Casas Bahia Group presents an update on its Transformation Plan and Q3'23 Results

We have progressed with the plan and have opportunities already structured and partially in place to be capture by 2025

The Third Quarter of 2023 marks the beginning of the Transformation Plan presented in Q2'23 and reinforces the high execution capacity of the team. The initiatives are going according to plan, some of them faster than expected. In addition, new opportunities have been identified for an additional impact of up to R$ 500 million, on services revenue and reduction of indirect costs.

- Management system based on **new margin and cash cycle metrics**
- Inventory reduction of **R$1.5 billion** YoY and **R$780 million vs. Q2'23**
- Reduction of six thousand FTEs
- 30% reduction in marketing expenses of % of net sales
- Closure of 38 stores and 3 adjusted DCs
- Migration of categories with negative margins from 1P to exclusive sales in 3P
- Launch of the Casas Bahia Group's **1st FIDC**
- **Monetization** of tax credits of R$ 663 million
- **Follow On** of R$ 622 million
- **CAPEX** reduction of **60%** YoY

Q3'23 Results Highlights

- Cash balance, including receivables, **totaled R$2.8 billion in Q3'23**
- Inventory reduction of **R$1.5 billion** YoY and **R$780 million vs. Q2'23**
- Tax **monetization** of **R$663 million gross**, and **R$409 million net** in Q3'23
- Launch of the Casas Bahia Group's 1st FIDC – Q4'23
- Follow On of **R$622 million** in Q3'23 and new credit lines of **R$500 million** in Q4'23
- **Top of mind in Furniture and Appliances Store**: For the 18th time in a row, Casas Bahia was top of mind, receiving 31% of spontaneous mentions, leading in all age ranges
- **Market share gain in core categories** in the online market - YTD

R$ million	3Q22 Accounting	Transformation Plan: Inventory Reduction ("Saldão")	Transformation Plan: Restructuring	Transformation Plan: Co-branded Card	3Q23 Pro forma	3Q22 Accounting	Δ	Δ
Net Revenue	**6.590**	**309**	**-**	**100**	**6.999**	**7.008**	*(9)*	*0%*
Gross Profit	**1.513**	**309**	**3**	**100**	**1.924**	**2.149**	*(225)*	*-10%*
Gross Margin	*23,0%*				*27,5%*	*30,7%*		*-3,2 p.p.*
SG&A	**(1.643)**	**-**	**9**	**-**	**(1.634)**	**(1.833)**	*199*	*-11%*
Adjusted EBITDA	**(66)**	**309**	**12**	**100**	**354**	**390**	*(36)*	*-9%*
Adjusted EBITDA Margin	*-1,0%*				*5,1%*	*5,6%*		*-0,5 p.p.*
Other Expenses and Revenues	**(310)**	**-**	**277**	**-**	**(33)**	**(34)**	*1*	*-3%*
Depreciation and Amortization	(234)	-	-	-	(234)	(231)	*(3)*	*1%*
Financial Results	(679)	-	-	-	(679)	(601)	*(78)*	*13%*
EBT	**(1.339)**	**309**	**288**	**100**	**(642)**	**(533)**	*(109)*	*21%*
IR&CS	503	(105)	(98)	(34)	266	330	*(64)*	*-19%*
Net Income	**(836)**	**204**	**190**	**66**	**(376)**	**(203)**	*(173)*	*85%*

Understanding the Q3'23 Results

During the period, there were many non-recurring factors, exclusive to this quarter, many of which resulted from the Transformation Plan. They are the following:

Transformation Plan

Stock Clearance: based on the Transformation Plan, the Company undertook to reduce R$1 billion in older inventory, at a discount. In Q3'23, it achieved R$780 million reduction, generating R$309 million short-term impact on gross profit. There was also R$309 million impact on EBT.

Restructuring: based on the Transformation Plan, the Company observed a non-recurring short-term impact in the period in the amount of R$3 million on gross profit, R$9 million on SG&A and R$277 million on other operating income and expenses, linked to restructuring, optimization of staff and store closures. There was also R$288 million impact on EBT.

Exclusive of Q3'23

Co-branded card partnership: in the period, there was a non-recurring short-term impact in the amount of R$100 million on the revenue, linked to expectations of achieving partnership goals between January/23 and June/23 that did not materialize. We could wait until the end of the year for this accounting, but observing the market and more conservatively, we chose to adjust this quarter. Due to the new scope of the partnership, there have been adaptations and we are very confident with newly implemented strategies. In Q3'23, the forecast of achieving or not achieving the partnership's goals is already made up. There was also R$100 million impact on EBT. There is no cash impact.

Q3'23 Accounting and Pro-forma Results

		Transformation Plan						
R$ million	**3Q22 Accounting**	**Inventory Reduction ("Saldão")**	**Restructuring**	**Co-branded Card**	**3Q23 Pro forma**	**3Q22 Accounting**	**Δ**	
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Omnichannel

R$ million	Q3'23	Q3'22	%	9M23	9M22	%
Total GMV	**9.814**	**10.230**	**(4,1%)**	**31.773**	**31.909**	**(0,4%)**
GMV Omnichannel (1P)	**8.508**	**9.082**	**(6,3%)**	**27.538**	**28.251**	**(2,5%)**
GVM Physical Stores	5.619	5.606	0,2%	17.730	17.063	3,9%
GMV (1P Online)	2.889	3.476	(16,9%)	9.808	11.188	(12,3%)
GMV Omnichannel (3P)	**1.306**	**1.148**	**13,8%**	**4.235**	**3.658**	**15,8%**

Total GMV YoY dropped 4.1% and remained basically flat (0.4%) in 9M23. Brick and mortar GMV increased by 0.2% in the Q3'23 period and advanced 3.9% in 9M23. On the other hand, 1P Online GMV went down 16.9% in the period and 12.3% in 9M23. In turn, 3P omnichannel GMV advanced 13.8% YoY and 15.8% in 9M23.

Gross Revenue Performance by Channel

R$ million	Q3'23	Q3'22	%	9M23	9M22	%
Bricks and Mortar	4.989	5.127	(2,7%)	16.066	15.599	3,0%
Online	2.856	3.164	(9,7%)	9.556	10.392	(8,0%)
Gross Revenue	**7.845**	**8.291**	**(5,4%)**	**25.622**	**25.991**	**(1,4%)**

In Q3'23, consolidated gross revenue decreased in YoY, to R$7.8 billion, but remained basically flat in 9M23. The variation results from both the 2.7% decline in revenue from brick and mortar and the 9.7% decline in the online sales revenue.

Brick and Mortar – GMV and Gross Revenue

Gross GMV from brick and mortar totaled R$5.6 billion, and gross revenue from brick and mortar (R$5.0 billion and reduction of 2.7%) in Q3'23 reflects the channel's resilience, despite facing a scenario of shorter demand, reduced availability of credit for consumers, closure of stores and co-branded card adjustment in the quarter. Same-store performance (GMV) grew 0.5% in Q3'23.

Throughout the quarter, in line with the Transformation Plan, we closed 32 underperforming stores, ending Q3'23 with 1,0965 stores. In September/23 year to date, 38 brick and mortar stores were closed. Most of the closures took place in municipalities with multiple stores.

Top Furniture and Appliances Store: For the 18th time in a row, Casas Bahia was top of mind, receiving 31% of spontaneous mentions in this edition. In the survey, Casas Bahia was ahead in all age ranges.

1P and 3P ONLINE – GMV and Gross Revenue

1P Online GMV went down 16.9%, reaching R$2.9 billion YoY, as a result of: (i) lower investment in the B2B channel (where we prioritize more profitable partnerships, focusing on results), (ii) the market decline and (iii) more restrictive scenario for online purchases. Despite this context, we strengthened our presence and share in the core categories.

Besides the 13.8% growth in 3P omnichannel GMV to R$1.3 billion, the channel recorded revenue growth, equivalent to an advance of 23.4% in Q3'23 to R$163 million. In 9M23, GMV advanced 15.8% with a 23.8% revenue growth, the result of strengthening the marketplace platform, resulting in greater profitability and enhanced customer and seller experience through a greater number of services offered in our platforms, such as logistics and credit, in addition to an improvement in delivery times, faster by 25%. We closed the quarter with a take rate of 12.5%, up by 1.0 p.p. YoY.

Gross Revenue Breakdown

R$ million	Q3'23	Q3'22	%	9M23	9M22	%
Merchandise	6.942	7.309	(5,0%)	22.521	23.025	(2,2%)
Freight	91	81	11,8%	268	207	29,6%
Services	278	277	0,5%	961	1.017	(5,5%)
CDC/Credit Cards	534	624	(14,4%)	1.872	1.742	7,4%
Gross Revenue	**7.845**	**8.291**	**(5,4%)**	**25.622**	**25.991**	**(1,4%)**

Gross revenue from merchandise performance was pressured by 1P online GMV decline, evidenced change by (5.0%) while services revenue grew by 0.5% and freight revenue grew by 11.8%. Revenue from financial solutions declined by 14.4%, due to the non-recurring impact on the card business, as the interest revenue from installment plan went up by 10%.

Consolidated Sales by means of payment	Q3'23	Q3'22	%	9M23	9M22	%
Cash/Debit Card	*35,1%*	*27,5%*	*750bps*	*33,1%*	*27,8%*	*535bps*
CDC (Payment Book)	*14,5%*	*14,9%*	*(40bps)*	*13,1%*	*14,9%*	*(182bps)*
Co-branded Credit Card	*6,7%*	*9,5%*	*(272bps)*	*7,9%*	*9,2%*	*(132bps)*
Third-party Credit Card	*43,7%*	*48,1%*	*(438bps)*	*45,9%*	*48,1%*	*(221bps)*

Our installment remained a valuable tool for building customer loyalty and a competitive advantage as well, with a penetration of 14.5% over consolidated gross revenue. Cash payment growth is prominent, mainly due to greater share and appeal of payments via PIX.

Gross Profit

R$ million	Q3'23	Q3'22	%	9M23	9M22	%
Gross Profit	1.513	2.149	(29,6%)	6.010	6.823	(11,9%)
% Gross Margin	*23,0%*	*30,7%*	(770bps)	*28,0%*	*30,9%*	*(290bps)*
Labor Lawsuits Legacy	5	21	n/a	84	53	n/a
Operational Gross Profit	**1.518**	**2.170**	**(30,0%)**	**6.094**	**6.876**	**(11,4%)**
% Operational Gross Margin	*23,0%*	*31,0%*	*(800bps)*	*28,4%*	*31,2%*	*(280bps)*

In Q3'23, gross profit totaled R$1.5 billion, with a gross margin of 23.0%, down 770bps. Margin is justified by lower net sales, in addition to other non-recurring factors, mainly the relevant reduction in older inventory (in line with the Transformation Plan announced in Q2'23). In terms of the non-recurring factors, primarily in relation to the decrease in net sales, there is a reduction of R$100 million referring to the impact on the results of co-branded credit cards due to the adaptation of the new scope and non-achievement of part of the goals. In addition, we had a reduction in inventories (sale) with an estimated impact of R$309 million on gross profit.

The effect of legacy-related labor lawsuits on gross profit totaled R$5 million in Q3'23.

Selling, General and Administrative Expenses

R$ million	Q3'23	Q3'22	%	9M23	9M22	%
SG&A	(1.643)	(1.833)	(10,4%)	(5.119)	(5.270)	(2,9%)
% Net Revenue	*(24,9%)*	*(26,2%)*	*120bps*	*(23,9%)*	*(23,9%)*	*0bps*
Labor Lawsuits Legacy	183	64	n/a	469	175	n/a
Operational SG&A	**(1.459)**	**(1.769)**	**(17,5%)**	**(4.650)**	**(5.095)**	**(8,7%)**
% Net Revenue	*(22,1%)*	*(25,2%)*	*310bps*	*(21,7%)*	*(23,1%)*	*140bps*

Selling, general and administrative expenses shrank 10.4% YoY and declined by 120bps at 24.9% of NOR. This results from the 14% decline in selling expenses, with an emphasis on staff reduction, reduction in installment plan losses and chargeback, in addition to a general improvement in the containment of expenses in the period, mainly the rationalization of marketing expenses.

The effect of legacy-related labor lawsuits totaled R$183 million, resulting in selling, general and administrative expenses at 22.1% of NOR.

Adjusted EBITDA

R$ million	Q3'23	Q3'22	%	9M23	9M22	%
Adjusted EBITDA	(66)	390	n/a	1.077	1.753	(38,6%)
% Adjusted Margin EBITDA	*(1,0%)*	*5,6%*	*(660bps)*	*5,0%*	*7,9%*	*(290bps)*
Labor Lawsuits Legacy	188	85	n/a	553	228	n/a
Operational Adjusted EBITDA	**122**	**475**	**(74,3%)**	**1.630**	**1.981**	**(17,7%)**
% Operational Adjusted Margin EBITDA	*1,9%*	*6,8%*	*(490bps)*	*7,6%*	*9,0%*	*(140bps)*

Adjusted EBITDA reached R$ (66) million in Q3'23 and a (1.0%) margin, lower by 660bps YoY, mainly reflecting non-recurring factors that impacted the previously explained reduction in sales and reduction in gross margin.

The effect of legacy-related labor lawsuits was R$188 million in the quarter.

Financial Result

R$ million	Q3'23	Q3'22	%	9M23	9M22	%
Financial Revenue	**20**	**33**	**(39,7%)**	**64**	**65**	**(1,4%)**
Financial Expenses	**(785)**	**(862)**	**(9,0%)**	**(2.524)**	**(1.961)**	**28,7%**
Debt Financial Expenses	(138)	(143)	(3,4%)	(439)	(402)	9,1%
CDC Financial Expenses	(206)	(170)	20,9%	(612)	(430)	42,3%
Expenses of Receivable Sales	(230)	(300)	(23,5%)	(835)	(626)	33,3%
Interest on Lease Liabilities	(114)	(108)	5,8%	(346)	(319)	8,6%
Other Financial Expenses	(97)	(141)	(31,0%)	(293)	(184)	59,2%
Financial Results pre monetary	**(765)**	**(829)**	**(7,7%)**	**(2.460)**	**(1.896)**	**29,8%**
% Net Revenue	*(11,6%)*	*(11,8%)*	*20bps*	*(11,5%)*	*(8,6%)*	*(290bps)*
Monetary Restatements	86	228	(62,4%)	154	293	(47,6%)
Financial Results Net	**(679)**	**(601)**	**13,0%**	**(2.307)**	**(1.603)**	**43,9%**
% Net Revenue	*(10,3%)*	*(8,6%)*	*(170bps)*	*(10,8%)*	*(7,3%)*	*(350bps)*

In Q3'23, the net financial result was R$ (679) million, which is 170bps higher as a percentage of the Net Revenue (10.3%).

Net Profit

R$ million	Q3'23	Q3'22	%	9M23	9M22	%
EBT	(1.339)	(533)	n/a	(2.735)	(703)	n/a
% Net Revenue	*(20,3%)*	*(7,6%)*	*(1.270bps)*	*(12,8%)*	*(3,2%)*	*(960bps)*
Income Tax & Social Contribution	503	330	52,5%	1.110	524	n/a
Net Revenue (Loss)	(836)	(203)	n/a	(1.625)	(179)	n/a
% Net Margin	*(12,7%)*	*(2,9%)*	*(980bps)*	*(7,6%)*	*(0,8%)*	*(680bps)*
Labor Lawsuits Legacy & Others	152	68	n/a	458	146	n/a
Net Operating Income (Loss)	**(684)**	**(135)**	**n/a**	**(1.167)**	**(33)**	**n/a**

EBT was R$ (1.3) billion in the quarter, mainly reflecting non-recurring factors that impacted the explained previously reduction in sales and reduction in gross margin. In addition, there was also a non-recurring impact from factors linked to the Transformation Plan that refer to restructuring, staff optimization and store closures, recorded under other income and expenses.

Net profit (loss) reached R$ (836) million and net margin reached (12.7%) in the quarter, a decrease of 980bps YoY.

The effect of legacy-related labor lawsuits and others on net profit (loss) totaled R$152 million in the quarter.

Financial Cycle

R$ million	Q3'23	Q2'23	Q1'23	Q4'22	Q3'22	vs. Q3'22
(+/-) Inventory	**4.958**	**5.738**	**6.501**	**5.574**	**6.418**	**(1.460)**
Days of Inventory[1]	84	98	112	95	111	(27 days)
(+/-) Suppliers w/o Agreement and Others	**6.664**	**7.151**	**7.593**	**7.078**	**6.388**	**276**
Trade accounts payable – agreement	**1.407**	**1.550**	**1.381**	**2.463**	**2.500**	**(1.093)**
Others	**665**	**714**	**626**	**830**	**716**	**(51)**
Total Days of Suppliers[1]	113	122	130	121	111	2 days
Change in Financial Cycle	**29**	**24**	**18**	**26**	**-**	**29**

(1) *Days of COGS*

Inventory ended Q3'23 with a reduction of R$1.5 billion (27 days) YoY and a reduction of R$780 million vs. Q2'23. The variation is the result of the strategy applied to optimize older inventory addressed in the Transformation Plan, which will continue throughout 2023, without compromising product availability and inventory quality.

Capital Structure

R$ million	Q3'23	Q2'23	Q1'23	Q4'22	Q3'22	(+/-) Q1'23 vs. Q2'22
(+) Payment Book (CDCI) - Assets	5.326	5.348	5.397	5.522	5.677	(351)
(-) Payment Book (CDCI) - Liabilities	(5.387)	(5.437)	(5.549)	(5.665)	(5.528)	141
(=) Net Payment Book (CDCI)	(60)	(90)	(152)	(143)	149	(209)
(-) Current Loans and Financing	(1.866)	(1.241)	(1.700)	(1.752)	(1.748)	(118)
(-) Noncurrent Loans and Financing	(1.805)	(2.421)	(2.398)	(2.385)	(2.459)	654
(=) Gross Debt	**(3.671)**	**(3.662)**	**(4.098)**	**(4.137)**	**(4.207)**	**536**
Trade accounts payable – agreement	**(1.407)**	**(1.550)**	**(1.381)**	**(2.463)**	**(2.500)**	**1.093**
(=) Gross Debt + Trade accounts payable – agreement	**(5.138)**	**(5.302)**	**(5.631)**	**(6.743)**	**(6.558)**	**1.420**
(+) Cash and financial investments	1.642	874	1.050	2.019	1.232	410
(+) Accounts Receivable - Credit Cards	471	1.094	1.594	3.426	1.489	(1.018)
(+) Other Accounts Receivable	686	819	903	708	710	(24)
Cash, Investments, Credit Cards, Advances and Others	**2.800**	**2.787**	**3.547**	**6.153**	**3.431**	**(631)**
(=) Adjusted Net Cash - Managerial	**(871)**	**(875)**	**(550)**	**2.016**	**(776)**	**(95)**
(=) Adjusted Net Cash - Managerial	**(2.338)**	**(2.514)**	**(2.084)**	**(590)**	**(3.127)**	**789**
Short-term Debt/Total Debt	50,8%	33,9%	41,5%	42,3%	41,5%	
Long-term Debt/Total Debt	49,2%	66,1%	58,5%	57,7%	58,5%	
Reported Adjusted EBITDA (LTM)	**1.706**	**2.162**	**2.384**	**2.382**	**2.394**	
Adjusted Net Cash/Adjusted EBITDA	**-0,5x**	**-0,4x**	**-0,2x**	**0,8x**	**-0,3x**	
Adjusted Net Cash/Adjusted EBITDA + Trade Accounts Payable Agreement + CDCI	**-1,4x**	**-1,2x**	**-0,9x**	**-0,2x**	**-1,3x**	
Shareholders' Equity	**4.434**	**4.610**	**5.064**	**5.284**	**5.505**	

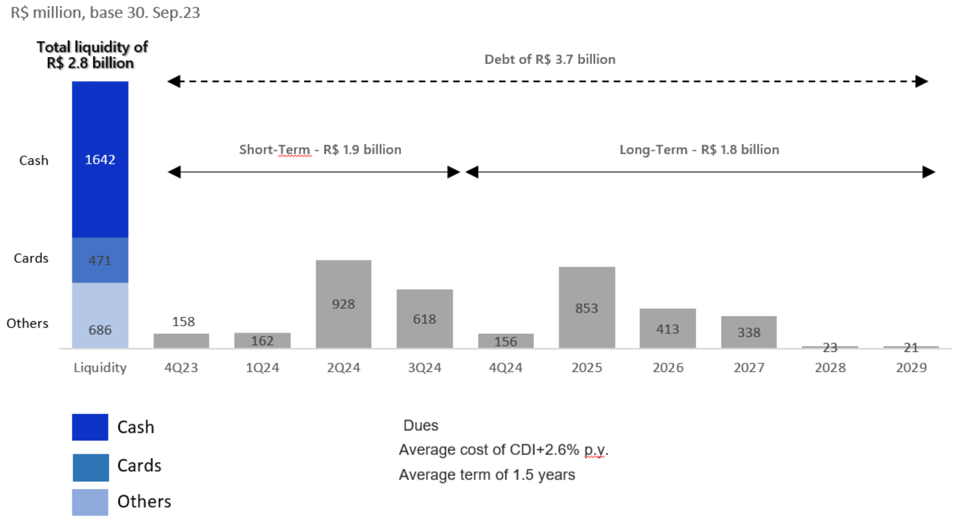
Our gross debt remained at R$3.7 billion (not including CDCI liabilities and trade accounts payable agreements). For the purposes of Covenants and understanding of capital structure, this liability has a corresponding asset, the accounts receivable of CDCI, both presented in the first rows of the table above and in the Financial Statements in note 14. The Company showed adjusted net debt of R$ (0.9) billion and net equity of R$4.4 billion, with leverage ratios at levels below financial covenants. In Q3'23, cash including undiscounted receivables totaled R$2.8 billion. The financial leverage indicator, measured by net cash/adjusted EBITDA over the last 12 months, was (0.5x). Considering the trade accounts payable agreement balance and the CDCI balance, the same indicator was (1.4x).

In Q4'23, there were new bilateral funding already carried out in the amount of around R$500 million, that reinforce the confidence of the partner institutions in the Company and in the execution of the Transformation Plan.

We believe that the structural transformation of capital involves the migration of the credit financing model through the FIDC, which was launched (1st FIDC of CDCI of the Casas Bahia Group), in the initial amount of R$ 600 million.

Debt schedule

From the R$3.7 billion debt, R$1.8 billion (~50%) is due in the long term. The average cost is CDI + 2.6% YoY. The liquidity position including undiscounted receivables totaled R$2.8 billion.



Managerial Cash Flow

Understanding the Management Cash Flow: cash flow is the Company's main management instrument at the moment. Thus, we will adopt the format below for management analysis of cash performance as of Q3'23, which will serve for better understanding, greater transparency and monitoring of the results of the Transformation Plan. The flow is reconciled with the accounting, so they will be able to reconcile in the spreadsheets on the IR website.

We start from the accounting net income and adjust the cash profit by returning the costs of anticipating receivables. In the variations of assets and liabilities, we have the working capital lines with inventories and suppliers, lawsuits, and other cash variations until reaching the operating activities and, subsequently, the leasing and investment cash resulting in the Free Cash Flow line, landing on all the balance available to settle debts, creditors and remunerate shareholders. Financing activities were separated between net funding and interest payments, including the amounts of CDCI, debentures, CCB's, suppliers, trade accounts payable agreement and costs of anticipation of receivables.

Q3'23: In this context, we identified that part of the reduction in the cash balance came from the reduction of bank limits at the beginning of the year. Therefore, we had to use a higher proportion in the anticipation of cards, which is a cash item. Despite a **net loss** of 836 million, **cash income** was positive at 538 million, given that many impacts on the income statement did not have a cash effect. The positive effect of the **inventory** reduction of 759 million, as a result of the reduction in purchases in the quarter for structural adjustment of inventories, was partially offset by the negative effect of the supplier account of 580 million. We closed with 84 days of inventories and 113 days of suppliers. Another highlight comes in the **Delinquency** line. This is a positive effect derived from measures taken in 2022, when we started to be more selective in credit. We had a reduction in losses of 19% vs. 3Q22. The 409 million **tax** line was also another positive highlight given the level of monetization we executed in the period. As a result, we ended Q3'23 with **free cash flow** of 166 million, aware that it is still insufficient to pay **interest** of 635 million, which is why the execution of the **Transformation Plan** is essential. Compared to 3Q22, we had a better performance due to the management of working capital, taxes and investments.

CDCI: As mentioned earlier, part of the reduction in the cash balance comes from the reduction of limits and not from the cash consumption of the operation. In this quarter, we had a 196 million reduction in the cash balance as a result of the loss of the CDCI limit made at the beginning of the year. In total for the year, this impact was approximately 750 million. This is another fundamental aspect of the FIDC. As we have greater flexibility to expand the credit, we will have the reverse effect. In other words, when we are growing the credit portfolio, we will have a cash gain. It works as if it were a working capital of the creditor. It generates cash when the portfolio grows and consumes cash when the portfolio decreases.

Indirect Cash Flow	3Q22	3Q23	∆ 23 vs. 22
Net Income (loss)	**(203)**	**(836)**	**(633)**
Cash Profit Post Adjustments	781	538	(243)
Change in working capital	(255)	179	434
Stocks	214	759	545
Suppliers	(469)	(580)	(111)
Loss	(311)	(252)	59
Lawsuits	(283)	(367)	(84)
Onlending of Third Parties	(39)	(46)	(7)
Taxes to Recover	(200)	409	609
Other Assets and Liabilities	65	31	(34)
Net Cash (used) in Operating Activities	**(242)**	**492**	**734**
Net Cash (used) in Rental Activities	**(293)**	**(263)**	**30**
Net Cash (used) in Investment Activities	**(167)**	**(63)**	**104**
Free Cash Flow	**(702)**	**166**	**868**
Proceeds from borrowings	454	(121)	(575)
Payments of Interest	(624)	(635)	(11)
Follow-on	-	602	602
Outros	1	-	(1)
Net Cash (used) in Financing Activities	**(169)**	**(154)**	**15**
Cash and cash equivalents of the opening balance	**4.302**	**2.788**	**(1.514)**
Cash and Cash equivalents at the End of the Period	**3.431**	**2.800**	**(631)**

CAPEX

In the quarter, Casas Bahia Group's investments totaled R$108 million, with +88% of the total amount assigned to technology projects to support the Company's growth, digitalization and customer experience.

R$ million	Q3'23	Q3'22	%	9M23	9M22	%
Logistics	2	13	(87%)	10	45	(77%)
New Stores	1	35	(98%)	8	155	(95%)
Stores Renovation	10	7	36%	28	47	(41%)
Technology	95	161	(41%)	264	486	(46%)
Others	1	11	(95%)	2	64	(98%)
Total	**108**	**227**	**(53%)**	**312**	**797**	**(61%)**

Store Footprint by Format and Brand

In Q3'23, the total of 32 brick and mortar stores were closed, namely 19 under the Casas Bahia's brand and 13 under Ponto's, totaling 1,095 brick and mortar stores at the end of the period. Our Transformation Plan is still in progress, foreseeing further closure of brick and mortar stores, according to return and business contribution margin.

Casas Bahia	Q3'22	Q2'23	Opening	Closure	Q3'23
Street	775	787	-	15	772
Shopping Malls	189	185	-	4	181
Consolidated (total)	**964**	**972**	**-**	**19**	**953**
Sales Area ('000 m2)	939	941	-	18	923
Total Area ('000 m2)	1.483	1.477	-	30	1.447

Pontofrio	Q3'22	Q2'23	Opening	Closure	Q3'23
Street	89	88	-	-	88
Shopping Malls	68	67	-	13	54
Consolidated (total)	**157**	**155**	**-**	**13**	**142**
Sales Area ('000 m2)	85	83	-	6	77
Total Area ('000 m2)	141	139	-	10	129

Consolidated	Q3'22	Q2'23	Opening	Closure	Q3'23
Street	864	875	-	15	860
Shopping Malls	257	252	-	17	235
Consolidated (total)	**1.121**	**1.127**	**-**	32	**1.095**
Sales Area ('000 m2)	1.024	1.025	-	25	1.000
Total Area ('000 m2)	1.624	1.616	-	40	1.576

Distribution Centers	Q3'22	Q2'23	Opening	Closure	Q3'23
DCs	30	29	-	-	29
Total Area ('000 m2)	**1.290**	**1.263**	**-**	**-**	**1.263**

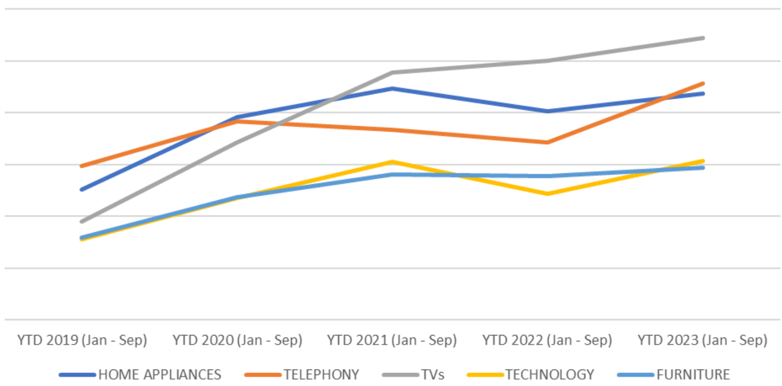
Consolidated (Total)	Q3'22	Q2'23	Opening	Closure	Q3'23
Total Area ('000 m2)	**2.914**	**2.879**	**-**	40	**2.839**

Market Share

Market Share – top 5 core categories

We will dedicate greater attention to the market share of the core 1P categories, for which we are recognized as a destination and Top of Mind for the 18th year in a row. Casas Bahia Group' is depicted below, according to data from **CONFI Neotrust** for the Online core market. **GFK** for the total market (On&Offline) follow the same trend.

Market Share Online – Top 5 Categories
CONFI (YTD Jan-Sep/23 vs. 22)

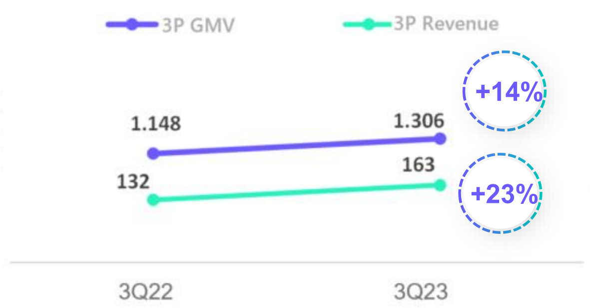


Share gain in the top 5 categories: telephony +5.6 p.p., technology +3.2 p.p., TVs +2.2 p.p., Home appliances +1.7 p.p., Furniture +0.8 p.p.

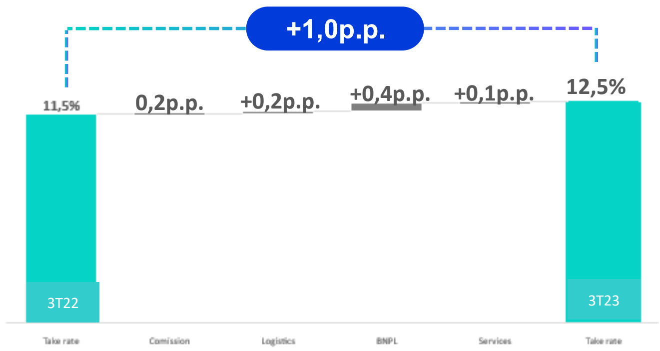
3P

In Q3'23, 3P's GMV reached R$1.3 billion (+13.8% YoY). Revenue for 3P grew by 23.4%, as a result of the increased penetration of services offered in the marketplace, with take rate reaching 12.5% in Q3'23 vs. 11.5% in Q3'22, an increase of 1.0p.p. This is the role performed by the marketplace in the Casas Bahia Group: a journey of complementarity and opportunity for our customers with a comprehensive shopping experience, in addition to leveraging logistics and credit.

3P GMV and Revenue
(R$ million)

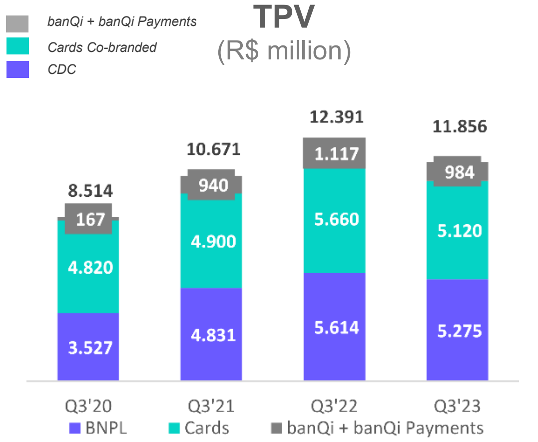


Take Rate
(Q3'23 vs. Q3'22)



Financial solutions

TPV Card: On and Off us



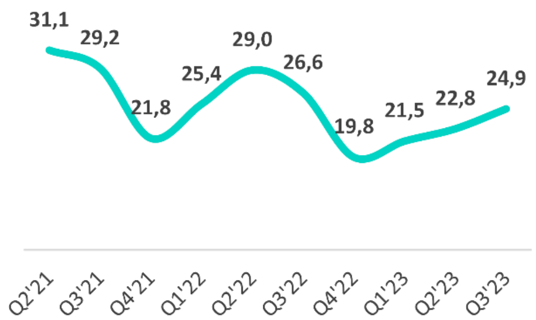
Main Figures Q3'23

- R$ 11.9 billion total TPV, 4% lower than Q2'22
- Installment plan portfolio totaled R$ 5.3 billion
- Over 90 came at 9.3% and portfolio loss of 4.7%
- Co-branded card TPV came to R$ 5.1 billion, 10% lower YoY, reaching 4.0 million customers
- banQi reached +7.2 million open accounts, 30% increase YoY

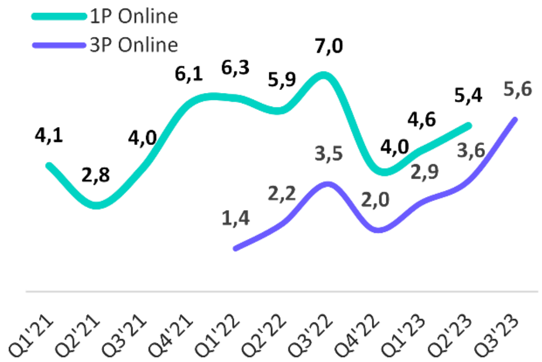
Installment Plan – Buy Now, Pay Later

In Q3'23, the installment plan active portfolio slowed down (7%) YoY, reaching R$5.3 billion. Credit expertise is a tool to increase profitability in the online channel (1P and 3P) and an opportunity for a population that does not have access to credit or card limits. Credit expertise is a tool for increasing profitability in the online channel (1P and 3P) and providing shopping opportunities for the population who do not have access to credit or card limits. In 1P, the share of sales in digital installment plan was 6.4%, while in 3P it accounted for 5.6% of online sales (+2.1p.p YoY, new record) and it is available for +2.6 million SKUs. In addition, through the capillarity of our digital installment plan, we have already sold in +4,100 municipalities without our brick-and-mortar stores, reiterating that the installment plan in digital channels means a profitable growth lever built on Casa Bahia Group's strength. In addition, 20% of the installment plans are paid through the banQi app.

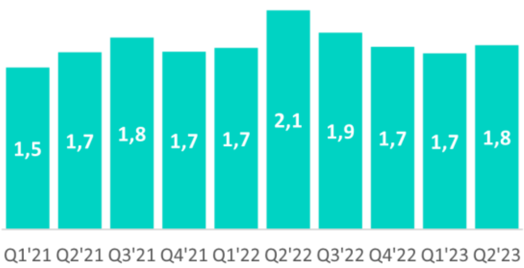
CDC Share at Brick-and-Mortar Stores (%)



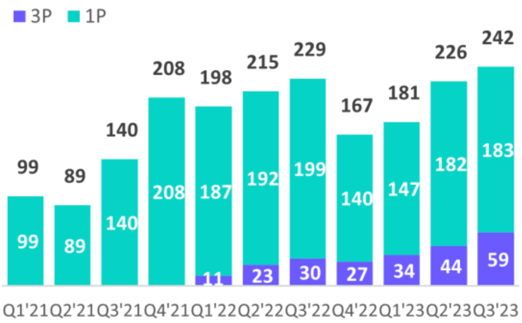
Digital CDC Share (%)



Installment Plan Production - Total
(R$ billion)



Digital Installment Plan Production
(R$ million)

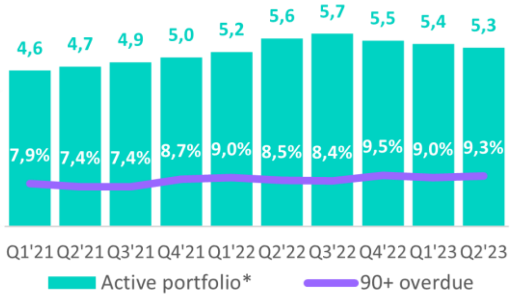


Installment Plan Portfolio Aging
(R$ million)

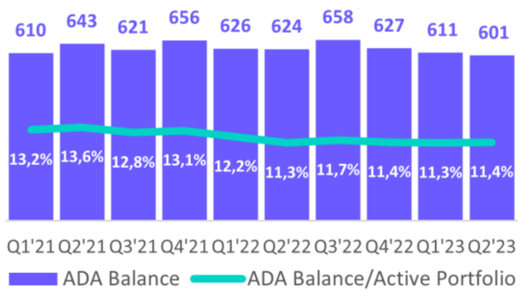
BNPL	Q3'22	% total	Q3'23	% total	Var(%)
Not Yet Due	4.079	71,9%	3.901	73,2%	-4,4%
Past due					
Past due from 6 to 30 days	547	9,6%	454	8,5%	-17,0%
Past due from 31 to 60 days	334	5,9%	285	5,4%	-14,5%
Past due from 61 to 90 days	245	4,3%	196	3,7%	-19,7%
Past due from 91 to 120 days	204	3,6%	180	3,4%	-12,1%
Past due from 121 to 150 days	160	2,8%	165	3,1%	3,2%
Past due from 151 to 180 days	108	1,9%	146	2,7%	34,8%
Total	5.677	100,0%	5.326	100,0%	-6,2%

Active Portfolio Evolution*
(R$ billion)

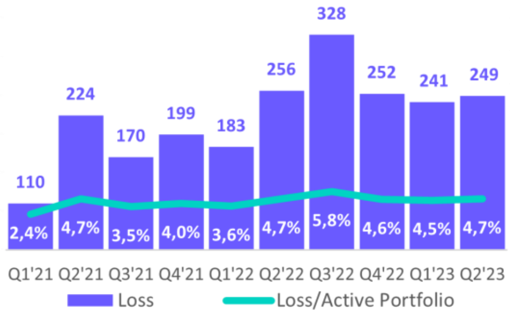
*Active portfolio = receivables basis with no effect on interest to be incurred



PDD
(R$ million)



Loss on Portfolio
(R$ million)



The PDD expenses were flat. The over 90 days rate was 9.3%, flat YTD, reflecting the portfolio quality trend. The level of losses on the active portfolio remained within the historical average, confirming the other indicators in the installment plan. In relative terms, we show better indicators than the market, but we remain aware of the economic environment and our consumers' momentum.

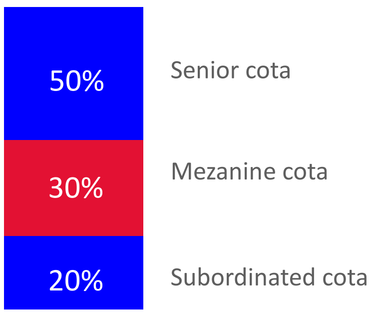
Casas Bahia Group's 1st FIDC

We launched Casas Bahia Group's 1st CDCI FIDC, with an initial value of R$600 million and it may reach up R$1.5 billion.

It is a FIDC that has a very robust structure: from the beginning, we have been implementing a digital biometrics process for 100% of cases, allowing a substantial reduction in fraud.

In addition, we have implemented a correspondent banking process so that all installment plans that are paid in cash at the store are settled directly in the FIDC system. This process greatly addresses the risks of fungibility in the structure.

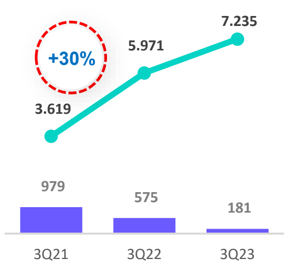
R$ 600M



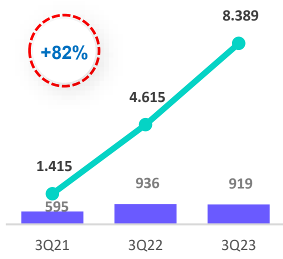
banQi

banQi will focus on generating value for the Company, using the current ecosystem. Opening of new accounts grew 30% YoY, summing up 7.2 million. App downloads total 18.1 million. The app is increasingly part of customers’ daily lives, and we highlight: (i) 81% increase in transactions YoY; (ii) 82% higher TPV, reaching R$8.4 billion; and (iii) the frequency of use continues to improve quarter after quarter, reaching 33x in the last 360 days.

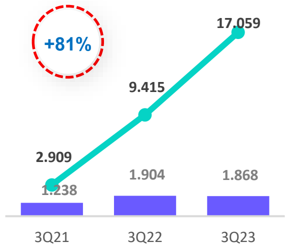
New Accounts
(# Thousand)



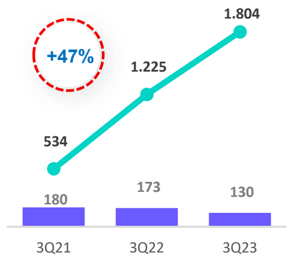
Total TPV
(R$ Millions)



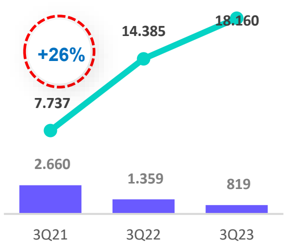
Total Transactions
(R$ Millions)



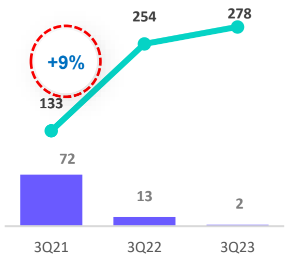
Store Transactions
(R$ Millions)



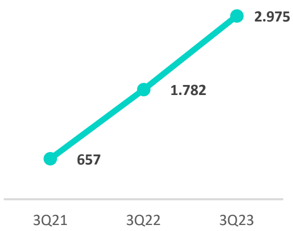
Apps Downloads
(# Thousand)



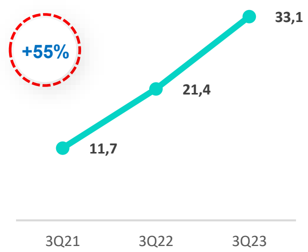
banQi in e-commerce
banQi in Casas Bahia’s e-commerce
(R$ Millions)



Installment Plan (Installment Plan paid via the banQi app
(R$ Millions)

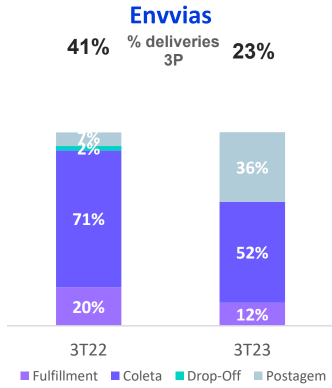


Average frequency use of the banQi app
(360 Days)



Logistics Ecosystem

Still focusing on growing revenue from logistics as a service, reducing the cost of serving and expanding the service level (including marketplace sellers and off-Group partners).



1P, 3P Envvias, 3P (without Envvias) and Casas Bahia Group Fulfillment

- 1P term improved 14% YoY and 8% sequentially
- Deliveries at Envvias in relation to total deliveries at 3P reached 23% in Q3’23.
- 3P term managed by Casas Bahia Group (Envvias) was reduced by 13% YoY
- 3P term not managed by Casas Bahia Group was reduced by 25% YoY and 10% sequentially
- 47% of orders from fulfillment were delivered within 48 hours vs. 29% in Q3’22
- Casas Bahia Group fulfillment term was reduced by 15% in YoY
- Fulfillment customers and revenue advanced 38% and 55% YoY, respectively

Logistics – Open sea

Casas Bahia Group’s logistics is also a business. We are advancing in various sectors (clothing, home centers, tools, etc.). Hence, we not only add density and volume to our logistics, thereby reducing costs, but also generate profitable incremental revenue for Casas Bahia Group.

- Growth of 276% in freight revenue YoY
- Open sea customers and number of orders increased 3x and 146%, respectively

ESG Highlights

In Q3'23, we progressed with the ESG plan and reinforced our practices related to the topic. The main highlights of the quarter are presented below:

Environment

Casas Bahia Grop Recycling Program – REVIVA and Sustainable Energy
REVIVA program forwarded **more than 600 tons** of waste for recycling, benefiting 12 partner cooperatives. With 530 electronics collectors distributed across the group's stores and operations, **more than 3 tons of electronics were sent for disposal and recycling.** We continue to advance the use of renewable energy in our operations, aiming to reach 90% by 2025.

Social - Diversity

Paternidades Possíveis
In allusion to Father's Day, we carried out the "**Paternidades Possíveis**" campaign in August, promoting the importance of men's active participation in raising children. Among the initiatives, the panel with mediation and the participation of employees, which had 240 people connected.
Month of Inclusion of People with Disabilities
in September, we carried out the campaign "**Inclusive EU: inclusão, acessibilidade e equidade para todos**", focusing on initiatives to raise awareness of the leadership and protagonism of people with disabilities, which had 33,573 views.
Free online Libras (Brazilian Sign Language) course for 40 thousand employees.
Programa Jornada sem Barreiras, exclusive training for more than 1,800 employees with disabilities.
Diversity Awareness and Literacy
in September, the **mandatory Diversity course** was launched in the 2nd Season of Via de Responsa.

Social - Casas Bahia Foundation

Instituto Dona de Si
In September, the project to train women entrepreneurs in partnership with the Dona de Si Institute was concluded, bringing significant results. There were 256 women trained in Rio de Janeiro and Porto Alegre, 65% of whom self-declared black.
Volunteering
14 volunteering actions completed, with emphasis on:
Sul Solidário Campaign – 7265 pieces of clothing collected in Casas Bahia and Ponto stores, in the states of Paraná, Santa Catarina and Rio Grande do Sul. The pieces were donated to a social organization in each state.
Career Fair – the employees of the Casas Bahia Group gave lectures and shared their professional experiences with young people already supported by the Foundation. There were 4 days of lectures on various professions, 650 registered, 350 young participants and 50 volunteers.
Humanitary Help
Donation of 300 mattresses to people affected by the calamity situation in Rio Grande do Sul, as a result of heavy rains.

Governance

Since 2002, we have been signatories to the Business Pact for Integrity and Against Corruption, of the Ethos Institute, which aims to strengthen integrity in business. In September 2023, we updated this membership, with indications on our policies and practices, which indicated high adherence in topics such as Governance and Conduct, Anti-Corruption Practices, Transparency and Availability of Reports, and Internal Third-Party Management Practice.
We held the Company's 1st Compliance Week, with reports and lectures in person and online on ethics and compliance topics, aimed at all employees, with the participation of the CEO and other executives. Throughout 2023, we maintained the Via de Respect campaign, focusing on these same themes and reinforcing the commitments of the Company and its Management to the Integrity Program.

Income Statement – Accounting View

Consolidated Income Statement						
R$ million	**Q3'23**	**Q3'22**	**Δ**	**9M23**	**9M22**	**Δ**
Gross Revenues	**7.845**	**8.291**	**(5,4%)**	**25.622**	**25.991**	**(1,4%)**
Net Revenue	**6.590**	**7.008**	**(6,0%)**	**21.433**	**22.053**	**(2,8%)**
Cost of Goods Sold	**(5.027)**	**(4.802)**	**4,7%**	**(15.277)**	**(15.062)**	**1,4%**
Depreciation (Logistic)	(50)	(57)	(12,1%)	(147)	(168)	(12,8%)
Gross Profit	**1.513**	**2.149**	**(29,6%)**	**6.010**	**6.823**	**(11,9%)**
Selling Expenses	(1.357)	(1.578)	(14,0%)	(4.303)	(4.486)	(4,1%)
General and Administrative Expenses	(286)	(255)	12,1%	(816)	(784)	4,1%
Equity Income	13	17	(21,0%)	40	32	23,6%
Other Operating Income (Expenses)	(310)	(34)	n/a	(658)	(15)	n/a
Total Operating Expenses	**(1.939)**	**(1.850)**	**4,8%**	**(5.738)**	**(5.253)**	**9,2%**
Depreciation and Amortization	(234)	(231)	1,2%	(700)	(670)	4,5%
EBIT[1]	**(660)**	**68**	**n/a**	**(428)**	**900**	**n/a**
Financial Income	121	313	(61,5%)	271	511	(47,0%)
Expense Income	(800)	(914)	(12,5%)	(2.578)	(2.114)	21,9%
Net Financial Income (Expense)	**(679)**	**(601)**	**n/a**	**(2.307)**	**(1.603)**	**n/a**
Earnings before Income Tax	**(1.339)**	**(533)**	**n/a**	**(2.735)**	**(703)**	**n/a**
Income Tax & Social Contribution	503	330	52,5%	1.110	524	n/a
Net Income (Loss)	**(836)**	**(203)**	**n/a**	**(1.625)**	**(179)**	**n/a**
EBIT[1]	**(660)**	**68**	**n/a**	**(428)**	**900**	**n/a**
Depreciation (Logistic)	50	57	(12,1%)	147	168	(12,8%)
Depreciation and Amortization	234	231	1,2%	700	670	4,5%
EBITDA[1]	**(376)**	**356**	**n/a**	**419**	**1.738**	**(75,9%)**
Other Operational Expenses and Revenues	310	34	n/a	658	15	n
Adjusted EBITDA[1]	**(66)**	**390**	**n/a**	**1.077**	**1.753**	**(38,6%)**
% on Net Sales Revenue	**Q3'23**	**Q3'22**	**Δ**	**9M23**	**9M22**	**Δ**
Gross Profit	**23,0%**	**30,7%**	(770bps)	**28,0%**	**30,9%**	(290bps)
Selling Expenses	(20,6%)	(22,5%)	190bps	(20,1%)	(20,3%)	20bps
General and Administrative Expenses	(4,3%)	(3,6%)	(70bps)	(3,8%)	(3,6%)	(20bps)
Equity Income	0,2%	0,2%	0bps	0,2%	0,1%	10bps
Other Operating Income (Expenses)	(4,7%)	(0,5%)	(420bps)	(3,1%)	(0,1%)	(300bps)
Total Operating Expense	**(29,4%)**	**(26,4%)**	**(300bps)**	**(26,8%)**	**(23,8%)**	**(300bps)**
Depreciation and Amortization	(3,5%)	(3,3%)	(20bps)	(3,3%)	(3,0%)	(30bps)
EBIT[1]	**(10,0%)**	**1,0%**	**(1.100bps)**	**(2,0%)**	**4,1%**	**(610bps)**
Net Financial Income (Expense)	**(10,3%)**	**(8,6%)**	**(170bps)**	**(10,8%)**	**(7,3%)**	**(350bps)**
Earnings before Income Tax	**(20,3%)**	**(7,6%)**	**(1.270bps)**	**(12,8%)**	**(3,2%)**	**(960bps)**
Income Tax & Social Contribution	7,6%	4,7%	290bps	5,2%	2,4%	280bps
Net Income (Loss)	**(12,7%)**	**(2,9%)**	**(980bps)**	**(7,6%)**	**(0,8%)**	**(680bps)**
EBITDA[1]	**(5,7%)**	**5,1%**	**(1.080bps)**	**2,0%**	**7,9%**	**(590bps)**
Adjusted EBITDA[1]	**(1,0%)**	**5,6%**	**(660bps)**	**5,0%**	**7,9%**	**(290bps)**

([1]) EBITDA, Adjusted EBITDA and EBIT are not part of the review carried out by the external audit.

Balance Sheet

Balance Sheet - Managerial

Assets

R$ million	09.30.2023	09.30.2022
Current Assets	**13.375**	**15.217**
Cash and Cash Equivalents	1.642	1.232
Accounts Receivables	3.700	4.812
Credit Card	398	1.251
Payment Book	4.741	4.956
Payment Book - Interest to be incurred	(1.508)	(1.477)
Others	438	390
Accounts Receivables B2B	248	320
Allowance for doubtful accounts	(617)	(628)
Inventories	4.958	6.418
Recoverable Taxes	1.672	1.602
Related Parties	260	291
Expenses in Advance	237	229
Other Assets	907	633
Noncurrent Assets	**18.894**	**18.824**
Long-Term Assets	**11.529**	**11.086**
Accounts Receivables	466	731
Credit Card	73	238
Payment Book	585	721
Payment Book - Interest to be incurred	(126)	(144)
Allowance for doubtful accounts	(66)	(84)
Recoverable Taxes	4.661	5.346
Financial Instruments	10	10
Deferred income tax and social contribution	4.666	3.346
Related Parties	180	180
Judicial Deposits	1.082	927
Prepaid Expenses and Other Assets	463	546
Right of Use Asset	**2.685**	**3.129**
Investments	**288**	**257**
Fixed Assets	**1.547**	**1.780**
Intangible Assets	**2.846**	**2.572**
TOTAL ASSETS	**32.269**	**34.041**

Liabilities and Shareholders' Equity

R$ million	09.30.2023	09.30.2022
Current Liabilities	**18.116**	**18.745**
Taxes and Social Contribution Payable	516	522
Trade accounts payable	7.330	6.063
Suppliers ('Portal')	-	1.040
Trade accounts payable – agreement	1.407	2.500
Loans and Financing	1.866	1.748
Payment Book (CDCI)	4.851	4.804
Payment Book (CDCI) - Interest to be appropriated	(378)	(386)
Fiscal Obligations	337	178
Related Parties	25	24
Defered revenues	248	107
Onlending of third parties	616	404
Leasing debts	633	697
Others	664	1.044
Long-Term Liabilities	**9.718**	**9.791**
Loans and Financing	1.805	2.459
Payment Book (CDCI)	536	724
Payment Book (CDCI) - Interest to be appropriated	(25)	(33)
Deferred Income Tax	26	6
Tax Obligations	27	20
Provision for lawsuits	2.123	2.188
Leasing debts	2.973	3.337
Defered Revenue	2.241	1.078
Others	13	12
Shareholders' Equity	**4.434**	**5.505**
LIABILITIES AND SHAREHOLDERS' EQUITY	**32.269**	**34.041**

Cash Flow

Cash Flow (R$ million)	09.30.2023	09.30.2022 (restated)
Net Income (loss)	(1.625)	(179)
Adjustment:		
Depreciation and Amortization	848	838
Equity Income	(40)	(32)
Deferred Income Tax and Social Contribution	(1.114)	(536)
Interest and Exchange Variation	1.418	991
Provisions for lawsuits, net of reversals	873	461
Provisions for labor lawsuits, net of reversals	825	411
Provisions for other lawsuits, net of reversals	48	50
Allowance for doubtful accounts	813	809
Gain (loss) with fixed and intangible assets	33	(61)
Estimated loss of net recoverable value of inventories	79	8
Deferred Revenue	(111)	(45)
Write-off of right of use and lease liability	(2)	(11)
Share-based Payments	7	36
Others	255	(7)
	1.434	**2.272**
Asset (Increase) Decreases		
Accounts Receivable	2.660	1.317
Inventories	544	730
Taxes to Recover	523	(339)
Related Parties	(31)	(51)
Judicial Deposits	(94)	(66)
Expenses in Advance	(6)	(38)
Other Assets	(302)	(339)
	3.294	**1.214**
Liabilities Increase (Decreases)		
Suppliers	180	(907)
Portal Suppliers	(657)	292
Fiscal Obligations	92	(54)
Social and labor obligations	76	(65)
Onlending of third parties	(285)	(172)
Deferred Revenue	-	(4)
Lawsuits	(986)	(965)
Lawsuits - Labor	(921)	(903)
Lawsuits - Others	(65)	(62)
Other debts	(102)	(90)
	(1.682)	**(1.965)**
Asset and Liabilities - Others (Increase) Decreases		
Dividends Received from investees	17	-
Income Tax Paid	(3)	-
	14	-
Net Cash (used) in Operating Activities	**3.060**	**1.521**
Cash Flow from Investment Activities		
Acquisition of fixed and intangible assets	(414)	(838)
Disposal of property, plant and equipment and intangible assets	-	98
Acquisition of subsidiary, net of cash acquired	-	(18)
Net Cash (used) in Operating Activities	**(414)**	**(758)**
Cash Flow from Financing Activities		
Proceeds from borrowings	5.792	6.099
Payments of Principal	(6.495)	(6.451)
Payments of Interest	(1.063)	(633)
Payments of Dividend - Lease	(457)	(542)
Payments of Interest - Lease	(346)	(319)
Resources from the issue of shares	622	-
Payment of share issuance expenses	(20)	-
Acquisition of treasury shares, net of disposal	-	(62)
Trade accounts payable – agreement	(1.056)	596
Net Cash (used in) Financing Activities	**(3.023)**	**(1.312)**
Cash and cash equivalents of the opening balance	2.019	1.781
Cash and Cash equivalents at the End of the Period	1.642	1.232
Change in Cash and Cash Equivalents	**(377)**	**(549)**

BHIA3 and VIAYY

Casas Bahia Group shares are registered for trading on B3 under the code "BHIA3", admitted to trading on the Novo Mercado. Therefore, Casas Bahia Group common shares are traded in Brazilian Reais (R$) on the Novo Mercado segment of B3 S.A. – Brasil, Bolsa, Balcão, under the trading code VIIA3.
For trading our shares on OTC Markets, we are operating under the code "VIAYY", in the form of an ADR. ADR stands for American Depositary Receipt. These are deposit receipts, which correspond to shares in the Casas Bahia Group and are traded on the New York Stock Exchange (NYSE). Accordingly, foreign investors who wish to invest in the Casas Bahia Group can transact ADRs instead of shares directly on B3.

Videoconference on the Results

November 8, 2023
(after market closure)

Simultaneously, the video presenting the results will be made available, so that the conference call time the following day shall be exclusively dedicated to questions and answers.

Videoconference
(Questions and Answers Only)

November 9, 2023
2:00 pm (Brasília time)
12:00 pm (New York time)
Portuguese/English (simultaneous translation)

Videoconference Portuguese: **Click here**

Videoconference English: **Click here**

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