28.FINANCIAL INSTRUMENTS AND RISKS

Risk factors

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

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

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

Derivative financial instruments

The derivative financial instruments authorized under the Financial Risk Management Policy include Futures contracts traded on exchanges, Full deliverable forwards, Non-deliverable forwards, Swaps and Options. At December 31, 2020, the Company and its subsidiaries had no target forwards, swaps with currency verification, or any other derivative transactions representing a risk level above the nominal value of the contracts. The derivative operations are managed on a consolidated basis and classified based on the strategy according to their purposes, as follows:

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

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

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

iii) Net investment hedge derivative instruments - transactions entered into to minimize the exposure to exchange differences arising from the conversion of net investments in the Company's subsidiaries located abroad for the purpose of translating the account balance. The effective portion of the hedge is allocated to equity, while the ineffective portion is recorded directly in the financial income statement when identified.

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

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

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

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

Investment Hedge - Put options granted on subsidiaries: As detailed in item IV (d) the Company constituted a liability related to the acquisition of a non-controlling interest of the operations in the Dominican Republic. This financial instrument is denominated in US Dollars (Tranche A) and Dominican Pesos (Tranche B) and is recorded by an entity, whose functional currency is the Real. The Company assigned this financial instrument as a hedging instrument for a portion of its net assets located in subsidiaries whose functional currency is the US Dollar and the Dominican Peso, in such a manner that the hedge result can be recorded in other comprehensive income of the group, following the result of the hedged item.

All amounts in millions of Brazilian Reais unless otherwise stated

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

								2020
				Fair Value		**Gain / (Losses)**		
Exposure	**Risk**		**Notional**	**Assets**	**Liability**	**Finance Result**	**Operational Result**	**Equity**
Cost		**(15,837.8)**	**15,588.4**	**364.5**	**(287.8)**	**(1,283.7)**	**1,599.2**	**1,489.5**
	Commodities	(2,629.1)	2,379.7	343.9	(7.8)	(134.3)	(104.2)	157.4
	US Dollars	(13,087.7)	13,087.7	8.7	(271.8)	(1,157.1)	1,726.0	1,430.0
	Euros	(50.8)	50.8	1.9	(0.3)	(3.3)	9.7	13.8
	Mexican Pesos	(70.2)	70.2	10.0	(7.9)	11.0	(32.3)	(111.7)
Fixed Assets		**(1,042.5)**	**1,042.5**	**1.7**	**(31.3)**	**(274.6)**	**163.2**	**280.8**
	US Dollars	(1,042.5)	1,042.5	1.7	(31.3)	(274.6)	163.2	280.8
Expenses		**(345.8)**	**345.8**	**0.5**	**(10.7)**	**(3.4)**	**6.1**	**2.7**
	US Dollars	(345.8)	345.8	0.5	(10.7)	(3.4)	6.1	2.7
Debts		**(233.3)**	**-**	**-**	**-**	**-**	**-**	**-**
	US Dollars	(4.9)	-	-	-	-	-	-
	Interest rates	(228.4)	-	-	-	-	-	-
Equity Instrument		**(1,740.5)**	**700.9**	**142.6**	**-**	**(329.3)**	**-**	**-**
	Stock exchange prices	(1,740.5)	700.9	142.6	-	(329.3)	-	-
Foreign Investments		**-**	**-**	**-**	**-**	**1.0**	**-**	**(2.2)**
	US Dollars	-	-	-	-	1.0	-	(2.2)
As at December 31, 2020		**(19,199.9)**	**17,677.6**	**509.3**	**(329.8)**	**(1,890.0)**	**1,768.5**	**1,770.8**

All amounts in millions of Brazilian Reais unless otherwise stated

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

All amounts in millions of Brazilian Reais unless otherwise stated

I. Market risk

a.1) Foreign currency risk

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

a.2) Commodity Risk

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

a.3) Interest rate risk

The Company applies a dynamic interest rate hedging approach, whereby the target mix between fixed and floating rate debt is reviewed periodically. The purpose of the Company's policy is to achieve an optimal balance between the cost of funding and the volatility of financial results, considering market conditions, as well as the Company's overall business strategy, which is reviewed periodically.

The table below demonstrates the Company's exposure related to debts, before and after the application of the interest rate hedging strategy, within the limits established by the risk policy. In 2020, the Company is not applying hedges to the exposure described below:

	2020	
	Risk	
	Interest rate	Amount
Brazilian Reais	3.9%	852.4
Post fixed interest rate		**852.4**
Brazilian Reais	5.4%	3,002.4
Argentinean Pesos	23.3%	4.5
Dominican Pesos	9.8%	342.7
Guatemalan Quetzal	8.4%	15.3
Other	8.1%	48.6
Bolivian Pesos	5.2%	178.9
US Dollars	4.2%	4.9
Canadian Dollars	3.5%	342.6
Pre-fixed interest rate		**3,939.9**

All amounts in millions of Brazilian Reais unless otherwise stated

	2019	
	Risk	
	Interest rate	Amount
Brazilian Reais	9.3%	171.8
US Dollars	4.1%	95.3
Canadian Dollars	2.7%	0.5
Post-fixed interest rate		**267.6**
Brazilian Reais	10.4%	2,006.7
Dominican Pesos	10.0%	209.7
US Dollars	4.7%	19.1
Guatemalan Quetzal	6.3%	12.0
Canadian Dollars	3.5%	243.7
Other	9.2%	126.3
Pre-fixed interest rate		**2,617.5**

Sensitivity analysis

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

1 - Probable scenario: Management's expectations regarding the deterioration of each transaction's main risk factor. To measure the possible effects on the results of derivative transactions, the Company uses the parametric Value at Risk ("VaR"), a statistical measure developed based on estimates of standard deviation and correlation between the returns of several risk factors. This model gives in the loss limit expected for an asset over a certain time period and confidence interval. Under this methodology, we used the potential exposure of each financial instrument, a range of 95% and a horizon of 21 days from December 31, 2020 for the calculation, which are presented in the model.

2 - Adverse scenario: 25% deterioration in each transaction's main risk factor compared to the level observed as at December 31, 2020.

3 - Remote scenario: 50% deterioration in each transaction's main risk factor compared to the level observed as at December 31, 2020.

All amounts in millions of Brazilian Reais unless otherwise stated

Transaction	Risk	Fair value	Probable scenario	Adverse scenario	Remote scenario
Commodities hedge		336.1	113.4	(258.9)	(853.8)
Input purchases	Decrease in commodities price	(336.1)	(90.2)	321.3	978.5
Foreign exchange hedge		(259.4)	(369.2)	(3,561.6)	(6,863.7)
Input purchases	Foreign currency decrease	259.4	369.2	3,561.6	6,863.7
Cost effects		**-**	**23.2**	**62.4**	**124.7**
Foreign exchange hedge		(29.6)	(33.5)	(290.2)	(550.8)
Capex purchases	Foreign currency decrease	29.6	33.5	290.2	550.8
Fixed asset effects		**-**	**-**	**-**	**-**
Foreign exchange hedge		(10.2)	(11.6)	(96.7)	(183.1)
Expenses	Foreign currency decrease	10.2	11.6	96.7	183.1
Expense effects		**-**	**-**	**-**	**-**
Debt	Foreign currency decrease	-	-	1.2	2.4
Interest expenses	Increase in interest rate	-	0.8	11.1	20.9
Debt effects		**-**	**0.8**	**12.3**	**23.3**
Equity instrument hedge		142.6	95.6	(32.6)	(207.8)
Expenses	Stock exchange price Decrease	(142.6)	(35.0)	292.5	727.6
Equity effects		**-**	**60.6**	**259.9**	**519.8**
		-	**84.6**	**334.6**	**667.8**

As of December 31, 2020 the Notional and Fair Value amounts per instrument and maturity were as follow:

		Notional Value					
Exposure	**Risk**	**2021**	**2022**	**2023**	**2024**	**>2024**	**Total**
Cost		**15,511.2**	**77.2**	**-**	**-**	**-**	**15,588.4**
	Commodities	2,302.5	77.2	-	-	-	2,379.7
	US Dollars	13,087.7	-	-	-	-	13,087.7
	Euros	50.8	-	-	-	-	50.8
	Mexican Pesos	70.2	-	-	-	-	70.2
Fixed assets		**1,042.5**	**-**	**-**	**-**	**-**	**1,042.5**
	US Dollars	1,042.5	-	-	-	-	1,042.5
Expenses		**345.8**	**-**	**-**	**-**	**-**	**345.8**
	US Dollars	345.8	-	-	-	-	345.8
Equity instruments		**700.9**	**-**	**-**	**-**	**-**	**700.9**
	Stock prices	700.9	-	-	-	-	700.9
		17,600.4	**77.2**	**-**	**-**	**-**	**17,677.6**

All amounts in millions of Brazilian Reais unless otherwise stated

		Fair Value					
Exposure	**Risk**	**2021**	**2022**	**2023**	**2024**	**>2024**	**Total**
Costs		**73.3**	**3.4**	**-**	**-**	**-**	**76.7**
	Commodities	332.7	3.4	-	-	-	336.1
	US Dollars	(263.1)	-	-	-	-	(263.1)
	Euros	1.6	-	-	-	-	1.6
	Mexican Pesos	2.1	-	-	-	-	2.1
Fixed assets		**(29.6)**	**-**	**-**	**-**	**-**	**(29.6)**
	US Dollars	(29.6)	-	-	-	-	(29.6)
Expenses		**(10.2)**	**-**	**-**	**-**	**-**	**(10.2)**
	US Dollars	(10.2)	-	-	-	-	(10.2)
Equity instruments		**142.6**	**-**	**-**	**-**	**-**	**142.6**
	Stock prices	142.6	-	-	-	-	142.6
		176.1	**3.4**	**-**	**-**	**-**	**179.5**

II. Credit Risk

Concentration of counterparty credit risk

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

Concentration of counterparty credit risk

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

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

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

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

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

The counterparty risk is reassessed.

The carrying amounts of cash and cash equivalents, investment securities, trade receivables excluding prepaid expenses, recoverable taxes and derivative financial instruments are disclosed net of provisions for impairment, and represent the maximum exposure to credit risk as at December 31, 2020. As at December 31, 2020, there was no concentration of credit risk on any counterparties in excess of the limits established by the Company's risk policy.

III. Liquidity Risk

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

- Debt servicing;
- Capital expenditure;
- Investments in companies;
- Increases in the ownership of Ambev's subsidiaries or companies in which it holds equity investments;
- Share buyback programs; and
- Payments of dividends and interest on shareholders' equity.

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

All amounts in millions of Brazilian Reais unless otherwise stated

							2020
	Carrying amount	Contractual cash flows	Less than 1 year	1-2 years	2-3 years	3-5 years	More than 5 years
Trade and other payables (i)	32,353.3	33,694.3	27,340.5	4,015.3	272.2	424.5	1,641.8
Secured bank loans	2,179.2	2,360.2	2,038.4	82.6	61.7	51.6	125.9
Unsecured bank loans	247.8	271.3	270.2	1.1	-	-	-
Debentures and bonds	108.6	124.4	124.4	-	-	-	-
Unsecured other loans	135.6	307.7	52.9	42.1	31.2	19.1	162.4
Lease liabilities	2,121.1	2,715.0	532.7	558.3	398.1	566.2	659.7
	37,145.6	**39,472.9**	**30,359.1**	**4,699.4**	**763.2**	**1,061.4**	**2,589.8**

							2019
	Carrying amount	Contractual cash flows	Less than 1 year	1-2 years	2-3 years	3-5 years	More than 5 years
Trade and other payables (i)	25,589.6	26,899.1	21,592.0	3,332.9	286.0	221.7	1,466.5
Secured bank loans	461.2	577.8	197.6	70.3	70.9	87.9	151.1
Unsecured bank loans	212.7	214.5	21.1	190.6	2.8	-	-
Debentures and bonds	106.6	141.8	15.9	122.5	-	3.4	-
Unsecured other loans	134.4	261.5	56.1	49.1	41.3	13.7	101.3
Lease liabilities	2,147.9	2,766.6	572.2	616.2	466.3	447.6	664.3
	28,652.4	**30,861.3**	**22,454.9**	**4,381.6**	**867.3**	**774.3**	**2,383.2**

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

Equity price risk

Through the equity swap transactions approved on December 19, 2019, May 13, 2020 and December 9, 2020 by the Board of Directors of Ambev (see Note 1 - *Corporate information*), the Company, or its subsidiaries, will receive price variations related to its shares traded on the stock exchange, or on its ADRs, thus neutralizing the possible effects of the stock price fluctuations on the share-based payments made by the Company. As these derivative instruments are not eligible for hedge accounting, they were not therefore allocated to any hedging arrangements.

In December 2020, exposure equivalent to R$1.7 billion (R$1.9 billion as of December 31, 2019) in AmBev’s shares (or ADRs) was partially hedged, resulting in a loss in the income statement of R$329.3 (a gain in the income statement of R$161.1 as at December 31, 2019).

IV. Capital management

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

All amounts in millions of Brazilian Reais unless otherwise stated

Financial instruments

(a) Financial instruments categories

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

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

			2020
	Amortized cost	Fair value through profit or loss	Total
Financial assets			
Cash and cash equivalents less bank overdrafts	17,090.3	-	17,090.3
Trade receivables excluding prepaid expenses	6,629.0	-	6,629.0
Investment securities	213.9	1,700.0	1,913.9
Derivative financial instruments	-	142.6	142.6
Derivatives hedges	-	366.7	366.7
Total	**23,933.2**	**2,209.3**	**26,142.5**
Financial liabilities			
Trade payables	19,995.0	-	19,995.0
Put options granted on subsidiaries	-	3,493.7	3,493.7
Derivatives hedges	-	329.8	329.8
Interest-bearing loans and borrowing	4,792.3	-	4,792.3
Other liabilities	2,581.0	-	2,581.0
Total	**27,368.3**	**3,823.5**	**31,191.8**

All amounts in millions of Brazilian Reais unless otherwise stated

			2019
	Amortized cost	Fair value through profit or loss	Total
Financial assets			
Cash and cash equivalents less bank overdrafts	11,900.7	-	11,900.7
Trade receivables excluding prepaid expenses	6,456.7	-	6,456.7
Investment securities	163.6	14.6	178.2
Derivative financial instruments	-	37.6	37.6
Derivatives hedges	-	135.7	135.7
Total	**18,521.0**	**187.9**	**18,708.9**
Financial liabilities			
Trade payables	15,379.1	-	15,379.1
Put options granted on subsidiaries	-	3,092.2	3,092.2
Derivative financial instruments	-	17.9	17.9
Derivatives hedges	-	337.5	337.5
Interest-bearing loans and borrowing	3,062.8	-	3,062.8
Other liabilities	1,583.8	-	1,583.8
Total	**20,025.7**	**3,447.6**	**23,473.3**

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

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

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

Level 1 - quoted prices (unadjusted) in active markets available to the entity for identical assets or liabilities as at the valuation date;

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

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

All amounts in millions of Brazilian Reais unless otherwise stated

	2020				2019			
	Level 1	**Level 2**	**Level 3**	**Total**	**Level 1**	**Level 2**	**Level 3**	**Total**
Financial assets								
Financial asset at fair value through profit and loss	1,700.0	-	-	1,700.0	14.6	-	-	14.6
Derivatives assets at fair value through profit and loss	-	142.6	-	142.6	-	37.6	-	37.6
Derivatives - operational hedge	85.5	281.2	-	366.7	25.1	110.6	-	135.7
	1,785.5	**423.8**	**-**	**2,209.3**	**39.7**	**148.2**	**-**	**187.9**
Financial liabilities								
Financial liabilities at fair value through profit and loss	-	-	3,493.7	3,493.7	-	-	3,092.2	3,092.2
Derivatives liabilities at fair value through profit and loss	-	-	-	-	-	17.9	-	17.9
Derivatives - operational hedge	102.6	227.2	-	329.8	43.2	294.3	-	337.5
	102.6	**227.2**	**3,493.7**	**3,823.5**	**43.2**	**312.2**	**3,092.2**	**3,447.6**

Reconciliation of changes in the assets categorized at Level 3

Financial liabilities at December 31, 2019	**3,092.2**
Disbursement of investments	(83.5)
Reduction	(73.5)
Total gains and losses during the period	**558.5**
Losses/(gains) recognized in net income	(42.9)
Losses/(gains) recognized in equity	601.4
Financial liabilities at December 31, 2020	**3,493.7**

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

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

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

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

As part of the negotiations regarding the acquisition of the shares of Tenedora, the Company signed the second amendment to the Shareholders' Agreement extending the partnership between the Company and ELJ. ELJ is currently the owner of 15% of the shares of Tenedora, and its put options are now divided into two tranches: (i) Tranche A, corresponding to 12.11% of the shares, exercisable in 2022, 2023 and 2024; and (ii) Tranche B, corresponding to 2.89% of the shares, exercisable from 2026. The Company, on the other hand, has a call option over Tranche A shares, exercisable from 2021, and Tranche B shares, exercisable from 2029. On December 31, 2020, the sum of the two ELJ tranches is R$3,489.1.

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

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

Calculation of the fair value of derivatives

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

Margins pledged as guarantees

In order to comply with the guarantee requirements regarding derivative exchanges and/or counterparties to certain operations with derivative financial instruments, as at December 31, 2020 the Company held R$798.9 in highly liquid financial investments or in cash, classified as cash and cash equivalents and investment securities (R$816.9 as at December 31, 2019).

Offsetting of financial assets and liabilities

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

All amounts in millions of Brazilian Reais unless otherwise stated

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

	2020	2019
Collateral given for the Company's own liabilities	799.0	817.0
Other commitments	1,629.9	1,245.2
	2,428.9	**2,062.2**
Commitments to suppliers	17,768.4	15,877.3
	17,768.4	**15,877.3**

The collateral provided for liabilities totaled approximately R$2,428.9 as at December 31, 2020 (R$2,062.2 as at December 31, 2019), including R$729.2 (R$693.3 as at December 31, 2019) of cash guarantees. The deposits in cash used as guarantees are presented as part of other assets. To provide the guarantees required for derivatives exchanges and/or counterparties contracted in certain derivative financial instrument transactions, as at December 31, 2020, Ambev maintained R$798.9 (R$816.9 as at December 31, 2019) in highly liquid financial investments or in cash, classified as cash and cash equivalents and investment securities (Note 28 - *Financial instruments and risks*).

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

Future contractual commitments as at December 31, 2020 and 2019 are as follow:

	2020	2019
Less than 1 year	9,218.2	9,300.5
Between 1 and 2 years	2,934.8	3,861.9
More than 2 years	5,615.4	2,714.9
	17,768.4	**15,877.3**

30.CONTINGENCIES

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

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

All amounts in millions of Brazilian Reais unless otherwise stated

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

	2020	**2019**
Income tax and social contribution	53,898.0	43,453.0
Value-added and excise taxes	23,299.3	22,226.3
PIS and COFINS	2,746.3	3,066.8
Others	1,603.5	1,778.0
	81,547.1	**70,524.1**

Principal lawsuits with a likelihood of possible loss

Brazilian Federal Taxes

Goodwill InBev Holding

In December 2011, Ambev received a tax assessment related to the goodwill amortization resulting from the InBev Holding Brasil S.A. merger with Ambev. At the administrative level, Ambev received partially favorable decisions at both the Lower and Upper Administrative Court. Ambev filed judicial proceedings to discuss the unfavorable portion of the decisions of the Lower and the Upper Administrative Court and requested injunctions to suspend the enforceability of the remaining tax credit, which were granted.

In June 2016, Ambev received a new tax assessment charging the remaining value of the goodwill amortization and filed a defense. Ambev received partially favorable decisions at the first level administrative court and Lower Administrative Court. Ambev filed a Special Appeal which was partially admitted and awaits judgment by the Upper Administrative Court. For the unfavorable portion of the decision which became final at the administrative level, Ambev filed a judicial proceeding requesting an injunction to suspend the enforceability of the remaining tax credit, which was granted.

The updated amount related to this uncertain tax position as of 31 December 2020 is approximately R$10.2 billion (R$10.1 billion as of 31 December 2019). Ambev has not recorded any provisions for this matter based on the probability of the lawsuit. In the event Ambev is required to pay these amounts, AB-Inbev will reimburse Ambev the amount proportional (70%) to the benefit received by the company pursuant to the merger protocol, as well as the related costs.

Goodwill BAH

In October 2013, Ambev received a tax assessment related to the goodwill amortization resulting from the merger of Beverage Associates Holding Limited ("BAH") into Ambev. The decision from the first level administrative court was unfavorable and Ambev filed an appeal to the Lower Administrative Court against the decision which was partially granted. Ambev and the tax authorities filed Special Appeals to the Upper Administrative Court, which are awaiting judgment.

In April and August 2018, Ambev received new tax assessments charging the remaining value of the goodwill amortization and filed defenses. In April 2019, the first level administrative court rendered unfavorable decisions to Ambev. As a result thereof, Ambev appealed to the Lower Administrative Court. In November and December 2019, the Lower Administrative Court rendered partially favorable decisions and Ambev filed Special Appeals to the Upper Administrative Court. The Special Appeal filed in one of the tax assessments is awaiting judgment by the Upper Administrative Court, whereas the other Special Appeal is awaiting admission.

The updated amount related to this uncertain tax position as of 31 December 2020 is approximately R$2.3 billion (R$2.2 billion as of December 31, 2019). Ambev has not recorded any provisions for this matter based on the probability of the lawsuit.

Goodwill CND Holdings

In November 2017, Ambev received a tax assessment related to the goodwill amortization resulting from the merger of CND Holdings into Ambev. The decision from the first-level administrative court was unfavorable to Ambev. Ambev filed an appeal to the Lower Administrative Court. In February 2020, Ambev received a partially favorable decision at the Lower Administrative Court. Ambev and the tax authorities filed Special Appeals to the Upper Administrative Court which are awaiting admission and judgment.

The updated amount related to this uncertain tax position as of December 2020 was approximately R$1.0 billion (R$1.1 billion as of December 31, 2019). Ambev has not recorded any provisions for this matter based on the probability of the lawsuit.

Foreign earnings

Since 2005, Ambev and certain of its subsidiaries have been receiving assessments from the Brazilian Federal Tax Authorities relating to the profits of its foreign subsidiaries. The cases are being challenged at both the administrative and judicial levels of the courts in Brazil.

The administrative proceedings have resulted in partially favorable decisions, which are still subject to review by the Administrative Court. In the judicial proceedings, Ambev has received favorable injunctions that suspend the enforceability of the tax credit, as well as favorable first level decisions, which remain subject to review by the second-level judicial court.

The updated amount related to this uncertain tax position as of 31 December 2020 is approximately R$7.3 billion (R$7.2 billion at December 31, 2019) and Ambev has not recorded any provisions for this matter based on the probability of the lawsuit, except for the amount of R$53.0 million (R$52.2 million at December 31, 2019).

Disallowance of Expenses and Deductibility of Losses

In 2015, 2016 and 2020, Ambev received tax assessments related to the disallowance of alleged non-deductible expenses and the deduction of certain losses mainly associated to financial investments and loans. Ambev presented defenses and, in November 2019, received a favorable decision at the first-level administrative court regarding the 2016 case. The 2015 and 2020 cases are still pending decision by the first-level administrative court.

The updated amount related to this uncertain tax position as of 31 December 2020 is approximately R$5.0 billion (R$4.8 billion as of December 31, 2019). Ambev has not recorded any provisions for this matter based on the probability of the lawsuit.

Disallowance of taxes paid abroad

Since 2014, Ambev has been receiving tax assessments from the Brazilian Federal Tax Authorities related to the disallowance of deductions associated with alleged unproven taxes paid abroad by its subsidiaries and has been filing defenses. The cases are being challenged at the administrative and judicial levels. In November 2019, the Lower Administrative Court rendered a favorable decision to Ambev in one of the cases (regarding the 2010 tax period), which became definitive.

In January 2020, the Lower Administrative Court rendered unfavorable decisions regarding four of these assessments related to the periods of 2015 and 2016. Regarding the 2015 assessments, Ambev filed a Special Appeal for analysis by the Upper Administrative House which are pending decisions. Regarding the 2016 cases, the company was notified about the decision of the Lower Administrative Court and filed motions for clarification which are pending decisions. The other cases are still awaiting final decisions at both administrative and judicial courts.

With respect to the cases related to the periods of 2015 and 2016, tax assessments were filed to charge isolated fines due to the lack of monthly prepayments of income tax as a result of allegedly undue deductions of taxes paid abroad. Ambev filed defenses and awaits judgment by the first level administrative court.

The updated amount related to this uncertain tax position as of December, 2020 was approximately R$11.7 billion (R$10.1 billion as of December 31, 2019). Ambev has not recorded any provisions for this matter based on the probability of the lawsuit.

Presumed Profit

In April 2016, Arosuco (a subsidiary of Ambev) received a tax assessment regarding the use of the “presumed profit” method for the calculation of income tax and the social contribution on net profits instead of the “real profit” method. In September 2017, Arosuco received an unfavorable first level administrative decision and filed an appeal. In January 2019, the Lower Administrative Court rendered a favorable decision to Arosuco, which became definitive.

In March 2019, Ambev received a new tax assessment regarding the same subject and filed a defense. In October 2019, Arosuco received an unfavorable first level administrative decision and filed an appeal.

The updated amount related to this uncertain tax position as of 31 December 2020 is approximately R$519 million (R$506.9 million as at December 31, 2019). Arosuco has not recorded any provisions for this matter based on the probability of the lawsuit.

Disallowance on Income Tax deduction

In January 2020, Arosuco, a subsidiary of the Company, received a tax assessment from the Federal Revenue Service of Brazil regarding the disallowance of the income tax reduction benefit provided for in Provisional Measure No. 2199-14/2001 and an administrative defense was filed. In October 2020, Arosuco was notified regarding an unfavorable decision rendered by the first level administrative Court and filed an appeal, which is pending judgment.

The updated amount related to this uncertain tax position as of December, 2020 was approximately R$2.0 billion (non-existent on December 31, 2019). Ambev has not recorded any provision for this matter based on the probability of the lawsuit.

Deductibility of IOC expenses

In November 2019, Ambev received a tax assessment from the Brazilian Federal Tax Authorities related to the interest on capital (“IOC”) deduction in 2014. The assessment refers primarily to the accounting and corporate effects of the restructuring carried out by the Company in 2013 and its impacts on the increase in the deductibility of IOC expenses. . In August 2020, Ambev received a partially favorable decision at the first level administrative Court and filed an Appeal to the Lower Administrative Court.

In December 2020, Ambev received a new tax assessment related to the deduction of the IOC in 2015 and 2016. The defense against such assessment was filed by Ambev in January 2021.

The Company also distributed IOC in the years following the assessed period, i.e. after 2016. In a scenario where the IOC deductibility would also be questioned for the period after 2016, on the same basis as the aforementioned tax assessments, Ambev management estimates that the outcome of such potential further assessments would be similar to the abovementioned cases. Accordingly, the effects of the deductibility of IOC expenses on Ambev’s effective income tax rate for this period would be maintained.

The updated amount related to this uncertain tax position as of 31 December 2020 is approximately R$10.2 billion (R$3.9 billion as of December 31, 2019). Ambev has not recorded any provisions for this matter based on the probability of the lawsuit.

PIS and COFINS

PIS/COFINS over bonus products

Since 2015, Ambev has received tax assessments issued by the Brazilian Federal Tax Authorities related to amounts allegedly due as social contribution on gross revenue (PIS/COFINS) on bonus products granted to its customers. The cases are challenged at the administrative and judicial levels of the courts. In 2020, Ambev received final favorable decisions at the administrative level, some of which are still subject to review. At the judicial level, the case is still at the initial stage.

Ambev management estimates the possible losses related to these assessments at approximately R$1.7 billion (R$2.3 billion as of December 31, 2019) classified as possible loss.

ICMS and IPI

ICMS tax war

Ambev is currently challenging tax assessments issued by the states of São Paulo, Rio de Janeiro, Minas Gerais, among others, questioning the legality of ICMS tax credits arising from transactions with companies that have tax incentives granted by other states. The cases are being challenged at both the administrative and judicial level of the courts.

In August 2020, the STF issued a binding decision (Extraordinary Appeal No. 628.075) recognizing the constitutionality ruling that tax credits granted by the states in the context of the ICMS tax war shall be consider unlawful. The decision also recognized that potential enforcement of tax assessments previously issued by the states should abide by the tax incentives validation process provided for in Complementary Law No. 160/17. This decision is subject to appeal and does not change the likelihood of loss in Ambev´s tax assessments.

Ambev’s management estimates the possible losses related to these assessments to be approximately R$2.0 billion (R$2.0 billion as of December 31, 2019) as of 31 December 2020 and have not recorded any provisions in connection therewith.

ICMS-ST Trigger

Over the years, Ambev has received tax assessments to charge supposed ICMS differences considered due when the price of the products sold by Ambev is above the fixed price table basis established by the relevant States, cases in which the State tax authorities understand that the calculation basis should be based on a value-added percentage over the actual prices and not the fixed table price. Ambev is currently challenging those charges before the courts. The cases are being challenged at both the administrative and judicial levels of the courts.

Ambev management estimates the amount related to this issue to be approximately R$8.6 billion (R$7.7 billion as of 31 December 2019) as of 31 December 2020, classified as a possible loss and, therefore, for which Ambev has made no provision. Ambev has recorded provisions in the total amount of R$7.6 million (R$8.3 million as of December 31, 2019) in relation to certain proceedings for which it considers the chances of loss to be probable due to specific procedural issues.

ICMS - PRODEPE

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

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

Ambev management estimates the possible losses related to this issue to be approximately R$ 615,1 million Brazilian Real (R$591.9 million as of 31 December 2019) as of 31 December 2020. Ambev has recorded a provision in the total amount of R$5,0 million (R$4.9 million as of December 2019) in relation to one part of the proceeding where it considers the chances of loss to be probable.

Manaus Free Trade Zone - IPI and PIS/COFINS

In Brazil, goods manufactured within the Manaus Free Trade Zone intended for remittance elsewhere in Brazil are exempt and/or zero rated from IPI excise tax and social contributions (PIS/COFINS). With respect to IPI, Ambev’s subsidiaries have been registering IPI excise tax presumed credits upon the acquisition of exempted goods manufactured therein. Since 2009, Ambev has been receiving several tax assessments from the Brazilian Federal Tax Authorities relating to the disallowance of such credits.

Ambev has also been receiving charges from the Brazilian Federal Tax Authorities in relation to (i) federal taxes allegedly unduly offset with the disallowed presumed IPI excise tax credits that are under discussion in these proceedings and (ii) amounts of PIS and COFINS allegedly over Arosuco’s remittances to Ambev.

In April 2019, the Federal Supreme Court (“STF”) announced its judgment on Extraordinary Appeal No. 592,891/SP, with binding effects, deciding on the rights of taxpayers registering presumed IPI excise tax credits on acquisitions of raw materials and exempted inputs originating from the Manaus Free Trade Zone. As a result of this decision, Ambev reclassified part of the amounts related to the IPI cases as remote losses maintaining as possible losses only issues related to other additional discussions that were not included in the analysis of the STF.

The cases are being challenged at both the administrative and judicial levels. Ambev management estimates the possible losses in relation to these assessments to be R$4.8 billion (R$4.2 billion on December 31, 2019) as at December, 2020. Ambev has not recorded any provision in connection with these assessments.

IPI Suspension

In 2014 and 2015, Ambev received tax assessments from the Brazilian federal tax authorities relating to IPI excise tax allegedly due over remittances of manufactured goods to other related factories. The cases are being challenged at both administrative and judicial levels. In 2020, Ambev received a final partial favorable decision at the administrative level in one of the cases. The cases which are being discussed at judicial courts are still at an initial stage.

Ambev management estimates the possible losses related to these assessments to be approximately R$1.6 billion (R$1.7 billion in December 2019) as of 31 December 2020. Ambev has not recorded any provision in connection with these assessments.

ICMS - AM

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

Ambev’s management estimates the possible losses related to these assessments to be approximately R$509.8 million (R$499.0 million in December 2019) as of 31 December 2020 and has not recorded any provisions in connection therewith.

Contingent assets

In accordance with IAS 37- Provisions, contingent liabilities and contingent assets, an asset must be recognized only if i) the gain is virtually certain; and ii) the amounts can be estimated with sufficient reliability.

Management understands that, in cases of lawsuits involving contingent assets, a final and unappealable decision for the specific lawsuit to the Company is a condition required to confirm the existence of a right, except for specific circumstances related to the specific case that allows not only the recognition of the right but also the identification of the value with sufficient reliability.

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

In March 2017, the Supreme Federal Court ("STF") decided for, in the judgment of RE 574,706 / PR, with binding effects , the unconstitutionality of the inclusion of ICMS in the PIS and COFINS calculation basis. Currently, the General Attorney's Office (PGFN), filed an amendment in order to clarify the criteria for calculating the portion of the ICMS that shall be excluded from the calculation basis of the PIS and COFINS contributions (ICMS Paid versus ICMS declared on the invoice) and the modulation of the effects of the STF decision is pending decision.

In addition, the Company and its controlled companies have several lawsuits related to the matter, some with final and unappealable favorable decisions. Due to the tax regime applicable to the soft drinks and beer sector that has changed over time, the Company has lawsuits for three different periods: (i) 1990 to 2009, (ii) 2009 to 2015 (period in which the "REFRI Taxation Model" was in effect - special soft drinks and beer regime, provided for article 58-J of Law No. 10,833, of 2003) and (iii) from 2015 onwards (also known as "New Model Taxation").

In 2019 and 2020, the Company and its controlled companies recognized, in accordance with IAS 37 / CPC 25, recoverable tax credits related to this matter in the total amount of R$5.4 billion, which R$1.1 billion is related to periods from 1990 to 2009 and from March 2017 ("New Model") and R$4.3 billion, recorded in 2020, related to the 2009 to 2015 (as explained below) as (i) the gain is virtually certain according to the specific circumstances of each specific case; and (ii) the amounts could be estimated with sufficient reliability, by collecting the respective documents and quantifying the related amount.

All amounts in millions of Brazilian Reais unless otherwise stated

Regarding the amount of R$4.3 billion mentioned above, the Company recorded a tax credit (before tax effects), of which R$ 2.5 billion in Other Operating Income, as described in Note 7 - Other Operating Income (Expenses), and R$1.8 billion in Financial Income, as described in Note 11 - Finance Expenses and Income. This amount is related to the lawsuit with final and unappealable decision that recognized the right of the Company and its controlled companies to obtain refund the overpaid amounts while REFRI taxation model was in place. In addition to the gain being virtually certain due to the circumstances of this specific case, the amount related to this matter could be estimated with sufficient reliability after several analysis made (with the assistance of our external consultants) that allowed: (i) the identification of the total ICMS included per liter in the retail selling prices that were verified by the Federal Government at the time and that had impact in the reference prices used as calculation basis for determination of the PIS and COFINS; and (ii) the result of exclusion of such total ICMS from the calculation basis of PIS and COFINS in the Company’s operations in the period.

For the period of the New Model before the STF decision, the Company estimates that the contingent asset corresponds to R$1.9 billion, which will be recognized once the gain is virtually certain given the specific circumstances of the cases and upon confirmation of the estimated values with sufficient reliability.

31.NON-CASH ITEMS

	2020	2019	2018
Cash financing cost other than interests	-	(2.1)	(142.2)
Fair value of option granted on a subsidiary	238.4	(274.3)	(166.8)
Exchange transaction of shareholdings	-	-	36.5
Effect of application of IAS 29 (hyperinflation)	232.5	339.2	32.9
Acquisition of investments payables	21.1	20.0	-
Provision for taxes	108.9	-	-
Others	-	-	0.8

All amounts in millions of Brazilian Reais unless otherwise stated

32. RELATED PARTIES

Policy and practices regarding the realization of transactions with related parties

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

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

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

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

Transactions with management members

In addition to short-term benefits (primarily salaries), management members are entitled to participate in the Stock Option Plan and Share-Based Payments Plan (Note 25 - *Share-based payments*).

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

	2020	2019	2018
Short-term benefits (i)	26.0	31.2	24.1
Share-based payments (ii)	42.7	41.2	30.8
Total key management remuneration	**68.7**	**72.4**	**54.9**

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

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

Excluding the above mentioned plan (Note 25 - *Share-based payments*), the Company no longer has any types of transaction with the Management members or pending balances receivable or payable in its balance sheet.

Transactions with the Company's shareholders:

a) Medical, dental and other benefits

Fundação Zerrenner is one of Ambev’s shareholders, and at December 31, 2020 held 10.2% of its total share capital. Fundação Zerrenner is also an independent legal entity whose main goal is to provide Ambev’s employees, both active and retired, with health care and dental assistance, technical and higher education courses, facilities for assisting elderly people, either directly or through financial assistance agreements with other entities. As at December 31, 2020 and December 31, 2019, actuarial obligations related to the benefits provided directly by Fundação Zerrenner were fully funded by plan assets, held for that purpose, which significantly exceeded the liabilities at these dates. Ambev recognizes the assets (prepaid expenses) of this plan to the extent of the economic benefits available to the Company, arising from reimbursements or from reductions in future contributions.

The expenses incurred by Fundação Zerrenner for providing these benefits totaled R$237.8 (R$259.6 as at December 31, 2019), of which R$209.8 and R$28.0 were related to active employees and retirees respectively (R$229.6 and R$30.0 as at December 31, 2019 related to active employees and retirees respectively).

b) Leasing

Ambev, through its subsidiary BSA (labeling), has an asset leasing agreement with Fundação Zerrenner, for R$22.4 maturing on December 31, 2022.

c) Leasing - Ambev. head office

Ambev has a leasing agreement for two sets of commercial premises with Fundação Zerrenner, which is being re-negotiated, and currently the contract is in force for an indefinite period.

d) Licensing agreement

The Company has a licensing agreement with Anheuser-Busch, Inc. to produce, bottle, sell and distribute Budweiser products in Brazil, Canada and Argentina, and sales and distribution agreements for Budweiser products in Guatemala, the Dominican Republic, Paraguay, El Salvador, Nicaragua, Uruguay, Chile, Panama, Costa Rica and Puerto Rico. In addition, the Company produces and distributes Stella Artois products under a license to ABI in Brazil and Canada and, through a license granted to ABI, also distributes Brahma products in the United States and several other countries such as the United Kingdom, Spain, Sweden, Finland and Greece. The amount recorded in relation to this agreement was R$2.1 as at December 31, 2020 (R$1.8 as at December 31, 2019 and R$2.0 as at December 31, 2018) and R$644.0 (R$456.9 as at December 31, 2019 and R$431.6 as at December 31, 2018) as licensing income and expenses, respectively.

All amounts in millions of Brazilian Reais unless otherwise stated

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

Transactions with related parties

					2020
Current	**Trade receivables (i)**	**Other trade receivables (i)**	**Trade payables (i)**	**Dividends payables**	**Dividends receivables**
AB Africa	4.6	-	-	-	-
AB InBev	28.6	-	(84.6)	-	-
AB Package	-	-	(321.0)	-	-
AB Services	11.3	-	(1.8)	-	-
AB USA	36.7	6.2	(250.1)	-	-
Ambrew	-	-	-	(98.7)	-
Bavaria	1.0	-	(11.3)	-	-
Cervecería Modelo	5.1	-	(400.0)	-	-
Cervecerias Peruanas	1.4	-	(10.9)	-	-
Inbev	0.9	79.1	(19.4)	-	-
ITW International	-	-	-	(647.5)	-
Panama Holding	18.8	-	(13.1)	-	1.6
Others	10.2	1.1	(44.9)	-	-
	118.6	**86.4**	**(1,157.1)**	**(746.2)**	**1.6**

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

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

	2020	**2019**
Non-current	**Trade payables**	**Trade payables**
ITW International	(420.5)	-
	(420.5)	**-**

All amounts in millions of Brazilian Reais unless otherwise stated

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

					2020
Company	**Sales and others**	**Service fees / reimbursement of expenses and other receivables**	**Product purchases and others**	**Service fees / reimbursement of expenses and other payables**	**Net finance cost**
AB InBev	0.3	-	(80.6)	(9.9)	-
AB Package	-	-	(159.2)	-	-
AB Procurement	0.2	-	(0.6)	(17.3)	-
AB USA	35.2	-	(977.0)	(3.2)	-
Bavaria	26.1	-	(48.0)	-	-
Cervecería Modelo	(0.1)	-	(1,269.6)	-	-
Cervecerías Peruanas	13.3	-	(40.3)	-	-
GCC India	-	-	-	(7.3)	-
Inbev	(0.9)	-	(102.3)	-	-
ITW International	-	-	-	-	10.5
Oriental Brewery	2.0	-	-	-	-
Others	8.5	0.2	(83.9)	-	1.5
	84.6	**0.2**	**(2,761.5)**	**(37.7)**	**12.0**

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

All amounts in millions of Brazilian Reais unless otherwise stated

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

List of companies included in the tables above:

AB InBev Procurement GmbH (“AB Procurement”)
Ambrew S.A.R.L. (“Ambrew”)
Anheuser-Busch Inbev Africa (Pty) Ltd. (“AB Africa”)
Anheuser-Busch InBev N.V. (“AB InBev”)
Anheuser-Busch Inbev Services LLC (“AB Services”)
Anheuser-Busch Inbev USA LLC (“AB USA”)
Anheuser-Busch Packaging Group Inc. (“AB Package”)
Bavaria S.A. (“Bavaria”)
Cervecería Modelo de Mexico S. de R.L. de C.V. (“Cervecería Modelo”)
Cerveceria Nacional S de RL (“Panamá Holding”)
Compañia Cervecera Ambev Peru S.A.C. (“Ambev Peru”)
GCC Services India Private Ltd. (“GCC India”)
Inbev Belgium N.V. (“Inbev”)
Interbrew International B.V. (“ITW International”)
Unión de Cervecerias Peruanas Backus Y Johnston S.A.A. (“Cervecerías Peruanas”)

33.GROUP COMPANIES

List of most significant fully consolidated companies:

Argentina	
CERVECERIA Y MALTERIA QUILMES SAICA Y G	99.75%
Charcas 5160 - Buenos Aires	
Bolivia	
CERVECERIA BOLIVIANA NACIONAL S.A.	85.67%
Avenida Montes 400 e Rua Chuquisaca 121 - La Paz	

All amounts in millions of Brazilian Reais unless otherwise stated

Brazil	
AMBEV S.A. Rua Dr. Renato Paes de Barros, 1.017, 3º andar, Itaim Bibi, São Paulo	Consolidating
AROSUCO AROMAS E SUCOS LTDA. Avenida Buriti, 5.385, Distrito Industrial - Manaus - AM	100.00%
CRBS S.A. Avenida Antarctica, 1.891, Fazenda Santa Úrsula - Jaguariúna - SP	100.00%
CERVEJARIA Z.X. S.A. Avenida Antarctica, 1.891, Fazenda Santa Úrsula - Jaguariúna - SP	100.00%
Canada	
LABATT BREWING COMPANY LTD. 207 Queens Quay West, Suite 299 - M5J 1A7 - Toronto	100.00%
Chile	
CERVECERIA CHILE S.A. Avenida Presidente Eduardo Frei Montalva, 9.600 - Comuna de Quilicura - Santiago	100.00%
Spain	
JALUA SPAIN, S.L. Juan Vara Terán, 14 - Ilhas Canárias	100.00%
Luxembourg	
AMBEV LUXEMBOURG 15 Breedewues - L1259 - Senningerberg	100.00%
Guatemala	
INDUSTRIAS DEL ATLÁNTICO S.A. KM 122 Ruta al Atlantico - C.P 01012 Teculutan, Zacapa	50.00%
Paraguay	
CERVECERIA PARAGUAYA S.A. Ruta Villeta KM 30 - Ypané	87.36%
Dominican Republic	
CERVECERÍA NACIONAL DOMINICANA, S.A. Autopista 30 de Mayo, Distrito Nacional	84.71%

All amounts in millions of Brazilian Reais unless otherwise stated

Uruguay	
LINTHAL S.A. 25 de Mayo 444, office 401 - Montevideo	100.00%
CERVECERIA Y MALTERIA PAYSANDU S.A. Cesar Cortinas, 2.037 - Montevideo	99.93%
MONTHIERS S.A. Cesar Cortinas, 2.037 - Montevideo	100.00%
Panama	
Cervecería Nacional S. de R.L. Planta Pasadena, vía Ricardo J Alfaro y Simón Bolívar, ciudad de Panamá, Rep. De Panamá	100.00%

34.INSURANCE

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