hedge foreign operations with Canadian dollar, Chinese yuan, Dominican peso, euro, Mexican peso, pound sterling, South African rand, South Korean won, Nigerian Naira and US dollar functional currencies.

Net foreign exchange results

Foreign exchange results recognized on unhedged and hedged exposures are as follows:

Million US dollar	2020	2019
Economic hedges	(181)	6
Other results - not hedged	195	(186)
	43	**(180)**

INTEREST RATE RISK

The company applies a dynamic interest rate hedging approach whereby the target mix between fixed and floating rate debt is reviewed periodically. The purpose of AB InBev's policy is to achieve an optimal balance between the cost of funding and the volatility of financial results, while taking into account market conditions as well as AB InBev's overall business strategy.

Fair value hedges

US dollar fixed rate bond hedges (interest rate risk on borrowings in US dollar)

The company manages and reduces the impact of changes in the US dollar interest rates on the fair value of certain fixed rate bonds with an aggregate principal amount of 1.0 billion US dollar through fixed/floating interest rate swaps. These derivative instruments have been designated in fair value hedge accounting relationships.

Cash flow hedges

Pound sterling bond hedges (foreign currency risk and interest rate risk on borrowings in pound sterling)

In September 2013, the company issued a pound sterling bond for 500m pound sterling at a rate of 4.00% per year and maturing in September 2025. The impact of changes in the pound sterling exchange rate and interest rate on this bond is managed and reduced through pound sterling fixed/euro fixed cross currency interest rate swaps. These derivative instruments have been designated in a cash flow hedge accounting.

US dollar bank loan hedges (foreign currency risk on borrowings against the Nigerian naira)

The company has a floating rate loan denominated in US dollar for a total of 278m in Nigeria. This loan is held by an entity with functional currency in Nigerian Naira. In order to hedge against fluctuations in foreign exchange rates, the company entered into foreign exchange futures which have been designated in cash flow hedge relationship.

Economic Hedges

Marketable debt security hedges (interest rate risk on Brazilian real)

During 2020 and 2019, Ambev invested in highly liquid Brazilian real denominated government debt securities.

Interest rate sensitivity analysis

The table below reflects the effective interest rates of interest-bearing financial liabilities at balance sheet date as well as the currency in which the debt is denominated.

31 December 2020	Before hedging		After hedging	
Interest-bearing financial liabilities Million US dollar	Effective interest rate	Amount	Effective interest rate	Amount
Floating rate				
Australian dollar	0.99%	231	-	-
Brazilian real	3.90%	164	3.90%	164
Canadian dollar	-	-	1.23%	1 895
Euro	0.15%	2 690	0.15%	2 690
Pound sterling	-	-	1.10%	937
US dollar	1.05%	617	1.13%	201
Other	7.30%	260	7.90%	573
		3 962		**6 461**
Fixed rate				
Australian dollar	3.91%	846	-	-
Brazilian real	8.58%	578	8.58%	578
Canadian dollar	4.12%	613	4.29%	2 646
Euro	2.12%	26 092	2.15%	35 515
Pound sterling	4.30%	3 655	4.36%	2 973
South Korean won	-	-	1.30%	1 997
US dollar	4.91%	62 340	5.30%	47 892
Other	11.96%	479	11.72%	502
		94 602		**92 103**

31 December 2019	Before hedging		After hedging	
Interest-bearing financial liabilities Million US dollar	Effective interest rate	Amount	Effective interest rate	Amount
Floating rate				
Australian dollar	1.87%	210	1.87%	210
Brazilian real	9.33%	43	9.33%	43
Euro	0.08%	4 214	0.08%	4 214
US dollar	2.36%	1 749	2.85%	4 269
Other	9.82%	225	4.46%	954
		6 441		**9 690**
Fixed rate				
Australian dollar	3.71%	1 647	3.71%	1 647
Brazilian real	9.00%	544	9.00%	544
Canadian dollar	3.16%	2 055	3.16%	2 055
Euro	1.82%	25 346	1.82%	29 338
Pound sterling	3.82%	4 373	3.79%	3 713
South Korean won	3.37%	15	2.46%	1 015
US dollar	4.83%	62 205	5.02%	54 551
Other	7.31%	416	6.95%	489
		96 601		**93 352**

As at 31 December 2020, the total carrying amount of the floating and fixed rate interest-bearing financial liabilities before hedging as listed above includes bank overdrafts of 5m US dollar (31 December 2019: 68m US dollar).

As disclosed in the above table, 6 461m US dollar or 6.6% of the company's interest-bearing financial liabilities bears interest at a variable rate. The company estimated that the reasonably possible change of the market interest rates applicable to its floating rate debt after hedging is as follows:

	2020		
	Interest rate 31 December 2020[1]	Possible interest rate[2]	Volatility of rates in %
Brazilian real	2.09%	1.74% - 2.44%	16.77%
Euro	-	-	16.83%
US dollar	0.24%	0.10% - 0.38%	58.30%

	2019		
	Interest rate 31 December 2019[1]	Possible interest rate[2]	Volatility of rates in %
Brazilian real	4.42%	3.32% - 5.52%	24.88%
Euro	-	-	6.43%
US dollar	1.91%	1.51% - 2.30%	20.66%

When AB InBev applies the reasonably possible increase/decrease in the market interest rates mentioned above on its floating rate debt at 31 December 2020, with all other variables held constant, 2020 interest expense would have been 3m US dollar higher/lower (31 December 2019: 16m US dollar). This effect would be more than offset by 58m US dollar higher/lower interest income on AB InBev's interest-bearing financial assets (31 December 2019: 22m US dollar).

Interest expense

Interest expense recognized on unhedged and hedged financial liabilities are as follows:

Million US dollar	2020	2019
Financial liabilities measured at amortized cost – not hedged	(4 154)	(4 264)
Fair value hedges	(1)	(46)
Cash flow hedges	19	15
Net investment hedges - hedging instruments (interest component)	2	2
Economic hedges	118	124
	(4 016)	**(4 168)**

COMMODITY PRICE RISK

The commodity markets have experienced and are expected to continue to experience price fluctuations. AB InBev therefore uses both fixed price purchasing contracts and commodity derivatives to manage the exposure to the price volatility. The most significant commodity exposures as at 31 December 2020 and 31 December 2019 are included in the table below (expressed in outstanding notional amounts):

Million US dollar	31 December 2020	31 December 2019
Aluminum swaps	1 184	1 433
Exchange traded sugar futures	74	54
Natural gas and energy derivatives	202	255
Corn swaps	160	195
Exchange traded wheat futures	83	20
Rice swaps	76	209
Plastic derivatives	50	59
	1 828	**2 224**

[1] Applicable 3-month InterBank Offered Rates as of 31 December 2020 and as of 31 December 2019.
[2] Sensitivity analysis is assessed based on the yearly volatility using daily observable market data during 250 days at 31 December 2020 and at December 2019. For the Brazilian real floating rate debt, the estimated market interest rate is composed of the InterBank Deposit Certificate ('CDI') and the Long-Term Interest Rate ('TJLP'). With regard to other market interest rates, the company's analysis is based on the 3-month InterBank Offered Rates applicable for the currencies concerned (e.g. EURIBOR 3M, LIBOR 3M). The sensitive analysis does not include any spread applicable to the company's funding.

Commodity price sensitivity analysis

The impact of changes in the commodity prices would have an immaterial impact on AB InBev's profit in 2020 as most of the company's exposure is hedged using derivative contracts and designated in hedge accounting in accordance with IFRS 9 rules.

The tables below show the estimated impact that changes in the price of the commodities, for which AB InBev held material derivative exposures as at 31 December 2020 and 31 December 2019, would have on the equity reserves.

	2020		
	Volatility of	Pre-tax impact on equity	
Million US dollar	prices in %[1]	Prices increase	Prices decrease
Aluminum	14.96%	177	(177)
Sugar	31.48%	23	(23)
Energy	47.08%	95	(95)
Corn	32.84%	52	(52)
Wheat	25.30%	21	(21)
Rice	46.17%	35	(35)
Plastic	26.74%	13	(13)

	2019		
	Volatility of	Pre-tax impact on equity	
Million US dollar	prices in %[2]	Prices increase	Prices decrease
Aluminum	21.78%	312	(312)
Sugar	29.73%	16	(16)
Energy	25.86%	66	(66)
Corn	21.74%	42	(42)
Wheat	30.30%	6	(6)
Rice	22.64%	47	(47)
Plastic	24.03%	14	(14)

EQUITY PRICE RISK

AB InBev enters into equity swap derivatives to hedge the price risk on its shares in connection with its share-based payments programs, as disclosed in Note 26 *Share-based Payments*. AB InBev also hedges its exposure arising from shares issued in connection with the Modelo and SAB combination (see also Note 11 *Finance cost and income*). These derivatives do not qualify for hedge accounting and the changes in fair value are recorded in the profit or loss.

As at 31 December 2020, an exposure for an equivalent of 100.5m of AB InBev shares was hedged, resulting in a total loss of (2 219)m US dollar recognized in the profit or loss account for the period, of which (1 211)m US dollar related to the company's share-based payment programs, (511)m US dollar and (497)m US dollar related to the Modelo and SAB transactions, respectively. As at 31 December 2020 liabilities for equity swap derivates amounted to 5.4 billion US dollar (2019: 3.2 billion US dollar).

Equity price sensitivity analysis

The sensitivity analysis on the equity swap derivatives, calculated based on a 53.87% (2019: 25.20%) reasonably possible volatility of the AB InBev share price, with all the other variables held constant, would show 3 787m US dollar positive/negative impact on the 2020 profit before tax (2019: 2 066m US dollar).

CREDIT RISK

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

AB InBev 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 company 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 company enters into derivative transactions with different financial institutions.

[1] Sensitivity analysis is assessed based on the yearly volatility using daily observable market data during 250 days at 31 December 2020.
[2] Sensitivity analysis is assessed based on the yearly volatility using daily observable market data during 250 days at 31 December 2019.

The company also has master netting agreements with all of the financial institutions that are counterparties to over the counter (OTC) derivatives. These agreements allow for the net settlement of assets and liabilities arising from different transactions with the same counterparty. Based on these factors, AB InBev considers the impact of the risk of counterparty default as at 31 December 2020 to be limited.

The impairment loss recognized in 2020 includes AB InBev's estimate of overdue receivables the company will not be able to collect from defaulting customers as a result of the COVID-19 pandemic.

Exposure to credit risk

The carrying amount of financial assets represents the maximum credit exposure of the company. The carrying amount is presented net of the impairment losses recognized. The maximum exposure to credit risk at the reporting date was:

	31 December 2020			31 December 2019		
Million US dollar	Gross	Impairment	Net carrying amount	Gross	Impairment	Net carrying amount
Investment in unquoted companies	121	(6)	115	92	(7)	85
Investment in debt securities	418	-	418	117	-	117
Trade receivables	3 593	(308)	3 285	4 219	(173)	4 046
Cash deposits for guarantees	184	-	184	219	-	219
Loans to customers	142	-	142	177	-	177
Other receivables	1 299	(62)	1 237	1 666	(103)	1 563
Derivatives	965	-	965	362	-	362
Cash and cash equivalents	15 252	-	15 252	7 238	-	7 238
	21 974	**(376)**	**21 598**	**14 090**	**(283)**	**13 807**

There was no significant concentration of credit risks with any single counterparty as of 31 December 2020 and no single customer represented more than 10% of the total revenue of the group in 2020.

Impairment losses

The allowance for impairment recognized during the period per classes of financial assets was as follows:

	2020			
Million US dollar	Trade receivables	FVOCI	Other receivables	Total
Balance at 1 January	**(173)**	**(6)**	**(103)**	**(283)**
Impairment losses	(93)	-	(6)	(99)
Derecognition	7	-	42	49
Currency translation and other	(50)	-	4	(46)
Balance at 31 December	**(308)**	**(6)**	**(62)**	**(376)**

	2019			
Million US dollar	Trade receivables	FVOCI	Other receivables	Total
Balance at 1 January	**(160)**	**(7)**	**(106)**	**(273)**
Impairment losses	(51)	-	(30)	(81)
Derecognition	26	-	31	57
Currency translation and other	12	-	2	14
Balance at 31 December	**(173)**	**(7)**	**(103)**	**(283)**

LIQUIDITY RISK

Historically, AB InBev’s primary sources of cash flow have been cash flows from operating activities, the issuance of debt, bank borrowings and equity securities. AB InBev’s material cash requirements have included the following:

- Debt servicing;
- Capital expenditures;
- Investments in companies;
- Increases in ownership of AB InBev’s subsidiaries or companies in which it holds equity investments;
- Share buyback programs; and
- Payments of dividends and interest on shareholders’ equity.

The company believes that cash flows from operating activities, available cash and cash equivalents as well as short term investments, along with related derivatives and access to borrowing facilities, will be sufficient to fund capital expenditures, financial instrument liabilities and dividend payments going forward. It is the intention of the company to continue to reduce its financial indebtedness through a combination of strong operating cash flow generation and continued refinancing.

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

	31 December 2020						
Million US dollar	Carrying amount[1]	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	(702)	(735)	(675)	(14)	(12)	(10)	(24)
Commercial papers	(1 522)	(1 522)	(1 522)	-	-	-	-
Unsecured bank loans	(294)	(299)	(299)	-	-	-	-
Unsecured bond issues	(93 725)	(165 812)	(3 582)	(4 057)	(3 823)	(16 557)	(137 793)
Unsecured other loans	(83)	(115)	(13)	(8)	(6)	(57)	(31)
Lease liabilities	(2 234)	(2 455)	(460)	(425)	(315)	(424)	(831)
Bank overdraft	(5)	(5)	(5)	-	-	-	-
Trade and other payables	(24 496)	(24 688)	(22 906)	(1 103)	(135)	(197)	(347)
	(123 061)	**(195 631)**	**(29 462)**	**(5 607)**	**(4 291)**	**(17 245)**	**(139 026)**
Derivative financial liabilities							
Interest rate derivatives	-	-	-	-	-	-	-
Foreign exchange derivatives	(696)	(696)	(696)	-	-	-	-
Cross currency interest rate swaps	(709)	(852)	(8)	(575)	(98)	(132)	(39)
Commodity derivatives	(26)	(26)	(26)	-	-	-	-
Equity derivatives	(5 373)	(5 372)	(4 455)	(917)	-	-	-
	(6 803)	**(6 901)**	**(5 159)**	**(1 473)**	**(98)**	**(132)**	**(39)**
Of which: related to cash flow hedges	(418)	(418)	(353)	-	-	(65)	-

	31 December 2019						
Million US dollar	Carrying amount[1]	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	(861)	(890)	(795)	(18)	(18)	(22)	(37)
Commercial papers	(1 599)	(1 599)	(1 599)	-	-	-	-
Unsecured bank loans	(185)	(188)	(140)	(47)	(1)	-	-
Unsecured bond issues	(98 206)	(165 424)	(5 513)	(6 415)	(6 518)	(18 605)	(128 373)
Unsecured other loans	(98)	(131)	(27)	(17)	(9)	(5)	(73)
Lease liabilities	(2 025)	(2 338)	(404)	(350)	(243)	(285)	(1 056)
Bank overdraft	(68)	(68)	(68)	-	-	-	-
Trade and other payables	(24 806)	(25 152)	(22 861)	(1 227)	(472)	(165)	(427)
	(127 848)	**(195 790)**	**(31 407)**	**(8 074)**	**(7 261)**	**(19 082)**	**(129 966)**
Derivative financial liabilities							
Interest rate derivatives	(102)	(103)	(7)	(1)	(1)	3	(97)
Foreign exchange derivatives	(600)	(600)	(600)	-	-	-	-
Cross currency interest rate swaps	(175)	(187)	75	(285)	6	75	(58)
Commodity derivatives	(97)	(97)	(97)	-	-	-	-
Equity derivatives	(3 177)	(3 177)	(3 177)	-	-	-	-
	(4 151)	**(4 164)**	**(3 806)**	**(286)**	**5**	**78**	**(155)**
Of which: related to cash flow hedges	(448)	(448)	(408)	5	3	5	(53)

[1] "Carrying amount" refers to net book value as recognized in the balance sheet at each reporting date.

CAPITAL MANAGEMENT

AB InBev continuously optimizes its capital structure to maximize shareholder value while keeping the financial flexibility to execute strategic projects. AB InBev's capital structure policy and framework aims to optimize shareholder value through cash flow distribution to the company from its subsidiaries, while maintaining an investment-grade rating and minimizing investments with returns below AB InBev's weighted average cost of capital. Besides the statutory minimum equity funding requirements that apply to the company's subsidiaries in the different countries, AB InBev is not subject to any externally imposed capital requirements. Management uses the same debt/equity classifications as applied in the company's IFRS reporting to analyze the capital structure.

FAIR VALUE

The following table summarizes for each type of derivative the fair values recognized as assets or liabilities in the balance sheet:

	Assets		Liabilities		Net	
Million US dollar	**31 December 2020**	**31 December 2019**	**31 December 2020**	**31 December 2019**	**31 December 2020**	**31 December 2019**
Foreign currency						
Forward exchange contracts	480	112	(691)	(590)	(211)	(478)
Foreign currency futures	36	7	(5)	(9)	31	(2)
Interest rate						
Interest rate swaps	80	18	-	(6)	80	12
Cross currency interest rate swaps	107	157	(709)	(175)	(602)	(18)
Other interest rate derivatives	-	-	-	(97)	-	(97)
Commodities						
Aluminum swaps	170	15	(10)	(61)	160	(46)
Sugar futures	10	2	-	(2)	10	-
Wheat futures	-	14	(1)	(9)	(1)	5
Energy	9	8	(7)	(11)	2	(3)
Other commodity derivatives	46	13	(8)	(14)	38	(1)
Equity						
Equity derivatives	27	17	(5 373)	(3 177)	(5 346)	(3 160)
	965	**362**	**(6 804)**	**(4 151)**	**(5 839)**	**(3 789)**
Of which:						
Non-current	138	132	(1 759)	(352)	(1 621)	(220)
Current	827	230	(5 046)	(3 799)	(4 218)	(3 569)

The following table summarizes the carrying amount and the fair value of the fixed rate interest-bearing financial liabilities as recognized on the balance sheet. Floating rate interest-bearing financial liabilities, trade and other receivables and trade and other payables, including derivatives financial instruments, have been excluded from the analysis as their carrying amount is a reasonable approximation of their fair value:

Interest-bearing financial liabilities	31 December 2020		31 December 2019	
Million US dollar	**Carrying amount[1]**	**Fair value**	**Carrying amount[1]**	**Fair value**
Fixed rate				
Australian dollar	(846)	(964)	(1 647)	(1 748)
Brazilian real	(578)	(578)	(544)	(542)
Canadian dollar	(613)	(633)	(2 055)	(2 046)
Euro	(26 093)	(29 809)	(25 346)	(30 365)
Pound sterling	(3 655)	(4 301)	(4 373)	(4 816)
US dollar	(62 340)	(81 771)	(62 205)	(74 035)
Other	(479)	(480)	(431)	(431)
	(94 604)	**(118 536)**	**(96 601)**	**(113 983)**

[1] "Carrying amount" refers to net book value as recognized in the balance sheet at each reporting date.

The table sets out the fair value hierarchy based on the degree to which significant market inputs are observable:

Fair value hierarchy 31 December 2020 Million US dollar	Quoted (unadjusted) prices - level 1	Observable market inputs - level 2	Unobservable market inputs - level 3
Financial Assets			
Held for trading (non-derivatives)	-	11	-
Derivatives at fair value through profit and loss	-	457	-
Derivatives in a cash flow hedge relationship	29	343	-
Derivatives in a fair value hedge relationship	-	80	-
Derivatives in a net investment hedge relationship	-	57	-
	29	**948**	**-**
Financial Liabilities			
Deferred consideration on acquisitions at fair value	-	-	1 251
Derivatives at fair value through profit and loss	-	6 119	-
Derivatives in a cash flow hedge relationship	46	353	-
Derivatives in a net investment hedge relationship	-	287	-
	46	**6 759**	**1 251**

Fair value hierarchy 31 December 2019 Million US dollar	Quoted (unadjusted) prices - level 1	Observable market inputs - level 2	Unobservable market inputs - level 3
Financial Assets			
Held for trading (non-derivatives)	2	9	-
Derivatives at fair value through profit and loss	-	119	-
Derivatives in a cash flow hedge relationship	17	153	-
Derivatives in a fair value hedge relationship	-	19	-
Derivatives in a net investment hedge relationship	-	54	-
	19	**354**	**-**
Financial Liabilities			
Deferred consideration on acquisitions at fair value	-	-	1 639
Derivatives at fair value through profit and loss	-	3 441	-
Derivatives in a cash flow hedge relationship	21	586	-
Derivatives in a fair value hedge relationship	-	103	-
	21	**4 130**	**1 639**

Non-derivative financial liabilities

As part of the 2012 shareholders agreement between Ambev and ELJ, following the acquisition of Cervecería Nacional Dominicana S.A. (“CND”), a forward-purchase contract (combination of a put option and purchased call option) was put in place which may result in Ambev acquiring additional shares in CND. In July 2020, Ambev and ELJ amended the Shareholders’ Agreement to extend their partnership and change the terms and the exercise date of the call and put options. ELJ currently holds 15% of CND and the put option is exercisable in 2022, 2023, 2024 and 2026. As at 31 December 2020, the put option on the remaining shares held by ELJ was valued at 671m US dollar (31 December 2019: 732m US dollar) and recognized as a deferred consideration on acquisitions at fair value in the “level 3” category above.

HEDGING RESERVES

The company’s hedging reserves disclosed in Note 23 relate to the following instruments:

Million US dollar	Foreign currency	Commodities	Others	Total hedging reserves
As per 1 January 2020	**174**	**117**	**107**	**397**
Change in fair value of hedging instrument recognized in OCI	353	31	-	384
Reclassified to profit or loss / cost of inventory	(507)	126	(23)	(404)
As per 31 December 2020	**20**	**274**	**84**	**376**

Million US dollar	Foreign currency	Commodities	Others	Total hedging reserves
As per 1 January 2019	**480**	**(60)**	**76**	**494**
Change in fair value of hedging instrument recognized in OCI	92	16	-	107
Reclassified to profit or loss / cost of inventory	(398)	162	32	(204)
As per 31 December 2019	**174**	**117**	**107**	**397**

OFFSETTING FINANCIAL ASSETS AND LIABILITIES

The following financial assets and liabilities are subject to offsetting, enforceable master netting agreements and similar agreements:

	31 December 2020			
Million US dollar	Gross amount	Net amount recognized in the statement of financial position[1]	Other offsetting agreements[2]	Total net amount
Derivative assets	965	965	(954)	11
Derivative liabilities	(6 804)	(6 804)	954	(5 851)

	31 December 2019			
Million US dollar	Gross amount	Net amount recognized in the statement of financial position[1]	Other offsetting agreements[2]	Total net amount
Derivative assets	362	362	(352)	10
Derivative liabilities	(4 151)	(4 151)	352	(3 799)

30. Operating leases

The company leases out pub real estate for an average outstanding period of 6 to 8 years and part of its own property under operating leases. The following table sets out the maturity analysis of the non-cancelable lease payments, showing the undiscounted lease payments to be received:

Million US dollar	31 December 2020	31 December 2019
Within one year	157	155
Between one and five years	405	518
After five years	361	215
Total	**923**	**888**

In 2020, 107m US dollar was recognized as income in the income statement in respect of subleasing of right-of-use assets (2019: 152m US dollar).

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

Million US dollar	31 December 2020	31 December 2019
Collateral given for own liabilities	391	372
Contractual commitments to purchase property, plant and equipment	528	457
Contractual commitments to acquire loans to customers	150	151
Other commitments	1 953	1 911

The collateral given for own liabilities of 391m US dollar as at 31 December 2020 contains 184m US dollar cash guarantees (31 December 2019: 372m US dollar collateral given for own liabilities contained 219m US dollar of cash guarantees). Such cash deposits are a customary feature associated with litigations in Brazil: in accordance with Brazilian laws and regulations a company may or must (depending on the circumstances) place a deposit with a bank designated by the court or provide other security such as collateral on property, plant and equipment. With regard to judicial cases, AB InBev has made the appropriate provisions in accordance with IAS 37 *Provisions, Contingent Liabilities and Contingent Assets* – see also Note 27 *Provisions*. In the company's balance sheet the cash guarantees are presented as part of other receivables – see Note 20 *Trade and other receivables*. The remaining part of collateral given for own liabilities of 207m US dollar as at 31 December 2020 (31 December

[1] Net amount recognized in the statement of financial position after taking into account offsetting agreements that meet the offsetting criteria as per IFRS rules.
[2] Other offsetting agreements include collateral and other guarantee instruments, as well as offsetting agreements that do not meet the offsetting criteria as per IFRS rules.

2019: 153m US dollar) contains collateral on AB InBev's property in favor of the excise tax authorities, the amount of which is determined by the level of the monthly excise taxes due, inventory levels and transportation risk, and collateral on its property, plant and equipment with regard to outstanding loans. To the extent that AB InBev would not respect its obligations under the related outstanding contracts or would lose the pending judicial cases, the collateralized assets would be used to settle AB InBev's obligations.

AB InBev has entered into commitments to purchase property, plant and equipment for 528m US dollar at 31 December 2020 (31 December 2019: 457m US dollar).

In a limited number of countries AB InBev has committed itself to acquire loans to customers from banks at their notional amount if the customers do not respect their reimbursement commitments towards the banks. The total outstanding amount of such loans is 150m US dollar at 31 December 2020 (31 December 2019: 151m US dollar).

Other commitments amount to 1 953m US dollar at 31 December 2020 and mainly cover guarantees given to pension funds, rental and other guarantees (31 December 2019: 1 911m US dollar).

In order to fulfil AB InBev's commitments under various outstanding stock option plans, AB InBev entered into stock lending arrangements for up to 30 million of its own ordinary shares. AB InBev shall pay any dividend equivalent, after tax in respect of the loaned securities. This payment will be reported through equity as dividend. As of 31 December 2020, 30 million loaned securities were used to fulfil stock option plan commitments.

As at 31 December 2020, the M&A related commitments existed as discussed below.

Cervecería Nacional Dominicana S.A. ("CND")

As part of the 2012 shareholders agreement between Ambev and E. León Jimenes S.A. ("ELJ"), following the acquisition of Cervecería Nacional Dominicana S.A. ("CND"), a put and call option is in place which may result in Ambev acquiring additional shares in CND. In January 2018 Ambev increased its participation in CND from 55% to 85%. As of 31 December 2020, the put option for the remaining shares held by ELJ was valued 0.7 billion US dollar (31 December 2019: 0.7 billion US dollar). The corresponding liability is presented as a non-current liability and recognized as a deferred consideration on acquisitions at fair value in "level 3" category. See also note 29 *Risks arising from financial instruments*.

Zenzele Schemes in South Africa

Following the combination with SAB in 2016, AB InBev decided to maintain the SAB Zenzele share-scheme (Zenzele Scheme), the broad-based black economic empowerment (B-BBEE) scheme which provided opportunities for black South Africans, including employees (through The SAB Zenzele Employee Trust), SAB retailers (through SAB Zenzele Holdings Limited) and The SAB Foundation, to participate as shareholders of AB InBev's indirect subsidiary, The South African Breweries Pty Ltd (SAB). The Zenzele Scheme, originally implemented by SAB in 2010 as a 10-year scheme, was amended at the time of the combination with SAB and matured on 31 March 2020.

Obligations to the SAB Foundation and the employees as beneficiaries of The SAB Zenzele Employee Share Trust were settled in full on 15 April 2020. The obligations to SAB retailers, who participate in the Zenzele Scheme through SAB Zenzele Holdings, were partially settled (77.4%) on 15 April 2020. As a direct consequence of the COVID-19 outbreak the remaining settlement was postponed, and it is now intended that the SAB retailers will receive the balance of their entitlement (22.6%) on or before 31 May 2021, at which time AB InBev and SAB will implement the new scheme as described below.

In total, 10.8 million AB InBev Treasury shares[1] with a total value of 491m US dollar were used in 2020 to settle the obligations to the participants of the Zenzele Scheme. The total value delivered to the participants of the Zenzele Scheme amounted to 8.6 billion ZAR.

As part of the combination with SAB in 2016, AB InBev made a commitment to the South African Government and Competition Authorities to create a new B-BBEE scheme upon maturity of the Zenzele Scheme in 2020. In order to create the new B-BBEE scheme, the following steps will be undertaken:

- The new scheme will be implemented through the listing of a special purpose company, which will be called SAB Zenzele Kabili Holdings Limited (Zenzele Kabili) on the segment of the Johannesburg Stock Exchange's Main Board on which an issuer may list its B-BBEE shares;
- Zenzele Kabili will hold unencumbered AB InBev shares;
- Existing Zenzele participants (SAB retailers and The SAB Foundation) will be given an option to reinvest a portion of their Zenzele payout into Zenzele Kabili;
- A new Employee Share Plan, funded by AB InBev, will subscribe for shares in Zenzele Kabili.

[1] Out of which, 1.3 million shares were delivered to SAB Foundation, which is consolidated by AB InBev.

The settlement of the balance of the SAB Retailers entitlement and the new B-BBEE scheme is estimated to require approximately 5.5 billion ZAR (0.4 billion US dollar[1]) in facilitation and notional vendor funding. The settlement would be equivalent to 5.4 million AB InBev shares based on the AB InBev share price and the ZAR Euro exchange rate as at 31 December 2020[2]. It is the intention that AB InBev Treasury shares will be used for the settlement of the new B-BBEE scheme. This scheme arrangement meets the criteria under IFRS 2 to be classified as equity settled.

32. Contingencies[3]

The company has contingencies for which, in the opinion of management and its legal counsel, the risk of loss is possible but not probable and therefore no provisions have been recorded. 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, and as a consequence AB InBev's management cannot at this stage estimate the likely timing of resolution of these matters. The most significant contingencies are discussed below.

AMBEV TAX MATTERS

As of 31 December 2020, AB InBev's material tax proceedings are related to Ambev and its subsidiaries. Estimates of amounts of possible loss are as follows:

Million US dollar	31 December 2020	31 December 2019
Income tax and social contribution	10 372	10 781
Value-added and excise taxes	4 483	5 514
Other taxes	727	1 018
	15 582	**17 313**

The most significant tax proceedings of Ambev are discussed below.

INCOME TAX AND SOCIAL CONTRIBUTION

Foreign Earnings

Since 2005, Ambev and certain of its subsidiaries have been receiving assessments from the Brazilian Federal Tax Authorities relating to the profits of its foreign subsidiaries. The cases are being challenged at both the administrative and judicial levels of the courts in Brazil.

The administrative proceedings have resulted in partially favorable decisions, which are still subject to review by the Administrative Court. In the judicial proceedings, Ambev has received favorable injunctions that suspend the enforceability of the tax credit, as well as favorable first level decisions, which remain subject to review by the second-level judicial court.

The amount related to this uncertain tax position as of 31 December 2020 is approximately 7.3 billion Brazilian real (1.4 billion US dollar) and Ambev has not recorded any provisions in connection therewith as it considers the chance of loss to be possible. For proceedings where it considers the chance of loss to be probable, Ambev has recorded a provision in the total amount of 53 million Brazilian real (10 million US dollar).

Goodwill InBev Holding

In December 2011, Ambev received a tax assessment related to the goodwill amortization resulting from the InBev Holding Brasil S.A. merger with Ambev. At the administrative level, Ambev received partially favorable decisions at both the Lower and Upper Administrative Court. Ambev filed judicial proceedings to discuss the unfavorable portion of the decisions of the Lower and the Upper Administrative Court and requested injunctions to suspend the enforceability of the remaining tax credit, which were granted.

In June 2016, Ambev received a new tax assessment charging the remaining value of the goodwill amortization and filed a defense. Ambev received partially favorable decisions at the first level administrative court and Lower Administrative Court. Ambev filed a Special Appeal which was partially admitted and awaits judgment by the Upper Administrative Court. For the unfavorable portion of the decision which became final at the administrative level, Ambev filed a judicial proceeding requesting an injunction to suspend the enforceability of the remaining tax credit, which was granted.

The amount related to this uncertain tax position as of 31 December 2020 is approximately 10.2 billion Brazilian real (2.0 billion US dollar). Ambev has not recorded any provisions for this matter. In the event Ambev is required to pay these amounts, AB InBev

[1] Converted at the closing rate as at 31 December 2020.
[2] Assuming the closing share price of 57.01 euro per share as at 31 December 2020 and ZAR per Euro exchange rate of 18.021914 as at 31 December 2020.
[3] Amounts have been converted to US dollar at the closing rate of the respective period.

will reimburse the amount proportional to the benefit received by AB InBev pursuant to the merger protocol as well as the related costs.

Goodwill Beverage Associate Holding (BAH)

In October 2013, Ambev received a tax assessment related to the goodwill amortization resulting from the merger of Beverage Associates Holding Limited ("BAH") into Ambev. The decision from the first level administrative court was unfavorable to Ambev. Ambev filed an appeal to the Lower Administrative Court against the decision, which was partially granted. Ambev and the tax authorities filed Special Appeals to the Upper Administrative Court, which are awaiting judgment.

In April and August 2018, Ambev received new tax assessments charging the remaining value of the goodwill amortization and filed defenses. In April 2019, the first level administrative court rendered unfavorable decisions to Ambev. As a result thereof, Ambev appealed to the Lower Administrative Court. In November and December 2019, Ambev received partially favorable decisions at the Lower Administrative Court and filed Special Appeals to the Upper Administrative Court. The Special Appeal filed in one of the tax assessments is awaiting judgment by the Upper Administrative Court, whereas the other Special Appeal is awaiting admission.

The amount related to this uncertain tax position as of 31 December 2020 is approximately 2.3 billion Brazilian real (0.4 billion US dollar). Ambev has not recorded any provisions for this matter as it considers the chance of loss to be possible.

Goodwill CND Holdings

In November 2017, Ambev received a tax assessment related to the goodwill amortization resulting from the merger of CND Holdings into Ambev. The decision from the first level administrative court was unfavorable to Ambev. Ambev filed an appeal to the Lower Administrative Court. In February 2020, the Lower Administrative Court rendered a partially favorable decision. Ambev and the tax authorities filed Special Appeals to the Upper Administrative Court, which are awaiting admission and judgment.

The amount related to this uncertain tax position as of 31 December 2020 is approximately 1.0 billion Brazilian real (0.2 billion US dollar). Ambev has not recorded any provisions for this matter.

Disallowance of financial expenses

In 2015, 2016 and 2020, Ambev received tax assessments related to the disallowance of alleged non-deductible expenses and the deduction of certain losses mainly associated to financial investments and loans. Ambev presented defenses and, in November 2019, received a favorable decision at the first level administrative court regarding the 2016 case. The 2015 and 2020 cases are still pending decision by the first level administrative court.

The amount related to this uncertain tax position as of 31 December 2020 is approximately 5.0 billion Brazilian real (1.0 billion US dollar). Ambev has not recorded any provisions for this matter as it considers the chance of loss to be possible.

Disallowance of tax paid abroad

Since 2014, Ambev has been receiving tax assessments from the Brazilian Federal Tax Authorities related to the disallowance of deductions associated with alleged unproven taxes paid abroad by its subsidiaries and has been filing defenses. The cases are being challenged at both the administrative and judicial levels. In November 2019, the Lower Administrative Court rendered a favorable decision to Ambev in one of the cases (related to the 2010 tax period), which became definitive.

In January 2020, the Lower Administrative Court rendered unfavorable decisions regarding four of these assessments related to the periods of 2015 and 2016. Regarding the 2015 assessments, Ambev filed Special Appeals to the Upper Administrative Court which are pending decisions. Regarding the 2016 assessments, Ambev was notified of the decisions and filed motions for clarification which are pending decisions. With respect to the cases related to the periods of 2015 and 2016, tax assessments were filed to charge isolated fines due to the lack of monthly prepayments of income tax as a result of allegedly undue deductions of taxes paid abroad. Ambev filed defenses and awaits judgment by the first level administrative court. The other cases are still awaiting final decisions at both administrative and judicial courts.

The amount related to this uncertain tax position as of 31 December 2020 is approximately 11.7 billion Brazilian real (2.3 billion US dollar). Ambev has not recorded any provisions for this matter as it considers the chance of loss to be possible.

Presumed Profit

In April 2016, Arosuco (a subsidiary of Ambev) received a tax assessment regarding the use of the "presumed profit" method for the calculation of income tax and the social contribution on net profits instead of the "real profit" method. In September 2017, Arosuco received an unfavorable first level administrative decision and filed an appeal. In January 2019, the Lower Administrative Court rendered a favorable decision to Arosuco, which became definitive.

In March 2019, Ambev received a new tax assessment regarding the same subject and filed a defense. In October 2019, Arosuco received an unfavorable first level administrative decision and filed an appeal.

The amount related to this uncertain tax position as of 31 December 2020 is approximately 0.5 billion Brazilian real (0.1 billion US dollar). Arosuco has not recorded any provisions for this matter as it considers the chance of loss to be possible.

Deductibility of IOC expenses

In November 2019, Ambev received a tax assessment from the Brazilian Federal Tax Authorities related to the interest on capital ("IOC") deduction in 2014. The assessment refers primarily to the accounting and corporate effects of the restructuring carried out by Ambev in 2013 and the impact on the increase in the deductibility of IOC expenses. In August 2020, Ambev received a partially favorable decision at the first level administrative Court and filed an Appeal to the Lower Administrative Court.

In December 2020, Ambev received a new tax assessment related to the deduction of the IOC in 2015 and 2016. The defense against such assessment was filed by Ambev in January 2021.

Ambev also distributed IOC in the years following the assessed period, i.e. after 2016. In a scenario where the IOC deductibility would also be questioned for the period after 2016, on the same basis as the aforementioned tax assessments, Ambev management estimates that the outcome of such potential further assessments would be similar to the abovementioned case. Accordingly, the effects of the deductibility of IOC expenses on Ambev's effective income tax rate for this period would be maintained.

The amount related to this uncertain tax position as of 31 December 2020 is approximately 10.2 billion Brazilian real (2.0 billion US dollar). Ambev has not recorded any provisions for this matter as it considers the chance of loss to be possible.

Disallowance on Income Tax deduction

In January 2020, Arosuco, a subsidiary of Ambev, received a tax assessment from the Brazilian Federal Tax Authorities regarding the disallowance of the income tax reduction benefit provided for in Provisional Measure No. 2199-14/2001 and an administrative defense was filed. In October 2020, the first level administrative Court rendered an unfavorable decision to Arosuco. Arosuco filed an appeal against the aforementioned decision and awaits judgment by the Lower Administrative Court. The amount related to this uncertain tax position as of 31 December 2020 is approximately 2.0 billion Brazilian real (0.4 billion US dollar). Ambev has not recorded any provisions for this matter as it considers the chance of loss to be possible.

ICMS VALUE ADDED TAX, EXCISE TAX ("IPI") AND TAXES ON NET SALES

Manaus Free Trade Zone – IPI / Social contributions

In Brazil, goods manufactured within the Manaus Free Trade Zone intended for remittance elsewhere in Brazil are exempt and/ or zero-rated from excise tax ("IPI") and social contributions ("PIS/COFINS"). With respect to IPI, Ambev's subsidiaries have been registering IPI presumed tax credits upon the acquisition of exempted goods manufactured therein. Since 2009, Ambev has been receiving a number of tax assessments from the Brazilian Federal Tax Authorities relating to the disallowance of such credits.

Ambev has also been receiving charges from the Brazilian Federal Tax Authorities in relation to (i) federal taxes allegedly unduly offset with the disallowed presumed IPI excise tax credits that are under discussion in these proceedings and (ii) PIS/COFINS amounts allegedly due on Arosuco's remittance to Ambev subsidiaries.

In April 2019, the Federal Supreme Court ("STF") announced its judgment on Extraordinary Appeal No. 592.891/SP and 596.614/SP, with binding effects, deciding on the rights of taxpayers registering IPI excise tax presumed credits on acquisitions of raw materials and exempted inputs originating from the Manaus Free Trade Zone. As a result of this decision, Ambev reclassified part of the amounts related to the IPI cases as remote losses maintaining as possible losses only issues related to other additional discussions that were not included in the analysis of the STF. The cases are being challenged at both the administrative and judicial levels.

Ambev management estimates the possible loss related to these assessments to be approximately 4.8 billion Brazilian real (0.9 billion US dollar) as of 31 December 2020. Ambev has not recorded any provision in connection therewith.

IPI Suspension

In 2014 and 2015, Ambev received tax assessments from the Brazilian Federal Tax Authorities relating to IPI allegedly due over remittances of manufactured goods to other related factories. The cases are being challenged at both the administrative and judicial levels. In 2020, Ambev received a final partial favorable decision at the administrative level in one of the cases. At the judicial level, the case is still in the initial stage.

Ambev management estimates the possible loss related to these assessments to be approximately 1.6 billion Brazilian real (0.3 billion US dollar) as of 31 December 2020. Ambev has not recorded any provision in connection therewith.

ICMS tax credits

Ambev is currently challenging tax assessments issued by the states of São Paulo, Rio de Janeiro, Minas Gerais, among others, questioning the legality of ICMS tax credits arising from transactions with companies that have tax incentives granted by other states. The cases are being challenged at both the administrative and judicial level of the courts. On August 2020, the STF issued a binding decision (Extraordinary Appeal No. 628.075) ruling that tax credits granted by the states in the context of the ICMS tax war shall be consider unlawful. The decision also recognized that the states should abide by the tax incentives validation process provided for in Complementary Law No. 160/17. This decision is subject to appeal and does not change the likelihood of loss in Ambev´s tax assessments.

Ambev management estimates the possible losses related to these assessments to be approximately 2.0 billion Brazilian real (0.4 billion US dollar) as of 31 December 2020. Ambev has not recorded any provision in connection therewith.

ICMS-ST Trigger

Over the years, Ambev has received tax assessments to charge supposed ICMS differences considered due when the price of the products sold by Ambev is above the fixed price table basis established by the relevant states, cases in which the state tax authorities understand that the calculation basis should be based on a value-added percentage over the actual prices and not the fixed table price. Ambev is currently challenging those charges before the courts. The cases are being challenged at both the administrative and judicial levels.

Ambev management estimates the total possible loss related to this issue to be approximately 8.6 billion Brazilian real (1.7 billion US dollar) as of 31 December 2020. Ambev has recorded provisions in the total amount of 7 million Brazilian real (1 million US dollar) in relation to certain proceedings for which it considers the chances of loss to be probable due to specific procedural issues.

SOCIAL CONTRIBUTIONS

Since 2015, Ambev has received tax assessments issued by the Brazilian Federal Tax Authorities relating to PIS/COFINS amounts allegedly due over bonus products granted to its customers. The cases are being challenged at both the administrative and judicial levels of the courts. In 2019 and 2020, Ambev received final favorable decisions at the administrative level in some of these cases and favorable decisions in other cases that are still subject to review. At the judicial level, the case is still in the initial stage.

Ambev management estimates the possible loss related to these assessments to be approximately 1.7 billion Brazilian real (0.3 billion US dollar) as of 31 December 2020. No related provision has been made.

AB INBEV'S AUSTRALIAN BUSINESS TAX MATTERS

SAB Australia Pty Limited ("SAB Australia"), a former subsidiary of AB InBev, received a tax assessment for the 2012 to 2014 income tax years for 0.4 billion Australian dollar (0.3 billion US dollar) related to the interest deductions of SAB's acquisition of the Foster's group (the "Foster's acquisition"). AB InBev is disputing the 2012 to 2014 assessment and remains confident of the positions it has adopted. The company paid 47 million US dollar related to the tax assessment pending conclusion of the matter and recorded a provision of 0.1 billion US dollar in connection therewith as of 31 December 2020. The Australia disposal was concluded on 1 June 2020 with pre-transaction income tax liabilities being subject to an indemnity by AB InBev.

The Australian tax authorities have also notified SAB Australia that it has commenced an audit of the 2015 to 2020 income tax years. The focus of the audit is the tax treatment of the ongoing funding arrangements associated with the Foster's acquisition.

OTHER TAX MATTERS

In February 2015, the European Commission opened an in-depth state aid investigation into the Belgian excess profit ruling system. On 11 January 2016, the European Commission adopted a negative decision finding that the Belgian excess profit ruling system constitutes an aid scheme incompatible with the internal market and ordering Belgium to recover the incompatible aid from a number of aid beneficiaries. The Belgian authorities have contacted the companies that have benefitted from the system and have advised each company of the amount of incompatible aid that is potentially subject to recovery. The European Commission decision was appealed to the European Union's General Court by Belgium on 22 March 2016 and by AB InBev on 12 July 2016. On 14 February 2019, the European General Court concluded that the Belgian excess profit ruling system does not constitute illegal state aid. The European Commission has appealed the judgment to the European Court of Justice. The public hearing in the framework of the appeal proceedings took place on 24 September 2020 and AB InBev was heard as an intervening party. Pending the outcome of that appeal, the European Commission opened new state aid investigations into the individual Belgian tax rulings, including the one issued to AB InBev in September 2019, to remedy the concerns that led to annulment of its earlier decision by the General Court. These investigations relate to the same rulings that were subject to the European Commission decision issued on 11 January 2016. AB InBev has filed its observations in respect of the opening decisions with the EU Commission.

On 3 December 2020, the Advocate General (AG) of the European Court of Justice presented her non-binding opinion on the appeal procedure related to the 11 January 2016 opening decision, stating that, contrary to the 14 February 2019 judgment of the European General Court, the Belgian excess profit ruling system would fulfil the legal requirements for an "aid scheme". In the initial European General Court judgment, the court limited itself to finding the Belgian excess profit rulings were not an “aid scheme”, but did not consider whether they constituted State aid. Consequently, the AG advised the European Court of Justice to refer the case back to the European General Court to review whether the Belgian excess profit rulings constitute State aid. The AG’s opinion is only advisory to the European Court of Justice, which is expected to deliver its binding judgment on the European Commission’s appeal later in 2021.

In addition, the Belgian tax authorities have also questioned the validity and the actual application of the excess profit ruling that was issued in favor of AB InBev and have refused the actual tax exemption which it confers. AB InBev has filed a court claim against such decision before the Brussels court of first instance which ruled in favor of AB InBev on 21 June 2019. The Belgian tax authorities appealed this judgment.

In January 2019, AB InBev deposited 68m euro (83m US dollar) on a blocked account. Depending on the final outcome of the European Court procedures on the Belgian excess profit ruling system, as well as the pending Belgian court case, this amount will either be slightly modified, or released back to the company or paid over to the Belgian State. In connection with the European Court procedures, AB InBev recognized a provision of 68m euro (83m US dollar) as of 31 December 2020.

WARRANTS

Certain holders of warrants issued by Ambev in 1996 for exercise in 2003 proposed lawsuits to subscribe correspondent shares for an amount lower than Ambev considers as established upon the warrant issuance. In case Ambev loses the totality of these lawsuits, the issuance of 172,831,574 shares would be necessary. Ambev would receive in consideration funds that are materially lower than the current market value. This could result in a dilution of about 1% to all Ambev shareholders. Furthermore, the holders of these warrants are claiming that they should receive the dividends relative to these shares since 2003, approximately 1.0 billion Brazilian real (0.2 billion US dollar) in addition to legal fees. Ambev disputes these claims and intends to continue to vigorously defend its case. All six lawsuits were ruled favorably to Ambev by the Superior Court of Justice (“STJ”). Three cases were dismissed by the STJ’s Special Court and remain subject to ongoing appeals. One case was ruled favorably to Ambev by the STJ´s Special Court and the judgment became final. Another case was remitted to the STJ´s lower court for a new judgment. The sixth case was ruled favorably to Ambev and may be subject to a new appeal to the Brazilian Supreme Court (STF). Considering all of these facts, Ambev and its external counsels strongly believe that the chance of loss in these cases is remote.

UNITED STATES CLASS ACTION SUIT

On 21 June 2019, a proposed class action was filed in the United States District Court for the Southern District of New York against AB InBev and three of its officers. The complaint alleged claims under Sections 10(b) and 20(a) of the Securities Exchange Act of 1934 and Rule 10b-5 thereunder on behalf of a proposed class of purchasers of AB InBev American Depositary Shares between 1 March 2018 and 24 October 2018. The plaintiff alleged that defendants misstated or omitted material facts regarding, among other things, the company’s financial condition, its dividend policy and the effectiveness of its disclosure controls and procedures. The complaint sought unspecified compensatory damages and reimbursement for litigation expenses. An amended complaint filed on 12 December 2019 contained substantially the same allegations, but reduced the number of defendant officers to two. On 29 September 2020, the District Court granted the company’s motion to dismiss. The plaintiff did not appeal and the case is now closed.

33. Non-controlling interests

As at 31 December 2020 and 2019, material non-controlling interests relate to Ambev, a Brazilian listed subsidiary in which AB InBev has 61.83% ownership, and Budweiser APAC, an Asia Pacific listed subsidiary in which AB InBev has 87.22% ownership. The tables below provide summarized information derived from the consolidated financial statements of Ambev and Budweiser APAC as of 31 December 2020 and 2019, in accordance with IFRS.

Summarized financial information of Ambev and Budweiser APAC, in which the company has material non-controlling interests, is as follows:

	Ambev		Budweiser APAC	
Million US dollar	**31 December 2020**	**31 December 2019**	**31 December 2020**	**31 December 2019**
Summarized balance sheet information				
Current assets	6 801	6 853	2 332	2 108
Non-current assets	17 291	18 389	13 857	13 200
Current liabilities	6 442	6 205	4 637	4 493
Non-current liabilities	3 188	3 517	809	931
Equity attributable to equity holders	14 204	15 203	10 685	9 836
Non-controlling interests	257	317	58	48

	Ambev		Budweiser APAC	
Million US dollar	**2020**	**2019[1]**	**2020**	**2019[2]**
Summarized income statement and other comprehensive income information				
Revenue	11 373	13 196	5 588	6 546
Net income	2 286	3 093	537	908
Attributable to:				
Equity holders	2 217	2 989	514	898
Non-controlling interests	69	104	23	10
Net income	2 286	3 093	537	908
Other comprehensive income	1 467	(193)	635	(229)
Total comprehensive income	3 753	2 900	1 172	679
Attributable to:				
Equity holders	3 647	2 801	1 147	665
Non-controlling interests	106	99	25	14
Summarized cash flow information				
Cash flow from operating activities	3 673	4 664	1 306	1 379
Cash flow from investing activities	(1 325)	(1 228)	(628)	(743)
Cash flow from financing activities	(1 676)	(3 117)	(383)	(1 349)
Net increase/(decrease) in cash and cash equivalents	673	319	295	(713)

On 31 December 2020, the company completed the issuance of a 49.9% minority stake in its US-based metal container operations to Apollo Global Management, Inc. ("Apollo") for net proceeds of 3.0 billion USD. AB InBev retained operational control of its US-based metal container operations. The transaction was reported in the equity statement.

Dividends paid by Ambev to non-controlling interests (i.e. to entities outside the AB InBev Group) amounted to 0.6 billion US dollar and 0.7 billion US dollar for 2020 and 2019, respectively. In June 2020, Budweiser APAC paid a final dividend related to the financial year 2019 to non-controlling interests amounting to 59m US dollar.

Other non-controlling interests not deemed individually material by the company mainly related to the company's operations in Africa in association with the Castel Group (e.g., Botswana, Ghana, Mozambique, Nigeria, Tanzania, Uganda, and Zambia), as well as non-controlling interests recognized in respect of the company's subsidiaries in Colombia, Ecuador and Peru.

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[1] In 2020, Ambev concluded the calculation of its tax credits on a judicial decision related to the exclusion of the Value-Added Tax (ICMS) from the taxable basis of the social contribution on gross revenues (PIS and COFINS). As a result of this judicial decision and other tax credit adjustments, in 2020, Ambev reclassified the tax credits previously reported in revenue to other operating income, and as such, restated its 2019 comparatives as required by IAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors*.
[2] In 2020, Budweiser APAC reclassified the "Proceeds from cash pooling loans from AB InBev" from investing to financing activities in the summarized cash flow information. The presentation of the comparative amount has been restated to conform to the current year presentation.

34. Related parties

TRANSACTIONS WITH DIRECTORS AND EXECUTIVE COMMITTEE MEMBERS (KEY MANAGEMENT PERSONNEL)

In addition to short-term employee benefits (primarily salaries) AB InBev's Executive Committee members were entitled in 2020 to post-employment benefits. In particular, members of the Executive Committee participated in the pension plan of their respective country – see also Note 25 *Employee Benefits*. Finally, key management personnel are eligible for the company's share option; restricted stock and/or share swap program (see Note 26 *Share-based Payments*). Total directors and Executive Committee compensation included in the income statement can be detailed as follows:

	2020		2019	
Million US dollar	**Directors**	**Executive Committee**	**Directors**	**Executive Committee**
Short-term employee benefits	2	4	2	9
Termination benefits	-	2	-	1
Share-based payment	-	7	-	25
	2	13	2	35

Directors' compensation consists mainly of directors' fees.

During 2020, AB InBev entered into the following transactions:

- The acquisition, through Grupo Modelo and its subsidiaries, of information technology and infrastructure services for a consideration of approximately 1m US dollar from a company in which one of the company's Board Member had significant influence as of 31 December 2020 (2019: 2m US dollar).
- The acquisition, mainly through its subsidiary Bavaria S.A., of transportation services, lease agreements and advertising services for an aggregated consideration of 13m US dollar from companies in which one of the company's Board Member had a significant influence as of 31 December 2020 (2019: 11m US dollar). The outstanding balance of these transactions as of 31 December 2020 amounts to 3m US dollar (31 December 2019: 1m US dollar).

JOINTLY CONTROLLED ENTITIES

Significant interests in joint ventures include three entities in Brazil, one in Mexico and two in Canada. None of these joint ventures are material to the company. Aggregate amounts of AB InBev's interest are as follows:

Million US dollar	**2020**	**2019**
Non-current assets	8	10
Current assets	2	3
Non-current liabilities	9	11
Current liabilities	12	10
Result from operations	3	3
Profit attributable to equity holders of AB InBev	3	3

TRANSACTIONS WITH ASSOCIATES

Significant interests in associates are shown in note 16 *Investments in associates*. AB InBev's transactions with associates were as follows:

Million US dollar	**2020**	**2019**
Gross profit	(118)	(78)
Current assets	55	38
Current liabilities	115	119

TRANSACTIONS WITH PENSION PLANS

AB InBev's transactions with pension plans mainly comprise 12m US dollar other income from pension plans in the US in 2020 (2019: 12m US dollar).

35. Events after the balance sheet date

On 11 January 2021, Anheuser-Busch InBev NV/SA (ABISA) announced that it and its wholly-owned subsidiary Anheuser-Busch InBev Worldwide Inc. ("ABIWW", and together with ABISA, the "Issuers") exercised their respective options to redeem the outstanding principal amounts for an aggregate principal amount of 3.1 billion US dollar of the following series of notes:

Date of redemption	Issuer (abbreviated)	Title of series of notes issued exchanged	Currency	Original principal amount outstanding (in million)	Principal amount redeemed (in million)
28 January 2021	ABISA	1.500% Notes due 2025	EUR	2 147	2 147
27 January 2021	ABIWW	3.750% Notes due 2024	AUD	650	650

On 18 February 2021, AB InBev announced the successful signing of a new 10.1 billion USD Sustainable-Linked Loan Revolving Credit Facility ("SLL RCF"), replacing its existing 9.0 billion USD Revolving Credit Facility. The facility has an initial five-year term and incorporates a pricing mechanism that incentivizes improvement in key performance areas that are aligned with and contribute to the company's 2025 Sustainability Goals.

36. AB InBev companies

Listed below are the most important AB InBev companies. A complete list of the company's investments is available at AB InBev NV, Brouwerijplein 1, B-3000 Leuven, Belgium.

LIST OF MOST IMPORTANT FULLY CONSOLIDATED COMPANIES

Name and registered office of fully consolidated companies	% of economic interest as at 31 December 2020
ARGENTINA	
CERVECERIA Y MALTERIA QUILMES SAICA y G - Charcas 5160 - C1425BOF - Buenos Aires	61.67%
BELGIUM	
AB INBEV N.V. – Grand Place 1 - 1000 – Brussel	Consolidating
BRASSERIE DE L'ABBAYE DE LEFFE S.A. - Place de l'Abbaye 1 - 5500 – Dinant	98.54%
BROUWERIJ VAN HOEGAARDEN N.V. - Stoopkensstraat 46 - 3320 – Hoegaarden	100.00%
COBREW N.V. - Brouwerijplein 1 - 3000 – Leuven	100.00%
INBEV BELGIUM BV/SRL - Industrielaan 21 - 1070 – Brussel	100.00%
BOTSWANA	
KGALAGADI BREWERIES (Pty) Ltd - Plot 20768, Broadhurst industrial estate - Gaborone[1]	31.00%
BOLIVIA	
CERVECERIA BOLIVIANA NACIONAL S.A. - Av. Montes 400 and Chuquisaca No. 121, Zona Challapampa - La Paz	52.76%
BRAZIL	
AMBEV S.A. - Rua Dr Renato Paes de Barros, 1017, 3° andar, Itaim Bibi - CEP 04530-001 - São Paulo	61.83%
CANADA	
LABATT BREWING COMPANY LIMITED - 207 Queen's Quay West, Suite 299 - M5J 1A7 – Toronto	61.83%
CHILE	
CERVECERIA CHILE S.A. - Av. Presidente Eduardo Frei Montalva 9600 - 8700000 – Quilicura	61.83%
CHINA	
ANHEUSER-BUSCH INBEV (CHINA) SALES CO LTD. - Shangshou, Qin Duan Kou, Hanyang Area - 430051 - Wuhan City, Hubei Province	87.22%
ANHEUSER-BUSCH INBEV (WUHAN) BREWERY CO. LTD. - Shangshou, Qin Duan Kou, Hanyang Area - 430051 - Wuhan City, Hubei Province	84.66%
ANHEUSER-BUSCH INBEV (FOSHAN) BREWERY CO. LTD. - 1 Budweiser Avenue, Southwest St., Sanshui District - 528132 - Foshan City, Guangdong	87.22%
ANHEUSER-BUSCH INBEV HARBIN BREWERY CO. LTD. - 9 HaPi Road Pingfang District - 150066 - Harbin City, Heilongijang Province	87.22%
ANHEUSER-BUSCH INBEV (TANGSHAN) BREWERY CO. LTD. - 18, Yingbin Road - 063300 - Tangshan City, Hebei Province	87.22%
ANHEUSER-BUSCH INBEV SEDRIN BREWERY CO. LTD. - 660 Gong Ye Road, Hanjiang District - 351111 - Putian City, Fujian Province	87.22%
ANHEUSER-BUSCH INBEV SEDRIN (ZHANGZHOU) BREWERY CO. LTD. - Lantian Economic District - 363005 - Zhangzhou City, Fujian Province	87.22%
ANHEUSER-BUSCH INBEV (TAIZHOU) BREWERY CO. LTD. - 159 Qi Xia East Road, Chengguan Town, Tiantai County - 317200 - Taizhou Cithy, Zhejiang Province	87.22%
ANHEUSER-BUSCH INBEV SEDRIN (NANCHANG) BREWERY CO. LTD - 1188 Jinsha Avenue, Economic District - Nanchang City, Jiangxi Province	87.22%
SIPING GINSBER DRAFT BEER CO. LTD. - Xianmaquan, Tiedong Area - Siping City, Jilin Province	87.22%

[1] The group's shares entitle the holder to twice the voting rights.

Name and registered office of fully consolidated companies	% of economic interest as at 31 December 2020
ANHEUSER-BUSCH INBEV (NANTONG) BREWERY CO. LTD. - 666 Zhaoxia Road - Nantong City, Jiangsu Province	87.22%
ANHEUSER-BUSCH INBEV (SICHUAN) BREWERY CO. LTD. - No. 1, AB InBev Avenue, Cheng Nan Industry Park, Economic Development Area - 641300 - Ziyang City, Sichuan Province	87.22%
ANHEUSER-BUSCH INBEV (HENAN) BREWERY CO. LTD. - No. 1 Budweiser Avenue, Industry Park, Tangzhuang Town - 453100 - Weihui City, Henan Province	87.22%
INBEV JINLONGQUAN (HUBEI) BREWERY CO. LTD. - 89 Jin Long Quan Avenue - Jingmen City, Hubei Province	52.33%
ANHEUSER-BUSCH INBEV (SUQIAN) BREWERY CO. LTD. - No 1 Qujiang Road, Suyu Industry Park - Suqian City, Jiangsu Province	87.22%
COLOMBIA	
ZX VENTURES COLOMBIA S.A.S. - Carrera 53 A, No 127 - 35 - 110221 – Bogota	100.00%
BAVARIA & CIA S.C.A. - Carrera 53 A, No 127 - 35 - 110221 – Bogota	99.14%
KOPPS COMERCIAL S.A.S - Carrera 53 A, No 127 - 35 - 110221 – Bogota	100.00%
CZECH REPUBLIC	
PIVOVAR SAMSON A.S. - V parku 2326/18, Chodov, 148 00 Praha 4	100.00%
DOMINICAN REPUBLIC	
CERVECERIA NACIONAL DOMINICANA S.A. - Autopista 30 de Mayo Km 61/2, Distrito Nacional - A.P. 1086 - Santo Domingo[1]	52.55%
ECUADOR	
CERVECERÍA NACIONAL (CN) SA - Via a daule km 16,5 y calle cobre s/n – Guayaquil, Guayas	95.58%
EL SALVADOR	
INDUSTRIAS LA CONSTANCIA, SA DE CV - 526 Av. Independencia, San Salvador	100.00%
FRANCE	
AB INBEV FRANCE S.A.S. - Immeuble Crystal, 38, Place Vauban - C.P. 59110 - La Madeleine	100.00%
GERMANY	
BRAUEREI BECK GmbH & CO. KG - Am Deich 18/19 - 28199 – Bremen	100.00%
BRAUEREI DIEBELS GmbH & CO.KG - Brauerei-Diebels-Strasse 1 - 47661 – Issum	100.00%
HAAKE-BECK AG - Am Deich 18/19 - 28199 – Bremen	99.96%
HASSERÖDER BRAUEREI GmbH - Auerhahnring 1 - 38855 – Wernigerode	100.00%
ANHEUSER-BUSCH INBEV GERMANY HOLDING GmbH - Am Deich 18/19 - 28199 – Bremen	100.00%
SPATEN - FRANZISKANER - BRÄU GmbH - Marsstrasse 46 + 48 - 80335 – München	100.00%
ANHEUSER-BUSCH INBEV Deutschland GmbH & Co KG - Am Deich 18/19 - 28199 – Bremen	100.00%
LOEWENBRAEU AG - Nymphenburger Str. 7 - 80335 – München	100.00%
GHANA	
ACCRA BREWERY LTD - Farra Avenue 20 1st Floor, Pkf Building, P.O. Box Gp1219 – Accra	60.00%
GRAND DUCHY OF LUXEMBOURG	
BRASSERIE DE LUXEMBOURG MOUSEL - DIEKIRCH - 1, Rue de la Brasserie - L-9214 – Diekirch	95.82%
HONDURAS	
CERVECERÍA HONDUREÑA, SA DE CV - Blvd. Del Norte, Carretera Salida a Puerto Cortes - San Pedro Sula, Cortes	99.60%
HONG KONG	
BUDWEISER BREWING CO APAC LTD - Flat Room 1823 18F Soundwill Plaza II-Middle Town Hong Kong (SAR)	87.22%
INDIA	
CROWN BEERS INDIA LIMITED - 510/511 Minerva house, Sarojini devi road, Secunderabad	87.22%

[1] 85% owned by Ambev S.A.

Name and registered office of fully consolidated companies	% of economic interest as at 31 December 2020
ANHEUSER BUSCH INBEV INDIA LIMITED. - Unit No.301-302, Dynasty Business Park, 3rd Floor - Andheri - Kurla Road, Andheri (East) - 400059 - Mumbai, Maharashtra	86.97%
ITALY	
ANHEUSER BUSCH INBEV ITALIA SPA - Piazza Buffoni 3, 21013 Gallarate	100.00%
MEXICO	
CERVECERIA MODELO DE MEXICO S. DE R.L. DE C.V - Cerrada de Palomas 22, Piso 6, Reforma Social - C.P. 11650 - Mexico City, CD MX	100.00%
MOZAMBIQUE	
CERVEJAS DE MOÇAMBIQUE SA - Rua do Jardim 1329 - Maputo	51.47%
THE NETHERLANDS	
INBEV NEDERLAND N.V. - Ceresstraat 1 - 4811 CA – Breda	100.00%
INTERBREW INTERNATIONAL B.V. - Ceresstraat 1 - 4811 CA – Breda	100.00%
AB INBEV AFRICA B.V - Ceresstraat 1, 4811 CA – Breda	62.00%
AB INBEV BOTSWANA B.V. - Ceresstraat 1, 4811 CA – Breda	62.00%
NIGERIA	
INTERNATIONAL BREWERIES PLC - 22/36 Glover Road, Lagos, Ikoyi, Nigeria[1]	43.65%
PANAMA	
CERVECERÍA NACIONAL S de RL - Ave. Ricardo J. Alfaro, Corregimiento de Betania, Distrito de Panamá,	61.84%
PARAGUAY	
CERVECERIA PARAGUAYA S.A. - Ruta Villeta km 30 N 3045 - 2660 – Ypané	54.01%
PERU	
COMPANIA CERVECERA AMBEV PERU S.A.C. - Av. Los Laureles Mza. A Lt. 4 del Centro Poblado Menor Santa Maria de Huachipa - Lurigancho (Chosica) - Lima 15	97.22%
UNIÓN DE CERVECERÍAS PERUANAS BACKUS Y JOHNSTON SAA - 3986 Av. Nicolas Ayllon, Ate, Lima 3	93.78%
SOUTH AFRICA	
SABSA HOLDINGS LTD PUBLIC LIMITED COMPANY - 65 Park Lane, Sandown - 2001 – Johannesburg	100.00%
THE SOUTH AFRICAN BREWERIES (PTY) LTD LIMITED BY SHARES - 65 Park Lane, Sandown - 2146 – Johannesburg	96.48%
SOUTH KOREA	
ORIENTAL BREWERY CO., LTD - 8F, ASEM Tower, 517, Yeongdong-daero, Gangnam-gu, Seoul, 06164, S. Korea	87.22%
SWITZERLAND	
ANHEUSER-BUSCH INBEV PROCUREMENT GMBH GESELLSCHAFT MIT BESCHRÄNKTER HAFTUNG (GMBH) - Suurstoffi 22 – 6343 - Rotkreuz	100.00%
TANZANIA	
KIBO BREWERIES LTD PRIVATE COMPANY - Uhuru Street, Plot No 79, Block AA, Mchikichini, Ilala District - Dar es Salaam[1]	36.00%
UGANDA	
NILE BREWERIES LTD - Plot M90 Yusuf Lule Roa, Njeru, Jinja - Eastern Uganda	61.64%

[1] The company is consolidated due to the group's majority shareholdings and ability to control the operations.

Name and registered office of fully consolidated companies	% of economic interest as at 31 December 2020
UNITED KINGDOM	
ABI SAB GROUP HOLDING LIMITED - Bureau, 90 Fetter Lane, London, United Kingdom, EC4A 1EN	100.00%
ABI UK HOLDINGS 1 LIMITED - Bureau, 90 Fetter Lane, London, United Kingdom, EC4A 1EN	100.00%
AB INBEV UK LIMITED - Bureau, 90 Fetter Lane, London, United Kingdom, EC4A 1EN	100.00%
AB INBEV HOLDINGS LIMITED - Bureau, 90 Fetter Lane, London, United Kingdom, EC4A 1EN	100.00%
AB INBEV INTERNATIONAL BRANDS LIMITED - Bureau, 90 Fetter Lane, London, United Kingdom, EC4A 1EN	100.00%
ZX VENTURES LIMITED - Bureau, 90 Fetter Lane, London, United Kingdom, EC4A 1EN	100.00%
UNITED STATES	
ANHEUSER-BUSCH COMPANIES, LLC. - One Busch Place - St. Louis, MO 63118	100.00%
ANHEUSER-BUSCH INTERNATIONAL, INC. - One Busch Place - St. Louis, MO 63118	100.00%
ANHEUSER-BUSCH PACKAGING GROUP, INC. - One Busch Place - St. Louis, MO 63118	100.00%
ANHEUSER-BUSCH, LLC – One Busch Place, St. Louis, Mo. 63118	100.00%
ANHEUSER-BUSCH NORTH AMERICAN HOLDING CORPORATION - C/O THE CORPORATION TRUST COMPANY INC. - 1209 Orange Street - DE 19801 – Wilmington	100.00%
METAL CONTAINER CORPORATION, INC. – One Busch Place, St. Louis, Mo. 63118	50.10%
URUGUAY	
CERVECERIA Y MALTERIA PAYSANDU S.A. - Cesar Cortinas, 2037 - C.P. 11500 – Montevideo	61.79%
VIETNAM	
ANHEUSER-BUSCH INBEV VIETNAM BREWERY COMPANY LIMITED/No.2 VSIP II-A, Street no. 28, Vietnam - Singapore II-A Industrial Park, Tan Uyen District, Binh Duong Province	87.22%
ZAMBIA	
ZAMBIAN BREWERIES PLC - Mungwi Road, Plot Number 6438, Lusaka	54.00%

LIST OF MOST IMPORTANT ASSOCIATES AND JOINT VENTURES

Name and registered office of associates and joint ventures	% of economic interest as at 31 December 2020
FRANCE	
SOCIÉTÉ DES BRASSERIES ET GLACIÈRES INTERNATIONALES SA - 49 Rue François 1er, Paris	20.00%
GIBRALTAR	
BIH BRASSERIES INTERNATIONALES HOLDING LTD - CC Building, 10th Floor, Main Street	20.00%
BIH BRASSERIES INTERNATIONALES HOLDING (ANGOLA) LTD - Suite 10/3, International Commercial Centre, 2A Main Street	27.00%
TURKEY	
ANADOLU EFES BIRACILIK VE MALT SANAYII AS - Bahçelievler Mahallesi, Sehit Ibrahim Koparir Caddesi No. 4, Bahçelievler Istanbul	24.00%
ZIMBABWE	
DELTA CORPORATION LTD - Sable house, P.O. Box BW 343, Northridge Close, Borrowdale, Harare	25.39%
RUSSIA	
AB INBEV EFES - 28 Moscovskaya Street, Moscow region - 141607 – Klin	50.00%

Information to our shareholders

Earnings, dividends, share and share price

	2020	2019	2018 restated	2017 restated	2016
Cash flow from operating activities (US dollar per share)	5.45	6.75	7.18	7.56	5.89
Normalized earnings per share (US dollar per share)	1.91	4.08	3.16	3.75	2.83
Dividend (euro per share)	0.5	1.3	1.8	3.6	3.6
Share price high (euro per share)	74.49	92.71	96.7	110.1	119.6
Share price low (euro per share)	30.97	57.47	56.84	92.88	92.13
Year-end share price (euro per share)	57.01	72.71	57.7	93.13	100.55
Weighted average number of ordinary and restricted shares (million shares)	1 998	1 984	1 975	1 971	1 717
Diluted weighted average number of ordinary and restricted shares (million shares)	2 037	2 026	2 014	2 010	1 755
Volume of shares traded (million shares)	587	452	496	349	445

Information on the auditors' assignments and related fees

AB InBev's Statutory auditor is PwC Bedrijfsrevisoren BV, represented by Koen Hens, audit partner.

Base fees for auditing the annual financial statements of AB InBev and its subsidiaries are determined by the shareholders meeting after review and approval by the company's Audit Committee and Board of Directors.

Fees for 2020 in relation to services provided by PwC Bedrijfsrevisoren BV amounted to 2 866k US dollar (2019: 2 432k US dollar), which was composed of audit services for the annual financial statements of 2 603k US dollar (2019: 2 389k US dollar) and audit related services of 262k US dollar (2019: 43k US dollar).

Fees for 2020 in relation to services provided by other offices in the PwC network amounted to 17 134k US dollar (2019: 37 605k US dollar), which was composed of audit services for the annual financial statements of 13 301k US dollar (2019: 13 997k US dollar), tax services of 3 317k US dollar (2019: 4 851k US dollar), audit and tax services rendered for the IPO of Budweiser APAC of 0k (2019: 18 066k US dollar), audit related services amounting to 111k (2019: 691k US dollar) and other services amounting to 404k (2019: 0k US dollar), all of which have been pre-approved by the company's Audit Committee.

Financial calendar

Publication of 2020 results	25 February 2021
Annual report 2020 available on www.ab-inbev.com	25 February 2021
General shareholders meeting	28 April 2021
Dividend: ex-coupon date	4 May 2021
Publication of first quarter results	6 May 2021
Publication of half year results	29 July 2021
Publication of third quarter results	28 October 2021

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Excerpt from the AB InBev NV/SA separate (non-consolidated) financial statements prepared in accordance with Belgian GAAP

The following information is extracted from the separate Belgian GAAP financial statements of AB InBev NV/SA per 31 December 2020. These separate financial statements, together with the management report of the Board of Directors to the general assembly of shareholders as well as the auditor's report, will be filed with the National Bank of Belgium within the legally foreseen time limits. These documents are also available on request from: AB InBev NV/SA, Brouwerijplein 1, 3000 Leuven.

It should be noted that only the consolidated financial statements as set forth above present a true and fair view of the financial position and performance of the AB InBev group.

Since AB InBev NV/SA is essentially a holding company, which recognizes its investments at cost in its non-consolidated financial statements, these separate financial statements present no more than a limited view of the financial position of AB InBev NV/SA. For this reason, the Board of Directors deemed it appropriate to publish only an abbreviated version of the non-consolidated balance sheet and income statement prepared in accordance with Belgian GAAP as at and for the year ended 31 December 2020.

The statutory auditor has confirmed that his audit procedures are substantially complete and that the abbreviated non-consolidated balance sheet and income statement of AB InBev NV/SA prepared in accordance with Belgian GAAP for the year ended 31 December 2020 are consistent, in all material respects, with the accounts from which they have been derived.

Abbreviated non-consolidated balance sheet

Million euro	2020	2019
ASSETS		
Non-current assets		
Intangible assets	528	586
Property, plant and equipment	97	58
Financial assets	115 712	117 894
	116 337	**118 538**
Current assets	**18 937**	**26 224**
Total assets	**135 274**	**144 762**
Equity and liabilities		
Equity		
Issued capital	1 239	1 239
Share premium	13 186	13 186
Legal reserve	124	124
Reserves not available for distribution	3 454	4 386
Reserves available for distribution	33 009	33 009
Profit carried forward	19 691	19 661
	70 703	**71 605**
Provisions and deferred taxes	**100**	**42**
Non-current liabilities	**45 486**	**53 257**
Current liabilities	**18 985**	**19 858**
Total equity and liabilities	**135 274**	**144 762**

Abbreviated non-consolidated income statement

Million euro	2020	2019
Operating income	1 167	1 318
Operating expenses	(1 183)	(1 254)
Operating result	**(16)**	**64**
Financial result	104	10 341
Result for the year available for appropriation	**88**	**10 405**

Glossary

AGGREGATED WEIGHTED NOMINAL TAX RATE

The aggregated weighted nominal tax rate is based on the statutory corporate income tax rates applicable in the various countries.

DILUTED EPS

Profit attributable to equity holders of AB InBev divided by the fully diluted weighted average number of ordinary and restricted shares.

DILUTED WEIGHTED AVERAGE NUMBER OF ORDINARY AND RESTRICTED SHARES

Weighted average number of ordinary and restricted shares, adjusted by the effect of dilutive share options and restricted stock units.

EBIT

Profit from operations.

EBITDA

Profit from operations plus depreciation, amortization and impairment.

EMEA

Europe and Africa.

EPS

Profit attributable to equity holders of AB InBev divided by the weighted average number of ordinary and restricted shares.

FVOCI

Fair value through other comprehensive income.

FVPLI

Fair value through profit or loss.

FTE's

Full-time equivalent on a permanent or temporary basis, excluding outsourced personnel.

INVESTED CAPITAL

Includes property, plant and equipment, goodwill and intangible assets, investments in associates and equity securities, working capital, provisions, employee benefits and deferred taxes.

MARKETING EXPENSES

Include all costs relating to the support and promotion of the brands. They include among others operating costs (payroll, office costs, etc.) of the marketing department, advertising costs (agency costs, media costs, etc.), sponsoring and events, and surveys and market research.

NET CAPEX

Acquisitions of property, plant and equipment and of intangible assets, minus proceeds from sale.

NET DEBT

Non-current and current interest-bearing loans and borrowings and bank overdrafts, minus debt securities and cash and cash equivalents.

NON-RECURRING ITEMS

Items of income or expense which do not occur regularly as part of the normal activities of the company.

NORMALIZED

The term "normalized" refers to performance measures (EBITDA, EBIT, Profit, EPS, effective tax rate) before non-recurring items and profit from discontinued operations. Non-recurring items are items of income or expense which do not occur regularly as part of the normal activities of the company and which warrant separate disclosure because they are important for the understanding of the underlying results of the company due to their size or nature. AB InBev believes that the communication and explanation of normalized measures is essential for readers of its financial statements to understand fully the sustainable performance of the company. Normalized measures are additional measures used by management and should not replace the measures determined in accordance with IFRS as an indicator of the company's performance.

NORMALIZED DILUTED EPS

Diluted EPS adjusted for non-recurring items and profit from discontinued operations.

NORMALIZED EBIT

Profit from operations adjusted for non-recurring items.

NORMALIZED EBITDA

Profit from operations adjusted for non-recurring items, plus depreciation, amortization and impairment.

NORMALIZED EFFECTIVE TAX RATE

Effective tax rate adjusted for non-recurring items.

NORMALIZED EPS

EPS adjusted for non-recurring items and profit from discontinued operations.

NORMALIZED PROFIT

Profit adjusted for non-recurring items and profit from discontinued operations.

NORMALIZED PROFIT FROM OPERATIONS

Profit from operations adjusted for non-recurring items.

PAY OUT RATIO

Gross dividend per share multiplied by the estimated number of ordinary shares outstanding at the dividend record date, divided by normalized profit attributable to equity holders of AB InBev.

RE-MEASUREMENTS OF POST-EMPLOYEE BENEFITS

Comprised of actuarial gains and losses, the effect of the asset ceiling (excluding net interest) and the return on plan assets (excluding net interest).

REVENUE

Gross revenue less excise taxes and discounts.

SALES EXPENSES

Include all costs relating to the selling of the products. They include among others the operating costs (payroll, office costs, etc.) of the sales department and the sales force.

SG&A AND SELLING, GENERAL & ADMINISTRATIVE EXPENSES

Sales, marketing, distribution and administrative expenses

SCOPE

Financials are analyzed eliminating the impact of changes in currencies on translation of foreign operations, and scopes. A scope represents the impact of acquisitions and divestitures, the start-up 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 as part of the underlying performance of the business.

UNDERLYING EPS

Profit before non-recurring items, discontinued operations, mark-to-market gains/losses on certain derivatives related to the hedging of share-based payment programs and hyperinflation impacts, attributable to equity holders of AB InBev divided by the weighted average number of ordinary and restricted shares.

WEIGHTED AVERAGE NUMBER OF ORDINARY AND RESTRICTED SHARES

Number of shares outstanding at the beginning of the period, adjusted by the number of shares cancelled, repurchased or issued during the period multiplied by a time-weighing factor.

WORKING CAPITAL

Includes inventories, trade and other receivables and trade and other payables, both current and non-current.

Corporate Governance Statement

Table of contents

1. Introduction

1.1. The Belgian Code on Corporate Governance

The corporate governance practices of Anheuser-Busch InBev are reflected in its Corporate Governance Charter, which is available on https://www.ab-inbev.com/investors/corporate-governance/corporate-governance-documents.html. The Charter is regularly updated.

Anheuser-Busch InBev is a company incorporated under Belgian law with a primary listing on Euronext Brussels (Euronext: ABI) and with secondary listings on the Mexico Stock Exchange (MEXBOL: ANB) and the Johannesburg Stock Exchange (JSE: ANH) (ISIN: BE0974293251) and with American Depositary Shares ("ADS's") listed on the New York Stock Exchange. As a Belgian company with primary listing on Euronext Brussels, Anheuser-Busch InBev adheres to the principles and provisions of the 2020 Belgian Corporate Governance Code (www.corporategovernancecommittee.be) ("the Corporate Governance Code"), taking into account its specific status as a multinational group with secondary listings in Mexico and Johannesburg and with ADS's listed in New York.

In line with AB InBev's specific shareholding structure and the global nature of its operations, the company has departed in 2020 from the following soft-law principles of the Corporate Governance Code:

Principle 4.19 of the Corporate Governance Code: "the Board should set up a nomination committee with the majority of its members comprising independent non-executive board members" - The Board of Directors appoints the chairman and members of the Nomination Committee from among the directors. As the committee is composed exclusively of non-executive directors who are independent of management and free from any business relationship that could materially interfere with the exercise of their independent judgment, the Board considers that the composition of this committee achieves the Code's aim.

Principle 7.6 of the Corporate Governance Code: "A non-executive board member should receive part of their remuneration in the form of shares in the company. These shares should be held until at least one year after the non-executive board member leaves the board and at least three years after the moment of award. However, no stock options should be granted to non-executive board members" - The share-based component of the directors' remuneration is paid under the form of Restricted Stock Units. Such Restricted Stock Units vest after five years and, upon vesting, entitle their holders to one AB InBev share per Restricted Stock Unit (subject to any applicable withholdings). The shares delivered to directors upon vesting of the Restricted Stock Units are not subject to a lock-up of three years after the date of the delivery and one year after the date of departure of the relevant director. However, the Board considers that the five-year vesting period of the Restricted Stock Units fosters a sustainable and long-term commitment of the directors to shareholder value creation that addresses the goal of Principle 7.6 of the Code.

1.2. New York Stock Exchange Listing

Further to the New York Stock Exchange listing of American Depositary Shares ("ADS's") representing ordinary shares of AB InBev, the New York Stock Exchange Corporate Governance rules for Foreign Private Issuers are applicable to the company. AB InBev has also registered under the US Securities and Exchange Act of 1934, as amended. As a result, it is also subject to the US Sarbanes-Oxley Act of 2002 and to certain US Securities laws and regulations relating to corporate governance.

1.3. Specific Corporate Governance initiatives

1.3.1. FOSTERING ETHICAL CONDUCT

The Board of Directors and management of AB InBev are committed to promoting and maintaining the highest standards of ethical behavior and transparency. This guides everything that AB InBev does as an organization, and serves as its foundation for building a company to last.

AB InBev has established ethical rules and internal codes and policies to reinforce this commitment. The Code of Business Conduct sets out the ethical standards to which all colleagues around the world are expected to adhere and provides governance for interactions with third parties. It requires colleagues to comply with all laws, disclose any relevant conflicts of interests, to act at all times in the best interests of the company, and to conduct all dealings in an honest and ethical manner. It covers confidentiality of information, limits on the offering or acceptance of gifts or entertainment, and the appropriate use of the company's property. The Code of Business Conduct includes policies which define colleagues' responsibilities and expected behavior, and includes the Global Anti-Corruption, Human Rights, Anti-Harassment and Anti-Discrimination, and Conflict of Interest Policies. As an example, the Global Anti-Corruption Policy states that AB InBev's employees are strictly prohibited from, either directly or indirectly, giving, offering, promising, or authorizing anything of value, to anyone with the intent to exert improper influence or inducement, secure an improper commercial advantage for the company, or serve as a reward for past improper conduct. AB InBev's Digital Ethics Policy also contains its data privacy compliance program.

In line with this commitment to integrity, AB InBev encourages its colleagues and third parties to speak up through a global whistle-blowing system. This system allows for a simple, secure, confidential and, if desired, anonymous manner to raise concerns or report actual or suspected violations of law or policies. The company also uses technology and its BrewRIGHT analytics system to proactively monitor for risk and potential violations of policy.

1.3.2. DEMONSTRATING COMMITMENT TO SHAREHOLDER COMMUNICATION

AB InBev is committed to creating value for its shareholders. 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, half-yearly reports, quarterly statements, financial results announcements, briefings, and a section that is dedicated to investors on the AB InBev website (www.ab-inbev.com/investors.html).

AB InBev recognizes that a commitment to disclosure builds trust and confidence with shareholders and the public in general. The company adopted a Disclosure Manual to demonstrate its commitment to best practices in transparency. This manual is designed to ensure that there is full, consistent and timely disclosure of company activities.

1.3.3. UPHOLDING SHAREHOLDER RIGHTS

Prior to the annual shareholders' meeting, shareholders are invited to submit any questions they have for the Chairman or the CEO for discussion during the meeting.

The agenda for the shareholders' meeting and all related documents are also posted on the AB InBev website at least 30 days in advance of any shareholders' meeting. Shareholders have the right to vote on various resolutions related to company matters. If they are unable to attend a meeting, they can submit their votes by mail or appoint a proxy. Minutes of the meetings and results of the votes are posted on the AB InBev website shortly after the meeting (www.ab-inbev.com/investors/corporate-governance/shareholder-meetings.html).

In light of the Covid-19 pandemic, the annual shareholders' meeting held on 3 June 2020, by exception, took place without physical attendance of shareholders, in accordance with the Belgian royal decree n°4 of 9 April 2020. Shareholders were offered the possibility to submit questions in writing and to participate by mail in advance of the meeting or by giving a proxy to a person designated by the company. The meeting was recorded and an audiocast is accessible on the AB InBev corporate website.

The convening notice to the upcoming annual shareholders' meeting to be held on 28 April 2021 will be published on 26 March 2021 and will contain further information on the format of the meeting and modalities to participate. In light of the continuing Covid-19 pandemic, the company will be guided by health and safety concerns and the measures and recommendations made by public authorities in Europe and Belgium.

1.3.4. PREVENTING THE ABUSE OF INSIDE INFORMATION

The company's Code of Dealing is applicable to all members of the Board of Directors and to all employees. The Code of Dealing aims to prevent the abuse of inside information, especially in periods leading up to an announcement of financial results or leading up to price-sensitive events or decisions.

The Code of Dealing prohibits dealing in the company's securities during any closed period, e.g. a period of 30 days preceding any results announcement of the company. In addition, before dealing in any securities of the company, the members of the Board of Directors and members of senior management must obtain clearance from a Clearance Committee.

Compliance with the Code of Dealing is reinforced and monitored through the company's Compliance Program.

In accordance with EU Regulation 596/2014 on market abuse (MAR), the company establishes lists of insiders when required. In addition, pursuant to the same regulation, (i) members of the Executive Committee (ExCom) and (ii) members of the Board of Directors notify their trades (above a 5,000 Euro yearly threshold) to the company and to the Belgian Financial Services and Markets Authority (FSMA), which publishes these notifications on its website.

1.3.5. CORPORATE SOCIAL RESPONSIBILITY

AB InBev's Purpose is *bringing people together for a better world*. Corporate Social Responsibility and sustainability are central to the company's culture and embedded in the way it does business.

We are building a company to last, brewing beer and building brands that will continue to bring people together for the next 100 years and beyond.

In accordance with article 3:6, §4 and article 3:32, §2 of the Belgian Code of Companies and Associations (the Belgian Companies Code), which implement Directive 2014/95/EU of 22 October 2014 amending Directive 2013/34/EU as regards disclosure of non-financial and diversity information by certain large undertakings and groups, AB InBev has included in this Annual Report a non-financial statement reporting on corporate social responsibility matters.

1.3.6. DIVERSITY & INCLUSION

The company strives to make AB InBev a community where everyone feels included and respected. The company believes that a diverse team improves the quality of decision-making, and ultimately improves overall performance.

Diversity and inclusion (D&I) is a global priority for AB InBev's Senior Leadership Team (SLT), as they are important enablers of the success of the company and its people. In 2020 AB InBev launched a Global Diversity & Inclusion Council that is chaired by the CEO and includes a diverse group of representative leaders from zones and functions. The Council is dedicated to collaborating on high impact decisions and championing D&I at the highest levels of the organization.

The company believes that its greatest strength is its diverse team of people and that its people should feel comfortable being their authentic selves at work every day, regardless of their personal characteristics or social identities, such as race and ethnicity, nationality, gender, identity, sexual orientation, age, abilities, socioeconomic status, religion or others. A diverse and inclusive workforce better enables the company to understand its equally diverse consumers and stakeholders. This has resulted in AB InBev's decision to launch a new Global Diversity & Inclusion policy in November 2018 as part of the company's Global Code of Business Conduct. The Global Diversity & Inclusion policy provides additional guidelines for cultivating and maintaining a diverse and inclusive culture. In addition, we launched our first Global Parental Policy in 2018 and updated our Global Policies on Anti-Harassment, Anti-Discrimination and Human Rights in 2019.

While all of the company's geographic zones are covered under the global policy, in order to acknowledge that there is no one-size-fits-all approach to diversity and inclusion, each of the zones has the flexibility to adapt the policy locally to include more information relevant to their local markets. We measure colleague sentiment about diversity and inclusion in the company's annual engagement survey.

AB InBev is proud to have an employee base of 121 nationalities across the business, with 30 nationalities represented on the SLT and the senior management level below. There is one woman out of 18 members on the SLT (compared to one out of 17 last year) and a slight increase in women in the senior management level below compared to last year. AB InBev continues working to promote all aspects of diversity of its senior management team, with a focus on building a diverse talent pipeline, considering the respective skills, education, experience and background. Reference is made to section 4 of this Corporate Governance Statement for a short biography of each of the members of the SLT, including their qualifications and background.

The process for nominating and selecting candidates for the Board of Directors is described in the Corporate Governance Charter of Anheuser-Busch InBev. The company aims to have a balanced and diverse Board primarily considering, among other things, the respective skills, education, experience and background. Currently, five out of 15 Board members are women (same ratio as last year). Reference is made to section 2.1 of this Corporate Governance Statement for a short biography of each of the members of the Board of Directors, including their qualifications and background, as well as for further information on the applicable Belgian legal gender diversity requirements.

2. The Board of Directors

2.1. Structure and composition

The Board of Directors currently consists of 15 members, all of whom are non-executives.

The roles and responsibilities of the Board, its composition, structure and organization are described in detail in Anheuser-Busch InBev's Corporate Governance Charter. This Corporate Governance Charter includes the criteria that directors must satisfy to qualify as independent directors.

Unless the shareholders' meeting decides on a shorter term, directors (other than the Restricted Share Directors) are appointed for a maximum term of four years, which is renewable. In accordance with article 19.4 (b) of our Articles of Association, Restricted Share Directors are appointed for renewable terms ending at the next ordinary shareholders' meeting following their appointment.

The appointment and renewal of directors (i) is based on a recommendation of the Nomination Committee, taking into account the rules regarding the composition of the Board that are set out in the Articles of Association (e.g., rules regarding number of independent directors and directors appointed upon proposal of the AB InBev Reference Shareholder and the Restricted Shareholders), and (ii) is subject to approval by the shareholders' meeting.

Pursuant to the Articles of Association, the Board is composed as follows:

- three directors shall be independent directors appointed by the shareholders' meeting upon proposal by the Board; and
- so long as the Stichting Anheuser-Busch InBev (the Reference Shareholder) and/or any of its Affiliates, any of their respective Successors or Successors' Affiliates own, in aggregate, more than 30% of shares with voting rights in the share capital of the company, nine directors shall be appointed by the shareholders' meeting upon proposal by the Reference Shareholder and/or any of its Affiliates, any of their respective Successors or Successors' Affiliates; and
- so long as the holders of Restricted Shares (the Restricted Shareholders) (together with their Affiliates, any of their respective Successors and/or Successors' Affiliates) own in aggregate:
    - more than 13.5% of the Shares with voting rights in the share capital of the company, three directors will be appointed by the shareholders' meeting upon proposal by the Restricted Shareholders (each such director a Restricted Share Director);
    - more than 9% but not more than 13.5% of the Shares with voting rights in the share capital of the company, two Restricted Share Directors will be appointed;
    - more than 4.5% but not more than 9% of the Shares with voting rights in the share capital of the company, one Restricted Share Director will be appointed; and
    - 4.5% or less than 4.5% of the Shares with voting rights in the share capital of the company, they will no longer have the right to propose any candidate for appointment as a member of the Board and no Restricted Share Directors will be appointed.

The Articles of Association set out detailed rules regarding the calculation of the company's share capital owned by the Reference Shareholder and the Restricted Shareholders for the purpose of determining directors' nomination rights. Affiliates and Successors have the meaning set out in the Articles of Association.

The composition of the Board will be balanced primarily considering the respective skills, education, experience and background of each of the Board members.

According to the Belgian Companies Code, at least one third of the directors will have to be women. As a newly listed company having securities admitted to trade on Euronext Brussels on 11 October 2016, AB InBev will need to comply with this gender diversity requirement as from 1 January 2022. The company is currently already compliant with the requirement. Following the appointment of Ms. Sabine Chalmers, Ms. Xiaozhi Liu and Ms. Cecilia Sicupira as Board members by the annual shareholders' meeting of 24 April 2019, the number of women on our Board increased from two to five members (out of a total of 15 Board members). AB InBev will continue its efforts towards fostering gender diversity on its Board in the coming years.

At the annual shareholders' meeting held on 3 June 2020, the mandates of Ms. Michele Burns and Mr. Elio Leoni Sceti, independent directors, were renewed for a term of 4 years. In addition, the mandates of Ms. Maria Asuncion Aramburuzabala, Mr. Alexandre Van Damme, Mr. Grégoire de Spoelberch, Mr. Paul Cornet de Ways Ruart and Mr. Paulo Lemann were renewed for a term of 4 years upon proposal of the AB InBev Reference Shareholder. Likewise, Mr. Roberto Thompson Motta was appointed as successor for Mr. Marcel Telles for a term of 4 years upon proposal of the AB InBev Reference Shareholder.

The mandates of all three Restricted Share Directors, i.e. Messrs. Martin J. Barrington, William F. Gifford and Alejandro Santo Domingo, ended at the annual shareholders' meeting held on 3 June 2020. In accordance with article 19.4 (b) of our Articles of Association, their mandates were renewed for a one year term ending at the upcoming annual shareholders' meeting to be held on 28 April 2021.

The composition of Anheuser-Busch InBev's Board of Directors at the end of the reporting period is as follows:

Name	Date of birth Nationality	Function	Current Term started	Term expires
Independent Directors				
Xiaozhi Liu	°1956, German	Non-Executive Independent director	2019	2023
Michele Burns	°1958, American	Non-Executive Independent director	2020	2024
Elio Leoni Sceti	°1966, Italian	Non-Executive Independent director	2020	2024
Directors upon proposal of the AB InBev Reference Shareholder				
Maria Asuncion Aramburuzabala	°1963, Mexican	Non-Executive, Non-Independent director	2020	2024
Paul Cornet de Ways Ruart	°1968, Belgian	Non-Executive director, nominated by the holders of class A Stichting Anheuser-Busch InBev certificates	2020	2024
Sabine Chalmers	°1965, American	Non-Executive director, nominated by the holders of class A Stichting Anheuser-Busch InBev certificates	2019	2023
Grégoire de Spoelberch	°1966, Belgian	Non-Executive director, nominated by the holders of class A Stichting Anheuser-Busch InBev certificates	2020	2024
Alexandre Van Damme	°1962, Belgian	Non-Executive director, nominated by the holders of class A Stichting Anheuser-Busch InBev certificates	2020	2024
Claudio Garcia	°1968, Brazilian	Non-Executive director, nominated by the holders of class B Stichting Anheuser-Busch InBev certificates	2019	2023
Paulo Lemann	°1968, Brazilian	Non-Executive director, nominated by the holders of class B Stichting Anheuser-Busch InBev certificates	2020	2024
Cecilia Sicupira	°1981, Brazilian	Non-Executive director, nominated by the holders of class B Stichting Anheuser-Busch InBev certificates	2019	2023
Roberto Thompson Motta	°1957, Brazilian	Non-Executive director, nominated by the holders of class B Stichting Anheuser-Busch InBev certificates	2020	2024
Directors upon proposal of the Restricted Shareholders (Restricted Share Directors)				
Martin J. Barrington	°1953, American	Non-Executive director, nominated by Altria	2020	2021
William F. Gifford	°1970, American	Non-Executive director, nominated by Altria	2020	2021
Alejandro Santo Domingo	°1977, Colombian	Non-Executive director, nominated by Bevco	2020	2021

Ms. Aramburuzabala is a non-executive member of the Board. Born in 1963, she is a citizen of Mexico and holds a degree in Accounting from ITAM (Instituto Tecnológico Autónomo de Mexico). She has served as CEO of Tresalia Capital since 1996. She is currently the chairperson of the Boards of Directors of Tresalia Capital, Abilia, Medistik and Red Universalia. She is also a member of the Advisory Board of Grupo Modelo and was formerly a member of the Grupo Modelo Board of Directors, and is currently on the Boards of Coty, Consejo Mexicano de Negocios and is an Advisory Board member of ITAM School of Business.

Mr. Barrington is a representative of the Restricted Shareholders. Born in 1953, he is an American citizen and graduated from The College of Saint Rose with a Bachelor's Degree in History, and from Albany Law School of Union University with a Juris Doctorate Degree. He is the retired Chairman, Chief Executive Officer and President of Altria Group. During his 25 years at Altria Group, he served in numerous legal and business roles for Altria and its companies. These include Vice Chairman of Altria Group; Executive Vice President and Chief Administrative Officer of Altria Group; Senior Vice President and General Counsel of Philip Morris International (a separate public company spun-off from Altria Group in 2008); and Senior Vice President and General Counsel of Philip Morris USA. Before joining Altria, Mr. Barrington practiced law in both the government and private sectors.

Ms. Burns is an independent member of the Board. Born in 1958, she is an American citizen and graduated Summa Cum Laude from the University of Georgia with a Bachelor's Degree in Business Administration and a Master's Degree in Accountancy. Ms. Burns was the Chairman and Chief Executive Officer of Mercer LLC from 2006 until 2012. She currently serves on the Boards of Directors of The Goldman Sachs Group, where she chairs the Compensation Committee, Cisco Systems, where she chairs the Finance Committee, Etsy and Circle Online Financial, a private company. From 2003 until 2013, she served as a director of Wal-Mart Stores. From 2014 until 2018, she served on the Board of Alexion Pharmaceuticals. She currently serves on the Advisory Council of the Stanford Center on Longevity at Stanford University. Ms. Burns began her career in 1981 at Arthur Andersen, where she became a partner in 1991. In 1999, she joined Delta Air Lines, assuming the role of Chief Financial Officer from 2000 to 2004. From 2004 to 2006, Ms. Burns served as Chief Financial Officer and Chief Restructuring Officer of Mirant Corporation, an independent power producer. From March 2006 until September 2006, Ms. Burns served as the Chief Financial Officer of Marsh and McLennan Companies.

Ms. Chalmers is a representative of the main shareholders (nominated by Eugénie Patri Sébastien S.A., the holder of the Class A Stichting certificates). Born in 1965, Ms. Chalmers is an American citizen and holds a bachelor's degree in Law from the London School of Economics and is qualified to practice law in England and New York State. Ms. Chalmers is the General Counsel of BT Group plc. Prior to joining BT, she was the Chief Legal and Corporate Affairs Officer & Secretary to the Board of Directors of AB InBev, a role she held from 2005 to 2017. Ms. Chalmers joined AB InBev after 12 years with Diageo plc where she held a number of senior legal positions including as General Counsel of the Latin American and North American businesses. Prior to Diageo plc, she was an associate at the law firm of Lovell White Durrant in London, specializing in mergers and acquisitions.

Mr. Cornet de Ways Ruart is a representative of the main shareholders (nominated by Eugénie Patri Sébastien S.A., the holder of the Class A Stichting certificates). Born in 1968, he is a Belgian citizen and holds a Master's Degree as a Commercial Engineer from the Catholic University of Louvain and an MBA from the University of Chicago. He has attended the Master Brewer program at the Catholic University of Louvain. From 2006 to 2011, he worked at Yahoo! and was in charge of Corporate Development for Europe before taking on additional responsibilities as Senior Financial Director for Audience and Chief of Staff. Prior to joining Yahoo!, Mr. Cornet was Director of Strategy for Orange UK and spent seven years with McKinsey & Company in London and Palo Alto, California. He is also a non-executive director of EPS, Rayvax, Adrien Invest, Floridienne S.A. and several privately held companies.

Mr. Garcia is a representative of the main shareholders (nominated by BRC S.à.R.L., the holder of the class B Stichting certificates). Born in Brazil in 1968, he is a Brazilian citizen and is a graduate from Universidade Estadual do Rio de Janeiro, Brazil with a B.A. in Economics. Mr. Garcia interned at Companhia Cervejaria Brahma in 1991 and was employed as a Management Trainee in February 1993. From 1993 until 2001, Mr. Garcia worked in several positions in finance, mainly in the area of corporate budgeting. In 2001, he started the first Shared Service Center for Ambev and in 2003 he became the head of both the Technology and Shared Services operations. Mr. Garcia participated in all M&A integration projects from 1999 until 2018. In 2005, he was appointed Chief Information and Shared Service Officer for InBev (following the combination of Ambev and Interbrew) in Leuven, Belgium. From 2006 to 2014, Mr. Garcia combined the functions of Chief People and Technology Officer. From 2014 to January 2018, Mr. Garcia was the Chief People Officer of Anheuser-Busch InBev. Mr. Garcia is a board member of Lojas Americanas, the Garcia Family Foundation, Chairman of the Telles Foundation and a Trustee at the Chapin School in New York City.

Mr. Gifford is a representative of the Restricted Shareholders. Born in 1970, he is an American citizen and graduated from Virginia Commonwealth University with a Bachelor's Degree in Accountancy. He serves as Chief Executive Officer of Altria Group. Prior to his current position, Mr. Gifford served as Vice Chairman and Chief Financial Officer of Altria Group from May 2018 until April 2020 with responsibility for overseeing Altria's financial functions, core tobacco businesses and sales and distribution business. Prior to that he served as Executive Vice President and Chief Financial Officer from March 2015 until May 2018. Since joining Philip Morris USA, an Altria subsidiary, in 1994, he has served in numerous leadership roles including President and Chief Executive Officer of Philip Morris USA and Vice President and Treasurer for Altria, and has led various functions including Finance, Strategy & Business Development and Market Information & Consumer Research. Prior to joining Philip Morris USA, Mr. Gifford worked at the public accounting firm of Coopers & Lybrand, which currently is known as PricewaterhouseCoopers.

Mr. Lemann is a representative of the main shareholders (nominated by BRC S.à.R.L., the holder of the class B Stichting certificates). Born in Brazil in 1968, he is a Brazilian citizen and graduated from Faculdade Candido Mendes in Rio de Janeiro, Brazil with a B.A. in Economics. Mr. Lemann interned at PriceWaterhouse in 1989 and was employed as an Analyst at Andersen Consulting from 1990 to 1991. Mr. Lemann also performed equity analysis while at Banco Marka and Dynamo Asset Management (both in Rio de Janeiro). From 1997 to 2004, he developed the hedge fund investment group at Tinicum Inc., a New York-based investment office that advised the Synergy Fund of Funds, where he served as Portfolio Manager. Mr. Lemann is a Founding Partner at Vectis Partners and is a board member of Lojas Americanas, Lemann Foundation and Lone Pine Capital.

Mr. Leoni Sceti is an independent member of the Board. Born in 1966, he is an Italian citizen who lives in the UK. He graduated Magna Cum Laude in Economics from LUISS in Rome, where he passed the Dottore Commercialista post-graduate bar exam. Mr. Leoni Sceti has over 30 years' experience in the fast-moving consumer goods and media sectors. He is Chief Crafter & Chairman of The Craftory, a global investment house for purpose-driven challenger brands in FMCG. Mr. Leoni Sceti is Chairman of London-based LSG holdings and an early stage investor in Media & Tech, with over 25 companies in his portfolio. He is also an independent member of the Board at cocoa and chocolate leader Barry Callebaut and is a director at the Kraft Heinz Company. Elio's roles in the non-profit space include being a Trustee and Counsellor at One Young World (young leaders from over 190 countries), and Chairman of the UK board at Room to Read (promoting literacy and gender equality in education, globally). His previous roles included: CEO of Iglo Group - whose brands are Birds Eye, Findus & Iglo - until May 2015, when the company was sold to Nomad Foods; Global CEO of EMI Music from 2008 to 2010; and - prior to EMI - an international career in marketing and senior leadership roles at Procter & Gamble and Reckitt Benckiser, where he later was CMO, global head of Innovation and then head of the European operations.

Dr. Liu is an independent member of the Board. Born in 1956 in China, she is a German citizen and is the founder and CEO of ASL Automobile Science & Technology (Shanghai) Co., Ltd. since 2009 and is an independent director of Autoliv (NYSE) and Johnson Matthey Plc. Previously, she held various senior executive positions, including Chairman & CEO of Neotek (China), Vice-Chairman and CEO of Fuyao Glass Group, Chairman and CEO of General Motors Taiwan, Director of concept vehicle for Buick Park Avenue and Cadillac, Vehicle Electronics-Control and Software Integration for GM North America, CTO and Chief Engineer of General Motors Greater China Region, and Representative Managing Director of Delphi Automotive in Shanghai China. Prior to 1997, she was responsible for Delphi Packard China JV Development, Sales & Marketing as well as New Business Development. Besides these executive roles, Dr. Liu also served as an independent director of CAEG (SGX) from 2009 to 2011 and an independent director of Fuyao Glass Group (SSE) from 2013 to 2019. Dr. Liu has rich professional experience covering the areas of general management of enterprises, P&L, technology development, marketing & sales, mergers & acquisitions, including in the United States, Europe and China at global Top 500 companies and Chinese blue-chip private enterprises. She earned a Ph.D. in Chemical Engineering, a master's degree of Electrical Engineering at the University of Erlangen/Nuremberg Germany and a bachelor's degree in Electrical Engineering at Xian Jiao Tong University in Xian China. She also attended the Dartmouth Tuck School of Business for Executives.

Mr. Santo Domingo is a representative of the Restricted Shareholders. Born in 1977, he is a Colombian citizen and obtained a B.A. in History from Harvard College. He is a Senior Managing Director at Quadrant Capital Advisors, Inc. in New York City. He was a member of the Board of Directors of SABMiller Plc, where he was also Vice-Chairman of SABMiller Plc for Latin America. Mr. Santo Domingo is Chairman of the Board of Bavaria S.A. in Colombia. He is Chairman of the Board of Valorem, a company which manages a diverse portfolio of industrial & media assets in Latin America. Mr. Santo Domingo is also a director of JDE Peet's, ContourGlobal plc, LifeTime, Inc., Florida Crystals, the world's largest sugar refiner, Caracol TV, Colombia's leading broadcaster, El Espectador, a leading Colombian Daily, and Cine Colombia, Colombia's leading film distribution and movie theatre company. In the non-profit sector, he is Chair of the Wildlife Conservation Society and Fundacion Mario Santo Domingo. He is also a Member of the Board of Trustees of The Metropolitan Museum of Art, a member of the Board of Channel Thirteen/WNET (PBS), a member of the Board of DKMS, a foundation dedicated to finding donors for leukemia patients, and he is a member of the Board of Fundacion Pies Descalzos. He is a member of Harvard University's Global Advisory Council (GAC) Mr. Santo Domingo is a member of the Board of Trustees of the Mount Sinai Health System.

Ms. Sicupira is a representative of the main shareholders (nominated by BRC S.à.R.L., the holder of the class B Stichting certificates). Born in 1981, she is a Brazilian citizen and is a graduate from the American University of Paris with a bachelor's degree in International Business Administration and of Harvard Business School's Owner/President Management (OPM) program. Ms. Sicupira currently serves on the board of Lojas Americanas S.A (BOVESPA: LAME4), where she is member of the Finance and People Committees, and of Ambev S.A (BOVESPA: ABEV3). She previously served on the board of Restaurant Brands International (NYSE: QSR) and of São Carlos Empreendimentos S.A. (BOVESPA: SCAR3). Ms. Sicupira began her career in 2004 as an analyst within Goldman Sachs' Investment Banking Division covering Latin America. Today she is a director and partner of LTS Investments.

Mr. de Spoelberch is a representative of the main shareholders (nominated by Eugénie Patri Sébastien S.A., the holder of the Class A Stichting certificates). Born in 1966, he is a Belgian citizen and holds an MBA from INSEAD. Mr. de Spoelberch is an active private equity shareholder and his recent activities include shared Chief Executive Officer responsibilities for Lunch Garden, the leading Belgian self-service restaurant chain. He is a member of the board of several family-owned companies, such as Eugénie Patri Sébastien S.A., Verlinvest and Cobehold (Cobepa). He is also an administrator of the Baillet-Latour Fund, a foundation that encourages social, cultural, artistic, technical, sporting, educational and philanthropic achievements.

Mr. Roberto Thompson Motta is a representative of the main shareholders (nominated by BRC S.à.R.L., the holder of the class B Stichting certificates). Born in 1957, he is a Brazilian citizen and received a BS in Mechanical Engineering from Pontifícia Universidade Católica do Rio de Janeiro and an MBA from The Wharton School of the University of Pennsylvania. He is a co-founder and member of the Investment Committee of 3G Capital, a global investment firm headquartered in New York. Mr. Thompson serves on the Board of Directors of AB InBev and has served on the Board of Directors of AmBev S.A. since 2001, Restaurant Brands International since 2013 and StoneCo Ltd since 2018 where he chairs the Finance Committee. He was one of the founding partners of GP Investments Ltd. and a member of its Board of Directors until 2010. Mr. Thompson is a member of The Graduate Executive Board of The Wharton School of the University of Pennsylvania, The International Council of The Metropolitan Museum of Art in New York and a Patron of the Museum of Modern Art of São Paulo.

Mr. Van Damme is a representative of the main shareholders (nominated by Eugénie Patri Sébastien S.A., the holder of the Class A Stichting certificates). Born in 1962, he is a Belgian citizen and graduated from Solvay Business School, Brussels. Mr. Van Damme joined the beer industry early in his career and held various operational positions within Interbrew until 1991, including Head of Corporate Planning and Strategy. He has managed several private venture holding companies and is currently a director of several family-owned companies such as Patri S.A. (Luxembourg). He is a member of the Board of the Kraft Heinz Company.

2.2. Functioning

In 2020, the Board of Anheuser-Busch InBev held 14 meetings. Several of the meetings were dedicated to geographical zones in which the company has operations. On these occasions, the Board was provided with a comprehensive briefing of the relevant geographical zone and market. These briefings included an overview of performance, key challenges facing the market and the steps being taken to address the challenges. Contrary to previous years, the Board has not been able to hold in-person meetings as a result of Covid-19 related risks and travel restrictions.

Other major Board agenda items in 2020 included Covid-19 impact and response, the long-range plan; achievement of targets; sales figures and brand health; reporting and budget; consolidated results; strategic direction; culture and people, including diversity & inclusion and management succession planning; new and ongoing investment; capital market transactions; financial profile; transformation initiatives; external growth and acquisitions; marketing strategy; consumer insights; corporate social responsibility and sustainability; risk management as well as discussions on governance and Board succession planning.

The average attendance rate at Board meetings in 2020 was 97.6%.

In 2020, the Board has been assisted by four Committees: the Audit Committee, the Finance Committee, the Remuneration Committee and the Nomination Committee.

As per the date of this report, the composition of the Committees is as follows:

	Audit Committee	Nomination Committee	Finance Committee	Remuneration Committee
Maria Asuncion Aramburuzabala				
Martin J. Barrington	Member	Member		
Michele Burns	Chair		Member	Member
Sabine Chalmers		Member		
Paul Cornet de Ways Ruart			Member	
Grégoire de Spoelberch			Chair	
Claudio Garcia		Chair		Chair
William F. Gifford			Member	
Paulo Lemann			Member	
Xiaozhi Liu	Member			
Alejandro Santo Domingo			Member	
Elio Leoni Sceti	Member			Member
Cecilia Sicupira		Member		
Roberto Thompson Motta			Member	
Alexandre Van Damme		Member		

AUDIT COMMITTEE

In accordance with the requirements of the Belgian Companies Code, the Audit Committee is composed exclusively of non-executive Board members and at least one of its members qualifies as an independent director under Belgian law. In addition, Ms. Burns has extensive experience in accounting and audit matters. Reference is made to section 2.1 for a short biography and an overview of her qualifications and experience.

A majority of the voting members of the Audit Committee are independent directors as defined in the company's Corporate Governance Charter and all of them are independent as defined in Rule 10A-3(b)(1)(ii) under the US Securities Exchange Act of 1934, as amended.

In 2020, the Audit Committee met eleven times. During its meetings, the Committee reviewed the financial statements of the company, the annual report, half-yearly and quarterly statements, as well as related results announcements. The Committee also considered issues arising from internal audits conducted by the Internal Audit department and the implementation of the company's Compliance Program. Obligations under Sarbanes Oxley, Covid-19 pandemic impact assessments, including on the control environment and goodwill impairment testing, the review of the independence of the external auditor and a quarterly status of significant litigation were some of the other important topics on the agenda of the Committee in 2020. The members of the Committee attended all meetings (100% attendance rate).

FINANCE COMMITTEE

The Finance Committee met ten times in 2020. Committee discussions included treasury updates and overall risk management strategy including but not limited to risks related to commodities, interest rates, currencies and liquidity, hedging policies, the debt profile and capital structure of the group, pensions and dividends. The members of the Committee attended all meetings (100% attendance rate).

NOMINATION COMMITTEE

The Nomination Committee's principal role is to guide the Board succession process. The Committee identifies persons qualified to become Board members and recommends director candidates for nomination by the Board and appointment by the shareholders' meeting.

The Nomination Committee met eight times in 2020. Discussions included the nomination of directors for appointment or renewal, management targets, the global management trainee program and succession planning for key executive functions. The members of the Committee attended all meetings (100% attendance rate).

REMUNERATION COMMITTEE

In accordance with the requirements of the Belgian Companies Code, the Remuneration Committee is composed exclusively of non-executive Board members and a majority of its members, i.e. Ms Michele Burns and Mr Elio Leoni Sceti, qualify as independent directors under Belgian law.

The Remuneration Committee's principal role is to guide the Board on decisions relating to the remuneration policies for the Board, the CEO, the Executive Committee (ExCom) and the Senior Leadership Team (SLT) and on individual remuneration packages of directors, the CEO and members of the ExCom and members of the SLT.

The Remuneration Committee met seven times in 2020. Discussions included achievement of targets, Executive and Board compensation, executive shares, restricted stock units and options schemes, Long Term Incentive grants, new compensation models and special incentives. The members of the Committee attended all meetings (100% attendance rate).

2.3. Evaluation of the Board and its committees

For each financial year, the Board performs an evaluation of its performance at the initiative of the Chairman. The Board discusses the results of this evaluation in executive session in the absence of management. A third party may act as facilitator.

As part of this evaluation process, each director is requested to comment on and evaluate the following topics:

- effectiveness of Board and committee operations (e.g. checking that important issues are suitably prepared and discussed, time available for discussion of important policy matters, checking availability and adequacy of pre-read);
- the qualifications and responsibilities of individual directors (e.g. actual contribution of each director, the director's presence at the meetings and his/her involvement in discussions, impact of changes to the director's other relevant commitments outside the company);
- effectiveness of oversight of management and interaction with management;
- composition and size of the Board and committees. Examples of relevant criteria that are considered include:
    - director independence: an affirmative determination as to the independence in accordance with the independence criteria published in the Corporate Governance Charter.
    - other commitments of directors: the outside Board commitments of each director enhance experience and perspective of directors, but will be reviewed on a case-by-case basis to ensure that each director can devote proper attention to the fulfilment of his oversight responsibilities.
    - disqualifying circumstances: certain circumstances may constitute a disqualification for membership on the Board (e.g. Board membership of a major supplier, customer or competitor of the company, membership of a federal or regional government). Circumstances will be evaluated on a case-by-case basis to ensure that directors are not conflicted.
    - skills and previous contributions: the company expects that all directors prepare for, attend and participate actively and constructively in all meetings; exercise their business judgment in good faith; focus their efforts on ensuring that the company's business is conducted so as to further the interests of the shareholders; and become and remain well informed about the company, relevant business and economic trends and about the principles and practices of sound Corporate Governance.

Following review and discussion of the responses, the Chairman of the Board may table proposals to enhance the performance or effectiveness of the functioning of the Board. Advice can be requested from a third-party expert.

The evaluation of the Audit Committee is a re-occurring agenda item for the Committee and is performed about once a year. This evaluation is discussed at a Committee meeting and includes assessment of its planning going forward, the appropriateness of the time allocated to its various areas of responsibility, its composition and any areas for improvement. Any major action points resulting therefrom are reported to the Board.

2.4. Certain transactions and other contractual relationships

There are no transactions or other contractual relationships to be reported between the company and its Board members that gave rise to conflicting interests as defined in the Belgian Companies code.

The company is prohibited from making loans to directors, whether for the purpose of exercising options or for any other purpose.

3. Chief Executive Officer and Executive Management

The Chief Executive Officer (CEO) is entrusted by the Board with responsibility for the day-to-day management of the company. The CEO has direct operational responsibility for the entire company. The CEO leads an Executive Committee (ExCom) which comprises the CEO, the Chief Financial Officer, the Chief Strategy and Technology Officer and the Chief Legal & Corporate Affairs Officer.

The ExCom was established with effect as from 1 January 2019 and is the successor to the former Executive Board of Management. It reports to the CEO and works with the Board on matters such as corporate governance, general management of our company and the implementation of corporate strategy as defined by our Board. The ExCom performs such other duties as may be assigned to it from time to time by the CEO or the Board.

As per 1 January 2021, our Executive Committee consisted of the following members:

Carlos Brito	CEO	David Almeida	Chief Strategy and Technology Officer
Fernando Tennenbaum	Chief Financial Officer	John Blood	Chief Legal & Corporate Affairs Officer and Corporate Secretary

(1) Felipe Dutra, former Chief Financial & Technology Officer, was a member of the ExCom until 29 April 2020.
(2) Fernando Tennenbaum, Chief Financial Officer, became a member of the ExCom on 29 April 2020.

4. Senior Leadership Team

The Senior Leadership Team (SLT) was established with effect as from 1 January 2019. The SLT reports to the Chief Executive Officer and consists of the members of the ExCom, all other functional Chiefs and Zone Presidents, including the Chief Executive Officer of Ambev and the Chief Executive Officer of Bud APAC, who report into the Board of Directors of Ambev and Bud APAC respectively.

The SLT has an advisory role to the Board and the ExCom and drives the commercial and operational agenda, reflecting the strategy set out by the Board. In addition, the SLT performs such duties as may be assigned to it from time to time by the CEO, ExCom or the Board.

As per 1 January 2021, our Senior Leadership Team consisted of the following members:

Carlos Brito – CEO

Members of the ExCom (other than the CEO)	
David Almeida	Chief Strategy and Technology Officer
John Blood	Chief Legal & Corporate Affairs Officer and Corporate Secretary
Fernando Tennenbaum	Chief Financial Officer

Other Functional Chiefs	
Katherine M. Barrett	General Counsel
Pedro Earp	Chief Marketing & ZX Ventures Officer
Lucas Herscovici	Chief Sales Officer
Nelson Jamel	Chief People Officer
Peter Kraemer	Chief Supply Officer
Tony Milikin	Chief Procurement, Sustainability & Circular Ventures Officer
Pablo Panizza	Chief Direct to Consumer Officer
Ricardo Tadeu	Chief B2B Officer

Zone presidents	
Jan Craps	Asia Pacific (APAC)
Michel Doukeris	North America
Jean Jereissati	South America
Carlos Lisboa	Middle Americas
Ricardo Moreira	Africa
Jason Warner	Europe

Carlos Brito is AB InBev's CEO. Born in 1960, he is a Brazilian citizen and received a Degree in Mechanical Engineering from the Universidade Federal do Rio de Janeiro and an MBA from Stanford University Graduate School of Business. Mr. Brito joined Ambev in 1989 where he held roles in Finance, Operations, and Sales, before being appointed Chief Executive Officer in January 2004. He was appointed Zone President North America at InBev in January 2005 and Chief Executive Officer in December 2005. He is a member of the board of directors of Ambev. He is also an Advisory Council Member of the Stanford Graduate School of Business and serves on the Advisory Board of the Tsinghua University School of Economics and Management.

David Almeida is AB InBev's Chief Strategy and Technology Officer since 29 April 2020. Born in 1976, Mr. Almeida is a dual citizen of the U.S. and Brazil and holds a Bachelor's Degree in Economics from the University of Pennsylvania. Most recently, he served as Chief Strategy and Transformation Officer and before that as Chief Integration Officer and Chief Sales Officer ad interim having previously held the positions of Vice President, U.S. Sales and of Vice President, Finance for the North American organization. Prior to that, he served as InBev's head of mergers and acquisitions, where he led the combination with Anheuser-Busch in 2008 and subsequent integration activities in the U.S. Before joining the group in 1998, he worked at Salomon Brothers in New York as a financial analyst in the Investment Banking division.

Katherine Barrett is AB InBev's General Counsel. Born in 1970, Ms. Barrett is a U.S. citizen and holds a bachelor's degree in Business Administration from Saint Louis University and a Juris Doctorate degree from the University of Arizona. Ms. Barrett joined Anheuser-Busch in 2000 as a litigation attorney in the Legal Department. She most recently served as Vice President, U.S. General Counsel & Labor Relations, where she was responsible for overseeing all legal issues in the U.S. including commercial, litigation and regulatory matters and labor relations. Prior to joining the company, Ms. Barrett worked in private practice at law firms in Nevada and Missouri.

John Blood is AB InBev's Chief Legal & Corporate Affairs Officer and Company Secretary. Born in 1967, Mr. Blood is a U.S. citizen and holds a bachelor's degree from Amherst College and a JD degree from the University of Michigan Law School. Mr. Blood joined AB InBev in 2009 as Vice President Legal, Commercial and M&A. Most recently Mr. Blood was AB InBev's General Counsel. Prior to the latter role, he was Zone Vice President Legal & Corporate Affairs in North America where he has led the legal and corporate affairs agenda for the United States and Canada. Prior to joining the company, Mr. Blood worked on the legal team in Diageo's North American business and was in private practice at a law firm in New York City before that.

Jan Craps is AB InBev's Zone President Asia Pacific since 1 January 2019 and CEO and Co-Chair of Budweiser Brewing Company APAC since 8 May 2019. Born in 1977, Mr. Craps is a Belgian citizen and obtained a Degree in Business Engineering from KU Brussels and a Master's Degree in Business Engineering from KU Leuven, Belgium. Mr. Craps was an associate consultant with McKinsey & Company before joining Interbrew in 2002. He acquired a range of international experiences in a number of senior marketing, sales and logistics executive positions in France and Belgium. In 2011, he relocated to Canada where he was appointed Head of Sales for Canada followed by his appointment as President and CEO of Labatt Breweries of Canada in 2014. Until 31 December 2018, he held the position of Zone President Asia Pacific South.

Michel Doukeris is AB InBev's Zone President North America since 1 January 2018. Born in 1973, he is a Brazilian citizen and holds a Degree in Chemical Engineering from Federal University of Santa Catarina in Brazil and a Master's Degree in Marketing from Fundação Getulio Vargas, also in Brazil. He has also completed post-graduate programs in Marketing and Marketing Strategy from the Kellogg School of Management and Wharton Business School in the United States. Mr. Doukeris joined AB InBev in 1996 and held a number of commercial operations roles in Latin America before moving to Asia where he led AB InBev's China and Asia Pacific operations for seven years. In 2016 he moved to the U.S. to assume the position of global Chief Sales Officer. In January 2018 he assumed leadership of Anheuser-Busch and the North American business.

Pedro Earp is AB InBev's Chief Marketing & ZX Ventures Officer since 1 January 2019. Born in 1977, he is a Brazilian citizen and holds a Bachelor of Science degree in Economics from the London School of Economics. Mr. Earp joined Ambev in 2000 as a Global Management Trainee in the Latin America North Zone. In 2002, he became responsible for the Zone's M&A team and in 2005 he moved to InBev's global headquarters in Leuven, Belgium to become Global Director, M&A. Later, he was appointed Vice President, Strategic Planning in Canada in 2006, Global Vice President, Insights and Innovation in 2007, Global Vice President, M&A in 2009 and Vice President, Marketing for the Latin America North Zone in 2013. He was appointed Chief Disruptive Growth (now ZX Ventures) Officer of AB InBev in February 2015.

Lucas Herscovici is AB InBev's Chief Sales Officer since August 2020. Born in 1977, he is an Argentinean citizen and received a Degree in Industrial Engineering from Instituto Tecnológico de Buenos Aires. Lucas joined the group in 2002 as a Global Management Trainee in Latin America South Zone and has built his career in Marketing and Sales. After working in Argentina in several commercial roles, he became head of innovation for global brands and later Global Marketing Director of Stella Artois in 2008. In 2011 he was responsible for opening the "Beer Garage", AB InBev's Global digital innovation office, based out of Palo Alto, California. In 2012, he joined the North America Zone to become VP Digital Marketing and in 2014 he was appointed VP Consumer Connections for USA. In 2017, he was appointed Global Marketing VP of Insights, Innovation and Consumer Connections and held such role until 31 December 2018. He most recently served as Chief Non-Alcohol Officer until August 2020.

Nelson Jamel is AB InBev's Chief People Officer since 29 April 2020. Born in 1972, Nelson is a Brazilian citizen and holds a bachelor's and master's degree in industrial engineering from the Universidade Federal do Rio de Janeiro. His more than 20-year journey with AB InBev has taken him from leading finance roles in Brazil to the Dominican Republic, through Western Europe and North America. He most recently served as the Vice President of Finance and Technology for the North America Zone.

Jean Jereissati Neto is AB InBev's Zone President South America and CEO of Ambev. Born in 1974, he is a Brazilian citizen and received a Degree in Business Administration from Fundação Getúlio Vargas (FGV) and an Executive Education at Insead and Wharton. Mr. Jereissati joined Ambev in 1998 and held various positions in Sales and Trade Marketing prior to becoming CEO of Cerveceria Nacional Dominicana, in 2013, making a successful integration with CND. In 2015, he joined Asia and Pacific North Zone to become Business Unit President for China and in 2017 he was appointed Zone President of the Zone, leading one of the most complex and fast-growing business. Most recently, Mr Jereissati held the role of Business Unit President for Brazil.

Peter Kraemer is AB InBev's Chief Supply Officer. Born in 1965, he is a U.S. citizen. A fifth-generation Brewmaster and native of St. Louis, Mr. Kraemer holds a Bachelor's degree in Chemical Engineering from Purdue University and a Master's degree in Business Administration from St. Louis University. He joined Anheuser-Busch 32 years ago and has held various brewing positions over the years, including Group Director of Brewing and Resident Brewmaster of the St. Louis brewery. In 2008, Mr. Kraemer became Vice President, Supply, for AB InBev's North America Zone, leading all brewery operations, quality assurance, raw materials and product innovation responsibilities. He was appointed Chief Supply Officer of AB InBev in March 2016.

Carlos Lisboa is AB InBev's Zone President Middle Americas since 1 January 2019. Born in 1969, Mr. Lisboa is a Brazilian citizen and received a Degree in Business Administration from the Catholic University of Pernambuco and a Marketing specialization from FESP, both in Brazil. Mr. Lisboa joined Ambev in 1993 and has built his career in Marketing and Sales. He was responsible for building the Skol brand in Brazil in 2001 and after that became Marketing Vice President for AB InBev's Latin American North Zone. Mr. Lisboa then led the International Business Unit in AB InBev's Latin America South Zone for two years prior to becoming Business Unit President for Canada. In 2015, he was appointed Marketing Vice President for AB InBev's Global Brands. Most recently, Mr. Lisboa held the role of Zone President Latin America South until 31 December 2018.

Tony Milikin is AB InBev's Chief Procurement, Sustainability and Circular Ventures Officer. Mr. Milikin joined AB InBev in May, 2009 and is globally responsible for Procurement, Sustainability and Value Creation. Born in 1961, Mr. Milikin is a U.S. citizen. He is responsible for $35B+ in purchases and working capital annually. AB InBev's Value Creation uses circular economy opportunities to create businesses from our waste and underutilized assets. Mr. Milikin holds an undergraduate Finance Degree from the University of Florida and an MBA from Texas Christian University. Mr. Milikin joined AB InBev from MWV, where he was Senior Vice President, Supply Chain and Chief Purchasing Officer. Prior to joining MWV, he held various purchasing, transportation and supply positions with increasing responsibilities at Monsanto and Alcon Laboratories.

Ricardo Moreira is AB InBev's Zone President Africa since 1 January 2019. Born in 1971, he is a Portuguese citizen and received a Degree in Mechanical Engineering from Rio de Janeiro Federal University in Brazil and a specialization in Management from University of Chicago in the U.S. Mr. Moreira joined Ambev in 1995 and held various positions in the Sales and Finance organizations prior to becoming Regional Sales Director in 2001. He subsequently held positions as Vice President Logistics & Procurement for Latin America North, Business Unit President for Hispanic Latin America (HILA) and Vice President Soft Drinks Latin America North. In 2013, Mr. Moreira moved to Mexico to head AB InBev's Sales, Marketing and Distribution organizations and lead the commercial integration of Grupo Modelo. Most recently, Mr. Moreira held the role of Zone President Latin America COPEC until 31 December 2018.

Pablo Panizza is AB InBev's Chief Direct to Consumer Officer since 1 January 2019. Born in 1975, he is an Argentinean citizen and holds a degree in Industrial Engineering from Universidad de Buenos Aires. Mr. Panizza manages our Direct to Consumer business, coordinating cross-market initiatives, sharing best practices and shaping its strategy. He joined our company in 2000 as a Global Management Trainee in South America Zone and has spent almost two decades developing a career in the commercial area. After holding senior roles in Argentina and Global Headquarters, he led our business in Chile and Paraguay. He most recently served as Business Unit President for Argentina and Uruguay.

Ricardo Tadeu is AB InBev's Chief B2B Officer since 1 July 2020. Born in 1976, he is a Brazilian citizen, and received a law degree from the Universidade Cândido Mendes in Brazil and a Master of Laws from Harvard Law School in Cambridge, Massachusetts. He is also Six Sigma Black Belt certified. He joined Ambev in 1995 and has held various roles across the Commercial area. He was appointed Business Unit President for the operations in Hispanic Latin America in 2005, and served as Business Unit President, Brazil from 2008 to 2012. He served as Zone President, Mexico from 2013 until his appointment as Zone President Africa upon completion of the Combination in 2016. Mr. Tadeu most recently served as Chief Sales Officer and before that he held the role as Zone President Africa until 31 December 2018.

Fernando Tennenbaum is AB InBev's Chief Financial Officer since 29 April 2020. Born in 1977, Fernando is a dual citizen of Brazil and Germany and holds a degree in industrial engineering from Escola Politécnica da Universidade de São Paulo and a corporate MBA from Ambev. He joined the company in 2004, and has held various roles in the finance function (including Treasury, Investor Relations and M&A). He most recently served as the Vice President of Finance (South America Zone) and Chief Financial and Investor Relations Officer of Ambev S.A.

Jason Warner is AB InBev's Zone President Europe since 1 January 2019. Born in 1973, he is a dual British and U.S. citizen and received a BSc Eng Hons Industrial Business Studies degree from DeMontfort University in the United Kingdom. Prior to his current role, he was Business Unit President for North Europe between 2015 and 2018. He joined AB InBev in July 2009 as Global VP Budweiser, based in New York, before moving into a dual role of Global VP Budweiser and Marketing VP. He has also held Global VP roles for Corona as well as Innovation and Renovation. Prior to joining AB InBev, he held various positions at The Coca-Cola Company and Nestlé.

5. Internal Control and Risk Management Systems

The Board of Directors and the ExCom, assisted by the SLT, were responsible for establishing and maintaining adequate internal controls and risk management systems during the reporting period. 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 to be within its risk appetite.

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's major risk factors and uncertainties are described in the Risks and Uncertainties section of the Management report in AB InBev's annual report.

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 2013 and its risk management system is based on COSO's Enterprise Risk Management Framework of 2017.

5.1 Financial reporting

The ExCom, assisted by the SLT, was responsible for establishing and maintaining adequate internal controls over financial reporting during the reporting period. The company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with International Financial Reporting Standards (IFRS). Internal controls over financial reporting include those written policies and procedures that:

- pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of company assets;
- provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with IFRS;
- provide reasonable assurance that receipts and expenditures are being made only in accordance with authorization of management and directors of the company; and
- provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of assets that could have a material effect on the consolidated financial statements.

Internal control over financial reporting includes the assessment of the relevant risks, the identification and monitoring of key controls and actions taken to correct deficiencies as identified. Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Senior management assessed the effectiveness of the company's internal control over financial reporting as of 31 December 2020. As indicated above, management based this assessment on criteria for effective internal control over financial reporting described in "*Internal Control — Integrated Framework*" issued by COSO in May 2013. The assessment included an evaluation of the design of the company's internal control over financial reporting and testing of its operational effectiveness. Based on this assessment, it was determined that, as of 31 December 2020, the company maintained effective internal control over financial reporting.

The Board of Directors and the Audit Committee reviewed management's assessment. The review related among other things to ensuring that there are no significant deficiencies or material weaknesses in the design or operation of internal controls over financial reporting which are reasonably likely to adversely affect the company's ability to record, process, summarize and report financial information, and to the existence of any fraud, whether or not material, that involves management or other employees who have a significant role in the company's internal control over financial reporting.

In addition, as a result of the listing of Anheuser-Busch InBev on the New York Stock Exchange, the company must adhere to Section 404 of the US Sarbanes-Oxley Act of 2002. As a consequence, the company is required to provide on a yearly basis a management report on the effectiveness of the company's internal control over financial reporting, as described in the Section and the rules implementing such act. Management's report and the Statutory Auditor's related opinion regarding the relevant financial year, will be included in the company's Annual Report on Form 20-F for such year, which is required to be filed with the US Securities and Exchange Commission.

5.2 Internal Audit

The company has a professional and independent internal audit (risk management) department. The appointment of the Head of internal audit is reviewed by the Audit Committee. The Audit Committee reviews internal audit's risk assessment and annual audit plan and regularly receives internal audit reports for review and discussion.

Internal control deficiencies identified by internal audit are communicated in a timely manner to management and periodic follow-up is performed to ensure corrective action has been taken.

5.3 Compliance

AB InBev has an Ethics & Compliance Program which fosters a culture of ethics, integrity and lawful behavior. This program includes a Code of Business Conduct and the Anti-Corruption Policy, which are available on the company's website and intranet. The Ethics & Compliance Program further ensures compliance with applicable laws and regulations and the completion of a periodic certification by management of compliance with the Code of Business Conduct.

A set of internal controls and a data analytics tool have been implemented and are periodically assessed at the Global and Local Compliance Committees and the Audit Committee.

The Global Ethics & Compliance Committee, chaired by the company's Global Vice President, Ethics & Compliance, assesses regulatory and ethical compliance risks for the company from a global perspective and provides strategic direction for the activities of the compliance function. On a quarterly basis, the Global Ethics & Compliance Committee reviews the operation of the Compliance Program and follows-up on reports submitted through the company's Compliance Helpline (whistle-blowing platform). In addition to the Global Ethics & Compliance Committee, each Zone has its own Local Ethics & Compliance Committee, which addresses local compliance matters.

The Audit Committee reviews the operation of the Ethics & Compliance Program and the results of any compliance reviews or reports submitted through the company's global Compliance Helpline. On a regular basis, the Audit Committee also reviews the significant legal, compliance and regulatory matters that may have a material effect on the financial statements or the company's business, including material notices to or inquiries received from governmental agencies. In addition, the Board of Directors dedicated time in 2020 to a review of the company's compliance function and programs.

6. Shareholders' structure

6.1. Shareholders' structure

The following table shows the shareholders' structure of Anheuser-Busch InBev as at 31 December 2020 based on (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 the company, (ii) notifications made by such shareholders to the company on a voluntary basis prior to 20 December 2020 for the purpose of updating the above information, (iii) notifications received by the company 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 with the US Securities and Exchange Commission.

Major shareholders	Number of Shares	% of voting rights (1)
Holders of Ordinary Shares		
1. **Stichting Anheuser-Busch InBev**, a stichting incorporated under Dutch law (the "**Reference Shareholder**")	663,074,832	33.62%
2. **EPS Participations Sàrl**, a company incorporated under Luxembourg law, affiliated to EPS, its parent company	130,605,654	6.62%
3. **EPS SA**, a company incorporated under Luxembourg law, affiliated to the Reference Shareholder that it jointly controls with BRC	99,999	0.01%
4. **BRC Sàrl**, a company incorporated under Luxembourg law, affiliated to the Reference Shareholder that it jointly controls with EPS	39,746,403	2.02%
5. **Rayvax Société d'Investissements SA**, a company incorporated under Belgian law	24,158	0.00%
6. **Sébastien Holding SA**, a company incorporated under Belgian law, affiliated to Rayvax, its parent company	10	0.00%
7. **Fonds Verhelst SRL,** a company with a social purpose incorporated under Belgian law	0	0.00%
8. **Fonds Voorzitter Verhelst SRL**, a company with a social purpose incorporated under Belgian law, affiliated to Fonds Verhelst SRL with social purpose, that controls it	6,997,665	0.35%
9. **Stichting Fonds InBev-Baillet Latour**, a stichting incorporated under Dutch law	0	0.00%
10. **Fonds Baillet Latour SC**, a company incorporated under Belgian law, affiliated to Stichting Fonds InBev-Baillet Latour under Dutch law, that controls it	5,485,415	0.28%
11. **MHT Benefit Holding Company Ltd**, a company incorporated under the law of the Bahamas, acting in concert with Marcel Herrmann Telles within the meaning of Article 3, §2 of the Takeover Law	0	0.00%
12. **LTS Trading Company LLC**, a company incorporated under Delaware law, acting in concert with Marcel Herrmann Telles, Jorge Paulo Lemann and Carlos Alberto Sicupira within the meaning of Article 3, §2 of the Takeover Law	4,468	0.00%
13. **Olia 2 AG**, a company incorporated under Liechtenstein law, acting in concert with Jorge Paulo Lemann within the meaning of Article 3, §2 of the Takeover Law	259,000	0.01%
Holders of Restricted Shares		
1. Altria Group Inc. (2)	185,115,417	9.39%
2. Bevco Lux Sàrl(3)	96,862,718	4.91%

(1) Holding percentages are calculated on the basis of the total number of shares in issue, excluding treasury shares (1,972,249,307). As at 31 December 2020, there were 2,019,241,973 shares in issue including 46,992,567 ordinary shares held in treasury by AB InBev and certain of its subsidiaries.

(2) In addition to the Restricted Shares listed above, Altria Group Inc. announced in its Schedule 13D beneficial ownership report on 11 October 2016 that, following completion of the business combination with SAB, it purchased 11,941,937 Ordinary Shares in the company. Finally, Altria further increased its position of Ordinary Shares in the company to 12,341,937, as disclosed in the Schedule 13D beneficial ownership report filed by Stichting dated 1 November 2016, implying an aggregate ownership of 10.01% based on the number of shares with voting rights as at 31 December 2020.

(3) In addition to the Restricted Shares listed above, Bevco Lux Sàrl announced in a notification made on 17 January 2017 in accordance with the Belgian law of 2 May 2007 on the notification of significant shareholdings, that it purchased 4,215,794 Ordinary Shares in the company. BEVCO Lux Sàrl disclosed to us that it increased its position of Ordinary Shares in the company to an aggregate of 6,000,000 Ordinary Shares, resulting in an aggregate ownership of 5.22% based on the number of shares with voting rights as at 31 December 2020.

The first thirteen entities mentioned in the table act in concert (it being understood that (i) the first ten entities act in concert within the meaning of article 3, §1, 13° of the Belgian law of 2 May 2007 on the disclosure of significant shareholdings in issuers whose securities are admitted to trading on a regulated market and containing various provisions, implementing into Belgian law Directive 2004/109/CE, and (ii) the eleventh, twelfth and thirteenth entities act in concert with the first ten entities within the meaning of article 3, §2 of the Belgian law of 1 April 2007 on public takeover bids) and hold, as per (i) the most recent notifications received by AB InBev and the FSMA in accordance with (a) article 6 of the Belgian law of 2 May 2007 on the notification of significant shareholdings or (b) Regulation (EU) No 596/2014 of the European Parliament and of the Council of 16 April 2014, and (ii) notifications to the company made on a voluntary basis prior to 20 December 2020, in aggregate, 846,297,604 Ordinary Shares, representing 42.91% of the voting rights attached to the shares outstanding as of 31 December 2020 excluding treasury shares.

6.2. Shareholders' arrangements

Stichting Anheuser-Busch InBev (the Reference Shareholder) has entered into shareholders' agreements with (a) BRC, EPS, EPS Participations, Rayvax Société d'Investissements SA (Rayvax), (b) Fonds Baillet Latour SC and Fonds Voorzitter Verhelst SRL with a social purpose, and (c) the largest holders of restricted shares in the company (the Restricted Shareholders).

A. REFERENCE SHAREHOLDER'S AGREEMENT

In connection with the combination of Interbrew with Ambev in 2004, BRC, EPS, Rayvax and the Reference Shareholder entered into a shareholders' agreement on 2 March 2004 which provided for BRC and EPS to hold their interests in the old Anheuser-Busch InBev through the Reference Shareholder (except for approximately 131 million shares held directly or indirectly by EPS and approximately 40 million shares held directly by BRC based on the most recent shareholding disclosure received by the company). The shareholders' agreement was amended and restated on 9 September 2009. On 18 December 2013, EPS contributed to EPS Participations its certificates in the Reference Shareholder and the shares it held in the old Anheuser-Busch InBev except for 100,000 shares. Immediately thereafter, EPS Participations joined the concert constituted by BRC, EPS, Rayvax and the Reference Shareholder and adhered to the shareholders' agreement. On 18 December 2014, the Reference Shareholder, EPS, EPS Participations, BRC and Rayvax entered into a new shareholders' agreement that replaced the previous shareholders' agreement of 2009. On 11 April 2016, the parties thereto entered into an amended and restated new shareholders' agreement (the 2016 Shareholders' Agreement).

The 2016 Shareholders' Agreement addresses, among other things, certain matters relating to the governance and management of both AB InBev and the Reference Shareholder, as well as (i) the transfer of the Reference Shareholder certificates, and (ii) the de-certification and re-certification process for the company's shares (the Shares) and the circumstances in which the Shares held by the Reference Shareholder may be de-certified and/or pledged at the request of BRC, EPS and EPS Participations.

The 2016 Shareholders' Agreement provides for restrictions on the ability of BRC and EPS/EPS Participations to transfer their Reference Shareholder certificates.

Pursuant to the terms of the 2016 Shareholders' Agreement, BRC and EPS/EPS Participations jointly and equally exercise control over the Reference Shareholder and the Shares held by the Reference Shareholder. The Reference Shareholder is managed by an eight-member board of directors and each of BRC and EPS/EPS Participations have the right to appoint four directors to the Reference Shareholder board of directors. Subject to certain exceptions, at least seven of the eight Reference Shareholder directors must be present or represented in order to constitute a quorum of the Reference Shareholder board, and any action to be taken by the Reference Shareholder board of directors will, subject to certain qualified majority conditions, require the approval of a majority of the directors present or represented, including at least two directors appointed by BRC and two directors appointed by EPS/EPS Participations. Subject to certain exceptions, all decisions of the Reference Shareholder with respect to the Shares it holds, including how such Shares will be voted at shareholders' meetings of AB InBev (Shareholders' Meetings), will be made by the Reference Shareholder board of directors.

The 2016 Shareholders' Agreement requires the Reference Shareholder board of directors to meet prior to each shareholders' meeting to determine how the Shares held by the Reference Shareholder are to be voted.

The 2016 Shareholders' Agreement requires EPS, EPS Participations, BRC and Rayvax, as well as any other holder of certificates issued by the Reference Shareholder, to vote their Shares in the same manner as the Shares held by the Reference Shareholder. The parties agree to effect any free transfers of their Shares in an orderly manner of disposal that does not disrupt the market for the Shares and in accordance with any conditions established by the company to ensure such orderly disposal. In addition, under the 2016 Shareholders' Agreement, EPS, EPS Participations and BRC agree not to acquire any shares of Ambev's capital stock, subject to limited exceptions.

Pursuant to the 2016 Shareholders' Agreement, the Reference Shareholder board of directors will propose to the shareholders' meeting nine candidates for appointment to the Board, among which each of BRC and EPS/EPS Participations will have the right to nominate four candidates, and one candidate will be nominated by the Reference Shareholder board of directors.

The 2016 Shareholders' Agreement will remain in effect for an initial term until 27 August 2034. It will be automatically renewed for successive terms of ten years each unless, not later than two years prior to the expiration of the initial or any successive ten-year term, either party to the 2016 Shareholders' Agreement notifies the other of its intention to terminate the 2016 Shareholders' Agreement.

B. VOTING AGREEMENT BETWEEN THE REFERENCE SHAREHOLDER AND THE FOUNDATIONS

In addition, the Reference Shareholder has entered into a voting agreement with Fonds Baillet Latour SRL with a social purpose (now Fonds Baillet Latour SC) and Fonds Voorzitter Verhelst SRL with a social purpose. This agreement provides for consultations between the three bodies before any shareholders' meetings to decide how they will exercise the voting rights attached to their Shares. Consensus is required for all items that are submitted to the approval of any shareholders' meetings. If the parties fail to reach a consensus, Fonds Baillet Latour SC and Fonds Voorzitter Verhelst SRL with a social purpose will vote their Shares in the same manner as the Reference Shareholder. The voting agreement is valid until 1 November 2034.

C. VOTING AGREEMENT BETWEEN THE REFERENCE SHAREHOLDER AND RESTRICTED SHAREHOLDERS

On 8 October 2016, the Reference Shareholder and each holder of restricted shares (such holders being the Restricted Shareholders) holding more than 1% of the company's total share capital, being Altria Group Inc. and Bevco LTD, have entered into a voting agreement, to which the company is also a party, under which notably:

- the Reference Shareholder is required to exercise the voting rights attached to its Ordinary Shares to give effect to the directors' appointment principles set out in articles 19 and 20 of the Articles of Association of the company;
- each Restricted Shareholder is required to exercise the voting rights attached to its Ordinary Shares and Restricted Shares, as applicable, to give effect to the directors' appointment principles set out in articles 19 and 20 of the Articles of Association; and
- each Restricted Shareholder is required not to exercise the voting rights attached to its Ordinary Shares and Restricted Shares, as applicable, in favour of any resolutions which would be proposed to modify the rights attached to Restricted Shares, unless such resolution has been approved by a qualified majority of the holders of at least 75% of the Restricted Shareholder Voting Shares (as defined in the Articles of Association).

7. Items to be disclosed pursuant to Article 34 of the Belgian Royal Decree of 14 November 2007

According to article 34 of the Belgian Royal Decree of 14 November 2007, Anheuser-Busch InBev hereby discloses the following items:

7.1. Capital structure and authorizations granted to the Board

The company's share capital is divided in two categories of shares: all shares are ordinary shares (the Ordinary Shares), except for 325,999,817 restricted shares (the Restricted Shares). Ordinary shares and Restricted Shares have the same rights except as set out in the Articles of Association. Restricted Shares shall always be in registered form and shall not be listed or admitted to trading on any stock market. Ordinary Shares represent 83.36 % of the capital while Restricted Shares represent 16.64% of the capital.

Anheuser-Busch InBev may increase or decrease its share capital with the specific approval of a shareholders' meeting. The shareholders may also authorize the Board of Directors to increase the share capital. Such authorization must be limited in time and amount. In either case, the shareholders' approval or authorization must satisfy the quorum and majority requirements applicable to amendments to the Articles of Association. At the annual shareholders' meeting of 26 April 2017, the shareholders authorized the Board of Directors to increase the share capital of AB InBev to an amount not to exceed 3% of the total number of shares issued and outstanding on 26 April 2017 (i.e. 2,019,241,973). This authorization has been granted for five years. It can be used for several purposes, including when the sound management of the company's business or the need to react to appropriate business opportunities calls for a restructuring, an acquisition (whether private or public) of securities or assets in one or more companies or, generally, any other appropriate increase of the company's capital.

AB InBev's Board of Directors has been authorized by the shareholders' meeting to acquire, on or outside the stock exchange, AB InBev shares up to maximum 20% of the issued shares for a unitary price which will not be lower than 1 Euro and not higher than 20% above the highest closing price in the last 20 trading days preceding the transaction. This authorization is valid for 5 years from 28 September 2016. In anticipation to the expiration of the share buyback authorization on 28 September 2021, the Board of Directors intends to propose to the upcoming annual shareholders' meeting to be held on 28 April 2021 to renew such authorization for a period of 5 years.

7.2. Voting rights and transferability of shares and shareholders' arrangements

VOTING RIGHTS, QUORUM AND MAJORITY REQUIREMENTS

Each share entitles the holder to one vote. In accordance with article 7:217, §1 and article 7:224 of the Belgian Companies Code, the voting rights attached to shares held by Anheuser-Busch InBev and its subsidiaries are suspended.

Generally, there is no quorum requirement for a shareholders' meeting and decisions will be taken by a simple majority vote of shares present or represented. However, certain matters will require a larger majority and/or a quorum. These include the following:

i. any amendment to the Articles of Association (except the amendments to the corporate purpose or the transformation of the legal form of the company), including inter alia, reductions or increases of the share capital of the company (except for capital increases decided by the Board pursuant to the authorized capital) or any resolution relating to a merger or demerger of the company require the presence in person or by proxy of shareholders holding an aggregate of at least 50% of the issued share capital, and the approval of a qualified majority of at least 75% of the votes cast at the meeting (without taking abstentions into account);

ii. any authorization to repurchase of Shares requires a quorum of shareholders holding an aggregate of at least 50% of the share capital and approval by a qualified majority of at least 75% of the votes cast at the meeting (without taking abstentions into account);

iii. any modification of the purpose of the company requires a quorum of shareholders holding an aggregate of at least 50% of the share capital and approval by a qualified majority of at least 80% of the votes cast at the meeting (without taking abstentions into account);

iv. resolutions relating to the modification of the rights attached to a particular class of shares will require the presence in person or by proxy of shareholders holding an aggregate of at least 50% of the issued share capital in each class of shares and the approval of a qualified majority of at least 75% of the votes cast at the meeting (without taking abstentions into account) in each class of shares, (in each of the cases (i), (ii), (iii) and (iv), if a quorum is not present, a second meeting must be convened. At the second meeting, the quorum requirement does not apply. However, the qualified majority requirement of 75% or 80%, as the case may be, continues to apply); and

v. any acquisition or disposal of tangible assets by the company for an amount higher than the value of one third of the company's consolidated total assets as reported in its most recent audited consolidated financial statements requires the approval of a qualified majority of at least 75% of the votes cast at the meeting (without taking abstentions into account), but there is no minimum quorum requirement.

As an additional rule, in the event of (i) a contribution in kind to the company with assets owned by any person or entity which is required to file a transparency declaration pursuant to applicable Belgian law or a subsidiary (within the meaning of article 1:15 of the Belgian Companies Code) of such person or entity, or (ii) a merger of the company with such a person or entity or a subsidiary of such person or entity, then such person or entity and its subsidiaries shall not be entitled to vote on the resolution submitted to the shareholders' meeting to approve such contribution in kind or merger.

TRANSFERABILITY OF SHARES

Ordinary Shares are freely transferable.

As far as Restricted Shares are concerned, no Restricted Shareholder is able, in each case directly or indirectly, to transfer, sell, contribute, offer, grant any option on, otherwise dispose of, pledge, charge, assign, mortgage, grant any lien or any security interest on, enter into any certification or depository arrangement or enter into any form of hedging arrangement with respect to, any of its Restricted Shares or any interests therein or any rights relating thereto, or enter into any contract or other agreement to do any of the foregoing, for a period of five years from 10 October 2016, except in the specific instances set out in the Articles of Association in connection with transactions with Affiliates and Successors or in relation with Pledges. Each of the terms Affiliates, Successors and Pledge is defined in the Articles of Association.

CONVERSION

Voluntary conversion

Each Restricted Shareholder will have the right to convert all or part of its holding of Restricted Shares into Ordinary Shares at its election (i) at any time after 10 October 2021, and (ii) in some limited other instances, including immediately prior to, but then solely for the purpose of facilitating, or at any time after entering into an agreement or arrangement to effect any permitted transfer, as set out in article 7.3.b (ii) of the Articles of Association of the company.

Automatic conversion

The Restricted Shares shall automatically convert into Ordinary Shares in the situations set out in article 7.6. of the Articles of Association, i.e.:

i. upon any transfer, sale, contribution or other disposal, except as set out in article 7.6 (a) of the Articles of Association in connection with transactions with Affiliates and Successors or in relation with Pledges;

ii. immediately prior to the closing of a successful public takeover bid for all shares of the company or the completion of a merger of Anheuser-Busch InBev as acquiring or disappearing company, in circumstances where the shareholders directly or indirectly, controlling or exercising directly or indirectly joint control over AB InBev immediately prior to such takeover bid or merger will not directly or indirectly control, or exercise joint control over, AB InBev or the surviving entity following such takeover bid or merger; or

iii. upon the announcement of a squeeze-out bid for the outstanding shares of the company, in accordance with article 7:82 of the Belgian Companies Code.

SHAREHOLDERS ARRANGEMENTS

Please refer to section 6.2 above.

7.3. Significant agreements or securities of Anheuser-Busch InBev that may be impacted by a change of control on the company

1. REVOLVING CREDIT AND SWINGLINE FACILITIES AGREEMENT

The company entered, on 16 February 2021, into an Amendment and Restatement Agreement in respect of its existing Revolving Credit and Swingline Facilities Agreement originally dated 26 February 2010, as amended from time to time and for the last time pursuant to an Amendment Letter dated 27 October 2015 (the "Original Facilities Agreement" and, as amended and restated by the Amendment and Restatement Agreement, the "Restated Facilities Agreement").

The Original Facilities Agreement was originally entered into by the old Anheuser-Busch InBev SA/NV, and was transferred to the company as a result of the merger between Anheuser-Busch InBev (formerly "Newbelco") and the old Anheuser-Busch InBev SA/NV, that took place on 10 October 2016 in the framework of the combination with SAB.

The total commitments of the Original Facilities Agreement were, immediately prior to the effective date of the Amendment and Restatement Agreement, USD 9,000,000,000 and, following the effective date of the Amendment and Restatement Agreement, USD 10,100,000,000. Pursuant to the Amendment and Restatement Agreement, the maturity of the Original Facilities Agreement was extended from August 2022 under the Original Facilities Agreement to February 2026 under the Restated Facilities Agreement.

The Restated Facilities Agreement contains a clause 17 (Mandatory Prepayment) that grants, in essence, to any lender under the Restated Facilities Agreement, upon a Change of Control over the Company, the right (i) not to fund any loan or letter of credit (other than a rollover loan meeting certain conditions) and (ii) (by not less than 30 days written notice) to cancel its undrawn commitments and require repayment of its participations in the loans or letters of credit, together with accrued interest thereon, and all other amounts owed to such lender under the Restated Facilities Agreement (and certain related documents). Pursuant to the Restated Facilities Agreement *(a) "Change of Control" means "any person or group of persons acting in concert (in each case other than Stichting InBev or any existing direct or indirect certificate holder or certificate holders of Stichting InBev or any person or group of persons acting in concert with any such persons) gaining Control of the Company, (b) "acting in concert" means "a group of persons who, pursuant to an agreement or understanding (whether formal or informal), actively co-operate, through the acquisition directly or indirectly of shares in the Company by any of them, either directly or indirectly, to obtain Control of the Company" and (c) "Control" means, in respect of the Company, (a) "the direct or indirect ownership of more than 50 per cent of the share capital or similar rights of ownership of the Company or the power to direct the management and the policies of the Company whether through the ownership of share capital, contract or otherwise or (b) the power (whether by way of ownership of shares, proxy, contract, agency or otherwise) to: (i) cast, or control the casting of, more than 50 per cent. of the maximum number of votes that might be cast at a general meeting; or (ii) appoint or remove all, or the majority, of the directors or other equivalent officers; or (iii) give directions to management with respect to the operating and financial policies of the entity with which the directors or other equivalent officers of the Company are obliged to comply".*

In accordance with article 7:151 of the Belgian Companies and Associations Code, clause 17 (Mandatory Prepayment) of the Restated Facilities Agreement will only become effective upon approval by the shareholders meeting of the Company, and such approval is scheduled for the annual shareholders' meeting of the Company to be held on 28 April 2021. Similar clauses were, in respect of the Original Facilities Agreement, approved by the shareholders meeting of old Anheuser-Busch InBev SA/NV on 27 April 2010 and 27 April 2016 in accordance with the then Article 556 of the 2009 Belgian Companies Code.

As of 31 December 2020, no drawdowns were outstanding under the Original Facilities Agreement.

2. EMTN PROGRAM

In accordance with article 556 of the 2009 Belgian Companies Code, the shareholders' meeting of the old Anheuser-Busch InBev approved on 24 April 2013 (i) Condition 7.5. of the Terms & Conditions (Redemption at the Option of the Noteholders (Change of Control Put)) of the 15,000,000,000 Euro updated Euro Medium Term Note Program dated 16 May 2012 of Anheuser-Busch InBev SA/NV and Brandbrew SA (the "Issuers") and Deutsche Bank AG, London Branch, acting as Arranger, which may be applicable in the case of Notes issued under the Program (the "EMTN Program"), (ii) any other provision in the EMTN Program granting rights to third parties which could affect the company's assets or could impose an obligation on the company where in each case the exercise of those rights is dependent on the occurrence of a "Change of Control" (as defined in the Terms & Conditions of the EMTN Program). Pursuant to the EMTN Program, (a) *"Change of Control"* means *"any person or group of persons acting in concert (in each case other than Stichting Anheuser-Busch InBev or any existing direct or indirect certificate holder or certificate holders of Stichting Anheuser-Busch InBev) gaining Control of the company provided that a change of control shall not be deemed to have occurred if all or substantially all of the shareholders of the relevant person or group of persons* *are, or immediately prior to the event which would otherwise have constituted a change of control were, the shareholders of the company with the same (or substantially the same) pro rata interests in the share capital of the relevant person or group of persons as such shareholders have, or as the case may be, had, in the share capital of the company”,* (b) *“acting in concert”* means *“a group of persons who, pursuant to an agreement or understanding (whether formal or informal), actively cooperate, through the acquisition directly or indirectly of shares in the company by any of them, either directly or indirectly, to obtain Control of the company”,* and (c) *“Control”* means the *“direct or indirect ownership of more than 50 per cent of the share capital or similar rights of ownership of the company or the power to direct the management and the policies of the company whether through the ownership of share capital, contract or otherwise”.*

If a Change of Control Put is specified in the applicable Final Terms of the concerned notes, Condition 7.5. of the Terms & Conditions of the EMTN Programme grants, to any holder of such notes, in essence, the right to request the redemption of his notes at the redemption amount specified in the Final Terms of the notes, together, if appropriate, with interest accrued, upon the occurrence of a Change of Control and a related downgrade of the notes to sub-investment grade.

The change of control provision above is included in the Final Terms of:

- the 750,000,000 Euro 7.375% Notes due 2013 (*Redeemed on 30 January 2013)*, the 600,000,000 Euro 8.625% Notes due 2017 *(Redeemed on 9 December 2016)* and the 550,000,000 GBP 9.75% Notes due 2024, each issued by the company in January 2009;
- the 750,000,000 Euro 6.57% Notes due 2014, issued by the company in February 2009 (*Redeemed on 27 February 2014*);
- the 50,000,000 Euro FRN Notes that bear an interest at a floating rate of 3 month EURIBOR plus 3.90 %, issued by the company in April 2009 *(Redeemed on 9 April 2014)*;
- the 600,000,000 CHF 4.50% Notes due 2014 *(Redeemed on 11 June 2014),* issued by Brandbrew SA in June 2009 (with a guarantee by the company);
- the 250,000,000 Euro 5.75% Notes due 2015 *(Redeemed on 22 June 2015)* and the 750,000,000 GBP 6.50% Notes due 2017 (*Redeemed in June 2017*), each issued by the company in June 2009; and
- the 750,000,000 Euro 4% Notes due 2018 (*Redeemed in April 2018*), issued by the company in April 2010.

The series of Notes referred to in the above paragraph were issued pursuant to the 10,000,000,000 Euro initial Euro Medium Term Note Programme dated 16 January 2009 or the 15,000,000,000 Euro updated Euro Medium Term Note Programme dated 24 February 2010 (as applicable). The relevant change of control provisions contained in the Final Terms of such series of Notes were submitted to, and approved by, the shareholders meetings of the old Anheuser-Busch InBev held on 28 April 2009 and 27 April 2010, respectively.

There is no change of control clause included in the Final Terms of any series of Notes issued pursuant to the EMTN Programme by the company and/or Brandbrew SA after April 2010.

As a result of the update of the EMTN Programme on 22 August 2013 the Terms & Conditions of the updated EMTN Programme no longer provide for a Redemption at the option of the Noteholders (Change of Control Put).

In May 2016, the old Anheuser-Busch InBev invited Noteholders of certain outstanding series of Notes issued under the EMTN Programme prior to 2016 (the "Notes") to consider certain amendments to the terms and conditions applicable to those Notes (the "Participation Solicitation"). The Participation Solicitation was undertaken to avoid any suggestion that the combination with SAB could be interpreted as a cessation of business (or a threat to do so), winding up or dissolution of the old Anheuser-Busch InBev.

Meetings of the Noteholders of each series of the Notes were held on 1 June 2016 at which Noteholders voted in favour of the Participation Solicitation for each of the relevant series of Notes. Amended and restated final terms for each series of the Notes reflecting the amended terms and conditions, were signed by the old Anheuser-Busch InBev and the subsidiary guarantors named therein on 1 June 2016.

The EMTN Program has been transferred to the company as a result of the merger between Anheuser-Busch InBev (formerly “Newbelco”) and the old AB InBev, that took place on 10 October 2016 in the framework of the combination with SAB.

3. US DOLLAR NOTES

In accordance with article 556 of the 2009 Belgian Companies Code, the shareholders meeting of the old Anheuser-Busch InBev approved on 26 April 2011 (i) the Change of Control Clause of the USD 3,250,000,000 Notes issued on 29 and 26 March 2010, consisting of USD 1,000,000,000 2.50 % Notes due 2013 *(Exchanged for Registered Notes in an exchange offer that closed on 2 September 2010 and redeemed on 26 March 2013)*, USD 750,000,000 3.625 % Notes due 2015 *(Exchanged for Registered Notes in an exchange offer that closed on 2 September 2010 and redeemed on 15 April 2015)*, USD 1,000,000,000 5.00 % Notes due 2020 *(Exchanged for Registered Notes in an exchange offer that closed on 2 September 2010)* and USD 500,000,000 Floating Rate Notes due 2013 *(Exchanged for Registered Notes in an exchange offer that closed on 2 September 2010 and redeemed on 26 March 2013)* (the "*Unregistered Notes issued in March 2010*"), (ii) the Change of Control Clause of the USD 3,250,000,000 Registered Notes issued in September 2010, consisting of USD 1,000,000,000 2.50 % Notes due 2013 *(Redeemed on 26 March 2013)*, USD 750,000,000 3.625 % Notes due 2015 *(Redeemed on 15 April 2015)*, USD 1,000,000,000 5.00 % Notes due 2020 (*Redeemed on 6 June 2018*) and USD 500,000,000 Floating Rate Notes due 2013 *(Redeemed on 26 March 2013)* and offered in exchange for corresponding amounts of the corresponding Unregistered Notes issued in March 2010, in accordance with a US Form F-4 Registration Statement pursuant to an exchange offer launched by Anheuser-Busch InBev Worldwide Inc. in the U.S. on 5 August 2010 and expired on 2 September 2010 (the "*Registered Notes issued in September 2010*"), (iii) the Change of Control Clause of the USD 8,000,000,000 Registered Notes issued in March 2011, consisting of USD 1,250,000,000 7.20% Notes due 2014 (*Redeemed on 20 June 2011)*, USD 2,500,000,000 7.75% Notes due 2019 (*Redeemed on 19 March 2018)* and USD 1,250,000,000 8.20% Notes due 2039, USD 1,550,000,000 5.375 % Notes due 2014 *(Redeemed on 15 November 2014)*, USD 1,000,000,000 6.875 % Notes due 2019 (*Redeemed on 15 November 2019)* and USD 450,000,000 8.00 % Notes due 2039 and offered in exchange for corresponding amounts of the corresponding Unregistered Notes issued in January 2009 and of the corresponding Unregistered Notes issued in May 2009, in accordance with a US Form F-4 Registration Statement pursuant to an exchange offer launched by Anheuser-Busch InBev Worldwide Inc. in the U.S. on 11 February 2011 and expired on 14 March 2011 (the "*Registered Notes issued in March 2011*"), whereby each of the Unregistered Notes issued in March 2010, the Registered Notes issued in September 2010 and the Registered Notes issued in March 2011 were issued by Anheuser-Busch InBev Worldwide Inc. with an unconditional and irrevocable guarantee as to payment of principal and interest from the old Anheuser-Busch InBev, and (iv) any other provision applicable to the Unregistered Notes issued in March 2010, the Registered Notes issued in September 2010 and the Registered Notes issued in March 2011 granting rights to third parties which could affect the company's assets or could impose an obligation on the company where in each case the exercise of those rights is dependent on the launch of a public take-over bid over the shares of the company or on a "Change of Control" (as defined in the Offering Memorandum with respect to the Unregistered Notes, as the case may be, and in the Registration Statement with respect to the Registered Notes). Pursuant to the Offering Memorandum and Registration Statement (a) *"Change of Control"* means *"any person or group of persons acting in concert (in each case other than Stichting Anheuser-Busch InBev or any existing direct or indirect certificate holder or certificate holders of Stichting Anheuser-Busch InBev) gaining Control of the company provided that a change of control shall not be deemed to have occurred if all or substantially all of the shareholders of the relevant person or group of persons are, or immediately prior to the event which would otherwise have constituted a change of control were, the shareholders of the company with the same (or substantially the same) pro rata interests in the share capital of the relevant person or group of persons as such shareholders have, or as the case may be, had, in the share capital of the company",* (b) *"Acting in concert"* means *"a group of persons who, pursuant to an agreement or understanding (whether formal or informal), actively cooperate, through the acquisition directly or indirectly of shares in the company by any of them, either directly or indirectly, to obtain Control of the company",* and (c) *"Control"* means the *"direct or indirect ownership of more than 50 per cent of the share capital or similar rights of ownership of the company or the power to direct the management and the policies of the company whether through the ownership of share capital, contract or otherwise".*

The Change of Control clause grants to any Noteholder, in essence, the right to request the redemption of his Notes at a repurchase price in cash of 101% of their principal amount (plus interest accrued) upon the occurrence of a Change of Control and a related downgrade in the Notes to sub-investment grade.

A similar change of control provision was approved by the shareholders' meeting of the old Anheuser-Busch InBev on 28 April 2009 with respect to:

- the USD 5,000,000,000 Notes, consisting of USD 1,250,000,000 7.20% Notes due 2014 (Exchanged for Registered Notes in an exchange offer that closed on 14 March 2011 and redeemed on 20 June 2011), USD 2,500,000,000 7.75% Notes due 2019 (Exchanged for Registered Notes in an exchange offer that closed on 14 March 2011) and USD 1,250,000,000 8.20% Notes due 2039 (Exchanged for Registered Notes in an exchange offer that closed on 14 March 2011), each issued in January 2009 by Anheuser-Busch InBev Worldwide Inc. with an unconditional and irrevocable guarantee as to payment of principal and interest from Anheuser-Busch InBev SA/NV (the "Unregistered Notes issued in January 2009").

A similar change of control provision was approved by the shareholders' meeting of the old Anheuser-Busch InBev on 27 April 2010 with respect to:

- the USD 3,000,000,000 Notes issued in May 2009, consisting of USD 1,550,000,000 5.375 % Notes due 2014 *(Exchanged for Registered Notes in an exchange offer that closed on 14 March 2011 and redeemed on 15 November 2014)*, USD 1,000,000,000 6.875 % Notes due 2019 (*Redeemed on 15 November 2019)* and USD 450,000,000 8.00 % Notes due 2039 (the "*Unregistered Notes issued in May 2009*") each issued by Anheuser-Busch InBev Worldwide Inc. with an unconditional and irrevocable guarantee as to payment of principal and interest from the old Anheuser-Busch InBev.
- the USD 5,500,000,000 Notes issued in October 2009, consisting of USD 1,500,000,000 3.00 % Notes due 2012 *(Exchanged for Registered Notes in an exchange offer that closed on 05 February 2010 and redeemed on 15 October 2012)*, USD 1,250,000,000 4.125 % Notes due 2015 (*Exchanged for Registered Notes in an exchange offer that closed on 5 February 2010 and redeemed on 15 January 2015)*, USD 2,250,000,000 5.375 % Notes due 2020 (*redeemed on 23 April 2018*) and USD 500,000,000 6.375 % Notes due 2040 (the "*Unregistered Notes issued in October 2009*") each issued by Anheuser-Busch InBev Worldwide Inc. with an unconditional and irrevocable guarantee as to payment of principal and interest from the old Anheuser-Busch InBev.
- the USD 5,500,000,000 Registered Notes issued in February 2010, consisting of USD 1,500,000,000 3 % Notes due 2012 *(Redeemed on 15 October 2012),* USD 1,250,000,000 4.125 % Notes due 2015 *(Redeemed on 15 January 2015)*, USD 2,250,000,000 5.375 % Notes due 2020 and USD 500,000,000 6.375 % Notes due 2040 and offered in exchange for corresponding amounts of the corresponding Unregistered Notes issued in October 2009, in accordance with a US Form F-4 Registration Statement pursuant to an exchange offer launched by Anheuser-Busch InBev Worldwide Inc. in the US on 8 January 2010 and expired on 5 February 2010 (the "*Registered Notes issued in February 2010*") each issued by Anheuser-Busch InBev Worldwide Inc. with an unconditional and irrevocable guarantee as to payment of principal and interest from the old Anheuser-Busch InBev.

The US Dollar Notes have been transferred to the company as a result of the merger between Anheuser-Busch InBev (formerly "Newbelco") and the old AB InBev, which took place on 10 October 2016 in the framework of the combination with SAB.

4. NOTES ISSUED UNDER ANHEUSER-BUSCH INBEV'S SHELF REGISTRATION STATEMENT FILED ON FORM F-3.

For the sake of completeness, there is no Change of Control Clause applicable to outstanding Notes issued under Anheuser-Busch InBev's Shelf Registration Statement filed on Form F-3 (with an unconditional and irrevocable guarantee as to payment of principal and interest from Anheuser-Busch InBev SA/NV).

8. Remuneration

8.1. Remuneration policy

The remuneration policy applies to the directors, the CEO and the other members of the ExCom. References to the Senior Leadership Team (SLT) are purely for information purposes. It will be submitted to the approval of the annual shareholders' meeting of 28 April 2021.

8.1.1. REMUNERATION COMMITTEE

The Remuneration Committee consists of three members appointed by the Board, all of whom are non-executive directors. Currently, the Chairperson of the Remuneration Committee is a representative of the Reference Shareholder and the two other members meet the requirements of independence as established by the Belgian Companies and Associations Code and the 2020 Belgian Corporate Governance Code. The CEO and the Chief People Officer are invited to the meetings of the Remuneration Committee.

The Remuneration Committee meets four times a year, and more often if required, and is convened by its chairperson or at the request of at least two of its members.

The detailed composition, functioning and specific responsibilities of the Remuneration Committee are set forth in its terms of reference, which are part of the company's Corporate Governance Charter.

The principal role of the Remuneration Committee is to guide the Board with respect to all its decisions relating to the remuneration policies for the Board, the CEO, the ExCom and the SLT, and on their individual remuneration packages. It ensures that the CEO and members of the ExCom and SLT are incentivized to achieve, and are compensated for, exceptional performance. It also promotes the maintenance and continuous improvement of the company's compensation framework, which applies to all employees.

AB InBev's compensation framework is based on meritocracy and a sense of ownership with a view to aligning the interests of employees with the interests of shareholders. The Remuneration Committee takes into account the compensation of the employees when preparing the remuneration policy applicable to the directors, the CEO and the other members of the ExCom and SLT. Particularly, the Committee discusses and assesses key areas of remuneration policy for the wider workforce throughout the year, the annual bonus pool and resulting pay outcomes for employees across the workforce and any material changes to the structure of workforce compensation.

The Remuneration Committee prepares (and revises as the case may be) the remuneration policy and the remuneration report.

In exceptional circumstances, the company may temporarily derogate from the remuneration policy. These exceptional circumstances cover situations in which the derogation is necessary to serve the long-term interests and sustainability of the company as a whole or to assure its viability. Such derogation requires the approval of both the Remuneration Committee and the Board of Directors. The remuneration report relating to the relevant financial year will include information on any derogation, including its justification.

As noted above, the Remuneration Committee is composed exclusively of non-executive directors and a majority of its members qualify as independent directors. This helps to prevent conflicts of interest regarding the establishment, amendments and implementation of the remuneration policy in relation to the CEO and ExCom members. The CEO and the Chief People Officer do not take part in any discussions or deliberations of the Remuneration Committee related to their remuneration. The Remuneration Committee can hold *in camera* sessions without management being present whenever it deems appropriate to do so.

In addition, the power to approve the remuneration policy, prior to its submission to the shareholders' meeting, and the determination of the remuneration of the CEO and the ExCom and SLT members is vested with the Board of Directors upon recommendation of the Remuneration Committee. No member of the ExCom is at the same time a member of the Board of Directors. As regards the remuneration of the directors, all decisions are adopted by the shareholders' meeting.

8.1.2. REMUNERATION POLICY OF THE DIRECTORS

A. Remuneration governance

The Remuneration Committee recommends the remuneration for directors, including the Chairperson and the directors sitting on one or more of the Board committees. In so doing, it benchmarks from time to time directors' remuneration against peer companies, as the case may be, with the assistance of an independent consulting firm. These recommendations are subject to approval by the Board and, subsequently, by the shareholders at the annual general meeting.

In addition, the Board sets and revises, from time to time, the rules and level of compensation for directors carrying out a special mandate and the rules for reimbursement of directors' business-related out-of-pocket expenses.

The shareholders' meeting may from time to time revise the directors' remuneration upon recommendation of the Remuneration Committee.

B. Structure of the remuneration

The remuneration of the directors comprises a fixed cash fee component and a share-based component consisting of an award of Restricted Stock Units (described below), which makes Board remuneration simple, transparent and easy for shareholders to understand. Remuneration is commensurate to the time committed by the directors to the Board and its various committees and is set by the shareholders' meeting upon recommendation of the Remuneration Committee. In addition, the remuneration is designed to attract and retain talented directors. The award of Restricted Stock Units further aligns the interests of the directors with the sustainable value-creation objectives of the company.

Former LTI stock option plan

Until 31 December 2018, the company had a long-term incentive (LTI) stock option plan for directors. All LTI grants to directors were in the form of stock options on existing shares with the following features:

- an exercise price equal to the market price of the share at the time of granting;
- a maximum lifetime of 10 years and an exercise period that starts after five years; and
- the LTI stock options cliff vest after five years. Unvested LTI stock options are subject to forfeiture provisions in the event that the directorship is not renewed upon the expiry of its term or is terminated in the course of its term, both due to a breach of duty by the director.

This LTI stock option plan was replaced in 2019 with the RSU Plan described below.

RSU Plan

As from 2019, the share-based component of the directors' remuneration is paid under the form of Restricted Stock Units. Under this plan, which was approved by the company's annual shareholders' meeting on 24 April 2019, the company may grant Restricted Stock Units corresponding to a fixed value in euro to the members of its Board, as part of the fixed remuneration for the exercise of their duties. The granting and vesting of the Restricted Stock Units are not subject to performance criteria. The RSU Plan therefore qualifies as fixed remuneration, as recommended by the 2020 Belgian Corporate Governance Code.

Such Restricted Stock Units vest after five years and, upon vesting, entitle their holders to one AB InBev share per Restricted Stock Unit (subject to any applicable withholdings).

Contrary to the soft law recommendation of the 2020 Belgian Corporate Governance Code, the shares delivered to directors upon vesting of the Restricted Stock Units are not subject to a lock-up of three years after the date of the delivery and one year after the date of departure of the relevant director. However, the five-year vesting period of the Restricted Stock Units fosters a sustainable and long-term commitment of the directors to shareholder value creation that addresses the goal of the 2020 Belgian Corporate Governance Code.

C. Other

The company is prohibited from making loans to directors, whether for the purpose of exercising options or for any other purpose (except for routine advances for business-related expenses in accordance with the company's rules for reimbursement of expenses).

The company does not provide pensions, medical benefits or other benefit programs to directors.

8.1.3. REMUNERATION POLICY OF THE EXCOM

The company's remuneration policy for executives is designed to support its high-performance culture and the creation of long-term sustainable value for its shareholders. The goal of the policy is to reward executives with market-leading compensation, which is conditional upon both the overall success of the company and individual performance. It promotes alignment with shareholders' interests by strongly encouraging executive ownership of shares in the company and enables the company to attract and retain the best talent at global levels.

Base salaries are aligned with mid-market levels. Additional short- and long-term incentives are linked to challenging short- and long-term performance targets, and the investment of part or all of any variable compensation earned in company shares is encouraged (see section 8.1.3.A.b).

The Board determines the maximum amount for the funding of the variable remuneration pool prior to the start of a performance year and the allocation is made in accordance with criteria determined by the Board upon recommendation of the Remuneration Committee.

All criteria and the duration of the vesting periods are aligned with the relevant time horizon of the company and set to foster a sustainable and long-term commitment to shareholder value creation. Criteria and objectives are reviewed by the Remuneration Committee and the Board to ensure they are aligned with the company's business objective and strategic ambition.

The targets for each of the performance KPIs and business and personal objectives of the CEO and the members of the ExCom and SLT are set and assessed by the Board based on a pre-determined performance matrix, upon recommendation of the Remuneration Committee. The target achievement and corresponding annual and long-term incentives of the CEO and the other members of the ExCom and SLT are assessed by the Remuneration Committee.

The Board may revise the level of remuneration and approve a revised remuneration policy upon recommendation of the Remuneration Committee, subject to the approval of the shareholders' meeting where required (see sections 8.1.1 and 8.1.2 above).

A. Components of executive remuneration

Executive remuneration generally consists of (a) fixed base salary, (b) variable performance-related compensation (bonus), (c) long-term incentive stock options, (d) long-term Restricted Stock Units, (e) pension schemes and (f) other components.

The ratio between fixed remuneration (consisting of items (a), (e) and (f) listed above) and on-target variable remuneration (consisting of items (b), (c) and (d) listed above) depends on seniority levels of the executives. Our remuneration structure puts a significant emphasis on share-based components, resulting in items (b), (c) and (d) being of a relatively higher weight assuming all performance and other requirements are fully met.

a. Base salary

To promote alignment with market practice, executives' base salaries are reviewed overall against benchmarks. These benchmarks are collected by independent compensation consultants, in relevant industries and geographies. For benchmarking, a custom sample of over 20 global leading peer companies (Peer Group) is used when available. The Peer Group is comprised of companies with a similar size to AB InBev, with the majority of them belonging to the consumer goods sector. The constituents share a complex and diverse business model and operate in talent and labor markets similar to AB InBev.

The Peer Group is set by the Remuneration Committee upon the advice of an independent compensation consultant. It may be revised from time to time as the company evolves.

If Peer Group data are not available for a given role, Fortune 100 companies' data are used.

Executives' base salaries are intended to be aligned with mid-market levels for the appropriate market. Mid-market means that, for a similar job in the market, 50% of companies in that market pay more and 50% of companies pay less. Executives' total compensation at target is intended to be 10% above the third quartile.

b. Variable performance-related compensation (bonus) – Share-based compensation plan

Variable performance-related compensation (bonus) is key to the company's compensation system and is aimed at rewarding executives' short- and long-term performance.

The target variable performance-related compensation (bonus) is expressed as a percentage of the market reference salary applicable to the executive. The on-target bonus percentage currently theoretically amounts to maximum 200% of the market reference salary for members of the ExCom and 340% for the CEO. An additional incentive of 20% on a bonus amount may be awarded by the Remuneration Committee in the case of overachievement or other exceptional circumstances.

The effective payout of variable performance-related compensation (bonus) is directly correlated with performance; i.e., linked to the achievement of total company, business unit and individual targets, all of which are based on performance metrics.

Company and business unit targets are based on performance metrics which focus on top-line growth, profitability and long-term value creation. Examples of key performance metrics are:

- EBITDA (organic)
- Cash Flow Generation
- Net Revenue Growth
- Market Share
- Sustainability targets

These key performance metrics may evolve over time. The metrics and the relative weight attributed to each of them are set by the Board annually taking into account the company's strategic priorities. Further details on the metrics for a given financial year are included in the remuneration report for such year.

Below a hurdle of achievement for total company and business unit targets, no variable compensation is earned irrespective of personal target achievement.

In addition, the final individual bonus payout percentage also depends on each executive's personal achievement of their **individual performance targets**. Individual performance targets of the CEO and the ExCom members may consist of financial and non-financial targets. Individual financial targets can, for example, be related to EBITDA, net revenue, capex, resource allocation and net debt ratios. Examples of individual non-financial targets include targets in the field of brand development, operations and innovation, sustainability and other elements of corporate social responsibility, corporate reputation and compliance/ethics. Typical individual performance measures in the latter areas relate to employee engagement, talent pipeline, sustainability goals and compliance, and are linked to the achievement of the company's strategic objectives.

The target achievement for each of the performance KPIs and business and personal objectives is assessed by the Remuneration Committee on the basis of accounting and financial data and other objective criteria. A weighted performance score is translated into a payout curve which has a hurdle and a cap. The hurdle is set at the minimum acceptable level of performance to trigger eligibility for a bonus pay-out.

The variable performance-related compensation (bonus) is usually paid annually in arrears after the publication of the company's full year results, in or around March of the relevant year. Exceptionally, it may be paid out semi-annually at the discretion of the Board. In such case, the first half of the variable compensation is paid shortly after publication of the half year results and the second half is paid after publication of the full year results.

Executives receive their variable performance-related compensation (bonus) in cash but are encouraged to invest some (60%) or all of its value in company shares (Voluntary Shares).

Voluntary Shares are:

- existing ordinary shares;
- entitled to dividends paid as from the date of grant;
- with respect to bonuses for the financial year 2020 onwards, subject to a lock-up period of three years for half of them and five years for the other half[1]; and
- granted at market price, to which a discount is applied. With respect to bonuses for the financial year 2020 onwards, the discount amounts to maximum 20%[2]. The discount is delivered in the form of Restricted Stock Units, subject to specific restrictions or forfeiture provisions in the event of termination of service (Discounted Shares).

Executives who invest in Voluntary Shares also receive a company shares match of three matching shares for each voluntary share invested up to a limited total percentage (60%) of each executive's variable compensation. These matching shares are also delivered in the form of Restricted Stock Units (Matching Shares).

With respect to bonuses for the financial year 2020 onwards, half of the Restricted Stock Units relating to the Matching Shares and the Discounted Shares vest over a three-year period, while the other half vest over a five-year period[3]. No performance

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[1] With respect to bonuses for the financial years 2019 and before, all voluntary shares must be held for a five-year period.

[2] With respect to bonuses for the financial years 2019 and before, the discount was 10%.

[3] With respect to bonuses for the financial years 2019 and before, the Restricted Stock Units relating to the Matching Shares and the Discounted Shares vest over a five-year period.

conditions apply to the vesting of the Restricted Stock Units. However, Restricted Stock Units will only be granted under the double condition that the executive:

- has earned a variable compensation, which is subject to the successful achievement of total company, business unit and individual performance targets (performance condition); and
- has agreed to reinvest all or part of his/her variable compensation in company shares, which are subject to a lock-up as indicated above (ownership condition).
- In the event of termination of service before the vesting date of the Restricted Stock Units, forfeiture rules apply.

In accordance with the authorization granted in the company's bylaws, this variable compensation system partly deviates from article 7:91 of the Belgian Companies and Associations Code, as it allows:

1. for the variable remuneration to be paid out based on the achievement of annual targets without staggering its grant or payment over a three-year period. However, as indicated above, executives are encouraged to invest some or all of their variable compensation in company Voluntary Shares. Such voluntary investment also leads to a grant of Matching Shares in the form of Restricted Stock Units, of which half of them vest over a three-year period and half of them vest over a five-year period, ensuring sustainable long-term performance[4]; and
2. for the Voluntary Shares granted under the share-based compensation plan to vest at their grant, instead of applying a vesting period of minimum three years. Nonetheless, half of the Voluntary Shares are subject to a three-year lock-up period and half of them are subject to a five-year lock-up period.[5]

c. Long-term incentives

Annual long-term incentives

Members of our senior management may be eligible for an annual long-term incentive paid out in stock options or other share-related instruments such as Restricted Stock Units, depending on management's assessment of the executive's performance and future potential. Any grant of annual long-term incentives to members of the ExCom and SLT is subject to Board approval, upon recommendation of the Remuneration Committee.

Long-term incentive stock options have the following features:

- an exercise price equal to the market price of the share at the time of grant;
- a maximum lifetime of 10 years and an exercise period that starts after five years;
- upon exercise, each option entitles the option holder to purchase one share; and
- the options cliff vest after five years. In the event of termination of service before the vesting date, forfeiture rules will apply.

Long-term Restricted Stock Units have the following features:

- a grant value determined on the basis of the market price of the share at the time of grant;
- upon vesting, each Restricted Stock Unit entitles its holder to acquire one share; and
- half of the Restricted Stock Units cliff vest over a three-year period and the other half cliff vest over a five-year period. In the event of termination of service before the vesting date, specific forfeiture rules will apply.
- Grants made as from financial year 2020 will primarily take the form of Restricted Stock Units.

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[4] With respect to bonuses for the financial years 2019 and before, a five-year vesting period applies to the Restricted Stock Units relating to the Matching Shares and the Discounted Shares.

[5] With respect to bonuses for the financial years 2019 and before, a five-year vesting period applies to Voluntary Shares.

Exceptional long-term incentives

- Options or Restricted Stock Units may be granted from time to time to members of senior management of the company:
- who have made a significant contribution to the success of the company; or
- who have made a significant contribution in relation to acquisitions and/or the achievement of integration benefits; or
- to incentivize and retain senior leaders who are considered to be instrumental in achieving the company's ambitious short or long-term growth agenda.
- Vesting of such options or Restricted Stock Units may be subject to achievement of performance conditions which will be related to the objectives of such exceptional grants. Such performance conditions may consist of financial metrics, such as for example an EBITDA compounded annual growth rate.
- Grants made as from financial year 2020 will primarily take the form of Restricted Stock Units.
- Any grant of exceptional long-term incentives to members of the ExCom and/or SLT is subject to Board approval, upon recommendation of the Remuneration Committee.
- By way of example, the following historic exceptional long-term incentive plans are currently in place:

1. ***2020 Incentive Plan***: options can be granted to selected members of the senior management of the company, who are considered to be instrumental in helping the company to achieve its ambitious growth target.

   Each option gives the grantee the right to purchase one existing share. An exercise price is set at an amount equal to the market price of the share at the time of grant. The options have a duration of 10 years as from granting and vest after five years. The options only become exercisable provided a performance test is met by the company. This performance test is based on a net revenue amount which must be achieved by 2022 at the latest.

2. ***Integration Incentive Plan***: options can be granted to selected members of the senior management of the company considering the significant contribution that these employees can make to the success of the company and the achievement of integration benefits.

   Each option gives the grantee the right to purchase one existing AB InBev share. The exercise price of the options is set at an amount equal to the market price of the share at the time of grant. The options have a duration of 10 years from grant and vest on 1 January 2022 and only become exercisable provided a performance test is met by the company by 31 December 2021 at the latest. This performance test is based on an EBITDA compounded annual growth rate target and may be complemented by additional country or zone specific or function specific targets. Specific forfeiture rules apply if the employee leaves the company before the performance test achievement or vesting date.

3. ***Incentive Plan for SAB employees***: options can be granted to employees of former SAB. The grant results from the commitment that the company has made under the terms of the combination with SAB that it would, for at least one year, preserve the terms and conditions for employment of all employees that remain with the group.

   Each option gives the grantee the right to purchase one existing AB InBev share. The exercise price of the options is set at an amount equal to the market price of the share at the time of grant. The options have a duration of 10 years as from granting and vest after three years. Specific forfeiture rules apply if the employee leaves the company before the vesting date.

4. ***Long Run Stock Options Incentive Plan***: options can be granted to selected members of the company's senior management to incentivize and retain senior leaders who are considered to be instrumental in achieving the company's ambitious long-term growth agenda over the next 10 years. Each option gives the grantee the right to purchase one existing share. The exercise price of the options is set at the closing share price on the day preceding the grant date. The options have a duration of 15 years as from granting and, in principle, vest after 5 or 10 years. The options only become exercisable provided a performance test is met by Anheuser-Busch InBev. This performance test is based on an organic EBITDA compounded annual growth rate target. Specific forfeiture rules apply if the employee leaves the company before the performance test achievement or vesting date.

Upon recommendation of the Remuneration Committee, the Board can implement similar exceptional long-term incentive plans.

d. Recurring specific long-term Restricted Stock Unit programs

Several recurring specific long-term Restricted Stock Unit programs are in place:

1. A program allowing for the offer of Restricted Stock Units to certain members of senior management in certain specific circumstances, e.g. as a special retention incentive or to compensate for assignments of expatriates in certain limited countries. The Restricted Stock Units vest after five years and in the event of termination of service before the vesting date, forfeiture rules apply.

   As from 1 December 2020, this program has been replaced by the new long-term Restricted Stock Units plan listed under item 5 below.

2. A program allowing for the exceptional offer of Restricted Stock Units to certain members of senior management at the discretion of the Remuneration Committee as a long-term retention incentive for key managers of the company.

   Members of senior management eligible to receive a grant under the program receive two series of Restricted Stock Units. The first half of the Restricted Stock Units vest after five years. The second half of the Restricted Stock Units vest after 10 years. As a variant under this program, the Restricted Stock Units may be granted with a shorter vesting period of 2.5 to three years for the first half and five years for the second half of the Restricted Stock Units. In the event of termination of service before the vesting date, forfeiture rules apply. As of 2017, instead of Restricted Stock Units, stock options may also be granted under the program with similar vesting and forfeiture rules.

   As from 1 December 2020, this program has been replaced by the new long-term Restricted Stock Units plan listed under item 5 below.

3. A program allowing certain employees to purchase company shares at a discount aimed as a long-term retention incentive for (i) high-potential employees of the company, who are at a mid-manager level (People bet share purchase program) or (ii) newly hired employees. The voluntary investment in company shares leads to the grant of three Matching Shares for each share invested or, as the case may be, a number of Matching Shares corresponding to a fixed monetary value that depends on seniority level. The Matching Shares are granted in the form of Restricted Stock Units which vest after five years. In the event of termination before the vesting date, forfeiture rules apply. Since 2016, instead of Restricted Stock Units, stock options may also be granted under this program with similar vesting and forfeiture rules.

4. A program allowing for the offer of performance-based Restricted Stock Units (Performance RSUs) to certain members of the company's senior management. Upon vesting, each Performance RSU gives the executive the right to receive one existing AB InBev share. The Performance RSUs can have a vesting period of five or ten years. The shares resulting from the vesting of the Performance RSUs will only be delivered provided a performance test is met by the company. Forfeiture rules apply if the employee leaves the company before the vesting date or if the performance test is not achieved by a certain date. These Performance RSUs are subject to an organic EBITDA compounded annual growth rate target set by the Board. Other performance test criteria may be used for future grants, but they will remain in line with the company's high-performance culture and the creation of long-term sustainable value for its shareholders.

5. A base long-term Restricted Stock Units program allowing for the offer of Restricted Stock Units to certain members of the company's senior management in certain specific circumstances, e.g. as a special retention incentive or to compensate for assignments of expatriates in certain limited countries. This program was created in 2020 and will replace the programs listed under items 1 and 2 above for the purposes of grants made as from 1 December 2020.

Under this new program, Restricted Stock Units can be granted under sub-plans with specific terms and conditions and for specific purposes. The Restricted Stock Units in principle vest after five 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 vesting periods for specific sub-plans or introduce performance tests similar to those described under item 4 above.

Any grant under long-term Restricted Stock Unit programs to members of the ExCom and/or SLT is subject to Board approval, upon recommendation of the Remuneration Committee.

e. Exchange of share ownership program

From time to time, certain members of Ambev's senior management are transferred to AB InBev and vice versa. In order to encourage management mobility and ensure that the interests of these managers are fully aligned with AB InBev's interests, the Board has approved a program that aims at facilitating the exchange by these managers of their Ambev shares into AB InBev shares.

Under the program, the Ambev shares can be exchanged for AB InBev shares based on the average share price of both the Ambev and the AB InBev shares on the date the exchange is requested. A discount of 16.66% is granted in exchange for a five-year lock-up period for the shares and provided that the manager remains in service during this period. The discounted shares are forfeited in the event of termination of service before the end of the five-year lock-up period.

f. Programs for maintaining consistency of benefits granted and for encouraging global mobility of executives

Two programs which are aimed at maintaining consistency of benefits granted to executives and at encouraging the international mobility of executives while complying with all legal and tax obligations are in place:

1. **The Exchange program:** under this program the vesting and transferability restrictions of the Series A options granted under the November 2008 Exceptional Option Grant and of the options granted under the April 2009 Exceptional Option Grant could be released, e.g. for executives who moved to the United States. These executives were then offered the possibility to exchange their options for ordinary AB InBev shares that remained locked up until 31 December 2018 (five years longer than the original lock-up period). Since the Series A options granted under the November 2008 Exceptional Option Grant and the options granted under the April 2009 Exceptional Option Grant vested on 1 January 2014, the Exchange program is no longer relevant for these options. Instead, the Exchange program has now become applicable to the Series B options granted under the November 2008 Exceptional Option Grant. Under the extended program, executives who are relocated, e.g. to the United States, can be offered the possibility to exchange their Series B options for ordinary Anheuser-Busch shares that, in principle, remain locked up until 31 December 2023 (five years longer than the original lock-up period). As a variant to this program, the Board also approved the recommendation of the Remuneration Committee to allow the early release of the vesting conditions of the Series B options granted under the November 2008 Exceptional Option Grant for executives who are relocated, e.g. to the United States. The shares that result from the exercise of the options must, in principle, remain blocked until 31 December 2023.
2. **The Dividend waiver program:** where applicable, the dividend protection feature of the outstanding options owned by executives who move to the United States is being cancelled. In order to compensate for the economic loss which results from this cancellation, a number of new options is granted to these executives with a value equal to this economic loss. The new options have a strike price equal to the share price on the day preceding the grant date of the options. All other terms and conditions, in particular with respect to vesting, exercise limitations and forfeiture rules of the new options are identical to the outstanding options for which the dividend protection feature is cancelled. As a consequence, the grant of these new options does not result in the grant of any additional economic benefit to the executives concerned.

There is also a possible early release of vesting conditions of unvested stock options or Restricted Stock Units which are vesting within six months of the executives' relocation. The shares that result from the early exercise of the options or the early vesting of the Restricted Stock Units must remain blocked until the end of the initial vesting period.

g. Pension schemes

Our executives participate in Anheuser-Busch InBev's pension schemes in either the United States, Belgium or their home country. These schemes are in line with predominant market practices in the respective countries. They may be defined benefit plans or defined contribution plans.

h. Other benefits

The company is prohibited from making loans to members of the ExCom or SLT, whether for the purpose of exercising options or for any other purpose (except for routine advances for business-related expenses in accordance with the company's rules for reimbursement of expenses).

Executives and their family are eligible to participate in the Employer's Executive benefit plans (including medical and hospitalization, death and disability plans) in effect from time to time, in line with the predominant market practices.

B. Minimum threshold of shares to be held

The Board has set a minimum threshold of shares of the company to be held at any time by the CEO to two years of base salary (gross) and by the other members of the ExCom to one year of base salary (gross). Newly appointed ExCom members have three years to reach such threshold following the date of their appointment.

C. Main contractual terms and conditions of employment of members of the ExCom

The terms and conditions of employment of the members of the ExCom are included in individual employment agreements which are concluded for an indefinite period of time. Executives are also required to comply with the company's policies and codes such as the Code of Business Conduct and Code of Dealing and are subject to exclusivity, confidentiality and non-compete obligations under their employment agreements.

The agreement typically provides that the executive's eligibility for payment of variable compensation is determined exclusively on the basis of the achievement of company and individual targets set by the company. The specific conditions and modalities of the variable compensation are fixed separately by the company and approved by the Remuneration Committee.

The termination arrangements for the ExCom members provide for a termination indemnity of 12 months of remuneration, including variable compensation, in the event of termination without cause. The variable compensation for purposes of the termination indemnity shall be calculated as the average of the variable compensation paid to the executive for the last two years of employment prior to the year of termination. In addition, if the company decides to impose upon the executive a non-compete restriction of 12 months, the executive shall be entitled to receive an additional indemnity of six months, subject to applicable laws and regulations.

D. Reclaim of variable remuneration

The company's share-based compensation and long-term incentive plans contain a *malus* provision for all grants made since March 2019. Such provision provides that the stock options and/or Restricted Stock Units granted to an executive will automatically expire and become null and void in the scenario where the executive is found by the Global Ethics and Compliance Committee to be (i) responsible for a material breach of the company's Code of Business Conduct; or (ii) subject to a material adverse court or administrative decision, in each case in the period before the exercise of the stock options or vesting of the Restricted Stock Units.

8.2. Remuneration report

This remuneration report must be read together with the remuneration policy which, to the extent necessary, should be regarded as forming part of this remuneration report. The remuneration granted to directors and ExCom members with respect to financial year 2020 is in line with the remuneration policy. It is designed to support the company's high-performance culture and the creation of long-term sustainable value for its shareholders and promotes alignment with shareholders' interests by strongly encouraging executive ownership of shares in the company.

The remuneration report will be submitted to the approval of the annual shareholders' meeting of 28 April 2021.

8.2.1. REMUNERATION REPORT RELATING TO DIRECTORS

A. General overview

a. Cash remuneration

As from 2019 onwards, the fixed annual fee of the directors amounts to EUR 75,000, except for the chairperson of the Board and the chairperson of the Audit Committee whose annual fixed fees amount respectively to EUR 255,000 and EUR 127,500.

In addition, a fixed annual retainer applied as follows: (a) EUR 28,000 for the chairperson of the Audit Committee, (b) EUR 14,000 for the other members of the Audit Committee, (c) EUR 14,000 for each of the chairpersons of the Finance Committee, the Remuneration Committee and the Nomination Committee, and (d) EUR 7,000 to each of the other members of the Finance Committee, the Remuneration Committee and the Nomination Committee, it being understood that the amounts of the retainers set out above are cumulative in the case of participation of a director in several committees.

b. Share-based remuneration

Former LTI stock option plan

Until 31 December 2018, the company had an LTI stock option plan for directors (see section 8.1.2.B Former LTI Stock Option Plan), which was replaced in 2019 with the RSU Plan described below.

RSU Plan

At the company's annual shareholders' meeting held on 24 April 2019, it was resolved that the share-based portion of the remuneration of the directors of the company be granted under the form of Restricted Stock Units corresponding to a fixed gross value per year of (i) EUR 550,000 for the chairperson of the Board, (ii) EUR 350,000 for the chairperson of the Audit Committee and (iii) EUR 200,000 for the other directors (see above section 8.1.2.B RSU Plan).

Such Restricted Stock Units vest after five years. Each director is entitled to receive a number of Restricted Stock Units corresponding to the amount to which such director is entitled divided by the closing price of the shares of the company on Euronext Brussels on the day preceding the annual shareholders' meeting approving the accounts of the financial year to which the remuneration in Restricted Stock Units relates. Upon vesting, each vested Restricted Stock Unit entitles its holder to one AB InBev share (subject to any applicable withholdings). These Restricted Stock Units replaced the stock options to which the directors were previously entitled.

The granting and vesting of the Restricted Stock Units are not subject to performance criteria. Therefore, the RSU Plan for the directors qualifies as fixed remuneration.

B. Individual director remuneration

Individual director remuneration for 2020 is presented in the table below. All amounts presented are gross amounts expressed in Euro before deduction of withholding tax.

	Number of Board meetings attended	Annual fee for Board meetings	Fees for Committee meetings	Total fee	Number of Restricted Stock Units granted (3)
Maria Asuncion Aramburuzabala	13	75,000	0	75,000	4,526
Martin J. Barrington	14	255,000	21,000	276,000	12,447
Michele Burns	14	127,500	42,000	169,500	7,920
Sabine Chalmers	14	75,000	4,083	79,083	4,526
Paul Cornet de Ways Ruart	14	75,000	7,000	82,000	4,526
Grégoire de Spoelberch	14	75,000	11,084	86,084	4,526
Claudio Garcia	14	75,000	19,251	94,521	4,526
William F. Gifford (1)	13	0	0	0	0
Paulo Lemann	14	75,000	7,000	81,000	4,526
Xiaozhi Liu	13	75,000	14,000	89,000	4,526
Alejandro Santo Domingo	14	75,000	4,083	79,083	4,526
Elio Leoni Sceti	12	75,000	21,000	96,000	4,526
Cecilia Sicupira	14	75,000	7,000	81,000	4,526
Marcel Herrmann Telles (2)	8	31,730	11,666	43,397	4,526
Roberto Thompson Motta (2)	6	43,270	4,083	47,352	0
Alexandre Van Damme	14	75,000	12,833	87,833	4,526
All directors as a group		**1,282,500**	**186,083**	**1,468,583**	**74,679**

(1) William F. Gifford has waived his entitlement to any type of remuneration, including share-based remuneration, relating to the exercise of his mandate in 2020 and before.

(2) Roberto Thompson Motta was appointed director on 3 June 2020. The mandate of Marcel Herrmann Telles ended on 3 June 2020.

(3) No Restricted Stock Units granted to Directors vested in 2020.

C. Options owned by directors

The table below sets forth, for each of the company's current directors, the number of LTI stock options they owned as of 31 December 2020 [1]. LTI options are no longer awarded to directors (last grant on 25 April 2018).

	LTI 26	LTI 25	LTI 24	LTI 23	LTI 22	Number of LTI stock options owned
Grant date	**25 April 2018**	**26 April 2017**	**27 April 2016**	**29 April 2015**	**30 April 2014**	
Expiry date	**24 April 2028**	**25 April 2027**	**26 April 2026**	**28 April 2025**	**29 April 2024**	
Maria Asuncion	15,000	15,000	15,000	15,000	0	60,000
Martin J.	0	0	0	0	0	0
Sabine Chalmers	0	0	0	0	0	0
Michele Burns	25,500	25,500	25,500	0	0	76,500
Paul Cornet de	15,000	15,000	15,000	15,000	15,000	75,000
Grégoire de	15,000	15,000	15,000	15,000	15,000	75,000
Claudio Garcia [2]	0	0	0	0	0	0
William F. Gifford	0	0	0	0	0	0
Paulo Lemann	15,000	15,000	15,000	15,000	0	60,000
Xiaozhi Liu	0	0	0	0	0	0
Alejandro Santo	15,000	15,000	0	0	0	30,000
Elio Leoni Sceti	15,000	15,000	15,000	15,000	0	60,000
Cecilia Sicupira	0	0	0	0	0	0
Roberto	0	0	0	0	15,000[4]	15,000
Alexandre Van	15,000	15,000	15,000	15,000	15,000	75,000
Strike price	**84.47**	**104.50**	**113.25**	**113.10**	**80.83**	

(1) At the annual shareholders' meeting of 30 April 2014, all outstanding LTI warrants were converted into LTI stock options, i.e. the right to purchase existing ordinary shares instead of the right to subscribe to newly issued shares. All other terms and conditions of the outstanding LTI warrants remained unchanged. In 2020, no LTI stock options listed in the above table were exercised by directors. No LTI stock options were granted to Directors in 2020.

(2) Claudio Garcia and Sabine Chalmers do not hold stock options under the company's LTI Stock Options Plan for directors. However, they do still hold certain stock options that were awarded to them in the past in their capacity as executives of the company. Out of these, in 2020 Claudio Garcia exercised 47,680 LTI Options of 30 November 2010 with an exercise price of EUR 42.41.

(3) William F. Gifford has waived his entitlement to any type of remuneration, including long-term incentive stock options, relating to the exercise of his mandate in 2020 and before.

(4) 15,000 stock options granted on 30 April 2014 to Roberto Thomson Motta in the framework of his previous director mandate at the company.

D. Restricted Stock Units owned by directors

The table below sets forth, for each of the company's current directors, the number of Restricted Stock Units they owned as of 31 December 2020:

Grant Date	24 April 2019	3 June 2020	Number of Restricted Stock Units owned (3)
Vesting Date	24 April 2024	3 June 2025	
Maria Asuncion Aramburuzabala	2,595	4,526	7,121
Martin J. Barrington	1,614	12,447	14,061
Michele Burns	4,544	7,920	12,464
Sabine Chalmers (2)	0	4,526	4,526
Paul Cornet de Ways Ruart	2,595	4,526	7,121
Grégoire de Spoelberch	2,595	4,526	7,121
Claudio Garcia (2)	0	4,526	4,526
William F. Gifford (1)	0	0	0
Paulo Lemann	2,595	4,526	7,121
Xiaozhi Liu	0	4,526	4,526
Alejandro Santo Domingo	2,595	4,526	7,121
Elio Leoni Sceti	2,595	4,526	7,121
Cecilia Sicupira (1)	0	4,526	4,526
Roberto Thompson Motta	0	0	
Alexandre Van Damme	2,595	4,526	7,121
All directors as a group	24,323	70,153	94,476

(1) William F. Gifford has waived his entitlement to any type of remuneration, including share-based remuneration, relating to the exercise of his mandate in 2020 and before.

(2) In addition to the restricted stock units held under the company's RSU Plan for directors, Claudio Garcia and Sabine Chalmers hold certain Restricted Stock Units that were awarded to them in the past in their capacity as executives of the company.

(3) No Restricted Stock Units granted to Directors vested in 2020.

8.2.2. REMUNERATION REPORT RELATING TO THE EXCOM

Except as provided otherwise, the information in this section relates to the ExCom as at 31 December 2020.

A. Components of executive remuneration

Executive remuneration generally consists of (a) fixed base salary, (b) variable performance-related compensation (bonus), (c) long-term incentive stock options, (d) long-term Restricted Stock Units, (e) pension schemes (f) other components. All amounts shown below are gross amounts before deduction of withholding taxes and social security.

In addition, the Board has set up a minimum threshold of shares to be held by the CEO and by the other members of the ExCom, as indicated in the remuneration policy (see above section 8.1).

a. Base salary

In view of the Covid-19 pandemic in 2020, the members of the ExCom and SLT voluntarily reduced their base salary by 20% for the period starting on 1 May 2020 until 31 December 2020.

In 2020, based on his employment contract (and taking into account the aforementioned voluntary 20% reduction), the CEO earned a fixed annual salary of EUR 1.24 million (USD 1.42 million), while the other members of the ExCom earned an aggregate annual base salary of EUR 1.58 million (USD 1.80 million).

b. Variable performance-related compensation (bonus) – Share-based compensation plan

As indicated in the remuneration policy (see above section 8.1), the effective payout of variable compensation (bonus), if any, is directly correlated with performance, i.e. linked to the achievement of total company, business unit and individual targets, all of which are based on performance metrics.

Company and business unit targets are based on performance metrics which focus on top-line growth, profitability and long-term value creation. For financial year 2020, the key performance metrics and their relative weight were:

Key Performance Metrics	Weight
Net Revenue (organic)	50%
EBITDA (organic)	30%
Cash flow (organic)	20%
Total	100%

The aggregated target achievement of the performance criteria in 2020 was 0%, reflecting the impact of the Covid-19 pandemic on the company's operations and results.

Below a hurdle of achievement for total company and business unit targets, no variable compensation (bonus) is earned irrespective of personal target achievement.

The targets for each of the performance KPIs and business and personal objectives are set and assessed by the Board, upon recommendation of the Remuneration Committee. A weighted performance score is translated into a payout curve which has a hurdle and a cap. The hurdle is set at the minimum acceptable level of performance to trigger eligibility for a bonus pay-out.

As indicated in the remuneration policy (see above section 8.1), executives receive their bonus (if any) in cash but are encouraged to invest some or all of its value in Voluntary Shares. Such voluntary investment leads to a 20% discount and a company shares match of three Matching Shares for each share voluntarily invested up to a limited total percentage of each executive's bonus.

Variable compensation (bonus) for performance in 2019 – paid in July 2019 and March 2020

For the year 2019, the CEO earned a bonus of EUR 2.61 million (USD 2.93 million). The other members of the ExCom (as at 31 December 2019) earned an aggregate bonus of EUR 2.49 million Euro (USD 2.80 million).

These bonus amounts are based on the company's performance during the year 2019 and the executives' individual target achievement. A first instalment of the bonus was paid in July 2019 (variable compensation awarded related to the first half of 2019) and the remainder of the bonus for the year 2019 was paid in March 2020.

The remuneration report for 2019 sets forth information regarding the number of the company's shares voluntarily acquired by and Matching Shares granted to the CEO and the other members of the ExCom on 29 July 2019 following the payment of the first instalment.

Following the payment of the second instalment, 3,326 Voluntary Shares were acquired by and 10,627 Matching Shares were granted to John Blood on 2 March 2020.

Variable compensation (bonus) for performance in 2020

For the year 2020, based on the company's target achievement during the year 2020, no bonus was earned by the CEO or any other member of the ExCom, irrespective of individual target achievement.

c. Long-term incentives

Annual long-term incentive restricted stock units

On 14 December 2020, long-term restricted stock units were granted to David Almeida (14,413 RSUs), John Blood (12,011 RSUs) and Fernando Tennenbaum (12,011 RSUs). On 28 January 2021, the Board approved the annual long-term incentive restricted stock units grant to Carlos Brito which will be effective 1 March 2021 and will be disclosed in the ordinary course.

Half of the restricted stock units cliff vest over a three-year period and the other half cliff vest over a five-year period (see section 8.1.3.A.c). In the event of termination of service before the vesting date, forfeiture rules apply.

Exceptional long-term incentives

On 25 March 2020, long-term stock options (having an exercise price of EUR 40.40) were granted to David Almeida (1,423,122 options), John Blood (711,561 options) and Fernando Tennenbaum (1,423,122 options) as an exceptional long-term retention incentive.

The options cliff vest after five years and have a maturity of 10 years. In the event of termination of service before the vesting date, forfeiture rules apply.

In 2020, no grants were made to members of the ExCom under the historic exceptional long-term incentive plans described in section 8.1.3.A.c.

d. Recurring Specific long-term Restricted Stock Unit programs

On 25 March 2020, long-term Restricted Stock Units were granted to David Almeida (456,561 RSUs), John Blood (114,140 RSUs) and Fernando Tennenbaum (228,280 RSUs) as an exceptional long-term retention incentive under the program described in item 1 of section 8.1.3.A.d. The Restricted Stock Units cliff vest after five years and in the event of termination of service before the vesting date, forfeiture rules apply.

In 2020, no grants were made to members of the ExCom under the company's other recurring specific long-term Restricted Stock Unit programs (as described in section 8.1.3.A.d.).

e. Exchange of share ownership program

In 2020, no member of the ExCom participated in the company's exchange of share ownership program (as described in section 8.1.3.A.e).

f. Programs for maintaining consistency of benefits granted and for encouraging global mobility of executives

In 2020, no member of the ExCom participated in any of the company's programs for maintaining consistency of benefits granted and for encouraging global mobility of executives (as described in section 8.1.3.A.f).

g. Pension schemes

Our executives participate in Anheuser-Busch InBev's pension schemes in either the US, Belgium or their home country. These schemes are in line with predominant market practices in the respective countries. They may be defined benefit plans or defined contribution plans.

The CEO and the other members of the ExCom participate in a defined contribution plan. No annual contributions were due by the company under his plan in 2020. The contributions for the other members of the ExCom amounted to approximately USD 0.04 million in aggregate in 2020.

h. Other benefits

Executives are also entitled to disability, life, medical (including vision and dental) and Group Variable Universal Life (GVUL) insurance and perquisites that are competitive with market practices, the costs of which together amounted in 2020 to approximately USD 0.04 million for the CEO and approximately USD 0.06 million in aggregate for the other members of the ExCom.

B. Main contractual terms and conditions of employment of members of the Executive Committee (ExCom) in 2020

See section 8.1.3.C for a description of the main contractual terms and conditions of employment of members of the ExCom, including termination arrangements.

Effective 29 April 2020, Felipe Dutra (former Chief Financial and Technology Officer) left the company. He was granted a termination indemnity not exceeding the sum of 12 months of his base salary and the average of the variable compensation paid for the last two years.

Carlos Brito was appointed to serve as the CEO starting as of 1 March 2006. In the event of termination of his employment other than on the grounds of serious cause, the CEO is entitled to a termination indemnity of 12 months of remuneration, including variable compensation as described above.

C. Reclaim of variable remuneration

Malus provisions have been included in the share-based compensation and long-term incentive plans relating to grants made in 2020 (see section 8.1.3.D.). No variable remuneration was reclaimed in 2020.

D. Options owned by members of the ExCom

The table below sets forth the number of LTI stock options owned by the members of our ExCom as of 31 December 2020 under the annual LTI stock option plan (see section 8.1.3. A.c).

	LTI options	LTI options	LTI options	LTI options	LTI options	LTI options	LTI options
Grant date	30 Nov 2010	30 Nov 2011	30 Nov 2012	02 Dec 2013	01 Dec 2014	01 Dec 2015	22 Dec 2015
Expiry date	29 Nov 2020	29 Nov 2021	29 Nov 2022	01 Dec 2023	30 Nov 2024	30 Nov 2025	21 Dec 2025
ExCom(1)	0	336,713	584,073	372,870	214,336	36,035	487,804
Strike price (EUR)	42.41	44.00	66.56	75.15	94.46	121.95	113.00

	LTI options	LTI options	LTI options	LTI options	LTI options	LTI options
Grant date	01 Dec 2016	20 Jan 2017	1 Dec 2017	22 Jan 2018	25 Jan 2019	02 Dec 2019
Expiry date	30 Nov 2026	19 Jan 2027	30 Nov 2027	21 Jan 2028	24 Jan 2029	01 Dec 2029
ExCom(1)	36,728	425,403	19,112	436,286	122,717	168,268
Strike price (EUR)	98.04	98.85	96.70	94.36	65.70	71.87

(1) The following options were exercised in 2020:
   a. David Almeida exercised 51,095 LTI options of 30 December 2010 with a strike price of EUR 42.41.
   b. John Blood exercised 6,734 LTI options of 30 December 2010 with a strike price of EUR 42.41.

The table below sets forth the number of options owned by the members of the ExCom as of 31 December 2020(1) under the November 2008 Exceptional Option Grant.

	November 2008 Exceptional Grant options Series B	November 2008 Exceptional Grant options Series B – Dividend Waiver 09	November 2008 Exceptional Grant options Series B – Dividend Waiver 11	November 2008 Exceptional Grant options Series B – Dividend Waiver 13
Grant date	25 Nov 2008	1 Dec 2009	11 July 2011	31 May 2013
Expiry date	24 Nov 2023	24 Nov 2023	24 Nov 2023	24 Nov 2023
ExCom(2)	133,849	300,566	0	0
Strike price (EUR)	10.32	33.24	40.35	75.82

(1) The Series A stock options have a duration of 10 years as from granting and vested on 1 January 2014. The Series B stock options have a duration of 15 years as from granting and vested on 1 January 2019. The exercise of the stock options is subject, among other things, to the condition that the company meets a performance test. This performance test, which was met, required the net debt/EBITDA, as defined (adjusted for exceptional items) ratio to fall below 2.5 before 31 December 2013.

(2) The following options were exercised in 2020:
   a. Carlos Brito exercised 1,492,830 options of 25 November 2008 with a strike price of EUR 10.32 and 960,030 options of 1 December 2009 with a strike price of EUR 33.24.

The table below sets forth the number of options granted under exceptional long-term plans owned by the members of the ExCom as of 31 December 2020 (see section 8.1.3. A.c).

	2020 Incentive Stock Options	Integration Incentive Stock Options	Integration Incentive Stock Options	Long Run Stock Options Incentive Plan	Long Run Stock Options Incentive Plan	March 2020 Stock Option Incentive
Grant date	22 December 2015	15 December 2016	5 May 2017	1 December 2017	18 May 2018	25 March 2020
Expiry date	21 December 2025	31 December 2026	31 December 2026	31 December 2032	31 December 2032	24 March 2030
ExCom	191,294	173,628	261,706	1,501,878	1,708,044	3,557,805
Strike price (EUR)	113.00	97.99	109.10	96.70	80.34	40.40

E. Restricted Stock Units owned by members of the ExCom

The table below sets forth the number of Restricted Stock Units owned by the members of the ExCom as of 31 December 2020(1).

	December 2012 Exceptional RSU B	December 2014 Exceptional RSU B	Matching Shares March 2016	Matching Shares March 2017	Matching Shares March 2018	August 2018 Performance RSU	Matching Shares March 2019
Grant date	14 December 2012	17 December 2014	2 March 2016	3 March 2017	2 March 2018	14 August 2018	4 March 2019
Vesting date	14 December 2022	17 December 2024	2 March 2021	3 March 2022	2 March 2023	14 August 2023	4 March 2024
ExCom	7,214	10,717	75,726	2,043	163,464	54,479	30,464

	Matching Shares July 2019	Matching Shares March 2020	March 2020 RSU grant	December 2020 LTI RSU A	December 2020 LTI RSU B
Grant date	29 July 2019	2 March 2020	25 March 2020	14 December 2020	14 December 2020
Vesting date	29 July 2024	2 March 2025	25 March 2025	14 December 2023	14 December 2025
ExCom	80,759	10,748	808,089	19,219	19,216

(1) The following Restricted Stock Units vested in 2020:
  a. 26,505 Restricted Stock Units from 4 March 2015 held by Carlos Brito vested in March 2020 at a price of EUR 50.14.
  b. 1,339 Restricted Stock Units from 4 March 2015 held by Fernando Tennenbaum vested in March 2020 at a price of EUR 50.14.
  c. 951 Restricted Stock Units from 4 March 2015 held by John Blood vested in March 2020 at a price of EUR 50.14.

8.2.3. PAY RATIO

For 2020, the ratio between the remuneration of the highest paid member of our ExCom and the lowest paid employee of the Company (Anheuser-Busch InBev SA/NV) was 66.3 to one.

For purposes of calculating the ratio, the following components have been taken into account to determine the total remuneration for 2020: (a) base salary, (b) variable performance-related compensation (bonus) definitively acquired in 2020 (if any), (c) long-term incentives vested in 2020 (if any), (e) pension contributions and (f) other cash and non-cash benefits (e.g. health plans, etc.). Expat allowances (if any) have been excluded from the calculation, since they mainly represent the reimbursement of additional expenses incurred by the employee as a result of the assignment abroad.

Our pay ratio may vary significantly year-to-year due to a number of factors such as the high proportion of variable performance related compensation (bonus) and long-term incentives in the total compensation package for our top management (including the members of the ExCom) and exchange rate movements between reporting years.

8.2.4. COMPARATIVE INFORMATION ON THE CHANGE OF REMUNERATION AND COMPANY PERFORMANCE

The below table contains information on the annual change of (i) the remuneration of the directors and the members of the ExCom, (ii) the performance of the company and (iii) the average remuneration on a full-time equivalent basis of employees of the company (other than the persons under item (i)), over the five most recent financial years.

As explained in section 8.2.3 above, ExCom remuneration varies significantly year-to-year due to a number of factors such as the high proportion of variable performance related compensation (bonus) and long-term incentives in the total compensation package for our top management (including the members of the ExCom) and exchange rate movements between reporting years.

Comparative table on the change of remuneration and company performance over the last five reported financial years

Annual change in %	2016 vs 2015	2017 vs 2016	2018 vs 2017	2019 vs 2018	2020 vs 2019
1. Average remuneration of the directors (total)					
Board Members[1]	14%	(56%)	(40%)	6%	0%
2. Average remuneration of the ExCom members (total)					
ExCom Members[2]	19%	(25%)	(62%)	> 100%[3]	(97%)
3. AB InBev performance (Group)					
EBITDA (organic) [4]	(0%)	13%	8%	3%	(13%)
Net Revenue (organic) [4]	2%	5%	5%	4%	(4%)
GHG Emissions[5]	(9%)	12%	(6%)	(14%)	(7%)
4. Average remuneration on a FTE basis of employees of the Company					
Employees of the Company[6]	(21%)	(7%)	(16%)	48%	4%

Explanatory notes

1. Average remuneration of Board members for a given financial year calculated on the basis of total value of cash components due in respect of the relevant year and the value (if any) of share based components that vested during such year, divided by the number of directors that sat on the Board as per the end of that year (excluding directors, if any, who have waived their entitlement to director remuneration).
2. Average remuneration of the members of the ExCom for 2020 and 2019 calculated on the basis of the total value of cash components (i.e. base salary, bonus, benefits, etc.) due in respect of the relevant year and the value (if any) of share-based components that vested during such year, for all executives who sat on the ExCom as per the end of that year.

   The ExCom was established with effect as from 1 January 2019 and is the successor to the former Executive Board of Management (EBM). Hence, for comparison purposes, the average remuneration depicted for the years 2015-2018 was calculated on the same basis for those members of the former EBM historically exercising the functions held by the current members of the ExCom.
3. The significant increase between 2019 and 2018 is driven by the vesting on 1 January 2019 of the following aggregate stock options granted in 2008 and 2009 to three ExCom members (as of 2019): (a) 2.2 million November 2008 Exceptional Grant Options (series B) with a strike price of EUR 10.32, (b) 0.36 million November 2008 Exceptional Grant Options (series B) with a strike price of EUR 10.50, and (c) 1.6 million Dividend Waiver Series Options of December 2009 with a strike price of EUR 33.24. The share price on the vesting date was EUR 57.40.
4. Based on organic Group EBITDA and organic Net Revenue numbers reported in the full year results announcement published by the company for the relevant financial year. The numbers as from 2017 onwards reflect the enlarged scope post-combination with SAB. The 2018 results were restated considering (i) the adoption of new IFRS rules on lease accounting (IFRS 16 Leases) under the full retrospective approach on 1 January 2019 and (ii) the classification of our Australian business as discontinued operations.
5. Based on GHG Emissions Scope 1+2 (kgCO2e/hl) numbers for the AB InBev Group as published in the Annual Report for the relevant financial year. It is to be noted that the GHG Emissions Scope 1+2 (kgCO2e/hl) numbers before 2017 reflect the situation for the AB InBev Group pre-combination with SAB. The numbers as from 2017 onwards reflect the enlarged scope post-combination with SAB.
6. Calculated on a Belgian GAAP basis (the sum of line items 620, 622, 623 and 624 of the statutory annual accounts divided by the number of FTE of Anheuser-Busch InBev SA/NV set forth in line item 1003 in the social balance annex to the statutory accounts).

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Registered trademarks

The following brands are registered trademarks of Anheuser-Busch InBev SA/NV or one of its affiliated companies:

Global brands:

Budweiser, Stella Artois and Corona

International brands:

Castle, Beck's, Leffe, Hoegaarden and Michelob ULTRA

Local brands:

10 Barrel, 100% renewable electricity, Aguila, Alexander Keith's, Alta Palla, Ama, Andes, Antarctica, Archibald, Atlas Golden Light, Atom Brands, Babe, Bagbier, Balboa, Bathtub Gin, Barrilito, Bass, BBC La Cotidiana, Be a King, Beck's Ice, Becker, Belle-Vue, Belgian Beer Café, Best Damn, Birra del Borgo, Blasfemia, Blue Girl, Blue Point, Boddingtons, Bohemia, Bon & Viv, Boxing Cat, Brahma, Breckenridge, Brutal Fruit, Bud 0.0, Bud 66, Bud Light, Bud Light Seltzer, Budweiser Copper Lager, Budweiser Harvest Reserve, Busch, Busch Light, Cafri, Camden Town, Camden Hells, Carlton, Carling Black Label, Cass, Castle Lite, Castle Lite Cold Lock, Chernigivske, Club, Club Colombia, Colorado, Colorado Ribeirão Lager, Corona Cero, Corona Extra, Corona This Is Living, Coronita, Crew Republic, Cristal, Cubanisto, Cucapá, Cusqueña, Cutwater, Devils Backbone, Diebels, Diekirch, Drinkworks Home Bar, Eagle Lager, Elysian, Estrella, Estrella Jalisco, Flying Fish Chill, Four Peaks, Franziskaner, Ginette, Ginsber, Golden Road, Goose Island, Great Northern, Guaraná Antarctica, Haake-Beck, Harbin, Harbin Cristal, Hasseröder, Hertog Jan, Hertog Jan 0.0, HiBall, Hoegaarden Rosée, Impala, Jinling, Jinlongquan, Julius, Jupiler, Jupiler 0.0, Kaiba, Karbach, Kilimanjaro, King of Beers, Klinskoye, Kokanee, Kombrewcha, Kwak, Labatt, Lakeport, La Legítima, Land Shark Lager, La Virgen, Leffe Royale, Leffe 0.0, Leon, Liberty, Löwenbräu, Lucky, Mackeson, Magnífica, Malta, Maverick Drinks, Master of Malt, Mexicali, Michelob Ultra Pure Gold, Michelob Ultra Lime Cactus, Mike's Hard, Mike's Hard Sparkling Water, Mill Street, Modelo, Modelo Especial, Montejo, Mountain Series, Natty Daddy, Natural Light, Natural Light Seltzer, Negra Modelo, Norte, Nossa, O'Doul's, OB, Oland, Old Blue Last, Paceña, Pacifico, Patagonia, Patagonia Hoppy Lager, Patricia, Pilsen, Pilsen Callao, Pilsener, Pirate Life, Poker, Pony Malta Plus, Presidente, Pure Blonde, Pure Draught, Quilmes, RateBeer, Redd's Apple, Ritas, Rogan, Safari, Salva Vida, Saturday Session, Sedrin, Shiliang, Shock Top, Sibirskaya Korona, Skol, Skol Beats GT, Skol Puro Malte, SmartBarley, Spaten, Stanley Park, Stella Artois Buy A Lady A Drink, Stella Artois Midnight Lager, Stella Artois Seltzer, Sunbru, T, Temple Brewery, Tijuana, Tolstiak, Tripel Karemeliet, Tropical, Vieux Temps, Victoria, Victoria Bitter, Wäls, Whitbread, Wicked Weed, Yantar, Zalva, ZX Ventures.

The following brand is a registered trademark:

- PerfectDraft: co-owned with Koninklijke Philips N.V.
- Clean Waves: co-owned with Parley LLC

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Special thanks to all our proofreaders and colleagues from Anheuser-Busch InBev who made this Annual Report a reality.

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U kan dit rapport in het Nederlands raadplegen op onze website: www.ab-inbev.com

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Register of Companies

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Figures in million USD unless stated otherwise	2015 reported	2015 reference base[1]	2016 reported	2016 reference base[2]	2017 restated[3]	2018 restated[3]	2019 reported	2020 reported
Volumes (million hls)	457	502	500	616	605	560	561	531
Revenue	43,604	46,928	45,517	53,942	54,859	53,041	52,329	46,881
Normalized EBITDA	16,839	18,145	16,753	19,633	21,695	21,732	21,078	17,321
EBITDA	17,057	--	16,360	--	21,085	21,038	20,755	16,951
Normalized profit from operations	13,768	14,882	13,276	15,520	17,069	17,107	16,421	12,723
Normalized profit attributable to equity holders of Anheuser-Busch InBev	8,513	--	4,853	--	7,392	6,248	8,086	3,807
Profit attributable to equity holders of Anheuser-Busch InBev	8,273	--	1,241	--	7,990	4,370	9,171	1,405
Net financial debt	42,185	--	107,953	--	106,492	104,242	95,542	82,722
Cash flow from operating activities[4]	14,121	--	10,110	--	14,920	14,181	14,036	10,891
Normalized earnings per share (USD)	5.20	--	2.83	--	3.75	3.16	4.08	1.91
Dividend per share (USD)	3.95	--	3.85	--	4.33	2.05	1.46	0.61
Dividend per share (euro)	3.60	--	3.60	--	3.60	1.80	1.30	0.50
Pay-out ratio %	76.0	--	136.0	--	115.5	64.9	35.8	31.9
Weighted average number of ordinary shares (million shares)	1,638	--	1,717	--	1,971	1,975	1,984	1,998
Share price high (euro)	124.20	--	119.60	--	110.10	96.70	92.71	74.49
Share price low (euro)	87.73	--	92.13	--	92.88	56.84	56.32	30.97
Year-end share price (euro)	114.40	--	100.55	--	93.13	57.70	72.71	57.01
Market capitalization (million USD)	200,302	--	213,993	--	225,531	133,404	164,936	141,260
Market capitalization (million euro)	183,983	--	203,010	--	188,052	116,510	146,819	115,117

1. The 2015 Reference Base and 2016 segment reporting exclude the results of the SABMiller business sold since the combination was completed, including the joint venture stakes in MillerCoors and CR Snow, and the sale of the Peroni, Grolsch and Meantime brands and associated businesses in Italy, the Netherlands, the UK and internationally. The 2015 Reference Base and 2016 segment reporting also exclude the results of the CEE Business and the stake in Distell. The results of the CEE Business will be reported as “Results from discontinued operations” and the results of Distell will be reported as share of results of associates until the respective sales are completed.

2. The differences between the 2016 Reference base and the 2016 income statement as Reported represent the effect of the combination with SAB. The profit, cash flow and balance sheet are presented as Reported in 2016. The results of the CEE Business were reported as “Results from discontinued operations” until the completion of the disposal that took place on 31 March 2017. The results of Distell were reported as share of results of associates until the completion of the sale that occurred on 12 April 2017, and accordingly, are excluded from normalized EBIT and EBITDA. Furthermore, the company stopped consolidating CCBA in its consolidated financial statements as from the completion of the CCBA disposal on 4 October 2017.

3. In 2019, the 2017 and 2018 results were restated to reflect the impact of (i) the retrospective application of IFRS 16 Leases that became effective as of 1 January 2019 and replaced the prior lease accounting requirements and introduced significant changes to lessee accounting as it removed the distinction between operating and finance leases and requires a lessee to recognize a right-of-use asset and a lease liability, and a depreciation charge related to the right-of-use assets and an interest expense on the lease liabilities, and (ii) the classification of the results of the Australian operations as discontinued operations in accordance with IFRS 5 Non-current Assets Held for Sale and Discontinued Operations following the announcement on 19 July 2019 of the agreement to divest CUB to Asahi.

4. The 2019 cash flow from operating activities has been restated to include cash flow from operating activities on the Australia discontinued operations.

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