



Conference Call

Third Quarter of 2020

VIVARA

CONFERENCE CALL

Friday, November 13, 2020.

English

Time: 8:00 a.m. (New York)

Connection Data

<https://choruscall.com.br/vivara/3q20.htm>

Portuguese

Time: 10:00 p.m. (Brasília)

Connection Data

<https://choruscall.com.br/vivara/3t20.htm>

QUARTER HIGHLIGHTS

Clearer signs of resumption and 4Q20 beginning with good perspective

- ✓ Consolidated sales in the quarter returned to 2019 levels, totaling **R\$308.1 million**. In September, the growth was **7.2%**.
- ✓ E-commerce growth of **182.3%** in the quarter, accounting for **22.9%** of sales.
- ✓ Project Joias em Ação accounted for **35.6%** of e-commerce sales.
- ✓ Gross Margin reached **69.8%** in the quarter, 200bps of expansion.
- ✓ Adjusted EBITDA totaled **R\$49.6 million** in 3Q20, with margin of **20.4%**, benefited by the rebound in sales, strict cost control and protection of gross profitability.
- ✓ Solid balance sheet, with cash of **R\$612.2 million**.



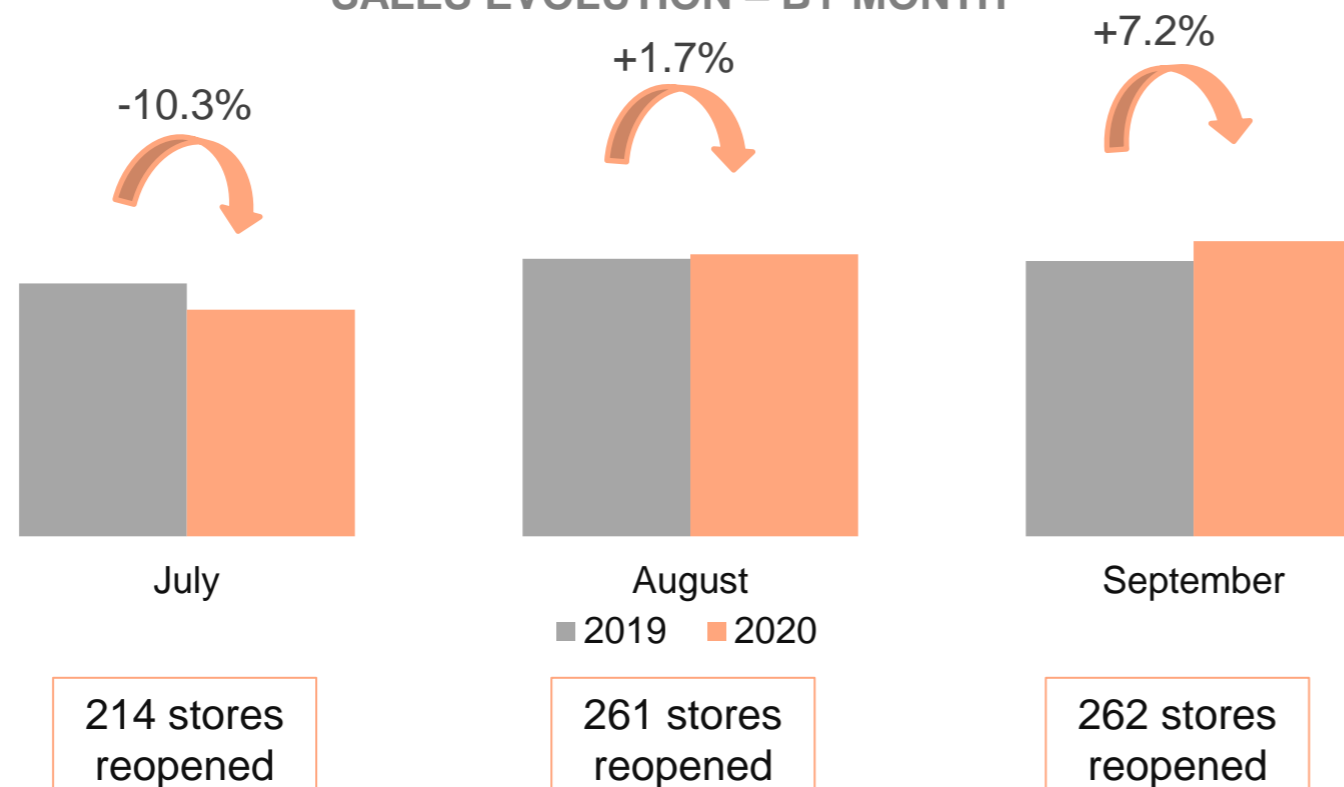
OPERATING REVENUE

(R\$, 000 and %)

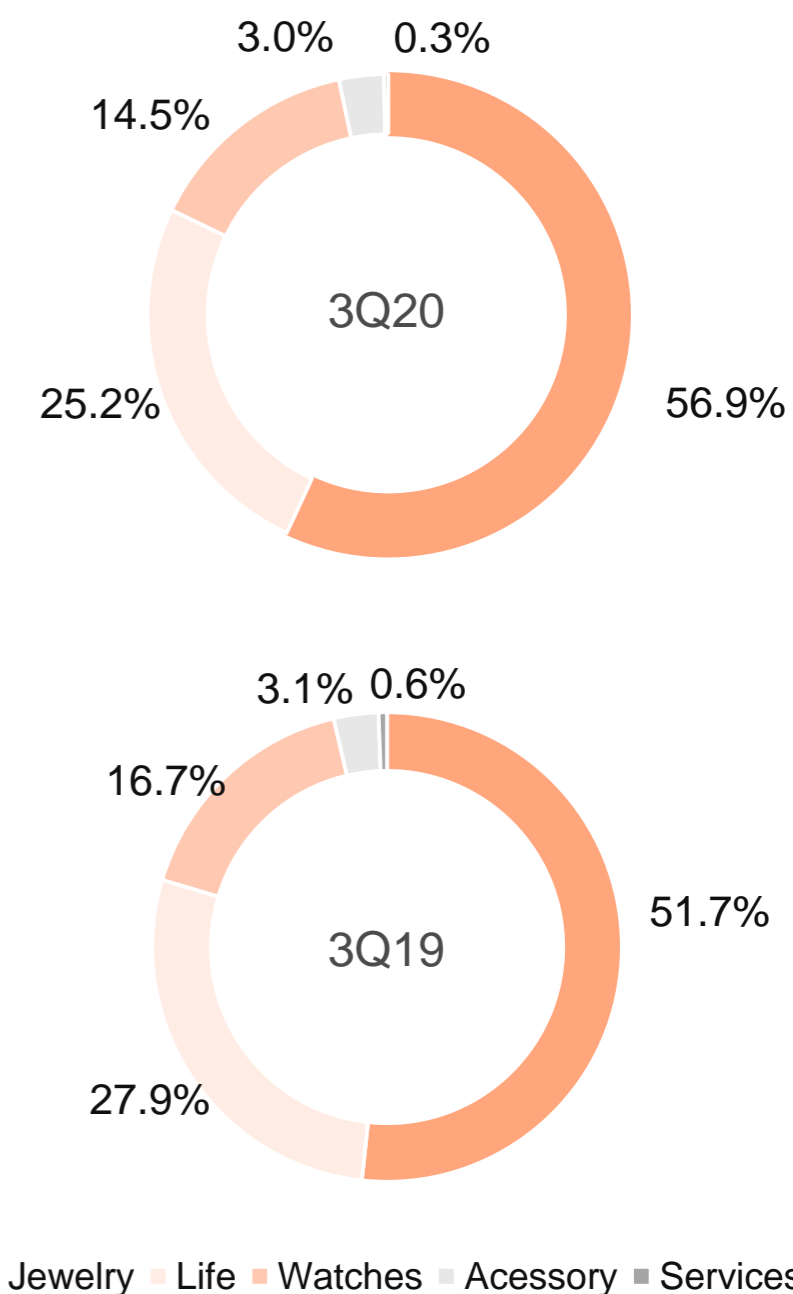
REVENUE BY CHANNEL

Revenue per channel (R\$, 000)	3Q20	3Q19	Δ %	9M20	9M19	Δ %
Gross Revenue (net of return)	308,056	308,688	-0.2%	741,588	968,301	-23.4%
Physical Stores	234,261	280,558	-16.5%	531,965	886,728	-40.0%
E-commerce	70,619	25,016	182.3%	201,177	64,461	212.1%
Others	2,308	1,320	74.9%	5,740	12,048	-52.4%
Deductions	(65,430)	(68,354)	-4.3%	(155,078)	(204,219)	-24.1%
Net Revenue	242,626	240,334	1.0%	586,510	764,082	-23.2%
SSS (physical stores + e-commerce)	-3.9%	8.5%	na	-24.2%	9.4%	na

SALES EVOLUTION – BY MONTH

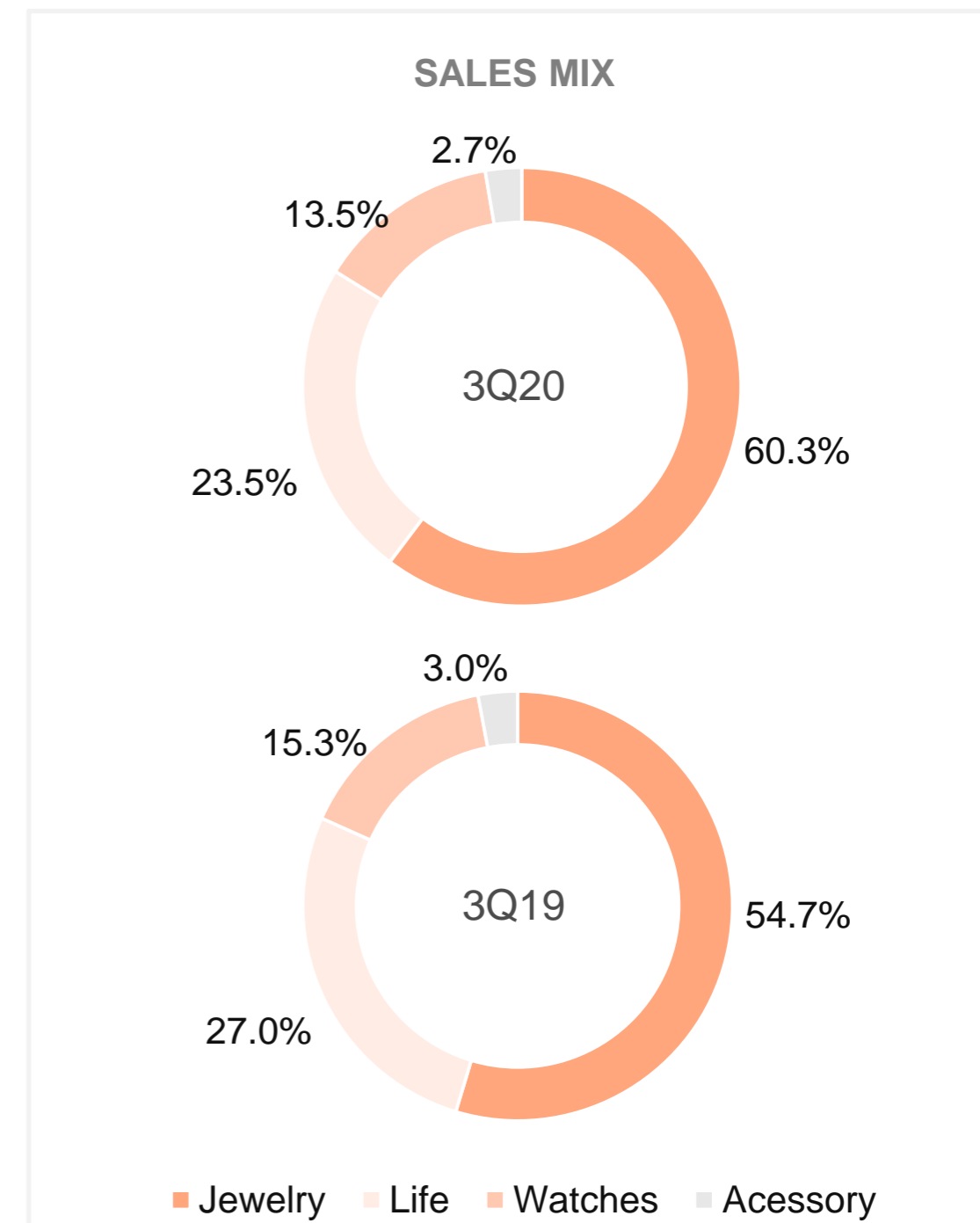
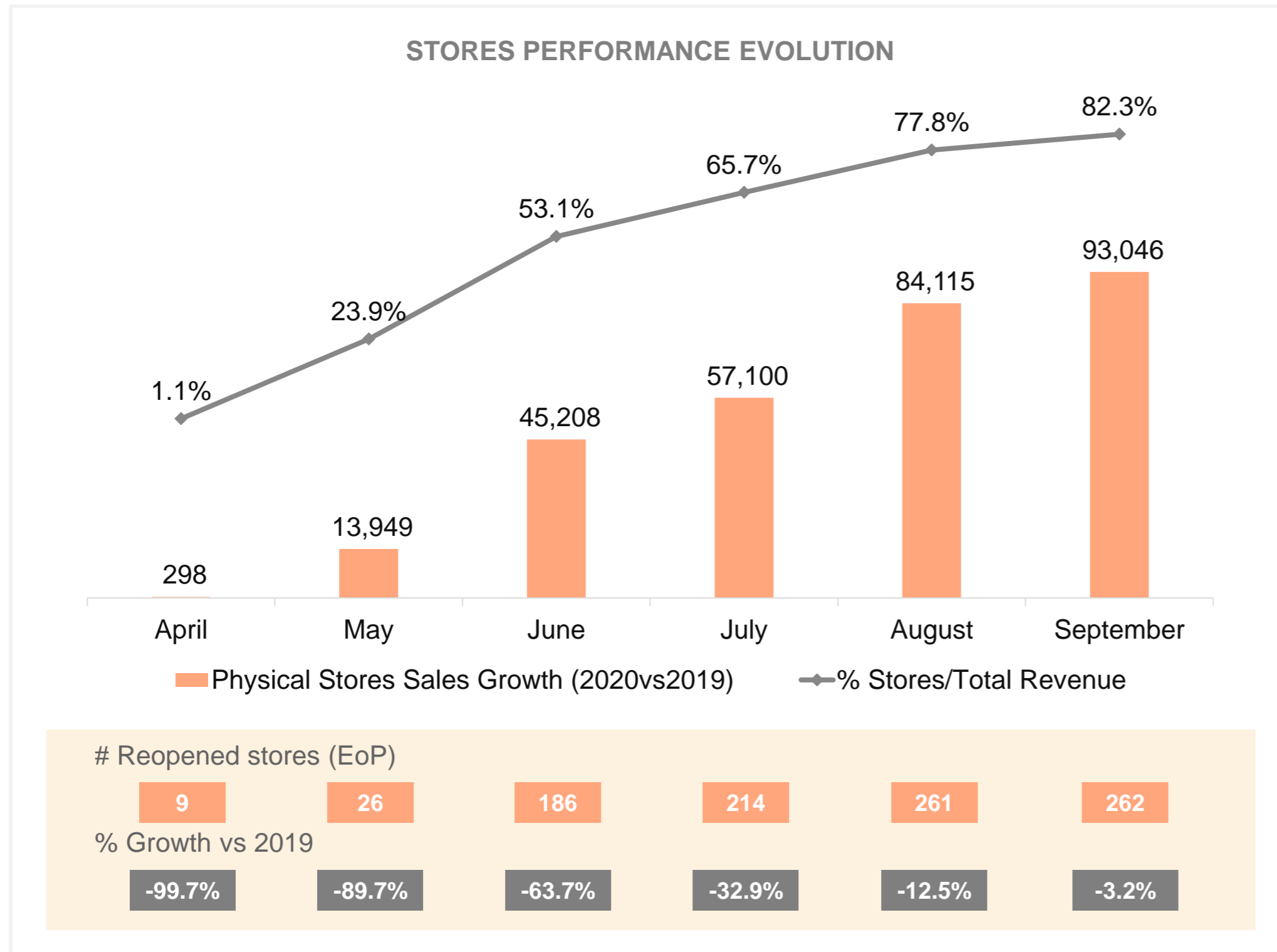


REVENUE BY CATEGORY



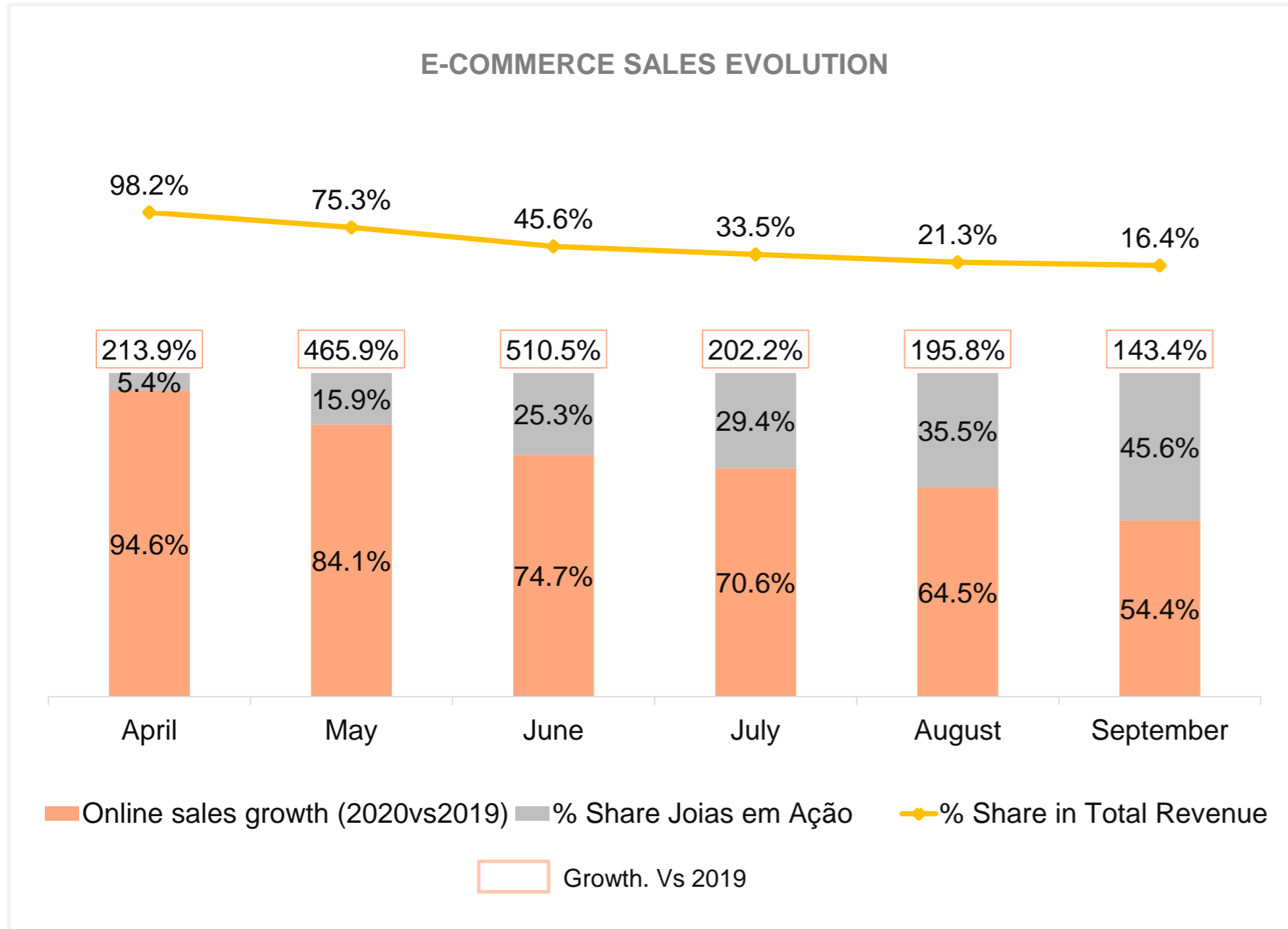
OPERATING REVENUE | PHYSICAL STORES

(R\$, 000 and %)



OPERATING REVENUE | E-COMMERCE

(R\$, 000 and %)



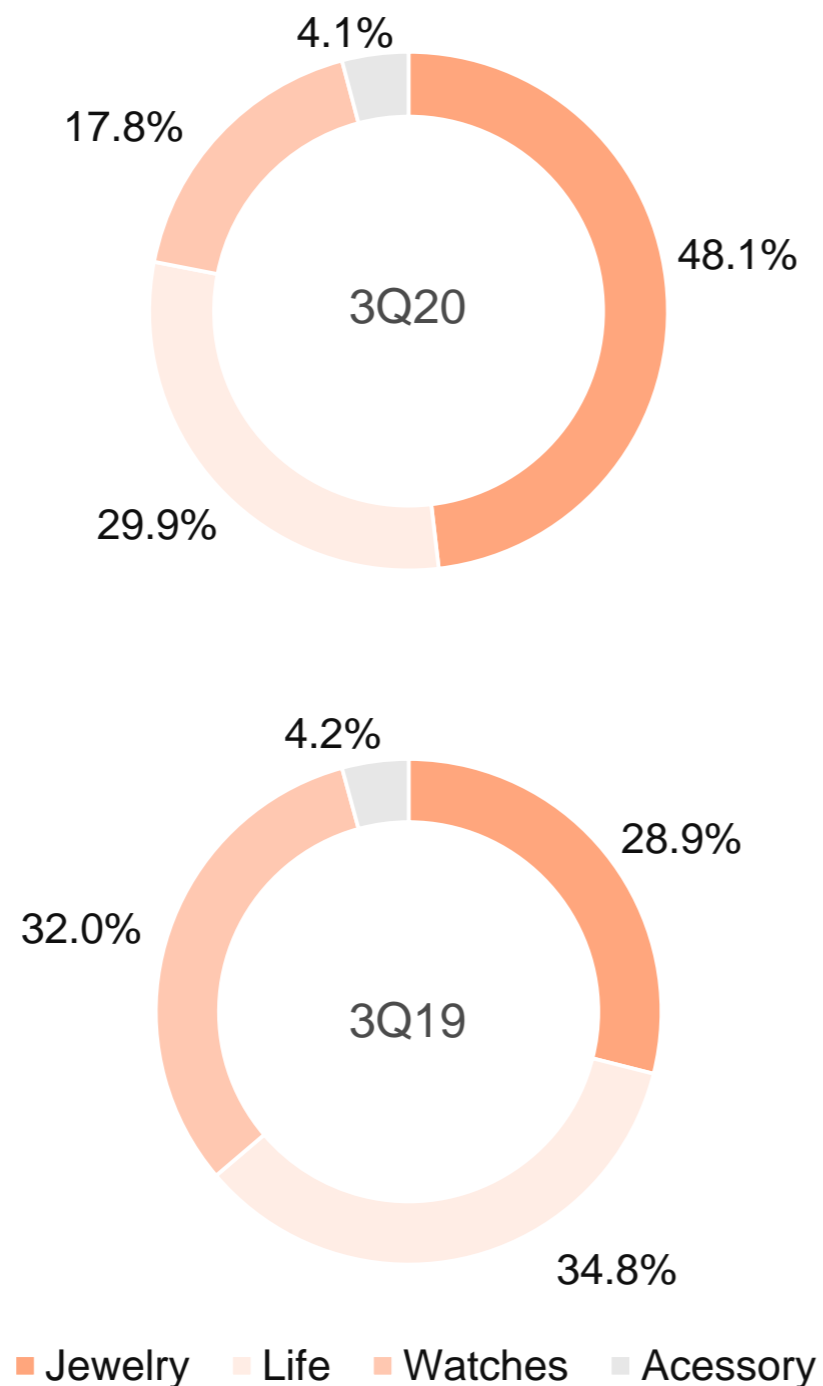
- ✓ Same Day Delivery format in São Paulo;
- ✓ Carriers diversification;
- ✓ Freight cost reduction;
- ✓ Average delivery time reduction (4 days);
- ✓ Pick up in Store resume – 23% in September;



E - C O M M E R C E M I X

(R\$, 000 and %)

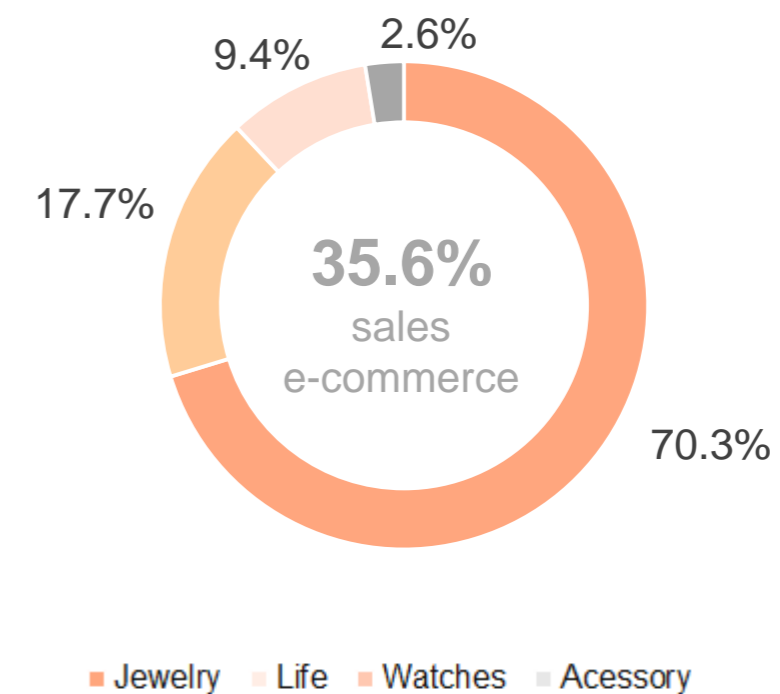
ONLINE CHANNEL'S SALES MIX(*)



JOIAS EM AÇÃO



- ✓ 1,600 active sellers;
- ✓ Proactive and on-demand service originated on the website;
- ✓ Assisted sales and online consulting.

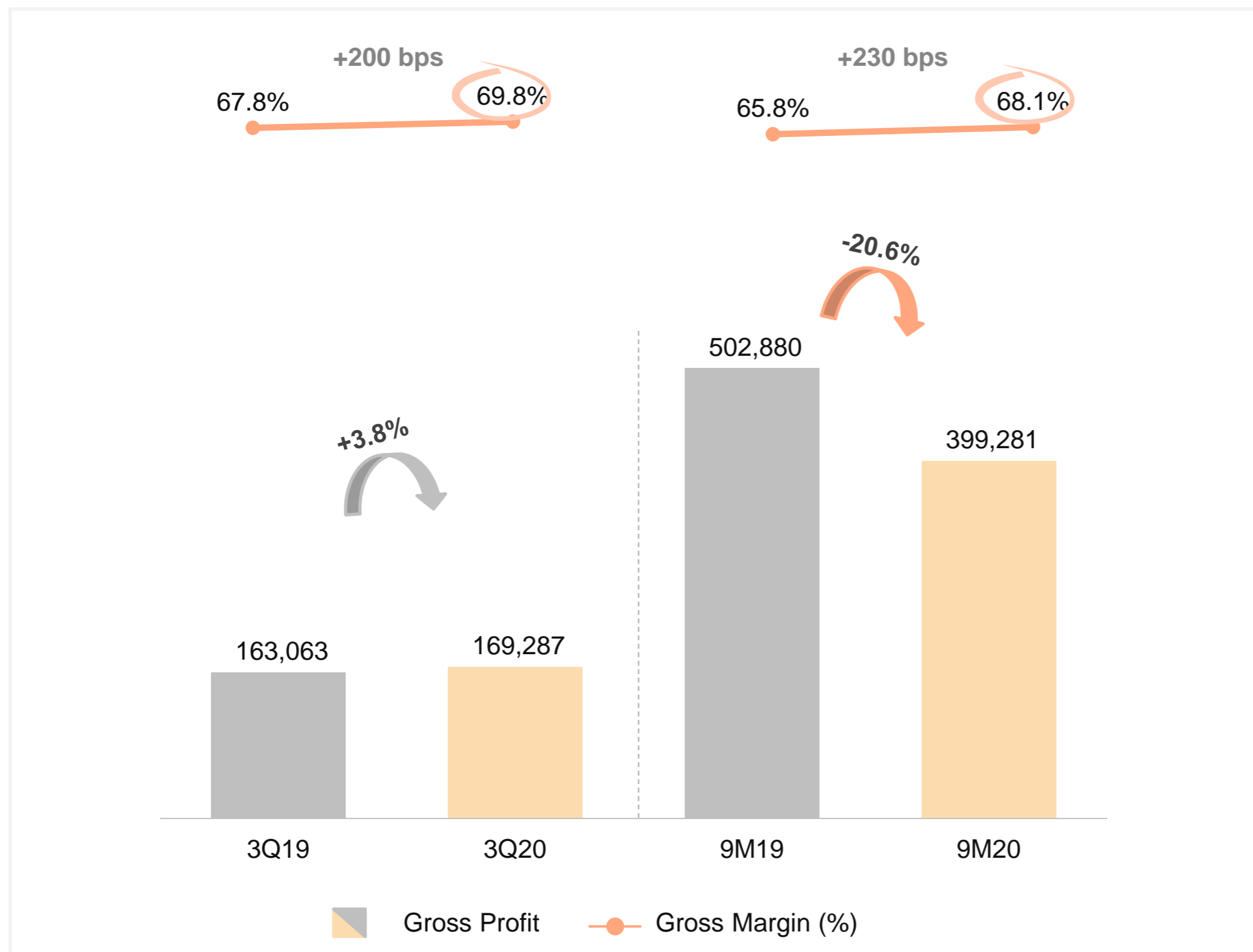


■ Jewelry ■ Life ■ Watches ■ Accessory

6 (*) Includes sales of Joias em Ação Project

GROSS PROFIT AND GROSS MARGIN

(R\$, 000 and %)



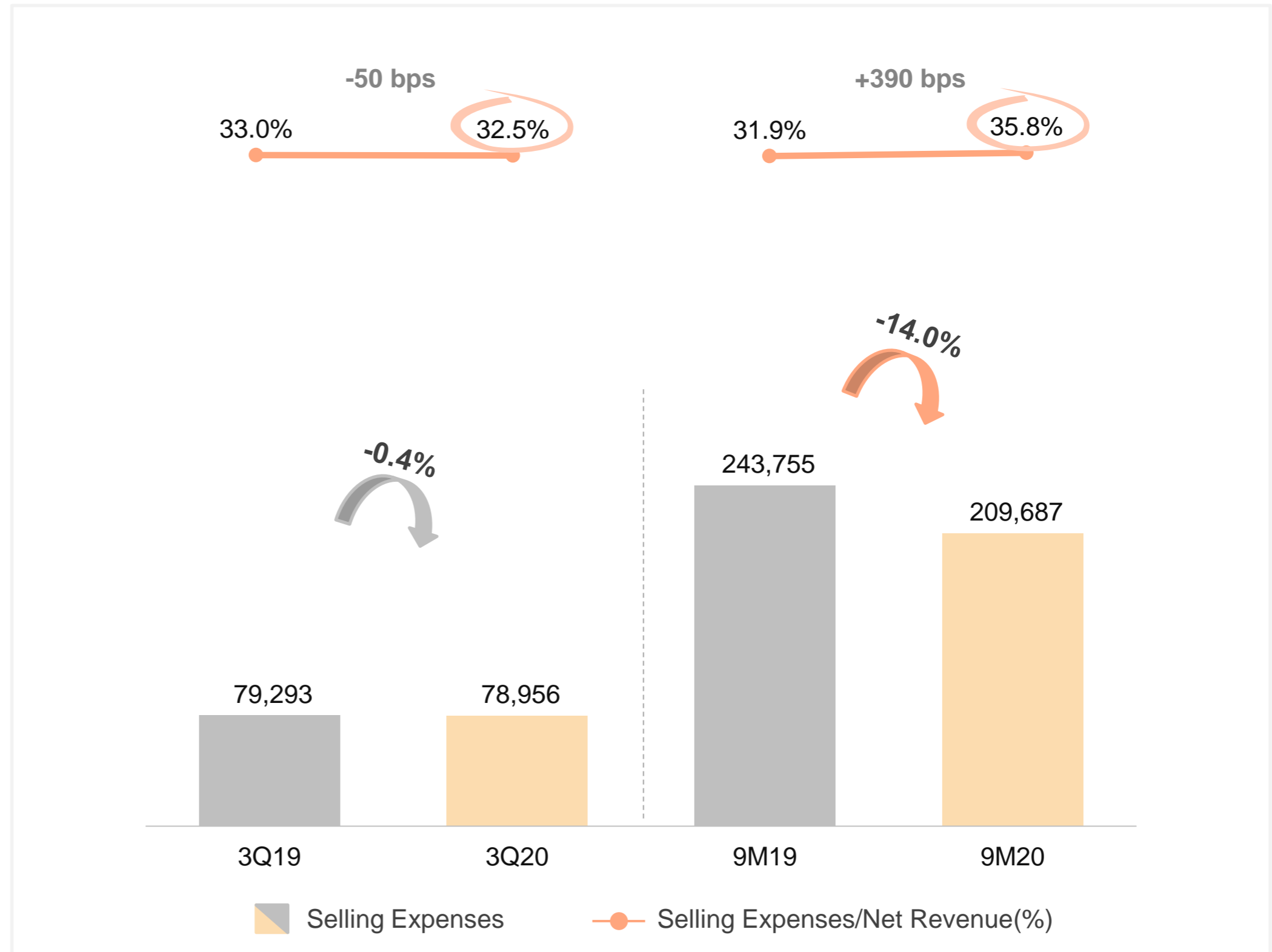
- ✓ Adequate pricing policy;
- ✓ Higher share of jewelry, benefited by the sales of Joias em Ação Project.



SELLING EXPENSES

(R\$, 000 and %)

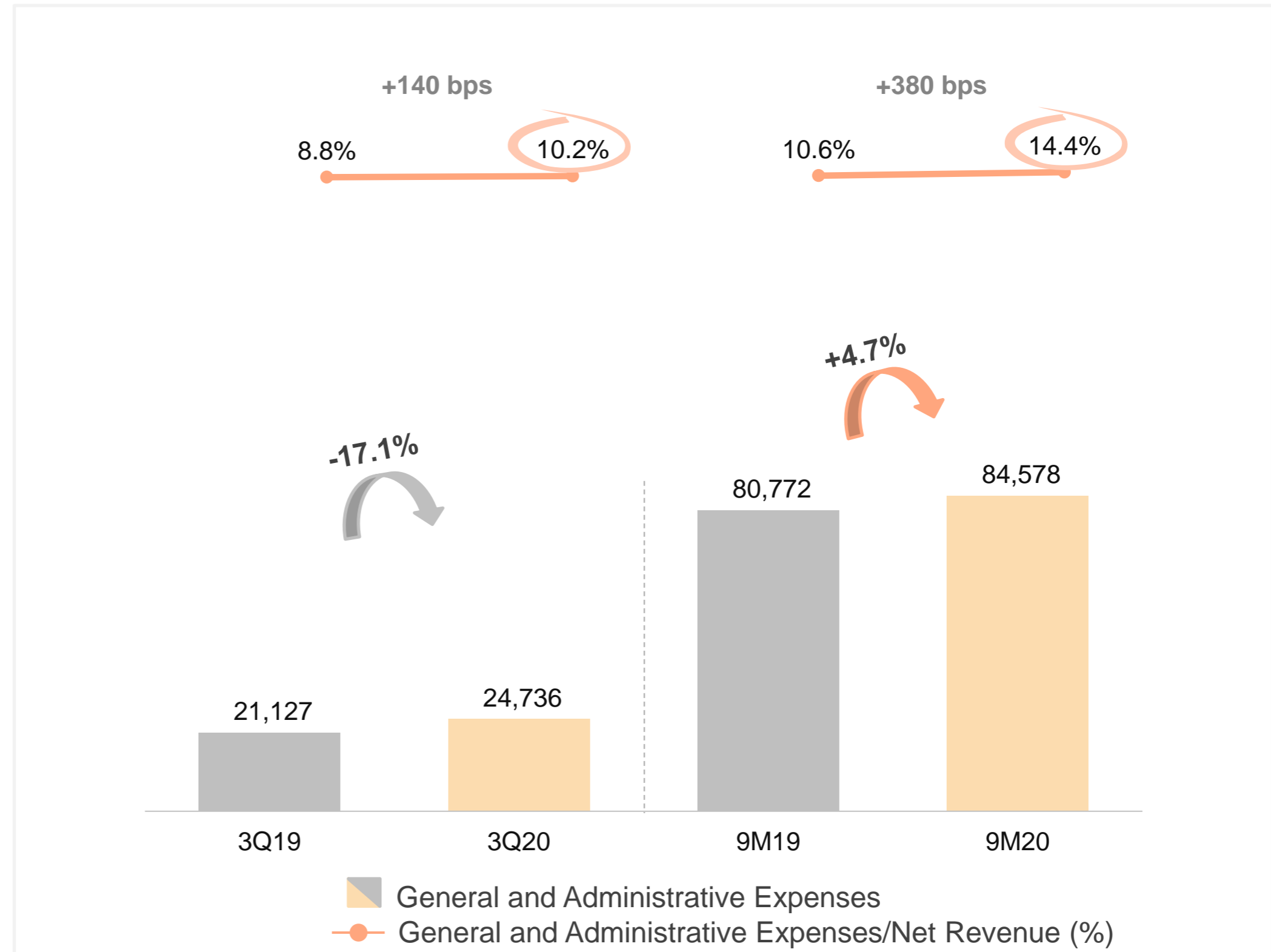
- ✓ **Personal** – Adherence to Law 14,020 / 2020, with the suspension of stores employees' contract;
- ✓ **Rental** - Discounts on rental expenses;
- ✓ **Marketing** - Higher allocation in digital marketing investment, as part of the strategy to maximize sales;



GENERAL AND ADMINISTRATIVE EXPENSES

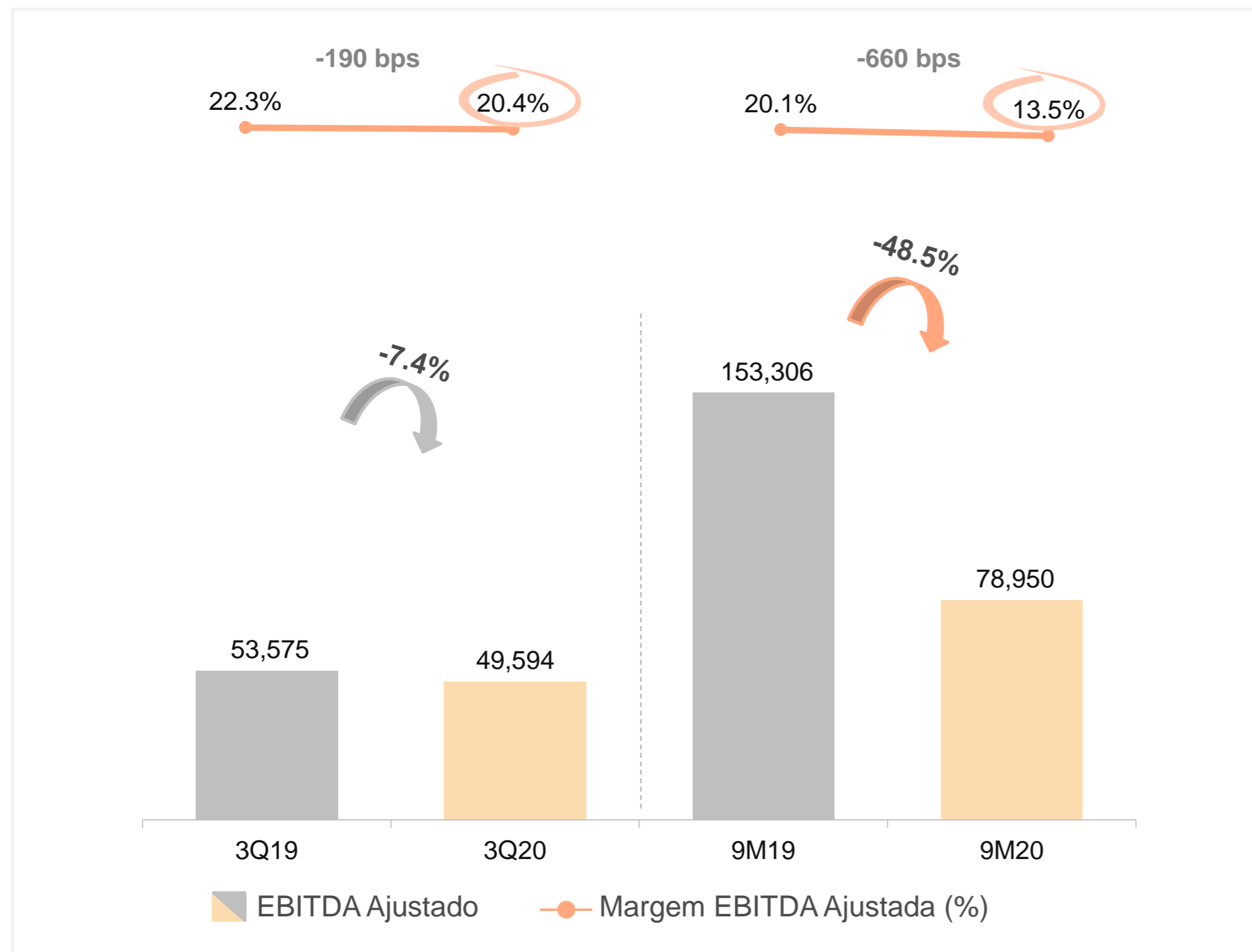
(R\$, 000 and %)

- ✓ **Personnel** – Larger administrative structure, to strengthening of strategic areas;
- ✓ **Third Party Service** - Digital acceleration projects, technological improvements.



ADJUSTED EBITDA AND EBITDA MARGIN

(R\$, 000 and %)



* Adjusted EBITDA include rental expenses, which are no longer accounted as operating expenses, after the adoption of IFRS 16.

NET INCOME AND NET MARGIN

(R\$, 000 and %)

Reconciliation of Net Income (R\$, 000)	3Q20	3Q19	Δ %	9M20	9M19	Δ %
Adjusted EBITDA	49,594	53,575	-7.4%	78,950	153,306	-48.5%
<i>% Net Revenue</i>	20.4%	22.3%	-185 bps	13.5%	20.1%	-660 bps
(-) Rental expense (IFRS16)	13,989	9,743	43.6%	38,570	29,586	30.4%
(+) Non-recurring effect	-	-		-	103,658	-100.0%
EBITDA	63,583	63,318	0.4%	117,520	286,550	-59.0%
<i>% Net Revenue</i>	26.2%	26.3%	-14 bps	48.4%	37.5%	1093 bps
Depreciation	(15,649)	(10,982)	-42.5%	(43,393)	(32,495)	-33.5%
<i>% Net Revenue</i>	-6.4%	-4.5%	-192 bps	-17.9%	-13.4%	-449 bps
Financial Result	(12,390)	(13,034)	4.9%	(32,621)	3,956	-924.6%
<i>% Net Revenue</i>	-5.1%	-5.4%	27 bps	-13.4%	1.6%	-1508 bps
Financial Income	5,684	6,210	-8.5%	19,118	60,029	-68.2%
<i>% Net Revenue</i>	2.3%	2.6%	-22 bps	7.9%	24.7%	-1686 bps
Finance costs	(18,075)	(19,244)	6.1%	(51,739)	(56,073)	7.7%
<i>% Net Revenue</i>	-7.4%	-7.9%	48 bps	-21.3%	-23.1%	179 bps
Income and Social Contribution Taxes	603	269	124.1%	11,984	(32,409)	137.0%
<i>% Net Revenue</i>	0.2%	0.1%	14 bps	4.9%	-13.4%	1830 bps
Net Income	36,147	39,570	-8.7%	53,490	225,603	-76.3%
<i>Net Margin (%)</i>	14.9%	16.3%	-141 bps	9.1%	38.5%	-2935 bps

Reconciliation of Adjusted Net Income (R\$, 000)	3Q20	3Q19	Δ %	9M20	9M19	Δ %
Net Income	36,147	39,570	-8.7%	53,490	225,603	-76.3%
<i>Net Margin (%)</i>	14.9%	16.5%	-160 bps	9.1%	29.5%	-7090 bps
Non-recurring effect	-	-	na	-	(116,123)	na
Adjusted Net Income	36,147	39,570	-8.7%	53,490	109,480	-51.1%
<i>Adjusted Net Margin (%)</i>	14.9%	16.5%	-160 bps	9.1%	14.3%	-520 bps



VIVARA

CAPEX

(R\$, 000)

Investments (R\$, 000)	3Q20	3Q19	Δ %	9M20	9M19	Δ %
Total Capex	11,378	14,670	-22.4%	37,742	25,389	48.7%
New Stores	2,314	6,451	-64.1%	21,182	9,545	121.9%
Reforms and Maintenance	2,436	910	167.8%	6,698	3,633	84.4%
Factory	966	3,053	-68.4%	2,219	4,346	-48.9%
Systems/IT	5,662	3,185	77.8%	7,626	4,762	60.2%
Others	0	1,071	-100.0%	17	3,104	-99.4%
CAPEX/Net Revenue (%)	4.7%	6.1%	-140 bps	6.4%	3.3%	-310 bps



DEBT

(R\$, 000)

Net Debt (R\$, 000)	9M20	1H20	Δ %	2019	Δ %
Gross Debt	330,019	320,500	3.0%	270,354	22.1%
Short Term	275,019	303,000	-9.2%	115,892	137.3%
Long Term	55,000	17,500	214.3%	99,553	-44.8%
Cash and cash equivalents and Securities	612,245	584,679	4.7%	435,844	40.5%
Net Debt	(282,226)	(264,179)	-6.8%	(165,490)	-70.5%
Adjusted EBITDA LTM <i>(last twelve months)</i>	197,779	211,030	-6.3%	272,134	-27.3%
Net Debt/Adjusted Ebitda	- 1.4x	- 1.3x	na	- 0.6x	na
Credit card receivables	220,020	208,734	5.4%	418,610	-100.0%
Net Debt	(502,246)	(472,913)	-6.2%	(165,490)	-203.5%



OPERATING CASH GENERATION

(R\$, 000)

Cash Flow (R\$, 000)	3Q20	3Q19	Δ %	9M20	9M19	Δ %
Net Income	36,147	39,570	-8.7%	53,490	225,607	-76.3%
(+/-) Income and Social Contribution Taxes/Others	5,133	(7,803)	165.8%	12,848	(133,205)	109.6%
Adjusted Net Income	41,280	31,767	29.9%	66,338	92,402	-28.2%
Working Capital	(8,992)	14,724	-161.1%	109,908	(53,539)	305.3%
Trade receivables	(14,289)	38,733	-136.9%	199,515	28,477	600.6%
Inventories	(7,341)	1,172	-726.4%	(18,694)	(16,598)	12.6%
Trade payables	(9,565)	(8,762)	9.2%	(27,382)	(16,041)	70.7%
Recoverable taxes	11,985	(108)	11238.5%	29,081	(11,413)	354.8%
Taxes payable	8,125	(16,504)	149.2%	(48,637)	(30,294)	60.5%
Other assets and liabilities	2,093	192	992.3%	(23,976)	(7,669)	212.6%
Cash from Management Operating Activities	32,288	46,491	-30.6%	176,245	38,864	353.5%
Capex	(11,377)	(14,670)	-22.4%	(37,742)	(25,389)	48.7%
Free Cash Generation ⁽⁵⁾	20,911	31,821	-34.3%	138,503	13,474	927.9%
Cash from Management Operating Activities	32,288	46,491	-30.6%	176,245	38,864	353.5%
Δ Prepayment of receivables	-	6,761	na	-	63,961	na
Cash from Management Operating Activities - Adjusted	32,288	53,252	-39.4%	176,245	102,825	71.4%



DISCLAIMER

This report contains forward-looking statements related to business prospects, estimates of operating and financial results and the growth prospects of Vivara S.A.. These are merely projections and, as such, are solely based on Management's expectations. Such forward-looking statements are substantially dependent on domestic and international market conditions, the Brazilian economic performance and industry and, therefore, are subject to change without 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 operating and pro forma financial information and projections based on Management's expectation. Non-accounting data has not been reviewed by the Company's independent auditors.

INVESTOR RELATIONS

Otavio Lyra – CFO and Investor Relations Officer
Melina Rodrigues – IR Manager
Andressa Nunes – IR Analyst

E-mail: ri@vivara.com.br
Phone: 11 3896-2736

VIVARA