

**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, 2021**

**OR**

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d)  
OF THE SECURITIES EXCHANGE ACT OF 1934**

**OR**

☐ **SHELL COMPANY REPORT PURSUANT TO SECTION 13 OR 15(d)  
OF THE SECURITIES EXCHANGE ACT OF 1934**

**Commission file number: 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)

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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		New York Stock Exchange <sup>1</sup>
American Depositary Share, each representing one common share	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.

**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, 2021:**

1,346,674,477 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, or a non-accelerated filer. See definition of "accelerated filer and large accelerated filer" 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<sup>†</sup> provided pursuant to Section 13(a) of the Exchange Act. ☐

<sup>†</sup> 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

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" refers to Sendas Distribuidora S.A., and "we," "our," "us," "our company" or like terms refer to Sendas and its consolidated subsidiaries.

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

- "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 indirect controlling shareholder. It is ultimately controlled by Mr. Jean-Charles Naouri, the chairman of our board of directors. For more information about Mr. Naouri, see "Item 6. Directors, Senior Management and Employees." For more information about our direct and indirect shareholders, see "Item 7. Major Shareholders and Related Party Transactions—A. Major Shareholders";
- "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;
- "CBD ADSs" are to ADSs, each representing one common share of CBD;
- "CBD ADS Custodian" are to Banco Itaú Corretora de Valores S.A., the Brazilian custodian of the CBD common shares underlying the CBD ADSs;
- "Central Bank" are to the Central Bank of Brazil (*Banco Central do Brasil*);
- "Corporate Reorganization" are to, collectively, the series of internal corporate transactions completed by CBD and Sendas on December 31, 2020. For more information about the Corporate Reorganization, see "Item 4. Information on the Company—A. History and Development of the Company—History—The Spin-Off";
- "CVM" are to the Brazilian Securities Commission (*Comissão de Valores Mobiliários*);
- "Éxito" are to Almacenes Éxito S.A., a Colombian corporation;
- "Éxito Acquisition" are to our acquisition of 96.57% of the shares of Éxito through a cash tender offer on the Colombian Securities Exchange. The Éxito Acquisition was completed on November 27, 2019. For more information, see "Item 4. Information on the Company—A. History and Development of the Company—History—Éxito Acquisition";
- "Éxito Group" are to Éxito and its consolidated subsidiaries;
- "Exchange Act" are to the U.S. Exchange Act of 1934, as amended;

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- "Extra Transaction" are to the 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 *Assai* 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;
- "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;
- "Separation" refers to our separation from CBD. On December 14, 2020, we entered into a Separation Agreement with CBD to provide a framework for our relationship with CBD following the Separation and the Spin-Off. For more information about the Separation Agreement, see "Item 7. Major Shareholders and Related Party Transactions—B. Related Party Transactions—Agreements Related to the Spin-Off"; and
- "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 CBD ADS Custodian, on a *pro rata* basis for no consideration. The Sendas common shares were distributed on March 3, 2020, 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—The Spin-Off."

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**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 consolidated financial statements as of December 31, 2021 and 2020 and for the years ended December 31, 2021, 2020 and 2019, 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 consolidated financial statements."

We have prepared our audited consolidated 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 consolidated financial statements have been audited in accordance with auditing standards of the Public Company Accounting Oversight Board.

### Recast of Financial Statements

On December 31, 2020, we completed the Corporate Reorganization (defined below), pursuant to which we transferred to CBD all the shares of *Éxito* held by us (corresponding to 96.57% of the total outstanding shares of *Éxito*). Accordingly, we present the results of the *Éxito* Group as discontinued operations in our financial statements for the year ended December 31, 2020, and we recast our consolidated statements of operations and comprehensive income for the year ended December 31, 2019 in accordance with IFRS 5 - Non-current Assets Held for Sale and Discontinued Operations.

On August 11, 2021, our shareholders approved a one-to-five stock split of Sendas common shares, or the Stock Split. For more information about the Stock Split, see "Item 4. Information on the Company—A. History and Development of the Company—History—Stock Split." Accordingly, we have retrospectively adjusted our basic and diluted earnings per share for the years ended December 31, 2020 and 2019 to reflect the effect of the Stock Split. For more information, see note 4 to our audited consolidated financial statements included elsewhere in this annual report.

### The Corporate Reorganization and the Spin-Off

On December 31, 2020, we completed a corporate reorganization pursuant to which we transferred all of our equity interest in *Éxito* to CBD, and CBD transferred certain assets to us. We refer to these internal corporate transactions collectively as the "Corporate Reorganization." For more information about the Corporate Reorganization, see "Item 4. Information on the Company—A. History and Development of the Company—History—The Spin-Off—Corporate Reorganization." In addition, on December 14, 2020, we entered into a Separation Agreement with CBD 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. For more information about the Separation Agreement, see "Item 7. Major Shareholders and Related Party Transactions—B. Related Party Transactions—Agreements Related to the Spin-Off."

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On December 31, 2020, an extraordinary general shareholders' meetings of CBD and Sendas approved the distribution of substantially all of the issued and outstanding Sendas common shares to holders of CBD common shares, including the CBD ADS Custodian, on a *pro rata* basis for no consideration. We refer to this distribution as the "Spin-Off." As a result of this approval, for purposes of Brazilian law, Sendas was technically no longer a subsidiary of CBD as of December 31, 2020. On February 19, 2021, the SEC declared effective the registration statement on Form 20-F to register the Sendas common shares, each represented by ADSs, under the Exchange Act, in connection with the trading of the Sendas ADSs on the NYSE.

The Sendas common shares were distributed on March 3, 2020, and the Sendas ADSs were distributed 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. For more information about the Spin-Off, see "Item 4. Information on the Company—A. History and Development of the Company—History—The Spin-Off."

### 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\$5.5805 to US\$1.00, which was the commercial selling rate at closing for the purchase of U.S. dollars on December 31, 2021, 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.

### 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 Brazilian Supermarket Association (*Associação Brasileira de Supermercados*) and the Brazilian Institute of Geography and Statistics (*Instituto Brasileiro de Geografia e Estatística*). 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.

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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:

- the economic, financial, political and social effects of the ongoing COVID-19 pandemic (or other pandemics, epidemics and similar crises), particularly in Brazil, and to the extent that they continue to cause serious negative macroeconomic effects, thus prompting and exacerbating the risks described under "Item 3. Key Information—D. Risk Factors;"
- global economic, political and social conditions and their impact on consumer spending patterns, particularly in Brazil (including, but not limited to, unemployment rates, interest rates, monetary policies and inflation rates);
- the ongoing impacts of the COVID-19 pandemic on customer demand, as well as on our expected results of operations, financial condition and cash flows our ability to sustain or improve our performance;
- 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 outcome of the 2022 presidential elections in Brazil;
- 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

*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 (*atacado de autosserviço*) sector of the Brazilian retail industry, which are highly competitive. We compete with other retailers based on price, product mix, store location and layout and services. Consumer habits are constantly changing and we may not be able to anticipate and quickly respond to these changes. We face intense competition from 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 multinational 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.

***We face increasing 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

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their existing infrastructure related to internet sales. For example, Amazon 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 costs 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, especially as a result of the COVID-19 pandemic.

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

We 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, consumers' reliance on traditional distribution channels such as our cash and carry stores could be materially diminished, which could have a material adverse effect on our financial condition and results of operations.

***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 operation.

***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. The increase in the unemployment rate combined with relatively high interest rates have resulted in an increased restriction of credit availability to consumers in Brazil. The unemployment rate reached 13.2% in 2021, compared to 13.8% in 2020 and 11.9% in 2019. These circumstances have not been noticeably improved by gradual reductions in the basic interest rate in Brazil, the SELIC rate, which reached 9.25%, 2.0% and 4.5% in December 2021, 2020 and 2019, respectively.

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.

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

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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 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, 2021 and 2020, 44% and 47%, respectively, of our net operating revenue was represented by credit sales, 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.

***Our business depends on our strong brand. 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. The *Assaí* brand was ranked the 20th most valuable brand in Brazil, according to a study entitled "Most Valuable Brazilian Brands 2021" published by global brand consultant Interbrand in 2021. According to this study, the *Assaí* brand is valued at approximately R\$654 million. We were also named the most admired company in Brazil by popular vote in the 2021 and 2020 editions of Exame magazine's "*Melhores e Maiores*" ("*Best and Biggest*") survey. Exame magazine's annual survey ranks more than 1,000 Brazilian companies under various categories. "*Melhores e Maiores*" is considered one of the most prestigious corporate awards in Brazil. We also believe that maintaining and enhancing that brand is critical to expanding our base of customers, which depends largely on our ability to continue to create the best customer experience, based on our competitive pricing and our large assortment of products.

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

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***The global outbreak of the novel coronavirus disease (COVID-19) could disrupt our operations and could have an adverse impact on our business, financial condition, results of operations or prospects.***

Since December 2019, a novel strain of coronavirus known as COVID-19 has spread in China and other countries. In 2020, the COVID-19 outbreak has compelled governments around the world, including in Brazil, to adopt temporary measures to contain the spread of COVID-19, such as lockdowns of cities, restrictions on travel and public transportation, business and store closures, and emergency quarantines, among others, all of which have caused significant disruptions to the global economy and normal business operations across a growing list of sectors and countries. The measures adopted to combat the COVID-19 outbreak have adversely affected and will continue to adversely affect business confidence and consumer sentiment, and have been, and may continue to be, accompanied by significant volatility in financial and commodity markets as well as stock exchanges worldwide.

A detailed discussion of the measures taken by the Brazilian government to combat the health and economic impacts of COVID-19, as well as the impacts of the COVID-19 pandemic on our business and results of operations, can be found in "Item 5. Operating and Financial Review and Prospects—A. Operating Results—Current Conditions and Trends in our Industry—COVID-19," for a detailed discussion of the impacts of COVID-19 on our business and results of operations.

While we have not experienced significant disruptions thus far from the COVID-19 outbreak, any future impacts that COVID-19 may have on us is subject to numerous uncertainties, including: (1) the severity and duration of the pandemic, including whether there are new waves caused by additional periods of increases or spikes in the number of COVID-19 cases, future mutations or related strains of the virus in areas in which we operate; (2) evolving macroeconomic factors, including general economic uncertainty, unemployment rates, and recessionary pressures; (3) unknown consequences on our business performance and initiatives stemming from the substantial investment of time and other resources to the pandemic response; and (4) the long-term impact of the pandemic on our business, including consumer behaviors. Accordingly, our business may be adversely impacted by the fear of exposure to uncertainties related to or actual effects of COVID-19 or similar disease outbreak.

In addition, the COVID-19 pandemic may negatively impact our business by causing or contributing to, among other things, the following, each of which could adversely affect our business, results of operations, financial condition and cash flows:

- We cannot assure you that the emergency health measures we have adopted will continue to be effective or that we will not have to adopt new protective measures, including work from home policies, which may divert our management's attention and increase our operating costs.
- If individual states and municipalities continue to implement different COVID-19 preventative measures, we may be required to expend additional time to implement them, which may increase our operating costs. In addition, we cannot assure you that we will be able to fully comply with these measures, which may negatively impact the way we operate our stores.
- In case we face a worsening in the pandemic situation in the future, we may require some investments with additional temporary workers or new adaptations in our stores, which may increase our operating costs. Until June 2021, amid escalating COVID-19 cases, hospitalization and deaths, many states and municipalities in Brazil reinstituted strict lockdown measures. If restrictions are re-imposed in the future, our sales may be impacted.
- If new restrictions are imposed that again impact the production capacity of some of our suppliers, we might face new shortages in the future, in which case we may have to seek alternate sources of supply which may be more expensive, may not be available or may result in delays in shipments to us and subsequently to our customers.

These and other impacts of the COVID-19 pandemic could also have the effect of heightening many of the other risk factors described herein, including but not limited to "—We face significant competition and pressure to adapt to changing consumer habits, which may adversely affect our market share and net income", "—We face

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increasing competition from internet sales, which may negatively affect sales through traditional channels, and we might not have an effective response to this competition", "The Brazilian cash and carry industry is sensitive to decreases in consumer purchasing power and unfavorable economic cycles", "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".

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

Our future success depends significantly on our ability to protect our current and future brands and to defend our intellectual property rights, including trademarks, patents, domain names, trade secrets and know-how. We have been granted numerous trademark registrations covering our brand and products and have filed, and expect to continue to file, trademark and patent applications seeking to protect newly developed brands and products. We cannot guarantee that trademark and patent registrations will be issued with respect to any of our applications. There is also a risk that we could inadvertently fail to renew a trademark or patent on a timely basis or that our competitors will challenge, invalidate or circumvent any existing or future trademarks and patents issued to, or licensed by, us. Although we have put in place appropriate actions to protect our portfolio of intellectual property rights (including trademark registration and domain names), we cannot 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.

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

Most of our stores are leased. The strategic location of our stores is key to the development of our business strategy and, as a result, we may be adversely affected in the event that a significant number of our lease agreements is terminated and we fail to renew these lease agreements on acceptable terms, or at all. In addition, in accordance with

applicable law, landlords may increase rent periodically, usually every three years. A significant increase in the rent of our leased properties may adversely affect our financial position and results of operations.

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

***Our product distribution is dependent on a limited number of distribution centers and we depend on the 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.***

Approximately 30% of our products are distributed through our 11 distribution centers and warehouses located in the Southeastern, Midwestern and Northeastern regions of Brazil. The transportation system and infrastructure in Brazil are underdeveloped and need significant investment to work efficiently and to meet our business needs.

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

***Our systems are subject to cyberattacks and security and privacy breaches, which could cause a material adverse effect on our business and reputation.***

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

We maintain what we believe to be reasonable and adequate technical security controls, policy enforcement mechanisms, monitoring systems and management oversight to address these threats. While these measures are designed to prevent, detect and respond to unauthorized activity in our systems, certain types of attacks, including cyberattacks, may occur.

Furthermore, some of our suppliers and service providers have significant access to confidential and strategic data collected by our systems, including confidential information regarding our customers.

Any unauthorized access to, or release or violation of our systems and data or those of our customers, suppliers or service providers could disrupt our operations, particularly our digital 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.

***Failure to protect our database, which contains the personal data of our clients, suppliers and employees, and developments in data protection and privacy laws, could have an adverse effect on our business, financial condition or results of operations.***

We maintain a database of information about our suppliers, employees and customers. If we experience a breach in our security procedures that affect the integrity of our database, including unauthorized access to any personal information of our customers, we may be subject to new legal proceedings that could result in damages, fines and harm to our reputation.

Currently, the processing of personal data in Brazil is regulated by a series of laws, such as the Federal Constitution, the Consumer Protection Code (Law No. 8,708/90) and the Internet Civil Registry (Law No. 12,965/14). Failure to comply with provisions of these laws, especially in connection with: (1) providing clear information on the data processing operations performed by us; (2) respect for the purpose of the original data collection; (3) legal deadlines for the storage of user data; and (4) the adoption of legally required security standards for the preservation and inviolability of the personal data processed, can give rise to penalties, such as fines and even temporary or permanent suspension of our personal data processing activities.

The General Data Protection Act (Law No. 13,709/18), or GDPR, became effective on September 18, 2020, except for the administrative sanctions provided thereunder, which became effective on August 1, 2021. The GDPR establishes a new legal framework to be observed in the processing of personal data, including that of our customers, suppliers and employees. The GDPR establishes, among other things, the rights of personal data owners, the legal basis applicable to the protection of personal data, requirements for obtaining consent, obligations and requirements relating to security incidents, data leaks and data transfers, as well as the creation of the National Data Protection Authority (*Autoridade Nacional de Proteção de Dados*), or ANPD. In the event of non-compliance with the GDPR, we may be subject to administrative penalties, including blockage or elimination of the personal data to which the infraction relates, the suspension or blockage of activities relating to personal data and fines of up to R\$50 million, as well as legal proceedings, which may materially adversely affect us, including damage to our reputation. The ANPD may revise data protection standards and proceedings based on the GDPR in the future, and the public prosecutor's office, consumer protection agencies and the judiciary will have significant roles in the interpretation and application of the GDPR.

In preparation for our compliance with the GDPR, we have reviewed our internal policies and procedures. However, given its recent effectiveness, the lack of regulation of critical aspects of the GDPR by the ANPD and the uncertainty about the possible interpretations of the GDPR by different agents, we cannot guarantee that we will not be exposed to litigation or subject to sanctions with respect to the GDPR in the future.

***The Casino Group has the ability to direct our business and affairs.***

As of April 20, 2022, the Casino Group was the beneficial owner of 41.0% of the total capital stock of Sendas. The Casino Group has the power to: (1) appoint the majority of the members of our board of directors, who, in turn, appoint our executive officers; and (2) determine the outcome of the vast majority of actions requiring shareholder approval. Accordingly, the Casino Group is considered to be our controlling shareholder pursuant to Brazilian Corporate Law. The Casino Group's interests and business decisions may



prevail over those preferred by our other shareholders or ADS holders.

***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, tax and labor matters. We cannot assure you that pending legal proceedings will be decided in our favor. We have made provisions for proceedings in which the chance of loss has been classified as probable by our management in consultation with external legal advisors. Our provisions 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 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 18 to our audited consolidated financial statements included in this annual report for a description of our material litigation contingencies.

***We may be unable to attract or retain key personnel.***

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

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

Law No. 12,846, of August 1, 2013, or the Brazilian Anti-Corruption Law, 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.

Additionally, French Law No. 1,691, of December 2016, or the Sapin II Law, relates to transparency, preventing corruption and the modernization of economic activity, and stipulates that companies must establish an anti-corruption program to identify and mitigate corruption risks. Under the Sapin II Law, among others, any legal

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entity or individual may be held criminally liable for offering a donation, gift or reward with the intent to induce a foreign public official to abuse their position or influence to obtain an undue advantage. The Sapin II Law is applicable to companies belonging to a group whose parent company is headquartered in France and whose workforce includes at least 500 employees worldwide. As such, the Sapin II Law applies to us. The key anti-corruption provisions of the Sapin II Law have been in force since June 1, 2017.

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 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, 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. If a significant number of our service providers or suppliers engage in these practices, our reputation may be harmed and, as a consequence, our customers' perception of our products may be adversely affected, causing a reduction in net revenue and results of operations as well as in the trading 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 meat products mainly from five suppliers. The products provided by these suppliers represented approximately 8.3% of our total sales for the year ended December 31, 2021. 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.

In addition, some of our principal suppliers are currently involved in *Lava Jato* investigation and developments in the related investigations or possible convictions of such suppliers may adversely affect their ability to supply products to us and, consequently, our sales levels for such products. For more information, see "—Risks Relating to Brazil—Political instability 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" below.

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

Products sold in our stores may cause consumers to suffer adverse reactions. Incidents involving these products may have a material adverse effect on our operations, financial condition, results of operations and reputation. Legal or administrative proceedings related to these incidents may be initiated against us, with allegations, among others, that our products were defective, damaged, adulterated, contaminated, do not contain the properties advertised or do not contain adequate information about possible side effects or interactions with other chemical substances. Any

actual or possible health risk associated with these products, including negative publicity related to these risks, may lead to a loss of confidence among our customers regarding the safety, efficacy and quality of the products sold in our stores. 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.

***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 to administrative and criminal sanctions, in addition to the obligation to remediate or indemnify others for the damages caused. We cannot ensure that these laws and regulations will not become stricter. If they do, we may be required to increase, perhaps significantly, our capital expenditures and costs to comply with these environmental laws and regulations. Unforeseen environmental investments may reduce available funds for other investments and could materially and adversely affect us.

***Our indebtedness could adversely affect our business.***

As of December 31, 2021, we had total borrowings and financing and debentures of R\$8,033 million, of which R\$613 million was classified as current borrowings and financing and debentures and R\$7,420 million was classified as non-current borrowings and financing and debentures. If we are unable to repay or refinance our current or non-current borrowings and financing 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. 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.

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, and there is no guarantee that we would be able to repay, refinance or restructure the payments on those debt agreements.

**Risks Relating to Brazil**

***The outbreak of communicable diseases around the world, including COVID-19, 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. Since December 2019, a novel strain of coronavirus that causes the disease known as COVID-19 has spread in China and other countries. In 2020 and 2021, and even into 2022, the COVID-19 outbreak compelled governments around the world, including in Brazil, to adopt temporary measures to contain the spread of COVID-19, such as lockdowns of cities, restrictions on travel and public transportation, business and store closures, and emergency quarantines, among others, all of which have caused significant disruptions to the global economy and ordinary course of business operations across a growing list of sectors and countries. These disruptions have continued in many cases into 2022. The measures adopted to combat the COVID-19 outbreak have adversely affected and will continue to adversely affect business confidence and consumer sentiment, and they have been, and may continue to be, accompanied by significant volatility in financial and commodity markets as well as stock exchanges worldwide.

In Brazil, reflecting the scale of investor's risk aversion, the stock market triggered several automatic suspensions, known as circuit breakers, and the benchmark index of about 70 stocks traded on the B3, or the Ibovespa index, fell 36.9% from January 1, 2020 to March 31, 2020, following the trend of international stock markets mainly related to the beginning of the pandemic. After a decrease of 17.8% in the first half of 2020, the Ibovespa index recovered strongly and increased 2.9% by the end of the year.

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The spread of COVID-19, especially if the measures to curb the spread of the virus lingers, may have broader macroeconomic implications, including reduced levels of economic growth and possibly a global recession, the effects of which could be felt well beyond the time the spread of infection is contained. Many countries are implementing relief plans to reduce the effects of COVID-19 in the local and world economy. Due to the uncertainties related to the length of this novel virus, we cannot estimate the additional impacts that COVID-19 may cause on the price and performance of our securities. Any material change in the Brazilian and international financial markets or the Brazilian economy as a result of these events or any developments may materially and adversely affect our business, financial condition and results of operations.

***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;
- 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;
- public health, including as a result of epidemics and pandemics, such as the COVID-19 pandemic; and
- other political, diplomatic, social and economic developments in or affecting Brazil.

Uncertainty over whether the Brazilian government will implement changes in policy or regulation affecting these or other factors in the future may contribute to economic uncertainty in Brazil and to heightened volatility in the Brazilian securities markets and securities issued abroad by Brazilian companies. These uncertainties and other

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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 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 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.

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.

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

Furthermore, 2022 is a presidential election year in Brazil and historically, in election years, foreign investments in Brazil decrease and political uncertainty generates greater instability and volatility in the domestic market, which may adversely affect our business and results of operations.

***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 annual inflation, as measured by the general price index (*Índice Geral de Preços – Mercado*), was 17.8% in 2021, 23.1% in 2020 and 7.30% in 2019. Brazil's Broad Consumer Price Index (*Índice Nacional de Preços ao Consumidor Amplo*) recorded inflation of 10.06% in 2021, 4.52% in 2020 and 4.31% in 2019, according to the Brazilian Institute of Geography and Statistics, or 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

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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.

On February 2, 2022, the Brazilian Monetary Policy Committee (*Comitê de Política Monetária*) increased official interest rates from 9.25% to 10.75% and on March 16, 2022 from 10.75% to 11.75%, having previously reached historic lows. 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.

***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 initially downgraded Brazil's sovereign debt credit rating from BBB-minus to BB-plus in September 2015 and subsequently downgraded it to BB in February 2016, maintaining its negative outlook, citing Brazil's fiscal difficulties and economic contraction as signs of a worsening credit situation. On January 11, 2018, Standard & Poor's further downgraded Brazil's credit rating from BB to BB-minus. In February 2019, Standard & Poor's affirmed Brazil's sovereign credit rating at BB-minus with a stable outlook. In December 2019, Standard & Poor'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.

Moody's placed Brazil's Baa3 sovereign debt credit rating under review in December 2015 and downgraded it to Ba2 with a negative outlook in February 2016, citing the prospect for further deterioration in Brazil's debt indicators, taking into account the low growth environment and the challenging political scenario. In April 2018, Moody's maintained Brazil's sovereign debt credit rating at Ba2, 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 May 2020.

Fitch initially downgraded Brazil's sovereign credit rating to BB-plus with a negative outlook in December 2015, citing the country's rapidly expanding budget deficit and worse-than-expected recession and subsequently downgraded it to BB with a negative outlook in May 2016. In February 2018, Fitch downgraded Brazil's sovereign credit rating again 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 May 2020, 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.

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.

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***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 2019, the *real* depreciated against the U.S. dollar in comparison to 2018, reaching R\$4.0301 per US\$1.00 as of December 31, 2019. In 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. On April 20, 2022, the real/U.S. dollar exchange rate was R\$4.6397 per US\$1.00. There can be no assurance that the *real* will not depreciate further 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.

***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 the conflict between Russia and Ukraine, may diminish investors' interest in securities of Brazilian issuers, including the Sendas common shares and the Sendas ADSs, and their trading price, limiting or preventing our access to capital markets and to funds to finance our future operations at acceptable terms.

***Global economic and political instability and conflicts, such as the conflict between Russia and Ukraine, 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 conflict between Russia and Ukraine. While we do not have any customer or direct supplier relationships in either country at this time, the current military conflict, 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 conflict between Russia and Ukraine and related economic sanctions. 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.

While the precise effect of the ongoing military conflict and global economies remains uncertain, they 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.

#### **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. B3 had a market capitalization of R\$7.9 trillion as of December 31, 2021. The ten most traded stocks by volume on B3 during 2021 accounted for approximately 31% of total trading on B3 during that period. Conversely, the NYSE had a market capitalization of approximately US\$27.7 trillion as of December 31, 2021. 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 develop or 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 following the Spin-Off.***

Currently, no public market exists for the Sendas common shares or the Sendas ADSs. We have applied to list the Sendas common shares on the *Novo Mercado* listing segment of the B3, and we intend to apply to list the Sendas ADSs 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 develop or 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 following the completion of the Spin-Off.

The trading price of and demand for the Sendas common shares and the Sendas ADSs following completion of the Spin-Off and the development and 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 economic conditions internationally and in Brazil, including changes in interest and exchange rates;
- 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;



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- maintenance of acceptable credit ratings or credit quality; and
- the general state of the securities markets.

Any of these factors may impair the development or 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 do not publish research or 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 will depend in part on the research and reports that securities or industry analysts publish about us or our businesses. While securities and industry analysts currently cover CBD, securities and industry analysts do not currently cover us, and may never publish research on us. If no securities or industry analysts commence coverage of us, the trading price for the Sendas common shares and the Sendas ADSs would likely be negatively impacted. In the event securities or industry analysts initiate coverage, 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.***

The market price of the Sendas common shares and the Sendas ADSs could decline significantly as a result of sales (or anticipated sales), including by the Casino Group, 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 depositary'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 Depositary.***

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 Depositary. 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 Depositary following Sendas's notification to the Sendas Depositary of the shareholders' meeting and Sendas's request that the Sendas Depositary inform holders of Sendas ADSs of the shareholders' meeting. To exercise their voting rights, holders of Sendas ADSs must instruct the Sendas Depositary on a timely basis. This voting process will take longer for holders of Sendas ADSs than for holders of Sendas common shares. If the Sendas Depositary fails to receive timely voting instructions for all or part of the Sendas ADSs, the Sendas Depositary 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.

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



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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. Memorandum and Articles of Association—Allocation of Net Profits and Distribution of Dividends—Distribution of Dividends" and "Interest on Shareholders' Equity."

***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.

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

***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 will be 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; and (4) an annual performance evaluation of the nominating and corporate governance and compensation committees be undertaken. 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 will rely on an exemption under Rule 10A-3(c)(3) 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.

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***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 gains from commodities and securities transactions. Based upon the composition of our income, our assets and the nature of our business, we believe that we were not treated as PFIC for U.S. federal income tax purposes in 2021. 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."

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## 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 *Assaí Atacadista* store, a wholesaler with a focus on supplying small businesses. In 2007, we were partially acquired by CBD, which is controlled by the Casino Group, a French conglomerate and world leader in food retail. 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.

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.

## Éxito Acquisition

In 2019, the Casino Group underwent a reorganization to simplify its corporate structure in Latin America. In connection with this reorganization, on November 27, 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, through the following banners: (1) *Viva Malls, Éxito, Carulla, Surtimayorista, Surtimax* and *Super Inter* in Colombia, (2) *Devoto, Disco* and *Géant* in Uruguay, and (3) *Libertad, Mini Libertad* and *Paseo Libertad Malls* in Argentina.

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On December 31, 2020, CBD completed the Corporate Reorganization pursuant to which Sendas transferred all of its equity interest in Éxito to CBD. As a result of the Corporate Reorganization, our primary focus is our cash and carry business. For more information, see "—The Spin-Off—Corporate Reorganization."

## The Spin-Off

### Background

CBD is the largest traditional retailer in the food segment in Brazil. It operates retail stores under a variety of banners and historically has operated in two business segments: the food retail segment and the cash and carry segment. Currently, Sendas operates CBD's cash and carry business in Brazil under the *Assai* banner. On December 31, 2020, as described below, 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 internal corporate reorganization, our primary focus is our cash and carry business. The Separation of Sendas from CBD and the distribution of the Sendas common shares described in this annual report are intended to provide CBD shareholders with equity investments in two separate, independent publicly-traded companies that will be able to focus on each of their respective businesses. CBD and Sendas expect that the Spin-Off will result in enhanced long-term performance of each business for the reasons discussed in "—Reasons for the Spin-Off" below.

### Corporate Reorganization

On December 31, 2020, CBD completed the Corporate Reorganization, consisting of the internal corporate transactions described below:

- Sendas engaged in the Exchange Transaction with CBD in which certain assets of CBD were transferred to Sendas in exchange for an equivalent value of the shares of Éxito held by Sendas (corresponding to 8.77% of the total outstanding shares of Éxito). The assets of CBD transferred to Sendas consisted of:
  - 50% of the shares of Bellamar, a holding company that holds an investment in 35.76% of the shares of FIC, in the amount of R\$769 million; and
  - the Real Estate Assets, consisting of five parcels of real estate, in the aggregate amount of R\$146 million, which may be developed as sites for new stores in the future.
- Following and contemporaneously with the Exchange Transaction, Sendas distributed to CBD the remaining shares of Éxito held by Sendas (corresponding to 87.80% of the total outstanding shares of Éxito).
- Sendas distributed certain assets to CBD in the net amount of R\$20 million.
- CBD conducted the following capital contributions:
  - CBD transferred to Sendas the net assets of stores that may be developed by Sendas in the future, with a residual value of R\$45 million;
  - CBD contributed intercompany receivables to Sendas for an amount of R\$140 million; and
  - CBD contributed R\$500 million in cash to Sendas.

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

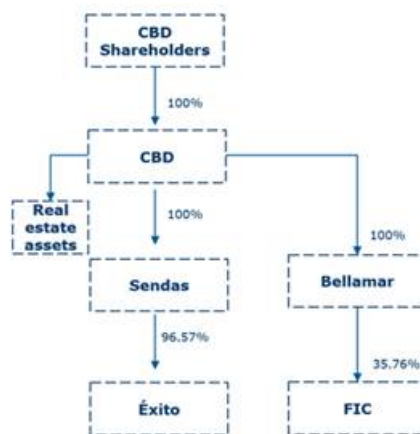
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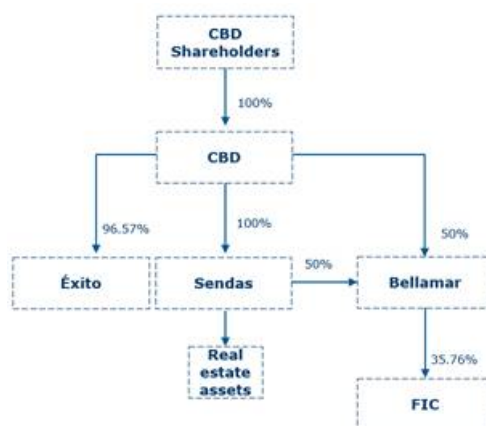
Transactions—Agreements Related to the Spin-Off." Pursuant to the Separation Agreement, Sendas will recognize certain assets and liabilities related to contingencies and their related judicial deposits for which the parties have agreed to be responsible following the Separation, in a net amount of R\$127 million.

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

### Pre-Corporate Reorganization



#### Post-Corporate Reorganization

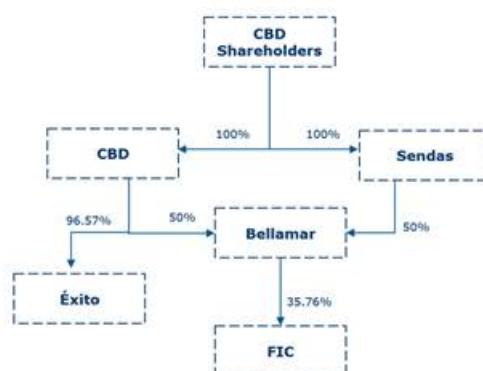


On March 3, 2021, CBD completed the Spin-Off, pursuant to which substantially all of the issued and outstanding Sendas common shares were distributed to holders of CBD common shares, including the CBD ADS Custodian, on a *pro rata* basis for no consideration. The Sendas ADSs were distributed to holders 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.

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

#### Post Spin-Off



For additional information on our share capital following the Spin-Off, see "Item 7. Major Shareholders and Related Party Transactions—A. Major Shareholders" and "Item 10. Additional Information—A. Share Capital."

#### Reasons for the Spin-Off

We believe that the Spin-Off will provide a number of benefits to our shareholders, including:

- permit each of the separate companies to increase their strategic focus on their businesses as each company operates in a different market with different opportunities and business models;
- improve the operational efficiencies of each of the separate companies by eliminating the inefficiencies of the current holding company structure and permit CBD to focus on the quality of products and services, customer convenience and the overall customer experience, while permitting Sendas to focus on supply chain issues,

reduction in the number of SKUs and basic service needs;

- improve the resource allocation by the separate companies and permit each company to achieve more attractive financing terms as investors are better able to understand each stand-alone business; and
- create value for stakeholders as the intrinsic value of each separate company is recognized by investors based on the attributes and performance of the separate companies.

We cannot assure you that following the Spin-Off any of the benefits described above or otherwise in this annual report will be realized to the extent or at the time anticipated or at all. See also "Item 3. Key Information—D. Risk Factors."

#### ***Capital Increases due to Exercise of Stock Options***

In 2021, 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:

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- on June 1, 2021, our board of directors approved the issuance of 544,106 new Sendas common shares (or 2,720,530 new Sendas common shares when considering the Stock Split, increasing our total outstanding common shares to 268,895,673 common shares (or 1,344,478,365 common shares when considering the Stock Split) and our total capital stock by R\$18 million, from R\$761 million to R\$779 million;
- on July 27, 2021, our board of directors approved the issuance of 404,186 new Sendas common shares (or 2,020,930 new Sendas common shares when considering the Stock Split), increasing our total outstanding common shares to 269,299,859 common shares (or 1,346,499,295 common shares when considering the Stock Split) and our total capital stock by R\$8 million, from R\$779 million to R\$787 million; and
- on December 7, 2021, as rectified at the meeting held on January 26, 2022, our board of directors approved the issuance of 175,182 new Sendas common shares, increasing our total outstanding common shares to 1,346,674,477 common shares and our total capital stock by R\$1 million, from R\$787 million to R\$788 million. These shares were issued on February 4, 2022.

In addition, on February 21, 2022, our board of directors approved the issuance of 239,755 new Sendas 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 1,346,914,232 common shares and our total capital stock by R\$1 million, from R\$788 million to R\$789 million. See "—Recent Developments—Capital Increase due to Exercise of Stock Options."

#### ***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 Rondonia, or the Sale and Leaseback Transaction, including one built property and four plots of land on which Assaí stores will be built.

The expected total sale amount to be received by Sendas for the sale of these five properties is R\$364 million, subject to adjustments due to construction and development costs or the need to replace properties following the completion of due diligence. The final sale amount and cost of construction of the properties will serve as the basis for the final amount of the monthly rents that will be included in the lease agreements, to be entered into upon conclusion of the sale transactions.

Until December 2021, we completed the sale of three such properties located in the States of São Paulo and Rondonia in the total amount of R\$192 million, or 52% of the expected total sale amount of the five properties. 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.

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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 55 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 are located on 17 properties owned and 53 properties leased by CBD. To the extent the assigned stores are located on properties leased from third parties, CBD will also assign the respective lease agreements to Sendas. The total estimated price of the transaction is R\$4.0 billion, payable by Sendas to CBD in installments between December 2021 and January 2024. 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.

Additionally, in the context of the Extra Transaction, CBD and a real estate fund, 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 estimated sale price of R\$1.2 billion. We have guaranteed the Real Estate Fund’s payment obligations to CBD and will 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 is subject to fulfillment of certain precedent conditions, including, but not limited to, the approval of the antitrust authorities. 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.

By the end of the first quarter of 2022, a total of 60 commercial points had been assigned by CBD to us, and we expect that the remaining 10 commercial points will be assigned to us by the end of May 2022. In addition, we estimate that approximately 40 commercial points will be converted into *Assaí* stores during the second half of 2022, and the remainder of the conversions will be completed in 2023.

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

Considering that Sendas and CBD are related parties under common control, the Extra Transaction was approved by the independent board members of Sendas and CBD, in line with best corporate governance practices. The consummation of the Extra Transaction is subject to the satisfaction of customary closing conditions.

## **Recent Developments**

### ***Fourth Issuance of Debentures***

On January 7, 2022, we concluded our fourth issuance of non-convertible, unsecured debentures in a single series, in an aggregate 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 will 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.

### ***First Issuance of Commercial Notes***

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.

### ***Capital Increase due to Exercise of Stock Options***

On February 21, 2022, our board of directors approved an issuance of 239,755 new Sendas common shares due to the exercise of stock options granted to certain employees under the terms of our share-based compensation plans. This issuance of Sendas common shares increased our total outstanding common shares to 1,346,914,232 common shares and our total capital stock by R\$1.4 million, from R\$787.9 million to R\$789.3 million. These shares were issued on March 8, 2022. 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.

### ***Dividend Distribution***

At the annual general shareholders’ meeting held on April 28, 2022, our shareholders voted to approve the minimum mandatory dividend in the aggregate amount of R\$224 million, calculated in accordance with Brazilian Corporate Law and our bylaws, with respect to the fiscal year ended December 31, 2021. This amount excludes the tax incentive reserve related to the recognition of tax credits for investment subsidy in the total amount of R\$709 million. Of the total amount, R\$56 million was paid on October 14, 2021 as interest on shareholders’ equity. The remaining amount of R\$168 million, corresponding to R\$0.125038407679398 per Sendas common share, is expected to be paid by June 28, 2022, which is 60 days from the annual general shareholders’ meeting. Holders of Sendas ADSs will receive the dividend distribution to which they are entitled through the Sendas Depositary.

### ***Fifth Issuance of Debentures***

On March 5, 2022, our board of directors approved the fifth issuance of non-convertible, unsecured debentures in a single series, in an aggregate amount of R\$250 million, with restricted placement efforts in Brazil, to be entered into between the Sendas and True Securizadora S.A., in accordance with Brazilian law. The net proceeds of this issuance of debentures will be 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 will accrue interest at a rate of CDI + 0.75% per annum, payable semi-annually through maturity on March 28, 2025.

### ***Change of Independent Auditors***

On March 7, 2022, our board of directors approved the change of Ernst & Young Auditores Independentes S.S. as independent registered public accounting firm and the engagement of Deloitte Touche Tohmatsu Auditores Independentes Ltda. to serve as our new independent registered public accounting firm as of the first quarter of 2022 for the fiscal year ending December 31, 2022, and future fiscal years until a new auditor rotation is required.

## **Capital Expenditures and Investment Plan**



Our gross capital expenditures and investment plan for 2022 is expected to be approximately R\$5 billion, primarily related to the conversion of hypermarkets, construction of new units, renovation of existing stores, logistics and technology. Additionally, up to R\$1.6 billion will be paid in 2022 for the acquisition of up to 70 Extra Hiper commercial points, currently being converted to *Assaí*. In 2021, we invested R\$2,489 million in our operations, an increase of 91.6% compared to R\$1,299 million in 2020. This investment was principally due to the opening of new stores. In 2021, we opened 28 stores, which reinforced our confidence in the execution of our business strategy. 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 Rondonia. By December 2021, we completed the sale of three such properties located in the States of São Paulo and Rondonia in the total amount of R\$192 million. We subsequently entered into long-term lease agreements with respect to these properties. For more information, see "—History—Sale and Leaseback Transaction."

Our investments since January 1, 2019 have included:

*Opening of new stores* – From January 1, 2019 to December 31, 2021, we organically opened or converted 61 *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."

*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 up to 70 commercial points operated by CBD under the *Extra Hiper* banner in several Brazilian states into cash and carry stores under the *Assaí* banner. For more information, see "—History—Extra Transaction."

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

	For the Year Ended December 31,		
	2021	2020	2019
			(in millions of R\$)
Opening of new stores	2,064	1,005	1,058
Renovation of existing stores	228	151	118
Information technology	94	63	63
Distribution facilities and other	65	70	61
<b>Non-cash effects:</b>			
Financing assets	38	10	29
<b>Total investments</b>	<b>2,489</b>	<b>1,299</b>	<b>1,329</b>
Acquisition of commercial points - Extra Hiper	798	—	—
<b>Total investments (including acquisition of commercial points)</b>	<b>3,287</b>	<b>1,299</b>	<b>1,329</b>

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."

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, including the continuing effects of the COVID-19 pandemic on the Brazilian economy and our business and operations. 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](http://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](http://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

We are the largest pure cash and carry player in Brazil in terms of consolidated gross revenue. For the year ended December 31, 2021, our net operating revenue totaled R\$41.9 billion. Our cash and carry operations involve sales of more than 8,000 items of grocery, food, perishable, beverage, wrapping, hygiene and cleaning products, among others. 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).

As of December 31, 2021, we operated a total of 212 stores under the *Assaí* banner, having a total selling area of approximately 964 thousand square meters. Our stores are located throughout 23 Brazilian states and the Federal District. In addition, we have a logistics infrastructure that is supported by 11 distribution centers and warehouses across Brazil.

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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) sales through digital applications; and (4) shipping through our telesales channel.

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

### Selected Operating Data

The selected operating data presented below excludes information relating to the Éxito Group, which was transferred to CBD in December 2020 as part of the Corporate Reorganization.

	As of and for the year ended December 31,			
	2021 <i>(in US\$, except as otherwise indicated)<sup>(1)</sup></i>	2021	2020	2019
<b>Operating Data:</b>				
Number of employees at period end <sup>(2)</sup>	50,154	50,154	39,197	36,045
Total square meters of selling area at year/period end	963,784	963,784	809,061	712,614
Number of stores at period end <sup>(3)</sup>	212	212	184	166
Net operating revenue per employee <sup>(2)</sup>	149,679	835,379	916,993	771,183
Net operating revenue for Assaí stores <i>(in millions of R\$ or US\$, as the case may be)</i>	7,508	41,898	35,943	27,797
Average monthly net operating revenue per square meter <sup>(4)</sup>	748	4,173	4,043	3,671
Average ticket amount	39	220	201	165
Average number of tickets per month <i>(in millions)</i>	15.9	15.9	14.9	14.1

(1) Solely for the convenience of the reader, Brazilian *real* amounts have been translated into U.S. dollars at an exchange rate of R\$5.5805 per US\$1.00, which was the commercial selling rate for U.S. dollars in effect on December 31, 2021, 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

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

(3) Excludes gas stations.

(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. Prior to the Corporate Reorganization, which was completed on December 31, 2020, we also generated a portion of our operating revenue from our retail operations in Colombia, Argentina and Uruguay, as a result of the Éxito Acquisition on November 27, 2019. The Éxito Group operation are presented as discontinued operations in our consolidated financial statements included in this annual report. For more information about the Éxito Acquisition, see "—A. History and Development of the Company—History—Éxito Acquisition." As a result of the Corporate Reorganization, we no longer hold an equity interest in the Éxito Group. For more information about the Corporate Reorganization, see "—A. History and Development of the Company—History—The Spin-Off—Corporate Reorganization."

### Sales Channels

#### Our Stores

As of April 20, 2022, we operated a total of 216 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 ambience 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.

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We operate in different store formats, tailored to different regions and customer profiles, accommodating our business to local practices and customs. Of the 212 stores we operated as of December 31, 2021, 36 stores ranged from 1 square km to 3 square km of selling area, a format we believe is best suited to enable our food service provider customers to quickly replace their supplies; 81 stores ranged from 3 to 5 square km of selling area, a format we believe is best suited to big families in urban centers; and 95 stores ranged from 5 to 8 square km of selling area, a format we believe is best suited for bulk purchases.

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:

	2016	2017	2018	2019	2020	2021
Same store gross sales	19.1%	11.4%	8.3%	6.3%	14.1%	4.8%

The table below sets forth our average monthly gross revenue per square meter for the period indicated:

	For the year ended December 31,					
	2016	2017	2018	2019	2020	2021
	(in R\$ thousands)					
Average monthly gross revenue per square meter	3.5	3.8	4.0	4.1	4.4	4.5

#### Number of Stores

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

#### Number of Stores

<b>As of December 31, 2018</b>	<b>144</b>
During 2019:	
Opened	21
Closed	—
Converted	1
<b>As of December 31, 2019</b>	<b>166</b>
During 2020:	
Opened	16
Closed	1
Converted	3
<b>As of December 31, 2020</b>	<b>184</b>
During 2021:	
Opened	24
Closed	-
Converted	4
<b>As of December 31, 2021</b>	<b>212</b>

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From January 1, 2022 to April 20, 2022, we opened four new *Assaí* stores.

The following tables set forth the number of stores, the total selling area, the average selling area per store and the total number of employees for our *Assaí* stores as of the dates indicated:

<b>As of December 31, 2021</b>				
	<b>Number of Stores</b>	<b>Total Selling Area</b>	<b>Average Selling Area per Store</b>	<b>Total Number of Employees<sup>(1)</sup></b>
		<i>(in square meters)</i>	<i>(in square meters)</i>	
<i>Assaí</i> stores	212	963,784	4,546	50,154

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

<b>As of December 31, 2020</b>				
	<b>Number of Stores</b>	<b>Total Selling Area</b>	<b>Average Selling Area per Store</b>	<b>Total Number of Employees<sup>(1)</sup></b>
		<i>(in square meters)</i>	<i>(in square meters)</i>	
<i>Assaí</i> stores	184	809,061	4,397	39,197

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

<b>As of December 31, 2019</b>				
	<b>Number of Stores</b>	<b>Total Selling Area</b>	<b>Average Selling Area per Store</b>	<b>Total Number of Employees<sup>(1)</sup></b>
		<i>(in square meters)</i>	<i>(in square meters)</i>	
<i>Assaí</i> stores	166	712,613	4,293	36,045

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

In addition, the four new *Assaí* stores we opened between January 1, 2022 and April 20, 2022 have a total selling area of 986 thousand square meters.

*Geographic Distribution of Stores*

Our stores are located throughout 23 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 56.6% and 56.3% of our net operating revenue for the years ended December 31, 2021 and 2020, respectively, while the other Brazilian regions (North, Northeast, Midwest and South), in the aggregate, accounted for 43.4% and 43.7% of our net operating revenue for the years ended December 31, 2021 and 2020, respectively.

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

	<b>As of December 31,</b>	
	<b>2021</b>	<b>2020</b>
North	14	11
Midwest	21	18
Southeast	113	101
Northeast	57	49
South	7	5
<b>Total</b>	<b>212</b>	<b>184</b>

In addition, the four new *Assaí* stores we opened between January 1, 2022 and April 20, 2022 are located in the North and Northeast regions of Brazil.

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### 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 9.4% and 9.5% of our total sales for the years ended December 31, 2021 and 2020, respectively.

### Credit Sales

For the years ended December 31, 2021 and 2020, 44% 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 36% and 33% of our net operating revenue for the years ended December 31, 2021 and 2020, respectively. Of this total, sales through our FIC co-branded credit cards accounted for 4.5% of our net operating revenue for each of the years ended December 31, 2021 and 2020. 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 and CBD's 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, 2021 and 2020, FIC had a portfolio of 3.5 million and 3.4 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, 2021, more than 1.8 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,		
	2019	2020	2021
			(in thousands)
Number of accounts	1,048	1,273	1,776

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 Via Varejo S.A. (a former subsidiary of CBD) 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 acquired 50% of the shares of Bellamar on December 31, 2020 in connection with the Corporate Reorganization.

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

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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 190.4 million customers as of December 31, 2021, an increase of 105.6% from December 31, 2016.

The table below sets forth our total number of customers for the periods indicated:

	For the year ended December 31,					
	2016	2017	2018	2019	2020	2021
						(in millions)
Total number of customers	92.6	117.5	145.1	168.8	179.2	190.4

Among our customers, in 2019 approximately 61% are classified as income Class C, 25% as income Class A and B and 14% as income Class D and E. Due to the COVID-19 pandemic, we have not been able to conduct a field study to update these figures in 2020 and 2021. We expect to resume this activity in 2022. 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, 2021 and 2020, we spent R\$182 million and R\$145 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 33% of their volume supplied by distribution centers. Accordingly, approximately 70% of our total product volume is supplied directly while 30% of our total product volume is supplied by our 11 distribution centers located in six 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 168,793 square meters.

## 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.

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### Information Technology

We invested R\$94 million and R\$63 million in information technology in the years ended December 31, 2021 and 2020, 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, 2021, our trademark (*Assaí*) was duly registered with INPI. We did not have any registered patents as of December 31, 2021.

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

### Industry

The cash and carry sector was created in order to serve customers within a market niche that was reached neither by self-service retail nor by direct wholesale.

According to the Brazilian Supermarket Association (*Associação Brasileira de Supermercados*), or ABRAS, the Brazilian retail food industry represented approximately 7.5% of Brazil's GDP in 2020, and the food retail industry in Brazil recorded gross revenues of approximately R\$554 billion in 2020, representing a 146.4% nominal increase compared to approximately R\$378 billion in 2019.

According to the Brazilian Cash and Carry Association (*Associação Brasileira dos Atacadistas de Autoserviço*), or ABAAS, there are more than two thousand cash and carry stores in operation in Brazil. The segment reported total sales of R\$230 billion in 2021 and accounted for nearly 2% of the Brazilian GDP.

According to the Nielsen, 66% of Brazilian homes made purchases from cash and carry stores in 2021, and the sales in the segment reported an increase of 15.4% in 2021, as compared to 2020. The market share of cash and carry stores improved by 5.7% in comparison to January 2020, mainly due to the macroeconomic context and the strong expansion throughout the last 5 years, a period when 701 cash and carry stores were opened. The segment has a high number of small players in Brazil, and thus, still offers plenty space to growth. In terms of relevance, the cash and carry segment represents only 19.7% of the Brazilian monthly purchase, while other small players such as small grocery stores and super and hypermarket that do not belong to large groups represents 38.9%.

According to the IBGE, the total population of Brazil was approximately 213 million in July 2021, representing a 0.74% growth since July 2020. Given that more than 84% of the population lives in urban areas (where most of our operations are located) and the urban population has been increasing at a greater rate than the population as a whole, our business is particularly well positioned to benefit from Brazil's urban growth and economies of scale related to urban growth. According to an IBGE survey, in 2020, the city of São Paulo had an estimated population of 12.4 million and the city of Rio de Janeiro had an estimated population of 6.8 million. These are the two largest cities in Brazil. The state of São Paulo has an estimated total population of 47 million, representing 21.9% of the

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Brazilian population and is our largest consumer market, with 82 stores as of December 31, 2021. The state of Rio de Janeiro is our second largest consumer market, with 28 stores as of December 31, 2021.

During 2021, private consumption in Brazil increased 3.6% while the country's GDP increased 4.6%. This GDP increase was mainly due to growth in the services segment, especially with respect to the performance of the retail and real estate sectors.

The following table sets forth the different income levels of Brazilian households, according to the 2021 Consumption Potential Index (*Índice de Potencial de Consumo*), or IPC Maps 2021, published by IPC Marketing Editora.

	Average Monthly Income
	(in R\$)
<b>Income Level:</b>	
A	22,717
B1	10,428
B2	5,450
C1	3,042
C2	1,806
D/E	813

According to a study by IPC Maps 2021, Class A households account for only 2.2% of all households, Classes B1 and B2 collectively represent 21.3% of all 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 28.6% of all 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 10.2% from R\$1,100 in January 2021 to R\$1,212 in January 2022.

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

## 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*, *Makro*, *Fort*, *Tenda* and *Roldão*, as well as various regional players.

## 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

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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 environment, sustainability issues, and the main ESG indexes in the market, as well as the expectations and interest of our stakeholders.

From material themes and alignment with CSR Casino Program, we have continued to implement our sustainability strategy: aiming to be a transforming agent, improving and innovating our way of doing business to build a more responsible and inclusive society following five operating pillars: (1) tackling climate change; (2) transforming the value chain; (3) engaging society; (4) integrated management and transparency; and (5) valuing our people.

We are committed to improving the environmental management of our business, in addition to promoting diversity and inclusion and ensuring the adoption of the best governance practices. Our ESG goals are prepared and approved by our corporate governance and sustainability committee and by our board of directors. They form part of our objectives and are included in all planned investments.

Highlights for 2021 included the following:

### Tackling Climate Change

Our operations are complex and involve numerous suppliers to ensure the best supply of our stores and meet the needs of our consumers. 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.

We have established four key commitments that guide our actions: (1) reduction of our greenhouse gases (GHG) emissions; (2) reduction of waste generation; (3) sustainable use of natural resources; and (4) respect for biodiversity. They unfold into action plans with goals, which are constantly monitored and improved.

In 2021, we reinforced our commitment to fight climate change and announced our goal of reducing by 30% carbon dioxide emissions (scopes 1 and 2) in our operations by 2025, and by 38% by 2030 as compared to our total emissions in 2015. Such goal is linked to the variable remuneration of all eligible leadership positions, which includes our chief executive officer and other executive officers, in addition to the positions of consultants, coordinators and managers in our distribution centers and headquarters. This is an initiative to promote the engagement and commitment of all employees to the challenges of the ESG agenda and climate emergency, regardless of area or specialty.

In 2021, we invested in making a thorough diagnosis of the use of refrigerant fluids in our operations, culminating in strategic recommendations and a roadmap for the transition of technologies. This plan was submitted and approved in 2021 by our corporate governance and sustainability committee, and its implementation is already in progress. In 2021, we made progress in replacing the R-22 fluid with less aggressive gases in 10 stores, which involves the replacement (retrofit) of old refrigeration systems by chillers that do not operate with the R-22.

As of December 31, 2021, 194 stores had migrated to this Free Energy Market (renewable sources from wind, solar, biomass and small hydroelectric power plants). In addition, we have also been investing in the installation of solar power plants for distributed energy self-generation, taking advantage of areas available but not useful for business, thus increasing our independence from local power suppliers. As of the date of this annual report, we had a

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total of seven photovoltaic plants in operation. In 2021, more than 85% of our total electricity consumption came from renewable sources.

We continually seek to reduce the volume of waste generated and ensure the correct separation, handling, packaging, and transportation to the environmentally appropriate



final destination. We measure the effectiveness of our waste management through our waste recovery rate, which represents the proportion of materials destined for recycling, donation, or composting compared with those destined for landfills. As of December 31, 2021, our residue recovery rate was approximately 40%. We also encourage greater sustainability practices by our customers by implementing recycling stations in our stores. We have also expanded our partnerships with food banks to donate fruits and vegetables to social organizations. In 2021, we donated a more than 1.2 thousand tons of food items from 102 stores, reducing the amount of food sent to landfills and increasing by 10% vegetables donated to food banks.

## ***Transforming the Value Chain***

We operate in a rich and complex value chain composed by numerous suppliers, including producers, industries, distribution and service companies. We seek to understand in depth all links in the chain, increasing traceability and the monitoring process and thus identify and mitigate possible socio-environmental risks in the stages of extraction of raw materials and production, as well as contributing to enhance our positive impact. We aim to offer a choice of products that contribute to more conscious consumption. Our relationship with suppliers is guided by standards to be followed on topics such as promotion of human rights, occupational health and safety, food safety, anti-corruption practices, protection of biodiversity and the environment, which are contained in our Letter of Ethics for Suppliers, Code of Ethics, Diversity and Human Rights Policy, Environmental Management Policy and Socio-Environmental Beef Purchase Policy.

In 2021, we updated the study of critical chains that aims to identify a socio-environmental risk matrix of the value chain, listing raw materials and risks. 28 chains were identified as critical from socio-environmental risks in the stages of cultivation, production or transformation of products sold in our stores. We focused on three priority aspects: (1) proper working conditions; (2) elimination of deforestation; and (3) responsible use of biodiversity. From a prioritization, 14 additional chains were contemplated compared with the chains of the first study carried out in 2018. In the end, 13 product chains/categories were prioritized. With the definition of the priorities, we have established an action plan for our critical supply chain and product categories.

## ***Engaging Society***

We seek to support our society, promoting engagement in the local communities where we are present, through a variety of social projects and programs, including:

- *Academia Assaí Bons Negócios*: This is our social investment program that since 2017 has been supporting micro and small entrepreneurs in the food sector, providing them with training courses, information sharing, and events among other informal support. In 2021, the program issued more than 8 thousand entrepreneurs certified, with more than 2 million connections to the virtual platform.
- *Social Investment*. During the challenging period of the COVID-19 pandemic, we reinforced our social commitment, aiming to support those people who were most affected and the most vulnerable. As a member of the food sector, we have been focusing our social actions on donating thousands of basic food staples to social institutions. In 2021, we donated more than 1.3 thousand tons of food items, benefiting more than 147 thousand families in Brazil. We also mobilized our customers throughout Brazil to support vulnerable families through fundraising campaigns for food donations in our stores (receiving points). Through solidarity campaigns, our customers donated more than 700 tons of non-perishable food and hygiene and cleaning items to local organizations near our stores. In addition, we had partnerships with various organizations in Brazil that promote entrepreneurship in communities, fostering and strengthening small businesses.
- *Assaí Institute*: Historically, we have benefitted from the support of the GPA Institute, a non-profit organization that promotes the strategy and management of the social investments of Grupo Pão de Açúcar. In 2022, we are launching the Assaí Institute, a non-profit institution to lead our social investments, which aims to expand opportunities for people and communities on three axes: small entrepreneur, food security and sport.

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## ***Diversity and Inclusion***

Every year, we strengthen our focus on diversity and inclusion and on respect for human rights with a strategic agenda to promote inclusion, respecting and valuing diversity and combating all forms of violence and discrimination, internally and throughout our value chain. We rely on our organizational culture, our code of ethics and our Diversity and Human Rights Policy to build our actions to value diversity and combat violence and discrimination. Following these guidelines, we carry out diversity and inclusion planning on four fronts: (1) governance; (2) brand position; (3) inclusive culture; and (4) affirmative action.

### ***Governance***

This front aims to align our policies, processes and actions with our positioning on diversity. In 2021, we implemented a specific clause about diversity and human rights to the standard draft for new agreements to be executed by the company. This reinforces our code of ethics, diversity policy and human rights and requires our contractors to advise and train their teams that work in our units and sets forth sanctions and contractual termination in case of non-compliance in all existing contracts with our service provider partners.

During the year, we held five bimonthly meetings of our diversity allies group to discuss and leverage improvement actions in the five aspects of diversity, which generated more than 20 action proposals. This group is composed of leaders from different areas, its mission is to support, promote and sustain the guidelines described in our Diversity and Human Rights Policy. We also started a pilot project of our diversity ambassadors group in two regional offices, which may be expanded in 2022. The group is composed of store employees and contributes to increasing the number of people allied to the theme, strengthening inclusion practices through online training courses so that they could deepen their knowledge on the subject. In addition, we held the third workshop of prevention and safety for suppliers who provide us with support services (security, cleaning, parking, surveillance, and cafeteria) and deal directly with our employees, customers and other suppliers, to align our policies and practices on diversity, with a focus on the racial agenda.

### ***Brand Position***

In partnership with marketing, internal communication and the press, this front aims to strengthen the positioning and image of the brand as an inclusive company that respects and values diversity and human rights. We are signatories of initiatives and movements that aim to contribute to a more responsible and inclusive society. We work together to overcome the main challenges of sustainable development, adopting the best practices in retail. We adhere to the following commitments:

- *Women's Empowerment Principles*: In 2021, we joined this initiative by UN Women and the UN Global Compact. The seven women's empowerment principles have guidelines to further strengthen our practices of gender equity for our people and society as a whole.
- *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*: Aimed at giving greater visibility to this subject and make progress with the agenda of violence against women, in 2021, we adhered to the commitment that mobilizes over 130 Brazilian companies promoting actions able to generate transformations in the most varied spaces of society so that they can become safer, more welcoming, and free from all forms of violence.

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- *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.

In addition, in 2021, we sponsored the Yes to Racial Equality (Sim à Igualdade Racial) Award and the Yes to Racial Equality (Sim à Igualdade Racial) Forum promoted by Institute of Brazilian Identities (Instituto de Identidades Brasileiras – ID\_BR) and supported the DiverS/A Fair, promoted by the *Mais Diversidade* consultancy.

#### *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.

#### *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:

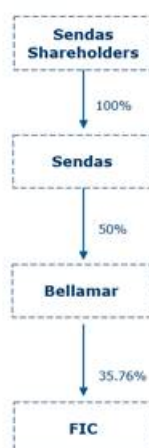
- *Gender Equality*: We have internal policies that provide for the participation of women throughout the hiring process, the development and training of women in middle leadership to accelerate their careers and specific benefits for mothers. In 2021, 26.3% of our leadership positions (management and above) were held 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 2021, 5.4% of our employees were people with disabilities.
- *Racial Equality*: In 2021, we intensified the hiring of Black employees in all positions and business units. 65% of *Nossa Gente* is self-declared Black. In 2021, 62% of our leadership positions were held by Black employees, and 44.7% of our manager positions and above were held by Black employees.
- *LGBTQIA+*: In 2021, we partnered with TransEmpregos to intensify the hiring of trans people, which resulted in a 70% growth in the number of trans employees.

### **C. Organizational Structure**

The chart below sets forth our simplified corporate structure as of the date of this annual report:

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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, 2021, we owned 26 stores and two parcels of real estate that may be developed as sites for new stores in the future. As of December 31, 2021, and we leased the remaining 186 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 two leases expiring in 2022, which are scheduled to expire in June 2022 and September 2022. These leases are subject to an automatic 10-year renewal unless we decide to terminate it prior to their expiration. We do not expect to terminate these lease agreements. Based on our prior experience on Brazilian real state 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.

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, 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
<b>Total</b>	<b>26</b>	<b>115,628</b>	<b>197</b>	<b>1,016,949</b>	<b>223</b>	<b>1,132,577</b>

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	As of December 31, 2020					
	Owned		Leased		Total	
	Number	Area	Number	Area	Number	Area
	(in square meters)		(in square meters)		(in square meters)	
Assaí stores	24	107,362	160	701,699	184	809,061
Warehouses	—	—	10	155,642	10	155,642
<b>Total</b>	<b>24</b>	<b>107,362</b>	<b>170</b>	<b>857,341</b>	<b>194</b>	<b>964,703</b>

	As of December 31, 2019					
	Owned		Leased		Total	
	Number	Area	Number	Area	Number	Area
	(in square meters)		(in square meters)		(in square meters)	
Assaí stores	33	140,533	133	572,081	166	712,613
Warehouses	1	3,700	8	146,228	9	149,928
<b>Total</b>	<b>34</b>	<b>144,233</b>	<b>141</b>	<b>718,309</b>	<b>175</b>	<b>862,541</b>

**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 consolidated financial statements prepared in accordance with IFRS and the other financial information included in this annual report.

**A. Operating Results**
**Brazilian Economic Environment and Factors Affecting Our Results of Operations**

Beginning on January 1, 2021, all of our operations have been 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. Prior to the Corporate Reorganization, which was completed on December 31, 2020, we also generated a portion of our operating revenue from our retail operations in Colombia, Argentina and Uruguay, as a result of the Éxito Acquisition on November 27, 2019. As a result of the Corporate Reorganization, we present the Éxito Group as a discontinued operation in our financial statements.

The economic environment remained challenging for our operations during throughout the last 3 years. The Brazilian GDP, as published by the Brazilian Institute of Geography and Statistics (*Instituto Brasileiro de Geografia e Estatística*), or the IBGE, 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.

In addition, our results of operations are affected by the level of Brazilian unemployment. As of December 31, 2021, 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 13.2%, compared to 13.8% as of December 31, 2020 and 11.9% as of December 31, 2019, which was the highest rate since the IBGE started publishing the PNAD in 2012. 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 2021, 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, increased to 17.8%, compared to 23.1% during 2020 and 7.31% during 2019. In 2021, Brazilian inflation, as measured by the Broad Consumer Price Index (*Índice Nacional de Preços ao Consumidor Ampliado*), or IPCA, published by the Brazilian Institute of Geography and Statistics (*Instituto Brasileiro de Geografia e Estatística*), or IBGE, increased to 10.06%, compared to 4.52% during 2020 and 4.52% during 2019. 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.

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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 2021, the *real* depreciated against the U.S. dollar by 7.4%, following a depreciation of 28.9% during 2020. 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 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, 2021, the CDI rate was 4.4%, reflecting an increase from the CDI rate of 2.8% as of December 31, 2020 and a decrease from the CDI rate of 5.9% as of December 31, 2019, following substantial declines compared to previous years. 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, including as a result of COVID-19, 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, since the beginning of 2020, we have emphasized 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, inflation and interest rates, and the U.S. dollar exchange rate for the indicated periods:

	As of and for the year ended December 31,				
	2021	2020	2019	2018	2017
GDP growth (%) <sup>(1)</sup>	4.6	(4.1)	1.1	1.1	1.0
Unemployment (%) <sup>(2)</sup>	13.2	13.5	11.9	12.3	12.7
Inflation (ICP-M) (%) <sup>(3)</sup>	10.8	23.1	7.3	7.5	(0.5)
Inflation (IPCA) (%) <sup>(4)</sup>	10.1	4.5	4.3	3.7	2.9
CDI (%) <sup>(5)</sup>	4.4	2.8	5.9	6.4	9.9
(Depreciation) appreciation of the <i>real</i> against the U.S. dollar (%)	(7.4)	(28.9)	(4.4)	(18.5)	(1.5)
Exchange rate (closing) of the <i>real</i> to the U.S. dollar <sup>(6)</sup>	5.581	5.197	4.031	3.875	3.308
Average exchange rate the <i>real</i> to the U.S. dollars <sup>(6)</sup>	5.395	5.158	3.946	3.656	3.193

(1) Source: IBGE.

(2) Source: IBGE.

(3) Source: FGV.

(4) Source: IBGE.

(5) Source: Central Bank.

(6) Source: Central Bank.

## Current Conditions and Trends in our Industry

*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."*

### COVID-19

Since December 2019, a novel strain of coronavirus known as COVID-19 has spread in China and other countries. In 2020, the COVID-19 outbreak has compelled governments around the world, including in Brazil, to adopt temporary measures to contain the spread of COVID-19, such as lockdowns of cities, restrictions on travel and public transportation, business and store closures, and emergency quarantines, among others, all of which have

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caused significant disruptions to the global economy and normal business operations across a growing list of sectors and countries. The measures adopted to combat the COVID-19 outbreak have adversely affected and will continue to adversely affect business confidence and consumer sentiment, and have been, and may continue to be, accompanied by significant volatility in financial and commodity markets as well as stock exchanges worldwide.

In Brazil, the federal system permits individual states the autonomy to impose regional restrictions, which has led to disparate COVID-19 policy outcomes among different states. In the state of São Paulo, for example, where more than 40% of our stores at the time were located, statewide lockdowns were in place from March 24, 2020 to June 15, 2020. All non-essential establishments, including restaurants, bars, schools and daycare centers were closed during that time. Since mid-June 2020, commerce in the state of São Paulo has gradually reopened, operating under a color-coded reopening plan. Although cash and carry stores are considered an essential public service and therefore have remained open throughout the COVID-19 pandemic, including during the period of general lockdown, our business operations were affected by the restrictive measures imposed by the Brazilian government and state governments of Brazil.

When the lockdown restrictions were first implemented, we experienced a large number of customers going to our stores in order to stock up on essential products driven by worries of potential shortages of basic products. While the frequency of customer trips to our stores decreased during this period, we observed an increase in the average ticket. This effect was observed especially in the second half of April 2020.

With the closing of commercial and educational institutions such as restaurants, bars, schools and daycare centers in the states where a majority of our stores are located, including São Paulo and Rio de Janeiro, we started to experience a significant shift in our customer profile, from corporate clients to more individuals, especially with the introduction by the Brazilian government of its COVID-19 emergency financial assistance in April of 2020.

The effects of the restrictive measures on our business were alleviated by this emergency aid offered by the Brazilian government beginning in April 2020 to combat the economic crisis caused by the COVID-19 pandemic. This emergency aid targeted informal workers, independent small businesses and the unemployed, who were able to purchase goods in cash and carry and retail stores. The amount of assistance was R\$600 per month from April to August 2020 and R\$300 per month from September to December 2020. In total, the Brazilian government released R\$273 billion in COVID-19 aid, benefitting approximately 68 million individuals. Of this amount, R\$105 billion was allocated to the Southeast region, where we operate our largest number of stores. On March 18, 2021, the Brazilian government approved additional direct emergency aid to certain individuals, ranging from R\$150 to R\$375 per family. The total amount of this new round of emergency amounted to R\$44 billion. The emergency aid ended in October, 2021, which may have negatively impacted our customers' average tickets.

In March 2021, amid escalating COVID-19 cases, hospitalization and deaths, many states and municipalities in Brazil reinstituted strict lockdown measures. In São Paulo, for example, a statewide lockdown was imposed from March 6, 2021 to March 19, 2021. All lockdowns were lifted in June 2021, which contributed to an increase in revenue from our corporate customers. If restrictions are re-imposed in the future, our sales may be impacted.

To reduce the risk of COVID-19 spreading, meet the demand of our customers and provide a safe environment for our customers and employees, we implemented emergency protective health measures at our stores, hired temporary employees to keep our stores operational and invested in additional training, which caused a temporary increase in our operating costs. In 2021, we also hired 1,824 temporary workers to substitute some of our employees who could not return to work due to health concerns or to avoid putting high-risk group persons even at a higher risk.

We cannot assure you that we will not have to adopt new protective measures in case we face a worsening in the pandemic situation in the future, which will require some investments with additional temporary workers or new adaptations in our stores. We believe, however, that the experience we acquired in trying to prevent and address the effects of COVID-19 in 2020 and 2021, will enable us to quickly respond in taking the necessary measure to avoid any negative impacts to our business and results of operations.

Moreover, our administrative office and other facilities were affected as we adopted a remote work policy in March 2020 for our administrative and back-office personnel. Throughout 2021, we maintained a remote work due

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to the increase of COVID-19 cases in Brazil. We have been gradually returning our employees to the office. We prepared several tests to ensure the health of our employees, but we cannot guarantee that we will not have to implement the remote work policy again in the event of new restrictive measures imposed as a response to a new COVID-19 wave. Some adaptations were necessary in our offices to allow our administrative employees to return to the office safely, in accordance with health recommendations from the Brazilian national health agency (*Agência Nacional de Saúde Suplementar*). If new restrictions are necessary in the future, we have already a structure for the remote work with no impact to the operations.

We may also face supply chain risks, including scrutiny or embargoing of goods produced in infected areas, in addition to failures of third parties, including our suppliers, contract manufacturers, contractors, commercial banks, joint venture partners and external business partners to meet their obligations, or significant disruptions to their ability to do so, which may adversely affect us. During 2020, we experienced certain COVID-19 related supply chain issues. Some industries suffered from product shortages as problems arose in a number of packaging suppliers due to a shortage of cardboard and aluminum as packaging materials and the lack of production capacity, as the demand for some products (e.g.: alcoholic beverages) recovered faster than the industry had the capacity to ramp up production of those products. This trend has been normalized. However, if new restrictions are imposed that again impact the production capacity of some of our suppliers, we might face new shortages in the future.

The extent to which COVID-19 and/or other diseases affect us will depend on future developments, which are highly uncertain and cannot be predicted, including new information which may emerge concerning the severity of COVID-19 and/or other diseases and the actions to contain them or treat their impact, among others. In addition, new strains of the COVID-19 virus have been identified that are considered to be more contagious and potentially more infectious, posing a serious additional public health threat.

For more information on the risks relating to the COVID-19 pandemic on our business, see "Item 3. Key Information—D. Risk Factors—Risks Relating to our Industry and Us —The global outbreak of the novel coronavirus disease (COVID-19) could disrupt our operations and could have an adverse impact on our business, financial condition, results of operations or prospects."

## **Financial Presentation and Accounting Policies**

### ***Presentation of Financial Statements***

We have prepared our audited consolidated financial statements in accordance with IFRS as issued by the IASB. Our audited consolidated 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. Historically, we have reported our results as a single segment. Following the Éxito Acquisition, we began consolidating the results of the Éxito Group and its subsidiaries into our financial statements as from December 1, 2019, and we implemented a new organizational structure that reflected our business activities and corresponded to our principal business activities. Accordingly, we had two business units and reported our results in two corresponding segments to reflect this organizational structure:

- Cash and Carry – this segment included our legacy business in Brazil, primarily conducted under the "Assai" banner; and
- Éxito Group – this segment included the businesses of the Éxito Group in Colombia, Argentina and Uruguay, which we conduct under the "Éxito," "Surtimax," "Super Inter," "Carulla," "Disco," "Devoto," "SurtiMayorista" and "Libertad" banners.

On December 31, 2020, we completed the Corporate Reorganization, pursuant to which we transferred to CBD all the shares of Éxito held by us (corresponding to 96.57% of the total outstanding shares of Éxito). Accordingly,

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we present the results of the Éxito Group as discontinued operations in our financial statements for the year ended December 31, 2020, and we recast our consolidated statements of operations and comprehensive income for the year ended December 31, 2019 in accordance with IFRS 5 - Non-current Assets Held for Sale and Discontinued Operations.

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.

## ***Critical Accounting Policies and Estimates***

The preparation of our consolidated 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.

We discuss below key assumptions and judgments concerning the future, and other key sources of uncertain estimates at the reporting date that have a significant risk of causing a material impact to the carrying amounts of assets or liabilities within the next financial year. For further details on critical accounting policies, see note 6 to our consolidated financial statements included elsewhere in this annual report.

### ***Impairment of Financial Asset***

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

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

When determining whether the credit risk of a financial asset increased significantly since its initial recognition and while estimating the expected credit losses, we take into account reasonable and sustainable information that is relevant and available free of cost or excessive effort. This includes quantitative and qualitative information and analysis, based on our historical experience, during credit appraisal and considering information about projections. We consider that the credit risk of a financial asset increased significantly if the asset is overdue for more than 90 days. For additional information, see notes 8.3 and 17.6 to our audited consolidated financial statements included elsewhere in this annual report.

### ***Annual Impairment Test of Goodwill and Intangibles***

We test annually whether goodwill is impaired, in accordance with the accounting policy stated in note 14.1 to our audited consolidated financial statements included



elsewhere in this annual report and international accounting standards, or IAS, IAS 36 – Impairment of Assets. Other intangible assets, the useful lives of which are indefinite, such as brands and licenses, are submitted to impairment tests on the same basis as goodwill.

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

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

The recoverable amount allocated to each segment was defined based on the value in use of the assets based on cash flow projections arising from financial budgets approved by senior management for the next three years. The discount rate applied to cash flow projections was 10.4% (9.8% as of December 31, 2020) per annum and cash flows exceeding three years are extrapolated by the expected long-term growth rate of 6.6% (4.6% as of December 31, 2020). Based on this analysis, no impairment loss was identified.

Commercial rights are intangible assets which are amounts paid to former owners of commercial locations. To test for impairment of these assets, we allocated the amounts of identifiable commercial rights by store and we test them together with the fixed assets of the store as described in notes 13.1 and 14.2 to our audited consolidated financial statements included elsewhere in this annual report.

*Inventories*

Inventories are carried at the lower of cost or net realizable value. The cost of inventories purchased is recorded at average cost, plus warehouse and handling costs related to bringing each product to its present location and condition, less rebates received from suppliers.

Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs to sell.

The value of inventory is reduced by an allowance for losses and breakage, which is periodically reviewed and evaluated as to its adequacy.

*Recoverable Taxes*

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

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

The estimate of future recoverability of these tax credits is made based on growth projections and subsequent offset with debts deriving from its operations. For details of credits and compensation, see note 10 to our audited consolidated financial statements included elsewhere in this annual report.

*Fair Value of Derivatives and Other Financial Instruments*

When the fair value of financial assets and liabilities recorded in the financial statements cannot be observed in active markets, it is determined according to the hierarchy set forth by IFRS 13, which sets certain valuation techniques including the discounted cash-flow model. The inputs to these models are taken from observable markets where possible or from information on comparable operations and transactions in the market. The judgments include

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analyses of data, such as liquidity risk, credit risk and volatility. Changes in assumptions regarding these factors may affect the reported fair value of financial instruments.

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

*Provision for Contingencies*

We are a party to several proceedings at the judicial and administrative levels in the ordinary course of its business. Provisions for legal claims are recognized for all cases representing reasonably estimated probable losses. The assessment of the likelihood of loss takes into account available evidence, the hierarchy of laws, former court decisions and their legal significance, as well as legal counsel's opinion. For details on legal proceedings, see note 18 to our audited consolidated financial statements included elsewhere in this annual report.

*Income Taxes*

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

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



We recognized a deferred tax assets related to tax loss carryforwards of R\$167 million as of December 31, 2021 (we did not recognize any deferred tax assets as of December 31, 2020). We recognized deferred tax assets related to tax carryforwards of R\$253 million (related to Éxito) as of December 31, 2019. Tax loss carry forwards do not expire, and their use is limited by law to 30% of taxable income in a single fiscal year.

#### *Share-Based Payments*

The cost of transactions with employees eligible for share-based compensation is measured based on the fair value of the equity instruments on the grant date. Estimating the fair value of share-based payment transactions requires determining the most appropriate valuation model, which depends on the terms and conditions of the specific grant. This estimate also requires determining the most appropriate inputs for the valuation model, including the expected useful life of the stock options, volatility and dividend yield, as well as making assumptions about them. The assumptions and models used to estimate the fair value of share-based payment transactions are disclosed in note 21.5 to our audited consolidated financial statements included elsewhere in this annual report.

#### *Business Combination and Goodwill*

According to IFRS 3, business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the sum of the consideration transferred, measured at fair value on the acquisition date, and the remaining amount of non-controlling interest in the acquired company. For each business combination, the acquirer measures the non-controlling interest in the acquiree at fair value or by the proportionate share in the

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acquiree's identifiable net assets, according to our accounting policy. The acquisition costs incurred are treated as an expense and included in administrative expenses.

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

#### *Leases*

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

We lease equipment and commercial spaces, including stores and distribution centers, under cancellable and non-cancellable lease agreements. The terms of the lease agreements to support these transactions varies between five and 20 years.

For additional information on the assessment of our lease agreements and the adoption of IFRS 16, see note 19 to our audited consolidated financial statements included elsewhere in this annual report.

We cannot readily determine the interest rate implicit in the lease, therefore, we use the incremental borrowing rate (IBR) to measure lease liabilities. The IBR is the rate of interest that we would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IBR therefore reflects what we 'would have to pay', which requires estimation when no observable rates are available or when they need to be adjusted to reflect the terms and conditions of the lease. We estimate the IBR using observable inputs (such as market interest rates) when available and is required to make certain entity-specific estimates.

#### *Lessee*

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

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

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

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

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

#### *Lessor*

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

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

#### **Overview**

On December 31, 2020, we completed the Corporate Reorganization, pursuant to which we transferred to CBD all the shares of Éxito held by us (corresponding to 96.57% of the total outstanding shares of Éxito). Accordingly, we present the results of the Éxito Group as discontinued operations in our financial statements for the year ended December 31, 2020, and we recast our consolidated statements of operations and comprehensive income for the year ended December 31, 2019 in accordance with IFRS 5 - Non-current Assets Held for Sale and Discontinued Operations.

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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 2021, demonstrated by an increase of 16.2% in net operating revenue to R\$41,898 million, from R\$36,043 million

during 2020. This growth was driven by the outstanding performance of the 28 stores we opened in 2021, consisting of 24 new stores and four store conversions, the maturation of stores opened in prior years, and a 4.7% growth in same store gross sales. 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. As of December 31, 2021, our total sales area was 963,784 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 from continuing operations increased by 35.4% to R\$1,610 million during 2021 from R\$1,189 million during 2020.

## Results of Operations for Years Ended December 31, 2021 and 2020

The following table sets forth the components of our consolidated 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,				% change
	2021		2020		
	(in millions of R\$)	% of net operating revenue	(in millions of R\$)	% of net operating revenue	
Net operating revenue	41,898	100.0	36,043	100.0	16.2
Cost of sales	(34,753)	(82.9)	(30,129)	(83.6)	15.3
Gross profit	7,145	17.1	5,914	16.4	20.8
Selling expenses	(3,334)	(8.0)	(2,811)	(7.8)	18.6
General and administrative expenses	(588)	(1.4)	(435)	(1.2)	35.2
Depreciation and amortization	(638)	(1.5)	(503)	(1.4)	26.8
Share of profit of associates	47	0.1	—	—	n.m.
Other operating expenses, net	(53)	(0.1)	(97)	(0.3)	(45.4)
	(4,566)	(10.9)	(3,846)	(10.7)	18.7
Operating profit	2,579	6.2	2,068	5.7	24.7
Net financial result	(730)	(1.7)	(443)	(1.2)	64.8
Income before taxes	1,849	4.4	1,625	4.5	13.8
Income tax and social contribution	(239)	(0.6)	(436)	(1.2)	(45.2)
Net income from continuing operations	1,610	3.8	1,189	3.3	35.4
Net income (loss) from discontinued operations	—	—	367	1.0	n.m.
Net income	1,610	3.8	1,556	4.3	3.5

n.m. Not meaningful.

**Net operating revenue.** Net operating revenue increased by 16.2%, or R\$5,855 million, to R\$41,898 million during 2021 from R\$36,043 million during 2020, mainly as a result of: (1) our strong organic expansion (+12.1%), given the fast maturation of stores opened in the last twelve months; (2) a 4.8% increase in same store sales; (3) our successful commercial strategy, with assortment adaptation to regional needs and preferences; and (4) the gradual return of the B2B public to stores with the progress in vaccinations in the second half of 2021. Same store gross sales were positively impacted by an increase in average ticket, which was largely driven by an increase in prices due to inflation adjustments.

**Gross profit.** Gross profit increased by 20.8%, or R\$1,231 million, to R\$7,145 million in 2021 from R\$5,914 million in 2020, mainly as a result of the effective commercial strategies, with fast adjustments on assortment in order to meet our clients' shopping needs in a challenging scenario, and the accelerated maturation of new stores. Thus, gross margin increased by 0.7%, to 17.1% during 2021 from 16.4% during 2020. Gross profit was also affected by the recognition of R\$175 million in tax credits related to the exclusion of ICMS from the PIS/COFINS calculation base.

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**Selling expenses.** Selling expenses increased by 18.6%, or R\$523 million, to R\$3,334 million in 2021 from R\$2,811 million in 2020, mainly as a result of expenses related to the new stores that opened in 2021 and inflation. As a percentage of the net operating revenue, selling expenses increased to 8.0% in 2021 from 7.8% in 2020.

**General and administrative expenses.** General and administrative expenses increased by 35.2%, or R\$153 million, to R\$588 million in 2021, from R\$435 million in 2020, mainly as a result of our new administrative structure following our Spin-Off from CBD. As a percentage of the net operating revenue, general and administrative expenses increased to 1.4% in 2021 from 1.2% in 2020.

**Depreciation and amortization.** Depreciation and amortization increased by 26.8%, or R\$135 million, to R\$638 million in 2021 from R\$503 million in 2020, mainly as a result of the increase depreciation expense related to property and equipment as a result of the opening and the conversion of 28 stores during 2021.

**Other operating expenses, net.** Other operating expenses, net, decreased by R\$44 million, to R\$53 million in 2021 from R\$97 million in 2020. In 2021, other operating expenses consisted primarily of costs related to the Spin-Off and the acquisition of Extra Hiper stores.

**Operating profit.** Operating profit increased by 24.7%, or R\$511 million, to R\$2,579 million in 2021 from R\$2,068 million in 2020, mainly as a result of the R\$1,231 million increase in gross profit, which was partially offset primarily by the increase of R\$523 million in selling expenses, as explained above.

**Net financial results.** Net financial results, expense, increased by R\$287 million to R\$730 million in 2021 from R\$443 million in 2020, primarily as a result of an increase by: (1) R\$69 million to R\$543 million in 2021 from R\$474 million in 2020 in the cost of debt due to higher interest rates; and (2) by R\$73 million to R\$292 million in 2021 from R\$219 million in 2020 in interest expense on lease liabilities resulting from new stores leased.

**Income before taxes.** As a result of the foregoing, income before taxes increased by 13.8%, or R\$224 million, to R\$1,849 million in 2021 from R\$1,625 million in 2020.

**Income tax and social contribution.** Our effective tax rate was 12.9% during 2021 compared to 26.8% during 2020, resulting in a decrease of income tax and social contribution of 45.2%, or R\$197 million, to R\$239 million in 2021 from R\$436 million in 2020. Our effective tax rate decreased primarily as a result of the tax impact of R\$322 million related to tax incentives (R\$81 million related to the unconstitutionality of the levying of Corporate Income Tax (IRPJ) and Social Contribution on Net Income (CSLL) on the income pegged to the SELIC rate received by the taxpayer on the repetition of undue tax payments and R\$241 million related to investment subsidies which, under the law, are excluded from the IRPJ and CSLL calculation base constituted in the tax incentive reserve, of which R\$95 million are recurring), that partially offset the increase in income tax of R\$124 million due to the 2021 results.

**Net income from continuing operations.** As a result of the foregoing, net income from continuing operations increased by 35.4%, or R\$421 million, to R\$1,610 million during 2021 from R\$1,189 million during 2020.

**Net income from discontinued operations.** Net income from discontinued operations consisted of the net income from the Éxito Group of R\$367 million in 2020. Following the completion of the Corporate Reorganization on December 31, 2020, pursuant to which we transferred all of our equity interest in Éxito to CBD, we did not report the results of the Éxito Group for the year ended December 31, 2021.

**Net income.** As a result of the foregoing, net income increased by 3.5%, or R\$54 million, to R\$1,610 million in 2021 from R\$1,556 million in 2020.

## Results of Operations for Years Ended December 31, 2020 and 2019

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

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	For the year ended December 31,				% change
	2020		2019		
	(in millions of R\$)	% of net operating revenue	(in millions of R\$)	% of net operating revenue	
Net operating revenue	36,043	100.0	28,082	100.0	28.3
Cost of sales	(30,129)	(83.6)	(23,349)	(83.1)	29.0
Gross profit	5,914	16.4	4,733	16.9	25.0
Selling expenses	(2,811)	(7.8)	(2,273)	(8.1)	23.7
General and administrative expenses	(435)	(1.2)	(352)	(1.3)	23.6
Depreciation and amortization	(503)	(1.4)	(395)	(1.4)	27.3
Other operating expenses, net	(97)	(0.3)	(11)	0.0	n.m.
	(3,846)	(10.7)	(3,031)	(10.8)	26.9
Operating profit	2,068	5.7	1,702	6.1	21.5
Net financial result	(443)	(1.2)	(200)	(0.7)	121.5
Income before taxes	1,625	4.5	1,502	5.3	8.2
Income tax and social contribution	(436)	(1.2)	(426)	(1.5)	2.3
Net income from continuing operations	1,189	3.3	1,076	3.8	10.5
Net income (loss) from discontinued operations	367	1.0	(16)	(0.1)	n.m.
Net income	1,556	4.3	1,060	3.8	46.8

n.m. Not meaningful.

**Net operating revenue.** Net operating revenue increased by 28.3%, or R\$7,961 million, to R\$36,043 million during 2020 from R\$28,082 million during 2019, mainly as a result of: (1) a 14.1% increase in same store gross sales, primarily due to an increase in average ticket despite a decline in store traffic; and (2) an increase in sales volume due to our opening of new stores during 2020. Same store gross sales were positively impacted by an increase in average ticket, which was largely driven by (i) an increase in prices due to inflation adjustments during the second and third quarters of 2020 and (ii) COVID-19. Although traffic in stores declined in 2020 due to capacity restrictions and regulations related to COVID-19, we believe there was an increase in the number of items per ticket from customers who avoided recurring store visits.

**Gross profit.** Gross profit increased by 25.0%, or R\$1,181 million, to R\$5,914 million in 2020 from R\$4,733 million in 2019, mainly as a result of the maturation of stores opened in prior years. Gross margin declined by 0.5 percentage points, to 16.4% during 2020 from 16.9% during 2019, mainly as a result of the large portfolio of our stores that are still in the process of maturation, which means they have not yet achieved their full profitability potential.

**Selling expenses.** Selling expenses increased by 23.7%, or R\$538 million, to R\$2,811 million in 2020 from R\$2,273 million in 2019, mainly as a result of expenses of R\$403 million related to the new stores that opened in 2020. As a percentage of the net operating revenue, selling expenses declined to 7.8% in 2020 from 8.1% in 2019.

**General and administrative expenses.** General and administrative expenses increased by 23.6%, or R\$83 million, to R\$435 million in 2020, from R\$352 million in 2019, mainly as a result of an increase of personnel costs linked to inflation and the growth of our cash and carry operations. As a percentage of the net operating revenue, general and administrative expenses declined to 1.2% in 2020 from 1.3% in 2019.

**Depreciation and amortization.** Depreciation and amortization increased by 27.3%, or R\$108 million, to R\$503 million in 2020 from R\$395 million in 2019, mainly as a result of the increase depreciation expense related to property and equipment as a result of the opening and the conversion of 10 stores during 2020.

**Other operating expenses, net.** Other operating expenses, net, increased by R\$86 million, to R\$97 million in 2020 from R\$11 million in 2019, mainly as a result of: (1) expenses of R\$71 million related to restructuring expenses in our cash and carry segment and expenses related to the Éxito Acquisition; and (2) incremental expenses of R\$134 million related to purchases of individual protection and store adaptation items, overtime expenses, expenses with internal and external communication, incremental expenses with transportation and cleaning services and sanitation due to the COVID-19 pandemic.

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**Operating profit.** Operating profit increased by 21.5%, or R\$366 million, to R\$2,068 million in 2020 from R\$1,702 million in 2019, mainly as a result of the R\$1,181 million increase in gross profit, which was partially offset primarily by the increase of R\$538 million in selling expenses, as explained above.

**Net financial results.** Net financial results, expense, increased by R\$243 million to R\$443 million in 2020 from R\$200 million in 2019, primarily as a result of: (1) the issuance of our first issuance of debentures in order to finance the Éxito Acquisition in an aggregate amount of R\$235 million, which resulted in an increase in interest expense in 2020 of R\$332 million; and (2) an increase of R\$81 million in interest expense on lease liabilities resulting from new stores leased during the year.

**Income before taxes.** As a result of the foregoing, income before taxes increased by 8.2%, or R\$123 million, to R\$1,625 million in 2020 from R\$1,502 million in 2019.

**Income tax and social contribution.** Our effective tax rate was 26.8% during 2020 compared to 28.4% during 2019, resulting in an increase of income tax and social contribution of 2.3%, or R\$10 million, to R\$436 million in 2020 from R\$426 million in 2019. Our effective tax rate increased primarily as a result of the tax impact of R\$105 million related to the interest on shareholders equity paid to CBD of R\$310 million.

**Net income from continuing operations.** As a result of the foregoing, net income from continuing operations increased by 10.5%, or R\$113 million, to R\$1,189 million during 2020 from R\$1,076 million during 2019.

**Net income (loss) from discontinued operations.** Net income (loss) from discontinued operations consists of the net income (loss) from the Éxito Group as from December 31, 2019. Net income (loss) from discontinued operations changed from a net loss of R\$16 million in 2019 to net income of R\$367 million in 2020.

**Net income.** As a result of the foregoing, net income increased by 46.8%, or R\$496 million, to R\$1,556 million in 2020 from R\$1,060 million in 2019.

## 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.

In addition, we raised a significant amount of indebtedness in 2019 to finance our acquisition of Éxito Group.

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 consolidated cash and cash equivalents of R\$2,550 million as of December 31, 2021 and R\$3,532 million as of December 31, 2020. We had negative working capital (consisting of current assets less current liabilities) of R\$422 million as of December 31, 2021 and R\$374 million as of December 31, 2020. 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 permanent 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 enter into factoring transactions and discount a portion of our credit card receivables with financial institutions in order to improve our cash position, without recourse or related obligation.

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We anticipate that we will be required to spend approximately R\$1,648 million to meet our long-term contractual obligations and commitments in 2022 and 2023. See "—Tabular Disclosure of 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 consolidated cash flows for the periods presented.

	For the years ended December 31,		
	2021	2020	2019
	(in millions of R\$)		
Net cash generated by operating activities	3,272	3,498	3,158
Net cash used in investing activities	(3,276)	(4,787)	(4,370)
Net cash (used in) generated by financing activities	(978)	(793)	4,715
Net (decrease) increase in cash and cash equivalents	(982)	(2,082)	3,503
Cash and cash equivalents at the beginning of the year	3,532	5,026	1,411
Exchange rate variation on cash and cash equivalents	—	588	112
Cash and cash equivalents at the end of the year	2,550	3,532	5,026

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, 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 and financings, 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\$468 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 and financing, principally consisting of our second and third issuances of debentures, our second issuance of promissory notes and bank loans.

### ***Year Ended December 31, 2020***

Net cash generated by operating activities was R\$3,498 million for the year ended December 31, 2020 compared to net income of R\$1,556 million for the period, primarily due to: (1) our incurrence of non-cash depreciation and amortization charges of R\$1,372 million; (2) a net increase in accounts payable to suppliers of R\$877 million; (3) our incurrence of non-cash interest and monetary variation charges of R\$785 million; (4) loss of disposal of property and equipment of R\$588 million; and (5) our incurrence of non-cash income tax and social contribution of R\$556 million. The effects of these factors were partially offset primarily by: (1) a net decrease in inventory of R\$1,029 million; and (2) a net gain on leasing liability write-off of R\$517 million; and (2) our incurrence of non-cash deferred income tax and social contribution credit of R\$372 million, in each case resulting from the disposition of Éxito Group in connection with the Corporate Reorganization.

Net cash used in investment activities was R\$4,787 million in 2020. In 2020, our primary use of cash for investment activities was related to: (1) our cash derecognition of Éxito Group of R\$3,687 million in connection with the Corporate Reorganization; and (2) the purchases of property, plant and equipment of R\$1,562 million related to our expansion of our network of stores. The effects of these factors were partially offset by proceeds from the sale of property, plant and equipment of R\$604 million related to our sale of 12 properties located in the states of São Paulo, Mato Grosso do Sul, Goiás, Bahia and Paraíba to certain funds 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\$793 million in 2020. In 2020, we: (1) incurred R\$2,852 million of borrowings and financing, principally consisting of bank loans; and (2) received proceeds of R\$650 million as the result of the capitalization of the Advance for Future Capital Increase, without issuing new shares. In addition, in 2020, we: (1) repaid R\$1,785 million of borrowings and financing, including interest on our debentures, interest on our first issuance of promissory notes and bank loans; (2) made payments of R\$756 million with respect to our leasing liabilities; and (3) paid dividends and interest on shareholders' equity of R\$489 million.

### ***Year Ended December 31, 2019***

Net cash provided by operating activities was R\$3,158 million in the year ended December 31, 2019 compared to net income of R\$1,060 million for the period, primarily due to: (1) a net increase in accounts payable to suppliers of R\$1,671 million; (2) our incurrence of non-cash depreciation and amortization charges of R\$484 million; (3) our incurrence of non-cash interest and monetary variation charges of R\$431 million; and (4) our incurrence of non-cash deferred income tax and social contribution of R\$162 million. The effects of these factors were partially offset primarily by: (1) a net increase in recoverable taxes of R\$326 million; (2) a net increase in inventory of R\$153 million; (3) a net reduction in anticipated revenues of R\$153 million; and (4) a net reduction in income taxes and social contributions paid of R\$131 million.

Net cash used in investment activities was R\$4,370 million in the year ended December 31, 2019. In 2019, our primary uses of cash for investment activities were related to: (1) our acquisition of the Éxito Group, net of cash acquired, of R\$3,311 million; and (2) the purchases of property, plant and equipment of R\$1,357 million and intangible assets of R\$52 million related to our expansion of our network of stores, the effects of which were partially offset by proceeds from the sale of property, plant and equipment of R\$362 million mainly related to our sale of seven properties located in São Paulo, Paraná, Bahia, Tocantins, Alagoas e Bahia to SPCV S.A.

Net cash provided by financing activities was R\$4,715 million in the year ended December 31, 2019. In 2019, we: (1) incurred borrowings and financings and debentures of R\$9,395 million, primarily consisting of our first issuance of debentures, first issuance of promissory notes and bank loans; and (2) received proceeds of R\$2,003 million as the result of the capitalization of the Advance for Future Capital Increase, without issuing new shares. In addition, in 2019, we: (1) repaid R\$6,124 million of borrowings and financings, primarily consisting of indebtedness of the Éxito Group that was outstanding at the time of our acquisition of the Éxito Group; (2) paid interim dividends and interest on shareholders' equity of R\$50 million and R\$247 million, respectively; and (3) made payments of R\$260 million with respect to our leasing liabilities.

### **Indebtedness**

On a consolidated basis, our indebtedness was R\$8,033 million as of December 31, 2021, and R\$7,831 million as of December 31, 2020. Considering U.S. dollar-denominated debt that was converted to *real*-denominated debt using currency swaps, as of December 31, 2021, 100% of our indebtedness was denominated in *reais*, and 0% was denominated in U.S. dollars. As of December 31, 2020, 100% of our indebtedness was denominated in *reais*.

As of December 31, 2021, our *real*-denominated indebtedness bore interest at an average rate of 1.48% per annum. These average rates refer to the spread over CDI. As of December 31, 2021, 100% of our indebtedness bore interest at floating rates. We did not have any U.S. dollar-denominated debt as of December 31, 2021.

As a result of the Corporate Reorganization, we are no longer an obligor in connection with any debt incurred by the Éxito Group.

### ***Short-Term Indebtedness***

Our short-term debt was R\$613 million as of December 31, 2021 (or 7.6% of our total indebtedness) and R\$2,120 million as of December 31, 2020 (or 27.1% 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.

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.

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.

None of our significant long-term debt instruments are secured by pledges of our assets.

The table below sets forth our principal long-term indebtedness as of December 31, 2021 and 2020.

	<b>As of December 31,</b>		<b>Maturity</b>	<b>Interest Rate</b>
	<b>2021</b>	<b>2020</b>		
	<i>(in millions of R\$)</i>			
First issuance of debentures (1):				
2 <sup>nd</sup> series	—	1,762	August 2021	CDI + 2.34%
3 <sup>rd</sup> series	—	2,033	August 2022	CDI + 2.65%
4 <sup>th</sup> series	—	2,049	August 2023	CDI + 3.00%

Second issuance of debentures:

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1 <sup>st</sup> series	951	—	May 2026	CDI + 1.70%
2 <sup>nd</sup> series	668	—	May 2028	CDI + 1.95%
Third issuance of debentures:				
1 <sup>st</sup> series	1,012	—	October 2028	IPCA + 5.15%
2 <sup>nd</sup> series	533	—	October 2031	IPCA + 5.27%
First issuance of promissory notes:				
2 <sup>nd</sup> series	—	53	July 2021	CDI + 0.72%
3 <sup>rd</sup> series	57	53	July 2022	CDI + 0.72%
4 <sup>th</sup> series	281	267	July 2023	CDI + 0.72%
5 <sup>th</sup> series	225	214	July 2024	CDI + 0.72%
6 <sup>th</sup> series	225	213	July 2025	CDI + 0.72%
Second issuance of promissory notes:				
1 <sup>st</sup> series	1,285	—	August 2024	CDI + 1.47%
2 <sup>nd</sup> series	1,286	—	February 2025	CDI + 1.53%
Sendas working capital facilities	1,568	901		CDI + 1.73%

(1) The second series was repaid at maturity in August 2021. The third series was prepaid in December 2021. The fourth series was prepaid in September 2021 with the proceeds from the second issuance of promissory notes.

The following discussion briefly describes certain of our significant outstanding indebtedness as of December 31, 2021.

## **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 will accrue 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 will accrue 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 will be 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 will 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 will 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.

## **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. These promissory notes were originally guaranteed by CBD. As

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approved by the promissory note holders at a meeting held on November 19, 2020, the CBD guarantee terminated upon the conclusion of the Spin-Off. We are required to pay a waiver fee to the promissory note holders in connection with amendments to the promissory notes approved at that meeting, 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:

- Third series: R\$50 million;
- Fourth series: R\$250 million;
- 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 4<sup>th</sup> 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.

#### 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. Loans under these facilities accrue interest at an average rate of CDI+1.73% and contain the same financial and non-financial covenants as the debentures and promissory notes described above. As of December 31, 2021, the aggregate principal amount outstanding under these working capital facilities was R\$1,568 million. As of the date of this annual report, we do not have any unused credit lines available.

#### Recent Developments

##### Fourth Issuance of Debentures

On January 7, 2022, we concluded our fourth issuance of non-convertible, unsecured debentures in a single series, in an aggregate 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 will 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.

##### First Issuance of Commercial Notes

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

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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.

##### Fifth Issuance of Debentures

On March 5, 2022, our board of directors approved the fifth issuance of non-convertible, unsecured debentures in a single series, in an aggregate amount of R\$250 million, with restricted placement efforts in Brazil, to be entered into between the Sendas and True Securizadora S.A., in accordance with Brazilian law. The net proceeds of this issuance of debentures will be 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 will accrue interest at a rate of CDI + 0.75% per annum, payable semi-annually through maturity on March 28, 2025.

#### Tabular Disclosure of Contractual Obligations

The following tables summarize our significant contractual obligations and commitments as of December 31, 2021.

Contractual obligations	As of December 31, 2021			Total
	Payments Due by Period			
	Less than 1 year	1 to 5 years	More than 5 years	
	(in millions of R\$)			
Non-current borrowings and financing:				
Principal	10	1,524	5	1,539
Accrued interest <sup>(1)</sup>	28	—	—	28
Future interest <sup>(2)</sup>	152	248	—	400
Total non-current borrowings and financing	190	1,772	5	1,967

Non-current debentures and promissory notes:				
Principal	50	4,090	2,160	6,300
Accrued interest <sup>(1)</sup>	53	150	—	204
Future interest <sup>(2)</sup>	324	2,225	411	2,960
Total non-current debentures and promissory notes	427	6,465	2,571	9,463
Lease liabilities	628	2,868	4,597	8,093
<b>Total</b>		<b>1,245</b>	<b>11,105</b>	<b>7,173</b>
				<b>19,523</b>

(1) Accrued and unpaid interest as of December 31, 2021.

(2) Future interest includes estimated interest to be incurred from December 31, 2021, through the respective contractual maturity dates, based on outstanding principal amounts at December 31, 2021, and projected market interest rates (especially the Brazilian CDI rate) for our variable rate debt obligations.

## 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

Please see "—A. Operating Results—Current Conditions and Trends in our Industry" and "Item 4. Information on the Company—B. Business Overview" for trend information.

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## 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: human resources, culture and compensation committee; finance committee; corporate governance and sustainability committee; and strategy and investments 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. Memorandum and Articles of Association—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
Jean-Charles Henri Nauri	Chairman	October 5, 2020	March 8, 1949
Ronaldo Iabrudi dos Santos Pereira	Vice-Chairman	October 5, 2020	May 14, 1955
Luiz Nelson Guedes de Carvalho <sup>(1)</sup>	Director	October 5, 2020	November 18, 1945
Christophe José Hidalgo	Director	December 31, 2020	October 25, 1967
Philippe Alarcon	Director	December 31, 2020	March 22, 1958
David Julien Emeric Lubek	Director	December 31, 2020	May 15, 1973
Josseline Marie-José Bernadette de Clausade	Director	December 31, 2020	February 19, 1954
José Flávio Ferreira Ramos <sup>(1)</sup>	Director	December 31, 2020	June 5, 1958
Geraldo Luciano Mattos Júnior <sup>(1)</sup>	Director	December 31, 2020	March 8, 1963

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

The term of office of all of our directors will expire at the annual shareholder's meeting to be held in 2023. 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.

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The following is a summary of the business experience of our directors:

**Jean-Charles Henri Naouri.** Mr. Naouri has been the chairman of our board of directors since October 2020. He has been a member of the board of directors of CBD since 2005 and its chairman since 2013. Mr. Naouri has also been the chairman and chief executive officer of Casino and president of Casino's parent company, Euris S.A.S., since 2002. He also serves as chairman of the board of directors of Rallye S.A., chairman of the Euris Foundation, vice-chairman of the Casino Group Corporate Foundation and member of the board of directors of F. Marc de Lacharrière (Fimalac) S.A. He had served as chairman and chief executive officer of Casino Finance until 2017, chairman of the board of directors of CNovo N.V. until 2015, chairman of the board of directors of Wilkes Participações until 2015, chief executive officer of Rallye S.A. until 2013, as chairman, chief executive officer, and chairman of the supervisory board of Monoprix S.A. until 2013 and member of the supervisory board of Monoprix S.A. until 2014. In 2013, Mr. Naouri was appointed by France's Ministry of Foreign Affairs to be a special representative for economic relations with Brazil. From 1982 to 1986, Mr. Naouri served as chief of staff for the Minister of Social Affairs and National Solidarity of France and the Minister of Economy, Finance and Budget of France. Mr. Naouri is a Finance Inspector (*Inspecteur des Finances*) for the French government. Mr. Naouri holds degrees from *École Normale Supérieure* and *École Nationale d'Administration*, a Ph.D. in mathematics, and has studied at Harvard University.

**Ronaldo Iabrudi dos Santos Pereira.** Mr. Iabrudi has been the vice-chairman of our board of directors since October 2020. He has been a member of the board of directors of CBD since 2016 and its co-vice chairman since 2018. Mr. Iabrudi is also vice-chairman of the board of directors of Cnova and vice-chairman of the board of directors of Cdiscount in the Netherlands. From January 2014 to April 2018, Mr. Iabrudi served as chief executive officer of CBD. Previously, he was the chairman of the boards of directors of Via Varejo S.A., Lupatech S.A., Contax S.A. and Oi/Telemar, and a member of the board of directors of Estácio, Magnesita Refratários S.A., or Magnesita, Cemar, Oi/Telemar, RM Engenharia and Ispamar. He was also chief executive officer of Magnesita from 2007 to 2011 and from 1999 to 2006 he worked for Grupo Telemar, where he held several posts, including chief executive officer of Oi/Telemar and Contax S.A. From 1997 to 1999, Mr. Iabrudi was chief executive officer of FCA (*Ferrovia Centro-Atlântica*) and from 1984 to 1997, he was chief financial and administrative officer and chief human resources officer at the Gerda group. Mr. Iabrudi earned a degree in psychology from *Pontifícia Universidade Católica de Minas Gerais*, a master's degree in organizational development from *Université Paris 1 Panthéon-Sorbonne* and a master's degree in change management from *Université Paris Dauphine*.

**Luiz Nelson Guedes de Carvalho.** Mr. Carvalho has been an independent member of our board of directors since October 2020. He has been an independent member of the board of directors of CBD since 2017 and the coordinating member of CBD's audit committee since 2014, 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

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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.

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

**Philippe Alarcon.** Mr. Alarcon has been a member of our board of directors since December 2020. He has been a member of the board of directors of CBD since 2019. Mr. Alarcon has been Casino Group's international coordinating director since 2011 and has held various positions in Casino Group since joining the Casino Group in 1983. After holding the position of administrator in Casino Group's Finance Department, he held various positions such as chief financial officer in various subsidiaries of the Group, including industrial subsidiaries, supermarkets and restaurants. He began his international career in Poland, where he held the position of chief financial officer of Casino Poland for 8 years, and then held the position of CEO of Real Estate. In 2015, he returned to France to hold the position of general manager of the Casino Group real estate business until 2011, when he became the Casino Group's international director. He has also been a member of the board of directors of Éxito Group since 2012, member of the Green Yellow Supervisory Committee and CEO of Mayland Real State in Poland.

**David Julien Emeric Lubek.** Mr. Lubek has been a member of our board of directors since December 2020. He holds the title of *Inspecteur des Finances* (Finance Inspector). A graduate of École Polytechnique, he joined the French Ministry of Finance in 2000, holding a variety of management positions in the Budget Department over several years. In 2010, he was named General Audit Director at Groupama. In 2013, he joined the Casino Group as head of Group Controlling Officer, later becoming Deputy Chief Financial Officer.

**Josseline Marie-José Bernadette de Clausade.** Ms. Clausade has been a member of our board of directors since December 2020. She has also served on the board of directors of Casino Group since 2012. Ms. Clausade's professional experience includes serving as a member of the *Conseil d'Etat*, France's highest administrative body, chief of staff of Georges Kiejman, former junior minister of foreign affairs of France, advisor to the permanent representation of France before the European Union, advisor to Hubert Védrine, former minister of foreign affairs of France, in charge of cultural and scientific matters, and former consul-general of France in Los Angeles. Since 2008, Mr. Clausade has been an executive officer and member of the board of directors of Areva.

**José Flávio Ferreira Ramos.** Mr. Ramos has been an independent member of our board of directors since December 2020. He worked at Citigroup for 23 years, leaving the bank in 2008. At Citigroup, he served as executive director responsible for the treasury and capital markets groups. From 1998 to 2001, he was an executive director at Citibank Colombia, responsible for treasury and fixed income. In 2008 Mr. Ramos joined the Safra Group as chief executive officer of the Family Office of Mr. Joseph Safra. He was responsible for the Safra family's investments in currencies, fixed income and variable income globally. He was also responsible for the Safra family's investments in private equity and real estate in Brazil. In 2012, Mr. Ramos joined BR Partners as a senior partner. He was responsible for the implementation of the investment bank acquired by the group in 2012. He became chief executive officer of BR Partners Banco de Investimento S.A. in 2021. In April 2016, Mr. Ramos co-founded ULBREX Asset Management, an investment company dedicated to real estate fund management. He left the company in January 2019 to become chief financial officer of BNDES, Brazil's National Bank for Economic and

Social Development. As chief financial officer of BNDES, he was responsible for the finance and treasury department, the credit department, accounting and controllership areas and the back office. He also served as acting president of the bank. Mr. Ramos left BNDES in September 2019. Currently, Mr. Ramos is Vice-Chairman of the Supervisory Board of BSM, the Market Supervision Exchange of the B3 and Independent Board Member of BR Advisory Partners S.A. He also served as a member and chairman of the Board of Directors of BR Properties from 2009 to 2015; a member of the Board of Directors of BMFBOVESPA from 2004 to 2007; and Director of ANBIMA (National Association of Capital Markets) from 2002 to 2005. Mr. Ramos holds a bachelor's degree in business administration with a specialization in finance. He also holds a degree from Centro Universitário UNA in Belo Horizonte.

**Geraldo Luciano Mattos Júnior.** Mr. Mattos Júnior has been an independent member of our board of directors since December 2020. He worked at the M. Dias Branco Group between 1995 and 2019, having served as Vice-President of Investments and Controllership and Investor Relations Officer. He joined the group in 1995 as Equatorial Bank's Financial Director. In 2000, Mr. Mattos Júnior became Advisor to the Board of Directors of M. Dias Branco, a position he held until 2003, when he was appointed Finance Director. At M. Dias Branco, he coordinated all company acquisition processes, led the company's 2006 initial public offering on the Novo Mercado segment of the B3 and helped structure the company's corporate governance. From 1977 to 1995, Mr. Mattos Júnior worked at Banco do Nordeste do Brasil - BNB, where, among other positions, he served as Advisor to the President, Head of the Capital Market Department and Executive Director of Caixa Pension Plan for BNB Employees. From 1994 to 1995, he was seconded to the Government of the State of Ceará, where he worked as Financial and Exchange Director of the Bank of the State of Ceará. Mr. Mattos Júnior serves the board of directors of HAPVIDA and Portobello Ceramics and the advisory council of USIBRAS. Previously, he served on the board of directors of Companhia Industrial de Cimento Apodi, Cotegipe Port Terminal and Companhia de Água e Esgoto do Ceará - CAGECE. He chairs the HAPVIDA Mergers and Acquisitions Committee. Mr. Mattos Júnior also teaches finance at higher education institutions and private companies. He holds a degree in business administration from the State University of Ceará - UECE, a degree in law from the University of Fortaleza - UNIFOR, and a master's degree in business administration from the Federal University of Rio de Janeiro (COPPEAD).

## 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 and the *Novo Mercado*."

For more information about our executive officers, see "Item 10. Additional Information—B. Memorandum and Articles of Association—Executive Officers."

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

Name	Title	Date of Last Appointment	Date of Birth
Belmiro de Figueiredo Gomes	Chief Executive Officer	October 5, 2020	November 8, 1971
Daniela Sabbag Papa	Chief Financial Officer	October 5, 2020	April 10, 1975
Wlamir dos Anjos	Commercial Vice-President	October 5, 2020	July 8, 1970
Anderson Barres Castilho	Operations Vice-President	October 5, 2020	April 21, 1976
Gabrielle Castelo Branco Helú	Investor Relations Officer	March 26, 2021	April 3, 1986

The term of office of all of our executive officers will expire at the annual shareholder's meeting to be held in 2022. 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.

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. Previously, he served as our commercial director. Mr. Gomes has also been an executive officer of CBD and head of its cash and carry business since 2012. 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*.

**Daniela Sabbag Papa.** Mrs. Sabbag has been our chief financial officer since October 2019. From October 2019 to March 2021, she also served as our investor relations officer. She worked at CBD for 21 years, where she served as Investor Relations Officer, director of strategic planning, M&A and new business and a member of the finance team. Mrs. Sabbag holds a bachelor's degree in business administration from *Fundação Getúlio Vargas* (FGV), a post-graduate degree in management from *Universidade de São Paulo* and an MBA from FGV.

**Wlamir dos Anjos.** Mr. dos Anjos has been our commercial 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 operations vice-president 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*.

**Gabrielle Castelo Branco Helú.** Mrs. Helú has been our investor relations officer since March 2021. She joined CBD in 2011 as a trainee, having served in investor relations from 2012 to 2016. From 2017 to 2020, Mrs. Helú worked at the Casino Group in France in the international controlling department. She holds a degree in international relations from *Fundação Armando Álvares Penteado – FAAP*, a master's degree in business administration from *Fundação Getúlio Vargas – FGV* and an Executive MBA from HEC Paris.

## Board Committees

As of the date of this annual report, our board of directors has approved the creation of the following five advisory committees: (1) audit committee; (2) human resources, culture and compensation committee; (3) finance committee; (4) corporate governance and sustainability committee; and (5) strategy and investments 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.



Brazilian publicly-held companies may, pursuant to CVM Rule 308, as amended from time to time, adopt a statutory audit committee (*comitê de auditoria*). According to CVM Rule 308, 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

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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.

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 to 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.

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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 <sup>(1)</sup>	Chairman	January 14, 2021	November 18, 1945
Philippe Alarcon	Member	January 14, 2021	March 22, 1958
José Flávio Ferreira Ramos <sup>(1)</sup>	Member	January 14, 2021	June 5, 1958
Heraldo Gilberto de Oliveira	Member	January 14, 2021	May 4, 1964
Christophe José Hidalgo	Member	March 26, 2021	October 25, 1967

(1) Independent member of our board of directors.

The term of office of all of our audit committee members will expire at the annual shareholder's meeting to be held in 2022.

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.

*Philippe Alarcon.* Mr. Alarcon has been a member of our audit committee since January 2021. Please see "—Board of Directors" for his biography.

*José Flávio Ferreira Ramos.* Mr. Ramos has been a member of our audit committee since January 2021. Please see "—Board of Directors" for his 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. Currently, Mr. Oliveira holds the following positions: member of FIPECAFI - Institute of Accounting, Actuarial and Financial Research Foundation (*FIPECAFI - Fundação Instituto de Pesquisas Contábeis, Atuariais e Financeiras*) since 2014; 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 2018; and member of the fiscal council of CESP - Companhia Energética de São Paulo since 2019. Prior to that, he was member of the board of directors and audit committee of Sabesp - Companhia de Saneamento Básico de São Paulo (from 2009 to 2013), Banco Nossa Caixa S.A. (from 2007 to 2008) and Banco Industrial e Comercial S.A. (from 2010 to 2014); member of the fiscal council of Suzano Holding S.A. (from 2014 to 2019) and of ANPEI - National Association for Research and Development of Innovative Companies (*ANPEI -*

*Christophe José Hidalgo.* Mr. Hidalgo has been a member of our audit committee since March 2021. Please see "—Board of Directors" for his biography.

### ***Human Resources, Culture and Compensation Committee***

Our human resources, 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 human resources, 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

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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 human resources, culture and compensation committee is currently composed of Ronaldo Iabrudi dos Santos Pereira (chairman), Christophe José Hidalgo, and José Flávio Ferreira Ramos all of whom are members of our board of directors. Please see "—Board of Directors" for their biographies.

### ***Finance Committee***

Our finance 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 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 committee is currently composed of Christophe José Hidalgo (chairman), Ronaldo Iabrudi dos Santos Pereira, David Julien Emeric Lubek, Luiz Nelson Guedes de Carvalho, and Geraldo Luciano Mattos Júnior, all of whom are members of our board of directors. Please see "—Board of Directors" for their biographies.

### ***Corporate Governance and Sustainability Committee***

Our corporate governance and sustainability 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 and sustainability 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

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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 and sustainability committee is currently composed of Ronaldo Iabrudi dos Santos Pereira (chairman), Christophe José Hidalgo, Philippe Alarcon and Josseline Marie-José Bernadette de Clausade, all of whom are members of our board of directors. Please see "—Board of Directors" for their biographies.

### ***Strategy and Investments Committee***

Our strategy 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 strategy 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 innovation practices, as well as coordinate the process of implementing and maintaining such practices and analyze the effectiveness of the innovation processes, proposing changes, updates and improvements when required; (3) periodically prepare or review, as the case may be, any documents related to our innovation process; (4) assist our board of directors in the analysis of technological trends and innovations, as well as evaluate our current projects, initiatives and investment proposals; and (5) opine on any other matters submitted to it by our board of directors, as well as on those that it considers relevant.

Our strategy and investments committee is currently composed of Christophe José Hidalgo (chairman), Ronaldo labrudi dos Santos Pereira, David Julien Emeric Lubek and Geraldo Luciano Mattos Júnior, 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 28, 2021, our shareholders voted to approve the constitution of our fiscal council at a general shareholders' meeting. The current members of our fiscal council are: Tufi Daher (chairman) and his alternate Guillermo Oscar Braunbeck, Eduardo Flores and his alternate Fernando Ferraz de Toledo Machado and Rafael de Souza Morsch and his alternate Marco Antônio Mayer Foletto. The term of office of all of our fiscal council members will expire at the annual shareholder's meeting to be held in 2022. For more information about our fiscal council, see "Item 10. Additional Information—B. Memorandum and Articles of Association—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 the such persons in the regular exercise of their functions, even if such person no longer exercises the position or

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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, 2021, the aggregate compensation expense for our board of directors, executive officers and fiscal council was R\$75.3 million, composed of: (1) R\$33.8 million for our board of directors (R\$15.1 million in fixed compensation, R\$11.6 million in variable compensation and R\$7.1 million in share-based compensation); (2) R\$39.7 million for our executive officers (R\$19.0 million in fixed compensation, R\$14.5 million in variable compensation and R\$6.1 million in share-based compensation); and (3) R\$0.3 million for our fiscal council (composed entirely of fixed compensation). Our executive officers 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, 2022, the aggregate compensation expense for our board of directors, executive officers and fiscal council is expected to be R\$72.3 million, composed of: (1) R\$35.1 million for our board of directors (R\$15.9 million in fixed compensation, R\$13.8 million in variable compensation and R\$5.4 million in share-based compensation); (2) R\$36.7 million for our executive officers (R\$20.0 million in fixed compensation, R\$9.9 million in variable compensation and R\$6.8 million in share-based compensation); and (3) R\$0.5 million for our fiscal council (composed entirely of fixed compensation). Our executive officers are expected to 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.

## Profit Sharing Plan

Sendas has established a profit sharing plan for its management. The plan and its rules have been approved by our board of directors, but is not applicable to them. Under the terms of the plan, each member of our management who is a beneficiary of the plan is assigned annually a base amount for computation of payments under the profit sharing plan. The individual amount of the profit sharing payment is based on: (1) the consolidated results of Sendas; (2) the results of the business segment or the department, as the case may be and to which the individual belongs; and (3) the individual's performance. The final amount is determined by multiplying the individual amount by an index applicable to all participants. This index depends on our operating performance. For the year ended December 31, 2021, our executive officers received R\$14.5 million in compensation relating to this profit sharing plan.

## Share-Based Compensation

### Sendas Share-Based Compensation Plans

At an extraordinary general shareholders' meeting held on December 31, 2020, CBD, as sole shareholder of Sendas at the time, voted to: (1) approve the creation of a stock option plan, or the Sendas Stock Option Plan; and (2) create a compensation plan for employees based on stock options, or the Sendas Compensation Plan. The Sendas Stock Option Plan and Sendas Compensation Plan are substantially similar to the CBD share-based compensation plans described below under "—CBD Stock Option Plans."

Members of our senior management remain entitled to the grants made under the CBD stock option plan prior to the Spin-Off. Following conclusion of the Spin-Off, each member of our senior management who held CBD stock options at the time the Sendas share-based compensation plans were approved received Sendas and CBD common shares when exercising their stock options granted under the CBD stock option plan

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## General Terms and Conditions

### Sendas Stock Option Plan

The Sendas Stock Option Plan is administered by the human resources, culture and compensation committee of our board of directors, which defines the plan's eligibility criteria and selects recipients based on their functions, responsibilities and performance. Each grant cycle under the Sendas Stock Option Plan is designated with a serial number beginning with the letter "C."

Our directors and employees who are considered "key executives" are eligible to participate in the Sendas Stock Option Plan, subject to the approval of the human resources, culture and compensation committee. Participation in the Sendas Stock Option Plan is independent of other forms of compensation, such as wages and benefits.

### *Sendas Compensation Plan*

The Sendas Compensation Plan is administered by the human resources, culture and compensation committee of our board of directors, which defines the plan's eligibility criteria and selects recipients based on their functions, responsibilities and performance. Each grant cycle under the Sendas Compensation Plan is designated with a serial number beginning with the letter "B."

Our directors and employees who are considered "key executives" are eligible to participate in the Sendas Compensation Plan, subject to the approval of the human resources, culture and compensation committee. Participation in the Sendas Compensation Plan is independent of other forms of compensation, such as wages and benefits.

### *Maximum Number of Shares and Options*

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

### *Exercise Price*

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

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

### *Vesting*

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

The options granted under the stock option plans may be exercised in whole or in part.

### *Restrictions on Transferring Shares*

Under the Sendas Stock Option Plan, for a period of 180 days from the date of payment by the participant, the participant will be prohibited from, directly or indirectly, selling, assigning, exchanging, disposing, transferring, granting an option or entering into any instrument or agreement that results or may result in the direct or indirect,

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onerous or gratuitous, disposition of any or all of such shares. There is no such transfer restriction for the Sendas Compensation Plan.

### ***CBD Stock Option Plans***

Prior to the Spin-Off, certain members of our senior management were granted equity awards under CBD's stock options plans described below. Following the conclusion of the Spin-Off, Sendas employees remained entitled to exercise any CBD stock options they held pursuant to the terms of each plan.

At an extraordinary general shareholders' meeting held on May 9, 2014, CBD's shareholders voted to: (1) approve the creation of a new stock option plan, or the New Stock Option Plan; and (2) create a compensation plan for employees based on stock options, or the Compensation Plan. The New Stock Option Plan and the Compensation Plan originally granted options to purchase preferred shares of CBD (which were subsequently converted into common shares). The New Stock Option Plan and the Compensation Plan were further amended as a result of the resolutions approved at CBD's annual and special shareholders' meeting held on April 24, 2015, April 25, 2019 and December 31, 2019. The December 31, 2019 amendment reflected the changes relating to the conversion of CBD's preferred shares into common shares, as a result of CBD's migration to the *Novo Mercado* listing segment of B3, as approved by CBD's shareholders on December 31, 2019. Accordingly, as of December 31, 2019, the New Stock Option Plan and the Compensation Plan grant the option to purchase common shares to our employees, including to members of CBD's board of directors.

### *General Terms and Conditions*

#### *New Stock Option Plan*

The New Stock Option Plan is administered by the human resources and compensation committee of CBD's board of directors, which defines the plan's eligibility criteria and selects recipients based on their functions, responsibilities and performance. Each grant cycle under the New Stock Option Plan is designated with a serial number beginning with the letter "C."

#### *Compensation Plan*

The Compensation Plan is administered by the human resources and compensation committee of CBD's board of directors, which defines the plan's eligibility criteria and selects recipients based on their functions, responsibilities and performance. Each grant cycle under the Compensation Plan is designated with a serial number beginning with the letter "B."

### *Exercise Price*

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

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

### *Vesting*

In general, the stock options granted under the New Stock Option Plan will vest beginning in the 37<sup>th</sup> month, following the granting of the stock options.

The options granted under the stock option plans may be exercised in whole or in part.

## Restrictions on Transferring Shares

Under the New Stock Option Plan, for a period of 180 days from the date of payment by the participant, the participant will be prohibited from, directly or indirectly, selling, assigning, exchanging, disposing, transferring, granting an option or entering into any instrument or agreement that results or may result in the direct or indirect, onerous or gratuitous, disposition of any or all of such shares. There is no such transfer restriction for the Compensation Plan.

## Stock Options Exercised and Shares Delivered

In 2021, 83,346 stock options were exercised by, and an equal number of shares were delivered to, our executive officers under the CBD and Sendas share-based compensation plans.

## Outstanding Stock Options under CBD and Sendas Stock Option Plans

The chart below sets forth the stock options outstanding as of December 31, 2021, which were granted to our executive officers under the CBD share-based compensation plans prior to the Spin-Off and the Sendas share-based compensation plans following the conclusion of the Spin-Off:

	CBD Series B6	CBD Series C6	CBD Series B7	CBD Series C7	Sendas Series B8	Sendas Series C8
Grant date	May 31, 2019	May 31, 2019	May 31, 2020	May 31, 2020	May 31, 2021	May 31, 2021
Number of options granted (1)	43,528	43,528	52,475	52,475	88,600	88,600
Deadline for the options to become exercisable	June 1, 2022	June 1, 2022	June 1, 2023	June 1, 2023	June 1, 2024	June 1, 2024
Deadline for the exercise of the options	November 30, 2022	November 30, 2022	November 30, 2023	November 30, 2023	November 30, 2024	November 30, 2024
Lock-up period	N/A	180 days	N/A	180 days	N/A	180 days
<b>Average weighted exercise price of each of the following groups of shares:</b>						
Outstanding in the beginning of the year (in R\$ per share)	0.01	70.62	0.01	51.18	0.01	13.39
Lost during the year (R\$ per share)	N/A	N/A	N/A	N/A	N/A	N/A
Exercised during the year (R\$ per share)	0.01	70.62	0.01	51.18	0.01	13.39
Expired during the year (R\$ per share)	N/A	N/A	N/A	N/A	N/A	N/A
Fair value of the options on the grant date (in R\$ per share)	82.39	31.50	20.78	10.43	17.21	7.69

(1) Does not reflect the one-to-five stock split of Sendas common shares that occurred on August 11, 2021. For more information, see "Item 4. Information on the Company—A. History and Development of the Company—History—Stock Split."

## Pension Plan

In July 2007, CBD established a supplementary private pension plan of defined contribution to its employees, including employees of Sendas, and engaged the financial institution Brasilprev Seguros e Previdência S.A. for management purposes. Sendas provides monthly contributions on behalf of its employees based on services rendered to Sendas. Contributions made by Sendas with respect to employees of Sendas in the year ended December 31, 2021, amounted to R\$263.2 thousand and employees' contributions amounted to R\$263.2 thousand with 5 participants as of December 31, 2021. Following the Spin-Off, our employees remain eligible to participate in this pension plan.

## 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\$90 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, 2021, we had 60,277 employees in Brazil. The following table sets forth the number of our employees as of the dates indicated:

	As of December 31,		
	2021	2020	2019
Operational	57,444	44,173	39,340
Administrative <sup>(1)</sup>	2,154	1,729	1,397
Technical	679	507	459
<b>Total</b>	<b>60,277</b>	<b>46,409</b>	<b>41,196</b>

(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, which has been reduced from 71.2% in 2011 to 27.5% in 2021. Our turnover rates for the years ended December 31, 2021, 2020 and 2019 were 27.5%, 23.8% and 26.2%, respectively.

We offer our employees more than 5,000 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 2021, we invested 2.3 million hours and R\$24.7 million in employee training. In 2020, we invested 1.5 million hours and R\$17.9 million in employee training. Part of our higher investment in 2021 was due to the need to adapt almost all of our course offerings that we previously offered in person to an online format.

## E. Share Ownership



## 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 April 20, 2022, 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.

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Shareholder	Common Shares		Total Shares	
	Number	%	Number	%
Casino Group:				
Wilkes Participações S.A.	470,095,890	34.90	470,095,890	34.90
Ceant International B.V.	47,118,710	3.50	47,118,710	3.50
Segisor S.A.S	28,000,250	2.08	28,000,250	2.08
King LLC	4,260,000	0.32	4,260,000	0.32
Helicco Participações Ltda.	2,908,000	0.22	2,908,000	0.22
Casino	10	0.00	10	0.00
Total Casino Group <sup>(1)</sup>	552,382,860	41.01	552,382,860	41.01
BlackRock, Inc.	67,779,983	5.03	67,779,983	5.03
Conifer Management, LLC	67,700,000	5.03	67,700,000	5.03
Directors and Officers <sup>(2)</sup>	5,494,240	0.41	5,494,240	0.41
Others	653,557,149	48.52	653,557,149	48.52
<b>Total</b>	<b>1,346,914,232</b>	<b>100.00</b>	<b>1,346,914,232</b>	<b>100.00</b>

(1) The Casino Group is ultimately controlled by Jean-Charles Henri Naouri. Mr. Naouri is the chairman of the board of directors of CBD and Sendas. See "Item 6. Directors, Senior Management and Employees—Directors and Senior Management."

(2) Refers to the amount of Sendas common shares that our directors, including chairman of the board Jean-Charles Henri Naouri, and officers own directly. Mr. Naouri is the ultimate controlling shareholder and beneficial owner of the Casino Group. For more information about our directors and officers, see "Item 6. Directors, Senior Management and Employees—Directors and Senior Management."

As of April 20, 2022, Sendas had 34,933 record holders in Brazil. On April 20, 2022, 138,701,860 Sendas common shares were held in the form of ADSs, representing 10.3% of the total of Sendas's common shares.

As of April 20, 2022, the Casino Group is the beneficial owner of 41.0% of the total capital stock of Sendas. See "Item 3. Key Information—D. Risk Factors—Risk Relating to our Industry and Us—The Casino Group has the ability to direct our business and affairs."

### Changes in Share Ownership

#### 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.

#### 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

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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.

### B. Related Party Transactions

## Agreements Related to the Spin-Off

In connection with the Spin-Off, we entered into a Separation Agreement and several other agreements with CBD to effect the Separation and provide a framework for our relationship with CBD following the Separation and the Spin-Off. These agreements govern the relationship between CBD and us subsequent to the completion of the Spin-Off and provide for the separation of our assets, employees, liabilities and obligations (including investments, property and employee benefits and tax liabilities) from CBD and are attributable to periods prior to, at and after the Separation.

The material agreements described below have been filed as exhibits to this annual report. These summaries below are qualified in their entirety by reference to the full text of the applicable agreements.

### ***Separation Agreement***

On December 14, 2020, we entered into a Separation Agreement with CBD, as amended on June 30, 2021. The Separation Agreement sets forth our arrangements with CBD regarding the principal actions to be taken in connection with the Separation and the Spin-Off, and matters regarding the operation of the CBD and Sendas businesses post Spin-Off.

***Transfer of Assets and Assumption of Liabilities.*** The Separation Agreement identifies the assets to be transferred, liabilities to be assumed and contracts to be assigned, terminated and/or duplicated to each of CBD and us as part of the internal transactions to be effected prior, during and after the Spin-Off, the purpose of which is to ensure that, as at the time of the Spin-off, each of CBD and Sendas holds the assets which it requires to fully operate.

The Separation Agreement provides for a general description for when and how such transfers, assumptions and assignments will occur, and should be read and constructed together with its ancillary agreements and the Spin-Off protocols, all of which are the legal framework for the transfer of assets and liabilities under Brazilian law.

***Common Agreements.*** 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, are being terminated as soon as practically feasible after the completion of the Spin-Off, except where such termination could create losses for CBD and us, and therefore will be addressed by the Transition Committee (as defined therein).

***Intercompany Arrangements.*** All agreements, arrangements, commitments and understandings, including most intercompany accounts payable or accounts receivable, between us, on the one hand, and CBD, on the other hand, were terminated effective as of completion of the Spin-Off, except for specified agreements and arrangements that are intended to survive completion of the separation that are either transaction in nature, at arm's length or depend of a transitional period due to its complexity.

***Transition Committee.*** Following approval of the Spin-Off at the extraordinary shareholders' meeting of CBD, we and CBD created a Transition Committee to deal with matters related to the separation of both businesses, which is composed of three members appointed by CBD and three members appointed by us. The Transition Committee has authority to decide on matters relating to the Separation that do not need to be approved by the companies' board of directors and/or shareholders.

***Representations and Warranties.*** We and CBD each provided customary warranties as to our respective capacity to enter into the Separation Agreement. Except as expressly set forth in the Separation Agreement or any

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ancillary agreement, neither we nor CBD made any representation or warranty as to the assets, business or liabilities transferred or assumed as part of the separation, or as to the legal sufficiency of any assignment, document or instrument delivered to convey title to any asset or thing of value to be transferred in connection with the Spin-Off. Except as expressly set forth in the Separation Agreement and certain other ancillary agreements or as provided under the applicable law, all assets were transferred on an "as is", "where is" basis.

***Indemnification.*** We and CBD each agreed to indemnify the other and each of the other's directors, officers, managers, members, agents and employees against certain liabilities incurred in connection with the Spin-Off and our and CBD respective businesses. The Separation Agreement provides for indemnification in relation to breaches of the agreement, violation or incorrectness of representation and warranties and in relation to certain other assets and liabilities that are specified for in the Separation Agreement.

***Release of Claims.*** We and CBD each agreed to release the other affiliates, successors and assigns, and all persons that prior to completion of the Spin-Off have been the other's directors, officers, managers, members, agents or employees and their respective heirs, successors and assigns, from any claims against them that arise out of or relate to acts, facts or omissions occurred before the Spin-Off and any acts, facts or omissions that relate to the Separation.

***Term/Termination.*** Prior to the completion of the Spin-Off, CBD had the unilateral right to terminate the Separation Agreement. Neither we nor CBD may rescind the Separation Agreement in any circumstances whatsoever following the completion of the Spin-Off.

***Other Matters.*** Other matters governed by the Separation Agreement include, without limitation, insurance arrangements, confidentiality, data protection, mutual assistance and information exchange after completion of the Spin-Off, treatment and replacement of cross-guarantees, conduct of litigation and tax matters after the Spin-Off, and transfer of and post-Separation access to certain books and records.

***Governing Law.*** The Separation Agreement is governed by the laws of Brazil.

### ***Employee Matters Agreement***

On December 17, 2020, we entered into an Employee Matters Agreement with CBD. The Employee Matters Agreement sets forth our arrangements with CBD, as part of the operational separation in connection with the Spin-Off, regarding the transfer of employees to each of CBD and us, the amendment to CBD's stock options plan and the creation of new stock options plans for our officers and employees, as well as the arrangements concerning agreements, understandings and/or representations with unions.

### ***Cross-Management Agreement***

On December 17, 2020, we entered into a Cross-Management Agreement with CBD. The Cross-Management Agreement sets forth our arrangements with CBD regarding persons that will be part of the board of directors of both companies and sets forth certain indemnity provisions to those individuals in relation to the exercise of their duties within CBD or our management.

### ***Data Protection Agreement***

On December 17, 2020, we entered into a Data Protection Agreement with CBD. The Data Protection Agreement sets forth our arrangements with CBD regarding the fulfillment of data protection rules by both parties, the sharing of data between CBD and us and indemnification rules relating to any penalties, damages and/or losses that might result from the non-compliance of data protection rules by any party.

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**Third-Party Stores Management Agreement**

On January 12, 2021, we entered into a Third-Party Stores Management Agreement with CBD. The Third-Party Stores Management sets forth our commitment with CBD regarding the engagement of a subsidiary of CBD to manage certain real estate owned or leased by us which we lease or sublease for different stands within our sites.

**Spin-Off Protocols**

On December 9, 2020, we entered into the following agreements with CBD, which detail the steps of the Corporate Reorganization, the Separation and the Spin-Off:

- Partial Spin-Off Protocol of Sendas with Merger of the Spun-Off Portion into CBD, or the Sendas Protocol; and
- Partial Spin-Off Protocol of CBD with Merger of the Spun-Off Portion into Sendas, or the CBD Protocol. The Sendas Protocol and the CBD Protocol are referred to collectively as the "Spin-Off Protocols."

Pursuant to the Spin-Off Protocols, we and CBD have agreed to pursue the Corporate Reorganization, the Separation and the Spin-Off.

**Other Related Party Transactions**

From time to time we have entered into transactions with the Casino Group, CBD and other related parties in the ordinary course of our business on an arm's length basis. The following discussion summarizes certain of the significant agreements and arrangements among us and our related parties. We have a Related Party Transactions Policy which requires that such transactions be at arm's length and in the interest of our company.

For further details regarding our related party transactions, see note 11 to our audited consolidated financial statements included in this annual report.

**Agreements with the Casino Group**
**Cost Sharing Agreement**

On October 28, 2020, we signed the second amendment to the cost sharing agreement dated August 1, 2014, as amended, among CBD and certain companies of the Casino Group, pursuant to which we have agreed to reimburse the Casino Group for expenses incurred by their employees in connection with activities involving the transfer of "know-how" to us to support our development. These activities involve administrative, financial, advertising, strategic, planning and budgeting aspects, among others. This agreement has an indefinite term and may be terminated by any party thereto with 60 days' prior written notice.

**Agency Agreements**

On December 20, 2004, we entered into an agency agreement, later amended on February 23, 2017, with CBD and Casino International S.A., an affiliate of Casino, to regulate the terms pursuant to which Casino International S.A. renders international retail and trade services to us (i.e., negotiation of commercial services with international suppliers).

On July 25, 2016, as amended on January 24, 2017, we, CBD and Groupe Casino Limited, an affiliate of Casino, entered into an agency agreement to regulate the terms under which Groupe Casino Limited renders global sourcing services to us (i.e., procurement of global suppliers and mediation in purchases). We also entered into an agreement with the original counterparties of the agency agreement, pursuant to which Groupe Casino Limited reimbursed us for an amount necessary to provide for margin equalization due the reduction of gains as a result of promotions carried out by us in our stores during 2018.

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**Agreements with CBD**
**Cost Sharing Agreement**

On December 15, 2016, we entered into a cost sharing agreement with CBD, as amended on December 10, 2018, pursuant to which the terms for sharing infrastructure and human resources between Sendas and CBD were established, including treasury, legal, financial controlling and accounting, human resources operations and real estate. This agreement initially expired on December 10, 2021, after which it was automatically renewed for another 12 months. Henceforth, the agreement will be automatically renewed every 12 months absent 90 days' prior written notice by any party to the contrary. The functions of this cost sharing agreement have been in large part replaced by the cost sharing agreement with the Casino Group described under "—Agreements with the Casino Group—Cost Sharing Agreement."

**Extra Transaction**

On December 16, 2021, as amended on February 25, 2022, we entered into a definitive agreement with CBD governing the terms of the Extra Transaction, which will involve the assignment and conversion of up to 70 commercial points operated by CBD under the *Extra Hiper* banner in several Brazilian states into cash and carry stores under the *Assai* banner.

The total estimated price of the transaction is R\$4.0 billion, payable by Sendas to CBD in installments between December 2021 and January 2024. The total price was negotiated between the management of CBD and Sendas, who hired top-line financial advisors, and was endorsed by fairness opinions contracted by the management of both companies.

In the context of the Extra Transaction, on February 25, 2022, CBD and the real estate fund Barzel Retail Fundo de Investimento Imobiliário, or the Real Estate Fund, entered into a definitive agreement, with Sendas as guarantor, for the sale of 17 properties owned by CBD to the Real Estate Fund, for a total sale price of R\$1.2 billion. We have guaranteed the Real Estate Fund's payment obligations to CBD and will purchase the 17 properties should the Real Estate Fund not be able to fulfill its obligations.

For more information about the Extra Transaction, see "Item 4. Information on the Company—A. History and Development of the Company—History—Extra Transaction."

**Agreements with GreenYellow**
**Photovoltaic Equipment Lease and Maintenance Agreements**

We have entered into various agreements with GreenYellow do Brasil Energia e Serviços Ltda., or GY, a Brazilian company controlled by Casino, pursuant to which GY provided for the installation and maintenance of photovoltaic equipment at eight of our *Assai* stores. Currently, Assai has photovoltaic equipment in operation in seven different stores. These agreements usually have a term of 25 years. For the lease and rendering of services, GY is remunerated according to a formula that is based on the energy savings

generated at each store.

#### *Electric Energy Purchase*

On December 31, 2019, we entered into two agreements with Greenyellow Serviços e Comercialização de Energia Ltda, or GY Energia, for the purchase of a total of 275.7 MW of electric energy, for a period of 15 years. GY Energia is remunerated on a monthly basis, according to the amount of energy used by us. On July 29, 2020, these agreements were amended and restated.

#### **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.

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#### **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 18 to our audited consolidated financial statements included in this annual report.

Based on the advice of our external legal counsel, we have identified and made provisions for the following probable losses that may result from legal and administrative proceedings to which we are a party as of the dates indicated.

	<b>As of December 31 2021</b>
	<i>(in millions of R\$)</i>
Tax proceedings	109
Labor proceedings	69
Civil proceedings	27
<b>Total</b>	<b>205</b>

#### **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, 2021, we had provisioned R\$109 million (R\$169 million as of December 31, 2020) 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). Pending authorization from the Brazilian Federal Revenue, we will be able to realize these credits. We expect this to occur by December 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, 2021, we had provisioned R\$69 million (R\$64 million as of December 31, 2020) with respect to our labor proceedings.

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#### **Civil Proceedings**

We are party to numerous lawsuits involving civil, regulatory, consumer and real estate matters. As of December 31, 2021, we had provisioned R\$27 million (R\$49 million as of December 31, 2020) 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, 2021, we had recorded provisions for these lawsuits in the amount of R\$21 million (R\$23 million as of December 31, 2020).

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, 2021, we had recorded provisions for these lawsuits in the amount of R\$6 million (R\$5 million as of December 31, 2020).

### ***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, 2021, the aggregate amount involved in our legal and administrative proceedings with a possible risk of loss was R\$2,346 million (R\$2,408 million as of December 31, 2020). For more information about these legal and administrative proceedings, see note 18 to our audited consolidated 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 2019, 2020 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.

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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. Memorandum and Articles of Association—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 payments of dividends and interest on shareholders' equity for the periods indicated. There can be no assurance that we will be able to distribute dividends or interest on shareholders' equity 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,		
	2021	2020	2019
	(in millions of R\$)		
Total dividends distributed	—	—	247
Total interest on shareholders' equity distributed	63	310	—

At the annual general shareholders' meeting held on April 28, 2022, our shareholders voted to approve the minimum mandatory dividend in the aggregate amount of R\$224 million, calculated in accordance with Brazilian Corporate Law and our bylaws, with respect to the fiscal year ended December 31, 2021. This amount excludes the tax incentive reserve related to the recognition of tax credits for investment subsidy in the total amount of R\$709 million. Of the total amount, R\$56 million was paid on October 14, 2021 as interest on shareholders' equity. The remaining amount of R\$168 million, corresponding to R\$0.125038407679398 per Sendas common share, is expected to be paid by June 28, 2022, which is 60 days from the annual general shareholders' meeting.

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."

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## 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, 2021.

## 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 6:00 p.m. or from 10:00 a.m. to 5:00 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 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 public (*companhia aberta*), like us, or private (*companhia fechada*). All public companies are registered with the CVM, and are subject to periodic reporting requirements and the public disclosure of material facts. A company registered with the CVM may have its securities traded either on 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 public 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 event 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*, which were amended in April 2011 and, in the case of the *Novo Mercado*, again in October 2017 with effect in January 2018. 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. On June 23, 2017, the B3 announced that companies listed on *Novo Mercado* have approved a proposal to amend the current *Novo Mercado* regulations. The reform is part of the evolution process of the B3's special segments, seeking to maintain the value of listed companies in line with currently accepted international corporate governance practices.

Companies listed on the *Novo Mercado* are voluntarily subject to stricter rules 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 25.0% 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\$25.0 million considering the 12 previous months; (3) agree to adopt and publish (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

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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 public 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 public company, the entry or withdrawal of shareholders that maintain any managing, financial, technological or administrative function with or contribution to the company, and any corporate restructuring undertaken among related companies;
- oblige the public company to disclose material acts or facts to the CVM, to 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 public company to publish a material event, 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 active, or of any technical or advising body of a public 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;

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- require that any person who increases or decreases participation in our share capital directly or indirectly by more than 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, we may, under exceptional circumstances, submit a request for confidential treatment to the CVM concerning a material act or fact when our controlling shareholders or 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* regulations and for so long as we are listed on the *Novo Mercado*, our share capital must consist exclusively of common shares.

On December 31, 2021, our capital stock was represented by 1,346,674,477 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 terms and conditions.

## **B. Memorandum and Articles of Association**

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.

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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

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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 de expansão*) which will be made of up to 100% of the remaining adjusted net profit after the establishment of the legal reserve account, contingency reserve account and the payment of the mandatory dividend. The total amount of this reserve may not exceed the amount 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 is profit resulting from investments measured by the equity method and/or the profits of earnings of any transaction, the financial satisfaction of which takes place in the subsequent fiscal year. The unrealized profit reserve account, when realized, must be used first to offset accumulated losses, if any, and the remaining portion must be used for the payment of mandatory dividends.

**Retained profit reserve.** Our shareholders can decide to retain a portion of the net profit provided that such portion has been contemplated in the capital budget previously approved by the shareholders.

## **Distribution of Dividends**

Under the Brazilian Corporate Law and our bylaws, we may pay dividends only from:

- our "net profit" earned in a given fiscal year, which is our results from the relevant fiscal year, reduced by accumulated losses of prior fiscal years; provisions for income tax and social contribution for such fiscal year; and amounts allocated to employees' and managers' participation in the results in such fiscal year pursuant to our profit sharing plans. Our bylaws allow us to implement a profit-sharing plan for employees and managers and a stock option plan. The amount to be paid in connection with both plans is determined by our board of directors and must not exceed an amount equal to 15% of our net profit. Under 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;

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- 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 20%, or 17% if certain requirements are met or where the local legislation imposes restrictions on disclosing the shareholding composition or the ownership of the investment). See "—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).

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 Instruction No. 282/1998, 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;

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- 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 Instruction No. 324/2000, this percentage may be reduced to 8.0% 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.

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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 28, 2021, 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 the 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) human resources, culture and compensation committee; (2) finance committee; (3) corporate governance and sustainability committee; and (4) strategy and investments 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 will enter 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

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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 10% of our total voting stock will have the right to elect one member of our board of directors. Only shareholders that can prove that they have held the common shares for at least three continuous months immediately prior to the respective 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 Instruction No. 282, of June 26, 1998, 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;

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- the appointment or removal of members of our board of directors;
- the appointment or removal of the Chairman or the Co-Vice Chairmen of our board of directors;
- the approval of annual management's accounts and our annual financial statements;
- the approval of any issuance of shares, bonuses, debentures convertible into our shares or securities or other rights or interests which are convertible or exchangeable into or exercisable for our shares, without limiting the authorization granted to our board of directors to approve such issuances within the limit of our authorized capital (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; and
- the establishment of the global annual compensation of the members of our board of directors and board of executive officers.

## ***Call of Shareholders' Meeting***

The Chairman of our board of directors may call shareholders' meetings. In his absence, the meeting may be called by any of the Co-Vice Chairmen of our board of directors or, in their absence, by an 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, if one is created, if our management fails to call an annual shareholders' meeting within one month after the date it is required to do so under applicable law and our bylaws. The fiscal council may also call an extraordinary 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 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 15 days before the date of the meeting on the first call, and no later than eight days before the date of the meeting on the second call. However, in certain circumstances, the CVM may require that the

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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 Instruction No. 561, dated April 7, 2015, upon becoming a category "A" publicly-held company in Brazil, we plan to allow our shareholders to submit voting ballots before each shareholders' meeting. Pursuant to CVM Instruction No. 481, as amended, dated December 17, 2009, 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.

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### **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

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- 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;

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- 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;

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- 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**

### ***Cost Sharing Agreement with Casino***

For information regarding our cost sharing agreement with Casino, see "Item 7. Major Shareholders and Related Party Transactions—B. Related Party Transactions—Other Related Party Transactions—Agreements with the Casino Group—Cost Sharing Agreement."

### ***Cost Sharing Agreement with CBD***

For information regarding our cost sharing agreement with CBD, see "Item 7. Major Shareholders and Related Party Transactions—B. Related Party Transactions—Other Related Party Transactions—Agreements with CBD—Cost Sharing Agreement."

### ***Agreements with GreenYellow***

For information regarding our photovoltaic equipment lease and maintenance agreements and our electric energy purchase agreements with GreenYellow, see "Item 7. Major Shareholders and Related Party Transactions—B. Related Party Transactions—Other Related Party Transactions—Agreements with GreenYellow."

## **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.

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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.

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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 Instruction No. 560, dated March 27, 2015. 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.

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### **Taxation of Dividends**

Dividends paid by a Brazilian corporation, such as the us, to a Non-Brazilian Holder of common shares or ADSs are currently not subject to 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.

### ***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

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- 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.

### ***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 to another Non-Resident Holder. 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:

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- 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 Depositary 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.

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### *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, is considered a capital gain.

### *Discussion on Low or Nil Taxation Jurisdictions*

On June 4, 2010, the Brazilian tax authorities enacted Normative Ruling No. 1,037 listing: (1) the countries and jurisdictions considered as Low or Nil Taxation Jurisdictions or where the local legislation does not allow access to information related to the shareholding composition of legal entities, to their ownership or to the identity of the effective beneficiary of the income attributed to non-residents; and (2) the privileged tax regimes, which definition is provided by Law No. 11,727, of June 23, 2008 ("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%.

## ***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 depository 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 person'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;

- dealers or traders in securities 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;
- individual retirement and other deferred accounts;
- U.S. Holders whose functional currency is not the U.S. dollar;
- U.S. expatriates and former citizens or 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 the alternative minimum tax;
- U.S. Holders 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, hedging, conversion, constructive sale or other risk reduction transaction;

- persons who purchase or sell their shares as part of a wash sale for tax purposes;
- persons owning Sendas Shares in connection with a trade or business conducted outside the United States;
- "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

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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 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 held the Sendas Shares for more than 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 for the lower rates applicable to "qualified dividend income" for non-corporate U.S. Holders. Additionally, the amount of any dividend paid in *reis* will be the U.S. dollar value of the *reis* 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. 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.

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***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 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 gains from commodities and securities transactions. 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 PFIC for U.S. federal income tax purposes in 2021. However, there can be no assurance that Sendas

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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, as described immediately above. 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.

#### *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 "—Memorandum and Articles of Association—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."

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#### **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](http://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 Instruction No. 480/09 and can be accessed through [www.cvm.gov.br](http://www.cvm.gov.br). Information from that website 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 headquarters at: Avenida Ayrton Senna, No. 6,000, Lote 2, Pal 48959, Anexo A, Jacarepaguá, 22775-005, Rio de Janeiro, RJ, Brazil.

Our website is located at [www.assai.com.br](http://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.

### **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.

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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 counter-party which provides the original U.S. dollar-denominated financing. A separate financial instrument is signed at the time the loan agreement is consummated, under which we are effectively then liable for amounts in *reais* and interest based on the CDI rate. Amounts are normally consummated with the same financial institutions and the same maturity periods. See "Item 5. Operating and Financial Review and Prospects—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 17.7 to our audited consolidated 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

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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 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, 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

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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.

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- *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.

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".

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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 herein, 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 by 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):

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- to receive any distribution on or in respect of deposited securities;
- to give instructions for the exercise of voting rights at a meeting of holders of shares;
- to pay any fees, charges or expenses assessed by, or owing to the depositary; or
- to receive any notice or to act or be obligated in respect of other matters;

all 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.

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 or market on which the ADSs are listed or traded, 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."

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## ***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 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, \$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.

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 upon which any cash distribution made pursuant to the deposit agreement or in the case of an elective cash/stock dividend, upon which a cash distribution or an issuance of additional ADSs is made as a result of such elective dividend;
- 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 S.A. – Brasil, Bolsa, Balcão, the stock exchange on which the Sendas shares are registered for trading;

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- 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 "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 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 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 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](http://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 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 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 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 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 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.

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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, 2021, we received reimbursements from the depositary in the aggregate amount of US\$1 million.

### ***Payment of Taxes***

ADR holders or beneficial owners must pay any tax or other governmental charge payable by the custodian or the depositary on any ADS or ADR, deposited security or distribution. 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 deposited securities 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:

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- 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 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 ADSs 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 otherwise prejudices any substantial existing right of ADR holders or beneficial owners of ADSs. Such notice need not describe in detail the specific amendments effectuated thereby, but must identify to ADR holders and beneficial owners a means to access the text of such amendment. 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).

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

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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 60<sup>th</sup> day after our notice of removal was first provided to the depositary. Notwithstanding anything to the contrary herein, 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.

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.

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The deposit agreement expressly limits the obligations and liability of the depositary, ourselves and each of our and the depositary's respective agents, 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 United States Securities Exchange Act of 1934, as amended (the "Exchange Act"), to the extent applicable. In the deposit agreement it provides that neither we nor the depositary nor any such agent 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 agents' 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 us, the depositary or our respective agents (including, without limitation, voting);
- 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;
- it performs its obligations under the deposit agreement and ADRs without gross negligence or willful misconduct;
- 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, or in the case of the depositary only, our company; or
- it relies 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, the ADSs 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, the ADSs 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 otherwise related to the deposit agreement or ADRs 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

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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.

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, 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.

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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 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 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 jurisdiction of the courts of the State of 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 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, to the fullest extent permitted by applicable law, each party thereto (including, for avoidance of doubt, each ADR holder and beneficial owner and/or holder of interests in ADSs) irrevocably waives, to the fullest extent permitted by applicable law, the right to a jury trial in any suit, action or

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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 our or the depositary's compliance with the Securities Act or the Exchange Act, to the extent applicable.

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## **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, 2021, of our "disclosure controls and procedures," as defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act. Based upon that evaluation, our chief executive officer and chief financial officer concluded that, due to a material weakness in our internal control over financial reporting as described below, our disclosure controls and procedures were not effective as of December 31, 2021. Notwithstanding this material weakness, our financial statements included in this annual report fairly present, in all material respects, our financial position, results of operations, capital position, and cash flows for the periods presented, in conformity with IFRS, as issued by the IASB.

#### **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 15-d15(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.

A material weakness is a deficiency, or combination of deficiencies, in internal control over financial reporting such that there is a reasonable possibility that a material misstatement in our annual financial statements will not be prevented or detected on a timely basis.

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 this assessment management concluded that our internal control over financial reporting was not effective as of December 31, 2021, considering the material weakness described below.



## Inadequate control over Extra Transaction

Management did not appropriately design and maintain effective controls related to the interpretation and application of complex accounting matters, specifically in relation to the Extra Transaction, a significant unusual transaction with a related party. The control deficiencies did not allow management to identify immaterial misstatements in the classification of assets in the statement of financial position and non-cash payments in the cash flows statement. Such deficiency did not result in a misstatement of our financial statements as of and for the year ended December 31, 2021 or any other financial indicators for the year.

## Remedial actions

We are committed to continuing to improve our internal control processes and will continue to diligently review our financial reporting controls and procedures in order to ensure our compliance with the requirements of the Sarbanes-Oxley Act and the related rules promulgated by the SEC. In order to mitigate the risk of future errors in our financial statements related to unusual transactions, we will evaluate the involvement of technical specialists, if applicable.

## Attestation Report of the Registered Public Accounting Firm

Ernst & Young Auditores Independentes S.S., the independent registered certified public accounting firm who audited our consolidated financial statements included elsewhere in this annual report, has issued a report on the our internal control over financial reporting, which is included elsewhere in this annual report.

## Changes in Internal Control over Financial Reporting

There were no changes in our internal controls over financial reporting that occurred during the period covered by this annual report that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting. In 2022, we plan to implement the remediation procedures described above to address our material weakness.

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### 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

In March 2021, our board of directors 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 [www.assai.com.br](http://www.assai.com.br) and at [www.cvm.gov.br](http://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

Ernst & Young Auditores Independentes S.S. acted as our independent registered public accounting firm for the fiscal years ended December 31, 2021 and 2020. The chart below sets forth the total amount billed to us by our independent accountants for services performed in 2021 and 2020, including out-of-pocket expenses, and a breakdown of these amounts by category of service:

	For the Year Ended December 31,	
	2021	2020
	(in millions of R\$)	
Audit fees	4	3
Audit-related fees	—	—
Tax fees	—	—
All other fees <sup>(1)</sup>	—	5
Total fees	4	8

(1) In 2020, refers to audit fees paid during the year related to Corporate Reorganization and the SEC and CVM registration in connection with the Spin-Off.

## Audit Fees

Audit fees are fees for the audit of our consolidated financial statements and the reviews of our quarterly financial information for the year.

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## Audit-Related Fees

Audit-related fees were comprised of assurance and related services that are related to the performance of the audit or review of our consolidated financial statements, including due diligence related to mergers and acquisitions, audit in connection with acquisitions, internal control reviews, attest services that are not required by statute or regulation, consultations concerning financial accounting and reporting standards and tax compliance review.

## **Tax Fees**

Tax fees were comprised of the aggregate fees billed for professional services rendered by the principal accountant for tax compliance, tax advice and tax planning.

## **All Other Fees**

All other fees were comprised of the aggregate fees billed for products and services provided by the principal accountant, other than the services reported under "audit fees," "audit-related fees" and "tax fees."

## **Pre-Approval Policies and Procedures**

Our audit committee has the responsibility of 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**

As disclosed in our current report on Form 6-K furnished on March 8, 2022 to the SEC, on March 7, 2022, our board of directors approved the change of Ernst & Young Auditores Independentes S.S., or EY, as independent registered public accounting firm and the engagement of Deloitte Touche Tohmatsu Auditores Independentes Ltda., or Deloitte, to serve as our new independent registered public accounting firm as of the first quarter of 2022 for the fiscal year ending December 31, 2022, and future fiscal years until a new auditor rotation is required.

EY's audit report dated May 2, 2022 on our consolidated financial statements for the fiscal year ended December 31, 2021, does not contain an adverse opinion or disclaimer of opinion, nor was it qualified or modified as to uncertainty, audit scope or accounting principles. EY's audit report dated April 28, 2021, on our consolidated financial statements for the fiscal year ended December 31, 2020, also did not contain an adverse opinion or disclaimer of opinion, nor was it qualified or modified as to uncertainty, audit scope or accounting principles.

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EY's audit report dated May 2, 2022, on the effectiveness of our internal control over financial reporting as of December 31, 2021, expresses an adverse opinion related to a material weakness resulting from the execution of one control related to the Extra Transaction. We were not required to have our independent registered public accounting firm report on the effectiveness of our internal control over financial reporting as of December 31, 2020, and they have not done so, due to a transition period established by rules of the SEC for newly public companies.

During the fiscal years ended December 31, 2021 and 2020, there were no disagreements between us and EY on any matters of accounting principles or practices, financial statement disclosure or auditing scope or procedure, which disagreements, if not resolved to the satisfaction of EY, would have caused EY to make reference to the subject matter of the disagreement in its report on our consolidated financial statements. During the fiscal years ended December 31, 2021 and 2020, there were no "reportable events" as that term is defined in Item 16F(a)(1)(v) of the instructions to Form 20-F.

We have provided EY with a copy of this Item 16F and have requested and received from EY a letter addressed to the SEC stating whether or not EY agrees with the above statements. A copy of the letter from EY is attached as Exhibit 15.1 to this annual report.

During the fiscal years ended December 31, 2021 and 2020, neither us nor anyone acting on our behalf consulted Deloitte regarding any of the matters or events set forth in Item 16F(a)(2) of the instructions to Form 20-F.

## **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.

### ***Independence of Directors and Independence Tests***

The NYSE rules require that a majority of the board of directors must consist of independent directors. Independence is defined by various criteria, including the absence of a material relationship between the director and the listed company. Brazilian law does not have a similar requirement. Under Brazilian law, neither our board of directors nor our management is required to test the independence of directors before their election to the board of directors. However, both Brazilian corporate law and the CVM have established rules that require directors to meet certain qualification requirements and that address the compensation and duties and responsibilities of, as well as the restrictions applicable to, a company's executive officers and directors. While our directors meet the qualification requirements of Brazilian corporate law and the CVM, we do not believe that a majority of our directors would be considered independent under the NYSE test for director independence.

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Brazilian corporate law requires that our directors be elected by our shareholders at a general shareholders' meeting. Currently, our board of directors consists of nine members elected by our shareholders, of which six are representatives of the Casino Group and three are independent directors.

### ***Executive Sessions***

NYSE rules require that the non-management directors must meet at regularly scheduled executive sessions without management present. Brazilian corporate law does not have a similar provision. According to Brazilian corporate law, up to one-third of the members of the board of directors can be elected from management. There is no requirement that non-management directors meet regularly without management. As a result, the non-management directors on our board of directors do not typically meet in executive session.

### ***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 and sustainability committee and a human resources, culture and compensation committee to improve our corporate governance practices. The human resources, culture and compensation committee is responsible for examining candidates and providing guidelines for the appointment of members for our board of directors, special committees and executive officers. For further information on our human resources, culture and compensation committee, see "Item 6. Directors, Senior Management and Employees—A. Directors and Senior Management—Board Committees—Human Resources, Culture and Compensation Committee."

### ***Human Resources and Compensation Committee***

NYSE rules require that listed companies have a compensation committee composed entirely of independent directors and governed by a written charter addressing the committee's required purpose and detailing its required responsibilities, which include, among other things, reviewing corporate goals relevant to the chief executive officer's compensation, evaluating the chief executive officer's performance, approving the chief executive officer's compensation levels and recommending to the board non-chief executive officer compensation, incentive compensation and equity-based plans.

Under Brazilian corporate law, the total amount available for compensation for our directors and executive officers and for profit-sharing payments to our executive officers is set by our shareholders at the annual general shareholders' meeting. On the other hand, the board of directors, through the human resources, 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 human resources, 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 human resources, culture and compensation committee, see "Item 6. Directors, Senior Management and Employees—A. Directors and Senior Management—Board Committees—Human Resources, Culture and Compensation Committee."

### ***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

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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."

### ***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.

### PART III

#### ITEM 17. FINANCIAL STATEMENTS

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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 \(PCAOB ID: 01448\)](#)

[F-2](#)

[Report of Independent Registered Public Accounting Firm on Consolidated Financial Statements \(PCAOB ID: 01448\)](#)

[F-4](#)

[Consolidated Statements of Operations and Comprehensive Income for the years ended December 31, 2021, 2020 and 2019](#)

[F-8](#)

[Consolidated Balance Sheets as of December 31, 2021 and 2020](#)

[F-10](#)

[Consolidated Statements of Changes in Shareholders' Equity for the years ended December 31, 2021, 2020 and 2019](#)

[F-12](#)

[Consolidated Statements of Cash Flows for the years ended December 31, 2021, 2020 and 2019](#)

[F-15](#)

[Notes to the Consolidated Financial Statements](#)

[F-16](#)

(b) List of Exhibits

Exhibit No.	Description
<a href="#">1.1*</a>	<a href="#">Bylaws (Estatuto Social) of Sendas Distribuidora S.A. (English translation)</a>
2.1	Form of Deposit Agreement, among Sendas Distribuidora S.A., JPMorgan Chase Bank N.A., as Depositary, 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 Depositary, 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).
<a href="#">2.4*</a>	<a href="#">Form of Promissory Note, dated August 27, 2021, issued by Sendas Distribuidora S.A. (Second Issuance, First Series) (English translation).</a>
<a href="#">2.5*</a>	<a href="#">Form of Promissory Note, dated August 27, 2021, issued by Sendas Distribuidora S.A. (Second Issuance, Second Series) (English translation).</a>
<a href="#">2.6*</a>	<a href="#">Description of the registrant's securities registered under Section 12 of the Exchange Act.</a>
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 February 25, 2021).
<a href="#">4.2*</a>	<a href="#">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).</a>

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4.3	Employee Matters Agreement, dated as of December 17, 2020, between Companhia Brasileira de Distribuição and Sendas Distribuidora S.A. (English translation) (incorporated by reference to Exhibit 4.2 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 February 25, 2021).
4.4	Cross-Management Agreement, dated as of December 17, 2020, between Companhia Brasileira de Distribuição and Sendas Distribuidora S.A. (English translation) (incorporated by reference to Exhibit 4.3 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 February 25, 2021).
4.5	Data Protection Agreement, dated as of December 17, 2020, between Companhia Brasileira de Distribuição and Sendas Distribuidora S.A. (English translation) (incorporated by reference to Exhibit 4.4 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 February 25, 2021).
4.6	Third-Party Stores Management Agreement, dated as of January 12, 2021, between Companhia Brasileira de Distribuição and Sendas Distribuidora S.A. (English translation) (incorporated by reference to Exhibit 4.5 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 February 25, 2021).
4.7	Partial Spin-Off Protocol of Sendas Distribuidora S.A. with Merger of the Spin-Off Portion into Companhia Brasileira de Distribuição, dated December 9, 2020,

by and between Sendas Distribuidora S.A. and Companhia Brasileira de Distribuição (English translation) (incorporated by reference to Exhibit 99.5 to the Form 6-K/A of Companhia Brasileira de Distribuição (File No. 001-14626) furnished to the Securities and Exchange Commission on December 16, 2020).

4.8 Partial Spin-Off Protocol of Companhia Brasileira de Distribuição with Merger of the Spun-Off Portion into Sendas Distribuidora S.A., dated December 9, 2020, by and between Sendas Distribuidora S.A. and Companhia Brasileira de Distribuição (English translation) (incorporated by reference to Exhibit 99.6 to the Form 6-K/A of Companhia Brasileira de Distribuição (File No. 001-14626) furnished to the Securities and Exchange Commission on December 16, 2020).

4.9 Cost Sharing Agreement, dated as of August 1, 2014, by and among Casino Guichard Perrachon S.A., Sudaco Participações Limitada and Companhia Brasileira de Distribuição (incorporated by reference to Exhibit 4.(b)(5) to the Annual Report on Form 20-F of Companhia Brasileira de Distribuição (File No. 001-14626) filed with the Securities and Exchange Commission on April 30, 2015).

4.10 First Amendment, dated as of October 30, 2014, by and among Casino Guichard Perrachon S.A., Sudaco Participações Limitada, Companhia Brasileira de Distribuição and Euris, to the Cost Sharing Agreement, dated as of August 1, 2014, by and among Casino Guichard Perrachon S.A., Sudaco Participações Limitada and Companhia Brasileira de Distribuição (incorporated by reference to Exhibit 4.(b)(6) to the Annual Report on Form 20-F of Companhia Brasileira de Distribuição (File No. 001-14626) filed with the Securities and Exchange Commission on April 30, 2015).

4.11 Second Amendment, dated as of October 28, 2020, by and among Casino Guichard Perrachon S.A., Casino Services SAS, Helicco Participações Ltda., Wilkes Participações S.A., Euris, Companhia Brasileira de Distribuição and Sendas Distribuidora S.A., to the Cost Sharing Agreement, dated as of August 1, 2014, by and among Casino Guichard Perrachon S.A., Sudaco Participações Limitada and Companhia Brasileira de Distribuição, as amended (incorporated by reference to Exhibit 4.10 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 February 25, 2021).

4.12† Cost Sharing Agreement, dated as of December 15, 2016, by and among Companhia Brasileira de Distribuição, Via Varejo S.A., CNova Comércio Eletrônico S.A., and Sendas Distribuidora S.A. (English translation) (incorporated by reference to Exhibit 4.11 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 February 25, 2021).

4.13 First Amendment, dated as of December 10, 2018, by and among Companhia Brasileira de Distribuição, Via Varejo S.A., CNova Comércio Eletrônico S.A., and Sendas Distribuidora S.A. to the Cost Sharing Agreement, dated as of December 15, 2016, by and among Companhia Brasileira de Distribuição, Via Varejo S.A., CNova Comércio Eletrônico S.A., and Sendas Distribuidora S.A. (English translation) (incorporated by reference to Exhibit 4.12 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 February 25, 2021).

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4.14##	Photovoltaic Equipment Lease Agreement (FV-ASS-CLE-0071), dated as of April 29, 2019, by and between Sendas Distribuidora S.A. and Green Yellow do Brasil Energia e Serviços Ltda. (English translation) (incorporated by reference to Exhibit 4.13 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 February 25, 2021).
4.15	Schedule of Omitted Photovoltaic Equipment Lease Agreements (incorporated by reference to Exhibit 4.14 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 February 25, 2021).
4.16##	Operation and Maintenance Services Agreement (FV-ASS-COM-71), dated as of April 29, 2019, by and between Sendas Distribuidora S.A. and Green Yellow do Brasil Energia e Serviços Ltda. (English translation) (incorporated by reference to Exhibit 4.15 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 February 25, 2021).
4.17	Schedule of Omitted Operation and Maintenance Services Agreements (incorporated by reference to Exhibit 4.16 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 February 25, 2021).
4.18##	First Amended and Restated Electric Energy Purchase Agreement (13 Years), dated as of July 29, 2020, by and between Sendas Distribuidora S.A., Greenyellow Serviços e Comercialização de Energia Ltda. and Companhia Brasileira de Distribuição (English translation) (incorporated by reference to Exhibit 4.17 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 February 25, 2021).
4.19	Schedule of Omitted Electric Energy Purchase Agreements (incorporated by reference to Exhibit 4.18 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 February 25, 2021).
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, dated March 15, 2021 (incorporated by reference to Annual Report on Form 20-F of Sendas Distribuidora S.A. for the fiscal year ended December 31, 2020 (File No. 001-39928) filed with the Securities and Exchange Commission on April 29, 2021).
12.1*	<a href="#">Section 302 Certification of the Chief Executive Officer.</a>
12.2*	<a href="#">Section 302 Certification of the Chief Financial Officer.</a>
13.1*	<a href="#">Section 906 Certification of the Chief Executive and Chief Financial Officer.</a>
15.1*	<a href="#">Letter from Ernst &amp; Young Auditores Independentes S.S. regarding change in Registrant's certifying accountant.</a>
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).

# Certain information has been omitted from this exhibit pursuant to Item 4 of the Instructions As To Exhibits of Form 20-F because it is both not material and would likely cause competitive harm to the Registrant if publicly disclosed. The Registrant hereby agrees to furnish an unredacted copy of the exhibit and its materiality and competitive harm analyses to the Commission upon request.

† 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.

\* Filed herewith.

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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.

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## 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: May 2, 2022

**SENDAS DISTRIBUIDORA S.A.**

/s/ Belmiro de Figueiredo Gomes

Name: Belmiro de Figueiredo Gomes

Title: Chief Executive Officer

/s/ Daniela Sabbag Papa

Name: Daniela Sabbag Papa

Title: Chief Financial Officer

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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 Internal Control Over Financial Reporting

We have audited Sendas Distribuidora S.A.'s internal control over financial reporting as of December 31, 2021, based on criteria established in Internal Control - Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (2013 framework) (the COSO criteria). In our opinion, because of the effect of the material weakness described below on the achievement of the objectives of the controlling criteria, Sendas Distribuidora S.A. (the Company) has not maintained effective internal control over financial reporting as of December 31, 2021 based on the COSO criteria.

A material weakness is a deficiency, or combination of deficiencies, in internal control over financial reporting, such that there is a reasonable possibility that a material misstatement of the company's annual or interim financial statements will not be prevented or detected on a timely basis. The following material weakness has been identified and included in management's assessment. Management has identified material weakness in the execution of controls related to the interpretation and application of complex accounting matters, specifically on significant unusual transactions with a related party. This material weakness in the Company's financial reporting process, if not remediated, creates a reasonable possibility that a material misstatement of the financial statements would not be prevented or detected on a timely basis in future periods.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the balance sheets of the Company as of December 31, 2021 and 2020, the related statements of operations and comprehensive income, changes in shareholders' equity and cash flows for each of the three years in the period ended December 31, 2021, and the related notes. This material weakness was considered in determining the nature, timing and extent of audit tests applied in our audit of the 2021 financial statements, and this report does not affect our report dated May 2, 2022, which expressed an unqualified opinion thereon.

### 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's 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 and the PCAOB.

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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/ ERNST & YOUNG  
Auditores Independentes S.S.

São Paulo, Brazil  
May 2, 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 balance sheets of Sendas Distribuidora S.A. (the Company) as of December 31, 2021 and 2020, the related statements of operations and comprehensive income, changes in shareholders' equity and cash flows for each of the three years in the period 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 financial position of the Company at December 31, 2021 and 2020, and the results of its operations and its cash flows for each of the three years in the period ended December 31, 2021, in conformity with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board - IASB.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the Company's internal control over financial reporting as of December 31, 2021, based on criteria established in Internal Control-Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (2013 framework) and our report dated May 2, 2022, expressed an adverse opinion thereon.

### 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 audits. 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 and the PCAOB.

We conducted our audits 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 audits 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 audits 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 audits provide 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 (State Value Added Tax "VAT") tax credits

<i>Description of the Matter</i>	<p>As described in Note 10 to the financial statements, at December 31, 2021, the Company had ICMS tax credits amounting to R\$ 1,153 million. ICMS tax credits recoverability depends on the future generation of ICMS tax payable.</p> <p>Auditing the recoverability of ICMS tax credits was specially challenging because the recoverability assessment process is complex and involves significant judgment, including assumptions such as growth rates, in the estimation of future ICMS tax payable that could be affected by future market or economic conditions and events.</p>
<i>How We Addressed the Matter in Our Audit</i>	<p>We obtained an understanding, evaluated the design and tested the operating effectiveness of the controls over the recoverability of ICMS tax credits, including controls over management's projections used in this recoverability assessment and assumptions used by management.</p> <p>To test the recoverability of the ICMS tax credits, our audit procedures included, among others, evaluating significant assumptions used by management; testing the completeness and accuracy of the underlying data supporting the significant assumptions used by the Company on its recoverability assessment; involving our tax professionals to evaluate the application of tax laws and special tax regimes used in the Company's ICMS tax credits annual recoverability assessment. We also evaluated the financial statements disclosures included in Note 10.</p>

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### Tax claims with a probability of loss assessed as possible

<i>Description of the Matter</i>	<p>As described in Note 18.4 to the financial statements, the Company is party to a significant number of administrative and legal proceedings arising from various tax claims totaling R\$ 2,346 million for which no provision was recorded as of December 31, 2021, as the probability of loss was assessed as possible based on current available information. The Company uses significant judgment in determining whether its technical merits are more-likely-than-not to be sustained in the court, considering the complexity of the Brazilian tax environment and lack of jurisprudence for certain tax matters. To carry out this assessment, management monitors the evolution of court ruling trends and is assisted by the Company's external legal counsel.</p> <p>Auditing management's assessment of the probability of a loss on tax claims is complex, highly judgmental and based on interpretations of tax laws and legal rulings, as there is significant estimation uncertainty related to the ultimate outcome of court decisions, the evolution of jurisprudence and the position of the Brazilian tax authorities.</p>
<i>How We Addressed the Matter in Our Audit</i>	<p>We obtained an understanding, evaluated the design and tested the operating effectiveness of controls over the identification and evaluation of tax claims, including management's process to estimate whether the technical merits are more-likely-than-not to be sustained in the court.</p> <p>To test the Company's assessment of the probability of a loss on tax claims, our audit procedures included, among others, involving our tax professionals to assess the Company's technical merits and in evaluating legal opinions or other third-party advice obtained by the Company; independently corresponding with certain key external tax and legal advisers of the Company; evaluating the Company's assessment using our knowledge of, and experience with, the application of tax laws by the relevant tax authorities. We also evaluated the financial statements disclosures included in Note 18.4.</p>

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### Conversion of Extra Hiper stores into Assaí

<i>Description of the Matter</i>	<p>As disclosed in Note 1.5, on October 14, 2021, the Board of Directors of the Company and Grupo Pão de Açúcar ("GPA") approved the transaction involving the conversion of Extra Hiper stores, operated by GPA, in cash &amp; carry stores which will be operated by Assaí brand.</p> <p>On December 16, 2021, the Company and GPA signed the "Agreement of onerous assignment of exploitation rights of commercial rights and other agreements", regulating the assignment to Assaí of the exploitation rights of up to 70 commercial points, for the total amount of up to R\$3,973 million.</p>
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Auditing the conversion of Extra Hiper stores into Assai was complex due to the risk inherent to transactions between related parties not being executed considering usual market conditions and amounts material to the financial statements as of December 31, 2021.

*How We Addressed the Matter in Our Audit*

We obtained an understanding, evaluated the design and tested the operating effectiveness of controls over the accounting implications for the transaction.

To test the corporate reorganization, our audit procedures included, among others: (i) review of the legal documents and other agreements; (ii) check of the accounting records and their consistency with the documents presented; (iii) review of the technical accounting memoranda prepared by the Company's management; (iv) assessment of the adequacy of the Company's internal policy for transactions with related parties and its application to such transactions; (v) checking of the approval of the transaction by the Board of Directors, in accordance with the policy established by the Company; and (vi) review of the adequacy of the respective disclosures in the financial statements. We also evaluated the related financial statements disclosures in Note 1.5.

/s/ ERNST & YOUNG  
Auditores Independentes S.S.

We have served as the Company's auditors since 2017.

São Paulo, Brazil  
May 2, 2022

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**Sendas Distribuidora S.A**

Statement of Operations and Comprehensive Income  
For the years ended December 31, 2021, 2020 and 2019  
(In millions of Brazilian Reais, except earnings per share)

	Notes	For the year ended December 31,		
		2021	2020	2019
<b>Net operating revenue</b>	23	<b>41,898</b>	36,043	28,082
Cost of sales	24	(34,753)	(30,129)	(23,349)
<b>Gross profit</b>		<b>7,145</b>	5,914	4,733
<b>Operating expenses, net</b>				
Selling expenses	24	(3,334)	(2,811)	(2,273)
General and administrative expenses	24	(588)	(435)	(352)
Depreciation and amortization		(638)	(503)	(395)
Share of profit of associates	12	47	—	—
Other operating expenses, net	25	(53)	(97)	(11)
<b>Operating profit</b>		<b>2,579</b>	2,068	1,702
Financial revenues	26	188	343	236
Financial expenses	26	(918)	(786)	(436)
<b>Net financial result</b>		<b>(730)</b>	(443)	(200)
<b>Income before income taxes from continuing operations</b>		<b>1,849</b>	1,625	1,502
Income tax and social contribution	21.1	(239)	(436)	(426)
<b>Net income from continuing operations</b>		<b>1,610</b>	1,189	1,076
<b>Discontinued operations</b>				
Net income (loss) from discontinued operations, net of taxes	31	—	367	(16)
<b>Net income for the year</b>		<b>1,610</b>	1,556	1,060
<b>Other comprehensive income</b>				
Items that may be subsequently reclassified to the statement of operations				
Fair value of expected credit loss		(1)	—	—
Exchange rate differences on translation of foreign investments		—	358	220
Cash flow hedge		—	—	5
<b>Other comprehensive income for the year</b>		<b>(1)</b>	358	225
<b>Total comprehensive income for the year</b>		<b>1,609</b>	1,914	1,285
<b>Net income for the year attributable to:</b>				
Controlling shareholders		<b>1,610</b>	1,398	1,047
Non-controlling shareholders		—	158	13
		<b>1,610</b>	1,556	1,060

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## Sendas Distribuidora S.A

Statement of Operations and Comprehensive Income  
For the years ended December 31, 2021, 2020 and 2019  
(In millions of Brazilian Reais, except earnings per share)

### Total comprehensive income attributable to:

Controlling shareholders		1,609	1,165	1,209
Non-controlling shareholders		—	749	76
		<u>1,609</u>	<u>1,914</u>	<u>1,285</u>
Basic earnings per share for continuing operations attributable to controlling shareholders (in Reais - R\$)	27	1.19802	0.88731	0.83411
Basic earnings per share attributable to controlling shareholders (in Reais - R\$)	27	1.19802	1.04328	0.81163
Diluted earnings per share for continuing operations attributable to controlling shareholders (in Reais - R\$)	27	1.18852	0.88731	0.83411
Diluted earnings per share attributable to controlling shareholders (in Reais - R\$)	27	1.18852	1.04328	0.81163

The accompanying notes are integral part of these financial statements.

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## Sendas Distribuidora S.A

Balance Sheet  
As of December 31, 2021 and 2020  
(In millions of Brazilian Reais)

	Notes	As of December 31,	
		2021	2020
<b>Current assets</b>			
Cash and cash equivalents	7	2,550	3,532
Trade receivables	8	265	182
Inventories	9	4,380	3,739
Recoverable taxes	10	876	768
Derivative financial instruments	17.12	4	57
Dividends receivable	12	16	—
Other accounts receivable		59	34
Other current assets		72	37
		<u>8,222</u>	<u>8,349</u>
Assets held for sale	29	550	—
<b>Total current assets</b>		<u>8,772</u>	<u>8,349</u>
<b>Non-current assets</b>			
Recoverable taxes	10	770	866
Deferred income tax and social contribution	21.2	45	—
Derivative financial instruments	17.12	28	11
Related parties	11	114	178
Restricted deposits for legal proceedings	18.8	119	134
Other non-current assets		10	1
Investments	12	789	769
Property, plant and equipment	14.3	10,320	7,476
Intangible assets	15	1,887	1,037
<b>Total non-current assets</b>		<u>14,082</u>	<u>10,472</u>
<b>Total assets</b>		<u>22,854</u>	<u>18,821</u>

The accompanying notes are integral part of these financial statements.

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## Sendas Distribuidora S.A



Balance Sheet  
As of December 31, 2020 and 2019  
(In millions of Brazilian Reais)

	Notes	As of December 31,	
		2021	2020
<b>Current liabilities</b>			
Trade payables, net	16	5,942	5,058
Borrowings and financing	17.12	433	280
Debentures and promissory notes	17.12	180	1,840
Payroll and related taxes		425	371
Lease liabilities	19.3	244	172
Related parties	11	368	41
Taxes payable		158	104
Income tax and social contribution payable		—	424
Deferred revenues	20	356	227
Dividends payable	22.2	168	85
Other current liabilities		370	184
<b>Total current liabilities</b>		<b>8,644</b>	<b>8,786</b>
<b>Non-current liabilities</b>			
Borrowings and financing	17.12	1,154	952
Debentures and promissory notes	17.12	6,266	4,759
Deferred income tax and social contribution	21.2	—	82
Provision for legal proceedings	18	205	282
Lease liabilities	19.3	3,807	2,604
Deferred revenues	20	—	1
Other non-current liabilities		12	8
<b>Total non-current liabilities</b>		<b>11,444</b>	<b>8,688</b>
<b>Shareholders' equity</b>			
Capital stock	22.1	788	761
Capital reserve		18	4
Profit reserve		1,961	582
Other comprehensive income		(1)	—
<b>Total shareholders' equity</b>		<b>2,766</b>	<b>1,347</b>
<b>Total liabilities and shareholders' equity</b>		<b>22,854</b>	<b>18,821</b>

The accompanying notes are integral part of these financial statements.

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**Sendas Distribuidora S.A**

Statements of Changes in Shareholders' Equity  
For the years ended December 31, 2021, 2020 and 2019  
(In millions of Brazilian Reais)

	Controlling Shareholders								
	Profit reserve					Accumulated other comprehensive income	Total	Non-controlling interest	Total shareholder's equity
	Capital stock	Capital reserve	Legal reserve	Profit retention	Retained earnings				
<b>As of January 1, 2019</b>	2,351	16	125	1,717	(117)	—	4,092	—	4,092
Other comprehensive income									
Net income for the year	—	—	—	—	1,047	—	1,047	13	1,060
Cash flow hedge	—	—	—	—	—	5	5	—	5
Exchange rate variation of foreign Investments	—	—	—	—	—	157	157	63	220
<b>Comprehensive income for the year</b>	—	—	—	—	1,047	162	1,209	76	1,285
Non-cash capital contribution	67	—	—	—	—	—	67	—	67
Capital contribution	2,003	—	—	—	—	—	2,003	—	2,003
Stock options granted	—	2	—	—	—	—	2	—	2
Interest on own capital	—	—	—	(247)	—	—	(247)	—	(247)
Interim dividends	—	—	—	(50)	—	—	(50)	(37)	(87)
Hyperinflationary economy effect	—	—	—	22	—	—	22	7	29
Legal reserve	—	—	52	—	(52)	—	—	—	—

Reserve for profit retention	—	—	—	878	(878)	—	—	—	—
Non- controlling interests	—	—	—	—	—	—	—	2,557	2,557
<b>As of December 31, 2019</b>	<b>4,421</b>	<b>18</b>	<b>177</b>	<b>2,320</b>	<b>—</b>	<b>162</b>	<b>7,098</b>	<b>2,603</b>	<b>9,701</b>

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## Sendas Distribuidora S.A

Statements of Changes in Shareholders' Equity  
For the years ended December 31, 2021, 2020 and 2019  
(In millions of Brazilian Reais)

	Controlling Shareholders						Total	Non- controlling interest	Total shareholder 's equity
	Capital stock	Capital reserve	Legal reserve	Profit retention	Retained earnings	Accumulated other comprehensive income			
<b>As of December 31, 2019</b>	<b>4,421</b>	<b>18</b>	<b>177</b>	<b>2,320</b>	<b>—</b>	<b>162</b>	<b>7,098</b>	<b>2,603</b>	<b>9,701</b>
<b>Other comprehensive income</b>									
Net income for the year	—	—	—	—	1,398	—	1,398	158	1,556
Foreign exchange rate variation of foreign investments	—	—	—	—	—	(233)	(233)	591	358
Equity on other comprehensive income	—	—	—	—	—	1,945	1,945	15	1,960
<b>Comprehensive income for the year</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>1,398</b>	<b>1,712</b>	<b>3,110</b>	<b>764</b>	<b>3,874</b>
Effects of the Spin-off transaction									
Capitalization credits - Spin-off	140	—	—	—	—	—	140	—	140
Capital increase - Bellamar	769	—	—	—	—	—	769	—	769
Capital increase - assets and liabilities indemnity	127	—	—	—	—	—	127	—	127
Corporate restructuring	(5,715)	(19)	(30)	(2,866)	—	(1,874)	(10,504)	(3,116)	(13,620)
Transactions with non-controlling shareholders	—	—	—	(22)	—	—	(22)	—	(22)
Valorization PUT subsidiary Disco	—	—	—	—	—	—	—	(102)	(102)
Hyperinflationary economy effect	—	—	—	—	—	—	—	5	5
Others	—	—	—	—	—	—	—	(11)	(11)
Non-cash capital contribution	369	—	—	—	—	—	369	—	369
Capital contribution	650	—	—	—	—	—	650	—	650
Stock options granted	—	5	—	—	—	—	5	—	5
Interest on own capital	—	—	—	(310)	—	—	(310)	—	(310)
Dividends	—	—	—	(85)	—	—	(85)	(143)	(228)
Legal reserve	—	—	5	—	(5)	—	—	—	—
Reserve for profit retention	—	—	—	1,393	(1,393)	—	—	—	—
<b>As of December 31, 2020</b>	<b>761</b>	<b>4</b>	<b>152</b>	<b>430</b>	<b>—</b>	<b>—</b>	<b>1,347</b>	<b>—</b>	<b>1,347</b>

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## Sendas Distribuidora S.A

Statements of Changes in Shareholders' Equity  
For the years ended December 31, 2021, 2020 and 2019  
(In millions of Brazilian Reais)

	Profit reserve					Retained earnings	Accumulated other comprehensive income	Total
	Capital stock	Capital reserve	Legal reserve	Tax incentive reserve	Profit retention			
<b>As of December 31, 2020</b>	<b>761</b>	<b>4</b>	<b>152</b>	<b>—</b>	<b>430</b>	<b>—</b>	<b>—</b>	<b>1,347</b>
<b>Other comprehensive income</b>								
Net income for the year	—	—	—	—	—	1,610	—	1,610
Fair value of expected credit loss	—	—	—	—	—	—	(1)	(1)
<b>Comprehensive income for the year</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>1,610</b>	<b>(1)</b>	<b>1,609</b>

Capital contribution (note 22.1)	27	—	—	—	—	—	—	27
Stock options granted	—	14	—	—	—	—	—	14
Interest own capital (note 22.2)	—	—	—	—	—	(63)	—	(63)
Dividends (note 22.2)	—	—	—	—	—	(168)	—	(168)
Tax incentive reserve (note 22.4)	—	—	—	709	(430)	(279)	—	—
Legal reserve (note 22.3)	—	—	5	—	—	(5)	—	—
Reserve for profit retention	—	—	—	—	1,095	(1,095)	—	—
<b>As of December 31, 2021</b>	<b>788</b>	<b>18</b>	<b>157</b>	<b>709</b>	<b>1,095</b>	<b>—</b>	<b>(1)</b>	<b>2,766</b>

The accompanying notes are integral part of these financial statements.

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### Sendas Distribuidora S.A

Statements of Cash Flows  
Years December 31, 2021, 2020 and 2019  
(In millions of Brazilian Reais)

	For the year ended December 31,		
	2021	2020	2019
<b>Cash flows from operating activities</b>			
Profit from continued operation	1,610	1,189	1,076
Profit (loss) from discontinued operation	—	367	(16)
<b>Net income for the year</b>	<b>1,610</b>	<b>1,556</b>	<b>1,060</b>
<b>Adjustment to reconcile net income for the year to net cash flows</b>			
Deferred income tax and social contribution	(127)	(372)	162
(Gain) loss on disposal of property, plant and equipment and leasing write-off	(12)	71	(1)
Depreciation and amortization	687	1,372	484
Financial changes	911	785	431
Share of (profit) loss of associate	(47)	(27)	5
(Reversal of) provision for legal proceedings	(48)	77	19
Provision write-off assets	—	24	—
Provision for stock option	14	5	2
Provision for allowance for inventory losses and damages	302	13	5
Allowance for doubtful accounts	2	51	—
	<b>3,292</b>	<b>3,555</b>	<b>2,167</b>
<b>Variations in operating assets and liabilities</b>			
Trade receivables	(85)	(155)	21
Inventories	(943)	(1,029)	(153)
Recoverable taxes	(12)	(46)	(326)
Restricted deposits for legal proceedings	15	(14)	(1)
Other assets	(69)	(10)	(106)
Trade payables, net	884	877	1,671
Payroll and related taxes	54	121	36
Related parties	391	(54)	(17)
Provision for legal proceedings	(49)	(41)	(22)
Taxes and social contributions payable	4	556	69
Deferred revenue	128	(107)	(153)
Dividends received	11	—	—
Other liabilities	25	(88)	104
Income tax and social contribution, paid	(374)	(67)	(131)
	<b>(20)</b>	<b>(57)</b>	<b>992</b>
<b>Net cash generated by operating activities</b>	<b>3,272</b>	<b>3,498</b>	<b>3,159</b>
<b>Cash flow investment activities</b>			
Capital contribution in associates	—	(31)	—
Purchase of property, plant and equipment	(2,231)	(1,562)	(1,357)
Purchase of intangible assets	(854)	(82)	(52)
Proceeds from the sale of property, plant and equipment	212	604	362
Acquisition of subsidiaries, net of cash acquired	—	—	(3,311)
Purchase of investment property	—	(15)	(12)
Purchase of assets held for sale (note 29)	(403)	—	—
Subsidiary spin-off (note 1.3.1)	—	(3,687)	—
Net cash from corporate reorganization	—	(14)	—
<b>Net cash used in investment activities</b>	<b>(3,276)</b>	<b>(4,787)</b>	<b>(4,370)</b>
<b>Cash flow financing activities</b>			
Capital contribution	27	650	2,003
Proceeds from borrowings and financing	6,090	2,852	9,395
Payment of borrowings and financing	(6,479)	(3,052)	(6,124)
Dividends and interest on equity paid	(148)	(489)	(299)
Payment of lease liabilities	(468)	(756)	(267)
Transaction with non-controlling interest	—	2	7
<b>Net cash (used in) generated by financing activities</b>	<b>(978)</b>	<b>(793)</b>	<b>4,715</b>
<b>Net (decrease) increase in cash and cash equivalents</b>	<b>(982)</b>	<b>(2,082)</b>	<b>3,504</b>
Exchange rate variation on cash and cash equivalents	—	588	111
<b>Cash and cash equivalents at the beginning of the year</b>	<b>3,532</b>	<b>5,026</b>	<b>1,411</b>
<b>Cash and cash equivalents at the end of the year</b>	<b>2,550</b>	<b>3,532</b>	<b>5,026</b>

The accompanying notes are integral part of these financial statements.

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**Sendas Distribuidora S.A**

Notes to the Financial Statements  
For the years ended December 31, 2021, 2020 and 2019  
(In millions of Brazilian Reais, unless otherwise stated)

**1 Corporate information**

Sendas Distribuidora S.A. ("Sendas Distribuidora" or the "Company") is a publicly 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, bazar, and other products through its stores, represented by the banner "ASSAI". Sendas Distribuidora is based in the State of Rio de Janeiro, at Avenida Ayrton Senna, 6.000, Lote 2 - Anexo 1 - Jacarepaguá/RJ. On December 31, 2021, the Company operated 212 stores and 14 Distribution Centers in 23 states and in the Federal District in Brazil.

On December 31, 2020, the Company completed a corporate reorganization (the "Transaction") that resulted in the separation of the Company's cash and carry business under the ASSAI banner from the traditional retail business of Companhia Brasileira de Distribuição ("GPA"). As a result of the Transaction, the Company ceased to be a wholly-owned subsidiary of GPA and became a direct subsidiary of Wilkes Participações S.A. ("Wilkes"), whose parent company is Casino Guichard Perrachon ("Casino"), a French company listed in the Paris Stock Exchange. On December 31, 2020, the Company transferred Almacenes Éxito S.A. ("Éxito") control in its entirety to GPA as part of a spin-off transaction (see note 1.3).

**1.1 Acquisition and subsequent distribution of Almacenes Éxito S.A**

On November 27, 2019, the Sendas Distribuidora completed a public offering in Colombia to acquire the shares of Éxito from the public, including those owned by Casino. Éxito is a Colombian company that operates the Éxito, Carulla, Super Inter, Surtimax and Surtimayorist supermarket and hypermarket banners in Colombia, the Libertad banner in Argentina and the Disco and Devoto banners in Uruguay. Additionally, Éxito also operates shopping centers in Colombia under the banner Viva. Éxito is listed on the Colombian Securities Exchange. Further details of the acquisition are disclosed in note 13.

On December 31, 2020, as part of the Transaction, the Company distributed, to GPA, all of the shares of Éxito. As a result, Éxito and its subsidiaries (collectively, the "Éxito Group") have been presented as discontinued operation. See notes 1.3 and 31.

**1.2 Listing of Sendas Distribuidora**

The Transaction contemplated the listing of the Company's common shares on the B3 and the Company's American Depositary Share ("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".

**Sendas Distribuidora S.A**

Notes to the Financial Statements  
For the years ended December 31, 2021, 2020 and 2019  
(In millions of Brazilian Reais, unless otherwise stated)

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.

**1.3 Corporate Reorganization**

The initial study to segregate Sendas Distribuidora through a partial spin-off from its parent company GPA was approved, by the Board of Directors meeting, held on September 9, 2020.

On November 19, 2020, the Company obtained from its creditors all the necessary consents to undertake the Transaction including holders of the Company's debentures and promissory notes, as the case may be, agreed to, among other things, amend the interest rates charged for each series of debentures, release GPA as guarantor of the Company's debentures and promissory notes, and amend certain financial covenants upon the conclusion of the Transaction. The total amount of the renegotiated debt was R\$6,644, representing 85% of the Company's gross debt on December 31, 2020. In addition, the Company obtained a "waiver" for the compliance of the financial covenants for the period from December 31, 2020 through December 31, 2023 and as a result, the amount of R\$71 was recognized in the financial result, which is recorded under cost of debt.

At meetings held on December 12, 2020 and disclosed to the market on December 14, 2020, the Board of Directors of the Company and GPA approved the Transaction to separate the cash and carry business under the ASSAI banner from the traditional retail business of GPA.

At the Extraordinary Shareholders' Meeting held on December 31, 2020, shareholders of the Company and GPA approved the Transaction

as described below:

- The Company engaged in an exchange transaction with GPA (the "Exchange Transaction") in which certain assets of GPA were transferred to the Company in exchange for an equivalent value of the shares of Éxito held by the Company (corresponding to 9.07% of the total outstanding shares of Éxito). The assets of GPA transferred to the Company consisted of:
  - 50% of the shares of Bellamar Empreendimentos e Participações Ltda. ("Bellamar"), a holding company that holds an investment in 35.76% of the shares of Financeira Itaú CBD S.A. – Crédito, Financiamento e Investimento ("FIC"), in the amount of R\$769 million (see note 12); and
  - five parcels of real estate (the "Real Estate Assets"), in the aggregate amount of R\$146 million, which may be developed as sites for new stores in the future.
- Following and contemporaneously with the Exchange Transaction, the Company distributed to GPA the remaining shares of Éxito held by the Company (corresponding to 87.80% of the total outstanding shares of Éxito).
- The Company distributed certain assets to GPA in the net amount of R\$20 million. GPA conducted the following capital contributions:
- GPA transferred to the Company the net assets of stores that may be developed by the Company in the future, with a residual value of R\$45 million;

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### Sendas Distribuidora S.A.

#### Notes to the Financial Statements

For the years ended December 31, 2021, 2020 and 2019

(In millions of Brazilian Reals, unless otherwise stated)

- GPA contributed intercompany receivables to Company for an amount of R\$140 million; and
- GPA contributed R\$500 million in cash to the Company.

In addition, on December 12, 2020, the Company entered into a Separation Agreement with GPA, which provides a framework for the Company's relationship with GPA following the Transaction. Pursuant to the Separation Agreement, the Company recognized certain assets and liabilities related to contingencies and their related judicial deposits for which the parties have agreed to be responsible following the Transaction, in a net amount of R\$127 million.

#### 1.3.1 Derecognition of Éxito subsidiary

On November 27, 2019, the Sendas Distribuidora completed a public offering in Colombia to acquire the shares of Almacenes Éxito S.A. ("Éxito") from the public including those owned by Casino. Éxito is a Colombian company that operates the Éxito, Carulla, Super Intermarché and Supermax supermarket and hypermarket banners in Colombia, the Libertad banner in Argentina and the Disco and Devoto banners in Uruguay. Additionally, Éxito also operates shopping centers in Colombia under the banner Viva. Éxito is listed on the Colombian Securities Exchange. Further details of the acquisition are disclosed in note 13.

On December 31, 2020, as part of the Transaction, the Company distributed, to GPA, all of the shares of Éxito. As a result, Éxito and its subsidiaries (collectively, the "Éxito Group") have been presented as discontinued operation. See note 31.

The following is Éxito's balance sheets as of December 31, 2020, which were derecognized in the Company's consolidated balance sheet as a result of the Transaction described above. Upon the derecognition of Éxito, which was the Company's only subsidiary, the Company no longer presents consolidated financial statements.

	As of December 31, 2020 (Transaction date)
<b>Current assets</b>	
Cash and cash equivalents	3,687
Trade receivables	384
Other accounts receivables	220
Inventories	2,993
Recoverable taxes	570
Other current assets	130
	<b>7,984</b>
Assets held for sale	30
<b>Total current assets</b>	<b>8,014</b>
<b>Non-current assets</b>	
Related parties	82
Restricted deposits for legal proceedings	3
Other non-current assets	171
Investments	480
Investment properties	3,639
Property, plant and equipment	10,504
Intangible assets	4,051
<b>Total non-current assets</b>	<b>18,930</b>
<b>Total assets</b>	<b>26,944</b>

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### Sendas Distribuidora S.A.



#### Current liabilities

Trade payable	6,449
Borrowings and financing	1,051
Payroll and related taxes	375
Lease liabilities	377
Related parties	77
Taxes and social contributions payable	288
Acquisition of non-controlling interest	636
Deferred revenues	200
Dividends payable	40
Other current liabilities	236
<b>Total current liabilities</b>	<b>9,729</b>

#### Non-current liabilities

Borrowings and financing	520
Deferred income tax and social contribution	883
Provision for legal proceedings	139
Lease liabilities	2,039
Other non-current liabilities	39
<b>Total non-current liabilities</b>	<b>3,620</b>

#### Shareholders' equity

Total shareholders' equity	13,595
<b>Total Liabilities and Shareholders' equity</b>	<b>26,944</b>

### 1.4 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 14.3).

The Company concluded the sale of three of these properties during 2021 in a total amount of R\$209. The amount of R\$192 was partially received, and the remaining balance of R\$17 will be received upon completion of the work in progress in 2022. As of December 31, 2021, the balance of assets held for sale referring to the two remaining properties was R\$147 (see note 29). In relation to the two properties, the amount of \$68 was received in advance. However, as the conditions precedent to close the sale were not fulfilled, this amount was recorded as deferred revenues (see note 20).

### Sendas Distribuidora S.A.

### 1.5 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 brand ("Extra Transaction").

On December 16, 2021, the Company and GPA signed the "Agreement for Onerous Assignment of Exploration Rights of Commercial Point 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.

The closing of the Extra Transaction is 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. The deadline to complete the assignment of all commercial points to the Company is May 31, 2022, and this transaction is not subject to the approval by the antitrust authorities.

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 11.1 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 are classified as held for sale, for an amount of R\$403 (see note 29).

Contemporaneously, on February 25, 2022, GPA and the Company sold the 17 owned properties (11 owned by GPA and 6 properties acquired by the Company) with a total sale price of up to R\$1,200, to a real estate fund ("Fund") with the intervention and guarantee of the Company.

On March 31, 2022, the Company concluded the assignment of the exploration rights of 60 properties (20 properties as of December 31, 2021 and 40 properties in the period ended March 31, 2022). The expectation for completion of the other 10 properties is by the end of May 2022.

The Company incurred expenses with legal fees, appraisal reports and due diligence, related to the operation, and these expenses were recorded in "Other operating income and expenses" in the statement of operations (see note 25).

## 1.6 Impacts of the pandemic on the Company's financial statements

The Company has been monitoring the spread of COVID-19 (Coronavirus) and its impacts on its operations. Management took actions among them, we appointed a crisis committee composed of senior management, which makes decisions in line with recommendations of the Brazilian Ministry of Health, local authorities, and professional associations.

The Company implemented all the measures to mitigate the transmission of virus at our stores, distribution centers, and offices, such as frequent sanitization, employees' safety/protection equipment, flexible working hours, and home office, among others.

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## Sendas Distribuidora S.A

Notes to the Financial Statements

For the years ended December 31, 2021, 2020 and 2019

(In millions of Brazilian Reais, unless otherwise stated)

Since the beginning of the COVID-19 outbreak, our stores have remained open during periods of general lockdown, as we are considered an essential service. The Company has a strong commitment to society to continue selling essential products to its customers. We did not face supply-side hurdles from industries that continued supplying our distribution centers and stores.

In this regard, the Company fully analyzed its financial statements, in addition to updating the analyses of going concern. Below are the key topics analyzed:

- The Company reviewed its budget, adopted to estimate the calculation of the recovery of store assets and intangible assets on December 31, 2021, and no significant reductions were seen in revenues, and in other items of the statement of operations to evidence impairment of these assets. Due to uncertainties concerning the end of the pandemic and its macroeconomic effects, the Company analyzed the indication of impairment for certain assets and, accordingly, updated its impairment tests (see note 14.1). The recoverable value is determined by calculating the value in use, from cash projections deriving from financial budgets, which were reviewed and approved by senior management for the next three years, considering the assumptions updated for December 31, 2021. The discount rate applied to cash flow projections is 10.40% on December 31, 2021 (9.80% on December 31, 2020), and the cash flows to exceed three years are extrapolated, applying a growth rate of 6.60% on December 31, 2021 (4.62% on December 31, 2020). As a result of this analysis, we did not identify the need for recording a provision for impairment of these assets;
- The Company analyzed the collection of balances of accounts receivable from credit card operators, clients, galleries at our stores, property rentals, and concluded that, at this point, it is not necessary to record provisions, in addition to those already recorded;
- Concerning inventories, the Company does not foresee the need to make a market price adjustment;
- Financial instruments already reflect the market assumptions in their valuation, there are no additional exposures not disclosed. The Company is not exposed to significant financing denominated in US dollars;
- At this point, the Company does not foresee additional funding; and
- Finally, the costs necessary to adapt the Company's stores to serve the public were not significant and are highlighted in note 25 – Other operating expenses, net.

In summary, according to Management's estimates and the monitoring of the impacts of the pandemic, there are no effects that should be recorded in the Company's financial statements, nor are there any effects on the continuity and / or estimates of the Company that would justify changes or recording provisions in addition to those already disclosed. The Company will continue to monitor and evaluate the impacts of the pandemic and make the necessary disclosures.

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## Sendas Distribuidora S.A

Notes to the Financial Statements

For the years ended December 31, 2021, 2020 and 2019

(In millions of Brazilian Reais, unless otherwise stated)

## 1.7 Going concern analysis

The 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, even in the face of the pandemic COVID-19 (see note 1.6). Therefore, the 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.

## 1.8 Possible impacts of the military conflict between Russia and Ukraine

Our business could be adversely affected by unstable economic and political conditions and geopolitical conflicts, such as the conflict between Russia and Ukraine. While we do not have any customer or direct supplier relationships in either country at this time, the current military conflict, 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 of the conflict between Russia and Ukraine and related economic sanctions. These fluctuations may result in an increase in our transportation costs for distribution, utility costs for our retail 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.

While the precise effect of the ongoing military conflict and global economies remains uncertain, they 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.

As of December 31, 2021, we did not operate in these countries. The Company will continue to monitor the ongoing status and developments of the conflict and its potential impacts over its operations. No relevant accounting impact was identified until the date of authorization for issuance of these financial statements.

## 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 on a 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.

The financial statements are presented in millions of Brazilian Reais (R\$), which is the functional currency of the Company.

The financial statements have been prepared on a going concern basis.

The financial statements for the fiscal year ended December 31, 2021, 2020 and 2019 were approved by the Board of Directors on May 2 2022.

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## Sendas Distribuidora S.A

Notes to the Financial Statements

For the years ended December 31, 2021, 2020 and 2019

(In millions of Brazilian Reais, unless otherwise stated)

### 2.1 Basis of consolidation

The consolidated financial statements include the financial information of all subsidiaries over which Sendas Distribuidora exercises control directly or indirectly. The determination if a subsidiary is controlled by Sendas Distribuidora and the basis of consolidation are in accordance with the requirements of IFRS 10 – Consolidated Financial Statement.

The consolidated financial statements of the subsidiaries are prepared on the same closing date of the reporting period of Sendas Distribuidora, using consistent accounting policies. All balances and transactions, including income and expense, unrealized gains and losses, and dividends resulting from intercompany operations included in the consolidation are fully eliminated.

Gains or losses resulting from changes in equity interest in subsidiary, which do not result in loss of control, are directly recorded in equity. Losses are attributed to the non-controlling interest, even if it results in a deficit balance.

In the consolidated financial statements, Sendas Distribuidora consolidates all its subsidiary and reports non-controlling interests in a separate line item in shareholders' equity and statements of operations (see note 31). As of December 31, 2021, there were no consolidated subsidiaries.

## 3 Significant accounting policies

The main 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.

Assets and liabilities denominated in foreign currencies are 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 income or expense.

### 3.2 Classification of assets and liabilities as current and non-current

The Company presents assets and liabilities in the balance sheet based on current/non-current classification.

An asset is current when it is:

- expected to be realized or intended to be sold or consumed within twelve months from the end of the reporting periods;
- held primarily for the purpose of trading;
- expected to be realized within twelve months after the reporting period; or
- cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

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All other assets are classified as non-current.

A liability is current when it is:

- expected to be settled within twelve months from the end of the reporting periods;
- held primarily for the purpose of trading;
- due to be settled within twelve months after the reporting period;
- there is no unconditional right to defer the settlement of the liability for at least twelve months after; or
- the reporting period are classified as current liabilities.

All other liabilities are classified as non-current.

Deferred tax assets and liabilities are classified as "non-current" and presented net when appropriate in accordance with the provisions of IAS 12.

### **3.3 Transactions between entities under common control**

IFRS does not provide specific guidance to account for transactions between entities under common control. The Company accounts for transactions between entities under common control with the purpose of a corporate reorganization, without economic substance, at historical cost with any resulting effect recorded in shareholders' equity. Business combinations with economic substance are recorded following the provisions of IFRS 3, Business Combinations.

### **3.4 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.

### **3.5 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.

### **3.6 Discontinued operation**

A discontinued operation is a component of an entity that either has been disposed of, or is classified as held for sale, and:

- i) represents a separate major line of business or geographical area of operations;
- ii) is part of a single coordinated plan to dispose of a separate major line of business or geographical area of operations; or
- iii) is a subsidiary acquired exclusively with a view to resale.

Discontinued operations are excluded from the results of continuing operations, being presented as a single amount in the result after taxes from discontinued operations in the statement of operations (see note 31).

All other notes to the financial statements include amounts for continuing operations, unless otherwise mentioned.

### **3.7 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 22.2).

### 3.8 Cash flow, interest payments

The interest payments on borrowing and finance settled by the Company are being disclosed in the financing activities and is included with payments on related borrowing and finance, and lease payment. The total of interest payment on December 31, 2021 was R\$406 (R\$549 on December 31, 2020 and R\$116 on December 31, 2019).

## 4 Restated of earnings per share

The earnings per share for the year ended on December 31, 2020 and 2019 has been restated due to the one-to-five share split on August 11, 2021, in accordance with IAS 33 – Earnings per share. See note 27.

## 5 Adoption of new procedures, amendments to and interpretations of existing standards issued by the IASB and published standards effective from 2019

### 5.1 Amendments to IFRSs and new interpretations of mandatory application starting at 2021, 2020 and 2019

The Company applied amendments and new interpretations to IFRS as issued by IASB, which were effective for accounting period beginning on or after January 1, 2019. The main new standards adopted are the following:

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Statement	Description	Effective date
IFRS 16 – Leases ("IFRS16")	IFRS 16 supersedes IAS 17 Leases, IFRIC 4 Determining whether an Arrangement contains a Lease, SIC-15 Operating Leases-Incentives and SIC-27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease. The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to recognize most leases on the balance sheet. Lessor accounting under IFRS 16 is substantially unchanged from IAS 17. Lessors will continue to classify leases as either operating or finance leases using similar principles as in IAS 17. Therefore, IFRS 16 does not have an impact for leases where the Company is the lessor.	The Company adopted IFRS 16 using the full retrospective method of adoption, with the date of application of January 1, 2019, with retrospective effect from January 1, 2017.
IFRIC 23 - Uncertainty over Income Tax treatment ("IFRIC23")	The Interpretation addresses the accounting for income taxes when tax treatments involve uncertainty. That affects the application of IAS 12 Income Taxes. It does not apply to taxes or levies outside the scope of IAS 12, nor does it specifically include requirements relating to interest and penalties associated with uncertain tax treatments.	01/01/2019
Amendments to IFRS 3 – Business Combinations (*)	The amendments to IFRS 3 clarify that to be considered a business, an integrated set of activities and assets must include, at a minimum, an input of resources and a substantive process that, together, contribute significantly to the ability to generate output of resources.	01/01/2020
IAS 1: Definition of material omission	Aligns the definition of omission in all standards defining what information is material if its omission, distortion or obscuration can reasonably influence decisions that the main users of the general purpose financial statements make based on these financial statements, which provide financial information about a specific report of the entity.	01/01/2020
Amendments to IAS 39, IFRS 7 and IFRS 9: Reference Interest Rate Reform	The amendments to Pronouncements IAS 39, IFRS 7 and IFRS 9 provide exemptions that apply to all protection relationships directly affected by the reference interest rate reform. A protective relationship is directly affected if the reform raises uncertainties about the period or the value of cash flows based on the reference interest rate of the hedge object item or hedge instrument.	01/01/2020
Review of Conceptual Framework	Concepts and guidelines on presentation and disclosure, measurement bases, financial report objectives and useful information.	01/01/2020
IFRS 16: Benefits provided to lessees in connection with the COVID-19 pandemic	As a practical expedient, the lessee may choose not to assess whether a Covid-19 Related Benefit Granted to Lessee under a Lease Agreement is a modification of the lease. The Company does not use this practical expedient.	01/01/2020 (Published on 07/07/2020)

(\*) Applicable for acquisitions concluded after January 1, 2020.

The adoption of these standards did not result in a material impact on the Company's financial statements, except by the impacts of IFRS 16 – Leases.

### 5.2 New standards, amendments and interpretations issued but not yet effective

The new and amended standards and interpretations that are issued, but not yet effective, up to the date of issuance of the Company's financial statements are disclosed below. The Company has not yet adopted these new and amended standards and interpretations.

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Accounting pronouncement	Description	Effective for annual periods beginning on or after
Amendments to IAS1: Classification of liabilities as current and non-current and disclosure of accounting policies	Specify the requirements for classifying the liability as current or non-current. The amendments clarify: which means a right to postpone liquidation; that the right to postpone must exist on the base date of the report; that this classification is not affected by the likelihood that an entity will exercise its right to postpone; and that only if a derivative embedded in a convertible liability is itself an equity instrument would the terms of a liability not affect its classification. - The amendments are to help entities disclose accounting policies that are more useful by replacing the requirement for disclosure of significant accounting policies for material accounting policies.	01/01/2023
Amendments to IAS8: Definition of accounting estimates	Introduce the definition of 'accounting estimate'. The amendments clarify the distinction between changes in accounting estimates and changes in accounting policies and correction of errors. In addition, they clarify how entities use measurement and input techniques to develop accounting estimates.	01/01/2023

It is not expected that the adoption of these standards will result in significant impacts on the 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 financial statements.

## 6 Significant accounting judgments, estimates, and assumptions

The preparation of the financial statements requires Management to make judgments, estimates and 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:

- Impairment: Notes 8.3, 14.1, 15.1 and 15.2.
- Inventories: inventory allowance: Note 9.
- Recoverable taxes: Expected realization of tax credits: Note 10.
- Business combination: estimates of fair value of assets and liabilities acquired in a business combination and resulting goodwill: Note 13.
- Fair value of derivatives and other financial instruments: Measurement of fair value of derivatives: Note 17.10.
- Provision for legal proceedings: Record of provision for claims with likelihood assessed as probable loss, estimated with a certain degree of reasonability: Note 18.
- Leasing operations: determination of the lease term, and incremental interest rate: Note 19.

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- Income tax and social contribution: Provisions based on reasonable estimates: Note 21.
- Share-based payments: Estimate of fair value of operations based on a valuation model: Note 22.5.

## 7 Cash and cash equivalents

Cash and cash equivalents comprise the bank accounts, 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.

	As of December 31,	
	2021	2020
Cash and bank accounts – Brazil	74	64

Cash and bank accounts – Abroad (*)	25	29
Financial investments – Brazil	2,451	3,439
	<u>2,550</u>	<u>3,532</u>

(\*) As of December 31, 2021, the Company had funds held abroad, being R\$25 in US Dollars (R\$24 in US dollars and R\$5 in Colombian pesos on December 31, 2020).

(\*\*) As of December 31, 2021, the financial investments correspond to repurchase and resale agreements, with a weighted average interest rate of 109.64% of CDI – Interbank Deposit Certificate (Weighted average interest rate 96.96% of CDI on December 31, 2020) and that mature in less than 90 days, that are readily convertible to a known amount of cash and subject to an insignificant risk of changes in value.

## 8 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.

The Company estimates a provision for expected credit losses, which is based on a quantitative and qualitative analysis, the track record of effective losses in the last 24 months, the credit assessment, and considering assumptions 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, applying the practical expedient 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.

Trade receivables are considered bad debt and, therefore, written-off from the accounts receivable portfolio, when no payment is received after 180 days of their maturity date. At the end of each reporting period, the Company assesses whether assets or groups of financial assets were impaired.

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	Notes	As of December 31,	
		2021	2020
Credit card companies	8.1	75	62
Credit card companies with related parties	11.1	24	17
Sales ticket and payment slips	8.2	118	77
Trade receivables with related parties	11.1	31	10
Trade receivables with suppliers/payment slips		23	20
		<u>271</u>	<u>186</u>
Provision for expected credit losses	8.3	(6)	(4)
		<u>265</u>	<u>182</u>

Set forth below the breakdown of trade receivables by their gross amount by maturity period:

	Total	Due	Overdue			
			Less than 30 days	Less than 60 days	Less than 90 days	> 90 days
2021	271	269	1	—	—	1
2020	186	181	2	—	—	3

#### 8.1 Credit card companies

The Company, through its cash management strategy, anticipates the amount receivable with credit card companies, without any right of recourse or related obligation and derecognizes the balance of trade receivables.

#### 8.2 Sales ticket and payment slips

Refers to amounts arising from transactions through receipts: (i) tickets and meal vouchers R\$56 (R\$36 on December 31, 2020); and (ii) payment slips R\$62 (R\$41 on December 31, 2020).

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### 8.3 Provision for expected credit losses

	For the year ended December 31,		
	2021	2020	2019
At the beginning of the year	(4)	(32)	(4)
Additions	(15)	(56)	—
Reversals	13	5	—
Write off trade receivables	—	42	—
Discontinued operations	—	43	—
Foreign currency translation adjustment	—	(6)	—
Business combination	—	—	(28)
At the end of the year	(6)	(4)	(32)

## 9 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.

Inventories are adjusted by an allowance for losses and damages, which is periodically reviewed and evaluated as appropriate. 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.

	Notes	As of December 31,	
		2021	2020
Stores		3,955	3,416
Distribution centers		878	818
Commercial agreements	9.1	(416)	(444)
Allowance for loss on inventory obsolescence and damages	9.2	(37)	(51)
		<u>4,380</u>	<u>3,739</u>

### 9.1 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. On December 31, 2021, the amount of unrealized bonus, as a reduction of inventory balance, totaled R\$416 (R\$444 on December 31, 2020).

### 9.2 Allowance for loss on inventory (obsolescence and damages)

	For the year ended December 31,		
	2021	2020	2019
At the beginning of the year	(51)	(61)	(34)
Additions	(315)	(16)	(5)
Reversals	13	3	—
Discontinued operations	—	28	—
Foreign currency translation adjustment	—	(5)	—
Business combinations	—	—	(22)
Write-offs	316	—	—
At the end of the year	(37)	(51)	(61)

## 10 Recoverable taxes

The Company records tax credits, when it is entitled to these credits. The Company pays tax on services and sales, known as ICMS, which is a state level value-added tax levied on the sale of goods and the provision of services at each phase of production and sales. In the Brazilian states where the Company operates, and for most of the products in our sales mix, the ICMS tax substitution regime applies. Under the tax

substitution regime, the responsibility for paying upfront taxes due on the entire production and sales chain for certain products is primarily that of the manufacturers and, in some cases (depending on the tax system applicable in each state and for each product) can be our responsibility. In the tax substitution regime, the tax is collected on the sale of the products and transferred to the government. The Company records the taxes paid upfront under the tax substitution regime in accordance with the accrual basis in the cost of goods sold. PIS (Programa de Integração Social) and COFINS (Contribuição para o Financiamento da Seguridade Social) (federal taxes on gross revenues) recognized as a credit in the same account at which the credits are calculated.

The estimate of future recoverability of these tax credits is made based on growth projections, operational matters and the consumption of the credits in the operation.

	Notes	As of December 31,	
		2021	2020
State tax credits – ICMS	10.1	1,153	1,311
Social Integration Program and Contribution for Social Security Financing - PIS/COFINS	10.2	370	141
Social Security Contribution - INSS	10.3	54	36
Income tax and social contribution	10.4	61	144
Others		8	2
Total		1,646	1,634
Current		876	768
Non-current		770	866

## 10.1 ICMS - State VAT tax credits

Since 2008, 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.

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To supply its stores, the Company maintains distribution centers strategically located in certain states and the Federal District, which receive goods with the ICMS of the entire commercial chain already prepaid (by force of tax replacement) by suppliers or the Company and its subsidiaries, and then, goods are sent to locations in other States. This interstate remittance entitles the Company to a refund reimbursement of prepaid ICMS, the ICMS of commercial chain paid upon acquisition is converted into a tax credit to be refunded, pursuant to each State's laws.

The refund process requires evidence through tax documents and digital files of transactions made, entitling the Company to such a refund. Only after ratification by State tax authorities and/or the compliance with specific ancillary obligations aiming to support such evidence that credits can be used by the Company, which occur in periods after these are generated.

Since the number of items traded at the retail subject to tax replacement has been continuously increasing, the tax credit to be refunded by the Company has also grown. The Company has been realizing referred credits with authorization for immediate offset with those credits due in view of its operations, through the special regime, also other procedures regulated by state rules.

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, 2021, 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	Amounts
In 1 year	402
From 1 to 2 years	263
From 2 to 3 years	277
From 3 to 4 years	84
From 4 to 5 years	32
More than 5 years	95
Total	1,153

## 10.2 PIS and COFINS credit

On May 15, 2017, the Federal Supreme Court ("STF") recognized the unconstitutionality of the inclusion of ICMS in the PIS and COF 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.

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The STF decided to modulate the effects of the decision, providing that taxpayers who distributed lawsuits before March 15, 2017 or who had administrative proceedings in progress before that same date, would be have right to take advantage of the past period. As the decision was rendered in a process with recognized general repercussions, the understanding reached is binding on all judges and courts. The Company filed a lawsuit on October 31, 2013, having obtained a favorable decision and a final and unappealable decision on July 16, 2021, thus allowing the recognition of the credit for the period covered by the lawsuit.

In 2021, in line with the final decision, the Company processed the calculation in accordance with the rules defined by the STF and definitively recorded its right in the amount of R\$216 (R\$175 in net revenue and R\$41 in financial result, arising from monetary correction), contemplating the period covered by the lawsuit from 2008 to 2016. These credits, as soon as authorized by the Federal Revenue, can be monetized. The Company estimates that such credits will be realized by December 2022.

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 based on the same assumptions mentioned above.

### 10.3 STF Judgment– INSS

On August 28, 2020, the STF recognized as constitutional the incidence of social security charges (INSS) on the additional one-third vacation payment. The Company has been monitoring the progress of these issues involving unconstitutionality in social security contributions, and together with its legal advisors, concluded that the elements to date do not impact the recoverability of the respective credits of INSS credits recorded in the amount of R\$11 on December 31, 2021 (R\$11 on December 31, 2020).

### 10.4 Recoverable Income Tax and Social Contribution

On September 27, 2021, the STF unanimously recognized the unconstitutionality of the offer to the taxation of Corporate Income Tax (IRPJ) and, to the Social Contribution on Net Income (CSLL), on the SELIC rate received by the taxpayer in the repetition of undue payment tax.

Based on this decision, the Company analyzed the comprehensive judicial period from 2013 to 2021, carrying out a survey of monetary adjustments that were offered to taxation by adding the calculation basis at the time. On December 31, 2021, the Company recorded the amount of R\$85, of which: i) R\$53 arising from credit to be used, as soon as the Company's individual action becomes final and unappealable; ii) R\$28 arising from the reversal of deferred income tax and social contribution liabilities; and iii) R\$4 in the financial result, arising from monetary correction.

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## 11 Related Parties

### 11.1 Balances and related party transactions

	Assets balance				Liabilities balance			
	Clients		Other assets		Suppliers		Other liabilities	
	2021	2020	2021	2020	2021	2020	2021	2020
<b>Controlling shareholder</b>								
Wilkes Participações S.A. (i)	—	—	—	—	—	—	2	—
Euris (ii)	—	—	—	—	—	—	1	—
Casino Guichard Perrachon (iii)	13	10	—	—	—	—	—	—
	13	10	—	—	—	—	3	—
<b>Other related parties</b>								
GPA (iv)	18	—	100	168	8	—	365	41
Compre Bem	—	—	—	—	—	—	—	—
Greenyellow (v)	—	—	—	—	—	—	—	—
<b>Joint venture</b>								
Finaceira Itaú CBD S.A. Crédito, Financiamento e Investimento ("FIC") (vi)	24	17	14	10	14	11	—	—
	42	17	114	178	22	11	365	41
<b>Total</b>	<b>55</b>	<b>27</b>	<b>114</b>	<b>178</b>	<b>22</b>	<b>11</b>	<b>368</b>	<b>41</b>

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Notes to the Financial Statements



	Transactions					
	Purchases			Revenue (Expenses)		
	2021	2020	2019	2021	2020	2019
<b>Controlling shareholder</b>						
Wilkes Participações S.A. (i)	—	—	—	(6)	—	—
Euris (ii)	—	—	—	(1)	—	—
Casino Guichard Perrachon (iii)	—	—	—	(35)	(19)	2
	—	—	—	(42)	(19)	2
<b>Other related parties</b>						
GPA (iv)	—	—	1	(137)	(183)	(162)
Compre Bem	—	1	13	(1)	3	(3)
Greenyellow (v)	—	—	—	(26)	(47)	1
Puntos Colombia	—	—	—	—	(114)	(13)
Tuya	—	—	—	—	24	21
Others	—	—	—	—	(2)	(3)
<b>Joint venture</b>						
Financeira Itaú CBD S.A. Crédito, Financiamento e Investimento ("FIC") (vi)	—	—	—	15	—	—
	—	1	14	(149)	(319)	(159)
<b>Total</b>	<b>—</b>	<b>1</b>	<b>14</b>	<b>(191)</b>	<b>(338)</b>	<b>(157)</b>

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:

- (i) Wilkes Participações S.A.: reimbursement of personnel expenses, equipment rental and maintenance.
- (ii) Euris: reimbursement of expenses according to cost sharing contracts (expenses with personnel, expatriates, maintenance, marketing and rent).
- (iii) Casino: (i) Agency Agreement entered into between GPA, the Company, and Groupe Casino Limited on July 25, 2016, as amended, to regulate the rendering of global sourcing services (global suppliers prospecting and purchasing intermediation) by Casino and reimbursed by Groupe Casino Limited to the Company to recover the reduced gain margins due to Company's promotions at its stores; (ii) Agency Agreement: entered into between GPA, the Company, and Casino International S.A. on December 20, 2004, as amended, for the Company's representation in the business negotiation of products to be acquired by the Company with international suppliers.
- (iv) GPA: (i) Separation Agreement: entered into between the Company and GPA on December 14, 2020, in which the companies undertake to indemnify each other for events that may arise as a result of the corporate reorganization (see note 1.3); and (ii) Agreement for Onerous Assignment of Exploration Rights of Commercial Points and Other Agreements: entered into between the Company and GPA on December 16, 2021 for the acquisition of commercial rights. On December 31, 2021, the Company recorded and intercompany liability for an amount of R\$201 referring to the acquisition of 20 commercial points (see note 1.5).
- (v) Greenyellow: agreement with the Company to set the rules for the lease and maintenance of photovoltaic system equipment by Greenyellow at ASSAI stores; and contracts with the Company for the purchase of energy sold on the free market.

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- (vi) 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.

## 11.2 Management compensation

Expenses related to the statutory 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			Total		
	2021	2020	2019	2021	2020	2019	2021	2020	2019	2021	2020	2019
Board of director	25,533	—	—	—	—	—	7,111	—	—	32,644	—	—
Executive officers	20,241	12,963	15,360	14,485	7,027	8,421	7,632	4,877	5,684	42,358	24,867	29,465
Fiscal council	331	—	—	—	—	—	—	—	—	331	—	—
	<b>46,105</b>	<b>12,963</b>	<b>15,360</b>	<b>14,485</b>	<b>7,027</b>	<b>8,421</b>	<b>14,743</b>	<b>4,877</b>	<b>5,684</b>	<b>75,333</b>	<b>24,867</b>	<b>29,465</b>

- (i) Short-term benefit.

The stock option plan refers to the Company's executives holding GPA shares. 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.

## 12 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.

The details of the Company's joint venture are shown below:

Group	Company	Country	Participation in investments - %	
			2021	2020
			Company	
Financeira Itaú CBD S.A.	Bellamar Empreendimento e Participação S.A.	Brazil	50.00	50.00

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As described in note 1.3, the Company engaged in the Exchange Transaction in which the Company received 50% interest in Bellamar, an entity that holds 35.76% of FIC's capital stock. As a result, the Company holds 17.88% indirect interest in FIC.

FIC is a Brazilian company that operates financial services in the Company stores and GPA's 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. The FIC is operated by Itaú Unibanco that hold 50% of the shares of FIC.

The Company initially accounted for the investment in Bellamar at its fair value of R\$769 which included the investment in FIC also at fair value. The fair value of investment in FIC was determined by an independent appraisal.

#### Breakdown

	Amount
<b>As of December 31, 2019</b>	<b>320</b>
Equity accounting	27
Capital Increase	51
Equity on other comprehensive income	82
Discontinued operations (note 1)	(480)
Corporate restructuring (note 1)	769
<b>As of December 31, 2020</b>	<b>769</b>
	<b>Amount</b>
<b>As of December 31, 2020</b>	<b>769</b>
Share of profit of associates	47
Dividends received	(11)
Dividends receivable	(16)
<b>As of December 31, 2021</b>	<b>789</b>

### 12.1 Allocation of the acquisition price

In the first half 2021, the Company concluded the allocation of the acquisition value corresponding to the 17.88% participation in FIC of R\$769. FIC's identifiable assets and liabilities are demonstrated in the table below.

#### Assets acquired and liabilities assumed

The fair value of FIC's identifiable assets and liabilities on December 31, 2020 (acquisition date) are demonstrated as follows:

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**Assets**

Cash and cash equivalents	29
Marketable securities	22
Credit operations	6,213
Other credits	98
Other receivables	3
Other credits, non-current	265
Property, plant and equipment and intangible assets	2,170
Investments	47
	<b>8,847</b>
<b>Liabilities</b>	
Deposits	(790)
Interfinancial relations	(2,457)
Other liabilities	(2,256)
	<b>(5,503)</b>
<b>Total fair value of identifiable net assets</b>	<b>3,344</b>
Company's participation	17.88%
Fair value of investment acquired	599
<b>Acquisition price</b>	<b>769</b>
Fair value of investment acquired	(599)
<b>Goodwill</b>	<b>170</b>

**13. Business combination**

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, measured at fair value on the acquisition date, and the amount of any non-controlling interest in the acquiree. For each business combination, the acquirer measures the non-controlling interest in the acquiree at fair value or at the proportional interest in the acquiree's identifiable net assets. The acquisition related costs are expensed as incurred in statement of operations.

When the Company acquires a business, it assesses the assets acquired and liabilities assumed for the appropriate classification and designation in accordance with contractual terms, economic circumstances and relevant conditions at the acquisition date. This includes the segregation of any embedded derivatives identified in the agreements or contracts of the acquiree.

Any contingent consideration is recognized at fair value on the acquisition date as part of the business combination. Subsequent changes in the fair value of any contingent consideration classified as an asset or a liability that is a financial instrument is recognized in profit or loss.

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred and the amount recognized for non-controlling interests and any previously held interest in the acquiree. If the fair value of the net assets acquired is in excess of the aggregated consideration transferred, the Company re-assesses whether it has correctly identified all of the assets acquired and all of the liabilities assumed and reviews the procedures used to measure the amounts to be recognized at the acquisition date. If the reassessment still results in an excess of the fair value of net assets acquired over the aggregate consideration transferred, then the gain is recognized in profit or loss.

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After initial recognition, goodwill is measured at cost, less any impairment losses. For impairment testing purposes, the goodwill acquired in a business combination is, as of the acquisition date, allocated to the cash generating unit that are expected to benefit from the business combination, regardless of whether other assets or liabilities of the acquiree are assigned those units.

When goodwill is part of a cash-generating unit and part of the operation of this unit is sold, the goodwill related to the part is included in the carrying amount of the operation when calculating profit or loss from the sale of the operation. This goodwill is then measured based on the relative amounts of the sold operation to the total of the cash-generating unit which was retained.

**13.1 Acquisition of Éxito Group - Colombia**

On June 26, 2019, Sendas' ultimate controlling shareholder, Casino, submitted a recommendation at a meeting of the Board of Directors of GPA to streamline Casino's structure in Latin America, significantly improve governance and increase the base of potential investors.

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 Sendas in the public tender offer.

On July 23, 2019, GPA released a material fact announcing that GPA's Board of Directors, based on a favorable recommendation of the Independent Special Committee and within the price interval originally recommended by GPA's board of executive officers, authorized the Company to launch an all-cash tender offer ("OPA") to acquire 100% of Éxito's shares, at the price of 18,000 Colombian pesos per share (corresponding to R\$21.68 on the date of acquisition).

The transaction also involved the acquisition by Casino of Éxito's indirect equity interest in GPA at the price of R\$13 per share, which was approved on September 12, 2019, by the Board of Directors and Éxito's general shareholders' meeting.

Since the Company was exposed to Colombian pesos ("COP") during the tender offer, on July 24, 2019, the finance committee approved a cash flow hedge, via NDFs (Non-Deliverable Forward) to mitigate such exposure.

On November 27, 2019, the OPA was concluded and Sendas became the controlling shareholder of Éxito holding a 96.57% interest in Éxito's capital stock. The OPA resulted in a cash payment of 7,780 billion Colombian pesos (corresponding to R\$9.5 billion, considering the exchange rate as of December 31, 2019). Before the settlement of OPA, Casino's subsidiaries acquired all the shares issued by GPA held

directly and indirectly by Éxito by the price, net of debt, of US\$1,161 million (corresponding to R\$4.9 billion based on the exchange rate of the date of transaction).

Business combinations under common control are not under the scope of IFRS 3, Business Combinations ("IFRS 3"). IFRS gives guidance on the accounting for these types of transactions but requires that entities develop an accounting policy for them. The Company opted to apply the acquisition method of accounting following the guidance of IFRS 3 as it has concluded that the acquisition of Éxito had a commercial substance. This is because the acquisition price was offered through a public tender offer in cash, in which the same price was offered and paid to all the holders of Éxito shares, including Casino.

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**Context of the acquisition**

Éxito Group operates more than 650 stores in Colombia, Uruguay, and Argentina, in addition to shopping malls, also having a significant investment in a loyalty and financial company, in addition to its own brands with successful participation in the respective markets.

The Company started consolidating Éxito Group upon obtaining control, consolidating one month of the profit or losses in the statement of operations. Net sales revenue was R\$2,150 in this period, and net income was R\$71 for this period.

**Determination of the consideration transferred in the acquisition**

The cash consideration has been adjusted for the dividends received related to the year of 2018 and the effect of the cash flow hedge entered into to hedge the exposure on changes in foreign exchange rates, as shown below:

	<b>As of December 31, 2019</b>
Cash consideration	9,268
Cash flow hedge effect	145
	9,413
Dividends received related to 2018	(42)
Total cash consideration transferred	9,371

**Fair values of identifiable assets acquired and liabilities assumed**

The fair value of identifiable assets acquired and liabilities assumed from Exito, on the acquisition date, are as follows:

	<b>Fair value as of November 27, 2019</b>
<b>Assets</b>	
Cash and cash equivalents	6,062
Trade receivables, net	416
Inventories, net	2,765
Recoverable taxes	477
Other current assets	349
Deferred income tax and social contribution	1,353
Related parties	137
Other noncurrent assets	111
Investments in associates	316
Investment properties	2,972
Property and equipment, net	8,496
Intangible assets, net	3,009
	26,463

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<b>Liabilities</b>	
Payroll and related taxes	283
Trade payables, net	4,545
Taxes and contributions payable	219
Borrowings and financing	2,546
Lease liabilities	277
Other current liabilities	998
Noncurrent borrowings and financing	2,060
Deferred income tax and social contribution	2,100
Provisions for legal proceedings	103
Noncurrent –lease liabilities	1,540
Other noncurrent liabilities	28

	14,699
Net assets	11,764
(-) Attribute to non-controlling interest	(2,558)
Net assets	9,206

- Tradename – These includes the brands Surtimax, Super Inter, Surti Mayorista, Viva, Frescampo, Éxito and Carulla in Colombia Libertad brand in Argentina and Disco in Uruguay. In addition, it also includes the brands Éxito, Bronzini, Frescampo, Ekono, Arkitec and Carulla. Tradenames have an indefinite useful life.
- Investment properties and real estate properties – Éxito Group has real estate assets in galleries and shopping malls for the purpose of being leased. Such assets have high commercial relevance and they are located in prime areas.
- Tuya investment – fair value was estimated using the incoming approach method; and
- Leases liabilities – Lease liabilities were re-measured using the incremental borrowing rate at the date of acquisition.

### Goodwill identified

The Company recorded a residual goodwill of R\$165; which has been determined as follows:

Schedule of goodwill identified

Fair value of net assets acquired	11,764
(-) Fair value of non-controlling interest	(2,558)
	9,206
Total consideration transferred for the acquisition of Éxito Group	9,371
Goodwill resulting from acquisition of Éxito Group	165

Goodwill is disclosed in the balance sheet as intangible assets and it is not deductible for tax purposes, except on the sale of the investment.

The acquisition related cost was R\$124 and is recognized in "other operating expenses".

On December 31, 2020 Éxito was distributed to GPA, under the Transaction and it is presented as discontinued operation in the financial statements (see note 1.3).

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## 14 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.

Asset Category	Average annual depreciation rate in %
Buildings	2.78
Leasehold improvements	4.28
Machinery and equipment	12.05
Facilities	6.94
Furniture and appliances	11.36

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 2021 and no significant changes were deemed necessary.

Interest on borrowings and financing 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.

### 14.1 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 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, 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 note 15.1.

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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.

**14.2 Impairment test of stores operating assets**

An impairment assessment is performed on operating assets (property, plant and equipment) and intangible assets (such as Commercial rights) directly attributable to stores, as follows:

- Step 1: the carrying amounts of properties in rented stores was compared to a sales multiple (35%) representing 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: a) the discounted cash flows of stores using sales growth average of 6.60% in 2021 (5.62% in 2020) for period exceeding the next five years and a discount rate of 10.40% in 2021(9.80% in 2020) and; b) appraisal reports drawn up by independent experts for own stores.

The Company assessed if any of its long-lived assets were impaired on December 31, 2021 and 2020 and concluded that the recognition of an impairment loss was not needed.

The 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 is any alteration in the assumptions adopted to define the asset's recoverable value in its initial or most recent recognition, except for goodwill, which cannot be reversed in future periods.

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**14.3 Property, plant and equipment rollforward**

	As of December 31, 2020	Additions	Lease modification	Write-off	Depreciation	Transfer and others (i)	As of December 31, 2021
Land	481	207	—	(2)	—	(116)	570
Buildings	609	258	—	(4)	(15)	(192)	656
Improvements	2,598	1,161	—	(1)	(182)	20	3,596
Equipment	635	307	—	(1)	(128)	15	828
Facilities	269	118	—	(1)	(25)	1	362
Furnitures and appliances	340	110	—	(2)	(53)	21	416
Constructions in progress	78	266	—	—	—	(109)	235
Others	37	6	—	—	(14)	8	37
Subtotal	5,047	2,433	—	(11)	(417)	(352)	6,700
Lease - right of use:							
Buildings	2,423	885	628	(92)	(244)	4	3,604
Equipment	6	16	—	—	(5)	(1)	16
Subtotal	2,429	901	628	(92)	(249)	3	3,620
Total	7,476	3,334	628	(103)	(666)	(349)	10,320

(i) In 2021, presents the transfer between fixed assets to "assets held for sale", in amount of R\$349 (see note 1.4).

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	As of December 31, 2019	Additions	Lease modification	Write-off	Depreciation	Transfer and others (ii)	Conversion adjustment to reporting currency	Corporate restructuring (Note 1.3)	Discontinued operation	As of December 31, 2020
Land	2,766	61	—	(32)	—	(70)	541	146	(2,931)	481
Buildings	3,829	78	—	(85)	(121)	(139)	704	—	(3,657)	609
Improvements	2,207	694	—	(71)	(189)	293	70	(4)	(402)	2,598
Equipment	1,242	227	—	(28)	(260)	84	151	(1)	(780)	635
Facilities	330	58	—	(6)	(32)	(16)	8	—	(73)	269
Furnitures and appliances	601	78	—	(15)	(128)	58	66	—	(320)	340
Constructions in progress	140	344	—	(7)	—	(318)	18	—	(99)	78
Others	42	8	—	—	(16)	12	—	(2)	(7)	37
Subtotal	11,157	1,548	—	(244)	(746)	(96)	1,558	139	(8,269)	5,047
Lease - right of use:										
Buildings	3,449	1,217	628	(588)	(501)	2	403	(4)	(2,183)	2,423
Equipment	43	23	(7)	(1)	(15)	3	9	—	(49)	6
Land	3	—	—	—	—	—	—	—	(3)	—
Subtotal	3,495	1,240	621	(589)	(516)	5	412	(4)	(2,235)	2,429
Total	14,652	2,788	621	(833)	(1,262)	(91)	1,970	135	(10,504)	7,476

(ii) In 2020, presents: (a) the capital contribution through GPA's real state in the amount of R\$223; and (b) the transfer of fixed assets to "assets held for sale" in amount of R\$380.

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	As of December 31, 2018	Additions	Additions from business acquired	Lease modification	Write-off	Depreciation	Transfer and others	Currency translation adjustment	As of December 31, 2019
Land	348	76	2,277	—	—	—	25	40	2,766
Buildings	583	231	2,935	—	—	(25)	56	49	3,829
Improvements	1,733	553	334	—	(302)	(123)	12	—	2,207
Equipment	416	232	672	—	(20)	(93)	25	10	1,242
Facilities	221	66	64	—	(1)	(20)	2	(2)	330
Furnitures and appliances	226	81	300	—	(8)	(40)	36	6	601
Constructions in progress	39	69	154	—	(3)	—	(122)	3	140
Others	29	4	6	—	—	(11)	14	—	42
Subtotal	3,595	1,312	6,742	—	(334)	(312)	48	106	11,157
Lease - right of use:									
Buildings	1,053	670	1,727	138	(28)	(140)	(3)	32	3,449
Equipment	7	15	25	—	—	(5)	(1)	2	43
Land	—	—	3	—	—	—	—	—	3
Subtotal	1,060	685	1,755	138	(28)	(145)	(4)	34	3,495
Total	4,655	1,997	8,497	138	(362)	(457)	44	140	14,652

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**14.4 Breakdown**

	As of December 31,	
	2021	2020

	Historical cost	Accumulated depreciation	Net amount	Historical cost	Accumulated depreciation	Net amount
Land	570	—	570	481	—	481
Buildings	767	(111)	656	704	(95)	609
Improvements	4,387	(791)	3,596	3,203	(605)	2,598
Equipment	1,373	(545)	828	1,061	(426)	635
Facilities	472	(110)	362	354	(85)	269
Furnitures and appliances	635	(219)	416	513	(173)	340
Construction in progress	235	—	235	78	—	78
Others	115	(78)	37	101	(64)	37
	8,554	(1,854)	6,700	6,495	(1,448)	5,047
Finance lease						
Buildings	4,566	(962)	3,604	3,205	(782)	2,423
Equipment	61	(45)	16	47	(41)	6
	4,627	(1,007)	3,620	3,252	(823)	2,429
Total Property, plant and equipment	13,181	(2,861)	10,320	9,747	(2,271)	7,476

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#### 14.5 Capitalized borrowing costs

Capitalized borrowing costs for the year ended December 31, 2021 were R\$38 (R\$12 on December 31, 2020 and R\$11 on December 31, 2019). The rate used for the capitalization of borrowing costs was 117.70% (150.67% on December 31, 2020 and 136.11% on December 31, 2019) of CDI, corresponding to the effective interest rate of loans taken by the Company.

#### 14.6 Additions to property, plant and equipment for cash flow presentation purpose are as follows:

	2021	2020	2019
Additions	3,334	2,788	1,997
Leases	(901)	(1,241)	(685)
Capitalized interest	(38)	(12)	(11)
Financing of property, plant and equipment – Additions	(2,284)	(1,437)	(1,217)
Financing of property, plant and equipment – Payments	2,120	1,464	1,273
Total	2,231	1,562	1,357

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.

#### 14.7 Other information

On December 31, 2021, the Company recorded in the cost of sales and services the amount of R\$49 (R\$34 on December 31, 2020 and R\$29 on December 31, 2019), relating to the depreciation of machinery, building and facilities of distribution centers.

### 15 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), customer list 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.

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Software development costs recognized as assets are amortized over their defined useful life (5 to 10 years). The weighted average rate is

13.22%, 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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	As of December 31, 2020	Additions	Amortizations	Write-off	Transfers	As of December 31, 2021
Goodwill	618	—	—	—	—	618
Softwares	70	21	(14)	(1)	(1)	75
Commercial rights <sup>(i)</sup>	310	833	(7)	—	—	1,136
Tradename	39	—	—	—	—	39
Subtotal	1,037	854	(21)	(1)	1	1,868
Lease - right of use:						
Assets and rights	—	18	—	—	1	19
Subtotal	—	18	—	—	1	19
	1,037	872	(21)	(1)	—	1,887

(i) 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 1.5).

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	As of December 31, 2019	Additions	Amortizations	Write-off	Conversion adjustment to reporting currency	Transfers	Discontinued operation	As of December 31, 2020
Goodwill	787	—	—	—	38	1	(208)	618
Softwares	134	72	(40)	(1)	20	—	(115)	70
Commercial rights	313	6	(8)	—	(1)	—	—	310
Tradename	3,054	—	—	—	713	—	(3,728)	39
	4,288	78	(48)	(1)	770	1	(4,051)	1,037

	As of December 31, 2018	Additions	Business combination	Amortizations	Exchange rate changes	As of December 31, 2019
Goodwill	618	—	165	—	4	787
Software	60	28	60	(15)	1	134
Commercial rights	296	24	1	(8)	—	313
Tradename	39	—	2,949	—	66	3,054
	1,013	52	3,175	(23)	71	4,288

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	As of December 31,					
	2021			2020		
	Historical cost	Accumulated amortization	Net amount	Historical cost	Accumulated amortization	Net amount
Goodwill	871	(253)	618	1,741	(1,123)	618
Softwares	133	(58)	75	126	(56)	70
Commercial rights	1,160	(24)	1,136	327	(17)	310
Tradename	39	0	39	39	0	39
	<u>2,203</u>	<u>(335)</u>	<u>1,868</u>	<u>2,233</u>	<u>(1,196)</u>	<u>1,037</u>
Lease - right of use:						
Assets and rights	28	(9)	19	—	—	—
Total of intangible assets	<u>2,231</u>	<u>(344)</u>	<u>1,887</u>	<u>2,233</u>	<u>(1,196)</u>	<u>1,037</u>

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**15.1 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 14.1.

On December 31, 2021, the Company revised the business plan used to assess impairment for Cash Generating Units (CGUs) in Brazil. The Company calculated the value in use, based on cash projections from financial budgets, which were reviewed and approved by Management for the next three years, considering the assumptions updated as of December 31, 2021. The discount rate applied to cash flow projections was 10.40% on December 31, 2021 (9.80% on December 31, 2020), and cash flows that exceed the three years period are extrapolated using a growth rate of 6.60% on December 31, 2021 (4.57% on December 31, 2020). As a result, there was no need to record a provision for impairment. See considerations regarding the effects of the COVID-19 pandemic in note 1.6.

**15.2 Commercial rights**

Commercial rights are the right to operate stores.

As of December 31, 2021, management concluded that commercial rights are recoverable, either through the expected cash flows of the related store or the sale to third parties.

Commercial rights with a definite useful life are tested for impairment using the same assumptions for the Company's impairment test (see note 14.2), following the lease agreement terms.

**15.3 Additions to intangible assets for cash flow presentation purpose are as follows**

	2021	2020
Additions	872	25
Other	(18)	—
Total	<u>854</u>	<u>25</u>

**16 Trade payables, net**

	Notes	As of December 31,	
		2021	2020
Product suppliers	16.1	6,422	5,450
Service providers		74	85
Service providers - related parties	11.1	22	11



Bonuses from suppliers	16.2	(576)	(488)
<b>Total</b>		<b>5,942</b>	<b>5,058</b>

## 16.1 Agreements among suppliers, the Company, and banks

The Company entered into certain agreements with financial institutions in order to anticipate the payment of their receivables from the Company arising from the sale of goods and services.

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These transactions are considered to have a commercial characteristic, since there are no changes to the original terms of the accounts payables of the Company in relation to amount and / or terms, including financial charges. The anticipation is also solely at the suppliers' discretion.

## 16.2 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.

## 17 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.

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.

### 17.1 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 or at fair value through income. 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.

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

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- 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.

At the initial recognition of an investment in an equity instrument that is not held for trading, the Company may irrevocably opt to report subsequent alterations in the fair value of investment under other comprehensive income. This option is made on each individual investment.

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:** Includes 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.

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- **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.

### 17.2 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.

### 17.3 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.

### 17.4 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.

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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
- In order to calculate the fair value, debts and swaps are measured through rates available in the financial market and projected up to their maturity date. The discount rate used in the calculation by the interpolation method for borrowings denominated in foreign currency is developed through CDI curves, free coupon and DI, indexes disclosed by the B3, whereas for borrowings denominated in Reais, the Company uses the DI curve, an index published by the CETIP (Securities Custodial and Clearing Center) and calculated through the exponential interpolation method.

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.

## 17.5 Cash flow hedge

Derivative instruments are recorded as cash flow hedge, using the following principles:

- The effective portion of the gain or loss on the hedge instrument is recognized directly in shareholders' equity in other comprehensive income. In case the hedge relationship no longer meets the hedging ratio but the objective of management risk remains unchanged, the Company should "rebalance" the hedge ratio to meet the eligibility criteria.
- Any remaining gain or loss on the hedge instrument (including arising from the "rebalancing" of the hedge ratio) is ineffective, and therefore should be recognized in statement of operations.

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- Amounts recorded in other comprehensive income are immediately transferred to the statement of operations together with the hedged transaction by affecting the statement of operations, for example, when the hedge financial income or expense is recognized or when a forecast sale occurs. When the hedged item is the cost of a non-financial asset or liability, the amounts recorded in equity are transferred to the initial carrying amount of the non-financial asset or liability.
- The Company should prospectively discontinue hedge accounting only when the hedge relationship no longer meets the qualification criteria (after taking into account any rebalancing of the hedge relationship).
- If the expected transaction or firm commitment is no longer expected, amounts previously recognized in shareholders' equity are transferred to the statement of operations. If the hedging instrument expires or is sold, terminated or exercised without replacement or rollover, or if its hedge classification is revoked, gains or losses previously recognized in comprehensive income remain deferred in equity in other comprehensive income until the expected transaction or firm commitment affect the statement of operations.

## 17.6 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:

- Loan losses expected for 12 months (general model): these are loan losses resulting from possible default events within 12 months after the end of the reporting period, and subsequently, in case of a deterioration of credit risk for the entire life of the instrument.
- Loan losses expected for entire life (simplified model): these are loan losses resulting from all possible default events over the expected life of a financial instrument.
- Practical expedient: these are loan losses expected and consistent with reasonable and sustainable information available, at the end of the reporting period on past events, current conditions, and estimates of future economic conditions that allow verifying probable future loss based on the historical loan loss occurred 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.

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The Company assumes that the credit risk in a financial asset significantly increased if it is more than 90 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 90 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 loan losses:** Expected loan losses are estimated weighted by the probability of loan losses based on historical losses and related assumptions projections. The loan 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 loan 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.

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.

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The main financial instruments and their carrying amounts, by category, are as follows:

	Notes	Carrying amounts	
		2021	2020
<b>Financial assets</b>			
<b>Amortized cost</b>			
Related parties - assets	11.1	114	178
Accounts receivable and other accounts receivable		169	117
<b>Fair value through income</b>			
Cash and cash equivalents	7	2,550	3,532
Financial instruments - fair value hedge- long position	17.12.1	32	68
<b>Fair value through other comprehensive income</b>			
Accounts receivable with credit card companies and sales tickets		155	99
<b>Financial liabilities</b>			
<b>Other financial liabilities - amortized cost</b>			
Related parties - liabilities	11.1	(368)	(41)
Trade payables	16	(5,942)	(5,058)
Financing through acquisition of assets		(197)	(34)
Borrowings and financing	17.12.1	(1,210)	(897)
Debentures	17.13	(6,446)	(6,599)
Lease liabilities	19.2	(4,051)	(2,776)
<b>Fair value through income</b>			
Borrowings and financing, including derivatives	17.12.1	(341)	(335)
Financial instruments - Fair value hedge - short position	17.12.1	(36)	—
<b>Net exposure</b>		<b>(15,571)</b>	<b>(11,746)</b>

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 17.10.

## 17.7 Considerations on risk factors that may affect the businesses of the Company

### 17.7.1 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.
- 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.

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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.

**17.7.2 Interest rate risk**

The Company obtains borrowings and financing 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.

**17.7.3 Foreign currency exchange rate risk**

The Company is exposed to exchange rate fluctuations, which may increase outstanding balances of foreign currency-denominated borrowings. The Company uses derivatives, such as swaps, aiming to mitigate the foreign currency exchange rate risk, converting the cost of debt into domestic currency and interest rates.

**17.7.4 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,	
	2021	2020
Borrowings, financing and debentures	(8,033)	(7,831)
(-) Cash and cash equivalents	2,550	3,532
(-) Derivative financial instruments	32	68
Net debt	(5,451)	(4,231)
Shareholders' equity	2,766	1,347
% Net debt over shareholders' equity	197%	314%

**17.7.5 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, 2021.

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	Less than 1 year	1 to 5 years	More than 5 years	Total
Borrowings and financing	529	1,347	9	1,885
Debentures	399	7,343	3,035	10,777
Derivative financial instruments	(73)	(284)	288	(69)
Lease liabilities	628	2,868	4,597	8,093
Trade payable	5,942	—	—	5,942
Total	7,425	11,274	7,929	26,628

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 in the six months ended on December 31, 2021. Therefore, certain balances are not consistent with the balances reported in the balance sheets.

**17.8 Derivative financial instruments**



Swap transactions are designated as fair value hedges, with the objective to hedge the exposure to changes in foreign exchange rates and fixed interest rates (U.S. dollars), converting the debt into domestic interest rates and currency.

On December 31, 2021, the notional amount of these contracts was R\$1,888 (R\$309 on December 31, 2020). 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" and "forwards" 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, 2021 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.

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	Notional value		Fair value	
	2021	2020	2021	2020
<b>Swap with hedge accounting</b>				
Hedge purpose (debt)	1,888	309	1,869	335
Long position				
Fixed rate	106	106	60	72
USD + Fixed	282	203	281	263
Hedge - CRI	1,500	—	1,528	—
Short position	(1,888)	(309)	(1,873)	(267)
Net hedge position	—	—	(4)	68

Realized and unrealized gains and losses on these contracts during the year ended December 31, 2021, are recorded as financial revenues or expenses and the balance payable at fair value is R\$4 (balance receivable of R\$68 as of December 31, 2020). Assets are recorded as "financial instruments" and liabilities as "borrowings and financing".

The effects of the fair value hedge recorded in the statement of operations for the year ended December 31, 2021, resulted in a loss of R\$4 recorded under debt of cost, note 26 (gain of R\$68 as of December 31, 2020 and gain of R\$30 as of December 31, 2019).

#### **17.8.1 Fair values of derivative financial instruments**

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 the future cash flow, using the CDI curves and discounting to present value, using CDI market rates for swap both disclosed by the B3.

The fair value of exchange coupon swaps versus CDI rate was determined based on market exchange rates effective at the date of the financial statements and projected based on the currency coupon curves.

In order to calculate the coupon of foreign currency indexed-positions, the straight-line convention - 360 consecutive days was adopted and to calculate the coupon of CDI indexed-positions, the exponential convention - 252 business days was adopted.

#### **17.9 Sensitivity analysis of financial instruments**

According to Management's assessment, the most probable scenario is what the market has been estimating through market curves (currency and interest rates) of the B3, on the maturity dates of each transaction.

Therefore, in the probable scenario (I) there is no impact on the fair value of financial instruments. For scenarios (II) and (III), for the exclusive effect, a deterioration from 25% to 50% was taken into account, respectively, on risk variables, up to one year of financial instruments.

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For a probable scenario, the weighted exchange rate was R\$6.17 on the due date, and the interest rate weighted was 11.40% per year.

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.

The Company disclosed the net exposure of derivative financial instruments, each of the scenarios mentioned above in the sensitivity analysis as follows:

Transactions	Notes	Risk(CDI Increase)	Carrying Amount	Balance at 2021	Market projections		
					Scenario (I)	Scenario (II)	Scenario (III)
Borrowings and financing	17.12.1	CDI + 1.94% per year	1,551	(1,499)	155	118	82
Fixed rate swap contract (short position)	17.12.1	TR + 9.80% per year	(32)	(58)	(53)	(64)	(69)
Foreign exchange swap contract (short position)	17.12.1	CDI + 1.25% per year	36	(291)	(58)	(49)	(63)
Debentures	17.12.1	CDI + 1.48% per year	6,446	(6,523)	(1,163)	(1,378)	(1,593)
Total net effect (loss)			8,001	(8,371)	(1,119)	(1,373)	(1,643)

## 17.10 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, for which the fair value has been disclosed in the financial statements:

	Carrying amount		Fair value		Level
	2021	2020	2021	2020	
Trade receivables with credit cards companies and sales vouchers	155	99	155	99	2
Swaps of annual rates between currencies	(11)	57	(11)	57	2
Interest rate swaps	4	11	4	11	2
Interest rate swaps - CRI	3	—	3	—	2
Borrowings and financing (fair value)	(341)	(335)	(341)	(335)	2
Borrowings and financing (amortized cost)	(7,656)	(7,496)	(7,372)	(6,529)	2
	(7,846)	(7,664)	(7,562)	(6,697)	

There was no change between the fair value measurements hierarchy levels during the year ended December 31, 2021.

Cross-currency and interest rate swaps and borrowings and financing 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 and current and future foreign exchange rate.

## 17.11 Position of operations with derivative financial instruments

The Company has derivative contracts with the following financial institutions: Itaú BBA, Scotiabank and BR Partners.

The outstanding derivative financial instruments are presented in the table below:

Description Risk	Notional (millions)	Due date	As of December 31,	
			2021	2020
Debt				
USD – BRL	US\$ 50	2021	—	57
USD – BRL	US\$ 50	2023	(11)	—
Debt				
CRI – BRL	R\$ 1,500	2028 and 2031	3	—
Interest rate swaps registered at CETIP				
Fixed rate x CDI	R\$ 54	2027	2	5
Fixed rate x CDI	R\$ 52	2027	2	6
Derivatives - Fair value hedge – Brazil			(4)	68

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**17.12 Borrowings and financing****17.12.1 Debt breakdown**

	Weighted average rate	As of December 31,	
		2021	2020
Current			
<u>Debentures and promissory notes</u>			
Debentures and promissory notes	CDI + 1.53% per year	194	1,864
Borrowing costs		(14)	(24)
Total debentures and promissory notes		180	1,840
<u>Borrowings and financing in domestic currency</u>			
Working capital	TR + 9.80%	14	12
Working capital	CDI + 2.33% per year	419	9
Borrowing costs		(4)	(5)
Total domestic currency		429	16
<u>In foreign currency</u>			
Working capital	CDI + 1.25% per year	1	264
Total foreign currency		1	264
Total of borrowings and financing		430	280
<u>Derivative financial instruments</u>			
Swap contracts	CDI + 0.86% per year	(4)	(57)
Swap contracts	CDI + 1.35% per year	3	—
Total derivative financial instruments		(1)	(57)
Total current		609	2,063

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		As of December 31,	
	Weighted average rate	2021	2020
Non-current			
<u>Debentures and promissory notes</u>			
Debentures and promissory notes	CDI + 1.48% per year	6,329	4,780
Borrowing costs		(63)	(21)
Total debentures and promissory notes		6,266	4,759
<u>Borrowings and financing in domestic currency</u>			
Working capital	TR + 9.80%	47	60
Working capital	CDI + 1.74% per year	800	901
Borrowing costs		(5)	(9)
Total domestic currency		842	952
<u>In foreign currency</u>			
Working capital	CDI + 1.25% per year	279	—
Total foreign currency		279	—
Total of borrowings and financing		1,121	952

<b>Derivative financial instruments</b>			
Swap contracts	CDI + 0.03% per year	(28)	(11)
Swap contracts	CDI + 1.35% per year	33	—
Total derivative financial instruments		5	(11)
Total non-current		7,392	5,700
Total		8,001	7,763
Current assets		4	57
Non-current assets		28	11
Current liabilities		613	2,120
Non-current liabilities		7,420	5,711

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**17.12.2 Rollforward**

	Amounts
Balance as January 1, 2019	726
Funding - working capital	9,395
Interest provision	246
Swap contracts	(16)
Mark-to-market	(46)
Exchange rate and monetary variation	(29)
Borrowing costs	21
Interest amortization	(116)
Principal amortization	(6,102)
Swap amortization	95
Swap amortization	4,527
Conversion adjustment to reporting currency	80
Balance as of December 31, 2019	8,781
Funding - working capital	2,852
Interest provision	486
Swap contracts	(60)
Mark-to-market	12
Exchange rate and monetary variation	57
Debt modification impact	71
Borrowing costs	42
Interest amortization	(549)
Principal amortization	(2,543)
Swap amortization	13
Conversion adjustment to reporting currency	172
Discontinued operations	(1,571)
Balance as of December 31, 2020	7,763
Funding - working capital	6,090
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	8,001

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### 17.12.3 Schedule of non-current maturities

Maturity	Amounts
From 1 to 2 years	1,648
From 2 to 3 years	3,602
From 3 to 4 years	802
From 4 to 5 years	572
More than 5 years	836
Total	7,460
Borrowing Cost	(68)
Total	7,392

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### 17.13 Debentures and promissory notes

	Type	Issue amount	Outstanding Debentures (units)	Date		Annual financial charges	Unit price (in Reais)	As of December 31,	
				Issuance	Maturity			2021	2020
First Issue of Promissory Notes – 2 <sup>nd</sup> series	non-preemptive right	50	1	7/4/2019	7/5/2021	CDI + 0.72% per year	52,998,286	—	53
First Issue of Promissory Notes – 3 <sup>rd</sup> series	non-preemptive right	50	1	7/4/2019	7/4/2022	CDI + 0.72% per year	56,087,744	57	53
First Issue of Promissory Notes – 4 <sup>th</sup> series	non-preemptive right	250	5	7/4/2019	7/4/2023	CDI + 0.72% per year	56,087,744	281	267
First Issue of Promissory Notes – 5 <sup>th</sup> series	non-preemptive right	200	4	7/4/2019	7/4/2024	CDI + 0.72% per year	56,087,744	225	214
First Issue of Promissory Notes – 6 <sup>th</sup> series	non-preemptive right	200	4	7/4/2019	7/4/2025	CDI + 0.72% per year	56,087,744	225	213
First Issue of Debentures – 2 <sup>nd</sup> series	non-preemptive right	2,000	200,000	9/4/2019	8/20/2021	CDI + 2.34% per year	876	—	1,762
First Issue of Debentures – 3 <sup>rd</sup> series	non-preemptive right	2,000	200,000	9/4/2019	8/20/2022	CDI + 2.65% per year	1,009	—	2,033
First Issue of Debentures – 4 <sup>th</sup> series	non-preemptive right	2,000	200,000	9/4/2019	8/20/2023	CDI + 3.00% per year	1,005	—	2,049
Second Issue of Debentures – 1 <sup>st</sup> series	non-preemptive right	940,000	940,000	6/1/2021	5/20/2026	CDI + 1.70% per year	1,011	951	—
Second Issue of Debentures – 2 <sup>nd</sup> series	non-preemptive right	660,000	660,000	6/1/2021	5/22/2028	CDI + 1.95% per year	1,012	668	—
Second Issue of Promissory Notes – 1 <sup>st</sup> series	non-preemptive right	1,250,000	940,000	8/27/2021	8/27/2024	CDI + 1.47% per year	1,368	1,285	—
Second Issue of Promissory Notes – 2 <sup>nd</sup> series	non-preemptive right	1,250,000	940,000	8/27/2021	2/27/2025	CDI + 1.53% per year	1,368	1,286	—
Third Issue of Debentures – 1 <sup>st</sup> series – CRI	non-preemptive right	982,526	982,526	10/15/2021	10/16/2028	IPCA + 5.15% per year	1,030	1,012	—
Third Issue of Debentures – 2 <sup>nd</sup> series – CRI	non-preemptive right	517,474	517,474	10/15/2021	10/15/2031	IPCA + 5.27% per year	1,031	533	—
Borrowing Cost								(77)	(45)
								6,446	6,599
Current liabilities								180	1,840
Non-current liabilities								6,266	4,759

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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.

#### 17.14 Borrowings in foreign currencies

As of December 31, 2021, the Company has loans in foreign currencies (US dollar) to strengthen its the working capital, maintaining its cash strategy, lengthening its indebtness profile and make investments.

#### 17.15 Guarantees

The Company has signed a promissory note for a loan agreement with Scotiabank in the amount of USD50 million, which can be executed upon failure of payment of the related loan.

#### 17.16 Swap contracts

The Company uses swap operations for 100% of its borrowings denominated in US dollars and fixed interest rates, exchanging these liabilities for *Real linked* to CDI (floating) interest rates. These agreements have the same debt term and protect the interest rates and principal and are signed with the same due dates and in the same economic group. The annual weighted average rate on December 31, 2021 was 4.40% of CDI (2.76% on December 31, 2020).

#### 17.17 Financial covenants

In connection with the debentures and promissory notes issued and part of loan operations denominated in foreign currencies, 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) net debt / equity less than or equal to 3.00 not exceeding equity; and (ii) net debt/EBITDA ratio should be lower than or equal to 3.0. As of December 31, 2021, the Company was in compliance with these ratios.

### 18 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.

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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, 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

	Tax claims	Social security and labor	Civil	Total
Balance as of December 31, 2019	221	75	53	349
Additions	27	42	79	148
Reversals	(9)	(43)	(19)	(71)
Payments	(1)	(5)	(35)	(41)
Monetary correction	1	8	3	12
Conversion adjustment to reporting currency	18	2	4	24
Discontinued operation	(88)	(15)	(36)	(139)
Balance as of December 31, 2020	169	64	49	282

Social security

	Tax claims	and labor	Civil	Total
Balance as of December 31, 2018	147	53	36	236
Additions	16	12	13	41
Reversals	(10)	(8)	(4)	(22)
Payments	(13)	(2)	(7)	(22)
Monetary correction	3	7	1	11
Business combinations	76	13	14	103
Exchange rate changes	2	—	—	2
Balance as of December 31, 2019	221	75	53	349

## 18.1 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) discussions with State tax authorities on ICMS tax rate calculated in electricity bills; (ii) staple basket; and (iv) other matters.

The provisioned amount on December 31, 2021, for these matters is R\$109 (R\$169 on December 31, 2020).

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## 18.2 Social security and labor

The Company is a party to various labor proceedings, especially due to dismissals in the regular course of business. On December 31 2021, the Company recorded a provision of R\$69 (R\$64 on December 31, 2020), 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.

## 18.3 Civil

The Company is party to civil proceedings (indemnifications, collections, among others) at 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 provisions 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. On December 31, 2021, the provision for these lawsuits amounted to R\$21 (R\$23 on December 31, 2020), 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. On December 31, 2021, the provision for these lawsuits is R\$6 (R\$5 on December 31, 2020).

The Company's total civil, regulatory and property claims on December 31, 2021, is R\$27 (R\$49 on December 31, 2020).

## 18.4 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, totaling an updated amount of R\$2,346 on December 31, 2021 (R\$2,408 on December 31, 2020). Accordingly, no provisions were recorded in connection with these proceedings, which are mainly related to:

IRPJ (corporate income tax), IRRF (withholding income tax), CSLL (social contribution on net income) – The Company received several tax assessment notices relating to tax offsetting proceedings, goodwill disallowance, disagreements regarding payments and overpayments, fines due to non-compliance with ancillary obligation, among other less relevant issues. The amount involved corresponds to R\$478 on December 31, 2021 (R\$466 on December 31, 2020).

COFINS, PIS (federal taxes on gross revenues) – The Company has been questioned about discrepancies in payments and overpayment fine due to non-compliance with ancillary obligation, disallowance of COFINS and PIS credits, among other issues. These proceedings are pending judgment at the administrative and judicial levels. The amount involved in these tax assessments is R\$609 as of December 31, 2021 (R\$632 on December 31, 2020). Regarding the IPI assessments, there was a judgment in August 2020 in the STF that decided against taxpayers. However, in the analysis of the specific cases by our legal advisors, we consider that the risk of loss remained as possible.

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ICMS (State VAT) – The Company received tax assessment notices from State tax authorities in connection with credits from purchase from suppliers acquisitions considered unqualified by the registry of the State Revenue Service, among others matters. These tax assessments amount to R\$1,128 on December 31, 2021 (R\$1,235 on December 31, 2020). These proceedings are pending final judgment at the administrative and judicial levels.

ISS (services tax), IPTU (urban property tax), Fees and other – The Company has received tax assessments relating to discrepancies in payments of IPTU, fines due to non-compliance with ancillary obligations, ISS – refund of advertising expenses and various fees, totaling R\$13 on December 31, 2021 (R\$13 on December 31, 2020). These proceedings are pending judgment at the administrative and judicial levels.

INSS (national institute of social security) – The Company was assessed due to the levy of payroll charges over benefits granted to its employees, among other issues, with possible losses of R\$56 on December 31, 2021 (R\$21 on December 31, 2020). Proceedings have been discussed in the administrative and judicial levels. On August 28, 2020, the STF, in general repercussion, recognized the incidence of social security contributions on the constitutional third of vacations as constitutional. The Company has been monitoring the development of these issues, and together with its legal advisors, concluded that the elements so far do not require a provision to be made.

Other litigation– These proceedings refer to real estate lawsuits in which the Company claims the renewal of lease agreements and rents according to market prices. These lawsuits involve proceedings litigated in civil court, and special civil court, as well as administrative proceedings filed by inspection bodies, such as the consumer defense body (PROCONs), the National Institute of Metrology, Standardization and Industrial Quality– INMETRO, the National Agency of Sanitary Surveillance - ANVISA, among others, totaling R\$24 on December 31, 2021 (R\$24 on December 31, 2020).

The Company engages external legal counsel to represent it in the tax assessments, whose fees are contingent on the final outcome of the lawsuits. Percentages may vary according to qualitative and quantitative factors of each proceeding, on December 31, 2021, the estimated amount, in case of success of all lawsuits, was approximately R\$15 (R\$17 on December 31, 2020).

## 18.5 Guarantees

The Company presented bank guarantees and insurance guarantees to judicial process related a civil, tax and labor nature, described below:

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Lawsuits	Letter of guarantees
Tax	630
Labor	98
Civil and others	223
Total	951

The cost of guarantees is approximately 0.32% per year of the amount of the lawsuits and is recorded as a financial expense.

## 18.6 Deduction of ICMS from the calculation basis of PIS and COFINS

Since the adoption of the non-cumulative regime to calculate PIS and COFINS, the Company has claimed the right to deduct ICMS tax from the calculation basis of PIS and COFINS. On March 15, 2017, the STF ruled that the ICMS should be excluded from the calculation basis of PIS and COFINS. In May 2021, the STF judged the Declaration Embargoes in relation to the amount to be excluded from the PIS and COFINS calculation basis, which should only be the ICMS paid, or if the entire ICMS, as shown in the respective invoices. The STF issued a favorable decision to the taxpayers, concluding that the entire ICMS should be excluded from the PIS and COFINS calculation basis.

Since such decision on March 15, 2017, the procedural progress has been as anticipated by our legal advisors without any change in management's judgment. In 2021, in line with the final decision, the Company processed the calculation in accordance with the rules defined by the STF and definitively recorded its right in the amount of R\$216 (R\$175 in revenue net and R\$41 in the financial result, arising from monetary correction) (see note 10.2).

## 18.7 Inspections

Pursuant to prevailing tax laws, municipal, federal, state taxes and social security contributions are under scrutiny at periods varying between 5 and 30 years.

## 18.8 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:

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	As of December 31,	
	2021	2020
<b>Lawsuits</b>		
Tax	65	64
Labor	50	67
Civil and others	4	3
Total	119	134

**19 Leases****19.1 Lease obligations**

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 leases equipment and commercial spaces, including stores and distribution centers, under cancellable and non-cancellable lease agreements. The terms of the contracts vary substantially between 5 and 20 years.

**The Company as a lessee**

The Company applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets, which are recognized as an expense on a straight-line basis over the lease term. The Company recognizes lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

At the commencement of the lease, the Company records a lease liability (see notes 14 and 15). The lease liability is calculated based on the present value of minimum lease payments, using the incremental borrowing rate, except when the interest rate implicit in the lease is readily determinable.

The Company determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised.

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

The Company recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any lease modification of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets, lease improvements and renovations carried out in stores are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives.

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

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**The Company as lessor**

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 initial costs of negotiating operating leases are added to the book value of the leased asset and recognized over the term of the contractual, on the same basis as rental income.

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

**19.2 Minimum future payments**

Lease liabilities totaled R\$4,051 on December 31, 2021 (R\$2,776 on December 31, 2020). The minimum future payments, by leases term and with the fair value of minimum lease payments, are as follows:

	As of December 31,	
	2021	2020
Lease liabilities - minimum payments		

Less than 1 year	244	172
1 to 5 years	1,231	866
More than 5 years	2,576	1,738
Present value of lease liabilities	4,051	2,776
Future financing charges	4,042	2,478
Future lease payments	8,093	5,254
PIS and COFINS embedded in the present value of lease agreements	246	169
PIS and COFINS embedded in the gross value of lease agreements	492	319

Lease liabilities interest expense is stated in note 26. The incremental borrowing used to calculate lease liabilities was 10.53% in the fiscal year ended December 31, 2021 (9.72% on December 31, 2020).

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### 19.3 Lease liability rollforward

	Amounts
As of December 31, 2018	1,180
Addition – Lease	682
Lease modification	138
Interest provision	170
Amortizations	(267)
Write-off due to early termination of agreement	(1)
Company acquisition	1,817
Conversion currency adjustment	32
As of December 31, 2019	3,751
Addition – Lease	1,240
Lease modification	621
Interest provision	415
Exchange rate and monetary variation	1
Amortizations	(756)
Write-off due to early termination of agreement	(518)
Transfer to parent company	9
Conversion currency adjustment	433
Discontinued operation	(2,416)
Corporate restructuring	(4)
As of December 31, 2020	2,776
Addition – Lease	919
Lease modification	628
Interest provision	302
Amortizations	(468)
Write-off due to early termination of agreement	(106)
As of December 31, 2021	4,051
Current liabilities	244
Non-current liabilities	3,807

### 19.4 Lease expense on variable rents, low-value, and short-term assets

	As of December 31,		
	2021	2020	2019
(Expenses) revenues for the year:			
Variables (1% of sales)	(6)	(16)	(19)
Subleases (*)	31	22	20

(\*) Refers mainly to revenue from lease agreements receivable from commercial galleries.

## 20 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.



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	Notes	As of December 31,	
		2021	2020
Sale and Leaseback	1.4	68	—
Rental of spaces in stores <sup>(i)</sup>		233	186
Checkstand <sup>(ii)</sup>		41	29
Gift card and others		2	2
Marketing		12	11
Total		356	228
Current		356	227
Non-current		—	1

(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.

**21 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.

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.

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Accumulated loss carryforwards from deferred income tax and social contribution do not expire no limitation period, 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.

## 21.1 Reconciliation of income tax and social contribution expense

	For the year ended December 31,		
	2021	2020	2019
Earnings before income tax and social contribution	1,849	1,625	1,502
Expense of income tax and social contribution	(629)	(553)	(511)
Adjustments to reflect the effective rate			
Tax fines	(1)	(1)	(2)
Share of profits	16	105	84
Interest on Equity	22	—	—
ICMS subsidy - tax incentives <sup>(i)</sup>	241	—	—
Interest Selic credits <sup>(ii)</sup>	81	—	—
Credits of monetary corrections	11	—	—
Tax benefits	22	29	—
Other permanent differences	(2)	(16)	3
Effective income tax	(239)	(436)	(426)
Income tax and social contribution for the year			
Current	(366)	(704)	(293)
Deferred	127	268	(133)
Income tax and social contribution expenses	(239)	(436)	(426)
Effective rate	12.9%	26.8%	28.4%

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- (i) The Company has tax benefits that are characterized as investment subsidies as provided for in Complementary Law n° 160/17 and Law n°. 12,973/14. At the year ended December 31, 2021, the Company excluded the IRPJ and CSLL calculation bases from the amount constituted in the tax incentive reserve (see note 22.4).
- (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 incidence of IRPJ and CSLL on the interest portion.

## 21.2 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,					
	2021			2020		
	Assets	Liabilities	Net	Assets	Liabilities	Net
Deferred income tax and social contribution						
Tax losses	167	—	167	—	—	—
Provision for legal proceedings	59	—	59	81	—	81
Exchange rate variation	—	(7)	(7)	26	—	26
Goodwill tax amortization	—	(317)	(317)	—	(315)	(315)
Fair value adjustment	1	—	1	—	(2)	(2)
Property, plant and equipment, intangible and investment properties	33	—	33	37	—	37
Unrealized gains with tax credits	—	(28)	(28)	—	(60)	(60)
Cash flow hedge	—	(26)	(26)	—	(20)	(20)
Lease net of right of use	150	—	150	131	—	131
Modification debt effects - IFRS 9	—	—	—	24	—	24
Others	13	—	13	16	—	16
Gross deferred income tax and social contribution assets (liabilities)	423	(378)	45	315	(397)	(82)
Compensation	(378)	378	—	(315)	315	—
Net deferred income tax and social contribution assets (liabilities), net	45	—	45	—	(82)	(82)

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, 2021 as follows:

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Years	Amounts
Up to 1 year	26
From 1 year to 2 years	225
From 4 years to 5 years	5
More than 5 years	167
	<u>423</u>

## 21.3 Rollforward

	For the year ended December 31,		
	2021	2020	2019
At the beginning of the year	(82)	(1,191)	(265)
Benefits (expenses) in the year	127	372	(162)
Corporate reorganization	—	45	—
Deconsolidation	—	883	—
Purchase partnership	—	—	(747)
Conversion currency adjustment	—	—	(18)
Exchange variation	—	(193)	—
Others	—	2	1
At the end of the year	<u>45</u>	<u>(82)</u>	<u>(1,191)</u>

## 22 Shareholders' equity

### 22.1 Capital stock and stock rights

The Company's capital stock on December 31, 2021 is R\$788 (R\$ 761 on December 31, 2020), represented by 1,346,674,477 registered common shares, (1,341,757,835 on December 31, 2020), all non-par and registered shares. According to the Company's bylaws, the Company's authorized share capital may be increased up to 2 billion common shares.

On June 1, 2021 the Board of Directors approved a capital increase of R\$18, corresponding to the issuance of 2,720 thousand common shares (or 544 thousand common shares considering the share split described below).

On July 27, 2021 the Board of Directors approved a capital increase of R\$8, corresponding to the issuance of 2,020 thousand common shares (or 404 thousand common shares considering the share split described below).

On August 11, 2021, an Extraordinary Shareholders' Meeting approved a one-to-five share split, whereby the Company's 269,299,859 common shares were divided into 1,346,499,295 common shares, with no change in the Company's total capital stock value.

On December 7, 2021 the Board of Directors approved a capital increase of R\$1, corresponding to the issuance of 175 thousand common shares.

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The Company's shareholding structure is shown as follows:

	For the year ended December 31,			
	2021		2020	
	Number of shares	Participation	Number of shares with split effect	Participation
Controlling shareholders	557,857,105	41.42%	1,341,757,835	100.00%
Outstanding shares	788,817,372	58.58%	-	-
Total	<u>1,346,674,477</u>	<u>100.00%</u>	<u>1,341,757,835</u>	<u>100.00%</u>

### 22.2 Distribution of dividends and interest on equity

Management proposed dividends to be distributed, considering the anticipation of interest on equity to its shareholders, calculated as follows:

	For the year ended December 31,		
	2021	2020	2019
Net income for the year	1,610	1,398	1,047
Tax incentive reserve	709	—	—
% Legal reserve	5%	5%	5%
Legal reserve for the year	5	5	52
Minimum mandatory dividends - 25%	<u>224</u>	<u>349</u>	<u>1</u>

Interest on capital paid intermediaries <sup>(i)</sup>	<b>56</b>	<b>264</b>	<b>247</b>
Minimum mandatory dividends paid in the form of interest on shareholder's equity	<b>168</b>	<b>85</b>	<b>1</b>

- (i) At a meeting of the Board of Directors held on September 30, 2021, the advance payment of interest on equity in the gross amount of R\$63 was approved, pursuant to which the withholding tax was deducted in the amount of R\$7, corresponding to the net amount of R\$56.

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.

## 22.3 Profit reserve

Legal reserve: this is recorded by appropriating 5% of the net income of each fiscal year, observing the 20% limit of capital. On December 31, 2021, the amount was R\$157 (R\$152 on December 31, 2020).

The legal reserve in the amount of R\$5 on December 31, 2021 (R\$5 on December 31, 2020) was constituted respecting the limit of 20% of the Company's capital stock, as established by article 193 of Law No. 6,404/76.

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	For the year ended December 31,	
	2021	2020
Net income for the year	<b>1,610</b>	1,398
Tax incentive reserve	<b>709</b>	—
Base for legal reserve	<b>901</b>	1,398
% Legal reserve	<b>5%</b>	5%
Legal reserve for the year	<b>5</b>	5

## 22.4 Tax incentive reserve

According to the legal basis mentioned in note 21.1, 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, 2021, the Company allocated the amount of R\$709 to the tax incentive reserve.

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.

## 22.5 Share-based payment

### 22.5.1 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.

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.

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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 on December 31, 2021.

### 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 Committee the responsibility to grant options and advise on the management of the Compensation Plan.

Members of the Human Resources 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, 2021, B8 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 Human Resource Committee the responsibility to grant options and advise on the management of the Option Plan.

Members of the Human Resources 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 2021, the C8 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 Human Resources 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, 2021			
			Number of shares (in thousands)			
			Strike price on the grant date (in reais)	Grantees	Cancelled	Current
B8	5/31/2021	6/01/2024	0.01	363	(29)	334
C8	5/31/2021	6/01/2024	13.39	363	(29)	334
				726	(58)	668

### 22.5.2 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.



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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, 2021:

	For the year ended December 31, 2021
	(in thousands)
Number of shares	1,346,674
Balance of effective stock options granted	668
Maximum percentage of dilution	0,05%

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 for B8 and C8 series: (a) expectation of dividends of 1.28%; (b) expectation of volatility nearly 37.96%; (c) the weighted average interest rate without risk of 7.66% and (d) exit rate of approximately 8.00%.

The expectation of remaining average life of the series outstanding at December 31, 2021 is 29 months. The weighted average fair value of options granted at December 31, 2021 was R\$17.21 and R\$7.69 (B8 and C8, respectively).

	Shares (in thousands)	Weighted average of exercise price (R\$)	Weighted average of remaining contractual term
At December 31, 2020	-	-	-
At December 31, 2021			
Granted in the year	726	6,70	
Cancelled in the year	(58)	6,70	
Outstanding at year end	668	6,70	2,42
Total to be exercised at December 31, 2021	668	6,70	2,42

The amount recorded for the year ended December 31, 2021 were R\$2 (there is no amount recorded on December 31, 2020).

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**22.5.3 GPA's share - based payment plans**

Prior to the Company's spin-off from GPA, certain Company executives received compensation in the form of GPA stock options.

				As of December 31, 2021				
				Number of shares (in thousands)				
Granted series	Grant date	1st exercise date	Strike price on the grant date (in reais)	Grantees	Exercised	Cancelled	Outstanding	Current
B5	5/31/2018	5/31/2021	0.01	2,970	(2,640)	(245)	(85)	—
C5	5/31/2018	5/31/2021	47.19	2,970	(2,410)	(300)	(260)	—
B6	5/31/2019	5/31/2022	0.01	2,310	(645)	(165)	—	1,500
O6	5/31/2019	5/31/2022	53.23	1,795	(610)	(210)	—	975
B7	1/31/2021	5/31/2023	0.01	3,365	(515)	(115)	—	2,735
C7	1/31/2021	5/31/2023	38.58	2,485	(520)	(115)	—	1,850
				15,895	(7,340)	(1,150)	(345)	7,060

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 the 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.

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 for the series B5 and C5: (a) expectation of dividends of 0.41%, (b) expectation of volatility nearly 36.52% and (c)

the weighted average interest rate without risk of 9.29%.

The fair value of each option granted is estimated at the grant date using the option pricing model Black & Scholes, taking into account the following assumptions for the B6 and C6 series: (a) dividend expectation of 0.67%, (b) volatility expectation of nearly 32.74% and (c) the weighted average interest rate of 7.32%.

The fair value of each option granted is estimated at the grant date using the option pricing model Black & Scholes, taking into account the following assumptions for the B7 and C7 series: (a) dividend expectation of 1.61%, (b) volatility expectation of nearly 37.09% and (c) the weighted average interest rate of 5.47%.

The expectation of remaining average life of the series outstanding at December 31, 2021 is 1.06 year (0.88 year at December 31, 2020). The weighted average fair value of options granted at December 31, 2021 was R\$54.59 (R\$58.78 at December 31, 2020).

The movement of shares above refers to GPA shares and after the Company's spin-off, during the year of 2021, certain Company executives received compensation in GPA options shares until the date of exercise showed above. If the GPA plan for the Company's executives is thus extinguished, these plans will be recorded as an expense.

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The movement in the number of options granted, the weighted average of the exercise price and the weighted average of the remaining term are presented in the table below:

	Shares (in thousands)	Weighted average exercise price (R\$)	Weighted average remaining term
Total exercised on December 31, 2019	2,153	30.25	1.50
At December 31, 2020			
Canceled in the year	(70)	42.59	
Exercised in the year	(489)	23.93	
Expired in the year	(126)	42.44	
Outstanding at year end	1,468	30.71	
Total exercised on December 31, 2020	1,468	30.71	0.88
Total exercised on December 31, 2020 considering split effect (note 22.1)	7,340	6.14	0.88
At December 31, 2021			
Granted in the year	6,125	16.86	
Canceled in the year	(270)	22.36	
Exercised in the year	(5,785)	22.76	
Expired in the year	(350)	35.30	
Outstanding at year end	7,060	17.45	1.06
Total to be exercised at December 31, 2021	7,060	17.45	1.06

## 23 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

Since the Company sells mobile phone credits recharge at its stores, 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,		
	2021	2020	2019
Gross operating revenue			
Goods	45,550	39,436	30,487
Services rendered and others	111	100	87
	45,661	39,536	30,574
(-) Revenue deductions			

Returns and sales cancellation	(76)	(73)	(57)
Taxes	(3,687)	(3,420)	(2,435)
	<u>(3,763)</u>	<u>(3,493)</u>	<u>(2,492)</u>
Net operating revenue	<u>41,898</u>	<u>36,043</u>	<u>28,082</u>

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## 24 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 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,		
	2021	2020	2019
Inventory cost	(34,163)	(29,641)	(22,929)
Personnel expenses	(2,512)	(2,135)	(1,691)
Outsourced services	(251)	(224)	(198)
Selling expenses	(646)	(511)	(408)
Functional expenses	(664)	(600)	(546)
Other expenses	(439)	(264)	(202)
	<u>(38,675)</u>	<u>(33,375)</u>	<u>(25,974)</u>
Cost of sales	(34,753)	(30,129)	(23,349)
Selling expenses	(3,334)	(2,811)	(2,273)
General and administrative expenses	(588)	(435)	(352)
	<u>(38,675)</u>	<u>(33,375)</u>	<u>(25,974)</u>

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## 25 Other operating 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,		
	2021	2020	2019
Result with property, plant and equipment	12	(42)	5
Reversal (provision) for legal proceedings	9	(18)	(53)
Restructuring expenses and others <sup>(i)</sup>	(74)	(71)	37
Covid-19 spending on prevention	—	(134)	—
Indemnity assets	—	168	—
Total	(53)	(97)	(11)

(i) Refers primarily to expenses with the spin-off and acquisition of Extra Hiper stores with payments of legal fees, property appraisal and due diligence.

## 26 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,		
	2021	2020	2019
Financial revenues			
Cash and cash equivalents interest	87	39	57
Monetary correction (assets)	93	299	175
Other financial revenues	8	5	4
Total financial revenues	188	343	236
Financial expenses			
Cost of debt	(543)	(474)	(247)
Cost and discount of receivables	(51)	(31)	(34)
Monetary correction (liabilities)	(13)	(11)	(8)
Interest on leasing liabilities	(292)	(219)	(138)
Other financial expenses	(19)	(51)	(9)
Total financial expenses	(918)	(786)	(436)
Total	(730)	(443)	(200)

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## 27 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.

On August 11, 2021, an Extraordinary Shareholders' Meeting approved a one-to-five share split, whereby the Company's 269,299,859 common shares were divided into 1,346,499,295 common shares, with no change in the Company's total capital stock value. In accordance with accounting standard IAS 33 - Earnings per share, the balance as of December 31, 2020 and 2019 are being restated.

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,  
2021

<b>Basic number:</b>	
Allocated basic earnings and not distributed	1,610
Net income allocated available to common shareholders	1,610
<b>Basic denominator (millions of shares)</b>	
Weighted average of the number of shares	1,344
<b>Basic earnings per million shares (R\$)</b>	1.19802
	For the year ended December 31,
	2021
<b>Diluted number:</b>	
Allocated diluted earnings and not distributed	1,610
Net income allocated available to common shareholders	1,610
<b>Diluted denominator (millions of shares)</b>	
Weighted average of the number of shares	1,344
Stock options plan	11
Diluted weighted average of shares	1,355
<b>Diluted earnings per million shares (R\$)</b>	1.18852

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	2020		
	Originally presented	Split effect	Restated
<b>Basic and diluted number:</b>			
Allocated basic earnings and not distributed- Continued operation	1,189	—	1,189
Allocated basic earnings and not distributed – Discontinued operation	209	—	209
Net income allocated available to common shareholders	1,398	—	1,398
<b>Basic and diluted denominator (millions of shares)</b>			
Weighted average of the number of shares	268	1,072	1,340
<b>Basic and diluted earnings per million shares (R\$) - Continued operations</b>	4.43657		0.88731
<b>Basic and diluted earnings per million shares (R\$) – Attributable to controlling shareholders</b>	5.21642		1.04328
	2019		
	Originally presented	Split effect	Restated
<b>Basic and diluted number:</b>			
Allocated basic earnings and not distributed- Continued operation	1,076	—	1,076
Allocated basic earnings and not distributed- Discontinued operation	(29)	—	(29)
Net income allocated available to common shareholders	1,047	—	1,047
<b>Basic and diluted denominator (millions of shares)</b>			
Weighted average of the number of shares	258	1,032	1,290
<b>Basic and diluted earnings per million shares (R\$) - Continued operations</b>	4.17054		0.83411
<b>Basic and diluted earnings per million shares (R\$) – Attributable to controlling shareholders</b>	4.05814		0.81163

## 28 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:

- Company's capital increase with property, plant and equipment, in note 14;
- Purchase of property, plant and equipment and intangible assets not yet paid, in notes 14.6 and 11.1; and
- Provision for dividends receivable in note 12.

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## Sendas Distribuidora S.A

## 29 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, 2021
Sale and leaseback <sup>(i)</sup>	147
Extra Hper stores <sup>(ii)</sup>	403
	<u>550</u>

(i) Refers to the two properties as detailed in note 1.4.

(ii) For the property, plant and equipment acquired from the 6 properties owned by GPA, the Company expects to complete the sale of these assets to a certain real estate fund (see notes 1.5 and 32.2). After the sale is completed, the Company will enter into a lease agreement with the real estate fund to operate the commercial points.

## 30 Segment information

The Company is involved in the operation of retail stores located in 23 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. Therefore, we consider unfeasible any grouping of products for disclosure.

Before the Transaction, the Company operated in two operating segments: Cash & Carry, it includes the "ASSAÍ" brand and Éxito Group. As of December 31, 2020 and 2021 the Company operated in a single segment.

### Geographic distribution of stores

Our stores are located throughout 23 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 56.6% and 56.3% of our net operating revenue for the years ended December 31, 2021 and 2020, respectively, while the other Brazilian regions (North, Northeast, Midwest and South), in the aggregate, accounted for 43.4% and 43.7% of our net operating revenue for the years ended December 31, 2021 and 2020, respectively.

## 31 Discontinued operation

At the Extraordinary Shareholders' meeting held on December 31, 2020, shareholders of the Company and GPA approved the corporate restructuring proposal which consisted of the full spin-off of Éxito to GPA. Éxito is a Colombian company operating in Colombia under the banners of Éxito, Carulla, Super Inter, Surtimax, and Surtimayorista supermarkets and hypermarkets, in Argentina, under the Libertad banner, and in Uruguay under Disco and Devoto banners. Also, Éxito operates shopping malls in Colombia under the Viva banner.

## Sendas Distribuidora S.A

On December 31, 2020, Éxito's results were classified as a discontinued operation, as one single line item. See below the detailed statement of operation of Éxito and condensed statement of cash flows:

	As of December 31,	
	2020	2019
<b>Statement of operations</b>		
<b>Discontinued operation</b>		
Net operating revenue	22,034	2,151
Cost of sales	(16,526)	(1,542)
<b>Gross profit</b>	<u>5,508</u>	<u>609</u>
<b>Expenses, net</b>		
Selling expenses	(2,973)	(510)
General and administrative expenses	(848)	188
Depreciation and amortization	(729)	(59)
Share of profit (loss) of associates	27	(5)
	<u>(217)</u>	<u>(33)</u>



Other operating expenses, net		(419)
<b>Operating profit</b>	(4,740)	(419)
Net financial result	768	190
<b>Income before income taxes discontinued operation</b>	(340)	(55)
Income tax and social contribution	428	135
<b>Net income discontinued operation</b>	(60)	(43)
<b>Discontinued operation</b>	368	92
<b>Net income for the year discontinued operation</b>		
<b>Net income for the year</b>	(1)	—
	367	92

	As of December 31,	
	2020	2019
<b>Net income for the year</b>	367	92
Items that may be subsequently reclassified to statement of operations		
Exchange rate variation of foreign Investments	(415)	(165)
Benefit plan	(1)	—
Cash flow rate	(1)	3
Other comprehensive results	3	—
<b>Comprehensive income for the year</b>	(47)	(70)

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### Sendas Distribuidora S.A

#### Notes to the Financial Statements

For the years ended December 31, 2021, 2020 and 2019

(In millions of Brazilian Reais, unless otherwise stated)

	As of December 31,	
	2020	2019
<b>Net cash flow:</b>		
Operational activities	1,349	1,343
Investment activities	(4,075)	5,970
Financing activities	(1,012)	(4,274)
Exchange rate variation on cash and cash equivalents	587	111
<b>Net cash (used) generated</b>	(3,151)	3,150

	As of December 31,	
	2020	2019
<b>Earnings per share:</b>		
Diluted and Basic, discontinued operation	0.8214	0.2054

	As of December 31,	
	2020	2019
<b>Discontinued operation segment:</b>		
Net sales	22,034	2,151
Gross profit	5,508	609
Depreciation and amortization	(729)	(59)
Share of profit and loss of associate	27	(5)
Operating profit	768	190
Net financial result	(340)	(55)
Income before income taxes	428	135
Income taxes and social contribution	(60)	(43)
Profit continued operation	368	92
Loss (income) discontinued operation	(1)	—
<b>Net income for the year</b>	367	92
Current assets	8,014	6,560
Non-current assets	18,930	5,805
Current liabilities	9,729	7,209
Non-current liabilities	3,620	2,553
Shareholder's equity	13,595	2,603

The operations of the Éxito Group were treated as a separate segment on December 31, 2019 and due to the discontinuity of its operations in the financial statements of December 31, 2020, the Company now operates in a single segment, as described in note 1.3.

## 32 Subsequent events

### 32.1 Funding of the fourth issue of debentures

On January 7, 2022 funds were raised in relation to the fourth issue of non-convertible debentures, in a single series, in the amount of R\$2,000. These debentures were offered in Brazil with restricted placement efforts in accordance with Brazilian law. The proceeds from this issuance of debentures will be used for general corporate purposes, including to reinforce the Company's cash position. The fourth issue debentures will accrue interest at a rate of CDI + 1.75% per year, and will be paid semi-annually until maturity. The principal amount will be paid in two equal installments, in 2026 and in 2027.

**Sendas Distribuidora S.A****Notes to the Financial Statements**

For the years ended December 31, 2021, 2020 and 2019

(In millions of Brazilian Reais, unless otherwise stated)

**32.2 Extra Hiper Stores**

On January 10, 2022, the Company paid R\$850 to GPA in connection with the commercial rights of Extra Hiper stores (see note 1.5).

On January 31, 2022, the Company and GPA completed the transfer of the ownership agreement for 35 properties (11 properties owned by GPA and 24 properties owned by third parties), located in the Southeast, Midwest, North and Northeast regions country, with this transfer, the Company owns 55 of the 70 properties involved in the transaction and expects to complete the transfer process of the 15 remaining properties by the end of the first quarter of 2022.

On February 25, 2022, the Board of Directors of the Company and GPA approved the definitive agreements with the real estate investment fund Barzel Properties ("Fund"), for the disposal of up to 17 properties owned by GPA to the Fund, for the amount of approximately R\$1.2 billion, and subsequent lease of such properties by the Company, for a period of 25 years, renewable for an additional period of 15 years.

**32.3 Funding of commercial paper**

On February 10, 2022, the Company raised funds through the 1st issue of Commercial Paper Notes, in a single series, in the amount of R\$750. The proceeds from this issue will be used for general purposes, including to strengthen the Company's cash position. The commercial notes will accrue interest at a rate of CDI + 1.70% per year, which will be paid semi-annually until maturity. The principal amount will be settled in a single installment at the end of the three-year contract (2025).

**32.4 Capital increase due to exercise of stock options**

On February 21, 2022, our board of directors approved an issuance of 239,755 new Sendas common shares due to the exercise of stock options granted to certain employees under the terms of our share-based compensation plans. This issuance of Sendas common shares increased our total outstanding common shares to 1,346,914,232 common shares and our total capital stock by R\$1, from R\$788 to R\$789. These shares were issued on March 8, 2022. 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.

**32.5 Funding of the fifth issuance of debentures**

On April 5, 2022, the Company raised funds through the 5<sup>th</sup> issue of debentures, in a single series, in the amount of R\$250. The proceeds from this issue will be used entirely and exclusively to reimburse expenses and expenditures related to the expansion and/or maintenance of certain properties. These debentures will accrue interest at a rate of CDI + 0.75% per year, which will be paid semi-annually until maturity (March 2025).

**32.6 Approval of dividend distribution**

At the annual general shareholders' meeting held on April 28, 2022, our shareholders voted to approve the minimum mandatory dividend in the aggregate amount of R\$224, calculated in accordance with Brazilian Corporate Law and our bylaws, with respect to the fiscal year ended December 31, 2021. This amount excludes the tax incentive reserve related to the recognition of tax credits for investment subsidy in the total amount of R\$709. Of the total dividend amount, R\$56 was paid on October 16, 2021 as interest on shareholders' equity. The remaining amount of R\$168, corresponding to R\$0.125038407679398 per common share is expected to be paid by June 28, 2022, which is 60 days from the annual general shareholders' meeting. Holders of Sendas ADSs will receive the dividend distribution to which they are entitled through the Sendas Depositary.

**CONSOLIDATED BYLAWS****SENDAS DISTRIBUIDORA S.A.**

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\$1,253,048,594.57 (one billion, two hundred and fifty-three million, forty-eight thousand, five hundred ninety-four reais and fifty-seven cents), fully subscribed and paid-up, divided into 1,346,914,232 (one billion, three hundred and forty-six million, nine hundred and fourteen thousand, two hundred and thirty-two) 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.

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**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; and
  - x. defining the annual global remuneration of the members of the Board of Directors, Executive Board and Fiscal Council, if installed.

**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.

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## **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.

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**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** - 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.

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**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 that exceeds the amount in Reais equivalent to US\$ 20,000,000.00 (twenty 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 statement, whichever amount is greater;
  - (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\$ 20,000,000.00 (twenty 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) 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
- (t) 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) and (r) 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.

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**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.
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**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) Chief Commercial Officer, 1 (one) Chief Operating 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.
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**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
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- (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:

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- (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 Chief Commercial 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 marketing and sales plan;
- (c) to manage the quality of sales;
- (d) participating in the definition of human resources policies; and
- (e) communicating primarily to disseminate information to the public of interest to the Company.

**ARTICLE 30** - It is incumbent upon the Chief Operating Officer, in addition to the duties conferred upon him by the Board of Directors, to:

- (a) to establish trade guidelines and operations;
- (b) to coordinate human resources and manage material and financial resources;
- (c) to direct trade operations;
- (d) to participate in marketing activities;
- (e) establish branch offices and commercial representations; and
- (f) 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.

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**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.

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**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;

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(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.

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**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% 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

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- (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:



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"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.

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**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.

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**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.

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## FORM OF COMMERCIAL PROMISSORY NOTE

No. [=] / 1000  
ISIN no. BRASAINPM053

<b>1. ISSUE:</b>	Second (2nd)
<b>2. UNIT PAR VALUE:</b>	Two million and five hundred thousand Brazilian reais (R\$ 2,500,000.00)
<b>3. ISSUE TOTAL AMOUNT:</b>	Two billion and five hundred million Brazilian reais (R\$ 2,500,000,000.00)
<b>4. ISSUER:</b>	Sendas Distribuidora S.A.
<b>5. ADDRESS:</b>	City of Rio de Janeiro, State of Rio de Janeiro, at Avenida Ayrton Senna, 6.000, Lote 2, Pal 48959, Anexo A, Jacarepaguá, ZIP Code 22775-005
<b>6. CNPJ/ME (National Corporate Taxpayer's Register of the Ministry of Economy) enrollment number:</b>	06.057.223/0001-71
<b>7. SERIES:</b>	Series 1 of 2 (two).
<b>8. ISSUED ON:</b>	August 27, 2021
<b>9. MATURITY DATE:</b>	August 27, 2024

On the date indicated in item 9 above ("Maturity Date"), or on the date of early settlement resulting from the Early Maturity Events (as defined on the back of this Instrument) or from the date of full early redemption of this commercial promissory note ("Promissory Note"), under the terms set forth on the back of this instrument ("Instrument"), **SENDAS DISTRIBUIDORA S.A.**, a corporation registered as a securities issuer with the Brazilian Securities and Exchange Commission ("CVM"), with its principal place of business located in the City of Rio de Janeiro, State of Rio de Janeiro, at Avenida Ayrton Senna, 6.000, Lote 2, Pal 48959, Anexo A, Jacarepaguá, ZIP Code 22775-00 enrolled with the National Corporate Taxpayer's Register of the Ministry of Economy ("CNPJ") under number 06.057.223/0001-71 and with the Rio de Janeiro State Registry of Commerce ("JUCERJA") under NIRE (Companies Register Identification Number) 33.3.002.7290-9, herein represented pursuant to its Articles of Incorporation ("Issuer"), will pay the holder of this Promissory Note, pursuant to the procedures of B3 S.A. - Brasil, Bolsa, Balcão — CETIP UTM Segment, with office in the City of São Paulo, State of São Paulo, at Praça Antônio Prado, Centro, enrolled with the CNPJ/ME under number 09.346.601/0001-25 ("B3"), in the CETIP21 Module - Bonds and Securities ("CETIP21"), managed and operated by

B3, or, in the event the Promissory Notes are not deposited electronically with B3, by means of Itaú Unibanco S.A., a financial institution with address in the City of São Paulo, State of São Paulo, at Praça Alfredo Egydio de Souza Aranha, 100, ZIP Code 04344-902, enrolled with the CNPJ/ME under number 60.701.190/0001-04 ("Agent Bank"), whose definition includes any other institution that succeeds the Agent Bank in the provision of the agent bank services for the Issue), by sole means, the amount of two million and five hundred thousand Brazilian reais (R\$ 2,500,000.00) ("Unit Par Value"), plus Remuneration (as defined on the back of this Instrument) and any Late Payment Charges (as defined on the back of this Instrument), if any.

The Issuer appoints **VÓRTX DISTRIBUIDORA DE TÍTULOS E VALORES MOBILIÁRIOS LTDA**, a financial institution authorized to operate by the Brazilian Central Bank, organized as a limited liability company, with its principal place of business located in the City of São Paulo, State of São Paulo, at Rua Gilberto Sabino, 215, 4º andar, Pinheiros, ZIP Code 05425-020, enrolled with the CNPJ/ME under number 22.610.500/0001-88, to act as a trustee ("Trustee"), engaged by the Issuer in accordance with the Note Agent Service Agreement executed on August 23, 2021, between the Issuer and the Trustee ("Trust Service Agreement") for the purpose of representing the holders of the Promissory Notes of this Issue ("Holders"), in compliance with CVM Resolution 17, as amended ("Resolution 17").

This Promissory Note is issued within the scope of the Issuer's second (2<sup>nd</sup>) issue of Promissory Notes, which comprises, in total, one thousand (1,000) commercial promissory notes, divided equally into two (2) series, for public distribution with restricted placement efforts ("Offer") ("Issue"), in the amount of two million and five hundred thousand Brazilian reais (R\$ 2,500,000.00) each (collectively referred to as "Promissory Notes"), in the total amount of two billion and five hundred million reais (R\$ 2,500,000,000.00) ("Issue Total Amount"), of which one billion, two hundred and fifty million reais (R\$ 1,250,000,000.00) is under the scope of the first series Promissory Notes and one billion, two hundred and fifty million reais (R\$ 1,250,000,000.00) is under the second series Promissory Notes. The Issue and the Offer were (i) resolved and approved at a Meeting of the Issuer's Board of Directors held on August 20, 2021 ("BoDM"), whose minutes will be duly filed at the JUCERJA and published in the Official Gazette of the State of Rio de Janeiro ("DOERJ") and in the newspaper "Folha de S. Paulo"; and (ii) carried out pursuant to CVM Instruction No. 566, of July 31, 2015, as amended ("CVM Instruction 566"). The Promissory Notes were subject to public distribution with restricted efforts, automatically exempted from registration with the CVM, pursuant to CVM Instruction No. 476 of January 16, 2009, as amended ("CVM Instruction 476").

At the time of subscription and payment of this Promissory Note, the holder stated, among other things, that he is aware that (i)

the Offer was not registered with the CVM and may be subject to registration with the Brazilian Financial and Capital Markets Association ("ANBIMA"), under the terms of item I and sole paragraph of Article 4 and Article 12 of "ANBIMA's Code for Public Offerings", exclusively 1

send information from the database, provided that specific guidelines are issued to this effect by ANBIMA's Board, until the date when the Offer closing communication is sent to the CVM ("Closing Communication"); (ii) Promissory Notes are subject to the trading restrictions provided for in CVM Instruction 476, subject to the provisions of Articles 13 and 15 of the said Instruction; (iii) the holder carried out their own analysis regarding the quality and risks of this Promissory Note; (iv) the holder has sufficient knowledge of the financial and stock markets so that they are not subject to a set of legal and regulatory protections granted to investors in the context of a public offering registered with the CVM; and (v) the investment in this Promissory Note is appropriate to their level of sophistication and risk profile.

The Promissory Notes will not have any guarantees, whether it is a security interest or a personal guarantee.

The capitalized terms used herein, whether in the singular or plural, will have the meanings ascribed thereto in this Instrument, even after they are first used.

Rio de Janeiro, August 27, 2021.

**SENDAS DISTRIBUIDORA S.A.**

Name:

Name:

Title:

Title:

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**1 ADJUSTMENT OF THE UNIT PAR VALUE:**

**1.1** The Unit Par Value of this Promissory Note will not be adjusted for inflation.

**2 REMUNERATION**

**2.1** The Unit Par Value of this Promissory Note will be accrued with compensatory interest corresponding to one hundred percent (100%) of the accrued variation of the daily average rates of Interbank Deposits (DI), "*bver extra-grupo*", expressed as a percentage per year, based on two hundred and fifty-two (252) Business Days (as defined below), daily calculated and published by B3 S.A.- Brasil, Bolsa, Balcão in the daily bulletin available on its website (<http://www.B3.com.br>) ("DI Rate"), exponentially increased by a surcharge (*spread*) equivalent to one point forty-seven percent (1.47%) per year, based on two hundred and fifty-two (252) Business Days ("Spread" and, along with the DI Rate, "Remuneration"), calculated in an exponential and cumulative manner *pro rata temporis* for elapsed Business Days, from the Issue Date to the date of its actual payment, considering for this purpose the criteria established in the "Notebook of Formulas for Commercial Papers - CETIP21" *Çaderno de Fórmulas Notas Comerciais- CETIP21*, which is available for consultation on its website (<http://www.b3.com.br>). The calculation of the Remuneration will be done according to the following formula:

$$J = VNe \times (\text{Interest Factor} - 1)$$

where:

J = Value of the Remuneration due, calculated to eight (8) decimal places without rounding;

VNe = Unit Par Value of this Promissory Note calculated to eight (8) decimal places, without rounding;

InterestFactor = interest factor, calculated to nine (9) decimal places, with rounding, calculated according to the following formula:

$$\text{FatorJuros} = (\text{FatorDI} \times \text{FatorSpread})$$

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DIFactor = Product of DI Rates using the percentage applied from the Issue Date (including it), until the effective calculation date (excluding it), calculated with eight (8) decimal places, with rounding, calculated according to the formula below:

$$\text{Fator DI} = \prod_{k=1}^{nDI} (1 + TDI_k)$$

where:

k = TDI<sub>k</sub> order number, varying between one (1) and nDI;

nDI = total number of DI rates, where "nDI" is an integer;

$TDI_k$  = DI Rate Factor, calculated to eight (8) decimal places, with rounding, as follows:

$$TDI_k = \left( \frac{DI_k}{100} + 1 \right)^{\frac{1}{252}} - 1$$

where:

$DI_k$  = DI Rate disclosed by B3, valid for one (1) business day (overnight), used with two (2) decimal places.

Spread Factor = Fixed interest surcharge calculated to nine (9) decimal places, with rounding, calculated according to the following formula:

$$\text{FactorSpread} = \left( \frac{\text{spread}}{100} + 1 \right)^{\frac{DP}{252}}$$

Where:

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spread = **1.4700**; and

DP = number of Business Days between the Issue Date and the calculation date, "DP" being an integer number.

remarks:

- (i) the factor that results from the expression  $(1 + TDI_k)$  is considered to sixteen (16) decimal places, without rounding;
- (ii) the product of daily factors  $(1 + TDI_k)$  is calculated, and, for each daily factor accumulated, the result is truncated to sixteen (16) decimal places, and the next daily factor is applied, and so on until the last factor is considered;
- (iii) once the factors are accumulated, the resulting "DI Factor" is considered to eight (8) decimal places, with rounding;
- (iv) the factor resulting from the expression (DI Factor x Spread Factor) is considered to nine (9) decimal places, with rounding; and
- (v) the DI Rate should be used considering the same number of decimal places as disclosed by the authority responsible for calculating it, except when it is expressly indicated otherwise.

## 2.2 Unavailability of the DI Rate

- 2.2.1** If, on the maturity date of the Issuer's monetary obligations arising from the Instrument, there is no disclosure of the DI Rate by B3 the last DI Rate disclosed will be used in the determination of the  $TDI_k$ , and no compensation shall be payable between the Issuer and the Holders upon the subsequent disclosure of the DI Rate that would be applicable.
- 2.2.2** If the DI Rate is not calculated and/or disclosed for more than ten (10) Business Days as of the date expected for calculation and/or disclosure, or, in case of extinction or non-applicability of the DI Rate due to a legal provision or court ruling, the Trustee shall call, in up to two (2) Business Days after the end of the non-disclosure period, or after the extinction or non-applicability of the DI Rate due to a legal provision or court ruling, a General Holders' Meeting (in the form and terms provided in Article 124 of Law No. 6404 of December 15, 1976, as amended ("Brazilian Corporations Act") and in this Instrument) for the Holders to resolve, by mutual agreement with the Issuer, the new remuneration standard to be applied ("Replacing Rate"). Up to the resolution about the Replacing Rate, the last DI Rate disclosed shall be used to calculate the

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DI Factor, and no financial compensation shall be due between the Issuer and respective Holders, in case of payment of the respective Remuneration up to the resolution about the Replacing Rate.

- 2.2.3** In the event the General Holders' Meeting provided for in Section 2.2.2 above is not initiated on second call or, if initiated, if there is no agreement on the Replacing Rate between the Issuer and the Holders representing, on first call, at least two-thirds (2/3), or, on second call, at least fifty percent (50%) plus one of the respective outstanding Promissory Notes, even if this happens due to the lack of quorum for resolution, the Issuer must redeem in advance all of the respective Promissory Notes, within ten (10) days as of the closing date of the respective General Holders' Meeting (or, if it is not initiated on the first and second call, on the date when it should have taken place on second call) or on the Maturity Date, whichever occurs first, or within another term that may be defined in the said General Holders' Meeting, at its respective Unit Par Value, plus the respective Remuneration due until the actual redemption date, calculated *pro rata temporis* as of the respective Issue Date. In that case, the last DI Rate officially disclosed shall be used to calculate the Remuneration of the Promissory Notes to be redeemed, for each day of the period with lack of rates.
- 2.2.4** If the DI Rate is disclosed before the holding of the General Holders' Meeting provided in Section 2.2.2 above and there is no legal provision or court ruling expressly preventing its use, the said meeting will no longer be held, and the DI Rate or legal replacement

for the DI Rate, as the case may be, shall be used to calculate the Remuneration as of the date of its disclosure.

### 3 REMUNERATION PAYMENT DATE

- 3.1 The Remuneration will be paid in full, in a single installment, on the Maturity Date, except in cases of Early Redemption Offer (as defined below) or early maturity of the Promissory Notes, under the terms of this Instrument, under which the Remuneration will be paid on the respective early settlement date.

### 4 PAYMENT OF THE UNIT PAR VALUE

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- 4.1 The Unit Par Value will be paid in full by the Issuer to the Holder of this Promissory Note in a single installment, on the Maturity Date or on the early settlement date, in the event of an Early Redemption Offer or the early maturity of the Promissory Notes, in accordance with this Instrument.

### 5 LATE PAYMENT CHARGES

- 5.1 In the event of late payment by the Issuer of any amount due to the Holder of this Promissory Note, under the terms of this Instrument, (i) default interest of one percent (1%) per month, calculated *pro rata temporis*, from the date of default to the date of the actual payment, and (ii) non-compensatory fine of two percent (2%), both calculated in relation to the amount due and not paid, shall be levied on any and all amounts overdue, regardless of judicial or extrajudicial notice, notification, or request ("Late Payment Charges"), without prejudice to the Remuneration.

### 6 TERM AND MATURITY DATE

- 6.1 The maturity date of this Promissory Note will happen in one thousand and ninety-six (1,096) days counted as of the Issue Date, that is, it will mature on August 27, 2024 ("Maturity Date"), save for the early settlement hypotheses resulting from the Early Redemption Offer or early maturity provided for in this Instrument.

### 7 FULL OPTIONAL EARLY REDEMPTION

- 7.1 The Issuer may, after eighteen (18) months from the Issue Date, that is, as of February 27, 2023 (including this date), redeem, at any time, all the Promissory Notes of any of the series, by sending a notice to all Promissory Note Holders of the respective series, with a copy to the Trustee, or by the publication of a notice to the holders of the Promissory Notes of the respective series, pursuant to Section 25 of this Instrument, ten (10) Business Days in advance of the event date ("Optional Early Redemption"), stating: (i) the date when the Optional Early Redemption shall occur, which must be a Business Day; and (ii) any other information relevant for the Holders of the Promissory Notes of the respective series.

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- 7.2 In the event of Optional Early Redemption, the payment of the respective Unit Par Value will be made, plus the respective Remuneration, calculated *pro rata temporis* from the respective Issue Date to the date of the actual Optional Early Redemption, adding to that amount the Optional Early Redemption Premium (as defined below), as well as a fine and default interest, if any. For the purposes of this Instrument, "Optional Early Redemption Premium" is a premium equivalent to the highest value among those described in items (1) or (2) below:

- (1) zero point fifty percent (0.50%) per year, *pro rata temporis*, based on two hundred and fifty-two (252) Business Days, levied on the Unit Par Value of the respective series, plus the respective Remuneration, calculated *pro rata temporis* from the Issue Date to the actual Optional Early Redemption date, considering the number of Business Days to elapse between the Optional Early Redemption date and the Maturity Date of the Promissory Notes of the respective series, as the case may be, according to the formula below:

$$P = VR * i * (d/252)$$

where:

P = Optional Early Redemption Premium, calculated to 8 decimal places, without rounding;

VR = Unit Par Value, to be redeemed, plus the Remuneration of the Promissory Notes, calculated *pro rata temporis*, from the Issue Date (including this date) until the actual redemption date (excluding this date);

d = number of Business Days to elapse between the actual Optional Early Redemption date (including this date) and the Maturity Date of the Promissory Notes of the series in question (excluding this date); and

$$i = 0.50\%$$

- (2) zero point twenty-five percent (0.25%), flat, levied on the Unit Par Value of the respective series, plus the respective Remuneration,



calculated *pro rata temporis* from the Issue Date to the actual Optional Early Redemption date.

- 7.3** Partial Optional Early Redemption of Promissory Notes of a given series will not be allowed (however, the Optional Early Redemption of only one (1) of the series of Promissory Notes is allowed).

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- 7.4** The Issuer shall, at least five (5) Business Days in advance from the Optional Early Redemption date, inform the Optional Early Redemption date to the Agent Bank, B3, and the Trustee.
- 7.5** The payment of the Promissory Notes to be redeemed in advance, by means of the Optional Early Redemption, will be made by the Issuer (i) following the procedures adopted by B3 for the Promissory Notes that are electronically deposited with B3 or (ii) by deposit into the checking accounts indicated by the Holders, to be carried out by the Agent Bank, in the case of Promissory Notes that are not electronically deposited with B3.

## **8 EARLY REDEMPTION OFFER**

- 8.1** The issuer may carry out, at its exclusive discretion, at any time as of the Issue Date, an early redemption offer of all Promissory Notes of any series, jointly or individually ("Early Redemption Offer"), and the Early Redemption Offer proposed by the Issuer shall be submitted to all holders of Promissory Notes of the respective series, with a copy to the Trustee. The Early Redemption Offer will be submitted to all holders of Promissory Notes of the respective series, without distinction, ensuring equal conditions to all holders of Promissory Notes of the respective series to accept the early redemption of the Promissory Notes to which they are holders, pursuant to the terms and conditions provided for in the sections below.
- 8.2** The Issuer shall make the Early Redemption Offer by disclosing a notice addressed to Holders of Promissory Notes of the respective series, to be widely disclosed under Section 25 below, or by means of individual notices to be sent by the Issuer to each of the holders of Promissory Notes of the respective series, with a copy to the Trustee and B3 ("Early Redemption Offer Notice"), which shall describe the terms and conditions of the Early Redemption Offer, including: (i) the actual date for the redemption subject matter of the Early Redemption Offer, at the same time as the payment of the Early Redemption Offer Amount (as defined below), which must be a Business Day; (ii) information that the Early Redemption Offer Amount will be calculated under Section 8.3 below; (iii) the Early Redemption Offer Amount (as defined below) corresponding to the early redemption premium to be offered by the Issuer, if any, which cannot be negative; (iv) the method and deadline for Holders of Promissory Notes to inform the Issuer of their option to adhere to the Early Redemption Offer, subject to the provisions contained in Section 8.4 below; and (v) other information necessary for Holders of Promissory Notes to make a decision and for the execution of the Early Redemption Offer.

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- 8.3** At the time of the Early Redemption Offer, the Holders will be entitled to the payment of the Unit Par Value, plus, if applicable: (i) the respective Remuneration, calculated *pro rata temporis* from the respective Issue Date to the date of the redemption subject matter of the Early Redemption Offer, as well as, as the case may be, (ii) a redemption premium that, if it exists, may not be negative, and (iii) if applicable, the late payment charges provided for in Section 5 above, due and unpaid up to the date of the relevant redemption ("Early Redemption Offer Amount").
- 8.4** After the submission or disclosure, as the case may be, of the Early Redemption Offer Notice, the Holders that choose to adhere to the Early Redemption Offer will have ten (10) Business Days to make a formal statement in this sense before the Issuer, with a copy to the Trustee.
- 8.5** If the early redemption of the Promissory Notes is carried out under the terms above, it shall take place on a single date for all Promissory Notes of Holders that adhere to the Early Redemption Offer, on the date established in the Early Redemption Offer Notice, with the resulting cancelation of the redeemed Promissory Notes.
- 8.6** The Issuer shall, at least five (5) Business Days in advance from the early redemption date, notify the early redemption date to the Agent Bank, B3, and the Trustee.
- 8.7** The payment of the Promissory Notes to be redeemed in advance, by means of the Early Redemption Offer, will be made by the Issuer (i) following the procedures adopted by B3 for the Promissory Notes that are electronically deposited with B3 or (ii) by deposit into the checking accounts indicated by the Holders, to be carried out by the Agent Bank, in the case of Promissory Notes that are not electronically deposited with B3.

## **9 SCHEDULED RENEGOTIATION**

- 9.1** The Promissory Notes will not be subject to scheduled renegotiation.

## **10 EARLY MATURITY**

**10.1** The Trustee shall consider all obligations related to the Promissory Notes due in advance and require, upon written notice, the Issuer to immediately pay the respective Unit Par Value, plus the applicable Remuneration, calculated exponentially and cumulatively *pro rata temporis* for Business Days elapsed, since the Issue Date, and the Late Payment Charges, until the date of their actual payment, regardless of any judicial or extrajudicial notice, notification, or request to the Issuer, in the event of the occurrence of any of the following hypothesis (each, an "Automatic Early Maturity Event"):

- (i) upon the occurrence of (a) liquidation or dissolution of the Issuer and/or its Controlled Companies (as defined below), (b) filing for voluntary bankruptcy or bankruptcy not defeated within the legal term, adjudication of bankruptcy, or any similar event in the competent jurisdiction that may be created by law, by the Issuer and/or its Controlled Companies (as defined below) or affiliated companies, directly or indirectly ("Affiliates"), or (c) any event similar to the previous ones that characterizes or may characterize the Issuer's and/or its Affiliates' insolvency status;
- (ii) proposal, by the Issuer and/or its Affiliates, of an out-of-court reorganization plan to any creditor or class of creditors, or any similar event in the competent jurisdiction of each company, regardless of whether the judicial ratification of the plan was requested or obtained, or even the application by the Issuer and/or its Affiliates, in court, of a request for court-supervised reorganization or equivalent proceeding in the competent jurisdiction of each company, regardless of whether the reorganization was approved or granted by the competent judge;
- (iii) challenging of this Instrument in court by the Issuer and/or any of its controlled companies and/or parent companies, and, for the purpose of this section, the definition of 'control' contained in Article 116 of the Brazilian Corporations Act is used ("Controlled Companies" and "Parent Company", respectively);
- (iv) default, by the Issuer, of any monetary obligation provided for in this Instrument, if not remedied within the grace period of one (1) Business Day (as defined below) counted as of the respective default;
- (v) default on any financial obligation of the Issuer and/or any of its Controlled Companies within the context of the financial and/or stock markets, in unit or aggregate value, equal to or greater than seventy-five million Brazilian reais (R\$ 75,000,000.00), or the equivalent amount in other currencies, respecting their respective grace period,

or, if there is no such grace period, if such default is not cured within five (5) Business Days (as defined below) as of the respective maturity date;

- (vi) declaration of early maturity of any debt and/or obligation of the Issuer and/or any of its Controlled Companies in unit or aggregate value, equal or higher than seventy-five million Brazilian reais (R\$ 75,000,000.00), or the equivalent amount in other currencies;
- (vii) spin-off, consolidation, merger (including merger of shares), or any other form of corporate restructuring involving the Issuer, without the prior and express authorization from the Holders, subject to the resolution quorum established in this Instrument;
- (viii) until the debentures are fully settled or matured with the subsequent cancellation of all of the Issuer's debentures related to the 1<sup>st</sup> issue, distribution of dividends, including dividends in advance and/or payment of interest on the shareholders' equity ("Interest on Shareholders' Equity") considered as dividends, by the Issuer, above the mandatory dividend provided for in Article 202 of the Brazilian Corporations Act, except (a) if there is a prior and express authorization from the Holders; or, (b) in case of Interest on Shareholders' Equity considered as dividends, if there is a distribution of the net profit of the respective fiscal year at a percentage of up to twenty-six percent (26%) due to the variation of Withholding Income Tax ("IRRF") rates applicable to the shareholders, pursuant to the legislation in force;
- (ix) after the full settlement or maturity of the debentures with the subsequent cancellation of all debentures issued by the Issuer relating to the 1<sup>st</sup> issue, distribution of dividends, including dividends in advance and/or payment of interest on shareholders' equity considered as dividends, by the Issuer, above the mandatory dividend provided for in Article 202 of the Brazilian Corporations Act, if the Issuer is in breach of its monetary obligations arising from this Issue and/or if an Early Maturity Event is in progress (as defined below);
- (x) if the Issuer transfers or in any way assigns or promises to assign the rights and obligations assumed under this Instrument to third parties;

- (xi) reduction of the Issuer's stockholders' capital after the date of execution of this Instrument, without the prior consent from

the Holders;

- (xii) redemption, repurchase, amortization, or bonus of shares, if the Issuer is in arrears with any of its monetary obligations established in this Instrument;
- (xiii) conversion of the Issuer's corporate type, pursuant to Articles 220 to 222 of the Brazilian Corporations Act; and
- (xiv) arbitral award or judicial or administrative decision regarding the invalidity, nullity, unenforceability, or ineffectiveness of this Instrument that is not possible to remediate pursuant to Section 13.4 of this Instrument, the effects of which are not suspended within twenty (20) Business Days as of the date on which the Issuer becomes aware of the mentioned decision.

**10.2** The occurrence of any of the aforementioned events shall be promptly informed by the Issuer to the Trustee in up to two (2) Business Days. The failure by Issuer to comply with the obligation provided for in this Section will not prevent the Trustee or Holders from, at their discretion, exercising their powers, options, and claims provided for in this Instrument and in other Issue documents, including, without limitation, the right to consider and/or declare the early maturity of the Promissory Notes, as applicable, pursuant to this Section Ten.

**10.3** Upon becoming aware of the occurrence of any of the Non-Automatic Early Maturity Events (as defined below), the Trustee shall call, in up to two (2) Business Days as of the date of awareness of the occurrence of the respective event, a General Holders' Meeting (as defined below), pursuant to Section 14 below, to resolve about a possible non-declaration of the early maturity of the Promissory Notes (each of those events a "Non-Automatic Early Maturity Event" and, along with the Automatic Early Maturity Events, the "Early Maturity Events"):

- (i) protests of securities against the Issuer and/or any of its Controlled Companies, for which payment the Issuer and/or any Controlled Company is responsible, whose value, individually or jointly, exceeds seventy-five million Brazilian reais (R\$ 75,000,000.00), except those provenly made by error or bad faith of third parties, and provided that it is validly proven by the Issuer to the Trustee within up to five (5) Business Days counted from the notification

of the said protest, except for protests in which, within fifteen (15) Business Days from the notification of the said protest, it is validly proven by the Issuer and/or by any Controlled Company that (a) the protest has been canceled, interrupted, or suspended, or (b) guarantees were provided in court in an amount at least equivalent to the amount protested;

- (ii) non-compliance by the Issuer of any non-monetary obligations provided for in this Instrument that is not remedied within up to five (5) Business Days as of the non-compliance, and the term provided in this item is not applicable to obligations to which a specific grace period has been set forth;
- (iii) non-compliance with the obligation to allocate the funds raised by means of the Promissory Notes as established in Section 22 of this Instrument;
- (iv) any of the representations or warranties made by the Issuer in this Instrument and/or in any document related to the Promissory Notes and/or the Issuance prove to be forged, incorrect, inconsistent, insufficient, or misleading;
- (v) failure to comply with any immediately enforceable judicial decision or arbitral award rendered against the Issuer, in a unit or aggregate value exceeding seventy-five million Brazilian reais (R\$ 75,000,000.00), or the equivalent value in other currencies, and, exclusively in the case of judicial decisions, except for those (a) for which the respective suspensive effect for non-payment has not been obtained within the time limit set forth in the decision itself or within thirty (30) calendar days, whichever occurs first, or (b) if such adverse decision has not been appealed, within fifteen (15) Business Days counted from the date when the Issuer is formally informed about the decision;
- (vi) default on any financial obligation of the Issuer and/or any of its Controlled Companies with suppliers and/or any third parties (provided that the financial obligations described in item 10.1(v) above will not be covered by this item), in unit or aggregate value equal to or greater than seventy-five million Brazilian reais (R\$ 75,000,000.00), or the equivalent amount in other currencies, respecting their respective grace period, or, if there is no grace period, if such default is not remedied within the grace period of five (5) Business Days counted from the respective

maturity date, unless it is proven by the Issuer to the Trustee that there was no default and/or that a judicial relief with suspensive effect was obtained declaring the unenforceability of the payment;

- (vii) transfer of the direct or indirect controlling interest of the Issuer, in accordance with the wording provided for in Article 116 of the Brazilian Corporations Act, unless Casino Guichard Perrachon S.A., enrolled with the CNPJ under No. 08.572.014/0001-91 remains as the direct or indirect controller of the Issuer, individually or by means of the control block, and provided that such transfer of control has not occurred due to the operations provided for in Section 10.1 (vii) above;
- (viii) assignment, sale, disposal, spin-off, transfer, either free of charge or onerous, of the Issuer's assets, including shares or units

of ownership of Controlled Companies, in an amount greater than the equivalent to twenty percent (20%), individually or aggregated, of the Issuer's stockholders' equity in accordance with the last audited quarterly financial statement disclosed, unless it is made (a) by assignment, sale, disposal, spin-off, transfer and/or promise to transfer the Issuer's assets, including shares or units of ownership of Controlled Companies, within the Issuer's corporate group; (b) with the Holders' prior written consent; (c) in case of disposal of used non-fixed assets that are used in the normal course of the Issuer's business exclusively for the purpose of replenishment; or (d) in the event of sale and lease-back operations with a term of at least fifteen (15) years, encompassing assets in an amount that is less than twenty percent (20%) of the Issuer's fixed assets per year, based on the audited financial statements for each year, and this limit is calculated on an annual basis for each calendar year counted from the Issue Date and provided that (i) the respective funds are used by the Issuer in the Issuer's real estate development course, for the purpose of investing in new stores and subject to the other restrictions provided for in this document; and (ii) the total fixed assets ascertained based on the audited financial statements regarding the closing of each fiscal year of the Issuer is not less than three billion and five hundred million Brazilian reais (R\$ 3,500,000,000.00);

- (ix) amendment to the Issuers' business purpose that results in the change of the Issuer's main business activity, or adds an activity that implies changes in the Issuer's main business activity;
- (x) non-maintenance by the Issuer, while there are outstanding Promissory Notes, of the following financial indexes and limits ("Financial Indexes and Limits"), which will be quarterly assessed by the Issuer based on the twelve (12)

months before the respective assessment date, based on the Issuer's consolidated financial statements (or interim financial information), and monitored by the Trustee in up to ten (10) Business Days as of the date of submission of the necessary documents by the Issuer to the Trustee, provided that the first assessment will be made based on the Issuer's interim financial information for the quarter ended September 30, 2021.

- (a) Until the occurrence of the maturity in the normal course (that is, without early maturity) or early redemption of the debentures of the 1<sup>st</sup> Issue, the ratio between Consolidated Net Debt (as defined below) ("Consolidated Net Debt") and Stockholders' Equity (as defined below) ("Stockholders' Equity") lower or equal, according to the table below:

Quarter	3Q21	4Q21	1Q22	2Q22	3Q22	4Q22	1Q23	2Q23
Consolidated Net Debt/Stockholders' Equity	5.0	3.0	3.5	3.5	3.5	2.00	2.5	2.5

- (b) From the maturity in the normal course (that is, without early maturity) or early redemption of the debentures of the 1<sup>st</sup> Issue, until the Maturity Date, the ratio between the Consolidated Net Debt and the Stockholders' Equity lower than or equal to three integers (3.0).

- (c) Until the occurrence of the maturity in the normal course (that is, without early maturity) or early redemption of the debentures of the 1<sup>st</sup> Issue, the ratio between the Consolidated Net Debt and EBITDA (as defined below) ("EBITDA") lower or equal, according to the table below;

Quarter	3Q21	4Q21	1Q22	2Q22	3Q22	4Q22	1Q23	2Q23
Consolidated Net Debt/EBITDA	3.25	2.5	2.75	2.75	2.75	2.0	2.25	2.25

- (d) From the maturity or early redemption of the debentures of the 1<sup>st</sup> Issue, until the Maturity Date, the ratio between the Consolidated Net Debt and EBITDA lower than or equal to three integers (3.0).

- (xi) performance of financial transactions and/or other transactions and/or the execution of any agreements with related parties not directly or indirectly controlled by the Issuer, not essential to the Issuer's business, or the provision of guarantees on behalf or to the benefit of its direct or indirect Controlling Shareholders, except if such transactions take place upon prior and express authorization from the Holders;
- (xii) creation of any Liens (defined as mortgage, pledge, fiduciary sale, fiduciary assignment, usufruct, trust, charge, encumbrance or burden, attachment, sequestration, or levy, either judicial or extrajudicial, voluntary or involuntary, or another act with a practical effect similar to any of the terms above) in unit or aggregate value equal to or higher than seventy-five million Brazilian reais (R\$ 75,000,000.00), or the equivalent amount in other currencies ("Liens"), on present and/or future asset(s) and/or revenue(s) of the Issuer, including, but not limited to, shares or units of ownership of its subsidiaries, except: (a) for Liens existing on the Issue Date; (b) for Liens created as a result of renewals, substitutions, or renegotiations of all or part of debts existing on the Issue Date, so long as the Liens are constituted exclusively on the asset guaranteeing the renewed, substituted, or renegotiated debt on the Issue Date; (c) for the fiduciary sale or other security interest constituted exclusively

in transactions in the course of the Issuer's real estate development, for the purpose of investing in new stores, provided that they have an average term and maturity date greater than the Maturity Date of the Promissory Notes of the Second (2<sup>nd</sup>) Series and up to a limit of twenty percent (20%) of its fixed assets; (d) for Liens existing on any asset of any company when that company is merged by the Issuer, and that has not been created as a result of, or in advance of this event; or (e) for guarantees provided on bank debts or transactions performed in the stock market that are due by the Issuer or its Controlled Companies and up to a limit of twenty percent (20%) of its stockholders' equity; and

- (xiii) non-compliance, as verified in a court decision, by the Issuer, its Controlling Shareholders, and Controlled Companies, as well as by its employees and respective officers and members of the board of directors, acting on behalf of the Issuer, as applicable, with Law No. 12.846, of August 1, 2013, as amended, Decree No. 8420, of March 18, 2015, the UK Bribery Act of 2010, as amended, and the U.S. Foreign Corrupt Practices Act of 1977, as amended,

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as well as other applicable rules that address acts of corruption and harmful to the government ("Anti-corruption Laws").

**10.4** For the purposes of Section 10.3 above, the following terms are defined as: (i) "Consolidated Net Debt" the Issuer's full debt (short and long-term loans and financings, including debentures and promissory notes), subtracted from the amount of cash available and accounts receivable, with a discount of one point five percent (1.5%), resulting from sales with credit card, food vouchers, and multiple benefits; and (ii) "EBITDA", the gross profit deducted from the resulting operating expenses, excluding depreciation and amortization, added with other recurring operating revenues and excluding general administrative and sales expenses throughout the last four (4) quarters covered by the most recent consolidated financial statements made available by the Issuer, prepared according to the Brazilian generally accepted accounting principles.

**10.5** The non-declaration of the early maturity of the Promissory Notes in the event of occurrence of a Non-Automatic Early Maturity Event shall be decided by Holders representing, in the first or second call, at least two-thirds (2/3) of the outstanding Promissory Notes.

**10.6** In the event that the General Holders' Meeting mentioned in Section 10.5 above is not initiated due to lack of quorum, on the first and second call, or if there is not a sufficient quorum to not declare the early maturity, the Trustee shall formalize minutes of the General Holders' Meeting stating that, due to the fact that the meeting was not initiated or due to lack of a quorum, the early maturity of all obligations arising from the Promissory Notes will be declared and shall require the immediate payment of the respective Unit Par Value, plus Remuneration and other charges due until the date of the actual payment, in accordance with the terms of Sections 10.7 and 10.8 below.

**10.7** In the event of early maturity of the Promissory Notes declared by the Trustee, the Issuer undertakes to pay the respective Unit Par Value, plus the respective Remuneration, calculated exponentially and cumulatively *pro rata temporis* for Business Days elapsed since the Issue Date until the date of its actual payment, as well as any other amounts due by the Issuer under the terms of this Instrument.

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**10.8** The payment of the amounts mentioned in the previous Section, as well as of any other amounts possibly due by the Issuer under this Section, shall be made in up to one (1) Business Days of the notice in writing to be sent by the Trustee to the Issuer, pursuant to Section 27 of this Instrument, outside B3's scope, and, if the Issuer fails to do so, it shall be subject to the penalty of payment of the late payment charges provided for in Section 5 of this Instrument.

**10.9** The Trustee shall notify, immediately, in writing, any early maturity of the Promissory Notes to the Issuer, B3, and the Agent Bank (i) by electronic mail immediately after the declaration of the early maturity, and/or (ii) by registered mail or mail with acknowledgment of receipt ("AR") issued by the Post Office.

**10.10** However, if the payment of all Promissory Notes provided for above is made through B3, the Issuer shall notify B3, by mail along with the Trustee, of such payment, at least three (3) Business Days before the date established to make such a payment.

## **11 FORM, CIRCULATION, AND PROOF OF OWNERSHIP**

**11.1** The Promissory Notes are issued in form of an instrument and will be held under the custody of Itaú Corretora de Valores S.A., a company regularly organized and authorized to operate by the Brazilian Central Bank pursuant to the National Monetary Council Resolution No. 165 of October 26, 1989, with its principal place of business located in the City of São Paulo, State of São Paulo, at Avenida Brigadeiro Faria Lima, 3500, 3<sup>rd</sup> andar, ZIP code 04538-132, enrolled with the CNPJ/ME under No. 61.194.353/0001-64, as a provider of custodian services for the physical custody of this Promissory Note ("Custodian"), whose definition includes any another institution that may succeed the Custodian in providing the custodian services regarding the Promissory Notes), and will circulate by full endorsement, without guarantee from the endorser, of a mere transfer of ownership. While they are the subject matter of a centralized deposit, the circulation of the Promissory Notes will be made by means of the book-entry records made on the deposit accounts held with B3, which will endorse the Instruments of the Promissory Notes to the final creditor at the time of termination of the registration with B3.

**11.2** For all legal purposes, the ownership of this Promissory Note will be evidenced by the possession of this Instrument, in accordance with the law applicable to negotiable instruments of this kind. In addition, the ownership of the Promissory Notes will be

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evidenced by an extract issued by B3 in the name of the respective holder of the Promissory Notes, for Promissory Notes that are electronically deposited with B3.

## **12 SUBSCRIPTION PRICE, PAYMENT METHOD, AND SUBSCRIPTION PROCEDURE**

**12.1** The subscription and payment price of this Promissory Note will correspond to the Unit Par Value and will be paid in cash, at the time of subscription, on the Issue Date, exclusively by means of the MDA - *Módulo de Distribuição de Ativos* (Assets Distribution Module) ("MDA"), in accordance with B3's settlement rules, in national currency. All Promissory Notes will be subscribed to and paid in on the same date.

**12.2** The subscription price may be increased by premium or have a discount on the issue date, provided that they are offered on equal terms to Professional Investors (as defined below).

**12.3** The holders of this Promissory Note, at the time of subscription, must provide the Lead Manager with a written statement, attesting, among other things, that they are aware that: (i) the Offer was not registered with the CVM; and (ii) this Promissory Note is subject to the trading restrictions provided for in CVM Instruction 476 and in this Instrument, as applicable

**12.4** By subscribing, paying, or acquiring this Promissory Note on the primary or secondary market, the holder of this Promissory Note grants, automatically and in advance, their express consent to B3, the Issuer, the Agent Bank and/or Custodian to inform the Trustee of the existence of the holder of this Promissory Note.

## **13 ISSUER'S ADDITIONAL OBLIGATIONS**

**13.1** Without prejudice to the other obligations set out in the applicable regulation, the Issuer undertakes to comply with all the obligations mentioned below:

(a) provide to the Trustee or make available on its website and on the CVM website, as appropriate:

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(i) in up to ninety (90) days after the end of each fiscal year, or in up to five (5) Business Days from the disclosure date, whichever occurs first, a copy of the Issuer's complete financial statements regarding the respective fiscal year, accompanied by the management report and opinion from independent auditors, as applicable. The information mentioned in this item shall be followed by: (1) a report with the calculation showing the assessment of Financial Indexes and Limits, prepared by the Issuer, showing the necessary titles for its assessment, and the Trustee may request from the Issuer and/or the Issuer's independent auditors all possibly necessary additional clarifications; and (2) a statement, signed by the Issuer's legal representatives, in accordance with its Articles of Incorporation, certifying: (2.1) that the provisions contained in the Instrument remain valid; and (2.2) the non-occurrence of any of the Early Maturity Events and absence of default of the Issuer's obligations before the Holders and the Trustee;

(ii) in up to forty-five (45) days after the end of the three (3) first fiscal quarters or five (5) Business Days after the disclosure to the market, whichever occurs first, a copy of the Issuer's quarterly information regarding the respective quarter, followed by the management report and opinion from the independent auditors. The information mentioned in this item shall be followed by a report with the calculation showing the assessment of Financial Indexes and Limits, prepared by the Issuer, showing the necessary titles for its assessment, and the Trustee may request from the Issuer and/or the Issuer's independent auditors all possibly necessary additional clarifications;

(iii) within ten (10) Business Days, or in a shorter period if so requested by the competent authority, any information that may be requested by the Trustee, for the Trustee to fulfill its obligations under the terms of this Instrument and CVM Resolution No. 17, of February 9, 2021 ("CVM Resolution 17");

(iv) on the publication date, the information disclosed pursuant to Section 25 of this Section (sic);

(v) notices to the Holders, material facts, as well as minutes of the Issuer's general meetings and meetings of the board of directors, as applicable, that in any way involve the Holders' interest, within two (2) Business Days as of the date when they are (or should have been) published, or, if not published, from the date when then are made;

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(vi) if it is aware, information about any non-remedied breach, either of a monetary nature or not, of any section, terms, or conditions of this Instrument, in up to five (5) Business Days as of the breach date, without prejudice to the provisions in



item "e" below;

(vii) in up to five (5) Business Days after its receipt, a copy of any mail or court notice received by the Issuer that could result in a Material Adverse Effect (as defined below) to the businesses, financial status, or the result of the Issuer's operations;

(viii) in up to five (5) Business Days after becoming aware of it, information of any nature that may result in a Material Adverse Effect;

(ix) an original copy of the attendance list and an electronic copy (pdf) with JUCERJA's digital seal of acts and meeting of Holders that may be held within the scope of the Issue; and

(x) all other documents and information that the Issuer, pursuant to terms and conditions established in this Instrument, undertook to send to the Trustee;

- (b) submit, pursuant to the law, its accounts and balance sheets to be analyzed by an independent audit firm registered with the CVM;
- (c) maintain in proper operation a department to efficiently serve the Holders or hire financial institutions authorized to provide such service;
- (d) call, pursuant to Section 14 of this Instrument, a General Holders' Meeting to resolve any matters related to this Issue, directly or indirectly, in the event the Trustee fails to comply with such an obligation under the terms of this Instrument;
- (e) inform the Trustee, within no later than two (2) Business Days, of the occurrence of any event provided for in Section 6 of this Instrument;

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- (f) fulfill all decisions rendered by the CVM, including those that require the submission of documents, providing, also, any information requested;
- (g) refrain from conducting operations unrelated to its corporate purpose, with due regard for the provisions of the by-laws, legal and regulatory provisions in effect;
- (h) notify the Trustee, within two (2) Business Days, of any material change in the financial, economic, commercial, operating, regulatory or corporate conditions or in Issuer's business that (a) impedes or significantly hinders compliance, by Issuer, of its obligations arising from this Instrument and the Promissory Notes; or (b) cause the financial statements or information prepared by Issuer to no longer reflect the actual economic and financial condition of Issuer;
- (i) keep its goods and assets properly insured, in accordance with its current practices, and the Trustee is not responsible for monitoring such insurance;
- (j) not perform any act in disagreement with its Articles of Incorporation and this Instrument, or any other document regarding the Restricted Offering, especially those that may, directly or indirectly, commit the timely and complete fulfillment of the obligations assumed with the Holders;
- (k) comply with all applicable laws, regulations and orders in any jurisdiction in which the Issuer conducts business or has assets, except in cases where, in good faith, the Issuer is discussing the applicability of the law, rule, or regulation at the administrative or judicial branches, and such discussion does not interrupt or suspend the Issuer's activities, or may result in material adverse effect: (a) on the Issuer's economic, financial, reputational or operating status; or (b) in the punctual fulfillment of the obligations assumed by the Issuer before the Holders, under the terms of this Instrument ("Material Adverse Effect");
- (l) keep contracted, during the term of effectiveness of Promissory Notes, at its expenses, the Agent Bank, the Custodian, Trustee, and the trading environment at the secondary market (CETIP21);

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- (m) pay all expenses evidenced by the Trustee as may be necessary to protect the rights and interests of Holders or to realize their claims, including legal fees and other expenses and costs incurred by virtue of the collection of any amount due to the Holders under the terms of this Instrument;
- (n) make the payment of any taxes or contributions that affect or shall affect Issue and which are Issuer's responsibility;
- (o) during the term of effectiveness of the Promissory Notes, keep valid and regular the representations and warranties made in this

Instrument, whenever applicable;

- (p) not disclose to the public information relating to Issuer, Restricted Offer or Promissory Notes in disagreement with the applicable regulations, including, but not limited to, the provisions of CVM Instruction 476 and article 48, item II of CVM Ruling 400, of December 29, 2003, as amended;
- (q) refrain from trading securities issued by it until the closing communication of the Restricted Offer to CVM by the Lead Manager subject to the provisions of article 12 of CVM Instruction 476;
- (r) refrain from sending the Restricted Offer closing communication to the CVM by the Lead Manager, to (a) disclose information about the Restricted Offer, except as necessary for the achievement of its purposes, advising the addressees of the reversed information transmitted; and (b) use the information relating to the Restricted Offering, except for purposes strictly related to the preparation of the Restricted Offering;
- (s) maintain the Promissory Notes deposited for trading in the secondary market during the term of effectiveness of the Promissory Notes, bearing the costs of said deposit;
- (t) make and provide evidence to the Trustee of all necessary records, registrations and prentices, as provided in this Instrument, in the competent bodies;
- (u) notify the Holders and Trustee, within two (2) Business Days, if any of the representations made by the Issuer in this Instrument become partially or fully untrue, incomplete, or inaccurate;

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- (v) inform and send the organizational chart, all financial information, and corporate acts necessary to prepare the annual report, pursuant to CVM Resolution 17, as requested by the Trustee, which shall be duly sent by the Issuer within ten (10) Business Days as of the Trustee's request. The aforementioned organization chart of Issuer's corporate group shall contain, including, parent companies, controlled companies, under common control, affiliates, and controlling group member, at the end of each fiscal year;
- (w) maintain valid and regulated the licenses, concessions, authorizations, or approvals necessary for its regular operations, except for those that are under challenge in good faith and/or under legal process of renewal, and that causes no Material Adverse Effect;
- (x) comply with the provisions of the legislation in force pertaining to the National Environmental Policy, Resolutions of CONAMA - National Council for the Environment, and other applicable supplementary environmental laws and regulations, and take any preventive or remedial measures and actions, aimed at avoiding and correcting any environmental damage resulting from the activity described in its corporate purpose;
- (y) observe the legislation in force, especially labor, social security, and environmental legislation, always making sure that (a) the Issuer does not use, directly or indirectly, work in conditions similar to slavery or child labor; (b) the employees of the Issuer are duly registered, in accordance with the legislation in force; (c) the Issuer complies with the obligations arising from the respective employment agreements, and labor and social security legislation in force; (d) the Issuer complies with the legislation applicable to the protection of the environment, as well as public health and safety; (e) the Issuer holds all permits, licenses, authorizations, and approvals necessary for the exercise of their activities, in compliance with the applicable environmental legislation; and (f) the Issuer has all the required registrations, in accordance with applicable civil and environmental legislation;
- (z) if it becomes aware of any act or fact that breaches the Anti-corruption Laws, immediately inform the Trustee;
- (aa) make eventual payments due to the Holders exclusively by the means provided for in this Instrument;

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- (bb) comply with the Anti-Corruption Laws and ensure that its Controlled Companies, as well as their respective managers, shareholders with management powers and respective employees acting on behalf of the Issuer, especially those who come into contact with the celebration of this Instrument, comply with the Anti-corruption Laws;
- (cc) maintain and ensure that its Controlled Companies and Affiliates maintain internal policies and/or procedures aimed at complying with Anti-Corruption Laws; and
- (dd) make the best efforts so that any subcontracted parties be aware of the need to comply with the Issuer, its Controlled Companies, and Affiliates policies and/or procedures related to Anti-Corruption Laws.

**13.2** Issuer hereby irrevocably and irreversibly undertakes to ensure that its operations in the B3 environment are always supported by good market practices, with full and faithful compliance with the rules applicable to the matter, holding the Trustee harmless from any and all

liability for claims, loss, damages, loss of profits and/or prospective profits to which noncompliance with said rules may give rise, provided they are proven to have occurred not by fault of the Trustee.

**13.3** Without prejudice to other obligations expressly provided in the regulations in force and this Instrument, the Issuer undertakes, pursuant to CVM Instruction 476, as applicable:

- (a) prepare the year-end financial statements and, if applicable, the consolidated statements, in accordance with the Brazilian Corporations Act and with the rules enacted by CVM;
- (b) submit its financial statements to auditing, by an auditor registered with the CVM;
- (c) disclose, until the day before the beginning of the trading of the Promissory Notes in the secondary market, the financial statements, accompanied by explanatory notes and the report of the independent auditors, regarding the last three (3) fiscal years ended;
- (d) disclose the subsequent financial statements, accompanied by explanatory notes and independent auditors' reports, within three (3) months as from the end of the fiscal year;

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- (e) fulfill the provisions of CVM Instruction 358, of January 3, 2002, as amended (CVM Instruction 358) regarding the duty of secrecy and prohibitions on trading;
- (f) disclose on its page on the world wide web the occurrence of any "Material Fact", as defined in article 2 of CVM Instruction 358 and communicate the occurrence of such a Material Fact immediately to Coordinators and Trustee;
- (g) provide all information requested by CVM and B3;
- (h) disclose on its page on the world wide web of computers the annual report and other communications sent by the Trustee on the same date of receipt thereof, also observing the provisions of letter "d" above;
- (i) comply with the provisions of the specific regulation issued by CVM, in the event a holders of promissory notes meeting is called, to be held partially or exclusively digitally.

**13.4** If any of the provisions of this Instrument is deemed to be illegal, invalid or ineffective, all other provisions not affected by such judgment shall prevail, and Issuer and Trustee, in good faith, undertake to replace the affected provision with another, which, to the extent possible, produces the same effect.

## **14 PROMISSORY NOTES HOLDERS GENERAL MEETING**

**14.1** The Holders may, at any time, meet in a general holders' meeting, so as to resolve on any matter of interest for the community of Holders ("General Holders' Meeting"), in accordance with article 71 of the Brazilian Corporations Act.

**14.2** The General Holders' Meeting may be called (i) by the Trustee; (ii) by the Issuer; (iii) by Holders representing at least ten percent (10%), of the Outstanding Promissory Notes; and/or (iv) by the CVM.

**14.2.1** The General Holders' Meeting shall be called by means of a notice published at least three (3) times under the terms of Section 25 below, subject to other rules related to the publications of notices calling general meetings, as set forth in the

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Brazilian Corporations Act, applicable regulation and this Instrument, whereas call is waived in case of attendance of all Holders.

**14.3** The provisions of the Brazilian Corporations Act concerning the general shareholders' meetings shall be applied to the General Holders' Meeting, as applicable.

**14.4** The position of chairman in the General Holders' Meeting will be the responsibility of the Holder elected by the Holders present or the one designated by CVM.

**14.5** The General Holders' Meeting must be held within thirty (30) days counted from the first publication of the call notice or, if there is no quorum to hold the General Meeting on the first call, within eight (8) counted from the date of first publication of the second call notice.

**14.6** The General Holders' Meeting will be called, on first call, with the presence of Holders representing at least half of the Outstanding Promissory Notes and, on second call, with any quorum. The General Holders' Meeting may be held in person or by videoconference, at the discretion of the Issuer, subject to the regulations in force.

**14.6.1** Once the General Holders' Meeting is established, the Holders of Outstanding Promissory Notes may decide to suspend the work to resume the respective General Meeting at a later date, provided that the suspension is approved by the same quorum established for deliberation of the matter that will be suspended until the resumption of work, subject to the provisions of article 129 of the Brazilian Corporations Act.

**14.6.2** In the event of suspension of the work for resolution at a later date, the matters already resolved and approved or rejected until the suspension of the General Holders' Meeting established cannot be voted on again when the work is resumed. The resolutions already taken will, for all legal purposes, be perfect legal acts.

**14.6.3** Matters that are not voted until the suspension of the works will not be considered resolved and will not produce any effects until the date of their effective resolution.

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**14.7** Each Promissory Note grants its holder the right to one vote at the General Meetings, whose resolutions will be taken by the Holder, and the appointment of representatives is allowed. Resolutions taken by Holders, within the scope of their legal competence, subject to the quorums established in this Instrument, will be existing, valid, and effective before the Issuer and will bind all holders of Promissory Notes, regardless of whether they attended General Holders' Meeting or the vote cast in the General Holders' Meeting.

**14.8** The presence of the Issuer's legal representatives at the General Meeting called by the Issuer will be mandatory, while at the General Meetings called by the Holders or the Trustee, the presence of the Issuer's legal representatives will be optional, unless requested by the Holders or by the Trustee, as the case may be, in which case it will be mandatory.

**14.9** Trustee shall attend General Meetings to provide the information thereto requested Holders.

**14.10** Except for the provisions of Section 14.11 below, all resolutions to be taken at the General Holders' Meeting will depend on the approval of Holders representing, on first call, at least two thirds (2/3) of the outstanding Promissory Notes, or on second call, by Holders representing the majority of outstanding Promissory Notes.

**14.11** Not included in the quorum referred to in Section 14.10 above:

- (a) the quorums expressly provided for in other items and/or Sections of this Instrument;
- (b) any change (i) in the term of effectiveness of the Promissory Notes; (ii) on Remuneration Payment Dates; (iii) in the Remuneration calculation parameter; (iv) resolution quorums of General Meetings; or (v) in the wording of the Early Maturity Events, amendment of the terms and conditions of the Optional Early Redemption and/or Early Redemption Offer above, shall be approved by Holders who represent, on the first or second call, at least ninety percent (90%) of the outstanding Promissory Notes or of the outstanding Promissory Notes of the respective series.
- (c) in the event of a resolution on prior or subsequent waiver and/or temporary pardon in relation to any of the Early Maturity Event, as well as matters related to the waiver request in question, the matter shall be approved by Holders who represent,

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on first call at least, two thirds (2/3) of the outstanding Promissory Notes, or on second call, the majority of the outstanding Promissory Notes.

- (d) The non-statement of early maturity of the Promissory Notes, in the event of a Non-Automatic Early Maturity Event, pursuant to Section 10.3 of this Instrument, will depend on the approval of Holders representing at least two thirds (2/3) of the outstanding Promissory Notes.

**14.12** For the purpose of setting the establishment and resolution quorum regarded in this Section 14, as well as for the purposes of this Instrument, it will be considered as outstanding Promissory Notes the Promissory Notes issued by the Issuer that have not yet been redeemed and/or liquidated, and the Issuer shall deduct from the number such Promissory Notes that it has in treasury, or those that belong to its Parent Company or any of its Controlled Company and other Affiliates, as well as the respective officers or directors, and respective relatives up to the second degree.

**14.13** The Holders, representatives of the Outstanding Promissory Notes, who did not attend a General Holders' Meeting that has been suspended will be admitted to the resumption of this one and will have their rights to participate, vote and resolve on the matters on the agenda that have not been voted on, until the closing and drawing up of the meeting. The Holders, in this act, exempt the Trustee from any responsibility in relation to the provisions herein.

## **15 DISTRIBUTION, TRADING AND PLACEMENT**

**15.1** The Promissory Notes will be deposited to:

- (i) distribution in the primary market exclusively through the MDA, managed and operated by B3, with the distribution being financially settled through B3, and concomitantly with the settlement, the Promissory Notes will be deposited on behalf of the holder in the B3 Electronic Custody System; and
- (ii) trading in the secondary market through CETIP21 - Securities ("CETIP21"), managed and operated by B3, and the negotiations shall be financially settled and the Promissory Notes deposited electronically in B3.

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**15.2** The Promissory Notes will be offered exclusively to a maximum of seventy-five (75) professional investors, as defined in the terms of article 11 of CVM Resolution No. 30, of May 11, 2021, as amended ("Professional Investors"), and may be subscribed and paid in by a maximum of fifty (50) Professional Investors.

**15.3** Notwithstanding the provisions of the paragraph above and subject to compliance by the Issuer with the obligations set forth in article 17 of CVM Instruction 476, the Promissory Notes may only be negotiated, as provided for in articles 13 and 15 of CVM Instruction 476, or regulated securities markets after ninety (90) days have elapsed from each subscription or acquisition of each Promissory Note by Professional Investors, except in the case of the lot of Promissory Notes subject matter of the exercise of the firm guarantee by the Coordinators ("Firm Guarantee"), and in the subsequent negotiation: (i) the purchaser observes the abovementioned restriction of ninety (90) days, counted from the exercise of the Firm Guarantee; and (ii) the limits and conditions provided for in Articles 2 and 3 of CVM Instruction 476 and other applicable legal and regulatory provisions are observed.

## **16 GUARANTEES**

**16.1** The Promissory Notes will not have any personal or real estate guarantees and will not be guaranteed.

## **17 PAYMENT LOCATION**

**17.1** The payments to which the Holders are entitled will be made by the Issuer on the respective due date in accordance with B3's procedures for Promissory Notes that are electronically deposited at B3 or, if not electronically deposited at B3, at the Issuer's principal place of business, or, even, in accordance with the procedures adopted by the Agent Bank, as applicable. The Holders of the Promissory Notes or the Business Day (as defined below) immediately prior to payment will be entitled to receive any amounts arising from the Promissory Notes.

## **18 TERM EXTENSION**

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**18.1** The deadlines referring to the payment of any obligation provided for in this Promissory Note will be automatically considered extended if its maturity coincides with any day that is Saturday, Sunday or a national holiday, until the first (1st) subsequent Business Day, without any increase to the amounts to be paid.

**18.2** For purposes of the Issue, "Business Day(s)" means any day other than Saturday, Sunday and a national holiday.

## **19 ISSUER'S REPRESENTATIONS AND WARRANTIES**

**19.1** Issuer hereby represents and warrants to Trustee that, on this date:

- (i) it is a duly organized corporation, constituted and existing in accordance with Brazilian laws;
- (ii) it is duly authorized and has obtained all of the necessary licenses and authorizations, including of a corporate nature, for execution of this Instrument, the Issue of Promissory Notes, and fulfillment of its obligations provided for herein, and all of the necessary legal and statutory requirements for such purpose have been fulfilled;
- (iii) the legal representatives who sign this Instrument have the statutory and/or delegated powers to assume, on their behalf, the obligations set forth herein, and being representatives, had the power legitimately granted with their respective mandates in full force;
- (iv) the execution of this Instrument and fulfillment of its obligations provided in this Instrument, as well as that the issue and public distribution of Promissory Notes do not breach or violate (a) any agreement or document to which the Issuer is a party or to which any of its assets or properties are bound, nor shall it result in (1) early maturity of any obligation provided in any of those agreements or instruments; (2) creation of any liens or encumbrances over any of the Issuer's assets and property; or (3) termination of any such agreements or instruments; (b) any law, decree or regulations to which the Issuer or any of its assets and

- (v) it has all relevant authorizations and licenses required by federal, state, and local authorities for the regular exercise of its activities, and they are all valid, also considering that authorizations and licenses that are not obtained or renewed by the Issuer may not cause a Material Adverse Effect;
- (vi) it is complying with all laws, regulations, administrative rules, and orders from government authorities, agencies, or courts, applicable to the exercise of its businesses and that (a) are relevant to the performance of the Issuer's activities and the maintenance of its property; or (b) the non-compliance by the Issuer may not cause a Material Adverse Effect, including the provisions in the legislation in force regarding the National Environmental Policy, Resolutions of the National Environmental Council - CONAMA, and other supplementary environmental legislation and regulations that are likewise relevant for the performance of the Issuer's activities, taking precautionary measures and actions or reparatory, to avoid or remedy possible environmental damage resulting from the exercise of the activities described in its respective corporate purpose, and the environmental laws, regulations, legislation, and orders from government authorities, agencies, or courts, applicable to the performance of the Issuer's businesses. The Issuer also undertakes to carry out all due diligence required to carry out its activities, preserving the environment and complying with the determinations of the municipal, state and federal agencies that may, secondarily, legislate or regulate the environmental rules in force;
- (vii) complies with the laws, regulations and other environmental and labor rules in force, relating to the environment and occupational health and safety, so that: (a) does not use child labor and/or slave labor in the conduct of its activities; (b) does not adopt actions that encourage prostitution; (c) does not practice racial and gender discrimination; (d) does not infringe on the rights of foresters; (e) the Issuer's workers are duly registered under the terms of the legislation in force, except to the extent that the absence of such registration cannot cause a Material Adverse Effect; (f) the Issuer complies with the obligations arising from the respective employment contracts and the labor and social security legislation in force, except to the extent that the absence of such registration cannot cause a Material Adverse Effect; and (g) did not practice any act or adopt any measure capable of causing a crime to the environment; further declaring that it was not definitively convicted in the judicial or administrative sphere for (1) labor issues involving the matters referred to in items "a" to "d" above; or (2) crime against the environment;

- (viii) Issuer's financial statements regarding the fiscal year ended on June 30, 2021, accurately represent the Issuer's equity and financial status on those dates and for those periods, and they have been duly prepared under the Brazilian generally accepted accounting principles;
- (ix) the Issuer is not aware of the existence of any lawsuit, arbitral or administrative proceeding, investigation, or any type of government investigation that may cause a Material Adverse Effect;
- (x) the Issuer's consolidated and audited financial statements regarding the fiscal years ended on December 31, 2020, 2019, and 2018, are true, complete, accurate, and correct in all aspects, on the date they have been prepared and/or published, and they clearly and accurately represent the Issuer's financial and equity status, results, operations, and cash flows in the period, and up to the execution of this Instrument (a) there was no Material Adverse Effect, (b) there was not material transaction involving the Issuer outside its regular course of business, (c) there was no material increase in the Issuer's indebtedness;
- (xi) the information and representations in this Instrument regarding the Issuer and Restricted Offering, as the case may be, are true, accurate, correct, and sufficient;
- (xii) it has not omitted a fact, of any nature, which is known to them and which may result in a Material Adverse Effect in prejudice of the Professional Investors that may acquire Promissory Notes;
- (xiii) it is in compliance with the obligations in this Instrument and it is not, on this date, incurring any of the Early Maturity Events;
- (xiv) there is no connection between the Issuer and the Trustee that prevents the Trustee from fully exercising its duties;
- (xv) the Issuer hereby represents, on its behalf and on behalf of its Controlled Companies, as well as its managers and employees, herein, that it is aware of the provisions in the Anti-corruption Laws and it undertakes to refrain from practicing any activity that is a violation to the provisions in the Anti-corruption Laws. The Issuer also declares (a) that it adopts the best practices (and causes its Controlled Companies and other Affiliates, as well as its managers and employees



maintain) internal policies and procedures that ensure full compliance with such rules and give full knowledge of such rules to all professionals who may have a relationship with the Issuer;

- (xvi) on this date, (a) there is no violation or indication of violation of any legal or regulatory provisions, whether national or foreign, concerning the practice of corruption or acts harmful to the public administration, including, without limitation, Anti-Corruption Laws, by the Issuer, its Controlled Companies and other Affiliates, as well as by its managers; and (b) declares that there is no conviction in the administrative or judicial sphere, notably for reasons of corruption or for any reason related to non-compliance with the Anti-Corruption Laws;
- (xvii) this Instrument constitutes a legal, valid, effective, and binding obligation of the Issuer, enforceable in accordance with its terms and conditions, with the force of an extra-judicially enforceable instrument pursuant to article 784, of the Code of Civil Procedure, and
- (xviii) it is fully aware and fully agrees with the form of disclosure and assessment of the DI Rate, disclosed by B3, and that the form of calculation of the Compensation was covenanted by free will of the Issuer, with observance of the principle of good faith.

## **20 EXPENSES**

- 20.1** The Issuer will be responsible for the expenses and costs related to the registration fee at B3, contracting of the Agent Bank, Custodian and the Trustee.
- 20.2** The payment referred to in Section 20.1 above will be made within ten (10) Business Days from the delivery, to the Issuer, of a copy of the documents proving the expenses actually incurred and necessary to protect the rights of the Holders.
- 20.3** All expenses that the Trustee may incur in order to safeguard the interests of the investors shall be previously approved and advanced by the investors, and subsequently reimbursed by the Issuer. Such expenses include legal fees, including third parties',

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deposits, indemnities, legal costs and fees of lawsuits proposed by the Trustee, provided that they are related to the default settlement, as a representative of the investors. Any eventual expenses, deposits and legal costs arising from the loss of suit will also be borne by the investors, as well as the remuneration and reimbursable expenses of the Trustee, in the event that the Issuer remains in default with respect to the payment thereof for a period exceeding ten (10) calendar days.

- 20.4** The expenses referred to in Section 20.3 above will include, but not be limited to, those incurred with the following matters, provided that they are duly evidenced:
  - (a) publication of reports, notices and notifications;
  - (b) extraction of certificates and notary expenses;
  - (c) photocopying, scanning and sending documents;
  - (d) costs incurred in telephone contacts related to the Issue;
  - (e) locomotion between States of the Federation and respective accommodation, transport and food; and
  - (f) expenses with specialists, such as auditing and/or inspection, among others, or legal advice.
- 20.5** The Trustee's credit for expenses incurred to protect the rights and interests or to carry out credits of the Holders that have not been settled in the manner established herein will be added to the Issuer's debt, preferring them in the payment order.

## **21 PLACEMENT REGIME**

- 21.1** This Promissory Note is subject to public distribution with restricted distribution efforts, pursuant to CVM Instruction 566 and CVM Instruction 476, being, therefore, automatically exempt from registration with the CVM, and the public distribution is carried out under a firm guarantee of placement for the entirety of the Promissory Notes, with the intermediation of institutions that are part of the securities distribution system ("Coordinators").

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## **22 DESTINATION OF THE FUNDS**

- 22.1** The funds raised with the Offer will be fully used by the Issuer to pay the early redemption of the fourth (4th) series debentures of the first (1st) issue of the Issuer and the remaining balance, if any, to reinforce the Issuer's cash.

- 22.2** The Issuer shall send the Trustee a statement on letterhead and signed by a legal representative, attesting to the destination of the funds of this Issue within thirty (30) calendar days from the date of the effective allocation of all the funds or on the Maturity Date, which occurs first, and the Trustee may request from the Issuer all possible clarifications and additional documents that may be necessary.
- 22.3** Documents proving the allocation of funds must be sent by the Issuer to the Trustee within ten (10) calendar days from the respective request by the Trustee or in a shorter period, if necessary for the purposes of timely compliance, by the Trustee, of any requests made by authorities or regulatory agencies, regulations, laws or judicial, administrative or arbitration determinations.
- 22.4** The Trustee shall treat any and all information received under the terms of this Section in a confidential manner, with the exclusive purpose of verifying compliance with the allocation of funds established herein.

## **23 TRUSTEE**

- 23.1** The Trustee will be responsible for the extrajudicial representation and judicial assistance of the Holders in case they request bankruptcy, judicial reorganization and/or extrajudicial reorganization of the Issuer or initiate another judicial proceeding of the same nature, or even any applicable procedure for collection or judicial execution of the obligations arising from this Instrument, as applicable, with which the Holder irrevocably and irreversibly agrees upon subscription and payment of the Promissory Notes.
- 23.2** On the date of execution of this Instrument and based on the organizational chart provided by the Issuer, the Trustee identified that it does not act as a trustee in issues of the Issuer or its economic group.

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- 23.3** The Trustee will perform its functions from the date of signature of this Trust Service Agreement or any amendments thereto relating to its replacement, and shall remain in the exercise of its functions until the Maturity Date or, if still remain obligations, principal and accessory, of Issuer under the terms of this Instrument that are not performed after the Maturity Date, until all Issuer's obligations under the terms of this Instrument are fully fulfilled, or even until their effective replacement.
- 23.4** In the event of temporary impediments, resignation, intervention or judicial or extrajudicial liquidation, bankruptcy or any vacancy case of Trustee, within no more than thirty (30) calendar days from the event to be determined, a General Holders' Meeting to choose a new trustee, which meeting shall be called by the Trustee to be replaced and may also be called by the Holders representing at least ten percent (10%) of the Outstanding Promissory Notes or by CVM. In the event that the call is not made within fifteen (15) consecutive days prior to the expiration of the aforementioned term, Issuer shall perform it, subject to the term of fifteen (15) days for the first call and eight (8) days for the second call, being certain that the CVM may appoint a provisional substitute, until the process of choosing the new Trustee. The remuneration of the new trustee will be the same as that of the Trustee, unless another is negotiated with the Issuer, which is accepted in writing, previously and expressly.
- 23.5** Holders, after the term for distribution of all Promissory Notes, are entitled to replace the Trustee and to appoint its substitute, in a General Holders' Meeting specially called for this purpose. The replacement, on a permanent basis, of the Trustee is subject to prior communication to CVM and its manifestation regarding compliance with the requirements set forth in article 7 of CVM Resolution 17.
- 23.6** The performance of the Trustee is limited to the scope of CVM Instruction 566 and CVM Resolution 17, the applicable articles of the Brazilian Corporations Act and the sections of this Instrument and the Trust Service Agreement, the Trustee being exempt, in any former pretext, from any additional liability that has not arisen from the applicable legal and regulatory provisions and this Instrument.
- 23.7** The Holder, through the subscription or acquisition of this Promissory Note, hereby expresses its agreement with the provisions set forth in this item.
- 23.8** The Trustee will not make any judgment on the guidance about any issue-related fact that must be determined by the Holders, only undertaking to act in compliance with the instructions given by the Holders. In this sense, the Trustee does not assume any

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responsibility for the result or legal effects arising from the strict compliance with the Holders' guidance given to it, as determined by the Holders and reproduced before the Issuer, regardless of potential losses that may be caused as a result thereof to the Holders or the Issuer. The performance of Trustee is limited to the scope of CVM Resolution 17 and the applicable articles of the Brazilian Corporations Act, being the latter exempt, in any form or pretext, from any additional liability that did not result from applicable law.

- 23.9** The acts or statements by Trustee that entail a liability to Holders and/or release third parties from obligations to them, as well as those related to the due compliance of the obligations under this instrument, will only be valid where previously as resolved by the Holders at the General Holders' Meeting.
- 23.10** Without prejudice to the duty of diligence of the Trustee, the Trustee will assume that the original documents or certified copies of documents sent by the Issuer or third parties, as requested by it, were not subject to fraud or tampering. The Trustee will also not be

responsible for the preparation of the Issuer's corporate documents under no circumstance whatsoever, the preparation of which shall continue to be the Issuer's legal and regulatory obligation, as set forth in the applicable law.

**23.11** The Issuer will reimburse the Trustee for all reasonable and usual expenses that it has demonstrably incurred to protect the rights and interests of the holder of the Promissory Note or to carry out its credits, as well as paying the costs related to the registration with B3, the contracting of the Agent Bank, Custodian and Trustee. The Trustee will be reimbursed for expenses such as publications, legal fees, independent auditors' fees and other expenses and costs incurred as a result of the collection of any amount due to the holder of the Promissory Note under the terms of this Instrument and the Trust Service Agreement, and should, whenever possible, be previously approved by the Issuer.

**23.12** As remuneration for the services provided by the Trustee, annual installments of eleven thousand Brazilian reais (R\$ 11,000.00) will be due under the terms of the Trust Service Agreement entered into between the Issuer and the Trustee.

**23.13** Without prejudice to the provisions of the Trust Service Agreement, all expenses with legal proceedings, including administrative expenses, that the Trustee may incur to protect the interests of the holder of the Promissory Notes shall be, whenever possible, previously approved and advanced by the holder of the Promissory Note, and subsequently, as provided for by law, reimbursed by the Issuer, provided they are duly proven. Such expenses to be advanced by the holder of the Promissory Note also include

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expenses with third-party legal fees, deposits, costs and court fees for actions proposed by the Trustee or arising from actions brought against it in the exercise of its function, provided that they are related to the solution of the default referred to herein, or even that cause losses or financial risks, as a representative of the communion of the holder of Promissory Notes. Any expenses, deposits and legal costs arising from the loss of suit will also be borne by the holder of the Promissory Notes, as well as the Remuneration and reimbursable expenses of the Trustee, in the event that the Issuer remains in default with respect to the payment thereof for a period exceeding thirty (30) calendar days, and the Trustee may request a prior guarantee from the holder of the Promissory Notes to cover the risk of default.

## **24 OBLIGATIONS OF THE TRUSTEE**

Without prejudice to other obligations expressly provided for in this Instrument, in the legislation, in the Trust Service Agreement and in the applicable regulations, the Trustee will be obliged to:

- 24.1.1** perform their activities in good faith, transparency, and loyalty before Holders;
- 24.1.2** protect the rights and interests of Holders, by employing, in the exercise of the duty, the care and diligence that any and all active, reputable person usually employs in the management of own assets;
- 24.1.3** relinquish the exercise of its duties in the event of conflicts of interests or any other type of inaptitude and immediately call the meeting set forth above to decide on its replacement;
- 24.1.4** keep well stored, all documentation related to the exercise of their functions;
- 24.1.5** verifying, at the time of accepting the role, the consistency of the information contained in the Promissory Notes, ensuring that omissions, failures or defects of which it is aware are corrected;
- 24.1.6** monitor the provision of the periodic information by the Issuer and notify the Holders, in the annual report, about eventual inconsistencies or omissions of which it is aware;

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- 24.1.7** comment on the adequacy of the information provided in the proposals for changes in the conditions of the Promissory Notes, as the case may be;
- 24.1.8** request, when it deems necessary for strict performance of its functions, updated certificates of the civil dealers, Courts of the Public Treasury, Protest Registries, Labor Prosecutor's Offices and the Public Treasury Prosecutor's Office of the jurisdiction of the principal place of business of the Issuer;
- 24.1.9** request, when deemed necessary, external audit at the Issuer, being such request followed by a report justifying the need to carry out such audit;
- 24.1.10** call, when necessary, a Holders' Meeting pursuant to Section 14 above;
- 24.1.11** attend the Holders' Meeting, in order to provide the information requested;
- 24.1.12** prepare, within the legal term, an annual report for the Holders, pursuant to article 68, Paragraph 1, item "(b)", of the Brazilian

Corporations Act and article 15 of CVM Resolution 17, which must contain, at least, the following information:

- (i) compliance by the Issuer with its obligations to provide periodic information, indicating the inconsistencies or omissions of which it is aware;
- (ii) Issuer's statutory amendments that occurred in the period with relevant effects on the Holders;
- (iii) comments on the Issuer's economic, financial, and capital structure indicators relating to contractual sections intended to protect the interests of Holders and which establish conditions that must not be breached by the Issuer;
- (iv) number of Promissory Notes issued, number of Outstanding Promissory Note, and balance canceled in the period;
- (v) redemption, repayment, conversion, re-pricing, and payment of Remuneration effected in the period;

- (vi) monitoring the allocation of funds raised through Promissory Notes, according to the data obtained with Issuer's managers;
- (vii) list of the goods and amounts eventually delivered for its administration, when existing;
- (viii) compliance with the other obligations assumed by the Issuer under the terms of this Instrument; and
- (ix) existence of issuances of securities, public or private, carried out by the Issuer itself and/or by an affiliated, controlled company, parent company, or member of the same group as the Issuer in which it has acted as a trustee in the period, as well as the data on such issuances provided for in article 6, paragraph 2 and in item XI of Article 15 of CVM Resolution 17;

**24.1.13** disclose, on its page, within a maximum period of four (4) months as of the end of each fiscal year of Issuer, the annual report referred to in Section 24.1.12 above;

**24.1.14** keep the list of Holders and their addresses up-to-date, including through dealings with the Issuer, the Custodian, the Agent Bank and B3, and, for the purposes of complying with the provisions of this item, the Issuer and the Holders, as soon as they subscribe or acquire the Promissory Notes, expressly authorize, from now on, the Custodian, the Agent Bank and B3 to comply with any requests made by the Trustee, including regarding the disclosure, at any time, of the position of Promissory Notes, and their respective Holders;

**24.1.15** supervise compliance with the sections provided for in this Instrument, including those imposing obligations to do and not to do;

**24.1.16** notify Holders with respect to any breach by Issuer of financial obligations assumed in this Instrument, including collateral obligations and Sections designed to protect the interests of Holders and which lay down conditions not to be disregarded by Issuer, indicating the consequences to the Holders and the action intended to be taken on the matter, within up to seven (7) Business Days counted from the knowledge by the Trustee of the default;

**24.1.17** disclose the information referred to in Section 24.1.12(ix) above, on its website as soon as it becomes aware of it; and

**24.1.18** disclose to Holders and other market participants, on its website and/or in its call center, on each Business Day, the Debt Balance, as calculated by the Issuer.

**24.2** In case of default of any of the Issue's conditions, the Trustee shall use any and all measures provided by the law or this Instrument to protect the Holders' rights or interests, as provided for in article 12 of CVM Resolution 17.

## **25 PUBLICITY**

**25.1** All relevant acts and decisions resulting from the Issue that, in any way, come to involve, directly or indirectly, the interest of the Holders, at the reasonable discretion of the Issuer, must be published in DOERJ and in the journal "Folha de S. Paulo", the disclosure being communicated to the Trustee and to B3 within five (5) Business Days from the date of disclosure. If the Issuer changes, at its sole discretion, its publication journal after the Issue Date, it shall (i) send a notice to the Trustee informing the new publication journal and (ii) publish, in previously used journals, a notice to Holders, informing the new publication journal.

## **26 INFORMATION**

**26.1** Any additional information regarding this Promissory Note may be obtained from the Issuer or the Trustee. Any and all measures and/or actions involving any and all matters related to the Issue must be taken and/or conducted by the holder of this Promissory Note with the

- 26.2** In compliance with the B3 Debenture, Commercial Note and Obligation Rules Guideline, the subscription and payment of this Promissory Note, from now on, represents the knowledge of the respective holder that, concomitantly with the financial settlement of the Offer, this Promissory Note will be deposited in the name of its holder in B3's electronic custody system. If this Promissory Note is assigned or transferred to third parties, the new holder of this Promissory Note must agree with the early redemption and performance of the procedures at B3 provided herein.

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## 27 COMMUNICATIONS

- 27.1** All communications or notices made pursuant to this Promissory Note must always be made in writing, to the addresses indicated below and to the addresses indicated by the holder of this Promissory Note to the Issuer upon subscription or acquisition of this Promissory Note.

**To Issuer:**

**SENDAS DISTRIBUIDORA S.A.**

Avenida Aricanduva, nº 5555

CEP (Zip Code) 03527-000 - São Paulo - SP

Attn.:

Phone:

Email:

**To Trustee:**

**VÓRTX DISTRIBUIDORA DE TÍTULOS E VALORES MOBILIÁRIOS LTDA.**

Rua Gilberto Sabino, nº 215, 4º andar, Pinheiros

CEP (Zip Code) 05425-020 - São Paulo - SP

Attn.:

Phone:

Email:

## 28 LAW AND JURISDICTION

- 28.1** These Promissory Notes are governed by the laws of the Federative Republic of Brazil.

- 28.2** It is hereby elected the competent courts of the City of São Paulo, State of São Paulo, to settle any doubts or disputes arising out of this Promissory Notes, with the express waiver of any other, regardless of how privileged it may be.

## 29 ASSIGNMENT AND INDORSEMENT

This Promissory Note will assign by full indorsement, of mere transfer of ownership, which must include the section "without guarantee" of the endorser as provided for in article 15 of Exhibit I of the Convention for the Adoption of a Uniform Law on Bills

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of Exchange and Commercial Notes, enacted by Decree No. 57.663, of January 24, 1966.

Place and Date: \_\_\_\_\_

Holder: \_\_\_\_\_ enrolled with the CNPJ/ME or CPF/ME under No. \_\_\_\_\_

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ITAÚ CORRETORA DE VALORES SA, a financial institution headquartered at Avenida Brigadeiro Faria Lima, 3500, 3rd floor, Itaim Bibi, C of São Paulo, State of São Paulo, enrolled with the CNPJ/MF under No. 61.194.353/0001-64, as custodian services provider for the physical custody of this Promissory Note ("Custodian"), due to the authorizations granted to it by the holder of this Commercial Note ("Holder"), which is duly identified in the records of the B3 Distribution Module (as defined below) at the time of the primary public offering for sale of this Commercial Note and in a report made available to the Issuer's Custodian by B3 S.A.- Brasil, Bolsa, Balcão – Segmento Cetip UTV ("B3"), enrolled with the CNPJ/ME under No. 09.346.601/0001-25, INDORSES this Commercial Note to B3, pursuant to the applicable legislation, in particular the Law 12.810, of May 15, 2013, and the Guideline of Debenture Rules, Commercial Note of Public Distribution with the exclusive purpose of transferring its fiduciary ownership to it for the purposes established in the B3 Regulation for Participant Access, for Admission of Assets, for Trading, for Transaction Registration, for Electronic Custody and for Settlement, and to assign to B3 the function of carrying out, upon removal of the electronic registration from the system managed by it, the indorsement of this Commercial Note to the holder indicated in their records, not being liable for the fulfillment of the provision contained in this title.

Place and Date:

ITAÚ CORRETORA DE VALORES S.A.

Holder Identification: \_\_\_\_\_, enrolled with the CNPJ/ME or CPF/ME under No. \_\_\_\_\_.

ITAÚ CORRETORA DE VALORES SA, a financial institution headquartered at Avenida Brigadeiro Faria Lima, 3.500, 3rd floor, Itaim Bibi, C of São Paulo, State of São Paulo, enrolled with the CNPJ/MF under No. 61.194.353/0001 -64, as a provider of custodian

services for the physical custody of this Promissory Note ("Custodian"), due to the authorizations granted to him by \_\_\_\_\_ (Participant of whom the holder of the Commercial Note is a client), enrolled with the CNPJ/ME under No. \_\_\_\_\_, which is authorized by the holder of this Commercial Note ("Holder"), which is duly identified in the records of the Distribution Module - MDA of B3 S.A.- Brasil, Bolsa, Balcão – Segmento Cetip UTVM (B3"), enrolled with the CNPJ/ME under No. 09.346.601/0001-25, INDORSES the Commercial Note to B3, pursuant to the applicable legislation, in particular the Law 12.810, of May 15, 2013, and the Guideline of Debenture Rules, Commercial Note for Public Distribution, with the exclusive purpose of transferring its fiduciary ownership to it for the purposes established in the B3 Regulation for Participant Access, for Admission of Assets, for Trading, for Transaction Registration, for Electronic Custody and for Settlement, and to assign to Cetip the function of carrying out, upon removal of the electronic registration from the system managed by it, the indorsement of this Commercial Note to the holder indicated in their records, not being liable for the fulfillment of the provision contained in this title.

Place and Date:

\_\_\_\_\_  
ITAÚ CORRETORA DE VALORES S.A.

Holder Identification: \_\_\_\_\_, enrolled with the CNPJ/ME or CPF/ME under No. \_\_\_\_\_.



## FORM OF COMMERCIAL PROMISSORY NOTE

No. [=] / 1000  
ISIN no. BRASAINPM061

<b>1. ISSUE:</b>	Second (2nd)
<b>2. UNIT PAR VALUE:</b>	Two million and five hundred thousand Brazilian reais (R\$ 2,500,000.00)
<b>3. ISSUE TOTAL AMOUNT:</b>	Two billion and five hundred million Brazilian reais (R\$ 2,500,000,000.00)
<b>4. ISSUER:</b>	Sendas Distribuidora S.A.
<b>5. ADDRESS:</b>	City of Rio de Janeiro, State of Rio de Janeiro, at Avenida Ayrton Senna, 6.000, Lote 2, Pal 48959, Anexo A, Jacarepaguá, ZIP Code 22775-005
<b>6. CNPJ/ME (National Corporate Taxpayer's Register of the Ministry of Economy) enrollment number:</b>	06.057.223/0001-71
<b>7. SERIES:</b>	Series 2 of 2 (two).
<b>8. ISSUED ON:</b>	August 27, 2021
<b>9. MATURITY DATE:</b>	February 27, 2025

On the date indicated in item 9 above ("Maturity Date"), or on the date of early settlement resulting from the Early Maturity Events (as defined on the back of this Instrument) or from the date of full early redemption of this commercial promissory note ("Promissory Note"), under the terms set forth on the back of this instrument ("Instrument"), **SENDAS DISTRIBUIDORA S.A.**, a corporation registered as a securities issuer with the Brazilian Securities and Exchange Commission ("CVM"), with its principal place of business located in the City of Rio de Janeiro, State of Rio de Janeiro, at Avenida Ayrton Senna, 6.000, Lote 2, Pal 48959, Anexo A, Jacarepaguá, ZIP Code 22775-00 enrolled with the National Corporate Taxpayer's Register of the Ministry of Economy ("CNPJ") under number 06.057.223/0001-71 and with the Rio de Janeiro State Registry of Commerce ("JUCERJA") under NIRE (Companies Register Identification Number) 33.3.002.7290-9, herein represented pursuant to its Articles of Incorporation ("Issuer"), will pay the holder of this Promissory Note, pursuant to the procedures of B3 S.A. - Brasil, Bolsa, Balcão — CETIP UTM Segment, with office in the City of São Paulo, State of São Paulo, at Praça Antônio Prado, Centro, enrolled with the CNPJ/ME under number 09.346.601/0001-25 ("B3"), in the CETIP21 Module - Bonds and Securities ("CETIP21"), managed and operated by

B3, or, in the event the Promissory Notes are not deposited electronically with B3, by means of Itaú Unibanco S.A., a financial institution with address in the City of São Paulo, State of São Paulo, at Praça Alfredo Egydio de Souza Aranha, 100, ZIP Code 04344-902, enrolled with the CNPJ/ME under number 60.701.190/0001-04 ("Agent Bank"), whose definition includes any other institution that succeeds the Agent Bank in the provision of the agent bank services for the Issue), by sole means, the amount of two million and five hundred thousand Brazilian reais (R\$ 2,500,000.00) ("Unit Par Value"), plus Remuneration (as defined on the back of this Instrument) and any Late Payment Charges (as defined on the back of this Instrument), if any.

The Issuer appoints **VÓRTX DISTRIBUIDORA DE TÍTULOS E VALORES MOBILIÁRIOS LTDA**, a financial institution authorized to operate by the Brazilian Central Bank, organized as a limited liability company, with its principal place of business located in the City of São Paulo, State of São Paulo, at Rua Gilberto Sabino, 215, 4º andar, Pinheiros, ZIP Code 05425-020, enrolled with the CNPJ/ME under number 22.610.500/0001-88, to act as a trustee ("Trustee"), engaged by the Issuer in accordance with the Note Agent Service Agreement executed on August 23, 2021, between the Issuer and the Trustee ("Trust Service Agreement") for the purpose of representing the holders of the Promissory Notes of this Issue ("Holders"), in compliance with CVM Resolution 17, as amended ("Resolution 17").

This Promissory Note is issued within the scope of the Issuer's second (2<sup>nd</sup>) issue of Promissory Notes, which comprises, in total, one thousand (1,000) commercial promissory notes, divided equally into two (2) series, for public distribution with restricted placement efforts ("Offer") ("Issue"), in the amount of two million and five hundred thousand Brazilian reais (R\$ 2,500,000.00) each (collectively referred to as "Promissory Notes"), in the total amount of two billion and five hundred million reais (R\$ 2,500,000,000.00) ("Issue Total Amount"), of which one billion, two hundred and fifty million reais (R\$ 1,250,000,000.00) is under the scope of the first series Promissory Notes and one billion, two hundred and fifty million reais (R\$ 1,250,000,000.00) is under the second series Promissory Notes. The Issue and the Offer were (i) resolved and approved at a Meeting of the Issuer's Board of Directors held on August 20, 2021 ("BoDM"), whose minutes will be duly filed at the JUCERJA and published in the Official Gazette of the State of Rio de Janeiro ("DOERJ") and in the newspaper "Folha de S. Paulo"; and (ii) carried out pursuant to CVM Instruction No. 566, of July 31, 2015, as amended ("CVM Instruction 566"). The Promissory Notes were subject to public distribution with restricted efforts, automatically exempted from registration with the CVM, pursuant to CVM Instruction No. 476 of January 16, 2009, as amended ("CVM Instruction 476").

At the time of subscription and payment of this Promissory Note, the holder stated, among other things, that he is aware that (i)

("ANBIMA"), under the terms of item I and sole paragraph of Article 4 and Article 12 of "ANBIMA's Code for Public Offerings", exclusively to send information from the database, provided that specific guidelines are issued to this effect by ANBIMA's Board, until the date when the Offer closing communication is sent to the CVM ("Closing Communication"); (ii) Promissory Notes are subject to the trading restrictions provided for in CVM Instruction 476, subject to the provisions of Articles 13 and 15 of the said Instruction; (iii) the holder carried out their own analysis regarding the quality and risks of this Promissory Note; (iv) the holder has sufficient knowledge of the financial and stock markets so that they are not subject to a set of legal and regulatory protections granted to investors in the context of a public offering registered with the CVM; and (v) the investment in this Promissory Note is appropriate to their level of sophistication and risk profile.

The Promissory Notes will not have any guarantees, whether it is a security interest or a personal guarantee.

The capitalized terms used herein, whether in the singular or plural, will have the meanings ascribed thereto in this Instrument, even after they are first used.

Rio de Janeiro, August 27, 2021.

**SENDAS DISTRIBUIDORA S.A.**

Name:	Name:
Title:	Title:

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**1 ADJUSTMENT OF THE UNIT PAR VALUE:**

- 1.1** The Unit Par Value of this Promissory Note will not be adjusted for inflation.

**2 REMUNERATION**

- 2.1** The Unit Par Value of this Promissory Note will be accrued with compensatory interest corresponding to one hundred percent (100%) of the accrued variation of the daily average rates of Interbank Deposits (DI), "*over extra-grupo*", expressed as a percentage per year, based on two hundred and fifty-two (252) Business Days (as defined below), daily calculated and published by B3 S.A.- Brasil, Bolsa, Balcão in the daily bulletin available on its website (<http://www.B3.com.br>) ("DI Rate"), exponentially increased by a surcharge (*spread*) equivalent to one point fifty-three percent (1.53%) per year, based on two hundred and fifty-two (252) Business Days ("Spread" and, along with the DI Rate, "Remuneration"), calculated in an exponential and cumulative manner *pro rata temporis* for elapsed Business Days, from the Issue Date to the date of its actual payment, considering for this purpose the criteria established in the "Notebook of Formulas for Commercial Papers - CETIP21" ( *Caderno de Fórmulas Notas Comerciais- CETIP21*), which is available for consultation on its website (<http://www.b3.com.br>). The calculation of the Remuneration will be done according to the following formula:

$$J = VNe \times (\text{Interest Factor} - 1)$$

where:

J = Value of the Remuneration due, calculated to eight (8) decimal places without rounding;

VNe = Unit Par Value of this Promissory Note calculated to eight (8) decimal places, without rounding;

InterestFactor = interest factor, calculated to nine (9) decimal places, with rounding, calculated according to the following formula:

$$\text{FatorJuros} = (\text{FatorDI} \times \text{FatorSpread})$$

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DI Factor = Product of DI Rates using the percentage applied from the Issue Date (including it), until the effective calculation date (excluding it), calculated with eight (8) decimal places, with rounding, calculated according to the formula below:

$$\text{Fator DI} = \prod_{k=1}^n (1 + \text{TDI}_k)$$

where:

k = TDI<sub>k</sub> order number, varying between one (1) and nDI;

nDI = total number of DI rates, where "nDI" is an integer;

TDI<sub>k</sub> = DI Rate Factor, calculated to eight (8) decimal places, with rounding, as follows:

$$TDI_k = \left( \frac{DI_k}{100} + 1 \right)^{\frac{1}{252}} - 1$$

where:

DI<sub>k</sub> = DI Rate disclosed by B3, valid for one (1) business day (overnight), used with two (2) decimal places.

Spread Factor = Fixed interest surcharge calculated to nine (9) decimal places, with rounding, calculated according to the following formula:

$$\text{FactorSpread} = \left( \frac{\text{spread}}{100} + 1 \right)^{\frac{DP}{252}}$$

Where:

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spread = 1.5300; and

DP = number of Business Days between the Issue Date and the calculation date, "DP" being an integer number.

remarks:

- (i) the factor that results from the expression  $(1 + TDI_k)$  is considered to sixteen (16) decimal places, without rounding;
- (ii) the product of daily factors  $(1 + TDI_k)$  is calculated, and, for each daily factor accumulated, the result is truncated to sixteen (16) decimal places, and the next daily factor is applied, and so on until the last factor is considered;
- (iii) once the factors are accumulated, the resulting "DI Factor" is considered to eight (8) decimal places, with rounding;
- (iv) the factor resulting from the expression  $(\text{DI Factor} \times \text{Spread Factor})$  is considered to nine (9) decimal places, with rounding; and
- (v) the DI Rate should be used considering the same number of decimal places as disclosed by the authority responsible for calculating it, except when it is expressly indicated otherwise.

## 2.2 Unavailability of the DI Rate

**2.2.1** If, on the maturity date of the Issuer's monetary obligations arising from the Instrument, there is no disclosure of the DI Rate by B3 the last DI Rate disclosed will be used in the determination of the TDI<sub>k</sub>, and no compensation shall be payable between the Issuer and the Holders upon the subsequent disclosure of the DI Rate that would be applicable.

**2.2.2** If the DI Rate is not calculated and/or disclosed for more than ten (10) Business Days as of the date expected for calculation and/or disclosure, or, in case of extinction or non-applicability of the DI Rate due to a legal provision or court ruling, the Trustee shall call, in up to two (2) Business Days after the end of the non-disclosure period, or after the extinction or non-applicability of the DI Rate due to a legal provision or court ruling, a General Holders' Meeting (in the form and terms provided in Article 124 of Law No. 6404 of December 15, 1976, as amended ("Brazilian Corporations Act") and in this Instrument) for the Holders to resolve, by mutual agreement with the Issuer, the new remuneration standard to be applied ("Replacing Rate"). Up to the resolution about the Replacing Rate, the last DI Rate disclosed shall be used to calculate the

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DI Factor, and no financial compensation shall be due between the Issuer and respective Holders, in case of payment of the respective Remuneration up to the resolution about the Replacing Rate.

**2.2.3** In the event the General Holders' Meeting provided for in Section 2.2.2 above is not initiated on second call or, if initiated, if there is no agreement on the Replacing Rate between the Issuer and the Holders representing, on first call, at least two-thirds (2/3), or, on second call, at least fifty percent (50%) plus one of the respective outstanding Promissory Notes, even if this happens due to the lack of quorum for resolution, the Issuer must redeem in advance all of the respective Promissory Notes, within ten (10) days as of the closing date of the respective General Holders' Meeting (or, if it is not initiated on the first and second call, on the date when it should have taken place on second call) or on the Maturity Date, whichever occurs first, or within another term that may be defined in the said General Holders' Meeting, at its respective Unit Par Value, plus the respective Remuneration due until the actual redemption date, calculated *pro rata temporis* as of the respective Issue Date. In that case, the last DI Rate officially disclosed shall be used to calculate the Remuneration of the Promissory Notes to be redeemed, for each day of the period with lack of rates.

**2.2.4** If the DI Rate is disclosed before the holding of the General Holders' Meeting provided in Section 2.2.2 above and there is no legal provision or court ruling expressly preventing its use, the said meeting will no longer be held, and the DI Rate or legal replacement for the DI Rate, as the case may be, shall be used to calculate the Remuneration as of the date of its disclosure.

### **3 REMUNERATION PAYMENT DATE**

**3.1** The Remuneration will be paid in full, in a single installment, on the Maturity Date, except in cases of Early Redemption Offer (as defined below) or early maturity of the Promissory Notes, under the terms of this Instrument, under which the Remuneration will be paid on the respective early settlement date.

### **4 PAYMENT OF THE UNIT PAR VALUE**

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**4.1** The Unit Par Value will be paid in full by the Issuer to the Holder of this Promissory Note in a single installment, on the Maturity Date or on the early settlement date, in the event of an Early Redemption Offer or the early maturity of the Promissory Notes, in accordance with this Instrument.

### **5 LATE PAYMENT CHARGES**

**5.1** In the event of late payment by the Issuer of any amount due to the Holder of this Promissory Note, under the terms of this Instrument, (i) default interest of one percent (1%) per month, calculated *pro rata temporis*, from the date of default to the date of the actual payment, and (ii) non-compensatory fine of two percent (2%), both calculated in relation to the amount due and not paid, shall be levied on any and all amounts overdue, regardless of judicial or extrajudicial notice, notification, or request ("Late Payment Charges"), without prejudice to the Remuneration.

### **6 TERM AND MATURITY DATE**

**6.1** The maturity date of this Promissory Note will happen in one thousand and two hundred and eighty (1,280) days counted as of the Issue Date, that is, it will mature on February 27, 2025 ("Maturity Date"), save for the early settlement hypotheses resulting from the Early Redemption Offer or early maturity provided for in this Instrument.

### **7 FULL OPTIONAL EARLY REDEMPTION**

**7.1** The Issuer may, after eighteen (18) months from the Issue Date, that is, as of February 27, 2023 (including this date), redeem, at any time, all the Promissory Notes of any of the series, by sending a notice to all Promissory Note Holders of the respective series, with a copy to the Trustee, or by the publication of a notice to the holders of the Promissory Notes of the respective series, pursuant to Section 25 of this Instrument, ten (10) Business Days in advance of the event date ("Optional Early Redemption"), stating: (i) the date when the Optional Early Redemption shall occur, which must be a Business Day; and (ii) any other information relevant for the Holders of the Promissory Notes of the respective series.

**7.2** In the event of Optional Early Redemption, the payment of the respective Unit Par Value will be made, plus the respective Remuneration, calculated *pro rata temporis* from the respective Issue Date to the date of the actual Optional Early Redemption,

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adding to that amount the Optional Early Redemption Premium (as defined below), as well as a fine and default interest, if any. For the purposes of this Instrument, "Optional Early Redemption Premium" is a premium equivalent to the highest value among those described in items (1) or (2) below:

(1) zero point fifty percent (0.50%) per year, *pro rata temporis*, based on two hundred and fifty-two (252) Business Days, levied on the Unit Par Value of the respective series, plus the respective Remuneration, calculated *pro rata temporis* from the Issue Date to the actual Optional Early Redemption date, considering the number of Business Days to elapse between the Optional Early Redemption date and the Maturity Date of the Promissory Notes of the respective series, as the case may be, according to the formula below:

$$P = VR * i * (d/252)$$

where:

P = Optional Early Redemption Premium, calculated to 8 decimal places, without rounding;

VR = Unit Par Value, to be redeemed, plus the Remuneration of the Promissory Notes, calculated *pro rata temporis*, from the Issue Date (including this date) until the actual redemption date (excluding this date);

d = number of Business Days to elapse between the actual Optional Early Redemption date (including this date) and the Maturity Date of the Promissory Notes of the series in question (excluding this date); and

$\square = 0.50\%$

(2) zero point twenty-five percent (0.25%), flat, levied on the Unit Par Value of the respective series, plus the respective Remuneration, calculated *pro rata temporis* from the Issue Date to the actual Optional Early Redemption date.

**7.3** Partial Optional Early Redemption of Promissory Notes of a given series will not be allowed (however, the Optional Early Redemption of only one (1) of the series of Promissory Notes is allowed).

**7.4** The Issuer shall, at least five (5) Business Days in advance from the Optional Early Redemption date, inform the Optional Early Redemption date to the Agent Bank, B3, and the Trustee.

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**7.5** The payment of the Promissory Notes to be redeemed in advance, by means of the Optional Early Redemption, will be made by the Issuer (i) following the procedures adopted by B3 for the Promissory Notes that are electronically deposited with B3 or (ii) by deposit into the checking accounts indicated by the Holders, to be carried out by the Agent Bank, in the case of Promissory Notes that are not electronically deposited with B3.

## **8 EARLY REDEMPTION OFFER**

**8.1** The issuer may carry out, at its exclusive discretion, at any time as of the Issue Date, an early redemption offer of all Promissory Notes of any series, jointly or individually ("Early Redemption Offer"), and the Early Redemption Offer proposed by the Issuer shall be submitted to all holders of Promissory Notes of the respective series, with a copy to the Trustee. The Early Redemption Offer will be submitted to all holders of Promissory Notes of the respective series, without distinction, ensuring equal conditions to all holders of Promissory Notes of the respective series to accept the early redemption of the Promissory Notes to which they are holders, pursuant to the terms and conditions provided for in the sections below.

**8.2** The Issuer shall make the Early Redemption Offer by disclosing a notice addressed to Holders of Promissory Notes of the respective series, to be widely disclosed under Section 25 below, or by means of individual notices to be sent by the Issuer to each of the holders of Promissory Notes of the respective series, with a copy to the Trustee and B3 ("Early Redemption Offer Notice"), which shall describe the terms and conditions of the Early Redemption Offer, including: (i) the actual date for the redemption subject matter of the Early Redemption Offer, at the same time as the payment of the Early Redemption Offer Amount (as defined below), which must be a Business Day; (ii) information that the Early Redemption Offer Amount will be calculated under Section 8.3 below; (iii) the Early Redemption Offer Amount (as defined below) corresponding to the early redemption premium to be offered by the Issuer, if any, which cannot be negative; (iv) the method and deadline for Holders of Promissory Notes to inform the Issuer of their option to adhere to the Early Redemption Offer, subject to the provisions contained in Section 8.4 below; and (v) other information necessary for Holders of Promissory Notes to make a decision and for the execution of the Early Redemption Offer.

**8.3** At the time of the Early Redemption Offer, the Holders will be entitled to the payment of the Unit Par Value, plus, if applicable: (i) the respective Remuneration, calculated *pro rata temporis* from the respective Issue Date to the date of the redemption

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subject matter of the Early Redemption Offer, as well as, as the case may be, (ii) a redemption premium that, if it exists, may not be negative, and (iii) if applicable, the late payment charges provided for in Section 5 above, due and unpaid up to the date of the relevant redemption ("Early Redemption Offer Amount").

**8.4** After the submission or disclosure, as the case may be, of the Early Redemption Offer Notice, the Holders that choose to adhere to the Early Redemption Offer will have ten (10) Business Days to make a formal statement in this sense before the Issuer, with a copy to the Trustee.

**8.5** If the early redemption of the Promissory Notes is carried out under the terms above, it shall take place on a single date for all Promissory Notes of Holders that adhere to the Early Redemption Offer, on the date established in the Early Redemption Offer Notice, with the resulting cancelation of the redeemed Promissory Notes.

**8.6** The Issuer shall, at least five (5) Business Days in advance from the early redemption date, notify the early redemption date to the Agent Bank, B3, and the Trustee.

**8.7** The payment of the Promissory Notes to be redeemed in advance, by means of the Early Redemption Offer, will be made by the Issuer (i) following the procedures adopted by B3 for the Promissory Notes that are electronically deposited with B3 or (ii) by deposit into the checking accounts indicated by the Holders, to be carried out by the Agent Bank, in the case of Promissory Notes that are not electronically deposited with B3.

## **9 SCHEDULED RENEGOTIATION**

9.1 The Promissory Notes will not be subject to scheduled renegotiation.

## 10 EARLY MATURITY

10.1 The Trustee shall consider all obligations related to the Promissory Notes due in advance and require, upon written notice, the Issuer to immediately pay the respective Unit Par Value, plus the applicable Remuneration, calculated exponentially and cumulatively *pro rata temporis* for Business Days elapsed, since the Issue Date, and the Late Payment Charges, until the date of

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their actual payment, regardless of any judicial or extrajudicial notice, notification, or request to the Issuer, in the event of the occurrence of any of the following hypothesis (each, an "Automatic Early Maturity Event"):

- (i) upon the occurrence of (a) liquidation or dissolution of the Issuer and/or its Controlled Companies (as defined below), (b) filing for voluntary bankruptcy or bankruptcy not defeated within the legal term, adjudication of bankruptcy, or any similar event in the competent jurisdiction that may be created by law, by the Issuer and/or its Controlled Companies (as defined below) or affiliated companies, directly or indirectly ("Affiliates"), or (c) any event similar to the previous ones that characterizes or may characterize the Issuer's and/or its Affiliates' insolvency status;
- (ii) proposal, by the Issuer and/or its Affiliates, of an out-of-court reorganization plan to any creditor or class of creditors, or any similar event in the competent jurisdiction of each company, regardless of whether the judicial ratification of the plan was requested or obtained, or even the application by the Issuer and/or its Affiliates, in court, of a request for court-supervised reorganization or equivalent proceeding in the competent jurisdiction of each company, regardless of whether the reorganization was approved or granted by the competent judge;
- (iii) challenging of this Instrument in court by the Issuer and/or any of its controlled companies and/or parent companies, and, for the purpose of this section, the definition of 'control' contained in Article 116 of the Brazilian Corporations Act is used ("Controlled Companies" and "Parent Company", respectively);
- (iv) default, by the Issuer, of any monetary obligation provided for in this Instrument, if not remedied within the grace period of one (1) Business Day (as defined below) counted as of the respective default;
- (v) default on any financial obligation of the Issuer and/or any of its Controlled Companies within the context of the financial and/or stock markets, in unit or aggregate value, equal to or greater than seventy-five million Brazilian reais (R\$ 75,000,000.00), or the equivalent amount in other currencies, respecting their respective grace period, or, if there is no such grace period, if such default is not cured within five (5) Business Days (as defined below) as of the respective maturity date;

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- (vi) declaration of early maturity of any debt and/or obligation of the Issuer and/or any of its Controlled Companies in unit or aggregate value, equal or higher than seventy-five million Brazilian reais (R\$ 75,000,000.00), or the equivalent amount in other currencies;
- (vii) spin-off, consolidation, merger (including merger of shares), or any other form of corporate restructuring involving the Issuer, without the prior and express authorization from the Holders, subject to the resolution quorum established in this Instrument;
- (viii) until the debentures are fully settled or matured with the subsequent cancellation of all of the Issuer's debentures related to the 1<sup>st</sup> issue, distribution of dividends, including dividends in advance and/or payment of interest on the shareholders' equity ("Interest on Shareholders' Equity") considered as dividends, by the Issuer, above the mandatory dividend provided for in Article 202 of the Brazilian Corporations Act, except (a) if there is a prior and express authorization from the Holders; or, (b) in case of Interest on Shareholders' Equity considered as dividends, if there is a distribution of the net profit of the respective fiscal year at a percentage of up to twenty-six percent (26%) due to the variation of Withholding Income Tax ("IRRF") rates applicable to the shareholders, pursuant to the legislation in force;
- (ix) after the full settlement or maturity of the debentures with the subsequent cancellation of all debentures issued by the Issuer relating to the 1<sup>st</sup> issue, distribution of dividends, including dividends in advance and/or payment of interest on shareholders' equity considered as dividends, by the Issuer, above the mandatory dividend provided for in Article 202 of the Brazilian Corporations Act, if the Issuer is in breach of its monetary obligations arising from this Issue and/or if an Early Maturity Event is in progress (as defined below);
- (x) if the Issuer transfers or in any way assigns or promises to assign the rights and obligations assumed under this Instrument to third parties;
- (xi) reduction of the Issuer's stockholders' capital after the date of execution of this Instrument, without the prior consent from



- (xii) redemption, repurchase, amortization, or bonus of shares, if the Issuer is in arrears with any of its monetary obligations established in this Instrument;
- (xiii) conversion of the Issuer's corporate type, pursuant to Articles 220 to 222 of the Brazilian Corporations Act; and
- (xiv) arbitral award or judicial or administrative decision regarding the invalidity, nullity, unenforceability, or ineffectiveness of this Instrument that is not possible to remediate pursuant to Section 13.4 of this Instrument, the effects of which are not suspended within twenty (20) Business Days as of the date on which the Issuer becomes aware of the mentioned decision.

**10.2** The occurrence of any of the aforementioned events shall be promptly informed by the Issuer to the Trustee in up to two (2) Business Days. The failure by Issuer to comply with the obligation provided for in this Section will not prevent the Trustee or Holders from, at their discretion, exercising their powers, options, and claims provided for in this Instrument and in other Issue documents, including, without limitation, the right to consider and/or declare the early maturity of the Promissory Notes, as applicable, pursuant to this Section Ten.

**10.3** Upon becoming aware of the occurrence of any of the Non-Automatic Early Maturity Events (as defined below), the Trustee shall call, in up to two (2) Business Days as of the date of awareness of the occurrence of the respective event, a General Holders' Meeting (as defined below), pursuant to Section 14 below, to resolve about a possible non-declaration of the early maturity of the Promissory Notes (each of those events a "Non-Automatic Early Maturity Event" and, along with the Automatic Early Maturity Events, the "Early Maturity Events"):

- (i) protests of securities against the Issuer and/or any of its Controlled Companies, for which payment the Issuer and/or any Controlled Company is responsible, whose value, individually or jointly, exceeds seventy-five million Brazilian reais (R\$ 75,000,000.00), except those provenly made by error or bad faith of third parties, and provided that it is validly proven by the Issuer to the Trustee within up to five (5) Business Days counted from the notification of the said protest, except for protests in which, within fifteen (15) Business Days from the notification of the said protest, it is validly proven by the Issuer and/or by any Controlled Company that (a) the protest has been canceled,

interrupted, or suspended, or (b) guarantees were provided in court in an amount at least equivalent to the amount protested;

- (ii) non-compliance by the Issuer of any non-monetary obligations provided for in this Instrument that is not remedied within up to five (5) Business Days as of the non-compliance, and the term provided in this item is not applicable to obligations to which a specific grace period has been set forth;
- (iii) non-compliance with the obligation to allocate the funds raised by means of the Promissory Notes as established in Section 22 of this Instrument;
- (iv) any of the representations or warranties made by the Issuer in this Instrument and/or in any document related to the Promissory Notes and/or the Issuance prove to be forged, incorrect, inconsistent, insufficient, or misleading;
- (v) failure to comply with any immediately enforceable judicial decision or arbitral award rendered against the Issuer, in a unit or aggregate value exceeding seventy-five million Brazilian reais (R\$ 75,000,000.00), or the equivalent value in other currencies, and, exclusively in the case of judicial decisions, except for those (a) for which the respective suspensive effect for non-payment has not been obtained within the time limit set forth in the decision itself or within thirty (30) calendar days, whichever occurs first, or (b) if such adverse decision has not been appealed, within fifteen (15) Business Days counted from the date when the Issuer is formally informed about the decision;
- (vi) default on any financial obligation of the Issuer and/or any of its Controlled Companies with suppliers and/or any third parties (provided that the financial obligations described in item 10.1(v) above will not be covered by this item), in unit or aggregate value equal to or greater than seventy-five million Brazilian reais (R\$ 75,000,000.00), or the equivalent amount in other currencies, respecting their respective grace period, or, if there is no grace period, if such default is not remedied within the grace period of five (5) Business Days counted from the respective maturity date, unless it is proven by the Issuer to the Trustee that there was no default and/or that a judicial relief with suspensive effect was obtained declaring the unenforceability of the payment;

- (vii) transfer of the direct or indirect controlling interest of the Issuer, in accordance with the wording provided for in Article 116 of the Brazilian Corporations Act, unless Casino Guichard Perrachon S.A., enrolled with the CNPJ under No. 08.572.014/0001-91 remains as the direct or indirect controller of the Issuer, individually or by means of the control block, and provided that such transfer of control has not occurred due to the operations provided for in Section 10.1 (vii) above;

- (viii) assignment, sale, disposal, spin-off, transfer, either free of charge or onerous, of the Issuer's assets, including shares or units of ownership of Controlled Companies, in an amount greater than the equivalent to twenty percent (20%), individually or aggregated, of the Issuer's stockholders' equity in accordance with the last audited quarterly financial statement disclosed, unless it is made (a) by assignment, sale, disposal, spin-off, transfer and/or promise to transfer the Issuer's assets, including shares or units of ownership of Controlled Companies, within the Issuer's corporate group; (b) with the Holders' prior written consent; (c) in case of disposal of used non-fixed assets that are used in the normal course of the Issuer's business exclusively for the purpose of replenishment; or (d) in the event of sale and lease-back operations with a term of at least fifteen (15) years, encompassing assets in an amount that is less than twenty percent (20%) of the Issuer's fixed assets per year, based on the audited financial statements for each year, and this limit is calculated on an annual basis for each calendar year counted from the Issue Date and provided that (i) the respective funds are used by the Issuer in the Issuer's real estate development course, for the purpose of investing in new stores and subject to the other restrictions provided for in this document; and (ii) the total fixed assets ascertained based on the audited financial statements regarding the closing of each fiscal year of the Issuer is not less than three billion and five hundred million Brazilian reais (R\$ 3,500,000,000.00);
- (ix) amendment to the Issuers' business purpose that results in the change of the Issuer's main business activity, or adds an activity that implies changes in the Issuer's main business activity;
- (x) non-maintenance by the Issuer, while there are outstanding Promissory Notes, of the following financial indexes and limits ("Financial Indexes and Limits"), which will be quarterly assessed by the Issuer based on the twelve (12) months before the respective assessment date, based on the Issuer's consolidated financial statements (or interim financial information), and monitored by the Trustee in up to ten (10) Business Days as of the date of submission

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of the necessary documents by the Issuer to the Trustee, provided that the first assessment will be made based on the Issuer's interim financial information for the quarter ended September 30, 2021.

- (a) Until the occurrence of the maturity in the normal course (that is, without early maturity) or early redemption of the debentures of the 1<sup>st</sup> Issue, the ratio between Consolidated Net Debt (as defined below) ("Consolidated Net Debt") and Stockholders' Equity (as defined below) ("Stockholders' Equity") lower or equal, according to the table below:

Quarter	3Q21	4Q21	1Q22	2Q22	3Q22	4Q22	1Q23	2Q23
Consolidated Net Debt/Stockholders Equity	5.0	3.0	3.5	3.5	3.5	2.00	2.5	2.5

- (b) From the maturity in the normal course (that is, without early maturity) or early redemption of the debentures of the 1<sup>st</sup> Issue, until the Maturity Date, the ratio between the Consolidated Net Debt and the Stockholders' Equity lower than or equal to three integers (3.0).

- (c) Until the occurrence of the maturity in the normal course (that is, without early maturity) or early redemption of the debentures of the 1<sup>st</sup> Issue, the ratio between the Consolidated Net Debt and EBITDA (as defined below) ("EBITDA") lower or equal, according to the table below;

Quarter	3Q21	4Q21	1Q22	2Q22	3Q22	4Q22	1Q23	2Q23
Consolidated Net Debt/EBITDA	3.25	2.5	2.75	2.75	2.75	2.0	2.25	2.25

- (d) From the maturity or early redemption of the debentures of the 1<sup>st</sup> Issue, until the Maturity Date, the ratio between the Consolidated Net Debt and EBITDA lower than or equal to three integers (3.0).

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- (xi) performance of financial transactions and/or other transactions and/or the execution of any agreements with related parties not directly or indirectly controlled by the Issuer, not essential to the Issuer's business, or the provision of guarantees on behalf or to the benefit of its direct or indirect Controlling Shareholders, except if such transactions take place upon prior and express authorization from the Holders;
- (xii) creation of any Liens (defined as mortgage, pledge, fiduciary sale, fiduciary assignment, usufruct, trust, charge, encumbrance or burden, attachment, sequestration, or levy, either judicial or extrajudicial, voluntary or involuntary, or another act with a practical effect similar to any of the terms above) in unit or aggregate value equal to or higher than seventy-five million Brazilian reais (R\$ 75,000,000.00), or the equivalent amount in other currencies ("Liens"), on present and/or future asset(s) and/or revenue(s) of the Issuer, including, but not limited to, shares or units of ownership of its subsidiaries, except: (a) for Liens existing on the Issue Date; (b) for Liens created as a result of renewals, substitutions, or renegotiations of all or part of

debts existing on the Issue Date, so long as the Liens are constituted exclusively on the asset guaranteeing the renewed, substituted, or renegotiated debt on the Issue Date; (c) for the fiduciary sale or other security interest constituted exclusively in transactions in the course of the Issuer's real estate development, for the purpose of investing in new stores, provided that they have an average term and maturity date greater than the Maturity Date of the Promissory Notes of the Second (2<sup>nd</sup>) Series and up to a limit of twenty percent (20%) of its fixed assets; (d) for Liens existing on any asset of any company when that company is merged by the Issuer, and that has not been created as a result of, or in advance of this event; or (e) for guarantees provided on bank debts or transactions performed in the stock market that are due by the Issuer or its Controlled Companies and up to a limit of twenty percent (20%) of its stockholders' equity; and

- (xiii) non-compliance, as verified in a court decision, by the Issuer, its Controlling Shareholders, and Controlled Companies, as well as by its employees and respective officers and members of the board of directors, acting on behalf of the Issuer, as applicable, with Law No. 12.846, of August 1, 2013, as amended, Decree No. 8420, of March 18, 2015, the UK Bribery Act of 2010, as amended, and the U.S. Foreign Corrupt Practices Act of 1977, as amended, as well as other applicable rules that address acts of corruption and harmful to the government ("Anti-corruption Laws").

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**10.4** For the purposes of Section 10.3 above, the following terms are defined as: (i) "Consolidated Net Debt" the Issuer's full debt (short and long-term loans and financings, including debentures and promissory notes), subtracted from the amount of cash available and accounts receivable, with a discount of one point five percent (1.5%), resulting from sales with credit card, food vouchers, and multiple benefits; and (ii) "EBITDA", the gross profit deducted from the resulting operating expenses, excluding depreciation and amortization, added with other recurring operating revenues and excluding general administrative and sales expenses throughout the last four (4) quarters covered by the most recent consolidated financial statements made available by the Issuer, prepared according to the Brazilian generally accepted accounting principles.

**10.5** The non-declaration of the early maturity of the Promissory Notes in the event of occurrence of a Non-Automatic Early Maturity Event shall be decided by Holders representing, in the first or second call, at least two-thirds (2/3) of the outstanding Promissory Notes.

**10.6** In the event that the General Holders' Meeting mentioned in Section 10.5 above is not initiated due to lack of quorum, on the first and second call, or if there is not a sufficient quorum to not declare the early maturity, the Trustee shall formalize minutes of the General Holders' Meeting stating that, due to the fact that the meeting was not initiated or due to lack of a quorum, the early maturity of all obligations arising from the Promissory Notes will be declared and shall require the immediate payment of the respective Unit Par Value, plus Remuneration and other charges due until the date of the actual payment, in accordance with the terms of Sections 10.7 and 10.8 below.

**10.7** In the event of early maturity of the Promissory Notes declared by the Trustee, the Issuer undertakes to pay the respective Unit Par Value, plus the respective Remuneration, calculated exponentially and cumulatively *pro rata temporis* for Business Days elapsed since the Issue Date until the date of its actual payment, as well as any other amounts due by the Issuer under the terms of this Instrument.

**10.8** The payment of the amounts mentioned in the previous Section, as well as of any other amounts possibly due by the Issuer under this Section, shall be made in up to one (1) Business Days of the notice in writing to be sent by the Trustee to the Issuer, pursuant to Section 27 of this Instrument, outside B3's scope, and, if the Issuer fails to do so, it shall be subject to the penalty of payment of the late payment charges provided for in Section 5 of this Instrument.

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**10.9** The Trustee shall notify, immediately, in writing, any early maturity of the Promissory Notes to the Issuer, B3, and the Agent Bank (i) by electronic mail immediately after the declaration of the early maturity, and/or (ii) by registered mail or mail with acknowledgment of receipt ("AR") issued by the Post Office.

**10.10** However, if the payment of all Promissory Notes provided for above is made through B3, the Issuer shall notify B3, by mail along with the Trustee, of such payment, at least three (3) Business Days before the date established to make such a payment.

## **11 FORM, CIRCULATION, AND PROOF OF OWNERSHIP**

**11.1** The Promissory Notes are issued in form of an instrument and will be held under the custody of Itaú Corretora de Valores S.A., a company regularly organized and authorized to operate by the Brazilian Central Bank pursuant to the National Monetary Council Resolution No. 165 of October 26, 1989, with its principal place of business located in the City of São Paulo, State of São Paulo, at Avenida Brigadeiro Faria Lima, 3500, 3<sup>rd</sup> andar, ZIP code 04538-132, enrolled with the CNPJ/ME under No. 61.194.353/0001-64, as a provider of custodian services for the physical custody of this Promissory Note ("Custodian"), whose definition includes any other institution that may succeed the Custodian in providing the custodian services regarding the Promissory Notes), and will circulate by full endorsement, without guarantee from the endorser, of a mere transfer of ownership. While they are the subject matter of a centralized deposit, the circulation of the Promissory Notes will be made by means of the book-entry records made on the deposit accounts held with B3, which will endorse the

Instruments of the Promissory Notes to the final creditor at the time of termination of the registration with B3.

- 11.2** For all legal purposes, the ownership of this Promissory Note will be evidenced by the possession of this Instrument, in accordance with the law applicable to negotiable instruments of this kind. In addition, the ownership of the Promissory Notes will be evidenced by an extract issued by B3 in the name of the respective holder of the Promissory Notes, for Promissory Notes that are electronically deposited with B3.

## **12 SUBSCRIPTION PRICE, PAYMENT METHOD, AND SUBSCRIPTION PROCEDURE**

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- 12.1** The subscription and payment price of this Promissory Note will correspond to the Unit Par Value and will be paid in cash, at the time of subscription, on the Issue Date, exclusively by means of the MDA - *Módulo de Distribuição de Ativos* (Assets Distribution Module) ("**MDA**"), in accordance with B3's settlement rules, in national currency. All Promissory Notes will be subscribed to and paid in on the same date.
- 12.2** The subscription price may be increased by premium or have a discount on the issue date, provided that they are offered on equal terms to Professional Investors (as defined below).
- 12.3** The holders of this Promissory Note, at the time of subscription, must provide the Lead Manager with a written statement, attesting, among other things, that they are aware that: (i) the Offer was not registered with the CVM; and (ii) this Promissory Note is subject to the trading restrictions provided for in CVM Instruction 476 and in this Instrument, as applicable
- 12.4** By subscribing, paying, or acquiring this Promissory Note on the primary or secondary market, the holder of this Promissory Note grants, automatically and in advance, their express consent to B3, the Issuer, the Agent Bank and/or Custodian to inform the Trustee of the existence of the holder of this Promissory Note.

## **13 ISSUER'S ADDITIONAL OBLIGATIONS**

- 13.1** Without prejudice to the other obligations set out in the applicable regulation, the Issuer undertakes to comply with all the obligations mentioned below:

(a) provide to the Trustee or make available on its website and on the CVM website, as appropriate:

(i) in up to ninety (90) days after the end of each fiscal year, or in up to five (5) Business Days from the disclosure date, whichever occurs first, a copy of the Issuer's complete financial statements regarding the respective fiscal year, accompanied by the management report and opinion from independent auditors, as applicable. The information mentioned in this item shall be followed by: (1) a report with the calculation showing the assessment of Financial Indexes and Limits, prepared by the Issuer, showing the necessary titles for its assessment, and the Trustee may request from the Issuer and/or the Issuer's independent auditors all possibly

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necessary additional clarifications; and (2) a statement, signed by the Issuer's legal representatives, in accordance with its Articles of Incorporation, certifying: (2.1) that the provisions contained in the Instrument remain valid; and (2.2) the non-occurrence of any of the Early Maturity Events and absence of default of the Issuer's obligations before the Holders and the Trustee;

(ii) in up to forty-five (45) days after the end of the three (3) first fiscal quarters or five (5) Business Days after the disclosure to the market, whichever occurs first, a copy of the Issuer's quarterly information regarding the respective quarter, followed by the management report and opinion from the independent auditors. The information mentioned in this item shall be followed by a report with the calculation showing the assessment of Financial Indexes and Limits, prepared by the Issuer, showing the necessary titles for its assessment, and the Trustee may request from the Issuer and/or the Issuer's independent auditors all possibly necessary additional clarifications;

(iii) within ten (10) Business Days, or in a shorter period if so requested by the competent authority, any information that may be requested by the Trustee, for the Trustee to fulfill its obligations under the terms of this Instrument and CVM Resolution No. 17, of February 9, 2021 ("**CVM Resolution 17**");

(iv) on the publication date, the information disclosed pursuant to Section 25 of this Section (sic);

(v) notices to the Holders, material facts, as well as minutes of the Issuer's general meetings and meetings of the board of directors, as applicable, that in any way involve the Holders' interest, within two (2) Business Days as of the date when they are (or should have been) published, or, if not published, from the date when then are made;

(vi) if it is aware, information about any non-remedied breach, either of a monetary nature or not, of any section, terms, or conditions of this Instrument, in up to five (5) Business Days as of the breach date, without prejudice to the provisions in

- (vii) in up to five (5) Business Days after its receipt, a copy of any mail or court notice received by the Issuer that could result in a Material Adverse Effect (as defined below) to the businesses, financial status, or the result of the Issuer's operations;
- (viii) in up to five (5) Business Days after becoming aware of it, information of any nature that may result in a Material Adverse Effect;
- (ix) an original copy of the attendance list and an electronic copy (pdf) with JUCERJA's digital seal of acts and meeting of Holders that may be held within the scope of the Issue; and
- (x) all other documents and information that the Issuer, pursuant to terms and conditions established in this Instrument, undertook to send to the Trustee;

- (b) submit, pursuant to the law, its accounts and balance sheets to be analyzed by an independent audit firm registered with the CVM;
- (c) maintain in proper operation a department to efficiently serve the Holders or hire financial institutions authorized to provide such service;
- (d) call, pursuant to Section 14 of this Instrument, a General Holders' Meeting to resolve any matters related to this Issue, directly or indirectly, in the event the Trustee fails to comply with such an obligation under the terms of this Instrument;
- (e) inform the Trustee, within no later than two (2) Business Days, of the occurrence of any event provided for in Section 6 of this Instrument;
- (f) fulfill all decisions rendered by the CVM, including those that require the submission of documents, providing, also, any information requested;

- (g) refrain from conducting operations unrelated to its corporate purpose, with due regard for the provisions of the by-laws, legal and regulatory provisions in effect;
- (h) notify the Trustee, within two (2) Business Days, of any material change in the financial, economic, commercial, operating, regulatory or corporate conditions or in Issuer's business that (a) impedes or significantly hinders compliance, by Issuer, of its obligations arising from this Instrument and the Promissory Notes; or (b) cause the financial statements or information prepared by Issuer to no longer reflect the actual economic and financial condition of Issuer;
- (i) keep its goods and assets properly insured, in accordance with its current practices, and the Trustee is not responsible for monitoring such insurance;
- (j) not perform any act in disagreement with its Articles of Incorporation and this Instrument, or any other document regarding the Restricted Offering, especially those that may, directly or indirectly, commit the timely and complete fulfillment of the obligations assumed with the Holders;
- (k) comply with all applicable laws, regulations and orders in any jurisdiction in which the Issuer conducts business or has assets, except in cases where, in good faith, the Issuer is discussing the applicability of the law, rule, or regulation at the administrative or judicial branches, and such discussion does not interrupt or suspend the Issuer's activities, or may result in material adverse effect: (a) on the Issuer's economic, financial, reputational or operating status; or (b) in the punctual fulfillment of the obligations assumed by the Issuer before the Holders, under the terms of this Instrument ("Material Adverse Effect");
- (l) keep contracted, during the term of effectiveness of Promissory Notes, at its expenses, the Agent Bank, the Custodian, Trustee, and the trading environment at the secondary market (CETIP21);
- (m) pay all expenses evidenced by the Trustee as may be necessary to protect the rights and interests of Holders or to realize their claims, including legal fees and other expenses and costs incurred by virtue of the collection of any amount due to the Holders under the terms of this Instrument;

- (n) make the payment of any taxes or contributions that affect or shall affect Issue and which are Issuer's responsibility;

- (o) during the term of effectiveness of the Promissory Notes, keep valid and regular the representations and warranties made in this Instrument, whenever applicable;
- (p) not disclose to the public information relating to Issuer, Restricted Offer or Promissory Notes in disagreement with the applicable regulations, including, but not limited to, the provisions of CVM Instruction 476 and article 48, item II of CVM Ruling 400, of December 29, 2003, as amended;
- (q) refrain from trading securities issued by it until the closing communication of the Restricted Offer to CVM by the Lead Manager subject to the provisions of article 12 of CVM Instruction 476;
- (r) refrain from sending the Restricted Offer closing communication to the CVM by the Lead Manager, to (a) disclose information about the Restricted Offer, except as necessary for the achievement of its purposes, advising the addressees of the reversed information transmitted; and (b) use the information relating to the Restricted Offering, except for purposes strictly related to the preparation of the Restricted Offering;
- (s) maintain the Promissory Notes deposited for trading in the secondary market during the term of effectiveness of the Promissory Notes, bearing the costs of said deposit;
- (t) make and provide evidence to the Trustee of all necessary records, registrations and pretexts, as provided in this Instrument, in the competent bodies;
- (u) notify the Holders and Trustee, within two (2) Business Days, if any of the representations made by the Issuer in this Instrument become partially or fully untrue, incomplete, or inaccurate;
- (v) inform and send the organizational chart, all financial information, and corporate acts necessary to prepare the annual report, pursuant to CVM Resolution 17, as requested by the Trustee, which shall be duly sent by the Issuer within ten (10) Business Days as of the Trustee's request. The aforementioned organization chart of Issuer's corporate group shall

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contain, including, parent companies, controlled companies, under common control, affiliates, and controlling group member, at the end of each fiscal year;

- (w) maintain valid and regulated the licenses, concessions, authorizations, or approvals necessary for its regular operations, except for those that are under challenge in good faith and/or under legal process of renewal, and that causes no Material Adverse Effect;
- (x) comply with the provisions of the legislation in force pertaining to the National Environmental Policy, Resolutions of CONAMA - National Council for the Environment, and other applicable supplementary environmental laws and regulations, and take any preventive or remedial measures and actions, aimed at avoiding and correcting any environmental damage resulting from the activity described in its corporate purpose;
- (y) observe the legislation in force, especially labor, social security, and environmental legislation, always making sure that (a) the Issuer does not use, directly or indirectly, work in conditions similar to slavery or child labor; (b) the employees of the Issuer are duly registered, in accordance with the legislation in force; (c) the Issuer complies with the obligations arising from the respective employment agreements, and labor and social security legislation in force; (d) the Issuer complies with the legislation applicable to the protection of the environment, as well as public health and safety; (e) the Issuer holds all permits, licenses, authorizations, and approvals necessary for the exercise of their activities, in compliance with the applicable environmental legislation; and (f) the Issuer has all the required registrations, in accordance with applicable civil and environmental legislation;
- (z) if it becomes aware of any act or fact that breaches the Anti-corruption Laws, immediately inform the Trustee;
- (aa) make eventual payments due to the Holders exclusively by the means provided for in this Instrument;
- (bb) comply with the Anti-Corruption Laws and ensure that its Controlled Companies, as well as their respective managers, shareholders with management powers and respective employees acting on behalf of the Issuer, especially those who come into contact with the celebration of this Instrument, comply with the Anti-corruption Laws;

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- (cc) maintain and ensure that its Controlled Companies and Affiliates maintain internal policies and/or procedures aimed at complying with Anti-Corruption Laws; and
  - (dd) make the best efforts so that any subcontracted parties be aware of the need to comply with the Issuer, its Controlled Companies, and Affiliates policies and/or procedures related to Anti-Corruption Laws.



- 13.2** Issuer hereby irrevocably and irreversibly undertakes to ensure that its operations in the B3 environment are always supported by good market practices, with full and faithful compliance with the rules applicable to the matter, holding the Trustee harmless from any and all liability for claims, loss, damages, loss of profits and/or prospective profits to which noncompliance with said rules may give rise, provided they are proven to have occurred not by fault of the Trustee.
- 13.3** Without prejudice to other obligations expressly provided in the regulations in force and this Instrument, the Issuer undertakes, pursuant to CVM Instruction 476, as applicable:
- (a) prepare the year-end financial statements and, if applicable, the consolidated statements, in accordance with the Brazilian Corporations Act and with the rules enacted by CVM;
  - (b) submit its financial statements to auditing, by an auditor registered with the CVM;
  - (c) disclose, until the day before the beginning of the trading of the Promissory Notes in the secondary market, the financial statements, accompanied by explanatory notes and the report of the independent auditors, regarding the last three (3) fiscal years ended;
  - (d) disclose the subsequent financial statements, accompanied by explanatory notes and independent auditors' reports, within three (3) months as from the end of the fiscal year;
  - (e) fulfill the provisions of CVM Instruction 358, of January 3, 2002, as amended (CVM Instruction 358) regarding the duty of secrecy and prohibitions on trading;

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- (f) disclose on its page on the world wide web the occurrence of any "Material Fact", as defined in article 2 of CVM Instruction 358 and communicate the occurrence of such a Material Fact immediately to Coordinators and Trustee;
  - (g) provide all information requested by CVM and B3;
  - (h) disclose on its page on the world wide web of computers the annual report and other communications sent by the Trustee on the same date of receipt thereof, also observing the provisions of letter "d" above;
  - (i) comply with the provisions of the specific regulation issued by CVM, in the event a holders of promissory notes meeting is called, to be held partially or exclusively digitally.
- 13.4** If any of the provisions of this Instrument is deemed to be illegal, invalid or ineffective, all other provisions not affected by such judgment shall prevail, and Issuer and Trustee, in good faith, undertake to replace the affected provision with another, which, to the extent possible, produces the same effect.

## **14 PROMISSORY NOTES HOLDERS GENERAL MEETING**

- 14.1** The Holders may, at any time, meet in a general holders' meeting, so as to resolve on any matter of interest for the community of Holders ("General Holders' Meeting"), in accordance with article 71 of the Brazilian Corporations Act.
- 14.2** The General Holders' Meeting may be called (i) by the Trustee; (ii) by the Issuer; (iii) by Holders representing at least ten percent (10%), of the Outstanding Promissory Notes; and/or (iv) by the CVM.
- 14.2.1** The General Holders' Meeting shall be called by means of a notice published at least three (3) times under the terms of Section 25 below, subject to other rules related to the publications of notices calling general meetings, as set forth in the Brazilian Corporations Act, applicable regulation and this Instrument, whereas call is waived in case of attendance of all Holders.

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- 14.3** The provisions of the Brazilian Corporations Act concerning the general shareholders' meetings shall be apply to the General Holders' Meeting, as applicable.
- 14.4** The position of chairman in the General Holders' Meeting will be the responsibility of the Holder elected by the Holders present or the one designated by CVM.
- 14.5** The General Holders' Meeting must be held within thirty (30) days counted from the first publication of the call notice or, if there is no quorum to hold the General Meeting on the first call, within eight (8) counted from the date of first publication of the second call notice.

**14.6** The General Holders' Meeting will be called, on first call, with the presence of Holders representing at least half of the Outstanding Promissory Notes and, on second call, with any quorum. The General Holders' Meeting may be held in person or by videoconference, at the discretion of the Issuer, subject to the regulations in force.

**14.6.1** Once the General Holders' Meeting is established, the Holders of Outstanding Promissory Notes may decide to suspend the work to resume the respective General Meeting at a later date, provided that the suspension is approved by the same quorum established for deliberation of the matter that will be suspended until the resumption of work, subject to the provisions of article 129 of the Brazilian Corporations Act.

**14.6.2** In the event of suspension of the work for resolution at a later date, the matters already resolved and approved or rejected until the suspension of the General Holders' Meeting established cannot be voted on again when the work is resumed. The resolutions already taken will, for all legal purposes, be perfect legal acts.

**14.6.3** Matters that are not voted until the suspension of the works will not be considered resolved and will not produce any effects until the date of their effective resolution.

**14.7** Each Promissory Note grants its holder the right to one vote at the General Meetings, whose resolutions will be taken by the Holder, and the appointment of representatives is allowed. Resolutions taken by Holders, within the scope of their legal competence, subject to the quorums established in this Instrument, will be existing, valid, and effective before the Issuer and will

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bind all holders of Promissory Notes, regardless of whether they attended General Holders' Meeting or the vote cast in the General Holders' Meeting.

**14.8** The presence of the Issuer's legal representatives at the General Meeting called by the Issuer will be mandatory, while at the General Meetings called by the Holders or the Trustee, the presence of the Issuer's legal representatives will be optional, unless requested by the Holders or by the Trustee, as the case may be, in which case it will be mandatory.

**14.9** Trustee shall attend General Meetings to provide the information thereto requested Holders.

**14.10** Except for the provisions of Section 14.11 below, all resolutions to be taken at the General Holders' Meeting will depend on the approval of Holders representing, on first call, at least two thirds (2/3) of the outstanding Promissory Notes, or on second call, by Holders representing the majority of outstanding Promissory Notes.

**14.11** Not included in the quorum referred to in Section 14.10 above:

- (a) the quorums expressly provided for in other items and/or Sections of this Instrument;
- (b) any change (i) in the term of effectiveness of the Promissory Notes; (ii) on Remuneration Payment Dates; (iii) in the Remuneration calculation parameter; (iv) resolution quorums of General Meetings; or (v) in the wording of the Early Maturity Events, amendment of the terms and conditions of the Optional Early Redemption and/or Early Redemption Offer above, shall be approved by Holders who represent, on the first or second call, at least ninety percent (90%) of the outstanding Promissory Notes or of the outstanding Promissory Notes of the respective series.
- (c) in the event of a resolution on prior or subsequent waiver and/or temporary pardon in relation to any of the Early Maturity Event, as well as matters related to the waiver request in question, the matter shall be approved by Holders who represent, on first call at least, two thirds (2/3) of the outstanding Promissory Notes, or on second call, the majority of the outstanding Promissory Notes.

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- (d) The non-statement of early maturity of the Promissory Notes, in the event of a Non-Automatic Early Maturity Event, pursuant to Section 10.3 of this Instrument, will depend on the approval of Holders representing at least two thirds (2/3) of the outstanding Promissory Notes.

**14.12** For the purpose of setting the establishment and resolution quorum regarded in this Section 14, as well as for the purposes of this Instrument, it will be considered as outstanding Promissory Notes the Promissory Notes issued by the Issuer that have not yet been redeemed and/or liquidated, and the Issuer shall deduct from the number such Promissory Notes that it has in treasury, or those that belong to its Parent Company or any of its Controlled Company and other Affiliates, as well as the respective officers or directors, and respective relatives up to the second degree.

**14.13** The Holders, representatives of the Outstanding Promissory Notes, who did not attend a General Holders' Meeting that has been suspended will be admitted to the resumption of this one and will have their rights to participate, vote and resolve on the matters on the agenda that have not been voted on, until the closing and drawing up of the meeting. The Holders, in this act, exempt the Trustee from any responsibility in relation to the provisions herein.

## **15 DISTRIBUTION, TRADING AND PLACEMENT**

### **15.1** The Promissory Notes will be deposited to:

- (i) distribution in the primary market exclusively through the MDA, managed and operated by B3, with the distribution being financially settled through B3, and concomitantly with the settlement, the Promissory Notes will be deposited on behalf of the holder in the B3 Electronic Custody System; and
- (ii) trading in the secondary market through CETIP21 - Securities (CETIP21"), managed and operated by B3, and the negotiations shall be financially settled and the Promissory Notes deposited electronically in B3.

### **15.2** The Promissory Notes will be offered exclusively to a maximum of seventy-five (75) professional investors, as defined in the terms of article 11 of CVM Resolution No. 30, of May 11, 2021, as amended ("Professional Investors"), and may be subscribed and paid in by a maximum of fifty (50) Professional Investors.

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### **15.3** Notwithstanding the provisions of the paragraph above and subject to compliance by the Issuer with the obligations set forth in article 17 of CVM Instruction 476, the Promissory Notes may only be negotiated, as provided for in articles 13 and 15 of CVM Instruction 476, or regulated securities markets after ninety (90) days have elapsed from each subscription or acquisition of each Promissory Note by Professional Investors, except in the case of the lot of Promissory Notes subject matter of the exercise of the firm guarantee by the Coordinators ("Firm Guarantee"), and in the subsequent negotiation: (i) the purchaser observes the abovementioned restriction of ninety (90) days, counted from the exercise of the Firm Guarantee; and (ii) the limits and conditions provided for in Articles 2 and 3 of CVM Instruction 476 and other applicable legal and regulatory provisions are observed.

## **16 GUARANTEES**

### **16.1** The Promissory Notes will not have any personal or real estate guarantees and will not be guaranteed.

## **17 PAYMENT LOCATION**

### **17.1** The payments to which the Holders are entitled will be made by the Issuer on the respective due date in accordance with B3's procedures for Promissory Notes that are electronically deposited at B3 or, if not electronically deposited at B3, at the Issuer's principal place of business, or, even, in accordance with the procedures adopted by the Agent Bank, as applicable. The Holders of the Promissory Notes or the Business Day (as defined below) immediately prior to payment will be entitled to receive any amounts arising from the Promissory Notes.

## **18 TERM EXTENSION**

### **18.1** The deadlines referring to the payment of any obligation provided for in this Promissory Note will be automatically considered extended if its maturity coincides with any day that is Saturday, Sunday or a national holiday, until the first (1st) subsequent Business Day, without any increase to the amounts to be paid.

### **18.2** For purposes of the Issue, "Business Day(s)" means any day other than Saturday, Sunday and a national holiday.

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## **19 ISSUER'S REPRESENTATIONS AND WARRANTIES**

### **19.1** Issuer hereby represents and warrants to Trustee that, on this date:

- (i) it is a duly organized corporation, constituted and existing in accordance with Brazilian laws;
- (ii) it is duly authorized and has obtained all of the necessary licenses and authorizations, including of a corporate nature, for execution of this Instrument, the Issue of Promissory Notes, and fulfillment of its obligations provided for herein, and all of the necessary legal and statutory requirements for such purpose have been fulfilled;
- (iii) the legal representatives who sign this Instrument have the statutory and/or delegated powers to assume, on their behalf, the obligations set forth herein, and being representatives, had the power legitimately granted with their respective mandates in full force;
- (iv) the execution of this Instrument and fulfillment of its obligations provided in this Instrument, as well as that the issue and public distribution of Promissory Notes do not breach or violate (a) any agreement or document to which the Issuer is a party or to which

any of its assets or properties are bound, nor shall it result in (1) early maturity of any obligation provided in any of those agreements or instruments; (2) creation of any liens or encumbrances over any of the Issuer's assets and property; or (3) termination of any such agreements or instruments; (b) any law, decree or regulations to which the Issuer or any of its assets and properties are subject; or (c) any order, decision or administrative, judicial or arbitration award and which affects the Issuer or any of its assets and properties;

- (v) it has all relevant authorizations and licenses required by federal, state, and local authorities for the regular exercise of its activities, and they are all valid, also considering that authorizations and licenses that are not obtained or renewed by the Issuer may not cause a Material Adverse Effect;
- (vi) it is complying with all laws, regulations, administrative rules, and orders from government authorities, agencies, or courts, applicable to the exercise of its businesses and that (a) are relevant to the performance of the Issuer's activities

and the maintenance of its property; or (b) the non-compliance by the Issuer may not cause a Material Adverse Effect, including the provisions in the legislation in force regarding the National Environmental Policy, Resolutions of the National Environmental Council - CONAMA, and other supplementary environmental legislation and regulations that are likewise relevant for the performance of the Issuer's activities, taking precautionary measures and actions or reparatory, to avoid or remedy possible environmental damage resulting from the exercise of the activities described in its respective corporate purpose, and the environmental laws, regulations, legislation, and orders from government authorities, agencies, or courts, applicable to the performance of the Issuer's businesses. The Issuer also undertakes to carry out all due diligence required to carry out its activities, preserving the environment and complying with the determinations of the municipal, state and federal agencies that may, secondarily, legislate or regulate the environmental rules in force;

- (vii) complies with the laws, regulations and other environmental and labor rules in force, relating to the environment and occupational health and safety, so that: (a) does not use child labor and/or slave labor in the conduct of its activities; (b) does not adopt actions that encourage prostitution; (c) does not practice racial and gender discrimination; (d) does not infringe on the rights of foresters; (e) the Issuer's workers are duly registered under the terms of the legislation in force, except to the extent that the absence of such registration cannot cause a Material Adverse Effect; (f) the Issuer complies with the obligations arising from the respective employment contracts and the labor and social security legislation in force, except to the extent that the absence of such registration cannot cause a Material Adverse Effect; and (g) did not practice any act or adopt any measure capable of causing a crime to the environment; further declaring that it was not definitively convicted in the judicial or administrative sphere for (1) labor issues involving the matters referred to in items "a" to "d" above; or (2) crime against the environment;
- (viii) Issuer's financial statements regarding the fiscal year ended on June 30, 2021, accurately represent the Issuer's equity and financial status on those dates and for those periods, and they have been duly prepared under the Brazilian generally accepted accounting principles;
- (ix) the Issuer is not aware of the existence of any lawsuit, arbitral or administrative proceeding, investigation, or any type of government investigation that may cause a Material Adverse Effect;

(x) the Issuer's consolidated and audited financial statements regarding the fiscal years ended on December 31, 2020, 2019, and 2018, are true, complete, accurate, and correct in all aspects, on the date they have been prepared and/or published, and they clearly and accurately represent the Issuer's financial and equity status, results, operations, and cash flows in the period, and up to the execution of this Instrument (a) there was no Material Adverse Effect, (b) there was not material transaction involving the Issuer outside its regular course of business, (c) there was no material increase in the Issuer's indebtedness;

- (xi) the information and representations in this Instrument regarding the Issuer and Restricted Offering, as the case may be, are true, accurate, correct, and sufficient;
- (xii) it has not omitted a fact, of any nature, which is known to them and which may result in a Material Adverse Effect in prejudice of the Professional Investors that may acquire Promissory Notes;
- (xiii) it is in compliance with the obligations in this Instrument and it is not, on this date, incurring any of the Early Maturity Events;
- (xiv) there is no connection between the Issuer and the Trustee that prevents the Trustee from fully exercising its duties;
- (xv) the Issuer hereby represents, on its behalf and on behalf of its Controlled Companies, as well as its managers and employees, herein, that it is aware of the provisions in the Anti-corruption Laws and it undertakes to refrain from practicing any activity that is a violation to the provisions in the Anti-corruption Laws. The Issuer also declares (a) that it adopts the best practices (and causes its Controlled Companies and other Affiliates, as well as its managers and employees to adopt the best practices) to prevent its eventual subcontractors from violating the provisions contained in the Anti-Corruption Laws and (b) that maintains (and causes its

Controlled Companies and other Affiliates, as well as its managers and employees to maintain) internal policies and procedures that ensure full compliance with such rules and give full knowledge of such rules to all professionals who may have a relationship with the Issuer;

- (xvi) on this date, (a) there is no violation or indication of violation of any legal or regulatory provisions, whether national or foreign, concerning the practice of corruption or acts harmful to the public administration, including, without limitation,

Anti-Corruption Laws, by the Issuer, its Controlled Companies and other Affiliates, as well as by its managers; and (b) declares that there is no conviction in the administrative or judicial sphere, notably for reasons of corruption or for any reason related to non-compliance with the Anti-Corruption Laws;

- (xvii) this Instrument constitutes a legal, valid, effective, and binding obligation of the Issuer, enforceable in accordance with its terms and conditions, with the force of an extra-judicially enforceable instrument pursuant to article 784, of the Code of Civil Procedure, and

- (xviii) it is fully aware and fully agrees with the form of disclosure and assessment of the DI Rate, disclosed by B3, and that the form of calculation of the Compensation was covenanted by free will of the Issuer, with observance of the principle of good faith.

## 20 EXPENSES

**20.1** The Issuer will be responsible for the expenses and costs related to the registration fee at B3, contracting of the Agent Bank, Custodian and the Trustee.

**20.2** The payment referred to in Section 20.1 above will be made within ten (10) Business Days from the delivery, to the Issuer, of a copy of the documents proving the expenses actually incurred and necessary to protect the rights of the Holders.

**20.3** All expenses that the Trustee may incur in order to safeguard the interests of the investors shall be previously approved and advanced by the investors, and subsequently reimbursed by the Issuer. Such expenses include legal fees, including third parties', deposits, indemnities, legal costs and fees of lawsuits proposed by the Trustee, provided that they are related to the default settlement, as a representative of the investors. Any eventual expenses, deposits and legal costs arising from the loss of suit will also be borne by the investors, as well as the remuneration and reimbursable expenses of the Trustee, in the event that the Issuer remains in default with respect to the payment thereof for a period exceeding ten (10) calendar days.

**20.4** The expenses referred to in Section 20.3 above will include, but not be limited to, those incurred with the following matters, provided that they are duly evidenced:

- (a) publication of reports, notices and notifications;
- (b) extraction of certificates and notary expenses;
- (c) photocopying, scanning and sending documents;
- (d) costs incurred in telephone contacts related to the Issue;
- (e) locomotion between States of the Federation and respective accommodation, transport and food; and
- (f) expenses with specialists, such as auditing and/or inspection, among others, or legal advice.

**20.5** The Trustee's credit for expenses incurred to protect the rights and interests or to carry out credits of the Holders that have not been settled in the manner established herein will be added to the Issuer's debt, preferring them in the payment order.

## 21 PLACEMENT REGIME

**21.1** This Promissory Note is subject to public distribution with restricted distribution efforts, pursuant to CVM Instruction 566 and CVM Instruction 476, being, therefore, automatically exempt from registration with the CVM, and the public distribution is carried out under a firm guarantee of placement for the entirety of the Promissory Notes, with the intermediation of institutions that are part of the securities distribution system ("Coordinators").

## 22 DESTINATION OF THE FUNDS

**22.1** The funds raised with the Offer will be fully used by the Issuer to pay the early redemption of the fourth (4th) series debentures of the first

- 22.2** The Issuer shall send the Trustee a statement on letterhead and signed by a legal representative, attesting to the destination of the funds of this Issue within thirty (30) calendar days from the date of the effective allocation of all the funds or on the Maturity Date, which occurs first, and the Trustee may request from the Issuer all possible clarifications and additional documents that may be necessary.
- 22.3** Documents proving the allocation of funds must be sent by the Issuer to the Trustee within ten (10) calendar days from the respective request by the Trustee or in a shorter period, if necessary for the purposes of timely compliance, by the Trustee, of any requests made by authorities or regulatory agencies, regulations, laws or judicial, administrative or arbitration determinations.
- 22.4** The Trustee shall treat any and all information received under the terms of this Section in a confidential manner, with the exclusive purpose of verifying compliance with the allocation of funds established herein.

## **23 TRUSTEE**

- 23.1** The Trustee will be responsible for the extrajudicial representation and judicial assistance of the Holders in case they request bankruptcy, judicial reorganization and/or extrajudicial reorganization of the Issuer or initiate another judicial proceeding of the same nature, or even any applicable procedure for collection or judicial execution of the obligations arising from this Instrument, as applicable, with which the Holder irrevocably and irreversibly agrees upon subscription and payment of the Promissory Notes.
- 23.2** On the date of execution of this Instrument and based on the organizational chart provided by the Issuer, the Trustee identified that it does not act as a trustee in issues of the Issuer or its economic group.
- 23.3** The Trustee will perform its functions from the date of signature of this Trust Service Agreement or any amendments thereto relating to its replacement, and shall remain in the exercise of its functions until the Maturity Date or, if still remain obligations, principal and accessory, of Issuer under the terms of this Instrument that are not performed after the Maturity Date, until all Issuer's obligations under the terms of this Instrument are fully fulfilled, or even until their effective replacement.

- 23.4** In the event of temporary impediments, resignation, intervention or judicial or extrajudicial liquidation, bankruptcy or any vacancy case of Trustee, within no more than thirty (30) calendar days from the event to be determined, a General Holders' Meeting to choose a new trustee, which meeting shall be called by the Trustee to be replaced and may also be called by the Holders representing at least ten percent (10%) of the Outstanding Promissory Notes or by CVM. In the event that the call is not made within fifteen (15) consecutive days prior to the expiration of the aforementioned term, Issuer shall perform it, subject to the term of fifteen (15) days for the first call and eight (8) days for the second call, being certain that the CVM may appoint a provisional substitute, until the process of choosing the new Trustee. The remuneration of the new trustee will be the same as that of the Trustee, unless another is negotiated with the Issuer, which is accepted in writing, previously and expressly.
- 23.5** Holders, after the term for distribution of all Promissory Notes, are entitled to replace the Trustee and to appoint its substitute, in a General Holders' Meeting specially called for this purpose. The replacement, on a permanent basis, of the Trustee is subject to prior communication to CVM and its manifestation regarding compliance with the requirements set forth in article 7 of CVM Resolution 17.
- 23.6** The performance of the Trustee is limited to the scope of CVM Instruction 566 and CVM Resolution 17, the applicable articles of the Brazilian Corporations Act and the sections of this Instrument and the Trust Service Agreement, the Trustee being exempt, in any former pretext, from any additional liability that has not arisen from the applicable legal and regulatory provisions and this Instrument.
- 23.7** The Holder, through the subscription or acquisition of this Promissory Note, hereby expresses its agreement with the provisions set forth in this item.
- 23.8** The Trustee will not make any judgment on the guidance about any issue-related fact that must be determined by the Holders, only undertaking to act in compliance with the instructions given by the Holders. In this sense, the Trustee does not assume any responsibility for the result or legal effects arising from the strict compliance with the Holders' guidance given to it, as determined by the Holders and reproduced before the Issuer, regardless of potential losses that may be caused as a result thereof to the Holders or the Issuer. The performance of Trustee is limited to the scope of CVM Resolution 17 and the applicable articles of the Brazilian Corporations Act, being the latter exempt, in any form or pretext, from any additional liability that did not result from applicable law.

- 23.9** The acts or statements by Trustee that entail a liability to Holders and/or release third parties from obligations to them, as well as those related to the due compliance of the obligations under this instrument, will only be valid where previously as resolved by the Holders at the General Holders' Meeting.

- 23.10** Without prejudice to the duty of diligence of the Trustee, the Trustee will assume that the original documents or certified copies of documents sent by the Issuer or third parties, as requested by it, were not subject to fraud or tampering. The Trustee will also not be responsible for the preparation of the Issuer's corporate documents under no circumstance whatsoever, the preparation of which shall continue to be the Issuer's legal and regulatory obligation, as set forth in the applicable law.
- 23.11** The Issuer will reimburse the Trustee for all reasonable and usual expenses that it has demonstrably incurred to protect the rights and interests of the holder of the Promissory Note or to carry out its credits, as well as paying the costs related to the registration with B3, the contracting of the Agent Bank, Custodian and Trustee. The Trustee will be reimbursed for expenses such as publications, legal fees, independent auditors' fees and other expenses and costs incurred as a result of the collection of any amount due to the holder of the Promissory Note under the terms of this Instrument and the Trust Service Agreement, and should, whenever possible, be previously approved by the Issuer.
- 23.12** As remuneration for the services provided by the Trustee, annual installments of eleven thousand Brazilian reais (R\$ 11,000.00) will be due under the terms of the Trust Service Agreement entered into between the Issuer and the Trustee.
- 23.13** Without prejudice to the provisions of the Trust Service Agreement, all expenses with legal proceedings, including administrative expenses, that the Trustee may incur to protect the interests of the holder of the Promissory Notes shall be, whenever possible, previously approved and advanced by the holder of the Promissory Note, and subsequently, as provided for by law, reimbursed by the Issuer, provided they are duly proven. Such expenses to be advanced by the holder of the Promissory Note also include expenses with third-party legal fees, deposits, costs and court fees for actions proposed by the Trustee or arising from actions brought against it in the exercise of its function, provided that they are related to the solution of the default referred to herein, or even that cause losses or financial risks, as a representative of the communion of the holder of Promissory Notes. Any expenses, deposits and legal costs arising from the loss of suit will also be borne by the holder of the Promissory Notes, as well as the Remuneration and reimbursable expenses of the Trustee, in the event that the Issuer remains in default with respect to

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the payment thereof for a period exceeding thirty (30) calendar days, and the Trustee may request a prior guarantee from the holder of the Promissory Notes to cover the risk of default.

## **24 OBLIGATIONS OF THE TRUSTEE**

Without prejudice to other obligations expressly provided for in this Instrument, in the legislation, in the Trust Service Agreement and in the applicable regulations, the Trustee will be obliged to:

- 24.1.1** perform their activities in good faith, transparency, and loyalty before Holders;
- 24.1.2** protect the rights and interests of Holders, by employing, in the exercise of the duty, the care and diligence that any and all active, reputable person usually employs in the management of own assets;
- 24.1.3** relinquish the exercise of its duties in the event of conflicts of interests or any other type of inaptitude and immediately call the meeting set forth above to decide on its replacement;
- 24.1.4** keep well stored, all documentation related to the exercise of their functions;
- 24.1.5** verifying, at the time of accepting the role, the consistency of the information contained in the Promissory Notes, ensuring that omissions, failures or defects of which it is aware are corrected;
- 24.1.6** monitor the provision of the periodic information by the Issuer and notify the Holders, in the annual report, about eventual inconsistencies or omissions of which it is aware;
- 24.1.7** comment on the adequacy of the information provided in the proposals for changes in the conditions of the Promissory Notes, as the case may be;

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- 24.1.8** request, when it deems necessary for strict performance of its functions, updated certificates of the civil dealers, Courts of the Public Treasury, Protest Registries, Labor Prosecutor's Offices and the Public Treasury Prosecutor's Office of the jurisdiction of the principal place of business of the Issuer;
- 24.1.9** request, when deemed necessary, external audit at the Issuer, being such request followed by a report justifying the need to carry out such audit;
- 24.1.10** call, when necessary, a Holders' Meeting pursuant to Section 14 above;



- 24.1.11** attend the Holders' Meeting, in order to provide the information requested;
- 24.1.12** prepare, within the legal term, an annual report for the Holders, pursuant to article 68, Paragraph 1, item "(b)", of the Brazilian Corporations Act and article 15 of CVM Resolution 17, which must contain, at least, the following information:
- (i) compliance by the Issuer with its obligations to provide periodic information, indicating the inconsistencies or omissions of which it is aware;
  - (ii) Issuer's statutory amendments that occurred in the period with relevant effects on the Holders;
  - (iii) comments on the Issuer's economic, financial, and capital structure indicators relating to contractual sections intended to protect the interests of Holders and which establish conditions that must not be breached by the Issuer;
  - (iv) number of Promissory Notes issued, number of Outstanding Promissory Note, and balance canceled in the period;
  - (v) redemption, repayment, conversion, re-pricing, and payment of Remuneration effected in the period;
  - (vi) monitoring the allocation of funds raised through Promissory Notes, according to the data obtained with Issuer's managers;
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- (vii) list of the goods and amounts eventually delivered for its administration, when existing;
- (viii) compliance with the other obligations assumed by the Issuer under the terms of this Instrument; and
- (ix) existence of issuances of securities, public or private, carried out by the Issuer itself and/or by an affiliated, controlled company, parent company, or member of the same group as the Issuer in which it has acted as a trustee in the period, as well as the data on such issuances provided for in article 6, paragraph 2 and in item XI of Article 15 of CVM Resolution 17;
- 24.1.13** disclose, on its page, within a maximum period of four (4) months as of the end of each fiscal year of Issuer, the annual report referred to in Section 24.1.12 above;
- 24.1.14** keep the list of Holders and their addresses up-to-date, including through dealings with the Issuer, the Custodian, the Agent Bank and B3, and, for the purposes of complying with the provisions of this item, the Issuer and the Holders, as soon as they subscribe or acquire the Promissory Notes, expressly authorize, from now on, the Custodian, the Agent Bank and B3 to comply with any requests made by the Trustee, including regarding the disclosure, at any time, of the position of Promissory Notes, and their respective Holders;
- 24.1.15** supervise compliance with the sections provided for in this Instrument, including those imposing obligations to do and not to do;
- 24.1.16** notify Holders with respect to any breach by Issuer of financial obligations assumed in this Instrument, including collateral obligations and Sections designed to protect the interests of Holders and which lay down conditions not to be disregarded by Issuer, indicating the consequences to the Holders and the action intended to be taken on the matter, within up to seven (7) Business Days counted from the knowledge by the Trustee of the default;
- 24.1.17** disclose the information referred to in Section 24.1.12(ix) above, on its website as soon as it becomes aware of it; and

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- 24.1.18** disclose to Holders and other market participants, on its website and/or in its call center, on each Business Day, the Debt Balance, as calculated by the Issuer.

**24.2** In case of default of any of the Issue's conditions, the Trustee shall use any and all measures provided by the law or this Instrument to protect the Holders' rights or interests, as provided for in article 12 of CVM Resolution 17.

## **25 PUBLICITY**

**25.1** All relevant acts and decisions resulting from the Issue that, in any way, come to involve, directly or indirectly, the interest of the Holders, at the reasonable discretion of the Issuer, must be published in DOERJ and in the journal "Folha de S. Paulo", the disclosure being communicated to the Trustee and to B3 within five (5) Business Days from the date of disclosure. If the Issuer changes, at its sole discretion, its publication journal after the Issue Date, it shall (i) send a notice to the Trustee informing the new publication journal and (ii) publish, in previously used journals, a notice to Holders, informing the new publication journal.

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## 26 INFORMATION

- 26.1** Any additional information regarding this Promissory Note may be obtained from the Issuer or the Trustee. Any and all measures and/or actions involving any and all matters related to the Issue must be taken and/or conducted by the holder of this Promissory Note with the Issuer or the Trustee.
- 26.2** In compliance with the B3 Debenture, Commercial Note and Obligation Rules Guideline, the subscription and payment of this Promissory Note, from now on, represents the knowledge of the respective holder that, concomitantly with the financial settlement of the Offer, this Promissory Note will be deposited in the name of its holder in B3's electronic custody system. If this Promissory Note is assigned or transferred to third parties, the new holder of this Promissory Note must agree with the early redemption and performance of the procedures at B3 provided herein.

## 27 COMMUNICATIONS

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- 27.1** All communications or notices made pursuant to this Promissory Note must always be made in writing, to the addresses indicated below and to the addresses indicated by the holder of this Promissory Note to the Issuer upon subscription or acquisition of this Promissory Note.

### To Issuer:

**SENDAS DISTRIBUIDORA S.A.**

Avenida Aricanduva, nº 5555

CEP (Zip Code) 03527-000 - São Paulo - SP

Attn.:

Phone:

Email:

### To Trustee:

**VÓRTX DISTRIBUIDORA DE TÍTULOS E VALORES MOBILIÁRIOS LTDA.**

Rua Gilberto Sabino, nº 215, 4º andar, Pinheiros

CEP (Zip Code) 05425-020 - São Paulo - SP

Attn.:

Phone:

Email:

## 28 LAW AND JURISDICTION

- 28.1** These Promissory Notes are governed by the laws of the Federative Republic of Brazil.
- 28.2** It is hereby elected the competent courts of the City of São Paulo, State of São Paulo, to settle any doubts or disputes arising out of this Promissory Notes, with the express waiver of any other, regardless of how privileged it may be.

## 29 ASSIGNMENT AND INDORSEMENT

This Promissory Note will assign by full indorsement, of mere transfer of ownership, which must include the section "without guarantee" of the endorser as provided for in article 15 of Exhibit I of the Convention for the Adoption of a Uniform Law on Bills of Exchange and Commercial Notes, enacted by Decree No. 57.663, of January 24, 1966.

Place and Date: \_\_\_\_\_

Holder: \_\_\_\_\_ enrolled with the CNPJ/ME or CPF/ME under No. \_\_\_\_\_

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ITAÚ CORRETORA DE VALORES SA, a financial institution headquartered at Avenida Brigadeiro Faria Lima, 3500, 3rd floor, Itaim Bibi, City of São Paulo, State of São Paulo, enrolled with the CNPJ/MF under No. 61.194.353/0001-64, as custodian services provider for the physical custody of this Promissory Note ("Custodian"), due to the authorizations granted to it by the holder of this Commercial Note ("Holder"), which is duly identified in the records of the B3 Distribution Module (as defined below) at the time of the primary public offering for sale of this Commercial Note and in a report made available to the Issuer's Custodian by B3 S.A.- Brasil, Bolsa, Balcão – Segmento Cetip UTV ("B3"), enrolled with the CNPJ/ME under No. 09.346.601/0001-25, INDORSES this Commercial Note to B3, pursuant to the applicable legislation, in particular the Law 12.810, of May 15, 2013, and the Guideline of Debenture Rules, Commercial Note of Public Distribution with the exclusive purpose of transferring its fiduciary ownership to it for the purposes established in the B3 Regulation for Participant Access, for Admission of Assets, for Trading, for Transaction Registration, for Electronic Custody and for Settlement, and to assign to B3 the function of carrying out, upon removal of the electronic registration from the system managed by it, the indorsement of this Commercial Note to the holder indicated in their records, not being liable for the fulfillment of the provision contained in this title.

Place and Date: \_\_\_\_\_

ITAÚ CORRETORA DE VALORES S.A.

Holder Identification: \_\_\_\_\_, enrolled with the CNPJ/ME or CPF/ME under No. \_\_\_\_\_.

ITAÚ CORRETORA DE VALORES SA, a financial institution headquartered at Avenida Brigadeiro Faria Lima, 3.500, 3rd floor, Itaim Bibi, C of São Paulo, State of São Paulo, enrolled with the CNPJ/MF under No. 61.194.353/0001 -64, as a provider of custodian services for th physical custody of this Promissory Note ("Custodian"), due to the authorizations granted to him by \_\_\_\_\_ (Participant of whom the holder of the Commercial Note is a client), enrolled with the CNPJ/ME under No. \_\_\_\_\_, which is authorized by th holder of this Commercial Note ("Holder"), which is duly identified in the records of

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the Distribution Module - MDA of B3 at the time of the primary public offer for sale of this Commercial Note and in a report made available to the custodian of the issuer by B3 S.A.- Brasil, Bolsa, Balcão – Segmento Cetip UTMV (B3"), enrolled with the CNPJ/ME under No 09.346.601/0001-25, INDORSES this Commercial Note to B3, pursuant to the applicable legislation, in particular the Law 12.810, of May 1. 2013, and the Guideline of Debenture Rules, Commercial Note for Public Distribution, with the exclusive purpose of transferring its fiduciar ownership to it for the purposes established in the B3 Regulation for Participant Access, for Admission of Assets, for Trading, fo Transaction Registration, for Electronic Custody and for Settlement, and to assign to Cetip the function of carrying out, upon removal of the electronic registration from the system managed by it, the indorsement of this Commercial Note to the holder indicated in their records, not being liable for the fulfillment of the provision contained in this title.

Place and Date:

\_\_\_\_\_  
ITAÚ CORRETORA DE VALORES S.A.

Holder Identification: \_\_\_\_\_, enrolled with the CNPJ/ME or CPF/ME under No. \_\_\_\_\_.

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**DESCRIPTION OF SECURITIES REGISTERED  
UNDER SECTION 12 OF THE U.S. SECURITIES EXCHANGE ACT OF 1934, AS AMENDED**

As of December 31, 2021, 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 <sup>1</sup>
American Depositary Share, each representing one common share	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, 2021, 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 the *Novo Mercado* regulations and for so long as we are listed on the *Novo Mercado*, our share capital must consist exclusively of common shares.

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 is 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.

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**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 de expansão*) which will be made 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 is profit resulting from investments measured by the equity method and/or the profits of earnings of any transaction, the financial satisfaction of which takes place in the subsequent fiscal year. The unrealized profit reserve account, when realized, must be used first to offset accumulated losses, if any, and the remaining portion must be used for the payment of mandatory dividends.

**Retained profit reserve.** Our shareholders can decide to retain a portion of the net profit provided that such portion has been contemplated in the capital budget previously approved by the shareholders.

### **Distribution of Dividends**

Under the Brazilian Corporate Law and our bylaws, we may pay dividends only from:

- our "net profit" earned in a given fiscal year, which is our results from the relevant fiscal year, reduced by accumulated losses of prior fiscal years; provisions for income tax and social contribution for such fiscal year; and amounts allocated to employees' and managers' participation in the results in such fiscal year pursuant to our profit sharing plans. Our bylaws allow us to implement a profit-sharing plan for employees and managers and a stock option plan. The amount to be paid in connection with both plans is determined by our board of directors and must not exceed an amount equal to 15% of our net profit. Under 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

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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 20%, or 17% if certain requirements are met or where the local legislation imposes restrictions on disclosing the shareholding composition or the ownership of the investment). See "—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 will enter 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 10% of our total voting stock will have the right to elect one member of our board of directors.

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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 Instruction No. 282, of June 26, 1998, 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 Co-Vice Chairmen of our board of directors;
- the approval of annual management's accounts and our annual financial statements;
- the approval of any issuance of shares, bonuses, debentures convertible into our shares or securities or other rights or interests which are convertible or exchangeable into or exercisable for our shares, without limiting the authorization granted to our board of directors to approve such issuances within the limit of our authorized capital (2,000,000,000 common shares);

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- 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; and
  - the establishment of the global annual compensation of the members of our board of directors and board of executive officers.

### ***Call of Shareholders' Meeting***

The Chairman of our board of directors may call shareholders' meetings. In his absence, the meeting may be called by any of the Co-Vice Chairmen of our board of directors or, in their absence, by an 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, if one is created, if our management fails to call an annual shareholders' meeting within one month after the date it is required to do so under

applicable law and our bylaws. The fiscal council may also call an extraordinary 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 15 days before the date of the meeting on the first call, and no later than eight days before the date of the meeting on the second call. However, 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'

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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 Instruction No. 561, dated April 7, 2015, upon becoming a category "A" publicly-held company in Brazil, we plan to allow our shareholders to submit voting ballots before each shareholders' meeting. Pursuant to CVM Instruction No. 481, as amended, dated December 17, 2009, 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.

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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).

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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.

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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 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, 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:

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- *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:
    - (iii) sell such rights if practicable and distribute the net proceeds in the same manner as cash to the ADR holders entitled thereto; or
    - (iv) 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.
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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.

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 herein, 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.

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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 by 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 at a meeting of holders of shares;
- to pay any fees, charges or expenses assessed by, or owing to the depositary; or
- to receive any notice or to act or be obligated in respect of other matters;

all subject to the provisions of the deposit agreement.

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## 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.

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 or market on which the ADSs are listed or traded, 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 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.

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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.

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 upon which any cash distribution made pursuant to the deposit agreement or in the case of an elective cash/stock dividend, upon which a cash distribution or an issuance of additional ADSs is made as a result of such elective dividend;
- 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 S.A. – Brasil, Bolsa, Balcão, 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;

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- 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 "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 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 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 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](http://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 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 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 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 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 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

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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**

ADR holders or beneficial owners must pay any tax or other governmental charge payable by the custodian or the depositary on any ADS or ADR, deposited security or distribution. 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 deposited securities 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 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 ADSs 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 otherwise prejudices any substantial existing right of ADR holders or beneficial owners of ADSs. Such notice need not describe in detail the specific amendments effectuated thereby, but must identify to ADR holders and beneficial owners a means to access the text of such amendment. 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 60<sup>th</sup> day after our notice of removal was first provided to the depositary. Notwithstanding anything to the contrary herein, 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.



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 agents, 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 United States Securities Exchange Act of 1934, as amended (the "Exchange Act"), to the extent applicable. In the deposit agreement it provides that neither we nor the depositary nor any such agent 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 agents' 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 us, the depositary or our respective agents (including, without limitation, voting);
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- 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;
  - it performs its obligations under the deposit agreement and ADRs without gross negligence or willful misconduct;
  - 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, or in the case of the depositary only, our company; or
  - it relies 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, the ADSs 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, the ADSs 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 otherwise related to the deposit agreement or ADRs 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 depositary, 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.

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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, 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 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 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 jurisdiction of the courts of the State of 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 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, to the fullest extent permitted by applicable law, each party thereto (including, for avoidance of doubt, each ADR holder and beneficial owner and/or holder of interests in ADSs) 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 our or the depositary's compliance with the Securities Act or the Exchange Act, to the extent applicable.

**First 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, 2021

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**First 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) Pursuant to clause 5.3 of said Agreement, the Parties have made efforts to release, replace and/or otherwise remove the Guarantees in the corresponding agreements within a period of up to 6 months from the Effective Date of the Spin-off, under penalty of, pursuant to clause 5.3.2, paying to the Guarantor, from the 6th month after the Effective Date of the Spin-off, 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 and, if the Guarantee remains in force after the period of 18 months from the Effective Date of the Spin-off, such Fee will be increased by 20%;

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(D) 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;

(E) In view of the number of contracts of each Party and the progress of negotiations with the counterparties, as widely discussed in the Transition Committee, the Parties intend to change the conditions provided for in clause 5.3 of the Agreement;

(F) 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 First 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. and 5.3.2. to reflect the extension of the deadlines provided for in 06 (six) months, which may be extended for an additional period of 06 (six) months upon agreement of the Parties. 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 12 (twelve) months from the Effective Date of the Spin-off, subject to the provisions of Clause 5.3.2, and such term may be extended for another 06 (six) months upon the agreement of the Parties.*

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(...)

*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) pay every month to the Guarantor, from the 12th (twelfth) month after the Effective Date of the Spin-off [or from the 18th (eighteenth) 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], on the 15th (fifteenth) Business Day of each month falling due (being clear that the first payment will be due in the 14th (fourteenth) month after the Effective Date of the Spin-off for the immediately preceding month, 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 [or after a period of 30 (thirty) months from the Effective Date of the Spin-off if the Parties have decided to extend the initial period for another 06 (six) months pursuant to clause 5.3], 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."*

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.

*[the remaining of this page was intentionally left blank]*

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*[Signatures page of the First Amendment to the Separation and Other Covenants Agreement]*

Sao Paulo, June 30, 2021

/s/ Jorge Façal Filho  
Jorge Façal Filho  
Chief Executive Officer

/s/ Guillaume Gras  
Guillaume Gras  
Chief Financial Officer

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**Companhia Brasileira de Distribuição**

/s/ Belmiro de Figueiredo Gomes  
Belmiro de Figueiredo Gomes  
Chief Executive Officer

/s/ Daniela Sabbag Papa  
Daniela Sabbag Papa  
Chief Financial Officer

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**Sendas Distribuidora S.A.**

Witnesses:

1. /s/ Geovani de Sousa  
Name: Geovani de Sousa  
ID Card (RG):  
CPF [Tax ID] number:

2. /s/ Maira Elian de Melo Silva  
Name: Maira Elian de Melo Silva  
ID Card (RG):  
CPF [Tax ID] number:

**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)) 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: May 2, 2022

/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, Daniela Sabbag Papa, 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)) 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: May 2, 2022

/s/ Daniela Sabbag Papa  
Daniela Sabbag Papa  
Chief Financial Officer



**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, 2021 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: May 2, 2022

/s/ Belmiro de Figueiredo Gomes

Name: Belmiro de Figueiredo Gomes

Title: Chief Executive Officer

/s/ Daniela Sabbag Papa

Name: Daniela Sabbag Papa

Title: Chief Financial Officer

May 2, 2022

Securities and Exchange Commission  
100 F Street, N.E.  
Washington, DC 20549

Ladies and Gentlemen:

We have read the item 16.F – "Change in Registrant's Certifying Accountant" of the annual report on Form 20-F for the year ended December 31, 2021 of Sendas Distribuidora S.A. We agree with the statements contained therein in relation to Ernst & Young Auditores Independientes S.S. We have no basis to agree or disagree with other statements of the registrant contained therein.

Very truly yours,

/s/ ERNST & YOUNG  
Auditores Independientes S.S.