



VIVARA

Earnings Release

Second Quarter of 2021



São Paulo, August 13, 2021 – Vivara Participações S.A. (B3: VIVA3), Brazil's largest jewelry chain, announces today its results for the 2nd quarter of 2021. Due to the acute effects of the COVID-19 during 2020, this document will also include a comparison of some metrics with the same period in 2019, always mentioning the analysis it refers to.

HIGHLIGHTS IN THE QUARTER

- 💎 Gross Revenue reached **R\$456.8 million** in 2Q21, up **169.2%** from 2Q20 and **18.4%** from 2Q19.
- 💎 Strong growth in same-store sales (SSS)⁽¹⁾: **+160.4%** in relation to 2Q20 and **+13.8%** in relation to 2Q19.
- 💎 Consolidation of Joias em Ação Project, which accounted for **35.8%** of digital sales in 2Q21.
- 💎 **Gross Profit** came to **R\$246.2 million**, with Gross Margin of **68.0%**.
- 💎 In the quarter, **Adjusted EBITDA**⁽²⁾ totaled **R\$88.6 million**, with **Adjusted EBITDA Margin** of **24.5%**, up 450 bps from 2Q19.
- 💎 Net income in the quarter amounted to **R\$81.7 million**, with net margin of **22.6%**. This result is the **double** of 2Q19 recurring net income.

FINANCIAL HIGHLIGHTS

Main Key Ratios (R\$, '000)	2Q21	2Q20	2Q19	Δ % 21vs20	Δ % 21vs19	1H21	1H20	1H19	Δ % 21vs20	Δ % 21vs19
Gross Revenue (net of return)	456,809	169,703	385,773	169.2%	18.4%	730,137	433,532	659,615	68.4%	10.7%
Net Revenue	361,995	137,653	303,332	163.0%	19.3%	579,725	343,884	523,749	68.6%	10.7%
Gross Profit	246,211	92,919	190,779	165.0%	29.1%	388,904	229,994	339,818	69.1%	14.4%
Gross Margin (%)	68.0%	67.5%	62.9%	51 bps	512 bps	67.1%	66.9%	64.9%	20 bps	220 bps
Adjusted EBITDA ⁽²⁾	88,616	(421)	60,734	21172.6%	45.9%	99,111	29,357	99,736	237.6%	-0.6%
Adjusted Ebitda Margin (%)	24.5%	-0.3%	20.0%	2479 bps	446 bps	17.1%	8.5%	19.0%	856 bps	-195 bps
Recurring Net Income ⁽³⁾	81,657	(1,668)	40,770	4996.1%	100.3%	85,570	17,343	69,914	393.4%	22.4%
Recurring Net Margin (%)	22.6%	-1.2%	13.4%	2377 bps	912 bps	14.8%	5.0%	13.3%	972 bps	141 bps
SSS ⁽¹⁾ (physical stores + e-commerce)	160.4%	-55.0%	10.7%	na	na	63.8%	-34.9%	9.8%	na	na
Operational Cash Generation ⁽⁴⁾	107,118	111,086	9,151	-3.6%	1070.5%	123,135	143,958	(11,315)	-14.5%	1188.3%

(1) Same-Store Sales (SSS) considers gross revenue, net of returns, from stores in operation for 12 months, as well as revenues from e-commerce, and excludes permanent store closures.

(2) EBITDA (Earnings Before Interest, Taxes, Depreciation and Amortization) is a non-accounting measurement disclosed by the Company in compliance with CVM Instruction 527/12. The fixed portion of rent expenses, shown here, is booked in the Statement of Cash Flows as "Lease of Right-of-Use Assets" due to the adoption of IFRS 16. More detailed information on the accounting standard is available in Note 24 to the Financial Statements of the Company. For better comparison, we consider as "Fixed Rent" the sum of R\$12.3 million related to the lease by reporting period and the reversal of R\$3.8 million related to Discounts Obtained, which are already included in the accounting EBITDA.

(3) Managerial, non-accounting measurement prepared by the Company that does not fall under the scope of independent audit. Recurring Net Income, excluding the non-recurring effect of the favorable outcome of the lawsuit to exclude ICMS from the PIS/Cofins base, in the amount of R\$116.1 million, recognized in 2Q19.

(4) Managerial, non-accounting measurement prepared by the Company that does not fall under the scope of independent audit.

CONFERENCE CALL

Monday, August 16, 2021

Portuguese

Time: 11 a.m. (Brasília)

Connection data

<https://choruscall.com.br/vivara/2t21.htm>

English

Time: 10 a.m. (New York)

Connection data

<https://choruscall.com.br/vivara/2q21.htm>

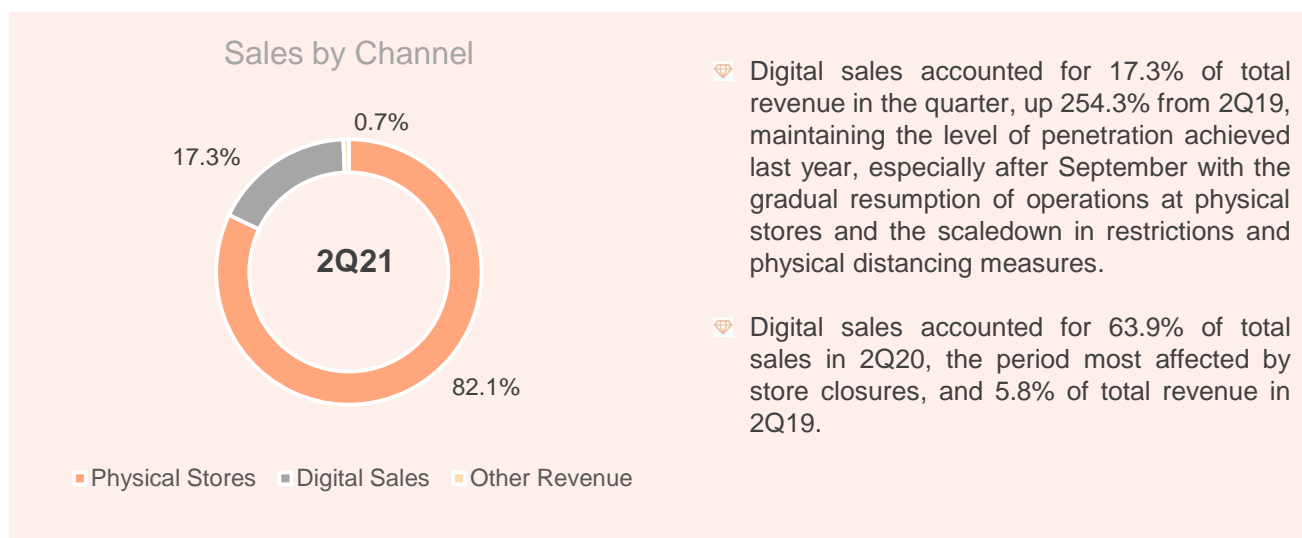
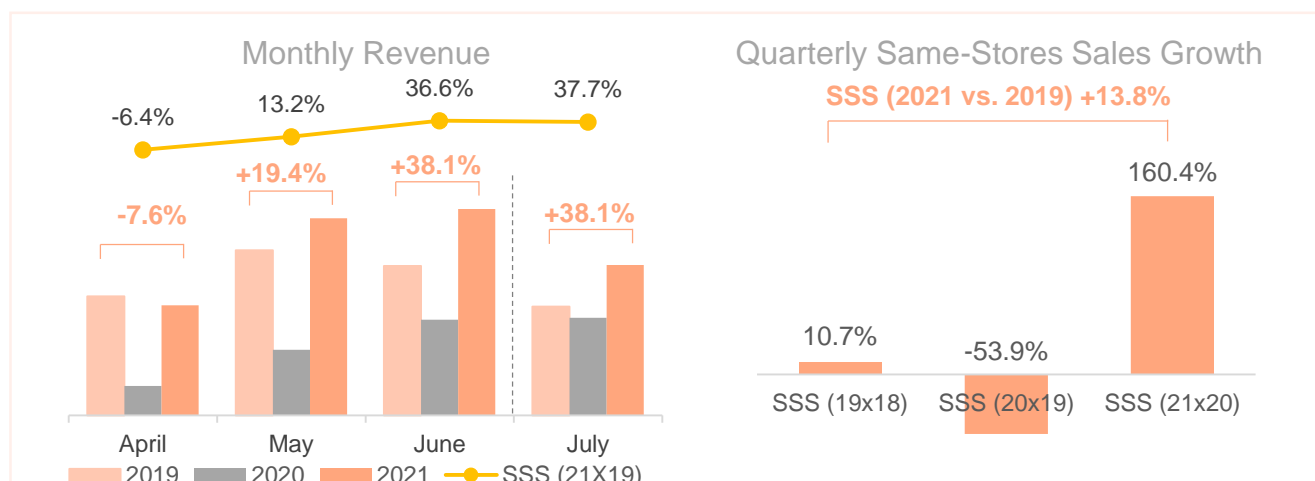


GROSS REVENUE (Net of Returns)

Gross revenue in the quarter, net of returns, grew 169.2% in relation to the same period last year and 18.4% in relation to 2Q19. At the start of the quarter, in April, operations at physical stores were significantly affected by the closure of leading malls across Brazil with the intensification of restriction measures to combat the COVID-19 pandemic. The stores resumed operations gradually from April 18 and the Company ended the month with 100% of the stores reopened and sales down by 8%. On Mother's Day, which is traditionally an important date for the operation, Vivara registered record sales to end May with revenue growth of **19.4%** in relation to 2Q19. Performance in **June** was even better, with growth of **38.1%** in relation to 2Q19, thanks to the combination of an adequate inventory mix, with the launch of products that better fit the shopping profile for Valentine's Day in Brazil, and investments in marketing targeted at commercial products.

Net revenue grew 163.0% in relation to 2Q20 and 19.3% in relation to 2Q19.

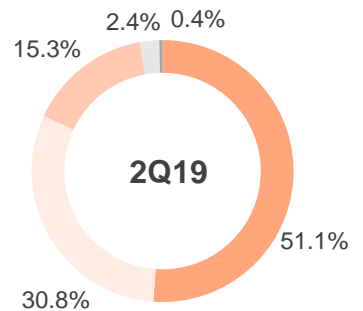
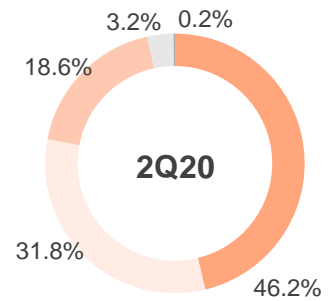
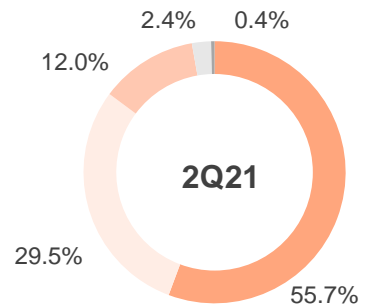
Revenue per channel (R\$, 000)	2Q21	2Q20	2Q19	Δ % 21vs20	Δ % 21vs19	1H21	1H20	1H19	Δ % 21vs20	Δ % 21vs19
Gross Revenue (net of return)	456,809	169,703	385,773	169.2%	18.4%	730,137	433,532	659,615	68.4%	10.7%
Physical Stores	374,900	59,456	354,498	530.5%	5.8%	587,907	297,705	606,170	97.5%	-3.0%
Digital Sales	78,865	108,414	22,260	-27.3%	254.3%	136,794	130,556	39,445	4.8%	246.8%
Others	3,045	1,833	9,015	66.1%	-66.2%	5,436	5,270	13,999	3.1%	-61.2%
Deductions	(94,814)	(32,050)	(82,441)	195.8%	-15.0%	(150,412)	(89,648)	(135,865)	67.8%	-10.7%
Net Revenue	361,995	137,653	303,332	163.0%	19.3%	579,725	343,884	523,749	68.6%	10.7%
SSS (physical stores + e-commerce)	160.4%	-55.0%	10.7%	na	na	63.8%	-34.9%	9.8%	na	na



SALES BY CATEGORY

💎 The quarterly highlight in the sales mix was the jewelry category, which grew 460 bps in relation to 2Q19, mainly due to the higher share of jewelry in e-commerce, driven by sales under the Joias em Ação Project, as well as the significant increase in prices in this category over the last two years.

💎 This year, for the first time, the Company prepared a virtual catalog for both Mother's Day and Valentine's Day. In the case of Mother's Day, the catalog accounted for 12.9% of the campaign sales, up 360 bps in relation to the 2019 campaign. A similar performance was registered for Valentine's Day, with the catalog accounting for 11.1% of the sales, up 420 bps from 2019.



MOTHER'S DAY CATALOG



VIVARA
DIA DAS MAES

April 16 to May 9, 2021
Jewelry – 12% of total sales
Life – 15% of total sales

VALENTINE'S DAY CATALOG



VIVARA
DIA DOS NAMORADOS

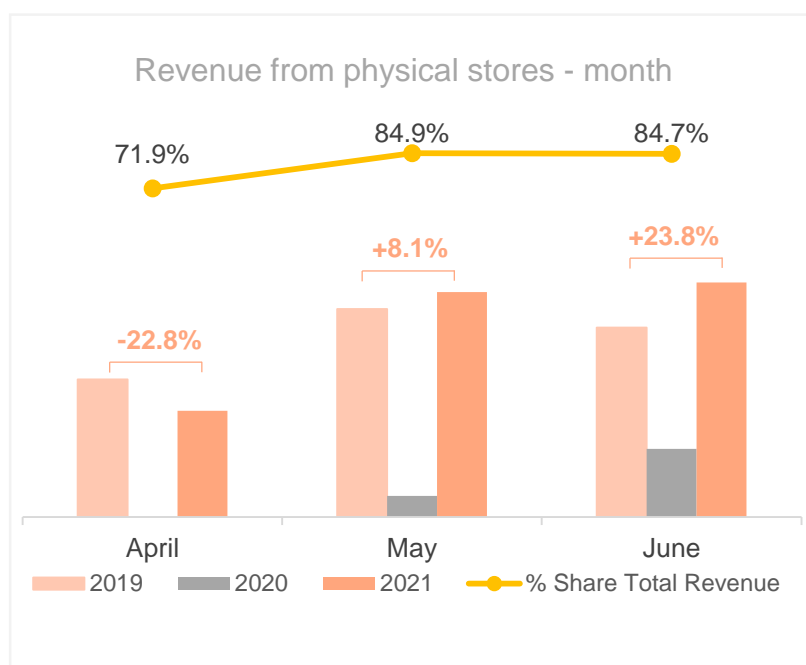
May 17 to June 12 – 2021
Jewelry – 14% of total sales
Life – 12% of total sales



GROSS REVENUE (Net of Returns) (continued)

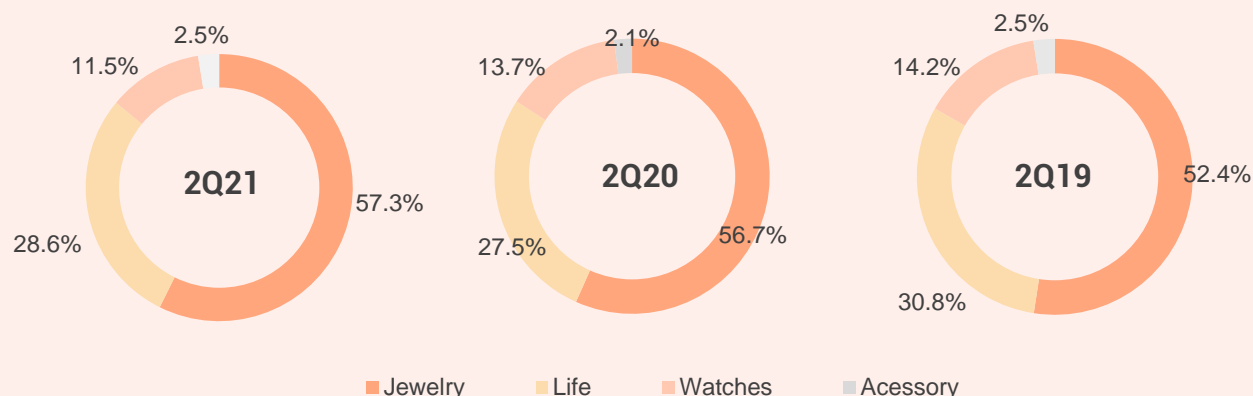
SALES AT PHYSICAL STORES

- In 2Q21, the Company's physical stores registered 5.8% growth in sales even though their functioning was affected by restrictions on customer traffic at malls. Resumption of operations progressed gradually over the months. In April, sales at physical stores were significantly affected by the closure of operations in key markets. Store reopening was intensified from the second half of April and the month ended with 100% of the stores opened. Revenue from physical stores accounted for 82.1% of total revenue in 2Q21, 35.0% in 2Q20 and 91.9% in 2Q19. SSS, considering only physical stores, declined 1.9% in the quarter compared to the same period in 2019. In June, SSS growth in relation to 2Q19 stood at 21.4%.
- In 2Q21, physical stores functioned for 76.5% of the possible business hours. Even though restrictions on the functioning of stores still remain, affecting customer traffic, thanks to the integration of physical and online channels, the Company registered strong growth in consolidated revenue and SSS.



- The big highlight at physical stores was the Valentine's Day operation. The right combination of an optimum inventory mix, marketing campaigns targeted at more commercial-oriented launches and a well-trained team ensured the solid performance on the day.
- Other highlights include improvements driven by omnichannel initiatives, with the possibility of quickly transferring inventory between stores with the help of carriers, as well as quicker and more efficient stock replenishment, which ensured comprehensive inventory coverage, product diversity and greater convenience for customers.

SALES MIX OF PHYSICAL STORES

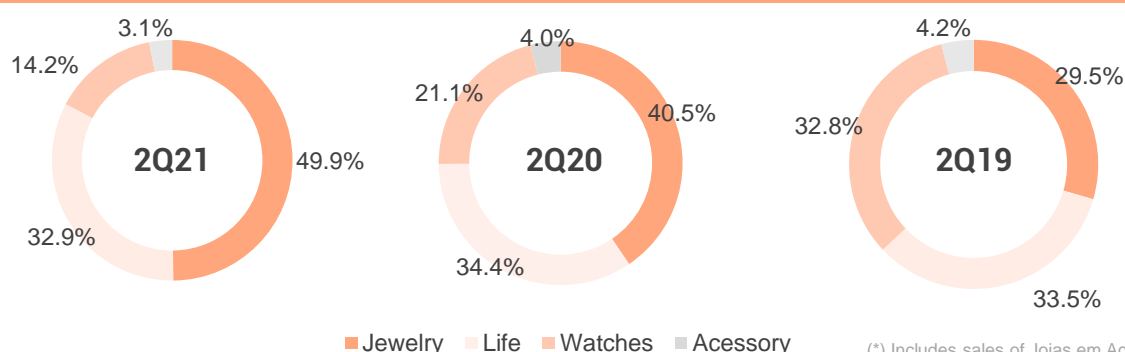


GROSS REVENUE (Net of Returns) (continued)

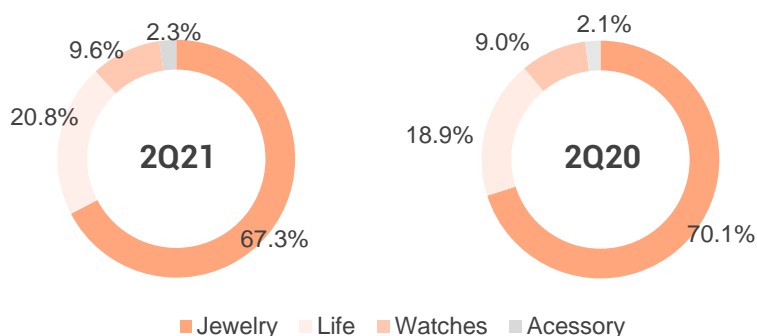
DIGITAL SALES

- Digital sales continue to register accelerated growth compared to the pre-pandemic period. In 2Q21, digital sales grew 254.3% in relation to 2Q19, reaching R\$78.9 million, accounting for 17.3% of total sales.
- The Joias em Ação project launched in April 2020 drove the online channel's performance and, more importantly, was an essential tool to balance the channel's sales mix, which, due to its very nature, has historically had a higher share of Watches and Life products, which are lower ticket items compared to the Jewelry category. In 2Q21, the project accounted for 35.8% of digital sales, with total sales of R\$28.2 million.

Digital Sales Mix(*)



Sales mix - Joias em Ação



Omnichannel initiatives supporting the operation

- 16% of online sales were picked up in stores
- R\$9.7 million through shipping from store
- 300,000+ visits at stores also used e-commerce
- 168 points with integrated inventory

GROSS PROFIT AND GROSS MARGIN

Gross Profit (R\$, 000) and Gross Margin (%)	2Q21	2Q20	2Q19	Δ % 21vs20	Δ % 21vs19	1H21	1H20	1H19	Δ % 21vs20	Δ % 21vs19
Net Revenue	361,995	137,653	303,332	163.0%	19.3%	579,725	343,884	523,749	68.6%	10.7%
Total costs	(115,784)	(44,734)	(112,553)	158.8%	-2.9%	(190,821)	(113,890)	(183,931)	67.5%	-3.7%
Acquisition of input, raw materials and products	(106,244)	(41,351)	(107,137)	156.9%	0.8%	(173,943)	(102,929)	(174,293)	69.0%	0.2%
% Net Revenue	-29.3%	-30.0%	-35.3%	69 bps	597 bps	-30.0%	-29.9%	-33.3%	-7 bps	327 bps
Factory Expenses	(9,540)	(3,383)	(5,416)	182.0%	-76.2%	(16,878)	(10,961)	(9,637)	54.0%	-75.1%
% Net Revenue	-2.6%	-2.5%	-1.8%	-18 bps	-85 bps	-2.9%	-3.2%	-1.8%	28 bps	-107 bps
Personal	(7,522)	(2,569)	(5,416)	192.8%	-38.9%	(13,231)	(8,827)	(9,637)	49.9%	-37.3%
% Net Revenue	-2.1%	-1.9%	-1.8%	-21 bps	-29 bps	-2.3%	-2.6%	-1.8%	28 bps	-44 bps
Factory expenses	(1,220)	(217)	-	461.6%	-	(2,135)	(979)	-	118.0%	-
% Net Revenue	-0.3%	-0.2%	0.0%	-18 bps	-34 bps	-0.4%	-0.3%	0.0%	-8 bps	-37 bps
Depreciation	(798)	(597)	-	33.7%	-	(1,512)	(1,154)	-	31.0%	-
% Net Revenue	-0.2%	-0.4%	0.0%	21 bps	-	-0.3%	-0.3%	0.0%	7 bps	-
Gross profit	246,211	92,919	190,779	165.0%	29.1%	388,904	229,994	339,818	69.1%	14.4%
Gross margin %	68.0%	67.5%	62.9%	51 bps	512 bps	67.1%	66.9%	64.9%	20 bps	220 bps

💡 Gross Margin in the quarter stood at 68.0%, increasing 50 bps from 2Q20 and 510 bps from 2Q19, in line with the Company's healthy profitability levels.

💡 The adequate inventory mix in all categories, combined with the right pricing policy, drove this profitability, once again demonstrating the Company's capacity to manage costs.

OPERATING EXPENSES

Operating Expenses (R\$, 000)	2Q21	2Q20	2Q19	Δ % 21vs20	Δ % 21vs19	1H21	1H20	1H19	Δ % 21vs20	Δ % 21vs19
Operating Expenses	(141,464)	(80,581)	(123,693)	75.6%	14.4%	(259,005)	(190,574)	(224,107)	35.9%	15.6%
Operating Expenses/Net Revenue (%)	-39.1%	-58.5%	-40.8%	1946 bps	170 bps	-44.7%	-55.4%	-42.8%	1074 bps	-189 bps
Selling Expenses	(108,673)	(51,943)	(90,723)	109.2%	19.8%	(193,593)	(130,731)	(164,462)	48.1%	17.7%
Selling Expenses/Net Revenue (%)	-30.0%	-37.7%	-29.9%	771 bps	-11 bps	-33.4%	-38.0%	-31.4%	462 bps	-199 bps
General and Administrative Expenses	(32,791)	(28,638)	(32,970)	14.5%	-0.5%	(65,413)	(59,843)	(59,645)	9.3%	9.7%
Expenses/Net Revenue (%)	-9.1%	-20.8%	-10.9%	1175 bps	181 bps	-11.3%	-17.4%	-11.4%	612 bps	10 bps
Other Operating Expenses	(806)	(419)	107,755	92.1%	-100.7%	(1,672)	13,363	107,526	-112.5%	-101.6%
Total Operating Expenses	(142,269)	(81,000)	(15,938)	75.6%	792.6%	(260,677)	(177,211)	(116,581)	47.1%	123.6%

💡 In 2Q21, Operating Expenses (SG&A) reached R\$141.5 million, corresponding to -39.1% of net revenue, down 1950 bps. from 2Q20 and 170 bps from 2Q19. The increase in expenses during the quarter was mainly caused by higher sales in the period, more stores in maturation, as well as new stores and the higher share of digital sales.

💡 Selling Expenses increased 19.8% in relation to 2Q19, mainly due to: (i) the increase in personnel expenses, reflecting the acceleration of sales and the expansion plan; (ii) higher investments in digital marketing and campaigns; and (iii) the increase in freight and taxes due to the higher share of the e-commerce operation. Selling expenses benefited from the discount on rents amounting to R\$3.8 million in 2Q21.

💡 General and Administrative Expenses remained practically stable, decreasing 0.5% from 2Q19, mainly due to higher investments in outsourced services and structuring of strategic areas, which are essential to drive the medium- and long-term growth.

💡 Other Operating Expenses (Income) totaled R\$0.9 million in the quarter, down 100.7% from 2Q19, when the Company recognized the favorable outcome from the lawsuit claiming the exclusion of ICMS from the PIS/Cofins base, in the amount of R\$103.7 million.



ADJUSTED EBITDA AND ADJUSTED EBITDA MARGIN

EBITDA Reconciliation (R\$, 000)	2Q21	2Q20	2Q19	Δ % 21vs20	Δ % 21vs19	1H21	1H20	1H19	Δ % 21vs20	Δ % 21vs19
Net Income	81,657	(1,668)	156,893	4996.1%	-48.0%	85,570	17,343	186,038	393.4%	-54.0%
(+) Income and Social Contribution Taxes	(227)	(6,619)	38,651	-96.6%	-100.6%	(3,769)	(11,381)	32,678	-66.9%	-111.5%
(+) Financial Result	5,820	6,515	(31,578)	-10.7%	118.4%	14,504	20,231	(16,990)	-28.3%	185.4%
(+) Depreciation and Amortization	17,491	14,287	10,875	22.4%	60.8%	33,435	27,744	21,513	20.5%	55.4%
Total EBITDA	104,740	12,515	174,841	736.9%	-40.1%	129,739	53,937	223,237	140.5%	-41.9%
(-) Rental expense (IFRS16) ⁽⁴⁾	(16,124)	(12,936)	(10,449)	24.6%	54.3%	(30,628)	(24,581)	(19,844)	24.6%	54.3%
(+) Non-recurring effect	-	-	(103,658)	na	100.0%	-	-	(103,658)	na	100.0%
Adjusted EBITDA	88,616	(421)	60,734	21172.6%	45.9%	99,111	29,357	99,736	237.6%	-0.6%
Adjusted EBITDA Margin (%)	24.5%	-0.3%	20.0%	2479 bps	446 bps	17.1%	8.5%	19.0%	856 bps	-195 bps

(4) The fixed portion of rent expenses, shown here, is booked in the Statement of Cash Flows as "Lease of Right-of-Use Assets" due to the adoption of IFRS 16. More detailed information on the accounting standard is available in Note 24 to the Financial Statements of the Company. For better comparison, we consider as "Fixed Rent" the sum of R\$12.3 million related to the lease by reporting period and the reversal of R\$3.8 million related to Discounts Obtained, which are already included in the accounting EBITDA.

Thanks to the brisk sales pace, optimum inventory mix, right pricing strategy and budgetary discipline, the Company recorded Adjusted EBITDA of R\$88.6 million, up 45.6% from 2Q19, with margin of 24.5%, increasing 450 bps from the same period.



NET INCOME AND NET MARGIN

Net Income (R\$'000)	2Q21	2Q20	2Q19	Δ % 21vs20	Δ % 21vs19	1H21	1H20	1H19	Δ % 21vs20	Δ % 21vs19
Adjusted EBITDA	88,616	(421)	60,734	-21172.6%	45.9%	99,111	29,357	99,736	237.6%	-0.6%
(-) Rental expense (IFRS16)	16,124	12,936	10,449	24.6%	54.3%	30,628	24,581	19,844	24.6%	54.3%
(+) Non-recurring effect	-	-	103,658	-	na	-	-	103,658	-	na
(+) Depreciation and Amortization	(17,491)	(14,287)	(10,875)	22.4%	60.8%	(33,435)	(27,744)	(21,513)	20.5%	55.4%
(+) Financial Result	(5,820)	(6,515)	31,578	-10.7%	na	(14,504)	(20,231)	16,990	-28.3%	na
(+) Income and Social Contribution Taxes	227	6,619	(38,651)	-96.6%	-100.6%	3,769	11,381	(32,678)	-66.9%	-111.5%
Net Income	81,657	(1,668)	156,893	4996.1%	-48.0%	85,570	17,343	186,038	393.4%	-54.0%
Net Income Margin (%)	22.6%	-1.2%	51.7%	2377 bps	-2917 bps	14.8%	5.0%	35.5%	972 bps	-2076 bps
Non-recurring effect	-	-	(152,393)	na	-100.0%	-	-	(152,393)	na	-100.0%
Income and Social Contribution Taxes (Non)	-	-	36,270	na	-100.0%	-	-	36,270	na	-100.0%
Recurring Net Income	81,657	(1,668)	40,770	4996.1%	100.3%	85,570	17,343	69,914	393.4%	22.4%
Recurring Net Margin (%)	22.6%	-1.2%	13.4%	2377 bps	912 bps	14.8%	5.0%	13.3%	972 bps	141 bps

The Company registered Net Income of R\$81.7 million in 2Q21 and Net Margin of 22.6%, up 2380 bps from the same period last year and 910 bps from 2Q19.

We present Recurring Net Income, excluding the non-recurring effect of the favorable outcome of the lawsuit to exclude ICMS from the PIS/Cofins base, in the amount of R\$116.1 million, recognized in 2Q19.



DEBT

Net Debt (R\$, 000)	1H21	2020	Δ %	2019	Δ %
Borrowings and financings	286,798	390,321	-26.5%	270,354	6.1%
Cash and cash equivalents and Securities	670,865	701,921	-4.4%	435,844	53.9%
Net Debt	(384,068)	(311,600)	-23.3%	(165,490)	-132.1%
Adjusted EBITDA LTM (last twelve months)	286,074	216,319	32.2%	272,134	5.1%
Net Debt/Adjusted Ebitda	- 1.3x	- 1.4x	na	- 0.6x	na

In 2Q21, the Company's gross debt declined 26.5% in relation to December 2020 and already reflects the longer debt profile. Total debt ratio was -1.3x, due to the better operating performance in the period.

CAPEX

Investments (R\$, 000)	2Q21	2Q20	2Q19	Δ % 21vs20	Δ % 21vs19	1H21	1H20	1H19	Δ % 21vs20	Δ % 21vs19
Total Capex	19,639	12,178	6,549	61.3%	199.9%	32,589	26,365	10,720	23.6%	204.0%
New Stores	12,199	9,607	3,093	27.0%	294.4%	12,819	19,174	3,095	-33.1%	314.2%
Reforms and Maintenance	1,551	1,447	622	7.2%	149.3%	3,320	3,075	639	8.0%	419.5%
Factory	1,131	245	639	361.7%	77.0%	4,633	1,254	1,292	269.5%	258.6%
Systems/IT	4,758	507	442	838.4%	976.4%	7,332	868	1,112	744.6%	559.3%
Others	-	372	1,753	-100.0%	-100.0%	4,485	1,994	4,582	124.9%	-2.1%
CAPEX/Net Revenue (%)	5.4%	8.8%	2.2%	-342 bps	327 bps	5.6%	7.7%	2.0%	-205 bps	357 bps

💡 Capital expenditure in the quarter came to R\$19.6 million, up 61.3% from the same period last year, mainly due to: (i) the resumption of the opening of new stores, with a record nine stores opened in May, for a total of 16 new openings in the quarter; (ii) heavier investments in IT and systems as part of the technological structuring strategy; and (ii) the higher investments in the plant to insource production and improvements in technology and machinery.

CASH GENERATION

Cash Flow (R\$, 000)	2Q21	2Q20	2Q19	Δ % 21vs20	Δ % 21vs19	1H21	1H20	1H19	Δ % 21vs20	Δ % 21vs19
Net Income	81,657	(1,668)	156,893	4996.1%	-48.0%	85,570	17,343	186,037	393.4%	-54.0%
(+/-) Income and Social Contribution Taxes/Others	3,305	2,595	(122,862)	27.4%	102.7%	3,119	7,715	(124,667)	-59.6%	102.5%
Adjusted Net Income	84,962	927	34,031	9064.8%	149.7%	88,689	25,058	61,370	253.9%	44.5%
Working Capital	22,156	110,159	(24,880)	-79.9%	189.1%	34,446	118,900	(72,685)	-71.0%	147.4%
Trade receivables	(81,881)	69,855	(42,855)	-217.2%	91.1%	43,387	213,804	(9,025)	-79.7%	580.8%
Inventories	(31,014)	24,277	(6,314)	-227.7%	391.2%	(78,534)	(11,353)	(17,770)	591.8%	342.0%
Trade payables	80,105	(6,181)	2,577	1395.9%	3008.0%	71,082	(17,818)	(7,280)	498.9%	1076.4%
Recoverable taxes	10,281	16,431	(22,122)	-37.4%	146.5%	34,099	17,097	(12,041)	99.4%	383.2%
Taxes payable	24,928	(6,556)	30,620	480.2%	-18.6%	(35,336)	(56,762)	(13,790)	-37.7%	156.2%
Other assets and liabilities	19,737	12,334	13,213	60.0%	49.4%	(251)	(26,069)	(12,780)	-99.0%	-98.0%
Cash from Management Operating Activities	107,118	111,086	9,151	-3.6%	1070.5%	123,135	143,958	(11,315)	-14.5%	1188.3%
Capex	(19,639)	(12,177)	(6,548)	61.3%	199.9%	(32,589)	(26,365)	(10,720)	23.6%	204.0%
Free Cash Generation (5)	87,479	98,910	2,604	-11.6%	3259.6%	90,546	117,593	(22,035)	-23.0%	510.9%

(5) This is a managerial, non-accounting measurement prepared by the Company, which is not in the scope of independent audit.

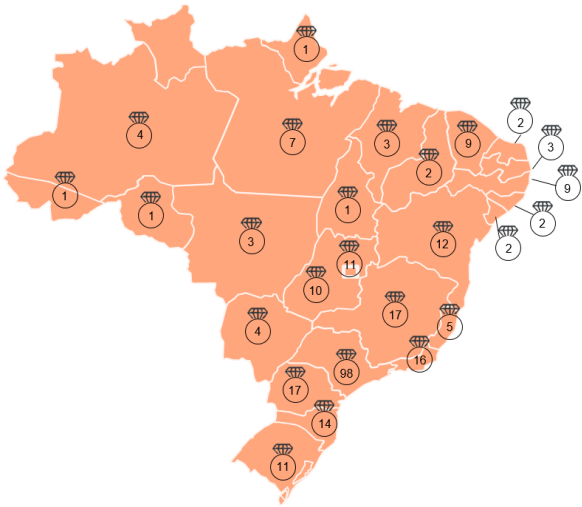
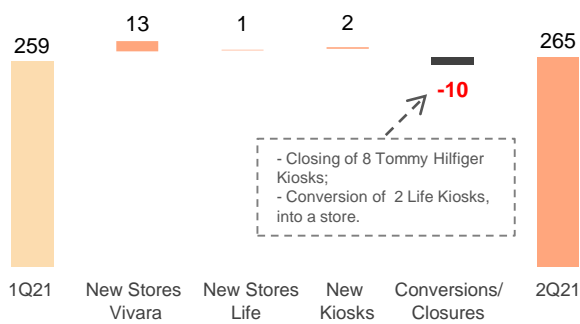


💡 Vivara generated free cash of R\$87.5 million in 2Q21, down R\$11.4 million from 2Q20, mainly due to the resumption of operations and, consequently, higher working capital allocation. In addition, the period's cash generation benefited by R\$ 67.4 million from Reverse Factoring.

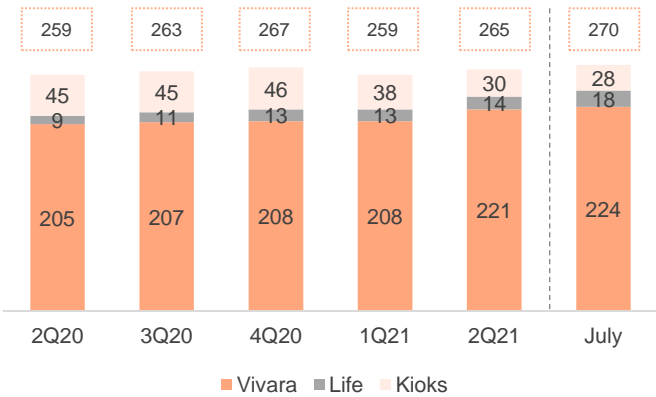
💡 Apart from the adjustments related to income tax (IR) and social contribution (CSLL) and other non-cash items, Net Income was adjusted for rent payments of R\$11.2 million in 2Q21 and R\$3.7 million in 2Q20, which, after the adoption of IFRS 16, are being booked as "Amortization of Right-of-Use Leases" in the cash flow statement under Financing Activities.

EXPANSION

2Q21 EXPANSION



EXPANSION



Distribution by region	
Southeast	53%
South	16%
North	6%
Northeast	17%
Midwest	11%

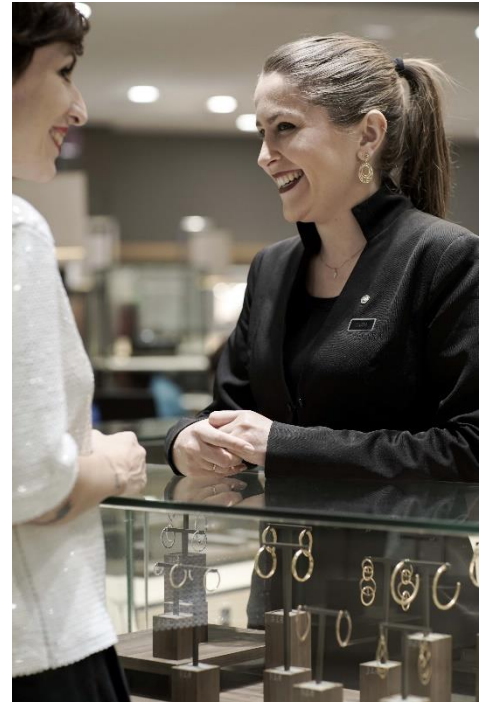
New stores by region	
Southeast	38%
South	13%
North	25%
Northeast	13%
Midwest	13%



OUTLOOK

💎 **3Q21^(*)** – The acceleration of sales during 2Q21, since late April, with the reopening of stores, continues in early 3Q21. In July, revenue grew by **38.1%**, when compared to July 2019, **54.0%** compared to July 2020 and, in August, sales continue at an accelerated pace. The solid performance reflects continuous improvements in logistics processes and plant operations, which ensure an optimum inventory mix in all categories, as well as constant renewal of collections.

💎 **Market Share Gain and Market Consolidation:** The Company's structural projects continue to strengthen the foundation of the business in order to consolidate Vivara's market leadership. With the performance of 2Q21, the Company reached **14.7% of market share** of the last 12 months (LTM) of the jewelry stores, driven by a fine digital operation structured and the strength of the brand. Alone in the 2Q21, Vivara's **market share** reached **16.3%**.



Empowerment Life VIVARA



- 💎 The Life brand ended the quarter with 14 exclusive points of sale. The first under the new concept was opened on May 17 at Praiamar Shopping in Santos, São Paulo.
- 💎 Revenue from this channel totaled R\$9.4 million in the quarter, up 301.0% from 2Q19, when the Company had only two Life stores.
- 💎 In July, the Company inaugurated four more stores under the new concept: two in the city of São Paulo, one at Shopping Eldorado and the other at Mooca Plaza, one in Porto Alegre, Rio Grande do Sul, at Shopping Iguatemi, and one in Belém, Pará, at Boulevard Shopping Belém.

STATEMENT OF INCOME

Financial Statements (R\$, '000)	2Q21	2Q20	2Q19	Δ % 21vs20	Δ % 21vs19	1H21	1H20	1H19	Δ % 21vs20	Δ % 21vs19
Sales Gross Revenue	539,671	185,524	462,555	190.9%	16.7%	879,589	517,403	808,631	70.0%	8.8%
Service Gross Revenue	1,924	279	1,572	589.7%	22.4%	3,337	1,838	3,271	81.5%	2.0%
Exchange and Return	(94,814)	(32,050)	(82,441)	195.8%	15.0%	(150,412)	(89,648)	(135,865)	67.8%	10.7%
Gross Revenue Deductions	(84,785)	(16,100)	(78,354)	426.6%	8.2%	(152,788)	(85,709)	(152,288)	78.3%	0.3%
Net Revenue	361,995	137,653	303,332	163.0%	19.3%	579,725	343,884	523,749	68.6%	10.7%
(-) Cost of Sold Goods	(114,986)	(44,137)	(112,553)	160.5%	2.2%	(189,309)	(112,736)	(183,931)	67.9%	2.9%
(-) Depreciation and Amortization	(798)	(597)	-	33.7%	na	(1,512)	(1,154)	-	31.0%	na
(=) Gross Profit	246,211	92,919	190,779	165.0%	29.1%	388,904	229,994	339,818	69.1%	14.4%
(-) Operating Expenses	(158,962)	(94,691)	(26,813)	67.9%	492.9%	(292,600)	(203,801)	(138,094)	43.6%	111.9%
Sales	(108,673)	(51,943)	(90,723)	109.2%	19.8%	(193,593)	(130,731)	(164,462)	48.1%	17.7%
Personal	(52,710)	(20,902)	(42,872)	152.2%	22.9%	(94,780)	(63,412)	(77,788)	49.5%	21.8%
Rentals and common area maintenance fees	(14,034)	(5,889)	(13,387)	138.3%	4.8%	(23,465)	(16,495)	(23,813)	42.3%	-1.5%
Lease discounts	3,792	9,275	-	-59.1%	na	5,422	9,275	-	-41.5%	na
Freight	(6,507)	(7,691)	(4,985)	-15.4%	30.5%	(11,573)	(12,143)	(9,115)	-4.7%	27.0%
Commission on credit cards	(8,377)	(2,763)	(6,975)	203.2%	20.1%	(13,018)	(6,877)	(11,929)	89.3%	9.1%
Outsourced services	(2,119)	(1,523)	(2,326)	39.1%	-8.9%	(4,017)	(5,002)	(4,294)	-19.7%	-6.5%
Marketing/selling expenses	(16,766)	(17,035)	(14,875)	-1.6%	12.7%	(29,473)	(25,519)	(24,672)	15.5%	19.5%
Other selling expenses	(11,952)	(5,415)	(5,304)	120.7%	125.3%	(22,689)	(10,559)	(12,850)	114.9%	76.6%
General and Administratives	(32,791)	(28,638)	(32,970)	14.5%	-0.5%	(65,413)	(59,843)	(59,645)	9.3%	9.7%
Personal	(17,331)	(11,114)	(15,389)	55.9%	12.6%	(34,185)	(27,951)	(28,100)	22.3%	21.7%
Rentals and common area maintenance fees	(441)	(98)	(56)	351.7%	684.8%	(1,060)	(457)	(308)	132.1%	244.1%
Outsourced services	(9,506)	(13,152)	(8,199)	-27.7%	15.9%	(20,920)	(20,823)	(14,702)	0.5%	42.3%
Other General and Administratives expenses	(5,512)	(4,274)	(9,326)	29.0%	-40.9%	(9,247)	(10,612)	(16,536)	-12.9%	-44.1%
Depreciation and Amortization	(16,692)	(13,690)	(10,875)	21.9%	53.5%	(31,923)	(26,590)	(21,513)	20.1%	48.4%
Share of profit (loss) of subsidiaries	-	-	(59)	-	na	-	-	(180)	-	na
Other Operating Expenses (Revenues)	(806)	(419)	107,814	-92.1%	-100.7%	(1,672)	13,363	107,706	-112.5%	-101.6%
(=) Profit (Losses) Before Financial Results	87,250	(1,772)	163,966	-5024.0%	-46.8%	96,304	26,193	201,725	267.7%	-52.3%
(=) Financial Result	(5,820)	(6,515)	31,578	-10.7%	-118.4%	(14,504)	(20,231)	16,990	-28.3%	-185.4%
Financial Income (Expenses), net	7,432	6,305	52,249	17.9%	-85.8%	13,424	13,434	53,819	-0.1%	-75.1%
Finance costs, net	(13,252)	(12,820)	(20,671)	3.4%	-35.9%	(27,928)	(33,665)	(36,829)	-17.0%	-24.2%
(=) Operating Income	81,430	(8,287)	195,545	-1082.6%	-58.4%	81,800	5,963	218,715	1271.9%	-62.6%
Income and Social Contribution Taxes	227	6,619	(38,651)	-96.6%	-100.6%	3,769	11,381	(32,678)	-66.9%	-111.5%
(=) Net Income	81,657	(1,668)	156,893	4996.1%	-48.0%	85,570	17,343	186,038	393.4%	-54.0%

BALANCE SHEET

Balance Sheet (R\$, 000)	1H21	2020	2019
CURRENT ASSETS			
Cash and cash equivalents	361,168	477,319	435,844
Securities	68,804	59,725	-
Trade receivables	366,657	410,263	425,833
Due from related parties	-	-	-
Inventories	443,719	365,184	348,034
Recoverable taxes	60,730	101,034	95,247
Prepaid expenses and other receivables	13,400	3,262	7,669
Derivatives	-	11,767	6,796
Total current assets	1,314,478	1,428,554	1,319,425
NONCURRENT ASSETS			
Securities	240,894	164,876	-
Escrow deposits	13,586	13,457	13,680
Due from related parties	-	-	-
Deferred income tax and social contribution	83,181	67,831	54,200
Derivatives	-	-	2,715
Recoverable taxes	122,985	116,090	168,344
Investments	-	-	-
Property, plant and equipment	389,116	340,907	311,620
Intangible assets	11,363	8,981	9,546
Total noncurrent assets	861,126	712,142	560,104
TOTAL ASSETS	2,175,604	2,140,697	1,879,529
CIRCULANTE			
Suppliers	56,869	53,029	36,421
Suppliers Agreement	67,412	169	-
Borrowings and financing	112,785	277,821	190,934
Investments - equity deficiency	-	-	-
Due to related parties	-	-	88
Payroll and related taxes	56,609	49,922	65,175
Taxes payable	58,589	92,177	86,778
Taxes in installments	259	327	457
Leases payable	23,968	10,367	14,856
Derivatives	665	-	-
Leasing liabilities	56,669	39,955	24,119
Interest on capital	2	22,353	8,124
Dividends payable	1	12,482	-
Other payables	23,886	30,441	31,862
Total current liabilities	457,712	589,043	458,813
NONCURRENT LIABILITIES			
Labor and social security obligations	3,891	6,954	9,193
Derivatives	3,229	-	-
Borrowings and financing	174,013	112,500	79,420
Taxes in installments	765	815	1,865
Provision for civil, labor and tax risks	26,009	24,636	15,234
Leasing liabilities	252,939	235,273	225,281
Other payables	-	-	-
Total noncurrent liabilities	460,846	380,178	330,992
EQUITY			
Capital	1,105,381	1,105,381	1,052,340
Legal reserve	119,136	119,136	37,384
Earnings reserves	85,570	0	-
Retained earnings (accumulated losses)	(53,041)	(53,041)	-
Total equity	1,257,046	1,171,476	1,089,724
TOTAL LIABILITIES AND EQUITY	2,175,604	2,140,697	1,879,529

CASH FLOW

Cash Flow (R\$, '000)	2Q21	2Q20	2Q19	Δ % 21vs20	Δ % 21vs19	1H21	1H20	1H19	Δ % 21vs20	Δ % 21vs19
Net Income	81.657	(1.668)	156.893	4996,1%	-48,0%	85.570	17.343	186.037	393,4%	-54,0%
Adjust of Net Income	24.615	8.017	(98.134)	207,0%	125,1%	49.220	31.875	(82.870)	54,4%	159,4%
Adjusted profit for the year	106.272	6.349	58.759	1573,8%	80,9%	134.790	49.218	103.167	173,9%	30,7%
Increase (decrease) in operating assets and liabilities:										
Trade receivables	(81.881)	69.855	(42.855)	-217,2%	-91,1%	43.387	213.804	(9.025)	-79,7%	580,8%
Inventories	(31.014)	24.277	(6.314)	-227,7%	-391,2%	(78.534)	(11.353)	(17.770)	-591,8%	-342,0%
Trade payables	80.105	(6.181)	2.577	1395,9%	3008,0%	71.082	(17.818)	(7.280)	498,9%	1076,4%
Recoverable taxes	10.281	16.431	(22.122)	-37,4%	146,5%	34.099	17.097	(12.041)	99,4%	383,2%
Taxes payable	24.928	(6.556)	30.620	480,2%	-18,6%	(35.336)	(56.762)	(13.790)	37,7%	-156,2%
Other assets and liabilities	19.737	12.334	13.213	60,0%	49,4%	(251)	(26.069)	(12.780)	99,0%	98,0%
Cash provided by operating activities	128.428	116.509	33.879	10,2%	279,1%	169.236	168.118	30.482	0,7%	455,2%
Income tax and social contribution paid	(7.298)	-	(10.938)	-	33,3%	(9.833)	(3.492)	(15.109)	-181,6%	34,9%
Paid interest on borrowing and financing	(2.806)	(1.761)	(3.340)	-59,4%	16,0%	(7.734)	(5.363)	(6.844)	-44,2%	-13,0%
Interest paid on leasing liabilities	(8.825)	(2.180)	-	-304,8%	-	(17.028)	(9.066)	-	-87,8%	-
Net cash provided by operating activities	109.499	112.567	19.601	-2,7%	458,6%	134.642	150.197	8.529	-10,4%	1478,7%
Property, plant and equipment	(17.716)	(11.670)	(5.188)	-51,8%	-241,5%	(28.636)	(25.497)	(8.690)	-12,3%	-229,5%
Intangible assets	(1.923)	(507)	(1.360)	-279,3%	-41,4%	(3.952)	(868)	(2.030)	-355,1%	-94,7%
Others	(54.839)	-	12.495	-	-538,9%	(85.096)	-	(2.017)	-	-4117,9%
Cash Flow from Investments	(74.478)	(12.177)	5.947	-511,6%	-1352,4%	(117.685)	(26.365)	(12.737)	-346,4%	-823,9%
Interest on capital / Dividends paid	(34.831)	-	(10.493)	-	-231,9%	(34.831)	-	(67.418)	-	48,3%
Borrowings and financings	(2.500)	12.980	43.318	-119,3%	-105,8%	(105.819)	9.630	72.092	-1198,9%	-246,8%
Righ-of-use leases	(2.381)	(1.481)	(10.449)	-60,8%	77,2%	(11.507)	(6.240)	(19.844)	-84,4%	42,0%
Others	(67)	-	963	-	-106,9%	19.048	21.612	1.323	-11,9%	1339,9%
Cash flow from financing activities	(39.778)	11.499	23.338	-445,9%	-270,4%	(133.109)	25.002	(13.846)	-632,4%	-861,3%
INCREASE (DECREASE) IN CASH AND CASH EQUIV.	(4.758)	111.890	48.886	-104,3%	-109,7%	(116.152)	148.835	(18.055)	-178,0%	-543,3%
Opening balance of cash and cash equivalents	365.925	472.789	17.840	-22,6%	1951,2%	477.319	435.844	84.781	9,5%	463,0%
Closing balance of cash and cash equivalents	361.168	584.679	66.726	-38,2%	441,3%	361.168	584.679	66.726	-38,2%	441,3%

NON-ACCOUNTING MEASURES

- **Adjusted EBITDA and Adjusted EBITDA Margin** - Earnings Before Interest, Taxes, Depreciation and Amortization (EBITDA) is a non-accounting measurement disclosed by the Company in compliance with CVM Instruction 527/12. The above calculation is adjusted to eliminate non-recurring effects from the result and, to improve comparison, the effects from the adoption of CPC 06/IFRS 16, which came into effect on January 1, 2019, are also excluded, with such adjustments resulting in Adjusted EBITDA. Non-recurring effects are characterized by one-time effects on the Company's result. Since these amounts are not a recurrent portion of the result, the Company chooses to make the adjustment so that Adjusted EBITDA considers only recurring numbers. The Company uses Adjusted EBITDA as a measure of performance for managerial purposes and for comparisons with peers.
- **Net Debt** - The Net Debt shown here is the result of the sum of short- and long-term loans in Current Liabilities and Non-Current Liabilities of the Company, subtracted from the sum of Cash and Cash Equivalents and Securities under the Current Assets and Non-Current Assets of the Company.
- The Company believes that the **Net Debt/Adjusted EBITDA ratio** helps in assessing its leverage and liquidity. **LTM Adjusted EBITDA** is the sum of EBITDA in the Last Twelve Months and is also an alternative to operational cash generation.
- **Adjusted EBITDA, Net Debt, Net Debt/LTM Adjusted EBITDA and Operational Cash Generation** presented in this release are not profitability measures as per the accounting practices adopted in Brazil and do not represent the cash flow during the periods and, hence, should not be considered alternative measures to results or cash flows
- **Operating Cash Generation** shown here is a managerial measurement, resulting from the cash flow from operating activities presented in the Statement of Cash Flow (adjusted by "Lease of Right-of-Use Assets," which, after the adoption of CPC 06 / IFRS 16, is booked in the Statement of Cash Flow under financing activities.

DISCLAIMER

The statements contained in this release related to the business outlook, operating and financial projections and growth prospects of Vivara S.A. are merely projections and as such are based exclusively on the expectations of the Company's management concerning the future of the business. Such forward-looking statements depend substantially on changes in market conditions, the performance of the Brazilian economy, the industry and international markets and are, therefore, subject to change without prior notice. All variations presented herein are calculated based on numbers in thousands of reais, as well as rounded figures.

This report includes accounting and non-accounting data, such as pro forma operating and financial information and projections based on expectations of the Company's Management. Note that the non-accounting figures have not been reviewed by the Company's independent auditors.

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