

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549**

FORM 20-F

- ☐ REGISTRATION STATEMENT PURSUANT TO SECTION 12(b) OR (g) OF THE SECURITIES EXCHANGE ACT OF 1934
- OR
- ☒ ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the fiscal year ended December 31, 2021
- OR
- ☐ TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
- OR
- ☐ SHELL COMPANY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

Commission File Number 1-14626

COMPANHIA BRASILEIRA DE DISTRIBUIÇÃO
(Exact Name of Registrant as Specified in its Charter)

BRAZILIAN DISTRIBUTION COMPANY
(Translation of Registrant's name into English)

THE FEDERATIVE REPUBLIC OF BRAZIL
(Jurisdiction of incorporation or organization)

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(Address of principal executive offices)

Securities registered or to be registered pursuant to Section 12(b) of the Act.

<u>Title of each class</u>	<u>Trading Symbol</u>	<u>Name of each exchange on which registered</u>
Common Shares, without par value	-	New York Stock Exchange*
American Depositary Shares (as evidenced by American Depositary Receipts), each representing one Common Share	CBD	New York Stock Exchange

*Not for trading purposes, but only in connection with the listing on the New York Stock Exchange of American Depositary Shares representing those Common Shares.

Securities registered or to be registered pursuant to Section 12(g) of the Act:

None

Securities for which there is a reporting obligation pursuant to Section 15(d) of the Act:

None

Indicate the number of outstanding shares of each of the issuer's classes of capital or common stock as of the period covered by the annual report:

As of December 31, 2021, the registrant had outstanding 269,375,860 common shares, no par value per share

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act

☐ Yes ☒ No

If this report is an annual or transition report, indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934.

☐ Yes ☒ No

Note—Checking the box above will not relieve any registrant required to file reports pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934 from their obligations under those Sections.

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

☐ Yes ☒ No

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files).

☒ Yes ☐ No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or an emerging growth company. See definition of “large accelerated filer,” “accelerated filer,” and “emerging growth company” in Rule 12b-2 of the Exchange Act.

Large Accelerated Filer ☒ Accelerated Filer ☐ Non-accelerated Filer ☐ Emerging Growth Company ☐

If an emerging growth company that prepares its financial statements in accordance with U.S. GAAP, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards[†] provided pursuant to Section 13(a) of the Exchange Act. ☐

[†] The term “new or revised financial accounting standard” refers to any update issued by the Financial Accounting Standards Board to its Accounting Standards Codification after April 5, 2012.

Indicate by check mark whether the registrant has filed a report on and attestation to its management's assessment of the effectiveness of its internal control over financial reporting under Section 404(b) of the Sarbanes-Oxley Act (15 U.S.C. 7262(b)) by the registered public accounting firm that prepared or issued its audit report ☒

Indicate by check mark which basis of accounting the registrant has used to prepare the financial statements included in this filing:

U.S. GAAP ☐

International Financial Reporting Standards as issued by the International Accounting Standards Board ☒

Other ☐

If “Other” has been checked in response to the previous question, indicate by check mark which financial statement item the registrant has elected to follow:

Item 17 ☐ Item 18 ☐

If this is an annual report, indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).

☐ Yes ☒ No

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INTRODUCTION

All references in this annual report to (i) “CBD,” “we,” “us,” “our,” “Company” and “Pão de Açúcar Group” are references to Companhia Brasileira de Distribuição and its consolidated subsidiaries, unless the context requires otherwise; (ii) the “Brazilian government” are references to the federal government of the Federative Republic of Brazil, or Brazil; (iii) the “Colombian government” are references to the federal government of the Federative Republic of Colombia, or Colombia; (iv) the “Argentinian government” are references to the federal government of the Federative Republic of Argentina, or Argentina; (v) “common shares” are references to our authorized and outstanding common shares (*ações ordinárias*), without par value; and (vi) “preferred shares” are references to our formerly issued preferred shares, all of which were converted into common shares on February 28, 2020. For additional information on the conversion of our preferred shares into common shares, see “Item 9. The Offer and Listing—9A. Offer and Listing Details.” All references to “ADSs” are to American Depositary Shares, each representing one common share, without par value. The ADSs are evidenced by American Depositary Receipts, or ADRs, issued by J.P. Morgan Chase Bank N.A., the depositary bank for the ADSs. All references to “*real*,” “*reais*” or “R\$” are to the Brazilian *real*, the official currency of Brazil. All references to “COP\$” are to Colombian pesos, the official currency of Colombia. All references to “US\$,” “dollars” or “U.S. dollars” are to United States dollars. All references to “€” or “euro” are to the currency introduced at the start of the third stage of the European economic and monetary union pursuant to the treaty establishing the European Community, as amended.

Presentation of Financial and Other Data

Financial Data

We have prepared our consolidated financial statements included in this annual report in accordance with International Financial Reporting Standards, or IFRS, as issued by the International Accounting Standards Board, or the IASB.

Our consolidated financial statements are presented in Brazilian *reais*. We have translated some of the *real* amounts contained in this annual report into U.S. dollars and COP. The rate used to translate the U.S. dollars amounts as of December 31, 2021 was R\$5.5805 to US\$1.00, which was the commercial selling rate of U.S. dollars in effect as of December 31, 2021, as reported by the Central Bank of Brazil, or the Central Bank. Unless otherwise stated, the rate used to translate the Colombian pesos amounts as of December 31, 2021 was COP\$0.0015 to R\$1.00, which was the commercial selling rate of Colombian pesos in effect as of December 31, 2021, as reported by the Central Bank. The U.S. dollar and Colombian pesos equivalent information presented in this annual report are solely for the convenience of investors and should not be construed as implying that the *real* amounts represent, or could have been or could be converted into, U.S. dollars and Colombian pesos at that rate or at any other rate.

Other Data

In this annual report:

- some of the financial data reflects the effect of rounding;
- the term “Brazilian retail segment” refers to our food and non-food retail operating segment in Brazil that operates under different formats through the banners *Pão de Açúcar*, *Extra Hiper*, *Mercado Extra*, *Compre Bem*, *Mini Extra*, *Minuto Pão de Açúcar*, *Aliados Minimercado* and *Pão de Açúcar Adega*, and *GPA Malls*, our real estate business unit that operates in Brazil;
- the term “Casino” refers to Casino, Guichard-Perrachon S.A., a French corporation (*société anonyme*). Casino is our indirect controlling shareholder. It is ultimately controlled by Mr. Jean-Charles Naouri, the chairman of our board of directors. For additional information on our direct and indirect shareholders, see “Item 7A. Major Shareholders;”
- the term “Casino Group” refers to Casino and Casino’s subsidiaries, including Rallye S.A., or Rallye, and Euris S.A.S., or Euris, Wilkes Participações S.A., Segisor S.A., King LLC, Geant International B.V. and Helicco Participações Ltda., which are ultimately controlled by Mr. Jean-Charles Naouri;
- the term “Cnova” refers to CNova N.V., a Dutch corporation, and, where appropriate, its subsidiaries. Cnova was one of our consolidated subsidiaries until October 31, 2016 and, starting on November 1,

2016, we began recording our investment in Cnova according to the equity pick-up accounting method. For additional information on our investment in Cnova, see “Item 4A. History and Development of the Company—Changes in Our Business;”

- the term “Cnova Brazil” refers to Cnova Comércio Eletrônico S.A., a Brazilian corporation (*sociedade anônima*), which until October 31, 2016 was a wholly owned subsidiary of Cnova and operated and owned the Brazilian non-food e-commerce businesses of CBD and Via, as defined below. Following the completion of the Cnova corporate reorganization on October 31, 2016, Cnova Brazil became a wholly owned subsidiary of Via. For additional information on the Cnova reorganization, see “Item 4A. History and Development of the Company;”
- “Éxito” are to Almacenes Éxito S.A., a Colombian corporation, one of our consolidated subsidiaries, which became part of the Pão de Açúcar Group in November 2019. For additional information on the acquisition of Éxito, see “Item 4A. History and Development of the Company—Changes in our Business—Acquisition of Grupo Éxito;”
- “Grupo Éxito” are to Éxito and its consolidated subsidiaries;
- “Grupo Éxito segment” refers to Grupo Éxito’s food and non-food retail operating segment in Colombia, Uruguay and Argentina
- “FIC” are to Financeira Itaú CBD S.A. Crédito, Financiamento e Investimento, a Brazilian financial services company;
- the term “home appliances” refers to durable goods (i.e., electronics, furniture and other items for the home);
- the term “low-cost supermarkets” refers to a grocery store or supermarket retail format that sell products at prices that are in principle lower than the regular retail price;
- the term “private label” refers to our own branded products, including *Qualitá, Taeq, Cheftime, Casino, Club des Sommeliers, Fábrica 1959, Confraria, Finlandek, Arkitect, Bronzini, Cast, Bambini, Boomy Nows, Frescampo* and *Custer*;
- the term “same-store sales” refers to sales made in stores open for at least 12 consecutive months and that did not close nor remain closed for a period of seven or more consecutive days;
- the term “Sendas” refers to Sendas Distribuidora S.A., a Brazilian corporation (*sociedade anônima*) and, where appropriate, its subsidiaries. Sendas was one of our subsidiaries until December 31, 2020 and it operated in the cash and carry business under the banner *Assaí*. The spin-off and separation of Sendas from CBD was completed on December 31, 2020. For additional information on the spin-off and separation of Sendas, see “Item 4. Information on the Company—Changes in Our Business—Spin-off of Cash and Carry Operating Segment.”
- “Sendas Separation” refers to our separation from Sendas. On December 14, 2020, we entered into a Separation Agreement with Sendas to provide a framework for our relationship with Sendas following the Separation and the Sendas Spin-Off. For more information on the Separation Agreement, see “Item 7B. Related Party Transactions—Agreements With Sendas”;
- “Sendas Spin-Off” refers to the distribution of substantially all of the issued and outstanding Sendas common shares to holders of CBD common shares, on a *pro rata* basis for no consideration. For more information on the Sendas Spin-Off, see “Item 4A. History and Development of the Company—Changes in Our Business—Spin-Off of Cash and Carry Operating Segment; and
- the term “Stix” refers to Stix Fidelidade e Inteligência S.A., a Brazilian corporation (*sociedade anônima*), focused on loyalty programs, in which we hold 66.7% of the capital stock and Raia Drogasil S.A., or RD, a pharmacy retailer in Brazil, holds the remaining 33.3% of the capital stock.
- the term “Via” refers to Via S.A., a Brazilian corporation (*sociedade anônima*) and, where appropriate, its subsidiaries. Via was one of our subsidiaries until June 2019 and it operated in the home appliances business under the banners *Ponto Frio* and *Casas Bahia*. Via’s operations were classified and presented

as discontinued operations in the periods from November 2016 through June 2019. On June 14, 2019, we consummated the sale of all equity interest we held in Via. For additional information on the sale of the discontinued operations of Via, see “Item 4. Information on the Company—4A. History and Development of the Company—Recent Changes in Our Business—Via Sale;”

None of the information available on our website or on websites referred to in this annual report is incorporated by reference into this annual report.

FORWARD-LOOKING STATEMENTS

This annual report includes forward-looking statements within the meaning of the U.S. Private Securities Litigation Reform Act of 1995, principally in “Item 3. Key Information—3D. Risk Factors,” “Item 4. Information on the Company—4B. Business Overview” and “Item 5. Operating and Financial Review and Prospects.” We have based these forward-looking statements largely on our current expectations and projections about future events and financial trends affecting our business. These forward-looking statements are subject to risks, uncertainties and assumptions including, among other things:

- the economic, financial, political and social effects of the COVID-19 pandemic, including new variants, and any restrictive measures imposed by governmental authorities to contain the COVID-19 pandemic (or other pandemics, epidemics and similar crises) particularly in Brazil and in other Latin American countries where we operate, and to the extent that they continue to cause negative macroeconomic effects, thus prompting and exacerbating the risks described under “Item 3. Key Information—3D. Risk Factors;”
- the impacts of the COVID-19 pandemic, and new variants, on customer demand and purchasing habits, as well as on our expected results of operations, financial condition and cash flows;
- fluctuations in crude oil prices and its effect on fuel costs, especially in light of the conflict between Russia and Ukraine;
- global economic conditions, including any adverse effects arising from the ongoing war between Russia and Ukraine, and their impact on consumer spending patterns, particularly in Brazil, including, but not limited to, unemployment rates, interest rates, monetary policies and inflation rates;
- our ability to sustain or improve our performance;
- competition in the retail industry of Brazil, Colombia, Uruguay and Argentina in the sectors in which we operate;
- government regulations and tax matters in the countries where we operate;
- adverse legal or regulatory disputes or proceedings;
- our ability to implement our strategy, including our digital transformation initiatives;
- credit and other risks of lending and investment activities;
- our ability to expand our operations outside of our existing markets;
- hedge risks; and
- other risk factors as set forth under “Item 3. Key Information—3D. Risk Factors.”

The words “believe,” “may,” “will,” “estimate,” “continue,” “anticipate,” “intend,” “expect” and similar words are intended to identify forward-looking statements. We undertake no obligation to update publicly or revise any forward-looking statements because of new information, future events or otherwise. In light of these risks and uncertainties, the forward-looking information, events and circumstances discussed in this annual report might not occur. Our actual results and performance could differ substantially from those anticipated in our forward-looking statements.

PART I

ITEM 1. IDENTITY OF DIRECTORS, SENIOR MANAGEMENT AND ADVISORS

Not applicable.

ITEM 2. OFFER STATISTICS AND EXPECTED TIMETABLE

Not applicable.

ITEM 3. KEY INFORMATION

3A. Selected Financial Data

We present in this section summary financial and operating data derived from our audited consolidated financial statements as of December 31, 2021 and 2020 and for the years ended December 31, 2021, 2020 and 2019, or our audited consolidated financial statements, included elsewhere in this annual report and prepared in accordance with IFRS as issued by the IASB, and from our audited consolidated financial statements as of December 31, 2020 and 2019 and for the years ended December 31, 2020, 2019 and 2018, not included in this annual report and prepared in accordance with IFRS as issued by the IASB.

IFRS 16 – Leases, or IFRS 16, became effective on January 1, 2019 and supersedes (i) IAS 17 – Leases, (ii) IFRIC 4 – Determining whether an Arrangement contains a Lease, (iii) SIC-15 – Operating Leases-Incentives, and (iv) SIC-27 – Evaluating the Substance of Transactions Involving the Legal Form of a Lease. IFRS 16 sets forth the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to recognize most leases on the balance sheet.

Lessor accounting under IFRS 16 is substantially unchanged when compared to IAS 17. Lessors will continue to classify leases as either operating or finance leases using principles that are similar to IAS 17. Accordingly, IFRS 16 does not have an adverse impact on the recognition of a lease by the lessor.

We adopted IFRS 16 using the full retrospective method of adoption on January 1, 2019. Accordingly, operating lease expenses are replaced by depreciation expenses related to the right-of-use and interest expenses in connection with lease liabilities. We have also applied the practical expedient that exempts us from the reassessment of contracts as to whether they contain a lease. Additionally, we elected not to recognize a right-of-use and lease liabilities for leases with a lease term of 12 months or less.

As a result of the application of the full retrospective method of adoption of IFRS 16, we have recasted the comparative financial information as of and for the years ended December 31, 2018 and 2017 with the following impacts:

	As of and for the Year Ended December 31,	
	2018	2017
	(millions of R\$)	
Right-of-use assets.....	4,545	4,108
Lease liabilities.....	5,787	5,267
Depreciation expense.....	(481)	(483)
Interest expense.....	(587)	(565)

The following tables present certain of our summary historical consolidated financial and operating data for each of the periods indicated. Solely for the convenience of the reader, *real* amounts as of and for the year ended December 31, 2021, have been translated into U.S. dollars at a rate of R\$5.5805 to US\$1.00, which was the commercial selling rate of U.S. dollars in effect as of December 31, 2021, as reported by the Central Bank.

As of and for the Year Ended December 31,						
	2021 ^(*)	2021	2020	2019 ^{(**)(1)(2)(3)}	2018 ^{(**)(1)(2)}	2017 ^{(**)(1)(2)}
(millions of US\$, except per share/ADS data)						
(millions of R\$, except per share/ADS data)						
Statement of operations and comprehensive income						
Net operating revenue	9,191	51,291	51,253	28,838	26,490	26,195
Cost of sales	(6,871)	(38,341)	(37,504)	(21,225)	(19,046)	(18,092)
Gross profit	2,321	12,950	13,749	7,613	7,444	8,103
Selling, general and administrative expenses	(1,676)	(9,353)	(9,343)	(5,698)	(5,396)	(5,433)
Depreciation and amortization.....	(332)	(1,853)	(1,804)	(1,028)	(892)	(935)
Other operating expenses, net.....	(1)	(7)	(71)	(386)	(199)	(551)
Operating expenses.....	(2,009)	(11,213)	(11,218)	(7,112)	(6,487)	(6,919)
Profit from operations before net financial expenses and share of profit of associates.....	311	1,737	2,531	501	957	1,184
Financial income	87	488	909	353	193	144
Financial expenses.....	(324)	(1,809)	(1,637)	(1,224)	(1,095)	(1,391)
Finance expenses, net.....	(237)	(1,321)	(728)	(871)	(902)	(1,247)
Share of profit of associates.....	(8)	(47)	98	2	28	(93)
Profit (loss) before income tax and social contribution	66	369	1,901	(368)	83	(155)
Income tax and social contribution..	106	594	(662)	95	41	(28)
Net income (loss) for the year from continuing operations	173	963	1,239	(273)	124	(183)
Net income (loss) for the year from discontinued operations.....	(1)	(3)	1,087	1,109	1,160	1,012
Net income for the year	172	960	2,326	836	1,284	829
Attributed to controlling shareholders from continuing operations.....	144	805	1,092	(287)	124	(183)
Attributed to controlling shareholders from discontinued operations.....	(1)	(3)	1,087	1,077	1,025	682
Total attributed to controlling shareholders	144	802	2,179	790	1,149	499
Attributed to non-controlling shareholders from continuing operations	28	158	147	14	-	-
Attributed to non-controlling shareholders from discontinued operations	-	-	-	32	135	330
Total attributed to non-controlling shareholders	28	158	147	46	135	330
Other comprehensive income (loss) for the year, net of income tax	(252)	(1,408)	2,162	218	(9)	(36)
Total comprehensive income (loss) for the year	(80)	(448)	4,488	1,054	1,275	821
Attributed to controlling shareholders.....	(57)	(316)	3,748	945	1,132	478
Attributed to non-controlling shareholders.....	(24)	(132)	740	109	143	343
Per share data⁽⁴⁾						
Basic earnings per common share (weighted average for the year):						
Common – Continuing operations...	0.54	3.00	4.08	(1.07)	0.47	1.34
Common – Total.....	0.53	2.98	8.13	2.96	4.31	1.91
Diluted earnings per common share (weighted average for the year):						
Common – Continuing operations ...	0.54	2.99	4.07	(1.07)	0.46	1.34
Common – Total.....	0.53	2.98	8.12	2.95	4.29	1.90
Weighted average number of common shares outstanding (in thousands).....	268,696	268,696	267,926	267,068	266,604	266,071
Dividends declared and interest on own capital per common share	0.05	0.30	1.92	0.85	1.09	0.30
Balance sheet data						
Cash and cash equivalents	1,483	8,274	8,711	7,954	4,369	3,792
Property and equipment, net.....	2,929	16,344	19,888	24,290	14,052	13,292
Assets held for sale.....	213	1,187	109	223	28,687	26,746
Total assets.....	8,860	49,443	53,295	58,475	61,657	55,862
Current borrowings and financing ...	263	1,470	2,309	3,488	1,981	1,200

As of and for the Year Ended December 31,						
	2021 ^(*)	2021	2020	2019 ^{(**)(1)(2)(3)}	2018 ^{(**)(1)(2)}	2017 ^{(**)(1)(2)}
(millions of US\$, except per share/ADS data)						
	(millions of R\$, except per share/ADS data)					
Non-current borrowings and financing.....	1,359	7,582	6,842	10,706	3,392	3,193
Liabilities related to assets held for sale.....	11	62	-	-	23,545	21,947
Shareholders' equity.....	2,935	16,380	16,807	13,548	13,159	12,156
Share capital.....	1,050	5,859	5,434	6,857	6,825	6,822
Other financial information						
Net cash provided by (used in):						
Operating activities	489	2,728	4,742	1,135	4,267	3,464
Investing activities.....	(14)	(77)	(4,291)	(3,266)	(1,897)	(1,592)
Financing activities	(492)	(2,743)	(281)	1,894	(1,641)	(3,663)
Capital expenditures ⁽⁵⁾	(227)	(1,267)	(2,490)	(2,782)	(2,364)	(1,713)

(*) Solely for the convenience of the reader, we have translated certain *real* amounts at a rate of R\$5.5805 to US\$1.00, the closing commercial U.S. dollar selling rate as of December 31, 2021, as published by the Central Bank.

(**) The statements of operations for the years ended December 31, 2020, 2019, 2018 and 2017, presented in the table related to Sendas were classified in a single line as discontinued operations. For additional information on the Sendas Separation and Sendas Spin-Off, see notes 1.2 and 33 to our audited consolidated financial statements as of and for the year ended December 31, 2021, included elsewhere in this annual report and "Item 4. Information on the Company—4A. History and Development of the Company—Changes in Our Business—Spin-off of Cash and Carry Operating Segment."

(1) The operations of Via were classified as discontinued operations in the periods from November 2016 through June 2019. For additional information on the sale of our discontinued operations of Via, see "Item 4. Information on the Company—4A. History and Development of the Company—Changes in Our Business—Sale of Home Appliances Operating Segment." Moreover, starting on November 1, 2016, we began recording our investment in Cnova according to IFRS 5.

(2) IFRS 16 became effective on January 1, 2019. We opted for the full retrospective adoption method as if IFRS 16 had been adopted since the date the lease agreements have entered into effect to show the comparative effects for each past period. As a result, we have restated our audited consolidated financial statements, and financial information included in this annual report, as of and for the years ended December 31, 2018 and 2017.

(3) As a result of Grupo Éxito's acquisition on November 27, 2019, this table includes Grupo Éxito's financial information solely for the month of December 2019.

(4) Until February 2020, each preferred share received a dividend 10% higher than the dividend paid to each common share. In 2019, we paid dividends in the amount of R\$20.6 to our preferred shareholders. See "Item 8. Financial Information—8A. Consolidated Statements and Other Financial Information—Dividend Policy." As a result of our migration to the *Novo Mercado* listing segment of B3 on March 2, 2020, we converted all of our preferred shares into common shares and started trading our common shares on the *Novo Mercado* listing segment of B3. For additional information on our migration to the *Novo Mercado* listing segment of B3, see "Item 9. The Offer and Listing—9A. Offer and Listing Details." According to IAS33, for purposes of the presentation of the basic earnings per share and diluted earnings per share we are solely considering our common shares, including for periods from 2017 to the year ended December 31, 2019. We calculate basic earnings per share and diluted earnings per share on a converted basis to accommodate the fact that we no longer have outstanding preferred shares.

(5) Capital expenditures are comprised of cash used in purchases of property, equipment and intangible assets, as reflected in the consolidated statement of cash flows.

	As of December 31,				
	2021 ⁽⁴⁾	2020 ⁽⁴⁾	2019 ⁽⁴⁾	2018	2017
	(R\$, except as indicated)				
Operating data*					
Number of employees at period end ⁽¹⁾	91,917	95,616	92,648	61,130	64,731
Total square meters of selling area at period end.....	1,970,128	2,164,137	2,232,514	1,195,089	1,237,769
Number of stores at period end ⁽²⁾ :					
Pão de Açúcar	181	182	185	186	186
Extra Hiper ⁽³⁾	72	103	112	112	117
Mini Extra and Minuto Pão de Açúcar....	240	236	237	235	265
Mercado Extra and Compre Bem ⁽⁴⁾	174	175	181	186	188
Grupo Éxito ⁽⁵⁾	620	629	653	-	-
Total number of stores at period end ...	1,287	1,325	1,368	719	756

*The table does not include the operating data from Sendas.

(1) Based on the full-time equivalent number of employees, which is the product of the number of all retail employees (full- and part-time employees) and the ratio of the average monthly hours of all retail employees to the average monthly hours of full-time employees.

(2) Excludes gas stations and drugstores.

(3) We expect to classify the results of operations of the Extra Hiper banner as discontinued operations in our audited consolidated financial statements for the year ending December 31, 2022. For more information on the discontinuance of the Extra Hiper banner, see "Item 5A. Discontinued Operations—Discontinued Operations for the Year Ending December 31, 2022—Extra Hiper Stores."

(4) In the first semester of 2021, we converted six *Extra Supermercado* stores into *Mercado Extra* stores, concluding the process of conversion of all Extra Supermercado stores into *Mercado Extra* and *Compre Bem* stores. Accordingly, the operational information

relating to the *Mercado Extra* and *Compre Bem* banners include the operations of the *Extra Supermercado* stores until December 31, 2020.

- (5) Includes Grupo Éxito's operations in Colombia, Uruguay and Argentina.

	As of and for the Year Ended December 31,					
	2021 ^(*)	2021	2020	2019 ⁽¹⁾	2018	2017
	(US\$, except as indicated)					
Net operating revenue per employee⁽²⁾:						
<i>Pão de Açúcar</i>	88,759	495,321	586,990	447,977	442,129	414,903
<i>Extra Hiper</i> ⁽³⁾	155,682	868,783	838,464	622,068	609,364	570,601
<i>Mini Extra and Minuto Pão de Açúcar</i> ⁽⁴⁾	116,456	649,884	581,231	424,552	348,985	349,306
<i>Mercado Extra and Compre Bem</i> ⁽⁴⁾	79,812	445,392	468,733	376,005	390,024	439,678
<i>Grupo Éxito</i> ⁽⁵⁾	116,868	652,182	585,415			
CBD average net operating revenue per employee	100,194	559,130	544,030	311,259	433,333	404,657
Net operating revenue by store format⁽⁶⁾:						
<i>Pão de Açúcar</i>	1,299	7,249	7,630	7,156	7,171	6,932
<i>Extra Hiper</i> ⁽³⁾	2,217	12,374	14,694	13,613	13,719	13,652
<i>Mini Extra and Minuto Pão de Açúcar</i> ⁽³⁾	373	2,082	1,678	1,273	1,182	1,085
<i>Mercado Extra and Compre Bem</i> ⁽⁴⁾	925	5,160	5,168	4,611	4,417	4,525
<i>Grupo Éxito</i> ⁽⁵⁾	4,365	24,357	22,034	2,151	-	-
Other ⁽⁷⁾	13	70	49	34	-	-
Total net operating revenue	9,191	51,291	51,251	28,838	26,489	26,194
Average monthly net operating revenue per square meter⁽⁸⁾:						
<i>Pão de Açúcar</i>	452	2,522	2,638	2,448	2,451	2,385
<i>Extra Hiper</i> ⁽³⁾	271	1,515	1,711	1,515	1,516	1,536
<i>Mini Extra and Minuto Pão de Açúcar</i> ⁽³⁾	539	3,010	2,407	1,850	1,524	1,343
<i>Mercado Extra and Compre Bem</i> ⁽⁴⁾	375	2,093	2,046	1,786	1,704	1,278
<i>Grupo Éxito</i> ⁽⁵⁾	354	1,978	1,767			
CBD average monthly net operating revenue per square meter	348	1,944	1,892	1,772	1,740	1,634
Average ticket amount:						
<i>Pão de Açúcar</i>	16	89	90	67	64	59
<i>Extra Hiper</i> ⁽³⁾	20	112	116	90	86	80
<i>Mini Extra and Minuto Pão de Açúcar</i> ⁽³⁾	9	49	38	25	22	20
<i>Mercado Extra and Compre Bem</i> ⁽⁴⁾	9	53	49	40	38	36
<i>Grupo Éxito</i> ⁽⁵⁾	17	94	90			
CBD average ticket amount	16	87	85	63	60	56
Average number of tickets per month:						
<i>Pão de Açúcar</i>	6,800,133	6,800,133	7,060,537	8,959,041	9,393,488	9,770,687
<i>Extra Hiper</i> ⁽³⁾	9,167,364	9,167,364	10,559,155	12,669,866	13,244,647	14,284,209
<i>Mini Extra and Minuto Pão de Açúcar</i> ⁽³⁾	3,510,029	3,510,029	3,634,277	4,160,461	4,435,348	4,425,078
<i>Mercado Extra and Compre Bem</i> ⁽⁴⁾	8,181,570	8,181,570	8,703,080	9,674,130	9,710,083	10,480,779
<i>Grupo Éxito</i> ⁽⁵⁾	21,655,975	21,655,975	20,421,095			
CBD average number of tickets per month	49,315,071	49,315,071	50,378,144	35,463,497	36,783,565	38,960,753

(*) Solely for the convenience of the reader, we have translated certain *real* amounts at a rate of R\$5.5805 to US\$1.00, the closing commercial U.S. dollar selling rate as of December 31, 2021, as published by the Central Bank.

- (1) IFRS 16 became effective on January 1, 2019. We opted for the full retrospective adoption method as if IFRS 16 had been adopted since the date the lease agreements have entered into effect to show the comparative effects for each past period. As a result, we have restated our audited consolidated financial statements, and financial information included in this annual report, as of and for the year ended December 31, 2018.
- (2) Based on the full-time equivalent number of employees, which is the product of the number of all retail employees (full- and part-time employees) and the ratio of the average monthly hours of all retail employees to the average monthly hours of full-time employees.
- (3) Includes revenues associated with rentals of commercial spaces. Revenues of gas stations, drugstores, e-commerce food delivery and in-store pick-up are included in the respective banner. We expect to classify the results of operations of our drugstores as discontinued operations in our audited consolidated financial statements for the year ending December 31, 2022. For more information on the discontinuance of our drugstores, see "Item 5A. Discontinued Operations—Discontinued Operations for the Year Ending December 31, 2022—Drugstores." We expect to classify the results of operations of the *Extra Hiper* banner as discontinued operations in our audited consolidated financial statements for the year ending December 31, 2022. For more information on the discontinuance of the *Extra Hiper*

banner, see “Item 5A. Discontinued Operations—Discontinued Operations for the Year Ending December 31, 2022—Extra Hiper Stores.”

- (4) In the first semester of 2021, we converted six *Extra Supermercado* stores into *Mercado Extra* stores, concluding the process of conversion of all Extra Supermercado stores into *Mercado Extra* and *Compre Bem* stores. Accordingly, the operational information relating to the *Mercado Extra* and *Compre Bem* banners include the operations of the *Extra Supermercado* stores until June 30, 2021.
- (5) As a result of Grupo Éxito’s acquisition on November 27, 2019, this table includes Grupo Éxito’s financial information solely for the month of December 2019 onwards.
- (6) Net operating revenue of each banner *divided by* total number of stores of the banner.
- (7) Includes the banners *Cheftime*, *James* and *Stix Fidelidade*.
- (8) Calculated using the average of square meters of selling area on the last day of each month in the period.

3B. Capitalization and Indebtedness

Not applicable.

3C. Reasons for the Offer and Use of Proceeds

Not applicable.

3D. Risk Factors

An investment in the ADSs or our common shares involves a high degree of risk. You should carefully consider the risks and uncertainties described below and the other information in this annual report before making an investment decision. The risks described below are those that we currently believe may materially affect us. Our business, financial condition and results of operations could be materially and adversely affected by any of these risks. Additional risks not presently known to us or that we currently deem immaterial may also impair our business operations. This annual report also contains forward-looking statements that involve risks and uncertainties. See “Forward-Looking Statements.” The trading price of the ADSs and our common shares could decline due to any of these risks or other factors, and you may lose all or part of your investment. Our actual results could differ materially and adversely from those anticipated in these forward-looking statements as a result of certain factors, including the risks facing our Company described below and elsewhere in this annual report.

For purposes of this Item 3D. Risk Factors, when we state that a risk, uncertainty or problem may, could or will have an “adverse effect” on us or “adversely affect” us, we mean that the risk, uncertainty or problem could have an adverse effect on our business, financial condition, results of operations, cash flow, liquidity, prospects, reputation and/or the trading price of our common shares and ADSs, except as otherwise indicated. You should view similar expressions in this Item 3D. Risk Factors as having similar meanings.

Risks Relating to Brazil

The Brazilian government has exercised, and continues to exercise, significant influence over the Brazilian economy. Brazilian political and economic conditions may adversely affect us and the trading price of the ADSs and our common shares.

The Brazilian government has frequently intervened in the Brazilian economy and has occasionally made significant changes to monetary, credit, tariff, tax and other policies and regulations. The Brazilian government’s actions to control inflation have often involved, among other measures, increases and decreases in interest rates, changes in tax and social security policies, price controls, currency exchange and remittance controls, devaluations, capital controls and limits on imports. Our business, financial condition, results of operations and the trading price of our ADSs and common shares may be adversely affected by changes in Brazilian policy or regulations at the federal, state or municipal level involving or affecting various factors, such as:

- economic, political and social instability;
- increases in the unemployment rate;
- interest rates and monetary policies (such as restrictive consumption measures that could affect the income of the population and government measures that may affect the levels of investment and employment in Brazil);

- significant increases in inflation or strong deflation in prices;
- expansion or contraction of the Brazilian economy, as measured by gross domestic product, or GDP, growth rates;
- currency fluctuations;
- import and export controls;
- exchange controls and restrictions on remittances abroad (such as those that were imposed in 1989 and early 1990s);
- modifications to laws and regulations according to political, social and economic interests;
- efforts to reform labor, tax and social security policies and regulation (including the increase of taxes, both generally and on dividends);
- energy and water shortages and rationing;
- liquidity of domestic capital and lending markets;
- public health, including as a result of epidemics and pandemics, such as the COVID-19 pandemic; and
- other political, diplomatic, social and economic developments in or affecting Brazil.

Uncertainty over whether the Brazilian government will implement changes in policy or regulation affecting these or other factors in the future may contribute to economic uncertainty in Brazil and to heightened volatility in the Brazilian securities markets and securities issued abroad by Brazilian companies. These uncertainties and other future developments in the Brazilian economy may adversely affect our business activities, and consequently our results of operations, and may also adversely affect the trading price of the ADSs and our common shares. Moreover, the business and results of operations of Brazilian companies as well as the trading price of their securities, including ours, may experience heightened volatility due to the Brazilian presidential elections, which will be held in October 2022.

Political instability has adversely affected and may continue to adversely affect our business, results of operations and the trading price of the ADSs and our common shares.

The Brazilian economy has been and continues to be affected by political events in Brazil, which have also affected the confidence of investors and the public in general, adversely affecting the performance of the Brazilian economy and increasing the volatility of securities issued by Brazilian companies, including the trading price of the ADSs and our common shares.

Brazilian markets have experienced heightened volatility due to uncertainties from investigations related to allegations of money laundering, corruption and misconduct by government officials and legal entities and individuals from the private sector carried out by the Brazilian Federal Police and the Office of the Brazilian Federal Prosecutor. These investigations have adversely affected the Brazilian economy and political environment. We have no control over and cannot predict developments in these investigations nor whether future investigations or allegations will result in further political and economic instability, which could adversely affect the trading price of securities issued by Brazilian companies, including ours.

In addition, any difficulty by the Brazilian government in obtaining a majority in the national congress could result in congressional deadlock, political unrest and demonstrations or strikes, which could adversely affect us. Uncertainties relating to the implementation by the Brazilian government of changes related to monetary, fiscal and social security policies, as well as to related laws may contribute to economic instability. These uncertainties may heighten the volatility of the Brazilian securities market, including in relation to our ADSs and our common shares.

Brazilian government efforts to combat inflation may hinder the growth of the Brazilian economy and could harm us and the trading price of the ADSs and our common shares.

Historically, Brazil has experienced high inflation rates. Inflation and certain actions taken by the Brazilian government to curb it, including the increase of the SELIC rate, the basic interest rate in the Brazilian banking system, established by the Central Bank, together with the speculation about governmental measures to be adopted, have materially and adversely affected the Brazilian economy and contributed to economic uncertainty in Brazil, heightening volatility in the Brazilian capital markets and adversely affecting us. Brazil's annual inflation, as measured by the general price index (*Índice Geral de Preços – Mercado*), or IGP-M index, was 17.1% in 2021, 23.1% in 2020 and 7.31% in 2019. Brazil's Broad Consumer Price Index (*Índice Nacional de Preços ao Consumidor Amplo*), or the IPCA, recorded inflation of 10.1%, 4.5% and 4.3% in 2021, 2020 and 2019, respectively, according to IBGE. In 2021, 2020 and 2019, the SELIC rate was 9.25%, 1.90% and 4.90%, respectively. The Monetary Policy Committee (*Comitê de Política Monetária*), or COPOM, has adjusted the official interest rates in situations of economic uncertainty to meet the economic goals established by the Brazilian government. In February 2022, the COPOM increased official interest rates from 9.25% to 10.75%. As of the date of this annual report, the official interest rate in Brazil is 11.75%.

Inflationary pressures may hinder our ability to access foreign financial markets or lead to government policies to combat inflation that could harm us or adversely affect the trading price of the ADSs and our common shares. In addition, we may not be able to adjust the prices we charge our customers to offset the effects of inflation on our cost structure.

Brazilian government measures to combat inflation that result in an increase in interest rates may have an adverse effect on us, as our indebtedness is indexed to the interbank deposit certificate (*Certificados de Depósito Interbancário*), or CDI, rate. An increase in interest rates may affect not only the cost of new loans, but also the cost of our current indebtedness, increasing our financial expenses. This increase, in turn, may adversely affect our cash availability and ability to meet our financial obligations. In addition, tight monetary policies with high interest rates have restricted and may restrict Brazil's growth and the availability of credit, which adversely affects our customers' purchasing power and consequently our net operating revenue.

Conversely, more lenient government and Central Bank policies and interest rate decreases have triggered and may trigger increases in inflation, and, consequently, growth volatility and the need for sudden and significant interest rate increases, which could negatively affect our business and increase our financial expenses. Furthermore, interest rate decreases may affect our ability to maintain interest margins we charge on installment sales, which could have a negative effect on our net operating revenue.

Exchange rate volatility may adversely affect the Brazilian economy and us.

The *real* has historically experienced frequent and substantial variations in relation to the U.S. dollar and other foreign currencies. In 2018, the *real* depreciated against the U.S. dollar in comparison to 2017, reaching R\$3.875 per US\$1.00 as of December 31, 2018. In 2019, the *real* further depreciated against the U.S. dollar in comparison to 2018, reaching R\$4.0301 per US\$1.00 as of December 31, 2019. In 2020, the *real* further depreciated against the U.S. dollar in comparison to 2019, reaching R\$5.1967 per US\$1.00 as of December 31, 2020. In 2021, the *real* further depreciated against the U.S. dollar in comparison to December 31, 2020, reaching R\$5.5805 per US\$1.00 as of December 31, 2021. As of May 13, 2022, the *real*-U.S. dollar exchange rate was R\$5.1075 per U.S. dollar.

The *real* may substantially depreciate or appreciate against the U.S. dollar in the future. Depreciation of the *real* against the U.S. dollar could create inflationary pressures in Brazil and cause increases in interest rates, which negatively affects the growth of the Brazilian economy as a whole, curtails access to foreign financial markets and may prompt government intervention, including recessionary governmental policies. Depreciation of the *real* against the U.S. dollar has also, including in the context of an economic slowdown, led to decreased consumer spending, deflationary pressures and reduced growth of the economy as a whole. Depreciation would also reduce the U.S. dollar value of distributions and dividends and the U.S. dollar equivalent of the trading price of the ADSs and our common shares. As a result, we may be materially and adversely affected by *real*/U.S. dollar exchange rate variations.

Any further downgrading of Brazil's credit rating may adversely affect the trading price of the ADSs and our common shares.

Credit ratings affect investors' perceptions of risk and, as a result, the yields required on indebtedness issuances in the financial markets. Rating agencies regularly evaluate Brazil and its sovereign ratings, taking into account a number of factors, including macroeconomic trends, fiscal and budgetary conditions, indebtedness and the prospect of change in these factors. Downgrades in Brazil's credit rating can lead to downgrades in our credit rating and increase the cost of our indebtedness as investors may require a higher rate of return to compensate a perception of increased risk.

In January 2018, Standard & Poor's downgraded Brazil's credit rating to BB- with a stable outlook, which it changed to positive in December 2019 and back to stable in April 2020. Most recently, Standard & Poor's reaffirmed its rating and outlook in June 2021. In February 2018, Fitch downgraded Brazil's credit rating to BB- with a stable outlook, which it affirmed in May 2019. In May 2020, Fitch adjusted its outlook to negative, which it most recently reaffirmed in May 2021. Since April 2018, Moody's has maintained Brazil's credit rating at Ba2 with a stable outlook, which it most recently reaffirmed in December 2020.

We cannot assure you that rating agencies will maintain Brazil's sovereign credit ratings. Any further downgrade of Brazil's credit rating could heighten investors' perception of risk and, as a result, increase the cost of debt issuances and adversely affect the trading price of our securities.

Developments and the perception of risk in other countries may adversely affect the trading price of Brazilian securities, including the ADSs and our common shares.

The market value of securities of Brazilian issuers is affected to varying degrees by economic and market conditions in other countries, including developed countries such as the United States and certain European and emerging market countries.

Investors' reactions to developments in other countries may adversely affect the market value of securities of Brazilian issuers, including the ADSs and our common shares. Any financial crisis or significant developments, such as increase in interest rates in other countries, especially the United States, may decrease global liquidity and the interest of investors in securities of Brazilian issuers, adversely affecting the ADSs and our common shares. Moreover, geopolitical conflicts, such as the military conflict between Russia and Ukraine, have had and may continue to have an adverse effect on global capital markets and investors' interest in securities issued by companies operating in emerging markets, which could have a negative impact on the trading price of the ADSs and our common shares.

The outbreak of communicable diseases around the world has led and may continue to lead to higher volatility in the global capital markets, adversely affecting the trading price of ADSs and our common shares.

The outbreak of communicable diseases on a global scale has adversely affected and may continue to adversely affect investment sentiment and result in higher volatility in global capital markets due to increased concerns of the recessionary pressure on the global economy. Since December 2019, a novel strain of coronavirus known as COVID-19 has spread in China and other countries. The COVID-19 outbreak has compelled governments around the world to adopt temporary measures to contain the spread of COVID-19 by means such as lockdowns of cities, restrictions on travel and public transportation, business and store closures, and emergency quarantines, among others, all of which have caused significant disruptions to the global economy and ordinary course of business operations across numerous sectors and countries. The measures adopted to combat the COVID-19 outbreak, including new variants, have adversely affected and may continue to adversely affect business confidence and consumer sentiment. They have been, and may continue to be, accompanied by significant volatility in the global capital markets and stock exchanges worldwide.

In Brazil, the stock market experienced automatic suspensions known as "circuit breakers," as a result of significant volatility in stock trading caused by investors' reactions to the uncertainty related to the COVID-19 pandemic in the global economy and recessionary effect on the Brazilian economy. The B3 dropped 36.9% from January 1, 2020, to March 31, 2020, following the downfall of international equity markets. The trading price of our common shares was also adversely affected.

Uncertainties related to the spread of new variants of COVID-19, especially if the measures to curb the spread of the virus lingers, may continue to have broader macroeconomic implications, including reduced levels

of economic growth and possibly a global recession, the effects of which could be felt well beyond the time the spread of infection is contained and adversely affect investment sentiment in the global capital markets. We cannot estimate the additional impacts that new variants of COVID-19 may cause on the price and performance of our common shares and ADSs.

Risks Relating to Other Latin American Countries Where We Operate

The political and economic conditions of Colombia, Uruguay and Argentina may adversely affect our business, results of operations and the trading price of the ADSs and our common shares.

As a result of our acquisition of the Grupo Éxito on November 27, 2019, we started to have operations in Colombia, Uruguay and Argentina, which represented 36.6%, 7.5% and 3.4%, respectively, of our net operating revenue for the year ended December 31, 2021. We are exposed to political and economic crises and declining purchase power of our customers in Colombia, Uruguay and Argentina, which may be prompted by several factors, primarily including:

- interference by local governments in economic policies;
- unstable exchange rates and devaluation of local currencies;
- deterioration of economic conditions;
- inflation and interest rates;
- foreign exchange controls and restrictions on remittances abroad, including remittance of dividends;
- fiscal policy and tax regime;
- foreign trade policy, including taxes and tariffs;
- liquidity in the financial, capital and credit markets;
- downgrades in credit ratings of Colombia, Uruguay or Argentina; and
- other diplomatic, political, social, and economic risks that affect those markets.

Uncertainties related to economic and political conditions in Colombia, Uruguay and Argentina, including changes in government policies and regulations, may adversely affect the business environment in these countries, which could adversely affect our results of operations and the trading price of the ADSs and our common shares.

In particular, the Colombian government has frequently imposed additional taxes and enacted modifications to existing taxes related to financial transactions, income, value added tax, or VAT, and taxes on net worth. More recently, in September 2021, the Colombian government approved the increase in the general corporate income tax to 35%, which became effective in January 2022. New tax laws and regulations as well as changes in tax-related laws and regulations can create significant additional tax burdens on us and our businesses, adversely affecting our results of operations and financial condition. Moreover, our Colombian business and results of operations as well as the trading price of the ADSs and our common shares may experience heightened volatility due to the Colombian presidential elections, which will be held in May 2022.

Historically, Colombia has experienced several periods of violence and instability. Future violence and instability in Colombia may adversely affect the Colombian economy and our operations.

Colombia has experienced several periods of violence over the past six decades, primarily due to the activities of guerrillas, organized crime groups and drug cartels.

While there has been a reduction of guerrilla and criminal activity in Colombia following the peace agreement between the Revolutionary Armed Forces of Colombia, or FARC, and Colombian government in 2016 and the creation of certain programs and policies of the Colombian government, guerrilla and criminal activity persists in Colombia. Any escalation in the violence associated with these activities and effects associated with it could have a negative impact on the Colombian economy and on our business and results of operations.

In addition, the level of dissatisfaction of the Colombian citizens towards the public institutions of that country is increasing and has led to massive protests, acts of violence, vandalism and disturbances to the public order. These events could have a negative effect on the Colombian economy and on us.

Risks Relating to our Industry and Us

We face significant competition and pressure to adapt to changing consumer habits and preferences, which may adversely affect our market share and net income.

We operate mainly in the food retail industry in Brazil and Colombia, including the home appliances segment, which are highly competitive. We compete with other retailers based on price, product mix, store location and layout and services. Consumer habits are constantly changing, and we may not be able to anticipate and quickly respond to these changes. We face intense competition from other store formats and sub-segments within the food retail industry, especially the cash-and-carry sector, which has in recent years imposed significant competitive pressure on our hypermarket stores. We also face competition from small and regional retailers, mainly in the retail segment, and especially from those that operate in the informal segment of the Brazilian and Colombian economies. In addition, in our markets, particularly in the São Paulo and Rio de Janeiro metropolitan areas, we compete in the Brazilian retail sector with a number of large multinational retail food, general merchandise and cash and carry chains, as well as local supermarkets and independent grocery stores. In the home appliances sector, we also compete with large multinational chains and large or specialized Brazilian companies. Acquisitions or consolidations within the industry may also increase competition and adversely affect our market share and net income.

If we are unable to compete successfully in our target markets (including adapting our store format mix or layout, identifying locations and opening stores in preferred areas, and quickly adjusting our product mix or prices under each of our banners and segments) or otherwise adjust to changing consumer habits and preferences, such as online shopping, including through mobile devices, we may lose market share, which would adversely affect our financial condition and results of operations.

Our traditional supermarkets and retail stores face increasing competition from internet sales, which may negatively affect sales of traditional channels, and our digital transformation strategy might not be an effective response to this emerging competition.

In recent years, retail sales of food, clothing and home appliances products over the internet have increased significantly in Brazil and in other Latin American countries where we have operations. We expect this trend to continue as more traditional retailers enter into the online retail field or expand their existing infrastructure related to internet sales. For example, in recent years, Amazon has been expanding its operations in Brazil. Growth in the internet retail business of our competitors would likely harm not only our retail operations but also our internet retail operations. Internet retailers are able to sell directly to consumers, reducing the importance of traditional distribution channels such as supermarkets and retail stores. Certain internet food retailers have significantly lower operating costs than traditional hypermarkets and supermarkets because they do not rely on an expensive network of retail points of sale or a large workforce. As a result, internet food retailers are able to offer their products at lower costs than we do and, in certain cases, are able to bypass retailing intermediaries and deliver particularly high-quality and fresh products to consumers. We believe that our customers are increasingly using the internet to shop electronically for food and other retail goods, and that this trend is likely to continue, especially as a result of the COVID-19 pandemic.

Additionally, technology employed in retail sales of food and home appliances evolves constantly as part of a modern digital culture. We may not be able to adapt to these changes quickly enough to meet our customers' demands and preferences, as well as standards of the industry in which we operate.

We have a digital transformation strategy, but we cannot provide any assurance that our strategy will be successful in meeting customer demands or maintaining our market share in light of our competitors' internet retail businesses. If internet sales in Brazil continue to grow, consumers' reliance on traditional distribution channels such as our supermarkets and retail stores could be materially diminished, which could have a material adverse effect on our financial condition and results of operations.

The food retail and home appliances industries are sensitive to decreases in consumer purchasing power and unfavorable economic cycles.

Historically, the food retail industry in Brazil and other countries where we have operations has experienced periods of economic slowdown that led to declines in consumer spending. The success of operations in the food retail and home appliances sectors depends on various factors related to consumer spending and consumer income, including general business conditions, interest rates, inflation, consumer credit availability, taxation, consumer confidence in future economic conditions, employment and salary levels. Reductions in credit availability in Brazil or the other countries where we have operations, as well as more stringent credit policies adopted by us and credit card companies may negatively affect our sales, especially for home appliances. Unfavorable economic conditions in Brazil or in other Latin American countries where we operate, or unfavorable economic conditions worldwide reflected in the Brazilian economy and in those other countries where we operate, may significantly reduce consumer spending and available income, particularly for lower income classes, who have less access to credit than higher income classes, more limited debt refinancing conditions and more susceptibility to be affected by increases in the unemployment rate. These conditions may have a material adverse effect on our financial condition and results of operation.

These factors are compounded as Brazil emerges from a prolonged recession after a period of slow recovery, followed by the crisis triggered by the COVID-19 pandemic, with only meager GDP. Brazil's GDP growth rates were 4.6% in 2021, (4.0)% in 2020 and 1.1% in 2019. According to Colombia's National Administrative Department of Statistics (*Departamento Administrativo Nacional de Estadística*), or DANE, in 2021, the Colombian GDP increased by 10.6%. As of the end of December 31, 2020, the Colombian GDP decreased by 6.8% compared to the same period of 2019, while the Colombian retail and wholesale industry as a whole decreased by 2.8%, mainly as a result of the adverse effects of the COVID-19 pandemic, including restrictions on the circulation of people, lockdowns, closing of commercial spaces, as well as the increased unemployment rate and lower consumer confidence.

Our results of operations and financial condition have been, and will continue to be, affected by the weak GDP of the countries where we operate. Developments in the economy of the Latin American countries where we operate, principally Brazil and Colombia, may affect these countries' growth rates and, consequently, the sales of our products, which may adversely affect the trading price of our ADSs and common shares.

Because the retail industry is usually perceived as essentially growth-oriented, we are dependent on the growth rate of the urban population and on the income levels of the population in the countries where we operate, especially Brazil and Colombia. Any decrease or slowdown in these metrics may adversely affect our sales and our results of operations.

We cannot guarantee that our service providers or suppliers do not engage in irregular practices.

We engage in the ordinary course of business in commercial transactions with a significant number of service providers and suppliers. While we have policies and procedures in place to know the essential facts related to the operations of the service providers and suppliers with whom we enter into agreements, we cannot guarantee that they will not have issues, such as illegal working and improper safety conditions, environmental and sustainability matters, among other issues, nor that they will not engage in irregular practices. If our service providers or suppliers have issues related to those conditions or matters or engage in irregular practices, our reputation may be harmed and we could be subject to market scrutiny or legal proceedings, which may adversely affect the trading price of the ADSs and our common shares. In addition, our customers' perception of our products may be adversely affected, causing a reduction in sales and in our results of operations.

Restrictions of credit availability to consumers in Brazil and Brazilian government rules and interventions affecting financial operations may adversely affect our sales volumes and operations, and we are exposed to risks related to customer financing and loans.

Sales in installments are an important component of the results of operations for Brazilian non-food retailers. The increase in the unemployment rate combined with relatively high interest rates have resulted in an increased restriction of credit availability to consumers in Brazil. The unemployment rate in the country reached 11.1% in 2021, compared to 13.9% in 2020 and 11.9% in 2019.

Our sales volumes, particularly for non-food products, and, consequently, our results of operations may be adversely affected if the credit availability to consumers is reduced, or if the Brazilian government restricts the granting of credit to consumers.

Additionally, through FIC, we extend credit to customers in Brazil. FIC is our partnership with Itaú Unibanco Holding S.A., or Itaú Unibanco, one of the largest privately-owned financial institutions in Brazil. FIC exclusively offers credit cards, financial services and insurance coverage at our stores. For more information on FIC, see “Item 4. Information on the Company—4B. Business Overview—Operations in Brazil—Financial Services.”

FIC is subject to the risks usually associated with providing financing services, including the risk of default on the payment of principal and interest and any mismatch of cost and maturity of our funding in relation to the cost and maturity of financing to customers, which could have a material adverse effect on us.

Furthermore, FIC is a financial institution regulated by the Central Bank and is, therefore, subject to extensive regulation. The regulatory framework of the Brazilian financial system is continuously changing. Existing laws and regulations may be amended, and their application or interpretation may also change, and new laws and regulations may be adopted. FIC and, therefore, we, may be adversely affected by regulatory changes, including those related to:

- minimum capital requirements;
- requirements for investment in fixed capital;
- credit limits and other credit restrictions;
- accounting requirements;
- intervention, liquidation and/or temporary special management systems; and
- interest rates.

Brazilian government rules and intervention may adversely affect our operations and profitability more than those of a competitor without financial operations.

We are increasingly dependent on credit card sales. Any changes in the policies of merchant acquirers may adversely affect us.

We are increasingly dependent on credit card sales. Sales to customers using credit cards accounted for 47.2%, 46.5% and 46.4% of the consolidated net operating revenue in 2021, 2020 and 2019 for our Brazilian retail segment. In order to offer credit card sales to our customers, we depend on the policies of merchant acquirers, including fees charged by these companies. Any change in the policies of merchant acquirers, including, for example, their merchant discount rate, may adversely affect us.

In addition, a portion of our sales is paid in installments offered by merchant acquirers. As a result, we depend on those merchant acquirers to be able to continue offering credit cards as a payment option to our customers. Any change in the policies of acquirers regarding installment payments and credit may adversely affect us.

Our business depends on strong brands. We may not be able to maintain and enhance our brands, or we may receive unfavorable customer complaints or negative publicity, which could adversely affect our brands.

We believe that our *Pão de Açúcar*, *Extra*, *Compre Bem*, *Éxito*, *Carulla*, *Surtimax*, *Super Inter*, *Surtimayorista*, *Devoto*, *Disco*, *Geant* and *Libertad* banners contribute significantly to the success of our business. We also believe that maintaining and enhancing those brands is critical to expanding our base of customers, which depends largely on our ability to continue to create the best customer experience, based on our competitive pricing and our large assortment of products.

Customer complaints or negative publicity about our product offerings or services could harm our reputation and diminish consumer confidence in us. A reduction in the strength of our brands and reputation could adversely affect our business, financial condition and operating results.

The outbreak of the COVID-19 pandemic could further disrupt our operations and have an adverse impact on our business, financial condition, results of operations or prospects.

In response to the COVID-19 pandemic, government authorities around the world and in the countries where we operate imposed restrictive measures in 2020 and 2021. In the countries where we operate, state and local governments followed the guidelines issued by the respective Ministry of Health to control the spread of COVID-19 and imposed restrictions related to social distancing and lockdowns requirements, resulting in the closing of restaurants, schools, daycare centers, hotels, shopping malls, and areas with intense foot traffic, including parks and other public spaces.

As new variants of the COVID-19 virus emerged governments have continued to impose restrictive measures until recently. Most of the governments in Latin America, including in Brazil, Colombia, Uruguay and Argentina, have relaxed the restrictive measures imposed to contain the spread of the COVID-19 virus and variants.

As grocery stores, our activity is considered essential and our business operations in Brazil were not adversely affected by the restrictive measures imposed by Brazilian federal and state governments. On the other hand, our Colombian operations were adversely affected by the restrictive measures imposed by regional and state governments as a result of the COVID-19 pandemic, since the restrictions imposed in Colombia were more stringent than in Brazil and included, among other things, reduced business hours at stores, establishment of purchasing limits, closure of stores, dry law enforcement during certain weekends and curfew in the main Colombian cities. Additionally, certain of our operations were not deemed essential by government authorities, which led to the closure of a significant part of our commercial galleries and centers in Colombia. Even after the re-opening of these commercial galleries and centers, we have experienced a reduced traffic of people at these venues. Consequently, revenue from these operations has decreased significantly, which has adversely affected and may continue to negatively affect us.

Moreover, our administrative office and other facilities were affected as we adopted a remote work policy for our administrative and back-office personnel in the countries we operate. After the decrease in the number of cases and hospitalizations caused by the Omicron variant of COVID-19, we have been gradually returning our employees to the office, on a hybrid model of work. The use of this policy may affect our productivity, result in errors and delays in our operations, divert our management's attention, increase our operating costs, increase our operating risks, including cyber security and labor litigation. As new variants of the COVID-19 virus continue to spread throughout the world, we may face supply chain risks, such as scrutiny or embargoing of goods produced in infected areas, in addition to failures of third parties, including our suppliers, contract manufacturers, contractors, commercial banks, joint venture partners and external business partners to meet their obligations, or significant disruptions to their ability to do so.

The extent to which the COVID-19 pandemic will continue to affect or further disrupt our operations depends on uncertain factors that cannot be predicted, including whether there will be new waves caused by additional periods of increases or spikes in the number of COVID-19 cases, future mutations or related strains of the virus in areas in which we operate; evolving macroeconomic factors, including general economic uncertainty, unemployment rates, and recessionary pressures; unknown consequences on our business performance and initiatives stemming from the substantial investment of time and other resources to the pandemic response; the long-term impact of the pandemic on our business, including changes in consumer behavior. Accordingly, if the COVID-19 pandemic causes further disruption in our operations, our business, financial condition, results of operations or prospects may be adversely affected.

Contingent obligations for the benefit of unrelated parties may cause a material adverse effect on our business and result of operations.

On June 14, 2019, we completed the sale of all of our equity interest in Via and Via ceased to be a consolidated subsidiary. Since then, we do not control Via nor have exercised influence over its management or operations, and, as a result, Via has no longer been our related party. However, certain transactions, previously existing between the Company and Via, when Via was part of the Pão de Açúcar Group, remained in effect, including guarantees we have granted for certain obligations of Via. While most of the guarantees have been terminated, we and Via are under discussions with respect to allegedly outstanding obligations under certain agreements. In the event of non-compliance by Via of these obligations, including as a result of non-payment, our business and results of operations may be adversely and materially affected. For additional information on these

transactions, see “Item 7. Major Shareholders and Related Party Transactions—7B. Related Party Transactions—Via.”

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

Our business strategy depends significantly on our ability to protect our brands and to defend our intellectual property rights, including trademarks, patents, domain names, trade secrets and know-how. We have been granted numerous trademark registrations covering our brands and products and have filed, and expect to continue to file, trademark and patent applications seeking to protect newly developed brands and products. We cannot assure that trademark and patent registrations will be issued with respect to any of our applications. There is also a risk that we could inadvertently fail to renew a trademark or patent on a timely basis or that our competitors will challenge, invalidate or circumvent any existing or future trademarks and patents issued to, or licensed by, us. Although we have put in place appropriate actions to protect our portfolio of intellectual property rights (including trademark registration and domain names), we cannot assure that the steps we have taken will be sufficient or that third parties will not infringe upon or misappropriate our proprietary rights. Any failure in our ability to protect our proprietary rights against infringement or misappropriation could adversely affect our business, results of operations, cash flows or financial condition, and, in particular, our ability to carry out our business and implement our business strategy.

Our sales depend on the effectiveness of our advertisement and marketing campaigns, which may adversely affect our revenues and profitability.

To promote increased traffic of customers and attract them to our stores, we dedicate substantial resources to our advertisement and marketing campaigns. Our revenues and profitability depend on our ability to, among other things, identify our target consumers and decide on the marketing message and communication method to reach them most effectively. If we do not conceive, plan or execute our advertisement and marketing activities in order to successfully and efficiently increase revenues and market share, our profitability and financial position may be adversely affected.

We may not be able to renew or maintain our stores’ lease agreements on acceptable terms, or at all, and we may be unable to obtain or renew the operational licenses of our stores or distribution centers in a timely manner.

Most of our stores are leased. The strategic location of our stores is key to the development of our business strategy and, as a result, we may be adversely affected in the event that a significant number of our lease agreements is terminated and we fail to renew these lease agreements on acceptable terms, or at all. In addition, in accordance with applicable law, landlords may increase rent periodically, usually every three years. A significant increase in the rent of our leased properties may adversely affect our financial position and results of operations.

Our stores and distribution centers are also subject to certain operational licenses. Our inability to obtain or renew these operational licenses may result in the imposition of fines and, as the case may be, in the closing of stores or distribution centers. Given that smooth and uninterrupted operations in our stores and distribution centers are a critical factor for the success of our business strategy, we may be negatively affected in the case of their closing as a result of our inability to obtain or renew the necessary operational licenses.

Our product distribution is dependent on a limited number of distribution centers and we depend on the Brazilian transportation systems and infrastructure to deliver our products, and any disruption at one of our distribution centers or delay related to transportation and infrastructure could adversely affect our supply needs and our ability to distribute products to our stores and customers.

In our Brazilian retail segment, approximately 65% of our products are distributed through our eleven distribution centers and warehouses located in the Southeastern, Midwestern and Northeastern regions of Brazil. The transportation system and infrastructure in Brazil are underdeveloped and need significant investment to work efficiently and to meet our business needs.

Any significant interruption or reduction in the use or operation of transportation infrastructure in the cities where our distribution centers are located or in operations at one of our distribution centers, as a result of natural disasters, fire, accidents, systemic failures, strikes (such as the May 2018 Brazilian truckers’ strike) or other unexpected causes, may delay or affect our ability to distribute products to our stores and customers and

may decrease our sales, which may have a material adverse effect on us. Our growth strategy includes the opening of new stores which may require the opening of new distribution centers or the expansion of the existing ones to supply and meet the demand of additional stores. Our operations may be negatively affected if we are not able to open new distribution centers or expand our existing distribution centers to meet the supply needs of these new stores.

Our systems and database are subject to violations, breaches and interruptions, which could cause a material adverse effect on our business and reputation. Moreover, failure to protect our database could have an adverse effect on us.

We, like all business organizations in the digital world, have been subject to a broad range of cyber threats, including attacks, with varying levels of sophistication. These cyber threats are related to the confidentiality, availability and integrity of our systems and database, including our customers', suppliers' and employees' confidential, classified or personal information.

We maintain what we believe to be reasonable and adequate technical security controls, policy enforcement mechanisms, monitoring systems and management oversight to address these threats. While these measures are designed to prevent, detect and respond to unauthorized activity in our systems, certain types of attacks, including cyberattacks, may occur. In addition, our information systems may suffer interruptions due to factors beyond our control, such as natural disasters, hacking, energy interruptions, failures in telecommunication and computer viruses, among other factors. Any of these types of interruption may adversely affect our business and reputation, thereby adversely affecting our financial condition and results of operations.

Moreover, we maintain a database of information about our suppliers, employees and customers, which mainly includes, but is not limited to, data collected when customers sign up for our loyalty programs. If we experience a breach in our security procedures that affect the integrity of our database, including unauthorized access to any personal information of our customers, we may be subject to legal proceedings that could result in damages, fines and harm to our reputation.

Some of our suppliers and service providers have significant access to confidential and strategic data collected by our systems, including confidential information regarding our customers. Any unauthorized access to, or release or violation of our systems and data or those of our customers, suppliers or service providers could disrupt our operations, particularly our digital retail operations, cause information losses and cause us to incur significant costs, including the cost of retrieving lost information, which could have a material adverse effect on our business and reputation.

We depend on our information technology systems, and any failure of these systems could adversely affect our business and subject us to risks associated with non-compliance with the applicable data protection laws.

The processing of personal data is regulated in the jurisdictions where we operate by a series of rules enacted in Brazil and Colombia, some of which have just been recently implemented by local authorities.

The general personal data protection regime was established in Colombia in 2012, with the enactment of Law 1581, requiring companies that handle personal data to protect such information and subjecting these companies to fines and penalties such as the suspension of the use of personal databases or the temporary or permanent closure of operations in case of non-compliance with the law or personal data leaks.

In 2018, Law No. 13,709/2018 (*Lei Geral de Proteção de Dados*), or the Brazilian General Data Protection Law, was enacted to take effect in August 2020 and to change the personal data protection system in Brazil. After a few congressional setbacks, the law entered into force as of September 18, 2020. This law sets forth a new legal framework for the treatment of personal data, including the rights of personal data owners; the legal basis applicable to personal data protection; the requirements to obtain consent; the obligations and requirements related to security incidents, personal data leaks and transfers; and the creation of the Brazilian Data Protection Authority, among others. If we fail to comply with the Brazilian General Data Protection Law, we may be subject to penalties, including warning, obligation to disclose the incident, temporary blocking or deletion of personal data and a fine of up to 2% of our revenue or the revenues of our group or conglomerate in Brazil in the last fiscal year, excluding taxes, up to an aggregate amount of R\$50.0 million per infraction. In addition, we may be held responsible for pecuniary, non-pecuniary, individual, or collective damages caused by us and jointly and severally liable for pecuniary non-pecuniary, individual or collective damages caused by our subsidiaries, due to non-compliance with the obligations set forth in the Brazilian General Data Protection Law.

Accordingly, failures in protecting personal data processed by us and complying with applicable law may result in significant fines, disclosure of the incident to the market, deletion of personal data from our database and suspension of our operations, which may adversely affect us.

Our controlling shareholder has the ability to direct our businesses and affairs.

According to Brazilian Law No. 6,404, dated December 15, 1976, as amended, or Brazilian corporate law, our controlling shareholder, the Casino Group, has the power to (i) appoint the majority of the members of our board of directors, who, in turn, appoint our executive officers; and (ii) determine the outcome of the vast majority of actions requiring shareholder approval. Our controlling shareholders' interests and business decisions may prevail over our other shareholders or holders of ADSs.

Unfavorable decisions in legal and administrative proceedings could have a material adverse effect on us.

We are party to legal and administrative proceedings related to civil, regulatory, tax and labor matters. We cannot assure you that these legal proceedings will be decided in our favor. We have made provisions for proceedings in which the chance of loss has been classified as probable by our external legal advisors, management and our audit committee. Our provisions may not be sufficient to cover the total liabilities arising from unfavorable decisions in legal or administrative proceedings. If all or a significant number of these proceedings have an outcome unfavorable to us, our business, financial condition and results of operations may be materially and adversely affected. In addition to provisions recorded on our financial statements and the cost of legal fees associated with the proceedings, we may be required to post bonds in connection with the proceedings, which may adversely affect our financial condition. See "Item 8. Financial Information—8A. Consolidated Statements and Other Financial Information—Legal Proceedings" and note 21 to our audited consolidated financial statements as of and for the year ended December 31, 2021, included elsewhere in this annual report, for a description of our material litigation contingencies.

We may be unable to attract or retain key personnel.

In order to support and develop our operations, we must attract and retain personnel with specific skills and knowledge. We face various challenges inherent to the management of a large number of employees over a wide geographical area. Key personnel may leave us for a variety of reasons and the impact of these departures is difficult to predict, which may hinder the implementation of our strategic plans and adversely affect our results of operations.

We could be materially adversely affected by violations of the Brazilian Anti-Corruption Law, U.S. Foreign Corrupt Practices Act, the Sapin II Law and similar anti-corruption laws.

Law No. 12,846, of August 1, 2013, or the Brazilian Anti-Corruption Law, introduced the concept of strict liability for legal entities involved in harmful acts against the public administration, subjecting the perpetrator to both administrative and civil penalties. Similar to the Foreign Corrupt Practices Act of the United States, to which we are also subject, the Brazilian Anti-Corruption Law considers that an effective implementation of a compliance program may be used to mitigate the administrative penalties to be applied as a consequence of a harmful act against the public administration. Similarly, in Colombia, Law No. 1,778 of 2016 imposes liability on companies if their controlling shareholders, employees, contractors or administrators or of any of their subsidiaries, carry out foreign bribery offences. The sanctions include significant fines and a prohibition to contract with the Colombian government, among others. Likewise, Colombian law contemplates among its criteria for limiting corporate liability the existence, execution and effectiveness of transparency and business ethics programs or anti-corruption mechanisms within the company.

Additionally, French Law No. 1,691, of December 2016, or the Sapin II Law, relates to transparency, preventing corruption and the modernization of economic activity, and determines that companies must establish an anti-corruption program to identify and mitigate corruption risks. Under the Sapin II Law, among others, any legal entity or individual may be held criminally liable for offering a donation, gift or reward with the intent to induce a foreign public official to abuse their position or influence to obtain an undue advantage. The Sapin II Law is applicable to companies belonging to a group whose parent company is headquartered in France and whose workforce includes at least 500 employees worldwide. As such, the Sapin II Law applies to us. The key anti-corruption provisions of the Sapin II Law have been in force since June 1, 2017.

Failure to comply with anti-corruption laws in any of the countries where we have operations and to which we are subject or any investigations of misconduct, or enforcement actions could subject us to fines, loss

of operating licenses, and reputational harm as well as other penalties, including individual arrests, which may materially and adversely affect us, our reputation, and the trading price of the ADSs and our common shares.

Some categories of products that we sell are principally acquired from a few suppliers and over-concentration could disrupt the availability of these products.

Some categories of products that we sell are principally acquired from a few suppliers. If any supplier is not able to supply the products in the quantity and at the frequency that we normally acquire them, and we are not able to replace the supplier on acceptable terms or at all, we may be unable to maintain our usual level of sales in the affected category of product, which may have a material adverse effect on our business and operations and, consequently, on our results of operations.

We may be held responsible for consumer incidents involving adverse reactions after consumption of products sold by us.

Products sold in our stores may cause consumers to suffer adverse reactions. Incidents involving these products may have a material adverse effect on our operations, financial condition, results of operations and reputation. Legal or administrative proceedings related to these incidents may be initiated against us, with allegations, among others, that our products were defective, damaged, adulterated, contaminated, do not contain the properties advertised or do not contain adequate information about possible side effects or interactions with other chemical substances. Any actual or possible health risk associated with these products, including negative publicity related to these risks, may lead to a loss of confidence among our customers regarding the safety, efficacy and quality of the products sold in our stores, especially our private label products. Any allegation of this nature made against our brands or products sold in our stores may have a material adverse effect on our operations, financial condition, results of operations and reputation.

We are subject to environmental laws and regulations and any non-compliance may adversely affect our financial condition and results of operations.

We are subject to a number of federal, state and municipal laws and regulations relating to the preservation and protection of the environment, especially in relation to our gas stations. Among other obligations, these laws and regulations establish environmental licensing requirements and standards for the release of effluents, gaseous emissions, management of solid waste and protected areas. We incur expenses for the prevention, control, reduction or elimination of releases into the air, ground and water at our gas stations, as well as in the disposal and handling of wastes at our stores and distribution centers. Any failure to comply with those laws and regulations may subject us to significant administrative and criminal sanctions, such as fines and shutdown of business and operations, in addition to the obligation to remediate or indemnify others for the damages caused. We cannot ensure that these laws and regulations will not become stricter. If they do, we may be required to increase, perhaps significantly, our capital expenditures and costs to comply with these environmental laws and regulations. Sanctions for non-compliance with environmental laws and regulations and unforeseen environmental investments could materially and adversely affect our financial condition and results of operations.

Risks Relating to the ADSs and Our Common Shares

ADS holders may find it difficult to exercise voting rights at our shareholders' meetings.

ADS holders may only exercise their voting rights in accordance with the deposit agreement governing the ADRs. Holders of ADSs face practical limitations in exercising their voting rights because of the additional steps involved in our communications with ADS holders. For example, we are required to publish a notice of our shareholders' meetings in specified newspapers in Brazil. Holders of our common shares are able to exercise their voting rights by attending a shareholders' meeting in person or virtually (whenever the shareholders' meeting is held under a partial or 100% digital format), by means of the distance voting form (*boletim de voto a distância*) or by voting by proxy. By contrast, ADS holders will receive notice of a shareholders' meeting by mail from the depositary bank for the ADSs if we give notice to the depositary requesting it to do so. To exercise their voting rights, ADS holders must instruct the depositary on a timely basis. This voting process necessarily takes longer for ADS holders than for holders of our common shares. If the depositary fails to receive timely voting instructions for all or part of the ADSs, the depositary will assume that those ADS holders are instructing it to give a discretionary proxy to a person designated by us to vote their ADSs, to the extent permitted by the New York Stock Exchange, or the NYSE, rules.

ADS holders also may not receive the voting materials in time to instruct the depositary to vote our common shares underlying the ADSs. In addition, the depositary and its agents are not responsible for failing to carry out voting instructions of the ADS holders or for the manner of carrying out those voting instructions. Accordingly, ADS holders may not be able to exercise voting rights, and they have little, if any, recourse if the common shares underlying the ADSs are not voted as requested.

If you exchange the ADSs for common shares, as a result of Brazilian regulations you may risk losing the ability to remit foreign currency abroad.

As an ADS holder, you benefit from the electronic certificate of foreign capital registration obtained by Itaú Corretora de Valores S.A., or the Custodian, for our common shares underlying the ADSs in Brazil, which permits the Custodian to convert dividends and other distributions with respect to the common shares into non-Brazilian currency and remit the proceeds abroad. If you surrender your ADSs and withdraw common shares, you will be entitled to continue to rely on the Custodian's electronic certificate of foreign capital registration for only five business days from the date of withdrawal. Thereafter, upon the disposition of or distributions relating to the common shares, you will not be able to remit abroad non-Brazilian currency unless you obtain your own electronic certificate of foreign capital registration or you qualify under Brazilian foreign investment regulations that entitle some foreign investors to buy and sell common shares on Brazilian stock exchanges without obtaining separate electronic certificates of foreign capital registration. If you do not qualify under the foreign investment regulations, you will generally be subject to less favorable tax treatment of dividends and distributions on, and the proceeds from any sale of, our common shares.

If you attempt to obtain your own electronic certificate of foreign capital registration, you may incur expenses or suffer delays in the application process, which could delay your ability to receive dividends or distributions relating to our common shares or the return of your capital in a timely manner. The depositary's electronic certificate of foreign capital registration may also be adversely affected by future legislative changes. See "Item 10. Additional Information—10D. Exchange Controls."

You might be unable to exercise preemptive rights with respect to the common shares underlying the ADSs.

You will not be able to exercise the preemptive rights relating to the common shares underlying your ADSs unless a registration statement under the United States Securities Act of 1933, as amended, or the Securities Act, is effective with respect to those rights, or an exemption from the registration requirements of the Securities Act is available. We are not obligated to file a registration statement or to take any action to make preemptive rights available to holders of ADSs. Unless we file a registration statement or an exemption from registration applies, you may receive only the net proceeds from the sale of your preemptive rights by the depositary or, if the preemptive rights cannot be sold, they will lapse and you will not receive any value for them. In addition, we may issue a substantial number of common shares as consideration for future acquisitions or for any other fundraising needs, and we may choose not to extend preemptive rights to holders of ADSs.

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

Investing in securities that are traded in emerging markets, including in Brazil, often involves greater risk and are generally considered to be more speculative in nature than investing in securities traded in the securities markets of more developed countries. These investments are subject to certain economic and political risks, including (i) changes in the regulatory, tax, economic and political environment that may affect the ability of investors to obtain a total or partial return on their investments; and (ii) restrictions on foreign investment and return of capital invested.

The Brazilian securities market is substantially smaller, less liquid, more volatile and more concentrated than major international securities markets, including the securities market of the United States. Furthermore, the regulations of B3 may differ from what foreign investors are accustomed to seeing in other international exchanges. The characteristics of the Brazilian securities market may substantially limit the ability of holders of the common shares underlying the ADSs to sell them at the time and price they desire and, consequently, may adversely affect the market price of our common shares. If a liquid and active trading market is not maintained, the trading price of our common shares may be negatively affected.

Holders of the ADSs and our common shares may not receive any dividends.

According to our bylaws, we must pay to our shareholders at least 25% of our annual net income as dividends, as determined and adjusted under Brazilian corporate law. This adjusted income may be used to absorb losses or otherwise be appropriated as permitted by Brazilian corporate law and may not be available to be paid as dividends. We may not pay dividends to our shareholders in any particular fiscal year if our board of directors determines that these distributions would be inadvisable in view of our financial condition.

Our status as a foreign private issuer exempts us from certain of the corporate governance standards of the NYSE limiting the protections afforded to investors.

We are a “foreign private issuer” within the meaning of the NYSE corporate governance standards. Under the NYSE listing rules, a foreign private issuer may elect to comply with the practice of its home country and not to comply with certain NYSE corporate governance requirements, including the requirements that (i) a majority of the board of directors consist of independent directors, (ii) a nominating and corporate governance committee be established that is composed entirely of independent directors and has a written charter addressing the committee’s purpose and responsibilities, (iii) a compensation committee be established that is composed entirely of independent directors and has a written charter addressing the committee’s purpose and responsibilities, and (iv) an annual performance evaluation of the nominating and corporate governance and compensation committees be undertaken. Therefore, ADS holders do not have the same protections afforded to shareholders of companies that are subject to all NYSE corporate governance requirements.

For example, as a foreign private issuer, we chose to rely on an exemption under Rule 10A-3(c)(3) of the Exchange Act of 1934, as amended, or the Exchange Act with respect to our audit committee. For a further discussion of our statutory audit committee and the audit committee exemption, see “Item 6. Directors, Senior Management and Employees—6C. Board Practices—Committees of the Board of Directors—Audit Committee.”

U.S. securities laws do not require us to disclose as much information to investors as a U.S. issuer is required to disclose, and you may receive less information about us than you might otherwise receive from a comparable U.S. company.

The corporate disclosure requirements applicable to us may not be equivalent to the requirements applicable to a U.S. company and, as a result, you may receive less information about us than you might otherwise receive in connection with a comparable U.S. company. We are subject to the periodic reporting requirements of the Exchange Act that apply to “foreign private issuers.” The periodic disclosure required of foreign private issuers under the Exchange Act is more limited than the periodic disclosure required of U.S. issuers. For example, we are required only to file an annual report on Form 20-F, but we are not required to file any quarterly reports. A U.S. registrant must file an annual report on Form 10-K and three quarterly reports on Form 10-Q. In addition, we are required to file current reports on Form 6-K, but the information that we must disclose in those reports is governed primarily by Brazilian law disclosure requirements and may differ from Form 8-K’s current reporting requirements imposed on a U.S. issuer. Finally, we are not subject to the proxy requirements of Section 14 of the Exchange Act and our officers, directors and principal shareholders are not subject to the short swing insider trading reporting and recovery requirements under Section 16 of the Exchange Act.

ITEM 4. INFORMATION ON THE COMPANY

4A. History and Development of the Company

We were incorporated in Brazil under the laws of this jurisdiction on November 10, 1981, as Companhia Brasileira de Distribuição. Our principal executive offices are located at Avenida Brigadeiro Luiz Antonio, 3142, São Paulo, SP, Brazil (telephone: +55-11-3886-0421). Our agent for service of process in the United States is CT Corporation, 28 Liberty Street, New York, New York, 10005.

We have been a pioneer in the Brazilian retail food industry, opening our first store, a pastry shop, in 1948 in the city of São Paulo under the name *Pão de Açúcar*. We established one of the first supermarket chains in Brazil, opening our first supermarket in 1959 and opening the first hypermarket in Brazil in 1971. Brazilian economic reforms implemented in 1994, including the introduction of the *real* as the Brazilian currency and the drastic reduction of inflation rates, resulted in an unprecedented growth in local consumer markets. This increase in available income and the resulting increase in consumer confidence broadened our addressable customer base and provided us with growth opportunities.

We responded to these changes by strengthening our capital structure, increasing our logistics and technology investments and implementing an expansion strategy focused on the different consumer preferences and needs of the Brazilian population. To support our expansion strategy, consisting of acquisitions and organic growth, we defined the format of our stores to tailor them to the expectations, consumption patterns and purchasing power of the different income levels in Brazil. Our stores have operated under different banners targeting the various income segments of the Brazilian population, aiming to provide comprehensive and targeted coverage of the regions where we operate. In order to implement this strategy and to increase our market share, throughout our history, we acquired important Brazilian supermarket chains, which were later and gradually converted into our banners. We also acquired or entered into association with retailers in the home appliances segment and a financial institution, Itaú Unibanco, to offer credit cards and financial services.

Throughout the years, our principal banners included *Pão de Açúcar* (premium supermarkets), *Extra* (hypermarkets, supermarkets, drugstores and gas stations), *Mercado Extra* and *Minuto Pão de Açúcar* (proximity and neighborhood concept stores), *Assaí* (cash and carry stores), and *Ponto Frio* and *Casas Bahia* (home appliances). For further information on our banners, see “—Item 4B. Business Overview—Operations” and “—Item 4B. Business Overview—Operations—Operations in Brazil.”

In addition, we entered into a financial partnership called FIC with Itaú Unibanco to offer credit cards and financial services. For further information on FIC, see “—Item 4. Information on the Company—4B. Business Overview—Operations in Brazil—Financial Services.”

In the end of the 2019, with the acquisition of Grupo Éxito, we started to have operations in Colombia, Uruguay and Argentina, through the following banners: (i) *Viva Malls*, *Éxito*, *Carulla*, *Surtimayorista*, *Surtimax* and *Super Inter* in Colombia, (ii) *Devoto*, *Disco* and *Géant* in Uruguay, and (iii) *Libertad*, *Mini Libertad* and *Paseo Libertad Malls* in Argentina.

More recently, our strategy in Brazil has been to focus on the food retail segment in the premium and proximity formats under the banners *Pão de Açúcar*, *Minuto Pão de Açúcar* and *Mercado Extra*.

We summarize below principal historical changes in our business related to acquisitions, divestitures and other significant developments.

Changes in Our Business

Discontinued Operations for the Year Ending December 31, 2022

Extra Hiper Stores

On October 14, 2021 and December 16, 2021, the directors of CBD and Sendas at meetings of the board of directors of both companies approved the conversion of 70 *Extra Hiper* stores operated by us and located in several states of Brazil into cash and carry stores to be operated by Sendas, or the Real Estate Properties Assignment Transaction. The total estimated price of the Real Estate Properties Assignment Transaction is R\$5,200.0 million, of which R\$3,973.0 million will be paid by Sendas to CBD in installments between December 2021 and January 2024. The Real Estate Properties Assignment Transaction was formalized through an assignment agreement between CBD and Sendas for the assignment of the *Extra Hiper* stores and the sale to Sendas of certain equipment of these stores. The consummation of the transaction is subject to several conditions precedent, including the demobilization of all the assigned stores. As of December 31, 2021, we had received R\$1.0 billion from Sendas under the Real Estate Properties Assignment Transaction.

As of the date of this annual report, we had concluded the assignment of 60 *Extra Hiper* stores to Sendas. We expect to assign all the stores to Sendas under the Real Estate Properties Assignment Transaction by the end of May 2022.

Of the 33 *Extra Hiper* stores that were not assigned to Sendas, up to 29 will be converted into *Pão de Açúcar* or *Mercado Extra* stores. We are analyzing whether the remaining four *Extra Hiper* stores will be closed or converted into other banners.

Starting in the second semester of 2022, we will no longer operate under the *Extra Hiper* banner and will focus on the premium and proximity segments, notably under the banners *Pão de Açúcar*, *Minuto*, *Compre Bem* and *Mercado Extra*. Accordingly, we expect to classify the results of operations of the *Extra Hiper* banner as

discontinued operations in our statements of operations in the audited consolidated financial statements for the year ending December 31, 2022. For more information on the discontinuance of the *Extra Hiper* banner, see “Item 5. Operating and Financial Review and Prospects—Item 5A. Operating Results—Discontinued Operations—Discontinued Operations for the Year Ending December 31, 2022—Extra Hiper Stores.”

In addition, on February 25, 2022, we also entered into an agreement with Barzel Properties, a Brazilian real estate investment fund, or Barzel, and Sendas, as an intervening and guaranteeing party, to sell to Barzel 17 of the 70 *Extra Hiper* stores that would initially be assigned to Sendas under the Real Estate Properties Assignment Transaction. The estimated total sale price of these properties is R\$1,200.0 million, which will be paid by Barzel to us. After the conclusion of the sale, the 17 properties will be leased by Barzel to Sendas for a period of 20 years, renewable for the same term. On April 13, 2022, the Administrative Council of Economic Defense, or CADE, approved the sale of these 17 properties.

Drugstores

In line with our strategy of optimizing store platform and allocating resources to accelerate the growth of our most profitable banners, we decided to close all our drugstores.

As of the date of this annual report, we had already closed all our drugstores and discontinued 68 of our drugstores.

We expect to classify the results of operations of our drugstores as discontinued operations in our statements of operations in the audited consolidated financial statements for the year ending December 31, 2022.

Acquisition of Grupo Éxito

In June 2019, our board of directors approved the recommendation of our controlling shareholder, Casino, to carry out a reorganization to simplify its activities and businesses in Latin America. The proposed transaction comprised: an all-cash tender offer by our then wholly owned subsidiary Sendas in which it acquired 96.57% of the shares of Grupo Éxito; a purchase agreement between Casino and Grupo Éxito, pursuant to which Casino acquired all controlling shares issued by us and held indirectly by Grupo Éxito; and our migration to the *Novo Mercado* listing segment of B3 with the consequent conversion of all of our preferred shares into common shares.

The acquisition was consummated in November 2019 and we have begun to consolidate Grupo Éxito’s results of operations in our financial statements since December 1, 2019. On February 14, 2020, B3 approved our migration from the Level 1 listing segment to the *Novo Mercado* listing segment of B3, its highest level of corporate governance.

With the acquisition of Grupo Éxito, we started to have operations in Colombia, Uruguay and Argentina, through the following banners: (i) *Viva Malls*, *Éxito*, *Carulla*, *Surtimayorista*, *Surtimax* and *Super Inter* in Colombia, (ii) *Devoto*, *Disco* and *Géant* in Uruguay, and (iii) *Libertad*, *Mini Libertad* and *Paseo Libertad Malls* in Argentina.

Our banners in Colombia include *Viva Malls* (shopping malls), *Éxito* (hypermarkets and supermarkets) *Éxito Express* (convenience stores), *Vecino* (supermarkets), *Carulla* (high quality supermarkets) *Carulla Express* (proximity and neighborhood concept stores), *Surtimayorista* (cash & carry stores), *Surtimax* (lost-cost convenience stores) and *Super Inter* (low-cost supermarket).

Our banners in Uruguay include *Disco* (supermarkets), *Devoto* (supermarkets), *Devoto Express* (convenience stores) and *Géant* (hypermarkets).

Our banners in Argentina include *Paseo Libertad Malls* (shopping malls), *Libertad* (hypermarkets) and *Mini Libertad* (proximity and neighborhood concept stores).

Spin-off of Cash and Carry Operating Segment

From 2007 to 2009, we acquired a 100% ownership interest in Sendas Distribuidora S.A., which operated cash and carry stores under the *Assaí* banner.

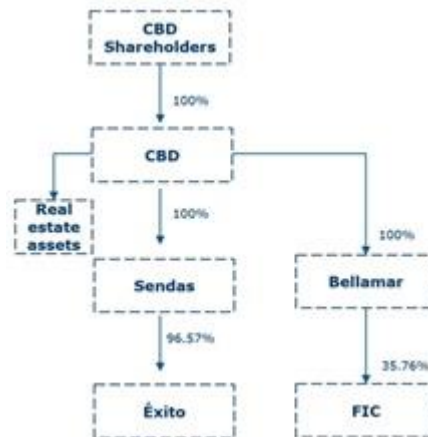
In December 2020, our board of directors approved a corporate reorganization to carry out the separation of the cash and carry business through a spin-off of our then wholly owned subsidiary Sendas and the shareholders of CBD and Sendas at extraordinary shareholders' meetings of both companies approved the Sendas Separation and Sendas Spin-off.

In addition, pursuant to a series of corporate transactions, Sendas underwent a corporate reorganization, the "Sendas Corporate Reorganization," which consisted of the transfer of certain Sendas' assets and 96.57% equity interest in Éxito to CBD for certain CBD's assets, including capital contributions, 50% of the shares of Bellamar Empreendimentos e Participações Ltda., or Bellamar, a holding company that holds an investment in 35.8% of the shares of FIC, and five parcels of real estate assets.

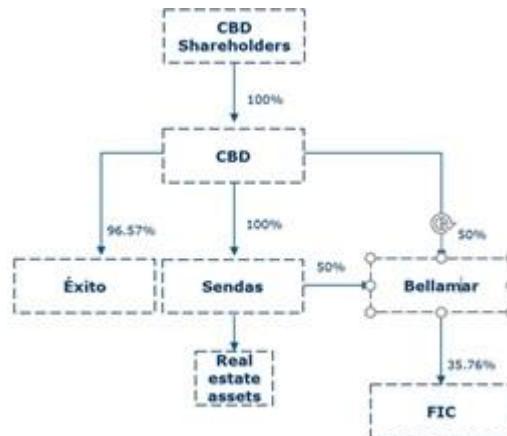
In addition, on December 14, 2020, we entered into a Separation Agreement with Sendas, which provides a framework for our relationship with Sendas following the Sendas Separation and the Sendas Spin-Off. For further information on the Separation Agreement, see "Item 7. Major Shareholders and Related Party Transactions—7B. Related Party Transactions—Agreements with Sendas."

Set forth below are simplified structure charts showing CBD and its relevant subsidiaries, including Sendas and Éxito, and equity interests: (1) immediately prior to the Sendas Corporate Reorganization; and (2) immediately following the Sendas Corporate Reorganization.

Pre- Sendas Corporate Reorganization

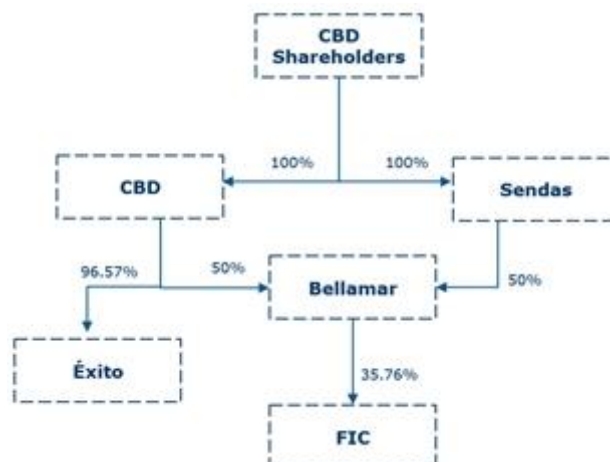


Post-Sendas Corporate Reorganization



Set forth below is a structure chart showing CBD and Sendas and their relevant subsidiaries immediately following the Sendas Spin-Off:

Post Sendas Spin-Off



On February 26, 2021, our shareholders received shares issued by Sendas, in proportion to their respective holdings in the capital stock of CBD, on a *pro rata* basis for no consideration. The distribution occurred after the listing of Sendas common shares on the *Novo Mercado* segment of B3 and after the approval of listing of ADRs representing Sendas common shares on the NYSE. Upon consummation of the Sendas Spin-Off, Sendas has become an independent and publicly traded company. The goal of the Sendas Spin-off was to unlock the full potential of the Company's cash and carry and traditional retail businesses, allowing them to operate on a standalone basis, with separate management teams, and focusing on their respective business models and market opportunities. Additionally, the Sendas Spin-off is expected to provide each of the businesses with direct access to the capital markets and other sources of funding, hence allowing them to prioritize investments according to each company's profile, thus creating more value for their respective shareholders.

Sale of Home Appliances Operating Segment

In 2009, we acquired a 98.8% of ownership interest in Globex (which later changed its corporate name to Via), a company which operated in the home appliances sector under the brand name *Ponto Frio*.

In 2010, through an association with members of the Klein family who represent the partners of Casa Bahia Comercial Ltda., or Casa Bahia Comercial, a Brazilian home appliances retailer which operated under the brand name *Casas Bahia*, we and the partners of Casa Bahia Comercial merged our respective businesses in the home appliances and e-commerce segments under Via. As a result, we then owned 52.4% of Via. After Via's initial public offering in Brazil in the end of 2013, our equity interest in Via was 62.25% of the common shares and 43.35% of the total capital stock.

In November 2016, our board of directors approved the plan to sell our equity interest in Via, in line with our long-term strategy of focusing on the development of the food retail segment. Since then, in accordance with IFRS 5, we reported separately the results of Via as discontinued operations in one single line item in assets, liabilities and income statement.

In December 2018 and February 2019, through total return swap transactions, involving the sale of common shares of Via, we sold an aggregate of 6.95% of Via's total capital stock on the B3 at a price of R\$4.90 per share, totaling R\$2,300 million. We recognized a gain on sale in the results of discontinued operations of R\$398 million, net of the effect of income taxes of R\$199 million and related costs. On June 14, 2019, we sold by means of an auction procedure all of our equity interest in Via on B3 for the price of R\$4.90 per share, totaling R\$2,300.7 million. Since then, we ceased consolidating Via's assets, liabilities and operating results that were classified as held for sale. As a result of the sale, we recognized a gain on sale of investment of R\$398 million, net of tax.

Since June 14, 2019, we no longer exercise influence over Via's management.

After the consummation of the sale of all our equity interest in Via, certain transactions, previously existing between the Company and Via when Via was part of the Pão de Açúcar Group, remained in effect. While most of the transactions have been terminated, we and Via are under discussions with respect to allegedly outstanding obligations under certain agreements regarding their amicable termination or replacement.

For additional information on these transactions, see "Item 7. Major Shareholders and Related Party Transactions—7B. Related Party Transactions—Via".

Corporate Reorganization of E-commerce Operating Segment

Cnova Brazil was a wholly owned subsidiary of Cnova and owned our and Via's Brazilian non-food e-commerce businesses. Following the completion of the Cnova corporate reorganization in October 2016, Cnova Brazil became a wholly owned subsidiary of Via, operating the websites *Extra.com.br*, *Pontofrio.com* and *Casasbahia.com.br*, and ceased to be a shareholder of Cnova. Cnova has continued its e-commerce operations outside of Brazil, focusing entirely on *Cdiscount*. Also, we were no longer the majority shareholder of Cnova, remaining with a 34.2% equity interest in Cnova, which we started to recognize through the equity pick-up accounting method.

The corporate reorganization of Cnova consisted of (i) a reorganization agreement entered into by and among Cnova, Cnova Brazil and Via, dated August 2016; and (ii) concurrent tender offers launched by Casino to purchase any and all Cnova common shares in the United States and in France in December 2016.

In connection with the Cnova corporate reorganization, Casino and CBD entered into commitment and support letters to govern the parties' ongoing relationship in their capacity as shareholders of Cnova after the Cnova corporate reorganization. Casino submitted the commitment letter to CBD, pursuant to which it grants us certain governance and liquidity rights in relation to the interest held by CBD in Cnova, including, among others: (i) CBD's right to designate at least one member to the board of directors of Cnova, taking into account the number of members proportional to CBD's interest; (ii) CBD will have priority over Casino to sell its shares in a public offering for the distribution of shares with respect to 90% of the total shares to be offered in the secondary offering; (iii) CBD will have partial tag along rights in case Casino sells its Cnova shares and the sale does not constitute a change of control; in case of change of control, CBD will have the right to sell all of its shares; (iv) CBD will be treated *pari passu* in relation to Casino in any transfer of Cnova shares to any third party or in case of any reorganization or corporate transaction resulting in any exchange, redemption or another issuance of Cnova shares; and (v) in case of any reorganization or corporate transaction involving Cnova, Casino will use its reasonable measures to cause CBD to receive securities in exchange for Cnova shares that are as liquid as the Cnova shares currently held by CBD.

Digital Transformation

To advance our digital transformation and expand our investment in technology, in 2018, we acquired the delivery app *James*, a multiservice platform for ordering and delivering our products, connecting customers, deliverers and establishments and, in 2019, we acquired *Cheftime*, a Brazilian company focused on ready-to-eat and cook-it-yourself meal kits. Also in 2019, we and Raia Drogasil formed Stix, the legal entity that operates the *Stix Fidelidade* loyalty program. The loyalty program was developed to better adapt to our customers' demand for delivery and e-commerce services. In addition, the program allows its users to earn points on purchases made on associated retailers' websites and stores, including us and Raia Drogasil, which are redeemable for products, services, discounts and other benefits. *Stix Fidelidade* also has Banco Itaú as a strategic partner responsible for enabling Banco Itaú's clients to acquire points under *Stix Fidelidade* under certain terms and conditions.

For more information on our digital transformation, see "Item 5A. Operating Results—Overview of the Fiscal Year Ended December 31, 2021" and "Item 5D. Trend Information."

Repositioning our Private Label

In 2018, we started to focus on repositioning our private label portfolio, with a priority on improving quality and price competitiveness as an important process for building client loyalty in the markets in which we operate. As part of this initiative, we have started working more closely with suppliers, entering into long-term partnerships and ensuring higher production levels, which allow us to maintain our product launch rates and reach better margins. The portfolio underwent a renovation process and new products were launched, representing the entry in new categories.

For more information on our private labels, see "Item 4B. Business Overview—Private Label Products."

Capital Expenditures and Investment Plan

As part of our capital expenditures and investment plan, we have invested R\$6.5 billion in our consolidated operations in the three years ended December 31, 2021. As a result of the discontinuation of the operations of Sendas, we decreased our capital expenditures in our continuing operations by 49.1% from R\$2.5 billion in 2020 to R\$1.3 billion in 2021.

Our capital expenditures and investment plan in 2021 aimed to foster (i) the opening of new stores and store conversions; (ii) store renovations; (iii) improvements to information technology; and (iv) improvements to distribution facilities. We have historically financed our capital expenditures and investments mainly with cash flow generated from our operations and, to a lesser extent, funded by third parties. We plan to continue financing our capital expenditures and investments principally with cash flow from our operations and the cash flow from the sale of *Extra Hiper* stores. For more information on the sale of *Extra Hiper* stores, see "Changes in Our Business—Discontinued Operations for the Year Ending December 31, 2022—Extra Hiper Stores."

Our investments in the last three years ended December 31, 2021 have included:

Opening of new stores and store conversions – In the Brazilian retail sector, we seek to rent real estate properties when there is an opportunity to open new stores under one of our banners or local supermarket chain acquisition opportunities that suit one of our formats.

In the first semester of 2021, we converted six *Extra Supermercado* stores into *Mercado Extra* stores, concluding the process of conversion of all *Extra Supermercado* stores into *Mercado Extra* and *Compre Bem* stores, and opened 14 stores, of which 12 were *Minuto Pão de Açúcar* stores, one was a *Pão de Açúcar* store and one was a *Mini Extra* store.

In addition, as a consequence of the Real Estate Properties Assignment Transaction, we discontinued 31 *Extra Hiper* stores and concluded the sale of 20 of these stores to Sendas, in 2021.

In the Grupo Éxito segment, 57 stores were inaugurated among openings and conversions, 51 of which were located in Colombia. Of the 51 stores that were inaugurated in Colombia: (i) nine consisted of *Éxito*; (ii) eight consisted of *Éxito WOW* hypermarkets, which operate under the *Éxito* banner; (iii) 15 consisted of *Carulla*; (iv) eight consisted of *Carulla Fresh Market*, which operate under the *Carulla* banner; (v) two consisted of *Surtimayorista*; (vi) 18 consisted of *Super Inter Vecinos*; and (vii) seven consisted of *Surtimax* stores. Another 16 stores were closed in Colombia (five *Éxito*, two *Carulla*, two *Surtimax* and seven *Super Inter* stores).

Six stores were inaugurated in Uruguay (two new *Devoto* stores and four *Disco* and *Devoto* stores that were reformed to the *Fresh Market* format).

Renovation of existing stores – We usually remodel a number of our stores every year. Through our renovation program, we updated refrigeration equipment in our stores, created a more modern, customer-friendly and efficient environment and outfit our stores with advanced information technology systems.

Improvements to information technology – We view technology as an important tool for efficiency and security in the flow of information among stores, distribution centers, suppliers and corporate headquarters. We have made significant investments in information technology, totaling R\$522 million from 2019 through 2021. For more information on our information technology, see “—Item 4B. Business Overview—Information Technology.”

Improvements to distribution facilities and others – We own and lease distribution centers and warehouses. The improvement in storage space enables us to further centralize purchasing for our stores and, together with improvements to our information technology, improve the overall efficiency of our inventory flow. We have invested R\$929.0 million in our distribution facilities from 2019 through 2021.

The following table provides a summary description of our principal capital expenditures for the periods indicated:

	Year Ended December 31,			
	2021	2020	2019	2019-2021
	(in millions of R\$)			
Opening of new stores and store conversions	79	1,054	1,200	2,333
Renovation of existing stores.....	338	533	689	1,560
Information technology	177	179	166	522
Distribution facilities and other	195	276	458	929
Financing assets.....	(61)	110	(27)	22
Brazilian retail ⁽¹⁾	728	2,152	2,486	5,366
Grupo Éxito	539	338	80	957
Total.....	1,267	2,490	2,782	6,539

(1) The total of capital expenditures presented in the table for the years ended December 31, 2020 and 2019 include capital expenditures that we made in Sendas during the period until the Sendas Spin-Off that occurred on December 31, 2020. The capital expenditures related to Sendas totaled R\$1,329.0 million and R\$1,305.0 million in 2019 and 2020, respectively. The table also includes total capital expenditures made in Via until June 2019 when we completed the sale of all our equity interest in Via, which totaled R\$216 million in the year ended December 31, 2019. For additional information on the Sendas Spin-Off and Via sale, see “—Changes in Our Business—Spin-Off of Cash and Carry Operating Segment,” and “—Changes in Our Business—Sale of Home Appliances Operating Segments,” respectively.

We believe that existing resources and operating income will be sufficient for our capital expenditures and investment plan and to meet our liquidity requirements. However, our capital expenditures and investment plan are subject to a number of contingencies, many of which are beyond our control, including the continued growth and stability of the Brazilian economy and the economies of the other Latin American countries where we operate, and our business and operations as well as the conclusion of the Real Estate Properties Assignment Transaction. We cannot assure you that we will successfully complete all or any portion of our capital expenditures and investment plan. In addition, we may participate in acquisitions or divest asset that are not budgeted in the capital expenditures and investment plan and we may modify the plans.

For information on our (i) contractual obligations, see “Item 5B. Liquidity and Capital Resources—Contractual Obligations,” (ii) off-balance sheet arrangements, see “Item 5B. Liquidity and Capital Resources—Off Balance Sheet Arrangements,” (iii) costs relating to the discontinuation of the *Extra Hiper* stores, including costs relating to the termination of employment agreements, see note 1.1. to our audited consolidated financial statements.

SEC Website With Disclosed Information

The SEC maintains a website (<http://www.sec.gov>) that contains all of our filed reports and information statements. We also maintain an investors’ relations website (<http://www.gpari.com.br/en>) that contains the latest updates and material developments of our business. This domain name is listed for informative purposes only and the information contained in this website is not incorporated by reference in this annual report.

4B. Business Overview

The Brazilian Retail Industry

According to the Brazilian Supermarket Association (*Associação Brasileira de Supermercados*), or ABRAS, the Brazilian retail food industry represented approximately 7.5% of Brazil’s GDP in 2020, and the food retail industry in Brazil had gross revenues of approximately R\$554 billion in 2020, representing a 46.5% nominal increase compared to approximately R\$378 billion in 2019.

The Brazilian retail food industry is highly fragmented. According to ABRAS, the five largest supermarket chains that disclosed their revenues to ABRAS represented approximately 30.5% of the retail food industry in 2020, as compared to 38.9% in 2019 and 37.0% in 2018.

According to data published by IBGE, the volume of sales in the food retail sector slightly increased by 0.4% in 2021 compared to 2020.

According to the IBGE, the total population of Brazil was approximately 213.3 million as of December 31, 2021, representing a 0.74% growth compared to December 31, 2020. Given that approximately 85% of the population lives in urban areas (where most of our operations are located) and the urban population has been increasing at a greater rate than the population as a whole, our business is particularly well positioned to benefit from Brazil’s urban growth and economies of scale related to urban growth. According to an IBGE survey, in 2021, the city of São Paulo had an estimated population of 12.4 million and the city of Rio de Janeiro had an estimated population of 6.8 million. These are the two largest cities in Brazil. The state of São Paulo has an estimated total population of 46.6 million, representing 21.9% of the Brazilian population and is our largest consumer market in Brazil, with 603 stores as of December 31, 2021. The state of Rio de Janeiro is our second largest consumer market, with 103 stores as of December 31, 2021.

Brazil’s GDP increased 4.6% in 2021 compared to 2020, while household consumption expenditure decreased by 7.9% in relation to 2020, mainly due to the increase in inflation in 2021.

For more information on the Brazilian economic environment, see “Item 5. Operating and Financial Review and Prospects—5A. Operating Results—Macroeconomic Environment and Factors Affecting Our Results of Operations.”

The Colombian Retail Industry

Sales in the Colombian retail sector (excluding sales of gas and vehicles) increased by 11.8% in 2021 compared to the decrease of 1.7% in 2020, according to DANE. According to the marketing consulting company

Raddar CKG, household consumption in Colombia reached COP\$826,000 million in 2021, an increase of 9.0% when compared to 2020.

According to Nielsen, in 2021, the price of the Nielsen basket in Colombia, which is composed by the prices of food and cleaning products, increased by 13.9% in value and 7.7% in volume when compared to 2020. In 2021, the beverages industry presented a 11.9% growth in volume, while the consumption of the home and personal care and the food industries increased by 2.0% and 3.1 % respectively. Also in 2021, the market share of neighborhood stores in the food retail industry in Colombia was 43.4%, compared to 40.2% in 2020. This increase was due to the decision adopted by the Colombian government in the second semester of 2021 to lift the mobility restrictions that had been previously imposed to combat the COVID-19 pandemic outbreak. The lifting of these restrictions increased foot traffic in the vicinity of neighborhood stores resulting in an increase in the market share of neighborhood stores in the Colombian food retail industry and a decrease in the market share of supermarkets. In 2021, the market share of supermarket chains was 32.8% compared to 36.6% in 2020. In the same year, the market share of low-cost supermarkets was 15.7%, representing an increase of 0.6% when compared to 2020, with an 8.1% participation of drugstores and small owner-operated businesses (the so called “mom-and-pop stores”).

Operations

We are the largest traditional retailer in sales in the food segment in Brazil and the largest supermarket chain in Colombia in terms of market share, both according to Nielsen. We also have operations in Uruguay and Argentina.

We operate in the Brazilian retail industry, which consists of sales of food and non-food products to individual consumers at (i) supermarkets through the banners *Pão de Açúcar*, *Mercado Extra* and *Compre Bem*; (ii) proximity and specialized stores through the banners *Mini Extra*, *Minuto Pão de Açúcar*, *Pão de Açúcar Adega* and *Aliados Minimercado*; and (iii) gas stations through the *Pão de Açúcar*, *Mercado Extra* and *Compre Bem* banners. The Brazilian retail segment also includes revenues related to rentals of commercial spaces in our stores and e-commerce sales.

Within the Brazilian retail food industry, we had a total market share based on same store sales of approximately 11.9% in 2021, according to information published by Nielsen. For the year ended December 31, 2021, our net operating revenue of the Brazilian retail segment, totaled R\$26.9 billion. As of December 31, 2021, we operated 667 stores, 74 gas stations and 68 drugstores in 16 Brazilian states and in the Federal District, in addition to a logistics infrastructure supported by 15 distribution centers and warehouses across Brazil.

We expect to classify the results of operations of the *Extra Hiper* banner and the results of operations of our drugstores as discontinued operations in our audited consolidated financial statements for the year ending December 31, 2022. For more information on the discontinuance of the *Extra Hiper* banner and our drugstores, see “Item 5A. Discontinued Operations—Discontinued Operations for the Year Ending December 31, 2022—Extra Hiper Stores” and “Item 5A. Discontinued Operations—Discontinued Operations for the Year Ending December 31, 2022—Drugstores.”

In addition, we are also a leading food retailer in Colombia, mainly with hypermarkets and supermarkets and also cash and carry stores, proximity stores, loyalty programs, private label products and financial services business. As of December 31, 2021, the Grupo Éxito operated in Colombia, Uruguay and Argentina, through the following banners: (i) *Éxito*, *Carulla*, *Surtimayorista*, *Surtimax*, *Super Inter* and *Viva Malls* in Colombia, (ii) *Devoto*, *Disco* and *Géant* in Uruguay, and (iii) *Libertad*, *Mini Libertad* and *Paseo Libertad Malls* in Argentina. As of December 31, 2021, the *Éxito*, *Carulla*, *Surtimax*, *Super Inter* and *Surtimayorista* banners had a total of 503 stores in Colombia.

According to Nielsen, Grupo Éxito was the largest supermarket chain in Colombia with a market share of 23.4% in 2021. For the year ended December 31, 2021, the net operating revenue of the Grupo Éxito segment totaled R\$24.7 billion. As of December 31, 2021, we operated 620 stores and 24 gas stations in Colombia, Uruguay and Argentina, in addition to a logistics infrastructure supported by 18 distribution centers and warehouses across these countries.

We operate in the retail of food and non-food products. Food products include non-perishables, beverages, fruits, vegetables, meat, bread, cold cuts, dairy products, cleaning products, disposable products and personal care products. We also sell home appliances and other non-food products, which include clothing items,

baby items, shoes and accessories, household articles, books, magazines, CDs and DVDs, stationery, toys, sports and camping gear, furniture, mobile phones, mattresses, pet products, gardening equipment and tools and electronics products, such as personal computers, software, computer accessories and sound and image systems. We also offer some of the products listed above under our private label. In addition, we sell our products through our websites.

We also retail the non-food products we sell at our drugstores, such as medications and cosmetics, and non-food products we sell and the services we provide at our gas stations. However, we expect to classify the results of operations of our drugstores as discontinued operations in our audited consolidated financial statements for the year ending December 31, 2022. For more information on the discontinuance of our drugstores, see “Item 5A. Discontinued Operations—Discontinued Operations for the Year Ending December 31, 2022—Drugstores.”

For more information on our operating segments, see note 31 to our audited consolidated financial statements as of and for the year ended December 31, 2021, included elsewhere in this annual report.

Segment Revenue and Income Distribution

We measure the results of our operating segments in accordance with IFRS using, among other measures, each segment’s operating results.

The table below shows the breakdown of our consolidated gross sales and net operating revenue by banner and other operations, in addition to the Brazilian retail and Grupo Éxito segments, for the year ended December 31, 2021:

	Year Ended December 31, 2021			
	Gross Sales ⁽¹⁾	Percentage of Total Gross Profit	Net Operating Revenue	Percentage of Total Net Operating Revenue
Banners and other operations	(in millions of R\$)	(%)	(in millions of R\$)	(%)
<i>Extra/Compre Bem</i> ⁽²⁾	16,732	29.7%	15,216	29.7%
<i>Pão de Açúcar</i>	7,801	13.8%	7,079	13.8%
Proximity stores ⁽³⁾	2,196	3.9%	2,082	4.1%
Drugstores, gas stations and Delivery ⁽⁴⁾	2,299	4.1%	2,487	4.8%
Brazilian retail segment	29,028	51.5%	26,864	52.4%
<i>Éxito</i>	14,185	25.2%	12,777	24.9%
<i>Carulla</i>	2,872	5.1%	2,638	5.1%
<i>Surtimax and Super Inter</i>	1,748	3.1%	1,635	3.2%
B2B and Others	1,864	3.3%	1,703	3.3%
Colombia	20,669	36.7%	18,752	36.6%
Uruguay	4,552	8.1%	3,853	7.5%
Argentina	2,044	3.6%	1,752	3.4%
Grupo Éxito segment ⁽⁵⁾	27,265	48.4%	24,357	47.5%
Other ⁽⁶⁾	81	0.1%	70	0.1%
Total	56,374	100%	51,291	100%

(1) We calculate gross sales by adding taxes on sales to net operating revenue. For a reconciliation of gross sales to net operating revenue, see note 25 to our audited consolidated financial statements as of and for the year ended December 31, 2021, included elsewhere in this annual report.

(2) Includes the banners *Extra Hiper*, *Extra Supermercado*, *Mercado Extra* and *Compre Bem*. We expect to classify the results of operations of the *Extra Hiper* banner as discontinued operations in our audited consolidated financial statements for the year ending December 31, 2022. For more information on the discontinuance of the *Extra Hiper* banner, see “Item 5A. Discontinued Operations—Discontinued Operations for the Year Ending December 31, 2022—Extra Hiper Stores.” In the first semester of 2021, we converted six *Extra Supermercado* stores into *Mercado Extra* stores, concluding the process of conversion of all *Extra Supermercado* stores into *Mercado Extra* and *Compre Bem* stores. Accordingly, the operational information relating to the *Mercado Extra* and *Compre Bem* banners include the operations of the *Extra Supermercado* stores until June 30, 2021.

(3) Includes the banners *Mini Extra*, *Minuto Pão de Açúcar*, *Pão de Açúcar Adegas* and *Aliados Minimercado*.

(4) Includes drugstores, gas stations, food delivery and real estate business units. We expect to classify the results of operations of our drugstores as discontinued operations in our audited consolidated financial statements for the year ending December 31, 2022. For more information on the discontinuance of our drugstores, see “Item 5A. Discontinued Operations—Discontinued Operations for the Year Ending December 31, 2022—Drugstores.”

(5) Includes our operations in Colombia, Uruguay and Argentina since our acquisition of Grupo Éxito in November 2019. For information on the acquisition of Grupo Éxito, see “—4A. History and Development of the Company—Changes in Our Business—Acquisition of Grupo Éxito”.

(6) Includes the banners *Cheftime*, *James* and *Stix Fidelidade*.

The table below shows the breakdown of our consolidated operating income (loss) by reportable segment, taking into account the operating income from Brazilian retail, the Grupo Éxito and other operations. We present results of the reportable segments in accordance with IFRS, the measure used by management in evaluating the performance of and strategy for the segments listed below.

Reportable segment	Year Ended December 31, 2021	
	Operating Income (Loss) from the Segment	Percentage of Total Operating Income (Loss)
	(in millions of R\$)	(%)
Brazilian retail ⁽¹⁾	625	65.1%
Grupo Éxito ⁽²⁾	532	55.4%
Other ⁽³⁾	(197)	(20.5%)
Total	960	100%

(1) Includes *Pão de Açúcar*, *Extra Hiper*, *Mercado Extra*, *Compre Bem*, *Mini Extra*, *Minuto Pão de Açúcar*, *Aliados Minimercado* and *Pão de Açúcar Adega* banners and *GPA Malls* our real estate business unit that operates in Brazil.

(2) Includes our operations in Colombia, Uruguay and Argentina since our acquisition of Grupo Éxito in November 2019, including our real estate business units that operate in Colombia and Argentina.

(3) Includes the banners *Chefprime*, *James*, *Cdiscount* and *Stix Fidelidade*.

For more information on our net operating revenue and net income (loss) by reportable segment, see “Item 5. Operating and Financial Review and Prospects—5A. Operating Results—Results of Operations for 2021, 2020 and 2019.”

Stores

The following table sets forth the total number of stores in Brazil at the end of the periods indicated per store format:

	<i>Pão de Açúcar</i>	<i>Extra Hiper</i> ⁽¹⁾	<i>Extra Supermercado</i> ⁽²⁾	<i>Mercado Extra</i>	<i>Compre Bem</i>	<i>Mini Extra</i>	<i>Minuto Pão de Açúcar</i>	Total
As of December 31, 2019⁽²⁾	185	112	53	100	28	152	85	715
During 2020								
Opened	-	-	-	-	-	1	1	2
Closed	(3)	(6)	(6)	-	-	(3)	-	(18)
Converted (from)/to	-	(3)	(41)	41	-	-	-	(3)
As of December 31, 2020⁽³⁾	182	103	6	141	28	150	86	696
During 2021								
Opened	1	-	-	-	-	1	12	14
Closed	(2)	(31)	-	(1)	-	(8)	(1)	(43)
Converted (from)/to	-	-	(6)	6	-	(2)	2	6
As of December 31, 2021	181	72	-	146	28	141	99	667

(1) We expect to classify the results of operations of the *Extra Hiper* banner as discontinued operations in our audited consolidated financial statements for the year ending December 31, 2022. For more information on the discontinuance of the *Extra Hiper* banner, see “Item 5A. Discontinued Operations—Discontinued Operations for the Year Ending December 31, 2022—Extra Hiper Stores.”

(2) In the first semester of 2021, we converted six *Extra Supermercado* stores into *Mercado Extra* stores, concluding the process of conversion of all *Extra Supermercado* stores into *Mercado Extra* and *Compre Bem* stores.

(3) Excludes 74 gas stations and 68 drugstores. We expect to classify the results of operations of our drugstores as discontinued operations in our audited consolidated financial statements for the year ending December 31, 2022. For more information on the discontinuance of our drugstores, see “Item 5A. Discontinued Operations—Discontinued Operations for the Year Ending December 31, 2022—Drugstores.”

As of December 31, 2021, (i) *Éxito*, *Carulla*, *Surtimax* and *Super Inter* banners had a total of 503 stores in Colombia, (ii) *Libertad* and *Mini Libertad* banners had a total of 25 stores in Argentina, and (iii) *Devoto*, *Disco* and *Géant* banners had a total of 92 stores in Uruguay.

The following table sets forth the total number of stores in Colombia, Uruguay and Argentina at the end of the periods indicated per store format:

	<i>Éxito</i>	<i>Carulla</i>	<i>Surtimax</i>	<i>Super Inter</i>	<i>Surtimax orista</i>	<i>Libertad</i>	<i>Mini Libertad</i>	<i>Devoto</i>	<i>Disco</i>	<i>Géant</i>	Total
As of December 31, 2019	247	98	92	70	30	15	10	60	29	2	653
During 2020	(6)	(3)	(18)	(1)	4	0	0	1	0	0	(24)
Opened								1	-	-	1
Closed	(7)	(3)	(13)	(1)	-	-	-	-1	-	-	(25)
Converted (from)/to.....	1	-	(5)	-	4	-	-	-	-	-	0
As of December 31, 2020	241	95	74	69	34	15	10	59	30	2	629
During 2021	(8)	6	(2)	(8)	2	0	0	1	0	0	(9)
Opened	2	3	-	-	1	-	-	2	-	-	8
Closed	(5)	(2)	(2)	(7)	-	-	-	(1)	-	-	(17)
Converted (from)/to.....	(5)	5	-	(1)	1	-	-	-	-	-	0
As of December 31, 2021	233	101	72	61	36	15	10	60	30	2	620

The following table sets forth the number of stores, the total selling area, the average selling area per store, total number of employees and the net operating revenue as a percentage of our consolidated net operating revenue for each of our store formats as of and for the year ended December 31, 2021:

	Store Format	Number of Stores	Total Selling Area (in square meters)⁽¹⁾	Average Selling Area Per Store (in square meters)⁽²⁾	Total Number of Employees⁽³⁾	Percentage of Our Net Operating Revenue
<i>Pão de Açúcar</i>	Supermarket	181	233,151	1,288	14,634	14.1%
<i>Extra Hiper⁽⁴⁾</i>	Hypermarket	72	454,206	6,308	14,243	24.1%
<i>Mercado Extra and Compre Bem⁽⁵⁾</i>	Supermarket	174	196,052	1,127	11,585	10.1%
<i>Mini Extra and Minuto Pão de Açúcar⁽⁶⁾</i>	Proximity Store	240	58,933	246	3,204	4.1%
<i>Grupo Éxito^(*)</i>	Various	620	1,027,785	1,658	37,347	47.5%
<i>Other Businesses⁽⁷⁾</i>	Various	-	-	-	55	0.1%
Total		1,287	1,970,128	1,531	81,067	100.0%

(1) Based on the sale area of each store of the banner.

(2) Total sale area of banner divided by total number of stores of the banner.

(3) Based on the full-time equivalent number of employees, which is the product of the number of Brazilian retail employees (full- and part-time) and the ratio of the average monthly hours of Brazilian retail employees to the average monthly hours of full-time employees.

(4) We expect to classify the results of operations of the *Extra Hiper* banner as discontinued operations in our audited consolidated financial statements for the year ending December 31, 2022. For more information on the discontinuance of the *Extra Hiper* banner, see “Item 5A. Discontinued Operations—Discontinued Operations for the Year Ending December 31, 2022—Extra Hiper Stores.”

(5) In the first semester of 2021, we converted six *Extra Supermercado* stores into *Mercado Extra* stores, concluding the process of conversion of all *Extra Supermercado* stores into *Mercado Extra* and *Compre Bem* stores. Accordingly, the operational information relating to the *Mercado Extra* and *Compre Bem* banners include the operations of the *Extra Supermercado* stores until June 30, 2021.

(6) Excludes 74 gas stations and 68 drugstores. We expect to classify the results of operations of our drugstores as discontinued operations in our audited consolidated financial statements for the year ending December 31, 2022. For more information on the discontinuance of our drugstores, see “Item 5A. Discontinued Operations—Discontinued Operations for the Year Ending December 31, 2022—Drugstores.”

(7) Includes the banners *Cheftime*, *James* and *Stix Fidelidade*.

(*) The table below shows the breakdown of the information related to the number of stores, the total selling area, the average selling area per store and total number of employees for each of our store formats in the Grupo Éxito segment as of and for the year December 31, 2021.

The following table sets forth the number of Grupo Éxito stores, the total selling area, the average selling area per store, total number of employees and the net operating revenue as a percentage of our consolidated net operating revenue for each of our store formats as of and for the year ended December 31, 2021:

	Store Format	Number of Stores	Total Selling Area (in square meters) ⁽¹⁾	Average Selling Area Per Store (in square meters) ⁽²⁾	Total Number of Full Time Employees
Éxito	Hypermarket	91	480,836	5,284	14,205
Éxito Super	Supermarket	30	33,423	1,114	1,104
Carulla	Supermarket	82	82,783	1,010	4,122
Éxito Express	Proximity Store	66	11,014	167	494
Carulla Express	Proximity Store	19	4,501	237	194
Éxito Vecino	Proximity Store	46	95,191	2,069	2,798
Surtimax	Low-cost Store	72	30,989	430	1,007
Super Inter	Low-cost Store	61	58,682	962	2,471
Surtimayorista	Low-cost Store	36	34,870	969	778
Disco	Supermarket	30	35,252	1,175	2,433
Devoto	Supermarket	24	33,714	1,405	2,169
Géant	Hypermarket	2	16,411	8,206	849
Devoto Express	Proximity Store	36	6,517	181	412
Libertad	Hypermarket	15	101,807	6,787	1,813
Mini Libertad	Proximity Store	10	1,796	180	97
Other Businesses ⁽³⁾	Various	-	-	-	6,458
Total	-	620	1,027,787	1,658	41,402

(1) Based on the sale area of each store of the banner.

(2) Total sale area of banner divided by total number of stores of the banner.

(3) Includes gas stations, the headquarters of Grupo Éxito, B2B and complementary business, such as, as real estate business, mobile services business, logistics services, the “Turbo Fresh” express delivery service, marketplace and other projects.

For a description of net operating revenue for each of our store formats, see “Item 5. Operating and Financial Review and Prospects—5A. Operating Results—Results of Operations for 2021, 2020 and 2019.”

Geographic Distribution of Stores

Brazil

We operate mainly in the Southeast region of Brazil, in the states of São Paulo, Rio de Janeiro and Minas Gerais. The Southeast region accounted for 80% of our net operating revenue for the year ended December 31, 2021, while the other Brazilian regions (North, Northeast, Midwest and South), in the aggregate, accounted for 20% of our consolidated net operating revenue for the year ended December 31, 2021. In addition, none of the other Brazilian regions represents individually more than 13% of the consolidated net operating revenue.

The following table sets forth the number of our stores by region as of December 31, 2021:

Region	Supermarket	Hypermarket	Proximity	Total
North	0	1	0	1
Midwest	16	4	0	20
Southeast	303	53	234	590
Northeast	36	14	6	56
South	0	0	0	0
Total	355	72⁽¹⁾	240	667

(1) On October 14, 2021 and December 16, 2021, the directors of CBD and Sendas at meetings of the board of directors of both companies approved the Real Estate Properties Assignment Transaction. The Real Estate Properties Assignment Transaction is subject to the fulfillment of certain conditions, including the prior consent of the owners of certain assigned properties and the demobilization by us of all the assigned stores. As of the date of this annual report, we had concluded the assignment of 60 Extra Hiper stores to Sendas. We expect to assign all the stores to Sendas under the Real Estate Properties Assignment Transaction by the end of May 2022. Of the 33 Extra Hiper stores that were not assigned to Sendas, up to 29 will be converted into Pão de Açúcar or Mercado Extra stores. We are analyzing whether the remaining four Extra Hiper stores will be closed or converted into other banners. Starting in the second semester of 2022, we will no longer operate under the Extra Hiper banner and will focus on the premium and proximity segments, notably under the banners Pão de Açúcar, Minuto, Compre Bem and Mercado Extra. Accordingly, we expect to classify the results of operations of the Extra Hiper banner as discontinued operations in our statements of operations in the audited consolidated financial statements for the year ending December 31, 2022. For more information on the Real Estate Properties Assignment Transaction, see “Item 4A. History and Development of the Company—Changes in Our Business—Discontinued Operations for the Year Ending December 31, 2022—Extra Hiper Stores” and “Item 7B. Related Party Transactions—Agreements with Sendas—Real Estate Properties Assignment Transaction.”

Colombia, Uruguay and Argentina

We have a total of 620 stores in the other Latin American countries where we have operations, of which 503 stores are in Colombia, 92 stores in Uruguay and 25 stores in Argentina, among supermarkets, hypermarkets, low cost and proximity stores.

The following table sets forth the distribution of our stores in Colombia by region as of December 31, 2021:

Region	Supermarket	Hypermarket	Proximity	Total
Bogotá	59	39	140	238
Cali	37	8	6	51
Coast region	18	17	28	63
Coffee region	34	5	7	46
Medellín	24	17	47	88
Santanderes and Boyacá	1	5	11	17
Total	173	91	239	503

Operations in Brazil

We have a multi-channel, multi-format and multi-region portfolio ensuring a strong position in offering products and services to our customers. We have been a long-standing player in the Brazilian retail market, and over the past few years, have adapted our positioning to meet changing consumer needs and preferences.

Our Brazilian retail segment operates under different formats and banners allowing us to reach customers from all socio-economic backgrounds in Brazil.

Store Formats and Banners

Hypermarkets

Extra Hiper Stores

Net operating revenue of the *Extra Hiper* banner reached R\$10.2 billion in 2021, representing a 13% decrease compared to R\$11.7 billion in 2020, due to the measures adopted to terminate the *Extra Hiper* banner in the last quarter of 2021.

As of the date of this annual report, we had concluded the assignment of 60 *Extra Hiper* stores to Sendas. We expect to assign all the stores to Sendas under the Real Estate Properties Assignment Transaction by the end of May 2022. Starting in the second semester of 2022, we will no longer operate under the *Extra Hiper* banner and will focus on the premium and proximity segments, notably under the banners *Pão de Açúcar*, *Minuto*, *Compre Bem* and *Mercado Extra*. Accordingly, we expect to classify the results of operations of the *Extra Hiper* banner as discontinued operations in our audited consolidated financial statements for the year ending December 31, 2022. For more information on the Real Estate Properties Assignment Transaction and the termination of the *Extra Hiper* banner, see “Item 4A. Changes in our Business—Discontinued Operations for the Year Ending December 31, 2022—Extra Hiper Stores.” For more information on the discontinuance of the *Extra Hiper* banner, see “Item 5A. Discontinued Operations—Discontinued Operations for the Year Ending December 31, 2022—Extra Hiper Stores.”

Supermarkets

Pão de Açúcar

Our *Pão de Açúcar* banner is our premium supermarket chain and is considered a reference for innovation in the retail industry, providing high quality services, a wide assortment of products to our customers and promoting concepts of healthy living and sustainability.

Pão de Açúcar stores are supermarkets which are predominantly located in large urban areas such as the São Paulo metropolitan area, where over one-third of the *Pão de Açúcar* stores are located. We believe that the locations of the *Pão de Açúcar* stores are a competitive advantage for us as available sites for supermarkets in

these urban areas are scarce. The *Pão de Açúcar* stores target the Brazilian class A and class B household consumers. The *Pão de Açúcar* stores aim to provide to customers a pleasant shopping environment, a broad mix of high-quality products, innovative service offerings and a high-quality service.

As of December 31, 2021, we had 181 *Pão de Açúcar* stores in 12 Brazilian states and the Federal District, with an average sales area per store of 1,288 square meters. Food products represented 97% of net operating revenue of *Pão de Açúcar* stores in 2021 and non-food products represented 3%. In 2021, we made layout adjustments at 50 stores and fully renovated six stores following a next-generation concept store, which present a multi-channel, multi-sensory and multi-solution space, focusing on the digital shopping experience; with more personalized, special and healthy products; and with interaction areas. The renovated stores continue to have higher growth in sales compared to non-renovated stores, representing 31% of *Pão de Açúcar* banner net operating revenue considering a total of 181 stores.

The *Pão de Açúcar* banner recorded net operating revenue of R\$7.1 billion in 2021 mainly due to ongoing initiatives, such as (i) the strong performance of our stores renovated to a next-generation concept store, (ii) operational improvements, and (iii) the evolution of omnichannel initiatives and expansion of our express delivery model.

Mercado Extra and Compre Bem Stores

As of December 31, 2021, we operated 146 *Mercado Extra* stores and 28 *Compre Bem* stores. In the first semester of 2021, we converted six *Extra Supermercado* stores into *Mercado Extra* stores, concluding the process of conversion of all *Extra Supermercado* stores into *Mercado Extra* and *Compre Bem* stores. As of December 31, 2021, we did not operate any *Extra Supermercado* stores.

These banners have a neighborhood supermarket format focused on middle-class customers, and offer a complete mix of food products, general merchandise, a wide range of household items and a complete portfolio of private label products which allows customers to purchase products at a more accessible price and increase the quality perception in the stores. *Mercado Extra* and *Compre Bem* stores are predominantly located in São Paulo.

These banners had an average sales area per store of 1,127 square meters, as of December 31, 2021. The sale of food products and non-food products represented 97% and 3%, respectively, of net operating revenue of *Mercado Extra* and *Compre Bem* stores in 2021.

Net operating revenue of the *Mercado Extra* and *Compre Bem* banners reached R\$4.9 billion in 2021, representing a 17.2% increase when compared to 2020, when the net operation revenue of these banners totaled R\$4.2 billion.

Proximity Stores

Mini Extra, Minuto Pão de Açúcar and Aliados Minimercado

Our proximity stores operate under the *Mini Extra*, *Minuto Pão de Açúcar* and *Aliados Minimercado* brands. These stores serve customers seeking for a convenience in their daily routines.

As of December 31, 2021, the *Mini Extra*, *Minuto Pão de Açúcar* and *Aliados Minimercado* stores had an average sales area per store of 244 square meters. The sale of food products and non-food products represented 99% and 1%, respectively, of net operating revenue in proximity stores in 2021. Resuming the format's expansion through the *Minuto Pão de Açúcar* banner is one of our priorities for the next three years.

Mini Extra, *Minuto Pão de Açúcar* and *Aliados Minimercado* stores are predominantly located in the city of São Paulo. The *Mini Extra*, *Minuto Pão de Açúcar* and *Aliados Minimercado* stores target all Brazilian classes.

Net operating revenue of the proximity stores in 2021 totaled R\$2.2 billion, an increase of 22.9% compared to 2020, mainly due to the (i) effective value proposition in the neighborhood store formats *Minuto Pão de Açúcar* and *Mini Extra* and (ii) the expansion of *Aliados Minimercado* project. The proximity format reached 240 stores as of December 31, 2021, of which 141 were *Mini Extra* and 99 were *Minuto Pão de Açúcar*.

In 2016, we launched the “*Aliados Compre Bem*” project, which was renamed to “*Aliados Minimercado*” in 2018, a business model for neighborhood stores that consists of a partnership between us and independent retailers, in which we provide our operational expertise to meet and increase the sales potential of this market segment by supplying products to participating independent retailers.

Drugstores

As of December 31, 2021, we operated 68 drugstores.

In line with our strategy of optimizing store platform and allocating resources to accelerate the growth of our most profitable banners, we decided to close all of our drugstores. Accordingly, as of the date of this annual report, we no longer operate drugstores.

We expect to classify the results of operations of our drugstores as discontinued operations in our audited consolidated financial statements for the year ending December 31, 2022. For more information on the discontinuance of our drugstores, see “Item 5A. Discontinued Operations—Discontinued Operations for the Year Ending December 31, 2022—Drugstores.”

Gas Stations

As of December 31, 2021, we operated 74 gas stations in Brazil, the vast majority of which are located within the parking area of certain of our stores, mainly of *Extra Hiper* stores. We also have gas stations that operate under our *Pão de Açúcar*, *Mercado Extra* and *Compre Bem* banners.

Our gas stations that are located in the parking areas of *Extra Hiper* stores, will also be assigned to Sendas under the Real Estate Properties Assignment Transaction. For more information on the Real Estate Properties Assignment Transaction, see “Item 4A. History and Development of the Company—Changes in Our Business—Discontinued Operations for the Year Ending December 31, 2022—Extra Hiper Stores” and “Item 7B. Related Party Transactions—Agreements with Sendas—Real Estate Properties Assignment Transaction.”

We have partnerships with Ipiranga and Shell, two major gas station chains in Brazil. These partnerships allow us to offer co-branded gas stations, such as *Extra-Ipiranga* and *Pão de Açúcar-Ipiranga*, which we believe attracts more customers to the gas stations and gives us a competitive advantage.

The location of our gas stations allows our customers to shop in our stores and refuel their cars while they are on our premises. Our strategy for our gas stations is based on offering competitive prices and reliable and high-quality fuel.

E-commerce Food Delivery and In-Store Pick-Up

We are one of the leading players in the Brazilian food e-commerce segment through our food delivery platforms, including *Pão de Açúcar Delivery*, or PA Delivery, and *Clube Extra Delivery*, through which our customers can order their products online and receive them at home (within 24 hours for “conventional” delivery and four hours for “express” delivery). This service also allows us to expand and deepen our client base, reaching new clients through our app and website, while also furthering our omnichannel approach for existing clients. Through this service, we also offer our “Click and Collect” service, a purchasing option through which our customers are able to order online and choose the best time to pick up their food order at selected *Pão de Açúcar* and *Extra* stores.

As of December 31, 2021, we offered the “express” and/or “click and collect” concepts at more than 300 stores under the *Pão de Açúcar*, *Minuto Pão de Açúcar*, *Mercado Extra* and *Compre Bem* banners, in the Southeast, South, Midwest and Northeast regions of Brazil.

In December 2018, we launched *Pão de Açúcar Adega*, an online platform for the sale of special beers and wines with nationwide delivery and a brick-and-mortar store in the city of Sao Paulo, providing our customers with a truly omnichannel experience. *Pão de Açúcar Adega* offers our subscription service, *Pão de Açúcar Viva Vinhos*, through which customers can have our wines delivered directly to their homes.

In 2018, as part of our digital transformation strategy, we acquired the delivery app *James*, which is a multiservice platform for ordering and delivering our products, connecting customers, deliverers and

establishments. This acquisition complements the delivery methods that we make available to our customers at our brick-and-mortar stores. In addition, the deliveries through *James* complements our same day and next day deliveries and provides our customers with one-hour delivery option. We have expanded *James* operations to 32 cities in Brazil located in the States of São Paulo, Rio de Janeiro, Ceará, Paraná, Tocantins, Pernambuco, Piauí, Sergipe, Minas Gerais, Mato Grosso, Mato Grosso do Sul, Paraíba, Bahia and the Federal District (*Distrito Federal*).

Loyalty Programs

My Discount

The *My Discount* program, launched in July 2017 in Brazil, consists of a mobile app that provides personalized discounts to customers who are members of the loyalty programs of the *Pão de Açúcar* and *Extra* banners. At the end of 2021, 67% of our net operating revenue in the Brazilian retail segment were related to our loyalty programs. This number corresponds to approximately 58% of the net operating revenue of the *Extra* banner (*Clube Extra*) and 86% of the net operating revenue of the *Pão de Açúcar* banner (*Pão de Açúcar Mais*) in 2021.

Our two phone apps, *Pão de Açúcar Mais* and *Clube Extra*, are important tools to increase our customers' digitalization and create ultra personalization, where we can give personalized discounts for each customer, and long-term relationships.

In March 2018, we added the *My Rewards* program to our mobile apps, providing personalized challenges to customers who are members of the loyalty programs of the *Pão de Açúcar* and *Extra* banners.

Stix Fidelidade

In 2019, we and Raia Drogasil formed Stix, the legal entity that operates the *Stix Fidelidade* loyalty program. The loyalty program allows its users to earn points on purchases made on associated retailers' websites and stores, including us and Raia Drogasil, which are redeemable for products, services, discounts and other benefits. *Stix Fidelidade* also has Banco Itaú as a strategic partner responsible for enabling Banco Itaú's clients to acquire points under *Stix Fidelidade* under certain terms and conditions.

Stix Fidelidade was launched in October 2020 as the first retail coalition in Brazil and its opt-in platform reached more than one million customers at the end of that year. The program was developed for us to better adapt to our customers' demand for delivery and e-commerce services and a wider program that allows the acquisition of fidelity points in exchange of products acquired in retail businesses.

From all the rewards distributed, 80% were activated and 30% of *Stix Fidelidade* customers have earned points through more than one brand that is part of the program (*Pão de Açúcar*, *Extra*, or *Raia Drogasil*). In February 2020, we announced the approval by CADE of the transaction that created *Stix Fidelidade*.

We expect to enter into partnership agreements with other retailers to turn *Stix Fidelidade* into a loyalty program coalition comprising several retailers nationwide in Brazil. Together with Raia Drogasil, we have more than 3,000 stores to promote our loyalty programs.

Financial Services

We extend credit to customers through FIC, our partnership with Itaú Unibanco, one of the largest privately-owned financial institutions in Brazil. FIC exclusively offers credit cards, financial services and insurance coverage at our stores.

We and Sendas each hold 50.0% of Bellamar, a holding company that holds an investment in 35.8% of the shares of FIC. Itaú Unibanco and Via hold 50.0% and 14.2%, respectively, of the shares of FIC. Itaú Unibanco determines the financial and operational policies of FIC and appoints the majority of its officers.

FIC operates financial services kiosks in our stores in Brazil with exclusive rights to offer credit cards, financial services and insurance policies, except for extended warranties. FIC has been operating for more than ten years and as of December 31, 2021, had a portfolio of 3.5 million credit card accounts from customers, including the portfolio of *Cartão Extra*, *Cartão Pão de Açúcar*, *Cartão Passaí* and *Cartão Ponto Frio*.

In 2021 and 2020, FIC's net profit was R\$264.9 million and R\$328.8 million, respectively. We maintain our strategy to increase the share of FIC's credit cards and financial services at our stores in Brazil as an important loyalty tool and mechanism to increase sales and additional profitability. FIC's credit cards offer payment options for the cardholders at our stores, aiming at providing them with benefits and convenience.

The table below sets forth the breakdown of FIC's customers in 2021, 2020 and 2019:

Total number of clients	2021	2020	2019
		(in thousands)	
Brazilian retail	1,952	1,873	2,085
Sendas ⁽¹⁾	1,010	732	717
Via ⁽²⁾	538	631	776
Credit cards.....	3,499	3,236	3,578

(1) After consummation of the Sendas Separation on December 31, 2020, Sendas remained as one of the members of FIC with an equity interest of 17.88%.

(2) The sale of all of our equity interest in Via, consummated on June 14, 2019, did not have any impact on FIC's clients relating to the *Ponto Frio* banner. Via remains as one of the members of FIC with an equity interest of 14.24%.

Real Estate Business Units

GPA Malls is our real estate business unit responsible for the transformation and management of commercial spaces in Brazil.

As of December 31, 2021, *GPA Malls* was present in 15 Brazilian states and the Federal District and managed approximately 210 commercial galleries in Brazil and two neighborhood commercial centers. As of December 31, 2021, *GPA Malls* had more than 246,000 square meters of gross leasable area. The term "gross leasable area" refers to all of the area in our commercial spaces that are available for lease. We calculate our gross leasable area by subtracting the areas in our commercial spaces owned by third parties and not available for lease by us from our gross commercial area, which corresponds to all the commercial area in our commercial spaces.

Operations in Colombia

The Grupo Éxito is a leading food retailer in Colombia, with a portfolio mainly comprising hypermarkets and supermarkets and also comprising cash and carry stores, proximity stores, loyalty programs, private label products and financial services and real estate businesses.

As of December 31, 2021, the *Éxito*, *Carulla*, *Surtimax*, *Super Inter* and *Surtimayorista* banners had a total of 503 stores in Colombia. Grupo Éxito's operations in Colombia corresponded to 77% and 48% of Grupo Éxito's and CBD's total gross revenue in 2021, respectively.

Store Formats and Banners

Hypermarkets

Éxito

Éxito is a hypermarket banner with a food and non-food product offering tailored to the needs of all segments of the Colombian population. Éxito stands out for the quality of its private-label apparel range, which enjoys a good reputation with customers. The stores also provide a variety of services including the "Points Éxito" loyalty program, mobile phones, travel deals, and financial services (credit cards and insurance) and are organized in a department store style, with an average sales area per store of 2,663 square meters as of December 31, 2021. Éxito hypermarket stores target the Colombian middle and middle-high classes.

The banner continued to develop its Éxito WOW hypermarkets, offering an even more digital customer experience in a remodeled store.

As of December 31, 2021, we had 223 Éxito stores. The sale of food products and non-food products represented 54% and 46% of Éxito banner's net operating revenue in 2021, respectively. Our focus is to continue developing the new generation of Éxito hypermarkets known as "Wow" to link the best of the physical and virtual

worlds in one place: a shopping experience connected to the digital world, superior customer service and improved focus on fresh products.

The net operating revenue of the *Éxito* banner in 2021, reached R\$12.8 billion, representing a 7.1% increase compared to 2020 and approximately 70% of the net operating revenue in Colombia for 2021. The net operating revenue of the *Éxito* banner increased in almost all regions of Colombia mainly due to the approximately 15% growth of the non-food category and the increase in sales from stores under the innovative *Wow* format. *Éxito Wow* stores are digitally connected hypermarkets that integrate the digital channels and physical services offered by the *Éxito* banner to other services, including banking services, co-working area, gourmet food-court, omnichannel zone, among others. The *Éxito Wow* model totaled 19 stores in 2021 and is present in the cities of Bogotá, Medellín, Cali, Santander, Boyacá, and Atlantic Coast.

Supermarkets

Éxito Super and Vecino

The *Éxito* brand also includes two different supermarket banners: 30 *Éxito Super* stores, offering a range of primarily food products and 46 *Éxito Vecino* stores, offering a wider assortment of non-food products.

Carulla

Carulla comprises supermarkets and convenience stores predominantly located in main cities such as Bogotá, Medellín, Cali, Barranquilla, Bucaramanga, among others, and is renowned for its high quality. *Carulla* stores focus mainly on offering imported and premium products, a highly quality assortment of fresh products and are nationwide recognized for having the best bakery in the country.

Carulla had an average sales area per store of 864 square meters as of December 31, 2021. *Carulla* stores target the Colombian high-end classes and as of December 31, 2021, we had 101 *Carulla* stores. The sale of food products and non-food products represented 98% and 2% of *Carulla's* net operating revenue in 2021, respectively.

In 2021, the banner continued to develop its new *Carulla Fresh Market* format, offering an expanded offering of fresh produce and more premium service counters. In that year, the *Carulla Fresh Market* format was implemented at 22 market stores located in the cities of Bogotá, Medellín, Santa Marta, Cali and Cartagena. These *Fresh Market* stores represented approximately 45.1% of the sales share of the *Carulla's* stores.

The net operating revenue of the *Carulla* banner reached R\$2.6 billion in 2021, a 1.1% increase compared to 2020 reflecting the expansion of the *Carulla Fresh Market* format, the implementation of “Turbo-Fresh”, an express service pursuant to which Rappi delivers products to clients in less than ten minutes from the time the order is made. This innovative model aims at transforming the fresh food category, renovating stores and improving layouts. The model includes digital activities, such as apps, improved customer service experience, strengthening the offer of key items, such as wine, pasta, cheese, coffee, and other commercial events related to the premium banner.

Low-Cost Supermarkets

Super Inter and Surtimax

Super Inter and *Surtimax* are considered low-cost supermarkets characterized by offering low prices for a complete basic basket of products, good quality meat, fresh fruits and vegetables and a large assortment of bulk grains. These stores have a regional focus, offering products according to the local consumer needs. *Super Inter* stores operate in approximately 17 cities in the Coffee and Pacific regions of Colombia. *Surtimax* stores are located in residential areas and offer a wide portfolio of private label products.

Super Inter's sales of food products and non-food products represented 99% and 1%, respectively, of its stores net operating revenue in 2021. We had 61 *Super Inter* and 72 *Surtimax* stores, respectively, and average sales area per store was 964 square meters as of December 31, 2021.

Surtimax's sales of food products and non-food products represented 99% and 1% respectively of its stores net operating revenue in 2021.

Cash and Carry Stores

Surtimayorista

Surtimayorista stores have been operating in the cash and carry segment in Colombia for over five years and are focused on the commercialization of products for retail and institutional consumers, such as food retailers (including restaurants, pizzerias and snack bars), conventional retailers (such as grocery and small family-owned stores) and end users (including schools, small businesses, churches and hospitals). It offers more than 2,100 items of grocery, food, perishable, beverage, wrapping, personal care and cleaning products, among others and 500 additional non-food items.

As of December 31, 2021, the *Surtimayorista* banner totaled 36 stores in eleven Colombian cities. The cash and carry format expanded with two stores opened in the last 12 months from conversions and organic, and the *Surtimayorista* banner reached 36 stores during the year.

The net operating revenue of the low-cost segment in 2021 (which includes *Super Inter*, *Surtimax*, *Surtimayorista*, *B2B* and other), reached R\$3.3 billion, a 7.6% increase compared to 2020 as a result of the store base optimization, conversions into cash and carry stores, strong commercial actions, implementation of productivity plans, and the increase in the focus towards private label brands to offset the effect of the challenging competitive environment in this market.

Proximity Stores

Éxito Express

Éxito Express is a proximity store which offers fast-moving consumer goods and fresh products, as well as a selection of household cleaning and multimedia products. As of December 31, 2021, we had 66 Éxito Express stores.

Carulla Express

Carulla Express is a proximity store which offers fast-moving high-quality consumer goods and fresh products in the premium segment, as well as take-away products such as sandwiches, fresh fruit, cakes and pastries. As of December 31, 2021, we had 19 Carulla Express stores.

Loyalty Program

Puntos Colombia is a 50/50 joint venture between Grupo Éxito and Bancolombia in Colombia. *Puntos Colombia* operates a loyalty program pursuant to which its users earn points on purchases made on partners' websites and at their stores. These points are redeemable for products or services available at *Puntos Colombia* platform, in addition to discounts and other benefits. As of December 31, 2021, *Puntos Colombia* had 134 affiliated businesses, including *Celio*, *Pilates* and *CineColombia* and our customers redeemed 28.5 million points under the *Puntos Colombia* program in 2021.

Other Businesses and Services

Other revenue include income mainly from complementary businesses, such as the real estate, financial, travel, insurance, mobile and money transfer businesses. Net operating revenue from other businesses and services increased by 20.9% in 2021, totaling R\$1,703 million, mainly driven by the real estate and the financial businesses.

Financial Services

Tuya is a 50/50 joint venture between Grupo Éxito and Bancolombia. *Tuya* is a financial company focusing on issuing credit cards mainly for low and middle-income segments and promote access to financial services to segments that the traditional banking system does not approach. By the end of 2021, *Tuya* was rated AAA, for the 12th year in a row, by Fitch Ratings. As of December 31, 2021, *Tuya* issued 2.8million credit cards, representing 17% of the credit card market share in Colombia.

Real Estate Business Units

Viva Malls is our real estate business unit which is responsible for the creation and management of commercial spaces in Colombia.

As of December 31, 2021, *Viva Malls* was present in eleven Colombian cities and managed around six commercial galleries and 12 shopping centers. As of December 31, 2021, *Viva Malls* had 567,747 square meters of gross leasable area.

Operations in Uruguay and Argentina

Grupo Éxito's operates in Uruguay and Argentina under the following banners: (i) *Devoto* (supermarkets and proximity stores), *Disco* (supermarkets) and *Géant* (hypermarkets) in Uruguay, and (ii) *Libertad* (hypermarkets) and *Mini Libertad* (proximity stores) in Argentina.

As of December 31, 2021, (i) *Libertad* and *Mini Libertad* banners had a total of 25 stores in Argentina, and (ii) *Devoto*, *Disco* and *Géant* banners had a total of 92 stores in Uruguay.

Paseo Libertad Malls is our real estate business unit which is responsible for the creation and management of commercial spaces in Argentina. As of December 31, 2021, *Paseo Libertad Malls* was present in nine Argentinian provinces and managed approximately five commercial galleries and ten shopping centers. As of December 31, 2021, *Paseo Libertad Malls* operated approximately 170,000 square meters of gross leasable area.

Grupo Éxito's operations in Uruguay and Argentina corresponds to 16% and 7%, respectively, of Grupo Éxito's total gross revenue in 2021 and 8% and 4%, respectively, of CBD's total gross revenue in 2021.

Private Label Products

In 2018, we started to focus on repositioning our private label portfolio, with a priority on improving quality and price competitiveness as an important process for building client loyalty in the markets in which we operate. As part of this initiative, we have started working more closely with suppliers, entering into long-term partnerships and ensuring higher production levels, which allow us to maintain our product launch rates and reach better margins. The portfolio underwent a renovation process and new products were launched, representing the entry in new categories.

Our main private labels are *Taeq*, which focuses on the healthy food segment, and *Qualité*, which offers high-quality food products at affordable prices. We also have *Casino*, *Cheftime*, *Club des Sommeliers*, *Confraria*, *Finlandek*, *Arkitekt*, *Bronzini*, *Cast*, *Bambini*, *Boomy*, *Frescampo* and *Custer*, among others, in our private label portfolio.

We launched the *Taeq* products in 2006. Its portfolio comprises healthy food products, including cereals, cereal bars, yogurts, teas, pasta, meats, soups, isotonic, juices, organic and natural products, among others. *Taeq* products are offered at our *Pão de Açúcar* and *Extra* stores (supermarkets and proximity stores) and at our websites. We also offer our *Taeq* products in our stores in Colombia.

We launched the *Qualité* banner in 2008. Its portfolio comprises a variety of products, including frozen food, cleaning supplies, dairy products, among others. In order to achieve the goal of keeping a high-quality in our products while selling them at affordable prices, *Qualité* products undergo a strict standard of supply selection, logistics control and consumer testing before being offered to our clients. *Qualité* products are offered at our *Pão de Açúcar* and *Extra* stores (supermarkets and proximity stores) and at our websites.

Casino is a French brand that offers imported products selected and approved by French chefs. *Club des Sommeliers* is a wine brand that offers more than 90 wine labels from eleven nationalities. *Bambini* and *Boomy* are children clothing brands. *Arkitekt*, *Bronzini*, *Custer* and *Cast* are clothing brands.

In November 2019, we acquired 79.6% of the equity interest in *Cheftime*, a company that prepares and offers ready-to-eat meal kits, semi-cooked meal kits, and cook-it-yourself meal kits, enabling anyone to prepare their own food and inspiring our consumers to take up cooking as a hobby. In 2019, we started to sell *Cheftime*

products solely in the format of ready-to-cook meal kits, assembled with pre-portioned ingredients paired with the recipes. Today *Cheftime* products are offered in 300 stores in Brazil.

Frescampo is a Colombian low-cost brand that offers quality food products at reasonable prices. *Frescampo* products are offered at our stores in Colombia.

In 2021, the sales of our private label in the food category represented 21% of our total food sales in Brazil and 16% of our total food sales in Colombia.

Seasonality

In Brazil, Colombia, Uruguay and Argentina, we have historically experienced seasonality in our results of operations, principally due to traditionally stronger sales in the fourth quarter holiday season and “Black Friday” promotions, which help to boost fourth quarter sales in mainly non-food categories. In recent years, our average sales revenues during the fourth quarter have typically been approximately 14% above average sales revenues during the other quarters of the year.

We also experience strong seasonality in our results for the months of March or April as a result of the Easter holiday, when we offer specialized products, as well as in FIFA World Cup years, when some of our event-focused products have an increase in sales.

Seasonality relating to the availability of some of our products (such as fruits and vegetables) generally does not affect our results due to the large and diverse selection of products we offer to our customers.

Products

We operate in the retail segment of food and non-food products. Food products include non-perishables, beverages, fruits, vegetables, meat, bread, cold cuts, dairy products, cleaning products, disposable products and personal care products. We also sell home appliances and other non-food products, which include clothing items, baby items, shoes and accessories, household articles, books, magazines, CDs and DVDs, stationery, toys, sports and camping gear, furniture, mobile phones, mattresses, pet products, gardening equipment and tools and electronics products, such as personal computers, software, computer accessories and sound and image systems. We also offer some of the products listed above under our private label. In addition, we sell our products in the retail segment through our websites.

We include in the retail segment the non-food products we sell at our drugstores, such as medications and cosmetics, and the non-food products we sell and the services we provide at our gas stations. However, we expect to classify the results of operations of our drugstores as discontinued operations in our audited consolidated financial statements for the year ending December 31, 2022. For more information on the discontinuance of our drugstores, see “Item 5A. Discontinued Operations—Discontinued Operations for the Year Ending December 31, 2022—Drugstores.”

Our products are mostly ready-for-sale products that we purchase and resell to our end-user customers. Only a portion of our products are produced at our stores, by our technical team for the development of perishables. In certain circumstances, we have entered into partnerships with suppliers who deliver semi-finished products that are finished at our stores.

The products manufactured or handled at our stores include: (i) fruits and vegetables, which are cut or packaged at our stores; (ii) meat (beef, pork, chicken and fish) as well as cold cuts and cheeses, which are cut, weighed and packaged at our stores; (iii) ready-to-eat meals sold at our deli counters; and (iv) bread, cakes and sweets made at the bakeries located within our stores.

We do not manufacture the products sold under our private label. These products are manufactured by suppliers who are carefully selected by us, after we have thoroughly evaluated the quality of their services and their capacity to meet our demand. The development of products carrying our private label is guided by a detailed process, involving various areas of our Company, aimed at standardizing our products and ensuring the products’ manufacturing and launch within the commercial and strategic targets of our brands and compliance with our quality standards.

Suppliers

In Brazil, the purchasing of food products for all of the banners in the Brazilian retail segment is centralized through our logistics platform and subsequently delivered to our stores. We mostly purchase our food products on a spot or short-term basis from a large number of local and international unrelated suppliers. Consequently, we do not depend on one or a few suppliers.

The purchasing of 95% of the goods sold under our private label is made through our logistics platform and products are purchased from a large number of local and international suppliers.

In Colombia, the purchasing process for 74% of the merchandise for all our banners is centralized through our logistics platform due to the large number of local and international suppliers we use, of which 42% is managed via cross docking, which is a process that involves delivery directly from the suppliers to the stores and does not require warehouse storage. The goods that are supplied to us on a non-centralized basis consists mainly of beverage, bakery, snacks and some frozen products. In 2021, 90% of fruit and vegetables were purchased locally, 90% of apparel was acquired from 80 local workshops with over 9,600 employees (70% women) and 176 farms were monitored to ensure zero levels of deforestation.

In Uruguay, the purchasing of food products for all our banners is mostly decentralized as 62.3% of the products are purchased directly by our stores from different suppliers. These purchases are mostly made on a short-term basis from a large number of unrelated suppliers. Non-food products, including home appliances, are mostly imported due to the lack of a national industry.

In Argentina, the purchasing of food products for all our banners is centralized and purchases are done directly and on a short-term basis from a large number of unrelated suppliers.

The prices of the food products we purchase from our suppliers vary according to inflation.

Distribution and Logistics

In Brazil, in order to efficiently distribute perishable food products, grocery items and general merchandise, we operate eleven distribution centers and warehouses strategically located across the country, with a total storage capacity of approximately 400,479 square meters. The locations of our distribution centers enable us to make frequent shipments to stores, which reduces the need of in-store inventory space and limits store inventories. Our distribution centers are significantly supported by pd@net, a business-to-business technology platform, which links our computer automated ordering system to our distribution centers and suppliers to automatically replenish our inventory.

We organize our logistics and distribution processes in accordance with the products and services sold under our banners in Brazil, Colombia, Uruguay and Argentina. Accordingly, we guide our distribution processes by the procedures described below.

Stores, Supermarkets and Hypermarkets

Brazil

As of December 31, 2021, the logistics process to supply our stores, supermarkets and hypermarkets, excluding drugstores and gas stations, included eleven distribution centers located in the states of São Paulo (including a distribution center specifically focused on our proximity stores), Rio de Janeiro, Ceará, Pernambuco and the Federal District, corresponding to a 400,479 square meter area including both our own and outsourced distribution centers. Our distribution process is performed by an outsourced fleet. As of December 31, 2021, our centralization rate (the percentage of revenue from the products supplied at our stores that comes directly from our distribution centers) was approximately 65%.

Orders made for our non-centralized products are made directly by the stores and delivered by the suppliers following the supply model known as “Direct Delivery.” As of December 31, 2021, approximately 35% of our stores sales corresponded to “Direct Delivery” products, especially ornamental plants, cigarettes, ice cream, yogurt and magazines.

Colombia, Uruguay and Argentina

As of December 31, 2021, the logistics process to supply our stores, supermarkets and hypermarkets, excluding our cash and carry operation in Colombia, included 18 distribution centers located in Colombia, Argentina and Uruguay, corresponding to a 470,000 square meter area including both our own and outsourced distribution centers. Our distribution process is performed by an outsourced fleet.

In Colombia, we operate ten distribution centers and three nodes located in Bogotá, Medellín, Cali, Santander and the Atlantic Coast with total storage capacity of 272,902 square meters.

In Uruguay, we operate four distribution centers and warehouses strategically located across Montevideo, with a total storage capacity of approximately 40,000 square meters.

In Argentina, our distribution center is located in the center of the country, in the city of Cordoba, with an average distance of 620 km to our stores.

E-commerce Food Delivery

In Brazil, since 2016, we have operated a dedicated distribution center in the city of São Paulo focused on our online and proximity operations. This distribution center is responsible for regular online delivery requests. Additionally, certain of our stores offer express delivery (within four hours) services.

In Colombia, we operate one of the largest e-commerce operations in the country through our direct online and marketplace sales, and the new channels, such as the “Turbo Fresh” express delivery service and other including delivery applications. In order to operate these channels, we have a network of dedicated (i) distribution centers in Bogota serving mainly non-food products, (ii) storages in Medellin for food e-commerce, and (iii) deliveries from stores used mainly to serve delivery applications and websites.

Drugstores

The main Brazilian pharmaceutical distributors and regional distributors supply our drugstores across the country, with whom we have entered into supply agreements for medications and other products, such as cosmetics. The logistics system varies between centralized deliveries through our distribution centers and decentralized deliveries.

We expect to classify the results of operations of our drugstores as discontinued operations in our audited consolidated financial statements for the year ending December 31, 2022. For more information on the discontinuance of our drugstores, see “Item 5A. Discontinued Operations—Discontinued Operations for the Year Ending December 31, 2022—Drugstores.”

Gas Stations

Our gas stations are supplied by exclusive suppliers in Brazil. In 2021, we used two suppliers. Supply orders are made individually by each station, and fuel is requested through purchase orders or pre-agreed daily supply orders, pursuant to the service agreements entered into by each gas station. Fuel transportation is carried out exclusively by our suppliers while unloading operations are closely followed by our employees for safety and quality control reasons.

The supply process for compressed natural gas (*gás natural vehicular*), or GNV, involves direct delivery by regional suppliers to the gas stations using pipelines connected to the entrance boxes located at the gas stations and holding fuel meters installed and controlled by the dealers themselves. This equipment regularly measures the GNV volumes supplied. GNV is then sold to customers through dispensers attached to these entrance boxes, using specific pipelines.

Marketing

Our marketing policy aims at attracting and retaining our customers. To this end, we carry out integrated marketing campaigns that are specific to each store banner in which we operate and are structured and directed at the target customer market for each store banner. Our marketing teams are media experts dedicated to developing quality marketing campaigns to emphasize our strengths in terms of products assortment, service and competitive

prices. We recognize marketing campaign expenses in our financial statements as sales expenses as they are incurred.

Since 2019, we increased the control of our marketing expenses by means of the use of digital tools and platforms. We also reduced the use of printed advertising and started to use our app more often to promote our clearance items.

In 2021, 2020 and 2019, we spent R\$383 million, R\$663 million and R\$542 million respectively, in advertising, representing 1.42%, 1.29% and 1.88%, respectively, of total net operating revenue in each year.

Innovation

In 2017, we created GPA Labs, a program developed to foster innovation within our corporate structure and the development of innovative ecosystems. GPA Labs is largely focused on digitalizing the retail sector and improving our clients' purchasing experience.

As of December 31, 2021, we had business partnerships with 114 startups that helped us to develop the following innovation fronts: (i) food technology (Foodtechs); (ii) business-to-client services (B2C); (iii) human resources (HR Techs); (iv) logistics (Logtechs); (v) data analysis (Data Analytics); (vi) mechanization of corporate processes; (vii) marketing and ads (Martechs and Adtechs) and (viii) services and general retail operations (Retail and Servicetechs).

In 2021, we maintained our business partnership with Endeavor, the largest solution and entrepreneur developing nonprofit organization in Brazil, through: (i) our sponsorship of the "Retail Tech" and "Operations and Consumer Goods" programs; (ii) our participation in Corporate Hub, a network of leaders in innovation and new businesses; (iii) our participation in Corporate Venture Capital, a program developed for its participants to share experiences, train teams and overcome challenges by connecting with new high-growth companies, or scale-ups; and (iv) our support of scale-up acceleration programs focused on developing new solutions in the retail segment.

Also in 2021, we concluded the third edition of our "Ambassadors of Innovation" program, which had twice the amount of participants when compared to 2020. The participants of the program are entrepreneurs who were divided into squads to work in strategic programs of ours.

Credit Sales

In 2021, 58.1% of our net operating revenue from the Brazilian retail segment was represented by credit sales, principally in the form of credit card sales, installment sales and food vouchers, as compared to 56.2% in 2020, as described below:

Credit card sales. All of our store formats and our e-commerce operations accept payment for purchases with major credit cards, such as MasterCard, Visa, Diners Club, American Express and co-branded credit cards issued by FIC. Our stores also accept virtual credit cards through methods such as Apple Pay. Sales to customers using credit cards accounted for 47.2%, 46.5% and 46.4% of the consolidated net operating revenue for our Brazilian retail segment in 2021, 2020 and 2019, respectively. Of this total, sales through our FIC co-branded credit cards accounted for 7.0% of our net operating revenue in 2021. An allowance for doubtful accounts is not required as credit risks are assumed by the relevant credit card companies or issuing banks.

Food Vouchers. We accept food vouchers as payment at our stores. Food Vouchers are issued by third-party agents to participating companies that provide food vouchers to their employees as a fringe benefit. Food vouchers accounted for 11.1%, 9.8% and 8.0% of the consolidated net operating revenue for our Brazilian retail segment in 2021, 2020 and 2019, respectively. The voucher-issuing companies assume the credit risk associated with these sales.

Information Technology

We invested R\$177 million, R\$179 million and R\$166 million in information technology in 2021, 2020 and 2019, respectively. Through a continuous improvement process, we have identified opportunities and mapped efficiency gains by integrating services and functions across our various operating segments, improving our tax systems, our ERP, focusing on governance and our customers. Our information technology department negotiates

the reduction of costs on projects and contracts with service and software suppliers, based on sharing services between us and our subsidiaries, thus creating economies of scale.

In 2019, we implemented an information technology project to enhance our information technology system and develop our digital services. Since then, we have been investing in tax hardware, development of new digital products and implementation of new systems, among other things.

In 2020, we improved our digital platform, including navigation and search features, customer service, in addition to updating the versions of our app: *Pão de Açúcar Mais* and *Clube Extra* and updating our internal systems, among other improvements.

In 2021, we improved our applications, tools, and processes, attracting new consumers to e-commerce and strengthening an omnichannel shopping profile, which combines face-to-face and digital experiences, including a marketplace, WhatsApp, our apps, and open collaboration platforms. For our operations of the Grupo Éxito, we continued implementing solutions that use contactless technologies, customer service, data analysis, logistics, and supply chain, and HR management in accordance with the strategy established for the period between 2021 and 2024.

Intellectual Property

We consider our brands to be one of our most valuable assets and we have worked extensively to define the characteristics of each of our banners (*Extra Hiper*, *Supermercado Extra*, *Mercado Extra*, *Mini Extra*, *Pão de Açúcar*, *Minuto Pão de Açúcar*, *Compre Bem*, *Éxito*, *Geant*, *Carulla*, *Super Inter*, *Surtimax*, *Surtimayorista*, *Libertad*, *Disco*, *Devoto* and *Viva*) with respect to the expectations, consumption patterns and purchasing power of the different types of customers and income levels. We believe that our customers associate each of our banners with a specific combination of products, services and price levels.

In Brazil, it is necessary to officially register a trademark with the National Industrial Property Institute (*Instituto Nacional de Propriedade Industrial*), or INPI, in order to acquire trademark rights. This registration gives the owner the exclusive right to use the trademark throughout Brazil for a specific period of time, which may be renewable.

As of December 31, 2021, our most important trademarks (*Pão de Açúcar*, *Extra*, *Qualitá*, *Taeq* and *Compre Bem*, among others) were duly registered with INPI and we had approximately 2,164 trademarks registered or in the process of being registered in Brazil and abroad, of which 1,993 trademarks are in Brazil. We did not have any registered patents as of December 31, 2021.

Our business relies on intellectual property that includes the content of our websites, our registered domain names and our registered and unregistered trademarks. We believe that the *Pão de Açúcar*, *Extra* and other domain names we use in our e-commerce business are valuable assets and essential to the identity of our business.

We own the following domain names, among others: www.extra.com.br, www.gpabr.com, www.paodeacucar.com.br, www.paodeacucar.com and www.deliveryextra.com.br. These domain names are listed for informative purposes only and the information contained in these websites is not incorporated by reference in this annual report.

In Colombia, it is necessary to officially register a trademark with Colombia's Superintendence of Industry and Commerce (*Superintendencia de Industria y Comercio*), or SIC, in order to acquire trademark rights. This registration gives the owner the exclusive right to use the trademark throughout Colombia for a specific period of time, which may be renewable.

Grupo Éxito owns a portfolio of more than 1,600 duly registered trademarks, including every trademark class, among 32 countries, of which more than 1,060 are in Colombia, including, among others, the brands *Éxito*, *Carulla*, *Surtimax*, *Superinter*, *Surtimayorista* associated to the retail business and *Arkitect* y *Bronzini*, associated to the fashion and textile industry. As of December 31, 2021, Grupo Éxito did not have any registered patents. Additionally, Grupo Éxito owns the following domain names, among others: www.grupoexito.com.co, www.exito.com, www.carulla.com, www.surtimax.co and www.arkitect.com.co. These domain names are listed for informative purposes only and the information contained in these websites is not incorporated by reference in this annual report.

Competition

Brazil

According to ABRAS, the three leading retail food companies in Brazil are controlled by companies headquartered abroad. Foreign presence in the Brazilian retail food industry started with the French retail food chain, *Carrefour*. In 1995, the U.S. chain *Walmart* (currently known as *Grupo BIG*) also entered the Brazilian market, mostly through the acquisition of domestic retail food chains, increasing competition in the industry. Thus, the Brazilian retail food industry is highly competitive. For more information about risks related to competition, see “Item 3. Key Information—3D. Risk Factors—Risks Relating to our Industry and Us—We face significant competition and pressure to adapt to changing consumer habits and preferences, which may adversely affect our market share and net income.” Nonetheless, supermarket penetration levels in Brazil, in terms of the number of supermarkets in proportion to the country’s population and area, is estimated to be lower than the levels recorded in the United States, several Western European countries and some other South American countries.

Recently, leading retail food companies, including our Company, have pursued the following strategies:

- strengthening core competencies in the most profitable, and performing segments of operations;
- expansion of omnichannel operations;
- partnership with delivery (last milers) and marketplace players;
- migration of large stores to smaller store formats, such as neighborhood or proximity stores;
- expansion of small store formats;
- investment in store renovations and in general asset quality;
- investment in multi-channel strategy to reach more customers;
- focus on loyalty programs for deeper understanding of consumer habits; and
- development and strengthening of private label products.

Our competitors vary depending on the regional location of the stores. Our main competitors in the Brazilian retail segment in the state of São Paulo are *Carrefour*, *Futurama*, *Mambo*, *Pastorinho*, *Sonda*, *Dia* and *Grupo BIG*. In the city of Brasília, our principal competitors are *Big Box*, *Carrefour*, *Super Cei* and *Super Maia*. In the state of Rio de Janeiro, our principal competitors are *Guanabara*, *Mundial*, *Prezunic* and *Zona Sul* supermarkets. In the states of Paraíba, Pernambuco, Ceará and Piauí, our principal competitors are the local supermarkets, in addition to *Bompreço* and *GBarbosa*.

The principal competitor of our *Extra* hypermarkets is *Carrefour*, which operates stores in the Southeastern and Southern regions of Brazil, and *Grupo Big*, which operates through various banners in the Southeastern, Northeastern and Southern regions of Brazil.

In our other regional markets, we compete not only with the organized Brazilian retail sector, but also with various small and medium-sized chains, family-owned companies and Brazilian retail businesses.

We are one of the leading players in food e-commerce in Brazil, through the operations of *Pão de Açúcar* and *Extra* banners. Our main competitors in this segment are *Carrefour*, *Saint Marché*, *Mambo*, *Sonda* and *Zona Sul*.

Colombia

In Colombia, the retail industry has undergone a profound transformation in the last ten years, characterized by the entry of foreign companies into the national market, the trend towards greater concentration, the implementation of new technologies and the search for greater efficiency.

Grupo Éxito is the market leader in the Colombian retail market, according to Nielsen. Our main competitors are *Supertiendas Olímpica* (and its subsidiary *Supertiendas Cañaveral*), *Grupo Cencosud* (*Jumbo*

and *Metro*) and discounters, which have been increasingly gaining market share, such as Koba Colombia S.A. (*Tiendas D1*), *Mercadería Justo & Bueno Discount Store* and *Supermercados Jerónimo Martins* (ARA).

According to Nielsen, in 2021, the market share of main players in Colombia, excluding drugstores (48.4%), was Grupo Éxito with a market share of 23.4%, followed by *Tiendas D1* and *Mercadería Justo & Bueno Discount Store*, which in the aggregate totaled 22.9%, *Supertiendas Olímpica* 12.4%, *Supermercados Jerónimo Martins*, with 9.4% and Grupo Cencosud, which had a 7.2% market share.

Regulatory Matters

Brazil

We are subject to a wide range of governmental regulation and supervision generally applicable to companies engaged in business in Brazil, including federal, state and municipal regulation, such as labor laws, public health and environmental laws. In order to open and operate our stores, we need a business permit, site approval and an inspection certificate from the local fire department, as well as health and safety permits. Our stores are subject to inspection by city authorities. We believe that we are in compliance, in all material respects, with all applicable statutory and administrative regulations with respect to our business. In addition, we have internal policies that, in some instances, are even more strict than what is required by law, particularly with respect to environmental and sustainability requirements and social and community matters.

Our business is primarily affected by a set of consumer protection rules regulating matters such as advertising, labeling and consumer credit. We believe we are in compliance in all material respects with these consumer protection regulations.

Brazilian General Data Protection Law

On August 14, 2018, the Brazilian General Data Protection Law was enacted, and came into effect on September 18, 2021. However, the Brazilian General Data Protection Law administrative sanctions started to be applied by the Brazilian National Data Protection Authority (*Autoridade Nacional de Proteção de Dados*), or ANPD, in August 2021. The Brazilian General Data Protection Law establishes a new legal framework to be observed in the processing of personal data, including that of our customers, suppliers and employees. The Brazilian General Data Protection Law establishes, among other things, the rights of personal data owners, the legal basis applicable to the protection of personal data, requirements for obtaining consent, obligations and requirements relating to security incidents, data leaks and data transfers, as well as the creation of the National Data Protection Authority. In the event of non-compliance with the Brazilian General Data Protection Law, we may be subject to the following penalties: (i) disclosure of the infraction after it has been duly investigated and confirmed, (ii) blockage of the personal data to which the infraction relates, (iii) deletion of personal data to which the infraction relates, and (iv) a fine, per infraction, of up to 2% (subject to a limit of R\$50.0 million) of our revenue or the revenues of our group or conglomerate in Brazil in the last fiscal year, excluding taxes. ANPD may revise data protection standards and proceedings based on the Brazilian General Data Protection Law in the future. In addition, we may be held responsible for pecuniary, non-pecuniary, individual, or collective damages caused by us and jointly and severally liable for pecuniary non-pecuniary, individual or collective damages caused by our subsidiaries, due to non-compliance with the obligations set forth in the Brazilian General Data Protection Law.

Accordingly, in the event of non-compliance with the Brazilian General Data Protection Law or any other applicable law related to personal data, or in the event of a personal data breach, we may be subject to legal proceedings, fines and damage to our reputation, which may materially and adversely affect us. We are subject to uncertainties as to how Brazilian courts will apply and interpret the Brazilian General Data Protection Law, which may materially and adversely affect us.

Additionally, the processing of personal data in Colombia is currently regulated by the Political Constitution of 1991, the Statutory Law No. 1581 of 2012, the Decree No. 1377 of 2013 and its complementary and specific regulations, which establish and develop the rules for the processing of personal data. The conditions for keeping personal data include obtaining consent, implementing safety procedures and complying with the duties of data controllers and data processors. Colombian law established the Industry and Commerce Superintendence as the Colombian data protection authority. The sanctions for non-compliance with its regulations include (i) fines (up to 2,000x the current minimum monthly wage) which can be successive for as long as the non-compliance persists, (ii) the suspension of the operations related to the processing of the involved personal data for up to six months and (iii) the adoption of corrective measures. If such corrective measures are

not adopted, the sanctions may include the temporary closure of the operations related to the processing of personal data or even the immediate and definitive closure of the processing of sensitive personal data.

Colombia

Grupo Éxito is subject to governmental regulation relating to commercial establishments and supervision by competent authorities, generally applicable to environmental, health and commercial matters. In order to open and operate our stores, we must register all our stores in the commercial register, obtain the land use permit and the sanitary certification that certifies compliance with matters relating to the safety of the facilities and the level of sanitation of the establishments. Grupo Éxito's stores must also have a security certificate issued by the respective fire department, which indicates that the establishment has the security mechanisms and tools to attend to an emergency at any time. In respect of environmental matters, we comply with waste management, dumping and noise regulations. We believe that Grupo Éxito complies in all material respects with all applicable regulations and controls with respect to our business.

Grupo Éxito's Colombian subsidiaries develop their businesses in different industries, including logistics and transportation, travel, mobile telephone, industrial production (food and apparel), and electronic commerce. We believe Grupo Éxito is complying within all material regulations of these industries.

Grupo Éxito is a registered company in the Colombian stock market, and, accordingly, is also subject to regulations issued by the Financial Superintendence, which includes, but is not limited to the disclosure of relevant information, the adoption of corporate governance practices and financial reporting. We believe that Grupo Éxito is complying in all material respects with these regulations.

Environmental and Social Matters

Our sustainability strategy comprises priority topics for planning and strategically developing our business.

In 2021, we reviewed our environmental, social and governance operating pillars, to create a new grouping that reinforces the connection and alignment surrounding our business and sustainability strategy. These pillars also support the Casino Group Corporate Social Responsibility Program, enabling the maximization of the creation of value for our stakeholders throughout the different areas of our operations.

The five pillars are:

- **Responsible supply chains for conscientious manufacturing and consumption:** Participating in the construction of value chains committed to the protection of the environment and the welfare of people and animals;
- **Tackling climate change:** Combating climate change by increasing the environmental efficiency of our operations and innovating;
- **Commitment to ethics and transparency:** Consolidating social, environmental and best governance practices in our business model and ensuring ethics and transparency in our relationship with our stakeholders;
- **Promoting diversity and inclusion:** Thriving to become a leading company in the promotion of diversity, inclusion, and sustainability among our employees; and
- **Social impact through the generation of opportunities:** Promoting a more inclusive society with equal opportunities for all.

All the initiatives and commitments, in each of the areas, are led by a dedicated internal team, with the support of other areas, and monitored by our executive board and our sustainability and diversity committee.

Grupo Éxito is committed to sustainability and seeks, in all its activities, to support Colombia's growth, the strengthening of Colombian institutions, compliance with applicable laws and regulations, the best governance practices, transparency and equity. These commitments reflect Grupo Éxito's objective to meet its stakeholders'

expectations, the principles set forth in the United Nations Global Compact and other global sustainability standards.

Responsible Supply Chains for Conscientious Manufacturing and Consumption

We seek to adopt a process of purchasing and selling products that contributes to a more socially conscious supply network and consumption pattern. Our relationship with our suppliers is guided by the promotion of human rights, occupational health and safety, food safety, anti-corruption practices, protection of biodiversity and the environment, and animal welfare. We map and monitor our critical chains and their associated social and environmental risks, in an effort to minimize the impacts related to the purchase and sale of products.

Some of the most important initiatives we have developed towards a more socially conscious supply network and consumption pattern are summarized below.

Proper Working Conditions

In 2021, we published the “Human Rights Policy in the GPA Value Chain” containing guidelines regarding respect for human rights and working conditions which must be followed by our suppliers and business partners. Compliance with these guidelines is a condition for supplying products to the Company and our subsidiaries and for maintaining long-term relationships with the Pão de Açúcar Group.

Animal Welfare

We were the first Brazilian food retailer to sign, in 2017, a commitment to animal welfare in the egg production chain, when we committed ourselves to sell 100% of our private label eggs from cage-free hens by 2025. Later, we assumed the goal of having 100% of the eggs that are sold in our stores, which include our private labels eggs and eggs from other brands, originated from cage-free hens by 2028.

By the end of 2021, 40.2% of the private label eggs we sold and 30.2% of all the eggs we sold were originated from cage-free hens. In 2021, we launched an animal welfare policy presenting our vision, commitments, and targets regarding animal welfare in the production chains that supply the Pão de Açúcar Group.

Combating Deforestation

The beef value chain comprises a complex array of production stages and players. Our aim is to build a deforestation-free value chain by implementing sound procurement policies and structured processes and engaging with each link in the value chain. Our “Responsible Beef Sourcing Policy” aims to ensure that our beef supply chain is transparent and traceable from the farms who are our direct suppliers to slaughterhouse, and that the beef we sell has not been raised in areas which have been subject to deforestation or conversion of native vegetation. Since 2020, all slaughterhouses aiming to supply beef to the Pão de Açúcar Group have been required to comply with the rules set forth in the “Beef on Track Protocol” (Protocolo Boi na Linha), a protocol created to combat deforestation in the Amazon.

As of the date of this annual report, (i) our direct beef suppliers are compliant with our Responsible Beef Sourcing Policy; (ii) our direct slaughterhouses suppliers are equipped with their own geomonitoring system and active traceability; (iii) 9,231 of the farms who are our direct suppliers were analyzed through our social and environmental reassessment process to certify compliance with our Responsible Beef Sourcing Policy.

In case we verify any nonconformity of a supplier with our Responsible Beef Sourcing Policy, the farm of the nonconforming supplier will be barred from supplying products to the Pão de Açúcar Group and the nonconforming supplier will have to follow an action plan, comprehending educational, corrective and disciplinary action, as applicable.

Since 2017, we have been found nonconformities of 22 Brazilian suppliers. We have implemented action plans for four of these nonconforming suppliers. The other 18 nonconforming suppliers remain barred from supplying products to the Pão de Açúcar Group.

Supporting Local Producers

Grupo Éxito supports local producers by creating partnerships with local associations and purchasing directly from the local producers. In 2021, more than 80% of the products purchased by Grupo Éxito were acquired from approximately 700 local Colombian suppliers and approximately 90% of the fruits and vegetables sold by Grupo Éxito were originated in Colombia. Grupo Éxito also contributes to the local economic and social development by providing local Colombian producers with a support program, which includes technical assistance, consultancy for productivity improvement and logistics management, and a guarantee of purchase of their products at a price that is reasonable for the suppliers.

Tackling Climate Change

Our sustainability strategy is focused on promoting a low carbon economy. To accomplish this goal, we have defined targets and adopted systems and processes to combat climate change, which include reducing atmospheric emissions, increasing energy efficiency, and purchasing energy from renewable and clean sources.

To reinforce our strategy and further engage our employees, in 2021, we started linking the variable compensation of eligible leadership positions (which includes our chief executive officer, other executive officers, and the executive officers of Grupo Éxito) to the Pão de Açúcar Group's environmental goals, specifically, with regards to the reduction of (i) scope 1 carbon dioxide emissions, which are direct greenhouse emissions from sources that are controlled or owned by a company, such as emissions associated with refrigerant gases, fuel combustion furnaces, generators or own vehicles, and (i) scope 2 carbon dioxide emissions, which are indirect greenhouse emissions that are purchased by a company from an utility provider and released into the atmosphere through electricity consumption.

In 2021, our main initiatives to reduce the environmental impact of our operations included: (i) the monitoring of indicators to avoid refrigerant gas leakage in our stores; (ii) the creation of the "Green Cool Project," which replace the refrigerated islands in our remodeled and expanded stores using gases with lower GWP (Global Warming Potential) or natural gases; (iii) the intensification of the migration of our stores' energy consumption to the Brazilian free energy market; (iv) the improvement of the logistics efficiency of our operation, reducing the number of trips by 8.7% when compared to 2020, and the implementation of projects that contribute to lower emissions, such as a routing system, promoting multimodality, regionalization and use of a more eco-efficient fleet (electric); (v) the launch of an internal training program to improve waste separation and support the reduction of solid waste sent to landfills; and (vi) the increase in the volume of donated perishable food (fruits and vegetables unsuitable for sale, but suitable for consumption) to 26.5%, reaching 3,860 tons, in comparison with 2020, thereby reducing food waste.

As a result of these initiatives, an independent third party verified that, in 2021, we achieved a 5.1% reduction in scope 1 and 2 carbon dioxide emissions when compared to 2020. We expect that the pace of reduction in scope 1 and 2 carbon dioxide emissions will allow us to meet the commitment we assumed in 2020 to reduce the carbon dioxide emissions in our operations by at least 30% by 2025, and by 38% by 2030 as compared to our total emissions in 2015.

In line with its goal of reducing its scope 1 and 2 carbon dioxide emissions by at least 35% by 2023, Grupo Éxito committed to equipping 100% of the parking areas charging stations for electric vehicles by 2035 and, in 2021, continued its efforts to (i) renovate its warehouse and store equipment, (ii) promote awareness campaigns and training programs to its employees on eco-gestures, (iii) manage its waste management policy with environmental delegates which reduced more than 29,000 tons of operating waste, (iv) resell recyclable materials and (v) encourage consumers to use or purchase renewable bags in Grupo Éxito's facilities. In 2021, Grupo Éxito inaugurated a solar power plant which will cover the energy demand from the cooling systems of 27 of Grupo Éxito's warehouses.

Commitment to Ethics and Transparency

Ethics and integrity are fundamental pillars that guide our daily routines and underpin a fair and transparent business practice based on 14 pillars, including: (i) senior management commitment; (ii) risk identification; (iii) communication and training; (iv) audits and controls; (v) application of disciplinary measures; and (vi) continuous monitoring and improving.

In 2021, we organized a training event focused on day-to-day ethics in business, corporate communications and training to prevent and combat corruption. Our senior leadership and more than 1,500 employees attended the event. We also organized another internal event in 2021, in which a member of our audit committee shared information and reflections on good practices, combating corruption and the importance of ethics in day-to-day interactions.

In 2021, Grupo Éxito conducted a follow-up evaluation of the risks of fraud, bribery and corruption in the processes that make up its value chain, pursuant to the requirements of the French Anti-corruption Law (Sapin II Law) and the recommendations of the French Anti-Corruption Agency (AFA), to reinforce its commitment to adopting best practices in its ethical relationship with third parties. As a result, Grupo Éxito trained: (i) 4,965 of its employees in the prevention of money laundering and combating the financing of terrorism; (ii) 38,867 employees in the virtual module of “Success Guardians,” an innovative program focused on the appropriate management of risks of fraud, bribery, corruption, personal data processing and compliance with applicable regulations. Grupo Éxito also implemented measures promoted by the Dow Jones Sustainability Index and the Carbon Disclosure Project, with the purpose of aligning its actions with the highest international standards in social, environmental, economic and corporate governance matters.

Promoting Diversity and Inclusion

We believe in inclusion and promoting diversity in all its forms. Our efforts towards reaching this objective rely on initiatives that promote the rights of all people, regardless of age, gender, gender identity, sexual orientation, origin, ethnicity, color, physical condition, religion, marital status, nationality, expression or any other identity marker, family situation, or any other characteristic. Our diversity and inclusion initiatives are guided by our “Diversity, Inclusion and Human Rights Policy,” which is based on the principles set forth in the United Nation’s Universal Declaration of Human Rights and the commitments established by other Brazilian and international programs, such as: UN Women, Unstereotype Alliance, Women 360 Movement (*Movimento Mulher 360*), Business Coalition to End Violence against Women and Girls, Business Coalition for Racial and Gender Equality, Movement for Racial Equality (MOVER), 10 Company Commitments to LGBTI+ Rights, Business Initiative for Racial Equality, and Compact for the Inclusion of People with Disabilities. Our main diversity and inclusion programs in 2021 are summarized below:

Diversity Census

We conducted a diversity census with our employees for the first time in 2021 to increase our understanding of underrepresented groups within the Pão de Açúcar Group in Brazil. The results of the census have been supporting us in prioritizing strategies to strengthen and increase representation and inclusion.

5th Diversity Week

We held our 5th Diversity Week, with live streaming, lectures and trainings regarding diversity related issues. We registered 6,360 accesses to the transmissions, a 14% increase when compared to the lectures held in 2020.

Grupo Éxito Diversity Initiatives

In 2021, Grupo Éxito promoted the “Diversity Month” with live streaming, lectures and trainings focused on unconscious bias. Grupo Éxito also continues to implement the “Diversity that Unites Us” program, aimed at training its employees on aspects of the Colombian anti-discrimination law, and training courses focused on the gender equality, inclusion and development of people with disabilities and other diversity issues.

Grupo Éxito also renewed the “*Mujeres Operational Lines*” program in 2021, which aims to promote greater representation of women in management positions and signed the Gender Parity Initiative to increase the share of women in the Colombian labor force, top management positions in Colombian companies and ensure gender pay equity in the country.

Gender Equality

We expanded our “Women’s Leadership Development Program,” which has benefited 835 employees since its inception in 2019, 608 of which were benefited in 2021. In addition, on December 31, 2021, we had 36.9% of our leadership positions occupied by women. We were also recognized in the WEPs - Women’s

For further information on our subsidiaries, see note 12 to our audited consolidated financial statements as of and for the year ended December 31, 2021, included elsewhere in this annual report.

4D. Property, Plant and Equipment

In Brazil, as of December 31, 2021, we owned 57 stores, one warehouse and a portion of the real estate where our headquarters are located. As of the same date, we leased the remaining 639 stores and 14 distribution centers and warehouses we operated in Brazil and the remaining portion of the real estate where our headquarters is located. Leases are usually for a term of five to 25 years and provide for monthly rent payments based on a percentage of sales above an agreed minimum value. Based on our prior experience and Brazilian law and leasing practices, we do not anticipate any material change in the general terms of our leases or any material difficulty in renewing them. Based on our management's experience and knowledge of the Brazilian market, our management believes that our leases follow market standards.

We are constantly looking for opportunities to sell our real estate properties in line with our strategy of monetizing mature assets, contributing to (i) the decrease of our net indebtedness, (ii) the strengthening of our capital structure and (iii) the increase of our return on capital expenditures. One of the means by which we sell our real estate properties is through sale and leaseback transactions pursuant to which we sell the real estate properties and lease the properties for a certain period.

The following table sets forth the number and total selling area of our owned and leased retail stores by store format, the number and total storage area of our owned and leased distribution centers and the total office area of our headquarters that we owned and leased in Brazil as of December 31, 2021:

	Owned		Leased		Total ⁽¹⁾	
	Number	Area (in square meters)	Number	Area (in square meters)	Number	Area (in square meters)
<i>Pão de Açúcar</i>	11	13,670	170	219,481	181	233,151
<i>Extra Hiper</i> ⁽²⁾	11	75,431	61	378,775	72	454,206
<i>Mercado Extra and Compre Bem</i> ⁽³⁾	24	33,505	150	167,914	174	201,419
Proximity stores ⁽⁴⁾	1	117	238	58,453	239	58,570
Total Stores	57	170,381	639	963,038	696	1,133,419
Warehouses	1	13,198	12	500,201	13	513,399
Total	58	183,579	651	1,463,239	709	1,646,818

(1) Excludes gas stations and drugstores.

(2) On October 14, 2021 and December 16, 2021, the directors of CBD and Sendas at meetings of the board of directors of both companies approved the Real Estate Properties Assignment Transaction. The Real Estate Properties Assignment Transaction is subject to the fulfillment of certain conditions, including the prior consent of the owners of certain assigned properties and the demobilization by us of all the assigned stores. As of the date of this annual report, we had concluded the assignment of 60 Extra Hiper stores to Sendas. We expect to assign all the stores to Sendas under the Real Estate Properties Assignment Transaction by the end of May 2022. Of the 33 Extra Hiper stores that were not assigned to Sendas, up to 29 will be converted into Pão de Açúcar or Mercado Extra stores. We are analyzing whether the remaining four Extra Hiper stores will be closed or converted into other banners. Starting in the second semester of 2022, we will no longer operate under the Extra Hiper banner and will focus on the premium and proximity segments, notably under the banners Pão de Açúcar, Minuto, Compre Bem and Mercado Extra. Accordingly, we expect to classify the results of operations of the Extra Hiper banner as discontinued operations in our statements of operations in the audited consolidated financial statements for the year ending December 31, 2022. For more information on the Real Estate Properties Assignment Transaction, see "Item 4A. History and Development of the Company—Changes in Our Business—Discontinued Operations for the Year Ending December 31, 2022—Extra Hiper Stores" and "Item 7B. Related Party Transactions—Agreements with Sendas—Real Estate Properties Assignment Transaction." For more information on the discontinuance of the Extra Hiper banner, see "Item 5A. Discontinued Operations—Discontinued Operations for the Year Ending December 31, 2022—Extra Hiper Stores."

(3) In the first semester of 2021, we converted six Extra Supermercado stores into Mercado Extra stores, concluding the process of conversion of all Extra Supermercado stores into Mercado Extra and Compre Bem stores.

(4) Includes Mini Extra, Minuto Pão de Açúcar, Pão de Açúcar Adegas and Aliados Minimercado.

As of December 31, 2021, in Colombia, Argentina and Uruguay we owned 192, 16 and 16 stores, respectively, and one warehouse in each country. In Colombia we also lease 395 stores and 12 distribution centers and warehouses, and we also have 26 mixed stores (stores that are partially owned and partially leased by us). In Argentina we lease nine stores, and in Uruguay we lease 76 stores and three distribution centers. The term of our lease agreements in these countries varies from three to 15 years, and payment conditions include a fixed fee and a variable fee, which is calculated according to the percentage of sales.

We usually remodel a number of our stores every year. Through our renovation program, we updated refrigeration equipment in our stores, created a more modern, customer-friendly and efficient environment and outfit our stores with advanced information technology systems.

As of December 31, 2021, GPA Malls managed approximately 210 commercial galleries in Brazil and two neighborhood commercial centers. On the same date, GPA Malls had more than 292,759 square meters of gross leasable area.

As of December 31, 2021, *Viva Malls* managed around six commercial galleries and 12 shopping centers in Colombia. On the same date, Viva Malls had 567,747 square meters of gross leasable area.

As of December 31, 2021, *Paseo Libertad Malls* managed approximately five commercial galleries and ten shopping centers in Argentina. On the same date, *Paseo Libertad Malls* operated approximately 170,000 square meters of gross leasable area.

ITEM 4A. UNRESOLVED STAFF COMMENTS

None.

ITEM 5. OPERATING AND FINANCIAL REVIEW AND PROSPECTS

You should read this discussion in conjunction with our audited consolidated financial statements prepared in accordance with IFRS and the related notes thereto and the other financial information, included elsewhere in this annual report.

5A. Operating Results

Macroeconomic Environment and Factors Affecting Our Results of Operations

Our results of operations are affected by macroeconomic conditions in Brazil, including inflation rates, interest rates, Brazilian GDP growth, employment rates, wage levels, consumer confidence and credit availability. Since the acquisition of Grupo Éxito's in the end of 2019, we started to operate in Colombia, Uruguay and Argentina. Thus, our results of operations are also affected by macroeconomic conditions in these countries, especially Colombia.

Brazilian Macroeconomic Environment

Brazilian macroeconomic conditions remain unstable. Although the Brazilian economy presented signs of recovery in 2019, the year of 2020 presented challenges and impacts due to the COVID-19 pandemic. These challenges included the increase in inflation, which continued rising in 2021. As of December 31, 2021, inflation in Brazil was 17.1%, according to the IGP-M index, compared to 23.1% and 7.32% as of December 31, 2020 and 2019, respectively. The IPCA also increased, reaching 10.1% as of December 31, 2021, compared to 4.52% and 4.31% as of December 31, 2020 and 2019. Inflation has a direct effect on the final prices we charge our customers for our products.

In recent years, there has been a significant fluctuation in the *real*/U.S. dollar exchange rate. In 2019, the *real* depreciated against the U.S. dollar in comparison to 2018, reaching R\$4.0301 per US\$1.00 as of December 31, 2019. In 2020, the *real* further depreciated against the U.S. dollar in comparison to 2019, reaching R\$5.1967 per US\$1.00 as of December 31, 2020. In 2021, the *real* depreciated by 6.9% in relation to the U.S. dollar. As of December 31, 2021, the *real*/U.S. dollar exchange rate was R\$5.581 per US\$1.00. The depreciation of the *real* against the U.S. dollar may create inflationary pressures in Brazil, including in the category of food inflation, with possible effects on the cost practiced by our suppliers. Foreign exchange reserves held by the Brazilian government slightly increased from US\$355,620 million as of December 2020 to US\$362,204 million as of December 2021.

The SELIC rate increased in 2021, reaching 9.2% as of December 31, 2021, after having decreased from 4.5% as of December 31, 2019, to 2.0% as of December 31, 2020. In February 2022, the SELIC rate was raised to 10.75%, reaching two digits for the first time since July 2017. Interest rates have been historically used by the Brazilian government as a tool to curb inflationary pressures.

Brazilian GDP increased by 4.6% in 2021, compared to a decrease of 4.1% in 2020 and an increase of 1.4% in 2019. The unemployment rate in Brazil reached 13.2% as of December 31, 2021, 13.9% as of December 31, 2020 and 11.0% as of December 31, 2019. These two indicators directly affect the purchasing power of the Brazilian workforce.

A continuation of the recent trend of increasing interest rates in Brazil could have an adverse effect on our results of operations and financial condition, as many of our rental contracts are partially indexed to Brazil's national inflation index and the majority of our financial revenues and financial expenses have variable interest rates. Furthermore, in case the recent trend of increasing interest rates in Brazil persists, there could be a decrease in household consumption in Brazil, which could have an adverse effect on our results of operations and financial condition.

In order to mitigate the interest rate risk in Brazil, we maintain our cash and cash equivalents from the Brazilian retail segment indexed to the CDI rate to partially neutralize the impact on the interest rate fluctuations.

The following table sets forth data on real GDP growth, inflation and interest rates in Brazil, and the Brazilian real/U.S. dollar exchange rate for the indicated periods:

	As of and for the year ended December 31,				
	2021	2020	2019	2018	2017
GDP Growth ⁽¹⁾	4.6	(4.1)	1.4	1.8	1.3
Inflation (IGP-M) (%) ⁽²⁾	17.1	23.4	7.3	7.5	(0.5)
Inflation (IPCA) (%) ⁽³⁾	10.1	4.5	4.3	3.7	2.9
CDI (%) ⁽⁴⁾	4.4	2.8	5.9	6.4	9.9
TJLP (%) ⁽⁵⁾	5.3	4.6	5.6	7.0	7.0
SELIC rate (%) ⁽⁶⁾	9.2	1.9	4.4	6.4	7.0
Appreciation (depreciation) of real to U.S. dollars (%)	7.4	(28.9)	4.4	18.5	1.5
Exchange rate (closing) R\$ per U.S. dollars 1.00 ⁽⁷⁾	5.581	5.197	4.031	3.875	3.308
Average exchange rate R\$ per U.S. dollars 1.00 ⁽⁸⁾	5.395	5.1578	3.946	3.656	3.193

(1) Source: IBGE.

(2) The General Market Price Index (*Índice Geral de Preços-Mercado*), or IGP-M, is measured by FGV.

(3) Extended National Consumer Price Index (*Índice de Preços ao Consumidor Amplo*), or IPCA, is a broad consumer price index measured by IBGE.

(4) The CDI is the accumulated rate of interbank deposits in Brazil during each year.

(5) The official long-term interest rate (*taxa de juros de longo prazo*), or TJLP, is charged by Brazil's National Development Bank (*Banco Nacional de Desenvolvimento Econômico e Social*), or BNDES, on long-term financing (end of the period data).

(6) Annual average interest rate. Source: Central Bank.

(7) Exchange rate (for sale) of the last day of the period. Source: Central Bank.

(8) Average of exchange rates (for sale) of the period. Source: Central Bank.

We use derivatives, such as swaps, aiming to hedge the exchange exposure risk to U.S. dollar, converting the cost of debt into domestic currency and interest rates. We have a treasury policy to manage foreign exchange risk relating to U.S. dollar, principally by entering into swaps in reais for 100% of our U.S. dollar-denominated liabilities, which represented 5% of our total debt as of December 31, 2021. We engage in cross-currency interest rate swaps under which we enter into an agreement with the same counterparty that provides the original U.S. dollar-denominated financing. We sign a separate financial instrument at the time the loan agreement is consummated, pursuant to which we are then effectively liable for amounts in reais and interest at a percentage of the CDI rate. The reference amounts and maturity periods of these swaps generally correspond to the original U.S. dollar-denominated loan. This policy protects us against losses resulting from currency devaluations.

An economic recession and an increasing unemployment rate in Brazil, including as a result of COVID-19 pandemic, could lead to a decline in household consumption that could adversely affect our results of operations and financial condition.

Macroeconomic Environment in Colombia, Argentina and Uruguay

The Colombian economy showed signs of economic recovery during the first quarter of 2021. This recovery was mitigated during the second quarter of 2021, largely due to significant social demonstrations, strikes and an increase in the number of cases of COVID-19 in the country.

However, in the second semester of 2021, as the vaccination of the Colombian population against COVID-19 advanced and the mobility restrictions in the country started loosening, the Colombian economy showed a quick and solid economic improvement becoming one of the best performing economies in Latin America in 2021. In 2021, the GDP rate in Colombia increased by 10.6%, the unemployment rate decreased from 13.4% in 2020 to 11% in 2021 and the Colombian consumer confidence index increased by 3.4% even if the index having remained at (7%).

Conversely, inflation levels remained high at 5.6% as of December 31, 2021 (1.61% in 2020), having increased mainly due to the 17.2% increase in food prices during 2021. To combat the rise in inflation, the Colombian Central Bank increased the official interest rate by 125 bps to 3.0% by year-end in 2021 (1.75% in 2020). As of the date of this annual report, the official interest rate in Colombia is 4%.

In addition, a continuation of the recent trend of increasing interest rates in the countries in which we operate could have an adverse effect on our results of operations and financial condition, as many of our rental contracts are partially indexed to these countries' national inflation indices and the majority of our financial revenues and financial expenses have variable interest rates.

The following table sets forth data on real GDP growth, inflation and interest rates in Colombia, and the Colombian pesos/U.S. dollar exchange rate for the indicated periods:

	December 31,				
	2021	2020	2019	2018	2017
GDP Growth.....	10.6	(6.8)	3.3	2.5	1.4
Inflation	5.6	1.6	3.8	3.2	4.1
IPP annual variation.....	5.6	(0.9)	6.1	2.3	3.3
IPP	26.6	119.7	120.8	103.9	111.3
Unemployment	13.7	15.9	10.5	9.7	9.4
DTF ⁽¹⁾	3.08	1.9	4.5	4.5	5.2
IBR nominal rate – annual period ⁽²⁾	2.99	1.7	4.1	4.1	4.5

(1) Term Deposit Rate (*Depósito a Término Fijo*, or DTF).

(2) Colombian Interbank Reference Rate (*Interés Bancario de Referencia*, or IBR). This reference rate was first calculated and published in 2008.

The weak performance of the Uruguayan economy started gradually improving towards the last quarter of 2021, mainly due to the lifting of the COVID-19 related restrictions, which resulted in an increase of tourist activity in Uruguay. The Uruguayan GDP is expected to increase by 4.4% in 2021 reflecting a recovery of the economy during the second half of 2021. The unemployment rate in Uruguay decreased from 10.5% in 2020 to 7.0% in 2021. The inflation rate in Uruguay decreased from 9.4% in 2020 to 8.0% in 2021 and the food inflation reduced from 9.5% in 2020 to 6.5% in 2021.

The Argentinian economy showed gradual signs of recovery in the third quarter of 2021, when the Argentinian GDP increased by 11.9%. However, the inflation rates remained high in Argentina in 2021 having reached 49.5%, with an increase of 54.1% in food prices when compared to 2020. The lifting of the mobility restrictions in Argentina led to the increase of traffic at stores and commercial galleries, resulting in a 14.8% increase in retail sales in the country in 2021, according to the Argentinian Confederation of Medium Size Businesses (*Confederación Argentina de la Mediana Empresa – CAME*).

COVID-19

In response to the COVID-19 pandemic, government authorities around the world and in the countries where we operate imposed restrictive measures in 2020 and 2021. In the countries where we operate, state and local governments followed the guidelines issued by the respective Ministry of Health to control the spread of COVID-19 and imposed restrictions related to social distancing and lockdowns requirements, resulting in the closing of restaurants, schools, daycare centers, hotels, shopping malls, and areas with intense foot traffic, including parks and other public spaces.

As new variants of the COVID-19 virus emerged, governments have continued to impose restrictive measures until recently. Most of the governments in Latin America, including in Brazil, Colombia, Uruguay and Argentina, have relaxed the restrictive measures previously imposed to contain the spread of the COVID-19 virus and variants.

The restrictive measures have caused significant disruptions to the global economy and normal business operations across numerous sectors and countries. The measures adopted to combat the COVID-19 outbreak have adversely affected and will continue to adversely affect business confidence and consumer sentiment, and have been, and may continue to be, accompanied by significant volatility in financial and commodity markets as well as stock exchanges worldwide, adversely affecting the trading price of securities, including the ADSs and our common shares.

As grocery stores, our activity is considered essential and our business operations in Brazil were not adversely affected by the restrictive measures imposed by Brazilian federal and state governments. On the other hand, our Colombian operations were adversely affected by the restrictive measures imposed by regional and state governments as a result of the COVID-19 pandemic, since the restrictions imposed in Colombia were more stringent than in Brazil and included, among other things, reduced business hours at stores, establishment of purchasing limits, closure of stores, dry law enforcement during certain weekends and curfew in the main Colombian cities. Additionally, certain of our operations were not deemed essential by government authorities, which led to the closure of a significant part of our commercial galleries and centers in Colombia. Even after the re-opening of these commercial galleries and centers, we have experienced a reduced traffic of people at these venues.

In Uruguay, the government established the closure of international borders of the country for foreigners during most of the year in 2021 to control the spread of the COVID-19 pandemic, in addition to imposing restrictions such as the closure of many commercial establishments. Likewise, during the first semester of 2021, the Argentinian government implemented severe restrictions such as capacity reduction at stores, closure of stores, the prohibition to sell non-essential items, and restrictions on foot and car traffic at night.

As a result of the COVID-19 pandemic, we experienced a temporary increase in sales in our stores in Brazil since people were initially stocking food, in addition to the change in consumption pattern of individuals, from restaurants to home meal preparations. The COVID-19 pandemic also resulted in greater adherence to online sales channels as an option of convenience to the consumer in all countries where we operate.

As of December 31, 2021, we have assessed the impacts of the COVID-19 to our business and concluded that we do not expect to have material adverse changes to our revenues and other lines of our income statement, and we did not need to record any COVID-19 related provisions.

We may face supply chain risks due to the COVID-19 pandemic, such as scrutiny or embargoing of goods produced in infected areas, in addition to failures of third parties, including our suppliers, contract manufacturers, contractors, commercial banks, joint venture partners and external business partners to meet their obligations, or significant disruptions to their ability to do so. As of the date of this annual report, we have not experienced problems in our supply chain, and our suppliers are delivering products on a regular basis to our distribution centers and stores.

The extent to which the coronavirus and/or other diseases affect us will depend on future developments, which are highly uncertain and cannot be predicted. No recent comparable events exist that provide us with guidance regarding the effects of a severe global pandemic. As a result, the final impact of the COVID-19 outbreak is uncertain and subject to changes that we cannot predict.

Discontinued Operations

Sale of Home Appliances Operating Segment

On November 23, 2016, our board of directors approved the disposal of our equity interest in Via, in line with our long-term strategy of focusing on the development of the Brazilian retail segment. Starting on November 1, 2016, we began recording our investment in Via according to IFRS 5. We concluded the sale of our equity interest in Via on June 14, 2019 by means of a public auction on B3.

Until May 31, 2019, we carried out our discontinued operations through Via, which operated in the home appliances segment, including consumer electronics and furniture, and the e-commerce segment through stores under the banners *Ponto Frio* and *Casas Bahia*, in addition to the e-commerce platforms *Casasbahia.com*, *Pontofrio.com*, *Extra.com.br* and *Barateiro.com*, which were operated by Cnova Brazil.

The results (up to May 31, 2019) related to Via were classified in a single line item as “discontinued operations” in our statement of operations and comprehensive income and the assets and liabilities for Via (including Cnova Brazil) are classified as held for sale in our balance sheet as of December 31, 2018 and 2017. The sale of Via resulted in the recognition of a gain on sale of R\$398 million, net of the effect of income taxes of R\$199 million and related costs. The net effects on discontinued operations were a gain of R\$348 million in 2019 compared to R\$128 million in 2018. For additional information, see note 33 to our audited consolidated financial statements as of and for the year ended December 31, 2021, included elsewhere in this annual report.

Noncurrent assets held for sale were R\$26,137 million as of May 31, 2019 compared to R\$29,144 million as of December 31, 2018. Noncurrent liabilities held for sale were R\$20,859 million as of May 31, 2019 compared to R\$23,933 million as of December 31, 2018.

For more information on the sale of our equity interest in Via, see “—4A. History and Development of the Company—Changes in Our Business—Sale of Home Appliances Operating Segments.”

Spin-Off of the Cash and Carry Operating Segment

On December 14, 2020, our board of directors approved a corporate reorganization in order to carry out the segregation of the cash and carry business through a spin-off of our then wholly owned subsidiary Sendas, which operates under the banner *Assaí*. On December 31, 2020, the corporate reorganization proposal was submitted to and approved by the shareholders of CBD and Sendas at extraordinary shareholders’ meetings of both companies. Our shareholders also approved the delivery of the common shares issued by Sendas that were owned by CBD directly to CBD shareholders, at a ratio of one common share of Sendas for each common share issued by CBD. The Sendas Spin-off included the transfer of the equity interest currently held by Sendas in Almacenes Éxito S.A. to the Company.

On February 26, 2021, our shareholders received shares issued by Sendas, in proportion to their respective holdings in the capital stock of CBD. The distribution occurred after the listing of Sendas’ common shares on the *Novo Mercado* segment of B3 and after the approval of listing of ADRs representing Sendas’ shares on the NYSE. We expect Sendas to follow substantially similar corporate governance standards as those currently adopted by the Company.

As disclosed in note 33 to our audited consolidated financial statements, included elsewhere in this annual report, net income for the years ended December 31, 2021, 2020 and 2019 and the results related to Sendas were classified in a single line item as “discontinued operations” in our statement of operations and comprehensive income.

For more information on the spin-off of our cash and carry business, see “—4A. History and Development of the Company—Changes in Our Business—Spin-off of Cash and Carry Operating Segment.”

Discontinued Operations for the Year Ending December 31, 2022

Extra Hiper Stores

On October 14, 2021 and December 16, 2021, the directors of CBD and Sendas at meetings of the board of directors of both companies approved the conversion of 70 *Extra Hiper* stores operated by us and located in several states of Brazil into cash and carry stores to be operated by Sendas pursuant to the Real Estate Properties Assignment Transaction.

As of the date of this annual report, we had concluded the assignment of 60 *Extra Hiper* stores to Sendas. We expect to assign all the stores to Sendas under the Real Estate Properties Assignment Transaction by the end of May 2022.

Of the 33 *Extra Hiper* stores that were not assigned to Sendas, up to 29 will be converted into *Pão de Açúcar* or *Mercado Extra* stores. We are analyzing whether the remaining four *Extra Hiper* stores will be closed or converted into other banners.

Starting in the second semester of 2022, we will no longer operate under the *Extra Hiper* banner and will focus on the premium and proximity segments, notably under the banners *Pão de Açúcar*, *Minuto*, *Compre Bem* and *Mercado Extra*.

We expect to classify the results of operations of the *Extra Hiper* banner as discontinued operations in our statements of operations in the audited consolidated financial statements for the year ending December 31, 2022. The net gain on disposal of the assets and the results of the hypermarket business will be presented in a single line in the statements of operations as a discontinued operation for the year ending December 31, 2022 and the comparative periods, as required by IFRS5/CPC31.

The assets and liabilities related to 50 *Extra Hiper* stores, which were substantially property, plant and equipment, right of use and corresponding liabilities and intangible assets, were classified as assets held for sale in our audited consolidated financial statements as of and for the year ended December 31, 2021.

For more information on the Real Estate Properties Assignment Transaction and the discontinuation of the *Extra Hiper* banner, see “Item 4. “Changes in Our Business—Discontinued Operations for Year Ending December 31, 2022—Extra Hiper Stores” and “Item 7B. Related Party Transactions—Real Estate Properties Assignment Transaction.”

Drugstores

In line with our strategy of optimizing store platform and allocating resources to accelerate the growth of our most profitable banners, we decided to close all our drugstores.

As of the date of this annual report, we had already closed all our drugstores and discontinued 68 of our drugstores.

We expect to classify the results of operations of our drugstores as discontinued operations in our statements of operations in the audited consolidated financial statements for the year ending December 31, 2022. The net gain on disposal of the assets and the results of the drugstore business will be presented in a single line in the statements of operations as a discontinued operation for the year ending December 31, 2022 and the comparative periods, as required by IFRS5/CPC31.

Acquisition of Grupo Éxito

On November 27, 2019, Sendas acquired 96.57% of Grupo Éxito’s shares by means of an all-cash tender offer. As a result of Grupo Éxito’s acquisition, we started to carry out operations in Colombia, Argentina and Uruguay. For additional information on Grupo Éxito’s acquisition, see “Item 4. Information on the Company—4A. History and Development of the Company—Changes in Our Business—Acquisition of Grupo Éxito.”

We started to consolidate Grupo Éxito’s results of operations after we assumed its corporate control on November 27, 2019.

Overview of the Fiscal Year Ended December 31, 2021

We believe that 2021 was one of the most important years in our recent history, as we made important decisions and went through material changes, such as the discontinuation of our *Extra Hiper* stores, in the challenging economic scenario created by the COVID-19 pandemic.

Despite a challenging economic scenario in which consumption was sharply affected by high unemployment rates, and increasing inflation, especially in Brazil where the IPCA increased from 4.5% in 2020 to 10.1% in 2021, our consolidated net operating revenue in the Brazilian retail segment decreased 5.2% in 2021 from 2020, totaling R\$26.8 billion.

The net operating revenue of Grupo Éxito increased by 10.5% in 2021 in spite of the increase in the official interest rates in the countries in which it operates, having benefited from the quick and solid improvement of the Colombian economy and the easing of the COVID-19 related restrictions in Colombia, Uruguay and Argentina.

We improved our portfolio of store formats in the Brazilian retail segment to better meet our clients’ needs by renovating or converting our stores, which reinforced consumers’ power of choice and ensured a better presentation of our products and services. In 2021, 58 stores in Brazil were renovated, converted, opened or repositioned.

Our focus on improving our clients' shopping experience was materialized with the 46 *Pão de Açúcar* stores renovated following a next-generation concept store, focused on perishables, services and improvement of portfolio, presenting a multi-channel, or sales in different channels, including brick and mortar stores, e-commerce and James delivery, among others; multi-sensory and multi-solution space, offering different shopping experience in terms of store layout, variety of products, service quality, and social hubs, among others. By the end of 2021, we renovated 28% of the *Pão de Açúcar* stores, delivering outstanding performance in terms of sales.

In the first semester of 2021, we converted six *Extra Supermercado* stores into *Mercado Extra* stores, concluding the process of conversion of all *Extra Supermercado* stores into *Mercado Extra* and *Compre Bem* stores. In the same year, these stores presented significant growth in sales and better performance compared to non-converted stores.

The proximity store business continues to soar, mainly due to its effective value proposition in the neighborhood format and the expansion of the *Aliados Compre Bem* program, as evidenced by the continuous increase in sales – ten consecutive quarters of growth – and profitability gains throughout the year.

In 2021, we also improved the portfolio of our private label brands, an important part of the loyalty building and profitability of our business, launching more than 100 products in Brazil, and increasing the categories of products we offer under our private label brands. This improvement was responsible for the increase in sales of the products under our private label brand and contributed to a more integrated strategy for our businesses.

We also invested in our digital transformation strategy by means of the continuous integration of our e-commerce and brick-and-mortar stores, reaffirming our leadership in the e-commerce food segment. The net operating revenue of our digital retail operation in Brazil in 2021 presented an increase of 53% when compared to 2020, mainly due to (i) the expansion of the Express and Click & Collect models to more than 300 stores as of December 31, 2021 (compared to 289 stores as of December 31, 2020), (ii) the opening of four new mini distribution centers to support a pervasive delivery system, (iii) the beginning of partnerships with other last milers (*iFood*, *Rappi* and *Cornershop*) that in 2021 represented 23.5% of our total online sales, and (iv) our partnership with *Mercado Livre* announced in May 2021, which has been growing on a monthly basis, with approximately 4,000 supermarket items from the chains on the platform with the *Pão de Açúcar* and *Extra* brands.

In addition, in 2021, we completed the Sendas Separation and Sendas Spin-Off, and focused our business on the retail sector, with our income statement reflecting the higher level of service and value-added products.

The operations of the Grupo Éxito in the beginning of 2021 were negatively affected by store closures to combat the spread of the COVID-19 pandemic in Colombia and the social protests that occurred throughout the country. Grupo Éxito's operations were also negatively impacted in the beginning of 2021 in Uruguay, as a result of the decrease of tourist activity in Uruguay due to the closure of the Uruguayan borders for tourists to combat the spread of the COVID-19 pandemic in the country, and in Argentina, as a result of the deterioration of the macroeconomic conditions of the country due to the COVID-19 pandemic.

Nevertheless, Grupo Éxito quickly adapted and managed to take advantage of important opportunities that led to improvements in revenue and profitability mainly due to the strengthening of the omnichannel strategy, consolidation of innovative formats and recovery of its real estate and financial services businesses.

Results of Operations for 2021, 2020 and 2019

The following table presents the consolidated results of operations in accordance with IFRS for the periods indicated, as included in our audited consolidated financial statements, included elsewhere in this annual report.

	Year Ended December 31, ⁽¹⁾					
	2021	% of Net Operating Revenue	2020	% of Net Operating Revenue	2019 ⁽²⁾	% of Net Operating Revenue
	(in millions of R\$, unless otherwise noted)					
Results of Operations						
Net operating revenue	51,291	100.0	51,253	100.0	28,838	100.0
Cost of sales.....	(38,341)	(74.8)	(37,504)	(73.2)	(21,225)	(73.6)
Gross profit	12,950	25.2	13,749	26.8	7,613	26.4
Selling, general and administrative expenses.....	(9,353)	(18.2)	(9,343)	(18.2)	(5,698)	(19.8)
Depreciation and amortization ...	(1,853)	(3.6)	(1,804)	(3.5)	(1,028)	(3.6)
Other operating expenses, net.....	(7)	(0.0)	(71)	(0.1)	(386)	(1.3)
Operating expenses	(11,213)	(21.9)	(11,218)	(21.9)	(7,112)	(24.7)
Profit from operations before financial expenses and share of profit of associates	1,737	3.4	2,531	4.9	501	1.7
Financial income	488	1.0	909	1.8	353	1.2
Financial expenses	(1,809)	(3.5)	(1,637)	(3.2)	(1,224)	(4.2)
Financial expenses, net	(1,321)	(2.6)	(728)	(1.4)	(871)	(3.0)
Share of profit of associates	(47)	(0.1)	98	0.2	2	-
Profit (loss) before income tax and social contribution	369	0.7	1,901	3.7	(368)	(1.3)
Income tax and social contribution.....	594	1.2	(662)	(1.3)	95	0.3
Net income (loss) from continuing operations	963	1.9	1,239	2.4	(273)	(0.9)
Net income (loss) from discontinued operations	(3)	(0.0)	1,087	2.1	1,109	3.8
Net income for the year	960	1.9	2,326	4.5	836	2.9
Attributed to controlling shareholders from continued operations	805	1.6	1,092	2.1	(287)	(1.0)
Attributed to controlling shareholders from discontinued operations	(3)	(0.0)	1,087	2.1	1,077	3.7
Total attributed to controlling shareholders	802	1.6	2,179	4.3	790	2.7
Attributed to non-controlling shareholders from continued operations	158	0.3	147	0.3	14	0.0
Attributed to non-controlling shareholders from discontinued operations	-	-	-	-	32	0.1
Total attributed to non-controlling shareholders	158	0.3	147	0.3	46	0.2

- (1) The statement of operations for the years ended December 31, 2021, 2020 and 2019 related to Sendas was classified as “discontinued operations.” As discussed in note 33 to our audited consolidated financial statements as of and for the years ended December 31, 2021, included elsewhere in this annual report, the Sendas Spin-off was approved by the general meeting on December 31, 2020, resulting in the deconsolidation of Sendas from the Pão de Açúcar Group on the same date.
- (2) Via operations were classified as discontinued operations in the periods from 2016 to 2019 (until May 31, 2019). Starting on November 1, 2016, we began recording our investment in Cnova according to IFRS 5. On June 14, 2019, we consummated the sale of all equity interest we held in Via. Accordingly, our financial statements as of and for the year ended December 31, 2019 include the five months that Via’s results of operations were considered in the line item relating to discontinued operations. The sale of Via resulted in the recognition of a gain on sale of R\$398 million, net of the effect of income taxes of R\$199 million and related costs. The net effects on discontinued operations were a gain of R\$348 million in 2019.

In addition, we present the results of our operating segments in the same manner management evaluates the performance of and strategy for the segments listed below. For further information on the segments, see note 30 to our audited consolidated financial statements as of and for the year ended December 31, 2021, included elsewhere in this annual report.

The following tables contain a breakdown of our statement of operations by segment for each of the periods indicated:

Statement of operations	Year Ended December 31, 2021			
	Brazilian retail	Grupo Éxito ⁽¹⁾	Other businesses ⁽²⁾	Total
Segments			(in millions of R\$)	
Net operating revenue	26,864	24,357	70	51,291
Operating income	712	1,121	(96)	1,737
Financial expenses, net	(1,039)	(279)	(3)	(1,321)
Profit (loss) before income tax and social contribution	(280)	853	(204)	369
Share of profit of associates	47	11	(105)	(47)
Income tax and social contribution	908	(321)	7	594
Net income (loss) – continuing operations	628	532	(197)	963
Net income (loss) – discontinued operations	(3)	-	-	(3)
Net income (loss) for the year	625	532	(197)	960

(1) Includes our operations in Colombia, Uruguay and Argentina since our acquisition of Grupo Éxito in November 2019. For information on the all-cash tender offer to acquire Grupo Éxito's shares, see "Item—4A. History and Development of the Company—Changes in Our Business—Acquisition of Grupo Éxito."

(2) Includes equity pickup of the Company in Cnova. It also includes the banners *Cheftime*, *James* and *Stix Fidelidade*.

Statement of operations	Year Ended December 31, 2020				
	Brazilian retail	Grupo Éxito ⁽¹⁾	Other businesses ⁽²⁾	Discontinued operations	Total
Segments			(in millions of R\$)		
Net operating revenue	29,170	22,034	49	-	51,253
Operating Income	2,016	652	(137)	-	2,531
Financial expenses, net	(386)	(340)	(2)	-	(728)
Profit (loss) before income tax and social contribution	1,748	339	(186)	-	1,901
Share of profit of associates	118	27	(47)	-	98
Income tax and social contribution	(559)	(110)	7	-	(662)
Net income (loss) – continuing operations	1,189	229	(179)	-	1,239
Net income (loss) – discontinued operations	85	(1)	-	1,003	1,087
Net income (loss) for the year	1,274	228	(179)	1,003	2,326

(1) Includes our operations in Colombia, Uruguay and Argentina since our acquisition of Grupo Éxito in November 2019. For information on the all-cash tender offer to acquire Grupo Éxito's shares, see "Item—4A. History and Development of the Company—Changes in Our Business—Acquisition of Grupo Éxito."

(2) Includes equity pickup of the Company in Cnova. It also includes the banners *Cheftime*, *James* and *Stix Fidelidade*.

Statement of operations	Year Ended December 31, 2019 ⁽²⁾				
	Brazilian retail	Grupo Éxito	Other businesses ⁽¹⁾	Discontinued operations ⁽²⁾	Total
Segments			(in millions of R\$)		
Net operating revenue	26,654	2,151	33	-	28,838
Operating Income	467	(56)	-	-	501
Financial expenses, net	(815)	(57)	1	-	(871)
Profit (loss) before income tax and social contribution	(241)	27	(154)	-	(368)
Share of profit of associates	107	(6)	(99)	-	2
Income tax and social contribution	121	(28)	2	-	95
Net income (loss) – continuing operations	(120)	(1)	(152)	-	(273)
Net (loss) income– discontinued operations	312	-	-	797	1,109
Net income (loss) for the year	192	(1)	(152)	797	836

(1) Includes equity pickup of the Company in Cnova. It also includes the banners *Cheftime*, *James* and *Stix Fidelidade*.

(2) The statement of operations for the years ended December 31, 2021, 2020 and 2019 related to Sendas were classified as "discontinued operations." Via operations were classified as discontinued operations in the periods from 2016 to 2019 (until June 2019). On June 14, 2019, we consummated the sale of all equity interest we held in Via. Accordingly, our financial statements as of and for the year ended December 31, 2019 include the five months that Via's results of operations were considered in the line item relating to discontinued operations. The sale of Via resulted in the recognition of a gain on sale of R\$398 million, net of the effect of income taxes of R\$199 million and related costs. The net effects on discontinued operations were a gain of R\$348 million in 2019. Moreover, starting on November 1, 2016, we began recording our investment in Cnova according to IFRS 5. For additional information on the sale on our discontinued operations, see notes 12 and 34 to our audited consolidated financial statements as of and for the years ended December 31, 2019 and 2020, included elsewhere in this annual report.

Year Ended December 31, 2021 Compared to Year Ended December 31, 2020

Consolidated

Net operating revenue. Net operating revenue increased by 0.1%, from R\$51,253 million in 2020 to R\$51,291 million in 2021 due to the increase of sales in Grupo Éxito mainly related to the recovery in consumer confidence in Colombia during the second semester of 2021, which boosted consumption levels in the country and the improvement of the omnichannel performance of the Grupo Éxito, partially offset by the decrease in sales from the Brazilian retail segment due to the beginning of the demobilization of our *Extra Hiper* stores and our drugstores, which started in the fourth quarter of 2021.

Gross profit. Gross profit decreased by 5.8%, or R\$799 million, from R\$13,749 million in 2020 to R\$12,950 million in 2021, mainly due to the impact of the recognition of R\$834 million in ICMS tax credits as costs of sales in 2020 due to a favorable decision in a lawsuit to which we were a party declaring the exclusion of ICMS from the calculation basis of PIS and COFINS, which did not occur in 2021.

Selling, general and administrative expenses. Selling, general and administrative expenses increased by R\$10 million, from R\$9,343 million in 2020 to R\$9,353 million in 2021, mainly due to the increase in the omnichannel sales of the Grupo Éxito, partially offset by a decrease in the sales in the Brazilian retail segment due to the reduction in marketing expenses and the reduction in personnel expenses caused by the closing of the *Extra Hiper* stores. Selling, general and administrative expenses represented 18.2% of our net operating revenue in 2020 and 2021.

Depreciation and amortization. Depreciation and amortization increased by 2.7%, or R\$49 million, from R\$1,804 billion in 2020 to R\$1,853 billion in 2021, mainly due to the renovation and maintenance of stores, renewal of lease agreements and IT projects and investments in platforms to increase our productivity, partially offset by the demobilization of our *Extra Hiper* stores and drugstores, which started in the fourth quarter of 2021.

Other operating expenses, net. Other operating expenses, net, decreased by 90.1%, or R\$64 million, from R\$71 million in 2020 to R\$7 million in 2021, mainly as a result of (i) the R\$426 million net revenue from the sale of 20 *Extra Hiper* stores to Sendas pursuant to the Real Estate Properties Assignment Transaction, (ii) the R\$224 million decrease in the restructuring and corporate reorganization expenses related to the Sendas Separation, as well as expenses related to the acquisition of the Grupo Éxito, (iii) the gains, in 2020, related to revaluation of our equity participation in Bellamar, a holding company that holds an investment in 35.8% of the shares of FIC, net of costs, of R\$513 million, which did not occur in 2021, (iv) the decrease in expenses incurred as a result of the COVID-19 pandemic of R\$134 million, and (v) the decrease in tax contingencies of R\$235 million due to a decision of the Brazilian Supreme Court (*Supremo Tribunal Federal*), or STF, which allowed companies that import products, such as us, not to pay the tax on industrialized products (IPI) on imported goods.

Financial expenses, net. Financial expenses, net, increased by 35.8%, or R\$593 million, from R\$728 million in 2020 to R\$1,321 billion in 2021, as a result of the (i) decrease in our monetary restatement gain of R\$504 million in 2021 caused by the R\$613 million revenue, net of costs, in 2020, due to a favorable decision in a lawsuit to which we were a party declaring the exclusion of ICMS from the calculation basis of PIS and COFINS, which decreased to R\$109 million in 2021, and (ii) increase in the average CDI rate in Brazil from 2.8% in 2020 to 4.4% in 2021, which had a positive effect on our revenue from financial investments, while adversely affecting financial expenses as certain of our financings are indexed to the CDI rate.

Share of profit of associates. Share of profit of associates decreased by 148.1%, or R\$145 million, from a gain of R\$98 million in 2020 to a loss of R\$47 million in 2021, mainly as a result of (i) an increase in losses in the amount of R\$57 million from our share of profit in Cnova, due to the deterioration of the results of operations of Cnova in 2021; and (ii) a decrease in our share of profit in FIC in the amount of R\$71 million, mainly due to the reduction of our participation in Bellamar, after the Sendas Spin-off, to 18% in 2021 from 36% in 2020.

Income tax and social contribution. Income tax and social contribution increased by R\$1,256 million, from an income tax and social contribution expense of R\$662 million in 2020 to an income of R\$594 million in 2021, mainly as a result of (i) state tax incentives, pursuant to article 30 of Law No. 12,973/14 and Complementary Law No. 160/17, related to income obtained outside Brazil, and (ii) the increase in our tax credits in 2021 due to a decision issued by the STF, in September 2021, which declared the unconstitutionality of the collection of income tax in interest payments indexed to SELIC rate arising from overpayments of tax.

Net income (loss) from continuing operations. As a result of the foregoing, net income from continuing operations decreased by 22.2%, or R\$276 million, from a profit of R\$1,239 million in 2020 to a profit of R\$963 million in 2021.

Net income (loss) from discontinued operations. Net income (loss) from discontinued operations decreased by R\$1,090 million, from an income of R\$1,087 million in 2020 to a loss of R\$3 million in 2021, mainly due to the classification of the operations of Sendas in the periods from December 31, 2018 through December 31, 2020 as discontinued operations.

Segment Information

Brazilian Retail Segment

Our Brazilian retail segment in 2021 consisted of sales of food and non-food products to individual consumers at (i) supermarkets through the banners *Pão de Açúcar*, *Extra Supermercado*, *Mercado Extra* and *Compre Bem*; (ii) hypermarkets through the banner *Extra Hiper*; (iii) proximity stores through the banners *Mini Extra*, *Minuto Pão de Açúcar*, *Pão de Açúcar Adega* and *Aliados Minimercado*; and (iv) gas stations that operate under our *Pão de Açúcar*, *Mercado Extra* and *Compre Bem* banners. The Brazilian retail segment also includes the revenues related to rentals of commercial spaces and e-commerce sales.

In the first semester of 2021, we converted six *Extra Supermercado* stores into *Mercado Extra* stores, concluding the process of conversion of all *Extra Supermercado* stores into *Mercado Extra* and *Compre Bem* stores.

We expect to classify the results of operations of the *Extra Hiper banner* and the results of operations of our drugstores as discontinued operations in our audited consolidated financial statements for the year ending December 31, 2022.

We do not consider Grupo *Éxito* as part of our Brazilian retail segment and consider it as a separate segment since its acquisition at the end of 2019.

Net operating revenue. Net operating revenue decreased by 7.9%, or R\$2,306 million, from R\$29,170 million in 2020 to R\$26,864 million in 2021, mainly as a result of the loss of the revenues caused by the demobilization of *Extra Hiper* stores, which started in the beginning of the fourth quarter of 2021. In addition, macroeconomic conditions, such as high inflation, adversely affected consumers' purchasing power and, consequently, our sales.

Profit (loss) from operations before financial income (expenses). Profit from operations before financial income (expenses) decreased by 64.7%, or R\$1,304 million, from R\$2,016 million in 2020 to R\$712 million in 2021, as a result of the decrease of R\$2,306 million in our net operating revenue and the decrease of R\$111 million in our other operating income, which were partially offset by the decrease of R\$687 million in cost of sales and the decrease of R\$ 426 million in selling, general and administrative expenses.

Financial income (expenses), net. Financial expenses, net, increased by 169.2%, or R\$653 million, from R\$386 million in 2020 to R\$1,039 million in 2021, mainly as a result of higher cost to service our debt due to higher interest rates in Brazil in 2021 and to a favorable decision in a lawsuit to which we were a party declaring the exclusion of ICMS from the calculation basis of PIS and COFINS.

Profit (loss) before income tax and social contribution. As a result of the foregoing, profit (loss) before income tax and social contribution decreased by R\$2,028 million, from a profit of R\$1,748 million in 2020 to a loss of R\$280 million in 2021.

Income Tax and Social Contribution. Income tax and social contribution increased by R\$1,467 million, from an in expense of R\$559 million in 2020 to an income of R\$908 million in 2021, mainly as a result of the increase in our tax credits in 2021 due (i) state tax incentives, pursuant to article 30 of Law No. 12,973/14 and Complementary Law No. 160/17, related to income obtained outside Brazil, and (ii) the increase in our tax credits in 2021 due to a decision issued by the STF, in September 2021, which declared the unconstitutionality of the collection of income tax in interest payments indexed to SELIC rate arising from overpayments of tax.

Net income for the year. As a result of the foregoing, net income for the year decreased by 50.9%, or R\$649 million, from a profit of R\$1,274 million in 2020 to a profit of R\$625 million in 2021.

Grupo Éxito

As a result of our acquisition of Grupo Éxito at the end of 2019, we started to consolidate the operations in Colombia, Uruguay and Argentina, through the following banners: (i) *Viva Malls, Éxito, Carulla, Surtimayorista, Surtimax* and *Super Inter* in Colombia, (ii) *Devoto, Disco* and *Géant* in Uruguay, and (iii) *Libertad, Mini Libertad* and *Paseo Libertad Malls* in Argentina. For additional information on the acquisition of Grupo Éxito, see “Item 4. Information on the Company—4A. History and Development of the Company—Changes in Our Business—Acquisition of Grupo Éxito.”

Net operating revenue. Net operating revenue increased by R\$2,323 million, from R\$22,034 million in 2020 to R\$24,357 million in 2021, mainly as a result of the strong omnichannel performance in Colombia, Uruguay and Argentina, the increase in revenues from complementary businesses, such as *Tuya* and the real estate business units and the travel business, which benefitted from the easing of restrictions during the year, the improvement of the macroeconomic conditions in Colombia, Uruguay and Argentina and the return of tourism in these countries in end of 2021. In the same period, our gross margin, calculated by dividing gross profit by net operating revenue, increased from 25.0% in 2020 to 25.8% in 2021.

Profit (loss) from operations before financial income (expenses). As a result of the increase in Éxito’s sales volume caused by the improvement of the macroeconomic conditions in Colombia, Uruguay and Argentina and the return of tourism in these countries in end of 2021, profit from operations before financial income (expenses) increased by R\$469 million, from R\$652 million in 2020 to R\$1,121 million in 2021.

Financial income (expenses), net. Financial expenses, net, decreased by R\$61 million, from R\$340 million in 2020 to R\$279 million in 2021, mainly as a result of a lower cost to service our debt in the period due to lower interest rates in Colombia in 2021.

Profit (loss) before income tax and social contribution. Profit before income tax and social contribution increased by R\$514 million, from R\$339 million in 2020 to R\$853 million in 2021, as a result of the increase of R\$783 million in gross profit, partially offset by the increase of R\$484 million in selling, general and administrative expenses and depreciation and amortization.

Income Tax and Social Contribution. Income tax and social contribution increased by R\$211 million, from an income tax and social contribution expense of R\$110 million in 2020 to an expense of R\$321 million in 2021, mainly as a result of the increase in profit before income tax and social contribution.

Net income for the year. As a result of the foregoing, net income for the year increased by 133.3%, or R\$304 million, from a profit of R\$228 million in 2020 to a profit of R\$532 million in 2021.

Year Ended December 31, 2020 Compared to Year Ended December 31, 2019

Consolidated

Net operating revenue. Net operating revenue increased by 77.7%, or R\$22,415 million, from R\$28,838 million in 2019 to R\$51,253 million in 2020, of which R\$19,883 million relates to net operating revenue of Grupo Éxito in 2020 which we started to consolidate at the end of 2019. To a lesser extent, the increase was also related to the growth of renovated and remodeled stores in the last two years, as well as digital transformation initiatives, underlining the adoption of our omnichannel strategy. In addition, the restrictions in mobility related to the COVID-19 pandemic had a positive impact on sales.

Selling, general and administrative expenses. Selling, general and administrative expenses increased by 64.0%, or R\$3,645 million, from R\$5,698 million in 2019 to R\$9,343 million in 2020, mainly due to the increase of R\$3,498 million generated by the acquisition of Grupo Éxito. Selling, general and administrative expenses represented 19.8% of our net operating revenue in 2019 and 18.2% in 2020. The increase related to the consolidation of Éxito’s results was partially offset by a decrease in the selling, general and administrative expenses of the Brazilian retail segment, mainly due to our initiatives to control expenses.

Depreciation and amortization. Depreciation and amortization increased by 75.5%, or R\$776 million, from R\$1,028 million in 2019 to R\$1,804 million in 2020, mainly due to the depreciation and amortization resulting from the acquisition of Grupo Éxito of R\$669 million and, to a lesser extent, the increase was also related to renovation and maintenance of stores, renewal of lease agreements and IT projects.

Other operating income (expenses), net. Other operating expenses, net, decreased by R\$315 million, from R\$386 million in 2019 to R\$71 million in 2020, mainly as a result of (i) gains related to revaluation of our equity participation in Bellamar, net of costs, of R\$513 million, (ii) gain on disposal of assets of R\$378 million. The decrease was partially offset by (i) increase on restructuring costs of R\$187 million, (ii) expenses incurred as a result of the COVID-19 pandemic of R\$134 million and (iii) increase on tax contingencies of R\$216 million.

Financial income (expenses), net. Financial expenses, net, decreased by 16.4%, or R\$143 million, from R\$871 million in 2019 to R\$728 million in 2020, mainly as a result of i) R\$413 million of increase in expenses mainly related to monetary restatement and lease liabilities and ii) tax credit of ICMS on the calculation basis of PIS/COFINS of R\$622 million that have offset the increase.

Share of profit of associates. Share of profit of associates increased by R\$96 million, from a gain of R\$2 million in 2019 to R\$98 million in 2020, mainly as a result of (i) a decrease in losses in the amount of R\$52 million from our share of profit in Cnova, due to a better performance of this investee; (ii) a gain of R\$18 million in the share of profit in Tuya and Puntos Colombia as a result of the acquisition of Grupo Éxito at the end of 2019; and (iii) an increase in our share of profit in FIC due to higher profits.

Income tax and social contribution. Income tax and social contribution increased by R\$757 million, from an income from an income tax and social contribution of R\$95 million in 2019 to an expense of R\$662 million in 2020, mainly as a result of the increase in our taxable profits in 2020.

Net income (loss) from continuing operations. As a result of the foregoing, net income from continuing operations increased by 553.8%, or R\$1,512 million, from a loss of R\$273 million in 2019 to a profit of R\$1,239 million in 2020.

Net income (loss) from discontinued operations. Net income from discontinued operations decreased by R\$22 million, from R\$1,109 million in 2019 to R\$1,087 million in 2020, mainly due to the gain on the sale of Via in the amount of R\$398 million in 2019, partially offset by an increase in the net income of Sendas in 2020.

Segment Information

Brazilian Retail Segment

Our Brazilian retail segment in 2020 consisted of sales of food and non-food products to individual consumers at (i) supermarkets through the banners *Pão de Açúcar*, *Extra Supermercado*, *Mercado Extra* and *Compre Bem*; (ii) hypermarkets through the banner *Extra Hiper*; (iii) proximity stores through the banners *Mini Extra*, *Minuto Pão de Açúcar*, *Pão de Açúcar Adega* and *Aliados Minimercado*; and (iv) gas stations, and drugstores through the *Extra* and *Pão de Açúcar* banners. The Brazilian retail segment also includes the revenues related to rentals of commercial spaces and e-commerce sales.

In the first semester of 2021, we converted six *Extra Supermercado* stores into *Mercado Extra* stores, concluding the process of conversion of all *Extra Supermercado* stores into *Mercado Extra* and *Compre Bem* stores.

We expect to classify the results of operations of the *Extra Hiper banner* and the results of operations of our drugstores as discontinued operations in our audited consolidated financial statements for the year ending December 31, 2022.

We do not consider Grupo Éxito as part of our Brazilian retail segment and consider it as a separate segment since its acquisition at the end of 2019.

Net operating revenue. Net operating revenue increased by 9.4%, or R\$2,516 million, from R\$26,654 million in 2019 to R\$29,170 million in 2020, mainly as a result of the strengthening of stores that were renovated and remodeled in the previous two years, as well as our digital transformation initiatives, underlining the traction of our omnichannel strategy. In the same period, our gross margin, calculated by dividing gross profit by net

operating revenue, increased from 26.3% in 2019 to 28.18% in 2020. Also, in the beginning of the pandemic, we had a significant increase in our sales as customers were stocking food.

Profit (loss) from operations before financial income (expenses). As a result of the foregoing, profit from operations before financial income (expenses) increased by 331.7%, or R\$1,549 million, from R\$467 million in 2019 to R\$2,016 million in 2020.

Financial income (expenses), net. Financial expenses, net, decreased by 52.6%, or R\$429 million, from R\$815 million in 2019 to R\$386 million in 2020, mainly as a result of (i) an increase in expenses principally related to monetary restatement and lease liabilities and (ii) tax credit of ICMS on the calculation basis of PIS/COFINS.

Profit (loss) before income tax and social contribution. As a result of the foregoing, profit (loss) before income tax and social contribution increased by R\$1,989 million, from a loss of R\$241 million in 2019 to a profit of R\$1,748 million in 2020.

Grupo Éxito

As a result of Grupo Éxito's acquisition at the end of 2019, we started to consolidate its operations in Colombia, Uruguay and Argentina, through the following banners: (i) *Viva Malls, Éxito, Carulla, Surtimayorista, Surtimax* and *Super Inter* in Colombia, (ii) *Devoto, Disco* and *Géant* in Uruguay, and (iii) *Libertad, Mini Libertad* and *Paseo Libertad Malls* in Argentina. For additional information on Grupo Éxito's acquisition, see "Item 4. Information on the Company—4A. History and Development of the Company—Changes in Our Business—Acquisition of Grupo Éxito."

Net operating revenue. Net operating revenue increased by R\$19,883 million, from R\$2,151 million in 2019 to R\$22,034 million in 2020, mainly as a result of the solid progress made in our omnichannel strategy in all countries, the strong performance of the Colombia retail operation and a solid contribution from innovative formats (*Wow* and *Fresh Market*). In the same period, our gross margin, calculated by dividing gross profit by net operating revenue, decreased from 28.3% in 2019 to 25.0% in 2020. This decrease was mainly related to lower revenues of complementary businesses due to the pandemic, especially the lower distribution of royalties in Tuya, despite the improvement in its retail operation performance. Éxito was consolidated in the statements of operations of our consolidated financial statements for 12 months in 2020, compared to only one month in 2019.

Depreciation and amortization. Depreciation and amortization increased by R\$669 million, from R\$60 million in 2019 to R\$729 million in 2020, mainly as a result of the acquisition of Grupo Éxito at the end of 2019.

Profit (loss) from operations before financial income (expenses). As a result of the foregoing, profit from operations before financial income (expenses) increased by R\$562 million, from R\$90 million in 2019 to R\$652 million in 2020.

Financial income (expenses), net. Financial expenses, net, increased by R\$283 million, from R\$57 million in 2019 to R\$340 million in 2020, mainly as a result of the acquisition of Grupo Éxito at the end of 2019.

Profit (loss) before income tax and social contribution. As a result of the foregoing, profit before income tax and social contribution increased by R\$312 million, from R\$27 million in 2019 to R\$339 million in 2020.

5B. Liquidity and Capital Resources

Cash Flows

The following table sets forth information related to our cash flows as of and for the periods presented:

	As of and for the Year Ended December 31,					
	2021 ^(*)	2021	2020 ^(**)	2019 ^{(**)(1)(3)}	2018 ^{(**)(1)(2)}	2017 ^{(**)(1)(2)}
	(millions of US\$)			(millions of R\$)		
Other financial information						
Net cash provided by (used in):						
Operating activities.....	489	2,728	4,742	1,135	4,267	3,464

	As of and for the Year Ended December 31,					
	2021 ^(*)	2021	2020 ^(**)	2019 ^{(**)(1)(3)}	2018 ^{(**)(1)(2)}	2017 ^{(**)(1)(2)}
	(millions of US\$)			(millions of R\$)		
Investing activities.....	(14)	(77)	(4,291)	(3,266)	(1,897)	(1,592)
Financing activities.....	(492)	(2,743)	(281)	1,894	(1,641)	(3,663)
Capital expenditures ⁽⁴⁾	(227)	(1,267)	(2,490)	(2,782)	(2,364)	(1,713)

(*) Solely for the convenience of the reader, we have translated certain *real* amounts at a rate of R\$5.5805 to US\$1.00, the closing commercial U.S. dollar selling rate as of December 31, 2021, as published by the Central Bank.

(**) The statements of operations for the years ended December 31, 2020, 2019, 2018 and 2017, presented in the table related to Sendas were classified in a single line as discontinued operations. For additional information on the Sendas Separation and Sendas Spin-Off, see notes 1.2 and 33 to our audited consolidated financial statements as of and for the year ended December 31, 2021, included elsewhere in this annual report and “Item 4. Information on the Company—4A. History and Development of the Company—Changes in Our Business—Spin-off of Cash and Carry Operating Segment.”

(1) The operations of Via were classified as discontinued operations in the periods from November 2016 through June 2019. For additional information on the sale of our discontinued operations of Via, see “Item 4. Information on the Company—4A. History and Development of the Company—Changes in Our Business—Sale of Home Appliances Operating Segment.” Moreover, starting on November 1, 2016, we began recording our investment in Chova according to IFRS 5.

(2) IFRS 16 became effective on January 1, 2019. We opted for the full retrospective adoption method as if IFRS 16 had been adopted since the date the lease agreements have entered into effect to show the comparative effects for each past period. As a result, we have restated our audited consolidated financial statements, and financial information included in this annual report, as of and for the years ended December 31, 2018 and 2017.

(3) As a result of Grupo Éxito’s acquisition on November 27, 2019, this table includes Grupo Éxito’s financial information as of and for the year ended December 31, 2019 solely for the month of December 2019.

(4) Capital expenditures are comprised of cash used in purchases of property, equipment and intangible assets, as reflected in the consolidated statement of cash flows.

Sources of Funds

We have funded our operations and capital expenditures mainly from our cash flow provided by operating activities and the sale of receivables at a discount to financial institutions (banks and credit card merchant acquirers). Additionally, we have issued debentures in the local markets and entered into loans and financing agreements with financial institutions.

In 2021, we continued selling our receivables to financial institutions and credit card merchant acquirers at a discount, without a right to recourse or any related obligation. For further information on the discount on receivables, see note 7.1 to our audited consolidated financial statements as of and for the year ended December 31, 2021, included elsewhere in this annual report. We believe that our sources of funds are suitable to our debt profile and sufficient to meet our working capital and investment needs.

Our primary sources of liquidity have historically been cash flows provided by our operating activities. Net cash provided by operating activities, including continuing and discontinued operations, was R\$2,728 million, R\$4,742 million and R\$1,135 million in 2021, 2020 and 2019, respectively. From 2020 to 2021, the decrease of R\$2,014 million in net cash provided from operating activities was mainly due to a decrease of R\$1,366 million in net income, R\$480 million in interest and monetary variations, R\$447 million in depreciation and amortization and R\$306 million in provision for contingencies, R\$745 million in deferred income tax, R\$564 million in losses on disposals of property and equipment, R\$324 million in lease liabilities write-off, partially offset by an increase of R\$2,131 million in inventories. From 2019 to 2020, the increase in net cash provided from operating activities was primarily due to an increase of R\$1,490.0 million and R\$1,941.0 million in trade payables and R\$1,005.0 million in depreciation and amortization.

Net cash used in investment activities was R\$77 million, R\$4,291 million and R\$3,266 million for the years ended December 31, 2021, 2020 and 2019, respectively. In 2021, 2020 and 2019 our net cash used in investment activities was mainly related to store renovations, purchases of equipment and intangible assets, in 2021, and in 2020 to the cash of de-consolidation of Sendas. In addition, in 2021, 2020 and 2019, we used net cash provided by operating activities primarily for investments in our capital expenditures program, totaling R\$1,267.0 million, R\$2,490.0 million and R\$2,782.0 million, respectively. Proceeds from sales of property and equipment in 2021 generated a cash flow of R\$1,315 million mainly due to the sale of Extra Hiper stores to Sendas in 2021.

Net cash provided by (used in) financing activities, was net cash used of R\$2,743 million, net cash used of R\$281 million and net cash provided of R\$1,894 million for the years ended December 31, 2021, 2020 and 2019, respectively. From 2020 to 2021, the decrease was due to a decrease in our demand for new indebtedness.

Our year-end current and noncurrent borrowings and financing decreased by 1.0%, or R\$89 million, from R\$9,140 million as of December 31, 2020 to R\$9,051 million as of December 31, 2021, and consisted of:

- R\$7,349 million in *real*-denominated loans;
- R\$455 million in U.S. dollar-denominated debt, swapped to *real*-denominated loans; and
- R\$1,246 million related to Grupo Éxito's loans and financing agreements.

From 2019 to 2020, the decrease was mainly due to the de-consolidation of results from Sendas. Our year-end current and noncurrent borrowings and financing decreased by 35.2%, or R\$4,968 million, from R\$14,108 million as of December 31, 2019 to R\$9,140 million as of December 31, 2020, and consisted of:

- R\$7,285 million in *real*-denominated loans;
- R\$282 million in U.S. dollar-denominated debt, swapped to *real*-denominated loans; and
- R\$1,573 million related to Grupo Éxito's loans and financing agreements.

Our interest expense was R\$516 million in 2021, R\$387 million in 2020 and R\$337 million in 2019, excluding our discontinued operations.

Our year-end total cash position decreased by 5.0%, or R\$437 million, from R\$8,711 million as of December 31, 2020 to R\$8,274 million as of December 31, 2021, of which R\$3,492 million were related to the conversion of cash and cash equivalents of foreign subsidiaries.

Financial Instruments

Derivatives

We use derivatives, such as swaps, aiming to hedge the exchange exposure risk to U.S. dollar and *euros*, converting the cost of debt into domestic currency and interest rates. We also use derivatives to hedge against foreign exchange (U.S. dollars and *euros*) variations on imports. See “—Item 5A. Operating Results—Macroeconomic Environment and Factors Affecting Our Results of Operations.”

Contractual Obligations

Our estimated future contractual obligations were R\$18,299 million as of December 31, 2021, and include current and long-term debt, debentures, accrued interest related to debentures, lease liabilities and taxes payable (other than income taxes).

During the fiscal year of 2022, we have a total long-term obligation to repay R\$346 million of long-term debt, as well as R\$22 million of accrued interest related to long-term debt. After the fiscal year of 2022, our long-term debt obligation is R\$3.992 billion and accrued interest related to long-term debt of R\$67 million.

During the fiscal year of 2022, we have a current obligation to repay R\$992 million related to the payment of the principal amount of debentures, as well as R\$96 million of accrued interest related to debentures. After the fiscal year of 2022, our obligation related to the payment of the principal amount is R\$3.491 billion and accrued interest related to debentures of R\$34 million.

For lease liabilities, we have a current and long-term obligation of R\$922 million and R\$5.196 million, respectively. For additional information on our long-term debt and lease liabilities, see note 18 to our audited consolidated financial statements, included elsewhere in this annual report.

FINAME Financings

We have credit lines outstanding with financial institutions that are associated with BNDES by means of the Equipment and Machinery Financing (*Financiamento de Máquinas e Equipamentos*), or FINAME, program, which are used in the ordinary course of our business for the purchase of machinery and equipment financing. We make payments of principal amounts in monthly installments after a grace period. BNDES has historically been one of our sources of financing for new stores and the acquisition of supermarket chains as well as machinery and

equipment acquisitions. For further information on our lines of credit with BNDES, see note 17 to our audited consolidated financial statements as of and for the year ended December 31, 2021, included elsewhere in this annual report.

Promissory Notes

In July 2021, we issued commercial promissory notes in the total principal amount of R\$1.0 billion, of which (i) R\$500.0 million refers to the first series, which accrues interest at 1.55% per year *plus* the average CDI rate and matures on July 30, 2025, and (ii) R\$500.0 million refers to the second series, which accrues interest at 1.65% per year *plus* the average CDI rate and matures on July 30, 2026. As of December 31, 2021, the total outstanding amount under this issuance was R\$1,034 million.

Non-Convertible Debentures

In January 2020, we issued non-convertible debentures in Brazil in the total principal amount of R\$2.0 billion, maturing on January 6, 2023, and accruing interest at 1.45% per year *plus* the average CDI rate. As of December 31, 2021, the total outstanding amount under this issuance was R\$2,075 million.

In May 2021, we issued non-convertible debentures in two series in Brazil in the total principal amount of R\$1.5 billion, of which (i) R\$980.0 million refers to the first series, which accrues interest at 1,70% per year *plus* the average CDI rate and matures on May 10, 2026, and (ii) R\$520.0 million refers to the second series, which accrues interest at 1.95% per year *plus* the average CDI rate and matures on May 10, 2028. As of December 31, 2021, the total outstanding amount under this issuance was R\$1,521 million.

We are required to comply with certain covenants under our debt instruments. The financial ratios are calculated based on our consolidated financial statements prepared in accordance with accounting practices adopted in Brazil. The ratios are (i) net debt (defined as debt minus cash and cash equivalents and trade accounts receivable) not greater than equity; and (ii) consolidated net debt/EBITDA ratio lower than or equal to 3.25. As of the date of this annual report, we are in compliance with the covenants under our debt instruments.

For further information on our non-convertible debentures, see note 17.4 to our audited consolidated financial statements as of and for the year ended December 31, 2021, included elsewhere in this annual report.

Borrowings in Foreign Currencies

As of December 31, 2021, we had borrowings in U.S. dollars and Colombian pesos to strengthen our working capital, maintain our cash strategy, extend our debt profile and make investments. As of December 31, 2021, the total outstanding amount (corresponding to principal and interest) under these agreements was R\$1,702 million.

On October 13, 2020, we entered into a financing agreement with Bank of Nova Scotia, or Scotiabank, in the aggregate amount of US\$50 million, or R\$448 million, accruing interest at USD plus 2.12% per year (R\$271 million as of December 31, 2020).

Grupo Éxito has borrowings in Colombian pesos. As of December 31, 2021, the total outstanding amount (corresponding to principal and interest) under these agreements was R\$1,246 million, accruing interest at IBR 3M *plus* 1.6% per year and IBR 1M *plus* 1.45%.

For additional information on our borrowings in foreign currency, see note 17.1 to our audited consolidated financial statements as of and for the year ended December 31, 2021, included elsewhere in this annual report.

Recognition of Foreign Currency Transactions

Foreign currency transactions are initially recognized at the respective functional currencies exchange rates on the date the transaction qualifies for recognition.

Our financial statements are presented in Brazilian *reais*, which is our functional currency.

Monetary assets and liabilities denominated in foreign currencies are converted into *reais* according to the exchange rates of the respective currencies at the balance sheet date. Any difference arising from the payment or translation of monetary items is recognized in our financial results. For more information on the conversion of foreign currencies, see note 3.2 to our audited consolidated financial statements, included elsewhere in this annual report.

The financial statements of our subsidiaries located in countries outside Brazil are translated into Brazilian *reais* at the balance sheet date, according to specific criteria described in note 3.4 to our audited consolidated financial statements, included elsewhere in this annual report. Exchange rate differences from the translation are recognized directly in a separate component of equity. When a foreign operation is sold, the accumulated amount of exchange variation adjustment in shareholders' equity is recorded in the income statement for the year.

As Argentina has been considered a hyperinflationary economy since September 2018, we started to adjust the amounts of non-monetary assets and liabilities, equity and operating results of our indirect subsidiary Libertad, which is headquartered in Argentina, to disclose the measurement monetary unit at the end of the year. The measure monetary unit considers the effects measured by the Consumer Price Index in Argentina as from January 1, 2017 and the Domestic Retail Price Index in Argentina until December 31, 2016. For more information on the effects of the hyperinflation in Argentina in our business, see note 3.5 to our audited consolidated financial statements, included elsewhere in this annual report.

Off-Balance Sheet Arrangements

Except as disclosed in “Item 7. Major Shareholders and Related Party Transactions—7B. Related Party Transactions—Via—Guarantees,” we do not maintain any off-balance sheet transactions, arrangements, obligations or other relationships with unconsolidated entities or others that are reasonably likely to have a material current or future effect on our financial condition, changes in financial condition, revenues or expenses, results of operations, liquidity, capital expenditures or capital resources.

5C. Research and Development, Patents and Licenses, Etc.

We do not have any significant research and development activities.

5D. Trend Information

The following discussion is based largely upon our current expectations about future events, and trends affecting our business. Actual results for our industry and performance could differ substantially. For further information related to our forward-looking statements, see “Forward-Looking Statements” and for a description of certain factors that could affect our industry in the future and our own future performance, see “Item 3. Key Information—3D. Risk Factors.”

Our strategy for 2022 is to accelerate our expansion plan, strengthening core competencies in the most profitable, and performing segments of our portfolio, represented by the premium and proximity stores, neighborhood supermarkets and the food e-commerce business. In 2022, we intend to continue our transition to a new Pão de Açúcar Group in a new cycle that reinforces our strengths and aims to provide the best shopping experience for our customers.

We expect great volatility in the Brazilian market in 2022, due to the presidential elections. However, we believe that we are prepared to face the effects of this volatility and other challenges that might arise in 2022, with flexibility, agility, and resilience, supported by the execution capacity of our management team and employees.

As new variants of the COVID-19 virus emerged, governments have continued to impose restrictive measures until recently. In the second semester of 2021, most of the governments in Latin America, including in Brazil, Colombia, Uruguay and Argentina, have relaxed the restrictive measures previously imposed to contain the spread of the COVID-19 virus and variants.

As grocery stores, our activity is considered essential and our business operations in Brazil were not adversely affected by the restrictive measures imposed by Brazilian federal and state governments in 2021. On the other hand, our Colombian operations were adversely affected by the restrictive measures imposed by regional

and state governments as a result of the COVID-19 pandemic, since the restrictions imposed in Colombia were more stringent than in Brazil.

The lifting of the COVID-19 related restrictions and the advance of the vaccination against COVID-19 in Colombia, Uruguay and Argentina, during the second semester of 2021, increased the foot traffic in stores and malls and tourist activity in these countries, resulting in an increase in the sales and net operating revenue of the Grupo Éxito in 2021, when compared to 2020. For more information on the effects of the COVID-19 in the Grupo Éxito's operations, see “—Item 5A. Operating Results—Macroeconomic Environment and Factors Affecting our Results of Operations—COVID-19.”

As of December 31, 2021, we have assessed the impacts of the COVID-19 to our business and concluded that we do not expect to have material adverse changes to our revenues and other lines of our income statement, and we did not need to record any COVID-19 related provisions.

On October 14, 2021 and December 16, 2021, the directors of CBD and Sendas at meetings of the board of directors of both companies approved the Real Estate Properties Assignment Transaction. As of the date of this annual report, we had concluded the assignment of 60 *Extra Hiper* stores to Sendas. We expect to assign all the stores to Sendas under the Real Estate Properties Assignment Transaction by the end of May 2022. Of the 33 *Extra Hiper* stores that were not assigned to Sendas, up to 29 will be converted into *Pão de Açúcar* or *Mercado Extra* stores. We are analyzing whether the remaining four *Extra Hiper* stores will be closed or converted into other banners. For more information on the discontinuance of the *Extra Hiper* banner, see “—Item 5A. Operating Results—Discontinued Operations—Discontinued Operations for the Year Ending December 31, 2022—Extra Hiper Stores.”

Also, in line with our strategy of optimizing store platform and allocating resources to accelerate the growth of our most profitable banners, we decided to close all our drugstores. We expect to classify the results of operations of our drugstores as discontinued operations in our audited consolidated financial statements for the year ending December 31, 2022. For more information on the discontinuance of our drugstores, see “—Item 5A. Operating Results—Discontinued Operations—Discontinued Operations for the Year Ending December 31, 2022—Drugstores.”

We have also implemented a strong digital transformation plan, including the use of physical assets for logistical support, launching our own online operation and the marketplace of the Pão de Açúcar Group, which helped us support the sharp increase in e-commerce demand, develop a closer relationship with suppliers, while improving our customers' shopping experience and providing innovative solutions to our customers. We also entered into partnerships with last milers and *Mercado Livre* to be wherever our client wants and to increase the area of deliveries from our stores. For more information on our digital transformation, see “Item 4. Information on the Company—4A. History and Development of the Company—Changes in Our Business—Digital Transformation.”

The Grupo Éxito will continue to implement technological solutions that use contactless technologies, customer service, data analysis, logistics, and supply chain as well as the Grupo Éxito's human resources management strategy for the period 2021-2024. Therefore, we are increasingly multi-format, multi-channel, and multi-region, in all countries, especially with our store conversions in Brazil and in Colombia.

Moreover, we expect that Russia's invasion of Ukraine and international responses to it, including sanctions, will continue to cause instability in international markets and impact the global supply of oil and other commodities. These factors have negatively affected and may continue to negatively affect the prices of fuel and food products, which may result in an increase in our costs of goods sold and operating expenses. If we are not able to pass on to our customers increases in our costs and expenses, our results of operations may be adversely affected.

Finally, the conflict could escalate militarily both regionally and globally. Any substantial escalation would have a material adverse effect on macroeconomic conditions in the regions where we operate, and, consequently, on us.

5E. Critical Accounting Policies and Estimates

The preparation of our consolidated financial statements, in accordance with IFRS as issued by the IASB, requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues,

expenses, assets and liabilities, and the accompanying disclosures, as well as the disclosure of contingent liabilities, at the end of the reporting period. However, uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

We discuss below key assumptions and judgments concerning the future and other key sources of uncertain estimates at the reporting date that have a significant risk of causing a material impact to the carrying amounts of assets or liabilities within the next financial year.

For further details on critical accounting policies and our adoption of new accounting standards, such as IFRS 16, see notes 3 and 4 of our consolidated financial statements, included elsewhere in this annual report.

Annual Impairment Test of Goodwill and Intangibles

We test annually whether goodwill is impaired, in accordance with the accounting policy stated in note 14, 15 and 15.1 to our audited consolidated financial statements as of and for the year ended December 31, 2021, included elsewhere in this annual report and international accounting standards, or IAS, IAS 36 – Impairment of Assets. Other intangible assets, the useful lives of which are indefinite, such as brands and commercial rights, are submitted to impairment tests on the same basis as goodwill.

As of December 31, 2021, we calculated the recoverable amount of goodwill arising from past acquisitions, for the purpose of evaluating its recoverability and potential impairment resulting from events or changes in economic, operating and technological conditions that might indicate impairment.

For impairment testing purposes, intangible assets with indefinite useful lives are not amortized, but tested for impairment at the end of each reporting period or whenever there are indications that their carrying amount may be impaired either individually or at the level of the cash-generating unit. The assessment is reviewed annually to determine whether the indefinite life assumption remains valid. Otherwise, the useful life is changed prospectively from indefinite to definite.

The recoverable amount allocated to each segment was defined by means of a calculation based on the value in use of the assets based on cash flow projections arising from financial budgets approved by senior management for the next three years. The discount rate applied to cash flow projections was 10.6% each year and cash flows exceeding three years are extrapolated by the expected long-term growth rate of 4.8% for our Brazilian retail segment. Based on this analysis, no impairment loss was identified. The Grupo Éxito discount rate applied to cash flow projections is 7.4% (and cash flows exceeding the three-year period are extrapolated using a growth rate of 3%). Based on this analysis, we recognized a loss of R\$22 million in tradename.

Commercial rights are intangible assets which are amounts paid to former owners of commercial locations. To test for impairment of these assets, we allocated the amounts of identifiable commercial rights by store and we test them together with the fixed assets of the store as described in notes 15.1 and 15.2 to our audited consolidated financial statements as of and for the year ended December 31, 2021, included elsewhere in this annual report.

Income Taxes

Uncertainties exist with respect to the interpretation of complex tax regulations and the amount and timing of future taxable income. Given the nature and complexity of our business, differences arising between the actual results and the assumptions made, or future changes to those assumptions, could require future adjustments to tax income and expenses already recorded. We recognize provisions, based on reasonable estimates, for consequences of audits by the tax authorities of the respective jurisdictions in which we operate. The amount of these provisions is based on various factors, such as our experience of previous tax audits and differing interpretations of tax regulations by the taxable entity and the responsible tax authority. Differences of interpretation may arise on a wide variety of issues depending on the conditions prevailing in the respective entity's jurisdiction.

Deferred income tax and social contribution assets are recognized for all unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilized. Significant management judgment is required to determine the amount of deferred tax assets that can be recognized, based upon the likely timing and the level of future taxable profits together with future tax-planning strategies.

We have recognized deferred tax assets related to tax loss carry forwards amounting to R\$1,145 million as of December 31, 2021, R\$514 million as of December 31, 2020 and R\$453 million as of December 31, 2019. These losses do not expire and relate to subsidiaries that have tax-planning opportunities available to support these balances. The use of tax loss carry forwards is limited by law to 30% of taxable income in a single fiscal-year.

Fair Value of Derivatives and Other Financial Instruments

When the fair value of financial assets and liabilities recorded in the financial statements cannot be observed in active markets, it is determined according to the hierarchy set forth by IFRS 13, which sets certain valuation techniques including the discounted cash-flow model. The inputs to these models are taken from observable markets where possible or from information on comparable operations and transactions in the market. The judgments include analyses of data, such as liquidity risk, credit risk and volatility. Changes in assumptions regarding these factors may affect the reported fair value of financial instruments.

The fair value of financial instruments that are actively traded on organized markets is determined based on market quotes, at the end of the reporting period. For financial instruments that are not actively traded, the fair value is based on valuation techniques defined by us and compatible with usual market practices. These techniques include the use of recent market arm's length transactions, benchmarking of the fair value of similar financial instruments, analyses of discounted cash flows or other valuation models.

Share-based Payments

The cost of transactions with employees eligible for share-based compensation is measured based on the fair value of the equity instruments on the grant date. Estimating the fair value of share-based payment transactions requires determining the most appropriate valuation model, which depends on the terms and conditions of the specific grant. This estimate also requires determining the most appropriate inputs for the valuation model, including the expected useful life of the stock options, volatility and dividend yield, as well as making assumptions about them. The assumptions and models used to estimate the fair value of share-based payment transactions are disclosed in note 24 to our audited consolidated financial statements as of and for the year ended December 31, 2021, included elsewhere in this annual report.

Provision for Contingencies

We are a party to several proceedings at the judicial and administrative levels in the ordinary course of its business. Provisions for legal claims are recognized for all cases representing reasonably estimated probable losses. The assessment of the likelihood of loss takes into account available evidence, the hierarchy of laws, former court decisions and their legal significance, as well as legal counsel's opinion. For details on legal proceedings, see note 21 to our audited consolidated financial statements as of and for the year ended December 31, 2021, included elsewhere in this annual report.

Impairment of Financial Asset

On January 1, 2018, we started to adopt IFRS 9. IFRS 9 replaces the incurred loss model of IAS 39 with an expected credit losses model. The new impairment loss model applies to financial assets measured at amortized cost, contractual assets and debt instruments measured at fair value through other comprehensive income, but does not apply to investments in equity instruments (shares) or financial assets measured at fair value through profit or loss.

We measure provisions for losses from accounts receivable and other receivables and contractual assets at an amount that equals the credit loss expected for the full lifetime of the same receivable or contractual asset. We use the same measurement for trade accounts receivable, whose portfolio of receivables is fragmented, rents receivable and wholesale accounts receivable. The practical expedient was applied through the adoption of a matrix of losses for each maturity range.

When determining whether the credit risk of a financial asset increased significantly since its initial recognition and while estimating the expected credit losses, we take into account reasonable and sustainable information that is relevant and available free of cost or excessive effort. This includes quantitative and qualitative information and analysis, based on our historical experience, during credit appraisal and considering information about projections. We consider that the credit risk of a financial asset increased significantly if the asset is overdue

for more than 90 days. For additional information, see note 3 to our audited consolidated financial statements, included elsewhere in this annual report.

Recoverable Taxes

We pay tax on services and sales (*Imposto Sobre Circulação de Mercadorias e Serviços*), or ICMS, which is a state level value-added tax levied on the sale of goods and the provision of services at each phase of production and sales. In the Brazilian states where we operate, and for most of the products in our sales mix, the ICMS tax substitution regime applies. Under the tax substitution regime, the responsibility for paying upfront taxes due on the entire production and sales chain for certain products is primarily that of the manufacturers and, in some cases (depending on the tax system applicable in each state and for each product) can be our responsibility. In the tax substitution regime, the tax is collected on the sale of the products and transferred to the government. We record the taxes paid upfront under the tax substitution regime in accordance with the accrual basis in our cost of goods resold.

We also have recoverable tax credits related to social security contribution (*Contribuição para o Financiamento da Seguridade Social*), or COFINS, and social integration (*Programa de Integração Social*), or PIS, taxes.

The estimate of future recoverability of these tax credits is made based on growth projections, operational matters, the consumption of the credits by the companies of the Pão de Açúcar Group and the special tax regime. For details of credits and compensation, see note 10 to our audited consolidated financial statements, included elsewhere in this annual report.

Business Combination and Goodwill

According to IFRS 3, business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the sum of the consideration transferred, measured at fair value on the acquisition date, and the remaining amount of non-controlling interest in the acquired company. For each business combination, the acquirer measures the non-controlling interest in the acquiree at fair value or by the proportionate share in the acquiree's identifiable net assets, according to our accounting policy. The acquisition costs incurred are treated as an expense and included in administrative expenses.

Goodwill is initially measured at cost and is the excess between the consideration transferred and the fair value of assets acquired and assumed liabilities, including any non-controlling interests. If the consideration transferred is lower than the fair value of the acquirer's net assets, we recognized a gain on bargain purchase in profit or loss.

Lease

According to IFRS 16, we assess the agreements we enter into to evaluate whether it is or contain a lease provision. We understand that an agreement is, or contains, a lease when it transfers the right to control the use of a given asset for a specified period in exchange for consideration.

We lease equipment and commercial spaces, including stores and distribution centers, under cancellable and non-cancellable lease agreements. The terms of the lease agreements to support these transactions varies between five and 25 years.

Lessee

When we act as lessees in the lease agreements we entered into, we assess our lease agreements in order to identify the term of the lease agreement according to the term the lessee has the control of the use of a given asset, considering extension and termination options. According to IFRS 16, we do not consider in our assessment agreements with a term lower than twelve months and with an individual asset value below US\$5,000.

The agreements are recorded as of the date they were entered into and when the related asset is ready to be used, through the recognition of a lease liability and a corresponding right of use asset. The lease liability is calculated at the present value of the minimum lease payments, using the incremental borrowing rate for similar assets.

Payments made are segregated between financial charges and reduction of the lease liability, in order to obtain a constant interest rate on the liability balance. Financial charges are recognized as financial expenses for a given period.

The right-of-use assets are amortized over the lease agreement term. Capitalizations for improvements, improvements and renovations carried out in stores are amortized over their estimated useful life or the expected term of use of the asset, which might be limited if there is evidence that the lease will not be extended.

Variable rents are recognized as expenses in the years in which they are incurred.

Lessor

When we act as lessors in the lease agreements we entered into, we assess the transfer of risks and benefits to the lessees. Leases in which we do not substantially transfer all the risks and benefits of the ownership of the asset are classified as operating leases. The initial direct costs of negotiating operating leases are added to the book value of the leased asset and recognized over the term of the agreement, on the same basis as rental income.

Variable rents are recognized as income in the years in which they are earned.

ITEM 6. DIRECTORS, SENIOR MANAGEMENT AND EMPLOYEES

6A. Directors and Senior Management

Board of Directors

The following table sets forth the name, position, year of election and date of birth of each of the members of our board of directors as of the date of this annual report. A brief biographical description of each of our board members follows the table:

Name	Position	First Year Elected	Date of Birth
Jean-Charles Henri Naouri	Chairman	2005 ⁽¹⁾	March 8, 1949
Arnaud Daniel Charles Walter Joachim Strasser	Co-Vice Chairman	2010 ⁽²⁾	July 6, 1969
Ronaldo Iabrudi dos Santos Pereira.....	Co-Vice Chairman	2016 ⁽³⁾	May 14, 1955
Hervé Daudin	Director	2019	May 12, 1967
Christophe José Hidalgo.....	Director	2020	October 25, 1967
Rafael Sirotsky Russowsky	Director	2020	December 10, 1977
Luiz Augusto de Castro Neves	Director	2012	October 29, 1943
	(Independent)		
Eleazar de Carvalho Filho	Director	2012	July 26, 1957
	(Independent)		
Renan Bergmann	Director	2020	February 16, 1954
	(Independent)		

(1) Mr. Jean-Charles Henri Naouri has been a member of our board of directors since 2005 and the chairman of our board of directors since 2013.

(2) Mr. Arnaud Daniel Charles Walter Joachim Strasser has been a member of our board of directors since 2010 and co-vice chairman of our board of directors since 2018.

(3) Ronaldo Iabrudi dos Santos Pereira has been a member of our board of directors since 2016 and co-vice chairman of our board of directors since 2018.

Mr. Jean-Charles Henri Naouri has been the chairman of our board of directors since 2013. He has also been a member of our board of directors, the chairman and chief executive officer of the Casino Group and president of the Casino Group's parent company, Euris S.A.S., or Euris, since 2002. He also serves as chairman of the board of directors of Rallye S.A., or Rallye, chairman of the Euris Foundation, vice-chairman of the Casino Group Corporate Foundation and member of the board of directors of F. Marc de Lacharrière (Fimalac) S.A. He had served as chairman and chief executive officer of Casino Finance until 2017, chairman of the board of directors of CNova until 2015, chairman of the board of directors of Wilkes Participações until 2015, member of the supervisory board of Monoprix S.A. until 2014, chief executive officer of Rallye until 2013, and as chairman, chief executive officer, and chairman of the supervisory board of Monoprix S.A. until 2013. In 2013, Mr. Naouri was appointed by France's Ministry of Foreign Affairs to be a special representative for economic relations with Brazil. From 1982 to 1986, Mr. Naouri served as chief of staff for the Minister of Social Affairs and National

Solidarity of France and the Minister of Economy, Finance and Budget of France. Mr. Naouri is an *Inspecteur des Finances* (Finance Inspector) for the French government. Mr. Naouri holds degrees from *École Normale Supérieure* and *École Nationale d'Administration*, a Ph.D. in mathematics, and has studied at Harvard University.

Mr. Arnaud Daniel Charles Walter Joachim Strasser has been co-vice chairman of our board of directors since 2018 and a member of our board of directors since 2010. Prior to serving as co-vice chairman, he was the vice-chairman of our board of directors from 2012 to 2018. He has also been a member of the board of directors of Cnova since 2014. Mr. Strasser also served as a member of the board of directors of the Big C Supercenter plc. He has worked for the Casino Group since 2007, where he currently serves as corporate development and holdings officer. Until 2009, he was an advisor to the chairman for international development of the Casino Group. Mr. Strasser also worked as mission head in the Cabinet of the Prime Minister of France in 2005 and as special advisor in the Cabinet of the French Minister of Companies and Trade, from 2005 to 2007. Mr. Strasser holds a bachelor's degree from *École Nationale d'Administration* and master's degrees from *École des Hautes Études Commerciales* and *Institut d'Études Politiques de Paris*.

Mr. Ronaldo Iabrudi has been the co-vice chairman of our board of directors since April 2018 and has been a member of our board of directors since 2016. He is also vice chairman of the board of directors of CNova. From January 2014 to April 2018, Mr. Iabrudi served as our chief executive officer. Previously, he was the chairman of the boards of directors of Lupatech, Contax and Telemar, and a member of the board of directors of Estácio, Magnesita Refratários S.A., or Magnesita, Cemar, Oi/Telemar, RM Engenharia and Ispamar. He was also chief executive officer of Magnesita from 2007 to 2011 and from 1999 to 2006 he worked for Grupo Telemar, where he held several positions, including chief executive officer of Oi/Telemar and Contax. From 1997 to 1999, Mr. Iabrudi was chief executive officer of FCA (Ferrovia Centro-Atlântica) and from 1984 to 1997, he was chief financial and administrative officer and chief human resources officer at the Gerdau group. Mr. Iabrudi earned a degree in psychology from *Pontifícia Universidade Católica de Minas Gerais*, a master's degree in organizational development from *Université Panthéon Sorbonne* and a master's degree in change management from *Université Paris Dauphine*.

Mr. Hervé Daudin is currently a member of the executive committee and executive director of merchandise, from the Agribusiness Division and from the Supply Chain, Logistics and IT of Casino Group. He is a member of the board of directors of Almacenes Éxito (Colombia), CDiscount (France), Distribution Casino France, European Marketing Distribution, Achats Marchandise Casino and Big C (Thailand). He was a member of the board of directors of Via. After holding the position of Director in Euris Group, the parent company of Casino Group, he joined the Casino Group in 2003, where he held various executive positions in the areas of strategy, logistics and technology. He began his career as an economist and he was, for seven years, a high ranking official in the Ministry of Economy in France. Mr. Daudin holds a bachelor's degree in physical sciences and a PhD in economics from the *École Normale Supérieure of Paris* and an Engineering degree from the *École Nationale des Ponts et Chaussées*.

Mr. Christophe José Hidalgo has served as our chief financial officer from 2012 to 2021, and as our chief financial officer and investor relations officer from 2020 to 2021. He has also been our corporate services officer since 2012. He joined the Casino Group in 2000, where he has held several positions in finance and accounting, including chief financial officer of Grupo Éxito from 2010 to 2012. From 1996 to 2000, Mr. Hidalgo served as the chief financial officer of Castorama. Mr. Hidalgo holds a bachelor's degree in law and a master's degree in finance and accounting from the *Université de Bordeaux*.

Mr. Rafael Sirotsky Russowsky has been director of corporate development and participations for the Casino Group since 2012. Previously, he was an investment banker specializing in M&A and equity capital markets transactions at Credit Suisse, Morgan Stanley and Oppenheimer & Co. In addition, he worked at HSBC and Safra Banco, focusing on credit operations. Mr. Russowsky holds a bachelor's degree in business administration from the Pontifical Catholic University of Rio Grande do Sul and holds an MBA from Columbia Business School in New York.

Mr. Luiz Augusto de Castro Neves has been an independent member of our board of directors since 2012. Mr. Castro Neves was a career diplomat having joined the Brazilian diplomatic service in 1967 and served as a Brazilian ambassador to Japan, from 2008 to 2010, China, Mongolia and the Democratic People's Republic of Korea between 2004 and 2008, and Paraguay, from 2000 to 2004. He has also served as chairman of Itaipu Binacional and Interim Minister of State and Head of the Secretariat of Strategic Affairs of the Presidency of Brazil. He is a founding partner of *CN Estudo e Projetos Ltda.*, emeritus vice president of the Brazilian Center of Foreign Affairs, president of the China-Brazil Business Council, and member of the Technical Council of the

National Confederation of Commerce. Mr. Castro Neves holds bachelor's degrees in economics from the *Universidade Federal do Rio de Janeiro* and diplomacy from the Brazilian Ministry of Foreign Affairs *Instituto Rio-Branco* and a master's degree in economics from the University of London.

Mr. Eleazar de Carvalho Filho has been an independent member of our board of directors since 2012 and a member of the board of directors of Cnova since 2014. He is a founding partner at Virtus BR Partners, an independent advisory firm, and at Sinfonia Capital, and currently serves as a member of the boards of directors of TechnipFMC, plc and of Brookfield Renewable Corporation. Since 2018, he serves on the board of directors of Oi S.A. and in September of that year was elected Chairman. He served as chief executive officer of *Unibanco Banco de Investimentos do Brasil S.A.*, president of BNDES and managing director of *Banco UBS – Brasil Banco de Investimento S.A.* He served as the chairman of the board of directors of BHP Billiton Brazil and as a member of the board of directors of *Petrobras, Centrais Elétricas Brasileiras S.A., Vale, Tele Norte Leste Participações, Alpargatas*, and others. He is also president of the board of trustees of the Brazilian Symphony Orchestra Foundation. He holds a bachelor's degree in economics from New York University and a master's degree in international relations from Johns Hopkins University.

Mr. Renan Bergmann holds a bachelor's degree in chemical engineering from the Federal University of Rio Grande do Sul and a master's degree in nuclear chemical engineering from the Federal University of Rio de Janeiro (COPPE). He completed the executive program at the John E. Anderson Graduate School of Management and the executive program "Making Corporate Boards More Effective" at Harvard Business School. He is a member of the board of directors of Fogo de Chão since 2018 and is a senior advisor to the Rhone Group. He was a member of the board of directors of Rampak of Columbus, Ohio, USA, SLC Participações, FCC Campo Bom - RS, CCRR, Terphane Holdings LLC of Delaware, Almatris B.V. and UTEX of Houston TX. He was also an advisor to New Globe.

Executive Officers

The following table sets forth the name, position, year of election and date of birth of each of our executive officers as of the date of this annual report. A brief biographical description of each of our executive officers follows the table:

Name	Position	First Year Elected	Date of Birth
Marcelo Pimentel	Chief Executive Officer	2022	April 3, 1973
Guillaume Marie Didier Gras	Chief Financial Officer and Investor Relations Officer	2021	August 22, 1978
Luiz Henrique Rodrigues Costa	Chief Operation Officer	2021	December 26, 1968
Frédéric Garcia.....	Chief Business' Operations Officer	2021	March 24, 1970

Mr. Marcelo Pimentel is an executive with over 20 years of retail operations experience. Mr. Pimentel was the chief executive officer of Lojas Marisa from 2019 to 2022 and its retail operations officer from 2017 to 2019. From 2015 to 2017, he was the retail operations officer at Drogarias Pacheco. Before 2015, he had worked in senior level executive positions for the Walmart Group in Brazil and in the United Kingdom for over ten years.

Mr. Guillaume Marie Didier Gras holds a bachelor's degree in business from EDHEC Business School. He has also worked at *Ernest & Young* and at *IECD (European Institute for Cooperation and Development)* in Lebanon. Mr. Gras has been working at the Casino Group for more than 16 years and, in the last seven years, he has developed several international roles: serving as chief financial officer of BIG-C Vietnam for almost two years and in the Company since 2016, when he joined as head of financial control. Since March 2021, he serves as our chief financial officer and investor relations officer.

Mr. Luiz Henrique Rodrigues Costa holds a bachelor's degree in mechanical engineering from the Federal Center for Technological Education of Minas Gerais (*Centro Federal de Educação Tecnológica de Minas Gerais – CEFET-MG*), a postgraduate degree in the areas of work safety, quality and administration, an MBA in business from *Fundação Dom Cabral* and a post-MBA from Northwestern University - Kellogg School of Management. He has been working for the Company since 2014 and, before joining the Company, he worked for

more than 20 years in executive roles in telecommunications, steel and industry segments, in companies such as Oi/Telemar and Grupo Gerdau. Mr. Costa is currently our chief operating officer.

Mr. Frédéric Garcia has been working for the Company since 2014. Before joining the Company, he worked for 21 years at Carrefour, in countries such as Argentina, Brazil, Portugal and France, acting as commercial director at Carrefour Brazil between 2011 and 2014. He holds a degree in economic and social sciences at Lycée Charles le Chauve (Roissy en Brie/France 1989), postgraduate degree in business specializing in International Trade from the Institut Européen des Affaires, Paris (1993), and a Master Pro-Varejo from the University of São Paulo (2000).

6B. Compensation

For the year ended December 31, 2021, the aggregate compensation expense of our directors, executive officers and members of committees was R\$62.4 million, of which R\$49.0 million was paid in cash. Our executive officers receive a package of benefits in line with market practices, including health and dental insurance, biannual medical check-ups, pension plan, life insurance, meal vouchers and purchase discounts. According to the Brazilian Securities Commission (*Comissão de Valores Mobiliários*), or CVM, listed companies are required to publicly disclose the lowest, highest and average individual compensation paid to directors, executive officers and members of the fiscal council.

In July 2007, the Company established a supplementary private pension plan to its employees and engaged the financial institution Brasilprev Seguros e Previdência S.A. to manage the plan. The Company provides monthly contributions on behalf of its employees based on services rendered to the Company. Contributions made by the Company in the year ended December 31, 2021, amounted to R\$0.5 million and employees' contributions amounted to R\$0.5 million with four participants.

Our board of directors established and approved a profit-sharing plan for our management, including our executive officers. Under the terms of the plan, each beneficiary of the plan is entitled to receive an annual payment based on (i) the consolidated results of the Company, (ii) the results of the business segment or the department, as the case may be and to which the individual belongs, and (iii) the individual's performance. The final amount to be received by each beneficiary under the profit-sharing plan is determined by multiplying the individual amount by an index which is applicable to all beneficiaries and defined according to our operating performance.

Compensation of the Board of Directors, Executive Officers and Fiscal Council of CBD for 2020, 2021 and 2022 (expected)

The table below indicates the compensation of the members of our board of directors and members of the committees of the board of directors, executive officers and fiscal council for 2020:

	Board of directors and members of the committees of the board of directors	Executive officers	Fiscal council	Total
		(In R\$, when applicable)		
Number of members	12.50	4.58	2.00	19.08
Number of compensated members.....	11.50	4.58	2.00	18.08
Fixed annual compensation	62,670,831	33,921,016	276,000	96,867,847
Benefits.....	3,063,027	1,211,912	-	4,274,939
Variable compensation				
Profit sharing	-	11,175,170	-	11,175,170
Participation in meetings	-	-	-	-
Others (invitees' compensation, contributions and taxes).....	1,981,794	1,735,557	55,200	3,772,552
Post-employment benefit	-	-	-	-
Benefits on ceasing to exercise the position.....	-	-	-	-
Share-based compensation.....	4,056,475	10,905,968	-	14,962,443
Total compensation.....	71,772,126	58,949,624	331,200	131,052,950

The table below indicates the compensation for members of the board of directors and members of the committees of the board of directors, executive officers and fiscal council for 2021:

	Board of directors and members of the committees of the board of directors	Executive officers	Fiscal council	Total
		(In R\$, when applicable)		
Number of members	9.67	2.83	2.58	15.08
Number of compensated members.....	8.67	2.83	2.58	14.08
Fixed annual compensation	24,233,299	17,360,181	432,000	42,025,480
Benefits.....	2,650,518	655,727	-	3,306,246
Variable compensation		6,994,532	-	6,994,532
Profit sharing	-	-	-	-
Participation in meetings				
Others (invitees' compensation, contributions and taxes).....	-	-	-	-
Post-employment benefit.....				
Benefits on ceasing to exercise the position.....				
Share-based compensation.....	6,907,644	3,201,608	-	10,109,252
Total compensation.....	33,791,461	28,212,048	432,000	62,435,510

The table below indicates the expected compensation for members of the board of directors and members of the committees of the board of directors, executive officers and fiscal council for 2022 (expected):

	Board of directors and members of the committees of the board of directors	Executive officers	Fiscal council	Total
		(In R\$, when applicable)		
Number of members	13.00	4.00	3.00	20.00
Number of compensated members.....	12.00	4.00	3.00	19.00
Fixed annual compensation	11,042,438	7,696,667	432,000	19,171,105
Benefits.....	4,624,779	3,162,980	-	7,787,760
Variable compensation				
Profit sharing	20,026,273	7,235,000	-	33,261,273
Participation in meetings	-	-	-	-
Others (invitees' compensation, contributions and taxes).....	-	20,000,000	-	-
Post-employment benefit.....	-	-	-	-
Benefits on ceasing to exercise the position.....	-	-	-	-
Share-based compensation.....	4,750,000	3,424,267	-	8,174,267
Total compensation.....	46,443,491	50,149,592	432,000	97,025,083

Variable Compensation for 2020, 2021 and 2022 (expected)

Below we present the variable compensation of our executive officers paid in 2020, 2021 and 2022 (expected):

2020	Executive officers (In R\$, when applicable)
Number of members	4.58
Number of compensated members.....	4.58
Profit sharing	
Minimum expected amount.....	0
Maximum expected amount.....	28,981,131
Expected amount – goals achieved.....	14,490,566
Amount actually recognized.....	11,175,170
2021	Executive officers (In R\$, when applicable)
Number of members	2.83
Number of compensated members.....	2.83
Profit sharing	

2021	Executive officers (In R\$, when applicable)
Minimum expected amount.....	0
Maximum expected amount.....	28,981,131
Expected amount – goals achieved.....	14,490,565
Amount actually recognized.....	6,994,532
2022 (expected)	Executive officers (In R\$, when applicable)
Number of members	4.00
Number of compensated members.....	4.00
Profit sharing	
Minimum expected amount.....	0
Maximum expected amount.....	17,261,355
Expected amount – goals achieved.....	8,630,678

Employee Stock Option Plan

At an extraordinary shareholders' meeting held on May 9, 2014, our shareholders voted to (i) approve the creation of a stock option plan, or our Stock Option Plan, and (ii) create a compensation plan for employees based on stock options, or our Compensation Plan. Our Stock Option Plan and our Compensation Plan originally granted options to purchase preferred shares (which were recently converted into common shares), including to members of our board of directors. The Stock Option Plan and the Compensation Plan were further amended as a result of the resolutions approved at the annual and special shareholders' meeting held on April 24, 2015, April 25, 2019 and December 31, 2019. The December 31, 2019 amendment reflected the changes relating to the conversion of our preferred shares into common shares, as a result of our migration to the *Novo Mercado* listing segment of B3, as approved by our shareholders on December 31, 2019. Accordingly, as of December 31, 2020, our Stock Option Plan and the Compensation Plan grant the option to purchase common shares to our employees, including to members of our board of directors.

General Terms and Conditions

Stock Option Plan

Our Stock Option Plan is managed by the human resources and corporate governance committee of our board of directors, which defines the plan's eligibility criteria and selects recipients based on their functions, responsibilities and performance. Each grant cycle under our Stock Option Plan is designated with a serial number beginning with the letter "C." As of December 31, 2021, the outstanding series of stock options under our Stock Option Plan were C6 and C7.

Our employees and executive officers, as well as the employees and executive officers of our subsidiaries, who are considered "key executives," are eligible to participate in our Stock Option Plan, subject to the approval of the human resources and corporate governance committee. Participation in our Stock Option Plan is independent of other forms of compensation, such as wages and benefits.

Compensation Plan

Our Compensation Plan is also managed by the human resources and corporate governance committee of our board of directors, which defines the plan's eligibility criteria and selects recipients based on their functions, responsibilities and performance. Each grant cycle under our Compensation Plan is designated with a serial number beginning with the letter "B." As of December 31, 2021, the outstanding series of stock options under our Compensation Plan were Series B6 and B7.

Our employees and executive officers, as well as the employees and executive officers of our subsidiaries, who are considered "key executives," are eligible to participate in our Compensation Plan, subject to the approval of the human resources and corporate governance committee. Participation in our Compensation Plan is independent of other forms of compensation, such as wages and benefits.

Main Objectives of the Stock Option Plan

The goal of our Stock Option Plan is to (i) attract and retain highly qualified executive officers and professionals; (ii) enable our managers and employees to participate in our capital and in the equity increases

arising from the results these managers and employees have contributed to; and (iii) align the interests of our managers and employees with those of our shareholders, encouraging these professionals to improve performance while ensuring continuity in the management of our Company and our subsidiaries.

Maximum Number of Shares and Options

The total aggregate number of options that may be granted under each of our Stock Option Plan and our Compensation Plan, must not exceed 2% of the total number of common shares issued by us, subject to adjustments resulting from stock splits, reverse stock splits and bonuses.

Exercise Price

The exercise price per common share granted under the Compensation Plan will correspond to R\$0.01.

For each series of options granted under the Stock Option Plan, the exercise price of each stock option will correspond to 80% of the average of the closing price of the common shares issued by the Company, in the prior 20 trading sessions of the B3 prior to the date of the meeting of the human resources and corporate governance committee, in which the options are granted.

Vesting

In general, the stock options granted under the Stock Option Plan will vest beginning on the 37th month following the granting of the stock options.

The options granted under the Stock Option Plan may be exercised in whole or in part.

Restrictions on Transferring Shares

Under the Stock Option Plan, for a period of 180 days from the date of payment by the participant, the participant will be prohibited from, directly or indirectly, selling, assigning, exchanging, disposing, transferring, granting an option or entering into any instrument or agreement that results or may result in the direct or indirect, onerous or gratuitous, disposition of any or all of the shares. There is no such transfer restriction for the Compensation Plan.

Outstanding Stock Options

The charts below detail the outstanding stock options for the members of our senior management, as of December 31, 2021.

	As of December 31, 2021			
	Number of options (in thousands)			
	Series B6	Series C6	Series B7	Series C7
In relation to each option grant:				
Grant date	05/31/2019	05/31/2019	01/31/2021	01/31/2021
Number of options granted (in number of shares).....	232,409	129,305	223,018	47,127
Deadline for the options to become exercisable	05/31/2022	05/31/2022	05/01/2023	05/01/2023
Deadline for the exercise of the options.....	11/30/2022	11/30/2022	11/30/2023	11/30/2023
Period of restriction to the transfer of the shares	n.a.	180 days	n.a.	180 days
Average weighted exercise price of each of the following groups of shares:				
Outstanding at the beginning of the year (in R\$ per share).....	0.01	70.62	0.01	51.18
Lost during the year (R\$ per share)	n.a.	n.a.	n.a.	n.a.
Exercised during the year (R\$ per share)	0.01	70.62	0.01	51.18
Expired during the year (R\$ per share).....	n.a.	n.a.	n.a.	n.a.
Fair value of the options on the grant date (in R\$ per share).....	82.39	31.50	72.68	31.15
Potential dilution in case of exercise of the options	0.09%	0.05%	0.08%	0.02%

Stock Options Exercised and Shares Delivered

In 2021, 137,204 stock options were exercised by certain members of our senior management and 118,339 shares were delivered to certain members of our senior management.

We recognized share-based payment expenses of R\$10,110 million, R\$14,962 million and R\$17,962 million in our consolidated financial statements in 2021, 2020 and 2019, respectively. These amounts included the amounts related to accelerated vesting of certain stock options.

Maximum, Minimum and Average Compensation of the Board of Directors, Statutory Board of Executive Officers and Fiscal Council

The tables below contain the highest, lowest and average individual compensation of our directors, executive officers and members of the fiscal council for the years ended December 31, 2019, 2020 and 2021.

Highest, Lowest and Average Individual Compensation for the Year Ended December 31, 2019

	Board of Directors	Statutory Board of Executive Officers	Fiscal Council⁽³⁾
Number of members	12.50	4.67	0.00
Number of compensated members.....	11.50	4.67	0.00
Highest compensation (R\$) ⁽¹⁾	33,222,859	19,668,197	-
Lowest compensation (R\$) ⁽²⁾	176,400	10,512,518	-
Average compensation.....	3,120,992	10,138,507	97,877

- (1) The highest annual individual compensation for each of the board of directors, statutory board of executive officers and fiscal council was received by members who provided services to our Company for 12 months.
- (2) The calculation of the lowest annual individual compensation for each of the board of directors, statutory board of executive officers and fiscal council excludes members who provided services to our Company for less than 12 months.
- (3) In 2019, we did not install the fiscal council.

Highest, Lowest and Average Individual Compensation for the Year Ended December 31, 2020

	Board of Directors	Statutory Board of Executive Officers	Fiscal Council
Number of members	12.50	4.58	2.00
Number of compensated members.....	11.50	4.59	2.00
Highest compensation (R\$) ⁽¹⁾	65,944,593	14,329,313	n/a
Lowest compensation (R\$) ⁽²⁾	216,000	819,045	n/a
Average compensation.....	5,520,932	11,682,744	97,877

- (1) The highest annual individual compensation for each of the board of directors, statutory board of executive officers and fiscal council was received by members who provided services to our Company for 12 months.
- (2) The calculation of the lowest annual individual compensation for each of the board of directors, statutory board of executive officers and fiscal council excludes members who provided services to our Company for less than 12 months in the year.

Highest, Lowest and Average Individual Compensation for the Year Ended December 31, 2021

	Board of Directors	Statutory Board of Executive Officers	Fiscal Council
	(in thousands of R\$, when applicable)		
Number of members	9.67	2.83	2.0
Number of compensated members.....	8.67	2.83	2.0
Highest compensation (R\$) ⁽¹⁾	25,722,978	9,329,083	156,000
Lowest compensation (R\$) ⁽²⁾	53,005	911,422	138,000
Average compensation.....	2,634,488	5,451,258	147,000

- (1) The highest annual individual compensation for each of the board of directors, statutory board of executive officers and fiscal council was received by members who provided services to our Company for 12 months.
- (2) The calculation of the lowest annual individual compensation for each of the board of directors, statutory board of executive officers and fiscal council excludes members who provided services to our Company for less than 12 months.

Insurance

We maintain officers' and directors' liability insurance with a certain limit, covering all our executive officers against damages attributed to them in the good faith exercise of their functions. The policy is automatically extended to the management of our subsidiaries.

6C. Board Practices

According to our bylaws and the internal regulation of our board of directors, the board of directors shall consist of seven to nine members, elected and removable by the annual shareholders' meeting. The term of office of the members of the board of directors shall be up to two years, with re-election permitted. The board of directors shall have a chairman and up to two vice-chairmen, all appointed by the annual shareholders' meeting. The board of directors shall ordinarily meet at least six times a year, to review the financial and other results of the Company and to review and follow-up of the annual operating plan and strategic plan and shall extraordinarily meet whenever necessary.

Our board of directors is comprised of nine members elected by our shareholders, with three of those being independent directors. The term of office of all of our directors will expire in the 2024 annual shareholder's meeting which will approve the financial statements of the fiscal year of 2023. We are managed by our board of directors and by our board of executive officers. None of our directors and officers is party to an employment agreement providing for benefits upon termination of employment, except for those benefits provided by Brazilian labor law.

The board of executive officers shall consist of two to 14 members, shareholders or not, resident in Brazil, appointed and removed by the board of directors, being necessarily appointed one Chief Executive Officer, one Investor Relations Executive Officer and the others Vice Executive Officers and Officers. As of December 31, 2021, our board of executive officers was composed of four members.

The responsibilities of our executive officers include adopting plans related to our management and operations, reporting to shareholders each fiscal year on the status of our business activities, presenting the year-end balance sheets and other legally required financial statements and submitting investment programs and budgets to our board of directors.

Our executive officers are elected by our board of directors for two-year terms, although any executive officer may be removed by our board of directors before the expiration of his or her term. On March 19, 2021, our directors elected our executive officers. The term of all executive officers expires on the date of the first board of directors meeting after the 2023 annual shareholders' meeting.

Committees of the Board of Directors

As of the date of this annual report, we have the following five advisory committees: (i) audit committee; (ii) human resources and corporate governance committee; (iii) financial committee; (iv) sustainability and diversity committee; and (v) innovation and digital transformation committee. The responsibilities of our committees are set by their respective internal regulations. The members of each committee are appointed by our board of directors and the board of directors also designates the coordinator of each advisory committee. The committees may include one member who is external and independent, except for the audit committee, which has specific rules described below. Each special committee is composed of at least three and up to five members for a term of office of two years, reelection being permitted. In addition to these committees, the board of directors may create other committees with special roles.

Audit Committee

Brazilian publicly held companies may, pursuant to CVM Resolution 23/2021, as amended from time to time, adopt a statutory audit committee (*comitê de auditoria estatutário*). According to CVM Resolution 23/2021, the statutory audit committee is an advisory body of the board of directors and must have at least three members who shall be appointed by the board of directors, including at least one member who is also a member of the board of directors and not a member of management. A majority of the members must be independent, according to the independence requirements of the CVM. Additionally, a company listed on the *Novo Mercado* listing segment of the B3, such as us, must install an audit committee.

The statutory audit committee holds meetings at least once every three months and its main duties, according to its internal rules, are: to analyze and monitor the quality and integrity of our quarterly information, financial statements and management report, to evaluate the effectiveness and sufficiency of our internal control structure and internal and independent audit processes, to evaluate and monitor, jointly with our management and internal audit systems, the adequacy of the related party transactions entered into by us, to evaluate and monitor our exposure to risk, to propose the appointment of independent auditors as well as their replacement, and to prepare the annual report, to be presented jointly with the financial statements, including, at least, the following information: (i) activities carried out in the period, the results and conclusions reached; (ii) evaluation of the effectiveness of the internal control and risk management systems; (iii) description of the recommendations presented to our management and evidence of their implementation; (iv) evaluation of the effectiveness of the independent and internal audits; (v) evaluation of the quality of the financial, internal control and risk management reports; and (vi) any situations in which there is any significant divergence between our management, the independent auditors and the committee in relation to our financial statements.

Our statutory audit committee is composed of at least three and up to five members, of whom at least two must be external and independent and one must be a member of our board of directors and not an executive officer of the Company. Additionally, at least one of the members of the audit committee must have recognized experience in corporate accounting. Members of our statutory audit committee are appointed by our board of directors for a two-year term, re-election being permitted, subject to a maximum of ten years, and must meet certain requirements set forth by our bylaws, the audit committee's internal regulation and the CVM rules.

Our statutory audit committee is not equivalent to or comparable with a U.S. audit committee. Pursuant to Exchange Act Rule 10A-3(c)(3), which provides for an exemption under the rules of the SEC regarding the audit committees of listed companies, a foreign private issuer, such as us, is not required to have an audit committee equivalent to or comparable with a U.S. audit committee, if the foreign private issuer has a body established and selected pursuant to home country legal or listing provisions expressly requiring or permitting such a body, and if the body meets the requirements that (i) it be separate from the full board; (ii) its members not be elected by management; (iii) no executive officer be a member of the body; and (iv) home country legal or listing provisions set forth standards for the independence of the members of the body.

As a foreign private issuer, we chose to rely on this exemption under Exchange Act Rule 10A-3(c)(3) and we believe that our statutory audit committee complies with the aforementioned exemption requirements.

As Brazilian corporate law does not permit the board of directors to delegate responsibility for the appointment, retention and compensation of the external independent auditors and does not provide the board of directors with the authority to resolve disagreements between management and the external auditors regarding financial reporting, our statutory audit committee cannot fulfill these functions. Therefore, our statutory audit committee may only make recommendations to the board of directors with respect to these matters.

The following members were appointed by our board of directors to our statutory audit committee:

Name	Position	First Year Elected	Date of Birth
Eleazar de Carvalho Filho ⁽¹⁾	Coordinator and Member ⁽²⁾	2014	July 26, 1957
Gisélia da Silva	Member	2018	December 30, 1961
Renan Bergmann	Member	2018	February 16, 1954
Fernando Dal-Ri Múrcia	Member	2020	July 16, 1977
Christophe José Hidalgo ⁽³⁾	Member	2020	October 25, 1967

(1) Independent member of board of directors.

(2) The role of the coordinator of the statutory audit committee is provided for in CVM Resolution No. 23, of February 25, 2021. His responsibilities are to chair the meetings, represent the committee to our administrative bodies and enforce the provisions of the internal regulation.

(3) Mr. Hidalgo joined the statutory audit committee only after leaving his previous position as chief financial officer, given that both positions are incompatible under our bylaws.

Mr. Eleazar de Carvalho Filho. Please see “—6A. Directors and Senior Management—Board of Directors” for Mr. Carvalho's biography.

Ms. Gisélia da Silva is the founding partner of GIS DS, a consulting firm specialized in integrity culture and corporate governance models. She is a lawyer specialized in corporate law and capital markets. She holds a

law degree from the *Pontifícia Universidade Católica* in the state of Rio Grande do Sul (PUC-RS), an MBA in marketing from *Escola Superior de Propaganda e Marketing* in the state of São Paulo (ESPM-SP), an L.L.M. degree in corporate law from Insper/SP and a Post-MBA in Advanced Boardroom Program for Women from Saint Paul Business School/SP and the Columbia University of New York. She worked for more than 18 years for the CPFL Energia group, having held the positions of Institutional Relations Advisor, Corporate Law Manager and Advisor of Corporate Governance. She is a member of the board of directors and law committees of the Brazilian Institute of Corporate Governance (IBGC), as well as an independent member of the Management Committee of the Integra Rating of Governance in Sports. She is also an independent member of the Board of Directors of Eletronorte and CGT Eletrosul (Eletrobras Group).

Mr. Renan Bergmann. Please see “—6A. Directors and Senior Management—Board of Directors” for Mr. Bergmann’s biography.

Mr. Fernando Dal-Ri Múrcia holds a bachelor’s degree in management from the Webber International University, in the United States, and in accounting from Universidade do Vale do Itajaí, in the state of Santa Catarina, Brazil. Mr. Múrcia has a master’s degree in accounting from the Federal University of Santa Catarina and a PhD in accounting and controllership from the University of São Paulo. He is also a professor at the Economics, Business and Accounting School of the University of São Paulo (FEA-USP). Mr. Múrcia is an alternate member of the fiscal council of Gerdau S.A., a member of the Accounting Studies Group of the Accounting Pronouncements Committee (CPC) on tax accounting matters in partnership with the Study Group Accounting Department of the Federal Revenue of Brazil (RFB), a member of the Finance and Accounting Commission of the Brazilian Institute of Corporate Governance (IBGC), a member of the Brazilian Commission for Monitoring the Relato Integrado (CBARI), a representative of Latin America in the Program of Emerging Researchers of the International Association for Accounting Education and Research (IAAER), and a researching scholar of the National Council for Scientific and Technological Development (CNPQ). He is currently a member of the Audit Committees of Locaweb and FUNCEF and of the Fiscal Councils of Renova Energia and EPTV. Mr. Múrcia has already served as the chairman of our fiscal council, a member of our fiscal council, a member of the Audit Committee of Via, a member of the fiscal council of Folha Participações and alternate member of the supervisory boards of Gerdau and Marfrig.

Mr. Christophe José Hidalgo. Please see “—6A. Directors and Senior Management—Board of Directors” for Mr. Hidalgo’s biography.

Human Resources and Corporate Governance Committee

The human resources and corporate governance committee holds meetings at least once every three months and has the following duties: (i) suggesting amendments to the committee’s internal regulation, submitting them to the board of directors’ consideration; (ii) discussing and recommending an organizational structure model for the Company, to be submitted to the board of directors’ consideration; (iii) evaluating and recommending to the board of directors policies on management and development of people, as well as guidelines for attracting and retaining talents; (iv) identifying, both in the Company and in its subsidiaries, potential future leaders and follow up the development of their corresponding careers (v) reviewing and discussing the recruitment and hiring methods adopted by us, by taking those used by similar Brazilian companies as a parameter; (vi) examining the candidates to be elected to the board of directors and to the committees, including external members, based on professional experience, technical qualifications, as well as economic, social and cultural representativeness; (vii) examining and recommending to the board of directors the selected candidates for the position of chief executive officer of the Company, as well as the candidates selected by the chief executive officer to hold a position in our board of executive officers; (viii) reviewing and discussing the compensation policy applicable to our management, recommending to the board of directors the criteria of compensation, benefits and other programs, including the stock option program; (ix) reporting periodically to the board of directors its assessment of the applicability and effectiveness of compensation policies adopted by us, in order to assess the effectiveness of these policies in rewarding performance and discriminate against non-satisfactory performance, according to metrics aligned to our strategic goals, as well as to attract and retain talent; (x) discussing and suggesting criteria to annually evaluate the performance of our executive officers, by taking those used by similar Brazilian companies as a parameter, as well as supporting our board of directors in the evaluation process, manifesting its recommendations to the individual assessments of our board of directors; (xi) recommending and monitoring the adoption of the best corporate governance practices, as well as coordinating the process of implementing and maintaining such practices in the Company, as well as the effectiveness of the corporate governance processes, proposing changes, updates and improvements when necessary; (xii) draft and periodically submit to the board of

directors a review of the Company's hiring policy with its related parties, as well as all other policies necessary for the adoption, by the Company, of the best management and corporate governance practices; among others.

We have a Related Party Transactions Policy which requires that such transactions be conducted at arm's length and in the interest of the Company. This policy also establishes the corporate body responsible for approving related party transactions. Our human resources and corporate governance committee is responsible for, among other things, reviewing whether the procedures set forth in the Related Party Transactions Policy are followed.

As of the date of this annual report, our human resources and corporate governance committee is composed of Arnaud Daniel Charles Walter Joachim Strasser, Luiz Augusto de Castro Neves, Rafael Sirotsky Russowsky and Ronaldo Iabrudi dos Santos Pereira.

Financial Committee

The financial committee holds meetings at least once every three months and has the following duties: (i) suggesting amendments to the committee's internal regulation, submitting them to the board of directors' consideration; (ii) recommending and following up the adoption of the best economic and financial standards and the process of implementation and maintenance of such standards in the Company, suggesting to the board of directors changes, updates and improvements thereto; (iii) analyzing and reviewing our budget, as well as following up and monitoring the implementation and enforcement thereof; (iv) analyzing and reviewing the economic and financial feasibility of our investment plans and programs, as well as following up and monitoring the implementation thereof; (v) analyzing, reviewing, and recommending measures and actions for the negotiations of any intra-company loans, merger and acquisition, or any other similar transaction involving the Company or any of its controlled companies; (vi) following up any of the operations and negotiations mentioned in item (v) above; (vii) analyzing and reviewing the economic and financial indicators, our cash flow and debt policy, for the purpose of suggesting changes and adjustments whenever it may deem necessary; (viii) following up and monitoring our average capital structure cost and suggest modifications thereto, whenever it may deem it necessary, as well as evaluating and discussing new funding alternatives for the Company; (ix) reviewing and recommending opportunities connected to financing transactions that may improve our capital structure, as well as for analyzing and discussing the working capital needs and its impact on our capital structure; (x) assisting both the board of directors and the board of executive officers in analyzing the Brazilian and world economic situations and their potential effects on our financial position, as well as the development of scenarios and trends, evaluating opportunities and risks and defining strategies to be adopted by us as regards its financial policy; (xi) monitoring the trading patterns of our securities in both the Brazilian and American markets, as well as the opinions of top investment analysts, recommending measures able to contribute in maintaining a healthy and liquid secondary market; and (xii) performing other duties as may be specified by the board of directors.

As of the date of this annual report, our financial committee is composed of Eleazar de Carvalho Filho, Arnaud Daniel Charles Walter Joachim Strasser, Christophe José Hidalgo, Hervé Daudin and Renan Bergmann

Sustainability and Diversity Committee

The sustainability and diversity committee has been advising our board of directors since 2014. This committee is responsible for guiding and ensuring the adoption of the best corporate governance practices in our business, promoting discussions on sustainable development policies and initiatives and themes that are deemed important to members of our board of directors and executive officers. In addition, this committee monitors key indicators and policies relating to environmental, social and governance matters.

As of the date of this annual report, our sustainability and diversity committee is composed of Luiz Augusto Castro Neves, Arnaud Daniel Charles Walter Joachim Strasser, Rafael Sirotsky Russowsky, Helio Mattar and Ronaldo Iabrudi dos Santos Pereira.

The Innovation and Digital Transformation Committee

The innovation and digital transformation committee, aside from ensuring our interests, in the scope of its functions, has the following attributions: (i) suggest changes in its regulation, submitting it to the board of directors for resolution; (ii) recommend and monitor the adoption of best practices of innovation, as well as coordinating the implementation process and maintenance of such practices, as well as the effectiveness of innovation processes, proposing changes, updates and improvements when necessary; (iii) prepare or review

periodically, as the case may be, any documents related to innovation of our business, elaborating recommendations for changes, criticisms and suggestions that it deems to be necessary to the board of directors, in order to keep them constantly updated with respect to our innovation practices; (iv) assist the board of directors in the analysis of technological trends and innovations, as well as evaluate our projects, initiatives and investment proposals from the perspective of innovation; (v) opine on any other matters submitted by the board of directors to it, as well as on those that it considers relevant.

As of the date of this annual report, our innovation and digital transformation committee is composed of Ronaldo Iabrudi dos Santos Pereira, Christophe Hidalgo, Cristina Palmaka and Rafael Sirotsky Russowsky.

Fiscal Council

According to Brazilian corporate law, the adoption of a fiscal council is voluntary, and it may be on a permanent or temporary basis. On October 18, 2012, our shareholders approved an amendment to our bylaws to grant temporary status to our fiscal council. Under Brazilian corporate law, the fiscal council is an independent body from management and the board of directors, elected by shareholders annually to supervise the activities of the board of directors, management and independent auditors. The responsibilities of the fiscal council are set by Brazilian corporate law and encompass the oversight of management's compliance with the laws and bylaws, the issuance of a report included in the annual and quarterly financial reports and certain matters submitted for shareholders' approval and the calling of shareholders' meetings and the reporting of specific adverse matters arising at those meetings.

Under Brazilian corporate law, the fiscal council may not contain individuals who are members of the board of directors or management, or who are our employees or employees of a controlled company or of a company within our corporate group, or a spouse or relative of any member of our management. In addition, Brazilian corporate law requires that fiscal council members receive compensation of at least 10% of the average amount paid to each executive officer, not including profit sharing and other benefits. Brazilian corporate law requires a fiscal council to be composed of at least three and up to five members and their respective alternates, being one of the members elected by our minority shareholders. According to Brazilian corporate law, the majority of the members of the fiscal council shall be elected by our controlling shareholder.

On April 27, 2022, we installed a fiscal council for the 2022 fiscal year at our shareholders' meeting held on the same date to serve a term of office that lasted until the 2023 annual shareholders' meeting. Our shareholders elected three members and their respective alternate members. One of the members and his alternate member were elected by our minority shareholders.

The following table sets forth the name, position, year of election and date of birth of each of the members of our fiscal council as of the date of this annual report, who were elected at our 2022 annual shareholders' meeting:

Name	Position	First Year Elected	Date of Birth
Eric Aversari Martins	Effective member	2020	October 19, 1973
Líbano Miranda Barroso.....	Effective member	2020	July 6, 1969
Doris Beatriz França Wilhelm	Effective member	2021	December 17, 1954
Michelle Squeff	Alternate	2021	November 27, 1978
Marcelo Amorim	Alternate	2022	March 4, 1964
João Paulo Seibel de Faria.....	Alternate	2022	May 20, 1975

6D. Employees

As of December 31, 2021, we had 50,515 employees (calculated on a full-time employee equivalent basis) located in Brazil and 41,402 full-time employees located in Colombia, Uruguay and Argentina. In Brazil, in 2021, over 37% of leadership positions were occupied by women and we experienced an 18% increase in the percentage of persons with disabilities, when compared to 2020.

Virtually all of our employees, including Grupo Éxito's employees, are covered by union agreements. The agreements are renegotiated annually as part of industry-wide negotiations between a management group representing the major participants in the retail food industry, including our management, and unions representing employees in the retail food industry. We believe we compensate our employees on a competitive basis, and we have developed incentive programs to motivate our employees and reduce employee turnover, including a

retention program for key management. For more information on the risks relating to the inability of attracting or retaining key employees, see, “Item 3. Key Information—3D. Risk Factors—Risks Relating to our Industry and Us—We may be unable to attract or retain key personnel.” Our management believes that our relations with our employees and their unions are good.

The following table sets forth the number of our employees as of December 31, 2021, 2020 and 2019:

	As of December 31, ⁽¹⁾		
	2021	2020	2019 ⁽²⁾
Operational	87,638	82,663	92,648
Administrative	4,279	5,471	8,427
Total	91,917	88,134	101,075

- (1) Based on the average of the full-time equivalent number of employees, which is the product of the number of employees (full- and part-time) and the ratio of the average monthly hours of all retail employees to the average monthly hours of all full-time employees. The numbers in the table are related to our continuing operations in 2021, 2020 and 2019.
- (2) On November 27, 2019, Sendas acquired 96.57% of Grupo Éxito’s shares by means of an all-cash tender offer. As a result of Grupo Éxito’s acquisition, we started to carry out operations in Colombia, Argentina and Uruguay. For additional information on Grupo Éxito’s acquisition, see “Item 4. Information on the Company—4A. History and Development of the Company—Changes in Our Business—Acquisition of Grupo Éxito.”

6E. Share Ownership

As of December 31, 2021, members of our board of executive officers directly owned an aggregate amount of 160,883 common shares while the members of our board of directors directly held an aggregate amount of 855,286 common shares. As of the same date, none of our executive officers nor directors held directly, individually, more than 1% of our outstanding common shares. For more information on direct share ownership of our board members, see “Item 7. Major Shareholders and Related Party Transactions—7A. Major Shareholders.” As of December 31, 2021, our management and some of our employees also owned options to purchase an aggregate amount of 1,411,955 common shares at a per-share weighted average purchase price of R\$5.71. For more information on our Stock Option Plan, see “—6B. Compensation —Employee Stock Option Plan” and note 24(d) to our financial statements as of and for the year ended December 31, 2021, included elsewhere in this annual report.

On February 14, 2020, B3 approved our migration from the Level 1 listing segment to the Novo Mercado listing segment of B3, the highest level of corporate governance practices of B3. According to the Novo Mercado requirements, on February 28, 2020, all of our then outstanding preferred shares were converted into common shares. For additional information on our migration to the Novo Mercado listing segment, see “Item 4. Information on the Company—4A. History and Development of the Company—Changes in Our Business—Acquisition of Grupo Éxito.”

ITEM 7. MAJOR SHAREHOLDERS AND RELATED PARTY TRANSACTIONS

7A. Major Shareholders

The following table sets forth information relating to the beneficial ownership of our capital stock as of April 30, 2022, by each person known by us to beneficially own 5% or more of our common shares and our directors and officers as a group.

Shareholder	Common Shares	
	Number	%
Wilkes Participações S.A. ⁽¹⁾	94,019,178	34.89
Segisor S.A.S. ⁽¹⁾	5,600,050	2.08
Casino ⁽¹⁾	2	0.00
King LLC ⁽¹⁾	852,000	0.32
Geant International B.V. ⁽¹⁾	9,423,742	3.50
Helicco Participações Ltda. ⁽¹⁾	581,600	0.22
BTG Pactual	19,139,936	7.10
Jean-Charles Naouri	1	0.00
Directors and Officers ⁽²⁾	927,292	0.34
Treasury shares	160,342	0.06
Others	139,243,300	51.69

Shareholder	Common Shares	
	Number	%
Total.....	269,455,303	100

- (1) Wilkes Participações S.A., Segisor S.A.S., Casino, King LLC, Geant International B.V. and Helicco Participações Ltda. are part of the Casino Group.
- (2) Refers to common shares that our board of directors and board of executive officers own directly.

As of April 30, 2022, we had 74,769 record holders in Brazil. On April 30, 2022, 33,660,211 of our common shares were held in the form of ADSs, representing 12.49% of the total of our common shares.

In 2015, our controlling shareholder, the Casino Group, carried out a reorganization of its activities and businesses in Latin America to consolidate its platform in the region and capture synergies. Pursuant to the reorganization, the Casino Group transferred 50% of our common shares to Grupo Éxito, which corresponded to approximately 18.8% of our total capital stock. Grupo Éxito was also controlled by the Casino Group and, therefore, after consummation of the transaction, the Casino Group remained as our controlling shareholder.

In connection with this reorganization, Segisor S.A.S. shareholders' agreement, the Holding Company shareholders' agreement and CBD shareholders' agreement were executed on August 20, 2015 with the purpose of setting forth the rules pursuant to which the Casino Group and Grupo Éxito would exercise control of CBD. As a result of the Holding Company shareholders' agreement and CBD shareholders' agreement, representatives of the Casino Group and Grupo Éxito on our board of directors used to vote in the same manner and our board had nine members, of whom three were representatives of the Casino Group and three were representatives of Grupo Éxito.

On June 26, 2019, our board of directors approved the acquisition of Grupo Éxito. The proposed transaction comprised (i) the launch of an all-cash tender offer by us to acquire up to all of the shares of Éxito; (ii) the acquisition by Casino of all controlling shares issued by us and held indirectly by Grupo Éxito for a fair price; and (iii) our migration from Level 1 to the *Novo Mercado* listing segment of B3 and, consequently, the conversion of all of our preferred shares into common shares. For more information on the corporate reorganization, see "Item 4. Information on the Company—4A. History and Development of the Company—Changes in Our Business—Acquisition of Grupo Éxito."

On September 12, 2019, Casino entered into a purchase agreement with Grupo Éxito to acquire all shares issued by us and indirectly held by Grupo Éxito for R\$113.00 for each share, corresponding to a total amount, net of debt, of US\$1,161 million. The shareholders agreement entered into by and among Grupo Éxito, Casino and their subsidiaries governing their relationship as our shareholders was terminated and our board members appointed by Grupo Éxito resigned.

As of April 30, 2022, the Casino Group was the beneficial owner of 41.01% of the total capital stock of CBD.

7B. Related Party Transactions

From time to time, we and our affiliates have entered into transactions with the Casino Group and other related parties in the ordinary course of business on an arm's length basis, including, but not limited to, loans, consulting agreements, intellectual property license agreements, services agreements for the intermediation and negotiation of third-party services and agency agreements.

We have a Related Party Transactions Policy which requires that related party transactions be at arm's length, according to the usual trading conditions of the market, and in the best interest of the Company. This policy also establishes the corporate body responsible for approving related party transactions. Until February 14, 2020, our statutory audit committee was responsible for, among other things, reviewing whether the procedures set forth in the Related Party Transactions Policy are followed. As a result of our migration to the *Novo Mercado* listing segment, the governance and human resource committee assumed the responsibility of reviewing all of our related party transactions.

In addition, we have also entered into the following commercial contracts to set the rules for promotion and sale of financing services provided by FIC at the Company stores for implementation the financing partnership between the Company and Itaú Unibanco S.A. established in the association agreement between the parties: (i)

bank correspondent agreement; (ii) indemnification agreement under which FIC is committed to keep the Company free of losses in performing FIC's services, and that FIC and the Company are committed, with each other, to compensate for contingences; and (iii) agreement for sharing information and allowing access to their respective systems for offering services.

Agreements with Casino Group

Cost Sharing Agreement

On August 1, 2014, as amended on October 30, 2014 and October 28, 2020, we entered into a cost sharing agreement with Casino, Euris, Helicco Participações Ltda. Wilkes Participações S.A. and Sendas Group (all companies controlled by the Casino Group), pursuant to which we agreed to reimburse them (Casino Group) for expenses incurred by their employees in connection with activities involving the transfer of "know-how" to CBD to support its development. The activities involve administrative, financial, advertising, strategic, planning and budgeting aspects, among others. On August 1, 2016, we also entered into a joinder agreement (substantially in the form of the schedule attached to the cost sharing agreement) with Casino Services SAS (a company controlled by the Casino Group), pursuant to which Casino Services SAS adhered to the cost sharing agreement. For the year ended December 31, 2021, we paid R\$46.5 million under the cost sharing agreement.

Agency Agreements

On December 20, 2004, we entered into an agency agreement, amended on February 23, 2017, with Sendas Distribuidora S.A. and Casino International S.A., an affiliate of the Casino Group, to regulate the terms pursuant to which Casino International S.A. renders international retail and trade services to us (i.e., negotiation of commercial services with international suppliers).

On July 25, 2016, as amended on January 24, 2017, we, Sendas Distribuidora S.A. and Groupe Casino Limited, an affiliate of the Casino Group, entered into an agency agreement to regulate the terms under which Groupe Casino Limited renders global sourcing services to us (i.e., procurement of global suppliers and mediation in purchases). We also entered into an agreement with the original counterparties of the agency agreement, pursuant to which Groupe Casino Limited reimbursed us for an amount necessary to provide for margin equalization due the reduction of gains as a result of promotions carried out by us in our stores during 2018.

Cost Reimbursement Agreement

On July 25, 2016, as amended on January 23, 2018 and September 5, 2019, we and Casino entered into an agreement to regulate the reimbursement by the Company of expenses incurred by the Company's French employees related to French social contributions and other benefits granted in the expatriation program which are paid by Casino in France.

Services Agreements

We enter into a services agreement with Casino on a yearly basis for the renewal of our insurance policies relating to cybersecurity. The services agreement allows Casino to hire a global cybersecurity insurance policy for a one-year period which also covers the operations of the Company.

Agreement with EMC

On June 6, 2019, we entered into a purchase agreement with Sendas and E.M.C. Distribution Limited, or EMC, a company indirectly controlled by Casino, pursuant to which EMC will perform the import of non-food and food products (except perishables and wine), on a non-exclusive basis. The agreement has a term of five years, automatically renewable for equal periods of time.

Agreements with Grupo Éxito

Commercial Agreement and Copyright License Agreement

On July 27, 2016, we and Grupo Éxito entered into an agreement for the implementation of synergy processes for the operations of CBD and Grupo Éxito. The agreement provided for the granting of trademark and copyright licenses by Distribuidora de Textiles y Confecciones S.A., a company of the Grupo Éxito, to us. On July 13, 2017, we and Distribuidora de Textiles y Confecciones S.A. entered into a copyright license agreement,

which sets forth the royalty payments to be made to Distribuidora de Textiles y Confecciones S.A. This agreement was terminated by a mutual agreement between us and Éxito, on November 25, 2021.

Cost Reimbursement Agreement

On October 22, 2019, we, Grupo Éxito and Sendas entered into a reimbursement agreement to regulate the reimbursement of expenses related to the relocation of employees among Grupo Éxito, CBD and Sendas to foster the sharing of know-how and experience on certain areas of operation within the companies of the Pão de Açúcar Group. On November 4, 2020, Sendas became a party to this agreement. This agreement has an indefinite period of duration.

On June 1, 2020, we entered into another cost sharing agreement with Éxito Grupo providing for the reimbursement of expenses relating to the inclusion of Grupo Éxito as a user to DocuSign, which is an electronic signature software.

Agreements with GY

Energy Efficiency Framework Agreement

On May 8, 2015, as amended on April 6, 2016, December 7, 2018, December 31, 2019 and January 7, 2020, we entered into an agreement with GreenYellow do Brasil Energia e Serviços Ltda., or GY, a Brazilian company controlled by Casino, pursuant to which GY provided for the installation of equipment and rendering of energy efficient solutions services at our *Extra* and *Pão de Açúcar* stores. The equipment and the services provided by GY were aimed at reducing the amount of energy used by our stores. We pay as consideration for the equipment an annual amount according to a payment method that is similar to a lease. For the rendering of services, GY is remunerated according to a formula based on the energy savings generated at each store. The duration of the individual agreements entered into under the framework agreement vary from two to 13 years.

Service Agreement

On November 12, 2020, we entered into a service agreement with GY pursuant to which GY will provide oversight and monitoring services to us relating to energy efficiency. This agreement has a term of 120 months for each store where the services are rendered.

Service Agreement for Retrofit and Food Refrigeration Solution

On December 9, 2020, we entered into an agreement for the supply and maintenance of chillers and similar products related to food refrigeration, to increase the energy efficiency of our facilities and to reduce our environmental impact on the planet's greenhouse effect. This agreement has a term of 15 years.

Energy Sale and Purchase Agreements and Management Service Agreement

On June 30, 2021, we entered into an agreement with GY pursuant to which GY will sell electric energy at a discounted price, or the Energy Purchase and Sale Agreement, to supply energy to certain of our stores. On the same date, we entered into an agreement with GY pursuant to which GY would provide services to adapt certain of our stores to use the electric energy purchased under the Energy Purchase and Sale Agreement, or the Management Service Agreement. The Energy Purchase and Sale Agreement has a term of two years and the Management Service Agreement has a term of one year.

Penalties Relating to Agreements with GY

The Real Estate Assignment Transaction and our decision to discontinue the operations of the *Extra Hiper* banner significantly reduced the scope and materiality of our agreements with GY. As a result, we decided to terminate certain of these agreements thereby giving rise to contractual penalties of R\$180 million to be paid by us to GY. As of December 31, 2021, we had paid R\$68 million in penalties to GY and R\$112 million remained outstanding.

For more information on the Real Estate Properties Assignment Transaction and the discontinuation of the *Extra Hiper* banner, see “Item 4. Information on the Company—4A. History and Development of the Company—Changes in Our Business—Discontinued Operations for Year Ending December 31, 2022—Extra Hiper Stores” and “—Real Estate Properties Assignment Transaction.”

Agreements with Sendas

Separation Agreement

On December 14, 2020, we entered into a Separation Agreement with Sendas, which was later amended on June 30, 2021. The Separation Agreement sets forth our arrangements with Sendas regarding the principal actions to be taken in connection with the separation of the cash and carry business and matters regarding the operation of the CBD and Sendas businesses after the Sendas Spin-Off. The following are the principal terms of the Separation Agreement:

Transfer of Assets and Assumption of Liabilities

The Separation Agreement identifies the assets to be transferred, liabilities to be assumed and contracts to be assigned, terminated and/or duplicated to each of Sendas and us as part of the internal transactions to be effected prior, during and after the Sendas Spin-off, the purpose of which is to ensure that, as at the time of the Sendas Spin-off, each of CBD and Sendas holds the assets which it requires to fully operate.

Common Agreements

All agreements, arrangements, commitments and understandings with third parties that contemplate both Sendas and us as parties, beneficiaries, guarantors and/or that in any way create an obligation to both Sendas and us, will terminate as soon as practically feasible after the completion of the Sendas Spin-off, except where such termination could create losses for Sendas and us, and therefore will be addressed by the Transition Committee (as defined therein).

Intercompany Arrangements

All agreements, arrangements, commitments and understandings, including most intercompany accounts payable or accounts receivable, between us, on the one hand, and Sendas, on the other hand, will be terminated effective as of completion of the Sendas Spin-off, except for specified agreements and arrangements that are intended to survive completion of the Sendas Separation that are either transactional in nature, at arm's length or depend on a transitional period due to its complexity.

Representations and Warranties

We and Sendas each provide customary warranties as to our respective capacity to enter into the Separation Agreement. Except as expressly set forth in the Separation Agreement or any ancillary agreement, neither we nor Sendas will make any representation or warranty as to the assets, business or liabilities transferred or assumed as part of the Sendas Separation, or as to the legal sufficiency of any assignment, document or instrument delivered to convey title to any asset or thing of value to be transferred in connection with the Sendas Spin-off.

Indemnification

We and Sendas each agree to indemnify the other and each of the other's directors, officers, managers, members, agents and employees against certain liabilities incurred in connection with the Spin-off and our and Sendas' respective businesses. The Separation Agreement provides for indemnification in relation to breaches of the agreement, violation or incorrectness of representation and warranties and in relation to certain other assets and liabilities that are specified for in the Separation Agreement.

Other Matters

Other matters governed by the Separation Agreement include, without limitation, insurance arrangements, confidentiality, data protection, mutual assistance and information exchange after completion of the Spin-off, treatment and replacement of cross-guarantees, conduct of litigation and tax matters after the Sendas Spin-off, and transfer of and post-Sendas Separation access to certain books and records.

Data Protection Agreement

On December 17, 2020, we entered into a Data Protection Agreement with Sendas. The Data Protection Agreement sets forth our arrangements with Sendas regarding the fulfillment of data protection rules by both

parties, the sharing of data between Sendas and us and indemnification rules relating to any penalties, damages or losses that might result from the non-compliance of data protection rules by any party.

Employee Matters Agreement

On December 17, 2020, we entered into an Employee Matters Agreement with Sendas. The Employee Matters Agreement sets forth our arrangements with Sendas, as part of the operational separation in connection with the Sendas Spin-off, regarding the transfer of employees to each of Sendas and us, the amendment to Sendas' stock options plan and the creation of new stock options plans for our officers and employees, as well as the arrangements concerning agreements, understandings and/or representations with unions.

Real Estate Properties Assignment Transaction

On October 14, 2021 and December 16, 2021, the directors of CBD and Sendas at meetings of the board of directors of both companies approved the Real Estate Properties Assignment Transaction. The total estimated price of the Real Estate Properties Assignment Transaction is R\$5,173.0 million, of which R\$3,973.0 million shall be paid by Sendas to CBD, in installments, between December 2021 and January 2024. The Real Estate Properties Assignment Transaction is subject to the fulfillment of certain conditions, including the prior consent of the owners of certain assigned properties and the demobilization by us of all the assigned stores.

As of the date of this annual report, we had concluded the assignment of 60 *Extra Hiper* stores to Sendas. We expect to assign all the stores to Sendas under the Real Estate Properties Assignment Transaction by the end of May 2022.

Of the 33 *Extra Hiper* stores that were not assigned to Sendas, up to 29 will be converted to *Pão de Açúcar* or *Mercado Extra* stores. We are analyzing whether the remaining four *Extra Hiper* stores will be closed or converted into other banners.

Starting in the second semester of 2022, we will no longer operate under the *Extra Hiper* banner and will focus on the premium and proximity segments, notably under the banners *Pão de Açúcar*, *Minuto*, *Compre Bem* and *Mercado Extra*. Accordingly, we expect to classify the results of operations of the *Extra Hiper* banner as discontinued operations in our statements of operations in the audited consolidated financial statements for the year ending December 31, 2022. For more information on the discontinuance of the *Extra Hiper* banner, see "Item 5. Operating and Financial Review and Prospects—Item 5A. Operating Results—Discontinued Operations—Discontinued Operations for the Year Ending December 31, 2022—Extra Hiper Stores."

In addition, on February 25, 2022, we also entered into an agreement with Barzel and Sendas, as an intervening and guaranteeing party, to sell to Barzel 17 of the 70 *Extra Hiper* stores that would initially be assigned to Sendas under the Real Estate Properties Assignment Transaction. The estimated total sale price of these properties is R\$1,200.0 million, which will be paid by Barzel to the Pão de Açúcar Group. After the conclusion of the sale, the 17 properties will be leased by Barzel to Sendas for a period of 20 years, renewable for the same term. On April 13, 2022, CADE approved the sale of these 17 properties.

Via

On June 14, 2019, we completed the sale of all of our equity interest in Via by means of a block trade over the B3. For additional information on the sale of our equity interest in Via, see "Item 4. Information on the Company—4A. History and Development of the Company—Changes in Our Business—Sale of Home Appliances Operating Segments."

Since then, we do not control Via nor have exercised influence over its management or operations, and, as a result, Via has no longer been a related party of the Company. After the consummation of the sale of all our equity interest in Via, certain transactions, previously existing between the Company and Via when Via was part of the Pão de Açúcar Group, remained in effect.

While most of the transactions have been terminated, we and Via are under discussions with respect to allegedly outstanding obligations under certain agreements regarding their amicable termination or replacement.

Guarantees

From 2016 through 2018, we entered into guarantee agreements with Via and its subsidiaries, collectively referred to as the Guarantee Framework Agreements. The agreements provided for a fee based on market terms to be paid by Via and/or its subsidiaries, as the case may be, to us for having granted the guarantee. We provided guarantees for obligations of Cnova Brazil under financial agreements, lease agreements and commercial agreements. We also provided guarantees for obligations of Via under lease agreements, commercial agreements, insurance policies and agreements with financial institutions pursuant to which the financial institutions granted a surety to Via and its subsidiaries. Moreover, we granted guarantees for obligations of Via under operational agreements with maturities and performance terms to be complied by Via.

We have reached an agreement with Via for the replacement of the most significant guarantees, which are no longer in effect as of the date of this annual report. As of the date of this annual report, we and Via are under discussions with respect to allegedly outstanding obligations under certain agreements regarding their amicable termination or replacement. .

Indemnity with the Klein Family

On December 4, 2009, we entered into an association agreement with Via, the Klein Family and Casa Bahia Comercial, which was later amended on July 1, 2010. Under the association agreement, (i) Via had indemnity rights against us and Casa Bahia Comercial for certain claims existing as of July 1, 2010 and (ii) the parties undertook to ascertain the balance of indemnity rights to be paid by one party to another, among other related expenses on November 8, 2016 (i.e., six years after the closing of the transaction).

On July 4, 2017, we entered into an agreement with the original counterparties to the association agreement to (i) ascertain the liabilities for losses and damages incurred by Via and the Klein Family until July 1, 2010; (ii) consolidate the procedures for indemnification of potential losses and damages of Via and the Klein Family before and after July 1, 2010; and (iii) adjust the guarantees provided by the Pão de Açúcar Group on the lease agreements entered into between Via and the Klein Family. Pursuant to the terms of that agreement, it was established that (i) Casa Bahia Comercial would pay R\$70.2 million to Via in installments during 2017, adjusted for the SELIC rate, as indemnifying losses incurred until November 8, 2016. This amount was paid in full in 2017; and (ii) Via would pay a fee to us on an arm's length basis in connection with corporate guarantees provided by us in respect of the lease agreements entered into by Via and Casa Bahia Comercial. The parties also agreed on the proceedings to be followed to determinate the liability of each party regarding claims occurred on and after November 8, 2016. On October 24, 2018, we entered into an amendment to the agreement to improve the criteria for determination of the outstanding amount of indemnifiable losses, among other items.

The reimbursement obligations of CBD related to contingencies arising from facts that occurred prior to the acquisition of Globex in 2010 will remain in effect for as long as the legal proceeding that are subject to the reimbursement obligations have not terminated. Regarding this matter, Via obtained a favorable decision in May 2020, which includes the amount for which CBD is entitled to be reimbursed, under the terms of the association agreement. The period to which CBD is entitled to be reimbursed refer to the subsidiary Globex (which was incorporated in the formation of Via) for the years 2003 to 2010. The favorable decision obtained by Via refers to the refund of the ICMS exclusion benefit from the PIS and COFINS basis of its former subsidiary Globex for the period of 2007 and 2010. The exact reimbursed value shall be disclosed after we and Via agree on the amount due.

For further information, see note 21.9 to our audited consolidated financial statements as of and for the year ended December 31, 2021, included elsewhere in this annual report.

Operating Agreement

In August 2016, Via and Cnova entered into the Cnova Reorganization Agreement related to the reorganization of Cnova Brazil within Via. After the Cnova Corporate Reorganization in October 2016, Via became the sole shareholder of Cnova Brazil, which operates *Extra.com.br*, *Pontofrio.com* and *Casabahia.com.br* websites, and ceased to be a shareholder of Cnova. For further information on the Cnova Corporate Reorganization, see "Item 4. Information on the Company—4A. History and Development of the Company—Changes in Our Business."

On August 8, 2016, CBD and Via entered into an operating agreement, pursuant to which both parties agreed to integrate the e-commerce and physical stores of the *Extra* banner, among other terms and conditions, including the use of the *Extra.com* brand by Via free of charge.

After the consummation of the sale of all of our equity interest in Via, the only section of the Operating Agreement that remained effective was Via's exclusive right to operate the e-commerce of electronic products. However, considering that the Operating Agreement expired on October 21, 2021, Via shall still operate the website *Extra.com*, but has no exclusive rights to operate the e-commerce of electronic products through other websites and digital platforms.

Cheftime

Umbrella Agreement

On March 1, 2021, we and Cheftime entered into an umbrella agreement pursuant to which we agreed on the general terms and conditions of a loan from CBD to Cheftime in the total amount of up to R\$ 44 million. The loans must be granted according to Cheftime's needs and our cash availability. The terms, interest rate and other conditions of each loan must be agreed upon on an individual basis.

Stix Fidelidade

Operational Agreement

On November 27, 2019, we, Raia Drogasil and Stix entered into an operational agreement to set forth the terms and conditions for the operation of *Stix Fidelidade*, including the definition of the amount of loyalty points to be acquired by us and RD from Stix, and the price paid for each acquired loyalty point, among other conditions.

Grupo Éxito

Tuya

Grupo Éxito entered into agreements with *Tuya*, a joint venture between Grupo Éxito and Grupo Bancolombia, relating to partnership agreements and to the reimbursement of expenses, among other matters.

Puntos Colombia

Grupo Éxito entered into an agreement with *Puntos Colombia*, a joint venture between Grupo Éxito and Banco Colombia, providing for the terms and conditions for the redemption of points collected under their loyalty program, among other services.

For further information regarding our related party transactions, see note 11 to our audited consolidated financial statements, included elsewhere in this annual report.

7C. Interests of Experts and Counsel

Not applicable.

ITEM 8. FINANCIAL INFORMATION

8A. Consolidated Statements and Other Financial Information

The information included in Item 18 of this annual report is referred to and incorporated by reference into this Item 8A.

Legal Proceedings

We are party to administrative proceedings and lawsuits that are incidental to the normal course of our business. These include general civil, tax and labor litigation and administrative proceedings. We believe that our provisions for legal proceedings are sufficient to meet probable and reasonably estimated losses in the event of unfavorable court decisions to us and to ensure that the outcomes of these legal proceedings have no material

effect on our financial condition or results of operations. We cannot estimate the amount of all potential costs that we may incur or penalties that may be imposed on us other than those amounts for which we have made provisions.

Based on the advice of our external legal counsel, we have identified and made provisions for the following probable losses that may result from legal proceedings to which we are a party:

	As of December 31,		
	2021	2020 (in millions of R\$)	2019
Tax claims ⁽¹⁾	845	937	841
Labor claims	361	303	319
Civil and other claims	236	145	145
Total accrued liabilities for legal proceedings	1,442	1,385	1,305

(1) Includes tax claims related PIS and COFINS.

For further information on our legal proceedings, see note 21 to our audited consolidated financial statements as of and for the year ended December 31, 2021, included elsewhere in this annual report.

Tax-Related Claims

Tax-related claims are indexed to the SELIC rate, which in annual terms was 4.50% on December 31, 2019, 2.00% on December 31, 2020, and 9.15% on December 31, 2021, and are also subject, in certain cases, to fines. We have made provisions for interest charges and fines, when applicable.

In addition, tax claims are subject to monthly indexing, which involves adjusting the amount of provisions for litigation in accordance with the indexing rates used by each tax jurisdiction. The indexing is required by law for all tax amounts, including the provision for judicial deposits.

We have tax claims that were deemed probable losses by our legal counsel, including: (i) a 2011 disagreement regarding the non-application of Accident Prevention Factor (*Fator Acidentário de Prevenção*), or FAP, in contributions to our employees; (ii) the use of allegedly undue tax credits; (iii) non-payment of social charges on benefits granted to our employees, due to an unfavorable decision of the STF; (iv) IPI requirement on resale of imported products; (v) discussions related to the municipal property tax (*Imposto Predial e Territorial Urbano*), or IPTU; (vi) other less relevant issues. The amount we provisioned for these matters as of December 31, 2021, was R\$437 million (R\$497 million as of December 31, 2020).

Additionally, we are party to some proceedings before the São Paulo state tax authorities which discuss accessory state tax obligations in the context of the refund of ICMS due to tax substitution. Considering recent court decisions, we recorded a provision for this matter amounting to R\$292 million as of December 31, 2021 (R\$292 million as of December 31, 2020), representing the estimate of probable loss evaluated by our management on these proceedings.

We discussed in court our eligibility to not pay Government Severance Indemnity Fund for Employees (*Fundo de Garantia do Tempo de Serviço*), or FGTS, contributions, as provided by Supplementary Law 110/01. As of December 31, 2021, the amount involved in this proceeding was R\$51 million (R\$60 million as of December 31, 2020).

Grupo Éxito and its subsidiaries are parties to legal proceedings relating to value added tax, property tax and taxes related to our operations. As of December 31, 2021, the amount under discussion totaled R\$65 million (R\$88 million as of December 31, 2020).

Exclusion of ICMS from the Calculation Basis of PIS and COFINS

We pay PIS and COFINS taxes, at the rates of 1.65% and 7.60% on net operating revenue, respectively. We adopt the non-cumulative system whereby these tax liabilities can be partially or completely offset by credits we accrue from taxes previously paid on products we purchase and other expenses. As a result of our application of the non-cumulative system, we and our subsidiaries have requested the right to exclude ICMS from the calculation basis of these two contributions.

On March 15, 2017, the STF ruled that ICMS must be excluded from the calculation basis of PIS and COFINS, in line with our request.

We and our legal counsel expect that the decision in regard to this appeal will not limit our claim; however, the proceeding is still pending judgment and we are unable to recognize the asset related to the credits to be obtained since we filed this lawsuit in 2003. In 2019, our subsidiaries recorded credits in the amount of R\$382 million, of which R\$198 million was recorded in our financial result, in accordance with the final and unappealable decisions rendered in the respective proceedings.

On October 29, 2020, we obtained a favorable decision in a lawsuit, resulting in the recording of a tax credit in the amount of R\$1,609 million, of which R\$613 million was recorded in financial result, net of provisions for installments that may be considered non-realizable. Further, in 2021, as a result of certain judicial decisions issued in that year, we reassessed the tax credit, reversing part of the provisions previously recorded in the amount of R\$280 million (R\$109 million of which was recorded in the financial result). We made calculations based on the opinion of our legal counsel. The offsetting of this tax credit is subject to certain administrative proceedings filed with the Brazilian tax authorities and we expect to realize it within seven years.

Similarly, Via obtained a favorable decision in May 2020, which includes an amount to which we are entitled to be reimbursed for, according to the terms of the association agreement signed between us and the Klein family in the transaction that created Via. The periods for which we are entitled to be reimbursed relate to the subsidiary Globex (that was merged in the formation of Via) for the years between 2003 and 2010. We have already recognized in fiscal year 2020, R\$231 million of receivables from Via. The related gain is recognized in the net result of discontinued operations. In addition, we believe we are entitled to an outstanding amount of R\$277 million, which is subject to be confirmed by documents to be provided by Via.

Labor Claims

We are party to numerous lawsuits involving disputes with our employees, primarily arising from layoffs in the ordinary course of business. As of December 31, 2021, we recorded a provision of R\$361 million (R\$303 million as of December 31, 2020) referring to lawsuits whose risk of loss was considered probable. Management, assisted by legal counsel, evaluates these claims recording provisions for losses when reasonably estimable and taking into account previous experience in relation to the amounts claimed.

Civil, Regulatory and Other Claims

We are defendants in civil lawsuits. Among these lawsuits, we highlight the following:

- We have filed or are the defendants in various lawsuits requesting the review of lease amounts. In these lawsuits, the judge determines a provisional lease amount, which is then paid by the stores until the final lease amount is defined. The Company recognizes a provision for the difference between the original amount paid by the stores and the amounts requested by the opposing party (owner of the property) in the lawsuit, when internal and external legal advisors agree on the likelihood of a change to the lease paid by us. As of December 31, 2021, the provision for these lawsuits was R\$100 million (R\$34 million as of December 31, 2020) to which there are no judicial deposits.
- We are party to lawsuits relating to penalties applied by municipal, state and federal regulatory agencies, including the Consumer Protection Agency (*Procuradoria de Proteção e Defesa do Consumidor*) and the National Institute of Metrology, Standardization and Industrial Quality (INMETRO), as well as discussions relating to the termination of agreements with our suppliers. As of December 31, 2021, we had provisions for these lawsuits in the amount R\$56 million (R\$40 million as of December 31, 2020).
- Grupo Éxito is a party to civil lawsuits relating to challenges to lease agreements, among others. As of December 31, 2021, the amount under discussion was R\$30 million (R\$35 million as of December 31, 2020).
- The amount provisioned for the remaining civil jurisdiction matters as of December 31, 2021, was R\$50 million (R\$36 million as of December 31, 2020).

As of December 31, 2021, including the civil lawsuits mentioned above, we had provisions for civil, regulatory and other claims in the amount of R\$236 million (R\$145 million as of December 31, 2020).

Other Contingent Liabilities for Which There Are No Provisions

As of December 31, 2021, we were party to certain legal proceedings for which the probability of loss was deemed possible and, therefore, we have not recorded provisions for these proceedings. See note 21 to our audited consolidated financial statements as of and for the year ended December 31, 2021, included elsewhere in this annual report, for detailed information on these proceedings.

We are party to several tax-related legal proceedings with various governmental agencies related to social security charges under discussion with the National Institute of Social Security (*Instituto Nacional de Seguridade Social*), or INSS, corporate income tax (IRPJ), withholding income tax (*Imposto de Renda Retido na Fonte*), or IRRF, social contribution on net profits (*Contribuição Social Sobre o Lucro Líquido*), or CSLL, COFINS, PIS, credits related to taxes on industrialized products (*Imposto Sobre Produtos Industrializados*), or IPI, contribution tax on financial transactions (IOF), ICMS, municipal service tax (*Imposto Sobre Serviços*), or ISS, and IPTU. As of December 31, 2021, the aggregate amount of the possible loss regarding these tax-related legal proceedings was R\$12,123 million (R\$10,081 million as of December 31, 2020).

Globex (which later changed its corporate name to Via) is a defendant in tax legal proceeding relating to ICMS, PIS and COFINS discussions, among others. As per the terms of the public auction to acquire Globex's shares in 2009, we are liable for the losses relating to the legal proceedings of Globex prior to its acquisition by Via. On June 14, 2019, we sold all of our equity interest in Via, however, we remain liable for these legal proceedings. For additional information on the transactions with Via that remained in effect, see "Item 7. Major Shareholders and Related Party Transactions—7B. Related Party Transactions—Via." As of December 31, 2021, the amount under discussion in this tax proceeding was R\$474 million (R\$456 million as of December 31, 2020).

We are also party to other tax legal proceedings, including claims relating to the improper deduction of goodwill amortization. Pursuant to agreements we entered into with certain of our former and current shareholders, we believe we are entitled to receive an indemnification, which, as of December 31, 2021, we estimated to be in the amount of R\$1,467 million (R\$1,432 million as of December 31, 2020).

We engage external counsels to represent it in the tax assessments, whose fees are contingent upon a percentage to be applied to the amount of success in the final outcome of these lawsuits. This percentage may vary according to qualitative and quantitative factors of each claim, and, as of December 31, 2021, the estimated amount that will be paid in all lawsuits is approximately R\$157 million (R\$174 million as of December 31, 2020).

Legal Proceedings Related to Sendas Compensation Liability

We are liable for Sendas legal proceedings prior to the Sendas Spin-off. As of December 31, 2021, the total amount provisioned under these legal proceedings was R\$96 million, of which R\$69 million consisted in tax proceedings, R\$14 million consisted of labor proceedings and R\$13 million consisted in civil proceedings.

For further information on our tax-related claims, see note 21 to our audited consolidated financial statements as of and for the year ended December 31, 2021, included elsewhere in this annual report.

Arbitration

Península

On September 12, 2017, we announced that we received a notice from the Brazil Canada Chamber of Commerce regarding a request for arbitration filed by Banco Ourinvest S.A., a financial institution, in its capacity as fund manager and acting in the exclusive interest of the quotaholders of Península.

The arbitration proceeding aimed at discussing the calculation of rental fees and other operational matters related to lease agreements and contracts which we entered into with Península, during 2005, regarding stores owned by Península. These agreements entitled us to the commercial use of the referred real estate for a period of 20 years, which may be extended for an additional 20-year term, at our exclusive criteria.

On July 7, 2021, we entered into an agreement to settle the arbitration proceeding. Pursuant to the settlement agreement, certain terms of the lease agreements were adapted to the prevailing market conditions, allowing us to optimize the use of properties of the lease agreements. The continuity and the term of the leases were not affected. As a result of the execution of this settlement agreement, we recorded an expense of R\$17

million under other operating expenses in our audited consolidated financial statements as of and for the year ended December 31, 2021.

For further information on the arbitration proceeding related to Península, see note 21.8 to our audited consolidated financial statements as of and for the year ended December 31, 2021, included elsewhere in this annual report.

Dividend Policy

General

Pursuant to Brazilian corporate law, Brazilian corporations are required to hold an annual shareholders' meeting in the first four months of each fiscal year to resolve the allocation of the results of operations in any year and the distribution of an annual dividend. Under Brazilian corporate law, shareholders of a Brazilian corporation have the right to receive, as a mandatory dividend for each fiscal year, (i) a part of the corporation's net profits as established under its bylaws, subject to a minimum mandatory dividend of at least 25% of the net profits adjusted pursuant to Brazilian corporate law, or (ii) if not provided under such bylaws, an amount equal to 50% of the company's adjusted net profits calculated according to Brazilian corporate law. Pursuant to Brazilian corporate law, in addition to the mandatory dividend, the board of directors may recommend the payment of interim dividends and payment of dividends from other legally available funds to shareholders. Also pursuant to Brazilian corporate law, a Brazilian company is allowed to suspend the distribution of mandatory dividends in any year in which its management reports at its shareholders' general meeting that the distribution would be incompatible with the company's financial condition.

We may prepay dividends on a quarterly basis, subject to approval by our board of directors, at meetings usually held during the first quarter of each fiscal year. Nevertheless, at the end of each fiscal year, we pay our shareholders the minimum mandatory dividend, calculated in accordance with Brazilian corporate law. In case we decide to prepay dividends in a quarterly basis or otherwise, the amount prepaid shall be considered in the calculation of the mandatory dividend amount that must be paid at the end of each fiscal year.

In 2019, 2020 and 2021, our board of directors approved payments of interest on shareholders' equity to our shareholders. The approved payments were charged to the minimum mandatory dividend related to the respective fiscal years. On June 15, 2020, we paid dividends in the amount of R\$155.8 million to meet the minimum mandatory dividend for 2019, as required by Brazilian corporate law. As we did not prepay dividends in 2021, our shareholders approved the payment of interest on shareholders' equity in the total amount of R\$ 81.1 million at our annual shareholders' meeting held on April 27, 2022.

According to Brazilian corporate law and our bylaws, we must pay declared dividends within 60 days after the approval of the distribution of dividends at the shareholders' meeting.

For further information on our dividend policy, see "Item 10. Additional Information—10B. Memorandum and Articles of Association—Appropriation of Net Profits and Distribution of Dividends—Distribution of Dividends" and "—Interest on Shareholders' Equity."

History of Dividend Payments

On April 27, 2022, an annual shareholders' meeting took place and approved the payment of interest on shareholders' equity in the amount of R\$0.301301 per common share. The following table sets forth the distributions paid or to be paid to holders of our common shares and preferred shares at the time:

Period	Description	First payment date	R\$ per preferred share ⁽¹⁾	R\$ per common share	Total amount of dividends and interest on shareholders' equity (in R\$ millions)
2019.....	Interest on shareholders' equity	August 16, 2019	0.142512451	0.129556774	36 ⁽²⁾
2019.....	Interest on shareholders' equity	June 15, 2020	N/A	0.582024107	156 ⁽²⁾

	Interest on shareholders' equity	June 15, 2021	N/A	1.701093954	456 ⁽¹⁾
2020.....	Dividends	June 15, 2021	N/A	0.475788964	127
	Interest on shareholders' equity	June, 15, 2022	N/A	0.301301	81
2021.....					

- (1) On February 14, 2020, B3 approved our migration from the Level 1 listing segment to the *Novo Mercado* listing segment of B3. According to the *Novo Mercado* requirements, on February 28, 2020, all of our then outstanding preferred shares were converted into common shares and, on March 2, 2020, the trading of our common shares began on the *Novo Mercado* listing segment of the B3. For additional information on the conversion of our preferred shares, see “Item 4. Information on the Company—4A. History and Development of the Company—Changes in Our Business—Acquisition of Éxito Group.”
- (1) Such amounts represent the estimated gross amount of interest on shareholders’ equity, as certain shareholders are exempt withholding income tax.

Shareholders who are not residents of Brazil must generally register with the Central Bank to have dividends and/or interest on shareholders’ equity, sales proceeds or other amounts with respect to their shares eligible to be remitted in foreign currency outside of Brazil. For additional information, see “Item 10. Additional Information—10D. Exchange Controls.” The common shares underlying the ADSs are held in Brazil by the Custodian, as agent for the depositary, the registered owner on the records of the Custodian for the common shares underlying the ADSs. As of the date of this annual report, the Custodian of our ADSs is Banco Itaú Corretora de Valores S.A.

Payments of cash dividends and distributions, if any, will be made in Brazilian *reais* to the Custodian on behalf of the depositary, which will then convert the payments from Brazilian *reais* into U.S. dollars and thereafter will cause the U.S. dollars to be delivered to the depositary for distribution to holders of ADSs as described above. In the event that the Custodian is unable to immediately convert the Brazilian *reais* received as dividends and/or interest on shareholders’ equity into U.S. dollars, the amount of U.S. dollars payable to holders of ADSs may be adversely affected by any devaluation of the Brazilian *real* that occurs before the distributions are converted and remitted. For additional information, see “Item 3. Key Information—3D. Risk Factors—Risks Relating to Brazil—Exchange rate volatility may adversely affect the Brazilian economy and us.” Dividends and interest on shareholders’ equity in respect to the shares paid to shareholders, including holders of ADSs, are subject to the tax treatment outlined in “Item 10. Additional Information—10E. Taxation—Brazilian Tax Considerations.”

8B. Significant Changes

Not applicable.

ITEM 9. THE OFFER AND LISTING

9A. Offer and Listing Details

On February 14, 2020, B3 approved our migration from the Level 1 listing segment to the *Novo Mercado* listing segment of B3. According to the *Novo Mercado* requirements, on February 28, 2020, all of our then outstanding preferred shares were converted into common shares and, on March 2, 2020, the trading of our common shares began in the *Novo Mercado* listing segment of the B3. For additional information on the conversion of our preferred shares, see “Item 4. Information on the Company—4A. History and Development of the Company—Changes in Our Business—Acquisition of Grupo Éxito.”

Our preferred shares were traded on B3 under the trading symbol PCAR4 until their conversion into common shares on February 28, 2020. Since March 2, 2020, the trading of our common shares, which were already listed on B3 under the trading symbol PCAR3, began trading on the *Novo Mercado* listing segment of the B3.

Our common shares in the form of ADSs are traded on the NYSE under the trading symbol “CBD.” Our ADSs commenced trading on the NYSE in May 1997. As a result of our migration to the *Novo Mercado* listing segment of B3 and the conversion of our preferred shares into common shares, since March 5, 2020, each ADS has represented one common share, without par value. The ADSs are evidenced by ADRs issued by JP Morgan Chase Bank, N.A.

9B. Plan of Distribution

Not applicable.

9C. Markets

Trading on the B3

The B3, formerly BM&FBOVESPA, is a Brazilian publicly held company formed in 2008 through the merger of the São Paulo Stock Exchange (*Bolsa de Valores de São Paulo*) and the Brazilian Mercantile and Futures Exchange (*Bolsa de Mercadorias & Futuros*). The B3 is one of the largest exchanges in the world in terms of market capitalization, the second in the American continent and the leader in Latin America.

Trading on the exchange is conducted by authorized members. Trading sessions take place every business day, with order cancellation from 09:30am to 09:45am, pre-opening from 09:45am to 10:00am, trading from 10:00am to 04:55pm and closing call from 04:55pm to 05:00pm. Depending on daylight savings time in Brazil or United States the trading sessions can take place in different periods, with order cancellation from 09:30am to 09:45am, pre-opening from 09:45am to 10:00am, trading from 10:00am to 04:55pm and closing call from 04:55pm to 05:00pm.

To better control the excess of volatility in market conditions, B3 has adopted a “circuit breaker” pursuant to which trading sessions may be suspended for a period of 30 minutes or one hour whenever the stock exchange broad based index falls below the limits of 10% and 15%, respectively, compared to the close of trading of the previous trading day. In the event the stock exchange index falls below the limit of 20% in comparison to the previous trading day, B3 may determine the suspension of the trading session for a certain period to be defined at its sole discretion. The exchange has also adopted single stock trading halts to deal with certain high volatility situations.

Trading on B3 by non-residents of Brazil is subject to certain limitations under Brazilian foreign investment and tax legislation.

Regulation of the Brazilian Securities Markets

The Brazilian securities market is regulated and supervised by the CVM (which has general authority over the stock exchanges and securities markets) as provided for by Law 6,385, dated December 7, 1976, or the Brazilian Securities Exchange Act, and Brazilian corporate law. The National Monetary Council (*Conselho Monetário Nacional*), or the CMN, is responsible for supervising the CVM’s activities, granting licenses to brokerage firms to govern their incorporation and operation, and regulating foreign investment and exchange transactions, as provided for by the Brazilian Securities Exchange Act and Law No. 4,595 of December 31, 1964. These laws and regulations provide for, among other things, disclosure requirements to issuers of securities listed on stock exchanges, criminal sanctions for insider trading and price manipulation, protection of minority shareholders, the procedures for licensing and supervising brokerage firms and the governance of Brazilian stock exchanges.

Under Brazilian corporate law, a company is either public (*companhia aberta*), like us, or private (*companhia fechada*). All public companies are registered with the CVM and are subject to periodic reporting requirements and the public disclosure of material facts. A company registered with the CVM may have its securities traded either on B3 or on the Brazilian over-the-counter market. The shares of a company listed on B3 may also be traded privately, subject to certain limitations. To be listed on B3, a company must apply for registration with the CVM and with B3. Trading of securities of a public company on B3 may be suspended at the request of such company in anticipation of a material announcement. Trading may also be suspended upon the initiative of B3 or the CVM, based on or due to, among other reasons, a belief that a company has provided inadequate information regarding a material event or has provided inadequate responses to inquiries made by the CVM or B3.

The Brazilian Securities Exchange Act, Brazilian corporate law and the laws and regulations issued by the CVM, the CMN, and the Central Bank provide for, among other matters, disclosure requirements applicable to issuers of traded securities, restrictions on insider trading and price manipulation, protection of minority shareholders, licensing procedures, supervision of brokerage firms, and the governance of the Brazilian stock exchanges.

Corporate Governance Practices

In 2000, the BM&FBOVESPA, currently known as B3, introduced three special listing segments, known as Level 1 (*Nível 1*) and Level 2 (*Nível 2*) of differentiated Corporate Governance Practices and the New Market (*Novo Mercado*), aiming at fostering a secondary market for securities issued by Brazilian companies with securities listed on the then BM&FBOVESPA, by prompting such companies to follow good corporate governance practices. The listing segments were designed for the trading of shares issued by companies voluntarily undertaking to abide by corporate governance practices and disclosure requirements in addition to those already imposed by applicable Brazilian law. These rules generally increase shareholders' rights and enhance the quality of information provided to shareholders.

On May 10, 2011, the differentiated Corporate Governance Practices of the Level 1 and 2 and the *Novo Mercado* rules were amended. The new provisions include, among others, new pecuniary sanctions for companies that do not comply with rules. In addition, according to the amended rules, a company's chief executive officer or major executive officer cannot also hold the position of chairman of the board of directors. Board members shall be elected for continuous terms of a maximum of two years, with reelection permitted.

We were listed on the Level 1 listing segment of B3 from March 31, 2003 to February 14, 2020, when we received the formal approval by B3 to migrate to *Novo Mercado*, the highest level of corporate governance of B3. According to the *Novo Mercado* requirements, on February 28, 2020, all of our then outstanding preferred shares were converted into common shares and, on March 2, 2020, the trading of our common shares began in the *Novo Mercado* listing segment of B3. In the U.S. the preferred ADS positions were converted into common ADS positions on March 4, 2020, with a consequently change of CUSIP. On March 5, 2020, NYSE suspended trading of the old CUSIP and trading under new CUSIP began. For additional information on our enrollment in the *Novo Mercado*, see "Item 4. Information on the Company—4A. History and Development of the Company—Changes in Our Business—Acquisition of Grupo Éxito."

To be listed on the *Novo Mercado* segment, in addition to the obligations imposed by current Brazilian law, a company must agree to (i) issue only common shares; (ii) grant tag-along rights to all shareholders in the event of a change in shareholder control. The shareholder acquiring control must hold a public tender offer for the shares of other shareholders, offering the same price per share paid to the controllers; (iii) maintain free float of at least 25% of the company's total capital stock; (iv) adopt offering procedures that favor a broad shareholder base; (v) comply with minimum quarterly disclosure standards; (vi) follow stricter disclosure policies with respect to securities transactions made by the issuer's controlling shareholders, board members and officers; (vii) submit any existing shareholders' agreements and stock option plans to B3; (viii) disclose a schedule of corporate events to shareholders; (ix) prepare annual financial statements including cash flow statements in English and in accordance with international accounting standards, such as U.S. GAAP or the International Financial Reporting Standards (IFRS); (x) adopt exclusively the arbitration rules of B3, in which B3, the company, the controlling shareholder, managers and members of the fiscal council, if instated, commit to resolve any dispute or controversy related to the listing rules through arbitration; (xi) hold public meetings with financial analysts and any other interested parties at least once a year to present information regarding its financial and economic position, projects and prospects; and (xii) if a decision to delist from the *Novo Mercado* is made, the issuer's controlling shareholder must hold a public tender offer for the acquisition of all outstanding shares at a minimum price to be established based on an independent appraisal.

Disclosure Requirements

According to Brazilian corporate law and CVM regulations, a public company must submit certain periodic information to the CVM and B3, including financial statements, quarterly information, management discussion and analysis and independent audit reports. This legislation also requires us to file our shareholders' agreements, notices of shareholders' meetings and copies of the related minutes and communications regarding material acts or facts with the CVM and B3.

The CVM rules also provide for requirements regarding the disclosure and use of information related to material acts or events, including the disclosure of information in the trading and acquisition of securities issued by publicly held companies.

Such requirements include provisions that:

- establish the concept of a material act or events that gives rise to reporting requirements. Material acts or events include decisions made by the controlling shareholders, resolutions of the annual shareholders' meeting or of the company's management, or any other political, administrative, technical, financial or economic acts or facts related to the company's business (whether occurring within the company or otherwise somehow related thereto) that may influence the price of its publicly traded securities, or the decision of investors to trade or maintain such securities or to exercise any of such securities' underlying rights;
- specify examples of acts or facts that are considered to be material, which include, among others, the execution of agreements providing for the transfer of control of a public company, the entry or withdrawal of shareholders that maintain any managing, financial, technological or administrative function with or contribution to the company, and any corporate restructuring undertaken among related companies;
- oblige the public company to disclose material acts or facts to the CVM, to B3 and through the publication of such acts in the newspapers or websites usually utilized by such company;
- require the acquirer of a controlling stake in a public company to publish a material event, including its intentions as to whether or not to de-list the company's shares within one year;
- require management, members of the fiscal council, if active, or of any technical or advising body of a public company, to disclose to the company, to the CVM and to B3 the number, type and form of trading of securities issued by the company, its subsidiaries and controlling public companies that are held by them or by persons closely related to them, and any changes in their respective ownership positions;
- require that, if any direct or indirect controlling shareholder or any shareholder electing members of the board of directors of a public company increases or decreases participation in such company by more than 5.0%, such person or entity must disclose information regarding such acquisition or disposition; and
- forbid trading on the basis of insider information, setting forth a list of prohibited transactions, in which trading is presumed to be made on the basis of insider information.

Under the terms of CVM Resolution No.44, dated August 23, 2021, as amended, we may, under exceptional circumstances, submit a request for confidential treatment to the CVM concerning a material act or fact when our controlling shareholders or managers consider that such disclosure will pose a risk to the company's legitimate interest.

9D Selling Shareholders

Not applicable.

9E. Dilution

Not applicable.

9F. Expenses of the Issue

Not applicable.

ITEM 10. ADDITIONAL INFORMATION

10A. Share Capital

As of December 31, 2021, our subscribed and paid-up capital was represented by 269.336.551 (two hundred and sixty-nine million, three hundred and thirty-six thousand, five hundred and fifty-one) common shares, with no par value.

As a result of our migration to the *Novo Mercado* listing segment of B3, on February 28, 2020, we converted all of our preferred shares into common shares. For additional information on the conversion of our preferred shares into common shares, see "Item 9. The Offer and Listing—9A. Offer and Listing Details."

The Company is authorized to increase its capital stock up to the limit of 400,000,000 common shares, regardless of any amendment to the Company's Bylaws, upon resolution of the board of directors, which will establish the terms and conditions.

10B. Memorandum and Articles of Association

Below is a brief summary of certain significant provisions of our bylaws and Brazilian corporate law. This description does not purport to be complete and is qualified by reference to our bylaws (an English translation of which has been filed with the SEC) and to Brazilian corporate law.

Corporation Objects and Purposes

We are a publicly held corporation with our principal place of business and jurisdiction in the city of São Paulo, Brazil, governed by Brazilian laws (including Brazilian corporate law), CVM and SEC regulations and our bylaws.

Our main business purpose is to sell manufactured, semi-manufactured and natural products of both Brazilian and foreign origin, of any and all kinds and description, nature or quality, provided that they are not forbidden by law. Furthermore, we may also engage in a wide range of activities as set forth in article 2 of our bylaws.

Common Shares

On February 14, 2020, B3 approved our migration from the Level 1 to the *Novo Mercado* listing segment of B3, the highest level of corporate governance of B3. According to the *Novo Mercado* requirements, on February 28, 2020, all of our then outstanding preferred shares were converted into common shares. Additionally, on March 2, 2020, the trading of our common shares began in the *Novo Mercado* listing segment of B3.

Pursuant to our bylaws and our B3 listing agreement in connection with the listing of our common shares on the *Novo Mercado*, we cannot issue shares without voting rights or with restricted voting rights. In addition, our bylaws and the Brazilian corporate law provide that holders of our common shares are entitled to dividends or other distributions made in respect of our common shares ratably in accordance with their respective participation in the total amount of our issued and outstanding common shares. See "Appropriation of Net Profits and Distribution of Dividends—Interest on Shareholders' Equity" for a more complete description of payment of dividends and other distributions on our common shares. In addition, upon our liquidation, holders of our common shares are entitled to share our remaining assets, after payment of all of our liabilities, ratably in accordance with their respective participation in the total amount of our issued and outstanding common shares. Holders of our common shares are not obligated to subscribe to future capital increases and are generally entitled to preemptive rights to subscribe for new shares as provided by the Brazilian corporate law. See "Preemptive Rights on Increases in Share Capital."

Appropriation of Net Profits and Distribution of Dividends

Appropriation of Net Profits

At each annual shareholders' meeting, our board of executive officers and our board of directors is required to recommend how to appropriate net profit, if any, from the preceding fiscal year. This appropriation is subject to deliberation by our shareholders.

The Brazilian corporate law defines "net profit" for any fiscal year as the net profit of the relevant fiscal year after income and social contribution taxes for that fiscal year, net of any accumulated losses from prior fiscal years and any amounts allocated to employees' and management's participation in our net profit in that fiscal year pursuant to our profit-sharing plans. Our bylaws allow us to implement a profit-sharing plan for employees and managers and a stock option plan. The amount to be paid in connection with both plans is determined by our board of directors and must not exceed an amount equal to 15% of our net profit. Under Brazilian corporate law, this profit sharing may only be paid to managers with respect to a fiscal year in which the mandatory dividend has been declared.

Our calculation of "net profits" and appropriations to reserves for any fiscal year are determined on the basis of our financial statements. Our management's and our shareholders' discretion to determine the allocation

of our net profit is limited by certain rules that determine whether such net profit should be distributed as dividends or appropriated to certain profit reserves or carried forward to future fiscal years, as follows:

Mandatory Minimum Dividend. Under Brazilian corporate law and our bylaws, we must distribute a specified percentage of our net income as a mandatory minimum dividend to be paid with respect to all shares of our capital stock. Our bylaws establish the minimum percentage at 25% of our adjusted net profit. The mandatory dividend may be made in the form of dividends or interest on shareholders' equity, which may be deducted by us in calculating our income tax and social contribution obligations. Adjusted net profit is net profit following the addition or subtraction of:

- amounts appropriated to a legal reserve account; and
- amounts appropriated to a contingency reserve account and the return of any amounts in any contingency reserve accounts deposited in previous years.

The payment of our mandatory dividends may be limited to the profits actually realized in the fiscal year, if the portion of the unrealized profits is appropriated to the unrealized income reserve account (as described below). The balance of the reserve accounts, except for the contingency reserve account and unrealized profit reserve account, may not exceed our share capital. If this occurs, a shareholders' meeting must resolve whether the excess will be applied to pay in the subscribed and unpaid capital, to increase and pay in the subscribed share capital or to distribute dividends.

Under Brazilian corporate law, however, we are allowed to suspend the distribution of the mandatory dividends for any year in which our management reports at our shareholders' general meeting that the distribution would be incompatible with our financial condition. The fiscal council, if in place, must issue its opinion in relation to the suspension. In addition, our management must file a justification for such suspension with the CVM within five days from the date of the relevant annual shareholders' meeting. If the mandatory dividend is not paid, the unpaid amount must be attributed to a special reserve account and, if not absorbed by subsequent losses, those funds must be paid out as dividends as soon as our financial condition permits.

Legal reserve account. Under Brazilian corporate law and our bylaws, we are required to maintain a legal reserve to which we must appropriate 5% of our net profit for each fiscal year until the aggregate amount of our legal reserve equals 20% of our share capital. Our legal reserve may only be used to increase our share capital or to offset accumulated losses, if any. We are not required to make any appropriations to our legal reserve for any fiscal year in which such reserve, when added to our capital reserves, exceeds 30% of our share capital. The legal reserve account is not available for the payment of dividends.

Contingency reserve account. A portion of our net profit may also be allocated to a contingency reserve for an anticipated loss that is deemed probable in future years. Any amount so appropriated in a prior year must either be reversed in the fiscal year for which the loss was anticipated if the loss does not occur or be charged off if the anticipated loss occurs.

Tax incentives reserve account. Our shareholders' meeting, upon a justified proposal of our board of directors or board of executive officers or according to the rules of the benefit granted, may decide to appropriate a percentage of our net profit resulting from government donations or subventions for investment purposes to a tax incentives reserve account.

Statutory Reserve. Under the Brazilian corporate law, our bylaws may create reserves provided that the purpose of the reserve is determined along with the appropriation criteria and the maximum amount to be maintained in it. Currently, our bylaws provide for an expansion reserve (*Reserva de Expansão*) which will be made of up to 100% of the remaining adjusted net profit after the establishment of the legal reserve account, contingency reserve account and the payment of the mandatory dividend. The total amount of this reserve may not exceed the amount of our share capital. Our shareholders may amend our bylaws in order to establish other discretionary reserves. The appropriation of our net profit to discretionary reserve accounts may not be made if it prevents the distribution of our mandatory dividends.

Unrealized profit reserve account. The portion of the mandatory dividends that exceeds the net profit actually realized in any year may be appropriated to the unrealized profit reserve account. Unrealized profit is profit resulting from investments measured by the equity method and/or the profits of earnings of any transaction, the financial satisfaction of which takes place in the subsequent fiscal year. The unrealized profit reserve account,

when realized, must be used first to offset accumulated losses, if any, and the remaining portion must be used for the payment of mandatory dividends.

Retained profit reserve. Our shareholders can decide to retain a portion of the net profit provided that such portion has been contemplated in the capital budget previously approved by the shareholders.

Distribution of Dividends

Under the Brazilian corporate law and our bylaws, we may pay dividends only from:

- our “net profit” earned in a given fiscal year, which is our results from the relevant fiscal year, reduced by accumulated losses of prior fiscal years; provisions for income tax and social contribution for such fiscal year; and amounts allocated to employees’ and managers’ participation in the results in such fiscal year pursuant to our profit-sharing plans. Our bylaws allow us to implement a profit-sharing plan for employees and managers and a stock option plan. The amount to be paid in connection with both plans is determined by our board of directors and must not exceed an amount equal to 15% of our net profit. Under Brazilian corporate law, this profit sharing may only be paid to managers with respect to a fiscal year in which the mandatory dividend has been declared;
- our net profits accrued in previous fiscal years or in any six-month and/or quarterly interim period of a fiscal year; or
- our profit reserves set aside in previous fiscal years or in the first six months of a fiscal year. For these purposes, “profit reserves” means any discretionary reserve account, contingency reserve account, amounts allocated to our capital expenditure budget approved by our shareholders’ resolution or unrealized profit reserve account, not including the legal reserve account.

Dividends are generally to be declared at annual shareholders’ meetings in accordance with the board of directors’ recommendation. Our board of directors may declare interim dividends to be deducted from the accrued profit recorded in our annual or semiannual financial statements. In addition, our board of directors may pay dividends from the net profit based on our unaudited quarterly financial statements. The interim dividends may be declared and debited to the profit reserve amount registered at the most recent annual or semiannual financial statement. These semiannual or quarterly interim dividends may not exceed the amounts accounted for in our capital reserve accounts. Any payment of interim dividends may be set off against the amount of mandatory dividends relating to the net profit earned in the year the interim dividends were paid.

Under Brazilian corporate law and our bylaws, dividends must be available to the shareholders within 60 days after the date the dividends were declared. The amount is subject to monetary restatement, if so, determined by our board of directors.

A shareholder has a three-year period following the dividend payment date to claim a dividend with respect to its shares. After the expiration of that period, we are no longer liable for the payment of such dividend.

Interest on Shareholders’ Equity

We are allowed to pay interest on shareholders’ equity as an alternative form of payment to shareholders. We may treat these payments as deductible expenses for income tax and social contribution purposes. Payments of interest on shareholders’ equity may be made at the discretion of our board of directors, subject to the approval of our shareholders in a shareholders’ meeting. The amount distributed to our shareholders as interest on shareholders’ equity, net of any withholding tax, may be included as part of the mandatory distribution. This rate applied in calculating interest on shareholders’ equity cannot exceed the daily pro rata variation of the TJLP, as determined by the Central Bank, from time to time, and cannot exceed, for tax purposes, the greater of (1) 50% of net profit (after deduction of social contribution, but before taking into account the provision for income tax and the amount of the interest on shareholders’ equity) for the year with respect to which the payment is made; or (2) 50% of the sum of retained profit and profit reserves in the beginning of the period with respect to which the payment is made.

Any payment of interest on common shares to shareholders, whether Brazilian residents or not, including holders of the ADRs, each representing one common share, is subject to Brazilian withholding tax at the rate of 15% or at the rate of 25% if the beneficiary is resident or domiciled in a Low or Nil Taxation Jurisdiction

(generally a country or location that does not impose income tax or where the maximum income tax rate is lower than 20%, or 17% if certain requirements are met or where the local legislation imposes restrictions on disclosing the shareholding composition or the ownership of the investment). See “—10E. Taxation—Brazilian Tax Considerations—Distribution of Interest on Shareholders’ Equity.” The amount distributed to shareholders as interest on shareholders’ equity, net of any withholding tax, may be included as part of the minimum mandatory dividend. In accordance with applicable law, we are required to pay to shareholders an amount sufficient to ensure that the net amount they receive in respect of interest attributable to shareholders’ equity, after payment of any applicable withholding tax, plus the amount of declared dividends is at least equivalent to the mandatory dividend amount.

Board of Directors

According to Brazilian corporate law, our directors are prohibited from voting on, or acting in, matters in which their interests conflict with ours.

Our bylaws provide that the shareholders are responsible for determining the global compensation of the members of our management and fiscal bodies. There are no specific provisions regarding the directors’ power to vote on their compensation in the absence of an independent quorum.

Our board of directors has the power to authorize the borrowing of funds in amounts in excess of the equivalent to half of our EBITDA.

In case of acts that entail any kind of acquisition, sale, disposal or creation of any lien on any of our assets, including any real estate, as well as, for the granting of powers-of-attorney for the practice of such acts, we are required to be represented either: (i) jointly by two executive officers; (ii) by two attorneys-in-fact; (iii) by one executive officer and one attorney-in-fact of whom one must always be the chief executive officer; and the attorney-in-fact duly appointed by two executive officers of whom one must be the chief executive officer.

There is no requirement under Brazilian corporate law or our bylaws that directors retire upon reaching a certain age. In addition, our bylaws do not provide for the re-election of directors at staggered intervals.

For a discussion of our board of directors, see “Item 6. Directors, Senior Management and Employees—6A. Directors and Senior Management—Board of Directors” and “Item 6. Directors, Senior Management and Employees—6C. Board Practices.”

Voting Rights

At our shareholders’ meetings, each common share entitles the holder thereof to one vote. Pursuant to our bylaws and our B3 listing agreement in connection with the listing of our common shares on the *Novo Mercado*, we cannot issue shares without voting rights or with restricted voting rights. In addition, our bylaws and the Brazilian corporate law provide that holders of our common shares are entitled to dividends or other distributions made in respect of our common shares ratably in accordance with their respective participation in the total amount of our issued and outstanding common shares. See “—Appropriation of Net Profits and Distribution of Dividends—Interest on Shareholders’ Equity” for a more complete description of payment of dividends and other distributions on our common shares. In addition, upon our liquidation, holders of our common shares are entitled to share our remaining assets, after payment of all of our liabilities, ratably in accordance with their respective participation in the total amount of our issued and outstanding common shares. Holders of our common shares are not obligated to subscribe to future capital increases and are generally entitled to preemptive rights to subscribe for new shares, proportionally to their respective equity interests, as provided by the Brazilian corporate law. See “—Preemptive Rights on Increases in Share Capital.”

According to the Brazilian corporate law, holders of our common shares that are not controlling shareholders and represent at least 10% of our total voting stock will have the right to elect one member of our board of directors. Only shareholders that can prove that they have held the common shares for at least three continuous months immediately prior to the respective annual shareholders’ meeting may exercise such right.

The Brazilian corporate law permits the adoption of cumulative voting upon a request by shareholders representing at least 10% of our voting capital. CVM Instruction No. 165, of December 11, 1991, as amended by CVM Resolution No. 70, of March 22, 2022, or CVM Resolution No. 70, allows the minimum voting capital percentage required for the adoption of the cumulative vote in publicly held companies to be reduced from 10%

to as low as 5% depending on the value of the company's capital stock. Taking into consideration our current capital stock, shareholders holding shares representing at least 5% of our voting shares at our shareholders' meeting have the right to request us to adopt a cumulative voting procedure to elect the members of our board of directors. This procedure must be requested at least 48 hours prior to a shareholders' meeting.

In the event that our minority shareholders elect a director through the cumulative voting procedure described above, our controlling shareholders will have the right to elect at least one additional member to the board of director, regardless of the total number of members of our board of directors.

In accordance with Brazilian corporate law, minority shareholders are entitled to elect one member and an alternate to our fiscal council in a separate election as long as they jointly represent at least 10% of our voting shares. The other shareholders with the right to vote may elect the remaining members and alternates, who, in any event, must outnumber the members of the fiscal council and alternates elected by any holders of non-voting preferred shares and the minority shareholders.

CVM Resolution No. 70 allows the minimum required voting capital percentage for the election of a member and an alternate to the fiscal council of a publicly-held company to be reduced from 10% to 2% depending on the company's capital stock. Considering our capital stock, shareholders representing 2% of our voting capital are allowed to request to elect one member and an alternate member to our fiscal council. According to the Brazilian corporate law, neither our bylaws nor actions taken at a shareholders' meeting may deprive a shareholder of the following rights:

- the right to participate in the distribution of profits;
- the right to participate equally and ratably in any remaining residual assets in the event of liquidation of the Company;
- preemptive rights in the event of the issuance of shares, convertible debentures or warrants, except in certain specific circumstances under Brazilian corporate law described under "—Preemptive Rights on Increases in Share Capital;"
- the right to supervise our management in accordance with the provisions of the Brazilian corporate law; and
- the right to withdraw from the Company in the cases specified in the Brazilian corporate law, which are described under "—Redemption and Withdrawal Rights."

Indemnity Provision

On April 28, 2021, an annual shareholders' meeting took place and approved an amendment to our bylaws that included an indemnity provision in favor of members of our board of directors, our officers, members of our statutory committees, members of our fiscal council and employees that exercise any function in our management. As a result, an indemnification will be available under our bylaws if the insurance coverage of any civil liability provided by us is insufficient to cover the losses of a member of our management. Any action shall not be indemnified if (i) in disagreement with any applicable legislation or regulation; (ii) against our bylaws, policies and codes; (iii) not performed in the normal course of business; (iv) performed in bad faith, fraud or serious guilt, in self-interest or in the interests of third parties; or (v) to the detriment of the social interest.

Shareholders' Meetings

Pursuant to the Brazilian corporate law, our shareholders are generally empowered at our shareholders' meetings to take any action relating to our corporate purposes and to pass resolutions that they deem necessary to our interests and development at duly called and convened general meetings. Shareholders at our annual shareholders' meeting, which is required to be held during the first four months following the end of our fiscal year, have the exclusive right to approve our audited financial statements and to determine the allocation of our net profits and the distribution of dividends with respect to the fiscal year ended immediately prior to the relevant shareholders' meeting and to elect the members of our board of directors and fiscal council, as the case may be.

An extraordinary shareholders' meeting may be held concurrently with the annual shareholders' meeting and at other times during the year whenever necessary. Pursuant to our bylaws and Brazilian corporate law, the following actions, among others, may be taken only at a shareholders' meeting:

- the amendment of our bylaws;
- the appointment or removal of members of our board of directors;
- the appointment or removal of the chairman or the co-vice chairmen of our board of directors;
- the approval of annual management's accounts and our annual financial statements;
- the approval of any issuance of shares, bonuses, debentures convertible into our shares or securities or other rights or interests which are convertible or exchangeable into or exercisable for our shares, without limiting the authorization granted to our board of directors to approve such issuances within the limit of our authorized capital (400,000,000 common shares);
- the approval of any appraisals of assets offered by a shareholder in consideration for the subscription of shares of our capital stock;
- the approval of any proposal to change our corporate form, amalgamate, merge the Company with or into another company, spin-off or split the Company, or any other form of restructuring of the Company;
- the approval of any proposal for the dissolution or liquidation of the Company, or for the appointment or replacement of the liquidator;
- the approval of the accounts of the liquidator; and
- the establishment of the global annual compensation of the members of our board of directors and board of executive officers.

Our annual and extraordinary shareholders' meeting took place on April 27, 2022. The agenda for the meeting included: (i) review of the management's accounts, as well as examination, discussion and voting of the Company's management report and financial statements for the fiscal year ended December 31, 2021; (ii) resolve on the proposal for allocation of profit for the fiscal year ended December 31, 2021; (iii) election of 9 members for our board of directors; (iv) appointment of the chairman and co-vice-chairman of our board of directors; (v) determination of the annual global compensation of the members of our (a) management (including the board of directors and board of executive officers) and (b) fiscal council, in case the shareholders request its continued installation; (vi) resolve on the proposal for the reallocation of R\$1.8 billion resulting from tax incentives granted to us from the years of 2013 to 2017, initially destined for the statutory reserve provided in our bylaws, to the tax incentives reserve in accordance with Article 195-A of the Brazilian corporate law; (vii) approve the proposal of amendment and restatement of our bylaws to reflect the capital increases resulting from the exercise of stock options under our stock options plan, within the limits of the authorized capital, as approved in certain meetings of our board of directors that were held after the last extraordinary shareholders' meeting held in 2021; and (viii) re-ratification of the annual compensation of the Board of Executive Officers for the year 2021.

Call of Shareholders' Meeting

The chairman of our board of directors may call shareholders' meetings. In his absence, the meeting may be called by any of the co-vice chairmen of our board of directors or, in their absence, by an executive officer appointed by the chairman of our board of directors. Pursuant to the Brazilian corporate law, shareholders' meetings also may be called by:

- any shareholder, if our management fails to call a shareholders' meeting within 60 days after the date which it is required to do so under applicable law and our bylaws;
- shareholders holding at least 5% of our shares if our management fails to call a meeting within eight days after receipt of a justified request to call the meeting by those shareholders indicating the proposed agenda;
- shareholders holding a predetermined percentage of our shares if our management fails to call a meeting within eight days after receipt of a request to call the meeting for the creation of the fiscal council. Pursuant to CVM Resolution No. 70, this percentage varies from 1% to 5%, depending on the company's capital stock. Considering our capital stock, shareholders representing 2% of our voting capital are allowed to call the meeting in this case; and

- our fiscal council, if one is created, if our management fails to call an annual shareholders' meeting within one month after the date it is required to do so under applicable law and our bylaws. The fiscal council may also call an extraordinary shareholders' meeting if it believes that there are important or urgent matters to be addressed.

Notice of our Shareholders' Meetings

Under the Brazilian corporate law, notice of our shareholders' meetings must be published at least three times, in complete form at a widely recognized online newspaper of the State where the headquarter of the company is located and, on the same date, in the printed copy of the same newspaper. Currently, we publish our notices on *Folha de São Paulo*. Such notice must contain the agenda for the meeting and, in the case of an amendment to our bylaws, a summary of the proposed amendment. The first notice must be published no later than 21 days before the date of the meeting on the first call, and no later than eight days before the date of the meeting on the second call. However, the CVM recommends that the first notice be published no later than 30 days before the date of the meeting. In addition, upon request of any shareholder, the CVM may suspend for up to 15 days the required prior notice of an extraordinary shareholders' meeting so that the CVM may become familiar with and analyze the proposals to be voted upon at the meeting and, as the case may be, inform our Company at the end of this period the reasons based on which any proposal submitted to the shareholders was found to violate applicable legislation or the CVM may even adjourn the meeting for up to 30 days in case it considers that the information disclosed for analysis of the shareholders is insufficient.

Conditions of Admission to Shareholders' Meeting

Shareholders attending a shareholders' meeting must produce proof of their status as shareholders and proof that they hold the common shares that they intend to vote. A shareholder may be represented at a shareholders' meeting by a proxy appointed less than a year before, provided the attorney-in-fact is a shareholder, a corporate officer, a lawyer or a financial institution. An investment fund must be represented by its investment fund officer or a proxy.

Quorum and Voting at Shareholders' Meeting

Generally, the Brazilian corporate law provides that the quorum for our shareholders' meetings consists of shareholders representing at least 25% of our total number of shares with voting rights and, if that quorum is not reached, any percentage on the second call. If a shareholders' meeting is called to amend our bylaws, a quorum at that shareholders' meeting consists of shareholders representing at least two-thirds of our issued and outstanding common shares on the first call and any percentage on the second call.

As a general rule, the affirmative vote of shareholders representing at least the majority of our issued and outstanding common shares present in person, virtually (whenever the shareholders' meeting is held under a partial or 100% digital format), by means of distance voting forms (*boletim de voto à distância*) or represented by proxy at a shareholders' meeting is required in order to ratify any proposed action, and abstentions are not taken into account. However, the affirmative vote of shareholders representing more than one-half of our issued and outstanding common shares is required in order to, among other things:

- reduce the percentage of mandatory dividends;
- change our corporate purpose;
- consolidate with or merge the Company with or into another company;
- spin off a portion of our assets or liabilities;
- approve our participation in a group of companies (as defined in the Brazilian corporate law);
- apply for cancellation of any voluntary liquidation;
- merge all of our shares into another Brazilian company, so that we become a wholly owned subsidiary of such company; and
- approve our dissolution.

Preemptive Rights on Increases in Share Capital

Under Brazilian corporate law, each shareholder has a general preemptive right to subscribe for shares in any capital increase, in proportion to its shareholding, except in the event of the grant and exercise of any option to acquire shares of our capital stock under our Stock Option Plan. A shareholder has a general preemptive right to subscribe for debentures convertible into our shares and subscription warrants that we may issue. A minimum period of 30 days following the publication of the notice of a capital increase must be respected to exercise this right, except if otherwise determined by the bylaws or a shareholders' meeting. This right is negotiable.

Our board of directors is authorized to eliminate preemptive rights with respect to the issuance of shares, debentures convertible into shares and subscription warrants, provided that the distribution of such shares is effected (i) through a stock exchange or in a public offering; or (ii) through an exchange of shares in a public offering, the purpose of which is to acquire control of another company.

In the event of a capital increase, which maintains or increases the proportion of our capital, holders of ADSs may, under the circumstances described above, exercise preemptive rights to subscribe for newly issued shares. In the event of a capital increase which would reduce the proportion of capital, holders of ADSs may, under the circumstances described above, have preemptive rights to subscribe for shares in proportion to their shareholdings. For risks associated with preemptive rights, see "Item 3. Key Information—3D. Risk Factors—Risks Relating to the ADSs and Our Common Shares—You might be unable to exercise preemptive rights with respect to the common shares underlying the ADSs."

Redemption and Withdrawal Rights

Our common shares are not redeemable. Any of our shareholders who dissent from certain actions taken by our shareholders in a shareholders' meeting have the right to withdraw from the Company and to receive the value of their common shares. According to the Brazilian corporate law, the withdrawal rights of a dissenting shareholder may be exercised in the event that the shareholders' meeting approves the following matters:

- a reduction in the percentage of mandatory dividends;
- a change in our corporate purposes;
- the merger of all of our shares into another Brazilian company, so that we become a wholly-owned subsidiary of such company or vice versa;
- our merger into or with another company, including if we are merged into one of our controlling companies, or are consolidated with another company;
- our participation in a group of companies as defined under the Brazilian corporate law and subject to the conditions set forth therein;
- the conversion of the Company to another corporate form; and
- a spin-off of the Company if it entails (1) a change in our corporate purpose, (2) a reduction in mandatory dividends, or (3) our participation in a group of companies as defined under the Brazilian corporate law.

Withdrawal rights may not be exercised in the event of:

- the merger of all of our shares into another Brazilian company, so that we become a wholly-owned subsidiary of such company or vice versa;
- our merger into or with another company, including if we are merged into one of our controlling companies, or are consolidated with another company; and
- our participation in a group of companies as defined under the Brazilian corporate law and subject to the conditions set forth therein,

if our shares (1) are "liquid," which means that they are part of the Ibovespa Index or another traded stock exchange index, as defined by the CVM, and (2) are widely held, such that our controlling shareholders and their affiliates hold less than 50% of the type or class of shares that are being withdrawn.

Dissenting shareholders also have a right of withdrawal in the event that the entity resulting from (1) a merger of all of our shares into another company so that we become a wholly-owned subsidiary of such company; (2) a spin-off; or (3) a merger or a consolidation of a Brazilian publicly listed company, fails to become a Brazilian publicly listed company within 120 days of the annual shareholders' meeting in which such decision was taken.

The right to withdraw lapses 30 days after publication of the minutes of the relevant shareholders' meeting. We are entitled to reconsider any action giving rise to withdrawal rights within ten days following the expiration of this period if we determine that the withdrawal of shares of dissenting shareholders would jeopardize our financial stability.

Any shareholder that exercises withdrawal rights is entitled to receive book value for its shares, based on our most recent audited balance sheet approved by our shareholders. However, if the resolution giving rise to the withdrawal rights is adopted more than 60 days after the date of our most recent audited approved balance sheet, a shareholder may request that its shares be valued on the basis of a special balance sheet dated no more than 60 days prior to the date of the adoption of the resolution. In such case, we are obligated to immediately pay 80% of the book value of the shares according to our most recent audited approved balance sheet, and the balance must be paid within 120 days after the date of the resolution of the shareholders' meeting that gave rise to withdrawal rights.

Form and Transfer of Shares

Our shares are in book-entry form, and the transfer of such shares is made by the registrar in our books, by debiting the share account of the transferor and crediting the share account of the transferee. We maintain book-entry form services with the Custodian, which performs all of the services of safekeeping and transfer of our shares and related services.

Transfer of shares by a foreign investor is made in the same way and is requested by the investor's local agent on the investor's behalf. If the original investment is registered with the Central Bank pursuant to CMN Resolution 373, the foreign investor should also seek amendment of the electronic registration to reflect the new ownership through its local agent, if necessary.

The B3 operates a clearinghouse through the Brazilian Liquidation and Custody Company (*Companhia Brasileira de Liquidação e Custódia*), or CBLC. CBLC is also responsible for settlement and custody of the shares. The payment of dividends, bonuses and other corporate events is managed by the Central Depository (*Central Depositária*), which is a department of the B3.

Other Dispositions

In addition to the provisions already described in this annual report, Brazilian corporate law, our bylaws, and current regulations set forth, among others, that:

- i. upon a sale of control, the acquirer is required to launch a tender offer to purchase all minority voting shares at a price equal to at least 80% of the control price;
- ii. if provided for in the bylaws, as it is our case, disputes among shareholders will be subject to arbitration;
- iii. upon the occurrence of a tender offer aiming at delisting our Company or through which our controlling shareholders acquire more than one-third of the float shares, the purchase price will be equal to the fair value of the shares considering the total number of outstanding shares;
- iv. members of our board of directors elected by the non-controlling shareholders will have the right to veto the choice of the independent accountant of the controlling shareholders;
- v. the chairman of any shareholders' or board of directors' meeting may disregard any vote that is rendered against provisions of any shareholders' agreement if that shareholders' agreement has been duly filed with us.

Sale of Control of Our Company

In the event of a sale of our direct or indirect corporate control, through a single or successive transactions, the acquirer must conduct a public tender offer to buy all of the shares held by the remaining shareholders in order to assure equal treatment of all shareholders (tag-along right). The tender offer will be subject to the terms and conditions terms set forth under applicable laws and the rules of the *Novo Mercado*.

Acquisition of a Significant Equity Interest in our Company

Our bylaws contain provisions that have the effect of avoiding concentration of our shares in the hands of a small group of investors, in order to promote more widespread ownership of our shares. These provisions require any person, shareholder or Group of Shareholders (as defined in Article 36 of our bylaws) that acquires, whether through a single transaction or through a series of transactions:

- direct or indirect ownership more than 25% of our equity interest (excluding treasury shares); or
- any other shareholders' rights, including usufructuary enjoyment or establishment of a trust, concerning more than 25% of our equity interest (excluding treasury shares) (each, a Significant Equity Interest);

to, within 30 days from the date of such acquisition, commence a public tender offer to purchase any and all of our outstanding shares in accordance with the regulations of the CVM and B3 and our bylaws. The purchase price offered in the tender offer must be not less than the greater of:

- the economic value of our Company, determined pursuant to Article 36 of our bylaws;
- the highest price paid by the acquiring person, shareholder or Group of Shareholders during the 12 months prior to the acquisition of the Significant Equity Interest; and
- 125% of the weighted average unit price of our common shares during the period of 120 trading sessions prior to the commencement of the tender offer.

The obligation to commence a tender offer will not apply to a person, shareholder or Group of Shareholders that acquires a Significant Equity Interest:

- as a result of a merger of our Company with another company or a merger of shares of another company into us;
- if we purchase another company through a private increase in corporate capital or subscription of shares by primary offering by any person who has preemptive rights;
- if we purchase another company through a private increase in corporate capital or subscription of shares by means of a primary offering due to the lack of full payment by any person who has preemptive rights or if there were not enough interested parties in the respective offer; or
- in the event of a public offering (including a public offering with restricted selling efforts).

Involuntary increases of equity interest resulting from cancellation of treasury shares, repurchases of shares by us or capital reductions with cancellation of shares will not be considered in the calculation of a Significant Equity Interest.

The commencement of a public tender offer by the holder of a Significant Equity Interest does not prevent any other person from commencing a competing public tender offer in accordance with applicable regulations.

The obligation of the holder of a Significant Equity Interest to commence a public tender offer may be waived in an annual shareholders' meeting by the affirmative vote of a majority of our outstanding shares present in such meeting, excluding shares held by the holder of a Significant Equity Interest. The quorum requirement for an annual shareholders' meeting called to deliberate on such a waiver is a minimum of 2/3 of our outstanding shares, excluding shares held by the holder of a Significant Equity Interest, on first call, and any number of our outstanding shares on a subsequent call.

Arbitration

In accordance with our bylaws, we, our shareholders, directors, officers and members of our fiscal council, effective or alternates, if any, agree to resolve through arbitration before the Market Arbitration Chamber of B3 any disputes or controversies that may arise between us relating to or arising from our status as issuer, shareholders, directors, officers or members of the fiscal council, especially arising from the provisions established in Law No. 6,385, of December 7, 1976, in the Brazilian corporate law, in our bylaws, in the regulations issued by the CMN, by the Central Bank and by the CVM, as well as in any regulation applicable to the operation of capital markets in general, in addition to those contained in the *Novo Mercado* Regulation, other regulations of B3, and the Participation Agreement of the *Novo Mercado*.

10C. Material Contracts

Separation Agreement

For information regarding the Separation Agreement with Sendas, see “Item 7. Major Shareholders and Related Party Transactions—7B. Related Party Transactions—Agreements with Sendas—Separation Agreement.”

Cost Sharing Agreement with Casino Group

For information regarding our cost sharing agreement with the Casino Group, see “Item 7. Major Shareholders and Related Party Transactions—7B. Related Party Transactions—Agreements with Casino Group—Cost Sharing Agreement.”

Real Estate Properties Assignment Transaction Related to *Extra Hiper* Stores

On October 14, 2021 and December 16, 2021, the directors of CBD and Sendas at meetings of the board of directors of both companies approved the conversion of 70 *Extra Hiper* stores operated by us and located in several states of Brazil into cash and carry stores to be operated by Sendas, or the Real Estate Properties Assignment Transaction. The total estimated price of the Real Estate Properties Assignment Transaction is R\$5,173.0 million, of which R\$3,973.0 million will be paid by Sendas to CBD in installments between December 2021 and January 2024. The Real Estate Properties Assignment Transaction was formalized through an assignment agreement between CBD and Sendas for the assignment of the *Extra Hiper* stores and the sale to Sendas of certain equipment of these stores. The consummation of the transaction is subject to several conditions precedent, including the demobilization of all the assigned stores. As of December 31, 2021, we had received R\$1.0 billion from Sendas under the Real Estate Properties Assignment Transaction.

For more information on the Real Estate Properties Assignment Transaction and the discontinuation of the *Extra Hiper* banner, see “Item 4. Information on the Company—4A. Changes in Our Business—Discontinued Operations for the Year Ending December 31, 2022—Extra Hiper Stores” and “Item 5. Operating and Financial Review and Prospects—5A. Operating Results—Discontinued Operations—Discontinued Operations for the Year Ending December 31, 2022—Extra Hiper Stores.”

10D. Exchange Controls

The ownership of common shares by individuals or legal entities domiciled outside Brazil is subject to certain conditions established under Brazilian law.

There are no restrictions on ownership of our ADSs or our common shares by individuals or legal entities based on location and/or nationality of the respective investor. However, the right to convert dividends and interest on shareholders’ equity payments arising from our shares, as well as proceeds from the sale of our shares, into U.S. dollars and to remit such amounts outside Brazil is subject to exchange control restrictions and foreign investment legislation. Such operations generally require that the relevant investments be registered with the Central Bank and foreign investors are registered with the CVM. Holders of our securities could be adversely affected by delays or difficulties to meet any regulatory requirement for conversions of real payments and remittances abroad.

Investors residing outside Brazil may either register their investments in securities in Brazil, (i) as a foreign direct investment under CMN Resolution No. 3,844; or (ii) as a portfolio investment under CMN

Resolution No. 4,373, and CVM Resolution No. 13, dated November 18, 2020. Foreign investors, regardless of whether their investments are made as direct investments or portfolio investments, must be enrolled with the Brazilian Federal Revenue. The registration process is undertaken by financial institution or by an institution authorized to operate by the Brazilian Central Bank as the investor's legal representative in Brazil. Any foreign investor must also be registered under the Brazilian Federal Revenue, pursuant to RFB Normative Instruction No. 1,548 of February 13, 2015, and RFB Normative Instruction No. 1,863 of December 28, 2018.

Foreign direct investors under CMN Resolution 3,844 may directly hold and sell securities in both private and open market transactions, but these investors are likely to be subject to a different tax treatment on gains, apart from being subject to taxation on the execution of foreign exchange transactions.

Under CMN Resolution No. 4,373, foreign investors may invest in almost all financial assets and engage in almost all transactions available in the Brazilian financial and capital markets, provided that the following requirements are fulfilled:

- i. appoint a legal representative duly accredited with the Central Bank, that will be responsible for complying with the registration and periodically reporting requirements of the Central Bank and the CVM;
- ii. appoint an authorized custodian in Brazil duly authorized by the CVM (except for private individuals);
- iii. complete the appropriate foreign investor registration form and be registered as a foreign investor with the CVM;
- iv. be registered with the Brazilian Federal Revenue to obtain the enrolment of taxpayer registration; and
- v. through the appointed representative in Brazil, register the foreign investment with the Central Bank.

In the event that a holder of ADSs exchanges those ADSs for common shares, that holder will be entitled to (i) sell the shares on the stock exchange and rely on the depository's electronic registration to obtain and remit U.S. dollars abroad; (ii) convert its investment into a foreign portfolio investment under CMN Resolution No. 4,373, or (iii) convert its investment into a foreign direct investment under CMN Resolution No. 3,844. If a holder of ADSs wishes to convert its investment into either a foreign portfolio investment under CMN Resolution No. 4,373 or a foreign direct investment under CMN Resolution No. 3,844, it should begin the process of obtaining its own foreign investor registration with the Central Bank and/or with the CVM, as the case may be, in advance of exchanging the ADSs for our shares.

Investors under CMN Resolution No. 4,373 who are not resident in a Low or Nil Taxation Jurisdiction (i.e., a country that does not impose income tax or where the maximum income tax rate is lower than 20%) are entitled to favorable tax treatment. See “—10E. Taxation—Brazilian Tax Considerations.”

10E. Taxation

This summary contains a description of the main Brazilian and U.S. federal income tax consequences applicable to the purchase, ownership and disposal of our common shares or ADSs, but it does not purport to be a comprehensive description of all the tax considerations that may be relevant to these matters based upon the particular circumstances of a holder.

This summary is based upon federal tax laws of Brazil and the federal income tax laws of the United States in effect as of the date hereof, which are subject to change and differing interpretations possibly with retroactive effect. This summary is also based upon the representations of the depository and on the assumption that each obligation in the Amended and Restated Deposit Agreement, dated as of May 28, 1997, last amended on March 4, 2020, as amended from time to time, or the Deposit Agreement, among us, JP Morgan Chase Bank, N.A., as the depository and the owners from time to time of ADRs, and any related documents, will be performed in accordance with its terms.

Although there is presently no income tax treaty between Brazil and the United States, the tax authorities of the two countries have had discussions that may culminate in such a treaty. No assurance can be given, however, as to whether or when a tax treaty will enter into force or how such a treaty would affect a U.S. holder of common shares or ADSs.

Prospective investors are urged to consult their own tax advisors regarding the Brazilian and U.S. federal, state and local tax consequences of the purchase, ownership and disposal of our common shares and ADSs.

Brazilian Tax Considerations

Overview

The following discussion describes the material Brazilian tax consequences relating to the purchase, ownership and disposal of our common shares and our ADSs by Non-Resident Holders.

It does not purport to be a comprehensive discussion of all the tax consequences that may be relevant to these matters, and it is not applicable to all categories of investors, some of which may be subject to special tax rules not specifically addressed herein. It is based upon the tax laws of Brazil in effect as of the date of this annual report, which are subject to change and to differing interpretations. Any change in the applicable Brazilian laws and regulations may impact the consequences described below.

The tax consequences described below do not take into account tax treaties entered into by Brazil and other countries. The discussion also does not address any tax consequences under the tax laws of any state or locality of Brazil, except if otherwise stated herein.

Although there is presently no income tax treaty between Brazil and the United States, the tax authorities of the two countries have had discussions that may culminate in such a treaty. No assurance can be given, however, as to whether or when a tax treaty will enter into force or how such a treaty would affect a U.S. holder of our common shares or ADSs.

You are advised to consult your own tax advisor with respect to an investment in our common shares or ADSs in light of your particular investment circumstances.

Material Brazilian Tax Consequences for Non-Resident Holders of Our Common Shares and ADSs

The following discussion summarizes the main Brazilian tax consequences applicable to the purchase, ownership and disposal of our common shares or ADSs by a Non-Resident Holder.

Taxation of Dividends

Dividends paid by a Brazilian corporation, such as us, to a Non-Brazilian Holder of common shares or ADSs are currently not subject to withholding income tax, or WHT, in Brazil to the extent that such amounts are related to profits generated on or after January 1, 1996. Dividends paid from profits generated before January 1, 1996 may be subject to WHT at variable rates, according to the tax legislation applicable to each corresponding year.

Law No. 11,638, dated December 28, 2007, or Law No. 11,638, significantly changed the Brazilian corporate law in order to align Brazilian generally accepted accounting principles with IFRS. Nonetheless, Law No. 11,941, dated May 27, 2009, introduced the Transitory Tax Regime, or RTT, in order to render neutral, from a tax perspective, all the changes provided by Law No. 11,638. Under the RTT, for tax purposes, legal entities should observe the accounting methods and criteria that were effective on December 31, 2007.

Profits determined pursuant to Law No. 11,638, or IFRS Profits, may differ from the profits calculated pursuant to the accounting methods and criteria as effective on December 31, 2007, or 2007 Profits.

While it was general market practice to distribute exempted dividends with reference to the IFRS Profits, Rule No. 1,397, issued by the Brazilian tax authorities on September 16, 2013, established that legal entities should observe the 2007 Profits in order to determine the amount of profits that could be distributed as exempted income to their beneficiaries.

Any profits paid in excess of said 2007 Profits, or Excess Dividends, should, in the tax authorities' view and in the specific case of Non-Resident Holders, be subject to the following rules of taxation: (1) 15.0% WHT, in case of beneficiaries domiciled abroad, but not in a Low or Nil Tax Jurisdiction, and (2) 25.0% WHT, in the case of beneficiaries domiciled in a Low or Nil Tax Jurisdiction.

In order to mitigate potential disputes on the subject, Law No. 12,973, dated May 13, 2014, or Law No. 12,973, in addition to revoking the RTT, introduced a new set of tax rules, or the New Brazilian Tax Regime, including new provisions with respect to Excess Dividends. Under these new provisions: (1) Excess Dividends related to profits assessed from 2008 to 2013 are exempt; (2) potential disputes remain concerning the Excess Dividends related to 2014 profits, since Law No. 12,973 has not expressly excluded those amounts from taxation and Rule No. 1,492, issued by the Brazilian tax authorities on September 17, 2014, established that they are subject to taxation when distributed by companies which have not elected to apply the New Brazilian Tax Regime in 2014; and (3) as of 2015, as the New Brazilian Tax Regime is mandatory and has completely replaced the RTT, dividends calculated based on IFRS Profits should be considered fully exempt.

Finally, there is currently legislation pending before the Brazilian Congress discussing the taxation of dividends. It is not possible to predict if the taxation of dividends will be effectively approved by the Brazilian Congress and how such taxation would be implemented.

Distribution of Interest on Shareholders' Equity

Law No. 9,249, dated December 26, 1995, as amended, allows a Brazilian corporation, such as us, to make payments to shareholders of interest on shareholders' equity as an alternative to carrying out dividend distributions and treat those payments as a deductible expense for the purposes of calculating Brazilian corporate income tax and social contribution on net income.

For tax purposes, this interest is limited to the daily variation of the *pro rata* variation of the long-term interest rate as determined by the Central Bank from time to time applied to certain equity accounts, and the amount of the distribution may not exceed the greater of:

- 50.0% of net income (after the deduction of social contribution and before taking into account the provision for corporate income tax and the amounts attributable to shareholders as interest on shareholders' equity) for the period in respect of which the payment is made; or
- 50.0% of the sum of retained profits and profits reserves for the year prior to the year in respect of which the payment is made.

Payments of interest on shareholders' equity to a Non-Resident Holder are subject to WHT at the rate of 15.0%, or 25.0% if the Non-Resident Holder is domiciled in a Low or Nil Tax Jurisdiction.

These payments may be included, at their net value, as part of any mandatory dividend. To the extent that such payments are accounted for as part of the mandatory dividend, under current Brazilian law, we are required to distribute to shareholders an additional amount sufficient to ensure that the net amount received by the shareholders, after payment by us of applicable WHT, plus the amount of declared dividends, is at least equal to the mandatory dividend. The distribution of interest on shareholders' equity must be proposed by our board of directors and is subject to subsequent ratification by the shareholders at the shareholders' meeting.

Capital Gains

Sale of Our ADSs

According to Law No. 10,833, dated December 29, 2003, or Law No. 10,833, capital gains earned on the disposal of assets located in Brazil by a Non-Resident Holder, whether to another Non-Resident Holder or to a Brazilian Resident Holder are subject to taxation in Brazil.

Our understanding is that ADSs do not qualify as assets located in Brazil for the purposes of Law No. 10,833 because they represent securities issued and renegotiated on an offshore exchange market and, therefore, should not be subject to the Brazilian WHT. However, considering the lack of any judicial court ruling in respect thereto, we cannot assure you of how tax authorities and Brazilian courts would interpret the definition of assets located in Brazil in connection with the taxation of gains realized by a Non-Resident Holder on the disposal of

ADSs to another Non-Resident Holder. If the ADSs are deemed to be assets located in Brazil, gains recognized by a Non-Resident Holder from the sale or other disposition to either a non-resident or a resident in Brazil may be subject to income tax in Brazil as further described below.

Conversion of Our ADS into Our Common Shares

Although there is no clear regulatory guidance, the cancellation of our ADSs and receipt of the underlying common shares should not subject a Non-Resident Holder to Brazilian income tax. Non-Resident Holders may cancel their ADSs, receive the underlying common shares, sell such common shares on a Brazilian stock exchange and remit abroad the proceeds of the sale, according to the regulations of the Central Bank.

Upon receipt of the underlying common shares upon the cancellation of ADSs, a Non-Resident Holder may also elect to register with the Central Bank the U.S. dollar value of such common shares as a foreign portfolio investment under Resolution No. 4,373, which will entitle them to the tax treatment described below.

Alternatively, a Non-Resident Holder is also entitled to register with the Central Bank the U.S. dollar value of such common shares as a foreign direct investment under Law No. 4,131/62, in which case the respective sale would be subject to the tax treatment applicable to transactions carried out of by a Non-Resident Holder that is not registered with the Central Bank and CVM in accordance with the Central Bank Resolution No. 4,373, as described below.

Sale of Common Shares

Capital gains assessed on a Non-Resident Holder on the disposition of common shares carried out on a Brazilian stock exchange are:

- exempt from income tax when realized by a Non-Resident Holder that: (1) has registered its investment in Brazil with the Central Bank under the rules of CMN Resolution No. 4,373, or a 4,373 Holder; and (2) is not resident or domiciled in a Low or Nil Tax Jurisdiction;
- subject to income tax at a rate of 15.0% in the case of gains realized by a Non-Resident Holder that: (1) is a 4,373 Holder; and (2) is resident or domiciled in a Low or Nil Tax Jurisdiction. In this case, a WHT of 0.005% of the sale value shall be applicable and withheld by the intermediary institution (i.e., a broker) that receives the order directly from the Non-Resident Holder, which can be later offset against any income tax due on the capital gain earned by the Non-Resident Holder; or
- subject to income tax at a rate of up to 25.0% in the case of gains realized by a Non-Resident Holder that: (1) is not a 4,373 Holder; and (2) is resident or domiciled in a Low or Nil Tax Jurisdiction. In this case, a WHT of 0.005% of the sale value shall be applicable and withheld by the intermediary institution (i.e., a broker) that receives the order directly from the Non-Resident Holder, which can be later offset against any income tax due on the capital gain earned by the Non-Resident Holder.

Any other gains assessed on a sale or disposition of common shares that is not carried out on a Brazilian stock exchange are subject to: (1) income tax at a rate ranging from 15.0% up to 22.5% when realized by a Non-Resident Holder that (A) has registered its investment as a foreign direct investment under Law No. 4,131/62 (a 4,131 Holder; and (B) is not resident or domiciled in a Low Tax Jurisdiction; and (2) income tax at a rate of 25.0% when realized by a 4,131 Holder that is domiciled or resident in a Low Tax Jurisdiction. If these gains are related to transactions conducted on the Brazilian non-organized over-the-counter market with intermediation, a WHT of 0.005% on the sale value will also apply and can be used to offset the income tax due on the capital gain.

Under Brazilian legislation, there are legal grounds to support that the disposition of shares of a Brazilian entity by a 4,373 Holder outside the Brazilian stock exchange should be subject to a rate of 15.0%. This is mainly because Section 81 of Law No. 8,981, dated January 20, 1995, as extended by Section 16 of Provisional Measure 2,189-49/01, provides for a Special Tax Regime to 4,373 Holders by means of which: (1) capital gains earned by 4,373 Holders are exempt, to the extent capital gains are considered to be the positive results obtained from transactions carried out on the stock exchange; and (2) in all other cases applies the taxation at the 15.0% WHT rate. Notwithstanding, Brazilian custodian agents usually do not accept this view and require the tax treatment applicable to 4,131 Holders (i.e., progressive WHT rates ranging from 15.0% up to 22.5%) on disposition of Brazilian assets carried out outside the stock exchange. There is a Ruling surrounding the matter, but it still leaves room for interpretation. Administrative and judicial precedents are inexistent.

Any exercise of preemptive rights relating to common shares or ADSs will not be subject to Brazilian WHT. Any gain on the sale or assignment of preemptive rights relating to common shares by the Depositary on behalf of holders of ADSs will be subject to Brazilian income tax according to the same rules applicable to the sale or disposal of common shares.

In the case of a redemption of common shares or a capital reduction by a Brazilian corporation, such as us, the positive difference between the amount received by a Non-Resident Holder and the acquisition cost of the common shares redeemed, including common shares underlying ADSs, is treated as a capital gain derived from the sale or exchange of shares not carried out on a Brazilian stock exchange, and is therefore subject to income tax at the specific rates detailed above, depending on the nature of the investment and the location of the investor.

As a general rule, gains realized as a result of the disposal of common shares, including the underlying ADSs, is the positive difference between the amount realized on the sale or exchange of the common shares and their acquisition cost. There is a controversy regarding the currency that should be considered for purposes of determining the capital gain realized by a Non-Resident Holder on a sale or disposition of shares in Brazil, more specifically, if such capital gain is to be determined in foreign or in local currency.

There is no assurance that the current preferential treatment for a Non-Resident Holder of ADSs and a 4,373 Holder of common shares will continue or that it will not change in the future.

Conversion of Common Shares into ADSs

The deposit of common shares into the ADS program and issuance of ADSs may subject a Non-Resident Holder to Brazilian income tax on capital gains if the amount previously registered with the Central Bank as a foreign investment in common shares or, in the case of other market investors under Resolution No. 4,373, the acquisition cost of the common shares, as the case may be, is lower than:

- the average price per common share on the B3 on the day of deposit; or
- if no common shares were sold on that day, the average price on the B3 during the 15 preceding trading sessions.

The difference between the amount previously registered, or the acquisition cost, as the case may be, and the average price of the common shares, calculated as set forth above, is considered a capital gain.

Discussion on Low or Nil Taxation Jurisdictions

On June 4, 2010, the Brazilian tax authorities enacted Normative Ruling No. 1,037 listing: (1) the countries and jurisdictions considered as Low or Nil Taxation Jurisdictions or where the local legislation does not allow access to information related to the shareholding composition of legal entities, to their ownership or to the identity of the effective beneficiary of the income attributed to non-residents; and (2) the privileged tax regimes, which definition is provided by Law No. 11,727, of June 23, 2008, or Law No. 11,727.

A Low or Nil Taxation Jurisdiction is a country or location that: (1) does not impose taxation on income; (2) imposes income tax at a maximum rate lower than 20.0%; or (3) imposes restrictions on the disclosure of shareholding composition or the ownership of the investment. A regulation issued by the Brazilian tax authorities on November 28, 2014 (Ordinance No. 488, of 2014) decreased, from 20.0% to 17.0%, the minimum threshold for certain specific cases. The reduced 17.0% threshold applies only to countries and regimes aligned with international standards of fiscal transparency in accordance with rules to be established by the Brazilian tax authorities. Although Ordinance No. 488 has lowered the threshold rate, Normative Ruling No. 1,037, which identifies the countries considered to be Low or Nil Tax Jurisdictions and the locations considered as privileged tax regimes, has not been amended yet to reflect such threshold modification.

Law No. 11,727 created the concept of “privileged tax regimes,” which encompasses the countries and jurisdictions that: (1) do not tax income or tax it at a maximum rate lower than 20.0%; (2) grant tax advantages to a non-resident entity or individual (a) without the need to carry out a substantial economic activity in the country or jurisdiction, or (b) conditioned to the non-exercise of a substantial economic activity in the country or jurisdiction; (3) do not tax or tax proceeds generated abroad at a maximum rate lower than 20.0%; or (4) restrict the ownership disclosure of assets and ownership right or restrict disclosure about economic transactions carried out. Although we believe that the best interpretation of the current tax legislation is that the above mentioned

“privileged tax regime” concept should apply solely for purposes of Brazilian transfer pricing and thin capitalization rules, among other rules that make express reference to the concepts, we can provide no assurance that tax authorities will not interpret the rules as applicable also to a Non-Resident Holder on payments of interest on shareholders’ equity.

Currently, the understanding of the Brazilian tax authorities is that the rate of 15.0% of WHT applies to payments made to beneficiaries resident in privileged tax regimes (Answer to Advance Tax Ruling Request COSIT No. 575, of December 20, 2017). In any case, if Brazilian tax authorities determine that payments made to a Non-Resident Holder under a privileged tax regime are subject to the same rules applicable to payments made to Non-Resident Holders located in a Low or Nil Tax Jurisdictions, the WHT applicable to such payments could be assessed at a rate of up to 25.0%.

We recommend investors to consult their own tax advisors from time to time to verify any possible tax consequence arising from Normative Ruling No. 1,037 and Law No. 11,727. If the Brazilian tax authorities determine that payments made to a Non-Resident Holder are considered to be made under a “privileged tax regime,” the WHT applicable to such payments could be assessed at a rate of up to 25.0%.

Other Brazilian Taxes

There are no Brazilian federal inheritance, gift or succession taxes applicable to the ownership, transfer or disposal of common shares or ADSs by a Non-Resident Holder. Gift and inheritance taxes, however, may be levied by some states on gifts made to or inheritances bestowed by the Non-Resident Holder on individuals or entities resident or domiciled within such states in Brazil. There is no Brazilian stamp, issue, registration or similar taxes or duties payable by a Non-Resident Holder of common shares or ADSs.

Taxation of Foreign Exchange Transactions (IOF/Exchange)

Pursuant to Decree No. 6,306/07, the conversion into foreign currency or the conversion into Brazilian currency of the proceeds received or remitted by a Brazilian entity from a foreign investment in the Brazilian securities market, including those in connection with the investment by a Non-Resident Holder in common shares and ADSs, may be subject to the Tax on Foreign Exchange Transactions, or IOF/Exchange. Currently, the applicable rate for almost all foreign currency exchange transactions is 0.38%. As of the date of this annual report, foreign currency exchange transactions carried out for the inflow of funds in Brazil for investment in the Brazilian financial and capital market made by a foreign investor (including a Non-Resident Holder, as applicable) are subject to IOF/Exchange at a 0% rate. The IOF/Exchange rate will also be 0% for the outflow of resources from Brazil related to these types of investments, including payments of dividends and interest on shareholders’ equity and the repatriation of funds invested in the Brazilian market. Furthermore, the IOF/Exchange is currently levied at a 0% rate for the conversion of ADSs into common shares held by foreign investors under the 4,373 Holders regime. In any case, the Brazilian government is permitted to increase the rate to a maximum of 25.0% at any time, with respect to future transactions. Any increase in the rate would not apply retroactively.

Tax on Bonds and Securities Transactions (IOF/Bonds)

Pursuant to Decree No. 6,306/07, the Tax on Bonds and Securities Transactions, or IOF/Bonds, may be imposed on any transaction involving bonds and securities even if the transactions are performed on a Brazilian stock exchange. The rate of this tax for transactions involving common shares is currently 0%, but the Brazilian government may increase such rate up to 1.5% per day, with respect to future transactions. Currently, the issuance of depositary receipts traded outside of Brazil which underlying common shares are issued by a Brazilian company and listed on a Brazilian stock exchange are also subject to IOF/Bonds at the 0% rate. Any increase in the rate would not apply retroactively.

U.S. Federal Income Tax Considerations

The following discussion summarizes certain U.S. federal income tax considerations relating to the acquisition, ownership and disposition of common shares or ADSs by a U.S. holder (as defined below) holding such common shares or ADSs as “capital assets” for U.S. federal income tax purposes (generally, property held for investment) within the meaning of Section 1221 of the Internal Revenue Code of 1986, as amended, or (the “Code”). This summary is based upon the Code, its legislative history, Treasury regulations, administrative pronouncements of the U.S. Internal Revenue Service, or (the “IRS”), and judicial decisions, all as in effect on the date hereof, and all of which are subject to change (possibly with retroactive effect) and to differing

interpretations. This summary does not describe any implications under state, local or non-U.S. tax law, or any aspect of U.S. federal tax law (such as the estate tax, gift tax or the Medicare tax on net investment income) other than U.S. federal income taxation.

This summary does not purport to address all of the material U.S. federal income tax consequences that may be relevant to the holders of the common shares or ADSs, and does not take into account the specific circumstances of any particular investors, some of which (such as tax-exempt entities, banks or other financial institutions, insurance companies, dealers in securities or currencies, traders in securities that elect to use a mark-to-market method of accounting for their securities holdings, regulated investment companies, real estate investment trusts, investors liable for the alternative minimum tax, partnerships and other pass-through entities or arrangements, U.S. expatriates, investors that own, have owned or are treated as owning, directly, indirectly or constructively, 10% or more of the voting power or value of our stock, investors that hold the common shares or ADSs as part of a straddle, hedge, conversion or constructive sale transaction or other integrated transaction, “controlled foreign corporations,” certain U.S. holders who file applicable financial statements required to recognize income when the associated revenue is reflected on such financial statements and U.S. holders whose functional currency is not the U.S. dollar) may be subject to special tax rules.

As used below, a “U.S. holder” is a beneficial owner of common shares or ADSs that is, for U.S. federal income tax purposes:

- i. an individual citizen or resident of the United States;
- ii. a corporation (or an entity taxable as a corporation) created or organized in or under the laws of the United States, any state thereof, or the District of Columbia;
- iii. an estate, the income of which is subject to U.S. federal income tax regardless of its source; or
- iv. a trust if (a) a court within the United States is able to exercise primary supervision over the administration of the trust and one or more United States persons have the authority to control all substantial decisions of the trust; or (b) the trust has a valid election in effect under applicable U.S. Treasury regulations to be treated as a United States person.

If a partnership or other entity or arrangement taxable as a partnership for U.S. federal income tax purposes holds common shares or ADSs, the U.S. federal tax treatment of a partner will generally depend on the status of the partner and the activities of the partnership. Partners of partnerships holding common shares or ADSs should consult their tax advisors.

In general, for U.S. federal income tax purposes, holders of ADRs evidencing ADSs will be treated as the beneficial owners of the common shares represented by those ADSs.

Taxation of Distributions

Subject to the passive foreign investment company, or (“PFIC”), rules discussed below, the gross amount of any dividends (including amounts withheld in respect of Brazilian taxes) paid with respect to the common shares or ADSs generally will be subject to U.S. federal income taxation as ordinary income. In general, distributions with respect to the common shares or ADSs (which includes (i) distributions of interest on shareholders’ equity under Brazilian law and (ii) amounts withheld in respect of Brazilian taxes and (iii) any additional amounts payable in respect of such withholding taxes, as described above under “—Brazilian Tax Considerations—Distribution of Interest on Shareholders’ Equity”), to the extent made from our current or accumulated earnings and profits, as determined under U.S. federal income tax principles, will constitute dividends for U.S. federal income tax purposes. If a distribution exceeds the amount of our current and accumulated earnings and profits, as so determined under U.S. federal income tax principles, the excess will be treated first as a non-taxable return of capital to the extent of the U.S. holder’s tax basis in the common shares or ADSs, and thereafter as capital gain, which will be either long-term or short-term capital gain depending on whether the U.S. holder held the common shares or ADSs for more than one year. We do not intend to maintain calculations of our earnings and profits under U.S. federal income tax principles and, unless and until such calculations are made, U.S. holders should assume that all distributions are made out of earnings and profits and constitute dividend income. As used below, the term “dividend” means a distribution that constitutes a dividend for U.S. federal income tax purposes.

Distributions paid in Brazilian currency will be included in the gross income of a U.S. holder in a U.S. dollar amount calculated by reference to the exchange rate in effect on the date the dividends are actually or constructively received by the U.S. holder, or in the case of dividends received in respect of ADSs, on the date the dividends are actually or constructively received by the depositary or its agent, whether or not converted into U.S. dollars. A U.S. holder will have a tax basis in any distributed Brazilian currency equal to its U.S. dollar amount on the date of receipt by the U.S. holder or disposition, as the case may be, and any gain or loss recognized upon a subsequent disposition of such Brazilian currency generally will be foreign currency gain or loss that is treated as U.S. source ordinary income or loss. If distributions paid in Brazilian currency are converted into U.S. dollars on the day they are received by the U.S. holder, the depositary or its agent, as the case may be, U.S. holders generally should not be required to recognize foreign currency gain or loss in respect of the dividend income. U.S. holders should consult their own tax advisors regarding the treatment of any foreign currency gain or loss, if any, if Brazilian currency received by the U.S. holder or the depositary or its agent is not converted into U.S. dollars on the date of receipt.

Under current law, the U.S. dollar amount of dividends received by an individual with respect to the ADSs will be subject to taxation at a reduced rate if the dividends represent “qualified dividend income.” Dividends paid on the ADSs will be treated as qualified dividend income if (i) the ADSs are readily tradable on an established securities market in the United States; (ii) the U.S. holder meets the holding period requirement for the ADSs (generally more than 60 days during the 121-day period that begins 60 days before the ex-dividend date; and (iii) we were not in the year prior to the year in which the dividend was paid, and are not in the year in which the dividend is paid, a PFIC. The ADSs are listed on the NYSE, and should qualify as readily tradable on an established securities market in the United States so long as they are so listed. However, no assurances can be given that the ADSs will be or remain readily tradable. Moreover, as discussed below under “Passive Foreign Investment Company Rules,” we believe that we were not treated as a PFIC for U.S. federal income tax purposes in 2021, and do not expect to become a PFIC for our current taxable year. Additionally, dividends on ADSs will not be eligible for the dividends received deduction allowed to U.S. corporations.

Based on existing guidance, it is not entirely clear whether dividends received with respect to the common shares (to the extent not represented by ADSs) will be treated as qualified dividend income, because the common shares are not themselves listed on a U.S. exchange. In addition, the U.S. Treasury Department has announced that it continues to study and promulgate additional or revised rules pursuant to which holders of ADSs, or stock and intermediaries through whom such securities are held, will be permitted to rely on certifications from issuers to establish that dividends are treated as qualified dividends. Because such procedures have not yet been issued, we are not certain that we will be able to comply with them. U.S. Holders of ADSs and common shares should consult their own tax advisors regarding the availability of the reduced dividend tax rate in the light of their own particular circumstances.

Dividends paid by us generally will constitute foreign source “passive category” income and will be subject to various other limitations for U.S. foreign tax credit purposes. For purposes of the U.S. foreign tax credit limitation, foreign source income is separated into different “baskets,” and the credit for foreign taxes on income in any basket is limited to the U.S. federal income tax allocable to such income. Subject to generally applicable limitations under U.S. federal income tax law, Brazilian income tax imposed or withheld on such dividends, if any, will be treated as a foreign income tax eligible for credit against a U.S. holder’s U.S. federal income tax liability (or at a U.S. holder’s election if it does not elect to claim a foreign tax credit for any foreign income taxes paid during the taxable year, all foreign income taxes paid may instead be deducted in computing such U.S. holder’s taxable income). In general, special rules will apply to the calculation of foreign tax credits in respect of dividend income that is subject to preferential rates of U.S. federal income tax.

U.S. holders should be aware that the IRS has expressed concern that parties to whom ADSs are released may be taking actions that are inconsistent with the claiming of foreign tax credits by U.S. holders of ADSs. Accordingly, the discussion above regarding the creditability of Brazilian income tax on dividends could be affected by future actions that may be taken by the IRS. The rules with respect to the U.S. foreign tax credit are complex, recent U.S. regulations have imposed additional requirements that must be met for a foreign tax to be creditable and U.S. holders of common shares or ADSs are urged to consult their own tax advisors regarding the availability of the foreign tax credit under their particular circumstances.

Taxation of Capital Gains

Deposits and withdrawals of common shares by U.S. holders in exchange for ADSs will not result in the realization of gain or loss for U.S. federal income tax purposes.

In general, gains or losses, if any, realized by a U.S. holder upon a sale, exchange or other taxable disposition of common shares or ADSs will be subject to U.S. federal income taxation as capital gains or losses in an amount equal to the difference between the amount realized on the sale, exchange or other taxable disposition and such U.S. holder's adjusted tax basis in the common shares or ADSs. Such capital gains or losses will be long-term capital gains or losses if at the time of sale, exchange or other taxable disposition the common shares or ADSs have been held for more than one year. Under current U.S. federal income tax law, net long-term capital gains of non-corporate U.S. holders (including individuals) are eligible for taxation at preferential rates where the property is held for more than one year. The deductibility of capital losses is subject to certain limitations under the Code.

Capital gains or losses, if any, realized by a U.S. holder on the sale, exchange or other taxable disposition of common shares or ADSs generally will be treated as U.S. source gains or losses for U.S. foreign tax credit purposes. If a Brazilian income tax is imposed on the sale or disposition of common shares, a U.S. holder that does not receive sufficient foreign source income from other sources may not be able to derive effective U.S. foreign tax credit benefits in respect of such Brazilian income tax. Under recent U.S. regulations, Brazilian withholding tax imposed on such U.S. source gain may not constitute a creditable tax. Moreover, even if the tax is a creditable tax, the U.S. holder may be unable to benefit unless the U.S. holder can apply the credit against U.S. federal income tax payable on other income from foreign sources from the relevant foreign tax basket. Alternatively, a U.S. holder may take a deduction for all foreign income taxes paid during the taxable year if it does not elect to claim a foreign tax credit for any foreign taxes paid or accrued during the taxable year. U.S. holders should consult their own tax advisors regarding the application of the foreign tax credit rules to their investment in, and disposition of common shares or ADSs.

Passive Foreign Investment Company Rules

Based upon our current and projected income, assets and activities, we do not expect the common shares or ADSs to be considered common shares of a PFIC for our current fiscal year. In general, we will be a PFIC with respect to a U.S. holder if, for any taxable year in which the U.S. holder held ADSs or common shares, either (i) at least 75% of our gross income for the taxable year is passive income or (ii) at least 50% of the value (determined on the basis of a quarterly average) of our assets is attributable to assets that produce or are held for the production of passive income. For this purpose, passive income generally includes, among other things, dividends, interest, royalties, rents (other than certain rents and royalties derived in the active conduct of a trade or business), annuities and gains from assets that produce passive income.

Further, because the determination of whether the common shares or ADSs constitute common shares of a PFIC will be based upon the composition of our income, assets and the nature of our business, as well as a proportionate interest in the income, assets and business of entities in which we hold at least a 25% interest, from time to time, and because there are uncertainties in the application of the relevant rules, there can be no assurance (and it is possible that the IRS could reach a contrary conclusion) that the common shares or ADSs will not be considered common shares of a PFIC for any fiscal year. If the common shares or ADSs were common shares of a PFIC for any fiscal year, U.S. holders (including certain indirect U.S. holders) may be subject to adverse tax consequences, including the possible imposition of an interest charge on gains or "excess distributions" allocable to prior years in the U.S. holder's holding period during which we were determined to be a PFIC. If we are deemed to be a PFIC for a taxable year, dividends on our common shares or ADSs would not be "qualified dividend income" eligible for preferential rates of U.S. federal income taxation.

If we are treated as a PFIC and, at any time, we invest in non-U.S. corporations that are classified as PFICs (each, a "Subsidiary PFIC"), U.S. holders generally will be deemed to own, and also would be subject to the PFIC rules with respect to, their indirect ownership interest in that Subsidiary PFIC. If we are treated as a PFIC, a U.S. holder could incur liability for the deferred tax and interest charge described above if either (1) we receive a distribution from, or dispose of all or part of our interest in, the Subsidiary PFIC or (2) the U.S. holder disposes of all or part of its common shares or ADSs.

The special PFIC tax rules with respect to gain and "excess distributions" described above will not apply to a U.S. holder if the U.S. holder makes an election (i) to "mark-to-market" the common shares or ADSs (a "mark-to-market election") or (ii) to treat us as a "qualified electing fund" (a "QEF election"). The QEF election is not available to holders unless we agree to comply with certain reporting requirements and provide the required annual information statements. Because we currently do not intend to provide this information, holders should assume that the QEF election will not be available to them. The QEF and mark-to-market elections only apply to taxable years in which the U.S. holder's common shares or ADSs are treated as stock of a PFIC.

A U.S. holder may make a mark-to-market election, if the common shares or ADSs are “regularly traded” on a “qualified exchange.” Under applicable U.S. Treasury regulations, a “qualified exchange” includes a national securities exchange, such as the NYSE, that is registered with the SEC or the national market system established under the Exchange Act. Also, under applicable Treasury Regulations, PFIC securities traded on a qualified exchange are regularly traded on such exchange for any calendar year during which such stock is traded, other than in de minimis quantities, on at least 15 days during each calendar quarter. We cannot assure you that the ADSs will be eligible for a mark-to-market election.

A U.S. holder that makes a mark-to-market election with respect to its ADSs must include for each taxable year in which the U.S. holder’s common shares or ADSs are treated as shares of a PFIC, as ordinary income, an amount equal to the excess of the fair market value of the common shares or ADSs at the close of the taxable year over the U.S. holder’s adjusted tax basis in the common shares or ADSs, and is allowed an ordinary loss for the excess, if any, of the adjusted tax basis over the fair market value of the common shares or ADSs at the close of the taxable year, but only to the extent of the amount of previously included mark-to-market inclusions (not offset by prior mark-to-market losses). These amounts of ordinary income, and any gain recognized on the sale, redemption or other taxable disposition of an ADS with respect to which such an election is in place, will not be eligible for the favorable tax rates applicable to qualified dividend income or long-term capital gains. A U.S. holder’s tax basis in the common shares or ADSs will be adjusted to reflect any income or loss amounts on its annual inclusions. Although a U.S. holder may be eligible to make a mark-to-market election with respect to its common shares or ADSs, no such election may be made with respect to the stock of any Subsidiary PFIC that such U.S. holder is treated as owning, because such Subsidiary PFIC stock is not marketable. Thus, the mark-to-market election will not be effective to avoid all of the adverse tax consequences described above with respect to any Subsidiary PFICs. U.S. holders should consult their own tax advisors regarding the availability and advisability of making a mark-to-market election with respect to their common shares of ADSs based on their particular circumstances.

A U.S. holder who owns common shares or ADSs during any taxable year in which we are a PFIC in excess of certain *de minimis* amounts and fails to qualify for certain other exemptions would be required to file IRS Form 8621. In addition, under certain circumstances, regulations also require a “United States person” (as such term is defined in the Code) that owns an interest in a PFIC as an indirect shareholder through one or more United States persons to file Form 8621 for any taxable year during which such indirect shareholder is treated as receiving an excess distribution in connection with the ownership or disposition of such interest, or reports income pursuant to a mark-to-market election. U.S. holders should consult their own tax advisors regarding the application of the PFIC rules to the common shares or ADSs.

U.S. Information Reporting and Backup Withholding

Certain U.S. holders of common shares or ADSs may, under certain circumstances, be subject to information reporting and backup withholding with respect to certain payments to such U.S. holder, such as dividends paid by our Company or the proceeds of a sale, exchange or other taxable disposition of common shares or ADSs, unless such U.S. holder (i) is an exempt recipient and demonstrates this fact when so required; or (ii) in the case of backup withholding, provides a correct taxpayer identification number, certifies that it is a U.S. person and that it is not subject to backup withholding, and otherwise complies with applicable requirements of the backup withholding rules. Backup withholding is not an additional tax. Any amount withheld under these rules will be creditable against a U.S. holder’s U.S. federal income tax liability, provided the requisite information is timely furnished to the IRS.

“Specified Foreign Financial Asset” Reporting

Owners of “specified foreign financial assets” with an aggregate value in excess of US\$50,000 (and in some circumstances, a higher threshold), may be required to file an information report with respect to such assets with their U.S. federal income tax returns. “Specified foreign financial assets” generally include any financial accounts maintained by non-U.S. financial institutions as well as any of the following, but only if they are not held in accounts maintained by financial institutions: (i) stocks and securities issued by non-U.S. persons; (ii) financial instruments and contracts held for investment that have non-U.S. issuers or counterparties; and (iii) interests in non-U.S. entities.

Prospective purchasers should consult their own tax advisors regarding the application of the U.S. federal income tax laws to their particular situations as well as any additional tax consequences resulting from purchasing,

holding or disposing of common shares or ADSs, including the applicability and effect of the tax laws of any state, local or foreign jurisdiction, including estate, gift, and inheritance laws.

10F. Dividends and Paying Agents

Not applicable.

10G. Statement by Experts

Not applicable.

10H. Documents on Display

We are subject to the information requirements of the Exchange Act, pursuant to which we file reports and other information with the SEC. Reports and other information filed by us with the SEC may be inspected and copied at the public reference facilities maintained by the SEC at Room 1580, 100 F Street N.E., Washington, D.C. 20549, and at the Commission's Regional Offices at 233 Broadway, New York, New York 10279 and Northwestern Atrium Center, 500 West Madison Street, Suite 1400, Chicago, IL 60661-2511. Copies of such material can also be obtained at prescribed rates by writing to the Public Reference Section of the SEC at 100 F Street N.E., Washington, D.C. 20549. In addition, the SEC maintains a website (<http://www.sec.gov>) that contains each of our filed reports and information statements. You may also inspect these reports and other information at the offices of the New York Stock Exchange Inc., 120 Broad Street, New York, New York 10005, on which our ADSs are listed.

We also file financial statements and other periodic reports with the CVM, including the *Formulário de Referência*, which is an annual report that is prepared and filed in accordance with CVM Instruction No. 480/09 and can be accessed through www.cvm.gov.br. Information from that website is not incorporated by reference into this document.

Copies of our annual reports on Form 20-F and documents referred to in this annual report and our bylaws will be available for inspection upon request at our headquarters at: Avenida Brigadeiro Luiz Antonio, 3142, São Paulo, SP, Brazil.

Our website is located at <https://www.gpabr.com> and our investor relations website is located at <http://www.gpari.com.br>. (These URLs are intended to be an inactive textual reference only. They are not intended to be an active hyperlink to our website. The information on our website, which might be accessible through a hyperlink resulting from this URL is not, and shall not be deemed to be, incorporated into this annual report.)

10I. Subsidiary Information

Not required.

ITEM 11. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Market Risk

We are exposed to market risks from changes in foreign currency and interest rates. Market risk is the potential loss arising from adverse changes in market rates, such as foreign currency exchange rates and interest rates. For additional information regarding derivative financial instruments and our foreign exchange and interest rate risk, see note 18 to our audited consolidated financial statements as of and for the year ended December 31, 2021, included elsewhere in this annual report.

We have a treasury policy designed to manage financial market risk relating to U.S. dollar, principally by swapping a substantial part of our U.S. dollar-denominated liabilities to obligations denominated in *reais*. We engage in cross-currency interest rate swaps under which we enter into an agreement typically with the same counter-party which provides the original U.S. dollar-denominated financing. A separate financial instrument is signed at the time the loan agreement is consummated, under which we are effectively then liable for amounts in *reais* and interest based on the CDI rate. Amounts are normally consummated with the same financial institutions and the same maturity periods. See "Item 5. Operating and Financial Review and Prospects—5B. Liquidity and Capital Resources."

Grupo Éxito uses derivatives to hedge against foreign exchange (U.S. dollars and *euros*) variations on imports, as well as to hedge against foreign exchange (U.S. dollars) variations on bank loans.

We use derivative financial instruments, usually cross-currency interest rate swaps, to mitigate risk caused by fluctuating U.S. dollar currency and interest rates. We enter into cross-currency interest rate swaps to protect against U.S. dollar currency exposure. Decisions regarding swap contracts are made on a case-by-case basis, taking into consideration the amount and duration of the exposure, market volatility, and economic trends. Our realized and unrealized gains and losses on these contracts are included within “financial income” and “financial expense,” respectively.

We use interest rate swap agreements to manage interest costs and risks associated with changing rates. The differential to be paid or received is accrued as interest rates change and is recognized in interest expense over the life of the agreements.

We have a policy of entering into contracts only with parties that have high credit ratings. The counterparties to these contracts are major financial institutions. We do not expect a credit loss from counter-party non-performance.

Interest Rate Risk

We are exposed to interest rate volatility with regards to our cash and cash equivalents and floating rate debt. The interest rate in our cash and cash equivalents denominated in *reais* is based on the CDI rate, the benchmark interest rate set by the interbank market on a daily basis.

We are exposed to interest rate volatility with regards to future issuances of debt, foreign currency fluctuations and existing issuances of variable rate debt. We manage our debt portfolio in response to changes in interest rates and foreign currency rates by periodically retiring, redeeming and repurchasing debt, and using derivative financial instruments. Among other facilities, we also use bank loans to meet our financing requirements, including loans denominated in U.S. dollars and swapped to obligations in *reais* accruing interest based on the CDI rate.

Grupo Éxito also uses bank loans to meet their financing requirements, usually denominated in Colombian pesos accruing interest based on the reference bank index in Colombia, or IBR.

The table below provides information about our significant interest rate-sensitive instruments. For variable interest rate debt, the rate presented is the weighted average rate calculated as of December 31, 2021.

Expected Maturity Date									
As of December 31, 2021									
	2022	2023	2024	2025	There- after (in millions of R\$)	Total	Borrowing Cost	Fair Value	Annual Average Interest Rate
Assets:									
Cash and banks denominated in reais ⁽¹⁾	3,581	-	-	-	-	3,581	-	3,581	93.51% of CDI
Cash equivalents denominated in reais ⁽²⁾	4,693	-	-	-	-	4,693	-	4,693	
Total cash and cash equivalents	8,274	-	-	-	-	8,274	-	8,274	
Liabilities:									
Loans and financing									
									(USD+ 2.12% per year) + (CDI + 1.70% per year)
Floating rate, denominated in U.S. dollars ⁽³⁾	2	287	167	-	-	456	-	456	(IBR 3M+1.6%) (CDI+ 1.89% per year) + (TR + 9.80% per year)
Floating rate, denominated in Colombian pesos ⁽⁴⁾	228	268	438	159	154	1,247	-	1,246	
Floating rate, denominated in reais	156	1,169	1,085	168	170	2,748	(11)	2,737	
Total loans and financing	386	1,724	1,690	327	324	4,451	(11)	4,439	(CDI + 1.59% per year)
Debentures floating rate, denominated in reais	1,095	1,000	-	1,007	1,527	4,629	(17)	4,612	
Total liabilities	1,481	2,724	1,690	1,334	1,851	9,080	(28)	9,051	

- (1) Cash and banks include Grupo Éxito's facilities in Colombia, Uruguay and Argentina the amount of (i) R\$2,905 million, (ii) R\$366 million and (iii) 126 million, respectively, as well as our funds invested in the United States in U.S. dollars in the amount of R\$84 million.
- (2) Cash equivalents include Grupo Éxito's cash equivalents in Colombia and Uruguay in the amount of (i) R\$94 million and (ii) R\$1 million, respectively
- (3) Originally U.S. dollar-denominated and swapped to CDI.
- (4) Refers to Grupo Éxito loans and financing.

The following table presents historical data for interest rates relevant to our financial instrument in the last three years:

As of December 31,			
	2021	2020	2019
CDI ⁽¹⁾	9.15%	1.90%	4.40%

- (1) Annualized rate at the end of each period.

We have not experienced, and we do not expect to experience, difficulty in obtaining financing or refinancing existing debt. See "Item 5. Operating and Financial Review and Prospects—5B. Liquidity and Capital Resources" for a discussion of our credit agreements.

Exchange Rate Risk

We are exposed to fluctuations in foreign currency cash flows related to certain short-term and long-term debt payments. We are principally exposed to fluctuations of the exchange rate with the U.S. dollar and the Colombian pesos. For more information see, "Item 3. Key Information—3D. Risk Factors—Risks Relating to Brazil—Exchange rate volatility may adversely affect the Brazilian economy and us."

Our foreign currency exposure gives rise to market risks associated with exchange rate movements against the U.S. dollar and the Colombian pesos. Foreign currency-denominated liabilities as of December 31, 2021, included debt denominated mainly in U.S. dollars and Colombian pesos. Our net foreign currency exposure to U.S. dollars (U.S. dollar-denominated debt less our cross-currency interest rate swaps in our U.S. dollar-denominated debt) was a debt of R\$7 million as of December 31, 2021, compared to debt of R\$12 million as of December 31, 2020 and credit of R\$15 million as of December 31, 2019. Our net foreign currency exposure is represented by the debt due to import financing. Our cross-currency interest rate swaps partially hedge our

exposure arising from our U.S. dollar-denominated debt. We do not use cross-currency interest rate swaps to hedge our exposure arising from our Colombian pesos-denominated debt.

Grupo Éxito uses derivatives to hedge against foreign exchange (U.S. dollars and *euros*) variations on imports, as well as to hedge against foreign exchange variations (U.S. dollars) on bank loans.

The table below provides information on our debt outstanding as of December 31, 2021:

	Expected Maturity Date					Total	Fair Value
	2022	2023	2024	2025	Thereafter		
	(in millions of R\$)						
Loans and financing							
U.S. dollars ⁽¹⁾	2	287	167	-	-	456	456
Colombian pesos ⁽²⁾	228	268	438	159	154	1,247	1,246
<i>Reais</i>	156	1,169	1,085	168	170	2,748	2,737
Total loans and financing	386	1,724	1,690	327	324	4,451	4,439
Debentures and promissory note in <i>reais</i>	1,095	1,000	-	1,007	1,527	4,629	4,612
Total Debentures	1,095	1,000	-	1,007	1,527	94,629	4,612

(1) Originally U.S. dollar-denominated and swapped to CDI.

(2) Refers to Grupo Éxito loans and financing.

Foreign currency swap contracts allow us to swap fixed rate U.S. dollar-denominated short-term and long-term debt for Brazilian *real*-denominated floating rate debt, based on the CDI rate variation. For additional information regarding derivative financial instruments and our foreign exchange and interest rate risk, see note 18 to our audited consolidated financial statements as of and for the year ended December 31, 2021. As of December 31, 2021, 2020 and 2019, the originally U.S. dollar-denominated debt totaled R\$459 million, R\$283 million and R\$831 million, which were covered by floating rate swaps in *reais*, based on the CDI rate, has been treated on a combined basis as if these loans had been originally denominated in *reais* and accrued CDI. In addition, the swap agreements do not provide for collateral.

The table below provides information about our cross-currency interest rate swaps:

	Notional	Expected Maturity Date	2021	2020
Debt	(in millions)			
U.S. dollars to <i>reais</i>	US\$ 50	2023	(7)	(12)
Lease Liability				
U.S. dollars to COP\$	US\$ 1	2022	-	1
Trade Payables				
Euros to COP\$	EUR 3	2021	-	(2)
U.S. dollars to COP\$	US\$ 35	2021	-	(23)
U.S. dollars to COP\$	US\$ 105	2022	15	-
Total			(8)	(36)

For more information on our cross-currency interest rate swaps, see note 18.4 to our audited consolidated financial statements as of and for the year ended December 31, 2021.

Credit Risk

Cash and cash equivalents: in order to minimize our credit risk, we adopt investment policies at financial institutions approved by our Financial Committee, also taking into consideration monetary limits and financial institution evaluations, which are regularly updated.

Accounts receivable: large portion of the sales in our stores are paid with credit cards. Sales to customers using credit cards accounted for 47.2%, 46.5% and 46.4% of the consolidated net operating revenue in 2021, 2020 and 2019 for our Brazilian retail segment, respectively. Credit risks related to credit card accounts receivable is minimized by the fact that we sell these receivables to banks and credit card companies, aiming to strengthen working capital. The sales of credit card receivables result in derecognition of the accounts receivable due to the transfer of the credit risk, benefits and control of such assets to third parties. Additionally, we monitor the credit

risk, mainly with regards to accounts receivable in the form of installment sales, through the background check for the concession of credit to customers and by the periodic analysis of the provision for losses.

Derivative instruments: we also have counterparty risk related to derivative instruments; such risk is mitigated by the transactions carried out according to the policies approved by our governance boards.

There are no amounts receivable that are individually, higher than 5% of accounts receivable or sales.

ITEM 12. DESCRIPTION OF SECURITIES OTHER THAN EQUITY SECURITIES

12A. Debt Securities

Not applicable.

12B. Warrants and Rights

Not applicable.

12C. Other Securities

Not applicable.

12D. American Depositary Shares

In the United States, our common shares trade in the form of ADS. The ADSs commenced trading on the NYSE on May 29, 1997.

We do not treat ADR holders as our shareholders and ADR holders have no shareholder rights. Brazilian law governs shareholder rights. The depositary is the holder of the common shares underlying the ADSs. Holders of ADRs have ADR holder rights.

A form of the Deposit Agreement is filed as Exhibit 2.(a).1 to this annual report. We encourage you to review this document carefully if you are an ADS holder.

For information on the risks relating to the ADSs, see “Item 3. Key Information—3D. Risk Factors—Risks Relating to the ADSs and Our Common Shares.”

Fees and Expenses

The depositary collects its fees for delivery and surrender of ADSs directly from investors depositing common shares or surrendering ADSs for the purpose of withdrawal or from intermediaries acting for them. The depositary collects fees for making distributions to investors by deducting those fees from the amounts distributed or by selling a portion of distributable property to pay the fees. The depositary may collect its annual fee for depositary services by deductions from cash distributions or by directly billing investors or by charging the book-entry system accounts of participants acting for them. The depositary may generally refuse to provide fee-attracting services until its fees for those services are paid.

Persons depositing or withdrawing common shares must pay: For:

- | | |
|--|---|
| US\$5.00 (or less) per 100 ADSs (or portion of 100 ADSs) | <ul style="list-style-type: none"> ● Issuance of ADSs, including issuances resulting from a distribution of common shares or rights or other property ● Cancellation of ADSs for the purpose of withdrawal, including if the deposit agreement terminates |
| US\$.05 (or less) per ADS | <ul style="list-style-type: none"> ● Any cash distribution to ADS registered Holders |
| US\$.05 (or less) per ADS per calendar year (or portion thereof) | <ul style="list-style-type: none"> ● Services performed by the depositary in administering our ADR program (which fee may be charged on a periodic basis during each calendar year and shall be assessed |

	against holders of ADRs as of the record date or record dates set by the depositary during each calendar year and shall be payable in the manner described in the next succeeding provision)
A fee equivalent to the fee that would be payable if securities distributed to you had been common shares and the common shares had been deposited for issuance of ADSs	<ul style="list-style-type: none"> • Distribution of securities distributed to holders of deposited securities which are distributed by the depositary to ADS registered holders
Registration or transfer fees	<ul style="list-style-type: none"> • Transfer and registration of common shares on our share register to or from the name of the depositary or its agent when you deposit or withdraw shares
Expenses of the depositary	<ul style="list-style-type: none"> • Cable, telex and facsimile transmissions (when expressly provided in the deposit agreement) • Converting foreign currency to U.S. dollars
Taxes and other governmental charges the depositary or the custodian have to pay on any ADS or share underlying an ADS, for example, stock transfer taxes, stamp duty or withholding taxes	<ul style="list-style-type: none"> • As necessary
Any charges incurred by the depositary or its agents for servicing the deposited securities	<ul style="list-style-type: none"> • As necessary

Fees Incurred Since January 1, 2021

From January 1, 2021, until December 31, 2021, the Company received from J.P. Morgan Chase Bank N.A., as the depositary bank for our ADS program during that period, the amount of US\$1.6 million for the payment of continuing annual stock exchange listing fees, standard out-of-pocket maintenance costs for the ADRs (consisting of reimbursement of the expenses of postage and envelopes for mailing annual and interim financial reports, printing and distributing dividend checks, electronic filing of U.S. Federal tax information, mailing required tax forms, stationery, postage, facsimile, and telephone calls), any applicable performance indicators relating to the ADR facility, underwriting fees and legal fees.

Fees to be Paid in the Future

JPMorgan Chase Bank N.A., as depositary, has agreed to reimburse the Company for expenses they incur that are related to establishment and maintenance expenses of the ADS program. The depositary has agreed to reimburse the Company for its continuing annual stock exchange listing fees. The depositary has also agreed to pay the standard out-of-pocket maintenance costs for the ADRs, which consist of the expenses of postage and envelopes for mailing annual and interim financial reports, printing and distributing dividend checks, electronic filing of U.S. Federal tax information, mailing required tax forms, stationery, postage, facsimile, and telephone calls. It has also agreed to reimburse the Company annually for certain investor relationship programs or special investor relations promotional activities. In certain instances, the depositary has agreed to provide additional payments to the Company based on any applicable performance indicators relating to the ADR facility. There are limits on the amount of expenses for which the depositary will reimburse the Company, but the amount of reimbursement available to the Company is not necessarily tied to the amount of fees the depositary collects from investors.

PART II

ITEM 13. DEFAULTS, DIVIDEND ARREARAGES AND DELINQUENCIES

No matters to report.

ITEM 14. MATERIAL MODIFICATIONS TO THE RIGHTS OF SECURITY HOLDERS AND USE OF PROCEEDS

None.

ITEM 15. CONTROLS AND PROCEDURES

(a) Evaluation of Disclosure Controls and Procedures

The Company maintains disclosure controls and procedures designed to ensure that information required to be disclosed in reports filed under the Securities Exchange Act of 1934, as amended (the “Exchange Act”), is recorded, processed, summarized and reported within the specified time periods. The Company’s Chief Executive Officer (“CEO”) and Chief Financial Officer (“CFO”) evaluated the effectiveness, as of December 31, 2021, of the Company’s “disclosure controls and procedures,” as defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act. Based upon that evaluation, our CEO and CFO concluded that, due to material weaknesses in our internal control over financial reporting as described below, our disclosure controls and procedures were not effective as of December 31, 2021. We completed additional procedures prior to filing this annual report, which have allowed us to conclude that, notwithstanding these material weaknesses, our consolidated financial statements included in this report fairly present, in all material respects, our financial position, results of operations, capital position, and cash flows for the periods presented, in conformity with the International Financial and Reporting Standards – IFRS, as issued by the International Accounting Standards Board – IASB.

(b) Management’s Report on Internal Control over Financial Reporting

Management of the Company is responsible for establishing and maintaining adequate internal control over financial reporting as defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act. The Company’s internal control over financial reporting is designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with IFRS as issued by IASB.

Our internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of consolidated financial statements for external purposes in accordance with applicable generally accepted accounting principles. Our internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the Company’s assets, (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with IFRS, and that the receipts and expenditures of the Company are being made only in accordance with appropriate authorization of management and the board of directors; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of the Company’s assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Therefore, even those systems determined to be effective can provide only reasonable assurance with respect to financial statement preparation and presentation. Also, projections of any evaluation of the effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Management assessed the effectiveness of the Company’s internal control over financial reporting based on the criteria for effective internal control over financial reporting established in “Internal Control – Integrated Framework,” issued by the Committee of Sponsoring Organizations (COSO) of the Treadway Commission (2013). Based on this assessment, management concluded that our internal control over financial reporting was not effective as of December 31, 2021, considering the material weaknesses described below.

A material weakness is a deficiency, or combination of deficiencies, in internal control over financial reporting such that there is a reasonable possibility that a material misstatement in our annual financial statements will not be prevented or detected on a timely basis.

(1) Company’s inadequate entity level controls over reviewing and monitoring effectiveness of IT general controls and business processes controls of Almacenes Exito S.A. and its subsidiaries in Colombia.

Management monitoring controls were insufficient in relation to Almacenes Exito S.A. and its subsidiaries in Colombia to (i) timely detect and remediate deficiencies on the operation of IT general controls and (ii) timely and effectively execute the plan for testing operating effectiveness of internal controls related to certain business processes, especially in regard to the sufficiency and appropriateness of evidences and review of information produced by entity used in the controls. The deficiencies did not result in actual misstatements but

could have had pervasive impacts to the financial statements. There were no impacts in the consolidated financial statements as of and for the year ended December 31, 2021 and comparative periods.

(2) Ineffective general information technology controls to support the information technology operating systems, database, and IT applications of Almacenes Exito S.A. and its subsidiaries in Colombia.

Management failure to maintain effective internal controls on the review of users access on IT applications and segregation of duties of Almacenes Exito S.A. and its subsidiaries in Colombia, to support the information technology operating systems, database, and IT applications, which in the aggregate resulted in a material weakness. These deficiencies also affected the effectiveness of business process automated controls, manual controls with an automated component, and the database and logic of the reports that were used to execute certain automated and manual controls. The deficiencies did not result in actual misstatements but could have had pervasive impacts to the financial statements. There were no impacts in the consolidated financial statements as of and for the year ended December 31, 2021 and comparative periods.

(c) Attestation report of the independent registered accounting firm

Deloitte Touche Tohmatsu Auditores Independientes Ltda., the independent registered certified public accounting firm who audited the Company's consolidated financial statements included in this Form 20-F, has issued a report on the Company's internal control over financial reporting, which is included herein.

(d) Changes in Internal Control over Financial Reporting

There were no other changes to our internal control over financial reporting (as defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act), other than the changes discussed below in the remedial actions for the year ended December 31, 2021, occurring during the period covered by this annual report that have materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting other than those resulting from the implementation of the plan to remediate the material weaknesses described above and that will continue to be implemented throughout 2022.

Remedial actions over the material weakness evaluated as of December 31, 2020

As of December 31, 2020, material weaknesses were identified related to internal controls in Almacenes Exito S.A. and its subsidiaries in Colombia and inadequate controls over IT general controls related to the subsidiaries in Brazil and Colombia. Management took actions in relation to design and implementation of controls, fully addressing the deficiencies that gave rise the material weaknesses on IT general controls related to the subsidiaries in Brazil. Management also designed and implemented controls during 2021 to address the control deficiencies in relation to IT general controls of Almacenes Exito S.A. and its subsidiaries in Colombia. However, deficiencies on the operation of IT general and business processes controls remained as of December 31, 2021.

Remedial actions over the material weaknesses evaluated as of December 31, 2021

The Company is in the process of designing and implementing the appropriate remedial actions to address the material weaknesses described above, with the support of external advisors and the oversight of the audit committee.

Management substantially addressed the deficiencies during 2021 related to design and implementation; however, the deficiencies related to operation of controls still remained, which management believes that it will be able to further implement the remediation actions and completely address the deficiencies in the course of 2022. These remedial actions will start with a strengthening of our monitoring of planning and execution of controls in earlier stages in the process, especially within IT general controls.

ITEM 16. RESERVED

16A. Audit Committee Financial Expert

Our board of directors nominated Mr. Fernando Dal-Ri Múrcia, a member of our audit committee, as the financial expert of the audit committee, as defined by current SEC rules. Mr. Dal-Ri Múrcia meets the independence requirements of the SEC and the NYSE listing standards.

16B. Code of Ethics

In 2000, our board of directors adopted a code of ethics for our directors, officers and employees, including our chief executive officer and chief financial officer, which was last amended by our board of directors on February 6, 2020 to adapt to the *Novo Mercado* listing segment requirements. This code of ethics of the Company complies with item 5.8 of the new listing regulation for Corporate Governance of *Novo Mercado* issued by B3 and is available at our website www.gpari.com.br and at www.cvm.gov.br. Information from that website is not incorporated by reference into this document. We will provide to any person without charge a copy of our code of ethics, upon request to our investor relations officer.

A copy of our Code of Ethics and Conduct has been filed as Exhibit 11.1 to this annual report.

16C. Principal Accountant Fees and Services

Deloitte Touche Tohmatsu Auditores Independentes Ltda (PCAOB ID: 1045) acted as our independent registered public accounting firm for the fiscal year ended December 31, 2021. Ernst & Young Auditores Independentes S.S. (PCAOB ID: 1448) acted as our independent registered public accounting firm for the fiscal years ended December 31, 2020 and 2019. The chart below sets forth the total amount billed to us by our independent accountants for services performed in 2021 and 2020, including out-of-pocket expenses, and a breakdown of these amounts by category of service:

	2021	2020
	(in millions of R\$)	
Audit Fees	14.5	15.7
Audit-Related Fees.....	-	4.2
Tax Fees	-	-
All Other Fees	-	0.8
Total.....	14.5	20.7

Audit Fees

Audit fees are fees for the audit of our consolidated financial statements for the years of 2021 and 2020, the reviews of our quarterly financial information for the year with corresponding audit of our internal control over financial reporting for 2021 and 2020.

Audit-Related Fees

Audit-related fees were comprised of assurance and related services that are related to the performance of the audit or review of our consolidated financial statements, including due diligence related to mergers and acquisitions, audit in connection with acquisitions, internal control reviews, attest services that are not required by statute or regulation, consultations concerning financial accounting and reporting standards and tax compliance review.

Tax Fees

Tax fees were comprised of the aggregate fees billed for professional services rendered by the principal accountant for tax compliance, tax advice and tax planning.

All Other Fees

All other fees were comprised of the aggregate fees billed for products and services provided by the principal accountant, other than the services reported under “audit fees,” “audit-related fees” and “tax fees.”

Pre-Approval Policies and Procedures

Our audit committee has the responsibility of analyzing all audit, audit-related, tax and other services provided by our independent accountants and assist our board of directors on these matters. Our board of directors is ultimately responsible for approving all audit, audit-related, tax and other services provided by our independent accountants. Any services provided by our independent accountants that are not specifically included within the

scope of the audit must be pre-approved by our audit committee prior to any engagement. Our audit committee is permitted to approve certain audit and tax services, pursuant to a *de minimis* exception.

16D. Exemptions from the Listing Standards for Audit Committees

Under the listed company audit committee rules of the NYSE and the SEC, we are required to comply with Exchange Act Rule 10A-3, which mandates that we either establish an audit committee composed of members of the board of directors that meets specified requirements or rely on an exemption under Exchange Act Rule 10A-3(c)(3), which is the case with our statutory audit committee. In our assessment, in light of the composition of our statutory audit committee, our reliance on the exemption does not materially adversely affect the ability of our statutory audit committee to act independently and to satisfy the other requirements of Exchange Act Rule 10A-3. For a further discussion of our statutory audit committee and the audit committee exemption, see “Item 6. Directors, Senior Management and Employees—6C. Board Practices—Committees of the Board of Directors—Audit Committee.”

16E. Purchases of Equity Securities by the Issuer and Affiliated Purchasers

As a result of our migration to the *Novo Mercado* listing segment of B3, three shareholders, jointly holders of 6,474 of our preferred shares, exercised their withdrawal right. Therefore, according to article 45 of the Brazilian corporate law, these shareholders received a reimbursement of R\$ 41.54 for each share, calculated pursuant to the net equity recorded in our financial statements for the year ended December 31, 2019, included elsewhere in this annual report. On February 10, 2020, we paid the total amount of R\$0.3 million to these dissenting shareholders. The preferred shares were converted into common shares and are held in treasury by us. For additional information on our migration to the *Novo Mercado* listing segment of B3, see “Item 10. Additional Information—10B. Memorandum and Articles of Association—Common Shares.”

16F. RESERVED

16G. Corporate Governance

Significant Differences between our Corporate Governance Practices and NYSE Corporate Governance Standards

We are subject to the NYSE corporate governance listing standards. As a foreign private issuer, the standards applicable to us are considerably different than the standards applied to U.S. listed companies. Under the NYSE rules, we must disclose any significant differences between our corporate governance practices and those followed by U.S. companies under NYSE listing standards. As a Brazilian company listed on B3, we are required to comply with the corporate governance standards set forth in Brazilian corporate law and the rules of the CVM. The following is a summary of those differences.

Independence of Directors and Independence Tests

The NYSE rules require that a majority of the board of directors must consist of independent directors. Independence is defined by various criteria, including the absence of a material relationship between the director and the listed company. Brazilian law does not have a similar requirement. Under Brazilian law, neither our board of directors nor our management is required to test the independence of directors before their election to the board of directors. However, both Brazilian corporate law and the CVM have established rules that require directors to meet certain qualification requirements and that address the compensation and duties and responsibilities of, as well as the restrictions applicable to, a company’s executive officers and directors. While our directors meet the qualification requirements of Brazilian corporate law and the CVM, we do not believe that a majority of our directors would be considered independent under the NYSE test for director independence.

Brazilian corporate law requires that our directors be elected by our shareholders at an annual shareholders’ meeting. Currently, our board of directors consists of nine members elected by our shareholders, of which six are representatives of the Casino Group and three are independent directors.

Executive Sessions

NYSE rules require that the non-management directors must meet at regularly scheduled executive sessions without management present. Brazilian corporate law does not have a similar provision. According to

Brazilian corporate law, up to one-third of the members of the board of directors can be elected from management. There is no requirement that non-management directors meet regularly without management. As a result, the non-management directors on our board of directors do not typically meet in executive sessions.

Nominating/Corporate Governance Committee

NYSE rules require that listed companies have a nominating/corporate governance committee composed entirely of independent directors and governed by a written charter addressing the committee's required purpose and detailing its required responsibilities, which include, among other things, identifying and selecting qualified board member nominees and developing a set of corporate governance principles applicable to the company.

Although we are not required under applicable Brazilian law, we have created a Human Resources and Corporate Governance Committee to improve our corporate governance practices. The Human Resources and Corporate Governance Committee is responsible for examining candidates and providing guidelines for the appointment of members for our board of directors, special committees and executive officers. For further information on our Human Resources and Corporate Governance Committee, see "Item 6. Directors, Senior Management and Employees—6C. Board Practices—Committees of the Board of Directors—Human Resources and Corporate Governance Committee."

Human Resources and Compensation Committee

NYSE rules require that listed companies have a compensation committee composed entirely of independent directors and governed by a written charter addressing the committee's required purpose and detailing its required responsibilities, which include, among other things, reviewing corporate goals relevant to the chief executive officer's compensation, evaluating the chief executive officer's performance, approving the chief executive officer's compensation levels and recommending to the board non-chief executive officer compensation, incentive compensation and equity-based plans.

Under Brazilian corporate law, the total amount available for compensation for our directors and executive officers and for profit-sharing payments to our executive officers is set by our shareholders at the annual shareholders' meeting. On the other hand, the board of directors, through the Human Resources and Corporate Governance Committee, is responsible for recommending to the shareholders the individual compensation and profit-sharing of each executive officer, as well as the compensation of our board and committee members. In making such recommendation, the board, through the Human Resources and Corporate Governance Committee, reviews the performance of the executive officers, including the performance of our chief executive officer, who typically excuses himself from discussions regarding his performance and compensation. For further information on our Human Resources and Corporate Governance Committee, see "Item 6. Directors, Senior Management and Employees—6C. Board Practices—Committees of the Board of Directors—Human Resources and Corporate Governance Committee."

Audit Committee and Audit Committee Additional Requirements

NYSE rules require that listed companies have an audit committee that (i) is composed of a minimum of three independent directors who are all financially literate; (ii) meets the SEC rules regarding audit committees for listed companies; (iii) has at least one member who has accounting or financial management expertise; and (iv) is governed by a written charter addressing the committee's required purpose and detailing its required responsibilities. However, as a foreign private issuer, we need only to comply with the requirement that the audit committee meet the SEC rules regarding audit committees for listed companies to the extent compatible with Brazilian corporate law.

As a result of our migration to the *Novo Mercado*, pursuant to the *Novo Mercado* listing rules, we are required to create and implement an audit committee, which shall be composed of at least one independent member and one member with outstanding knowledge in corporate accounting.

As a foreign private issuer, we chose to rely on an exemption under Exchange Act Rule 10A-3(c)(3). For a further discussion of our statutory audit committee and the audit committee exemption, see "Item 6. Directors, Senior Management and Employees—6C. Board Practices—Committees of the Board of Directors—Audit Committee."

Corporate Governance Guidelines

Under NYSE listing standards, a listed U.S. company must adopt and disclose corporate governance guidelines that cover certain minimum specified subjects. We have adopted and observed corporate governance guidelines in accordance with Brazilian legislation, including a disclosure policy which requires, among other things, the disclosure of our corporate governance guidelines, material facts and annual financial reports. In addition, we have adopted and observed a policy on business conduct and ethics.

Code of Business Conduct and Ethics

NYSE rules require listed companies to adopt and disclose a code of business conduct and ethics for directors, officers and employees, and to promptly disclose any waivers of the code for directors or executive officers. Brazilian law has a similar requirement.

We implemented a code of ethics in 2000, as amended in 2016 and 2020, to regulate our employees' conduct with us and our customers, suppliers, competitors, public agents and the public at large. In order to comply with the requirements of the Sarbanes-Oxley Act, NYSE rules and applicable Brazilian law, we implemented rules applicable to our managers' conduct in connection with the registration and control of financial and accounting information and their access to privileged and non-public information and data in 2016. For more information about our code of ethics, see "—16B. Code of Ethics."

Internal Audit Function

NYSE rules require that listed companies maintain an internal audit function to provide management and the fiscal council or the audit committee, as the case may be, with ongoing assessments of the company's risk management processes and system of internal control. Our internal controls department is responsible for our compliance with the requirements of Section 404 of the U.S. Sarbanes Oxley Act of 2002, or SOX, regarding internal control over financial reporting. In addition, our internal audit department, which reports to our audit committee and our chief executive officer, reviews our internal controls over financial reporting. Our audit committee and chief executive officer, in turn, report to our board of directors.

SOX

We maintain controls and procedures designed to ensure that we are able to collect the information we are required to disclose in the reports we file with the SEC, and to process, summarize and disclose this information within the time periods specified in the rules of the SEC. We have filed the relevant officer certifications under Section 404 of SOX regarding internal controls over financial reporting as Exhibits 12.1 and 12.2 to this annual report.

16H. Mine Safety Disclosure

Not applicable.

16I. Disclosure Regarding Foreign Jurisdictions that Prevent Inspections

Not applicable.

PART III

ITEM 17. FINANCIAL STATEMENTS

We have responded to Item 18 in lieu of responding to this item.

ITEM 18. FINANCIAL STATEMENTS

The consolidated financial statements, together with the Reports of Independent Registered Public Accounting Firms, are filed as part of this annual report.

ITEM 19. EXHIBITS

Exhibit Number	Description
1.1	English translation of our <i>Estatuto Social</i> (bylaws), as amended. ⁽¹⁾
2.(a).1	Form of Fourth Amended and Restated Deposit Agreement, among us, JPMorgan Chase Bank, N.A., as depositary, and all holders from time to time of ADRs issued thereunder, evidencing ADSs representing deposited Shares (defined therein). ⁽²⁾
2.(a).2	Amended form of ADR (defined therein). ⁽²⁾
2.(d)	Description of the registrant's securities registered under Section 12 of the Exchange Act. ⁽³⁾
4.(b).1	Cost Sharing Agreement, dated August 1, 2014, by and among Casino Guichard Perrachon S.A., Sudaco Participações Limitada and Companhia Brasileira de Distribuição. ⁽⁴⁾
4.(b).2	First Amendment to the Cost Sharing Agreement, dated October 30, 2014, by and among Casino Guichard Perrachon S.A., Sudaco Participações Limitada, Companhia Brasileira de Distribuição and Euris. ⁽⁴⁾
4.(b).3	Second Amendment to the Cost Sharing Agreement, dated October 28, 2020, by and among Casino Guichard Perrachon S.A., Casino Services SAS, Helicco Participações Ltda., Wilkes Participações S.A., Euris, Companhia Brasileira de Distribuição and Sendas Distribuidora S.A.*
4.(b).4	Wilkes Participações S.A. Shareholders' Agreement, dated August 20, 2015, among Segisor S.A.S., Casino, Guichard-Perrachon S.A., Oregon LLC, Pincher LLC, Bengal I LLC and Almacenes Éxito S.A., and, as Intervening Parties, Wilkes Participações S.A., Companhia Brasileira de Distribuição and Onper Investments 2015, S.L. ⁽⁵⁾
4.(b).5	Separation Agreement, dated as of December 14, 2020, between Companhia Brasileira de Distribuição and Sendas Distribuidora S.A. (English translation) ⁽¹⁾
8.1	List of Subsidiaries. For information on our subsidiaries, see note 12 to our audited consolidated financial statements.
11.1	Code of Ethics, dated February 6, 2020. ⁽⁶⁾
12.1	Section 302 Certification of the Chief Executive Officer.*
12.2	Section 302 Certification of the Chief Financial Officer.*
13.1	Section 906 Certification of the Chief Executive Officer.*
13.2	Section 906 Certification of the Chief Financial Officer.*

(1) Incorporated herein by reference from our annual report on Form 20-F filed on April 30, 2021.

(2) Incorporated herein by reference from Post-Effective Amendment No. 1 to Form F-6 Registration Statement under the Securities Act of 1933 filed with the SEC (SEC file No. 333-207667) on December 9, 2021.

(3) Incorporated herein by reference to our annual report on Form 20-F filed on December 1, 2020.

(4) Incorporated herein by reference to our annual report on Form 20-F filed on April 30, 2015.

(5) Incorporated herein by reference to our 6-K furnished on August 28, 2015

(6) Incorporated herein by reference to our annual report on Form 20-F filed on December 1, 2020.

* Filed herewith.

SIGNATURES

The registrant hereby certifies that it meets all of the requirements for filing on Form 20-F and has duly caused and authorized the undersigned to sign this Annual Report on its behalf.

COMPANHIA BRASILEIRA DE DISTRIBUIÇÃO

By: /s/
Name: Marcelo Pimentel
Title: Chief Executive Officer

By: /s/
Name: Guillaume Marie Didier Gras
Title: Chief Financial Officer and Investor Relations
Officer

CERTIFICATION

I, Marcelo Pimentel, certify that:

1. I have reviewed this annual report on Form 20-F of COMPANHIA BRASILEIRA DE DISTRIBUIÇÃO (the “Company”);

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements and other financial information included in this report fairly present in all material respects the financial condition, results of operations and cash flows of the Company as of, and for, the periods presented in this report;

4. The Company’s other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the Company and have:

- a) designed such disclosure controls and procedures or caused such disclosure controls and procedures to be designed under our supervision to ensure that material information relating to the Company, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
- b) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
- c) evaluated the effectiveness of the Company’s disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures as of the end of the period covered by this report based on evaluation; and
- d) disclosed in this report any change in the Company’s internal control over financial reporting that occurred during the period covered by the annual report that has materially affected, or is reasonably likely to materially affect, the Company’s internal control over financial reporting; and

5. The Company’s other certifying officers and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the Company’s auditors and to the audit committee of the Company’s board of directors (or persons performing the equivalent function):

- a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the Company’s ability to record, process, summarize and report financial information; and

- b) any fraud, whether or not material, that involves management or other employees who have a significant role in the Company's internal control over financial reporting.

Date: May 16, 2022

By: /s/

Name: Marcelo Pimentel

Title: Chief Executive Officer

CERTIFICATION

I, Guillaume Marie Didier Gras, certify that:

1. I have reviewed this annual report on Form 20-F of COMPANHIA BRASILEIRA DE DISTRIBUIÇÃO (the “Company”);

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements and other financial information included in this report fairly present in all material respects the financial condition, results of operations and cash flows of the Company as of, and for, the periods presented in this report;

4. The Company’s other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the Company and have:

- a) designed such disclosure controls and procedures or caused such disclosure controls and procedures to be designed under our supervision to ensure that material information relating to the Company, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
- b) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
- c) evaluated the effectiveness of the Company’s disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures as of the end of the period covered by this report based on evaluation; and
- d) disclosed in this report any change in the Company’s internal control over financial reporting that occurred during the period covered by the annual report that has materially affected, or is reasonably likely to materially affect, the Company’s internal control over financial reporting; and

5. The Company’s other certifying officers and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the Company’s auditors and to the audit committee of the Company’s board of directors (or persons performing the equivalent function):

- a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the Company’s ability to record, process, summarize and report financial information; and
- b) any fraud, whether or not material, that involves management or other employees who have a significant role in the Company’s internal control over financial reporting.

Date: May 16, 2022

By: /s/
Name: Guillaume Marie Didier Gras
Title: Chief Financial Officer and Investor Relations
Officer

CERTIFICATION PURSUANT TO 18 U.S.C. SECTION 1350,

AS ADOPTED PURSUANT TO

SECTION 906 OF THE U.S. SARBANES-OXLEY ACT OF 2002

COMPANHIA BRASILEIRA DE DISTRIBUIÇÃO (the “Company”) is filing with the U.S. Securities and Exchange Commission, on the date hereof, its annual report on Form 20-F for the fiscal year ended December 31, 2021 (the “Report”). Pursuant to 18 U.S.C. Section 1350, as enacted pursuant to the requirements of Section 906 of the Sarbanes-Oxley Act of 2002, I, Marcelo Pimentel, Chief Executive Officer, hereby certify that:

1. the Report fully complies with the requirements of Section 13(a) or 15(d) of the U.S. Securities Exchange Act of 1934; and
2. the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: May 16, 2022

By: /s/
Name: Marcelo Pimentel
Title: Chief Executive Officer

CERTIFICATION PURSUANT TO 18 U.S.C. SECTION 1350,

AS ADOPTED PURSUANT TO

SECTION 906 OF THE U.S. SARBANES-OXLEY ACT OF 2002

COMPANHIA BRASILEIRA DE DISTRIBUIÇÃO (the “Company”) is filing with the U.S. Securities and Exchange Commission, on the date hereof, its annual report on Form 20-F for the fiscal year ended December 31, 2021 (the “Report”). Pursuant to 18 U.S.C. Section 1350, as enacted pursuant to the requirements of Section 906 of the Sarbanes-Oxley Act of 2002, I, Guillaume Marie Didier Gras, Chief Financial Officer, hereby certify that:

1. the Report fully complies with the requirements of Section 13(a) or 15(d) of the U.S. Securities Exchange Act of 1934; and
2. the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: May 16, 2022

By: /s/
Name: Guillaume Marie Didier Gras
Title: Chief Financial Officer and Investor Relations
Officer