28. 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 its business. The Company analyzes each of these risks both individually and on a consolidated basis, to define strategies to manage the economic impact on risk's performance consistent with its Financial Risk Management Policy (the "Policy").

The Company's use of derivatives strictly follows the Financial Risk Management Policy approved by the Board of Directors. The policy is intended to provide guidelines for the management of the 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 in which 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 of the known risks (e.g. foreign currency and interest) shall be hedged by contracting derivative financial instruments. Existing risks which are 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 translation risks are not hedged. The exceptions to the policy must be approved by the Operations and Finance Committee ("COF" – previously addressed by Operations, Finance and Compensation Committee, changed, and approved by the Board of Directors at a meeting on October 14, 2022).

Derivative financial instruments

The derivative financial instruments authorized under the Financial Risk Management Policy include futures contracts traded on exchanges, full deliverable forwards, non-deliverable forwards, swaps and options. At December 31, 2022, the Company and its subsidiaries had no target forwards, swaps with currency verification, or any other derivative transactions 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 - Highly probable forecast transactions contracted to minimize the Company's exposure to fluctuations in exchange rates and the 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 during which the forecast and hedged transaction affects the income statement.

ii) Fair value hedge derivative instruments - operations contracted for 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 to identify new indications of 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 into to minimize the exposure to exchange differences arising from the conversion of net investments in the Company's subsidiaries located abroad for the purpose of translating the account balance. The effective portion of the hedge is allocated to equity, while the ineffective portion is recorded directly in the financial income statement when identified.

In accordance with the hedge accounting, the effective hedge amount is recorded in equity and, in the event of an ineffective portion this result is recorded immediately in finance result during the period ineffectiveness was identified, for cash flow hedge and net investment hedge.

The following tables summarize the exposure identified and protected in accordance with the Company's Risk Policy.

Non-derivative financial instruments

Put options granted on subsidiaries: the Company constituted a liability related to the acquisition of a non-controlling interest of the operations in the Dominican Republic. This financial instrument is denominated in US Dollars (Tranche A) and Dominican Pesos (Tranche B) and is recorded by an entity, whose functional currency is the Real. The

Company assigned this financial instrument as a hedging instrument for a portion of its net assets located in subsidiaries whose functional currency is the US Dollar and the Dominican Peso, in such a manner that the hedge result can be recorded in other comprehensive income of the group, following the result of the hedged item.

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

							2022
			Fair Value		Gain / (Losses)		
Exposure	**Risk**	**Notional**	**Assets**	**Liability**	**Finance Result**	**Operational Result**	**Equity**
Cost		**19,853.3**	**271.8**	**(719.4)**	**(3,075.2)**	**452.7**	**134.3**
	Commodities	4,809.9	100.8	(376.0)	63.5	(32.3)	(475.0)
	US Dollars	14,874.7	157.7	(342.9)	(3,139.2)	477.1	596.6
	Euros	32.2	1.9	-	(0.7)	(0.3)	1.2
	Mexican Pesos	136.5	11.4	(0.5)	1.2	8.2	11.5
Fixed Assets		**226.8**	**1.5**	**(5.4)**	**(5.9)**	**4.9**	**(13.0)**
	US Dollars	226.8	1.5	(5.4)	(5.9)	4.9	(13.0)
Expenses		**204.9**	**0.5**	**(4.6)**	**(42.5)**	**9.1**	**(14.8)**
	US Dollars	204.9	0.5	(4.6)	(42.5)	9.1	(14.8)
Cash		**-**	**-**	**-**	**(17.1)**	**-**	**-**
	US Dollars	-	-	-	(17.1)	-	-
As at December 31, 2022		**20,285.0**	**273.8**	**(729.4) -**	**(3,140.7)**	**466.7**	**106.5**

							2021
			Fair Value		Gain / (Losses)		
Exposure	Risk	Notional	Assets	Liability	Finance Result	Operational Result	Equity
Cost		**18,911.7**	**597.4**	**(421.1)**	**(2,113.5)**	**1,710.2**	**2,277.4**
	Commodities	3,179.9	455.3	(41.2)	(126.8)	1,168.1	684.7
	US Dollars	15,516.2	136.2	(378.4)	(1,970.7)	541.8	1,792.7
	Euros	31.8	-	(0.8)	(0.1)	0.5	(1.9)
	Mexican Pesos	183.8	5.9	(0.7)	(15.9)	(0.2)	(198.1)
Fixed Assets		**1,111.4**	**1.1**	**(53.3)**	**(368.8)**	**105.3**	**103.2**
	US Dollars	1,111.4	1.1	(53.3)	(368.8)	105.3	103.2
Expenses		**365.8**	**0.5**	**(18.1)**	**(124.5)**	**36.9**	**192.9**
	US Dollars	365.8	0.5	(18.1)	(124.5)	36.9	192.9
Equity Instrument		**-**	**-**	**-**	**78.0**	**-**	**-**
	Stock exchange prices	-	-	-	78.0	-	-
As at December 31, 2021		**20,388.9**	**599.0**	**(492.5)**	**(2,528.8)**	**1,852.4**	**2,573.5**

I.Market risk

a.1) Foreign currency risk

The Company is exposed to foreign currency risk on borrowings, investments, purchases, dividends and/or interest expenses/income where these are denominated in a currency other than the functional currency of the subsidiary. The main derivative 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 have historically experienced substantial price fluctuations. The Company therefore uses both fixed-price purchasing contracts and derivative financial instruments to minimize its exposure to volatility in the commodity prices of aluminum, sugar, wheat, corn and paraxylene. 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, which is reviewed periodically.

The table below demonstrates the Company and its subsidiaries are exposure related to debts. In 2022, the Company and its subsidiaries do not hold hedge positions to the exposure described below:

	2022	
	Risk	
	Interest rate	Amount
Brazilian Reais	8.5%	230.1
Post fixed interest rate		**230.1**
Brazilian Reais	8.5%	2,602.1
Working Capital in Argentinean Peso	73.5%	74.3
Other	10.4%	421.3
US Dollars	14.0%	6.2
Canadian Dollars	5.3%	511.0
Pre-fixed interest rate		**3,614.9**

	2021	
	Risk	
	Interest rate	Amount
Brazilian Reais	11.6%	83.0
Post fixed interest rate		**83.0**
Brazilian Reais	7.2%	2,343.3
Working capital in Argentinean Peso	34.7%	30.5
Other	11.3%	226.0
US Dollars	13.1%	17.5
Canadian Dollars	2.5%	430.8
Pre-fixed interest rate		**3,048.1**

Sensitivity analysis

The Company substantially mitigates the risks arising from non-derivative financial assets and liabilities, through the use of derivative financial instruments. In this context, the Company has identified the main risk factors that could 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”), a statistical measure developed based on estimates of standard deviation and correlation between the returns of several risk factors. This model gives the loss limit expected for an asset over a certain time period and confidence interval. Under this methodology, the potential exposure of each financial instrument, a range of 95% and a horizon of 21 days from December 31, 2022 were used 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, 2022.

3 - Remote scenario: 50% deterioration in each transaction’s main risk factor compared to the level observed as at December 31, 2022.

Table of Contents

Transaction	Risk	Fair value	Probable scenario	Adverse scenario	Remote scenario
Commodities hedge	Decrease in commodities price	(275.2)	(466.3)	(1,477.8)	(2,680.3)
Input purchases		275.2	466.3	1,477.8	2,680.3
Foreign exchange hedge	Foreign currency decrease	(172.4)	(425.5)	(3,933.1)	(7,694.0)
Input purchases		172.4	425.5	3,933.1	7,694.0
Cost effects		-	-	-	-
Foreign exchange hedge	Foreign currency decrease	(3.9)	(5.2)	(60.6)	(117.3)
Capex Purchases		3.9	5.2	60.6	117.3
Fixed asset effects		-	-	-	-
Foreign exchange hedge	Foreign currency decrease	(4.1)	(5.1)	(55.3)	(106.5)
Expenses		4.1	5.1	55.3	106.5
Expense effects		-	-	-	-
		-	-	-	-

As at December 31, 2022 the Notional and Fair Value amounts per instrument and maturity were as follow:

		Notional Value					
Exposure	**Risk**	**2023**	**2024**	**2025**	**2026**	**>2026**	**Total**
Cost		**19,758.1**	**95.2**	**-**	**-**	**-**	**19,853.3**
	Commodities	4,714.7	95.2	-	-	-	4,809.9
	US Dollars	14,874.7	-	-	-	-	14,874.7
	Euros	32.2	-	-	-	-	32.2
	Mexican Pesos	136.5	-	-	-	-	136.5
Fixed assets		**226.8**	**-**	**-**	**-**	**-**	**226.8**
	US Dollars	226.8	-	-	-	-	226.8
Expenses		**204.9**	**-**	**-**	**-**	**-**	**204.9**
	US Dollars	204.9	-	-	-	-	204.9
		20,189.8	**95.2**	**-**	**-**	**-**	**20,285.0**

		Fair Value					
Exposure	**Risk**	**2023**	**2024**	**2025**	**2026**	**>2026**	**Total**
Costs		**(449.1)**	**1.5**	**-**	**-**	**-**	**(447.6)**
	Commodities	(276.7)	1.5	-	-	-	(275.2)
	US Dollars	(185.2)	-	-	-	-	(185.2)
	Euros	1.9	-	-	-	-	1.9
	Mexican Pesos	10.9	-	-	-	-	10.9
Fixed assets		**(3.9)**	**-**	**-**	**-**	**-**	**(3.9)**
	US Dollars	(3.9)	-	-	-	-	(3.9)
Expenses		**(4.1)**	**-**	**-**	**-**	**-**	**(4.1)**
	US Dollars	(4.1)	-	-	-	-	(4.1)
		(457.1)	**1.5**	**-**	**-**	**-**	**(455.6)**

II.Credit Risk

Concentration of counterparty credit risk

A substantial portion of the Company’s sales is made to distributors, supermarkets and retailers, through a broad distribution network. Credit risk is reduced due to the large number of customers and control procedures used to monitor risk. Historically, the Company has not incurred significant losses on receivables from customers.

Concentration of counterparty credit risk

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 counterparties of the Company is set forth in the Credit Risk Policy, which also establishes exposure limits for each counterparty based on each counterparty's risk rating and capitalization.

Any deposits or cash available, must be kept in accounts with top tier banks, or banks with a high credit rating in the respective country. Any position of a short-term nature (less than six months) should be considered as a deposit or cash.

Counterparty risk must be managed by the Company globally, with product limits established by the treasury area, considering: (i) the counterparty’s credit rating (ii) the transaction term (iii) the amount; and (iv) the split between assets and liabilities, in the absence of a clearing clause in derivative contracts.

The counterparty risk is reassessed on a quarterly basis.

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, 2022. As at December 31, 2022, there was no concentration of credit risk on any counterparties in excess of the limits established by the Company's risk policy.

III.Liquidity Risk

Historically, the Company’s primary sources of cash flow have been cash flow from operating activities, the issuance of debt, bank borrowings and equity securities. Ambev’s material cash requirements have included the following:

- Debt servicing;

- Capital expenditure;
- Investments in companies;
- Increases in the ownership of Ambev’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, cash and cash equivalents and short-term investments, together with derivatives and access to loan facilities are sufficient to finance capital expenditures, financial liabilities and dividend payments in the future.

							2022
	Carrying amount	Contractual cash flows	Less than 1 year	1-2 years	2-3 years	3-5 years	More than 5 years
Trade and other payables (i)	39,354.4	40,656.4	36,818.5	86.8	1,275.1	1,008.4	1,467.6
Secured bank loans	180.8	245.7	68.2	26.4	25.2	50.4	75.5
Other unsecured loans	472.5	759.1	169.9	156.7	151.6	165.4	115.5
Lease liabilities	3,117.4	3,657.4	962.9	1,008.4	621.0	696.9	368.2
	43,125.1	**45,318.6**	**38,019.5**	**1,278.3**	**2,072.9**	**1,921.1**	**2,026.8**

(i) Mainly includes amounts related to suppliers, taxes, fees and contributions payables, dividends and interest on equity payable, salaries and charges, put options related to the Company’s participation in subsidiaries and other liabilities, except for related parties, with payment term of less than one year.

							2021
	Carrying amount	Contractual cash flows	Less than 1 year	1-2 years	2-3 years	3-5 years	More than 5 years
Trade and other payables (i)	38,976.2	40,186.2	34,690.6	1,279.7	2,248.8	327.2	1,639.9
Secured bank loans	247.0	328.1	88.9	61.7	26.4	50.4	100.7
Unsecured bank loans	84.1	84.1	84.1	-	-	-	-
Other unsecured loans	130.1	234.7	46.5	48.2	29.1	20.7	90.2
Lease liabilities	2,639.3	3,070.9	788.5	756.1	550.7	422.4	553.2
	42,076.7	**43,904.0**	**35,698.6**	**2,145.7**	**2,855.0**	**820.7**	**2,384.0**

(i) Mainly includes amounts related to suppliers, taxes, fees and contributions payables, dividends and interest on equity payable, salaries and charges, put options related to the Company’s participation in subsidiaries and other liabilities, except for related parties, with payment term of less than one year.

Equity price risk

Through the equity swap transactions approved on May 13, 2020 and December 9, 2020 by the Board of Directors of Ambev (see Note 1 - *Corporate information*), the Company, or its subsidiaries, will receive price variations related to its shares traded on the stock exchange, or on its ADRs, thus neutralizing the possible effects of stock price fluctuations on the share-based payments made by the Company. As these derivative instruments are not eligible for hedge accounting, they were not therefore allocated to any hedging arrangements.

On December 31, 2022, the Company did not have any equity swap positions (on December 31, 2021 equity swap operations resulted in a gain of R$78.0).

IV. Capital management

The Company is continuously optimizing its capital structure in order to maximize shareholder value while maintaining the desired financial flexibility to execute its strategic projects. Besides the statutory minimum equity funding requirements applicable to the Company's subsidiaries in different countries, the Company 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 to the financial statements.

Financial instruments

(a) Financial instruments categories

The financial instruments held by the Company are managed through operational strategies and internal controls to assure liquidity, profitability, and transaction security. Transactions involving financial instruments are regularly reviewed to assess the effectiveness of the risk exposure that management intends to cover (foreign exchange, and interest rate, among others).

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

			2022
	Amortized cost	Fair value through profit or loss	Total
Financial assets			
Cash and cash equivalents less bank overdrafts	14,852.1	-	14,852.1
Trade receivables excluding prepaid expenses	7,791.4	-	7,791.4
Investment securities	219.1	454.5	673.6
Derivatives hedges	-	273.8	273.8
Total	**22,862.6**	**728.3**	**23,590.9**
Financial liabilities			
Trade payables	24,837.9	-	24,837.9
Put options granted on subsidiaries	-	3,060.3	3,060.3
Derivatives hedges	-	729.4	729.4
Interest-bearing loans and borrowing	3,770.7	-	3,770.7
Other liabilities	2,015.6	333.7	2,349.3
Total	**30,624.2**	**4,123.4**	**34,747.6**

	2021		
	Amortized cost	Fair value through profit or loss	Total
Financial assets			
Cash and cash equivalents less bank overdrafts	16,597.2	-	16,597.2
Trade receivables excluding prepaid expenses	7,084.7	-	7,084.7
Investment securities	192.9	1,914.6	2,107.5
Derivatives hedges	-	599.0	599.0
Total	**23,874.8**	**2,513.6**	**26,388.4**
Financial liabilities			
Trade payables	25,695.0	-	25,695.0
Put options granted on subsidiaries	-	3,291.4	3,291.4
Derivatives hedges	-	492.5	492.5
Interest-bearing loans and borrowing	3,100.6	-	3,100.6
Other liabilities	2,263.7	194.7	2,458.4
Total	**31,059.3**	**3,978.6**	**35,037.9**

(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.

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 available to the entity for identical assets or liabilities 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.

	2022				2021			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Financial assets								
Financial asset at fair value through profit and loss	454.5	-	-	454.5	1,914.6	-	-	1,914.6
Derivatives - operational hedge	57.0	216.8	-	273.8	159.1	439.9	-	599.0
	511.5	**216.8**	**-**	**728.3**	**2,073.7**	**439.9**	**-**	**2,513.6**
Financial liabilities								
Financial liabilities at fair value through profit and loss	-	-	3,393.9	3,393.9	-	-	3,486.0	3,486.0
Derivatives - operational hedge	76.1	653.3	-	729.4	193.4	299.1	-	492.5
	76.1	**653.3**	**3,393.9**	**4,123.3**	**193.4**	**299.1**	**3,486.0**	**3,978.5**

Reconciliation of changes in the assets categorized at Level 3

Financial liabilities at December 31, 2021	**3,486.0**
Acquisition of investments	161.4
Total gains and losses during the period	**(253.5)**
Losses/(gains) recognized in net income	(46.3)
Losses/(gains) recognized in equity	(207.2)
Financial liabilities at December 31, 2022	**3,393.9**

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

The Company's liabilities, interest-bearing loans and borrowing, and 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.

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

(d) Fair value of liabilities measured through profit or loss

As part of the negotiations regarding the acquisition of the shares of Tenedora, the Company signed the second amendment to the Shareholders' Agreement extending the partnership between the Company and ELJ. ELJ is currently the owner of 15% of the shares of Tenedora, and its put options are now divided into two tranches: (i) Tranche A, corresponding to 12.11% of the shares, exercisable in 2023 and 2024; and (ii) Tranche B, corresponding to 2.89% of the shares, exercisable from 2026. The Company, on the other hand, has a call option over Tranche A shares, exercisable from 2021, and Tranche B shares, exercisable from 2029, whereas until December 31, 2022, no options were exercised. On December 31, 2022, the sum of the two ELJ tranches is R$3,053.7 (R$3,284.8 on December 31, 2021).

The fair value of (i) Tranche A is calculated considering the interest under the contract, plus foreign exchange variations, less the dividends paid between the date of signature of the amendment and the exercise of the option.

The fair value of (ii) Tranche B is calculated based on the EBITDA multiple defined in the contract, less the net debt, brought to its present value, calculated using standard valuation techniques (the present value of the principal amount and future interest, discounted by the local currency's WACC rate as at the date of the calculation). The criteria used are based on market information from reliable sources and are categorized as "Level 3".

Calculation of the fair value of derivatives

The Company measures derivative financial instruments by calculating their fair value, using market curves that impact the value of the instrument as at the computation date. In the case of swaps, the asset and the liability positions are estimated independently and brought to their fair value, equivalent to the difference between the results of the asset and liability amounts, which generates the swap's market value. For traded derivative financial instruments, the fair value is calculated based on the exchange-listed price.

Margins pledged as guarantees

In order to comply with the guarantee requirements regarding derivative exchanges and/or counterparties to certain operations with derivative financial instruments, as at December 31, 2022 the Company held R$376.9 in highly liquid financial investments or in cash, classified as cash and cash equivalents and investment securities (R$1,152.8 as at December 31, 2021).

Offsetting of financial assets and liabilities

For financial assets and liabilities subject to settlement agreements on a net basis 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 at their gross amounts, but each party will have the option to settle on a net basis, in case of a default by the counterparty.

Risks of climate change and the sustainability strategy

Considering the nature of the Company's operations, there is an inherent exposure to certain risks related to climate change, and relevant ESG (Environmental, Social and Governance) aspects.

In the period finished in December 31, 2022 the Management considered as main risks the aspects below:

(i)Commodities prices

There is a growing concern that the current level of carbon dioxide and other greenhouse gases in the atmosphere will have adverse impacts on global temperatures, weather patterns and the frequency and severity of extreme weather and natural disasters, such as droughts, floods, unseasonal rains, tropical cyclones, among others. In the event that climate changes has a negative effect on agricultural productivity, the Company may be subject to decreased availability or less favorable pricing for certain agricultural commodities that are necessary for our products, such as barley, hops, sugar and corn. In addition, public expectations for reductions in greenhouse gas emissions could result in increased energy, transportation and raw material costs and may require us to make additional investments in facilities and equipment due to increased regulatory pressures. As a result, the effects of climate change could have a long-term, material adverse impact on our business and results of operations.

(ii)Water crisis

We also face water scarcity and quality risks. The availability of clean water is a limited resource in many parts of the world, facing unprecedented challenges from climate change and the resulting change in precipitation patterns and frequency of extreme weather, overexploitation, increasing pollution, and poor water management. We have implemented an internal strategy in order to considerably reduce the use of water in our operative plants. However, as demand for water continues to increase around the world, and as water becomes scarcer and the quality of available water deteriorates, we may be affected by increasing production costs or capacity constraints, which could adversely affect our business and results of operations.

Droughts can cause barley crop failures, especially in South America, where most barley is rain-fed, the meteorological droughts (short-term, precipitation-impacted droughts) can significantly affect barley crop performance.

As a result, the effects of climate change could have a substantial long-term detrimental impact on the Company's business and operating results.

(iii)Environmental regulations

Our operations are subject to a wide range of Brazilian federal, state and municipal safety and environmental laws and regulations related to licenses or authorizations necessary to our business, as well as use of water resources and management of solid waste and take-back scheme obligations.

The Company activities require the constant obtaining and renewal of environmental licenses, in which the production units operation depends. Technical difficulties or failure to meet license renewal terms and the requirements of environmental agencies may have adverse effects on our business, as we may be subject to (i) the imposition of several administrative penalties (such as fines, interruption or shutdown of activities, license cancellation, among others), (ii) payment of recovering costs to of degraded areas and (iii) accountability in the civil, administrative and criminal spheres, depending on the case.

While we have a budget for future capital and operating expenditures to maintain compliance with environmental laws and regulations, there is no guarantee that the Company, even if it adopts adequate practices and processes, will not incur environmental liability or that these applicable environmental laws and regulations will not change or become more strict in the future. Accordingly, non-compliance with applicable laws and the technical conditions established in licenses and permits may harm the Company's reputation, results of operations and financial health.

(iv)Social

The Company is subject to obligations regarding the respect for human rights of all stakeholders, which may lead the Company to incur additional costs as well as significant contingencies relating to social issues. In general, social risks arise from the potential and actual adverse impacts of its business activities on the human rights of all stakeholders involved in its operation, including its own employees, consumers, suppliers, investors and the local community where the Company operates, whether directly or indirectly connected to its activities.

If the Company does not adopt well-structured and integrated long-term planning initiatives to promote diversity, equality and inclusion, both in its workforce and in the composition of statutory bodies and leadership, it may be challenged, including in court, about the absence of clear goals and effective actions in this area.

There is no guarantee that the Company will be able to adequately manage the social risks mentioned above in compliance with all national and international parameters and guidelines, which, consequently, may eventually harm the Company's operating results and reputation and expose it to legal and regulatory risks, which may materialize in different ways.

As the events mentioned in this section are highly uncertain, the Company cannot determine their financial impact at this moment. Any mentioned impacts may result in a material adverse effect on our business, liquidity, financial condition and results of operations. The Company continues to manage liquidity and capital resources with discipline to meet the costs of the eventual materialization of such risks.

29. COLLATERAL AND CONTRACTUAL COMMITMENTS WITH SUPPLIERS, ADVANCES FROM CUSTOMERS AND OTHERS

	2022	2021
Collateral given for the Company’s own liabilities	764.5	788.6
Other commitments	1,368.1	1,719.1
	2,132.6	**2,507.7**
Commitments to suppliers	50,365.3	51,562.0
	50,365.3	**51,562.0**

The collateral provided for liabilities totaled approximately R$2,132.6 as at December 31, 2022 (R$2,507.7 as at December 31, 2021), including R$744.0 (R$682.6 as at December 31, 2021) of cash guarantees. The deposits in cash used as guarantees are presented as part of other assets. To provide the guarantees required for derivatives exchanges and/or counterparties contracted in certain derivative financial instrument transactions, as at December 31, 2022, Ambev maintained R$376.9 (R$1,152.8 as at December 31, 2021) in highly liquid financial investments or in cash, classified as cash and cash equivalents and investment securities (Note 28 - *Financial instruments and risks*).

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

Future contractual commitments as at December 31, 2022 and 2021 are as follow:

	2022	2021
Less than 1 year	12,491.0	11,559.9
Between 1 and 2 years	10,315.3	9,982.2
More than 2 years	27,559.0	30,019.9
	50,365.3	**51,562.0**

30. CONTINGENCIES

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 with a probable outcome are fully recorded as liabilities (Note 27 - *Provisions*).

The Company and its subsidiaries have administrative and judicial discussions with tax authorities in Brazil related to certain tax treatments adopted when calculating the income tax and social contribution, for which, based on Management's current evaluation, is probable that the tax authorities will accept the uncertain tax treatment, in accordance with IFRIC 23. The Company also has lawsuits related to other taxes, which involve risk of a possible loss. To these uncertain tax treatments and possible contingencies there are no provisions recorded, due to the assessment carried out by Management, with the following composition and estimates:

	2022	2021
Income tax and social contribution	60,453.5	54,258.7
Value-added and excise taxes	25,904.6	23,912.4
PIS and COFINS	3,293.5	2,667.6
Others	1,909.1	1,606.3
	91,560.7	**82,445.0**

The Company and its subsidiaries have guarantee-insurance policies and letters of guarantee for some legal actions, presented as guarantee for civil, labor and tax executions or to enable resources of labor nature.

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 in calendar years 2005 to 2010 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 in calendar years 2011 to 2013 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 updated assessed amount related to this uncertain tax position, as per IFRIC 23 and according to explanatory note 3 (q) - *Summary of Significant Accounting Policie*s, as at December 31, 2022 was approximately R$11.1 billion (R$10.4 billion as at December 31, 2021). Ambev has not recorded any provisions for this matter based on the probability of loss of the lawsuit. 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 Beverage Associate Holding (BAH)

In October 2013, Ambev received a tax assessment related to the goodwill amortization in calendar years 2007 to 2012 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 with the Lower Administrative Court against the decision, which was partially granted. Ambev and the tax authorities filed Special Appeals to the Upper Administrative Court. In July 2022, the Upper Administrative Court rendered a partially favorable decision to Ambev. The decision did not recognize the Special Appeal filed by the tax authorities, thereby preserving the portion of the decision rendered by the Lower Administrative Court that was favorable to Ambev with respect to the qualified penalties applied and the statute of limitation for one of the calendar years under discussion; this portion of the decision is final. Ambev will file a judicial proceeding to appeal the unfavorable portion of the decision.

In April and August 2018, Ambev received new tax assessments charging the remaining value of the goodwill amortization in calendar years 2013 to 2014 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. Ambev and the tax authorities filed Special Appeals to the Upper Administrative Court. The Special Appeals filed in both tax assessments are awaiting judgment by the Upper Administrative Court.

The updated assessed amount related to this uncertain tax position, as per IFRIC 23 and according to explanatory note 3 (q) - *Summary of Significant Accounting Policies*, as at December 31, 2022 was approximately R$2.2 billion (R$2.3 billion as at December 31, 2021). Ambev has not recorded any provisions for this matter based on the probability of loss of the lawsuit.

Goodwill CND Holdings

In November 2017, Ambev received a tax assessment related to the goodwill amortization in calendar years 2012 to 2016 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. The Special Appeal filed by Ambev was partially admitted and is awaiting judgment.

In October 2022, Ambev received a new tax assessment charging the remaining value of the goodwill amortization in calendar year 2017. Ambev has filed a defense and awaits judgment by the first level administrative court.

The updated assessed amount related to this uncertain tax position, as per IFRIC 23 and according to explanatory note 3 (q) - *Summary of Significant Accounting Policies*, as at December 31, 2022 was approximately R$1.3 billion (R$0.9 billion as at December 31, 2021). Ambev has not recorded any provisions for this matter based on the probability of loss of the lawsuit.

Goodwill MAG

In December 2022, CRBS S.A (a subsidiary of Ambev) received a tax assessment related to the goodwill amortization in calendar years 2017 to 2020, resulting from the merger of RTD Barbados into CRBS. Ambev filed a defense and awaits judgment by the first level administrative court.

The updated assessed amount related to this uncertain tax position, as per IFRIC 23 and according to explanatory note 3 (q) - *Summary of Significant Accounting Policies*, as at December 31, 2022 was approximately R$251 million. Ambev has not recorded any provisions for this matter based on the probability of loss of the lawsuit.

This uncertain tax position, as per IFRIC 23 and according to explanatory note 3 (q) - *Summary of Significant Accounting Policies*, continued to be applied by the Company impacting calendar years following those assessed (2021- 2022). In a scenario CRBS is questioned on this matter for future periods, on the same basis and under the same arguments as the aforementioned tax assessments, Ambev management estimates that the outcome of such potential further assessments would be consistent to the already assessed periods.

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, most of which are still subject to review by the Administrative Court. In August 2022, the Upper Administrative Court rendered favorable decisions to Ambev on two cases related to the taxation of profits of foreign subsidiaries, one of which recognized the application of the double tax treaty signed by Brazil to mitigate such taxation; both decisions are final. In October 2022, the Lower Administrative Court rendered a favorable decision to Ambev on a third related case. Ambev is awaiting formal notification of this decision to analyze its content and any applicable legal motions or appeals. 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 assessed amount related to this uncertain tax position, as per IFRIC 23 and according to explanatory note 3 (q) - *Summary of Significant Accounting Policies*, as at December 31, 2022 was approximately R$7.3 billion (R$7.5 billion as at December 31, 2021). Ambev has not recorded any provisions for this matter based on the probability of loss of the lawsuit. For proceedings where it considers the chance of loss to be probable, Ambev recorded a provision in the total amount of R$58 million (R$54.1 million as at December 31, 2021)

Disallowance of Expenses and Deductibility of Losses

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, which is subject to mandatory review by the Lower Administrative Court. In June 2021, Ambev received a partially favorable decision for the 2020 case at the first level administrative court and filed an appeal to the Lower Administrative Court. The favorable portion of the decision is also subject to mandatory review by the Lower Administrative Court. In June 2022, Ambev received a partially favorable decision at the first level administrative court regarding the 2015 case and filed an appeal to the Lower Administrative Court. The favorable portion of the decision is also subject to mandatory review by the Lower Administrative Court.

The updated assessed amount related to this uncertain tax position, as per IFRIC 23 and according to explanatory note 3 (q) - *Summary of Significant Accounting Policies*, as at December 31, 2022 was approximately R$5.2 billion (R$5 billion as at December 31, 2021). Ambev has not recorded any provisions for this matter based on the probability of loss of the lawsuit.

Disallowance of taxes paid abroad

Since 2014, Ambev has been receiving tax assessments from the Brazilian Federal Tax Authorities, for calendar years as of 2007, 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. In these cases, Ambev filed Special Appeals to the Upper Administrative Court which are pending judgment. With respect to the cases related to the periods of 2015, 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. In 2021, Ambev received unfavorable decisions from the first level administrative court in two of these assessments with respect to the 2015 and 2016 isolated fine cases, and filed appeals in connection therewith, which are pending judgment by the Lower Administrative Court. In 2022, Ambev received an unfavorable decision from the first level administrative court in the second assessment related to the 2016 isolated fine case and filed an appeal in connection therewith which awaits judgment by the Lower Administrative Court. In October 2022, Ambev received a new tax assessment charging such isolated fine related to calendar year 2017. Ambev has filed a defense in this case and awaits judgment by the first level administrative court.

The other cases are still awaiting final decisions at both administrative and judicial courts.

The updated assessed amount related to this uncertain tax position, as per IFRIC 23 and according to explanatory note 3 (q) - *Summary of Significant Accounting Policies*, as at December 31, 2022 was approximately R$12.6 billion (R$11.3 billion as at December 31, 2021). Ambev has not recorded any provisions for this matter based on the probability of loss of the lawsuit.

This uncertain tax position, as per IFRIC 23 and according to explanatory note 3 (q) - *Summary of Significant Accounting Policies*, continued to be applied by the Company impacting calendar years following those assessed (2018- 2022). In a scenario Ambev is questioned on this matter for future periods, on the same basis and under the same arguments as the aforementioned tax assessments, Ambev management estimates that the outcome of such potential further assessments would be consistent to the already assessed periods.

In addition, Ambev has been charged isolated fines due to the non-recognition of tax offsets. Ambev has filed defenses in these cases and awaits judgment by the Administrative Level. The constitutionality of this penalty is under review at the Supreme Court of Justice (RE 796,939 e ADI 4,905). The updated assessed amount as at 31 December 2022 was approximately R$1.2 billion (R$1.1 billion as at December 31, 2021). 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, Arosuco 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 which is pending judgment.

The updated assessed amount related to this uncertain tax position, as per IFRIC 23 and according to explanatory note 3 (q) - *Summary of Significant Accounting Policies*, as at December 31, 2022 was approximately R$581.5 million (R$534.5 million as at December 31, 2021). Arosuco has not recorded any provisions for this matter based on the probability of loss of the lawsuit.

Disallowance of Income Tax deduction

In January 2020, Arosuco (Ambev’s subsidiary), 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, for calendar years 2015 to 2018, 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 updated assessed amount as at December 31, 2022 was approximately R$2.3 billion (R$2.1 billion as at December 31, 2021). Arosuco has not recorded any provision for this matter based on the probability of loss of the lawsuit.

This uncertain tax position, as per IFRIC 23 and according to explanatory note 3 (q) - *Summary of Significant Accounting Policies*, continued to be applied by the Company impacting calendar years following those assessed (2019-2022) in which it benefited from the income tax reduction provided for in Provisional Measure No. 2199-14/2001. In a scenario Arosuco is questioned on this matter for future periods, on the same basis and arguments as the aforementioned tax assessment, Arosuco management estimates that the outcome of such potential further assessments would be consistent to the already assessed periods.

Deductibility of IOC expenses

In 2013, as approved in a Shareholders Meeting, Ambev implemented a corporate restructuring with the purpose of simplifying its corporate structure and converting into a single class of shares company, among other factors. One of the steps of such restructuring involved a contribution of shares followed by the merger of shares of its controlled entity, Companhia de Bebidas das Américas, into Ambev. As one of the results of such restructuring, the counterpart register of the positive difference between the value of shares issued for the merger and the net equity value of its controlled entity’s share was accounted, as per IFRS 10, in an equity account of Ambev referred to as carrying value adjustment.

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, which awaits judgment. The favorable portion of the decision is subject to mandatory review by 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 new tax assessment was filed by Ambev in January 2021. In June 2021, Ambev received a partially favorable decision and filed an appeal to the Lower Administrative Court, which also awaits judgment. Similar to the first tax assessment, the favorable portion of the decision is also subject to mandatory review by the Lower Administrative Court.

In December 2022, Ambev received a new tax assessment related to the deduction of the IOC in 2017. The defense against this new tax assessment was filed by Ambev in January 2023, which is pending judgment by the first level administrative court.

The updated assessed amount related to this uncertain tax position, as per IFRIC 23 and according to explanatory note 3 (q) - *Summary of Significant Accounting Policies*, as at December 31, 2022 is approximately R$13.8 billion (R$10.5 billion as at December 31, 2021). Ambev has not recorded any provisions for this matter based on the probability of loss of the lawsuit.

The uncertain tax position, as per IFRIC 23 and according to explanatory note 3 (q) - *Summary of Significant Accounting Policies*, continued to be adopted by the Company as it also distributed IOC in the years following the assessed period (2018-2022) and deducted such amounts from its Corporate Income Taxes taxable basis. Therefore, in a scenario where the IOC deductibility would also be questioned for the period after 2017, on the same basis and arguments as the aforementioned tax assessments, Ambev management estimates that the outcome of such potential further assessments would be consistent to the already assessed periods.

Tax Loss Offset

Ambev and certain of its subsidiaries received a number of assessments from the Brazilian Federal Tax Authorities relating to the offset of tax losses carried forward in the context of business combinations.

In February 2016, the Upper Administrative Court ruled unfavorably to Ambev in two of these cases, following which Ambev filed judicial proceedings. In September 2016, Ambev received a favorable first level decision in one of the judicial claims which was confirmed by the second-level judicial court in December 2022. This decision is subject to appeal by the tax authorities. In March 2017, Ambev received an unfavorable first level decision with respect to the second judicial case and filed an appeal, which is pending judgment by the second-level judicial court.

There is a third case being challenged at the administrative level in which an unfavorable decision was rendered to Ambev by the Lower Administrative Court in June 2019. Ambev has appealed this decision and awaits judgment by the Upper Administrative Court.

The updated assessed amount related to this uncertain tax position, as per IFRIC 23 and according to explanatory note 3 (q) - *Summary of Significant Accounting Policies*, as at December 31, 2022 was approximately R$548 million (R$411.9 million as at December 31, 2021). Ambev has not recorded any provisions for this matter based on the probability of loss of the lawsuit.

PIS and COFINS

PIS/COFINS over bonus products

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, one case is pending decision by the second level judicial court after the first level judicial court rendered an unfavorable decision to Ambev.

Ambev management estimates the possible losses related to these assessments at approximately R$1.6 billion as at December 31, 2022 (R$1.8 billion as at December 31, 2021).

Table of Contents

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 had tax incentives granted by other states. The cases are being challenged at both the administrative and judicial level of the courts.

In August 2020, the STF issued a binding decision (Extraordinary Appeal No. 628.075) recognizing the constitutionality 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 potential enforcement of tax assessments previously issued by the states should abide by the tax incentives validation process provided for in Complementary Law No. 160/17.

With respect to the assessments issued by the State of São Paulo regarding tax credits from the State of Amazonas, Ambev received unfavorable decisions at the second administrative level in April, May and June 2022. In these cases, Ambev has filed a motion for reconsideration to the second administrative level. In turn, regarding assessments received by the States of São Paulo and Minas Gerais, among others, there were favorable decisions in 2022, which reduced the reported contingency by approximately R$0.3 billion.

Ambev’s management estimates the possible losses related to these assessments to be approximately R$1.7 billion as at December 31, 2022 (R$2.0 billion as at December 31, 2021) and have not recorded any provisions in connection therewith.

ICMS-ST Trigger

Over the year, 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$9.3 billion as at December 31, 2022 (R$8.4 billion as at December 31, 2021), which is classified as a possible loss and, therefore, for which Ambev has made no provision for the period.

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. With regards to this new tax assessment, in June 2020 Ambev received the First Level Administrative decision, which was partially favorable to the Company in the sense of recognizing the miscalculation of the tax incentive credit by the tax auditor. The favorable portion of the aforementioned decision is final and unappealable. As to the unfavorable portion, Ambev filed an administrative appeal which is awaiting judgment. Furthermore, there are other assessments related to PRODEPE, some of which are already being discussed in the judicial level.

Ambev management estimates the possible losses related to this issue to be approximately R$663.9 million as at December 31, 2022 (R$596.3 million as at December 31, 2021) and has made no provision for the period.

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 (PIS/COFINS). With respect to IPI, Ambev has 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 of PIS and COFINS allegedly due over Arosuco’s remittances to Ambev.

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 presumed IPI excise tax 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$5.8 billion as at December 31, 2022 (R$4.9 billion as at December 31, 2020). Ambev has not recorded any provision in connection with these assessments.

In addition, Ambev has been charged isolated fines due to the non-recognition of tax offsets. Ambev has filed defenses in these cases and awaits judgment by the Administrative Level. The constitutionality of this penalty is under review at the Supreme Court of Justice (RE

796,939 e ADI 4,905). The updated assessed amount as at 31 December 2022 was approximately R$271.6 million (R$224 million as at December 31, 2021). Ambev has not recorded any provisions for this matter as it considers the chance of loss to be possible.

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. We've received partially favorable decision at the administrative level. In July 2022, Ambev received the first judicial decision on this matter; the decision was unfavorable to Ambev and Ambev have filed an appeal.

In October 2022, the Upper Administrative Court rendered a partially favorable decision in one of the cases related to this matter. Ambev awaits the formal notification of this decision to assess whether any portion of the tax assessment may be challenged at the judicial level.

Ambev management estimates the possible losses related to these assessments to be approximately R$1.7 billion as at December 31, 2022 (R$1.6 billion as at December 31, 2021). Ambev has not recorded any provision in connection with these assessments.

ICMS – AM

In 2016, Arosuco (Ambev's subsidiary) received tax assessments issued 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. Arosuco management estimates the possible losses related to these assessments to be approximately R$561.5 million as at December 31, 2022 (R$521.3 million as at December 31, 2021) and has not recorded any provisions in connection therewith.

ICMS – ZFM

In 2018 and 2021, Ambev received tax assessments from the States of Rio Grande do Sul and São Paulo charging alleged differences in ICMS due to the disallowance of credits arising from transactions with suppliers located in the Manaus Free Trade Zone. With regard to the assessment issued by the State of Rio Grande do Sul, Ambev received a favorable judgment at the second administrative level in February 2022, which is still subject to appeal by tax authorities.

With respect to the assessments issued by the State of São Paulo, Ambev received unfavorable judgments at the first administrative level in May and June 2022. In these cases, we have filed appeals to the second administrative level.

Our management estimates the possible losses related to these assessments to be approximately R$730.3 million as at December 31, 2022 (R$663.3 million as at December 31, 2021). We have not recorded any provisions in connection therewith.

ICMS – FAIN

Over the last years, Ambev received tax assessments issued by the State of Paraíba due to an alleged non-compliance with the State Tax Incentive Program (“FAIN”). The State tax authorities’ position was that Ambev could not enjoy the tax incentive granted to Companhia de Bebidas (incorporated company), among other allegations related to the calculation method of the tax incentive itself.

Ambev management estimates the possible losses related to these assessments to be approximately R$591.4 million as at December 31, 2022 (R$540.5 million as at December 31, 2021) and has not recorded any provisions in connection therewith.

Contingent assets

PIS and COFINS Recovery - exclusion of ICMS (VAT) from the basis of calculation

In 2017, the Brazilian Supreme Federal Court (“STF”) decided for, in the judgment of RE No. 574,706/PR, with binding effects, the unconstitutionality of the inclusion of ICMS in the tax base of social contributions on gross revenues (“PIS and COFINS”). The decision was reaffirmed by the STF in May 2021, in the judgment of the request for clarification presented by the General Attorney's Office (PGFN), whereby the Court confirmed that the ICMS to be excluded from the PIS and COFINS tax base is that declared in the invoice. The Court also determined that the decision should apply retroactively as of March 15, 2017 (date on which the decision on RE 574,706/PR was rendered), except for taxpayers who had judicial and administrative claims filed before said date (which is the case of the Company and its subsidiaries). As for ICMS under the tax substitution modality, the Superior Court of Justice (“STJ”) began the judgment of Theme 1125 with a favorable vote for taxpayers, therefore determining the exclusion of this ICMS modality in the tax bases of social contributions on gross revenues (“PIS and COFINS”).

The Company and its subsidiaries filed several lawsuits related to this matter, most with final and unappealable favorable decisions. As the federal tax regime applicable to the soft drinks and beer sector has changed over time, the Company and its subsidiaries are parties to lawsuits related to three different periods: (i) 1990 to 2009, (ii) 2009 to 2015 (period in which the “REFRI Taxation Model” was in force - special soft drinks and beer regime, provided for Article 58-J of Law No. 10,833, of 2003) and (iii) 2015 onwards (also known as “New Model Taxation”).

From 2018 to 2022, the Company and its subsidiaries recognized, in accordance with IAS 37, recoverable tax credits related to this matter in the total amount of R$9.4 billion, of which (i) R$0.7 billion is related to periods from 1990 to 2009, (ii) R$4 billion is related to the New Model Taxation, from March 2017, when the Company and its subsidiaries implemented the judicial decisions authorizing the exclusion of the ICMS from the PIS and COFINS tax base in its regular transactions and which right of recovery is assured by the decision rendered by the STF in the judgment of RE 574.706/PR, and (iii) R$4.7 billion is related to periods from 2009 to 2015, during which the REFRI Taxation Model was in force.

Part of this amount has already been used to offset other tax debts according to the final and unappealable decisions rendered in certain judicial lawsuits involving the Company and its subsidiaries. The outstanding amount of recoverable tax credits remain registered in the asset account (see Note 18 – *Recoverable Taxes*).

The accounting recognition of said amounts is due to (i) the gain being virtually certain considering the decision provided by the STF in RE 574,706/PR and the specific circumstances of each case; and (ii) the fact that the amount could be estimated with sufficient reliability, by collecting the respective documents and quantifying the related amount. As to the tax credits related to the period in which the REFRI Taxation Model was in place, the amount could be estimated with sufficient reliability after several analyses made with the assistance of our external consultants were made. These analyses allowed us to (i) identify the total ICMS included per liter in the retail selling prices that were verified by the Federal Government at the time and that had an impact on the reference prices used as a base for the determination of the PIS and COFINS; and (ii) calculate the exclusion of such ICMS from the tax base of PIS and COFINS in the transactions carried out by the Company and its subsidiaries.

In addition, with respect to the transactions performed after the implementation of the individual judicial decisions authorizing the exclusion of the ICMS from the PIS and COFINS tax base, the Company and its subsidiaries had a positive impact of R$5.1 billion, net of the amounts mentioned above, which represented a reduction in the PIS and COFINS expenses.

For additional matters, the Company estimates that the contingent asset corresponds to R$0.7 billion, which will be recognized once the realization of the gain is virtually certain given the specific circumstances of the case and upon confirmation of the estimated values with sufficient reliability.

Cerbuco Brewing Inc. arbitration

Cerbuco Brewing Inc., (“Cerbuco”) a Canadian subsidiary of Ambev, owns a 50% equity ownership in Cerveceria Bucanero S.A. (“Bucanero”), a joint venture in Cuba. In 2021, Cerbuco initiated an arbitration proceeding at the International Chamber of Commerce (“ICC”), relating to a potential breach of certain obligations relating to the joint venture, with the terms of reference being formally executed in 2022. Depending on the outcome of the arbitration proceedings, there may be an impact on Cerbuco's ability to influence the management of Bucanero's operations. As a result, Ambev’s ability to continue consolidating Bucanero into its financial statements may also be affected. Based on the opinion of Cerbuco’s Lawyers, the management estimate the chance of loss as possible. The amount involved has not yet been ascertained, as it depends on the outcome of the arbitration.

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), its directors and/or shareholders (including direct or indirect shareholders of the Company). The Governance Committee of the Company (previously known as Antitrust Compliance and Related Parties Committee, as update approved by the Board of Directors at meeting attended on October 14, 2022) is required to advise the Board of Directors on all transactions with related parties, among other subjects.

Management is prohibited from interfering in any transaction in which a conflict of interest exists, even in theory, with the Company’s interests. Management also are not permitted to interfere in decisions of any other members of management, and the Minutes of Meeting of the Board are required to document any decision to abstain from the respective deliberations.

The Company’s guidelines on related parties require it to 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 related parties transactions 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 the Stock Option Plan and Share-Based Payments Plan (Note 25 - *Share-based payments*).

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

	2022	2021	2020
Short-term benefits (i)	74.2	68.3	26.0
Share-based payments (ii)	66.0	65.3	42.7
Total key management remuneration	**140.2**	**133.6**	**68.7**

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

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

Excluding the above mentioned plan (Note 25 - *Share-based payments*), the Company no longer has any types 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

Fundação Zerrenner is one of Ambev’s shareholders, and at December 31, 2022 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 retired, with health care and dental assistance, technical and higher education courses, facilities for assisting elderly people, either directly or through financial assistance agreements with other entities. As at December 31, 2022 and December 31, 2021, actuarial obligations related to the benefits provided directly by Fundação Zerrenner were 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 economic benefits available to the Company, arising from reimbursements or from reductions in future contributions.

The expenses incurred by Fundação Zerrenner with third parties, for providing these benefits totaled R$308.8 (R$279.4 as at December 31, 2021), of which R$270.7 and R$38.1 were related to active employees and retirees respectively (R$247.2 and R$32.2 as at December 31, 2021 related to active employees and retirees respectively).

b) Licensing agreement

The Company have 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 for 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 a license to ABI in Brazil and Canada and, through a license granted to ABI, also distributes *Brahma* products in the United States and several other countries such as the United Kingdom, Spain, Sweden, Finland and Greece.

The Company and its subsidiaries have licensing agreements with the Group Modelo, subsidiaries of AB Inbev to import, produce, promote and sell Corona products (*Corona Extra*, *Corona Light*, *Coronita*, *Pacifico* and *Modelo*) in Latin America and Canada and with Spaten-Franziskaner-Bräu GmbH, a subsidiary of ABI, to produce, promote, advertise and sell *Spaten* in Brazil.

In this context, the Company recorded R$22.6 (R$17.0 as at December 31, 2021 and R$2.1 as at December 31, 2020) and R$736.7 (R$819.0 as at December 31, 2021 and R$644.0 as at December 31, 2020) as licensing income and expenses, respectively.

Transactions with related parties

			2022
Current	**Trade receivables (i)**	**Other trade receivables (i)**	**Trade payables (i)**
AB Africa	1.6	-	-
AB InBev	142.7	-	(82.0)
AB Package	-	-	(79.3)
AB Services	23.7	-	(5.7)
AB USA	71.1	-	(237.7)
Bavaria	13.9	-	(6.9)
Cervecería Modelo	12.0	-	(345.5)
Cervecerías Peruanas	0.9	-	(46.4)
Inbev	1.0	23.9	(12.2)
Panamá Holding	3.9	-	-
Others	19.9	0.9	(14.7)
	290.7	**24.8**	**(830.4)**

				2021
Current	**Trade receivables (i)**	**Other trade receivables (i)**	**Trade payables (i)**	**Dividends receivables**
AB Africa	5.3	-	-	-
AB InBev	45.4	-	(167.0)	-
AB Package	-	-	(63.1)	-
AB Services	32.7	-	(3.0)	-
AB USA	34.5	11.5	(330.7)	-
Bavaria	3.6	-	(11.0)	-
Cervecería Modelo	6.1	-	(548.4)	-
Cervecerías Peruanas	3.4	-	(16.6)	-
Inbev	0.8	26.4	(26.4)	-
Panama Holding	4.6	-	-	1.5
Others	18.7	1.1	(44.5)	-
	155.1	**39.0**	**(1,210.7)**	**1.5**

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

	2022	2021
Non-current	**Trade payables**	**Trade payables**
ITW International	(343.6)	(407.9)
	(343.6)	**(407.9)**

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

Company	Sales and other	Service fees / reimbursement of expenses and other receivables	Product purchases and other	Service fees / reimbursement of expenses and other payables	Net finance cost
					2022
AB InBev	0.1	5.2	(117.3)	(8.5)	208.7
AB Package	-	-	(356.8)	-	-
AB Procurement	-	-	-	(18.1)	-
AB USA	25.5	-	(1,129.7)	(3.2)	-
Ambev Peru	0.6	-	-	-	-
Bavaria	32.0	-	(56.7)	-	-
Cervecería Modelo	124.4	-	(1,323.6)	-	-
Cervecerías Peruanas	1.7	-	(49.6)	-	-
GCC India	-	-	-	(7.1)	-
Inbev	-	-	(129.8)	-	-
ITW International	-	-	-	-	37.3
Other	84.8	9.6	(87.2)	-	1.9
	269.1	**14.8**	**(3,250.7)**	**(36.9)**	**247.9**

Company	Sales and other	Service fees / reimbursement of expenses and other receivables	Product purchases and other	Service fees / reimbursement of expenses and other payable	Net finance cost
					2021
AB InBev	0.7	-	(180.3)	(10.7)	-
AB Package	-	-	(286.7)	-	-
AB Procurement	-	-	-	(16.1)	-
AB USA	32.1	-	(1,209.9)	(3.9)	0.3
Ambev Peru	3.2	-	-	-	-
Bavaria	30.9	-	(57.0)	-	-
Cervecería Modelo	0.8	-	(1,708.2)	-	-
Cervecerías Peruanas	3.2	-	(32.9)	-	-
GCC India	-	-	-	(8.2)	-
Inbev	-	-	(107.9)	-	-
ITW International	-	-	-	-	42.2
Other	19.5	3.6	(143.0)	-	-
	90.4	**3.6**	**(3,725.9)**	**(38.9)**	**42.5**

Company	Sales and other	Service fees / reimbursement of expenses and other receivables	Product purchases and other	Service fees / reimbursement of expenses and other payables	Net finance cost
					2020
AB InBev	0.3	-	(80.6)	(9.9)	-
AB Package	-	-	(159.2)	-	-
AB Procurement	0.2	-	(0.6)	(17.3)	-
AB USA	35.2	-	(977.0)	(3.2)	-
Bavaria	26.1	-	(48.0)	-	-
Cervecería Modelo	(0.1)	-	(1,269.6)	-	-
Cervecerías Peruanas	13.3	-	(40.3)	-	-
GCC India	-	-	-	(7.3)	-
Inbev	(0.9)	-	(102.3)	-	-
ITW International	-	-	-	-	10.5
Oriental Brewery	2.0	-	-	-	-
Other	22.1	0.2	(83.9)	-	1.5
	98.2	**0.2**	**(2,761.5)**	**(37.7)**	**12.0**

Table of Contents

List of companies included in the tables above:

AB InBev Procurement GmbH (“AB Procurement”)
Ambrew S.A.R.L. (“Ambrew”)
Anheuser-Busch Inbev Africa (Pty) Ltd. (“AB Africa”)
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”)
Cervecería Nacional S de RL (“Panamá Holding”)
Compañia Cervecera Ambev Peru S.A.C. (“Ambev Peru”)
GCC Services India Private Ltd. (“GCC India”)
Inbev Belgium N.V. (“Inbev”)
Interbrew International B.V. (“ITW International”)
Oriental Brewery Co. Ltd. (“Oriental Brewery”)
Unión de Cervecerias Peruanas Backus Y Johnston S.A.A. (“Cervecerías Peruanas”)

32. GROUP COMPANIES

List of most significant fully consolidated companies:

Argentina CERVECERÍA Y MALTERIA QUILMES SAICA Y G Charcas 5160 - Buenos Aires	99.75%
Bolivia CERVECERÍA BOLIVIANA NACIONAL S.A. Avenida Montes 400 e Rua Chuquisaca 121 - La Paz	85.34%
Brazil AMBEV S.A. Rua Dr. Renato Paes de Barros, 1.017, 3º andar, Itaim Bibi, São Paulo	Consolidating
AROSUCO AROMAS E SUCOS LTDA. Avenida Buriti, 5.385, Distrito Industrial - Manaus - AM	100.00%
CRBS S.A. Avenida Antarctica, 1.891, Fazenda Santa Úrsula - Jaguariúna - SP	100.00%
CERVEJARIA Z.X. S.A. Avenida Antarctica, 1.891, Fazenda Santa Úrsula - Jaguariúna - SP	100.00%
Canada LABATT BREWING COMPANY LTD. 207 Queens Quay West, Suite 299 - M5J 1A7 - Toronto	100.00%

Chile	
CERVECERÍA CHILE S.A. Avenida Presidente Eduardo Frei Montalva, 9.600 - Quilicura - Santiago	100.00%
Spain	
JALUA SPAIN, S.L. Juan Vara Terán, 14 - Ilhas Canárias	100.00%
Luxembourg	
AMBEV LUXEMBOURG 15 Breedewues - L1259 - Senningerberg	100.00%
Guatemala	
INDUSTRIAS DEL ATLÁNTICO S.A. KM 122 Ruta al Atlantico - C.P 01012 Teculutan, Zacapa	50.00%
Paraguay	
CERVECERÍA PARAGUAYA S.A. Ruta Villeta KM 30 - Ypané	87.35%
Dominican Republic	
CERVECERÍA NACIONAL DOMINICANA, S.A. Autopista 30 de Mayo, Distrito Nacional	85.00%
Uruguay	
LINTHAL S.A. 25 de Mayo 444, office 401 - Montevideo	100.00%
CERVECERÍA Y MALTERIA PAYSANDU S.A. Cesar Cortinas, 2.037 - Montevideo	100.00%
MONTHIERS S.A. Cesar Cortinas, 2.037 - Montevideo	100.00%
Panama	
CERVECERÍA NACIONAL S. DE R.L. Avenida Ricardo J. Alfaro, Corregimiento de Betania, Distrito de Panamá	100.00%

33. INSURANCE

The Company has a program of risk management requiring it to obtain insurance coverage compatible with its size and operations. Coverage was contracted at amounts considered sufficient by management to cover possible losses, considering the nature of the Company’s activities, the risks involved in its operations and the guidance of its insurance advisors.