Conference Call Transcription

4Q24 Assaí (ASAI3 BZ)

February 20th, 2025

Technical Operator:

Good morning, everyone and thank you for waiting.

Welcome to **Assaí Atacadista's fourth quarter 2024 earnings call**.

For those who need simultaneous translation, we have this tool available on the platform. To access it, just click on the **Interpretation** button through the globe icon at the bottom of the screen and choose your preferred language, Portuguese or English.

Please note that this earnings call is being recorded and will be made available on the company's IR website, at the **address ri.assai.com.br**, where the earnings release is already available.

During the company's presentation, all participants will have their microphones disabled.

We will then begin the Q&A session. To ask questions, click on the "Q&A" icon at the bottom of your screen and write your name, company, and language to join the queue.

When announced, a request to activate your microphone will appear on the screen, and then you must activate your microphone to ask questions.

We kindly ask that you submit all your questions at once.

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Investors should understand that economic conditions, market conditions and other operational factors may affect ASSAÍ's future performance and lead to results that differ materially from those listed in such forward-looking statements.

I would like to present the **Assaí team**, including **Belmiro Gomes, CEO**, and **vice presidents Wlamir dos Anjos, Commercial VP, Anderson Castilho, VP of Operations, Sandra Vicari, VP of People Management and Sustainability, and Vitor Faga, VP of Finances and Investor Relations**.

And on the **IR team**, Marcel and Ana Carolina are present**.**

Now, we are going to start the presentation on the results for our fourth quarter of 2024. For this, I would like to pass the floor to Belmiro, so that we can start the presentation.

Belmiro Gomes – Chief Executive Officer:

Thank you.

First of all, I would like to thank everyone who is following us.

People from the market, for participating in our call for the fourth quarter of 2024, and the closing of the year.

Obviously, we will talk about the fourth quarter but will provide a much greater focus on the whole year of 2024. Before starting, I would like to thank the ASSAÍ team.

2024 was our 50^{th} anniversary, and we now have more than 87 thousand employees. So, first of all, I want to thank our team, our people in stores, in various areas, and the support of the Board of Directors during a year that obviously proved to be more challenging than I expected.

My assessment is that we ended well, given the challenges and variations we had throughout 2024, whether regarding the exchange rate of the dollar throughout the year, the interest rates, the losses of subsidy credits and the purchasing power of the population, which is still under pressure.

It was a year that ended slightly below expectations, a year that was challenging, especially for the company's shareholders, but let's go through the numbers, given that the end of 2024 shows us that many of the market´s concerns, and the company's board and management´s concerns were extremely well addressed.

I will start by highlighting the openings: the 15 openings throughout 2024. ASSAÍ is still on a growth trajectory.

Many of the units that were opened in 2024 are projects that had been postponed when we made the acquisition and then the conversions of Extra stores.

And in 2024, we entered extremely important markets. Many people who are from São Paulo, who have been following us, saw the Barueri unit, there at the entrance to Alphaville, and at the exit of Marginal Pinheiros.

It´s a beautiful store and well located. Just as we arrived and managed to implement our first unit in São José do Rio Preto, in the interior of São Paulo, a very important city, the Caraguatatuba unit and, at the end of the year, the first ASSAÍ unit in Guarujá.

The unit has been performing strongly, and it was a project that required more than seven years of work by the company to start operating.

I am highlighting these openings in Barueri, São José do Rio Preto, Caraguatatuba and Guarujá in São Paulo, because although the ASSAÍ market has a strong presence already, we also have a very large market, in regions where the company's brand is not present yet.

There were six stores opened at the end of the fourth quarter.

With this, the company exceeds more than one million square meters of sales area, adding to the 302 stores operating throughout Brazil.

In terms of sales, we had a volume of BRL 22.1 billion obtained in gross sales in the fourth quarter of this year. This is an increase of BRL 1.8 billion compared to 2023.

In total, the company reached BRL 80 billion in gross sales revenue, adding practically BRL 8 billion compared to 2023.

Even with the stores, they are below expectations, I will outline some of the reasons, a little ahead there is an evolution in the fourth quarter, very much driven by the advances in food inflation, but we work throughout the year to balance margin generation and competitiveness for the end consumer.

This has repercussions when we look at the evolution of the EBITDA level.

We have highlighted in the press release and in the presentation a stronger view of our pre-IFRS EBITDA, that is, already impacted by rent values, given that, especially after the conversion project of the hypermarket stores, the level of rent that the company supports, especially in the most central stores, it is higher than the historical level for the cash and carry market, within this transformation and within this project of taking cash and carry stores to more central regions, in more important cities, and being able to reach new target audiences.

The company, obviously, had during the period with intense openings in 2022 and even in 2023 a drop in the EBITDA rate, motivated by the number of new stores and the stores are maturing now.

And as the new commercial strategies also start to work, we start to have a gradual return to the EBITDA margin, which is what we observe in the fourth quarter, an evolution of 30 bps over the fourth quarter of 2023.

In the post view, it reaches 8.1, but as I said, we have a very different correlation of pre and post EBITDA today than we had in the past, especially after the conversion project, and the pre EBITDA in 2024 at 5.7% reaching the level of 6%, which was the level we had before the conversion projects.

We also share the progress of the LAIR. LAIR had a very important advance in the year, almost 83% increase. The 83% is not reflected on top of our net income, since we had the regulatory changes with the end of subsidy credits, which would add to approximately BRL 400 million this year.

So there is an important advance in net income. Vitor will comment a little more on this and share more details soon.

So we brought the lair because it provides a basis for comparison in relation to what was the old process, when you could take the credits from the subsidies, we still maintain a credit rate, but at much lower levels than what we registered in 2022 or 2023 or 2021.

And I think that the highlight during this year, given that the company - let's remember – invested more than 8 billion reais in the last two years alone, and approximately 12 or 11 billion in the last three years, was the project with the acquisition and conversions of Extra stores.

This decision was in 2021, in a scenario where the interest rate did not predict the current levels. It was a very heavy investment, which brought extremely important locations to the company, but also resulted in a high leverage. As you all know, we have been working with a greater focus on deleveraging the company.

Our debt guidance forecast for this year was 3.2x, and, thanks to ASSAÍ's historical cash generation, the maturing of our stores, the support of the pre-EBITDA margin, commercial dynamics, discipline in operating cash generation and the maintenance of our working capital, we were able to deliver 3.04x, below the guidance that we had signaled to the market.

And a reduction in the total amount, that is, it is not just a reduction in leverage. There were quarters in which this reduction occurred due to the increase in the EBITDA rate, but in this case, it is a real drop in nominal debt values, reaching 3.04x, when we consider the ratio between net debt and EBITDA pre-IFRS.

One point we brought, even to share a broader view, is that, at the beginning of 2025, interest rates have been under pressure and the credit market may have undergone some changes.

Vitor will detail the funding and debt reprofiling work carried out throughout 2024, but we have already advanced with an important view: currently, the company's debt is at 3.04x, however, a significant part of our sales is made via credit cards and food tickets, which generate receivables. These receivables can always be anticipated, which represents an additional option for the company.

To calculate the debt, we adjust this, reversing any anticipation of receivables, to be in line with the market standards.

But, obviously, the company can always choose to anticipate receivables. They are receivables without the right of recourse, resulting from sales made on credit cards.

If we consider a scenario in which the company needs to perform this anticipation, the debt would reach a level of 2.1x. In other words, when we analyze the total debt added to the receivables balance, we find a level significantly lower than that of 2023 and even lower compared to 2022, demonstrating the company's ability to fully meet the interest rates and levels currently established by the Central Bank, or even the forecasts we have seen in the market.

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Here, we brought an approach that we have adopted throughout all quarters, given the level of transparency and explanation about the conversion project and the acquisition of EXTRA stores. This was, without a doubt, the largest project ever carried out by the company in its entire history.

A project that was not only daring because of the volume of investment and the number of stores involved, but mainly because of the complexity of the transformation. In addition to the expansion, there was also a change in the business model, since the cash and carry stores started to occupy spaces traditionally intended for hypermarkets, especially in central regions, where the public has higher purchasing power.

So, this is a project that is responsible for a good part of the company's leverage, and that's why we bring you the numbers that show the performance of the stores opened in 2022. Initially, there was a lot of skepticism in the market about the level of rent and property taxes for these units, especially because they are central stores, such as Congonhas, Santos, Anhanguera and João Dias, and their feasibility within the cash and carry model.

What we observed in the fourth quarter was that the EBITDA, in the pre-IFRS view, already considering all these impacts, reached a level of 6.4%, representing an evolution of 80 bps. At the beginning of the project, we sincerely had an expectation of a faster EBITDA margin evolution curve. However, the current level is already extremely healthy for the cash and carry format.

It is worth mentioning that most of these stores are still maturing and will only complete three years of existence in August 2025.

Yes, the project started in 2022, but these stores are still ramping up, registering an accelerated flow of customers. Average sales reached BRL 29.3 million in December, an increase of 5% compared to the same period last year, while average annual sales were BRL 27 million. Thus, we closed 2024 with a pre-IFRS EBITDA margin of 5.7%.

An important detail to be highlighted: sales per square meter.

We know that the stores acquired from Extra, because they have a larger area, could present a lower sales per square meter than the first batch of stores, which were smaller.

The old hypermarkets are, in fact, larger. To optimize this characteristic, we have been strongly working on generating gallery store revenue, as we have already mentioned. Currently, the sale per square meter of these stores is BRL 4,600.00, compared to BRL 5,000.00 per square meter in the other units.

This indicator is extremely relevant for us, as ASSAÍ, historically, presents not only the highest average sales per store in the sector, a fundamental factor of competitiveness and brand strength, but also one of the best – if not the largest – sales per square meter in the market.

In addition, on the right side of the page, we bring you an analysis of the stores opened in 2023. These units have shorter operating time – around 13 to 14 months – compared to the previous batch, and are still in their ramp-up period. However, they already have a pre-IFRS EBITDA margin of 3%.

You can go to the next page. Within this transformation scenario, this slide is fundamental. Today, ASSAÍ has 302 stores, and, considering the size of the cash and carry sector in Brazil and its competitors, it was evident that this advance in the market also required an evolution in the shopping experience.

Here, we present a historical series, dating back to 2011, when stores were simpler, and focused on B2B, especially resellers and consumers from classes C, D and E. At that time, our post-IFRS expense (excluding rent) was 9.5%.

With the changes in the sector, several discussions arose about the traditional cash and carry and the new cash and carry business, reflecting the evolution of this business model.

First, what is the company's vision?

I have already had the opportunity to talk about this in other forums and occasions, and I now take advantage of the fourth quarter to reiterate. There was an addressable market size for that initial cash and carry format. We believed that this format, as it was, would reach a limit, at around 2018 or 2019.

With our entry into more central regions and the changes in the business model, we followed the trend we observed in other countries. During this period, we made a big jump, going from 6 thousand to almost 12 thousand SKUs, depending on the strategy adopted.

In addition, we implemented coffee shops, cold cuts, butcheries and other projects, which at first were strongly criticized by the market, but which are now being followed and adopted by other chains.

All this was done with a balance, keeping the level of expenses out of the rent. We know that property tax and rent are directly linked to the real estate market. On the other hand, by entering regions with greater purchasing power, we were able to increase the impact and attractiveness of the stores.

These changes, however, did not negatively impact ASSAÍ's expense structure. As we close 2024, we are 20 bps below 2011 expenses, and about 40 bps lower than in 2015, even with all these transformations.

We continue to deliver a very competitive price structure, which, in general, characterizes the cash and carry business, not only ASSAÍ. This channel has been the most price-efficient for the Brazilian population.

With the current discussions about food inflation, our operation stands out as a machine to sell products at low prices, especially at a time with great economic concerns. However, our strategy also involved expanding into other social classes, which required a change in the business model.

Today, we have more than 618 units with services. Observing the impact of inflationary pressure, we brought an opening from the end of 2024 to show how customer composition is. Currently, 58% of the sales are carried out by individuals and 42% by B2Bs. This level should be maintained, as we service different audiences, with different purchase profiles.

I would like to point out that, among B2Cs which represent 58% of sales, this number refers to the sale value, not the flow of customers in the stores. The company has already reached a 44% share in the sales value of individuals in the A and B classes. When we look at class D and E, it represents 9%, and class C, 47%. This provides a level of resilience and solidity, as we are present in all social classes, operating in the food sector.

Regarding the EBITDA margin, or even the company's results, we may not have reached the Same Store Sales we would have liked, but the variations in results, even before the pandemic and during the pandemic period, with inflation, deflation, and interest rates fluctuating between 12% and 14%, affect the results very little. The business is extremely resilient and a strong cash generator.

Now about the corporate customer, which represents 42% of sales and more than 30 billion in revenue, we have a breakdown between groups of transformers, with a very important audience that represents approximately half: the reseller public.

This audience is not exclusive to ASSAÍ. The reseller customer buys from us and also from our competitors, always looking for the best price and, often, the best terms. The reason why I am highlighting this is that, when we observe a scenario with options to pay in installments in the market and other factors, we realize that this may have affected the reseller public.

And the big question is: have we lost this customer? No, we didn't lose that customer. He continues to buy from us, but he will look at each deal individually, based on the best price or best term he can get in the market. The company always analyzes competitiveness in a differentiated way, looking at market conditions and the needs in each segment, considering price, terms or other market factors.

If the company is losing market share with the consumer, it is a serious and worrying issue. However, the reseller customer is only making a change in the purchasing mix. If the scenario changes, they return to the previous levels, looking for the best deal. Just like us, when we look for the best price for each product, the reseller also does the same, buying the most advantageous product among the various offers in the market and does not only consider cash and carry

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Regarding gross profit, as I mentioned earlier, it reflects the maturity of stores and the evolution of services, especially due to the strong investments made in services in recent years. Gross profit rose from 16.2% to 16.5%, maintaining competitiveness in relation to the consumer, thanks to the maturity of stores, services and effective strategies implemented.

Next, we have a new level of EBITDA, looking at the company's total base. The company recorded an increase of 30 bps in the fourth quarter and 40 bps compared to the previous year, returning to the EBITDA levels it has always operated with.

Now, let's start with an important chapter, which is the financial part. I will pass on the floor to Vitor Faga, our CFO, who has been leading this area. Thank you!

Vitor Faga – VP of Finance:

Thank you, Belmiro. Good morning, everyone!

Let's now move on to some of the financial highlights and go into more details about the relevant indicators for the company.

First, about the financial results. As we can see, there was an improvement in the comparison of the fourth quarter of 2024 with the fourth quarter of 2023, mainly due to the higher average cash applied, but also to the other income, expenses and monetary adjustments, where we had a positive effect from the mark-to-market of our swap operation. As many know, the company has debts stated according to IPCA, and with the swap for CDI, in addition to amounts in foreign currencies. This monetary update was positive in this quarter. We also had a monetary adjustment effect on tax credits, which are registered in our balance sheet.

These effects caused the effective financial expense in our IRO and in the 4th quarter of 2024 to be below the nominal level, and also a percentage of net sales, which went from 2.6% in the last quarter of 2023 to 2.0% in 2024, due to the company's growth, as Belmiro has already mentioned.

Regarding the company's profit, we had an important evolution. Post-FRS profit grew 72% in the quarter, from BRL 306 million to BRL 528 million. The net margin also grew, and in 2024, the net margin remained practically stable, with an increase of 1%. This growth is a reflection of the maturity of stores, the improvement of the shopping experience, with a focus on services (with more than 600 service units implemented by the end of 2024), and strict expense control. Even with some pressures on some lines of expenses, we managed, through a monthly expense committee, to control expenses and ensure the health of our business model.

Moving now to cash flow and investments, the company made investments of BRL 8.1 billion in this period, and managed to finance 95% of this amount with operating cash generation. During the period, we generated BRL 7.7 billion in cash, mainly reflecting the growth in EBITDA, but also the improvement in the cash cycle. An important improvement was seen in the three working capital indicators, which improved from the end of 2022 to the end of 2024, and generated a significant increase in our cash.

Leverage evolution: The debt/EBITDA ratio closed at 3.04x at the end of 2024, below the guidance of 3.2x disclosed. This represents a reduction of 0.76 times compared to the end of 2023, from 3.8 to 3.04 times. In addition, it was an evolution with a more balanced composition, that is, a reduction in debt while EBITDA grew in the period.

For 2025, the company's guidance is for the net debt/EBITDA ratio to reach 2.6x by the end of the year, reflecting the company's focus on continuing, and if possible accelerating, deleveraging. As part of this, we have decided to reduce CAPEX for 2025, which is expected to be between 1.0 and 1.2 billion reais, with the opening of 10 stores in 2025, which will help accelerate the pace of our deleveraging.

Liability management: In 2024, we were able to raise 6.6 billion reais in funding, which represents practically half of our net debt. This allowed us to reduce the cost of debt, which went from CDI + 1.49% to CDI + 1.36%, and also to extend the average debt term, which went from 32 months to 41 months by the end of 2024. The most prominent operation was the 11th debenture raised in October 2024, adding up to 2.8 billion reais, which helped to anticipate maturities in subsequent years, extending the debt profile.

Regarding the 2025 maturities, the good news is that the company is fully equated for 2025, that is, there is no need for new debt issuances in 2025, unless favorable opportunities arise in the market.

As for cash availability, at the end of 2024, we had a 17% increase in availability, from 6.4 billion at the end of 2023 to 7.6 billion at the end of 2024. This is due to our debt management, but also the company's cash generation. Final cash was 5.7 billion, with undiscounted receivables adding up to 1 billion.

Finally, the company announced the payment of 109 million reais of JCP (interest on equity) at the end of 2024, and is now proposing an additional 20 million reais as dividends.

As a result, the company is well-positioned to face the macroeconomic challenges of 2024 and 2025. Thank you! I will now pass the floor on to Sandra.

Sandra Vicari – VP of People Management and Sustainability:

Thank you, Vitor. Good morning everyone!

I would like to share with you the main advances in sustainability, always in line with our strategy of promoting prosperity for all through the development of people and communities, in addition to having increasingly efficient, transparent operations with less environmental impacts.

First, we were able to reduce our scope 1 and 2 emissions by 10%. In addition, we have implemented the Destino Certo program in 94% of our stores. This program distributes our fruit and vegetable products, which do not look ideal for sales, but are still consumable, to social institutions located near our stores. Thanks to this, more than 1900 tons of waste has not been sent to landfills.

We are also part of the Carbon Efficient Index, which reinforces our commitment to the climate agenda. We received a B grade in CDP, one of the main measurement and disclosure programs for the management of risks related to carbon emissions.

Regarding our social work, the ASSAÍ Institute, which is responsible for all our social investments, kept its focus on fighting hunger. During the year, more than 5 million meals were donated through solidarity kitchens, engagement campaigns and basket donations, among other actions.

In addition, we launched our volunteer program for employees, with four actions during the year. This program has been a great success and has high engagement among our employees.

At the end of 2024, we had more than 87 thousand employees, maintaining a culture that prioritizes diversity, inclusion, and respect. I highlight that 45% of leadership positions are held by black people, 25% of leadership positions are held by women, we have 5.3% of people with disabilities and more than 10% of employees are over 50 years old. These numbers reflect our diverse, inclusive operation that is present throughout the country, from north to south.

Our commitment to diversity and inclusion was also recognized by GPTW (Great Place to Work). For the third consecutive year, we were certified as one of the best companies to work for, appearing in two rankings: the national ranking and the retail ranking, and we were recognized as the best food retail company to work for in Brazil. This recognition is a great boost for us to continue evolving as an increasingly sustainable and inclusive company.

Thank you very much and I will now move on to Belmiro, who will share other important recognitions we have received.

Belmiro Gomes:

Thank you, Sandra.

Certainly, many of the recognitions we mentioned are not directly linked to EBITDA, but are a reflection of the tireless work of our team and the company's strategic positioning. Throughout 2024, we received several awards, and Sandra highlighted GPTW's recognition, but I also want to highlight Exame – Melhores e Maiores, where we were recognized as the best cash and carry company in retail. This, if we think about it not long ago, would be almost unthinkable for a company in the cash and carry segment to appear in this type of ranking, which makes us very proud. We were also recognized as the most remembered brand in physical and digital retail in Brazil.

These recognitions not only reinforce our brand but also give us more confidence about the value we can extract from these positive reviews. The assertiveness of our brand and our commercial policies continue to be very well evaluated in the market.

Now, moving on to our future expectations, we remain very focused on cash generation. As Vitor mentioned, we are carrying out debt reduction in a balanced way, and this has always been a pillar for ASSAÍ. Since the beginning of our trajectory, the company has grown from 38 to 302 units without ever having received an external contribution, even from the former controllers of GPA or Casino. Everything was built with our own cash generation.

Regarding 2025, as we have previously communicated, we will have the opening of 10 stores, as these are projects that were already in progress, and many of them are under construction. In the first quarter, we will revise the 2026 guidance, which may or may not result in a reduction in the number of stores for 2026, especially considering the leverage and interest factors.

2024 also marked the last year of payments of the hypermarket installments, which will significantly change our level of investments in 2025. We have already signaled to the market a reduction in capex from 1 billion to 1.2 billion reais, which allows us to maintain our guidance of reducing leverage to 2.6 times EBITDA by the end of 2025.

In recent years, the company has undergone a gigantic expansion process, and now, we are focused on enhancing the value of the assets we have built, including the maturity of the stores. We have a flow of approximately 500 million customers passing through our stores annually, which gives us the basis to start projects such as Retail Media. We also launched the In-and-Out project, which was highlighted at our Investor Day, and already hold more than 4% of the tires market in Brazil, with more than 1 million units sold.

These initiatives create opportunities in new product categories, with more than 150 units yet to receive services. And, of course, we continue with the phygital strategy, although it is not the main focus, we always seek to improve the experience of the physical store and digital provides additional support, and galleries have been an important factor in customer loyalty.

The company continues to have great prospects for 2025, with the largest retail chain in terms of customer flow in Brazil, placing us in a privileged position to explore even more new opportunities.

I believe we covered all the main points in the presentation. Now, we can open up for the Q&A session.

Thank you all very much!

Q&A

Danniela Eiger – XP

Hi guys, how are you?

Thank you for taking my question, congratulations on the results, especially the consistency in what you have been saying, and have been looking for.

My first question, is a little broad, which I think will address some points that I think are nice to go through, regarding the competitive scenario.

We have seen different strategies between the two main players in the sector, one focusing more on volume dynamics, and you guys are focusing more on profitability, right?

And we are always unsure about what is the best equation, given the scenario of a fragile consumer, and its not that he responds at such a speed and great intensity, perhaps, to this price sacrifice.

So, my first question, in this competitive context, is what you think about this forward balance, like, you have really been very firm in this dynamic of protecting profitability and even have a super good margin and continue to expand.

How much of this positive elasticity do you see, or giving up on this margin a little bit and then bringing an incremental sales volume that brings operating leverage, so how are you seeing this balance?

You are seeing a consumer who is not responding so well, perhaps even because of this dynamic of installments, which would then perhaps be more for B2B, but I think I wanted to hear a little bit from you, Belmiro, on your view of this equation of volume versus margin, especially given that you are at a very good margin level already, And maybe even with a bit of an extra since the conversions are already at the company's average, so there would even be possible space for them to eventually finance this movement.

And then my second question would be a little more in the direction of this issue of the mix, of B2B, B2C, which I think you covered Belmiro, in your speech, that installment payments actually end up being more attractive, perhaps a greater appeal to the transformers audience, in short, as they end up looking for better prices, terms, in short, and then even this combined with this issue of maintaining more competitive prices moves very well in this direction adjusting this mix. So how have you seen this evolution of the mix at Assaí?

How are you seeing this in a more long-term, medium-long-term perspective?

If maybe Assaí Í will in fact move towards a greater B2C audience, right?

And then obviously B2B would continue but perhaps be more of a complement than a focus. And then I would like to understand a little bit how you see it, and then along with that I wanted you to bring a little bit of your private label vision.

I ended up asking a lot of questions, maybe it was a little messy, but it's just that we see private label brands as a super strong trend out there, maybe it even has a greater appeal, I think also for B2C, but B2B too, but anyway, if you are evaluating this path. So, the first one is a competitive landscape, volume versus margin. Second, mix. Third, private label. If you can, sorry I went a bit over here…

Thanks.

Belmiro Gomes:

Thank you, Dani.

Well, but at least your are always the first to ask questions.

So let´s start with the last one.

First, about the private label . The penetration of private label is very different from what we have in Brazil compared to other countries.

And this phenomenon, as much as we already have several initiatives, it occurs due to the logistics costs in Brazil. To the extent that, for example, I approve a supplier of a certain product with a private label brand, here in São Paulo.

If I transport this product, which is usually a low value-added product, the costs for transportation from Brazil to Campo Grande, will make it arrive much more expensive than a leading local brand.

So this has always been one of the greatest difficulties in this scenario.

This does not mean that the company does not consider this option.

Today, when you look at it, I would never imagine producing a private label product here in São Paulo and trying to take it to Recife.

Because it would get there and be much more expensive than a regional branded product and you can visit any state that we go to and see how strong the local brands are.

But it is possible, given that we have a very large density, more than 112 stores in the state of São Paulo and Rio de Janeiro, which we can evaluate working with this option, but its not the company's priority at the moment.

We are much more focused on entering new categories, taking advantage of this customer flow, especially A and B customers, which in our view opens up a very big opportunity to sell other categories.

The example we brought at the Investor Day of the tires or Airfryer, is an example of this, as today we have more than 4% of the market. For tires, it is a category that would not be expected, because we do not even have the tire assembly operation in stores, but this shows the company´s capacity to enter new categories.

So, for private label brands, I think we need a certain level of caution and it is not part of our priority projects at this moment. I think that if you look at the penetration of private labels, while it is 20%, in most countries in the world, in food, in Brazil, it is at 1.1, 1.2 and this number has been totally stable for logistical reasons.

I'm trying to give you a quick answer, if you want at another moment, we can explore this issue in more detail.

Now on the subject of competition in the market and this closer analysis of B2B, like if you ask us if we want to have more B2C than B2B customers,

The answer is No.

Our focus is always to fight for both markets.

But in the market, when you look at it in the same way, which is perhaps easier to understand, that among the final consumer we have consumers from various social classes, who have a different product mix, different brands, with wholesale, it also happens in the same way. The purchase metric of a reseller customer or a transformer customer is very different, their decision process is very different.

Usually, these reseller customers buy in our stores, at competitor A, or competitor B, daily, and always look for the best option.

So, the decision not to follow the movement that was made in the market is because I don't see this movement being made for every B2B and B2C customer.

It may be that we make the decision this year to do something specific for this niche audience and customer who needs working capital, but not a general policy, because in our view this would not bring an increase in sales versus a level, many times, that would be achieved in the operating cash generation that would not meet the equation.

However, when we look at the market levels, our same stores will be very similar, because we never considered the conversions we made, as the market does.

If you disregard the conversions, for example, of the competitor that is perhaps the biggest competitor at our level in Brazil, it is very similar to Assaí´s, without causing damage from the cash point of view or from the debt point of view.

So, like this, still, you know, we notice a difficulty in the market to understand the cash and carry format, where it is not a format comparable with a pharmacy, where you only sell to the consumer, or even in apparel for example.

In our case, we have 40% sold to the wholesale public.

It's a very different dynamic in everyday life. This customer behaves differently, and decides differently we also look at them differently. There are several projects in the company, for example, when we look at the interest we have now, of financial services aimed at B2B customers.

We want to expand, in fact, still continue to advance with this audience. We still see a lot of opportunities in distribution, products that are distributed by industry or through distributors.

So we are certainly not focused on a single type of customer.

In fact, the focus of having a store in Congonhas is also to be able to supply the restaurants that are in that region.

Cash and carry in Brazil, is a model that is unique in the world, it balances itself by managing to service B2C and B2B customers.

Ah, but is it the same way and the same policy?

No.

The differences of these audiences and the policies that we use, and even our competitors use, consider that you are dealing with two different businesses.

This is one of the great difficulties in operating this model, but the analysis is done totally differently.

I hope I have answered your question.

Danniela Eiger:

It's super clear.

Just a follow-up on this issue of the B2B movement, do you think this can also explain this issue of the gap of same stores, in addition to this issue of conversions, because in the end it is a larger ticket and then it ends up that eventual movements in the market for better prices and terms can explain this gap?

Belmiro Gomes:

It can, especially regarding terms, it can. So much so that, for example, this year, given the leverage being below, we may decide on a specific measure, directed to a specific audience. But nothing general, because the risk of this is that you may migrate a cash sale that we already have, to a credit sale.

And this reseller public will be looking at this on a daily basis, making decisions on a order-by-order basis. So it doesn't mean if we, for example, don't decide to follow an offer, that we won't decide to follow a term policy.

It's not because this customer bought from the competitor that I have lost, this customer, to the contrary, he will be researching and he sets up his mix, he buys from competitor A, competitor B, competitor C.

But when we also isolate this effect from conversions, you will see that it is very similar to the same stores, very similar.

I think it caught the market as a whole, given that there has been an accelerated inflation, but the consumer's purchasing power has not reacted accordingly.

In 24, there was also the impact of *reduflation.*

It was the year where we had the largest amount of product packaging size reductions.

Reducing the size of the rice package does not change the amount of rice you consume, but reducing the size of the cookie or candy pack does change the amount you consume.

If you look at several products, this has affected especially the final consumer a lot, because in the categories that we call indulgences, he has bought the product with lower weight but maintained the number of units bought.

So, you don't have a drop when you look at the volumes per unit, but you have a drop when you look at volume per weight.

Danniela Eiger:

That's great. Thank you, Belmiro.

Belmiro Gomes:

Thank you.

Felipe Rached – Goldman Sachs:

Hi, thank you.

Thanks for taking my question, guys.

Good morning

It's a similar question to the one I asked your competitor yesterday. We have heard a lot of feedback from the market about the lack of labor, and the difficulty in hiring.

And considering that this is an industry that has high turnover, I wanted to better understand if you have been feeling this same difficulty, and if you are working with fewer employees per store than usual, and if this somehow impacted operations throughout the fourth quarter.

If you can comment on whether this has contributed in any way to savings in the personnel line this quarter, that would be great too.

And then, a second one, still on the topic of expenses, if you can give a little more input on the levers that acted for this January drop in the quarter, it would be excellent too.

Thank you, guys.

Belmiro Gomes:

Thank you.

We did not reduce staff in the fourth quarter, nor did we have an effect in this regard.

There were people who had a reduction, in the 4^{th} quarter, I think this is dangerous from the point of view of the purchase experience.

But to talk about the issue of labor and the expense fronts, I would like Sandra, our VP of Human Resources, who is the one who is at the forefront of this challenge, to talk a little about the issue of what is happening in the market and Anderson to talk a little about the expense fronts.

Thank you. It's on mute, Sandra.

Sandra Vicari – VP of People Management and Sustainability:

Good morning, Felipe.

Undoubtedly, the issue of labor has been a great challenge, not only for us, but for all sectors, and especially retail.

What we have felt is the impact on our turnover, but we have also observed this with the benchmarks we have made that our numbers are still below those in the market.

We have evolved to face this challenge with our selection model, so we have sought for better assertiveness, greater agility. And we have also greatly strengthened our culture of care for people, investing very heavily in training, development, opportunities for growth and recognition.

And as I mentioned in the presentation, we were recognized as the best company to work for in food retail.

This contributes to strengthening our employer brand and increases our power of attraction and, consequently, our retention.

So, we have been working very hard, investing more and more in our culture of caring for people to face this challenge of lack of labor and turnover.

And I'll pass it on to Anderson to add on.

Anderson Castilho – VP of Operations:

Sandra, thank you.

Felipe, thank you once again.

As I always say, we have very strong discipline, we showed this in the presentation, over the years, when we talk about expenses, there is very strong work, there is the issue of the store maturity as well, that we have been developing strong work with the team, there is still work ahead, when we look at the expenses, which is being absorbed, whether we like it or not, we opened 192 services, in 112 stores over the end of last year, in 24, which also considers the strong work by our team, and the day-to-day implementations, there is the maturity of the team that we are gaining strength in relation to this.

It's a constant job, it's the day to day, it's the team really bringing more productivity to its work so that we can really keep it there.

I see there is stability within our business. We are very aware of this.

Vitor talked a lot about this issue of us working as a team together, looking at expenses as a whole, it's not just store expenses, it's expenses for the company as a whole.

So, we have a working group looking for alternatives so that we can maintain spending, bring stability, looking forward, and achieving increasingly better results.

So, I think this is the work we do constantly, even with new stores, even with a very large store base adding services.

We still have for this year, especially in this first semester, more than 80 stores with new services that we will implement.

Very positive. This has a very positive impact for our clients.

It was a great differential and has been a great differential in our stores.

So, I think it's very much in line, I think it's being worked on very well.

And I think it's the various actions that we make strategically within our business to keep this work there.

I think that would be it, Felipe.

Felipe Rached:

Perfect, very clear. Thank you, Belmiro, Sandra, Anderson.

Joseph Giordano – J.P. Morgan:

Hello, good morning everyone.

Good morning, Belmiro, Vitor and team.

Thanks for the question.

There are a few quick questions here. I think the first of them goes into a topic that Belmiro mentioned at the beginning of "Q&A", it's related to new categories.

I wanted to explore with you how their relevance has been, and the evolution of these new categories.

You mention that we are going from 6 to 12 thousand SKUs, so I wanted to understand today how relevant these new categories are to your revenue, and on top of that, taking a buzzword here with the gross margin, we have an obvious evolution that has a very relevant maturity effect in this equation, but I wanted to understand a little bit, if you can help us quantify how much here comes from a more B2C mix, and how much of it also comes from these categories that are not so traditional to cash and carry

And finally, look a little bit at the cash flow, you give the guidance of 2.6, leverage, cash generation, understand a little bit, if you can share with us what we should think about cash generation for 2025, projected.

Thank you.

Belmiro Gomes:

Thank you, Joseph.

When I talked about the evolution of SKUs, obviously a lot of them were products that we already worked on here as we expand the target audience and Brazil, unfortunately, is a country of social inequalities, so we have, in the some stores I mentioned, a high-income and low-income audience in the same surroundings of the store, and you need to often, expand the supply of the amount of mayonnaise or mustard products offered.

So the big leap too, in fact, is because you now have a broader brand base in the same categories that the cash and carry already operated, much greater.

The new categories, I would like Wlamir to highlight this also, with the In-and-Out, or even the case of the tires, talk about the changes, but a good part still comes from the expansion of the amount of options.

And on the issue of cash generation, I think Vitor can speak at the end, but obviously he is maintaining the *Guidance* of 2.6. We have no intention of launching a different guidance in this sense. This may perhaps occur throughout the evaluation in the first quarter.

Want to talk a little about this Wlamir?

Wlamir dos Anjos – Vice-president:

Yes. Good morning to all.

Joseph, thanks for the question.

In fact, when we look at the categories, overall in cash and carry, and Assaí followed this as well….]

It has evolved in the last five, six years. With an increased assortment adapting to the customers' needs, this mix is the increase in consumers in stores with different profiles and desires.

I think we managed to make a very smart move and take advantage of it.

I usually say internally that we can do the most difficult thing, which is to bring the customer into the store.

So we are, as mentioned, the Brazilian physical retail with the largest number of transactions and customers and penetration in homes in Brazil and we have to take advantage of that.

Along with this, we also started to do some tests of In-and-Out products, we talked about it at the Investor Day, we travelled internationally working on this and in the second half of the year we will have new products arrive to also have different dynamic from what we had been doing, just to expand the assortment, expansion of categories, of new suppliers.

So, it's a continuous process and even because of the size we have, we allow ourselves to test some categories, in short, to do some things that, obviously, if they are not successful, we have the speed to review these categories as well. So, I think it's an ongoing process.

This has added and helped with revenue, not only the new categories, but also the inclusion of services, which also contribute to the maintenance and progression of the company's gross margin. I think we have to take advantage of this moment.

And, in fact, when we talk about this assortment, it is not only aimed at the final consumer, because even the merchant when he is in the store, he buys a tire for his car, he buys a television that is for his company or for his home, so in the end these sales, these categories, end up serving both audiences, when he is there as a B2C and also the B2B when he is making purchases to supply his business, ends up buying these In-and-Out products, or these categories that we have included in our assortment.

I think that's it, I hope I answered your question.

Vitor Faga:

Joseph, Vitor here.

Talking about leverage and cash this year, which is important for us to highlight here as a result of your question, we expect deleveraging this year in a more balanced way than we saw in 2024.

Balanced in what sense?

We observed in 2024, especially in the first and second quarters, a deleveraging that came essentially from the growth of EBITDA, with a very small variation in net debt.

What we observed in the third quarter was a greater reduction in net debt, especially in the fourth quarter, an even more important reduction in the net debt.

In other words, we observed over the quarters an evolution, an increasing balance of the debt reduction component in deleveraging as a whole.

And looking at cash generation in 2025, we expect a continuation of what we saw in the fourth quarter, that is, having a deleveraging with a more balanced component, comes not only from the evolution of EBITDA, but also from a reduction in net debt.

So, that's what we can share with you at this moment.

We are absolutely confident about this guidance, despite this change in the macro scenario that we have been observing over the last few months and despite the challenge of dealing with an interest rate at the levels we have.

We are here to reinforce the Guidance of 2.6x by the end of 2025, okay?

Joseph Giordano:

Perfect, thank you very much.

Lucca Biasi – UBS:

Good morning, everyone, thank you for taking our questions, there are two.

First, if you can comment a little bit on how sales have evolved over the quarter, possibly month-over-month, and how that has evolved now at the beginning of 2025, that would also be interesting.

Second, if you can comment a little about the profile of the stores that you plan to open in 2025 and 2026, in terms of region, store size, in short.

And the last one is also what you have observed in the CAPEX per store.

Thank you.

Belmiro Gomes:

Thank you, Lucca.

Well the projects we have, they are, obviously, the best projects from a ROIC and IRR perspective, which are the two major indicators that we use as a metric to make the decision for a new expansion project.

They are in extremely important markets, all in big cities, in strong regions where Assaí has no presence. Incredible as it may seem, even within the greater São Paulo region, where we have regions with an audience of around 400, 500 thousand inhabitants, and we don't have units.

So, they are very centered within the Southeast, there is only one that is outside the Southeast region, but it is also an important city. We usually do not disclose the openings before, as there is the time to get the licenses which take a while.

Perhaps, from this point of view, there are still stores of around 5,600 to 6,300 square meters . We have evaluated some smaller sizes for denser regions. Among all the cash and carry players, I think Assaí is the one with the greatest diversity of store sizes. We operate stores from 1,600 square meters up to 9,000 square meters of sales area.

But they are the best projects, old projects.

Normally, these projects have a cycle of around three years, reaching up to seven, which is the time between decision and approval and obtaining all licenses, construction permits, operating permits.

So, obviously, we are prioritizing the project with very high returns.

We must review the number of stores planned for 2026. Usually, this review is normally a postponement, where you postpone a project, for example, to 2027.

In terms of CAPEX per store, we have not seen any acceleration of inflation from the point of view of construction material, perhaps a pressure on the construction workforce as well, but it is around 70 million reais. Obviously, there are stores, depending on the location, which are usually the high-revenue ones, where you can make a greater investment, especially in terms of foundation, structure, as was the case in Guarujá, which is in a maritime region, which is a complex region from the point of view of construction.

Talking about the fourth quarter, honestly, December was the month that frustrated us, I think not only Assaí, but the market as a whole, and sales accelerated again in January. So, December ended up frustrating, I think for us and the market, from what we looked at in terms of evaluations, especially December in the northeast region, which had a higher expectation, or even the correlation of December in relation to January.

So, we had an October that was reasonable, November was very strong for Black Friday, and there was a slowdown later in December.

So, December was frustrating, and now, in January and February, we are seeing a trend that is very similar to the fourth quarter of last year.

I hope I have answered, Lucca.

Lucca Biasi:

Super clear, thank you.

Rodrigo Gastim – Itaú BBA:

Good morning, everyone.

Two questions here.

First, Belmiro, just to understand your comment about the slowdown in the northeast.

Was there any specific point in the northeast that surprised you?

And another question regarding this sales dynamic.

When we enter 25, we start to have a lot of calendar effects, right?

There is carnival, now there is Easter, anyway, how do you see this, there is a very relevant point in your dynamics, which is less for *food retail* than for other industries.

So, this calendar effect in this analysis you made at the beginning of the year compensates for this, that´s the first question, and the second should come as no surprise to you that the big topic of discussion in recent weeks has been Carrefour's potential delisting.

I'm not going to ask you, obviously, what you expect from their strategy from now on, which I don't think anyone has that answer about, but maybe asking you this differently, Belmiro, if you can help us, which is the following.

In your perception, after Carrefour's IPO, when the company went from being a private company to a listed company, what were the main levers there that they changed from a strategic point of view, from a value generation perspective, to help us have an overview of the industry for the coming years? I think it would help us a lot.

Thank you.

Belmiro Gomes:

Thank you, Rodrigo.

Well, we are obviously aware of the Carrefour movement. I think that the controlling shareholder, which is Carrefour in France, must have looked at the share price in Brazil.

I think they are, when I use the adjective, extremely below what would be the fair value, both for Assaí and for the Carrefour group itself, when we consider the potential and stability in terms of cash generation.

They must have seen an opportunity there.

From the point of view of competitive dynamics, honestly, we have no expectation of any changes. I think that Carrefour's own management should also talk about this. Why?

Because Carrefour France already controlled 75%, and even more with the Peninsula fund, everything, so...

We have already competed with Carrefour before the IPO, during the IPO, and we will compete with them after the IPO.

Honestly, looking at the way Carrefour generates its business, the fact that it has 75% to 100% of the capital will not change anything from the point of view of managing goals.

We even saw an article, talking about how if they go public they would not need to deliver results, they would not be charged by the same stores, as if they were not going to break this down there in France, the French investor will also look at this with a magnifying glass, put a little more pressure.

Victor can even make a comment later about it, to justify the investment that was made. And they are still listed abroad.

So, we don't think this changes any dynamics in everyday life. Knowing a little about the company and the way they work, I think we should not have any changes.

I don't expect any change in this regard. I think it is a movement much more from a corporate point of view than with impacts on the strategy, whether commercial, price, or terms, something in that sense, because Carrefour France will always demand results. People will have to deliver in the same way.

Vitor, I would like you to cover this, as you have more experience in this point than me.

Northeast, yes, it was a bit frustrating and there was no movement, right?

I think the Northeast was frustrating, let's see how all the data will come out, but apparently this frustration was for the market as a whole, okay?

In the Northeast region.

From what we felt, we will have a clearer vision when all companies, including the dominant player in the region also disclosing results, which always serves as a warning in terms of the population's purchasing power.

There was, like, the great frustration, I think that ours, in 2023, 2024 was here stabilizing the price a little where we had a better condition of purchasing power among the population and that does not match the unemployment numbers, we have not seen this much.

From the issue of seasonality, there are obviously calendar effects, but we reacted accordingly.

Carnival in the month, we will react in that month, Easter in the same way and always disclose the result adjusted to these calendar effects. So, there is no dynamic change due to this fact, right, and normally these dates no longer fall in the first quarter compared to another, obviously this year may be a little more intense, but there is no change from the point of view of impacts and expectations in the first quarter.

Rodrigo Gastim:

Perfect, Belmiro.

Just to be clear here, some people have even asked, just to help make it clear, when you mentioned in the previous answer this dynamic so far, activity so far, similar to the fourth quarter

Just to understand, because there is, obviously, an expectation of marginal captures in food inflation, which closed the quarter at 8%, but evolved throughout the quarter.

So, just to be clear, if you continue to see this increase in inflation at the end, the higher inflation at the end help your sales, just a first follow-up.

And the second, just to confirm, from the moment Carrefour went public too, as you said, you competed with them as a private player, listed, and now possibly private again. You didn't notice any relevant changes in investment, in short, in their strategy when they went public?

Belmiro Gomes:

No, honestly, no.

They will always be publicly traded in France, where perhaps they have the highest level of pressure. Honestly, we haven't seen any major changes, not even in positioning.

The acquisition of Atacadao was made in 2007, when they invested. So, that is, I don't expect that, for example, the change, in our view, is much more corporate from the point of view of shares due to the situation that the Brazilian stock market is in, than something that impacts the investment strategy, capital expansion, like oh now with the unlisting Carrefour won´t demand sales, same store sales, competitive advantages in the market etc….

Obviously not, each competitor is free to decide, but I do not expect any impact from it.

From food inflation, right? Still what we noticed, because the inflation released by the government is below our internal one. Normally we buy products and follow them, so maybe it was more of a retail inflation, our internal inflation is approximately two points below, when you put the same category, two, 2.2 below the official inflation.

The dynamics that I talked about the first quarter comes in terms of volume similar to the fourth quarter, but we have to wait, we are still on February 20th, it is a very important month of March going forward, to be able to talk about any trend, given that the scenario for 2025 is still a cautious scenario, we keep focused on leverage, in increasing margins, looking at competitiveness differently, to continue following our objectives.

Vítor, do you want to comment on any point in this regard?

Vitor Faga:

Of course, of course, Belmiro.

No, but that's it, I agree with your point. They were controlled by Carrefour and continue to be controlled by Carrefour, we should not expect any change in attitude or strategy as a result of this.

The important thing is that we need to continue to grow, improving the customer experience, reducing leverage, doing great working capital management, which is also important to help us reduce this leverage and especially bringing more customers by improving the shopping experience.

You have mentioned a lot of the In-and-Out products and services. They are a great tool that we have here in the short term.

Rodrigo Gastim:

Excellent. Very good.

Sorry, just to understand.

You said that the average inflation of your basket is approximately two points below the headline inflation of IPCA for food. That's it?

That it is also important for us to monitor this over time.

Belmiro Gomes:

Yes, it's below.

Rodrigo Gastim:

Right.

Belmiro Gomes:

There are periods when it has already stayed the same, there are periods when it has become lower, because the composition of the cash and carry category mix, it is different from the food basket as a whole. So at this moment, it is two points below.

It may be, in the measurements that we are going to do now in February, that we have some changes, but right now it is around two points below, right Wlamir?

Wlamir dos Anjos:

That's right, Belmiro.

And this inflation delta for more or less, it depends a lot on commodities, right? Commodities, as they are stable, end up contributing to lower inflation, because it has a relevant weight in our sales.

Rodrigo Gastim:

Excellent, guys.

Wlamir dos Anjos:

An exception for coffee, right? Coffe is out of the curve.

Rodrigo Gastim:

It's flying, right? It's flying.

Wlamir dos Anjos, vice-president:

It rose 90% there, from 80% to 90% from January to January.

Rodrigo Gastim:

Excellent, guys. Thank you very much for the answers.

João Soares – Citi:

Hi all. Good morning.

Thanks for taking the question.

Taking advantage of this hook on the point of volume, of price.

When we look, I wanted to understand a little better, just to make it clear, how we should look at the volume dynamics in the fourth quarter, given that inflation ran at a level close to 8%, you should be running, looking at the cash and carry mix, it was two percentage points, maybe a little less, maybe a little more. being able to go in the range of 6 and comparing it with your same store.

I just wanted to try to build this price and volume dynamics here just to make it clearer for us to try to project this number a little more accurately.

And the second point is in relation to the financial revenue.

We saw this tax credit amount, just for us to try to understand what the most recurrent number is. And the nature of this number so that we can also have a little more precision here in the projection for financial revenue.

Thank you.

Belmiro Gomes:

Do you want to answer first, Vitor, about the credit part?

Vitor Faga:

I can answer yes.

So, let's go.

In the financial revenue, we have two events, in this quarter specifically, that impacted, in this case, positively, when we compare with the previous year.

The first is the mark-to-market. So these two items are in line with other expenses and monetary updates.

We open the release on page 8 to make it clearer. So first there is the financial impact of the mark-to-market of the swap operations that we have for our debts.

And here it is very difficult for us to predict that we have adjustments, some positive quarters and others negative depending on the behavior of the price of these assets and the adjustment of the swaps that we have to make.

So we saw in previous quarters negative and positive adjustments in the fourth quarter of 2024.

In addition, we have, it is not a tax credit, it is a monetary update of our tax credits that we have recognized in our balance sheet.

It is also difficult here for us to predict, sometimes they are larger, sometimes they are smaller, but here it is difficult for us to make a more refined, accurate forecast about the evolution of this line.

But anyway, we have the breakdown of the four main lines that make up the financial expense, and then we can, in the equivalent cash profitability, if we see an evolution, we see our cash increasing, average cash applied increasing quarter by quarter, as I have already mentioned earlier.

And this is information that we started to Disclose with this breakdown so that you could have a better understanding here of our cash position.

So in the last few quarters, we started to breakdown this position as well.

Our debt burden is essentially a reflection of the cost of the debt instruments that we have, especially debenture operations. And finally, the cost of the anticipation of receivables, as you can see when we reduce it in relation to reducing the discount of receivables, for example, in the fourth quarter of 2024, we had a position of 1.9 billion reais not discounted versus a position of 1.B in the fourth quarter of the previous year, so this line is a line that has evolved positively by discounting less receivables, But again the receivable discount is our decision, we can make balance sheets here, right, depending on the quarter of discounting a little more receivable, discounting a little less receivables and having a little more or less average cash applied, okay?

João Soares:

Just on the monetary update point. There is the increased interest on top of tax credis and there was no new credit in this quarter?

Vitor Faga:

No, there is no new credit, this is a financial revenue resulting from the monetary adjustment of credits.

When you have credit recognized, you update it, as well as when you have contingencies and liabilities.

So, that's a revenue for this update. That's a non-cash effect on our balance sheet.

João Soares:

Perfect.

Belmiro Gomes:

Perfect, João.

From the other question, there are some components.

When we look at the same stores, it is even below our internal inflation. Where does this difference come from?

We have a loss of volume for the resellers.

We saw that the payment terms policy made by the market, we decided not to follow it. Especially if it were to be offered generally, I wouldn't do it.

And honestly, looking at our cash, I think the decision we made was the right decision.

And when you look at the final consumer, we have a different scenario, I think that there we have to separate both worlds.

We don't have a drop in units sold, we have a drop in weights sold, mainly due to an effect that I have already highlighted several times and perhaps the market has underestimated, which are the packaging reductions that have been made. that mainly indulgence category, or even cleaning and perfumery, the industry, to contain inflation, reduced the size of the package.

So, when you look, for example, I sell the same amount of cookie packages, but that amount of cookie packages that was worth a thousand tons, today it is worth 700 tons. So, then, you start to register a drop in volume.

And then, in some categories, it is very visible. Those who bought four 200-gram filled cookie packages dropped to 4 of 180, 4 of 160, 4 of 140, 4 of 120.

This did not happen in products, in a series of products, as I had said before, rice, beans, we have been highlighting this effect because it is a heavy effect. Several products went through this throughout 23 and very strongly throughout 24.

We expect stability within this movement and if we choose to be a little more aggressive for B2B public, we can see the same stores balancing more with food inflation.

In our view, the strategy to do this, which it would have an impact on an audience that makes decisions on a order-by-order basis, you don't change the company's margin, you can see that I said this several times throughout the presentation, of some answers, in our view it was not worth it, versus the cash generation that we wanted to have, versus the level of leverage reduction we wanted to have.

João Soares:

That's right, Belmiro. Thank you.

Wlamir dos Anjos, vice-president:

You saw Belmiro, I think there is also one more point.

We also had a bit of the trade-down effect return, the consumer replacing products, also impacts this, changing brand A for B, this also has a small impact. Not as it was, perhaps, in previous years, but there was a movement in this fourth quarter also.

João Soares:

Alright, Walmir. Thank you.

Rubem Couto – Santander:

Good morning, guys, thank you for taking a question here at the very end after so long, but just a curiosity here in the 47 stores converted into 22, average sales, square meter, has already reached 93% of organic stores, the EBITDA margin in line with the company's average, I wanted to see if you can give an update in the expectation of how far the maturity of these stores goes, What is the level of average monthly revenue that they believe they can still reach in the coming years, what is still still expected, the margin level of these stores is 50, 100 bps above average.

Thank you.

Belmiro Gomes

Thank you, Rubem.

Good point, yes. The expectation is still to continue evolving. Obviously, not maturity equal to that of an organic store, which simply continues to do the same thing.

Many of the company's innovation projects that we have been highlighting, such as the issue of In-and-Out or the inclusion of new categories, are part of this strategy.

Most of these stores, coincidentally, are better positioned for the higher social level customers.

Just look at the number of wines we presented at the Investor Day, which we are selling today. There are other categories that, obviously, we will open throughout 2025 and that were already part of the strategy to be able to reach this level.

An important point, Rubem, is that just because it is an Extra conversion does not mean that it should go to that. Even some organic stores that we managed to place in more central regions, close to this higher-income population, also follow this same line.

You have seen the movement, someone must have also seen that we have entered the discussion on the issue of the sale of medication, for example, supporting the initiative that Abras is proposing, an old demand in Brazil.

In our view, Brazil is 20 years behind more modern markets, where there is room to sell other categories of products.

Obviously, in this case, it would be for the entire public, including the low-income population.

But there are a number of products that we see for these central stores, regardless of whether they are conversions or already organic, to be able to continue evolving the margin level of these stores.

Rubem Couto

It's great.

Thank you, Belmiro.

Technical Operator:

The questions and answers session is closed.

And now we would like to pass the floor to the company's final considerations.

Belmiro Gomes

Thank you, I thank those who have accompanied us so far, I thank the team, once again, for all the work done throughout 2024.

As I said, it was a challenging year, with many emotions.

The company is stronger now in early 2025, 2024, especially from a debt point of view. It is a very resilient, highly cash-generating business.

The company always seeks to lead any and all innovations in the market, so the challenges that we will have for 2025, I think our focus a with less expansion, will allow us to further optimize the operation.

We often get the first question from Dani, and this margin increase is not being done to the detriment of losing competitiveness, if we saw that it could, from the point of view not be healthy, we would be more aggressive in this sense.

There are times when you look and say, well what are my ratios, what I bring in terms of sales within this, and then you set up the strategy.

So, for 25, we follow a lot of what we have already seen highlighted in 2024, obviously, that as there is also uncertainty on the interest, we focus on deleveraging, which is why we were signaling the review of the number of stores for 2026.

But I believe that in 2025 we will have a more productive year from the point of view of continuing to evolve the shopping experience, our results and deleveraging. Thank you all.

Thank you for participating.

Technical Operator:

Assaí's earnings call for the fourth quarter of 2024 is closed.

The Investor Relations Department is available to answer other questions and concerns.

Thank you all very much and have a great day.