2023 Tax Transparency Report

GRUPO CASASBAHIA

CASASBAHIA pontofrio extra.com.br bartira banQi CASASBAHIA ASAP Log

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GLOSSARY

PRESENTATION

Message from the CFO

The year 2023 brought major challenges for Brazilian retail companies in the face of an economic climate marked by high interest rates with a direct impact on local consumption. Despite this, the Casas Bahia Group views this scenario of adversity with **optimism** due to its recognized capacity for **transformation** and **overcoming**, especially given the arrival of our new CEO, Renato Franklin, and the implementation of a **new strategy** by the company aimed at freeing up capital.

Among the main highlights of our strategy, it is worth mentioning the focus on the core category, the reduction in the turnover period of our inventories, the optimization of the company's credit, the review and elimination of categories of goods sold in 1P (own), with their rearrangement to 3P (marketplace) and the closure of loss-making stores or geographically close stores, linked to the review of some distribution centers, as well as their staff (footprint).

The company's **tax strategy** is in line with this new guideline, with positive results already reflected in the **reduction of balances** and the **monetization** of our **tax credits**. In 2023, R$ 2.719 billion in tax credits were monetized, of which R$ 677 million refers to ICMS credits transferred to third parties. The elimination of 1P product categories has also led to an **optimization of taxation** on our **inventories**.

Regardless of the changes made to face the challenges of the current situation, in its more than 60 years of existence, the Casas Bahia Group has always kept intact its **purpose** of being the relationship and consumption platform for Brazilians wherever, whenever and however they want, incorporating social, environmental and governance aspects into the way we operate.

That is why we are pleased and proud to share our Tax **Transparency** Report with our stakeholders for the second year. This essential document is the result of a long process of building **sustainability** and **governance** and a concrete form of transparency and appreciation of the **social role** of the Casas Bahia Group as a relevant agent of transformation in the communities where we operate, contributing to the development of Brazil.

We recognize the importance of Casas Bahia Group to Brazilian society. Thus, acting in accordance with complex tax legislation in order to pay taxes correctly is part of our culture and an inseparable part of our social responsibility to the country.

As we emphasized last year, the Report is also a great opportunity to share with society the complexity and volume of work involved in complying with tax obligations in Brazil.

In 2023, we collected R$ 2.642 billion in taxes, of which R$ 841.0 million was paid to federal coffers, R$ 1.682 billion to state coffers and R$ 118.7 million into municipal coffers. We have sent more than 38,000 files to the Federal, State and Municipal Tax Authorities, and more than 30 terabytes of data from our **Casas Bahia**, **Ponto Frio** and **Extra** retail companies; **Bartira**, in industry; **banQi**, as fintechs, and **AsapLog**, responsible for a wide range of logistics services.

In addition to this direct role, we promote the dissemination of a **culture of compliance with tax legislation**, such as the procedures for accrediting and operating sellers in our marketplace and promoting **tax citizenship**.

That is why we are proud to share our 2023 Tax Transparency Report with you!

The company's tax strategy is in line with this new guideline, with positive results already reflected

Elcio Mitsuhiro Ito

Message from the Head of Tax

The Casas Bahia Group was a **pioneer among companies in the retail sector** when it presented its first Tax Transparency Report to its stakeholders in 2023. Following this **vanguard**, for the second year running we are presenting our Tax Transparency Report as a complement to the Annual Sustainability Report, but exclusively dedicated to showing the tax impacts of our operations, in line with the best corporate governance and tax governance practices and with the company's social commitment to encouraging **transparent** and **sustainable** tax practices.

We believe that the tax area is fully integrated into the business and has a transversal function that impacts the entire value chain. That is why tax compliance involves the company taking care of actions that range from business planning, purchasing and contracting with suppliers and making sales to clients to calculating, assessing and completing ancillary obligations to pay our taxes.

In the tax area, we have 107 Employees committed to Casas Bahia's mission of "doing the right thing in the right way", which of course includes paying taxes. In addition, we combine a highly trained team with investments in technology to guarantee consistent procedures and corporate systems that reduce error margins and add reliability and traceability to our information.

Thanks to this set of factors, in 2023, we allocated more than 58,000 hours of our team's work so that **tax obligations were correctly met** before the Federal Government, States and Municipalities. More than 40 million invoices were issued; with more than 115 million items traded, more than 400 visits to the Tax Authorities, always guided by the values of transparency, ethics and cooperation with the Government.

Technology is also an important element in this equation, as it reduces error margins and adds reliability and traceability to the company's tax information that is provided to the tax authorities (Casas Bahia Group manages 30 terabytes of data that is processed and stored to report to the tax authorities)

In addition to taking care with the calculation of taxes, the Casas Bahia Group is always **aware of** the main issues pertaining to the tax scenario, with emphasis on the work of our team in **initiatives to improve the tax system**, such as the discussions related to the **Reform of Consumption Taxation**, introduced in the Brazilian legal system in 2023 by Constitutional Amendment 132, as well as its work in the discussions held within the scope of the main Cooperative compliance program in Brazil, **CONFIA**.

Our second Tax Transparency Report embodies our values of transparency and our commitment to best governance practices.

Have a good reading! And share your criticisms and suggestions with us - we are **totally dedicated to you!**

We believe that the tax area is fully integrated into the business and has a transversal function that impacts the entire value chain.

Alessandra Heloise Vieira

Our Tax Transparency Report

This is the second year that we have consolidated our tax information and presented it to society in our Tax Transparency Report as a complement to the Casas Bahia Group's annual report. Publication is in accordance with the GRI Standards, in particular in accordance with GRI-207 and the disclosure of taxes, unlike the financial statement, is preferably on a cash basis.

For us, the correct payment of taxes is a way for companies to contribute to society, not only by paying the taxes they are responsible for, but also by encouraging their suppliers, clients and employees to do so in accordance with best practices and high standards of tax compliance.

In this context, the Casas Bahia Group aligns itself with the **GRI-207** and **IFRS-S1 Standards**, as well as the **ESG** recommendations of the **B-Team**, which is a global team that brings together companies and civil society with the aim of thinking about new ways of doing business that are allied to people and the planet, formulating guiding principles for **responsible tax practice**.

Based on consolidated strategies for understanding and disclosing tax results, we have prepared this Tax Transparency Report to demonstrate **how much** and **how** we contribute to Brazilian society by complying with our tax obligations and encouraging the creation of an environment of transparent and sustainable corporate practices. The document represents the materialization of our commitment to a fairer, more ethical and responsible society.

This report structure is the same as the one presented in the previous year and has been purposely maintained to give our stakeholders a sense of continuity in the information and to make it easier to compare the data. Some topics, however, are completely unprecedented because they arise from the economic, political and legal situation in 2023 and have been given specific prominence in this report due to their relevance to the activities of the Casas Bahia Group: Tax Reform, DIFAL (Tax Rate Differential), Transfers of Goods between Establishments of the same taxpayer and the CONFIA Program.

Our Tax Transparency Report is organized on the following fronts:

TAX TRANSPARENCY REPORT

1. Tax governance

It presents the Tax Strategy, with the company's Values, Objectives and Form of Relationship with the Tax Authorities.

2. Risk Management and Governance

It presents the control mechanisms used by the company to identify, evaluate, treat, define levels of authority and responsibilities related to tax risks.

3. Figures and Tax Performance

It presents the tax burden on the company's activities, with a breakdown of the figures collected for each state entity.

4. Total Tax Contribution and Analysis of Figures

It presents the amounts collected and the company's broader impact in terms of tax policy, highlighting its leading role in Brazil's economic and social development.

Tax Governance

Principles, Values and Tax Strategy

Through its **Tax Governance**, the Casas Bahia Group is committed to having a positive impact on the development of society through its activities. Adopting **transparency as a perennial and inseparable premise of our culture**, on 03/14/2023, we approved our **Tax Policy**[1], which establishes the Principles and Values that guide us in complying with our tax obligations and our relationship with the Tax Authorities (Municipal, State and Federal), both as taxpayers and as those responsible for taxes. Namely:

- Correct calculation and payment of taxes in accordance with the Federal Constitution and other applicable legislation;
- Compliance with deadlines for paying taxes and submitting ancillary obligations to the Tax Authorities;
- Cordiality, ethics and cooperation with the Tax Authorities, in line with the best cooperative compliance practices;
- Transparency in the relationship with the Tax Authorities, clients and suppliers, with the presentation of information that may be of interest to the market, always respecting the confidentiality of information protected by individual rights and guarantees, intellectual property, competition law and the LGPD.

In line with these guidelines, our **Tax Strategy** involves continuous and careful monitoring of the following factors that guarantee us strict tax compliance:

- We have a technical staff that is qualified and able to comply with tax obligations;
- We believe that the correct payment of taxes presupposes proper calculation and we review our procedures periodically;
- We rely on the advice of independent professionals to interpret the legislation;
- We invest in technology and internal processes to optimize controls and systems in order to increase efficiency in complying with ancillary obligations;
- We believe that taxes are an important part of the business and have an impact on the pricing and profitability of products and services;
- We believe that decisions regarding taxes are not isolated, but are related to business strategies and market positioning (business purpose) and;
- We identify, monitor and review the risks related to the tax area.

In order to achieve these goals, we constantly invest in **technology** to improve our **internal processes**, as well as in a qualified **technical staff** advised by independent professionals to ensure that our tax obligations are always met in an appropriate and timely manner.

In addition, we constantly review our operations in order to adopt the most efficient logistics and cost models, inventory management and our cash flow. This strategy allows us to combine the need to **generate good results** for our investors with our commitment to implementing the highest levels of **tax compliance**.

1. Available at: https://ri.grupocasasbahia.com.br/governanca-corporativa/estatuto-codigos-politicas-e-regimentos/.

Tax Risk Management

In order to manage tax risks, the Casas Bahia Group follows the **Risk Management Policy**[2] , which was approved by the Board of Directors on 08/11/2022, and which is available to all our stakeholders on the investor relations page available on our website.

This document defines both the **roles** (such as the risk owner and the facilitator) and the issues related to the specific **levels of authority** and **procedures** that must be followed by the company with regard to the identification, treatment, review and monitoring of tax risks.

In addition, we have adopted the **Three-Line Model** suggested by the IAA (Institute of Internal Auditors) for communicating and assigning responsibilities in the management of tax risks:

Line 1
Tax Risk Management

Composed of the managers and leaders provided for in the procedure related to the risk owner, facilitator, competencies, and levels of authority. They are responsible for:

a) Leading and directing actions so that tax issues are aligned with the Casas Bahia Group's objectives
b) Maintaining continuous dialog with the governance body and reporting results - planned, actual, and expected - linked to the Company's objectives and its risks;
c) Establishing and maintaining appropriate structures and processes for managing tax operations and risks;
d) Ensuring compliance with legal, regulatory, and optical expectations;
e) Ensuring that not only past events are monitored, but also that a forward-looking view is taken to anticipate tax risks.

Line 2
Supervision and Management of Risks, Compliance and Internal Controls

It refers to the areas that support and monitor the implementation of risk management practices, responsible for:

a) Providing expertise, support, monitoring, and questioning regarding risk management;
b) The development, implementation, and continuous improvement of risk management practices - including internal controls - at the process, systems, and entity levels;
c) Achieving risk management objectives, such as: compliance with laws, regulations and acceptable ethical behavior, internal controls, information and technology security, sustainability and quality assessment;
d) Providing analysis and reports on the adequacy and effectiveness of risk management and internal controls identified in the Casas Bahia Group.

Line 3
Internal Audit

Composed of internal auditors. It refers to independent and objective evaluation and advice on the adequacy and effectiveness of governance and the management of its main risks. Through systematic and detailed processes, it identifies deviations and non-conformities and reports findings to management and governance bodies to promote and facilitate continuous improvement. It may also consider the evaluation of other internal and external providers.

Specifically in relation to the tax issue, the Casas Bahia Group also complies with **Technical Pronouncement 25 of the Accounting Pronouncement Committee (CPC 25)**, which establishes how to recognize and measure contingent tax liabilities, as well as the guidelines for adequate and sufficient disclosure of this information in notes to the financial statements so that they are accessible and understandable to stakeholders.

2. Available at: https://ri.grupocasasbahia.com.br/governanca-corporativa/estatuto-codigos-politicas-e-regimentos/

Participation in Associations and Working Groups

In addition to its commitment to strict compliance with tax obligations, the Casas Bahia Group actively participates in Associations, Collective Entities and Working Groups aimed at studying matters related to improving the business environment in Brazil and increasing the quality of public policies on tax matters.

It is through these initiatives, which have the significant participation of civil society, that the company gets involved and contributes to various issues, such as those related to the **Reform of Consumption Taxation in Brazil** and the implementation of a Tax Compliance Program, **CONFIA**.

By actively participating in these discussions, the Casas Bahia Group is making a significant contribution to the construction of a new tax environment, in which a cooperative relationship between the tax authorities and taxpayers prevails, with a direct impact on the dynamics of tax assessment, inspection and collection in Brazil.

The Casas Bahia Group participates in the following Associations and Collective Entities that were active in tax matters in 2023:

- ABAT – Brazilian Association of Tax Lawyers
- FECOMERCIOSP – Federation of trade in goods, services and tourism in the state of São Paulo
- abrasca – Brazilian Association of Publicly-Held Companies
- GETAP – Brazilian Tax Studies Group - GETAP
- ANEFAC – National Association of Finance Executives. Management and Accounting
- IDV – Institute for Retail Development

Our Operation

The Casas Bahia Group aims to be the relationship and consumption platform for Brazilians wherever, whenever and however they want. In order to fulfill this objective, in addition to our focus and total dedication to the core activity of commercializing products through our **physical stores**, we also invest in other fronts, especially our omni-channel operations and a wide range of **logistics** and **financial services** that feed back into and drive this ecosystem.

We are permanently focused on growing our **logistics-as-a-service** revenue by reducing the cost of service and increasing the level of service. Comparing the results of 4Q22 with those of 4Q23, our goods delivery times improved by 14% in 1P (own goods) and 5% in 3P (marketplace). In Fulfillment, the deadline was reduced by 11% in 4Q23 compared to 4Q22, with 35% of orders being delivered within 48 hours (in 4Q22 this percentage was 21%). In addition, clients and revenue in Fulfillment grew by 21% and 61% per annum respectively. These figures confirm that our logistics is at the service of omni-channel, generating value for the client and operating in an open manner with wide geographical coverage.

As for our **financial solutions**, our main objective is to democratize access to credit by offering these products competitively. Our expertise in the credit granting process is a tool for increasing profitability in the online channel (1P and 3P) and providing shopping opportunities for people who do not have access to credit or card limits. Through the penetration of digital credit, we have already made sales in more than 4,100 municipalities without a physical store, reinforcing that credit on digital channels is a lever for profitable growth for the Casas Bahia Group. In addition, 20% of payment booklet receipts are paid through the **banQi application**, which is a **Casas Bahia digital account** that allows people to obtain a personal loan, buy credit for prepaid cards and pay their payment booklet.

Sales in +

4,100

Municipalities without our physical stores

20%

of payment booklets are paid through the banQI app, Casas Bahia's digital

Last but not least, our partners in the **marketplace** use the strength of our brands and services to sell more and more. In addition, we are constantly concerned with promoting **tax citizenship** by (i) requiring high compliance standards for the registration and operation of Sellers on our platform and (ii) disseminating material to our marketplace partners to help them understand day-to-day tax issues, which can be accessed at the following link: https://suportemarketplace.viavarejo.com.br/pt-BR/lojista/.

Our Brands

Taxes are integrated into this context and affect our business as follows:

Retail (1P and 3P):

Casas Bahia Group is present in the lives of Brazilians through the Brands: Casas Bahia, Ponto Frio and Extra.com

Casas Bahia

Casas Bahia (www.casasbahia.com.br) has a strong connection with Brazilians and is present in more than 900 stores in 21 states and the Federal District. It operates in 1P and 3P e-commerce

Ponto frio

Ponto Frio (www.pontofrio.com.br) is one of the leading retailers, especially in Rio de Janeiro, and is a benchmark for innovation and technology products. Its stores are concentrated in the Southeast, South and Midwest regions. It operates in 1P and 3P e-commerce

Extra.com

Extra.com (www.extra.com.br) operates exclusively in 1P and 3P e-commerce, offering a wide range of SKUs, such as: automotive items, diapers, furniture, housewares, etc.

Taxes: ICMS (ST and own), ISS, PIS, COFINS, IRPJ/CSLL

Industry of furnitures

Bartira

A major competitive advantage of the Casas Bahia Group in the furniture segment is that it operates in an integrated manner and controls the largest furniture factory in Brazil and Latin America, with 1.4 thousand employees. Bartira manufactures around 2.4 million products a year that are supplied exclusively to Casas Bahia. In 2020, it started a new sales channel via exports to the United States through new commercial

Taxes: IPI, ICMS, PIS/COFINS, IRPJ, CSLL

For more information about our brands, visit our website:
ri.grupocasasbahia.com.br/a-companhia/nossas-marcas/

Financial solutions

banQi | Casas Bahia

The brand launched in June 2019 operates as a 100% digital wallet and aims to promote the economic, social, and digital inclusion of Brazilians. With the banQi app, Casas Bahia Group customers have digital access to the Casas Bahia's payment booklets and can make inquiries, payments, and control installments without having to go to one of the stores. The application also provides access to various banking services.

In 2021, banQi obtained a license from the Central Bank to operate as a Direct Credit Company, enabling it to carry out loans and financing operations for clients and partners using its resources. We also launched banQishop, leveraging partner loyalty by offering a marketplace.

Logistic services

ASAP Log | Programa de logística da Via

ASAPLog is the company that concentrates and optimizes the Company's logistics operations, focusing mainly on operations between stores and distribution centers, as well as 1P and 3P deliveries. It also develops technology specialized in solutions for last-mile logistics. Through an easy-to-use platform, it favors crowd-shipping - when couriers are ordinary people who use their means of transportation - as a solution for the final stage of delivery (last mile). It is present in all mini-hubs, providing savings and greater efficiency in last-mile delivery costs

CNT

Acquired in 2022, CNT is a logtech specialized in complete offers for e-commerce operations, multi-marketplaces, and platforms in the plug-and-play model, operating in (i) fulfillment and (ii) full commerce (white label) through customized solutions and based on proprietary technologies. It has partnerships with the main carriers and connection with large marketplaces through its own HUB and ERP integration solutions.

Taxes: ICMS, PIS/COFINS/ISS, IRPJ/CSLL, CPRB

Technology

Casas Bahia Tecnologia

Casas Bahia Tecnologia is Casas Bahia Group's technological HUB, responsible for developing major technological projects and contributing to improving our entire ecosystem. Today, it has more than 2,000 employees who work every day to make the Company's digital evolution possible, guaranteeing the best experience for those who matter most: our clients.

Taxes: PIS/COFINS/ISS, IRPJ/CSLL, CPRB

Our People

In total, the Casas Bahia Group has **40,124 employees, 107 of whom are in the tax area**, of which **63% of leadership positions are held by women**. We value and believe in the potential of people and, for this reason, we promote frequent **training courses** that deal with everything from day-to-day technical issues to ESG issues, seeking to make our operation an important instrument for **training** and **transforming** the lives of our employees.

In addition, in compliance with the ESG guidelines, the Casas Bahia Group adopts **diversity, equity** and **inclusion** as company values. Promoting diversity and inclusion are pillars of our work both with our stakeholders and with the entire production chain.

We are signatories to various **agreements** that guarantee our commitment. These agreements follow periodic agendas and are always up to date with market trends and good practices and collective actions among the signatory companies and organizations, including (i) the Business Coalition to Fight for the End of Violence against Women and Girls, (ii) the Business Coalition for Racial and Gender Equality, (iii) the LGBT Business and Rights Forum, (iv) Movimento Mover, (v) the Women 360 Movement, (vi) the Women's Empowerment Principles and (vii) the Business Network for the Social Inclusion of People with Disabilities.

Our commitment to promoting an environment of inclusion and respect for diversity has already been recognized on the following occasions:

- **São Paulo Diversity Seal**, Membership category, certified by the São Paulo State Department for Economic Development;
- Recognized as one of the Best Places for LGBTQIAP+ People to Work by **Equidade BR** Survey developed by the Human Rights Campaign (HRC), a global workplace equality program;
- **Yes to Racial Equality Seal** – Identities Institute of Brazil (ID_BR)
- **Recognition - Ethos/Época Magazine Survey**, the company was recognized in the **Ethos/Época Diversity, Equity and Inclusion** survey, listed within the retail sector as a benchmark company in good practices.
- **B3 Seal** - Brazil Index that selects companies with the highest representation of women in leadership. The index is benchmarked by the ELAS11 fund (SAFRA ETF MULHERES NA LIDERANÇA FUNDO DE ÍNDICE AÇÕES), listed for trading on B3.

These initiatives **are reflected in our indicators**. The Casas Bahia Group established **Public Targets linked to diversity**, with 45% of self-declared black people and 42% of women in the top management positions. Our data shows that in the period from 2021 to 2023, we had an increase in black people in leadership (top management), from 26% in 2021 to 33% in October 2023. This growth can also be seen in the overall workforce, from 37% in 2021 to 45% in October 2023. The number of women remained the same from 2021 to 2023, with 33% in leadership (upper management) and 46% in general management. Finally, it is also worth mentioning our focus on increasing the number of people with disabilities throughout the company, with the indicator growing from 4.3% in December 2022 to 5% in November 2023.

40,124

Employees currently working at Casas Bahia

63%

of the leadership in tax area are women

The Casas Bahia Group is also involved in **Affirmative Actions**, which are focal policies that allocate resources for the benefit of people belonging to discriminated groups or those victimized by socio-economic exclusion, namely:

GENDER

Mulheres Potência Program

The Mulheres Potência Program was launched in March 2023 as a campaign to celebrate International Women's Day, unifying all gender equity actions focused on women. It included the International Women's Day campaign (March); training focused on store leadership (+900 leaders); Cá Entre Nós Live in partnership with Bayer, talking about women's health and 21 days of activism to combat violence against women and girls, actions that impacted external and internal audiences.

Orgulho do Meu RG

The company supports the promotion and dissemination of the "Orgulho do meu RG" campaign throughout Brazil. Created by Bicha da Justiça, a legal advisory and education company on LGBTQIAPN+ rights, it provides support for transgender transsexuals, transvestites and vulnerable non-binary people interested in having their name and gender rectified on their documents. More than 100 people have benefited from the project.

Orgulhosamente Trans

The LGBTQIAP+ inclusion and rights agenda included the creation of the Orgulhosamente Trans program to promote the fight against transphobia and welcome transgender employees. Among the highlights were 2 exclusive meetings and a campaign, with more than 30,000 views of the educational content on combating LGBTphobia.

RACE

Lapidar program

The *Lapidar* Program is one of the levers of the diversity goal, with the aim of supporting the development of self-declared black and mixed-race employees, initially, since 2021, in the logistics area, to take on future leadership positions in their area. In 2022, we had 36 approvals, 34 graduates, 16 promotions and 6 merits. The 2nd edition of the program will take place in 2024, extending its scope to the entire company.

Hello Mover

It offers an English scholarship to 800 self-declared black employees. In partnership with Movimento Mover and with the aim of providing educational opportunities, we offer an exclusive English course for black employees. The course lasts 12 months, with access to EF's virtual school and over 2,000 hours of self-study content available 24/7.

PwD

Jornada Sem Barreiras

The Jornada Sem Barreiras program, specifically for employees with disabilities (5% of the workforce), engaged 1,300 active employees, 80% of the public.

Jornada da Acessibilidade

Accessibility is part of the inclusion agenda for people with disabilities, considering both internal and external audiences. The highlights of the agenda are the advances in digital accessibility, with a focus on improving the client's shopping experience on our digital platforms, with the implementation of the Libras translation tool and support for visual adaptations.

OUR NUMBERS

Total Tax Contribution (TTC)

Total Tax Contribution (TTC)

R$ 2,642 billion

In 2023, the Casas Bahia Group was responsible for collecting R$ 2.642 billion in taxes, of which R$ 841.0 was paid to the Federal Government, R$ 1.682 billion to the States and Federal District and R$ 118.7 million to the Municipalities where we have operations, generating an effective impact on public policies throughout the country and confirming our commitment to Brazil's economic and social development through our **Tax Strategy**.

By State

R$ 841.0
Federal Government

R$ 1,682
States

R$ 118.7
Municipalities

By tax

R$ 1,853
Own (taxes levied on our operations IRPJ/CSLL/PIS/COFINS/ICMS/ISS/IPI)

R$ 154.4
Withheld (taxes we pay as responsible party withholding IRRF/CSRF/PIS/COFINS)

R$ 634.0
On the Payroll (taxes paid by the employer based on the employees' salaries)

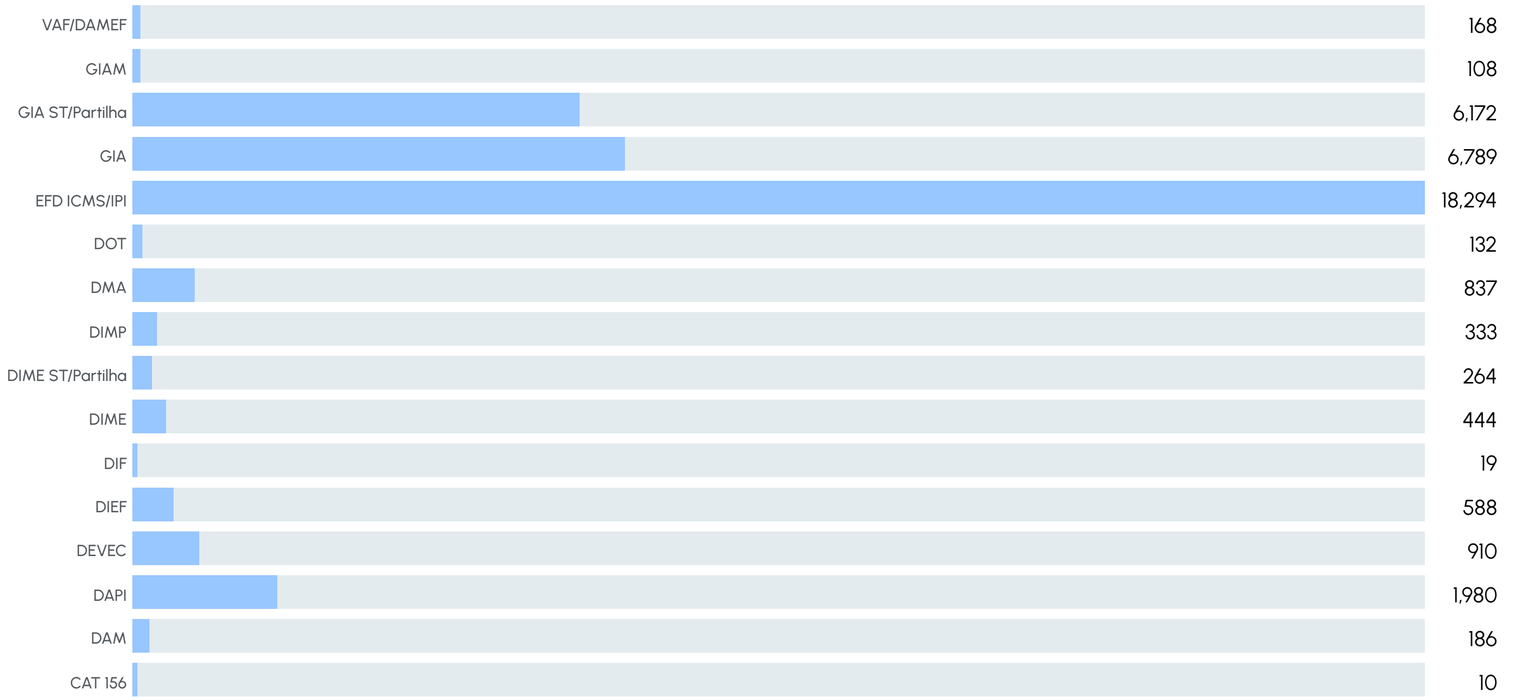
Ancillary obligations and tax information

From January to December 2023 we issued more than 40.6 million invoices and delivered 38,387 thousand files including federal, state and municipal ancillary obligations. Our care with the correct completion of these files only reinforces the Casas Bahia Group's commitment to improving the tax environment in Brazil and the pursuit of the highest standards of tax governance.

1,153
Volume of federal ancillary obligations

37,234
Volume of state ancillary obligations

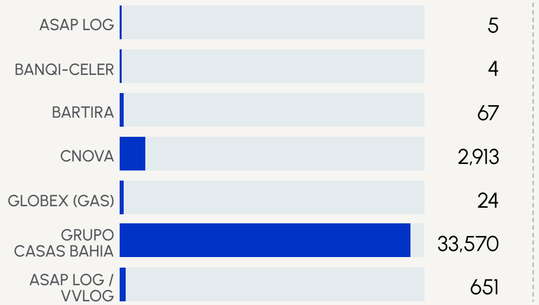
Volumetry by type of Ancillary Obligation



Total deliveries of ancillary obligations of 37,234 from January 2023 to December 2023

Volumetry by Company and State

Volumetry by Company

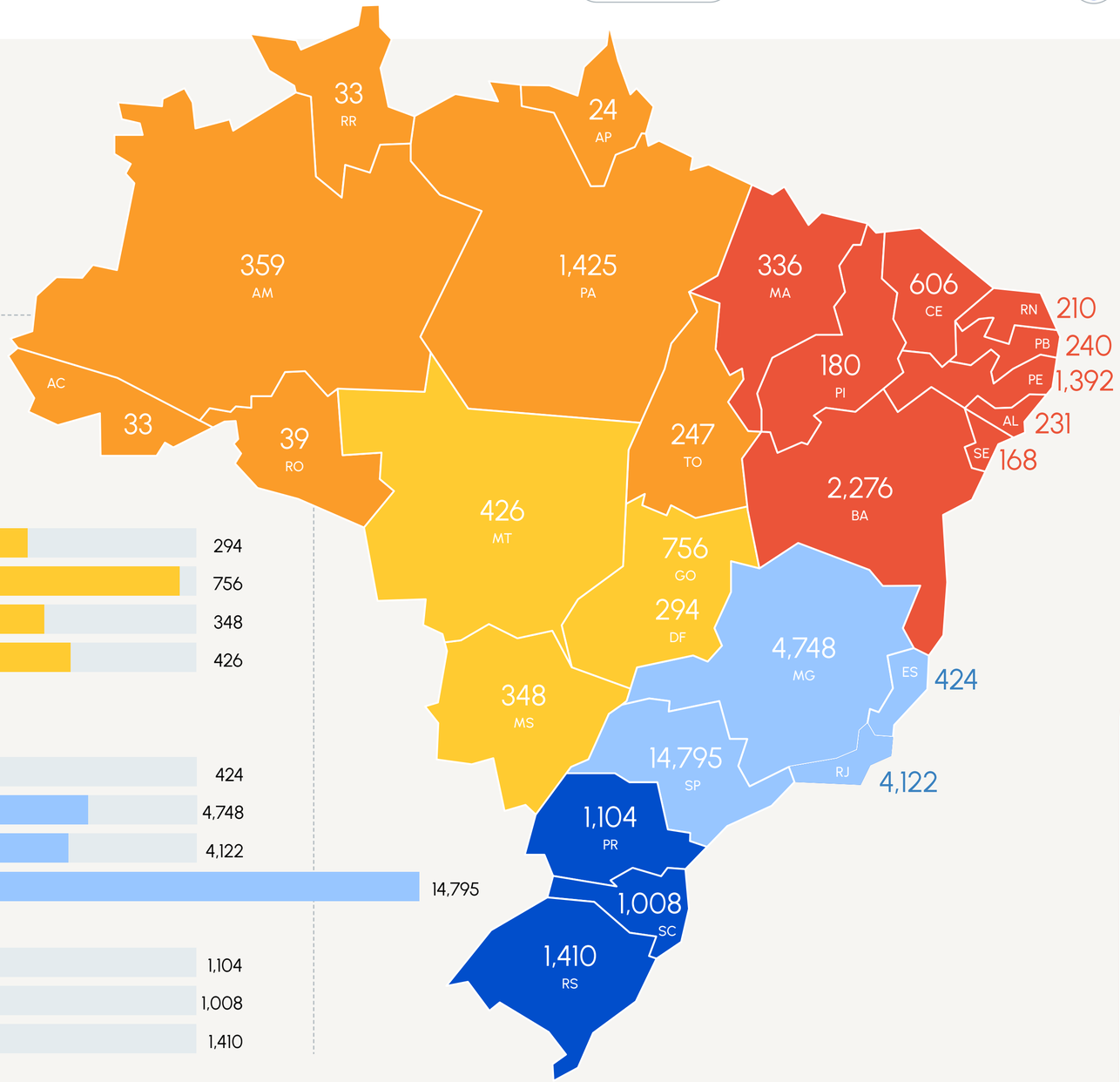


Total deliveries of ancillary obligations from January 2023 to December 2023:

37,234

Volumetry by State

AC	33
AM	359
AP	24
PA	1,425
RO	39
RR	33
TO	247
AL	231
BA	2,276
CE	606
MA	336
PB	240
PE	1,392
PI	180
RN	210
SE	168
DF	294
GO	756
MS	348
MT	426
ES	424
MG	4,748
RJ	4,122
SP	14,795
PR	1,104
SC	1,008
RS	1,410



FIGURES
ANALYSIS

Income taxation

In 2023, the Casas Bahia Group recorded a net accounting loss of R$ 2,625 billion. The accounting loss before taxation was R$ 4,202 billion and the deferred IRPJ recognized through profit or loss was R$ 1,577 billion.

In accordance with the Technical Pronouncement 32 of the Accounting Pronouncement Committee (CPC 32), both IRPJ and CSLL ("deferred taxes") are calculated on the temporary differences between the balances of assets and liabilities recognized in the financial statements and corresponding tax bases employed to arrive at taxable income, including the balance of tax losses and negative basis of social contribution on net income.

While deferred liabilities are usually recognized on taxable temporary differences, deferred tax assets are recognized on deductible temporary differences; in this case only when it is probable that the future taxable basis will be in sufficient amount to use these deductible temporary differences.

The Casas Bahia Group has been publicly traded since 2013 and regularly presents audited economic and financial statements. At the end of each year, it considers the strategic business plan that is structured by the company's professionals and which considers macroeconomic and financial assumptions, as well as the projections of different market institutions.

This development of the strategic business plan carries out an analysis of market data in comparison with publicly available data, with the sensitivity to assess the impact of key variables on the Casas Bahia Group's economic and financial projections.

By carrying out such economic and financial evaluations for Brazilian accounting and tax purposes, it is possible to compose the Projection of Taxable Income and Calculation of the Use of Deferred Income Tax to show the probability of using such credits.

The Casas Bahia Group closed 2023 with R$ 5,125 billion in deferred tax assets, which represents an increase of R$ 1,490 billion compared to 2022.

INCOME TAX AND DEFERRED SOCIAL CONTRIBUTION COMPOSITION

	Consolidated	
	12/31/2023	**12/31/2022**
Provision for legal disputes	760	659
Estimated losses with doubtful accounts	221	220
Tax loss carryforwards and negative basis	3,965	2,530
Provision for current expenses	73	62
Estimated loss of property, plant and equipment and inventory	115	29
Lease	280	263
Other	93	202
Total deferred tax assets	**5,507**	**3,965**
Depreciation and amortization of property, plant and equipment and intangible assets	(234)	(184)
PPA Bartira	(20)	(21)
ICMS selectivity	(116)	(116)
Other	(32)	(43)
Total deferred tax liabilities	**(402)**	**(364)**
	5,105	3,601

Deferred income tax and social contribution are presented in the balance sheet at the net amount, by contributing entity, as follows:

	Consolidated	
	12/31/2023	**12/31/2022**
Deferred tax assets	5,125	3,635
Deferred tax liabilities	(20)	(34)

ICMS, ICMS-ST and Value Added Margins

ICMS is a state tax levied on transactions involving the circulation of goods. It is a non-cumulative tax that seeks to charge only the value added at each stage of the chain, guaranteeing the right to a credit on the amount paid in the previous stages.

Although ideally designed to be a VAT (value-added tax), it is recognized as one of the most complex taxes in our system, especially because its jurisdiction is shared between 26 states and the Federal District, which results in extremely heterogeneous, extensive legislation that is difficult for taxpayers to understand.

In addition to the difficulties inherent in its operationalization, Brazil created the institute of **Forward Tax Substitution**, which consists of a **collection technique** that concentrates taxation at a single point in the chain, **anticipating the tax burden** that would be incurred at all stages, from commercialization to consumption. Tax is calculated using an **presumed margin** on products not yet sold (**inventories**).

Due to the characteristics of the Casas Bahia Group's operations, we are subject to both the payment of ICMS and ICMS-Tax Substitution in all states of the Federation and Tax Substitution has the effect of taxing our inventories. Our **Transformation Plan** has brought efficiency gains, but even so, Tax Substitution is responsible for a **significant cash impact** through the **anticipation of taxation** on these products.

In 2022, the Casas Bahia Group paid R$ 1,280 billion in ICMS, while in 2023 this amount was R$ 1,681 billion, considering all the states where it operates.

ICMS (Own and ST)

	2022	2023
North	R$ 72.8 million	R$ 112.1 million
Northeast	R$ 398.6 million	R$ 504.6 million
Southeast	R$ 558.0 million	R$ 705.9 million
Mid-West	R$ 167.2 million	R$ 227.7 million
South	R$ 83.4 million	R$ 131.2 million

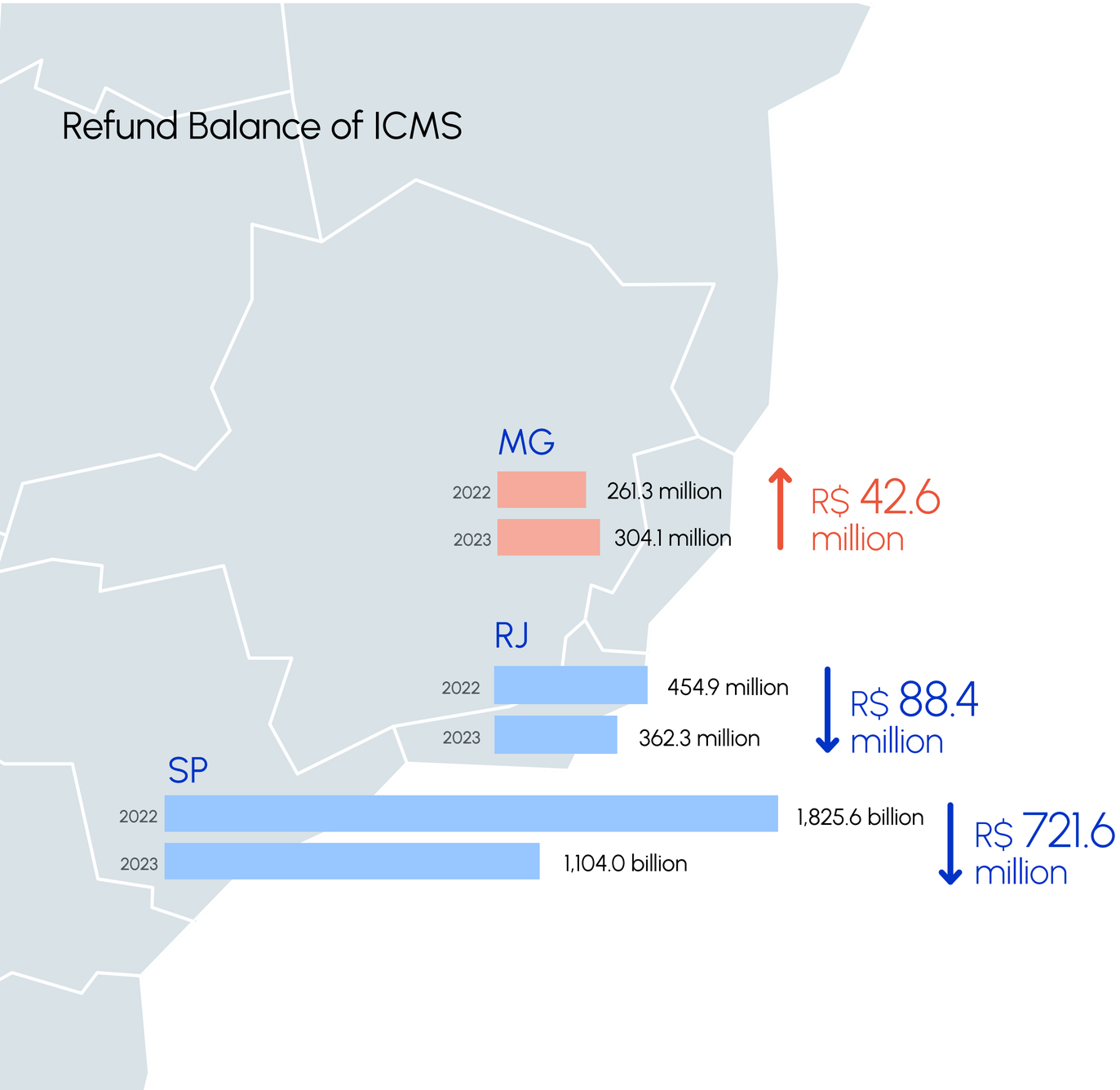
States with the highest ICMS collection in 2022

	2022
MG	R$ 282.4 million
SP	R$ 221.5 million
BA	R$ 100.0 million
CE	R$ 84.7 million
GO	R$ 73.8 million

States with the highest ICMS collection in 2023

	2023
MG	R$ 336.3 million
SP	R$ 253.0 million
PE	R$ 129.6 million
GO	R$ 113.4 million
CE	R$ 98.0 million

Refund Balance of ICMS



Specifically in relation to the ICMS-ST, it is also worth noting that, because it is a tax based on a **presumed value margin of operations**, there are recurring cases in which taxpayers end up paying a much higher amount than would be due if the tax were calculated based on their actual sales value.

This point is relevant for the Casas Bahia Group, which on 12/31/2023, had R$ 2,131 billion in ICMS-ST refund credits with the states, 83% of which was concentrated in MG, RJ and SP:

In addition to the measures already adopted by the company to **optimize inventories** and the **logistics network**, we have also been working with the state tax authorities to signal the importance of **better calibrating the value-added margins** used in the ICMS-ST, with a view to reducing these refund balances, which are detrimental to both the taxpayer and the state treasuries, which are forced to analyze these requests.

These margins are obtained through economic studies carried out by entities representing the respective sectors and it is essential that the Finance Departments are provided with up-to-date studies that are consistent with the operations actually carried out in the market.

The Casas Bahia Group

R$ 2,131 billion

of ICMS-ST, reimbursement credits, on 12/31/2023

83%

of reimbursement credits are concentrated in SP, MG and RJ

ICMS-ST Calculation Methodology

Complexities

- Information sent via specific systems and differences for each state;
- High level of bureaucracy for reimbursement
- Long waiting lines for effective reimbursement

MVA table

Type	BRL
MVA	R$ 1,100
ICMS-ST (18%* MVA)	R$ 198

R$ 800
Purchase price

R$ 198 ICMS-ST
Advance payment based on MVA indicated by the Government

R$ 18 ICMS
Subject to reimbursement

STATE GOVERNMENTS

R$ 1,000
Sale effective price

R$ 180 ICMS
Which would be due if calculated on the sales price to the final consumer

*This is a purely illustrative drawing intended to inform the non-specialist reader about the general idea of the system for reimbursing overpaid ICMS-ST. It does not necessarily reflect the total operation of the Casas Bahia Group, nor reflects the specific tax standards of each entry on the topic

PIS & COFINS

The Casas Bahia Group's main operations are subject to PIS and COFINS calculated using the non-cumulative regime, which provides for rates of 1.65% and 7.6%, respectively, on gross revenue from the sale of goods and provision of services.

Under the non-cumulative regime, the tax payable is calculated after deducting the book credits relating to acquisitions of goods for sale, inputs and raw materials and services related to the company's activities.

Given the characteristics of the Casas Bahia Group's operation, especially the volume of inventories needed to maintain the needs of our clients, in 2022 the PIS and COFINS calculated was R$ 2,765 billion, but this amount was fully offset. In 2023, this amount was R$ 2,636 billion, which was also fully offset by credits from the operation itself.

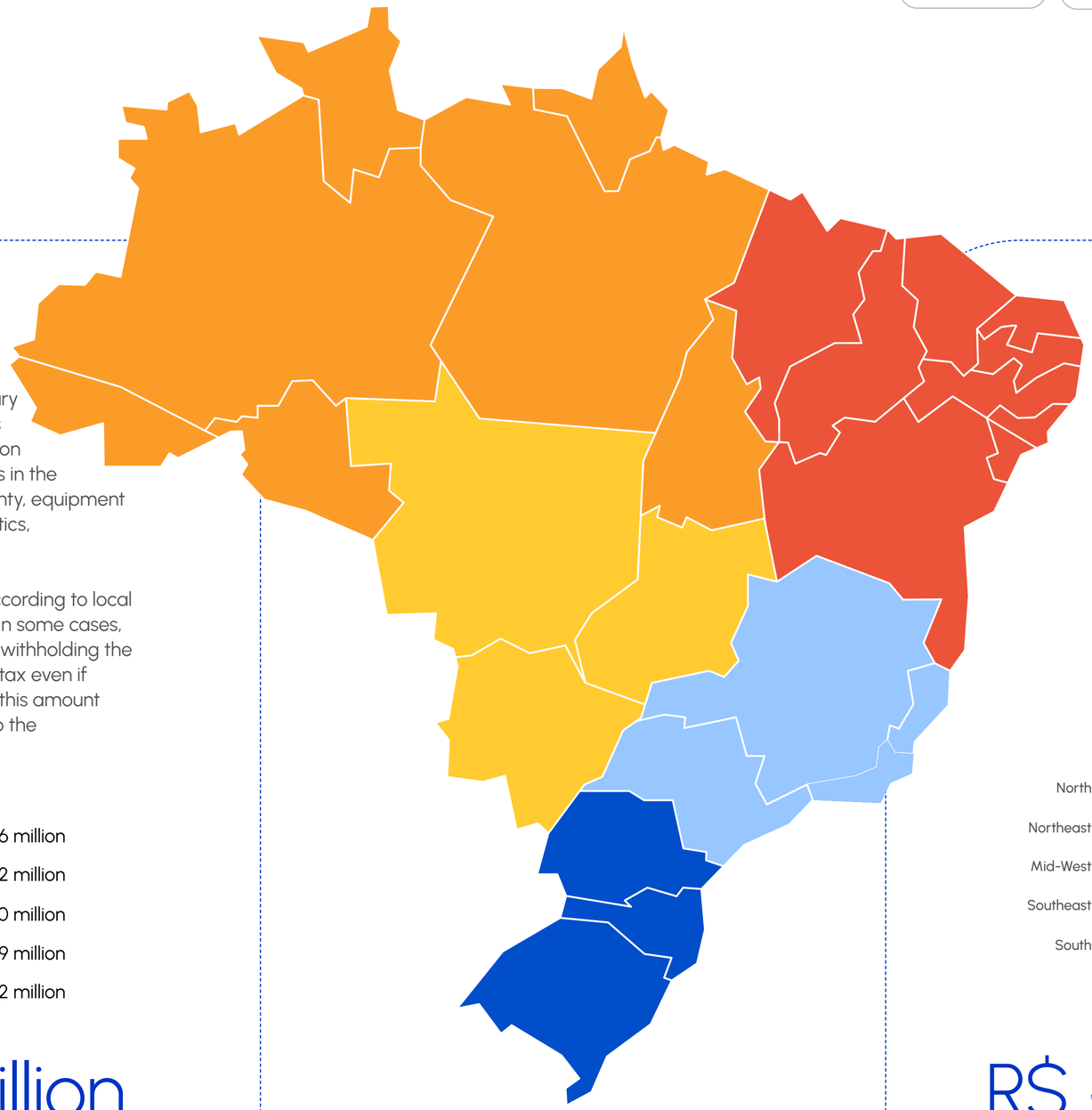
1.65% and 7.6%

On gross revenue from sale of assets and provision of services

R$ 2,636 billion

of PIS and COFINS on operations

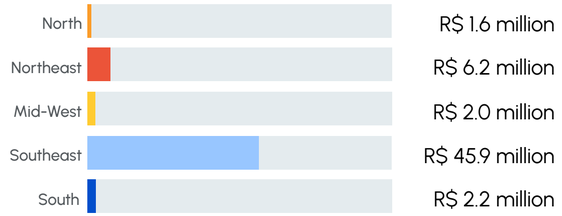
ISS and IPTU



ISS

ISS is a municipal tax levied on the provision of services listed in Supplementary Law 116/2003. Considering the operations of the Casas Bahia Group, this tax is due on intermediation operations related to sales in the marketplace, insurance, extended warranty, equipment installation, cobranded credit cards, logistics, among others.

As this is a municipal tax, its rates vary according to local legislation and can range from 2% to 5%. In some cases, the Casas Bahia Group is responsible for withholding the ISS, in which case it is obliged to pay the tax even if it acts as the service provider, deducting this amount from the portion that will be passed on to the service provider.

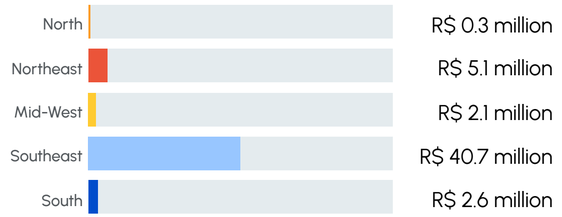


R$ 57.9 million

Total

IPTU

O IPTU ((Municipal Property Tax) is the tax levied on property and, in the case of Casas Bahia, it is paid on all properties in which the company has an establishment, whether through a physical store, administrative activity, distribution centers or warehouses. This payment is made including in establishments where Casas Bahia does not own the property itself, but acts as a tenant, in which case liability is contractually passed on to the company. In 2023, Casas Bahia had 31 Distribution Centers and warehouses and made its sales through 1,090 active branches (977 under the Casas Bahia brand and 156 under the Ponto Frio brand).



R$ 50.8 millions

Total

Recoverable tax asset

A company's recoverable tax asset is represented by the amounts that may reduce tax payments in the future and, under the terms of Basic Conceptual Pronouncement (R2) - Conceptual Framework for the Preparation and Disclosure of Accounting and Financial Reports issued by the Accounting Pronouncement Committee (CPC), the Casas Bahia Group only recognizes tax credits when they are a present economic resource controlled by the entity as a result of past events and are capable of producing future economic benefits

While ICMS credits represent a reduction in the cost of goods sold, PIS and COFINS credits are considered reducers of the income accounts on which these credits are calculated. In both cases, by offsetting the amounts owed due to the circulation of goods or the earning of revenue, they result in the reduction or extinction of the obligation to pay the taxes, relieving the company's cash flow. On the other hand, in cases where the amount of the credit is greater than the amount of the debt, there is an accumulation of credits that greatly harms the company's cash flow.

In this context, for the Casas Bahia Group, the expectation of realization of these credits is based on projections of operations and growth, operational management, current legislation and the generation of debits for the consumption of these credits per operation.

In 2023, the Casas Bahia Group presented a balance of taxes recoverable of R$ 5.852 billion, which represents a drop compared to the balance of R$ 6.737 billion presented in 2022.

BREAKDOWN OF BALANCES

	Consolidated	
	12/31/2023	**12/31/2022**
Recoverable ICMS (I)	2,653	3,815
Recoverable PIS and COFINS	2,656	2,377
Income tax and social contribution	265	279
Other	278	266
	5,852	6,737
Current	1,663	1,827
Non-current	4,189	4,910

Monetization of credits

The Casas Bahia Group adopts a series of measures to enable the effective use of the tax credits it recognizes, which are always supported by robust factual and documentary support and backed by the legal opinion of our specialized team and external advisors.

In addition, our monetization plan is constantly monitored and periodically reviewed in order to ensure that it reflects the events of our business and the possibilities of its effective realization.

This strategy is particularly important given the characteristics of our operation, which involves the need to pay taxes, such as ICMS, on our inventories in advance. In this context, the **monetization of credits** (i.e. the conversion of credits into cash) is added to our **Transformation and Results Plan**. From 4Q23 to 4Q22, we had a reduction of R$ 1,162 billion, signaling our plan to optimize these inventories to ensure efficiency for the operation. Among the main measures adopted by the Casas Bahia Group to monetize these credits, which in 2023 totaled R$ 2,719 billion, we highlight (i) **requests for refund of ICMS credits before the States;** (ii) the transfer of credits to third parties; (iii) the **use of these credits in the operation** (tax books) and (iv) **administrative offsetting**.

In relation to ICMS, in 2023, the Casas Bahia Group monetized R$ 2,719 billion tax credits, of which R$ 677.9 million were related to **transfers of ICMS credits to third parties**. In 2022, the amount of monetized tax credits was R$ 2,384 billion. This increase in monetization values demonstrates the tax team's commitment to constantly monitoring these credits, as well as the legislation in force, for their effective realization and ensuring efficiency with the company's tax practices.

TAX CREDITS AND MONETIZATION

	2022	2023
Monetization of tax credits	R$ 2,384 billion	R$ 2,719 billion
ICMS monetized credits	R$ 1,070 billion	R$ 1,698 billion
Monetized ICMS credits via transfers to third parties	R$ 74.5 million	R$ 677.9 million

Investment grants

The Casas Bahia Group has ICMS tax incentives that are classified as investment grants in 26 Brazilian states. In 2023, the issue of grants was the subject of significant changes in the Brazilian legal scenario, with emphasis on the Superior Court of Justice's judgment of **Repetitive Topic 1182** and the enactment of **Provisional Measure 1.185/2023** (converted into Law 14789/2023), which revoked the previous regime that provided for the exclusion of these amounts in the calculation of IRPJ and CSLL and instituted a tax credit to be used by the legal entity for offsetting against other debts or reimbursement in cash.

However, these legislative changes are only applicable from 2024 and do not impact the procedures adopted by the Casas Bahia Group in 2023. The Company will observe the changes in legislation and will monitor the evolution of the jurisprudential scenario on the topic.

Considering that these grants are tax benefits that reduce ICMS expenses by means of presumed credits, reduction in the calculation basis or reduction in the tax rate, by December 31, 2023, the amount excluded in 2023 represented 2% of revenues from goods sold, net of taxes. In 2022 the amount excluded represented 3% of revenues from goods sold net of tax.

Amount excluded in 2023 represented **2% of revenues from goods sold** net of taxes (3% on December 31, 2022).

Marketplace

Through our marketplace, we enable independent retailers to offer their products on the Casas Bahia's website. This is an important tool that gives sellers access to the Brazilian market and, at the same time, expands the range of products on offer to our clients.

This is why, from a tax point of view, our marketplace has an impact that goes beyond the Casas Bahia Group's operations. In addition to directly collecting taxes levied on the platform's operations (intermediation), it also increases tax compliance levels and indirect tax collection (by sellers) because we require tax regularity from sellers as a condition for them to be registered on our platform.

This commitment is evidenced by our **General Conditions for Commercialization in an Electronic Environment**, which condition the entry and participation of partners in our platform on the compliance before any and all Public Authorities.

In addition, since August 2020 we have been providing information to the Tax Authorities about the transactions we mediate by submitting the Payment Means Information Declaration (DIMP), which allows simultaneous monitoring and inspection of transactions and facilitates the process of monitoring and inspecting the respective payment of taxes by the sellers and respective ancillary obligations (issue of Electronic Invoice).

Despite the **new strategy** adopted by the company, with an emphasis on core and physical stores, our **marketplace** remains a **strategic** and **fundamental tool** for achieving our goal of generating value for our shareholders and, at the same time, positively impacting Brazilian society through our activities.

R$ 5,831 billion
GMV

R$ 713 million
Own Revenue

163 thousand
Sellers

6,569
DIMP Order Number

Logistics ecosystem

In 2023, the Casas Bahia Group implemented a new strategy with a greater focus on the operations of its physical stores. Even in the face of this change, our omni-channel logistics model continues to be strategic for our operations, since it integrates the inventories and deliveries of physical and digital sales.

A significant proportion of online sales go through physical stores, which can either be used for client pick-up or as logistics hubs. In 4Q23, our logistics ecosystem was responsible for the following positive impacts:

No Fulfillment, 35% of orders were delivered within

48 hours

- ↗ 14% — Term in 1P improved 14% compared to 4Q22 and 8% sequentially;
- ↗ 5% — Term in 3P improved 5% compared to 4Q22;
- ↘ 11% — Casas Bahia Group Fulfillment term improved 11% in 4Q23 compared to 4Q22;
- ↗ 35% — In Fulfillment, 35% of orders were delivered within 48 hours compared to 21% in 4Q22;
- ↗ 61% — Clients and fulfillment revenues grew by 21% and 61% year-on-year, respectively.
- ↗ 126% — 126% growth in freight revenue in 4Q23 compared to 4Q22;
- ↗ 96% — Clients on the open sea and the number of orders grew by 93% and 96% respectively.

These results show that the Casas Bahia Group's logistics, as well as being a business, is a factor directly responsible for ensuring efficient tax management, since it **contributes**: (i) to the payment of taxes on its logistics operation; (ii) to the **increased efficiency** in our operation, with improved **inventory management** in each State and respective delivery network, so that consumers are served more quickly and without tax inefficiencies and; (iii) to the **tax compliance** of our clients by requiring the invoice issued by the seller to carry out the logistics operations.

Tax reform

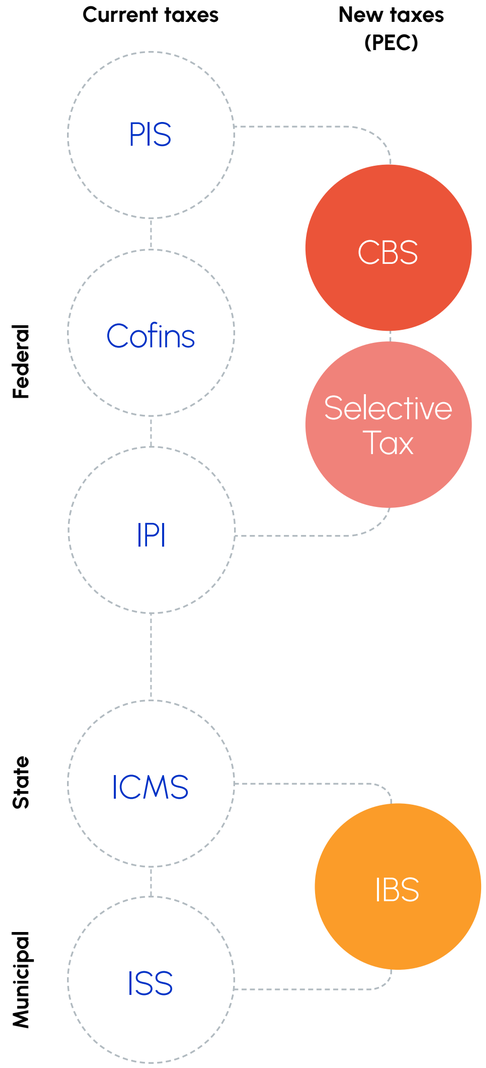
At the end of 2023, Constitutional Amendment 132/2023 was enacted and a wide-ranging reform of the Brazilian Tax System was approved, the main objectives of which were to promote: (i) the **simplification** of the collection of taxes on consumption, (ii) the increase in **transparency** regarding the payment of these taxes, (iii) the **end of the tax war**; (iv) the neutrality of consumption taxation on investment allocation decisions; and (v) the **incentive to the** country's **economic growth.**

The new system provides for the unification of five taxes - IPI, PIS, COFINS, ICMS and ISS - into a single levy that will be divided between a contribution that falls within the jurisdiction of the Federal Government (CBS) and a tax under shared jurisdiction between states and municipalities (IBS). The Selective Tax (IS), which is extra-fiscal in nature and will be the responsibility of the Federal Government, has also been provided for.

Both CBS and IBS will have **uniform legislation** throughout the country and will be levied on a **broad base of goods and services**. In addition, they will be **levied at the destination** of the transactions, will not make up their own **calculation bases** and will have a system for quickly **returning the credits**.

In order to implement these changes, the Brazilian Congress still has to approve the complementary laws that will regulate the new taxes, and it is essential to take into account that there will be a **transition period** with the **coexistence of two tax "regimes" operating concurrently**, since the current taxes will be replaced gradually. The expectation is that the technical groups drafting the reform regulations will present 4 preliminary projects, divided between the following topics: (i) General IBS and CBS Law, (ii) IBS Management Committee, (iii) Selective Tax and (iv) Administrative Litigation.

Although the deadline for the complete implementation of the new system is only 2033, the Casas Bahia Group will already be able to see a **potential cash effect** in 2026 with the start of the transition from PIS and COFINS to CBS, which will begin to be levied at a rate of 0.9%, and to IBS, which will begin to be levied at a rate of 0.1%. The amounts due as CBS can be **offset** against the PIS and COFINS due or, in the case of a credit balance, it can be offset against another federal tax or refunded.



3. See: https://valor.globo.com/legislacao/coluna/reforma-tributaria-primeiro-passo-dado.ghtml

Transition

2026

Establishment of CBS at a rate of 0.9% and IBS at a rate of 0.1%

The amount paid may be offset against the PIS and COFINS due or, if there is a credit balance, it may be offset against another federal tax or reimbursed

POTENTIAL

CASH EFFECT!

2027

Establishment of CBS and extinction of PIS and COFINS

Reduction to zero of the IPI rate on non-industrialized goods in the ZFM

2029 a 2032

Proportional entry of IBS and proportional extinction of ICMS and ISS

2033

Extinction of IPI, ICMS and ISS

Full validity of the new system and incorporation of the remaining 60% + extinction of the old one

The ICMS credit balances at the end of 2032 will be used to offset the IBS in 240 installments (20 years) or will need to be approved (tacitly or expressly) or reimbursed by the Federative Council. From 2033 onwards, the credit balances will be updated, following the regulations of the Complementary Law

In view of the impact of the change on the Casas Bahia Group's business chain (from inventories, billing, sales team, etc.), an **exclusive team** will be created to monitor and manage these changes.

The transition will also require an IT team dedicated to making the necessary adaptations, changes and parameterizations to comply with the changes brought about by the Tax Reform.

In terms of content, our priorities are (i) to guarantee the **settlement** of existing credits and (ii) to **eliminate tax prepayments** (ST) in consumption taxation.

Finally, the new system will bring about a profound paradigm shift in the dynamics of taxation on consumption, increasing **tax citizenship** by making taxpayers aware of the amount of tax they actually pay in each transaction.

This goal will be achieved by combining the following factors: (i) taxation will take place exclusively at the place of destination of the transactions, (ii) each federal entity will set its own tax rate, which will be uniform for goods and services in its territory (subject to constitutional exceptions) and (iii) taxes will be calculated "externally", i.e. the rates will be levied on the value of the transactions, so that the end consumer will be able to understand the **composition of the price of the good or service they are purchasing.**

In this context, the Casas Bahia Group, as a major retailer with operations throughout the country, will once again play an important role as a collaborative agent in promoting **tax education,** teaching taxpayers about the tax burden levied on transactions involving goods and services.

DIFAL

The tax rate differential (DIFAL) in interstate transactions with final consumers was introduced in 2015 by Constitutional Amendment 87 with the aim of equalizing the distribution of ICMS between origin and destination in e-commerce transactions.

Its regulation was introduced through ICMS Agreement 93/2015 and ordinary state laws, i.e. without the enactment of a Complementary Law to determine the aspects of its incidence. This Agreement and ordinary state laws were declared unconstitutional by the STF on 02/24/2021, and the effects of this decision, due to the modulation of effects, would apply from the fiscal year following the conclusion of the judgment (01/01/2022), with the obligation to issue a Complementary Law. Companies with ongoing lawsuits were exempt from the modulation.

Although it was instituted in 2015, the Complementary Law that regulated DIFAL was only published on January 4, 2022, which led taxpayers to believe that this charge could only apply from 2023 due to the need to comply with the so-called principle of tax precedence, according to which rules that institute or increase taxes **can only apply from the fiscal year following the one in which they were published**.

Despite this, on November 29, 2023, the Federal Supreme Court authorized, by six votes to five, that DIFAL could be levied as of April 5, 2022, which was the date set in the Complementary Law for its effects. In the Court's opinion, there was no need to observe annual precedence, but only **90-day precedence**, since it was not really a question of instituting a "new tax", but only a change in the system for collecting an existing tax.

This understanding came as a surprise to taxpayers, especially given the **contradiction** that was established **with another judgment of the Federal Supreme Court itself in 2021**, when it ruled that Confaz Agreement 93/2015 was unconstitutional and concluded that a Complementary Law was needed to regulate DIFAL precisely because it involved the creation of a new tax.

For this reason, the Federal Supreme Court's recent decision conflicts with the legitimate expectations of the vast majority of taxpayers, including the Casas Bahia Group, insofar as the Court was expected, out of a need for **consistency** with its previous stance, to validate the collection of DIFAL only from 2023.

Given this scenario, we need to wait for the decision to become final before we can assess the effect on prices and margins. We are closely following up the developments in this case, firm in our commitment **not to pass** on this scenario of **legal uncertainty** and **fragile tax legality** to our consumers.

4. https://portal.stf.jus.br/processos/downloadPeca.asp?id=15346516560&ext=.pdf

Transfers between establishments

At the end of 2023, the Federal Supreme Court concluded its judgment in Direct Action for Constitutionality 49, holding that **ICMS should not be levied on mere transfers of goods between establishments of the same taxpayer**. Following this judgment, Complementary Law 204/2023 was enacted, which, in regulating the matter, provided that taxpayers may keep the credit relating to previous transactions and services, including when the transfers take place between different states.

Considering the Casas Bahia Group's operations, these changes do not affect the procedures that are already in place, since the credits will continue to be transferred through the regular issuance of invoices, and will be obtained by applying the tax rates for interstate transactions (4%, 7% or 12%) to the following calculation bases: (i) value of the most recent inflow, for trading companies; (ii) cost of goods produced, for manufacturers; and (iii) cost of production, in the case of primary products.

In addition, as the rules of the complementary law are applicable to all states and do not modify or impact any tax benefits granted by the states of origin of the operations, there will be no risk for the Casas Bahia Group, whose goods transfer operations are in full compliance with the legislation.

It is worth noting that **the limitation on the full use of credits originating in the state of origin**, as established by Complementary Law 204/2023, **is a questionable point in the new legislation**.

This is because, in compliance with the **non-cumulative principle** applicable to the ICMS, any credit generated in the state of origin should be able to be transferred to the state of destination. This possibility was removed by the new legislation, which limits the use in the state of destination to the percentages established for interstate tax rates.

Cooperative Compliance Initiatives and the CONFIA Program

In 2023, the Casas Bahia Group took part in the CONFIA Dialogue Forum, which is the main Brazilian program for **cooperative compliance** developed by the Federal Revenue Service, which proposes a more effective form of relationship between the tax authorities and taxpayers based on trust, a history of behavior and compliance, and the taxpayers' tax control structure.

The **Dialogue Forum** is a collegiate body made up of forty (40) large taxpayers and the Federal Revenue Service, created to develop the program collaboratively, in a space for meetings, dialogue and systematic debate between the Federal Revenue Service and taxpayers. Our **work** included participation in the CONFIA Model Chamber, the Fiscal Control Framework Chamber, the Code of Good Tax Practices Chamber and the Tax Sanctions Chamber, where **we put in a great deal of effort and dedication** with the allocation of our professionals to monitor and contribute to the discussions.

According to the **final reports** made available by the Federal Revenue Service and which can be publicly consulted on the program's website , more than twenty (20) meetings have been held since the beginning of the program with the participation of the Casas Bahia Group. In **2023, meetings** of the Sanctions Chamber took **place** between January and June 2023, and the Model Chamber throughout the year.

The year 2023 was important for consolidating the consensus that had been built up during the meetings of the Dialogue Forum and its Chambers, and for identifying the points of disagreement between the Federal Revenue Service and taxpayers that should be dealt with in the legislative sphere. Based on these results, the Federal Revenue Service drafted the text of Bill 15/2024, which the Ministry of Finance sent to Congress to establish CONFIA.

Bill 15/2024 also deals with SINTONIA, a general compliance incentive program, OEA, a customs compliance incentive program, and *Devedor Contumaz*.

CONFIA has entered a new phase of development and the Casas Bahia Group remains convinced that promoting a relationship of trust and collaborative practices between the tax authorities and taxpayers is the way to achieve better collection rates and promote tax citizenship.

That is why we support and engage internally with the development of best practices related to cooperative compliance programs by building a culture of **Corporate Tax Governance** accompanied by a **Risk Management** and **Internal Controls System**.

CONFIA Final Reports available at:
https://www.gov.br/receitafederal/pt-br/acesso-a-informacao/acoes-e-programas/confia/conheca-o-forum-de-dialogo-confia.

GLOSSARY

1P
Products from Casas Bahia's stock sold on online platforms.

ADC
Direct Action for Constitutionality

Tax authorities
Any national, regional or municipal authority capable of exercising supervisory powers over taxpayers, such as the Federal, State or Municipal Revenue Service.

CONFIA
Brazilian Federal Revenue Service's Tax Compliance Program.

Taxpayer
Individual or legal entity on which the tax obligation falls.

DARF
Federal tax collection document. Bank slip for payment of federal taxes.

DCTF
Declaration of Federal Debts and Credits. An ancillary obligation filled in by the taxpayer to inform the Federal Revenue Service of the federal taxes owed, as well as the credits for each tax.

DIFAL
Rate difference

Deferral
The procedure of postponing the payment of a tax to a later stage.

DIME
ICMS Declaration and Economic Movement. An ancillary obligation filled in by the taxpayer to report the state taxes owed to most of the State Treasury Departments, as well as the credits for each tax. In some states, it is replaced by GIA.

EFD
Ancillary obligation for ICMS, IPI, PIS and Cofins, through which taxpayers declare to the federal government and state departments how much they have calculated in debits and credits for the month, the amount of accumulated credits (if any) and the amount of tax payable.

ESG
An acronym for Environmental, Social and Governance, which brings together issues considered to have a social impact and relevance for companies.

Fulfillment
Logistics business model for e-commerce, which encompasses everything from receiving goods to warehousing, invoicing, shipping and transportation to the consumer.

Fullcommerce
Commercial business model for e-commerce, which includes own platforms, integration with marketplaces, payment methods, marketing, commercial strategy, logistics and customer service.

Total net Gross Merchandise Volume (GMV)
Amount transacted in R$ on our website and stores net of returns and cancellations.

Tax incentives
Benefits granted by the state to encourage a certain activity or conduct by reducing taxes.

IPI
Excise tax. Consumption tax levied on industrialized products.

ISS
Service tax. Tax charged by municipalities on provision of services.

Taxable income
Corporate income tax assessment system, mandatory for large companies.

Marketplace or 3P
Partner products ("sellers") marketed on the Online platforms.

Omnichannel
The integration of all the means and ways of selling and reaching the client, connecting the online and offline worlds and integrating supply chains to serve the consumer where, how and when they want.

PERDCOMP
This is an ancillary obligation through which federal tax payers make requests for reimbursement or refund of overpaid taxes (receipt in cash), or for offsetting current or future taxes.

Business purpose
Characteristic of the activity that is relevant to the company's operations, different from empty implementation maneuvers used for tax avoidance.

RFB
Brazilian Federal Revenue Service. Federal tax authority.

SELIC
Basic interest rate used by the Central Bank to control inflation.

Stakeholders
Individuals and organizations company.

Tax/Contribution
Taxes, fees, contributions or special or social security contributions, which are mandatory payments without compensation to the general government.

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