(c) Main lawsuits with a probable likelihood of loss:

(c.1) Income and sales taxes

In Brazil, the Company and its subsidiaries are involved in several administrative and judicial proceedings related to Income, ICMS, IPI, PIS and COFINS taxes. Such proceedings include, among others, tax offsetting, credits and judicial injunctions exempting the Company from the payment of tax.

(c.2) Labor

The Company and its subsidiaries are involved in labor proceedings with former employees or former employees of service providers. The main issues involve overtime and related effects and respective charges.

(c.3) Civil

The Company is involved in civil lawsuits considered with probable likelihood of loss. The most relevant portion of these lawsuits refers to former distributors, mainly in Brazil, which are mostly claiming damages resulting from the termination of their contracts.

The processes with possible probabilities are disclosed in Note 29 - *Contingent liabilities*.

27. FINANCIAL INSTRUMENTS AND RISKS

Risk factors

The Company is exposed to foreign currency, interest rate, commodity price, liquidity and credit risk in the ordinary course of business. The Company analyzes each of these risks both individually and as a whole to define strategies to manage the economic impact on risk’s performance consistent with its Financial Risk Management Policy.

The Company’s use of derivatives strictly follows the Financial Risk Management Policy approved by the Board of Directors. The purpose of the policy is to provide guidelines for the management of financial risks inherent to the capital markets in which Ambev operates. The policy includes four main aspects: (i) capital structure; financing and liquidity; (ii) transactional risks related to the business; (iii) financial statement translation risk; and (iv) credit risks of financial counterparties.

The policy establishes that all the financial assets and liabilities in each country where Ambev operates must be denominated in their respective local currencies. The policy also sets out the procedures and controls required to identify, measure and minimize market risks, such as variations in foreign exchange rates, interest rates and commodities (mainly aluminum, wheat, corn and sugar) that may affect Ambev’s revenue, costs and/or investment amounts. The policy states that all the known risks (e.g. foreign currency and interest) shall be hedged by contracting derivative financial instruments. Existing risks not yet recorded (e.g. future contracts for the purchase of raw materials or property, plant and equipment) shall be mitigated using projections for the period required for the Company to adapt to the new costs scenario, which may vary from ten to fourteen months, also through the use of derivative financial instruments. Most of the translation risks are not hedged. Any exceptions to the policy must be approved by the Board of Directors.

Derivative financial Instruments

Derivative financial instruments authorized by the Financial Risk Management Policy are futures contracts traded on exchanges, Full deliverable forwards, Non-deliverable forwards, Swaps and Options. At December 31, 2019, the Company and its subsidiaries had no target forwards, swaps with currency verification, or any other derivative operations representing a risk level above the nominal value of the contracts. The derivative operations are managed on a consolidated basis and classified based on the strategy according to their purposes, as follows:

i) Cash flow hedge derivative instruments – The highly probable forecast transactions contracted in order to minimize the Company's exposure to fluctuations in exchange rates and prices of raw materials, investments, equipment and services to be procured, protected by cash flow hedges that shall occur at various different dates over the next fourteen months. Gains and losses classified as hedging reserves in equity are recognized in the income statement in the period or periods when the forecast and hedged transaction affects the income statement.

ii) Fair value hedge derivative instruments – operations contracted with the purpose of mitigating the Company’s net indebtedness against foreign exchange and interest rate risk. Net cash positions and foreign currency debts are continually assessed for the identification of new exposure.

The results of these operations, measured according to their fair value, are recognized in financial results.

iii) Net investment hedge derivative instruments – transactions entered in order to minimize the exposure of exchange differences arising from the conversion of net investments in the Company's subsidiaries located abroad for the translation of the account balance. The effective portion of the hedge is allocated to equity, and the ineffective portion is recorded directly in the financial results.

The following tables summarize the exposure of the Company identified and protected in accordance with the Company's Risk Policy. The following classifications have been applied:

Operational Hedges: Refers to the exposure arising from the core business of Ambev, such as purchases of inputs, purchases of fixed assets and service contracts linked to foreign currency, which are protected using derivatives.

Financial Hedge: Refers to the exposure arising from cash and financing activities, such as foreign currency cash and foreign currency debt, which is protected t using derivatives.

Investment Hedges Abroad: Refers mainly to exposure arising from cash held in foreign currency in foreign subsidiaries, whose functional currency is different from the consolidation currency.

Investment Hedge: Put option granted on subsidiary as detailed in Note 21 (d.4) the Company constituted a liability related to the acquisition of a Non-controlling interest in the Dominican Republic operations. This financial instrument is denominated in Dominican Pesos and is recorded in a Company whose functional currency is the Real. The Company assigned this financial instrument as a hedging instrument for part of its net assets located in the Dominican Republic, in such a manner that the hedge result can be recorded in other comprehensive income of the group, following the results of the hedged item.

All amounts in millions of Brazilian Reais unless otherwise stated

Transactions protected by derivative financial instruments in accordance with the Financial Risk Management Policy

								2019
				Fair Value		Gain / (Losses)		
Exposure	**Risk**		**Notional**	**Assets**	**Liability**	**Finance Result**	**Operational Result**	**Equity**
Cost		**(11,823.8)**	**11,630.3**	**122.2**	**(266.4)**	**(1,147.1)**	**873.5**	**652.9**
	Commodity	(2,293.5)	2,100.0	36.8	(74.8)	(57.5)	(197.1)	(108.3)
	American Dollar	(9,192.4)	9,192.4	44.3	(188.6)	(1,085.4)	1,132.8	795.5
	Euro	(177.6)	177.6	-	(3.0)	(3.3)	(4.3)	(8.8)
	Mexican Pesos	(160.3)	160.3	41.1	-	(0.9)	(57.9)	(25.5)
Fixed Assets		**(816.9)**	**816.9**	**11.4**	**(53.8)**	**(279.9)**	**202.4**	**199.9**
	American Dollar	(816.9)	816.9	11.4	(53.8)	(279.9)	202.4	199.9
Expenses		**(262.1)**	**262.1**	**2.2**	**(17.3)**	**(5.6)**	**4.8**	**2.7**
	American Dollar	(262.1)	262.1	2.2	(17.3)	(5.6)	5.0	2.8
	Rupee	-	-	-	-	-	(0.2)	(0.1)
Cash		**-**	**-**	**-**	**-**	**(0.1)**	**-**	**-**
	Interest rate	-	-	-	-	(0.1)	-	-
Debts		**(362.7)**	**-**	**-**	**-**	**5.9**	**-**	**-**
	American Dollar	(114.3)	-	-	-	0.6	-	-
	Interest rate	(248.4)	-	-	-	5.3	-	-
Equity Instrument		**(1,873.4)**	**1,057.8**	**37.5**	**(17.9)**	**161.1**	**-**	**-**
	Stock Exchange Prices	(1,873.4)	1,057.8	37.5	(17.9)	161.1	-	-
Foreign Investments		**-**	**-**	**-**	**-**	**-**	**(28.5)**	**28.5**
	American Dollar	-	-	-	-	-	(28.5)	28.5
As at December 31, 2019		**(15,138.9)**	**13,767.1**	**173.3**	**(355.4)**	**(1,265.7)**	**1,052.2**	**884.0**

All amounts in millions of Brazilian Reais unless otherwise stated

				Fair Value		Gain / (Losses)		2018
Exposure	**Risk**		**Notional**	**Assets**	**Liability**	**Finance Result**	**Operational Result**	**Equity**
Cost		**(11,793.2)**	**11,607.3**	**184.4**	**(394.2)**	**(784.4)**	**1,182.8**	**1,733.6**
	Commodity	(2,597.0)	2,411.1	14.9	(270.6)	(104.1)	78.4	(160.0)
	American Dollar	(8,774.3)	8,774.3	128.4	(119.9)	(681.5)	1,080.7	1,796.0
	Euro	(152.4)	152.4	2.2	(1.0)	(3.0)	4.6	2.8
	Mexican Pesos	(269.5)	269.5	38.9	(2.7)	4.2	19.1	94.8
Fixed Assets		**(890.0)**	**890.0**	**23.7**	**(29.3)**	**21.9**	**-**	**-**
	American Dollar	(890.0)	890.0	23.7	(29.1)	19.3	-	-
	Euro	-	-	-	(0.2)	2.6	-	-
Expenses		**(314.0)**	**314.0**	**11.4**	**(14.2)**	**(0.4)**	**17.7**	**(0.6)**
	American Dollar	(311.8)	311.8	11.4	(14.2)	(0.8)	18.5	-
	Rupee	(2.2)	2.2	-	-	0.4	(0.8)	(0.6)
Cash		**(15.0)**	**15.0**	**0.4**	**-**	**(347.4)**	**-**	**-**
	American Dollar	-	-	0.3	-	(347.3)	-	-
	Interest rate	(15.0)	15.0	0.1	-	(0.1)	-	-
Debts		**(1,010.6)**	**338.2**	**34.9**	**(1.1)**	**89.6**	**-**	**-**
	American Dollar	(672.4)	-	-	-	73.2	-	-
	Interest rate	(338.2)	338.2	34.9	(1.1)	16.4	-	-
Equity Instrument		**(1,535.4)**	**1,108.4**	**0.1**	**(243.0)**	**(378.2)**	**-**	**-**
	Stock Exchange Prices	(1,535.4)	1,108.4	0.1	(243.0)	(378.2)	-	-
Foreign Investments		**-**	**-**	**-**	**-**	**4.3**	**(57.0)**	**7.4**
	American Dollar	-	-	-	-	4.3	(57.0)	7.4
As at December 31, 2018		**(15,558.2)**	**14,272.9**	**254.9**	**(681.8)**	**(1,394.6)**	**1,143.5**	**1,740.4**

I. Market risk

a.1) Foreign currency risk

The Company is exposed to foreign currency risk on borrowings, investments, purchases, dividends and/or interest expense/income whenever they are denominated in a currency other than the functional currency of the subsidiary. The main derivatives financial instruments used to manage foreign currency risk are futures contracts, swaps, options, non deliverable forwards and full deliverable forwards.

a.2) Commodity Risk

A significant portion of the Company’s inputs is made up of commodities, which historically have experienced substantial price fluctuations. The Company therefore uses both fixed price purchasing contracts and derivative financial instruments to minimize its exposure to commodity price volatility of aluminum, sugar, wheat and corn. These derivative financial instruments have been designated as cash flow hedges.

a.3) 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 the Company’s policy is to achieve an optimal balance between the cost of funding and the volatility of financial results, considering market conditions, as well as the Company’s overall business strategy, and this strategy is reviewed periodically.

All amounts in millions of Brazilian Reais unless otherwise stated

The table below demonstrates the Company's exposure related to debts, before and after interest rates hedging strategy. In 2019, the Company is not applying hedge for exposure described below:

	2019	
	Risk	
	Interest rate	Amount
Brazilian Real	9.3%	171.8
American Dollar	4.1%	95.3
Canadian Dollar	2.7%	0.5
Interest rate post fixed		**267.6**
Brazilian Real	10.4%	2,006.7
Dominican Peso	10.0%	209.7
American Dollar	4.7%	19.1
Guatemala´s Quetzal	6.3%	12.0
Canadian Dollar	3.5%	243.7
Others	9.2%	126.3
Interest rate pre-set		**2,617.5**

	2018 (restated)			
	Pre - Hedge		Post - Hedge	
	Interest rate	Amount	Interest rate	Amount
Brazilian Real	9.1%	237.6	6.8%	516.0
American Dollar	3.6%	630.0	3.6%	630.0
Canadian Dollar	2.8%	752.6	2.8%	752.6
Interest rate post fixed		**1,620.2**		**1,898.6**
Brazilian Real	9.7%	2,034.5	10.1%	1,756.1
Dominican Peso	9.4%	217.4	9.4%	217.4
American Dollar	4.4%	42.3	4.4%	42.3
Guatemala´s Quetzal	7.8%	11.5	7.8%	11.5
Canadian Dollar	3.5%	145.5	3.5%	145.5
Other Latin American currencies	10.2%	32.1	10.2%	32.1
Interest rate pre-set		**2,483.3**		**2,204.9**

All amounts in millions of Brazilian Reais unless otherwise stated

Sensitivity analysis

The Company substantially mitigates the risks arising from non-derivative financial assets and liabilities, through derivative financial instruments. In this context, the Company has identified the main risk factors that may generate losses from these derivative financial instruments, and has developed a sensitivity analysis based on three scenarios, which may impact the Company's future results and/or cash flow, as described below:

1 – Probable scenario: Management's expectations regarding the deterioration of each transaction's main risk factor. To measure the possible effects on the results of derivative transactions, the Company uses the parametric Value at Risk ("VaR"). The VaR is a statistical measure developed through estimates of standard deviation and correlation between the returns of several risk factors. This model results in the loss limit expected for an asset over a certain time period and confidence interval. Under this methodology, we used the potential exposure of each financial instrument, a range of 95% and a horizon of 21 days after December 31, 2019 for the calculation, which are presented in the model.

2 – Adverse scenario: 25% deterioration in each transaction's main risk factor compared to the level observed as at December 31, 2019.

3 – Remote scenario: 50% deterioration in each transaction's main risk factor compared to the level observed as at December 31, 2019.

Transaction	Risk	Fair value	Probable scenario	Adverse scenario	Remote scenario
Commodities hedge	Decrease on commodities price	(38.0)	(86.5)	(563.0)	(1,088.0)
Input purchase		38.0	92.1	611.4	1,184.7
Foreign exchange hedge	Foreign currency decrease	(106.2)	(200.9)	(2,488.7)	(4,871.3)
Input purchase		106.2	200.9	2,488.7	4,871.3
Costs effects		**-**	**5.6**	**48.4**	**96.7**
Foreign exchange hedge	Foreign currency decrease	(42.4)	(62.2)	(246.6)	(450.8)
Capex Purchase		42.4	62.2	246.6	450.8
Fixed assets effects		**-**	**-**	**-**	**-**
Foreign exchange hedge	Foreign currency decrease	(15.1)	(21.7)	(80.6)	(146.1)
Expenses		15.1	21.7	80.6	146.1
Expenses effects		**-**	**-**	**-**	**-**
Cash	Foreign currency decrease	-	0.7	28.6	57.2
Interest expenses	Increase in interest rate	-	1.6	15.2	28.6
Debt effects		**-**	**2.3**	**43.8**	**85.8**
Equity Instrument Hedge	Stock Exchange Price decrease	19.6	(17.6)	(244.8)	(509.3)
Expenses		(19.6)	43.6	448.7	917.1
Equity effects		**-**	**26.0**	**203.9**	**407.8**
		-	**33.9**	**296.1**	**590.3**

All amounts in millions of Brazilian Reais unless otherwise stated

As of December 31, 2019 the Notional and Fair Value amounts per instrument and maturity were as follows:

		Notional Value					
Exposure	**Risk**	**2020**	**2021**	**2022**	**2023**	**>2023**	**Total**
Cost		**11,588.7**	**41.6**	**-**	**-**	**-**	**11,630.3**
	Commodity	2,058.4	41.6	-	-	-	2,100.0
	American Dollar	9,192.4	-	-	-	-	9,192.4
	Euro	177.6	-	-	-	-	177.6
	Mexican Peso	160.3	-	-	-	-	160.3
Fixed asset		**816.9**	**-**	**-**	**-**	**-**	**816.9**
	American Dollar	816.9	-	-	-	-	816.9
Expenses		**262.1**	**-**	**-**	**-**	**-**	**262.1**
	American Dollar	262.1	-	-	-	-	262.1
Equity Instrument		**1,057.8**	**-**	**-**	**-**	**-**	**1,057.8**
	Stock prices	1,057.8	-	-	-	-	1,057.8
		13,725.5	**41.6**	**-**	**-**	**-**	**13,767.1**

		Fair Value					
Exposure	**Risk**	**2020**	**2021**	**2022**	**2023**	**>2023**	**Total**
Cost		**(145.3)**	**1.1**	**-**	**-**	**-**	**(144.2)**
	Commodity	(39.1)	1.1	-	-	-	(38.0)
	American Dollar	(144.3)	-	-	-	-	(144.3)
	Euro	(3.0)	-	-	-	-	(3.0)
	Mexican Peso	41.1	-	-	-	-	41.1
Fixed asset		**(42.4)**	**-**	**-**	**-**	**-**	**(42.4)**
	American Dollar	(42.4)	-	-	-	-	(42.4)
Expenses		**(15.1)**	**-**	**-**	**-**	**-**	**(15.1)**
	American Dollar	(15.1)	-	-	-	-	(15.1)
Equity Instrument		**19.6**	**-**	**-**	**-**	**-**	**19.6**
	Stock prices	19.6	-	-	-	-	19.6
		(183.2)	**1.1**	**-**	**-**	**-**	**(182.1)**

II. Credit Risk

Concentration of counterparty credit risk

A substantial part of the Company’s sales is made to distributors, supermarkets and retailers, within a broad distribution network. Credit risk is reduced because of the widespread number of customers and control procedures used to monitor risk. Historically, the Company has not experienced significant losses on receivables from customers.

Concentration of credit risk on counterpart

In order to minimize the credit risk of its investments, the Company has adopted procedures for the allocation of cash and investments, taking into consideration the credit limits and credit analysis of financial institutions, avoiding credit concentration, i.e. the credit risk is monitored and minimized by restricting negotiations to a select group of highly rated counterparties.

The selection process for financial institutions authorized to operate as the Company’s counterparty is set forth in the Credit Risk Policy, which also establishes maximum limits of exposure to each counterparty based on each counterparty's risk rating and capitalization.

In order to minimize the credit risk on significant derivative transactions with its counterparties, the Company has adopted bilateral “trigger” clauses. According to these clauses, where the fair value of an operation exceeds a certain percentage of its notional value (generally between 10% and 15%), the debtor must settle the difference in favor of the creditor.

As of December 31, 2019, the Company held its main short-term investments with the following financial institutions: Banco do Brasil, Bradesco, Bank Mendes Gans, BNP Paribas, Caixa Econômica Federal, Citibank, Itaú, JP Morgan Chase, Santander, ScotiaBank and Toronto Dominion Bank. The Company had derivative agreements with the following financial institutions: Banco Bisa, Banco Galícia, BBVA, Barclays, BNB, BNP Paribas, Bradesco, Citibank, Deutsche Bank, Itaú, Goldman Sachs, JP Morgan Chase, Macquarie, Merrill Lynch, Morgan Stanley, Santander, Standard Bank, ScotiaBank and TD Securities.

The carrying amounts of cash and cash equivalents, investment securities, trade receivables excluding prepaid expenses, recoverable taxes and derivative financial instruments are disclosed net of provisions for impairment, and represent the maximum exposure to credit risk as at December 31, 2019. There was no concentration of credit risk on any counterparty as at December 31, 2019.

III. Liquidity Risk

The Company believes that cash flows from operating activities, cash and cash equivalents and short-term investments, together with the derivative financial instruments and access to loan facilities are sufficient to finance capital expenditures, financial liabilities and dividend payments in the future.

IV. Equity price risk

Through the equity swap transactions approved on December 20, 2018, May 15, 2019 and December 19, 2019 by the Board of Directors of Ambev (see Note 1 - *Corporate information*), the Company, or its subsidiaries, will receive the price variation related to its shares traded on the stock exchange, or on its ADRs, neutralizing the possible effects of the stock price fluctuations in view of the share-based payment of the Company. As these derivative instruments are not eligible for hedge accounting, they were not therefore designated to any hedge.

In December 2019, an exposure equivalent to R$1.9 billion (R$1.5 billion as of December 31, 2018) in AmBev’s shares (or ADRs) was partially hedged, resulting in a gain in the income statement of R$161.1 (a loss in the income statement of R$378.2 as at December 31, 2018).

V. Capital management

Ambev is continuously optimizing its capital structure targeting to maximize shareholder value, while maintaining the desired financial flexibility to execute its strategic projects. Besides the statutory minimum equity funding requirements that apply to the Company’s subsidiaries in different countries, Ambev is not subject to any externally imposed capital requirements. When analyzing the capital structure, the Company uses the same debt ratings and capital classifications applied for the financial statements.

Financial instruments

(a) Financial instruments categories

Management of the financial instruments held by the Company is affected through operational strategies and internal controls to assure liquidity, profitability and transaction security. Financial instruments transactions are regularly reviewed for the effectiveness of the risk exposure that management intends to cover (foreign exchange, interest rate, etc.).

All amounts in millions of Brazilian Reais unless otherwise stated

The table below shows all financial instruments recognized in the financial statements, segregated by category:

	2019			
	Fair value through other comprehensive income	Amortized cost	Fair value through profit or loss	Total
Financial assets				
Cash and cash equivalents	3,644.7	8,256.0	-	11,900.7
Trade receivables excluding prepaid expenses	-	6,456.7	-	6,456.7
Investment securities	-	163.6	14.6	178.2
Financial instruments derivatives	-	-	37.6	37.6
Derivatives hedge	-	-	135.7	135.7
Total	**3,644.7**	**14,876.3**	**187.9**	**18,708.9**
Financial liabilities				
Trade payables and put option granted on subsidiary and other liabilities	-	16,962.9	3,092.2	20,055.1
Financial instruments derivatives	-	-	17.9	17.9
Derivatives hedge	-	-	337.5	337.5
Interest-bearning loans and borrowings	-	3,062.8	-	3,062.8
Total	**-**	**20,025.7**	**3,447.6**	**23,473.3**

	2018 (restated)			
	Fair value through other comprehensive income	Amortized cost	Fair value through profit or loss	Total
Financial assets				
Cash and cash equivalents	3,778.4	7,685.1	-	11,463.5
Trade receivables excluding prepaid expenses	-	6,874.3	-	6,874.3
Investment securities	-	147.3	13.4	160.7
Financial instruments derivatives	-	-	34.1	34.1
Derivatives hedge	-	-	220.8	220.8
Total	**3,778.4**	**14,706.7**	**268.3**	**18,753.4**
Financial liabilities				
Trade payables and put option granted on subsidiary and other liabilities	-	15,535.6	2,669.5	18,205.1
Financial instruments derivatives	-	-	243.4	243.4
Derivatives hedge	-	-	438.4	438.4
Interest-bearning loans and borrowings	-	4,103.6	-	4,103.6
Total	**-**	**19,639.2**	**3,351.3**	**22,990.5**

(b) Classification of financial instruments by type of fair value measurement

IFRS 13 defines the fair value as the price that would be received for the sale of an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

All amounts in millions of Brazilian Reais unless otherwise stated

Also pursuant to IFRS 13, financial instruments measured at fair value shall be classified within the following categories:

Level 1 – quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access as at the valuation date;

Level 2 – inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly; and

Level 3 –inputs which are not observable for the asset or liability.

	2019				2018			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Financial assets								
Financial asset at fair value through other comprehensive income	3,644.7	-	-	3,644.7	3,778.4	-	-	3,778.4
Financial asset at fair value through profit or loss	14.6	-	-	14.6	13.4	-	-	13.4
Derivatives assets at fair value through profit or loss	-	37.6	-	37.6	0.1	34.0	-	34.1
Derivatives - operational hedge	25.1	110.6	-	135.7	1.6	219.2	-	220.8
	3,684.4	**148.2**	**-**	**3,832.6**	**3,793.5**	**253.2**	**-**	**4,046.7**
Financial liabilities								
Financial liabilities at fair value through profit and loss (i)	-	-	3,092.2	3,092.2	-	-	2,669.5	2,669.5
Derivatives liabilities at fair value through profit or loss	-	17.9	-	17.9	0.5	242.9	-	243.4
Derivatives - operational hedge	43.2	294.3	-	337.5	36.6	401.8	-	438.4
	43.2	**312.2**	**3,092.2**	**3,447.6**	**37.1**	**644.7**	**2,669.5**	**3,351.3**

(i) Refers to the put option granted on subsidiary as described in Note 21 d(4).

Reconciliation of changes in the categorization of Level 3

Financial liabilities at December 31, 2018 (i)	**2,669.5**
Acquisition of investments	(24.9)
Total gains and losses in the year	447.6
Losses/(gains) recognized in net income	542.3
Losses/(gains) recognized in equity	(94.7)
Financial liabilities at December 31, 2019	**3,092.2**

(i) The liability was recorded under “Trade payables and put option granted on subsidiary and other liabilities” on the balance sheet.

(c) Fair value of financial liabilities measured at amortized cost

The Company’s liabilities, interest-bearing loans and borrowing, trade payables excluding tax payables, are recorded at amortized cost based on the effective rate method, plus indexation and foreign exchange gains/losses, based on the closing indices for each exercise.

All amounts in millions of Brazilian Reais unless otherwise stated

The financial instruments recorded at amortized cost are similar to the fair value and are not of sufficient materiality to require disclosure.

Calculation of fair value of derivatives

The Company measures derivative financial instruments by calculating their present value, using market curves that impact the instrument as at the computation dates. In the case of swaps, both the asset and the liability positions are estimated independently and brought to present value, where the difference between the results of the asset and liability amounts generates the swaps market value. For the traded derivative financial instruments, the fair value is calculated according to the adjusted exchange-listed price.

Margins given in guarantee

In order to comply with the guarantee requirements of the derivative exchanges and/or counterparties to certain operations with derivative financial instruments, as at December 31, 2019 the Company held R$816.9 in highly liquid financial investments or in cash, classified as cash and cash equivalents and investment securities (R$653.8 as at December 31, 2018).

Offsetting of financial assets and liabilities

For financial assets and liabilities subject to settlement agreements by the net or similar agreements, each agreement between the Company and the counterparty allows this type of settlement when both parties opt for this. In the absence of such a decision, the assets and liabilities will be settled by their amounts, but each party shall have the option to settle on a net basis, in case of a default by the counterparty.

28. COLLATERAL AND CONTRACTUAL COMMITMENTS WITH SUPPLIERS, ADVANCES FROM CUSTOMERS AND OTHER

	2019	2018
Collateral given for the Company's own liabilities	817.0	653.8
Other commitments	1,245.2	1,338.9
	2,062.2	**1,992.7**
Commitments to suppliers	15,877.3	12,078.6
	15,877.3	**12,078.6**

The collateral provided for liabilities totaled approximately R$2,062.2 as at December 31, 2019 (R$1,992.7 as at December 31, 2018), including R$693.3 (R$574.7 as at December 31, 2018) of cash guarantees. The deposits in cash used as guarantees are presented as part of other assets. To meet the guarantees required for derivative exchanges and/or counterparties contracted in certain derivative financial instrument transactions, Ambev maintained as at December 31, 2019, R$816.9 (R$653.8 as at December 31, 2018) in highly liquid financial investments or in cash, classified as cash and cash equivalents and investment securities (Note 27 – *Financial instruments and risks*).

All amounts in millions of Brazilian Reais unless otherwise stated

Most of the balance relates to commitments to suppliers of packaging.

Future contractual commitments as at December 31, 2019 and 2018 are as follows:

	2019	2018
Less than 1 year	9,300.5	4,827.0
Between 1 and 2 years	3,861.9	2,932.4
More than 2 years	2,714.9	4,319.2
	15,877.3	**12,078.6**

29. CONTINGENT LIABILITIES

The Company has contingent liabilities related to lawsuits arising in the normal course of its business. Due to their nature, such legal proceedings involve certain uncertainties including, but not limited to, court and tribunal rulings, negotiations between affected parties and governmental actions, and therefore the Company’s management cannot estimate the likely timing of the resolution of these matters at this stage.

Contingent liabilities probable are fully recorded as liabilities (Note 26 – *Provisions*).

Additionally, the Company has lawsuits related to tax, civil and labor for which the likelihood of loss is classified as possible by management, and for which there are no provisions, as the composition and estimates of these amounts are as follow:

	2019	2018
Income tax and social contribution	43,453.0	37,867.4
Value-added and excise taxes	22,226.3	23,891.4
PIS and COFINS	3,066.8	4,386.3
Labor	353.3	353.4
Civil	388.7	4,385.7
Others	1,036.0	1,171.3
	70,524.1	**72,055.5**

Principal lawsuits with a likelihood of possible loss

Brazilian Federal Taxes

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. The decision rendered by the Lower Administrative Court was partially favorable to Ambev. Ambev filed a judicial proceeding to discuss the unfavorable portion of the decision and requested an injunction which was granted to Ambev to suspend enforceability. Regarding the portion of the decision subject to review at the administrative level, in August 2019 the Upper Administrative House rendered a partially favorable decision to Ambev. Ambev is awaiting the issuance of these decisions and will file the applicable appeals.

In June 2016, Ambev received a new tax assessment charging the remaining value of the goodwill amortization and filed a defense. In March 2017, Ambev was notified of a partially favorable first level administrative decision and filed an appeal to the Lower Administrative Court. In May 2018, Ambev received a partially favorable decision at the Lower Administrative Court. Ambev filed a special appeal for analysis of the case by the Upper Administrative House. In November 2019, the special appeal was partially admitted by the Upper Administrative House and Ambev filed an appeal related to the portion that was not admitted.

The updated amount related to this uncertain tax position as of 31 December 2019 is approximately R$10.1 billion (R$9.3 billion as of 31 December 2018). Ambev has not recorded any provisions for this matter as is classified as possible losses. In the event Ambev is required to pay these amounts, AB-Inbev will reimburse Ambev the amount proportional (70%) to the benefit received by the company pursuant to the merger protocol, as well as the related costs.

Goodwill 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 and Ambev filed an appeal to the Lower Administrative Court against the decision. In November 2018, Ambev received a partially favorable decision at the Lower Administrative Court. Ambev submitted counterarguments responding to the special appeal filed by the tax authorities and, regarding the unfavorable part of the decision, filed a special appeal to the Administrative Upper House. In December 2019, the special appeal was partially admitted by the Administrative Upper House and Ambev filed an appeal related to the portion that was not admitted.

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 Administrative Court rendered unfavorable decisions to Ambev. As a result Ambev appealed to the Lower Administrative Court. In November and December 2019, the Lower Administrative Court rendered partially favorable decisions. Ambev is awaiting the results of the remaining decisions in order to file the applicable appeals.

The updated amount related to this uncertain tax position as of 31 December 2019 is approximately R$2.2 billion (R$2.1 billion as of December 31, 2018). Ambev has not recorded any provisions for this matter as is classified as possible losses.

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, Ambev received a partially favorable decision at the Lower Administrative Court. Ambev is awaiting the issuance of the decision in order to file the applicable appeals.

The updated amount related to this uncertain tax position as of 31 December 2019 is approximately R$1.1 billion (R$1.1 billion as of December 31, 2018). Ambev has not recorded any provisions for this matter as is classified as possible losses.

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 updated amount related to this uncertain tax position as of 31 December 2019 is approximately R$7.2 billion (R$7.7 billion at December 31, 2018) and Ambev has not recorded any provisions in connection therewith as is classified as possible losses. For proceedings where it considers the chance of loss to be probable, Ambev has recorded a provision in the total amount of R$52.2 million (R$45.8 million at December 31, 2018).

Tax Loss Offset

Ambev and some subsidiaries received several assessments from the Brazilian federal tax authorities relating to the offset of tax losses carry forward in the context of business combinations. In February 2016, the Administrative Upper House ruled unfavorably to Ambev in two cases. Ambev filed judicial proceedings to discuss the matter. In September 2016, Ambev received a favorable first level decision in one of the judicial claims, and in March 2017, an unfavorable first-level decision in the other case. Both cases are now awaiting analysis by the second-level judicial court. The other cases are being challenged at the administrative level and are still awaiting final decisions.

The updated amount related to this uncertain tax position as of 31 December 2019 is approximately R$548.9 million (R$533.3 million at December 31, 2018). Ambev has not recorded any provisions for this matter as is classified as possible losses.

Disallowance of Expenses and Deductibility of Losses

In 2015 and 2016, 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. This decision will be reexamined by the Lower Administrative Court. The 2015 case is still pending decision by the first-level administrative court.

The updated amount related to this uncertain tax position as of 31 December 2019 is approximately R$4.8 billion (R$4.6 billion as of December 31, 2018). Ambev has not recorded any provisions for this matter as is classified as possible losses.

Disallowance of taxes 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 the administrative level. In November 2019, the Lower Administrative Court rendered a favorable decision to Ambev regarding the assessment from 2010 in the amount of approximately R$0.2 billion, which became definitive. In January 2020, regarding four of these assessments (from 2015 and 2016), in the amount of approximately R$3.6 billion, the Lower Administrative Court rendered unfavorable decisions. Ambev is awaiting formal notification of the decision to file the applicable appeals. The other cases are still waiting final decisions.

The updated amount related to this uncertain tax position as of 31 December 2019 is approximately R$10.1 billion (R$9.5 billion as of December 31, 2018). Ambev has not recorded any provisions for this matter as is classified as possible losses.

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 updated amount related to this uncertain tax position as of 31 December 2019 is approximately R$506.9 million (R$645.1 million as at December 31, 2018). Arosuco has not recorded any provisions for this matter as is classified as possible losses.

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 questions refer primarily to the accounting effects of the corporate restructuring carried out by the Company in 2013 and its impacts on the increase in the deductibility of IOC expenses. Ambev filed an administrative defense and is awaiting a decision.

The Company distributed IOC in the years following the assessed period. Accordingly, if the IOC deductibility is also questioned in the future, on the same basis as the aforementioned tax assessment notice, the Company estimates that the conclusion of the discussion is similar to the present case, and therefore maintained the effect of the deductibility of IOC expenses at your effective income tax rate.

The updated amount related to this uncertain tax position as of 31 December 2019 is approximately R$3.9 billion. Ambev has not recorded any provisions for this matter as is classified as possible losses.

PIS and COFINS

PIS/COFINS over bonus products

Since 2015, Ambev has been receiving tax assessments issued by the Brazilian Federal Tax Authorities relating to amounts allegedly due under Integration Program / Social Security Financing (PIS/COFINS) over bonus products granted to its customers. The cases are being challenged at both the administrative and judicial levels of the courts. In 2019, Ambev received final favorable decisions at the administrative level in some of the pending cases and others favorable decisions that are still subject to review. At the judicial level, the case is still in the initial stage.

Ambev management estimates the possible losses related to these assessments to be approximately R$2.3 billion (R$4.0 billion as at December 31, 2018) as of 31 December 2019. No related provision has been made.

ICMS and IPI

ICMS tax war

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.

Ambev’s management estimates the possible losses related to these assessments to be approximately R$2 billion (R$2.1 billion as of December 31, 2018) as of 31 December 2019 and have not recorded any provisions 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 of the courts.

Ambev management estimates the amount related to this issue to be approximately R$7.7 billion (R$7.7 billion as of 31 December 2018) as of 31 December 2019, classified as a possible loss and, therefore, for which Ambev has made no provision. Ambev has recorded provisions in the total amount of R$8.3 million (R$7.8 million as of December 31, 2018) in relation to certain proceedings for which it considers the chances of loss to be probable due to specific procedural issues.

ICMS – PRODEPE

In 2015, Ambev received a tax assessment issued by the State of Pernambuco to charge ICMS differences due to an alleged non-compliance with the state tax incentive agreement (“PRODEPE”) as a result of the rectification of its monthly reports. The state tax authorities understood that Ambev was not able to use the incentive due to this rectification. In 2017, Ambev had a final favorable decision in the sense that such assessment was null due to formal mistakes of the tax auditor. However, in September 2018, Ambev received a new tax assessment to discuss the same matter. There are other assessments related to PRODEPE.

Ambev management estimates the possible losses related to this issue to be approximately R$ 591.9 million Brazilian Real (R$603.5 million as of 31 December 2018) as of 31 December 2019. Ambev has recorded a provision in the total amount of R$4.9 million (R$2.9 million as of December 2018) in relation to one proceeding where it considers the chances of loss to be partially probable.

Manaus Free Trade Zone – IPI and PIS/COFINS

In Brazil, goods manufactured within the Manaus Free Trade Zone intended for remittance elsewhere in Brazil are exempt and/or zero rated from IPI excise tax and social contributions. With respect to IPI, Ambev’s subsidiaries have been registering IPI excise tax presumed credits upon the acquisition of exempted goods manufactured therein. Since 2009, Ambev has been receiving several 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) amounts allegedly due under social contribution over Arosuco's remittance.

In April 2019, the Federal Supreme Court ("STF") announced its judgment on Extraordinary Appeal No. 592,891/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 losses in relation to these assessments to be R$4.2 billion (R$4.9 billion at December 31, 2018) as of 31 December 2019. Ambev has not recorded any provision in connection with these assessments

IPI Suspension

In 2014 and 2015, Ambev received tax assessments from the Brazilian federal tax authorities relating to IPI excise tax, allegedly due over remittances of manufactured goods to other related factories. The cases are being challenged at both administrative and judicial levels.

Ambev management estimates the possible losses related to these assessments to be approximately R$1.7 billion (R$1.6 billion in December 2018) as of 31 December 2019. Ambev has not recorded any provision in connection with these assessments.

ICMS – AM

Ambev has also received tax assessments by the state of Amazonas to charge alleged differences in ICMS due to questions about the calculation basis applied in sales transactions by Ambev to its subsidiaries. The cases are being challenged at the administrative court.

Ambev's management estimates the possible losses related to these assessments to be approximately R$499 million (R$479 million in December 2018) as of 31 December 2019 and has not recorded any provisions in connection therewith.

All amounts in millions of Brazilian Reais unless otherwise stated

Contingent assets

In accordance with IAS 37 - Provisions, Contingent Liabilities and Contingent Assets, the contingent assets are not recognized in consolidated financial statements, except when realization of income is virtually certain.

The Company and its subsidiaries are demanding the refund of the PIS and COFINS paid including the ICMS and/or ICMS-ST in their taxable basis for the period from 1990 onwards. Considering the different taxation systems applicable to the cold drinks sector, as well as due to corporate reorganizations occurred over the years, the Company and its subsidiaries have several lawsuits claiming such refund. For the period until 2009, as well as for the period in which the special regime for cold drinks was in place – i.e. from January 2009 to April 2015 (article 58-J of Law 10,833, of 2003, also known as REFRI) – the amounts involved in the refund requests are still being calculated. For the period after the termination of the special regime for cold drinks (currently in place), the Company estimates that the contingent asset related to the matter is R$1.8 billion.

In September 2019, the Company obtained a final favorable decision and recognized the right from Companhia Antarctica Paulista (incorporated by Ambev S.A.) to exclude the ICMS from the COFINS taxable base in the period from March 2000 to May 2005, reason why it recognizing a recoverable tax of approximately R$0.6 billion.

30. NON-CASH ITEMS

	2019	2018	2017
Acquisition of investments payables	20.0	-	-
Cash financing cost other than interests	(2.1)	(142.2)	42.3
PERT 2017	-	-	199.7
Fair value of option granted on a subsidiary	(274.3)	(166.8)	221.8
Shareholding exchange transactions	-	36.5	-
Effect of application of IAS 29 (hyperinflation)	339.2	32.9	-
Others	-	0.8	-

31. RELATED PARTIES

Policy and practices regarding the realization of transactions with related parties

The Company adopts the corporate governance practices recommended and/or required by the applicable laws.

Under the Company's by-laws, the Board of Directors is responsible for approving any transactions or agreements between the Company and/or any of its subsidiaries (except for full subsidiaries), directors and/or shareholders (including direct or indirect shareholders of the Company). The Antitrust Compliance and Related Parties Committee of the Company is required to advise the Board of Directors of the Company on transactions with related parties.

All amounts in millions of Brazilian Reais unless otherwise stated

Management is prohibited from interfering in any transaction in which a conflict exists, even in theory, with the Company’s interests. It is also not permitted to interfere in decisions of any other management member, requiring documentation in the Minutes of Meeting of the Board any decision to abstain from the specific deliberations.

The Company’s guidelines with related parties follow reasonable or commutative terms, similar to those prevailing in the market, or under which the Company would contract similar transactions with third parties. These are clearly disclosed in the financial statements as formalized in the written contracts.

Transactions with management members:

In addition to short-term benefits (primarily salaries), management members are entitled to participate in Stock Option Plan and Share-Based Payments Plan (Note 24 – *Share-based payments*).

Total expenses related to the Company’s management members are as follows:

	2019	2018	2017
Short-term benefits (i)	31.2	24.1	33.4
Share-based payments (ii)	41.2	30.8	38.9
Total key management remuneration	**72.4**	**54.9**	**72.3**

(i) These correspond substantially to management’s salaries and profit sharing (including performance bonuses).

(ii) These correspond to the compensation cost of stock options and restricted stocks granted to management. These amounts exclude remuneration paid to members of the Fiscal Council.

Excluding the above mentioned plan (Note 24 – *Share-based payments*), the Company no longer has any type of transaction with the Management members or pending balances receivable or payable in its balance sheet.

Transactions with the Company's shareholders:

a) Medical, dental and other benefits

The Fundação Antonio e Helena Zerrenner Instituição Nacional de Beneficiência (“Fundação Zerrenner) is one of Ambev’s shareholders, and at December 31, 2019 held 10.2% of its total share capital. Fundação Zerrenner is also an independent legal entity whose main goal is to provide Ambev’s employees, both active and retirees, with health care and dental assistance, technical and higher education courses, facilities for assisting elderly people, through direct initiatives or through financial assistance agreements with other entities. On December 31, 2019 and December 31, 2018, actuarial obligations related to the benefits provided directly by Fundação Zerrenner are fully funded by plan assets, held for that purpose, which significantly exceeded the liabilities at these dates. Ambev recognizes the assets (prepaid expenses) of this plan to the extent of the amounts of economic benefit available to the Company, arising from reimbursements or from a reduction in future contributions.

The expenses incurred by Fundação Zerrenner in providing these benefits totaled R$259.6 (R$273.2 as at December 31, 2018), of which R$229.6 and R$30.0 were related to active employees and retirees respectively (R$238.4 and R$34.8 as at December 31, 2018 related to active employees and retirees respectively).

b) Leasing

Ambev, through its subsidiary BSA (labeling), has an asset leasing agreement with Fundação Zerrenner, for R$85.0 maturing on May 31, 2020 that can be extended for a further year.

c) Leasing – Ambev. head office

Ambev has a leasing agreement for two sets of commercial premises with Fundação Zerrenner at an annual amount of R$3.3, maturing on January, 2020.

d) Licensing agreement

The Company has a licensing agreement with Anheuser-Busch, Inc. to produce, bottle, sell and distribute Budweiser products in Brazil, Canada and Argentina, and sales and distribution agreements of Budweiser products in Guatemala, the Dominican Republic, Paraguay, El Salvador, Nicaragua, Uruguay, Chile, Panama, Costa Rica and Puerto Rico. In addition, the Company produces and distributes Stella Artois products under license to ABI in Brazil and Canada and, by means of a license granted to ABI, it also distributes Brahma products in the United States and several other countries such as the United Kingdom, Spain, Sweden, Finland and Greece. The amount recorded was R$1.8 as at December 31, 2019 (R$2.0 as at December 31, 2018 and R$2.8 as at December 31, 2017) and R$456.9 (R$431.6 as at December 31, 2018 and R$369.1 as at December 31, 2017) as licensing income and expense, respectively.

All amounts in millions of Brazilian Reais unless otherwise stated

Ambev has licensing agreements with the Group Modelo, subsidiaries of ABI to import, promote and sell Corona products (*Corona Extra*, *Corona Light*, *Coronita*, *Pacifico* and *Negra Modelo*) in Latin America and Canada.

Transactions with related parties

				2019
Current	**Trade receivables (i)**	**Other Trade receivables (i)**	**Trade payables (i)**	**Other Trade payables (i)**
AB InBev	24.8	-	(46.7)	-
AB Procurement	1.1	-	(0.2)	-
AB Services	15.5	-	(2.0)	-
AB USA	38.8	4.5	(180.9)	-
Bavaria	0.6	-	(64.0)	-
Cervecería Modelo	16.1	-	(223.1)	-
Inbev	0.7	64.5	(23.8)	-
ITW International	-	-	(223.7)	(108.9)
Panamá Holding	27.2	0.2	(0.2)	-
Others	18.7	0.8	(126.1)	-
	143.5	**70.0**	**(890.7)**	**(108.9)**

				2018
Current	**Trade receivables (i)**	**Other Trade receivables (i)**	**Trade payables (i)**	**Other Trade payables (i)**
AB InBev	16.4	-	(19.7)	-
AB Procurement	1.1	-	-	-
AB Services	43.7	-	(1.7)	-
AB USA	27.8	3.9	(265.2)	-
Cervecería Modelo	135.1	-	(583.8)	-
Inbev	0.6	45.6	(14.3)	-
ITW International	-	-	(248.9)	(66.5)
Panamá Holding	41.1	-	(15.8)	-
Others	28.7	0.5	(126.5)	-
	294.5	**50.0**	**(1,275.9)**	**(66.5)**

(i) The amount represents the trade operations (purchase and sale) and the reimbursement between the companies of the group.

All amounts in millions of Brazilian Reais unless otherwise stated

The tables below represent the transactions with related parties, recognized in the income statement:

					2019
Company	**Sales and others**	**Service fees / Reimbursement of expenses and others**	**Buying and others**	**Service fees / Reimbursement of expenses and others**	**Net finance cost**
AB Package	-	-	(74.6)	-	-
AB USA	52.2	-	(802.3)	(2.6)	-
Cervecería Modelo	0.1	-	(1,023.9)	(2.1)	-
Inbev	-	-	(159.3)	-	-
ITW International	-	-	-	-	(41.5)
Others	4.7	0.4	(334.2)	(17.0)	-
	57.0	**0.4**	**(2,394.3)**	**(21.7)**	**(41.5)**

					2018
Company	**Sales and others**	**Service fees / Reimbursement of expenses and others**	**Buying and others**	**Service fees / Reimbursement of expenses and others**	**Net finance cost**
AB Procurement	17.0	-	-	-	-
AB USA	49.1	-	(739.2)	(2.3)	-
Ambev Peru	0.1	-	-	-	-
Cervecería Modelo	0.2	-	(1,009.9)	(5.8)	-
Inbev	0.1	-	(107.1)	-	-
Others	19.3	0.2	(153.5)	(22.7)	(8.0)
	85.8	**0.2**	**(2,009.7)**	**(30.8)**	**(8.0)**

					2017
Company	**Sales and others**	**Service fees / Reimbursement of expenses and others**	**Buying and others**	**Service fees / Reimbursement of expenses and others**	**Net finance cost**
AB Procurement	20.8	-	(5.8)	-	-
AB USA	44.0	-	(542.8)	(1.9)	-
Ambev Peru	1.5	-	(8.6)	-	-
Cervecería Modelo	0.4	-	(792.6)	(2.3)	-
Inbev	-	-	(73.6)	-	-
Others	9.4	0.2	(105.5)	(23.0)	(16.8)
	76.1	**0.2**	**(1,528.9)**	**(27.2)**	**(16.8)**

All amounts in millions of Brazilian Reais unless otherwise stated

List of the companies used in the tables above:

AB InBev Procurement GmbH (“AB Procurement”)
Anheuser-Busch InBev N.V. (“AB InBev”)
Anheuser-Busch Inbev Services LLC (“AB Services”)
Anheuser-Busch Inbev USA LLC (“AB USA”)
Anheuser-Busch Packaging Group Inc. (“AB Package”)
Bavaria S.A. (“Bavaria”)
Cervecería Modelo de Mexico S. de R.L. de C.V. (“Cervecería Modelo”)
Cerveceria Nacional S de RL (“Panamá Holding”)
Compañia Cervecera Ambev Peru S.A.C. (“Ambev Peru”)
Inbev Belgium N.V. (“Inbev”)
Interbrew International B.V. (“ITW International”)

32. GROUP COMPANIES

List of most important fully consolidated companies:

Argentina	
CERVECERIA Y MALTERIA QUILMES SAICA Y G	99.75%
Charcas 5160 – Buenos Aires	
Bolivia	
CERVECERIA BOLIVIANA NACIONAL S.A.	85.67%
Avenida Montes 400 e Rua Chuquisaca 121 - La Paz	
Brazil	
AMBEV S.A.	Consolidating
Rua Dr. Renato Paes de Barros, 1.017, 3º andar, Itaim Bibi, São Paulo	
AROSUCO AROMAS E SUCOS LTDA.	100.00%
Avenida Buriti, 5.385, Distrito Industrial - Manaus - AM	
CRBS S.A.	100.00%
Avenida Antarctica, 1.891, Fazenda Santa Úrsula – Jaguariúna – SP	
CERVEJARIA Z.X. S.A.	
Avenida Antarctica, 1.891, Fazenda Santa Úrsula – Jaguariúna - SP	100.00%
Canada	
LABATT BREWING COMPANY LTD.	100.00%
207 Queens Quay West, Suite 299 - M5J 1A7 - Toronto	

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Chile	
CERVECERIA CHILE S.A.	100.00%
Avenida Presidente Eduardo Frei Montalva, 9.600 - Comuna de Quilicura - Santiago	
Spain	
JALUA SPAIN, S.L.	100.00%
Juan Vara Terán, 14 – Ilhas Canárias	
Luxembourg	
AMBEV LUXEMBOURG	100.00%
15 Breedewues - L1259 - Senningerberg	
Guatemala	
INDUSTRIAS DEL ATLÁNTICO S.A.	50.00%
KM 122 Ruta al Atlantico – C.P 01012 Teculutan, Zacapa	
Paraguay	
CERVECERIA PARAGUAYA S.A.	87.36%
Ruta Villeta KM 30 - Ypané	
Dominican Republic	
CERVECERÍA NACIONAL DOMINICANA, S.A.	84.71%
Autopista 30 de Mayo, Distrito Nacional	
Uruguay	
LINTHAL S.A.	100.00%
25 de Mayo 444, office 401 - Montevideo	
CERVECERIA Y MALTERIA PAYSANDU S.A.	99.93%
Cesar Cortinas, 2.037 - Montevideo	
MONTHIERS S.A.	100.00%
Cesar Cortinas, 2.037 - Montevideo	
Panama	
Cervecería Nacional S. de R.L.	100.00%
Planta Pasadena, vía Ricardo J Alfaro y Simón Bolívar, ciudad de Panamá, Rep. De Panamá	

33. INSURANCE

The Company has a program of risk management in order to hire coverage compatible with its size and operation. Coverage was contracted for amounts considered sufficient by management to cover possible losses, considering the nature of its activity, the risks involved in their operations and the orientation of its insurance advisors.

34. EVENTS AFTER THE REPORTING PERIOD

In January 2020, Arosuco, a subsidiary of the Company, received a tax assessment from the Federal Revenue Service of Brazil regarding the disallowance of the income tax reduction benefit provided for in Provisional Measure No. 2199-14 / 2001. In this context, an administrative challenge was presented within the legal term and the judgment will be awaited by the Regional Judgment Office of the Federal Revenue Service of Brazil. The updated amount related to this uncertain tax position as of 31 January 2020 is approximately R$2.4 billion. Ambev has not recorded any provisions for this matter as is classified as possible losses.

As mentioned in Note 29 - *Contingent liabilities*, regarding the discussion related to the disallowance of deductions associated with alleged unproven taxes paid abroad by its subsidiaries, in January 2020, the Lower Administrative Court (“CARF”) rendered unfavorable decisions in four of these assessments, from 2015 and 2016, in the amount of approximately R$3.6 billion. Ambev is awaiting formal notification of the decisions to file the applicable appeals. The Company, supported by the opinion of its internal and external lawyers, maintains the classification of the probability of loss related to these cases as possible.

Also, as mentioned in Note 29 - *Contingent liabilities*, regarding the discussion related to the goodwill amortization resulting from the merger of CND Holdings into Ambev, in February 2020, the Lower Administrative Court (“CARF”) rendered a partially favorable decision. Ambev is awaiting the issuance of the decision in order to file the applicable appeals.