

(Convenience Translation into English from the  
Original Previously Issued in Portuguese)

# **Vivara Participações S.A. and Subsidiaries**

Report on Review of Interim  
Financial Information for the  
Three-month Period Ended  
March 31, 2022

Deloitte Touche Tohmatsu Auditores Independentes Ltda.

(Convenience Translation into English from the Original Previously Issued in Portuguese)

## REPORT ON REVIEW OF INTERIM FINANCIAL INFORMATION

To the Shareholders and Board of Directors of  
Vivara Participações S.A.

### **Introduction**

We have reviewed the individual and consolidated interim financial information of Vivara Participações S.A. ("Company"), included in the Interim Financial Information Form (ITR) for the quarter ended March 31, 2022, which comprises the balance sheet as at March 31, 2022, and the related statements of income, of comprehensive income, of changes in equity and of cash flows for the three-month period then ended, including the explanatory notes.

Management is responsible for the preparation of this individual and consolidated interim financial information in accordance with technical pronouncement CPC 21 (R1) and international standard IAS 34 - Interim Financial Reporting, issued by the International Accounting Standards Board - IASB, as well as for the presentation of such information in accordance with the standards issued by the Brazilian Securities and Exchange Commission (CVM), applicable to the preparation of Interim Financial Information (ITR). Our responsibility is to express a conclusion on this interim financial information based on our review.

### **Scope of review**

We conducted our review in accordance with Brazilian and international standards on review of interim financial information (NBC TR 2410 and ISRE 2410 - Review of Interim Financial Information Performed by the Independent Auditor of the Entity, respectively). A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with the standards on auditing and, consequently, does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

### **Conclusion on the individual and consolidated interim financial information**


Based on our review, nothing has come to our attention that causes us to believe that the accompanying individual and consolidated interim financial information included in the ITR referred to above was not prepared, in all material respects, in accordance with technical pronouncement CPC 21 (R1) and international standard IAS 34, applicable to the preparation of ITR, and presented in accordance with the standards issued by the CVM.


## Other matters

### *Statements of value added*

The interim financial information referred to above includes the individual and consolidated statements of value added (DVA) for the three-month period ended March 31, 2022, prepared under the responsibility of the Company's Management and presented as supplemental information for international standard IAS 34 purposes. These statements were subject to the review procedures performed together with the review of the Interim Financial Information (ITR) to reach a conclusion on whether they are reconciled with the interim financial information and the accounting records, as applicable, and if their form and content are consistent with the criteria set forth in technical pronouncement CPC 09 - Statement of Value Added. Based on our review, nothing has come to our attention that causes us to believe that these statements of value added were not prepared, in all material respects, in accordance with this standard and consistently with the accompanying individual and consolidated interim financial information taken as a whole. The accompanying individual and consolidated interim financial information has been translated into English for the convenience of readers outside Brazil.

São Paulo, May 9, 2022

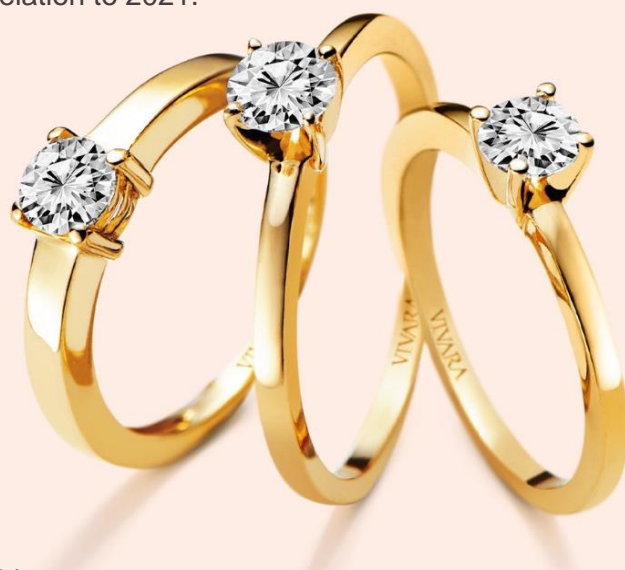
  
DELOITTE TOUCHE TOHMATSU  
Auditores Independentes Ltda.

  
Marcelo de Figueiredo Seixas  
Engagement Partner

## 1Q22 PERFORMANCE COMMENT

### HIGHLIGHTS

- Record Gross Revenue (net of returns) in 1Q22 of **R\$410.9 million** and solid growth of **50.3%** in relation to 1Q21.
- Growth of **41.7%** in same-store sales (SSS) <sup>(1)</sup> in relation to 2021.
- Consolidation of **Joias em Ação Project**, which accounted for **31.2%** of digital sales in 1Q22.
- Gross Profit** of **R\$228.2 million**, with **Gross Margin** of **67.6%** in 1Q22, up **2,1 p.p.** from 1Q21.
- In the quarter, **Adjusted EBITDA<sup>(2)</sup>** totaled **R\$51.2 million**, with **Adjusted EBITDA Margin** of **15.2%**, up **1040 bps** from 1Q21.
- Net income in the quarter totaled **R\$45.9 million**, with **Net Margin** of **13.6%**.
- ROIC** of **42,1%** in the quarter versus **24,0%** in 1Q21.
- Publication of Company's **Sustainability Report** in May. Report on the evolution of sustainability indicators, reinforcing Vivara's commitment to responsible mining and the development of the supply chain.



### FINANCIAL HIGHLIGHTS

Main Key Ratios (R\$, 000)	1Q22	1Q21	Δ % 22vs21
Gross Revenue (net of return)	410,860	273,328	50.3%
<b>Net Revenue</b>	<b>337,424</b>	<b>217,730</b>	<b>55.0%</b>
<b>Gross Profit</b>	<b>228,151</b>	<b>142,693</b>	<b>59.9%</b>
<i>Gross Margin (%)</i>	67.6%	65.5%	208 bps
<b>Adjusted EBITDA <sup>(2)</sup></b>	<b>51,246</b>	<b>10,495</b>	<b>388.3%</b>
<i>Adjusted Ebitda Margin (%)</i>	15.2%	4.8%	1037 bps
<b>Net Income</b>	<b>45,922</b>	<b>3,913</b>	<b>1073.7%</b>
<i>Net Margin (%)</i>	13.6%	1.8%	11.8 p.p.
<b>SSS<sup>(1)</sup> (physical stores + e-commerce)</b>	<b>41.7%</b>	<b>2.5%</b>	<b>na</b>
<b>Operational Cash Generation<sup>(3)</sup></b>	<b>(44,941)</b>	<b>16,017</b>	<b>-380.6%</b>

(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.

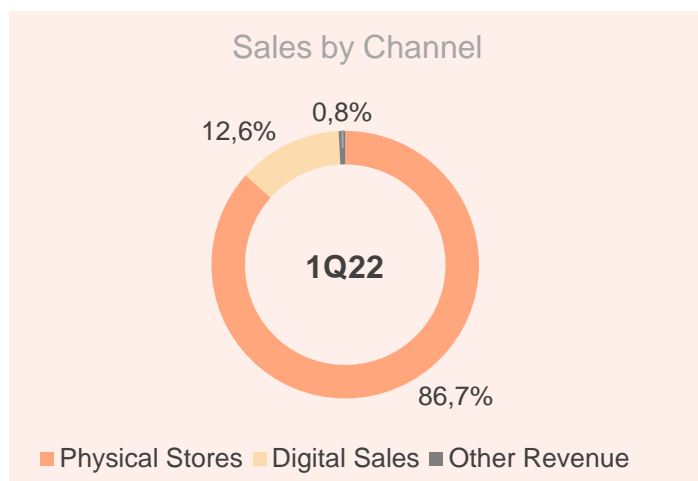
(2) EBITDA (Earnings Before Interest, Taxes, Depreciation and Amortization) is a non-accounting measurement disclosed by the Company in compliance with CVM Instruction 527/12. The fixed portion of rent expenses, shown here, is booked in the Statement of Cash Flows as "Lease of Right-of-Use Assets" due to the adoption of IFRS 16. More detailed information on the accounting standard is available in Note 27 to the Financial Statements of the Company.

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

## GROSS REVENUE (Net of Returns)

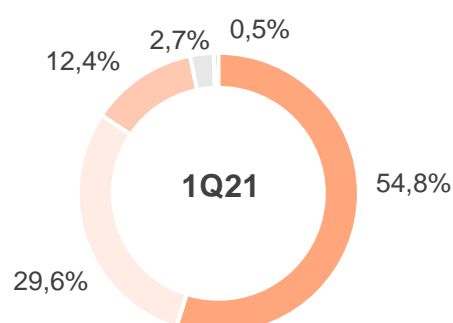
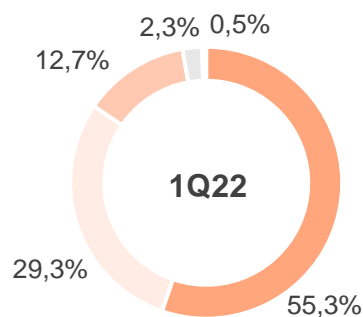
- Gross revenue, net of returns, grew 50.3% from 1Q21, driven by the efficient strategy of increasing the product mix at stores and digital channels, combined with the accelerated expansion of Vivara and Life by Vivara stores in the last 12 months.
- Same Store Sales increased 41.7% in relation to 1Q21. Net revenue came to R\$337.4 million, up 55.0% from 1Q21.

Revenue per channel (R\$, 000)	1Q22	1Q21	Δ % 22vs21
<b>Gross Revenue (net of return)</b>	<b>410,860</b>	<b>273,328</b>	<b>50.3%</b>
Physical Stores	356,030	213,007	67.1%
Vivara Stores	322,550	200,920	60.5%
Life Stores	25,873	4,723	447.9%
Kioks	7,608	7,364	3.3%
Digital Sales	51,605	57,930	-10.9%
Others	3,224	2,392	34.8%
Deductions	(73,437)	(55,598)	32.1%
<b>Net Revenue</b>	<b>337,424</b>	<b>217,730</b>	<b>55.0%</b>
<b>SSS (physical stores + e-commerce)</b>	<b>41.7%</b>	<b>2.5%</b>	<b>na</b>



## SALES BY CATEGORY

- In the quarter, the mix remains stable, with strong growth in all categories.



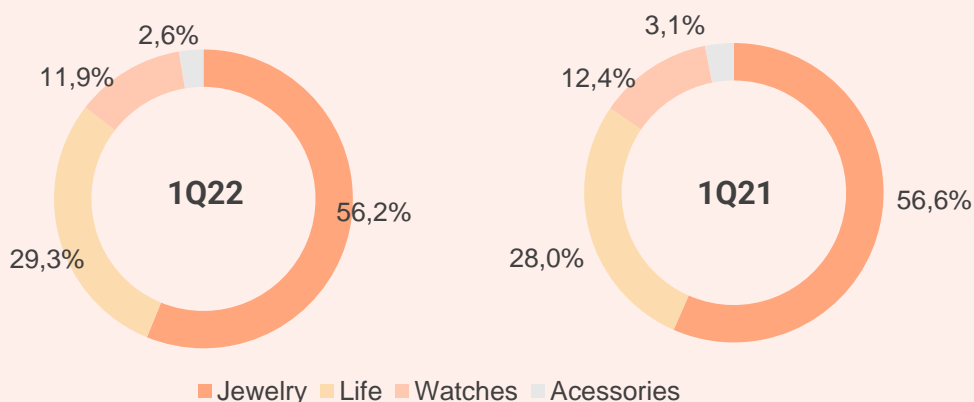
Legend: Jewelry (Orange), Life (Light Orange), Watches (Dark Orange), Accessories (Grey), Services (Dark Grey)

## GROSS REVENUE (Net of Returns) (continued)

### SALES AT PHYSICAL STORES

- In 1Q22, the Company recorded a 67.1% expansion in physical store sales, when compared to 1Q21, with SSS of 61.5% and robust growth in all categories.
- Noteworthy in the sales mix of physical stores is the growth of 130 bps in the Life category in relation to 1Q21. This behavior is mainly explained by the increase of 22 exclusive stores of the Life by Vivara concept added to the park, throughout 2021.

### SALES MIX OF PHYSICAL STORES



### SALES AT PHYSICAL STORES – BY CHANNEL

Breakdown by Business (R\$, 000)		1Q22	1Q21	Δ 22vs21
Vivara	Number of Stores	231	208	23
	Store Rollouts	2	0	-
	Sales Area (m <sup>2</sup> )	21,098	18,983	11.1%
	<b>Gross Revenue (net of return)</b>	<b>322,550</b>	<b>200,920</b>	<b>60.5%</b>
Life	Number of Stores	35	13	22
	Store Rollouts	2	0	-
	Sales Area (m <sup>2</sup> )	2,479	640	287.1%
	<b>Gross Revenue (net of return)</b>	<b>25,873</b>	<b>4,723</b>	<b>447.9%</b>
Kiosk	Number of Stores	24	38	(14)
	Store Rollouts	-2	-8	-
	Sales Area (m <sup>2</sup> )	155	245	-36.7%
	<b>Gross Revenue (net of return)</b>	<b>7,608</b>	<b>7,364</b>	<b>3.3%</b>

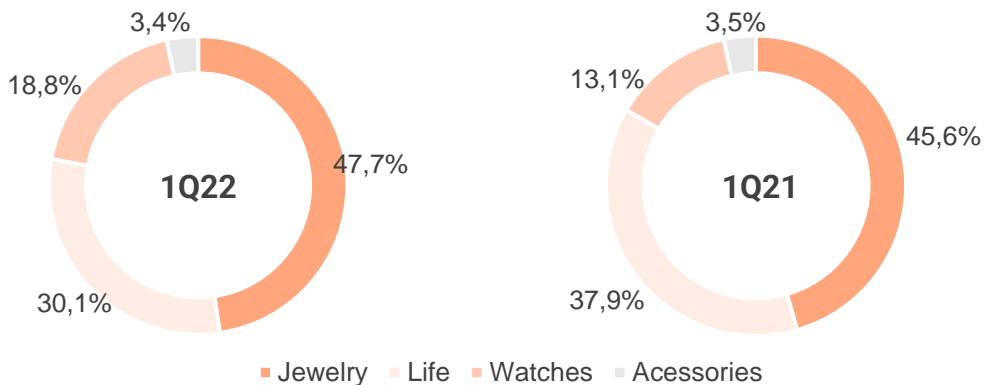
- Vivara stores, which totaled 231 at the end of the period, registered Gross Revenue (net of returns) of R\$322.5 million in 1Q22, up 60.5% from 1Q21. Combined with the expansion, the efficient mix and health inventory coverage fueled the strong performance by the channel, which also registered growth in same-store sales. In addition to the resumption of social events and less restrictions, added to the return of commercial areas, which contribute to the increase in the flow in malls.
- Stand-alone Life stores accounted for 7.3% of revenue from the physical channel, ending the quarter with 35 units and total sales area of 2,479 m<sup>2</sup>. Gross Revenue (net of returns) from the channel totaled R\$25.9 million in the quarter, growing 447.9% year on year.
- The decline in revenue from kiosks was due to the conversion of the channel into Life stores. In the last 12 months, the Company reduced the number of kiosks in operation by 14.

# GROSS REVENUE (Net of Returns) (continued)

## DIGITAL SALES

💎 In 1Q22, digital sales reached R\$51.6 million, down 10.9% compared to the same period last year, representing a 12.6% share of total sales in the quarter. The reduction in sales was mainly for the fact that the digital sales benefited during the restrictions still in place in the second half of March 2021, as well as the elimination of the mandatory use of masks, social distancing and the resumption of commercial activities at the beginning of 2022, increasing traffic in malls. Furthermore, we reduced promotional campaigns at the beginning of 2022, towards reducing dependence on discounts on the digital channel. The platform remains an important showcase, increasingly contributing to the conversion of sales in physical stores.

### DIGITAL SALES MIX



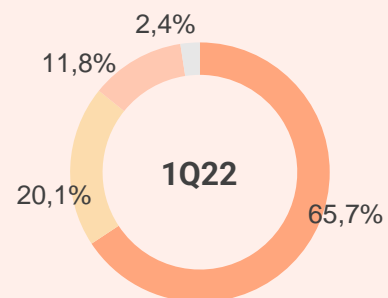
■ Jewelry ■ Life ■ Watches ■ Accessories

(\*) Includes sales of Joias em Ação Project

## JOIAS EM AÇÃO

💎 In 2022, the Joias em Ação program accounted for 31.2% of digital sales, totaling R\$16.1 million, declining 24.0% in relation to 2021, when we were still facing a scenario of restrictions at some stores due to the pandemic. The program's healthy performance underscores the importance of assisted sale to improve the digital shopping experience and its role as a driver of the channel's sales mix.

### SALES MIX – JOIAS EM AÇÃO



■ Jewelry ■ Life ■ Watches ■ Accessories



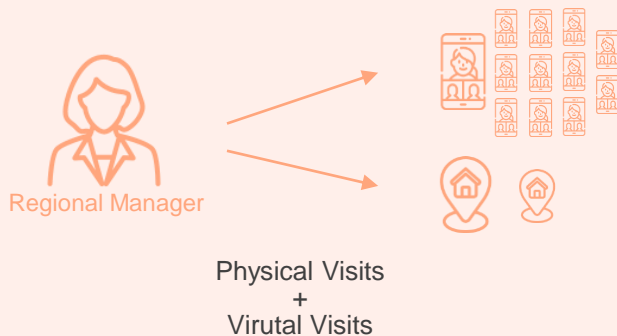
## PROXIMITY TO OUR CUSTOMERS

Our teams have been working intensively to reach out to our customers, either physically or virtually. The product mix strategy, governance and training of store teams have guided us on the path of constantly strengthening the brand, which is one of Vivara's most important foundations.

### GOVERNANCE AT STORES

We expanded and modernized our governance initiatives with the focus on the continuous improvement in the buying experience of customers and the satisfaction of our store teams.

#### Current Governance



We increased the frequency of visits of regional managers to stores, combining a new schedule of physical visits with the implementation of virtual visits, which ensured better monitoring of processes and greater proximity between regional managers and the stores under their responsibility.

We also increased the agility of finding solutions, setting up specific squads with the business areas directly linked to stores, and revised the premises and processes in the remuneration of store teams, aiming at increasing team engagement, seeking service excellence.

### SALES CONVENTION

To prepare our team for the Mother's Day sales season, in April we held the Mothers Convention, a motivational event that addressed our commercial strategy and unveiled the collections to be launched for the occasion. Called "Vivara Connections", It was an invitation to our team to connect to our strategy, our brands and products, and our purpose.

The event, which was held virtually for almost 2,000 people, was attended by our CEO, the chief commercial officer and guests, who talked about product launches, trends, communication campaigns and training strategy. We also invited a special speaker - Rachel Maia, a businesswoman, director, black woman and mother, who shared her trajectory, which underlines our purpose of valuing diversity and our commitment to gender equality.

For the first time, we translated into Brazilian sign language, which will take place at our main events: another step taken in favor of inclusion and equality within Vivara.

We also had sweepstakes and an affectionate surprise for long-time employees: a Confidential File featuring testimonials from their children and mothers.



## PROXIMITY TO OUR CUSTOMERS (continued)

### LAUNCHES

In the almost 60 years of Vivara, we have been increasingly focusing on design, technology and the quality of our products. We began 2022 with an extensive assortment of products and a focus on assertive collection launches, to increasingly offer our customers the best buying experience in choosing the perfect gift.

#### Life P&B ●

classic colors and modern design.



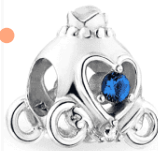
#### Life Travels ●

Expanding the collection, invites the customer to tell their stories through jewelry.



#### Life Disney's Princesses ●

Complementing the collection, with sophisticated design and gemstones.



#### Vivara Rainbow ●

Colored and light gemstones.

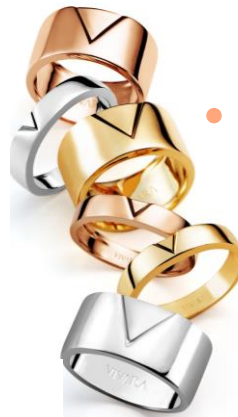


#### Life Pets ●

Partnership with the NGO Ampara Animal, Parceria com a ONG Ampara Animal and launch of customizable plaques .

#### Vivara V ●

Having been present since 2017 with the triangle representing the brand's "V", this quarter's launch focuses on stackable and minimalism trends. Rose gold, yellow and white gold jewelry, some with diamond details.



#### Life Shambala ●

Expression of energy, desires and feelings in 5 types of stones with vibrant colors.



#### Life Love II ●

Silver and rosé bath, with hearts as the central theme.



#### Vivara Weeding and Solitaire Rings ●

Launch with variations of gold coloring and diamond points.



#### Life Provence ●

Campaign in partnership with Marina Ruy Barbosa and inspired by the lavender fields of southern France.



## GROSS PROFIT AND GROSS MARGIN

Gross Profit (R\$, 000) and Gross Margin (%)	1Q22	1Q21	Δ % 22vs21
<b>Net Revenue</b>	<b>337,424</b>	<b>217,730</b>	<b>55.0%</b>
<b>Total costs</b>	<b>(109,272)</b>	<b>(75,037)</b>	<b>45.6%</b>
Acquisition of input, raw materials and products	(95,593)	(67,699)	41.2%
% Net Revenue	-28.3%	-31.1%	276 bps
Factory Expenses	(13,679)	(7,338)	86.4%
% Net Revenue	-4.1%	-3.4%	-68 bps
Personal	(10,956)	(5,709)	91.9%
% Net Revenue	-3.2%	-2.6%	-62 bps
Factory expenses	(1,651)	(916)	80.3%
% Net Revenue	-0.5%	-0.4%	-7 bps
Depreciation	(1,072)	(714)	50.2%
% Net Revenue	-0.3%	-0.3%	1 bps
<b>Gross profit</b>	<b>228,151</b>	<b>142,693</b>	<b>59.9%</b>
<i>Gross margin %</i>	<i>67.6%</i>	<i>65.5%</i>	<i>208 bps</i>

💎 Gross Profit in 1Q22 totaled R\$228.2 million, up 59.9% year on year, with Gross Margin increasing 208 bps to 67.6%.

💎 Gross Margin of 67.6% in 1Q22 reflects the wide acceptance of the collections launched during the period combined with the adequate inventory mix in all categories. The additional efficiency in cost management was partially offset by the effect of the increase in the plant's structure, due to the higher volume of internal production.



## OPERATING EXPENSES

Operating Expenses (R\$, 000)	1Q22	1Q21	Δ % 22vs21
<b>Operating Expenses</b>	<b>(156,169)</b>	<b>(117,541)</b>	<b>32.9%</b>
<i>Operating Expenses/Net Revenue (%)</i>	<i>-46.3%</i>	<i>-54.0%</i>	<i>770 bps</i>
Selling Expenses	(113,829)	(84,920)	34.0%
<i>Selling Expenses/Net Revenue (%)</i>	<i>-33.7%</i>	<i>-39.0%</i>	<i>527 bps</i>
General and Administrative Expenses	(42,340)	(32,622)	29.8%
<i>General and Administrative Expenses/Net Revenue (%)</i>	<i>-12.5%</i>	<i>-15.0%</i>	<i>243 bps</i>
<b>Other Operating Expenses</b>	<b>(2,144)</b>	<b>(866)</b>	<b>147.5%</b>
<b>Total Operating Expenses</b>	<b>(158,313)</b>	<b>(118,408)</b>	<b>33.7%</b>

💎 In 1Q22, Operating Expenses (SG&A) reached R\$156.1 million, corresponding to 46.3% of Net Revenue, a reduction of 7.7 p.p. compared to 1Q21.

💎 Selling Expenses grew 34.0% in the period, although were diluted by 5.3 p.p. with the strong sales growth presented. The improvement is mainly explained by the reduction (i) of 2.9 p.p. in personnel expenses, (ii) of 0.8 p.p. in rent and condominium expenses and (iii) 0.6 p.p. in freight expenses.

## OPERATING EXPENSES (continued)

- General and Administrative Expenses grew 29.8% compared to 1Q21, however also showed a dilution of 2.4 p.p. The improvement can be explained by the reduction (i) of 1.5 p.p. in personnel expenses and (ii) 1.4 p.p. in contracted services from third parties.
- R\$ 2.1 million were registered in Other Operating Expenses in the quarter, mainly due to the adequacy of provisions.

## ADJUSTED EBITDA AND ADJUSTED EBITDA MARGIN

EBITDA Reconciliation (R\$, 000)	1Q22	1Q21	Δ % 22vs21
<b>Net Income</b>	<b>45,922</b>	<b>3,913</b>	<b>1073.7%</b>
(+) Income and Social Contribution Taxes	(11,207)	(3,542)	216.4%
(+) Financial Result	9,786	8,684	12.7%
(+) Depreciation and Amortization	26,409	15,944	65.6%
<b>Total EBITDA</b>	<b>70,910</b>	<b>24,999</b>	<b>183.7%</b>
(-) Rental expense (IFRS16) <sup>(4)</sup>	(19,664)	(14,504)	35.6%
<b>Adjusted EBITDA</b>	<b>51,246</b>	<b>10,495</b>	<b>388.3%</b>
<i>Adjusted EBITDA Margin (%)</i>	<i>15.2%</i>	<i>4.8%</i>	<i>1037 bps</i>

(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 26 to the Financial Statements of the Company.

- In the quarter, the Company recorded Adjusted EBITDA of R\$51.2 million, with Net Adjusted Margin of 15.2%.
- The significant growth of 1037 bps is due to the brisk sales pace, optimum inventory mix, right pricing strategy and budgetary discipline of the Company.



## NET INCOME AND NET MARGIN

Net Income (R\$'000)	1Q22	1Q21	Δ % 22vs21
<b>Adjusted EBITDA</b>	<b>51,246</b>	<b>10,495</b>	<b>388.3%</b>
(-) Rental expense (IFRS16)	19,664	14,504	35.6%
(+) Depreciation and Amortization	(26,409)	(15,944)	65.6%
(+) Financial Result	(9,786)	(8,684)	12.7%
(+) Income and Social Contribution Taxes	11,207	3,542	216.4%
<b>Net Income</b>	<b>45,922</b>	<b>3,913</b>	<b>1073.7%</b>
<i>Net Income Margin (%)</i>	<i>13.6%</i>	<i>1.8%</i>	<i>1181 bps</i>

- The Company registered Net Income of R\$45.9 million in 1Q22 and Net Margin of 13.6%, up 1181 bps from 1Q21. As in recent quarters, the acceleration of production activities at the Manaus plant has benefited the Income Tax and Social Contribution line, once again ensuring greater proximity between net and operating income.

## DEBT

Net Debt (R\$, 000)	1Q22	2021	Δ %
<b>Gross Debt</b>	<b>285,467</b>	<b>291,213</b>	<b>-2.0%</b>
Short Term	151,602	127,176	19.2%
Long Term	133,864	164,037	-18.4%
Cash and cash equivalents and Securities	579,605	653,700	-11.3%
<b>Net Debt</b>	<b>(294,139)</b>	<b>(362,487)</b>	<b>-18.9%</b>
Adjusted EBITDA LTM ( <i>last twelve months</i> )	342,141	301,390	13.5%
<b>Net Debt/Adjusted Ebitda</b>	<b>- 0.9x</b>	<b>- 1.2x</b>	<b>na</b>

💡 In 1Q22, Net Cash of the Company decreased 18.9% from December 2021, mainly due to investments in working capital and in the Company's expansion plan.

## CAPEX

Investments (R\$, 000)	1Q22	1Q21	Δ % 22vs21
<b>Total Capex</b>	<b>23,869</b>	<b>12,950</b>	<b>84.3%</b>
New Stores	10,411	4,787	117.5%
Reforms and Maintenance	4,258	1,822	133.7%
Factory	4,411	3,502	26.0%
Systems/IT	4,185	2,838	47.5%
Others	604	0	na
<b>CAPEX/Net Revenue (%)</b>	<b>7.1%</b>	<b>5.9%</b>	<b>113 bps</b>

💡 In 1Q22, investments totaled R\$23.9 million, up 84.3% from 1Q21, mainly due to: (i) the increase in renovations to improve the store network, in order to adapt to the new layout; (ii) the acceleration of the plan for organic expansion of Vivara and Life; and (iii) the continuation of heavier investments in IT and systems as part of the technological structuring strategy

## CASH GENERATION

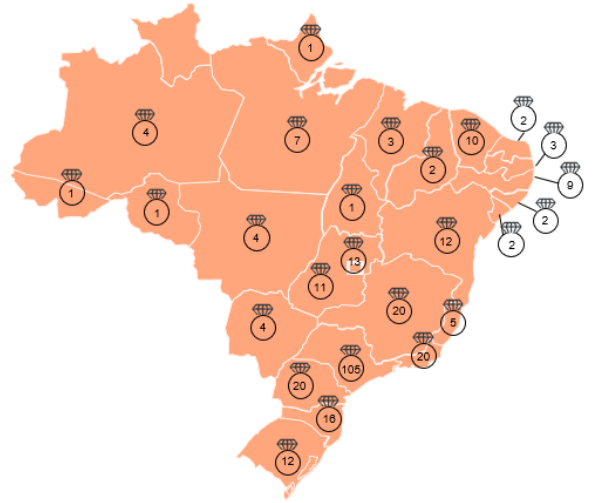
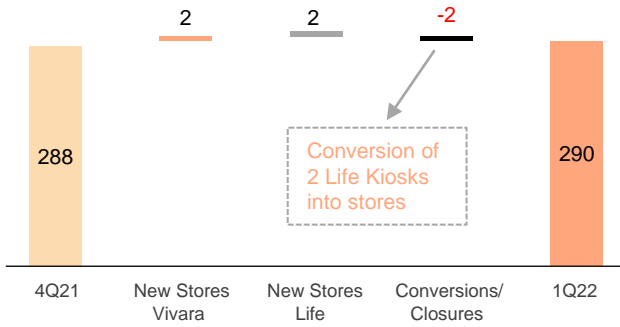
Cash Flow (R\$, 000)	1Q22	1Q21	Δ % 22vs21
<b>Net Income</b>	<b>45,922</b>	<b>3,913</b>	<b>1073.7%</b>
(+/-) Income and Social Contribution Taxes/Others	866	(186)	566.0%
<b>Adjusted Net Income</b>	<b>46,787</b>	<b>3,727</b>	<b>1155.4%</b>
<b>Working Capital</b>	<b>(91,728)</b>	<b>12,290</b>	<b>-846.4%</b>
Trade receivables	108,434	125,268	-13.4%
Inventories	(92,630)	(47,521)	94.9%
Trade payables	14,435	(9,023)	260.0%
Recoverable taxes	(9,212)	23,817	-138.7%
Taxes payable	(70,581)	(60,264)	17.1%
Other assets and liabilities	(42,175)	(19,988)	111.0%
<b>Cash from Management Operating Activities</b>	<b>(44,941)</b>	<b>16,017</b>	<b>-380.6%</b>
Capex	(23,869)	(12,950)	84.3%
<b>Free Cash Generation (5)</b>	<b>(68,810)</b>	<b>3,067</b>	<b>-2343.3%</b>

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

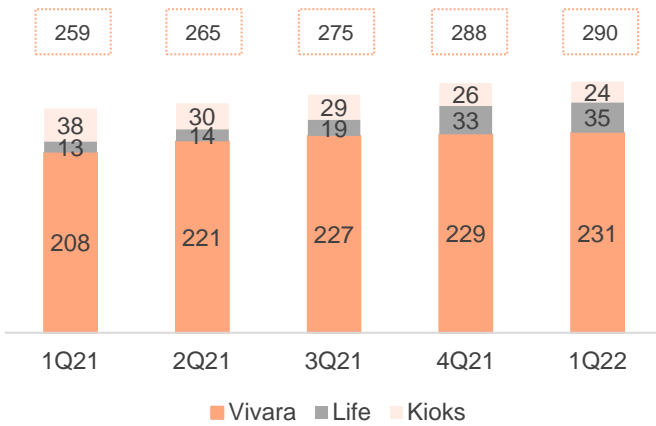
💡 The Company consumed free cash of R\$68.8 million in 1Q22, R\$71.8 million more than in 1Q21, mainly due to resumption of operations and, consequently, increase in working capital allocation and resumption of investments in the Company's expansion plan.

## EXPANSION

### 1Q22 EXPANSION



### EXPANSION



Distribution by region	
Southeast	58%
South	19%
North	6%
Northeast	17%
Midwest	12%

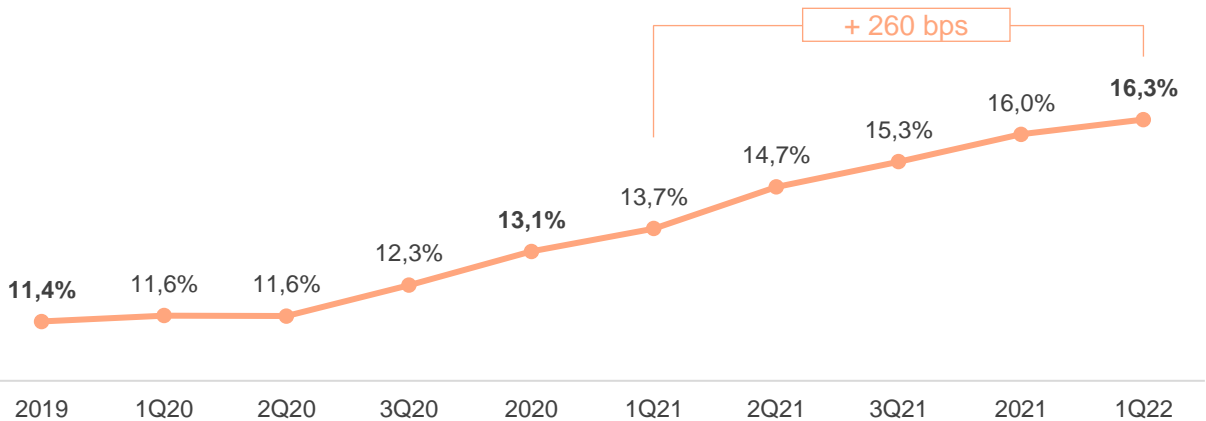
New stores by region	
Southeast	75%
South	0%
North	0%
Northeast	0%
Midwest	25%



OUTLOOK

- 2022** – We remain optimistic about the opportunity that the year still offers us. The end of the mandatory use of masks, the return of activity in most commercial regions, as well as the return of festive events and various celebrations have heated up our points of sale and provided the continuity of a good pace of growth throughout the first half of 2Q22, even in a scenario of greater pressure on consumer income from inflation and high interest rates. We observe carefully possible impacts on our business from possible exchange rate volatility and its corresponding impact on the price of our main inputs. So far, we've taken advantage of opportunities to buy metals at prices below average inventory cost, making the job of managing production costs a little less challenging in this fast-paced growth trajectory.
- Expansion** – While we were negotiating the closing of the 35 contracts already confirmed for the expected expansion in the year from 50 to 60 new stores, we also focused our efforts on the renovation of another 8 stores, with even higher sales expected. We will continue to accelerate expansion over the next few quarters.
- E-commerce** – In the coming months, we will see important moves for Vivara, such as the exchange of the e-commerce platform, which should bring a material increase in the digital experience of our customers. We will migrate to a much faster and more agile platform, enabling navigation with less friction, less information loading time, the possibility of working with high-definition content and images and developing new functionalities or improving existing ones, such as wish list, measurement guide, regionalization and product customization. In addition, we will have a technological environment that was developed to facilitate the integration between different platforms quickly and with less need for future investments.
- Market Share** – According to the observed data, the jewelry and watches market has returned to delivering healthy growth rates in the first quarter of the year. The Company continues the structural projects envisaged in its strategic plan, confident of retaining and expanding its market leadership. In 1Q22, the Company gained market share of 30 bps, accumulating 260 bps expansion in the last twelve months, driven not only by the opening of physical stores, but mainly by the assertiveness in the launch of collections and efficient management of the mix and price of products.

Market share headway



Source: Euromonitor, ICVA and Company Data

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**Company Information / Capital - Breakdown**

Number of Shares (Units)	Current quarter 03/31/2022
<b>Paid-in Capital</b>	
Common	236,197,769
Preferred	0
<b>Total</b>	<b>236,197,769</b>
<b>Held in Treasury</b>	
Common	68,600
Preferred	0
<b>Total</b>	<b>68,600</b>

**Parent FS / Balance Sheet Assets****(Reais)**

<b>Account Code</b>	<b>Account Description</b>	<b>Current quarter 03/31/2022</b>	<b>Last year 12/31/2021</b>
1	Total Assets	1,509,035,051	1,477,832,227
1.01	Current Assets	55,415,208	73,785,116
1.01.01	Cash and Cash Equivalents	4,122,410	5,249
1.01.01.01	Cash and cash equivalents	4,122,410	5,249
1.01.03	Trade Receivables	48,230,000	62,645,000
1.01.03.02	Trade Receivables	48,230,000	62,645,000
1.01.03.02.01	Interest on own capital receivable	48,230,000	62,645,000
1.01.06	Recoverable Taxes	2,932,928	11,055,978
1.01.06.01	Current Recoverable Taxes	2,932,928	11,055,978
1.01.06.01.01	Recoverable taxes	2,932,928	11,055,978
1.01.07	Prepaid Expenses	129,870	78,889
1.01.07.01	Prepaid Expenses and other receivables	129,870	78,889
1.02	Noncurrent Assets	1,453,619,843	1,404,047,111
1.02.02	Investments	1,453,619,843	1,404,047,111
1.02.02.01	Equity Interests	1,453,619,843	1,404,047,111
1.02.02.01.02	Equity Interests in Controlled	1,453,619,843	1,404,047,111

**Parent FS / Balance Sheet - Liabilities****(Reais)**

<b>Account Code</b>	<b>Account Description</b>	<b>Current quarter 03/31/2022</b>	<b>Last year 12/31/2021</b>
2	Total Liabilities	1,509,035,051	1,477,832,227
2.01	Current Liabilities	71,785,471	85,100,863
2.01.01	Payroll and Related Taxes	237,868	237,950
2.01.01.01	Social Security Obligations	36,118	36,538
2.01.01.01.01	INSS and FGTS	36,118	36,538
2.01.01.02	Payroll Obligations	201,750	201,412
2.01.01.02.02	Payroll obligations	201,750	201,412
2.01.03	Taxes Payable	28,673	13,684,082
2.01.03.01	Federal Taxes Payable	28,673	13,684,082
2.01.03.01.02	PIS and COFINS payable	9,699	6,817,250
2.01.03.01.04	Other federal taxes payable	18,974	6,866,832
2.01.05	Other Payables	71,518,930	71,178,831
2.01.05.02	Other	71,518,930	71,178,831
2.01.05.02.01	Current Liabilities – due to Related Parties	70,892,231	70,892,231
2.01.05.02.08	Other Payables	626,699	286,600
2.03	Equity	1,437,249,580	1,392,731,364
2.03.01	Paid-in Capital	1,105,381,209	1,105,381,209
2.03.01.01	Share capital	1,105,381,209	1,105,381,209
2.03.02	Capital Reserve	-52,063,450	-52,567,635
2.03.02.04	Options Granted	977,677	473,492
2.03.02.07	(-) Share issue cost	-53,041,127	-53,041,127
2.03.04	Earnings Reserves	338,010,161	339,917,790
2.03.04.01	Legal Reserve	24,902,488	24,902,488
2.03.04.02	Statutory Reserve	315,015,302	315,015,302
2.03.04.09	Treasury Shares	1,907,629	0
2.03.05	Retained earnings/accumulated deficit	45,921,660	0

**Parent FS / Statement of Profit and Loss****(Reais)**

<b>Account Code</b>	<b>Account Description</b>	<b>Accumulated current year 01/01/2022 to 03/31/2022</b>	<b>Accumulated last year 01/01/2021 to 03/31/2021</b>
3.04	Operating Expenses/Income	47,210,696	3,795,005
3.04.02	General and Administrative Expenses	-2,362,036	-1,282,503
3.04.06	Share of Profit (Loss) of Investees	49,572,732	5,077,508
3.05	Profit Before Finance Income (Costs) and Taxes	47,210,696	3,795,005
3.06	Finance Income (costs)	-1,289,036	117,651
3.06.01	Finance Income	208,572	129,746
3.06.02	Finance Costs	-1,497,608	-12,095
3.07	Profit Before Income Taxes	45,921,660	3,912,656
3.09	Profit from Discontinued Operation	45,921,660	3,912,656
3.11	Profit/Loss for the Period	45,921,660	3,912,656
3.99	Earnings per Share - R\$		
3.99.01	Basic earnings per share		
3.99.01.01	Common shares	0,19442	0,01657
3.99.02	Diluted earnings per share		
3.99.02.01	Common shares	0,19437	0,01657

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## Parent FS / Statement of Comprehensive Income

**(Reais)**

<b>Account Code</b>	<b>Account Description</b>	<b>Accumulated current year 01/01/2022 to 03/31/2022</b>	<b>Accumulated last year 01/01/2021 to 03/31/2021</b>
4.01	Profit for the Period	45,921,660	3,912,656
4.02	Other Comprehensive Income	0	0
4.02.01	Fair value of financial instruments	0	0
4.03	Total Comprehensive Income for the Period	45,921,660	3,912,656

**Parent FS / Statement of Cash Flows - Indirect Method****(Reais)**

<b>Account Code</b>	<b>Account Description</b>	<b>Accumulated current year 01/01/2022 to 03/31/2022</b>	<b>Accumulated last year 01/01/2021 to 03/31/2021</b>
6.01	Net Cash from Operating Activities	-8,390,210	-5,378,960
6.01.01	Cash Generated by Operations	-3,349,155	-1,292,845
6.01.01.01	Profit (loss) for the year	45,921,660	3,912,657
6.01.01.08	Share of profit (loss) of investees	-49,572,732	-5,077,508
6.01.01.12	Inflation adjustment on judicial deposits and recoverable taxes	-202,268	-127,994
6.01.01.15	Options Granted	504,185	0
6.01.02	Changes in Assets and Liabilities	-5,041,055	-4,086,115
6.01.02.04	Recoverable taxes	-158	0
6.01.02.06	Other credits	-50,982	-60,840
6.01.02.08	Payroll and Social Security Obligations	-82	26,670
6.01.02.09	Taxes payable	-5,329,933	-4,295,961
6.01.02.13	Other payables	340,100	244,016
6.02	Net Cash from Investing Activities	12,507,371	5,350,000
6.02.08	Interest on own capital received	14,415,000	5,350,000
6.02.09	Treasury Shares	-1,907,629	0
6.05	Increase (Decrease) in Cash and Cash Equivalents	4,117,161	-28,960
6.05.01	Opening Balance of Cash and Cash Equivalents	5,249	223,606
6.05.02	Closing Balance of Cash and Cash Equivalents	4,122,410	194,646

**Parent FS / Statement of Changes in Equity / 01/01/2022 - 03/31/2022****(Reais)**

<b>Account Code</b>	<b>Account Description</b>	<b>Paid-in capital</b>	<b>Capital Reserves, Granted Options and Treasury Shares</b>	<b>Earnings Reserves</b>	<b>Retained earnings (accumulated losses)</b>	<b>Other Comprehensive Income</b>	<b>Equity</b>
5.01	Opening balances	1,105,381,209	-52,567,635	339,917,790	0	0	1,392,731,364
5.03	Adjusted opening balances	1,105,381,209	-52,567,635	339,917,790	0	0	1,392,731,364
5.04	Capital Transactions with partners	0	-1,403,444	0	0	0	-1,403,444
5.04.03	Options Granted Recognized	0	504,185	0	0	0	504,185
5.04.04	Shares in Treasury Acquired	0	-1,907,629	0	0	0	-1,907,629
5.04.06	Dividends	0	0	0	0	0	0
5.05	Total Comprehensive Income	0	0	0	45,921,660	0	45,921,660
5.05.01	Profit for the Period	0	0	0	45,921,660	0	45,991,660
5.06	Internal Changes in Equity	0	0	0	0	0	0
5.07	Closing Balances	1,105,381,209	-53,971,079	339,917,790	45,921,660	0	1,437,249,580

**Parent FS / Statement of Changes in Equity / 01/01/2021 - 03/31/2021****(Reais)**

<b>Account Code</b>	<b>Account Description</b>	<b>Paid-in capital</b>	<b>Capital Reserves, Granted Options and Treasury Shares</b>	<b>Earnings Reserves</b>	<b>Retained earnings (accumulated losses)</b>	<b>Other Comprehensive Income</b>	<b>Equity</b>
5.01	Opening balances	1,105,381,209	-53,041,127	119,135,731	0	0	1,171,475,813
5.03	Adjusted opening balances	1,105,381,209	-53,041,127	119,135,731	0	0	1,171,475,813
5.05	Total Comprehensive Income	0	0	0	3,912,656	0	3,912,656
5.05.01	Profit for the Period	0	0	0	3,912,656	0	3,912,656
5.07	Closing Balances	1,105,381,209	-53,041,127	119,135,731	3,912,656	0	1,175,388,469

**Parent FS / Statement of Value Added****(Reais)**

<b>Account Code</b>	<b>Account Description</b>	<b>Accumulated current year 01/01/2022 to 03/31/2022</b>	<b>Accumulated last year 01/01/2021 to 03/31/2021</b>
7.02	Inputs Purchased from Third Parties	-943,734	-747,618
7.02.02	Materials, Electric Power, Outside Services and Others	-943,734	-747,618
7.03	Gross Value Added	-943,734	-747,618
7.05	Wealth Created by the Company	-943,734	-747,618
7.06	Wealth Received in Transfer	49,781,304	5,207,254
7.06.02	Finance Income	208,572	129,746
7.06.03	Others	49,572,732	5,077,508
7.06.03.01	Share of profit of subsidiaries and associates	49,572,732	5,077,508
7.07	Wealth for Distribution	48,837,570	4,459,636
7.08	Wealth Distributed	48,837,570	4,459,636
7.08.01	Personnel	1,281,647	445,000
7.08.01.01	Salaries and Wags	1,280,246	445,000
7.08.01.02	Benefits	1,401	0
7.08.02	Taxes, Fees and Contributions	1,633,085	101,312
7.08.02.01	Federal	1,633,085	101,312
7.08.03	Lenders and Lessors	1,178	667
7.08.03.01	Interest	1,178	667
7.08.04	Shareholders	45,921,660	3,912,657
7.08.04.03	Retained Earnings / Loss for the Period	45,921,660	3,912,657

**Consolidated FS / Balance Sheet - Assets****(Reais)**

<b>Account Code</b>	<b>Account Description</b>	<b>Current quarter 03/31/2022</b>	<b>Last year 12/31/2021</b>
1	Total Assets	2,531,547,266	2,563,868,834
1.01	Current Assets	1,496,355,077	1,583,219,784
1.01.01	Cash and Cash Equivalents	246,371,969	325,587,601
1.01.01.01	Cash and Cash Equivalents	246,371,969	325,587,601
1.01.02	Financial Application	147,312,733	141,707,127
1.01.02.03	Financial application valued at amortized cost	147,312,733	141,707,127
1.01.03	Trade Receivables	423,384,101	531,777,249
1.01.03.01	Trade receivables	423,384,101	531,777,249
1.01.03.01.01	Trade receivables	423,384,101	531,777,249
1.01.04	Inventories	620,107,870	527,139,036
1.01.04.01	Inventories	620,107,870	527,139,036
1.01.06	Recoverable Taxes	44,653,803	47,627,009
1.01.06.01	Current Recoverable Taxes	44,653,803	47,627,009
1.01.06.01.01	Recoverable taxes	44,653,803	47,627,009
1.01.07	Prepaid Expenses	14,524,601	8,223,085
1.01.07.01	Prepaid expenses and other receivables	14,524,601	8,223,085
1.01.08	Other Current Assets	0	1,158,677
1.01.08.03	Others	0	1,158,677
1.01.08.03.01	Derivative financial assets	0	1,158,677
1.02	Noncurrent Assets	1,035,192,189	980,649,050
1.02.01	Long-Term Assets	505,578,025	469,787,167
1.02.01.03	Financial application valued at amortized cost	185,920,706	186,405,142
1.02.01.07	Deferred Taxes	137,136,161	112,318,236
1.02.01.07.01	Deferred Income Tax and Social Contribution	137,136,161	112,318,236
1.02.01.10	Other Noncurrent Assets	182,521,158	171,063,789
1.02.01.10.03	Escrow deposits	14,064,312	15,016,045
1.02.01.10.05	Recoverable taxes	168,456,846	156,047,744
1.02.03	Property, plant and equipment	500,866,560	480,987,952
1.02.03.01	Property, Plant and Equipment in Use	500,866,560	480,987,952
1.02.03.01.01	Property, plant and equipment	500,866,560	480,987,952
1.02.04	Intangible Assets	28,747,604	29,873,931
1.02.04.01	Intangible assets	28,747,604	29,873,931
1.02.04.01.02	Intangible assets	28,747,604	29,873,931

## Consolidated FS / Balance Sheet Liabilities (Reais)

Code Account	Account Description	Current quarter 03/31/2022	Last year 12/31/2021
2	Total Liabilities	2,531,547,266	2,563,868,834
2.01	Current Liabilities	612,673,580	674,295,867
2.01.01	Payroll and Related Taxes	69,046,691	78,046,070
2.01.01.01	Social Security Obligations	6,330,625	11,923,228
2.01.01.01.01	INSS / FGTS	6,330,625	11,923,228
2.01.01.02	Payroll Obligations	62,716,066	66,122,842
2.01.01.02.01	Vacation Provision and 13th Salary	29,134,356	23,526,423
2.01.01.02.02	Payroll Obligations	33,581,710	42,596,419
2.01.02	Trade payables	171,990,662	157,555,945
2.01.02.01	Domestic Suppliers	134,572,965	121,909,485
2.01.02.01.01	Domestic	134,572,965	121,909,485
2.01.02.02	Foreign Suppliers	37,417,697	35,646,460
2.01.02.02.01	Foreign	37,417,697	35,646,460
2.01.03	Taxes Payable	50,448,206	113,490,886
2.01.03.01	Federal Taxes Payable	36,303,286	70,217,523
2.01.03.01.01	Income Tax and Social Contribution Payable	7,537,903	5,354,263
2.01.03.01.02	PIS and COFINS payable	6,876,745	25,543,461
2.01.03.01.03	IPI payable	20,480,665	20,102,739
2.01.03.01.04	Other federal taxes payable	1,407,973	19,217,060
2.01.03.02	State Taxes Payable	13,662,081	42,612,435
2.01.03.02.01	State VAT (ICMS)	9,283,700	40,561,516
2.01.03.02.02	Other state taxes payable	4,378,381	2,050,919
2.01.03.03	Municipal Taxes Payable	482,839	660,928
2.01.03.03.01	Service tax (ISS)	482,839	660,928
2.01.04	Borrowings and Financing	151,602,468	127,176,043
2.01.04.01	Borrowings and Financing	151,602,468	127,176,043
2.01.04.01.01	In Local Currency	33,359,137	31,361,661
2.01.04.01.02	In Foreign Currency	118,243,331	95,814,382
2.01.05	Other Payables	169,585,553	198,026,923
2.01.05.02	Others	169,585,553	198,026,923
2.01.05.02.01	Dividends and Interest on own capital receivable	70,892,231	70,892,231
2.01.05.02.04	Leases payable	14,876,588	17,140,915
2.01.05.02.05	Right-of-use payable	56,445,086	59,919,745
2.01.05.02.06	Passive derivative instruments	484,715	0
2.01.05.02.07	Taxes in installments	254,895	266,976
2.01.05.02.08	Other payables	26,632,038	49,807,056
2.02	Noncurrent Liabilities	481,624,106	496,841,603
2.02.01	Borrowings and Financing	133,864,169	164,036,728
2.02.01.01	Borrowings and Financing	133,864,169	164,036,728
2.02.01.01.01	In Local Currency	93,864,169	104,036,728
2.02.01.01.02	In Foreign Currency	40,000,000	60,000,000
2.02.02	Other payables	331,294,998	315,750,489

<b>Code</b>	<b>Account Description</b>	<b>Current quarter 03/31/2022</b>	<b>Last year 12/31/2021</b>
2.02.02.02	Others	331,294,998	315,750,489
2.02.02.02.04	Right-of-use payable	319,742,827	310,148,354
2.02.02.02.05	Passive derivative instruments	6,245,729	0
2.02.02.02.07	Taxes in installments	589,674	632,868
2.02.02.02.08	Other payables	3,450,834	3,703,333
2.02.02.02.09	Payroll Obligations	1,265,934	1,265,934
2.02.04	Provisions	16,464,939	17,054,386
2.02.04.01	Provision for Tax, Social Security, Labor and Civil	16,464,939	17,054,386
2.02.04.01.01	Tax Provisions	5,616,717	5,832,134
2.02.04.01.02	Provision for Social Security and Labor Obligations	8,106,694	8,524,912
2.02.04.01.04	Civil Provisions	2,741,528	2,697,340
2.03	Consolidated Equity	1,437,249,580	1,392,731,364
2.03.01	Paid-in Capital	1,105,381,209	1,105,381,209
2.03.01.01	Share capital	1,105,381,209	1,105,381,209
2.03.02	Capital Reserve	-52,063,450	-52,567,635
2.03.02.04	Options Granted	977,677	473,492
2.03.02.07	(-) Share issue cost	-53,041,127	-53,041,127
2.03.04	Earnings Reserves	338,010,161	339,917,790
2.03.04.01	Legal Reserve	24,902,488	24,902,488
2.03.04.02	Statutory Reserve	315,015,302	315,015,302
2.03.04.09	Treasury Shares	-1,907,629	0
2.03.05	Retained earnings/accumulated deficit	45,921,660	0

**Consolidated FS / Statement of Profit and Loss****(Reais)**

<b>Account Code</b>	<b>Account Description</b>	<b>Accumulated current year 01/01/2022 to 03/31/2022</b>	<b>Accumulated last year 01/01/2021 to 03/31/2021</b>
3.01	Revenue from Sale of Goods and/or Services	337,423,746	217,730,033
3.01.01	Net Revenue from Sales and Services	337,423,746	217,730,033
3.02	Cost of Sales and Services	-109,272,493	-75,037,203
3.02.01	Cost of sales and services	-109,272,493	-75,037,203
3.03	Gross Profit	228,151,253	142,692,830
3.04	Operating Expenses/Income	-183,649,860	-133,638,167
3.04.01	Selling Expenses	-128,051,586	-94,631,227
3.04.01.01	Selling expenses	-128,051,586	-94,631,227
3.04.02	General and Administrative Expenses	-53,453,900	-38,140,698
3.04.02.01	General and Administrative Expenses	-53,453,900	-38,140,698
3.04.04	Other Operating Income	-2,116,964	-860,302
3.04.04.01	Other operating income	-2,116,964	-860,302
3.04.05	Other operating expenses	-27,410	-5,940
3.04.05.01	Other operating expenses	-27,410	-5,940
3.05	Profit Before Finance Income (Costs) and Taxes	44,501,393	9,054,663
3.06	Finance Income (Costs)	-9,786,251	-8,684,328
3.06.01	Finance Income	12,863,217	5,992,276
3.06.01.01	Finance income	12,863,217	5,992,276
3.06.02	Finance Costs	-22,649,468	-14,676,604
3.06.02.01	Finance Costs	-22,649,468	-14,676,604
3.07	Profit Before Income Taxes	34,715,142	370,335
3.08	Income Tax and Social Contribution	11,206,518	3,542,321
3.08.01	Current	-13,611,406	-6,098,727
3.08.02	Deferred	24,817,924	9,641,048
3.09	Profit from Discontinued Operation	45,921,660	3,912,656
3.11	Consolidated Profit/Loss for the Period	45,921,660	3,912,656
3.11.01	Attributable to Owners of the Parent	45,921,660	3,912,656
3.99	Earnings per Share - R\$		
3.99.01	Basic earnings per share		
3.99.01.01	Common shares	0,19442	0,01657
3.99.02	Diluted earnings per share		
3.99.02.01	Common shares	0,19437	0,01657

## Consolidated FS / Statement of Comprehensive Income

(Reais)

Account Code	Account Description	Accumulated current year 01/01/2022 to 03/31/2022	Accumulated last year 01/01/2021 to 03/31/2021
4.01	Profit for the Period	45,921,660	3,912,656
4.02	Other Comprehensive Income	0	0
4.03	Total Comprehensive Income for the Period	45,921,660	3,912,656
4.03.01	Attributable to Owners of the Parent	45,921,660	3,912,656

**Consolidated FS / Statement of Cash Flows - Indirect Method****(Reais)**

<b>Account Code</b>	<b>Account Description</b>	<b>Accumulated current year 01/01/2022 to 03/31/2022</b>	<b>Accumulated last year 01/01/2021 to 03/31/2021</b>
6.01	Net Cash from Operating Activities	-29,292,871	25,142,690
6.01.01	Cash Generated by Operations	80,921,124	28,517,575
6.01.01.01	Profit (loss) for the year	45,921,660	3,912,656
6.01.01.02	Depreciation and Amortization	26,408,854	15,944,138
6.01.01.03	Interest and exchange differences on borrowings and financing	8,305,648	3,183,026
6.01.01.04	Interest on lease and right-of-use rental	10,175,703	8,496,296
6.01.01.05	Current and deferred income tax and social contribution	-11,206,519	-3,542,322
6.01.01.06	Allowance for inventory losses	-339,300	2,096,721
6.01.01.07	Provision for civil, labor and tax risks	1,420,794	953,139
6.01.01.10	Write-off of property, plant and equipment and intangible assets	953,220	10,211
6.01.01.12	Inflation adjustment on judicial deposits and recoverable taxes	-482,473	-818,698
6.01.01.13	Expected credit losses	-41,105	-9,592
6.01.01.14	Lease discount	-699,543	-1,708,000
6.01.01.15	Options Granted	504,185	0
6.01.02	Changes in Assets and Liabilities:	-91,728,094	12,290,071
6.01.02.01	Trade receivables	108,434,253	125,268,163
6.01.02.03	Inventories	-92,629,534	-47,520,554
6.01.02.04	Recoverable taxes	-9,211,912	23,817,388
6.01.02.05	Escrow deposits	1,210,221	63,548
6.01.02.06	Other credits	-6,301,515	-9,648,452
6.01.02.07	Trade payables	14,434,717	-9,022,983
6.01.02.08	Payroll and related taxes	-8,999,379	-11,703,348
6.01.02.09	Taxes payable	-70,580,583	-60,263,612
6.01.02.10	Leases payable	-2,264,327	2,516,485
6.01.02.11	Taxes in installments	-55,275	-57,220
6.01.02.12	Contingencies paid	-2,010,241	-416,097
6.01.02.13	Other payables	-23,754,519	-743,247
6.01.03	Others	-18,485,901	-15,664,956
6.01.03.01	Income tax and social contribution paid	-6,073,503	-2,534,644
6.01.03.02	Interest paid on borrowings and financing	-2,785,946	-4,927,300
6.01.03.03	Interest paid on right-of-use lease	-9,626,452	-8,203,012
6.02	Net Cash from Investing Activities	-30,898,175	-43,206,391
6.02.01	Financial Application	-5,121,170	-30,256,784
6.02.02	Purchases of property and equipment	-19,631,804	-10,919,889
6.02.03	Purchases of intangible assets	-4,237,572	-2,029,718
6.02.09	Treasury Shares	-1,907,629	0
6.03	Net Cash from Financing Activities	-19,024,586	-93,330,421
6.03.04	Borrowings and financing	0	120,343,414
6.03.05	Repayment of borrowings and financing	-2,500,000	-223,662,652
6.03.06	Settlement of derivatives - SWAP agreements	-876,714	19,114,547
6.03.07	Repayment of lease and right-of-use rental	-15,647,872	-9,125,730
6.05	Increase (Decrease) in Cash and Cash Equivalents	-79,215,632	-111,394,122
6.05.01	Opening Balance of Cash and Cash Equivalents	325,587,601	477,319,379
6.05.02	Closing Balance of Cash and Cash Equivalents	246,371,969	365,925,257

## Consolidated FS / Statement of Changes in Equity / 01/01/2022 - 03/31/2022

DFP - Standard Financial Statements – 03/31/2021 - VIVARA PARTICIPAÇÕES

(Reais)

Account Code	Account Description	Paid-in capital	Capital Reserves, Granted Options and Treasury Shares	Earnings Reserves	Retained earnings (accumulated losses)	Other Comprehensive Income	Equity Noncontrolling interest	Consolidated equity
5.01	Opening balances	1,105,381,209	-52,567,635	339,917,790	0	0	1,392,731,364	1,392,731,364
5.03	Adjusted opening balances	1,105,381,209	-52,567,635	339,917,790	0	0	1,392,731,364	1,392,731,364
5.04	Capital Transactions with partners	0	1,403,444	0	0	0	-1,403,444	-1,403,444
5.04.03	Options Granted Recognized	0	504,185	0	0	0	504,185	504,185
5.04.04	Shares in Treasury Acquired	0	-1,907,629	0	0	0	-1,907,629	-1,907,629
5.05	Total Comprehensive Income	0	0	0	45,921,660	0	45,921,660	45,921,660
5.05.01	Profit for the Period	0	0	0	45,921,660	0	45,921,660	45,921,660
5.07	Closing Balances	1,105,381,209	-53,971,079	339,917,790	45,921,660	0	1,437,249,580	1,437,249,580

**Consolidated FS / Statement of Changes in Equity / 01/01/2021 - 03/31/2021****(Reais)**

Account Code	Account Description	Paid-in capital	Capital Reserves, Granted Options and Treasury Shares	Earnings Reserves	Retained earnings (accumulated losses)	Other Comprehensive Income	Equity	Noncontrolling interest	Consolidated equity
5.01	Opening balances	1,105,381,209	-53,041,127	119,135,731	0	0	1,171,475,813	0	1,171,475,813
5.03	Adjusted opening balances	1,105,381,209	-53,041,127	119,135,731	0	0	1,171,475,813	0	1,171,475,813
5.05	Total Comprehensive Income	0	0	0	3,912,656	0	3,912,656	0	3,912,656
5.05.01	Profit for the Period	0	0	0	3,912,656	0	3,912,656	0	3,912,656
5.07	Closing Balances	1,105,381,209	-53,041,127	119,135,731	3,912,656	0	1,175,388,469	0	1,175,388,469

**Consolidated FS / Statement of Value Added**

(Reais)

<b>Account Code</b>	<b>Account Description</b>	<b>Accumulated current year 01/01/2022 to 03/31/2022</b>	<b>Accumulated last year 01/01/2021 to 03/31/2021</b>
7.01	Revenues	411,111,512	273,430,093
7.01.01	Sales of Goods and Services	410,860,384	273,327,986
7.01.02	Other Income	251,128	102,107
7.01.02.01	Other Income	292,233	111,699
7.01.02.02	Expected credit losses	-41,105	-9,592
7.02	Inputs Purchased from Third Parties	-170,784,740	-121,663,773
7.02.01	Cost of Goods and Services	-95,661,227	-67,802,021
7.02.02	Materials, Electric Power, Outside Services and Others	-75,123,513	-53,861,752
7.03	Wealth Distributed	240,326,772	151,766,320
7.04	Retentions	-26,408,549	-15,944,138
7.04.01	Depreciation, Amortization and Depletion	-26,408,549	-15,944,138
7.05	Wealth Created by the Company	213,918,223	135,822,182
7.06	Wealth Received in Transfer	12,675,739	7,700,276
7.06.02	Finance Income	12,675,739	7,700,276
7.07	Value Added for Distribution	226,593,962	143,522,458
7.08	Wealth Distributed	226,593,962	143,522,458
7.08.01	Personnel	74,363,710	55,161,174
7.08.01.01	Salaries and Wags	59,497,281	44,585,926
7.08.01.02	Benefits	9,952,150	7,102,449
7.08.01.03	F.G.T.S.	4,914,279	3,472,799
7.08.02	Taxes, fees and contributions	83,676,022	67,165,678
7.08.02.01	Federal	35,336,450	26,286,761
7.08.02.02	State	47,028,378	39,706,314
7.08.02.03	Municipal	1,311,194	1,172,603
7.08.03	Lenders and Lessors	22,632,570	17,282,950
7.08.03.01	Interest	20,417,633	14,224,599
7.08.03.02	Rentals	1,396,483	2,528,460
7.08.03.03	Others	818,454	529,891
7.08.03.03.01	Royalties	818,454	529,891
7.08.04	Shareholders	45,921,660	3,912,656
7.08.04.03	Retained Earnings / Loss for the Period	45,921,660	3,912,656

(Convenience Translation into English from the Original Previously Issued in Portuguese)

## **VIVARA PARTICIPAÇÕES S.A. AND SUBSIDIARIES**

### **NOTES TO THE INDIVIDUAL AND CONSOLIDATED**

### **INTERIM FINANCIAL INFORMATION FOR THE QUARTER ENDED MARCH 31, 2022**

(Amounts in thousands of Brazilian reais - R\$, unless when stated otherwise)

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#### **1. GENERAL INFORMATION**

Vivara Participações S.A. (“Vivara Participações” or “Company”), headquartered in São Paulo, is the holding company controlling Vivara Group, established in 1962, which is engaged in the manufacturing and sale of jewelry and other articles. The individual and consolidated interim financial information comprises the interim financial information of the Company and subsidiaries Tellerina Comércio de Presentes e Artigos para Decoração S.A. (“Tellerina”) and Conipa Indústria e Comércio de Presentes, Metais e Artigos de Decoração Ltda. (“Conipa”). The Company’s controlling shareholders are Nelson Kaufman, Márcio Monteiro Kaufman, Marina Kaufman Bueno Netto and Paulo Kruglensky, who hold together 57.9% of the shares.

Tellerina established its registered head office in the city of Manaus, State of Amazonas, with administrative center in the city of São Paulo, State of São Paulo. Through a chain of stores under the brand “VIVARA”, Tellerina is primarily engaged in the import, export and retail and wholesale trade of jewelry, costume jewelry, articles made from non-precious metals and their alloys, plated jewelry, precious stones, watches, chronometric instruments, leather goods and similar goods, besides providing jewelry design and repair services in general. As at March 31, 2022, Tellerina had 266 stores and 24 kiosks (262 stores and 26 kiosks as at December 31, 2021) operating in Brazil.

Conipa has its registered head office in the city of Manaus, State of Amazonas and is primarily engaged in the manufacture of jewelry, gold smithery and watch items, selling these products in the retail and wholesale markets, besides providing jewelry and watch repair services.

#### **2. BASIS OF PREPARATION OF THE INDIVIDUAL AND CONSOLIDATED INTERIM FINANCIAL INFORMATION**

The individual and consolidated interim financial information has been prepared in accordance with international standard IAS 34 – Interim Financial Reporting, issued by the International Accounting Standards Board (IASB), and technical pronouncement CPC 21 (R1) – Interim Financial Reporting, and presented in line with the standards issued by the Brazilian Securities and Exchange Commission (CVM), applicable to the preparation of Interim Financial Information (ITR).

The individual and consolidated interim financial information is presented in thousands of Brazilian reais (R\$), which is the Company’s functional currency, and has been prepared based on the historical cost of each transaction, except for certain financial instruments measured at their fair values.

All relevant information related to the interim financial information and only this information is being disclosed and corresponds to the information used by Management in managing the Company.

The individual and consolidated interim financial information must be analyzed together with the individual and consolidated financial statements for the year ended December 31, 2021, disclosed on March 17, 2022, and the main accounting policies were disclosed in note 3 to these financial statements.

The interim financial information for the quarter ended March 31, 2022 was approved for disclosure by the Board of Directors on May 8, 2022.

### 3. CASH AND CASH EQUIVALENTS

	Parent		Consolidated	
	03/31/2022	12/31/2021	03/31/2022	12/31/2021
Cash	-	5	4,826	5,806
Banks – checking account	-	-	2,465	4,179
Short-term investments (a)	4,122	-	239,080	315,603
Total	<u>4,122</u>	<u>5</u>	<u>246,371</u>	<u>325,588</u>

(a) Short-term investments are represented as follows:

	Parent		Consolidated			
	03/31/2022	Weighted average CDI rate	03/31/2022	Weighted average CDI rate	12/31/2021	Weighted average CDI rate
Bank Certificate of Deposit (CDB)	-		226,853	101%	301,095	92.8%
Repurchase transaction	3,995	80%	11,413	80%	11,284	80%
Automatic investments	127	10%	814	10%	3,224	10%
Total	<u>4,122</u>		<u>239,080</u>		<u>315,603</u>	

### 4. SECURITIES

	Return	Consolidated		
		03/31/2022	Return	12/31/2021
Investment funds (a)	Variable (*)	81,921	Variable (*)	79,789
Financial bills (b)	80% of CDI	251,312	86% of CDI	248,323
Total		<u>333,233</u>		<u>328,112</u>
Current assets		147,312		141,707
Noncurrent assets		185,921		186,405
Total		<u>333,233</u>		<u>328,112</u>

a) Investment funds showed weighted return of 1.04% p.m. as at March 31, 2022 (return of 0.8% p.m. as at December 31, 2021).

b) Financial bills refer to fixed-income securities subject to fixed or floating interest rates, issued by financial institutions highly rated by credit rating agencies, with a minimum term of 2 years, acquired in the primary and secondary markets. They comprise long-term investments with similar CDB characteristics.

The Company pledged as collateral for borrowings from financial institutions, with maturities up to 2024, the amount of R\$57,000 in investments in long-term financial bills.

## 5. TRADE RECEIVABLES

	Consolidated	
	03/31/2022	12/31/2021
Credit card companies	418,689	527,056
Checks to be cleared	1,590	1,607
Bank slips	3,856	3,823
Subtotal	424,135	532,486
Allowance for expected credit losses	(751)	(709)
Total	423,384	531,777

The aging list of trade receivables is as follows:

	Consolidated	
	03/31/2022	12/31/2021
Past-due:	1,435	1,281
Current:	422,700	531,205
Total	424,135	532,486

Current balances substantially refer to receivables from credit card sales in up to 10 installments, which are not subject to any finance charges.

The variations in the allowance for expected credit losses are broken down as follows:

	Consolidated	
	03/31/2022	12/31/2021
Balance at the beginning of the period	(709)	(991)
Additions	(47)	(56)
Reversals	5	338
Balance at the end of the period	(751)	(709)

## 6. INVENTORIES

	Consolidated	
	03/31/2022	12/31/2021
Finished products	403,433	332,692
Raw materials	194,835	170,655
Consumables and packaging materials	14,333	8,860
Inventories in transit and advances to suppliers	11,547	19,311
Allowance for inventory losses	(4,040)	(4,379)
Total	620,108	527,139

The Company's subsidiaries recognize an allowance for slow-moving inventories and losses on melting gold and silver jewelry from discontinued collections or acquired from customers.

Watches and accessories with sales cycles above twelve months are classified as slow-moving inventories. Gold and silver jewelry, when considered as slow-moving inventories or when their production needs to be discontinued, are subject to melting and purification process and, due to the technology used, losses are insignificant and precious metals and stones are recovered.

Variations in the allowance for inventory losses are as follows:

	Consolidated	
	03/31/2022	12/31/2021
Balance at the beginning of the period	(4,379)	(6,171)
Additions	(1,100)	(2,058)
Reversals	1,439	3,850
Balance at the end of the period	<u>(4,040)</u>	<u>(4,379)</u>

## 7. RECOVERABLE TAXES

	Parent		Consolidated	
	03/31/2022	12/31/2021	03/31/2022	12/31/2021
Income tax (IRPJ) (a)	2,934	11,056	63,076	70,112
Social contribution (CSLL) (a)	-	-	22,636	22,636
State VAT (ICMS) (b)	-	-	125,974	108,227
Taxes on revenue (PIS and COFINS)	-	-	113	2,700
Withholding Income Tax (IRRF)	-	-	1,312	-
Total	<u>2,934</u>	<u>11,056</u>	<u>213,111</u>	<u>203,675</u>
Current assets	2,934	11,056	44,654	47,627
Noncurrent assets	-	-	168,457	156,048
Total	<u>2,934</u>	<u>11,056</u>	<u>213,111</u>	<u>203,675</u>

### (a) Income Tax (IRPJ) and Social Contribution (CSLL)

The IRPJ and CSLL credits recorded by the Company and its subsidiaries comprise credit balances arising from tax computation and tax credits derived from the unconstitutional taxation on the Selic rate-based inflation adjustments applied to the unduly paid taxes.

The IRPJ and CSLL credits are expected to be realized as follows:

Year	Consolidated 03/31/2022	Consolidated 12/31/2021
2022	20,166	28,669
2023	28,698	27,231
2024	36,848	36,848
Total	<u>85,712</u>	<u>92,748</u>

### (b) State VAT (ICMS)

The recoverable amounts of ICMS credits, recorded in noncurrent assets, arise from accumulated credit balances from the operations of Vivara stores mostly located in the States of Pernambuco, Rio Grande do Norte and Alagoas.

In Pernambuco, which accounts for most of this credit balance, the Company received, by mid-January 2022, the incentive set forth in Law 11675 of October 11, 1999, which provides for the PRODEPE (Pernambuco State Development Program). The companies eligible to this benefit are not required to pay tax in advance on the acquisition of goods from another State, in addition to the deemed ICMS credit at the rate of 3%, in conformity with tax computation rules and not subject to the collection of minimum ICMS. As a contra entry, the Company will implement a distribution center in said State – fully in line with the purpose of serving its customers in a more efficient way – and will pay management fee of 2% on the total benefit utilized. The eligibility period ends on December 31, 2022, and can be renewed as requested by the Company, which must be in compliance with all State requirements.

Nonetheless, until the distribution center is in operation, the Company carries out sales directly from the plant in Manaus to the stores in Pernambuco so as to offset, even if partially, the accumulation of credits.

The purchase of raw material by the branch in São Paulo from Conipa has accumulated ICMS credit balance. Together with its legal counsel, the Company started the process to redeem this balance with the State Government through e-CredAc. After the homologation by the Finance Department, these credits can be transferred to Tellerina.

The ICMS credits are expected to be realized as follows:

Year	Consolidated 03/31/2022	Consolidated 12/31/2021
2022	18,728	36,863
2023	30,800	30,798
2024	42,352	7,658
2025	7,854	7,699
2027	7,895	7,741
2027 and thereafter	18,345	17,468
Total	125,974	108,227

## 8. INVESTMENT

	Equity	Equity interest	Investment	Share of profit (loss) of subsidiaries
Tellerina	411,387	100%	411,387	(3,249)
Conipa	1,042,233	100%	1,042,233	52,822
Total - direct subsidiaries	1,453,620		1,453,620	49,573

### (a) Investments in subsidiaries

#### March 31, 2022

Variations in investments are broken down below:

	Parent
Balance at the beginning of the period	1,404,047
Share of profit (loss) of subsidiaries	49,573
Balance at the end of the period	1,453,620

## (b) Tax incentive reserve

Subsidiaries recognized tax incentive reserves:

- Operating profit, with 75% reduction in the income tax base; the benefit was granted to Tellerina in 2010 and used until August 2016, i.e., the date of the spin-off establishing Conipa, which became entitled to such benefit until December 2024.
- Investment grant and funding, related to the State VAT (ICMS) tax incentive prevailing in Manaus Free Trade Zone, as well as in the States of Rio de Janeiro, Minas Gerais, Bahia and Pará.

The variations in these reserves are broken down as follows:

	Consolidated		
	12/31/2021	Additions	03/31/2022
ICMS tax incentive	238,542	44,402	282,944
Tax incentive - operating profit	83,971	15,939	99,910
Total	322,513	63,341	382,854

Pursuant to the prevailing tax laws, the amounts allocated to these reserves and derived from tax benefits involving reinvestment grants, provided to the subsidiaries, cannot be distributed as profit and dividends to the Parent.

## 9. PROPERTY, PLANT AND EQUIPMENT

	Annual average depreciation rate - %	Consolidated			
		03/31/2022		12/31/2021	
		Cost	Accumulated depreciation	Residual value	Residual value
Leasehold improvements	20	126,961	(66,188)	60,773	51,744
Furniture and fixtures	10	47,157	(19,505)	27,652	25,496
Machinery, equipment and facilities	10	38,351	(9,892)	28,459	23,501
Company cars	20	341	(261)	79	88
IT equipment	20	16,178	(7,622)	8,556	8,827
Land	-	350	-	350	350
Right-of-use assets - lease of properties	10 to 25	488,561	(130,706)	357,856	346,881
Right-of-use assets - cloud		12,127	(4,042)	8,085	-
Advances to suppliers and construction in progress (*)	-	17,141	-	17,141	24,101
Total		747,167	(238,126)	508,951	480,988

(\*) Refers to the cost of construction works at new points of sale and significant renovations in existing points of sale, which are subsequently transferred to line item "Leasehold improvements" upon the launching or reopening of these points of sale.

Based on the earnings recorded for the quarter and expected earnings for the year, the Company's Management concluded that there is no indication of the need to record the impairment of its assets.

Variations in property, plant and equipment are as follows:

	Consolidated				03/31/2022
	12/31/2021	Additions	Write-offs	Transfers (**)	
<u>Cost</u>					
Leasehold improvements	113,957	1,580	-	11,424	126,961
Furniture and fixtures	43,908	2,555	-	694	47,157
Machinery, equipment and facilities	32,585	4,996	-	770	38,351
Company cars	341	-	-	-	341
IT equipment	15,739	439	-	-	16,178
Land	350	-	-	-	350
Right-of-use assets - lease of properties (*)	462,183	22,245	-	4,133	488,561
Right-of-use assets – cloud (**)	-	-	-	12,127	12,127
Advances to suppliers and construction in progress	24,101	10,061	-	(17,021)	17,141
	<u>693,164</u>	<u>41,876</u>	<u>-</u>	<u>12,127</u>	<u>747,167</u>
<u>Depreciation</u>					
Leasehold improvements	(62,213)	(3,975)	-	-	(66,188)
Furniture and fixtures	(18,412)	(1,093)	-	-	(19,505)
Machinery, equipment and facilities	(9,084)	(808)	-	-	(9,892)
Company cars	(253)	(8)	-	-	(261)
IT equipment	(6,912)	(710)	-	-	(7,622)
Right-of-use assets - lease of properties	(115,302)	(15,404)	-	-	(130,706)
Right-of-use assets - cloud	-	(4,402)	-	-	(4,042)
	<u>(212,176)</u>	<u>(26,040)</u>	<u>-</u>	<u>-</u>	<u>(238,216)</u>
Total	<u>480,988</u>	<u>15,836</u>	<u>-</u>	<u>-</u>	<u>508,951</u>

(\*) In the period, the additions amounting to R\$22,245 and referring to “Right-of-use assets” correspond to the inclusion of new contracts and remeasurement of contracts over the contractual adjustment period, without affecting cash when included in property, plant and equipment. The transfers in the amount of R\$4,113 contemplate amounts paid relating to the acquisition of points of sale and which are initially considered as advances before the inauguration of stores.

(\*\*) Reclassification of contractual amounts classified as right-of-use leases referring to cloud systems, recognized in the fourth quarter of 2021 as IT systems. The balance reported in “Transfers” refers to the reclassification from line item “Intangible assets”.

## 10. INTANGIBLE ASSETS

	Consolidated				03/31/2022
	12/31/2021	Additions	Write-offs	Transfers (*)	
<u>Cost:</u>					
Points of sale	31,135	-	-	-	31,135
IT systems under implementation	10,319	3,839	(953)	-	13,205
IT system	35,880	398	-	(12,127)	24,151
	<u>77,334</u>	<u>4,237</u>	<u>(953)</u>	<u>(12,127)</u>	<u>68,491</u>
<u>Amortization:</u>					
Points of sale	(30,567)	(41)	-	-	(30,608)
IT system	(16,893)	(327)	-	-	(17,220)
	<u>(47,460)</u>	<u>(368)</u>	<u>-</u>	<u>-</u>	<u>(47,828)</u>
Total	<u>29,874</u>	<u>3,869</u>	<u>(953)</u>	<u>(12,127)</u>	<u>20,663</u>

- (\*) Reclassification of contractual amounts classified as right-of-use leases referring to cloud systems, recognized in the fourth quarter of 2021 as IT systems. The balance reported in “Transfers” refers to the reclassification to line item “Property, plant and equipment”.

## 11. TRADE PAYABLES

### (a) Trade payables

Substantially consist of purchases of raw materials, inputs, packaging materials and goods for resale, with an average payment term of 90 days.

### (b) Trade payables - agreement

Refer to financial liabilities assumed by suppliers that elected to collect their receivables in advance by using the Company’s credit facilities held with financial institutions, without changing the terms agreed upon between the Company and suppliers. The finance costs incurred on prepayment of the receivable, which is payable by our suppliers, have a weighted average rate of 1.01% per month. The Company understands that such type of transaction has a specific nature and classifies it separately from line item “Trade payables”. The average prepayment term is 90 days.

## 12. PAYROLL AND RELATED TAXES

	Parent		Consolidated	
	03/31/2022	12/31/2021	03/31/2022	12/31/2021
Accrued vacation pay	-	-	23,937	23,526
Accrued 13 <sup>th</sup> salary	-	-	5,197	-
Payroll	122	121	8,555	17,689
Bonuses (*)	-	-	22,986	19,032
Severance pay fund (FGTS)	-	-	1,246	2,790
Social security contribution (INSS)	36	37	5,085	9,134
Withholding income tax (IRRF)	80	80	2,458	6,943
Other	-	-	849	198
Total	<u>238</u>	<u>238</u>	<u>70,313</u>	<u>79,312</u>
Current liabilities	238	238	69,047	78,046
Noncurrent liabilities	-	-	1,266	1,266
	<u>238</u>	<u>238</u>	<u>70,313</u>	<u>79,312</u>

- (\*) Includes the amounts of bonuses and rewards related to the Initial Public Offering in the amount of R\$3,891 (R\$3,891 in December 2021) to be paid in annual installments up to 2023.

The amounts classified in noncurrent liabilities mature as follows:

Year	Consolidated	
	03/31/2022	12/31/2021
2023	<u>1,266</u>	<u>1,266</u>
Total	<u>1,266</u>	<u>1,266</u>

## 13. TAXES PAYABLE

	Parent		Consolidated	
	03/31/2022	12/31/2021	03/31/2022	12/31/2021
State VAT (ICMS)	-	-	11,156	41,265
Federal VAT (IPI) (a)	-	-	20,481	20,103
Taxes on revenue (PIS and COFINS)	10	6,817	6,877	25,543
Income tax (IRPJ) and social contribution (CSLL)	-	-	7,538	5,354
Withholding income tax (IRRF) on interest on capital	-	6,817	-	17,872
Other	19	50	4,397	3,354
<b>Total</b>	<b>29</b>	<b>13,684</b>	<b>50,448</b>	<b>113,491</b>

### (a) Federal VAT (IPI)

The subsidiary Tellerina has no longer been paying the Federal VAT (IPI) calculated on a monthly basis since July 2014, pursuant to a preliminary injunction handed down for such purpose, concerning the tax levy on the customs clearance of manufactured goods and on the shipment of goods from an importer's location for sale in the domestic market, thereby equating the importer with the industrial establishment, when the former would not provide any benefits in the industrial field. The relevant amount is adjusted for inflation based on the SELIC rate.

In September 2020, the Federal Supreme Court ("STF") validated the constitutionality of the Federal VAT (IPI) levy on the customs clearance of manufactured goods and on the shipment of goods from an importer's location for sale in the domestic market.

As at the reporting date, the preliminary injunctions and interlocutory appeals granted to the aforesaid entity remain effective, upholding the Federal VAT (IPI) non-payment. Based on its legal counsel's opinion, the Company's Management believes that the relevant lawsuit settlement and judgment is probable and that such tax liability may be required and settled during 2022.

## 14. BORROWINGS AND FINANCING

### a) Breakdown of balances

Institution and type	Rate	Maturity	Consolidated 03/31/2022	Consolidated 12/31/2021
<u>In local currency</u>				
Banco Safra - working capital	CDI + 2.203547% p.a.	01/2023	10,039	12,544
Banco Safra - working capital	CDI + 1.60% p.a.	12/2022	21,713	21,115
Banco Santander - working capital	CDI + 2.46% p.a.	09/2022	40,114	41,058
Banco Itaú BBA S.A - working capital	CDI + 2.55% p.a.	10/2023	63,385	61,489
Banco Itaú BBA S.A - working capital	CDI + 1.55% p.a.	04/2022	54,624	53,126
Banco Bradesco - working capital	CDI + 1.47% p.a.	12/2023	51,608	50,203
Total borrowings in local currency			<u>241,483</u>	<u>239,535</u>
<u>In foreign currency</u>				
Banco Santander – Resolution 4131	Fixed - 2.3475% p.a.	02/2024	43,984	51,678
Total borrowings and financing in foreign currency			<u>43,984</u>	<u>51,678</u>
Total borrowings and financing			<u>285,467</u>	<u>291,213</u>

Institution and type	Rate	Maturity	Consolidated 03/31/2022	Consolidated 12/31/2021
<u>Derivatives (assets) and liabilities – swap contracts</u>				
Banco Santander (Brasil) - swap derivative	Exchange rate changes + 2.35% p.a.	02/2024	6,730	(1,158)
Total derivatives (assets) – swap contracts			6,730	(1,158)
Total borrowings and financing, net of derivative instruments			292,197	290,055
Current assets			-	(1,158)
Current liabilities			152,087	127,176
Noncurrent liabilities			140,110	164,037
Total			292,197	290,055

The borrowing and financing agreements referred to above and expected to mature through the reporting date were settled within the agreed-upon term.

## b) Variations in borrowings and financing

	Consolidated 03/31/2022	Consolidated 03/31/2021
Balance at the beginning of the period	290,055	378,554
Borrowings	-	120,343
Principal repayments	(2,500)	(223,663)
Swap contract settlement	(877)	19,115
Interest payment	(2,786)	(4,927)
Cash flows from financing activities	(6,163)	(89,132)
Interest incurred	7,229	3,283
Exchange rate changes	8,770	9,865
Finance charges on swap contracts	(7,693)	(9,965)
Noncash variations	8,306	3,183
Balance at the end of the period	292,197	292,605

The amount classified in noncurrent liabilities matures as follows:

Year	Consolidated	
	03/31/2022	12/31/2021
From 1 to 2 years	90,000	112,500
From 2 to 3 years	50,110	51,537
Total	140,110	164,037

## 15. PROVISION FOR CIVIL, LABOR AND TAX RISKS AND ESCROW DEPOSITS

As at March 31, 2022, the Company was a party to civil, labor and tax lawsuits assessed as probable losses by its legal counsel, as follows:

	Consolidated			Total
	Civil (a)	Labor (b)	Tax (c)	
<u>Provision</u>				
Balance as at December 31, 2021	2,697	8,686	5,671	17,054
Additions	633	606	1,637	2,876
Payments	(77)	(606)	(1,328)	(2,011)
Reversals	(512)	(437)	(506)	(1,455)
Balance as at March 31, 2022	<u>2,741</u>	<u>8,249</u>	<u>5,474</u>	<u>16,464</u>
<u>Escrow deposits</u>				
Balance as at December 31, 2021	15	907	14,094	15,016
Additions	290	-	113	403
Inflation adjustments	-	23	223	246
Redemptions	(228)	(74)	(1,299)	(1,601)
Balance as at March 31, 2022	<u>77</u>	<u>856</u>	<u>13,131</u>	<u>14,064</u>

### (a) Civil lawsuits

Refer to lawsuits involving store rental renewals, under which the Company is required to pay provisional rental amounts until a final and unappealable court decision is rendered, recognizing a provision for the difference between the provisional rental amount paid and the amount pleaded under these lawsuits. In addition, for lawsuits involving consumer relations rights, the provision is calculated based on past unfavorable outcomes from all lawsuits and the historical loss amount per type of claim.

### (b) Labor lawsuits

Refer to labor lawsuits filed by former employees, mostly claiming overtime pay and related charges, salary equalization, vacation pay and pecuniary bonus, remunerated weekly rest, severance pay, 13<sup>th</sup> salary, compensation for pain and suffering, bonuses, employment relationship and overtime bank system annulment. The provision is recognized considering lawsuits assessed as probable loss and increased based on the history of loss on the group of lawsuits assessed as possible loss.

### (c) Tax lawsuits

In August 2020, through Extraordinary Appeal No. 1.072.485/PR, the Federal Supreme Court (“STF”) validated the social security contribution (INSS) levy on the one-third vacation bonus, rendering a decision against the Superior Court of Justice (“STJ”)’s decision dated February 26, 2014, which was deemed favorable to taxpayers under the allegation that “any amounts paid as constitutional one-third vacation bonus shall be treated as indemnity/compensation and shall not be construed as an employee’s regular earnings; therefore, no social security contribution shall be levied thereon”.

Tellerina and Conipa filed a preliminary injunction, which suspended the payment of social security contribution on the constitutional one-third vacation bonus. In light of the STF’s decision referred to above, the Company’s legal counsel has suggested recognizing a provision for tax amounts unpaid since October 2020.

## Lawsuits assessed as possible losses

As at March 31, 2022, Management did not identify the need to recognize a provision for potential losses on ongoing lawsuits, which are assessed as possible losses by its legal counsel, as follows:

	Consolidated	
	03/31/2022	12/31/2021
Civil	10,027	9,411
Tax risks (*)	105,914	113,003
<b>Total</b>	<b>115,941</b>	<b>134,871</b>

(\*) Mostly represented by lawsuits and tax assessment notices relating to State VAT (ICMS) amounts due in the States of São Paulo, Rio de Janeiro and Pernambuco.

## 16. EQUITY

### a) Capital

The limit of the Company's authorized capital corresponds to 280,000,000 common shares.

As at March 31, 2022, capital is held as follows:

Vivara Participações	Common shares
Company's owners	136,750,910
Outstanding shares	99,378,259
Treasury shares	68,600
<b>Total</b>	<b>236,197,769</b>

On February 14, 2022, the Board of Directors' Meeting approved the Company's Share Repurchase plan, which aims to provide greater returns to its shareholders through investments in the acquisition of shares on stock exchanges, at market prices, to be held in treasury, cancelled or subsequently disposed of in the market or assigned to participants under the Company's share-based incentive plans, without any capital decreases, in accordance with paragraph 1, article 30 of the Brazilian Corporate Law, ICVM 567/15 and other applicable standards. The Company may acquire up to 5% of outstanding shares, which corresponds to 4,972,342 common shares. The Repurchase Plan will be effective for a twelve-month period beginning February 15, 2022.

In March 2022, the Company repurchased 68,600 shares to be held in treasury, as follows:

	Consolidated		
	Number of shares	Repurchase amounts	Average price per share
Balances as at December 31, 2021	-	-	-
Repurchase of treasury shares	68,600	1,908	27.81
<b>Balances as at March 31, 2022</b>	<b>68,600</b>	<b>1,908</b>	<b>27.81</b>

## b) Dividend distribution policy

Dividends will be distributed in accordance with the relevant Bylaws and the Brazilian Corporate Law, which determine the following allocations:

- 5% to the legal reserve.
- Distribution of mandatory minimum dividends at a percentage rate to be set at the General Shareholders' Meeting, pursuant to the prevailing legislation (at least 25% of profit for the year, after the recognition of a legal reserve and reserve for contingencies).
- Pursuant to article 33, paragraph 4 of the Company's Bylaws, the remaining percentage of profit will be allocated to the "Bylaws earnings reserve", which is intended to strengthen the Company's working capital and the performance of its activities.

The Company received from Conipa the gross amount of R\$14,415 as interest on capital relating to profit earned in 2021.

## 17. RELATED PARTIES

Balances	Parent	
	03/31/2022	12/31/2021
<u>Assets</u>		
Tellerina	19,805	19,805
Conipa	28,425	42,840
Total	<u>48,230</u>	<u>62,645</u>
Current	48,230	62,645
Total	<u>48,230</u>	<u>62,645</u>

The Company recorded receivables from its subsidiaries relating to interest on capital distributed based on profit recognized in 2021.

The subsidiaries Conipa and Tellerina carry out intercompany transactions involving the purchase and sale of goods and raw materials, the collection of administrative expenses through a Shared Service Center and royalties on jewelry design copyrights. All transactions between Conipa and Tellerina have been eliminated for consolidation and reporting purposes. The balances of transactions between Vivara Group's companies are broken down as follows:

Balances	01/01 to 03/31/2022		01/01 to 03/31/2021	
	TELLERINA	CONIPA	TELLERINA	CONIPA
<u>Transaction</u>				
Sales (purchases) of goods	(347,493)	347,493	(176,114)	176,114
Sales (purchases) of raw materials	3,982	(3,982)	10,468	(10,468)
Copyrights	53,742	(53,742)	26,093	(26,093)
Total	<u>(289,768)</u>	<u>289,768</u>	<u>(139,553)</u>	<u>139,553</u>

As at March 31, 2022, the following amounts were paid and accrued to the Company's Management:

	Consolidated					
	03/31/2022			03/31/2021		
	Fixed	Variable	Total	Fixed	Variable	Total
Board of Directors	495	-	495	445	-	445
Statutory officers	2,190	116	2,306	1,147	124	1,271
Total	<u>2,685</u>	<u>116</u>	<u>2,801</u>	<u>1,592</u>	<u>124</u>	<u>1,716</u>

The amounts accrued and paid to the statutory officers of the subsidiaries and executive officers are broken down as follows:

	Consolidated					
	03/31/2022			03/31/2021		
	Fixed	Variable	Total	Fixed	Variable	Total
Executive officers	1,352	91	1,443	1,486	189	1,675
Total	<u>1,352</u>	<u>91</u>	<u>1,443</u>	<u>1,486</u>	<u>189</u>	<u>1,675</u>

## 18. INCOME TAX AND SOCIAL CONTRIBUTION

### a) Reconciliation of income tax and social contribution expenses

	Parent		Consolidated	
	03/31/2022	03/31/2021	03/31/2022	03/31/2021
Profit before income tax and social contribution	45,922	3,913	34,715	370
Combined statutory rate	34%	34%	34%	34%
Income tax and social contribution at statutory rate	(15,613)	(1,330)	(11,803)	(126)
Income tax and social contribution on tax loss carryforwards for which no corresponding deferred taxes were recognized	(1,241)	(396)	(1,241)	(396)
Permanent differences:				
Share of profit (loss) of subsidiaries	16,855	1,726	-	-
Other permanent differences	-	-	(6,791)	(9,140)
Tax incentive – deemed ICMS credits	-	-	15,097	6,368
Tax incentive – operating profit	-	-	15,939	6,837
Total	<u>-</u>	<u>-</u>	<u>11,207</u>	<u>3,542</u>
Current	-	-	(13,611)	(6,099)
Deferred	-	-	24,818	9,641
Total	<u>-</u>	<u>-</u>	<u>11,207</u>	<u>3,542</u>

## b) Deferred income tax and social contribution

	Consolidated			
	03/31/2022		12/31/2021	
	IRPJ tax base	CSLL tax base	IRPJ tax base	CSLL tax base
Deferred tax assets on temporary differences:				
Allowance for doubtful debts	751	751	709	709
Allowance for inventory losses	16,045	16,045	13,329	13,329
Accrued expenses	44,09	44,090	47,299	47,299
Unrealized profit from subsidiaries' operations	211,035	211,035	149,774	149,774
Provision for civil, labor and tax risks	18,250	18,250	17,054	17,054
Right-of-use leases	32,520	32,520	28,966	28,966
Tax loss carryforwards	80,847	80,104	73,414	72,670
Deferred tax base (*)	403,539	402,795	330,545	329,801
Deferred income tax assets (25%)	-	100,885	-	82,636
Deferred social contribution assets (9%)	-	36,252	-	29,682
Deferred income tax and social contribution assets	-	137,136	-	112,318

## c) Expected realization of deferred income tax and social contribution assets

Deferred income tax and social contribution assets were recognized based on analyses prepared by Management as to the generation of future taxable income to allow these amounts to be fully realized over the coming years, including the expected realization of deductible temporary differences, as outlined below:

	Consolidated	
	03/31/2022	12/31/2021
Up to 1 year	26,608	10,969
From 1 to 2 years	25,950	8,369
From 2 to 3 years	24,695	9,391
From 3 to 5 years	21,627	12,798
Over 5 years	38,256	70,791
Total	137,136	112,318

## 19. NET REVENUE FROM SALES AND SERVICES

	Consolidated 03/31/2022	Consolidated 03/31/2021
Gross sales revenue	508,570	339,918
Gross service revenue	1,995	1,412
Deductions from gross revenue:		
State VAT (ICMS)	(32,540)	(29,665)
Tax on revenue (COFINS)	(29,192)	(18,969)
Tax on revenue (PIS)	(6,325)	(4,115)
FTI (*)	(5,280)	(2,778)
Service tax (ISS)	(100)	(71)
Sales returns/exchanges	(99,705)	(68,002)
Total	337,423	217,730

The ICMS amounts are stated net of the tax incentive of same nature mentioned in note 8.b in the amount of R\$44,402 (R\$18,306 as at March 31, 2021).

(\*) The “Fundo de Fomento ao Turismo, Infraestrutura, Serviço e Interiorização do Desenvolvimento do Estado do Amazonas (F.T.I.)” is a state tax levied on Conipa’s sales of products manufactured in Manaus Free Trade Zone to other Brazilian States.

## 20. EXPENSES BY NATURE

Vivara Group’s income statement is presented based on a classification of expenses according to their function. The information on the nature of these expenses recognized in the income statement is as follows:

### a) Costs of sales and services

	Consolidated 03/31/2022	Consolidated 03/31/2021
Acquisition cost of inputs and raw materials and goods for resale	(95,593)	(67,699)
Personnel	(10,956)	(5,709)
Depreciation and amortization	(1,072)	(714)
Electric power, water and telephone	(483)	(200)
Freight	(1,168)	(716)
	<u>(109,272)</u>	<u>(75,037)</u>

### b) Selling expenses

	Consolidated 03/31/2022	Consolidated 03/31/2021
Personnel	(55,294)	(42,070)
Freight	(5,777)	(5,066)
Marketing/selling expenses	(18,746)	(12,707)
Professional services	(3,418)	(1,897)
Variable rentals and common area maintenance fees	(11,753)	(9,510)
Lease discounts	700	1,708
Depreciation and amortization	(14,223)	(9,712)
Commission on credit cards	(7,720)	(4,641)
Electric power, water and telephone	(1,732)	(1,257)
Taxes and fees	(5,514)	(6,271)
Other expenses by nature	(4,575)	(3,209)
	<u>(128,052)</u>	<u>(94,631)</u>

### c) General and administrative expenses

	Parent 03/31/2022	Parent 03/31/2021	Consolidated 03/31/2022	Consolidated 03/31/2021
Personnel	(1,379)	(534)	(21,183)	(16,854)
Professional services	(738)	(543)	(12,922)	(11,414)
Rentals and common area maintenance fees	-	-	(299)	(619)
Electric power, water and telephone	-	-	(278)	(340)
Depreciation and amortization	-	-	(11,114)	(5,519)
Taxes and fees	(185)	(142)	(5,467)	(2,743)
Other expenses by nature	(60)	(63)	(2,191)	(653)
	<u>(2,362)</u>	<u>(1,283)</u>	<u>(53,454)</u>	<u>(38,141)</u>

## 21. SEGMENT REPORTING

The Group's activities are conducted in one single operating segment, i.e., the retail industry. The Group is organized as a single business unit for commercial and managerial purposes, and its performance is evaluated on such basis. The information is consistently provided to the Group's chief decision maker, i.e., the CEO, who is in charge of allocating funds and assessing the operations.

Such view is based on the following factors:

- The plant's production is exclusively targeted at the Group's retail stores, online sales and B2B sales.
- The Group's strategic decisions are focused on:
  - Seeking remarkable quality, certified inputs, as well as new technologies to be deployed in the production lines.
  - Conducting analyses on business expansion opportunities, jewelry market trends, international fashion trends and distribution channels.
- The Group's revenue is measured by category and sales channel.

The Group's products are controlled and overseen by Management as a single business segment. Those products are distributed by category and through different sales channels; however, the CEO evaluates the Group's performance as a whole, as well as the selling, managerial and administrative results, taking into account that the structure of costs and expenses is entirely shared among all product categories.

For managerial purposes, Management monitors the consolidated gross revenue (net of return) by category and sales channel, as shown below:

Gross revenue, less returns	Consolidated 03/31/2022	Consolidated 03/31/2021
Jewelry	227,165	149,892
Life	120,180	80,785
Watches	52,004	33,820
Accessories	9,516	7,419
Services	1,995	1,412
Total	410,860	273,328
Stores	347,111	211,594
Online sales	60,525	57,930
Other	1,229	2,392
Services	1,995	1,412
Total	410,860	273,328

## 22. OTHER OPERATING INCOME (EXPENSES), NET

	Consolidated 03/31/2022	Consolidated 03/31/2021
Provision for civil, labor and tax risks	(1,421)	(953)
Write-off of property, plant and equipment items and intangible assets	(953)	(10)
Expected credit losses	(41)	(10)
Other income	271	107
Total	<u>(2,144)</u>	<u>(866)</u>

## 23. FINANCE INCOME

	Parent		Consolidated	
	03/31/2022	03/31/2021	03/31/2022	03/31/2021
Income from short-term investments	7	2	11,418	4,618
Inflation adjustments (*)	202	128	482	819
Exchange gains	-	-	871	548
Other finance income	-	-	92	8
Total	<u>209</u>	<u>130</u>	<u>12,863</u>	<u>5,992</u>

(\*) Refers to the inflation adjustment of tax credits and escrow deposits based on the Selic rate.

## 24. FINANCE COSTS

	Parent		Consolidated	
	03/31/2022	03/31/2021	03/31/2022	03/31/2021
Interest on borrowings and financing	-	-	(7,229)	(3,283)
Exchange differences on translating borrowings and financing	-	-	7,693	(9,865)
Finance charges on derivative instruments	-	-	(8,770)	9,965
Charges on right-of-use leases	-	-	(10,176)	(8,496)
Tax on financial transactions (IOF)	-	-	(19)	(416)
Bank fees	(1)	(1)	(272)	(376)
Interest and fines on taxes and accessory obligations	(1,486)	(5)	(2,236)	(1,314)
Exchange losses	-	-	(1,080)	(434)
Other finance costs	(11)	(6)	(560)	(457)
Total	<u>(1,498)</u>	<u>(12)</u>	<u>(22,649)</u>	<u>(14,677)</u>

## 25. EARNINGS PER SHARE

The table below shows the profit attributable to shareholders and the weighted average number of outstanding shares used to calculate basic and diluted earnings. The Group does not enter into any transactions affecting the dilution of earnings.

	Consolidated	
	03/31/2022	03/31/2021
Numerator		
Profit for the year (a)	45,922	3,913
Denominator (in thousands of shares)		
Weighted average number of shares	236,198	236,198
Weighted average number of treasury shares	(2)	-
Weighted average number of outstanding shares (b)	236,196	236,198
Basic earnings per share (in R\$) (a/b)	<u>0.19442</u>	<u>0.01657</u>
Denominator (in thousands of shares)		
Weighted average number of shares	236,198	236,198
Weighted average number of treasury shares	(2)	-
Weighted average number of shares granted – 1 <sup>st</sup> plan	62	-
Weighted average number of diluted shares (c)	236,258	236,198
Diluted earnings per share (in R\$) (a/c)	<u>0.19437</u>	<u>0.01657</u>

The dilutive effect on earnings per share is represented by stock option plans disclosed in note 28 – Share-based Payment.

## 26. RIGHT-OF-USE LEASES

As at March 31, 2022, the Group entered into 295 agreements (293 agreements as at December 31, 2021) for the lease of their stores, kiosks, factory and administrative center with third parties. Of this total, 62 agreements (64 agreements as at December 31, 2021) were eligible to the exemption criteria for the recognition of the right of use and were classified as operating leases.

The variable rentals, determined under short-term leases or leases of low-value assets that were not recognized as rights of use for the period, are recorded in line item “Rentals and common area maintenance fees”, in the total amount of R\$2,088 (R\$2,731 as at March 31, 2021), as stated in note 20.

The Company determined its discount rates based on the BM&FBovespa benchmark rate of Dixpre, 252 business days, obtained at B3, for the first-time adoption date (risk-free interest rate in the Brazilian market), over its agreement terms, adjusted to the Company’s reality (credit spread). Spreads were obtained based on surveys with the main banks with which the Company enters into loan transactions.

As at March 31, 2022, the 233 lease agreements (229 lease agreements as at December 31, 2021), classified as right-of-use leases, mature between 5 and 10 years and the weighted average discount rate in the period is 11.88% per year (11.55% per year as at December 31, 2021).

The Company, in full compliance with CPC 06 (R2)/IFRS 16, in measuring and remeasuring its lease liability and right-of-use asset, used the discounted cash flow method considering the statutory rate and without considering the effects from the projected future inflation on discounted flows.

For compliance with CVM Circular Letter 02/2019, the Company discloses the minimum inputs for purposes of projecting the statutory rate and discounted cash flow model recommended by CMV, using as basis the average inflation between the CDI x IPCA rates obtained from the B3 website, as at March 31, 2022.

The table below shows the discount and future inflation rates adopted, compared to the contractual terms:

Agreements per term and discount rate			
Agreement term	Number of agreements	Discount rate	Future average inflation rate
5 years	7	11.05%	6.04%
6 years	35	11.05%	6.02%
7 years	15	11.36%	6.07%
8 years	31	11.55%	6.09%
9 years	47	11.72%	6.14%
10 years	98	11.88%	6.15%
Total	233		

The balances and variations in right-of-use liabilities for the period are broken down as follows:

	Consolidated	
	03/31/2022	12/31/2021
Balance at the beginning of the period	370,068	275,228
Addition of new agreements	2,139	46,164
Remeasurement	19,779	82,466
Write-offs	-	(966)
Finance charges recognized	10,176	35,690
Lease discounts	(700)	(5,735)
Interest payment	(9,626)	(32,984)
Principal repayments	(15,648)	(29,795)
Balance at the end of the period	376,188	370,068
Current liabilities	56,445	59,920
Noncurrent liabilities	319,743	310,148
Total	376,188	370,068

As prescribed by CPC 06 (R2)/IFRS 16, the Company shows in the table below the analysis of its agreement maturities, undiscounted installments, reconciled with the balance in the balance sheet as at March 31, 2022:

Agreement maturity	Consolidated	
	03/31/2022	12/31/2021
Installment maturity:		
2022	76,604	101,689
2023	88,068	84,813
2024	86,687	82,845
2025 and thereafter	272,280	242,820
Total undiscounted installments	523,640	511,768
Embedded interest	(147,452)	(141,700)
Balance of right-of-use lease liability	376,188	370,068

As at March 31, 2022, the potential PIS and COFINS credit on the gross contractual flow is R\$48,437 and that adjusted to present value over the weighted average term is R\$34,797.

The variations in the balances of the right-of-use assets are shown in the table below:

	Consolidated	
	03/31/2022	12/31/2021
Balance at the beginning of the period	462,183	320,442
Addition of new agreements	2,139	46,164
Remeasurement	19,779	82,466
Write-offs	-	(1,098)
Direct costs – points of sale	4,460	14,210
Balance at the end of the period	<u>488,561</u>	<u>462,183</u>

	Consolidated	
	03/31/2022	03/31/2021
Amortization expenses in the period	(15,404)	(10,512)

## 27. FINANCIAL INSTRUMENTS

### a) Categories of financial instruments

	Parent		Consolidated	
	03/31/2022	12/31/2021	03/31/2022	12/31/2021
<u>Financial assets</u>				
Amortized cost:				
Cash and cash equivalents	4,122	5	246,371	325,588
Trade receivables	-	-	423,384	531,777
Due from related parties	48,230	62,645	-	-
Subtotal	<u>52,352</u>	<u>62,650</u>	<u>669,755</u>	<u>857,365</u>
Fair value through profit or loss:				
Securities	-	-	333,233	328,112
Derivative instruments	-	-	-	1,158
Total financial assets	<u>52,352</u>	<u>62,650</u>	<u>1,002,988</u>	<u>1,186,635</u>
<u>Financial liabilities</u>				
Amortized cost:				
Trade payables	-	-	77,369	88,207
Trade payables - agreement	-	-	94,622	69,349
Right-of-use leases payable	-	-	376,188	370,068
Interest on capital payable	58,183	58,183	58,183	58,183
Dividends payable	12,709	12,709	12,709	12,709
Derivative instruments	-	-	6,730	-
Borrowings and financing	-	-	285,467	291,213
Total financial liabilities	<u>70,892</u>	<u>70,892</u>	<u>911,268</u>	<u>889,729</u>

## b) Financial risks

In the normal course of business, the Company and its subsidiaries are exposed to several financial risks: market risk (foreign exchange risk and interest rate risk), credit risk and liquidity risk. The Company's risk management strategy focuses on the unpredictability of the financial markets and aims to minimize any adverse impacts on its financial performance.

## c) Foreign exchange risk management

Due to the financial obligations assumed by the Company, which are denominated in U.S. dollars (US\$), a foreign exchange hedging policy was implemented, establishing exposure limits associated with this risk, under which transactions involving swap derivatives are entered into.

The Company's net foreign exchange exposure is shown below:

Type of transaction	Consolidated			
	03/31/2022			
	Financial institution	Debt amount	Derivative	Net exposure
Resolution 4131	Banco Santander	50,652	(43,922)	6,730
Total borrowings and financing		50,652	(43,922)	6,730
Foreign suppliers (*)	-	48,029	-	48,029
Total foreign exchange exposure		98,681	(43,922)	54,760
US dollar quotation – balance sheet		4.7497	4.7497	4.7497
Total exposure in US dollars		20,776	(9,247)	11,529

(\*) The Company's subsidiaries import goods, raw materials and inputs for manufacturing and sale from foreign suppliers. These purchases are substantially denominated in U.S. dollars (US\$) and are exposed to exchange rate changes.

### Derivatives

The Company entered into swap transactions to minimize the foreign exchange risks arising on foreign currency-denominated borrowings and financing. These transactions consist of swapping the exchange rate changes for a percentage rate equivalent to the CDI fluctuation.

The Company entered into a loan agreement for which no swap derivatives were contracted, due to the interest rates applicable to such transaction.

As at March 31, 2022, the outstanding swap transactions are broken down as follows:

Description	Rates	Consolidated		Cumulative effect up to 03/31/2022 marked to market
		Notional amount	Fair value	
<u>Swap contracts</u>				
Long position:				
Exchange rate changes – US\$	US\$ +2.3475% p.a.	50,652	43,922	(6,730)
Short position:				
CDI fluctuation	CDI + 1.2% p.a.	50,652	50,652	-
Net amount payable				(6,730)

The liability balance totaling R\$6,730 refers to the net adjustment payable, calculated at fair value as at March 31, 2022, of derivatives outstanding on that date, which was recorded in line item "Derivatives".

## d) Sensitivity analysis

### Foreign exchange risk

For purposes of conducting a sensitivity analysis of financial instruments, Management believes that only payables to foreign suppliers that are not hedged against foreign exchange risks should be considered, since no equivalent derivatives are recorded in the balance sheet. The foreign exchange exposure underlying such transactions is shown in the following table:

Total foreign exchange exposure in local currency	48,029
Total foreign exchange exposure in foreign currency	<u>10,112</u>

Accordingly, as a result of the considerations above, only the amount of R\$48,029 is being applied for the sensitivity analysis purposes. The US dollar foreign exchange rate was R\$4.7497 at the balance sheet date.

In order to measure the expected net impact on profit or loss for the next 12 months, arising on potential foreign currency fluctuations, a sensitivity analysis considering three scenarios was prepared as to the Company's exposure to the foreign exchange risks.

Under scenario I, an exchange rate of R\$4.7596 was defined based on the future U.S. dollar quotation on B3, limited to 12 months. Under scenario II, a 5% appreciation of the U.S. dollar was projected by Management on conservative basis. Under scenario III, a 7% depreciation of the U.S. dollar was projected according to the future quotation disclosed in the Focus Report of the Central Bank of Brazil dated March 25, 2022.

Group's risk	Scenario I	Scenario II	Scenario III
Notional amount of the net exposure (in foreign currency)	10,112	10,112	10,112
Notional amount of the net exposure (in local currency)	48,029	48,029	48,029
Projected fair value (in local currency)	48,129	50,535	44,760
Effects of exchange rate changes	100	2,506	(3,269)
U.S. dollar rate	4.7596	4.9975	4.4264

### Interest rate risk

Considering that all foreign currency-denominated borrowings and financing are hedged by swap contracts as at March 31, 2022, exchanging the foreign-currency liability index for the CDI rate fluctuation, due to the Group's policy to hedge against foreign exchange risks, the Group is, therefore, exposed to the CDI rate fluctuation. The Company's short-term investments and investments in financial bills are also exposed to the CDI rate fluctuation and the Company presents net exposure to the risk of interest underlying the transactions pegged to the CDI rate fluctuation:

	<u>Consolidated</u>
Total borrowings and financing pegged to the CDI fluctuation	292,134
Short-term investments of cash and cash equivalents exposed to the CDI rate	(239,080)
Investments in financial bills exposed to the CDI rate	<u>(251,312)</u>
Total gains on the exposure to the CDI rate	<u>(198,258)</u>

Although the Company's Management considers the risk of significant fluctuations in the CDI rate throughout 2022 and in the sensitivity analysis on the risk of CDI rate increase that would affect finance costs, two projected scenarios were considered stressing 5% and 11.5% increases in such rate, respectively, based on a Selic rate projected at the end of 2022 of 13%, as per the Focus Report issued by the Central Bank of Brazil (BACEN) on March 25, 2022.

Group's risk	Scenario I	Scenario II	Scenario III
Financing pegged to the CDI fluctuation	285,467	285,467	285,467
Projected value	285,467	287,129	289,291
CDI fluctuation gains	-	1,662	3,824
CDI rate	11.65%	12.23%	12.99%

#### e) Credit risk management

The proceeds from sales made to many customers are substantially derived from credit and debit cards, which minimizes the credit risk.

#### f) Liquidity risk management

Effectively managing liquidity risks implies maintaining funds available through committed credit facilities and the ability to settle market positions. Management monitors the continuous forecasts of the Group's liquidity requirements to ensure it has sufficient cash to meet its operating needs.

The table below shows in detail the maturity of outstanding financial liabilities:

Transaction	Up to 1 year	Up to 2 years	2 to 5 years	Over 5 years	Total
Trade payables	77,369	-	-	-	77,369
Trade payables - agreement	94,622	-	-	-	94,622
Borrowings and financing	170,836	148,022	-	-	318,858
Interest on capital payable	58,183	-	-	-	58,183
Dividends payable	12,709	-	-	-	12,709
Derivative instruments	1,432	5,298	-	-	6,730
Right-of-use leases payable	76,604	88,068	226,610	132,358	523,640

#### g) Fair value of financial instruments

When applicable, the Company adopts CPC 40/IFRS 7 – Financial Instruments: Disclosures for financial instruments measured in the balance sheet at fair value, which requires the disclosure of fair value measurements based on the following hierarchy level:

- Level 1 inputs: are quoted prices (unadjusted) in active markets for identical assets or liabilities that the subsidiaries can access at the measurement date.
- Level 2 inputs: are inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly.
- Level 3 inputs: are unobservable inputs for the asset or liability.

As at March 31, 2022, all derivative financial instruments and securities were grouped into Level 2.

## 28. SHARE-BASED PAYMENT

On September 14, 2021, the Extraordinary General Meeting approved the “Incentive Plans” comprised of: (i) Stock Option Plan (“Option Plan”); and (ii) Share Investment Plan (“Matching Shares Plan”).

The purpose of the Incentive Plans is to align the long-term interests of the participants with those of the Company’s shareholders and develop social and sustainable goals to generate value for the Company and the Plans can deliver to participants shares representing no more than 5% of the Company’s total capital, through treasury shares issued by the Company.

The Option Plan establishes the possibility of the Company delivering to participants selected by the Board of Directors, subject to certain terms and conditions, treasury shares issued by the Company. The directors, officers, managers or top-level employees of the Company or company under its control will be eligible to participate in the Option Plan.

The Matching Shares Plan provides for the grant of Matching Shares to participants selected by the Board of Directors, provided that, among other conditions, the participants invest own funds in the acquisition and maintenance of a certain number of shares issued by the Company during a grace period. The Company’s officers, managers or employees are eligible to participate in the Matching Shares Plan.

On September 24, 2021, the meeting of the Board of Directors approved the 1<sup>st</sup> and 2<sup>nd</sup> Stock Option Programs, both under the scope of the Stock Option Plan, with establishment of terms and conditions, and the Share Investment Program (Matching Shares), under the scope of the Share Investment Plan, filed at the Company’s head office.

For the 1<sup>st</sup> Stock Option Program, exclusive for directors, the upper overall limit of 62,145 shares at market price were made available, based on the closing quotation at B3, which will be definitely made available to the participants after 24 months, with additional lock-up of 12 months.

The 2<sup>nd</sup> Stock Option Program, in turn, provides for the grant of shares to participants selected by the Board of Directors, provided that, among other conditions, the participants invest own funds in the acquisition and maintenance of a certain number of shares issued by the Company during a grace period. The upper overall limit offered for acquisition at B3 using the participants’ own funds were 19,151 shares. Provided that upon fulfilment of the conditions stipulated in the program, after 36 months, the number of treasury shares issued by the Company that will be granted can range between 33,378 (lower overall limit) and 250,334 (upper overall limit), based on the Company’s performance indicators reached in the period (ROIC and TSR). The program provides for an individual investment limit of no more than six net wages.

There were no grants in the Matching Shares Plan in 2022.

The Incentive Plans came into effect on the date of their approval by the Company’s General Meeting and will remain effective for an indefinite period, but they can be liquidated at any time as decided by the General Meeting.

The signature of such stock option instruments, by the participants selected and elected by the Board of Directors, corresponding to the 1<sup>st</sup> and 2<sup>nd</sup> Stock Option Programs occurred on October 4, 2021 and October 28, 2021, respectively. The provision corresponding to the period was calculated considering 100% of attainment of the performance goals, based on the market value of the share of R\$28.25 for the 1<sup>st</sup> Plan and R\$26.40 for the 2<sup>nd</sup> Plan and totals R\$978.

The variations in the shares granted in the period were as follows:

Amounts in number of shares	Consolidated		
	1 <sup>st</sup> Plan	2 <sup>nd</sup> Plan	Grand Total
Balances as at December 31, 2020	-	-	-
Shares granted	62,145	166,889	229,034
Balances as at December 31, 2021	62,145	166,889	229,034
Shares granted	-	-	-
Balances as at March 31, 2022	62,145	166,889	229,034

## 29. INSURANCE COVERAGE

The Company adopts an insurance policy that considers mainly the risk concentration and its materiality, according to the nature of its activities and advice from insurance brokers. As at March 31, 2022, the insurance coverage is broken down as follows:

- Inventory damages and loss of profits – R\$369,813 (effective through February 2023).
- Property damages - R\$164,283 (effective through February 2023).
- Civil liability - R\$20,000 (effective through May 2022).
- D&O liability – R\$60,000 (effective through September 2022).
- International freight – US\$33,000 (effective through April 2022).