

**ITEM 3. KEY INFORMATION**

**A. Selected Financial Data**

[Reserved]

**B. Capitalization and Indebtedness**

Not applicable.

**C. Reasons for the Offer and Use of Proceeds**

Not applicable.

**D. Risk Factors**

Before making an investment decision, you should consider all of the information set forth in this annual report, including the consolidated financial statements and our periodic public information released by Ambev from time to time. In particular, you should consider the special features applicable to an investment in Brazil and applicable to an investment in Ambev, including those set forth below. In general, investing in the securities of issuers in emerging market countries, such as Brazil, involves a higher degree of risk than investing in the securities of issuers in the United States. Our business, financial condition and operational results may also be significantly affected not only by the risks set forth below but also by other risks that are currently unknown or considered irrelevant to us.

**Summary of Risk Factors**

***Risks Relating to Brazil and Other Countries in Which We Operate***

- Economic and political uncertainty and volatility in Brazil, and the perception of these conditions in the international financial markets, may adversely affect our business;
- The Brazilian government has exercised, and continues to exercise, significant influence over the Brazilian economy; Brazilian economic and political conditions have a direct impact on our business;
- Our results of operations are affected by fluctuations in exchange rates, and devaluation of the real relative to other currencies, including the U.S. dollar, which may adversely affect our financial performance;
- Increases in taxes levied on beverage products in the countries in which we operate and unfair competition arising from tax evasion may adversely affect our results and profitability; and
- Our Latin America South operations are subject to substantial risks relating to the businesses and operations conducted in Argentina and other South American countries.

***Risks Relating to Our Operations***

- The extent of the pandemic declared by the World Health Organization due to the spread of COVID-19, the perception of its effects or the way in which this pandemic will continue to impact our business, depends on future developments which are highly uncertain and unpredictable, and may result in a material adverse effect on our business, financial condition, results of operations and cash flow;
- We face operational risks that can result in the partial or temporary shutdown of our operations, which may adversely affect our financial condition and results of operations;
- Volatility in commodities prices may adversely affect our financial performance;
- Competition could lead to a reduction of our margins, increase costs and adversely affect our profitability;

- Our business is subject to regulations in the countries in which we operate;
- If we are not successful in obtaining and maintaining the necessary licenses in the countries in which we operate, we may be subject to fines, penalties, or other regulatory sanctions, which could negatively impact our business and cause us to incur additional costs;
- We are subject to risks associated with noncompliance with any data protection laws in the countries in which we operate and can be adversely affected by any penalties or other sanctions imposed;
- Information technology failures, including those that affect the privacy and security of sensitive customer and business information, could disrupt our operations;
- If we do not successfully comply with applicable anti-corruption laws and regulations, we could be subjected to fines, penalties or other regulatory sanctions, as well as adverse press coverage, which could impact our reputation, operations and sales;
- We are subject to Brazilian and other antitrust regulations;
- We are exposed to the risk of litigation;
- We rely on key third parties, including key suppliers, and the termination or modification of the arrangements with such third parties or any failure to comply with laws and regulations by them could negatively affect our business;
- Demand for our products may be adversely affected by changes in consumer preferences and tastes;
- Negative publicity focusing on our products or on the way we conduct our operations may harm our business;
- We rely on the reputation of our brands and damages to their reputation may have an adverse effect on our sales;
- If any of our products is defective or found to contain contaminants, we may be subject to product recalls, individual or collective litigation and/or other liabilities;
- Seasonal consumption cycles and adverse weather conditions may result in fluctuations in demand for our products;
- Climate change, or legal, regulatory or market measures to address climate change, may negatively affect our business or operations, and water scarcity or poor quality could negatively impact our production costs and capacity;
- Our operations are subject to safety and environmental regulations, which could expose us to significant compliance costs and litigation relating to environmental issues;
- We may not be able to protect our intellectual property rights;
- Natural and other disasters and accidents caused by human and technological errors could disrupt our operations;
- Our insurance coverage may be insufficient to make us whole on any losses that we may sustain in the future;
- The ability of our foreign subsidiaries to distribute cash upstream may be subject to various conditions and limitations;

- Contractual and legal restrictions to which Ambev and its subsidiaries are potentially or allegedly subject may be triggered upon the consummation of certain transactions involving our indirect controlling shareholder, Anheuser-Busch InBev SA/NV, or ABI, resulting in adverse limitations to our operations;
- We operate a joint venture in Cuba, in which the Government of Cuba is our joint venture partner. Cuba is still targeted by broad and comprehensive economic and trade sanctions of the United States. Our operations in Cuba may adversely affect our reputation and the liquidity and value of our securities; and
- We may not be able to recruit or retain key personnel.

***Risks Relating to Our Common Shares and ADSs***

- The relative volatility and illiquidity of securities of Brazilian companies may substantially limit your ability to sell our common shares and ADSs at the price and time you desire;
- Deterioration in economic and market conditions in Brazil and other emerging market countries, as well as in developed economies (including as a result of the COVID-19 virus pandemic), may adversely affect the market price of our common shares and ADSs;
- Future equity issuances may dilute the holdings of current holders of Ambev common shares or ADSs and could materially affect the market price for those securities;
- Brazilian foreign exchange controls and regulations could restrict conversions and remittances abroad of the dividend payments and other shareholder distributions paid in Brazil in *reais* arising from Ambev's common shares (including shares underlying the Ambev ADSs);
- The surrender of ADSs may cause the loss of the ability to remit foreign currency abroad and of certain Brazilian tax advantages;
- Certain shareholder entitlements may not be available in the U.S. to holders of Ambev ADSs;
- Holders of Ambev ADSs may be unable to fully exercise voting rights with respect to the Ambev shares underlying their ADSs;
- Our status as a foreign private issuer allows us to follow Brazilian corporate governance practices and exempts us from a number of rules under the U.S. securities laws and listing standards, which may limit the amount of public disclosures available to investors and the shareholder protections afforded to them;
- As a Brazilian company, Ambev is subject to different corporate laws and regulations than those typically applicable to U.S.-listed companies, which may result in Ambev's shareholders having fewer or less well-defined shareholder rights than the shareholder rights of those companies;
- Our current controlling shareholders will be able to determine the outcome of our most significant corporate actions;
- Our shareholders may not receive any dividends;
- Foreign holders of our ADSs may face difficulties in serving process on or enforcing judgments against us and other persons; and
- Judgments of Brazilian courts with respect to our shares will be payable only in *reais*.

## **Risks Relating to Brazil and Other Countries in Which We Operate**

*Economic and political uncertainty and volatility in Brazil, and the perception of these conditions in the international financial markets, may adversely affect our business.*

Our most significant market is Brazil, which has periodically experienced rates of inflation higher than expected. Inflation, along with governmental measures to fight inflation and public speculation about possible future measures, has had significant negative effects on the Brazilian economy. The annual rate of inflation, as measured by the *Índice Nacional de Preços ao Consumidor* (National Consumer Price Index), was 2.1% in 2017, 3.4% in 2018, 4.5% in 2019, 5.5% in 2020 and 10.2% in 2021. Brazil may experience high levels of inflation in the future and such inflationary pressures may lead to the Brazilian government intervening in the economy and introducing policies that could adversely affect the Brazilian economy, the securities market and our business. In the past, the Brazilian government's interventions included the maintenance of a restrictive monetary policy with high interest rates that restricted credit availability and reduced economic growth, causing volatility in interest rates. Recently, inflationary pressures have increased, including as a result of the ongoing COVID-19 pandemic, which has led to the return of a more restrictive monetary policy.

The SELIC official interest rate in Brazil oscillated from 7.25% in 2012 to 4.50% in 2019, as established by the Central Bank's Monetary Policy Committee (*Comitê de Política Monetária do Banco Central do Brasil*, or "COPOM"). In February 2020, the COPOM reduced the official interest rate to 4.25% and further reduced it in March 2020 to 3.75%. In an effort to offset the impact of the COVID-19 pandemic on domestic demand, the COPOM further reduced the rate in May, June and August 2020, with the interest rate at 2.0% on December 31, 2020, representing its record low. As a result of more lenient government and Central Bank policies and interest rate decreases, coupled with the effects of the COVID-19-pandemic, inflation rates have increased significantly in 2021, and, consequently, triggered significant interest rate increases. In March 2021, the COPOM increased the SELIC rate to 2.75% and further increased it in May, June, August, September, October and December 2021. As of the date hereof, the SELIC rate was 11.75%. We cannot assure you that inflation will not affect our business in the future. In addition, any effort on the part of the Brazilian government to preserve economic stability, as well as any public speculation about possible future initiatives, may contribute significantly to economic uncertainty in Brazil and may heighten volatility in the Brazilian securities markets and securities issued abroad by Brazilian issuers. It is also difficult to assess the impact that turmoil in the credit markets will have in the Brazilian economy, and as a result on our operations and financial results in the future.

In addition, Brazil's political environment has historically influenced, and continues to influence, the performance of the country's economy. Political crises have affected and continue to affect the confidence of investors and the general public, which have historically resulted in economic deceleration and heightened volatility in the securities issued by Brazilian companies.

The economic and political instability in Brazil has contributed to a decline in market confidence in the Brazilian economy. In addition, since 2014, Brazil has experienced amplified economic and political instability derived from various currently ongoing investigations into allegations of money laundering and corruption being conducted by the Office of the Brazilian Federal Prosecutor, including the largest of such investigations known as *Lava Jato*, as well as other derivative or independent investigations such as *Cui Bono*, *A Origem*, *Sepsis*, *Patmos*, *Zelotes* and *Greenfield*. The potential outcome of such corruption-related investigations is uncertain, but they have already impacted the general market perception of the Brazilian economy, political environment and the Brazilian capital market. We have no control over, and cannot predict, whether such investigations or allegations will lead to further political and economic instability.

Driven by the economic and political instability in Brazil, among other factors, Brazil has faced a series of economic and political difficulties since 2014, including increasing unemployment rates, decreasing consumer and business confidence, falling industrial output, a deficit in Brazil's primary accounts, shrinking gross domestic product until 2017 and meager growth since then, increasing uncertainties with regards to Congressional decisions and the significant devaluation and volatility of the *real*.

As of the date of this 20-F, President Bolsonaro is under investigation by the Brazilian Supreme Court for potential misconduct, as alleged by ex-Minister of Justice, Sergio Moro. In addition, in April 2021, the Brazilian Congress has launched a Parliamentary Inquiry Commission (*Comissão Parlamentar de Inquérito*, or “CPI”) to investigate the government’s management of the COVID-19 pandemic. The CPI investigated, among other things, alleged failures to impose lockdowns or promote social distancing, the successive removals of health ministers amid the pandemic, and the promotion of unproven drugs in treating COVID-19. Upon completion of the congressional investigation, a final report was approved on October 26, 2021 recommending President Bolsonaro to be indicted for nine crimes related to his handling of the COVID-19 pandemic, including crimes against humanity. The congressional report could lead to criminal charges or trigger an impeachment proceeding. Any resulting consequences of these investigations could have material adverse effects on the political and economic environment in Brazil, as well as on businesses operating in Brazil, including us.

In February 2021, President Bolsonaro moved to replace the then-CEO of state-controlled Petrobras with an army general, suggesting a more interventionist government agenda, which had an adverse effect on Brazilian capital markets. More recently, President Bolsonaro’s ongoing criticism of Brazil’s electronic voting system and the judiciary for investigations involving his supporters for allegedly financing, organizing or inciting violence or anti-democratic acts, or disseminating false information, contributed to heightened tensions with the Brazilian Supreme Court.

The potential outcome of these and other cases are uncertain, but they have already negatively affected the image and reputation of the companies involved, as well as the general market perception of the Brazilian economy. The development of the cases of unethical and/or illegal conduct has affected and may continue to adversely affect our business, financial condition and operating results, including the trading price of our shares. We cannot predict whether investigations in progress will lead to further political and economic instability, or whether new allegations against government officials and executives and/or private companies will emerge in the future. We also cannot predict the outcome of these investigations nor their impact on the Brazilian economy or the Brazilian stock market.

In addition, general elections in Brazil, including to elect the president, are scheduled to be held in October 2022. Historically, election years in Brazil, especially presidential ones, are marked by political uncertainty which generates greater instability and volatility in the Brazilian economic and political scenario. Moreover, the Brazilian Supreme Court recently overturned criminal convictions and restored former President Luis Inácio Lula da Silva’s political rights, allowing him to run in the upcoming presidential election. The outcome of the upcoming presidential election, as well as its impacts on the Brazilian economy, are uncertain and may adversely affect our operations, financial results, and the trading price of our shares.

Consumption of beer, other alcoholic beverages and soft drinks in many of the jurisdictions in which we operate, including Brazil, is closely linked to general economic conditions, such that levels of consumption tend to rise during periods of rising per capita income and to fall during periods of declining per capita income. Consumption of beer and other alcoholic beverages also varies in accordance with changes in disposable income. Any decrease in disposable income resulting from an increase in inflation, income taxes, cost of living, unemployment levels, political or economic instability or other factors would likely adversely affect the demand for beer, other alcoholic beverages, soft drinks and other non-alcoholic beverages, as well as our results of operations. Moreover, the instability and uncertainty in the Brazilian economic and political scenario may continue to adversely affect the demand for our products, which in turn may negatively impact our operations and financial results.

*The Brazilian government has exercised, and continues to exercise, significant influence over the Brazilian economy; Brazilian economic and political conditions have a direct impact on our business.*

The Brazilian economy has been characterized by significant involvement on the part of the Brazilian government, which has historically changed monetary, credit and other policies to influence Brazil’s economy. The Brazilian government’s actions to control inflation and affect other policies have involved wage and price controls, the Central Bank’s base interest rates, as well as other measures, such as the freezing of bank accounts, which occurred in 1990.

Actions taken by the Brazilian government concerning the economy may have important effects on Brazilian corporations and other entities, including Ambev, and on market conditions and prices of Brazilian securities. Our financial condition and results of operations may be adversely affected by the following factors and the Brazilian government's response to the following factors:

- devaluations and other exchange rate movements;
- inflation;
- investments;
- exchange control policies;
- employment levels and labor regulation;
- social instability;
- price instability;
- energy shortages;
- water rationing;
- natural and other disasters, including large scale epidemics and pandemics;
- interest rates and monetary policy;
- liquidity of domestic capital and lending markets;
- growth or downturn of the Brazilian economy;
- import and export controls;
- exchange controls and restrictions on remittances abroad;
- response to COVID-19 pandemic, including social benefits and restriction of businesses operations;
- fiscal policy and changes in tax laws; and
- other political, diplomatic, social and economic developments in or affecting Brazil.

Uncertainty as to whether the Brazilian federal government will implement changes in policy or regulation affecting these or other factors in the future may affect economic performance and contribute to economic uncertainty in Brazil and to heightened volatility and lack of liquidity in the Brazilian capital market and securities issued by Brazilian companies. For example, the deterioration in federal, state and municipal governments' fiscal results in recent years has led to an unprecedented increase in gross debt as well as in the gross debt to GDP ratio, which led Brazil to lose its investment grade from credit rating agencies, decreasing the influx of foreign capital and contributing to a lower level of economic activity. In addition, the Brazilian economy has experienced a sharp drop in recent years due, in part, to the interventionist economic and monetary policies of the Brazilian federal government.

We cannot predict the measures that the Brazilian federal government will take due to mounting macroeconomic pressures or otherwise. Recent economic and political instability has led to a negative perception of the Brazilian economy and higher volatility in the Brazilian capital markets and the securities of Brazilian issuers, which also may adversely affect us. Indecision as to changes in policies and regulations implemented by the Brazilian federal government may contribute to economic uncertainty in Brazil and greater volatility in the Brazilian capital markets. Prior to the COVID-19 pandemic, Brazil was just emerging from a prolonged recession and a period of slow recovery, with only meager GDP growth in 2017, 2018 and 2019. Brazil's incipient economic recovery in 2020 was torpedoed with the onset of the COVID-19 pandemic and governmental measures in relation thereto, all of which have introduced an additional level of economic and political uncertainty. These dynamics further impacted 2021 which, coupled with government stimulus reduction amplified the uncertainty by adding volatility to the market through accelerated inflation, lower disposable income and higher SELIC rates in Brazil.

Our results of operations are affected by fluctuations in exchange rates, and devaluation of the real relative to other currencies, including the U.S. dollar, which may adversely affect our financial performance.

Most of our sales are in *reais*; however, a portion of our debt is denominated in foreign currencies, including U.S. dollars. In addition, a significant portion of our cost of sales, in particular those related to packaging such as aluminum cans and bottles made of polyethylene terephthalate, or PET, as well as sugar, hops and malt are denominated in or linked to the U.S. dollar, which was very volatile in recent years. Therefore, any devaluation of the *real* when compared to those foreign currencies may increase our financial expenses and operating costs and could affect our ability to meet our foreign currency obligations. Our current policy is to hedge substantially our cost of sales against changes in foreign exchange rates, we cannot assure you that such hedging will be possible, accurate or available at reasonable costs at all times in the future.

In addition, we have historically reported our consolidated results in *reais*. In 2021, we derived 51.2% of our net revenues from operating companies that have functional currencies that are not *reais* (that is, in most cases, the local currency of the respective operating company). Consequently, any change in exchange rates between our operating companies' functional currencies and *reais* will affect our consolidated income statement and balance sheet. Decreases in the value of our operating companies' functional currencies against *reais* will tend to reduce those operating companies' contributions in terms of our financial condition and results of operations.

We also incur currency transaction risks whenever one of our operating companies enters into transactions using currencies other than their respective functional currencies, including purchase or sale transactions and the issuance or incurrence of debt. Although we have hedging policies in place to manage commodity price and foreign currency risks, there can be no assurance that such policies will be able to successfully hedge against the effects of such foreign exchange exposure, particularly over the long term.

The Brazilian currency has devalued frequently, including during the last two decades. Throughout this period, the Brazilian government has implemented various economic plans and utilized a number of exchange rate policies, including sudden devaluations and periodic mini-devaluations, during which the frequency of adjustments has ranged from daily to monthly, floating exchange rate systems, exchange controls and dual exchange rate markets. There have been significant fluctuations in the exchange rates between Brazilian currency and the U.S. dollar and other currencies. For example, the U.S. dollar depreciated 16.5% against the *real* in 2016, closing at R\$3.26 per U.S.\$1.00 as of December 31, 2016, while in 2017, the U.S. dollar appreciated 1.5% against the *real*, closing at R\$3.31 per U.S.\$1.00 as of December 31, 2017. The U.S. dollar appreciated 17.1% against the *real* in 2018, closing at R\$3.87 per U.S.\$1.00 as of December 31, 2018, while in 2019, the U.S. dollar appreciated 4.0% against the *real*, closing at R\$4.03 per U.S.\$1.00 as of December 31, 2019. The U.S. dollar appreciated 28.9% against the *real* in 2020, closing at R\$5.20 per U.S.\$1.00 as of December 31, 2020, with a high degree of volatility over the course of 2020, particularly as a result of uncertainties arising from the COVID-19 pandemic. For example, in May 2020 the *real* depreciated to its lowest level since the commencement of the currency to R\$5.94 per US\$1.00. As of December 31, 2021, the Brazilian *real*/U.S. dollar selling exchange rate was R\$5.58 per U.S. dollar, reflecting a 7.4% depreciation against the U.S. dollar as compared to the exchange rate as of December 31, 2020. As of March 4, 2022, the exchange rate was R\$ 5.08 per US\$1.00.

Devaluation of the *real* relative to the U.S. dollar may create additional inflationary pressures in Brazil by generally increasing the price of imported products and requiring recessionary governmental policies to curb aggregate demand. On the other hand, appreciation of the *real* against the U.S. dollar may lead to a deterioration of the current account and the balance of payments, as well as dampen export-driven growth. The potential impact of the floating exchange rate and measures of the Brazilian government aimed at stabilizing the *real* is uncertain. In addition, a substantial increase in inflation may weaken investor confidence in Brazil, impacting our ability to finance our operations through the international capital markets.

Other exchange rate devaluations or political decisions related to exchange rates may impact our business as well. For instance, during the first quarter of 2021, Cuba carried out the unification of currencies and the process of elimination of the Cuban Convertible Peso, which mainly impacted Bucanero's beer volume sold, due to a decrease in local costs of production and the price of our Cuban products.

*Increases in taxes levied on beverage products in the countries in which we operate and unfair competition arising from tax evasion may adversely affect our results and profitability.*

Increases in levels of taxation in the countries in which we operate could adversely affect our profitability. Increases in taxes on beverage products usually result in higher beverage prices for consumers. Higher beverage prices generally result in lower levels of consumption and, therefore, lower net sales. Lower net sales result in lower margins because some of our costs are fixed and thus do not vary significantly based on the level of production. We cannot assure you that the countries' governments will not increase current tax levels and that this will not impact our business.

For instance, in Brazil, in January 2015 the Brazilian federal government enacted Law No. 13,097, which introduced a new federal taxation model for beer and soft drinks, creating a less complex and more predictable tax system for the industry. The new tax model came into force on May 1, 2015. Among other changes, the new set of rules establishes that the Excise Tax (*Imposto sobre Produtos Industrializados*), or the IPI Excise Tax, the Social Integration Program Contribution (*Programa de Integração Social*), or the PIS Contribution and the Social Security Funding Contribution (*Contribuição para Financiamento da Seguridade Social*), or the COFINS, are due by manufacturers and wholesalers and shall be calculated based on the respective sales price (*ad valorem*). Under the previous legislation, the referred taxes were due exclusively by the manufacturer at fixed amounts per liter of beer or soft drink produced (*ad rem*). Besides, with the enactment of the referred Law, the PIS/COFINS rates applicable for beer and soft drinks were increased and the rates for IPI were reduced.

Moreover, in May 2018, the Brazilian Federal Government enacted Decree No. 9,394/2018 reducing IPI rate applicable to transactions with concentrate units and, in so doing, effectively reducing the value of the IPI presumed credits that we recorded on acquisitions of soft drinks concentrates from companies located in the Manaus Free Trade Zone from 20% to 4%. Since then, other decrees were issued with temporary rates applicable to transactions with concentrate units. In February 2022, Decree No. 10,979 reduced by 25% the IPI rate levied on transactions with several products, including beer, soft drinks and soft drinks concentrate units. Other amendments to the IPI regulations promoting further decreases in IPI rate are expected in the first semester of 2022.

On the state level, in 2015 the States of São Paulo, Rio de Janeiro, Minas Gerais, Distrito Federal, Rio Grande do Sul, Ceará, Amapá, Rondônia, Amazonas, Tocantins, Piauí, Maranhão, Rio Grande do Norte, Bahia, Pernambuco, Paraíba, Alagoas, Sergipe and Mato Grosso do Sul increased their ICMS Value-Added Tax rate applicable to beer and/or soft drinks. In 2016, the States of Rio de Janeiro and Acre also increased their respective ICMS Value-Added Tax rates, scheduled to take effect in early 2017. In 2017, the States of Goiás and Amazonas increased their soft drinks and beer ICMS rates, respectively. In 2018, the States of Maranhão and Pernambuco increased their non-alcoholic beverages ICMS rates and Bahia and Maranhão increased beer ICMS burden, which became effective in early 2019. In 2020 and 2021, no Brazilian state raised ICMS Value-Added Tax rate for either beer or non-alcoholic beverages.

In addition, certain tax laws may be subject to controversial interpretations by tax authorities. If the tax authorities interpret the tax laws inconsistently with our interpretations, we may be adversely affected, including the full payment of taxes due, plus charges and penalties.

Moreover, the effects of the COVID-19 pandemic and the declaration of a state of calamity can result in socioeconomic impacts, including an eventual reduction of tax revenues in Brazil and an increase in public spending, especially in key sectors. In this scenario, the Federal, State and Municipal Governments may promote legislative changes to impose, even if temporarily, a more onerous tax burden to our activities. Such measures may adversely affect our business and results.

Furthermore, currently there are tax reform proposals pending evaluation by the Brazilian Congress. Among the proposals being evaluated, there is the possibility of a complete or partial modification of the consumption and income taxation systems. As per the income taxation, Congress is discussing possible changes on corporate rates as a means of balancing the impact of a possible taxation on dividends, as well as other changes that might impact its tax base. With regards to the consumption taxation system, proposals suggest extinguishing all or some of the federal taxes, namely IPI, PIS and COFINS, as well as the state tax, ICMS, and the municipal tax, ISS, for the purposes of implementing new taxes to be levied upon consumption transactions. The implementation of a tax reform or of any modifications to the current applicable tax legislation, altering the taxes due and/or the tax incentives enjoyed by the companies could directly or indirectly impact our business.



*Our Latin America South operations are subject to substantial risks relating to the businesses and operations conducted in Argentina and other South American countries.*

We own 100% of the total share capital of Latin America South Investment, S.L., or LASI, the net revenues from which corresponded to 22.7% of our consolidated results of operations in 2021. LASI is a holding company with operating subsidiaries in Argentina and other South American countries. As a result, LASI's financial condition and results of operations may be adversely affected by the political instability, fluctuations in the economy and governmental actions concerning the economy of Argentina and the other countries in which its subsidiaries operate and, consequently, affect our consolidated results.

The results of our Argentinian operations have been significantly impacted in recent years by political instability, fluctuations in the Argentine economy (such as the devaluation of the Argentine *peso* in December 2015, 2018, 2019, 2020 and 2021 relative to the U.S. dollar), governmental actions concerning the economy of Argentina (such as Argentina's selective default on its restructured debt in July 2014), inflation and deteriorating macroeconomic conditions in the country. Continued deterioration of the Argentine economy, or new foreign exchange, price controls, export repatriation or expropriation regimes could adversely affect our liquidity and ability to access funds from Argentina, our financial condition and operating results.

For example, in the early 2000s, Argentina experienced political and economic instability. A widespread recession occurred in 2002, including a 10.9% decrease in real GDP, high unemployment and high inflation. In the past, the Argentine economic and social situation has rapidly deteriorated, and may quickly deteriorate in the future; we cannot assure you that the Argentine economy will not rapidly deteriorate as in the past. Additionally, in 2018 and 2019 the Argentine *peso* underwent a significant devaluation, losing 42% and 35% of its value relative to the *real*, impacting the net assets, results and cash flows of our Argentinian operations. In 2020, the devaluation was less drastic (8.2%) but also impacted our financial statements. In 2021, the devaluation was 12%. The 2018, 2019, 2020 and 2021 devaluations of the Argentine *peso* relative to the *real*, and further devaluations of the Argentine *peso* in the future, if any, may decrease our net assets in Argentina, with a balancing entry in our equity. See "—Risks Relating to Our Operations—Our results of operations are affected by fluctuations in exchange rates and devaluation of the *real* relative to other currencies, including the U.S. dollar, which may adversely affect our financial performance."

Following the categorization of Argentina in our results for the third quarter of 2018 as a country with a three-year cumulative inflation rate greater than 100%, the country is considered as a hyperinflationary economy in accordance with IFRS rules (IAS 29), requiring us to restate the results of our operations for the year ended December 31, 2018, in hyperinflationary economies for the change in the general purchasing power of the local currency, using official indices before converting the local amounts at the closing rate of the period.

In addition, on July 30, 2014 Argentina entered into a selective default of its restructured debt and, in early 2016, U.S. courts ruled that Argentina must make full payments to the remaining holdout bondholders, which was settled in 2016 following negotiations between Argentina and bondholders.

Under the context of the significant devaluation of the Argentine *peso* in 2018, along with increased inflation and weak macroeconomic conditions Argentina signed, on June 7, 2018, an agreement with IMF to obtain a significant loan to stabilize the macroeconomic situation. In addition, in August 2019, Argentina held its primary election and the candidate Alberto Fernández defeated the incumbent president Mauricio Macri, which prompted further devaluation of the Argentine *peso*. In September 2019, the Argentine central bank imposed currency restrictions to stabilize the Argentine *peso*. In October 2019, Argentina held its general elections and the incumbent president Mauricio Macri was ousted by Alberto Fernández. In 2020, the government implemented multiple measures in response to the economic crisis resulting from the COVID-19 pandemic including increased health spending, financial support for workers (including funding of wages), vulnerable groups and certain industry sectors, as well as price controls. In 2021, these actions were further enhanced with the freezing of housing rental prices (coupled with the prohibition of evictions upon payment delays), temporary suspensions of service interruption due to non-payment and the extension of credit card payment deadlines and reduced fees on public transportation. These measures further deteriorated the country's fiscal situation.

In light of the country's ailing economy and market's concerns as to the current administration's commitment to fiscal responsibility, which includes a recent increase in corporate income tax, our liquidity and operations, as well as our ability to access funds from Argentina could be adversely affected to the extent the economic or political situation in Argentina deteriorates, or if foreign exchange restrictions are further implemented in the country. It is also difficult to assess the impact that the changes to the Argentine political scenario will have in the Argentine economy and, as a result, on our future operations and financial results.

If the economic or political situation in Argentina further deteriorates, our Latin America South operations may be subject to restrictions under new Argentinean foreign exchange, export repatriation or expropriation regimes that could adversely affect our liquidity and operations, and our ability to access funds from Argentina.

In addition, on November 10, 2019, the Bolivian president Evo Morales resigned after social unrests. The unrest in the country led to a decrease in consumption and restrictions to production, which were normalized by the end of that year. On November 8, 2020, Luis Arce took office as the new president of Bolivia, having won the elections in the first round with the majority of votes. With these results, the Movement towards Socialism (*Movimiento al Socialismo* or MAS) was returned to power and obtained an absolute majority in the parliament after a one-year interregnum following the ballot in 2019. In March 2021, Jeanine Anez, the former Bolivian interim president appointed as the most senior parliamentarian, was charged with terrorism, sedition and conspiracy as part of a coup to depose longtime former president Evo Morales and has been detained since then.

Furthermore, in 2019, Chile was shaken by widespread protests against economic and social inequality, which resulted in months of marches and episodes of street violence. In December 2021, Gabriel Boric was elected Chile's new president, defeating José Antonio Kast, in an election marked by political polarization. Boric's government plan includes aspects such as increasing taxes on the richest population and large companies, ending the current pension system, and creating a universal fund to finance public and private health. It is difficult to assess the impact that the changes to the Bolivian and Chilean political scenario, as well as other Latin American countries, will have on their respective economies and, as a result, on our future operations and financial results.

Political developments in Latin America, including government deadlock, political instability and civil strife could impact our Latin America South operations and have a material adverse effect on our business, financial condition, and results of operations.

#### **Risks Relating to Our Operations**

*The extent of the pandemic declared by the World Health Organization due to the spread of COVID-19, the perception of its effects or the way in which this pandemic will continue to impact our business, depends on future developments which are highly uncertain and unpredictable, and may result in a material adverse effect on our business, financial condition, results of operations and cash flow.*

Outbreaks or potential disease outbreaks may have an adverse effect on our operations. Historically, some epidemics and regional or global outbreaks, such as the one caused by the Zika virus, the Ebola virus, the H5N1 virus (popularly known as avian influenza), the foot and mouth disease, the H1N1 virus (influenza A, popularly known as swine flu), the Middle East Respiratory Syndrome (MERS) and the Severe Acute Respiratory Syndrome (SARS), have affected certain sectors of the economy in the countries where these diseases have spread. On March 11, 2020, the World Health Organization, or the WHO, declared a pandemic due to the global spread of COVID-19, a disease caused by the new coronavirus (Sars-Cov-2), or COVID-19. This spread has generated significant macroeconomic uncertainties, volatility, and disruption. In response, many governments have implemented policies designed to prevent or delay the spread of the disease, such as the restriction on circulation of people and even social isolation, and some of these measures may remain in place for an extended and uncertain period.

During 2020 and 2021, as the COVID-19 pandemic progressed in the countries in which we operate, including Brazil, Argentina, Canada and several other countries in Central and South America, states and municipalities have adopted guidelines that varied in terms of scope and intensity to control the spread of COVID-19, such as the restriction on circulation of people and social distancing, which resulted in the closing of and operating restrictions on stores, restaurants, hotels, shopping centers, crowded areas, parks and other public spaces. Moreover, these restrictions have changed consumer behavior and the dynamics of on-trade (e.g. bars and restaurants) and off-trade (e.g. supermarkets) channels, which adversely impacted our profitability. The latter had a severe effect on emerging market countries, such as Bolivia and Panama, where the on-trade channel is the predominant consumption occasion for consumers. See "Item 5. Operating Financial Review and Prospects—A. Operating Results."

The dissemination of COVID-19 made us change our business practices (including additional hygienic practices for workplaces and employees, in addition to canceling in-person meetings, events and conferences) during the pandemic. We may take additional actions, as required by government authorities, or as determined by management, considering the best interests of our employees, customers and business partners. We cannot guarantee that these measures will be sufficient to mitigate the risks posed by the pandemic or that they will meet the demands of government authorities.

The extent to which the COVID-19 pandemic will continue to affect our business, financial condition, results of operations or cash flows will depend on future developments, which are highly uncertain and unpredictable. These developments include, among others, the duration and geographic distribution of the outbreak, its severity, actions to contain the virus or minimize its impact, and how quickly and to what extent normal economic and operational conditions can be resumed. Even two years after the COVID-19 pandemic started, our business continues to suffer adverse and material impacts due to the global or regional economic impact, including recession, economic slowdown or increase in unemployment levels, which may affect the purchasing power of our customers.

In addition, we cannot guarantee that other regional and/or global outbreaks will not occur. If they do, we cannot guarantee that we will be able to take the necessary measures to prevent an adverse impact on our businesses of equal or greater dimension than the impact caused by the COVID-19 pandemic, in case of new regional and/or global outbreaks or new large-scale waves of COVID-19.

Any outbreak of a disease that affects human behavior or that requires public policies to restrict the circulation of people and/or social contact may change consumer behavior, having an adverse impact on our business, as well as on the economies in the countries in which we operate. Disease outbreaks may also make it impossible for our employees and customers to go to our facilities (including for preventative reasons or avoiding large-scale contamination), which would adversely affect the development of our business.

As there are no comparable recent events that can provide us with guidance regarding the effect of a severe global pandemic, we cannot predict the final impact of the COVID-19 outbreak. Finally, the impact of the COVID-19 pandemic can also precipitate or exacerbate the other risks described in this annual report.

*We face operational risks that can result in the partial or temporary shutdown of our operations, which may adversely affect our financial condition and results of operations.*

We face operational risks that may result in partial or temporary suspension of our operations and in loss of production. Such outages may be caused by factors associated with equipment failure, information system disruptions or failures (including due to cyber-attacks), accidents, fires, strikes, weather, exposure to natural disasters, regional water crisis, electricity power outages and chemical product spills, accidents involving water reservoirs, availability of our suppliers to meet demand of raw and packaging materials, among other operational and environmental hazards. The occurrence of these events may, among other impacts, result in serious damage to our property, assets and reputation, a decrease in production or an increase in production costs, any of which may adversely affect our financial condition and results of operations.

During the normal course of our business, we depend on the continuous availability of logistics and transportation networks, including roads, railways, warehouses and ports, among others. Such operations may be disrupted by factors beyond our control, such as social movements, natural disasters, electricity shortages and labor strikes. Any interruption in the supply of inputs for the operation of our industrial units or in the delivery of our products to clients could cause a material adverse impact on our results of operations.

Moreover, the transportation and infrastructure system in Brazil and other countries we operate is under development and needs improvements so that it can work efficiently and serve better our business. Any significant interruptions or reductions in the use of transport infrastructure or in its operations in the cities where our distribution centers are located, may delay or impair our ability to distribute goods and cause our sales to drop, which may negatively impact our financial and operating results.

*Volatility in commodities prices may adversely affect our financial performance.*

A significant portion of our cost of sales is comprised of commodities such as aluminum, sugar, corn, wheat and PET bottles, the prices of which fluctuated in 2021. An increase in commodities prices directly affects our consolidated operating costs. Although our current policy is to mitigate our exposure risks to commodity prices whenever financial instruments are available, we cannot assure that such hedging will be always possible or available at reasonable costs at all times in the future.

Set forth below is a table showing the volatility in 2021 prices of the principal commodities we purchase:

Commodity	High Price	Low Price	Average in 2021	Fluctuation
Aluminum (US\$/ton)	3,180.00	1,951.50	2,476.90	42 %
Sugar (US\$ cents/pounds)	20.42	14.71	17.85	22 %
Corn (US\$ cents/bushel)	7.40	4.84	5.76	23 %
Wheat (US\$ cents/bushel)	8.56	6.02	7.02	20 %
PET (US\$/ton)	856.47	556.88	731.79	39 %

Sources: Aluminum LME, Sugar ICE, Corn CBOT, Wheat CBOT and PET IHS (formerly CMAI).

*Competition could lead to a reduction of our margins, increase costs and adversely affect our profitability.*

We compete with both brewers and other beverages companies. Globally, brewers, as well as other players in the beverage industry, compete mainly on the basis of brand image, price, quality, distribution networks and customer service. Consolidation has significantly increased the capital base and geographic reach of our competitors in some of the markets in which we operate.

Concurrently, competition in the beverage industry is expanding and the market is becoming more fragmented, complex and sophisticated as consumer preferences and tastes evolve. Competition may divert consumers and customers from our products. Competition in our various markets could cause us to reduce pricing, increase capital investment, increase marketing and other expenditures, prevent us from increasing prices to recover higher costs, and thereby cause us to reduce margins or lose market share. Any of the foregoing could have a material adverse effect on our business, financial condition and results of operations. Innovation faces inherent risks, and the new products we introduce may not be successful, while competitors may be able to respond more quickly than we can to emerging trends.

The purchasing decisions of consumers are affected by factors including brand recognition, product quality and performance, price and subjective preferences. Some of our competitors may have marketing investments substantially larger than ours. If our advertising, promotional and marketing strategies do not succeed and if we are unable to offer new products to meet the market demands, our market share and results may be adversely affected. If we cannot introduce new products in a timely manner or if our end consumers believe that our competitors' products are more attractive, our sales, profitability and our results of operations may be adversely affected.

Additionally, the unfair pricing practices in some markets and the lack of transparency, or even certain illicit practices, such as tax evasion and corruption, may skew the competitive environment, with material adverse effects on our profitability or ability to operate.

*Our business is subject to regulations in the countries in which we operate.*

Our business is regulated by federal, state and municipal laws and regulations governing many aspects of our operations, including brewing, marketing and advertising, consumer promotions and rebates, workplace safety, transportation, environmental aspects, distributor relationships, retail execution, sales and data privacy, among others. In addition, as a public company in Brazil, we are also subject to the Brazilian securities law and the oversight of the Brazilian Securities Commission (*Comissão de Valores Mobiliários*), or the CVM, in connection with our public securities. We may be subject to claims that we have not complied with existing laws and regulations, which could result in fines and penalties.

In Brazil, the Ministry of Agriculture, Livestock and Supply (“MAPA”) and its local departments are responsible for the registration, standardization, classification, labelling and for the inspection and surveillance of beverage production and commerce. MAPA regulation sets forth that the registration of establishments and beverages products is valid throughout the country and must be renewed every ten years, except for imported beverages that do not require registration with the MAPA. Moreover, some products and beverages (i.e. energy drinks) may be subject to prior registrations or post-production regulations issued by the Brazilian National Health Surveillance Agency (“ANVISA”).

We may be subject to laws and regulations aimed at reducing the availability of beer and carbonated soft drink, or CSD beverages, in some of our markets to address alcohol abuse, underage drinking, health concerns and other social issues. For example, certain Brazilian states and small municipalities in which we operate have enacted legislation restricting the hours of operations of certain points of sale, prohibiting the sale of CSDs in schools and imposing restrictions on advertisement of alcoholic beverages. The Brazilian Congress is also evaluating proposed regulation imposing hygienic seals on beverage cans, as well as regulation on the consumption, sales and marketing of alcoholic beverages, including beer which, if enacted, may impose restrictions on the advertisement of alcoholic beverage products on television during specified times of the day and the hours of operation of certain points of sale, among other things. Furthermore, there are legal proceedings pending before Brazilian courts that may lead to restrictions on advertisement of alcoholic beverages. These rules and restrictions may adversely impact our results of operations. For further information, see “Item 4. Information on the Company—B. Business Overview—Regulation.”

Additionally, we may be unable to timely comply with recently enacted laws and regulations in the countries we operate or to comply with laws and regulations in countries we recently started to operate. There is a global trend of increasing regulatory restrictions with respect to the sale of alcoholic and CSD beverages. Compliance with such regulatory restrictions can be costly and may affect earnings in the countries in which we operate.

In addition, Fluent Beverages Canada Inc. (“Fluent”), a subsidiary of Labatt Brewing Company Ltd. (“Labatt”), our Canadian subsidiary, which is engaged in the research of non-alcoholic beverages containing tetrahydrocannabinol, or THC, and cannabidiol, or CBD, both derived from cannabis, and the commercialization of non-alcoholic CBD beverages in Canada only, could lead to increased legal, reputational and financial risks, as the laws and regulations governing recreational cannabis are still developing, including in ways that we may not foresee. For instance, the involvement in the legal cannabis industry in Canada may invite new regulatory and enforcement scrutiny in other markets. Cannabis remains illegal in many markets in which we operate, and violations of law could result in significant fines, penalties, administrative sanctions, convictions or settlements arising from civil proceedings or criminal charges. Furthermore, the political environment and popular support for cannabis legalization is changing quickly and remains in flux.

*If we are not successful in obtaining and maintaining the necessary licenses in the countries in which we operate, we may be subject to fines, penalties, or other regulatory sanctions, which could negatively impact our business and cause us to incur additional costs.*

Our business is subject to obtaining and maintaining the necessary licenses and regulatory approvals issued by the competent bodies in the countries in which we operate. We cannot guarantee that such licenses or regulatory approvals will be granted, renewed, or extended. Such licenses or regulatory approvals may be withdrawn, or made subject to limitations or onerous conditions. The absence of such licenses or regulatory approvals may result in the interruption of the activities of a specific plant or distribution center, which may adversely affect our results. Additionally, for the granting or renewal of such licenses or regulatory approvals, the competent authorities may determine that we must make certain changes to our operations or facilities, potentially resulting in additional costs.

We may also be subject to the regulation and control of other public authorities, in addition to those that we currently understand as the competent ones, and cannot guarantee that such authorities will not require further licenses, permits and authorizations.

Furthermore, if we are unable to timely obtain, maintain or renew the licenses and permits necessary for our activities, we may have to incur additional costs for the payment of any charges or even compromise our regular activities.

Any of these factors that impact the non-obtaining or non-renewal of licenses and permits may cause us to incur additional costs, which may force us to revert resources to meet the legal requirements, or compromise the regular operation of our activities. Furthermore, the development of activities without the proper licenses or in non-compliance with the licenses and their technical requirements may result in adverse consequences, such as: (i) infraction notices; (ii) application of successive fines; (iii) impediment to opening and operating units, even temporarily; (iv) interdiction or closing of units, even temporarily; (v) exposure to additional risk or loss of insurance coverage in the event of a safety and security accident or similar event; (vi) affecting an installation while a license is pending; and (vii) exposure of us, as well as our representatives, to criminal sanctions. We may be adversely affected if one of our establishments closes, even if temporarily.

*We are subject to risks associated with noncompliance with any data protection laws in the countries in which we operate and can be adversely affected by any penalties or other sanctions imposed.*

In the year 2018, Law No. 13.709/2018, the *Lei Geral de Proteção de Dados Pessoais* (Brazilian General Data Protection Law) or LGPD, was enacted and came into effect as of September 18, 2020. Inspired by the General Data Protection Regulation of the European Union, the LGPD sets forth a comprehensive set of rules that promise to reshape how companies, organizations and public authorities collect, use, process and store personal data when carrying out their activities.

The LGPD sets out a legal framework for the processing of personal data and provides, among others, for the rights of data subjects, the legal bases that legitimize processing operations, requirements for obtaining consent, obligations and requirements related to data breaches, requirements for international data transfers, among others. The LGPD also creates the *Autoridade Nacional de Proteção de Dados* (National Data Protection Authority), or ANPD, with powers to enforce the law. Most provisions of the LGPD entered into effect on September 18, 2020, while the provisions relating to administrative sanctions came into effect on August 1, 2021. On October 29, 2021, the Regulation on Supervision and Sanctioning Procedures approved by the ANPD was published, which governs, among other things, how the administrative sanctions provided for in the LGPD should be applied.

In addition to the administrative sanctions provided for in the LGPD, failure to comply with any provisions set forth in the LGPD regarding the personal data collected by us has the following risks: (i) the filing of lawsuits, individual or collective, claiming damages resulting from violations, based not only on the LGPD, but also on the sparse legislation that address data protection matters; (ii) the application of specific penalties foreseen in the sparse legislation, such as *Marco Civil da Internet* (Brazilian Internet Act) and the Consumer Protection Code ("*CDC*"), in case of violation of its provisions, by some consumer protection bodies and public prosecution offices.

The LGPD, as well as any other changes to existing personal data protection laws and the introduction of such laws in other jurisdictions in which we operate, may subject us to, among other things, additional costs and expenses and may require costly changes to our business practices and security systems, policies, procedures and practices.

In relation to the LGPD's administrative sanctions, if we are not in compliance with the LGPD, we may be subject to the sanctions, individually or cumulatively, of: (a) Warning; (b) One-time fine, of up to two percent of the private legal entity or group's before-tax revenue in its preceding fiscal year in Brazil, limited to a total of BRL 50 million per infraction; (c) Daily fine, which is also subject to the limit set above; (d) Mandatory public disclosure of the infraction after its occurrence is confirmed; (e) Processing of the corresponding personal data may be blocked until the infraction is corrected and the obligation to delete personal data corresponding to the infraction; (f) Partial suspension of the database to which the infraction refers for six months, extendable for another six months; (g) Suspension of the data processing activity to which the infraction refers for six months, extendable for another six months; and (h) Partial or complete prohibition of any data processing activities, which could harm our reputation and negatively affect our business and operating results. Moreover, we may be liable for property, moral, individual or collective damages caused by us, including by third party providers that process personal data for us, and jointly liable for property, moral, individual or collective damages caused by our subsidiaries, due to non-compliance with the obligations established by the LGPD. As a result of our business activities, we hold large volumes of personal data, including that of employees, dealers, customers and consumers. Therefore, we have designed and implemented a privacy governance framework in order to comply with the LGPD and improve some of the existing guidelines. We have also implemented security measures to protect our databases and prevent cyberattacks, thereby reducing risks of exposure to data breaches and information security incidents.

Additionally, as a result of the remote work measures adopted in response to the COVID-19 pandemic, there is a possibility of an increase in cyberattacks through our employees' personal computers, since the cyber security of the networks used by them in their homes may not maintain the same level of security as that of our corporate work environment, which may impair our ability to manage our business.

Despite the security measures that we have in place, our facilities and systems may be vulnerable to security breaches, cyber-attacks, acts of vandalism, computer viruses, misplaced or lost data, programming or human errors, or other similar events, and individuals may attempt to gain unauthorized access to our database in order to misappropriate such information for potentially fraudulent purposes. Our security measures may fail to prevent such incidents and breaches of our systems could result in adverse impact to our reputation, financial condition, and market value. In addition, if we are unable to prove that our systems are properly designed to detect and to try and detain a cyberattack, or even if we fail to respond to a cyberattack properly, we could be subject to severe penalties and loss of existing or future business, aside from damages awarded to our customers, dealers and employees whose personal data might have been mishandled or breached. Finally, if we fail to ensure the security of personal data, we may be subject to the obligation to notify the ANPD and the data subjects involved in the security incident or data breach.

*Information technology failures, including those that affect the privacy and security of sensitive customer and business information, could disrupt our operations.*

We rely on information technology systems to process, transmit and store large amounts of electronic data, including personal information. A significant portion of the communication between our personnel, customers and suppliers depends on information technology. As with all large systems, our information systems may be vulnerable to a variety of interruptions due to events beyond our control, including, but not limited to, natural disasters, terrorist attacks, telecommunications failures, computer viruses, hackers' attacks or other security issues.

We depend on information technology to enable us to operate efficiently and interface with customers, as well as to maintain in-house management and control. We also collect and store non-public personal information that customers provide to purchase products or services, including personal information and payment information. Additionally, we may experience occasional system interruptions and delays that make our websites and services unavailable or slow to respond and prevent us from efficiently accepting or fulfilling orders or providing services to our customers.

In addition, the concentration of processes in shared services centers means that any technology disruption could impact a large portion of our business within the operating regions we serve. Any transitions of processes to, from or within shared services centers as well as other transformational projects, could lead to business disruptions. If we do not allocate, and effectively manage, the resources necessary to build and sustain the proper technology infrastructure, we could be subject to transaction errors, processing inefficiencies, the loss of customers, or failure to attract new customers, lost revenues resulting from the disruption or shutdown of computer systems, unexpected failure of devices and software in use by our IT platforms, operations or supply chain disruptions, alteration, corruption or loss of accounting financial or other data on which we rely for financial reporting and other purposes, which could cause errors or delays in our financial reporting or the loss of or damage to intellectual property through a security breach. As with all information technology systems, our system could also be penetrated by outside parties with the purpose of extracting information, corrupting information or disrupting business processes.

We take various actions with the aim of minimizing potential technology disruptions - such as investing in intrusion detection solutions, proceeding with internal and external security assessments, building and implementing business continuity plans and reviewing risk management processes - but all of these protections may be compromised as a result of third-party security breaches, burglaries, cyberattack, errors by employees or employees of third-party vendors, of contractors, misappropriation of data by employees, vendors or unaffiliated third parties, or other irregularities that may result in persons obtaining unauthorized access to company data or otherwise disrupting our business. Unauthorized or accidental access to, or destruction, loss, alteration, disclosure, misuse, falsification or unavailability of information could result in violations of data privacy laws and regulations, damage to our reputation or our competitive advantage, loss of opportunities to acquire or divest of businesses or brands and loss of ability to commercialize products developed through research and development efforts and, therefore, could have a negative impact on net operating revenues. More generally, these or other similar technology disruptions can have a material adverse effect on our business, results of operations, cash flows or financial condition.

We, as with all business organizations, are routinely subject to cyber-threats, however, while we continue to invest in new technology-monitoring and cyberattack prevention systems, no commercial or government entity can be entirely free of vulnerability to attack or compromise given how rapidly and unpredictably techniques evolve to obtain unauthorized access or disable or degrade service.

*If we do not successfully comply with applicable anti-corruption laws and regulations, we could be subjected to fines, penalties or other regulatory sanctions, as well as adverse press coverage, which could impact our reputation, operations and sales.*

We are committed to conducting business in a legal and ethical manner in compliance with local and international laws and regulations applicable to our business. Nevertheless, there is a risk that our management, employees or other representatives may take actions that violate applicable anti-corruption laws, such as Brazilian Federal Law No. 12,846/2013 (known as the Clean Company Act or BCCA) and the U.S. Foreign Corrupt Practices Act (known as the FCPA).

The BCCA imposes strict liability on companies for certain acts against the public administration, including corrupt acts involving public officials, whether foreign or local. Under the BCCA, companies may be held liable for such acts and face administrative and judicial sanctions, including severe fines and disgorgement of profits, among other sanctions. When imposing sanctions under the BCCA, Brazilian authorities may consider whether a company has implemented an effective compliance program.

Notwithstanding the BCCA and related Brazilian enforcement efforts, Brazil still has a perceived elevated risk of corruption. To a certain degree, that may leave us exposed to potential violations of the BCCA, FCPA or other applicable anti-corruption laws and regulations. For example, a number of high-profile corporate corruption allegations have surfaced in Brazil, especially since the beginning of 2014. See “—D. Risk Factors—Risks Relating to Brazil and Other Countries in Which We Operate—Economic and political uncertainty and volatility in Brazil, and the perception of these conditions in the international financial markets, may adversely affect our business.”

Additionally, in the ordinary course of business, we regularly contract and deal with business partners and consulting firms. Some of these third parties have been managed or controlled by former government officials. Because Brazilian authorities are conducting ongoing investigations that target certain firms and business partners that we previously engaged, we have been cited as clients in connection with such investigations.

In the third quarter of 2019, there were news reports regarding alleged leaks of statements about the Company by a former consultant, Mr. Antonio Palocci, in a legal procedure to which we subsequently had access. In this regard, we have not identified evidence supporting Mr. Palocci’s claims of illegal conduct by Ambev and remain committed to monitoring this matter.

We have implemented an anti-corruption compliance program designed to detect, prevent and remediate potential violations of applicable anti-corruption laws. Nevertheless, there remains some risk that improper conduct could occur, thereby exposing us to potential liability and the costs associated with investigating and remediating such potential misconduct. Our existing internal controls and compliance procedures may not be sufficient to prevent or detect all inappropriate conduct, fraud or violations of applicable law by our employees, agents, and other business partners.

If we are not in compliance with anti-corruption and other similar laws, such as the BCCA and FCPA, we may be subject to administrative, civil and criminal penalties. This could harm our brand and reputation and have a material adverse impact on our business, financial condition, results of operations and prospects. Adverse press coverage also may result from having our name or brands associated with any misconduct and, even if unwarranted or baseless, could damage our reputation, brands and sales. Therefore, if we become involved in any investigations or other proceedings under the FCPA, BCCA or other applicable anti-corruption laws, our business could be adversely affected.



*We are subject to Brazilian and other antitrust regulations.*

As any company operating in Brazil, we are subject to the Brazilian antitrust law and regulation, which sets forth the conducts that should be considered a violation to the economic order and the penalties applied. We have a substantial share of the beer market in Brazil and thus we are subject to scrutiny and enforcement by Brazilian antitrust authorities (mainly the Administrative Council for Economic Defense - CADE). We are committed to conducting business in a legal manner, having implemented what we understand to be a sound competition compliance program to prevent anticompetitive practices. Nevertheless, from time to time, we are and may become involved in litigation, investigations and other legal or administrative proceedings relating to antitrust claims arising from allegations of violations of laws, regulations or acts, either from competitors, clients and other third parties or initiated by CADE. Therefore, we cannot assure you that Brazilian antitrust regulation will not affect our business in the future.

We also have substantial share of the beer market in other countries, such as Argentina, Bolivia, Uruguay, Paraguay, Panama and the Dominican Republic, in which our operations are subject to scrutiny by local antitrust authorities. We cannot assure you that local antitrust regulations will not affect our business in such other countries in the future.

*We are exposed to the risk of litigation.*

We are now and may in the future be party to legal proceedings and claims (including labor, tax and alcohol-related claims) and significant damages may be asserted against us. See "Item 8. Financial Information-A. Consolidated Financial Statements and Other Financial Information-Legal Proceedings" and Notes 27 and 30 to our audited consolidated financial statements as of and for December 31, 2021, included elsewhere in this annual report, for a description of our material litigation contingencies. Given the inherent uncertainty of litigation, it is possible that we might incur liabilities as a consequence of the proceedings and claims brought against us, including those that are not currently believed by us to present a reasonably possible chance of loss to us. Our management may also be exposed to sanctions due to legal proceedings against its members involving our operations.

Our tax contingency has grown in recent years mainly because (1) their principal amount is adjusted on a monthly basis in accordance with the SELIC rate and (2) because of the highly litigious environment in Brazil in connection with tax disputes. Such environment is caused, among other reasons, by the highly complex tax legislation in Brazil, which in many instances reduces certainty of interpretation, as well as impossibility of out of court settlements between the Brazilian IRS and taxpayers. As the administrative phase of our tax proceedings ends and the judicial proceedings begin, the Company will be required to guarantee the amounts under discussion, through insurance bonds, bank guarantees or bank deposits. We will continue to vigorously defend our position in connection with such disputes and we may take, as we have done in the past, the benefit of tax amnesty programs that from time to time are issued by the Federal or State Governments.

Moreover, companies in the alcoholic beverage and soft drink industries are, from time to time, exposed to collective suits (class actions) or other litigation relating to alcohol advertising, alcohol abuse problems or health consequences from the excessive consumption of beer, other alcoholic beverages and soft drinks. As an illustration, certain beer and other alcoholic beverage producers from Brazil have been involved in class actions and other litigation seeking damages.

Additionally, there has been an increase in litigation against large companies involving environmental, social and governance (ESG) matters, including claims related to climate justice, net-zero ambitions, supply chain commercial relationships, and diversity and sustainability disclosure practices. As a result, we may also be subject to class actions or other litigation, including administrative proceedings, with respect to our ESG ambitions since these issues have attracted increasing attention from investors and civil society on a global scale.

If any of these types of litigation were to result in fines, damages or reputational damage to us or our brands, this could have a material adverse effect on our business, results of operations, cash flows or financial position.

*We rely on key third parties, including key suppliers, and the termination or modification of the arrangements with such third parties or any failure to comply with laws and regulations by them could negatively affect our business.*

We rely on third-party suppliers for a range of raw materials for our beer and non-beer products, and for packaging material, including aluminum cans, glass, kegs and PET bottles. We seek to limit our exposure to market fluctuations in the supply of these raw materials by entering into medium- and long-term fixed-price arrangements. We have a limited number of suppliers of aluminum cans, glass and PET bottles. Consolidation of the aluminum can industry, glass and PET bottle industry in certain markets in which we operate has reduced local supply alternatives and increased the risk of disruption to aluminum can, glass and PET bottle supplies. Although we generally have other suppliers of raw materials and packaging materials, the termination of or material change to arrangements with certain key suppliers, disagreements with those suppliers as to payment or other terms, or the failure of a key supplier to meet our contractual obligations or otherwise deliver materials consistent with current usage would or may require us to make purchases from alternative suppliers, in each case at potentially higher prices than those agreed with this supplier. Additionally, we may be subject to potential reputational damage if one of our suppliers violates applicable laws or regulations. These factors could have a material adverse effect on our business, results of operations, cash flows or financial condition.

We have also entered into contracts with third parties to provide transportation and logistics services in connection with part of our products. The early termination of these contracts or our inability to renew them or negotiate new contracts with other service providers with similar conditions could adversely affect our financial and operating condition. In addition, the majority of our suppliers of transportation operate under concessions granted by the Brazilian government and the loss or non-renewal of such concessions may also adversely affect our results of operations and financial condition.

Moreover, if any of our suppliers and/or service providers fails to comply with laws or regulations, or applicable corporate policies and/or specific contractual clauses determined by us, including binding sustainability and ESG (environmental, social and corporate governance) practices, including social, environmental, integrity, and labor laws, we may be subject to fines, administrative and legal proceedings, or other measures with an adverse impact on our business, results of operations and reputation. For further information, see “Item 8. Financial Information–A. Consolidated Financial Statements and Other Financial Information–Legal Proceedings–Third-Party Supplier.”

Additionally, we have licenses to bottle and/or distribute brands held by companies over which we do not have control. See “Item 4. Information on the Company–B. Business Overview–Licenses.” If we are unable to maintain such arrangements on favorable terms, this could have a material adverse effect on our business, results of operations, cash flows or financial condition.

*Demand for our products may be adversely affected by changes in consumer preferences and tastes.*

We depend on our ability to satisfy consumer preferences and tastes. Consumer preferences and tastes can change in unpredictable ways due to a variety of factors, such as changes in demographics, consumer health concerns regarding obesity, product attributes and ingredients, changes in travel, vacation or leisure activity patterns, weather, consumer concerns regarding environmental impact caused by the products and its manufacturing, negative publicity resulting from regulatory action or litigation against us or comparable companies or a downturn in economic conditions. Consumers also may begin to prefer the products of competitors or may generally reduce their demand for products of our business segment. Failure by us to anticipate or respond adequately to changes in consumer preferences and tastes could adversely impact our business, results of operations and financial condition.

*Negative publicity focusing on our products or on the way we conduct our operations may harm our business.*

Media coverage and publicity generally can exert significant influence on consumer behavior and actions. If the social acceptability of beer, other alcoholic beverages or soft drinks were to decline significantly, sales of our products could materially decrease. In recent years, there has been increased public and political attention directed at the alcoholic beverage and soft drink industries. This attention is a result of public concern over alcohol-related problems, including drunk driving, underage drinking, drinking while pregnant and health consequences resulting from the misuse of beer (for example, alcoholism), as well as soft-drink related problems, including health consequences resulting from the excessive consumption of soft drinks (for example, obesity). Factors such as negative publicity regarding the consumption of beer, other alcoholic beverages or soft drinks, publication of studies indicating a significant health risk from consumption of those beverages, or changes in consumer perceptions affecting them could adversely affect the sale and consumption of our products and harm our business, results of operations, cash flows or financial condition to the extent consumers and customers change their purchasing patterns.

Key brand names are used by us, our subsidiaries, associates and joint ventures, and licensed to third-party brewers. To the extent that we or one of our subsidiaries, associates, joint ventures or licensees are subject to negative publicity, and the negative publicity causes consumers and customers to change their purchasing patterns, it could have a material adverse effect on our business, results of operations, cash flows or financial condition. As we continue to expand our operations into emerging and growth markets, there is a greater risk that we may be subject to negative publicity, in particular in relation to environmental impacts, labor rights, corporate transparency and local work conditions. Negative publicity that materially damages the reputation of one or more of our brands could have an adverse effect on the value of that brand and subsequent revenues from that brand or business, which could adversely impact our business, results of operations, cash flows and financial condition.

*We rely on the reputation of our brands and damages to their reputation may have an adverse effect on our sales.*

Our success depends on our ability to maintain and enhance the image and reputation of our existing products and to develop a favorable image and reputation for new products. The image and reputation of our products may be reduced in the future; concerns about product quality, even when unfounded, could tarnish the image and reputation of our products. An event or series of events that materially damages the reputation of one or more of our brands could have an adverse effect on the value of that brand and subsequent revenues from that brand or business. Restoring the image and reputation of our products may be costly or not possible.

Moreover, our marketing efforts are subject to restrictions on the permissible advertising style, media and messages used. In a number of countries, for example, television is a prohibited channel for advertising beer and other alcoholic products, and in other countries, television advertising, while permitted, is carefully regulated. Any additional restrictions in such countries, or the introduction of similar restrictions in other countries, may constrain our brand building potential and thus reduce the value of our brands and related revenues.

*If any of our products is defective or found to contain contaminants, we may be subject to product recalls, individual or collective litigation and/or other liabilities.*

We take precautions to ensure that our beverage products and our associated packaging materials (such as bottles, crowns, cans and other containers) meet accepted food safety and regulatory standards. Such precautions include quality control programs for primary materials, the production process and our final products. We have established procedures to correct issues or concerns that are detected.

In the event that any failure to comply with accepted food safety and regulatory standards (such as a contamination or a defect) does occur in the future, it may lead to business interruptions, product recalls or liability, each of which could have an adverse effect on our business, reputation, prospects, financial condition and results of operations.

Although we maintain insurance policies against certain product liability (but not product recall) risks, we may not be able to enforce our rights in respect of these policies, and, in the event that a contamination or defect occurs, any amounts that we recover may not be sufficient to offset any damage we may suffer, which could adversely impact our business, results of operations and financial condition.

*Seasonal consumption cycles and adverse weather conditions may result in fluctuations in demand for our products.*

Seasonal consumption cycles and adverse weather conditions in the markets in which we operate may have an impact on our operations. This is particularly true in the summer months, when unseasonably cool or wet weather can affect sales volumes.

*Climate change, or legal, regulatory or market measures to address climate change, may negatively affect our business or operations, and water scarcity or poor quality could negatively impact our production costs and capacity.*

There is a growing concern that the current level of carbon dioxide and other greenhouse gases in the atmosphere has adverse impacts on global temperatures, weather patterns and the frequency and severity of extreme weather and natural disasters. In the event that such climate change has a negative effect on agricultural productivity, we 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.

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.

We have announced our 2025 Sustainability Goals focused on smart agriculture, water stewardship, circular packaging, climate action, and our ambition to achieve net zero emissions (i.e. a balance between the amount of greenhouse emissions we produce and remove from the atmosphere) across our value chain by 2040. If we fail to achieve these goals for any reason, there is a risk of reputational damage as well as potential queries from our stakeholders. As a result, the effects of climate change could have a long-term, material adverse impact on our business and results of operations.

*Our operations are subject to safety and environmental regulations, which could expose us to significant compliance costs and litigation relating to environmental issues.*

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.

Our activities require the constant obtaining and renewal of environmental permits, on which the installation and operation of the production units depend. 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 the imposition of successive fines, interruption of activities or the shutdown of units, as applicable (worse-case scenario). This may adversely affect our image, results of operations and financial condition. As environmental laws and their application have become increasingly stringent, our expenditures to meet environmental requirements may increase substantially in the future.

The failure to comply with these laws and regulations may result in the revocation of licenses and suspension of our activities or in the payment of environmental repair costs, which can be substantial, as well as civil, administrative and criminal liabilities.

While we have budgeted for future capital and operating expenditures to maintain compliance with environmental laws and regulations, there can be no assurance that we will not incur substantial environmental liability, or those applicable environmental laws and regulations will not change or become more stringent in the future and consequently negatively affect our results of operations

*We may not be able to protect our intellectual property rights.*

Our future success depends significantly on our ability to protect our current and future brands and products and to defend our intellectual property rights, including trademarks, patents, domain names, industrial design, trade secrets and know-how. We have been granted numerous trademark registrations and patents covering our brands and products and have filed, and expect to continue to file, trademark and patent applications before the relevant intellectual property authorities in the variety of markets we conduct our business, always seeking to protect newly developed brands and products. We cannot be sure that trademark and patent registrations will be issued with respect to any of our applications. Therefore, events such as the definitive rejection of our trademark applications before the authorities, the unauthorized use or other misappropriation of our trademarks may diminish their value and reputation, so that we may suffer negative impact on the operating results. There is also a risk that we could, by omission, fail to renew a trademark, domain name, industrial design or patent on a timely basis or that our competitors will challenge, invalidate or circumvent any existing or future trademarks and patents requested by, issued to, or licensed by, us. In case of judicial questioning of any trademarks the judicial decision may negatively affect their use and may be prohibited from continuing to exploit them.

As for the protection of patents registered before the Brazilian Patent and Trademark Office ("INPI"), in May 2021 the STF published its decision declaring unconstitutional the sole paragraph of article 40 of Industrial Property Law ("LPI"), which provided for a minimum term of patent protection of 10 years from the date of the patent grant, considering the delay in the analysis of the application by the INPI. As a result, the applicants only rely on a 20-year protection period counted as of the moment in which the patent is requested, regardless of the time elapsed during the analysis of the patent application.

Although we have put in place appropriate actions to protect our portfolio of intellectual property rights (including patent applications, trademark registration and domain names), we cannot be certain that the steps we have taken will be sufficient or that third parties will not infringe upon or misappropriate proprietary rights. If we are unable to protect our proprietary rights against infringement or misappropriation, it could have a material adverse effect on our business, results of operations, cash flows or financial condition, and in particular, on our ability to develop our business. In addition, any dispute or litigation related to intellectual property assets may be costly and time consuming due to the uncertainty of litigation on the matter.

*Natural and other disasters and accidents caused by human and technological errors could disrupt our operations.*

The economy of countries in which we operate, as well as our business activity and operating results, may be adversely impacted by natural (including floods, fires), social, technical (technological or human errors) or physical risks such as large-scale epidemics and pandemics, including the COVID-19 pandemic, the occurrence of natural disasters, terrorist events, military conflicts, including the escalating military tension between Russia and Ukraine, which could disrupt the operations of our suppliers, affect the price or availability of certain raw materials or commodities required for our products and adversely affect our operations, as well as other actions that may result in significant widespread disruptions to commerce and the ability of businesses, including ours, to operate normally. The exemplified events and others can affect our business in general or be specific to certain strategic locations, where our plants, distribution center or logistic hubs may be located. Such disruptions may result in reduced economic activity and business sentiment, both in the Brazilian market and internationally.

*Our insurance coverage may be insufficient to make us whole on any losses that we may sustain in the future.*

The cost of some of our insurance policies could increase in the future. In addition, some types of losses, such as losses resulting from wars, acts of terrorism, or natural disasters, generally are not insured because they are either uninsurable or it is not economically practical to obtain insurance. Moreover, insurers recently have become more reluctant to insure against these types of events. Should a material uninsured loss or a loss in excess of insured limits occur, this could adversely impact our business, results of operations and financial condition.

*The ability of our foreign subsidiaries to distribute cash upstream may be subject to various conditions and limitations.*

Our foreign subsidiaries' ability to distribute cash (to be used, among other things, to meet our financial obligations) through dividends, intercompany advances, management fees and other payments is, to a large extent, dependent on the availability of cash flows at the level of such foreign subsidiaries and may be restricted by applicable laws and accounting principles. In particular, 51.2% (R\$37.3 billion) of our total net revenues of R\$72.9 billion in 2021 came from our foreign subsidiaries. In addition, some of our subsidiaries are subject to laws restricting their ability to pay dividends or the amount of dividends they may pay.

If we are not able to obtain sufficient cash flows from our foreign subsidiaries, this could negatively impact our business, results of operations and financial condition because the insufficient availability of cash at our company level may constrain us from paying all of our obligations.

*Contractual and legal restrictions to which Ambev and its subsidiaries are potentially or allegedly subject may be triggered upon the consummation of certain transactions involving our indirect controlling shareholder, Anheuser-Busch InBev SA/NV, or ABI, resulting in adverse limitations to our operations.*

Ambev and its subsidiaries are a party to certain joint venture, distribution and other agreements, guarantees and instruments that may contain restrictive provisions that our contractual counterparties may try to interpret as being triggered upon the consummation of certain unrelated transactions of ABI. Some of those contracts may be material and, to the extent they may contain any such restrictive provisions, our counterparties may seek to enforce certain contractual remedies that may curtail material contractual rights and benefits that we have thereunder under the argument that ABI's consummation of certain transactions has triggered the referred provisions. Similarly, unrelated transactions consummated by ABI may subject us to further antitrust restrictions in the countries in which we already operate. Any such restrictions may limit the amount and quality of business we conduct in each of those countries.

*We operate a joint venture in Cuba, in which the Government of Cuba is our joint venture partner. Cuba is still targeted by broad and comprehensive economic and trade sanctions of the United States. Our operations in Cuba may adversely affect our reputation and the liquidity and value of our securities.*

Ambev currently owns a controlling interest of 50% in Cerveceria Bucanero S.A., or Bucanero, a Cuban company in the business of producing and selling beer. The other 50% equity interest in Bucanero is owned by the Government of Cuba. We have the right to appoint the general manager of Bucanero. Bucanero's main brands are *Bucanero* and *Cristal*. In 2021, Bucanero sold 0.72 million hectoliters of beer, representing about 0.4% of our total volume of 180.4 million hectoliters for the year. Although Bucanero's production is primarily sold in Cuba, a small portion of its production is exported to and sold by certain distributors in other countries outside Cuba (but not the United States).

Based on U.S. foreign policy, the U.S. Treasury Department's Office of Foreign Assets Control and the U.S. Commerce Department together administer and enforce broad and comprehensive economic and trade sanctions against Cuba. Although our operations in Cuba are quantitatively immaterial, our overall business reputation may suffer, or we may face additional regulatory scrutiny as a result of our activities in Cuba based on the fact that Cuba remains a target of U.S. economic and trade sanctions.

In addition, there have in the past been initiatives by federal and state lawmakers in the United States, and certain U.S. institutional investors, including pension funds, to adopt laws, regulations or policies requiring the divestment from, or reporting of interests in, companies that do business with countries designated as state sponsors of terrorism. On January 11th, 2021, the United States government designated Cuba as a state sponsor of terrorism, a list from which Cuba had previously been removed in 2015. If U.S. investors decide to liquidate or otherwise divest their investments in companies that have operations of any magnitude in Cuba, the market in and value of our securities could be adversely impacted.

Also, Title III of the Cuban Liberty and Democratic Solidarity (LIBERTAD) Act of 1996 (known as the "Helms-Burton Act") authorizes private lawsuits for damages against anyone who traffics in property confiscated without compensation by the Government of Cuba from persons who at the time were, or have since become, nationals of the United States. The Helms-Burton Act also includes a section that authorizes the U.S. Department of State to prohibit entry into the United States of non-U.S. persons who traffic in confiscated property, and corporate officers and principals of such persons, and their families. Although Title III of the Helms-Burton Act had previously been suspended by discretionary presidential action following its inception in 1996, on May 2, 2019, the former Trump Administration activated Title III of the Helms-Burton Act, thereby allowing nationals of the United States that hold claims under the Helms-Burton Act to file suit in U.S. federal court against all persons trafficking in property confiscated by the Cuban government. As a result of the activation of Title III of the Helms-Burton Act, we may be subject to potential U.S. litigation exposure, including claims accrued during the prior suspension of Title III of the Helms-Burton Act. In 2009, ABI received notice of a claim purporting to be made under the Helms-Burton Act relating to the use of a trademark by Bucanero, which is alleged to have been confiscated by the Cuban government and trafficked by ABI through their former ownership and management of Bucanero. It remains uncertain how the activation of Title III of the Helms-Burton Act will impact our U.S. litigation exposure with respect to the notice of claim.

*We may not be able to recruit or retain key personnel.*

In order to develop, support and market our products, we must hire and retain skilled employees with particular expertise and considering diversity attributions, whenever applicable. The implementation of our strategic business plans could be undermined by a failure to recruit or retain key personnel or the unexpected loss of senior employees, including in acquired companies. We face various challenges inherent in the management of a large number of employees over diverse geographical regions, with its particular social contexts. Key employees may choose to leave their employment for a variety of reasons, including reasons beyond our control. The impact of the departure of key employees cannot be determined and may depend on, among other things, our ability to recruit other individuals of similar experience and skill at an equivalent cost and our ability to convey, maintain and monitor the culture of a safe, friendly and non-discriminatory work environment. It is not certain that we will be able to attract or retain key employees and successfully manage them, which could disrupt our business and have an unfavorable material effect on our financial position, income from operations and competitive position.

#### **Risks Relating to Our Common Shares and ADSs**

*The relative volatility and illiquidity of securities of Brazilian companies may substantially limit your ability to sell our common shares and ADSs at the price and time you desire.*

Investing in securities of companies in emerging markets, such as Brazil, involves greater risk than investing in securities of companies from more developed countries, and those investments are generally considered speculative in nature. Brazilian investments, such as investments in our common shares and ADSs, are subject to economic and political risks, involving, among other factors:

- changes in the Brazilian regulatory, tax, economic and political environment that may affect the ability of investors to receive payment, in whole or in part, in respect of their investments; and
- restrictions on foreign investment and on repatriation of capital invested.

The Brazilian securities markets are substantially smaller, less liquid and more concentrated and volatile than major U.S. and European securities markets. They are also not as highly regulated or supervised as those other markets. The relative illiquidity and smaller market capitalization of Brazilian securities markets may substantially limit your ability to sell the Ambev common shares and ADSs at the price and time you desire.

*Deterioration in economic and market conditions in Brazil and other emerging market countries, as well as in developed economies (including as a result of the COVID-19 virus pandemic), may adversely affect the market price of our common shares and ADSs.*

Economic and market conditions in Brazil and other emerging market countries, especially those in Latin America, influence the market for securities issued by Brazilian companies as well as investors' perception of economic conditions in Brazil. Crises in emerging markets, such as in Southeast Asia, Russia and Argentina, historically caused volatility in the Brazilian stock market and other emerging countries. In addition, global financial crisis originating in developed economies, including the subprime debt crisis in the United States and the sovereign debt crisis in Europe, have had an impact on many economies and capital markets around the world, including Brazil, which may adversely affect investors' interest in the securities of Brazilian issuers such as Ambev.

More recently, the COVID-19 virus pandemic has resulted in significant financial market volatility and uncertainty around the globe. Therefore, the market value of our common shares and ADSs may be adversely affected by events occurring inside and outside of Brazil, such as the emergence or continuation of widespread health emergencies or pandemics, military conflicts, including the escalating military tension between Russia and Ukraine, terrorism or other geopolitical events. Additionally, monetary policy changes and/or implementation of protectionist policies in the United States and other relevant countries for the international economy may impact, directly or indirectly, the economy in the countries where we operate, generating several risks, especially exchange rate, interest rate and increase in the price of commodities, and, consequently, affecting our results.

*Future equity issuances may dilute the holdings of current holders of Ambev common shares or ADSs and could materially affect the market price for those securities.*

We may in the future decide to offer additional equity to raise capital or for other purposes. Any such future equity offering could reduce the proportionate ownership and voting interests of holders of our common shares and ADSs, as well as our earnings and net equity value per common share or ADS. Any offering of shares and ADSs by us or our main shareholders, or a perception that any such offering is imminent, could have an adverse effect on the market price of these securities.

*Brazilian foreign exchange controls and regulations could restrict conversions and remittances abroad of the dividend payments and other shareholder distributions paid in Brazil in reais arising from Ambev's common shares (including shares underlying the Ambev ADSs).*

Brazilian law provides that whenever there is a serious imbalance in Brazil's balance of payments or reasons to foresee such a serious imbalance, the Brazilian government may impose temporary restrictions on the remittance to foreign investors of the proceeds of their investments in Brazil. Such restrictions may hinder or prevent the Custodian or holders who have exchanged ADSs for Ambev's underlying shares from converting distributions or the proceeds from any sale of such shares into U.S. dollars and remitting such U.S. dollars abroad. In the event the Custodian is prevented from converting and remitting amounts owed to foreign investors, the Custodian will hold the reais it cannot convert for the account of the holders of ADSs who have not been paid. The Depositary will not invest the reais and will not be liable for interest on those amounts. Any reais so held will be subject to devaluation risk against the U.S. dollar.

In addition, the likelihood that the Brazilian government would impose such restrictions may be affected by the extent of Brazil's foreign currency reserves, the availability of foreign currency in the foreign exchange markets on the date a payment is due and the size of Brazil's debt service burden relative to the economy as a whole. We cannot assure you that the Brazilian Central Bank will not modify its policies or that the Brazilian government will not institute restrictions or delays on cross-border remittances in respect of securities issued in foreign capital markets. For further information on this matter, see "Item 10. Additional Information-D. Exchange Controls and other Limitations Affecting Security Holders."

*The surrender of ADSs may cause the loss of the ability to remit foreign currency abroad and of certain Brazilian tax advantages*

While ADSs holders benefit from the electronic certificate of foreign capital registration obtained in Brazil by the Custodian, which permits the Depositary to convert dividends and other distributions with respect to the shares underlying the ADSs into foreign currency and remit the proceeds abroad, the availability and requirements of such electronic certificate may be adversely affected by future changes to the applicable regulation.

If an ADS holder surrenders the ADSs and, consequently, receives shares underlying the ADSs, such holder will have to register its investment in Ambev's shares with the Brazilian Central Bank either as (i) a foreign direct investment, subject to National Monetary Council's (*Conselho Monetário Nacional*) ("CMN") Resolution 3,844, dated March 23, 2010 ("CMN Resolution 3,844"), which will require an electronic certificate of foreign capital registration, the Electronic Declaratory Registration of Foreign Direct Investment (RDE-IED), or (ii) as a foreign investment in portfolio, subject to CMN's Resolution 4,373, dated September 29, 2014 ("CMN Resolution 4,373"), which among other requirements, requires the appointment of a financial institution in Brazil as the custodian of the preferred shares and legal representative of the foreign investor in the Electronic Declaratory Registration of Portfolio (RDE - Portfolio).



The failure to register the investment in the Ambev's shares as foreign investment as described above (e.g., RDE - IED or RDE - Portfolio) will impact the ability of the holder to dispose of Ambev's shares and to receive dividends. Moreover, upon receipt of Ambev's shares underlying the ADSs, Brazilian regulations require the investor to enter into corresponding exchange rate transactions and pay taxes on these exchange rate transactions, as applicable.

In addition, if a holder of Ambev's shares attempts to obtain an electronic certificate of foreign capital registration, such holder may incur expenses or suffer delays in the application process, which could impact the investor's ability to receive dividends or distributions relating to Ambev's shares or the return of capital on a timely manner.

*Certain shareholder entitlements may not be available in the U.S. to holders of Ambev ADSs.*

Due to certain United States laws and regulations, U.S. holders of Ambev ADSs may not be entitled to all of the rights possessed by holders of Ambev common shares. For instance, U.S. holders of Ambev ADSs may not be able to exercise preemptive, subscription or other rights in respect of the Ambev common shares underlying their Ambev ADSs, unless a registration statement under the Securities Act is effective with respect to those rights or an exemption from the registration requirements thereunder is available.

*Holders of Ambev ADSs may be unable to fully exercise voting rights with respect to the Ambev shares underlying their ADSs.*

Under Brazilian law, only shareholders registered as such in the corporate books of Brazilian companies may attend shareholders' meetings. Because all the Ambev common shares underlying the Ambev ADSs are registered in the name of the Depositary (and not the ADS holder), only the Depositary (and not the ADS holder) is entitled to attend Ambev's shareholders' meetings. A holder of Ambev ADSs is entitled to instruct the Depositary as to how to vote the respective Ambev common shares underlying their ADSs only pursuant to the procedures set forth in the deposit agreement for Ambev's ADS program. Accordingly, holders of Ambev ADSs will not be allowed to vote the corresponding Ambev common shares underlying their ADSs directly at an Ambev shareholders' meeting (or to appoint a proxy other than the Depositary to do so), unless they surrender their Ambev ADSs for cancellation in exchange for the respective Ambev shares underlying their ADSs. We cannot ensure that such ADS cancellation and exchange process will be completed in time to allow Ambev ADS holders to attend a shareholders' meeting of Ambev.

Further, the Depositary has no obligation to notify Ambev ADS holders of an upcoming vote or to distribute voting cards and related materials to those holders, unless Ambev specifically instructs the Depositary to do so. If Ambev provides such instruction to the Depositary, it will then notify Ambev's ADS holders of the upcoming vote and arrange for the delivery of voting cards to those holders. We cannot ensure that Ambev's ADS holders will receive proxy cards in time to allow them to instruct the Depositary as to how to vote the Ambev common shares underlying their Ambev ADSs. In addition, the Depositary and its agents are not responsible for a failure to carry out voting instructions or for an untimely solicitation of those instructions.

As a result of the factors discussed above, holders of Ambev ADSs may be unable to fully exercise their voting rights.

*Our status as a foreign private issuer allows us to follow Brazilian corporate governance practices and exempts us from a number of rules under the U.S. securities laws and listing standards, which may limit the amount of public disclosures available to investors and the shareholder protections afforded to them.*

We are a foreign private issuer, as defined by the Securities and Exchange Commission, or the SEC, for purposes of the Exchange Act. As a result, we are exempt from many of the corporate governance requirements of stock exchanges located in the United States, as well as from rules under the Exchange Act that impose certain disclosure obligations and procedural requirements for proxy solicitations under Section 14 of the Exchange Act. For example, our officers, directors and principal shareholders are exempt from the reporting and "short-swing" profit recovery provisions under Section 16 of the Exchange Act. Moreover, we are not required to file periodic reports and financial statements with the SEC as frequently or as promptly as U.S. companies whose securities are registered under the Exchange Act. Accordingly, there may be less publicly available information concerning us than there is for U.S. public companies.

In addition, for so long as we remain as a foreign private issuer, we will be exempt from most of the corporate governance requirements of stock exchanges located in the United States. Accordingly, you will not be provided with some of the benefits or have the same protections afforded to shareholders of U.S. public companies. The corporate governance standards applicable to us are considerably different than the standards applied to U.S. domestic issuers. For example, although Rule 10A-3 under the Exchange Act generally requires that a company listed in the United States have an audit committee of its board of directors composed solely of independent directors, as a foreign private issuer we are relying on an exemption from this requirement under Rule 10A-3(c)(3) of the Sarbanes-Oxley Act of 2002 that is available to us as a result of features of the Brazilian Corporation Law applicable to our Fiscal Council. In addition, we are not required under the Brazilian Corporation Law to, among other things:

- have a majority of our Board of Directors be independent (though our bylaws provide that two of our directors must be independent and, in certain circumstances pursuant to the Brazilian Corporation Law, our minority shareholders may be able to elect members to our Board of Directors);
- have a compensation committee, a nominating committee, or corporate governance committee of the Board of Directors (though we currently have a non-permanent Operations, Finance and Compensation Committee that is responsible for evaluating our compensation policies applicable to management);
- have regularly scheduled executive sessions with only non-management directors (though none of our current directors hold management positions in us); or
- have at least one executive session of solely independent directors each year.

For further information on the main differences in corporate governance standards in the United States and Brazil, see “Item 6. Directors, Senior Management and Employees—C. Board Practices—Differences Between United States and Brazilian Corporate Governance Practices.”

*As a Brazilian company, Ambev is subject to different corporate laws and regulations than those typically applicable to U.S.-listed companies, which may result in Ambev’s shareholders having fewer or less well-defined shareholder rights than the shareholder rights of those companies.*

Ambev’s corporate affairs are governed by its bylaws and the Brazilian Corporation Law, which may differ from the legal principles that would apply to Ambev if the company were incorporated in a jurisdiction in the United States, such as Delaware or New York, or in other jurisdictions outside of Brazil. In addition, shareholder rights under the Brazilian Corporation Law to protect them from actions taken by the board of directors or controlling shareholders may be fewer and less well-defined than under the laws of jurisdictions outside of Brazil.

Although insider trading and price manipulation are restricted under applicable Brazilian capital markets regulations and treated as crimes under Brazilian law, the Brazilian securities markets may not be as highly regulated and supervised as the securities markets of the United States or other jurisdictions outside Brazil. In addition, rules and policies against self-dealing and for the preservation of shareholder interests may be less well-defined and enforced in Brazil than in the United States or other jurisdictions outside Brazil, potentially causing disadvantages to a holder of Ambev ADSs as compared to a holder of shares in a U.S. public company. Further, corporate disclosures may be less complete or informative than required of public companies in the United States or other jurisdictions outside Brazil.

*Our current controlling shareholders will be able to determine the outcome of our most significant corporate actions.*

Our two direct controlling shareholders, Interbrew International B.V., or IIBV, and AmBrew S.A., or AmBrew, both of which are subsidiaries of ABI, together with *Fundação Antonio e Helena Zerenner Instituição Nacional de Beneficência*, or FAHZ, held in aggregate 72.0% of our total and voting capital stock (excluding treasury shares) as of December 31, 2021.

ABI indirectly held shares in us representing 61.8% of our total and voting capital stock (excluding treasury shares) as of December 31, 2021. ABI thus has control over us, even though (1) ABI is subject to the Ambev shareholders' agreement among IIBV, AmBrew and FAHZ dated April 16, 2013 and effective as of July 2, 2019, or the Shareholders' Agreement, and (2) ABI is controlled by Stichting Anheuser-Busch InBev, or Stichting, a foundation organized under the laws of the Netherlands, which represents an important part of interests of the founding Belgian families of Interbrew N.V./S.A. (as ABI was then called) (mainly represented by Eugénie Patri Sébastien S.A.) and the interests of the Brazilian families which were previously our controlling shareholders (represented by BRC S.à.R.L.), or the Interbrew Founding Families. For further information on these matters see "Item 4. Information on the Company—A. History and Development of the Company—The InBev-Ambev Transactions" and "Item 7. Major Shareholders and Related Party Transactions—A. Major Shareholders—Ambev's Major Shareholders—The Shareholders' Agreement."

Our controlling shareholders are able to elect the majority of the members of our Board of Directors and Fiscal Council, and generally determine the outcome of most other actions requiring shareholder approval, including dividend distributions, the consummation of corporate restructurings, issuances of new shares, sales of materials assets and bylaw amendments. Under Brazilian Law No. 6,404/76, as amended, or the Brazilian Corporation Law, the protections afforded to non-controlling security holders may differ from, or be less comprehensive than, the corresponding protections and fiduciary duties of directors applicable in the U.S. or other jurisdictions. See "—As a Brazilian company, Ambev is subject to different corporate laws and regulations than those typically applicable to U.S.-listed companies, which may result in Ambev's shareholders having fewer or less well-defined shareholder rights than the shareholder rights of those companies."

*Our shareholders may not receive any dividends.*

According to our bylaws, we generally pay our shareholders 40% of our annual adjusted net income, calculated and adjusted pursuant to Brazilian Corporation Law in accordance with the mechanisms described in our bylaws as presented in our consolidated financial statements prepared under IFRS. The main sources for these dividends are cash flows from our operations and dividends from our operating subsidiaries. Therefore, that net income may not be available to be paid out to our shareholders in a given year. In addition, we might not pay dividends to our shareholders in any particular fiscal year based on the opinion of the Board of Directors that any such distribution would be inadvisable in view of our financial condition. While the law does not establish the circumstances rendering the payment of dividends inadvisable, it is generally agreed that a company need not pay dividends if such payment threatens its existence as a going concern or harms its normal course of operations, including deterioration of its financial condition resulting from the COVID-19 pandemic.

Any dividends not distributed would be allocated to a special reserve account for future payment to shareholders, unless it is used to offset subsequent losses or as otherwise provided for in our bylaws. It is possible, therefore, that our shareholders will not receive dividends in any particular fiscal year.

*Foreign holders of our ADSs may face difficulties in serving process on or enforcing judgments against us and other persons.*

We are organized under the laws of Brazil and most of our directors and executive officers, as well as our independent registered public accounting firm, reside or are based in Brazil. In addition, substantially all of our assets and those of these other persons are located in Brazil. As a result, it may not be possible for foreign holders of our ADSs to expediently effect service of process upon us or those persons within the United States or other jurisdictions outside Brazil or to efficiently enforce against us or them judgments obtained in the United States or other jurisdictions outside Brazil. Because judgments of U.S. courts for civil liabilities based upon the U.S. federal securities laws may only be enforced in Brazil if certain formal and procedural conditions are met (including non-violation of Brazilian national sovereignty, public policy and "good morals"), holders of our ADSs may face greater difficulties in protecting their interests in the context of legal, corporate or other disputes between them and us, our directors and/or our executive officers than would shareholders of a U.S. corporation.

In addition, a plaintiff (whether or not Brazilian) residing outside Brazil during the course of litigation in Brazil must provide a bond to guarantee court costs and legal fees if the plaintiff owns no real property in Brazil that could secure such payment. The bond must have a value sufficient to satisfy the payment of court fees and defendant's attorney fees, as determined by a Brazilian judge. This requirement does not apply to (1) the enforcement of debt instruments or awards, including foreign judgments and arbitral awards that have been duly recognized by the Brazilian Superior Court of Justice (*Superior Tribunal de Justiça*); (2) counterclaims; and (3) circumstances where the plaintiff or other intervening parties (regardless of citizenship) resides in a country that is a party to a treaty in force in Brazil that establishes that no security, bond or deposit of any kind is required by reason only of their foreign nationality (e.g., the Hague Convention on International Access to Justice). Furthermore, Brazil does not have a treaty with the United States to facilitate or expedite the enforcement in Brazil of decisions issued by a state court in the United States, which shall necessarily be previously recognized by the Brazilian Superior Court of Justice in order to produce effects in Brazil. As to arbitral awards issued in the United States, it is important to note that Brazil has ratified the New York Convention on the Recognition and Enforcement of Foreign Arbitral Awards (Decree No. 4311/2002), and arbitral awards rendered outside of the Brazilian territory are enforceable if the requirements provided by such treaty are fulfilled, and the arbitral award is previously recognized by the Brazilian Superior Court of Justice.

*Judgments of Brazilian courts with respect to our shares will be payable only in reais.*

If proceedings are brought in the courts of Brazil seeking to enforce our obligations in respect of our common shares, we will not be required to discharge any such obligations in a currency other than *reais*. Under Brazilian exchange control limitations, an obligation in Brazil to pay amounts denominated in a currency other than *reais* may only be satisfied in Brazilian currency at the exchange rate, as determined by the Central Bank, in effect on the date of the effective payment. The then prevailing exchange rate may not afford non-Brazilian investors with full compensation for any claim arising out of, or related to, our obligations under our common shares.