

# Q1'24

RESULTS

GRUPO **CASASBAHIA**

# MAIN MESSAGES - Q1'24



## NEW SOURCES OF REVENUE

Transportation  
(open sea)  
**Revenue +84% y/y**

Multimarketplace  
Fulfillment  
**Revenue +14% y/y**

Casas Bahia ADs  
**# of Advertisers +7X**

Service penetration  
**15% (+3 p.p.)**  
**Revenue +10% y/y**



## IMPROVEMENT IN MARGINS

Gradual improvement q/q

Gross margin  
**30.0% in Q1'24**  
(vs. 27.6% in Q4'23  
and 23.0% in Q3'23)

Expense discipline  
**-7.6% y/y**

EBITDA margin  
**6.1% in Q1'24**  
(vs. 2.2% in Q4'23  
and -1.0% in Q3'23)



## PROFITABILITY OF THE ECOSYSTEM

3P  
**GMV +10%**  
**Revenue +13%**

Bartira  
(Furniture factory)  
**Profit in Q1'24**

banQi  
(Fintech)  
close to  
**Breakeven**



## CASH FLOW

Free cash flow  
**Lowest Q1 consumption**  
**in the last 5 years**

Tax monetization  
**+R\$ 203 MM in**  
**net impact**  
**on cash**  
(vs Q1 consumption  
in the last 4 years)

Labor  
**Lowest Q1 consumption**  
**in the last 4 years**



## TRANSFORMATION PLAN

Capturing implemented  
initiatives (expense  
reduction, mix, and more  
profitable channels)

New opportunities

New **pricing** tool

New tool to **boost store**  
**and marketplace sales**

Important progress in the  
store **profitability**  
**optimization plan**



## CAPITAL STRUCTURE

Re-profiling of  
**R\$ 4.1 BN** of debt

**Increase in**  
**average time**  
from 22 months  
to 72 months

**Reduction of**  
**average cost**  
(-1.5 p.p.)

Cash preservation  
**R\$ 4.3 BN by 2027**

OMNICHANNEL



# OMNICHANNEL - Specialist Positioning

Store: reduction by the closure since 2023 of 57 stores with a negative contribution margin

1P online: discontinuing unprofitable categories and reducing incentives in the B2B channel

3P online: GMV growth, absorbing category migration and maintaining profitability (+13% in revenue)

## 1P GMV BRICK-AND-MORTAR

R\$ BN

-10,7%



Q1'23 Q1'24

## 1P GMV ONLINE

R\$ BN

-22,0%



Q1'23 Q1'24

## 3P GMV

R\$ BN

+9,6%



Q1'23 Q1'24

## 3P REVENUE

R\$ MM

+13,1%

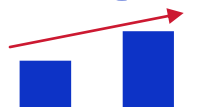


Q1'23 Q1'24

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

### HOME APPLIANCES

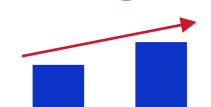
+0,1 pp



Q1'23 Q1'24

### PHONES AND CELL PHONES

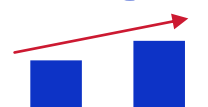
+2,1 pp



Q1'23 Q1'24

### TVS

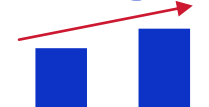
+0,7 pp



Q1'23 Q1'24

### COMPUTING

+0,7 pp



Q1'23 Q1'24

### FURNITURE

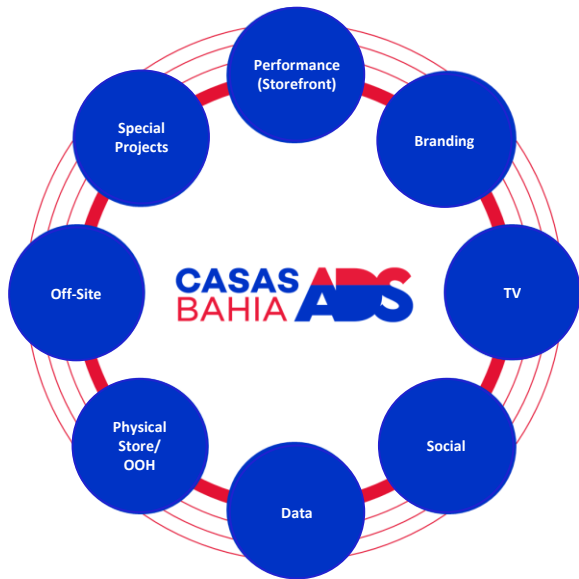
-0,4 pp



Q1'23 Q1'24

**INNOVATON**





### THE MOST COMPLETE MEDIA ECOSYSTEM IN BRAZILIAN RETAIL

From online, social, CRM, off-site, OOH media, in-store activations, radio to proprietary data and highly actionable insights for advertisers, from big brands to Marketplace sellers.

All this on a single self-service platform offering a **truly highly efficient omnichannel solution for customers.**

**+608%**  
Advertisers  
Q1'24 q/q

**+15%**  
Revenue\*  
Q1'24 q/q

**+20%**  
GMV traded  
Q1'24 q/q

**32%**  
Average ROI  
of advertisers

\*Platform revenue

**LOGISTICS**



# LOGISTICS

Expansion of new sources of revenue and profitability improving delivery times

## Fulfillment Multimarketplace

# Clients

+12%



Revenue

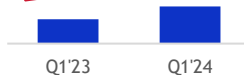
+14%



## Transport (to non-seller third parties)

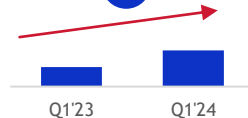
# Clients

+53%



Revenue

+84%

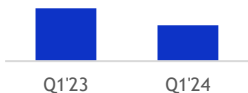


## Reduction in delivery time across all services

### Marketplace

Deliveries not managed by Grupo Casas Bahia

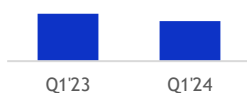
-16%



### Marketplace

Deliveries managed by Grupo Casas Bahia

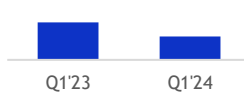
-15%



### Fulfillment

Grupo Casas Bahia

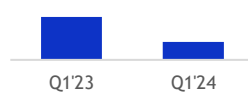
-20%



### 1P Grupo Casas Bahia

Online and Offline

-21%



New sources of revenue

Greater Efficiency = Lower delivery time



# FINANCIAL SOLUTIONS



# FINANCIAL SOLUTIONS

Installment Plans: sales leverage, profitability and default under control

### Active Portfolio Evolution

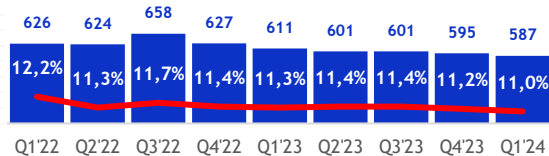
(R\$ BN)



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

### ADA (Allowance for Doubtful Accounts)

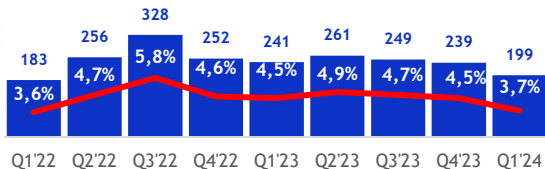
(R\$ MM)



■ ADA Balance ■ ADA Balance / Active Portfolio

### Quarterly Net Loss

(R\$ MM)

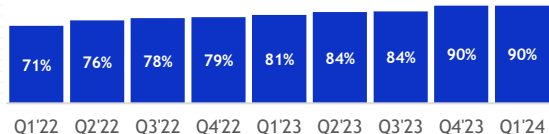


■ Net Loss ■ Net Loss / Active Portfolio

**HEALTHY  
DEFAULT  
INDICATORS**

### Installment Plan Penetration

(% in Brazil's Municipalities)



ESG





**SUSTAINABILITY**  
**REVIVA RECYCLING PROGRAM**  
**AND RENEWABLE ENERGY**

**73% of energy use**  
 from renewable sources, in its  
 operations. Target of reaching 90% by  
 2025

**+704 Ton**  
 of waste sent  
 for recycling

**593 collectors**  
 of electronics distributed across  
 the stores and operations

**1.6 Ton of electronics**  
 sent for disposal  
 and recycling

FUNDAÇÃO  
**CASASBAHIA**

**SOCIAL**  
**CASAS BAHIA**  
**FOUNDATION**

**1.750 young people trained**  
 with Inst. PROA, 14 of which were  
 hired by the Grupo Casas Bahia

**800 women**  
**will benefit**  
 from the expansion of  
 Jornada Dona de Si  
 to train entrepreneurs

**Partnerships Renewal**  
 Inst. Vini Jr. to monitor the 3 Educational  
 Centers supported in 2023

AFESU to benefit 75 girls in Basic  
 Technology and 1st Job courses

**Humanitarian help**  
 Donation of 300 mattresses, 3 k liters of  
 water and 300 hygiene kits for victims  
 of the rains in Rio de Janeiro



**SOCIAL**  
**DIVERSITY**

**1.3 k women**  
 impacted by the Mulheres Potência Program,  
 in 20 days of actions, including dialogue circles,  
 literacy, and inspired testimonials

**+16 k orders delivered**  
 in vulnerable communities,  
 in partnership with the  
 startup Favela Express



**GOVERNANCE**

**New composition of**  
**Statutory Board of**  
**Executive Officers**

- Renato Horta Franklin
- Elcio Mitsuhiro Ito
- Sérgio Augusto França Leme
- Tiago Celso Abate

**Independent audit**  
**of internal controls**

4th consecutive year without  
 any significant deficiencies,  
 demonstrating the focus and  
 commitment to internal processes  
 and the quality of financial information

# FINANCIAL HIGHLIGHTS



# FINANCIAL HIGHLIGHTS

## EXECUTION DISCIPLINE

Transformation Plan on schedule

- Gross Margin: +30.0% in Q1'24 (vs +27.6% in Q4'23 and +23.0% in Q3'23)
- SG&A capturing the 2023 expense reduction initiatives (-7.6% y/y)
- EBITDA margin: +6.1% in Q1'24 (vs +2.2% in 4Q23 and -1.0% in 3Q23)

## PRIORITIES

Liquidity and cash flow management

- Free Cash Flow\*: -R\$ 182 M in Q1'24 (lowest 1Q consumption in the last 5 years)
- Taxes: +R\$ 203 M of net impact on cash (vs. consumption in Q1 in the last 4 years)
- Labor Lawsuits: -R\$ 197 M (lowest Q1 consumption in the last 4 years)

## CAPITAL STRUCTURE

Debt Re-profiling

- Re-profiling of R\$ 4.1 BN of debt
- Increase in average term from 22 months to 72 months
- Reduction in average cost (-1.5 p.p.)
- Cash preservation of R\$ 4.3 BN by 2027, R\$ 1 BN already in 2024

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

# RESULTS

## Q1'24

Implementation of  
Transformation  
Plan adjustments

P&L normalization  
Gradual improvement

(R\$ Million)	Q1'23	Q3'23	Q4'23	Q1'24	Var. Q1'24 x Q1'23
Gross Revenue	8.788	7.845	8.811	7.541	-14,2%
Net Revenue	7.354	6.590	7.414	6.347	-13,7%
Gross Profit	2.313	1.513	2.046	1.902	-17,8%
Gross Margin	31,4%	23,0%	27,6%	30,0%	(1,5p.p.)
SG&A	(1.703)	(1.643)	(1.945)	(1.575)	-7,5%
Adjusted EBITDA	675	(66)	163	387	-42,6%
Adjusted EBITDA Margin	9,2%	-1,0%	2,2%	6,1%	(3,1p.p.)
Other Expenses	(106)	(310)	(604)	(132)	24,9%
Financial Results	(827)	(679)	(734)	(486)	-41,2%
EBT	(553)	(1.339)	(1.467)	(502)	-9,2%
Income Tax & Social Contribution	256	503	466	241	-5,7%
Net Income (Loss)	(297)	(836)	(1.000)	(261)	-12,2%

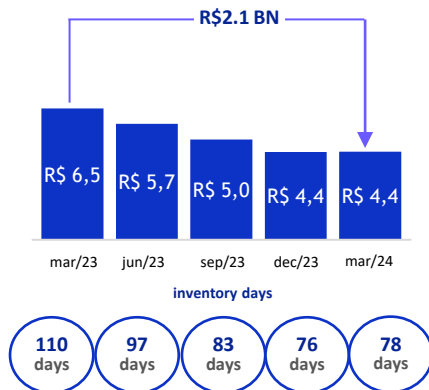
### Highlights

- Variation in revenue stems from the measures taken in the Transformation Plan, which prioritize the profitability and sustainability of the operation
  - discontinuation of 23 1P categories
  - reduction of incentives in online B2B
  - 57 stores closed
- Gross margin of 30.0% in Q1'24 (vs. 27.6% in Q4'23 and 23.0% in Q3'23)
- SG&A capturing the adjustments made in 2023
  - 8.6 thousand positions reduced
  - 57 loss-making stores closed
  - more efficient marketing investments
- EBITDA margin of 6.1% in Q1'24 (vs. 2.2% in Q4'23 and -1.0% in Q3'23)
- Financial Results positively impacted by monetary updates related to the "thesis of the century" and reduction in discounted receivables and trade accounts payable agreement expenses

# OPTIMIZATION OF INVENTORY LEVELS BY REDUCING OLDER AND SLOW TURNOVER INVENTORY CAPITAL MANAGEMENT EFFICIENCY

## Inventory

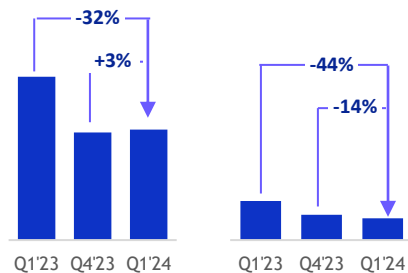
(R\$ billion)



## Aging

Inventory below 90 days

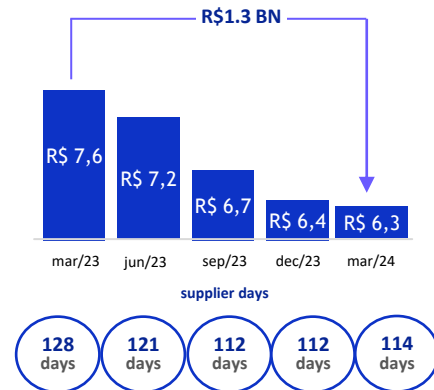
Inventory above 90 days



Sequential quality improvement in short-term (maintaining adequate level) and long-term (reduction of older and slow turnover) inventory

## Suppliers\*

(R\$ billion)





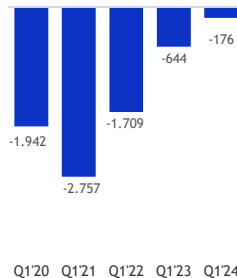
# INDIRECT CASH FLOW

R\$ million

	Q1'20	Q1'21	Q1'22	Q1'23	Q1'24
Net income (loss)	13	180	18	(297)	(261)
Adjusted net income (loss)	613	816	1.069	986	689
<b>Working Capital Variation</b>	<b>(1.410)</b>	<b>(1.814)</b>	<b>(539)</b>	<b>(477)</b>	<b>(237)</b>
Inventory	(682)	(1.709)	243	(931)	(31)
Suppliers	(728)	(105)	(782)	454	(206)
Losses	(127)	(11)	(254)	(259)	(212)
Lawsuits	(148)	(306)	(408)	(260)	(216)
Onlending of third parties	(73)	(213)	(163)	(103)	(38)
Taxes to Recover/Obligations	(279)	(245)	(135)	(12)	203
Other assets and liabilities	(207)	(579)	(547)	5	(65)
<b>Net Cash (used) in Operating Activities</b>	<b>(1.631)</b>	<b>(2.352)</b>	<b>(977)</b>	<b>(120)</b>	<b>124</b>
<b>Net Cash (used) in Leasing Activities</b>	<b>(228)</b>	<b>(221)</b>	<b>(279)</b>	<b>(273)</b>	<b>(252)</b>
<b>Net Cash (used) in Investments Activities</b>	<b>(83)</b>	<b>(184)</b>	<b>(453)</b>	<b>(251)</b>	<b>(48)</b>
<b>Free Cash Flow</b>	<b>(1.942)</b>	<b>(2.757)</b>	<b>(1.709)</b>	<b>(644)</b>	<b>(176)</b>
Net proceeds	633	922	529	(1.262)	23
Payments of Interest	(174)	(124)	(297)	(699)	(525)
Follow-on, net of costs	1	-	(28)	-	-
<b>Cash Flow from Financing Activities</b>	<b>460</b>	<b>798</b>	<b>204</b>	<b>(1.961)</b>	<b>(502)</b>
<b>Cash and cash equivalents of the opening balance</b>	<b>4.802</b>	<b>9.047</b>	<b>6.703</b>	<b>6.153</b>	<b>3.578</b>
<b>Cash and Cash equivalents at the End of the Period</b>	<b>3.320</b>	<b>7.088</b>	<b>5.198</b>	<b>3.548</b>	<b>2.900</b>
<b>Change in Cash and Cash Equivalents</b>	<b>(1.482)</b>	<b>(1.959)</b>	<b>(1.505)</b>	<b>(2.605)</b>	<b>(678)</b>

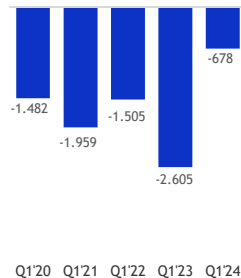
## Free Cash Flow\*

R\$ million



## Change in Cash

R\$ million



### Q1'24

- Greater optimization of capital employed (working capital + capex)
- Positive tax monetization (vs consumption in the last 4 years)
- Trend towards reducing the impact of labor demands

\*cash flow available to pay debts (principal and interest) and shareholders

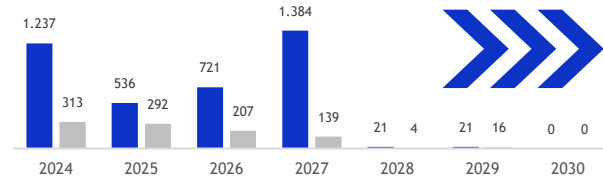
# LIQUIDITY POSITION AND LEVERAGE

R\$ million

**R\$4.3 billion reduction in debt disbursements over the next 4 years, of which R\$1.5 billion in 2024**

## Q1'24 Scenario

CASH DISBURSEMENT UNTIL 2027: R\$4.8 BN



■ Amortization ■ Interest

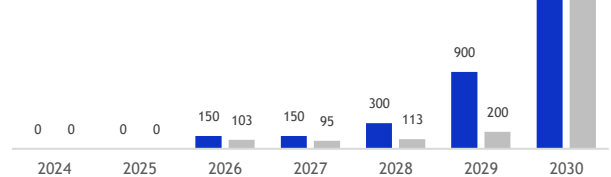
Debts Covered  
6th, 7th, 8th and 9th  
debentures and  
Bank Credit Notes (CCBs)

Cost  
**CDI + 2.70%**

Average Term  
**22 months**

## After liability management

CASH DISBURSEMENT UNTIL 2027: R\$0.5 BN



■ Amortization ■ Interest

Debts Covered  
New debenture instrument

Cost  
**CDI + 1.20%**

Average Term  
**72 months**

Savings of R\$60mm p.a. in debt interest

# TRANSFORMATION PLAN STATUS



## We have made progress on the transformation plan, with R\$ 1.5-1.6B of opportunities already structured and partially implemented for capture in the short term

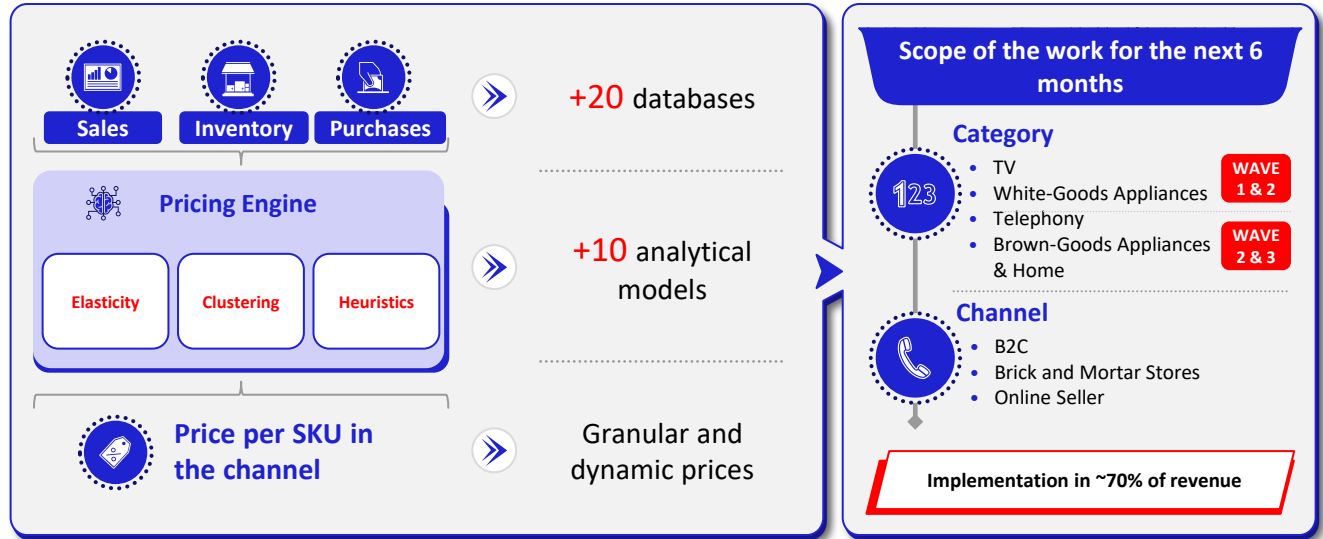
Type	Levers	Impact identified until Q1'24	Progress with non-exhaustive examples of implemented and mapped initiatives
Revenue	<ul style="list-style-type: none"> <li>Services efficiency</li> <li>Pricing &amp; Promotion</li> <li>Sales Channels</li> <li>Mix &amp; Assortment Review</li> </ul>	R\$450 M	<ul style="list-style-type: none"> <li>Increased <b>CDC penetration</b> (CDC penetration 1Q24 +4 p.p. vs. 1Q23)</li> <li>Development of an intelligent <b>pricing system</b> based on advanced analytics <span>New</span></li> <li>Creation of a <b>digital solution to increase efficiency</b> of sellers in stores and marketplace <span>New</span></li> <li>Expansion of the advertiser base of <b>Casas Bahia ADS<sup>1</sup></b> by 7x in Q1'24 vs. Q4'23 <span>New</span></li> </ul>
	<ul style="list-style-type: none"> <li>Marketing Efficiency</li> <li>Commercial Efficiency</li> <li>Renegotiation of indirect contracts</li> </ul>	R\$ 460 M	<ul style="list-style-type: none"> <li>Reduction in <b>contact rate<sup>2</sup></b> by 3 p.p. between Q1'23 and Q1'24</li> <li>Renegotiation and scope review of <b>contracts</b></li> </ul>
	<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 M	<ul style="list-style-type: none"> <li><b>Closure of stores</b> with negative profitability (2 in 1Q24, 57 in total)</li> <li>Readjustment of <b>DCs footprint</b> (5 DCs readjusted so far)</li> <li>Important advances in the <b>optimization plan</b> of store profitability (~200 stores in the program)</li> </ul>
	<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 in inventory days from 110 Q1'23 to 78 days in Q1'24</li> </ul>
<b>Total</b>		<b>R\$ 1.5-1.6 BN</b>	<b>EBT</b>
		<b>R\$ 0.9 BN</b>	<b>Cash</b>

1. CB ADS is Casas Bahia's Retail Media Platform

2. "Contact rate" equals the number of after-sales contacts divided by the number of orders generated in the period


Note: The pie charts (or Harvey Balls) represent the capture maturity of the initiative

# New pricing tool leverages analytics for pricing at significantly more granular levels




 Sales  
 Inventory  
 Purchases

➤ +20 databases

 Pricing Engine  
 Elasticity    Clustering    Heuristics

➤ +10 analytical models

 Price per SKU in the channel

➤ Granular and dynamic prices

## Scope of the work for the next 6 months

### Category

- TV WAVE 1 & 2
- White-Goods Appliances
- Telephony WAVE 2 & 3
- Brown-Goods Appliances & Home

### Channel

- B2C
- Brick and Mortar Stores
- Online Seller

Implementation in ~70% of revenue

# Investment in advanced analytics to drive brick and mortar sales and marketplace



**More information** about performance and reaching of targets in day-to-day operation

## +15 thousand sellers

- Seller's customer relations portfolio transformed into digital format
- Management of seller performance beyond sales

... among other functionalities



Increased **Engagement** leveraging gamification



**Coaching** with tips for improved performance

## +100 thousand sellers

- Indicators and insights panel (prices, breakout, sales variation)
- Digital Marketing investment optimizer



## Analytics tool in the palm of your hands

- Sales leads generation with Machine Learning
- Recommendation for retailers with advanced analytics

## Focus of the transformation program updates depending on the current priorities and strategic ambition



Jul/23

### Launch of CB25 Transformation Program

Focus on short-term cash generation and changes in the management model (e.g. margin prioritization vs. GMV)



Jul/23 - Mar/24

### Stabilization

Focus on sustainable cost reduction and maintaining efficient operations



Apr/24 - Dec/24

### Selective Bets

Select investments focused on strengthening the core and generating revenue (e.g. Investment in analytics focused on pricing optimization and support for sellers)

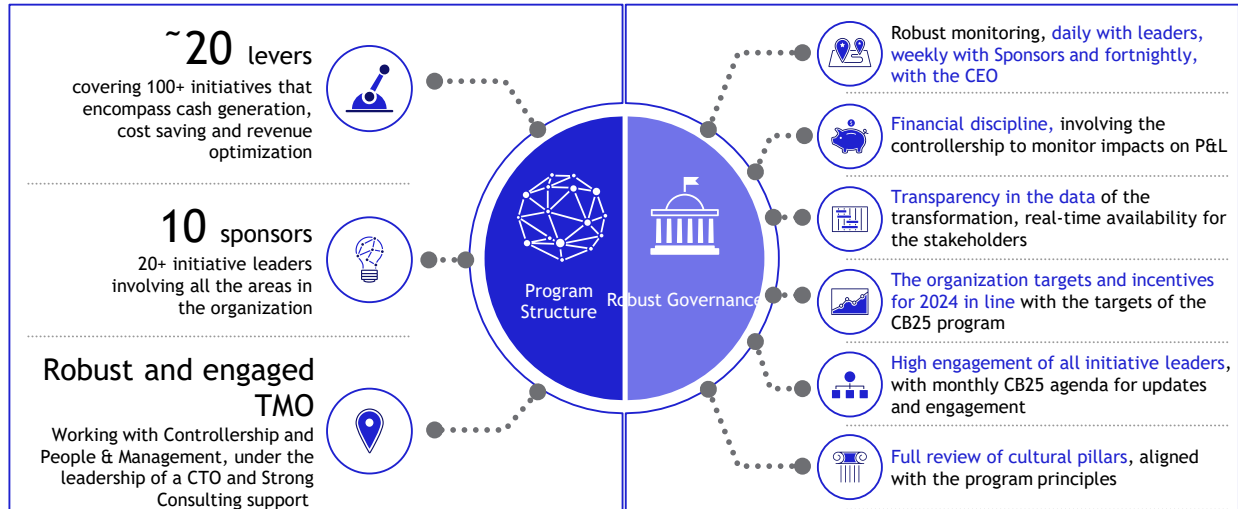


2025+

### Acceleration and New Moment

Strategic review focused on expanding and improving the experience of brick and mortar and online channels and investing in critical capabilities

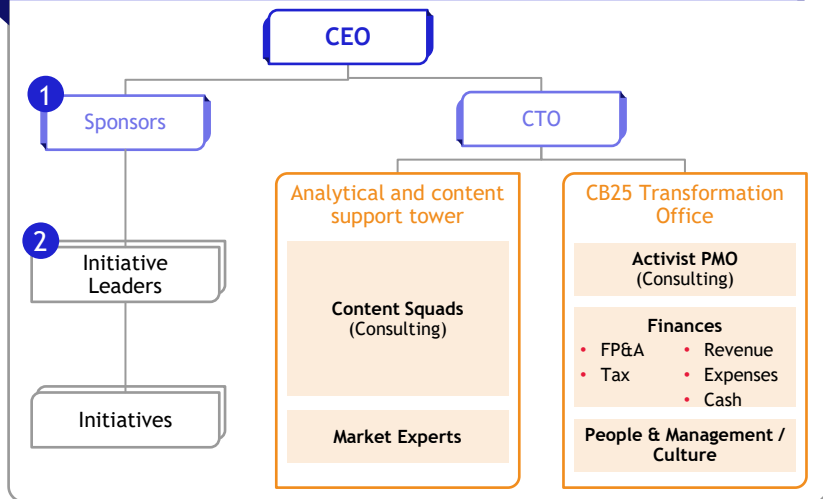
## CB25 transformation program has robust structure and governance to achieve the goal





The program is managed by senior leadership, with governance very close to the CEO and strong analytical and content support

### Organization chart of the transformation program



### Program headed by the company's senior leadership

1 **10 Sponsors**

3 C-Levels and 6 Executive Directors

2 **24 Initiative Leaders**

9 Executive Directors & Directors

15 Executive Managers

# MAIN MESSAGES



# Main Messages

## Q1'24



### New Sources of Revenue

- Transportation (open sea): Revenue +84% y/y
- Multimarketplace Fulfillment: Revenue +14% y/y
- Casas Bahia Ads: Advertisers +7X q/q
- Penetration of services: Revenue +10% y/y



### Margin improvement

- Gross margin: 30.0% in Q1'24 (vs. 27.6% in Q4'23 and 23.0% in Q3'23)
- Expenses: reduction of -7.6% y/y
- EBITDA margin: 6.1% in Q1'24 (vs. 2.2% in Q4'23 and -1.0% in Q3'23)



### Ecosystem profitability

- 3P: GMV +10% and Revenue +13%
- Bartira (Furniture factory): profit in Q1'24
- banQi (Fintech): Close to breakeven



### Cash Flow

- Free cash flow: Lowest Q1 consumption in the last 5 years
- Taxes: +R\$ 214 MM of net impact on cash (vs. consumption in Q1 in the last 4 years)
- Labor: Lowest Q1 consumption in the last 4 years



### Transformation Plan

- New pricing tool with advanced analytics
- Digital solution for store and marketplace efficiency
- 3 p.p. reduction in customer contact rate
- 5 DCs readjusted and +8 under replanning
- 57 stores closed since 2023 (2 in 1Q24)
- Renegotiation of indirect contracts



### Capital Structure

- Re-profiling of R\$ 4.1 BN of debt
- Increase in average term from 22 months to 72 months
- Reduction in average cost (-1.5 p.p.)

# SHORT-TERM OUTLOOK

## ✓ Already Executed Initiatives

### Back to Basics

- Positioning as an omnichannel specialist player (focus on profitability)
- Change of corporate name to **Grupo Casas Bahia**

### Revenue | Cost | Inventory

- **Inventory** reduction of **R\$ 1.2 BN** y/y | **store assortment optimization**
- **23 categories fully** migrated to 3P
- **8.6 k positions** reduced in 2023
- **57 brick-and-mortar stores** closed in 2023 and plan for profitability reversal
- **5 DCs** re-sized and +8 under review
- **Greater service penetration** in the stores | Retail Media (Casas Bahia Ads)

### Free Cash Flow

- **R\$ 648 MM** in 2023 (after 3 years cash consumption)
- **-R\$ 176 MM** in 2023 (Lowest Q1 consumption in the last 5 years)

### Leverage

- **R\$ 4.1 BN debt re-profiling** contemplates average duration extension (from 22 to 72 months) and interest rate reduction (**1.5 p.p.**)

## ➔ Short-Term Outlook

### Results

- GMV reflecting the goal of being a profitable specialist player
- Maintaining market share leadership in core categories
- Greater service penetration
- Adjusted product mix
- Review of unprofitable online paid channels
- Gradual improvement in margins
- Full capture of the Transformation Plan initiatives
- Lean and efficient structure (run rate)

### Cash Flow

- **Improvement in cash flow** over the next years
- **Change in the installment plan funding model**
- **Capital allocation discipline (working capital and capex)**
- **Net positive results of tax impacts**
- **Labor liabilities under control**

Operational  
LeversCapital  
Structure

**GRUPO CASASBAHIA**

## **INVESTOR RELATIONS**

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