



Q3'23

RESULTS

GRUPO **CASASBAHIA**

# Highlights



**Back to basics**

Change of corporate name to Grupo Casas Bahia



**Transformation Plan**

Implementing Transformation Plan and identifying new opportunities



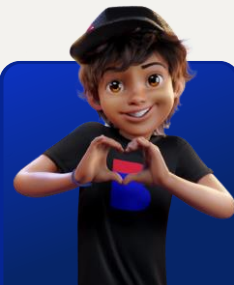
**Follow On**

Issuance of R\$622 million in follow-on



**FIDC**

Launch of Grupo Casas Bahia's 1st FIDC



**Black Friday**

Start of preparations for this event

# Omnichannel

**Renato Franklin**

CEO

GRUPO

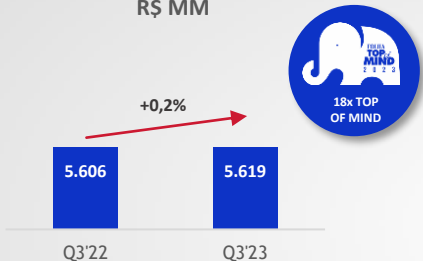
**CASASBAHIA**



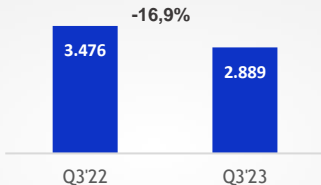
# Resilient store, 1P online prioritizing profitability and revenue growth in 3P

1P/3P Omnichannel

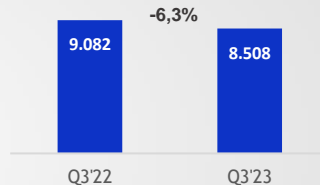
Brick-and-Mortar GMV  
R\$ MM



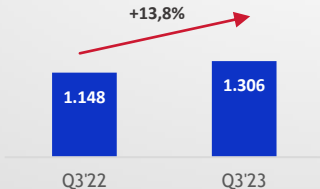
1P GMV Online  
R\$ MM



1P GMV  
R\$ MM



GMV 3P  
R\$ MM



Take Rate



**+23%**  
revenue  
YoY

Resilient store  
Most profitable channel  
Complementary 3P  
+ revenue and  
profitability

\*Source 33ª edition of Folha Top of Mind

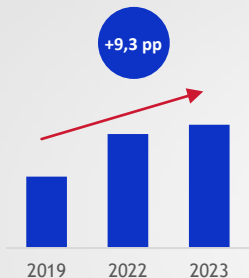
# Gain in market share combined with focus on profitability

Market Share Online – Cumulative Jan-Sep

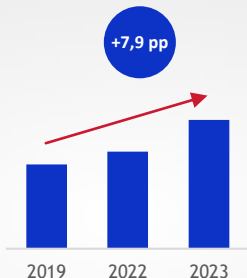
Predominance  
in core  
categories

1P/3P Omnichannel

## Home appliances



## Phones and cell phones



## TVs



## Computing



## Furniture



**Leader**  
In Market Share  
Offline

Online  
biggest growth trend  
Grupo Casas Bahia  
strong  
market share capture  
potential

# Logistics

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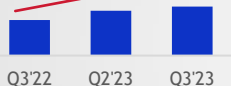


# Expansion of new sources of revenue and profitability improving delivery times

## Fulfillment Multimarketplace

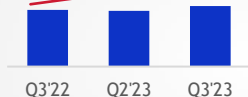
Clients

+38%



Orders

+7%

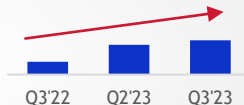


+55%  
revenue  
YoY

## Transport (to non-seller third parties)

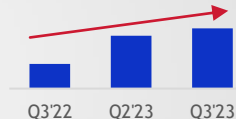
Clients

+167%



Orders

+146%



+276%  
revenue  
YoY

## Delivery Time

### Marketplace

Deliveries not managed by Grupo Casas Bahia

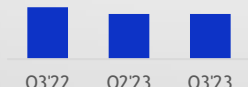
-25%



### Marketplace

Deliveries managed by Grupo Casas Bahia

-13%



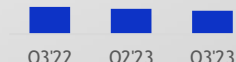
### Fulfillment Grupo Casas Bahia

-15%



### 1P Grupo Casas Bahia

-14%



# Financial Solutions

GRUPO

**CASASBAHIA**

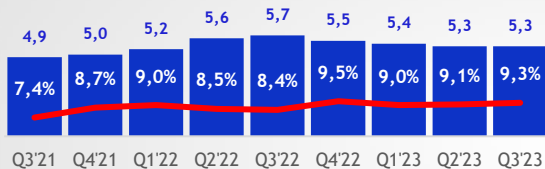




# Installment Plans: sales leverage, profitability and default under control

## Active Portfolio Evolution

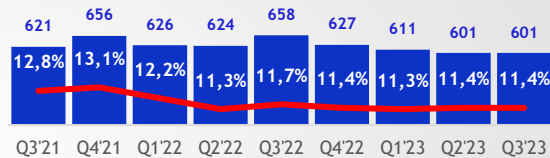
(R\$ BN)



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

## ADA (Allowance for Doubtful Accounts)

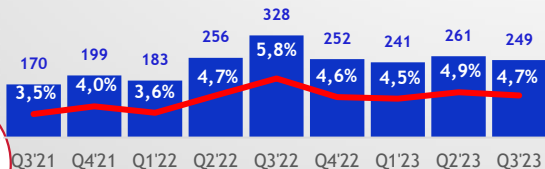
(R\$ BN)



■ ADA Balance    ● ADA Balance / Active Portfolio

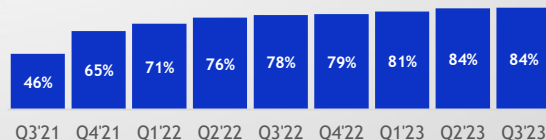
## Quarterly Net Loss

(R\$ MM)



■ Net Loss    ● Net Loss / Active Portfolio

## Installment Plan Penetration in Brazil's Municipalities



Healthy default indicators

**ESG**

**GRUPO**

**CASASBAHIA**



# ESG



## REVIVA Recycling Program and Renewable Energy

- Over 600 tons of residues intended for recycling, benefiting 12 partner coops.
- 530 collectors of electric-electronics distributed among stores and operation sites.
- 3 tons of electric-electronics sent to be disposed of and recycled.
- Advancement in the use of renewable energy in our operations, and the goal to reach the 90% mark by 2025.



## Social Casas Bahia Social Foundation

### Entrepreneurial Training

- Qualification of 256 women in partnership with Instituto Dona Si In the states of Rio de Janeiro and Rio Grande do Sul, 65% of which, declared themselves to be black.

### 14 Volunteering Initiatives

- Solidary South Campaign – Over 7 thousand pieces of clothes collected in stores of the Casas Bahia Corporation.
- Job Fair –more than 480 young people supported by the Foundation.

### Relief Effort

- Donation of 300 mattresses to people affected by tragedies in the state of Rio Grande do Sul, as result of heavy rains.



## Social Diversity

### Possible Paternities

- Campaign promoting the relevance of the active participation of men in the rearing of a child or children.

### Inclusion of the Handicapped Individual

- Campaign "Including ME: inclusion, accessibility, and equality to all" with initiatives to raise the awareness of the leadership and prominence of the handicapped individual, with more than 33 thousand views.
- Online Sign Language Course free to all the collaborators of the Corporation.
- Barrier Free Journey Program, exclusive training for more than 1.800 handicapped collaborators.

### Diversity Awareness and Literacy

- 2<sup>nd</sup> season of the mandatory Diversity course



## Governance

### Corporate Pact for Integrity and Against Corruption

- In Sept/23, We have updated our adherence to the Corporate Pact for Integrity and Against Corruption, from Ethos Institute, which intends to buttress integrity in business.

### 1<sup>st</sup> Week of Company Compliance

- Week with newsletters and lectures about themes such as ethics and compliance, intended to all collaborators, having the participation of the executive staff.

# Financial Highlights

**Elcio Ito**

CFO

GRUPO

**CASASBAHIA**



## Financial Highlights

### Total Liquidity

Final liquidity balance at R\$2.8 billion in Q3'23 (vs R\$2.8 billion in Q2'23)

### Funding

Follow On issuance of R\$ 622 MM in Q3'23  
 New bank funding of R\$ 500 MM in Q4'23

### Installment Plan

Launch of the 1st FIDC, an initial issuance of R\$600 MM (potential of R\$1.5 billion)

### Earnings & Cash

Transformation Plan impact

### Inventory Reduction

Reduction of R\$1.5 billion vs Q3'22 and R\$0.7 billion vs Q2'23, focusing on old inventory

### Tax Credits

Gross tax credits monetization of R\$663 MM, net impact of taxes on cash of R\$409 MM

## Results Q3'23

### Transformation Plan

(R\$ Million)	Q3'23 Accounting	Inventory Reduction	Restructuring / others	Co-Branded Credit Card	Q3'23 Pro Forma	Q3'22 Accounting	Var.
Gross Revenue	7.845	-371			8.216	8.291	-1%
Net Revenue	6.590	-309		-100	6.999	7.008	0%
Gross Profit	1.513	-309	-3	-100	1.924	2.149	-10%
Gross Margin	23,0%	-3,4%	0,0%	-1,1%	27,5%	30,7%	(3,2p.p.)
SG&A	(1.643)		-9		(1.634)	(1.833)	-11%
Adjusted EBITDA	(66)	-309	-11	-100	354	390	-9%
Adjusted EBITDA Margin	-1,0%	-4,5%	-0,2%	-1,4%	5,1%	5,6%	(0,5p.p.)
Other Expenses	(310)		-277		(33)	(34)	-2%
Financial Results	(679)				(679)	(601)	13%
EBT	(1.339)	-309	-288	-100	(642)	(533)	21%

(R\$ Million)	Total	Inventory Reduction	Restructuring / others	Co-Branded Credit Card
EBT Impact	(697)	-309	-288	-100
Cash Impact	720	752	-32	

## Indirect Cash Flow

R\$ million

	Q1'23	Q2'23	Q3'23
Net income (loss)	(297)	(492)	(836)
Adjusted net income (loss)	884	847	538
<b>Working Capital Variation</b>	<b>(477)</b>	<b>365</b>	<b>179</b>
Inventory	(931)	716	759
Suppliers	454	(351)	(580)
Losses	(259)	(278)	(252)
Lawsuits	(260)	(359)	(367)
Onlending of third parties	(103)	(136)	(46)
Taxes to Recover/Obligations	(12)	218	409
Other assets and liabilities	5	(8)	31
<b>Net Cash (used) in Operating Activities</b>	<b>(222)</b>	<b>649</b>	<b>492</b>
<b>Net Cash (used) in Leasing Activities</b>	<b>(273)</b>	<b>(267)</b>	<b>(263)</b>
<b>Net Cash (used) in Investments Activities</b>	<b>(251)</b>	<b>(100)</b>	<b>(63)</b>
<b>Free Cash Flow</b>	<b>(746)</b>	<b>282</b>	<b>166</b>
Net proceeds	(1.160)	(253)	(121)
Payments of Interest	(699)	(789)	(635)
Follow-on, net of costs	-	-	602
<b>Cash Flow from Financing Activities</b>	<b>(1.859)</b>	<b>(1.042)</b>	<b>(154)</b>
Cash and cash equivalents of the opening balance	6.153	3.548	2.788
Cash and Cash equivalents at the End of the Period	3.548	2.788	2.800

### Highlights Q3'23 – Cash Flow:

- Generation of R\$ 179 MM in working capital due to the reduction in inventory levels, compensating the lower level of product purchases;
- Lower capex due to the expansion reduction and focus on preserving cash;
- Free Cash Flow generating R\$ 166 MM;
- Maintenance of the Company's liquidity level at R\$ 2.8 billion vs Q2'23.
  - Raising net R\$602 MM through follow on;
  - Reduction of CDCI limits at the beginning of the year of R\$ 196 MM
  - Impact of the Transformation Plan implementation in R\$ 24 MM

	Q1'23	Q2'23	Q3'23	
CDCI Proceeds	1.655	1.641	1.077	Limits Reduction Of CDCI 9M23 ( R\$ 750 MM)
CDCI Amortization/Interest	(1.796)	(1.758)	(1.123)	
Net CDCI	(311)	(307)	251	



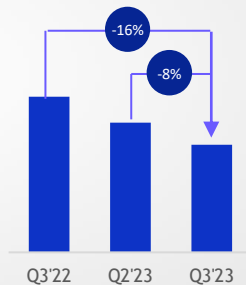
## Optimization of inventory levels by reducing older and slow turnover inventory

**Inventory**  
(R\$ billion)



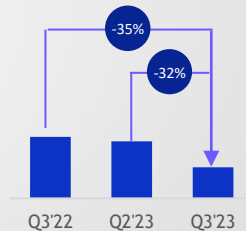
**Aging**  
(R\$ billion)

Inventory below 90 days



Adequate recent inventory level  
No impact on stockout

Inventory above 90 days



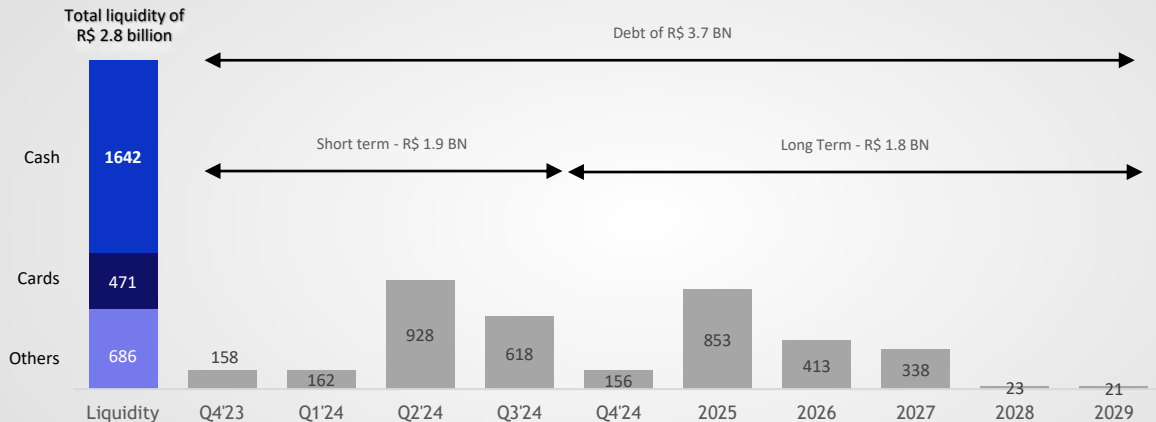
Reduction in older and slow-turnover inventory  
In line with target of 90 days

\*Percentual da faixa com dobro de cobertura necessária sobre o estoque total para respectiva faixa de aging



# Liquidity Position and Leverage

R\$ million

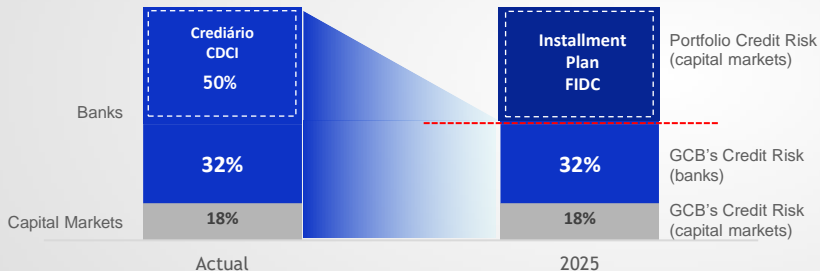


- Average cost at CDI+2.6% p.a.
- Average term of 1.5 years

# Changes in the Installment Plan Financing Model

Launch of Grupo Casas Bahia's 1st FIDC (Receivables Investment Fund Securitization program)

## Credit Exposure\*



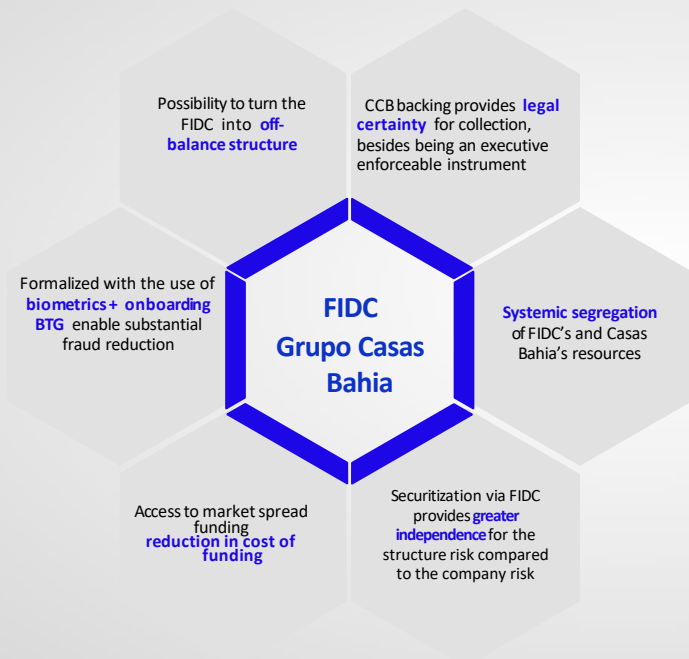
## Benefits

- Access to new sources of financing through the capital markets
- Potential release of **R\$ +5 Bi** in banking limit
- Greater penetration of installment plan (sales lever)
- Reduction in funding cost in the medium-term
- Possibility of removing the CDCI exposure from the Casas Bahia Group balance sheet

\*Operations with cash (financing, loans, debentures, trade accounts payable – agreement) and excludes operations without cash (guarantees and warranty)

# Changes in the Installment Plan Financing Model

Launch of Grupo Casas Bahia's 1st FIDC (Receivables Investment Fund Securitization program)



**Structure focusing on increased profit**

**Perfecting the legal transaction** and credit possession and ownership

---

Separate account for the operation and for **mitigating fungibility risk**

---

FIDC Independence from the originator allows for **rating higher than the originator**

---

Quality of the mitigating factors included in the structure guides the **assessment of the risk of fraud**

R\$ 600 MM



# Transformation Plan Status

**Renato Franklin**  
CEO

GRUPO

**CASASBAHIA**



## Transformation plan progress and R\$1.5-1.6B of opportunities already structured and partially implemented to be captured in the short term

Type	Levers	Impact identified by Aug, 10th	Additional impact identified	Total impact identified by Nov, 08th	Progress with non-exhaustive examples of implemented and mapped initiatives
Revenue	Additional Products and Services Pricing & Promotion Sales Channels Mix & Assortment Review	R\$250M	+R\$200M	+R\$450M	<ul style="list-style-type: none"> <li> FIDC in the implementation phase</li> <li> Increase penetration of services in stores (New)</li> <li> Review of operations in B2B and Marketplace (New)</li> <li> Store assortment optimization (New)</li> </ul>
Variable Costs	Marketing Efficiency Commercial Efficiency Renegotiation of indirect contracts	R\$200M	+R\$260M	+R\$450M	<ul style="list-style-type: none"> <li> Marketing costs per revenue <b>30% lower</b> vs 2022</li> <li> Reduction in indirect purchases (New)</li> </ul>
Fixed Costs	Staff Review IT costs Footprint and Store Profitability Freight & DCs optimization	R\$540 - 610M	-	R\$540 - 610M	<ul style="list-style-type: none"> <li> 6,000 positions reduced up to Q3'23</li> <li> 38 closures up to Q3'23</li> <li> 3 DCs readjusted and +5 in replanning</li> </ul>
Cost of Capital	Assortment Migration from 1P to 3P Surplus inventory reduction Payment policy review	R\$1.0B	-R\$0,1B <sup>1</sup>	R\$0,9B	<ul style="list-style-type: none"> <li> Reduction of R\$1.5B in inventory between Q3'22 and Q3'23</li> <li> Migration of low margin categories to 3P</li> </ul>

**Total**

R\$1,0-1.1B  
R\$1B R\$0,5B  
-R\$0,1B R\$1,5-1,6B  
R\$0,9B

**EBT  
Cash**

1. Cash impact of inventory reduction considering discounts greater than estimated

## IS READY FOR BLACK FRIDAY 2023

1

### Engaged team

- Thousands of sales reps ready for the best service

2

### Inventory

- Adequate level to capture opportunities of the seasonality

3

### Advantages of being omnichannel

- Making the most of our assets (online, offline, logistics, installment plan, services)

4

### Focus on profitability



## Short Term Perspective

Possibility of anticipating some objectives



# Perspectives for 2025

Focus on opportunities to grow and inovate



**Online protagonism**



**Reach in new brick-and-mortar locations**



**Experience in stores and monetizing spaces**



**A whole range of additional services**



**Pioneer and leader in Installment Plan (CDCI) in Brazil**






# Main Messages



**Back to basics**

Change of corporate name to Grupo Casas Bahia




**Culture**

Rescue of Culture  
"totally dedicated to you"




**Liability Management**

Support from financial institutions for liability management



**Transformation Plan**

Robust, short-term, low-risk transformation plan



**FIDC**

FIDC Issuance

**GRUPO CASASBAHIA**

## Investor Relations

**Sérgio Leme**

EVP People, ESG & IRO

**Gabriel Succar**

IR Executive Manager

**Daniel Morais**

IR Coordinator

**Camila Silvestre**

IR Analyst

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