

# Q4'23

## RESULTS

GRUPO **CASASBAHIA**

# MAIN MESSAGES – Q4'23



## TRANSFORMATION PLAN

Execution of the **main operational levers** and identification of new **opportunities**



## COST REDUCTION

**8.6 K positions**  
reduced in the year

**55 stores**  
closed in the year

**4 DCs**  
re-sized and  
+10 under review

Greater efficiency in  
marketing investment  
(investment/revenue  
**30% lower** vs. 2022)



## INVENTORY

Reduction of **R\$ 1.2 BN**  
**vs Q4'22**  
and R\$ 0.6 BN vs Q3'23,  
focus on low-turnover  
inventory

Inventory days:  
**76 days** in Q4'23  
( vs 83 days in Q3'23  
and 94 days in Q4'22)

**HISTORICAL LOW OF  
INVENTORY DAYS**



## CAPITAL STRUCTURE

### Liability management

Extension of the  
short-term debt  
(New due date  
in 3 years)



## LIQUIDITY

Final liquidity  
balance at  
**R\$ 3.6 billion**  
**in Q4'23**  
(vs R\$2.8 billion  
in Q3'23)

Free cash flow  
**R\$ 721 MM in Q4'23**

**R\$ 648 MM in 2023**  
(after 3 years of  
consumption)

# OMNICHANNEL



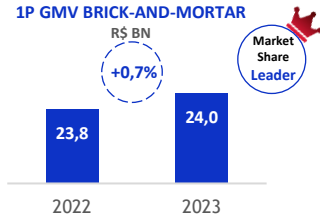
# OMNICHANNEL 1P/3P

1P Brick-and-mortar: resilience, even with the closure of 55 stores with negative contribution margin

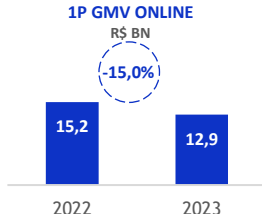
1P online: readjustment with discontinuity of unprofitable categories

3P online: complementarity, with revenue growth and profitability

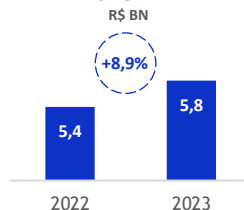
## 1P GMV BRICK-AND-MORTAR



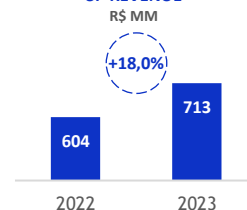
## 1P GMV ONLINE



## 3P GMV



## 3P REVENUE

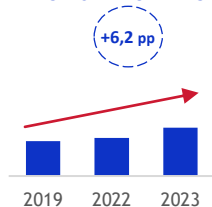


Sustainable online share gain in all core categories combined with a focus on profitability

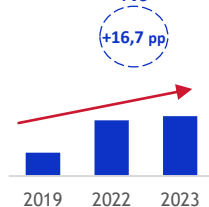
### HOME APPLIANCES



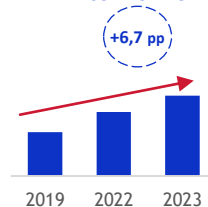
### PHONES AND CELL PHONES



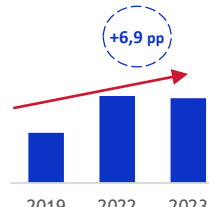
### TVS



### COMPUTING



### FURNITURE



# INNOVATON



Revenue  
2023  
**+70%**  
YoY

LAUNCH OF  
THE NEW ADS  
PLATFORM



NEW  
SOURCES  
OF  
REVENUE

**PERFORMANCE**

Google, Affiliates,  
Facebook Ads and TikTok

**WEBSITE**

(Banner website)

**CRM**

Email, Push and  
WhatsApp

**SELLER UNIFORM**

**DIGITAL SIGNAGE**

Digital Signage within the  
Ads Platform

**AWARDS CLUB**

**CASAS BAHIA ADS  
FULL SOLUTIONS  
PORTFOLIO**

**IN-STORE TRADE**

**COMING SOON**

**SELF SERVICE PLATFORM**

Sponsored Showcases and Display  
with audience Intelligence

**GEO FAST**

TV

**PUBLIS CB AND PIN**

Content Action

**ADS IN BANQI**

**CMI**

Consumer Survey

# LOGISTICS

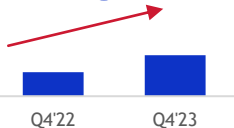


Expansion of new sources of revenue and profitability improving delivery times

## Fulfillment Multimarketplace

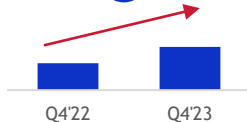
# Clients

+21%



Revenue

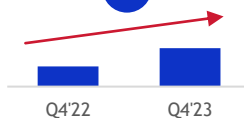
+61%



## Transport (to non-seller third parties)

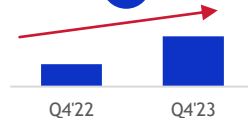
# Clients

+93%



Revenue

+126%

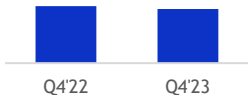


## Reduction in delivery time across all services

### Marketplace

Deliveries not managed by  
Grupo Casas Bahia

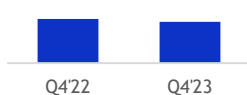
-5%



### Marketplace

Deliveries managed by  
Grupo Casas Bahia

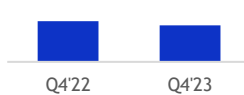
-6%



### Fulfillment

Grupo Casas Bahia

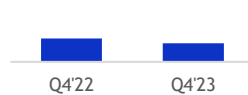
-11%



### 1P Grupo Casas Bahia

Online and Offline

-21%



New  
sources  
of  
revenue

Greater  
Efficiency  
=  
Lower  
delivery  
time



# FINANCIAL SOLUTIONS



# FINANCIAL SOLUTIONS

GRUPO CASASBAHIA

Installment Plans: sales leverage, profitability and default under control

## Active Portfolio Evolution

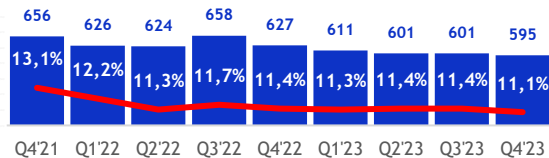
(R\$ BN)



■ Active Portfolio\* ■ Over-90 Rate \* Active Portfolio = Customers overdue for up to 180 days

## ADA (Allowance for Doubtful Accounts)

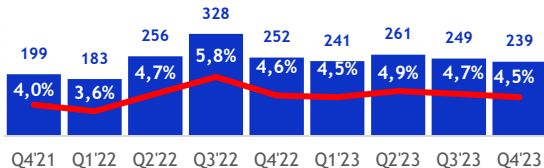
(R\$ MM)



■ ADA Balance ■ ADA Balance / Active Portfolio

## Quarterly Net Loss

(R\$ MM)

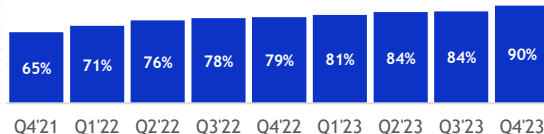


■ Net Loss ■ Net Loss / Active Portfolio

HEALTHY  
DEFAULT  
INDICATORS

## Installment Plan Penetration

(% in Brazil's Municipalities)



ESG





**SUSTAINABILITY  
REVIVA RECYCLING PROGRAM  
AND RENEWABLE ENERGY**

**68% of energy use**

From renewable sources, in its operations. Target of reaching 90% by 2025.

**+ 3,000 Ton**

of waste sent for recycling over the year.

**593 collectors**

of electronics distributed across the stores and operations.

**10 Ton of electronics**

sent for disposal and recycling over the year (+128% y/y).

**FUNDAÇÃO  
CASASBAHIA**

**SOCIAL  
CASAS BAHIA  
FOUNDATION**

**R\$ 3.7 MM**

invested in social projects, +40 k people impacted.

**+11 k young people trained**

with Inst. PROA and Viven. Support to Inst Vini Jr in the construction of 2 educational technology centers (389 beneficiaries).

**Training of 268 women**

with Inst. Dona Si (65% black) and 204 black/indigenous people with Inst. Feira Preta.

**+7 k clothing articles collected**

(Sul Solidário), 488 Young people trained (Feira das Profissões) and 523 beneficiaries (+Alegria no Natal).

**Donation of 1,300 products**

for victims of rain calamity in SP and 300 mattresses for victims of flood in RS.



**SOCIAL  
DIVERSITY**

**+26 k employees**

trained in the EAD Diversity Course.

**1.3 k employees**

with disabilities in the Jornada Sem Barreiras Program.

**45% black employees**

(vs 42% in 2022). In leading roles, there are 34% (vs 30% in 2022).

**46% female employees**

33% in leading roles.

**#TenhoOrgulhoEMostro Campaign**

against discrimination (9 MM views).

**+63 k orders delivered**

in vulnerable communities, in partnership with the startup Favela Express (+17% y/y).



**GOVERNANCE**

**1st Tax Transparency Report**

Unprecedented initiative in the segment, increasing transparency in our operations and corroborating our tax responsibility.

**Update of our adherence to the business pact**

for Integrity and Against Corruption, from Instituto Ethos.

**True Corporation**

No controlling shareholders.

**Independent Members**

3 independent members on the Board of Directors (out of a total of 5), including the president.

# FINANCIAL HIGHLIGHTS



# FINANCIAL HIGHLIGHTS

## EXECUTION DISCIPLINE

**Transformation Plan  
on schedule**

- Specific impact on the Income Statement related to reduction of old inventory, expenses with restructuring/others and provision for DIFAL tax
- Adjusted EBITDA (ex 1.5 p.p. from factors mentioned above) 3.7% in Q4'23 (vs 3.7% in Q4'22 ex renewal of co-branded cards partnerships)

## PRIORITIES

**Liquidity and cash flow  
management**

- R\$ 3.6 BN liquidity in Q4'23 vs R\$ 2.8 BN in Q2'23 and Q3'23
- +R\$ 721 MM Free Cash Flow\* in Q4'23 (higher generation in 2023)
- +R\$ 648 MM Free Cash Flow\* in 2023 (vs consumption in the 3 previous years)

## CAPITAL STRUCTURE

**Debt  
Re-profiling**

- Extension of debt profile (R\$ 1.5 BN) for 3 years
- Long-term maturity representing 70% of debt (vs. 41% before the extension)
- Short-term liquidity ratio (liquidity/short-term debt) increase from 1.5X to 2.9X

\*Free Cash Flow = cash flow available for paying debt (principal and interest) and shareholders

# RESULTS

## Q4'23

(R\$ Million)	Q4'22 Accounting	Co-Branded Credit Cards Partnership Renewal	Q4'22 Ex. non recurring	Q4'23 Accounting	Inventory Reduction	Restructuring / others	DIFAL Provision	Q4'23 Ex. non recurring	Var.
Gross Revenue	10.427	(350)	10.077	8.811	126	-	-	8.937	-11,3%
Net Revenue	8.845	(317)	8.528	7.414	105	-	-	7.519	-11,8%
Gross Profit	2.595	(317)	2.278	2.046	105	5	-	2.156	-5,4%
Gross Margin	29,3%	-	26,7%	27,6%	-	-	-	28,7%	2,0p.p.
SG&A	(2.030)	-	(2.030)	(1.944)	-	3	-	(1.941)	-4,4%
Adjusted EBITDA	629	(317)	312	163	105	8	-	276	-11,4%
Adjusted EBITDA Margin	7,1%	-	3,7%	2,2%	-	-	-	3,7%	0,0p.p.
Other Expenses	(87)	-	(87)	(604)	-	289	197	(119)	36,7%
Financial Results	(641)	-	(641)	(734)	-	-	24	(711)	10,9%
EBT	(380)	(317)	(697)	(1.467)	105	297	220	(844)	21,1%

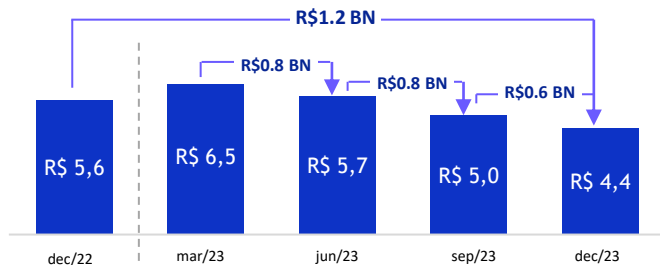
(R\$ Million)	Total	Co-Branded Credit Cards Partnership Renewal	Total	Inventory Reduction	Restructuring / others	DIFAL Provision
EBT Impact	317	317	(622)	(105)	(297)	(220)
Cash Impact	1.750	1.750	457	506	(49)	-

- Impact on margin due to the old inventory reduction and restructuring/other expenses
- Adjusted EBITDA (including the impacts mentioned above) of 3.7% in Q4'23 (vs 3.7% in Q4'22 excluding co-branded credit cards partnership renewal)

## OPTIMIZATION OF INVENTORY LEVELS BY REDUCING OLDER AND SLOW TURNOVER INVENTORY

### Inventory

(R\$ billion)



Inventory  
days

94  
days

110  
days

97  
days

83  
days

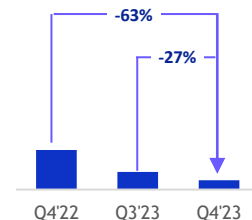
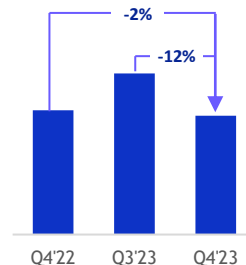
76  
days

Overcoming initial  
target:  
<90 days

### Aging

Inventory below 90 days

Inventory above 90 days



ADEQUATE RECENT  
INVENTORY LEVELS  
NO IMPACT ON STOCKOUT

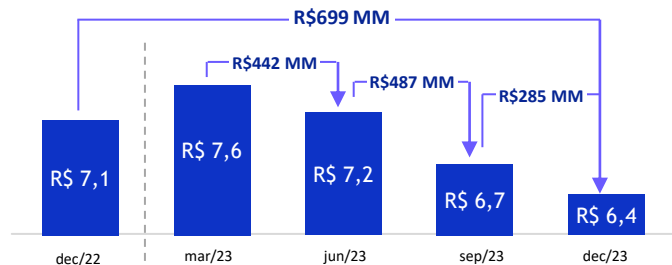
REDUCTION IN OLDER AND SLOW  
TURNOVER INVENTORY  
IN LINE WITH TARGET OF 90 DAYS



## CAPITAL MANAGEMENT EFFICIENCY

### Suppliers\*

(R\$ billion)



Supplier  
days

119  
days

128  
days

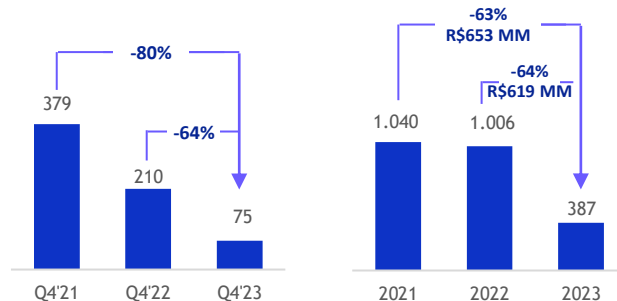
121  
days

112  
days

112  
days

### Capex

(R\$ million)



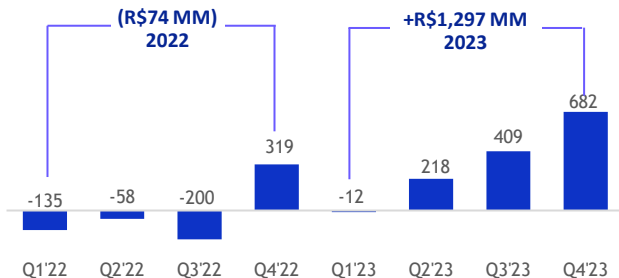
- Capex reduction reflects the less expansive instance of brick-and-mortar stores and low investment in non-core operations
- Focus on technology investments (UX, conversion, efficient systems, etc.), infrastructure and maintenance

\* Suppliers does not include Trade accounts payable – agreement and Others

## POSITIVE CONTRIBUTION FOR CAPITALIZATION OF TAX CREDITS

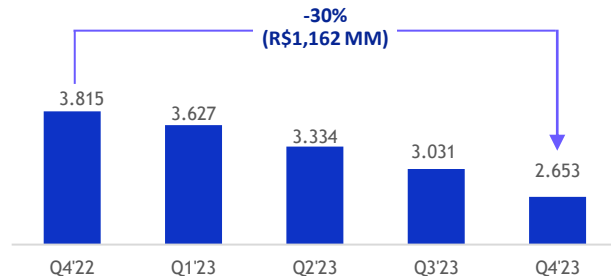
### Taxes

Net Impact on Cash Flow (R\$ million)



### ICMS Recoverable

(R\$ million)



- Positive net impact of R\$1.3 billion on cash flow in 2023 (vs consumption of R\$74 million in 2022)
- Result of the structural reduction of inventories, logistical-tax initiatives, sales of tax credits

## LABOR LIABILITIES UNDER CONTROL



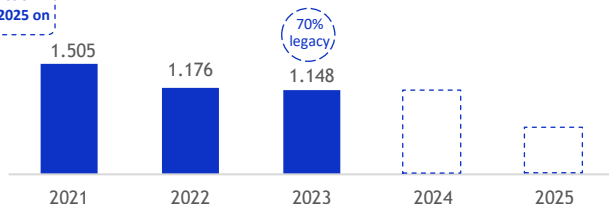
Improvement of governance processes

- Better Documentation
- Detailed Controls and Projections
- Adequate Provisioning Level

### Impact on Cash Flow

(R\$ million)

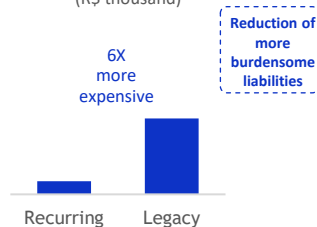
Trend for  
significant  
reduction  
from 2025 on



\*Legacy: lawsuits with entries between 2012-2019  
Recurring: lawsuits with entries from 2020 - to date

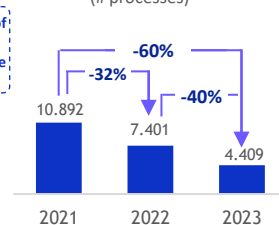
### Average Ticket

(R\$ thousand)



### Legacy\* Liabilities

(# processes)



Expenditure under control in 2024

Reduction of more burdensome liabilities (legacy\*)

Trend towards reduction of relevant payments from 2025

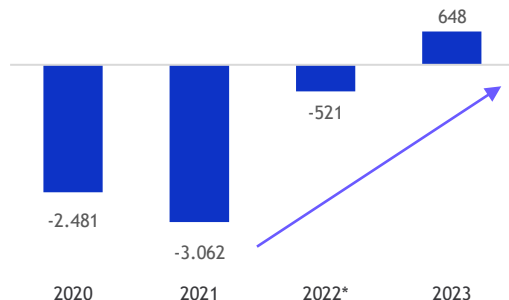
# INDIRECT CASH FLOW

R\$ million

	Q1'23	Q2'23	Q3'23	Q4'23	2023
Net income (loss)	(297)	(492)	(836)	(1.000)	(2.625)
Adjusted net income (loss)	986	902	606	610	3.104
Working Capital Variation	(477)	365	179	434	501
Inventory	(931)	716	759	544	1.088
Suppliers	454	(351)	(580)	(110)	(587)
Losses	(259)	(278)	(252)	(365)	(1.154)
Lawsuits	(260)	(359)	(367)	(242)	(1.228)
Onlending of third parties	(103)	(136)	(46)	21	(264)
Taxes to Recover/Obligations	(12)	218	409	682	1.297
Other assets and liabilities	5	(8)	31	(67)	(39)
Net Cash (used) in Operating Activities	(120)	704	560	1.073	2.217
Net Cash (used) in Leasing Activities	(273)	(267)	(263)	(261)	(1.064)
Net Cash (used) in Investments Activities	(251)	(100)	(63)	(91)	(505)
Free Cash Flow	(644)	337	234	721	648
Net proceeds	(1.262)	(308)	(189)	682	(1.077)
Payments of Interest	(699)	(789)	(635)	(625)	(2.748)
Follow-on, net of costs	-	-	602		602
Cash Flow from Financing Activities	(1.961)	(1.097)	(222)	57	(3.223)
Cash and cash equivalents of the opening balance	6.153	3.548	2.788	2.800	6.153
Cash and Cash equivalents at the End of the Period	3.548	2.788	2.800	3.578	3.578

## Free Cash Flow

cash flow available to pay debts (principal and interest) and shareholders  
R\$ million



### Q4'23

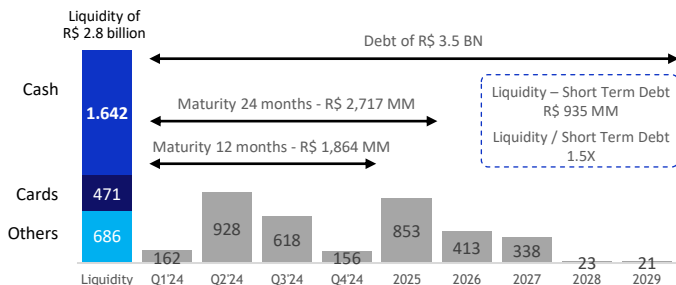
- Greater optimization of capital employed (working capital + capex)
- Tax credits monetization offsetting labor liabilities
- New net proceeds of R\$682 (CCB/trade accounts payable agreement)

\*Excluding R\$ 1.75 billion of co-branded credit cards partnership renewal

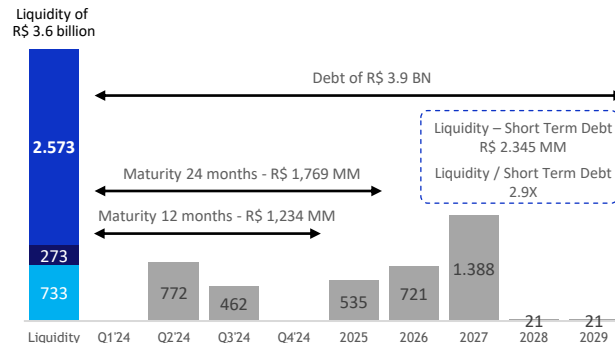
## LIQUIDITY POSITION AND LEVERAGE

R\$ million

### Q3'23



### Q4'23 – Post extension



- Re-profiling of debt (R\$ 1.5 BN) that would mature in 2024 and 2025, with new maturity extended by 3 years with a grace period of 18 months for the principal
- Payback of the principal by quarterly payments of 5% (after the grace period) and 70% in the 36<sup>th</sup> month. Cost of operations of CDI + 4% p.a.
- Long-term maturity represents 69% of indebtedness (vs 41% pre-extension)
- Short-term liquidity ratio (liquidity/short-term debt) increase from 1.5X to 2.9X

# TRANSFORMATION PLAN STATUS



# Execution of the transformation plan advances, which adds up to R\$ 1.5 - 1.6 billion in opportunities

Type	Levers	Impact identified	Progress with non-exhaustive examples of implemented and mapped initiatives
Revenue	<ul style="list-style-type: none"> <li>Services efficiency</li> <li>Pricing &amp; Promotion</li> <li>Sales Channels</li> <li>Mix &amp; Assortment Review</li> </ul>	R\$450 MM	<ul style="list-style-type: none"> <li>Increase <b>penetration of services</b> and <b>installment plan CDC</b> (Installment Plan penetration increased <b>+2.2 p.p.</b> vs Q4'22)</li> <li>Review of operations in <b>B2C, B2B and Marketplace</b></li> <li>Store <b>assortment</b> optimization</li> <li>Review of <b>pricing</b> strategy and operations across all channels</li> </ul>
Variable Costs	<ul style="list-style-type: none"> <li>Marketing Efficiency</li> <li>Commercial Efficiency</li> <li>Renegotiation of indirect contracts</li> </ul>	R\$460 MM	<ul style="list-style-type: none"> <li>Increased investment <b>efficiency in Marketing</b> (investment/revenue <b>30% lower</b> vs. 2022)</li> <li>Renegotiation and scope review of <b>contracts</b> (<b>10%</b> reduction in expenses)</li> </ul>
Fixed Costs	<ul style="list-style-type: none"> <li>Staff Review</li> <li>IT costs</li> <li>Footprint and Store Profitability</li> <li>Freight &amp; DCs optimization</li> </ul>	R\$540 - 610 MM	<ul style="list-style-type: none"> <li><b>Staff review</b>, 2,000 positions reduced in Q4'23 and 8,600 in 2023</li> <li><b>Closing store</b> with negative profitability (<b>17</b> in Q4'23, <b>55</b> in 2023)</li> <li><b>DCs footprint</b> re-sized (<b>4</b> DCs adjusted, <b>+10</b> under review)</li> <li>Plan to optimize and reverse <b>store profitability</b> (~200 stores in the program)</li> </ul>
Cost of Capital Cash impact	<ul style="list-style-type: none"> <li>Assortment Migration from 1P to 3P</li> <li>Surplus inventory reduction</li> <li>Payment policy review</li> </ul>	R\$0.9 BN	<ul style="list-style-type: none"> <li>Reduction of <b>R\$ 1.2 BN in inventory</b> between Q4'22 and Q4'23 (<b>76</b> days of inventory in Q4'23 vs <b>94</b> in Q4'22)</li> <li><b>Migration of low margin categories to 3P</b> (23 categories migrated)</li> </ul>
Total		R\$1.5-1.6 BN R\$0.9 BN	EBT Cash

## REDUCTION OF PERSONNEL EXPENSES DELIVERED BY EFFICIENCY INITIATIVES

**8.6 K** (*~20% of the total*)

Positions reduced in  
the staff

**Fast**

Adjustment of the  
corporate structure

**-42%**

Reduction in high  
leadership positions

**Benefit**

to be fully captured  
in 2024

**-18%**

Personnel expenses  
Q4'23 y/y

Reduction despite the 5% general  
salary increase in 2023

**~R\$ 30 MM/month**

Positive impact in the  
Statement of Income  
(P&L)

Management efficiency  
(span of control)

Sinergy of transnational  
activities

Sinergy of structures among the companies  
in the ecosystem

Redesign and simplification of processes in  
all the structures

Review of the stores  
operational model



## REVIEW OF THE STORES HUB RE-SIZING OF THE DISTRIBUTION CENTERS

### Brick and Mortar Stores

1,078  
Stores  
Dec/23

55 underperforming stores closed in 2023

50-70 stores under analysis for 2024

New locations with potential  
for opening starting in 2025

### Distribution Centers

29  
DCs  
Dec/23

4 DCs re-sized

85,000 square meters shut

+10 DCs under review

### Actions to improve profitability



Reduction  
in staff



Re-negotiation  
of rent



Revision of the ideal  
assortment



Sublease of  
idle space

# Main Messages - 2023



## Back to Basics

- Positioning as an omnichannel specialist player (focused on profitability)
- Change of corporate name to **Grupo Casas Bahia**
- Rescue of the culture of **Dedicação total a você** (Totally devoted to you)



## Transformation Plan

- Reduction of **R\$ 1.2 BN in inventory y/y**
- **8.6 k** positions reduced in 2023
- **55 brick-and-mortar stores closed** in 2023
- Mkt investment/revenue **30% lower** vs 2022
- **4 DCs** re-sized and +10 under review
- Increased **service penetration** in the stores
- Retail Media: Casas Bahia Ads
- **23 categories fully migrated** to 3P and 3 categories partially migrated
- Revision of operations in **B2C, B2B and Marketplace**
- Optimizing of **store assortment**
- Renegotiation and review of **contracts** scope
- **Plan for optimization and reversal of store profitability**



## Capital Structure

- **Liability management:** Extension of the short-term debt by 3 years – R\$ 1.5 BN
- **Funding:** Follow On of R\$ 623 MM in Q3'23 and new funding of R\$ 682 MM in Q4'23



## Liquidity

- Final **liquidity balance of R\$ 3.6 BN** in Q4'23 (vs R\$ 2.8 BN in Q3'23)

## SHORT-TERM OUTLOOK

### CONSOLIDATION OF POSITIONING AS AN OMNICHANNEL SPECIALIST PLAYER

#### TOP LINE

GMV reflecting the goal of being a profitable specialist player

Maintaining predominance of the market share in core categories

#### MARGINS

Greater service penetration

Proper product mix

Review of B2B, B2C and 3P operations

Gradual improvement, within historical levels

#### EXPENSES

Full capture of the Transformation Plan initiatives

Lean and efficient structure (run rate)

#### CASH FLOW

Operation driven by the free cash flow

Capital management discipline (working capital and capex)

Net positive impacts of taxes

Labor liabilities under control

#### CAPITAL STRUCTURE

Extension of the debt profile

Change in the installment plan funding model

# PERSPECTIVE FROM 2025 ONWARDS

## AMBITION

To be the best electronics and furniture specialist retailer in Brazil, offering a complete, easy and customized shopping journey to our customers, generating value for stakeholders with an efficient, digital and sustainable operation



### RELEVANCE IN BRAZILIAN RETAIL

- Increased GMV: leveraging scale to gain share from smaller players
- Leader in core categories
- Exploration of new markets in the brick and mortar channel



### 1<sup>st</sup> CONSUMER CHOICE

- Comprehensive portfolio of core products and their accessories
- Offering of services during the purchase journey
- Excellence in assisted sales (physical and online) making the purchase process easier
- CRM as an accelerator of the cycle and consumer purchase volume



### PROFITABILITY

- Strong EBITDA margin
- Sustainable cash generation and use
- Efficient operation and lean corporate
- Investment in training and high return assets



### CULTURE OUR VALUES

- Total dedication to the customer
- Passion for our people
- Simplicity in everything I do
- Delivering results
- Protagonist all the time

**GRUPO CASASBAHIA**

## **INVESTOR RELATIONS**

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