

Conference Call Transcript

Results 4Q22

Assaí (ASAI3 BZ)

February 16th, 2023

Operator:

Good morning everyone and thank you for waiting; welcome to Assaí Atacadista's Earnings Call for the 4th quarter of 2022.

For those of you who need simultaneous translation we have this tool available on the platform, simply click on the interpretation button on the globe icon at the bottom of your screen and choose your preferred language, Portuguese or English.

This Earnings Call is being recorded and will be available on the company's IR website at ri.assai.com.br where the release is also already available.

During the company's presentation, all participants will have their microphones turned off, and soon after we will begin the questions and answers session.

To ask questions, click the #Q&A# icon at the bottom of your screen and write your #NAME#, #COMPANY#, and #LANGUAGE# to join the queue. When announced, a request to activate your microphone will appear on the screen, then you must activate your microphone to ask questions. We request that all questions be presented at once.

We would like to highlight that the information in this presentation and any statements that may be made during the videoconference, related to Assaí's business perspectives, forecasts and operational and financial targets, represent the beliefs and assumptions of the Company's Management, as well as information currently available.

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I will now pass the floor to Gabrielle Helú, the Investor Relations Officer at Assaí.

Gabrielle Helú

Hello, good morning, everyone, thank you for participating in our Q4 2022 conference call.

I want to introduce the members of Assaí's management who are present today, Belmiro Gomes, our CEO, Daniela Sabbag, our CFO, Wlamir dos Anjos Commercial and logistics VP and Anderson Castilho, Operations VP.

Before we begin our presentation, I will pass the floor to Belmiro for his initial remarks.

Belmiro Gomes

Thank you Gabi, thank you all for participating. I would like to thank you for your presence, and especially thank the Assaí team, our partners, and suppliers.

I also want to thank the company's management members, as it is due to the enormous efforts from our team and people from other companies, suppliers, partners, that we have achieved the numbers that we will see today during the presentation and the expectations we have going forward.

2022 was an extraordinary year for Assaí, perhaps one of the most important years within our growth journey, given the record conversion process we had and the opening of an all-time high volume of stores, 60 openings of new large stores throughout Brazil.

We invested more than R\$4 billion this year, and the company generated more than 16,000 new direct jobs, we became the 6th largest private employer in Brazil despite all the economic challenges, inflation, scenarios, instability, income pressure.

The company maintained its growth trend and especially its stability, and predictability, when it comes to general numbers, as well as the forecasts that we shared with the market within this project, especially this bold movement with the purchase of the hypermarkets.

So, with this we reached 108 store openings in the last 3 years, the company doubled in size in the last 3 years, and doubled many other indicators, as will be highlighted during the presentations by Wlamir, Anderson and Dani.

Especially when it comes to the execution strategy that we have implemented to manage the existing store network, and another gigantic expansion process that we could spend hours talking about with all the details, and the efforts to convert these 60 units, but I think the numbers show a lot of these characteristics and stability.

We also made some important evolutions in the model this year, we have been seeking, as mentioned during other opportunities, to improve the customer's shopping experience, regardless of their social levels.

We have worked hard to preserve our main characteristics, which is low cost, but also improve the shopping experience for the customer, regardless of the social class they are in, or as a B2B customer.

We also advanced a lot in the governance aspects, with the change in the company's bylaws, a new policy for related parties that, in our view is in line with agreements we made with shareholders and the company's board of directors to strongly evolve from a governance point of view.

I'm going to invite Wlamir, our commercial and logistics VP, to share more details about sales performance, margin and then we can come back to talk about our expectations for 2023.

Thank you very much.

Wlamir dos Anjos

Thank you Belmiro.

Good morning everyone, first of all, I would like to thank everyone as well as the Assaí team, and of course a special thanks to our suppliers.

Now we are going to talk about Q4 sales and what happened during the year.

As you can see, we ended the 4th quarter with R\$16 billion in revenue, in net sales we doubled the sales in 3 years when compared to 2019, this is also repeated when we look at the closed year.

We closed the year with 31% growth, R\$54.5 billion in revenue, the numbers are very strong, very solid, and demonstrate the resilience that Assaí has and the great stability in our business.

When we look at these numbers, I think a lot of the contribution towards this performance was from the stores we opened last year, including organic and the converted store network, which are within the ramp up that was planned, on an upward curve within company expectations.

I think it's worth mentioning, and Anderson will give you more details ahead, but with these new stores, the increase in flow and the number of customers has made us very satisfied and excited for 2023.

We continued to have inflation impacts, *trade down*, but I think we were able to reverse all of this with the inclusion of new categories, new services that we will present details about a little further ahead and also because of this increase in our customer flow.

When we look at sales and **Nielsen's measurements**, we understand that our commercial strategy is very well adjusted, very precise.

During the 4th quarter we had more than 2% share gains in the market nationally, and to give you a bit more details, looking at the state of São Paulo which was a market where we invested a lot, there were 27 stores here in the state of São Paulo, and we had an increase of 4% in the state and in the metropolitan region of São Paulo we increased our share by 5 p.p.

Even though these stores have a fairly large perimeter compared to the daily average sales in other stores, we managed to maintain our growth, we went from R\$4,500 in sales per m² to R\$4,700.

This demonstrates that even with all the innovation, with everything we have done, with the evolution of our model, our proposition remains assertive.

Now about our gross profit, It also doubled in the last 3 years, we achieved R\$2.7 billion of gross profit during the quarter and R\$9 billion in the year.

But I think that regardless of the amount of gross profit generated, I would like to emphasize the stability we brought to the gross margin in the last 4 years; you can see that both in the quarter and in the year, the variation is very small and regardless of the size of the efforts to open 60 stores, pre-operational costs, increasing the number of stores and maintaining competitiveness.

I think this shows that we have been able to balance sales and margins, as well as expenses that Anderson will talk about a little later, and still deliver very robust results.

I think the strategy is correct, and everything that was done also allowed us to deliver a better value proposition to the customer at the end, adapting the assortment in each store, for each region, for the surrounding public.

It was very assertive; we remain focused on being able to provide a good shopping experience for each customer in each region in Brazil.

I would like to take this moment and talk about the investments in our logistics structure, to support this expansion with these 60 stores this year, as we needed incremental support.

We opened 3 new **distribution centers**, we exchanged 2 smaller DCs for 2 larger DCs in Rio de Janeiro and another one in São Paulo, and we increased our storage capacity by around 40% and had a new unit opened in Belém, a small DC to service stores in the northern region.

Besides all of this, we also worked on our *back office* structure, not only to meet this investment that we made in 2022 in logistics but also considering the continuous expansion at least during the next 3 years, which we will be supported by this structure.

There is a point that I didn't end up talking about, this question will appear so I want to anticipate it.

You will see that in our working capital, especially in *Supply* we had a significant increase; this effectively was due to negotiations about genuine term increase.

Given this movement with the conversions, a gigantic expansion and also the increase in our purchase volumes, we negotiated with suppliers to have an additional payment term, and this also allowed us to relieve a bit of the cash for all of the CAPEX invested, as Belmiro mentioned during his speech.

I think that's it for me, now I will invite Anderson to give us more details about the operation. Thank you all.

Anderson Castilho

Thank you Wlamir. Good morning everyone; I want to really thank our team and our partners. We are very happy about the work achieved.

And I think to reinforce what Belmiro said, it really was a record year, with 60 stores opened considering the initial project *guidance* which was 52 stores.

We challenged ourselves to open 58 in October and we arrived at the end of the year delivering 60, I think this is an all-time high not only for Assaí, but for the entire *cash & carry segment*.

This also shows a lot of the strength, the ability that our team had to deliver this, there were 13 organic stores and 47 hypermarkets converted.

This took place in 17 states which also reinforces the complexity and strength of our regional offices when it comes to commercial, operational and marketing aspects in order to deliver this project that involved the entire company.

It was a great challenge especially in the last quarter; we opened more than 37 stores and we are talking about a project with 47 hypermarkets, which we are transforming from hyper to cash and not cash to cash, so we have a much greater challenge.

That demanded a lot from our engineering team with studies about the structural reinforcements required, as we are talking about a hypermarket with a flooring capacity for 1,000 kg / m² converted to 3,500 to 4,000 t / m², a new fire system, cooling, etc.

So we redesigned the entire property to suit our business model.

I think there are some examples that we put forward, given the size of our project, we are talking about 12,000 km of electric cables which is a lot, the equivalent to 450 Cristo statues in concrete, so I think this demonstrates the work that was carried out by the team as a whole.

And at the end of the day, what we always focused on was delivering to the customer, the employee a new store, which is air-conditioned, has good lighting, has modern equipment, standing out when compared to the rest of the market.

But maintaining a low-cost approach, when looking ahead at the future maintenance needs for these properties. I think that was always the main objective.

The customer has a very different experience compared to what he had and what he is receiving now.

When we think about low costs, we can move on to the next slide Gabi.

Here we can look at our timeline, it clearly shows the discipline of our team when we talk about expenses mainly; we are very focused on working on developing the project, bringing innovation, but always preserving the essence of the business model, low expenses.

As Belmiro said at the beginning, we deliver a new experience to customers, customers who were hyper clients before, literally feel a very big difference in the model, not the business model, but the quality of the store that we delivered which also considers the B2B audience always, for consumers that buy at our store.

At the end of the day we adapt the assortment, provide better services and the customer always seeks low prices and a little bit of all of that.

When we look at the timeline, we have a project that we have already been consolidating for more than 2 years, we have already talked about it, which is the butcher service that we expanded a little more this year and deployed in our stores.

And a specialties section that is basically just a new outfit for a service that we already provided to our customers in all Assaí stores, mainly for the transformational clients, the restaurant owners, the pizzeria, the pastry stands who need this personalized service.

We unified this, due to the size of the hyper stores that we took on and had the ability to concentrate this in a big area and provide the customer with better services and at the end of the day, search for growing sales.

I think the numbers mainly reinforce the discipline of the team, expenses on the timeline and without changing Assaí's work with constant innovation, without losing our characteristic of having low prices and low operating costs, which is what we work towards every day.

As Wlamir said, the stores have a very positive perspective, we have a very interesting flow of customers in these stores; we already had this reference in the stores that we transformed in previous years.

This continues the same path; this makes us continue to do this work, and continue with the expansion, as we imagine that we are really on the right track.

I would also like to take advantage of this moment and thank the entire operations team and the areas that were all involved in this fantastic work we delivered in 2022.

That was my part of the presentation. Thank you very much everyone and now I will invite Daniela our CFO to present.

Daniela Sabbag

Thank you Anderson. Good morning, everyone.

Well as a consequence of what has already been presented by Wlamir and Anderson, I will talk about the Ebitda slide.

So, our EBITDA doubled in 3 years, in a period where 107 stores were opened, we ended the 4th quarter with an adjusted EBITDA of R\$ 1.2 billion and a margin of 7.3%.

If we offset the effects of the pre-operating expenses related to this year's expansion, we would have an EBITDA margin in the quarter of 7.7%.

In the year, the EBITDA reached R\$ 3.9bi and a margin of 7.2% and, similarly, adjusting for pre-operational expenses, we have an EBITDA margin approaching 7.4%, which is a level that is very similar to what we delivered last year if we remove and leave the recurring stores, eliminating the effects of this expansion.

So I think when we look at this EBITDA, it is very relevant if we consider this historical expansion that we have already mentioned here with 60 openings during the year.

This profitability has been quite consistent and due to a very resilient portfolio with exceptional locations to summarize a bit of what we have already discussed and have been discussing with you.

The conversions have presented this rapid maturity in addition to the strict control of expenses that Anderson mentioned throughout the year.

So I think I would like to reinforce that there was an expectation in the market, when we talked about the store conversion project that our EBITDA margin would be around 7%, so we delivered, at the end of the day, a number that surprised us, which was 7.2%.

We are very satisfied with this result and I think that this is what I wanted to mention on this slide, we can move on to the slide about our financial results and cash generation.

We have a financial result that in the 4th quarter reached R\$ 445 million or 2.8% of the sales, we always present the analysis excluding the effects of interest on lease liabilities and with this perspective the financial expenses represented 1.7% of the sales.

This result during the year is R\$ 1.5 billion excluding the effect of liabilities of R\$ 1 billion and 1.8% from our sales, obviously here there is an important effect of the increase in interest rates, this year at 12.4%, and last year we were at 4.4%, so it is an important effect.

And also the fundraising we had to support the entire investment plan and store conversions, which were announced quarter by quarter to all of you, important fundraising, often even below which helped to lower the cost of our debt throughout the year and the amounts added up to about R\$ 4 billion.

So, our gross debt went from R\$ 8bi to R\$ 12.4bi, which explains this effect. And about the debt I think it is still worth talking about the cost of our debt which is still CDI +1.5% and an average term of 3.5 years.

So, we ended the year with net debt/ EBITDA of almost 2.2x / 2.19x precisely, well within our expectations and even a little below what I had been signaling to you, we talked about 2.5x, but there is a shift of some payments that explain part of this effect.

But going on to cash generation now, in the last 12 months we generated R\$ 4.2 billion which is an important highlight for our performance this year with an increase of almost R\$ 2 billion.

A very important part of this is coming from the operational improvements, and obviously, the greater profitability, but also from strengthening the company in central and dense regions.

So we optimized working capital management as Wlamiir pointed out and this was an important contribution to this cash generation.

Here we also present the interpretation concerning the investments of R\$ 3.6 billion with the payments of Extras hypermarkets and financial expenses impacting the net debt that I mentioned.

Obviously, this net debt for the first quarters given the seasonality, will increase a little because we have the CAPEX for the second wave of conversions that will take place now in the coming quarters.

So, this is a natural variation, but I think it is important to say that it is very much within what we planned for this project and very consistent with what we have been signaling to you and to the market.

Moving on to the next slide Gabi, just to make my final considerations on the results and then pass the floor to Belmiro.

Here we can understand the profit, the profit in the quarter of R\$ 406 million and margin of 2.5% in the year of R\$ 1.2 billion and margin of 2.2%

It is a result that we consider to be very strong, it becomes even more relevant in this context of interest rate increases that we observed during the year, in the context of all the investments that were made in expansions and highlights the resilience of our business model with robust operational leverage reflecting the rapid maturity of the stores, the success of the commercial strategy and the discipline with our expenses.

So, I think these are the final points on our results and I will invite Belmiro to present our **ESG results**.

Belmiro Gomes

Thank you Dani!

Obviously with a company this big, and all the numbers, I think the advances we had did not only come from customers and the number of stores, but we also had very strong ESG advances.

The company is very much aware of its social responsibility, given our coverage in the national territory, the size of the company, the number of employees, the number of customers served.

Then there was a series of advances, some highlights with the inclusion of Assai on ISE, the B3 index for reference companies when it comes to sustainability.

We have entered the **GPTW** index, despite having a large amount of employees, a high *turnover* rate, many hires, as one of the ten best companies to work for.

In 2022, we also created the Assaí Institute, which will be extremely important to support our performance with social projects, and the company has many initiatives within this sense.

This is very much in line with our values, especially with our culture and there is a lot of work done by the company, we are always a reference in our sector when it comes to social advances.

Whether we have issues related to including people with disabilities, issues related to a very strong pursuit for gender equality and racial issues.

The company continues focused on this; you can see a series of advances that the company achieved in 2022 regarding these themes.

Expectation for 2023: given the amount of store openings, about 108 / 107 openings in the last 3 years, 60 openings in 2022, we are keeping our investments and the company is still maintaining a very strong expansion plan for 2023.

We obviously have the objective of completing the conversions of the Extra stores that were acquired, there are 19 conversions to be performed this year and the goal of a total 40 openings, so approximately 20 organic stores.

Our goal is to overcome the 300 stores by the end of 2023.

As highlighted by Dani, we know that there was an expectation from us and the market as a whole towards a better interest rate curve, but the current curve or even current expectations do not change the company's plan, they do not change our investments towards new stores.

Considering the level of ROIC, the return on capital for the company as you are all aware is a very strong rate of return, the projects we have from the hypermarkets are the same, that is, when it comes to expectations and prospects when we execute the project as well as the organic stores.

So even if we still have pressure on the debt / EBITDA indicator within the 1st and 2nd quarters, with this wave of last year's constructions and payments calendar, the company will follow a very fast deleveraging curve.

We should end 2023 with a Net Debt/Ebitda ratio of at most two times and in 2024, this drops to 1.5x despite a slightly more aggressive interest rate scenario, perhaps a little higher than the market has predicted for that moment.

What we have seen so far in 2023, was some relief from food inflation at the end of the 4th quarter of 2022, but in January once again food had a slightly higher inflation index but there is a relief in terms of pressure.

We have seen some analysis, about how perhaps the drop in inflation could harm sales, and it is important to remember that most of the population has made strong *trade downs* in recent years.

So if you look at the historical curves in our sector, the food sector, but mainly wholesale operations, usually the same-store sales in the high inflation periods grow less than the inflation.

But it grows much more in the period with a slightly lower inflation since the population is eager to resume their shopping habits, with brands or quantities of products.

One of the ways out for the population during the period we experienced with such high food inflation, was to adjust their purchase mix.

So when you look at a consumer, which is often typical in wholesale, he has a fixed amount of money to shop during the month, and how much he can spend, regardless of the inflationary rate.

Even if inflation drops a bit, which would be very beneficial for the population, this should favor us due to the *trade down* effect that happened very strongly in the last 3 years.

So, what we've seen so far, in the conversions, is that the calendar of the fourth quarter last year may not have been as expected, just like with any construction project.

We ended up opening a lot more at the end of 2022, and now in January we already have the first *full* month for these conversions.

And the *market share* gains that Wlamir talked about in his presentation, have increased strongly now in January and February.

So Assaí goes through a total gain of more than 3 p.p. of *market share* in São Paulo, which Wlamir mentioned was 4% but now is already 5 p.p., especially the newly converted stores and this income pressure or search for best prices.

I think the combination of what we have done to promote an improvement in the shopping experience, increase the assortment, and being cautious towards keeping the operating costs very low, has been a positive combination.

We observe this in the flow, we are reaching an all-time high when it comes to increasing new customers, in January there were more than 6 million tickets than in January last year, especially due to the strong contribution of the newly opened stores.

So obviously we saw that these stores did not have such a strong impact on the margin, the company follows a strategy of the ramp up for converted stores, balancing sales and margin.

We obviously keep an eye on competitiveness and if there is a need to make an investment in margins we will, but it is not what we have been seeing so far at least.

For 2023, our expectation for EBITDA levels is similar to the reported in 2022, and the company will seek strong growth.

We are in the middle of the 1st quarter of 2023, but the growth is higher than the growth we presented in the same stores base and in the total base, which gives us much more conviction about the plan as it was executed, the way it was placed and what we presented to the market and are managing to fulfill even above what we had signaled to the market as a whole.

Also in 2023, we must have ongoing evolution in our governance, we are very much aligned with our controlling shareholder about this.

To reflect, to make the changes in our governance that are necessary for the safety of minority shareholders, including the next structure for the board of directors with the same levels of stake, placing Assaí as we have already been highlighting in other quarters or during other individual meetings, on the path to becoming a **Corporation**.

Regarding our expectations for 2023 this is it. We went a bit over time so now I will call Gabi back so we can begin our questions and answers.

Thank you very much everyone.

Gabrielle Helú

Thank you Belmiro!

We can start the #Q&A# session now, we will follow the queue here with the questions that arrived.

Operator:

Now we will start the Q&A session and would like to remind you that in order to submit a question you must click on the #Q&A# icon at the bottom of the screen and write your #NAME#, #COMPANY# and #LANGUAGE# to enter the queue.

When announced, a request to activate your microphone will appear on the screen, then you must activate your microphone to ask questions. We kindly ask that all questions be submitted at once.

Our first question is from **Daniela Eiger** Sell Side Analyst at XP.

Daniela we will activate your audio so you can proceed.

Please Daniela, go ahead.

Daniela – XP:

Thank you, good morning! Thank you for taking my question, congratulations on the results.

I have two questions, I have more actually, but I'll stick to two.

The first one is about the dynamics for growth that you mentioned which apparently is accelerating compared to what we saw in the 4th quarter, but we have seen many investors worried about an impact of a possible drop in food inflation, and this is reflected in our same store sales.

So, I wanted to understand a little bit about how you are considering this equation between price and volumes throughout the year, and how a volume recovery could contribute to this and maybe give us a bit of color regarding this. If this acceleration by any chance comes from this point.

So, I guess the first one would be this one.

And the second one I think you've even covered a little bit, this governance issue, but we think it would be cool to have a little more visibility, I think you've already shared a little bit of that in the past.

But what is Assai's mindset, perhaps from more of a medium-term perspective, towards governance.

So, it's moving towards being a Corporation and maybe this year in fact with the renewal of the board could represent the main sign that this is the path you will pursue, in agreement with your main shareholder.

Anyways, I think it would be nice to also share with us a bit more info on these discussions regarding the company's path, at a midterm regarding governance.

Thank you.

Belmiro Gomes

Perfect Dani, thank you for your questions.

I will start with the last one first, governance, yes, the path is exactly this, we have already been signaling this in our other calls but obviously, there are many points and decisions to be made.

We are very much aligned with our controlling shareholder in this sense, so the renewal of the board will be another demonstration.

Just as in the 4th quarter, the change in the policy for related parties, gave great comfort to minority shareholders, since we have almost 70% of the company's capital in *free float*.

About the new changes, whether in the bylaws, at this moment we have consulting companies that are specialized in governance processes, providing us with support for this.

So we should present more information now after the earnings release, but the path is set to Assaí to become a *corporation*.

This will be very evident during the next steps forward, whether with the composition of the new board, or even in changes in the bylaws to ensure that you can invest in a *corporation* with fragmented capital.

There is a very strong focus; mainly a very strong alignment between the company's management with the members of the board of directors and our controlling shareholder.

From the point of view of inflation, what we realized, is we had a record flow in the same stores now in January, part of this is also due to a little spacing.

So it's still a bit of a change in consumer behavior, as they have visited our shops more often, but you already notice an occasional attempt to recover the consumer's favorite brands and quantities he previously bought.

We have seen some market analysis, and sometimes the analysis is prepared by high income professionals who are not aware of the reality among the low-income population in Brazil.

So when you look at the population, for example, if you take class C and D consumers, they have a limit regarding what they can spend in the supermarket, so depending on the prices these costumers have to adapt what they can buy.

When inflation rises they do not necessarily manage to continue buying the same things, maybe an American or European consumer can, but unfortunately, this is not the reality among the Brazilian population.

But when you also have a downward movement, if you look at the historical curves just check out the low inflation period and how much were the sales in the same stores.

That is exactly when the consumer tries to buy better brands, he tries to increase his basket, tries to increase his shopping mix in various product categories.

What we saw in this period of the pandemic was that the consumer was pressured by a loss of purchasing power and made significant trade downs in some categories. I would not even like to mention this here, but we have seen a migration from one category to another, reductions in packaging size, switching a premium brand to a lower quality brand.

But consumers always desire to return to that level of consumption, and this happens very quickly, I shared an example of this yesterday during a conversation.

For example, a while ago we had a birthday campaign and in addition to prizes there was a purchase voucher for R\$100.00 that customers earned instantly at the check out.

80% of those who earned the purchase voucher of R\$100.00 returned to the store to buy more stuff, that is, this shows how as soon as there is an opportunity to lower prices or increasing income, we are also able to capture this volume of sales.

We have a trade-down effect of approximately 15 or 18% accumulated in the period of the pandemic, so obviously, this is one of the expectations in the company among other plans which also have a lot to do with this new store positioning.

When we look at **Nielsen**'s numbers now in January, we have perhaps one of the biggest advances that cash & carry had in terms of channel share and one of the biggest losses from the hypermarkets when it comes to channel share.

The hyper channel lost 2 p.p. now in January, perhaps one of the largest losses compared to January last year as there are no longer the effects of the Extra stores.

So, when you offer this customer a mix with a shopping experience our model can capture this opportunity.

I don't know if I was able to answer both of your questions Dani.

Daniela - XP

It was perfect, thank you Belmiro.

Congratulations again on the results.

Belmiro Gomes

Thank you.

Operator:

Our next question is from João Soares our Sell Side analyst at CITI. João we will activate your audio so you can proceed.

You may proceed, please, João.

João Soares – Citibank

Thank you. Good morning, everyone.

I have two points that I wanted to explore too, the first one is in relation to the EBITDA margin which came above what you were expecting, the expectation was a 50 basis points drop in 22, and it was a little better than that.

And you mentioned in the release that this is due to the rapid maturity of the converted stores.

So, I wanted to hear some of your perspectives regarding the margins and perspectives for the margins for these converted units.

We knew that there was a sign based on the historical conversion, that these margins would be better than the consolidated margin of the company, of the converted units, so we wanted to hear a little about this.

And the second point I wanted to explore is in relation to organic openings, you're talking about 20 organic openings this year, I wanted to know if this is a **run rate** and if this is a **proxy** for normalized openings during the next few years.

And I would also like to hear about where the biggest opportunities are, along with the comment that Wlamir made about expanding logistics **capabilities** in the north, I wanted to hear about this regionalization a bit. Thank you.

Belmiro Gomes

I think going back a little bit, we made the investments, Wlamir highlighted the investments in logistics.

We use logistics normally in the most central regions, in the more distant regions in Brazil, we have low on our logistics support centers since they are stores that usually built with large capacity to receive stock.

Especially those that are in more distant regions, in extremely distant regions for example Boa Vista, where they receive 100% directly from suppliers.

So, although we make the investments in logistics according to the needs in each region, to manage products with a lower turnover, which you do not have that much volume to buy directly from the supplier.

So much so that it is normal to work with a different stock period from one region to another, which was even what we presented during the Extra project. The fact that many hypermarkets are in capitals, makes them have a shorter logistical cycle either in our distribution center or from the suppliers themselves.

But the wholesale assumption remains, that is, try to receive as much as possible directly in the store.

This is why we invested in reinforcing the flooring for hypermarkets from 1t to 3t, because it is an investment that you make once, and avoid high logistical costs as it enables you to receive merchandise directly from the supplier.

On our converted margin there are really two effects, we had a series of efforts in commercial dynamics, negotiation with suppliers, and balancing this carefully.

As many of the openings are also close to regions where we already operate, and we already have stores.

So, it also doesn't make sense for you to destroy a lot of the margin, which can have an effect on the existing store network.

Obviously, we are cautious, looking at two important curves for these stores, which is the sales maturity ramp and the margin ramp up.

They are expected to have a greater margin delivery, considering the location where they are, as they service a population with a higher income level, so this is an expectation.

So, at this moment, due to some uncertainties, with a possible market competitiveness movement, for 2023 we are considering stability in the EBITDA margin.

These signs are always conservative just as last year, and if there is an opportunity to deliver more we will do so.

To capture more, to deliver more, to return the investments that were made faster, but we will not make an extremely aggressive move, to accelerate the sales ramp up by strongly destroy the margins.

So, we had very great discipline in the process with these 60 openings, by August we had almost 6 or 7 thousand pre-operational employees as you can see in the results.

Both pre-operational and operational expenses and I think the biggest highlight beyond the margin is also the level of costs we were able to operate with.

To open this number of stores we had to involve more than 3,000 support personnel in training, hiring, and to maintain stability.

There was a concern, obviously the market always has concerns, first the concern was if we would be able to open them, we were able to open them, the other was the impact the expenses would have on our margins, and now the concern is about the continuity.

I think the first two stages were very well executed, and we are extremely optimistic also now about this next stage.

Especially with the numbers that we have so far in relation to the market.

I hope I have answered your question João.

João Soares - Citibank

Yes, Belmiro you answered it.

Just the point on the **proxy** about the organic openings, does it makes sense to keep these 20 openings?

Belmiro Gomes

We can't mention this as a guide because there is a very important which is the return on capital, so much so that Assaí is recognized beyond its growth trajectory, but also because it prioritizes delivering high levels of returns.

So, for these 20 projects, they are projects that were already in progress even before the acquisition of Extra stores.

Last year we focused on hypermarket conversions, so these are projects we favored this year.

The best projects from an organic point of view balancing licensing, store maturity and margins.

But there has been a significant increase in construction costs, especially for cement, concrete and steel, which in the organic stores where you create the whole structure, especially foundations for these stores, these factors can have a greater impact. This will lead to reviewing our project portfolio.

So, we've considered at least 15 openings for the next few years. Is something you can expect.

There is also a focus in the company regarding deleveraging, in 2022 and 2023 we have kept our openings strong, obviously we already expect the curve in the 4th quarter this year to drop and deleverage.

Especially in 2024, we intend to deleverage the company a lot, because that's where the big investment period has already passed.

Because the investments now are not for store conversion costs, but also payments made to **GPA**, which end in 2024, the smallest installment is in 2024.

That is why for 2024 we already consider a net debt/ EBITDA ratio of less than one and a half times.

João Soares - Citibank

Perfect. Thank you.

Operator:

Our next question is from Maria Clara, Sell Side Analyst at Itaú.
Maria we will activate your audio so you can proceed.

Maria Clara – Itaú

Hey, guys, thanks for taking our question.

Here on Itaú's side, we wanted to explore the issue of improving the dynamics in your relationship with suppliers.

So first, from a gross margin perspective.

Is it reasonable for us to think that these more favorable terms should positively impact your profitability dynamics, looking ahead?

From a working capital perspective, does it makes sense to think that we have a new level of working capital now in the operation?

Thank you.

Belmiro Gomes

Wlamir, would you like to answer?

Wlamir dos Anjos

I can answer Belmiro. Thank you for the question Maria Clara.

Obviously, the issue of the relationship and negotiation with suppliers is constant and we sat down with suppliers and began working towards a genuine term increase as I mentioned.

Obviously, we will work to extend this now to 2023/2024 and we will continue not only negotiating terms, but also prices.

Because when we look at our stability and balance, both in gross margin and inventory levels, we can see the assertiveness in the commercial policy we can implement.

We are still negotiating deadlines to keep our working capital comfortable, so we can continue expanding and obviously also negotiating prices to maintain competitiveness.

I think that when we look at the gross margin, the working capital and expense control, we can maintain and gain more *share*.

If we take the previous 28 weeks, we gained *share* in the same stores base and total stores every week.

So, I think it shows that this relationship with suppliers has also contributed a lot to maintaining these indicators.

And the expectation is to maintain the gains we achieved in 2022.

Maria Clara - Itaú

Perfect, thank you very much.

Operator:

Now our next question is from Marcela *Recchia*, Sell Side Analyst at Credit Suisse. Marcela we will activate your audio so you can proceed. You can go ahead, Marcela.

Marcela – Credit Suisse

Hi guys good morning thanks you for taking my question. I have two questions here too.

The first one is about capitalized interest, we know that this has been a great factor for discussions throughout 2022 due to the amount of stores that were added to the base that were closed and undergoing refurbishing work.

We know that this also represented a good part of the company's profit for the year, so we see that the total was almost 60, a little more than 60% of the 2022 profit.

As the company is finishing the conversion process and opening the last stores, what can we expect throughout the 1st semester until the opening of the last conversion when it comes to capitalized interest still impacting the profit line. This is my first question.

And the second question I have is in relation to conversions, in our conference now at the beginning of the month, we had some feedback about how the conversions are already very close to a sales *uplift* of 2x to 2.5 X.

With a profitability above expectations and this is mainly due to the greater mix of sales to B2C clients.

Belmiro I wanted to hear from you about this, if this is something that you are seeing as occasional due to the macroenvironment, or if in fact, you have the opportunity to see this gross margin getting better sustainably, due to a mix that can also be better.

Thank you, guys.

Belmiro Gomes

Thank you Marcela, I will answer about the conversions and Dani will talk about the capitalized interest that has been a big factor, but it's legal and according to the rules and Dani will highlight this a bit more.

What we see from the conversions is that they follow a curve and obviously we have looked at two curves, the sales curve and the margin curve.

So, at that moment, we presented a sign of stability, because we can also always be prepared for increased competitiveness, and the need to invest in another store park.

But obviously with these stores, due to the level they have and region they are located in, we expect the best levels of margins, and the best level of working capital.

Not only because of the current situation, but mainly because we already have expertise in the other organic stores opened in central regions with other conversions and in fact we have sought for another positioning.

By expanding the customer's improved shopping experience, and assortment to reach other social classes.

We have been trying to do what is already happening in other countries when you look at the American market, for example, where almost all of the population buys in similar operations.

So, this is expected, and obviously this will depend on the discipline the company has to be able to balance this within the whole mix, we are in a country with a lot of diversity, and a lot of inequality.

This also poses a number of challenges for us to be able to work with by region within the same city sometimes, but there is an expectation concerning better margins, so we are confident about this project.

Obviously we are always a bit cautious, because there are other factors, competition, greater pressure in the market, but this is not what we are seeing at the moment at least.

We do not expect to change *our guidance*, and that's why we're being a little more cautious.

About stability, although the stores already have a performance, when we look at January and February, which are exactly in line with our plan, there is still a sales ramp up we are seeking.

So sometimes it may still be premature to make some movement like this, perhaps to increase margins or seek to capture a little more, but considering some regions where they are located I believe there is room.

We were strongly criticized for the changes in our business model, with sticks and stones, as you mentioned in an article, but we are very confident, and we are adjusting the model.

We know that any model needs to evolve, and innovation and change are necessary, we saw examples of models that even operated in our sector, or other sector that got stuck in the same model, and then the customer's needs change.

Regardless of their social class, customers want the best shopping experience, and if it is possible to deliver this while keeping costs low, we have to do it.

So, with this we can expand, people who did not imagine buying at a wholesale operation, can start buying and be surprised with the level of the experience, the level of products at the stores and the level of service.

So obviously a retail company that services with thousands of employees, and millions and millions of customers, exists beyond its commercial positioning, and it is about the way I serve my customer best.

This has been a very big concern in the company and I think the numbers have shown this consistently.

I'll ask Dani to talk about capitalized interest now.

Daniela Sabbag

Hi Marcela, well now let me answer your point.

A bit of what we have been discussing on this topic, the first point I wanted to make is about the capitalization, as Belmiro said, we follow the accounting standards and this is not something new for the company.

In our **CAPEX** disclosure there has always been a line with the capitalized interest, which is the case while the store is under construction when this capitalization occurs.

So, this logical amount became more significant due to the volume of stores this year, and we had a reduction in this line of about R\$ 100 million, which is in the explanatory note that you can read.

Obviously, this follows the store opening schedule, we ended up concentrating a little more at the end of the period, so it still has a reasonable amount impacting, but it tends to decrease a lot over these openings that we already mentioned here on the call.

As this happens, this line decreases more and more, so again it is not a new practice for us, it is an accounting standard that we follow.

Marcela – Credit Suisse

All right, Dani, if I can just do a quick follow up on the tax line.

We have seen very high volatility in this line and have even lost the reference of what is the effective tax rate for you after the **ICMS subsidies** that you started to have as a benefit.

Is there some visibility regarding what we can assume or expect as recurring, what we will have from this year on as a part that is a little more adjusted or normalized.

Daniela Sabbag

Well we had close to 70 million with an effective rate of 8.6% but in the previous quarter, in the first 9 months, I think we had published close to R\$ 60 million.

So I think there is not such a large variation, we can go into details to help you balance out the forecast for 2023.

But there will always be a variation of the subsidy because it is linked to the ICMS, so it will depend a lot on the sales mix, exempt states and categories.

So we can talk about this a bit, but you can always consider that it depends on the weight in each region and the mix you sell, but we can go deeper and think of a way to communicate this better and give the market a clearer *guidance* on this matter.

But I think the variation was very much in line with what was expected, there will always be a variation, there will not be an exact number here and I think that's the point.

Belmiro Gomes

But I think you can try Dani. Unfortunately, in Brazil tax changes are very frequent, as you can see with the recent judicial decisions.

With the effect of this subsidy, you are not in the effective income tax range, but although there are variations or eventually as there are no others, there may be some other monetization, some other credit that is not, let's say, that is not taxable for the tax that changes the rate.

But for projection purposes, you can use the average in the last 3 or 4 quarters as it will be a good average.

We can go back and see if it's a good average for future projections because this is the average we've been working on internally.

But obviously, we have seen some recent changes, some decisions, one of the big ones does not affect us, because there was nothing related.

But there are many tax related topics, and I think this year will be a year with many changes, we have seen a series of agendas on trial, changes in mindsets, a tax reform, the increase in the tax load from the states.

So, it is always difficult to calculate taxes in Brazil Marcela.

Marcela - Credit Suisse

Excellent guys, thank you so much for the answers.

Operator:

Our next question is from Vinicius Strano, Sell Side analyst at UBS. Vinicius we will enable your audio so you can proceed. You may proceed, please, Vinicius.

Vinicius Strano - UBS

Hello, good morning, everyone, thank you for taking my question.

Can you talk about the performance of the B2B channel and B2C, about volumes and what you are expecting as the mix between these 2 segments for 2023.

And also about converted stores, are you seeing significant change here in the B2B, B2C mix.

And can you give me an idea here of the audience profile that you have seen in converted stores, if you have attracted consumers with slightly higher income.

And a more specific question now, could you talk about what you have seen in relation to the evolution of occupation costs and the inflation in construction costs.

If you could share a bit on the CAPEX per opening and also the **CAPEX** for conversions and how that has evolved.

Thank you.

Belmiro Gomes

Thank you Vinicius for the question.

There is a change in the mix of customers. This was expected and is not so related to the fact that a store is a hypermarket, it is a lot more related to the regions where the stores are located.

This already happens when you have the organic openings, so at first when there is a curve ramp, and the speed in which customers adhere to a store is different between these two audiences.

But in general, what we should see within the channel is a greater share from the B2C customers.

If you look at the numbers monitored by any Nielsen institute, you will see that the penetration rate within Brazilian households has increased.

Within the B2B audience the penetration rate is practically stable, what has happened is often a change in the product category.

Since we also compete with wholesale distributors or with the distribution that the industry itself performs.

What we have seen in recent years, is the increases in logistics costs and the categories that this B2B audience sometimes bought, through door-to-door sales.

They have been choosing to buy at a store, a wholesale operation, but due to the level of population density in these stores, we expect the presence of end costumers.

It is often difficult to fully gauge this number, given that in some B2B cases there is a level of non-identification, and informality, but in these stores there is approximately 70%, 75% B2C, and 25% approximately from the B2B audience.

But it is a number that can have a 5 p.p. error margin, since it is also very common for some micro and small entrepreneurs or costumers that we consider utiliziers.

Sometimes an entrepreneur owns a clothes store, but they come to buy disposable cups, cleaning products and things that they use in the store and also buy stuff for their own homes as well.

We usually have a very strong focus on entrepreneurs, regardless of whether his store is specifically part of our sector, so we expect exactly this.

About the increased cost of construction, there is inflation, and it was perverse not only in the food sector, so this has increased costs, especially for the new stores, and organic stores.

This has a very large variation depending on the region where you are building, size of this store, foundation level, but today an organic store can cost R\$80 million or even more than that depending on the foundation level you will use for the store.

Obviously, there were also greater investments in evolutions in these store formats, which also impacted our costs in conversions.

So, we had estimated our construction costs initially on a comparable basis for an organic store of around R\$ 45 million, this number has gone over R\$ 55/60 million, often depending on the construction work, and how the reinforcements were done.

Even due to the actual size of these units that have been converted, there are stores with more than 10,000 sqm in the sales area.

And we also had a concern in making the stores look new, to avoid maintenance, and to avoid the need for a short-term renovation.

Because sometimes, you have savings when you are making the conversion, and adapting the property, and this will impact maintenance costs and OPEX in a short time frame.

So those who had the opportunity to visit, to get to know some of these stores, saw they appear new.

I hope I have answered your question Vinicius.

Vinicius - UBS

Perfect, thank you Belmiro.

Operator:

Our next question is from Vinicius Preto, a Sell Side analyst at Bank of America.

Vinicius we will enable your audio so you can proceed.

Please, you may proceed.

Vinicius Preto - BofA

Good morning everyone, thank you for taking our question and congratulations on the results.

We wanted to understand if you already had some lessons learned from the service and assortment initiatives and if this led to some adaptations for the new conversions.

Thank you.

Belmiro Gomes

Yes, there are obviously lessons learned.

This learning process was not only acquired with these stores, but already in the organic expansion plan we had.

So much so that some of these services had some pilot projects that we did not continue and many of them that were continued, and even expanded to the existing stores.

Last year in total we opened more than 100 butcher services, and obviously, we also consider each region, and depending on the customers there could be a need for expansion.

But it is part of the evolution that we have called the evolution of the model, to be able to penetrate other social classes and obviously this store network, due to its location, gives us a very large knowledge and learning base.

So, for improvements that in our view were made and others that we believe still have room to improve since there are consumers with a higher level of income and the capacity to spend a bit more within the sector as long as we can offer an adequate proposition.

We are obviously keeping secrecy regarding each specific business model, but yes there were many lessons learned.

Vinicius is this answer clear?

Vinicius Preto – UBS

Perfect Belmiro, thank you.

Operator:

Our next question is from Ruben Couto, a Sell Side analyst at Santander.
Ruben, we will activate your audio so you can proceed.

Ruben Couto - Santander

Good morning, how are you?

Wlamir mentioned the productivity increase from R\$ 4,500 to R\$ 4,700 now at the end of the year with the conversions.

I wanted to understand a little bit more about this number, and if it is exclusively in the state of São Paulo, the São Paulo metropolitan region, I considered this increase very relevant considering the maturity of these 100 stores that are open and converted.

And there is also a concern, which some people had in relation to cannibalization, and so what has been the level that you have seen from the nearby converted stores, those where there was already a store installed, has some kind of adjustment been made or has it been in line with your expectations?

Thank you.

Belmiro Gomes

Cannibalization exists, there is no way out.

We are opening in regions where we were already present, and we believe we have around 2 to 3 p.p. in the total basis.

It is normal, natural, but for the most part this happened in big cities, especially here in São Paulo, we have stores with a lot of operational pressure and we were often not able to service customers; there was often queues outside.

Also, when you consider the level of service provided, we would look at these stores and say, I need another store here in this region.

So there is an effect: it was foreseen in beginning of the project, it is within what we expected, I think the market even expected a bit more impact in the same stores and it ended up not happening.

So maybe 10.5% would have been 12.5% if there had been no stores within these regions, often close by.

And this happens with the B2B public even faster than B2C, because the businesses move around more, so often there is a product category that we are strong with, so they drive 10 km if necessary.

If you open a store 5 km from him, obviously, he starts to buy from that store, that is normal, when you do the expansion and especially when you go to a similar model as happened with this one which was an acquisition.

Despite less of an **overlap** because it would avoid competition among companies in the same group, there is a level of cannibalization and some stores were relatively close.

The sales per sqm that Belmiro highlighted reaches all of Brazil and there is a very large variation in the national territory.

And when looking at the differences in the country, purchasing power, it is often not even because you have a smaller volume in the quantity or products sold than another store.

It could simply be due to the average price, so it is normal in the northern, northeastern markets that the population has lower purchasing power.

Frequently the number of tons sold is similar to the amounts here in São Paulo, but the sale per sqm is lower because the average kg is a product with lower added value, but this average is an average for Brazil.

I hope I answered you Ruben.

Ruben Couto - Santander

Now it's clear, thank you Belmiro.

Operator:

Now we are moving on to our next question from Nicolas - Sell Side Analyst at JP Morgan. Nicolas we will enable your audio so you can proceed. You may proceed, please, Nicolas.

Nicolas Larrain – JP Morgan

Good morning everyone, thank you for taking my question.

Belmiro I wanted to go back a little to the organic expansion that you talked about, I wanted to ask you how many stores in the plan for openings you have already confirmed for 2023/2024.

And also what you have considered in the M&A scenario in the industry, do you think you have room to accelerate M&A once you already deleverage the company's balance sheet.

Thank you.

Belmiro Gomes

Thank you, Nicolas.

M&A is not what is currently in our strategy, the strategy now is to carry out these new projects because these organic stores were already in the company's landbank, that is, they are projects we were considering even before the acquisition of Extra stores.

What happened was a greater selectivity in the projects to adjust the cost of construction in this new reality with high construction costs without impacting the ROIC that the company delivers.

And M&A is not what's on our target, our goal now is to finish this project and deleverage the company, obviously, that doesn't mean it's a completely closed door.

We will always keep our eyes open so that as soon as we are deleveraged or have the conditions to do so, it could happen, but it is not the main strategy at this moment.

But I believe that maybe for 2024 and 2025, we would possibly work a little more towards this, but this is also very much linked to the company's leverage position.

Nicolas Larrain – JP Morgan

Super clear, thanks Belmiro.

Operator:

Now our next question is from Irma - Sell Side Analyst **at Goldman Sachs** Irma we will enable your audio so you can proceed. You may proceed, please, Irma.

Irma – Goldman Sachs

Good morning, thank you for taking my question.

I have two quick questions, first if you can give us an idea of the CAPEX level for 2023 and if you could remind us of the payment schedule for the Extra stores, during 2023 mainly.

And the second question is related to that first question, I wanted to understand a little better what the expectation for cash flow generation is for 23, given that you have already reached a leverage level of 2.2 times at the end of the year.

And now you have reiterated the goal of getting close to 2 times, at most 2 times by the end of the year, it seems maybe a little shy at first, obviously I understand that there is a bit of displacement, maybe there is some part of CAPEX for 23 and obviously there are still payments to be made, with higher interest.

But I just wanted to hear your thoughts about cash generation for this year.

Thank you.

Belmiro Gomes

Dani will talk about the GPA payments, and about the **CAPEX** we are finishing the numbers, we should publish them now in our annual report .

There is a **CAPEX** increase due to the organic stores, they are approximately 20 organic stores and today they require more **CAPEX**.

There is also some renovation work in our existing stores and the adoption of some services in stores that have not been implemented yet.

And since the 2022 openings happened a lot at the end of the year, with 12 in December, 12 in November, 9 in October, it's normal and quite natural that there are still a lot left. There is a significant **Carry Over** of the CAPEX from 2022 that we will now pay for in 2023, so you will see that the leverage curve will follow an increase compared to Q4.

Because the 4th quarter also ends up benefiting from the seasonality of end-of-year products, where you naturally buy with a slightly higher term.

So you'll still see now in Q1 and Q2 that it will go up a little bit, then in Q3 and Q4 it drops.

We even have room for a lower level of debt but still have uncertainties concerning interest, loading costs and even the opportunity to expand the number of stores, so we are being a little more conservative in putting this level of debt that we expect to land at the end of 2023.

And there is obviously a cost of debt, there is a relevant portion of the payment to GPA that is paid now at 23, Dani can share the flow as well.

Daniela Sabbag

Hi, Irma.

So about the payments, in the 1st quarter we have about R\$ 1.2 billion, which was a portion in March and one in June that adds up to R\$ 1.2 billion.

And in the second half of the year, as Belmiro said we have this *Carry Over* from last year, of the payments due to some delays with some store conversions

And we pay them in the 2nd semester, so you can consider about R\$ 1.2 billion in the 1st semester and R\$ 1.2 billion roughly in the 2nd semester.

That's the flow of payments that we have ahead of us.

So this also explains the leverage that Belmiro commented.

Irma – Goldman Sachs

But the R\$ 1.2 of payments to GPA, is it only these 1.2 or is there something else...?

Daniela Sabbag

No. R\$ 1.2 billion in the 1st semester and R\$ 1.2 billion in the 2nd semester and we still have a payment in 2024. Also, we have R\$ 700 million here in 2024.

Irma - Goldman Sachs

And besides that obviously there is the organic CAPEX that Belmiro commented.

Daniela Sabbag

Exactly.

Operator:

Our next question is in English and it is from Andrew Ruben, Morgan Stanley Sell Side Analyst. Andrew we will enable your audio so you can proceed. You may proceed, please, Andrew.

Andrew Ruben – Morgan Stanley

Hello thank you, I have a quick follow-up, about the non-food categories in the converted stores, what has been the sales trend versus your expectations, and do you think about adding non-food categories in your core stores...

Belmiro Gomes

Yes, because not necessarily do the converted stores where you have higher income clients, mean that you have a higher share of non-food sales.

This is a section that is very timid still in Brazil, unlike what happens in other countries with cash & carry stores, for example, when you look at the American market with COSTCO having a high share of products in this category, which is also related to higher income level among these consumers.

But there is an opportunity here in Brazil; at this time our goal is to ramp up in the categories we predominantly work with, although we have excluded some non-food items.

But the largest variety included was more related to broader scopes of brands in the categories we already operate with today, but we believe there is an opportunity.

Throughout the year, within this maturity strategy, we can have some tests, some trials, and try to offer a low price on some non-food products as well.

Especially for the higher-income consumer, where we do believe there are opportunities in these stores, but this is a secondary focus for us at the moment.

Andrew Ruben – Morgan Stanley

Thank you.

Operator:

The Q&A session is now complete and we would like to move on to the company's final remarks.

Belmiro

Well, I would like to thank everyone for participating, as I said Assaí was on our growth journey in 2022 and I think we took an extremely important step.

By the number of stores this is visible, by the number of additional people we will be servicing now in 2023.

And we are still in the investment phase, we are still in the growth phase, in the job creation phase.

In 2023, obviously there will be challenges, just as every year has its challenges, but I think our team, the politics, the consistency, the strength of the brand, especially at this time, give us great confidence that the company will continue delivering results and strong consistency.

Regardless of the adversities we often have, regarding the market, we are used to dealing with them.

Those who follow the company's journey, the numbers in the last decade will see the level of stability, and we can adjust within the business model.

So, there is a very positive expectation for 2023.

I would like once again to thank Dani, Wlamir, Anderson, Gabi for participating in call once again and thank our team for their work.

In 2023 we hope to have you with us during this growth journey with the results that the company has achieved.

Thank you all.

Operator:

The Assaí Earnings call for the 4th quarter of 2022 is finished.

The Investor Relations department is available to answer other questions and concerns.
We would like to thank all of our participants and have a good day!