Interim Financial Information
Sendas Distribuidora S.A.

(Free Translation into English from the
Original Previously Issued in Portuguese)

Interim Financial Information for the Quarter ended
March 31, 2023

IBOVESPA B3 IAGRO-FFS B3 IBRA B3 IBRX100 B3 IGC B3 IGC-NM B3 IGCT B3 ITAG B3 MLCX B3 ISE B3 ICO2 B3 IGPTW B3

Index

Corporate information / Capital composition

Number of Shares (Thousands)	Current Quarter 3/31/2023
Share Capital	
Common	1,350,256
Preferred	0
Total	1,350,256
Treasury Shares	
Common	0
Preferred	0
Total	0

Individual Financial Statements / Balance Sheet - Assets
R$ (in thousands)

Account code	Account description	Current Quarter 3/31/2023	Prior year 12/31/2022
1	**Total Assets**	**39,089,000**	**40,618,000**
1.01	**Current Assets**	**12,378,000**	**14,179,000**
1.01.01	Cash and Cash Equivalents	4,134,000	5,842,000
1.01.03	**Accounts Receivables**	**609,000**	**622,000**
1.01.03.01	Trade Receivables	566,000	570,000
1.01.03.02	Other Accounts Receivable	43,000	52,000
1.01.04	Inventories	6,324,000	6,467,000
1.01.06	Recoverable Taxes	1,010,000	1,055,000
1.01.08	**Other Current Assets**	**301,000**	**193,000**
1.01.08.01	**Non-current Assets Held for Sale**	**95,000**	**95,000**
1.01.08.01.01	Assets Held for Sale	95,000	95,000
1.01.08.03	**Others**	**206,000**	**98,000**
1.01.08.03.01	Derivative Financial Instruments	34,000	27,000
1.01.08.03.02	Dividends Receivable	7,000	-
1.01.08.03.03	Other Current Assets	165,000	71,000
1.02	**Non-current Assets**	**26,711,000**	**26,439,000**
1.02.01	**Long-Term Assets**	**1,452,000**	**1,405,000**
1.02.01.07	**Deferred Taxes**	**88,000**	**6,000**
1.02.01.09	**Receivable From Related Parties**	**270,000**	**252,000**
1.02.01.09.04	Receivable from Others Related Parties	270,000	252,000
1.02.01.10	**Other Non-current Assets**	**1,094,000**	**1,147,000**
1.02.01.10.04	Recoverable Taxes	840,000	927,000
1.02.01.10.05	Restricted Deposits for Legal Proceedings	52,000	56,000
1.02.01.10.06	Derivative Financial Instruments	194,000	155,000
1.02.01.10.07	Other Non-current Assets	8,000	9,000
1.02.02	**Investments**	**838,000**	**833,000**
1.02.02.01	**Investments in Associates**	**838,000**	**833,000**
1.02.02.01.03	Joint Venture Participation	838,000	833,000
1.02.03	**Property, Plant and Equipment**	**19,388,000**	**19,183,000**
1.02.04	**Intangible Assets**	**5,033,000**	**5,018,000**

Individual Financial Statements / Balance Sheet - Liabilities
R$ (in thousands)

Account code	Account description	Current Quarter 3/31/2023	Prior year 12/31/2022
2	**Total Liabilities**	**39,089,000**	**40,618,000**
2.01	**Current Liabilities**	**15,323,000**	**16,416,000**
2.01.01	**Payroll and Related Taxes**	**583,000**	**584,000**
2.01.01.01	Social Taxes	69,000	75,000
2.01.01.02	Payroll Taxes	514,000	509,000
2.01.02	**Trade Payables**	**12,061,000**	**12,999,000**
2.01.02.01	**National Trade Payables**	**12,061,000**	**12,999,000**
2.01.02.01.01	Trade Payables	7,635,000	8,538,000
2.01.02.01.02	Trade Payables - Agreements	1,687,000	2,039,000
2.01.02.01.03	Trade payables - Agreements - Acquisition of Extra	2,739,000	2,422,000
2.01.03	**Taxes and Contributions Payable**	**225,000**	**265,000**
2.01.04	**Borrowings and Financing**	**1,339,000**	**1,260,000**
2.01.04.01	Borrowings and Financing	822,000	829,000
2.01.04.02	Debentures	517,000	431,000
2.01.05	**Other Liabilities**	**1,115,000**	**1,308,000**
2.01.05.01	Payables to Related Parties	173,000	201,000
2.01.05.02	**Others**	**942,000**	**1,107,000**
2.01.05.02.01	Dividends and Interest on own Capital	68,000	111,000
2.01.05.02.09	Deferred Revenue	305,000	328,000
2.01.05.02.12	Other Current Liabilities	220,000	233,000
2.01.05.02.17	Lease Liability	349,000	435,000
2.02	**Non-current Liabilities**	**19,786,000**	**20,306,000**
2.02.01	**Borrowings and Financing**	**11,543,000**	**11,331,000**
2.02.01.01	Borrowings and Financing	735,000	737,000
2.02.01.02	Debentures	10,808,000	10,594,000
2.02.02	**Other Liabilities**	**8,003,000**	**8,779,000**
2.02.02.01	**Payable to Related Parties**	**56,000**	**60,000**
2.02.02.01.04	Payables to Other Third Parties	56,000	60,000
2.02.02.02	**Others**	**7,947,000**	**8,719,000**
2.02.02.02.04	Trade payables - Agreements - Acquisition of Extra	-	780,000
2.02.02.02.07	Other Non-current Liabilities	17,000	14,000
2.02.02.02.09	Lease Liability	7,930,000	7,925,000
2.02.04	**Provision**	**211,000**	**165,000**
2.02.06	**Deferred Earnings and Revenue**	**29,000**	**31,000**
2.02.06.02	Deferred Revenue	29,000	31,000
2.03	**Shareholders' Equity**	**3,980,000**	**3,896,000**
2.03.01	**Share Capital**	**1,265,000**	**1,263,000**
2.03.02	**Capital Reserves**	**45,000**	**36,000**
2.03.04	**Earnings Reserves**	**2,671,000**	**2,599,000**
2.03.08	**Other Comprehensive Income**	**(1,000)**	**(2,000)**

Individual Financial Statements / Statements of Operations
R$ (in thousands)

Account code	Account description	Year to date current year 1/1/2023 to 3/31/2023	Year to date prior year 1/1/2022 to 3/31/2022
3.01	**Net Operating Revenue**	**15,096,000**	**11,443,000**
3.02	**Cost of Sales**	**(12,668,000)**	**(9,617,000)**
3.03	**Gross Profit**	**2,428,000**	**1,826,000**
3.04	**Operating Income / Expenses**	**(1,809,000)**	**(1,301,000)**
3.04.01	Selling Expenses	(1,306,000)	(929,000)
3.04.02	General and Administrative Expenses	(206,000)	(168,000)
3.04.05	**Other Operating Expenses**	**(309,000)**	**(212,000)**
3.04.05.01	Depreciation/ Amortization	**(313,000)**	(204,000)
3.04.05.03	Other Operating Revenues (Expenses)	4,000	(8,000)
3.04.06	Share of Profit of Associates	12,000	8,000
3.05	**Profit from Operations Before Net Financial Expenses and Taxes**	**619,000**	**525,000**
3.06	**Net Financial Expenses**	**(630,000)**	**(302,000)**
3.06.01	Financial Revenues	70,000	70,000
3.06.02	Financial Expenses	(700,000)	(372,000)
3.07	**(Loss) Income Before Income Tax and Social Contribution**	**(11,000)**	**223,000**
3.08	**Income Tax and Social Contribution**	**83,000**	**(9,000)**
3.08.01	Current	-	(18,000)
3.08.02	Deferred	83,000	9,000
3.09	**Net Income from Continued Operations**	**72,000**	**214,000**
3.11	**Net Income for the period**	**72,000**	**214,000**
3.99	**Earnings per Share - (Reais/Share)**		
3.99.01	**Basic Earnings Per Share - Total**		
3.99.01.01	Common	0.053296	0.158659
3.99.02	**Diluted Earnings Per Share - Total**		
3.99.02.01	Common	0.053141	0.157507

Individual Financial Statements / Statements of Comprehensive Income
R$ (in thousands)

Account code	Account description	Year to date current year 1/1/2023 to 3/31/2023	Year to date prior year 1/1/2022 to 3/31/2022
4.01	**Net Income for the period**	**72,000**	**214,000**
4.02	**Other Comprehensive Income**	**1,000**	**(1,000)**
4.02.04	Fair Value of Receivables	2,000	(2,000)
4.02.06	Income Tax Effect	(1,000)	1,000
4.03	**Total Comprehensive Income for the period**	**73,000**	**213,000**

Individual Financial Statements / Statements of Cash Flows - Indirect method
R$ (in thousands)

Account code	Account description	Year to date current year 1/1/2023 to 3/31/2023	Year to date prior year 1/1/2022 to 3/31/2022
6.01	**Net Cash Operating Activities**	**24,000**	**853,000**
6.01.01	**Cash Provided by the Operations**	**1,187,000**	**870,000**
6.01.01.01	Net Income for the period	72,000	214,000
6.01.01.02	Deferred Income Tax and Social Contribution	(83,000)	(9,000)
6.01.01.03	(Gain) Loss of Disposal of Property, Plant and Equipment and Leasing write-off	(6,000)	3,000
6.01.01.04	Depreciation and Amortization	336,000	219,000
6.01.01.05	Financial Charges	694,000	352,000
6.01.01.07	Share of Profit of Associates	(12,000)	(8,000)
6.01.01.08	Provision for Legal Proceedings	57,000	13,000
6.01.01.10	Provision for Stock Option	9,000	4,000
6.01.01.11	Allowance for Doubtful Accounts	-	3,000
6.01.01.13	Provision for Allowance for Inventory Losses and Damages	120,000	79,000
6.01.02	**Variations in Assets and Liabilities**	**(1,163,000)**	**(17,000)**
6.01.02.01	Trade Receivables	9,000	(148,000)
6.01.02.02	Inventories	23,000	(544,000)
6.01.02.03	Recoverables Taxes	132,000	(132,000)
6.01.02.04	Other Assets	(88,000)	(29,000)
6.01.02.05	Related Parties	(48,000)	18,000
6.01.02.06	Restricted Deposits for Legal Proceedings	4,000	2,000
6.01.02.07	Trade Payables	(1,111,000)	856,000
6.01.02.08	Payroll and Related Taxes	(1,000)	29,000
6.01.02.09	Taxes and Social Contributions Payable	(33,000)	(19,000)
6.01.02.10	Provision for Legal Proceedings	(14,000)	(14,000)
6.01.02.11	Deferred Revenue	(25,000)	(25,000)
6.01.02.12	Other Liabilities	(11,000)	(11,000)
6.02	**Net Cash of Investing Activities**	**(534,000)**	**(1,527,000)**
6.02.02	Purchase of Property, Plant and Equipment	(527,000)	(675,000)
6.02.03	Purchase of Intangible Assets	(22,000)	(602,000)
6.02.09	Proceeds from Property, Plant and Equipment	15,000	-
6.02.11	Purchase of Assets Held for Sale	-	(250,000)
6.03	**Net Cash of Financing Activities**	**(1,198,000)**	**2,513,000**
6.03.01	Capital Contribution	2,000	1,000
6.03.02	Proceeds from Borrowings and Financing	-	2,759,000
6.03.03	Payment of Borrowings and Financing	(39,000)	(13,000)
6.03.04	Payment of Interest on Borrowings and Financing	(142,000)	(43,000)
6.03.05	Dividends and interest on own equity, paid	(50,000)	-
6.03.09	Payment of Lease Liabilities	(151,000)	(28,000)
6.03.10	Payment of Interest on Lease Liabilities	(238,000)	(135,000)
6.03.11	Borrowing costs from borrowings and financing	(10,000)	(28,000)
6.03.12	Payment of Intangible Assets	(570,000)	-
6.05	**(Decrease) Increase in Cash and Equivalents**	**(1,708,000)**	**1,839,000**
6.05.01	Cash and Cash Equivalents at the beginning of the Period	5,842,000	2,550,000
6.05.02	Cash and Cash Equivalents at the end of the Period	4,134,000	4,389,000

Individual Financial Statements / Statements of Changes in Shareholders' Equity 1/1/2023 to 3/31/2023
R$ (in thousands)

Account code	Account description	Capital stock	Capital reserves, granted options and treasury shares	Profit reserves	Retained earnings /Accumulated losses	Other comprehensive income	Shareholders' equity
5.01	**Opening Balance**	**1,263,000**	**36,000**	**2,599,000**	**-**	**(2,000)**	**3,896,000**
5.03	**Adjusted Opening Balance**	**1,263,000**	**36,000**	**2,599,000**	**-**	**(2,000)**	**3,896,000**
5.04	**Capital Transactions with Shareholders**	**2,000**	**9,000**	**-**	**-**	**-**	**11,000**
5.04.01	Capital Contribution	2,000	-	-	-	-	2,000
5.04.03	Stock Options Granted	-	9,000	-	-	-	9,000
5.05	**Total Comprehensive Income**	**-**	**-**	**-**	**72,000**	**1,000**	**73,000**
5.05.01	Net Income for the Period	-	-	-	72,000	-	72,000
5.05.02	**Other Comprehensive Income**	**-**	**-**	**-**	**-**	**1,000**	**1,000**
5.05.02.07	Fair Value of Receivables	-	-	-	-	2,000	2,000
5.05.02.09	Income Tax Effect	-	-	-	-	(1,000)	(1,000)
5.06	**Internal chages of Shareholders' Equity**	**-**	**-**	**72,000**	**(72,000)**	**-**	**-**
5.06.05	Tax Incentive Reserve	-	-	72,000	(72,000)	-	-
5.07	**Closing Balance**	**1,265,000**	**45,000**	**2,671,000**	**-**	**(1,000)**	**3,980,000**

Individual Financial Statements / Statements of Changes in Shareholders' Equity 1/1/2022 to 3/31/2022
R$ (in thousands)

Account code	Account description	Capital stock	Capital reserves, granted options and treasury shares	Profit reserves	Retained earnings /Accumulated losses	Other comprehensive income	Shareholders' equity
5.01	**Opening Balance**	**788,000**	**18,000**	**1,961,000**	**-**	**(1,000)**	**2,766,000**
5.03	**Adjusted Opening Balance**	**788,000**	**18,000**	**1,961,000**	**-**	**(1,000)**	**2,766,000**
5.04	**Capital Transactions with Shareholders**	**1,000**	**4,000**	**-**	**-**	**-**	**5,000**
5.04.01	Capital Contribution	1,000	-	-	-	-	1,000
5.04.03	Stock Options Granted	-	4,000	-	-	-	4,000
5.05	**Total Comprehensive Income**	**-**	**-**	**-**	**214,000**	**(1,000)**	**213,000**
5.05.01	Net Income for the Period	-	-	-	214,000	-	214,000
5.05.02	**Other comprehensive income**	**-**	**-**	**-**	**-**	**(1,000)**	**(1,000)**
5.05.02.07	Fair Value of Receivables	-	-	-	-	(2,000)	(2,000)
5.05.02.09	Income Tax Effect	-	-	-	-	1,000	1,000
5.06	**Internal chages of Shareholders' Equity**	**-**	**-**	**163,000**	**(163,000)**	**-**	**-**
5.06.05	Tax Incentive Reserve	-	-	163,000	(163,000)	-	-
5.07	**Closing Balance**	**789,000**	**22,000**	**2,124,000**	**51,000**	**(2,000)**	**2,984,000**

Individual Financial Statements / Statements of Value Added
R$ (in thousands)

Account code	Account description	Year to date current year 1/1/2023 to 3/31/2023	Year to date prior year 1/1/2022 to 3/31/2022
7.01	**Revenues**	**16,563,000**	**12,496,000**
7.01.01	Sales of Goods and Services	16,538,000	12,498,000
7.01.02	Other Revenues	25,000	1,000
7.01.04	Allowance for Doubtful Accounts	-	(3,000)
7.02	**Products Acquired from Third Parties**	**(14,644,000)**	**(11,102,000)**
7.02.01	Cost of Sales	(13,832,000)	(10,524,000)
7.02.02	Materials, Energy, Outsourced Services and Others	(812,000)	(578,000)
7.03	**Gross Value Added**	**1,919,000**	**1,394,000**
7.04	**Retentions**	**(336,000)**	**(219,000)**
7.04.01	Depreciation, Amortization and Exhaustion	(336,000)	(219,000)
7.05	**Net Value Added Produced**	**1,583,000**	**1,175,000**
7.06	**Value Added Received in Transfer**	**86,000**	**81,000**
7.06.01	Share of Profit of Associates	12,000	8,000
7.06.02	Financial Revenues	74,000	73,000
7.07	**Total Value Added to Distribute**	**1,669,000**	**1,256,000**
7.08	**Value Added Distribution**	**1,669,000**	**1,256,000**
7.08.01	**Personnel**	**805,000**	**628,000**
7.08.01.01	Direct Compensation	575,000	423,000
7.08.01.02	Benefits	182,000	143,000
7.08.01.03	Government Severance Indemnity Fund for Employees (FGTS)	48,000	37,000
7.08.01.04	Others	-	25,000
7.08.02	**Taxes, Fees and Contribution**	**66,000**	**38,000**
7.08.02.01	Federal	(25,000)	13,000
7.08.02.02	State	56,000	4,000
7.08.02.03	Municipal	35,000	21,000
7.08.03	**External Financiers**	**726,000**	**376,000**
7.08.03.01	Interest	723,000	375,000
7.08.03.02	Rentals	3,000	1,000
7.08.04	**Shareholders' Remuneration**	**72,000**	**214,000**
7.08.04.03	Retained Earnings for the period	72,000	214,000

EARNINGS

RELEASE

1Q23

EARNINGS CONFERENCE CALL

Friday, May 5, 2023

11:00 a.m. (Brasilia) | 10:00 a.m. (New York) | 3:00 p.m. (London)

Videoconference call in Portuguese via Zoom (simultaneous translation): Click Here

Information and links for accessing the call are available on our website and in our quarterly earnings materials.

ASAI3 B3 IBOVEPA B3 IBRA B3 IBRX100 B3 ISE B3 ICO2 B3 ICON B3 IGC B3 IGCT B3 ITAG B3 MLCX B3 ASAI NYSE

***São Paulo, May 4, 2023 - Assaí Atacadista announces its results for the first quarter of 2023.** All comments on adjusted EBITDA exclude other operating expenses and income in the periods. Figures also include the effects of IFRS 16/CPC 06 (R2) – Leases, which eliminates the distinction between operating and financial leases, except where stated otherwise.*

SALES GROWTH OF +33%, ON STRONG COMPARISON BASIS, WITH CONTINUED MARKET SHARE GAINS (+2.4 p.p)

ADVANCES ON EXPANSION WITH CONCLUSION OF 75% OF CONVERSIONS PROJECT

Expansion evolution with advances on conversion project

Inauguration of **3 conversions on 1Q23**, reaching **50 converted stores in operation;**
In the last 12 months, 59 stores were opened (+38% in sales area), of which 50 conversions and 9 organics;

Sales average per store of converted stores surpass the Company's sales average

Even with only 5 months of operation, conversions present revenues above R$ 21M/month and sales uplift 2.2x higher compared to the hypermarket format;
EBITDA margin of converted stores already reached a level of around 5%;

Revenues increased +33% with market share gains

Gross sales of R$ 16.6 billion in 1Q23 (+33% vs. 1Q22), an improvement of R$ 4.1 billion, mainly propelled by **performance of new stores (+24.7%), 'same-store' sales evolution (+7.2%)** and **increase in customer traffic** (+16M tickets vs. 1Q22);

Growth of +33% in gross profit, with margin higher than 1Q22 despite the strong expansion in the LTM

Gross sales of 16.1% as a result of **contribution of the conversions performance** and the **well-succeed commercial strategy;**

Adjusted EBITDA R$ 200 million higher than 1Q22

Adjusted EBITDA of R$ 951 million (+26.5%) with **margin of 6.3%**, despite the increased concentration of stores at the beginning of the maturation curve (59 stores inaugurated within 12 months);

Positive net income as a result of good operational performance

Net income of R$ 72 million impacted by the increased interest rate in the period;

Strong expansion pace for 2023

28 stores under construction, of which 13 conversions and 15 organic stores;

Evolution of Company's Phygital strategy: new "Meu Assaí" app

Improvements on Customer Relations through CRM basis, with 7 million customers registered;
Identification of 30% of tickets, whose **average value is 40% higher than the Company's average;**
Focused promotions, **increasing loyalty and profitability.**

OPERATIONAL AND FINANCIAL HIGHLIGHTS

(R$ million)	1Q23	1Q22	Δ % / p.p.
Gross Revenue	16,567	12,498	32.6%
Net Revenue	15,096	11,443	31.9%
SSS (Exc. Calendar Effects)	**7.2%**	**6.7%**	**0.5 p.p.**
Expansion	**24.7%**	**15.4%**	**9.3 p.p.**
Gross Profit (1)	2,428	1,826	33.0%
Gross Margin (1)	**16.1%**	**16.0%**	**0.1 p.p.**
Selling, General and Administrative Expenses	(1,512)	(1,097)	37.8%
% of Net Revenue	**-10.0%**	**-9.6%**	**-0.4 p.p.**
Adjusted EBITDA (2) (3)	951	752	26.5%
Adjusted EBITDA Margin (2) (3)	**6.3%**	**6.6%**	**-0.3 p.p.**

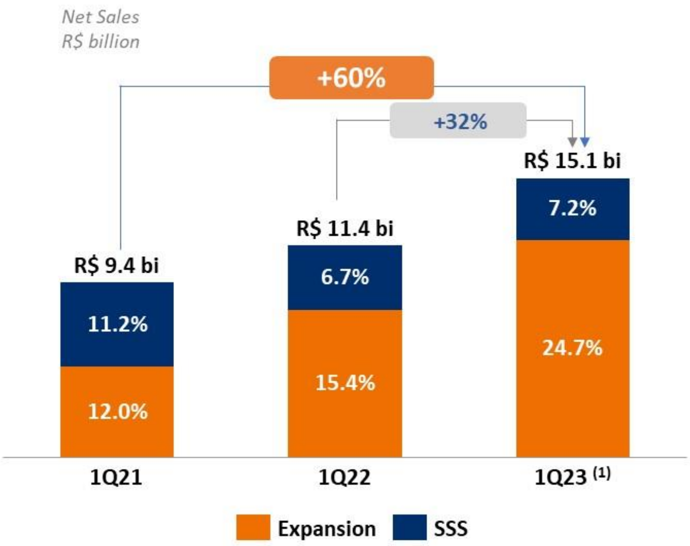
(1) Includes logistics depreciation (as shown in the Income Statement on page 12);
(2) Earnings before Interest, Taxes, Depreciation, Amortization;
(3) Adjusted for Other Operating Revenue (Expenses);

"We started 2023 with the conclusion of more than 75% of the conversions project, which performance of sales and margins, although in operation for only a few months, reinforces the quality of the stores. The continuous gains of market share totaled 2.4 p.p. in 1Q23 and show the success of the commercial dynamics of Assaí. We also advanced in the phygital strategy with the conclusion of the rollout of the new app "Meu Assaí". With the election of the new Board of Directors, formed mostly by independent members, Assaí has become a Corporation, and we will keep improving Company's corporate governance.

We will follow our strategy of delivering a good purchase experience to our customers, consolidating the strength of our brand and the value proposition of Assaí business model, growing with profitability, and creating value and jobs. I thank everyone who is with us in this journey."

Belmiro Gomes, CEO of Assaí

CONSISTENT SALES GROWTH



(1) Excluding calendar effect of -0,1%

Net sales came to R$15.1 billion in 1Q23, increasing +31.9% and R$ 3.7 billion in comparison with 1Q22. This performance results mainly from:

(i) the strong performance of the 59 stores inaugurated over the last 12 months (+24.7%), especially the hypermarket conversions;

(ii) the advance of the 'same-store' sales (+7.2%), even facing (a) a macroeconomic scenario that still affects the purchasing power of the population, which, consequently, impacts the customer's consumption level, and, (b) a strong comparison basis, especially in March;

(iii) the well-executed sales strategy that aimed to (a) balance sales growth and a margin level suited to market competitiveness and (b) bring agility in the assortment and services adjustments to meet the customer demands of each region; and

(iv) the growing customer traffic at our stores, given the constant investments to improve the shopping experience and the high attractiveness of Assaí business model.

Due to these factors, the Company continued recording market share gains, in total-store (+2.4 p.p.) and 'same-store' sales basis in the regions where Assaí operates.

CONTINUED EXPANSION PLAN WITH ADVANCES IN CONVERSIONS PROJECT

Assaí ended 1Q23 with 266 stores in operation and total sales area exceeding 1.3 million square meters. In the last 12 months, 59 new units were inaugurated, totaling an increase of 367 thousand square meters to the sales area, an expansion of +38% in comparison with 1Q22.

After the inauguration of 3 hypermarket conversions in the quarter, two of which in the state of São Paulo and one in Rio de Janeiro, the Company completed 50 conversions, equivalent to more than 75% of the project and which, added up, nearly 320 thousand square meters to the network of Assaí stores.

Presence in central and well-located commercial points, together with the strong attractiveness of Assaí business model, provide high customer traffic. Therefore, operating only for 5 months on average, conversions, which maturation curve is more accelerated than the organic expansion, present revenues above R$ 21M/month, higher than the Company's average and equivalent to a sales uplift of 2.2x when compared to the total sales under the hypermarket format and of 3.2x when considering just the food perimeter. The margins of the converted stores are nearly 5%, in line with the Company's strategy of balancing sales growth with a margin level that suits to the market competitiveness.

Also, 28 stores are currently under construction, of which 13 hypermarket conversions and 15 organic stores

PHYGITAL STRATEGY ADVANCES WITH THE LAUNCH OF THE APP "MEU ASSAÍ"

Available throughout Brazil since April 2023 and supported by a robust CRM system, the new app "Meu Assaí" will provide greater knowledge of the consumption habits of Assaí customers, and also offer better shopping experience for consumers by uniting the experience of the physical world with the online one. The app underlines the Company's *phygital* strategy through its new functionalities, such as exclusive campaigns and customized offers to both the end customer and the B2B, aiming to customer loyalty and incentive to consumption of new categories, as well as greater proximity to suppliers.

The app was among the 5 most downloaded apps in the week of its launch. The CRM basis already has more than 7 million customers registered, with 30% of identified tickets, whose average value is 40% higher than the Company's average.

Also, revenues from online sales using last milers applications, which are available in 60 cities and 17 states, grew significantly, with the best quarterly performance since the beginning of operations. Sales increased +96% compared to 1Q22 and +16% compared to 4Q22.

OPERATING RESULTS

Gross profit achieved R$2.4 billion in 1Q23, up 33.0% on 1Q22 and in line with the sales growth for the period, with margin of 16.1%. The advance is mainly due to:

(i) the initial performance of hypermarkets conversions, which presents record of customers traffic and high margins, especially when considering the few months of operations; and

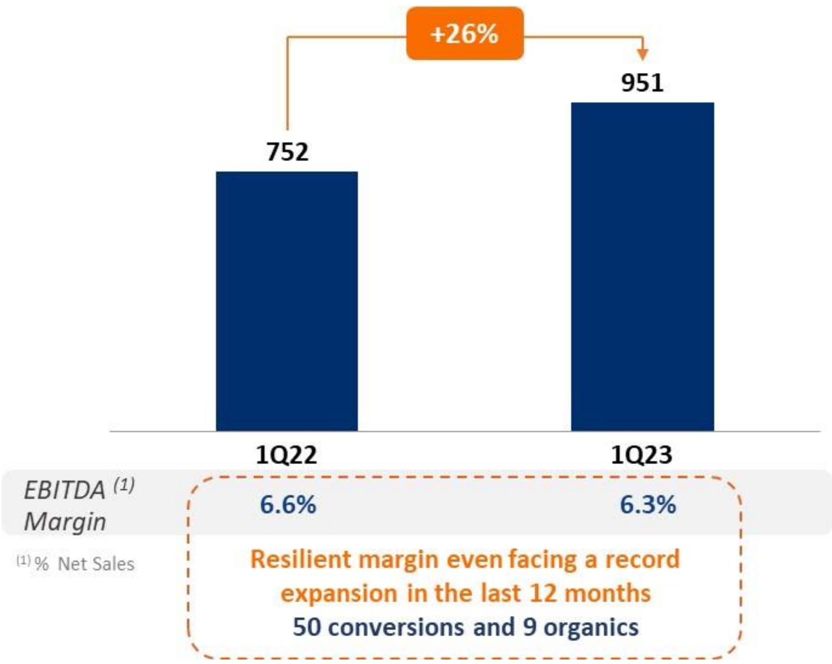
(ii) the commercial strategy to cope with the strong advance of the expansion and the macroeconomic scenario that puts pressure on the purchasing power of the population.

This result, together with the market share gains in total-store and 'same-store' sales basis during the last quarters, proves the efficiency of Assaí business model and the success of the Company's strategy to keep the equilibrium between sales grow and margin level adequate to the competitiveness of the market.

Selling, general and administrative expenses represent 10.0% of the quarterly net sales, which is mainly due to the 59 stores inaugurated in the last 12 months that still in the beginning of the maturation curve.

Equity income from Assaí's participation of approximately 18% in the capital of FIC came to R$12 million in 1Q23, an increase of R$ 4 million on 1Q22 due to lower default than expected. Passaí cards issued totaled 2.3 million at the end of the period and represents 4.4% of sales.

Adjusted EBITDA reached R$951 million in 1Q23, an increase of R$200 million on 1Q22, a growth equivalent to 26.5%. The margin of 6.3% was affected by expansion-related pre-operating expenses (-0.1 p.p.) and by the strong advance of the expansion in 4Q22, with the opening of 37 new stores that are still in the early stage of maturation.



FINANCIAL RESULT DIRECTLY AFFECTED BY HIGHER INTEREST RATES

(R$ million)	1Q23	1Q22	Δ % / p.p.
Cash profitability	43	32	34.4%
Cost of debt	(377)	(176)	114.2%
Cost of Receivable Discount	(26)	(19)	36.8%
Other financial revenues/expenses and Inflation Adjustments	(68)	(39)	74.4%
Net Financial Revenue (Expenses)	**(428)**	**(202)**	**111.9%**
% of Net Revenue	*-2.8%*	*-1.8%*	*-1.0 p.p.*
Interest on lease liabilities	(202)	(100)	102.0%
Net Financial Revenue (Expenses) - Post IFRS 16	**(630)**	**(302)**	**108.6%**
% of Net Revenue - Post IFRS 16	*-4.2%*	*-2.6%*	*-1.6 p.p.*

The net financial result post-IFRS16 was R$ 630 million at the quarter-end, equivalent to 4.2% of net sales. Net financial expenses excluding the effects from interest on lease liabilities amounted to R$ 428 million, corresponding to 2.8% of net sales. This is the result of the effect of increased interest rates, with CDI growth from 2.43% in 1Q22 to 3.25% in 1Q23, and the higher volume of gross debt resulting from the Company's strong expansion.

NET INCOME AFFECTED BY A CHALLENGING MACRO SCENARIO

Net income reached R$72 million in the quarter, with a 0.5% margin, due to the high interest rate scenario, which significantly affected the financial result in the period.

INVESTMENTS LEVEL REFLECTS ADVANCE IN EXPANSION

(R$ million)	1Q23	1Q22	Δ
New stores and land acquisition	395	608	(213)
Store Renovation and maintenance	29	33	(4)
Infrastructure and others	26	17	9
Gross Total Investments	**450**	**658**	**-208**

Total quarterly investments amounted to R$ 450 million. This level mainly reflects the inauguration of 3 new conversions in 1Q23 and the advance in the Company's expansion process, with 28 stores under construction, of which 13 are hypermarket conversions and 15 are organic stores.

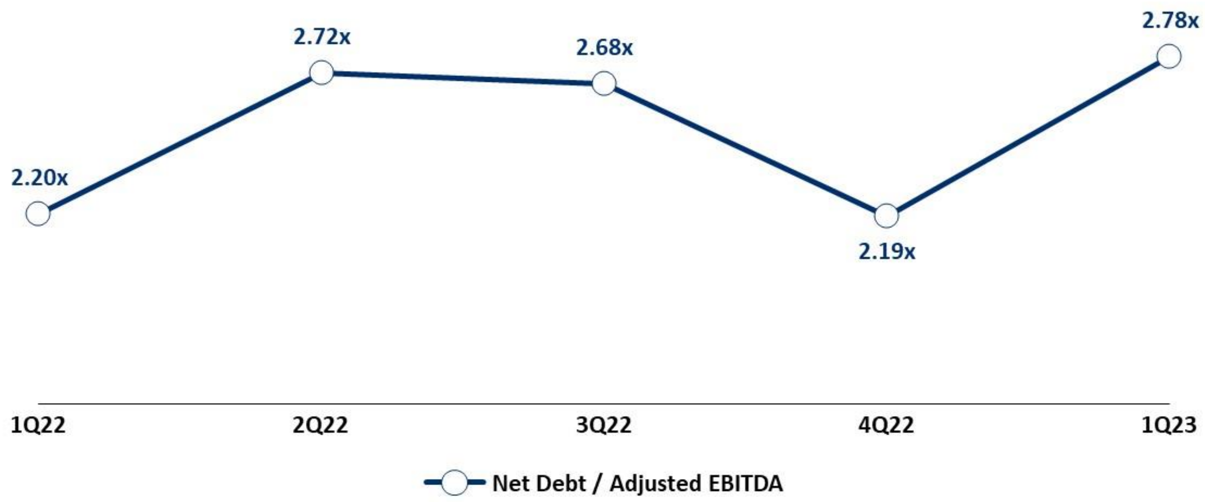
INDEBTEDNESS IN LINE WITH THE STRONG ADVANCE IN EXPANSION

(R$ million)	1Q23	1Q22
Short Term Debt	**(1,305)**	**(291)**
Loans and Financing	(822)	(23)
Debentures	(517)	(279)
Derivative Financial Instruments - Fair Value Hedge	34	11
Long Term Debt	**(11,349)**	**(10,625)**
Loans and Financing	(735)	(1,528)
Debentures	(10,808)	(9,169)
Derivative Financial Instruments - Fair Value Hedge	194	72
Total Gross Debt	**(12,654)**	**(10,916)**
Cash and Financial Investments	**4,134**	**4,389**
Net Debt	**(8,520)**	**(6,527)**
Adjusted EBITDA [1]	**2,925**	**2,863**
Credit Card Receivables not Discounted	378	222
Net Debt incl. Credit Cards Receivable not discounted	**(8,142)**	**(6,305)**
Net Debt incl. Credit Cards Receivable not discounted / Adjusted EBITDA [1]	**-2.78x**	**-2.20x**

[1] EBITDA LTM before IFRS 16.

The net debt/Adjusted EBITDA ratio reached 2.78x in 1Q23 and is within the Company's expectations in the context of high investments. The current level is explained by (i) payments related to the acquisition of hypermarket commercial points; (ii) investments in 59 stores in the last 12 months; and (iii) continuity of the expansion project, with 28 stores under construction, of which 13 conversions and 15 organics.

Net Debt / EBITDA is in line with the previous quarters, excluding the seasonality of 4Q22, due to the investment in the conversion project:



CASH GENERATION OF R$ 2.9 BILLION IN 1Q23

(R$ milion)	1Q23	1Q22	Δ
EBITDA Pre-IFRS 16 [1]	**2,925**	**2,863**	62
Paid Taxes	0	(195)	195
Change in WK	0	644	(644)
Operational Cash Generation	**2,925**	**3,312**	**(387)**
Capex	(3,217)	(2,354)	(864)
Commercial Points Acquisition	(70)	(1,850)	1,780
Free Cash Generation	**(362)**	**(892)**	**529**
Dividends	(194)	(130)	(64)
Cost of Debt	(1,658)	(781)	(877)
Free Cash Generation to Shareholders	**(1,852)**	**(911)**	**(941)**

[1] Accumulated LTM

Operating cash generation reached R$ 2.9 billion in the last 12 months. The result is in line with the Company's expectations, given the expansion progress, with 59 stores opened in the last 12 months that are in the maturation phase, in addition to the 28 stores under construction.

In the last 12 months, the net amount referring to the acquisition of commercial points of hypermarket totaled R$ 70 million, since it considers the reimbursements received referring to the owned properties that were sold to the real estate fund.

ESG STRATEGY

Assaí, as an inherent part of its business model, implements initiatives to foster a more responsible and inclusive society based on five strategic pillars:

1. **Combating Climate Change:** innovating and enhancing environmental management;
2. **Integrated Management and Transparency**: improving ESG practices through ethical and transparent relationships**;**
3. **Transforming the Value Chain:** co-building value chains committed to the environment and people;
4. **Engaging with Society:** acting as an agent of change to promote fair and inclusive opportunities;
5. **Valuing our People:** being a reference in fostering diversity, inclusion and sustainability through our employees.

ESG highlights of 1Q23 include:

- **Donation of 35.4 tons of food and hygiene and cleaning items** to families in situations of vulnerability affected by the heavy rains in Bahia, Acre, Maranhão, North Coast of São Paulo and the Yanomami Indigenous populations.

- **Increase of 78% in combatting waste of food in the stores.** In line with the social strategy of Combating Food Insecurity, the Company **became signatory of the Everyone around the Table Movement**, a Brazilian coalition of companies and organizations that join to reduce the impacts of hunger in Brazil and to work in the reduction of food waste.

- **Advances in the commitment to increase diversity and equal opportunities for everyone:**
    - 25.5% of women in leadership positions (manager and above) (+1.2 p.p. vs. 1Q22);
    - Increase of 41% (vs. 1Q22) in the transgender work force;
    - 64.1% of employees self-declared black or brown, with an increase of almost 10 thousand employees;
    - 5th Woman's Week – approaching themes such as Career, Combating Violence Against Women, Sisterhood and Women's Empowerment – 23,236 employees attended it, 153% higher than in 1Q22; and
    - Recognition in two categories in the **Great Place to Work (GPTW) Diversity Ranking**: among the 10 best companies to work for people above 50 and for inclusion of persons with disabilities.

Also, Assaí disclosed in April **the Company's Annual and Sustainability Report** on its performance in 2022. (Click here to access the document). In the report, we reinforce our commitments on ESG fronts, such as the goal of reducing emissions by 38% by 2030 (base year 2015).

ABOUT SENDAS S.A.

Assaí is a cash and carry wholesaler serving small and midsized merchants as well as consumers in general seeking unit items as well as large volumes. With gross sales of around R$ 60 billion in 2022, Assaí is the 2nd largest Brazilian retail company and one of the 10 best Brazilian companies to work for in its segment ("Super Large" category, according to the GPTW 2022). Present in the five regions of the country, Assaí has more than 260 stores distributed in 23 states (in addition to the Federal District) and has more than 70 thousand employees.

Since 2021, Assaí shares have been traded both on the São Paulo Stock Exchange (B3) - under the ticker ASAI3 - and on the New York Stock Exchange (NYSE), being the only one in its segment listed on both. In 2022, the Company was considered Top of Mind in the "Wholesale" category in a survey carried out by the Datafolha Institute; and elected the best company in the "Retail Trade" branch of Valor 1000. Assaí is among the 20 most valuable brands in the country in an annual ranking promoted by Interbrand, being the 1st in food retail.

INVESTOR RELATIONS CONTACTS

Gabrielle Castelo Branco Helú
Investor Relations Officer

Ana Carolina Silva
Beatris Atilio
Daniel Magalhães

E-mail: ri.assai@assai.com.br
Website: www.ri.assai.com.br

APPENDICES

OPERATIONAL INFORMATION

I – Number of stores and sales area

# of Stores	1Q19	1Q20	1Q21	1Q22	2Q22	3Q22	4Q22	1Q23
Southeast	88	93	101	113	115	122	138	141
Northeast	34	43	49	59	61	65	74	74
MidWest	14	16	18	21	21	22	25	25
North	5	10	11	16	16	17	17	17
South	4	5	5	7	7	7	9	9
Total	**145**	**167**	**184**	**216**	**220**	**233**	**263**	**266**
Sales Area (thousand sqm meters)	**599**	**714**	**810** (1)	**986**	**1,007**	**1,091**	**1,307**	**1,326**

(1) Adjustment of Sales Area

FINANCIAL INFORMATION

II – Income Statement

R$ - million	1Q23	1Q22	Δ%
Gross Revenue	**16,567**	**12,498**	**32.6%**
Net Revenue	**15,096**	**11,443**	**31.9%**
Cost of Goods Sold	**(12,645)**	**(9,602)**	**31.7%**
Depreciation (Logistic)	(23)	(15)	53.3%
Gross Profit	**2,428**	**1,826**	**33.0%**
Selling Expenses	(1,306)	(929)	40.6%
General and Administrative Expenses	(206)	(168)	22.6%
Selling, General and Adm. Expenses	**(1,512)**	**(1,097)**	**37.8%**
Equity income	12	8	50.0%
Other Operating Revenue (Expenses), net	4	(8)	-150.0%
Depreciation and Amortization	(313)	(204)	53.4%
Earnings Before Interest and Taxes - EBIT	**619**	**525**	**17.9%**
Financial Revenue	70	70	0.0%
Financial Expenses	(700)	(372)	88.2%
Net Financial Result	**(630)**	**(302)**	**108.6%**
(Loss) Income Before Income Tax	**(11)**	**223**	**-104.9%**
Income Tax and Social Contribution	83	(9)	-1022.2%
Net Income - Total Controlling Shareholders	**72**	**214**	**-66.4%**
EBITDA - (Earnings before Interest, Taxes, Depreciation, Amortization)	**955**	**744**	**28.4%**
Adjusted EBITDA [1]	**951**	**752**	**26.5%**

% of Net Revenue	1Q23	1Q22	Δ p.p.
Gross Profit	**16.1%**	**16.0%**	**0.1 p.p.**
Selling Expenses	-8.7%	-8.1%	-0.5 p.p.
General and Administrative Expenses	-1.4%	-1.5%	0.1 p.p.
Selling, General and Adm. Expenses	**-10.0%**	**-9.6%**	**-0.4 p.p.**
Equity Income	0.1%	0.1%	0.0 p.p.
Other Operating Revenue (Expenses)	0.0%	-0.1%	0.1 p.p.
Depreciation and Amortization	-2.1%	-1.8%	-0.3 p.p.
EBIT	**4.1%**	**4.6%**	**-0.5 p.p.**
Net Financial Result	**-4.2%**	**-2.6%**	**-1.5 p.p.**
(Loss) Income Before Income Tax	**-0.1%**	**1.9%**	**-2.0 p.p.**
Income Tax	0.5%	-0.1%	0.6 p.p.
Net Income - Total Controlling Shareholders	**0.5%**	**1.9%**	**-1.4 p.p.**
Earnings before Interest, Taxes, Depreciation, Amortization - EBITDA	**6.3%**	**6.5%**	**-0.2 p.p.**
Adjusted EBITDA [1]	**6.3%**	**6.6%**	**-0.3 p.p.**

[1] *Adjusted for Other Operating Revenue (Expenses)*

III – Balance Sheet

ASSETS

(R$ million)	31.03.2023	31.12.2022
Current Assets	**12,378**	**14,179**
Cash and cash equivalent	4,134	5,842
Trade receivables	566	570
Inventories	6,324	6,467
Recoverable taxes	1,010	1,055
Derivative financial instruments	34	27
Assets held for sale	95	95
Dividends receivable	7	-
Other accounts receivable	43	52
Other current assets	165	71
Non-current assets	**26,711**	**26,439**
Deferred income tax and social contribution	88	6
Recoverable taxes	840	927
Derivative financial instruments	194	155
Related parties	270	252
Restricted deposits for legal proceedings	52	56
Other non-current assets	8	9
Investments	838	833
Property, plan and equipment	19,388	19,183
Intangible assets	5,033	5,018
TOTAL ASSETS	**39,089**	**40,618**

LIABILITIES

(R$ million)	31.03.2023	31.12.2022
Current Liabilities	**15,323**	**16,416**
Trade payables, net	7,635	8,538
Trade payables - Agreements	1,687	2,039
Trade payables - Agreements - Acquisition of Extra stores	2,739	2,422
Borrowings and financing	822	829
Debentures and promissory notes	517	431
Payroll and related taxes	583	584
Lease liabilities	349	435
Related parties	173	201
Taxes payable	225	265
Deferred revenues	305	328
Dividends and Interest on own Capital	68	111
Other current liabilities	220	233
Non-current liabilities	**19,786**	**20,306**
Trade payables - Agreements - Acquisition of Extra stores	-	780
Borrowings and financing	735	737
Debentures and promissory notes	10,808	10,594
Provision for legal proceedings	211	165
Related parties	56	60
Lease liabilities	7,930	7,925
Deferred revenues	29	31
Other non-current liabilities	17	14
Shareholders' Equity	**3,980**	**3,896**
Capital stock	1,265	1,263
Capital reserve	45	36
Profit reserve	2,671	2,599
Other comprehensive results	(1)	(2)
TOTAL LIABILITIES AND SHAREHOLDER'S EQUITY	**39,089**	**40,618**

IV – Cash Flow

(R$ millions)	31.03.2023	31.03.2022
Net income for the period	**72**	**214**
Deferred income tax and social contribution	(83)	(9)
(Gain) loss on disposal of property, plant and equipment and lease	(6)	3
Depreciation and amortization	336	219
Interests and monetary variation	694	352
Share of profit and loss of associate	(12)	(8)
Provision of legal proceedings	57	13
Provision of stock option	9	4
Provision for inventory losses and damages	120	79
Provision of allowance for doubtful accounts	-	3
	1,187	**870**
Variation of operating assets		
Trade receivables	9	(148)
Inventories	23	(544)
Recoverable taxes	132	(132)
Other assets	(88)	(29)
Related parties	(48)	18
Restricted deposits for legal proceedings	4	2
	32	**(833)**
Variation of operating liabilities		
Trade payables	(1,111)	856
Payroll and related taxes	(1)	29
Taxes and social contributions payable	(33)	(19)
Other accounts payable	(11)	(11)
Provision for legal proceedings	(14)	(14)
Deferred revenues	(25)	(25)
	(1,195)	**816**
Net cash generated by operating activities	**24**	**853**
Purchase of property, plant and equipment	(527)	(675)
Purchase of intangible assets	(22)	(602)
Acquisition of assets held for sale	-	(250)
Proceeds from the sales of property, plant and equipment	15	-
Net cash used in investment activities	**(534)**	**(1,527)**
Cash flow from financing activities		
Capital contribution	2	1
Funding of borrowings and financing	-	2,759
Cost of funding of borrowings and financing	(10)	(28)
Payments of borrowings and financing	(39)	(13)
Payments of interest on borrowings and financing	(142)	(43)
Dividend and Interest on own Capital Paid	(50)	-
Payments of lease liabilities	(151)	(28)
Payment of interest on lease liability	(238)	(135)
Payment of intangible assets	(570)	-
Net cash (used in) generated by financing activities	**(1,198)**	**2,513**
Cash and cash equivalents at the beginning of the period	5,842	2,550
Cash and cash equivalents at the end of the period	4,134	4,389
Net (decrease) increase in cash and cash equivalents	**(1,708)**	**1,839**

1 CORPORATE INFORMATION

Sendas Distribuidora S.A. ("Company" or "Sendas") is a publicly held company listed in the Novo Mercado segment of B3 S.A. - Brasil, Bolsa, Balcão (B3), under ticker symbol "ASAI3" and on the New York Stock Exchange (NYSE), under ticker symbol "ASAI". The Company is primarily engaged in the retail and wholesale of food products, bazar items and other products through its chain of stores, operated under "ASSAÍ" brand, since this is the only disclosed segment. The Company's registered office is at Avenida Ayrton Senna, 6.000, Lote 2 - Anexo A, Jacarepaguá, in the Statte of Rio de Janeiro. As of March 31, 2023, the Company operated 266 stores and 12 distribution centers in the five regions of the country, with operations in 23 states and in the Federal District.

On March 17, 2023, through public offering of secondary distribution, the Company communicated to the market that Wilkes Participações S.A. ("Wilkes") offered the amount of 254 million common shares, with no increase in the Company's share capital.

Following the liquidation of the offering, which occured on March 21, 2023, Casino now holds 157,582,865 common shares issued by the Company, representing 11.7% of its share capital and outstanding shares (excluding shares held by Casino and the Company's management) became 88.2% of the Company's share capital, no controller defined. In view of this change in share control, the Company became an associate of Wilkes, and, consequently, of Casino Guichard Perrachon ("Casino").

2 BASIS OF PREPARATION AND DISCLOSURE OF THE INTERIM FINANCIAL INFORMATION

The interim financial information have been prepared in accordance with IAS 34 – Interim Financial Reporting issued by International Accounting Standards Board ("IASB") and accounting standard CPC 21 (R1) – Interim report and disclosed aligned with the standards approved by the Brazilian Securities and Exchange Commission ("CVM"), applicable to the preparation of the Interim Financial Information.

The interim financial information have been prepared on the historical cost basis, except for (i) certain financial instruments; and (ii) assets and liabilities arising from business combinations measured at their fair values, where applicable. All significant information related to the interim financial information, is being disclosed and is consistent with the information used by Management in managing the Company's activities.

The interim financial information are presented in millions of Brazilian Reais (R$), which is the Company's functional currency.

The interim financial information for the period ended March 31, 2023, were approved by the Board of Directors on May 04, 2023.

3 SIGNIFICANT ACCOUNTING POLICIES

The main accounting policies and practices applied by the Company to the preparation of the interim financial information are in accordance with those adopted and disclosed in note 3 and in each explanatory note corresponding to the financial statements for the year ended December 31, 2022, and, therefore, it should be read together.

3.1 Standards, amendments and interpretation

In the quarter ended on March 31, 2023, the new current standards were evaluated and produced no effect on the interim financial information disclosed, additionally the Company did not adopt in advance the IFRS issued and not yet on current.

4 SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES, AND ASSUMPTIONS

The preparation of the interim financial information requires Management to makes judgments and estimates and adopt assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities at the end of the reporting period, however, the uncertainties about these assumptions and estimates may generate results that require substantial adjustments to the carrying amount of the asset or liability in future periods.

The significant assumptions and estimates applied on the preparation of the interim financial information for the period ended March 31, 2023, were the same as those adopted in the financial statements for the year ended December 31, 2022, see note 5.

5 CASH AND CASH EQUIVALENTS

	3/31/2023	12/31/2022
Cash and bank accounts	**104**	213
Cash and bank accounts - Abroad (i)	**23**	24
Financial investments (ii)	**4,007**	5,605
	4,134	5,842

(i) As of March 31, 2023, the Company had funds held abroad, of which R$23 in US dollars (R$24 in US dollars as of December 31, 2022).

(ii) As of March 31, 2023, the financial investments refer to the repurchase and resale agreements and Bank Deposit Certificates - CDB, with a weighted average interest rate of 95.07% of the CDI - Interbank Deposit Certificate (92.80% of the CDI as of December 31, 2022).

(In million of Brazilian Reais, unless otherwise stated)

6 TRADE RECEIVABLES

	Note	3/31/2023	12/31/2022
From sales with:			
Credit card operators	6.1	**350**	241
Credit card operators with related parties	9.1	**24**	49
Sales ticket and payment slips	6.2	**161**	249
Trade receivables with related parties	9.1	**17**	24
Trade receivables with suppliers/payment slips		**23**	18
		575	581
Expected credit loss for doubtful accounts	6.3	**(9)**	(11)
		566	570

The breakdown of trade receivables by their gross amount by maturity period is presented below:

	Total	Due	Overdue: Less than 30 days	Overdue: > 90 days
3/31/2023	**575**	**570**	**2**	**3**
12/31/2022	581	576	4	1

6.1 Credit card operators

The Company, through a cash management strategy, advances receivables from credit card operators, without any right of recourse or related obligation and derecognizes the balance of trade receivables.

6.2 Sales ticket and payment slips

Refers to amounts derived from transactions through receipts: (i) tickets and meal vouchers R$65 (R$134 as of December 31, 2022); and (ii) payment slips R$96 (R$115 as of December 31, 2022).

6.3 Expected credit loss for doubtful accounts

	3/31/2023	3/31/2022
At the beginning of the period	**(11)**	(6)
Additions	**(8)**	(8)
Reversals	**10**	5
At the end of the period	**(9)**	(9)

7 INVENTORIES

	Note	3/31/2023	12/31/2022
Stores		**5,650**	5,914
Distribution centers		**1,181**	1,139
Commercial agreements	7.1	**(463)**	(518)
Allowance for loss on inventory obsolescence and damages	7.2	**(44)**	(68)
		6,324	6,467

7.1 Commercial agreements

As of March 31, 2023, the amount of unrealized commercial agreements, presented as a reduction of inventory balance, totaled R$463 (R$518 as of December 31, 2022).

7.2 Allowance for loss on inventory obsolescence and damages

	3/31/2023	3/31/2022
At the beginning of the period	**(68)**	(37)
Additions	**(126)**	(85)
Reversals	**6**	6
Write-offs	**144**	92
At the end of the period	**(44)**	(24)

8 RECOVERABLE TAXES

	Note	3/31/2023	12/31/2022
State VAT tax credits - ICMS	8.1	**1,176**	1,210
Social Integration Program and Contribution for Social Security Financing - PIS/COFINS	8.2	**477**	587
Social Security Contribution - INSS		**86**	90
Income tax and social contribution		**98**	74
Others		**13**	21
Total		**1,850**	1,982
Current		**1,010**	1,055
Non-current		**840**	927

(In million of Brazilian Reais, unless otherwise stated)

8.1 State VAT tax credits - ICMS

Since 2008, the Brazilian States have been substantially amending their local laws aiming at implementing and broadening the ICMS tax replacement system. This system entails the prepayment of ICMS of the whole commercial chain, upon goods outflow from an industrial establishment or importer or their inflow into each State. The expansion of this system to an increasingly wider range of products sold in the retail generates the prepayment of the tax and consequently a refund in certain operations.

The refund process requires evidence through tax documents and digital files of the transactions carried out that generated the right to refund for the Company. Only after its 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 their generation.

As the number of items sold in the retail subject to tax replacement has increased continuously, the tax credit to be refunded by the Company has also increased. The Company has realized these credits with authorization for immediate offset in view of its operation, by obtaining a special regime and also by means of other procedures regulated by state rules.

With respect to credits that cannot yet be immediately offset, the Company's management, according to a technical recovery study, based on the future expectation of growth and consequent offset against taxes payable from its operations, believes that its future offset is viable. The mentioned studies are prepared and periodically reviewed based on information obtained from the strategic planning previously approved by the Company's Board of Directors. For the interim financial information as of March 31, 2023, the Company's management has monitoring controls over the adherence to the annually established plan, reassessing and including new elements that contribute to the realization of the recoverable ICMS balance, as shown in the table below:

Year	Amount
Within 1 year	468
From 1 to 2 years	347
From 2 to 3 years	92
From 3 to 4 years	83
From 4 to 5 years	56
More than 5 years	130
Total	1,176

8.2 PIS and COFINS credit

On March 15, 2017, the Federal Supreme Court (“STF”) recognized, the unconstitutionality of the inclusion of ICMS in the PIS and COFINS calculation base. On May 13, 2021, the STF judged the Declaration Embargoes in relation to the amount to be excluded from the calculation basis of the contributions, which should only be the ICMS paid, or if the entire ICMS, as shown in the respective invoices. The STF rendered a favorable decision to the taxpayers, concluding that all ICMS highlighted should be excluded from the calculation basis.

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.

Currently the Company, with the favorable judgment of the Supreme Court, has recognized the exclusion of ICMS from the PIS and COFINS calculation basis, based on the same assumptions above.

• Expected realization of PIS and COFINS credits

In related to the recoverable PIS and COFINS credits, the Company's management, based on a technical recovery study, considering future growth expectations and consequent offset against debts from its operations, projects its future realization. The mentioned studies are prepared and periodically reviewed based on information obtained from the strategic planning previously approved by the Company's Board of Directors. For the interim financial information as of March 31, 2023, the Company's management has monitoring controls over the adherence to the annually established plan, reassessing and including new elements that contribute to the realization of the recoverable PIS and COFINS balance, as shown in the table below:

Year	Amount
Within 1 year	383
From 1 to 2 years	94
Total	477

(In million of Brazilian Reais, unless otherwise stated)

9 RELATED PARTIES

9.1 Balances and related party transactions

	Assets				Liabilities				Transactions	
	Clients		Other assets		Suppliers		Other liabilities		Revenue (expenses)	
	3/31/2023	12/31/2022	3/31/2023	12/31/2022	3/31/2023	12/31/2022	3/31/2023	12/31/2022	3/31/2023	3/31/2022
Associates										
Casino Guichard Perrachon	**-**	-	**-**	-	**-**	-	**-**	21	**(16)**	(13)
Euris	**-**	-	**-**	-	**-**	-	**1**	1	**(1)**	(1)
Grupo Pão de Açúcar ("GPA") (i)	**17**	24	**255**	234	**15**	8	**226**	237	**(3)**	(92)
Greenyellow (ii)	**-**	-	**-**	-	**-**	-	**-**	-	**-**	(8)
Wilkes Participações S.A.	**-**	-	**-**	-	**-**	-	**2**	2	**(2)**	(2)
Subtotal	**17**	24	**255**	234	**15**	8	**229**	261	**(22)**	(116)
Joint venture										
Financeira Itaú CBD S.A. Crédito, Financiamento e Investimento (“FIC”)	**24**	49	**15**	18	**12**	25	**-**	-	**6**	6
Subtotal	**24**	49	**15**	18	**12**	25	**-**	-	**6**	6
Total	**41**	73	**270**	252	**27**	33	**229**	261	**(16)**	(110)
Current	**41**	73	**-**	-	**27**	33	**173**	201		
Non-current	**-**	-	**270**	252	**-**	-	**56**	60		

(i) As of March 31, 2023, the amount recorded in other assets is substantially composed by R$155 referring to the balance receivable from the sale of 16 Extra Hiper stores (R$150 as of December 31, 2022) and R$98 referring to the indemnification process signed in the separation agreement between the companies that occurred on December 14, 2020 (R$82 as of December 31, 2022). The amount recorded in other liabilities is substantially composed by R$185 referring to the indemnification process and refunds signed in the separation agreement between the parties (R$187 as of December 31, 2022).

(ii) As result of the sale of Wilkes participation, as disclosed in note 1, Greenyellow is no longer an associate of the Company.

9.2 Management compensation

Expenses referring to the executive board compensation recorded in the Company's statement of operations in the periods ended March 31,2023 and 2022 as follows (amounts expressed in thousands reais):

	Base salary		Variable compensation		Stock option plan		Total	
	2023	2022	**2023**	2022	**2023**	2022	**2023**	2022
Board of directors	**2,722**	3,963	**-**	-	**5,154**	1,673	**7,876**	5,636
Directors statutory	**2,809**	2,962	**3,722**	2,484	**3,017**	1,542	**9,548**	6,988
Directors non-statutory	**7,302**	6,253	**9,579**	3,860	**2,552**	596	**19,433**	10,709
Fiscal council	**130**	130	**-**	-	**-**	-	**130**	130
	12,963	13,308	**13,301**	6,344	**10,723**	3,811	**36,987**	23,463

The stock option plan, fully in shares, refers to the Company's and this plan has been trated in the Company's statement of operations. The corresponding expenses are allocated to the Company and recorded in statement of operations against capital reserve - stock options in shareholders' equity. There are no other short-term or long-term benefits granted to members of the Company's management.

10 INVESTMENTS

The details of the Company's investments at the end of the period are as follow:

			Participation in investments - %	
			Direct participation	
Investment type	Company	Country	3/31/2023	12/31/2022
Joint venture	Bellamar Empreendimento e Participações S.A.	Brazil	**50.00**	50.00

Summary of financial information of Joint Venture

	3/31/2023	12/31/2022
Current assets	**23**	1
Non-current assets	**523**	519
Shareholders´ equity	**546**	520

	3/31/2023	3/31/2022
Net income for the period	**24**	16

Investments composition and breakdown

	Bellamar
As of December 31, 2021	789
Share of profit of associates	8
As of March 31, 2022	797
As of December 31, 2022	833
Share of profit of associates	**12**
Dividends received	**(7)**
As of March 31, 2023	**838**

(In million of Brazilian Reais, unless otherwise stated)

11 PROPERTY, PLANT AND EQUIPMENT

11.1 Property, plant and equipment breakdown

	As of 12/31/2022	Additions (i)	Lease modification	Write-off	Depreciation	Transfers and others (ii)	As of 3/31/2023
Lands	600	-	-	-	-	(41)	559
Buildings	730	-	-	-	(5)	(2)	723
Improvements	6,865	352	-	(11)	(99)	27	7,134
Machinery and equipments	1,440	87	-	(10)	(68)	140	1,589
Facilities	585	30	-	(1)	(12)	-	602
Furnitures and appliances	755	26	-	(1)	(24)	63	819
Constructions in progress	543	16	-	-	-	(250)	309
Others	64	8	-	-	(5)	34	101
Subtotal	11,582	519	-	(23)	(213)	(29)	11,836
Lease - right of use:							
Buildings	7,593	27	162	(110)	(115)	(12)	7,545
Equipments	8	-	-	-	(1)	-	7
Subtotal	7,601	27	162	(110)	(116)	(12)	7,552
Total	19,183	546	162	(133)	(329)	(41)	19,388

	As of 12/31/2021	Additions (i)	Lease modification	Write-off	Depreciation	Transfers and others	As of 3/31/2022
Lands	570	46	-	-	-	(1)	615
Buildings	656	32	-	-	(4)	(3)	681
Improvements	3,596	520	-	(1)	(66)	29	4,078
Machinery and equipments	828	82	-	(1)	(40)	6	875
Facilities	362	29	-	-	(8)	1	384
Furnitures and appliances	416	23	-	-	(16)	42	465
Constructions in progress	235	28	-	-	-	(64)	199
Others	37	3	-	(1)	(1)	7	45
Subtotal	6,700	763	-	(3)	(135)	17	7,342
Lease - right of use:							
Buildings	3,604	1,842	145	-	(75)	(17)	5,499
Equipments	16	-	-	(1)	(1)	-	14
Subtotal	3,620	1,842	145	(1)	(76)	(17)	5,513
Total	10,320	2,605	145	(4)	(211)	-	12,855

(i) Include the borring capitalization in the amount of R$91 (R$107 as of March 31, 2022), see note 11.3.

(ii) The amount of R$41 refers to the write-off of provisions for the acquisition of points of sale.

(In million of Brazilian Reais, unless otherwise stated)

11.2 Composition of Property, plant and equipment

	3/31/2023			12/31/2022		
	Historical cost	Accumulated depreciation	Net amount	Historical cost	Accumulated depreciation	Net amount
Lands	**559**	**-**	**559**	600	-	600
Buildings	**856**	**(133)**	**723**	859	(129)	730
Improvements	**8,299**	**(1,165)**	**7,134**	7,933	(1,068)	6,865
Machinery and equipments	**2,371**	**(782)**	**1,589**	2,160	(720)	1,440
Facilities	**758**	**(156)**	**602**	729	(144)	585
Furnitures and appliances	**1,129**	**(310)**	**819**	1,043	(288)	755
Constructions in progress	**309**	**-**	**309**	543	-	543
Others	**199**	**(98)**	**101**	157	(93)	64
Subtotal	**14,480**	**(2,644)**	**11,836**	14,024	(2,442)	11,582
Lease - right of use:						
Buildings	**8,972**	**(1,427)**	**7,545**	8,924	(1,331)	7,593
Equipments	**56**	**(49)**	**7**	57	(49)	8
Subtotal	**9,028**	**(1,476)**	**7,552**	8,981	(1,380)	7,601
Total	**23,508**	**(4,120)**	**19,388**	23,005	(3,822)	19,183

(In million of Brazilian Reais, unless otherwise stated)

11.3 Capitalized borrowing costs and lease

The value of capitalized borrowing costs and lease directly attributable to the reform, construction and acquisition of property, plant and equipment and intangible assets within the scope of CPC 20 (R1)/IAS 23 - Borrowings Costs and the amount interest on lease liabilities incorporated into the value of the property, plant and equipment and/or intangible assets, for the period in which the assets are not yet in their intended use in accordance with CPC 06 (R2)/IFRS 16 - Leases, amounted to R$91 (R$107 as of March 31, 2022). The rate used to calculate the borrowing costs eligible for capitalization was 110.62% (127.53% at March 31, 2022) of CDI, corresponding to the effective interest rate of loans taken by the Company.

11.4 Additions to property, plant and equipment for cash flow presentation purpose

	3/31/2023	3/31/2022
Additions	**546**	2,605
Leases	**(27)**	(1,842)
Capitalized borrowing costs	**(91)**	(107)
Financing of property, plant and equipment - Additions	**(435)**	(751)
Financing of property, plant and equipment - Payments	**534**	770
Total	**527**	675

Additions related to the purchase 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 and payments of property, plant and equipment above are presented to reconcile the acquisitions during the period with the amounts presented in the statement of cash flows net of items that did not impact cash flow.

11.5 Other informations

As of March 31, 2023, the Company recorded in the cost of sales and services the amount of R$23 (R$15 as of March 31, 2022), relating to the depreciation of machinery, building and facilities of distribution centers.

12 INTANGIBLE ASSETS

	As of 12/31/2022	Additions	Amortization	As of 3/31/2023
Goodwill	618	**-**	**-**	**618**
Softwares	76	**5**	**(4)**	**77**
Commercial rights	4,267	**17**	**(2)**	**4,282**
Trade name	39	**-**	**-**	**39**
Subtotal	5,000	**22**	**(6)**	**5,016**
Lease - right of use:				
Assets and rights	18	**-**	**(1)**	**17**
Subtotal	18	**-**	**(1)**	**17**
Total	5,018	**22**	**(7)**	**5,033**

	As of 12/31/2021	Additions	Amortization	As of 3/31/2022
Goodwill	618	-	-	618
Softwares	75	2	(5)	72
Commercial rights (i)	1,136	2,889	(2)	4,023
Trade name	39	-	-	39
Subtotal	1,868	2,891	(7)	4,752
Lease - right of use:				
Assets and rights	19	-	(1)	18
Subtotal	19	-	(1)	18
Total	1,887	2,891	(8)	4,770

(i) In the period ended March 31, 2022, in the Additions column, are presented the amounts related to the acquisition of the 40 commercial points from Extra Hiper stores, in the amount of R$2.889.

	3/31/2023			12/31/2022		
	Historical cost	Accumulated amortization	Net amount	Historical cost	Accumulated amortization	Net amount
Goodwill	**871**	**(253)**	**618**	871	(253)	618
Softwares	**156**	**(79)**	**77**	151	(75)	76
Commercial rights	**4,317**	**(35)**	**4,282**	4,299	(32)	4,267
Trade name	**39**	**-**	**39**	39	-	39
	5,383	**(367)**	**5,016**	5,360	(360)	5,000
Lease - right of use:						
Assets and rights	**28**	**(11)**	**17**	29	(11)	18
Total	**5,411**	**(378)**	**5,033**	5,389	(371)	5,018

12.1 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 12.1 as part of financial statements as of December 31, 2022.

(In million of Brazilian Reais, unless otherwise stated)

The Company monitored the plan used to assess impairment for Cash Generating Units (CGUs) on December 31, 2021, and concluded that there is no events which could indicates losses or the need of a new evaluation for the period ended March 31, 2023.

12.2 Additions to intangible assets for cash flow presentation purpose

	3/31/2023	3/31/2022
Additions	**22**	2,891
Financing of intangible assets - Additions	**-**	(2,889)
Financing of intangible assets - Payments	**-**	600
Total	**22**	602

13 TRADE PAYABLES AND TRADE PAYABLES - AGREEMENTS

	Note	3/31/2023	12/31/2022
Trade Payables			
Product suppliers		**8,036**	9,196
Supliers - Acquisition of propert, plant and equipament		**101**	140
Service providers		**154**	129
Service providers - related parties	9.1	**27**	33
Bonuses from suppliers	13.1	**(683)**	(960)
Total Suppliers		**7,635**	8,538
Trade Payables - Agreements			
Product suppliers	13.2	**567**	813
Supliers - Acquisition of propert, plant and equipament	13.2	**1,120**	1,226
Supliers - Agreements - Acquisition of Extra Stores	13.3	**2,739**	3,202
Total Suppliers - Agreements		**4,426**	5,241
Total		**12,061**	13,779
Current		**12,061**	12,999
Non-current		**-**	780

13.1 Bonuses from suppliers

These include commercial agreements and discounts obtained from suppliers. These amounts are defined in agreements and include discounts for purchase volume, joint marketing programs, freight reimbursements, and other similar programs. The receipt occurs by deducting trade notes payable to suppliers, according to conditions established in the supply agreements, so that the financial settlements occur for the net amount.

13.2 Agreements among suppliers, the Company and banks

The Company maintains agreements signed with financial institutions, through which, suppliers of products, capital goods and services, have the possibility of structuring operations of anticipation receivables securities related to commercial operations between the parties.

Management assessed that the economic substance of the transaction is operational, considering that the anticipation is a exclusive decision of the supplier and, for the Company, there are no changes in the original term negotiated with the supplier, nor changes in the contracted amounts . Management evaluated the potential effects of adjusting these operations to present value and concluded that the effects are immaterial for measurement and disclosure.

Additionally, there is no exposure to any financial institution individually related to these operations and these liabilities are not considered net debt and do not have restrictive covenants (financial or non-financial) related.

These balances are classified as "Trade Payables - Agreements" and payments are made to financial institutions under the same conditions as those originally agreed with the supplier. As a result, all cash flow from these operations is presented as operating in the statement of cash flows.

As of March 31, 2023, the balance payable related to these operations is R$1,687 (R$2,039 as of December 31, 2022).

13.3 Suppliers - Agreements - Acquisition of Extra Stores

On September and December, 2022, the GPA realized the assignment of its receivables on the sale of Extra stores to the Company with a financial institution corresponding to the installments due between 2023 and 2024. The Company's management, as the consenting party of the operation, evaluated the contractual terms of the assignment of receivables and in accordance with CPC 26 (R1)/IAS 1 - Presentation of financial statements, concluded that there was no modification in the conditions originally contracted with the GPA, maintaining the characteristic of the terms and the payments of the installments will be made directly by the Company to the financial institution, maintaining the same due dates and interest previously agreed with GPA. Therefore, Management concluded that the characteristic of the operation was maintained as an accounts payable for the acquisition of the commercial points of the Extra Hiper stores.

As of March 31, 2023, the balance is R$2,739 (R$3,202 as of December 31, 2022).

(In million of Brazilian Reais, unless otherwise stated)

14 FINANCIAL INSTRUMENTS

The main financial instruments and their amount recorded in the interim financial information, by category, are as follows:

	Note	3/31/2023	12/31/2022
Financial assets			
Amortized cost			
Cash and cash equivalents	5	**4,134**	5,842
Related parties - assets	9.1	**270**	252
Trade receivables and other accounts receivable		**170**	198
Fair value through income			
Gain of financial instruments at fair value	14.6.1	**228**	182
Fair value through other comprehensive income			
Trade receivables with credit card companies and sales tickets		**439**	424
Financial liabilities			
Other financial liabilities - amortized cost			
Related parties - liabilities	9.1	**(229)**	(261)
Trade payables na trade payables - Agreements	13	**(12,061)**	(13,779)
Borrowings and financing	14.6.1	**(1,221)**	(1,217)
Debentures and promissory notes	14.7	**(11,325)**	(11,025)
Lease liabilities	16.1	**(8,279)**	(8,360)
Fair value through income			
Borrowings and financing, including derivatives	14.6.1	**(303)**	(313)
Loss of financial instruments at fair value	14.6.1	**(33)**	(36)
Net exposure		**(28,210)**	(28,093)

The fair value of other financial instruments detailed in the table above approximates the carrying amount based on the existing payment terms and conditions. The financial instruments measured at amortized cost, the fair values of wich differ from the carrying amounts are disclosed in note 14.4.

14.1 Considerations on risk factors that may affect the business of the Company

14.1.1 Credit Risk

• Cash and cash equivalents

In order to minimize the credit risk, the investment policies adopted establish in financial institutions approved by the Company's Financial Committee, considering the monetary limits and evaluations of financial instituions, which are regularly updated.

• Trade receivables

The credit risk related to trade receivables is minimized by the fact that a large part of installment sales are made with credit cards. These receivables may be advanced at any time, without right of recource, with banks or credit card companies, for the porpuse of providing working capital, generating the derecognition of the accounts receivable. In addition the main acquirers used by the Company are related to first-tier financial institutions with low credit risk. Additionally, mainly for trade receivables collected in installments, the Company monitors the risk for the grating of credit and for the periodic analysis of the expected loss balances.

The Company also incurs counterparty risk related to derivative instruments, this risk is mitigated by the carrying out transactions, according to policies approved by governance bodies.

There are no amounts receivable that individually, account for more than 5% of the accounts receivable or revenues.

14.1.2 Interest rate risk

The Company obtains borrowings and financing with major financial institutions in order to meet cash requirements for investments. Accordingly, the Company is mainly exposed to the risk of significant fluctuations in the interest rate, especially the rate related to derivative liabilities (foreign currency exposure hedge) and indexed to CDI. The balance of cash and cash equivalents, indexed to CDI, partially offsets the risk of flutuations in the interest rates.

14.1.3 Foreign currency exchange rate risk

The fluctuations in the exchange rates may increase the balances of borrowings foreign currency and for this reason the Company uses derivative financial instruments such as swaps to mitigate the foreign exchange rate risk, converting the cost of debt into domestic currency and interest rates.

14.1.4 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 considering the changes in the economic conditions.

(In million of Brazilian Reais, unless otherwise stated)

The capital structure is as follows:

	3/31/2023	12/31/2022
Borrowings, financing, debentures and promissory notes	**(12,882)**	(12,591)
(-) Cash and cash equivalents	**4,134**	5,842
(-) Derivative financial instruments	**228**	182
Net debt	**(8,520)**	(6,567)
Shareholders' equity	**3,980**	3,896
% Net debt over Shareholders' equity	**214%**	169%

14.1.5 Liquidity risk management

The Company manages liquidity risk through daily monitoring of cash flows and control of maturities of financial assets and liabilities.

The table below summarizes the aging profile of the Company's financial liabilities as of March 31, 2023.

	Less than 1 year	1 to 5 years	More than 5 years	Total
Borrowings and financing	**924**	**830**	**-**	**1,754**
Debenture and promissory notes	**1,155**	**11,674**	**3,377**	**16,206**
Derivative financial instruments	**204**	**438**	**(715)**	**(73)**
Lease liabilities	**1,273**	**5,832**	**13,440**	**20,545**
Trade payables	**7,635**	**-**	**-**	**7,635**
Trade Payables - Agreements	**1,687**	**-**	**-**	**1,687**
Trade payables - Agreements - Acquisition of Extra Stores	**2,935**	**-**	**-**	**2,935**
Total	**15,813**	**18,774**	**16,102**	**50,689**

The information was prepared considering the undiscounted cash flows of financial liabilities based on the earliest date the Company may be required to make the payment or be eligible to receive the payment. To the extent that interest rates are floating, the undiscounted amount is obtained based on interest rate curves for the period ended March 31, 2023. Therefore, certain balances presented do not agree with the balances represented in the balance sheets.

14.2 Derivative financial instruments

	Notional value		Fair value	
	3/31/2023	12/31/2022	3/31/2023	12/31/2022
Swap of hedge				
Hedge purpose (debt)	**2,360**	2,360	**2,588**	2,542
Long Position				
Fixed rate	**106**	106	**108**	109
USD + Fixed	**282**	282	**282**	282
Hedge - CRI	**1,972**	1,972	**2,198**	2,151
Short Position	**(2,360)**	(2,360)	**(2,393)**	(2,396)
Net hedge position	**-**	-	**195**	146

Realized and unrealized gains and losses on these contracts during the period ended March 31, 2023, are recorded as financial revenues or expenses, net and the balance receivable at fair value is R$195 (balance receivable of R$146 as of December 31, 2022). The assets are recorded as "derivate financial instruments" and the liability as "borrowings and financing".

The effects of the hedge at fair value through income for the period ended March 31, 2023, resulted in a gain of R$12 (loss of R$4 as of March 31, 2022), recorded under cost of debt, see note 23.

14.2.1 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.

The fair values are calculated based on projected future cash flow, using the future CDI curves released by B3, plus the operation spreads, and discounting them to present value using the same CDI curves by B3.

The fair values of exchange coupon swaps versus CDI rate were obtained using the exchange rates effective at the reporting date and the rates projected by the market 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.

14.3 Sensitivity analysis of financial instruments

According to Management's assessment, the most probable scenario considered was, on the maturity date of each transaction, the market curves (currencies and interest) of B3.

(In million of Brazilian Reais, unless otherwise stated)

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 of sensitivity analysis, a deterioration of 5% and 10%, respectively, in the risk variables was considered, up to one year of financial instruments.

For the probable scenario, the weighted exchange rate defined was R$5.20 on the due date, and the weighted interest rate (CDI) was 12.94% per year.

In the case of derivative financial instruments (aiming at hedging the financial debt), the variations of the scenarios are accompanied by the respective hedges, indicating that the effects are not significant.

The Company disclosed the net exposure of the derivative financial instruments, the corresponding financial instruments and certain financial instruments in the sensitivity analysis table below, for each of the mentioned scenarios:

				Market projections		
Transactions	Note	Risk (Rate Increase)	As of 3/31/2023	Scenario (I)	Scenario (II)	Scenario (III)
Borrowings and financing	14.6.1	CDI + 1.55% per year	(1,227)	(167)	(175)	(183)
Borrowings and financing (fixed rate)	14.6.1	TR + 9.80%	(46)	(58)	(62)	(66)
Borrowings and financing (foreign currency)	14.6.1	USD + 1.06% per year	(283)	15	2	(11)
Debentures and promissory notes	14.6.1	CDI + 1.45% per year	(11,426)	(1,556)	(1,634)	(1,711)
Total net effect (loss)			(12,982)	(1,766)	(1,869)	(1,971)
Cash equivalents	5	95.07%	4,007	507	532	557
Net exposure loss			(8,975)	(1,259)	(1,337)	(1,414)

14.4 Fair value measurement

The Company discloses the fair value of financial instruments measured at fair values and of financial instruments measured at amortized cost, the fair value of which differ from the carrying amounts, pursuant to CPC 46/IFRS 13, which address the concepts of measurement and disclosure requirements. The fair value hierarchy levels are defined below:

Level 1: fair value measurement at the balance sheet date using quoted prices (unadjusted) in active markets for identical assets or liabilities to which entity may have access at the measurement date.

Level 2: fair value measurement at the balance sheet date using other significant observable assumptions for the asset or liability, either directly or indirectly, except quoted prices included in Level 1.

Level 3: fair value measurement at the balance sheet date using non-observable data for the asset or liability.

The fair values of cash and cash equivalents, trade receivables and trade payables approximate their carrying amounts.

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 interim financial information:

	Carrying amount		Fair value		
	3/31/2023	12/31/2022	3/31/2023	12/31/2022	Level
Trade receivables with credit cards companies and sales tickets	439	424	439	424	2
Interest rate swaps between currencies	(33)	(36)	(33)	(36)	2
Interest rate swaps	2	2	2	2	2
Interest rate swaps - CRI	226	180	226	180	2
Borrowings, financing and debentures (fair value)	(2,487)	(2,435)	(2,487)	(2,435)	2
Borrowings, financing and debentures (amortized cost)	(10,362)	(10,120)	(10,241)	(9,974)	2
	(12,215)	(11,985)	(12,094)	(11,839)	

There were no changes between fair value measurement hierarchy levels during the period ended March 31, 2023.

Interest rate swaps, cross-currency and borrowings and financing are classified in 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.

14.5 Operations with derivative financial instruments

The Company has derivative contracts with the following prime financial institutions.

The outstanding derivative financial instruments are presented in the table below:

Description	Notional value	Due date	3/31/2023	12/31/2022
Debt				
USD - BRL	USD50	2023	(33)	(36)
Debt				
IPCA - BRL	R$1,972	2028, 2029 and 2031	226	180
Interest rate swaps registered at CETIP				
Pre-fixed rate x CDI	R$54	2027	1	1
Pre-fixed rate x CDI	R$52	2027	1	1
Derivatives - Fair value hedge - Brazil			195	146

(In million of Brazilian Reais, unless otherwise stated)

14.6 Borrowings and financing

14.6.1 Debt breakdown

	Weighted average	3/31/2023	12/31/2022
Current			
Debentures and promissory notes	CDI + 1.56 per year	**541**	454
Borrowing costs		**(24)**	(23)
Total debentures and promissory notes		**517**	431
Borrowings and financing			
In domestic currency			
Working capital	TR + 9.80%	**12**	12
Working capital	CDI + 1.16% per year	**527**	523
Borrowing costs		**(4)**	(4)
Total domestic currency		**535**	531
In foreign currency			
Working capital	USD + 1.06% per year	**254**	262
Total in foreign currency		**254**	262
Total of borrowings and financing		**789**	793
Derivative financial instruments			
Swap contracts	CDI + 0.89% per year	**(34)**	(27)
Swap contracts	CDI + 1.35% per year	**33**	36
Total derivative financial instruments		**(1)**	9
Total current		**1,305**	1,233

	Weighted average	3/31/2023	12/31/2022
Non-current			
Debenture and promissory notes	CDI + 1.44% per year	**10,885**	10,669
Borrowing costs		**(77)**	(75)
Total debentures and promissory notes		**10,808**	10,594
Borrowings and financing			
In domestic currency			
Working capital	TR + 9.80%	**37**	39
Working capital	CDI + 1.84% per year	**700**	700
Borrowing costs		**(2)**	(2)
Total of domestic currrency		**735**	737
Total of borrowings and financing		**735**	737
Derivative financial instruments			
Swap contracts	CDI + 0,89 a.a.	**(194)**	(155)
Total derivative financial instruments		**(194)**	(155)
Total non-current		**11,349**	11,176
Total		**12,654**	12,409
Current asset		**34**	27
Non-current asset		**194**	155
Current liabilities		**1,339**	1,260
Non-current liabilities		**11,543**	11,331

14.6.2 Rollforward of borrowings and financing

	Value
Balance as of December 31, 2021	8,001
Funding	2,748
Borrowing costs	(17)
Interest provision	302
Swap contracts	32
Mark-to-market	(58)
Exchange rate and monetary variation	(42)
Borrowing costs amortization	6
Interest amortization	(43)
Principal amortization	(3)
Swap amortization	(10)
Balance as of March 31, 2022	10,916

	Value
Balance as of December 31, 2022	12,409
Borrowing costs (i)	**(10)**
Interest provision	**449**
Swap contracts	**7**
Mark-to-market	**(19)**
Exchange rate and monetary variation	**(7)**
Borrowing costs amortization	**6**
Interest amortization	**(142)**
Principal amortization	**(3)**
Swap amortization	**(36)**
Balance as of March 31, 2023	**12,654**

(i) Costs related to negotiating of waiver for granting consent to change share control, as disclosed in note 1, in capital market operations, carried out over the period, without changing other contractual clauses with financial institutions.

14.6.3 Schedule of non-current maturities

Maturity	Value
From 1 to 2 years	**4,859**
From 2 to 3 years	**1,255**
From 3 to 4 years	**1,526**
From 4 to 5 years	**1,363**
More than 5 years	**2,425**
Total	**11,428**
Borrowing cost	**(79)**
Total	**11,349**

14.7 Debentures and promissory notes

	Issue amount (in thousands)	Outstanding debentures (units)	Date: Issue	Date: Maturity	Annual financial charges	Unit price (in Reais)	3/31/2023	12/31/2022
First Issue of Promissory Notes - 4th series	250	5	7/4/2019	7/4/2023	CDI + 0.72% per year	65,660,563	**328**	317
First Issue of Promissory Notes - 5th series	200	4	7/4/2019	7/4/2024	CDI + 0.72% per year	65,660,563	**263**	254
First Issue of Promissory Notes - 6th series	200	4	7/4/2019	7/4/2025	CDI + 0.72% per year	65,660,563	**263**	254
Second Issue of Debentures - 1st series	940,000	940,000	6/1/2021	5/20/2026	CDI + 1.70% per year	1,054	**992**	957
Second Issue of Debentures - 2nd series	660,000	660,000	6/1/2021	5/22/2028	CDI + 1.95% per year	1,055	**696**	672
Second Issue of Promissory Notes - 1st series	1,250,000	1,250,000	8/27/2021	8/27/2024	CDI + 1.47% per year	1,215	**1,519**	1,467
Second Issue of Promissory Notes - 2nd series	1,250,000	1,250,000	8/27/2021	2/27/2025	CDI + 1.53% per year	1,216	**1,520**	1,468
Third Issue of Debentures - 1st series - CRI	982,526	982,526	10/15/2021	10/16/2028	IPCA + 5.15% per year	1,129	**1,110**	1,072
Third Issue of Debentures - 2nd series - CRI	517,474	517,474	10/15/2021	10/15/2031	IPCA + 5.27% per year	1,130	**585**	565
Fourth Issue of Debentures - single series	2,000,000	2,000,000	1/7/2022	11/26/2027	CDI + 1.75% per year	1,051	**2,103**	2,028
First Issue of Commercial Paper Notes - single series	750,000	750,000	2/10/2022	2/9/2025	CDI + 1.70% per year	1,019	**764**	793
Fifth Issue of Debentures - single series - CRI	250,000	250,000	4/5/2022	3/28/2025	CDI + 0.75% per year	1,001	**250**	258
Sixth Issue of Debentures - 1st series - CRI	72,962	72,962	9/28/2022	9/11/2026	CDI + 0.60% per year	1,006	**73**	75
Sixth Issue of Debentures - 2nd series - CRI	55,245	55,245	9/28/2022	9/13/2027	CDI + 0.70% per year	1,006	**56**	57
Sixth Issue of Debentures - 3rd series - CRI	471,793	471,793	9/28/2022	9/13/2029	IPCA + 6.70% per year	1,036	**489**	485
Second Issue of Commercial Paper Notes - single series	400,000	400,000	12/26/2022	12/26/2025	CDI + 0.93% per year	1,037	**415**	401
Borrowing cost							**(101)**	(98)
							11,325	11,025
Current							**517**	431
Non-current							**10,808**	10,594

The Company issues debentures to strengthen its working capital, maintain its cash strategy, lengthen its debt and investment profile. The debentures issued are non-preemptive, non-convertible into shares, do not have renegotiation clauses and do not have guarantee.

14.8 Borrowings in foreign currencies

As of March 31, 2023, the Company has borrowings in foreign currency (US dollar) to strengthen its working capital, maintain its cash strategy, and lengthen its debt and investment profile.

14.9 Guarantees

The Company has signed a promissory note for a borrowing agreement with Scotiabank in the amount of USD50 million, which can be executed after maturity and non-payment of the borrowing.

14.10 Swap contracts

The Company uses swap operations for 100% of its borrowings denominated in US dollars, fixed interest rates and IPCA, exchanging these liabilities for Real pegged to the CDI (floating) interest rates. The annual average rate of the CDI at March 31, 2023 was 13.28% (12.43% at December 31, 2022).

14.11 Financial covenants

In connection with the debentures and promissory notes issued and part of borrowing operations in foreign currency, the Company is required to maintain certain financial ratios. These ratios are calculated quarterly based on the Company's interim financial information prepared in accordance with the accounting practices adopted in Brazil, as follows: (i) consolidated net debt / equity less than or equal to 3.00 not exceeding equity; and (ii) consolidated net debt/EBITDA ratio should be lower than or equal to 3.00.

As of March 31, 2023, the Company was fulfilled all contractual obligations and in compliant with these ratios.

15 PROVISION FOR LEGAL PROCEEDINGS

The provision for legal proceedings is estimated by the Company and supported by its legal counsel and was established in an amount considered sufficient.

(In million of Brazilian Reais, unless otherwise stated)

	Tax claims	Social security and labor	Civil	Total
Balance as of December 31, 2021	109	69	27	205
Additions	1	16	2	19
Reversals	-	(6)	-	(6)
Payments	-	(5)	(9)	(14)
Monetary correction	1	1	-	2
Balance as of March 31, 2022	111	75	20	206
Restricted deposits for legal proceedings	(64)	(42)	(2)	(108)
Net provision of judicial deposits	47	33	18	98

	Tax claims	Social security and labor	Civil	Total
Balance as of December 31, 2022	55	86	24	165
Additions	**7**	**55**	**3**	**65**
Reversals	**-**	**(6)**	**(2)**	**(8)**
Payments	**(4)**	**(9)**	**(1)**	**(14)**
Monetary correction	**-**	**2**	**1**	**3**
Balance as of March 31, 2023	**58**	**128**	**25**	**211**
Restricted deposits for legal proceedings	**(1)**	**(25)**	**(9)**	**(35)**
Net provision of judicial deposits	**57**	**103**	**16**	**176**

15.1 Tax claims

Tax claims are subject by law to monthly monetary adjustment, which refers to an adjustment to the provision based on indexing rates adopted by each tax jurisdiction. Both interest charges and fines, where applicable, were calculated and provisioned with respect to unpaid amounts.

The Company has other tax claims, which according to its legal counsels' analysis, were provisioned, namely: (i) discussions on the non-application of the Accident Prevention Factor (FAP); (ii) discussions with State tax authorities on ICMS tax rate calculated in electricity bills; (iii) IPI in the resale of imported products; and (iv) other matters.

The amount provisioned for these matters as of March 31, 2023, is R$58 (R$55 as of December 31, 2022).

15.2 Social security and labor

The Company is a party to various labor proceedings, especially due to dismissals in the regular course of business. As of March 31, 2023, the Company recorded a provision of R$128 (R$86 as of December 31, 2022), referring to a potential risk of loss relating to labor claims. Management, with the assistance of its legal counsels, assesses these claims and records provisions for losses when reasonably estimated, considering previous experiences in relation to amounts claimed.

15.3 Civil

The Company is party to civil proceedings (indemnifications, collections, among others) that are in different procedural phases and various central courts. Management records provisions in amounts considered sufficient to cover unfavorable court decisions when its internal and external legal counsel assess the losses to be probable.

Among these proceedings, we highlight the following:

The Company is party to various lawsuits requesting the renewal of rental agreements and the review of the current rent paid. The Company records a provision for the difference between the amount originally paid by stores and the amounts claimed by the adverse party in the lawsuit when internal and external legal counsels consider the probability of changing the lease amount paid by the entity. As of March 31, 2023, the amount of the provision for these lawsuits is R$20 (R$19 as of December 31, 2022), for which there are no judicial deposits for legal proceedings.

The Company is party to certain lawsuits relating to the fines applied by inspection bodies of direct and indirect administration of the federal government, states, and municipalities, including consumer defense bodies (PROCONs, INMETRO, and local governments). The Company, with thw assistence of its legal counsel, assesses these claims recording provisions for probable cash disbursements, according to the estimate of loss. As of March 31, 2023, the amount of provision for these lawsuits is R$5 (R$5 as of December 31, 2022).

The Company's total civil, regulatory and property claims as of March 31, 2023, is R$25 (R$24 as of December 31, 2022).

15.4 Contingent liabilities not accrued

The Company is a party to other litigations for which the risk of loss was classified by its legal counsel to be possible, therefore, not accrued, totaling an updated amount of R$2,502 as of March 31, 2023 (R$2,443 as of December 31, 2022), 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 tax amortization disallowance, disagreements regarding payments and overpayments, fines for non-compliance with ancillary obligation, among other less relevant issues. The amount involved corresponds to R$622 as of March 31, 2023 (R$612 as of December 31, 2022).

(In million of Brazilian Reais, unless otherwise stated)

COFINS and PIS (federal taxes on gross revenues) – The Company has been questioned about discrepancies in payments and overpayments; fine for 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$663 as of March 31, 2023 (R$650 as of December 31, 2022).

ICMS (State VAT) – The Company received tax assessment notices from State tax authorities in connection with credits from: (i) purchases from suppliers considered unqualified by the registry of the State Revenue Service, and (ii) among others matters. These tax assessments amount to R$1,115 as of March 31, 2023 (R$1,084 as of December 31, 2022). 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 for non-compliance with ancillary obligations, ISS – refund of advertising expenses and various fees, totaling R$17 as of March 31, 2023 (R$16 as of December 31, 2022). These proceedings are pending judgment at the administrative and judicial levels.

INSS (national institute of social security) – The Company was assessed for divergences in the FGTS and Social Security form (GFIP), offsets not approved, among other matters, with possible losses of R$23 as of March 31, 2023 (R$23 as of December 31, 2022). Proceedings have been discussed in the administrative and judicial level.

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 in 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$47 as of March 31, 2023 (R$44 as of December 31, 2022).

Three collective proceedings were opened due to an approach to a customer, in August 2021 at the store in Limeira - SP, in which claim supposed racial issues. All were duly answered. One of them has already been extinguished by the judiciary without major effects. As of March 31, 2023, there are still two lawsuits in progress and, given the subjectivity of the matter, it is still not possible to reasonably estimate the amounts involved. A significant impact on the interim financial information is not yet expected.

The Company engages external legal counsel to represent it in tax matters, whose fees are contingent on the final outcome of the lawsuits. Percentages may vary according to qualitative and quantitative factors of each proceeding, as of March 31, 2023, the estimated amount, in case of success of all lawsuits, was approximately R$15 (R$14 as of December 31, 2022).

15.5 Guarantees

The Company provided bank guarantees and insurance guarantees for judicial proceedings of a civil, tax and labor nature, described below:

Lawsuits	3/31/2023	3/31/2022
Tax	**773**	640
Labor	**88**	97
Civil and others	**488**	302
Total	**1,349**	1,039

The cost of guarantees at March 31, 2023 is aproximately 0.30% per year of the amount of the lawsuits (0.31% as at March 31, 2022) and is recorded as a financial expense.

15.6 Restricted deposits for legal proceedings

The Company is challenging the payment of certain taxes, contributions, and labor liabilities and made judicial deposits in amounts equivalent to the final court decisions, as well as judicial deposits related to the provision for legal claims.

The Company recorded amounts referring to judicial deposits in its assets as follows.

Lawsuits	3/31/2023	12/31/2022
Tax	**12**	12
Labor	**30**	34
Civil and others	**10**	10
Total	**52**	56

(In million of Brazilian Reais, unless otherwise stated)

16 LEASE LIABILITIES

16.1 Minimum future payments and potential right of PIS and COFINS

Lease contracts totaled R$8,279 as of March 31, 2023 (R$8,360 as of December 31, 2022). The minimum future payments, according to lease agreements, with the present value of minimum lease payments, are as follows:

	3/31/2023	12/31/2022
Lease liabilities - minimum payments		
Less than 1 year	**349**	435
From 1 to 5 years	**1,640**	1,646
More than 5 years	**6,290**	6,279
Present value of lease liabilities	**8,279**	8,360
Current	**349**	435
Non-current	**7,930**	7,925
Future financing charges	**12,266**	12,318
Gross amount of financial lease agreements	**20,545**	20,678
PIS and COFINS embedded in the present value of lease agreements	**503**	508
PIS and COFINS embedded in the gross value of lease agreements	**1,249**	1,257

Lease liabilities interest expense is stated in note 23. The Company´s incremental interest rate at the agreement signing date was 12.23% in the period ended March 31, 2023 (12.20% at December 31, 2022).

If the Company adopts the projection of inflation embedded in the nominal incremental rate and converting to a present value as a calculation method, the average percentage of inflation to be project for year would be approximately 8.80% (8.74% at December 31, 2022). The average term of the agreements analyzed is 18.22 years.

16.2 Lease liability rollforward

	Amount
As of December 31, 2021	4,051
Addition - Lease	1,842
Lease modification	145
Interest provision	145
Principal amortizations	(28)
Interest amortization	(135)
As of March 31, 2022	6,020

	Amount
As of December 31, 2022	8,360
Addition - Lease	**27**
Lease modification	**162**
Interest provision	**239**
Principal amortizations	**(151)**
Interest amortization	**(238)**
Write-off due to early termination of agreement	**(120)**
As of March 31, 2023	**8,279**

16.3 Lease expense on variable rents, low-value, and short-term assets

	3/31/2023	3/31/2022
(Expenses) revenues of the period:		
Variables (1% to 2% of sales)	**(6)**	(1)
Subleases (i)	**21**	9

(i) Refers mainly to the revenue from lease agreements receivable from commercial galleries.

16.4 Additional information

In accordance with OFÍCIO-CIRCULAR/CVM/SNC/SEP/N°02/2019 the Company adopted as an accounting policy the requirements of CPC 06 (R2)/IFRS16 - Leases, in the measurement and remeasurement of its right of use, using the discounted cash flow model, without considering inflation.

To safeguard the faithful representation of information to meet the requirements of CPC 06 (R2)/IFRS16 - Leases, and the guidelines of the CVM technical areas, the balances of assets and liabilities without inflation, effectively accounted for (real flow x real rate) are provided , and the estimate of inflated balances in the comparison periods (nominal flow x nominal rate).

Other assumptions, such as the maturity schedule of the liabilities and the interest rates used in the calculation, are disclosed in other items of this same explanatory note, as well as the inflation indexes are observable in the market, so that the nominal flows can be prepared by the users of interim financial information.

	31/03/2023	12/31/2023
Real flow		
Right of use assets	**7,569**	7,619
Lease Liabilities	**20,545**	20,678
Embedded interest	**(12,266)**	(12,318)
	8,279	8,360
Inflated flow		
Right of use assets	**11,933**	11,956
Lease Liabilities	**33,393**	33,356
Embedded interest	**(18,430)**	(18,501)
	14,963	14,855

(In million of Brazilian Reais, unless otherwise stated)

17 DEFERRED REVENUES

	3/31/2023	12/31/2022
Sale and Leaseback	**-**	3
Rental of spaces in stores (i)	**224**	259
Checkstand (ii)	**54**	45
Commercial agreement - payroll (iii)	**37**	39
Marketing and others	**19**	13
Total	**334**	359
Current	**305**	328
Non-current	**29**	31

(i) Rental of backlight panels.
(ii) Supplier product exhibition modules, or check stands, rental of point of sale displays.
(iii) Commercial agreement with a financial institution for exclusivity in payroll processing.

18 INCOME TAX AND SOCIAL CONTRIBUTION

18.1 Reconciliation of income tax and social contribution expense

	3/31/2023	3/31/2022
(Loss) Income before income tax and social contribution	**(11)**	223
Expense of income tax and social contribution, for nominal rate (34%)	**4**	(76)
Adjustments to reflect the effective rate		
Share of profits	**4**	3
ICMS subsidy - tax incentives (i)	**72**	55
Monetary correction credits	**5**	10
Other permanent differences	**(2)**	(1)
Effective income tax	**83**	(9)
Income tax and social contribution for the period		
Current	**-**	(18)
Deferred	**83**	9
Benefits (expense) tax and social contribution	**83**	(9)
Effective rate	**-754.5%**	4.0%

(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. In the period ended March 31, 2023, the Company excluded the IRPJ and CSLL calculation bases from the amount constituted in the tax incentive reserve, see note 19.3.

18.2 Breakdown of deferred income tax and social contribution

The main components of deferred income tax and social contribution in the balance sheets are the following:

	3/31/2023			12/31/2022		
	Assets	Liabilities	Net	Assets	Liabilities	Net
Deferred income tax and social contribution						
Tax losses	**312**	**-**	**312**	213	-	213
Provision for legal proceedings	**60**	**-**	**60**	44	-	44
Exchange rate variation	**-**	**(41)**	**(41)**	-	(28)	(28)
Goodwill tax amortization	**-**	**(317)**	**(317)**	-	(317)	(317)
Fair value adjustment	**-**	**(36)**	**(36)**	-	(29)	(29)
Property, plant and equipment and intangible assets	**29**	**-**	**29**	30	-	30
Loss not realized with tax credits	**-**	**(28)**	**(28)**	-	(6)	(6)
Provision for restructuring	**12**	**-**	**12**	12	-	12
Provision of inventory	**18**	**-**	**18**	26	-	26
Borrowing costs	**-**	**(36)**	**(36)**	-	(35)	(35)
Lease net of right of use	**104**	**-**	**104**	101	-	101
Others	**11**	**-**	**11**	-	(5)	(5)
Gross deferred income tax and social contribution assets (liabilities)	**546**	**(458)**	**88**	426	(420)	6
Compensation	**(458)**	**458**	**-**	(420)	420	-
Net deferred income tax and social contribution assets (liabilities), net	**88**	**-**	**88**	6	-	6

Management has assessed the future realization of deferred tax assets, considering the projections of future taxable income, in the context of the main variables of its businesses. This assessment was based on information from the strategic planning report approved by the Company´s Board of Directors.

The Company estimates the recovery of the deferred tax assets as follows:

Years	Amounts
Up to 1 year	**47**
From 1 year to 2 years	**60**
From 2 years to 3 years	**317**
More than 5 years	**122**
	546

18.3 Rollforward of deferred income tax and social contribution

	3/31/2023	12/31/2022
At the beginning of the period	**6**	45
Benefits (expenses) in the period	**83**	(40)
Income tax effect	**(1)**	1
At the end of the period	**88**	6

19 SHAREHOLDERS' EQUITY

19.1 Capital stock and stock rights

The capital stock, fully subscribed and paid-up as of March 31, 2023, is R$1,265 (R$1,263 as of December 31, 2022), represented by 1,350,256,496 common shares (1,349,165,394 as of December 31, 2022), all registered and without par value. According to the Company's bylaws, the Company's authorized capital may be increased up to 2 billion common shares.

On February 15, 2023, the Board of Directors approved a capital contribution in the amount of R$1, through the issuance of 59,870 common shares.

On March 28, 2023, the Board of Directors approved a capital contribution in the amount of R$1, through the issuance of 1,031,232 common shares.

19.2 Distribution of dividends and interest on own capital

At a meeting of the Board of Directors held on December 23, 2022, the advance payment of interest on own capital in the gross amount of R$50 was approved, on which the withholding tax was deducted in the amount of R$7, corresponding to the net amount of R$43. The effective payment occured on February 17, 2023.

On March 28, 2023, the management's proposal was disclosed to the market in relation to the amounts of dividends and allocation of the Company's income on December 31, 2022. The management's proposal was approved on April 27,2023, see note 27.2.

19.3 Tax incentive reserve

In compliance with the provisions of Complementary Law 160/17 and Law 12.973/14, tax incentive reserve by the States and the Federal District are considered a subsidy for investment deductible for the calculation of income tax and social contribution. Thus, for the period ended March 31, 2023, the Company allocated the amount of R$211 (R$163 on March 31,2022) to the tax incentive reserve, of which R$72 refers to tax incentives generated in 2023 and R$139 to be recognized when the Company demonstrate income in subsequent periods.

As provided for in article 30 of Law 12,973/14, the tax incentive reserve may be used to absorb losses, provided that the other profit reserves have already been fully absorbed, with the exception of the legal reserve, or for an increase in capital. Within the same legal provision, the tax incentive reserve and legal reserve are not part of the calculation basis for the minimum mandatory dividend, and the Company must subject it to taxation, in case of distribution.

19.4 Share-based payment

19.4.1 Recognized Options Granted

Information relating to the Company's option plan and compensation plan is summarized below:

				3/31/2023			
				Number of shares (in thousands)			
Granted series	Grant date	1st exercise date	Strike price on the grant date (in reais)	Grantees	Exercised	Cancelled	Current
B8	5/31/2021	6/1/2024	0.01	363	(20)	(32)	311
C8	5/31/2021	6/1/2024	13.39	363	(20)	(32)	311
B9	5/31/2022	6/1/2025	0.01	2,163	(309)	-	1,854
C9	5/31/2022	6/1/2025	12.53	1,924	(70)	-	1,854
				4,813	(419)	(64)	4,330

19.4.2 Consolidated information of Company's share-based payment plans

According to the plans, the options granted in each of the series may represent a maximum of 2% of the total shares issued by the Company.

The table below shows the maximum percentage of dilution to which current shareholders could eventually be subject to in the event that all options granted are exercised until March 31, 2023:

	3/31/2023 (in thousands)
Number of shares	1,350,256
Balance of effective stock options granted	4,330
Maximum percentage of dilution	0.32%

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, C8, B9 and C9 series: (a) expectation of dividends of 1.28% (series 8) and 1.20% (series 9); (b) expectation of volatility nearly 37.06% (series 8) and 37.29% (series 9); (c) the weighted average interest rate without risk of 7.66% (series 8) and 12.18% (series 9), and (d) exit rate of approximately 8.00% in both series.

The expectation of remaining average life of the series outstanding as of March 31, 2023, is 14 months (series 8) and 26 months (series 9). The weighted average fair value of options granted as of March 31, 2023 was R$17.21 and R$7.69 (B8 and C8 respectively), and R$15.27 and R$7.35 (B9 and C9 respectively).

	Shares	Weighted average of exercise price	Weighted average of remaining contractual term
	in thousands	R$	
As of December 31, 2022	4,651	6.01	2.28
As of March 31, 2023			
Cancelled during the period	(6)	6.01	
Exercised during the period	(315)	6.01	
Outstanding at the end of the period	4,330	6.01	2.03
Total to be exercised March 31, 2023	4,330	6.01	2.03

The amount recorded in the statement of operations for the period March 31, 2023 were R$10 (R$1 as of March 31, 2022).

20 NET OPERATING REVENUE

	3/31/2023	3/31/2022
Gross operating revenue		
Goods	16,513	12,484
Services rendered and others	54	37
	16,567	12,521
(-) Revenue deductions		
Returns and sales cancellation	(29)	(23)
Taxes	(1,442)	(1,055)
	(1,471)	(1,078)
Net operating revenue	15,096	11,443

21 EXPENSES BY NATURE

	3/31/2023	3/31/2022
Inventory cost	(12,460)	(9,452)
Personnel expenses	(976)	(721)
Outsourced services	(88)	(42)
Selling expenses	(229)	(164)
Functional expenses	(290)	(213)
Other expenses	(137)	(122)
	(14,180)	(10,714)
Cost of sales	(12,668)	(9,617)
Selling expenses	(1,306)	(929)
General and administrative expenses	(206)	(168)
	(14,180)	(10,714)

22 OTHER OPERATING REVENUES (EXPENSES), NET

	3/31/2023	3/31/2022
Result with property, plant and equipment and lease	6	(3)
Provision for legal proceedings	-	(1)
Reestructuring expenses and others	(2)	(4)
Total	4	(8)

23 NET FINANCIAL RESULT

	3/31/2023	3/31/2022
Financial revenues		
Cash and cash equivalents interest	43	32
Monetary correction assets	24	35
Other financial revenues	3	3
Total financial revenues	70	70
Financial expenses		
Cost of debt	(377)	(176)
Cost and discount of receivables	(26)	(19)
Monetary correction liabilities	(93)	(76)
Interest on leasing liabilities	(202)	(100)
Other financial expenses	(2)	(1)
Total financial expenses	(700)	(372)
Total	(630)	(302)

24 Earnings per share

The Company calculates earnings per share by dividing the net income for the period, relating to each class of shares, by the total number of common shares outstanding in the period.

The table below presents the determination of the net income for the period available to holders of common shares outstanding to calculate the basic earnings and diluted earnings per share in each period presented:

	3/31/2023	3/31/2022
Basic number:		
Allocated basic earnings and not distributed	72	214
Net income allocated available to common shareholders	72	214
Basic denominator (millions of shares)		
Weighted average of the number of shares	1,349	1,347
Basic earnings per million shares (R$)	0.053296	0.158659

	3/31/2023	3/31/2022
Diluted number:		
Allocated diluted earnings and not distributed	**72**	214
Net income allocated available to common shareholders	**72**	214
Diluted denominator (millions of shares)		
Weighted average of the number of shares	**1,349**	1,347
Weighted average of stock options plan	**4**	10
Diluted weighted average of shares	**1,353**	1,357
Diluted earnings per million shares (R$)	**0.053141**	0.157507

25 Non-cash transactions

The Company had transactions that did not represent cash disbursements, and, therefore, these were not presented in the Statement of Cash Flows, as folows:

• Dividends receivable of Bellamar, in note 10.

• Write-off of provisions for the acquisition of points of sale against trade payables, in note 11.1.

• Acquisition of property, plant and equipment not yet paid, in note 11.4.

26 ASSETS HELD FOR SALE

	3/31/2023	12/31/2022
Extra Hiper stores (i)	**95**	95
	95	95

(i) As of March 31, 2023, corresponds to 1 property owned by GPA, which is sold to the real estate investment fund Barzel Properties.

27 SUBSEQUENT EVENTS

27.1 Expansion Reserve

At the Annual General Meeting held on April 27, 2023 the constitution of the expansion reserve in the amount of R$326 was approved, against the earnings reserve of the year 2022.

27.2 Approval of the distribution of dividends

At the Annual General Meeting held on April 27, 2023, our shareholders voted to approve the minimum mandatory dividend in the amount of R$68, calculated in accordance with Brazilian Corporate Law and our bylaws, with respect to the fiscal year ended December 31, 2022. This amount excludes the tax incentive reserve related to the recognition of tax credits for investment subsidy in the total amount of R$753. The total dividends amount corresponding to R$0.0500185431139003 per common share, is expected to be paid by June 26, 2023. Holders of ADSs will receive the dividend distribution to which they are entitled through the Sendas Depositary.

(Convenience Translation into English from the
Original Previously Issued in Portuguese)

Sendas Distribuidora S.A.

Report on Review of
Interim Financial Information
for the Three-month Period
Ended March 31, 2023

Deloitte Touche Tohmatsu Auditores Independentes Ltda.

Deloitte Touche Tohmatsu
Dr. Chucri Zaidan Avenue, 1.240 -
4th to 12th floors - Golden Tower
04711-130 - São Paulo - SP
Brazil

Tel.: + 55 (11) 5186-1000
Fax: + 55 (11) 5181-2911
www.deloitte.com.br

(Convenience Translation into English from the Original Previously Issued in Portuguese)

REPORT ON REVIEW OF INTERIM FINANCIAL INFORMATION

To the Shareholders and Management of
Sendas Distribuidora S.A.

Introduction

We have reviewed the accompanying interim financial information of Sendas Distribuidora S.A. (“Company”), included in the Quarterly Information Form (ITR) for the quarter ended March 31, 2023, which comprises the balance sheet as at March 31, 2023 and the related statements of operations, of comprehensive income, of changes in equity and of cash flows for the three-month period then ended, including the explanatory notes.

Management is responsible for the preparation of the interim financial information in accordance with technical pronouncement CPC 21 (R1) - Interim Financial Reporting and international standard IAS 34 - Interim Financial Reporting, issued by the International Accounting Standards Board - IASB, as well as for the presentation of such information in accordance with the standards issued by the Brazilian Securities and Exchange Commission (CVM), applicable to the preparation of Quarterly Information (ITR). Our responsibility is to express a conclusion on this interim financial information based on our review.

Scope of review

We conducted our review in accordance with Brazilian and International Standards on Review of Interim Financial Information (NBC TR 2410 and ISRE 2410 - Review of Interim Financial Information Performed by the Independent Auditor of the Entity, respectively). A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with the standards on auditing and, consequently, does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion on the interim financial information

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim financial information included in the quarterly information referred to above was not prepared, in all material respects, in accordance with technical pronouncement CPC 21 (R1) and international standard IAS 34, applicable to the preparation of Quarterly Information (ITR), and presented in accordance with the standards issued by the CVM.

Other matters

Statement of value added

The interim financial information includes the statement of value added (“DVA”) for the three-month period ended March 31, 2023, prepared under the responsibility of the Company’s Management and disclosed as supplementary information for the purposes of international standard IAS 34. This statement has been subject to review procedures performed in conjunction with the review of the ITR to reach a conclusion on whether it is reconciled with the interim financial information and the accounting records, as applicable, and if its form and content are in accordance with the criteria defined in technical pronouncement CPC 09 - Statement of Value Added. Based on our review, nothing has come to our attention that causes us to believe that this statement of value added was not prepared, in all material respects, in accordance with the criteria set out in such technical pronouncement and consistently with the interim financial information taken as a whole.

The accompanying interim financial information has been translated into English for the convenience of readers outside Brazil.

São Paulo, May 4, 2023

DELOITTE TOUCHE TOHMATSU
Auditores Independentes Ltda.

Eduardo Franco Tenório
Engagement Partner

MANAGEMENT STATEMENT

By means of this instrument, the officers below of **SENDAS DISTRIBUIDORA S.A.**, enrolled with the CNPJ/ME under No. 06.057.223/0001-71, with head offices at Avenida Ayrton Senna, No. 6.000, Lote 2, Pal 48959, Anexo A, Jacarepaguá, CEP 22775-005, in the City of Rio de Janeiro, State of Rio de Janeiro (the "Company"), state that they:

(i) have reviewed, discussed and agreed with the Independent Registered Public Accounting Firm Report over the Company's Interim Financial Information related to the three-month period ended March, 2023; and

(ii) have reviewed, discussed and agreed with the Company's Interim Financial Information related to the three-month period ended March, 2023.

Rio de Janeiro, May 04th, 2023.

Belmiro de Figueiredo Gomes
Chief Executive Officer

Daniela Sabbag Papa
Chief Financial Officer

Gabrielle Castelo Branco Helú
Chief Investor Relations Officer