PART I

ITEM 1. IDENTITY OF DIRECTORS, SENIOR MANAGEMENT AND ADVISERS

Not applicable.

ITEM 2. OFFER STATISTICS AND EXPECTED TIMETABLE

Not applicable.

ITEM 3. KEY INFORMATION

A. [*Reserved*]

B. *Capitalization and Indebtedness*

Not applicable.

C. *Reasons for the Offer and Use of Proceeds*

Not applicable.

D. *Risk Factors*

You should carefully consider the risks described below, together with all of the other information included in this annual report, in evaluating our company, the Sendas common shares and the Sendas ADSs. The following risk factors could adversely affect our business, financial condition, results of operations and the price of the Sendas common shares and the Sendas ADSs.

Risks Relating to our Industry and Us

The Brazilian cash and carry industry is sensitive to decreases in consumer purchasing power and unfavorable economic cycles.

Historically, the Brazilian cash and carry industry has experienced periods of economic slowdown that led to declines in consumer expenditures. The success of operations in the cash and carry sector depends on various factors related to consumer expenditures and consumer income, including general business conditions, interest rates, inflation, consumer credit availability, taxation, consumer confidence in future economic conditions, employment and salary levels. Reductions in credit availability and more stringent credit policies adopted by us and credit card companies may negatively affect our sales, especially for small home appliances offered in our stores. Unfavorable economic conditions in Brazil, or unfavorable economic conditions worldwide reflected in the Brazilian economy, may significantly reduce consumer expenditure and available income, particularly for lower income classes, who have less access to credit than higher income classes, more limited debt refinancing conditions and more susceptibility to be affected by increases in the unemployment rate. These conditions may have a material adverse effect on our financial condition and results of operations.

We face significant competition and pressure to adapt to changing consumer habits, which may adversely affect our market share and net income.

We operate in the cash and carry sector of the Brazilian retail industry, which is highly competitive. We compete with other retailers based on price, product mix, store location, store layout and services. Consumer habits are constantly changing and we may not be able to anticipate and quickly respond to these changes. We face intense competition from small and regional retailers, especially from those that operate in the informal segment of the Brazilian economy. We also compete with large chains in the cash and carry sector. In addition, in our markets, and particularly in the São Paulo and Rio de Janeiro metropolitan areas, we compete in the food retail sector with a number of large food retailers, general merchandise and cash and carry chains, as well as local supermarkets and independent grocery stores. See “Item 4. Information on the Company—B. Business Overview—Competition.” Acquisitions or consolidations within the industry may also increase competition and adversely affect our market share and net income.

If we are unable to compete successfully in our target markets (including by adapting our store format mix or layout, identifying locations and opening stores in preferred areas, and quickly adjusting our product mix or prices) or otherwise adjust to changing consumer habits and preferences, such as shopping on mobile devices, we may lose market share, which would adversely affect our financial condition and results of operations.

Our indebtedness could adversely affect our business.

As of December 31, 2023, we had total borrowings and debentures and promissory notes of R$14,910 million, of which R$2,067 million was classified as current borrowings and debentures and promissory notes and R$12,843 million was classified as non-current borrowings and debentures and promissory notes. If we are unable to repay or refinance our current or non-current borrowings and debentures as they mature, this would have a material adverse effect on our financial condition. Our combined indebtedness may:

- make it difficult for us to satisfy our obligations, including making interest payments on our debt obligations;
- limit our ability to obtain additional financing to operate our business;
- require us to dedicate a substantial portion of our cash flow to serve our debt, reducing our ability to use our cash flow to fund working capital, capital expenditures and other general corporate requirements;
- limit our flexibility to plan for, and react to, changes in our business and the industry in which we operate;
- place us at a competitive disadvantage relative to some of our competitors that have less debt than us;
- make us more vulnerable to increases in interest rates, resulting in higher interest costs in respect of our floating rate debt; and
- increase our vulnerability to general adverse economic and industry conditions, including changes in interest rates, lower cattle and hog prices or a downturn in our business or the economy.

In addition, any business that we acquire by borrowing additional funds may increase our leverage and make it more difficult for us to satisfy our obligations, limit our ability to obtain additional financing to operate our business, require us to dedicate a substantial portion of our cash flow to payments on our debt, reducing our ability to use our cash flow to fund working capital, capital expenditures and other general corporate requirements, and place us at a competitive disadvantage relative to some of our competitors that have less debt than us.

Certain of our debt instruments contain covenants that could limit our ability to operate our business and have other adverse consequences.

Certain of our debt instruments contain financial covenants that require us to maintain specified financial ratios, measured on a quarterly basis. See “Item 5. Operating and Financial Review and Prospects—B. Liquidity and Capital Resources—Indebtedness—Long-Term Indebtedness” for more information. Complying with these financial covenants may require that we take action to reduce debt or to act in a manner contrary to our business objectives. Events beyond our control, including changes in general business and economic conditions, may affect our ability to meet these financial ratios. We may not meet these ratios, and our creditors may not waive any failure to meet them.

Moreover, certain of our debt instruments contain restrictive covenants that limit our distribution of dividends in excess of the statutorily required minimum dividend, the transfer of our share control and the acquisition of our share control by third parties, among others corporate decisions.

Our failure to comply with any of these covenants could result in an event of default under the relevant credit facility, and any such event of default or resulting acceleration under such credit facilities could result in an event of default under other debt agreements. Our assets or cash flow may not be sufficient to fully repay borrowings under our outstanding debt agreements if accelerated upon an event of default, which could compromise the continuity of our activities, and there is no guarantee that we would be able to repay, refinance or restructure the payments on those debt agreements.

Our systems are subject to cyberattacks and security and privacy breaches, which could cause a material adverse effect on our business and reputation. In addition, we may not be able to renew or maintain in force our software license agreements.

We are subject to a broad range of cyber threats, including attacks, with varying levels of sophistication. These cyber threats are related to the confidentiality, availability and integrity of our systems and data, including our employees' and customers' confidential, classified or personal information.

Our policy enforcement mechanisms, such as monitoring systems and management oversight to address these threats may not be sufficient to prevent, detect and respond to unauthorized activity in our systems, certain types of attacks, including cyberattacks.

Furthermore, some of our suppliers and service providers may have significant access to confidential and strategic data collected by our systems, including confidential information regarding our customers.

Any unauthorized access to, or release or violation of our systems and data or those of our customers, employees, suppliers or service providers could disrupt our operations, particularly our digital operations, cause information losses and cause us to incur significant costs, including the cost of retrieving lost information, which could have a material adverse effect on our business and reputation.

Our information systems may suffer interruptions due to factors beyond our control, such as natural disasters, hacking, failures in telecommunication and computer viruses, among other factors. Any of these types of interruption may adversely affect our operations, thereby impacting our cash generation and our financial condition.

We may not be able to renew or maintain in force our software license agreements. Such agreements may be suspended or terminated without cause, due to contract breaches by us (including late payments) or due to causes beyond our control, in which case we will be prevented from using the applicable software. We cannot ensure that we will be able to replace those software in a timely manner and without major impacts to our operations. The termination of any software license agreement, even if due to causes beyond our control, may result in material adverse impacts to our business, results of operations and financial condition.

Disruptions in our information technology systems, or the inability to update them, can adversely impact our operations and inventory control.

Our operations rely on our information systems, which serves as the primary tool for managing our manufacturing process, supply chain planning, sales tracking, and inventory management.

Accidents, human errors, malfunctions, or malicious acts can cause disruptions or failures in our information technology systems, which could have significant impacts on our corporate, commercial, and operational functions. This could cause a material adverse effect on our business, operational results and reputation.

We could be materially adversely affected by violations of the Brazilian Anti-Corruption Law, the U.S. Foreign Corrupt Practices Act and similar anti-corruption laws.

Law No. 12,846, of August 1, 2013, or the Brazilian Anti-Corruption Law, Law No. 8,429, of June 2, 1992, or Administrative Improbity Law, Law No. 9,613, of March 3, 1998, or Money Laundering Law, Decree 2,848, of December 7, 1940, or the Brazilian Penal Code, the U.S. Foreign Corrupt Practices Act of 1977, or the FCPA, and similar anti-corruption laws in other jurisdictions generally prohibit companies and their intermediaries from making improper payments to government officials or other persons for the purpose of obtaining or retaining business. Recent years have seen a substantial increase in anti-corruption law enforcement activity, with more frequent and aggressive investigations and enforcement proceedings by both the U.S. Department of Justice and the SEC increased enforcement activity by non-U.S. regulators, and increases in criminal and civil proceedings brought against companies and individuals.

The Brazilian Anti-Corruption Law, introduced the concept of strict liability for legal entities involved in harmful acts against the public administration, subjecting the violator to penalties both in administrative and civil law. The Brazilian Anti-Corruption Law considers that an effective implementation of a compliance program may be used to mitigate the administrative penalties to be applied as a consequence of a harmful act against the public administration.

Our policies mandate compliance with these anti-corruption laws. We cannot assure you that our internal control policies and procedures will protect us from reckless or criminal acts committed by our employees or third party intermediaries. In the event that we believe or have reason to believe that our employees or agents have or may have violated applicable anti-corruption laws, including the FCPA, we may be required to investigate or have outside counsel investigate the relevant facts and circumstances, which can be expensive and require significant time and attention from senior management.

Failure to comply with anti-corruption laws to which we are subject or any investigations of misconduct, or enforcement actions may result in criminal or civil sanctions, inability to do business with existing or future business partners (either as a result of express prohibitions or to avoid the appearance of impropriety), injunctions against future conduct, profit disgorgements, disqualifications from directly or indirectly engaging in certain types of businesses, the loss of business permits or other restrictions which could disrupt our business and have a material adverse effect on us and our reputation.

We may not be able to renew or maintain our stores' and distribution centers' lease agreements on acceptable terms, or at all, and we may be unable to obtain or renew the operational licenses of our stores or distribution centers in a timely manner.

All of our distribution centers and 90.3% of our stores are leased. Our lease agreements are negotiated for specific terms ranging from five to 25 years and have mandatory renewal clauses, pursuant to applicable law.

The strategic location of our stores and distribution centers is key to the development of our business strategy and, as a result, we may be adversely affected in the event that a significant number of our lease agreements is terminated and we fail to renew these lease agreements on acceptable terms, or at all. In addition, in accordance with applicable law, landlords may increase rent periodically, usually every year. A significant increase in the rent of our leased properties may adversely affect our financial position and results of operations.

Moreover, our lease agreements need to be annotated in the relevant leased property's deed and registered with the competent real estate registry office to guarantee our contractual and preference rights if the leased properties is sold to a third party. Some of our leased properties do not have their respective lease agreements annotated and registered with the competent real estate registry offices, and, as a result, we may not be able to guarantee our right to continue using the leased properties if the acquirer (in the capacity of the new landlord) has no intention in continuing the lease agreement with us or if a potential renegotiated lease amounts become extremely onerous for us.

A parcel of our owned or leased real estate properties is subject to liens, encumbrances or legal restrictions annotated in their relevant property's deeds. In the event of default on the underlying obligations, the relevant creditors may proceed with the foreclosure of the guarantees, in which case the properties may be sold at auction or transferred to the name of the creditor itself to satisfy the underlying debt, resulting in the transfer of the property to third parties with whom we have no relationship whatsoever. In this sense, in the event of such foreclosure, the continuity of our operations in the properties may not be possible and may cause a negative impact on our financial position and results of operations.

Each of our stores and distribution centers are also subject to certain operational licenses and inspection reports issued by the competent municipal authorities and fire department and are required for the development of our activities. Our inability to obtain or renew these operational licenses may result in the imposition of fines, loss of insurance coverage, and, as the case may be, in the closing of stores or distribution centers. Given that smooth and uninterrupted operations in our stores and distribution centers are a critical factor for the success of our business strategy, we may be negatively affected in the case of their closing as a result of our inability to obtain or renew the necessary operational licenses.

Our product distribution is dependent on a limited number of distribution centers and we depend on the transportation system and infrastructure in Brazil to deliver our products, and any disruption at one of our distribution centers or delay related to transportation and infrastructure could adversely affect our supply needs and our ability to distribute products to our stores and customers.

As of December 31, 2023, approximately 28% of our products were distributed through our 11 distribution centers and warehouses located in the Southeast, Midwest, North and Northeast regions of Brazil. The transportation system and infrastructure in Brazil are underdeveloped and need significant investment to work efficiently and to meet our business needs.

Any significant interruption or reduction in the use or operation of transportation infrastructure in the cities where our distribution centers are located or in operations at one of our distribution centers, as a result of natural disasters, fire, landslides, accidents, systemic failures, political protests, strikes (such as the May 2018 and October and November 2022 Brazilian truckers' strike) or other unexpected causes, may delay or affect our ability to distribute products to our stores and may decrease our sales, which may have a material adverse effect on us.

Our growth strategy includes the opening of new stores which may require the opening of new distribution centers or the expansion of the existing ones to supply and meet the demand of additional stores. Our operations may be negatively affected if we are not able to open new distribution centers or expand our existing distribution centers in order to meet the supply needs of these new stores. For more information on our distribution and logistics operations, see "Item 4. Information on the Company—B. Business Overview—Distribution and Logistics."

We are dependent on credit card sales. Any changes in the policies of merchant acquirers may adversely affect us.

We are dependent on credit card sales. For the years ended December 31, 2023, 2022 and 2021, 49%, 49% and 47%, respectively, of our net operating revenue was represented by sales in installments, principally in the form of credit card sales. In order to offer credit card sales to our customers, we depend on the policies of merchant acquirers, including fees charged by acquirers. Any change in the policies of acquirers, including, for example, their merchant discount rate, may adversely affect us.

Accidents in our stores and distribution centers could have a material adverse effect on our business, results of operations and image.

Our stores are public spaces and may be subject to a series of incidents on their premises and suffer consequences beyond our stores' management control. Accidents and other unforeseeable events beyond our control, caused by human, mechanical, technological or any other events, may occur at any time in our stores and distribution centers. If any accident or other unforeseeable event occurs, it could result in inventory losses and damage to our assets, customers, employees or any persons in circulation on our premises, and our image. We may also be subject to civil and/or criminal liability, as well as to the obligation to compensate customers, including through the payment of damages. Our business, results of operations and image may be adversely affected as a result of such accidents, or as a result of the manner in which we address such accidents and/or events.

Failure to protect our employees, commercial partners, suppliers and customers database could have an adverse effect on our business, financial condition or results of operations.

We maintain a database of information about our employees, commercial partners, suppliers and customers. In Brazil, the General Data Protection Law No. 13,709/18, or LGPD, regulates the processing and limitation of personal data usage, the role of data processing agents, and created the National Data Protection Authority (*Autoridade Nacional de Proteção de Dados*), or ANPD. Before the LGPD, the matter was protected by the Brazilian Federal Constitution, the Brazilian Consumer Protection Code (Law No. 8,708/90), the Brazilian Civil Rights Framework for the Internet (Law No. 12,965/14) and other Brazilian laws.

The LGPD establishes, among other things, a legal framework related to:

- Recording activities related to personal data processing, commonly referred to as data mapping. This involves surveying and organizing information on how personal data is collected, stored, and utilized;

- Identifying of risks associated with these activities;

- Implementing measures to mitigate these risks;

- Implementing measures to mitigate these risks; and

- Implementing measures to mitigate these risks.

The ANPD has autonomy to establish rules, interact with public and private sectors and oversee the processing and use of personal data (whether through complaints or by deliberation). We must observe the LGPD in implementing security measures and processing of personal data (operations involving the collection, use, access, reproduction, processing, storage, and transfer of data that identify or make identifiable a particular person).

If we are not in compliance with the LGPD, we and our subsidiaries may be subject to penalties, separately or cumulatively, of a fine of up to 2% (two percent) of our, our group or our conglomerate revenue in Brazil considering our last fiscal year, excluding taxes, but up to the global amount of R$50 million per violation. Furthermore, we may be held responsible for material, moral, individual or collective damages caused by us and be held jointly and severally liable for such damages caused by our subsidiaries due to non-compliance with the obligations established by the LGPD.

As of February 19, 2024, the ANPD had inspected and penalized four institutions: one entity from the private sector received a fine of R$14,000.00 for non-compliance with ANPD directives, while three companies from the public sector were issued warnings and corrective measures for failing to implement security requirements and improper data usage.

Failures in our legal regime of personal data protection, as well as the non-compliance with the applicable legislation, may result in high fines, disclosure of the incident to the market, elimination of personal data from our database, and even the suspension of our activities, which may negatively affect our reputation, financial results and, consequently, the value of our securities.

We may be unable to attract or retain key personnel.

In order to support and develop our operations, we must attract and retain personnel with specific skills and knowledge. If we lose any of these key professionals, we may not be able to attract new professionals with the same qualifications. Our success also depends on the ability to identify, attract, hire, train, retain, motivate and manage highly qualified professionals in the technical, management, information technology, marketing and services areas. Competition for such highly qualified employees is intense, and we may not be able to successfully attract, hire, retain, motivate and manage such qualified professionals. If we are not capable of attracting or retaining qualified professionals to manage and expand our operations, we may not have the capacity to conduct our business successfully and, consequently, our operating and financial results may be adversely affected.

Our sales depend on our effectiveness of advertising and marketing campaigns, which can impact our sales and profitability.

We allocate significant resources to advertising and marketing campaigns, primarily on television, which we believe is the most effective medium for reaching our target audience and promoting attractiveness to our sales channels. We may experience negative impacts on our sales and profitability or fail to achieve the desired brand appreciation if these campaigns do not to meet our expected goals and objectives.

Additionally, considering that a large portion of our campaigns are aired on television, our profitability may be impacted if there is an increase in the costs of this type of advertising. Furthermore, our sales may be adversely affected as we encounter challenges in identifying changes in consumer behavior and preferences.

We may not be able to provide sufficient volume and variety of products at competitive prices or properly manage our inventory, which could cause a material adverse effect on us.

Our business depends on our ability to offer a diverse range of products at competitive prices. In our sector, we may purchase products in large quantities that we may not be able to sell efficiently and profitably, or in insufficient quantities to meet consumer demand, resulting in stockouts or unavailability of relevant merchandise.

Furthermore, we may face challenges associated with excess inventory, necessitating substantial discounts on products with limited market acceptance. We cannot guarantee that we will continue to accurately identify consumer demand and capitalize on purchasing opportunities, which could have a material adverse effect on our business and financial results.

Moreover, maintaining excessive inventory in our stores poses risks of product obsolescence, expiration, and damage due to improper handling. We are also exposed to theft and pilferage of goods in our distribution centers or during transport to our stores. The materialization of any of these risks could have a material adverse effect on our business and financial results.

We do not have a controlling shareholder or control group, which may leave us susceptible to shareholders' alliances, conflicts among shareholders and other events arising from the absence of a controlling shareholder or control group.

We do not have a controlling shareholder or control group, in fact or in law, and we have dispersed shareholding, which may make us more susceptible to the appearance of a new group of shareholders acting jointly that may exercise control and define our operations.

As such, we are susceptible to hostile takeover attempts and conflicts arising therefrom, and certain resolutions requiring a minimum quorum for installation or approval may have a lengthy approval process or may even not be approved at all, delaying our decision-making process. If a control group emerges and has decision-making power, we may experience sudden and unexpected changes in our corporate policies and strategies, including a possible replacement of directors. Any sudden or unexpected change in our management, business plan or strategic direction, any attempt to acquire control or any dispute among shareholders regarding their respective rights may adversely affect our business and results of operations.

In addition, in the event control over us is acquired by an investor or group of investors, certain of our debt obligations may be accelerated, which could materially and adversely affect our financial condition. For additional information about our indebtedness and the applicable covenants, see "Item 3. Key Information—D. Risk Factors— Risks Relating to our Industry and Us—Certain of our debt instruments contain covenants that could limit our ability to operate our business and have other adverse consequences" and "Item 5. Operating and Financial Review and Prospects—B. Liquidity and Capital Resources—Indebtedness—Long-Term Indebtedness" in the 2022 Form 20-F, which is incorporated by reference in this prospectus supplement.

We were previously part of Casino's economic group, which included other operational entities. We may be held jointly or severally liable in legal proceedings involving such entities.

Until June 2023, we were part of Casino's economic group, alongside other operational entities. These entities are involved in legal proceedings as part of their normal business activities. If they are convicted, the outcome of such proceedings may impact us jointly or severally for actions or omissions that occurred during the period when we were under Casino's common control. If we are held jointly or severally liable for such convictions, our operational and financial results and reputation may be adversely affected.

Unfavorable decisions in legal or administrative proceedings could have a material adverse effect on us.

We are party to legal and administrative proceedings related to civil, regulatory, environmental, tax and labor matters and may be a party to legal and administrative proceedings related to those or different matters in the future. We cannot assure you that pending legal proceedings will be decided in our favor. Our provisions (if made) may not be sufficient to cover the total cost arising from unfavorable decisions in legal or administrative proceedings. If all or a significant number of these proceedings have an outcome unfavorable to us, our business, financial condition and results of operations may be materially and adversely affected.

In addition, we are subject to inspection by federal, state and local authorities, including tax, labor and environmental authorities. These authorities may fine us and such fines may become administrative proceedings and, subsequently, judicial proceedings, which, if decided unfavorably to us, may have an adverse effect.

Similarly, an amount of R$1.5 billion related to a legal proceeding is identified as potential losses in note 17 of our audited financial statements included in this annual report and is guaranteed by CBD. This guarantee is a result of our previous corporate reorganization. In the event of adverse decisions, CBD may face challenges in reimbursing us, particularly in the case of economic distress.

In addition to financial provisions and the cost of legal fees associated with the proceedings, we may be required to post bonds in connection with the proceedings, which may adversely affect our financial condition. See "Item 8. Financial Information—A. Consolidated Statements and Other Financial Information—Legal and Administrative Proceedings," and note 17 to our audited financial statements included in this annual report for a description of our material litigation contingencies.

Our business depends on our brand Assaí. We may not be able to maintain and enhance our brand, or we may receive unfavorable customer complaints or negative publicity, which could adversely affect our brand.

We believe that our brand, *Assaí*, contributes significantly to the success of our business. We believe that maintaining and enhancing that brand is critical to expanding our base of customers, suppliers and vendors, which depends largely on our ability to continue to create positive customer experience, based on our competitive pricing and our large assortment of products. If we are unable to achieve it, our business and financial result may be adversely affected.

Customer complaints or negative publicity about our product offerings or services could harm our reputation and diminish consumer confidence in us. To maintain a good relationship with our customers, we must adequately train and manage our employees who are in a daily contact with our customers. We must also have a customer service team ready to efficiently and quickly solve problems and conflicts. The inability to manage or train our customer service team and our employees who are in a daily contact with our customers may compromise our ability to handle complaints effectively. If we do not effectively manage complaints, our reputation and business could be affected, as well as our customers' confidence in us.

Publicity and media coverage have a significant influence on consumer behaviors. If we are the target of negative publicity that could cause our consumers to change their purchasing habits, either with respect to our stores or with respect to our products, including as a result of product recalls or scandals related to the handling, preparation or storage of food products in our stores, we may suffer a material adverse effect.

We may not be able to protect our intellectual property rights.

Our future success depends significantly on our ability to protect our intellectual property assets, including trademarks, domain names, trade secrets and know-how.

We cannot guarantee that trademark and patent registrations will be issued by the Brazilian Institute of Intellectual Property (*Instituto Nacional da Propriedade Intelectual – INPI*) with respect to any of our applications. There is also a risk that we could inadvertently fail to renew a trademark or a domain name on a timely basis or that our competitors will challenge, invalidate or circumvent any of our existing or future intellectual property rights. Although we have put in place appropriate actions to protect our portfolio of intellectual property rights (including trademark registration and domain names), we cannot be certain that the steps we have taken will be sufficient or that third parties will not infringe upon or misappropriate our proprietary rights. Any failure in our ability to protect our proprietary rights against infringement or misappropriation could adversely affect our business, results of operations, cash flows or financial condition, and in particular, on our ability to develop our business.

In addition, third parties may claim that our products or services violate their intellectual property rights, which may lead to disputes and/or litigation related to intellectual property assets that, even if without merit, may be costly and time-consuming. Any claim related to intellectual property that is relevant to our activities may have a negative effect on our results of operations and reputation.

Our business is subject to substantial fluctuation due to the seasonal buying patterns of our customers.

Our sales and operating results may vary from quarter to quarter in accordance with seasonal fluctuations. Historically, we generate more net sales in the fourth quarter of each year, which includes the weeks leading up to and immediately following Black Friday and the Christmas sales season. Consequently, a reduction in consumer confidence in the weeks leading up to and immediately following Black Friday and the Christmas selling season would have a significant impact on our business.

Seasonality also influences our own purchasing patterns as we increase purchases of goods for seasonal activities prior to a season, which directly impacts cash flow, accounts payable and inventory levels.

In addition, seasonality affects our level of debt and working capital as we generally incur more debt during the first half of the year to finance our increased cash flow needs as a result of: (1) the payments maturity to suppliers for inventory acquired prior to the peak selling seasons; and (2) a decrease in the sales volume, which typically occurs after the Christmas sales season that extends into the first half of the following year. If we miscalculate the demand for the amount of products we will sell or the variety of products during the fourth quarter, our net sales may decline and consequently our financial performance. If our fourth quarter net sales are not high enough to fully recover our employees and advertising expenses or are lower than the targets used to determine inventory levels, such shortfall could adversely affect our operating results.

Our quarterly operating results may also vary significantly as a result of various other factors, including, among others, the timing of new product introductions and advertising and changes in product assortment. Any seasonal or quarterly fluctuations that we report in the future may not meet the expectations of investors and market analysts, and may adversely affect the price of our shares.

We face competition from internet sales, which may negatively affect sales through traditional channels, and we might not have an effective response to this competition.

In recent years, sales of food, clothing and home appliances over the internet have increased significantly in Brazil, and we expect this trend to continue as more traditional retailers enter into the online retail field or expand their existing infrastructure related to internet sales. For example, a large multinational e-commerce company recently announced that it would focus more resources on its Brazilian business. Internet retailers are able to sell directly to consumers, reducing the importance of traditional distribution channels such as cash and carry stores, supermarkets and retail stores. Certain internet food retailers have significantly lower operating costs than traditional hypermarkets and supermarkets because they do not rely on an expensive network of retail points of sale or a large workforce. As a result, internet food retailers are able to offer their products at lower prices than we do and in certain cases are able to bypass intermediaries in the cash and carry segment and deliver products directly to consumers. We believe that our customers are increasingly using the internet to shop electronically for food and other retail goods, and that this trend is likely to continue.

Additionally, technology employed in retail sales of food and home appliances evolves constantly as part of a modern digital culture. We may not be able to adapt to these changes quickly enough to meet our customers' demands and preferences, as well as standards of the industry in which we operate.

We cannot provide any assurance that our strategy will be successful in meeting customer demands or maintaining our market share in light of our competitors' internet businesses. If internet sales in Brazil continue to grow, (i) consumers' reliance on traditional distribution channels such as our cash and carry stores could be materially diminished, and (ii) revenues from our distribution channels may be significantly reduced, which could have a material adverse effect on our financial condition and results of operations.

Losses not covered by our insurance may result in a material adverse effect on our business.

We cannot guarantee that our insurance coverage will always be available or will always be sufficient to cover any damages arising from any type of claim. In addition, there are certain types of risks that may not be covered by our policies, such as accidents, war, force majeure or certain business interruptions. We cannot guarantee that when our current insurance policies expire, we will be able to renew them on favorable and sufficient terms.

Claims that are not covered by our policies or the inability to renew our insurance policies may adversely and substantially affect us. In the case of insured events, insurance policy coverage is conditional upon the payment of the related premium. Our failure to pay these premiums coupled with the occurrence of a claim could place us at risk, given that damages, even if insured, would not be subject to coverage by the insurer.

We may encounter difficulties in opening and operating new stores, which may hinder our expansion plans and adversely affect our sales and results of operations.

Our growth depends on our success in opening and operating new stores, as well as in the conversion of some of our existing stores to new formats. We are subject to risks and uncertainties regarding future events that may limit or prevent the opening of new stores, which may adversely affect the trading price of our securities.

The ability to successfully open and operate new stores depends on a number of factors, some of which are beyond our control. These factors include our ability to negotiate leases on acceptable terms and to identify suitable locations for new stores, which involves properly collecting and analyzing demographic and market data to determine whether there is sufficient demand for our products in such chosen locations. We may not be able to obtain financing on acceptable terms once our decision is made to open a new store.

We may also face difficulties in offering the right merchandise that meets our customers' needs and preferences in those regions. In addition, the opening of new stores requires adjustments in stock levels, which may cause increase of our costs with new hiring, training and retention of qualified personnel for such stores. We may not be able to satisfactorily integrate new stores into existing operations or obtain the necessary government licenses. A failure to open new stores in a timely and cost-effective manner and in accordance with our strategic plans could adversely affect our business and results of operations.

Unfavorable decisions or unfolding of investigations in judicial or administrative proceedings involving members of our board of directors or executive officers may have a material adverse effect on us.

Members of our board of directors or executive officers may become defendants and/or be summoned to testify in administrative or judicial proceedings, in civil, criminal, tax and labor lawsuits not related to us, but such initiation and/or results may adversely affect them and negatively impacting our reputation. A conviction in criminal proceedings could prevent them from exercising their functions for us.

If any future investigations, unfolding of any ongoing investigations or allegations involving members of our board of directors or executive officers emerge, the results of our operations and the price of our shares may be adversely affected.

We cannot guarantee that our service providers or suppliers do not engage in irregular practices.

Given the decentralization and outsourcing of our service providers' operations and our suppliers' production chains, we cannot guarantee that they will not have issues regarding working conditions, ethical and environmental matters, sustainability, outsourcing the provision or production chain and improper safety conditions, or that they will not engage in these irregular practices to lower service or product costs.

Furthermore, some of our partners use online services and are subject to Brazilian regulations and laws specifically governing the internet and electronic commerce. These regulations and laws may also cover taxation, user privacy, data protection, pricing, content, copyright, distribution, electronic contracts and other communications, customer protection, provision of online payment services, home internet access in broadband and characteristics and quality of products and services.

If we fail to comply with these regulations and laws or our partners are held accountable for such non-compliance, our image, reputation and consumers' perception about our products could be damaged, which could adversely affect our net operating income, operating results, as well as the price of the Sendas common shares and the Sendas ADSs.

Some categories of products that we sell are principally acquired from a few suppliers and changes in this supply chain could adversely affect our business.

Some categories of products that we sell are principally acquired from a few suppliers. Notably, we procure our beverage and beef products mainly from five suppliers. The products provided by these suppliers represented approximately 16.1% of our total sales for the year ended December 31, 2023. If any of these suppliers is not able to supply the products in the quantity and at the frequency that we normally acquire them, and we are not able to replace the supplier on acceptable terms or at all, we may be unable to maintain our usual level of sales in the affected category of product, which may have a material adverse effect on our business and operations and, consequently, on our results of operations.

Restrictions of credit availability to consumers in Brazil and Brazilian government rules and interventions affecting financial operations may adversely affect our sales volumes and operations, and we are exposed to risks related to customer financing and loans.

Sales in installments are an important component of the result of operations for Brazilian non-food retailers. Despite a decrease in the unemployment rate in Brazil from 13.2% on December 31, 2021 to 9.3% on December 31, 2022 and 7.8% on December 31, 2023, such rate remained high. The high unemployment rate in Brazil, combined with relatively high interest rates (the basic interest rate in Brazil, the SELIC rate, reached 11.75% on December 31, 2023, as compared to 13.75% on December 31, 2022 and 9.25% on December 31, 2021) resulted in less credit availability to consumers in Brazil.

Our sales volumes, particularly for non-food products, and, consequently, our results of operations may be adversely affected if the credit availability to consumers is reduced, or if Brazilian government policy restricts the granting of credit to consumers.

Additionally, we are involved through FIC in extending credit to customers through our partnership with Itaú Unibanco Holding S.A. FIC exclusively offers credit cards, financial services and insurance coverage at our stores. For more information on FIC, see “Item 4. Information on the Company—B. Business Overview—FIC.”

FIC is subject to the risks normally associated with providing financing services, including the risk of default on the payment of principal and interest and any mismatch of cost and maturity of our funding in relation to the cost and maturity of financing to customers, which could have a material adverse effect on us.

Furthermore, FIC is a financial institution regulated by the Central Bank and is therefore subject to extensive regulation. The regulatory structure of the Brazilian financial system is continuously changing. Existing laws and regulations may be amended, and their application or interpretation may also change, and new laws and regulations may be adopted. FIC and, therefore, we, may be adversely affected by regulatory changes, including those related to:

- minimum capital requirements;
- requirements for investment in fixed capital;
- credit limits and other credit restrictions;
- accounting requirements;
- intervention, liquidation and/or temporary special management systems; and
- interest rates.

Brazilian government rules and intervention may adversely affect our operations and profitability more than those of a competitor without financial operations.

We are subject to the risk of ratings reassessments.

If our operational performance deteriorates or there is a decline in our cash generation, our ratings may be negatively impacted. Downgrades in our ratings could lead to increased cost in raising new funds, reducing our investment capacity, which could negatively affect our operational results, reputation and the value of our securities.

We may be held responsible for consumer incidents involving adverse reactions after consumption of products sold by us.

Products sold in our stores may cause consumers to suffer adverse reactions. Incidents involving these products may have a material adverse effect on our operations, financial condition, results of operations and reputation. Legal or administrative proceedings related to these incidents may be initiated against us, with allegations, among others, that our products were defective, expired, damaged, adulterated, contaminated, do not contain the properties advertised or do not contain adequate information about possible side effects or interactions with other chemical substances. Any actual or possible health risk associated with these products, including negative publicity related to these risks, may lead to a loss of confidence among our customers regarding the safety, efficacy and quality of the products sold in our stores. Any allegation of this nature made against our brand or products sold in our stores may have a material adverse effect on our operations, financial condition, results of operations and reputation.

Health risks related to the food industry may adversely affect our ability to sell food products.

We are subject to risks affecting the food industry generally, including contamination or spoilage of food, evolving nutritional and health concerns by our customers, product adulteration, and the public perception of product safety for the food industry as a whole, including as a result of disease outbreaks or the fear of such outbreaks. Even in a scenario where the products we sell are not affected by contamination, the food industry could face negative publicity if the food from producers or other retailers were to be contaminated, which can result in negative public perception about the safety of food products, a fear of outbreaks, and a reduction in demand for food products in the affected category. The widespread loss of consumer confidence in the safety and quality of food products, and any related real or perceived health risks, could have a material adverse effect on us.

Our inability to implement stakeholder- and community-oriented social measures where our stores are located, including promotion of respect, diversity and inclusion, could negatively affect our reputation.

In recent years, the regulatory and self-regulatory Brazilian capital markets authorities, investors and society have shown to be increasingly attentive to the adoption by the issuers of securities of: (1) environmental practices, as the implementation of measures to reduce impacts on the environment; (2) social practices, as the commitment toward their employees, suppliers and the community; and (3) governance practices, as the performance of actions to efficiently and responsibly apply financial and human resources (ESG). In the social aspect, the effective implementation of social practices depends on continuous, dynamic and systematic identification, as well as a thorough understanding of the main characteristics and demands of the stakeholders with whom the issuer relates and interacts, and with the communities that influence or are influenced by its business, in order to assess the potential risks and impacts generated by its operations on such people and communities.

If we are unable to implement effective social measures in the places where we operate, periodic training with employees to raise awareness about the importance of this subject, implement specific internal processes, hire and allocate teams dedicated to it, and perform coercive measures to prevent our stakeholders from practicing acts that are not aligned with the pillars of respect, diversity and inclusion, our reputation and our customers' perception about us may be negatively impacted, which may adversely affect the results of our operations.

If we are unable to implement effective stakeholder- and community-oriented social measures where we operate, including those listed above, our reputation and perception of our customers about us may be negatively affected, which may adversely affect the results of our operations.

We are subject to environmental laws and regulations and any non-compliance may adversely affect our reputation and financial position.

We are subject to a number of federal, state and municipal laws and regulations relating to the preservation and protection of the environment. Among other obligations, these laws and regulations establish environmental licensing requirements and standards for the release of effluents, gaseous emissions, management of solid waste and protected areas. We incur expenses for the disposal and handling of wastes at our stores, distribution centers and headquarters.

Any failure to comply with those laws and regulations may subject us (and our officers and directors) to administrative and criminal sanctions, in addition to the obligation to remediate or indemnify others for the damages caused. According to the Brazilian Federal Decree No. 6,514, of July 22, 2008, such sanctions may include, among others, the imposition of fines ranging from R$50 to R$50 million, the cancellation of our licenses or revocation of authorizations, and the temporary or permanent suspension of our activities, besides to the obligation to repair any environmental damage we may have caused. Those sanctions may adversely affect the operation of our stores, as well as our reputation, cash availability and operating results.

We cannot ensure that these laws and regulations will not become stricter. If they do, we may be required to increase, perhaps significantly, our capital expenditures and costs to comply with these environmental laws and regulations. Unforeseen environmental investments may reduce available funds for other investments and could materially and adversely affect us.

Combating risks related to climate change requires continuous improvement of our environmental management practices.

The focus on environmental issues and how companies manage possible negative impacts on business have increased due to the actions of developed countries and the interests of a new class of investors. We are subject to extensive federal, state and municipal legislation related to the preservation and protection of the environment and to the environmental licensing and management of our stores and distribution centers. Among other obligations, such legislation establishes requirements and standards for licenses or authorizations related to effluents, refrigerant gases, solid waste management and protected areas.

Compliance with legislation, as well as combating risks related to climate changes, requires continuous improvement of our environmental management practices and has to be incorporated into our expansion strategy, as well as the modernization of our equipment, cleaner energy sources and increased energy efficiency, with investments in tropicalized technologies and management of our service providers (national and regions) that reflect our current growth challenge.

We make use of refrigerated gases in the refrigeration systems in our stores. The maintenance required on the equipment and the replacement of gases results in emissions of gases that contribute to climate change. If we are questioned and eventually condemned as a result of such practices, we may be subject to sanctions, which may adversely affect our image and reputation.

In addition, when considering supply chain emissions, it is required extensive mapping and engagement regarding emissions calculation. We may be required to significantly increase our investments and costs in order to comply with such new standards and legislation, which may lead to significant disbursements for us.

Inadequate management of solid residues generated in our facilities and eventual contamination may adversely affect our business.

Pursuant to Brazilian Federal Law No. 12,305, of August 2, 2010, we are subject to the management of solid waste rules and are responsible for the segregation, storage, transportation and final disposal of our waste in an environmentally appropriate manner. We may have to repair any environmental damage resulting from the inadequate management of our waste.

If soil or underground water contamination is identified in the properties where we are located, we may be held liable and compelled to remediate such contamination, bearing the costs involved. The environmental legislation determines that the owner and/or possessor of a property that is located in a contaminated area may, regardless of whether it has actually caused such contamination, be held liable and compelled by both environmental agencies and the public prosecution service to perform the rehabilitation of the contaminated area through remediation and recovery of associated damage. Such remediation processes tend to extend over long periods of time and may involve the disbursement of significant amounts of money until it is concluded and a document is issued attesting the rehabilitation of the area for use, which may affect our business, operating results, and image.

Contracting third parties for collection, storage, transportation, treatment or final disposal of solid residues does not exempt us from the liability for damages that may be caused by their inadequate management. The non-fulfillment of any obligations related to the management of solid waste or the implementation of reverse logistics and/or cause pollution of any nature, may lead to the application of a fine, which may vary from R$5 thousand to R$50 million, as established in the Brazilian Federal Decree 6,514, of July 22, 2008, besides any potential liabilities and penalties established at the state or municipal level.

Risks Relating to Brazil

The Brazilian government has exercised, and continues to exercise, significant influence over the Brazilian economy. Brazilian political and economic conditions may adversely affect us and the trading price of the Sendas common shares and the Sendas ADSs.

The Brazilian government has frequently intervened in the Brazilian economy and has occasionally made significant changes to monetary, credit, tariff, tax and other policies and regulations. The Brazilian government’s actions to control inflation have often involved, among other measures, increases and decreases in interest rates, changes in tax and social security policies, price controls, currency exchange and remittance controls, devaluations, capital controls and limits on imports. Our business, financial condition, results of operations and the trading price of the Sendas common shares and the Sendas ADSs may be adversely affected by changes in Brazilian policy or regulations at the federal, state or municipal level involving or affecting various factors, such as:

- economic, political and social instability;

- increases in the unemployment rate;
- interest rates and monetary policies (such as restrictive consumption measures that could affect the income of the population and government measures that may affect the levels of investment and employment in Brazil);
- significant increases in inflation or strong deflation in prices;
- currency fluctuations;
- import and export controls;
- exchange controls and restrictions on remittances abroad (such as those that were imposed in 1989 and early 1990s);
- modifications to laws and regulations according to political, social and economic interests;
- efforts to reform labor, tax and social security policies and regulation (including the increase of taxes, both generally and on dividends);
- energy and water shortages and rationing;
- liquidity of domestic capital and lending markets; and
- other political, diplomatic, social and economic developments in or affecting Brazil.

Uncertainty over whether the Brazilian government will implement changes in policy or regulation affecting these or other factors in the future may contribute to economic uncertainty in Brazil and to heightened volatility in the Brazilian securities markets and securities issued abroad by Brazilian companies. These uncertainties and other future developments in the Brazilian economy may adversely affect our business activities, and consequently our results of operations, and may also adversely affect the trading price of the Sendas common shares and the Sendas ADSs.

Such factors are compounded by the overall health and growth of the Brazilian economy. Brazil's gross domestic product, or GDP, increased by 2.9% in 2023, increased by 2.9% in 2022, increased by 4.6% in 2021 and decreased by 4.1% in 2020. Prior to 2020, Brazil was emerging from a prolonged recession after a period of a slow recovery, with only meager GDP growth in 2019 and 2018. Brazil's GDP growth rates were 1.1% in each of 2019 and 2018. Our results of operations and financial condition have been, and will continue to be, affected by the weakness of Brazil's GDP. Developments in the Brazilian economy may affect Brazil's growth rates and, consequently, the demand for our products and services, which may adversely affect the trading price of the Sendas common shares and the Sendas ADSs.

Political instability in Brazil has adversely affected and may continue to adversely affect our business, results of operations and the trading price of the Sendas common shares and the Sendas ADSs.

The Brazilian economy has been and continues to be affected by political events in Brazil, which have also affected the confidence of investors and the public in general, adversely affecting the performance of the Brazilian economy and increasing the volatility of securities issued by Brazilian companies.

Recent economic instability in Brazil has contributed to a decrease of market confidence in the Brazilian economy and to the worsening of the Brazilian political scenario. In addition, Brazilian markets have experienced heightened volatility due to uncertainties from ongoing investigations into money laundering and corruption conducted by the Brazilian Federal Police and the Office of the Brazilian Federal Prosecutor, including the *Lava Jato* investigation. These investigations adversely affected the Brazilian economy and political scenario. The effects of the *Lava Jato* investigation and other investigations of corruption had and continue to have an adverse impact on the image and reputation of the implicated companies, and on the general market perception of the Brazilian economy, political environment and capital markets. We have no control over and cannot predict whether the ongoing investigations or allegations will result in further political and economic instability, or if new allegations against government officials and/or companies will arise in the future.

The Brazilian economy has experienced a sharp downturn in recent years due, in part, to the interventionist economic and monetary policies of the Brazilian government and the global decline in commodity prices. In addition, Brazil’s federal government has failed to implement significant and/or structural changes in Brazilian policy, tax structure, or regulation that could contribute to long-term growth in Brazil.

Furthermore, Luiz Inácio Lula da Silva was elected president in October 2022 for a four-year term beginning in 2023. After the results of the presidential election were announced, certain groups formed by extreme supporters of the defeated candidate organized public protests against the use of electronic ballot boxes and alleged certain electoral conspiracies. Any deterioration of the political environment in Brazil could affect the confidence of investors and the general public.

The President of Brazil has the power to determine policies and issue governmental acts related to the conduct of the Brazilian economy and, consequently, affect the operations and financial performance of companies, including us. We cannot predict which policies the President will adopt, much less whether such policies or changes in current policies may have an adverse effect on us or on the Brazilian economy.

Such events may have a material adverse effect on our business, results of operations, financial condition and prospects. Historically, the Brazilian political scenario has influenced the performance of the Brazilian economy. In particular, political crises have affected the confidence of investors and the general public, which has adversely affected the Brazil economic development and may adversely affect the trading price of the Sendas common shares and the Sendas ADSs.

Changes in the Brazilian tax legislation, tax incentives, benefits, or different interpretations of Brazilian tax laws may adversely affect our operations.

Brazilian tax authorities frequently change tax regimes, potentially impacting us and influencing consumer demand for our products. These changes include adjustments in tax rates and the introduction of temporary or permanent taxes. Some of these changes may increase our tax burden, leading to higher prices for our products and restricting our ability to conduct business, which could adversely affect our profitability.

We cannot guarantee that we will be able to maintain our projected cash flow and profitability after an increase in taxes, or if tax incentives we benefit from are not maintained or renewed.

Furthermore, certain Brazilian tax laws may be subject to controversial interpretation. If the Brazilian tax authorities interpret such tax laws in a manner inconsistent with our interpretations, our operations could be materially impacted.

Brazilian government efforts to combat inflation may hinder the growth of the Brazilian economy and could harm us and the trading price of the Sendas common shares and the Sendas ADSs.

Historically, Brazil has experienced high inflation rates. Inflation and certain actions taken by the Brazilian government to curb it, including the increase of the SELIC rate established by the Central Bank, together with the speculation about governmental measures to be adopted, have materially and adversely affected the Brazilian economy and contributed to economic uncertainty in Brazil, heightening volatility in the Brazilian capital markets and adversely affecting us. Brazil’s General Price Index (*Índice Geral de Preços – Mercado*), or IGP-M index, recorded deflation of (3.2)% in 2023, and inflation of 5.5% in 2022 and 17.8% in 2021. Brazil’s Broad Consumer Price Index (*Índice Nacional de Preços ao Consumidor Amplo*) recorded inflation of 4.62% in 2023, 5.79% in 2022 and 10.06% in 2021, according to the IBGE.

Tight monetary policies with high interest rates have restricted and may restrict Brazil’s growth and the availability of credit. Conversely, more lenient government and Central Bank policies and interest rate decreases have triggered and may trigger increases in inflation, and, consequently, growth volatility and the need for sudden and significant interest rate increases, which could negatively affect our business and increase the payments on our indebtedness. In addition, we may not be able to adjust the prices we charge our customers to offset the effects of inflation on our cost structure.

During recent years there has been significant volatility in the official Brazilian base interest rate (*Sistema Especial de Liquidação e Custódia*, or SELIC rate, set by the COPOM, which ranged from 14.25%, on December 31, 2015, to 2.00% as of December 31, 2020, and 11.75% as of December 31, 2023. Any future measures adopted by the Brazilian government, including reductions in interest rates, intervention in the exchange market and the implementation of mechanisms to adjust or determine the value of the Brazilian *real* may trigger inflation, adversely affecting the overall performance of the Brazilian economy.

Furthermore, Brazilian government measures to combat inflation that result in an increase in interest rates may have an adverse effect on us, as our indebtedness is indexed to the interbank deposit certificate (*Certificados de Depósito Interbancário*), or CDI, rate. Inflationary pressures may also hinder our ability to access foreign financial markets or lead to government policies to combat inflation that could harm us or adversely affect the trading price of the Sendas common shares and the Sendas ADSs.

Exchange rate volatility may adversely affect the Brazilian economy and us.

The *real* has historically experienced frequent and substantial variations in relation to the U.S. dollar and other foreign currencies. In May 2020, prompted by the COVID-19 crisis, the Brazilian *real* depreciated significantly in relation to the U.S. dollar, reaching to R$5.9372 to US$1.00 on May 14, 2020. In 2020, the *real* depreciated against the U.S. dollar in comparison to 2019, reaching R$5.1967 per US$1.00 as of December 31, 2020. In 2021, the *real* further depreciated against the U.S. dollar in comparison to 2020, reaching R$5.5805 per US$1.00 as of December 31, 2021. In 2022, the *real* appreciated against the U.S. dollar in comparison to 2021, reaching R$5.2177 per US$1.00 as of December 31, 2022. In 2023, the *real* appreciated against the U.S. dollar in comparison to 2022, reaching R$4.8413 per US$1.00 as of December 31, 2023. On March 29, 2024, the real/U.S. dollar exchange rate was R$4.9962 per US$1.00. There can be no assurance that the *real* will not depreciate against the U.S. dollar.

Depreciation of the *real* against the U.S. dollar could create inflationary pressures in Brazil and cause increases in interest rates, which negatively affects the growth of the Brazilian economy as a whole, curtails access to foreign financial markets and may prompt government intervention, including recessionary governmental policies. Depreciation of the *real* against the U.S. dollar has also, including in the context of an economic slowdown, led to decreased consumer spending, deflationary pressures and reduced growth of the economy as a whole. Depreciation would also reduce the U.S. dollar value of distributions and dividends and the U.S. dollar equivalent of the trading price of the Sendas common shares and the Sendas ADSs. As a result, we may be materially and adversely affected by *real*/U.S. dollar exchange rate variations.

Global economic and political instability and geopolitical conflicts, such as the conflict between Russia and Ukraine and in the Gaza Strip, could adversely affect our business, financial condition or results of operations.

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

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

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

Any further downgrading of Brazil's credit rating may adversely affect the trading price of the Sendas common shares and the Sendas ADSs.

Credit ratings affect investors' perceptions of risk and, as a result, the yields required on debt issuances in the financial markets. Rating agencies regularly evaluate Brazil and its sovereign ratings, taking into account a number of factors including macroeconomic trends, fiscal and budgetary conditions, indebtedness and the prospect of change in these factors.

Standard & Poor's ("S&P") downgraded Brazil's credit rating from BB to BB-minus in January 2018 with a stable outlook in light of doubts regarding the presidential election and social security reform efforts. In February 2019, S&P's affirmed Brazil's sovereign credit rating at BB-minus with a stable outlook. In December 2019, S&P's affirmed Brazil's sovereign credit rating at BB-minus with a positive outlook, further maintaining the sovereign credit rating at BB-minus, but revising the outlook on this rating from positive to stable in April 2020. As a result of the COVID-19 pandemic, in 2020, 2021 and 2022, S&P maintained the country's credit rating at BB- with a stable outlook. On December 19, 2023, S&P upgraded Brazil's sovereign credit rating at BB with a stable outlook.

Moody's maintained Brazil's sovereign debt credit rating at Ba2 in April 2028, but changed its prospect from negative to stable, maintaining it in September 2018, citing the expected new government spending cuts. In May 2019, Moody's affirmed Brazil's sovereign credit rating at Ba2 and changed the outlook to stable, which rating and outlook were further reaffirmed by Moody's in 2020, 2021 and 2022.

Fitch downgraded Brazil's sovereign credit rating to BB-minus, citing, among other reasons, fiscal deficits, the increasing burden of public debt and an inability to implement reforms that would structurally improve Brazil's public finances. In November 2019, Fitch maintained Brazil's sovereign credit rating at BB-minus, citing the risk of tax and economic reforms and political instability. In 2020, 2021 and 2022, Fitch reaffirmed Brazil's sovereign credit rating at BB-minus and revised the outlook on this rating to negative as a result of the impact of the COVID-19 pandemic. On December 15, 2023 Fitch upgraded Brazil's sovereign credit rating at BB with a stable outlook.

Any further downgrade of Brazil's credit rating could heighten investors' perception of risk and, as a result, increase the cost of debt issuances and adversely affect the trading price of our securities.

Developments and the perception of risk in other countries may adversely affect the price of securities of Brazilian issuers, including the Sendas common shares and the Sendas ADSs.

The market value of securities *of* Brazilian issuers is affected to varying degrees by economic and market conditions in other countries, including developed countries such as the United States and certain European and emerging market countries. Investors' reactions to developments in these countries may adversely affect the market value of securities of Brazilian issuers, including the Sendas common shares and the Sendas ADSs. Trading prices on B3, for example, have been historically affected by fluctuation in interest rates applicable in the United States and variation in the main U.S. stock indices. Any increase in interest rates in other countries, especially the United States, may decrease global liquidity and the interest of investors in the Brazilian capital markets, adversely affecting the ADSs and our common shares.

Moreover, crises or significant developments in other countries, such as: (1) the financial crisis and any political instability in the United States; (2) the conflict between Russia and Ukraine; (3) a trade war between the United States and China; and (4) crises in Europe and other countries that affect the global economy may produce effects that directly or indirectly affect the Brazilian capital markets and broader economy, including price volatility of the securities of Brazilian issuers, including the Sendas common shares and the Sendas ADSs, diminished credit availability, supply chain disruptions, and inflation, among other consequences, which may adversely affect us, including the trading price of our securities, limiting or preventing our access to capital markets and to funds to finance our future operations at acceptable terms.

The outbreak of communicable diseases around the world may lead to higher volatility in the global capital markets and recessionary pressure on the Brazilian economy. Any outbreak in Brazil could directly affect our operations, each of which may materially and adversely affect our business, financial condition and results of operations.

The outbreak of communicable diseases on a global scale may affect investment sentiment and result in higher volatility in global capital markets and may have a recessionary effect on the Brazilian economy.

Events beyond our control, including epidemics and pandemics, affect the prices of the products we sell, the lease paid by our tenants, alter labor contract regimes, reduce our personnel in operation, increase the rate of leaves of absence, among others, and may harm our operations and those of our suppliers, tenants and service providers, as well as have a negative effect on consumption or result in political or economic instability.

These events could cause the temporary or permanent closure of some of our stores and/or distribution centers, our tenants' stores, delay or affect our ability to distribute products to our stores and our consumers, including in online sales deliveries, reduce demand for the products we sell, increase their price and decrease our sales, which could have a material adverse effect on our business and results of operations.

Risks Relating to the Sendas Common Shares and the Sendas ADSs

The volatility and illiquidity of the Brazilian securities markets and of the Sendas common shares may substantially limit your ability to sell the Sendas common shares underlying the Sendas ADSs at the price and time you desire.

Investing in securities that are traded in emerging markets, including in Brazil, often involves greater risk and are generally considered to be more speculative in nature than investing in securities traded in the securities markets of more developed countries. These investments are subject to certain economic and political risks, including: (1) changes in the regulatory, tax, economic and political environment that may affect the ability of investors to obtain a total or partial return on their investments; and (2) restrictions on foreign investment and return of capital invested.

The Brazilian securities market is substantially smaller, less liquid, more volatile and more concentrated than major international securities markets, including the securities market of the United States. Furthermore, the regulations of B3 may differ from what foreign investors are accustomed to seeing in other international exchanges. The characteristics of the Brazilian securities market may substantially limit the ability of holders of the Sendas common shares underlying the Sendas ADSs to sell them at the time and price they desire and, consequently, may adversely affect the market price of the Sendas common shares and the Sendas ADSs. If a liquid and active trading market is not developed or maintained, the trading price of the Sendas common shares and the Sendas ADSs may be negatively affected.

We cannot assure you that an active trading market will be sustained for the Sendas common shares or the Sendas ADSs or that we will be able to maintain our listing on the B3 or the NYSE. The trading volume of the Sendas common shares and the Sendas ADSs may be volatile, and holders of the Sendas common shares and the Sendas ADSs may not be able to sell their respective securities.

The Sendas common shares are listed on the *Novo Mercado* listing segment of the B3, and the Sendas ADSs are listed on the NYSE. The listing of the Sendas common shares and the Sendas ADSs on the B3 and the NYSE, respectively, does not guarantee that a market for the Sendas common shares or the Sendas ADSs will be sustained or that we will be able to maintain our listing on the B3 or the NYSE. No assurance can be provided as to the demand for or trading price of the Sendas common shares or the Sendas ADSs.

The trading price of and demand for the Sendas common shares and the Sendas ADSs and the continued existence of a market and favorable price for the Sendas common shares and the Sendas ADSs will depend on a number of conditions, including:

- the risk factors described in this annual report;
- general social, economic and political conditions internationally and in Brazil, including fiscal and monetary policies to be adopted by the new government in Brazil, changes in interest and exchange rates and impacts on the global economy resulting from the ongoing military conflicts between Russia and Ukraine;
- actual or anticipated fluctuations in our quarterly and annual results and those of our competitors;
- our businesses, operations, results and prospects;
- future mergers and strategic alliances;
- market conditions in the Brazilian cash and carry industry;
- changes in government regulation, taxes, legal proceedings or other developments;
- shortfalls in our operating results from levels forecasted by securities analysts;
- investor sentiment toward the stock of companies in our industry in general;
- announcements concerning us or our competitors;
- maintenance of acceptable credit ratings or credit quality; and
- the general state of the securities markets.

Any of these factors may impair the sustainability of a liquid market for the Sendas common shares or the Sendas ADSs and the ability of investors to sell the Sendas common shares or the Sendas ADSs at an attractive price. These factors also could cause the market price and demand for the Sendas common shares and the Sendas ADSs to fluctuate substantially, which may negatively affect the price and liquidity of the Sendas common shares and the Sendas ADSs. Many of these factors and conditions are beyond our or our shareholders’ control.

If securities or industry analysts publish inaccurate or unfavorable research about us or our businesses, the price and trading volume of Sendas common shares and Sendas ADSs could decline.

The trading market for the Sendas common shares and the Sendas ADSs depends in part on the research and reports that securities or industry analysts publish about us or our businesses. If one or more of the analysts who cover us downgrade our securities or publish inaccurate or unfavorable research about our businesses, the price of the Sendas common shares and the Sendas ADSs would likely decline. If one or more of these analysts cease coverage of us or fail to publish reports on us regularly, demand for the Sendas common shares and the Sendas ADSs could decrease, which might cause the price and trading volume of the Sendas common shares and the Sendas ADSs to decline.

Future sales, or the perception of future sales, of substantial amounts of the Sendas common shares on the B3 or the Sendas ADSs on the NYSE, or the anticipation of these sales, could adversely affect the market price of the Sendas common shares and the Sendas ADSs prevailing from time to time or their liquidity and could impair our ability to raise capital through the sale of equity securities.

None of us, our directors or officers or our shareholders are subject to any lock-up agreement that restrict or limit our or their ability to sell Sendas common shares or ADSs.

The market price of the Sendas common shares and the Sendas ADSs could decline significantly as a result of sales (or anticipated sales) of a large number of shares of the Sendas common shares on the B3 or the Sendas ADSs on the NYSE. The perception that these sales might occur could depress the market price of the Sendas common shares or the Sendas ADSs prevailing from time to time or adversely affect their liquidity. These sales, or the possibility that these sales may occur, also might make it more difficult for us to sell equity securities in the future at a time and at a price that we deem appropriate. For more information about our principal shareholders, see “Item 7. Major Shareholders and Related Party Transactions—A. Major Shareholders.” As a result of, and immediately following, the Spin-Off, the shareholders of CBD became shareholders of Sendas.

If you exchange the Sendas ADSs for Sendas common shares, as a result of Brazilian regulations you may risk losing the ability to remit foreign currency abroad.

Holders of Sendas ADSs will benefit from the electronic certificate of foreign capital registration obtained by the Sendas ADS Custodian in Brazil for the Sendas common shares underlying the Sendas ADSs, which will permit the Sendas ADS Custodian to convert dividends and other distributions with respect to the Sendas common shares into U.S. dollars and remit the proceeds abroad. If you surrender your Sendas ADSs and withdraw Sendas common shares, you will be entitled to continue to rely on the Sendas ADS Custodian’s electronic certificate of foreign capital registration for only five business days from the date of withdrawal. Thereafter, upon the disposition of or distributions relating to the Sendas common shares, you will not be able to remit abroad non-Brazilian currency unless you obtain your own electronic certificate of foreign capital registration or you qualify under Brazilian foreign investment regulations that entitle some foreign investors to buy and sell common shares on Brazilian stock exchanges without obtaining separate electronic certificates of foreign capital registration. If you do not qualify under the foreign investment regulations, you will generally be subject to less favorable tax treatment of dividends and distributions on, and the proceeds from any sale of, the Sendas common shares.

If you attempt to obtain your own electronic certificate of foreign capital registration, you may incur expenses or suffer delays in the application process, which could delay your ability to receive dividends or distributions relating to our common shares or the return of your capital in a timely manner. The depositary’s electronic certificate of foreign capital registration may also be adversely affected by future legislative changes. See “Item 10. Additional Information—D. Exchange Controls.”

Holders of Sendas ADSs are not entitled to attend shareholders’ meetings and may only vote through the Sendas Depositary.

Under Brazilian law, only shareholders registered as such in Sendas’s corporate books may attend Sendas’s shareholders’ meetings. All Sendas common shares underlying the Sendas ADSs are registered in the name of the Sendas Depositary. Consequently, a holder of Sendas ADSs is not entitled to attend Sendas’ shareholders’ meetings. Holders of Sendas ADSs may exercise the voting rights with respect to Sendas common shares only in accordance with the deposit agreement relating to the Sendas ADSs. There are practical limitations upon the ability of holders of Sendas ADSs to exercise their voting rights due to the additional steps involved in communicating with holders of Sendas ADSs. For example, Sendas is required to publish a notice of Sendas’s shareholders’ meetings in certain newspapers in Brazil. To the extent that holders of Sendas common shares are entitled to vote at a shareholders’ meeting, they will be able to exercise their voting rights by attending the meeting in person or voting by proxy. By contrast, holders of Sendas ADSs will receive notice of a shareholders’ meeting by mail from the Sendas Depositary following Sendas’s notification to the Sendas Depositary of the shareholders’ meeting and Sendas’s request that the Sendas Depositary inform holders of Sendas ADSs of the shareholders’ meeting. To exercise their voting rights, holders of Sendas ADSs must instruct the Sendas Depositary on a timely basis. In addition, investors may hold Sendas ADSs through broker or financial institution nominees and therefore may be required to rely on their procedures to be able to vote. This voting process will take longer for holders of Sendas ADSs than for holders of Sendas common shares. If the Sendas Depositary fails to receive timely voting instructions for all or part of the Sendas ADSs, the Sendas Depositary will assume that the holders of those Sendas ADSs are instructing it to give a discretionary proxy to a person designated by us to vote their Sendas ADSs, except in limited circumstances. In addition, Sendas is not contractually required to request the Sendas Depositary to inform holders of Sendas ADSs about the shareholders’ meeting under the Sendas Deposit Agreement, which may result in holders of Sendas ADSs not being able to provide voting instructions to the Sendas Depositary.

We cannot assure you that holders of Sendas ADSs will receive the voting materials in time to ensure that such holders can instruct the Sendas Depositary to vote the Sendas common shares underlying their Sendas ADSs. In addition, the Sendas Depositary and its agents are not responsible for failing to carry out voting instructions of the holders of Sendas ADSs or for the manner of carrying out those voting instructions. Accordingly, holders of Sendas ADSs may not be able to exercise voting rights, and they will have no recourse if the Sendas common shares underlying their Sendas ADSs are not voted as requested.

Holders of Sendas ADSs may not be entitled to a jury trial with respect to claims arising under the Sendas Deposit Agreement, which could result in less favorable outcomes to the plaintiff(s) in any such action.

The Sendas Deposit Agreement provides that, to the fullest extent permitted by law, holders of Sendas ADSs irrevocably waive, to the fullest extent permitted by applicable law, the right to a jury trial with respect to any claim that they may have against us or the Sendas Depositary arising out of or relating to the Sendas common shares, the Sendas ADSs or the Sendas Deposit Agreement, including any claim under the U.S. federal securities laws.

If we or the Sendas Depositary opposed a jury trial demand based on the waiver, the court would determine whether the waiver was enforceable based on the facts and circumstances of that case in accordance with the applicable state and federal law. To our knowledge, the enforceability of a contractual pre-dispute jury trial waiver in connection with claims arising under the federal securities laws has not been finally adjudicated by the United States Supreme Court. However, we believe that a contractual pre-dispute jury trial waiver provision is generally enforceable, including under the laws of the State of New York, which govern the Sendas Deposit Agreement, by a federal or state court in the City of New York, which has exclusive jurisdiction over matters arising under the Sendas Deposit Agreement with respect to any legal suit, action or proceeding brought by the holders of Sendas ADSs against or involving us or the Sendas Depositary. In determining whether to enforce a contractual pre-dispute jury trial waiver provision, courts will generally consider whether a party knowingly, intelligently and voluntarily waived the right to a jury trial. We believe that this is the case with respect to the Sendas Deposit Agreement and the Sendas ADSs. It is advisable that you consult your legal counsel regarding the jury waiver provision before entering into the Sendas Deposit Agreement.

If you or any other holders or beneficial owners of Sendas ADSs bring a claim against us or the Sendas Depositary in connection with matters arising under the Sendas Deposit Agreement or the Sendas ADSs, including claims under federal securities laws, you or such other holder or beneficial owner may not be entitled to a jury trial with respect to such claims, which may have the effect of limiting and discouraging lawsuits against us or the Sendas Depositary. If a lawsuit is brought against us or the Sendas Depositary under the Sendas Deposit Agreement, it may be heard only by a judge or justice of the applicable trial court, which would be conducted according to different civil procedures and may result in different outcomes than a trial by jury would have had, including results that could be less favorable to the plaintiff(s) in any such action.

Nevertheless, if this jury trial waiver provision is not permitted by applicable law, an action could proceed under the terms of the Sendas Deposit Agreement with a jury trial. No condition, stipulation or provision of the Sendas Deposit Agreement or the Sendas ADSs serves as a waiver by any holder or beneficial owner of Sendas ADSs or by us or the Sendas Depositary of compliance with any substantive provision of the U.S. federal securities laws and the rules and regulations promulgated thereunder.

You might be unable to exercise preemptive rights with respect to the Sendas common shares underlying the Sendas ADSs, as a result of which your investment may be diluted.

You will not be able to exercise the preemptive rights relating to the Sendas common shares underlying the Sendas ADSs unless a registration statement under the Securities Act is effective with respect to the securities to be issued upon the exercise of those rights, or an exemption from the registration requirements of the Securities Act is available. We are not obligated to file a registration statement or to take any action to make preemptive rights available to holders of Sendas ADSs. Unless we file a registration statement or an exemption from registration applies, you may receive only the net proceeds from the sale of your preemptive rights by the Sendas Depositary or, if the preemptive rights cannot be sold, they will lapse and you will not receive any value for them. In addition, we may issue a substantial number of common shares as consideration for future acquisitions or for any other fundraising needs, and we may choose not to extend preemptive rights to holders of Sendas ADSs.

To the extent that you are not able (or choose not) to exercise pre-emptive rights granted in connection with an issue of Sendas common shares, your proportional shareholding in our company would be diluted.

Holders of Sendas common shares and Sendas ADSs may not receive any dividends.

According to our bylaws, we must pay our shareholders at least 25% of our annual net income as dividends, as determined and adjusted under the Brazilian Corporate Law. This adjusted income may be used to absorb losses or otherwise be appropriated as permitted by the Brazilian Corporate Law and may not be available to be paid as dividends. We may not pay dividends to our shareholders in any particular fiscal year if our board of directors determines that such distributions would be inadvisable in view of our financial condition. For further information, see “Item 8. Financial Information—A. Consolidated Statements and Other Financial Information—Dividends and Dividend Policy” and “Item 10. Additional Information—B. Bylaws—Allocation of Net Profits and Distribution of Dividends—Distribution of Dividends” and “—Interest on Shareholders’ Equity.”

We are also subject to additional restrictions on dividends distributions in excess of the statutorily required minimum dividend imposed by some of our financial instruments. For further information, see “Item 5. Operating and Financial Review and Prospects—B. Liquidity and Capital Resources—Indebtedness—Long-Term Indebtedness.”

The Brazilian Congress is currently analyzing bills providing for the taxation on dividends and the alteration and/or extinction of the payment of interest on shareholders’ equity (*juros sobre o capital próprio*). Therefore, both distributed and received dividends may become taxed and the interest on shareholders’ equity (*juros sobre o capital próprio*) may be extinguished in the future, impacting the net amount to be received by our shareholders from our financial results.

U.S. securities laws do not require us to disclose as much information to investors as a U.S. issuer is required to disclose, and you may receive less information about us than you might otherwise receive from a comparable U.S. company.

We are a “foreign private issuer” under U.S. securities laws. Accordingly, the corporate disclosure requirements applicable to us may not be equivalent to the requirements applicable to a U.S. company and, as a result, you may receive less information about us than you might otherwise receive in connection with a comparable U.S. company. We are subject to the periodic reporting requirements of the Exchange Act that apply to foreign private issuers. The periodic disclosure required of foreign private issuers under the Exchange Act is more limited than the periodic disclosure required of U.S. issuers. For example, we are required only to file an annual report on Form 20-F, but we are not required to file any quarterly reports. A U.S. registrant must file an annual report on Form 10-K and three quarterly reports on Form 10-Q. In addition, we are required to furnish current reports on Form 6-K, but the information that we must disclose in those reports is governed primarily by Brazilian law disclosure requirements and may differ from Form 8-K’s current reporting requirements imposed on a U.S. issuer. Also, any information furnished to the SEC will be subject to more limited liability provisions compared to information generally filed with the SEC by domestic issuers. Finally, we are not subject to the proxy requirements of Section 14 of the Exchange Act and our officers, directors and principal shareholders are not subject to the short swing insider trading reporting and recovery requirements under Section 16 of the Exchange Act.

Our status as a foreign private issuer exempts us from certain of the corporate governance standards of the NYSE limiting the protections afforded to investors.

As a foreign private issuer, we are entitled to rely on exceptions from certain corporate governance requirements of the NYSE. Under the NYSE listing rules, a foreign private issuer may elect to comply with the practice of its home country and not to comply with certain NYSE corporate governance requirements, including the requirements that: (1) a majority of the board of directors consist of independent directors; (2) a nominating and corporate governance committee be established that is composed entirely of independent directors and has a written charter addressing the committee’s purpose and responsibilities; (3) a compensation committee be established that is composed entirely of independent directors and has a written charter addressing the committee’s purpose and responsibilities; (4) an annual performance evaluation of the nominating and corporate governance and compensation committees be undertaken; and (5) we comply with all independence requirements applicable to U.S. audit committees, as exemplified below. Therefore, holders of Sendas ADSs do not have the same protections afforded to shareholders of companies that are subject to all NYSE corporate governance requirements.

For example, as a foreign private issuer, we rely on an exemption under Rule 10A-3(c) of the Exchange Act with respect to our audit committee. For a further discussion of our statutory audit committee and the audit committee exemption, see “Item 6. Directors, Senior Management and Employees—A. Directors and Senior Management—Board Committees—Audit Committee.”

Holders of Sendas common shares and Sendas ADSs may face difficulties in serving process on or enforcing judgments against us and other persons.

Sendas is incorporated as a corporation under the laws of Brazil, and substantially all of our assets are located in Brazil. In addition, all of our directors and executive officers reside outside the United States and all or a significant portion of the assets of such persons may be located outside the United States. As a result, it may not be possible for holders of Sendas common shares or Sendas ADSs to effect service of process within the United States or other jurisdictions outside Brazil upon such persons, or to enforce against such persons judgments of U.S. courts, including judgments predicated upon the civil liability provisions of the U.S. federal securities laws or the laws of such other jurisdictions. Further, it is unclear if original actions against us, our directors or our officers predicated on civil liabilities based solely upon U.S. federal securities laws may be brought in courts outside the United States, including Brazil. In addition, payment must be made in *reais* in proceedings brought before the Brazilian courts seeking to enforce obligations against us and any judgment rendered in Brazilian courts in respect of any payment obligations would be payable in *reais*.

Holders of Sendas common shares are required to resolve disputes with us, our senior management and holders of Sendas common shares only through arbitration in Brazil.

In accordance with our bylaws, all disputes or claims based on our bylaws, the Brazilian Corporate Law or other relevant laws or administrative rules, and concerning matters between holders of Sendas common shares, us, or our directors or officers, must be submitted for arbitration at the Market Arbitration Chamber (*Câmara de Arbitragem do Mercado*) of the B3. The governing law for any such disputes or claims is Brazilian law. Accordingly, shareholders would be required to initiate such arbitration proceedings in Brazil, which could have the effect of discouraging shareholders located outside Brazil from bringing such claims. In addition, arbitration proceedings in Brazil are known to be costlier than other dispute resolution methods, such as court proceedings.

The protections afforded to minority shareholders in Brazil are different, and may be more difficult to enforce, than those in the United States and some European countries.

The protections afforded to minority shareholders in Brazil are different from those in the United States and some European countries. In particular, jurisprudence with respect to shareholder disputes is less developed in Brazil than in the United States and some European countries and there are different procedural requirements for bringing shareholder lawsuits, including shareholder derivative suits. There is also a substantially less active plaintiffs’ bar for the enforcement of shareholders’ rights in Brazil than there is in the United States. As a result, it may be more difficult in practice for our minority shareholders to enforce their rights against us, our directors or executive officers than it would be for shareholders of a U.S. or European company.

Acquisition, ownership and disposal of Sendas common shares or Sendas ADSs could result in substantial U.S. tax liability for you.

You may be subject to U.S. federal income taxation in connection with the acquisition, ownership and disposal of Sendas common shares or Sendas ADSs. For more information, see "Item 10. Additional Information—E. Taxation—Material U.S. Federal Income Tax Consequences."

We may be classified as a passive foreign investment company, which could result in adverse U.S. federal income tax consequences to U.S. Holders of the Sendas common shares and the Sendas ADSs.

In general, a non-U.S. corporation will be classified as a passive foreign investment company, or PFIC, for U.S. federal income tax purposes in any taxable year in which the corporation satisfies either of the following requirements:

- at least 75% of its gross income is "passive income"; or
- at least 50% of the average gross fair market value of its assets is attributable to assets that produce "passive income" or are held for the production of "passive income."

Passive income for this purpose generally includes dividends, interest, royalties, rents and net gains from the disposition of property that gives rise to such income and of commodities. Based upon the composition of our income, our assets and the nature of our business, we believe that we were not treated as a PFIC for U.S. federal income tax purposes in 2023. However, there can be no assurance that we will not be considered to be a PFIC for any particular year. If we were considered to be a PFIC for any taxable year during which a U.S. Holder (as defined in "Item 10. Additional Information—E. Taxation—Material U.S. Federal Income Tax Consequences") owned our common shares or ADSs, such U.S. Holder could be subject to significant adverse tax consequences. U.S. Holders should consult their tax advisors regarding the application of the PFIC rules to their investment in our common shares or ADSs. For more information, see "Item 10. Additional Information—E. Taxation—Material U.S. Federal Income Tax Consequences—Passive Foreign Investment Company."

Acquisition, ownership and disposal of Sendas common shares or Sendas ADSs could result in substantial Brazilian tax liability for you.

You may be required to pay Brazilian capital gains or other taxes in connection with the acquisition, ownership and disposal of Sendas common shares or Sendas ADSs. For more information, see "Item 10. Additional Information—E. Taxation—Material Brazilian Tax Consequences."

ITEM 4. INFORMATION ON THE COMPANY

A. *History and Development of the Company*

General Corporate Information

Sendas Distribuidora S.A. is a corporation (*sociedade anônima*) organized under the laws of Brazil and registered with the Brazilian corporate taxpayers' registry (CNPJ/ME) under registration number 06.057.223/0001-71. Sendas was formed on December 18, 2003 for an indefinite duration.

Sendas is domiciled in Rio de Janeiro, Brazil, and our headquarters are currently located in Rio de Janeiro, Brazil at the following address: Avenida Ayrton Senna, No. 6,000, Lote 2, Pal 48959, Anexo A, Jacarepaguá, 22775-005, Rio de Janeiro, RJ, Brazil. Our telephone number is +55 11 3411 5042.

History

We were founded in 1974, with the opening of the first *Assaí Atacadista* store, a wholesaler with a focus on supplying small businesses. In 2007, we were partially acquired by CBD, which was controlled by the Casino Group. In 2011, we became a wholly-owned subsidiary of CBD. Prior to CBD's acquisition of us in 2007, we operated exclusively in the state of São Paulo. Following CBD's acquisition, we began to expand geographically within Brazil. By the end of 2008, we expanded our operations to 28 stores in the states of São Paulo, Rio de Janeiro and Ceará, and by the end of 2011, we operated 59 stores in the states of São Paulo, Rio de Janeiro, Ceará, Tocantins, Pernambuco, Goiás and Federal District.