

Q2'24

RESULTS

GRUPO **CASASBAHIA**

QUARTERLY HIGHLIGHTS



Q2'24 Highlights: Free cash flow of R\$92 MM with sequential improvement in operating margins



CASH FLOW

Free cash flow
Positive by R\$ 92 MM

Working capital
discipline with
82 days of inventory
(reduction of 15 days y/y)

Inventory quality
92% in up to 90 days

Taxes
**+R\$ 357 MM net
impact on cash**



MARGIN IMPROVEMENT

Gradual improvement

Gross margin
30.7% in Q2'24
(+0.7 p.p. q/q and +1.5 p.p. y/y)

Expense reduction
-9.1% y/y

EBITDA margin
7.0% in Q2'24
(+0.9 p.p. q/q and +0.7 p.p. y/y)



CAPITAL STRUCTURE

Conclusion of
new debt profile
by **R\$ 4.1 Bn**

Adherence by all creditors

Increased average term
from 22 months to 72 months

Reduced average cost
(-1.5 p.p.)

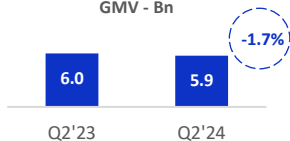
Cash preservation of
R\$ 4.3 Bn until 2027

Omnichannel Specialist Positioning

GMV reflecting the Plan adjustments with focus on profitability and potential future operating leverage

B&M STORES

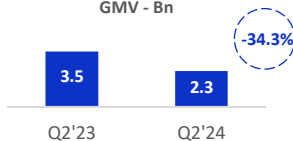
GMV - Bn



GMV reflects the adjustments of the Transformation Plan (focused on profitability)

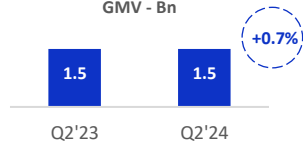
1P ONLINE

GMV - Bn



3P

GMV - Bn

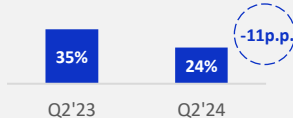


Reduction of margin detractors

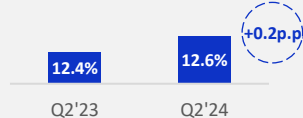
Stores Portfolio
Closing of Stores Operating at Loss



B2B Share in GMV 1P Online
Reduced incentives in B2B Online

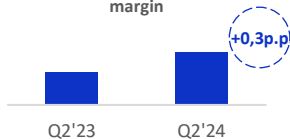


Take Rate
Reduced Incentives

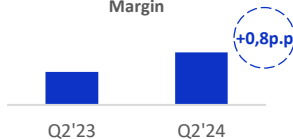


Increased sustainable profitability
Potential for operational leverage

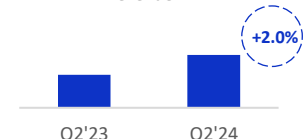
Contribution margin



Contribution Margin



Revenue



B&M Stores

SSS¹ stable even with reduced categories in B&M stores, with improved profitability indicators

GMV in the Q2 remained stable, considering SSS1, despite discontinuation of categories in B&M stores...



...Besides the relevant improvement of operational indicators



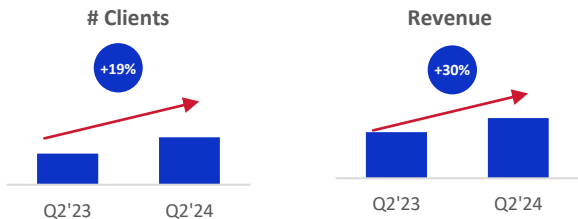
Same Store Sales

(Months - 2024)

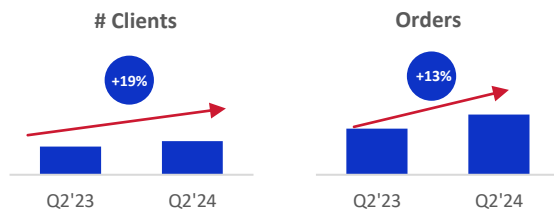


New sources of revenue

Fulfillment Multimarketplace

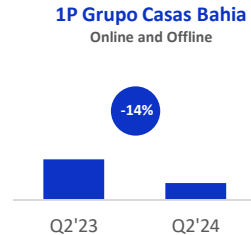
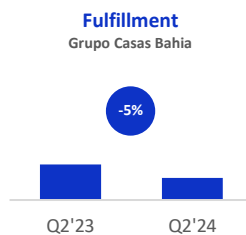


Transportation (to non-seller third parties)



Continued reduction of delivery time

Reduction in delivery time

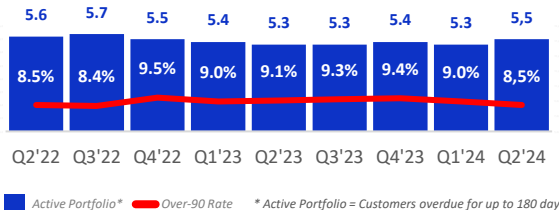


Installment Plan: portfolio growth with defaults under control

Strong brand, with a good history of default and a large addressable market in 91% of municipalities

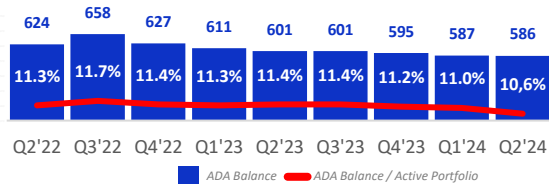
Active Portfolio Evolution

(R\$ billion)



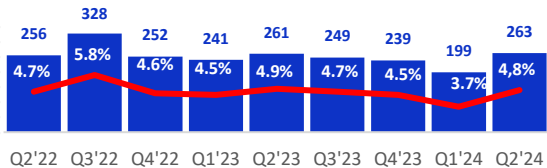
ADA (Allowance for Doubtful Accounts)

(R\$ million)



Quarterly Net Loss

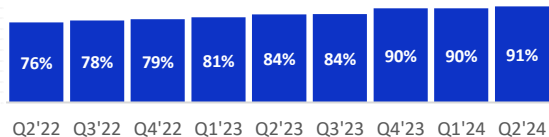
(R\$ million)



**HEALTHY
DEFAULT
INDICATORS**

Installment Plan Penetration

(% in Brazil's Municipalities)



TRANSFORMATION PLAN STATUS



> Levers presented in the Plan in Q2'23

✔ What was delivered until Q2'24

Revenue

 Services Efficiency

- Increase penetration and profitability of installment plan and additional services

✔ Greater service penetration (+3 p.p. y/y to 16%)

 Pricing & Promotion

✔ Record penetration of online installment plan (7.9% of online 1P)

 Sales Channels

- Re-allocation of investments across channels and categories to maximize margin

✔ +10% increase in 12-month 3P revenue (+8% in 6 months)

 Mix & Assortment Review

✔ Review of B2B and Marketplace operations for greater profitability

✔ 23 categories fully migrated to 3P

Variable Costs

 Marketing Efficiency

- GeoFast launch for greater efficacy and lower costs in traditional media

✔ -8.5% reduction in third-party service expenses (6 months), with control tower implementation

 Commercial Efficiency

- Renegotiation of indirects

 Renegotiation of indirects

Fixed Costs


 Staff Review

- Corp./store overhead review, pursuing great efficient levels

✔ +10 k positions reduced until Q2'24

 IT costs

✔ 60 stores closed since 2023 and Store Recovery Plan

 Footprint and Store Profitability

- Footprint review by shutting down 50-100 stores with poor margins; rental costs review, amongst others

✔ Mg. improvement in 54% of stores, 12% with an increase above 5 p.p. other stores remained stable

 Freight & DCs optimization

- DC productivity improvement, and rented footprint adjustment, in line with inventory shrinkage

✔ -7% reduction in leasing expenses over 12 months, even with an increase of +2.5% in the IGP-M accumulated over 12 months




✔ 9 DCs readjusted, including 4 closures

> Levers presented in the Plan in Q2'23

✔ What was delivered until Q2'24





Cost of Capital

Cash Flow

-  Assortment Migration to 3P
 - Migration of categories to 3P
 - Inventory reduction with sales actions (R\$ 1 Bn and <90 days)
-  Inventory reduction
 - Review of store assortment
 - Review of purchasing plan
-  Payment policy review

- ✔ 23 categories fully migrated from 1P to 3P
- ✔ Reduction of R\$1.4 Bn in inventory y/y in Q2'24
- ✔ 82 days of term (reduction of 15 days y/y)
- ✔ Inventory quality: 92% in up to 90 days (+ 15 p.p. y/y)
- ✔ Reduction of -9% in losses over 12 months (-13% over 6 months)
- ✔ 64% improvement in free cash flow over 12 months (+73% over 6 months)
- ✔ Best Free Cash Flow in the first half of the year in the last five years

Capital Structure

-  Installment Plan
 - Changes in Financing Model of the Installment Plan
-  Financing
 - Financing Diversification
-  Liability Management
 - Ongoing process of enhancing debt profile
-  Asset monetization
 - ~R\$ 4 Bi Potential in 2023 (R\$2 Bn in gross monetization, R\$1 billion in inventory and other assets)

- ✔ FIDC operational preparation: banking correspondent in 100% of stores, digital biometrics, CCB contract and systems integration
- ✘ FIDC fundraising
- ✔ Follow On for R\$623 MM raise in Sep/23
- ✔ Debt Re-profiling conclusion of R\$ 4,1 Bn
- ✔ Reduction of R\$ 1.4 Bn in inventory y/y in Q2'24
- ✔ Monetization of R\$1.7 Bn in tax assets (net impact over 12 months)

We progressed in the transformation plan, with R\$1.6-1.8 Bn opportunities already structured and partially in place for short-term capturing

Increase of
R\$ 200 MM
in opportunities

Type	Explored levers	Impact identified Until Q2'24	Evolution with non-exhaustive examples of initiatives implemented and mapped		
Revenue	<ul style="list-style-type: none"> Service Efficiency Pricing and Promotion Sales Channels Review of Mix and Assortment 	R\$650 - 700 MM	<ul style="list-style-type: none"> Increased penetration of Installment Plan "CDC" (penetration CDC Q2'24 +5 p.p. vs. Q2'23) New initiative of pricing tool with AI already in pilot for Screens and White Goods Expansion of digital solution of increased efficiency of salespeople for all the stores Offer of Retail Media integrated between the online and physical channels creating a brand new omnichannel offer 		
	Variable Costs	<ul style="list-style-type: none"> Marketing Efficiency Commercial Efficiency Renegotiation of Indirect Costs 	R\$460 MM	<ul style="list-style-type: none"> Reduction of after-sales costs with expansion of technical assistance counters (in 160 stores) Renegotiation and review of contracts scope 	
		Fixed Costs	<ul style="list-style-type: none"> Review of Personnel Technology Costs Stores Profitability Optimization of Freight and DCs 	R\$500 - 660 MM	<ul style="list-style-type: none"> Closing of stores with negative profitability (2 in Q2'24, 60 since 2023) Readjustment of DCs footprint (9 DCs readjusted to date) Increased salespeople productivity at B&M stores by 19%
			Capital Costs Impact on Cash	<ul style="list-style-type: none"> 3P Assortment Migration Inventory Reduction Review of Payment Policy 	R\$1.4 Bn
Total				R\$1.6-1.8 Bn	LAIR
				R\$1.4 Bn	Cash

✓ Jun/23 – Mar/24

Prioritizing Margins vs. GMV and Stabilization

Change in the management model, focusing on cash generation, sustainable cost reduction and maintaining efficient operations

≈ Apr/24 – May/25

Selective Investments

- Select investments focused on strengthening the core and generating revenue
- Increased operational efficiency
- Maturation of medium and long-term levers

≈ From the 2nd Semester of 2025

Aceleração e Novo Momento

Focus on expansion, improving channel experience and investing in critical capabilities

FINANCIAL HIGHLIGHTS



FINANCIAL HIGHLIGHTS

EXECUTION DISCIPLINE

Sequential improvement in operating margins

- ✓ Sequential improvement in gross margin and EBITDA, both over Q1'24 and Q2'23
- ✓ Cost/expense reduction greater than sales reduction
- ✓ Maturation of initiatives and new levers for revenue growth and cost/expense reduction in progress

PRIORITY

Liquidity and cash flow management

- ✓ Free Cash Flow*: positive in R\$ 92 MM
- ✓ In the semester, free cash flow of R\$ -84 MM vs. R\$ -307 MM in the previous year
- ✓ Liquidity balance stable at R\$2.9 billion vs Q1'24

CAPITAL STRUCTURE

New Profile of the Debt

- ✓ New debt profiling conclusion with adherence by 100% of creditors
- ✓ Increased average term from 22 months to 72 months
- ✓ Cash preservation of R\$ 4.3 Bn by 2027

*Free Cash Flow = cash flow available to pay debts (principal and interests) and shareholders

INCREASED MARGINS, EVEN WITH REDUCED REVENUE

Resulting from the structural adjustments of the Plan's 1st phase, with potential for future operational leverage

(R\$ Million)	Q2'23	Implementation of Transformation Plan adjustments		P&L normalization Gradual improvement		Var. y/y
		Q3'23	Q4'23	Q1'24	Q2'24	
Gross Revenue	8.989	7.845	8.811	7.541	7.725	-14,1%
Net Revenue	7.488	6.590	7.414	6.347	6.479	-13,5%
Gross Profit	2.184	1.513	2.046	1.902	1.992	-8,8%
Gross Margin	29,2%	23,0%	27,6%	30,0%	30,7%	1,5p.p.
SG&A	-1.773	-1.643	-1.945	-1.575	-1.612	-9,1%
Adjusted EBITDA	469	-66	163	387	452	-3,5%
Adjusted EBITDA Margin	6,3%	-1,0%	2,2%	6,1%	7,0%	0,7p.p.
Other Expenses	-243	-310	-604	-132	-97	-60,0%
Financial Results	-800	-679	-734	-486	-42	-94,8%
EBT	-843	-1.339	-1.467	-502	43	-105,1%
Income Tax & Social Contribution	351	503	466	241	-6	-
Net Income (Loss)	-492	-836	-1000	-261	37	-
Net Loss ex ER*	-492	-836	-1000	-261	-384	-21,9%

Highlights

- Variation in revenue stems from the Transformation Plan, which prioritize the profitability and sustainability of the operation
 - Discontinuity of 23 categories (from 1P to 3P)
 - Reduction of incentives in online B2B
 - 60 stores closed since 2023
- Gross margin of +30.7% in Q2'24 (vs +30.0% in Q1'24, +27.6% in Q4'23 and +23.0% in Q3'23)
- SG&A capturing the adjustments made in 2023
 - 10 k positions reduced
 - 60 loss-making stores closed
 - Greater efficiency in marketing investments
- EBITDA margin of +7.0% in Q2'24 (vs +6.1% in Q1'24, +2.2% in Q4'23 and -1.0% in Q3'23)
- Impact of new debt profiling conclusion: +R\$ 637 MM in "Financial Result"

POSITIVE GENERATION OF R\$ 92 MM OF FREE CASH FLOW

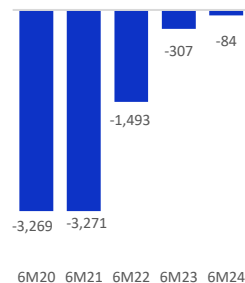
Best 1st half Free Cash Flow in the last five years

R\$ Million	Q2'20	Q2'21	Q2'22	Q2'23	Q2'24
Net income (loss)	65	132	6	(492)	37
Adjusted net income (loss)	585	934	1.048	902	725
Working Capital Variation	(1.343)	(277)	909	365	148
Inventory	(28)	580	273	716	(22)
Suppliers	(1.315)	(857)	636	(351)	170
Losses	(183)	(223)	(243)	(278)	(254)
Lawsuits	(243)	(437)	(274)	(359)	(219)
Onlending of third parties	(35)	90	30	(136)	(5)
Taxes to Recover/Obligations	(267)	14	(58)	218	357
Other assets and liabilities	414	(159)	(769)	(8)	(328)
Net Cash (used) in Operating Activities	(1.072)	(58)	643	704	424
Net Cash (used) in Leasing Activities	(153)	(272)	(289)	(267)	(255)
Net Cash (used) in Investments Activities	(102)	(184)	(138)	(100)	(77)
Free Cash Flow	(1.327)	(514)	216	337	92
Net proceeds	1.711	497	(615)	(308)	338
Payments of Interest	(202)	(164)	(462)	(789)	(451)
Follow-on, net of costs	4.313	-	-	-	-
Others	-	-	(35)	-	-
Cash Flow from Financing Activities	5.822	333	(1.112)	(1.097)	(113)
Cash and cash equivalents of the Opening balance*	3.320	7.088	5.198	3.548	2.900
Cash and Cash equivalents at the End of the Period*	7.815	6.907	4.302	2.788	2.879
Variation Opening Balance - End of the Period	4.495	(181)	(896)	(760)	(21)

* Considers cash, credit card receivable and other receivables

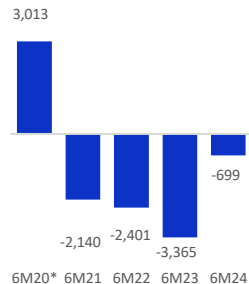
Free Cash Flow¹

(R\$ million)



Cash Balance Variation

(R\$ million)



*Considers follow on for raising R\$ 4.3 Billion

Q2'24

- Highest optimization of capital used (working capital + capex)
- Advancement in tax monetizations
- Lowest Q2 cash balance variation in the last 4 years

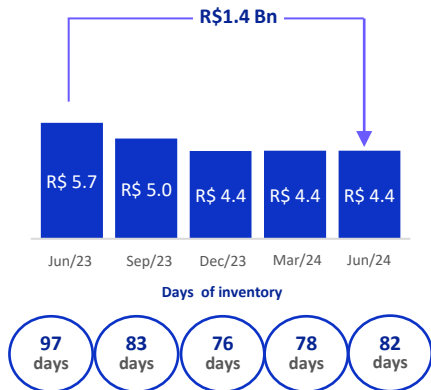
1) Free Cash Flow = cash flow available for paying debts (principal and interests) and shareholders

OPTIMIZATION OF INVENTORY LEVELS

Reduction of older and slow turnover inventory, with capital management efficiency

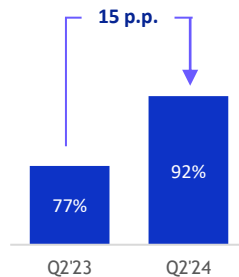
Inventory

(R\$ billion)



Inventory Quality

(% of inventory with up to 90 days)



Substantial improvement
in inventory quality

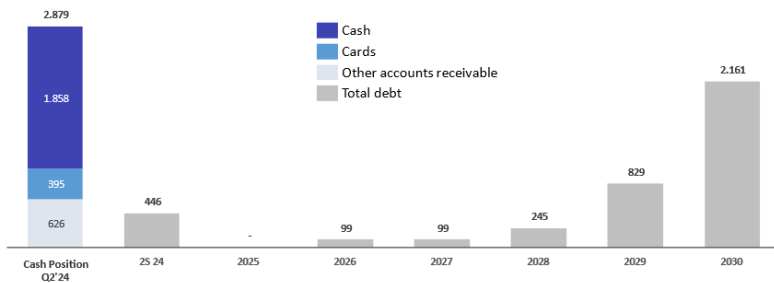
LIQUIDITY AND LEVERAGE

R\$ million

New debt profiling conclusion and adhesion by all creditors

Reduction of R\$4.3 Bn in disbursements with debts in the next 4 years, with R\$1.5 Bn already in 2024

Debt Schedule – R\$ MM



Liquidity – Short Term Debt
R\$ 2.433 MM
Liquidity /Short Term Debt
6.5X

Cost
CDI + 1.95% | Average Term
72 months

KEY MESSAGES



KEY MESSAGES

Q2'24



Cash Flow

- Positive free cash flow by R\$ 92 MM in Q2'24
- Working capital discipline with inventory at 82 days (15 days reduction y/y)
- Taxes: +R\$ 357 MM net impact on cash
- Lowest Q2 cash balance variation in the last 4 years



Margin Improvement

- Gross margin: 30.7% in Q2'24 (+0.7 p.p. q/q and +1.5 p.p. y/y)
- Expenses: reduction of -9.1% y/y
- EBITDA Margin: 7.0% in Q2'24 (+0.9 p.p. q/q and +0.7 p.p. y/y)



Capital Structure

- Conclusion of new debt profile by R\$ 4.1 Bn
- Adherence by all creditors
- Increased average term from 22 to 72 months
- Reduced average cost (-1.5 p.p.)

SHORT-TERM VIEW

Priorities

Potential for operational leverage after the structural adjustments made in recent quarters

- **B&M Stores:** The Company's most profitable channel, beginning of the gradual growth cycle from 2H24
- **Digital:** Focus on profitability, improving the customer journey to resume growth in 2025
- **Installment Plan:** Operational preparation completed, concession process improvements enabling gradual growth in 2H24
- **Services** (logistics, Ads, others): Continuity in advancing the monetization of services for third parties
- **Efficiency:** Maintaining a lean structure, exploring levers that increase operational productivity



WE ARE READY TO CAPTURE THE SECOND HALF SEASONALITY

GRUPO CASASBAHIA

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