



Interim Financial Information

Sendas Distribuidora S.A.

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

Interim Financial Information for the period
ended September 30, 2022



(FREE TRANSLATION INTO ENGLISH FROM THE ORIGINAL PREVIOUSLY ISSUED IN PORTUGUESE)

ITR – Interim Financial Information – September 30,2022 – SENDAS DISTRIBUIDORA S.A.



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Corporate information / Capital composition

Number of Shares (Thousands)	Current year 9/30/2022
Share Capital	
Common	1,348,333
Preferred	0
Total	1,348,333
Treasury Shares	
Common	0
Preferred	0
Total	0



Individual Interim Financial Information / Balance Sheet - Assets
R\$ (in thousands)

Account code	Account description	Current quarter 9/30/2022	Prior period 12/31/2021
1	Total Assets	36,422,000	22,854,000
1.01	Current Assets	12,264,000	8,772,000
1.01.01	Cash and Cash Equivalents	4,210,000	2,550,000
1.01.03	Accounts Receivables	505,000	324,000
1.01.03.01	Trade Receivables	454,000	265,000
1.01.03.02	Other Accounts Receivable	51,000	59,000
1.01.04	Inventories	6,047,000	4,380,000
1.01.06	Recoverable Taxes	1,141,000	876,000
1.01.08	Other Current Assets	361,000	642,000
1.01.08.01	Non-current Assets Held for Sale	242,000	550,000
1.01.08.01.01	Non-current Assets Held for Sale	242,000	550,000
1.01.08.03	Others	119,000	92,000
1.01.08.03.01	Derivative Financial Instruments	17,000	4,000
1.01.08.03.02	Dividends Receivable	-	16,000
1.01.08.03.03	Other Current Assets	102,000	72,000
1.02	Non-current Assets	24,158,000	14,082,000
1.02.01	Long-Term Assets	1,382,000	1,086,000
1.02.01.07	Deferred Taxes	23,000	45,000
1.02.01.09	Receivable From Related Parties	264,000	114,000
1.02.01.09.04	Receivable from Others Related Parties	264,000	114,000
1.02.01.10	Other Non-current Assets	1,095,000	927,000
1.02.01.10.04	Recoverable Taxes	911,000	770,000
1.02.01.10.05	Restricted Deposits for Legal Proceedings	71,000	119,000
1.02.01.10.06	Derivative Financial Instruments	105,000	28,000
1.02.01.10.07	Other Non-current Assets	8,000	10,000
1.02.02	Investments	823,000	789,000
1.02.02.01	Investments in Associates	823,000	789,000
1.02.02.01.03	Joint Venture Participation	823,000	789,000
1.02.03	Property, Plant and Equipment	16,935,000	10,320,000
1.02.04	Intangible Assets	5,018,000	1,887,000

The accompanying notes are integral part of these interim financial information.



Individual Interim Financial Information / Balance Sheet - Liabilities
R\$ (in thousands)

Account code	Account description	Current quarter 9/30/2022	Prior period 12/31/2021
2	Total Liabilities	36,422,000	22,854,000
2.01	Current Liabilities	13,493,000	8,644,000
2.01.01	Payroll and Related Taxes	616,000	425,000
2.01.01.01	Social Taxes	61,000	55,000
2.01.01.02	Payroll Taxes	555,000	370,000
2.01.02	Trade Payables	9,263,000	5,942,000
2.01.03	Taxes and Contributions Payable	222,000	158,000
2.01.04	Borrowings and Financing	833,000	613,000
2.01.04.01	Borrowings and Financing	323,000	433,000
2.01.04.02	Debentures	510,000	180,000
2.01.05	Other Liabilities	2,559,000	1,506,000
2.01.05.01	Payables to Related Parties	1,340,000	368,000
2.01.05.02	Others	1,219,000	1,138,000
2.01.05.02.01	Dividends and Interest on Equity	-	168,000
2.01.05.02.08	Financing Related to Acquisition of Assets	387,000	197,000
2.01.05.02.09	Deferred Revenue	245,000	356,000
2.01.05.02.12	Other Current Liabilities	212,000	173,000
2.01.05.02.17	Lease Liability	375,000	244,000
2.02	Non-current Liabilities	19,334,000	11,444,000
2.02.01	Borrowings and Financing	11,302,000	7,420,000
2.02.01.01	Borrowings and Financing	1,238,000	1,154,000
2.02.01.02	Debentures	10,064,000	6,266,000
2.02.02	Other Liabilities	7,840,000	3,819,000
2.02.02.01	Payable to Related Parties	82,000	-
2.02.02.01.04	Payables to Other Third Parties	82,000	-
2.02.02.02	Others	7,758,000	3,819,000
2.02.02.02.04	Trade Payables	704,000	-
2.02.02.02.07	Other Non-current Liabilities	13,000	12,000
2.02.02.02.09	Lease Liability	7,041,000	3,807,000
2.02.04	Provision	159,000	205,000
2.02.06	Deferred Earnings and Revenue	33,000	-
2.02.06.02	Deferred Revenue	33,000	-
2.03	Shareholders' Equity	3,595,000	2,766,000
2.03.01	Share Capital	1,258,000	788,000
2.03.02	Capital Reserves	29,000	18,000
2.03.04	Earnings Reserves	2,311,000	1,961,000
2.03.08	Other Comprehensive Income	(3,000)	(1,000)

The accompanying notes are integral part of these interim financial information.



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

Account code	Account description	Current quarter	Year to date current year	Same quarter of previous year	Year to date prior year
		7/1/2022 to 9/30/2022	1/1/2022 to 9/30/2022	7/1/2021 to 9/30/2021	1/1/2021 to 9/30/2021
3.01	Net Operating Revenue	13,832,000	38,566,000	10,845,000	30,342,000
3.02	Cost of Sales	(11,578,000)	(32,341,000)	(8,918,000)	(25,186,000)
3.03	Gross Profit	2,254,000	6,225,000	1,927,000	5,156,000
3.04	Operating Income / Expenses	(1,506,000)	(4,243,000)	(1,127,000)	(3,277,000)
3.04.01	Selling Expenses	(1,062,000)	(2,997,000)	(811,000)	(2,371,000)
3.04.02	General and Administrative Expenses	(211,000)	(572,000)	(167,000)	(456,000)
3.04.05	Other Operating Expenses	(249,000)	(708,000)	(161,000)	(491,000)
3.04.05.01	Depreciation/ Amortization	(232,000)	(649,000)	(162,000)	(461,000)
3.04.05.03	Other Operating Expenses	(17,000)	(59,000)	1,000	(30,000)
3.04.06	Share of Profit of Associates	16,000	34,000	12,000	41,000
3.05	Profit from Operations Before Net Financial Expenses	748,000	1,982,000	800,000	1,879,000
3.06	Net Financial Expenses	(440,000)	(1,070,000)	(164,000)	(443,000)
3.06.01	Financial Income	70,000	217,000	71,000	140,000
3.06.02	Financial Expenses	(510,000)	(1,287,000)	(235,000)	(583,000)
3.07	Income Before Income Tax and Social Contribution	308,000	912,000	636,000	1,436,000
3.08	Income Tax and Social Contribution	(27,000)	(98,000)	(98,000)	(353,000)
3.08.01	Current	(29,000)	(74,000)	(120,000)	(385,000)
3.08.02	Deferred	2,000	(24,000)	22,000	32,000
3.09	Net Income from Continued Operations	281,000	814,000	538,000	1,083,000
3.11	Net Income for the Period	281,000	814,000	538,000	1,083,000
3.99	Earnings per Share - (Reais/Share)				
3.99.01	Basic Earnings Per Share - Total				
3.99.01.01	Common	0.208908	0.604492	0.630200	2.324560
3.99.02	Diluted Earnings Per Share - Total				
3.99.02.01	Common	0.207879	0.601392	0.629700	2.321200

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Individual Interim Financial Information / Statements of Comprehensive Income

R\$ (in thousands)

Account code	Account description	Current quarter	Year to date current year	Same quarter of previous year	Year to date prior year
		7/1/2022 to 9/30/2022	1/1/2022 to 9/30/2022	7/1/2021 to 9/30/2021	1/1/2021 to 9/30/2021
4.01	Net Income for the Period	281,000	814,000	538,000	1,083,000
4.02	Other Comprehensive Income	(2,000)	(2,000)	-	-
4.02.04	Fair Value of Expected Credit Loss	(2,000)	(3,000)	-	-
4.02.06	Tax over other comprehensive income	-	1,000	-	-
4.03	Total Comprehensive Income for the Period	279,000	812,000	538,000	1,083,000

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ITR – Interim Financial Information – September 30, 2022 – SENDAS DISTRIBUIDORA S.A.



Individual Interim Financial Information / Statements of Changes in Shareholders' Equity 1/1/2022 to 9/30/2022

R\$ (in thousands)

Account code	Account description	Capital reserves, granted options and treasury shares			Retained earnings	Other comprehensive	Shareholders' equity
		Capital stock		Profit reserves	/Accumulated losses	income	
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	470,000	11,000	(464,000)	-	-	17,000
5.04.01	Capital Contribution	470,000	-	(464,000)	-	-	6,000
5.04.03	Stock Options Granted	-	11,000	-	-	-	11,000
5.05	Total Comprehensive Income	-	-	-	814,000	(2,000)	812,000
5.05.01	Net Income for the Period	-	-	-	814,000	-	814,000
5.05.02	Other comprehensive income	-	-	-	-	(2,000)	(2,000)
5.05.02.07	Fair Value of Expected Credit Loss	-	-	-	-	(3,000)	(3,000)
5.05.02.09	Tax over Other Comprehensive Income	-	-	-	-	1,000	1,000
5.06	Shareholders' Equity	-	-	540,000	(540,000)	-	-
5.06.05	Tax Incentive Reserve	-	-	540,000	(540,000)	-	-
5.07	Closing Balance	1,258,000	29,000	2,037,000	274,000	(3,000)	3,595,000

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Individual Interim Financial Information / Statements of Changes in Shareholders' Equity 1/1/2021 to 9/30/2021

R\$ (in thousands)

Account code	Account description	Capital reserves, granted options and treasury			Retained earnings		Shareholders' equity
		Capital stock	shares	Profit reserves	/Accumulated losses		
5.01	Opening Balance	761,000	4,000	582,000	-	1,347,000	
5.03	Adjusted Opening Balance	761,000	4,000	582,000	-	1,347,000	
5.04	Capital Transactions with Shareholders	26,000	9,000	(63,000)	-	(28,000)	
5.04.01	Capital Contribution	26,000	-	-	-	26,000	
5.04.03	Stock Options Granted	-	9,000	-	-	9,000	
5.04.07	Interest on Equity	-	-	(63,000)	-	(63,000)	
5.05	Total Comprehensive Income	-	-	-	1,083,000	1,083,000	
5.05.01	Net Income for the Period	-	-	-	1,083,000	1,083,000	
5.07	Closing Balance	787,000	13,000	519,000	1,083,000	2,402,000	

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

Account code	Account description	Year to date current year	Year to date prior year
		1/1/2022 to 9/30/2022	1/1/2021 to 9/30/2021
6.01	Net Cash Operating Activities	2,904,000	1,122,000
6.01.01	Cash Provided By the Operations	3,011,000	2,313,000
6.01.01.01	Net Income for the Period	814,000	1,083,000
6.01.01.02	Deferred Income Tax and Social Contribution	24,000	(32,000)
6.01.01.03	Loss (Gain) of Disposal of Property and Equipment and Lease	32,000	(14,000)
6.01.01.04	Depreciation and Amortization	700,000	499,000
6.01.01.05	Interest and Monetary Correction	1,204,000	615,000
6.01.01.07	Share of Profit of Associates	(34,000)	(41,000)
6.01.01.08	Reversal for Legal Proceedings	(23,000)	(18,000)
6.01.01.10	Provision for Stock Option	11,000	9,000
6.01.01.11	Allowance for Doubtful Accounts	3,000	2,000
6.01.01.13	Provision for Allowance for Inventory Losses and Damages	280,000	210,000
6.01.02	Variations in Assets and Liabilities	(107,000)	(1,191,000)
6.01.02.01	Trade Receivables	(191,000)	(54,000)
6.01.02.02	Inventories	(1,947,000)	(931,000)
6.01.02.03	Recoverables Taxes	(406,000)	(133,000)
6.01.02.04	Other Assets	(21,000)	(161,000)
6.01.02.05	Related Parties	101,000	107,000
6.01.02.06	Restricted Deposits for Legal Proceedings	48,000	13,000
6.01.02.07	Trade Payables	2,114,000	252,000
6.01.02.08	Payroll and Related Taxes	191,000	125,000
6.01.02.09	Taxes and Social Contributions Payable	64,000	160,000
6.01.02.10	Provision for Legal Proceedings	(36,000)	(40,000)
6.01.02.11	Deferred Revenue	(78,000)	(146,000)
6.01.02.12	Other Liabilities	38,000	(9,000)
6.01.02.13	Income Tax and Social Contribution, Paid	-	(374,000)
6.01.02.15	Dividends Received	16,000	-
6.02	Net Cash of Investing Activities	(3,440,000)	(1,384,000)
6.02.02	Acquisition of Property, Plant and Equipment	(3,046,000)	(1,557,000)
6.02.03	Acquisition of Intangible Assets	(629,000)	(38,000)
6.02.04	Sale of property, plant and equipment	-	211,000
6.02.09	Sale of assets held for sale	485,000	-
6.02.11	Acquisition of Assets held for Sale	(250,000)	-
6.03	Net Cash of Financing Activities	2,196,000	(389,000)
6.03.01	Capital Contribution	6,000	26,000
6.03.02	Funding of Borrowings and Financing	3,560,000	4,353,000
6.03.03	Payment of Borrowings and Financing	(119,000)	(4,071,000)
6.03.04	Payment of Interest on Borrowings and Financing	(426,000)	(297,000)
6.03.05	Dividends and interest on equity, paid	(168,000)	(85,000)
6.03.09	Payment of Lease Liability	(625,000)	(311,000)
6.03.10	Payment of interest on Lease Liability	(32,000)	(4,000)
6.05	Increase (Decrease) in Cash and Equivalents	1,660,000	(651,000)
6.05.01	Cash and Cash Equivalents at the beginning of the Period	2,550,000	3,532,000
6.05.02	Cash and Cash Equivalents at the end of the Period	4,210,000	2,881,000

The accompanying notes are integral part of these interim financial information.



**Individual Interim Financial Information / Statements of Value Added
 R\$ (in thousands)**

Account code	Account description	Year to date current year	Year to date prior year
		1/1/2022 to 9/30/2022	1/1/2021 to 9/30/2021
7.01	Revenues	42,204,000	33,112,000
7.01.01	Sales of Goods and Services	42,160,000	32,936,000
7.01.02	Other Revenues	47,000	178,000
7.01.04	Allowance for Doubtful Accounts	(3,000)	(2,000)
7.02	Products Acquired from Third Parties	(37,422,000)	(29,231,000)
7.02.01	Cost of Sales	(35,504,000)	(27,588,000)
7.02.02	Materials, Energy, Outsourced Services and Others	(1,918,000)	(1,643,000)
7.03	Gross Value Added	4,782,000	3,881,000
7.04	Retentions	(700,000)	(499,000)
7.04.01	Depreciation, Amortization and Exhaustion	(700,000)	(499,000)
7.05	Net Value Added Produced	4,082,000	3,382,000
7.06	Value Added Received in Transfer	262,000	188,000
7.06.01	Share of Profit of Associates	34,000	41,000
7.06.02	Financial Income	228,000	147,000
7.07	Total Value Added to Distribute	4,344,000	3,570,000
7.08	Value Added Distribution	4,344,000	3,570,000
7.08.01	Personnel	2,051,000	1,579,000
7.08.01.01	Direct Compensation	1,341,000	1,042,000
7.08.01.02	Benefits	532,000	395,000
7.08.01.03	Government Severance Indemnity Fund for Employees (FGTS)	110,000	82,000
7.08.01.04	Others	68,000	60,000
7.08.02	Taxes, Fees and Contribution	144,000	315,000
7.08.02.01	Federal	61,000	231,000
7.08.02.02	State	19,000	45,000
7.08.02.03	Municipal	64,000	39,000
7.08.03	External Financiers	1,335,000	593,000
7.08.03.01	Interest	1,296,000	588,000
7.08.03.02	Rentals	39,000	5,000
7.08.04	Shareholders' Remuneration	814,000	1,083,000
7.08.04.01	Interest on Equity	-	63,000
7.08.04.03	Retained Earnings for the period	814,000	1,020,000

The accompanying notes are integral part of these interim financial information.

EARNINGS RELEASE

3Q22



EARNINGS CONFERENCE CALL

Friday, October 21, 2022

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

Videoconference call in Portuguese (simultaneous translation): [click here](#).

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

São Paulo, October 20th, 2022 - Assaí Atacadista announces its results for the third quarter of 2022. All comments on adjusted EBITDA exclude other operating expenses and income in the periods. The 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.

STRONG SALES GROWTH OF +30% IN 3Q22 WITH YEAR'S HIGHEST MARKET SHARE GAIN RECORD OF OPENINGS: 44 STORES IN LAST 12 MONTHS

RESULTS

- **Gross sales reached R\$15.2 billion and improved +30%** in the quarter, driven by 14 hypermarket conversions, and continuing the robust growth pace reported in 2Q22. **On an annualized basis, gross sales surpassed R\$65 billion** ⁽¹⁾;
- The **robust sales growth** was driven by:
 - **strong contribution from the 44 stores opened in the last 12 months, which accounted for around 20 p.p.**; and
 - **the strong same-store sales growth of +9.0%**;
- **The excellent performance of converted stores, the commercial strategy aligned with the competitive environment and Assaí's Anniversary Campaign led to the year's highest market share gain** on both a total-store and same-store sales basis;
- **Selling, general and administrative expenses corresponded to 9.2% of sales in the quarter, of which 0.4 p.p. refers to the pre-operating expenses** of the hypermarket conversion project.
 - Excluding this effect, the expenses level is below the 3Q21, which reflects the Company's strong efforts and discipline on costs control;
- **Record EBITDA** ⁽²⁾ in the quarter: **surpassed R\$1 billion, with growth of 26% and margin of 7.7%. In the 9M22, EBITDA** ⁽³⁾ came to R\$2.7 billion, increasing +23%, with margin of 7.1%;
- **Strong and growing operating cash generation of R\$3.2 billion in the last 12 months**, increasing R\$1 billion on the prior-year period, representing growth of +53%. **The strong cash generation supports the Company's high expansion investments and momentary leverage, which translated into reaffirmation of its 'AAA(br)' rating** ⁽⁴⁾.
- **The strong operational leverage in a context of high investments in new stores and high interest rates resulted in net income of R\$281 million in the quarter and R\$ 814 million in 9M22.**
 - Excluding effects of pre-operating expenses, net income would have been R\$ 318 million, an increase of +4% ⁽²⁾, with margin of 2.3% in the quarter. In the year to date, net income would be R\$860 million, +6% higher ⁽²⁾, with margin of 2.2%.

EXPANSION AND CONVERSIONS

- **Expansion at accelerated pace and guidance revised to 45 conversions and 13 organic stores, totaling 58 new stores in 2022.**
- **The hypermarket conversions concluded in the 3Q22 are among the Company's main stores in terms of sales, surpassing the already high expectations for the project. The combination of a successful business model, the strength of the Assaí brand and the attractiveness of the commercial points resulted in a fast client adherence;**
- **Stores converted in the quarter presented an accelerated maturation curve, confirming the sales and margin estimates for the project, as well as the revenues target of R\$100bn in 2024.**

⁽¹⁾ Considering the current store base; ⁽²⁾ Excludes pre-operating expenses and tax credits in 2021; ⁽³⁾ Excludes tax credits in 2021;

⁽⁴⁾ Fitch rating as of October 14th, 2022.

Assaí currently is in the most intense period of store openings, and I take this opportunity to thank the team for their dedication. We ended the third quarter of 2022 with 14 hypermarket conversions and, to date, 19 already have been concluded. Supported by this robust expansion, we delivered excellent results in the quarter, with not only sales growth but also the highest market share gains of the year. I am very confident in the results of these conversions that represent a transformative project for our Company, with the converted stores delivering accelerated maturation and excellent performance. Constantly growing and creating jobs is one of our permanent goals, and this year we have hired over 18,000 people, reaching the total of 70 thousand employees. We are very proud to see Assaí named Best Retailer by Valor 1000, a recognition based on its financial performance and ESG practices. Moving on to 4Q22, we now are focusing on our expansion project and closing 2022 with around 58 new stores and a solid performance of our existing store network.

Belmiro Gomes, CEO of Assaí

INCOME STATEMENT

For comparison purposes, all figures in the table and comments below exclude the effects from tax credits related to the exclusion of ICMS from the PIS and COFINS tax calculation base in 2021 and the pre-operating expenses related to the expansion and hypermarket conversion project in both periods.

(R\$ million)	3Q22	3Q21*	Δ	9M22	9M21*	Δ
Gross Revenue	15,185	11,674	30.1%	42,236	32,936	28.2%
Net operating revenue	13,832	10,710	29.2%	38,566	30,167	27.8%
Gross Profit ⁽¹⁾	2,254	1,792	25.8%	6,225	4,981	25.0%
Gross Margin ⁽¹⁾	16.3%	16.7%	-0.4 p.p.	16.1%	16.5%	-0.4 p.p.
Selling, General and Administrative Expenses	(1,273)	(978)	30.2%	(3,569)	(2,827)	26.2%
% of Net Revenue	-9.2%	-9.1%	-0.1 p.p.	-9.3%	-9.4%	0.1 p.p.
Equity income	16	12	33.3%	34	41	-17.1%
Other operating expenses, net	(17)	1	n.d.	(59)	(30)	96.7%
Adjusted EBITDA ⁽²⁾⁽³⁾	1,011	838	20.6%	2,741	2,233	22.8%
Adjusted EBITDA Margin ⁽²⁾⁽³⁾	7.3%	7.8%	-0.5 p.p.	7.1%	7.4%	-0.3 p.p.
Excluding pre-operating expenses						
Selling, General and Administrative Expenses	(1,217)	(968)	25.7%	(3,499)	(2,813)	24.4%
% of Net Revenue	-8.8%	-9.0%	0.2 p.p.	-9.1%	-9.3%	0.2 p.p.
Adjusted EBITDA ⁽²⁾⁽³⁾	1,067	848	25.8%	2,811	2,247	25.1%
Adjusted EBITDA Margin ⁽²⁾⁽³⁾	7.7%	7.9%	-0.2 p.p.	7.3%	7.4%	-0.1 p.p.

(1) Includes logistics depreciation (as shown in the Income Statement on page 13)

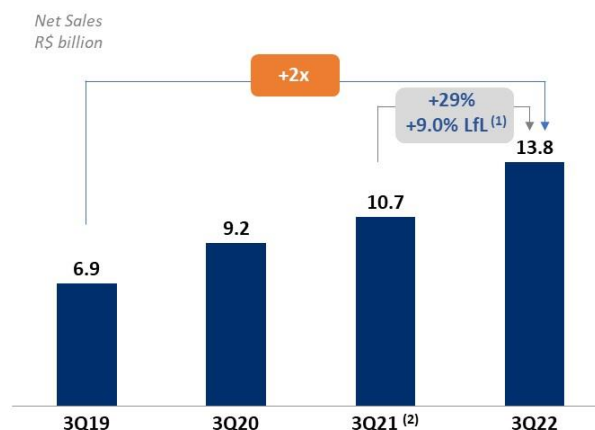
(2) Earnings before Interest, Taxes, Depreciation, Amortization

(3) Adjusted for Other Operating Revenue (Expenses)

* Excluding tax credits

The income statement is available on page 13

STRONG SALES GROWTH MAINTAINED



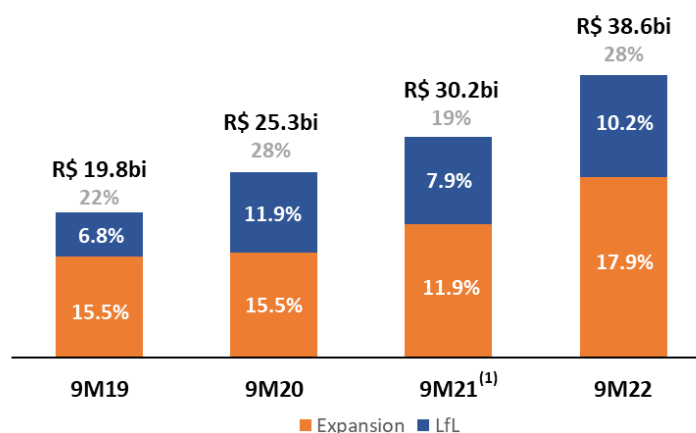
(1) Excluding calendar effect of 0.3%
(2) Excluding fiscal credits

Net sales came to R\$13.8 billion in 3Q22, increasing +29% and R\$3.1 billion on 3Q21. This continued pace of robust sales growth is mainly due to:

- (i) the significant contribution from the 44 new stores opened in the last 12 months (+19.8 p.p.), a record for the period, whose excellent performance attests to Assaí's successful expansion strategy;
- (ii) the same-store sales growth of +9.0%;
- (iii) the constant advances in shopping experience, with adjustments to assortment and the adoption of services to meet the consumer demands and profile of each store; and
- (iv) the excellent sales strategy, with a special highlight to the Anniversary campaign, which improved sales and customer traffic at stores.

In the quarter, the Company captured the highest market share gains of the year, mainly driven by the stores expansion and higher customer flow at same store basis, softening the deflation effects in specific categories.

In 9M22, net sales amounted to R\$38.6 billion, up 28% on 9M21, reflecting the strong contribution from the expansion project in the last 12 months and the consistent same-store sales performance, thanks to the Company's successful business model.



⁽¹⁾ Excluding fiscal credits

ACCELERATED EXPANSION AND GUIDANCE REVIEW: 58 NEW STORES IN 2022

Assaí ended 3Q22 with 233 stores in operation and total sales area of 1.1 million square meters. In the last 12 months, 44 new stores were opened, representing a record expansion that accounted for an increase of +30% in total sales area. The opening of hypermarket conversions began in July and advanced rapidly, with 14 stores inaugurated in the quarter.

With the guidance revision and new estimate of 45 conversions in the second half of 2022, the openings schedule is being intensified: 5 stores converted since the start of October, bringing the total to date to 19 stores.

Although in operation for a short period of time, the stores converted in 3Q22 are among the main stores in terms of sales, above the already high expectations for the project. The successful business model, the strength of the Assaí brand and the attractiveness of the commercial points translates into a fast adherence of clients. The performance of the converted stores, in an accelerated maturation, reinforces the Company's estimates for sales (3x) and EBITDA margin (+150 bps above Company's average) for the hypermarket conversion project as well as the target to reach consolidate revenues of R\$ 100 billion in 2024.

In addition, 13 organic stores are planned for this year, 9 of which opened in 9M22.

IMPROVEMENTS TO CUSTOMERS' SHOPPING EXPERIENCE AND DIGITAL JOURNEY

Assaí invests constantly in enhancing its assortment and the services offered at stores to ensure the best shopping experience for its customers. The assortment closely follows changes in consumer habits and is based directly on each stores' specific consumer profile, which has led the Company to expand their special beverage and automotive sections in certain stores.

More than half of existing stores have a butcher section to serve both B2C and B2B customers, and some stores have a Cold Cuts Emporium offering new slicing services that before were performed only in the stores back-office.



In 3Q22, the Company also made important improvements in the digital environment. Sales via last-mile partners continue to gain relevance and, with the expansion of Assaí's footprint in high-density urban centers, where consumers value convenience, online sales offer vast growth potential. The Company also forged a new partnership with an operator in the states of Rio de Janeiro and Bahia that focuses on B2B consumers.

The "Meu Assaí" app, which combines the experience of the physical world with that of the online world, reinforces the Company's phygital strategy through its new features, exclusive campaigns and personalized offerings. In the nationwide rollout phase, it is available in 4 states and will further improve and refine knowledge on consumer behavior.

ROBUST OPERATING PERFORMANCE: RECORD EBITDA OF OVER R\$1 BN WITH 26% GROWTH

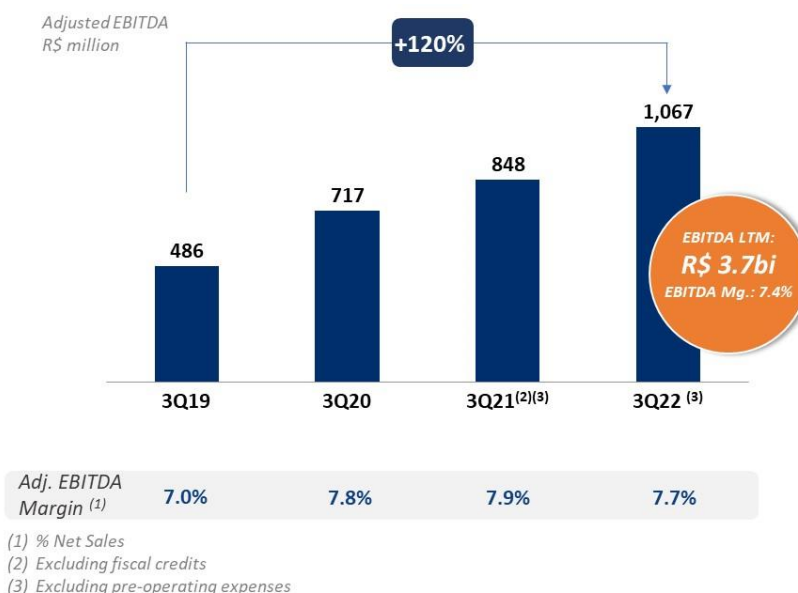
In 3Q22, gross profit was R\$2.3 billion, with margin of 16.3%, similar to 2Q22 and in line with the Company's commercial strategy, which included Assaí's 48-Year Anniversary Campaign. The significant market share gains in the period on both total-store and same-store basis attest to the effective level of competitiveness adopted.

Selling, general and administrative expenses accounted for 9.2% of net sales in the quarter and included 0.4 p.p. of pre-operating expenses related to the hypermarket conversion project, in particular the expenses with training of around 6,000 employees for the 35 openings scheduled for 4Q22. Excluding this effect, expenses as a ratio of net sales were 8.8%, down 0.2 p.p. from 2Q22 and below 3Q21, confirming the Company's efforts to control expenses and the solid operational performance of its store network.

Equity income from Assaí's interest of approximately 18% in the capital of FIC came to R\$16 million in the quarter, representing growth of 33% on the year-ago quarter. The number of Passaí cards issued surpassed 2 million and shows excellent potential to increase given advances in the store's conversion project.

Other operating expenses amounted to R\$17 million in 3Q22, and refer mainly to asset write-offs, which is in line with expectations given the conversion project.

Adjusted EBITDA, excluding pre-operating expenses, amounted to R\$1.1 billion, a new quarterly record, with margin of 7.7%, demonstrating the consistent operational results of the Company's business model. In the year to date, and including the effect of pre-operating expenses, Adjusted EBITDA reached R\$2.7 billion, with margin of 7.1%, in line with the Company's expectations given the advances in its hypermarket conversion project.



HIGH INTEREST RATE SCENARIO AFFECTS FINANCIAL RESULT

(R\$ million)	3Q22	3Q21*	Δ	9M22	9M21*	Δ
Cash profitability	27	32	-15.6%	108	57	89.5%
Cost of debt	(297)	(95)	212.6%	(757)	(253)	199.2%
Cost of Receivable Discount	(25)	(15)	66.7%	(70)	(30)	133.3%
Other financial revenues/expenses	(19)	(10)	100.0%	(18)	(7)	157.1%
Net Financial Revenue (Expenses)	(314)	(88)	258.9%	(737)	(233)	216.3%
<i>% of Net Revenue</i>	-2.3%	-0.8%	-1.5 p.p.	-1.9%	-0.8%	-1.1 p.p.
Interest on lease liabilities	(126)	(77)	64.7%	(333)	(210)	58.6%
Net Financial Revenue (Expenses) - Post IFRS 16	(440)	(164)	168.3%	(1,070)	(443)	141.5%
<i>% of Net Revenue - Post IFRS 16</i>	-3.2%	-1.5%	-1.7 p.p.	-2.8%	-1.5%	-1.3 p.p.

* Including fiscal credits

The net financial expense post-IFRS16 stood at R\$440 million, corresponding to 3.2% of net sales. Excluding the effect from interest on lease liabilities, the net financial expense was R\$314 million, or 2.3% of net sales. The result is still affected by the high interest rates, with the CDI rate increasing threefold in the period, and by the growth in gross debt, given the high expansion investments, especially in the hypermarket conversion project.

In 9M21, net financial expenses pre-IFRS16, i.e., excluding interest on lease liabilities, came to R\$737 million, corresponding to 1.9% of net sales, reflecting the pressure from higher interest rates.

SOLID NET INCOME REFLECTS OPERATING EFFICIENCY, ONE-OFF INTENSIFICATION OF INVESTMENTS AND HIGH INTEREST RATES

Strong operating leverage combined with disciplined expenses control and significant market share gains led to net income of R\$281 million in 3Q22 and R\$ 814 million in the 9M22.

For comparison purposes, excluding pre-operating expenses and fiscal credits from 2021, net income in a normalized view would have been R\$318 million in the quarter, up 4% on 3Q21, with margin of 2.3%. In the 9M22, net income would have reached R\$ 860 million, an increase of 6% when compared to the same period of 2021, with margin of 2.2%. The performance was affected by the accelerated expansion pace and high interest rates.

INVESTMENTS IN LINE WITH STRONG EXPANSION

(R\$ million)	3Q22	3Q21	Δ	9M22	9M21	Δ
New stores and land acquisition	1,095	762	333	2,990	1,422	1,568
Store Renovation and maintenance	87	71	16	190	148	42
Infrastructure and others	33	29	4	75	67	8
Total Investments	1,215	862	353	3,255	1,637	1,618

In 3Q22, capital expenditures came to R\$1.2 billion, 41% above the amount of 3Q21, reflecting the 15 store openings in the period and over 50 stores under construction, which are mostly hypermarket conversions.

In the year-to-date view, the level of investments doubled compared to last year, reaching R\$ 3.3 billion.

OPERATING CASH FLOW INCREASES +53%, TO R\$3.2 BILLION

(R\$ million)	LTM Sep/22	LTM Set/21	Δ
EBITDA Pre-IFRS 16⁽¹⁾	2,808	2,814	(6)
Paid Taxes	0	(487)	487
Change in WK	345	(272)	617
Operational Cash Generation	3,153	2,055	1,098
Capex	(2,852)	(1,701)	(1,151)
Commercial Points Acquisition	(1,367)	0	(1,367)
Capital Increase (corporate restructuring)	0	500	(500)
Free Cash Generation	(1,066)	854	(1,920)
Dividends	(197)	(274)	77
Cost of Debt	(1,271)	(445)	(826)
Free Cash Generation to Shareholders	(2,534)	135	(2,669)

⁽¹⁾ Accumulated LTM

The Company continues to deliver high cash generation, which support the high expansion investments and temporary leverage. In the last 12 months, cash flow grew over R\$1 billion, to R\$3.2 billion.

The accelerated expansion pace, accelerated by hypermarket conversions, affected the operating result, given the higher expenses, as well as investments and working capital, in line with expectations.

DEBT ALIGNED WITH EXPECTATIONS, GIVEN EXPANSION INVESTMENTS

(R\$ million)	3Q22	3Q21
Short Term Debt	(816)	(2,372)
Loans and Financing	(323)	(261)
Debentures	(510)	(2,118)
Derivative Financial Instruments	17	7
Long Term Debt	(11,197)	(5,780)
Loans and Financing	(1,238)	(975)
Debentures	(10,064)	(4,809)
Derivative Financial Instruments	105	4
Total Gross Debt	(12,013)	(8,152)
Cash and Financial Investments	4,210	2,881
Net Debt	(7,803)	(5,271)
EBITDA Pre-IFRS 16 ⁽¹⁾	2,808	2,814
On Balance Credit Card Receivables	276	87
Net Debt incl. Credit Cards Receivable not discounted	(7,527)	(5,184)
Net Debt incl. Credit Cards Receivable not discounted / EBITDA Pre-IFRS 16 ⁽¹⁾	-2.68x	-1.84x

⁽¹⁾ Accumulated LTM

The Company ended the quarter with a net debt/Adjusted EBITDA ratio of 2.68x, in line with expectations given the context of high investments in expansion, which include (i) expenditures related to the acquisition of hypermarkets, (ii) the 44 new store openings in the last 12 months and (iii) over 50 stores under construction at end-quarter.

In 3Q22, the Company carried out a new issue of real estate receivables in the amount of R\$600 million to refinance the liabilities coming due in 2023 (R\$1 billion), bringing gross debt to R\$12 billion. The cost of the issue reduced the Company's average debt cost to CDI + 1.47% and kept the average debt term to around four years.

Given the rapid maturation of newly opened stores and the growing and solid cash flow, the Company's leverage ratio should fall to below 2x by end-2023, which translated into reaffirmation of its 'AAA(br)' rating by Fitch on October 14th, 2022.

CONTINUOUS EVOLUTION IN LINE WITH ESG PRINCIPLES

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. **Engagement 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.

The ESG highlights of 3Q22 include:

- **Launch of Assaí Institute**, the Company's social arm that works to increase opportunities for people and communities by acting on three fronts: Entrepreneurship, Sports and Food.
- **Academia Assaí Bons Negócios Awards 2022:** 1,500 entrepreneurs recognized in the categories "Street vendor," "Fixed point of sale" and "On-demand sales." The action received 30,000 submissions (+82% vs. 2021). Over 72% of the entrepreneurs recognized self-declared as female and 75% as black or *pardo*.
- **Reduction of 27% in scopes 1⁽¹⁾ and 2⁽²⁾ emissions** compared to the same period of 2021, in line with the Company's strategy of combating climate change and its target to reduce emissions by 38% by 2030 (base 2015). The highlights were the reduction of 16% in refrigerant gas emissions (scope 1) and of 65% in scope 2 emissions.
- Becoming a signatory to the "**Pact for the Starving 15% - (Pacto pelos 15% com fome)**" an initiative in partnership with the Ação da Cidadania organization to combat hunger and food waste. In 9M22, the Company **increased by 39% its food donations** (compared to 9M21) to social organizations serving people in situations of social vulnerability.

⁽¹⁾ Direct emissions from the company.

⁽²⁾ Emissions from electricity consumption.

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 some R\$55 billion in the last 12 months, Assaí operates more than 230 stores located in all 23 states of Brazil, as well as the Federal District. Assaí has around 70,000 employees and welcomes 30 million customers to its stores every month.

In 2022, Assaí was elected the best wholesaler in two surveys conducted by Instituto Datafolha: “Best of São Paulo - Services” (for the seventh straight year); and “Best of the Internet in Brazil.” Assaí was also nominated the best retailer according to “Valor 1000”, annual report of Valor Econômico Journal, and was certified by the Great Place to Work seal. Assaí is one of the 15 most valuable brands in Brazil according to the annual ranking compiled by Brand Finance.

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	3Q19	3Q20	3Q21	4Q21	1Q22	2Q22	3Q22
Southeast	91	97	103	113	113	115	122
Northeast	37	46	51	57	59	61	65
MidWest	14	17	20	21	21	21	22
North	7	11	12	14	16	16	17
South	4	5	5	7	7	7	7
Total	153	176	191	212	216	220	233⁽¹⁾
Sales Area (thousand sqm meters)	643	761	847	964	986	1,007	1,091

⁽¹⁾ Considers stores in operation, with 1 store closing in 3Q22 and 1 of the conversions considered as an expansion of the sales area.

FINANCIAL INFORMATION

II - Income Statement

	3Q22	3Q21*	Δ	9M22	9M21*	Δ
R\$ - million						
Gross Revenue	15,185	11,674	30.1%	42,236	32,936	28.2%
Net operating revenue	13,832	10,845	27.5%	38,566	30,342	27.1%
Cost of Goods Sold	(11,564)	(8,906)	29.9%	(32,290)	(25,148)	28.4%
Depreciation (Logistic)	(14)	(12)	13.2%	(51)	(38)	35.1%
Gross Profit	2,254	1,927	17.0%	6,225	5,156	20.7%
Selling Expenses	(1,062)	(811)	30.9%	(2,997)	(2,371)	26.4%
General and Administrative Expenses	(211)	(167)	26.3%	(572)	(456)	25.4%
Selling, General and Adm. Expenses	(1,273)	(978)	30.2%	(3,569)	(2,827)	26.2%
Equity income	16	12	33.3%	34	41	-17.1%
Other operating expenses, net	(17)	1	n.d.	(59)	(30)	96.7%
Depreciation and Amortization	(232)	(162)	43.2%	(649)	(461)	40.8%
Earnings before Interest and Taxes - EBIT	748	800	-6.5%	1,982	1,879	5.5%
Financial Revenue	70	71	-1.4%	217	140	55.0%
Financial Expenses	(510)	(235)	117.0%	(1,287)	(583)	120.8%
Net Financial Result	(440)	(164)	168.3%	(1,070)	(443)	141.5%
Income Before Income Tax	308	636	-51.6%	912	1,436	-36.5%
Income Tax and Social Contribution	(27)	(98)	-72.4%	(98)	(353)	-72.2%
Net Income - Total Controlling Shareholders	281	538	-47.8%	814	1,083	-24.8%
Earnings before Interest, Taxes, Depreciation, Amortization - EBITDA	994	974	2.0%	2,682	2,378	12.8%
Adjusted EBITDA ⁽¹⁾	1,011	973	3.9%	2,741	2,408	13.8%

	3Q22	3Q21*	Δ	9M22	9M21*	Δ
% of Net Revenue						
Gross Profit	16.3%	17.8%	-1.5 p.p.	16.1%	17.0%	-0.9 p.p.
Selling Expenses	-7.7%	-7.5%	-0.2 p.p.	-7.8%	-7.8%	0.0 p.p.
General and Administrative Expenses	-1.5%	-1.5%	0.0 p.p.	-1.5%	-1.5%	0.0 p.p.
Selling, General and Adm. Expenses	-9.2%	-9.0%	-0.2 p.p.	-9.3%	-9.3%	0.1 p.p.
Equity Income	0.1%	0.1%	0.0 p.p.	0.1%	0.1%	0.0 p.p.
Other Operating Revenue (Expenses)	-0.1%	0.0%	-0.1 p.p.	-0.2%	-0.1%	-0.1 p.p.
Depreciation and Amortization	-1.7%	-1.5%	-0.2 p.p.	-1.7%	-1.5%	-0.2 p.p.
EBIT	5.4%	7.4%	-2.0 p.p.	5.1%	6.2%	-1.1 p.p.
Net Financial Revenue (Expenses)	-3.2%	-1.5%	-1.7 p.p.	-2.8%	-1.5%	-1.3 p.p.
Income Before Income Tax	2.2%	5.9%	-3.6 p.p.	2.4%	4.7%	-2.4 p.p.
Net Income - Total Controlling Shareholders	2.0%	5.0%	-2.9 p.p.	2.1%	3.6%	-1.5 p.p.
Earnings before Interest, Taxes, Depreciation, Amortization - EBITDA	7.2%	9.0%	-1.8 p.p.	7.0%	7.8%	-0.9 p.p.
Adjusted EBITDA ⁽¹⁾	7.3%	9.0%	-1.7 p.p.	7.1%	7.9%	-0.8 p.p.

⁽¹⁾ Adjusted for Other Operating Revenue (Expenses)

*Including fiscal credits

III - Balance Sheet

ASSETS (R\$ million)	09.30.2022	12.31.2021
Current Assets	12,264	8,772
Cash and cash equivalent	4,210	2,550
Trade receivables	454	265
Inventories	6,047	4,380
Recoverable taxes	1,141	876
Derivative financial instruments	17	4
Assets held for sale	242	550
Dividends receivable	-	16
Other accounts receivable	51	59
Other current assets	102	72
Non-current assets	24,158	14,082
Long-term assets	24,158	14,082
Deferred income tax and social contribution	23	45
Recoverable taxes	911	770
Derivative financial instruments	105	28
Related parties	264	114
Restricted deposits for legal proceedings	71	119
Other non-current assets	8	10
Investments	823	789
Property, plan and equipment	16,935	10,320
Intangible assets	5,018	1,887
TOTAL ASSETS	36,422	22,854

LIABILITIES (R\$ million)	09.30.2022	12.31.2021
Current Liabilities	13,493	8,644
Trade payables, net	9,263	5,942
Borrowings and financing	323	433
Debentures and promissory notes	510	180
Payroll and related taxes	616	425
Lease liabilities	375	244
Related parties	1,340	368
Taxes payable	198	158
Income tax and social contribution payable	24	-
Deferred revenues	245	356
Dividends payable	-	168
Other current liabilities	599	370
Non-current liabilities	19,334	11,444
Trade payables, net	704	-
Borrowings and financing	1,238	1,154
Debentures and promissory notes	10,064	6,266
Provision for legal proceedings	159	205
Related parties	82	-
Lease liabilities	7,041	3,807
Deferred revenues	33	-
Other non-current liabilities	13	12
Shareholders' Equity	3,595	2,766
Capital stock	1,258	788
Capital reserve	29	18
Profit reserve	2,311	1,961
Other comprehensive results	(3)	(1)
TOTAL LIABILITIES AND SHAREHOLDER'S EQUITY	36,422	22,854

IV - Cash Flow

(R\$ million)	09.30.2022	09.30.2021
Net income for the period	814	1,083
Deferred income tax and social contribution	24	(32)
Loss (gain) on disposal of property, plant and equipment and lease	32	(14)
Depreciation and amortization	700	499
Interests and monetary variation	1,204	615
Share of profit and loss of associate	(34)	(41)
Reversal of legal proceedings	(23)	(18)
Provision of stock option	11	9
Provision for inventory losses and damages	280	210
Provision of allowance for doubtful accounts	3	2
	3,011	2,313
Variation of operating assets		
Trade receivables	(191)	(54)
Inventories	(1,947)	(931)
Recoverable taxes	(406)	(133)
Dividends received	16	-
Other assets	(21)	(161)
Related parties	101	107
Restricted deposits for legal proceedings	48	13
	(2,400)	(1,159)
Variation of operating liabilities		
Trade payables	2,114	252
Payroll and related taxes	191	125
Taxes and social contributions payable	64	160
Other accounts payable	38	(9)
Provision for legal proceedings	(36)	(40)
Deferred revenues	(78)	(146)
Income tax and social contribution paid	-	(374)
	2,293	(32)
Net cash generated by operating activities	2,904	1,122
Net cash used in investment activities	(3,440)	(1,384)
Acquisition of property, plant and equipment	(3,046)	(1,557)
Acquisition of intangible assets	(629)	(38)
Acquisition of assets held for sale	(250)	-
Proceeds from the sales of property, plant and equipment	-	211
Proceeds from sale of assets held for sale	485	-
Cash flow from financing activities		
Capital Contribution	6	26
Funding of borrowings and financing	3,560	4,353
Payments of borrowings and financing	(119)	(4,071)
Payments of interest on borrowings and financing	(426)	(297)
Dividend Payment	(168)	(85)
Payments of lease liabilities	(625)	(311)
Payment of interest on lease liability	(32)	(4)
Net cash generated by financing activities	2,196	(389)
Cash and cash equivalents at the beginning of the period	2,550	3,532
Cash and cash equivalents at the end of the period	4,210	2,881
Net increase in cash and cash equivalents	1,660	(651)

1 CORPORATE INFORMATION

Sendas Distribuidora S.A. (the "Company" or "Sendas") is a publicly listed company under the segment Novo Mercado of B3 S.A. - Brasil, Bolsa, Balcão (B3), under the code "ASAI3" and on the New York Stock Exchange (NYSE), under the ticker "ASAI". The Company is mainly engaged in the retail and wholesale sale of food, bazar, and other products through its chain of stores, represented by the banner "ASSAÍ". The Company based in the State of Rio de Janeiro, at Avenida Ayrton Senna, 6.000, Lote 2 - Anexo A, Jacarepaguá/RJ. On September 30, 2022, the Company operated 233 stores and 12 Distribution Centers which are present in all five regions of the country acting working in 23 states and in the Federal District.

The Company is a direct subsidiary of Wilkes Participações S.A. ("Wilkes") and indirect subsidiary of Casino Guichard Perrachon.

1.1 Conversion of Extra Hiper stores into Assaí

On October 14, 2021, the Board of Directors of the Company and Grupo Pão de Açúcar ("GPA") approved a transaction involving the conversion of Extra Hiper stores, operated by GPA, into cash & carry stores, operated by the Company under the ASSAÍ brand ("Transaction").

On December 16, 2021, the Company and GPA signed the "Agreement for Onerous Assignment of Exploration Rights of Commercial Points and Other Agreements" (the "Agreement"), governing the assignment to ASSAÍ of the exploitation rights of up to 70 commercial points located in several states in Brazil, 17 properties owned by GPA and 53 properties owned by third parties, for the total amount of up to R\$3,973, to be paid by the Company, which may also involve the acquisition of some existing equipment in the stores.

On April 13, 2022, the Administrative Council for Economic Defense ("CADE") issued a favorable opinion without restrictions on the sale of the 17 properties owned by GPA to the Barzel Properties real estate investment fund ("Fund").

The closing of the transaction provided for the Agreement is subject to the fulfillment of certain conditions, including, but not limited to, obtaining the previous consent of the property owners and demobilization of the stores by GPA, with deadline to complete the assignment of all commercial points to the Company is October 31, 2022, and this transaction is not subject of approval by competition authorities.

On August 17, 2022, the Board of Directors of GPA and of the Company signed the assignments of receivables with a financial institution, for anticipation the installments between 2023 and 2024 sponsored by the Company, see note 13.2.

Until September 30, 2022, the Company and GPA signed the transfer of 46 commercial points in the amount of R\$3,132 (20 commercial points on December 31, 2021 in the amount of R\$798) totalling 66 properties, including the 17 properties owned by GPA in the amount of R\$1,200, located in the Southeast, North, Northeast, Midwest regions and in the Federal District, which had overcome the previous conditions, see notes 9, 12 and 13. The Company made the total payment in the amount of R\$1,850 (R\$850 on March 31, 2022 and R\$1,000 on December 31, 2021) to GPA related to these acquisitions. Property, plant and equipment acquired from the 17 properties owned by GPA are recorded under "Assets held for sale", in this quarter, 16 properties were sold. The remaining balance for 1 property is R\$95 (R\$403 on December 31, 2021), see note 26.

On September 30, 2022, the Company and GPA formalized the extension of the deadline for completion the transfer of 4 remaining properties due to October 31, 2022, which may be extended again.

1.2 Impacts of the pandemic on the Company's interim financial information

Since December 2019, we face the pandemic COVID-19. The Company has been monitoring the impacts on its operations. Management took actions, among them, we appointed a crisis committee composed of senior management, which makes decisions in line with recommendations of the Brazilian Ministry of Health, local authorities, and professional associations.

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

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

On March 10, 2020, CVM issued circular letter CVM-SNC/SEP No. 02/2020 and on January 29, 2021 issued circular letter CVM-SNC/SEP No. 01/2021, guiding publicly held Companies to carefully assess the impacts of COVID-19 on their business and report in the interim financial information the main risks and uncertainties as result of such analysis, following the applicable accounting standards.

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

- The Company reviewed its budget, adopted to estimate the calculation of the recovery of store assets and intangible assets on December 31, 2021, and no significant reductions were seen in revenues, and in other items of the statement of operations to evidence impairment of these assets. Due to uncertainties concerning the end of the pandemic and its macroeconomic effects, the Company analyzed the indication of impairment for certain assets and, accordingly, updated its impairment tests. There were no new elements in the period ended September 30, 2022 that the Company's need to review the asset recovery test.

The recoverable value is determined by calculating the value in use, from cash projections deriving from financial budgets, which were reviewed and approved by senior management for the next three years, considering the assumptions updated for December 31, 2021. The discount rate applied to cash flow projections is 10.40% on December 31, 2021 (9.80% on December 31, 2020), and the cash flows to exceed three years are extrapolated, applying a growth rate of 6.60% on December 31, 2021 (4.62% on December 31, 2020). As a result of this analysis, we did not identify the need for recording a provision for impairment of these assets.

- The Company analyzed the collection of balances of trade receivables from credit card operators, clients, galleries at our stores, property rentals, and concluded that, at this point, it is not necessary to record provisions for losses, in addition to those already recorded;
- Concerning inventories, the Company does not foresee the need to make a market price adjustment;
- Financial instruments already reflect the market assumptions in their valuation, there are no additional exposures not disclosed. The Company is not exposed to significant financing denominated in US dollars;
- At this point, the Company does not foresee additional funding; and
- Finally, the costs necessary to adapt the Company's stores to serve the public were not significant.

In summary, according to Management's estimates and the monitoring of the impacts of the pandemic, including the Omicron variant, there are no effects that should be recorded in the Company's interim financial information for the period ended September 30, 2022, nor are there any effects on the continuity and / or estimates of the Company that would justify changes or recording provisions in addition to those already disclosed. The Company will continue to monitor and evaluate the impacts and, if necessary, will make the disclosures.

1.3 Possible impacts of the military conflict between Russia and Ukraine on the interim financial information

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

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

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

The Company does not operate in these countries, but will continue to monitor the impacts of the war. On September 30, 2022, there are no effects that should be recorded in the Company's interim financial information, nor are there any effects on the Company's continuity and/or estimates that would justify changes or recording of provisions, in addition to those already disclosed. The Company will continue to monitor and assess the impacts and, if necessary, will make the corresponding disclosures.

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, when applicable. All relevant information in the interim financial information, is being evidenced by and correspond to that used by management in the administration of the Company.

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

The interim financial information for the period ended September 30, 2022, were approved by the Board of Directors on October 20, 2022.

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, 2021, and, therefore, it should be read together.

3.1 Standards, amendments and interpretation

In the quarter ended on September 30, 2022, 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 estimates and assumptions that impact the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities at the end of the year, however, the uncertainty about these assumptions and estimates could result in substantial adjustments to the carrying amount of asset or liability impacted in future periods.

The significant assumptions and estimates applied on the preparation of the interim financial information for the period ended September 30, 2022, were the same as those adopted in the financial statements for the year ended December 31, 2021, see note 6.

5 CASH AND CASH EQUIVALENTS

	9/30/2022	12/31/2021
Cash and bank accounts - Brazil	92	74
Cash and bank accounts - Abroad (i)	25	25
Financial investments - Brazil (ii)	4,093	2,451
	<u>4,210</u>	<u>2,550</u>

(i) On September 30, 2022, the Company had funds held abroad, being R\$25 in US Dollars (R\$25 in US Dollars on December 31, 2021).

(ii) On September 30, 2022, the financial investments correspond to the repurchase and resale agreements, yielded by the weighted average of 86.66% of CDI - Interbank Deposit Certificate (109.64% of CDI on December 31, 2021) and redeemable within terms less than 90 days, as of the date of investment, without losing income.

6 TRADE RECEIVABLES

	Note	9/30/2022	12/31/2021
From sales with:			
Credit card companies	6.1	184	75
Credit card companies with related parties	9.1	92	24
Sales ticket and payment slips	6.2	154	118
Trade receivables with related parties	9.1	13	31
Trade receivables with suppliers/payment slips		19	23
		<u>462</u>	<u>271</u>
Expected credit loss for doubtful accounts	6.3	(8)	(6)
		<u>454</u>	<u>265</u>

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

	Total	Due	Overdue	
			Up to 30 days	> 90 days
9/30/2022	462	460	1	1
12/31/2021	271	269	1	1

6.1 Credit card companies

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

6.2 Sales ticket and payment slips

Refers to amounts arising from transactions through receipts: (i) tickets and meal vouchers R\$65 (R\$56 on December 31, 2021); and (ii) payment slips R\$89 (R\$62 on December 31, 2021).

6.3 Expected credit loss for doubtful accounts

	9/30/2022	9/30/2021
At the beginning of the period	(6)	(4)
Additions	(25)	(23)
Reversals	23	21
At the end of the period	<u>(8)</u>	<u>(6)</u>

7 INVENTORIES

	Note	9/30/2022	12/31/2021
Stores		5,272	3,955
Distribution centers		1,306	878
Commercial agreements	7.1	(501)	(416)
Allowance for loss on inventory obsolescence and damages	7.2	(30)	(37)
		<u>6,047</u>	<u>4,380</u>

7.1 Commercial agreements

On September 30, 2022, the amount of unrealized commercial agreements, as a reduction of inventory balance, totaled R\$501 (R\$416 on December 31, 2021).

7.2 Allowance for loss on inventory obsolescence and damages

	9/30/2022	9/30/2021
At the beginning of the period	(37)	(51)
Additions	(294)	(221)
Reversals	14	11
Write-offs	287	240
At the end of the period	(30)	(21)

8 RECOVERABLE TAXES

	Note	9/30/2022	12/31/2021
State VAT tax credits - ICMS	8.1	1,184	1,153
Social Integration Program and Contribution for Social Security Financing - PIS/COFINS	8.2	614	370
Social Security Contribution - INSS		164	54
Income tax and social contribution		71	61
Others		19	8
Total		2,052	1,646
Current		1,141	876
Non-current		911	770

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. The referred system implies the prepayment of ICMS throughout the commercial chain, upon goods outflow from a manufacturer or importer or their inflow into the State. The expansion of such system to a wider range of products traded at retail assumes that the trading cycle of these products will end in the State, such that ICMS is fully owed to such State.

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

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

With respect to credits that cannot yet be immediately offset, the Company's Management, based on a technical recovery study, based on the future expectation of growth and consequent compensation with taxes payable arising from its operations, believes that its future compensation is viable. The studies mentioned are prepared and periodically reviewed based on information extracted from the strategic planning previously approved by the Company's Board of Directors. For the interim financial information on September 30, 2022, the Company's management has monitoring controls over adherence to the annually established plan, reassessing and including new elements that contribute to the realization of the ICMS balance to be recovered, as shown in the table below:

Year	Amount
In 1 year	665
From 1 to 2 years	233
From 2 to 3 years	83
From 3 to 4 years	64
From 4 to 5 years	37
After 5 years	102
Total	1,184

8.2 PIS and COFINS credits

On March 15, 2017, the Federal Supreme Court ("STF") recognized, as a matter of general repercussion, 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 have rights 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, according to the favorable judgment of the Supreme Court, has been recognizing the exclusion of ICMS from the PIS and COFINS calculation basis, based on the same assumptions mentioned previously.

• **Expected realization of PIS and COFINS credits**

With respect to recoverable PIS and COFINS credits, the Company's Management, based on a technical recovery study, based on future growth expectations and consequent offsetting with debts arising from its operations, projects their future realization. The aforementioned studies are prepared and periodically reviewed based on information extracted from the strategic planning previously approved by the Company's Board of Directors. For the interim financial information as of September 30, 2022, the Company's Management has monitoring controls on adherence to the annually established plan, reassessing and including new elements that contribute to the realization of the PIS and COFINS balance to be recovered, as shown in the table below:

Year	Amount
In 1 year	259
From 1 to 2 years	229
From 2 to 3 years	126
Total	614

9 RELATED PARTIES

9.1 Balances and related party transactions

	Assets				Liabilities				Transactions	
	Clients		Other assets		Suppliers		Other liabilities		Revenue (expenses)	
	9/30/2022	12/31/2021	9/30/2022	12/31/2021	9/30/2022	12/31/2021	9/30/2022	12/31/2021	9/30/2022	9/30/2021
Controlling shareholders										
Wilkes Participações S.A.	-	-	-	-	-	-	2	2	(7)	(4)
Euris	-	-	-	-	-	-	1	1	(2)	(1)
Casino Guichard Perrachon	-	13	-	-	-	-	-	-	(39)	(37)
	-	13	-	-	-	-	3	3	(48)	(42)
Other related parties										
GPA (i)	13	18	249	100	12	8	1,419	365	(298)	(104)
Compre Bem	-	-	-	-	-	-	-	-	-	(1)
Greenyellow	-	-	-	-	-	-	-	-	(25)	(21)
Joint venture										
Financeira Itaú CBD S.A. Crédito, Financiamento e Investimento ("FIC")	92	24	15	14	13	14	-	-	18	10
	105	42	264	114	25	22	1,419	365	(305)	(116)
Total	105	55	264	114	25	22	1,422	368	(353)	(158)
Current	105	55	-	-	25	22	1,340	368		
Non-current	-	-	264	114	-	-	82	-		

(i) As of September 30, 2022, the amount recorded in other assets is substantially composed by R\$161 referring to the balance receivable from the sale of assets and R\$84 referring to the indemnification process signed in the separation agreement between the companies that occurred on December 14, 2020. The amount recorded in other liabilities is substantially composed by R\$1.192 referring to the acquisition of commercial points and R\$200 referring to the indemnification process and refunds signed in the separation agreement between the parties.

9.2 Management compensation

Expenses referring to the statutory executive board compensation recorded in the Company's statement of operations in the periods ended September 30, 2022 and 2021 as follows (amounts expressed in thousands reais):

	Base salary		Variable compensation		Stock option plan		Total	
	2022	2021	2022	2021	2022	2021	2022	2021
Board of director	28,504	21,896	-	-	4,306	5,408	32,810	27,304
Directors and statutory	43,491	18,162	19,484	10,864	11,939	5,334	74,914	34,360
Fiscal council	455	202	-	-	-	-	455	202
	72,450	40,260	19,484	10,864	16,245	10,742	108,179	61,866

The stock option plan refers to the Company's and this plan has been traded 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 joint venture at the end of the period are show below:

Investment type	Company	Country	Participation in investments - %	
			9/30/2022	12/31/2021
Joint venture	Bellamar Empreendimento e Participações S.A.	Brazil	50.00	50.00

Investments composition and breakdown

	Bellamar
As of December 31, 2020	769
Share of profit of associates	41
As of September 30, 2021	810
As of December 31, 2021	789
Share of profit of associates	34
As of September 30, 2022	823

11 PROPERTY, PLANT AND EQUIPMENT

11.1 Property, plant and equipment breakdown

	As of December 31, 2021	Additions	Lease modification	Write-off	Depreciation	Transfers and others	As of September 30, 2022
Lands	570	31	-	-	-	-	601
Buildings	656	188	-	-	(13)	(48)	783
Improvements	3,596	2,423	-	(25)	(202)	137	5,929
Equipment	828	428	-	(2)	(129)	71	1,196
Facilities	362	162	-	(4)	(25)	7	502
Furnitures and appliances	416	132	-	(1)	(50)	74	571
Constructions in progress	235	477	-	(1)	-	(178)	533
Others	37	12	-	-	(12)	12	49
Subtotal	6,700	3,853	-	(33)	(431)	75	10,164
Lease - right of use:							
Buildings	3,604	3,005	479	(10)	(244)	(75)	6,759
Equipment	16	-	-	-	(4)	-	12
Subtotal	3,620	3,005	479	(10)	(248)	(75)	6,771
Total	10,320	6,858	479	(43)	(679)	-	16,935

	As of December 31, 2020	Additions	Lease modification	Write-off	Depreciation	Transfers and others (i)	As of September 30, 2021
Lands	481	191	-	(2)	-	(122)	548
Buildings	609	113	-	-	(11)	(137)	574
Improvements	2,598	809	-	(3)	(131)	(44)	3,229
Equipment	635	164	-	(2)	(94)	8	711
Facilities	269	61	-	-	(18)	1	313
Furnitures and appliances	340	67	-	-	(38)	10	379
Constructions in progress	78	209	-	-	-	(83)	204
Others	37	4	-	-	(11)	7	37
Subtotal	5,047	1,618	-	(7)	(303)	(360)	5,995
Lease - right of use:							
Buildings	2,423	364	359	(89)	(177)	4	2,884
Equipment	6	16	-	-	(4)	-	18
Subtotal	2,429	380	359	(89)	(181)	4	2,902
Total	7,476	1,998	359	(96)	(484)	(356)	8,897

(i) On September 30, 2021, presents the transfer between fixed assets to "assets held for sale", in amount of R\$356.

11.2 Composition of Property, plant and equipment

	9/30/2022			12/31/2021		
	Historical cost	Accumulated depreciation	Net amount	Historical cost	Accumulated depreciation	Net amount
Lands	601	-	601	570	-	570
Buildings	907	(124)	783	767	(111)	656
Improvements	6,921	(992)	5,929	4,387	(791)	3,596
Equipment	1,865	(669)	1,196	1,373	(545)	828
Facilities	636	(134)	502	472	(110)	362
Furnitures and appliances	840	(269)	571	635	(219)	416
Constructions in progress	533	-	533	235	-	235
Others	139	(90)	49	115	(78)	37
	12,442	(2,278)	10,164	8,554	(1,854)	6,700
Lease - right of use:						
Buildings	8,007	(1,248)	6,759	4,566	(962)	3,604
Equipment	58	(46)	12	61	(45)	16
	8,065	(1,294)	6,771	4,627	(1,007)	3,620
Total property, plant and equipment	20,507	(3,572)	16,935	13,181	(2,861)	10,320

11.3 Capitalized borrowing costs

The value of capitalized borrowing costs directly attributable to the reform, construction and acquisition of property, plant and equipment and intangible assets within the scope of CPC 20 (R1) / IAS23 - Borrowings Costs and the amount of depreciation and 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) / IFRS16 - Leases, amounted to R\$617 (R\$19 on September 30, 2021). The rate used to calculate the borrowing costs eligible for capitalization was 110.77% (130.76% on September 30, 2021) 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

	9/30/2022	9/30/2021
Additions	6,858	1,998
Leases	(3,005)	(380)
Capitalized interest	(617)	(19)
Acquisition of property, plant and equipment - Additions	(2,914)	(1,510)
Acquisition of property, plant and equipment - Payments	2,724	1,468
Total	3,046	1,557

Additions related to the acquisition of operating assets, purchase of land and buildings to expansion activities, building of new stores, improvements of existing distribution centers and stores and investments in equipment and information technology.

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

11.5 Other information

On September 30, 2022, the Company recorded in the cost of sales and services the amount of R\$51 (R\$38 on September 30, 2021), relating to the depreciation of machinery, building and facilities of distribution centers.

12 INTANGIBLE ASSETS

	12/31/2021	Additions	Amortiza- tion	9/30/2022
Goodwill	618	-	-	618
Softwares	75	11	(12)	74
Commercial rights (i)	1,136	3,141	(7)	4,270
Tradenname	39	-	-	39
Subtotal	1,868	3,152	(19)	5,001
Lease - right of use:				
Assets and rights	19	-	(2)	17
Subtotal	19	-	(2)	17
Total	1,887	3,152	(21)	5,018

	12/31/2020	Additions	Amortiza- tion	9/30/2021
Goodwill	618	-	-	618
Softwares	70	12	(10)	72
Commercial rights	310	26	(5)	331
Tradenname	39	-	-	39
Total	1,037	38	(15)	1,060

(i) In the period ended September 30, 2022, in the Additions column, are shown the amounts related to the acquisition of the 46 commercial points from Extra Hiper stores, in the amount of R\$3.132 see note 1.1.

	9/30/2022			12/31/2021		
	Historical cost	Accumulated amortization	Net amount	Historical cost	Accumulated amortization	Net amount
Goodwill	871	(253)	618	871	(253)	618
Softwares	144	(70)	74	133	(58)	75
Commercial rights	4,300	(30)	4,270	1,160	(24)	1,136
Tradenname	39	-	39	39	-	39
	5,354	(353)	5,001	2,203	(335)	1,868
Lease - right of use:						
Assets and rights	27	(10)	17	28	(9)	19
	27	(10)	17	28	(9)	19
Total of intangible assets	5,381	(363)	5,018	2,231	(344)	1,887

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 13.1 as part of financial statements on December 31, 2021.

On December 31, 2021, the Company monitored the plan used to assess impairment for Cash Generating Units (CGUs) and concluded that there is no events which could indicate losses or the need of a new evaluation for the period ended September 30, 2022.

12.2 Additions to intangible assets for cash flow presentation purpose

	9/30/2022	9/30/2021
Additions	3,152	38
Acquisition of intangible assets - Additions	(3,132)	-
Acquisition of intangible assets - Payments Total	609	-
	<u>629</u>	<u>38</u>

13 TRADE PAYABLES

	Note	9/30/2022	12/31/2021
Product suppliers		7,664	6,422
Service providers		838	74
Service providers - related parties	9.1	25	22
Suppliers - Acquisition of Extra Stores	13.2	1,911	-
Bonuses from suppliers	13.1	(471)	(576)
Total		<u>9,967</u>	<u>5,942</u>
Current		9,263	5,942
Non-current		704	-

13.1 Bonuses from suppliers

These include bonuses and discounts from suppliers. These amounts are defined in agreements and include amounts referring to discounts by volume of purchases, joint marketing programs, freight reimbursements, and other similar programs. Settlement occurs by offsetting payable to suppliers, according to conditions foreseen in the supply agreements.

13.2 Suppliers - Acquisition of Extra Stores

As mentioned in note 1.1, in September 2022, the GPA concluded the assignment of receivables in 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 consenting of the transaction, evaluated the contractual terms of the assignment of receivables and in accordance with CPC 26 (R1) / IAS 1 - Presentation of the financial statements, concluded that there was no change in the conditions originally contracted with the GPA, maintaining the characteristic of the terms and that the payments of the installments will be made directly by the Company to the financial institution, maintaining the same due date 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.

14 FINANCIAL INSTRUMENTS

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

	Note	9/30/2022	12/31/2021
Financial assets			
Amortized cost			
Cash and cash equivalents	5	4,210	2,550
Related parties - assets	9.1	264	114
Trade receivables and other accounts receivable		164	169
Fair value through income			
Gain of financial instruments at fair value	14.6.1	122	32
Fair value through other comprehensive income			
Trade receivables with credit card companies and sales tickets		341	155
Financial liabilities			
Other financial liabilities - amortized cost			
Related parties - liabilities	9.1	(1,422)	(368)
Trade payables	13	(9,967)	(5,942)
Financing through acquisition of assets		(387)	(197)
Borrowings and financing	14.6.1	(1,220)	(1,210)
Debtenture and promissory notes	14.7	(10,574)	(6,446)
Lease liabilities	16.1	(7,416)	(4,051)
Fair value through income			
Borrowings and financing, including derivatives	14.6.1	(324)	(341)
Loss of financial instruments at fair value	14.6.1	(17)	(36)
Net exposure		<u>(26,226)</u>	<u>(15,571)</u>

The fair value of other financial instruments described on the table above approximates to the carrying amount based on the existing payments terms. Financial instruments measured at amortized cost, whose fair values differ from carrying amount are disclosed in note 14.4.

14.1 Considerations on risk factors that may affect the Company's business**14.1.1 Credit Risk****• Cash and cash equivalents**

In order to minimize credit risks, the Company adopts investments policies at financial institutions approved by the Company's Financial Committee, also taking into consideration monetary limits and financial institution evaluations, which are regularly updated.

• Trade receivables

Credit risk related to trade receivables is minimized by the fact that a large portion of sales are paid with credit cards, and the Company sells these receivables to banks and credit card companies, aiming to strengthen working capital. The sales of receivables result in derecognition of the accounts receivable due to the transfer of the credit risk, benefits and control of such assets. Additionally, regarding the trade receivables collected in installments, the Company monitor the risk through the credit concession and by period analysis of the provision for losses.

The Company also has counterparty risk related to derivative instruments, which is mitigated by the Company carrying out transactions, according to policies approved by governance boards.

There are no amounts receivable or sales that are individually, higher than 5% of trade receivables or sales.

14.1.2 Interest rate risk

The Company obtains borrowings and financing with major financial institutions for cash needs for investments. As a result, the Company is mainly exposed to relevant interest rates fluctuation risk, especially in view of derivatives liabilities (foreign currency exposure hedge) and CDI Indexed debts. The balance of cash and cash equivalents, indexed to CDI, partially offsets the interest rate risk.

14.1.3 Foreign currency exchange rate risk

The Company is exposed to exchange rate fluctuations, which may increase outstanding balances of foreign currency-denominated borrowings. The Company uses derivatives, such as swaps, aiming to mitigate the foreign currency exchange rate risk, converting the cost of debt into domestic currency and interest rates.

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 adjusts taking into account changes in the economic conditions.

The capital structure is thus demonstrated:

	9/30/2022	12/31/2021
Borrowings, financing, debentures and promissory notes	(12,135)	(8,033)
(-) Cash and cash equivalents	4,210	2,550
(-) Derivative financial instruments	122	32
Net debt	(7,803)	(5,451)
Shareholders' equity	3,595	2,766
% Net debt over Shareholders' equity	217%	197%

14.1.5 Liquidity risk management

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

The table below summarizes the aging profile of the Company's financial liabilities on September 30, 2022.

	Less than 1 year	1 to 5 years	More than 5 years	Total
Borrowings and financing	461	1,380	-	1,841
Debtenture and promissory notes	1,158	8,931	5,903	15,992
Derivative financial instruments	209	259	(1,125)	(657)
Lease liabilities	1,186	5,192	11,615	17,993
Trade payable	9,263	704	-	9,967
Total	12,277	16,466	16,393	45,136

The table above was prepared considering the undiscounted cash flows of financial liabilities based on the earliest date the Company may be required to make a payment or be eligible to receive a payment. To the extent that interest rates are floating, the non-discounted amount is obtained based on interest rate curves for the period ended September 30, 2022. Therefore, certain balances are not consistent with the balances reported in the balance sheet.

14.2 Derivative financial instruments

	Notional value		Fair value	
	9/30/2022	12/31/2021	9/30/2022	12/31/2021
Swap of hedge				
Hedge purpose (debt)	2,360	1,888	2,348	1,869
Long Position				
Fixed rate	106	106	54	60
USD + Fixed	282	282	271	281
Hedge - CRI	1,972	1,500	2,023	1,528
Short Position	(2,360)	(1,888)	(2,243)	(1,873)
Net hedge position	-	-	105	(4)

Realized and unrealized gains and losses on these contracts during the period ended September 30, 2022, are recorded as financial income or expenses and the balance receivable at fair value is R\$105 (balance payable of R\$4 on December 31, 2021). Assets are recorded as “financial instruments” and liabilities as “borrowings and financing”.

The effects of the fair value hedge recorded in the statement of operations for the period ended September 30, 2022, resulted in a gain of R\$47, recorded under debt of cost, note 23 (gain R\$12 on September 30, 2021).

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.

Fair values are calculated using projected the future cash flow, using the CDI curves and discounting to present value, using CDI market rates for swap both disclosed by the B3.

The fair value of exchange coupon swaps versus CDI rate was determined based on market exchange rates effective at the date of the financial statements and projected based on the currency coupon curves.

In order to calculate the coupon of foreign currency indexed-positions, the straight-line convention - 360 consecutive days was adopted and to calculate the coupon of CDI indexed-positions, the exponential convention - 252 business days was adopted.

14.3 Sensitivity analysis of financial instruments

The market curves (currencies and interest) of B3 were considered as the most likely scenario, in Management’s assessment, on the maturity dates of each of the operations.

Therefore, in the probable scenario (I) there is no impact on the fair value of financial instruments. For scenarios (II) and (III), for the exclusive effect, a deterioration from 5% to 10% was taken into account, respectively, on risk variables, up to one year of financial instruments.

For the probable scenario, the weighted exchange rate defined was R\$5.71 on the due date, and the weighted interest rate was 13.19% per year.

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

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

Transactions	Note	Risk (CDI Increase)	Carrying Amount	As of 9/30/2022	Market projections		
					Scenario (I)	Scenario (II)	Scenario (III)
Borrowings and financing	14.6.1	CDI + 1.48% per year	1,220	(1,227)	(482)	(493)	(503)
Borrowings and financing (fixed rate)	14.6.1	TR + 9.80%	52	(51)	(56)	(60)	(65)
Borrowings and financing (foreign currency)	14.6.1	USD + 1.06% per year	272	(271)	(23)	(37)	(52)
Debenture and promissory notes	14.6.1	CDI + 1.47% per year	10,574	(10,676)	(1,508)	(1,584)	(1,659)
Total net effect (loss)			12,118	(12,225)	(2,069)	(2,174)	(2,279)
Cash equivalents	5	86.66%		4,210	574	602	631
Net exposure loss				(8,015)	(1,495)	(1,572)	(1,648)

14.4 Fair values measurement

The Company discloses the fair value of financial instruments measured at fair value and of financial instruments measured at amortized cost, the fair value of which differ from the carrying amount, in accordance with CPC 46/IFRS 13, which refer to the requirements of measurement and disclosure. The fair value hierarchy levels are defined below:

Level 1: fair value measurement at the balance date considering quoted (unadjusted) market prices in active markets for identical assets or liabilities which the Company can access at the measure date.

Level 2: Valuation techniques for which the lowest level inputs that is significant to the fair value measurement is directly or indirectly observable, except for quoted prices included on Level 1.

Level 3: Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

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		Level
	9/30/2022	12/31/2021	9/30/2022	12/31/2021	
Trade receivables with credit cards companies and sales vouchers	341	155	341	155	2
Swaps of annual rates between currencies	(17)	(11)	(17)	(11)	2
Interest rate swaps	2	4	2	4	2
Interest rate swaps - CRI	120	3	120	3	2
Borrowings and financing (fair value)	(324)	(341)	(324)	(341)	2
Borrowings and financing (amortized cost)	(11,794)	(7,656)	(11,621)	(7,372)	2
	(11,672)	(7,846)	(11,499)	(7,562)	

There were no changes between fair value measurement hierarchy levels during the period ended September 30, 2022.

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 financial institutions: Itaú BBA, Scotiabank and BR Partners.

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

Description	Notional value	Due date	9/30/2022	12/31/2021
Debt				
USD - BRL	USD50	2023	(17)	(11)
Debt				
IPCA - BRL	R\$1,972	2028, 2029 and 2031	120	3
Interest rate swaps registered at CETIP				
Pre-fixed rate x CDI	R\$54	2027	1	2
Pre-fixed rate x CDI	R\$52	2027	1	2
Derivatives - Fair value hedge - Brazil			105	(4)

14.6 Borrowings and financing

14.6.1 Debt composition

	Weighted average	9/30/2022	12/31/2021
Current			
Debtenture and promissory notes	CDI + 1.55% per year	532	194
Borrowing costs		(22)	(14)
Total debtenture and promissory notes		510	180
Borrowings and financing			
In national currency			
Working capital	TR + 9.80%	12	14
Working capital	CDI + 1.83% per year.	26	419
Borrowing costs		(4)	(4)
Total national currency		34	429
In foreign currency			
Working capital	USD + 1.06% per year	272	1
Total in foreign currency		272	1
Total of borrowings and financing		306	430
Derivative financial instruments			
Swap contracts	CDI + 0.86% per year	(17)	(4)
Swap contracts	CDI + 1.35% per year	17	3
Total derivative financial instruments		-	(1)
Total current		816	609

	Weighted average	9/30/2022	12/31/2021
Non-current			
Debtenture and promissory notes	CDI + 1.46% per year	10,144	6,329
Borrowing costs		(80)	(63)
Total debtenture and promissory notes		10,064	6,266
Borrowings and financing			
In national currency			
Working capital	TR + 9.80%	41	47
Working capital	CDI + 1.47% per year	1,200	800
Borrowing costs		(3)	(5)
Total of national currency		1,238	842
In foreign currency			
Working capital	USD + 1.06% per year	-	279
Total of foreign currency		-	279
Total of borrowings and financing		1,238	1,121
Derivative financial instruments			
Swap contracts	CDI + 0.86% per year	(105)	(28)
Swap contracts	CDI + 1.35% per year	-	33
Total derivative financial instruments		(105)	5
Total of non-current		11,197	7,392
Total		12,013	8,001
Current asset		17	4
Non-current asset		105	28
Current liabilities		833	613
Non-current liabilities		11,302	7,420

14.6.2 Rollforward of borrowings and financing

	Value
Balance on December 31, 2020	7,763
Funding	4,353
Interest provision	356
Swap contracts	70
Mark-to-market	(2)
Exchange rate and monetary variation	(2)
Debt modification effect IFRS 9	(63)
Borrowing costs	45
Interest amortization	(297)
Principal amortization	(4,072)
Swap amortization	1
Balance on September 30, 2021	8,152
	Value
Balance on December 31, 2021	8,001
Funding	3,560
Interest provision	1,034
Swap contracts	45
Mark-to-market	(92)
Exchange rate and monetary variation	(9)
Borrowing costs	19
Interest amortization	(426)
Principal amortization	(58)
Swap amortization	(61)
Balance on September 30, 2022	12,013

14.6.3 Schedule of non-current maturities

Maturity	Value
From 1 to 2 years	2,298
From 2 to 3 years	3,719
From 3 to 4 years	556
From 4 to 5 years	398
After 5 years	4,309
Total	11,280
Borrowing cost	(83)
Total	11,197

14.7 Debenture and promissory notes

	Type	Issue amount (in thousands)	Outstanding debentures (units)	Date		Annual financial charges	Unit price (in Reals)	9/30/2022	12/31/2021
				Issue	Maturity				
First Issue of Promissory Notes - 3rd series	Non-preemptive	50	1	7/4/2019	7/4/2022	CDI + 0.72% per year	-	-	57
First Issue of Promissory Notes - 4th series	Non-preemptive	250	5	7/4/2019	7/4/2023	CDI + 0.72% per year	61,403,751	307	281
First Issue of Promissory Notes - 5th series	Non-preemptive	200	4	7/4/2019	7/4/2024	CDI + 0.72% per year	61,403,751	246	225
First Issue of Promissory Notes - 6th series	Non-preemptive	200	4	7/4/2019	7/4/2025	CDI + 0.72% per year	61,403,751	246	225
Second Issue of Debentures - 1st series	Non-preemptive	940,000	940,000	6/1/2021	5/20/2026	CDI + 1.70% per year	1,054	990	951
Second Issue of Debentures - 2nd series	Non-preemptive	660,000	660,000	6/1/2021	5/22/2028	CDI + 1.95% per year	1,055	697	668
Second Issue of Promissory Notes - 1st series	Non-preemptive	1,250,000	940,000	8/27/2021	8/27/2024	CDI + 1.47% per year	1,506	1,415	1,285
Second Issue of Promissory Notes - 2nd series	Non-preemptive	1,250,000	940,000	8/27/2021	2/27/2025	CDI + 1.53% per year	1,506	1,416	1,286
Third Issue of Debentures - 1st series - CRI	Non-preemptive	982,526	982,526	10/15/2021	10/16/2028	IPCA + 5.15% per year	1,093	1,074	1,012
Third Issue of Debentures - 2nd series - CRI	Non-preemptive	517,474	517,474	10/15/2021	10/15/2031	IPCA + 5.27% per year	1,094	566	533
Fourth Issue of Debentures - single series	Non-preemptive	2,000,000	2,000,000	1/7/2022	11/26/2027	CDI + 1.75% per year	1,051	2,103	-
First Issue of Commercial Paper Notes - single series	Non-preemptive	750,000	750,000	2/10/2022	2/9/2025	CDI + 1.70% per year	1,021	766	-
Fifth Issue of Debentures - single series - CRI	Non-preemptive	250,000	250,000	4/5/2022	3/28/2025	CDI + 0.75% per year	1,000	250	-
Sixth Issue of Debentures - 1st series - CRI	Non-preemptive	72,962	72,962	9/28/2022	9/13/2029	CDI + 0.60% per year	1,001	73	-
Sixth Issue of Debentures - 2nd series - CRI	Non-preemptive	55,245	55,245	9/28/2022	9/11/2026	CDI + 0.70% per year	1,001	55	-
Sixth Issue of Debentures - 3rd series - CRI	Non-preemptive	471,793	471,793	9/28/2022	9/13/2027	IPCA + 6.70% per year	1,000	472	-
Borrowing cost								(102)	(77)
								10,574	6,446
Current								510	180
Non-current								10,064	6,266

The Company issues debentures to strengthen its working capital, maintain its cash strategy, lengthen its debt profile and make investments. The debentures issued are unsecured, without renegotiation clauses and not convertible into shares.

14.8 Borrowings in foreign currencies

On September 30, 2022, the Company has loan in foreign currencies (US dollar) to strengthen its the working capital, maintaining its cash strategy, lengthening its indebt profile and make investments.

14.9 Guarantees

The Company signed a promissory note for a loan agreement with Scotiabank in the amount of USD50 million, which can be executed upon failure of payment of the related loan.

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 linked to CDI (floating). The annual weighted average rate CDI on September 30, 2022 was 10.90% (4.40% on December 31, 2021).

14.11 Financial covenants

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

On September 30, 2022, the Company was compliant with those ratios.

15 Provision for legal proceedings

The provision for legal proceedings is estimated by the Company and it is corroborated by its legal advisors, and such provision is recorded in sufficient amount to settle losses assessed and classified as probable.

	Tax claims	Social security and labor	Civil	Total
Balance as of December 31, 2020	169	64	49	282
Additions	38	36	7	81
Reversal	(74)	(18)	(7)	(99)
Payments	-	(14)	(26)	(40)
Monetary correction	5	4	5	14
Balance as of September 30, 2021	138	72	28	238
Restricted deposits for legal proceedings	(64)	(35)	(2)	(101)
Net provision of judicial deposits	74	37	26	137

	Tax claims	Social security and labor	Civil	Total
Balance as of December 31, 2021	109	69	27	205
Additions	5	54	10	69
Reversal	(69)	(20)	(3)	(92)
Payments	-	(23)	(13)	(36)
Monetary correction	5	5	3	13
Balance as of September 30, 2022	50	85	24	159
Restricted deposits for legal proceedings	(10)	(40)	(3)	(53)
Net provision of judicial deposits	40	45	21	106

15.1 Tax claims

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

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

The provisioned amount on September 30, 2022, for these matters is R\$50 (R\$109 on December 31, 2021).

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. On September 30, 2022, the Company recorded a provision of R\$85 (R\$69 on December 31, 2021), referring to a potential risk of loss relating to labor claims. Management, with the assistance of its legal counsels, assesses these claims and recording provisions for losses when reasonably estimated, considering previous experiences in relation to amounts claimed.

15.3 Civil

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

Among these proceedings, we highlight the following:

The Company is party to various lawsuits requesting the renewal of rental agreements and the review of the current rent paid. The Company records a 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. On September 30, 2022, the provision for these lawsuits amounted to R\$19 (R\$21 on December 31, 2021), for which there are no judicial deposits for legal proceedings.

The Company is party to certain lawsuits relating to the fines applied by inspection bodies of direct and indirect administration of the federal government, states, and municipalities, including consumer defense bodies (PROCONs, INMETRO, and local governments). The Company, assisted by its legal counsel, assesses these claims recording provisions for probable cash disbursements, according to the probability of loss. On September 30, 2022, the provision for these lawsuits is R\$5 (R\$6 on December 31, 2021).

The Company's total civil, regulatory and property claims on September 30, 2022, is R\$24 (R\$27 on December 31, 2021).

15.4 Possible contingent liabilities

The Company has other demands that were classified by Management with the advice of its external lawyers as possible, but not probable, therefore, not accrued, totaling an updated amount of R\$2,437 on September 30, 2022 (R\$2,346 on December 31, 2021). Accordingly, no provisions were recorded in connection with these proceedings, which are mainly related to:

IRPJ (corporate income tax), IRRF (withholding income tax), CSLL (social contribution on net income) – The Company received several tax assessment notices relating to tax offsetting proceedings, goodwill disallowance, disagreements regarding payments and overpayments, fines due to non-compliance with ancillary obligation, among other less relevant issues. The amount involved corresponds to R\$600 on September 30, 2022 (R\$478 on December 31, 2021).

COFINS, PIS (federal taxes on gross revenues) – The Company has been questioned about discrepancies in payments and overpayments; fine due to non-compliance with ancillary obligation, disallowance of COFINS and PIS credits, among other issues. These proceedings are pending judgment at the administrative and judicial levels. The amount involved in these tax assessments is R\$637 on September 30, 2022 (R\$609 on December 31, 2021).

ICMS (State VAT) – The Company received tax assessment notices from State tax authorities in connection with credits from: (i) purchases from suppliers' acquisitions considered unqualified by the registry of the State Revenue Service; and (ii) among others matters. These tax assessments amount to R\$1,099 on September 30, 2022 (R\$1,128 on December 31, 2021). These proceedings are pending final judgment at the administrative and judicial levels.

ISS (services tax), IPTU (urban property tax), Fees and other – The Company has received tax assessments relating to discrepancies in payments of IPTU, fines due to non-compliance with ancillary obligations, ISS – refund of advertising expenses and various fees, totaling R\$15 on September 30, 2022 (R\$13 on December 31, 2021). These proceedings are pending judgment at the administrative and judicial levels.

INSS (national institute of social security) – The Company was assessed due to the levy of payroll charges over benefits granted to its employees, among other issues, with possible losses of R\$22 on September 30, 2022 (R\$56 on December 31, 2021). Proceedings have been discussed in the administrative and judicial levels.

Other litigation – These proceedings refer to real estate lawsuits in which the Company claims the renewal of lease agreements and rents according to market prices. These lawsuits involve proceedings litigated in civil court, and special civil court, as well as administrative proceedings filed by inspection bodies, such as the consumer defense body (PROCONs), the National Institute of Metrology, Standardization and Industrial Quality – INMETRO, the National Agency of Sanitary Surveillance – ANVISA, among others, totaling R\$50 on September 30, 2022 (R\$47 on December 31, 2021).

Three collective proceedings were opened due to an approach to a customer, in August 2021 at the store in Limeira - SP, in which claim supposed racial issues. All cases were satisfactorily answered and are still in the initial phase awaiting regular progress by the judiciary. Therefore, it is still not possible to reasonably estimate the amounts involved, due to the subjectivity of the matter and the absence of precedent in the jurisprudence in collective proceedings on the subject. No significant impact on interim financial information is expected.

The Company engages external legal counsel to represent it in the tax assessments, whose fees are contingent on the final outcome of the lawsuits. Percentages may vary according to qualitative and quantitative factors of each proceeding, on September 30, 2022, the estimated amount, in case of success of all lawsuits, was approximately R\$14 (R\$15 on December 31, 2021).

15.5 Guarantees

The Company presented bank guarantees and insurance guarantee to judicial process related a civil, tax and labor nature, described below:

Lawsuits	Letter of guarantees
Tax claims	666
Social security and labor	90
Civil and others	412
Total	1,168

The guarantees cost is approximately 0.31% per year of the value of the lawsuits and it is registered as expense in the course of time.

15.6 Deduction of ICMS from the calculation basis of PIS and COFINS

Since the adoption of the non-cumulative regime to calculate PIS and COFINS, the Company has claimed the right to deduct ICMS taxes from the calculation basis of PIS and COFINS. On March 15, 2017, the STF recognized, in terms of general repercussion, the unconstitutionality of including ICMS in the PIS and COFINS calculation basis. In May 2021, the STF Plenary judged the Declaration Embargoes, in relation to the amount to be excluded from the PIS and COFINS calculation basis, if it should only be the ICMS paid, or if all the ICMS highlighted in the invoices, the STF issued a favorable decision to the taxpayers, concluding that all outstanding ICMS should be excluded from the PIS and COFINS calculation basis.

Since of such decision on March 15, 2017, the procedural progress has been as anticipated by our legal advisors without any change in the management's judgment. On December 31, 2021, with a favorable decision in its actions, the Company recorded its right in the amount of R\$216.

15.7 Restricted deposits for legal proceedings

The Company is challenging the payment of certain taxes, contributions, and labor liabilities and made judicial deposits in the corresponding amounts, as well as escrow deposits related to the provision for legal proceedings.

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

Lawsuits	9/30/2022	12/31/2021
Tax claims	11	65
Social security and labor	50	50
Civil and others	10	4
Total	71	119

16 LEASE LIABILITIES

16.1 Minimum future payments and potential right of PIS and COFINS

Leasing agreements totaled R\$7,416 on September 30, 2022 (R\$4,051 on December 31, 2021). The minimum future payments as leases, by leases term and with the fair value of minimum lease payments, are as follows:

	9/30/2022	12/31/2021
Financial lease liabilities - minimum payments		
Less than 1 year	375	244
1 to 5 years	1,549	1,231
More than 5 years	5,492	2,576
Present value of financial lease agreements	7,416	4,051
Current	375	244
Non-current	7,041	3,807
Future financing charges	10,577	4,042
Gross amount of financial lease agreements	17,993	8,093
PIS and COFINS embedded in the present value of lease agreements	451	246
PIS and COFINS embedded in the gross value of lease agreements	1,094	492

Lease liabilities interest expense is stated in note 23. The incremental interest rate of the Company on the signing date of the agreement was 12.01% in the period ended September 30, 2022 (10.53% on December 31, 2021).

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 8.57% (4.42% on December 31, 2021). The average term of the agreements analyzed is 18.78 years.

16.2 Lease obligation rollforward

	Amount
As of December 31, 2020	2,776
Addition - Lease	380
Lease modification	359
Interest provision	216
Principal amortization	(311)
Interest amortization	(4)
Write-off due to early termination of agreement	(102)
As of September 30, 2021	3,314
	Amount
As of December 31, 2021	4,051
Addition - Lease	3,005
Lease modification	479
Interest provision	547
Principal amortization	(625)
Interest amortization	(32)
Write-off due to early termination of agreement	(9)
As of September 30, 2022	7,416

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

(Expenses) revenues of the period:	9/30/2022	9/30/2021
Variables (1% of sales)	(25)	(5)
Subleases (i)	36	21

(i) It refers mainly to the revenue from rental contracts to be received from commercial galleries.

17 DEFERRED REVENUES

	9/30/2022	12/31/2021
Sale and Leaseback	145	68
Back Lights (i)	57	233
Checkstand (ii)	22	41
Commercial agreement - payroll (iii)	40	-
Marketing	13	12
Gift card and others	1	2
Total	278	356
Current	245	356
Non-current	33	-

(i) Rental of backlight panels.

(ii) Supplier product exhibition modules, or check stands and rental of displays.

(iii) Commercial agreement with a financial institution regarding exclusivity for payroll processing.

18 INCOME TAX AND SOCIAL CONTRIBUTION

18.1 Reconciliation of income tax and social contribution expense

	9/30/2022	9/30/2021
Earnings before income tax and social contribution	912	1,436
Expense of income tax and social contribution at nominal rate	(310)	(488)
Adjustments to reflect the effective rate		
Tax fines	(1)	(1)
Share of profits	12	14
Interest on Equity	-	22
ICMS subsidy - tax incentives (i)	176	-
Interest Selic credits	-	81
Current year credit	25	-
Tax benefits	-	19
Effective income tax	(98)	(353)
Income tax and social contribution for the period		
Current	(74)	(385)
Deferred	(24)	32
Income tax and social contribution expenses	(98)	(353)
Effective tax	10.7%	24.6%

(i) The Company ascertain tax benefits that are characterized as investment subsidies as provided for in Complementary Law n° 160/17 and Law n°. 12.973/14. For the period ended September 30, 2022, the Company excluded the IRPJ and CSLL calculation bases from the amount constituted in the tax incentive reserve, see note 19.4.

18.2 Breakdown of deferred income tax and social contribution

Key components of deferred income tax and social contribution in the balance sheet are the following:

	9/30/2022			12/31/2021		
	Assets	Liabilities	Net	Assets	Liabilities	Net
Deferred income tax and social contribution						
Tax losses	155	-	155	167	-	167
Provision for legal proceedings	42	-	42	59	-	59
Exchange rate variation	-	(16)	(16)	-	(7)	(7)
Goodwill tax amortization	-	(317)	(317)	-	(317)	(317)
Mark-to-market adjustment	-	(23)	(23)	1	-	1
Property, plant and equipment and intangible assets	33	-	33	33	-	33
Unrealized gains (loss) with tax credits	4	-	4	-	(28)	(28)
Cash flow hedge	-	(39)	(39)	-	(26)	(26)
Lease net of right of use	120	-	120	150	-	150
Provision for restructuring	12	-	12	-	-	-
Provision of inventory	12	-	12	15	-	15
Others	40	-	40	-	(2)	(2)
Gross deferred income tax and social contribution assets (liabilities)	418	(395)	23	425	(380)	45
Compensation	(395)	395	-	(380)	380	-
Net deferred income tax and social contribution assets (liabilities), net	23	-	23	45	-	45

Management has assessed the future realization of deferred tax assets, considering the projections of future taxable income. This assessment was based on information from the strategic planning report previously approved by the Board of Directors of the Company.

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

Years	Amount
Up to 1 year	74
From 1 year to 2 years	202
From 4 years to 5 years	5
More than 5 years	137
	418

18.3 Rollforward of deferred income tax and social contribution

	9/30/2022	12/31/2021
At the beginning of the period	45	(82)
Benefits in the period	(24)	127
Tax over other comprehensive income	1	-
Others	1	-
At the end of the period	23	45

19 SHAREHOLDERS' EQUITY

19.1 Capital stock and stock rights

The capital stock on September 30, 2022, is R\$1,258 (R\$788 on December 31, 2021), represented by 1,348,332,666 registered common shares (1,346,674,477 on December 31, 2021), all non-par and registered shares. According to the Company's bylaws, the Company's authorized capital stock may be increased up to 2 billion common shares.

On February 21, 2022, the Board of Directors approved a capital contribution in the amount of R\$1, through the issuance of 239,755 common shares.

At the Extraordinary General Meeting held on April 28, 2022, the Company approved, observing the authorized capital limit, the increase of capital stock in the amount R\$464 through the capitalization of profit reserves, without issuance new shares.

On May 9, 2022, the Board of Directors approved a capital contribution in the amount of R\$2, through the issuance of 298,919 common shares.

On July 27, 2022, the Board of Directors approved a capital contribution in the amount of R\$3, through the issuance of 1,119,515 common shares.

The Company's shareholding structure is shown as follows:

	9/30/2022		12/31/2021	
	Number of shares	Participation	Number of shares	Participation
Controlling shareholders	558,665,102	41.43%	557,857,105	41.42%
Outstanding shares	789,667,564	58.57%	788,817,372	58.58%
Total	1,348,332,666	100.00%	1,346,674,477	100.00%

19.2 Distribution of dividends

On March 28, 2022, the management's proposal was disclosed to the market in relation to the amounts of dividends and allocation of the Company's profits on December 31, 2021.

At the Annual General Meeting ("AGM") held on April 28, 2022, our shareholders voted to approve the minimum mandatory dividend in the aggregate amount of R\$224, calculated in accordance with Brazilian Corporate Law and our bylaws, with respect to the fiscal year ended December 31, 2021. This amount excludes the tax incentive reserve related to the recognition of tax credits for investment subsidy in the total amount of R\$709. Of the total dividend amount, R\$56 was paid on October 14, 2021 as interest on shareholders' equity, and the amount of R\$168 corresponding to R\$0.125038407679398 per common share, it was paid on June 27, 2022, holders of ADSs received the dividend distribution to which they were entitled through the Sendas Depositary.

19.3 Expansion Reserve

At the AGM held on April 28, 2022 the constitution of the expansion reserve in the amount of R\$631 was approved, against the profit reserve of the year 2021.

19.4 Tax incentive reserve

The tax incentive reserve by the States started to be considered subsidies for investments, deductible for the calculation of income tax and social contribution. Thus, for the period ended September 30, 2022, the Company allocated the amount of R\$540 (R\$709 on December 31, 2021) to the tax incentive reserve.

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

19.5 Share-based payment

19.5.1 Recognized Options Granted

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

Granted series	Grant date	1st exercise date	Strike price on the grant date (in reais)	9/30/2022			
				Number of shares (in thousands)			
				Grantees	Exercised	Cancelled	Current
B8	5/31/2021	6/1/2024	0.01	363	(10)	(29)	324
C8	5/31/2021	6/1/2024	13.39	363	(10)	(29)	324
B9	5/31/2022	6/1/2025	0.01	2,163	-	-	2,163
C9	5/31/2022	6/1/2025	12.53	1,924	-	-	1,924
				<u>4,813</u>	<u>(20)</u>	<u>(58)</u>	<u>4,735</u>

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

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

The table below shows the maximum percentage of dilution to which current shareholders eventually being subject to in the event that all options granted are exercised until September 30, 2022:

	9/30/2022 (in thousands)
Number of shares	1,348,332
Balance of effective stock options granted	4,735
Maximum percentage of dilution	0.35%

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 at September 30, 2022 is 20 months (series 8) and 32 months (series 9). The weighted average fair value of options granted at September 30, 2022 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\$	
At December 31, 2021	668	6.70	2.42
At September 30, 2022			
Granted during the period	4,087	5.90	
Exercised during the period	(20)	6.01	
Outstanding at the end of the period	4,735	6.01	2.78
Total to be exercised at September 30, 2022	4,735	6.01	2.78

The amount recorded in the statement of operations for the period ended September 30, 2022 were R\$9 (R\$1 on September 30, 2021).

20 NET OPERATING REVENUE

	9/30/2022	9/30/2021
Gross operating revenue		
Goods	42,113	32,912
Services rendered and others	123	80
	<u>42,236</u>	<u>32,992</u>
(-) Revenue deductions		
Returns and sales cancellation	(76)	(56)
Taxes	(3,594)	(2,594)
	<u>(3,670)</u>	<u>(2,650)</u>
Net operating revenue	<u>38,566</u>	<u>30,342</u>

21 EXPENSES BY NATURE

	9/30/2022	9/30/2021
Inventory costs	(31,817)	(24,767)
Personnel expenses	(2,313)	(1,817)
Outsourced services	(167)	(184)
Selling expenses	(597)	(452)
Functional expenses	(649)	(474)
Other expenses	(367)	(319)
	<u>(35,910)</u>	<u>(28,013)</u>
Cost of sales	(32,341)	(25,186)
Selling expenses	(2,997)	(2,371)
General and administrative expenses	(572)	(456)
	<u>(35,910)</u>	<u>(28,013)</u>

22 OTHER OPERATING EXPENSES, NET

	9/30/2022	9/30/2021
Result with property, plant and equipment and lease	(32)	14
Provision for legal proceedings	(2)	3
Restructuring expenses and others	(25)	(46)
Others	-	(1)
Total	<u>(59)</u>	<u>(30)</u>

23 NET FINANCIAL RESULT

	9/30/2022	9/30/2021
Financial income		
Cash and cash equivalents interest	108	57
Monetary correction (assets)	100	77
Other financial income	9	6
Total financial income	<u>217</u>	<u>140</u>
Financial expenses		
Cost of debt	(583)	(319)
Cost and discount of receivables	(70)	(30)
Monetary correction (liabilities)	(274)	(11)
Interest on leasing liabilities	(333)	(210)
Other financial expenses	(27)	(13)
Total financial expenses	<u>(1,287)</u>	<u>(583)</u>
Total	<u>(1,070)</u>	<u>(443)</u>

24 Earnings per share

The Company calculates earnings per share by dividing the net income, referring to each class of share, by total outstanding common shares during the period.

The table below sets forth the net income available to holders of common shares and the weighted average number of common shares outstanding used to calculate basic and diluted earnings per share in each period:

	9/30/2022	9/30/2021
Basic number:		
Allocated basic earnings and not distributed	814	1,083
Net income allocated available to common shareholders	<u>814</u>	<u>1,083</u>
Basic denominator (millions of shares)		
Weighted average of the number of shares	1,347	466
Basic earnings per million shares (R\$)	<u>0.604492</u>	<u>2.32456</u>
Diluted number:		
Allocated diluted earnings and not distributed	814	1,083
Net income allocated available to common shareholders	<u>814</u>	<u>1,083</u>
Diluted denominator (millions of shares)		
Weighted average of the number of shares	1,347	466
Weighted average of stock options plan	7	1
Diluted weighted average of shares	<u>1,354</u>	<u>467</u>
Diluted earnings per million shares (R\$)	<u>0.601392</u>	<u>2.32120</u>

25 Non-cash transactions

The Company had transactions that did not represent a cash disbursement, and therefore, such transactions were not presented in the cash flow statements, as described below:

- Acquisition of intangibles with related parties and suppliers, in notes 9.1, 12.2 and 13.3.
- Acquisition of property, plant and equipment not yet paid, in note 11.4.
- Acquisition of assets held for sale with related parties, in note 26.1.

26 ASSETS HELD FOR SALE

	9/30/2022	12/31/2021
Sale and leaseback	147	147
Extra Hiper stores (i)	95	403
	<u>242</u>	<u>550</u>

(i) As of September 30, 2022, corresponds to 1 property owned by GPA, which is sold to the Barzel Properties real estate investment fund, see note 1.1.

26.1 Additions to assets held for sale for cash flow presentation purpose

	9/30/2022
Additions	797
Acquisition of assets - Additions	(797)
Acquisition of assets - Payments	250
Total	<u>250</u>

27 SUBSEQUENT EVENTS

27.1 Capital contribution

At the meeting of the Board of Directors held on October 20, 2022, the Company approved, observing the authorized capital limit, the capital contribution in the amount of R\$3 through the issuance of 650,808 common shares.

(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 and Nine-month Periods Ended
September 30, 2022

Deloitte Touche Tohmatsu Auditores Independentes Ltda.

(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 September 30, 2022, which comprises the balance sheet as at September 30, 2022 and the related statements of operations and comprehensive income for the three and nine-month periods then ended, and changes in equity and cash flows for the nine-month period then ended, including the explanatory notes.

The Board of Directors 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 nine-month period ended September 30, 2022, prepared under the responsibility of the Company’s Board of Directors and presented 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 determine 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 this pronouncement and consistently with the interim financial information taken as a whole.

Corresponding figures audited and reviewed by other independent auditors

The corresponding figures to the balance sheet as of December 31, 2021, presented for comparison purposes, were previously audited by other independent auditors who issued an unmodified audit opinion, dated February 21, 2022. The corresponding figures to the statements of operations, comprehensive income, changes in equity, cash flows and value added for the quarter ended September 30, 2021, presented for comparison purposes, were reviewed by other independent auditors who issued an unmodified review conclusion, dated October 28, 2021.

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

São Paulo, October 20, 2022

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 nine-month period ended September 30th, 2022; and
- (ii) have reviewed, discussed and agreed with the Company's Interim Financial Information related to the nine-month period ended September 30th, 2022.

Rio de Janeiro, October 20th, 2022.

Belmiro de Figueiredo Gomes

Chief Executive Officer

Daniela Sabbag Papa

Chief Financial and Administrative Officer

Gabrielle Castelo Branco Helú

Chief Investor Relations Officer