

(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- and Six-month Periods  
Ended June 30, 2021

Deloitte Touche Tohmatsu Auditores Independentes

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## 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 June 30, 2021, which comprises the balance sheet as at June 30, 2021, and the related statements of income, of comprehensive income, of changes in equity and of cash flows for the three- and six-month periods then ended, including the explanatory notes.

Management is responsible for the preparation of the individual and consolidated interim financial information in accordance with technical pronouncement CPC 21 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 is not prepared, in all material respects, in accordance with technical pronouncement CPC 21 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 individual and consolidated interim financial information referred to above includes the statements of value added - DVA for the six-month period ended June 30, 2021, 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 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 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 CPC 09 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, August 13, 2021

DELOITTE TOUCHE TOHMATSU  
Auditores Independentes

Marcelo de Figueiredo Seixas  
Engagement Partner

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**Company Information / Capital - Breakdown**

Number of Shares (Units)	Current quarter 06/30/2021
Paid-in Capital	
Common	236,197,769
Preferred	0
<hr/>	
Total	236,197,769
Held in Treasury	
Common	0
Preferred	0
<hr/>	
Total	0

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

<b>Account Code</b>	<b>Account Description</b>	<b>Current quarter 06/30/2021</b>	<b>Last year 12/31/2020</b>
1	Total Assets	1,260,197,114	1,219,601,700
1.01	Current Assets	126,867	45,792,889
1.01.01	Cash and Cash Equivalents	31,895	223,606
1.01.01.01	Cash and cash equivalents	31,895	223,606
1.01.03	Trade Receivables	0	40,511,785
1.01.03.02	Trade Receivables	0	40,511,785
1.01.03.02.01	Interest on own capital receivable	0	40,511,785
1.01.06	Recoverable Taxes	977	4,988,871
1.01.06.01	Current Recoverable Taxes	977	4,988,871
1.01.06.01.01	Recoverable taxes	977	4,988,871
1.01.07	Prepaid Expenses	94,495	68,627
1.01.07.01	Prepaid Expenses and other receivables	94,495	68,627
1.02	Noncurrent Assets	1,260,070,247	1,173,808,811
1.02.01	Long-term receivables	0	0
1.02.01.10	Other Noncurrent Assets	0	0
1.02.01.10.05	Recoverable taxes	0	0
1.02.02	Investments	1,260,070,247	1,173,808,811
1.02.02.01	Equity Interests	1,260,070,247	1,173,808,811
1.02.02.01.02	Equity Interests in Controlled	1,260,070,247	1,173,808,811

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

<b>Account Code</b>	<b>Account Description</b>	<b>Current quarter 06/30/2021</b>	<b>Last year 12/31/2020</b>
2	Total Liabilities	1,260,197,114	1,219,601,700
2.01	Current Liabilities	3,616,834	48,125,887
2.01.01	Payroll and Related Taxes	237,543	205,769
2.01.01.01	Social Security Obligations	35,947	30,013
2.01.01.01.01	INSS and FGTS	35,947	30,013
2.01.01.02	Payroll Obligations	201,596	175,756
2.01.01.02.02	Payroll obligations	201,596	175,756
2.01.03	Taxes Payable	3,064,588	12,477,975
2.01.03.01	Federal Taxes Payable	3,064,588	12,477,975
2.01.03.01.01	Income Tax and Social Contribution Payable	0	0
2.01.03.01.02	PIS and COFINS payable	3,049,738	9,825,568
2.01.03.01.04	Other federal taxes payable	14,850	2,652,407
2.01.05	Other Payables	314,703	35,442,143
2.01.05.02	Other	314,703	35,442,143
2.01.05.02.01	Current Liabilities – due to Related Parties	3,522	34,834,656
2.01.05.02.08	Other Payables	311,181	607,487
2.03	Equity	1,256,580,280	1,171,475,813
2.03.01	Paid-in Capital	1,052,340,082	1,052,340,082
2.03.01.01	Share capital	1,105,381,209	1,105,381,209
2.03.01.02	(-) Share issue cost	0	0
2.03.02	Capital Reserve	-53,041,127	-53,041,127
2.03.02.07	(-) Share issue cost	-53,041,127	-53,041,127
2.03.04	Earnings Reserves	119,136,304	119,135,731
2.03.04.01	Legal Reserve	9,977,974	9,977,974
2.03.04.02	Statutory Reserve	109,158,330	109,157,757
2.03.04.10	Profit Reserve	0	0
2.03.05	Retained earnings/accumulated deficit	85,103,894	0

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

<b>Account Code</b>	<b>Account Description</b>	<b>Current Quarter 04/01/2021 to 06/30/2021</b>	<b>Accumulated current year 01/01/2021 to 06/30/2021</b>	<b>Same Quarter Last Year 04/01/2020 to 06/30/2020</b>	<b>Accumulated last year 01/01/2020 to 06/30/2020</b>
3.04	Operating Expenses/Income	81,199,397	84,994,403	-1,675,046	17,311,987
3.04.02	General and Administrative Expenses	-1,744,529	-3,027,034	-1,086,441	-2,191,306
3.04.02.01	General and Administrative Expenses	-1,744,529	-3,027,034	-1,086,441	-2,191,306
3.04.04	Other Operating Income	0	0	500,514	500,514
3.04.04.01	Other operating income	0	0	500,514	500,514
3.04.06	Share of Profit (Loss) of Investees	82,943,926	88,021,437	-1,089,119	19,002,779
3.04.06.01	Share of profit (loss) of investees	82,943,926	88,021,437	-1,089,119	19,002,779
3.05	Profit Before Finance Income (Costs) and Taxes	81,199,397	84,994,403	-1,675,046	17,311,987
3.06	Finance Income (costs)	11,594	129,242	7,250	30,795
3.06.01	Finance Income	13,111	142,854	15,748	81,118
3.06.01.01	Finance income	13,111	142,854	15,748	81,118
3.06.02	Finance Costs	-1,517	-13,612	-8,228	-50,323
3.06.02.01	Finance costs	-1,517	-13,612	-8,228	-50,323
3.07	Profit Before Income Taxes	81,210,991	85,123,645	-1,667,796	17,342,782
3.08	Income Taxes	-19,751	-19,751	0	503
3.08.01	Current	-19,751	-19,751	0	503
3.09	Profit from Discontinued Operation	81,191,240	85,103,894	-1,667,796	17,343,285
3.11	Profit/Loss for the Period	81,191,240	85,103,894	-1,667,796	17,343,285
3.99	Earnings per Share - R\$				
3.99.01	Basic earnings per share				
3.99.01.01	Common shares	0,34374	0,36031	0,00706	0,07343
3.99.02	Diluted earnings per share				
3.99.02.01	Common shares				



**Parent FS / Statement of Comprehensive Income****(Reais)**

<b>Account Code</b>	<b>Account Description</b>	<b>Current Quarter 04/01/2021 to 06/30/2021</b>	<b>Accumulated current year 01/01/2021 to 06/30/2021</b>	<b>Same Quarter Last Year 04/01/2020 to 06/30/2020</b>	<b>Accumulated last year 01/01/2020 to 06/30/2020</b>
4.01	Profit for the Period	81,191,240	85,103,894	-1,667,796	17,343,285
4.02	Other Comprehensive Income	0	0	0	0
4.02.01	Fair value of financial instruments	0	0	0	0
4.03	Total Comprehensive Income for the Period	81,191,240	85,103,894	-1,667,796	17,343,285

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

Account Code	Account Description	Accumulated current year	Accumulated last year
		Last year 01/01/2021 to 06/30/2021	Penultimate year 01/01/2020 to 06/30/2020
6.01	Net Cash from Operating Activities	-7,633,435	,-6,416,381
6.01.01	Cash Generated by Operations	-3,038,486	-1,716,022
6.01.01.01	Profit (loss) for the year	85,103,894	17,343,285
6.01.01.05	Current and deferred income tax and social contribution	19,751	-503
6.01.01.08	Share of profit (loss) of investees	-88,021,436	-19,002,779
6.01.01.12	Inflation adjustment on judicial deposits and recoverable taxes	-140,695	-56,025
6.01.02	Changes in Assets and Liabilities	-4,594,949	-4,700,359
6.01.02.02	Due from related parties	0	0
6.01.02.04	Recoverable taxes	0	-4,037
6.01.02.06	Other credits	-25,869	211,261
6.01.02.08	Payroll and Social Security Obligations	31,774	-115,917
6.01.02.09	Taxes payable	-4,304,548	-4,634,245
6.01.02.13	Other payables	-296,036	-157,421
6.02	Net Cash from Investing Activities	42,271,785	0
6.02.06	Capital Contributions in Subsidiaries	0	0
6.02.08	Interest on own capital received	42,271,785	0
6.03	Net Cash from Financing Activities	-34,830,561	0
6.03.01	Capital increase	0	0
6.03.02	Dividends received	0	0
6.03.03	Dividends paid	-12,479,567	0
6.03.08	(-) Share issue cost	0	0
6.03.09	Interest on own capital paid	-22,350,994	0
6.05	Increase (Decrease) in Cash and Cash Equivalents	-192,211	-6,416,381
6.05.01	Opening Balance of Cash and Cash Equivalents	223,606	8,239,015
6.05.02	Closing Balance of Cash and Cash Equivalents	31,395	1,822,634

**Parent FS / Statement of Changes in Equity / 01/01/2021 - 06/30/2021****(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>
<b>5.01</b>	<b>Opening balances</b>	<b>1,105,381,209</b>	<b>-53,041,127</b>	<b>119,135,731</b>	<b>0</b>	<b>0</b>	<b>1,171,475,813</b>
5.03	Adjusted opening balances	1,105,381,209	-53,041,127	119,135,731	0	0	1,171,475,813
5.04	Capital Transactions with partners	0	0	573	0	0	573
5.04.06	Dividends	0	0	573	0	0	573
<b>5.05</b>	<b>Total Comprehensive Income</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>85,103,894</b>	<b>0</b>	<b>85,103,894</b>
5.05.01	Profit for the Period	0	0	0	85,103,894	0	85,103,894
5.05.02	Other Comprehensive Income	0	0	0	0	0	0
5.05.02.07	Dividends distributed	0	0	0	0	0	0
5.06	Internal Changes in Equity	0	0	0	0	0	0
5.06.05	Constitution of legal reserve	0	0	0	0	0	0
5.06.06	Constitution of statutory reserve	0	0	0	0	0	0
<b>5.07</b>	<b>Closing Balances</b>	<b>1,105,381,209</b>	<b>-53,041,127</b>	<b>119,136,304</b>	<b>85,103,894</b>	<b>0</b>	<b>1,256,580,280</b>

**Parent FS / Statement of Changes in Equity / 01/01/2020 - 06/30/2020****(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	1,052,340,082	0	37,384,253	0	0	1,089,724,335
5.03	Adjusted opening balances	1,052,340,082	0	37,384,253	0	0	1,089,724,335
5.04	Capital Transactions with partners	0	0	-27,439,000	0	0	-27,439,000
5.04.01	Capital increases	0	0	0	0	0	0
5.04.02	Share issue expenses	0	0	0	0	0	0
5.04.07	Interest on Equity	0	0	-27,439,000	0	0	-27,439,000
5.05	Total Comprehensive Income	0	0	0	17,343,285	0	17,343,285
5.05.01	Profit for the Period	0	0	0	17,343,285	0	17,343,285
5.05.02	Other Comprehensive Income	0	0	0	0	0	0
5.05.02.03	Profit (loss) of investees without comprehensive income subsidiaries and affiliates	0	0	0	0	0	0
5.05.02.06	Unrealized profits	0	0	0	0	0	0
5.05.02.07	Dividends distributed	0	0	0	0	0	0
5.05.02.08	Interest on own capital	0	0	0	0	0	0
5.06	Internal Changes in Equity	0	0	0	0	0	0
5.06.04	Constitution of tax incentive reserve	0	0	0	0	0	0
5.06.05	Constitution of legal reserve	0	0	0	0	0	0
5.06.06	Constitution of statutory reserve	0	0	0	0	0	0
5.06.07	Additional dividends of Interest on capital	0	0	0	0	0	0
5.07	Closing Balances	1,052,340,082	0	9,945,253	17,343,285	0	1,079,628,620

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

<b>Account Code</b>	<b>Account Description</b>	<b>Accumulated current year 01/01/2021 to 06/30/2021</b>	<b>Accumulated last year 01/01/2020 to 06/30/2020</b>
7.01	Revenues	0	551,531
7.01.02	Other Income	0	551,531
7.01.02.01	Other Income	0	551,531
7.02	Inputs Purchased from Third Parties	-1,884,374	-1,070,223
7.02.02	Materials, Electric Power, Outside Services and Others	-1,884,374	-1,070,223
7.03	Gross Value Added	-1,884,374	-518,692
7.05	Wealth Created by the Company	-1,884,374	-518,692
7.06	Wealth Received in Transfer	88,164,291	19,083,896
7.06.02	Finance Income	142,855	81,118
7.06.03	Others	88,021,436	19,002,778
7.06.03.01	Share of profit of subsidiaries and associates	88,021,436	19,002,778
7.07	Wealth for Distribution	86,279,917	18,565,204
7.08	Wealth Distributed	86,279,917	18,565,204
7.08.01	Personnel	938,873	863,147
7.08.01.01	Salaries and Wags	938,873	863,147
7.08.02	Taxes, Fees and Contributions	236,071	357,876
7.08.02.01	Federal	236,071	357,876
7.08.03	Lenders and Lessors	1,079	896
7.08.03.01	Interest	1,079	896
7.08.04	Shareholders	85,103,894	17,343,285
7.08.04.02	Dividends	0	0
7.08.04.03	Retained Earnings / Loss for the Period	85,103,894	17,343,285

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

<b>Account Code</b>	<b>Account Description</b>	<b>Last year 01/01/2021 to 06/30/2021</b>	<b>Penultimate year 01/31/2020 to 12/31/2020</b>
1	Total Assets	2,175,350,642	2,140,696,717
1.01	Current Assets	1,314,477,887	1,422,265,637
1.01.01	Cash and Cash Equivalents	361,167,570	492,609,413
1.01.01.01	Cash and Cash Equivalents	361,167,570	492,609,413
1.01.02	Financial Application	68,803,898	44,435,391
1.01.02.03	Financial application valued at amortized cost	68,803,898	44,435,391
1.01.03	Trade Receivables	366,657,060	410,262,580
1.01.03.01	Trade receivables	366,657,060	410,262,580
1.01.03.01.01	Trade receivables	366,657,060	410,262,580
1.01.04	Inventories	443,718,574	365,184,367
1.01.04.01	Inventories	443,718,574	365,184,367
1.01.06	Recoverable Taxes	60,730,440	94,745,111
1.01.06.01	Current Recoverable Taxes	60,730,440	94,745,111
1.01.06.01.01	Recoverable taxes	60,730,440	94,745,111
1.01.07	Prepaid Expenses	13,400,345	3,261,917
1.01.07.01	Prepaid expenses and other receivables	13,400,345	3,261,917
1.01.08	Other Current Assets	0	11,766,858
1.01.08.03	Others	0	11,766,858
1.01.08.03.01	Derivative financial assets	0	11,766,858
1.02	Noncurrent Assets	860,872,755	718,431,080
1.02.01	Long-Term Assets	460,393,161	368,543,151
1.02.01.03	Financial application valued at amortized cost	240,893,713	164,876,034
1.02.01.07	Deferred Taxes	82,927,980	67,831,245
1.02.01.07.01	Deferred Income Tax and Social Contribution	82,927,980	67,831,245
1.02.01.10	Other Noncurrent Assets	136,571,468	135,835,872
1.02.01.10.03	Escrow deposits	13,586,408	13,456,975
1.02.01.10.04	Derivative financial assets	0	0
1.02.01.10.05	Recoverable taxes	122,985,060	122,378,897
1.02.01.10.06	Prepaid expenses and other receivables	0	0
1.02.03	Property, plant and equipment	389,116,458	340,757,353
1.02.03.01	Property, Plant and Equipment in Use	389,116,458	340,757,353
1.02.03.01.01	Property, plant and equipment	389,116,458	340,757,353
1.02.04	Intangible Assets	11,363,136	9,130,576
1.02.04.01	Intangible assets	11,363,136	9,130,576
1.02.04.01.02	Intangible assets	11,363,136	9,130,576

**Consolidated FS / Balance Sheet Liabilities****(Reais)**

<b>Code Account</b>	<b>Account Description</b>	<b>Last year 01/01/2020 to 06/30/2021</b>	<b>Penultimate year 01/31/2020 to 12/31/2020</b>
2	Total Liabilities	2,175,350,642	2,140,696,717
2.01	Current Liabilities	457,924,450	589,042,911
2.01.01	Payroll and Related Taxes	56,608,598	49,922,054
2.01.01.01	Social Security Obligations	8,092,606	8,013,246
2.01.01.01.01	INSS / FGTS	8,092,606	8,013,246
2.01.01.02	Payroll Obligations	48,515,992	41,908,808
2.01.01.02.01	Vacation Provision and 13th Salary	25,605,136	15,542,452
2.01.01.02.02	Payroll Obligations	22,910,856	26,366,356
2.01.02	Trade payables	124,280,257	53,198,184
2.01.02.01	Domestic Suppliers	89,610,244	42,368,601
2.01.02.01.01	Domestic	89,610,244	42,368,601
2.01.02.02	Foreign Suppliers	34,670,013	10,829,583
2.01.02.02.01	Foreign	34,670,013	10,829,583
2.01.03	Taxes Payable	58,800,923	92,176,908
2.01.03.01	Federal Taxes Payable	41,357,476	56,494,034
2.01.03.01.01	Income Tax and Social Contribution Payable	7,630,221	6,191,095
2.01.03.01.02	PIS and COFINS payable	12,487,321	24,128,236
2.01.03.01.03	IPI payable	20,282,426	20,247,335
2.01.03.01.04	Other federal taxes payable	957,508	5,927,368
2.01.03.02	State Taxes Payable	17,046,078	35,390,809
2.01.03.02.01	State VAT (ICMS)	14,615,381	33,850,317
2.01.03.02.02	Other state taxes payable	2,430,697	1,540,492
2.01.03.03	Municipal Taxes Payable	397,369	292,065
2.01.03.03.01	Service tax (ISS)	397,369	292,065
2.01.04	Borrowings and Financing	112,784,740	277,820,621
2.01.04.01	Borrowings and Financing	112,784,740	277,820,621
2.01.04.01.01	In Local Currency	60,091,281	162,584,617
2.01.04.01.02	In Foreign Currency	52,693,459	115,236,004
2.01.05	Other Payables	105,449,932	115,925,144
2.01.05.01	Current Liabilities – due to Related Parties	0	0
2.01.05.02	Others	105,449,932	115,925,144
2.01.05.02.01	Dividends and Interest on own capital receivable	3,522	34,834,656
2.01.05.02.04	Leases payable	23,968,344	10,434,981
2.01.05.02.05	Right-of-use payable	56,668,886	39,887,299
2.01.05.02.06	Passive derivative instruments	664,783	0
2.01.05.02.07	Taxes in installments	258,816	327,086
2.01.05.02.08	Other payables	23,885,581	30,441,122
2.02	Noncurrent Liabilities	460,845,912	380,177,993
2.02.01	Borrowings and Financing	174,012,852	112,500,000
2.02.01.01	Borrowings and Financing	174,012,852	112,500,000
2.02.01.01.01	In Local Currency	74,012,852	12,500,000
2.02.01.01.02	In Foreign Currency	100,000,000	100,000,000
2.02.02	Other payables	260,823,769	243,041,631

**Consolidated FS / Balance Sheet Liabilities****(Reais)**

<b>Code Account</b>	<b>Account Description</b>	<b>Last year 01/01/2021 to 06/30/2021</b>	<b>Penultimate year 01/31/2020 to 12/31/2020</b>
2.02.02.02	Others	260,823,769	243,041,631
2.02.02.02.04	Right-of-use payable	252,938,962	235,273,464
2.02.02.02.05	Passive derivative instruments	3,228,843	0
2.02.02.02.06	Taxes in installments	765,006	814,541
2.02.02.02.08	Payroll Obligations	3,890,958	6,953,626
2.02.04	Provisions	26,009,291	24,636,362
2.02.04.01	Provision for Tax, Social Security, Labor and Civil	26,009,291	24,636,362
2.02.04.01.01	Tax Provisions	15,240,583	15,180,775
2.02.04.01.02	Provision for Social Security and Labor Obligations	8,282,779	7,770,757
2.02.04.01.04	Civil Provisions	2,485,929	1,684,830
2.03	Consolidated Equity	1,256,580,280	1,171,475,813
2.03.01	Paid-in Capital	1,052,340,082	1,052,340,082
2.03.01.01	Share capital	1,105,381,209	1,105,381,209
2.03.01.02	(-) Share issue cost	0	0
2.03.02	Capital Reserve	-53,041,127	-53,041,127
2.03.02.07	(-) Share issue cost	-53,041,127	-53,041,127
2.03.04	Earnings Reserves	119,136,304	119,135,731
2.03.04.01	Legal Reserve	9,977,974	9,977,974
2.03.04.02	Statutory Reserve	109,158,330	109,157,757
2.03.04.07	Tax incentive reserve	0	0
2.03.05	Retained earnings/accumulated deficit	85,103,894	0



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

Account Code	Account Description	Current Quarter 04/01/2021 to 06/30/2021	Last year 01/01/2021 to 06/30/2021	Same Quarter Last Year 04/01/2020 to 06/30/2020	Penultimate year 01/01/2020 to 06/30/2020
3.01	Revenue from Sale of Goods and/or Services	246,211,465	388,904,295	92,919,158	229,994,116
3.01.01	Net Revenue from Sales and Services	361,995,079	579,725,112	137,652,807	343,884,163
3.02	Cost of Sales and Services	-115,783,614	-190,820,817	-44,733,649	-113,890,047
3.02.01	Cost of sales and services	0	0	0	0
3.03	Gross Profit	246,211,465	388,904,295	92,919,158	229,994,116
3.04	Operating Expenses/Income	-158,961,952	-292,600,119	-94,691,088	-203,800,620
3.04.01	Selling Expenses	-119,319,270	-213,950,497	-60,119,213	-146,930,694
3.04.01.01	Selling expenses	-119,319,270	-213,950,497	-60,119,213	-146,930,694
3.04.02	General and Administrative Expenses	-38,836,957	-76,977,655	-34,152,538	-70,233,316
3.04.02.01	General and Administrative Expenses	-38,836,957	-76,977,655	-34,152,538	-70,233,316
3.04.04	Other Operating Income	-800,840	-1,661,142	-412,747	13,444,596
3.04.04.01	Other operating income	-800,840	-1,661,142	-412,747	13,444,596
3.04.05	Other operating expenses	-4,885	-10,825	-6,590	-81,206
3.04.05.01	Other operating expenses	-4,885	-10,825	-6,590	-81,206
3.04.06	Share of Profit (Loss) of Investees	0	0	0	0
3.04.06.01	Share of profit (loss) of investees	0	0	0	0
3.05	Profit Before Finance Income (Costs) and Taxes	87,249,513	96,304,176	-1,771,930	26,193,496
3.06	Finance Income (Costs)	-5,819,699	-14,504,028	-6,514,905	-20,230,842
3.06.01	Finance Income	7,431,909	13,424,185	6,305,333	13,434,010
3.06.01.01	Finance income	7,431,909	13,424,185	6,305,333	13,434,010
3.06.02	Finance Costs	-13,251,608	-27,928,213	-12,820,238	-33,664,852
3.06.02.01	Finance Costs	-13,251,608	-27,928,213	-12,820,238	-33,664,852
3.07	Profit Before Income Taxes	81,429,814	81,800,148	-8,286,835	5,962,654
3.08	Income Tax and Social Contribution	-238,574	3,303,746	6,619,039	11,380,631
3.08.01	Current	-5,694,261	-11,792,988	-8,270,201	-9,249,780
3.08.02	Deferred	5,455,687	15,096,734	14,889,240	20,630,411
3.09	Profit from Discontinued Operation	81,191,240	85,103,894	-1,667,796	17,343,285
3.11	Consolidated Profit/Loss for the Period	81,191,240	85,103,894	-1,667,796	17,343,285
3.11.01	Attributable to Owners of the Parent	81,191,240	85,103,894	-1,667,796	17,343,285
3.99	Earnings per Share - R\$				
3.99.01	Basic earnings per share				
3.99.01.01	Common shares	0,34374	0,36031	0,00706	0,07343
3.99.02	Diluted earnings per share				
3.99.02.01	Common shares				

**Consolidated FS / Statement of Comprehensive Income****(Reais)**

<b>Account Code</b>	<b>Account Description</b>	<b>Current Quarter 04/01/2021 to 06/30/2021</b>	<b>Last year 01/01/2021 to 06/30/2021</b>	<b>Same Quarter Last Year 04/01/2020 to 06/30/2020</b>	<b>Penultimate year 01/01/2020 to 06/30/2020</b>
4.01	Profit for the Period	81,191,240	85,103,894	-1,667,796	17,343,285
4.02	Other Comprehensive Income	0	0	0	0
4.03	Total Comprehensive Income for the Period	81,191,240	85,103,894	-1,667,796	17,343,285
4.03.01	Attributable to Owners of the Parent	81,191,240	85,103,894	-1,667,796	17,343,285

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

<b>Account Code</b>	<b>Account Description</b>	<b>Last year 01/01/2021 to 06/30/2021</b>	<b>Penultimate year 01/01/2020 to 06/30/2020</b>
6.01	Net Cash from Operating Activities	134,641,804	150,197,368
6.01.01	Cash Generated by Operations	136,640,005	49,218,054
6.01.01.01	Profit (loss) for the year	85,103,894	17,343,285
6.01.01.02	Depreciation and Amortization	33,434,700	27,743,630
6.01.01.03	Interest and exchange differences on borrowings and financing	6,642,389	15,502,445
6.01.01.04	Interest on lease and right-of-use rental	16,966,371	13,660,679
6.01.01.05	Current and deferred income tax and social contribution	-3,303,746	-11,380,631
6.01.01.06	Allowance for inventory losses	1,850,268	-1,143,784
6.01.01.07	Provision for civil, labor and tax risks	2,036,186	758,758
6.01.01.08	Share of profit (loss) of investees	0	0
6.01.01.09	Interest on taxes in installments	0	24,650
6.01.01.10	Write-off of property, plant and equipment and intangible assets	10,211	53,573
6.01.01.11	Tax credits	0	0
6.01.01.12	Inflation adjustment on judicial deposits and recoverable taxes	-818,698	-4,069,249
6.01.01.13	Expected credit losses	218,801	0
6.01.01.14	Lease discount	-5,500,371	-9,275,302
6.01.02	Changes in Assets and Liabilities:	32,595,971	118,899,633
6.01.02.01	Trade receivables	43,386,719	213,821,278
6.01.02.02	Due from related parties	0	-17,615
6.01.02.03	Inventories	-80,384,475	-11,352,688
6.01.02.04	Recoverable taxes	34,098,628	17,096,770
6.01.02.05	Escrow deposits	-854	192,267
6.01.02.06	Other credits	-10,138,428	2,339,918
6.01.02.07	Trade payables	71,082,073	-17,817,623
6.01.02.08	Payroll and related taxes	6,686,543	-17,671,871
6.01.02.09	Taxes payable	-35,336,008	-56,761,742
6.01.02.10	Leases payable	13,601,044	-1,097,364
6.01.02.11	Taxes in installments	-117,806	-213,873
6.01.02.12	Contingencies paid	-663,258	-692,846
6.01.02.13	Other payables	-9,618,207	-8,924,978
6.01.03	Others	-34,594,172	-17,920,319
6.01.03.01	Income tax and social contribution paid	-9,832,964	-3,491,519
6.01.03.02	Interest paid on borrowings and financing	-7,733,600	-5,363,219
6.01.03.03	Interest paid on right-of-use lease	-17,027,608	-9,065,581
6.02	Net Cash from Investing Activities	-117,684,698	-26,365,059
6.02.01	Financial Application	-85,096,153	0
6.02.02	Purchases of property and equipment	-28,636,095	-25,496,619
6.02.03	Purchases of intangible assets	-3,952,450	-868,440
6.02.05	Sale of fixed assets	0	0
6.02.07	Disposal of investment	0	0
6.02.08	Borrowings receivables of related parties	0	0
6.03	Net Cash from Financing Activities	-133,108,915	25,002,233
6.03.01	Capital increase	0	0
6.03.03	Dividends paid	-12,479,567	0
6.03.04	Borrowings and financing	120,343,414	155,900,000

**(Reais)**

<b>Account Code</b>	<b>Account Description</b>	<b>Last year 01/01/2021 to 06/30/2021</b>	<b>Penultimate year 01/01/2020 to 06/30/2020</b>
6.03.05	Repayment of borrowings and financing	-226,162,650	-146,270,485
6.03.06	Settlement of derivatives - SWAP agreements	19,047,902	21,612,432
6.03.07	Repayment of lease and right-of-use rental	-11,507,020	-6,239,714
6.03.08	(-) Share issue cost	0	0
6.03.09	Interest on own capital paid	-22,350,994	0
6.05	Increase (Decrease) in Cash and Cash Equivalents	-116,151,809	148,834,542
6.05.01	Opening Balance of Cash and Cash Equivalents	477,319,379	435,844,350
6.05.02	Closing Balance of Cash and Cash Equivalents	361,167,570	584,678,892

**Consolidated FS / Statement of Changes in Equity / 01/01/2021 - 06/30/2021****(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
<b>5.01</b>	<b>Opening balances</b>	<b>1,105,381,209</b>	<b>-53,041,127</b>	<b>119,135,127</b>	<b>0</b>	<b>0</b>	<b>1,171,475,813</b>		<b>1,171,475,813</b>
5.03	Adjusted opening balances	1,105,381,209	-53,041,127	119,135,731	0	0	1,171,475,813		1,171,475,813
5.04	Capital Transactions with partners	0	0	573	0	0	573		573
5.04.06	Dividends	0	0	573	0	0	573		573
<b>5.05</b>	<b>Total Comprehensive Income</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>85,103,894</b>	<b>0</b>	<b>85,103,894</b>		<b>85,103,894</b>
5.05.01	Profit for the Period	0	0	0	85,103,894	0	85,103,894		85,103,894
5.05.02	Other Comprehensive Income	0	0	0	0	0	0		0
5.05.02.07	Dividends distributed	0	0	0	0	0	0		0
5.06	Internal Changes in Equity	0	0	0	0	0	0		0
5.06.05	Constitution of legal reserve	0	0	0	0	0	0		0
5.06.06	Constitution of statutory reserve	0	0	0	0	0	0		0
<b>5.07</b>	<b>Closing Balances</b>	<b>1,105,381,209</b>	<b>-53,041,127</b>	<b>119,136,304</b>	<b>85,103,894</b>	<b>0</b>	<b>1,256,580,280</b>		<b>1,256,580,280</b>

**Consolidated FS / Statement of Changes in Equity / 01/01/2020 - 06/30/2020****(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	1,052,340,082	0	37,384,253	0	0	1,089,724,335	0	1,089,724,335
5.03	Adjusted opening balances	1,052,340,082	0	37,384,253	0	0	1,089,724,335	0	1,089,724,335
5.04	Capital Transactions with partners	0	0	-27,439,000	0	0	-27,439,000	0	-27,439,000
5.04.01	Capital increases	0	0	0	0	0	0	0	0
5.04.02	Share issue expenses	0	0	0	0	0	0	0	0
5.04.07	Capital Contributions cession of quotas the Subsidiaries	0	0	-27,439,000	0	0	-27,439,000	0	-27,439,000
5.05	Total Comprehensive Income	0	0	0	17,343,285	0	17,343,285	0	17,343,285
5.05.01	Profit for the Period	0	0	0	17,343,285	0	17,343,285	0	17,343,285
5.05.02	Other Comprehensive Income	0	0	0	0	0	0	0	0
5.05.02.03	Profit (loss) of investees without comprehensive income subsidiaries and affiliates	0	0	0	0	0	0	0	0
5.05.02.06	Unrealized profits	0	0	0	0	0	0	0	0
5.05.02.07	Dividends distributed	0	0	0	0	0	0	0	0
5.05.02.08	Interest on own capital	0	0	0	0	0	0	0	0
5.06	Internal Changes in Equity	0	0	0	0	0	0	0	0
5.06.04	Constitution of tax incentive reserve	0	0	0	0	0	0	0	0
5.06.05	Constitution of legal reserve	0	0	0	0	0	0	0	0
5.06.06	Constitution of statutory reserve	0	0	0	0	0	0	0	0
5.06.07	Additional dividends of Interest on capital	0	0	0	0	0	0	0	0
5.07	Closing Balances	1,052,340,082	0	9,945,253	17,343,285	0	1,079,628,620	0	1,079,628,620

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

<b>Account Code</b>	<b>Account Description</b>	<b>Last year 01/01/2021 to 06/30/2021</b>	<b>Penultimate year 01/01/2020 to 06/30/2020</b>
7.01	Revenues	730,516,128	448,251,742
7.01.01	Sales of Goods and Services	730,137,386	443,531,914
7.01.02	Other Income	378,742	14,719,828
7.01.02.01	Other Income	159,941	14,719,828
7.01.02.02	Expected credit losses	218,801	0
7.02	Inputs Purchased from Third Parties	-291,819,144	-192,707,540
7.02.01	Cost of Goods and Services	-173,637,932	-103,076,741
7.02.02	Materials, Electric Power, Outside Services and Others	-118,181,212	-89,630,799
7.03	Wealth Distributed	438,696,984	255,544,202
7.04	Retentions	-33,434,700	-27,743,630
7.04.01	Depreciation, Amortization and Depletion	-33,434,700	-27,743,630
7.05	Wealth Created by the Company	405,262,284	227,800,572
7.06	Wealth Received in Transfer	13,424,185	13,434,010
7.06.02	Finance Income	13,424,185	13,434,010
7.06.03	Others	0	0
7.06.03.01	Share of profit of subsidiaries and associates	0	0
7.07	Value Added for Distribution	418,686,469	241,234,582
7.08	Wealth Distributed	418,686,469	241,234,582
7.08.01	Personnel	120,808,621	86,730,771
7.08.01.01	Salaries and Wags	97,430,103	68,069,013
7.08.01.02	Benefits	14,922,232	12,645,719
7.08.01.03	F.G.T.S.	8,456,286	6,016,039
7.08.02	Taxes, fees and contributions	182,304,438	98,786,562
7.08.02.01	Federal	74,407,577	32,993,919
7.08.02.02	State	105,489,748	64,468,277
7.08.02.03	Municipal	2,407,113	1,324,366
7.08.03	Lenders and Lessors	30,469,516	38,373,964
7.08.03.01	Interest	27,029,674	33,049,824
7.08.03.02	Rentals	2,665,316	4,927,834
7.08.03.03	Others	774,526	396,306
7.08.03.03.01	Royalties	774,526	396,306
7.08.04	Shareholders	85,103,894	17,343,285
7.08.04.02	Dividends	0	0
7.08.04.03	Retained Earnings / Loss for the Period	85,103,894	17,343,285

(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 PERIOD ENDED JUNE 30, 2021

(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 mentioned in note 13.

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 June 30, 2021, Tellerina had 235 stores and 30 kiosks (221 stores and 46 kiosks as at December 31, 2020) 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.

Impacts related to Covid-19

The Company’s Management has been monitoring the events related to the COVID-19 pandemic, paying careful attention to the instructions from the Brazilian and international authorities, and has been adopting several measures to preserve the health of its employees, suppliers and partners.

At the beginning of the quarter, the operation of the physical stores was significantly affected by the closing of the main malls in Brazil in April, with operations being gradually resumed and ending the quarter with 100% of the stores open. However, the Company had a strong recovery in the periods of sales for the Mother’s Day and Valentine’s Day, resulting in growth of 169.2% in Gross Revenue (net of returns) compared to the same period of 2020 and of 18.4% compared to the same period of 2019, prior to the pandemic.

The Company remains careful when allocating capital so as to ensure the return on its investments; however, with a better view of the pandemic effects on its results of operations and cash flow, it will maintain its investments plans projected for this year, thus ensuring the continuity of the organic growth, higher production levels at the Manaus plant and better support to the multichannel initiatives.

In accordance with CVM Circular Letters 02/20 and 03/20 and considering the economic scenario, the risks and uncertainties arising from Covid-19 effects, the Company’s Management has concluded that the critical estimates and judgments are not materially affected.



## 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, 2020, disclosed on March 17, 2021, and the main accounting policies were disclosed in note 3 to these financial statements.

The interim financial information for the quarter ended June 30, 2021 was approved for disclosure by the Board of Directors on August 13, 2021.

## 3. CASH AND CASH EQUIVALENTS

	Parent		Consolidated	
	06/30/2021	12/31/2020	06/30/2021	12/31/2020
Cash	-	-	3,374	6,935
Banks – checking account	-	-	4,060	10,518
Short-term investments (a)	31	224	353,734	459,866
Total	31	224	361,168	477,319

(a) As at June 30, 2021, short-term investments are represented as follows:

	Consolidated			
	06/30/2021	Weighted average rate	12/31/2020	Weighted average rate
Bank Certificate of Deposit (CDB)	352,141	113.8%	451,495	109.5%
Repurchase transaction	500	80%	4,299	80%
Automatic investments	1,093	10%	4,072	10%
Total	353,734		459,866	

## 4. SECURITIES

	Maturity	Return	06/30/2021	12/31/2020
Investment funds (a)	-	Variable (*)	68,804	59,726
Financial bills (b)	07/2024	165.7% of the CDI	240,894	164,876
Total			<u>309,698</u>	<u>224,602</u>
Current assets			68,804	59,726
Noncurrent assets			240,894	164,876
Total			<u>309,698</u>	<u>224,602</u>

- a) Investment funds showed weighted return of 0.3% in the period (return of 0.3% as at December 31, 2020).
- 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 offered as collateral for borrowings from financial institutions, with maturities up to 2024, the amount of R\$72,000 in investments in long-term financial bills.

## 5. TRADE RECEIVABLES

	Consolidated	
	06/30/2021	12/31/2020
Credit card companies	362,454	405,099
Checks to be cleared	1,291	1,471
Bank slips	3,684	4,684
Subtotal	<u>367,429</u>	<u>411,254</u>
Allowance for expected credit losses	(772)	(991)
Total	<u>366,657</u>	<u>410,263</u>

The aging list of trade receivables is as follows:

	Consolidated	
	06/30/2021	12/31/2020
Past-due:		
1 to 30 days	581	662
31 to 60 days	330	109
61 to 90 days	261	106
91 to 120 days	203	71
121 to 150 days	276	24
151 to 180 days	30	18
Over 180 days	940	964
Current:	<u>364,809</u>	<u>409,300</u>
Total	<u>367,429</u>	<u>411,254</u>

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

The Company offered as collateral for borrowings from financial institutions, with maturity in January 2023, the amount of R\$17,500 in future receivables from credit card companies, with no binding or blocking of receivables during the term of the agreement.

Management measures the loss allowance in an amount equivalent to lifetime expected credit losses for trade receivables. The expected credit losses on trade receivables are estimated using a provision matrix, by reference to past default experience per type of receivable, applied to current sales pertaining to the same collection category.

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

	Consolidated	
	<u>06/30/2021</u>	<u>12/31/2020</u>
Balance at the beginning of the period	(991)	(769)
Additions	(19)	(583)
Reversals	238	361
Balance at the end of the period	<u>(772)</u>	<u>(991)</u>

## 6. INVENTORIES

	Consolidated	
	<u>06/30/2021</u>	<u>12/31/2020</u>
Finished products	259,722	228,248
Raw materials	153,720	127,352
Consumables and packaging materials	6,775	5,478
Inventories in transit and advances to suppliers	31,522	10,277
Allowance for inventory losses	<u>(8,021)</u>	<u>(6,171)</u>
Total	<u>443,718</u>	<u>365,184</u>

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 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	
	06/30/2021	12/31/2020
Balance at the beginning of the period	(6,171)	(5,381)
Additions	(4,693)	(2,286)
Reversals	2,843	1,496
Balance at the end of the period	<u>(8,021)</u>	<u>(6,171)</u>

## 7. RECOVERABLE TAXES

	Parent		Consolidated	
	06/30/2021	12/31/2020	06/30/2021	12/31/2020
Income tax (IRPJ) (a)	-	4,394	36,425	35,020
Social contribution (CSLL) (a)	-	595	23,682	22,637
State VAT (ICMS) (b)	-	-	83,845	71,789
Taxes on revenue (PIS and COFINS) (c)	-	-	35,394	87,678
Other	1	-	4,370	-
Total	<u>1</u>	<u>4,989</u>	<u>183,716</u>	<u>217,124</u>
Current assets	1	4,989	60,731	101,034
Noncurrent assets	-	-	122,985	116,090
Total	<u>1</u>	<u>4,989</u>	<u>183,716</u>	<u>217,124</u>

### (a) Income tax (IRPJ) and social contribution (CSLL)

The IRPJ and CSLL credits were calculated by deducting the ICMS tax incentive in effect in Manaus Free Trade Zone from the related tax bases, corresponding to the period from 2014 to 2016 and comprise credit balances in 2020 computation.

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

Year	Consolidated 06/30/2021
2021	13,135
2022	41,200
2023	5,772
Total	<u>60,107</u>

(b) State VAT (ICMS)

The long-term recoverable amounts refer to ICMS credits arising on accumulated credit balances from the operations of Vivara stores mostly located in the States of Pernambuco, Rio Grande do Norte and Alagoas and from the Conipa store in the State of São Paulo.

In Pernambuco, which accounts for most of these credit balances, the Company required to join a Special Regime to be exempted from applying the Value-added Margins set out in Appendix 12 of Decree 44.650/2017; and, should these preliminary claims not be accepted, a Special Regime would be required for the prepayment of ICMS amounts due, as follows: in the first year: fixed value-added margin of 5%; in the second year: fixed value-added margin of 10%; and, in the third year: fixed value-added margin of 20%. Due to the delay in a response by the State Government, largely due to the new coronavirus pandemic scenario, the Company started to make sales directly from the Manaus plant to the Pernambuco stores. This procedure started in June and is expected to have greater impact in the fourth quarter.

In São Paulo, the purchase of raw material has accumulated ICMS credit balance. Together with its legal counsel, the Company started the process to redeem this balance with the Federal Government through e-CredAc.

The ICMS credits are expected to be realized as follows:

Year	Consolidated 06/30/2021	Consolidated 12/31/2020
2021	7,832	10,431
2022	34,972	26,560
2023	4,362	5,230
2024	4,591	5,505
2025 and thereafter	32,088	24,063
Total	83,845	71,789

(c) Taxes on revenue (PIS and COFINS)

On December 13, 2018, a final and unappealable court decision was handed down in respect of lawsuit No. 0015738-41.2015.4.01.3200 before the 3rd Court of Manaus (AM) Judiciary Section, whereby Tellerina obtained a favorable outcome concerning its request for deducting the ICMS amount levied on shipment invoices from PIS and COFINS tax bases. The final and unappealable decision certificate was issued on January 15, 2019. The credit utilization request filed with the Brazilian Federal Revenue Service was approved on October 22, 2019.

Recoverable PIS and COFINS balances comprise tax credits derived from imports of inputs and raw materials conducted by subsidiary Conipa in Manaus Free Trade Zone.

The PIS and COFINS credits are expected to be realized as follows:

Year	Consolidated 06/30/2021
2021	35,394
Total	35,394

## 8. INVESTMENT

	Equity	Equity interest	Investment	Share of profit (loss) of subsidiaries
Tellerina	423,140	99.99%	423,140	(56,545)
Conipa	836,930	99.99%	839,930	144,566
Total - direct subsidiaries	<u>1,260,070</u>		<u>1,260,070</u>	<u>88,021</u>

### a) Investments in subsidiaries

June 30, 2021

Variations in investments are broken down below:

	Parent
Balance at the beginning of the period	1,173,809
Interest on capital	(1,760)
Share of profit (loss) of subsidiaries	88,021
Balance at the end of the period	<u>1,260,070</u>

### 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			
	12/31/2020	Additions	Write-offs	06/30/2021
ICMS tax incentive	107,078	49,041	-	156,119
Tax incentive - operating profit	39,397	17,583	-	56,980
Total	<u>146,475</u>	<u>66,624</u>	<u>-</u>	<u>213,099</u>

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			
		Cost	06/30/2021 Accumulated depreciation	Value	12/31/2020 Value
Leasehold improvements	20	93,493	(56,234)	37,259	41,570
Furniture and fixtures	10	38,654	(16,543)	22,111	22,269
Machinery, equipment and facilities	10	25,936	(7,966)	17,970	14,122
Company cars	20	676	(605)	71	85
IT equipment	20	13,580	(5,642)	7,938	7,587
Land	-	350	-	350	350
Right-of-use assets	10 to 25	371,890	(89,261)	282,629	253,196
Advances to suppliers and construction in progress (*)	-	20,788	-	20,788	1,728
<b>Total</b>		<b>565,367</b>	<b>(176,251)</b>	<b>389,116</b>	<b>340,907</b>

(\*) 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				
	12/31/2020	Additions	Write-offs	Transfers	03/31/2021
<u>Cost</u>					
Leasehold improvements	92,237	1,256	-	-	93,493
Furniture and fixtures	36,889	1,772	(7)	-	38,654
Machinery, equipment and facilities	20,919	5,012	(39)	43	25,936
Company cars	676	-	-	-	676
IT equipment	12,101	1,535	(13)	(43)	13,580
Land	350	-	-	-	350
Right-of-use assets (*)	320,442	51,448	-	-	371,890
Advances to suppliers and construction in progress	1,728	19,061	-	-	20,788
	<u>485,342</u>	<u>80,038</u>	<u>(59)</u>	<u>-</u>	<u>565,367</u>

	Consolidated				03/31/2021
	12/31/2020	Additions	Write-offs	Transfers	
<b>Depreciation</b>					
Leasehold improvements	(50,667)	(5,567)	-	-	(56,234)
Furniture and fixtures	(14,620)	(1,923)	7	-	(16,543)
Machinery, equipment and facilities	(6,798)	(1,168)	39	-	(7,966)
Company cars	(591)	(14)	-	-	(605)
IT equipment	(4,514)	(1,131)	3	-	(5,642)
Right-of-use assets	(67,245)	(22,016)	-	-	(89,261)
	<u>(144,435)</u>	<u>(31,819)</u>	<u>49</u>	<u>-</u>	<u>(176,251)</u>
<b>Total</b>	<u>340,907</u>	<u>48,219</u>	<u>(10)</u>	<u>-</u>	<u>389,116</u>

(\*) In the period, the additions amounting to R\$51,448 and referring to “Rights of use – leased properties” correspond to the remeasurement of lease agreements over the contractual adjustment period, without affecting cash when included in property, plant and equipment.

## 10. TRADE PAYABLES

### (a) Trade payables

The balance is almost entirely comprised of purchases of raw materials, inputs, packaging, and goods for resale, with an average payment term of 90 days.

### (b) Trade payables - agreement

The Company makes available to its strategic suppliers credit lines with financial institutions, which allows them to discount their receivables at a rate between 0.9% and 2.2% per year, defined according to each profile, without any changes to the term negotiated between the Company and the supplier.

The Company understands that this transaction has a specific nature and classifies it separately from the trade receivables line item. The average maturity of discounted receivables is 90 days.

## 11. PAYROLL AND RELATED TAXES

	Parent		Consolidated	
	06/30/2021	12/31/2020	06/30/2021	12/31/2020
Accrued vacation pay	-	-	17,902	15,436
Accrued 13 <sup>th</sup> salary	-	-	7,704	-
Payroll	121	104	10,000	14,709
Bonuses (*)	-	-	13,450	12,238
Severance pay fund (FGTS)	-	-	3,339	1,734
Social security contribution (INSS)	36	30	4,754	6,279
Withholding income tax (IRRF)	80	72	2,667	5,801
Other	-	-	684	679
<b>Total</b>	<u>237</u>	<u>206</u>	<u>60,500</u>	<u>56,876</u>
Current liabilities	237	206	56,609	49,922
Noncurrent liabilities	-	-	3,891	6,954
	<u>237</u>	<u>206</u>	<u>60,500</u>	<u>56,876</u>



- (\*) Includes the amounts of bonuses and rewards related to the Initial Public Offering in the amount of R\$15,381 recognized in 2019. In June 2021, the payment terms were renegotiated and the remaining balance of R\$6,516 will be paid in three annual installments between September 2021 and September 2023.

The amounts classified in noncurrent liabilities mature as follows:

Year	Consolidated	
	06/30/2021	12/31/2020
2022	2,625	2,239
2023	1,266	2,239
2024	-	1,238
2025	-	1,238
Total	<u>3,891</u>	<u>6,954</u>

## 12. TAXES PAYABLE

	Parent		Consolidated	
	06/30/2021	12/31/2020	06/30/2021	12/31/2020
State VAT (ICMS)	-	-	14,615	33,850
Federal VAT (IPI) (a)	-	-	20,282	20,247
Taxes on revenue (PIS and COFINS)	3,050	9,826	12,487	24,128
Income tax (IRPJ) and social contribution (CSLL)	-	-	7,631	6,191
Withholding income tax (IRRF) on interest on capital	-	2,647	-	5,347
Other	15	5	3,786	2,414
Total	<u>3,065</u>	<u>12,478</u>	<u>58,801</u>	<u>92,177</u>

### (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 is probable, that the decision is unfavorable and that those tax liabilities may be paid and settled throughout 2021. Such obligation may be settled through the offset against federal tax credits.

### 13. BORROWINGS AND FINANCING

#### a) Breakdown of balances

Institution and type	Rate	Maturity	Consolidated	Consolidated
			06/30/2021	12/31/2020
<u>In local currency</u>				
Banco do Brasil - working capital	CDI + 0.95% p.a.	02/2021	-	100,308
Banco Safra - working capital	100% of CDI	01/2023	17,527	22,524
Banco Santander - working capital	CDI + 2.46% p.a.	09/2022	40,608	40,473
Banco Itaú BBA S.A - working capital	CDI + 2.55% p.a.	10/2023	60,845	60,663
Banco Bradesco - working capital	CDI + 0.95% p.a.	12/2021	50,065	50,039
Banco Itaú BBA S.A - working capital	CDI + 1.55% p.a.	04/2022	51,131	-
Banco Safra - working capital	CDI + 1.60% p.a.	01/2023	20,317	-
Banco de Lage Landen Brasil S.A.- CDC	-	02/2021	-	2,214
Total borrowings in local currency			<u>240,493</u>	<u>276,221</u>
<u>In foreign currency</u>				
Banco Itaú - Resolution 4131	Fixed rate of 1.95% p.a.	03/2021	-	52,778
Banco Santander - Resolution 4131	Fixed rate of 2.3475% p.a.	02/2024	46,304	-
Banco Itaú - Resolution 4131	Fixed rate of 2.754% p.a.	02/2021	-	61,322
Total borrowings and financing in foreign currency			<u>46,304</u>	<u>114,100</u>
Total borrowings and financing			<u>286,798</u>	<u>390,320</u>
<u>Derivatives (assets) and liabilities - swap contracts</u>				
Banco Itaú - swap derivative	Exchange rate changes + 3.24% p.a.	02/2021	-	(1,683)
Banco Santander - swap derivative	Exchange rate changes + 3.28% p.a.	02/2024	3,894	-
Banco Itaú - swap derivative	Exchange rate changes +2.29% p.a.	03/2021	-	(10,084)
Total derivatives (assets) – swap contracts			<u>3,894</u>	<u>(11,767)</u>
Total borrowings and financing, net of derivative instruments			<u>290,692</u>	<u>378,554</u>
Current assets			-	(11,767)
Noncurrent assets			-	-
Current liabilities			113,450	277,821
Noncurrent liabilities			177,242	112,500
Total			<u>290,692</u>	<u>378,554</u>

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 06/30/2021
Balance at the beginning of the period	378,554
Borrowings	120,344
Principal repayments	(226,163)
Swap contract settlement	19,048
Interest payment	(7,734)
Cash flows from financing activities	(94,506)
Interest incurred	6,594
Exchange rate changes	3,435
Finance charges on swap contracts	(3,387)
Noncash variations	6,642
Balance at the end of the period	290,691

The amount classified in noncurrent liabilities mature as follows:

Year	Consolidated	
	06/30/2021	12/31/2020
From 1 to 2 years	67,817	50,000
From 2 to 3 years	109,425	62,500
Total	177,242	112,500

There are no covenants for all borrowings and financing agreements entered into with financial institutions. Certain loan agreements comprise collaterals tied to receivables from credit card companies in the amount of R\$17,500 and long-term investments in the amount of R\$72,000.

14. PROVISION FOR CIVIL, LABOR AND TAX RISKS AND ESCROW DEPOSITS

As at June 30, 2021, the Company was a party to civil, labor and tax lawsuits assessed as probable losses by its legal counsel, as follows:

Provision	Consolidated			
	Civil (a)	Labor (b)	Tax (c)	Total
Balance as at December 31, 2020	1,685	7,893	15,058	24,636
Additions	1,404	1,288	484	3,176
Payments	(176)	(487)	-	(663)
Reversals	(427)	(247)	(466)	(1,140)
Balance as at June 30, 2021	2,486	8,447	15,076	26,009

	Consolidated			
	Civil (a)	Labor (b)	Tax (c)	Total
<u>Escrow deposits</u>				
Balance as at December 31, 2020	-	1,377	12,080	13,457
Additions	-	-	-	-
Inflation adjustments	-	118	105	223
Redemptions	-	(94)	-	(64)
Balance as at June 30, 2021	-	1,401	12,185	13,586

(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.

(c) Tax lawsuits

Substantially refer to lawsuits and tax assessment notices relating to State VAT (ICMS) amounts due in the States of São Paulo and Santa Catarina. Moreover, based on its legal counsel's opinion, the Company recognized a provision for risks of potential challenges concerning the utilization of PIS and COFINS credits by its subsidiaries.

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.

Nearly all recorded reversals correspond to the statute of limitations for Tax Authorities' challenges as to matters subject to litigation, with respect to PIS and COFINS credits and the tax base of income tax and social contribution.

## Lawsuits assessed as possible losses

As at June 30, 2021, 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	
	06/30/2021	12/31/2020
Civil	5,116	4,881
Tax risks (*)	106,897	142,900
Total	<u>112,013</u>	<u>147,781</u>

(\*) 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. In the six-month period, the Company obtained a favorable decision on the lawsuit discussing the alleged noncompliance with the tax relief rules at the Manaus Free Trade Zone regarding PIS and COFINS.

## 15. EQUITY

### a) Capital

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

As at June 30, 2021, capital is held as follows:

Vivara Participações	Common shares
Company's owners	136,750,910
Outstanding shares	<u>99,446,859</u>
Total	<u>236,197,769</u>

### 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.

On May 15, 2021, the Company paid to shareholders the net amount of R\$22,351 relating to distribution of interest on capital and the net amount of R\$12,480 relating to distribution of dividends, both related to profit earned in 2020.

The Company received from its subsidiaries the gross amount of R\$18,000 (R\$15,300 net of taxes) as interest on capital relating to profit earned in 2020 and the remaining balance for 2019 in the amount of R\$25,212, on May 15, 2021.

The Company received from its subsidiary Conipa the gross amount of R\$1,760 as advance payment of interest on capital relating to profit earned in 2021.

## 16. RELATED PARTIES

Balances	Parent	
	06/30/2021	12/31/2020
<u>Assets</u>		
Interest on capital receivable:		
Tellerina	-	14,634
Conipa	-	25,878
Total	-	40,512
Current	-	40,512
Total	-	40,512

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 06/30/2021		01/01 to 06/30/2020	
	TELLERINA	CONIPA	TELLERINA	CONIPA
<u>Transaction</u>				
Sales (purchases) of goods	(422,813)	422,813	(201,649)	201,649
Sales (purchases) of raw materials	15,942	(15,942)	12,891	(12,891)
Copyrights	63,724	(63,724)	26,270	(26,270)
Total	(343,147)	343,147	(116,549)	116,549

As at June 30, 2021, the following amounts were paid and accrued to the Company's Management:

	Consolidated 06/30/2021		
	Fixed	Variable	Total
Board of Directors	890		890
Statutory officers	1,879	135	2,013
Statutory officers of subsidiaries and executive officers	2,826	423	3,250
Total	5,595	558	6,153

## 17. INCOME TAX AND SOCIAL CONTRIBUTION

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

	Parent		Consolidated	
	06/30/2021	06/30/2020	06/30/2021	06/30/2020
Profit before income tax and social contribution	85,124	17,343	81,800	5,963
Combined statutory rate	34%	34%	34%	34%
Income tax and social contribution at statutory rate	(28,942)	(5,897)	(27,812)	(2,027)
Income tax and social contribution on tax loss carryforwards for which no corresponding deferred taxes were recognized	(985)	(563)	(985)	(5,394)
Permanent differences:				
Share of profit (loss) of subsidiaries	29,927	6,461	-	-
Other permanent differences	(20)	-	(2,157)	(4,307)
Tax incentive - operating profit	-	-	17,583	11,166
Tax incentive - deemed ICMS credits	-	-	16,674	7,635
Total	(20)	1	3,304	11,380
Current	(20)	1	(11,793)	(9,250)
Deferred	-	-	15,097	20,630
Total	(20)	1	3,304	11,380

### b) Deferred income tax and social contribution

	Consolidated			
	06/30/2021		12/31/2020	
	IRPJ tax base	CSLL tax base	IRPJ tax base	CSLL tax base
Deferred tax assets on temporary differences:				
Allowance for doubtful debts	772	772	991	991
Allowance for inventory losses	8,021	8,021	6,272	6,272
Accrued expenses	53,955	59,780	32,120	37,945
Unrealized profit on intragroup transactions	54,856	54,856	28,012	28,012
Provision for civil, labor and tax risks	26,009	26,009	24,636	24,636
Right-of-use leases	21,290	21,290	27,107	27,107
Tax loss carryforwards	77,739	76,690	78,457	79,843
Deferred tax base (*)	242,642	247,418	197,595	204,806
Deferred income tax assets (25%)	-	60,660	-	49,398
Deferred social contribution assets (9%)	-	22,268	-	18,433
Deferred income tax and social contribution assets	-	82,928	-	67,831

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	
	06/30/2021	12/31/2020
Up to 1 year	5,780	7,456
From 1 to 2 years	7,864	7,977
From 2 to 3 years	8,417	7,778
From 3 to 5 years	15,323	16,141
Over 5 years	45,544	28,479
Total	<u>82,928</u>	<u>67,831</u>

18. NET REVENUE FROM SALES AND SERVICES

	Consolidated 06/30/2021	Consolidated 06/30/2020
Gross sales revenue	879,589	517,403
Gross service revenue	3,336	1,838
Deductions from gross revenue:		
State VAT (ICMS)	(82,820)	(50,887)
Tax on revenue (COFINS)	(50,066)	(29,355)
Tax on revenue (PIS)	(10,906)	(6,373)
FTI (*)	(6,454)	(2,941)
Service tax (ISS)	(166)	(92)
Sales returns/exchanges	(152,788)	(85,709)
Total	<u>579,725</u>	<u>343,884</u>

The ICMS amounts are stated net of the tax incentive of same nature mentioned in note 8.b in the amount of R\$49,041 (R\$22,456 as at June 30, 2020).

(\*) 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.



## 19. 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

	<u>Consolidated</u> <u>06/30/2021</u>	<u>Consolidated</u> <u>06/30/2020</u>
Acquisition cost of inputs and raw materials and goods for resale	(173,943)	(102,929)
Personnel	(13,231)	(8,827)
Depreciation and amortization	(1,512)	(1,154)
Electric power, water and telephone	(479)	(262)
Freight	(1,656)	(718)
	<u>(190,821)</u>	<u>(113,890)</u>

### b) Selling expenses

	<u>Consolidated</u> <u>06/30/2021</u>	<u>Consolidated</u> <u>06/30/2020</u>
Personnel	(94,780)	(63,412)
Freight	(11,573)	(12,143)
Marketing/selling expenses	(29,473)	(25,519)
Professional services	(4,017)	(5,002)
Rentals and common area maintenance fees	(23,543)	(16,495)
Lease discounts	5,500	9,275
Depreciation and amortization	(20,358)	(16,199)
Commission on credit cards	(13,018)	(6,877)
Electric power, water and telephone	(2,744)	(2,092)
Taxes and fees	(13,454)	(4,048)
Other expenses by nature	(6,490)	(4,419)
	<u>(213,950)</u>	<u>(146,931)</u>

### c) General and administrative expenses

	<u>Parent</u> <u>06/30/2021</u>	<u>Parent</u> <u>06/30/2020</u>	<u>Consolidated</u> <u>06/30/2021</u>	<u>Consolidated</u> <u>06/30/2020</u>
Personnel	(1,127)	(1,035)	(34,185)	(27,951)
Professional services	(1,350)	(305)	(20,920)	(20,823)
Rentals and common area maintenance fees	-	-	(1,060)	(457)
Electric power, water and telephone	-	-	(635)	(586)
Depreciation and amortization	-	-	(11,565)	(10,390)
Taxes and fees	(399)	(529)	(6,521)	(8,987)
Other expenses by nature	(151)	(322)	(2,092)	(1,039)
	<u>(3,027)</u>	<u>(2,191)</u>	<u>(76,978)</u>	<u>(70,233)</u>

## 20. 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 06/30/2021	Consolidated 06/30/2020
Jewelry	404,306	216,354
Life	215,509	130,268
Watches	88,791	70,713
Accessories	18,196	14,359
Services	3,336	1,838
<b>Total</b>	<b>730,137</b>	<b>433,532</b>
Stores	584,570	297,862
Online	136,795	130,558
Other	5,437	3,274
Services	3,336	1,838
<b>Total</b>	<b>730,137</b>	<b>433,532</b>

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

	<u>Consolidated</u> <u>06/30/2021</u>	<u>Consolidated</u> <u>06/30/2020</u>
Tax credits (*)	-	12,821
Provision for civil, labor and tax risks	(2,036)	(760)
Share of profit (loss) of subsidiaries		
Write-off of property, plant and equipment items	(10)	(478)
Expected credit losses	219	-
Other revenue	155	1,780
<b>Total</b>	<b><u>(1,672)</u></b>	<b><u>13,363</u></b>

(\*) The amount in 2020 refers to the recognition and utilization of temporary PIS and COFINS credits on purchases of goods imported by Conipa.

## 22. FINANCE INCOME

	<u>Parent</u>		<u>Consolidated</u>	
	<u>06/30/2021</u>	<u>06/30/2020</u>	<u>06/30/2021</u>	<u>06/30/2020</u>
Income from short-term investments	2	25	11,134	7,742
Inflation adjustment (*)	141	56	1,293	4,069
Discounts obtained	-	-	-	13
Exchange gains	-	-	927	829
Other finance income	-	-	70	781
<b>Total</b>	<b><u>143</u></b>	<b><u>81</u></b>	<b><u>13,424</u></b>	<b><u>13,434</u></b>

(\*) Inflation adjustment by the Selic rate recognized for federal tax credits and escrow deposits.

## 23. FINANCE COSTS

	<u>Parent</u>		<u>Consolidated</u>	
	<u>06/30/2021</u>	<u>06/30/2020</u>	<u>06/30/2021</u>	<u>06/30/2020</u>
Interest on borrowings and financing	-	-	(6,594)	(8,562)
Exchange differences on translating borrowings and financing	-	-	(3,435)	(37,317)
Finance charges on derivative instruments	-	-	3,387	29,825
Charges on right-of-use leases	-	-	(16,966)	(13,661)
Tax on financial transactions (IOF)	(1)	-	(453)	(163)
Bank fees	(1)	(1)	(534)	(608)
Interest and fines on taxes and accessory obligations	(5)	(45)	(1,651)	(191)
Exchange losses	-	-	(715)	(2,305)
Other finance costs	(6)	(4)	(967)	(683)
<b>Total</b>	<b><u>(13)</u></b>	<b><u>(50)</u></b>	<b><u>(27,928)</u></b>	<b><u>(33,665)</u></b>

## 24. 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.

	Parent and consolidated 06/30/2021	Parent and consolidated 06/30/2020
Profit for the period	85,104	17,343
Basic denominator:		
Weighted average number of outstanding shares for the period	236,197,769	236,137,769
Basic and diluted earnings per share (*) (in R\$)	0.36031	0.07343

(\*) There are no equity instruments diluting profit for the period.

## 25. RIGHT-OF-USE LEASES

As at June 30, 2021, the Group entered into 270 agreements (272 agreements as at December 31, 2020) for the lease of their stores, kiosks, factory and administrative center with third parties. Of this total, 64 agreements (78 agreements as at December 31, 2020) 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\$8,043, as stated in note 18.

The Company determined its discount rates based on the BM&FBovespa benchmark rate of Dlxpre, 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 June 30, 2021, the 206 lease agreements (194 lease agreements as at December 31, 2020), classified as right-of-use leases, mature between 5 and 10 years and the weighted average discount rate in the period is 11.55% per year (11.50% per year as at December 31, 2020).

The Company, in 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 of June 30, 2021.

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	9	10.67%	4.84%
6 years	37	11.05%	4.91%
7 years	15	11.36%	4.94%
8 years	31	11.55%	4.98%
9 years	46	11.72%	5.02%
10 years	68	11.88%	5.09%
Total	<u>206</u>		

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

	Consolidated	
	06/30/2021	12/31/2020
Balance at the beginning of the period	275,228	249,400
Addition of new agreements	5,387	16,127
Remeasurement	46,061	27,517
Write-offs	-	(424)
Finance charges recognized	16,966	29,641
Lease discounts (*)	(5,500)	(16,491)
Interest payment (*)	(17,028)	(18,002)
Principal repayments (*)	(11,506)	(12,540)
Balance at the end of the period	<u>309,608</u>	<u>275,228</u>
Current liabilities	56,669	39,955
Noncurrent liabilities	252,939	235,273
Total	<u>309,608</u>	<u>275,228</u>

(\*) The lease installments in the table above comprise the cash outflows in the period and do not include the balance payable related to June 2021 in the amount of R\$5,689 (R\$9,096 as at December 31, 2020).

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 June 30, 2021:

Agreement maturity	Consolidated	
	06/30/2021	12/31/2020
Installment maturity:		
2021	42,428	68,729
2022	69,947	59,891
2023	69,959	59,207
2024	68,798	57,936
2025 and thereafter	182,844	143,218
Total undiscounted installments	433,976	388,981
Embedded interest	(124,368)	(113,753)
Balance of right-of-use lease liability	<u>309,608</u>	<u>275,228</u>

As at June 30, 2021, the potential PIS and COFINS credit on the gross contractual flow is R\$40,143 and that adjusted to present value over the weighted average term is R\$28,639.

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

	Consolidated	
	06/30/2021	12/31/2020
Balance at the beginning of the period	320,442	274,996
Addition of new agreements	5,387	16,127
Remeasurement	46,061	27,517
Write-offs	-	(550)
Direct costs - points of sale	-	2,352
Balance at the end of the period	<u>371,890</u>	<u>320,442</u>

	Consolidated	
	06/30/2021	06/30/2020
Amortization expenses in the period	(22,015)	(17,311)

## 26. FINANCIAL INSTRUMENTS

### a) Categories of financial instruments

	Parent		Consolidated	
	06/30/2021	12/31/2020	06/30/2021	12/31/2020
<u>Financial assets</u>				
Amortized cost:				
Cash and cash equivalents	32	224	361,168	477,319
Trade receivables	-	-	366,657	410,263
Due from related parties	-	40,512	-	-
Subtotal	<u>32</u>	<u>40,736</u>	<u>722,825</u>	<u>940,782</u>
Fair value through profit or loss:				
Securities	-	-	309,698	224,602
Derivative instruments	-	-	-	11,767
Total financial assets	<u>32</u>	<u>40,736</u>	<u>1,037,523</u>	<u>1,123,951</u>
<u>Financial liabilities</u>				
Amortized cost:				
Trade payables	-	-	56,868	53,029
Trade payables - agreement	-	-	67,412	169
Right-of-use leases payable	-	-	309,608	275,228
Interest on capital payable	2	22,353	2	22,353
Dividends payable	2	12,482	2	12,482
Derivative instruments	-	-	3,894	-
Borrowings and financing	-	-	286,798	390,321
Total financial liabilities	<u>4</u>	<u>34,835</u>	<u>724,584</u>	<u>753,582</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			
	06/30/2021			
	Financial institution	Debt amount	Derivative	Net exposure
Resolution 4131	Banco Santander	46,346	(46,346)	-
Total borrowings and financing		46,346	(46,346)	-
Foreign suppliers (*)	-	34,670	-	34,670
Total foreign exchange exposure		81,016	(46,346)	34,670
US dollar quotation - balance sheet		5.0022	5.0022	5.0022
Total exposure in US dollars		16,916	(9,265)	6,931

(\*) 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.

i) 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 June 30, 2021, the outstanding swap transactions are broken down as follows:

Description	Rates	Consolidated		Cumulative effect up to 06/30/2021 marked to market
		Notional amount	Fair value	
<u>Swap contracts</u>				
Long position:				
Exchanges rate changes - US\$	US\$ +3.28% p.a.	46,346	46,346	-
Short position:				
CDI fluctuation	CDI + 1.2% p.a.	46,346	50,240	(3,894)
Net amount receivable				<u>(3,894)</u>

The liability balance totaling R\$3,894 refers to the net adjustment payable, calculated at fair value as at June 30, 2021, 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	<u>34,670</u>
Total foreign exchange exposure in foreign currency	<u>6,931</u>

Accordingly, as a result of the considerations above, only the amount of R\$34,670 is being applied for the sensitivity analysis purposes. The US dollar foreign exchange rate was R\$5.0022 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\$5.5100 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 8% 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 July 16, 2021.

Group's risk	Scenario I	Scenario II	Scenario III
	Notional amount of the net exposure (in foreign currency)	6,931	6,931
Notional amount of the net exposure (in local currency)	34,670	34,670	34,670
Projected fair value (in local currency)	38,190	40,099	35,134
Effects of exchange rate changes	3,520	5,429	464
U.S. dollar rate	5.5100	5.7855	5.0682



## Interest rate risk

Considering that almost all foreign currency-denominated borrowings and financing are hedged by swap contracts as at June 30, 2021, exchanging the foreign-currency liability index for the CDI rate fluctuation, due to the Company's policy to hedge against foreign exchange risks, the Company is, therefore, exposed to the CDI rate fluctuation. The exposure to interest rate risks underlying the transactions pegged to the CDI rate fluctuation is as follows:

Consolidated

Total borrowings and financing pegged to the CDI fluctuation 286,798

Although the Company's Management considers the risk of significant fluctuations in the CDI rate throughout 2021 and in the sensitivity analysis on the risk of CDI rate increase that would affect finance costs, two projected scenarios were considered stressing 30% and 62% increases in such rate, respectively, based on a Selic rate projected at the end of 2021 of 6.75%, as per the Focus Report issued by the Central Bank of Brazil (BACEN) on July 16, 2021.

Group's risk	Scenario I	Scenario II	Scenario III
Financing pegged to the CDI fluctuation	286,798	286,798	286,798
Projected value	286,798	290,368	294,177
Effects of CDI fluctuation	-	3,570	7,379
CDI rate	4.15%	5.40%	6.72%

### 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	56,868	-	-	-	56,868
Trade payables – agreement	67,412	-	-	-	67,412
Borrowings and financing	123,368	117,568	68,707	-	309,643
Interest on capital payable	2	-	-	-	2
Dividends payable	2	-	-	-	2
Derivative instruments	2,831	1,050	527	-	4,408
Right-of-use leases payables	42,428	69,947	138,757	182,844	433,976

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 June 30, 2021, all derivative financial instruments and securities were grouped into Level 2.

## 27. SHARE-BASED PAYMENT

On September 18, 2019, the Company approved the share-based compensation plan (“Plan”), which is subject to the following terms and conditions:

a) General terms and conditions

The Plan will be managed by the Board of Directors.

To the extent prescribed by the law and the Company’s bylaws, the Board of Directors will have full powers to adopt all measures necessary and appropriate to manage the Plan, including:

- a. The creation and imposition of general rules related to the granting of Options, under the Plan, and the resolution of doubts related to the Plan’s interpretation.
- b. The election of the Beneficiaries and authorization to grant Options on their behalf, establishing all terms and conditions of the Options to be granted.
- c. The approval of the Option Agreements to be entered into among the Company and each one of the Beneficiaries, subject to the Plan terms and conditions.
- d. The issuance of new Shares within the limit of the authorized capital or authorization to sell Shares held in treasury to fulfill the exercise of the Options granted, pursuant to the Plan and ICVM 567.

In fulfilling its duties, the Board of Directors will be subject only to the limits prescribed by the law, the regulations issued by the CVM and the Plan, and it is understood that the Board of Directors can treat differently the officers and employees of the Company or other companies under its control who are in similar condition, without being required, by any isonomy or analogy rule, to extend to all the terms and conditions it considers to be applicable only to some officers and employees on its sole discretion. The Board of Directors can also establish special treatment for those exceptional cases during the validity period of each Option, provided that the rights already granted to the Beneficiaries or the Plan basic principles are not affected. Such exceptional measure shall not constitute precedent to be invoked by other Beneficiaries.

The resolutions of the Board of Directors are binding upon the Company in relation to all Plan-related matters.

As at June 30, 2021, no shares were granted to the beneficiaries.

## 28. 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 June 30, 2021, the insurance coverage is broken down as follows:

- Inventory damages - R\$1,122,804 (effective through February 2022).
  - Property and fleet damages - R\$60,797 (effective through February 2022).
  - Civil liability - R\$27,162 (effective through May 2022).
-