

Conference Call Transcription – 2Q25

Assaí (ASA13 BZ)

August 08th, 2025

Operator:

Good morning everyone and thank you for waiting.

Welcome to the earnings call for the second quarter of 2025 at Assaí Atacadista.

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

This videoconference is being recorded and will be made available on the company's IR website, at ri.assai.com.br, where the earnings release is already available.

During the company's presentation, all participants will have their microphones turned off and then we will start the Q&A session.

To ask questions, click on the "Q&A" icon at the bottom of your screen and type in your name, company and language to join the queue. When announced, a request to activate your microphone will appear on the screen and then you must activate your microphone to ask questions. We would like to request that the questions be submitted at once.

We emphasize that the information contained in this presentation and any statements that may be made during the videoconference regarding Assaí's business prospects, projections and operational and financial goals, represent beliefs and assumptions of the company's management, as well as information that is currently available.

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Investors should understand that general economic conditions, market conditions and other operating factors may affect Assaí's future performance and lead to results that differ materially from those expressed in such forward-looking considerations.

Now, I would like to pass the floor to Gabriela Helú, the Investor Relations Officer.

Gabrielle Castelo Branco Helú - Investor Relations Officer:

Hello, good morning everyone.

Thank you for participating in our earnings call for the second quarter of 2025.

I will introduce the executives present today:

Our CEO, **Belmiro Gomes**;

Aymar Giglio Junior, our interim CFO;

Anderson Castilho, VP of Operations;

Wlamir dos Anjos, VP Commercial and Logistics;

Sandra Vicari, VP of People and Sustainability.

I will now pass the floor to Belmiro... so we can begin the presentation.

Belmiro Gomes - CEO:

Thank you, Gabi. I would also like to thank all of our vice-presidents. Pleasure to be with you here and with everyone who connected to follow our earnings call for the second quarter of 2025.

First, I want to thank our team for the work during this quarter. You have already seen some of the numbers in the release, but it is worth sharing the market context, opportunities and challenges that we have seen in 2025, especially in this second quarter.

In our assessment, the quarter was positive when looking at the set of factors: competitive environment, market scenario and consumer purchasing power. Revenues reached R\$ 21 billion, an increase of 7.2%. Same-store sales stood at 4.6%, below food inflation, which has been ranging between 7% and 7.5%. Our goal is to keep up with inflation, but the trade-down movement continues — from about 3.5% to 4% — varying according to the social class and region. Consumers still switch to cheaper products, whether due to high interest rates, high debt, high real interest rates or even the impact of sports betting.

This movement does not only affect Assaí; Our market share remained stable. We are also stable when it comes to volumes, considering the effect of reseller customers who feel the impact of very long terms granted by the market.

In this scenario of little elasticity, we followed the plan mentioned in previous quarters: store maturity, especially among converted ones. We managed to keep the expense rate stable compared to last year, despite investments in important innovation and evolution projects. In recent years we have expanded services — butchery, sliced cold cuts and deli, coffee shops and bakeries— and there

was a concern that this would increase expenses. There was also fear that central stores, with more expensive rents, would pressure the EBITDA margin. This quarter shows that this did not happen.

We delivered a pre-IFRS EBITDA margin of 5.7%, up 30 bps year-over-year. In addition, when we look at the 12-month LTM, we maintain a free cash conversion of about 90% of the EBITDA. With a much lower investment cycle than in the past, we generated R\$ 2.7 billion of free cash before interest, as a result of the EBITDA evolution, reduced investment and strong discipline in working capital — especially in the receivables policy.

The company remains focused on deleveraging. We added half a billion more in pre-IFRS EBITDA and reduced R\$ 200 million in net debt, even with the Selic at its peak, at 15%. This reduced leverage to 3.17, down 0.48 points versus Q2 2024.

About hypermarket conversions: stores in central regions — such as Campinas Abolição and Congonhas — require a healthier gross margin to compensate for the higher rent. The pre-IFRS EBITDA margin of these stores increased from 4.1% to 5.5% in the quarter, with average sales above R\$ 26 million. They are still maturing, as the oldest have just reached their third year and others have one or two years of operation.

A survey with more than 19 thousand respondents, carried out by BAIN Company, showed that we achieved high penetration in classes A, B and C, in addition to balance by gender and age group. This breaks the stigma that cash and carry only serves one type of audience, expanding our potential.

With this base, we can explore new categories and increase share in different segments. In the second half of the year, we will start our private label in the Southeast, especially SP and RJ, where logistics and scale allow for profitable operations. We continued with In-N-Out projects — tires, electronics, Airfryer — and evaluated the Farma channel. We will also launch, later this year, the Assaí card terminal for corporate customers.

Pre-IFRS EBITDA grew 12%, from R\$ 965 million to R\$ 1.079 billion, and net income went from R\$ 165 million to R\$ 264 million, including R\$ 86 million in tax credits. I will pass the floor to Aymar to talk about the debt and leverage .

Aymar Giglio Junior - Interim CFO:

Thank you very much, Belmiro. Good morning to everyone who is following us on the call.

Due to the operational context that Belmiro presented, our main financial highlight in the quarter was the operating cash generation of R\$ 3.9 billion in the last 12 months. This shows the company's ability to generate cash despite the R\$ 1.2 billion in CAPEX during the period. Free cash generation was R\$ 2.7 billion, and, after interest payments, we reduced our net debt by R\$ 200 million year-on-year. It is worth noting that, before adjusting discounted receivables, the reduction in net financial debt is R\$ 700 million in the same period.

On the table on the left, we can see that, in the second quarter of 2025, our gross debt dropped R\$ 1.3 billion compared to the same quarter of the previous year. This reflects not only the reprofiling and prepayment process, but also the absolute reduction of debt, as we have systematically refinanced less than we have paid, even in the principal, in addition to honoring the entire debt commitments.

With this cash generation and debt reduction, leverage fell by about half the EBITDA compared to the previous year. This allows us to say that we will reach guidance of around 2.6x EBITDA by the end of the year. Today, in terms of net financial debt, we are close to twice EBITDA, and, in contractual covenants, we closed the second quarter at 1.78x, considering our limit of 3x.

Next, I highlight the continuity of our reprofiling process. This work has lengthened terms and reduced the average debt spread. In the last year, the average term went from 31 to 39 months — an increase of more than 25%. The average cost fell from CDI + 1.46 to CDI + 1.28, a reduction of almost 20 bps. We believe that there is still room to reduce this spread, considering the current moment of the fixed-income market.

In addition to the 2024 operations — prepayment and postponement of R\$ 3.6 billion, with new long funding in the same amount — in the second quarter of 2025 we raised R\$ 1.5 billion to prepay R\$ 2 billion, already reflected in the balance sheet as of June 30. In July, we took advantage of a market opportunity: we prepaid a commercial note that would mature in December, of R\$ 500 million, and recapped at practically the same spread, CDI + 0.95, to mature in 2028, three years ahead.

With this, all payments for 2025 have been paid. For 2026 and 2027, the main maturities add up to, respectively, R\$ 1.2 billion and R\$ 2.4 billion, amounts that, compared to the potential for EBITDA generation in these years, do not represent a payment capacity concern. This gives us comfort to go

through a period that may still have turbulence in the financial market, without the need for new funding in 2026.

Maturities in 2028 and 2029 are a little higher, but we have practically nothing to pay from 2030 and 2031. The trend is to continue, throughout 2026, making prepayments and extending maturities from 2028 and 2029.

That's what I had to cover on the leverage and debt. Thank you.

Belmiro Gomes - CEO:

Thank you, Aymar. Finally, we present the evolution of the company's goals and policies, in addition to ESG initiatives. We are recognized for several actions of social inclusion and diversity.

Among the highlights, we exceeded a thousand employees among immigrants and refugees, as a result of the work of the gender management area in the inclusion of labor. The Solidary Kitchens project also went into operation, with ten units in more than eight states in Brazil, serving more than 530 thousand meals — more than 100% of the established goal.

The brand was recognized, by three relevant rankings, as the most valuable in food retail. Serving 500 million customers reinforcing the strength of our brand and expanding our ability to develop new initiatives.

Once again, we appear in the GPTW survey as one of the best places to work — being the best in the segment in terms of inclusion of people with disabilities, racial equity, and opportunities for women. For the fifth year in a row, we were winners in the wholesale retail and cash & carry category for customer service excellence.

In the environmental pillar, we continue to expand initiatives to reduce emissions, reuse waste and expand the composting project, already present in more than 30% of the stores.

We will now end the presentation and can go straight to the questions and answers, Gabi.

Operator:

Now we will begin the Q&A session.

Please remember that in order to ask questions, you must click on the **Q&A icon** at the bottom of the screen and write your name, company and language to join the queue.

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

We kindly request that the questions be asked at once.

Starting with, our first question which comes from João Soares, Citi.

John, we'll send you the command to enable your audio. Can you continue, please.

João Soares - City:

Thank you Rodrigo. Good morning, everyone.

First, I would like to highlight that we are now announcing a disinflation scenario, which may be relevant for the sector, considering that consumer purchasing power is already under considerable pressure, after the sharp price increases of recent years.

I would like to understand how you — and the cash and carry industry in general — are positioned in this context, especially because we have also observed a cooling of prices in categories that, in our view, should have less weight for you. If you can comment on your expectations for the year and whether this can be beneficial to boost volumes, I believe it would be very relevant.

The second point is about a mismatch observed between suppliers, inventories, and working capital. I would like to better understand this effect and how much deleveraging there could have been if we disregarded this impact. Also, how should this be reflected in the third trimester?

Belmiro Gomes - CEO:

Thank you, João. Going backwards: in the release, we mentioned the closing of the stock after July. When we look at the second quarter, the last half of June — for retail as a whole — was far below expectations, impacting all sectors. This caused the quarter's inventory to be above our target.

However, this situation is stable from the point of view of inventory, accounts receivable, and accounts payable. As we work mainly with food, we were able to quickly adjust the stock level. So much so that the higher-than-planned volume, recorded in June, was fully normalized in July.

About inflation: some categories had relevant increases, so it is expected that there will be a normalization of prices, either due to a positive harvest at the moment, or due to external effects,

such as American tariffs, which may reduce prices to the customer. Our expectation is that this will allow the consumer to allocate part of their budget to buy the original brands again.

The *trade-down phenomenon* does not only occur through the change of brand — we also observe a reduction in packaging and consumers making smaller and more frequent purchases, with less storage at home. This scenario can have a positive effect for us.

For the second half of the year, we forecast stability compared to the first. Due to seasonality, it is naturally more relevant, but we do not expect significant drops or increases in volume. Our focus is on new projects, inclusion of products and categories, assortment review — something that I highlighted in the presentation and that the commercial team has also been working on in detail in the micro categories.

I hope I have answered your question.

João Soares - Citi:

Thanks for the answer, just a quick point in relation to the *trade-down*. What are you seeing today? Is there room for improvement in the second half of the year? I understand that the volume is clear, but can this metric be a driver for acceleration or not?

Belmiro Gomes - CEO:

It should be. But there is caution in the market in signaling this, because the *trade-down* we have seen was not expected — neither last year nor this year. It is true that we have had years of high food inflation, but, considering the unemployment rate and the level of social programs received, we should not have, in some categories, the *trade-down* that is happening.

We realize that there is another phenomenon underway, withdrawing income especially from lower-class families. This becomes clear when we analyze by social class or by region of Brazil, being more intense in the Northeast. Part of this comes from new consumption habits that redirect spending. An example is the growth of sports betting, which moved R\$ 270 billion — a resource that could go to food consumption, but has been destined to gambling.

Therefore, we are cautious in stating that a price drop will necessarily lead to a reversal of the *trade-down*. Current consumer behavior is no longer what would be expected in this scenario.

João Soares - Citi:

It was super clear. Thank you.

Operator:

Our next question comes from Tales Granello, Safra. Tales, let's enable your audio so you can proceed. Can you speak, please.

Tales Granello - Vintage:

Good morning, Belmiro. Good morning, everyone. I have two questions. The first is about the higher sales tax rate this quarter — it came a little above what we expected and also in relation to last year. I would like to understand why. And the second one is about *reduflation*: you have just commented on the trade-down, but I wanted to know if you still see this movement of *reduflation* in industry or if it has already stopped.

Belmiro Gomes - CEO:

I'll quickly explain the tax issue, to see if it's clear, and then Vlamir talks a little about the packaging reduction movements.

So, this difference between net sales and gross sales has a lot to do with the movement of tax substitutions. An important example: Rio de Janeiro, which is our second largest state of sale, removed some products from the tax substitution.

When this happens, a larger portion of the tax, which was previously embedded in the cost, starts to impact the net sale — this does not change the gross sale, only net. It is a bit complex, because the Brazilian tax system is very complicated, full of frequent changes made by the states, such as including or removing categories from the tax substitution.

In the case of a withdrawal, the product is taxed under the debit and credit regime, with ICMS levied on both entry and exit, which affects the relationship between net sales and gross sales, but this does not go into the cost of goods sold (COGS).

I don't know if it has been clear so far. Now, I will move on to Vlamir, who will talk about these reductions in package size.

Vlamir dos Anjos:

Good morning everyone, thank you for the question, Thales.

Regarding reduflation, we expected a milder movement for 2025, but to our surprise — and the market's — the industry is still looking for ways to make the product fit in the consumer's pocket.

In addition to reduflation, which is not as intense as in the pandemic or at other times, this movement is still important. The industry has acted not only by reducing the size of the packages, but also by changing the chemical composition of the products.

Products such as chocolate, juices, cream and condensed milk have undergone changes in formulas to keep prices stable, which ends up, in a way, reducing the quality of the products a little.

So, in summary, the industry has been moving, either with a reduction in packaging or with these changes in formulas, so that the impact on the consumer's pocket is as small as possible.

I hope I have clarified your doubts.

Tales Granello - Vintage:

That's right, of course, Vlamir and Belmiro. Then just a follow-up in relation to all this and also to the scenario that you commented on at the beginning of the presentation and in the release itself.

Having said all this, and considering this possible accommodation of prices in the second half of the year, do you think it is possible to accelerate the level of sales a little, recover the *same store sales* compared to the first quarter? Or should the second half be warmer?

Belmiro Gomes - CEO:

There is an expectation, yes, of recovery. Obviously, there are economic conditions that can limit it, but the company's focus is precisely to recover this performance. The goal is to keep the same stores above food inflation, not below it.

Now, honestly, when we look at most of the company's bets for this recovery, they are related to the increase in *share of wallet*. I would highlight that this represents something around 70% to 80%, considering the new projects, the current customer base and the penetration in different social strata. Therefore, we do not expect a major reversal in consumer behavior or trade-down between the first and second half of the year.

In other words, there is constant work, but it is more linked to internal competitiveness, among the company's formats, such as cash and carry

The big bet for the future is on new projects, innovation and increasing the *share of wallet*. This was already part of the strategy since the acquisition of Extra, when the objective was to transform the format, breaking the stigma that it was a low-income store, making it present in all social classes and age groups.

This strategy allows new products and categories to be introduced, generating positive pressure on same-store sales.

Tales Granello - Vintage:

That's ok, Belmiro. Thank you, thank you Vlamir.

Operator:

Our next question comes from Lucca Biasi, UBS. Luca, we will enable your audio so that you can proceed. You may continue, please.

Lucca Biasi, UBS:

Good morning, everyone. Thanks for picking up our questions. There are two. First about customer mix. If you can comment a little on what you saw as the demand breakdown between individuals and companies in the second quarter, and if this has changed now in the third quarter. And the second one, about price elasticity, if you can comment on how you are seeing price elasticity in the current scenario, and if you think it makes sense to maybe be a little more competitive in price to try to gain volume. Thank you.

Belmiro Gomes - CEO:

Thank you, Luca, for the question. There were no major changes in the customer mix. About 42% of sales are to the corporate public, with the rest being final consumers. Since last year, we have observed that our competitor has adopted two strategies to gain volume: price reduction (elasticity) or increased payment term, which is especially relevant for the reseller public. According to the numbers released by the company, this competitor has extended their payment terms even more, burning a lot of cash.

However, this strategy does not seem appropriate for the moment, mainly because the reseller public is very sensitive to terms. Apart from this segment, we observe a low level of elasticity among final consumers/individuals. Tests carried out in different states (we are present in 25) show that, even with varied regional trade dynamics, the market does not have price elasticity.

Thus, reducing margins and expecting a positive effect on volume has not been confirmed.

Therefore, we have focused on the maturity of other areas, such as services, which have improved margins. If the strategy was simply to cut prices, the margin would be flat without the 27 basis point increase recorded, along with the 7 to 9% same-store growth, which did not happen.

In addition, the market share is strictly stable, confirming this assessment. Therefore, the best — or least bad — strategy at this time is the one the company has been adopting, as already signaled.

In summary, the market has not shown elasticity, and we do not see relevant changes in the customer mix so far.

Lucca Biasi, UBS:

Thank you, Belmiro.

Operator:

Our next question comes from Vitor Fuziharo, Santander.

Vitor, we will enable your audio so that you can proceed. Can you continue, please.

Vitor Fuziharo - Santander.

Good morning, everyone. Thank you for picking up our questions. The first is a follow-up on the dynamics of month-to-month deflation and the B2B segment. I would like to understand if you are already noticing this...

The second question is about the stores: you have commented a lot about the maturing process, but considering that there is still a small gap because of this process, do you think that the sales per square meter should be higher than that of the legacy network currently?

Thank you.

Belmiro Gomes - CEO:

Vitor, to the contrary, there is an important issue related to the profile and size of the stores. As hypermarkets, which usually have larger stores, they have the potential to operate with a higher sales per square meter than the traditional organic park. Part of this is still in the maturity process, whether in the lines, in the assortments that we normally work with, but another part depends on the success of the new projects.

In fact, when we decided to place the Cash & Carry operation in the North, it was not to operate 100% in the same format and with the same group of products that we had before. The goal was to reach higher social classes, which allows us to enter new product categories and expand our range. So far, this is what we are observing, and it is what we have the capacity to do.

So, yes, the new stores, especially some projects that the company has — some that I've already mentioned — if they are successful, should deliver a higher level of sales per square meter.

As for deflation, we do not see any movement of destocking, because the B2B customers do not usually stock up, especially with interest rates at the current level and the level of purchases. The final consumer is the one who makes the trade-down between categories, and this reduction in consumption impacts the entire population, not just the consumer in our format.

Even the corporate public, such as food service, operates with minimum levels of stock, and the reseller traditionally does not practice stocking. Thus, our view is that purchases will react according to sales, and not the other way around.

This scenario, including frustration with the trade-down and lower level of consumption, impacted the entire sector. Therefore, we believe that the other company also chose to increase terms and maintain margin, adopting a similar pricing strategy.

Belmiro Gomes - CEO:

Perfect Belmiro. Thank you.

Operator:

Our next question comes from Pedro Caravina, from XP. Pedro, we will enable your audio so that you can proceed. You can continue, please.

Pedro Caravina - XP:

Oops, good morning, everyone. Thanks for the space. Belmiro, I would like you to please comment a little about the private label implementation project. Anyway, if you can discuss a little about the impact that this can have in terms of margin and potential for relevance, of difference to other brands? Please.

Belmiro Gomes - CEO:

Obviously, within the limit of what can be said, given that the competitor also has access, but what do we see?

I think the big point to execute the private label project is to consider that private label in the world is around 20% of the food, in the case of Brazil it is 2 to 3%. Why does this happen? That is, so that we don't fall into the same mistakes as those who have already tried to execute the project.

This has a lot to do with the logistics, the logistics cost and the tax issue in Brazil.

So, the idea of this project now is, in some product categories, to improve the level of margin that the company has due to volumes.

There are products, when you look at Food Service, where we have more than 60% or 50% of Brazil's consumption.

There are products that we have a 40% share of Brazil.

When looking at the region inside, especially the region of São Paulo, the State of São Paulo and Rio de Janeiro, Assaí has relevant share.

And in our view, given that we had a phase in which the company was focused on the conversion of hypermarkets, on the implementation of services, recent implementation now of self-checkout, the execution of the private label project aims to improve competitiveness.

I think that in some categories our goal is to have a more competitive price, especially for the B2B customers.

And it is also an option for the consumers.

In addition, it improves margins and even generates pressure on the company's regular suppliers, given the size we have and the concentration.

The revenue, only within São Paulo and Rio de Janeiro, is more than 50% of our revenue.

So this means that you can now execute a project like this without having a high logistical cost or being subject to tax issues, which often make you produce a product with a private label here in São Paulo, but it has different taxation than other regional brands.

So the company will not lose its focus on regionality, on regional brands, but we now see an opportunity that can come from the private label project.

The project will start now in the second half of the year, the results we will obviously see in the following quarters, but there is potential for this.

Operator:

Continuing, our next question comes from Rodrigo Gastim, Itaú BBA. Rodrigo, we will enable your audio so that you can proceed. You can continue, please.

Rodrigo Gastim - BBA:

Good morning, Belmiro. Good morning, everyone. Two quick questions here. The first of them, Belmiro, taking everything you mentioned so far, from deflation, trade-down, in short, to the base effect that you had mentioned in June, to try to understand a little bit about how this third quarter began. A question that I had, in addition to the release, precisely on this point of supplier finance, which has already improved in July, perhaps matching what you mentioned, this improvement in inventory that we have seen so far in July, was it due to a recovery in the level of sales, that is, a drop in the days of inventory, or a nominal drop in the level of inventory? So, anyway, just trying to match these things to try to understand how the quarter started....I think it would help.

And the second question, you just mentioned some points of the gross margin project, but I wanted to try to detail a little more, that is, how much do you think you still have in gross margin to come from the end of the Extra project maturity? How much can you already capture from the pricing project? Can you share a little more details with us about these initiatives?

These are my questions. Thank you.

Belmiro Gomes - CEO:

Some yes, others we can't share yet. That is, when you look at the second quarter, it is obviously better, otherwise we would not have been able to regularize the inventory so quickly in July. So this improvement correction is in the number of days. I think that answers your question a little.

But, obviously, we are cautious in signaling this, because the second quarter showed this well. The performance in April and June was weak, especially in the last half of June, compared to what we had seen in April and May. July is the most positive month, right? August is just starting, so obviously there is caution because there can be a positive July, a positive August and then a more challenging September, right?

The June phenomenon had occurred last year as well. We saw a weaker June last year, right? And then a July on the way back there on vacation, during the vacation period which was stronger. But let's wait for the third quarter to move a little further to see how this behaves.

In the evolution of margins, I think that those who follow the sector, if they considered the level of margins that we operate today, gross margins, they would swear it would be impossible. So, obviously, while maintaining competitiveness, the company has sought an improvement in margins, there is still some maturing to take place, but I highlight once again, what we believe in mostly is our new projects.

Since the conversion process is now over, the implementation of the services is over, the self-checkout is now over — the self-checkout has now reached 9% of our number of tickets. Why am I highlighting this? Because obviously in the higher price scenario, it is our goal to remain as a great solution for bulk purchases, but also to be an option for day-to-day shopping.

So, this is behind the improvement of the FRV that we are producing, it is behind a series of other projects that the company has worked on.

And looking, why did we bring that slide that shows penetration by social class and age group? It's looking at that and saying: look, with this, what else can this company do?

Because, if we look at the effect of gender, social class and, especially, age group, what we see on that slide is not common. It is not common, normally, for a brand or a company to succeed: either it is very well positioned for class B, or it is well positioned for C.D.E, or it is very well positioned in a customer profile or in another customer profile.

And, in our view, Assaí is the one with the greatest penetration rate. This, on the one hand, also tells us, in our view, that if I want to sell this other category, or this other product, I will probably be successful.

Why? Because I have customers inside the store, that are loyal to the brand, who can buy. I think that's where the big bet is, that's why I've highlighted this point a lot.

Rodrigo Gastim - BBA:

Excellent, very clear, Belmiro. And just a quick curiosity, for us to understand here on our side, what happened in June in your perception with the consumer? Was it more in B2B, more in B2C? It is probably difficult to understand these movements month by month, but just a point of curiosity. Do you have any highlights regarding what happened in June?

Belmiro Gomes - CEO:

It's hard, isn't it? No, it's difficult. Honestly, when we looked — and it was in all sectors — we looked at the market, at Nielsen, at everything, the market as a whole was a reaction.

In other words, let's say, ah, because there was the peak of the cold crisis, there was another situation, there was... No.

But honestly, no. Usually what happens, when you have this movement, whether it's a calendar combination, the other month tends to be strong, right?

In other words, we don't have a cause like this that we can assess, there are assumptions with no basis to share here, Rodrigo.

Rodrigo Gastim- BBA:

Excellent, Belmiro, thank you for the answer.

Operator:

Our next question comes from Irma Sgars, Goldman Sachs. Irma, we will enable your audio so that you can proceed. You can continue, please.

Irma Sgarz – Goldman Sachs:

Hello, good morning. I wanted to ask a question about the project, the potential project of the pharmacy inside the store. Just wanted to have an update. I know that this is still being processed, that it has not yet been approved, but I would like to maybe get your insights on what the format would be like.

I understand that it would be a separate check-out, so as not to pollute the ticket of the existing store, but I just wanted to understand what this mix would be like, supply model and maybe profitability level.

I know that, obviously, there is not even a pilot yet, but I am trying to explore this theme a little more. Thanks.

Belmiro Gomes - CEO:

Thank you, Irma. It is, obviously, as you rightly said, still under discussion, we have been following the discussion that Abras has been conducting.

The way the new project was presented, because before there was a demand to sell only OTC Over-the-counter products. This was changed to a project that allows for a complete pharmacy, including a pharmacist, with the necessary segregations because there are controlled products.

From the point of view of execution capacity, we see that this is a separate department, it has its difficulties, but it is probably not more complex than a butcher shop, which we operate with refrigerated products and specialized labor.

The advantage is that many costs are already diluted in the store, such as security, rent, electricity, which a traditional pharmacy would need to bear. This can allow us to be competitive in that category.

We do not believe that the customer goes to Assaí just to buy at the pharmacy, but he can take the opportunity to buy drugs for chronic use, which are scheduled purchases. We don't expect anyone to leave the hospital and go straight to the store, but the recurring volume is interesting for the number of customers we already have.

This would put Brazil on a more mature level, like other countries in Europe, where this model is already common.

In addition, it makes room for subcategories such as vitamins and supplements, creating an area that is focused on health.

So, if approved, we believe it will be very relevant to our sector.

Irma Sgarz – Goldman Sachs:

Thank you.

Belmiro Gomes - CEO:

Thank you, Irma.

Operator:

Our next question comes from Nicolás Larrain, JP Morgan. Nicolás, we will enable your audio so that you can proceed. You can continue, please.

Nicolás Larrain, JP Morgan:

Perfect. Good morning. Thanks for taking my question, Belmiro. I have two here. You talked about new categories, new projects. Can you share with us how much these new categories are representing today in Assaí sales? Perhaps categories that the company had not sold for a year, two years. That is my first question.

And also, taking a hook from Irma's question, how is the turnover, Belmiro, and how does the working capital change now with this potential sale of pharmaceutical products? How would the structure of the company change on the inventory side, the supplier and everything else? Thank you.

Belmiro Gomes - CEO:

Thank you, Nicolás.

About Pharma, it is still too early to say, since the project needs to be approved. But it is very likely that this department reflects, from the point of view of sales, results and working capital, practices similar to those of those who already operate with medicines.

Obviously, even with sales, this participation will not be so relevant as to change the fundamentals of the company's working capital. We will simply reflect what already exists in the pharmaceutical sector today.

As for the new categories, some projects mentioned in this disclosure are still in the initial phase. Others we have already presented on last year's off-site, such as tires — Assaí has become one of the largest tire sellers in Brazil, capturing more than 4% of the national market. We also have more than 5% of the airfryer market, a new category for the company.

In our next off-site, we hope to give better visibility on participation in these categories. The great potential is yet to come, because many projects are in the beginning. Starting in the second half of the year, with the pricing project, the company will accelerate these new projects and initiatives.

Nicolás Larrain, JP Morgan:

Perfect, thank you, Belmiro.

Operator:

Continuing, let's move on to our last question. It's a question in English and it comes from Andrew Ruben, Morgan Stanley. Andrew, have enabled me your audio so that you can proceed. Can you continue, please.

Andrew Ruben - Morgan Stanley:

Hi, thank you very much for the question. I'm curious if you could give us more details about the converted stores. I think you said they achieved a little over 90% of the organic margin and a little bit more of the EBITDA margin. But if you could reflect to us a little bit about goals for these figures and how far do you think you are to the full maturity of the conversion project? Thank you again.

Belmiro Gomes - CEO:

Thank you, Andrew. In fact, the numbers we brought show that the performance is close to ideal, but the stores still have maturation ahead of them.

Most of the new projects, as we have highlighted, whether operational improvements, product assortment reviews or pricing, aim precisely to continue with the maturing of these stores.

In our view, they are at approximately 90% of the expected maturity, but there is still room for evolution.

Obviously, this movement is not standard throughout the store network, as competitiveness varies by region.

But, going back, it was exactly this project that allowed for higher penetration rate in the A.B. class.

This opens several windows of opportunity for the company to explore and add new earnings in the coming quarters and years.

Andrew Ruben - Morgan Stanley:

It makes sense. Thank you.

Operator:

The questions and answers session is closed.

Now we would like to move on to the company's final considerations.

Belmiro Gomes - CEO:

Thank you, Rodrigo.

I thank you once again and the team.

We have seen the market with competitiveness challenges. As I mentioned in some questions, we expected a scenario of more stable food inflation, but the market is difficult.

However, the company is not standing still. We have a series of innovation and development projects.

We have been protagonists in the transformation of the sector, overcoming the stigma of being focused on low-income audiences.

This opens many possibilities for us, and with hard work, we will continue to move forward.

Thank you all. Stay well and let's head to the third quarter.

Technical

The earnings call for the second quarter of 2025 at Assaí has ended.

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

Thank you very much for participating and have a great day!