

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

FORM 20-F

REGISTRATION STATEMENT PURSUANT TO SECTION 12(b) OR
12(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, 2023

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: 001-39928

Sendas Distribuidora S.A.

(Exact Name of Registrant as Specified in Its Charter)

Sendas Distributor S.A.

(Translation of Registrant's Name into English)

The Federative Republic of Brazil

(Jurisdiction of Incorporation or Organization)

Avenida Ayrton Senna, No. 6,000, Lote 2, Pal 48959, Anexo A
Jacarepaguá
22775-005 Rio de Janeiro, RJ, Brazil
(Address of Principal Executive Offices)

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(Name, Telephone, E-mail and/or Facsimile number and Address of Company Contact Person)

Securities registered or to be registered pursuant to section 12(b) of the Act:

Title of Each Class	Trading Symbol	Name of Each Exchange on which Registered
Common Shares, without par value	ASAI	New York Stock Exchange ¹
American Depositary Share, each representing five common shares		New York Stock Exchange

(1) Not for trading, but only in connection with the listing of the American Depositary Shares on the New York Stock Exchange.

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 December 31, 2023:

1,351,833,200 common shares, without par value

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

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. (Check one):

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.

If securities are registered pursuant to Section 12(b) of the Act, indicate by check mark whether the financial statements of the registrant included in the filing reflect the correction of an error to previously issued financial statements.

Indicate by check mark whether any of those error corrections are restatements that required a recovery analysis of incentive-based compensation received by any of the registrant's executive officers during the relevant recovery period pursuant to §240.10D-1(b).

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

Except where the context otherwise requires, in this annual report, “Sendas,” “we,” “our,” “us,” “our company” or like terms refer to Sendas Distribuidora S.A.

In addition, unless otherwise indicated or the context otherwise requires, all references to:

- “ABAAS” are to the Brazilian Cash and Carry Association (*Associação Brasileira dos Atacadistas de Autosserviço*);
- “ADSs” are to American Depositary Shares;
- “B3” or “São Paulo Stock Exchange” are to B3 S.A. – Brasil, Bolsa, Balcão;
- “Brazil” are to the Federative Republic of Brazil;
- “Brazilian Corporate Law” are to Brazilian Law No. 6,404/76, as amended;
- “Brazilian government” are to the federal government of Brazil;
- “Casino” are to Casino, Guichard-Perrachon S.A., a French corporation (*société anonyme*). Casino is our former controlling shareholder.
- “Casino Group” are to Casino and its subsidiaries;
- “CBD” are to Companhia Brasileira de Distribuição, a corporation (*sociedade anônima*) incorporated under the laws of Brazil;
- “Central Bank” are to the Central Bank of Brazil (*Banco Central do Brasil*);
- “CVM” are to the Brazilian Securities Commission (*Comissão de Valores Mobiliários*);
- “Éxito” are to Almacenes Éxito S.A., a Colombian corporation;
- “Exchange Act” are to the U.S. Exchange Act of 1934, as amended;
- “Extra Transaction” are to the transaction involving the assignment and conversion of 66 commercial points/stores operated by CBD under the *Extra Hiper* banner in several Brazilian states into cash and carry stores under the *Assaí* banner, among other transactions. For more information about the Extra Transaction, see “Item 4. Information on the Company—A. History and Development of the Company—History—Extra Transaction”;
- “FIC” are to Financeira Itaú CBD S.A. Crédito, Financiamento e Investimento, a Brazilian financial services company;
- “IBGE” are to the Brazilian Institute of Geography and Statistics (*Instituto Brasileiro de Geografia e Estatística*);
- “NYSE” are to the New York Stock Exchange;
- “SEC” or the “Commission” are to the U.S. Securities and Exchange Commission;
- “Securities Act” are the U.S. Securities Act of 1933, as amended;
- “Sendas ADSs” are to ADS, each representing five Sendas common shares;
- “Sendas ADS Custodian” are to Banco Itaú Corretora de Valores S.A., the Brazilian custodian of the Sendas common shares underlying the Sendas ADSs;
- “Sendas common shares” are to common shares of Sendas;
- “Sendas Deposit Agreement” are to the deposit agreement dated February 19, 2021, as amended on August 16, 2021, entered into between Sendas and the Sendas Depositary and the owners and holders from time to time of Sendas ADSs issued thereunder;
- “Sendas Depositary” means JPMorgan Chase Bank N.A., the depositary for the Sendas ADSs;
- “Spin-Off” are to the distribution of substantially all of the issued and outstanding Sendas common shares to holders of CBD common shares, including the depositary for the CBD ADS program, on a *pro rata* basis for no consideration. The Sendas common shares were distributed on March 3, 2021, and the Sendas ADSs were distributed on March 5, 2021. For more information about the Spin-Off, see “Item 4. Information on the Company—A. History and Development of the Company—History—Corporate Reorganization and Spin-Off.”

PRESENTATION OF FINANCIAL AND OTHER INFORMATION

All references herein to “*real*,” “*reais*” or “R\$” are to the Brazilian *real*, the official currency of Brazil. All references to “U.S. dollars,” “dollars” or “US\$” are to U.S. dollars.

Financial Statements

Historical Financial Statements

We maintain our books and records in *reais*. This annual report includes financial information derived from our audited historical financial statements as of December 31, 2023 and 2022 and for each of the three years in the period ended December 31, 2023, and the related notes thereto, which are included in this annual report. We refer to these financial statements and the related notes thereto collectively as our “audited financial statements.”

We have prepared our audited financial statements in accordance with the International Financial Reporting Standards, or IFRS, as issued by the International Accounting Standards Board, or the IASB. Our audited financial statements have been audited in accordance with standards of the Public Company Accounting Oversight Board.

Translation of *Reais* into U.S. Dollars

We have translated certain amounts included in this annual report from *reais* into U.S. dollars. The exchange rate used to translate such amounts was R\$4.8413 to US\$1.00, which was the commercial selling rate at closing for the purchase of U.S. dollars on December 31, 2023, as reported by the Central Bank. The U.S. dollar equivalent information included in this annual report is provided solely for convenience of investors and should not be construed as representation that the *real* amounts represent, or have been or could be converted into, U.S. dollars at such rates or at any other rate.

Special Note Regarding Certain Operational Metrics

This annual report presents information regarding our:

- total selling area;
- average selling area per store;
- same store gross sales; and
- average monthly gross revenue per square meter.

We define total selling area as the sum of the selling area of each store at a period end. We define average selling area per store as the total selling area at a period end divided by total number of stores at a period end. Total selling area information and average selling area per store information are prepared and presented as important indicators of the size of our business. Moreover, we believe tracking average selling area per store enables our management to evaluate performance metrics per store and can provide useful information to investors, securities analysts and the public in their review of our operating performance.

We define same store gross sales as sales made in stores opened for at least 12 months and which have not been closed or remained closed for a period of seven or more consecutive days. Same store gross sales information is prepared and presented as an important indicator of the maturation of our stores. Tracking same store gross sales enable our management to evaluate the performance of our organic expansion and we believe can provide useful information to investors, securities analysts and the public in their review of our operating performance.

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We define average monthly gross revenue per square meter as gross revenue for the period allocated by store divided by the average selling area (in square meters) for the period taking into account our store opening schedule. Average monthly gross revenue per square meter is an important indicator of our operating performance on a unit basis and the efficiency of our operations and we believe can provide useful information to investors, securities analysts and the public in their review of our operating performance.

Information regarding total selling area, average selling area per store, same store gross sales and average monthly gross revenue per square meter should be analyzed in conjunction with other operating and financial metrics, and should not be considered as a measure of performance in isolation. Additionally, our calculation of these measures may be different from the calculation used by other companies, including our competitors. Because other companies may not calculate these measures in the same manner as we do, our measures may not be comparable to those of other companies.

Market and Industry Data

We obtained the statistical data and information relating to the markets where we operate from reports prepared by government agencies and other publicly-available sources, including the ABAAS and the IBGE. While we are not aware of any misstatements regarding any market, industry or similar data presented herein, such data involves risks and uncertainties and is subject to change based on various factors, including those discussed under “Cautionary Statement with Respect to Forward-Looking Statements” and “Item 3. Key Information—D. Risk Factors.”

Brands

This annual report includes trademarks, trade names and trade dress of other companies. Use or display by us of other parties’ trademarks, trade names or trade dress or products is not intended to and does not imply a relationship with, or endorsement or sponsorship of us by, the trademark, trade name or trade dress owners. Solely for the convenience of investors, in some cases we refer to our brand in this annual report without the ® symbol, but these references are not intended to indicate in any way that we will not assert our rights to our brand to the fullest extent permitted by law.

Rounding

We have made rounding adjustments to reach some of the figures included in this annual report. As a result, numerical figures shown as totals in some tables may not be arithmetic aggregations of the figures that precede them.

CAUTIONARY STATEMENT WITH RESPECT TO 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—D. Risk Factors,” “Item 4. Information on the Company—B. 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:

- global economic, political and social conditions, including, for example, the military conflict around the world and their impacts on the global economy and consumer spending patterns, particularly in Brazil (including, but not limited to, unemployment rates, interest rates, monetary policies and inflation rates);
- competition in the sectors in which we operate;
- Brazilian government regulation and tax matters;
- 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;
- the political instability related to the recent election of the President of Brazil with a mandate that started in 2023, including uncertainties in relation to the implementation by the new government of monetary, fiscal and social security policies and the political climate after the result of the election, which has resulted in massive demonstrations and/or strikes;
- our ability to expand our operations outside of our existing markets; and
- other risk factors as set forth under “Item 3. Key Information—D. 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 ADVISERS

Not applicable.

ITEM 2. OFFER STATISTICS AND EXPECTED TIMETABLE

Not applicable.

ITEM 3. KEY INFORMATION

A. *[Reserved]*

B. *Capitalization and Indebtedness*

Not applicable.

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

Not applicable.

D. *Risk Factors*

You should carefully consider the risks described below, together with all of the other information included in this annual report, in evaluating our company, the Sendas common shares and the Sendas ADSs. The following risk factors could adversely affect our business, financial condition, results of operations and the price of the Sendas common shares and the Sendas ADSs.

Risks Relating to our Industry and Us

The Brazilian cash and carry industry is sensitive to decreases in consumer purchasing power and unfavorable economic cycles.

Historically, the Brazilian cash and carry industry has experienced periods of economic slowdown that led to declines in consumer expenditures. The success of operations in the cash and carry sector depends on various factors related to consumer expenditures 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 and more stringent credit policies adopted by us and credit card companies may negatively affect our sales, especially for small home appliances offered in our stores. Unfavorable economic conditions in Brazil, or unfavorable economic conditions worldwide reflected in the Brazilian economy, may significantly reduce consumer expenditure 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 operations.

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

We operate in the cash and carry sector of the Brazilian retail industry, which is highly competitive. We compete with other retailers based on price, product mix, store location, store 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 small and regional retailers, especially from those that operate in the informal segment of the Brazilian economy. We also compete with large chains in the cash and carry sector. In addition, in our markets, and particularly in the São Paulo and Rio de Janeiro metropolitan areas, we compete in the food retail sector with a number of large food retailers, general merchandise and cash and carry chains, as well as local supermarkets and independent grocery stores. See “Item 4. Information on the Company—B. Business Overview—Competition.” 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 by adapting our store format mix or layout, identifying locations and opening stores in preferred areas, and quickly adjusting our product mix or prices) or otherwise adjust to changing consumer habits and preferences, such as shopping on mobile devices, we may lose market share, which would adversely affect our financial condition and results of operations.

Our indebtedness could adversely affect our business.

As of December 31, 2023, we had total borrowings and debentures and promissory notes of R\$14,910 million, of which R\$2,067 million was classified as current borrowings and debentures and promissory notes and R\$12,843 million was classified as non-current borrowings and debentures and promissory notes. If we are unable to repay or refinance our current or non-current borrowings and debentures as they mature, this would have a material adverse effect on our financial condition. Our combined indebtedness may:

- make it difficult for us to satisfy our obligations, including making interest payments on our debt obligations;
- limit our ability to obtain additional financing to operate our business;
- require us to dedicate a substantial portion of our cash flow to serve our debt, reducing our ability to use our cash flow to fund working capital, capital expenditures and other general corporate requirements;
- limit our flexibility to plan for, and react to, changes in our business and the industry in which we operate;
- place us at a competitive disadvantage relative to some of our competitors that have less debt than us;
- make us more vulnerable to increases in interest rates, resulting in higher interest costs in respect of our floating rate debt; and
- increase our vulnerability to general adverse economic and industry conditions, including changes in interest rates, lower cattle and hog prices or a downturn in our business or the economy.

In addition, any business that we acquire by borrowing additional funds may increase our leverage and make it more difficult for us to satisfy our obligations, limit our ability to obtain additional financing to operate our business, require us to dedicate a substantial portion of our cash flow to payments on our debt, reducing our ability to use our cash flow to fund working capital, capital expenditures and other general corporate requirements, and place us at a competitive disadvantage relative to some of our competitors that have less debt than us.

Certain of our debt instruments contain covenants that could limit our ability to operate our business and have other adverse consequences.

Certain of our debt instruments contain financial covenants that require us to maintain specified financial ratios, measured on a quarterly basis. See “Item 5. Operating and Financial Review and Prospects—B. Liquidity and Capital Resources—Indebtedness—Long-Term Indebtedness” for more information. Complying with these financial covenants may require that we take action to reduce debt or to act in a manner contrary to our business objectives. Events beyond our control, including changes in general business and economic conditions, may affect our ability to meet these financial ratios. We may not meet these ratios, and our creditors may not waive any failure to meet them.

Moreover, certain of our debt instruments contain restrictive covenants that limit our distribution of dividends in excess of the statutorily required minimum dividend, the transfer of our share control and the acquisition of our share control by third parties, among others corporate decisions.

Our failure to comply with any of these covenants could result in an event of default under the relevant credit facility, and any such event of default or resulting acceleration under such credit facilities could result in an event of default under other debt agreements. Our assets or cash flow may not be sufficient to fully repay borrowings under our outstanding debt agreements if accelerated upon an event of default, which could compromise the continuity of our activities, and there is no guarantee that we would be able to repay, refinance or restructure the payments on those debt agreements.

Our systems are subject to cyberattacks and security and privacy breaches, which could cause a material adverse effect on our business and reputation. In addition, we may not be able to renew or maintain in force our software license agreements.

We are 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 data, including our employees' and customers' confidential, classified or personal information.

Our policy enforcement mechanisms, such as monitoring systems and management oversight to address these threats may not be sufficient to prevent, detect and respond to unauthorized activity in our systems, certain types of attacks, including cyberattacks.

Furthermore, some of our suppliers and service providers may 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, employees, suppliers or service providers could disrupt our operations, particularly our digital 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.

Our information systems may suffer interruptions due to factors beyond our control, such as natural disasters, hacking, failures in telecommunication and computer viruses, among other factors. Any of these types of interruption may adversely affect our operations, thereby impacting our cash generation and our financial condition.

We may not be able to renew or maintain in force our software license agreements. Such agreements may be suspended or terminated without cause, due to contract breaches by us (including late payments) or due to causes beyond our control, in which case we will be prevented from using the applicable software. We cannot ensure that we will be able to replace those software in a timely manner and without major impacts to our operations. The termination of any software license agreement, even if due to causes beyond our control, may result in material adverse impacts to our business, results of operations and financial condition.

Disruptions in our information technology systems, or the inability to update them, can adversely impact our operations and inventory control.

Our operations rely on our information systems, which serves as the primary tool for managing our manufacturing process, supply chain planning, sales tracking, and inventory management.

Accidents, human errors, malfunctions, or malicious acts can cause disruptions or failures in our information technology systems, which could have significant impacts on our corporate, commercial, and operational functions. This could cause a material adverse effect on our business, operational results and reputation.

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

Law No. 12,846, of August 1, 2013, or the Brazilian Anti-Corruption Law, Law No. 8,429, of June 2, 1992, or Administrative Improbability Law, Law No. 9,613, of March 3, 1998, or Money Laundering Law, Decree 2,848, of December 7, 1940, or the Brazilian Penal Code, the U.S. Foreign Corrupt Practices Act of 1977, or the FCPA, and similar anti-corruption laws in other jurisdictions generally prohibit companies and their intermediaries from making improper payments to government officials or other persons for the purpose of obtaining or retaining business. Recent years have seen a substantial increase in anti-corruption law enforcement activity, with more frequent and aggressive investigations and enforcement proceedings by both the U.S. Department of Justice and the SEC increased enforcement activity by non-U.S. regulators, and increases in criminal and civil proceedings brought against companies and individuals.

The Brazilian Anti-Corruption Law, introduced the concept of strict liability for legal entities involved in harmful acts against the public administration, subjecting the violator to penalties both in administrative and civil law. 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.

Our policies mandate compliance with these anti-corruption laws. We cannot assure you that our internal control policies and procedures will protect us from reckless or criminal acts committed by our employees or third party intermediaries. In the event that we believe or have reason to believe that our employees or agents have or may have violated applicable anti-corruption laws, including the FCPA, we may be required to investigate or have outside counsel investigate the relevant facts and circumstances, which can be expensive and require significant time and attention from senior management.

Failure to comply with anti-corruption laws to which we are subject or any investigations of misconduct, or enforcement actions may result in criminal or civil sanctions, inability to do business with existing or future business partners (either as a result of express prohibitions or to avoid the appearance of impropriety), injunctions against future conduct, profit disgorgements, disqualifications from directly or indirectly engaging in certain types of businesses, the loss of business permits or other restrictions which could disrupt our business and have a material adverse effect on us and our reputation.

We may not be able to renew or maintain our stores' and distribution centers' 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.

All of our distribution centers and 90.3% of our stores are leased. Our lease agreements are negotiated for specific terms ranging from five to 25 years and have mandatory renewal clauses, pursuant to applicable law.

The strategic location of our stores and distribution centers 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 year. A significant increase in the rent of our leased properties may adversely affect our financial position and results of operations.

Moreover, our lease agreements need to be annotated in the relevant leased property's deed and registered with the competent real estate registry office to guarantee our contractual and preference rights if the leased properties is sold to a third party. Some of our leased properties do not have their respective lease agreements annotated and registered with the competent real estate registry offices, and, as a result, we may not be able to guarantee our right to continue using the leased properties if the acquirer (in the capacity of the new landlord) has no intention in continuing the lease agreement with us or if a potential renegotiated lease amounts become extremely onerous for us.

A parcel of our owned or leased real estate properties is subject to liens, encumbrances or legal restrictions annotated in their relevant property's deeds. In the event of default on the underlying obligations, the relevant creditors may proceed with the foreclosure of the guarantees, in which case the properties may be sold at auction or transferred to the name of the creditor itself to satisfy the underlying debt, resulting in the transfer of the property to third parties with whom we have no relationship whatsoever. In this sense, in the event of such foreclosure, the continuity of our operations in the properties may not be possible and may cause a negative impact on our financial position and results of operations.

Each of our stores and distribution centers are also subject to certain operational licenses and inspection reports issued by the competent municipal authorities and fire department and are required for the development of our activities. Our inability to obtain or renew these operational licenses may result in the imposition of fines, loss of insurance coverage, 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 transportation system and infrastructure in Brazil 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.

As of December 31, 2023, approximately 28% of our products were distributed through our 11 distribution centers and warehouses located in the Southeast, Midwest, North and Northeast 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, landslides, accidents, systemic failures, political protests, strikes (such as the May 2018 and October and November 2022 Brazilian truckers' strike) or other unexpected causes, may delay or affect our ability to distribute products to our stores 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 in order to meet the supply needs of these new stores. For more information on our distribution and logistics operations, see "Item 4. Information on the Company—B. Business Overview—Distribution and Logistics."

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

We are dependent on credit card sales. For the years ended December 31, 2023, 2022 and 2021, 49%, 49% and 47%, respectively, of our net operating revenue was represented by sales in installments, principally in the form of credit card sales. In order to offer credit card sales to our customers, we depend on the policies of merchant acquirers, including fees charged by acquirers. Any change in the policies of acquirers, including, for example, their merchant discount rate, may adversely affect us.

Accidents in our stores and distribution centers could have a material adverse effect on our business, results of operations and image.

Our stores are public spaces and may be subject to a series of incidents on their premises and suffer consequences beyond our stores' management control. Accidents and other unforeseeable events beyond our control, caused by human, mechanical, technological or any other events, may occur at any time in our stores and distribution centers. If any accident or other unforeseeable event occurs, it could result in inventory losses and damage to our assets, customers, employees or any persons in circulation on our premises, and our image. We may also be subject to civil and/or criminal liability, as well as to the obligation to compensate customers, including through the payment of damages. Our business, results of operations and image may be adversely affected as a result of such accidents, or as a result of the manner in which we address such accidents and/or events.

Failure to protect our employees, commercial partners, suppliers and customers database could have an adverse effect on our business, financial condition or results of operations.

We maintain a database of information about our employees, commercial partners, suppliers and customers. In Brazil, the General Data Protection Law No. 13,709/18, or LGPD, regulates the processing and limitation of personal data usage, the role of data processing agents, and created the National Data Protection Authority (*Autoridade Nacional de Proteção de Dados*), or ANPD. Before the LGPD, the matter was protected by the Brazilian Federal Constitution, the Brazilian Consumer Protection Code (Law No. 8,708/90), the Brazilian Civil Rights Framework for the Internet (Law No. 12,965/14) and other Brazilian laws.

The LGPD establishes, among other things, a legal framework related to:

- Recording activities related to personal data processing, commonly referred to as data mapping. This involves surveying and organizing information on how personal data is collected, stored, and utilized;
- Identifying of risks associated with these activities;
- Implementing measures to mitigate these risks;
- Implementing measures to mitigate these risks; and
- Implementing measures to mitigate these risks.

The ANPD has autonomy to establish rules, interact with public and private sectors and oversee the processing and use of personal data (whether through complaints or by deliberation). We must observe the LGPD in implementing security measures and processing of personal data (operations involving the collection, use, access, reproduction, processing, storage, and transfer of data that identify or make identifiable a particular person).

If we are not in compliance with the LGPD, we and our subsidiaries may be subject to penalties, separately or cumulatively, of a fine of up to 2% (two percent) of our, our group or our conglomerate revenue in Brazil considering our last fiscal year, excluding taxes, but up to the global amount of R\$50 million per violation. Furthermore, we may be held responsible for material, moral, individual or collective damages caused by us and be held jointly and severally liable for such damages caused by our subsidiaries due to non-compliance with the obligations established by the LGPD.

As of February 19, 2024, the ANPD had inspected and penalized four institutions: one entity from the private sector received a fine of R\$14,000.00 for non-compliance with ANPD directives, while three companies from the public sector were issued warnings and corrective measures for failing to implement security requirements and improper data usage.

Failures in our legal regime of personal data protection, as well as the non-compliance with the applicable legislation, may result in high fines, disclosure of the incident to the market, elimination of personal data from our database, and even the suspension of our activities, which may negatively affect our reputation, financial results and, consequently, the value of our securities.

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. If we lose any of these key professionals, we may not be able to attract new professionals with the same qualifications. Our success also depends on the ability to identify, attract, hire, train, retain, motivate and manage highly qualified professionals in the technical, management, information technology, marketing and services areas. Competition for such highly qualified employees is intense, and we may not be able to successfully attract, hire, retain, motivate and manage such qualified professionals. If we are not capable of attracting or retaining qualified professionals to manage and expand our operations, we may not have the capacity to conduct our business successfully and, consequently, our operating and financial results may be adversely affected.

Our sales depend on our effectiveness of advertising and marketing campaigns, which can impact our sales and profitability.

We allocate significant resources to advertising and marketing campaigns, primarily on television, which we believe is the most effective medium for reaching our target audience and promoting attractiveness to our sales channels. We may experience negative impacts on our sales and profitability or fail to achieve the desired brand appreciation if these campaigns do not to meet our expected goals and objectives.

Additionally, considering that a large portion of our campaigns are aired on television, our profitability may be impacted if there is an increase in the costs of this type of advertising. Furthermore, our sales may be adversely affected as we encounter challenges in identifying changes in consumer behavior and preferences.

We may not be able to provide sufficient volume and variety of products at competitive prices or properly manage our inventory, which could cause a material adverse effect on us.

Our business depends on our ability to offer a diverse range of products at competitive prices. In our sector, we may purchase products in large quantities that we may not be able to sell efficiently and profitably, or in insufficient quantities to meet consumer demand, resulting in stockouts or unavailability of relevant merchandise.

Furthermore, we may face challenges associated with excess inventory, necessitating substantial discounts on products with limited market acceptance. We cannot guarantee that we will continue to accurately identify consumer demand and capitalize on purchasing opportunities, which could have a material adverse effect on our business and financial results.

Moreover, maintaining excessive inventory in our stores poses risks of product obsolescence, expiration, and damage due to improper handling. We are also exposed to theft and pilferage of goods in our distribution centers or during transport to our stores. The materialization of any of these risks could have a material adverse effect on our business and financial results.

We do not have a controlling shareholder or control group, which may leave us susceptible to shareholders' alliances, conflicts among shareholders and other events arising from the absence of a controlling shareholder or control group.

We do not have a controlling shareholder or control group, in fact or in law, and we have dispersed shareholding, which may make us more susceptible to the appearance of a new group of shareholders acting jointly that may exercise control and define our operations.

As such, we are susceptible to hostile takeover attempts and conflicts arising therefrom, and certain resolutions requiring a minimum quorum for installation or approval may have a lengthy approval process or may even not be approved at all, delaying our decision-making process. If a control group emerges and has decision-making power, we may experience sudden and unexpected changes in our corporate policies and strategies, including a possible replacement of directors. Any sudden or unexpected change in our management, business plan or strategic direction, any attempt to acquire control or any dispute among shareholders regarding their respective rights may adversely affect our business and results of operations.

In addition, in the event control over us is acquired by an investor or group of investors, certain of our debt obligations may be accelerated, which could materially and adversely affect our financial condition. For additional information about our indebtedness and the applicable covenants, see “Item 3. Key Information—D. Risk Factors—Risks Relating to our Industry and Us—Certain of our debt instruments contain covenants that could limit our ability to operate our business and have other adverse consequences” and “Item 5. Operating and Financial Review and Prospects—B. Liquidity and Capital Resources—Indebtedness—Long-Term Indebtedness” in the 2022 Form 20-F, which is incorporated by reference in this prospectus supplement.

We were previously part of Casino’s economic group, which included other operational entities. We may be held jointly or severally liable in legal proceedings involving such entities.

Until June 2023, we were part of Casino’s economic group, alongside other operational entities. These entities are involved in legal proceedings as part of their normal business activities. If they are convicted, the outcome of such proceedings may impact us jointly or severally for actions or omissions that occurred during the period when we were under Casino’s common control. If we are held jointly or severally liable for such convictions, our operational and financial results and reputation may be adversely affected.

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

We are party to legal and administrative proceedings related to civil, regulatory, environmental, tax and labor matters and may be a party to legal and administrative proceedings related to those or different matters in the future. We cannot assure you that pending legal proceedings will be decided in our favor. Our provisions (if made) may not be sufficient to cover the total cost 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, we are subject to inspection by federal, state and local authorities, including tax, labor and environmental authorities. These authorities may fine us and such fines may become administrative proceedings and, subsequently, judicial proceedings, which, if decided unfavorably to us, may have an adverse effect.

Similarly, an amount of R\$1.5 billion related to a legal proceeding is identified as potential losses in note 17 of our audited financial statements included in this annual report and is guaranteed by CBD. This guarantee is a result of our previous corporate reorganization. In the event of adverse decisions, CBD may face challenges in reimbursing us, particularly in the case of economic distress.

In addition to financial provisions 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—A. Consolidated Statements and Other Financial Information—Legal and Administrative Proceedings,” and note 17 to our audited financial statements included in this annual report for a description of our material litigation contingencies.

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

We believe that our brand, *Assaí*, contributes significantly to the success of our business. We believe that maintaining and enhancing that brand is critical to expanding our base of customers, suppliers and vendors, which depends largely on our ability to continue to create positive customer experience, based on our competitive pricing and our large assortment of products. If we are unable to achieve it, our business and financial result may be adversely affected.

Customer complaints or negative publicity about our product offerings or services could harm our reputation and diminish consumer confidence in us. To maintain a good relationship with our customers, we must adequately train and manage our employees who are in a daily contact with our customers. We must also have a customer service team ready to efficiently and quickly solve problems and conflicts. The inability to manage or train our customer service team and our employees who are in a daily contact with our customers may compromise our ability to handle complaints effectively. If we do not effectively manage complaints, our reputation and business could be affected, as well as our customers’ confidence in us.

Publicity and media coverage have a significant influence on consumer behaviors. If we are the target of negative publicity that could cause our consumers to change their purchasing habits, either with respect to our stores or with respect to our products, including as a result of product recalls or scandals related to the handling, preparation or storage of food products in our stores, we may suffer a material adverse effect.

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

Our future success depends significantly on our ability to protect our intellectual property assets, including trademarks, domain names, trade secrets and know-how.

We cannot guarantee that trademark and patent registrations will be issued by the Brazilian Institute of Intellectual Property (*Instituto Nacional da Propriedade Intelectual – INPI*) with respect to any of our applications. There is also a risk that we could inadvertently fail to renew a trademark or a domain name on a timely basis or that our competitors will challenge, invalidate or circumvent any of our existing or future intellectual property rights. Although we have put in place appropriate actions to protect our portfolio of intellectual property rights (including trademark registration and domain names), we cannot be certain that the steps we have taken will be sufficient or that third parties will not infringe upon or misappropriate 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, on our ability to develop our business.

In addition, third parties may claim that our products or services violate their intellectual property rights, which may lead to disputes and/or litigation related to intellectual property assets that, even if without merit, may be costly and time-consuming. Any claim related to intellectual property that is relevant to our activities may have a negative effect on our results of operations and reputation.

Our business is subject to substantial fluctuation due to the seasonal buying patterns of our customers.

Our sales and operating results may vary from quarter to quarter in accordance with seasonal fluctuations. Historically, we generate more net sales in the fourth quarter of each year, which includes the weeks leading up to and immediately following Black Friday and the Christmas sales season. Consequently, a reduction in consumer confidence in the weeks leading up to and immediately following Black Friday and the Christmas selling season would have a significant impact on our business.

Seasonality also influences our own purchasing patterns as we increase purchases of goods for seasonal activities prior to a season, which directly impacts cash flow, accounts payable and inventory levels.

In addition, seasonality affects our level of debt and working capital as we generally incur more debt during the first half of the year to finance our increased cash flow needs as a result of: (1) the payments maturity to suppliers for inventory acquired prior to the peak selling seasons; and (2) a decrease in the sales volume, which typically occurs after the Christmas sales season that extends into the first half of the following year. If we miscalculate the demand for the amount of products we will sell or the variety of products during the fourth quarter, our net sales may decline and consequently our financial performance. If our fourth quarter net sales are not high enough to fully recover our employees and advertising expenses or are lower than the targets used to determine inventory levels, such shortfall could adversely affect our operating results.

Our quarterly operating results may also vary significantly as a result of various other factors, including, among others, the timing of new product introductions and advertising and changes in product assortment. Any seasonal or quarterly fluctuations that we report in the future may not meet the expectations of investors and market analysts, and may adversely affect the price of our shares.

We face competition from internet sales, which may negatively affect sales through traditional channels, and we might not have an effective response to this competition.

In recent years, sales of food, clothing and home appliances over the internet have increased significantly in Brazil, and 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, a large multinational e-commerce company recently announced that it would focus more resources on its Brazilian business. Internet retailers are able to sell directly to consumers, reducing the importance of traditional distribution channels such as cash and carry stores, 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 prices than we do and in certain cases are able to bypass intermediaries in the cash and carry segment and deliver products directly 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.

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 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 businesses. If internet sales in Brazil continue to grow, (i) consumers' reliance on traditional distribution channels such as our cash and carry stores could be materially diminished, and (ii) revenues from our distribution channels may be significantly reduced, which could have a material adverse effect on our financial condition and results of operations.

Losses not covered by our insurance may result in a material adverse effect on our business.

We cannot guarantee that our insurance coverage will always be available or will always be sufficient to cover any damages arising from any type of claim. In addition, there are certain types of risks that may not be covered by our policies, such as accidents, war, force majeure or certain business interruptions. We cannot guarantee that when our current insurance policies expire, we will be able to renew them on favorable and sufficient terms.

Claims that are not covered by our policies or the inability to renew our insurance policies may adversely and substantially affect us. In the case of insured events, insurance policy coverage is conditional upon the payment of the related premium. Our failure to pay these premiums coupled with the occurrence of a claim could place us at risk, given that damages, even if insured, would not be subject to coverage by the insurer.

We may encounter difficulties in opening and operating new stores, which may hinder our expansion plans and adversely affect our sales and results of operations.

Our growth depends on our success in opening and operating new stores, as well as in the conversion of some of our existing stores to new formats. We are subject to risks and uncertainties regarding future events that may limit or prevent the opening of new stores, which may adversely affect the trading price of our securities.

The ability to successfully open and operate new stores depends on a number of factors, some of which are beyond our control. These factors include our ability to negotiate leases on acceptable terms and to identify suitable locations for new stores, which involves properly collecting and analyzing demographic and market data to determine whether there is sufficient demand for our products in such chosen locations. We may not be able to obtain financing on acceptable terms once our decision is made to open a new store.

We may also face difficulties in offering the right merchandise that meets our customers' needs and preferences in those regions. In addition, the opening of new stores requires adjustments in stock levels, which may cause increase of our costs with new hiring, training and retention of qualified personnel for such stores. We may not be able to satisfactorily integrate new stores into existing operations or obtain the necessary government licenses. A failure to open new stores in a timely and cost-effective manner and in accordance with our strategic plans could adversely affect our business and results of operations.

Unfavorable decisions or unfolding of investigations in judicial or administrative proceedings involving members of our board of directors or executive officers may have a material adverse effect on us.

Members of our board of directors or executive officers may become defendants and/or be summoned to testify in administrative or judicial proceedings, in civil, criminal, tax and labor lawsuits not related to us, but such initiation and/or results may adversely affect them and negatively impacting our reputation. A conviction in criminal proceedings could prevent them from exercising their functions for us.

If any future investigations, unfolding of any ongoing investigations or allegations involving members of our board of directors or executive officers emerge, the results of our operations and the price of our shares may be adversely affected.

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

Given the decentralization and outsourcing of our service providers' operations and our suppliers' production chains, we cannot guarantee that they will not have issues regarding working conditions, ethical and environmental matters, sustainability, outsourcing the provision or production chain and improper safety conditions, or that they will not engage in these irregular practices to lower service or product costs.

Furthermore, some of our partners use online services and are subject to Brazilian regulations and laws specifically governing the internet and electronic commerce. These regulations and laws may also cover taxation, user privacy, data protection, pricing, content, copyright, distribution, electronic contracts and other communications, customer protection, provision of online payment services, home internet access in broadband and characteristics and quality of products and services.

If we fail to comply with these regulations and laws or our partners are held accountable for such non-compliance, our image, reputation and consumers' perception about our products could be damaged, which could adversely affect our net operating income, operating results, as well as the price of the Sendas common shares and the Sendas ADSs.

Some categories of products that we sell are principally acquired from a few suppliers and changes in this supply chain could adversely affect our business.

Some categories of products that we sell are principally acquired from a few suppliers. Notably, we procure our beverage and beef products mainly from five suppliers. The products provided by these suppliers represented approximately 16.1% of our total sales for the year ended December 31, 2023. If any of these suppliers 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.

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 result of operations for Brazilian non-food retailers. Despite a decrease in the unemployment rate in Brazil from 13.2% on December 31, 2021 to 9.3% on December 31, 2022 and 7.8% on December 31, 2023, such rate remained high. The high unemployment rate in Brazil, combined with relatively high interest rates (the basic interest rate in Brazil, the SELIC rate, reached 11.75% on December 31, 2023, as compared to 13.75% on December 31, 2022 and 9.25% on December 31, 2021) resulted in less credit availability to consumers in Brazil.

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 Brazilian government policy restricts the granting of credit to consumers.

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Additionally, we are involved through FIC in extending credit to customers through our partnership with Itaú Unibanco Holding S.A. 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—B. Business Overview—FIC.”

FIC is subject to the risks normally 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 structure 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 subject to the risk of ratings reassessments.

If our operational performance deteriorates or there is a decline in our cash generation, our ratings may be negatively impacted. Downgrades in our ratings could lead to increased cost in raising new funds, reducing our investment capacity, which could negatively affect our operational results, reputation and the value of our securities.

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, expired, 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. Any allegation of this nature made against our brand or products sold in our stores may have a material adverse effect on our operations, financial condition, results of operations and reputation.

Health risks related to the food industry may adversely affect our ability to sell food products.

We are subject to risks affecting the food industry generally, including contamination or spoilage of food, evolving nutritional and health concerns by our customers, product adulteration, and the public perception of product safety for the food industry as a whole, including as a result of disease outbreaks or the fear of such outbreaks. Even in a scenario where the products we sell are not affected by contamination, the food industry could face negative publicity if the food from producers or other retailers were to be contaminated, which can result in negative public perception about the safety of food products, a fear of outbreaks, and a reduction in demand for food products in the affected category. The widespread loss of consumer confidence in the safety and quality of food products, and any related real or perceived health risks, could have a material adverse effect on us.

Our inability to implement stakeholder- and community-oriented social measures where our stores are located, including promotion of respect, diversity and inclusion, could negatively affect our reputation.

In recent years, the regulatory and self-regulatory Brazilian capital markets authorities, investors and society have shown to be increasingly attentive to the adoption by the issuers of securities of: (1) environmental practices, as the implementation of measures to reduce impacts on the environment; (2) social practices, as the commitment toward their employees, suppliers and the community; and (3) governance practices, as the performance of actions to efficiently and responsibly apply financial and human resources (ESG). In the social aspect, the effective implementation of social practices depends on continuous, dynamic and systematic identification, as well as a thorough understanding of the main characteristics and demands of the stakeholders with whom the issuer relates and interacts, and with the communities that influence or are influenced by its business, in order to assess the potential risks and impacts generated by its operations on such people and communities.

If we are unable to implement effective social measures in the places where we operate, periodic training with employees to raise awareness about the importance of this subject, implement specific internal processes, hire and allocate teams dedicated to it, and perform coercive measures to prevent our stakeholders from practicing acts that are not aligned with the pillars of respect, diversity and inclusion, our reputation and our customers' perception about us may be negatively impacted, which may adversely affect the results of our operations.

If we are unable to implement effective stakeholder- and community-oriented social measures where we operate, including those listed above, our reputation and perception of our customers about us may be negatively affected, which may adversely affect the results of our operations.

We are subject to environmental laws and regulations and any non-compliance may adversely affect our reputation and financial position.

We are subject to a number of federal, state and municipal laws and regulations relating to the preservation and protection of the environment. 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 disposal and handling of wastes at our stores, distribution centers and headquarters.

Any failure to comply with those laws and regulations may subject us (and our officers and directors) to administrative and criminal sanctions, in addition to the obligation to remediate or indemnify others for the damages caused. According to the Brazilian Federal Decree No. 6,514, of July 22, 2008, such sanctions may include, among others, the imposition of fines ranging from R\$50 to R\$50 million, the cancellation of our licenses or revocation of authorizations, and the temporary or permanent suspension of our activities, besides to the obligation to repair any environmental damage we may have caused. Those sanctions may adversely affect the operation of our stores, as well as our reputation, cash availability and operating results.

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. Unforeseen environmental investments may reduce available funds for other investments and could materially and adversely affect us.

Combating risks related to climate change requires continuous improvement of our environmental management practices.

The focus on environmental issues and how companies manage possible negative impacts on business have increased due to the actions of developed countries and the interests of a new class of investors. We are subject to extensive federal, state and municipal legislation related to the preservation and protection of the environment and to the environmental licensing and management of our stores and distribution centers. Among other obligations, such legislation establishes requirements and standards for licenses or authorizations related to effluents, refrigerant gases, solid waste management and protected areas.

Compliance with legislation, as well as combating risks related to climate changes, requires continuous improvement of our environmental management practices and has to be incorporated into our expansion strategy, as well as the modernization of our equipment, cleaner energy sources and increased energy efficiency, with investments in tropicalized technologies and management of our service providers (national and regions) that reflect our current growth challenge.

We make use of refrigerated gases in the refrigeration systems in our stores. The maintenance required on the equipment and the replacement of gases results in emissions of gases that contribute to climate change. If we are questioned and eventually condemned as a result of such practices, we may be subject to sanctions, which may adversely affect our image and reputation.

In addition, when considering supply chain emissions, it is required extensive mapping and engagement regarding emissions calculation. We may be required to significantly increase our investments and costs in order to comply with such new standards and legislation, which may lead to significant disbursements for us.

Inadequate management of solid residues generated in our facilities and eventual contamination may adversely affect our business.

Pursuant to Brazilian Federal Law No. 12,305, of August 2, 2010, we are subject to the management of solid waste rules and are responsible for the segregation, storage, transportation and final disposal of our waste in an environmentally appropriate manner. We may have to repair any environmental damage resulting from the inadequate management of our waste.

If soil or underground water contamination is identified in the properties where we are located, we may be held liable and compelled to remediate such contamination, bearing the costs involved. The environmental legislation determines that the owner and/or possessor of a property that is located in a contaminated area may, regardless of whether it has actually caused such contamination, be held liable and compelled by both environmental agencies and the public prosecution service to perform the rehabilitation of the contaminated area through remediation and recovery of associated damage. Such remediation processes tend to extend over long periods of time and may involve the disbursement of significant amounts of money until it is concluded and a document is issued attesting the rehabilitation of the area for use, which may affect our business, operating results, and image.

Contracting third parties for collection, storage, transportation, treatment or final disposal of solid residues does not exempt us from the liability for damages that may be caused by their inadequate management. The non-fulfillment of any obligations related to the management of solid waste or the implementation of reverse logistics and/or cause pollution of any nature, may lead to the application of a fine, which may vary from R\$5 thousand to R\$50 million, as established in the Brazilian Federal Decree 6,514, of July 22, 2008, besides any potential liabilities and penalties established at the state or municipal level.

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 Sendas common shares and the Sendas ADSs.

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 the Sendas common shares and the Sendas ADSs 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;

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- 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;
- 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; 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 Sendas common shares and the Sendas ADSs.

Such factors are compounded by the overall health and growth of the Brazilian economy. Brazil's gross domestic product, or GDP, increased by 2.9% in 2023, increased by 2.9% in 2022, increased by 4.6% in 2021 and decreased by 4.1% in 2020. Prior to 2020, Brazil was emerging from a prolonged recession after a period of a slow recovery, with only meager GDP growth in 2019 and 2018. Brazil's GDP growth rates were 1.1% in each of 2019 and 2018. Our results of operations and financial condition have been, and will continue to be, affected by the weakness of Brazil's GDP. Developments in the Brazilian economy may affect Brazil's growth rates and, consequently, the demand for our products and services, which may adversely affect the trading price of the Sendas common shares and the Sendas ADSs.

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

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.

Recent economic instability in Brazil has contributed to a decrease of market confidence in the Brazilian economy and to the worsening of the Brazilian political scenario. In addition, Brazilian markets have experienced heightened volatility due to uncertainties from ongoing investigations into money laundering and corruption conducted by the Brazilian Federal Police and the Office of the Brazilian Federal Prosecutor, including the *Lava Jato* investigation. These investigations adversely affected the Brazilian economy and political scenario. The effects of the *Lava Jato* investigation and other investigations of corruption had and continue to have an adverse impact on the image and reputation of the implicated companies, and on the general market perception of the Brazilian economy, political environment and capital markets. We have no control over and cannot predict whether the ongoing investigations or allegations will result in further political and economic instability, or if new allegations against government officials and/or companies will arise in the future.

The Brazilian economy has experienced a sharp downturn in recent years due, in part, to the interventionist economic and monetary policies of the Brazilian government and the global decline in commodity prices. In addition, Brazil's federal government has failed to implement significant and/or structural changes in Brazilian policy, tax structure, or regulation that could contribute to long-term growth in Brazil.

Furthermore, Luiz Inácio Lula da Silva was elected president in October 2022 for a four-year term beginning in 2023. After the results of the presidential election were announced, certain groups formed by extreme supporters of the defeated candidate organized public protests against the use of electronic ballot boxes and alleged certain electoral conspiracies. Any deterioration of the political environment in Brazil could affect the confidence of investors and the general public.

The President of Brazil has the power to determine policies and issue governmental acts related to the conduct of the Brazilian economy and, consequently, affect the operations and financial performance of companies, including us. We cannot predict which policies the President will adopt, much less whether such policies or changes in current policies may have an adverse effect on us or on the Brazilian economy.

Such events may have a material adverse effect on our business, results of operations, financial condition and prospects. Historically, the Brazilian political scenario has influenced the performance of the Brazilian economy. In particular, political crises have affected the confidence of investors and the general public, which has adversely affected the Brazil economic development and may adversely affect the trading price of the Sendas common shares and the Sendas ADSs.

Changes in the Brazilian tax legislation, tax incentives, benefits, or different interpretations of Brazilian tax laws may adversely affect our operations.

Brazilian tax authorities frequently change tax regimes, potentially impacting us and influencing consumer demand for our products. These changes include adjustments in tax rates and the introduction of temporary or permanent taxes. Some of these changes may increase our tax burden, leading to higher prices for our products and restricting our ability to conduct business, which could adversely affect our profitability.

We cannot guarantee that we will be able to maintain our projected cash flow and profitability after an increase in taxes, or if tax incentives we benefit from are not maintained or renewed.

Furthermore, certain Brazilian tax laws may be subject to controversial interpretation. If the Brazilian tax authorities interpret such tax laws in a manner inconsistent with our interpretations, our operations could be materially impacted.

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

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 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 General Price Index (*Índice Geral de Preços – Mercado*), or IGP-M index, recorded deflation of (3.2)% in 2023, and inflation of 5.5% in 2022 and 17.8% in 2021. Brazil's Broad Consumer Price Index (*Índice Nacional de Preços ao Consumidor Amplo*) recorded inflation of 4.62% in 2023, 5.79% in 2022 and 10.06% in 2021, according to the IBGE.

Tight monetary policies with high interest rates have restricted and may restrict Brazil's growth and the availability of credit. 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 the payments on our indebtedness. 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.

During recent years there has been significant volatility in the official Brazilian base interest rate (*Sistema Especial de Liquidação e Custódia*, or SELIC rate, set by the COPOM, which ranged from 14.25%, on December 31, 2015, to 2.00% as of December 31, 2020, and 11.75% as of December 31, 2023. Any future measures adopted by the Brazilian government, including reductions in interest rates, intervention in the exchange market and the implementation of mechanisms to adjust or determine the value of the Brazilian *real* may trigger inflation, adversely affecting the overall performance of the Brazilian economy.

Furthermore, 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. Inflationary pressures may also 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 Sendas common shares and the Sendas ADSs.

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 May 2020, prompted by the COVID-19 crisis, the Brazilian *real* depreciated significantly in relation to the U.S. dollar, reaching to R\$5.9372 to US\$1.00 on May 14, 2020. In 2020, the *real* 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 2020, reaching R\$5.5805 per US\$1.00 as of December 31, 2021. In 2022, the *real* appreciated against the U.S. dollar in comparison to 2021, reaching R\$5.2177 per US\$1.00 as of December 31, 2022. In 2023, the *real* appreciated against the U.S. dollar in comparison to 2022, reaching R\$4.8413 per US\$1.00 as of December 31, 2023. On March 29, 2024, the *real*/U.S. dollar exchange rate was R\$4.9962 per US\$1.00. There can be no assurance that the *real* will not depreciate against the U.S. dollar.

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 Sendas common shares and the Sendas ADSs. As a result, we may be materially and adversely affected by *real*/U.S. dollar exchange rate variations.

Global economic and political instability and geopolitical conflicts, such as the conflict between Russia and Ukraine and in the Gaza Strip, could adversely affect our business, financial condition or results of operations.

Our business could be adversely affected by unstable economic and political conditions and geopolitical conflicts, such as the conflicts between Russia and Ukraine and in the Gaza Strip. While we do not have any customer or direct supplier relationships in a country with current military conflicts, and related sanctions, as well as export/import controls or actions that may be initiated by nations including Brazil and other potential uncertainties could adversely affect our business and/or our supply chain, business partners or customers, and could cause changes in our customers buying patterns and interrupt our ability to supply products.

Inflation, energy and commodities costs may fluctuate as a result the geopolitical conflicts between nations and related economic sanctions and in the Gaza Strip. These fluctuations may result in an increase in our transportation costs for distribution, utility costs for our stores and costs to purchase products from our suppliers. A continual rise in energy and commodities costs could adversely affect consumer spending and demand for our products and increase our operating costs, both of which could have a material adverse effect on our results of operations, financial condition and cash flows.

The ongoing military conflicts have already resulted in significant volatility in financial markets, as well as in an increase in energy and commodity prices globally. In the event geopolitical tensions fail to abate or deteriorate further, additional governmental sanctions may be enacted adversely impacting the global economy, its banking and monetary systems, markets or customers for our products.

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

Credit ratings affect investors' perceptions of risk and, as a result, the yields required on debt 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.

Standard & Poor's ("S&P") downgraded Brazil's credit rating from BB to BB-minus in January 2018 with a stable outlook in light of doubts regarding the presidential election and social security reform efforts. In February 2019, S&P's affirmed Brazil's sovereign credit rating at BB-minus with a stable outlook. In December 2019, S&P's affirmed Brazil's sovereign credit rating at BB-minus with a positive outlook, further maintaining the sovereign credit rating at BB-minus, but revising the outlook on this rating from positive to stable in April 2020. As a result of the COVID-19 pandemic, in 2020, 2021 and 2022, S&P maintained the country's credit rating at BB- with a stable outlook. On December 19, 2023, S&P upgraded Brazil's sovereign credit rating at BB with a stable outlook.

Moody's maintained Brazil's sovereign debt credit rating at Ba2 in April 2023, but changed its prospect from negative to stable, maintaining it in September 2018, citing the expected new government spending cuts. In May 2019, Moody's affirmed Brazil's sovereign credit rating at Ba2 and changed the outlook to stable, which rating and outlook were further reaffirmed by Moody's in 2020, 2021 and 2022.

Fitch downgraded Brazil's sovereign credit rating to BB-minus, citing, among other reasons, fiscal deficits, the increasing burden of public debt and an inability to implement reforms that would structurally improve Brazil's public finances. In November 2019, Fitch maintained Brazil's sovereign credit rating at BB-minus, citing the risk of tax and economic reforms and political instability. In 2020, 2021 and 2022, Fitch reaffirmed Brazil's sovereign credit rating at BB-minus and revised the outlook on this rating to negative as a result of the impact of the COVID-19 pandemic. On December 15, 2023 Fitch upgraded Brazil's sovereign credit rating at BB with a stable outlook.

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 price of securities of Brazilian issuers, including the Sendas common shares and the Sendas ADSs.

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 these countries may adversely affect the market value of securities of Brazilian issuers, including the Sendas common shares and the Sendas ADSs. Trading prices on B3, for example, have been historically affected by fluctuation in interest rates applicable in the United States and variation in the main U.S. stock indices. Any increase in interest rates in other countries, especially the United States, may decrease global liquidity and the interest of investors in the Brazilian capital markets, adversely affecting the ADSs and our common shares.

Moreover, crises or significant developments in other countries, such as: (1) the financial crisis and any political instability in the United States; (2) the conflict between Russia and Ukraine; (3) a trade war between the United States and China; and (4) crises in Europe and other countries that affect the global economy may produce effects that directly or indirectly affect the Brazilian capital markets and broader economy, including price volatility of the securities of Brazilian issuers, including the Sendas common shares and the Sendas ADSs, diminished credit availability, supply chain disruptions, and inflation, among other consequences, which may adversely affect us, including the trading price of our securities, limiting or preventing our access to capital markets and to funds to finance our future operations at acceptable terms.

The outbreak of communicable diseases around the world may lead to higher volatility in the global capital markets and recessionary pressure on the Brazilian economy. Any outbreak in Brazil could directly affect our operations, each of which may materially and adversely affect our business, financial condition and results of operations.

The outbreak of communicable diseases on a global scale may affect investment sentiment and result in higher volatility in global capital markets and may have a recessionary effect on the Brazilian economy.

Events beyond our control, including epidemics and pandemics, affect the prices of the products we sell, the lease paid by our tenants, alter labor contract regimes, reduce our personnel in operation, increase the rate of leaves of absence, among others, and may harm our operations and those of our suppliers, tenants and service providers, as well as have a negative effect on consumption or result in political or economic instability.

These events could cause the temporary or permanent closure of some of our stores and/or distribution centers, our tenants' stores, delay or affect our ability to distribute products to our stores and our consumers, including in online sales deliveries, reduce demand for the products we sell, increase their price and decrease our sales, which could have a material adverse effect on our business and results of operations.

Risks Relating to the Sendas Common Shares and the Sendas ADSs

The volatility and illiquidity of the Brazilian securities markets and of the Sendas common shares may substantially limit your ability to sell the Sendas common shares underlying the Sendas 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: (1) 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 (2) 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 Sendas common shares underlying the Sendas ADSs to sell them at the time and price they desire and, consequently, may adversely affect the market price of the Sendas common shares and the Sendas ADSs. If a liquid and active trading market is not developed or maintained, the trading price of the Sendas common shares and the Sendas ADSs may be negatively affected.

We cannot assure you that an active trading market will be sustained for the Sendas common shares or the Sendas ADSs or that we will be able to maintain our listing on the B3 or the NYSE. The trading volume of the Sendas common shares and the Sendas ADSs may be volatile, and holders of the Sendas common shares and the Sendas ADSs may not be able to sell their respective securities.

The Sendas common shares are listed on the *Novo Mercado* listing segment of the B3, and the Sendas ADSs are listed on the NYSE. The listing of the Sendas common shares and the Sendas ADSs on the B3 and the NYSE, respectively, does not guarantee that a market for the Sendas common shares or the Sendas ADSs will be sustained or that we will be able to maintain our listing on the B3 or the NYSE. No assurance can be provided as to the demand for or trading price of the Sendas common shares or the Sendas ADSs.

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The trading price of and demand for the Sendas common shares and the Sendas ADSs and the continued existence of a market and favorable price for the Sendas common shares and the Sendas ADSs will depend on a number of conditions, including:

- the risk factors described in this annual report;
- general social, economic and political conditions internationally and in Brazil, including fiscal and monetary policies to be adopted by the new government in Brazil, changes in interest and exchange rates and impacts on the global economy resulting from the ongoing military conflicts between Russia and Ukraine;
- actual or anticipated fluctuations in our quarterly and annual results and those of our competitors;
- our businesses, operations, results and prospects;
- future mergers and strategic alliances;
- market conditions in the Brazilian cash and carry industry;
- changes in government regulation, taxes, legal proceedings or other developments;
- shortfalls in our operating results from levels forecasted by securities analysts;
- investor sentiment toward the stock of companies in our industry in general;
- announcements concerning us or our competitors;
- maintenance of acceptable credit ratings or credit quality; and
- the general state of the securities markets.

Any of these factors may impair the sustainability of a liquid market for the Sendas common shares or the Sendas ADSs and the ability of investors to sell the Sendas common shares or the Sendas ADSs at an attractive price. These factors also could cause the market price and demand for the Sendas common shares and the Sendas ADSs to fluctuate substantially, which may negatively affect the price and liquidity of the Sendas common shares and the Sendas ADSs. Many of these factors and conditions are beyond our or our shareholders' control.

If securities or industry analysts publish inaccurate or unfavorable research about us or our businesses, the price and trading volume of Sendas common shares and Sendas ADSs could decline.

The trading market for the Sendas common shares and the Sendas ADSs depends in part on the research and reports that securities or industry analysts publish about us or our businesses. If one or more of the analysts who cover us downgrade our securities or publish inaccurate or unfavorable research about our businesses, the price of the Sendas common shares and the Sendas ADSs would likely decline. If one or more of these analysts cease coverage of us or fail to publish reports on us regularly, demand for the Sendas common shares and the Sendas ADSs could decrease, which might cause the price and trading volume of the Sendas common shares and the Sendas ADSs to decline.

Future sales, or the perception of future sales, of substantial amounts of the Sendas common shares on the B3 or the Sendas ADSs on the NYSE, or the anticipation of these sales, could adversely affect the market price of the Sendas common shares and the Sendas ADSs prevailing from time to time or their liquidity and could impair our ability to raise capital through the sale of equity securities.

None of us, our directors or officers or our shareholders are subject to any lock-up agreement that restrict or limit our or their ability to sell Sendas common shares or ADSs.

The market price of the Sendas common shares and the Sendas ADSs could decline significantly as a result of sales (or anticipated sales) of a large number of shares of the Sendas common shares on the B3 or the Sendas ADSs on the NYSE. The perception that these sales might occur could depress the market price of the Sendas common shares or the Sendas ADSs prevailing from time to time or adversely affect their liquidity. These sales, or the possibility that these sales may occur, also might make it more difficult for us to sell equity securities in the future at a time and at a price that we deem appropriate. For more information about our principal shareholders, see “Item 7. Major Shareholders and Related Party Transactions—A. Major Shareholders.” As a result of, and immediately following, the Spin-Off, the shareholders of CBD became shareholders of Sendas.

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

Holders of Sendas ADSs will benefit from the electronic certificate of foreign capital registration obtained by the Sendas ADS Custodian in Brazil for the Sendas common shares underlying the Sendas ADSs, which will permit the Sendas ADS Custodian to convert dividends and other distributions with respect to the Sendas common shares into U.S. dollars and remit the proceeds abroad. If you surrender your Sendas ADSs and withdraw Sendas common shares, you will be entitled to continue to rely on the Sendas ADS 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 Sendas 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, the Sendas 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 depository’s electronic certificate of foreign capital registration may also be adversely affected by future legislative changes. See “Item 10. Additional Information—D. Exchange Controls.”

Holders of Sendas ADSs are not entitled to attend shareholders’ meetings and may only vote through the Sendas Depository.

Under Brazilian law, only shareholders registered as such in Sendas’s corporate books may attend Sendas’s shareholders’ meetings. All Sendas common shares underlying the Sendas ADSs are registered in the name of the Sendas Depository. Consequently, a holder of Sendas ADSs is not entitled to attend Sendas’s shareholders’ meetings. Holders of Sendas ADSs may exercise the voting rights with respect to Sendas common shares only in accordance with the deposit agreement relating to the Sendas ADSs. There are practical limitations upon the ability of holders of Sendas ADSs to exercise their voting rights due to the additional steps involved in communicating with holders of Sendas ADSs. For example, Sendas is required to publish a notice of Sendas’s shareholders’ meetings in certain newspapers in Brazil. To the extent that holders of Sendas common shares are entitled to vote at a shareholders’ meeting, they will be able to exercise their voting rights by attending the meeting in person or voting by proxy. By contrast, holders of Sendas ADSs will receive notice of a shareholders’ meeting by mail from the Sendas Depository following Sendas’s notification to the Sendas Depository of the shareholders’ meeting and Sendas’s request that the Sendas Depository inform holders of Sendas ADSs of the shareholders’ meeting. To exercise their voting rights, holders of Sendas ADSs must instruct the Sendas Depository on a timely basis. In addition, investors may hold Sendas ADSs through broker or financial institution nominees and therefore may be required to rely on their procedures to be able to vote. This voting process will take longer for holders of Sendas ADSs than for holders of Sendas common shares. If the Sendas Depository fails to receive timely voting instructions for all or part of the Sendas ADSs, the Sendas Depository will assume that the holders of those Sendas ADSs are instructing it to give a discretionary proxy to a person designated by us to vote their Sendas ADSs, except in limited circumstances. In addition, Sendas is not contractually required to request the Sendas Depository to inform holders of Sendas ADSs about the shareholders’ meeting under the Sendas Deposit Agreement, which may result in holders of Sendas ADSs not being able to provide voting instructions to the Sendas Depository.

We cannot assure you that holders of Sendas ADSs will receive the voting materials in time to ensure that such holders can instruct the Sendas Depositary to vote the Sendas common shares underlying their Sendas ADSs. In addition, the Sendas Depositary and its agents are not responsible for failing to carry out voting instructions of the holders of Sendas ADSs or for the manner of carrying out those voting instructions. Accordingly, holders of Sendas ADSs may not be able to exercise voting rights, and they will have no recourse if the Sendas common shares underlying their Sendas ADSs are not voted as requested.

Holders of Sendas ADSs may not be entitled to a jury trial with respect to claims arising under the Sendas Deposit Agreement, which could result in less favorable outcomes to the plaintiff(s) in any such action.

The Sendas Deposit Agreement provides that, to the fullest extent permitted by law, holders of Sendas ADSs irrevocably waive, to the fullest extent permitted by applicable law, the right to a jury trial with respect to any claim that they may have against us or the Sendas Depositary arising out of or relating to the Sendas common shares, the Sendas ADSs or the Sendas Deposit Agreement, including any claim under the U.S. federal securities laws.

If we or the Sendas Depositary opposed a jury trial demand based on the waiver, the court would determine whether the waiver was enforceable based on the facts and circumstances of that case in accordance with the applicable state and federal law. To our knowledge, the enforceability of a contractual pre-dispute jury trial waiver in connection with claims arising under the federal securities laws has not been finally adjudicated by the United States Supreme Court. However, we believe that a contractual pre-dispute jury trial waiver provision is generally enforceable, including under the laws of the State of New York, which govern the Sendas Deposit Agreement, by a federal or state court in the City of New York, which has exclusive jurisdiction over matters arising under the Sendas Deposit Agreement with respect to any legal suit, action or proceeding brought by the holders of Sendas ADSs against or involving us or the Sendas Depositary. In determining whether to enforce a contractual pre-dispute jury trial waiver provision, courts will generally consider whether a party knowingly, intelligently and voluntarily waived the right to a jury trial. We believe that this is the case with respect to the Sendas Deposit Agreement and the Sendas ADSs. It is advisable that you consult your legal counsel regarding the jury waiver provision before entering into the Sendas Deposit Agreement.

If you or any other holders or beneficial owners of Sendas ADSs bring a claim against us or the Sendas Depositary in connection with matters arising under the Sendas Deposit Agreement or the Sendas ADSs, including claims under federal securities laws, you or such other holder or beneficial owner may not be entitled to a jury trial with respect to such claims, which may have the effect of limiting and discouraging lawsuits against us or the Sendas Depositary. If a lawsuit is brought against us or the Sendas Depositary under the Sendas Deposit Agreement, it may be heard only by a judge or justice of the applicable trial court, which would be conducted according to different civil procedures and may result in different outcomes than a trial by jury would have had, including results that could be less favorable to the plaintiff(s) in any such action.

Nevertheless, if this jury trial waiver provision is not permitted by applicable law, an action could proceed under the terms of the Sendas Deposit Agreement with a jury trial. No condition, stipulation or provision of the Sendas Deposit Agreement or the Sendas ADSs serves as a waiver by any holder or beneficial owner of Sendas ADSs or by us or the Sendas Depositary of compliance with any substantive provision of the U.S. federal securities laws and the rules and regulations promulgated thereunder.

You might be unable to exercise preemptive rights with respect to the Sendas common shares underlying the Sendas ADSs, as a result of which your investment may be diluted.

You will not be able to exercise the preemptive rights relating to the Sendas common shares underlying the Sendas ADSs unless a registration statement under the Securities Act is effective with respect to the securities to be issued upon the exercise of 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 Sendas 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 Sendas 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 Sendas ADSs.

To the extent that you are not able (or choose not) to exercise pre-emptive rights granted in connection with an issue of Sendas common shares, your proportional shareholding in our company would be diluted.

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

According to our bylaws, we must pay our shareholders at least 25% of our annual net income as dividends, as determined and adjusted under the Brazilian Corporate Law. This adjusted income may be used to absorb losses or otherwise be appropriated as permitted by the 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 such distributions would be inadvisable in view of our financial condition. For further information, see “Item 8. Financial Information—A. Consolidated Statements and Other Financial Information—Dividends and Dividend Policy” and “Item 10. Additional Information—B. Bylaws—Allocation of Net Profits and Distribution of Dividends—Distribution of Dividends” and “—Interest on Shareholders’ Equity.”

We are also subject to additional restrictions on dividends distributions in excess of the statutorily required minimum dividend imposed by some of our financial instruments. For further information, see “Item 5. Operating and Financial Review and Prospects—B. Liquidity and Capital Resources—Indebtedness—Long-Term Indebtedness.”

The Brazilian Congress is currently analyzing bills providing for the taxation on dividends and the alteration and/or extinction of the payment of interest on shareholders’ equity (*juros sobre o capital próprio*). Therefore, both distributed and received dividends may become taxed and the interest on shareholders’ equity (*juros sobre o capital próprio*) may be extinguished in the future, impacting the net amount to be received by our shareholders from our financial results.

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.

We are a “foreign private issuer” under U.S. securities laws. Accordingly, 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 furnish 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. Also, any information furnished to the SEC will be subject to more limited liability provisions compared to information generally filed with the SEC by domestic issuers. 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.

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.

As a foreign private issuer, we are entitled to rely on exceptions from certain corporate governance requirements of the NYSE. 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: (1) a majority of the board of directors consist of independent directors; (2) 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; (3) a compensation committee be established that is composed entirely of independent directors and has a written charter addressing the committee's purpose and responsibilities; (4) an annual performance evaluation of the nominating and corporate governance and compensation committees be undertaken; and (5) we comply with all independence requirements applicable to U.S. audit committees, as exemplified below. Therefore, holders of Sendas ADSs 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 rely on an exemption under Rule 10A-3(c) of 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—A. Directors and Senior Management—Board Committees—Audit Committee."

Holders of Sendas common shares and Sendas ADSs may face difficulties in serving process on or enforcing judgments against us and other persons.

Sendas is incorporated as a corporation under the laws of Brazil, and substantially all of our assets are located in Brazil. In addition, all of our directors and executive officers reside outside the United States and all or a significant portion of the assets of such persons may be located outside the United States. As a result, it may not be possible for holders of Sendas common shares or Sendas ADSs to effect service of process within the United States or other jurisdictions outside Brazil upon such persons, or to enforce against such persons judgments of U.S. courts, including judgments predicated upon the civil liability provisions of the U.S. federal securities laws or the laws of such other jurisdictions. Further, it is unclear if original actions against us, our directors or our officers predicated on civil liabilities based solely upon U.S. federal securities laws may be brought in courts outside the United States, including Brazil. In addition, payment must be made in *reais* in proceedings brought before the Brazilian courts seeking to enforce obligations against us and any judgment rendered in Brazilian courts in respect of any payment obligations would be payable in *reais*.

Holders of Sendas common shares are required to resolve disputes with us, our senior management and holders of Sendas common shares only through arbitration in Brazil.

In accordance with our bylaws, all disputes or claims based on our bylaws, the Brazilian Corporate Law or other relevant laws or administrative rules, and concerning matters between holders of Sendas common shares, us, or our directors or officers, must be submitted for arbitration at the Market Arbitration Chamber (*Câmara de Arbitragem do Mercado*) of the B3. The governing law for any such disputes or claims is Brazilian law. Accordingly, shareholders would be required to initiate such arbitration proceedings in Brazil, which could have the effect of discouraging shareholders located outside Brazil from bringing such claims. In addition, arbitration proceedings in Brazil are known to be costlier than other dispute resolution methods, such as court proceedings.

The protections afforded to minority shareholders in Brazil are different, and may be more difficult to enforce, than those in the United States and some European countries.

The protections afforded to minority shareholders in Brazil are different from those in the United States and some European countries. In particular, jurisprudence with respect to shareholder disputes is less developed in Brazil than in the United States and some European countries and there are different procedural requirements for bringing shareholder lawsuits, including shareholder derivative suits. There is also a substantially less active plaintiffs' bar for the enforcement of shareholders' rights in Brazil than there is in the United States. As a result, it may be more difficult in practice for our minority shareholders to enforce their rights against us, our directors or executive officers than it would be for shareholders of a U.S. or European company.

Acquisition, ownership and disposal of Sendas common shares or Sendas ADSs could result in substantial U.S. tax liability for you.

You may be subject to U.S. federal income taxation in connection with the acquisition, ownership and disposal of Sendas common shares or Sendas ADSs. For more information, see “Item 10. Additional Information—E. Taxation—Material U.S. Federal Income Tax Consequences.”

We may be classified as a passive foreign investment company, which could result in adverse U.S. federal income tax consequences to U.S. Holders of the Sendas common shares and the Sendas ADSs.

In general, a non-U.S. corporation will be classified as a passive foreign investment company, or PFIC, for U.S. federal income tax purposes in any taxable year in which the corporation satisfies either of the following requirements:

- at least 75% of its gross income is “passive income”; or
- at least 50% of the average gross fair market value of its assets is attributable to assets that produce “passive income” or are held for the production of “passive income.”

Passive income for this purpose generally includes dividends, interest, royalties, rents and net gains from the disposition of property that gives rise to such income and of commodities. Based upon the composition of our income, our assets and the nature of our business, we believe that we were not treated as a PFIC for U.S. federal income tax purposes in 2023. However, there can be no assurance that we will not be considered to be a PFIC for any particular year. If we were considered to be a PFIC for any taxable year during which a U.S. Holder (as defined in “Item 10. Additional Information—E. Taxation—Material U.S. Federal Income Tax Consequences”) owned our common shares or ADSs, such U.S. Holder could be subject to significant adverse tax consequences. U.S. Holders should consult their tax advisors regarding the application of the PFIC rules to their investment in our common shares or ADSs. For more information, see “Item 10. Additional Information—E. Taxation—Material U.S. Federal Income Tax Consequences—Passive Foreign Investment Company.”

Acquisition, ownership and disposal of Sendas common shares or Sendas ADSs could result in substantial Brazilian tax liability for you.

You may be required to pay Brazilian capital gains or other taxes in connection with the acquisition, ownership and disposal of Sendas common shares or Sendas ADSs. For more information, see “Item 10. Additional Information—E. Taxation—Material Brazilian Tax Consequences.”

ITEM 4. INFORMATION ON THE COMPANY

A. History and Development of the Company

General Corporate Information

Sendas Distribuidora S.A. is a corporation (*sociedade anônima*) organized under the laws of Brazil and registered with the Brazilian corporate taxpayers’ registry (CNPJ/ME) under registration number 06.057.223/0001-71. Sendas was formed on December 18, 2003 for an indefinite duration.

Sendas is domiciled in Rio de Janeiro, Brazil, and our headquarters are currently located in Rio de Janeiro, Brazil at the following address: Avenida Ayrton Senna, No. 6,000, Lote 2, Pal 48959, Anexo A, Jacarepaguá, 22775-005, Rio de Janeiro, RJ, Brazil. Our telephone number is +55 11 3411 5042.

History

We were founded in 1974, with the opening of the first *Assai Atacadista* store, a wholesaler with a focus on supplying small businesses. In 2007, we were partially acquired by CBD, which was controlled by the Casino Group. In 2011, we became a wholly-owned subsidiary of CBD. Prior to CBD’s acquisition of us in 2007, we operated exclusively in the state of São Paulo. Following CBD’s acquisition, we began to expand geographically within Brazil. By the end of 2008, we expanded our operations to 28 stores in the states of São Paulo, Rio de Janeiro and Ceará, and by the end of 2011, we operated 59 stores in the states of São Paulo, Rio de Janeiro, Ceará, Tocantins, Pernambuco, Goiás and Federal District.

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In 2011, we began to invest in a new store format, with a larger assortment of goods, self-checkout and improved ambiance including covered parking, in-store Wi-Fi, air conditioning and natural lighting. By 2017, we became Casino's largest brand worldwide (in terms of gross revenue), and in 2018 and 2019 we were named one of Brazil's Top 25 Brands by Interbrand.

In 2016, CBD underwent a corporate reorganization as a result of which CBD transferred all of its cash and carry stores to us, and we transferred our retail stores to CBD. Following this corporate reorganization, CBD's cash and carry operations were concentrated in our company.

In 2017, we launched *Cartão Passaí*, a branded credit card associated with the *Assaí* banner and began to offer financial services in our stores.

In 2019, we acquired 96.57% of the shares of *Éxito*, a food retailer operating in Colombia, Uruguay and Argentina, through the settlement of a cash tender offer for any and all of the outstanding shares of *Éxito* conducted through the Colombian Securities Exchange. We refer to this acquisition as the "*Éxito* Acquisition." At the time of the *Éxito* Acquisition, *Éxito* was a publicly-held company located in Colombia, with Casino as its controlling shareholder. Casino tendered all of its shares of *Éxito* (representing a 55.3% equity interest in *Éxito*) to us in the public tender offer. The total purchase price for the shares of *Éxito* in the tender offer was 7,780.6 billion Colombian *pesos*, equivalent to approximately R\$9.5 billion at the time of the acquisition. As a result of the *Éxito* Acquisition, we began to carry out retail operations in Colombia, Uruguay and Argentina.

Corporate Reorganization and Spin-Off

On December 31, 2020, CBD completed a corporate reorganization pursuant to which Sendas transferred all of its equity interest in *Éxito*, which included *Éxito*'s food retail businesses in Colombia, Uruguay and Argentina, to CBD. As a result of this corporate reorganization, our primary focus is our cash and carry business.

On March 3, 2021, CBD completed the Spin-Off, pursuant to which substantially all of the issued and outstanding Sendas common shares were distributed to holders of CBD common shares, including the depository for the CBD ADS program, on a *pro rata* basis for no consideration. The Sendas ADSs were distributed to holders of CBD ADSs on March 5, 2021. The Sendas common shares began to trade on the B3 under the ticker symbol "ASAI3". The Sendas ADSs began to trade on a "regular way" basis on the NYSE under the ticker symbol "ASAI" on March 8, 2021.

In connection with the Spin-Off, we entered into a Separation Agreement with CBD on December 14, 2020, as amended on June 30, 2021 and June 30, 2022, to effect our separation from CBD, which we refer to as the "Separation," and provide a framework for our relationship with CBD following the Separation and the Spin-Off. The Separation Agreement provided, among other matters, that all agreements, arrangements, commitments and understandings with third parties that contemplate both CBD and us as parties, beneficiaries, guarantors and/or in any way create an obligation to both CBD and us, were to be terminated as soon as practically feasible after the completion of the Spin-Off. Although a majority of the obligations contemplated by the Separation Agreement have been fulfilled by us and CBD and a substantial part of the guarantees has already been released, a portion of the guarantees we provided to third parties in connection with CBD's lease obligations, as well as a portion of the guarantees CBD provided to third parties in connection with our lease obligations are still in the process of being released and Assaí has not incurred in any claims or losses in connection with such lease guarantee obligations. As a result of such guaranteed obligations, the party whose obligations are guaranteed must pay a remuneration to the guarantor on a quarterly basis corresponding to the unreleased guarantees and indemnify the guarantor for any amounts due in connection with the underlying obligations. The Separation Agreement is governed by the laws of Brazil. A copy of the Separation Agreement, including amendments, has been filed as an exhibit to this annual report.

Sale and Leaseback Transaction

On July 19, 2021, we entered into an agreement with a fund managed by TRX Gestora de Recursos Ltda. for the sale, development and leaseback of five real properties located in the States of São Paulo, Rio de Janeiro and Rondônia, or the Sale and Leaseback Transaction, including one built property and four plots of land on which Assaí stores will be built.

In December 2021, we completed the sale of three such properties located in the States of São Paulo and Rondônia in the total amount of R\$192 million, or 52.7% of the expected total sale amount of the five properties. We subsequently entered into 20-year renewable lease agreements with respect to these properties. In December 2022, we completed the remaining sale of two properties located in the States of Minas Gerais and Rio de Janeiro in the total amount of R\$165 million. We subsequently entered into 20-year renewable lease agreements with respect to these properties.

Stock Split

On August 11, 2021, our shareholders approved a one-to-five stock split of Sendas common shares, or the Stock Split. Immediately following the Stock Split, our total number of issued and outstanding Sendas common shares became 1,346,499,295 common shares, and our total authorized capital stock increased to 2,000,000,000 common shares.

The purpose of the Stock Split was to increase the liquidity of the Company's common shares on the B3, considering that a larger number of outstanding common shares potentially generates an increase in business, as well as to enable an adjustment in the Company's stock price, making the price per common share more attractive and accessible to a larger number of investors.

In connection with the Stock Split, we changed our ADS ratio from one Sendas ADS representing one Sendas common share to one Sendas ADS representing five Sendas common shares. Accordingly, the Stock Split did not change the total number of Sendas ADSs issued. The ADS ratio change became effective as of August 16, 2021. Shares information for all periods presented has been presented on a split basis.

Digital Partnerships

In 2021, we began our digital expansion through partnerships with third party applications with the aim to bring more convenience to our customers. In September 2021, we entered into a partnership with Cornershop by Uber in more than 25 cities throughout Brazil, and in February 2022, we began a pilot program with the delivery service Rappi to sell our products through the Rappi website and app in six cities in the State of São Paulo. As a result of these partnership, our customers are able to digitally shop for the main items from our product catalogue. Delivery drivers then select, separate and deliver items identified by the users. As of the date of this annual report, our digital partnerships with Cornershop and Rappi are available in 61 cities in 17 states in Brazil.

Extra Transaction

In line with our expansion plan, on October 14, 2021, our board of directors approved a transaction involving the assignment and conversion of up to 70 commercial points/stores operated by CBD under the *Extra Hiper* banner in several Brazilian states into cash and carry stores under the *Assaí* banner. We refer to this transaction as the "Extra Transaction."

The *Extra Hiper* stores were located on 17 properties owned by and 53 properties leased by CBD (of which 28 were leased from the Península fund). To the extent the assigned stores were located on properties leased from third parties, CBD also assigned the respective lease agreements to Sendas. On December 16, 2021, as amended on February 24, 2022, we entered into a definitive agreement with CBD governing the terms of the Extra Transaction. At the time of the agreement, the total estimated price of the transaction was nearly R\$4.0 billion, payable by Sendas to CBD in installments between December 2021 and January 2024, adjusted by CDI + 1.2% per year, which may also involve the acquisition by Sendas of some store equipment.

On August 17, 2022, Sendas and CBD approved the conclusion of credit assignment agreements with a financial institution, in anticipation of the installments between 2023 and 2024 due by Sendas to CBD. On December 23, 2022, Sendas and CBD approved the postponement of the installment that would be paid on December 29, 2022, to CBD in the amount of R\$956 million to October 23, 2023. This postponement occurred for operational reasons, as the payment schedule of the installment to CBD considered the delivery of stores on certain dates and compliance with certain preconditions, such as obtaining consent from property owners and demobilization of stores by CBD. For this installment, a new credit assignment agreement with a financial institution was entered into by CBD and with our consent. Sendas, as the consenting party of the operation, evaluated the contractual terms of the assignment of receivables and, in accordance with IAS 1 - Presentation of financial statements, concluded that there was no modification in the conditions originally contracted with CBD, maintaining the characteristic of the terms, and the payments of the installments will be made directly by Sendas to the financial institution, maintaining the same due dates and interest previously agreed with CBD. Therefore, Sendas concluded that the characteristic of the operation was maintained as accounts payable for the acquisition of the commercial points of the *Extra Hiper* stores.

As of December 31, 2022, a total of 66 commercial points had been assigned by CBD to us, and CBD's management has decided not to assign the remaining 4 commercial points, reducing the total price of the transaction by R\$45 million. The Extra Transaction closed with a total of 66 commercial points, and the total price of the transaction was R\$3.9 billion. In 2022, 47 commercial points were converted into *Assai* stores, while 17 were converted in 2023.

Additionally, in the context of the Extra Transaction, CBD and the real estate fund Barzel Retail Fundo de Investimento Imobiliário, or the Real Estate Fund, entered into a memorandum of understanding, with Sendas as guarantor, for the sale of up to 17 properties owned by CBD to the Real Estate Fund, for a total sale price of R\$1.2 billion. We guaranteed the Real Estate Fund's payment obligations to CBD and agreed to purchase up to 17 properties should the Real Estate Fund not be able to fulfill its obligations. On February 25, 2022, we entered into definitive agreements with the Real Estate Fund for the sale of up to 17 properties owned by CBD to the Real Estate Fund and subsequent lease of such properties for an initial term of 25 years, renewable for an additional 15 years. The closing of the agreements with the Real Estate Fund was subject to antitrust approval. On April 13, 2022, the Brazilian antitrust authority (*Superintendência-Geral do Conselho Administrativo de Defesa Econômica - CADE*) approved the sale of the 17 properties to the Real Estate Fund. Of the 17 properties that were recorded under "Assets held for sale," 16 properties were sold to the Real Estate Fund in 2022 and the remaining property was sold to the Real Estate Fund on July 11, 2023.

Our management believes that the Extra Transaction allowed us to accelerate our expansion through the conversion of stores in dense regions without significant overlap with our existing operations.

Casino Group Shareholding Interest

On December 2, 2022, Wilkes Participações S.A., Géant International B.V., and Helicco Participações Ltda., indirect subsidiaries of Casino, completed the sale of an aggregate of 140,800,000 our common shares, including 400,000 ADSs, through a global offering. Subsequently, the Casino Group's ownership in our common shares decreased from 41.0% to 30.5%.

On March 21, 2023, Wilkes Participações S.A. concluded the sale of an aggregate of 254,000,000 our common shares, including 2,340,957 ADSs, in a second global offering with both international and concurrent public offerings with restricted selling efforts in Brazil. Following this transaction, the Casino Group's ownership stake in our common shares decreased from 30.5% to 11.7%.

Additionally, on June 23, 2023, Wilkes Participações S.A., Géant International B.V., and Segisor S.A.S. finalized the sale of 157,582,580 our common shares, representing 11.67% of its share capital, through a block trade operation. This led to the Casino Group's ownership stake decreasing to less than 0.01%, and currently, we do not have a controlling shareholder or control group.

Election of New Board of Directors and Corporate Transformation

Following the divestiture of our common shares by the Casino Group in March 2023, we became a non-controlled corporation, marking a transformation in our governance structure. On April 27, 2023, we appointed a new board of directors, consisting of a majority independent members. For more information about the members of our board of directors and our corporate governance, see “Item 6. Directors, Senior Management and Employees—A. Directors and Senior Management.”

Capital Increases due to Exercise of Stock Options

In 2023, our board of directors approved issuances of new Sendas common shares due to the exercise of stock options granted to certain employees under the terms of our share-based compensation plans (as detailed under “Item 6. Directors, Senior Management and Employees—B. Compensation—Share-Based Compensation”). The new Sendas common shares issued have the same characteristics and conditions and enjoy the same rights, benefits and advantages of existing Sendas common shares. Our board of directors approved the issuances as follows:

- on February 15, 2023, our board of directors approved the issuance of 59,870 new common shares due to the exercise of stock options granted to certain employees under the terms of our share-based compensation plans, increasing our total outstanding common shares to 1,349,225,264 common shares and our total capital stock by R\$0.7 million, from R\$1,263.2 million to R\$1,263.9 million;
- on March 28, 2023, our board of directors approved the issuance of 1,031,232 new common shares due to the exercise of stock options granted to certain employees under the terms of our share-based compensation plans, increasing our total outstanding common shares to 1,350,256,496 common shares and our total capital stock by R\$1.1 million, from R\$1,263.9 million to R\$1,265.0 million;
- on August 18, 2023, our board of directors approved the issuance of 1,207,046 new common shares due to the exercise of stock options granted to certain employees under the terms of our share-based compensation plans, increasing our total outstanding common shares to 1,351,463,542 common shares and our total capital stock by R\$3.9 million, from R\$1,265.0 million to R\$1,268.9 million;
- on October 30, 2023, our board of directors approved the issuance of 213,458 new common shares due to the exercise of stock options granted to certain employees under the terms of our share-based compensation plans, increasing our total outstanding common shares to 1,351,677,000 common shares and our total capital stock by R\$1.6 million, from R\$1,268.9 million to R\$1,270.5 million; and
- on December 8, 2023, our board of directors approved the issuance of 156,200 new common shares due to the exercise of stock options granted to certain employees under the terms of our share-based compensation plans, increasing our total outstanding common shares to 1,351,833,200 common shares and our total capital stock by R\$1.2 million, from R\$1,270.5 million to R\$1,271.7 million.

Recent Developments

Management Changes

On March 13, 2024, our board of directors announced the resignation of Mrs. Daniela Sabbag as our chief financial officer and appointment of Mr. Vitor Fagá de Almeida as our vice-president of finance and investor relations with a term of office until the first meeting of our board of directors following the annual shareholder’s meeting to be held in 2026. In addition, Mrs. Gabrielle Helú remains in the position of Investor Relations Officer, which ceases to be a statutory position.

Ninth Issuance of Debentures

On March 28, 2024, we concluded our ninth issuance of non-convertible, unsecured debentures in a single series, in the amount of R\$500.0 million, for distribution in Brazil to professional investors in accordance with Brazilian law. The proceeds of this issuance of debentures will be used for general corporate purposes, including to reinforce our cash position. These debentures accrue interest at a rate of CDI + 1.25% per annum, payable semi-annually through maturity in March 2029. The principal amount of the debentures will be paid in two equal installments, one in March 2028 and one at maturity.

Proposed Changes to Management Compensation Structure

In connection with our transformation into a non-controlled corporation (see “—Election of New Board of Directors and Corporate Transformation” above), we have reviewed our management compensation structure to better align with the interests of our investors. The purpose of the new compensation model is to retain and motivate executives, rewarding the achievement of our performance goals aimed at creating value. To that end, our management has proposed a new compensation model that will be voted at our ordinary and extraordinary general shareholders’ meetings to be held on April 26, 2024. Highlights of the proposed changes to our management compensation structure include:

- Short-term incentives (STI) - inclusion of a cut-off of 80% of the pre-IFRS 16 EBITDA target as a condition for the Profit Sharing Plan (PSP) to be triggered.
- Long-term incentives (LTI) – creation of a new long-term incentive plan via stock grants (Standard LTI) to replace the existing LTI programs, as follows: 20% in restricted stock (based on retention) and 80% in performance shares, with new performance metrics, including operating cash flows, ROIC and ESG metrics. For the CEO, 30% of his grant (restricted shares) will vest over 5 years, with partial releases of 33% in the 3rd year, 33% in the 4th year and 34% in the 5th year; the remaining 70% (performance shares) will vest in a single cliff over 5 years. For the other officers, a single vesting (cliff) of 3 years.
- Executive Partner Program - creation of a one-off grant of share rights for our CEO and Vice-Presidents of core areas (Operations and Commercial & Logistics), with a vesting period of seven years, complemented by a subsequent three-year lock-up, totaling a complete ten-year cycle of engagement and commitment. Total grants are limited to up to 2% of our capital stock and consists of: 20% in restricted stock (retention) and 80% in performance shares. The final determination of the performance shares granted will depend on the degree of achievement of the Earnings per Share (EPS) target, adjusted by the Brazilian Consumer Price Index (IPCA), considering a minimum EPS growth target of IPCA + 20% per annum.
- Stock Ownership Guidelines - the proposed Stock Ownership Guidelines stipulate that the CEO should hold shares in an amount equivalent to five times his annual fixed compensation and the other statutory officers should hold shares in an amount equivalent to three times their respective annual fixed compensation. In all cases, the CEO and statutory executive officers will have a period of up to five years to achieve the goals and target number of shares. Despite this deadline, the CEO currently has a number of shares that satisfy the policy’s requirement for his position.

Capital Expenditures and Investment Plan

Our investments since January 1, 2021 have included:

Opening of new stores – From January 1, 2021 to December 31, 2023, we organically opened or converted 115 *Assaí* stores in Brazil. For more information about our stores, see “—B. Business Overview—Sales Channels—Our Stores.”

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 outfitted 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 in the last three years. For more information on our information technology, see “—B. Business Overview—Information Technology.”

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Improvements to distribution facilities and others – We own and lease distribution centers and warehouses located in the Southeastern, Midwestern and Northeastern regions of Brazil. 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.

Extra Transaction – In 2021, in line with our expansion plan, we entered into an agreement with CBD for the assignment and conversion of 66 commercial points operated by CBD under the *Extra Híper* banner in several Brazilian states into cash and carry stores under the *Assaí* banner. As of December 31, 2022, a total of 66 commercial points had been assigned by CBD to us, and CBD’s management has decided not to assign the remaining 4 commercial points. For more information, see “—History—Extra Transaction.”

In addition, in July 2021, we entered into an agreement with a fund managed by TRX Gestora de Recursos Ltda. for the sale and leaseback of five real properties located in the States of São Paulo, Rio de Janeiro and Rondônia. By December 2021, we completed the sale of three such properties located in the States of São Paulo and Rondônia in the total amount of R\$192 million, and by December 2022, we completed the remaining sale of two properties located in the States of Minas Gerais and Rio de Janeiro in the total amount of R\$165 million. We subsequently entered into long-term lease agreements with respect to these properties. For more information, see “—History—Sale and Leaseback Transaction.”

In 2023, R\$2,609 million was paid for the acquisition of 66 Extra Híper commercial points, currently being converted to *Assaí*. In 2023, we invested R\$2,705 million in our operations, a decrease of 50.8% compared to R\$5,496 million in 2022. This decrease was principally due to the reduction in the pace of expansion from 60 stores we opened in 2022 versus 27 stores opened in 2023, mostly explained by the conclusion of the majority of conversions from the acquired hypermarkets into *Assaí* stores. The 27 stores we opened in 2023 reinforced our confidence in the execution of our business strategy.

Our gross capital expenditures and investment plan for 2024 aims at building new units, renovating existing stores, improving logistics and technology, as well as other projects aimed at improving the shopping experience.

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

	For the Year Ended December 31,		
	2023	2022	2021
	<i>(in millions of R\$)</i>		
Opening of new stores	1,999	4,206	2,064
Renovation of existing stores	291	263	228
Information technology	130	163	94
Distribution facilities and other	28	89	65
Non-cash effects:			
Financing assets	257	775	38
Total investments	2,705	5,496	2,489
Acquisition of commercial points - Extra Híper	95	3,130	798
Total investments (including acquisition of commercial points)	2,800	8,626	3,287

We have historically financed our capital expenditures and investments principally with cash generated from our operations and, to a lesser extent, third-party funds, including bank financing and capital markets transactions, including the issuance of debentures and promissory notes. For more information about our indebtedness, see “Item 5. Operating and Financial Review and Prospects—B. Liquidity and Capital Resources—Indebtedness.”

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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 is subject to a number of contingencies, many of which are beyond our control, including the continued growth and stability of the Brazilian economy. 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.

Public Information

The SEC maintains an internet site (www.sec.gov) that contains reports, proxy and information statements, and other information regarding issuers that file electronically with the SEC, including us. See “Item 10. Additional Information—H. Documents on Display.”

Our website is www.assai.com.br. Information contained on or obtainable through our website is not incorporated into, and does not constitute a part of, this annual report.

B. Business Overview

Overview

According to ABAAS, we were the largest pure cash and carry player in Brazil in terms of consolidated gross revenue in the year ended December 31, 2022 and the second largest retailer in Brazil. In 2023, we were recognized as the food company with the greatest presence in Brazilian households, found in one out of every four homes, an unprecedented achievement in the cash and carry sector. We were the most remembered brand in the sector in the Top of Mind award by Folha de S. Paulo and in the Marcas Mais award by Estadão in 2023. In addition, we were ranked as the 24th largest company in Brazil in 2023 according to the Exame magazine and recognized as one of the most valuable brands in Brazil, reaching the 13th place in the Brazil 100 ranking published by Brand Finance in 2023. Furthermore, we are the only food retail company recognized for the second consecutive year among companies with more than 10,000 employees for its safe and welcoming environment, respecting diversity, recognizing, developing and offering growth opportunities, according to Great Place to Work (GPTW).

We serve as an economic center for the regions in which we operate. Our cash and carry operations involve sales of more than 9,000 items of grocery, food, perishable, beverage, wrapping and hygiene products, among others. In addition, our stores offer ample parking, air-conditioned, well-lit environments and more than 200 stores have butcher services.

Our customers include prepared food retailers (including restaurants, pizzerias and snack bars), end users (including schools, small businesses, religious institutions, hospitals and hotels), conventional retailers (such as grocery stores and neighborhood supermarkets) and individuals.

We are evolving in our digital transformation through the development of a seamless buying experience. We are currently investing in: (1) Wi-Fi infrastructure in all of our stores; (2) self-check-out; (3) digital sales through partnerships with last-mile operators; and (4) developing the *Meu Assaí* (My Assaí) app, intensifying our “phygital” strategy to combine physical and digital experiences.

We also hold an indirect minority equity interest in FIC, a Brazilian company that operates financial services in our stores with exclusive rights to offer credit cards, financial services and insurance policies (except for extended warranties).

Selected Operating Data

	As of and for the year ended December 31,			
	2023	2023	2022	2021
	<i>(in US\$, except as otherwise indicated)⁽¹⁾</i>		<i>(in R\$, except as otherwise indicated)</i>	
Operating Data:				
Number of employees at period end ⁽²⁾	77,370	77,370	73,898	55,979
Number of stores at period end	288	288	263	212
Total square meters of selling area at period end ⁽³⁾ <i>(in thousand square meters)</i>	1,455,641	1,455,641	1,306,724	963,784
Net operating revenue <i>(in millions of R\$ or US\$, as the case may be)</i>	13,737	66,503	54,520	41,898
Net operating revenue per employee ⁽⁴⁾	177,543	859,540	737,774	748,459
Average ticket amount	47	229	233	220
Average number of tickets per month <i>(in millions)</i>	24.2	24.2	19.5	15.9

- (1) Solely for the convenience of the reader, Brazilian *real* amounts have been translated into U.S. dollars at an exchange rate of R\$4.8413 per US\$1.00, which was the commercial selling rate for U.S. dollars in effect on December 31, 2023, as reported by the Central Bank. The *real*/U.S. dollar exchange rate should not be construed as a representation that the *real* amounts represent, or have been or could be converted into, U.S. dollars at such rates or at any other rate as of that or any other date.
- (2) Based on the full-time number of employees at stores, distribution and administrative centers (including active and absent employees). In 2022 and 2023, the number excludes interns and underage apprentices.
- (3) Sum of the selling area of each store at period end.
- (4) Calculated using the average of square meters of selling area on the last day of each month in the period.

Principal Markets

We generate all of our operating revenue in Brazil.

Sales Channels

Our Stores

As of March 29, 2024, we operated a total of 292 stores under the *Assaí* banner in Brazil.

We are constantly evolving our *Assaí* standard stores, aiming to improve our customers' purchase experience, by investing in lighting, air conditioning, improved ambiance and location. Our stores are strategically located in Brazil and are characterized by wide aisles, high ceilings and larger cold rooms, which facilitate loading and increase up to six times the storage capacity for goods, allowing for more accessible prices and lower operational costs. Other characteristic features of these standard stores include a larger assortment of goods, larger parking and in-store Wi-Fi. In addition, our in-store processes are automated, lowering our operating costs, allowing a better inventory management and breakdown levels.

We operate in different store formats, tailored to different regions and customer profiles, accommodating our business to local practices and customs. Of the 288 stores we operated as of December 31, 2023, 29 stores ranged from 1,000 to 3,000 square meters of selling area, a format we believe is best suited to enable our food service provider customers to quickly replace their supplies; 98 stores ranged from 3,000 to 5,000 square meters of selling area, a format we believe is best suited to big families in urban centers; and 161 stores ranged from 5,000 to 9,000 square meters of selling area, a format we believe is best suited for bulk purchases.

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The table below sets forth same store gross sales growth for the periods indicated. Same store gross sales are sales made in stores opened for at least 12 consecutive months and which have not been closed or remained closed for a period of seven or more consecutive days. For more information, see “Presentation of Financial and Other Information—Special Note Regarding Certain Operational Metrics.”

	For the year ended December 31,					
	2023	2022	2021	2020	2019	2018
Same store gross sales	1.5%	10.3%	4.8%	14.1%	6.3%	8.3%

The table below sets forth our average monthly gross revenue per square meter for the period indicated, which is defined as gross revenue for the period allocated by store divided by the average selling area (in square meters) for the period taking into account our store opening schedule. For more information, see “Presentation of Financial and Other Information—Special Note Regarding Certain Operational Metrics.”

	For the year ended December 31,					
	2023	2022	2021	2020	2019	2018
Average monthly gross revenue per square meter	4.5	4.7	4.5	4.4	4.1	4.0

(in R\$ thousands)

Number of Stores

The following table sets forth the evolution of our *Assai* stores for the periods indicated:

	Number of Stores
As of December 31, 2020	184
During 2021:	
Opened	24
Closed	—
Converted	4
As of December 31, 2021	212
During 2022:	
Opened	13
Closed	(4)
Converted	42
As of December 31, 2022	263
During 2023:	
Opened	10
Closed	(2)
Converted	17
As of December 31, 2023	288

The following table sets forth the number of stores, the total selling area, the average selling area per store and the total number of employees for our *Assai* stores as of the dates indicated. For more information, see “Presentation of Financial and Other Information—Special Note Regarding Certain Operational Metrics.”

	As of December 31,		
	2023	2022	2021
Number of Stores	288	263	212
Total Selling Area ⁽¹⁾ (in thousand square meters)	1,456	1,307	964
Average Selling Area per Store ⁽²⁾ (in square meters)	5,054	4,969	4,546
Total Number of Employees ⁽³⁾	77,370	73,898	55,979

(1) Sum of the selling area of each store at period end.

(2) Total selling area at period end divided by total number of stores at period end.

(3) Based on the full-time number of employees at stores, distribution and administrative centers (including active and absent employees). In 2022 and 2023, the number excludes interns and underage apprentices.

[Table of Contents](#)*Geographic Distribution of Stores*

Our stores are located throughout 24 Brazilian states and the Federal District. We operate mainly in the Southeast region of Brazil, in states of São Paulo, Rio de Janeiro and Minas Gerais. The Southeast region accounted for 57.4%, 55.7% and 56.6% of our net operating revenue for the years ended December 31, 2023, 2022 and 2021, respectively, while the other Brazilian regions (North, Northeast, Midwest and South), in the aggregate, accounted for 42.6%, 44.3% and 43.4% of our net operating revenue for the years ended December 31, 2023, 2022 and 2021, respectively.

The following table sets forth the number of our *Assaí* stores by region as of the dates indicated:

	As of December 31,		
	2023	2022	2021
North	17	17	14
Midwest	27	25	21
Southeast	152	138	113
Northeast	82	74	57
South	10	9	7
Total	288	263	212

Telesales (In-Store Pick-Up)

Our telesales channel is predominantly aimed at serving corporate customers, which allows our customers, when purchasing larger volumes, to directly negotiate better prices, volumes and payment terms. Selected products are separated and available for in-store pick-up. This channel represented approximately 9.9%, 9.6% and 9.4% of our total sales for the years ended December 31, 2023, 2022 and 2021, respectively.

Credit Sales

For the years ended December 31, 2023, 2022 and 2021, 49%, 49% and 47%, respectively, of our net operating revenue was represented by credit sales, principally in the form of credit card sales, as described below:

Credit card sales. All of our stores 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 39%, 39% and 36% of our net operating revenue for the years ended December 31, 2023, 2022 and 2021, respectively. Of this total, sales through our FIC co-branded credit cards accounted for 4.2%, 4.4% and 4.5% of our net operating revenue for the years ended December 31, 2023, 2022 and 2021, respectively. An allowance for doubtful accounts is not required for these transactions as credit risks are assumed by the relevant credit card companies or issuing banks.

FIC

FIC is a Brazilian company that operates financial services in our stores 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, 2023, 2022 and 2021, FIC had a portfolio of 3.2 million, 3.7 million and 3.5 million credit card accounts, respectively, from customers (including the portfolio of *Cartão Extra*, *Cartão Pão de Açúcar*, *Cartão Passaí* and *Cartão Ponto Frio*). *Cartão Passaí* is a branded credit card associated with the *Assaí* banner that offers cash and carry pricing on products for individual customers. As of December 31, 2023, approximately 2.7 million *Cartão Passaí* credit cards had been issued.

The table below sets forth the accumulated number of *Cartão Passaí* credit cards issued as of the dates indicated:

	As of December 31,		
	2023	2022	2021
Number of accounts	2,721	2,273	1,785

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We and CBD each hold 50% of Bellamar, a holding company the only asset of which is an investment in 35.76% of the shares of FIC. Itaú Unibanco and Casas Bahia hold 50% and 14.24%, respectively, of the shares of FIC. Itaú Unibanco determines the financial and operational policies of FIC and appoints the majority of its officers.

We maintain our strategy to increase the share of FIC's credit cards and financial services at our stores 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 to provide them with benefits and convenience.

Our Customers

Our customers include prepared food retailers (including restaurants, pizzerias and snack bars), end users (including schools, small businesses, religious institutions, hospitals and hotels), conventional retailers (such as grocery stores and neighborhood supermarkets) and individuals. We sell our products at our brick-and-mortar stores and via telesales (in-store pick-up).

We had approximately 290 million customers as of December 31, 2023, an increase of 24.1% from December 31, 2021.

The table below sets forth our total number of customers as of the dates indicated:

	As of December 31,		
	2023	2022	2021
		(in millions)	
Total number of customers	289.9	233.7	190.4

As of December 31, 2023, approximately 49% of our customers were classified as Class C, 37% as Class A and Class B and 14% as Class D and Class E. For more information about the different income level classifications of Brazilian households, see “—Industry.”

Marketing

Our marketing strategy aims to retain our customers and attract new customers through our value proposition focused on competitive prices, a pleasant shopping experience and a significant assortment of products tailored to the regions where our stores are located. To this end, we promote integrated marketing campaigns aimed at our target audience of traders, processors, large users and end consumers.

Our marketing teams are composed of specialists in branding, media, planning, promotions, events, market intelligence and trade marketing. They are dedicated to developing quality offline and digital marketing campaigns.

For the years ended December 31, 2023, 2022 and 2021, we spent R\$339.0 million, R\$265.0 million and R\$182.0 million, respectively, on advertising.

Suppliers

Aside from a few categories of products, as beverage and meat which we procure mainly from five suppliers, our purchasing of products is generally decentralized, with purchases being made directly from a large number of unrelated suppliers. As a result, we are not dependent on any single supplier.

Distribution and Logistics

To support the growth of our cash and carry business, we employ different store models adapted to operate in regions with challenging logistical realities in a country of continental dimensions such as Brazil. These models include stores whose products are entirely supplied directly by suppliers, as well as stores, usually in large urban centers, with 34% of their volume supplied by distribution centers. As of December 31, 2023, approximately 72% of our total product volume was supplied directly while 28% of our total product volume was supplied by our 11 distribution centers located in eight Brazilian states. Our distribution centers are strategically located within these states to allow us to supply low turnover items. These advantages are sustained by our distribution centers' total storage area of 252,309 square meters as of December 31, 2023.

Seasonality

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 are relatively new in Brazil, especially for the cash & carry segment, and help to boost fourth quarter sales. 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 for the occasion, as well as during the month of our banner anniversary, when there is an increase in sales.

Information Technology

We invested R\$130.0 million, R\$163.0 million and R\$94.0 million in information technology in the years ended December 31, 2023, 2022 and 2021, respectively, in connection with our operations. We are identifying opportunities and mapping efficiency gains by integrating services and functions across our operating segments, focusing on governance and our customers.

Intellectual Property

We consider our brand *Assaí* to be our most valuable asset and we have worked extensively to define the characteristics of the *Assaí* banner with respect to the expectations, consumption patterns and purchasing power of the different types of customers and income levels in Brazil. We believe that Brazilian customers associate the *Assaí* banner 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, 2023, we had 125 trademarks duly registered with INPI, including our trademark (*Assaí*), and 19 trademarks in the process of being registered. We did not have any registered patents as of December 31, 2023.

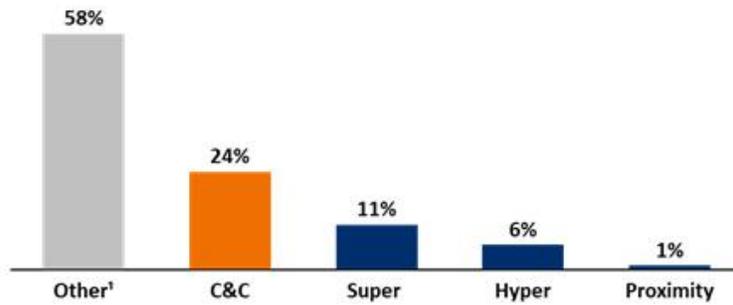
Our business relies on intellectual property that includes the content of our websites, our registered domain names and our registered and unregistered trademarks.

Industry

According to the Nielsen, a consulting firm specializing in audience measurement, data, and analysis, 73.0% of Brazilian homes made at least one purchase from cash and carry stores in 2023, and the sales in the segment reported an increase of 15.1% in 2023, as compared to 2022. The market share of cash and carry stores improved by 10.6% in comparison to January 2020, mainly due to the macroeconomic context and the strong expansion throughout the last five years, a period when 884 cash and carry stores were opened. The segment has a high number of small players in Brazil, and thus, still offers plenty of growth opportunity. In terms of relevance, the cash and carry segment represented in December 2023 only 24.0% of the Brazilian monthly purchases in the retail food industry (considering others such as beverage distributors and small grocery stores and super and hypermarkets that do not belong to large groups), while other small players such as small grocery stores and super and hypermarket that do not belong to large groups represents 58.0%.

The chart below sets forth importance of the cash and carry segment in monthly purchases in the retail food industry in December 2023:

Cash & Carry Relevance in Monthly Purchases
(Dec/2023)



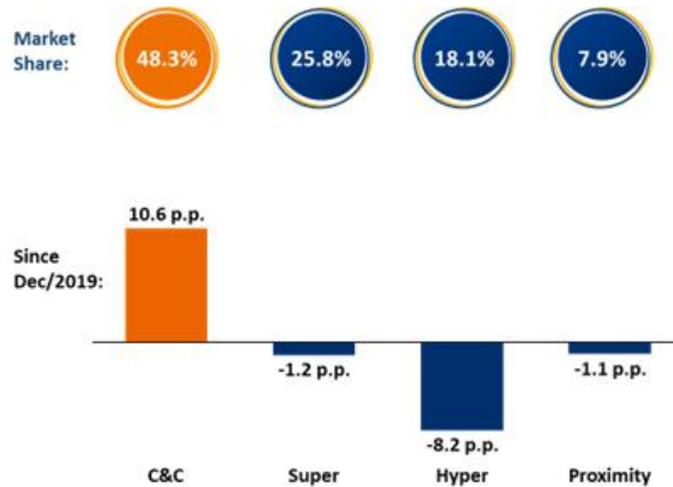
Source: NielsenIQ – December 2023

(1) Beverage distributors and small grocery stores and super and hypermarkets that do not belong to large groups.

In addition, the market share of the cash and carry segment relative to total sales from the retail food industry reached 48.3% in December 2023, according to the Nielsen. The market share for this segment has increased 10.6 percentage points since January 2020 (only considering chains that report to Nielsen).

The chart below sets forth growth of the cash and carry segment in the last 48 months, only considering brands that report to Nielsen:

Market Share Growth by Segment since January 2020
(Dec/2023)



Source: NielsenIQ – December 2023

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The cash and carry segment has been strengthening over the past few years in Brazil, with growth year after year. Such development has been achieved through major investments made by existing networks, as well as by the transformation of supermarkets and hypermarkets into wholesale stores.

According to the ABAAS, the Brazilian retail food industry represented approximately 7.0% of Brazil's GDP in 2022, and the food retail industry in Brazil recorded gross revenues of approximately R\$695.7 billion in 2022, representing a 13.8% increase compared to approximately R\$611.2 billion in 2021.

In addition, according to the ABAAS, there are more than two thousand cash and carry stores in operation in Brazil. The segment reported total sales of R\$239.0 billion in 2022 and accounted for 2.4% of the Brazilian GDP.

According to the CENSO IBGE survey of 2022, the total population of Brazil was approximately 203 million in December 2023, representing a 6.5% growth since December 2010. Also, according to the CENSO IBGE survey of 2022, 61% of the population lives in urban areas (where most of our operations are located). Our business is particularly well positioned to benefit from Brazil's urban growth and economies of scale related to urban growth.

According to the CENSO IBGE survey of 2022, in 2022, the city of São Paulo had an estimated population of 11.5 million and the city of Rio de Janeiro had an estimated population of 6.2 million. These are the two largest cities in Brazil. The state of São Paulo has an estimated total population of 44 million, representing 21.8% of the Brazilian population and is our largest consumer market, with 104 stores as of December 31, 2023. The state of Rio de Janeiro is our second largest consumer market, with 39 stores as of December 31, 2023.

As of December 31, 2023, family consumption in Brazil increased 3.1% while the country's GDP increased 2.9%. This GDP increase was mainly due to growth in the services segment, which represents more than 70% the country's GDP.

The following table sets forth the different income levels of Brazilian households, according to the 2022 Consumption Potential Index (*Índice de Potencial de Consumo*), or IPC Maps 2022, published by IPC Marketing Editora.

	Average Monthly Income
	<i>(in R\$)</i>
Income Level:	
A	21,826
B1	10,361
B2	5,755
C1	3,276
C2	1,965
D/E	900

As of December 31, 2023, approximately 49% of our customers were classified as Class C, 37% as Class A and Class B and 14% as Class D and Class E.

The charts below set forth the distribution of our customers by income levels as compared to the overall Brazilian population.

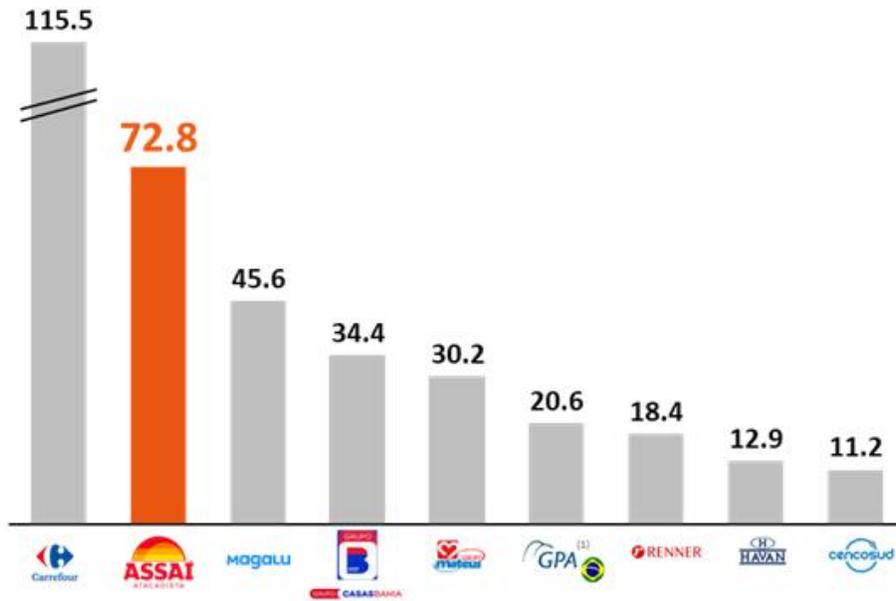


According to a study by IPC Maps 2022, Class A households account for only 2.5% of urban households, Classes B1 and B2 collectively represent 20.8% of all urban households, Classes C1 and C2, the most representative in Brazil, collectively represent 47.9% of all urban households and Classes D and E collectively represent 28.8% of all urban households. In recent years, the average purchasing power and number of Class C, D and E urban households have increased.

We expect that increased consumption by the lower income levels will occur over time as a result of gradual salary increases and a steadily growing population. The Brazilian monthly minimum wage increased 6.97% from R\$1,320.0 in January 2023 to R\$1,412.0 in January 2024.

As set forth in the chart below, we are the second largest company in terms of total gross revenue in 2023, when compared with the main competitors in the Brazilian retail market.

Retail Ranking
Gross Operating Revenue
for the year ended December 31, 2023
(in R\$ billions)



Sources: Companies' public information.

(1) Excludes CBD the operations of Grupo Éxito.

The chart below sets forth the food retail ranking in terms of gross revenue in 2023:

Food Retail Ranking
Gross Operating Revenue
for the year ended December 31, 2023
(in R\$ billions)



Source: ABAAS.

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

Competition

The Brazilian cash and carry industry is highly competitive and has grown over the past few years. This development has taken place through important investments made by existing chains, as well as the conversion of supermarkets and hypermarkets into cash and carry stores. For more information about risks related to competition, see “Item 3. Key Information—D. Risk Factors—Risks Relating to our Industry and Us—We face significant competition and pressure to adapt to changing consumer habits, which may adversely affect our market share and net income.”

Our main competitors are *Atacadão*, *Grupo Mateus*, *Maxxi*, *Fort*, *Tenda* and *Roldão*, as well as various regional players.

For more information about our competitive landscape, see “—Industry.”

Regulatory Overview

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 and 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 with 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 go beyond 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 with all material respects with these consumer protection regulations.

Environmental, Social and Governance Matters

For us, sustainability is a strategic and transversal approach that encompasses all our activities and projects. We seek to balance economic, social, and environmental dimensions in our operations and the value chain, adopting the United Nations (UN) Sustainable Development Goals as guiding principles for our initiatives. We consider the global scenario, sustainability issues and the main ESG indices in the market, as well as the expectations and interests of our stakeholders through our materiality study.

Due to the capillarity and scope of operations, our responsibility is even greater. Therefore, our strategy is based on driving prosperity for all people through responsible, transparent operations and lower environmental impact. All these aspects are part of a joint action with our different constituencies, through an ethical and transparent relationship.

ESG Indices and Recognitions

In January 2023, we were included, for the first time, in B3's Corporate Sustainability Index (ISE), which brings together companies with management processes committed to corporate sustainability practices. Maintaining the consistency of our strategy, we remained listed in the portfolio in 2024.

In 2023, we also became part of IDIVERSA B3, the first index in Latin America focused on diversity, launched in August 2023, racking public traded companies that stand out for their indicators elated to gender and racial inclusion.

Still in 2023, we joined a 16 Brazilian Companies Group that belong to the Bloomberg Gender Equality Index (GEI), which aims to measure the performance of gender issues in public traded companies based on five pillars: leadership and talent pipeline, equal pay and pay parity between men and women, inclusive culture, anti-sexual harassment policies and external branding.

In 2023, we achieved the Women On Board seal, attending a requirement for two women joining our board of directors.

We received the Age-Friendly Employer (CAFE) Certificate granted in Brazil by Maturi, official representative of the Age Friendly Institute program, which certifies companies committed to inclusion of professionals aged 50 or over.

We became part of B3's Carbon Efficient Index (ICO2), which attests our commitment to transparency by disclosing carbon emissions and preparing companies for a low-carbon economy.

We received the Great Place to Work (GPTW) seal, already renewed for 2024. With the certification obtained by Great Place to Work (GPTW), in 2023 we were included in the IGPTW B3 index – that brings together all companies that were certified by GPTW and have assets traded on B3, the Brazilian stock exchange. In addition to expanding our visibility and credibility in the market, we further strength our employer brand.

We advanced in the evaluation of the CDP Climate Change, the largest global initiative for reporting climate risks. We improved our rating from C in 2021 to B in 2022 and maintained our consistency in 2023.

Sustainability Strategy

At the end of 2023, we updated our Sustainability Strategy. The process was supported by a specialized consultancy and had the collaboration of a multidisciplinary team from our different hierarchical levels, including our board of directors and our executive board.

As a result, we have structured our sustainability strategy around the following purpose:

“Drive prosperity for all people with responsible, transparent operations and lower environmental impact” and which unfolds into the following pillars:

Efficient operations:

- Climate change: improvement of refrigeration technologies and energy efficiency
- Waste management and circular economy
- Responsible supply chain: working conditions and impacts on biodiversity

People and Community Development:

- Qualification and training
- Diversity, inclusion and combating discrimination
- Assaí Institute: local development, through entrepreneurship, food security and sports
- Combating food wastage
- Strengthening small entrepreneurs
- People and Community Development

Ethical and Transparent Management:

- Ethics and Governance
- Personal data privacy and protection

Efficient operations:

- Climate change: improvement of refrigeration technologies and energy efficiency

Our operations are complex and involve numerous suppliers to ensure the best supply of our stores and meet the needs of our customers. With sustainability as a strategic part of our business, we seek to identify, monitor, and reduce vulnerabilities and environmental impact on the operation. This way, we aim to create strategies to reduce such risks and make activities more responsible and suitable to face the climate emergency, raising the awareness of our audiences, including practices and processes that reinforce our commitment beyond compliance with current legislation.

Our environmental management has as its main axis the fight against climate change, which is why we have targets for reducing carbon dioxide emissions by 38% (scopes 1 and 2) in our operations by 2030 in relation to our total emissions in 2015. These commitments are linked to the variable remuneration of all eligible leadership positions, which includes our CEO and other executive officers, in addition to the positions of consultants, coordinators and managers in our distribution centers and headquarters.

In line with our goals, 98% of our consumption energy was from renewable energy, including all store openings. As a complement to this strategy, we purchased I-REC (International Renewable Energy Certificate) which certifies part of the renewable energy consumed in our operations.

We have also invested in solar plants for the self-generation of distributed energy, taking advantage of areas (large store roofs) that are available but not useful for business, increasing our independence from local energy suppliers. There is a total of seven photovoltaic power plants in operation. We have also invested in the structures of the new stores, which feature eco-efficiency items such as electric vehicles charging stations and 100% of our stores operating with LED lighting, in addition to devices that save water and electricity.

Refrigerant gases have been replaced by other of lower global warming potential. In 2023, we reduced 25% of R-22 consumption in our stores, compared to 2021, which involves replacing (retrofit) old refrigeration systems with chillers that do not operate with R-22. This has allowed us lowering energy consumption due to thermal energy storage and better display of goods.

Waste Management and Circular Economy

We are committed to reducing the environmental impacts generated by waste. In 2023, 44% of our waste was reused and stopped being sent to landfills, which allowed reductions in gas emissions, such as methane, around 50,156 tons of CO₂e, the result of internal negotiations that allowed the expansion of programs aligned with the accelerated pace of company growth.

Composting has been fundamental to achieving this goal. In 2023, we reached a total of 2,419 tons destined for composting, an increase of 50% compared to the 1,613 tons recorded in 2022. The number of stores that participated in this initiative reached 71.

We have been looking for other ways to optimize organic waste and, for this purpose, we developed a pilot project in 2023 using three different technologies in Bahia, Paraíba and São Paulo. Each pilot action had a context related to technologies and business models, which includes: composting and biodigestion, circular economy models (which includes the use of the compost generated in for small-scale, commercial and agricultural systems or for subsistence). The results of the pilot projects are driving our plans to achieve zero landfills in the future.

Better waste management has also contributed to other benefits, such as combating waste. Through the *Destino Certo* Program, we donated to partner institutions 2.3 thousand tons of perishable fruits, vegetables and greens not suitable for sale, but suitable for consumption, which is 32% more than in 2022. In all, 262 of our stores participated in this project throughout the year.

We have also worked to make use of waste from our value chain, to engage customers with the recycling. By December 2023, we had 41 active recycling stations in our stores, which, compared to 2022, represent an increase of 14%. The amount collected also shows a significant improvement of 33% — among paper, cardboard, plastic, metals in general, glass, long life boxes, electronics and used vegetable oil. In addition, we offer recycling bins to specific waste, such as light bulbs and batteries.

Responsible Supply Chain: Working Conditions and Biodiversity Impacts

We operate in a rich and complex value chain composed of numerous suppliers, including producers, industries, distribution companies and services. We seek to know in depth all the links in the chain, increasing the traceability and monitoring of the process and, thus, identifying and mitigating possible socio-environmental risks in the raw material extraction and production stages, in addition to contributing to boosting our positive impact.

Our relationship with suppliers is guided by standards to be followed in areas such as the promotion of human rights, occupational health and safety, food safety, anti-corruption practices, protection of biodiversity and the environment, which are contained in our Code of Ethics, Diversity and Human Rights, Environmental Management Policy and Socio-environmental Policy for Beef Purchasing and Ethics Charter for Suppliers.

In 2023, we continued to carry out social audits of working conditions at our suppliers of Exclusive Brands and imported products whose production is in more critical countries, in accordance with the Compliance and Sustainability Initiative (ICS) protocol.

This protocol provides for visits to factories and analysis of documents, in addition to conducting anonymous interviews with employees on topics such as forced labor, human trafficking and immigrant workers, child labor, freedom of association, right to collective bargaining, discrimination, occupational health and safety, abuse and harassment, wages and benefits, hours worked and overtime. Each audit issues a report with the score obtained by the supplier, which determines whether or not it is able to establish a commercial relationship with Assaí.

In 2023, two maintenance audits were carried out at the factories of our national exclusive brand suppliers. We ended the year with 94% of exclusive brand suppliers with valid ICS audits. Also that year, we carried out eight ICS audits of fruit and vegetable (FLV) suppliers.

During 2023, two maintenance audits were carried out at international supplier factories located in socially vulnerable countries. We blocked three suppliers, ending 2023 with 100% of suppliers complying with our guidelines for monitoring working conditions, reaching the target established as a commitment.

Our Socio-Environmental Beef Purchasing Policy, published in 2016 and updated in 2022, establishes that all slaughterhouses and processors must fully comply with the document's guidelines to remain Assaí suppliers. This requirement guaranteed the commitment of 100% of eligible suppliers in 2023.

People and Community Development

At Assaí, career management is carried out throughout the employee's journey, from the candidate's first contact with Assaí. We use a system that manages our career management model – Avance, generating autonomy for managers and a structured method that includes skills assessment, performance mapping, adherence to culture, career conversation, as well as career committees, and individualized development plans for leaders and specialists.

Qualification and Training

Since 2013, we have invested in a structured model of corporate education, Assaí University. It was created with the purpose of disseminating knowledge about our business model – Self-Service Wholesale and preparing our people for the challenges of growth and expansion of our business, all through various development programs and online and in-person courses.

Every day more, Assaí University has been seeking innovations aligned with the trends in the evolution of organizational learning and also digital transformation in education, always seeking to stay up to date with new ways and models of training and developing our more than 80,000 employees. Currently, Assaí University offers more than 79 training programs and around 36,000 courses, covered in five learning schools, available for different hierarchical levels and business areas.

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In 2023, Assai University also made strides in multichannel approaches to facilitate employee learning, providing content through digital platforms, an app, WebApp, and kiosks at physical locations. Additionally, it utilizes ZapUA, an educational channel featuring the Intelligent Learning Multiplier, Maia, a humanized robot that delivers personalized content and encourages pursuit of training.

Health and Safety

We believe that health and safety are non-negotiable and require an attentive, integrated approach that reflects Care for Our People.

Our Occupational Health and Safety Policy is aligned with the objectives and processes of SESMT (Specialized Service in Safety and Occupational Medicine). With the increase in the number of employees, we now have 11 healthcare clinics throughout Brazil. Each unit has an occupational physician and a nursing technician for occupational medical care.

In 2023, we launched VIVA+ Assai - Health and Safety, a program composed of initiatives in the areas of health, medicine, security, benefits, and social services, which also supports employees on leave and provides social services.

In order to boost an organizational culture for workplace safety annually, we carry out MÊSPAT - Occupational Accident Prevention Month, a robust month-long program focused on the effectiveness of protocols and internal communication about safety.

In 2023, we held the 5th edition of MÊSPAT, covering 100% of our stores and DCs. MÊSPAT's programming went deeper into four specific fronts, distributed in: Correct Use of PPE; Safety in Machines and Equipment; Occupational Safety in Butchers and Ergonomics in Material Handling.

Diversity, inclusion and combating discrimination

Each year, we reinforce our focus on diversity, inclusion, and respect for human rights through a strategic agenda aimed at promoting inclusion, respecting and valuing diversity, and combating all forms of violence and discrimination internally and throughout our value chain.

We work with five priority themes, ensuring the rights, respect, appreciation, and equity of all:

- Racial Equity;
- Respect for LGBTQIA+ Rights;
- Gender Equity;
- Inclusion and Development of People with Disabilities;
- Age Diversity.

In 2023, we reinforced our diversity and inclusion actions and programs, including affirmative actions, training sessions, dialogues, and compliance with internal laws and regulations, achieving the following results:

- *Gender Equality*: Through inclusive hiring policies, training and development programs for women in middle management roles to advance their careers, and tailored benefits for mothers. In 2023, 25.0% of our leadership positions (management and above) were filled by women.
- *People with Disabilities*: We intensified our partnerships with consultants to expand and strengthen our actions. We also prepared a Normative Instruction with guidelines on hiring, inclusion and dismissal of people with disabilities. In 2023, 5.4% of our employees were people with disabilities.

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- *Racial Equity*: In 2023, we intensified the hiring of Black employees in all positions and business units. 65.5% of our employees are self-declared Black, 61.4% of our leadership positions were held by Black employees and 43.6% of our management positions and above were held by Black employees.
- *LGBTQIA+*: In 2023, we increased the inclusion of trans people, with a growth of more than 50.6% compared to the same period in 2022.

Policies and Commitments

Our commitments and initiatives for promoting diversity and inclusion are guided by our internal policies, designed to ensure the rights, respect, appreciation, and equity of all. These policies include:

- *Diversity and Human Rights Policy*: Published in 2020, in line with the international human rights principles covered by the UN Universal Declaration of Human Rights, ensuring the rights of all individuals regardless of race, color, sexual orientation, gender identity, religion, nationality, economic and social condition, or any other identity marker.
- *Code of Ethics*: Updated in 2022, the document summarizes the fundamental principles and guidelines that guide our activities and decisions, defining obligations for leaders, employees, suppliers, and other stakeholders, addressing conduct in business, relationships, and anti-corruption policies, among other aspects. The document also establishes procedures for the ombudsman, disciplinary measures, and management of the Ethics Committee.
- *Diversity and Human Rights Clause*: Implemented in 2021, reinforcing the code of ethics and diversity and human rights policy, requiring contractors to orient and train their teams – working in the units – and establishing sanctions and contract termination in case of non-compliance, valid for all existing contracts with our service provider partners.
- *Ethnic Racial Equity Policy*: Developed in 2021, with the aim of transparently positioning us and providing guidelines for action in the face of ethnic racial issues to all our employees, service providers, suppliers, or any other relationship public present in our business units. The policy also presents definitions and role and responsibility guidelines for leaders and non-leaders, as well as expected behaviors and behaviors not tolerated.

Inclusive Culture

This front aims to intensify actions that promote knowledge, awareness and behavioral changes that impact self-development, people management and the relationship with employees, customers and stakeholders, expanding and consolidating the theme as strategy for the continuity and sustainability of our business, brand and reputation. Our programs and regular initiatives include: Diversity Program, Inclusive leadership and unconscious bias training, Dialogues about Diversity, Diversity Week, Women's Week, Black Consciousness Month, Anti-Racism Guideline, among others.

Since 2021, we have been working with the Diversity Ambassadors Group, composed of employees from all hierarchical levels of our operations. The group discusses opportunities related to diversity, including LGBTQIA+ representation, beliefs, cultures, races, genders, generations, and people with and without disabilities. Ambassadors participate in workshops and online courses to deepen their knowledge on the subject.

In 2022, we conducted the first Diversity Census in partnership with the Instituto Identidades do Brasil (ID_BR) - a non-profit organization that assists in accelerating the promotion of racial equality in the job market. This census had a voluntary participation rate of 56.4% of employees. This allowed us to understand the profile and extent of our diversity, enabling the planning of specific actions based on the contributions of the employees themselves.

In 2023, we launched the Gender Self-Declaration Campaign. As a result, 65% of our employees have completed their gender self-declaration, contributing to the review and update of our people management systems with concepts that incorporate all gender diversity, generating visibility that will guide new awareness, literacy, equal opportunities, and rights actions for trans and non-binary individuals.

Since 2022, our employees have had access to the Assaí Diversity and Inclusion Guidebook, which covers content on best practices for the empowerment of marginalized groups, combating discrimination, and includes a chapter dedicated to gender equality and the fight against violence against women.

Partnerships and Associations

We are signatories of initiatives and movements that aim to contribute to a more responsible, fair and inclusive society. We work together to overcome the main challenges of sustainable development, adopting the best retail practices. We sign the following commitments:

- *Seal Yes to Racial Equity*: Since 2020, we have been part of this important initiative by the Brazilian Institute of Identities (ID_BR) and its objective is to strengthen the commitment and positioning of companies to eliminate discrimination, respect human rights and value racial diversity.
- *Women's Empowerment Principles*: Since 2021, we have been part of UN Women and the UN Global Compact. The seven women's empowerment principles have guidelines to further strengthen our gender equity practices for our employees and society.
- *LGBTI+ Business and Rights Forum*: This forum is a mobilization of companies committed to recognizing and promoting the rights of LGBTQIA+ people.
- *Business Coalition to Eliminate Violence Against Women and Girls*: The initiative, in which we have participated since 2021, aims to bring greater visibility to this issue and advance the agenda to combat violence against women.
- *REIS – Business Network for Social Inclusion*: This commitment reinforces our position in relation to the inclusion and development of the more than 3,000 employees with disabilities who are in our stores, distribution centers, offices, and corporate headquarters.
- *Movimento Mulher 360 (Business Movement for Women's Economic Development)*: Since 2022, we have been part of this movement, through which we intend to contribute to the discussion of the agenda on gender equity and female empowerment. We reinforce our commitment to respect, appreciation and inclusion among our employees and our relationship network.
- We adhere to the Open Letter to the Federal Executive Branch for the signing of Convention 190 for the Elimination of Violence and Harassment at Work, a movement led by the Business Coalition for the End of Violence against Women and Girls, of which we are a signatory.

Affirmative Action

This front aims to intensify actions to maintain and advance existing programs and minority groups and implement new actions that favor the inclusion of other minority groups, including, (i) gender equality; (ii) people with disabilities; and (iii) racial equity.

Instituto Assaí

Our operating strategy is built to promote opportunities and paths of prosperity for people and communities. Based on this objective, in 2022 we launched the Assaí Institute, which reflects the relevance of the Social Responsibility agenda for the company and our commitment to social impact.

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The Assaí Institute allows us to act in an even more focused and structured way on three fronts: (1) fostering microentrepreneurs in the food; (2) fighting food insecurity; and (3) strengthening small institutions that promote sports activities.

In 2023, we worked on implementing each project, mapping challenges and partners and building our path, achieving the following results on each front:

(I) *Entrepreneurship:*

- Academia Assaí: Activities on the entrepreneurship front are led by Academia Assaí (platform we created in 2017 and incorporated into the activities of Instituto Assaí, after the creation of the social organization), with the aim of supporting small entrepreneurs in the food sector. In 2023, Academia Assaí, through its training programs, issued 16,485 certificates to entrepreneurs, the online platform obtained more than 4.1 million accesses to its various communication channels, a growth of 51% compared to 2022.
- Academia Assaí Award: In 2023, Academia Assaí promoted the sixth edition of the Academia Assaí Award, financially supporting 2,100 microentrepreneurs with more than R\$1.3 million.
- Afrobusiness: Initiative launched in 2023 that aims to boost Afro-entrepreneurship in the food segment through actions, partnerships and exclusive content.

(II) *Food Safety:*

- Food donation and fundraising campaigns: In 2023, we supported approximately 1.34 million families in vulnerable situations through our social impact actions, donating 2.6 thousand tons of food to 179 institutions and communities around our stores. The amount was donated through donations of basic food baskets, mobilizations with customers and the Destino Certo Program.
- Community Kitchens: Program launched in 2023, with the aim of providing the extremely vulnerable population, especially those living on the streets, with access to ready-made, healthy and appropriate meals, delivered by small and medium-sized community kitchens. Through the initiative, we served 189,000 meals with the support of two kitchens in São Paulo and others in Rio de Janeiro, Fortaleza (CE), Manaus (AM) and Dourados (MS).
- Mais Escolha Program: Implemented in 2023, the initiative consists of transferring income through the distribution of cards to, primarily, black women, who raise children alone and who live in extreme poverty. In the first pilot year of the project, 1,866 families in the cities of Santarém (PA) and Serrinha (BA) and in the metropolitan region of São Paulo (SP) benefited to receive a food card with a monthly credit of R\$105.00 for buy food in Assaí stores for six months.

(III) *Sport and Citizenship:*

- Sport and Citizenship Notice: The first initiative of the Sport and Citizenship front led by the Assaí Institute, the notice was published in 2023, with the aim of strengthening small institutions that promote sporting activities with a social nature. 50 institutions from the North and Northeast of Brazil and the Metropolitan Region of São Paulo were selected to participate in pedagogical and sports management modules which, moving forward, can receive financial contributions of R\$90,000 for each until the end of the project, in 2025.

Integrated Management and Transparency

- We follow the highest corporate governance standards required by Novo Mercado, the B3 segment of which we are part. We also meet the requirements of companies listed on the New York Stock Exchange (NYSE). By establishing a high level of corporate governance, we intend to create a healthy and safe business environment for all our stakeholders, based on ethical and transparent relationships, thus providing greater predictability to our actions and projects.

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- We also adopt sustainability practices and publish an annual Sustainability Report to report on our performance in the economic, social, and environmental areas. The themes and topics prioritized in this report are in accordance with the materiality study and the set of sustainability commitments aligned with the policies adopted globally, as well as the correspondence to the GRI themes (Global Reporting Initiative), the SASB (Sustainability Accounting Standards Board) indicators, the Task Force on Climate Related Financial Disclosures, to Integrated Report (IR) and to the following UN Sustainable Development Goals: zero hunger and sustainable agriculture, quality education, gender equality, decent work and economic growth, reduction of inequalities, sustainable cities and communities, responsible consumption and production, action against global climate change, life in the water, Earth life, and peace, justice, and effective institutions. An independent auditor performs a limited review of the indicators defined in our annual sustainability report.
- Since 2016, we have linked sustainability goals, through the ISD (Sustainability and Diversity Index), to the composition of the variable remuneration of leaders, including our chief executive officer and directors, managers, coordinators, consultants and specialists from corporate areas in addition to managers, assistant store managers, section heads, operations heads and those responsible for distribution centers.

ESG Risk Management

We follow the international standards established by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) and the ISO 31000:2018 standard – Risk Management Principles and Guidelines to guide our risk identification, assessment, treatment, monitoring and communication processes.

Our corporate risk management process is known as Enterprise Risk Management (ERM) and begins with a meeting to understand the business scenario and context, considering factors linked to our short and long-term strategic planning and our areas, aligned with the environment in which these objectives are inserted.

We have a risk matrix that identifies the main risks to which we are exposed in the different areas and which is updated annually. New emerging concerns identified over a period of time are included among the prioritized themes. In 2023, we work with 17 prioritized risks, 12 of which are traditional business risks and 5 are ESG-themed:

- Fight against discrimination and diversity;
- Food waste;
- Climate change and transition risks;
- Environmental impacts on the supply chain; and
- Atmospheric emissions due to refrigeration.

Assaí Integrity Program

Our program was prepared following the manual of the Comptroller General of the Union (CGU) and is based on five pillars: commitment and support from senior management; responsible body; risk profile analysis; rules and instruments; continuous monitoring.

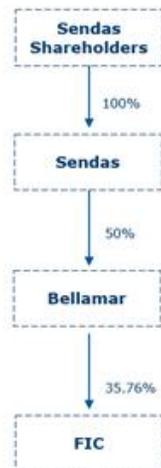
In 2023, we completed the process of reformulating the program, which began in 2021, with the improvement of its scope of activities and the inclusion of new components, thus adapting to our new structure and new moment.

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The program is supervised by our senior management and complies with the Brazilian Anti-Corruption Law (Law No. 12,846/13) and the United States Foreign Corrupt Practices Act – FCPA, a North American law against corruption abroad.

C. Organizational Structure

The chart below sets forth our simplified corporate structure as of the date of this annual report. For information about our shareholders, see “Item 7. Major Shareholders and Related Party Transactions—A. Major Shareholders.”



D. Property, Plant and Equipment

As of December 31, 2023, we owned 28 stores. As of December 31, 2023, we leased the remaining 260 stores and the 11 distribution centers and warehouses we operate in Brazil and the real estate where our headquarters are located. Leases are for a term of five to twenty-five years, being most of them for twenty-year term, renewable for the same period. We have ten leases expiring in 2024, which are scheduled to expire in February, March April, June, August and October 2024. These leases are subject to an automatic 10-year renewal unless we decide to terminate them prior to their expiration. We do not expect to terminate these lease agreements. Based on our prior experience on Brazilian real estate law, 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.

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The following tables set forth the number and total selling area of our owned and leased stores, and the number and total storage area of our owned and leased warehouses as of the dates indicated:

	As of December 31, 2023					
	Owned		Leased		Total	
	Number	Area (in square meters)	Number	Area (in square meters)	Number	Area (in square meters)
Assaí stores	28	127,596	260	1,328,045	288	1,455,641
Warehouses	—	—	11	252,309	11	252,309
Total	28	127,596	271	1,580,354	299	1,707,950

	As of December 31, 2022					
	Owned		Leased		Total	
	Number	Area (in square meters)	Number	Area (in square meters)	Number	Area (in square meters)
Assaí stores	27	121,889	236	1,184,835	263	1,306,724
Warehouses	1	3,700	11	253,976	12	257,676
Total	28	125,589	247	1,438,811	275	1,564,400

	As of December 31, 2021					
	Owned		Leased		Total	
	Number	Area (in square meters)	Number	Area (in square meters)	Number	Area (in square meters)
Assaí stores	26	115,628	186	848,156	212	963,784
Warehouses	—	—	11	168,793	11	168,793
Total	26	115,628	197	1,016,949	223	1,132,577

ITEM 4A. UNRESOLVED STAFF COMMENTS

Not applicable.

ITEM 5. OPERATING AND FINANCIAL REVIEW AND PROSPECTS

You should read this discussion in conjunction with our audited financial statements prepared in accordance with IFRS as issued by IASB and the other financial information included in this annual report.

A. Operating Results

Principal Factors Affecting Our Results of Operations

Brazilian Economic Environment

All of our operations are located in Brazil. Accordingly, 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.

The economic environment remained challenging for our operations during throughout the last 3 years. The Brazilian GDP, as published by the IBGE, increased by 2.9% in 2023, increased by 2.9% in 2022, increased by 4.6% in 2021 and decreased by 4.1% in 2020, the first year of the COVID-19 pandemic. Prior to 2020, Brazil was emerging from a prolonged recession after a period of a slow recovery, with only meager GDP growth in 2019 and 2018. Brazil's GDP growth rates were 1.1% in each of 2019 and 2018. The rate of growth of Brazilian GDP has a direct effect on consumer demand, which we believe affects demand for our products and services and, consequently, our net operating revenue.

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In addition, our results of operations are affected by the level of Brazilian unemployment. As of December 31, 2023, Brazilian unemployment, as measured by the monthly National Household Sample Survey (*Pesquisa Nacional por Amostra de Domicílios Contínua*), or PNAD, published by the IBGE, was 7.4%, compared to 9.3% as of December 31, 2022 and 13.2% as of December 31, 2021. As with GDP, the level of Brazilian unemployment has a direct effect on consumer demand, which we believe affects demand for our products and services and, consequently, our net operating revenue.

In 2023, Brazilian inflation, as measured by the General Market Price Index (*Índice Geral de Preços - Mercado*), or IGP-M, published by Fundação Getúlio Vargas, or FGV, a private organization, recorded deflation of (3.2)% during 2023, compared to inflation of 5.45% during 2022 and 17.8% during 2021. In 2023, Brazilian inflation, as measured by the Broad Consumer Price Index (*Índice Nacional de Preços ao Consumidor Ampliado*), or IPCA, published by the IBGE, decreased to 4.62%, compared to 5.79% during 2022 and 10.06% during 2021. Brazilian inflation has a direct effect on the final prices we charge our customers when they acquire our products, as well as effects on the cost to us of many of these products that we source in Brazil, our operating costs (in particular personnel costs), and our leasing costs as many of our lease agreements are partially indexed to Brazil's national inflation indexes.

Our results of operations are affected by changes in the exchange rates of the *real* against the U.S. dollar. During 2023, the *real* appreciated against the U.S. dollar by 9.4%, following a depreciation of 6.5% during 2022 and a depreciation of 7.4% during 2021. The depreciation of the *real* against the U.S. dollar may create inflationary pressures in Brazil, particularly in the category of food products. In periods of significant inflation, we may not be able to pass through our increased cost of goods to our customers to our customers and demand for our products may contract. As we do not have any indebtedness denominated in U.S. dollars, fluctuations in exchange rates do not have a direct impact on the carrying costs of our indebtedness or the cost of servicing our indebtedness.

A substantial portion of our indebtedness bears interest at rates linked to the CDI rate. As of December 31, 2023, the CDI rate was 13.03%, reflecting an increase from the CDI rate of 12.39% as of December 31, 2022, and an increase from the CDI rate of 4.4% as of December 31, 2021. Fluctuations in the CDI rate have direct effects on our debt service costs, as well as indirect effects on the Brazilian economy as a whole and consumer demand for our products and services.

An economic recession and growth of the unemployment rate could lead to a decline in household consumption which could adversely affect our results of operations and financial condition. In order to mitigate this risk, we emphasize the adaptation of our stores' mix of products in order to offer our customers products in line with the evolving economic environment.

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

	As of and for the year ended December 31,				
	2023	2022	2021	2020	2019
GDP growth (%) ⁽¹⁾	2.9	2.9	4.6	(4.1)	1.1
Unemployment (%) ⁽²⁾	7.4	9.3	13.2	13.5	11.9
Inflation (IGP-M) (%) ⁽³⁾	(3.2)	5.5	10.8	23.1	7.3
Inflation (IPCA) (%) ⁽⁴⁾	4.6	5.8	10.1	4.5	4.3
CDI (%) ⁽⁵⁾	11.7	12.4	4.4	2.8	5.9
(Depreciation) appreciation of the <i>real</i> against the U.S. dollar (%)	9.4	(6.5)	(7.4)	(28.9)	(4.4)
Exchange rate (closing) of the <i>real</i> to the U.S. dollar ⁽⁶⁾	4.841	5.218	5.581	5.197	4.031
Average exchange rate the <i>real</i> to the U.S. dollars ⁽⁶⁾	4.995	5.165	5.395	5.158	3.946

(1) Source: IBGE.

(2) Source: IBGE.

(3) Source: FGV.

(4) Source: IBGE.

(5) Source: Central Bank.

(6) Source: Central Bank.

Our Expansion Plan

We began operating 2022 fully independently and with more visibility following our Spin-Off from CBD in 2021. We exceeded our announced expansion plan, opening 60 new stores during 2022, 47 of which by conversion of hypermarkets. The opening of those stores is a historic achievement for our company, as we believe that the conversion of 47 stores and the construction of 13 new large surface organic stores in a single year is unprecedented in the Brazilian cash and carry market.

As of December 31, 2022, we operated 263 stores, 12 distribution center and 11 regional offices. In addition, we operated 100 stores in the State of São Paulo, making us the largest self-service wholesale chain in the state. With our growth, we reached 1.3 million square meters in sales area as of December 31, 2022, an increase of 36% as compared to December 31, 2021.

Our commercial galleries also add value to our business model by driving customer traffic and diluting costs. As of December 31, 2023, our commercial galleries registered occupancy of approximately 70% of total gross leasable area available, generating revenues of R\$93.0 million in 2023, an increase of 69% as compared to 2022.

In a year marked by instability, we delivered robust growth and revenues with a gain in market share. We maintained a high level of profitability and improved our debt profile as a result of the Spin-Off, ensuring quality in the financial management of our business. We generated 16 thousand new jobs in 2022 (including active and absent employees, interns, and underage apprentices), as compared to 11 thousand in 2021.

In 2023, our strategic expansion also marked significant progress in our growth plan. We successfully converted 17 commercial points into *Assaí* stores and built 10 new organic stores, expanding our sales area by an additional 152 thousand square meters. As of December 31, 2023, our total sales area reached more than 1.4 million square meters, an increase of 15.4% as compared to December 31, 2022. This growth also led us to achieve more than 80.000 employees. Our commitment to fostering employment opportunities and supporting community development remained a core aspect of our expansion strategy.

As of December 31, 2023, our operational network comprised 288 stores, reflecting a 9.5% increase from the previous year. Looking ahead, we are aware of the challenges of 2024. For this reason, we consider the maintenance of our characteristics essential, *i.e.*, efficient, decentralized, and low-cost operations to offer the best prices and the best shopping experience to our diversified customer base. We aim to open approximately 15 new stores in 2024.

Financial Presentation and Accounting Policies

Presentation of Financial Statements

We have prepared our audited financial statements in accordance with IFRS as issued by the IASB. Our audited financial statements have been audited in accordance with auditing standards of the Public Company Accounting Oversight Board.

Business Segments and Presentation of Segment Financial Data

We evaluate and manage business segment performance based on information prepared in accordance with IFRS. As of the date of this annual report, we report our results as a single segment, which includes our cash and carry business in Brazil.

Significant Accounting Policies and Estimates

The preparation of our financial statements, in accordance with IFRS as issued by the IASB requires our 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.

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For more information about the 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, see note 5 to our audited financial statements included elsewhere in this annual report.

Internal Control over Financial Reporting

We maintain internal control practices that seek to keep an adequate monitoring of our internal control environment related to operational and financial processes.

As of the date of this annual report, we have several internal control practices, such as training for employees about our main compliance rules, the development of action plans with our business areas to mitigate potential reputational risks and relevant future financial losses, the periodic assessment of the main risks related to our technological environment and operational processes, among others. Each of these practices is under the primary responsibility of one of our control areas.

Our internal audit area, which reports to our audit committee, acts independently and objectively to assess the quality and effectiveness of our risk management, control, and governance processes. The current audit plan is reviewed and validated by our chief executive officer and audit committee, and its compliance is supervised by our audit committee and reported to our board of directors.

Our risk management area periodically evaluates the risks inherent to our processes and maintains a matrix of risks and controls with the proper validations by the process owners and our management, which is submitted, annually, for evaluation of internal audit procedures.

In addition, we hire an independent firm to perform the controls testing for Sarbanes-Oxley Act purposes under our management's supervision, in order to support the conclusion on internal controls.

Our management has concluded that our disclosure controls and procedures and internal control over financial reporting were effective as of December 31, 2023, based on the criteria established in Internal Control - Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission ("COSO"). In addition, the independent registered certified public accounting firm who audited our financial statements included elsewhere in this annual report has concluded that we maintained, in all material respects, effective internal control over financial reporting as of December 31, 2023, based on criteria established in Internal Control - Integrated Framework (2013) issued by the COSO. For additional information, see "Item 15. Controls and Procedures."

Overview

Despite a challenging economic scenario in which consumption was sharply affected by high unemployment rates, our continuing operations, which consist of our legacy cash and carry business, continued to experience strong growth in 2023, demonstrated by an increase of 22.0% in net operating revenue to R\$66,503 million, from R\$54,520 million in 2022. This growth was driven by the performance of the 27 stores we opened in 2023, consisting of 10 new stores and 17 store conversions, the maturation of stores opened in prior years, and a 1.6% growth in same store sales. Same store sales are sales made in stores opened for at least 12 consecutive months and which have not been closed or remained closed for a period of seven or more consecutive days. As of December 31, 2023, our total sales area was 1,456 thousand square meters. Management expects stores to mature between three and five years depending on the region in which the store is located. As discussed below, our net income decreased by 41.8% to R\$710 million in 2023 from R\$1,220 million in 2022.

Results of Operations for Years Ended December 31, 2023 and 2022

The following table sets forth the components of our income statement, as well as the percentage of revenue represented by each component and the change from the prior year, for the periods presented.

	For the year ended December 31,				
	2023		2022		% change
	(in millions of R\$)	% of net operating revenue	(in millions of R\$)	% of net operating revenue	
Net operating revenue	66,503	100.0	54,520	100.0	
Cost of sales	(55,682)	(83.7)	(45,557)	(83.6)	22.2
Gross profit	10,821	16.3	8,963	16.4	20.7
Selling expenses	(5,411)	(8.1)	(4,379)	(8.0)	23.6
General and administrative expenses	(831)	(1.2)	(787)	(1.4)	5.6
Depreciation and amortization	(1,394)	(2.1)	(919)	(1.7)	51.7
Share of profit of associates	51	0.1	44	0.1	15.9
Other operating expenses, net	49	0.1	(72)	(0.1)	(168.1)
Operating profit	3,285	4.9	2,850	5.2	15.3
Financial revenues	281	0.4	394	0.7	(28.7)
Financial expenses	(3,012)	(4.5)	(1,909)	(3.5)	57.8
Net financial result	(2,731)	(4.1)	(1,515)	(2.8)	80.3
Income before income taxes	554	0.8	1,335	2.5	(58.5)
Income tax and social contribution	156	0.2	(115)	(0.2)	(235.7)
Net income for the year	710	1.1	1,220	2.2	(41.8)

Net operating revenue. Our net operating revenue consists mainly of gross revenue derived from our product sales reduced by taxes and products returns. Net operating revenue increased by 22.0%, or R\$11,983 million, to R\$66,503 million in 2023 from R\$54,520 million in 2022, mainly as a result of: (1) an increase in sales volume of 20.7% due to the opening of 27 new stores (including 17 hypermarket conversions) in the last 12 months, which accounted for a 12% growth in our sales area; (2) an increase in same store sales of 1.6%, boosted by the fast maturation of the converted stores; and (3) the maturation of stores opened in prior years. In addition, our attractive and successful business model with continuous advances in improving the shopping experience, revising the product mix and including services to meet the demand and the profile of the customers around each store, has resulted in increased store traffic.

Gross profit. Gross profit increased by 20.7%, or R\$1,858 million, to R\$10,821 million in 2023 from R\$8,963 million in 2022, mainly as a result of the fast maturation of stores opened in prior years. Our gross margin decreased by 0.1 percentage points, to 16.3% in 2023, from 16.4% in 2022, mainly explained by the lower expansion in the period, with 27 new stores in the last 12 months (compared to 60 new stores in the corresponding period in 2022).

Selling expenses. Selling expenses increased by 23.6%, or R\$1,032 million, to R\$5,411 million in 2023 from R\$4,379 million in 2022, mainly as a result of the opening of 27 new stores in the last 12 months. As a percentage of the net operating revenue, selling expenses increased by 0.1%, as compared to 2022, primarily due to the maturation of new stores and cost-cutting efforts.

General and administrative expenses. General and administrative expenses increased by 5.6%, or R\$44 million, to R\$831 million in 2023, from R\$787 million in 2022, mainly as a result of an increase in costs linked to inflation (especially personnel), which increased by 4.4% as measured by the IPCA. As a percentage of the net operating revenue, general and administrative expenses decreased by 0.2%, as compared to 2022, primarily due to the maturation of new stores and cost-cutting efforts.

Depreciation and amortization. Depreciation and amortization increased by 51.7%, or R\$475 million, to R\$1,394 million in 2023 from R\$919 million in 2022, mainly as a result of the accelerated process of opening of stores and the hypermarket conversions in 2021 and 2022.

Other operating revenue (expenses), net. Other operating revenue (expenses), net, increased by R\$121 million, to R\$49 million of revenue in 2023 from R\$72 million of expenses in 2022. In 2023, other operating revenue (expenses) consisted primarily of a positive (non-cash) accounting effect of R\$65 million due to the write-off of the terminated rental agreement. This effect was triggered by the exit of the former controlling shareholder (Casino Group), given the existence of a clause that establishes the possibility of early termination of rental agreements of 28 stores leased from the Peninsula fund that led to the negotiation of new rental agreements. Other operating revenue (expenses) also includes the sale of fixed assets. In 2022, our other operating revenue (expenses) included provisions related to (i) write-off of assets from closed stores due to the hypermarket conversions and (ii) the conclusion of certain asset sale.

Operating profit. Operating profit increased by 15.3%, or R\$435 million, to R\$3,285 million in 2023 from R\$2,850 million in 2022, mainly as a result of the R\$1,862 million increase in gross profit, which was partially offset by the increase of R\$1,035 million in selling expenses, as explained above.

Net financial results. Net financial results, expenses, increased by R\$1,216 million to R\$2,731 million in 2023 from R\$1,515 million in 2022, primarily as a result of: (1) an increase in interest rates, with an increase of the CDI in the period; (2) the lower effect of capitalized interest (R\$257 million in 2023, as compared to R\$694 million in 2022); and (3) an increased balance of total indebtedness (current and non-current borrowings plus current and non-current debentures and promissory notes), which debt increased to R\$15,183 million as of December 31, 2023 from R\$12,591 million as of December 31, 2022, primarily as a result of expansions in 2023, especially for the conversion of hypermarkets.

Income before income taxes. As a result of the foregoing, income before income taxes from continuing operations decreased by 58.5%, or R\$781 million, to R\$554 million in 2023 from R\$1,335 million in 2022.

Income tax and social contribution. Our effective tax rate was 28.2% in 2023 compared to 8.6% in 2022, resulting in a decrease of income tax and social contribution of 58.5%, or R\$271 million, to R\$156 million of benefit in 2023 from R\$115 million of expenses in 2022. The effective tax rate decreased primarily as a result of tax incentives related to grants for investments in 2023 which, under Complementary Law 160/17 and Law No. 12,973, are excluded from the calculation of our Corporate Income Tax (IRPJ) and Social Contribution on Net Income (CSLL) and totaled R\$939 million in 2023.

Net income for the year. As a result of the foregoing, net income for the year decreased by 41.8%, or R\$510 million, to R\$710 million in 2023 from R\$1,220 million in 2022.

Results of Operations for Years Ended December 31, 2022 and 2021

The following table sets forth the components of our income statement, as well as the percentage of revenue represented by each component and the change from the prior year, for the periods presented.

	For the year ended December 31,				
	2022		2021		% change
	(in millions of R\$)	% of net operating revenue	(in millions of R\$)	% of net operating revenue	
Net operating revenue	54,520	100.0	41,898	100.0	30.1
Cost of sales	(45,557)	(83.6)	(34,753)	(82.9)	31.1
Gross profit	8,963	16.4	7,145	17.1	25.4
Selling expenses	(4,379)	(8.0)	(3,334)	(8.0)	31.3
General and administrative expenses	(787)	(1.4)	(588)	(1.4)	33.8
Depreciation and amortization	(919)	(1.7)	(638)	(1.5)	44.0
Share of profit of associates	44	0.1	47	0.1	(6.4)
Other operating expenses, net	(72)	(0.1)	(53)	(0.1)	35.8
Operating profit	2,850	5.2	2,579	6.2	10.5
Financial revenues	394	0.7	188	0.4	109.6
Financial expenses	(1,909)	(3.5)	(918)	(2.2)	108.0
Net financial result	(1,515)	(2.8)	(730)	(1.7)	107.5
Income before income taxes	1,335	2.5	1,849	4.4	(27.8)
Income tax and social contribution	(115)	(0.2)	(239)	(0.6)	(51.9)
Net income for the year	1,220	2.2	1,610	3.8	(24.2)

Net operating revenue. Our net operating revenue consists mainly of gross revenue derived from our product sales reduced by taxes and products returns. Net operating revenue increased by 30.1%, or R\$12,622 million, to R\$54,520 million in 2022 from R\$41,898 million in 2021, mainly as a result of: (1) an increase in sales volume of 20.6% due to the opening of 60 new stores (including 47 hypermarket conversions) in the last 12 months, which accounted for a 36% growth in our sales area; and (2) a 10.3% increase in same store gross sales, primarily due to our attractive and successful business model. In addition, our continuous advances in improving the shopping experience, with revisions of product mix and inclusion of services to meet the demand and the profile of the customers around each store, has resulted in increased store traffic.

Gross profit. Gross profit increased by 25.4%, or R\$1,818 million, to R\$8,963 million in 2022 from R\$7,145 million in 2021, mainly as a result of the opening of 60 new stores in the last 12 months (as compared to 28 new stores in the corresponding period in 2021), the maturation of stores opened in prior years and an effective and consistent commercial strategy in 2022. Our gross margin decreased by 0.7 percentage points, to 16.4% in 2022, from 17.1% in 2021, mainly due to the effective commercial strategy amid increased competition and our historic expansion.

Selling expenses. Selling expenses increased by 31.3%, or R\$1,045 million, to R\$4,379 million in 2022 from R\$3,334 million in 2021, mainly as a result of: (1) the opening of 60 new stores in the last 12 months; (2) an increase in costs linked to inflation (especially personnel), which increased 5.8% as measured by the IPCA; and (3) pre-operational expenses. As a percentage of the net operating revenue, selling expenses remained the same in 2022 at 8.0%, as compared to 2021.

General and administrative expenses. General and administrative expenses increased by 33.8%, or R\$199 million, to R\$787 million in 2022, from R\$588 million in 2021, mainly as a result of: (1) an increase in costs linked to inflation (especially personnel), which increased 5.8% as measured by the IPCA; and (2) strengthening our corporate areas to support the speed of store openings. As a percentage of the net operating revenue, general and administrative expenses remained the same in 2022 at 1.4%, as compared to 2021.

Depreciation and amortization. Depreciation and amortization increased by 44.0%, or R\$281 million, to R\$919 million in 2022 from R\$638 million in 2021, mainly as a result of the opening of stores and the hypermarket conversions in 2022.

Other operating expenses, net. Other operating expenses, net, increased by R\$19 million, to R\$72 million in 2022 from R\$53 million in 2021. In 2022, other operating expenses consisted primarily of restructuring expenses and other, which consisted primarily of: (1) provisioning of store assets to be closed as planned and other costs related to the Extra Transaction; and (2) the result of the sale of fixed assets.

Operating profit. Operating profit increased by 10.5%, or R\$271 million, to R\$2,850 million in 2022 from R\$2,579 million in 2021, mainly as a result of the R\$1,818 million increase in gross profit, which was partially offset by the increase of R\$1,045 million in selling expenses, as explained above.

Net financial results. Net financial results, expense, increased by R\$785 million to R\$1,515 million in 2022 from R\$730 million in 2021, primarily as a result of an increase in interest rates, with an increase of approximately two times of the CDI in the period, and an increased balance of total indebtedness (current and non-current borrowings plus current and non-current debentures and promissory notes), which debt increased to R\$12,591 million as of December 31, 2022 from R\$8,033 million as of December 31, 2021, primarily as a result of expansions in 2022, especially for the conversion of hypermarkets.

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Income before income taxes. As a result of the foregoing, income before income taxes from continuing operations decreased by 27.8%, or R\$514 million, to R\$1,335 million in 2022 from R\$1,849 million in 2021.

Income tax and social contribution. Our effective tax rate was 8.6% in 2022 compared to 12.9% in 2021, resulting in a decrease of income tax and social contribution of 51.9%, or R\$124 million, to R\$115 million in 2022 from R\$239 million in 2021. The effective tax rate decreased primarily as a result of tax incentives related to grants for investments in 2022 which, under Complementary Law 160/17 and Law No. 12,973, are excluded from the calculation of our Corporate Income Tax (IRPJ) and Social Contribution on Net Income (CSLL) and totaled R\$753 million in 2022.

Net income for the year. As a result of the foregoing, net income for the year decreased by 24.2%, or R\$390 million, to R\$1,220 million in 2022 from R\$1,610 million in 2021.

B. Liquidity and Capital Resources

Our principal cash requirements have historically consisted of the following:

- working capital requirements;
- servicing of our indebtedness;
- capital expenditures related to the expansion of our network of stores; and
- dividends on our shares, including in the form of interest attributable to shareholders' equity.

We have historically financed our capital expenditures and investments principally with cash generated from our operations and third-party funds, including bank financing and capital markets transactions, including the issuance of debentures and promissory notes.

We recorded cash and cash equivalents of R\$5,459 million as of December 31, 2023 and R\$5,842 million as of December 31, 2022. We had negative working capital (consisting of current assets less current liabilities) of R\$1,810 million as of December 31, 2023 and R\$2,237 million as of December 31, 2022. We maintain negative working capital as part of our merchandise management strategy. To the extent we maintain terms with our suppliers that are longer than our average inventory rotation period and average accounts receivable, we obtain a source of funding for our operations.

Management believes that our cash position and operating cash flows from the cash and carry segment will be enough to meet our short-term obligations as well to finance our capital expenditures aligned with our investment plan primarily related to the opening of new stores and store renovations. Additionally, as part of our cash management strategy, we can discount a portion of our credit card receivables with financial institutions in order to improve our cash position, without recourse or related obligation.

We anticipate that we will be required to spend approximately R\$54.1 billion to meet our long-term contractual obligations and commitments, including borrowings, debentures and promissory notes, derivative financial instruments, lease liabilities and trade payables. See “—Contractual Obligations” below for more information. We expect to meet these obligations primarily by refinancing our debt in the bank credit market and fixed income capital markets.

Cash Flows

The following table sets forth certain information about our cash flows for the periods presented.

	For the years ended December 31,		
	2023	2022	2021
	<i>(in millions of R\$)</i>		
Net cash generated by operating activities	5,963	5,144	3,272
Net cash used in investing activities	(3,055)	(3,790)	(3,276)
Net cash generated by (used in) financing activities	(3,291)	1,938	(978)
Net increase (decrease) in cash and cash equivalents	(383)	3,292	(982)
Cash and cash equivalents at the beginning of the year	5,842	2,550	3,532
Cash and cash equivalents at the end of the year	<u>5,459</u>	<u>5,842</u>	<u>2,550</u>

We have historically financed our capital expenditures and investments principally with cash generated from our operations and, to a lesser extent, third-party funds, including bank financing and capital markets transactions, including the issuance of debentures and promissory notes. For more information about our indebtedness, see “—B. Indebtedness.”

Year Ended December 31, 2023

Net cash generated by operating activities was R\$5,963 million for the year ended December 31, 2023 compared to net income of R\$710 million for the period, primarily due to: (1) our incurrence of interest and monetary variation charges of R\$2,853 million; (2) a net increase in accounts payable to suppliers of R\$1,498 million; (3) our incurrence of non-cash depreciation and amortization charges of R\$1,476 million; and (4) a net decrease in inventory of R\$735.0 million in 2023 compared to R\$2.505 billion in 2022 due to the reduced number of store opened in 2023 (27 stores) compared to 2022 (60 stores). The effects of these factors were partially offset primarily by: (1) an increase in recoverable taxes of R\$352.0 million in 2023 compared to R\$336.0 million in 2022, which reflects the monetization of ICMS, PIS, and COFINS.; and (2) an increase in the variation of trade receivables of R\$640 million due to our expansion.

Net cash used in investment activities was R\$3,055 million in 2023. In 2023, our primary use of cash for investment activities was related to: (1) the purchases of property, plant and equipment of R\$3,116 million related to our expansion of our network of stores, compared to R\$3,524 million in 2022; and (2) the purchases of intangible assets of R\$169 million related primarily to the acquisition of commercial points from CDB in connection with the Extra Transaction and other commercial points. The effects of these factors were partially offset by the sale of assets held for sale of R\$211 million, including the sale of real estate assets to a real estate fund in connection with the Extra Transaction.

Net cash used in financing activities was R\$3,291 million in 2023. In 2023, we received R\$3,250 million of borrowings, principally consisting of our seventh and eighth issuances of debentures and bank loans. The effects of the new borrowings were partially offset by: (1) payments of R\$262 million with respect to our leasing liabilities; (2) payments of interest on leasing liabilities of R\$977 million; (3) payments of borrowings of R\$1,499 million; (4) payments of interest on borrowings of R\$1,085 million; (5) distribution of dividends and interest on shareholders' equity of R\$118 million; and (6) payments related to the acquisition of Extra stores of R\$2,609 million.

Year Ended December 31, 2022

Net cash generated by operating activities was R\$5,144 million for the year ended December 31, 2022 compared to net income of R\$1,220 million for the period, primarily due to: (1) our incurrence of non-cash interest and monetary variation charges of R\$1,827 million; (2) a net increase in accounts payable to suppliers of R\$3,175 million; (3) our incurrence of non-cash depreciation and amortization charges of R\$990 million; (4) a net increase in related party transactions payable of R\$196 million; and (5) an increase in non-cash provision for allowance for inventory losses and damages of R\$418 million. The effects of these factors were partially offset primarily by: (1) a net decrease in inventory of R\$2,505 million.

Net cash used in investment activities was R\$3,790 million in 2022. In 2022, our primary use of cash for investment activities was related to: (1) the purchases of property, plant and equipment of R\$3,524 million related to our expansion of our network of stores, compared to R\$2,231 million in 2021; (2) the purchases of intangible assets of R\$636 million related primarily to the acquisition of commercial points from CDB in connection with the Extra Transaction; and (3) the acquisition of assets held for sale in the amount of R\$250 million including the purchase of one property from CBD in connection with the Extra Transaction in the amount of R\$95 million, which we expect to sell to a real estate fund. The effects of these factors were partially offset by the sale of assets held for sale of R\$620 million, including the sale of real estate assets to a real estate fund in the amount of R\$505 million, in connection with the Extra Transaction.

Net cash generated by financing activities was R\$1,938 million in 2022. In 2022, we incurred R\$3,959 million in indebtedness under borrowings and financings, principally consisting of our fourth, fifth and sixth issuances of debentures, our first and second issuances of commercial paper notes and bank loans. The effects of the new borrowings were partially offset by: (1) payments of R\$126 million with respect to our leasing liabilities; (2) payments of interest on leasing liabilities of R\$772 million; (3) payments of borrowings of R\$183 million; (4) payments of interest on borrowings of R\$783 million; and (5) distribution of dividends and interest on shareholders' equity of R\$168 million.

Year Ended December 31, 2021

Net cash generated by operating activities was R\$3,272 million for the year ended December 31, 2021 compared to net income of R\$1,610 million for the period, primarily due to: (1) our incurrence of non-cash interest and monetary variation charges of R\$911 million; (2) a net increase in accounts payable to suppliers of R\$884 million; (3) our incurrence of non-cash depreciation and amortization charges of R\$687 million; (4) a net increase in related party transactions payable of R\$391 million, which relates mainly to the acquisition of 20 commercial points from CDB in connection with the Extra Transaction in the amount of R\$201 million; and (5) an increase in non-cash provision for allowance for inventory losses and damages of R\$302 million. The effects of these factors were partially offset primarily by: (1) a net decrease in inventory of R\$943 million; and (2) an increase in income tax and social contribution paid of R\$374 million.

Net cash used in investment activities was R\$3,276 million in 2021. In 2021, our primary use of cash for investment activities was related to: (1) the purchases of property, plant and equipment of R\$2,231 million related to our expansion of our network of stores, compared to R\$1,562 million in 2020; (2) the purchases of intangible assets of R\$854 million related primarily to the acquisition of 20 commercial points from CDB in connection with the Extra Transaction in the amount of R\$1 billion; and (3) the purchases of six properties from CBD in connection with the Extra Transaction in the amount of R\$403 million, which we expect to sell to a real estate fund by November 2022 and recorded as assets held for sale on our balance sheet as of December 31, 2021. The effects of these factors were partially offset by proceeds from the sale of property, plant and equipment of R\$212 million related to our sale of three properties located in the States of São Paulo and Rondonia to a fund managed by TRX Gestora de Recursos Ltda. We subsequently entered into long-term lease agreements with respect to these properties.

Net cash used in financing activities was R\$978 million in 2021. In 2021, we: (1) repaid R\$6,479 million of borrowings, including the prepayment of our first issuance of debentures, the partial repayment of the principal amount of our first issuance of promissory notes and the payment of interest on our second and third issuances of debentures, first and second issuances of promissory notes and bank loans; (2) made payments of R\$460 million with respect to our leasing liabilities; and (3) paid dividends and interest on shareholders' equity of R\$148 million. In addition, in 2021, we received R\$6,090 million of borrowings, principally consisting of our second and third issuances of debentures, our second issuance of promissory notes and bank loans.

Indebtedness

Our indebtedness was R\$15,184 million as of December 31, 2023, and R\$12,591 million as of December 31, 2022. Considering U.S. dollar-denominated debt that was converted to *real*-denominated debt using currency swaps, as of December 31, 2023, 100% of our indebtedness was denominated in *reais*, and as of December 31, 2022, 98% of our indebtedness was denominated in *reais* and 2% was denominated in U.S. dollars.

As of December 31, 2023, our *real*-denominated indebtedness bore interest at an average rate of CDI plus 1.48% per annum. As of December 31, 2023, 100% of our indebtedness bore interest at floating rates.

Short-Term Indebtedness

Our short-term debt was R\$2,115.0 million as of December 31, 2023 (or 13.9% of our total indebtedness) and R\$1,260 million as of December 31, 2022 (or 10.0% of our total indebtedness).

Long-Term Indebtedness

Our principal long-term borrowings and financings are:

- debentures issued in the Brazilian market;
- promissory notes issued in the Brazilian market;
- commercial notes issued in the Brazilian market; and
- a working capital facility incurred by Sendas.

Financial covenants

Our debentures, promissory notes, commercial notes and working capital facilities require that we maintain the following financial ratios on a quarterly basis:

- Consolidated net debt (defined as debt minus cash and cash equivalents and trade accounts receivable)/shareholders' equity ratio lower than or equal to 3.0; and
- Consolidated net debt/EBITDA ratio lower than or equal to 3.0.

Restrictive covenants

In addition, the instruments governing our debentures, promissory notes, commercial notes and other indebtedness contain restrictive covenants that limit our ability to sell assets, conduct certain corporate reorganizations (such as mergers and spin-offs) and distribute dividends in excess of the statutorily required minimum dividend should we not be able to fulfill our obligations under those instruments. Moreover, certain of our debt instruments contain cross-default and cross-acceleration provisions that provide for the acceleration of such debts as a result of a default or acceleration of indebtedness in amounts equal to or above certain amounts that vary between R\$50.0 million and R\$75.0 million.

The holders of debentures, including CRIs, promissory notes and commercial notes, in a meeting held between March 30, 2023 and April 11, 2023, approved the prior consent in case of an eventual change of control, provided that (1) we no longer have a controlling shareholder or (2) if we do have a new controlling shareholder: (i) our shares remain listed on the B3, (ii) the change of control does not imply a rating downgrade, (iii) the new controlling shareholder does not have a history of default; (iv) the new controlling shareholder has not violated anticorruption laws; (v) the new controlling shareholder complies with the laws related to the non-use of child labor, labor analogous to slavery, encouragement of prostitution and violation of the rights of forest dwellers, and adopts the best practices of protection to the environment, safety and health at work, including the compliance with the social and environmental legislation (vi) the new controlling shareholder is not engaged in practices contrary to anti-corruption laws; (vii) the new controlling shareholder is not a politically exposed entity or person; and (viii) as applicable, the new controlling shareholder is not a restricted counterparty or incorporated in a sanctioned territory or is not a subsidiary of a restricted counterparty.

Restrictions on the transfer of control

In March 2023, Casino Group divested our common shares, resulting in our status as a non-controlled corporation. Certain of our debt instruments included provisions for early maturity payment in the event of a transfer, sale, or acquisition of equity participation, should the Casino Group cease to be our controlling shareholder. These provisions applied irrespective of whether we secure a new controlling shareholder or experience dilution of our share capital.

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Consequently, we were required to seek waivers from the holders of our debt instruments, which encompassed debentures, promissory notes, commercial papers, CRIs, and other bilateral loans, incurring an approximate cost of R\$93.0 million. Additionally, we obtained prior approval and executed contractual amendments with financial institutions such as The Bank of Nova Scotia, Banco do Brasil, Banco Safra, Banco BTG Pactual and Banco Itaú.

None of our significant long-term debt instruments are secured by pledges of our assets. For each of the years ended December 2023, 2022 and 2021, no default or event of default has resulted in the acceleration of our debt.

The table below sets forth our principal long-term indebtedness as of December 31, 2023 and 2022.

	As of December 31,		Maturity	Interest Rate
	2023	2022		
	<i>(in millions of R\$)</i>			
Second issuance of debentures:				
1 st series	949	957	May 2026	CDI + 1.70%
2 nd series	666	671	May 2028	CDI + 1.95%
Third issuance of debentures:				
1 st series – CRI ⁽¹⁾	914	929	October 2028	IPCA + 5.15%
2 nd series - CRI ⁽¹⁾	474	486	October 2031	IPCA + 5.27%
Fourth issuance of debentures				
Single series	2,008	2,021	November 2027	CDI + 1.75%
Fifth issuance of debentures:				
Single series – CRI ⁽¹⁾	253	253	March, 2025	CDI + 0.75%
Sixth issuance of debentures:				
1 st series– CRI ⁽¹⁾	73	74	September 2026	CDI + 0.60%
2 nd series– CRI ⁽¹⁾	55	56	September 2027	CDI + 0.70%
3 rd series– CRI ⁽¹⁾	464	461	September 2029	IPCA + 6.70%
Seventh issuance of debentures:				
1 st series– CRI ⁽¹⁾	150	0	July 2026	CDI + 1.00%
2 nd series– CRI ⁽¹⁾	903	0	July 2027	11.75%
3 rd series– CRI ⁽¹⁾	48	0	July 2028	CDI + 1.15%
Eighth issuance of debentures:				
1 st series	399	0	December 2027	CDI + 1.85%
2 nd series	399	0	December 2028	CDI + 1.95%
First issuance of promissory notes:				
4 th series	0	318	July 2023	CDI + 0.72%
5 th series	289	254	July 2024	CDI + 0.72%
6 th series	289	254	July 2025	CDI + 0.72%
Second issuance of promissory notes:				
1 st series	1,676	1,460	August 2024	CDI + 1.47%
2 nd series	1,678	1,461	February 2025	CDI + 1.53%
First issuance of commercial paper notes:				
Single series	786	790	February 2025	CDI + 1.70%
Second issuance of commercial paper notes				
Single series	457	400	December 2025	CDI + 0.93%
Sendas working capital facilities	1,989	1,570		CDI + 1.64%

(1) These debentures were used as collateral for the issuance of Real Estate Receivables Certificates (*Certificados de Recebíveis Imobiliários*), or CRIs.

The following discussion briefly describes certain of our significant outstanding indebtedness as of December 31, 2023.

Debentures

Second Issuance

In June 2021, we concluded our second issuance of non-convertible, unsecured debentures in two series, in an aggregate amount of R\$1.6 billion, with restricted placement efforts in Brazil in accordance with Brazilian law. The proceeds of this issuance of debentures were used for general corporate purposes, including to reinforce our cash position. The principal amount is R\$940 million for the first series and R\$660 million for the second series. The debentures of the first series accrues interest at a rate of CDI + 1.70% per annum, payable semi-annually through maturity in May 2026. The principal amount of the debentures of the first series will be payable in two equal installments, one in 2025 and one at maturity. The debentures of the second series accrues interest at a rate of CDI + 1.95% per annum, payable semi-annually through maturity in May 2028. The principal amount of the debentures of the second series will be payable in two equal installments, one in 2027 and one at maturity.

Third Issuance

In October 2021, we concluded our third issuance of non-convertible, unsecured debentures in two series, in an aggregate amount of R\$1.5 billion. These debentures are a private placement between Sendas and True Securitizadora S.A, in accordance with Brazilian law, and were used as collateral for the issuance of Real Estate Receivables Certificates (*Certificados de Recebíveis Imobiliários*), or CRIs. The proceeds raised through the CRIs were used to reimburse real estate expenses and future investment in expansion, maintenance and construction of real estate projects owned by Sendas. The principal amount is R\$983 million for the first series and R\$517 million for the second series. The debentures of the first series accrue interest at a rate of IPCA + 5.1531% per annum, payable semi-annually through maturity in October 2028. The debentures of the second series accrue interest at a rate of IPCA + 5.2662% per annum, payable semi-annually through maturity in October 2031. The principal amount of the debentures of the second series will be payable in three equal installments, in October 2029, October 2030 and October 2031. Both series are swapped to CDI, with an average rate of CDI + 0.86% per annum.

Fourth Issuance

On January 7, 2022, we concluded our fourth issuance of non-convertible, unsecured debentures in a single series, in the amount of R\$2.0 billion, with restricted placement efforts in Brazil in accordance with Brazilian law. The proceeds of this issuance of debentures will be used for general corporate purposes, including to reinforce our cash position. These debentures accrue interest at a rate of CDI + 1.75% per annum, payable semi-annually through maturity in January 2028. The principal amount of the debentures will be paid in two equal installments, one in January 2027 and one at maturity.

Fifth Issuance

On March 5, 2022, our board of directors approved the fifth issuance of non-convertible, unsecured debentures in a single series, in the amount of R\$250 million, with restricted placement efforts in Brazil, entered into between the Sendas and True Securitizadora S.A., in accordance with Brazilian law. The net proceeds of this issuance of debentures were used entirely and exclusively by us to reimburse expenses and expenditures related to the expansion and/or maintenance of certain properties described in the relevant indenture. These debentures accrue interest at a rate of CDI + 0.75% per annum, payable semi-annually through maturity on March 28, 2025.

Sixth Issuance

On August 22, 2022, our board of directors approved the sixth issuance of non-convertible, unsecured debentures in three series, in an aggregate amount of R\$600 million, with restricted placement efforts in Brazil, entered into between Sendas and True Securitizadora S.A., in accordance with Brazilian law. The net proceeds of this issuance of debentures were used entirely and exclusively by us to reimburse expenses and expenditures related to the expansion and/or maintenance of certain properties described in the relevant indenture. The principal amount is R\$73.0 million for the first series, R\$55.2 million for the second series and R\$471.8 million for the third series. The first series debentures accrues interest at a rate of CDI + 0.60% per annum, payable semi-annually through maturity in September 2026. The second series debentures accrues interest at a rate of CDI + 0.70% per annum, payable semi-annually through maturity in September 2027. The third series debentures accrue interest at a rate of IPCA + 6.70% per annum, payable semi-annually through maturity in September 2029. The third series is swapped to CDI at an average rate of CDI + 1.19% per annum. The principal amount of the third series debentures will be paid in two installments, being 50% in September 2028 and 50% in September 2029.

Seventh Issuance

On June 26, 2023, our board of directors approved the seventh issuance of non-convertible, unsecured debentures in three series, in an aggregate amount of R\$1,000 million, with restricted placement efforts in Brazil, entered into between Sendas and True Securitizadora S.A., in accordance with Brazilian law. The net proceeds of this issuance of debentures were used entirely and exclusively by us to reimburse expenses and expenditures related to the expansion and/or maintenance of certain properties described in the relevant indenture. The principal amount is R\$145.7 million for the first series, R\$878.5 million for the second series and R\$46.6 million for the third series. The first series debentures accrues interest at a rate of CDI + 1.00% per annum, payable semi-annually through maturity in July 2026. The second series debentures accrues interest at a rate of 11.75% per annum, payable semi-annually through maturity in July 2027. The third series debentures accrue interest at a rate of CDI + 1.15% per annum, payable semi-annually through maturity in July 2028. The second series is swapped to CDI at an average rate of CDI + 1.31% per annum.

Eighth Issuance

On December 4, 2023, our board of directors approved the seventh issuance of non-convertible, unsecured debentures in three series, in an aggregate amount of R\$800.0 million, with restricted placement efforts in Brazil, in accordance with Brazilian law. The net proceeds of this issuance of debentures will be used for general corporate purposes, including to reinforce our cash position. The principal amount is R\$400.0 million for the first series and R\$400.0 million for the second series. The first series debentures accrues interest at a rate of CDI + 1.85% per annum, payable semi-annually through maturity in December 2027. The second series debentures accrues interest at a rate of CDI + 1.95% per annum, payable semi-annually through maturity in December 2028.

Promissory Notes

First Issuance

In June 2019, our officers approved the first issuance of commercial promissory notes in six series for public distribution with restricted efforts in Brazil. We are required to pay a waiver fee to the promissory note holders in connection with amendments to the promissory notes, in the amount of 0.73% per annum of the outstanding amount under the promissory notes, payable semi-annually.

The proceeds of each of the first and second series of these promissory notes was R\$50 million and accrued interest at the average CDI rate plus 0.72% per annum, payable at maturity in July 2020 and July 2021, respectively.

Each of the other series of these promissory notes accrues interest at the rates set forth in the table above, payable at the maturities set forth in the table above in the following principal amounts:

- Fifth series: R\$200 million; and
- Sixth series: R\$200 million.

Second Issuance

In August 2021, we concluded our second issuance of commercial promissory notes in two series for public distribution with restricted efforts in Brazil, in the aggregate amount of R\$2.5 billion. The proceeds of this issuance of promissory notes were used to prepay the 4th series of the first issuance of debentures, in the amount of R\$2.0 billion, with the remainder to reinforce our cash position. The first series accrues interest at a rate of CDI + 1.47% per annum, payable on maturity in August 2024. The second series accrues interest at a rate of CDI + 1.53% per annum, payable on maturity in February 2025.

Commercial Notes

First Issuance

On February 10, 2022, we completed our first issuance of unsecured commercial notes in a single series, in the total amount of R\$750 million, with restricted placement efforts in Brazil in accordance with Brazilian law. The proceeds of this issuance of commercial notes will be used for general corporate purposes, including to strengthen our cash position in connection with our activities with producers of agricultural products or inputs. These commercial notes accrue interest at a rate of CDI + 1.70% per annum, payable semi-annually through maturity in February 2025. The principal amount will be paid in one installment at maturity.

Second Issuance

On December 26, 2022, we completed our second issuance of unsecured commercial notes in a single series, in the total amount of R\$400 million, with restricted placement efforts in Brazil in accordance with Brazilian law. The proceeds of this issuance of commercial notes were used for general corporate purposes, including to strengthen our cash position. These commercial notes accrue interest at a rate of CDI + 0.93% per annum, payable semi-annually through maturity in February 2025. The principal amount will be paid in one installment at maturity.

Sendas Working Capital Facilities

We have borrowed funds for working capital pursuant to credit facilities with several financial institutions, including a R\$283 million facility with Scotiabank and a R\$300 million facility with Banco BTG Pactual S.A. Loans under these facilities accrue interest at an average rate of CDI+1.64% and contain the same financial and restrictive covenants as the debentures and promissory notes described above. As of December 31, 2023, the aggregate principal amount outstanding under these working capital facilities was R\$1,989 million. As of the date of this annual report, we do not have any unused credit lines available.

Recent Development

Ninth Issuance of Debentures

On March 28, 2024, we concluded our ninth issuance of non-convertible, unsecured debentures in a single series, in the amount of R\$500.0 million, for distribution in Brazil to professional investors in accordance with Brazilian law. The proceeds of this issuance of debentures will be used for general corporate purposes, including to reinforce our cash position. These debentures accrue interest at a rate of CDI + 1.25% per annum, payable semi-annually through maturity in March 2029. The principal amount of the debentures will be paid in two equal installments, one in March 2028 and one at maturity.

Contractual Obligations

The following tables summarize our significant contractual obligations and commitments as of December 31, 2023.

Contractual obligations	As of December 31, 2023			Total
	Payments Due by Period			
	Less than 1 year	1 to 5 years	More than 5 years	
	(in millions of R\$)			
Borrowings	611	1,797	—	2,408
Debentures and promissory notes	3,026	13,256	1,241	17,523
Derivative financial instruments	111	(299)	(368)	(556)
Lease liabilities	1,435	6,364	14,549	22,348
Trade payables	9,759	40	—	9,799
Trade payables - Agreements	1,459	—	—	1,459
Trade payables – Agreements – Acquisition of Extra stores	894	—	—	894
Other accounts payable	167	—	49	216
Total	17,462	21,158	15,471	54,091

The table above was prepared considering the undiscounted cash flows of financial liabilities based on the earliest date we may be required to make a payment or be eligible to receive a payment. To the extent that interest rates are floating, the non-discounted amount is obtained based on interest rate curves for the period ended December 31, 2023. Therefore, certain balances are not consistent with the balances reported in the balance sheet.

Off-Balance Sheet Arrangements

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.

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

We do not have any significant research and development activities.

D. 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 “Cautionary Statement with Respect to 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—D. Risk Factors.”

The following list sets forth, in our view, the most important trends, uncertainties and events that are reasonably likely to continue to have a material effect on our revenues, income from operations, profitability, liquidity and capital resources, or that may cause reported financial information to be not necessarily indicative of future operating results or financial condition:

- macroeconomic conditions in Brazil, including inflation rates, interest rates, Brazilian GDP growth, employment rates, wage levels, consumer confidence and credit availability; and
- our expansion plan.

For more information, see “A. Operating Results—Principal Factors Affecting Our Results of Operations” above. See also “Item 4. Information on the Company—B. Business Overview” for trend information.

E. Critical Accounting Estimates

See “—A. Operating Results—Financial Presentation and Accounting Policies—Critical Accounting Policies and Estimates.”

ITEM 6. DIRECTORS, SENIOR MANAGEMENT AND EMPLOYEES

A. Directors and Senior Management

Pursuant to our bylaws and the Brazilian Corporate Law, we are managed by a board of directors (*conselho de administração*) and a board of executive officers (*diretoria*). Our bylaws also provide for the establishment of an audit committee (*comitê de auditoria*) to advise our board of directors. Our board of directors may at any time create additional advisory committees to assist in the performance of its duties. As of the date of this annual report, our board of directors has approved the creation the following additional committees: people, culture and compensation committee; finance and investments committee; and corporate governance, sustainability and recommendation committee.

Board of Directors

Our board of directors is the decision-making body responsible for determining the guidelines and general policies of our business, including our overall long-term strategy as well as controlling and overseeing our performance. Our board of directors is also responsible for, among other matters, supervising the activities of our executive officers.

Pursuant to our bylaws, our board of directors must be composed of three to nine members. The members of our board of directors are elected at a general shareholders’ meeting and serve two-year terms. They may be reelected, and they are subject to removal at any time by our shareholders. The board of directors shall have a Chairman and one Vice-Chairman, all appointed by the annual shareholders’ meeting. According to the *Novo Mercado* regulations, at least two or 20.0%, whichever is greater, of the members of the board of directors must be independent directors. Furthermore, the *Novo Mercado* regulations do not permit the same individual to simultaneously hold the positions of chairman of the board of directors and chief executive officer (or comparable position). See “Item 9. The Offer and Listing—C. Markets—Corporate Governance Practices.”

For more information about our board of directors, see “Item 10. Additional Information—B. Bylaws—Board of Directors.”

The following table sets forth the name, title, date of last election and date of birth for each current member of our board of directors:

Name	Title	Date of Last Election	Date of Birth
Oscar de Paula Bernardes Neto ⁽¹⁾	Chairman	April 27, 2023	August 5, 1946
José Guimarães Monforte ⁽¹⁾	Vice-Chairman	April 27, 2023	July 6, 1947
Belmiro de Figueiredo Gomes	Director	April 27, 2023	November 8, 1971
Enéas Cesar Pestana Neto ⁽¹⁾⁽²⁾	Director	September 1, 2023 ⁽²⁾	February 27, 1963
Andiara Pedroso Petterle ⁽¹⁾	Director	April 27, 2023	December 1, 1978
Júlio Cesar de Queiroz ⁽¹⁾	Director	April 27, 2023	May 5, 1963
Leila Abraham Loria ⁽¹⁾	Director	April 27, 2023	January 26, 1954
Luiz Nelson Guedes de Carvalho ⁽¹⁾	Director	April 27, 2023	November 18, 1945
Leonardo Gomes Pereira ⁽¹⁾	Director	April 27, 2023	April 25, 1958

(1) Independent director (as defined under the *Novo Mercado* and NYSE regulations).

(2) At a meeting of our board of directors held on September 1, 2023, Mr. Enéas Cesar Pestana Neto was elected to our board of directors, replacing Mr. Philippe Alarcon, who resigned on the same date. At the ordinary general shareholders’ meeting to be held on April 26, 2024, our shareholders will vote on the ratification of Mr. Pestana Neto’s election to our board of directors.

The term of office of all of our directors will expire at the annual shareholder’s meeting to be held in 2025. 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 following is a summary of the business experience of our directors:

Oscar de Paula Bernardes Neto. Mr. Oscar graduated in Chemical Engineering from the Federal University of Rio de Janeiro. He currently acts as a member of the Governance and Sustainability Committee at Localiza. Over the past years, he has held significant roles in various organizations: From 1996 to 1999, he was the CEO/COO of Bunge Internacional. Between 1999 and 2013, he was a member of the Advisory Board of Bunge Brasil, a food company. From 1999 to 2009, he served on the Board of Directors of Delphi Estados Unidos. From 2003 to 2015, he participated in the Advisory Board of Alcoa Brasil, a company in the aluminum sector. From 2005 to 2015, he was a member of the Board and the Audit Committee of Cia Suzano Papel e Celulose, active in the pulp and paper industry. Between 2010 and 2018, he contributed as a member of the Board and the Committees on Compensation and People Development and Finance at Praxair Inc. (United States), a company specializing in industrial gases. From 2001 to 2019, he served as Senior Consultant to the CEO of Johnson Electric Holdings Limited (Hong Kong), a company dedicated to electric motors, having been a member of the Board of Directors until 2011. Since 2011, he has served as a member of the Board of Directors of OMNI Táxi Aéreo, in the aviation sector. Between 2007 and 2018, he was a member of the Audit and Strategy Committees at Localiza. Since 2011, he has held the position of Vice-Chairman of the Board and Coordinator of the Human Resources Committee at DASA. From 2012 until February 2019, he served as Vice-Chairman of the Board of Directors and a member of the Strategy Committees at Marcopolo S.A., a company in the transportation sector. Since 2015, he has been a member of the Board of Directors of VPAR Participações (Votorantim Group). From 2003 to 2015, he was part of the Board and the Committees on Management and People and Corporate Governance at Gerdaul S.A. From 2003 to 2016, he was a member of the Board of Directors of Metalúrgica Gerdaul S.A. From 2012 to 2015, he participated in the Strategy Committee of Vanguarda S.A. From 2009 to 2017, he was a member of the Advisory Board of Amyris United States. Currently, he is a member of the Board of Directors, the People Committee, and the Audit Committee at Mosaic. Since 2019, he has been a member of the Board of Jalles Machado, assuming the position of Chairman of the Board of Directors in 2021.

José Guimarães Monforte Mr. José Guimarães Monforte is an economist with a degree from the Catholic University of Santos. Currently, he is a partner at Emax Consultoria and holds positions on the Board and the Audit and Risk Committee of CCR. From 1998 to 2011, he served on the Board and coordinated the Risk Committee at Natura Cosméticos. Until 2011, he was also a member of the Board at Vivo. Mr. Monforte has been a member of the Boards of various companies, including Petrobras, BR Distribuidora, Rossi Residencial, Promon, Droga Raia, SABESP, Claro, Banco Nossa Caixa, Banco Tribanco, Canbrás, Pini Editora, Caramuru Alimentos, Klicknet, JHSF, Agreco Ltd., Eletrobras, Banco do Brasil, JBS, Premix, and Cyrela. He played a role in the development of the Brazilian Institute of Corporate Governance, serving as a Director in 2022, Vice President of the Board in 2003, and President of the Board from 2004 to 2008. Mr. Monforte also served as Coordinator of the Opening Capital Committee at Bovespa, Vice President of ANBID, and on the Board of the Clearinghouse of the Commodity Exchange. With an executive career spanning various banks and companies, such as BANESPA, Banco Merrill Lynch, Banco Citibank NA, VBC Energia S/A, and Janos Comércio, Administração e Participação Ltda, he held positions in Brazil and abroad. Additionally, he was a founding partner of Pragma Gestão Patrimonial. Currently, Mr. José is a member of the Board of the Instituto Reciclar, a third-sector entity.

Belmiro de Figueiredo Gomes. Mr. Gomes has been a member of our board of directors since October 2022 and our chief executive officer since February 2011. Previously, he served as our commercial director. Mr. Gomes was also an executive officer of CBD and head of its cash and carry business from 2012 to December 2020. He joined CBD in 2010. He has also served as a commercial executive officer and worked in several areas of *Atacadão* for 22 years. In 2007, Mr. Gomes coordinated the purchase of *Atacadão* by Carrefour. Since January 2016, Mr. Gomes has served as vice-president of the Brazilian Cash and Carry Association (*ABAAS – Associação Brasileira dos Atacadistas de Autosserviço*). He studied accounting at *Instituto de Educação Estadual de Maringá*.

Enéas Cesar Pestana Neto. Mr. Enéas Pestana is a professional with extensive experience in the retail food sector in Brazil. He recently served as the Chairman of the Board of Directors of Lopes Supermercados and held the position of CEO at Dia Supermercados, JBS América do Sul, and CBD. At CBD, his roles included CEO, Chief Financial Officer, and Senior Executive Vice President of Operations. Furthermore, Mr. Pestana is a Founding Partner of a consultancy specializing in business management, focusing on companies in the Retail and Consumer Goods Industry sectors. He graduated in Accounting from the Pontifical Catholic University of the State of São Paulo and holds specializations in the areas of Controllershship, Finance, Leadership, and Management from both national and international institutions.

Andiara Pedrosa Petterle. Mrs. Andiara holds a bachelor's and master's degree in social communication from the Pontifical Catholic University of Rio de Janeiro and is currently a Ph.D. candidate in Business Administration at Business School Lausanne. Since 2021, Mrs. Andiara has served as the Vice-Chair of the Board of Directors and leader of the Strategy Committee at Cia Melhoramentos de São Paulo. Since 2022, she has been a member of the Board of Directors, the Digital Transformation Committee, and the People Committee of Banco SICREDI and SicrediPar. Additionally, since 2022, she has been a member of the Board of Directors, the People Committee, and the GTM Strategy Committee at KNEWIN. Mrs. Andiara has been a Digital Transformation professor at IBGC since 2021 and has been the CEO of Kyrie Capital LLC since 2021. Her previous roles include serving as a member of the Board of Directors at Cia Melhoramentos de São Paulo from 2019 to 2021, a Counselor at ANJ from 2016 to 2021, and an Advisory Counselor at Cia de Talentos from 2013 to 2017. She also served as a Board member from 2012 to 2016 and as the CEO from 2014 to 2016 at Predicta.

Julio Cesar de Queiroz. Mr. Julio holds a degree in Engineering from Mauá School of Engineering and a degree in Administration from Mackenzie Presbyterian University. Additionally, he has a postgraduate degree in Education from the Singularidades Institute, and he has completed dozens of development courses at institutions such as Singularity and Hebrew University of Jerusalem, among others. He has held various roles at Unilever Brasil, covering areas such as Supply Chain, Trade Marketing, Regional Sales Leadership, Corporate Affairs, and served as Vice President of Sales for Brazil and Latin America from 2000 to 2021. He was also a member of the Board of the Women in Retail Institute until 2021. Currently, Mr. Julio is a member of the Board of the Ser + Institute, an Emeritus Council Member of Conscious Capitalism Brazil, Founder of the Young Movement Institute of Brazil, and CEO of Compra Agora América Latina.

Leila Abraham Loria. Mrs. Leila holds a degree in Business Administration from Fundação Getúlio Vargas - FGV, with a Master's in Business Administration from COPPEAD-UFRJ (1978). She has a Post-MBA in Corporate Governance and Capital Markets for Executives from B.I. International (2015), a course for Board Members by IBGC (2015), Risk University KPMG (2018 and 2015/2016), and Sustainable Capitalism ESG Berkeley (2021). Currently, Mrs. Leila is a member of the Board of Directors and the Minority Committee of Companhia Paranaense de Energia - COPEL (since 2017), a member of the Advisory Board and the People and Remuneration Committee of Casas Pernambucanas (since 2018), a member of the Board of Directors, the Socio-Environmental Responsibility Committee, and the Diversity Committee of JBS (since 2021), alternate member of the President of the Advisory Board of ANACONDA (since 2021), member of the Ethics Council of ABRACOM (since 2021), and Co-Chair of Women Corporate Directors - WCD (since 2017). Previously, she was a member and President of the Board of Directors of the Brazilian Institute of Corporate Governance - IBGC (2018-2022), a member of the Board of Directors (2017), the Compliance and Governance Committee (2018-2019), the Investigation Committee (2018-2019), and the People Committee (2017-2021) of Madeira Energia - MESA and Santo Antônio Energia - SAE (2017-2021). She also served as a member of the Audit Committee of COPEL (2017-2021), a member of the Advisory Board of Costão do Santinho Resort (2016-2021), a member of the Advisory Board of INPLAC Indústria de Plástico (2016-2021), and a member of the Advisory Board of COPPEAD (2005-2018). Additionally, Mrs. Leila had experience as Executive Director of Telefonica Brasil and a member of the Board of Directors of Fundação Telefônica Vivo (2010-2015), President and General Director of TVA (Grupo Abril) and a Member of the Board of Tevecap (1997-2006), General Director and Member of the Board of Direct TV (1997-1999), Commercial Director of Walmart (1994-1997), and Director of Marketing, Sales, Business, Purchasing, and Human Resources of Mesbla (1978-1994).

Luiz Nelson Guedes de Carvalho. Mr. Carvalho has been an independent member of our board of directors since October 2020. He was an independent member of the board of directors of CBD from 2017 to 2020 and the coordinating member of CBD's audit committee from 2014 to 2020, as the accounting and finance specialist. Mr. Carvalho is a Senior Professor at the School of Economy, Business Administration and Accounting (*Faculdade de Economia, Administração e Contabilidade*) of the Universidade de São Paulo, or FEA USP. He is an advisor of the Brazilian Accounting Pronouncements Committee (*Comitê de Pronunciamentos Contábeis*), or CPC, and he was a representative of the CPC in the Emerging Economies Group of IASB. He is the former chairman of the board of directors of Petrobras, having served from September 2015 to December 2018. He was also member of the board of directors of the B3 until March 2019 and chair of its audit committee until March 2018, as its accounting and finance specialist. He also served as an independent member of the B3's sustainability committee. Mr. Carvalho is also a member of the Brazilian Accounting Academy (*Academia Brasileira De Ciências Contábeis*) and chairs the fiscal council (*conselho fiscal*) of *Fundação Amazonas Sustentável*, or FAS, an NGO aiming to protect the Amazon rainforest. He is also a trustee of *Fundação Instituto de Pesquisas Contábeis, Atuariais e Financeiras*, a not-for-profit academic research organization. He also is a co-arbitrator at the Brazil – Canada Chamber of Commerce (São Paulo) and at the International Chamber of Commerce (Paris). He is a litigation expert in matters involving Financial Accounting, International Accounting, Corporate Governance, Risk Management and Auditing. Previously, Mr. Carvalho has been: chairman of the Committee on Capacity Building in the area of International Financial Reporting of the Intergovernmental Group of Experts in International Standards of Accounting and Reporting, a branch of UNCTAD, United Nations, in Geneva, Switzerland; an independent member of the banking self-regulation committee of the Brazilian Federation of Banks (*Federação Brasileira de Bancos*); member of the board of directors of FAS, where he currently chairs the fiscal council; a member of the International Integrated Reporting Council (*Conselho Internacional para Relatórios Integrados*) led by the Prince of Wales; vice-president "at large" of the International Association for Accounting Education and Research - IAAER; he was also a member of the Financial Crisis Advisory Group set out by the U.S. Financial Accounting Standards Board and the IASB in 2008; the first independent chairman of the Standards Advisory Council (*Conselho Consultivo de Normas*) of the IASB; member of the consultative and advisory group of the International Federation of Accountants (*Federação Internacional de Contadores – IFAC*); vice-director of the Interamerican Accounting Association; member of the board of directors of Banco Nossa Caixa S.A., Caixa Econômica Federal, Banco Bilbao Vizcaya Argentaria Brasil – BBVA, Banco de Crédito Real de Minas Gerais, Grupo ORSA (pulp and paper), Companhia Müller de Bebidas, Vicunha Têxtil S.A., and Banco Fibra S.A.; he was a member of the audit committees of Banco Nossa Caixa and Vicunha Têxtil; and a member of the internal controls committee of *Banco Fibra*. Mr. Carvalho was also the regional president of the International Association of Financial Executives Institutes for Central and South America and head of banking supervision at the board of directors of the Central Bank and a commissioner at the CVM. Mr. Carvalho holds bachelor's degrees in economics from FEA USP and in accounting from *Faculdade São Judas Tadeu* and master's and Ph.D. degrees in accounting and controllership from FEA USP.

Leonardo Porciúncula Gomes Pereira. Mr. Leonardo Porciúncula Gomes Pereira graduated in Production Engineering from the Federal University of Rio de Janeiro in 1981 and in Economics from the Universidade Cândido Mendes in 1986. He participated in the Cross-Cultural Management Program - AOTS in 1986, the Strategic Finance Program - IMD in 1997, the Executive Development Program - Wharton Business School in 1998, the Senior Executive Program at Columbia University in 2005, and the Executive Programs at Singularity University in the USA and M&A at the London Business School in 2018. He holds the CFA ESG Investing Certificate and completed an MBA at the University of Warwick, England, in 1992. He worked for 13 years (from 1982 to 1995) in various positions at Citibank in Brazil, Asia, and the United States. Additionally, he served as Director of Planning and Investor Relations at Globopar from 1995 to 2000 and as Chief Financial Officer and Investor Relations Officer at Net Serviços from 2000 to 2007. In 2007, he became the President of Companhia Vale da Araguaia, a position he held until 2009 when he became Executive Vice President of Gol Linhas Aéreas and Managing Director of Smiles. Mr. Gomes Pereira also held the position of President of the Brazilian Securities and Exchange Commission (CVM) between 2012 and 2017. He has also served as a board member in both public and private companies, including coordinating the Independent Repair Committee of Vale formed after the Brumadinho tragedy, being a board member and member of the Audit and Risk Committees at CCR and Smiles, both listed on the Novo Mercado, a board member and member of the People Committee at FGC, Chairman of the Board of Directors of CBDN, and a member of the Advisory Board of the Mediare Institute. Since 2021, he has been serving as the Chairman of the Board of Directors of 2W Energia. Since 2022, he is a founding partner leading the governance and stewardship activities at Neuler Capital.

Executive Officers

Our executive officers are our legal representatives, and are mainly responsible for our day-to-day management and for implementing the policies and general guidelines established by our board of directors.

According to our bylaws, our board of executive officers must be composed of three to eight officers, each of whom must be a resident of Brazil, as required by law, but need not own any of our shares. Our executive officers are elected at a meeting of our board of directors for two-year terms, re-election being permitted. Our board of directors may elect to remove officers at any time. Furthermore, the *Novo Mercado* listing rules do not permit the same individual to simultaneously hold the positions of chairman of the board of directors and chief executive officer (or comparable position). See “Item 9. The Offer and Listing—C. Markets—Corporate Governance Practices.”

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For more information about our executive officers, see “Item 10. Additional Information—B. Bylaws—Executive Officers.”

The following table sets forth the name, title, date of first appointment and date of birth for each of our current executive officers:

Name	Title	Date of First Appointment	Date of Birth
Belmiro de Figueiredo Gomes	Chief Executive Officer	October 5, 2020	November 8, 1971
Vitor Fagá de Almeida	Vice-President of Finance and Investor Relations	March 13, 2024	April 23, 1975
Wlamir dos Anjos	Commercial and Logistics Vice-President	October 5, 2020	July 8, 1970
Anderson Barres Castilho	Vice-President of Operations	October 5, 2020	April 21, 1976

Except for Mr. Fagá de Almeida, the term of office of all of our executive officers will expire at the first meeting of our board of directors following the annual shareholder’s meeting to be held in 2024. Mr. Fagá de Almeida’s term will expire at the first meeting of our board of directors following the annual shareholder’s meeting to be held in 2026. None of our executive officers is party to an employment agreement providing for benefits upon termination of employment, except for those benefits provided by Brazilian labor law and, if approved, our Executive Partner Program, a one-off grant of share rights for our CEO and Vice-Presidents of core areas. For more information, see “Item 4. Information on the Company—A. History and Development of the Company—Recent Developments—Proposed Changes to Management Compensation Structure.”

The following is a summary of the business experience of our executive officers.

Belmiro de Figueiredo Gomes. Mr. Gomes has been our chief executive officer since February 2011. Please see “—Board of Directors” for his biography.

Vitor Fagá de Almeida. Mr. Almeida has been our vice-president of finance and investor relations since March 2024. He is a professional with a distinguished leadership trajectory, with extensive experience in financial management, having served as chief executive officer and chief financial officer at prominent companies such as Sam’s Club Brasil, Grupo BIG, CBD, and Via Varejo/Casas Bahia. He has also worked as a strategy consultant at The Boston Consulting Group. Vitor is an Economist graduated from Unicamp and holds a Sloan Master’s in Strategy and Leadership from London Business School.

Wlamir dos Anjos. Mr. dos Anjos has been our commercial and logistics vice-president since May 2011. He has more than 33 years of experience in the wholesale sector, having served as regional director of *Atacadão* from December 1988 to May 2011. Mr. dos Anjos studied marketing management at *UNIP – Universidade Paulista* and human resources management at FGV.

Anderson Barres Castilho. Mr. Castilho has been our vice-president of operations since November 2012. He has more than 29 years of experience in the cash and carry sector, having served as store manager, regional manager and commercial manager for the states of Rio de Janeiro, Espírito Santo, Mato Grosso e Rondônia. Mr. Castilho worked at *Atacadão* from January 1992 to March 2012. Mr. Castilho studied business management at *UNIP – Universidade Paulista*.

Management Changes

On March 13, 2024, our board of directors announced the resignation of Mrs. Daniela Sabbag as our chief financial officer and appointment of Mr. Vitor Fagá de Almeida as our vice-president of finance and investor relations with a term of office until the first meeting of our board of directors following the annual shareholder’s meeting to be held in 2026. In addition, Mrs. Gabrielle Helú remains in the position of Investor Relations Officer, which ceases to be a statutory position.

Board Committees

As of the date of this annual report, our board of directors has approved the creation of the following four advisory committees: (1) audit committee; (2) people, culture and compensation committee; (3) finance and investments committee; (4) corporate governance, sustainability and recommendation committee. The responsibilities of our committees are set by their respective internal regulations. The members of each committee will be appointed by our board of directors, and the board of directors also designates the chairman 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, re-election 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 Rule 23, as amended from time to time, adopt a statutory audit committee (*comitê de auditoria*). According to CVM Rule 23, the 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. Members of our audit committee are appointed by our board of directors for two-year terms, re-election being permitted, and must meet certain requirements set forth by our bylaws, the audit committee's internal regulation and the CVM rules.

The main functions of our audit committee are to: (1) suggest amendments to its internal regulation by submitting the proposal to our board of directors; (2) propose the appointment of independent auditors as well as their replacement, being responsible for, at least, (a) giving its opinion on the appointment of the independent auditor to provide any other service to us; and (b) supervising the activities of the independent auditors, in order to assess (i) their independence; (ii) the quality of services provided; and (iii) the suitability of the services provided to our needs; (3) evaluate our quarterly information, financial statements and management report, making the recommendations it deems necessary to our board of directors, being responsible for, at least: (a) monitoring the quality and integrity of the quarterly information, the interim financial statements and the financial statements; and (b) monitoring the quality and integrity of the information and measurements disclosed based on adjusted accounting data and non-accounting data that may add elements not provided for in the usual financial statements reports; (4) monitor the activities of our internal audit and internal controls department; (5) evaluate and monitor our exposure to risk and request detailed information related to (a) management's compensation; (b) utilization of our assets; and (c) expenses incurred in our behalf; (6) verify if its recommendations are being followed; (7) evaluate the compliance by our management of the recommendations made by the independent and internal audits; (8) evaluate, monitor, and recommend to our board of directors the correction or improvement of our internal policies, including the policy of transactions with related parties; (9) prepare a summarized annual report, to be presented together with the financial statements, which must be kept at our headquarters and available to the CVM, for a period of five years, including, at least, the following information: (a) meetings held and the main issues that were discussed; (b) description of the recommendations presented to our management and evidence of their implementation; (c) evaluation of the effectiveness of the independent and internal audits; (d) evaluation of the quality of the financial, internal control and risk management reports; and (e) any situations in which there is any significant divergence between our management, the independent auditors and the committee in relation to our financial statements; (10) have the means to receive and handle information regarding non-compliance with legal and regulatory provisions adopted by us, including internal regulation; (11) evaluate and monitor the control and verification mechanisms for compliance with the Brazilian anticorruption law; (12) ensure the operationalization of our risk management; (13) advise our board of directors on the application of our risk management; (14) give support to our board of directors in defining the risks we are able to undertake and their priorities; (15) give support to our board of directors in the analysis and approval of the risk management strategy; (16) evaluate the effectiveness of the risk management process; (17) identify the risks arising from the strategic changes and directives determined by our board of directors; and (18) opine on any other matters submitted to it by our board of directors, as well as on those that it considers relevant.

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Our 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: (1) it be separate from the full board; (2) its members not be elected by management; (3) no executive officer be a member of the body; and (4) home country legal or listing provisions set forth standards for the independence of the members of the body.

As a foreign private issuer, we will rely on an exemption under Rule 10A-3(c)(3) of the Exchange Act with respect to our audit committee, and we believe that our audit committee complies with the aforementioned exemption requirements.

Because 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 audit committee cannot fulfill these functions. Therefore, our audit committee may only make recommendations to the board of directors with respect to these matters.

The following table sets forth the name, title, date of last appointment and date of birth for each member of our audit committee:

Name	Title	Date of Last Election	Date of Birth
Luiz Nelson Guedes de Carvalho	Chairman	April 27, 2023	November 18, 1945
Andiara Pedroso Petterle	Member	April 27, 2023	December 1, 1978
Heraldo Gilberto de Oliveira	External specialist	April 27, 2023	May 4, 1964
Guillermo Oscar Braunbeck	External specialist	April 27, 2023	December 8, 1972

The term of office of all of our audit committee members will expire at the annual shareholder's meeting to be held in 2025.

The following is a summary of the business experience of the members of our audit committee.

Luiz Nelson Guedes de Carvalho. Mr. Carvalho has been a member of our audit committee since January 2021. Please see “—Board of Directors” for his biography.

Andiara Pedroso Petterle. Mrs. Petterle has been a member of our audit committee since April 27, 2023. Please see “—Board of Directors” for her biography.

Heraldo Gilberto de Oliveira. Mr. Oliveira has been a member of our audit committee since January 2021. He is an accounting expert and consultant specializing in accounting, corporate and tax matters and is certified by the Brazilian Institute of Corporate Governance (*Instituto Brasileiro de Governança Corporativa – IBGC*) as an Experienced Management Advisor (CCA+ IBGC) and Experienced Audit Committee Member (CCoAud+ IBGC). Currently, Mr. Oliveira holds the following positions: Central Bank-qualified independent member of the board of directors and chairman of the audit committee of China Construction Bank (Brazil) Banco Múltiplo S.A. since 2014; coordinator of audit committee of Iguá Saneamento S.A. since 2017 and member of the people and remuneration committee since 2018; member of the audit committee of Auren Energia S.A. since 2022; coordinator of the audit, risks and compliance committee of CLI – Corredor Logística e Infraestrutura S.A. since 2022; and chairman of the supervisory board of Mangels Industrial S.A. since 2022. Prior to that, he was a member of the board of directors and audit committee of Sabesp – Companhia de Saneamento Básico de São Paulo (from 2009 to 2013); member of the fiscal council and audit committee of CESP – Companhia Energética de São Paulo (from 2019 to 2022); member of the board of directors of GASMIG - Companhia de Gás de Minas Gerais in 2022; member of the board of directors and coordinator of the audit committee of Bicbanco - Banco Industrial e Comercial S.A. (from 2009 to 2013); member of the board of directors and coordinator of the audit committee of Banco Nossa Caixa S.A. (from 2007 to 2008); member of the fiscal councils of Suzano Holding S.A. (from 2014 to 2019), S.A Correio Braziliense (from 2016 to 2018), International Scholl S.A. (from 2021 to 2022), ANPEI - National Association for Research and Development of Innovative Companies (*ANPEI - Associação Nacional de Pesquisa e Desenvolvimento das Empresas Inovadoras*) from 2017 to 2020, IPLF Holding (from 2014 to 2019) and Tevec Sistemas S.A. (from 2016 to 2017); and an alternate member of the board of directors of IRB Brasil Re (from 2019 to 2021). Previously, he was a professor and project coordinator at FIPECAFI - Institute of Accounting, Actuarial and Financial Research Foundation (*FIPECAFI - Fundação Instituto de Pesquisas Contábeis, Atuariais e Financeiras*), a director of the Brazilian Institute of Finance Executives of São Paulo (*IBEF SP - Instituto Brasileiro de Executivos de Finanças de São Paulo*) and a director of the National Association of Executives (*ANEFAC - Associação Nacional de Executivos*). Mr. Oliveira holds a degree in administration and accounting sciences and a master's degree in accounting and controllership from the School of Economics, Management, Accounting and Actuarial Sciences at the University of São Paulo (*FEA - USP*).

Guillermo Oscar Braunbeck. Mr. Guillermo holds a bachelor's degree in economic sciences from the State University of Campinas (UNICAMP) and a Ph.D. in control and accounting from the School of Economics, Administration, Accounting, and Actuarial Sciences at the University of São Paulo (FEA-USP). Currently, Mr. Guillermo serves as a regular fiscal council member at Anima Holding S.A., CESP, CPqD, and Companhia de Navegação Norsul. He is also the vice-technical coordinator and voting member of the Accounting Pronouncements Committee (CPC) and has been the CFO of the CPC Support Foundation since March 2016. Additionally, he is active in academia, holding the position of professor-doctor at FEA-USP since 2014 and serving as a guest professor in the competitiveness management master's program at Fundação Getúlio Vargas since 2017.

People, Culture and Compensation Committee

Our people, culture and compensation committee must be composed of at least three and up to five members. Members are appointed by our board of directors for two-year terms, re-election being permitted, and must meet certain requirements set forth by the committee's internal regulation.

The main functions of our people, culture and compensation committee are to: (1) suggest amendments to its internal regulation by submitting the proposal to our board of directors; (2) discuss and propose to our board of directors our organizational structure; (3) evaluate and propose to our board of directors management and personnel development policies, as well as guidelines for attracting and retaining talent; (4) identify, including within our subsidiaries, potential future leaders and monitor the development of their respective careers; (5) evaluate and discuss the recruitment and hiring methods adopted by us and by our subsidiaries, using similar Brazilian companies as a parameter; (6) analyze the candidates to be elected to as a member of our board of directors and as a member of the board of director's advisory committees, including independent members, based on their professional experience, technical training, as well as economic, social and cultural representativeness; (7) examine and recommend to our board of directors the candidates selected for our management; (8) evaluate and discuss the compensation policy for members of our management by proposing to our board of directors the criteria for compensation, benefits and other programs, including stock option plans; (9) periodically present to our board of directors its assessment of the effectiveness of the compensation policies adopted by us; (10) discuss and propose to our board of directors the criteria for the annual assessment of our management's performance, using similar Brazilian companies as a parameter; and (11) other duties that may be designated by our board of directors.

Our people, culture and compensation committee is currently composed of Renata Mora, which a summary of her business experience is detailed below, and Leila Abraham Loria, Andiara Pedrosa Petterle, Julio Cesar de Queiroz and Enéas Cesar Pestana Neto, all of whom are members of our board of directors. Please see "—Board of Directors" for their biographies.

Renata Moura. Mrs. Moura has over 20 years of professional experience across five different companies and sectors. Mrs. Moura started her career at AMBEV in the consumer sector, then transitioned to the telecommunications industry during the privatization of the sector at Oi. She worked at Santander following its acquisition of BANESPA and four other banks in Brazil. In the retail sector, she worked at Grupo Carrefour. She also worked in the real estate sector at Cyrela, where she held leadership positions in the human resources, legal, and sustainability departments. Mrs. Moura holds a bachelor's degree in law and has pursued further education with an MBA in operations from IE Business School in Spain, a specialization from Fundação Dom Cabral (FDC/Insead), and a post-graduate degree from the Instituto de Pós-(COPPEAD/RJ). Currently, she serves as a director and member of the human resources committee for entities such as Akatu and Localiza.

Finance and Investments Committee

Our finance and investments committee must be composed of at least three and up to five members. Members are appointed by our board of directors for two-year terms, re-election being permitted, and must meet certain requirements set forth by the committee's internal regulation.

The main functions of our finance and investments committee are to: (1) suggest amendments to its internal regulation by submitting the proposal to our board of directors; (2) recommend and monitor the adoption of the best economic and financial standards and the process of implementing and maintaining such standards by proposing changes, updates and improvements to our board of directors; (3) analyze and review our budget; (4) analyze and review the economic and financial viability of our investment plans and programs; (5) analyze, review and recommend measures and actions related to any merger and acquisition or any similar transaction involving us or any of our subsidiaries; (6) monitor any transaction and negotiations mentioned in item (5) above; (7) analyze and review the economic and financial ratios, cash flow and indebtedness policy, and suggest changes and adjustments whenever deemed necessary; (8) monitor the average cost of our capital structure and suggest changes, whenever deemed necessary, as well as evaluate and discuss alternatives for attracting new investments; (9) analyze and recommend opportunities in relation to financing transactions that may improve our capital structure, in addition to analyzing and discussing working capital needs and their impacts on our capital structure; (10) assist our board of directors and management in the analysis of the Brazilian and global economic situation and its potential impact on our financial position, as well as in the preparation of scenarios and trends, in the assessment of opportunities and risks and in the definition of strategies to be adopted by us with respect to our financial policy; (11) monitor the trading patterns of our securities in the Brazilian and U.S. markets, as well as the opinions of the main investment analysts; and (12) other duties that may be designated by our board of directors.

Our finance and investments committee is currently composed of Miguel Maia Mickelberg, which a summary of his business experience is detailed below, and Leonardo Gomes Pereira, Enéas Cesar Pestana Neto, José Guimarães Monforte and Julio Cesar de Queiroz, all of whom are members of our board of directors. Please see “—Board of Directors” for their biographies.

Miguel Maia Mickelberg. Mr. Mickelberg holds a degree in Economics from UFRGS and an MBA from MIT Sloan School of Management, having obtained the Certificate in Finance from the same school. Miguel has been with Cyrela since 2007 and currently serves as Chief Financial Officer (CFO) and Investor Relations Director. He is currently responsible for the areas of controllership, financial planning, accounting, taxes, investor relations, corporate debt issuance, project-linked debt issuance, and information technology. Before assuming the role of CFO, Miguel was the Controller at Cyrela. Miguel is currently a member of the Board of Directors of Cury Construtora e Incorporadora S.A., Lavvi Empreendimentos Imobiliários S.A., and Plano & Plano Desenvolvimento Imobiliário S.A.

Corporate Governance, Sustainability and Recommendation Committee

Our corporate governance, sustainability and recommendation committee must be composed of at least three and up to five members. Members are appointed by our board of directors for two-year terms, re-election being permitted, and must meet certain requirements set forth by the committee's internal regulation.

The main functions of our corporate governance, sustainability and recommendation committee are to: (1) suggest amendments to its internal regulation by submitting the proposal to our board of directors; (2) recommend and monitor the adoption of the best corporate governance and sustainability practices, as well as coordinate the process of implementing and maintaining such practices and analyze the effectiveness of the corporate governance and sustainability processes, proposing changes, updates and improvements when required; (3) ensure the proper functioning of our board of directors, management and the advisory committees of our board of directors and the relationship between such entities and between them and our shareholders, and, accordingly, periodically review and recommend to our board of directors changes with respect to their corresponding operation and duties; (4) periodically prepare or review, as the case may be, our bylaws, codes and policies, the committee's internal regulation, as well as any other documents related to our corporate governance; (5) keep our board of directors informed and updated with respect to laws and regulations, as well as monitor the implementation of regulations and recommendations in force and practiced in the market, including in relation to the rules that may be created and that could impact our corporate and capital market activities; (6) draft, submit to our board of directors and periodically review our transactions with related parties policy, as well as all other policies necessary for the adoption of the best management and corporate governance practices; (7) advise our board of directors on all aspects related to sustainability, including with regard to actions aimed at promoting conscious consumption by our customers, suppliers and employees; (8) advise and recommend the adoption of waste management programs, encouraging small producers and food security; and (9) acknowledge and analyze the transactions with related parties.

Our corporate governance, sustainability and recommendation committee is currently composed of José Guimarães Monforte, Leonardo Gomes Pereira and Leila Abraham Loria, all of whom are members of our board of directors. Please see “—Board of Directors” for their biographies.

Fiscal Council

Under the Brazilian Corporate Law, a fiscal council (*conselho fiscal*) is a separate governance body, independent of management and the independent auditors. The primary responsibility of the fiscal council is to review management’s activities and financial statements and to report their findings to shareholders. The fiscal council is a non-permanent body that, according to our bylaws, may be formed with a minimum of three and a maximum of five members, who must all be residents of Brazil, regardless of whether they are shareholders or not. The fiscal council is required to be appointed at a shareholders’ meeting upon the request of shareholders representing at least 10.0% of our outstanding common shares. On April, 27, 2023, our shareholders voted to approve the constitution of our fiscal council at a general shareholders’ meeting. The current members of our fiscal council are: Artemio Bertholini and his alternate Márcio Belli, Edson Fernandes and his alternate Ricardo Rodil, Leda Hahn and his alternate Rene Martins. The term of office of all of our fiscal council members will expire at the annual shareholder’s meeting to be held in 2024. For more information about our fiscal council, see “Item 10. Additional Information—B. Bylaws—Fiscal Council.”

Indemnification of Directors and Executive Officers

Our bylaws provide that we shall indemnify and hold harmless our directors, executive officers, board committee members, fiscal council members and certain other key executives in case of damage or loss suffered by such persons in the regular exercise of their functions, even if such person no longer exercises the position or function for which he or she was elected or exercised in our company and/or any of our subsidiaries or affiliated companies. The indemnification will only be available after the application and only in a supplemental manner of any eventual coverage of the civil liability (D&O) insurance provided by our company and/or any of our subsidiaries or affiliated companies. The payments to be made by the Company must correspond to the exceeding amount covered by any such D&O insurance policy and observe the limits provided in any indemnity agreement to be entered into between Sendas and such person. For more information about our D&O insurance coverage, see “—B. Compensation—Insurance.”

B. Compensation

For the year ended December 31, 2023, the aggregate compensation expense for our board of directors, executive officers and fiscal council was R\$65.4 million, composed of: (1) R\$17.8 million for our board of directors (R\$9.8 million in fixed compensation and R\$8.0 million in share-based compensation); (2) R\$47.2 million for our executive officers (R\$9.5 million in fixed compensation, R\$26.8 million in variable compensation and R\$10.9 million in share-based compensation); and (3) R\$0.5 million for our fiscal council (composed entirely of fixed compensation). Our executive officers also received 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.

For the year ended December 31, 2024, the aggregate compensation expense for our board of directors, executive officers and fiscal council is expected to be R\$61.1 million, composed of: (1) R\$10.8 million for our board of directors in fixed compensation; (2) R\$49.8 million for our executive officers (R\$11.8 million in fixed compensation, R\$18.5 million in variable compensation and R\$17.4 million in share-based compensation) and R\$2.0 million in termination; and (3) R\$0.5 million for our fiscal council (composed entirely of fixed compensation). Our executive officers also 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. In addition, we expect to incur costs of R\$25.5 million in 2024 connection with our Executive Partner Program, a one-off grant of share rights for our CEO and Vice-Presidents of core areas, subject to approval of the program at our extraordinary general shareholders’ meeting to be held on April 26, 2024. For more information, see “Item 4. Information on the Company—A. History and Development of the Company—Recent Developments—Proposed Changes to Management Compensation Structure.”

Profit Sharing Plan

Sendas has established a profit-sharing plan for its management team. The plan and its regulations do not extend to board members. For the year ended December 31, 2023, the board has endorsed a performance indicator panel percentage range for our executive officers, with a minimum of 80% and a maximum of 120%. This range differs from that applicable to other officers, who have a range of 0% to 200%.

Sendas employs performance indicators aligned with its strategic planning, encompassing both financial and non-financial outcomes. Financial indicators include net sales, net margin, general administrative and sales expenses, EBITDA, net profit, net debt, and an ESG index covering women in leadership and carbon emissions.

The total payout under the profit-sharing programs is constrained by predefined terms and conditions.

Calculation and Accounting

The People, Culture, and Compensation Committee approves the performance indicators governing variable compensation for the chief executive officer and the other executives. These indicators encompass 50% business metrics (financial and ESG), 30% quantitative and qualitative criteria, and 20% individual assessment (discretionary). Each indicator carries a weight with a goal set at 100%, allowing for an achievement range of 80% to 120%.

Starting from October of the applicable preceding year, the calculation provisions for B0 are made, assuming a 100% achievement of performance indicators. Quarterly provisions are initiated from April of the applicable profit sharing plan exercise year. In October of the exercise year, a preliminary simulation is conducted based on indicator attainment until September 30. The final provision calculation occurs in December of the exercise year.

The People, Culture, and Compensation Committee validates the individual evaluation (discretionary) of the chief executive officer and other executives, subject to possible calibrations within the allocated budget.

Group and individual indicator results are assessed against pre-defined goals, approved by the People, Culture, and Compensation Committee and our board of directors, respectively. The weight assigned to each indicator determines the percentage applied to the goal, thereby influencing the profit sharing program outcome for each individual.

Per the plan terms, each eligible member is assigned an annual target calculated based on the base salary for profit-sharing plan valuation. The individual profit-sharing amount is contingent on: (1) Sendas consolidated results; (2) business segment or department outcomes, as applicable; and (3) individual performance. The final amount is derived from multiplying the individual value. For the year ending on December 31, 2023, our executives received R\$11.5 million under this profit-sharing plan, constituting part of their variable compensation.

Stock-Based Compensation

Sendas Stock-Based Compensation Plans

At an extraordinary shareholders' meeting held on December 31, 2020, the shareholders of Sendas approved: (1) a stock-based compensation plan (the "Sendas Compensation Plan"); and (2) a stock option plan (the "Sendas Stock Option Plan").

General Terms and Conditions

The objectives of the Sendas Compensation Plan and the Sendas Stock Option Plan are as follows:

- (1) attracting and retaining highly qualified executives and professionals associated with Sendas;
- (2) enabling managers and employees of Sendas to actively participate in its capital structure and benefit from equity increases resulting from their contributions to our; and
- (3) aligning the interests of managers with those of shareholders, thereby fostering the performance of these professionals and ensuring their continued commitment to the management of Sendas.

Sendas believes that by providing its directors and officers the opportunity to become investors, it not only incentivizes their performance but also aims to create value for Sendas and its shareholders.

Sendas Compensation Plan

Each series of options granted under the Sendas Compensation Plan receives the letter “B” followed by a number. The exercise price of each stock option granted under the Sendas Compensation Plan shall be R\$0.01 (“Exercise Price”). Options granted to a participant may not be exercised for a period of 36 months from the grant date (“Grace Period”) and may only be exercised from the 37th month from the date of the grant. The exercise window consists of 6 months from the 37th month.

At the end of the vesting period (*i.e.*, 36 months), the participant receives the exercise term of the option and Sendas shall inform: (1) the total exercise price to be paid; (2) the date of delivery to the participant of the shares subject to the exercise of the options, which shall occur after approval of the capital increase resulting from the exercise of the respective options by the board of directors; (3) the number of shares to be delivered to the participant; and (4) the period in which the participant must pay the total exercise price, in local currency, by means of a discount on the participant’s payroll, with charges.

Sendas Stock Option Plan

Each series of options granted under the Sendas Stock Option Plan receive the letter “C” followed by a number. The strike price of each stock option granted under the Sendas Stock Option Plan shall correspond to 80% of the average closing price of the trading of the common shares issued by Sendas held in the last 20 trading sessions of B3 prior to the date of convening the meeting of Sendas that deliberates the granting of the options of that series (“Exercise Price”).

Options granted to a participant may not be exercised for a period of 36 months from the grant date (“Grace Period”) and may only be exercised from the 37th month from the date of the grant. The exercise window consists of 6 months from the 37th month.

At the end of the vesting period (*i.e.*, 36 months) the participant receives the exercise term of the option and Sendas shall inform: (1) the total exercise price to be paid, (2) the date of delivery to the participant of the shares subject to the exercise of the options, which shall occur after approval of the capital increase resulting from the exercise of the respective options by the board of directors; (3) the number of shares to be delivered to the participant; and (4) the lock-up period of 6 months from the date of payment.

Termination

The options granted under the Sendas Compensation Plan and the Sendas Stock Option Plan will be automatically extinguished, ceasing all effects, in the following cases: (1) at the time of their full exercise; (2) after the end of the period of validity of the purchase option; (3) by the termination of the relevant option agreement by common agreement between Sendas and the participant; or (4) if Sendas is dissolved, liquidated or is declared bankrupt. In the event of a participant's dismissal, with or without just cause, resignation or removal from office, retirement, permanent disability or death, the rights conferred upon a recipient in accordance with the Sendas Compensation Plan or Sendas Stock Option Plan may be extinguished or modified as follows:

- dismissal from Sendas without just cause or removal from office without violation of duties and duties of administrator, the participant may exercise, within 10 days from the date of termination, the number of options calculated *pro rata* in relation to the applicable Grace Period.
- dismissal from Sendas, for just cause or removal from office for violating the duties and duties of administrator, all purchase options already exercisable or not yet exercisable in accordance with the respective option agreement on the date of its termination will be automatically extinguished, in full right, regardless of notice or notice and without the right to any indemnification.
- upon resigning from Sendas or renouncement from management, all purchase options already exercised or not yet exercisable in accordance with the respective option agreement on the date of its termination will be automatically extinguished, in full, regardless of notice or notice and without the right to any indemnification.
- upon resigning from Sendas, voluntarily having retired in the course of the employment contract, within 15 days from the date of termination, the participant may exercise all purchase options in accordance with the option agreement, including the purchase options in the applicable Grace Period. If there is no exercise by the participant within the period mentioned above, all non-exercised purchase options will be automatically extinguished, in full, regardless of notice or notification and without the right to any indemnification.
- upon death or resigning from Sendas due to permanent disability, within 30 days as of the date of expedition of the inventory or of the competent court order empowering the participant's legal heirs and successors in case of death or declaration of permanent disability issued by the Brazilian Institute of Social Security (INSS), the participant's empowered legal heirs and successors, as the case may be, may exercise all of the call options under the relevant option contract, including the call options during the applicable vesting period. If the exercise is not made by the heirs or legal successors of the participant within the above-mentioned period, all the purchase options not exercised will be automatically extinguished, by operation of law, regardless of prior notice or notification, and without any right to any indemnification.

Maximum Number of Shares and Options

The combined total number of options available for grant under both the Sendas Compensation Plan and the Sendas Stock Option Plan shall not exceed 2% of the total common shares issued by Sendas. This limitation applies with the exception of adjustments resulting from stock splits, reverse stock splits and bonuses.

Since 2023, we ceased to grant stock options to our executive officers within the scope of the existing Sendas stock-based compensation plans. In addition, our board of directors intends to discontinue the use of such plans for our other employees as of 2025. Option awards already granted will remain in force without any change.

Phantom Shares

At the extraordinary general shareholders' meeting held on July 14, 2023, our shareholders approved the implementation of a one-off cash-settled phantom shares plan specifically designed for our executive officers. The total number of shares for 2023 was 1,989,465, calculated based on the salary of December 2022 and the new multiple of salary defined based on the survey conducted by Korn Ferry, divided by the closing price of the last 20 trading sessions prior to the date of June 1, 2023.

The phantom shares granted under this plan are subject to a phased vesting structure with release occurring gradually in installments. 20% of the shares will be released during the third year, another 20% in the fourth year, and the remaining 60% in the fifth year.

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The distribution of phantom shares is delineated as follows: 50% for executive retention and the remaining 50% tied to performance indicators, as detailed in the table below:

Indicator	Date of Calculation	Weight
Percentage of people with disabilities employed in the company	31/12/2026	
	31/12/2027	
	31/12/2028	
Percentage of women in leadership positions	31/12/2026	
	31/12/2027	30%
	31/12/2028	
Total carbon emissions (carbon footprint) of scope 1 and 2 (tones of CO equivalent)	31/12/2026	
	31/12/2027	
	31/12/2028	
Operational Cash Flow	31/12/2026	
	31/12/2027	70%
	31/12/2028	

In the third year, an evaluation of performance indicators will be undertaken. Should the predetermined indicators not be attained, the corresponding value for that year has the option to be aggregated with the achievements of the fourth year or, alternatively, it may be carried forward to accumulate until the fifth year. However, if the fifth year is reached without the successful accomplishment of the indicator, the value corresponding to the proportion of this particular indicator will be reset to zero. This approach allows for flexibility in aligning performance outcomes with established timelines and provides a mechanism for reassessment if necessary.

Each phantom share represents the right to receive, in cash, the equivalent value of the average price of one share of our company over the 20 trading sessions immediately preceding each vesting date, provided that the beneficiary is still employed by us on the vesting date. The phantom shares will be subject to a total vesting period of five years, with partial vesting starting from the 3rd year, as follows: 20% in the 3rd year, 20% in the 4th year, and 60% in the 5th year. For the long-term incentives in 2023, we will allocate 50% with the goal of retaining executives and the remaining 50% based on performance scores.

The governance and monitoring of the phantom shares plan involve the following departments: (i) HR compensation department – management of the plan, HR indicators, calculation and payments, (ii) the sustainability department – sustainability indicators, (iii) management control department – financial indicators, (iv) accounting department – stock accounting; and (v) board of directors – final approval of the amounts to be paid.

Starting from the date of granting of the phantom shares in August 2023, the first payment is scheduled for 36 months later, followed by the second payment at the 48-month mark, and the third at the 60-month mark. All payments will be processed through the payroll, with the deduction of any applicable taxes.

Termination of the phantom shares plan will be as following:

- *Dismissal by the executive officer's own initiative:* All phantom shares will be immediately canceled and extinguished.
- *Dismissal from Sendas, for just cause:* All phantom shares will be immediately canceled and extinguished.
- *Dismissal from Sendas without just cause:* The proportional portion of phantom shares that would become vested at the end of the current vesting period may be retained, while the remaining non-vested phantom shares will be canceled and extinguished without any form of compensation or indemnification to the executive officer, regardless of prior notice or notification.
- *Upon death or resignation from Sendas due to permanent disability or retirement:* All vested phantom shares and the proportional portion of non-vested phantom shares that would become vested at the end of the current Vesting Period may be retained, while the remaining non-vested phantom shares will be canceled and extinguished without any form of compensation or indemnification to the executive officer, regardless of prior notice or notification.

As of December 31, 2023, the amount of the liability corresponding to the plan, including payroll charges, in recorded is "Other accounts payable" in the amount of R\$4 million and the total expense recognized, including payroll charges, was R\$4 million and the fair value of this plan in that date was R\$35 million, including charges.

ASAI3 Stock Purchase Commitment

At the extraordinary general shareholders’ meeting held on July 14, 2023, Sendas shareholders approved the ASAI3 stock purchase commitment for our executive officers. The acquisition of ASAI3 shares occurred on August 4, 2023.

Our executive officers signed an Investment Commitment Agreement in Shares on July 28, 2023, specifying the total amount that should be invested in the stock purchase. This agreement outlines the conditions and rules that must be followed.

The shares will be locked up as follows: (a) five-year lock-up for the chief executive officer; (b) three-year lock-up for the other executive officers; or (c) until they quit their respective positions as executive officers, whichever occurs first.

After the share acquisition of the shares, the executive officer forwarded proof of the mercantile operation to our executive management area for monitoring and control. After each quarterly closing, our compensation department will inform our Chief Human Resources Officer (CHRO) of the share ownership position of each statutory director, using brokerage statements.

This stock purchase commitment aligns with our strategy of establishing Stock Ownership Guidelines governance model to ensure the alignment of interests between shareholders and executive officers.

Stock Options Exercised and Shares Delivered

In 2023, 2022 or 2021, no stock options were exercised by our directors or executive officers under the Sendas stock-based compensation plans.

Outstanding Stock Options under Sendas Stock-Based Compensation Plans

The chart below sets forth the stock options outstanding as of December 31, 2023, which were granted to our executive officers under the Sendas stock-based compensation plans, as well as the phantom shares awarded:

	Sendas B8 Series	Sendas C8 Series	Sendas B9 Series	Sendas C9 Series	Sendas Phantom Shares	Sendas Phantom Shares	Sendas Phantom Shares
Date of grant/award date	May 31, 2021	May 31, 2021	May 31, 2022	May 31, 2022	August 1, 2023	August 1, 2023	August 1, 2023
Number of options/shares granted	88,600	88,600	820,825	820,825	397,893	397,893	1,193,679
Deadline for options to become exercisable	June 1, 2024	June 1, 2024	June 1, 2025	June 1, 2025	N/A	N/A	N/A
Deadline for the exercise of options/delivery of shares	November 30, 2024	November 30, 2024	November 30, 2025	November 30, 2025	August 1, 2026	August 1, 2027	August 1, 2028
Blocking period	N/A	180 days	N/A	180 days	N/A	N/A	N/A
Weighted average exercise price for each of the following stock groups:							
Strike price on the grant date (in R\$ per share)	0.01	13.39	0.01	12.53	0.00	0.00	0.00
Losses in the year (R\$ per share)	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Exercised during the year (R\$ per share)	0.01	13.39	0.01	12.53	0.00	0.00	0.00
Expired during the year (R\$ per share)	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Fair value of options granted as of December 31, 2023/market value of shares on award date (in R\$ per share)	17.21	7.69	15.27	7.35	11.39	11.39	11.39

Proposed Changes to Management Compensation Structure

In connection with our transformation into a non-controlled corporation, we have reviewed our management compensation structure to better align with the interests of our investors. The purpose of the new compensation model is to retain and motivate executives, rewarding the achievement of our performance goals aimed at creating value. To that end, our management has proposed a new compensation model that will be voted at our ordinary and extraordinary general shareholders’ meetings to be held on April 26, 2024. For more information, see “Item 4. Information on the Company—A. History and Development of the Company—Recent Developments—Proposed Changes to Management Compensation Structure.”

Insurance

We maintain officers' and directors' liability insurance, covering all of our managers against damages attributed to them in the good faith exercise of their functions, up to a maximum liability of R\$200 million.

C. Board Practices

For information about our board practices, including our board committees, see “—A. Directors and Senior Management.”

D. Employees

As of December 31, 2023, we had 77,370 employees (based on the full-time number of employees at stores, distribution and administrative centers, including active and absent employees, but excluding interns and underage apprentices), all of which were located in Brazil. As of December 31, 2022 and 2021, we had 73,898 employees and 55,979 employees, respectively (including active and absent employees), all of which were located in Brazil.

The following table sets forth the number of our employees by function as of December 31, 2023:

	As of December 31, 2023
Operational	71,600
Administrative ⁽¹⁾	5,660
Technical	110
Total	77,370

(1) Includes officers, managers and other leaders.

All of our 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 food industry, including our management, and unions representing employees in the food industry. Our management believes that our relations with our employees and their unions are good.

We believe we compensate our employees on a competitive basis, and we have developed incentive programs to motivate our employees and reduce employee turnover. Our turnover rates for the years ended December 31, 2023, 2022 and 2021 were 29.4%, 26.0%, and 27.5%, respectively.

We offer our employees more than 3,625 professional development courses through Assaí University, which is primarily an online platform that offers free courses, skills development and strengthening programs and training in sales, financial management and production, among others. In 2023, we invested 2.8 million hours and R\$23.4 million in employee training.

E. Share Ownership

For information about the share ownership of our directors and officers, see “Item 7. Major Shareholders and Related Party Transactions—A. Major Shareholders.”

F. Disclosure of a Registrant's Action to Recover Erroneously Awarded Compensation

Not applicable.

ITEM 7. MAJOR SHAREHOLDERS AND RELATED PARTY TRANSACTIONS**A. Major Shareholders**

The following table sets forth information concerning the ownership of Sendas common shares as of March 29, 2024, by each person whom we know to be the owner of more than 5% of the outstanding Sendas common shares, and by all of Sendas's directors and executive officers as a group. Except for the shareholders listed below, we are not aware of any other shareholder holding more than 5% of Sendas's common shares. Sendas's principal shareholders have the same voting rights as other holders of Sendas's common shares.

We have not sought to verify any information provided to us by our principal shareholders. The principal shareholders may hold, acquire, sell or otherwise dispose of Sendas common shares at any time and may have acquired, sold or otherwise disposed of Sendas common shares since the date of the information reflected herein. Other information about our principal shareholders may also change over time.

Shareholder	Common Shares		Total Shares	
	Number	%	Number	%
BlackRock, Inc.	144,818,814	10.71	144,818,814	10.71
Orbis Invest	135,224,591	10.00	135,224,591	10.00
Conifer Management, LLC	67,700,000	5.01	67,700,000	5.01
Directors and Officers ⁽¹⁾	4,105,675	0.30	4,105,675	0.30
Others	999,984,120	73.97	999,984,120	73.97
Total	1,351,833,200	100.00	1,351,833,200	100.00

(1) Refers to the amount of Sendas common shares that our directors and officers own directly. For more information about our directors and officers, see "Item 6. Directors, Senior Management and Employees—A. Directors and Senior Management."

As of March 29, 2024, Sendas had 45,312 record holders in Brazil. On March 29, 2024, 106,272,460 Sendas common shares were held in the form of ADSs, representing 7.86% of the total of Sendas's common shares.

Changes in Share Ownership*Casino Group Shareholding Interest*

On December 2, 2022, Wilkes Participações S.A., Géant International B.V. and Helicco Participações Ltda. concluded the sale of an aggregate 140,800,000 Sendas common shares, including 400,000 ADSs, at a price of R\$19.00 per common share (and US\$17.90 per ADS) in a global offering which consisted of an international offering outside Brazil and a concurrent public offering with restricted selling efforts in Brazil. The international offering included a registered offering of ADSs in the United States with the SEC under the Securities Act. As a result of the global offering, the Casino Group's ownership stake in Sendas decreased from 41.0% to 30.5%.

On March 21, 2023, Wilkes Participações S.A. concluded the sale of an aggregate 254,000,000 Sendas common shares, including 2,340,957 ADSs, at a price of R\$16.00 per common share (and US\$15.13 per ADS) in a global offering which consisted of an international offering outside Brazil and a concurrent public offering with restricted selling efforts in Brazil. The international offering included a registered offering of ADSs in the United States with the SEC under the Securities Act. As a result of the global offering, the Casino Group's ownership stake in Sendas decreased from 30.5% to 11.7%.

Additionally, on June 23, 2023, Wilkes Participações S.A., Géant International B.V. and Segisor S.A.S. concluded the sale of an aggregate 157,582,580 Sendas common shares, representing 11.67% of its share capital, through a block trade operation. the Casino Group's ownership stake in Sendas decreased to less than 0.01% and Sendas currently does not have a controlling shareholder or control group.

BlackRock Shareholding Interest

On October 15, 2021, we received a letter from BlackRock, Inc., or BlackRock, stating that BlackRock, on behalf of certain clients, in its capacity as investment manager, had acquired Sendas common shares and Sendas ADSs. As a result of such acquisitions, on October 12, 2021, BlackRock's aggregated holdings totaled (1) 69,485,197 Sendas common shares, representing 5.16% of the total common shares issued by Sendas, consisting of 68,474,267 Sendas common shares and 202,186 Sendas ADSs (representing 1,010,930 Sendas common shares); and (2) 128,669 cash settled derivatives, representing approximately 0.01% of the total common shares issued by Sendas.

On October 20, 2021, we received a letter from BlackRock stating that BlackRock, on behalf of certain clients, in its capacity as investment manager, has disposed Sendas common shares. As a result of such dispositions, on October 15, 2021, BlackRock's aggregated holdings totaled (1) 62,404,969 Sendas common shares, representing 4.63% of the total common shares issued by Sendas, consisting of 61,393,109 Sendas common shares and 202,186 Sendas ADSs (representing 1,010,930 Sendas common shares); and (2) 135,049 cash settled derivatives, representing approximately 0.01% of the total common shares issued by Sendas.

On January 11, 2022, we received a letter from BlackRock, stating that BlackRock, on behalf of certain clients, in its capacity as investment manager, had acquired Sendas common shares and Sendas ADSs. As a result of such acquisitions, on January 6, 2022, BlackRock's aggregated holdings totaled (1) 67,779,983 Sendas common shares, representing 5.03% of the total common shares issued by Sendas, consisting of 66,870,998 Sendas common shares and 181,796 Sendas ADSs (representing 908,985 Sendas common shares); and (2) 213,245 cash settled derivatives, representing approximately 0.01% of the total common shares issued by Sendas.

On August 1, 2023, we received a letter from BlackRock, stating that BlackRock, on behalf of certain clients, in its capacity as investment manager, had acquired Sendas common shares and Sendas ADSs. As a result of such acquisitions, on July 28, 2023, BlackRock's aggregated holdings totaled (1) 144,818,814 Sendas common shares, representing 10.725% of the total common shares issued by Sendas, consisting of 142,073,364 Sendas common shares and 549,090 Sendas ADSs (representing 2,745,450 Sendas common shares); and (2) 5,289,534 cash settled derivatives, representing approximately 0.391% of the total common shares issued by Sendas.

Conifer Shareholding Interest

On December 3, 2021, we received a letter from Conifer Management, LLC, as investment manager of Acacia Partners, L.P., Acacia II Partners, L.P., Acacia Institutional Partners, L.P., Acacia Conservation Fund, L.P. and Acacia Delaware Brazil I LLC, or the Conifer Clients, stating that the Conifer Clients had acquired Sendas common shares so that its equity interest totaled 67,700,000 common shares, representing 5.03% of the total common shares issued by Sendas.

Orbis Shareholding Interest

On March 17, 2023, we received a letter from Orbis Investment Management Limited and affiliated entities (collectively, "Orbis"), stating that Orbis had acquired Sendas common shares and Sendas ADSs. As a result of such acquisitions, March 17, 2023, Orbis's aggregated holdings totaled (1) 59,452,528 Sendas common shares; and (2) 3,968,761 ADSs, representing approximately 5.88% of the total common shares issued by Sendas.

On November 27, 2023, we received a letter from Orbis, stating that Orbis had acquired Sendas common shares and Sendas ADSs. As a result of such acquisitions, November 27, 2023, Orbis's aggregated holdings totaled (1) 101,307,801 Sendas common shares; and (2) 6,783,358 ADSs, representing approximately 10.0% of the total common shares issued by Sendas.

B. Related Party Transactions

As a result of the Casino Group's disposition of our common shares in 2022 and 2023, as further described above under "—A. Major Shareholders—Changes in Share Ownership," the Casino Group and CBD are no longer considered our related parties.

For the period from January 1, 2023 to the date of this annual report, we were not party to any material or unusual transactions with related parties, and no such transactions are presently proposed.

C. Interests of Experts and Counsel

Not applicable.

ITEM 8. FINANCIAL INFORMATION

A. Consolidated Statements and Other Financial Information

Reference is made to Item 19 for a list of all financial statements filed as part of this annual report.

Legal and Administrative Proceedings

We are party to legal and administrative proceedings that are incidental to the normal course of our business. These include general civil, tax and labor litigation and administrative proceedings. 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. See note 17 to our audited financial statements included in this annual report.

We have identified and made provisions for the following probable losses that may result from legal and administrative proceedings to which we are a party as of the dates indicated.

	As of December 31, 2023
	<i>(in millions of R\$)</i>
Tax proceedings	62
Labor proceedings	163
Civil proceedings	38
Total	263

Tax Proceedings

Tax proceedings are subject to monthly monetary correction (*correção monetária*), 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. In certain cases, we are also subject to fines in connection with these proceedings. We have made provisions for interest charges and fines, when applicable.

We are party to tax proceedings that were deemed probable losses by our legal counsel, including: (1) a 2011 disagreement regarding the non-application of Accident Prevention Factor (*Fator Acidentário de Prevenção*); and (2) a disagreement with the Finance Department of the Brazilian federal government regarding the tax rate of state value added tax known as ICMS, calculated on electricity bills. As of December 31, 2023, we had provisioned R\$62 million (R\$55 million as of December 31, 2022) with respect to our tax proceedings.

We are also party to several legal and administrative tax proceedings with a possible risk of loss for which we have not recorded provisions. For more information, see "—Contingent Liabilities for which No Provision has been Recorded."

Exclusion of ICMS from the Calculation Basis of PIS and COFINS

We requested the right to exclude the ICMS amount from the calculation basis of our PIS and COFINS tax liability. In July 2021, the Brazilian Supreme Court (*Supremo Tribunal Federal*), or STF, ruled a final decision in our favor, in accordance with the thesis we presented to the court. Accordingly, in 2021, we processed the tax credit calculation in accordance with the rules defined by the STF, and we recognized the asset related to the tax credits in the amount of R\$216 million (R\$175 million recorded in net revenue and R\$41 million recorded in the net financial result arising from inflation adjustment). These credits were realized during 2022.

Labor Proceedings

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, 2023, we had provisioned R\$163 million (R\$86 million as of December 31, 2022) with respect to our labor proceedings.

Civil Proceedings

We are party to numerous lawsuits involving civil, regulatory, consumer and real estate matters. As of December 31, 2023, we had provisioned R\$38 million (R\$24 million as of December 31, 2022) with respect to our civil proceedings, including the lawsuits described below.

We file and respond to 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. We recognize 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 the entity. As of December 31, 2023, we had recorded provisions for these lawsuits in the amount of R\$32 million (R\$19 million as of December 31, 2022).

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 National Institute of Metrology, Standardization and Industrial Quality (INMETRO), as well as discussions relating to the termination of agreements with our suppliers. We, with the aid of or internal and external legal advisors, record provisions for the probable cash disbursement we will have to make according to the outcome of these legal proceedings. As of December 31, 2023, we had recorded provisions for these lawsuits in the amount of R\$6 million (R\$5 million as of December 31, 2022).

Administrative Proceedings

Our investor relation officer is a defendant in two administrative proceedings initiated by CVM involving alleged disclosures of information about us in violation of the Brazilian capital markets regulations. We have proposed commitment agreements, which are currently being reviewed by CVM. As of December 31, 2023, we had recorded provisions for these proceedings in the amount of R\$0.34 million.

Contingent Liabilities for which No Provision has been Recorded

We are defendants in several legal and administrative proceedings for which the probability of loss is deemed possible. Accordingly, we do not record provisions in connection with these proceedings. As of December 31, 2023, the aggregate amount involved in our legal and administrative proceedings with a possible risk of loss was R\$3,090 million (R\$2,443 million as of December 31, 2022). Out of such amount, R\$1,494 million (R\$1,398 million related to tax and R\$96 million civil and others matters) is subject to reimbursement from our former controlling shareholders, CBD.

These proceedings include tax proceedings (including tax assessment notices relating to tax offsetting proceedings, goodwill disallowance, disagreements regarding payments and overpayments and fines due to non-compliance with ancillary obligations, among other less relevant issues) and civil proceedings (including lawsuits requesting the review of lease amounts). In addition, we are party to two civil proceedings relating to alleged collective moral and social damage inflicted on the Black population by us, relating to alleged incidents that occurred at one of our stores in the cities of Mauá and Limeira, State of São Paulo, in July and August 2021. These proceedings are under court review. For more information about these legal and administrative proceedings, see note 17.4 to our audited financial statements included in this annual report.

Dividends and Dividend Policy

General

Pursuant to the 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, a part of the corporation's net profits as established under its bylaws or, if not provided under such bylaws, an amount equal to 50% of the company's adjusted net profits, calculated pursuant to Brazilian Corporate Law. Currently, Brazilian Corporate Law generally requires that each Brazilian corporation distribute, as a mandatory dividend, an aggregate amount equal to at least 25% of the adjusted net profits, adjusted 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.

Pursuant to our bylaws, we may prepay our dividend distribution on a quarterly basis, subject to approval by our board of directors, at meetings usually held during the first quarter of each fiscal year. At the end of each fiscal year, we pay our shareholders the minimum mandatory dividend, calculated in accordance with Brazilian Corporate Law and our bylaws, less the dividend payments paid in advance during the year. For each of the years ended December 2023, 2022 and 2021, we paid dividends to our shareholders. The approved payments were charged to the minimum mandatory dividend related to the respective fiscal years. See “—History of Payments of Dividends and Interest on Shareholders' Equity” below.

According to Brazilian Corporate Law and our bylaws, we must pay declared dividends within 60 days after the approval of the distribution of dividends in the shareholders' meeting.

For further information, see “Item 10. Additional Information—B. Bylaws—Allocation of Net Profits and Distribution of Dividends—Distribution of Dividends” and “—Interest on Shareholders' Equity.”

In addition, the instruments governing our debentures, promissory notes and commercial notes contain restrictive covenants that limit our ability to distribute dividends in excess of the statutorily required minimum dividend should we not be able to fulfill our obligations under those instruments. For further information, see “Item 5. Operating and Financial Review and Prospects—B. Liquidity and Capital Resources—Indebtedness—Long-Term Indebtedness.”

History of Payments of Dividends and Interest on Shareholders' Equity

The table below summarizes our history of dividends paid as dividends and/or shareholders' equity for the periods indicated. The distribution of dividends is recognized as a liability at the end of the applicable fiscal year, based on the minimum mandatory dividends defined in our bylaws. Any amounts exceeding this minimum are recorded only on the date on which such additional dividends are approved by our shareholders. There can be no assurance that we will be able to distribute dividends in the future. See “Item 3. Key Information—D. Risk Factors—Risks Relating to the Sendas Common Shares and the Sendas ADSs—Holders of Sendas common shares and Sendas ADSs may not receive any dividends.”

	For the Year Ended December 31,		
	2023	2022	2021
		(in millions of R\$)	
Dividends and interest on own capital paid	118	168	148

There will be no payment of dividends related to December 31, 2023 because we used all net income for the year to constitute the tax incentive reserve.

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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. See "Item 10. Additional Information—D. Exchange Controls." The Sendas common shares underlying the Sendas ADSs will be held in Brazil by the Sendas ADS Custodian, as agent for the Sendas Depositary, the registered owner on the records of the Sendas ADS Custodian for the Sendas common shares underlying the Sendas ADSs.

Payments of cash dividends and distributions, if any, will be made in Brazilian *reais* to the Sendas ADS Custodian on behalf of the Sendas 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 Sendas Depositary for distribution to holders of Sendas ADSs as described above. In the event that the Sendas ADS 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 Sendas ADSs may be adversely affected by any devaluation of the Brazilian *real* that occurs before the distributions are converted and remitted. See "Item 3. Key Information—D. 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 Sendas ADSs, are subject to the tax treatment outlined in "Item 10. Additional Information—E. Taxation—Material Brazilian Tax Consequences."

B. Significant Changes

Other than as disclosed in this annual report under "Item 4. Information on the Company—A. History and Development of the Company—Recent Developments," no significant change has occurred since December 31, 2023.

ITEM 9. THE OFFER AND LISTING

A. Offer and Listing Details

The Sendas common shares are listed on the *Novo Mercado* listing segment of the B3 under the ticker symbol "ASAI3."

In connection with the listing of the Sendas common shares on the B3, we entered into a *Novo Mercado* Participation Agreement (*Contrato de Participação no Novo Mercado*) with the B3. Pursuant to the *Novo Mercado* Participation Agreement, we undertake to comply with all requirements related to the corporate governance practices set forth by the B3 in order to meet the listing requirements for the listing of the Sendas common shares on the *Novo Mercado* segment of B3, which we refer to as the "*Novo Mercado* regulations."

The Sendas' ADSs are listed on the NYSE under the ticker symbol "ASAI."

We do not have any other equity securities outstanding apart from our common shares.

B. Plan of Distribution

Not applicable.

C 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 Americas and the leader in Latin America.

Trading on the B3 may only be performed by or through intermediary institutions. B3 trading sessions are conducted every business day, from 10:00 a.m. to 5:55 p.m. or from 10:00 a.m. to 4:55 p.m. during daylight savings time in the United States on an automated system known as PUMA (*Plataforma Unificada Multiativos*) Trading System. Trading is also conducted between 6:25 p.m. and 6:45 p.m. or between 5:30 p.m. and 6:00 p.m. during daylight savings time in the United States, in an “aftermarket” trading session, which is connected to traditional and online brokers. Trading on the “aftermarket” is subject to regulatory limits on price volatility and on the volume of shares transacted through Internet brokers.

When investors trade shares on the B3, settlement occurs two business days after the trade date, with no adjustments on the purchase price for inflation. Generally, the seller is expected to deliver the shares to the B3 on the second business day after the trading date. Delivery and payment of shares are made through the facilities of a clearinghouse, the B3 Central Depository (*Central Depositária da B3*), which handles the multilateral central counterparty settlement of both financial obligations and transactions involving securities.

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 session. In the event the stock exchange index falls below the limit of 20% in comparison to the previous trading session, the B3 may suspend trading for a certain period of time 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 the Brazilian Corporate Law. The Brazilian National Monetary Council (*Conselho Monetário Nacional*), or 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 publicly held (*companhia aberta*), like us, or privately held (*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 the B3 or on the Brazilian over-the-counter market. The shares of a company listed on the B3 may also be traded privately, subject to certain limitations. To be listed on the B3, a company must apply for registration with the CVM and with the B3. Trading of securities of a publicly held company on the 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 the B3 or the CVM, based on or due to, among other reasons, a belief that a company has provided inadequate information regarding a material fact or has provided inadequate responses to inquiries made by the CVM or the 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, B3, introduced three special listing segments, known as Level 1 (*Nível 1*) and Level 2 (*Nível 2*) of differentiated Corporate Governance Practices and the *Novo Mercado*. *Novo Mercado* rules were amended in 2006, 2011, 2018, and 2023. These stock market segments have the purpose of prompting public companies to: (1) disclose information to the market and their shareholders in connection with their business in addition to other disclosures required by law; and (2) adopt corporate governance practices, such as best practices for management, transparency standards and protection of minority shareholders.

Our common shares are listed on the *Novo Mercado*. To list its shares on the *Novo Mercado*, a company and the B3 must enter into the *Novo Mercado* Participation Agreement and the company's bylaws must comply with the rules of the *Novo Mercado*, which are stricter than those provided for under Brazilian Corporate Law, such as requirements to: (1) issue common shares only; (2) maintain a free float of at least 20.0% of their outstanding common shares or at least 15.0% of their outstanding shares for companies that have an average daily trading volume of at least R\$20.0 million considering the 12 previous months; (3) agree to adopt and disclose (a) a code of conduct that establishes the principles and values that guide the company, (b) a trading policy that applies to the issuer, its controlling shareholder, the members of its board of directors, board of executive officers and fiscal council, as well as the members of other corporate bodies that have a technical or consultative role as may be created from time to time by the company's bylaws and any employees and third parties hired by the company that have permanent or sparse access to relevant information; (c) a related party transactions policy, (d) a risk management policy, (e) a compensation policy, and (f) a policy that determines the criteria and the proceedings to nominate the management of the Company, and (g) resolve and require the issuer, its shareholders, members of its board of directors, board of executive officers and fiscal council to resolve any and all disputes among them by arbitration before the Chamber of Market Arbitration (*Câmara de Arbitragem do Mercado*).

Moreover, at least two or 20.0%, whichever is greater, of the members of the board of directors must be independent directors. Furthermore, the *Novo Mercado* regulations do not permit the same individual to simultaneously hold the positions of chairman of the board of directors and chief executive officer (or comparable position), except in the event of a vacancy. Should such vacancy occur, a company must: (1) disclose the accumulation of responsibilities of chairman and chief executive officer in the same person on the business day subsequent to the occurrence of the vacancy; and (2) disclose, within 60 days of the vacancy, the measures taken to fill the position.

In addition, prior to taking office, newly-elected members of the board of directors, board of executive officers and fiscal council (and their respective alternates) of companies listed on the *Novo Mercado* must adhere to arbitration clauses set forth in the company's bylaws.

Periodic and Occasional Disclosure Requirements

According to Brazilian Corporate Law and CVM regulations, a publicly held company must submit certain periodic information to the CVM and the 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 the B3.

The CVM rules also provide for requirements regarding the disclosure and use of information related to material acts or facts, 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 fact that gives rise to reporting requirements. Material acts or facts include decisions made by the controlling shareholders, resolutions of the general 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 publicly held 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 publicly held company to disclose material acts or facts to the CVM, to the B3 and through the publication of such acts in the newspapers or news websites chosen and disclosed by such company;
- require the acquirer of a controlling stake in a publicly held company to publish a material fact, including its intentions as to whether or not to de-list the corporation's shares within one year;
- require management, members of the fiscal council, if installed, or of any technical or advising body of a publicly held company, to disclose to the company, to the CVM and to the 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 any person who increases or decreases participation in our share capital directly or indirectly that crosses the threshold of any multiple of 5.0% (*i.e.*, 5.0%, 10.0%, 15.0% and so forth) of our share capital must disclose information regarding such acquisition or disposition; and
- forbid trading on the basis of insider information.

Under the terms of CVM Resolution No. 44, dated August 23, 2021, public companies may, under exceptional circumstances, submit a request for confidential treatment to the CVM concerning a material act or fact when a controlling shareholders or member of the management consider that such disclosure will pose a risk to the company's legitimate interest.

D. Selling Shareholders

Not applicable.

E. Dilution

Not applicable.

F. Expenses of the Issue

Not applicable.

ITEM 10. ADDITIONAL INFORMATION

A. Share Capital

Pursuant to the *Novo Mercado* rules and for so long as we are listed on the *Novo Mercado*, our share capital must consist exclusively of common shares.

On December 31, 2023, our capital stock was represented by 1,351,833,200 common shares with no par value.

Our board of directors is authorized to increase our capital stock up to the limit of 2,000,000,000 shares, regardless of any amendment to our bylaws, upon resolution of the board of directors, which will establish the applicable terms and conditions.

B. Bylaws

Below is a brief summary of certain significant provisions of our bylaws and the Brazilian Corporate Law. This description does not purport to be complete and is qualified by reference to our bylaws (an English translation of which is attached as an exhibit to this annual report) and to the Brazilian Corporate Law.

Corporation Objects and Purposes

We are a publicly held corporation with our principal place of business and jurisdiction in the city and state of Rio de Janeiro, Brazil, governed by Brazilian laws (including the 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

Our common shares are listed on the *Novo Mercado* listing segment of the B3, the highest level of corporate governance of B3.

Pursuant to our bylaws and the *Novo Mercado* Participation Agreement that we entered into with the B3, 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 “—Allocation 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.”

Allocation of Net Profits and Distribution of Dividends

Allocation of Net Profits

At each annual shareholders’ meeting, our board of executive officers and our board of directors are required to recommend how to allocate our net profit, if any, from the preceding fiscal year. This allocation 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 the 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 allocations 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 allocated to certain profit reserves or carried forward to future fiscal years, as follows:

Mandatory Minimum Dividend. Under the Brazilian Corporate Law and our bylaws, we must allocate 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 attributable to shareholders’ equity, which may be deducted by us in calculating our income and social contribution obligations. Adjusted net profit is net profit following the addition or subtraction of:

- amounts allocated to the formation of a legal reserve account; and
- amounts allocated to the formation of 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 profits not realized is allocated 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 the 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 general 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 the Brazilian Corporate Law and our bylaws, we are required to maintain a legal reserve to which we must allocate 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 allocations 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 allocated 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 allocate 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 allocation criteria and the maximum amount to be maintained in it. Currently, our bylaws provide for an expansion reserve (*reserva para 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 to our share capital. Our shareholders may amend our bylaws in order to establish other discretionary reserves. The allocation 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 allocated to the unrealized profit reserve account. Unrealized profit results 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 the 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 general 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 the 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 correction (*correção monetária*), 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 attributable to shareholders' equity cannot exceed the daily *pro rata* variation of the Long-Term Interest Rate (*Taxa de Juros de Longo Prazo*), or TJLP, a long-term interest rate, 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 on net profits, but before taking into account the provision for corporate 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 Sendas ADSs, 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 17%). See “—E. Taxation—Material Brazilian Tax Consequences—Material Brazilian Tax Consequences for Non-Resident Holders of Sendas Common Shares and Sendas ADSs—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

Our board of directors is the main decision-making body responsible for determining the direction of our business operations. Our bylaws outline the general attributes of our board of directors. The members of our board of directors are elected at our shareholders' meeting. They may be reelected and are subject to removal at any time by our shareholders.

Our board of directors shall ordinarily meet at least six times a year, to review the financial and other results of our company and to review and follow-up of the annual operating plan, and shall extraordinarily meet whenever necessary.

Decisions of the board of directors are made by an affirmative vote of the majority of its members present at a meeting. In accordance with Brazilian Corporations Law, a member of the board of directors is prohibited from voting in any meeting, or participating in any business operation or activity, in which such member has a conflict of interest with the company.

Election of Members of Our Board of Directors

Pursuant to our bylaws, our board of directors must be composed of three to nine members. The members of our board of directors are elected at a general shareholders' meeting and serve two-year terms. They may be reelected, and they are subject to removal at any time by our shareholders. The board of directors shall have a Chairman and one Vice-Chairman, all appointed by the annual shareholders' meeting.

According to the *Novo Mercado* regulations, at least two or 20.0%, whichever is greater, of the members of the board of directors must be independent directors, meaning that none of these directors: (1) is, directly or indirectly, our controlling shareholder; (2) is subject to the provisions relating to voting rights under a shareholders' agreement in respect of our Company; (3) has been an employee or director of our Company or of our controlling shareholder; or (4) is a spouse or at least second-degree relative of a controlling shareholder, any executive of our Company or any executive of the controlling shareholder. Furthermore, the *Novo Mercado* regulations do not permit the same individual to simultaneously hold the positions of chairman of the board of directors and chief executive officer (or comparable position).

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Brazilian Corporations Law permits the adoption of cumulative voting upon a request by shareholders representing at least 10.0% of our voting capital, according to which each share receives a number of votes corresponding to the number of members of the board of directors. Shareholders holding, individually or jointly, at least 10.0% of our common shares are entitled to vote separately to appoint one director. As prescribed by CVM Resolution No. 70/2022, the threshold to trigger cumulative voting rights may vary from 5.0% to 10.0% of the total voting share capital. Taking into consideration our current capital, shareholders representing 5.0% of our voting share capital may request the adoption of cumulative voting to elect the members of our board of directors. If cumulative voting is not requested, our directors will be elected by the majority vote of the holders of our common shares, in person or represented by a proxy.

In addition, in accordance with the *Novo Mercado* regulations, prior to taking office, newly-elected members of our board of directors must adhere to arbitration clauses set forth in our bylaws.

Conflict of Interest

Brazilian Corporations Law prohibits any member of our board directors or our executive officers from:

- performing any charitable act at our expense, except for such reasonable charitable acts for the benefit of our employees or of the community in which we participate, upon approval by the board of directors;
- receiving, by virtue of his or her position, any direct or indirect personal benefit from third parties without authorization in our bylaws or in a shareholders' meeting;
- taking part in a corporate transaction in which he or she has an interest that conflicts with our interests or in the deliberations undertaken by our directors on the matter;
- borrowing money or property from us or use our property, services or credit for his or her own benefit or for the benefit of a company or third party in which he or she has an interest, without the prior approval at a shareholders' meetings or of our board of directors;
- taking advantage of any business opportunity for his or her own benefit or for the benefit of a third party at the expense of the company when he or she learned of such opportunity through his or her position as a director;
- neglecting to protect our rights by failing to disclose a business opportunity in our interests with a view to exploiting the opportunity for personal gain, or for the benefit of a third party; and
- acquiring, in order to resell for profit, a good or right that is essential to our business operations, or that we intend to acquire for ourselves.

The compensation of our directors is determined by our shareholders at the annual shareholders' meeting that approves the previous fiscal year's financial statements.

In addition, in accordance with the *Novo Mercado* regulations, prior to taking office, newly-elected board members must adhere to arbitration clauses set forth in our bylaws.

For more information about our board of directors, see "Item 6. Directors, Senior Management and Employees—A. Directors and Senior Management—Board of Directors."

Executive Officers

Our executive officers are our legal representatives, and are mainly responsible for our day-to-day management and for implementing the policies and general guidelines established by our board of directors. According to our bylaws, our board of executive officers must be composed of three to eight officers, each of whom must be a resident of Brazil, as required by law. Our executive officers are elected at a meeting of our board of directors for two-year terms, reelection being permitted. Our board of directors may elect to remove officers at any time.

In addition, in accordance with the *Novo Mercado* regulations, prior to taking office, newly-elected executive officers must adhere to arbitration clauses set forth in our bylaws.

For more information about our executive officers, see “Item 6. Directors, Senior Management and Employees—A. Directors and Senior Management—Executive Officers.”

Fiscal Council

The Brazilian Corporate Law requires our fiscal council (*conselho fiscal*) to be independent of management and our external independent auditors. The primary responsibility of the fiscal council is to supervise our management’s activities and financial statements and to report their findings to shareholders.

Our fiscal council is a non-permanent body that can be formed with three to five members, and an equal number of alternates, who must all be residents of Brazil.

According to the Brazilian Corporate Law, our fiscal council is required to be appointed at a shareholders’ meeting upon the request of shareholders representing at least 10.0% of our outstanding common shares, and its term ends at the first annual shareholders meeting following its creation. As prescribed by CVM Resolution No. 70/2022, this percentage may be reduced to 2.0% of each company’s voting capital, depending on the company’s capital stock. Taking into consideration our current capital, shareholders representing 2.0% of our voting share capital may request the appointment of the fiscal council. The request to install a fiscal council can be submitted during any shareholders’ meeting, at which time the election of members of the fiscal council would occur.

The fiscal council may not include executive officers or members of the board of directors, or employees of a subsidiary or a company that forms part of the same economic group, or spouses or relatives of any member of our management. Moreover, according to Brazilian Corporate Law, fiscal council members are entitled to at least 10.0% of the average compensation paid to executive officers, excluding benefits, representation fees and profit sharing.

On April 27, 2023, our shareholders voted to approve the constitution of our fiscal council at a general shareholders’ meeting. For more information about our executive officers, see “Item 6. Directors, Senior Management and Employees—A. Directors and Senior Management—Fiscal Council.”

Indemnification of Directors and Executive Officers

Our bylaws provide that we shall indemnify and hold harmless our directors, executive officers, board committee members, fiscal council members and certain other key executives in case of damage or loss suffered by such persons in the regular exercise of their functions, even if such person no longer exercises the position or function for which he or she was elected or exercised in our company and/or any of our subsidiaries or affiliated companies. The indemnification will only be available after the application and only in a supplemental manner of any eventual coverage of the civil liability (D&O) insurance provided by our company and/or any of our subsidiaries or affiliated companies. The payments to be made by the Company must correspond to the exceeding amount covered by any such D&O insurance policy and observe the limits provided in any indemnity agreement to be entered into between Sendas and such person. For more information about our D&O insurance coverage, see “Item 6. Directors, Senior Management and Employees—B. Compensation—Insurance.”

Board Committees

Audit Committee

Our bylaws provide for a statutory audit committee (*comitê de auditoria*), which is an advisory body directly associated to our board of directors. The main functions of our audit committee are: (1) analyze and monitor the quality and integrity of our quarterly information, financial statements and management reports; (2) evaluate the effectiveness and sufficiency of our internal control structure, risk management and internal and independent audit processes; (3) acknowledge and analyze transactions with related parties; (4) evaluate and monitor our exposure to risk; (5) propose the appointment of independent auditors as well as their replacement; and (6) prepare the annual report, to be presented jointly with the financial statements. According to our bylaws, our audit committee must be composed of 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.

For more information about our statutory audit committee, see “Item 6. Directors, Senior Management and Employees—A. Directors and Senior Management—Board Committees—Audit Committee.”

Other Committees

Our board of directors may at any time create additional advisory committees to assist in the performance of its duties. As of the date of this annual report, our board of directors has approved the creation the following additional committees: (1) people, culture and compensation committee; (2) finance and investments committee; and (3) corporate governance, sustainability and recommendation committee.

For more information about our board committees, see “Item 6. Directors, Senior Management and Employees—A. Directors and Senior Management—Board Committees.”

Voting Rights

At our shareholders’ meetings, each common share entitles the holder thereof to one vote. Pursuant to our bylaws and the *Novo Mercado* Participation Agreement that we entered into with the B3, 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 “—Allocation of Net Profits and Distribution of Dividends” 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.”

According to the Brazilian Corporate Law and if we have a controlling shareholder, holders of our common shares that are not controlling shareholders and represent at least 15% 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 general 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 Resolution No. 70, of March 22, 2022, 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 representing 5% of the voting capital may request the adoption of cumulative voting to elect the members of our board of directors.

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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 our company;
- preemptive rights in the event of the issuance of shares, convertible debentures or warrants, except in certain specific circumstances under Brazilian 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 our company in the cases specified in the Brazilian Corporate Law, which are described under “—Withdrawal Rights.”

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 the 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 Vice Chairman 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 (2,000,000,000 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, amalgamate, merge our company with or into another company, spin-off or split our company, or any other form of restructuring of our company;
- the approval of any proposal for the dissolution or liquidation of our company, or for the appointment or replacement of the liquidator;
- the approval of the accounts of the liquidator;
- the establishment of the global annual compensation of the members of our board of directors and board of executive officers; and
- approve the execution of transactions with related parties, as defined in the applicable accounting rules, the individual or aggregate amount of which throughout a fiscal year exceeds one hundred million reais, observed that the shareholders representing related parties in the transaction shall abstain from voting.

Call of Shareholders' Meeting

The Chairman of our board of directors may call shareholders' meetings. In his absence, the meeting may be called by the Vice Chairman of our board of directors or, in their absence, by an 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 five percent 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 at least five percent 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; and
- our fiscal council, when installed, 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 general 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 a widely circulated newspaper, which is currently *O Estado 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 8 days before the date of the meeting on the second call. However, in certain circumstances, the CVM may require 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 that any proposal submitted to the shareholder violates applicable legislation.

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, which must be 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 issued and outstanding common shares on the first call 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 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 our 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.

Remote Voting

In accordance with CVM Resolution No. 81, dated March 23, 2022, we allow our shareholders to submit voting ballots before each shareholders' meeting. We must receive a shareholder's remote voting ballot (*boletim de voto à distância*) up to seven days before the applicable shareholders' meeting. We will inform each shareholder within three days of receipt of the remote voting ballot whether the documents received are sufficient for the vote to be considered valid.

Preemptive Rights on Increases in Share Capital

Under the 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 plans. 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 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—D. Risk Factors—Risks Relating to the Sendas Common Shares and the Sendas ADSs—You might be unable to exercise preemptive rights with respect to the Sendas common shares underlying the Sendas ADSs, as a result of which your investment may be diluted."

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 our 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 our company to another corporate form; and
- a spin-off of our 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 general 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 10 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 a 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 has a department responsible for clearing (*Central Depositária B3*), which is also responsible for settlement and custody of the shares. The payment of dividends, bonuses and other corporate events is also managed by the Central Depositary (*Central Depositária*).

Other Dispositions

In addition to the provisions already described in this annual report, the Brazilian Corporate Law, our bylaws, and current regulations set forth, among others, that:

- 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 100% of the control price;
- if provided for in the bylaws, as it is our case, disputes among shareholders will be subject to arbitration;
- 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 taking into account the total number of outstanding shares;
- members of our board of directors elected by the non-controlling shareholders will have the right to veto the choice of the independent auditor made by the members elected by the controlling shareholders;
- 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.

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; or (iv) by one executive officer or one attorney-in-fact, in special circumstances and always in accordance with the powers provided to each.

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; or (iv) an attorney-in-fact duly appointed by two executive officers of whom one must be the chief executive officer.

Sale of Control of Our Company

In the event of a sale of our company's corporate control directly or indirectly, through 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 40 of our bylaws) that acquires, whether through a single transaction or through a series of transactions: (1) direct or indirect ownership of more than 25% of our shares (excluding treasury shares); or (2) any other shareholders rights, including usufructuary enjoyment or establishment of a trust, concerning more than 25% of our shares (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 40 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 the 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 our company;
- if our company purchases another company through a private increase in corporate capital or subscription of shares by primary offering by any person who has pre-emption rights;
- if our company purchases another company through a private increase in corporate capital or subscription of shares by primary offering due to the lack of full payment by any person who has pre-emption rights or did not have 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 our company 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 a general 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 a general 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 (*Câmara de Arbitragem do Mercado*) of the 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 the Law 6,385, of December 7, 1976, in the Brazilian Corporate Law, in our bylaws, in the regulation issued by the CMN, the Central Bank and 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* regulations, other regulations of the B3, and the *Novo Mercado* Participation Agreement.

C. Material Contracts

Not applicable.

D. Exchange Controls

The ownership of common shares by individuals or legal entities domiciled outside Brazil is subject to certain conditions established under Brazilian law.

The right to convert dividend payments and proceeds from the sale of common shares into foreign currency and to remit those amounts outside Brazil is subject to exchange control restrictions and foreign investment legislation which generally requires, among other things, obtaining an electronic registration with the Central Bank.

CMN Resolution No. 4,373, dated as of September 29, 2014, provides for the issuance of depositary receipts in foreign markets with respect to shares of Brazilian issuers.

An electronic registration is issued in the name of the depositary with respect to the ADSs and is maintained by the custodian on behalf of the depositary.

This electronic registration is carried out through the Central Bank's system (*Sistema do Banco Central*), or SISBACEN, a database of information provided by financial institutions to the Central Bank. Pursuant to the electronic registration, the custodian is able to convert dividends and other distributions, with respect to the common shares represented by the ADSs, into foreign currency and remit the proceeds outside Brazil. In the event that a holder of ADSs exchanges those ADSs for common shares, that holder will be entitled to continue to rely on the depositary's electronic registration for only five business days after that exchange, after which time that holder must seek to obtain its own electronic registration. Thereafter, unless the common shares are held pursuant to CMN Resolution No. 4,373, a holder of common shares who applies for and obtains a new electronic registration may not be able to obtain and remit abroad U.S. dollars or other foreign currencies upon disposal of the common shares, or distributions with respect thereto, and generally will be subject to less favorable tax treatment on the proceeds arising from any sale of common shares. In addition, if the foreign investor is domiciled in a Low or Nil Taxation Jurisdiction (as defined under "—E. Taxation—Material Brazilian Tax Consequences"), the investor will also be subject to less favorable tax treatment, even if its registry before the Central Bank is in accordance with the provisions of CMN Resolution No. 4,373. See "—E. Taxation—Material Brazilian Tax Consequences."

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 requirements described below are fulfilled. In accordance with CMN Resolution 4,373, the definition of foreign investor includes individuals, legal entities, mutual funds and other collective investment entities domiciled or headquartered outside Brazil.

Pursuant to CMN Resolution No. 4,373, foreign investors must fulfill the following requirements before engaging in financial transactions:

- appoint at least one representative in Brazil with powers to perform actions relating to the foreign investment;
- appoint an authorized custodian in Brazil for the investments, which must be a financial institution duly authorized by the Central Bank and the CVM;
- complete the appropriate foreign investor registration form;
- through its representative, register as a foreign investor with the CVM; and
- register its foreign investment with the Central Bank.

In addition, an investor operating under the provisions of CMN Resolution No. 4,373 must be registered with the Brazilian Internal Revenue Service (*Receita Federal do Brasil*) pursuant to Normative Ruling No. 1,863/2018, as amended, which also provides specific obligations regarding the disclosure of information on individuals authorized to legally represent a foreign investor in Brazil as well as the chain of corporate interest up to the individual deemed as their ultimate beneficiary or up to one of the entities mentioned in the corresponding legislation, which includes publicly-held companies domiciled in Brazil.

This registration process is undertaken by the investor's legal representative in Brazil. Non-Brazilian investors should consult their own tax advisors regarding the consequences of Normative Ruling No. 1,863/2018.

Securities and other financial assets held by foreign investors pursuant to CMN Resolution No. 4,373 must be registered or maintained in deposit accounts or under the custody of an entity duly licensed by the Central Bank or the CVM. In addition, securities trading is restricted to transactions carried out on stock exchanges or through organized over-the-counter markets licensed by the CVM, except for subscription, bonification, conversion of debentures into common shares, securities indexes, purchase and sale of investment funds quotas and, if permitted by the CVM, going private transactions, canceling or suspension of trading, public offerings of securities, etc., as detailed by CVM Resolution No. 13, dated November 18, 2020. Moreover, the offshore transfer or assignment of the securities or other financial assets held by foreign investors pursuant to CMN Resolution No. 4,373 is prohibited, except for transfers resulting from a corporate reorganization, or occurring upon the death of an investor by operation of law or will.

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.

Foreign investors may also invest directly under Law No. 4,131/1962, and may sell their shares in both private and open market transactions, but these investors are subject to less favorable tax treatment on gains than investors under CMN Resolution No. 4,373. A foreign direct investor under Law No. 4,131/1962 must: (1) register as a foreign direct investor with the Central Bank; (2) obtain a Brazilian identification number from the Brazilian tax authorities; (3) appoint a tax representative in Brazil; and (4) appoint a representative in Brazil for service of process in respect of suits based on Brazilian Corporate Law. For additional information on Brazilian tax consequences of investing in the Sendas common shares, see “—E. Taxation—Material Brazilian Tax Consequences.”

E. Taxation

The following discussion contains a description of the material Brazilian and U.S. federal income tax consequences of the acquisition, ownership and disposition of the Sendas common shares or the Sendas ADSs. The following discussion is not intended to constitute a complete analysis of all tax consequences relating to the acquisition, ownership and disposition of our common shares. You should consult your own tax advisor concerning the tax consequences of your particular situation, as well as any tax consequences that may arise under the laws of any state, local, foreign or other taxing jurisdiction.

Material Brazilian Tax Consequences

The following discussion describes the material Brazilian tax consequences relating to the purchase, ownership and disposal of Sendas common shares and Sendas ADSs by persons that are not domiciled in Brazil for tax purposes (“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 Sendas common shares or Sendas ADSs.

You are advised to consult your own tax advisor with respect to the Spin-Off or an investment in Sendas common shares or Sendas ADSs in light of your particular investment circumstances.

Taxation of Dividends

Dividends paid by a Brazilian corporation, such as us, to a Non-Brazilian Holder of common shares or ADSs are currently exempt from withholding income tax (“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 (“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 (“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 (“IFRS Profits”), may differ from the profits calculated pursuant to the accounting methods and criteria as effective on December 31, 2007 (“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 (“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 (“Law No. 12,973”), in addition to revoking the RTT, introduced a new set of tax rules (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 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. Thus, there can be no assurance that the current tax exemption on dividends distributed by Brazilian companies will continue in the future. At any case, any potential taxation being imposed upon dividends would become effective only in the year following the enactment of the relevant law.

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% of net income (after the deduction of the social contribution on net income 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% 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 obliged 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.

Please note that there is currently legislation pending before the Brazilian Congress discussing the repeal of interest on shareholders' equity. It is not possible to predict whether such a repeal will effectively occur or if the tax regime applicable to the payment of interest on shareholders' equity will undergo changes, and what the changes will be.

Capital Gains

Sale of Sendas ADSs

According to Law No. 10,833, dated December 29, 2003 ("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 (defined as a person that is domiciled in Brazil for tax purposes, as defined by the applicable Brazilian tax legislation) 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 in 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 Sendas ADSs. If the Sendas 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 Sendas ADS into Sendas Common Shares

Although there is no clear regulatory guidance, the cancellation of Sendas ADSs and receipt of the underlying Sendas common shares should not subject a Non-Resident Holder to Brazilian tax. Non-Resident Holders may cancel their Sendas ADSs, receive the underlying Sendas common shares, sell such Sendas 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 Sendas common shares upon the cancellation of Sendas ADSs, a Non-Resident Holder may also elect to register with the Central Bank the U.S. dollar value of such Sendas 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 Sendas 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 before Brazil's Central Bank and CVM in accordance with Resolution No. 4,373.

Sale of Sendas Common Shares

Capital gains assessed on a Non-Resident Holder on the disposition of Sendas 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 (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 withholding income tax 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 withholding income tax 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 Sendas 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 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 Sendas common shares or Sendas ADSs will not be subject to Brazilian withholding income tax. Any gain on the sale or assignment of preemptive rights relating to Sendas common shares by the Sendas Depository on behalf of holders of Sendas ADSs will be subject to Brazilian income taxation according to the same rules applicable to the sale or disposal of Sendas 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 common ADSs, is treated as a capital gain derived from the sale or exchange of shares not carried out on a Brazilian stock exchange market, 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, the gains realized as a result of the disposal of common shares, including these underlying common ADSs, is the positive difference between the amount realized on the sale or exchange of the common shares and their acquisition cost.

There is no assurance that the current preferential treatment for a Non-Resident Holder of Sendas ADSs and a 4,373 Holder of Sendas common shares will continue or that it will not change in the future.

Conversion of Sendas Common Shares into Sendas ADSs

The deposit of Sendas common shares into the Sendas ADS program and issuance of Sendas 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 Sendas common shares or, in the case of other market investors under Resolution No. 4,373, the acquisition cost of the Sendas common shares, as the case may be, is lower than:

- the average price per Sendas common share on the B3 on the day of deposit; or
- if no Sendas 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 Sendas common shares, calculated as set forth above, may be considered a taxable 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 (“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 withholding income tax applicable to such payments could be assessed at a rate 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%.

Finally, it is worth noting that Law No. 14,596 introduced severe changes to Brazilian transfer pricing rules. Law No. 14,596 reduced the minimum rate used for classifying countries as Low or Nil Taxation Jurisdiction from 20% to 17%. In this sense, under the provisions of Law No. 14,596, compliance with the requirements set forth by Ordinance No. 488, of 2014, may not be necessary.

Other Brazilian Taxes

There are no Brazilian federal inheritance, gift or succession taxes applicable to the ownership, transfer or disposal of Sendas common shares or Sendas 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 Sendas common shares or Sendas 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 common ADSs, may be subject to the Tax on Foreign Exchange Transactions (“IOF/Exchange”). Currently, the applicable rate for almost all foreign currency exchange transactions is 0.38%. 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% 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 6,306/07, the Tax on Bonds and Securities Transactions (“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 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.

Material U.S. Federal Income Tax Consequences

In General

The following is a discussion of the material U.S. federal income tax consequences generally applicable to U.S. Holders (as defined below) of owning and disposing of the Sendas common shares or the Sendas ADSs (the “Sendas Shares”), but it does not purport to be a comprehensive discussion of all tax considerations that may be relevant to a particular investor’s decision to acquire Sendas Shares. This discussion is based on the U.S. Internal Revenue Code of 1986, as amended (the “Code”), the U.S. Treasury Regulations promulgated thereunder, administrative guidance and court decisions, in each case as of the date hereof, all of which are subject to change, possibly with retroactive effect, and to differing interpretations. This discussion addresses only those holders that hold their Sendas Shares as “capital assets” within the meaning of Section 1221 of the Code (generally, property held for investment). This discussion does not address any aspect of non-U.S. tax law or U.S. state, local, estate, gift or other tax law (including the Medicare tax on net investment income) that may be applicable to a holder. This discussion does not constitute tax advice and does not address all aspects of U.S. federal income taxation that may be relevant to particular holders of Sendas Shares in light of their personal circumstances, or to any holders subject to special treatment under the Code, such as:

- banks, mutual funds and other financial institutions;
- real estate investment trusts and regulated investment companies;
- traders in securities or other persons who elect to apply a mark-to-market method of tax accounting;
- tax-exempt organizations or governmental organizations;
- insurance companies;
- dealers or brokers in securities or foreign currency;

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- individual retirement and other deferred accounts;
- persons whose functional currency is not the U.S. dollar;
- expatriates and former long-term residents of the United States;
- “passive foreign investment companies” or “controlled foreign corporations,” and corporations that accumulate earnings to avoid U.S. federal income tax;
- persons subject to an alternative minimum tax;
- persons who own or are deemed to own 10% or more (by vote or value) of Sendas’s voting stock;
- persons who hold the Sendas Shares as part of a “straddle,” “hedge,” “conversion transaction,” “constructive sale,” “wash sale” or other integrated transaction;
- persons owning Sendas Shares in connection with a trade or business conducted outside the United States;
- persons who file applicable financial statements required to recognize income when associated revenue is reflected on such financial statements;
- “S corporations,” partnerships or other entities or arrangements classified as partnerships for U.S. federal income tax purposes, or other pass-through entities (and investors therein); and
- persons who received their shares through the exercise of employee stock options or otherwise as compensation or through a tax-qualified retirement plan.

For purposes of this discussion, a “U.S. Holder” means a beneficial owner of Sendas Shares, that for U.S. federal income tax purposes is:

- an individual who is a citizen or resident of the United States;
- a corporation (or other entity taxable as a corporation for U.S. federal income tax purposes) created or organized in the United States, any state thereof or the District of Columbia;
- an estate the income of which is subject to U.S. federal income taxation regardless of its source; or
- a trust if (i) a court within the United States is able to exercise primary supervision over the administration of the trust and one or more U.S. persons have the authority to control all substantial decisions of the trust, or (ii) the trust has a valid election in effect under applicable U.S. Treasury Regulations to be treated as a U.S. person for U.S. federal income tax purposes.

If a partnership, including for this purpose any arrangement or entity that is treated as a partnership for U.S. federal income tax purposes, holds Sendas Shares, the tax treatment of a partner in the partnership will generally depend upon the status of the partner and the activities of the partnership. A U.S. Holder that is a partnership for U.S. federal income tax purposes and the partners in such partnership are urged to consult their tax advisors about the U.S. federal income tax consequences of the ownership and disposition of Sendas Shares.

This discussion is for informational purposes only and is not tax advice. U.S. Holders of Sendas Shares should consult their tax advisors with respect to the U.S. federal income tax consequences to them of the ownership and disposition of Sendas Shares in light of their particular circumstances, including the applicability and effect of other federal, state, local, non-U.S. and other tax laws, including estate or gift tax laws, any applicable income tax treaty, and possible changes in tax law.

Sendas ADSs

Generally, U.S. Holders of Sendas ADSs should be treated for U.S. federal income tax purposes as holding the Sendas common shares represented by the Sendas ADSs and the following discussion assumes that such treatment will be respected. As a result, no gain or loss should be recognized upon an exchange of Sendas common shares for Sendas ADSs or an exchange of Sendas ADSs for Sendas common shares. The U.S. Treasury has expressed concerns that intermediaries in the chain of ownership between the U.S. Holder of an ADS and the issuer of the security underlying the ADS may be taking actions that are inconsistent with the beneficial ownership of the underlying shares. Accordingly, the creditability of foreign taxes and the availability of the reduced tax rate for dividends received by certain non-corporate U.S. Holders, if any, as described below, could be affected by actions taken by intermediaries in the chain of ownership between the U.S. Holder of a Sendas ADS and Sendas.

U.S. Federal Income Tax Consequences of Owning and Disposing of Sendas Shares

Distributions on Sendas Shares

Subject to the discussion below under “—Passive Foreign Investment Company,” the gross amount of any distribution that Sendas makes to a U.S. Holder with respect to Sendas Shares (including the amount of any taxes withheld therefrom) will generally be includible in such U.S. Holder’s gross income, in the year actually or constructively received, as dividend income, but only to the extent that such distribution is paid out of Sendas’s current or accumulated earnings and profits (as determined under U.S. federal income tax principles). To the extent that the amount of the distribution exceeds Sendas’s current and accumulated earnings and profits (as determined under U.S. federal income tax principles), such excess will be treated first as a tax-free return of a U.S. Holder’s tax basis in such U.S. Holder’s Sendas Shares, thereby reducing the U.S. Holder’s adjusted tax basis in the Sendas Shares (but not below zero) and then, to the extent such excess amount exceeds such U.S. Holder’s adjusted tax basis in such Sendas Shares, as either long-term or short-term capital gain depending upon whether such U.S. Holder’s holding period in the Sendas Shares exceeds one year as of the time such distribution is actually or constructively received. Sendas, however, may not calculate its earnings and profits under U.S. federal income tax principles. In that case, a U.S. Holder should expect that any distribution Sendas makes will be reported as a dividend even if such distribution would otherwise be treated as a tax-free return of capital or as capital gain under the rules described above. Dividends paid by Sendas will not be eligible for the dividends-received deduction allowed to corporations in respect of dividends received from other U.S. corporations under the Code or, with respect to Sendas common shares not backed by Sendas ADSs, for the lower rates applicable to “qualified dividend income” for non-corporate U.S. Holders. Dividends on Sendas ADSs (and common shares represented by ADSs) may be eligible for lower rates applicable to “qualified dividend income” for non-corporate U.S. Holders, provided that Sendas is not a PFIC (as discussed below under “—*Passive Foreign Investment Company*”) for its taxable year in which the dividend is paid and the preceding taxable year, and certain holding period and other requirements are met. Additionally, the amount of any dividend paid in *reais* will be the U.S. dollar value of the *reais* calculated by reference to the spot rate of exchange in effect on the date of actual or constructive receipt, regardless of whether the payment is in fact converted into U.S. dollars on such date. U.S. Holders should consult their own tax advisors regarding the treatment of any foreign currency gain or loss.

Subject to certain conditions and limitations, non-U.S. taxes withheld, if any, from dividends on the Sendas Shares may be treated as foreign taxes eligible for a credit against the U.S. federal income tax liability of a U.S. Holder. For purposes of calculating the foreign tax credit, dividends paid on the Sendas Shares will be treated as income from sources outside the United States and will generally constitute passive category income. Further, in certain circumstances, if a U.S. Holder holds its Sendas Shares for less than a specified minimum period, the U.S. Holder will not be allowed a foreign tax credit for non-U.S. taxes imposed, if any, on dividends paid on its shares. In addition, recent U.S. Treasury Regulations have imposed additional requirements that must be met for a foreign tax to be creditable (including requirements that a “covered withholding tax” be imposed on nonresidents in lieu of a generally applicable tax that satisfies the regulatory definition of an “income tax,” which may be unclear or difficult to determine), and these requirements may further restrict a U.S. Holder’s ability to benefit from the foreign tax credit for Brazilian income taxes. The rules governing the foreign tax credit are complex. U.S. Holders should consult their own tax advisors regarding the availability of the foreign tax credit under their particular circumstances.

Dispositions of Sendas Shares

Subject to the discussion below under “—Passive Foreign Investment Company,” a U.S. Holder will generally recognize capital gain or loss on any sale, exchange, redemption, or other taxable disposition of its Sendas Shares in an amount equal to the difference between the amount realized for the Sendas Shares on the disposition and such U.S. Holder’s adjusted tax basis in the Sendas Shares disposed of (as discussed above and further detailed below). Any such capital gain or loss will be long-term if the U.S. Holder’s holding period in the Sendas Shares exceeds one year. Long-term capital gains of non-corporate taxpayers are generally eligible for reduced rates of taxation. The deductibility of capital losses is subject to limitations. Any gain or loss generally will be treated as U.S. source gain or loss.

To the extent a U.S. Holder acquires or disposes of Sendas Shares in a transaction denominated in *reais*, a U.S. Holder’s initial tax basis in the Sendas Shares will be the U.S. dollar value of the *reais* denominated purchase price determined on the date of purchase, and the amount realized on a sale, exchange, redemption or other taxable disposition of the Sendas Shares will be the U.S. dollar value of the payment received determined on the date of disposition. If the Sendas Shares are treated as traded on an “established securities market”, a cash method U.S. Holder or, if it elects, an accrual method U.S. Holder, will determine the U.S. dollar value of (i) the cost of such Sendas Shares by translating the amount paid at the spot rate of exchange on the settlement date of the purchase, and (ii) the amount realized by translating the amount received at the spot rate of exchange on the settlement date of the sale, exchange, redemption or other taxable disposition. Such an election by an accrual method U.S. Holder must be applied consistently from year to year and cannot be revoked without the consent of the IRS. Accrual method U.S. Holders that do not elect to be treated as cash method taxpayers for this purpose may have a foreign currency gain or loss for U.S. federal income tax purposes, which in general will be treated as U.S. source ordinary income or loss. U.S. Holders should consult their tax advisors as to the U.S. federal income tax consequences of the receipt of *reais*.

If any Brazilian tax is imposed on the sale or other disposition of the Sendas Shares, a U.S. Holder’s amount realized will include the gross amount of the proceeds of the sale or other disposition before deduction of the Brazilian tax. See “—Material Brazilian Tax Consequences—Capital Gains” for a description of when a disposition may be subject to taxation by Brazil. Brazilian IOF/Exchange tax or any IOF/Securities tax (described under “—Material Brazilian Tax Consequences—Taxation of Foreign Exchange Transactions (IOF/Exchange)” and under “—Material Brazilian Tax Consequences—Tax on Bonds and Securities Transactions (IOF/Bonds) above) will generally not be creditable foreign taxes for U.S. federal income tax purposes. U.S. Holders should consult their tax advisors concerning the creditability or deductibility of any Brazilian income tax imposed on the disposition of the Sendas Shares in their particular circumstances.

Passive Foreign Investment Company

In general, a non-U.S. corporation will be classified as a passive foreign investment company, or PFIC, for U.S. federal income tax purposes in any taxable year in which the corporation satisfies either of the following requirements:

- at least 75% of its gross income is “passive income”; or
- at least 50% of the average gross fair market value of its assets is attributable to assets that produce “passive income” or are held for the production of “passive income.”

Passive income for this purpose generally includes dividends, interest, royalties, rents and net gains from the disposition of property that gives rise to such income and of commodities. In addition, there is a look-through rule for investments in subsidiary corporations. Under this rule, if a non-U.S. corporation owns (directly or indirectly) at least 25% of the total value of the outstanding shares of another corporation, the non-U.S. corporation is treated as owning its proportionate share of the assets of the other corporation and earning its proportionate share of the income of the other corporation for purposes of determining if the non-U.S. foreign corporation is a PFIC.

Based upon the composition of our income, our assets and the nature of our business, we believe that we were not treated as a PFIC for U.S. federal income tax purposes in 2023. However, there can be no assurance that Sendas will not be considered to be a PFIC for any particular year because PFIC status is factual in nature, depends upon factors not wholly within Sendas's control, generally cannot be determined until the close of the taxable year in question, and is determined annually. Further, if Sendas is a PFIC for any taxable year during which a U.S. Holder owned the Sendas Shares and any of Sendas's non-U.S. subsidiaries is also a PFIC, such U.S. Holder will be treated as owning a proportionate amount (by value) of the shares of the lower-tier PFIC for purposes of the application of these rules. U.S. Holders are urged to consult their tax advisors about the application of the PFIC rules to any of Sendas's subsidiaries.

Generally, if Sendas were a PFIC for any taxable year during which a U.S. Holder owned the Sendas Shares, gains recognized by such U.S. Holder on a sale or other disposition (including, under certain circumstances, a pledge) of the Sendas Shares would be allocated ratably over the U.S. Holder's holding period for such Sendas Shares. The amount allocated to the taxable year of the sale or other disposition and to any year before Sendas became a PFIC would be taxed as ordinary income. The amount allocated to each other taxable year would be subject to tax at the highest rate in effect for individuals or corporations, as appropriate, and an interest charge would be imposed on the amount allocated to each such taxable year. Further, any distribution on the Sendas Shares in excess of 125% of the average of the annual distributions on the Sendas Shares received by a U.S. Holder during the preceding three years or the U.S. Holder's holding period, whichever is shorter, would be subject to taxation in the same manner as gain recognized from the sale or other disposition of the Sendas Shares, as described immediately above. A mark-to-market election may be available that would result in alternative treatments of the Sendas ADSs if Sendas was a PFIC. If Sendas is classified as a PFIC in any year that a U.S. Holder owned the Sendas Shares, Sendas generally will continue to be treated as a PFIC with respect to such U.S. Holder for all succeeding years during which such U.S. Holder owned the Sendas Shares, even if Sendas ceased to satisfy the requirements of being a PFIC. If a U.S. Holder holds the Sendas Shares during any taxable year in which Sendas is a PFIC, the U.S. Holder generally will be required to file an annual IRS Form 8621, generally with the U.S. Holder's U.S. federal income tax return for that year unless specified exceptions apply. Significant penalties are imposed for failure to file IRS Form 8621, and the failure to file such form may suspend the running of the statute of limitations. U.S. Holders should consult their tax advisors regarding the application of the PFIC rules to their investment in the Sendas Shares and the possibility of making a mark-to-market election.

Backup Withholding and Information Reporting

Payments of dividends and proceeds from the sale, exchange, redemption or other taxable disposition of Sendas Shares that are made within the United States by a U.S. payor or through certain U.S.-related financial intermediaries to a U.S. Holder may, under certain circumstances, be subject to information reporting and backup withholding, unless the U.S. Holder provides proof of an applicable exemption or, in the case of backup withholding, furnishes its taxpayer identification number and otherwise complies with all applicable requirements of the backup withholding rules. Backup withholding is not an additional tax and generally will be allowed as a refund or credit against the U.S. Holder's U.S. federal income tax liability, provided that the required information is timely furnished to the IRS.

Foreign Asset Reporting

Certain U.S. Holders are required to report information relating to an interest in the Sendas Shares, subject to certain exceptions (including an exception for Sendas Shares held in accounts maintained by certain financial institutions) by filing IRS Form 8938 (Statement of Specified Foreign Financial Assets) with their U.S. federal income tax return. U.S. Holders are urged to consult their tax advisors regarding their information reporting obligations, if any, with respect to their ownership and disposition of Sendas Shares.

F. Dividends and Paying Agents

The dividend paying agent for shareholders is Banco Itaú Corretora de Valores S.A. For additional detail, see “—Bylaws—Allocation of Net Profits and Distribution of Dividends—Distribution of Dividends” and “Item 8. Financial Information—A. Consolidated Statements and Other Financial Information—Dividends and Dividend Policy.”

G. Statement by Experts

Not applicable.

H. Documents on Display

We are subject to the informational requirements of the Exchange Act. Accordingly, we are required to file reports and other information with the SEC, including annual reports on Form 20-F and periodic reports on Form 6-K. You may read and copy our periodic reports at the SEC's public reference room in Washington, D.C. Please call the SEC at 1-800-SEC-0330 for further information. Our SEC filings are also available to the public from commercial document retrieval services. Some of our SEC filings are also available at the website maintained by the SEC at www.sec.gov. Except as otherwise expressly indicated herein, any such information does not form part of this annual report.

The Sendas ADSs are listed on the NYSE under the ticker symbol "ASAI." You may inspect any periodic reports and other information filed with or furnished to the SEC by us at the offices of the New York Stock Exchange, 20 Broad Street, New York, New York 10005.

As a foreign private issuer, we are exempt from the rules under the Exchange Act which prescribe the furnishing and content of proxy statements, and our officers, directors and principal shareholders are exempt from the reporting and "short-swing" profit recovery provisions contained in Section 16 of the Exchange Act.

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 Resolution No. 80/22 and can be accessed through www.cvm.gov.br and through our investor relations website <https://ri.assai.com.br/>. Information from those websites is not incorporated by reference into this document.

We have appointed JPMorgan Chase Bank N.A. to act as depositary for the Sendas ADSs. JPMorgan Chase Bank N.A. will, as provided in the Sendas Deposit Agreement, arrange for the mailing of summaries in English of such reports and communications to all record holders of the Sendas ADSs. Any record holder of the Sendas ADSs may read such reports and communications or summaries thereof at JPMorgan Chase Bank N.A.'s office located at 383 Madison Avenue, Floor 11, New York, NY 10179.

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 investor relations office at: Avenida Aricanduva, No. 5,555, Central Administrativa Assaí, Âncora E, Vila Matilde, 03527-000, São Paulo, SP, Brazil.

Our website is located at www.assai.com.br. This URL is intended to be an inactive textual reference only. It is 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.

I. Subsidiary Information

Not applicable.

J. Annual Report to Security Holders

If we are required to provide an annual report to security holders in response to the requirements of Form 6-K, we will submit the annual report to security holders in electronic format in accordance with the EDGAR Filer Manual.

ITEM 11. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT 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.

We have a treasury policy designed to manage financial market risk, 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 counterparty 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—B. Liquidity and Capital Resources.”

We use derivative financial instruments, usually cross-currency interest rate swaps, to mitigate risk caused by fluctuating currency and interest rates. We enter into cross-currency interest rate swaps to protect foreign 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 counter-parties to these contracts are major financial institutions. We do not expect a credit loss from counter-party non-performance.

For more information about our market risks and the sensitivity analyses of these risks, see note 16 to our audited financial statements included in this annual report.

ITEM 12. DESCRIPTION OF SECURITIES OTHER THAN EQUITY SECURITIES

A. *Debt Securities*

Not applicable.

B. *Warrants and Rights*

Not applicable.

C. *Other Securities*

Not applicable.

D. *American Depositary Shares*

In the United States, the Sendas common shares trade in the form of ADS. The Sendas ADSs commenced trading on the NYSE on March 8, 2021.

Description of American Depositary Shares

American Depositary Receipts

JPMorgan Chase Bank, N.A. (“JPMorgan”), as Sendas Depositary, has issued the Sendas ADSs. Each Sendas ADS represents an ownership interest in a designated number or percentage of Sendas common shares which we have deposited with the Sendas ADS Custodian, as agent of the depositary, under the deposit agreement among ourselves, the depositary, yourself as an American depositary receipt holder (“ADR holder”), and all other ADR holders, and all beneficial owners of an interest in the ADSs evidenced by ADRs from time to time. In the future, each ADS will also represent any securities, cash or other property deposited with the depositary but which they have not distributed directly to you. Unless certificated ADRs are specifically requested by you, all ADSs will be issued on the books of our depositary in book-entry form and periodic statements will be mailed to you which reflect your ownership interest in such ADSs. In this “Description of American Depositary Shares,” references to American depositary receipts or ADRs shall mean ADRs evidencing Sendas ADSs and shall include the statements you will receive which reflect your ownership of Sendas ADSs. In addition, in this “Description of American Depositary Shares,” “ADSs” will refer to the Sendas ADSs, “shares” will refer to Sendas common shares, “depositary” will refer to the Sendas Depositary and “custodian” will refer to the Sendas ADS Custodian.

The depositary’s office is located at 383 Madison Avenue, Floor 11, New York, NY 10179.

You may hold ADSs either directly or indirectly through your broker or other financial institution. If you hold ADSs directly, by having an ADS registered in your name on the books of the depositary, you are an ADR holder. This description assumes you are an ADR holder and hold your ADSs directly. If you have a beneficial ownership interest in ADSs but hold the ADSs through your broker or financial institution nominee, you are a beneficial owner of ADSs and must rely on the procedures of such broker or financial institution to assert the rights of an ADR holder described in this section. You should consult with your broker or financial institution to find out what those procedures are. If you are a beneficial owner, you will only be able to exercise any right or receive any benefit under the deposit agreement solely through the ADR holder which holds the ADR(s) evidencing the ADSs owned by you, and the arrangements between you and such ADR holder may affect your ability to exercise any rights you may have. For all purposes under the deposit agreement, an ADR holder is deemed to have all requisite authority to act on behalf of any and all beneficial owners of the ADSs evidenced by the ADR(s) registered in such ADR holder’s name. The depositary’s only notification obligations under the deposit agreement shall be to the ADR holders, and notice to an ADR holder shall be deemed, for all purposes of the deposit agreement, to constitute notice to any and all beneficial owners of the ADSs evidenced by such ADR holder’s ADRs.

As an ADR holder or beneficial owner, we will not treat you as a shareholder of ours and you will not have any shareholder rights. Brazilian law governs shareholder rights. Because the depositary or its nominee will be the shareholder of record for the shares represented by all outstanding ADSs, shareholder rights rest with such record holder. Your rights are those of an ADR holder or of a beneficial owner. Such rights derive from the terms of the deposit agreement to be entered into among us, the depositary and all registered holders and beneficial owners from time to time of ADSs issued under the deposit agreement and, in the case of a beneficial owner, from the arrangements between the beneficial owner and the holder of the corresponding ADRs. The obligations of our company, the depositary and its agents are also set out in the deposit agreement. Because the depositary or its nominee will actually be the registered owner of the shares, you must rely on it to exercise the rights of a shareholder on your behalf. The deposit agreement, the ADRs and the ADSs are governed by New York law. Under the deposit agreement, as an ADR holder or a beneficial owner of ADSs, you agree that any legal suit, action or proceeding against or involving us or the depositary, arising out of or based upon the deposit agreement, the ADSs, the ADRs or the transactions contemplated thereby, may only be instituted in a state or federal court in New York, New York, and you irrevocably waive any objection which you may have to the laying of venue of any such proceeding and irrevocably submit to the exclusive jurisdiction of such courts in any such suit, action or proceeding.

The following is a summary of what we believe to be the material terms of the Sendas Deposit Agreement. Notwithstanding this, because it is a summary, it may not contain all the information that you may otherwise deem important. For more complete information, you should read the entire deposit agreement and the form of ADR which contains the terms of your ADSs. You can read a copy of the deposit agreement which is filed as an exhibit to the most recent Form F-6 registration statement (or amendment thereto) filed with the SEC. You may also obtain a copy of the form of deposit agreement at the SEC’s Public Reference Room which is located at 100 F Street, NE, Washington, DC 20549. You may obtain information on the operation of the Public Reference Room by calling the SEC at 1-800-732-0330. You may also find the registration statement and the attached deposit agreement on the SEC’s website at <http://www.sec.gov>.

Share Dividends and Other Distributions

How will I receive dividends and other distributions on the shares underlying my ADSs?

We may make various types of distributions with respect to our securities. The depositary has agreed that, subject to any restrictions imposed by Brazilian law, to the extent practicable, it will pay to you the cash dividends or other distributions it or the custodian receives on shares or other deposited securities, after converting any cash received into U.S. dollars (if it determines such conversion may be made on a reasonable basis) and, in all cases, making any necessary deductions provided for in the deposit agreement. The depositary may utilize a division, branch or affiliate of JPMorgan to direct, manage and/or execute any public and/or private sale of securities under the deposit agreement. Such division, branch and/or affiliate may charge the depositary a fee in connection with such sales, which fee is considered an expense of the depositary. You will receive these distributions in proportion to the number of underlying securities that your ADSs represent.

Except as stated below, the depositary will deliver such distributions to ADR holders in proportion to their interests in the following manner:

- *Cash.* The depositary will distribute any U.S. dollars available to it resulting from a cash dividend or other cash distribution or the net proceeds of sales of any other distribution or portion thereof (to the extent applicable), on an averaged or other practicable basis, subject to (i) appropriate adjustments for taxes withheld, (ii) such distribution being impermissible or impracticable with respect to certain ADR holders, and (iii) deduction of the depositary's and/or its agents' expenses in (1) converting any foreign currency to U.S. dollars to the extent that it determines that such conversion may be made on a reasonable basis, (2) transferring foreign currency or U.S. dollars to the United States by such means as the depositary may determine to the extent that it determines that such transfer may be made on a reasonable basis, (3) obtaining any approval or license of any governmental authority required for such conversion or transfer, which is obtainable at a reasonable cost and within a reasonable time and (4) making any sale by public or private means in any commercially reasonable manner. If we advise the depositary that any such conversion, transfer or distribution can be effected only with the approval or license of the Brazilian government or any agency thereof or the depositary becomes aware of any other governmental approval or license required, the depositary may, in its discretion, apply for such approval or license, as we or our Brazilian counsel may reasonably instruct in writing or as the depositary may deem desirable including, without limitation, Central Bank registration. *If exchange rates fluctuate during a time when the depositary cannot convert a foreign currency, you may lose some or all of the value of the distribution.*
- *Shares.* In the case of a distribution in shares, the depositary will issue additional ADRs to evidence the number of ADSs representing such shares. Only whole ADSs will be issued. Any shares which would result in fractional ADSs will be sold and the net proceeds will be distributed in the same manner as cash to the ADR holders entitled thereto.
- *Rights to receive additional shares.* In the case of a distribution of rights to subscribe for additional shares or other rights, if we timely provide evidence satisfactory to the depositary that it may lawfully distribute such rights, the depositary will distribute warrants or other instruments in the discretion of the depositary representing such rights. However, if we do not timely furnish such evidence, the depositary may:
 - (i) sell such rights if practicable and distribute the net proceeds in the same manner as cash to the ADR holders entitled thereto; or
 - (ii) if it is not practicable to sell such rights by reason of the non-transferability of the rights, limited markets therefor, their short duration or otherwise, do nothing and allow such rights to lapse, in which case ADR holders will receive nothing and the rights may lapse. We have no obligation to file a registration statement under the United States Securities Act of 1933, as amended ("Securities Act") in order to make any rights available to ADR holders.

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- *Other Distributions.* In the case of a distribution of securities or property other than those described above, the depositary may either (i) distribute such securities or property in any manner it deems equitable and practicable or (ii) to the extent the depositary deems distribution of such securities or property not to be equitable and practicable, sell such securities or property and distribute any net proceeds in the same way it distributes cash.
- *Elective Distributions.* In the case of a dividend payable at the election of our shareholders in cash or in additional shares, we will notify the depositary at least 30 days prior to the proposed distribution stating whether or not we wish such elective distribution to be made available to ADR holders. The depositary shall make such elective distribution available to ADR holders only if (i) we shall have timely requested that the elective distribution is available to ADR holders, (ii) the depositary shall have determined that such distribution is reasonably practicable and (iii) the depositary shall have received satisfactory documentation within the terms of the deposit agreement including any legal opinions of counsel that the depositary in its reasonable discretion may request. If the above conditions are not satisfied, the depositary shall, to the extent permitted by law, distribute to the ADR holders, on the basis of the same determination as is made in the local market in respect of the shares for which no election is made, either cash or additional ADSs representing such additional shares. If the above conditions are satisfied, the depositary shall establish procedures to enable ADR holders to elect the receipt of the proposed dividend in cash or in additional ADSs. There can be no assurance that ADR holders or beneficial owners of ADSs generally, or any ADR holder or beneficial owner of ADSs in particular, will be given the opportunity to receive elective distributions on the same terms and conditions as the holders of shares.

If the depositary determines in its discretion that any distribution described above is not practicable with respect to any specific ADR holder, the depositary may choose any method of distribution that it deems practicable for such ADR holder, including the distribution of foreign currency, securities or property, or it may retain such items, without paying interest on or investing them, on behalf of the ADR holder as deposited securities, in which case the ADSs will also represent the retained items.

The depositary shall have no obligation to distribute additional securities, rights to receive additional securities or other property if such distributions shall require registration under the Securities Act. The depositary may sell such property if practicable and distribute the net proceeds in the same manner as cash to the ADR holders entitled thereto.

Any U.S. dollars will be distributed by checks drawn on a bank in the United States for whole dollars and cents. Fractional cents will be withheld without liability and dealt with by the depositary in accordance with its then current practices.

The depositary is not responsible if it fails to determine that any distribution or action is lawful or reasonably practicable.

There can be no assurance that the depositary will be able to convert any currency at a specified exchange rate or sell any property, rights, shares or other securities at a specified price, nor that any of such transactions can be completed within a specified time period. All purchases and sales of securities will be handled by the depositary in accordance with its then current policies, which are currently set forth in the "Depositary Receipt Sale and Purchase of Security" section of <https://www.adr.com>, the location and contents of which the depositary shall be solely responsible for.

Deposit, Withdrawal and Cancellation

How does the depositary issue ADSs?

The depositary will issue ADSs if you or your broker deposit shares or evidence of rights to receive shares with the custodian and pay the fees and expenses owing to the depositary in connection with such issuance.

Shares deposited in the future with the custodian must be accompanied by certain delivery documentation and shall, at the time of such deposit, be registered in the name of JPMorgan, as depositary for the benefit of ADR holders or in such other name as the depositary shall direct.

The custodian will hold all deposited shares for the account and to the order of the depositary, in each case for the benefit of ADR holders, to the extent not prohibited by law. ADR holders and beneficial owners thus have no direct ownership interest in the shares and only have such rights as are contained in the deposit agreement. The custodian will also hold any additional securities, property and cash received on or in substitution for the deposited shares. The deposited shares and any such additional items are referred to as “deposited securities”.

Deposited securities are not intended to, and shall not, constitute proprietary assets of the depositary, the custodian or their nominees. Beneficial ownership in deposited securities is intended to be, and shall at all times during the term of the deposit agreement continue to be, vested in the beneficial owners of the ADSs representing such deposited securities. Notwithstanding anything else contained in the deposit agreement, in the form of ADR and/or in any outstanding ADSs, the depositary, the custodian and their respective nominees are intended to be, and shall at all times during the term of the deposit agreement be, the record holder(s) only of the deposited securities represented by the ADSs for the benefit of the ADR holders. The depositary, on its own behalf and on behalf of the custodian and their respective nominees, disclaims any beneficial ownership interest in the deposited securities held on behalf of the ADR holders.

We, the depositary and the custodian shall comply with Brazil’s National Monetary Council (*Conselho Monetário Nacional*) Resolution No. 4,373, dated as of September 29, 2014, in the third article, paragraph three, of the Regulation Annex V, and agree to furnish to the Central Bank and the CVM, whenever required, information or documents related to the ADRs and the deposit agreement, the deposited securities and distributions thereon and, under the terms of the deposit agreement, the depositary and the custodian are authorized to release such information or documents and any other information as required by local regulation, law or regulatory body request. The depositary has the right to terminate the deposit agreement on at least 30 days’ notice to ADR holders and us in the event that the depositary or the custodian reasonably could be subject to criminal or material civil liabilities if we have failed to provide such information or documents reasonably available only through us.

Upon each deposit of shares, receipt of related delivery documentation and compliance with the other provisions of the deposit agreement, including the payment of the fees and charges of the depositary and any taxes or other fees or charges owing, the depositary will issue an ADR or ADRs in the name or upon the order of the person entitled thereto evidencing the number of ADSs to which such person is entitled. All of the ADSs issued will, unless specifically requested to the contrary, be part of the depositary’s direct registration system, and an ADR holder will receive periodic statements from the depositary which will show the number of ADSs registered in such ADR holder’s name. An ADR holder can request that the ADSs not be held through the depositary’s direct registration system and that a certificated ADR be issued.

How do ADR holders cancel an ADS and obtain deposited securities?

When you turn in your ADR certificate at the depositary’s office, or when you provide proper instructions and documentation in the case of direct registration ADSs, the depositary will, upon payment of certain applicable fees, charges and taxes, deliver the underlying shares to you or upon your written order. Delivery of deposited securities in certificated form will be made at the custodian’s office. At your risk, expense and request, the depositary may deliver deposited securities at such other place as you may request.

The depositary may only restrict the withdrawal of deposited securities in connection with:

- temporary delays caused by closing our transfer books or those of the depositary or the deposit of shares in connection with voting at a shareholders’ meeting, or the payment of dividends;
- the payment of fees, taxes and similar charges; or
- compliance with any U.S. or foreign laws or governmental regulations relating to the ADRs or to the withdrawal of deposited securities.

This right of withdrawal may not be limited by any other provision of the deposit agreement.

Record Dates

The depositary may, after consultation with us if practicable, fix record dates (which, to the extent applicable, shall be as near as practicable to any corresponding record dates set by us) for the determination of the ADR holders who will be entitled (or obligated, as the case may be):

- to receive any distribution on or in respect of deposited securities;
- to give instructions for the exercise of voting rights;
- to pay any fees assessed by the depositary for administration of the ADR program or any expenses owing to the depositary; or
- to receive any notice or to act in respect of other matters;

in each case, subject to the provisions of the deposit agreement.

Voting Rights

How do I vote?

If you are an ADR holder and the depositary asks you to provide it with voting instructions, you may instruct the depositary how to exercise the voting rights for the shares which underlie your ADSs. As soon as practicable after receiving notice from us of any meeting at which the holders of shares are entitled to vote, or of our solicitation of consents or proxies from holders of shares or other deposited securities, the depositary shall fix the ADS record date in accordance with the provisions of the deposit agreement, provided that if the depositary receives a written request from us in a timely manner and at least 30 days prior to the date of such vote or meeting, the depositary shall, at our expense, distribute to the ADR holders a notice stating (i) final information particular to such vote and meeting and any solicitation materials, (ii) that each ADR holder on the record date set by the depositary will, subject to any applicable provisions of Brazilian law, be entitled to instruct the depositary to exercise the voting rights, if any, pertaining to the shares underlying such ADR holder's ADSs and (iii) the manner in which such instructions may be given, including instructions to give a discretionary proxy to a person designated by us. Each ADR holder is solely responsible for the forwarding of such notices to the beneficial owners of ADSs registered in such ADR holder's name. Following actual receipt by the ADR department responsible for proxies and voting of ADR holders' instructions (including, without limitation, instructions of any entity or entities acting on behalf of the nominee for DTC), the depositary shall, in the manner and on or before the time established by the depositary for such purpose, endeavor to vote or cause to be voted the shares represented by the ADSs evidenced by such ADR holders' ADRs in accordance with such instructions insofar as practicable and permitted under the provisions of or governing our shares.

To the extent that (A) the depositary has been provided with at least 35 days' notice of a meeting from us, (B) the depositary's notice to ADR holders (described in the preceding paragraph) has been received by all ADR holders and beneficial owners of ADSs no less than 10 days prior to the date of the meeting and/or the cut-off date for the solicitation of consents, and (C) the depositary does not receive instructions on a particular agenda item from an ADR holder (including, without limitation, any entity or entities acting on behalf of the nominee for DTC) in a timely manner, such ADR holder shall be deemed, and under the deposit agreement the depositary is instructed to deem such ADR holder, to have instructed the depositary to give a discretionary proxy for such agenda item(s) to a person designated by us to vote the deposited securities represented by the ADSs for which actual instructions were not so given by all such ADR holders on such agenda item(s), provided that no such instruction shall be deemed given and no discretionary proxy shall be given unless (1) we inform the depositary in writing (and under the deposit agreement we have agreed to provide the depositary with such instruction promptly in writing) that (a) we wish such proxy to be given with respect to such agenda item(s), (b) there is no substantial opposition existing with respect to such agenda item(s) and (c) such agenda item(s), if approved, would not materially or adversely affect the rights of holders of shares, and (2) the depositary has obtained an opinion of counsel, in form and substance satisfactory to it, confirming that (i) the granting of such discretionary proxy does not subject the depositary to any reporting obligations in Brazil, (ii) the granting of such proxy will not result in a violation of Brazilian laws, rules, regulations or permits, (iii) the voting arrangement and deemed instruction as contemplated in the deposit agreement will be given effect under Brazilian laws, rules and regulations, and (iv) the granting of such discretionary proxy will not under any circumstances result in the shares represented by the ADSs being treated as assets of the depositary under Brazilian laws, rules or regulations.

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ADR holders and beneficial owners of ADSs are strongly encouraged to forward their voting instructions to the depositary as soon as possible. For instructions to be valid, the ADR department of the depositary that is responsible for proxies and voting must receive them in the manner and on or before the time specified, notwithstanding that such instructions may have been physically received by the depositary prior to such time. The depositary will not itself exercise any voting discretion. Notwithstanding anything contained in the deposit agreement or any ADR, the depositary may, to the extent not prohibited by any law, rule or regulation, or by the rules and/or requirements of the stock exchange on which the ADSs are listed, in lieu of distribution of the materials provided to the depositary in connection with any meeting of, or solicitation of consents or proxies from, holders of deposited securities, distribute to the ADR holders a notice that provides such ADR holders with, or otherwise publicizes to such ADR holders, instructions on how to retrieve such materials or receive such materials upon request (i.e., by reference to a website containing the materials for retrieval or a contact for requesting copies of the materials).

There is no guarantee that ADR holders and beneficial owners of ADSs generally, or any ADR holder or beneficial owner of ADSs in particular, will receive voting materials in time to instruct the depositary to vote and it is possible that you, or persons who hold their ADSs through brokers, dealers or other third parties, will not have the opportunity to exercise a right to vote.

See “Item 3. Key Information—D. Risk Factors—Risks Relating to the Sendas Common Shares and the Sendas ADSs—Holders of Sendas ADSs are not entitled to attend shareholders’ meetings and may only vote through the Sendas Depositary.”

Reports and Other Communications

Will ADR holders be able to view our reports?

The depositary will make available for inspection by ADR holders at the offices of the depositary and the custodian, or upon request from the depositary (which request may be refused by the depositary in its discretion), the deposit agreement, the provisions of or governing deposited securities, and any written communications from us which are both received by the custodian or its nominee as a holder of deposited securities and made generally available to the holders of deposited securities.

Additionally, if we make any written communications generally available to holders of our shares, and we furnish copies thereof (or English translations or summaries) to the depositary, it will distribute the same to ADR holders.

Fees and Expenses

What fees and expenses will I be responsible for paying?

The depositary may charge each person to whom ADSs are issued, including, without limitation, issuances against deposits of shares, issuances in respect of share distributions, rights and other distributions, issuances pursuant to a stock dividend or stock split declared by us or issuances pursuant to a merger, exchange of securities or any other transaction or event affecting the ADSs or deposited securities, and each person surrendering ADSs for withdrawal of deposited securities or whose ADSs are cancelled or reduced for any other reason, US\$5.00 for each 100 ADSs (or any portion thereof) issued, delivered, reduced, cancelled or surrendered, or upon which a share distribution or elective distribution is made or offered, as the case may be. The depositary may sell (by public or private sale) sufficient securities and property received in respect of a share distribution, rights and/or other distribution prior to such deposit to pay such charge.

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The following additional charges shall also be incurred by the ADR holders and beneficial owners of ADSs, by any party depositing or withdrawing shares or by any party surrendering ADSs and/or to whom ADSs are issued (including, without limitation, issuance pursuant to a stock dividend or stock split declared by us or an exchange of stock regarding the ADSs or the deposited securities or a distribution of ADSs), whichever is applicable:

- a fee of up to US\$0.05 per ADS held for any cash distribution made pursuant to the deposit agreement or for any elective cash/stock dividend offered pursuant to the deposit agreement;
- an aggregate fee of up to US\$0.05 per ADS per calendar year (or portion thereof) for services performed by the depositary in administering the ADRs (which fee may be charged on a periodic basis during each calendar year and shall be assessed against ADR holders 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 for the reimbursement of such fees, charges and expenses as are incurred by the depositary and/or any of its agents (including, without limitation, the custodian and expenses incurred on behalf of ADR holders in connection with compliance with foreign exchange control regulations or any law, rule or regulation relating to foreign investment) in connection with the servicing of the shares or other deposited securities, the sale of securities (including, without limitation, deposited securities), the delivery of deposited securities or otherwise in connection with the depositary's or its custodian's compliance with applicable law, rule or regulation (which fees and charges shall be assessed on a proportionate basis against ADR holders as of the record date or dates set by the depositary and shall be payable at the sole discretion of the depositary by billing such ADR holders or by deducting such charge from one or more cash dividends or other cash distributions), including, without limitation, any amounts charged by any governmental authorities or other institutions such as the B3, the stock exchange on which the Sendas shares are registered for trading;
- a fee for the distribution of securities (or the sale of securities in connection with a distribution), such fee being in an amount equal to the \$0.05 per ADS issuance fee for the execution and delivery of ADSs which would have been charged as a result of the deposit of such securities (treating all such securities as if they were shares) but which securities or the net cash proceeds from the sale thereof are instead distributed by the depositary to those ADR holders entitled thereto;
- fees and expenses for conversion of foreign currency;
- stock transfer or other taxes and other governmental charges;
- SWIFT, cable, telex and facsimile transmission and delivery charges incurred at your request in connection with the deposit or delivery of shares, ADRs or deposited securities;
- transfer or registration fees for the registration of transfer of deposited securities on any applicable register in connection with the deposit or withdrawal of deposited securities; and
- fees of any division, branch or affiliate of the depositary utilized by the depositary to direct, manage and/or execute any public and/or private sale of securities under the deposit agreement.

To facilitate the administration of various depositary receipt transactions, including disbursement of dividends or other cash distributions and other corporate actions, the depositary may engage the foreign exchange desk within JPMorgan Chase Bank, N.A. (the "Exchange Bank") and/or its affiliates in order to enter into spot foreign exchange transactions to convert foreign currency into U.S. dollars ("FX Transactions"). For certain currencies, FX Transactions are entered into with the Exchange Bank or an affiliate, as the case may be, acting in a principal capacity. For other currencies, FX Transactions are routed directly to and managed by an unaffiliated local custodian (or other third party local liquidity provider), and neither the Exchange Bank nor any of its affiliates is a party to such FX Transactions.

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The foreign exchange rate applied to an FX Transaction will be either (a) a published benchmark rate, or (b) a rate determined by a third party local liquidity provider, in each case plus or minus a spread, as applicable. The depositary will disclose which foreign exchange rate and spread, if any, apply to such currency on the “Disclosure” page (or successor page) of www.adr.com (as updated by the depositary from time to time, “ADR.com”). Such applicable foreign exchange rate and spread may (and neither the depositary, the Exchange Bank nor any of their affiliates is under any obligation to ensure that such rate does not) differ from rates and spreads at which comparable transactions are entered into with other customers or the range of foreign exchange rates and spreads at which the Exchange Bank or any of its affiliates enters into foreign exchange transactions in the relevant currency pair on the date of the FX Transaction. Additionally, the timing of execution of an FX Transaction varies according to local market dynamics, which may include regulatory requirements, market hours and liquidity in the foreign exchange market or other factors. Furthermore, the Exchange Bank and its affiliates may manage the associated risks of their position in the market in a manner they deem appropriate without regard to the impact of such activities on us, the depositary, ADR holders or beneficial owners of ADSs. The spread applied does not reflect any gains or losses that may be earned or incurred by the Exchange Bank and its affiliates as a result of risk management or other hedging related activity. Notwithstanding the foregoing, to the extent we provide U.S. dollars to the depositary, neither the Exchange Bank nor any of its affiliates will execute an FX Transaction as set forth herein. In such case, the depositary will distribute the U.S. dollars received from us.

Further details relating to the applicable foreign exchange rate, the applicable spread and the execution of FX Transactions will be provided by the depositary on ADR.com. We and by holding an ADS or an interest therein, ADR holders and beneficial owners of ADSs will each be acknowledging and agreeing that the terms applicable to FX Transactions disclosed from time to time on ADR.com will apply to any FX Transaction executed pursuant to the deposit agreement.

The fees and charges you may be required to pay may vary over time and may be changed by us and by the depositary. ADR holders will receive prior notice of the increase in any such fees and charges. The right of the depositary to charge and receive payment of fees, charges and expenses as provided above shall survive the termination of the deposit agreement.

The depositary may make available to us a set amount or a portion of the depositary fees charged in respect of the ADR program or otherwise upon such terms and conditions as we and the depositary may agree from time to time. The depositary collects its fees for issuance and cancellation of ADSs directly from investors depositing 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 deduction from cash distributions, or by directly billing investors, or by charging the book-entry system accounts of participants acting for them. The depositary will generally set off the amounts owing from distributions made to ADR holders. If, however, no distribution exists and payment owing is not timely received by the depositary, the depositary may refuse to provide any further services to ADR holders that have not paid those fees and expenses owing until such fees and expenses have been paid. At the discretion of the depositary, all fees and charges owing under the deposit agreement are due in advance and/or when declared owing by the depositary.

For the year ended December 31, 2023, we received reimbursements from the depositary in the aggregate amount of US\$0.4 million, net of taxes.

Payment of Taxes

If any taxes or other governmental charges (including any penalties and/or interest) shall become payable by or on behalf of the custodian or the depository with respect to any ADR, any deposited securities represented by the ADSs evidenced thereby or any distribution thereon, such tax or other governmental charge shall be paid by the applicable ADR holder to the depository and by holding or owning, or having held or owned, an ADR or any ADSs evidenced thereby, the ADR holder and all beneficial owners of such ADSs, and all prior registered holders of such ADRs and prior beneficial owners of such ADSs, jointly and severally, agree to indemnify, defend and save harmless each of the depository and its agents in respect of such tax or governmental charge. Each ADR holder and beneficial owner of ADSs, and each prior ADR holder and beneficial owner of ADSs, by holding or having held an ADR or an interest in ADSs, acknowledges and agrees that the depository shall have the right to seek payment of any taxes or governmental charges owing with respect to the relevant ADRs from any one or more such current or prior ADR holder or beneficial owner of ADSs, as determined by the depository in its sole discretion, without any obligation to seek payment of amounts owing from any other current or prior ADR holder or beneficial owner of ADSs. If an ADR holder owes any tax or other governmental charge, the depository may (i) deduct the amount thereof from any cash distributions, or (ii) sell deposited securities (by public or private sale) and deduct the amount owing from the net proceeds of such sale. In either case the ADR holder remains liable for any shortfall. If any tax or governmental charge is unpaid, the depository may also refuse to effect any registration, registration of transfer, split-up or combination of ADRs or withdrawal of deposited securities until such payment is made. If any tax or governmental charge is required to be withheld on any cash distribution, the depository may deduct the amount required to be withheld from any cash distribution or, in the case of a non-cash distribution, sell the distributed property or securities (by public or private sale) in such amounts and in such manner as the depository deems necessary and practicable to pay such taxes and distribute any remaining net proceeds or the balance of any such property after deduction of such taxes to the ADR holders entitled thereto.

As an ADR holder or beneficial owner, you will be agreeing to indemnify us, the depository, its custodian and any of our or their respective officers, directors, employees, agents and affiliates against, and hold each of them harmless from, any claims by any governmental authority with respect to taxes, additions to tax, penalties or interest arising out of any refund of taxes, reduced rate of withholding at source or other tax benefit obtained. These obligations survive any transfer or surrender of ADSs or the termination of the deposit agreement.

Reclassifications, Recapitalizations and Mergers

If we take certain actions that affect the deposited securities, including (i) any change in par value, split-up, consolidation, cancellation or other reclassification of deposited securities or (ii) any distributions of shares or other property not made to ADR holders or (iii) any recapitalization, reorganization, merger, consolidation, liquidation, receivership, bankruptcy or sale of all or substantially all of our assets, then the depository may choose to, and shall if reasonably requested by us:

- amend the form of ADR;
- distribute additional or amended ADRs;
- distribute cash, securities or other property it has received in connection with such actions;
- sell by public or private sale any securities or property received and distribute the proceeds as cash; or
- none of the above.

If the depository does not choose any of the above options, any of the cash, securities or other property it receives will constitute part of the deposited securities and each ADS will then represent a proportionate interest in such property.

Amendment and Termination

How may the deposit agreement be amended?

We may agree with the depository to amend the deposit agreement and the ADRs without your consent for any reason. ADR holders must be given at least 30 days' notice of any amendment that imposes or increases any fees or charges on a per ADS basis (other than stock transfer or other taxes and other governmental charges, transfer or registration fees, SWIFT, cable, telex or facsimile transmission costs, delivery costs or other such expenses), or that otherwise prejudices any substantial existing right of ADR holders or beneficial owners of ADSs. If an ADR holder continues to hold an ADR or ADRs after being so notified, such ADR holder and the beneficial owner of the corresponding ADSs are deemed to agree to such amendment and to be bound by the deposit agreement as so amended. No amendment, however, will impair your right to surrender your ADSs and receive the underlying securities, except in order to comply with mandatory provisions of applicable law.

Any amendments or supplements which (i) are reasonably necessary (as agreed by us and the depositary) in order for (a) the ADSs to be registered on Form F-6 under the Securities Act or (b) the ADSs or shares to be traded solely in electronic book-entry form and (ii) do not in either such case impose or increase any fees or charges to be borne by ADR holders, shall be deemed not to prejudice any substantial rights of ADR holders or beneficial owners of ADSs. Notwithstanding the foregoing, if any governmental body or regulatory body should adopt new laws, rules or regulations which would require amendment or supplement of the deposit agreement or the form of ADR to ensure compliance therewith, we and the depositary may amend or supplement the deposit agreement and the form of ADR (and all outstanding ADRs) at any time in accordance with such changed laws, rules or regulations, which amendment or supplement to the deposit agreement in such circumstances may become effective before a notice of such amendment or supplement is given to ADR holders or within any other period of time as required for compliance.

Notice of any amendment to the deposit agreement or form of ADRs shall not need to describe in detail the specific amendments effectuated thereby, and failure to describe the specific amendments in any such notice shall not render such notice invalid, provided, however, that, in each such case, the notice given to the ADR holders identifies a means for ADR holders and beneficial owners to retrieve or receive the text of such amendment (*i.e.*, upon retrieval from the SEC's, the depositary's or our website or upon request from the depositary).

How may the deposit agreement be terminated?

The depositary may, and shall at our written direction, terminate the deposit agreement and the ADRs by mailing notice of such termination to the ADR holders at least 30 days prior to the date fixed in such notice for such termination; provided, however, if the depositary shall have (i) resigned as depositary under the deposit agreement, notice of such termination by the depositary shall not be provided to ADR holders unless a successor depositary shall not be operating under the deposit agreement within 60 days of the date of such resignation, and (ii) been removed as depositary under the deposit agreement, notice of such termination by the depositary shall not be provided to ADR holders unless a successor depositary shall not be operating under the deposit agreement on the 60th day after our notice of removal was first provided to the depositary. Notwithstanding anything to the contrary in the deposit agreement, the depositary may terminate the deposit agreement without notifying us, but subject to giving 30 days' notice to the ADR holders, under the following circumstances: (i) in the event of our bankruptcy or insolvency, (ii) if the Shares cease to be listed on an internationally recognized stock exchange, (iii) if we effect (or will effect) a redemption of all or substantially all of the deposited securities, or a cash or share distribution representing a return of all or substantially all of the value of the deposited securities, or (iv) there occurs a merger, consolidation, sale of assets or other transaction as a result of which securities or other property are delivered in exchange for or in lieu of deposited securities. After the date so fixed for termination, the depositary and its agents will perform no further acts under the deposit agreement and the ADRs, except to receive and hold (or sell) distributions on deposited securities and deliver deposited securities being withdrawn. As soon as practicable after the date so fixed for termination, the depositary shall use its reasonable efforts to sell the deposited securities and shall thereafter (as long as it may lawfully do so) hold in an account (which may be a segregated or unsegregated account) the net proceeds of such sales, together with any other cash then held by it under the deposit agreement, without liability for interest, in trust for the *pro rata* benefit of the ADR holders who have not theretofore surrendered their ADRs. After making such sale, the depositary shall be discharged from all obligations in respect of the deposit agreement and the ADRs, except to account for such net proceeds and other cash. After the date so fixed for termination, we shall be discharged from all obligations under the deposit agreement except for our obligations to the depositary and its agents.

Limitations on Obligations and Liability to ADR holders

Limits on our obligations and the obligations of the depositary; limits on liability to ADR holders and beneficial owners of ADSs

Prior to the issue, registration, registration of transfer, split-up, combination, or cancellation of any ADRs, or the delivery of any distribution in respect thereof, and from time to time in the case of the production of proofs as described below, we or the depositary or its custodian may require:

- payment with respect thereto of (i) any stock transfer or other tax or other governmental charge, (ii) any stock transfer or registration fees in effect for the registration of transfers of shares or other deposited securities upon any applicable register and (iii) any applicable fees and expenses described in the deposit agreement;
- the production of proof satisfactory to it of (i) the identity of any signatory and genuineness of any signature and (ii) such other information, including without limitation, information as to citizenship, residence, exchange control approval, beneficial or other ownership of, or interest in, any securities, compliance with applicable law, regulations, provisions of or governing deposited securities and terms of the deposit agreement and the ADRs, as it may deem necessary or proper; and
- compliance with such regulations as the depositary may establish consistent with the deposit agreement and any regulations which the depositary is informed of in writing by us which are required by the depositary, ourselves or the Custodian to facilitate compliance with any applicable rules or regulations of the Central Bank or CVM or any applicable regulator.

The issuance of ADRs, the acceptance of deposits of shares, the registration, registration of transfer, split-up or combination of ADRs or the withdrawal of shares, may be suspended, generally or in particular instances, when the ADR register or any register for deposited securities is closed or when any such action is deemed advisable by the depositary; provided that the ability to withdraw shares may only be limited under the following circumstances: (i) temporary delays caused by closing transfer books of the depositary or our transfer books or the deposit of shares in connection with voting at a shareholders' meeting, or the payment of dividends, (ii) the payment of fees, taxes, and similar charges, and (iii) compliance with any laws or governmental regulations relating to ADRs or to the withdrawal of deposited securities.

The deposit agreement expressly limits the obligations and liability of the depositary, ourselves and each of our and the depositary's respective directors, officers, employees, agents and affiliates, provided, however, that no provision of the deposit agreement is intended to constitute a waiver or limitation of any rights which ADR holders or beneficial owners of ADSs may have under the Securities Act or the Exchange Act, to the extent applicable. In the deposit agreement it provides that neither we nor the depositary nor any such director, officer, employee, agent or affiliate will be liable to ADR holders or beneficial owners of ADSs:

- if any present or future law, rule, regulation, fiat, order or decree of the United States, Brazil or any other country or jurisdiction, or of any governmental or regulatory authority or securities exchange or market or automated quotation system, the provisions of or governing any deposited securities, any present or future provision of our charter, any act of God, war, terrorism, nationalization, epidemic, pandemic, expropriation, currency restrictions, work stoppage, strike, civil unrest, revolutions, rebellions, explosions, computer failure or circumstance beyond our, the depositary's or our respective directors', officers', employees', agents' or affiliates' direct and immediate control shall prevent or delay, or shall cause any of them to be subject to any civil or criminal penalty in connection with, any act which the deposit agreement or the ADRs provide shall be done or performed by any such party (including, without limitation, voting);
- by reason of any non-performance or delay, caused as aforesaid, in the performance of any act or things which by the terms of the deposit agreement it is provided shall or may be done or performed;

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- if it exercises or fails to exercise discretion under the deposit agreement or the ADRs including, without limitation, any failure to determine that any distribution or action may be lawful or reasonably practicable;
- if it performs its obligations specifically set forth in the deposit agreement and ADRs without gross negligence or willful misconduct; or
- if it takes any action or refrains from taking any action in reliance upon the advice of or information from legal counsel, accountants, any person presenting shares for deposit, any ADR holder, or any other person believed by it to be competent to give such advice or information.

We, the depositary and its agents may rely and shall be protected in acting upon any written notice, request, direction, instruction or document believed by it to be genuine and to have been signed, presented or given by the proper party or parties. The depositary shall not be a fiduciary or have any fiduciary duty to ADR holders or beneficial owners of ADSs. Neither the depositary nor its agents have any obligation to appear in, prosecute or defend any action, suit or other proceeding in respect of any deposited securities or the ADRs. We and our agents shall only be obligated to appear in, prosecute or defend any action, suit or other proceeding in respect of any deposited securities or the ADRs, which in our opinion may involve us in expense or liability, if indemnity satisfactory to us against all expense (including fees and disbursements of counsel) and liability is furnished as often as may be required. The depositary and its agents may fully respond to any and all demands or requests for information maintained by or on its behalf in connection with the deposit agreement, any ADR holder or holders, any ADRs or ADSs or otherwise related thereto to the extent such information is requested or required by or pursuant to any lawful authority, including without limitation laws, rules, regulations, administrative or judicial process, banking, securities or other regulators. The depositary shall not be liable for the acts or omissions made by, or the insolvency of, any securities depository, clearing agency or settlement system. Furthermore, the depositary shall not be responsible for, and shall incur no liability in connection with or arising from, the insolvency of any custodian that is not a branch or affiliate of JPMorgan. Notwithstanding anything to the contrary contained in the deposit agreement or any ADRs, the depositary shall not be responsible for, and shall incur no liability in connection with or arising from, any act or omission to act on the part of the custodian except to the extent that any ADR holder has incurred liability directly as a result of the custodian having (i) committed fraud or willful misconduct in the provision of custodial services to the depositary or (ii) failed to use reasonable care in the provision of custodial services to the depositary as determined in accordance with the standards prevailing in the jurisdiction in which the custodian is located. The depositary and the custodian(s) may use third party delivery services and providers of information regarding matters such as, but not limited to, pricing, proxy voting, corporate actions, class action litigation and other services in connection with the ADRs and the deposit agreement, and use local agents to provide services such as, but not limited to, attendance at any meetings of security holders. Although the depositary and the custodian will use reasonable care (and cause their agents to use reasonable care) in the selection and retention of such third party providers and local agents, they will not be responsible for any errors or omissions made by them in providing the relevant information or services. The depositary shall not have any liability for the price received in connection with any sale of securities, the timing thereof or any delay in action or omission to act nor shall it be responsible for any error or delay in action, omission to act, default or negligence on the part of the party so retained in connection with any such sale or proposed sale.

The depositary has no obligation to inform ADR holders or beneficial owners of ADSs about the requirements of any laws, rules or regulations or any changes therein or thereto of any country or jurisdiction or of any governmental or regulatory authority or any securities exchange or market or automated quotation system.

Additionally, none of us, the depositary or the custodian shall be liable for the failure by any ADR holder or beneficial owner of ADSs to obtain the benefits of credits or refunds of non-U.S. tax paid against such ADR holder's or beneficial owner's income tax liability. The depositary is under no obligation to provide ADR holders or beneficial owners of ADSs, or any of them, with any information about the tax status of our company. Neither we nor the depositary shall incur any liability for any tax or tax consequences that may be incurred by ADR holders or beneficial owners of ADSs on account of their ownership or disposition of the ADRs or ADSs.

Neither the depositary nor its agents will be responsible for any failure to carry out any instructions to vote any of the deposited securities, for the manner in which any such vote is cast, including without limitation any vote cast by a person to whom the depositary is required to give a discretionary proxy pursuant to the deposit agreement, or for the effect of any such vote. The depositary may rely upon instructions from us or our counsel in respect of any approval or license required for any currency conversion, transfer or distribution. The depositary shall not incur any liability for the content of any information submitted to it by us or on our behalf for distribution to ADR holders or for any inaccuracy of any translation thereof, for any investment risk associated with acquiring an interest in the deposited securities, for the validity or worth of the deposited securities, for the credit-worthiness of any third party, for allowing any rights to lapse upon the terms of the deposit agreement or for the failure or timeliness of any notice from us. The depositary shall not be liable for any acts or omissions made by a successor depositary whether in connection with a previous act or omission of the depositary or in connection with any matter arising wholly after the removal or resignation of the depositary. Neither the depositary nor any of its agents shall be liable to ADR holders or beneficial owners of ADSs for any indirect, special, punitive or consequential damages (including, without limitation, legal fees and expenses) or lost profits, in each case of any form incurred by any person or entity (including, without limitation, ADR holders and beneficial owners of ADSs), whether or not foreseeable and regardless of the type of action in which such a claim may be brought.

The depositary and its agents may own and deal in any class of securities of our company and our affiliates and in ADSs.

Disclosure of Interest in ADSs

To the extent that the provisions of or governing any deposited securities may require disclosure of or impose limits on beneficial or other ownership of deposited securities, other shares and other securities and may provide for blocking transfer, voting or other rights to enforce such disclosure or limits, ADR holders and beneficial owners of ADSs agree to comply with all such disclosure requirements and ownership limitations and to comply with any reasonable instructions we may provide in respect thereof. We reserve the right to instruct ADR holders (and through any such ADR holder, the beneficial owners of ADSs evidenced by the ADRs registered in such ADR holder's name) to deliver their ADSs for cancellation and withdrawal of the deposited securities so as to permit us to deal directly with the ADR holder and/or beneficial owner of ADSs as a holder of shares and, by holding an ADS or an interest therein, ADR holders and beneficial owners of ADSs will be agreeing to comply with such instructions.

Books of Depositary

The depositary or its agent will maintain a register for the registration, registration of transfer, combination and split-up of ADRs, which register shall include the depositary's direct registration system. ADR holders may inspect such records at the depositary's office at all reasonable times, but solely for the purpose of communicating with other ADR holders in the interest of the business of our company or a matter relating to the deposit agreement. Such register (and/or any portion thereof) may be closed at any time or from time to time, when deemed expedient by the depositary.

The depositary will maintain facilities for the delivery and receipt of ADRs.

Appointment

In the deposit agreement, each ADR holder and each beneficial owner of ADSs, upon acceptance of any ADSs or ADRs (or any interest therein) issued in accordance with the terms and conditions of the deposit agreement will be deemed for all purposes to:

- be a party to and bound by the terms of the deposit agreement and the applicable ADR or ADRs, and
- appoint the depositary its attorney-in-fact, with full power to delegate, to act on its behalf and to take any and all actions contemplated in the deposit agreement and the applicable ADR or ADRs, to adopt any and all procedures necessary to comply with applicable laws and to take such action as the depositary in its sole discretion may deem necessary or appropriate to carry out the purposes of the deposit agreement and the applicable ADR and ADRs, the taking of such actions to be the conclusive determinant of the necessity and appropriateness thereof.

Each ADR holder and beneficial owner of ADSs is further deemed to acknowledge and agree that (i) nothing in the deposit agreement or any ADR shall give rise to a partnership or joint venture among the parties thereto nor establish a fiduciary or similar relationship among such parties, (ii) the depository, its divisions, branches and affiliates, and their respective agents, may from time to time be in the possession of non-public information about our company, the ADR holders, the beneficial owners of ADSs and/or their respective affiliates, (iii) the depository and its divisions, branches and affiliates may at any time have multiple banking relationships with us, ADR holders, beneficial owners of ADSs and/or the affiliates of any of them, (iv) the depository and its divisions, branches and affiliates may, from time to time, be engaged in transactions in which parties adverse to us or the ADR holders or beneficial owners of ADSs may have interests, (v) nothing contained in the deposit agreement or any ADR(s) shall (A) preclude the depository or any of its divisions, branches or affiliates from engaging in such transactions or establishing or maintaining such relationships, or (B) obligate the depository or any of its divisions, branches or affiliates to disclose such transactions or relationships or to account for any profit made or payment received in such transactions or relationships, and (vi) the depository shall not be deemed to have knowledge of any information held by any branch, division or affiliate of the depository and (vii) for purposes of the deposit agreement and the ADRs, notice to an ADR holder is deemed to constitute notice to any and all beneficial owners of the ADSs evidenced by the holder's ADRs.

Governing Law and Consent to Jurisdiction

The deposit agreement, the ADSs and the ADRs are governed by and construed in accordance with the laws of the State of New York. In the deposit agreement, we have submitted to the non-exclusive jurisdiction of the federal and state courts in New York, New York and appointed an agent for service of process on our behalf.

By holding an ADS or an interest therein, ADR holders and beneficial owners of ADSs each irrevocably agree that any legal suit, action or proceeding against or involving us or the depository, arising out of or based upon the deposit agreement, the ADSs, the ADRs or the transactions contemplated thereby, may only be instituted in a state or federal court in New York, New York, and each irrevocably waives any objection which it may have to the laying of venue of any such proceeding, and irrevocably submits to the exclusive jurisdiction of such courts in any such suit, action or proceeding.

Jury Trial Waiver

The deposit agreement provides that each party thereto (including, for avoidance of doubt, each ADR holder and beneficial owner and/or holder of interests in ADSs or ADRs) irrevocably waives, to the fullest extent permitted by applicable law, the right to a jury trial in any suit, action or proceeding against us or the depository directly or indirectly arising out of or relating to our shares or other deposited securities, the ADSs, the ADRs, the deposit agreement, or any transaction contemplated therein, or the breach thereof (whether based on contract, tort, common law or other theory), including any suit, action or proceeding under the U.S. federal securities laws. If we or the depository were to oppose a jury trial demand based on such waiver, the court would determine whether the waiver was enforceable in the facts and circumstances of that case in accordance with applicable state and federal law, including whether a party knowingly, intelligently and voluntarily waived the right to a jury trial. The waiver to right to a jury trial of the deposit agreement is not intended to be deemed a waiver by any ADR holder or beneficial owner of ADSs of any rights which ADR holders or beneficial owners of ADSs may have under the Securities Act or the Exchange Act, to the extent applicable.

PART II

ITEM 13. DEFAULTS, DIVIDEND ARREARAGES AND DELINQUENCIES

Not applicable

ITEM 14. MATERIAL MODIFICATIONS TO THE RIGHTS OF SECURITY HOLDERS AND USE OF PROCEEDS

Not applicable.

ITEM 15. CONTROLS AND PROCEDURES

Disclosure Controls and Procedures

We maintain disclosure controls and procedures designed to ensure that information required to be disclosed in reports filed under the Exchange Act is recorded, processed, summarized and reported within the specified time periods. Our chief executive officer and chief financial officer evaluated the effectiveness, as of December 31, 2023, of our “disclosure controls and procedures,” as defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act.

Based upon our evaluation, as of December 31, 2023, our chief executive officer and chief financial officer concluded that the disclosure controls and procedures are (1) effective at the reasonable assurance level in ensuring that information required to be disclosed in the reports filed or submitted under the Exchange Act, is recorded, processed, summarized and reported within the time periods specified in the SEC rules and forms and (2) effective at the reasonable assurance level in ensuring that information disclosed in the reports filed or submitted under the Exchange Act is accumulated and communicated to our management, including our chief executive officer and chief financial officer, to allow timely decisions regarding such required disclosure.

Management’s Annual Report on Internal Control over Financial Reporting

Our management 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. Our 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 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 our assets, (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with IFRS, and that our receipts and expenditures 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 our 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. The effectiveness of our internal control over financial reporting as of December 31, 2023, is based on the criteria established in Internal Control - Integrated Framework (2013) issued by the Committee of Sponsoring Organizations (COSO) of the Treadway Commission.

Management assessed the effectiveness of our 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 those criteria, as of December 31, 2023, our management concluded that our internal control over financial reporting is effective.

Attestation Report of the Registered Public Accounting Firm

Deloitte Touche Tohmatsu Auditores Independentes Ltda., the independent registered certified public accounting firm who audited our financial statements included elsewhere in this annual report, has issued a report on our internal control over financial reporting, which is included elsewhere in this annual report.

Changes in Internal Control over Financial Reporting

During the period covered by this annual report, we have not made any changes to our internal control over financial reporting that has materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

ITEM 16. [RESERVED]

Not applicable.

ITEM 16A. AUDIT COMMITTEE FINANCIAL EXPERT

Our board of directors has determined that Luiz Nelson Guedes de Carvalho, a member of our audit committee, is an audit committee financial expert, as defined by current SEC rules and meets the independence requirements of the SEC and the NYSE listing standards. For a discussion of the role of our audit committee, see “Item 6. Directors, Senior Management and Employees—A. Directors and Senior Management—Board Committees—Audit Committee.”

ITEM 16B. CODE OF ETHICS

Our board of directors has adopted a code of ethics for our directors, officers and employees, including our chief executive officer and chief financial officer. This code of ethics of Sendas complies with item 5.8 of the *Novo Mercado* regulations issued by the B3 and is available at our website <https://ri.assai.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 has been filed as Exhibit 11.1 to this annual report.

ITEM 16C. PRINCIPAL ACCOUNTANT FEES AND SERVICES

Deloitte Touche Tohmatsu Auditores Independentes Ltda. acted as our independent registered public accounting firm for the fiscal year ended December 31, 2023 and 2022. Ernst & Young Auditores Independentes S/S Ltda. acted as our independent registered public accounting firm for the fiscal year ended December 31, 2021. The chart below sets forth the total amount billed to us by our independent accountants for services performed in 2023, 2022 and 2021, including out-of-pocket expenses, and a breakdown of these amounts by category of service:

	For the Year Ended December 31,		
	2023	2022	2021
	<i>(in millions of R\$)</i>		
Audit fees	6	9	4
Audit-related fees	2	—	—
Tax fees	—	—	—
All other fees	—	—	—
Total fees	8	9	4

Audit Fees

Audit fees are fees for the audit of our financial statements and the reviews of our quarterly financial information for the year.

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 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 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.

ITEM 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—A. Directors and Senior Management—Board Committees—Audit Committee.”

ITEM 16E. PURCHASES OF EQUITY SECURITIES BY THE ISSUER AND AFFILIATED PURCHASERS

Not applicable.

ITEM 16F. CHANGE IN REGISTRANT’S CERTIFYING ACCOUNTANT

Not applicable.

ITEM 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 CVM. The following is a summary of those differences.

Audit Committee and Audit Committee Additional Requirements

NYSE rules require that listed companies have an audit committee that: (1) is composed of a minimum of three independent directors who are all financially literate; (2) meets the SEC rules regarding audit committees for listed companies; (3) has at least one member who has accounting or financial management expertise; and (4) 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.

Pursuant to the *Novo Mercado* regulations, 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, "Item 6. Directors, Senior Management and Employees—A. Directors and Senior Management—Board Committees—Audit Committee."

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 corporate governance, sustainability and recommendation committee to improve our corporate governance practices. The corporate governance, sustainability and recommendation committee is responsible for recommending and monitoring the adoption of the best corporate governance and sustainability practices, as well as coordinating the process of implementing and maintaining such practices and analyze the effectiveness of the corporate governance and sustainability processes, proposing changes, updates and improvements when required. For further information on our corporate governance, sustainability and recommendation committee, see "Item 6. Directors, Senior Management and Employees—A. Directors and Senior Management—Board Committees—Corporate Governance, Sustainability and Recommendation Committee."

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 general shareholders' meeting. On the other hand, the board of directors, through the people, culture and compensation 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 people, culture and compensation 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 people, culture and compensation committee, see "Item 6. Directors, Senior Management and Employees—A. Directors and Senior Management—Board Committees— People, Culture and Compensation Committee."

Shareholder Approval of Equity Compensation Plans

NYSE rules require that shareholders be given the opportunity to vote on all equity compensation plans and material revisions thereto, with limited exceptions. Under Brazilian corporate law, shareholders must approve all stock option plans. In addition, any issuance of new common shares that exceeds our authorized share capital is subject to shareholder approval as well. Our board of directors, in its turn, is responsible for voting on the issuance of new equity in connection with our existing stock option plans, provided that the limit of our authorized capital is respected.

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 March 2021 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 March 2021. For more information about our code of ethics, see “—Item 16B. Code of Ethics.”

ITEM 16H. MINE SAFETY DISCLOSURE

Not Applicable.

ITEM 16I. DISCLOSURE REGARDING FOREIGN JURISDICTIONS THAT PREVENT INSPECTIONS

Not Applicable.

ITEM 16J. INSIDER TRADING POLICIES

Not applicable.

ITEM 16K. CYBERSECURITY

Our information security committee is composed of by members of our management and is responsible for monitoring and evaluating our information security actions. We convene quarterly to oversee our annual information security program, which includes key indicators and cyber area projects. Our cyber risk management process involves the mitigation or elimination of potential threats to our data and systems, as well as to ensure compliance with applicable standards and regulations.

Security processes are regular practices in which we assess our existing controls and practices and identify areas for improvement. External consultations and audits provide an objective and independent assessment of our security processes on an annual basis, along with recommendations for enhancement within our annual security program. Our chief information security officer (CISO) reports to the board, ensuring that cybersecurity is a strategic priority. He has eight years of experience in this position.

We adopt a proactive approach by conducting information security risk assessments on third parties before entering into new contracts. We believe this helps to ensure that our business partners meet the necessary security standards, protecting our interests. To support these processes, we invest in a robust technology infrastructure, utilizing cutting-edge market tools for vulnerability management, incident response, anti-malware, and other aspects of information security. This solid infrastructure is essential for maintaining the integrity, confidentiality and availability of our data. Our cybersecurity processes are constantly evolving to reflect our ongoing commitment to safeguarding our assets and data. This proactive and continuous approach is in line with our strategic planning for information security in 2024, helping us to remain resilient in an ever-changing digital environment.

Our operations rely on the secure processing, storage and transmission of confidential and other information in our computer systems and networks. Computer viruses, hackers, employee or vendor misconduct, and other external hazards could expose our information systems and those of our vendors to security breaches, cybersecurity incidents or other disruptions, particularly our digital operations, cause information losses and cause us to incur significant costs, including the cost of retrieving lost information. Our policy enforcement mechanisms, such as monitoring systems and management oversight to address these threats may not be sufficient to prevent, detect and respond to unauthorized activity in our systems, certain types of attacks, including cyberattacks, which could materially and adversely affect our business and reputation. While we are subject to cybersecurity threats, as described in the risk factor entitled “Our systems are subject to cyberattacks and security and privacy breaches, which could cause a material adverse effect on our business and reputation. In addition, we may not be able to renew or maintain in force our software license agreements” under “Item 3. Key Information—D. Risk Factors,” we are not aware that we have experienced a material cybersecurity incident during 2023.

The sophistication of cybersecurity threats continues to increase, and the controls and preventative actions we take to reduce the risk of cybersecurity incidents and protect our systems, including the regular testing of our cybersecurity incident response plan, may be insufficient. In addition, new technology that could result in greater operational efficiency may further expose our computer systems to the risk of cybersecurity incidents.

PART III

ITEM 17. FINANCIAL STATEMENTS

We have responded to Item 18 in lieu of responding to this item.

ITEM 18. FINANCIAL STATEMENTS

Reference is made to Item 19 for a list of all financial statements filed as part of this annual report.

ITEM 19. EXHIBITS

(a) Financial Statements

Sendas Distribuidora S.A.

Report of Independent Registered Public Accounting Firm on Internal Control over Financial Reporting (PCAOB ID: 01045)	F-2
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(b) List of Exhibits

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Exhibit No.	Description
1.1*	Bylaws (<i>Estatuto Social</i>) of Sendas Distribuidora S.A. (English translation).
2.1	Deposit Agreement, among Sendas Distribuidora S.A., JPMorgan Chase Bank N.A., as Depository, and all Owners and Holders from time to time of American Depositary Shares issued thereunder (incorporated by reference to Exhibit (a)(1) to Post-Effective Amendment No. 1 to the Form F-6 Registration Statement under the Securities Act of 1933 of Sendas Distribuidora S.A. (File No. 333-252850) filed with the Securities and Exchange Commission on August 24, 2021).
2.2	Form of Amendment No. 1 to the Deposit Agreement, among Sendas Distribuidora S.A., JPMorgan Chase Bank N.A., as Depository, and all Owners and Holders from time to time of American Depositary Shares issued thereunder (incorporated by reference to Exhibit (a)(2) to Post-Effective Amendment No. 1 to the Form F-6 Registration Statement under the Securities Act of 1933 of Sendas Distribuidora S.A. (File No. 333-252850) filed with the Securities and Exchange Commission on August 24, 2021).
2.3	Form of American Depositary Receipt representing American Depositary Shares representing common shares of Sendas Distribuidora S.A. (included in Exhibit 2.2).
2.4	Form of Promissory Note, dated August 27, 2021, issued by Sendas Distribuidora S.A. (Second Issuance, First Series) (English translation) (incorporated by reference to Exhibit 2.4 to the Annual Report on Form 20-F of Sendas Distribuidora S.A. for the fiscal year ended December 31, 2021 (File No. 001-39928) filed with the Securities and Exchange Commission on May 2, 2022).
2.5	Form of Promissory Note, dated August 27, 2021, issued by Sendas Distribuidora S.A. (Second Issuance, Second Series) (English translation) (incorporated by reference to Exhibit 2.5 to the Annual Report on Form 20-F of Sendas Distribuidora S.A. for the fiscal year ended December 31, 2021 (File No. 001-39928) filed with the Securities and Exchange Commission on May 2, 2022).
2.6*	Description of the registrant's securities registered under Section 12 of the Exchange Act.
4.1†	Separation Agreement, dated as of December 14, 2020, between Companhia Brasileira de Distribuição and Sendas Distribuidora S.A. (English translation) (incorporated by reference to Exhibit 4.1 to the Form 20-F Registration Statement under the Securities Exchange Act of 1934 of Sendas Distribuidora S.A. (File No. 001-39928) filed with the Securities and Exchange Commission on January 25, 2021).
4.2	First Amendment, dated as of June 30, 2021, between Companhia Brasileira de Distribuição and Sendas Distribuidora S.A., to the Separation Agreement, dated as of December 14, 2020, between Companhia Brasileira de Distribuição and Sendas Distribuidora S.A. (English translation) (incorporated by reference to Exhibit 4.2 to the Annual Report on Form 20-F of Sendas Distribuidora S.A. for the fiscal year ended December 31, 2021 (File No. 001-39928) filed with the Securities and Exchange Commission on May 2, 2022).
4.3†*	Second Amendment, dated as of June 30, 2022, between Companhia Brasileira de Distribuição and Sendas Distribuidora S.A., to the Separation Agreement, dated as of December 14, 2020, as amended, between Companhia Brasileira de Distribuição and Sendas Distribuidora S.A. (English translation).
8.1	List of subsidiaries of the Registrant. As of the date of this annual report, the Registrant does not have any significant subsidiaries.
11.1	Code of Ethics (English translation) (incorporated by reference to Exhibit 11.1 to the Annual Report on Form 20-F of Sendas Distribuidora S.A. for the fiscal year ended December 31, 2022 (File No. 001-39928) filed with the Securities and Exchange Commission on March 14, 2023).
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 and Chief Financial Officer.
15.1*	Consent of Deloitte Touche Tohmatsu Auditores Independentes Ltda.
15.2*	Consent of Ernst & Young Auditores Independentes S/S Ltda.
97.1*	Clawback Policy (English translation).
101.INS*	Inline XBRL Instance Document. The instance document does not appear on the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document.
101.SCH*	Inline XBRL Taxonomy Extension Schema Document.
101.CAL*	Inline XBRL Taxonomy Extension Calculation Linkbase Document.
101.DEF*	Inline XBRL Taxonomy Extension Definition Linkbase Document.
101.LAB*	Inline XBRL Taxonomy Extension Label Linkbase Document.
101.PRE*	Inline XBRL Taxonomy Extension Linkbase Document.
104*	Cover page interactive data (formatted as Inline XBRL and contained in Exhibit 101).

* Filed herewith.

† Schedules and other similar attachments to this exhibit have been omitted pursuant to the Instructions As To Exhibits of Form 20-F. The Registrant hereby agrees to furnish a copy of any omitted schedules to the Commission upon request.

Certain debt instruments of the Registrant and its subsidiaries have been omitted as exhibits because the amounts involved in such debt instruments are less than 10% of the Registrant's total assets. Copies of debt instruments for which the related debt is less than 10% of the Registrant's total assets will be furnished to the Commission upon request.

SIGNATURES

The registrant hereby certifies that it meets all of the requirements for filing on Form 20-F and that it has duly caused and authorized the undersigned to sign this annual report on its behalf.

Date: April 23, 2024

SENDAS DISTRIBUIDORA S.A.

/s/ Belmiro de Figueiredo Gomes

Name: Belmiro de Figueiredo Gomes

Title: Chief Executive Officer

/s/ Vitor Fagá de Almeida

Name: Vitor Fagá de Almeida

Title: Vice-President of Finance and Investor Relations

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REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Shareholders and Board of Directors of
Sendas Distribuidora S.A.

Opinion on Internal Control over Financial Reporting

We have audited the internal control over financial reporting of Sendas Distribuidora S.A. (the “Company”) as of December 31, 2023, based on criteria established in Internal Control - Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). In our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of December 31, 2023, based on criteria established in Internal Control - Integrated Framework (2013) issued by COSO.

We have also audited, in accordance with the standards of the Public Company Accounting Oversight Board - PCAOB (United States), the financial statements as of and for the year ended December 31, 2023 of the Company, and our report, dated April 23, 2024, expressed an unqualified opinion on those financial statements.

Basis for Opinion

The Company’s Management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying Management Annual Report on Internal Control over Financial Reporting. Our responsibility is to express an opinion on the Company’s internal control over financial reporting based on our audit. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission - SEC and the PCAOB.

We conducted our audit in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, testing and evaluating the design and operating effectiveness of internal control based on the assessed risk, and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

Definition and Limitations of Internal Control over Financial Reporting

A company's internal control over financial reporting is a process designed 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. A company's 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 assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; 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. Also, projections of any evaluation of 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.

/s/ DELOITTE TOUCHE TOHMATSU
Auditores Independentes Ltda.
São Paulo, Brazil

April 23, 2024

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Shareholders and Board of Directors of
Sendas Distribuidora S.A.

Opinion on the Financial Statements

We have audited the accompanying balance sheets of Sendas Distribuidora S.A. (the “Company”) as of December 31, 2023 and 2022, and the related statements of operations and comprehensive income, of changes in shareholders’ equity and of cash flows for each of the two years in the period ended December 31, 2023, including the related notes (collectively referred to as the “financial statements”). In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Company as of December 31, 2023 and 2022, and the results of its operations and of its cash flows for each of the two years in the period ended December 31, 2023, in conformity with International Financial Reporting Standards - IFRS, as issued by the International Accounting Standards Board - IASB.

We have also audited, in accordance with the standards of the Public Company Accounting Oversight Board - PCAOB (United States), the Company’s internal control over financial reporting as of December 31, 2023, based on the criteria established in Internal Control - Integrated Framework (2013) issued by the Committee of Sponsoring Organizations - COSO of the Treadway Commission, and our report, dated April 23, 2024, expressed an unqualified opinion on the Company’s internal control over financial reporting.

Basis for Opinion

These financial statements are the responsibility of the Company’s Management. Our responsibility is to express an opinion on the Company’s financial statements based on our audit. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission - SEC and the PCAOB.

We conducted our audit in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. Our audit included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audit also included evaluating the accounting principles used and significant estimates made by Management, as well as evaluating the overall presentation of the financial statements. We believe that our audit provides a reasonable basis for our opinion.

Critical Audit Matters

The critical audit matters communicated below are matters arising from the current-period audit of the financial statements that were communicated or required to be communicated to the Audit Committee and that: (1) relate to accounts or disclosures that are material to the financial statements; and (2) involved our especially challenging, subjective, or complex judgments.

The communication of critical audit matters does not alter in any way our opinion on the financial statements, taken as a whole, and we are not, by communicating the critical audit matters below, providing separate opinions on the critical audit matters or on the accounts or disclosures to which they relate.

Recoverability of ICMS Tax Credits - Refer to note 9 to the financial statements

Critical Audit Matter Description

The Company had recoverable ICMS tax credits amounting to R\$1,085 million at December 31, 2023, whose recoverability depends on the generation of sufficient amounts of ICMS tax payable in the future. In assessing the recoverability of these tax credits, Management uses projections of revenues, costs and expenses, as well as other information used in estimating the timing and nature of the future amounts of ICMS tax payable, which are based on estimates and assumptions of future business performance and market conditions, as well as expectations as to applicable tax regulations and adoption of special tax regime obtained by the Company and used in the ICMS computation for certain States.

Auditing the recoverability of ICMS tax credits was considered especially challenging due to: (i) the magnitude of amounts involved; and (ii) the high degree of complexity involved in the Brazilian indirect tax legislation and in Management's assessment process, which requires significant judgment by Management and includes significant assumptions in the estimation of the timing and amounts of future ICMS tax payable that could be affected by future market or economic conditions and events.

How the Critical Audit Matter Was Addressed in the Audit

Our audit procedures included, among others:

- We obtained an understanding, evaluated the design and implementation and tested the operating effectiveness of relevant internal controls over Management's assessment of the recoverability of ICMS tax credits, including relevant internal controls over projections prepared by Management and approved by those charged with governance, used in the recoverability assessment.
- We evaluated the significant assumptions used by Management in its recoverability assessment and tested the completeness and accuracy of the underlying data supporting the significant assumptions.
- With the assistance of our tax specialists, we evaluated the application of tax laws and special tax regimes used in the recoverability assessment.
- We tested the data used by Management in determining the recorded amounts for recoverable tax credits, comparing inputs to internal data and testing the accuracy and completeness of calculations.
- We evaluated the related disclosures in the financial statements.

Provisions and Tax Contingencies - Refer to note 17 to the financial statements

Critical Audit Matter Description

The Company is party to a significant number of administrative and legal proceedings arising from various tax claims and assessments. Based on the opinions and with the support of its internal and external legal counsel, Management assesses the likelihood of loss related to these tax claims and assessments, and records provisions when the likelihood of loss is assessed as probable, and the amounts can be estimated. As of December 31, 2023, Management has recorded provisions in the amount of R\$62 million. Additional claims and assessments of R\$2,173 million were outstanding as of December 31, 2023, for which no provision was recorded. Out of this amount, R\$1,494 million is subject to reimbursement from its former controlling shareholder, under the separation agreement signed by the parties.

Management uses significant judgment in evaluating the merits of each claim and assessment and in evaluating the likelihood and potential amounts of loss, considering the complexity of the Brazilian tax environment and legislation, including existence and interpretation of applicable jurisprudence and case law. Management's evaluation also involves assistance from internal and external legal counsels of the Company.

Auditing Management's assessment of the likelihood of loss on tax claims was considered especially challenging due to: (i) the complexity involved in the evaluation and interpretation of applicable tax legislation, case law, and applicable jurisprudence, which requires a high degree of judgment applied by Management and the assistance of the Company's internal and external counsels; (ii) the amounts involved and the significant estimate uncertainty related to the ultimate outcome and timing of court decisions; and (iii) the additional audit efforts, which include the involvement of our tax specialists.

How the Critical Audit Matter Was Addressed in the Audit

Our audit procedures included, among others:

- We obtained an understanding, evaluated the design and implementation, and tested the operating effectiveness of relevant internal controls over the identification and evaluation of tax claims and assessments, including the assumptions and technical merits of tax positions used in the evaluation of the likelihood of loss, as well as the processes to measure, record and disclose the amounts related to tax contingencies.
- We read and obtained an understanding on indemnification agreement entered by the Company and former controlling shareholder.
- We tested the completeness of the tax contingencies subject to evaluation by the Company.
- With the assistance of our tax specialists, we evaluated Management's assessment of the likelihood and estimate of loss for a sample of material tax contingencies, which included:
 - Obtaining an understanding and evaluating Management's judgments, the technical merits and documentation supporting Management's assessment, including reading and evaluating tax opinions or other third-party tax advice obtained from the Company's external tax and legal counsel.
 - Inspecting and evaluating the responses to external confirmations sent to key external tax and legal advisers of the Company.
 - Challenging Management's assessment using our knowledge of, and experience with, the application of tax laws and developments in the applicable regulatory and tax environments.
 - Testing the assumptions, underlying data and accuracy of the calculation of the amounts related to recorded tax provisions and disclosed tax contingencies.

We evaluated the related disclosures in the financial statements.

/s/ DELOITTE TOUCHE TOHMATSU
Auditores Independentes Ltda.
São Paulo, Brazil

April 23, 2024

We have served as the Company's auditor since 2022.

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Report of Independent Registered Public Accounting Firm

To the Shareholders and the Board of Directors of

Sendas Distribuidora S.A

Opinion on the Financial Statements

We have audited the accompanying Statements of Operations and Comprehensive Income, Changes in Shareholders' Equity and Cash Flows of Sendas Distribuidora S.A (the "Company") for the year ended December 31, 2021, and the related notes (collectively referred to as the "financial statements"). In our opinion, the financial statements present fairly, in all material respects, the results of its operations and its cash flows for the year ended December 31, 2021, in conformity with International Financial Reporting Standards - IFRS as issued by the International Accounting Standards Board - IASB.

Basis for Opinion

These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the Company's financial statements based on our audit. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (PCAOB) and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audit in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud.

Our audit included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audit also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audit provides a reasonable basis for our opinion.

/s/ ERNST & YOUNG
Auditores Independentes S/S Ltda.

We served as the Company's auditors from 2017 to 2021.

São Paulo, Brazil.
May 2, 2022

Sendas Distribuidora S.A.

Statement of Operations and Comprehensive Income
For the years ended December 31, 2023, 2022 and 2021
(In millions of Brazilian Reais, except earnings per share)

	Notes	For the year ended December 31,		
		2023	2022	2021
Net operating revenue	21	66,503	54,520	41,898
Cost of sales	22	(55,682)	(45,557)	(34,753)
Gross profit		10,821	8,963	7,145
Operating expenses, net				
Selling expenses	22	(5,411)	(4,379)	(3,334)
General and administrative expenses	22	(831)	(787)	(588)
Depreciation and amortization		(1,394)	(919)	(638)
Share of profit of associates	11	51	44	47
Other operating revenues (expenses), net	23	49	(72)	(53)
Operating profit		3,285	2,850	2,579
Financial revenues	24	281	394	188
Financial expenses	24	(3,012)	(1,909)	(918)
Net financial result		(2,731)	(1,515)	(730)
Income before income tax and social contribution		554	1,335	1,849
Income tax and social contribution	19.1	156	(115)	(239)
Net income for the year		710	1,220	1,610
Other comprehensive income (loss)				
Items that may be subsequently reclassified to the statement of operations				
Fair value of receivables		(7)	(2)	(1)
Income tax effect		2	1	-
Other comprehensive income (loss) for the year		(5)	(1)	(1)
Total comprehensive income for the year		705	1,219	1,609
Net income for the year attributable to:				
Controlling shareholders		710	1,220	1,610
		710	1,220	1,610
Total comprehensive income attributable to:				
Controlling shareholders		705	1,219	1,609
		705	1,219	1,609
Basic earnings per share attributable to controlling shareholders (in Reais - R\$)	25	0.525574	0.905322	1.198020
Diluted earnings per share attributable to controlling shareholders (in Reais - R\$)	25	0.524174	0.901589	1.188520

The accompanying notes are integral part of these financial statements.

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Balance Sheet

As of December 31, 2023 and 2022

(In millions of Brazilian Reais)

	Notes	As of December 31,	
		2023	2022
Current assets			
Cash and cash equivalents	6	5,459	5,842
Trade receivables	7	1,199	570
Inventories	8	6,664	6,467
Recoverable taxes	9	1,100	1,055
Derivative financial instruments	16.9.1	48	27
Other accounts receivable		146	123
		<u>14,616</u>	<u>14,084</u>
Assets held for sale	27	-	95
Total current assets		<u>14,616</u>	<u>14,179</u>
Non-current assets			
Recoverable taxes	9	573	927
Deferred income tax and social contribution	19.2	171	6
Derivative financial instruments	16.9.1	226	155
Related parties	10.1	23	252
Restricted deposits for legal proceedings	17.6	44	56
Other accounts receivable		118	9
Investments	11	864	833
Property, plant and equipment	12.3	13,148	11,582
Intangible assets	13.1	5,172	5,000
Right-of-use assets	14.1	8,222	7,619
Total non-current assets		<u>28,561</u>	<u>26,439</u>
Total assets		<u>43,177</u>	<u>40,618</u>

The accompanying notes are integral part of these financial statements.

Sendas Distribuidora S.A.

Balance Sheet

As of December 31, 2023 and 2022

(In millions of Brazilian Reais)

	Notes	As of December 31,	
		2023	2022
Current liabilities			
Trade payables, net	15	9,759	8,538
Trade payables – Agreements	15	1,459	2,039
Trade payables – Agreements – Acquisition of hypermarkets	15	892	2,422
Borrowings	16.9.1	36	829
Debentures and promissory notes	16.9.1	2,079	431
Payroll and related taxes		624	584
Lease liabilities	14.3	532	435
Related parties	10.1	-	201
Taxes payable		298	265
Deferred revenues	18	418	328
Dividends and interest on own capital payable	20.2	-	111
Other accounts payable		328	233
Total current liabilities		16,425	16,416
Non-current liabilities			
Trade payables, net	15	38	-
Trade payables – Agreements – Acquisition of hypermarkets	15	-	780
Borrowings	16.9.1	1,947	737
Debentures and promissory notes	16.9.1	11,122	10,594
Provision for legal proceedings	17	263	165
Related parties	10.1	-	60
Lease liabilities	14.3	8,652	7,925
Deferred revenues	18	37	31
Other accounts payable		63	14
Total non-current liabilities		22,122	20,306
Shareholders' equity			
Share capital	20.1	1,272	1,263
Capital reserves		56	36
Earnings reserves		3,309	2,599
Other comprehensive income		(7)	(2)
Total shareholders' equity		4,630	3,896
Total liabilities and shareholders' equity		43,177	40,618

The accompanying notes are integral part of these financial statements.

Sendas Distribuidora S.A.

Statements of Changes in Shareholders' Equity
For the years ended December 31, 2023, 2022 and 2021
(In millions of Brazilian Reais)

	Share capital	Capital reserve	Earnings reserves			Retained earnings	Accumulated other comprehensive income	Total
			Legal reserve	Tax incentive reserve	Profit reserve			
As of December 31, 2020	<u>761</u>	<u>4</u>	<u>152</u>	<u>-</u>	<u>430</u>	<u>-</u>	<u>-</u>	<u>1,347</u>
Other comprehensive income								
Net income for the year	-	-	-	-	-	1,610	-	1,610
Fair value of receivables	-	-	-	-	-	-	(1)	(1)
Comprehensive income for the year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,610</u>	<u>(1)</u>	<u>1,609</u>
Capital contribution	27	-	-	-	-	-	-	27
Stock options granted	-	14	-	-	-	-	-	14
Interest on own capital	-	-	-	-	-	(63)	-	(63)
Dividends	-	-	-	-	-	(168)	-	(168)
Tax incentive reserve	-	-	-	709	(430)	(279)	-	-
Legal reserve	-	-	5	-	-	(5)	-	-
Profit reserve	-	-	-	-	1,095	(1,095)	-	-
As of December 31, 2021	<u>788</u>	<u>18</u>	<u>157</u>	<u>709</u>	<u>1,095</u>	<u>-</u>	<u>(1)</u>	<u>2,766</u>

Sendas Distribuidora S.A.

Statements of Changes in Shareholders' Equity
For the years ended December 31, 2023, 2022 and 2021
(In millions of Brazilian Reais)

	Share capital	Capital reserve	Earnings reserves				Retained earnings	Accumulated other comprehensive income	Total
			Legal reserve	Expansion reserve	Tax incentive reserve	Profit reserve			
As of December 31, 2021	788	18	157	-	709	1,095	-	(1)	2,766
Other comprehensive income									
Net income for the year	-	-	-	-	-	-	1,220	-	1,220
Fair value of receivables	-	-	-	-	-	-	-	(2)	(2)
Income tax effect	-	-	-	-	-	-	-	1	1
Comprehensive income for the year	-	-	-	-	-	-	1,220	(1)	1,219
Capital contribution (note 20.1)	11	-	-	-	-	-	-	-	11
Capital increase – reserve capitalization (note 20.1)	464	-	-	-	-	(464)	-	-	-
Stock options granted	-	18	-	-	-	-	-	-	18
Interest on own capital (note 20.2)	-	-	-	-	-	-	(50)	-	(50)
Dividends (note 20.2)	-	-	-	-	-	-	(68)	-	(68)
Tax incentive reserve (note 20.5)	-	-	-	-	753	-	(753)	-	-
Expansion reserve (note 20.4)	-	-	-	632	-	(632)	-	-	-
Legal reserve (note 20.3)	-	-	23	-	-	-	(23)	-	-
Profit reserve	-	-	-	-	-	326	(326)	-	-
As of December 31, 2022	1,263	36	180	632	1,462	325	-	(2)	3,896

Sendas Distribuidora S.A.

Statements of Changes in Shareholders' Equity
For the years ended December 31, 2023, 2022 and 2021
(In millions of Brazilian Reais)

	Share capital	Capital reserve	Earnings reserves				Retained earnings	Accumulated other comprehensive income	Total
			Legal reserve	Expansion reserve	Tax incentive reserve	Profit reserve			
As of December 31, 2022	1,263	36	180	632	1,462	325	-	(2)	3,896
Other comprehensive income									
Net income for the year	-	-	-	-	-	-	710	-	710
Fair value of receivables	-	-	-	-	-	-	-	(7)	(7)
Income tax effect	-	-	-	-	-	-	-	2	2
Comprehensive income for the year	-	-	-	-	-	-	710	(5)	705
Capital contribution (note 20.1)	9	-	-	-	-	-	-	-	9
Stock options granted	-	20	-	-	-	-	-	-	20
Tax incentive reserve (note 20.5)	-	-	-	-	710	-	(710)	-	-
Expansion reserve (note 20.4)	-	-	-	325	-	(325)	-	-	-
As of December 31, 2023	1,272	56	180	957	2,172	-	-	(7)	4,630

The accompanying notes are integral part of these financial statements.

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Sendas Distribuidora S.A.

Statements of Cash Flows
For the years ended December 31, 2023, 2022 and 2021
(In millions of Brazilian Reais)

	For the year ended December 31,		
	2023	2022	2021
Cash flows from operating activities			
Net income for the year	710	1,220	1,610
Adjustment to reconcile net income for the year to net cash flows			
Deferred income tax and social contribution	(162)	40	(127)
(Gain) loss on disposal of property, plant and equipment and leasing write-off	(55)	34	(12)
Depreciation and amortization	1,476	990	687
Financial charges	2,853	1,827	911
Share of profit of associate	(51)	(44)	(47)
Provision (reversal of) for legal proceedings	151	(7)	(48)
Provision for stock option	20	18	14
Provision for allowance for inventory losses and damages	538	418	302
Allowance for doubtful accounts	4	7	2
	<u>5,484</u>	<u>4,503</u>	<u>3,292</u>
Variations in operating assets and liabilities			
Trade receivables	(640)	(313)	(85)
Inventories	(735)	(2,505)	(943)
Recoverable taxes	352	(336)	(12)
Restricted deposits for legal proceedings	12	63	15
Other assets	(14)	9	(69)
Trade payables, net	1,498	3,175	884
Payroll and related taxes	40	159	54
Related parties	(5)	196	391
Provision for legal proceedings	(71)	(49)	(49)
Taxes and social contributions payable	40	101	4
Deferred revenue	96	68	128
Dividends received	20	16	11
Other liabilities	(114)	57	25
Income tax and social contribution, paid	-	-	(374)
	<u>479</u>	<u>641</u>	<u>(20)</u>
Net cash generated by operating activities	<u>5,963</u>	<u>5,144</u>	<u>3,272</u>
Cash flow investment activities			
Purchase of property, plant and equipment	(3,116)	(3,524)	(2,231)
Purchase of intangible assets	(169)	(636)	(854)
Proceeds from the sale of property, plant and equipment	19	-	3
Proceeds from the sale of assets held for sale	211	620	209
Purchase of assets held for sale	-	(250)	(403)
Net cash used in investment activities	<u>(3,055)</u>	<u>(3,790)</u>	<u>(3,276)</u>
Cash flow financing activities			
Capital contribution	9	11	27
Proceeds from borrowings	3,392	4,001	6,183
Borrowing costs	(142)	(42)	(93)
Payment of borrowings	(1,499)	(183)	(6,073)
Payment of interest on borrowings	(1,085)	(783)	(406)
Dividends and interest on own capital paid	(118)	(168)	(148)
Payment of lease liabilities	(262)	(126)	(460)
Payment of interest on lease liabilities	(977)	(772)	(8)
Payment of acquisition of hypermarkets	(2,609)	-	-
Net cash (used in) generated by financing activities	<u>(3,291)</u>	<u>1,938</u>	<u>(978)</u>
Net (decrease) increase in cash and cash equivalents	<u>(383)</u>	<u>3,292</u>	<u>(982)</u>
Cash and cash equivalents at the beginning of the year	<u>5,842</u>	<u>2,550</u>	<u>3,532</u>
Cash and cash equivalents at the end of the year	<u>5,459</u>	<u>5,842</u>	<u>2,550</u>

The accompanying notes are integral part of these financial statements.

Sendas Distribuidora S.A.

Notes to the Financial Statements

For the years ended December 31, 2023, 2022 and 2021

(In millions of Brazilian Reais, unless otherwise stated)

1 Corporate information

Sendas Distribuidora S.A. (“Sendas Distribuidora”, “Sendas” or the “Company”) is a publicly held listed company under the Novo Mercado segment of B3 S.A. – Brasil, Bolsa, Balcão (B3), under the ticker symbol “ASAI3” and on the New York Stock Exchange (NYSE), under the ticker symbol “ASAI”. The Company is mainly engaged in the retail and wholesale sale of food, bazaar, and other products through its stores chain, operated under “ASSAÍ” banner, since this is the only disclosed segment. Sendas Distribuidora is based in the State of Rio de Janeiro, at Avenida Ayrton Senna, 6.000, Lote 2 – Anexo A, Jacarepaguá/RJ. As of December 31, 2023, the Company operated 288 stores (263 stores as of December 31, 2022) and 11 distribution centers (12 distribution centers as of December 31, 2022) in the five regions of the country, with operations in 24 states and in the Federal District in Brazil.

1.1 Listing of Sendas Distribuidora

Former Company’s controlling shareholder, Companhia Brasileira de Distribuição (“GPA” or “CBD”) conducted a Transaction in order to list Company’s common shares on the B3 and the Company’s American Depositary Shares (“ADSs”) on the NYSE.

On December 11, 2020, the Company became a publicly held company in Brazil, registered with the Brazilian Securities and Exchange Commission (“CVM”) under category “A”.

On February 10, 2021, the Company’s request to list its common shares to trade on the Novo Mercado segment of the B3 was approved, and the Company’s common shares started trading on the B3 on March 1, 2021, under the ticker symbol “ASAI3”.

On February 12, 2021, the Company’s request to list its ADSs representing common shares on the NYSE was approved, and the Company’s ADSs started trading on the NYSE on March 8, 2021, under the ticker symbol “ASAI”.

In connection with the Transaction, holders of GPA’s common shares received one common share issued by the Company for each common share of GPA held at the close of trading on February 26, 2021. In addition, holders of GPA’s ADSs received one ADS (each representing one common share of the Company) for each ADS of GPA held at the close of trading on March 2, 2021.

1.2 Sale and Leaseback Transaction

On July 19, 2021, the Company entered into the “Private Instrument of Commitment of Real Estate Investment, Commitment of Purchase and Sale of Real Estate and Incorporation of Real Right of Surface, Under Suspensive Conditions and Other Covenants” (the “Instrument”) with an investment fund managed by BRL Trust Distribuidora de Títulos e Valores Mobiliários S.A. and managed by TRX Gestora de Recursos Ltda. The purpose of the Instrument is the sale, development and lease of five properties of the Company located in the States of São Paulo, Rio de Janeiro and Rondônia.

The transaction includes the sale of five properties, over which construction and real estate development project should be carried out. The total sales price to be received by the Company is R\$364. The sales price and cost amount of the construction of the properties will be the basis for defining the final amount of the properties’ monthly rents. The assets transferred to “assets held for sale” was in amount of R\$349 (see note 12.2).

The Company concluded the sale of three of these properties during 2021 in a total amount of R\$209. In December 2022, the Company concluded the sale of the remaining properties in the total amount of R\$165.

Sendas Distribuidora S.A.

Notes to the Financial Statements

For the years ended December 31, 2023, 2022 and 2021

(In millions of Brazilian Reais, unless otherwise stated)

1.3 Conversion of Extra Hiper stores into ASSAÍ stores

On October 14, 2021, the Board of Directors of the Company and GPA approved a transaction involving the conversion of Extra Hiper stores, operated by GPA, into cash & carry stores which will be operated by the Company under the ASSAÍ banner (“Extra Transaction”).

On December 16, 2021, the Company and GPA signed the “Agreement for Onerous Assignment of Exploration Rights of Commercial Points and Other Agreements” (the “Agreement”), governing the transfer to the Company the exploitation rights of up to 70 commercial points located in several states in Brazil and the Federal District (17 properties owned by GPA and 53 properties owned by third parties), currently operated by GPA for a total amount of up to R\$3,973, to be paid by the Company, in installments between December 2021 and January 2024, adjusted by CDI + 1.2% per year, which may also involve the acquisition by the Company of some store equipment.

On December 29, 2021, following the completion of the necessary conditions precedent, the Company and GPA signed an agreement for the purchase and sale of 20 commercial rights (6 properties owned by GPA and 14 properties owned by third parties) and property, plant and equipment (lands and buildings) of 6 properties owned by GPA in the total amount of R\$1,201, located in the states of Paraná, São Paulo, Rio de Janeiro, Minas Gerais, Bahia, Pernambuco and the Federal District, (see notes 10.1 and 15). At the same date the Company paid the amount of R\$1,000 to GPA related to these acquisitions. The 6 properties owned by GPA were classified as held for sale, for an amount of R\$403 (see note 27) as of December 31, 2021.

On February 25, 2022, GPA and the Company sold the 17 GPA owned properties (11 properties not transferred yet to the Company and 6 properties already acquired by the Company) with a total sale price of up to R\$1,200, to a real estate investment fund Barzel Properties (“Fund”) with the intervention and guarantee by the Company. On April 13, 2022, the Brazilian antitrust agency (“CADE”) issued a favorable opinion without restrictions on the sale of the 17 properties owned by GPA to the Fund.

The closing of the Extra Transaction was subject to the fulfillment of certain conditions, including, but not limited to, obtaining the consent of the property owners and demobilization of the stores by GPA. This transaction is not subject to the approval by the antitrust authorities (except the sale of the 17 stores to the Fund, as described below).

On August 17, 2022, the Board of Directors of GPA approved GPA’s management to enter into a credit assignment agreement with a financial institution, with Company’s consent, to anticipate the installments between 2023 and 2024 due by the Company, see note 15.3.

On December 23, 2022, the Board of Directors of the Company and GPA approved the postponement of the installment that would be paid on December 29, 2022, to GPA in the amount of R\$956 to October 23, 2023. This postponement occurred for operational reasons, as the payment schedule of the installment to GPA considered the delivery of stores on certain dates and compliance with certain preconditions, such as obtaining consent from property owners and demobilization of stores by GPA. For this installment, a new credit assignment agreement with a financial institution was entered into by GPA, with the same characteristics as the previously entered into agreement and with the Company’s consent, see note 15.3.

On December 26, 2022, the Board of Directors of the Company and GPA confirmed that 4 properties were not the subject of the Extra Transaction, so in the conclusion remained with 66 properties, with adjustment in the purchase price from R\$3,973 to R\$3,928.

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Notes to the Financial Statements

For the years ended December 31, 2023, 2022 and 2021

(In millions of Brazilian Reais, unless otherwise stated)

As of December 31, 2022, the Company and GPA completed the transfer of 46 commercial points in the amount of R\$3,130 (20 commercial points as of December 31, 2021 in the amount of R\$798) totaling 66 properties, including the 17 properties owned by GPA in the amount of R\$1,200, located in the Southeast, North, Northeast and Midwest regions and in the Federal District, which had fulfilled the conditions precedent, see notes 13.1 and 15.3.

As of December 31, 2023, the Company made the total payment of R\$2,609 (R\$850 as of March 31, 2022 and R\$1,000 as of December 31, 2021) to GPA related to these acquisitions. Of the 17 properties owned by GPA that were recorded under "Assets held for sale", all properties were sold to the Fund, see note 27.

The Company incurred expenses with legal fees, appraisal reports and due diligence, related to the operation, and these expenses were recorded in "Other operating revenues (expenses), net" in the statement of operations, see note 23.

1.4 Disposal of ownership interest of the Casino Group

On November 29, 2022, the shareholder Helicco Participações Ltda ("Helicco"), a subsidiary of Casino Guichard Perrachon ("Casino"), sold all its ownership interest in the Company comprising 140,800,000 shares. On March 21, 2023, the shareholder Wilkes Participações S.A. ("Wilkes"), a subsidiary of Casino, sold 254,000,000 shares held by it and Casino now holds 157,582,865 common shares, representing 11.7% of the Company's share capital.

On June 23, 2023, as per the Notice to the Market published on the same date, Casino, through its subsidiaries Wilkes, Geant International BV ("GIBV") and Segisor S.A.S ("Segisor"), sold 157,582,850 common shares issued by the Company, representing 11.67% of its share capital, through a block trade operation carried out on the same date. As a result, the Casino Group now holds an ownership interest of less than 0.01% of Sendas' share capital, no longer being considered a related party of the Company. The balances with these companies and their subsidiaries are presented under the line items Other accounts receivable and Other accounts payable in the balance sheet in the financial statements for the year ended December 31, 2023.

1.5 Going concern analysis

Management has assessed the Company's ability to continue operating in a foreseeable future and concluded that Company has ability to maintain its operations and systems working regularly. Therefore, Management is not aware of any material uncertainty that could indicate significant doubts about its ability to continue operating. The financial statements have been prepared based on the assumption of business continuity.

2 Basis of preparation

The financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB").

The financial statements have been prepared based on the historical cost basis except for (i) certain financial instruments; and (ii) assets and liabilities arising from business combinations measured at their fair values, when applicable. All relevant information in the financial statements is being evidenced by and corresponds to that used by Management in the administration of the Company.

Sendas Distribuidora S.A.

Notes to the Financial Statements

For the years ended December 31, 2023, 2022 and 2021

(In millions of Brazilian Reais, unless otherwise stated)

The financial statements are presented in millions of Brazilian Reais (R\$), which is the Company's functional currency.

The balance sheet as of December 31, 2023 and 2022 and related statements of operations and comprehensive income, shareholders equity and cash flows for the three years ended December 31, 2023, including related notes, were approved by the Board of Directors on April 23, 2024.

3 Significant accounting policies

The significant accounting policies and practices are described in each corresponding explanatory note, except for those below that are related to more than one explanatory note. Accounting policies and practices have been consistently applied to the years presented in the Company's financial statements.

3.1 Foreign currency transactions

Foreign currency transactions are initially recognized at the exchange rate of the corresponding currencies at the date the transactions qualify for recognition and, subsequently, translated into Brazilian Reais, using the spot exchange rate at the end of each reporting period. Gains or losses on changes in exchange rate variations are recognized as financial revenue or expense.

3.2 Classification of assets and liabilities as current and non-current

Assets (with the exception of deferred income tax and social contribution) that are expected to be realized or that are intended to be sold or consumed within twelve months, as of the balance sheet dates, are classified as current assets. Liabilities (with the exception of deferred income tax and social contribution) expected to be settled within twelve months from the balance sheet dates are classified as current. All other assets and liabilities (including deferred tax taxes) are classified as "non-current".

Long-term assets and liabilities are not adjusted to present value at initial recognition as their effects are immaterial.

Deferred tax assets and liabilities are classified as "non-current", net by legal entity, as provided for in accounting pronouncement IAS 12 - Income Taxes.

3.3 Joint Venture

A joint venture is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint venture. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control.

The considerations made in determining significant influence or joint control are similar to those necessary to determine control over subsidiaries. The Company's joint venture is accounted for using the equity method.

Under the equity method, the investment in a joint venture is initially recognized at cost, see note 11.

3.4 Tax incentive reserve

Tax incentive reserve is recognized when there is reasonable assurance that the entity will comply with all conditions established and related to the grant and that the grant will be received. When the benefit relates to an expense item, it is recognized as revenue over the period of the benefit systematically in relation to the respective expenses for whose benefit it is intended to offset. When the benefit relates to an asset, it is recognized as deferred revenue in liabilities and on a systematic and rational basis over the useful life of the asset.

Sendas Distribuidora S.A.

Notes to the Financial Statements

For the years ended December 31, 2023, 2022 and 2021

(In millions of Brazilian Reais, unless otherwise stated)

3.5 Dividends

The distribution of dividends to the Company's shareholders is recognized as a liability at the end of the year, based on the minimum mandatory dividends prescribed in the bylaws. Any amount exceeding this minimum is recorded only on the date on which such additional dividends are approved by the Company's shareholders, see note 20.2.

3.6 Cash flow, interest payments

The interest payments on borrowing and lease settled by the Company are being disclosed in the financing activities in conjunction with payments on related borrowings and lease. The total of interest payment as of December 31, 2023 was R\$1,085 (R\$783 as of December 31, 2022 and R\$406 as of December 31, 2021) related to borrowings and R\$977 (R\$772 as of December 31, 2022 and R\$294 as of December 31, 2021) related to lease.

4 Adoption of new procedures, amendments to and interpretations of existing standards issued by the IASB and published standards effective from 2023**4.1 Amendments to IFRSs and new interpretations of mandatory application starting at 2023**

The Company evaluated the amendments and new interpretations to IFRS as issued by IASB, which were effective for accounting periods beginning on or after January 1, 2023. The main changes applicable to the Company are the following:

Statement	Description	Effective date
Amendments to IAS 1 Presentation of Financial Statements and IFRS Statement of Practice 2 - Making Materiality Judgment	It changes the requirements in IAS 1 with regard to disclosure of accounting policies. Only the policies that, together with other information in the financial statements, can reasonably influence decisions. Policies related to immaterial transactions do not need to be disclosed, but policies may be significant due to their nature even if the amounts are immaterial. However, not all significant policy information is in itself material.	01/01/2023
Amendments to IAS 12 - Deferred Tax Related to Assets and Liabilities Resulting from a Single Transaction	The amendments introduce a further exception from the initial recognition exemption. Under the amendments, an entity does not apply the initial recognition exemption to transactions that give rise to equal taxable and deductible temporary differences. Depending on the applicable tax law, equal taxable and deductible differences may arise on initial recognition of an asset and liability in a transaction that is not a business combination and affects neither accounting nor taxable profit. For example, this may arise upon recognition of a lease liability and the corresponding right-of-use asset applying IFRS 16 at the commencement date of a lease.	01/01/2023
Amendments to IAS 8 - Accounting Policies, Changes in Accounting Estimates and Rectification of Errors — Definition of Accounting Estimates	The amendments to IAS 8 refer to situations that requiring changes in accounting policies and reinforce that they should only occur if required by standard or implementation of IASB or if they result in financial statements that are more reliable and material.	01/01/2023

Sendas Distribuidora S.A.

Notes to the Financial Statements

For the years ended December 31, 2023, 2022 and 2021

(In millions of Brazilian Reais, unless otherwise stated)

The adoption of these standards did not result in a material impact on the Company's financial statements.

4.2 New and revised standards and interpretations issued but not yet effective

The Company evaluated all new and revised IFRSs, already issued and not yet effective, however did not adopt them in advance, the main are:

Accounting pronouncement	Description	Effective for annual periods beginning on or after
Amendments to IFRS 10 and IAS 28 - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	The amendments to IFRS 10 and IAS 28 deal with situations that involve the sale or contribution of assets between an investor and its associate or joint venture. Specifically the amendments state that gains or losses resulting from the loss of control of a subsidiary that does not contain a business in a transaction with an associate or joint venture that is accounted for using the equity method, are recognized in the parent company's statement of operations only in proportion to the interests of the unrelated investor in this affiliate or joint venture. Similarly, gains and losses resulting from the remeasurement of investments retained in a former controlled company (that has become an associate or joint venture that is accounted for using the equity method) to fair value are recognized in the statement of operations of the former controlling company in proportion to the investor's shares not related to the new associate or joint venture.	01/01/2024
Amendments to IAS 1: - Classification of liabilities as current and non-current	<p>The amendments to IAS 1 published in January 2020 affect only the presentation of liabilities as current or non-current in the balance sheet and not the amount or timing of recognition of any asset, liability, income or expenses, or the information disclosed about those items.</p> <p>The amendments clarify that the classification of liabilities as current or non-current is based on rights that are in existence at the end of the reporting period, specify that classification is unaffected by expectations about whether an entity will exercise its right to defer settlement of a liability, explain that rights are in existence if covenants are complied with at the end of the reporting period, and introduce a definition of 'settlement' to make clear that settlement refers to the transfer to the counterparty of cash, equity instruments, other assets or services.</p>	01/01/2024
Amendments to IAS 1 – Presentation of Financial Statements – Non-Current Liabilities with Covenants	IAS 1 requires debt to be classified as non-current only if the company can defer the settlement of the debt in the 12 months after the reporting date. The purpose of this initiative is regarding to improve the information disclosed by companies regarding long-term debt with covenants, and allow investors to understand the risk that a certain debt would become payable in advance.	01/01/2024
Amendments to IFRS 7/IAS 7 - Statement of Cash Flows and IFRS 7 - Financial Instruments: Disclosures - Supplier Financing Agreements	The amendments include a disclosure objective in IAS 7 stating that an entity must disclose information on its supplier financing arrangements that allows users of financial statements to assess the effects of these arrangements on the entity's liabilities and cash flows. Additionally, IFRS 7 was amended to include supplier financing agreements within the requirements to disclosure of information on the entity's exposure to liquidity risk concentration.	01/01/2024
Amendments to IFRS 16 - Lease liabilities in a "Sale and Leaseback" transaction	Under the amendments, the seller-lessee must not recognize a gain or loss related to the right of use retained by the seller-lessee.	01/01/2024

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Notes to the Financial Statements

For the years ended December 31, 2023, 2022 and 2021

(In millions of Brazilian Reais, unless otherwise stated)

It is not expected that the adoption of these standards will result in significant impacts on the Company's financial statements.

According to Management, there are no other standards and interpretations issued and not yet adopted that may have a significant impact on the Company's financial statements.

5 Significant accounting judgments, estimates, and assumptions

The preparation of the financial statements requires Management to makes judgments and estimates and adopt assumptions that impact the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities at the end of the year, however, the uncertainty about these assumptions and estimates could result in substantial adjustments to the carrying amount of asset or liability impacted in future periods.

In the process of applying the Company's accounting policies, Management has made the following judgments, which have the most significant impact on the amounts recognized in the financial statements, as disclosed in the following notes to these financial statements:

Accounting policy	Notes
Impairment	7.3, 12.1, 12.1.1, 13.2 and 13.3
Inventories: inventory allowance	8.2
Recoverable taxes: expected realization of tax credits	9
Leasing operations: determination of the lease term and incremental interest rate	14.2
Measurement of the fair value of derivatives and other financial instruments	16.8
Provision for legal proceedings: record of provision for claims with likelihood assessed as probable loss estimated with a certain degree of reasonability	17
Income tax: provisions based on reasonable estimates, including uncertain tax treatments	17.4.1 and 19
Share-based payments: estimate of fair value of operations base on a valuation model	20.6

Sendas Distribuidora S.A.

Notes to the Financial Statements

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(In millions of Brazilian Reais, unless otherwise stated)

6 Cash and cash equivalents

Cash and cash equivalents comprise the bank accounts and short-term, highly liquid investments, immediately convertible into known cash amounts, and subject to an insignificant risk of change in value, with intention and possibility to be redeemed in the short term, within 90 days, as of the date of investment, without losing income.

	As of December 31,		
	2023	2022	2021
Cash and bank accounts – Brazil	352	213	74
Cash and bank accounts – Abroad (*)	22	24	25
Financial investments – Brazil (**)	5,085	5,605	2,451
	<u>5,459</u>	<u>5,842</u>	<u>2,550</u>

(*) As of December 31, 2023, the Company had funds held abroad, being R\$22 in US Dollars (R\$24 in US dollars as of December 31, 2022 and R\$25 in US dollars as of December 31, 2021).

(**) As of December 31, 2023, the financial investments correspond to repurchase and resale agreements, with a weighted average interest rate of 95.92% of CDI – Interbank Deposit Certificate (92.80% of CDI as of December 31, 2022 and 109.64% of CDI as of December 31, 2021).

The Company's exposure to interest rate indexes and the sensitivity analysis for these financial assets are disclosure in note 16.7.

7 Trade receivables

Trade receivables are initially recorded at the transaction amount, which corresponds to the sales price, and are subsequently measured as follows: (i) fair value through other comprehensive income, in the case of receivables from credit card companies and (ii) amortized cost, for other customer portfolio.

	Note	As of December 31,	
		2023	2022
Credit card companies	7.1	589	241
Credit card companies with related parties	10.1	211	49
Sales ticket and payment slips	7.1 and 7.2	333	249
Related parties	10.1	-	24
Suppliers and others		81	18
		<u>1,214</u>	<u>581</u>
Provision for expected credit losses	7.3	(15)	(11)
		<u>1,199</u>	<u>570</u>

Set forth below the breakdown of trade receivables by their gross amount by maturity period:

	Total	Due	Overdue	
			Less than 30 days	Over 30 days
December 31, 2023	<u>1,214</u>	<u>1,202</u>	5	7
December 31, 2022	581	576	4	1

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7.1 Assignment of receivables

The Company assigned part of its receivables referring to credit cards and tickets with operators, without any right of recourse, aiming to anticipate its cash flow. As of December 31, 2023, the volume of these operations is R\$2,757 (R\$2,785 as of December 31, 2022). The amount was derecognized from the balance of trade receivables, since all risks related to the receivables were substantially transferred. The cost to advance these credit card receivables is classified as “Cost and discount of receivables” in note 24.

7.2 Sales ticket and payment slips

Refers to amounts arising from transactions through receipts: (i) tickets and meal vouchers R\$185 (R\$134 as of December 31, 2022); and (ii) payment slips R\$148 (R\$115 as of December 31, 2022).

7.3 Provision for expected credit losses

All portfolios consider estimated losses, which are recorded based on quantitative and qualitative analysis, the track record of effective losses in the last 24 months, the credit assessment, and considering information on assumptions and projections relating to macroeconomic events, such as unemployment index and consumer confidence index, as well as the volume of credits overdue of trade receivable portfolio. The Company opted for measuring provisions for trade receivable losses by an amount equal to the expected credit loss for the entire life, by adopting a matrix of losses for each level of maturity.

The balance of trade receivables is disclosed net of the provision for expected losses in the balance sheet.

	For the year ended December 31,		
	2023	2022	2021
At the beginning of the year	(11)	(6)	(4)
Additions	(50)	(36)	(15)
Reversals	46	31	13
At the end of the year	(15)	(11)	(6)

8 Inventories

Inventories are carried at average cost, including the storage and handling costs, to the extent these costs are necessary to bring inventories to their sale condition at stores, less bonuses received from suppliers or net realizable value, whichever is lower.

Net realizable value is the selling price in the ordinary course of business, less the estimated costs necessary to make the sale, such as (i) taxes levied on sales; (ii) personnel expenses directly linked to sales; (iii) cost of sales; and (iv) other costs required to make goods available for sale.

Bonuses received from suppliers are measured and recognized based upon executed contracts and agreements and recorded as cost of sales when the corresponding inventories are sold. Unrealized bonuses are presented as reducing the inventories at each balance sheet date.

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	Note	As of December 31,	
		2023	2022
Stores		6,033	5,914
Distribution centers		1,237	1,139
Commercial agreements	8.1	(525)	(518)
Allowance for loss on inventory losses and damages	8.2	(81)	(68)
		6,664	6,467

8.1 Commercial agreements

The Company records rebates from vendors and the storage costs in the statement of operations as the inventories that gave rise to the bonuses and the stored costs are realized. As of December 31, 2023, the amount of unrealized bonus, as a reduction of inventory balance, totaled R\$525 (R\$518 as of December 31, 2022).

8.2 Allowance for loss in inventory (losses and damages)

Inventories are adjusted by an allowance for losses and damages, which is periodically reviewed and evaluated as appropriate.

	For the year ended December 31,		
	2023	2022	2021
At the beginning of the year	(68)	(37)	(51)
Additions	(567)	(435)	(315)
Reversals	29	17	13
Write-offs	525	387	316
At the end of the year	(81)	(68)	(37)

9 Recoverable taxes

The Company records tax credit incurred in the operation and when obtains internal and external factors as legal and market interpretations to conclude that it is entitled to these credits, including realization of the tax credit ICMS (Imposto Sobre Circulação de Mercadorias e Serviços) (State VAT) is recognized in cost of sale in the statement of operations. PIS (Programa de Integração Social) and COFINS (Contribuição para o Financiamento da Seguridade Social) (federal taxes on gross revenues) are recognized as a credit in the same account on which the credits are calculated.

These taxes are realized based on growth projections, operating aspects, and projections of generation of debits for the use of these credits by the Company.

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	Note	As of December 31,	
		2023	2022
ICMS	9.1	1,085	1,210
PIS/COFINS	9.2	287	587
Social Security Contribution - INSS		169	90
Whitholding taxes to be recovered		105	74
Others		27	21
		1,673	1,982
Current		1,100	1,055
Non-current		573	927

9.1 ICMS - State VAT tax credits

The Brazilian States have been substantially amending their local laws aiming at implementing and broadening the ICMS tax replacement system. The referred system implies the prepayment of ICMS throughout the commercial chain, upon goods outflow from a manufacturer or importer or their inflow into the State. The expansion of such system to a wider range of products traded at retail is based on the assumption that the trading cycle of these products will end in the State, such that ICMS is fully owed to such State.

With respect to credits that cannot yet be immediately offset, the Company's management, based on a technical recovery study, based on the future expectation of growth and consequent compensation with taxes payable arising from its operations, believes that its future compensation is viable. The studies mentioned are prepared and periodically reviewed based on information extracted from the strategic planning previously approved by the Company's Board of Directors.

As of December 31, 2023, the Company's management has monitoring controls over adherence to the annually established plan, reassessing and including new elements that contribute to the realization of the ICMS balance to be recovered, as shown in the table below:

Year	Amount
In 1 year	553
From 1 to 2 years	111
From 2 to 3 years	115
From 3 to 4 years	90
From 4 to 5 years	59
More than 5 years	157
	1,085

9.2 PIS and COFINS credit

On March 15, 2017, the Federal Supreme Court ("STF") recognized the unconstitutionality of the inclusion of ICMS in the PIS and COFINS calculation base. On May 13, 2021, the STF judged the Declaration Embargoes in relation to the amount to be excluded from the calculation basis of the contributions, which should only be the ICMS paid, or if the entire ICMS, as shown in the respective invoices. The STF rendered a favorable decision to the taxpayers, concluding that all ICMS highlighted should be excluded from the calculation basis.

Currently, the Company, based on the favorable judgment of the STF, has been recognizing the exclusion of ICMS from the PIS and COFINS calculation basis.

Expected realization of PIS and COFINS credits

In related to the recoverable PIS and COFINS credits, the Company's management, based on a technical recovery study, considering future growth expectations and consequent offset against debts from its operations, projects its future realization. The mentioned studies are prepared and periodically reviewed based on information obtained from the strategic planning previously approved by the Company's Board of Directors. For the financial statements as of December 31, 2023, the Company's management has monitoring controls over the adherence to the annually established plan, reassessing and including new elements that contribute to the realization of the recoverable PIS and COFINS balance, in the amount of R\$287, and expected realization is within one year.

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10 Related Parties

10.1 Balances and related party transactions

	Assets balance				Liabilities balance				Transactions		
	Trade receivables		Other assets		Suppliers		Other liabilities		Revenue (expenses)		
	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022	2021
Associates (i)											
Casino Guichard											
Perrachon	-	-	-	-	-	-	-	21	(20)	(60)	(35)
Compre Bem	-	-	-	-	-	-	-	-	-	-	(1)
Euris	-	-	-	-	-	-	-	1	(1)	(3)	(1)
Grupo Pão de Açúcar (“GPA”)	-	24	-	234	-	8	-	237	20	(310)	(137)
Greenyellow	-	-	-	-	-	-	-	-	-	(33)	(26)
Wilkes Participações S.A.	-	-	-	-	-	-	-	2	(6)	(8)	(6)
	-	24	-	234	-	8	-	261	(7)	(414)	(206)
Joint venture											
Financeira Itaú CBD S.A. Crédito, Financiamento e Investimento (“FIC”)											
(ii)	211	49	23	18	28	25	-	-	27	25	15
	211	49	23	18	28	25	-	-	27	25	15
	211	73	23	252	28	33	-	261	20	(389)	(191)
Current	211	73	-	-	28	33	-	201			
Non-current	-	-	23	252	-	-	-	60			

- (i) As a result of the sale of Casino’s ownership interest in the Company, through Wilkes, as disclosed in note 1.4, the associates are no longer related parties. In 2022 and 2021, all these associates, as related parties, had transactions with the Company. The main transactions were related to: (i) cost sharing contracts (reimbursement of personnel expenses, equipment rental and maintenance); and (ii) agency agreements, specially between the Company and GPA and Casino related to business negotiation of products, cyber risk agreement, exploration rights of commercial points and other agreements.

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The related-party transactions are carried out according to prices, terms and conditions agreed upon the parties and are measured substantially at market value, namely:

- (ii) FIC: execution of business agreements to regulate the rules that promote and sell financial services offered by FIC at the Company's stores to implement a financial partnership between the Company and Itaú Unibanco Holding S.A. ("Itaú") in the partnership agreement, namely: (i) banking correspondent services in Brazil; (ii) indemnification agreement in which FIC undertook to hold the Company harmless from losses incurred due to services; FIC and the Company mutually undertook to indemnify each other due to legal proceeding under their responsibility; and (iii) agreement concerning the Company's provision of information and access to systems to FIC, and vice-versa, in order to offer services.

10.2 Management compensation

Expenses related to the executive board compensation recorded in the Company's statement of operations is as follows (amounts expressed in thousands reais):

	Base salary (i)			Variable compensation (i)			Stock option plan and shared-based payment plan (ii)			Total		
	2023	2022	2021	2023	2022	2021	2023	2022	2021	2023	2022	2021
Board of director	11,512	31,971	25,533	-	-	-	5,250	7,103	7,111	16,762	39,074	32,644
Statutory officers	11,083	12,806	20,241	29,794	19,880	14,485	13,265	9,609	7,632	54,142	42,295	42,358
Executives excluding statutory officers	31,429	22,849	19,801	53,132	43,144	30,172	14,802	10,176	1,462	99,363	76,169	51,435
Fiscal council	548	584	331	-	-	-	-	-	-	548	584	331
	54,572	68,210	65,906	82,926	63,024	44,657	33,317	26,888	16,205	170,815	158,122	126,768

- (i) Short-term benefit.

- (ii) More details about shared-based payment plan for Statutory officers, see note 20.6.3.

The stock option plan, fully in shares, refers to the Company's executives and this plan has been recognized in the Company's statement of operations. The related expenses are allocated to the Company and recorded in the statement of operations against capital reserve – stock options in shareholders' equity. There are no other short-term or long-term benefits granted to the members of the Company's management.

11 Investment in joint venture

The carrying amount of the investment is adjusted to recognize changes in the Company's share of net assets of the joint venture since the acquisition date. Goodwill relating to the joint venture is included in the carrying amount of the investment and is not tested for impairment separately.

The financial statements of the joint venture are prepared for the same reporting period as the Company. When necessary, adjustments are made to bring the accounting policies in line with those of the Company.

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The details of the Company's joint venture are shown below:

Investment type	Company	Country	Participation in investments - %	
			2023	2022
			Direct participation	
Joint venture	Bellamar Empreendimento e Participação S.A.	Brazil	50.00	50.00

Bellamar is a company that owns 35.76% of the share capital of FIC (Finance branch of Banco Itaú), therefore the Company indirectly holds a 17.88% stake in FIC. The purpose of FIC is to carry out all operations permitted, in the legal and regulated provisions, to credit, financing and investment companies, the issuance and management of credit cards, own or third-party, as well as the performance and performance of functions of correspondents in the country. FIC's operations are conducted by Itaú Unibanco Holding S.A.

The investment is recognized as a joint venture and is recorded under the equity method, in accordance with accounting standard IAS 28 – Investments in associates and joint ventures, is initially recognized at cost. The carrying amount of the investment is adjusted for purposes of recognizing the variations in the Company's share in the shareholders' equity of joint venture after the acquisition date.

After the equity method is applied, the Company determines if it is necessary to recognize an additional impairment loss of recuperable on the investment in its joint venture. The Company will determine, on each annual closing date of balance sheet, if there is objective evidence that the investment in the joint venture is impaired. If so, the Company calculates the amount of the impairment loss as the difference between the joint venture's recoverable amount and carrying amount and recognizes the loss in the statement of operations. As of December 31, 2023, the Company performed an analysis to verify whether the investment in its Joint Venture might not be recoverable, and did not identify the need to record a provision for impairment of the asset.

Financial information of joint venture

	As of December 31,	
	2023	2022
Current assets	1	1
Non-current assets	581	519
Shareholders' equity	582	520
Net income for the year	102	86

Breakdown

	Amount
As of December 31, 2020	769
Share of profit of associates	47
Dividends received	(11)
Dividends receivable	(16)
As of December 31, 2021	789
Share of profit of associates	44
As of December 31, 2022	833
Share of profit of associates	51
Dividends received	(20)
As of December 31, 2023	864

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12 Property, plant and equipment

Property, plant and equipment is stated at cost, net of accumulated depreciation and/or impairment losses, if any. The cost includes the acquisition amount of equipment and borrowing costs for long-term construction projects if recognition criteria are observed. When significant components of property, plant and equipment are replaced, these components are recognized as individual assets, with specific useful lives and depreciation. Likewise, when a major replacement is performed, its cost is recognized as the carrying amount of the equipment as a replacement, if the recognition criteria are met. All other repair and maintenance costs are recognized in the statement of operations for the year as incurred.

Average annual depreciation rate		
 Building 2,50%	 Machinery and equipment 11,58%	 Furniture and appliances 13,40%
 Improvements 5,83%	 Facilities 8,22%	 Others 25%

Property, plant and equipment items and eventual significant amounts are written-off upon sale or when there is no expectation of future economic benefits deriving from their use or sale. Any gains or losses resulting from disposals of assets are included in the statement of operations for the year.

The residual value, the useful life of assets, and methods of depreciation are reviewed at the end of each fiscal year, and adjusted prospectively, where applicable. The Company reviewed the useful life of property, plant and equipment in 2023 and identified changes, however, the impact identified was not material for disclosure.

Interest on borrowings directly attributable to the acquisition, construction of an assets, that requires a substantial period of time to be completed for its intended use or sale (qualifying asset), are capitalized as part of the cost of respective assets during its construction phase. From the date that the asset is placed in operation, capitalized costs are depreciated over the estimated useful life of the asset.

12.1 Impairment of non-financial assets

The Company tests its non-financial assets for impairment annually or whenever there is internal or external evidence that they may be impaired.

An asset's or cash-generating unit's ("CGU") recoverable amount is defined as the asset's fair value less cost to sell or its value in use, whichever is higher.

If the carrying amount of an asset or cash-generating units exceeds its recoverable value, the asset is considered impaired, and an impairment loss is recorded to adjust the carrying amount of the asset or cash-generating unit to its recoverable value. When assessing the recoverable value, the estimated future cash flow is discounted to the present value, using a nominal discount pre-tax rate, which represents the Company's weighted average cost of capital to reflect current market valuations as to the time value of money and asset's specific risks. The impairment test of intangible assets' useful life including goodwill is described in notes 13.2 and 13.3.

Impairment losses are recognized in the statement of operations in categories of expenses consistent with the function of the respective impaired asset. The impairment loss previously recognized is only reversed if there has been a changed in the assumptions used to determine the recoverable amount since the last impairment loss was recognized.

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12.1.1 Impairment test of stores operating assets

An impairment assessment is performed on operating assets (property, plant and equipment) and intangible assets (commercial rights) directly attributable to stores, as follows:

- Step 1: the carrying amount of properties in stores is compared to a sales multiple (35%) representing market transactions between retail companies. Stores for which the multiple of sales was lower than their carrying amount and owned stores, a more detailed test is made, as described in Step 2 below.
- Step 2: The Company considered the highest value between the discounted cash flows of stores using sales growth by store and a discount rate of 11.34% in 2023 (12.20% in 2022) or appraisal reports drawn up by independent experts for own stores.

The Company assessed if any of its long-lived assets were impaired as of December 31, 2023, 2022 and 2021 and concluded that the recognition of an impairment loss was not needed.

12.2 Breakdown and composition of property, plant and equipment

	As of 12/31/2022	Additions (i)	Write- off	Depreciation	Transfers and others	As of 12/31/2023	+	
							Historical cost	Accumulated depreciation
Land	600	17	-	-	(58)	559	559	-
Buildings	730	45	-	(19)	21	777	934	(157)
Improvements	6,865	1,659	(26)	(438)	39	8,099	9,583	(1,484)
Machinery and equipment	1,440	499	(16)	(214)	601	2,310	3,285	(975)
Facilities	585	84	(2)	(58)	(339)	270	430	(160)
Furniture and appliances	755	186	(5)	(144)	111	903	1,311	(408)
Constructions in progress	543	47	(1)	-	(478)	111	111	-
Others	64	42	(1)	(45)	59	119	255	(136)
	<u>11,582</u>	<u>2,579</u>	<u>(51)</u>	<u>(918)</u>	<u>(44)</u>	<u>13,148</u>	<u>16,468</u>	<u>(3,320)</u>

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	As of 12/31/2021	Additions (i)	Write- off	Depreciation	Transfers and others	As of 12/31/2022	+	
							Historical cost	Accumulated depreciation
Land	570	48	(18)	-	-	600	600	-
Buildings	656	117	-	(17)	(26)	730	859	(129)
Improvements	3,596	3,451	(27)	(284)	129	6,865	7,933	(1,068)
Machinery and equipment	828	708	(4)	(184)	92	1,440	2,160	(720)
Facilities	362	258	(7)	(35)	7	585	729	(144)
Furniture and appliances	416	279	(2)	(70)	132	755	1,043	(288)
Constructions in progress	235	582	(1)	-	(273)	543	543	-
Others	37	24	-	(16)	19	64	157	(93)
	<u>6,700</u>	<u>5,467</u>	<u>(59)</u>	<u>(606)</u>	<u>80</u>	<u>11,582</u>	<u>14,024</u>	<u>(2,442)</u>

	As of 12/31/2020	Additions (i)	Write-off	Depreciation	Transfers and others (ii)	As of 12/31/2021	+	
							Historical cost	Accumulated depreciation
Land	481	207	(2)	-	(116)	570	570	-
Buildings	609	258	(4)	(15)	(192)	656	767	(111)
Improvements	2,598	1,161	(1)	(182)	20	3,596	4,387	(791)
Machinery and equipment	635	307	(1)	(128)	15	828	1,373	(545)
Facilities	269	118	(1)	(25)	1	362	472	(110)
Furniture and appliances	340	110	(2)	(53)	21	416	635	(219)
Constructions in progress	78	266	-	-	(109)	235	235	-
Others	37	6	-	(14)	8	37	115	(78)
	<u>5,047</u>	<u>2,433</u>	<u>(11)</u>	<u>(417)</u>	<u>(352)</u>	<u>6,700</u>	<u>8,554</u>	<u>(1,854)</u>

(i) Includes interest capitalization in the amount of R\$257 as of December 31, 2023 (R\$774 and R\$38 as of December 31, 2022 and 2021, respectively), see note 12.3.

(ii) In 2021, presents the transfer between property, plan and equipment to “assets held for sale”, in amount of R\$349, see note 1.2.

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12.3 Capitalized borrowing and leases costs

Borrowing costs directly attributable to the acquisition, construction or production and interest of lease liabilities related to assets that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalized as part of the cost of the asset, amounted to R\$257 (R\$774 as of December 31, 2022). The rate adopted to calculate the borrowing costs eligible for capitalization was 111.05% (112.16% as of December 31, 2022) of the CDI, corresponding to the effective interest rate of the borrowings obtained by the Company.

12.4 Additions to property, plant and equipment for cash flow presentation purpose are as follows:

	<u>2023</u>	<u>2022</u>	<u>2021</u>
Additions	2,579	5,467	2,433
Capitalized borrowing costs	(257)	(774)	(38)
Financing of property, plant and equipment – Additions	(2,298)	(5,080)	(2,284)
Financing of property, plant and equipment – Payments	3,092	3,911	2,120
	<u>3,116</u>	<u>3,524</u>	<u>2,231</u>

Additions relate to the acquisition of operating assets, purchase of land and buildings to expansion activities, building of new stores, improvements of existing distribution centers and stores and investments in equipment and information technology.

The additions to property, plant and equipment above are presented to reconcile the acquisitions during the year with the amounts presented in the statement of cash flows net of items that did not impact cash flow.

12.5 Other information

As of December 31, 2023, the Company recorded in the cost of sales and services the amount of R\$82 (R\$71 as of December 31, 2022 and R\$49 as of December 31, 2021), relating to the depreciation of machinery, building and facilities of distribution centers.

13 Intangible Assets

Intangible assets acquired separately are measured at cost upon initial recognition, less amortization, and eventual impairment losses, if any. Internally generated intangible assets, excluding capitalized software development costs, are recognized as expenses when incurred.

Intangible assets mainly consist of software acquired from third parties and software developed for internal use and commercial rights (stores rights of use) and brands.

Intangible assets with definite useful lives are amortized using the straight-line method. The amortization period and method are reviewed, at least, at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are accounted for by changing the amortization period or method, as appropriate, and are treated as changes in accounting estimate.

Software development costs recognized as assets are amortized over their defined useful life (5 years). The weighted average rate is 20%, and amortization starts when they become operational.

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 appropriate. Otherwise, the useful life is changed prospectively from indefinite to definite.

Intangible assets other than goodwill with indefinite useful live include tradenames and commercial rights.

When applicable, gains or losses arising from the derecognition of an intangible asset are measured as the difference between the net proceeds from the sale of the asset and its carrying amount, any gain or loss is recognized in the statement of operations in the year the asset is derecognized.

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13.1 Breakdown and composition of intangible assets

	As of 12/31/2022	Additions	Amortizations	Write-off	Transfers	As of 12/31/2023		Historical cost	Accumulated amortization
Goodwill	618	-	-	-	-	618		871	(253)
Software	76	30	(43)	(1)	1	63	=	181	(118)
Commercial rights	4,267	192	(7)	-	-	4,452		4,491	(39)
Trade name	39	-	-	-	-	39		39	-
	<u>5,000</u>	<u>222</u>	<u>(50)</u>	<u>(1)</u>	<u>1</u>	<u>5,172</u>		<u>5,582</u>	<u>(410)</u>

	As of 12/31/2021	Additions	Amortizations	Write-off	Transfers	As of 12/31/2022		Historical cost	Accumulated amortization
Goodwill	618	-	-	-	-	618		871	(253)
Software	75	18	(17)	-	-	76	=	151	(75)
Commercial rights (i)	1,136	3,139	(8)	-	-	4,267		4,299	(32)
Trade name	39	-	-	-	-	39		39	-
	<u>1,868</u>	<u>3,157</u>	<u>(25)</u>	<u>-</u>	<u>-</u>	<u>5,000</u>		<u>5,360</u>	<u>(360)</u>

	As of 12/31/2020	Additions	Amortizations	Write-off	Transfers	As of 12/31/2021		Historical cost	Accumulated amortization
Goodwill	618	-	-	-	-	618		871	(253)
Software	70	21	(14)	(1)	(1)	75	=	133	(58)
Commercial rights (i)	310	833	(7)	-	-	1,136		1,160	(24)
Trade name	39	-	-	-	-	39		39	-
	<u>1,037</u>	<u>854</u>	<u>(21)</u>	<u>(1)</u>	<u>(1)</u>	<u>1,868</u>		<u>2,203</u>	<u>(335)</u>

- (i) In the year ended December 31, 2022, includes commercial rights related to 46 commercial points sold by GPA to the Company as a result of the Transaction for an amount of R\$3,130 and in the year ended December 31, 2021, includes commercial rights related to 20 commercial points sold by GPA to the Company as a result of the Transaction for an amount of R\$798 (see note 1.3).

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13.2 Impairment test of intangible assets with an indefinite useful life, including goodwill

The impairment test of intangible assets uses the same practices described in note 12.1.

As of December 31, 2023, the Company reviewed the plan used to assess impairment for its operations. The recoverable amount is determined by means of a calculation based on value in use, based on cash projections from financial budgets, which were reviewed and approved by senior management for the next five years, considering the assumptions updated for December 31, 2023, as shown below:

-  Revenues: estimated from 2024 to 2028, considering historical sales growth and inflation projections, excluding stores expansion;
-  Gross profit: considers the historical level of gross profit expressed as a sales percentage;
-  Expenses: considers the historical level expressed as a sales percentage and seeking gains of productivity and efficiency;
-  Working capital: estimating the same level of working capital expressed in days of cost of sales;
-  Acquisition of tangible and intangible assets (capex): considers the historical average investment for the maintenance the existing assets when determining the cash flow;
-  Terminal value: calculated using the last year of the projections applying the perpetuity growth rate;
-  Discount rate: prepared as described in the accounting policy. The discount rate used was 11.34% per year as of December 31, 2023 (12.20% per year as of December 31, 2022); and
-  Perpetuity growth rate: the growth rate considered was 4.00% per year as of December 31, 2023 (4.40% per year as of December 31, 2022).

As a result of this analysis, there was no need to record a provision for impairment of these assets.

13.3 Commercial rights

Commercial rights are the right to operate stores, which refers to the rights acquired or allocated in business combinations. According to the Management's understanding, commercial rights are considered recoverable, either through the expected cash flows of the related store or the sale to third parties.

Commercial rights with defined and indefinite useful lives are tested following the assumptions described in note 12.1.1. The Company considered the discounted cash flow of the related store for the impairment test, that is, the store is the CGU.

As a result of this analysis, there was no need to record a provision for impairment of these assets.

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13.4 Additions to intangible assets for cash flow presentation purpose are as follows

	<u>2023</u>	<u>2022</u>	<u>2021</u>
Additions	222	3,157	854
Financing of intangible assets – Additions	(175)	(3,130)	-
Financing of intangible assets – Payments	122	609	-
	<u>169</u>	<u>636</u>	<u>854</u>

14 Leases

When entering into a contract, the Company assesses whether the contract is, or contains a lease. The contract is or contains a lease if it transfers the right to control the use of the identified assets for a specified period in exchange for consideration.

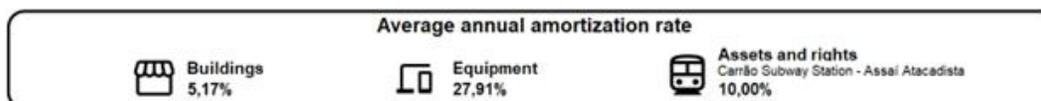
The Company evaluates its lease agreements in order to identify lease terms for a right of use, using the exemptions provided for contracts with a term of less than twelve months and an individual asset value below US\$5 thousand.

The contracts are then recorded, when the lease begins, as a lease liability against a right-of-use asset, both at the present value of minimum lease payments, using the interest rate implicit in the contract, if applicable, or an incremental borrowing rate considering loans obtained by the Company.

The lease term used in the measurement corresponds to the term that the lessee is reasonably certain of exercising the option to extend the lease or not exercise the option to terminate the lease.

14.1 Right of use

Right-of-use assets are amortized over the lease term. Capitalizations for improvements and renovations carried out in stores are amortized over their estimated useful life or the expected term of use of the asset, limited if there is evidence that the lease will not be extended. Below, we present the average annual amortization rate of the right-of-use assets are shown below:



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14.1.1 Breakdown and composition of right of use

	As of 12/31/2022	Additions (i)	Remeasurement	Write- off (i)	Amortization	Transters and others	As of 12/31/2023		+	
									Historical cost	Accumulated amortization
Buildings	7,593	2,669	296	(1,824)	(500)	(31)	8,203		9,879	(1,676)
Equipment	8	-	-	-	(5)	-	3 =		51	(48)
Assets and rights	18	-	1	-	(3)	-	16		29	(13)
	<u>7,619</u>	<u>2,669</u>	<u>297</u>	<u>(1,824)</u>	<u>(508)</u>	<u>(31)</u>	<u>8,222</u>		<u>9,959</u>	<u>(1,737)</u>

	As of 12/31/2021	Additions	Remeasurement	Write- off	Amortization	Transters and others	As of 12/31/2022		+	
									Historical cost	Accumulated amortization
Buildings	3,604	3,810	695	(70)	(351)	(95)	7,593		8,924	(1,331)
Equipment	16	-	-	-	(6)	(2)	8 =		57	(49)
Assets and rights	19	-	1	-	(2)	-	18		29	(11)
	<u>3,639</u>	<u>3,810</u>	<u>696</u>	<u>(70)</u>	<u>(359)</u>	<u>(97)</u>	<u>7,619</u>		<u>9,010</u>	<u>(1,391)</u>

	As of 12/31/2020	Additions	Remeasurement	Write- off	Amortization	Transters and others	As of 12/31/2021		+	
									Historical cost	Accumulated amortization
Buildings	2,423	885	628	(92)	(244)	4	3,604		4,566	(962)
Equipment	6	16	-	-	(5)	(1)	16 =		61	(45)
Assets and rights	-	18	-	-	-	1	19		28	(9)
	<u>2,429</u>	<u>919</u>	<u>628</u>	<u>(92)</u>	<u>(249)</u>	<u>4</u>	<u>3,639</u>		<u>4,655</u>	<u>(1,016)</u>

- (i) As disclosed in note 1.4, on June 23, 2023, Casino, through its subsidiaries Wilkes, GIBV and Segisor, sold its common shares, changing the Company's shareholding structure. Due to the change in the shareholding structure, some rental agreements were renegotiated, resulting in a net increase of R\$476 in the lease. Management, based on IFRS 16 - Leases, assessed and concluded this transaction as the termination of the previous agreement and the recognition of a new agreement, maturing in 2045, due to the substantial change in scope, which mainly includes the modification of the leased assets and change in contract amounts. In the year ended December 31, 2023, the renegotiation process was concluded.

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14.2 Lease obligations

The Company leases equipment and commercial spaces, including stores and distribution centers, under cancellable and non-cancellable lease agreements. The terms of the contracts vary between 5 and 25 years.

The payments made are segregated between financial charges and reduction of the lease liability to obtain a constant interest rate in the liability balance. Financial charges are recognized as financial expenses for the year.

14.2.1 Minimum future payments

Lease liabilities totaled R\$9,184 as of December 31, 2023 (R\$8,360 as of December 31, 2022). The minimum future payments, by leases term and with the fair value of minimum lease payments, are as follows:

	As of December 31,	
	2023	2022
Lease liabilities - minimum payments		
Less than 1 year	532	435
1 to 5 years	1,702	1,646
More than 5 years	6,950	6,279
Present value of lease liabilities	9,184	8,360
Current	532	435
Non-current	8,652	7,925
Future financing charges	13,164	12,318
Future lease payments	22,348	20,678
PIS and COFINS embedded in the present value of lease agreements	558	508
PIS and COFINS embedded in the gross value of lease agreements	1,359	1,257

Lease liabilities interest expense is stated in note 24. The incremental borrowing used to calculate lease liabilities was 12.12% in the fiscal year ended December 31, 2023 (12.20% as of December 31, 2022).

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14.2.2 Lease liability rollforward

	Amounts
As of December 31, 2020	<u>2,776</u>
Addition – Lease	919
Remeasurement	628
Interest provision	302
Principal amortizations	(460)
Interest amortizations	(8)
Write-off due to early termination of agreement	(106)
As of December 31, 2021	<u>4,051</u>
Addition – Lease	3,810
Remeasurement	696
Interest provision	781
Principal amortizations	(126)
Interest amortizations	(772)
Write-off due to early termination of agreement	(80)
As of December 31, 2022	<u>8,360</u>
Addition – Lease (i)	2,669
Remeasurement	297
Interest provision	1,004
Principal amortizations	(262)
Interest amortizations	(977)
Write-off due to early termination of agreement (i)	(1,907)
As of December 31, 2023	<u><u>9,184</u></u>

(i) The variation for the year mainly refers to the renegotiation of rental contracts as disclosed in note 14.1.1.

14.3 Result on variable rentals and subleases

Leases in which the Company does not substantially transfer all the risks and benefits of ownership of the asset are classified as operating leases. The initial direct costs of negotiating operating leases are added to the carrying amount of the leased asset and recognized over the term of the contract, on the same basis as rental income.

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

	As of December 31,		
	2023	2022	2021
(Expenses) revenues for the year:			
Variables (1% to 2% of sales)	(21)	(31)	(6)
Subleases (*)	93	55	31

(*) Refers mainly to revenue from lease agreements receivable from commercial galleries.

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15 Trade payables and trade payables - Agreements

	Note	As of December 31,	
		2023	2022
Trade payables			
Products		10,363	9,196
Acquisition of property, plant and equipment		158	140
Service		150	129
Service - related parties	10.1	28	33
Bonuses from suppliers	15.2	(902)	(960)
		<u>9,797</u>	<u>8,538</u>
Trade payables - Agreements			
Products	15.1	1,070	813
Acquisition of property, plant and equipment	15.1	389	1,226
Acquisition of hypermarkets	15.3	892	3,202
		<u>2,351</u>	<u>5,241</u>
		<u>12,148</u>	<u>13,779</u>
Current		12,110	12,999
Non-current		38	780

15.1 Agreements among suppliers, the Company and banks

The Company has agreements signed with financial institutions, through which suppliers of products, capital goods and services have the possibility of receiving in advance their amounts receivable, also named “forfait” / “confirming”. The financial institutions become creditors of the operation and the Company settles the payments under the same conditions as those originally agreed with the supplier.

Management, based on IAS7 and IFRS7, assessed that the economic substance of the transaction is operational, considering that receiving in advance is an exclusive decision of the supplier and, for the Company, there are no changes in the original term negotiated with the supplier, nor changes in the originally contracted amounts. These transactions aim at facilitating the cash flow of its suppliers without the Company having to advancing payments. Management evaluated the potential effects of adjusting these operations to present value and concluded that the effects are immaterial for measurement and disclosure.

These balances are classified as “Trade payables - Agreements” and the cash flow from these operations is presented as operating in the statement of cash flows.

Additionally, there is no exposure to any financial institution individually related to these operations and these liabilities are not considered net debt and do not have restrictive covenants (financial or non-financial). In these transactions, the Company earns income referring to the premium for referring suppliers to the operations of advance of receivables, recognized in the financial result, in the line “Revenue from anticipation of payables”, in the amount of R\$42 as of December 31, 2023 (R\$40 as of December 31, 2022), representing 1.21% of the volume of transactions occurred during 2023 (1.43% during 2022).

As of December 31, 2023, the balance payable related to these operations is R\$1,459 (R\$2,039 as of December 31, 2022).

The balances of trade payables and trade payables – agreement are similar and do not exceed the expiration date of 120 days as of December 31, 2023.

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15.2 Bonuses from suppliers

These include bonuses and discounts from suppliers. These amounts are defined in agreements and include amounts referring to discounts by volume of purchases, joint marketing programs, freight reimbursements, and other similar programs. Settlement occurs by offsetting payable to suppliers, according to conditions foreseen in the supply agreements.

15.3 Acquisition of hypermarkets

As mentioned in note 1.3, on September and December, 2022, the GPA realized the assignment of its receivables on the sale of Extra stores to the Company with a financial institution corresponding to the installments due between 2023 and 2024. The Company's management, as the consenting party of the operation, evaluated the contractual terms of the assignment of receivables and in accordance with IAS 1 - Presentation of financial statements, concluded that there was no modification in the conditions originally contracted with the GPA, maintaining the characteristic of the terms, and the payments of the installments will be made directly by the Company to the financial institution, maintaining the same due dates and interest previously agreed with GPA. Therefore, Management concluded that the characteristic of the operation was maintained as accounts payable for the acquisition of the commercial points of the hypermarkets.

As of December 31, 2023, the balance payable related to these operations is R\$892 (R\$3,202 as of December 31, 2022) and, in January 2024 the Company settled the amount.

16 Financial instruments

Financial assets are recognized when the Company assumes contractual rights of receiving cash or other financial assets of agreements to which it is a party. Financial assets are derecognized when the rights to receive cash linked to the financial asset expire or risks and benefits were substantially transferred to third parties. Assets and liabilities are recognized when rights and/or obligations are retained by the Company.

Financial liabilities are recognized when the Company assume contractual liabilities for settlement in cash or assumption of third-party obligations through a contract to which it is a party. The financial liabilities are initially recognized at fair value and derecognized when settled, extinguished, or expired.

16.1 Classification and measurement of financial assets and liabilities

Pursuant to IFRS 9, on initial recognition, a financial asset is classified as measured: at amortized cost, at fair value through other comprehensive income ("FVTOCI") or at fair value through income ("FVTI"). The classification of financial assets pursuant to IFRS 9 is usually based on the business model in which a financial asset is managed and its contractual cash flow characteristics. Embedded derivatives in which the main contract is a financial asset within the scope of the standard are never split. Instead, the hybrid financial instrument is assessed for classification as a whole.

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A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated as measured at fair value through income:

- it is maintained in a business model whose objective is to keep financial assets to receive contractual cash flows; and
- its contractual terms generate, on specific dates, cash flows related to the payment of principal and interest on the outstanding principal amount.

A debt instrument is measured at fair value through other comprehensive income, if it meets both of the following conditions and is not designated as measured at fair value through income:

- it is maintained in a business model whose objective is achieved both by receipt of contractual cash flows and sale of financial assets; and
- its contractual terms generate, on specific dates, cash flows related to the payment of principal and interest on the outstanding principal amount.

All financial assets not classified as measured at amortized cost or at fair value through other comprehensive income, as described above, are classified as fair value through income. This includes all derivative financial assets. At initial recognition, the Company may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortized cost, at fair value through other comprehensive income or fair value through income if this significantly eliminates or reduces an accounting mismatch that otherwise would arise (option of fair value available in IFRS 9).

A financial asset (unless these are trade receivables without a significant financing component which is firstly measured by the price of the transaction) is initially measured by fair value, accrued, for an item not measured at fair value through income of transaction costs which are directly attributable to its acquisition.

- **Financial assets measured at fair value through income:** These assets are subsequently measured at fair value. The net result, including interest rates or dividend income, is recognized in the statement of operations.
- **Financial assets at amortized cost:** These assets are subsequently measured at amortized cost applying the effective interest rate method. The amortized cost is reduced by impairment losses. Interest income, exchange gains, and losses are recognized in the statement of operations. Any gain or loss in derecognition is recognized in the statement of operations.
- **Financial assets at fair value through other comprehensive income:** These assets are subsequently measured at fair value. Interest income calculated adopting the effective interest rate method, exchange gains, and losses and impairment losses are recognized in the statement of operations. Other net results are recognized in other comprehensive income. In derecognition, the result accumulated in other comprehensive income is reclassified to the statement of operations.

The measurement of financial liabilities depends on their classification, as described below:

- **Financial liabilities at fair value through income:** Include financial liabilities for trading and financial liabilities designated on initial recognition at fair value through income. Gains or losses on trading liabilities are recognized in the statement of operations.
- **Financial liabilities at amortized cost:** After initial recognition, borrowings and financing subject to interest are subsequently measured at amortized cost, using the effective interest rate method. Gains and losses are recognized in the statement of operations when liabilities are written off, as well as through the amortization process at the effective interest rate.

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The main financial instruments and their carrying amounts, by category, are as follows:

	<u>Note</u>	<u>Amortized cost</u>	<u>FVTI</u>	<u>FVTOCI</u>	<u>As of 12/31/2023</u>
Financial assets					
Cash and cash equivalents	6	5,459	-	-	5,459
Related parties	10.1	23	-	-	23
Trade receivables and other accounts receivables		396	-	-	396
Gain on financial instruments at fair value	16.9.1	-	274	-	274
Trade receivables with credit card and tickets		-	-	985	985
Financial liabilities					
Other accounts payable		(216)	-	-	(216)
Trade payable and trade payables – agreements	15	(12,148)	-	-	(12,148)
Borrowings	16.9.1	(1,943)	-	-	(1,943)
Debentures and promissory notes	16.9.1	(10,051)	-	-	(10,051)
Lease liabilities	14.2	(9,184)	-	-	(9,184)
Borrowings and debentures	16.9.1	-	(3,182)	-	(3,182)
Loss of financial instruments at fair value	16.9.1	-	(8)	-	(8)
Net exposure		<u>(27,664)</u>	<u>(2,916)</u>	<u>985</u>	<u>(29,595)</u>

	<u>Note</u>	<u>Amortized cost</u>	<u>FVTI</u>	<u>FVTOCI</u>	<u>As of 12/31/2022</u>
Financial assets					
Cash and cash equivalents	6	5,842	-	-	5,842
Related parties	10.1	252	-	-	252
Trade receivables and other accounts receivables		198	-	-	198
Gain on financial instruments at fair value	16.9.1	-	182	-	182
Trade receivables with credit card and tickets		-	-	424	424
Financial liabilities					
Related parties	10.1	(261)	-	-	(261)
Trade payable and trade payables – agreements	15	(13,779)	-	-	(13,779)
Borrowings	16.9.1	(1,217)	-	-	(1,217)
Debentures and promissory notes	16.9.1	(8,903)	-	-	(8,903)
Lease liabilities	14.2	(8,360)	-	-	(8,360)
Borrowings and debentures	16.9.1	-	(2,435)	-	(2,435)
Loss of financial instruments at fair value	16.9.1	-	(36)	-	(36)
Net exposure		<u>(26,228)</u>	<u>(2,289)</u>	<u>424</u>	<u>(28,093)</u>

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The fair value of other financial instruments detailed in table above approximates the carrying amount based on the existing terms and conditions. The financial instruments measured at amortized cost, the related fair values of which differ from the carrying amounts, are disclosed in note 16.8.

16.2 Derecognition of financial assets and liabilities

A financial asset (or, where applicable, part of a financial asset or part of a group of similar financial assets) is derecognized when:

- The rights of cash flows receivables expire; and
- The Company transfers its rights to receive cash flows from an asset or assume an obligation of fully paying the cash flows received to a third party, under the terms of a transfer agreement; and (a) the Company substantially transferred all the risks and benefits related to the asset; or (b) the Company neither transferred nor substantially retained all the risks and benefits relating to the asset, but transferred its control.

When the Company assigns its rights to receive cash flows from an asset or enters into a transfer agreement without having substantially transferred or retained all of the risks and benefits relating to the asset nor transferred the asset control, the asset is maintained and the related liability is recognized. The asset transferred and related liability are measured to reflect the rights and obligations retained by the Company.

A financial liability is derecognized when the liability underlying obligation is settled, canceled, or expired.

Purchases or sales of financial assets requiring delivery of assets within a term defined by regulation or agreement in the market (negotiations under normal conditions) are recognized on the trade date, i.e., on the date the Company undertakes to buy or sell the asset.

When a financial liability is replaced by another of the same creditor, through substantially different terms, or terms of an existing liability are substantially modified, this replacement or modification is treated as the derecognition of original liability and recognition of a new liability, and the difference between respective carrying amounts is recognized in the statement of operations.

16.3 Offset of financial instruments

The financial assets and liabilities are offset and reported net in financial statements, if, and only if, amounts recognized can be offset and with the intention of settlement on a net basis, or realize assets and settle liabilities, simultaneously.

16.4 Impairment of financial assets

The 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 income.

Pursuant to IFRS 9, provisions for losses are measured at one of the following bases:

- Expected credit losses for 12 months (general model): these are credit losses resulting from possible default events within 12 months after the reporting date, and subsequently, in case of a deterioration of credit risk, for the entire life of the instrument.
- Lifetime expected credit losses (simplified model): these are credit losses that result from all possible default events over the expected life of a financial instrument.

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- **Practical expedient:** these are expected credit losses consistent with reasonable and sustainable information available, at the reporting date, on past events, current conditions, and estimates of future economic conditions that allow the verification of probable future losses based on the historical credit losses in accordance with instruments maturity.

The Company measures provisions for trade receivable losses and other receivables and contractual assets through an amount corresponding to the loan loss expected for the entire life, and for trade receivables, whose receivables portfolio is fragmented, rents receivable, the practical expedient is applied by adopting a matrix of losses for each maturity level.

When determining whether the credit risk of a financial asset significantly increased from initial recognition, and when estimating the expected loan losses, the Company considers reasonable and sustainable information which is relevant and available without cost or excessive effort. This includes qualitative and quantitative information and analyses, based on the Company's historical experience, the assessment of credit, and considering projection information.

The Company assumes that the credit risk in a financial asset significantly increased if it is more than 180 days overdue.

The Company considers a financial asset in default when:

- it is unlikely that the debtor will fully pay its loan obligations to the Company, without resorting to collateral (if any); or
- the financial asset is more than 180 days overdue.

The Company determines the credit risk of a debt instrument by analyzing the payment history, financial, and current macroeconomic conditions of counterparty and assessment of rating agencies, where applicable, thereby evaluating each instrument, individually.

The maximum period considered in the estimate of expected receivable loss is the maximum contractual period during which the Company is exposed to the credit risk.

- **Measurement of expected credit losses:** Expected credit losses are estimates weighted by the likelihood of credit losses based on the historic losses and projections of related assumptions. Credit losses are measured at present value based on all cash shortfalls (i.e., the difference between cash flows owed to the Company according to the contract and cash flows that the Company expects to receive).

Expected credit losses are discounted by the effective interest rate of a financial asset.

- **Financial assets with credit recovery problems:** On each reporting date, the Company assesses if financial assets recorded by amortized cost and debt instruments measured at fair value through other comprehensive income shows signs of impairment. A financial asset shows signs of impairment when one or more events occur with a negative impact on the financial asset's estimated future cash flows.
- **Reporting of impairment loss:** Provision for financial assets losses measured at amortized cost are deducted from an assets' gross carrying amount.

For financial instruments measured at fair value through other comprehensive income, the provision for losses is recognized in other comprehensive income, instead of reducing the asset's carrying amount.

Impairment losses related to trade receivables and other receivables, including contractual assets, are reported separately in the statement of operations and other comprehensive income. Losses of recoverable amounts from other financial assets are stated under "selling expenses".

- **Trade receivables and contractual assets:** The Company considers the model and a few of the assumptions applied in the calculation of these expected loan losses as the main sources of an uncertain estimate.

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Positions within each group were segmented based on common characteristics of credit risk, such as:

- Level of credit risk and loss history for wholesale clients and property lease; and
- Status of default risk and loss history for credit card companies and other clients.

16.5 Considerations on risk factors that may affect the businesses of the Company**16.5.1 Credit Risk**

- **Cash equivalents:** In order to minimize credit risks, the Company adopts investments policies at financial institutions approved by the Company's Financial Committee, also taking into consideration monetary limits and financial institution evaluations, which are regularly updated. The Company's financial investments, according to the rating on the national scale of financial institutions are 100% represented by brAAA.
- **Trade receivables:** Credit risk related to trade receivables is minimized by the fact that a large portion of sales are paid with credit cards, and the Company sells these receivables to banks and credit card companies, aiming to strengthen working capital. The sales of receivables result in derecognition of the accounts receivable due to the transfer of the credit risk, benefits and control of such assets. Additionally, regarding the trade receivables collected in installments, the Company monitor the risk through the credit concession and by periodic analysis of the provision for losses.

The Company also has counterparty risk related to derivative instruments, which is mitigated by the Company carrying out transactions, according to policies approved by governance boards.

There are no amounts receivable that are individually, higher than 5% of accounts receivable or sales, respectively.

16.5.2 Interest rate risk

The Company obtains borrowings with major financial institutions for cash needs for investments. As a result, the Company is mainly exposed to relevant interest rates fluctuation risk, especially in view of derivatives liabilities (foreign currency exposure hedge) and CDI Indexed debts. The balance of cash and cash equivalents, indexed to CDI, partially offsets the interest rate risk.

16.5.3 Capital risk management

The main objective of the Company's capital management is to ensure that the Company maintains its credit rating and a well-balanced equity ratio, in order to support businesses and maximize shareholder value. The Company manages the capital structure and makes adjustments taking into account changes in the economic conditions.

The Company's capital structure is as follows:

	As of December 31,	
	2023	2022
Borrowings, debentures and promissory notes	(15,184)	(12,591)
(-) Cash and cash equivalents	5,459	5,842
(-) Derivative financial instruments	274	182
Net debt	(9,451)	(6,567)
Shareholders' equity	4,630	3,896
% Net debt over shareholders' equity	204%	169%

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16.5.4 Liquidity risk management

The Company manages liquidity risk through the daily analysis of cash flows and maturities of financial assets and liabilities.

The table below summarizes the aging profile of the Company's financial liabilities as of December 31, 2023.

	Less than 1 year	1 to 5 years	More than 5 years	Total
Borrowings	611	1,797	-	2,408
Debentures and promissory notes	3,026	13,256	1,241	17,523
Derivative financial instruments	111	(299)	(368)	(556)
Lease liabilities	1,435	6,364	14,549	22,348
Trade payables	9,759	40	-	9,799
Trade payables – Agreements	1,459	-	-	1,459
Trade payables – Agreements – Acquisition of hypermarkets	894	-	-	894
Other accounts payable	167	-	49	216
	17,462	21,158	15,471	54,091

The table above was prepared considering the undiscounted cash flows of financial liabilities based on the earliest date the Company may be required to make a payment or be eligible to receive a payment. To the extent that interest rates are floating, the non-discounted amount is obtained based on interest rate curves as of December 31, 2023. Therefore, certain balances are not consistent with the balances reported in the balance sheets.

16.6 Derivative financial instruments

The Company uses derivative financial instruments to limit the exposure to variation unrelated to the local market, such as interest rate swaps and exchange rate variation swaps. These derivative financial instruments are initially recognized at fair value on the date on which the derivative contract is executed and subsequently re-measured at fair value at the end of the reporting period. Derivatives are recorded as financial assets when the fair value is positive and as financial liabilities when the fair value is negative. Gains or losses resulting from changes in the fair value of derivatives are directly recorded in the statement of operations.

At the inception of a hedge relationship, the Company formally designates and documents the hedge relationship to which it intends to apply hedge accounting and its objective and risk management strategy for contracting the hedge. The documentation includes identification of the hedging instrument, the hedged item or transaction, the nature of the risk being hedged and how the Company will assess the effectiveness of the changes in the hedging instrument's fair value in offsetting the exposure to changes in the fair value of the hedged item or cash flow attributable to the hedged risk. These hedges are expected to be highly effective in offsetting changes in the fair value or cash flow and are assessed on an ongoing basis to determine if they have been highly effective throughout the periods for which they were designated.

The following are recognized as fair value hedges:

- The change in the fair value of a derivative financial instrument classified as fair value hedging is recognized as financial result. The change in the fair value of the hedged item is recorded as a part of the carrying amount of the hedged item and is recognized in the statement of operations; and

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- In order to calculate the fair value, future swap amounts are estimated according to the curves disclosed by B3 (CDI and Extended National Consumer Price Index (IPCA)), plus operation spreads. To calculate the present value of these operations, future amounts are discounted using the same curves, however, increased by the spreads disclosed by the Brazilian Association of Financial and Capital Market Entities (ANBIMA), referring to operations conducted in the secondary market.

The Company uses financial instruments only to hedge identified, risks limited to 100% of the value of these risks. Derivative instruments transactions are exclusively used to reducing the exposure to the risk of changes in interest rates and foreign currency fluctuation and maintaining a balanced capital structure.

Swap transactions are designated as fair value hedges, with the objective to hedge the exposure to fixed interest rates, converting the debt into interest rates.

As of December 31, 2023, the notional amount of these contracts was R\$2,956 (R\$2,360 as of December 31, 2022). These transactions are usually contracted under the same term of amounts and carried out with a financial institution of the same economic group, observing the limits set by Management.

According to the Company's treasury policies, swaps cannot be contracted with restrictions ("caps"), margins, as well as return clauses, double index, flexible options or any other types of transactions different from traditional swap transactions to hedge against debts.

The Company's internal controls were designed to ensure that transactions executed conform to the treasury policy.

The Company calculates the effectiveness of hedge transactions at the inception date and on a continuing basis. Hedge transactions contracted in the year ended December 31, 2023 were effective in relation to the covered risk. For derivative transactions that qualify as hedge accounting, the debt which is the hedged item, is also adjusted at fair value.

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction.

Fair values are calculated using projected future cash flow, using the CDI curves and discounting to present value, using CDI market rates for swap both disclosed by the B3.

In order to calculate the coupon of CDI indexed-positions, the exponential convention - 252 business days was adopted.

	Notional value		Fair value	
	2023	2022	2023	2022
Swap of hedge				
Hedge purpose (debt)	2,956	2,360	3,230	2,542
Long position				
Fixed rate	106	106	110	109
USD + Fixed	-	282	-	282
Hedge - CRI	2,850	1,972	3,120	2,151
Short position	(2,956)	(2,360)	(2,964)	(2,396)
Net hedge position	-	-	266	146

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Realized and unrealized gains and losses on these contracts during the year ended December 31, 2023, are recorded as financial revenues or expenses and the balance receivable at fair value is R\$266 (balance receivable of R\$146 as of December 31, 2022). Assets are recorded as “financial instruments” and liabilities as “debentures”.

The effects of the fair value hedge recorded in the statement of operations for the year ended December 31, 2023, resulted in a loss of R\$115, recorded under debt of cost, note 24 (gain of R\$29 as of December 31, 2022 and loss of R\$4 as of December 31, 2021).

The outstanding derivative financial instruments are presented in the table below:

Description Risk	Notional (millions)	Due date	As of December 31,	
			2023	2022
Debt				
USD – BRL	US\$ 50	2023	-	(36)
Debt				
IPCA – BRL	R\$ 1,972	2028, 2029 and 2031	267	180
Interest rate swaps registered at CETIP				
Fixed rate x CDI	R\$ 879	2027	(5)	-
Fixed rate x CDI	R\$ 54	2027	2	1
Fixed rate x CDI	R\$ 52	2027	2	1
Derivatives - Fair value hedge – Brazil			266	146

16.7 Sensitivity analysis of financial instruments

According to Management’s assessment, the possible reasonable changes scenario considered was, on the maturity date of each transaction, the market curves (interest) of B3.

To determine the possible relevant change in the relevant risk variable, Management considered the economic environment in which it operates. Therefore, in scenario (I) there is no impact on the fair value of financial instruments and the weighted interest rate (CDI) was 10.00% per year. For scenarios (II) and (III), for the exclusive purpose of sensitivity analysis, Management considered a deterioration of 5% and 10%, respectively, in the risk variables, up to one year of the financial instruments, with the aim of demonstrating the sensitivity of the Company’s results in an adverse scenario.

In the case of derivative financial instruments (aiming at hedging the financial debt), changes in scenarios are accompanied by respective hedges, indicating that the effects are not significant.

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The Company disclosed the net effect of derivative financial instruments, each of the scenarios mentioned above in the sensitivity analysis as follows:

Transactions	Notes	Risk (rate increase)	Balance at 2023	Market projections		
				Scenario (I)	Scenario (II)	Scenario (III)
Borrowings	16.9.1	CDI + 1.66% per year	(1,952)	(208)	(219)	(229)
Borrowings (fixed rate)	16.9.1	CDI + 0.20% per year	(40)	(5)	(5)	(5)
Debentures and promissory notes	16.9.1	CDI + 1.45% per year	(13,378)	(1,441)	(1,513)	(1,585)
Total net effect (loss)			(15,370)	(1,654)	(1,737)	(1,819)
Cash equivalents	6	95.92% of the CDI	5,085	510	536	561
Net exposure loss			(10,285)	(1,144)	(1,201)	(1,258)

16.8 Fair value measurement

The Company discloses the fair value of financial instruments and other assets and liabilities measured or disclosed at fair value in accordance with IFRS 13. The fair value hierarchy levels are defined below:

Level 1: Quoted (unadjusted) market prices in active markets for assets or liabilities.

Level 2: Valuation techniques for which the lowest level inputs that is significant to the fair value measurement is directly or indirectly observable.

Level 3: Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

The data used in fair value models is obtained, whenever possible, from observable markets or from information in comparable transactions in the market, the benchmarking of the fair value of similar financial instruments, the analysis of discounted cash flows or other valuation models. Judgment is used in the determination of assumptions in relation to liquidity risk, credit risk and volatility. Changes in assumptions may affect the reported fair value of financial instruments.

In the case of financial instruments not actively negotiated, the fair value is based on valuation techniques defined by the Company and compatible with usual market practices. These techniques include the use of recent market operations between independent parties, the benchmarking of similar financial instruments' fair value, the analysis of discounted cash flows, or other valuation models.

The fair values of cash and cash equivalents, trade receivables and trade payables approximate their carrying amounts.

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The table below sets forth the fair value hierarchy of financial assets and liabilities measured at fair value of financial instruments measured at amortized cost, all classified as level 2, for which the fair value has been disclosed in the financial statements:

	Carrying amount		Fair value	
	2023	2022	2023	2022
Trade receivables with credit cards companies and sales tickets	985	424	985	424
Swaps of annual rates between currencies	-	(36)	-	(36)
Interest rate swaps	(1)	2	(1)	2
Interest rate swaps - CRI	267	180	267	180
Borrowings and debentures (fair value)	(3,182)	(2,435)	(3,182)	(2,435)
Borrowings and debentures (amortized cost)	(11,994)	(10,120)	(11,716)	(9,974)
	(13,925)	(11,985)	(13,647)	(11,839)

There was no change between the fair value measurements hierarchy levels during the year ended December 31, 2023.

Cross-currency and interest rate swaps and borrowings are classified as level 2 since the fair value of such financial instruments was determined based on readily observable inputs, such as expected interest rate.

16.9 Borrowings

16.9.1 Debt breakdown

	Average rate	As of December 31,	
		2023	2022
<u>Debentures and promissory notes</u>			
Debentures and promissory notes	CDI + 1.45% per year	13,378	11,123
Borrowing costs		(185)	(98)
		13,193	11,025
<u>Derivative financial instruments – Debentures and promissory notes</u>			
Swap contracts	CDI + 0.89% per year	(270)	(180)
Swap contracts	CDI + 1.32% per year	8	-
		(262)	(180)
<u>Borrowings in domestic currency</u>			
Working capital	CDI + 0.20% per year	40	51
Working capital	CDI + 1.66% per year	1,952	1,223
Borrowing costs		(9)	(6)
		1,983	1,268
<u>Derivative financial instruments – Domestic currency</u>			
Swap contracts	CDI + 0.89% per year	(4)	(2)
		(4)	(2)
<u>In foreign currency</u>			
Working capital	USD + 1.06% per year	-	262
		-	262
<u>Derivative financial instruments – Foreign currency</u>			
Swap contracts	CDI + 1.35% per year	-	36
		-	36
Total of borrowings, debentures and promissory notes		14,910	12,409
Current asset		(48)	(27)
Non-current asset		(226)	(155)
Current liabilities		2,115	1,260
Non-current liabilities		13,069	11,331

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16.9.2 Debt rollforward

	Amounts
Balance as of January 1, 2021	<u>7,763</u>
Funding - working capital	6,183
Borrowing costs	(93)
Interest provision	559
Swap contracts	39
Mark-to-market	31
Exchange rate and monetary variation	5
Debt modification impact	(71)
Borrowing costs	64
Interest amortization	(406)
Principal amortization	(6,075)
Swap amortization	2
Balance as of December 31, 2021	<u>8,001</u>
Funding - working capital	4,001
Borrowing costs	(42)
Interest provision	1,436
Swap contracts	82
Mark-to-market	(111)
Exchange rate and monetary variation	(18)
Borrowing costs amortization	26
Interest amortization	(783)
Principal amortization	(61)
Swap amortization	(122)
Balance as of December 31, 2022	<u>12,409</u>
Funding - working capital	3,392
Borrowing costs amortization (i)	(142)
Interest provision	1,746
Swap contracts	39
Mark-to-market	14
Exchange rate and monetary variation	(16)
Borrowing costs amortization	52
Interest amortization	(1,085)
Principal amortization	(1,326)
Swap amortization	(173)
Balance as of December 31, 2023	<u>14,910</u>

(i) Include costs related to negotiation of waiver in the change of the shareholding control in the amount of R\$93, as disclosed in note 10.1, in capital market operations carried out during the year, without changes to other contractual clauses with financial institutions.

16.9.3 Schedule of non-current debt maturities

Maturity	Amounts
From 1 to 2 years	4,767
From 2 to 3 years	1,684
From 3 to 4 years	3,654
From 4 to 5 years	1,823
More than 5 years	1,051
	<u>12,979</u>
Borrowing Cost	(136)
	<u>12,843</u>

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16.10 Debentures and promissory notes

	Type	Issue amount	Outstanding Debentures (units)	Date		Annual financial charges	Unit price (in Reais)	As of December 31,	
				Issuance	Maturity			2023	2022
First Issue of Promissory Notes – 4 th series	non-preemptive right	250	5	7/4/2019	7/4/2023	CDI + 0.72% per year	-	-	317
First Issue of Promissory Notes – 5 th series	non-preemptive right	200	4	7/4/2019	7/4/2024	CDI + 0.72% per year	72,272,432	289	254
First Issue of Promissory Notes – 6 th series	non-preemptive right	200	4	7/4/2019	7/4/2025	CDI + 0.72% per year	72,272,432	289	254
Second Issue of Debentures – 1 st series	non-preemptive right	940,000	940,000	6/1/2021	5/20/2026	CDI + 1.70% per year	1,015	954	957
Second Issue of Debentures – 2 nd series	non-preemptive right	660,000	660,000	6/1/2021	5/22/2028	CDI + 1.95% per year	1,015	670	672
Second Issue of Promissory Notes – 1 st series	non-preemptive right	1,250,000	1,250,000	8/27/2021	8/27/2024	CDI + 1.47% per year	1,345	1,681	1,467
Second Issue of Promissory Notes – 2 nd series	non-preemptive right	1,250,000	1,250,000	8/27/2021	2/27/2025	CDI + 1.53% per year	1,347	1,683	1,468
Third Issue of Debentures – 1 st series – CRI	non-preemptive right	982,526	982,526	10/15/2021	10/16/2028	IPCA + 5.15% per year	1,142	1,122	1,072
Third Issue of Debentures – 2 nd series – CRI	non-preemptive right	517,474	517,474	10/15/2021	10/15/2031	IPCA + 5.27% per year	1,143	591	565
Fourth Issue of Debentures - single series	non-preemptive right	2,000,000	2,000,000	1/7/2022	11/26/2027	CDI + 1.75% per year	1,012	2,024	2,038
First Issue of Commercial Paper Notes - single series	non-preemptive right	750,000	750,000	2/10/2022	2/9/2025	CDI + 1.70% per year	1,053	790	793
Fifth Issue of Debentures - single series - CRI	non-preemptive right	250,000	250,000	4/5/2022	3/28/2025	CDI + 0.75% per year	1,030	258	258
Sixth Issue of Debentures - 1st series - CRI	non-preemptive right	72,962	72,962	9/28/2022	9/11/2026	CDI + 0.60% per year	1,035	76	75
Sixth Issue of Debentures - 2nd series - CRI	non-preemptive right	55,245	55,245	9/28/2022	9/13/2027	CDI + 0.70% per year	1,036	58	57
Sixth Issue of Debentures - 3rd series – CRI	non-preemptive right	471,793	471,793	9/28/2022	9/13/2029	IPCA + 6.70% per year	1,078	508	485
Second Issue of Commercial Paper Notes - single series	non-preemptive right	400,000	400,000	12/26/2022	12/26/2025	CDI + 0.93% per year	1,143	458	401
Seventh Issue of Debentures - 1st series – CRI	non-preemptive right	145,721	145,721	7/25/2023	7/15/2026	CDI + 1.00% per year	1,057	154	-
Seventh Issue of Debentures - 2nd series – CRI	non-preemptive right	878,503	878,503	7/25/2023	7/15/2027	Pre 11.75% per year	1,049	921	-
Seventh Issue of Debentures - 3rd series – CRI	non-preemptive right	46,622	46,622	7/25/2023	7/17/2028	CDI + 1.15% per year	1,058	50	-
Eighth Issue of Debentures - 1st series – CRI	non-preemptive right	400,000	400,000	12/22/2023	12/22/2027	CDI + 1.85% per year	1,002	401	-
Eighth Issue of Debentures - 2nd series – CRI	non-preemptive right	400,000	400,000	12/22/2023	12/22/2028	CDI + 1.95% per year	1,002	401	-
Borrowing Cost								(185)	(98)
								13,193	11,025

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The Company issues debentures to strengthen its working capital, maintain its cash strategy, lengthen its debt profile and make investments. The debentures issued are unsecured, without renegotiation clauses and not convertible into shares.

16.11 Borrowings in foreign currencies

As of December 31, 2023, due to the settlement of the agreement with Scotiabank, the Company has no borrowing in foreign currency.

16.12 Guarantees

As of December 31, 2023, the Company has no guarantees related to its borrowing agreement.

16.13 Swap contracts

The Company uses swap operations for 100% of its borrowings denominated in fixed interest rates and IPCA, exchanging these liabilities for the CDI (floating) interest rates. The annual average rate at CDI as of December 31, 2023 was 13.04% (12.43% as of December 31, 2022).

16.14 Financial covenants

In connection with the debentures and promissory notes issued, the Company is required to maintain certain financial ratios. These ratios are calculated quarterly based on the Company's financial statements drawn up in accordance with the accounting practices adopted in Brazil, as follows: (i) consolidated net debt / equity less than or equal to 3.00; and (ii) consolidated net debt/EBITDA Last Twelve Months (LTM) ratio should be lower than or equal to 3.00. As of December 31, 2023 and 2022, the Company was compliant with all contractual obligations and ratios.

17 Provision for legal proceedings

Provisions are recognized when the Company has a present obligation (legal or not formalized) as a result of a past event, it is probable that an outflow of resources will be required to settle the obligation, and the obligation can be reliably estimated. The expense related to any provision is recognized in statement of operations for the year, net of any reimbursement. The Company's policy is to record attorney's fees upon success. In the explanatory notes, the amounts involved are disclosed for cases not yet concluded and with a possible chance of success.

In order to assess the outcome's probability the Company considers available evidence, the hierarchy of laws, prior court decisions in similar cases and their legal significance, as well as the legal counsel's opinion.

The provision for legal proceedings is estimated by the Company and supported by its legal counsel, for an amount considered sufficient to cover probable losses.

	Tax claims	Social security and labor	Civil	Total
Balance as of December 31, 2022	55	86	24	165
Additions	17	172	22	211
Reversals	(6)	(49)	(5)	(60)
Payments	(4)	(59)	(8)	(71)
Monetary correction	-	13	5	18
Balance as of December 31, 2023	62	163	38	263
Restricted deposits for legal proceedings	(1)	(15)	(10)	(26)
Net provision of judicial deposits	61	148	28	237

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	Tax claims	Social security and labor	Civil	Total
Balance as of December 31, 2021	109	69	27	205
Additions	14	74	13	101
Reversals	(73)	(31)	(4)	(108)
Payments	-	(33)	(16)	(49)
Monetary correction	5	7	4	16
Balance as of December 31, 2022	55	86	24	165
Restricted deposits for legal proceedings	(7)	(29)	(8)	(44)
Net provision of judicial deposits	48	57	16	121
	Tax claims	Social security and labor	Civil	Total
Balance as of December 31, 2020	169	64	49	282
Additions	39	44	8	91
Reversals	(106)	(23)	(10)	(139)
Payments	-	(21)	(28)	(49)
Monetary correction	7	5	8	20
Balance as of December 31, 2021	109	69	27	205
Restricted deposits for legal proceedings	(65)	(45)	(2)	(112)
Net provision of judicial deposits	44	24	25	93

Of the total amount of the table above, R\$50 (R\$24 as of December 31, 2022) is the responsibility of GPA arising from contingencies up to 2016, pursuant to contractual provisions, namely: R\$3 tax claims, R\$27 labor claims and R\$20 civil claims (R\$3 tax claims, R\$12 labor claims and R\$9 civil claims as of December 31, 2022).

17.1 Tax claims

Tax claims are subject by law to the monthly monetary correction, which refers to an adjustment to the provision based on indexing rates adopted by each tax jurisdiction. Both interest rates charges and fines, where applicable, were calculated and provisioned with respect to unpaid amounts.

The main tax claims provisioned are as follows:

The Company has other tax claims, which according to its legal counsels' analysis, were provisioned, namely: (i) discussions on the non-application of Prevention Accident Factor (FAP); (ii) staple basket; and (iii) other matters.

The provisioned amount as of December 31, 2023, for these matters is R\$62 (R\$55 as of December 31, 2022).

17.2 Social security and labor

The Company is a party to various labor proceedings, especially due to dismissals in the regular course of business. As of December 31, 2023, the Company recorded a provision of R\$163 (R\$86 as of December 31, 2022), referring to a potential risk of loss relating to labor claims. Management, with the assistance of its legal counsels, assesses these claims and recording provisions for losses when reasonably estimated, considering previous experiences in relation to amounts claimed.

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17.3 Civil

The Company is party to civil proceedings (indemnifications, collections, among others) in different procedural phases and various central courts. Management records provisions in amounts considered sufficient to cover unfavorable court decisions when its internal and external legal counsel assess the losses to be probable.

Among these proceedings, we highlight the following:

The Company is party to various lawsuits requesting the renewal of rental agreements and the review of the current rent paid. The Company records a provision for the difference between the amount originally paid by stores and the amounts claimed by the adverse party in the lawsuit when internal and external legal counsels consider the probability of changing the lease amount paid by the entity. As of December 31, 2023, the provision for these lawsuits amounted to R\$32 (R\$19 as of December 31, 2022), for which there are no judicial deposits for legal proceedings.

The Company is party to certain lawsuits relating to the fines applied by inspection bodies of direct and indirect administration of the federal government, states, and municipalities, including consumer defense bodies (PROCONs, INMETRO, and local governments). The Company, assisted by its legal counsel, assesses these claims recording provisions for probable cash disbursements, according to the probability of loss. As of December 31, 2023, the provision for these lawsuits is R\$6 (R\$5 as of December 31, 2022).

The Company's total civil, regulatory and property claims as of December 31, 2023, is R\$38 (R\$24 as of December 31, 2022).

17.4 Possible contingent liabilities

The Company is party to other litigations for which the probability of loss was deemed by its legal counsel to be possible, but not probable, therefore, not accrued, which are related to:

	<u>As of December 31,</u>	
	<u>2023</u>	<u>2022</u>
Tax on Financial Transactions (IOF) – payment differences.	14	14
PIS, COFINS – payment discrepancies and overpayments, fine for non-compliance with ancillary obligations, disallowance of PIS and COFINS credits, among other matters pending judgment at the administrative and judicial levels.	783	650
ICMS – allocation of credits from purchases from suppliers considered unqualified by the registry of the State Revenue Service, among other matters, which are pending judgment at the administrative and judicial levels.	1,216	1,084
ISS (services tax), IPTU (urban property tax), Fees and other – discrepancies in payments of IPTU, fines for non-compliance with ancillary obligations, ISS – refund of advertising expenses and various fees, which are pending judgment at the administrative and judicial levels.	18	16
INSS (national institute of social security) – divergences in the FGTS and Social Security form (GFIP), offsets not approved, among other matters, which are pending judgment at the administrative and judicial levels.	24	23
Other litigation – real estate lawsuits in which the Company claims the renewal and maintenance of lease agreements according to market prices. These lawsuits involve proceedings in civil court, as well as administrative proceedings filed by inspection bodies, among others.	98	44
Compensation linked to the external legal counsel's success fee if all the proceedings were concluded in favor of the Company.	20	14
	<u>2,173</u>	<u>1,845</u>

Of the total amount in the table above, R\$1,494 (R\$1,352 as of December 31, 2022) is the responsibility of GPA arising from contingencies up to 2016, pursuant to contractual provisions, namely: R\$1,398 tax claims and R\$96 civil claims (R\$1,309 tax claims and R\$43 civil claims as of December 31, 2022).

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Three collective proceedings were opened due to an approach to a customer, in August 2021 at the store in Limeira - SP, in which claim supposed racial issues. All cases were satisfactorily answered and are still in the initial phase awaiting regular progress by the judiciary. As of December 31, 2023, there are two collective proceedings in current, it is still not possible to reasonably estimate the amounts involved, due to the subjectivity of the matter and the absence of precedent in the jurisprudence in collective proceedings on the subject. No significant impact on financial statement is expected.

17.4.1 Uncertainty over IRPJ and CSLL treatments

In compliance with IFRIC 23 – Uncertainty over Income Tax Treatment, the Company has proceedings, at the judicial and administrative levels, with Government's regulatory agencies, which are related to uncertain tax treatments adopted for the recording of income tax and social contribution. Based on the assessment of internal and external legal counsel, the tax treatment adopted by the Company is adequate, therefore, these proceedings were classified as less than more likely than not. As of December 31, 2023, the amount involved was R\$917 (R\$598 as of December 31, 2022).

17.5 Guarantees

The Company presented bank guarantees and insurance guarantees to judicial process related a civil, tax and labor nature, described below:

Lawsuits	As of December 31,	
	2023	2022
Tax	1,113	700
Labor	75	91
Civil and others	557	505
	<u>1,745</u>	<u>1,296</u>

The cost of guarantees as of December 31, 2023 is approximately 0.19% per year of the amount of the lawsuits (0.29% per year as of December 31, 2022) and is recorded as a financial expense.

17.6 Restricted deposits for legal proceedings

The Company is challenging the payment of certain taxes, contributions, and labor liabilities and made judicial deposits in the corresponding amounts, as well as escrow deposits related to the provision for legal proceedings.

The Company recorded amounts referring to judicial deposits in its assets as follows:

Lawsuits	As of December 31,	
	2023	2022
Tax	18	12
Labor	16	34
Civil and others	10	10
	<u>44</u>	<u>56</u>

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18 Deferred revenues

Deferred revenues are recognized by the Company as a liability due to anticipation of amounts received from business partners. These are recognized in the statement of operations in the periods when the services are rendered to these business partners.

	As of December 31,	
	2023	2022
Sale and Leaseback	-	3
Rental of spaces in stores (i)	296	259
Checkstand (ii)	89	45
Commercial agreement – payroll (iii)	48	39
Marketing and others	22	13
	<u>455</u>	<u>359</u>
Current	418	328
Non-current	37	31

- (i) Rental of backlight panels.
- (ii) Supplier product exhibition modules, or check stands, rental of POS displays, and front-fee anticipation with credit card operators.
- (iii) Commercial agreement with a financial institution for exclusivity in payroll processing.

19 Income tax and social contribution**Current income tax and social contribution**

Current income tax and social contribution assets and liabilities are measured by the amount expected to be refunded or paid to the tax authorities. The tax rates and laws adopted to calculate tax are those effective or substantially effective, at the balance sheet dates.

Income taxes in Brazil consist of Corporate Income Tax (“IRPJ”) and Social Contribution on Net Income (“CSLL”), calculated based on taxable income, at the statutory rates set forth in the legislation in force: 15% on taxable income plus an additional 10% on annual taxable income exceeding R\$ 240 for IRPJ, and 9% for CSLL.

Deferred income tax and social contribution

Deferred income tax and social contribution are generated by temporary differences, at the end of the reporting periods, between the tax bases of assets and liabilities, carrying amounts and all unused tax losses, to the extent it is probable that taxable income will occur from which temporary differences and unused tax losses can be deducted; except when deferred income tax and social contribution referring to the deductible temporary difference results from the initial recognition of an asset or liability in an operation which is not a business combination and, at the moment of operation, neither affects the accounting profit nor the tax income or loss.

With respect to deductible temporary differences associated with investments in subsidiaries, deferred income tax, and social contribution are recognized only if temporary differences can be reversed in the foreseeable future and taxable income will be available from which temporary differences can be used.

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The carrying amount of deferred income tax and social contribution assets is reviewed at the end of each reporting period and reduced since it is no longer probable that taxable income will be sufficient to allow the use of total or part of deferred income tax and social contribution. Non-recognized deferred income tax and social contribution assets are re-assessed at the end of the reporting period and again recognized, since it is probable that future taxable income will allow the recovery of these assets.

Accumulated loss carryforwards from deferred income tax and social contribution do not expire, but their utilization, as provided for by laws, is restricted to 30% of taxable income of each year for Brazilian legal entities and refer to their subsidiaries which have tax planning to use these balances.

Deferred taxes relating to items directly recognized in shareholders' equity are also recognized in shareholders' equity, and not in the statement of operations.

Deferred income tax and social contribution assets and liabilities are offset if there is any legal or contractual right to offset the tax assets against the income tax liabilities, and deferred assets refer to the same taxpayer entity and the same tax authority.

Due to the nature and complexity of the Company's businesses, differences between effective results and assumptions adopted or future alterations of these assumptions may result in future adjustments to tax revenue and expenses already recorded. The Company set up provisions, based on reasonable estimates for taxes due. The value of these provisions is based on several factors, such as the experience of previous inspections and different interpretation of tax regulation by taxpayer entity and related tax authority. These different interpretations can refer to a wide variety of issues, depending on the conditions in force at the home of the respective entity.

19.1 Reconciliation of income tax and social contribution expense

	For the year ended December 31,		
	2023	2022	2021
Earnings before income tax and social contribution	554	1,335	1,849
Expense of income tax and social contribution	(188)	(454)	(629)
Adjustments to reflect the effective rate			
Tax fines	(3)	(2)	(1)
Share of profits	17	15	16
Interest on own capital	-	17	22
ICMS subsidy – tax incentives (i)	319	248	241
Interest Selic credits (ii)	-	-	81
Credits of monetary corrections	15	64	11
Other permanent differences	(4)	(3)	20
Effective income tax and social contribution	<u>156</u>	<u>(115)</u>	<u>(239)</u>
Income tax and social contribution for the year			
Current	(6)	(75)	(366)
Deferred	162	(40)	127
Benefits (expenses) income tax and social contribution	<u>156</u>	<u>(115)</u>	<u>(239)</u>
Effective rate	<u>-28.2%</u>	<u>8.6%</u>	<u>12.9%</u>

(i) The Company has tax benefits that are characterized as investment subsidies as provided for in Complementary Law 160/17 and Law 12,973/14. In the year ended December 31, 2023, the Company excluded the IRPJ and CSLL calculation bases from the amount constituted and to be constituted in the subsequent years in the tax incentive reserve, see note 20.5.

(ii) The credit refers to the decision general repercussion of STF which understood that the SELIC interest arising from the repetition of undue payment, have the nature of emergent damage. Therefore, there is no taxation of IRPJ and CSLL on the interest portion.

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19.2 Breakdown of deferred income tax and social contribution

Key components of deferred income tax and social contribution in the balance sheets are the following:

	As of December 31,					
	2023			2022		
	Assets	Liabilities	Net	Assets	Liabilities	Net
Deferred income tax and social contribution						
Tax losses	385	-	385	213	-	213
Provision for legal proceedings	81	-	81	44	-	44
Exchange rate variation	-	(66)	(66)	-	(28)	(28)
Goodwill tax amortization	-	(317)	(317)	-	(317)	(317)
Fair value adjustment	-	(25)	(25)	-	(29)	(29)
Property, plant and equipment and intangible assets	25	-	25	30	-	30
Unrealized losses with tax credits	-	(15)	(15)	-	(6)	(6)
Provision for restructuring	-	-	-	12	-	12
Borrowings costs	-	(66)	(66)	-	(35)	(35)
Lease net of right of use	3,071	(2,932)	139	2,785	(2,684)	101
Provision of inventory	30	-	30	26	-	26
Others	-	-	-	-	(5)	(5)
Gross deferred income tax and social contribution assets (liabilities)	3,592	(3,421)	171	3,110	(3,104)	6
Compensation	(3,421)	3,421	-	(3,104)	3,104	-
Net deferred income tax and social contribution assets (liabilities), net	171	-	171	6	-	6

Management has assessed the future realization of deferred tax assets, considering the projections of future taxable income. This assessment was based on information from the strategic planning report previously approved by the Board of Directors of Sendas Distribuidora.

The Company estimates the recovery of the deferred tax assets as of December 31, 2023, as follows:

Years	Amounts
Up to 1 year	164
From 1 year to 2 years	333
From 2 year to 3 years	9
From 4 years to 5 years	1
More than 5 years	3,085
	3,592

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19.3 Deferred tax rollforward

	For the year ended December 31,		
	2023	2022	2021
At the beginning of the year	6	45	(82)
Benefits (expenses) in the year	162	(40)	127
Income tax effect	3	1	-
At the end of the year	<u>171</u>	<u>6</u>	<u>45</u>

20 Shareholders' equity

20.1 Capital stock and stock rights

According to the Company's bylaws, the Company's authorized share capital may be increased up to 2 billion common shares. Below, the subscribed and fully paid-in share capital, represented by common shares, all nominative and with no par value:

	Number of shares	Amount
As of December 31, 2020	1,341,757,835	761
Capital increase – Board of Directors' Meeting on 07/01/2021	2,720,530	18
Capital increase – Board of Directors' Meeting on 07/27/2021	2,020,930	8
Capital increase – Board of Directors' Meeting on 12/07/2021	175,182	1
Total changes for the year	<u>4,916,642</u>	<u>27</u>
As of December 31, 2021	1,346,674,477	788
Capital increase – Board of Directors' Meeting on 02/21/2022	239,755	1
Capital increase – Extraordinary General Meeting on 04/28/2022	-	464
Capital increase – Board of Directors' Meeting on 05/09/2022	298,919	2
Capital increase – Board of Directors' Meeting on 07/27/2022	1,119,515	3
Capital increase – Board of Directors' Meeting on 10/20/2022	650,808	3
Capital increase – Board of Directors' Meeting on 12/06/2022	181,920	2
Total changes for the year	<u>2,490,917</u>	<u>475</u>
As of December 31, 2022	1,349,165,394	1,263
Capital increase – Board of Directors' Meeting on 02/15/2023	59,870	1
Capital increase – Board of Directors' Meeting on 03/28/2023	1,031,232	1
Capital increase – Board of Directors' Meeting on 08/18/2023	1,207,046	4
Capital increase – Board of Directors' Meeting on 10/30/2023	213,458	2
Capital increase – Board of Directors' Meeting on 12/08/2023	156,200	1
Total changes for the year	<u>2,667,806</u>	<u>9</u>
As of December 31, 2023	<u>1,351,833,200</u>	<u>1,272</u>

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20.2 Distribution of dividends and interest on own capital

Management proposed that the income for the year ended December 31, 2023 be allocated to the tax incentive reserve, therefore, no dividends were distributed and no interest on own capital was paid, as shown below:

	For the year ended December 31,		
	2023	2022	2021
Net income for the year	710	1,220	1,610
Tax incentive reserve	(710)	(753)	(709)
Base for legal reserve	-	467	901
% Legal reserve	5%	5%	5%
Legal reserve for the year	-	23	5
Minimum mandatory dividends – 25%	-	111	224
Interest on own capital paid/payable intermediaries (i)	-	(43)	(56)
Minimum mandatory dividends paid in the form of interest on shareholder's equity	-	68	168

- (i) At a meeting of the Board of Directors held on December 23, 2022, the advance payment of interest on own capital in the gross amount of R\$50 was approved, pursuant to which the withholding tax was deducted in the amount of R\$7, corresponding to the net amount of R\$43. The effective payment occurred on February 17, 2023.

At the Annual General Meeting (“AGM”) of shareholders held on April 27, 2023, shareholders voted for the approval of the minimum mandatory dividend in the amount of R\$68, calculated in accordance with Brazilian Corporate Law. The total amount relating to dividends corresponding to R\$0.0500185431139003 per common share was paid in June 2023.

Shareholders are entitled to receive a mandatory minimum annual dividend equivalent to 25% of the net income for each fiscal year, adjusted in accordance with the law, offsetting in annual dividends interest on own capital and dividends distributed in the year.

The net profits or losses will be allocated by the shareholders, and their distribution, if any, will be made in the proportion established by them at the time.

The Company may, at the discretion of the Administration, pay interest on own capital, the net amount of which will be imputed to the mandatory minimum dividends, as provided for in article 9 of Law 9249/95. Interest on own capital is calculated based on the balance of shareholders' equity, limited to the variation, pro rata day, of the Long-Term Interest Rate - TJLP. The actual payment or credit of interest on own capital is conditioned to the existence of profits (net profit for the year after deducting social contribution on net profit and before deducting the provision for income tax), computed before deducting interest on equity, or retained earnings and profit reserves equal to or greater than twice the interest to be paid or credited. Interest will be subject to income tax at source at the rate of 15%, on the date of payment or credit to the beneficiary.

20.3 Profit reserve

Legal reserve: this is recorded by appropriating 5% of the net income of each fiscal year, observing the 20% limit of capital. As of December 31, 2023, the amount was R\$180 (R\$180 as of December 31, 2022).

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As of December 31, 2023, no amount were allocated to legal reserve (R\$23 as of December 31, 2022), since the income for the year was used to record the tax incentive reserve.

	For the year ended December 31,		
	2023	2022	2021
Net income for the year	710	1,220	1,610
Tax incentive reserve	(710)	(753)	(709)
Base for legal reserve	-	467	901
% Legal reserve	5%	5%	5%
Legal reserve for the year	-	23	5

20.4 Expansion Reserve

At the Annual General Meeting held on April 28, 2022, the constitution of the expansion reserve in the amount of R\$632 was approved, against the profit reserve of the year 2021.

At the AGM held on April 27, 2023 the constitution of the expansion reserve in the amount of R\$325 was approved, against the earnings reserve of the year 2022.

20.5 Tax incentive reserve

According to the legal basis mentioned in note 19.1, tax incentives granted by the States for a considered investment, deductible for the assessment of income tax and social contribution. Thus, at the end of December 31, 2023, the Company allocated the amount of R\$939 to the tax incentive reserve (R\$753 as of December 31, 2022), of which R\$710 refers to the amount of incentives generated in 2023 and constituted in the same year and R\$229 to be recognized when the Company reports income in subsequent periods.

As provided for in article 30 of Law 12,973/14, the tax incentive reserve may be used to absorb losses, provided that the other profit reserves have already been fully absorbed, with the exception of the legal reserve, or for an increase in capital. Within the same legal provision, the tax incentive reserve and legal reserve are not part of the calculation basis for the minimum mandatory dividend, and the Company must subject it to taxation, in case of distribution.

20.6 Share-based payment**20.6.1 Recognized Options Granted**

The expenses associated to the Company's executives' share-based payments in accordance with IFRS 2 – Share-based payment, are recognized "Stock options granted".

The Company's employees and executives of entities of their economic group may receive payment based on shares, when employees provide services in exchange for equity instruments ("transactions settled with shares").

The Company measures the transaction costs of employees eligible for share-based compensation, based on the fair value of equity instruments on the grant date. Estimating the fair value of share-based payment transactions requires a definition of the most appropriate valuation model, which depends on the terms and conditions of the grant. This estimate also requires a definition of the most appropriate information for the valuation model, including the stock option life expectancy, volatility and dividend return, as well as the preparation of corresponding assumptions.

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The cost of operations settled with shares is recognized as an expense for the year, together with a corresponding increase in shareholders' equity, during the year in which the performance and / or service provision conditions are met. Accumulated expenses recognized in relation to equity instruments on each base date, up to the acquisition date, reflect the extent to which the acquisition period has expired and the best estimate of the Company of the number of equity instruments that will be acquired.

The expense or reversal of expenses for each year represents the movement in accumulated expenses recognized at the beginning and end of the year. Expenses related to services that have not completed their acquisition period are not recognized, except in the case of operations settled with shares in which the acquisition depends on a market condition or non-acquisition of rights, which are treated as acquired, regardless of whether the market condition or non-acquisition of rights is satisfied or not, provided that all other performance and / or service provision conditions are met.

When an equity instrument is modified, the minimum expense recognized is the expense that would have been incurred if the terms had not been modified. An additional expense is recognized in the event of a change the total fair value of the share-based payment transaction or that otherwise benefits the employee, as measured on the date of the change.

In case of cancellation of an equity instrument, it is treated as if it were fully acquired on the date of cancellation, and any expenses not yet recognized, referring to the premium, are recognized immediately in the income for the year. This includes any premium whose conditions of non-acquisition under the control of the Company or the employee are not met. However, if the canceled plan is replaced by a new plan and substitute grants are generated, on the date it is granted, the canceled grant and the new plan will be treated as if they were a modification of the original grant, as described in the previous paragraph. All cancellations for transactions settled with shares are treated in the same way.

The dilutive effect of outstanding options is reflected as an additional dilution of shares in the calculation of diluted earnings per share.

The following describes the stock option plan as of December 31, 2023.

Company's compensation plan

The Company's compensation plan ("Compensation Plan") is managed by Company's Board of Directors, which delegated to the Human Resources, Culture and Compensation Committee ("Committee") the responsibility to grant options and advise on the management of the Compensation Plan.

Members of the Committee meet to grant options from the Compensation Plan series and whenever there are questions raised regarding the compensation plan. Each series of options granted are assigned the letter "B" followed by a number. For the year ended December 31, 2023, the B8, B9 and B10 series options were in effect.

Options granted to a participant will not be exercisable for a period of 36 (thirty six) months from the date of grant ("grace period"), except with formal authorization by the Company, and may only be exercised in the period beginning on the first day of the 37th (thirty-seventh) month from the date of grant, and ends on the last day of the 42nd (forty-second) month from the date of grant ("exercise period").

The participants may exercise their total purchase options or in part, in one or more times, if for each year, the option exercise term is submitted during the exercise period.

The exercise price of each stock option granted under the Compensation Plan should correspond to R\$0.01 ("exercise price").

The exercise price of the options shall be paid in full in local currency by check or wire transfer available to the bank account held by the Company, in the tenth (10th) day preceding the date of acquisition of the shares.

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The Company withholds any applicable tax under Brazilian tax law, less the number of shares delivered to the participant amount equivalent to taxes withheld.

Company's option plan

The Company's option plan ("Option Plan") is managed by the Company's Board of Directors, which delegated to the Committee the responsibility to grant options and advise on the management of the Option Plan.

Members of the Committee meet to grant options from the Option Plan series and whenever there are questions raised regarding the Option Plan. Each series of options granted receive the letter "C" followed by a number. For the year ended December 31, 2023, the C8, C9 and C10 series options granted were in effect.

For each series of stock options granted under the Option Plan, the exercise price of each stock option shall be equivalent to 80% of the closing price of the average of the Company's common shares traded in the prior twenty (20) days on the B3 prior to the date of the Committee meeting that decides upon the granting of the options of that series ("exercise price").

Options granted to a participant shall be exercisable for a period of 36 (thirty six) months from the date of grant ("grace period"), and may only be exercised in the period beginning on the first day of the 37th (thirty-seventh) months as from the grant date, and ends on the last day of the 42nd (forty-second) month as of the grant date ("exercise period"), provided the exceptions included in the Compensation Plan.

The participant may exercise their options in full or in part, in one or more times, if for each year the option exercise agreement is submitted during the exercise period.

The exercise price of the options shall be paid in full in local currency by check or wire transfer available to the bank account held by the Company, provided that the payment deadline will always be the tenth (10th) day preceding the date to acquire the shares.

Information relating to the Company's option plan and compensation plan is summarized below:

Granted series	Grant date	1st exercise date	As of December 31, 2023				
			Number of shares (in thousands)				
			Strike price on the grant date (in reais)	Grantees	Exercised	Cancelled	Current
B8	5/31/2021	6/01/2024	0.01	363	(20)	(45)	298
C8	5/31/2021	6/01/2024	13.39	363	(20)	(45)	298
B9	5/31/2022	6/01/2025	0.01	2,163	(358)	-	1,805
C9	5/31/2022	6/01/2025	12.53	1,924	(119)	-	1,805
B10 (i)	5/31/2023	6/01/2026	0.01	1,390	-	-	1,390
C10 (i)	5/31/2023	6/01/2026	11.82	1,390	-	-	1,390
				7,593	(517)	(90)	6,986

(i) Shares granted to executives excluding statutory officers.

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20.6.2 Consolidated information of Company's share-based payment plans

According to the terms of the plans, each option offers its beneficiary the right to buy a share of the Company. In both plans, the grace period is 36 months, always measured from the date on which the Board of Directors approved the issuance of the respective series of options. The stock options may be exercised by their beneficiaries within 6 months after the end of the grace period of the respective grant date. To exercise their options, beneficiaries of the plans must be employees of the Company. The plans differ solely by exercise price of the options and in the existence or not of a restriction period for the sale of the shares acquired in the exercise of the option.

According to the plans, the options granted in each of the series may represent maximum 2% of the total shares issued by the Company.

The table below shows the maximum percentage of dilution to which current shareholders eventually being subject to in the event that all options granted are exercised until December 31, 2023:

	For the year ended December 31, 2023
	(in thousands)
Number of shares	1,351,833
Balance of effective stock options granted	6,986
Maximum percentage of dilution	0.52%

The fair value of each option granted is estimated on the grant date, by using the options pricing model "Black-Scholes" taking into account the following assumptions:

Series granted	Weighted average fair value of option's granted (in reais)	Estimated dividends	Approximate estimated volatility	Risk-free weighted average interest rate	Exit rate	Average remaining life expectancy
B8	17.21	1.28%	37.06%	7.66%	8.00%	5 months
C8	7.69					
B9	15.27	1.20%	37.29%	12.18%	8.00%	17 months
C9	7.35					
B10	10.33	1.31%	35.32%	10.87%	8.00%	29 months
C10	3.28					

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	Shares (in thousands)	Weighted average of exercise price (R\$)	Weighted average of remaining contractual term
As of December 31, 2021	668	6.70	2.42
As of December 31, 2022			
Granted during the year	4,087	5.90	
Exercised during the year	(104)	6.01	
Outstanding at year end	4,651	6.01	2.28
Total to be exercised as of December 31, 2022	4,651	6.01	2.28
As of December 31, 2023			
Granted during the year	2,780	5.92	
Cancelled during the year	(32)	5.97	
Exercised during the year	(413)	5.97	
Outstanding at year end	6,986	5.97	1.73
Total to be exercised as of December 31, 2023	6,986	5.97	1.73

The amount recorded in the statement of operations for the year ended December 31, 2023 was R\$28 (R\$14 as of December 31, 2022).

20.6.3 Cash-settled share-based payment plan

At the Extraordinary General Meeting held on July 14, 2023, the cash-settled share-based payment plan was approved, only for the Company's Statutory Officers, this plan does not make officers a partner of the Company, they only acquire the right to receive a cash compensation corresponding to the average price of the Company's shares traded on B3 under the ticker ASAI3.

The calculation methodology is the linear average of the share price considering the last 20 trading sessions, including the base date of August 1, 2023 (grant date), until the end of the plan on July 31, 2028. The payment will be made in local currency, considering the vesting periods of the shares.

1,989,465 shares were granted to the Company's officers and the premium related to 50% of the shares will be conditional on compliance with the service condition (shares conditioned on time) and the other 50% of the shares will be conditional on the cumulative compliance with the service condition and the performance condition (shares conditioned on time and performance).

For shares conditioned on time to become vested, Offices must remain with the Company from the grant date to the dates below (vesting period):

- a) 20% (twenty percent) on the 3-year anniversary from the grant date;
- b) 20% (twenty percent) on the 4-year anniversary from the grant date; and
- c) 60% (sixty percent) on the 5-year anniversary from the grant date.

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For shares conditioned on time and performance to become vested, the Executive must comply with the vesting periods above, in addition to meeting the goals, being segregated between: a) Environmental, Social and Governance (“ESG”) goal with a weight of 30 %: i) hiring people with disabilities; ii) women in leadership, in managerial positions or higher; and iii) total carbon emissions – Scope 1 and 2; and b) Operating target with a weight of 70%: i) operating cash flow.

The targets above will be reviewed annually by the Board of Directors and non-achievement of them at December 31, 2026 and 2027 may be compensated by achievement on subsequent measurement dates.

At the end of each vesting period, virtual shares conditioned on time that have become vested virtual shares will be automatically settled, for virtual shares conditioned on time and performance the goals listed above must be achieved.

If the Officer is terminated on his/her own initiative, the Officer will lose the right to receive unvested shares, which will be immediately canceled and extinguished, without any compensation and/or indemnity, regardless of prior notice or notice. If the Officer is terminated at the initiative of the Company, through dismissal and removal from office due to serious misconduct, all his/her shares will be extinguished, without any compensation and/or indemnity, regardless of prior notice or notice. If the Officer is terminated due to mutual agreement between the Company and the Officer or on the Company’s initiative, through dismissal and removal from office without serious misconduct, the Officer will have the right, subject to compliance with restrictive obligations, to settlement of all vested shares at the termination date and to maintain a portion of the unvested shares as agreed between the parties.

As of December 31, 2023, the amount of the liability corresponding to the plan, including payroll charges, in recorded is “Other accounts payable” in the amount of R\$4 and the total expense recognized, including payroll charges, was R\$4 and the fair value of this plan in that date was R\$35, including charges.

21 Net operating revenue

IFRS15 establishes a comprehensive framework to determine when and for how much revenue from contracts with customers should be recognized.

Revenue**a) Sale of goods**

Revenues from the sale of goods are recognized at their fair value when control over the products is transferred to the customer, the Company no longer has control or responsibility for the goods sold and the economic benefits generated for the Company are probable, which occurs substantially upon delivery of products to customers in stores, when the Company’s performance obligation is satisfied. Revenues are not recognized if their realization is uncertain.

b) Revenue from services rendered

The revenues earned are stated on a net basis and recognized in the statement of operations when it is probable that economic benefits will flow to the Company, and their amounts can be reliably measured.

	For the year ended December 31,		
	2023	2022	2021
Gross operating revenue			
Goods	72,535	59,510	45,550
Services rendered and others	250	174	111
	<u>72,785</u>	<u>59,684</u>	<u>45,661</u>
(-) Revenue deductions			
Returns and sales cancellation	(147)	(109)	(76)
Taxes	(6,135)	(5,055)	(3,687)
	<u>(6,282)</u>	<u>(5,164)</u>	<u>(3,763)</u>
Net operating revenue	<u>66,503</u>	<u>54,520</u>	<u>41,898</u>

Sendas Distribuidora S.A.

Notes to the Financial Statements

For the years ended December 31, 2023, 2022 and 2021

(In millions of Brazilian Reais, unless otherwise stated)

22 Expenses by nature

Cost of sales

The cost of goods sold comprises the acquisition cost of inventory net of discounts and considerations received from suppliers and logistics costs.

Commercial agreement received from suppliers is measured based on contracts and agreements signed between the parties.

The cost of sales includes the cost of logistics operations managed or outsourced by the Company, comprising the storage costs, handling, depreciation and amortization and freight incurred until good is available for sale. Transportation costs are included in the acquisition costs.

Selling expenses

Selling expenses consists of all stores expenses, such as payroll, marketing, occupation, maintenance, and expenses related to credit card companies, among others.

Marketing expenses refer to advertising campaigns. The Company's principal means of communication are: radio, television, newspapers, and magazines, and the amounts of its commercial agreement are recognized in the statement of operations upon realization.

General and administrative expenses

General and administrative expenses correspond to indirect expenses and the cost of corporate units, including procurement and supplies, information technology, and financial activities.

	For the year ended December 31,		
	2023	2022	2021
Inventory cost	(54,685)	(44,809)	(34,163)
Personnel expenses	(4,137)	(3,358)	(2,512)
Outsourced services	(338)	(264)	(251)
Selling expenses	(1,093)	(875)	(646)
Functional expenses	(1,150)	(883)	(664)
Other expenses	(521)	(534)	(439)
	(61,924)	(50,723)	(38,675)
Cost of sales	(55,682)	(45,557)	(34,753)
Selling expenses	(5,411)	(4,379)	(3,334)
General and administrative expenses	(831)	(787)	(588)
	(61,924)	(50,723)	(38,675)

23 Other operating revenues (expenses), net

Other operating revenue and expenses correspond to the effects of significant or unusual events during the fiscal year not classified into the definition of other items of the statement of operations.

	For the year ended December 31,		
	2023	2022	2021
Result with property, plant and equipment and leases	55	(34)	12
Expenses related to legal proceedings	(1)	(19)	9
Restructuring expenses and others	(5)	(33)	(74)
Indemnity assets	-	14	-
	49	(72)	(53)

Sendas Distribuidora S.A.

Notes to the Financial Statements

For the years ended December 31, 2023, 2022 and 2021

(In millions of Brazilian Reais, unless otherwise stated)

24 Net financial result

Financial revenue includes income generated by cash and cash equivalents, court deposits, and gains relating to the measurement of derivatives by fair value.

Interest income is recorded for all financial assets measured by amortized cost, adopting the effective interest rate, which corresponds to the discount rate of payments or future cash receivables over the estimated useful life of financial instrument – or shorter period, where applicable – to the net carrying amount of financial asset or liability.

Financial expenses substantially include all expenses generated by net debt and cost of sales of receivables during the fiscal year, the losses relating to the measurement of derivatives by fair value, the losses with sales of financial assets, financial charges over litigations, taxes, and interest expenses over financial leasing, as well as adjustments referring to discounts.

	For the year ended December 31,		
	2023	2022	2021
Financial revenues			
Cash and cash equivalents interest	123	152	87
Monetary correction (assets)	80	187	75
Revenue from anticipation of payables	42	40	18
Other financial revenues	36	15	8
Total financial revenues	281	394	188
Financial expenses			
Cost of debt	(1,720)	(896)	(543)
Cost and discount of receivables	(119)	(97)	(51)
Monetary correction (liabilities)	(247)	(401)	(13)
Interest on leasing liabilities	(899)	(509)	(292)
Other financial expenses	(27)	(6)	(19)
Total financial expenses	(3,012)	(1,909)	(918)
	(2,731)	(1,515)	(730)

25 Earnings per share

The Company calculates earnings per share by dividing the net income attributable to controlling shareholders, referring to each class of share, by the weighted average of the number of common shares during the fiscal year.

Diluted earnings per share are calculated by dividing the net income attributed to holders of common shares (after adjusting for interest on preferred shares and on convertible securities, in both cases net of taxes) by the weighted average amount of common shares available during the year plus the weighted average number of common shares that would be issued upon conversion of all potential diluted common shares into common shares.

The table below sets forth the net income available to holders of common shares and the weighted average number of common shares outstanding used to calculate basic and diluted earnings per share in each year:

	For the year ended December 31,		
	2023	2022	2021
Net income allocated available to holders of common shares (a)	710	1,220	1,610
Weighted average of the number of shares	1,350	1,348	1,344
Basic denominator (millions of shares) (b)	1,350	1,348	1,344
Weighted average of stock option	4	6	11
Diluted denominator (millions of shares) (c)	1,354	1,353	1,355
Basic earnings per million shares (R\$) (a/b)	0.525574	0.905322	1.198020
Diluted earnings per million shares (R\$) (a/c)	0.524174	0.901589	1.188520

Sendas Distribuidora S.A.

Notes to the Financial Statements

For the years ended December 31, 2023, 2022 and 2021

(In millions of Brazilian Reais, unless otherwise stated)

26 Non-cash transactions

The Company had transactions that did not represent cash disbursements, therefore, these were not reported in the Statement of Cash Flows, as follows:

Transactions	Note
Write-off of provisions for the acquisition of points of sale against trade payables	12.2
Acquisition of property, plant and equipment not yet paid	12.4
Acquisition of intangible assets not yet paid	13.4
Sale of assets held for sale that have not yet been received	27

27 Assets held for sale

Non-current assets and groups of assets are classified as held for sale if the carrying amount will be recovered through a sale transaction, rather than continued use. This condition is considered to be met only when the asset is available for immediate sale in its present condition, subject only to terms that are customary for sales of such assets and their sale is highly probable. Management must be committed to effecting the sale, and the estimated time for the sale to be completed must be within one year.

Non-current assets classified as held for sale are measured at the lower of carrying amount and market value less cost of sale.

	For the year ended December 31, 2022
Hypermarkets stores (i)	95
	95

- (i) On February 25, 2022, GPA and the Company sold 17 owned properties (11 owned by GPA and 6 properties acquired by the Company) with a total sale value of up to R\$1,200, to the Brazel Properties real estate fund (“Fund”) with the intervention and guarantee of the Company.

The balance as of December 31, 2022, corresponded to one property owned by GPA and the sale to the Fund was completed on July 11, 2023.

28 Segment information

The Company is involved in the operation of retail stores located in 24 Brazilian states and the Federal District. Operating segments are disclosed consistently with the internal report submitted to the main operating decision-maker, identified as the Chief Executive Officer.

The chief operating decision-maker allocates resources and evaluates performance by reviewing results and other segment-related information.

The Company deems irrelevant the disclosure of information on sales per product category, given that similar products are sold based on each business’ strategies and each segment has its own management controls.

The Company operated in one operating segment: Cash & Carry, it includes the “ASSAÍ” banner. As of December 31, 2023, 2022 and 2021 the Company operated in a single segment.

Geographic distribution of stores

Our stores are located throughout 24 states and in the Federal District in Brazil. We operate mainly in the Southeast region of Brazil, in states of São Paulo, Rio de Janeiro and Minas Gerais. The Southeast region accounted for 57.7%, 55.2% and 56.6% of our net operating revenue for the years ended December 31, 2023, 2022 and 2021, respectively, while the other Brazilian regions (North, Northeast, Midwest and South), in the aggregate, accounted for 42.3%, 44.8% and 43.4% of our net operating revenue for the years ended December 31, 2023, 2022 and 2021, respectively.

29 Subsequent events

29.1 Funding of the ninth issuance of debentures

On March 28, 2024, the Company raised funds through the ninth issuance of debentures, in single series, in the amount of R\$500, with settlement occurring on March 28, 2024. The funds obtained from this issuance will be used for general purposes, including liability management. These debentures will bear interest at the rate of CDI + 1.25% per year, which will be paid semi-annually until maturity in March 2027 and 2028.

SENDAS DISTRIBUIDORA S.A.
PUBLICLY-HELD COMPANY
Brazilian taxpayers' registry No. 06.057.223/0001-71
Board of trade registry No. 33.300.272.909

CHAPTER I
NAME, HEADQUARTERS, OBJECT AND DURATION

ARTICLE 1 - SENDAS DISTRIBUIDORA S.A. ("Company") is a joint stock company, headquartered at Avenida Ayrton Senna, 6000, Lote 2, Pal 48959, Anexo A, Jacarepaguá, CEP 22775-005, in the city and state of Rio de Janeiro, Federative Republic of Brazil, which hereinafter shall be governed by these Bylaws, by Law 6404 of December 15, 1976 ("Law 6404/76"), as amended, and other legal provisions in effect.

Sole Paragraph - With the Company's admission to the New Market of B3 S.A. - Brasil, Bolsa, Balcão ("New Market" and "B3", respectively), the Company, its shareholders, including controlling shareholders, managers and fiscal council members, when installed, are subject to the provisions of the New Market Regulation.

ARTICLE 2 - The Company's business purpose is the commercialization of manufactured products, semi-manufactured or "in natura", domestic or foreign, of all and any kind and species, nature or quality.

Paragraph 1 - The Company may also perform the following activities:

- (a) the industrialization, processing, manipulation, transformation, export, import and representation of products, food or non-food, for its own account or for the account of third parties;
 - (b) international trade, including coffee;
 - (c) import, distribution and marketing of cosmetic products for hygiene and toiletries, perfumery, sanitizing and household products, and food supplements;
 - (d) the general commerce of drugs and medications, pharmaceutical and homeopathic specialties; chemical products, accessories, dental articles, surgical instruments and devices; the manufacturing of chemical products and pharmaceutical specialties, and may be specialized as Drugstores or Allopathic Pharmacies, Drugstores or Homeopathic Pharmacies, or Manipulation Pharmacies for each specialty;
 - (e) the trade of petroleum products and derivatives, fuel supply of any kind, and may also provide technical assistance services, service workshops, repairs, washing, lubrication, sale of accessories and other related services for any vehicles in general;
-

- (f) the commerce of products, drugs and veterinary medications in general; veterinary office, clinic and hospital and “pet shop” with bath and grooming services;
- (g) the rental of any recorded media;
- (h) rendering services of photographic, cinematographic and similar studios;
- (i) practice and management of real estate operations, buying, promoting subdivisions and development, renting and selling of own and third party real estate;
- (j) acting as a distributor, agent and representative of traders and industrialists established inside or outside the country and in this capacity, on behalf of the principals or for its own account, acquiring, retaining, owning and making any operations and transactions of its own interest or of the principals;
- (k) the provision of data processing services;
- (l) the operation of building and construction in all its forms, for its own account or for the account of third parties, the purchase and sale of building materials, and the installation and maintenance of air conditioning systems, freight elevators and freight elevators;
- (m) application of household sanitizing products;
- (n) the municipal, state and interstate highway transportation of cargo in general for its own products and for third parties, and may also store, deposit, load, store and guard third parties’ own goods of any kind, as well as subcontract the services foreseen in this item;

- (o) the operation of communication, publicity and advertising services in general, including bars, snack bars and restaurants, and may extend to other compatible or related branches, in compliance with the legal restrictions;
- (p) the purchase, sale and distribution of books, magazines, newspapers, periodicals and the like;
- (q) the performance of studies, analysis, planning and market research;
- (r) to carry out tests for launching new products, packages and brands;
- (s) the elaboration of strategies and analyses of the sectorial behavior of sales, special promotions and advertising;
- (t) the rendering of services of administration of food, meal, pharmacy, fuel and transportation voucher cards and other cards that result from activities related to its corporate objective;
- (u) the leasing and sub-leasing of own or third-party movable property;
- (v) the rendering of services in the management area;
- (w) representation of other domestic or foreign companies and participation as a partner or shareholder in the capital stock of other companies, whatever their form or purpose, and in commercial undertakings of any nature;
- (x) agency, brokerage or intermediation of securities and tickets;
- (y) services related to collections, receipts or payments in general, of securities, bills or carnets, foreign exchange, taxes and on behalf of third parties, including those made by electronic means, automatic or by attendance machines; provision of collection, receipt or payment position; issuance of carnets, compensation forms, forms and documents in general;

- (z) rendering of parking, lodging and guarding services for vehicles;
- (aa) importing beverages, wines and vinegars;
- (bb) snack bars, tea houses, juice houses and similar establishments;
- (cc) trade in seeds and seedlings;
- (dd) trade in telecommunications products; and; e
- (ee) import, distribution and commercialization of toys, metal pans, household ladders, baby strollers, party articles, school articles, tires, household appliances, bicycles, monoblock plastic chairs and lamp.

Paragraph 2 - The Company may render sureties or guarantees in businesses of its interest, forbidding those of mere favor.

ARTICLE 3 - The Company's duration is indeterminate.

CHAPTER II SHARE CAPITAL AND SHARES

ARTICLE 4 - The Company's capital stock is R\$1,265,010,495.38 (one billion, two hundred and sixty-five million, ten thousand, four hundred and ninety-five reais and thirty-eight cents), fully subscribed and paid-up, divided into 1,350,256,496 (one billion, three hundred and fifty million, two hundred and fifty-six thousand, four hundred and ninety-six) common shares, all nominative, registered and without par value

Paragraph 1 - The shares representing the capital stock are indivisible with respect to the Company and each common share entitles its holder to one vote at the General Meetings.

Paragraph 2 - The shares shall be in book-entry form and shall be kept in deposit accounts on behalf of their holders, at the authorized financial institution designated by the Company, without the issuance of certificates.

Paragraph 3 - The cost of services of transfer of ownership of book-entry shares charged by the depositary financial institution may be passed on to the shareholder, as authorized by Article 35, paragraph 3 of Law 6,404/76, in compliance with the maximum limits determined by the Brazilian Securities and Exchange Commission.

Paragraph 4 - The Company may not issue preferred shares and founder's shares.

ARTICLE 5 - The Company is authorized to increase its capital stock by resolution of the Board of Directors and regardless of statutory reform, up to the limit of 2,000,000,000 (two billion) common shares.

Paragraph 1 - The Company's authorized capital limit may only be modified by resolution of the General Meeting.

Paragraph 2 - The Company, within the limit of authorized capital and in accordance with the plan approved by the General Meeting, may grant stock options to its managers or employees, or to natural persons providing services to it.

ARTICLE 6 - Issues of shares, subscription bonus or debentures convertible into shares up to the limit of the authorized capital may be approved by the Board of Directors, with exclusion or reduction of the term for exercise of the preemptive right, as provided for in Article 172 of Law 6,404/76.

Sole Paragraph - With the exception of the provision in the caption sentence of this Article, the shareholders shall have preference, in proportion to their respective shareholdings, for subscription of the Company's capital increases, the exercise of this right being governed by the applicable legislation.

CHAPTER III GENERAL MEETING

ARTICLE 7 - The General Assembly is the shareholders' meeting, which may be attended by themselves or by representatives constituted pursuant to the Law, in order to deliberate on matters of the Company's interest.

ARTICLE 8 - Without prejudice to the provisions in article 123, sole paragraph, of Law 6,404/76, the General Assembly shall be convened, installed and presided over by the Chairman of the Board of Directors, or in his absence, by the Vice-Chairman of the Board of Directors or, in their absence, by an Officer appointed by the Chairman of the Board of Directors, and shall have the following attributions, without prejudice to the other duties set forth by law

- i. reform the Bylaws;
- ii. elect or dismiss, at any time, the members of the Board of Directors (and of the Fiscal Council, when installed) of the Company, as well as define the number of positions in the Board of Directors (and of the Fiscal Council, when installed);
- iii. designate the Chairman and Vice-Chairman of the Board of Directors;

- iv. take, annually, the management accounts and deliberate about the financial statements presented by them, the destination of the net profit of the fiscal year;
- v. approve the issuance of shares, subscription warrants, debentures convertible into shares of its own issuance or any securities, securities or other rights or interests that are exchangeable or convertible into shares of its own issuance, without prejudice to the powers of the Board of Directors set forth in Article 5 and Article 17(g);
- vi. deliberate about the evaluation of assets with which the shareholder contributes for the formation of the capital stock;
- vii. resolve on the transformation, merger, incorporation (including merger of shares) and spin-off of the Company, or any other form of restructuring of the Company;
- viii. deliberate about the Company's dissolution and liquidation and elect and dismiss liquidator(s);
- ix. examine and approve the liquidator(s) accounts;
- x. defining the annual global remuneration of the members of the Board of Directors, Executive Board and Fiscal Council, if installed; and
- xi. approve the execution of transactions with related parties, as defined in the applicable accounting rules, the individual or aggregate amount of which throughout a fiscal year exceeds one hundred million reais (R\$100,000,000.00), observed that the shareholders representing related parties in the transaction shall abstain from voting.

Sole Paragraph - The value mentioned in item (xi) of Article 8 will be corrected annually from January 1, 2023, due to the positive variation, occurred in the previous year, of the National Broad Consumer Price Index - IPCA, calculated and disclosed by the Brazilian Institute of Geography and Statistics - IBGE, or another index that will replace it.

ARTICLE 9 - For any resolution of the General Assembly, the approval of shareholders representing, at least, the majority of votes of those present shall be necessary, blank votes not being counted, save the exceptions foreseen by law and applicable regulations.

ARTICLE 10 - The Ordinary General Assembly shall have the attributions established by law and shall be held within the first four-month period subsequent to the closing of the fiscal year.

Sole Paragraph - Whenever necessary the General Assembly may be installed on an extraordinary basis, and may be held concomitantly with the Ordinary General Assembly.

CHAPTER IV ADMINISTRATION

ARTICLE 11 - The Board of Directors and the Executive Board shall be in charge of the Company's management.

Paragraph 1 - The managers' investiture is conditioned to the execution of instrument of investiture, which shall contemplate their subjection to the arbitration clause referred to in Article 42.

Paragraph 2 - The term of office of the members of the Board of Directors and Executive Officers shall extend until the investiture of their respective successors.

Paragraph 3 - Minutes shall be drawn up in a proper book of the meetings of the Board of Directors and the Board of Executive Officers, which shall be signed by the members of the Board of Directors and the Executive Officers present, as the case may be.

Section I Board of Directors

ARTICLE 12 - The Board of Directors is formed by at least three (3) and at most nine (9) members, elected and dismissible by the General Assembly, with a unified term of office of two (2) years, reelection being allowed.

Paragraph 1 - Except in the case of election of the members of the Board of Directors by means of the multiple vote procedure, in the event of vacancy in the position of Board Member, it shall be incumbent upon the Board of Directors to elect a substitute to fill the position on a definitive basis until the end of the respective term of office. In the event of simultaneous vacancy of most of the positions, the General Meeting shall be convened to hold a new election.

Paragraph 2 - At least two (2) or twenty percent (20%), whichever is higher, of the members of the Board of Directors shall be independent members, as per the definition in the Novo Mercado Listing Rules. 6,404/76, in the event of controlling shareholder.

Paragraph 3 - When, as a result of the calculation of the percentage referred to in the paragraph above, the result generates a fraction number, the Company shall proceed with the rounding up to the immediately superior whole number.

ARTICLE 13 - The Board of Directors shall have one (1) Chairman and one (1) Vice Chairman, elected by the General Assembly.

Paragraph 1 - The positions of Chairman of the Board of Directors and Chief Executive Officer or main executive of the Company may not be accumulated by the same person.

Paragraph 2 - In the event of vacancy of the Chairman's position or impediment of the Chairman, the Vice Chairman shall automatically take over such position, remaining until the end of the respective term of office or, should a General Meeting be convened for the election of a new Chairman, until his respective investiture.

Paragraph 3 - In the event of vacancy of any Vice Chairman position, the Board of Directors shall elect his deputy pursuant to Article 12, paragraph 1 herein.

Paragraph 4 - In the event of Chairman's absence or temporary impairment, the Board of Directors' meetings shall be chaired by the Chairman.

ARTICLE 14 - The Board of Directors shall meet, ordinarily, at least six times a year, to review the Company's financial and other results and to review and monitor the annual investment plan, and extraordinarily, at any time, whenever necessary.

Paragraph 1 - It is incumbent upon the Chairman or, in the Chairman's absence, the Vice-Chairman to call the meetings of the Board of Directors, on his own initiative or at the written request of any board member.

Paragraph 2 - The Board of Directors' meeting calls shall be made by electronic means or letter, at least seven (7) days prior to the date of each meeting, specifying time and place for the first and, if applicable, second call, and including the agenda. Any proposal and all documentation necessary and related to the agenda must be made available to the Directors. The call may be waived whenever all of the acting Directors are present at the meeting, or by prior written agreement of the absent Directors.

Paragraph 3 - The minimum "quorum" required for the instatement of the Board of Directors' meetings is the presence of at least half of its acting members, at first call, and of any number of Board members, at second call, considering present, including those represented as authorized herein.

ARTICLE 15 - The meetings of the Board of Directors shall be presided over by its Chairman and in his absence, by the Vice-Chairman of the Board of Directors.

Paragraph 1 - The Board of Directors' resolutions shall be taken by the favorable vote of the majority of its members present, pursuant to the provisions of Article 14, paragraph 3 herein. The members of the Board of Directors may participate in the meetings of the Board of Directors by means of conference call, videoconference or by any other means of electronic communication, which allows the identification of the member and simultaneous communication with all other persons attending the meeting. In this case, the members of the board of directors shall be considered present at the meeting and must subsequently sign the corresponding minutes.

Paragraph 2 - The Chairman or, in his absence, the Vice-Chairman of the Board of Directors, will have, in addition to its own vote, the deciding vote, in the event of a tie voting due to the eventual composition of a pair number members of Board of Directors.

Paragraph 3 - In the event of absence or temporary impediment not resulting from a conflict of interest of any member of the Board of Directors, the absent member of the Board of Directors may appoint, in writing, among the other members of the Board of Directors, the one who shall replace him/her. In this case, the director replacing the temporarily absent or impeded director as provided above shall, in addition to his own vote, cast the vote of the replaced director.

ARTICLE 16 - The Board of Directors shall approve any amendments to the Internal Regulations and shall elect an Executive Secretary, who shall be in charge of performing the duties defined in the Internal Regulations, as well as issuing certificates and attesting, before third parties, the authenticity of the deliberations taken by the Board of Directors.

ARTICLE 17 - In addition to the powers established by law, the Board of Directors shall be responsible for

- (a) to set the general direction of the Company's business;
- (b) approving or altering the Company's investment plan;
- (c) electing and dismissing the Company's Officers, establishing their attributions and appointments;
- (d) deciding on the individual compensation of the Board of Directors and the Executive Officer;
- (e) inspecting the management of the Executive Officers, examining, at any time, the Company's books and papers, requesting information on contracts signed or about to be signed and any other acts;
- (f) to call a General Meeting of Stockholders;
- (g) expressing an opinion on the Management report, the Executive Board's accounts and the Company's financial statements;

- (h) deciding on the issue of shares, subscription warrants or debentures convertible into shares up to the limit of authorized capital, setting the respective price and conditions of payment;
- (i) choosing and dismissing the independent auditors, with due regard for the recommendation of the Audit Committee;
- (j) issuing an opinion on any proposal by the Executive Board to the General Meeting;
- (k) authorizing the acquisition of shares of the Company itself, for the purpose of cancellation or holding in treasury, with due regard for applicable regulations;
- (l) developing, jointly with the Executive Board, and approving a plan for the participation of employees and managers in the Company's results and the granting of additional benefits to employees and managers linked to the Company's results ("Profit Sharing Plan");
- (m) establish the amount of the employees' and managers' participation in the Company's results, observing the pertinent legal provisions, the Bylaws and the Profit Sharing Plan in effect. The amounts spent or accrued in each fiscal year as participation of employees and managers in the results, and also in relation to the granting of stock options for the Company, shall be limited to 15% (fifteen percent) of the result of each fiscal year, after the deductions of Article 189 of Law no. 6,404/76, with due regard for the legal provisions in force. 6,404/76, observing that the participation of employees and managers in the results may not exceed the annual compensation of the managers or 0.1 (one tenth) of the profits, whichever is smaller, under the terms of Paragraph 1 of Article 152 and Article 190 of Law 6,404/76;
- (n) establishing the limit of shares to be issued under the Company's Stock Option Plan previously approved by the General Meeting, with due regard for the limit of authorized capital and the limit provided for in item "m" above;

- (o) establishing Committees, which will be responsible for elaborating proposals or making recommendations to the Board of Directors, defining their respective attributions in accordance with the provisions of these Bylaws and setting the compensation of their members;
- (p) resolving on the acquisition, disposal, creation of liens, encumbrance on any assets, including real estate, of the Company or the making of any other investment by the Company in an individual or aggregate amount over a fiscal year equivalent or that exceeds the amount corresponding to 0.3% (zero point three percent) of the Company's net income at the time, as determined in its most recent balance sheet or quarterly financial statement;
- (q) to decide on (i) any financial operation involving the Company, including the granting or taking of loans, in an amount exceeding, per transaction, ½ (half) of the EBITDA (Earnings before Interest, Income Taxes, Depreciation and Amortization), as determined in the consolidated financial statements for the fiscal year prior to the respective operation, and (ii) any issue of debentures that are not convertible into shares;
- (r) to resolve on any association of the Company with third parties that involves individual or aggregate investment over a fiscal year that exceeds the amount in Reais equivalent to US\$ 50,000,000.00 (fifty million U.S. dollars) or exceeds the amount corresponding to 1% (one percent) of the Company's net equity at the time, as determined in its most recent balance sheet or quarterly financial statements, whichever amount is greater;
- (s) to resolve, regardless of the transaction amount, on the acquisition of equity interest by the Company in other companies, partnerships, associations (whether for profit or not) and/or consortium;
- (t) to resolve on the granting of guarantees by the Company, of any nature and value, in relation to obligations assumed with third parties that are not controlled by the Company, setting the limits within which the Company's Officers may approve the granting of guarantees without prior authorization of the Board of Directors;

- (u) preparing and disclosing a grounded opinion, favorable or against the acceptance of any public offer for the acquisition of shares that have as their object the shares issued by the Company, under the terms of the Novo Mercado Regulations; e
- (v) to decide on any alteration to the Company's dividend distribution policy.

Sole Paragraph - In the case of decisions to be made by the corporate bodies of companies that are controlled by the Company, or in which the Company elects members of the Board of Directors or the Executive Board, it will be incumbent upon the Board of Directors to guide the vote of the Company's managers, in the case of decisions taken at a general meeting, partners' meeting or equivalent body, or the vote of the managers elected or nominated by the Company for the management bodies of such companies, when the resolution falls under items (p), (q), (r), (s) and (t) of this Article, calculating the parameters referred to therein based on the most recent balance sheet or quarterly financial statements of the controlled or invested companies.

Section II Audit Committee and Other Auxiliary Management Bodies

ARTICLE 18 - The Audit Committee, an advisory body attached to the Board of Directors, is composed of at least three (3) members, at least one (1) of whom is an independent board member, and at least one (1) must have recognized experience in corporate accounting matters.

Paragraph 1 - The same member of the Audit Committee may accumulate both characteristics referred to in the caput.

Paragraph 2 - The members of the Audit Committee must be elected by the Board of Directors and meet the applicable independence requirements provided for in the rules of the Brazilian Securities and Exchange Commission and the Novo Mercado Regulation.

Paragraph 3 - The activities of the Coordinator of the Audit Committee are defined in its internal regulation, approved by the Board of Directors.

ARTICLE 19 - The members of the Audit Committee shall be elected by the Board of Directors for a term of office of two (2) years, reappointment for successive terms of office being allowed, in compliance with the terms of the Board of Directors' internal regulation.

Paragraph 1 - During the course of their mandates, the members of the Audit Committee may only be replaced in the following cases:

- (a) death or resignation;

- (b) unjustified absence to three (3) consecutive meetings or six (6) alternate meetings per year; or
- (c) reasoned decision by the Board of Directors.

Paragraph 2 - In the event of vacancy in the office of Audit Committee member, it shall be incumbent upon the Board of Directors to elect the person who shall complete the term of office of the replaced member.

Paragraph 3 - It is incumbent upon the Audit Committee, among other matters:

- (a) to opine on the hiring and dismissal of independent audit services;
- (b) evaluate the management report, the financial statements, interim statements and the Company's quarterly information, making the recommendations deemed necessary to the Board of Directors;
- (c) to monitor the activities of the Company's internal audit and internal controls area;
- (d) evaluating and monitoring the Company's risk exposures;
- (e) evaluating, monitoring and recommending to management the correction or improvement of the Company's internal policies, including the policy of transactions between related parties; and
- (f) have means for receiving and treating information about the noncompliance with legal provisions and norms applicable to the Company, in addition to internal regulations and codes, including the forecast of specific procedures for protecting the supplier and the confidentiality of the information.

ARTICLE 21 - The Board of Directors may constitute other Committees, with the composition it determines, which shall have the function of receiving and analyzing information, elaborating proposals or making recommendations to the Board of Directors, in their specific areas of operation, as may be established in their internal regulations, to be approved by the Board of Directors.

Sole Paragraph - The members of the Committees created by the Board of Directors will have the same duties and responsibilities as those of the managers.

Section III The Board of Executive Officers

ARTICLE 22 - The Board of Executive Officers shall comprise at least 3 (three) and at most 8 (eight) members, shareholders or not, resident in the country, elected and dismissible by the Board of Directors, 1 (one) of whom shall necessarily be appointed as Chief Executive Officer and 1 (one) as Investor Relations Officer, and there may also be 1 (one) Chief Financial Officer, 1 (one) Commercial Vice-President Officer, 1 (one) Operating Vice-President Officer and the other Executive Vice-Presidents and Officers without special designation, and overlapping of these positions is allowed.

Sole Paragraph - The term of management of the members of the Board of Executive Officers is two (2) years, reelection being allowed.

ARTICLE 23 - The Officers shall carry out the general duties set forth in these ByLaws and those assigned to them by the Board of Directors, keeping mutual collaboration and aiding each other in the exercise of their positions and duties.

Paragraph 1 - The specific duties and titles of each one of the Executive Officers shall be defined by the Board of Directors.

Paragraph 2 - In the cases of temporary or definite vacancy, absence, leave of absence, impediment or removal, the Officers shall replace one another as follows:

- (a) in case of absence or temporary impediment that does not arise from a situation of conflict of interest of the Chief Executive Officer, he shall appoint a person to replace him; and, in case of vacancy, the Board of Directors shall elect a replacement within up to thirty (30) days, who shall complete the term of office of the replaced Chief Executive Office;
- (b) in case of absence or temporary impediment of the other Officers, they shall be replaced by the Chief Executive Officer and, in case of vacancy, the Board of Directors shall elect a substitute within thirty (30) days, who shall complete the term of office of the replaced Officer.

ARTICLE 24 - The Board of Directors shall meet when convened by the Chief Executive Officer, or also when convened by half of the acting Officers.

Sole Paragraph - The minimum quorum for the installation of the Board of Directors' meetings is of at least one third (1/3) of its acting members, and its deliberations shall be made by majority vote of those present. In the event of a tie in the deliberations of matters subject to the approval of the Board of Executive Officers, such matter shall be submitted to the approval of the Board of Directors.

ARTICLE 25 - In addition to the duties and responsibilities which may be assigned by the General Assembly and by the Board of Directors, it is incumbent upon the Executive Board, without prejudice to other legal attributions:

- (i) to manage the corporate business and enforce these Bylaws;
- (ii) to comply with the corporate purpose;
- (iii) approving plans, programs and general operating, management and control norms in the interest of the Company's development, observing the guidelines established by the Board of Directors;
- (iv) preparing and submitting to the Annual General Meeting a report on the Company's business activities, instructing them with the Balance Sheet and Financial Statements legally required for each fiscal year, as well as the respective opinions of the Audit Committee, when applicable;
- (v) directing all the Company's activities, giving them the guidelines set by the Board of Directors and appropriate to the achievement of its objectives;
- (vi) proposing to the Board of Directors the investment plans and programs;
- (vii) authorizing the opening and closing of branches, agencies, branches, warehouses and/or the establishment of delegations, offices and representations anywhere in Brazil or abroad;
- (viii) expressing an opinion on the matters on which the Board of Directors may request specific appraisal; and
- (ix) developing, jointly with the Board of Directors, and executing the Profit Sharing Plan.

ARTICLE 26 - It is the Chief Executive Officer's duty, especially

- (a) to plan, coordinate, direct and manage all of the Company's activities, exercising executive and decision-making functions, except for those activities that must be performed with a report to the Board of Directors or its committees;

- (b) to exercise general supervision over all the Company's business, coordinating and guiding the activities of the other Executive Officers;
- (c) convening and installing the meetings of the Executive Board;
- (d) coordinating and conducting the process of approving the annual/multi-annual budget and the investment and expansion plan with the Board of Directors; and
- (e) suggesting appointments and respective candidates for positions in the Company's Executive Board and submitting such suggestion to the approval of the Board of Directors.

ARTICLE 27 - In addition to the duties conferred by the Board of Directors and other duties conferred by applicable law or regulation, the Investor Relations Officer shall be especially responsible for

- (a) to represent the Company separately before the Brazilian and foreign Securities and Exchange Commission ("CVM"), other controlling entities and other institutions of the financial and capital markets;
- (b) to provide information to the investing public, the CVM, the stock exchanges on which the Company has its securities admitted for trading and other bodies related to the activities developed in the capital markets, pursuant to applicable legislation, in Brazil and/or abroad; and
- (c) to take measures to keep the registration as publicly-held company updated before CVM.

ARTICLE 28 - It is incumbent upon the Chief Financial Officer, in addition to the duties conferred by the Board of Directors, to:

- (a) to exercise the management of the Company's administrative services, financial operations and risks;

- (b) participating in the formulation and execution of the Company's strategies and business plans; and
- (c) managing human resources, administering material resources and outsourced services of its competence area.

ARTICLE 29 - In addition to the duties conferred by the Board of Directors, the Commercial Vice-President Officer shall be especially in charge of:

- (a) to act in the definition of the Company's strategic planning;
- (b) to define and execute the sales plan;
- (c) to manage the quality of sales; and
- (d) communicating primarily to disseminate information to the public of interest to the Company.

ARTICLE 30 - It is incumbent upon the Operating Vice-President Officer, in addition to the duties conferred upon him by the Board of Directors, to:

- (a) to establish trade guidelines and operations;
- (b) to manage material and financial resources;
- (c) to direct trade operations;
- (d) establish branch offices and commercial representations; and
- (e) to communicate in seminars, lectures, interviews and in contacts and commercial negotiations with clients and distributors.

ARTICLE 31 - It is incumbent upon the other Officers to assist the Chief Executive Officer in all the tasks he shall assign them, carry out the activities related to the duties granted to them by the Board of Directors and practice all the acts necessary for the regular operation of the Company, provided they are authorized by the Board of Directors.

ARTICLE 32 - The Officers shall represent the Company actively and passively, in and out of court and before third parties, practicing and signing all acts binding the Company.

Paragraph 1 - In the acts of appointing attorneys-in-fact, the Company shall be represented by two (2) Officers, jointly. The powers of attorney on behalf of the Company shall contain validity term, except those for judicial purposes, in addition to the description of powers granted, which may encompass any and all acts, including those of banking nature.

Paragraph 2 - For the acts involving acquisition, encumbrance or disposal of assets, including real estate, as well as the acts of appointing attorneys-in-fact for such practices, the Company shall be represented, mandatorily, by 2 (two) Officers, 2 (two) attorneys-in-fact or 1 (one) Officer and 1 (one) attorney-in-fact, jointly, and 1 (one) of them must be the Chief Executive Officer or an attorney-in-fact appointed by 2 (two) Officers, and one of them must be the Chief Executive Officer.

Paragraph 3 - The Company shall be deemed bound when represented:

- (a) jointly by 2 (two) Executive Officers;
- (b) jointly by 1 (one) Officer and one (1) attorney-in-fact, appointed pursuant to these Bylaws;
- (c) jointly by 2 (two) attorneys-in-fact, appointed under the terms of these By-Laws; or
- (d) individually, by an attorney-in-fact or by an Officer, in special cases, when so designated in the respective power of attorney and according to the extent of the powers contained therein.

CHAPTER V FISCAL COUNCIL

ARTICLE 33 - The Company shall have a non-permanent Fiscal Council, composed of 3 (three) to 5 (five) effective members and an equal number of deputy members.

Paragraph 1 - The Fiscal Council shall only be installed upon request of the Company's shareholder(s), in compliance with the applicable legislation.

Paragraph 2 - The Fiscal Council, if installed, shall approve its internal regulation, which shall set forth the general rules of its operation, structure, organization and activities.

Paragraph 3 - The term of office of the Fiscal Council's members, whether effective or deputy, shall be conditioned to the previous signature of the instrument of investiture, which shall contemplate their submission to the arbitration clause referred to in Article 42.

CHAPTER VI FISCAL YEAR AND FINANCIAL STATEMENTS

ARTICLE 34 - The fiscal year shall end in December 31 of each year, when the balance sheet shall be drawn up and the financial statements required by the legislation in force shall be prepared.

ARTICLE 35 - The Company may, at the Board of Directors' discretion, draw up quarterly or half-yearly balance sheets.

CHAPTER VII ALLOCATION OF PROFITS

ARTICLE 36 - Once the balance sheet is drawn up, the following rules shall be complied with as to the distribution of the result ascertained:

- (i) from the result of the fiscal year shall be deducted, before any participation, the accumulated losses and the provision for Income Tax;
- (ii) after deduction of the portions described in item (a) above, the amount to be distributed as participation of the employees and managers in the Company's results will be deducted, as determined by the Board of Directors in compliance with the Profit Sharing Plan, under the terms and limits of items "l" and "m" of Article 17 of these Bylaws;
- (c) the remaining profits will be allocated as follows:
 - (a) five percent (5%) to the legal reserve fund until it reaches twenty percent (20%) of the capital stock;
 - (b) amounts intended for the constitution of a contingency reserve, if deliberated by the General Assembly;
 - (c) twenty-five percent (25%) for the payment of the mandatory dividend, according to Paragraph 1 below; and
 - (d) the profit not allocated to the reserve referred to in Paragraph 2 of this Article, nor retained pursuant to Article 196 of Law 6,404/76, shall be distributed as additional dividend.

Paragraph 1 - The mandatory dividend shall be calculated and paid according to the following rules:

- (a) the calculation basis of the dividend will be the net profit of the fiscal year minus the amounts destined to the constitution of the legal reserve and of reserves for contingencies, and increased by the reversal of the reserves of contingencies formed in previous fiscal years;
- (b) the payment of the dividend determined under the terms of the previous item may be limited to the amount of the net profit of the fiscal year that has been realized under the terms of the law, provided that the difference is registered as a reserve of profits to be realized; and
- (c) the profits recorded in the unrealized profit reserve, when realized and if not absorbed by losses in subsequent fiscal years, shall be added to the first dividend declared after the realization.

Paragraph 2 - A Reserve for Expansion is hereby created, the purpose of which shall be to secure funds to finance additional fixed and current capital investments and shall be formed with up to 100% of the net income remaining after the allocations referred to in items (i), (ii) and (iii) of item (c) of the caput, and the total of this reserve may not exceed the Company's capital stock.

Paragraph 3 - The Board of Directors may approve the preparation of half-yearly, quarterly or shorter balance sheets and declare dividends or interest on own capital to the account of the profit calculated in such balance sheets, in compliance with the legal limits, as well as declare interim dividends to the account of retained earnings or reserves. The dividends or interest on own capital thus declared shall constitute advance payment of the mandatory dividend.

Paragraph 4 - The Company may pay or credit interest as remuneration on own capital calculated on the Net Equity accounts, in compliance with the rate and limits defined by law.

ARTICLE 37 - The amount of dividends shall be made available to the shareholders within 60 (sixty) days as of the date they are attributed, and may be monetarily restated, as determined by the Board of Directors, in compliance with the pertinent legal provisions.

CHAPTER VIII SETTLEMENT

ARTICLE 38 - The Company shall go into liquidation in the legal cases, and it shall be incumbent upon the General Assembly to establish the liquidation mode, elect the liquidator and the Fiscal Council that shall operate during the liquidation, determining their remuneration.

CHAPTER IX ALIENATION OF SHAREHOLDING CONTROL

ARTICLE 39 - The direct or indirect disposal of the Company's control, whether by means of a single operation or successive operations, shall be contracted under the condition that the acquirer of control undertakes to make a public offering for acquisition of shares having as their object the shares issued by the Company held by the other shareholders, pursuant to the conditions and terms foreseen in the legislation and regulations in force and in the New Market Regulation, so as to ensure them equal treatment to that given to the seller.

CHAPTER X ACQUISITION OF RELEVANT STAKE IN THE COMPANY

ARTICLE 40 - Any person, shareholder or Group of Shareholders, who acquires or becomes the holder, by means of a single operation or successive operations ("Acquiring Shareholder"): (a) of a direct or indirect interest equal to or greater than twenty-five percent (25%) of the total shares issued by the Company, excluding treasury shares; or (b) any other shareholders' rights, including usufruct or trust, over shares issued by the Company representing a percentage equal to or higher than twenty-five percent (25%) of the total shares issued by the Company, excluding treasury shares ("Relevant Holding"), shall conduct a public offering for the acquisition of all shares issued by the Company or request registration with the CVM and B3, as the case may be, within no more than thirty (30) days from the date of the last transaction that resulted in the attainment of the Relevant Shareholding, with the following minimum requirements, pursuant to the provisions of the applicable regulations of the CVM, the regulations of B3 and the terms of this Article ("POS"):

- (a) be directed indistinctly to all shareholders of the Company for the acquisition of all shares issued by the Company;
- (b) the price offered must correspond to at least the highest value among: (i) the Economic Value ascertained in an appraisal report; (ii) the highest price paid by the Acquiring Shareholder in the twelve (12) months preceding the achievement of the Relevant Shareholding; and (iii) 125% (one hundred and twenty five percent) of the weighted average unit price of the shares issued by the Company during the period of one hundred and twenty (120) trading sessions prior to the holding of the Tender Offer; and
- (c) be carried out at auction to be held at B3.

Paragraph 1 - The conduction of the Tender Offer referred to in the caput of the Article herein shall not exclude the possibility for another person or shareholder to conduct a competing Tender Offer, pursuant to the applicable regulation.

Paragraph 2 - The obligations set forth in Article 254-A of Law 6,404/76 and in Article 39 herein do not exclude the performance by the Acquiring Shareholder of the obligations set forth in the Article herein.

Paragraph 3 - The Acquiring Shareholder shall be bound to meet the occasional ordinary requests or requirements from CVM and B3 relative to the Tender Offer, within the maximum terms determined in the applicable regulation.

Paragraph 4 - The obligation to carry out the Tender Offer as set forth in the Article 40 herein shall not apply in the event of a person, shareholder or Group of Shareholders becomes the holder of shares issued by the Company should the relevant interest be reached due to: (a) of corporate operations of merger, incorporation or incorporation of shares involving the Company, (b) in case of acquisition, via private capital increase or subscription of shares held in a primary offering by those who have the preemptive right or also, in case of acquisition, via private capital increase or subscription of shares held in a primary offering, due to the amount has not been fully subscribed by those who have the preemptive right or that has not had a sufficient number of interested parties in the respective distribution; and (c) in the cases of public offerings of distribution of shares (including public offerings of restricted efforts).

Paragraph 5 - For the purpose of calculation of the Relevant Shareholding percentage, involuntary shareholding increases resulting from cancellation of treasury shares, share buybacks or reduction of the Company's capital stock with the cancellation of shares shall not be computed.

Paragraph 6 - For the purposes of the provisions of this Article 40, the following terms shall have the meanings defined hereunder:

“Group of Shareholders” means the group of persons: (i) bound by voting agreement (including, without limitation, any natural or legal person, investment fund, condominium, securities portfolio, universality of rights, or other form of organization, resident, domiciled or headquartered in Brazil or abroad), either directly or through controlled companies, controllers or under common control; or (ii) among which there is a control relationship; or (iii) under common control; or (iv) acting representing a common interest. Examples of persons representing a common interest include: (a) a person holding, directly or indirectly, an equity interest equal to or greater than fifteen percent (15%) of the capital stock of the other person; and (b) two persons having a third common investor that holds, directly or indirectly, an equity interest equal to or greater than fifteen percent (15%) of the capital stock of each of the two persons. Any joint ventures, investment funds or clubs, foundations, associations, trusts, condominiums, cooperatives, consortiums, securities portfolios, universality of rights, or any other forms of organization or undertaking, constituted in Brazil or abroad, will be considered part of a same Group of Shareholders, whenever two or more among such entities are: (c) administered or managed by the same legal entity or by parties related to the same legal entity; or (d) have in common the majority of their managers, being certain that, in the case of investment funds with a common manager, only those whose decision on the exercise of votes in General Meetings, under the terms of the respective regulations, is the responsibility of the manager, on a discretionary basis, shall be considered as members of a Shareholders Group.

“Economic Value” means the value of the Company and its shares that may be determined by a first class financial institution with operations in Brazil, by using the discounted cash flow method.

ARTICLE 41 - The Public Tender Offer referred to in Article 40 above may be dismissed by the General Assembly, subject to the terms below.

Paragraph 1 - The General Meeting shall be installed at first call with the attendance of shareholders representing, at least, two thirds (2/3) of total outstanding shares.

Paragraph 2 - Should the quorum of paragraph 1 not be reached, the General Meeting may be installed on second call, with the presence of any number of shareholders holding outstanding shares.

Paragraph 3 - The deliberation on the exemption of the public offer of shares must occur by the majority of votes of the holders of outstanding shares present in the General Meeting, excluding the Acquiring Shareholder’s votes.

CHAPTER XI FINAL PROVISIONS

ARTICLE 42 - The Company, its shareholders, managers, members of the Fiscal Council, effective and substitute, if any, undertake to solve by means of arbitration, before the Market Arbitration Chamber, pursuant to its regulation, any controversy that may arise among them, related to or arising from their condition as issuer, shareholders, managers, and members of the Fiscal Council, especially arising from the provisions contained in Law no. 6. 385, of December 7, 1976, Law 6,404/76, the Company’s Bylaws, the rules edited by the National Monetary Council, by the Central Bank of Brazil and by the Securities and Exchange Commission, as well as the other rules applicable to the operation of the capital markets in general, besides those contained in the Novo Mercado Regulations, in the other regulations of B3 and in the Novo Mercado Participation Agreement.

ARTICLE 43 -The Company shall indemnify and hold harmless its managers, members of statutory committees, fiscal councilors and other employees exercising management position or function in the Company, in the event of any damage or loss effectively suffered by such persons by virtue of the regular exercise of their functions in the Company, even if the beneficiary no longer exercises the position or function for which he/she was elected or exercised in the Company and/or any of its controlled or affiliated companies (“Beneficiaries”).

Paragraph 1 - The indemnity shall only be due after the use and only in supplemental character to eventual coverage of civil liability insurance granted by the Company and/or any of its controlled or affiliated companies (“D&O Insurance”). The payments to be made by the Company shall correspond to the exceeding amount covered by D&O Insurance and observed the limits set forth in the indemnity agreement to be entered into between the Company and the Beneficiary, as referred to in Paragraph 4 below (“Indemnity Agreement”).

Paragraph 2 - The Indemnity Agreement may provide for exception situations in which the Company makes advances to the Beneficiaries, provided that the payment of such advances is previously approved by the Board of Directors and the D&O Insurance is activated prior to the payment of the advance by the Company.

Paragraph 3 - Without prejudice to other situations set forth in the Indemnity Agreement, acts performed out of the exercise of the Beneficiaries’ duties, in disagreement with the applicable laws, regulations or administrative decisions, the Bylaws and the policies and codes, performed out of the normal course of business, with bad faith, malice, serious fault or fraud, in their own interest or of third parties or detrimental to the corporate interest, shall not be subject to indemnity. In case any Beneficiary is condemned, by final and unappealable court decision, or a definitive decision of any regulator or governmental body having jurisdiction, due to an act not subject to indemnity, he/she shall reimburse the Company for all costs and expenses effectively paid or, as the case may be, anticipated to the Beneficiary, as a result of the obligation assumed pursuant to the caput of this Article, under the terms of the Indemnity Agreement.

Paragraph 4 - The indemnity conditions object of this article shall guarantee the independence of decisions and ensure the Company’s best interest and shall be determined in the Indemnity Agreement to be approved by the Board of Directors and entered into between the Company and each one of the Beneficiaries.

ARTICLE 44 - The US dollar amounts mentioned in these By-Laws shall be used exclusively as reference base of monetary restatement and shall be converted into Brazilian Reais by the closing sales rate of the US dollar, disclosed by the Brazilian Central Bank.

ARTICLE 45 - The omitted cases shall be solved according to the legislation and regulation in force, including the New Market Regulation.

**DESCRIPTION OF SECURITIES REGISTERED
UNDER SECTION 12 OF THE U.S. SECURITIES EXCHANGE ACT OF 1934, AS AMENDED**

As of December 31, 2023, the registrant had the following series of securities registered pursuant to Section 12 of the U.S. Securities Exchange Act of 1934, as amended:

Title of Each Class	Trading Symbol	Name of Each Exchange on which Registered
Common Shares, without par value		New York Stock Exchange ¹
American Depositary Share, each representing five common shares	ASAI	New York Stock Exchange

(1) Not for trading, but only in connection with the listing of the American Depositary Shares on the New York Stock Exchange.

Capitalized terms used but not defined herein have the meanings given to them in our Annual Report on Form 20-F for the fiscal year ended December 31, 2023, or the annual report, to which this Exhibit 2.6 is an exhibit.

I. Description of Common Shares

Set forth below is certain information concerning our authorized and issued share capital and a brief summary of certain significant provisions of our bylaws and the Brazilian Corporate Law. This description does not purport to be complete and is qualified by reference to our bylaws and to the Brazilian Corporate Law.

A copy of an English translation of our bylaws is attached to our annual report as Exhibit 1.1. We encourage you to read our bylaws and the applicable sections of our annual report for additional information.

General

Our common shares are listed on the *Novo Mercado* listing segment of the B3, the highest level of corporate governance of B3.

Pursuant to our bylaws and the *Novo Mercado* Participation Agreement that we entered into with the B3, 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 “—Allocation 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.”

Allocation of Net Profits and Distribution of Dividends

Allocation of Net Profits

At each annual shareholders’ meeting, our board of executive officers and our board of directors are required to recommend how to allocate our net profit, if any, from the preceding fiscal year. This allocation 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 the 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 allocations 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 allocated to certain profit reserves or carried forward to future fiscal years, as follows:

Mandatory Minimum Dividend. Under the Brazilian Corporate Law and our bylaws, we must allocate 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 attributable to shareholders’ equity, which may be deducted by us in calculating our income and social contribution obligations. Adjusted net profit is net profit following the addition or subtraction of:

- amounts allocated to the formation of a legal reserve account; and
- amounts allocated to the formation of 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 profits not realized is allocated 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 the 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 general 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 the Brazilian Corporate Law and our bylaws, we are required to maintain a legal reserve to which we must allocate 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 allocations 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 allocated 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 allocate 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 allocation criteria and the maximum amount to be maintained in it. Currently, our bylaws provide for an expansion reserve (*reserva para 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 to our share capital. Our shareholders may amend our bylaws in order to establish other discretionary reserves. The allocation 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 allocated to the unrealized profit reserve account. Unrealized profit results 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 the 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 general 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 the 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 correction (*correção monetária*), 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 attributable to shareholders' equity cannot exceed the daily *pro rata* variation of the Long-Term Interest Rate (*Taxa de Juros de Longo Prazo*), or TJLP, a long-term interest rate, 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 on net profits, but before taking into account the provision for corporate 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 Sendas ADSs, 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 17%). See “—E. Taxation—Material Brazilian Tax Consequences—Material Brazilian Tax Consequences for Non-Resident Holders of Sendas Common Shares and Sendas ADSs—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.

Voting Rights

At our shareholders' meetings, each common share entitles the holder thereof to one vote. Pursuant to our bylaws and the *Novo Mercado* Participation Agreement that we entered into with the B3, 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 “—Allocation of Net Profits and Distribution of Dividends” 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.”

According to the Brazilian Corporate Law, holders of our common shares that are not controlling shareholders and represent at least 15% 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 general 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 Resolution No. 70, of March 22, 2022, 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 representing 5% of the voting capital may request the adoption of cumulative voting to elect the members of our board of directors.

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 our company;
- preemptive rights in the event of the issuance of shares, convertible debentures or warrants, except in certain specific circumstances under Brazilian 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 our company in the cases specified in the Brazilian Corporate Law, which are described under “—Withdrawal Rights.”

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 the 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 Vice Chairman 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 (2,000,000,000 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, amalgamate, merge our company with or into another company, spin-off or split our company, or any other form of restructuring of our company;
- the approval of any proposal for the dissolution or liquidation of our company, or for the appointment or replacement of the liquidator;

- the approval of the accounts of the liquidator;
- the establishment of the global annual compensation of the members of our board of directors and board of executive officers; and
- approve the execution of transactions with related parties, as defined in the applicable accounting rules, the individual or aggregate amount of which throughout a fiscal year exceeds one hundred million reais, observed that the shareholders representing related parties in the transaction shall abstain from voting.

Call of Shareholders' Meeting

The Chairman of our board of directors may call shareholders' meetings. In his absence, the meeting may be called by the Vice Chairman of our board of directors or, in their absence, by an 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 five percent 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 at least five percent 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; and
- our fiscal council, when installed, 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 general 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 the *Diário Oficial do Estado do Rio de Janeiro*, the official newspaper of the state of Rio de Janeiro, and in another widely circulated newspaper in the same state, which is currently Folha de S. 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 8 days before the date of the meeting on the second call. However, in certain circumstances, the CVM may require 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 that any proposal submitted to the shareholder violates applicable legislation.

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, which must be 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 issued and outstanding common shares on the first call 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 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 our 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.

Remote Voting

In accordance with CVM Resolution No. 81, dated March 23, 2022, we allow our shareholders to submit voting ballots before each shareholders' meeting. We must receive a shareholder's remote voting ballot (*boletim de voto à distância*) up to seven days before the applicable shareholders' meeting. We will inform each shareholder within three days of receipt of the remote voting ballot whether the documents received are sufficient for the vote to be considered valid.

Preemptive Rights on Increases in Share Capital

Under the 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 plans. 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 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—D. Risk Factors—Risks Relating to the Sendas Common Shares and the Sendas ADSs—You might be unable to exercise preemptive rights with respect to the Sendas common shares underlying the Sendas ADSs, as a result of which your investment may be diluted.”

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 our 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 our company to another corporate form; and
- a spin-off of our 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 general 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 10 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 a 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 has a department responsible for clearing (*Central Depositária B3*), which is also responsible for settlement and custody of the shares. The payment of dividends, bonuses and other corporate events is also managed by the Central Depository (*Central Depositária*).

Other Dispositions

In addition to the provisions already described in this annual report, the Brazilian Corporate Law, our bylaws, and current regulations set forth, among others, that:

- 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 100% of the control price;
- if provided for in the bylaws, as it is our case, disputes among shareholders will be subject to arbitration;
- 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 taking into account the total number of outstanding shares;
- members of our board of directors elected by the non-controlling shareholders will have the right to veto the choice of the independent auditor made by the members elected by the controlling shareholders;
- 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.

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; or (iv) by one executive officer or one attorney-in-fact, in special circumstances and always in accordance with the powers provided to each.

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; or (iv) an attorney-in-fact duly appointed by two executive officers of whom one must be the chief executive officer.

Sale of Control of Our Company

In the event of a sale of our company's corporate control directly or indirectly, through 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 40 of our bylaws) that acquires, whether through a single transaction or through a series of transactions: (1) direct or indirect ownership of more than 25% of our shares (excluding treasury shares); or (2) any other shareholders rights, including usufructuary enjoyment or establishment of a trust, concerning more than 25% of our shares (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 40 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 the 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 our company;
- if our company purchases another company through a private increase in corporate capital or subscription of shares by primary offering by any person who has pre-emption rights;
- if our company purchases another company through a private increase in corporate capital or subscription of shares by primary offering due to the lack of full payment by any person who has pre-emption rights or did not have 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 our company 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 a general 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 a general 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 (*Câmara de Arbitragem do Mercado*) of the 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 the Law 6,385, of December 7, 1976, in the Brazilian Corporate Law, in our bylaws, in the regulation issued by the CMN, the Central Bank and 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* regulations, other regulations of the B3, and the *Novo Mercado* Participation Agreement.

II. Description of American Depositary Shares

Set forth below is certain information concerning the American Depositary Shares representing Sendas common shares (the "Sendas ADSs"). This description does not purport to be complete and is qualified by reference to the deposit agreement dated February 19, 2021, entered into between Sendas and the Sendas Depositary and the owners and holders from time to time of Sendas ADSs issued thereunder (as amended on August 16, 2021, the "Sendas Deposit Agreement").

A copy of the form of Sendas Deposit Agreement (including in the form of American Depositary Receipt representing Sendas ADSs) is attached to our annual report as Exhibits 2.1 and 2.2. We encourage you to read the Sendas Deposit Agreement and the applicable sections of our annual report for additional information.

General

JPMorgan Chase Bank, N.A. ("JPMorgan"), as Sendas Depositary, has issued the Sendas ADSs. Each Sendas ADS represents an ownership interest in a designated number or percentage of Sendas common shares which we have deposited with the Sendas ADS Custodian, as agent of the depositary, under the deposit agreement among ourselves, the depositary, yourself as an American depositary receipt holder ("ADR holder"), and all other ADR holders, and all beneficial owners of an interest in the ADSs evidenced by ADRs from time to time. In the future, each ADS will also represent any securities, cash or other property deposited with the depositary but which they have not distributed directly to you. Unless certificated ADRs are specifically requested by you, all ADSs will be issued on the books of our depositary in book-entry form and periodic statements will be mailed to you which reflect your ownership interest in such ADSs. In this "Description of American Depositary Shares," references to American depositary receipts or ADRs shall mean ADRs evidencing Sendas ADSs and shall include the statements you will receive which reflect your ownership of Sendas ADSs. In addition, in this "Description of American Depositary Shares," "ADSs" will refer to the Sendas ADSs, "shares" will refer to Sendas common shares, "depositary" will refer to the Sendas Depositary and "custodian" will refer to the Sendas ADS Custodian.

The depositary's office is located at 383 Madison Avenue, Floor 11, New York, NY 10179.

You may hold ADSs either directly or indirectly through your broker or other financial institution. If you hold ADSs directly, by having an ADS registered in your name on the books of the depositary, you are an ADR holder. This description assumes you are an ADR holder and hold your ADSs directly. If you have a beneficial ownership interest in ADSs but hold the ADSs through your broker or financial institution nominee, you are a beneficial owner of ADSs and must rely on the procedures of such broker or financial institution to assert the rights of an ADR holder described in this section. You should consult with your broker or financial institution to find out what those procedures are. If you are a beneficial owner, you will only be able to exercise any right or receive any benefit under the deposit agreement solely through the ADR holder which holds the ADR(s) evidencing the ADSs owned by you, and the arrangements between you and such ADR holder may affect your ability to exercise any rights you may have. For all purposes under the deposit agreement, an ADR holder is deemed to have all requisite authority to act on behalf of any and all beneficial owners of the ADSs evidenced by the ADR(s) registered in such ADR holder's name. The depositary's only notification obligations under the deposit agreement shall be to the ADR holders, and notice to an ADR holder shall be deemed, for all purposes of the deposit agreement, to constitute notice to any and all beneficial owners of the ADSs evidenced by such ADR holder's ADRs.

As an ADR holder or beneficial owner, we will not treat you as a shareholder of ours and you will not have any shareholder rights. Brazilian law governs shareholder rights. Because the depositary or its nominee will be the shareholder of record for the shares represented by all outstanding ADSs, shareholder rights rest with such record holder. Your rights are those of an ADR holder or of a beneficial owner. Such rights derive from the terms of the deposit agreement to be entered into among us, the depositary and all registered holders and beneficial owners from time to time of ADSs issued under the deposit agreement and, in the case of a beneficial owner, from the arrangements between the beneficial owner and the holder of the corresponding ADRs. The obligations of our company, the depositary and its agents are also set out in the deposit agreement. Because the depositary or its nominee will actually be the registered owner of the shares, you must rely on it to exercise the rights of a shareholder on your behalf. The deposit agreement, the ADRs and the ADSs are governed by New York law. Under the deposit agreement, as an ADR holder or a beneficial owner of ADSs, you agree that any legal suit, action or proceeding against or involving us or the depositary, arising out of or based upon the deposit agreement, the ADSs, the ADRs or the transactions contemplated thereby, may only be instituted in a state or federal court in New York, New York, and you irrevocably waive any objection which you may have to the laying of venue of any such proceeding and irrevocably submit to the exclusive jurisdiction of such courts in any such suit, action or proceeding.

The following is a summary of what we believe to be the material terms of the Sendas Deposit Agreement. Notwithstanding this, because it is a summary, it may not contain all the information that you may otherwise deem important. For more complete information, you should read the entire deposit agreement and the form of ADR which contains the terms of your ADSs. You can read a copy of the deposit agreement which is filed as an exhibit to the most recent Form F-6 registration statement (or amendment thereto) filed with the SEC. You may also obtain a copy of the form of deposit agreement at the SEC's Public Reference Room which is located at 100 F Street, NE, Washington, DC 20549. You may obtain information on the operation of the Public Reference Room by calling the SEC at 1-800-732-0330. You may also find the registration statement and the attached deposit agreement on the SEC's website at <http://www.sec.gov>.

Share Dividends and Other Distributions

How will I receive dividends and other distributions on the shares underlying my ADSs?

We may make various types of distributions with respect to our securities. The depositary has agreed that, subject to any restrictions imposed by Brazilian law, to the extent practicable, it will pay to you the cash dividends or other distributions it or the custodian receives on shares or other deposited securities, after converting any cash received into U.S. dollars (if it determines such conversion may be made on a reasonable basis) and, in all cases, making any necessary deductions provided for in the deposit agreement. The depositary may utilize a division, branch or affiliate of JPMorgan to direct, manage and/or execute any public and/or private sale of securities under the deposit agreement. Such division, branch and/or affiliate may charge the depositary a fee in connection with such sales, which fee is considered an expense of the depositary. You will receive these distributions in proportion to the number of underlying securities that your ADSs represent.

Except as stated below, the depositary will deliver such distributions to ADR holders in proportion to their interests in the following manner:

- *Cash.* The depositary will distribute any U.S. dollars available to it resulting from a cash dividend or other cash distribution or the net proceeds of sales of any other distribution or portion thereof (to the extent applicable), on an averaged or other practicable basis, subject to (i) appropriate adjustments for taxes withheld, (ii) such distribution being impermissible or impracticable with respect to certain ADR holders, and (iii) deduction of the depositary's and/or its agents' expenses in (1) converting any foreign currency to U.S. dollars to the extent that it determines that such conversion may be made on a reasonable basis, (2) transferring foreign currency or U.S. dollars to the United States by such means as the depositary may determine to the extent that it determines that such transfer may be made on a reasonable basis, (3) obtaining any approval or license of any governmental authority required for such conversion or transfer, which is obtainable at a reasonable cost and within a reasonable time and (4) making any sale by public or private means in any commercially reasonable manner. If we advise the depositary that any such conversion, transfer or distribution can be effected only with the approval or license of the Brazilian government or any agency thereof or the depositary becomes aware of any other governmental approval or license required, the depositary may, in its discretion, apply for such approval or license, as we or our Brazilian counsel may reasonably instruct in writing or as the depositary may deem desirable including, without limitation, Central Bank registration. *If exchange rates fluctuate during a time when the depositary cannot convert a foreign currency, you may lose some or all of the value of the distribution.*

- *Shares.* In the case of a distribution in shares, the depositary will issue additional ADRs to evidence the number of ADSs representing such shares. Only whole ADSs will be issued. Any shares which would result in fractional ADSs will be sold and the net proceeds will be distributed in the same manner as cash to the ADR holders entitled thereto.
- *Rights to receive additional shares.* In the case of a distribution of rights to subscribe for additional shares or other rights, if we timely provide evidence satisfactory to the depositary that it may lawfully distribute such rights, the depositary will distribute warrants or other instruments in the discretion of the depositary representing such rights. However, if we do not timely furnish such evidence, the depositary may:
 - (i) sell such rights if practicable and distribute the net proceeds in the same manner as cash to the ADR holders entitled thereto; or
 - (ii) if it is not practicable to sell such rights by reason of the non-transferability of the rights, limited markets therefor, their short duration or otherwise, do nothing and allow such rights to lapse, in which case ADR holders will receive nothing and the rights may lapse. We have no obligation to file a registration statement under the United States Securities Act of 1933, as amended (“Securities Act”) in order to make any rights available to ADR holders.
- *Other Distributions.* In the case of a distribution of securities or property other than those described above, the depositary may either (i) distribute such securities or property in any manner it deems equitable and practicable or (ii) to the extent the depositary deems distribution of such securities or property not to be equitable and practicable, sell such securities or property and distribute any net proceeds in the same way it distributes cash.
- *Elective Distributions.* In the case of a dividend payable at the election of our shareholders in cash or in additional shares, we will notify the depositary at least 30 days prior to the proposed distribution stating whether or not we wish such elective distribution to be made available to ADR holders. The depositary shall make such elective distribution available to ADR holders only if (i) we shall have timely requested that the elective distribution is available to ADR holders, (ii) the depositary shall have determined that such distribution is reasonably practicable and (iii) the depositary shall have received satisfactory documentation within the terms of the deposit agreement including any legal opinions of counsel that the depositary in its reasonable discretion may request. If the above conditions are not satisfied, the depositary shall, to the extent permitted by law, distribute to the ADR holders, on the basis of the same determination as is made in the local market in respect of the shares for which no election is made, either cash or additional ADSs representing such additional shares. If the above conditions are satisfied, the depositary shall establish procedures to enable ADR holders to elect the receipt of the proposed dividend in cash or in additional ADSs. There can be no assurance that ADR holders or beneficial owners of ADSs generally, or any ADR holder or beneficial owner of ADSs in particular, will be given the opportunity to receive elective distributions on the same terms and conditions as the holders of shares.

If the depositary determines in its discretion that any distribution described above is not practicable with respect to any specific ADR holder, the depositary may choose any method of distribution that it deems practicable for such ADR holder, including the distribution of foreign currency, securities or property, or it may retain such items, without paying interest on or investing them, on behalf of the ADR holder as deposited securities, in which case the ADSs will also represent the retained items.

The depositary shall have no obligation to distribute additional securities, rights to receive additional securities or other property if such distributions shall require registration under the Securities Act. The depositary may sell such property if practicable and distribute the net proceeds in the same manner as cash to the ADR holders entitled thereto.

Any U.S. dollars will be distributed by checks drawn on a bank in the United States for whole dollars and cents. Fractional cents will be withheld without liability and dealt with by the depositary in accordance with its then current practices.

The depositary is not responsible if it fails to determine that any distribution or action is lawful or reasonably practicable.

There can be no assurance that the depositary will be able to convert any currency at a specified exchange rate or sell any property, rights, shares or other securities at a specified price, nor that any of such transactions can be completed within a specified time period. All purchases and sales of securities will be handled by the depositary in accordance with its then current policies, which are currently set forth in the "Depositary Receipt Sale and Purchase of Security" section of <https://www.adr.com>, the location and contents of which the depositary shall be solely responsible for.

Deposit, Withdrawal and Cancellation

How does the depositary issue ADSs?

The depositary will issue ADSs if you or your broker deposit shares or evidence of rights to receive shares with the custodian and pay the fees and expenses owing to the depositary in connection with such issuance.

Shares deposited in the future with the custodian must be accompanied by certain delivery documentation and shall, at the time of such deposit, be registered in the name of JPMorgan, as depositary for the benefit of ADR holders or in such other name as the depositary shall direct.

The custodian will hold all deposited shares for the account and to the order of the depositary, in each case for the benefit of ADR holders, to the extent not prohibited by law. ADR holders and beneficial owners thus have no direct ownership interest in the shares and only have such rights as are contained in the deposit agreement. The custodian will also hold any additional securities, property and cash received on or in substitution for the deposited shares. The deposited shares and any such additional items are referred to as "deposited securities".

Deposited securities are not intended to, and shall not, constitute proprietary assets of the depositary, the custodian or their nominees. Beneficial ownership in deposited securities is intended to be, and shall at all times during the term of the deposit agreement continue to be, vested in the beneficial owners of the ADSs representing such deposited securities. Notwithstanding anything else contained in the deposit agreement, in the form of ADR and/or in any outstanding ADSs, the depositary, the custodian and their respective nominees are intended to be, and shall at all times during the term of the deposit agreement be, the record holder(s) only of the deposited securities represented by the ADSs for the benefit of the ADR holders. The depositary, on its own behalf and on behalf of the custodian and their respective nominees, disclaims any beneficial ownership interest in the deposited securities held on behalf of the ADR holders.

We, the depository and the custodian shall comply with Brazil's National Monetary Council (*Conselho Monetário Nacional*) Resolution No. 4,373, dated as of September 29, 2014, in the third article, paragraph three, of the Regulation Annex V, and agree to furnish to the Central Bank and the CVM, whenever required, information or documents related to the ADRs and the deposit agreement, the deposited securities and distributions thereon and, under the terms of the deposit agreement, the depository and the custodian are authorized to release such information or documents and any other information as required by local regulation, law or regulatory body request. The depository has the right to terminate the deposit agreement on at least 30 days' notice to ADR holders and us in the event that the depository or the custodian reasonably could be subject to criminal or material civil liabilities if we have failed to provide such information or documents reasonably available only through us.

Upon each deposit of shares, receipt of related delivery documentation and compliance with the other provisions of the deposit agreement, including the payment of the fees and charges of the depository and any taxes or other fees or charges owing, the depository will issue an ADR or ADRs in the name or upon the order of the person entitled thereto evidencing the number of ADSs to which such person is entitled. All of the ADSs issued will, unless specifically requested to the contrary, be part of the depository's direct registration system, and an ADR holder will receive periodic statements from the depository which will show the number of ADSs registered in such ADR holder's name. An ADR holder can request that the ADSs not be held through the depository's direct registration system and that a certificated ADR be issued.

How do ADR holders cancel an ADS and obtain deposited securities?

When you turn in your ADR certificate at the depository's office, or when you provide proper instructions and documentation in the case of direct registration ADSs, the depository will, upon payment of certain applicable fees, charges and taxes, deliver the underlying shares to you or upon your written order. Delivery of deposited securities in certificated form will be made at the custodian's office. At your risk, expense and request, the depository may deliver deposited securities at such other place as you may request.

The depository may only restrict the withdrawal of deposited securities in connection with:

- temporary delays caused by closing our transfer books or those of the depository or the deposit of shares in connection with voting at a shareholders' meeting, or the payment of dividends;
- the payment of fees, taxes and similar charges; or
- compliance with any U.S. or foreign laws or governmental regulations relating to the ADRs or to the withdrawal of deposited securities.

This right of withdrawal may not be limited by any other provision of the deposit agreement.

Record Dates

The depository may, after consultation with us if practicable, fix record dates (which, to the extent applicable, shall be as near as practicable to any corresponding record dates set by us) for the determination of the ADR holders who will be entitled (or obligated, as the case may be):

- to receive any distribution on or in respect of deposited securities;
- to give instructions for the exercise of voting rights;
- to pay any fees assessed by the depository for administration of the ADR program or any expenses owing to the depository; or
- to receive any notice or to act in respect of other matters;

in each case, subject to the provisions of the deposit agreement.

Voting Rights

How do I vote?

If you are an ADR holder and the depositary asks you to provide it with voting instructions, you may instruct the depositary how to exercise the voting rights for the shares which underlie your ADSs. As soon as practicable after receiving notice from us of any meeting at which the holders of shares are entitled to vote, or of our solicitation of consents or proxies from holders of shares or other deposited securities, the depositary shall fix the ADS record date in accordance with the provisions of the deposit agreement, provided that if the depositary receives a written request from us in a timely manner and at least 30 days prior to the date of such vote or meeting, the depositary shall, at our expense, distribute to the ADR holders a notice stating (i) final information particular to such vote and meeting and any solicitation materials, (ii) that each ADR holder on the record date set by the depositary will, subject to any applicable provisions of Brazilian law, be entitled to instruct the depositary to exercise the voting rights, if any, pertaining to the shares underlying such ADR holder's ADSs and (iii) the manner in which such instructions may be given, including instructions to give a discretionary proxy to a person designated by us. Each ADR holder is solely responsible for the forwarding of such notices to the beneficial owners of ADSs registered in such ADR holder's name. Following actual receipt by the ADR department responsible for proxies and voting of ADR holders' instructions (including, without limitation, instructions of any entity or entities acting on behalf of the nominee for DTC), the depositary shall, in the manner and on or before the time established by the depositary for such purpose, endeavor to vote or cause to be voted the shares represented by the ADSs evidenced by such ADR holders' ADRs in accordance with such instructions insofar as practicable and permitted under the provisions of or governing our shares.

To the extent that (A) the depositary has been provided with at least 35 days' notice of a meeting from us, (B) the depositary's notice to ADR holders (described in the preceding paragraph) has been received by all ADR holders and beneficial owners of ADSs no less than 10 days prior to the date of the meeting and/or the cut-off date for the solicitation of consents, and (C) the depositary does not receive instructions on a particular agenda item from an ADR holder (including, without limitation, any entity or entities acting on behalf of the nominee for DTC) in a timely manner, such ADR holder shall be deemed, and under the deposit agreement the depositary is instructed to deem such ADR holder, to have instructed the depositary to give a discretionary proxy for such agenda item(s) to a person designated by us to vote the deposited securities represented by the ADSs for which actual instructions were not so given by all such ADR holders on such agenda item(s), provided that no such instruction shall be deemed given and no discretionary proxy shall be given unless (1) we inform the depositary in writing (and under the deposit agreement we have agreed to provide the depositary with such instruction promptly in writing) that (a) we wish such proxy to be given with respect to such agenda item(s), (b) there is no substantial opposition existing with respect to such agenda item(s) and (c) such agenda item(s), if approved, would not materially or adversely affect the rights of holders of shares, and (2) the depositary has obtained an opinion of counsel, in form and substance satisfactory to it, confirming that (i) the granting of such discretionary proxy does not subject the depositary to any reporting obligations in Brazil, (ii) the granting of such proxy will not result in a violation of Brazilian laws, rules, regulations or permits, (iii) the voting arrangement and deemed instruction as contemplated in the deposit agreement will be given effect under Brazilian laws, rules and regulations, and (iv) the granting of such discretionary proxy will not under any circumstances result in the shares represented by the ADSs being treated as assets of the depositary under Brazilian laws, rules or regulations.

ADR holders and beneficial owners of ADSs are strongly encouraged to forward their voting instructions to the depositary as soon as possible. For instructions to be valid, the ADR department of the depositary that is responsible for proxies and voting must receive them in the manner and on or before the time specified, notwithstanding that such instructions may have been physically received by the depositary prior to such time. The depositary will not itself exercise any voting discretion. Notwithstanding anything contained in the deposit agreement or any ADR, the depositary may, to the extent not prohibited by any law, rule or regulation, or by the rules and/or requirements of the stock exchange on which the ADSs are listed, in lieu of distribution of the materials provided to the depositary in connection with any meeting of, or solicitation of consents or proxies from, holders of deposited securities, distribute to the ADR holders a notice that provides such ADR holders with, or otherwise publicizes to such ADR holders, instructions on how to retrieve such materials or receive such materials upon request (i.e., by reference to a website containing the materials for retrieval or a contact for requesting copies of the materials).

There is no guarantee that ADR holders and beneficial owners of ADSs generally, or any ADR holder or beneficial owner of ADSs in particular, will receive voting materials in time to instruct the depository to vote and it is possible that you, or persons who hold their ADSs through brokers, dealers or other third parties, will not have the opportunity to exercise a right to vote.

See “Item 3. Key Information—D. Risk Factors—Risks Relating to the Sendas Common Shares and the Sendas ADSs—Holders of Sendas ADSs are not entitled to attend shareholders’ meetings and may only vote through the Sendas Depository.”

Reports and Other Communications

Will ADR holders be able to view our reports?

The depository will make available for inspection by ADR holders at the offices of the depository and the custodian, or upon request from the depository (which request may be refused by the depository in its discretion), the deposit agreement, the provisions of or governing deposited securities, and any written communications from us which are both received by the custodian or its nominee as a holder of deposited securities and made generally available to the holders of deposited securities.

Additionally, if we make any written communications generally available to holders of our shares, and we furnish copies thereof (or English translations or summaries) to the depository, it will distribute the same to ADR holders.

Fees and Expenses

What fees and expenses will I be responsible for paying?

The depository may charge each person to whom ADSs are issued, including, without limitation, issuances against deposits of shares, issuances in respect of share distributions, rights and other distributions, issuances pursuant to a stock dividend or stock split declared by us or issuances pursuant to a merger, exchange of securities or any other transaction or event affecting the ADSs or deposited securities, and each person surrendering ADSs for withdrawal of deposited securities or whose ADSs are cancelled or reduced for any other reason, US\$5.00 for each 100 ADSs (or any portion thereof) issued, delivered, reduced, cancelled or surrendered, or upon which a share distribution or elective distribution is made or offered, as the case may be. The depository may sell (by public or private sale) sufficient securities and property received in respect of a share distribution, rights and/or other distribution prior to such deposit to pay such charge.

The following additional charges shall also be incurred by the ADR holders and beneficial owners of ADSs, by any party depositing or withdrawing shares or by any party surrendering ADSs and/or to whom ADSs are issued (including, without limitation, issuance pursuant to a stock dividend or stock split declared by us or an exchange of stock regarding the ADSs or the deposited securities or a distribution of ADSs), whichever is applicable:

- a fee of up to US\$0.05 per ADS held for any cash distribution made pursuant to the deposit agreement or for any elective cash/stock dividend offered pursuant to the deposit agreement;
- an aggregate fee of up to US\$0.05 per ADS per calendar year (or portion thereof) for services performed by the depository in administering the ADRs (which fee may be charged on a periodic basis during each calendar year and shall be assessed against ADR holders as of the record date or record dates set by the depository during each calendar year and shall be payable in the manner described in the next succeeding provision);
- a fee for the reimbursement of such fees, charges and expenses as are incurred by the depository and/or any of its agents (including, without limitation, the custodian and expenses incurred on behalf of ADR holders in connection with compliance with foreign exchange control regulations or any law, rule or regulation relating to foreign investment) in connection with the servicing of the shares or other deposited securities, the sale of securities (including, without limitation, deposited securities), the delivery of deposited securities or otherwise in connection with the depository’s or its custodian’s compliance with applicable law, rule or regulation (which fees and charges shall be assessed on a proportionate basis against ADR holders as of the record date or dates set by the depository and shall be payable at the sole discretion of the depository by billing such ADR holders or by deducting such charge from one or more cash dividends or other cash distributions), including, without limitation, any amounts charged by any governmental authorities or other institutions such as the B3, the stock exchange on which the Sendas shares are registered for trading;

- a fee for the distribution of securities (or the sale of securities in connection with a distribution), such fee being in an amount equal to the \$0.05 per ADS issuance fee for the execution and delivery of ADSs which would have been charged as a result of the deposit of such securities (treating all such securities as if they were shares) but which securities or the net cash proceeds from the sale thereof are instead distributed by the depository to those ADR holders entitled thereto;
- fees and expenses for conversion of foreign currency;
- stock transfer or other taxes and other governmental charges;
- SWIFT, cable, telex and facsimile transmission and delivery charges incurred at your request in connection with the deposit or delivery of shares, ADRs or deposited securities;
- transfer or registration fees for the registration of transfer of deposited securities on any applicable register in connection with the deposit or withdrawal of deposited securities; and
- fees of any division, branch or affiliate of the depository utilized by the depository to direct, manage and/or execute any public and/or private sale of securities under the deposit agreement.

To facilitate the administration of various depository receipt transactions, including disbursement of dividends or other cash distributions and other corporate actions, the depository may engage the foreign exchange desk within JPMorgan Chase Bank, N.A. (the "Exchange Bank") and/or its affiliates in order to enter into spot foreign exchange transactions to convert foreign currency into U.S. dollars ("FX Transactions"). For certain currencies, FX Transactions are entered into with the Exchange Bank or an affiliate, as the case may be, acting in a principal capacity. For other currencies, FX Transactions are routed directly to and managed by an unaffiliated local custodian (or other third party local liquidity provider), and neither the Exchange Bank nor any of its affiliates is a party to such FX Transactions.

The foreign exchange rate applied to an FX Transaction will be either (a) a published benchmark rate, or (b) a rate determined by a third party local liquidity provider, in each case plus or minus a spread, as applicable. The depository will disclose which foreign exchange rate and spread, if any, apply to such currency on the "Disclosure" page (or successor page) of www.adr.com (as updated by the depository from time to time, "ADR.com"). Such applicable foreign exchange rate and spread may (and neither the depository, the Exchange Bank nor any of their affiliates is under any obligation to ensure that such rate does not) differ from rates and spreads at which comparable transactions are entered into with other customers or the range of foreign exchange rates and spreads at which the Exchange Bank or any of its affiliates enters into foreign exchange transactions in the relevant currency pair on the date of the FX Transaction. Additionally, the timing of execution of an FX Transaction varies according to local market dynamics, which may include regulatory requirements, market hours and liquidity in the foreign exchange market or other factors. Furthermore, the Exchange Bank and its affiliates may manage the associated risks of their position in the market in a manner they deem appropriate without regard to the impact of such activities on us, the depository, ADR holders or beneficial owners of ADSs. The spread applied does not reflect any gains or losses that may be earned or incurred by the Exchange Bank and its affiliates as a result of risk management or other hedging related activity. Notwithstanding the foregoing, to the extent we provide U.S. dollars to the depository, neither the Exchange Bank nor any of its affiliates will execute an FX Transaction as set forth herein. In such case, the depository will distribute the U.S. dollars received from us.

Further details relating to the applicable foreign exchange rate, the applicable spread and the execution of FX Transactions will be provided by the depositary on ADR.com. We and by holding an ADS or an interest therein, ADR holders and beneficial owners of ADSs will each be acknowledging and agreeing that the terms applicable to FX Transactions disclosed from time to time on ADR.com will apply to any FX Transaction executed pursuant to the deposit agreement.

The fees and charges you may be required to pay may vary over time and may be changed by us and by the depositary. ADR holders will receive prior notice of the increase in any such fees and charges. The right of the depositary to charge and receive payment of fees, charges and expenses as provided above shall survive the termination of the deposit agreement.

The depositary may make available to us a set amount or a portion of the depositary fees charged in respect of the ADR program or otherwise upon such terms and conditions as we and the depositary may agree from time to time. The depositary collects its fees for issuance and cancellation of ADSs directly from investors depositing 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 deduction from cash distributions, or by directly billing investors, or by charging the book-entry system accounts of participants acting for them. The depositary will generally set off the amounts owing from distributions made to ADR holders. If, however, no distribution exists and payment owing is not timely received by the depositary, the depositary may refuse to provide any further services to ADR holders that have not paid those fees and expenses owing until such fees and expenses have been paid. At the discretion of the depositary, all fees and charges owing under the deposit agreement are due in advance and/or when declared owing by the depositary.

Payment of Taxes

If any taxes or other governmental charges (including any penalties and/or interest) shall become payable by or on behalf of the custodian or the depositary with respect to any ADR, any deposited securities represented by the ADSs evidenced thereby or any distribution thereon, such tax or other governmental charge shall be paid by the applicable ADR holder to the depositary and by holding or owning, or having held or owned, an ADR or any ADSs evidenced thereby, the ADR holder and all beneficial owners of such ADSs, and all prior registered holders of such ADRs and prior beneficial owners of such ADSs, jointly and severally, agree to indemnify, defend and save harmless each of the depositary and its agents in respect of such tax or governmental charge. Each ADR holder and beneficial owner of ADSs, and each prior ADR holder and beneficial owner of ADSs, by holding or having held an ADR or an interest in ADSs, acknowledges and agrees that the depositary shall have the right to seek payment of any taxes or governmental charges owing with respect to the relevant ADRs from any one or more such current or prior ADR holder or beneficial owner of ADSs, as determined by the depositary in its sole discretion, without any obligation to seek payment of amounts owing from any other current or prior ADR holder or beneficial owner of ADSs. If an ADR holder owes any tax or other governmental charge, the depositary may (i) deduct the amount thereof from any cash distributions, or (ii) sell deposited securities (by public or private sale) and deduct the amount owing from the net proceeds of such sale. In either case the ADR holder remains liable for any shortfall. If any tax or governmental charge is unpaid, the depositary may also refuse to effect any registration, registration of transfer, split-up or combination of ADRs or withdrawal of deposited securities until such payment is made. If any tax or governmental charge is required to be withheld on any cash distribution, the depositary may deduct the amount required to be withheld from any cash distribution or, in the case of a non-cash distribution, sell the distributed property or securities (by public or private sale) in such amounts and in such manner as the depositary deems necessary and practicable to pay such taxes and distribute any remaining net proceeds or the balance of any such property after deduction of such taxes to the ADR holders entitled thereto.

As an ADR holder or beneficial owner, you will be agreeing to indemnify us, the depositary, its custodian and any of our or their respective officers, directors, employees, agents and affiliates against, and hold each of them harmless from, any claims by any governmental authority with respect to taxes, additions to tax, penalties or interest arising out of any refund of taxes, reduced rate of withholding at source or other tax benefit obtained. These obligations survive any transfer or surrender of ADSs or the termination of the deposit agreement.

Reclassifications, Recapitalizations and Mergers

If we take certain actions that affect the deposited securities, including (i) any change in par value, split-up, consolidation, cancellation or other reclassification of deposited securities or (ii) any distributions of shares or other property not made to ADR holders or (iii) any recapitalization, reorganization, merger, consolidation, liquidation, receivership, bankruptcy or sale of all or substantially all of our assets, then the depositary may choose to, and shall if reasonably requested by us:

- amend the form of ADR;
- distribute additional or amended ADRs;
- distribute cash, securities or other property it has received in connection with such actions;
- sell by public or private sale any securities or property received and distribute the proceeds as cash; or
- none of the above.

If the depositary does not choose any of the above options, any of the cash, securities or other property it receives will constitute part of the deposited securities and each ADS will then represent a proportionate interest in such property.

Amendment and Termination

How may the deposit agreement be amended?

We may agree with the depositary to amend the deposit agreement and the ADRs without your consent for any reason. ADR holders must be given at least 30 days' notice of any amendment that imposes or increases any fees or charges on a per ADS basis (other than stock transfer or other taxes and other governmental charges, transfer or registration fees, SWIFT, cable, telex or facsimile transmission costs, delivery costs or other such expenses), or that otherwise prejudices any substantial existing right of ADR holders or beneficial owners of ADSs. If an ADR holder continues to hold an ADR or ADRs after being so notified, such ADR holder and the beneficial owner of the corresponding ADSs are deemed to agree to such amendment and to be bound by the deposit agreement as so amended. No amendment, however, will impair your right to surrender your ADSs and receive the underlying securities, except in order to comply with mandatory provisions of applicable law.

Any amendments or supplements which (i) are reasonably necessary (as agreed by us and the depositary) in order for (a) the ADSs to be registered on Form F-6 under the Securities Act or (b) the ADSs or shares to be traded solely in electronic book-entry form and (ii) do not in either such case impose or increase any fees or charges to be borne by ADR holders, shall be deemed not to prejudice any substantial rights of ADR holders or beneficial owners of ADSs. Notwithstanding the foregoing, if any governmental body or regulatory body should adopt new laws, rules or regulations which would require amendment or supplement of the deposit agreement or the form of ADR to ensure compliance therewith, we and the depositary may amend or supplement the deposit agreement and the form of ADR (and all outstanding ADRs) at any time in accordance with such changed laws, rules or regulations, which amendment or supplement to the deposit agreement in such circumstances may become effective before a notice of such amendment or supplement is given to ADR holders or within any other period of time as required for compliance.

Notice of any amendment to the deposit agreement or form of ADRs shall not need to describe in detail the specific amendments effectuated thereby, and failure to describe the specific amendments in any such notice shall not render such notice invalid, provided, however, that, in each such case, the notice given to the ADR holders identifies a means for ADR holders and beneficial owners to retrieve or receive the text of such amendment (*i.e.*, upon retrieval from the SEC's, the depositary's or our website or upon request from the depositary).

How may the deposit agreement be terminated?

The depositary may, and shall at our written direction, terminate the deposit agreement and the ADRs by mailing notice of such termination to the ADR holders at least 30 days prior to the date fixed in such notice for such termination; provided, however, if the depositary shall have (i) resigned as depositary under the deposit agreement, notice of such termination by the depositary shall not be provided to ADR holders unless a successor depositary shall not be operating under the deposit agreement within 60 days of the date of such resignation, and (ii) been removed as depositary under the deposit agreement, notice of such termination by the depositary shall not be provided to ADR holders unless a successor depositary shall not be operating under the deposit agreement on the 60th day after our notice of removal was first provided to the depositary. Notwithstanding anything to the contrary in the deposit agreement, the depositary may terminate the deposit agreement without notifying us, but subject to giving 30 days' notice to the ADR holders, under the following circumstances: (i) in the event of our bankruptcy or insolvency, (ii) if the Shares cease to be listed on an internationally recognized stock exchange, (iii) if we effect (or will effect) a redemption of all or substantially all of the deposited securities, or a cash or share distribution representing a return of all or substantially all of the value of the deposited securities, or (iv) there occurs a merger, consolidation, sale of assets or other transaction as a result of which securities or other property are delivered in exchange for or in lieu of deposited securities. After the date so fixed for termination, the depositary and its agents will perform no further acts under the deposit agreement and the ADRs, except to receive and hold (or sell) distributions on deposited securities and deliver deposited securities being withdrawn. As soon as practicable after the date so fixed for termination, the depositary shall use its reasonable efforts to sell the deposited securities and shall thereafter (as long as it may lawfully do so) hold in an account (which may be a segregated or unsegregated account) the net proceeds of such sales, together with any other cash then held by it under the deposit agreement, without liability for interest, in trust for the *pro rata* benefit of the ADR holders who have not theretofore surrendered their ADRs. After making such sale, the depositary shall be discharged from all obligations in respect of the deposit agreement and the ADRs, except to account for such net proceeds and other cash. After the date so fixed for termination, we shall be discharged from all obligations under the deposit agreement except for our obligations to the depositary and its agents.

Limitations on Obligations and Liability to ADR holders

Limits on our obligations and the obligations of the depositary; limits on liability to ADR holders and beneficial owners of ADSs

Prior to the issue, registration, registration of transfer, split-up, combination, or cancellation of any ADRs, or the delivery of any distribution in respect thereof, and from time to time in the case of the production of proofs as described below, we or the depositary or its custodian may require:

- payment with respect thereto of (i) any stock transfer or other tax or other governmental charge, (ii) any stock transfer or registration fees in effect for the registration of transfers of shares or other deposited securities upon any applicable register and (iii) any applicable fees and expenses described in the deposit agreement;
- the production of proof satisfactory to it of (i) the identity of any signatory and genuineness of any signature and (ii) such other information, including without limitation, information as to citizenship, residence, exchange control approval, beneficial or other ownership of, or interest in, any securities, compliance with applicable law, regulations, provisions of or governing deposited securities and terms of the deposit agreement and the ADRs, as it may deem necessary or proper; and
- compliance with such regulations as the depositary may establish consistent with the deposit agreement and any regulations which the depositary is informed of in writing by us which are required by the depositary, ourselves or the Custodian to facilitate compliance with any applicable rules or regulations of the Central Bank or CVM or any applicable regulator.

The issuance of ADRs, the acceptance of deposits of shares, the registration, registration of transfer, split-up or combination of ADRs or the withdrawal of shares, may be suspended, generally or in particular instances, when the ADR register or any register for deposited securities is closed or when any such action is deemed advisable by the depositary; provided that the ability to withdraw shares may only be limited under the following circumstances: (i) temporary delays caused by closing transfer books of the depositary or our transfer books or the deposit of shares in connection with voting at a shareholders' meeting, or the payment of dividends, (ii) the payment of fees, taxes, and similar charges, and (iii) compliance with any laws or governmental regulations relating to ADRs or to the withdrawal of deposited securities.

The deposit agreement expressly limits the obligations and liability of the depository, ourselves and each of our and the depository's respective directors, officers, employees, agents and affiliates, provided, however, that no provision of the deposit agreement is intended to constitute a waiver or limitation of any rights which ADR holders or beneficial owners of ADSs may have under the Securities Act or the Exchange Act, to the extent applicable. In the deposit agreement it provides that neither we nor the depository nor any such director, officer, employee, agent or affiliate will be liable to ADR holders or beneficial owners of ADSs:

- if any present or future law, rule, regulation, fiat, order or decree of the United States, Brazil or any other country or jurisdiction, or of any governmental or regulatory authority or securities exchange or market or automated quotation system, the provisions of or governing any deposited securities, any present or future provision of our charter, any act of God, war, terrorism, nationalization, epidemic, pandemic, expropriation, currency restrictions, work stoppage, strike, civil unrest, revolutions, rebellions, explosions, computer failure or circumstance beyond our, the depository's or our respective directors', officers', employees', agents' or affiliates' direct and immediate control shall prevent or delay, or shall cause any of them to be subject to any civil or criminal penalty in connection with, any act which the deposit agreement or the ADRs provide shall be done or performed by any such party(including, without limitation, voting);
- by reason of any non-performance or delay, caused as aforesaid, in the performance of any act or things which by the terms of the deposit agreement it is provided shall or may be done or performed;
- if it exercises or fails to exercise discretion under the deposit agreement or the ADRs including, without limitation, any failure to determine that any distribution or action may be lawful or reasonably practicable;
- if it performs its obligations specifically set forth in the deposit agreement and ADRs without gross negligence or willful misconduct; or
- if it takes any action or refrains from taking any action in reliance upon the advice of or information from legal counsel, accountants, any person presenting shares for deposit, any ADR holder, or any other person believed by it to be competent to give such advice or information.

We, the depository and its agents may rely and shall be protected in acting upon any written notice, request, direction, instruction or document believed by it to be genuine and to have been signed, presented or given by the proper party or parties. The depository shall not be a fiduciary or have any fiduciary duty to ADR holders or beneficial owners of ADSs. Neither the depository nor its agents have any obligation to appear in, prosecute or defend any action, suit or other proceeding in respect of any deposited securities or the ADRs. We and our agents shall only be obligated to appear in, prosecute or defend any action, suit or other proceeding in respect of any deposited securities or the ADRs, which in our opinion may involve us in expense or liability, if indemnity satisfactory to us against all expense (including fees and disbursements of counsel) and liability is furnished as often as may be required. The depository and its agents may fully respond to any and all demands or requests for information maintained by or on its behalf in connection with the deposit agreement, any ADR holder or holders, any ADRs or ADSs or otherwise related thereto to the extent such information is requested or required by or pursuant to any lawful authority, including without limitation laws, rules, regulations, administrative or judicial process, banking, securities or other regulators. The depository shall not be liable for the acts or omissions made by, or the insolvency of, any securities depository, clearing agency or settlement system. Furthermore, the depository shall not be responsible for, and shall incur no liability in connection with or arising from, the insolvency of any custodian that is not a branch or affiliate of JPMorgan. Notwithstanding anything to the contrary contained in the deposit agreement or any ADRs, the depository shall not be responsible for, and shall incur no liability in connection with or arising from, any act or omission to act on the part of the custodian except to the extent that any ADR holder has incurred liability directly as a result of the custodian having (i) committed fraud or willful misconduct in the provision of custodial services to the depository or (ii) failed to use reasonable care in the provision of custodial services to the depository as determined in accordance with the standards prevailing in the jurisdiction in which the custodian is located. The depository and the custodian(s) may use third party delivery services and providers of information regarding matters such as, but not limited to, pricing, proxy voting, corporate actions, class action litigation and other services in connection with the ADRs and the deposit agreement, and use local agents to provide services such as, but not limited to, attendance at any meetings of security holders. Although the depository and the custodian will use reasonable care (and cause their agents to use reasonable care) in the selection and retention of such third party providers and local agents, they will not be responsible for any errors or omissions made by them in providing the relevant information or services. The depository shall not have any liability for the price received in connection with any sale of securities, the timing thereof or any delay in action or omission to act nor shall it be responsible for any error or delay in action, omission to act, default or negligence on the part of the party so retained in connection with any such sale or proposed sale.

The depositary has no obligation to inform ADR holders or beneficial owners of ADSs about the requirements of any laws, rules or regulations or any changes therein or thereto of any country or jurisdiction or of any governmental or regulatory authority or any securities exchange or market or automated quotation system.

Additionally, none of us, the depositary or the custodian shall be liable for the failure by any ADR holder or beneficial owner of ADSs to obtain the benefits of credits or refunds of non-U.S. tax paid against such ADR holder's or beneficial owner's income tax liability. The depositary is under no obligation to provide ADR holders or beneficial owners of ADSs, or any of them, with any information about the tax status of our company. Neither we nor the depositary shall incur any liability for any tax or tax consequences that may be incurred by ADR holders or beneficial owners of ADSs on account of their ownership or disposition of the ADRs or ADSs.

Neither the depositary nor its agents will be responsible for any failure to carry out any instructions to vote any of the deposited securities, for the manner in which any such vote is cast, including without limitation any vote cast by a person to whom the depositary is required to give a discretionary proxy pursuant to the deposit agreement, or for the effect of any such vote. The depositary may rely upon instructions from us or our counsel in respect of any approval or license required for any currency conversion, transfer or distribution. The depositary shall not incur any liability for the content of any information submitted to it by us or on our behalf for distribution to ADR holders or for any inaccuracy of any translation thereof, for any investment risk associated with acquiring an interest in the deposited securities, for the validity or worth of the deposited securities, for the credit-worthiness of any third party, for allowing any rights to lapse upon the terms of the deposit agreement or for the failure or timeliness of any notice from us. The depositary shall not be liable for any acts or omissions made by a successor depositary whether in connection with a previous act or omission of the depositary or in connection with any matter arising wholly after the removal or resignation of the depositary. Neither the depositary nor any of its agents shall be liable to ADR holders or beneficial owners of ADSs for any indirect, special, punitive or consequential damages (including, without limitation, legal fees and expenses) or lost profits, in each case of any form incurred by any person or entity (including, without limitation, ADR holders and beneficial owners of ADSs), whether or not foreseeable and regardless of the type of action in which such a claim may be brought.

The depositary and its agents may own and deal in any class of securities of our company and our affiliates and in ADSs.

Disclosure of Interest in ADSs

To the extent that the provisions of or governing any deposited securities may require disclosure of or impose limits on beneficial or other ownership of deposited securities, other shares and other securities and may provide for blocking transfer, voting or other rights to enforce such disclosure or limits, ADR holders and beneficial owners of ADSs agree to comply with all such disclosure requirements and ownership limitations and to comply with any reasonable instructions we may provide in respect thereof. We reserve the right to instruct ADR holders (and through any such ADR holder, the beneficial owners of ADSs evidenced by the ADRs registered in such ADR holder's name) to deliver their ADSs for cancellation and withdrawal of the deposited securities so as to permit us to deal directly with the ADR holder and/or beneficial owner of ADSs as a holder of shares and, by holding an ADS or an interest therein, ADR holders and beneficial owners of ADSs will be agreeing to comply with such instructions.

Books of Depositary

The depositary or its agent will maintain a register for the registration, registration of transfer, combination and split-up of ADRs, which register shall include the depositary's direct registration system. ADR holders may inspect such records at the depositary's office at all reasonable times, but solely for the purpose of communicating with other ADR holders in the interest of the business of our company or a matter relating to the deposit agreement. Such register (and/or any portion thereof) may be closed at any time or from time to time, when deemed expedient by the depositary.

The depositary will maintain facilities for the delivery and receipt of ADRs.

Appointment

In the deposit agreement, each ADR holder and each beneficial owner of ADSs, upon acceptance of any ADSs or ADRs (or any interest therein) issued in accordance with the terms and conditions of the deposit agreement will be deemed for all purposes to:

- be a party to and bound by the terms of the deposit agreement and the applicable ADR or ADRs, and
- appoint the depositary its attorney-in-fact, with full power to delegate, to act on its behalf and to take any and all actions contemplated in the deposit agreement and the applicable ADR or ADRs, to adopt any and all procedures necessary to comply with applicable laws and to take such action as the depositary in its sole discretion may deem necessary or appropriate to carry out the purposes of the deposit agreement and the applicable ADR and ADRs, the taking of such actions to be the conclusive determinant of the necessity and appropriateness thereof.

Each ADR holder and beneficial owner of ADSs is further deemed to acknowledge and agree that (i) nothing in the deposit agreement or any ADR shall give rise to a partnership or joint venture among the parties thereto nor establish a fiduciary or similar relationship among such parties, (ii) the depositary, its divisions, branches and affiliates, and their respective agents, may from time to time be in the possession of non-public information about our company, the ADR holders, the beneficial owners of ADSs and/or their respective affiliates, (iii) the depositary and its divisions, branches and affiliates may at any time have multiple banking relationships with us, ADR holders, beneficial owners of ADSs and/or the affiliates of any of them, (iv) the depositary and its divisions, branches and affiliates may, from time to time, be engaged in transactions in which parties adverse to us or the ADR holders or beneficial owners of ADSs may have interests, (v) nothing contained in the deposit agreement or any ADR(s) shall (A) preclude the depositary or any of its divisions, branches or affiliates from engaging in such transactions or establishing or maintaining such relationships, or (B) obligate the depositary or any of its divisions, branches or affiliates to disclose such transactions or relationships or to account for any profit made or payment received in such transactions or relationships, and (vi) the depositary shall not be deemed to have knowledge of any information held by any branch, division or affiliate of the depositary and (vii) for purposes of the deposit agreement and the ADRs, notice to an ADR holder is deemed to constitute notice to any and all beneficial owners of the ADSs evidenced by the holder's ADRs.

Governing Law and Consent to Jurisdiction

The deposit agreement, the ADSs and the ADRs are governed by and construed in accordance with the laws of the State of New York. In the deposit agreement, we have submitted to the non-exclusive jurisdiction of the federal and state courts in New York, New York and appointed an agent for service of process on our behalf.

By holding an ADS or an interest therein, ADR holders and beneficial owners of ADSs each irrevocably agree that any legal suit, action or proceeding against or involving us or the depositary, arising out of or based upon the deposit agreement, the ADSs, the ADRs or the transactions contemplated thereby, may only be instituted in a state or federal court in New York, New York, and each irrevocably waives any objection which it may have to the laying of venue of any such proceeding, and irrevocably submits to the exclusive jurisdiction of such courts in any such suit, action or proceeding.

Jury Trial Waiver

The deposit agreement provides that each party thereto (including, for avoidance of doubt, each ADR holder and beneficial owner and/or holder of interests in ADSs or ADRs) irrevocably waives, to the fullest extent permitted by applicable law, the right to a jury trial in any suit, action or proceeding against us or the depositary directly or indirectly arising out of or relating to our shares or other deposited securities, the ADSs, the ADRs, the deposit agreement, or any transaction contemplated therein, or the breach thereof (whether based on contract, tort, common law or other theory), including any suit, action or proceeding under the U.S. federal securities laws. If we or the depositary were to oppose a jury trial demand based on such waiver, the court would determine whether the waiver was enforceable in the facts and circumstances of that case in accordance with applicable state and federal law, including whether a party knowingly, intelligently and voluntarily waived the right to a jury trial. The waiver to right to a jury trial of the deposit agreement is not intended to be deemed a waiver by any ADR holder or beneficial owner of ADSs of any rights which ADR holders or beneficial owners of ADSs may have under the Securities Act or the Exchange Act, to the extent applicable.

**SECOND AMENDMENT TO THE
SEPARATION AND OTHER COVENANTS AGREEMENT**

ENTERED INTO BY AND BETWEEN,

PARTY OF THE FIRST PART:

COMPANHIA BRASILEIRA DE DISTRIBUIÇÃO

AND AS PARTY OF THE SECOND PART:

SENDAS DISTRIBUIDORA S.A.

JUNE 30, 2022

**SECOND AMENDMENT TO THE
SEPARATION AND OTHER COVENANTS AGREEMENT**

Hereby,

(1) **COMPANHIA BRASILEIRA DE DISTRIBUIÇÃO**, a publicly held corporation incorporated in the Federative Republic of Brazil, headquartered in the Capital City of Sao Paulo, State of Sao Paulo, Brazil, at Avenida Brigadeiro Luiz Antônio, No. 3142, Jardim Paulista district, registered with the Corporate Taxpayers' Roll (CNPJ/ME) under No. 47.508.411/0001-56, herein represented by its legal representatives ("**CBD**"); and

(2) **SENDAS DISTRIBUIDORA S.A.**, a corporation incorporated in the Federative Republic of Brazil, headquartered in the Capital City of Rio de Janeiro, State of Rio de Janeiro, Brazil, at Avenida Ayrton Senna, No. 0600, Jacarepaguá district, registered with the Corporate Taxpayers' Roll (CNPJ/ME) under No. 06.057.223/0001-71, herein represented by its legal representatives ("**Sendas**").

CBD and Sendas are hereinafter collectively referred to as "**Parties**", and individually and indistinctly as "**Party**".

WHEREAS:

(A) On December 14, 2020, the Parties executed a split-up agreement known as Separation and Other Covenants Agreement (the "**Agreement**") to, in the context of the Separation of Businesses, which sets forth the terms and conditions to govern their relationship both before, during, and after all corporate and business transactions are carried out, hence Sendas ceased to be a company controlled by CBD and the Parties started to operate in a totally independent manner;

(B) As provided in clause 2.4. of such Agreement, the Separation of Businesses took effect after the Effective Date of the Split-up (i.e., December 31, 2020, same date on which the extraordinary general meetings of the Parties approving the Split-up were held);

(C) On June 30, 2021, the Parties executed the First Amendment to the Agreement in order to change the deadline for the release of the Guarantees provided for in clause 5.3. of the Agreement, with the understanding that the Parties should make efforts to release, replace and/or otherwise remove the Guarantees on any obligations or Liabilities guaranteed in any way by the other Parties and/or any of their Subsidiaries within a period of up to 12 months, extendable for an additional 6 months from the Effective Date of the Spin-off;

(D) At the end of the aforementioned 12-month period, the Parties decided, by mutual agreement, to extend the deadline for the release of Guarantees for an additional 6 months, as approved by the Transition Committee in a meeting held on January 27, 2022;

(E) Pursuant to clause 5.3.2 of the Agreement, as amended, upon expiration of the deadline for the release of the Guarantees, the Parties undertakes to pay to the Guarantor, as remuneration for the Guarantee, a monthly Fee in the amount equivalent to the lowest business offer received from at least 3 first-tier banks and/or insurance companies applied monthly to the outstanding balance of the Guarantees not replaced or released;

(F) Pursuant to clause 5.3.2.1 of the Agreement, CBD is the responsible for obtaining quotations from 3 first-tier banks and/or insurance companies for the calculation of the Fee;

(G) After the Effective Date of the Spin-off, a Transition Committee was established pursuant to clause 5.1.1 of the Agreement to coordinate the activities related to the Separation of Businesses, with powers to take every and any decisions on behalf of the Parties that do not depend on approval of their corresponding boards of directors or shareholders' meeting;

(H) As extensively discussed and agreed upon in the Transition Committee meeting on May 6, 2022, the Parties intend to amend the provisions of the Agreement as follows: (i) change clause 5.3 to reflect the extension of the deadline for the release of Guarantees, as mentioned in item "d" above; (ii) stipulate that the Fee will be charged quarterly; (iii) specify that both CBD and Sendas will be responsible for obtaining quotations for the Fee calculation, with the lowest business offer received to be applied; and (iv) include a new clause "5.3.4", stating that the Parties undertake to replace, within a period of 6 months, extendable for another 6 months, any Guarantees that have not yet been replaced and/or released, in the event that CBD and Sendas no longer have common control of Casino Group; and

(I) Pursuant to the Policies for Transactions with Related Parties of the Parties, the corresponding competent corporate bodies approved such amendment, upon execution of an amendment to the Agreement.

Now, therefore, the Parties **RESOLVE** to enter into this Second Amendment to the Separation and Other Covenants Agreement (the "Amendment"), which shall be governed by the mutually agreed terms and conditions below.

1. Definitions in this Amendment

1.1. All expressions used in capital letters in this Amendment shall have the meanings assigned to them in the Agreement, unless otherwise expressly stated herein.

2. Changes to the Agreement

2.1. The Parties hereby decide to amend clauses 5.3., 5.3.2. and 5.3.2.1, as well as to add a new clause 5.3.4 and replace Annex 5.3.2.1 to: (i) reflect the extension of the deadline for the release of Guarantees, as mentioned in the aforementioned “d” consideration; (ii) stipulate that the Fee will be charged quarterly; (iii) specify that both CBD and Sendas will be responsible for obtaining quotations for the Fee calculation, with the lowest business offer received to be applied; and (iv) include a new clause “5.3.4”, stating that the Parties undertake to replace, within a period of 6 months, extendable for another 6 months, any Guarantees that have not yet been replaced and/or released, in the event that CBD and Sendas no longer have common control of Casino Group. Thus, such clauses hereinafter become effective with the following wording:

“5.3. Release of Guarantees The Party that has any of its obligations or Liabilities, or the obligations and Liabilities of its Subsidiaries (“Guaranteed Party”), guaranteed at any title (whether financial guarantees or not) by the other Party and/or by any of its corresponding Subsidiaries (a “Guarantor”), hereby undertakes, with the reasonable cooperation of the Guarantor, to make business reasonable efforts to release, replace and/or in any way remove the Guarantor from the position or capacity of guarantor, co-obligee, warrantor, sponsor, or subsidiary or joint debtor (the “Guarantee”) as regards any Liabilities of the Guaranteed Party, including the removal of any Liens on any property and/or assets of the Guarantor that may serve as Guarantee of any Liabilities of the Guaranteed Party, within a period of up to 18 (eighteen) months from the Effective Date of the Spin-off, subject to the provisions of Clause 5.3.2.

(...)

5.3.2. If CBD or Sendas, justifiably, cannot obtain, or cause to be obtained, any removal or release of the Guarantee as provided for in Clauses 5.3 and 5.3.1, within the period set forth in Clause 5.3, the Guaranteed Party shall (i) quarterly pay to the Guarantor, from the 18th (eighteenth) month after the Effective Date of the Spin-off, on the 25th (twenty-fifth) Business Day of each quarter falling due (being clear that the first payment will be due in the 22th (twenty-second) month after the Effective Date of the Spin-off for the immediately preceding quarter, or due in the 20th (twentieth) month after the Effective Date of the Spin-off if the Parties have decided to extend the initial term for another 06 (six) months, pursuant to clause 5.3), as remuneration for the Guarantee, an amount equivalent to the lowest business offer received from at least 3 (three) first-tier banks and/or insurers applied every month to the outstanding balance of the Guarantees not replaced or released (“Fee”) and, if the Guarantee remains in force after the period of 24 (twenty-four) months from the Effective Date of the Spin-off, the Fee will be increased by 20% (twenty per cent); (ii) indemnify, defend, and exempt from liability the Guarantor against such Guarantee or against any Liabilities arising out of or connected to such Guarantee, and shall, as agent or subcontractor of the Guarantor, fully comply with all obligations or other Liabilities of the Guarantor under the corresponding Guarantee; and (iii) refrain from renewing or extending the time term or the scope of any Liabilities of any nature, whether in the form of a loan, guarantee, lease, contract or other obligation for which the Guarantor is or may be liable, unless if the Guarantor is finally and completely released from all its obligations as a result of and/or in connection with the corresponding Guarantee.”

5.3.2.1. For the calculation and collection of the Fee, (a) the Parties shall agree, within 5 (five) days from the end of each quarter, on the balance value of the Guarantees, upon which the due Fee will be calculated, to be determined by comparing the values of the Guarantees from one Party in favor of the other; so that the Party with the highest value of guaranteed obligations shall pay the Fee to the other Party; (b) both Parties shall be responsible for obtaining quotations from 3 (three) first-tier banks and/or insurer companies, for a guarantee with a term of 1 (one) year; taking into account the nature of the Guarantees (e.g., real estate guarantees) and the volume of the existing Guarantees balance, with the initial quotations to be obtained at the end of the period of 21 (twenty-one) months from the Effective Date of the Spin-off and renewed every 12 (twelve) months, based on the Guarantees existing at the end of the previous month to obtaining the quotations; (c) the Parties undertake to share among themselves copies of the quotations obtained, with the lowest business offer being applied for the Fee calculation; and (d) the Party to whom the Fee is due shall, within 15 (fifteen) Business Days from the end of each quarter, send to the debtor Party a statement of the Fee calculation. For illustrative purposes, Annex 5.3.2.1 contains a flowchart of the mechanism provided in this Clause 5.3.2.

5.3.4. The Parties undertake to release, replace, and/or otherwise remove, within a period of up to 6 (six) months, extendable for an additional 6 (six) months by mutual agreement between the Parties, any Guarantees that have not yet been replaced or released under the terms of this Agreement, in the event that CBD and Sendas no longer have common control of Casino Group.”

3. Ratifications and Consolidation

All other provisions, clauses, and conditions of the Agreement hereby amended that are not expressly changed by this Amendment remain in full force, unchanged, and ratified.

In witness whereof, the Parties hereby electronically sign this Amendment before the 2 (two) undersigned witnesses.

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[Signatures page of the Second Amendment to the Separation and Other Covenants Agreement]

São Paulo, June 30, 2022

/s/ Marcelo Pimentel
Marcelo Pimentel

/s/ Frederic Garcia
Frederic Garcia

COMPANHIA BRASILEIRA DE DISTRIBUIÇÃO

/s/ Belmiro de Figueiredo Gomes
Belmiro de Figueiredo Gomes

/s/ Sandra Vicari
Sandra Vicari

Sendas Distribuidora S.A.

Witnesses:

1. /s/ Geovani Diogo Jardim
Name: Geovani Diogo Jardim

2. /s/ Maira Elian de Melo Silva
Name: Maira Elian de Melo Silva

Annex 5.3.2.1

Illustrative Flowchart for the Guarantee Fee Calculation

**CERTIFICATION PURSUANT TO
SECTION 302 OF THE
SARBANES-OXLEY ACT OF 2002**

I, Belmiro de Figueiredo Gomes, certify that:

1. I have reviewed this annual report on Form 20-F (this “Report”) of Sendas Distribuidora S.A. (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 officer 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 such 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 officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the Company’s auditors and the audit committee of the Company’s board of directors (or persons performing the equivalent functions):
 - (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: April 23, 2024

/s/ Belmiro de Figueiredo Gomes
Belmiro de Figueiredo Gomes
Chief Executive Officer

**CERTIFICATION PURSUANT TO
SECTION 302 OF THE
SARBANES-OXLEY ACT OF 2002**

I, Vitor Fagá de Almeida, certify that:

1. I have reviewed this annual report on Form 20-F (this “Report”) of Sendas Distribuidora S.A. (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 officer 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 such 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 officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the Company’s auditors and the audit committee of the Company’s board of directors (or persons performing the equivalent functions):
 - (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: April 23, 2024

/s/ Vitor Fagá de Almeida

Vitor Fagá de Almeida

Vice-President of Finance and Investor Relations

**CERTIFICATION PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

Pursuant to section 906 of the Sarbanes-Oxley Act of 2002 (subsections (a) and (b) of section 1350, chapter 63 of Title 18, United States Code), each of the undersigned officers of Sendas Distribuidora S.A. (the “Company”), do hereby certify, to such officer’s knowledge, that:

The annual report on Form 20-F for the fiscal year ended December 31, 2023 of the Company (the “Report”) fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934 and information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: April 23, 2024

/s/ Belmiro de Figueiredo Gomes

Name: Belmiro de Figueiredo Gomes

Title: Chief Executive Officer

/s/ Vitor Fagá de Almeida

Name: Vitor Fagá de Almeida

Title: Vice-President of Finance and Investor Relations

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We consent to the incorporation by reference in Registration Statement No. 333-268567 on Form F-3 of our reports dated April 23, 2024, relating to the financial statements of Sendas Distribuidora S.A. and the effectiveness of Sendas Distribuidora S.A. internal control over financial reporting appearing in this Annual Report on Form 20-F for the year ended December 31, 2023.

DELOITTE TOUCHE TOHMATSU
Auditores Independentes Ltda.

São Paulo – SP, Brazil

April 23, 2024

Consent of Independent Registered Public Accounting Firm

We consent to the incorporation by reference in the Registration Statement (Form F-3 No. 333-268567) of Sendas Distribuidora S.A of our report dated May 2, 2022, with respect to the financial statements of Sendas Distribuidora S.A, included in this Annual Report (Form 20-F) for the year ended December 31, 2023.

/s/ ERNST & YOUNG
Auditores Independentes S/S Ltda.

São Paulo, Brazil.
April 23, 2024

CLAWBACK POLICY

November 30th, 2023.

I. INTRODUCTION

1.1. This Clawback Policy (“Policy”) of Sendas Distribuidora S.A. (“Company”) aims to establish the principles and mechanisms for refunds of certain Variable Compensation amounts paid by the Company to Executive Officers based on Company’s Financial Statements that may be subsequently Restated.

II. DEFINITIONS

“**Independent Director**” means a director who is qualified by the General Meeting of Shareholders as “independent” for the composition of the Board of Directors, in accordance with the rules of Brazilian Securities Commission (CVM), notably CVM Resolution No. 80/22, and the Novo Mercado Regulation of B3 S.A. – Brasil, Bolsa, Balcão.

“**Financial Statements**” means the annual financial statements, quarterly financial information, or any other interim financial information prepared by the Company.

“**Executive Officers**” means the members of the Company’s Board or any executive officer who is or has been listed as an “*officer*” for purposes of Form 20-F filed annually by the Company with the SEC.

“**Financial Reporting Metrics**” means metrics that are determined and presented in accordance with accounting principles used in the preparation of Financial Statements, and any other metrics that are derived in whole or in part from such metrics, including, without limitation, market price of shares and total shareholder return metrics. For clarity purposes, a Financial Reporting Metric does not need to be presented in the Financial Statements or included in documents filed by the Company with the SEC.

“**NYSE**” means New York Stock Exchange.

“Transition Period” means any transition period that results from a change in the Company’s fiscal year during, or immediately following, the three fiscal years immediately preceding the Restatement Date. A Transition Period occurring between the last day of the Company’s previous fiscal year and its new fiscal year that covers a period between nine and 12 months will be considered a complete fiscal year.

“Accounting Restatement” or **“Restatement”** means an accounting restatement due to the Company’s material failure to comply with any financial reporting requirement under applicable securities laws, including any accounting restatement necessary to correct a material error in previously issued Financial Statements, or which would result in a material inaccuracy if the error were corrected in the current period or left uncorrected in the current period.

“Received” means the Variable Compensation actually received or considered received by the Executive Officers, provided that the Variable Compensation will be considered received in the fiscal year during which the Financial Reporting Metric specified in the Variable Compensation instrument, agreement or plan has been achieved or granted, even if the payment or grant of the Variable Compensation by the Company occurs after such Fiscal Year.

“Variable Compensation Erroneously Awarded ” means the positive difference between (i) the amount of Variable Compensation actually Received by one or any Executive Officers calculated based on the Financial Reporting Metrics of Company’s Financial Statements that may be subsequently Restated; and (ii) the amount to which such or any Executive Officers would be entitled if such Variable Compensation was calculated based on the Financial Reporting Metrics of the Financial Statements after the Restatement, without taking into account any taxes paid. Variable Compensation Received by the Executive Officer will not be considered a Variable Compensation Erroneously Awarded if it was Received before October 2, 2023.

“Variable Compensation” means any compensation (whether in cash or shares issued by the Company) that is effectively Received by an Executive Officer and paid by the Company based, in whole or in part, on the achievement of a Financial Reporting Metric. The characterization of a variable portion as Variable Remuneration for the purposes of this policy does not, necessarily, implies the attribution or recognition of the legal nature of remuneration for tax or labor purposes.

“SEC” means the US Securities and Exchange Commission.

“Amount to be Refunded” means (i) the amount of Variable Compensation Erroneously Awarded in national currency; or (ii) the amount of any gain realized by the Executive Officer from the acquisition, exercise, liquidation, sale, transfer or other disposition of any Variable Compensation Erroneously Awarded in the form of shares or any other equity instruments issued by the Company.

III. GUIDELINES

3.1. RECIPIENTS OF THE POLICY

3.1.1. This Policy is applicable to all Executive Officers that have received or will receive Variable Compensation Erroneously Awarded , under the terms of this Policy, regardless of whether the Executive Officer acted with fault or intent.

3.2. DUTIES AND RESPONSIBILITIES

3.2.1. This Policy will be administered by the People, Culture and Compensation Committee (if the Committee is made up entirely of Independent Directors or, in the absence of such a Committee or if the Committee is not made up only of Independent Directors, by the majority of Independent Directors) (the “Committee”) and any resolutions adopted by the Committee will be final and binding on all affected individuals.

3.2.2. The Committee may interpret this Policy and make all necessary, appropriate or advisable decisions for the administration of this Policy and for the Company’s compliance with applicable legislation and regulations.

3.3. DETERMINATION OF VARIABLE COMPENSATION ERRONEOUSLY AWARDED

3.3.1. In cases where the Variable Compensation Erroneously Awarded is calculated based on (i) the market price of shares issued by the Company; (ii) metrics of total shareholder return, or (iii) in other hypotheses in which the amount of Variable Compensation Erroneously Awarded cannot be mathematically recalculated in an objective manner based on the information contained in the Financial Statements after the Accounting Restatement, the following must be observed:

(a) the amount of the refund will be determined by the Committee, based on a reasonable estimate of the effect of the Restatement on the market price of shares issued by the Company, on the metrics of total shareholder return or on any other criteria on which the Variable Compensation has been calculated and cannot be recalculated mathematically in an objective manner; and

(b) the Company must maintain for a period of 5 (five) years counting from the Committee's resolution, all documentation relating to the determination of this reasonable estimate and provide such documentation to the NYSE.

3.3.2. For the purposes of the provisions of item 3.3.1, only Variable Compensation actually Received by the Executive Officer, at any time during the 3 (three) fiscal years immediately preceding the fiscal year in course on the Restatement Date, may be considered a Variable Compensation Erroneously Awarded for the purposes of this Policy. In the event of a change in the closing date of the Company's fiscal year, the Transition Periods must be respected, in accordance with the applicable rules.

3.3.3. For the purposes of this Policy, Restatement Date is the date: (i) on which the Board of Directors concludes that the Company is required to carry out a Restatement (regardless of whether such Restatement has been filed with the competent bodies as required by legislation or any applicable standards); or (ii) on which a legally recognized competent authority or determines that the Company must carry out said Restatement.

3.4. METHODS OF RECOVERING VARIABLE COMPENSATION ERRONEOUSLY AWARDED

3.4.1. In the event of an Accounting Restatement, once payment has been found of Variable Compensation Erroneously Awarded to Executive Officers, the Committee will inform each Executive Officer, after the Committee's decision on the refund, containing (i) the Amount to be Refunded, including considering the provisions of item 3.3.1; (ii) the form of the refund, as per item 3.4.2 below; and (iii) the deadline for the Executive Officer to make the refund, if applicable.

3.4.2. The Committee shall promptly adopt, at its sole discretion, based on the particular facts and circumstances of the specific case, any of the following measures, without prejudice to others that may be necessary to obtain the due refund:

- (a) demand refund or seek recovery of the Amount to be Refunded by other means;
- (b) offset the Amount to be Refunded against any other compensation due or that may be due in the future by the Company to the Executive Officer, in compliance with applicable law and regulations;
- (c) cancel any share-based compensation, whether granted or not, up to the limit of the Amount to be Refunded; or
- (d) take any other redress and recovery action permitted by law.

3.4.3. In the event the Company needs to use legal resources to recover the Variable Compensation Erroneously Awarded, the respective Executive Officer must refund the Company for any expenses reasonably incurred (including legal fees) by the Company for this purpose.

3.4.4. Without prejudice to the provisions of item 3.4.2, except in accordance with applicable legislation, the Company must seek to recover an amount that is, at least, equivalent to the amount of the Variable Compensation Erroneously Awarded as a means of fulfilling the Executive Officer's obligations as provided for in this Policy.

3.4.5. For clarity purposes, if the measure adopted by the Board of Directors is not sufficient to fully recover the Amount to be Refunded, the Board may adopt other measures, cumulatively, until the total Amount to be Refunded is obtained by the Company.

3.4.6. The Company may adopt the necessary measures for the full refund of the Amount to be Refunded both before Executive Officers with active and inactive terms of office. The Company's right does not depend on whether the Executive Officers acted with fault or intent.

3.5. EXCEPTIONS

3.5.1. Compensation Granted in Error will not need to be refunded if the Committee understands:

(a) that, due to the adoption of reasonable measures for recovery and the direct payment to third parties to advise on the application of this Policy in the specific case, the expenses to be incurred by the Company for recovery would be greater than the Amount to be Refunded;

(b) based on a legal opinion considered acceptable by the NYSE, that the refund of Variable Compensation Erroneously Awarded by Executive Officers is originated from an applicable Brazilian law or regulation that came into force before November 28, 2022; or

3.5.2. The Committee's resolution must be substantiated and the measures adopted by the Company, including obtaining a legal opinion, documented for provision to the NYSE and other competent regulatory bodies.

3.6. DISCLOSURES

3.6.1. The Company will file with the SEC all disclosures relating to this Policy as required by applicable filings and rules.

3.7. PROHIBITION OF INDEMNIFICATION OR INSURANCE

3.7.1. The Company is not authorized to insure or indemnify any Executive Officer in relation to (i) the loss of any Variable Compensation Erroneously Awarded that is refunded, returned or recovered in accordance under this Policy, or (ii) any claims relating to the application by the Company of its rights under this Policy. Furthermore, the Company shall not enter into any agreement that exempts any Variable Compensation granted, paid or assigned to an Executive Officer from the application of this Policy or whereby the Company waives the right to recovery of any Variable Compensation Erroneously Awarded, and this Policy shall replace any such agreement (whether entered into before, on or after the date of this Policy).

3.8. OTHER RECOVERY RIGHTS

3.8.1. This Policy will be binding on and applicable to all Executive Officers and, to the extent required by applicable law, their beneficiaries, heirs, administrators or other legal representatives. The employment contracts and their amendments, stock grant agreement, compensation plan or agreement or any other agreement or arrangement with an Executive Officer must provide, as a condition for the grant of any benefit under such document, compliance with this Policy by the Executive Officers.

3.8.2. To the extent that an Executive Officer does not refund all Variable Compensation Erroneously Awarded to the Company, the Company may adopt all and any reasonable and appropriate measures to recover it, provided that, in this case, the respective Executive Officer will be required to refund the Company for any and all expenses reasonably incurred (including attorneys' fees and court costs) in recovering such Variable Compensation Erroneously Awarded.

3.8.3. Any right of recovery under this Policy is in addition to and does not replace any other recovery solutions or rights that may be available to the Company under applicable law, regulation or rule or under the terms of any Company policy or any provision in any employment contract, share award agreement, compensation plan or other provision.

IV. GENERAL PROVISIONS

This Policy was approved at a meeting of the Company's Board of Directors held on November 30th, 2023, and will be in force as from this date.

This Policy may only be modified by resolution of the Company's Board of Directors, whenever said management body deems it necessary and/or as a result of legislative and regulatory changes or the Company's corporate governance documents.

ANNEX I

DEED OF ADHESION TO THE VARIABLE COMPENSATION REFUND POLICY

By this instrument (“**Deed of Adhesion**”) [Name – identification], the undersigned, as [position], and as a hypersufficient employee under the terms of the law (art. 444, sole § of the CLT), states that he has read to the Variable Compensation Refund Policy of Sendas Distribuidora S.A., (“**Policy**”), agreeing with all its terms, and states for all purposes:

- (i) That he/she fully know the terms of the Policy, having hereby received a copy thereof, read, understood and fully agreed with its entire content;
- (ii) To be aware that he/she is responsible for fully complying with all provisions contained in the Policy, being required to refund the Company in full and without limitation for all losses arising from any non-compliance, without prejudice to other applicable sanctions, when applicable;
- (iii) To agree on compensation deductions or cancellations that may be defined as a means of enabling Refunding of the Amount to be Refunded, including, without limitation, deductions and severance pay that may be owed, in accordance with applicable legislation;
- (iv) Agree that the obligations set out in the Policy will remain in force even after the end of your relationship with the Company, if applicable, and the Company may take all applicable measures, extrajudicial and judicial to fully refund the Amount to be Refunded; and

Furthermore, I hereby waive any right to indemnification, insurance or advance on expenses by the Company in relation to any Compensation Erroneously Awarded, as established in Section 3.7 of this Policy.

São Paulo, [●] [●], [●].

Signature

Name

Date